



Pre-feasibility Study

SKIN CARE PRODUCTS MANUFACTURING & MARKETING

June 2022

“The figures and financial projections are approximate due to fluctuations in exchange rates, energy costs, and fuel prices etc. Users are advised to focus on understanding essential elements such as production processes and capacities, space, machinery, human resources, and raw material etc. requirements. Project investment, operating costs, and revenues can change daily. For accurate financial calculations, utilize financial calculators on SMEDA’s website and consult financial experts to stay current with market conditions.”

Small and Medium Enterprises Development Authority
Ministry of Industries and Production
Government of Pakistan

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1 EXECUTIVE SUMMARY

Cosmetics industry in Pakistan is one of the growing industry with a substantial number of beauty and cosmetic manufacturers and traders, and an increasing number of new small businesses joining the industry. Despite this growth in the cosmetics industry, customer's demands are not fully met due to the increasingly growing population and delivery of substandard quality cosmetics to the customers, The proposed prefeasibility is therefore aiming at filling this gap. The industry has shown a great interest for investment. The industry has earned great reputation due to the increased differences in customer requirements.

The proposed setup will produce and sell soaps, lip balms, creams and hair & body oils made from natural oils, essential oils and exotic nut butters, and deliver to customers through online orders against cash on delivery, and direct sales, with replacement or money back guarantees. The enterprise's target customers will be environmentally and health-conscious people, mostly women, who prefer to use chemical free skin and hair care products. The customers are apprised of all the benefits of its products through direct contact or through social media, exhibitions, talk shows and online blogs. Besides, the enterprise should plan to widen the customer base through SPA centers, hotels, hospitals, social media advertisements and most importantly engaging celebrities and social media influencers.

To be in the market the enterprise should intend to compete with local and international producers of skin care products, like Body shop, Lush, Locitane and Crab Tree & Evelyn. The competitive advantage should be carefully selected high quality ingredients, backed by detailed research of their skin and hair benefits. The products should be less costly, freshly produced in small batches, and by educating people and listening to their needs.

1.1 Estimated Project Parameters

Gross Margin	Human Resource	Equipment	Factory Location
60%	06	Local / Chinese	Any Industrial area
Financial Summary			
Project Cost	IRR	NPV	Payback Period
Rs. 11.63 Mn.	26.4%	Rs. 8,135,000	5.6 Years

2 PROJECT PROFILE

2.1 Project Brief

This plan is to setup a cosmetic manufacturing facility and marketing of a brand to develop online sales and capture a sizeable shelf space at leading stores across the

country. Market growth largely depends on demographics, urbanization, changing lifestyle patterns and demand for convenience. Thus all these variables determine the potential of skin care business. The key objective of this venture would be to provide fresh quality cosmetics to the clients, to enable them improve their general skin beauty, to obtain maximum customer satisfaction through continued quality production, to obtain optimum production within the budget and supply of quality products to the customers, and most importantly; to create customers' loyalty to this enterprise's products to the extent they become well pronounced in customers' minds.

2.2 Opportunity Rationale

In a market that is becoming continuously saturated by foreign brands that focus on the variety of skin care products, the niche positioning of this venture will enable it to have a distinct brand image in the market. The macro level indicators mainly point towards a positive operating platform for the venture.

Despite the currently adverse economic scenario in the country, food, fashion and cosmetic sector has always showed substantial growth. Since this setup will cater to the upper-middle and upper class demographic, the issue of disposable income does not become an obstacle. Karachi, and for that matter any major market in the country, has always welcomed and patronized brands that provide something different to the consumer. The venture aims solely at providing the consumer with a unique skin care experience that they will obtain nowhere else. Furthermore, the regulatory and infrastructure framework has always catered well to the establishment of entrepreneurial ventures in Pakistan.

The cosmetics industry is in a state of flux. Traditional brands available in Pakistan are observed as old fashioned. Mostly the consumers are eyeing on holistic and healing benefits from skin care products. They are no longer satisfied with just the appearance benefits offered by traditional brands. Very few of the brands brought awareness of organic and natural products. These initial nudges lead to today's consumer being more informed and more inquisitive about the benefits of personal care products. For instance, The skin crème needs to protect from the damaging rays of the sun, moisturizes the skin and reduce the effects of aging. The consumer is seeking relief from the effects of a hectic day to day lifestyle. They have learned the benefits of herbal therapy and aromatherapy through experience and influx of information available through print and social media.

2.3 Project Investment

This section will provide the itemized description of total cost of the project.

