



AN ISO 9001 : 2015 CERTIFIED COMPANY

Detailed project report

Sample edition

Projections from FY 2027-28

Project report

Cosmetic Creams and Lotions

Installed capacity 890 kg per day

Sector Personal care

Total project cost ₹269.61 lakh

Illustrative sample
Figures are representative

Project at a glance

Cosmetic Creams and Lotions
890 kg per day

Product	Cosmetic Creams and Lotions	Sector	Personal care
Installed capacity	890 kg per day	Annual capacity	2,67,000 kg per year
Selling price (ex-GST)	₹325 per kg	Working days	300 a year
Manpower	22 people	Plant and machinery	₹125.64 lakh
Total project cost	₹269.61 lakh	Promoter's contribution	₹67.40 lakh (25%)
Term loan	₹202.21 lakh (75%)	Cash credit limit	₹57.58 lakh
Revenue, Year 3	₹607.42 lakh at 70%	Net profit, Year 3	₹72.50 lakh
Return on investment	26.9% a year	Break-even, Year 3	39.8% of capacity
Average DSCR	2.07	Payback period	3.1 years

This is an illustrative sample. Its figures are generated from industry-typical ratios to show the format and depth of an NPCS project report. They are not taken from any NPCS report or any real project, and should not be used for investment or lending decisions.

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1 Introduction

The product covered in this sample is cosmetic creams and lotions, made in a plant sized at 890 kg per day (2,67,000 kg per year at full capacity). The unit is costed as a complete project, from land and building through to working capital, and its applications range from cosmetic brands (private label) to e-commerce sellers.

The projections cover the first five years of operation, starting FY 2027-28. By Year 3 the plant runs at 70% of capacity, with revenue of ₹607.42 lakh and a net profit of ₹72.50 lakh.

2 Uses and applications

The main applications and markets for the product are:

- Cosmetic brands (private label)
- Salons
- Pharmacies
- E-commerce sellers

3 Market potential

Demand for skin creams and lotions comes from regional brands, online and direct-to-consumer brands that outsource production, and salons and hotels that buy in bulk. A new unit usually starts with contract and private label batches for brand owners, then builds its own brand in nearby markets. Buyers choose a maker on batch-to-batch consistency, cream stability through its shelf life and a clean licence and testing record.

The usual customers for a unit of this kind are online and direct-to-consumer skincare brands; regional cosmetic brands outsourcing production; pharmacy and retail chains with private labels; salons, spas and dermatology clinics; and hotels buying guest amenity lotions.

Because demand and competition vary from one district to the next, the market section of a full report is prepared for the promoter's chosen location, with a list of existing manufacturers.

4 Manufacturing process

The manufacturing process runs in five stages. Each stage is described below, and the flow chart shows the sequence.



Process flow for cosmetic creams and lotions

- 1 Water phase.** Water and water soluble ingredients are heated in a vessel.
- 2 Oil phase.** Oils and waxes are melted separately.
- 3 Emulsifying.** Both phases are mixed under vacuum into a smooth cream.
- 4 Cooling.** Actives and fragrance are added as the cream cools.
- 5 Filling.** Cream is filled in tubes and jars.

5 Raw materials

Raw materials account for 35% of sales at Year 3 volumes, a total of ₹212.57 lakh, with emollients and oils the biggest item in the mix.

Raw material	Share of cost	Year 3 cost (₹ lakh)
Emollients and oils	35.0%	74.40
Emulsifiers and thickeners	25.0%	53.14
Active ingredients	20.0%	42.52
Fragrance and preservatives	20.0%	42.51
Total raw materials	100.0%	212.57

6 Plant and machinery

Plant and machinery accounts for ₹125.64 lakh of the project cost. The vacuum emulsifying mixer takes the largest share, and the other items and their indicative costs are listed below.

