

**PROJECT PROFILE**  
**ON**  
**HERBAL SHIKKAKAI**

**MONTH & YEAR**  
**JULY 2011**

**PREPARED BY**  
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# **SHIKKAKAI POWDER**

## **INTRODUCTION**

Herbal Shikkai powder is made from powders of Shikkai, soap nut, hibiscus, tulsi, amla and maruthani. It is commonly used in all households today.

## **PRODUCT APPLICATIONS**

Shikkai powder is used to cleanse hair and scalp thoroughly without staining or irritation and should not remove too much of the natural oil from the scalp. The success of Shikkai powder lies in the fact that the Shikkai powder must impart luster and smoothness to the hair.

## **MARKET POTENTIAL**

Indian market size for Shampoo

The estimated Indian market for shampoo for all grades is in the region of around Rs.400 crores

Shikkai powder can be largely considered as substitute for shampoo, since both shampoo and Shikkai powder are used for the same purpose of treating the hair. The Shikkai powder takes share of the Indian herbal shampoo market

The Indian herbal shampoo market is estimated to be around Rs.40 crores

Growth rate in demand around 10 to 11% per annum

India's per capita cosmetic and toiletries consumption is 50 times lesser than that of Hong Kong, 18 of Japan, 15 of Taiwan, 12 of Philippines and Malaysia and half of China, despite high penetration levels for cosmetic

products because of its population and size based, according to The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

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.

In a study brought out by ASSOCHAM on Herbal Industry and Global Market 2015, it is pointed out that India's rich resource of medicinal plants and traditional treasure of knowledge in this area, its share at present is considered very meager. 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.

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.

## **Herbal cosmetics**

The herbal cosmetics industry is "driving growth in the beauty business" in India and is expected to grow at a rate of seven per cent as more people shun chemical products in favour of organic ones.

"During the last decade, the herbal beauty care business has actually driven the growth of the beauty business in India. The emphasis has been on the spectacular growth of the herbal and ayurvedic beauty products business," as per the beauty expert Shahnaz Husain. She was the first to introduce the concept of ayurvedic cosmetics to the world when she launched her products way back in 1970.

Today, the Indian cosmetics industry has a plethora of herbal cosmetic brands like Forest Essentials, Biotique, Himalaya, Blossom Kochhar, VLCC, Dabur and Lotus; and many more are adding to the list.

The Indian cosmetics market - defined as skin care, hair care, colour cosmetics, fragrances and oral care segments - stood at an estimated \$2.5 billion in 2008 and is expected to grow at seven per cent, according to an analysis of the sector.

One such brand is Tathaastu, which deals in products made of essential oils.

Divita Kanoria, Tathaastu chief wellness officer, said the presence of artificial and chemical ingredients in their cosmetic products has made people rethink about suitable alternatives to suit their skin.

"Of late, there have been attempts to find alternatives. Beauty recipes from China and India using traditional herbs have earned a special significance the world over. Ayurvedic recipes from India for skin and

hair treatment also serve as cosmetics," Kanoria said.

"The best part about organic cosmetics is that unlike chemical-based cosmetics, these do not interfere with the body's absorption of Vitamin D. Moreover, these help an individual to have a healthy skin, lustrous hair and glowing complexion in a completely natural way," she added.

People have also become aware of the "ingredients" of cosmetic products.

"Today awareness of beauty products and treatments, fashion and grooming is at an all time high. The Indian customer is very much aware of the ingredients in cosmetic products, the benefits of plant products and the harmful effects of chemical ingredients," Husain said.

"Also the concept of 'total well being' has steadily gained ground. There is much more awareness of the wellness concept and its benefits among people today," she added.

Husain recollects how she had to create awareness among people about the benefits of ayurvedic products when she launched her brand four decades ago.

"Very early in my career, I had to create awareness of the benefits of ayurvedic products and herbal healing. I made it a point to reply personally to letters seeking solutions for skin and hair problems," Husain said.

"My philosophy and faith in Ayurveda have not only influenced markets and minds but have become an integral part of my person and brand image," she added.

## **MANUFACTURING PROCESS**

The herbs such as Shikkai, soap nut, hibiscus, tulsi and maruthani are first cleaned thoroughly, dried and ground in a pulveriser to a fine powder.

They are then mixed thoroughly for uniformity.

