

**PROJECT PROFILE**  
**ON**  
**HERBAL SOAPS**

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

**PREPARED BY**  
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# HERBAL SOAPS

## INTRODUCTION

Herbal soaps are made from extracts of herbs and coconut oil.

Ingredients of Ayurvedic bar soap produced by Medimix

Ingredients	Pharmacological action
Dharu Haridra (Breberis aristata)	Antibacterial, anti fungal
Nimba twak(Melia azadirachta)	Antiseptic, anti fungal, antibacterial, antidandruff
Yashtimadhu(Glycyrrhiz glabra)	Improves complexion of skin, acts as a sunscreen and also improves hair growth
Sariba(Hemidesmus indicus)	Coolant to skin, prevents itching and removes bad body odour
Kutaja(Holarrhena antidysentrica)	Coolant, prevents excessive sweating
Krishnajeeraka(Nigella sativa)	Deodorant
Chitraka(Plumbago rosea)	Excellent antifungal, acts against, antidandruff, also useful in many skin problems
Bakuchi(Psoralea corylifolia)	Proven medicine against psoriasis, Vitilgo(switram) and improves hair growth
Davadaru(Cedrus cyminum)	Provides pleasant body odour
Jeeraka(Cumminum cyminum)	Provides pleasant body odour
Dhanyaka(Coriandrum)	Provides pleasant body odour

sativam)	
Vacha (Acorus calamus)	Antibacterial, antiviral, deodorant, Repels parasites from body
Usheeram(Andropogon muricatus)	Coolant to body, acts against wet and dry eczema
Jyothishmati(Celastrus paniculatus)	Improves smoothness of skin
Vidangam (Embelia ribes)	Effective against all sorts of parasitic organisms
Guggulu (Balasamodendron mukul)	An effective antiseptic, antibacterial, antiviral and anti inflammatory agent, deodorant
Chopchini(Smilax ching)	Anti inflammatory drug
Vanardraka(Zingiber zerumbet)	An effective anti fungal, anti bacterial agent

## **PRODUCT APPLICATIONS**

Herbal soaps remove dandruff from the hair

They prevent prickly heat

They have antiseptic properties

They act as body deodorizers preventing any foul odour coming from the body

They beautify the skin

They do not bleach the colour of the hair

They are not corrosive to the skin and do not remove the essential oils from the skin

Soaps and detergents have been registering steady growth in demand in the country, in tune with the industrial and economic growth.

The Indian per capita consumption of soaps and detergents is still very low, compared to the developed countries. Obviously, this implies that there is substantial scope for increase in demand for the product in the country.

Herbal soap has generated considerable interest and enthusiasm amongst the consumers in recent times, due to eco-friendly nature of the product.

There is good scope for setting up herbal soap projects in the country. While there is no particular entry barrier from the point of view of technology, adequate market thrust is necessary to competitively sell the product in the market.

The toilet soap consumption in India is estimated at 1200000 tonnes per annum.

The soap market is growing at the rate of about 9% per annum

### **Estimated demand for herbal soap**

While several units have commenced production of herbal soaps in recent times, the market is still to develop and mature

The Soap market is still largely dominated by the organised players producing synthetic products.

The present estimated share of the herbal soaps in the total soap market in the country is in the region of 3 to 5% per annum.

Likely growth rate in demand 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.

## **INSTALLED CAPACITY**

	Per day	No of working days	Installed capacity per annum
Herbal Toilet soaps	1 MT	3300	300 MTs

## **PLANT AND MACHINERY**

The following items of machines are required for manufacturing herbal soaps in small scale

S.No	Description	Nos
1	Soap making pan	2 nos
2	Soap cooling frames	4 nos
3	Cutting machine with table	1 no
4	Stamping press with one set block	2
5	Stirrer	4 nos
6	Storage drums , Buckets weighing sales	

The total cost of the machinery works out to Rs.5.00 lakhs

## **MANUFACTURING PROCESS**

The extracts of herbs are made as per the required formulation.