Machinery and equipment	Indicative cost (₹ lakh)
Vacuum emulsifying mixer	43.97
Water treatment plant	12.57
Storage vessels	12.56
Tube filling and sealing machine	25.13
Jar filling machine	15.08
QC lab	16.33
Total plant and machinery	125.64

7 Land, building and utilities

Land and site development is taken at ₹16.82 lakh and building and civil works at ₹75.06 lakh. Other fixed assets, including electrification, furniture, testing equipment and power backup, add ₹16.74 lakh. Land rates vary widely by location, so these are the figures most likely to change in a real project.

Utilities in Year 3 cost ₹12.17 lakh for power and fuel, or 2% of sales. The plant also needs a reliable water supply for cleaning and domestic use, and for the process where required.

8 Manpower

Staffing for the model unit is 22 people, at a Year 1 cost of ₹46.86 lakh. Wages are escalated by 5% each year in the projections.

Category	Number	Monthly wage (₹)	Annual cost (₹ lakh)
Management, supervision and administration	3	30,500	10.98
Skilled workers and operators	8	19,500	18.72
Semi-skilled and unskilled workers	11	13,000	17.16
Total (Year 1)	22		46.86

9 Licences and approvals

A unit of this kind typically needs the following registrations and approvals. Requirements vary by state and by the exact product, so confirm them with the local authorities before applying.

- Udyam (MSME) registration
- GST registration
- Consent to establish and consent to operate from the State Pollution Control Board
- Factory licence or registration under the applicable labour law, where the workforce threshold applies
- Fire safety NOC, where required
- Trade licence from the local body
- Cosmetics manufacturing licence in Form COS-8 from the State Licensing Authority under the Cosmetics Rules, 2020
- Finished products to meet the BIS standard in the Ninth Schedule, such as IS 6608 for skin creams
- Registration as manufacturer or packer under the Legal Metrology (Packaged Commodities) Rules, 2011

10 Project cost and means of finance

The total cost of the project is ₹269.61 lakh. Fixed assets account for ₹244.30 lakh, and the balance covers preliminary and pre-operative expenses and the promoter's margin money for working capital. A contingency of 5% is provided on building and machinery.

Cost of project	₹ lakh
Land and site development	16.82
Building and civil works	75.06
Plant and machinery	125.64
Other fixed assets (electrification, furniture, lab equipment, DG set)	16.74
Contingencies	10.04
Preliminary and pre-operative expenses	6.11
Margin money for working capital	19.20
Total cost of project	269.61

Means of finance

The project is financed 75:25 between bank debt and the promoter's own funds. A term loan covers ₹202.21 lakh and the promoter brings in ₹67.40 lakh. Separately, a cash credit limit of ₹57.58 lakh finances 75% of the working capital requirement.

Source of funds	₹ lakh
Promoter's contribution (25%)	67.40
Term loan from bank (75%)	202.21
Total means of finance	269.61
<i>Cash credit limit for working capital (separate)</i>	<i>57.58</i>