A known weight of the herbs is taken. Shikkai and soap nut are also dried thoroughly and ground fine in the pulveriser.

All the three ingredients are mixed thoroughly and packed in a packing machine.

Herbal Shikkai powder is commonly packed in sachets with each sachet weighing 5 grams to 8 grams.

Source of technology

National Research Development Corporation,

(A Government of India Enterprise),

Anusandhan Vikas, 20-22, Zamroodpur Community Centre,

Zamrudpur, Kailash Colony Extn. New Delhi- 110 048.

## **Plant and machinery equipment and suppliers**

Pulveriser	ACE Pack Machines  23, V.N. Industrial Estate Bharathi Colony, Near Athiparasakthi Temple Peelamedu, Coimbatore-641 004
Ribbon blender	Amit Engineering Works 2, Prabhunath Singh Thakur Indl. Estate Opp. Ruby Coach Builders Chimat Pada, Marol Naka Andheri-Kurla Road Andheri (East), Mumbai-400 059
Fill and seal packing machine	Classic Engineers 137/1, Kulle Gowda Industrial Estate, Kamakshipalya, Near Bridge, Magadi Road, Bangalore-560 079 Karnataka

## **RAW MATERIAL REQUIREMENTS, UTILITY AND AVAILABILITY**

Sample of formulations for Shikkai powder

Ingredients	Quantity
Shikkai	2 kg
Amla	1 kg
Henna	1 kg

Khus	1 kg
Char	1 kg
Charilla	1 kg
Reetha	2 kg
Sodium Benzoate	75 gms
Lavender Oil	400 ml
Water	25 litres

### **Methi Shikkai**

Shikkai	10 kgs
Ingredients	Quantity
Methi	2.5 kgs
Orange peel	1 kg

### **Lavender Shampoo**

Ingredients	Quantity
Amla	1 kg
Shikkai	2 kg
Henna	1 kg
Khus	1 kg
Char	1 kg
Charilla	1 kg
Reetha	2 kg
Sodium Benzoate	75 gms
Lavender Oil	400 ml
Water	25 litres



### **Methi Shikakai Shampoo**

Process: Crush all the ingredients into powdery form to make dry shampoo.

Ingredients	Quantity
Methi	2.5 kgs
Shikkai	10 kgs
Orange peel	1 kg

### **Sandalwood shampoo**

Shikkai	200 gm
Khus	100 gm
Char	100 gm
Charilla	100 gm
Amla	100 gm
Reetha	200 gm
Sodium benzoate	0.5 tsp
Water	2.5 litres
Sandalwood oil	8 tsp

### **Neem shampoo**

Gram flour	1 kg
Sandalwood powder	250 gm
Neem leaves powder	4 to 5 cups
Shikkai Powder	1 kg

## Availability

The above raw materials are generally available in the retail market readily

## RAW MATERIALS

The raw materials required for manufacturing Hair oil are the following

For Quantity-Kgs	15000.00		
	Qty	Rate	Value
Shikkakai	22200	180.00	3996000
Methi	5700	150.00	855000
Orange Peel	2100	8.00	16800
TOTAL			4867800
TOTAL for 15000.00	Rs. lakhs		48.68
Raw material cost per MT	Litre		324.52
Packing material cost	Litre	4.00	60000
Packing cost Rs lakhs			0.60

## LOCATION & BUILDING

Built up area-Sq.ft	1500
Rent p.m.-Rs.10	15000
Advance-10 months. Rs	150000

## UTILITIES

Single phase	KW	20.00
Power charges Rs.lakhs p.a		2.64
For process-Litres per day		1000
For human consumption		200

## MAN POWER

		Monthly wages	Total
Supervisor	1	9000	9000
Skilled	2	7000	14000
Helpers	2	5000	10000
Assistant	1	6000	6000
sub total			39000
Add benefits		20%	7800
Total per month			46800
TOTAL PER ANNUM-Rs. lakhs			5.62

## SCHEDULE OF IMPLEMENTATION

After finalizing the financing arrangements for the project, the project can be implemented in three months period.

## COST OF PRODUCTION AND PROFITABILITY

A cost and profitability statement projected for the first 3 years of operations is given in Annexure. The profitability is based on the following assumptions.

