

# Business plan

## Project C

XXXXX

Strictly private and confidential

XXXXX

Email: XXXX

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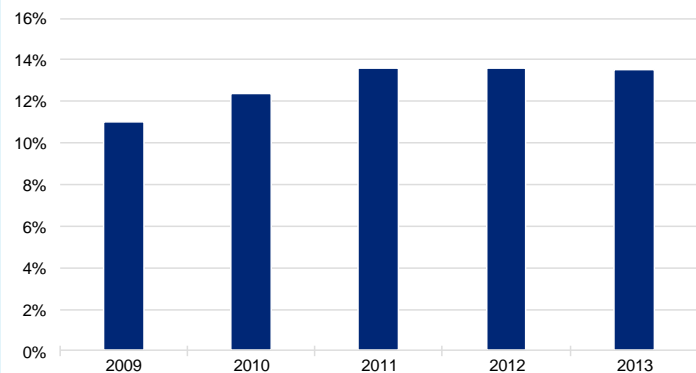
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**Project C is an existing business located in New Delhi, India. Since 2009, the Company has distributed personal care products in India. The Company is planning a 2015 expansion into the US market.**

## Market analysis

US Exports as a share of GDP, %



## Business idea

- Vrinda Marketing is an existing business located in New Delhi, India. Since 2009, the Company has distributed personal care products in India. The Company is planning a 2015 expansion into the US market. Products include detergent powder, soaps, liquids, edible salt, edible oils and textiles.
- The Company's planned expansion will include the opening of a US Company Project C in March 2015. The US Company will export, import, distribute and retail various personal care products in USA.
- Website: XXXXX
- **Region of US Company registration:** Dallas, Texas
- **Geographical focus:** USA – Dallas, Texas; India – New Delhi
- **Target customers:** Personal care product customers of all ages in Dallas, Texas and New Delhi, India
- **Managing director of US Company:** XXXXX

## Goals

- To become a reliable exporter/importer and wholesaler of personal care products in Dallas and New Delhi
- To provide high-quality personal care products in both markets
- To provide particularly cost-efficient solutions in the US market
- To hire 1 US worker in year 1
- To open US retail store in year 1
- To export personal care products produced in USA
- To expand export market to China and Taiwan in year 3
- To build a network of reliable manufacturers, wholesalers and distributors in USA
- To achieve gross revenue – \$1.9m in year 5

## Strengths

- Financial resources of the director
- Director's extensive industry experience
- Director's MBA will support business development
- Ability to provide products that are cost-effective for customers in ways that current competitors' products are not
- Existing Indian distribution network
- Direct contacts with Indian authorities for licenses
- Attractively located proposed location
- Innovative marketing plan

## XXXXXX will act as the Managing Director of the US Company Project C

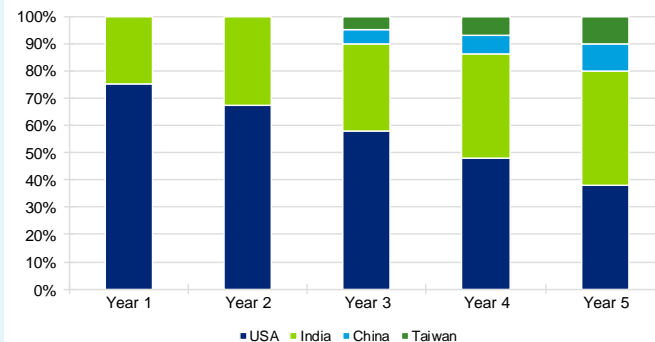
## Financials

## Projected Profit and Loss account

\$	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>	730,000	876,500	1,090,495	1,411,054	1,900,586
<b>Cost of sales</b>	(520,000)	(627,950)	(786,387)	(1,024,602)	(1,389,392)
<b>Operating expenses</b>	(96,000)	(128,740)	(161,611)	(182,618)	(215,771)
<b>EBITDA</b>	114,000	119,810	142,498	203,834	295,423
<b>Net profit/(loss)</b>	69,300	73,367	89,249	132,184	196,296
<i>EBITDA margin, %</i>	16%	14%	13%	14%	16%
<i>Net profit margin, %</i>	9%	8%	8%	9%	10%

Source: management information

## Sales structure by regions, %



Source: Management information

## Benefits for the US economy

- One new employment in year 1 and at least 3 employment positions by year 4.
- Develops the personal care products industry in the US
- Stimulates business activity in supplementary industries, such as manufacturing, logistics, marketing, etc.
- Exporting American-made personal care products to foreign markets supports American manufacturers and distributors
- Introduces Indian lines of high-quality personal care products to the US market for the first time
- \$250k investment in the economy

