



COSMETIC STORE

Introduction

Cosmetics are constituted mixtures of chemical compounds derived from either natural sources, or synthetically created ones. Cosmetics have various purposes. Those designed for personal care and skin care can be used to cleanse or protect the body or skin. A Beauty store, beauty supply store or cosmetics store is a specialty retailer that sells cosmetics, hair-care products and/or beauty tools. The term "beauty store" (without "supply") is often associated with large chains that provide a large-format, glamorous shopping experience whereas "beauty supply store" (including "supply") is associated with smaller, independent retailers.

The industry collectively is referred to by various terms such as under the NAICS classification system, Cosmetics, Beauty Supplies & Perfume Stores (NAICS 446120), comprising establishments known as cosmetic or perfume stores or beauty supply shops primarily engaged in retailing cosmetics, perfumes, toiletries, and personal grooming products.

Market Potential

The global cosmetics market size was valued at \$380.2 billion in 2019, and is projected to reach \$463.5 billion by 2027, registering a CAGR of 5.3% from 2021 to 2027. Presently, cosmetics have become an indispensable feature of modern lifestyle of individuals. In addition, growth in consciousness about external beauty along with individual's internal intellect has become one of the major driving factors for use of cosmetics in the global market. Presently, along with women, there is a rise in use of cosmetics among men in their daily routine, which complements growth of the global cosmetics market demand. Hence, such changing lifestyles, have led to growth of the global cosmetics market.

As per Goldstein Market Intelligence, India cosmetics market is valued at nearly USD 11.16 billion in 2017 and is anticipated to grow at a CAGR of 5.91% during the forecast period 2017-2030. Furthermore, it is estimated annual retail sale of cosmetics & other personal care products is growing in the range of 15-20% annually, thus placing the domestic demand in India as one of the fastest growing across the world. Over the past 5 years total demand has grew by 60%.

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. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, Spectacle Store 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. 250 sq. ft. is the proposed area which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 1 months.
5. DSCR is high because of 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. including Doctor chamber & Technician Room (Shop Premises)	2.00
Equipment	-
Furniture and Fixtures	0.39
Electrical Equipment	0.99
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.60
DG Set	0.20
Preliminary & Preoperative Expenses	1.05
Sub-total (A)	5.73
Working Capital Margin @25% of Total WC Requirement	2.81
Total Project Cost	8.54
Total Working Capital Required (Lumpsum) (B)	11.25
MEANS OF FINANCE	
Total Funds Required(A+B)	16.98
Loan Component	
TERM LOAN (60% of A)	4.30
WORKING CAPITAL (60% of B)	8.44
Total	12.74
Equity	4.25
Total	16.98

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	Fan		LS	0.03
2	Freezer		LS	0.70
3	CCTV		LS	0.20
4	Light		LS	0.06
	Total			0.99
Furniture and Fixtures				
1	Chairs	3	3000	0.09
2	Mirrors		LS	0.10
3	Counter	1	20000	0.20
	Total			0.39

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)	0.30
Rent Expenses (1 month; Rs. 90/sq. ft.)	0.23
Interest Cost for Both Term Loan and CC (period before commercial production - 2 months)	0.03
Total	1.05

Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Staff	2	3.60

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	300	300	300	300	300
Estimated Sales per Day (in units)	0.19	0.21	0.23	0.25	0.27
Annual Sales (Rs.)	56.00	62.00	68.00	75.00	82.00
TOTAL INCOME	56.25	61.88	68.06	74.87	82.36
B. OPERATING EXPENSE					
Stock Consumed (65% of sales)	39.38	43.31	47.64	52.41	57.65
Salary	3.60	3.78	3.97	4.17	4.38
Rent	2.70	2.84	2.98	3.13	3.28
Power & utilities	0.90	0.92	0.94	0.96	0.97
Depreciation and Amortization	0.61	0.61	0.61	0.44	0.44
Administrative and General Expenses	1.13	1.24	1.36	1.50	1.65
Total Operating Expenses	48.31	52.70	57.50	62.59	68.37
OPERATING PROFIT (A-B)	7.94	9.18	10.56	12.28	13.99
C. FINANCIAL EXPENSES					
Interest on Term loan	0.33	0.26	0.19	0.11	0.04
Interest on Working Capital Loan	0.72	0.72	0.72	0.72	0.72
Total Expenses	1.05	0.98	0.90	0.83	0.76
Net Profit Before Tax	6.89	8.20	9.66	11.45	13.23
Provision for Tax	1.72	2.05	2.41	2.86	3.31
Net Profit after Tax (PAT)	5.17	6.15	7.24	8.58	9.92