### Assumptions

Installed capacity	30000 kgs of Shikkakai powder per annum
Capacity utilisation	Year-1 -60% Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.250.00 per kg.
Raw materials	As per the details given above
Packing materials	As per details given above
Power	Rs.1.58 lakhs per annum at 100%

Wages and salaries	Rs.5.62 lakhs with increase 5% every year.
Repairs and Maintenance	Rs.0.60 lakh per annum
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.30000 per month
Interest on Term loan	14% per annum
Interest on working capital	14 % per annum
Income tax	34 % on profits

Pulveriser	ACE Pack Machines 23, V.N. Industrial Estate Bharathi Colony, Near Athiparasakthi Temple Peelamedu, Coimbatore-641 004
Ribbon blender	Amit Engineering Works 2, Prabhunath Singh Thakur Indl. Estate Opp. Ruby Coach Builders Chimat Pada, Marol Naka Andheri-Kurla Road Andheri (East), Mumbai-400 059
Fill and seal packing machine	Classic Engineers 137/1, Kulle Gowda Industrial Estate, Kamakshipalya, Near Bridge, Magadi Road, Bangalore-560 079 Karnataka

## **FINANCIAL ASPECTS**

### **1. COST OF PROJECT**

	[Rs.lakhs]
Land & Building (Advance)	1.50
Plant & Machinery	9.00
Other Misc. assets	1.00
Pre-Operative expenses	2.00
Margin for WC	0.66
	<u>14.16</u>

### **2. MEANS OF FINANCE**

Capital	7.41
Term Loan	6.75
	<u>14.16</u>

### **3. COST OF PRODUCTION & PROFITABILITY STATEMENT**

	[Rs.lakhs]				
Years	1	2	3	4	5
Installed Capacitykgs	30000	30000	30000	30000	30000
Utilisation	60%	70%	80%	80%	80%
Production/Sales kgs	18000	21000	24000	24000	24000
Selling Price	Rs.250.00 per kg				
Sales Value (Rs.lakhs)	<b>45.00</b>	<b>52.50</b>	<b>60.00</b>	<b>60.00</b>	<b>60.00</b>

Raw Materials	29.21	34.07	38.94	38.94	38.94
Packing Materials	0.36	0.42	0.48	0.48	0.48
Power	1.58	1.85	2.11	2.11	2.11
Wages & Salaries	5.62	5.73	5.84	5.96	6.08
Repairs & Maintenance	0.60	0.66	0.73	0.80	0.88
Depreciation	1.35	1.15	0.98	0.83	0.70
Cost of Production	38.72	43.88	49.08	49.12	49.20
Selling, Admin, & General exp	3.60	3.78	3.97	4.17	4.38
Interest on Term Loan	0.95	0.83	0.59	0.59	0.59
Interest on Working Capital	0.25	0.25	0.25	0.25	0.25
Total	43.52	48.74	53.89	54.13	54.42
Profit Before Tax	1.48	3.76	6.11	5.87	5.58
Provision for tax	0.50	1.28	2.08	1.99	1.90
Profit After Tax	<b>0.98</b>	<b>2.48</b>	<b>4.03</b>	<b>3.88</b>	<b>3.68</b>
Add:	1.35	1.15	0.98	0.83	0.70
Depreciation					
Cash Accruals	2.33	3.63	5.00	4.71	4.39

#### 4. WORKING CAPITAL:

	Months	Values	%	Margin Amount	Bank Finance
Raw Materials	1.00	2.43	25%	0.61	1.82
Expenses	1.00	0.05	100%	0.05	0.00
		2.48		0.66	1.82

**5. PROFITABILITY RATIOS BASED ON 80% UTILISATION**

$$\frac{\text{Profit after Tax}}{\text{Sales}} = \frac{4.03}{60.00} \quad 7\%$$

$$\frac{\text{Profit before Interest and Tax}}{\text{Total Investment}} = \frac{6.95}{15.98} \quad 43\%$$

$$\frac{\text{Profit after Tax}}{\text{Promoters Capital}} = \frac{4.03}{7.41} \quad 54\%$$

**6. BREAK EVEN LEVEL**

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	5.84
Repairs & Maintenance	0.73
Depreciation	0.98
Admin. & General expenses	3.97
Interest on TL	0.59
	<u>12.11</u>
Profit Before Tax (P)	6.11

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{12.11}{18.22} \times \frac{80}{100} \times \frac{100}{100}$$

53% of installed capacity