

Project Profile: Herbal Cosmetics



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Introduction

In India, The personal skin care market based on natural products has shown strong growth. Clinical and laboratory studies have identified activities in many natural ingredients that have potential beneficial activities for personal skin care, but there is a shortage of convincing evidence for natural product efficacy in medical problems, Some natural products and therapies may be harmful, either to the skin, or systemically. People prone to allergies should pay careful attention to what they use on their skin. Dermatologists may feel that there is enough scientific evidence to assist in the selection or avoidance of particular natural ingredients. The concept of beauty and cosmetics date back to ancient mankind and civilization. Generally herbal cosmetics are also referred to as natural cosmetics. Herbal cosmetics are formulated, using different cosmetic ingredients to form the base in which one or more herbal ingredients are used to cure various skin ailments. Plants are highly used for development of new drug products for cosmeceuticals and pharmaceutical applications. Herbal cosmetics are the products in which herbs are used in crude or extract form. Herbal cosmetics or Natural skin care uses topical creams and lotions made of ingredients available in nature. Much of the recent literature reviews plant-derived ingredients, which may include herbs, roots, flowers and essential oils, but natural substances in skin care products include animal-derived products such as beeswax, and minerals. These substances may be combined with various carrier agents, preservatives, surfactants humectants and emulsifiers. Consumers often express a preference for skin products with organic and natural ingredients.

Product and its Application

In India, alternate system, commonly referred to as “Indian system of Medicine and Homeopathy” (ISM&H) includes

- Ayurveda
- Siddha
- Unani and

- Homeopathy

This particular project profile focuses is mainly on Ayurveda

Herbal Cosmetics, referred as Products, are formulated, using various permissible cosmetic ingredients to form the base in which one or more herbal ingredients are used to provide defined cosmetic benefits only, shall be called as “Herbal Cosmetics”.

Herbs do not produce instant cures. They offer a way to put the body in proper tune with nature. A huge number of cosmetic and toiletry formulations have been designed and developed based upon Indian Herbs recently. Other than traditionally documented applications, some modern trials have also been using the utility of Indian herbs in Personal Care products.

The demand of herbal medicines is increasing rapidly due to their skin friendliness and lack of side effects. The best thing of the herbal cosmetics is that it is purely made by the herbs and shrubs and thus is side-effects free. The natural content in the herbs does not have any side effects on the human body; instead provide the body with nutrients and other useful minerals.

The term Cosmeceuticals was first used by Raymond Reed founding member of U.S Society of Cosmetics Chemist in 1961. He actually used the word to brief the active and science based cosmetics. The above term was further used by Dr Albert Kligman in the year 1984 to refer the substances that have both cosmetic and therapeutic benefits. Cosmeceuticals are cosmetic-pharmaceutical hybrids intended to enhance health and beauty through ingredients that influence the skin's biological texture and function

Market Potential

The Indian Herbal Cosmetic industry is expected to reach INR 31600 Crores by 2022, growing at a CAGR of 19% over the forecasted period of 2017-2022. The Herbal Cosmetic industry in India has been developing in a faster pace. It is observing influx of many national and international brands. The demand for herbal cosmetic products is provoked by changing lifestyles of the consumers, growing awareness among them regarding the harm caused to their bodies after usage of

chemical-based cosmetics products, and increasing concern among the population to look good. Anticipated growth in the market can be attributed to growing disposable income leading to increasing purchasing power of the people. Emergence of online retail and increasing inclination of youth towards skin care and other grooming products is another key factor which is expected to drive the cosmetics market during the forecast period. Moreover, rising consumer awareness and preference to buy advanced skin care products which not only make them look beautiful but also enhance their skin type is also leading to huge demand for cosmetics products.

Desired Qualification for Promoter

The promoter should ideally be having formal qualifications in the field of Ayurveda (Bachelor or Diploma). A formal qualification in Cosmeceuticals may also do. Further he / she should have experience of working in a unit manufacturing Herbal products.

Industry Outlook

Herbal cosmetics are the modern trend in the field of beauty and fashion. These agents are gaining popularity as nowadays most women prefer natural products over chemicals for their personal care to enhance their beauty as these products supply the body with nutrients and enhance health and provide satisfaction as these are free from synthetic chemicals and have relatively less side-effects compared to the synthetic cosmetics.

Raw Material

A large number of herbs, medicinal plant extracts, etc would be required for this project. This is because one particular formulation would have about 8 to 10 active ingredients. Raw materials is different type of herbal plants, mineral, sugar, honey, Bhasma etc are available indigenously and consumables including packaging materials like glass bottles, paper containers etc. is available

All the raw materials such as herbs, minerals etc. for preparation of Ayurvedic medicines are available in India abundantly, particularly in N.E. Region and Himalayan Range as a whole. States like Gujarat also have large biodiversity and availability of medicinal plants.

Herbal cosmetic product	Indicative raw material
Skincare	Coconut Oil , Sunflower Oil, Olive Oil, Aloe Vera, etc.
Anti -aging	Rhodiola rosea-Rhodiola rosea, Carrot, Neem, etc.
Dandruff treatment	Neem, Kapoor (naphthalene), and Henna, Hirda, Behada, and Amalaki, Magic nut, Bringaraj, Rosary Pea, Sweet Flag, Cashmere tree and Mandor
Hair care	Amla, Eucalyptus Oil
Anti Oxidants	Tamarind,

Regulatory status of Cosmeceuticals

Cosmeceuticals - cosmetics or drugs?