				Rupees
Building				
Building and Store Renovation				300,000
Advance Rent to be Capatilised				750,000
				1,050,000
Equipments and Other Assets:				
Air Conditioner (split type 2 Tons)	No	2	180,000	360,000
Electric fitting and installations	No		200,000	200,000
Generator 5 kVA	No	1	200,000	200,000
Laptop	No	1	150,000	150,000
Printers	No	1	45,000	45,000
Software (Stock and sale management)	No	1	50,000	50,000
Regrigrator and deep freezer (1)	No	1	100,000	100,000
Fax Machine	No	1	35,000	35,000
Barcode Printer	No	1	50,000	50,000
Misc.	No	1	450,000	450,000
Iron Shelves	No	10	20,000	200,000
Furnitures		1	200,000	200,000
Surveyalance System		1	50,000	50,000
Machinery & Equipments		1	2,150,000	2,150,000
				4,240,000
Preoperational Expenses				
Note 1				600,000
				5,890,000
Working Capital Required:				
Note 2				5,741,632
Total Project Cost				11,631,632
Financed By:				
Sponsors Equity	100%			11,631,632
Bank Finance	0%			-
				11,631,632

2.4 Proposed Product Mix

The proposed project is assumed to provide customers with a variety of health and beauty care products as outlined below:

Oriental SPA Line:

- Apricot & Clay Sage Hair & Body Oil
- Almond and Rose Whitening Cream
- Apricot Face Polish
- Serenity Bath Salts
- Rose & Cocoa Lip Balm
- Mango Rejuvenating Soap
- Camel Milk Whitening Soap
- Goat Milk Skin Renewing Soap

Aromatherapy Line:

- French Levender Body Oil
- Rice Whitening Scrub
- Levendar and Tangerine Salt Scrub
- Zebra Soap
- Spa Foot Cubes

Soaps:

- Avocado
- Almond
- Peppermint & Poppy
- Honey & Oatmeal
- Cocoa
- Barakah (Fragrance Free)

SPA Line:

- 7 Precious Oils, Hair & Body Care
- Argan & Rosehip Anti-aging cream
- Argan & Rosehip Anti-aging cream Aqua
- Papaya & Geranium body butter
- Papaya & Geranium body butter Aqua
- Avocado & Rosemary Lip Soothing balm
- Warm Cinnamon Lip plumping balm

It is desirable to have a variety of beauty line products to capture a sizeable target audience but initially the company will be careful in choosing the right product mix that has the greatest acceptability such that the sales volume generated are able to cover the initial setup costs and desired profit margins. Once the business achieves a steady sales pattern further skin care products can also be added.

2.5 SWOT Analysis

Strengths of the cosmetic enterprise

- High quality and exceptional environmental friendly packaging material.
- Quality product.
- Qualified and experienced human resource.
- Product logistics and quality control.
- Product placement in key retail accounts.
- A vertical retail presence in brick and mortar, catalogue and e-commerce.
- The creation of a "buzz" about this "Hot and New" brand among opinion leaders through a combination of PR and product placement.
- Offering free training and consultancy services to the customers
- Operating from the cleanest environment

Weaknesses

- Dependency on imported quality packaging material.
- Low capital inputs for start up to establish the plant and expanding the business operations to other regions.
- Do not have enough record keeping mechanism.
- Inadequate experience in the market due to few months of operation than our competitors
- Few workers in company which delays production.

Opportunities

- The industry is growing and new cosmetics dealers are setting up which will increase the market base.
- It is assumed that the competitors are not fully aware about the new emerging ideas in the global markets like new product development techniques to suit customer demands in organic products.
- Financial boost from injection of Equity funds for service expansion and facility improvement.

Threats

- The customers are used to buying from already established cosmetic brands who can easily adopt to rapidly changing techniques of production and global competition which is hard to adopt to for emerging businesses.
- Constant changes in customer demands which impact on our level of satisfaction to our customers and changing economic environment.

2.6 Proposed Business Legal Status

Although the legal status of business tends to play an important role in any setup, the proposed business is assumed to operate on a sole proprietorship basis which may extend to Partnership or Private Ltd Co. in case of addition of new products that might add significant business to the existing setup.

2.7 Legal Requirements

Pakistan Standard Quality and Control Authority (PSQCA) has formulated some mandatory specifications for compliance (Mandatory Specifications for Pakistan Standards). The Standard PS: 3228/2017 (3rd Revision) is attached as Annexure 3 for reference. Similarly there are some guidelines for manufacturers. The reference number for PSQCA are as follows and the detailed standards can be purchased from Sales department of PSQCA. The guidelines are:

- Pakistan Standard for General Guidelines for Halaal Cosmetics and Personal Care Products (PS: 5319: 2014)

- Classification of raw material into positive and negative lists intended for Cosmetics and toilet goods (656/1968)
- Guide Lines for Hygienic manufacturers for cosmetics. (3782/1996)
- Titanium Dioxide for cosmetics industry (3972/1997)
- Skin Powder. 3973/1997.
- Glyceryl Monostearate for cosmetics industry (3974/1997)
- Water Soluble Carboxy Methyl Cellulose for cosmetic industry (3975/1997)
- Methods of Sampling & Testing for Soap (406/1964)

Besides there are some requirements of Sindh Environmental Protection Agency (SEPA). The department can be contacted for specific requirements (if any). There is one active Cosmetic Manufacturers Association in Pakistan and they can also be contacted for membership and relevant information about the issues and practices within this industry. The web link of these bodies are mentioned in Useful Links of this document.