## Initial investments

## Initial investments, \$

Item	Amount
Purchases of goods	90,000
Acquisition of store	150,000
Other working capital items	10,000
<b>Total:</b>	<b>250,000</b>

Source: Management information

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## A strong exporting sector is in our national interest

The screenshot shows the official website of the Office of the United States Trade Representative. The header includes the USTR logo and navigation links for 'USTR Home', 'Trade Agreements', 'Countries & Regions', 'Trade Topics', and 'About Us'. A search bar is located in the top right. Below the header, there is a breadcrumb trail: 'Home > About Us > Press Office > Blog > 2010 > March'. The main content area features a blue banner with the title 'President Obama Speaks About the National Export Initiative' and the date '03/11/2010 - 5:53pm'. The text below the banner states: 'Today at the Export-Import Bank's Annual Conference President Obama spoke about the National Export Initiative - which mobilizes his Administration to work to double America's exports over the next five years, supporting two million additional American jobs. President Obama also signed an Executive Order regarding the National Export Initiative today.' Below the text is a video player showing President Obama speaking at a podium with the Export-Import Bank logo. The video title is 'BOOSTING AMERICAN EXPORTS WASHINGTON, DC MARCH 11, 2010'. On the left side of the page, there is a 'Resource Center' with a calendar for 2010, listing events for January, February, and March.

### Secretary of Commerce Gary Locke

#### Remarks at the National Council of the Americas in Washington, D.C.

- “As you know, expanding trade – specifically the expansion of U.S. exports—is one of my top priorities as Secretary. The United States may have a large trade imbalance with the rest of the world right now, but the answer is not to reduce our imports. It’s to make and sell more products and services that the rest of the world wants to buy. The bottom line is that so long as we’re all operating on a level playing field, everyone benefits from opening up and competing.”

- In March 2010, President Obama announced The National Export Initiative (NEI).
- It is an initiative to improve conditions that directly affect the private sector's ability to export. The NEI will help meet the Administration's goal of doubling exports over the next 5 years to \$3 trillion by working to remove trade barriers abroad, by helping firms – especially small businesses – overcome the hurdles to entering new export markets by assisting with financing and, in general, by pursuing a Government-wide approach to export advocacy abroad.
- The National Export Initiative will combine trade advocacy with export control reform to increase exports and the number of companies exporting goods to more than one market, as only 58 percent of U.S. exporters ship goods exclusively to one country and many companies lack the resources they need to identify new export markets and opportunities.
- The US Government will increase funding for trade promotion, including an additional \$70 million for the International Trade Administration and \$50 million for the Department of Agriculture in next year's budget.
- The ITA plans to hire more than 300 trade experts to promote U.S. companies overseas and help more than 23,000 clients begin or grow their export sales in 2011.
- The export initiative will focus on promoting trade, getting financing to small exporters and stricter enforcement of international laws and agreements to fight counterfeiting and ensure that U.S. companies have fair access to overseas markets. As part of the initiative, the Export-Import Bank will increase financing available to small businesses by \$2 billion over the next year, bringing the total to \$6 billion.



## The National Export Initiative will help meet the Administration's goal of doubling exports to \$4.6 trillion over the next 5 years



### Benefits of Trade

- The United States is the world's largest economy and the largest exporter and importer. Trade is critical to America's prosperity, fueling economic growth, supporting good jobs at home, raising living standards and helping Americans provide for their families with affordable goods and services.
- The U.S. is the world's second largest trading nation, with exports of goods and services over \$2.3 trillion in 2013
- US manufacturing exports support nearly six million jobs including one in six manufacturing jobs
- US agricultural exports support 808,000 jobs
- US jobs supported by export goods pay 13-18 percent more than the US national average
- For the first time, exports exceeded 13.5 percent of U.S. GDP in 2014

### Trade expansion benefits families and businesses by:

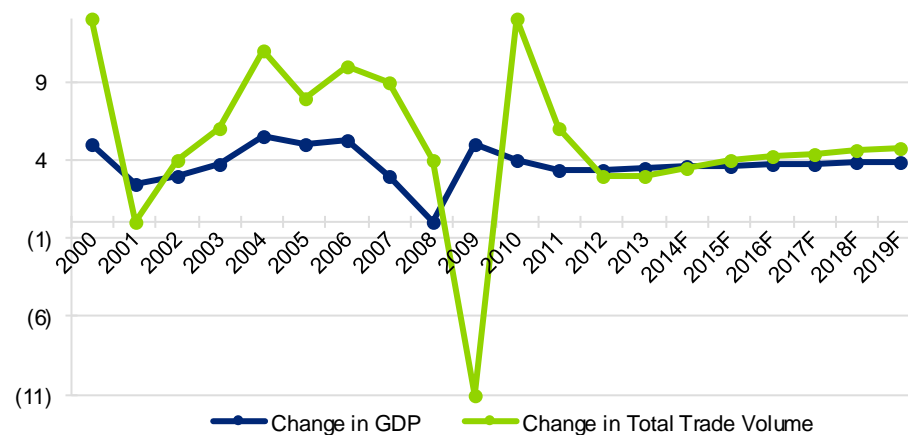
- Supporting more productive, higher-paying jobs in our export sectors
- Expanding the variety of products for purchase by consumers and business
- Encouraging investment and rapid economic growth