The legal difference between a cosmetic and a drug is determined by a product's intended use. Under present concept, the boundary at which a cosmetic product becomes drug is not well-defined and different laws and regulations apply to each type of product.

The Drugs and Cosmetic Act 1940 of India defines a drug and a cosmetic as; Drug-
 “ All medicines for internal or external use of human beings or animals and all substances intended to be used for ; or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in humans or animals”. Cosmetic-“Any article intended to be rubbed, poured, sprinkled or sprayed on or introduced into or applied to any part of the human body for cleansing, beautifying, promoting

attractiveness or altering the appearance and includes any article intended for use as a component of cosmetic”

Cosmetic and drug: Some products meet the definitions of both cosmetics and drugs. This may happen when a product has more than one intended uses. For example, a shampoo is a cosmetic because its intended use is to clean the hair. An antidandruff shampoo is a drug because its intended use is to treat dandruff. Among the cosmetic/drug combinations are toothpastes that contain fluoride, deodorants that are antiperspirants and moisturizers with sun-protection claims

The claims made about drugs are subject to detailed analysis by the Food and Drug Administration (FDA) review and approval process, but cosmetics are not subject to mandatory FDA review. Although there is no legal category called Cosmeceuticals, the term has found application to designate the products at the borderline between cosmetics and pharmaceuticals.

Federal Food, Drug and Cosmetic Act do not recognize the term itself. It is also often difficult for consumers to determine whether ‘claims’ about the actions or efficiency of Cosmeceuticals are valid unless the product has been approved by the FDA or equivalent agency. Some countries have the classes of products that fall between the two categories of cosmetics and drugs: for example, Japan has ‘Quasi-drugs’; Thailand has ‘controlled cosmetics’ and Hong Kong has ‘cosmetic-type drugs’. The regulations of Cosmeceuticals have not been harmonized between the USA, European, Asian and other countries

Manufacturing process

There are so many types of herbal creams and other herbal body care products are available in the market. The manufacturing process of each product is different.

However, for the manufacture of creams and body lotion the general process of manufacture of cream and lotion is involved i.e. saponification of oil with mild

alkali e.g. Bee-Wax. Paraffins, oils in alkali type material are heated at appropriate temperature to form creamy base. The base so formed can be added aloe vera some emulsifying preservative color perfume and other stabilizing agent can be added in the last of manufacturing process. For preparation of herbal scrub all the herbs can be grinded into fine powder with the help of pulveriser and it can be diluted with the help of fuller earth/ masoor ki dal and other ingredients. All the ingredients are mixed together in a mixer and packed in desired size packs.

Manpower Requirements

For the production, following category of manpower will be required for day to day activities.

Sr. No.	Particulars	No.	Salary	Total
1	Manager cum Manufacturing Chemist	1	20,000	20,000
2	Analytical Chemist	1	18,000	18,000
3	Sales representative	1	17,000	17,000
4	Clerk cum Accountant	1	16,000	16,000
5	Skilled Worker	1	12,000	12,000
6	Unskilled Worker	2	10,000	20,000
Total		7		1,03,000

Implementation Schedule

The project can be commissioned within six months of tying up of finance. There is no complicated machinery and equipment required and space required is also small. Therefore, implementation time is six months.

Cost of Project

The cost of project as per market rate of factory building, machinery, and miscellaneous items, preliminary and pre-operative expenses works out as under:

Sr. No.	Particulars	Amount
1	Land(rent)	40,000
2	Machinery	10,00,000
3	Miscellaneous	50,000
4	Raw Material	1,00,000
Total		11,90,000

Means of Finance

Based on the present norms of bank, means of finance is worked out as under:

Sr. No.	Particulars	Amount
1	Promoter's contribution	3,60,000
2	Bank Finance	9,33,000
Total		12,93,000

Break-Even Analysis

Sr. No.	Particulars	Details
1	Fixed Investment (A)	1190000
2	Loan	933000
3	Interest Rate @7.5% on Loan (B)	69975
4	Capital Investment	360000

5	Depreciation @10% on Capital investment (C)	36000
6	Total Fixed cost (D = A+B+C)	1295975
7	Variable Cost (E)	10000
8	Manpower cost (F)	95000
9	Total Variable cost (G = E+F)	105000
10	Number of Units Sold/Month (H)	2000
11	Average Variable cost (I = G/H)	52.50
12	Selling price per unit (J)	250
13	Contribution margin (K = J-I)	197.50
14	Beak Even Point in Units (D/K)	6562

Assumptions

- Interest rate is assumed at the rate of 7.5% p.a.
- Depreciation on capital investment i.e. machinery would be 10% p.a.
- Unit can produce 3000 units of herbal products p.m. at full capacity then it would be at breakeven when they will sell 6562 units of herbal products, average price of products have been taken Rs250 as products range varies.
- Variable cost comprises of the raw material price p.m. and electricity and other administrative/utility expenses.

Statutory / Government Approvals

Generally quality of Herbal products is fully dependent on the quality of raw materials and process of manufacture. The products are to be manufactured as per Indian system of medicines of Ministry of Health. Provisions of Drugs & Cosmetics Act apply. Schedule "T" is to be followed as per Food & Drugs Administration norms. 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. Also approval from Pollution Control Board.

Backward and Forward Integration

There is no backward integration as the promoter is already manufacturing the product and as a forward integration the promoter can think of expanding his retail outlets and taking his business online.

Training Centers

For Herbal & allied industry training and short term courses may be availed from the Institutions of Ayurvedic Research & Education in respective states. Also EDP centers.

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship development programs help to run businesses successfully and are available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.