Breakeven Point

		Amount(Rs. in lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	56.25	61.88	68.06	74.87	82.36
B.	Variable Cost					
	Stock consumed	39.38	43.31	47.64	52.41	57.65
	Power and Utility	0.90	0.92	0.94	0.96	0.97
C.	Total Variable Cost	40.28	44.23	48.58	53.36	58.62
D.	Contribution (A-B)	15.98	17.64	19.48	21.51	23.73
	Fixed and Semi-Fixed Cost					
	Salary	3.60	3.78	3.97	4.17	4.38
	Rent Expenses	2.70	2.84	2.98	3.13	3.28
	Interest on term loan	0.33	0.26	0.19	0.11	0.04
	Interest on working capital	0.72	0.72	0.72	0.72	0.72
	Depreciation and Amortisation	0.61	0.61	0.61	0.44	0.44
	Total Fixed Cost	7.96	8.20	8.46	8.56	8.85
E.	Breakeven Point	50%	47%	43%	40%	37%
F.	Cash BEP	46%	43%	40%	38%	35%

Debt-Service Coverage Ratio

		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year- 2	Year - 3	Year - 4	Year - 5
i	Profit	5.17	6.15	7.24	8.58	9.92
ii	Depreciation	0.61	0.61	0.61	0.44	0.44
iii	Interest	0.33	0.26	0.19	0.11	0.04
A	Total (i + ii + iii)	6.11	7.02	8.04	9.14	10.40
i	Interest	0.33	0.26	0.19	0.11	0.04
ii	Principal repayment	0.86	0.86	0.86	0.86	0.86
B	Total (i + ii)	1.19	1.12	1.05	0.97	0.90
	DSCR (A / B)	5.13	6.28	7.70	9.40	11.57

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.

Address of Vendors

Name of Vendor	Address and Contact Number
Gopinath Cosmetics	Sporting Club, 1427 Purba Sinthi Road(A), Madhugar Near Purba Sinthi, Ghughudanga, Kolkata, West Bengal 700030
Ankur Enterprise	55/16, BRB Basu Road, Mehta Building, Canning St, Kolkata, West Bengal 700001
R K Cosmetic	A - 107, Bagree Market, 1st floor 71, Canning Street Entry from 'C' gate, opposite Mehta Building, Kolkata, West Bengal 700001

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	4.30	4.23	4.15	4.08	4.01	3.94	3.87	3.80	3.72	3.65	3.58	3.51	
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	0.86
Closing	4.23	4.15	4.08	4.01	3.94	3.87	3.80	3.72	3.65	3.58	3.51	3.44	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.33
II													
Principal													
Opening	3.44	3.37	3.29	3.22	3.15	3.08	3.01	2.94	2.87	2.79	2.72	2.65	
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	0.86
Closing	3.37	3.29	3.22	3.15	3.08	3.01	2.94	2.87	2.79	2.72	2.65	2.58	
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	0.26
III													
Principal													
Opening	2.58	2.51	2.44	2.36	2.29	2.22	2.15	2.08	2.01	1.93	1.86	1.79	
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	0.86
Closing	2.51	2.44	2.36	2.29	2.22	2.15	2.08	2.01	1.93	1.86	1.79	1.72	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.19
IV													
Principal													
Opening	1.72	1.65	1.58	1.50	1.43	1.36	1.29	1.22	1.15	1.07	1.00	0.93	
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	0.86
Closing	1.65	1.58	1.50	1.43	1.36	1.29	1.22	1.15	1.07	1.00	0.93	0.86	
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	0.86	0.79	0.72	0.64	0.57	0.50	0.43	0.36	0.29	0.21	0.14	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	0.86
Closing	0.79	0.72	0.64	0.57	0.50	0.43	0.36	0.29	0.21	0.14	0.07	-0.00	
Interest	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04