



Ayurvedic/Herbal Pharmacy

Introduction

An herbal pharmacy is a place where traditional medicine practitioners create herbal formulas based on traditional recipes that date back thousands of years. Often stocked with raw fresh or dried herbs, spices, seeds and roots. While in modern times pharmaceuticals have surpassed the use of herbal remedies, they are steadily on the rise now that people are recognizing and searching for alternative and natural forms of healing. There is a large range of traditional and modern formulas as well as combinations of herbs that may be used to establish a baseline and produce individualised formulas. These can be adjusted according to changes in your body. The formula can be changed or modified to parallel these changes.

Market Potential

The global herbal medicine market is expected to grow owing to the high demand for products across the globe. This is majorly driven by a shift of preference amongst end consumers for organic products over synthetic items. The change is witnessed not only in the medical sector but across other industries like fashion, cosmetics, beauty, etc. With the growth of the internet and the subsequent accessibility of information, more people are aware of the harmful or side effects that chemical products may have on the overall health in the long run, and more people are inclined towards adopting herbal medicines in their regular diet. Since there is no requirement for prior medical consultation and the medicines are accessible easily at any pharmacy without prescription, these reasons combined have augmented the growth of the global market in recent times.

As per the analysis, the Herbal Medicine market is likely to grow above a CAGR of around 11.2% between 2022 and 2028. The Herbal Medicine market size was worth around US\$ 166 Billion in 2021 and is estimated to hit approximately US\$ 348 Billion by 2028. Due to a variety of driving factors, the market is predicted to rise at a significant rate.

There are many manufacturers in **Northeast India**, who are actively producing herbal medicines and cosmetics using the variety of medicinal plants available in the North Eastern states. Therefore, an outlet providing a channel to get these products into the market would not only be able to acquire local products by cutting down transportation costs, but also give a great push towards economic development of that region.

Certification

It is compulsory to have AYUSH Retail license if you want to sell Ayurvedic /Unani / siddha medicines or any product related to ayurvedic in India.

Assumptions

The model DPR for Herbal Pharmacy unit is basically prepared based on the above assumptions that may vary with capacity, location, rent etc. An entrepreneur can use this model DPR and modify as per requirement and suitability

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. including Doctor chamber & Technician Room (Shop Premises)	1.00
Equipment	-
Furniture and Fixtures	2.07
Electrical Equipment	0.56
DG Set	0.27
Preliminary & Preoperative Expenses	0.89
Sub-total (A)	4.79
Working Capital Margin @25% of Total WC Requirement	3.75
Total Project Cost	8.54
Total Working Capital Required (Lumpsum) (B)	15.00
MEANS OF FINANCE	
Total Funds Required(A+B)	19.79
Loan Component	
TERM LOAN (60% of A)	3.59
WORKING CAPITAL (60% of B)	11.25
Total	14.84
Equity	4.95
Total	19.79

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	Fan	1	1200	0.01
2	Refrigerator	1	15000	0.15
3	A/C	1	35000	0.35
4	Light	LS	LS	0.05
Total				0.56
Furniture and Fixtures				
1	Chairs		LS	0.02
2	L - Shaped Counter		LS	0.70
3	Partition Wall		LS	0.10
4	Wall Rack		LS	1.10
5	Bench		LS	0.05
6	Table/Chair		LS	0.10
Total				2.07

Preliminary Expenses

Particulars	Amount (Rs in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (1 month)	0.32
Rent Expenses (1 month; Rs. 90/sq. ft.)	0.06
Interest Cost for Both Term Loan and CC (period before commercial production - 2 months)	0.01
Total	0.89

Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Staff	2	2.40

Profitability Statement

Particulars	Amount (Rs. In lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
A. INCOME					
Total Working Days in a Years	360	360	360	360	360
Estimated Sales per Day (in units)	0.17	0.18	0.20	0.22	0.24
Annual Sales (Rs.)	60.00	66.00	72.60	79.86	87.85
TOTAL INCOME	60.00	66.00	72.60	79.86	87.85
B. OPERATING EXPENSE					
Stock Consumed (75% of sales)	45.00	49.50	54.45	59.90	65.88
Salary	2.40	2.52	2.65	2.78	2.92
Rent	1.20	1.26	1.32	1.39	1.46
Power & utilities	0.90	0.92	0.94	0.96	0.97
Depreciation and Amortization	0.51	0.51	0.51	0.51	0.51
Administrative and General Expenses	1.20	1.32	1.45	1.60	1.76
Total Operating Expenses	51.21	56.03	61.32	67.12	73.50
OPERATING PROFIT (A-B)	8.79	9.97	11.28	12.74	14.35
C. FINANCIAL EXPENSES					
Interest on Term loan	0.31	0.24	0.17	0.11	0.04
Interest on Working Capital Loan	1.18	1.18	1.18	1.18	1.18
Total Expenses	1.49	1.42	1.35	1.29	1.22
Net Profit Before Tax	7.30	8.55	9.93	11.45	13.13
Provision for Tax	1.83	2.14	2.48	2.86	3.28
Net Profit after Tax (PAT)	5.48	6.41	7.45	8.59	9.85

Breakeven Point

		Amount(Rs. in lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	60.00	66.00	72.60	79.86	87.85
B.	Variable Cost					
	Stock consumed	45.00	49.50	54.45	59.90	65.88
	Power and Utility	0.90	0.92	0.94	0.96	0.97
C.	Total Variable Cost	45.90	50.42	55.39	60.85	66.86
D.	Contribution (A-B)	14.10	15.58	17.21	19.01	20.99
	Fixed and Semi-Fixed Cost					
	Salary	2.40	2.52	2.65	2.78	2.92
	Rent Expenses	1.20	1.26	1.32	1.39	1.46
	Interest on term loan	0.31	0.24	0.17	0.11	0.04
	Interest on working capital	1.18	1.18	1.18	1.18	1.18
	Depreciation and Amortisation	0.51	0.51	0.51	0.51	0.51
	Total Fixed Cost	5.60	5.71	5.83	5.96	6.10
E.	Breakeven Point	40%	37%	34%	31%	29%
F.	Cash BEP	36%	33%	31%	29%	27%

Debt-Service Coverage Ratio

		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year- 2	Year - 3	Year - 4	Year - 5
i	Profit	5.48	6.41	7.45	8.59	9.85
ii	Depreciation	0.51	0.51	0.51	0.51	0.51
iii	Interest	0.31	0.24	0.17	0.11	0.04
A	Total (i + ii + iii)	6.29	7.16	8.13	9.20	10.39
i	Interest	0.31	0.24	0.17	0.11	0.04
ii	Principal repayment	0.72	0.72	0.72	0.72	0.72
B	Total (i + ii)	1.03	0.96	0.89	0.82	0.76
	DSCR (A / B)	6.12	7.46	9.12	11.17	13.76

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 9.5% p.a.

Address of Vendors

Name of Vendor	Address and Contact Number
Pareek Herbal House	AK Azad Road, Near Nepali Mandir, Guwahati , Assam
BharatHerbal Pharmacy	V.P.O. Daburaji, G.T. Road, Amritsar-143001, Punjab, India

ANNEXURE- I

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annually
I													
Principal													
Opening	3.59	3.53	3.47	3.41	3.35	3.29	3.23	3.17	3.11	3.05	2.99	2.93	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.72
Closing	3.53	3.47	3.41	3.35	3.29	3.23	3.17	3.11	3.05	2.99	2.93	2.87	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.31
II													
Principal													
Opening	2.87	2.81	2.75	2.69	2.63	2.57	2.51	2.45	2.39	2.33	2.27	2.21	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.72
Closing	2.81	2.75	2.69	2.63	2.57	2.51	2.45	2.39	2.33	2.27	2.21	2.16	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.24
III													
Principal													
Opening	2.16	2.10	2.04	1.98	1.92	1.86	1.80	1.74	1.68	1.62	1.56	1.50	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.72
Closing	2.10	2.04	1.98	1.92	1.86	1.80	1.74	1.68	1.62	1.56	1.50	1.44	
Interest	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.17
IV													
Principal													
Opening	1.44	1.38	1.32	1.26	1.20	1.14	1.08	1.02	0.96	0.90	0.84	0.78	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.72
Closing	1.38	1.32	1.26	1.20	1.14	1.08	1.02	0.96	0.90	0.84	0.78	0.72	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.11
V													
Principal													
Opening	0.72	0.66	0.60	0.54	0.48	0.42	0.36	0.30	0.24	0.18	0.12	0.06	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.72
Closing	0.66	0.60	0.54	0.48	0.42	0.36	0.30	0.24	0.18	0.12	0.06	0.00	
Interest	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04