Soap stock is prepared by treating pure coconut oil with sodium silicate. The extracts are mixed as per the required formulation.

The soap is allowed to set in the pan and cut to the required weight and size. It is then wrapped in tissue paper and placed in a paper board carton.



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

Botanical name	Common name	Applications	Quantity in mgms
Acorus Calamus	Vacha	Anti dandruff	3
Vetivera zianioides	Vettiver	Anti prickly heat	3
Berberis aristata	Dhanuhaaridra	Anti pimples	3
Cerous deodara	Devadara	Antiseptic	3
Cuminum Cyminum	Jeerakam	Deodoriser	3
Embli ribes	Vidangam	Deodoriser	3
Phyla Nodiflora	Podutalal	Anti dandruff	15
Plumbago zeylanica	Venkodiveli	Anti pimples	300
Cyamopsis tetragonolob	Kothavarai	Anti dandruff	3
Emblica officianalis	Nellikai	Hair conditioner	3
Phyllanthus amarus	Khizzanelli	Hair tonic	3
Zinziber officianale	Inji	Deodoriser	105
Azadirachta indica	Neem	Antiseptic	50

Calculation of Raw Materials	Qty-MTs	Rate-	
		Rs	Rs.lakhs
Coconut oil	150	98000	147.00
Caustic soda	25	31000	7.75
Sodium silicate	150	17000	25.50
Perumes/Herbal extracts	15		25.00
			205.25

## **LOCATION LAND AND BUILDING**

Built up area-Sq.ft	2000
Rent p.m.-Rs per .10 per sq.ft	20000
Advance-10 months. Rs	200000

## **UTILITIES**

Power	20 HP
I.e	14.92
No. Of Working hours	8
Per day	119 Kwhrs
Per annum	35700 Kwhrs
Rate per unit	Rs.5.50
Power charge per annum	Rs.1.96 lakhs
Fuel required per MT	10 litres
Total	3000
Rate	Rs.42.00
Fuel per annum-Furnace oil	1.26
Total Power & Fuel	3.22

## **MANPOWER**

Category	Nos.	Monthly Salary	Total monthly Salary
Chemist	1	10000	10000
Supervisor	1	9000	9000
Accountant	1	6000	6000
Substaff	2	4000	8000
Machine operators	2	7000	14000
Skilled workers	3	7000	21000

Sales personnel	3	7000	21000
Total	13		89000
Add Benefits		0.20	17800
			106800
Annually		Rs. lakhs	12.82

## **SCHEDULE OF IMPLEMENTATION**

If the financing arrangements are finalised the project can be implemented in three months time.

## **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	300 MTs of Herbal soaps per annum
Capacity utilisation	Year-1-60% Year-2-70% Year-3-80%
Selling price	Rs.140000 per MT.
Raw materials	As per the details given above
Packing materials	As per details given above
Power	Rs.3.22 lakh per annum at 100%
Wages and salaries	Rs. 12.82 lakhs with increase 5% every year.
Repairs and Maintenance	Rs.1.20 lakhs per annum
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.36.00 lakhs per annum

Interest on Term loan	14% per annum
Interest on working capital	14 % per annum
Income tax	34 % on profits

