

**UP MSME 1-Connect**

# PROJECT REPORT

**PROJECT: MEDICATED GHEE**

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Of

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## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Medicated Ghee**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

## MEDICATED GHEE- VACHADI GHRITA [VG]



### 1 INTRODUCTION

In India, alternate medicinal 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 **Vachadi Ghrita- Medicated Ghee**

**Vachadi Ghrita [VG]** is a medicated ghee (a clarified butter) Ayurvedic formulation, recommended to improve cognition.

VG has these ingredients as follows-*Goghrita* (Cow ghee), *Vacha* (*Acorus calamus*), *Guduchi* (*Tinospora cordifolia*), *Shankhapushpi* (*Convolvulus pluricaulis*), *Haritaki* (*Terminalia chebula*), *Shati* (*Hedychium spicatum*), *Vidang* (*Embelia ribes*), *Shunthi* (*Zingiber officinale*) and *Apamarg* (*Achyranthes aspera*).

The term “Ayurveda” combines the Sanskrit words *ayur* (life) and *veda* (science or knowledge). It is one of the traditional medicinal systems, with an established history of many centuries. It is based on the belief that health and wellness depend on a delicate balance between the mind, body, and spirit.

The primary focus of Ayurvedic medicine is to promote good health and prevent illness, rather than fight disease. Other traditional systems include Siddha, Unani, Iranian, Islamic, Vietnamese, Chinese, Acupuncture, Muti, Ifá, African and other treatments all over the globe. When adopted outside of its traditional culture, traditional medicine is often called complementary and alternative medicine (CAM)

There are three kinds of ingredients used in Ayurvedic medicines:

1. Herbal
2. Mineral and
3. Animal

The herbal medicines dominate the practice of Ayurveda. The worldwide use of herbal products decreased in the 20th century as these were believed to be less profitable than synthetic drugs and medicines. Post 1960, increasing concerns over the side effects of the synthetic drugs and medicines led to an increase in the demand for traditional alternative medicines across the world. Herbal medicine is still the mainstay of about 60% of the world population, mainly in developing countries for their primary healthcare needs.

This potential also needs to be tapped since our country has a lot of medicinal plants, plants with essential oils and the demand in the overseas markets for its concentrates is growing fast. Since the flavourists and perfume experts are facing the challenging tasks of creating and developing complex compositions to meet the present and future consumer demand, it is also necessary to set up world standard research and development facilities in this sector.

The proposed manufacturing facility for Ayurveda Churna would be a GMP certified facility, licensed by the State Drug controlling authority. The facility will focus on “new generation medicines” instead of classical Ayurvedic products.

## **2 MARKET POTENTIAL AND MARKETING ISSUES, IF ANY**

**Medicated Ghee** is one of the important and well accepted Herbal / Ayurvedic medicines.

It is one of the most exalted substances used in Ayurveda and is purifying, nourishing, auspicious and aiding in longevity. It has the special quality of enhancing the effects of anything that is prepared with it. Medicated ghees combine ghee and herbs to create a powerful healing synergy.

An article by Sohini Das in Business Standard (May 21, 2016) has interesting and relevant view point and data on this product.

“Ghee is not such a bad thing to consume after all, but the health conscious Indian consumer wants more. Enter organic ghee. This phrase basically means ghee churned out of milk derived from 'stress free' or 'happier' cows that are put on organic diet. Players in this niche category have seen huge surge in demand, with some of them clocking as much as 400 per cent growth in sales.