11 Working capital

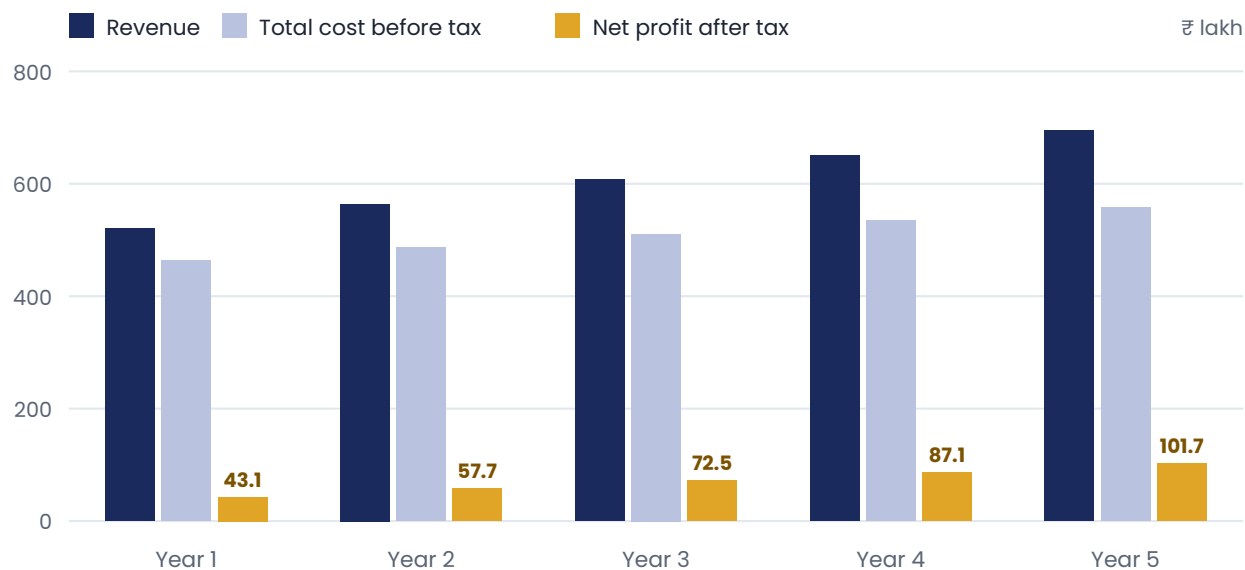
Working capital is worked out from holding periods: 30 days of raw material, 20 days of finished goods and 45 days of credit to customers, less 30 days of credit from suppliers. In Year 1 the requirement is ₹76.78 lakh. The bank funds ₹57.58 lakh through cash credit and the promoter's margin covers ₹19.20 lakh.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Raw material stock (30 days)	14.98	16.22	17.47	18.72	19.97
Work in progress (2 days)	1.31	1.41	1.51	1.62	1.72
Finished goods (20 days)	17.39	18.74	20.11	21.48	22.85
Trade receivables (45 days)	64.19	69.54	74.89	80.24	85.59
Total current assets	97.87	105.91	113.98	122.06	130.13
Less: trade creditors (30 days)	21.09	22.85	24.61	26.37	28.13
Working capital requirement	76.78	83.06	89.37	95.69	102.00