3 MARKETING AND BRAND MANAGEMENT

Marketing Plan

The proposed enterprise should utilize a brand building (Pull) strategy as the basis for sales and marketing plan. The company will position its print media spending in local magazines that influence the targeted consumer and validate the brand. The publications this new enterprise would be utilizing are:

- Sunday Fashion Magazine
- Brides And You
- Mag The Weekly
- She Fashion Magazine
- Paparazzi Fashion Magazine
- Me And My Wedding
- Hello Fashion Magazine
- Ink Fashion Magazine
- Style 360 Glam
- Ebuzz Fashion Magazine

These are the some publications retail buyers and trend analysts scour to find emerging brands or trends. In addition to paid ads in national and regional issues of the publications mentioned above, the company can retain a PR firm to develop a comprehensive plan for product placement and celebrity and beauticians' endorsements. The print and social media and Influencers' Marketing strategy will bring the brand to the forefront for the consumer and set the stage for image development and awareness. The company will also be developing a separate plan to market to SPAs and retailers at relevant exhibitions. In addition there is a need to develop a unique in-store graphic and communication package to explain products' benefits and advantages at point of sale.

Sales Plan

The retail sales strategy can be divided into two parts. First the company would hire and train people who fit the brands image and lifestyle. The training programs for the staff will ensure they have the product knowledge necessary to serve the customers' requirements to close the deal. Second, implementing a commission and retention program will ensure that the company recognize and reward performance. The sales team will be on a commission program that compensates for follow up sales at progressively higher rates. This will provide an incentive for consumer follow up and the creation of repeat business. Top performers will be singled out for recognition and poor performers will be given additional training or encouraged to seek a profession more suitable to their skills.

Key Social Media Platforms

For efficient marketing the following Social Media platforms must be used to create brand awareness and generate sales.

- Facebook posts and Live sessions
- Blog shares
- Instagram & IGTV
- Snap Chat
- TikTok
- You Tube customized videos
- You Tube Reels
- Influencer Marketing
- Shopping Cart Website
- Community events
- Twitter tweets and retweets

3.1 Target Market Segment Strategy

The proposed cosmetic brand would be a combined retail (direct to end user) and wholesale (to the end user through a reseller) business therefore the strategy for reaching out the target customers must be broken down into two distinct groups, the end user and the reseller. Our targeted end user is between the age group of 18 and 65 and are predominantly females. The effects of aging and the maintenance of a youthful appearance is a part of their life. In retail sector the female consumer is the primary decision maker in 85% of households. Women buy or influence the purchase of 80% of consumer goods. Their increasing educational attainment makes young women even more sophisticated and demanding consumers.

Today's female consumer is living a transactional life with multiple constituencies. Her life is on fast forward. Her definitions are shifting, blurring the lines between home and office; private and public; professional and casual; even male and female. Age has become irrelevant. Life stages are no longer defined cleanly by age. Links between generations and mindsets are becoming very spread out. Today's female consumer defines herself more by mindset or approach to life than by age. Parents and teens are often on parallel treadmills. The older segment is interested in staying young and the younger segment is acting older.

In addition there has been a democratization of luxury. The upper-class family group is massive. Luxury spending is growing faster than overall spending. Working women of all ages have more money and they are spending it on personal luxuries. This is a reaction to the chaos of consumerism. The Price: Value ratio has become more meaningful. She is seeking a "value added" experience or product. Our strategy of combined channels of distribution allows us to fit into her schedule while our product philosophy provides her with the benefits she is seeking. Our target customers (vs. end user) for wholesale distribution will be resellers who recognize the needs of this consumer and who she identifies with. We have used the term resellers because they will not be limited to retailers. We will reach the consumer through four distinct reseller channels.

- Spas and Health Clubs
- Lifestyle Retailers
- Cosmetic Specialty Retailers
- Departmental Stores

3.1.1 Competition

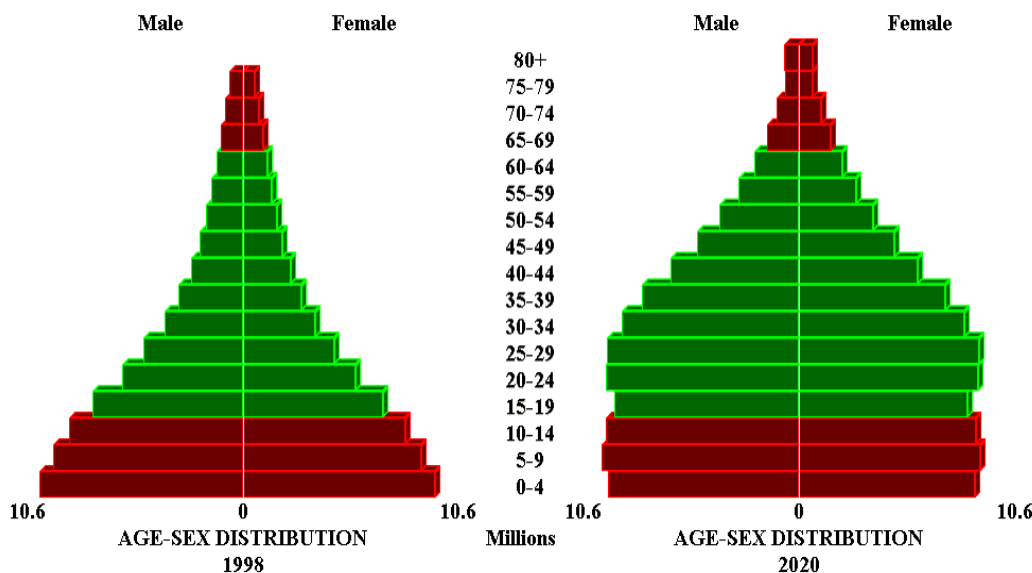
There is a list of probable competitors (*attached as an Annex-1*), claiming to give unique and refreshing experience by providing beauty and health products for its customers. These competitors do have a sizable market share in the skin care segment of the cosmetic sector across the country. Furthermore, the brand recognition of competitors gives it a very strong advantage in this regard. However, Aliya B will initially focus on developing its own unique identity, by leveraging the organic ingredient component, which are distinct in their own right. Over time, the venture will seek to enhance its market share by plowing back profits into opening of additional product line in the same area which would help in attracting more customers.