- Trade keeps our economy open, dynamic, and competitive, and helps ensure that America continues to be the best place in the world to do business.

### Trade a Vital part of the Global Economy

- Globally, trade accounts for more than 60% of gross domestic product (GDP).
- Trade volume growth typically outpaces real GDP growth, and is expected to do so over the next five years.

### Percentage Change in World Trade and Output, % change from previous year

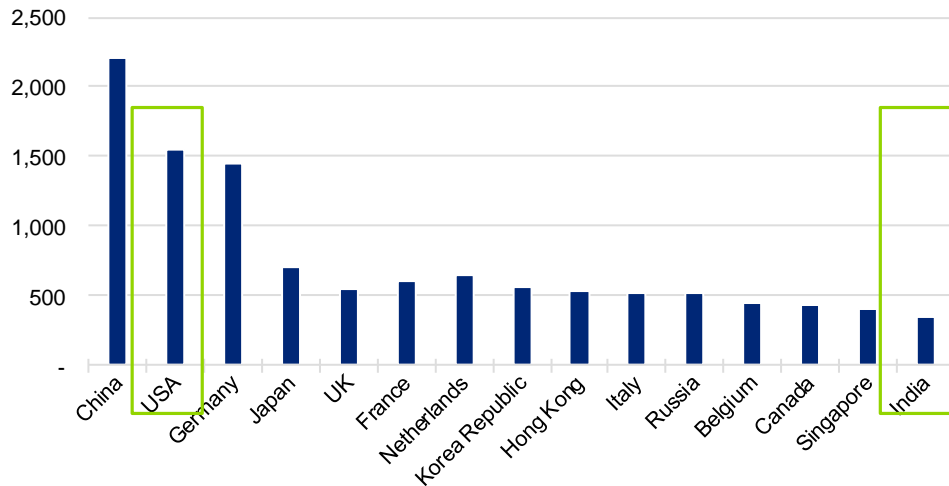


Source: IMF World Economic Outlook; WTO International Trade Statistics; Bureau of Economic Analysis, U.S. Department of Commerce

- The U.S. is the the second largest trader globally in terms of merchandise.

## U.S. exports reached a record \$2.3 trillion in 2013, up 2.9% from 2012 and 44.0% from 2009, when the global crisis caused a significant worldwide drop in exports

Top merchandise exporters in 2013, \$billions

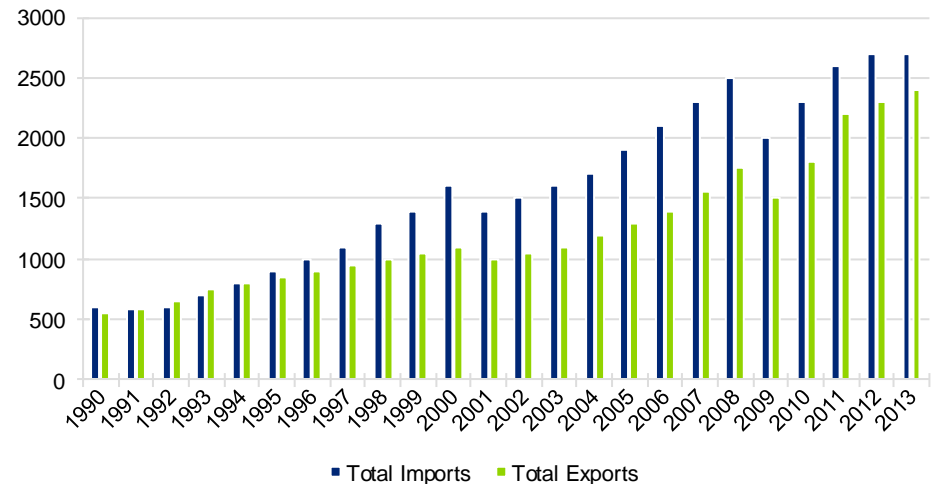


Source: IMF World Economic Outlook; WTO International Trade Statistics; Bureau of Economic Analysis, U.S. Department of Commerce

