NUTRACEUTICALS, COSMECEUTICALS AND ALTERNATE MEDICINES

Nutraceuticals: The term "nutraceutical" was coined from "nutrition" and "pharmaceutical" in 1989 by Stephen DeFelice, MD, founder and chairman of the Foundation for Innovation in Medicine. According to DeFelice, nutraceutical can be defined as, "a food (or part of a food) that provides medical or health benefits, including the prevention and/or treatment of a disease." However, the term nutraceutical as commonly used in marketing has no regulatory definition.

Nutraceuticals can be classified based on the origin of the beneficial ingredient and/or the therapeutic benefit claimed.

**Ingredient**

| Antioxidants, carotenoids | Phytochemicals, plant extracts |
| Dairy-based ingredients | Probiotics and prebiotics |
| Fibres and carbohydrates | Proteins, peptides, amino acids |
| Minerals | Soy-based ingredients |
| Nutritional lipids and oils | Vitamins & premixes |

**Therapeutic use**

| Bone & joint health | Gut health |
| Cancer risk reduction | Immune system |
| Cardiovascular health | Maternal & infant health |
| Cognitive and mental function | Respiratory health |
| Diabetes | Skin health |
| Energy & endurance | Weight management |
| Eye health | Women's health |

Cosmeceuticals: Cosmeceuticals represent a marriage between cosmetics and pharmaceuticals. Like cosmetics, cosmeceuticals are topically applied, but they contain ingredients that influence the biological function of the skin. Cosmeceuticals improve appearance, but they do so by delivering nutrients necessary for healthy skin. Cosmeceuticals are the fastest-growing segment of the natural personal care industry. Consumers are always interested in maintaining a youthful appearance, and as the global population's median age increases, this market is increasingly expanding.

Cosmeceuticals are not subject to review by the Food and Drug Administration (FDA), and the term cosmeceutical is not recognized by the Federal Food, Drug, and Cosmetic Act. Although cosmetics and cosmeceuticals are tested for safety, testing to determine whether beneficial ingredients actually live up to a manufacturer's claims is not mandatory. In general, vitamins, herbs, various oils, and botanical extracts may be used in cosmeceuticals, but the manufacturer may not claim that these products penetrate beyond the skin's surface layers or that they have druglike or therapeutic effects. For cosmetic labels, no division between active ingredients and other ingredients is required; they are all listed together.
**Alternate medicines:** Alternative medicine is defined as "any of various systems of healing or treating disease (Ayurveda, Unani, homeopathy etc.) not included in the traditional medical curricula.

There is an ongoing debate on the benefits and ethics of nutraceuticals, cosmeceuticals and products of alternative medicine. While the debate goes on, these products have been well accepted by consumers in developed and developing countries and recording double digit growth.

In India, alternative medicine is well accepted and corporates like, Dabur and Baidyanath have been successfully marketing a number of products. Companies like Amway have now entered the competition. However it is only the beginning. The Indian market potential is huge and considering the possibility of exporting some of the native products, scope exists for new entrants in to this area.

**Proposal:**

Considering the emerging market potential, Apitco recommends setting up a modern formulation unit meeting GMP requirements, for manufacture of Nutraceuticals and Cosmeceuticals.

**Product mix**

- Capsules: 500 million Nos
- Powders in bottles: 1500 Tons
- Creams: 600 Tons
- Liquids and gels: 1500 Kilo Liters

**Market:**

Pharma and cosmetics market in India is valued at about Rs.35000 crores, and growing at 10% per year. Carving out a niche of Rs. 50 crores in this market is fairly easy if the products chosen can catch the fancy of the consumer.

This is a specialty product market. Different marketing strategies are used for the products. Brand building and direct selling are the most widely used. Brand building is very expensive. Direct selling in a well defined geographic area is a low cost option but the gestation period is high.

It will be prudent to take up contract manufacturing work for 50% capacity, and introduce own products in a phased manner.

**Manufacturing process:**

This will be a typical formulation plant. Different products are made on campaign basis. The raw materials are tested, dried (if required), powdered, mixed and packed.
Technology:

There are good products in alternative medicine systems like Ayurveda and Unani. Standardized technologies for these products are available from a number of sources.

Another way of obtaining technology is to manufacture under License. Such technology transfer arrangements are possible with overseas companies.

In case of contract manufacturing the technology is provided by the marketing company.

Plant and machinery:

The plant and machinery consists of, mixers, powder mills, dryers, automatic capsule filing machine, pumps, liquid and paste filling machines, labeling units, packing units and modern testing equipment.

Raw material required:

Depending on the products chosen different raw materials are required. Manufacture of basic ingredients is not planned in this project. They are to be procured from outside.

Utilities:

Power and water are the utilities required.

Project cost:

Project meeting GMP requirements with the Installed capacities mentioned above will cost Rs.5 to 6 crores.

Turnover and profitability:

Products valued at Rs. 50 to 100 crores can be manufactured in the unit. On own products, Net profit margin on of 6 to 8 % is possible.

Suggested location:

The unit can be located in an industrial zone around Hyderabad or any other major city.

Entrepreneur profile:

This is a marketing intensive activity with a high gestation period. The entrepreneur should be capable of organizing and nurturing a good marketing team. Considering the long gestation period required for establishing market presence, strong financial background is necessary.

Apitco’s Consultancy services:

1. Market survey
2. Product mix selection
3. Technology tie-up