3.1.2 Increasing Market for Cosmetic Products – The Population Boom

Pakistan, currently ranked as 5th in terms of total population, is characterized by a growth rate of 1.80% (Pakistan Economic Survey 2020-21) and is set to take 5th position in world in 2050 in terms of total population with already 207.77 Million people registered in 2017-18.¹ With this, the per capita income has increased to US\$ 1368 while the productive age group (15 to 59) years is said to take the major chunk of population (67% of total population) by 2020.²

The growth rate in this business is also augmented by the rapid increase in the employment rate for males / female population aging between 20 to 29 years hence the greater income contribution to the overall income generated is expected to be higher.

Population Pyramid 1998 & 2020*



¹ Economic Survey 2018

² Population Projections 1998-2023, Planning Commission; NIPS

3.1.3 The Future of the Industry

The Pakistani economy is becoming increasingly service-oriented, and over the past several decades, the beauty industry that offer the highest levels of convenience have been rewarded with strong sales growth. In the face of rising population and growth of fashion industry and increasing awareness about self-care, a nearly insatiable demand for convenience will continue to drive sales for beauty products. The proposed brand should strive to find ways to make their products even more accessible.

4 MACHINERY & EQUIPMENT

The major types of equipments are grinders, mixers, dispersing emulsifying equipment, cooling equipment, molding equipment, and filling equipment. The equipment's used in a cosmetic processing setup consists of agitators, boilers, compressors, conveyors, dryers, feeders, furnaces, kettles, mixers, packaging equipment, tanks, and other utensils.

4.1 Machinery Maintenance

All machines require routine cleaning and maintenance after every three months and an annual service which costs around 1% to 5% of the total cost depending upon the use of the machine and operator's skill. We have assumed an average of 01% of the depreciated cost as the annual maintenance cost.

5 LAND & BUILDING REQUIREMENT

5.1 Factory Location

The factory can be set up in any industrial or commercial area. For the proposed pre-feasibility we have assumed a factory on rental basis in any industrial area of first or second tier city of Pakistan.

6 HUMAN RESOURCE REQUIREMENT

The human resource requirement for the general and management staff are as follows on single shift basis:

Description	No. of Employees	Monthly Salary per person (Rs)
Factory Manager	01	100,000
Marketing Manager	01	75,000
Accounts Officer	01	75,000
Helpers	01	17,500
Peon	01	17,500
Security Guard	01	18,000
Total	06	303,000

**Salaries on 01 shift basis*

7 FINANCIAL ANALYSIS & KEY ASSUMPTIONS

The project cost estimates for the proposed business have been formulated on the basis of discussions with relevant stakeholders and experts. The cost projections cover the cost of land, building, inventory, equipment including office furniture etc. The specific assumptions relating to individual cost components are given as under:

7.1 Revenue & Cost Projections

The Sales are expected to increase by 05% every year along with 10% sales price growth rate, while the cost of raw materials is assumed to increase by 05%.

Furthermore it is assumed that the following sales breakup will form the revenue streams for the business.

No. of Sales Per Day				35
Visitors Category	Purchasing amount	%age as of toatl visitors	Purchasing amount	
A 10 K and Up	10,000	5.0%	17,500	
B (5K to 10K)	5,000	25.0%	43,750	
C (2.5K to 5K)	2,500	30.0%	26,250	
D (1K to 2.5K)	1,000	40.0%	14,000	
			101,500	
Sales Per Day	101,500			
Sales Per Month	3,045,000			
Sales Per Year	36,540,000			

7.2 Utilities Requirement

Most of the machines requires considerable load during the preparation process. It is assumed that utilities expense will be increased by 10% every year.

7.3 Depreciation on Building & Equipment

Depreciation on Equipment, Machinery and Fixtures is assumed to be at the rate of 10% per annum based on the diminishing balance method for the projected period.

7.4 Working Capital & Pre Operating Costs

It is estimated that an additional amount of approximately Rs. 4.85 Million will be required to meet the working capital requirements / contingency cash for the initial stages. The requirement is based on for the expense coverage of the utility, initial stock and salaries for 03 months.

7.5 Account Receivables

It is not advisable to operate the business on credit basis, however most of the sales to leading stores will be on credit.

7.6 Stock Loss & Misc. Expenses

An annual figure of Rs. 0.3 Mn. is assumed to be incurred for miscellaneous expenses which are expected to increase at the rate of 10% per annum for the projected period.

