



## **TATTOO PARLOUR**

### **Introduction**

A tattoo is a type of body alteration that involves putting ink, dyes, and/or pigments into the dermis layer of the skin to create a design. Tattooing is the art of applying tattoos. All art practice has some underlying ideology, and this is especially true in tattoo art. Skin creations represent fundamental beliefs to the individual wearer or group. Tattooing is practiced by cultures from east to west, by both men and women, and by nearly all ages. The attraction is obvious: To decorate one's body with permanent art is a powerful statement, not easily erased or altered, so the act itself is almost as intriguing as the image itself might be.

Tattoos are divided into three categories: purely decorative (with no specific meaning), symbolic (with a specific meaning relevant to the wearer), and pictorial (with a specific meaning important to the wearer) (a depiction of a specific person or item). In addition, tattoos can be used for identification, such as branding cattle using ear tattoos.

### **Market Potential**

The market size of the Tattoo Artists industry is expected to increase 23.2% in 2021. The market size of the Tattoo Artists industry in the US has grown 9.2% per year on average between 2016 and 2021.

The Indian tattoo industry is bright and booming. India's tattoo industry is burgeoning, estimated to generate around Rs. 20,000 crore every year. Right from beachside stalls at Goa to professional studios at malls, the Indian tattoo industry is bright and booming. Tattoo has opened its doors in India and is immediately stirring up the international tattoo scene.

## Assumptions

1. For SME unit having yearly turnover upto 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Revenue of such units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, tattoo parlour is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 150 sq. ft. is the proposed area which shall be spacious for tattoo making.
4. DSCR is high because the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

## Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc	1.20
Equipment as per Annexure	0.48
Furniture and Fixtures	0.37
Electrical Equipment	1.68
Desktop	0.50
Software Cost (Tally/SAP) (as per Annexure)	0.10
Inverter (5 KV office inverter)	0.12
Preliminary & Preoperative Expenses	0.90
<b>Sub-total (A)</b>	<b>5.35</b>
Working capital margin @ 25% of Total Working Capital Requirement	0.25
<b>Total Project Cost</b>	<b>5.60</b>
Total Working Capital (lump sum) (B)	1.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>6.35</b>
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	4.01
WORKING CAPITAL (75% of B)	0.75
<b>Total</b>	<b>4.76</b>
Equity	1.59
<b>Total</b>	<b>6.35</b>

## Detailed Cost Element

SL	Particulars	Rate	Quantity	Amount (Rs. in Lakhs)
1	Table	2000	2	0.48
2	Chair	500	6	0.25
3	Wardrobe	30000	1	0.35
4	Air Condition	45000	2	0.90
5	Laptop	25000	2	0.50
6	Lights	500	8	0.04
7	Fan	5000	2	0.10
8	Printer	14000	1	0.14
	<b>Total</b>			<b>1.68</b>

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designing Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and	0.05
Salary (2 months)	0.18
Rent Expenses (3 months; Rs. 30/sq. ft.)	0.14
Interest Cost for BOTH TERM LOAN AND CC (period before commercial production_2 MONTHS)	0.09
<b>Total</b>	<b>0.90</b>

## Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Tattoo Designer	1	7.20
Helper	1	1.20

## Profitability Statement

Particulars	Amount (Rs. in Lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<b>A. INCOME</b>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day (in Rupees)	0.08	0.09	0.10	0.11	0.12
Annual turnover	24.00	26.40	29.04	31.94	35.14
<b>Total income during the year</b>	<b>24.00</b>	<b>26.40</b>	<b>29.04</b>	<b>31.94</b>	<b>35.14</b>
<b>B. OPERATING EXPENSES</b>					
Salary	8.40	8.46	8.52	8.59	8.66
Rent	1.80	1.89	1.98	2.08	2.19
Power & utilities	1.53	1.56	1.59	1.62	1.66
Repair & Maintenance	0.24	0.26	0.29	0.32	0.35
Depreciation and Amortization	0.68	0.68	0.68	0.50	0.50
Administrative and General Expenses	0.24	0.26	0.29	0.32	0.35
<b>Total Operating Expenses</b>	<b>12.89</b>	<b>13.53</b>	<b>14.21</b>	<b>14.92</b>	<b>15.66</b>
<b>Operating Profit (A-B)</b>	<b>11.11</b>	<b>12.87</b>	<b>14.83</b>	<b>17.03</b>	<b>19.48</b>
<b>C. FINANCIAL EXPENSES</b>					
Interest on Term loan	0.31	0.24	0.17	0.11	0.04
Interest on Working Capital Loan	0.06	0.06	0.06	0.06	0.06
<b>D. Total Expenses</b>	<b>0.37</b>	<b>0.31</b>	<b>0.24</b>	<b>0.17</b>	<b>0.10</b>
<b>Net Profit Before Tax</b>	<b>10.74</b>	<b>12.57</b>	<b>14.60</b>	<b>16.86</b>	<b>19.38</b>
Provision for Tax	2.69	3.14	3.65	4.21	4.84
<b>Net Profit after Tax (PAT)</b>	<b>8.06</b>	<b>9.42</b>	<b>10.95</b>	<b>12.64</b>	<b>14.53</b>

