

# HERBAL COSMETICS

## 1. INTRODUCTION

The concept of beauty and cosmetics dates 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

All human being have urge to look beautiful. It is because of this reason that they have been using different types of materials from time immemorial. In early period cosmetics were associated with religious practices. It is almost true for all old civilizations like Indian, Chinese, and Egyptian & Greek. Ubtan with flour, turmeric and vegetables oil before marriage is still practiced in India. Kum Kum is still being applied by women. During the early period, all cosmetics items were made in the home. Natural materials like aromatic materials, spices, herbs, resins, dyes, fats, oils, and the natives of different counties used perfumes.

The herbal products/ drugs are derived from vegetable sources from various parts of the plants like root, leaf; flower fruit extrude or plant as a whole.

There are three kinds of ingredients used in herbal products

1. Herbal
2. Mineral and
3. Animal

## 2. 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

### **3. 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.

### **4. INDUSTRY OUTLOOK/TREND**

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.

### **5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY**

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Following are some of the advantages of using natural cosmetics which make them a better choice over the synthetic ones:

#### Natural products

The name itself suggests that herbal cosmetics are natural and free from all the harmful synthetic chemicals which otherwise may prove to be toxic to the skin. Instead of traditional synthetic products different plant parts and plant extracts are used in these products, e.g. aloe-Vera gel and coconut oil.

They also consist of natural nutrients like Vitamin E that keeps skin healthy, glowing and beautiful. For example, Aloe Vera is an herbal plant species belonging to liliaceae family and is naturally and easily available. There are a rising number of consumers concerned about ingredients such as synthetic chemicals, mineral oils who demand more natural products with traceable and more natural ingredients, free from harmful chemicals and with an emphasis on the properties of botanicals

#### Safe to use

Compared to other beauty products, **natural cosmetics** are safe to use. They are hypo-allergenic and tested and proven by dermatologists to be safe to use anytime, anywhere. Since they are made of natural ingredients, people don't have to worry about getting skin rashes or experience skin itchiness.

Example - BHA (Butylated Hydroxyanisole) and BHT (Butylated Hydroxytoluene) are closely related synthetic antioxidants and are used as preservatives in lipsticks and moisturizers BHA and BHT can induce allergic reactions in the skin. The international Agency for Research on Cancer classifies BHA as a possible human carcinogen. Herbal cosmetics contain natural antioxidants like vitamin C

#### Compatible with all skin types

Natural cosmetics are suitable for all skin types. No matter if you are dark or fair, you will find natural cosmetics like foundation, eye shadow, and lipstick which are appropriate irrespective of your skin tone. Women with oily or sensitive skin can also use them and never have to worry about degrading their skin condition. Coal tar-derived colors are used extensively in cosmetics, Coal tar is recognized as a human carcinogen and the main concern with individual coal tar a color (whether produced from coal tar or synthetically) is they can cause cancer but natural colors that are obtained from herbs are safer.

Wide selection to choose from

Natural cosmetics may still be a new type in the beauty industry but they already offer a variety of beauty products for all make up crazy people out there to choose from. One will find a variety of foundation, eye shadow, lipstick, blush, mascara, concealed and many more which are all naturally formulated. Furthermore, one will find locally made natural cosmetics or those made by famous designers worldwide. There exist a large variety of herbal extracts, to name a few *Andrographis Paniculata* (Kalmegh), *Asparagus Racemosus* (Shatawari), *Boswellia Serrata* (Salai Guggal), Asphalt (Shilajit) etc

Fits your budget

Natural cosmetics are not that expensive. In fact, some of these products are more affordable than synthetic ones. They are offered at discounted prices and are sold for a cheap price during sales. Just need to survey enough to look for great deals.