7.7 Taxation

The tax rate applicable to the company is as prescribed by FBR. Therefore, the artes would be applied as per income slab.

7.8 Owner's Withdrawal

It is assumed that the owner withdraw from the business once the desired profitability is reached from the start of operations. The amount would depend on business sustainability and availability of funds for future growth.

7.9 Key Assumptions

Repair and maintenance % of sales	%	0.2%
Insurance % of stocks	%	3%
Other Overhead as a % of sales	%	
No of operational days	days	360
Hours operational per day	hrs	14
Annual sales growth rate	%	10%
Store Commission as % of sales	%	25.0%
Telephone fax and postage % of sales	%	0.2%
Amortization of preoperational expenses	% straight	20%
Advertisement % of sales	%	5.0%
Electricity growth rate	%	5%
Travelling and conveyance % of sales	%	0.12%
Printing and stationery % of sales	%	0.4%
Fuel for generator and vehicles % of sales	%	0.20%
Proportion of sales tax taxable sales	%	70%
Proportion of sales tax taxable purchases	%	70%
Rate of sales tax	%	17%
Markup on long term loan	%	14%
Raw material price growth rate	%	8%
Sales Price growth rate	%	10%

7.10 Key Success Factors / Practical Tips for Success

Whether you are launching a new brand or trying to grow your existing brand at a national level, there are winning principles that can help you to shape your business and improve its chances of succeeding.

i) Conceive the “Winning” Concept

A well-defined concept stands a much better chance of long term success than some vague notion. To start, it is wise to first set specific goals and decide on the ways you will measure your business success.

ii) Longevity

This can be described as the art of being able to maintain success over time while adjusting to meet the changing demands and buying habits of the customer. To launch a brand successfully and become profitable is one thing, but to maintain that success over a long period of time is “winning.”

iii) Consistency

To not simply launching a beauty brand, but to truly develop a winning concept requires implementing systems and procedures to ensure consistency of your operation.

iv) Market Appeal

All competitors’ want to be busy but winning concepts seem to have a broad appeal and well developed “points of difference” that enable them to dominate their market niche. To be the first choice the customer thinks of ‘picking’ when choosing to buy is the goal of the winning concept.

v) Expandability

Consistency of quality and service, and operating systems and management procedures established in the first unit can result in more expandable opportunities where all systems are already developed and waiting to be implemented.

vi) Product Pricing

One of the most important factors in the strategic planning of a beauty and skin care products is in the development of the Trade and Retail Price list. It involves designing an appealing selection of items that are competitively priced in the marketplace. Pricing is a very tricky task because you need to price items so that you can operate profitably and, just as important, offer your targeted customers a good price/value relationship.

vii) Market Research

This is probably the most critical factor for running a successful business. You need to study the competitors’ to see how your ‘concept’ would fit into the neighborhood you are planning to target. Here we have analyzed 10 local brands operating in Pakistan and

marketing their products through social media. The list and their USPs are attached as Annexure.

8 CONCLUSION

After careful review and consideration of all external and internal factors, the venture will be implemented with due speed and efficiency. The contributing factors for this decision can be summarized as follows:

1. The Company hire the required skill set resource and have the passion to see the venture through.
2. Financial resources are available to setup the venture and sustain operations through the initial phase where profitability is not being achieved.
3. The availability of labor, equipment, and raw material is not scarce in any regards, which will enable swift start-up of the venture.
4. The operational setup of the venture and its process flows are simple and easy to execute, meaning that Turn Around times of all core activities such as production, dispatch area and customer service can be executed with relative ease.
5. The value proposition of the products are unique in its own right, and will be able to compete within a niche segment of the beauty and skin care sector.
6. The macro level setup of this type of business in Karachi has always patronized and encouraged the new entrant to the market. If quality and service can be consistently kept at a high level, the venture will be successful.
7. The targeted demographic have the financial means and interest to take up the business at next level. Furthermore, research has shown that this particular segment of the market is growing in size, which will ensure sustainability and growth of the venture.
8. There are little regulatory constraints to impede the venture. Permits and permissions, although time consuming, can be obtained with relative ease.

9 USEFUL LINKS:

- PAKISTAN COSMETICS MANUFACTURERS ASSOCIATION
<http://www.pcma.com.pk/>
- PAKISTAN STANDARD & QUALITY CONTROL AUTHORITY
<http://updated.psqca.com.pk/downloads/>
- SINDH ENVIRONMENTAL PROTECTION AGENCY
<http://epasindh.gov.pk/>
- PAKISTAN NATIONAL ACCREDITATION COUNCIL
<https://www.pnac.gov.pk/>
- COSMETICS AND PERSONAL CARE TESTING SERVICES FROM SGS
<https://www.sgsgroup.pk/en/chemical/finished-product-services/consumer-chemicals/cosmetics-and-personal-care>
- TRADE DEVELOPMENT AUTHORITY OF PAKISTAN (TDAP)
www.tdap.gov.pk
- SECURITIES & EXCHANGE COMMISSION OF PAKISTAN (SECP)
www.secp.gov.pk
- FEDERATION OF PAKISTAN CHAMBERS OF COMMERCE AND INDUSTRY (FPCCI)
www.fpcci.com.pk
- STATE BANK OF PAKISTAN (SBP)
www.sbp.org.pk