### U.S. Trade in 2013

- Total trade (exports and imports combined) accounted for 30% of U.S. GDP in 2013.
- U.S. exports totaled a record \$2.3 trillion in 2013, up 2.9% from 2012 and 44.0% from 2009, when the global crisis caused a significant worldwide drop in exports.
- In 2013, exports were up \$63.7 billion from 2012, with goods exports increasing by \$31.1 billion and services exports increasing by \$32.6 billion.
- The U.S. trade balance improved by \$61.2 billion from 2012 to 2013, driven by the increase in both goods and services exports and a drop in goods imports.

U.S. Trade in Goods and Services, \$billions

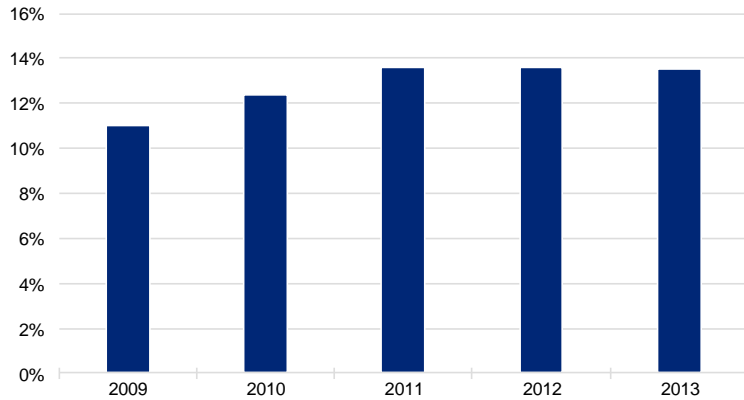


Source: IMF World Economic Outlook; WTO International Trade Statistics; Bureau of Economic Analysis, U.S. Department of Commerce

- Historically, exports have grown as a share of U.S. GDP. However, in 2013 exports contributed to 13.5% of U.S. GDP, a slight drop from 2012. That year, increased domestic investment and reduced goods imports played a greater role in U.S. GDP.

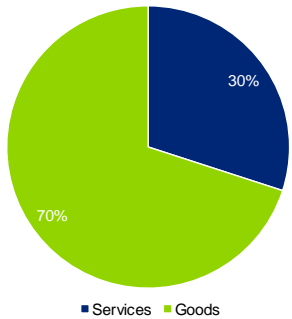
## Exports of goods and services supported 11.3 million American jobs in 2013, an increase of 1.6 million since 2009

US Exports as a share of GDP, %

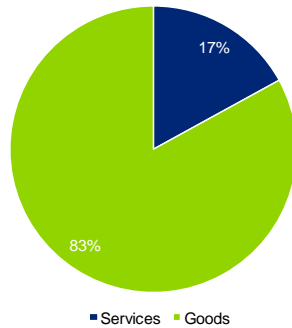


- Trade in goods drives the majority of both exporting and importing activity.

Export



Import

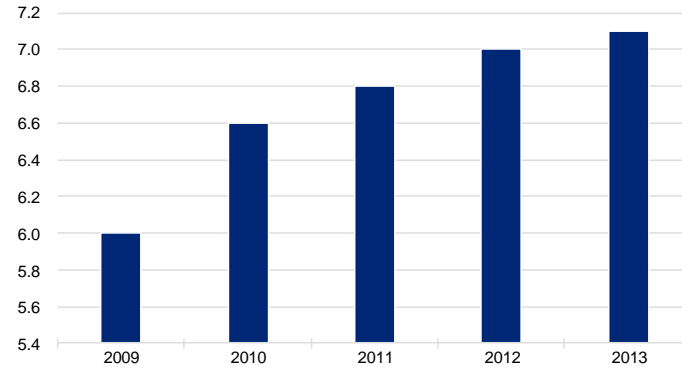


Source: IMF World Economic Outlook; WTO International Trade Statistics; Bureau of Economic Analysis, U.S. Department of Commerce