An estimate of WHO demonstrates about 80% of world population depends on natural products for their health care, because of side effects inflicted and rising cost of modern medicine. World Health Organization currently recommends and encourages traditional herbal cures in natural health care programs as these drugs are easily available at low cost and are comparatively safe

## Cosmeceuticals

'Cosmeceuticals' is fastest growing segment of the beauty industry. Cosmeceuticals are cosmetic-pharmaceutical products intended to improve the health and beauty of the skin by providing a specific result, ranging from acne-control and anti-wrinkle effects, to sun protection. The concept discovered by Dr. Albert Klingman states that 'The Cosmeceuticals are topical agents that are distributed across

The Indian herbal market consists of herbal products such as herbal hair care, herbal skin care & other herbal personal care products. Over the period of 2008 and 2013, the herbal medicine market in the country grew at a CAGR of 26.7%<sup>1</sup>. The growth of herbal products reflects the shifting trend of consumers from allopathic to herbal medicines

**Table 01 Herbal Cosmetics available in Indian Market (Indicative)**

Product	Brand name	Company
Face Wash	Deep Cleansing Apricot Face Wash	Himalaya herbals
Shampoo	Anti-Dandruff Shampoo-Volume & Bounce	Himalaya herbals
Hair oil	Amla Brahmi hair oil	Ayur Herbals
Cream	Herbal massage cream	Ayur Herbals
Anti Ageing cream	Dabur Uveda Age Renew 5 cream	Dabur

**Source:** Herbal Cosmetics and Cosmeceuticals: An Overview

Laxmi S Joshi and Harshal A Pawar

Medicinal plants have been a major source of cure of human diseases since time immemorial. Today, one fourth of the world population depends on traditional medicines. Despite the introduction of antibiotics since the 1940's,

even 80 per cent of the population today relies on indigenous medicinal plants and the drugs. It is estimated that the global traditional medicine market is growing at the rate of 7-15 per cent annually. The medicinal plant value is about Rs.5000 crores in India and it is estimated that the country exports about Rs.550 crore worth of herbal drugs but with the rich and diverse botanical resources in our country, this is not an impressive export performance considering the worldwide herbal market worth US 60 billion dollars.

In order to withstand competition in the global market, it is necessary to create a brand image, especially in **Cosmeceuticals** and natural products. Craze among the people for a slim body, fair skin as fashion is growing considerably. Out of the Rs.12, 000 crores industry, Rs.700 crores belongs to skincare products and Rs.100 crores for general cosmetics. Over and above current herbal drugs used in cardio vascular is 27%; respiratory 15.3%, digestive 14.4%; hypnotics and sedatives 9.3%; miscellaneous 12%. The perfumery industry is also around Rs. 700 crores.

**Table 02 Herbal Cosmetics (Patented) in International Market**

<b>Product</b>	<b>Patent number</b>	<b>Country</b>
Herbal cream ( <i>Aloe vera, Allium sativum, Gymnema sylvestra, Tridax procumbens, Gum olibanum</i> )	US6200570 B1	USA
Herbal preparation( <i>Bacopa monnieri, Camellia sinensis, Curcuma longa, Silybum marianum, Withania somnifera</i> )	EP1825845 A1	EUROPE
Herbal cosmetic compositions containing herbs in mixture of surfactants, essential oils etc. Herbs are selected from camomile, rosemary, mint, sage, lavender, citron, bergamot, juniper, rose, lime (linden), stinging nettle and witch-hazel.	DE4133085 A1	GERMANY
Dry herbal, cleaning compositions ( <i>Bassica malabarica, cocoa nucifera sapindus trifoliatus,</i>	EP0908171 A1	EUROPE



<i>hibiscus rosa sinensis, trigonella foenum graeceum)</i>		
Cosmetic or dermatologic composition containing at least one saponine of the ginsenoside type, and its applications particularly to hair care	WO1994006402 A2	WORLD INTELLECTUA L PROPERTY ORGANISATIO N (WIPO)

**Source:** Herbal Cosmetics and Cosmeceuticals: An Overview

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The Indian herbal industry is likely to double from present Rs. 7,500 crore to Rs. 15,000 crore by 2015, according to a new study published on Friday.

The study, brought out by the Associated Chambers of Commerce and Industry (ASSOCHAM) has viewed that the domestic herbal industry will grow rapidly in the coming years and by 2015, it is expected that the size of the domestic market will rise to Rs. 15,000 crore, reflecting a compound growth rate of over 20 percent.