12 Projected profitability

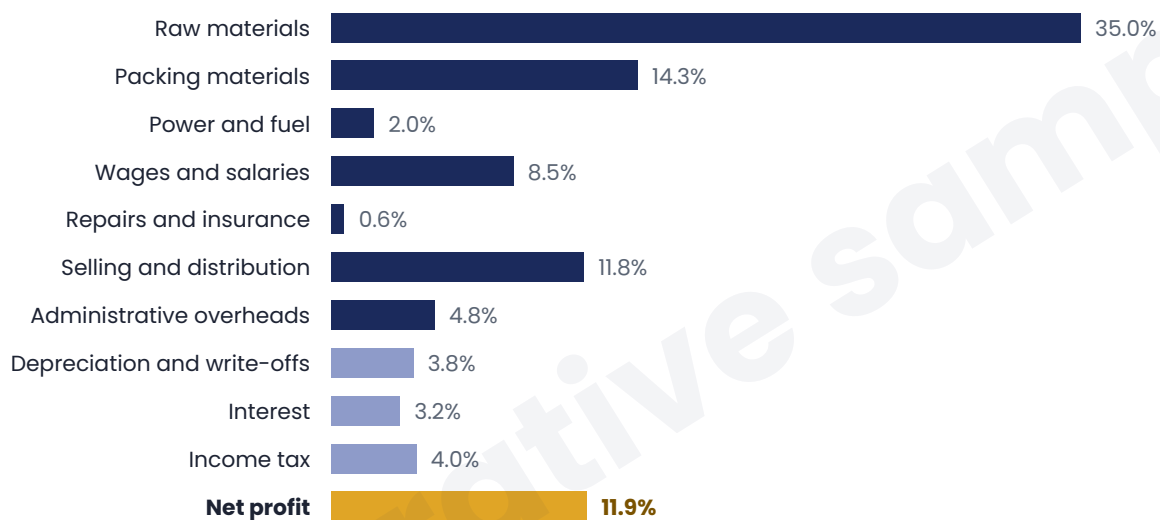
Revenue grows from ₹520.65 lakh in Year 1, at 60% utilisation, to ₹694.20 lakh in Year 5 at 80%. Net profit rises from ₹43.11 lakh to ₹101.72 lakh over the same period, an average net margin of 11.7%.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Capacity utilisation (%)	60%	65%	70%	75%	80%
Revenue from operations	520.65	564.04	607.42	650.81	694.20
Raw materials consumed	182.21	197.39	212.57	227.76	242.94
Packing materials	74.44	80.64	86.84	93.05	99.25
Power and fuel	10.43	11.30	12.17	13.04	13.91
Wages and salaries	46.86	49.20	51.66	54.25	56.96
Repairs and maintenance	2.51	2.64	2.77	2.91	3.05
Insurance	0.91	0.91	0.91	0.91	0.91
Cost of production	317.36	342.08	366.92	391.92	417.02
Gross profit	203.29	221.96	240.50	258.89	277.18
Selling and distribution expenses	61.46	66.58	71.71	76.83	81.95
Administrative overheads	26.62	27.95	29.35	30.82	32.36
Operating profit (EBITDA)	115.21	127.43	139.44	151.24	162.87
Depreciation	29.34	25.42	22.04	19.12	16.60
Preliminary expenses written off	1.22	1.22	1.22	1.22	1.23
Interest on term loan	20.84	17.49	13.18	8.40	3.09
Interest on cash credit	6.33	6.33	6.33	6.33	6.33
Profit before tax	57.48	76.97	96.67	116.17	135.62
Income tax	14.37	19.24	24.17	29.04	33.90
Profit after tax	43.11	57.73	72.50	87.13	101.72



Revenue, total cost before tax and net profit after tax, ₹ lakh

Where each rupee of sales goes in Year 3



Each cost head as a percentage of Year 3 sales

13 Cash flow statement

Cash generated from profit and depreciation covers the term loan repayments in every year. The closing cash balance builds up to ₹253.39 lakh by the end of Year 5.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Sources of funds					
Promoter's contribution	67.40	–	–	–	–
Term loan from bank	202.21	–	–	–	–
Cash credit (working capital) from bank	57.58	–	–	–	–
Net profit after tax	43.11	57.73	72.50	87.13	101.72
Depreciation	29.34	25.42	22.04	19.12	16.60
Preliminary expenses written off	1.22	1.22	1.22	1.22	1.23
Increase in trade creditors	21.09	1.76	1.76	1.76	1.76
Total sources	421.95	86.13	97.52	109.23	121.31
Application of funds					
Fixed assets	244.30	–	–	–	–
Preliminary and pre-operative expenses	6.11	–	–	–	–
Increase in inventories	33.68	2.69	2.72	2.73	2.72
Increase in trade receivables	64.19	5.35	5.35	5.35	5.35
Repayment of term loan	18.06	39.09	43.40	48.17	53.49
Drawings	–	–	–	–	–
Total application	366.34	47.13	51.47	56.25	61.56
Net cash flow	55.61	39.00	46.05	52.98	59.75
Opening cash balance	–	55.61	94.61	140.66	193.64
Closing cash balance	55.61	94.61	140.66	193.64	253.39

14 Projected balance sheet

Over the projection, retained profits build the promoter's net worth from ₹105.62 lakh to ₹429.59 lakh, and the term loan reduces from ₹184.15 lakh to nil as it is repaid.