Off late, with rising awareness on different types of cholesterol and demand for ghee has seen an upsurge among urban consumers, especially cow ghee has been clocking a robust growth rate, almost double of that of buffalo ghee. Cow ghee is, however, just about 10 per cent of the Rs 10,000 crore Indian ghee markets “

As such, the Indian herbal market consists of herbal products such as herbal hair care, herbal skin care & other herbal personal care products, as well as herbal medicines \_ The Indian herbal medicines market includes OTC, ethical and classical formulations and home remedies of Ayurveda, unani, homeopathy and siddha systems of medicines \_ 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 medicines reflects the shifting trend of consumers from allopathic to herbal medicines

In India, there are about 20 well-recognized manufactures of herbal drugs and 140 medium or small-scale manufactures. In addition, thousands of vaidyas have

their own miniature manufacturing facilities. About 1200 licensed small manufactures in India are on record. The estimated current annual production of herbal drugs is around Rs. 100 crores. This value is low as compared to the production allopathic pharmaceuticals, which is around Rs. 800 crores. The demand for herbal medicines is increasing and it is estimated that the production of herbal drug may be around Rs. 4000 crores in the year 2010 AD. There are 1650 herbal formulation in Indian market and number of major plants involved in their formulation is 540.

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.

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.

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 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.

Brahmi Ghrutham is a **ayurvedic medicated ghee** which improves intellect, memory, speech and other brain functions. Ayurvedic text reference: Ashtamgahrudayam Indications: Insanity Epilepsy Hysteria Mental retardation Impaired memory Ingredients: Brahmi (Baopa monnieri) Samkhapushpi (Clitoria tenatea) Jathi (Jasminum Grandiflorum) Thrivruth (Operculina turpethum) Vidangam (Emelia ribes) Dosage: Take ghruthams, generally after food.,

Triphala Gruitham: (Ashtamgahruclayam) - For all Types of disorders related to eyes. Especially for Cataract. Ghruthams are preparations in which Ground Drugs are bailed with Ghee and the prescribed Liquids according to the formula. Through this process we are ensuring the absorption of active therapeutic principles of the ingredients and preserving in fat medium. Indications: Eye disorders Cataract Dosage: 10-15 ml once or twice daily after food

Experts feel that with the rise of the health conscious, there is demand for organic food, and Ghee as a category is no exception.

## 10 COST OF PROJECT

The total cost of project is estimated as below:

S.NO.	PARTICULARS	TOTAL COST	MARGIN 25%	LOAN
1	Land & Building		0.00	Rented
2	Plant and Machinery	4.00	1.00	3.00
3	Furniture & Fixture	0.20	0.05	0.15
4	Contingencies	0.40	0.10	0.30
5	Pre and Post operative and	0.20	1.00	0.00
6	Margin for Working Capital	6.10	1.60	4.49
	<b>Total</b>	<b>10.90</b>	<b>3.75</b>	<b>7.94</b>

## 11 MEANS OF FINANCE

S.NO.	PARTICULARS		AMOUNT
1	Own Contribution		2.95
2	Term Loan		3.45
3	Working capital		4.49
			10.90

## 12 WORKING CAPITAL CALCULATION

S.No	Particulrs	Rate(Rs)/ Tonne	Quantity (Tonne)	Total(In. Rs.)
1	Cow milk	40000	35	14,00,000.00
2	Packaging Bottles labels, box stapping	LS		50,000.00
	<b>Total</b>			<b>14,50,000.00</b>

### 13 LIST OF MACHINERY REQUIRED & SOURCES

Sr. no.	Machine	Number	Approx. Cost (Rs. Lakhs)
1	Heavy bottomed Pan	2	1.20
2	Volumetric filling machine	2	0.80
3	Bottle washing machine	1	0.30
4	Bottle drying machine	1	0.20
5	Strainer / Sieve of appropriate mesh size	2	0.50
6	Other miscellaneous equipments	-	0.30
	QC and Testing equipments	-	0.70
		Total	<b>4.00</b>

### 14 PROFITABILITY CALCULATIONS

At 100 % capacity utilisation (indicative):

- Installed Capacity : 35000 bottles of one kg each
- Each @ Rs. 700.00
- Total Sales turnover: 39,20,000/-
- Cost of production & other expenses: 39.26 lac
- Profit : Rs. 13.24 lac

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

## **DISCLAIMER**

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