Releasing the study, ASSOCHAM Secretary General, D.S Rawat said that ideally, the niche market that India can focus on include Ayurvedic Medicines and Dietary Supplements (including health drinks), extracts, Oils and other derivatives, skin care and beauty aids.

According to the study, the Indian domestic market can be broadly segmented into two categories. The first one will cover raw materials required by the industrial units and direct consumption for household remedies, whereas the second category will cover ready to use finished medicines, health supplements etc.

The study has found that there is a strong demand for raw stock which mainly comprises Amla, Isabgol, Senna, Henna, Ashwagandha, Aloe-Vera and Myrobalans (Hartaki), which accounts for over 75% of the raw materials used in Ayurvedic preparations. In terms of volume, it is estimated that current

consumption of the key raw ingredients (as mentioned above) totals approximately 400,000-500,000 MT.

With value addition, the market for herbal based products is around Rs.7, 500 crores, which is roughly the current size of the Indian market, it is stated.

The study points out that globally the dependence on herbal medicines, dietary supplements and skin and beauty aids will continue to gain greater share in view of the awareness and comfort level which is akin to the use of organic food products.

The ASSOCHAM study, however, is of the view out that India's share in the global herbal market is very meagre considering the country's rich source of medicinal plants and traditional treasure of knowledge in this area.

A quick estimate of the potential reveals that India can generate raw stock of around Rs. 300 billion and easily achieve around Rs. 150 billion value added products. Thus, India is hardly able to exploit less than 50% of its potential, the study adds.

1. The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has projected that the market size of herbal industry which is currently estimated at Rs. 7, 500 crores (Rs. 75 billion) will double to levels at Rs. 15, 000 crore by 2015 since this industry would be growing at a compounded annual growth rate of over 20% henceforth.
2. In a study brought out by ASSOCHAM on Herbal Industry and Global Market 2015, it is pointed out that India's rich source of medicinal plants and traditional treasure of knowledge in this area, its share at present is considered very meagre. A quick estimate of the potential reveals that India can generate raw stock of around Rs. 300 billion and easily achieve around Rs.150 billion value added products. Thus, India is hardly able to exploit less than 50% of its potential. Interestingly

both raw materials (herbs) and herbal products have ready market globally.

## 6. RAW MATERIAL REQUIREMENTS

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.

To indicate following raw materials are required

**Table 03**

<b>Herbal cosmetic product</b>	<b>Indicative raw material</b>
<b>Skincare</b>	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,

## 7. MANUFACTURING PROCESS

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.

## **8. MANPOWER REQUIREMENTS**

<b>Sr. No.</b>	<b>Designation</b>	<b>Number</b>	<b>Approx. Salary</b>
1	Manager cum Manufacturing Chemist	1	10000
2	Analytical Chemist	1	7000
3	Sales representative	1	8000
4	Clerk cum Accountant	1	5000
5	Skilled Worker	2	8000
6	Unskilled Worker	3	9000
7	Peon cum Chowkidar	1	4000
	Sub Total		41000
	Perks @ 15 %		6150
	Total		47150/- Say 47000/-

## **9. IMPLEMENTATION SCHEDULE**

Sr. No	Activity	Time
1	Preparation of Project report	Six weeks
2	E M Registration & approval from Director of Ayurveda	One month
3	Financial/Loan from Banker or Financial Institutions	Two months
4	Power connection/Building construction	One month
5	Machinery procurement & Trial run.	Two months
6	Recruitment of Staff & Labour	One month
7	Actual commercial production	One month

## 10. COST OF PROJECT

The total cost of project is estimated as below:

Sr. No	Component	Particulars	Cost ( Rs. Lacs)
1	Land	500 sqmtrs @ Rs. 500/-	2.50
2	Building	400 Sq. mtrs @ Rs. 2000/	8.00
3	Plant & Machinery	As per list	18.00
4	Other Assets	-	1.00
5	P & P Expenses	-	0.50
6	Contingencies @ 10 %		2.80
7	WC Margin	As per separate table	1.50
		Total	34.30

## 11. MEANS OF FINANCE

- Term Loan : Rs.25.00 lacs
- Promoter own contribution : 09.30 lacs

## 12. WORKING CAPITAL CALCULATION

Particulars	Duration	Estimated cost. Rs. In lakhs
Raw materials/ Packing materials	1 month	2.00