As at year end (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Liabilities					
Promoter's capital	67.40	67.40	67.40	67.40	67.40
Reserves and surplus	43.11	100.84	173.34	260.47	362.19
Term loan	184.15	145.06	101.66	53.49	–
Cash credit from bank	57.58	57.58	57.58	57.58	57.58
Trade creditors	21.09	22.85	24.61	26.37	28.13
Total liabilities	373.33	393.73	424.59	465.31	515.30
Assets					
Gross fixed assets	244.30	244.30	244.30	244.30	244.30
Less: accumulated depreciation	(29.34)	(54.76)	(76.80)	(95.92)	(112.52)
Net fixed assets	214.96	189.54	167.50	148.38	131.78
Preliminary expenses not written off	4.89	3.67	2.45	1.23	–
Inventories	33.68	36.37	39.09	41.82	44.54
Trade receivables	64.19	69.54	74.89	80.24	85.59
Cash and bank balance	55.61	94.61	140.66	193.64	253.39
Total assets	373.33	393.73	424.59	465.31	515.30

15 Depreciation

Fixed assets are depreciated on the written-down value method, at 15% a year for plant and machinery, 10% for building and 10% for other assets. Land carries no depreciation.

Preliminary and pre-operative expenses are written off in equal parts over five years.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Building and civil works (cost ₹78.81 lakh, 10% WDV)					
Opening written-down value	78.81	70.93	63.84	57.46	51.71
Depreciation	7.88	7.09	6.38	5.75	5.17
Closing written-down value	70.93	63.84	57.46	51.71	46.54
Plant and machinery (cost ₹131.93 lakh, 15% WDV)					
Opening written-down value	131.93	112.14	95.32	81.02	68.87
Depreciation	19.79	16.82	14.30	12.15	10.33
Closing written-down value	112.14	95.32	81.02	68.87	58.54
Other fixed assets (cost ₹16.74 lakh, 10% WDV)					
Opening written-down value	16.74	15.07	13.56	12.20	10.98
Depreciation	1.67	1.51	1.36	1.22	1.10
Closing written-down value	15.07	13.56	12.20	10.98	9.88
Total depreciation	29.34	25.42	22.04	19.12	16.60
Preliminary expenses written off	1.22	1.22	1.22	1.22	1.23

16 Term loan repayment

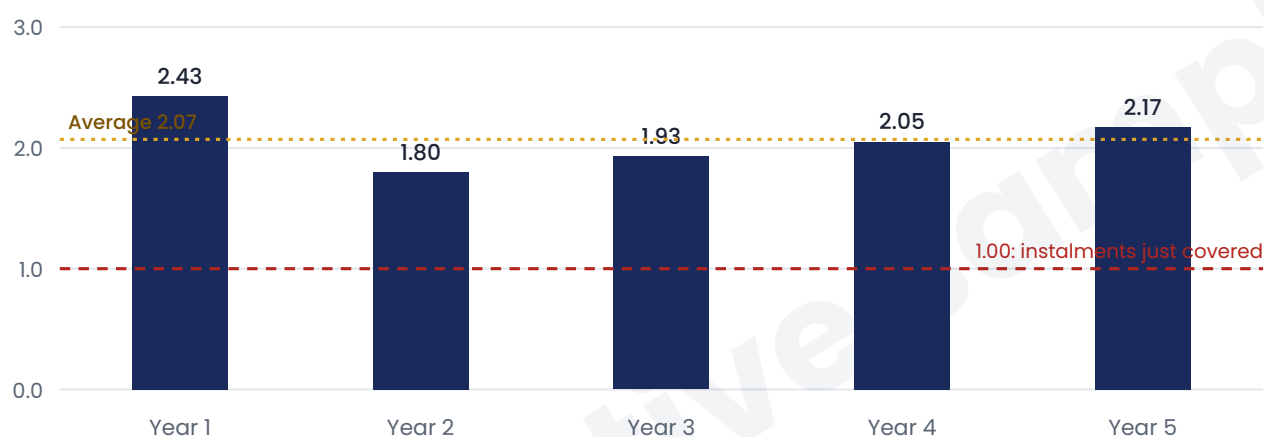
Repayment of the ₹202.21 lakh term loan starts after a moratorium of 6 months, during which interest at 10.5% is serviced. The loan is then cleared in 54 EMIs of ₹4,71,477 each, and the annexure gives the monthly schedule.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Opening balance	202.21	184.15	145.06	101.66	53.49
Interest	20.84	17.49	13.18	8.40	3.09
Principal repaid	18.06	39.09	43.40	48.17	53.49
Closing balance	184.15	145.06	101.66	53.49	—

