

HAIR OIL

1. INTRODUCTION

Hair oils are widely used in India for hair care. Indigenously available herbal ingredients are used to make hair oils. However, nowadays, synthetic products are also used as perfume and coloring of hair oils.

Traditionally hair oils are made from vegetable oils such as sesame seeds oil, castor oil, coconut, etc. But now petroleum white oils are used in the formulation of hair oils to reduce cost and improve product quality.

2. PRODUCTS AND ITS APPLICATION

While shampoos and conditioners do cleaning of the hair and condition, well formulated hair oils take care of complete hair care. According to the purpose, hair oils are used to moisturize scalp and hair. Moreover, hair oils can prevent hair fall, fight dandruff and promote hair growth. Certain formulations can delay hair greying, impart shining and smoothness to hair.

3. DESIRED QUALIFICATION FOR PROMOTER

The promoter may require very efficient marketing set-up with dealer network, Therefore, selling experience of FMCG products will greatly help in successful running of the enterprise. The key element for success is branding of the product and marketing network.

4. INDUSTRY OUTLOOK/ TREND

Personal care products and cosmetic industry are growing in India due to increase in per capita income, urbanization and awareness created by national and multinational companies. Overall annual growth of this sector is about 8% per annum.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY

In Indian market, there are established players in hair oils such as Bajaj, Parachute, Navaratna, etc. They command market in urban and rural areas. However, there is enough scope to promote good quality hair oils as demand increases day by day with increase in per capita income and lifestyle. Apart from retail market there is great potential to sell hair oils in beauty parlours and barber shops.

Variety of hair oils are available in the market and also new products can be created with focus on solutions for greying hair, hair fall & scalp prevention. There are traditional and known herbal products which can be used in the preparation of hair oils to achieve the above objectives. Smaller packings such as 50 ml and 100 ml move faster than the larger pack. Similarly, sachet packing is also becoming popular for ease of storing, transporting and applying. Attractive packing and advertisement in appropriate media can generate good sales.

6. RAW MATERIAL REQUIREMENTS

For the production of hair oils, different types of vegetable oils, petroleum oils, perfumery material and oil soluble dyes are used as main raw materials. According to the formulation, raw materials are purchased and processed. All raw materials are produced and available in India. For the purpose of this profile, formulations based on white petroleum oils are taken up to 80% of the quantity produced and the remaining based on vegetable oils.

Apart from main raw material viz., oils, minor quantity of perfumery material and colorant are required in the formulation of hair oils. Moreover, for packaging of the finished product, PET bottles are required of different volumetric capacity. Normally, self-adhesive stickers are used with good artwork and statutory requirements.

7. MANUFACTURING PROCESS

In case of hair oils based on petroleum white oils, perfumery materials and colorant are mixed in a mixing tank and then filled into PET bottles.

In case of hair oils based on vegetable oils, it may require heating of oil along with herbal ingredient and then filtered to get clean oil. After this, it is mixed with perfumery material and colorant. It is also possible to get ready herbal extract which can be used to formulate oil and avoid heating and filtering.

8. MANPOWER REQUIREMENT

For production of 50,000 liters per annum, following manpower will be required:

Manpower Requirement

Sr. No.	Designation of Employees	Monthly Salary ₹	Number of employees required	Value Rs. in lacs
1	Supervisor	15,000	1	1.8
2	Skilled man power	6,000	3	2.16
3	Sales Man	10,000	1	1.2
4	Accountant	6,000	1	0.72
5	Office boy	4,000	1	0.48
6	Unskilled man power	4,000	5	2.4
	Total		12	8.76

9. IMPLEMENTATION SCHEDULE

The project can be implemented within six months of tying up finance as no heavy equipment are used in the manufacturing process. The land and building can be taken on rent to save project cost.

10. COST OF PROJECT

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

Cost of Project

Sr. No.	Particulars	₹ in Lacs
1	Land	25.00
2	Building	20.00
3	Plant & Machinery	30.50
4	Furniture, Electrical Installations	3.50
5	Other Assets	1.00
6	Margin for Working Capital	9.62
	Total	89.62

11. MEANS OF FINANCE

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

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	26,88,600.00
2	Bank Finance	62,73,400.00
	Total	89.62

12. WORKING CAPITAL CALCULATION

Working capital required for storage of raw materials and finished goods, monthly overheads, goods in process, receivables and trade credit is worked out based on the present norms of the bank as under.

Working Capital Calculations

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	4.42	40%	1.77	2.65

2	Receivables	14.58	40%	5.83	8.75
3	Overheads	5.80	50%	2.90	2.90
4	Creditors	-2.21	40%	-0.88	-1.33
	Total	22.60		9.62	12.98

13. LIST OF MACHINERY REQUIRED AND THEIR MANUFACTURERS

The main items of machinery are mixing tank with stirrer, liquid pump, filtration unit, weighing scale and laboratory apparatus.

- Neelam Industries
Plot No. 3735,
Behind New Nirma,
Phase - 4, G. I. D. C., Vatva
Ahmedabad - 382445,
Gujarat
- Ram Tech
Ramachandran V. (Managing Director & CEO)
S-41, SIPCOT Industrial Park, Vengaadu,
Village Pillaipakkam Sriperumpudur,
Kanchipuram,
Chennai - 602105, Tamil Nadu

14. PROFITABILITY CALCULATIONS

The profitability is worked out as under after taking into account all variable and fixed expenses as under.

Profitability Calculations

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales	122.5	140	157.5	157.5	157.5

2	Raw Materials & Other direct inputs	59.56 3	68.07 2	76.58 1	76.58 1	76.58 1
3	Gross Margin	62.93 7	71.92 8	80.91 9	80.919	80.91 9
4	Overheads except interest	24.38 1	27.86 4	31.34 7	31.347	31.34 7
5	Interest	1.183	1.352	1.521	1.521	1.521
6	Depreciation	3.206	3.664	4.122	4.122	4.122
7	Net Profit before tax	34.17 4	39.05 6	43.93 8	43.938	43.93 8

The proposed unit will have the production capacity of 50000 liters of hair oils per year. The unit cost of power is taken at Rs. 8. The depreciation on building is taken at the rate of 5% whereas for plant and machinery it is at 10%.

The sales price of hair oil on an average is taken at the rate of Rs. 350 per liter for proposed formulations.

15. BREAKEVEN ANALYSIS

The Break-Even point as percentage of targeted sales works out as under.

Cash Break-Even (as % of Targeted sales)

Sr. No.	Particulars		Value
			Year-1
1	Sales Realization	Rs. Lacs	175.00
2	Variable costs	Rs. Lacs	85.09
3	Fixed costs incl. interest	Rs. Lacs	34.83
4	BEP = $FC/SR-VC \times 100$ =		38.74%

16. STATUTORY/ GOVERNMENT APPROVALS

There is specific statutory requirement for Cosmetic industry to have license from state drug and cosmetic department. Moreover, 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. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD AND FORWARD INTEGRATION

For packaging of hair oil plastic bottles are widely used to keep product safe and leak proof. When there is sizable sale of hair oil, promoter may think of backward integration to produce plastic bottles for captive consumption. Moreover in forward integration, personal care products such as cream, Vaseline, medicated oil, baby hair oil etc. can be introduced to increase sales volume.

18. TRAINING CENTERS/COURSES

For hair oil technical training, promoter may look for Khadi and Village Industries Training Institutes set up by state governments and KVIC, Mumbai. There is specialized institute for cosmetic products training namely Diamond Jubilee Institute, Vadodara, Gujarat.

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.

Disclaimer:

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.

Source:- Udyami Mitra/Sidbi