Working expenses	1 month	1.00
Finished goods	15 days	1.00
Receivable	7 days	0.80
	Total	4.80

### 13. LIST OF MACHINERY REQUIRED & SOURCES

Sr. no.	Machine	Number	Approx. Cost ( Rs. Lakhs)
1	Pulveriser with 7.5 Hp and 2.5 HP motor	4	2.40
2	Disintegrator with 7.5 Hp size with sieve of different mesh size	4	1.20
3	Wooden vessel for fermentation with lid, Cap. 50 ltrs and 100 ltrs	4	1.60
4	M.S. Vat cap. 750 kg & 1000kgs	2	1.00
5	Earthen Pots with lid for bhasma production	12 @ 2 kg each	0.60
6	Tray Driers Cap 96	1	1.00
7	Bottle filling machine	2	0.60
8	Bottle Sealing Machine	2	0.40
9	S.S. mixing Vessel with stirrer Cap. Various capacities	5	1.50
10	Hot Air oven with 24 trays	1	0.70
11	Bottle washing & Drying machine	2	1.00
12	Mixing machines	3	1.20
13	Roller flakers	2	1.00
14	Water treatment plant , 100 liters capacity	1	3.00
15	QC and Testing equipments	-	3.00
		Total	<b>20.00</b>

#### Indicative Sources:

- Pharmatech Engineers,  
Indore
- Ambica Machineries,  
Vatva,  
Ahmedabad
- ARV Engineering,

Thane

#### **14. PROFITABILITY CALCULATIONS ( Indicative only)**

At 100 % capacity utilisation (indicative) :

- Installed Capacity : Herbal cosmetics ( cream / lotions, etc.) units: 2.00 lac @ Rs. 40/ per unit
- Total Sales turnover: 80. 00 lacs
- Cost of production & other expenses: 64.00 lacs
- Profit : Rs. 16.00 lacs

#### **Profitability projections**

<b>Particulars</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Capacity utilisation (%)	60	75	80	80	80
Production ( Units-lacs)	1.20	1.50	1.60	1.60	1.60
Sales	48.00	60.00	64.00	64.00	64.00
Expenses	38.50	48.00	51.00	51.00	51.00
Gross profit	11.50	12.00	13.00	13.00	13.00
Profit to Sales (%)	23.00	22.00	25.50	25.50	25.50

Note: The profitability basis and projections are indicative and on approximate basis only.

#### **Key Assumptions and The basis of profitability calculation:**

As mentioned above, The Unit will have capacity of 2.00 lakhs units per annum. The capacity build up is taken considering the sales related from OEM/ Retail network that is built up by the entrepreneur based on his prior experience in the industry.

This project has to have diverse group of Herbal Cosmetics. The sales prices of these products vary. Accordingly an average sales price of Rs. 40/ per unit has been assumed. The cost of production, inclusive of major cost heads such as raw materials, labour & power has been considered based on prevailing industry standards and assumed @ 80 %.



On indicative basis, power Costs are considered at Rs 5/- per Kwh and fuel cost is considered at Rs. 50/- per litre. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 12 % depending on type of industry. All these are wherever applicable.

It may be kindly noted that basis / assumptions for such kind and size of the projects in a profile can be on indicative basis only. At the same time it does provide a reasonably accurate scenario.

## **15. BREAKEVEN ANALYSIS**

$$FC \times 100 : 15.00 \times 100 = 1500$$

$$FC + Profit : 15.00 + 16.00 = 31$$

$$BEP = 48.30 \%$$

## **16. STATUTORY/ GOVERNMENT APPROVALS**

Generally quality of Herbal products is fully dependent on the quality of raw materials and process of manufacture. The quality control process of some Herbal / Ayurvedic formulations can be contained from 'Pharmacopica Laboratory of India Medicine, near ALTC, Ghaziabad (U.P)'. 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.

## **17. BACKWARD AND FORWARD INTEGRATION**

As forward integration, Entrepreneur may think of going for the production of newer dosage forms.

## **18. TRAINING CENTERS/COURSES**

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](http://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