10 FINANCIAL STATEMENTS

10.1 INCOME STATEMENT:

												Rupees (000)
	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X		
Sales/Revenue	36,905	44,656	56,489	73,323	96,786	122,435	144,106	166,442	192,241	222,038		
Cost of Sales:												
Add opening stock	620	620	811	1,026	1,331	1,757	2,223	2,616	3,022	3,490		
Purchases	14,762	19,291	24,403	31,676	41,812	52,892	62,254	71,903	83,048	95,920		
Less closing stock	620	811	1,026	1,331	1,757	2,223	2,616	3,022	3,490	4,031		
Sales tax	2,635	3,018	3,818	4,956	6,542	8,276	9,740	11,250	12,994	15,008		
	17,397	22,119	28,007	36,326	47,928	60,702	71,601	82,748	95,574	110,387		
Gross Profit	19,508	22,536	28,483	36,997	48,859	61,733	72,505	83,695	96,667	111,651		
Operating Expenses:	21,029	24,246	28,820	34,341	42,596	51,508	59,412	67,640	77,070	87,881		
Operating Profit	(1,521)	(1,709)	(338)	2,656	6,262	10,225	13,093	16,054	19,597	23,770		
<i>Financial Charges</i>	-	-	-	-	-	-	-	-	-	-		
Profit before Taxation	(1,521)	(1,709)	(338)	2,656	6,262	10,225	13,093	16,054	19,597	23,770		
Taxation	-	-	-	531	1,252	2,045	2,619	3,211	3,919	4,754		
Profit after Taxation	(1,521)	(1,709)	(338)	2,125	5,010	8,180	10,474	12,844	15,678	19,016		
Acc. Profit b/f	-	(1,521)	(3,230)	(3,568)	(1,443)	3,567	11,747	22,222	35,065	50,743		
Un-appropriated Profit c/f	(1,521)	(3,230)	(3,568)	(1,443)	3,567	11,747	22,222	35,065	50,743	69,758		

10.2 BALANCE SHEET:

													Rupees (000)
		Year - 0	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	
Tangible Fixed Assets		5,290	4,866	4,484	4,141	3,832	3,554	3,303	3,078	2,875	2,693	2,528	
Preoperational expenses		600	480	360	240	120	-	-	-	-	-	-	
Current Assets:													
Stocks		620	620	811	1,026	1,331	1,757	2,223	2,616	3,022	3,490	4,031	
Cash in Hand / Bank		5,121	4,759	3,550	3,674	6,225	11,630	20,057	30,753	43,796	59,652	78,827	
		5,742	5,380	4,361	4,699	7,556	13,387	22,279	33,369	46,818	63,142	82,858	
		11,632	10,726	9,205	9,080	11,508	16,941	25,583	36,447	49,693	65,835	85,387	
Owners Equity:													
Capital		11,632	11,632	11,632	11,632	11,632	11,632	11,632	11,632	11,632	11,632	11,632	
Accumulated Profit		-	(1,521)	(3,230)	(3,568)	(1,443)	3,567	11,747	22,222	35,065	50,743	69,758	
Long Term Loan		-	-	-	-	-	-	-	-	-	-	-	
Current Liabilities:													
Current Portion of Long Term Loan		-	-	-	-	-	-	-	-	-	-	-	
Accounts Payable		-	615	804	1,017	1,320	1,742	2,204	2,594	2,996	3,460	3,997	
		-	615	804	1,017	1,320	1,742	2,204	2,594	2,996	3,460	3,997	
		11,632	10,726	9,205	9,080	11,508	16,941	25,583	36,447	49,693	65,835	85,387	
		-	-	-	-	-	-	-	-	-	-	-	
Working capital													
Current Assets:													
Stocks		620	620	811	1,026	1,331	1,757	2,223	2,616	3,022	3,490	4,031	
		620	620	811	1,026	1,331	1,757	2,223	2,616	3,022	3,490	4,031	
Current Liabilities:													
Accounts Payable		-	615	804	1,017	1,320	1,742	2,204	2,594	2,996	3,460	3,997	
working capital		620	5	7	9	11	15	19	22	26	30	34	
Change in working capital			615	(2)	(2)	(3)	(4)	(4)	(3)	(3)	(4)	(5)	