17 Debt service coverage

Cash available for debt service covers the term loan instalments 2.07 times on average, and never less than 1.80 times (Year 2).

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Net profit after tax	43.11	57.73	72.50	87.13	101.72
Depreciation and write-offs	30.56	26.64	23.26	20.34	17.83
Interest on term loan	20.84	17.49	13.18	8.40	3.09
Total available for debt service (A)	94.51	101.86	108.94	115.87	122.64
Principal repayment	18.06	39.09	43.40	48.17	53.49
Interest on term loan	20.84	17.49	13.18	8.40	3.09
Total debt service (B)	38.90	56.58	56.58	56.57	56.58
DSCR (A / B)	2.43	1.80	1.93	2.05	2.17

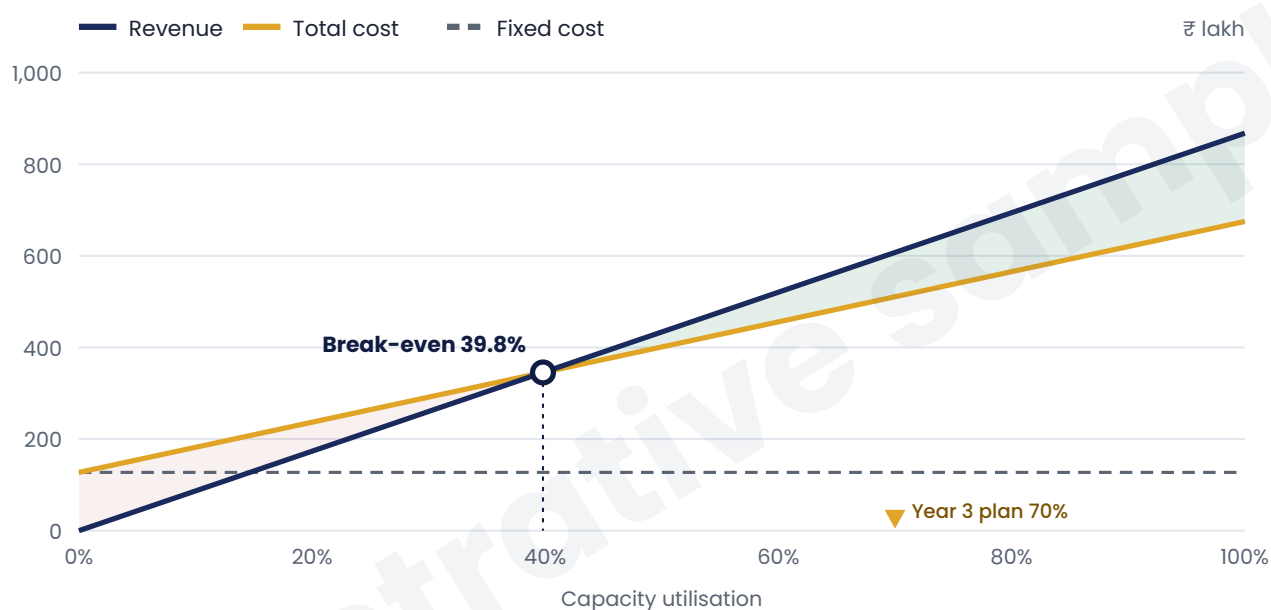


DSCR by year. A ratio above 1.00 means cash accruals cover the term loan instalments.