### Trade Supports U.S. Jobs

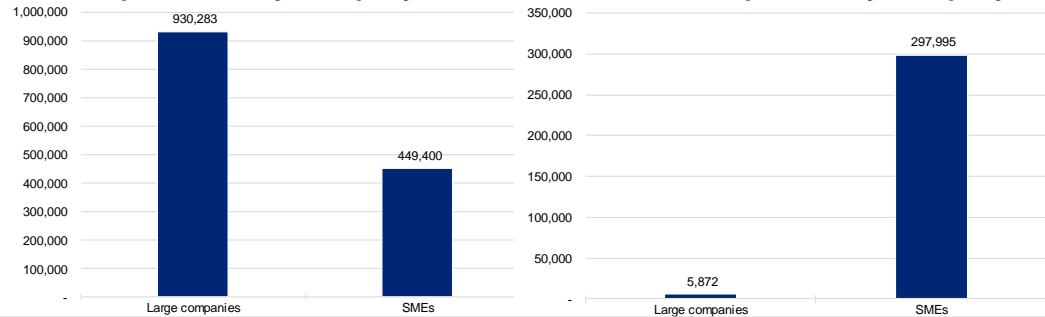
- Exports of goods and services supported 11.3 million American jobs in 2013, an increase of 1.6 million since 2009.
- In 2013, every billion dollars of U.S. exports supported nearly 5,600 jobs.

Millions of Jobs Supported by Exports



- Nearly 305,000 U.S. companies exported goods in 2012 (latest data available), a record-high. Small- and medium-sized exporters (SMEs) accounted for 98% of exporters and 33% of the known export value.

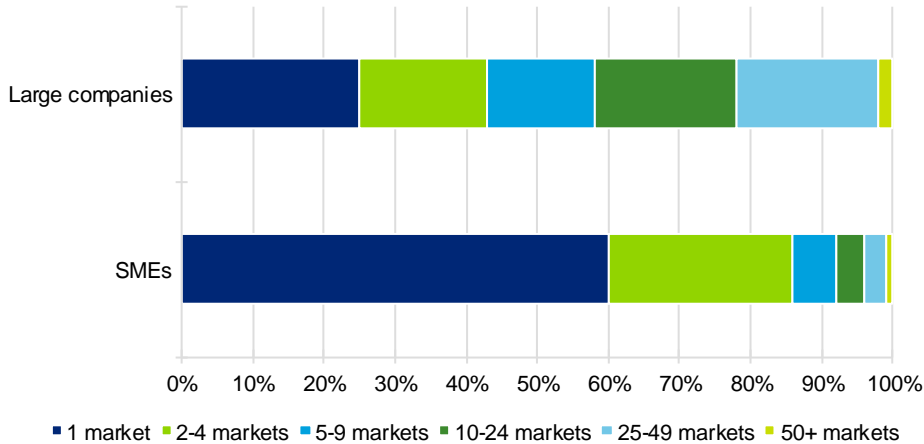
2012 Export Value by Company Size      2012 Number of Exporters, by Company Size



## Total trade in U.S. goods in 2013 was \$3.8 trillion, up 47% from 2009

- 16% of SMEs and 55% of large company exporters in 2012 exported to five or more countries.
- Companies that exported to five or more countries accounted for 88.6% of the known export value.

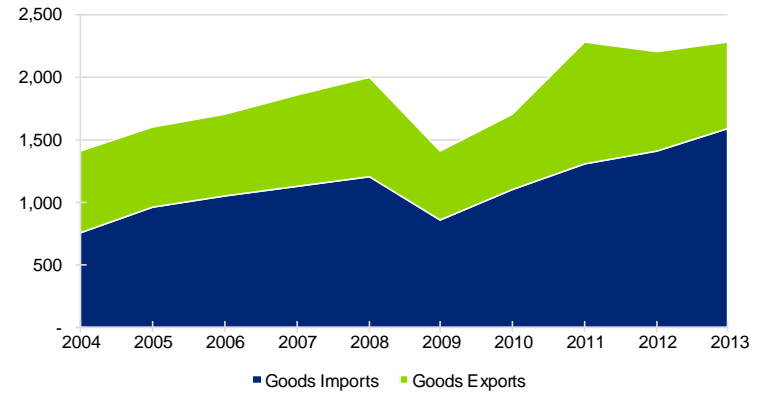
### 2012 Number of Partner Countries, by Share of Exporting Companies, %



### Merchandise Trade Highlights

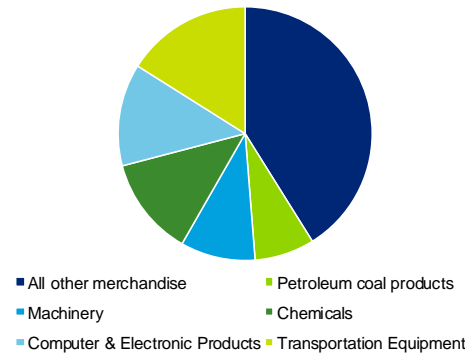
- Total trade in U.S. goods in 2013 was \$3.8 trillion, up 47% from 2009.
- Manufactured goods accounted for 87% of U.S. merchandise exports and 81% of merchandise imports in 2013.
- Goods imports fell by nearly \$8 billion in 2013, the first time they have declined since 2009. Meanwhile, goods exports rose by \$33.9 billion, resulting in a \$41.9 billion improvement in the trade deficit.