## Breakeven Point

Break Even Point (BEP)					Amount (Rs. in Lakhs)	
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	24.00	26.40	29.04	31.94	35.14
B.	Variable Cost					
	Power and Utility	1.53	1.56	1.59	1.62	1.66
	Total Variable Cost	1.53	1.56	1.59	1.62	1.66
C.	Contribution (A-B)	22.47	24.84	27.45	30.32	33.48
D.	Fixed Cost					
	Salary	8.40	8.46	8.52	8.59	8.66
	Rent Expenses	1.80	1.89	1.98	2.08	2.19
	Repair & Maintenance	0.24	0.26	0.29	0.32	0.35
	Interest on term loan	0.31	0.24	0.17	0.11	0.04
	Interest on working capital	0.06	0.06	0.06	0.06	0.06
	Depreciation and Amortization	0.68	0.68	0.68	0.50	0.50
	Total Fixed Cost	11.49	11.59	11.71	11.66	11.80
E.	Breakeven Point	51%	47%	43%	38%	35%
F.	Cash BEP	48%	44%	40%	37%	34%

## Debt-Service Coverage Ratio

					Amount (Rs. in Lakhs)	
SL	Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
i	Profit	8.06	9.42	10.95	12.64	14.53
ii	Depreciation	0.68	0.68	0.68	0.50	0.50
iii	Interest	0.31	0.24	0.17	0.11	0.04
A	Total (i + ii+ iii)	9.04	10.34	11.80	13.25	15.07
i	Interest	0.31	0.24	0.17	0.11	0.04
ii	Principal repayment	0.80	0.80	0.80	0.80	0.80
B	Total (i + ii)	1.11	1.04	0.98	0.91	0.84
	DSCR (A / B)	8.13	9.91	12.09	14.60	17.96

## 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 8.5% p.a. and moratorium of 3 months.

## Address of Vendors

Name of Vendor	Address and Contact Number
Rumi Tattoo	Shop No. 126, Basement Sreeram Arcade, 15/7, Jawaharlal Nehru Rd, Kolkata, West Bengal 700013

# 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													
<b>Principal</b>													
Opening	4.01	3.94	3.88	3.81	3.74	3.68	3.61	3.54	3.48	3.41	3.34	3.28	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.80</b>
Closing	3.94	3.88	3.81	3.74	3.68	3.61	3.54	3.48	3.41	3.34	3.28	3.21	
<b>Interest</b>	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	<b>0.31</b>
II													
<b>Principal</b>													
Opening	3.21	3.14	3.07	3.01	2.94	2.87	2.81	2.74	2.67	2.61	2.54	2.47	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.80</b>
Closing	3.14	3.07	3.01	2.94	2.87	2.81	2.74	2.67	2.61	2.54	2.47	2.41	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	<b>0.24</b>
III													
<b>Principal</b>													
Opening	2.41	2.34	2.27	2.21	2.14	2.07	2.01	1.94	1.87	1.80	1.74	1.67	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.80</b>
Closing	2.34	2.27	2.21	2.14	2.07	2.01	1.94	1.87	1.80	1.74	1.67	1.60	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	<b>0.17</b>
IV													
<b>Principal</b>													
Opening	1.60	1.54	1.47	1.40	1.34	1.27	1.20	1.14	1.07	1.00	0.94	0.87	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.80</b>
Closing	1.54	1.47	1.40	1.34	1.27	1.20	1.14	1.07	1.00	0.94	0.87	0.80	
<b>Interest</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	<b>0.11</b>
V													
<b>Principal</b>													
Opening	0.80	0.74	0.67	0.60	0.53	0.47	0.40	0.33	0.27	0.20	0.13	0.07	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.80</b>
Closing	0.74	0.67	0.60	0.53	0.47	0.40	0.33	0.27	0.20	0.13	0.07	0.00	
<b>Interest</b>	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.04</b>