18 Break-even analysis

The unit needs to run at 39.8% of capacity to break even in Year 3, well below the 70% assumed for that year. Cash break-even, which excludes depreciation and write-offs, is 32.5%.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Revenue from operations	520.65	564.04	607.42	650.81	694.20
Variable costs	328.54	355.91	383.29	410.68	438.05
Contribution	192.11	208.13	224.13	240.13	256.15
Fixed costs (incl. depreciation and interest)	134.63	131.16	127.46	123.96	120.53
Break-even as % of installed capacity	42.0	41.0	39.8	38.7	37.6
Cash break-even as % of installed capacity	32.5	32.6	32.5	32.4	32.1
Break-even sales	364.87	355.45	345.43	335.96	326.65



Break-even chart at Year 3 prices and costs, scaled to full capacity. Shaded areas show the loss zone (left) and profit zone (right).

19 Financial ratios

Liquidity and leverage improve over the projection. The current ratio stays at or above 1.95, while debt-equity drops from 1.74 to zero as the term loan is repaid.

Ratio	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Current ratio	1.95	2.49	3.10	3.76	4.47
Quick ratio	1.52	2.04	2.62	3.26	3.95
Debt-equity ratio (term loan / net worth)	1.74	0.88	0.43	0.16	0.00
Total outside liabilities / net worth	2.49	1.37	0.77	0.42	0.20
Interest coverage ratio	3.12	4.23	5.95	8.89	15.40
DSCR	2.43	1.80	1.93	2.05	2.17
Gross profit margin (%)	39.0	39.4	39.6	39.8	39.9
Operating profit (EBITDA) margin (%)	22.1	22.6	23.0	23.2	23.5
Net profit margin (%)	8.3	10.2	11.9	13.4	14.7
Return on capital employed (%)	24.4	27.4	29.2	29.9	29.8
Break-even (% of installed capacity)	42.0	41.0	39.8	38.7	37.6

20 Key assumptions

- Commercial production starts in April 2027, and all assets are in use from the first year.
- Capacity utilisation of 60% in Year 1, rising to 80% by Year 5, over 300 working days a year.
- Selling price of ₹325 per kg, excluding GST, held constant through the projection.
- Raw materials at 35% of sales, packing materials at 14.3%, power and fuel at 2%, and selling and distribution at 11.8%.
- Wages and salaries rise by 5% a year; repairs and administrative overheads rise by 5% a year.
- Working capital based on 30 days of raw material, 2 days of work in progress, 20 days of finished goods and 45 days of receivables, less 30 days of creditors.
- Term loan at 10.5% interest with a 6-month moratorium and 54 monthly instalments; cash credit at 11% on 75% of the working capital requirement.
- Depreciation on the written-down value method at Income Tax Act rates; income tax at a flat 25% of profit for simplicity.
- Contingency of 5% on building and machinery; preliminary and pre-operative expenses written off over five years.
- All amounts in ₹ lakh unless stated otherwise, excluding GST.

21 Conclusion

The model shows that a cosmetic creams and lotions unit sized at 890 kg per day can be financed 75:25 by a bank and its promoter, service its loan with an average DSCR of 2.07, and return about 26.9% a year on a project cost of ₹269.61 lakh. These are sample figures. A real project needs a report built on its own site, quotations and market.

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A Annexure: monthly loan repayment schedule

Term loan of ₹202.21 lakh at 10.5% a year. Amounts in ₹ lakh.