US Merchandise Trade, \$billions

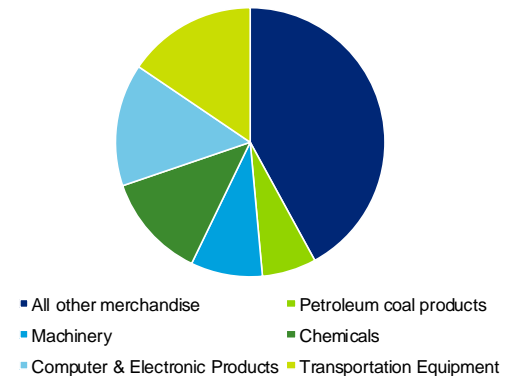


- Transportation equipment was the dominant export category in 2013, totaling \$258.3 billion, or 16.3% of total goods exports.
- Transportation also showed the largest dollar growth among goods exports in 2013, increasing by \$16.9 billion or 7.0% from 2012.

Merchandise Exports, 2013



Merchandise Imports, 2013



## Total employment captured in government statistics associated with the personal care products industry amounted to almost 2.8 million in 2013 (1.6 percent of total U.S. employment)

### Top Export Markets in 2013

- U.S. exports span more than 230 destinations, with Canada and Mexico accounting for more than one-third of the total.
- Canada was the top American export market in 2013 (\$301.6 billion), followed by Mexico (\$226.1 billion), China (\$121.7 billion), Japan (\$65.2 billion), and Germany (\$47.4 billion). Among top markets, China showed the highest dollar growth compared to 2012, up over \$11 billion.
- Of markets receiving more than \$500 million in U.S. goods exports in 2013, potential TPP partner Brunei showed the fastest growth in terms of percentage change, up 254 percent compared to the previous year.
- While a smaller share of overall trade, U.S. goods exports to markets in South and Central America have shown the most rapid growth since 2009, up nearly 77%. The trade surplus with this region was a record high in 2013.

### Top Export Markets

	\$ billions
Canada	301
EU	262
Mexico	226
China	121
Japan	65
Brazil	44
Hong Kong	42
Korea	41
Singapore	31
Switzerland	27
Australia	26
Taiwan	25
UAE	24
<b>India</b>	<b>22</b>
Saudi Arabia	19

Source: IMF

### Personal care products

#### Market overview

- Total employment captured in government statistics associated with the personal care products industry amounted to almost 2.8 million jobs in 2013 (1.6 percent of total U.S. employment):
- The personal care products industry directly accounted for almost 1.3 million jobs, or over 0.7 percent of total U.S. employment,
- Employment in other industries indirectly attributable to or induced by activity in the personal care products industry was almost 1.5 million, or over 0.8 percent of total U.S. employment.
- The Direct Sellers Association (DSA) estimates that 15 million individuals were involved in direct selling in 2013, but federal statistics for relevant NAICS codes only show employment of approximately 800,000 individuals, most of whom are independent contractors.

#### Total Contribution of the Personal Care Products Industry to the U.S. Economy

Item	Amount	Percent of U.S. Total
<b>Contribution to GDP (\$ millions)</b>	<b>\$188,842</b>	<b>1.4%</b>
Direct	\$68,334	0.5%
Indirect and Induced	\$120,509	0.9%
<b>Labor Income (\$ millions)</b>	<b>\$109,385</b>	<b>1.20%</b>
Direct	\$36,992	0.40%
Indirect and Induced	\$72,393	0.8%
<b>Taxes (\$ millions)</b>	<b>\$50,874</b>	<b>NA</b>
Direct	\$18,945	NA
Indirect and Induced	\$31,929	NA
<b>Employment</b>	<b>2,773,820</b>	<b>1.6%</b>
Direct	1,316,610	0.7%
Indirect and Induced	1,457,210	0.8%

Source: PWC

## The wholesale, retail, and transportation segments that distribute manufactured personal care products directly accounted for 431,580 jobs, \$16.9 billion in labor income, and \$24.9 billion in contribution to GDP.

