

PROJECT PROFILE

ON

BEAUTY PARLOUR

Month & Year
July 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

BEAUTY PARLOUR

INTRODUCTION

Life style is fast changing in the modern era, and the women have become more conscious about their make up. More women are seen frequenting the beauty parlours for availing themselves of some kind of service to enhance their appearance to look good. The status of women has improved a lot and is improving further. This has resulted in their life style changing. Also their economic independence encourages them to resort to this type of service.

PRODUCT USES

This is a service industry

MARKET POTENTIAL

As more and more women are becoming beauty conscious in the modern era, the beauty parlours will have more patronage. A beauty parlour with all modern facilities provide services at a reasonable charges so that more visits could be expected from each individual.

TECHNICAL ASPECTS

INSTALLED CAPACITY

Based on the service of the beauty parlour and the number of persons to be employed the capacity is determined. For the proposed service of the beauty parlour, the following services can be given and taken as installed capacity.

| Sl. No | Services Providing | Nos | Rate | Total Value |
|--------|--------------------|------|-------|-------------|
| 1. | Eye Brow | 2400 | 16.50 | 39600 |
| 2. | Manicure | 600 | 44.00 | 26400 |
| 3. | Pedicure | 240 | 60.50 | 14520 |

| | | | | |
|-----|-------------------|------|--------|---------------|
| 4. | Head Massage | 360 | 60.50 | 21780 |
| 5. | Hair bleaching | 720 | 60.50 | 43560 |
| 6. | Arm bleaching | 840 | 60.50 | 50820 |
| 7. | Face bleaching | 960 | 60.50 | 58080 |
| 8. | Stomach bleaching | 240 | 60.50 | 14520 |
| 9. | Waxing | 840 | 44.00 | 36960 |
| 10. | Facial | 720 | 132.00 | 95040 |
| 11. | Hair Style | 2400 | 27.50 | 66000 |
| 12. | Hair cutting | 2400 | 27.50 | 66000 |
| 13. | Synthetic Dye | 480 | 88.00 | 42240 |
| 14. | Bridal Make up | 120 | 880.00 | 105600 |
| 15. | Puffing of hair | 120 | 220.00 | 26400 |
| 16. | Make-up | 120 | 165.00 | 19800 |
| | TOTAL | | | 727320 |

PLANT AND MACHINERY

| Sl. No | Machinery Description | Qty | Unit Cost | Total Cost |
|--------|-----------------------|-------|-----------|--------------|
| 1. | Rotating Chairs | 2 nos | 11500 | 23000 |
| 2. | Mirrors (Big size) | 2 nos | 1725 | 3450 |
| 3. | Dressing tables | 2 nos | 5750 | 11500 |
| 4. | Drier | 2 nos | 6900 | 13800 |
| 5. | Massager | 2 nos | 1725 | 3450 |
| 6. | Ozone machine | 1 no | 4600 | 4600 |
| 7. | Interiors, Furniture | | | 32200 |
| | Total | | | 92000 |

PROCESS

The process of a beauty parlour is a personalised service. This will vary from case to case.

CONSUMABLES

Cosmetic items are to be regularly purchased from shops. The main cosmetics to be purchased are moisturizers, lotions, nailpolish, lipsticks, compact powder, eye paints, eye liners, eye shadows, muskara, blushers, pancake.

LAND & BUILDING

A covered area of 300 sqft is to be taken on rent. Rs. 3000 per month advance Rs. 30000.

UTILITIES

Power: Only domestic power connection is required.

Water: About 500 litres of water is required for washing and human consumption.

Man Power:

| Category | Nos. | Monthly Salary | Total monthly Salary |
|----------------------------------|------|----------------|----------------------|
| Beautician | 1 | 5000 | 5000 |
| Helper | 1 | 4000 | 4000 |
| | | | 9000 |
| Add : Benefits | 20% | | 1800 |
| Total | | | 10800 |
| Total wages per annum [Rs.lakhs] | | | Rs.1.30 |

IMPLEMENTATION SCHEDULE

The projects can be implemented within one months period after financial arrangements are made.

COST OF PRODUCTION & PROFITABILITY

| | |
|---|--|
| Total Revenue | Rs.7.27 lakhs at 100%. This is based on number of persons to be employed and infrastructure facilities to be created. This can be increased. |
| Capacity utilisation | Year-1 -60% Year -2 -70% Year-3 onwards- 80% |
| Cost of materials | Rs.0.80 lakh per annum at 100% |
| Power | Rs.0.09 lakh per annum (Rs.750 per month). |
| Wages and salaries | Rs. 1.30 lakhs for the first year and it will be increasing by 5% by every year. |
| Repairs and Maintenance | Rs.0.60 lakh per annum Rs. 5000 pm with annual increase of 10%. |
| Depreciation | Written down value method -15 % on machinery |
| Selling general and administrative expenses | Rs.0.78 lakh for the first year (Rs.6500 per month) with an increase by 5% on every year |
| Interest on Term loan | 12% per annum |
| Interest on working capital | 12 % per annum |
| Income tax | 33.22 % on profits |

LIST OF EQUIPMENT SUPPLIERS

1. Angles, Shop No.14, 29, Cisons Complex, 150, Montieth Road, Egmore, Chennai 600 008.
2. Monica Beauty Centre, No. 22 (New No. 43) NSC Bose Road, Chennai 600 079.
3. The Beauty Shoppe, 6,3rd Floor, Alsa Mall, Montieth Road, Egmore-79.