10.3 CASH FLOW STATEMENT:

											Rupees (ooo)
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Profit before Financial Charges & Taxation	-	(1,521)	(1,709)	(338)	2,656	6,262	10,225	13,093	16,054	19,597	23,770
Amortization		120	120	120	120	120	-	-	-	-	-
Depreciation	-	424	382	343	309	278	250	225	203	183	164
	-	(977)	-1,208	126	3,085	6,661	10,476	13,318	16,257	19,780	23,934
Working Capital Change	-	615	(2)	(2)	(3)	(4)	(4)	(3)	(3)	(4)	(5)
Cash form other Sources											
Owners	11,632	-	-	-	-	-	-	-	-	-	-
Bank Finance	-	-	-	-	-	-	-	-	-	-	-
	11,632	-	-	-	-	-	-	-	-	-	-
Total Sources	11,632	(362)	-1,209	124	3,083	6,657	10,472	13,315	16,254	19,776	23,929
Applications:											
Fixed Assets	5,290	-	-	-	-	-	-	-	-	-	-
Preoperational Expenses	600	-									
Working Capital	5,742	-									
Re -Payment of Loan	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	531	1,252	2,045	2,619	3,211	3,919	4,754
	11,632	-	-	-	531	1,252	2,045	2,619	3,211	3,919	4,754
Cash Increase/(Decrease)	-	(362)	(1,209)	124	2,551	5,405	8,427	10,696	13,043	15,856	19,175
Opening Balance	5,121	5,121	4,759	3,550	3,674	6,225	11,630	20,057	30,753	43,796	59,652
Closing Balance	5,121	4,759	3,550	3,674	6,225	11,630	20,057	30,753	43,796	59,652	78,827
	5,121	4,759	3,550	3,674	6,225	11,630	20,057	30,753	43,796	59,652	78,827

10.4 STATEMENT OF REVENUE SCHEDULE:

Projected Revenue Schedule												Rs(000)
	Optimum	Year - I	Year - II	Year - III	Year - IV	Year - V	Year - VI	Year - VII	Year - VIII	Year - IX	Year - X	
Projection	100%											
Projected Revenue (Rupees)	36,540,000	36,540,000	44,213,400	55,929,951	72,597,076	95,828,141	121,222,598	142,678,998	164,794,243	190,337,350	219,839,640	
Sale Price growth rate			10%	10%	10%	10%	10%	10%	10%	10%	10%	
Purchase price growth rate			8%	8%	8%	8%	8%	8%	8%	8%	8%	
Revenue (Rupees):	Proportion											
1 Hair & Body Oil	12%	4,384,800	5,305,608	6,711,594	8,711,649	11,499,377	14,546,712	17,121,480	19,775,309	22,840,482	26,380,757	
2 Face Creams & Body butter	19%	6,942,600	8,400,546	10,626,691	13,793,445	18,207,347	23,032,294	27,109,010	31,310,906	36,164,097	41,769,532	
3 Face & Body Scrubs	12%	4,384,800	5,305,608	6,711,594	8,711,649	11,499,377	14,546,712	17,121,480	19,775,309	22,840,482	26,380,757	
4 Bath Salts	4%	1,461,600	1,768,536	2,237,198	2,903,883	3,833,126	4,848,904	5,707,160	6,591,770	7,613,494	8,793,586	
5 Lip Balm	12%	4,384,800	5,305,608	6,711,594	8,711,649	11,499,377	14,546,712	17,121,480	19,775,309	22,840,482	26,380,757	
6 Soaps	42%	15,346,800	18,569,628	23,490,579	30,490,772	40,247,819	50,913,491	59,925,179	69,213,582	79,941,687	92,332,649	
		36,905,400	44,655,534	56,489,251	73,323,047	96,786,422	122,434,824	144,105,788	166,442,185	192,240,724	222,038,036	
Gross margin % of Sales :												
1 Hair & Body Oil	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
2 Face Creams & Body butter	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
3 Face & Body Scrubs	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
4 Bath Salts	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
5 Lip Balm	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
6 Soaps	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
Purchases (Rupees):												
1 Hair & Body Oil		1,753,920	2,122,243	2,684,638	3,484,660	4,599,751	5,818,685	6,848,592	7,910,124	9,136,193	10,552,303	
2 Face Creams & Body butter		2,777,040	3,360,218	4,250,676	5,517,378	7,282,939	9,212,917	10,843,604	12,524,362	14,465,639	16,707,813	
3 Face & Body Scrubs		1,753,920	2,122,243	2,684,638	3,484,660	4,599,751	5,818,685	6,848,592	7,910,124	9,136,193	10,552,303	
4 Bath Salts		584,640	707,414	894,879	1,161,553	1,533,250	1,939,562	2,282,864	2,636,708	3,045,398	3,517,434	
5 Lip Balm		1,753,920	2,122,243	2,684,638	3,484,660	4,599,751	5,818,685	6,848,592	7,910,124	9,136,193	10,552,303	
6 Soaps		6,138,720	7,427,851	9,396,232	12,196,309	16,099,128	20,365,396	23,970,072	27,685,433	31,976,675	36,933,059	
		14,762,160	19,291,191	24,403,356	31,675,556	41,811,734	52,891,844	62,253,700	71,903,024	83,047,993	95,920,432	
Stocks (Rupees)												
1 Hair & Body Oil		34,104	41,266	52,201	67,757	89,440	113,141	133,167	153,808	177,648	205,184	
2 Face Creams & Body butter		231,420	280,018	354,223	459,781	606,912	767,743	903,634	1,043,697	1,205,470	1,392,318	
3 Face & Body Scrubs		219,240	265,280	335,580	435,582	574,969	727,336	856,074	988,765	1,142,024	1,319,038	
4 Bath Salts		11,368	13,755	17,400	22,586	29,813	37,714	44,389	51,269	59,216	68,395	
5 Lip Balm		73,080	88,427	111,860	145,194	191,656	242,445	285,358	329,588	380,675	439,679	
6 Soaps		51,156	61,899	78,302	101,636	134,159	169,712	199,751	230,712	266,472	307,775	
		620,368	810,697	1,025,532	1,331,140	1,757,105	2,222,738	2,616,162	3,021,667	3,490,026	4,030,980	