- Other data from the DSA reveal that sales of personal care products represented 21.5 percent of total direct sales in 2013. If a similar share of direct sellers promoted personal care products, 3.2 million individuals sold personal care products as direct sellers in 2012. Less than 10 percent of these individuals appear in government statistics.
- Total labor income associated with the personal care products industry amounted to \$110 billion, which includes wages and salaries, other employee benefits, and proprietors' income. Across direct, indirect, and induced employment, labor income averaged approximately \$39,600 per job.
- The contribution to GDP attributable to the personal care products industry from direct, indirect, and induced activity was \$189 billion.
- This combined economic activity generated \$51 billion in tax payments to federal, state, and local governments.
- The manufacturing segment indirectly supported another 553,500 jobs, \$30 billion in additional labor income, and almost \$49 billion in additional contribution to GDP. Overall, manufacturing was responsible for approximately 22 percent of the industry's total employment contribution, 32 percent of total labor income contribution, and 37 percent of total contribution to GDP.
- The wholesale, retail, and transportation segments that distribute manufactured personal care products directly accounted for 431,580 jobs, \$16.9 billion in labor income, and \$24.9 billion in contribution to GDP. Including the indirect and induced activity, the distribution segment accounted for 873,230 jobs, \$37.9 billion in labor income, and \$60.0 billion in contribution to GDP.

**Economic Activity Attributable to the Personal Care Products Industry by Segment, (Dollar amounts in billions)**

NAICS	Originating Industry	Total Employment			Labor Income			Contribution to GDP		
		Direct	Indirect and Induced	Total	Direct	Indirect and Induced	Direct	Direct	Indirect and Induced	Total
<b>Manufacturing Segments</b>										
325610	Soap and cleaning compound manufacturing	7,330	77,210	84,540	1	4	5	3	7	10
325620	Toilet preparation manufacturing	54,090	476,330	530,420	5	26	30	18	42	59
	<b>Total Manufacturing</b>	<b>61,420</b>	<b>553,540</b>	<b>614,960</b>	<b>6</b>	<b>30</b>	<b>36</b>	<b>21</b>	<b>49</b>	<b>69</b>
<b>Distribution Segments</b>										
42	Wholesale trade	51,000	106,180	157,180	4	5	9	6	8	15
44-45	Retail trade	375,670	309,660	685,330	13	15	27	18	25	43
48	Transportation	9,830	22,580	32,410	1	1	2	1	2	3
	<b>Total Distribution</b>	<b>436,500</b>	<b>438,420</b>	<b>874,920</b>	<b>17</b>	<b>21</b>	<b>38</b>	<b>25</b>	<b>35</b>	<b>60</b>
<b>Services Segment</b>										
8121	Personal care services	818,690	465,250	1,283,940	15	21	36	23	37	60
	<b>Total</b>	<b>1,316,610</b>	<b>1,457,210</b>	<b>2,773,820</b>	<b>\$37.0</b>	<b>72</b>	<b>109</b>	<b>68</b>	<b>121</b>	<b>189</b>

Source: PWC

## The Indian FMCG sector, with a market size of US\$42 billion in 2013, constitutes 2.15 percent of India's GDP

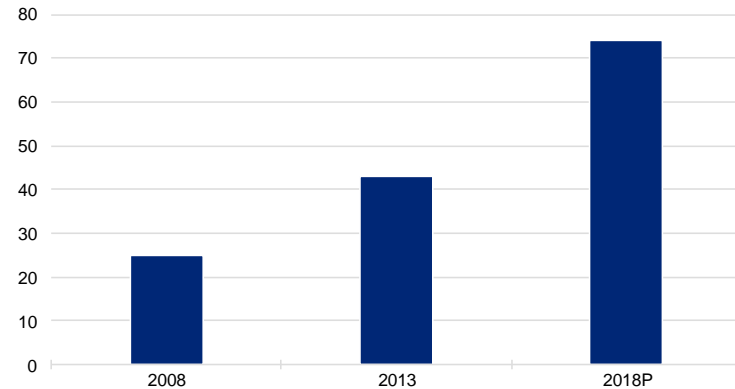
- Distribution represented 32 percent, 35 percent, and 32 percent, respectively, of total employment, labor income, and contribution to GDP directly and indirectly attributable to the personal care product industry.
- The services segment of the personal care products industry directly accounted for 819,690 jobs, \$14.8 billion in labor income, and \$22.6 billion in contribution to GDP.
- Including indirect and induced effects, the services segment accounted for 1.3 million jobs, \$36.2 billion in labor income, and \$59.6 billion in contribution to GDP. Services represented 46 percent, 33 percent, and 32 percent, respectively, of the personal care product industry's employment, labor income, and contribution to GDP.
- Measures of employment in the industry from other sources suggest the federal government figures used in this report could exclude certain individuals. For example, the number of cosmetologists and nail technician licenses issued by state governments amounted to 2.18 million in 2007. If each of the individuals holding these licenses worked in a salon, the personal care services employment figures would be significantly larger.