LIST OF CONSUMABLE SUPPLIERS

1. Molly-An Beauty Centre, 85 New-8,4th Main Road, Gandhi Nagar

Chennai-600 020

2. Lakme Beauty Salon, No:27/10 Dhilma Square Shafeeq Mohmd Road, Creams Road, Chennai 600 006 .
3. Tips & Toes Cosmetic India Ltd., No.44, Vallalar Street, Aminjikarai, Chennai 600 029.
4. Rajendra Traders, No.12, Kasi Chetty Street, Chennai 600 001.

FINANCIAL ASPECTS

1. COST OF PROJECT

| | [Rs.lakhs] |
|----------------------------|------------|
| Building (Advance) | 0.30 |
| Equipments | 0.92 |
| Pre-Operative expenses | 0.20 |
| Margin for Working Capital | 0.10 |
| | <hr/> |
| | 1.52 |

2. MEANS OF FINANCE

| | |
|-----------|-------|
| Capital | 0.83 |
| Term Loan | 0.69 |
| | <hr/> |
| | 1.52 |

3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

| | [Rs.lakhs] | | |
|------------------------------|-------------|-------------|-------------|
| Years | 1 | 2 | 3 |
| Installed Capacity | | | |
| Total Income p.a. (Rs.lakhs) | 7.27 | 7.27 | 7.27 |
| Utilisation | 60% | 70% | 80% |
| Income p.a. (Rs.lakhs) | 4.36 | 5.09 | 5.82 |
| Consumables (Rs.6000 p.m) | 0.48 | 0.56 | 0.64 |
| Power | 0.09 | 0.09 | 0.09 |
| Wages & Salaries | 1.30 | 1.37 | 1.44 |
| Repairs & Maintenance | 0.60 | 0.66 | 0.73 |
| Depreciation | 0.14 | 0.12 | 0.10 |
| Cost of Production | <hr/> | <hr/> | <hr/> |
| | 2.61 | 2.80 | 3.00 |
| Admin. & General expenses | 0.78 | 0.82 | 0.86 |
| Interest on Term Loan | 0.08 | 0.07 | 0.05 |
| Interest on Working Capital | 0.00 | 0.00 | 0.00 |

| | | | |
|-------------------|-------------|-------------|-------------|
| Total | 3.47 | 3.69 | 3.91 |
| Profit Before Tax | 0.89 | 1.40 | 1.91 |
| Provision for tax | 0.00 | 0.00 | 0.63 |
| Profit After Tax | 0.89 | 1.40 | 1.28 |
| Add: Depreciation | 0.14 | 0.12 | 0.10 |
| Cash Accruals | 1.03 | 1.52 | 1.38 |

4. WORKING CAPITAL:

| | Months Consumptions | Values | % | Margin Amount | Bank Finance |
|---------------|------------------------|--------|------|------------------|-----------------|
| Raw Materials | 0.50 | 0.02 | 100% | 0.02 | 0.00 |
| Expenses | 1.00 | 0.08 | 100% | 0.08 | 0.00 |
| | | 0.10 | | 0.10 | 0.00 |

6. PROFITABILITY RATIOS BASED ON 80% UTILISATION

| | | | |
|---|---|---------------------|------|
| <u>Profit after Tax</u> Sales | = | <u>1.28</u> 5.82 | 22% |
| <u>Profit before Interest and Tax</u> Total Investment | = | <u>1.96</u> 1.52 | 129% |
| <u>Profit after Tax</u> Promoters Capital | = | <u>1.28</u> 0.83 | 154% |

7. BREAK EVEN LEVEL

Fixed Cost (FC):

| | [Rs.lakhs] |
|---------------------------|-------------|
| Wages & Salaries | 1.44 |
| Repairs & Maintenance | 0.73 |
| Depreciation | 0.10 |
| Admin. & General expenses | 0.86 |
| Interest on TL | 0.05 |
| | <u>3.18</u> |

Profit Before Tax (P) 1.91

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{P}} = \frac{3.18}{1.91} \times 80 \times 100$$

$$= \text{FC + P} \quad 5.09 \quad 100$$

50% of installed capacity