10.5 OPERATING EXPENSE:

[illegible]

11 ANNEXURE 1: (LIST OF SELECTED PAKISTANI SKIN CARE BRANDS)

Source: ProPakistani

1. Conatural

Conatural has a wide range of skincare and hair care products. From soaps and cleansers to face masks and nourishing hair oils, the brand has some incredible products that are effective and safe at the same time. Beauty influencers, makeup artists, and actors are in love with the brand's philosophy and they swear by their products. Their Intense Growth Hair Oil created a lot of buzz in the town as soon as it was launched and it still remains as one of their star products

2. Primary Skincare

As the name suggests, Primary Skincare is all about treating the 'primary' concerns of your skin but as gently as possible. They have only launched two products so far but they hold some magical ingredients in their bottles. Their Glow Toner contains 3% of Glycolic Acid, a type of AHA – Alpha Hydroxy Acid that gently exfoliates the surface of the skin. If you want to know more about glycolic acid or any other type of chemical exfoliants, then here is a quick little explanation by the brand itself.

3. Organic Traveler

Skin loving ingredients, effective products, and affordable price range, the Organic Traveler holds the magic of making some of the purest gems for your skin. They have some of the best serums in the market that are targeted towards different skin issues such as pigmentation, oil and sebum control, dryness, and acne. The texture is so light and comfortable that you can wear them all day every day (which you should be doing all year round).

4. AccuFix Cosmetics

AccuFix Cosmetics believes in 'Absolutely no nonsense', which means they do not go after crazy marketing tactics such as fancy ingredients and extremely hard to pronounce product names. The packaging is decent and the ingredients list is short because simple is better.

5. Gulluna

We discovered our love for soaps when we accidentally landed on Gulluna's Instagram page. And that accidental click made us their fans for life. Let's have a look at their range of soaps first. They look delicious, don't they? Well, they are just as fun and pleasant to play with. They have a small range of nourishing skincare products, i.e. serum, moisturizer and their Miss Magic Pink Clay Mask which brightens, tightens and smooths the skin.

6. Beautify by Amna

Beautify by Amna is a household name for many Pakistani consumers. Their makeup range and beauty tools are one of the best in market and are loved by everyone. Some of their best selling products are the Porfade Primer, 24K Gold and Roses Serum,

Foundation Blenders, and makeup brushes. They have recently launched their skincare and haircare line which is also very successful among their customers.

7. Luscious Cosmetics

Luscious Cosmetics is one of the few Pakistani cosmetic brands that do not only make amazing products but are also very ethical in terms of their cruelty-free and vegan approach.

8. Mana Beauty & Spirit

If you have not heard about the raved lip and cheek tints by Mana Beauty and Spirit then you are definitely missing out on a lot of good stuff.

The brand has some amazing makeup products but of course, their highly pigmented and light weight tints are a show stopper. They have also launched some great products for their skincare, body care, and hair care line which are also loved by their customers. However, they do contain essential oils so that's something to keep in mind if you are sensitive to them.

9. Zay Beauty

A makeup brand that is as creative and trendy with its packaging as it is with the products. We are talking about traditional motifs, unique names, and a fresh approach to beauty and makeup. Zay Beauty also produces vegan products that are environment-friendly and cruelty-free. Their makeup range is very versatile and the pigmentation is blinding.

10. Alezem Beauty

Alezem Beauty is one of the fastest growing beauty brands in Pakistan. The brand is relevantly new but it got all the attention it needed in recent years to turn it into an ideal choice for people coming from different age groups and skin types. They have some delightful makeup products such as matte lipsticks, foundation, eyelashes, and primers, even some skin-benefiting serums and masks. Their products are fairly priced and are budget friendly, so you don't have to worry about spending thousands on a single product.

12 ANNEXURE 2: (LISCENCING AND REGULATORY REQUIREMENTS)

The following Standard for Skin Care Creams can be obtained from PSQCA.

Pakistan Standard for Skin Care Creams

- PS: - 3228 /2017 (3rd Revision) ICS: - 97.170:71.100.70
- Pakistan Standard for General Guidelines for Halaal Cosmetics and Personal Care Products (PS: 5319: 2014)
- Classification of raw material into positive and negative lists intended for Cosmetics and toilet goods (656/1968)
- Guide Lines for Hygienic manufacturers for cosmetics. (3782/1996)
- Tatanium Dioxide for cosmetics industry (3972/1997)
- Skin Powder. 3973/1997.
- Glyceryl Monostearate for cosmetics industry (3974/1997)
- Water Soluble Corboxy Methyl Cellulose for cosmetic industry (3975/1997)
- Methods of Sampling & Testing for Soap (406/1964)

PAKISTAN STANDARDS AND QUALITY CONTROL AUTHORITY,
STANDARDS DEVELOPMENT CENTRE,
PSQCA Complex Plot # ST-7/A, Block-3,
Scheme No: 36, Gulistan-e- Johar,
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Small and Medium Enterprises Development Authority

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