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
1	Apr 2027	202.21	1.77	–	1.77	202.21
2	May 2027	202.21	1.77	–	1.77	202.21
3	Jun 2027	202.21	1.77	–	1.77	202.21
4	Jul 2027	202.21	1.77	–	1.77	202.21
5	Aug 2027	202.21	1.77	–	1.77	202.21
6	Sep 2027	202.21	1.77	–	1.77	202.21
7	Oct 2027	202.21	1.77	2.95	4.71	199.26
8	Nov 2027	199.26	1.74	2.97	4.71	196.29
9	Dec 2027	196.29	1.72	3.00	4.71	193.30
10	Jan 2028	193.30	1.69	3.02	4.71	190.27
11	Feb 2028	190.27	1.66	3.05	4.71	187.22
12	Mar 2028	187.22	1.64	3.08	4.71	184.15
13	Apr 2028	184.15	1.61	3.10	4.71	181.04
14	May 2028	181.04	1.58	3.13	4.71	177.91
15	Jun 2028	177.91	1.56	3.16	4.71	174.75
16	Jul 2028	174.75	1.53	3.19	4.71	171.57
17	Aug 2028	171.57	1.50	3.21	4.71	168.35
18	Sep 2028	168.35	1.47	3.24	4.71	165.11
19	Oct 2028	165.11	1.44	3.27	4.71	161.84
20	Nov 2028	161.84	1.42	3.30	4.71	158.54
21	Dec 2028	158.54	1.39	3.33	4.71	155.22
22	Jan 2029	155.22	1.36	3.36	4.71	151.86
23	Feb 2029	151.86	1.33	3.39	4.71	148.47
24	Mar 2029	148.47	1.30	3.42	4.71	145.06
25	Apr 2029	145.06	1.27	3.45	4.71	141.61
26	May 2029	141.61	1.24	3.48	4.71	138.14
27	Jun 2029	138.14	1.21	3.51	4.71	134.63
28	Jul 2029	134.63	1.18	3.54	4.71	131.09
29	Aug 2029	131.09	1.15	3.57	4.71	127.53
30	Sep 2029	127.53	1.12	3.60	4.71	123.93
31	Oct 2029	123.93	1.08	3.63	4.71	120.30
32	Nov 2029	120.30	1.05	3.66	4.71	116.64
33	Dec 2029	116.64	1.02	3.69	4.71	112.94
34	Jan 2030	112.94	0.99	3.73	4.71	109.22
35	Feb 2030	109.22	0.96	3.76	4.71	105.46
36	Mar 2030	105.46	0.92	3.79	4.71	101.66
37	Apr 2030	101.66	0.89	3.83	4.71	97.84
38	May 2030	97.84	0.86	3.86	4.71	93.98
39	Jun 2030	93.98	0.82	3.89	4.71	90.09

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
40	Jul 2030	90.09	0.79	3.93	4.71	86.16
41	Aug 2030	86.16	0.75	3.96	4.71	82.20
42	Sep 2030	82.20	0.72	4.00	4.71	78.20
43	Oct 2030	78.20	0.68	4.03	4.71	74.17
44	Nov 2030	74.17	0.65	4.07	4.71	70.11
45	Dec 2030	70.11	0.61	4.10	4.71	66.01
46	Jan 2031	66.01	0.58	4.14	4.71	61.87
47	Feb 2031	61.87	0.54	4.17	4.71	57.70
48	Mar 2031	57.70	0.50	4.21	4.71	53.49
49	Apr 2031	53.49	0.47	4.25	4.71	49.24
50	May 2031	49.24	0.43	4.28	4.71	44.96
51	Jun 2031	44.96	0.39	4.32	4.71	40.63
52	Jul 2031	40.63	0.36	4.36	4.71	36.28
53	Aug 2031	36.28	0.32	4.40	4.71	31.88
54	Sep 2031	31.88	0.28	4.44	4.71	27.44
55	Oct 2031	27.44	0.24	4.47	4.71	22.97
56	Nov 2031	22.97	0.20	4.51	4.71	18.45
57	Dec 2031	18.45	0.16	4.55	4.71	13.90
58	Jan 2032	13.90	0.12	4.59	4.71	9.31
59	Feb 2032	9.31	0.08	4.63	4.71	4.67
60	Mar 2032	4.67	0.04	4.67	4.71	–