## **LIST OF PLANT AND MACHINERY SUPPLIERS**

1. Ponmani Soap Machines Private Limited

No 15, Post Office Street

Palaniappa Nagar

Sowripalayam,

Coimbatore – 641028

2. National Precionss

132/2, Nasiyanoor Post

Semmam Palayam Road

Erode-638001

3. Sri Subbu Industres

Old No:33, New No:45 Periyaswamy Layout First Cross

Ratnagiri , Coimbatore-641027

4. Adhi Sakthi Products

No:36 , Opposite Boat House

Cuddalore Main Road, Ariyan kuppam

Pondicherry-605007

## **LIST OF RAW MATERIAL SUPPLIERS**

Sodium silicate

1Sharda Silicates

8/662, Palghat Road, B. Kpudur Kuniyamuthur Post,

Coimbatore, - 641 011,

2. Sri Varahi Chmicals

92/1, Keezaiyur South, T. R. Patinam,  
Karaikal, Pondicherry - 609 606

3. Kiran Global Chems Ltd.

No:81, New Avadi Road, Kilpauk  
Chennai - 600 010,

4. Varuni Chemicals Private Limited, Chennai

72, Medavakkam Tank Road, Kellys,  
Chennai, 6000610

Flavours and Fragrances

1. Coimbatore Flavours & Fragrances Ltd.

5/82, P.g. Pudur,  
K.vadamaduri Post,  
Coimbatore – 641017

2. Kancor Ingredients Ltd.

Kancor Road, Angamally - 683573. Kerala

3. Venuss Herbo Aromatics Pvt. Ltd.

No: 2, Muhavoor Road, Seithur – 626121

4. RAMPAL – India

422 A, K.K. Nagar, Madurai – 625020

5. Agro extracts Ltd

Plot No. 16, Phase - Ii, Peenya Industrial Area,  
Bangalore - 560058. Karnataka

## **FINANCIAL ASPECTS**

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

	[Rs.lakhs]
Land	0.00
Building- Advance	2.00
Plant & Machinery	5.00
Other Misc. assets	1.00
Pre-Operative expenses	2.00
Margin for WC	7.31
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	17.31
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### **2. MEANS OF FINANCE**

Capital	12.06
Term Loan	5.25
	-----
	17.31
	-----

### 3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
Installed Capacity MTs per annum	300	300	300
Utilisation	60%	70%	80%
Production/Sales Mts per annum	180	210	240
Selling Price	Rs.140,000	MT	
Sales Value	252.00	294.00	336.00
Sales Value	252.00	294.00	336.00
Raw Materials	144.75	168.88	193.00
Power	1.93	2.25	2.58
Wages & Salaries	12.82	13.46	14.13
Repairs & Maintenance	1.20	1.26	1.32
Depreciation	1.31	1.13	0.98
Cost of Production	162.01	186.98	212.01
Admin, & General expenses	36.00	37.80	39.69
Interest on Term Loan	0.74	0.64	0.46

Interest on Working Capital	4.62	4.62	4.62
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<b>Total</b>	<b>203.37</b>	<b>230.04</b>	<b>256.78</b>
Profit Before Tax	48.63	63.96	79.22
Provision for tax	16.53	21.74	26.93
Profit After Tax	32.10	42.22	52.29
Add: Depreciation Cash Accruals	1.31	1.13	0.98
	33.41	43.35	53.27

**4. WORKING  
CAPITAL:**

	Months	Values	%	Margin	Bank
	Consumptions			Amount	Finance
Raw Materials	1.00	12.06	25%	3.02	9.04
Finished goods	0.50	6.75	25%	1.69	5.06
Debtors	1.00	21.00	10%	2.10	18.90
Expenses	1.00	0.50	100%	0.50	0.00
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		40.31		7.31	33.00



Say

--> Rs.32.97 lakhs

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

Profit after Tax	52.29	
_____	_____	16%
Sales	336.00	

Profit before Interest and Tax	84.30	
_____	_____	168%
Total Investment	50.28	

Profit after Tax	52.29	
_____	_____	434%
Promoters Capital	12.06	

**6. BREAK EVEN  
LEVEL**

Fixed Cost

(FC):

[Rs.lakhs]

Wages & Salaries	14.13
Repairs & maintenance	1.32
Depreciation	0.98
Admin. & General expenses	39.69
Interest on TL	0.46
	56.58
	79.22

Profit Before Tax (P)

**79.22**

	FC x		
	100	56.58	0.80
BEL =	FC + P	135.80	

**33% of installed capacity**