### India

#### FMCG market overview

- The Indian Fast-Moving Consumer Goods (FMCG) sector, with a market size of US\$42 billion in 2013, constitutes 2.15 percent of India's GDP.
- The industry is poised to grow between 10 to 12 percent annually.
- A well-established distribution network spread across six million retail outlets (including two million in 5,160 towns and four million in 627,000 villages) low penetration levels, low operating costs and intense competition between the organized and unorganized segments are key characteristics of this sector.

Market size, \$billion



Source: GST

#### Large and still-growing youth demographic

- India is among the world's youngest nations, with a median age of 25 years as compared to 43 in Japan and 36 in the US. This, coupled with a large population and rapidly evolving consumer preferences, has translated into a large market opportunity for FMCG players.

#### Emergence of organized retail business

- Real estate development in the country, such as the construction of shopping malls and hypermarkets, are opening up new business channels for FMCG companies.

#### Growing urbanization

- Indian cities are expected to add 379 million people to the consumer base for FMCG companies, as the urbanization rate is expected to increase from the current 30 to 45 percent in the next 40 years.

#### Increasing levels of disposable income

- According to recent estimates, household income in the top 20 boom cities in India is projected to grow at 10 percent annually over the next eight years.

## 22% of the FMCG market in India relates to personal care

### Market analysis

#### Organized retail —changing industry dynamics

- The Indian retail market size is estimated at US\$350.2 billion and is projected to grow at 13 percent per annum to reach US\$ 590 billion by 2016.
- The current share of organized retail is estimated to be 4 to 5 percent and is expected to increase by 14 to 18 percent by 2020.
- Organized retail has created new channels for FMCG players through diverse retail formats such as department stores, hypermarkets, supermarkets and specialty stores.
- With organized retailing emerging in a major way across the country, FMCG companies' revenues are expected to surge in the coming years.

#### Rural market —the new growth frontier

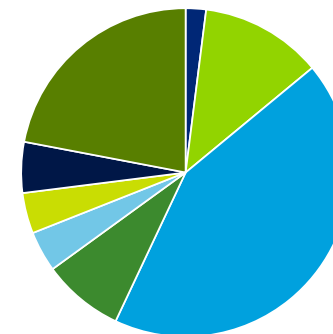
- Rural India accounts for close to one-third of the country's total consumption. Robust consumption in the rural economy is one of the key drivers of India's sustained growth.
- FMCG companies are devising exclusive rural marketing strategies to tap the rural consumer base.
- A large number of FMCG companies derive a significant proportion of their overall sales from outside the top few hundred towns/cities, which reflects the growing economic importance of India's rural consumer base.

Company	Category	% sales from rural markets
Hindustan Unilever Ltd	Household products	45
Dabur India Ltd	Personal products	40

### Market segments

- Food products is the largest consumption category in India, accounting for nearly 21 percent of the country's GDP.
- Some of the leading players in this segment include Britannia Industries Ltd, Dabur India Ltd, GlaxoSmithKline Consumer Healthcare India Ltd and Gujarat Cooperative Milk Marketing Federation (GCMMF).

#### Indian FMCG market segments, %



■ Baby care   ■ Fabric care   ■ Food products   ■ Hair care

■ Household   ■ OTC products   ■ Others   ■ Personal care

Source: Dabur



As more and more Indian companies go global, they are focusing more on overseas markets such as the US, the UK, the UAE, Sri Lanka, Bangladesh, Thailand, Afghanistan, South Africa and Mauritius

### Export potential

- Globally, India is recognized as a manufacturing base that is cost-effective while retaining high quality standards.
- As more and more Indian companies go global, they are focusing more on overseas markets such as the US, the UK, the UAE, Sri Lanka, Bangladesh, Thailand, Afghanistan, South Africa and Mauritius either through exports or the establishment of their own foreign subsidiaries.
- Multi-National Corporations (MNCs) in India have also started supporting their global supply chain requirements by serving as cost-effective sourcing bases.



#### Exports

- Skin care products — Arabia, Malaysia and Sri Lanka
- Oral — Europe
- Tea — Europe
- Three-in-one tea premix — Arabia
- Culinary products such as soups and jams
- Marine products
- Rice — the Gulf



#### Exports

- Guar Gum — the UK and the US
- Vatika Hair Oil — the Middle East and North Africa (MENA) region
- Dabur Vatika Naturals styling hair cream — MENA region
- The company also has a private label business in the US and the UK



- Godrej Consumer Products Ltd (GCPL) currently exports to 33 countries, including the UAE, Sri Lanka, Bangladesh, Thailand, Afghanistan, South Africa and Mauritius

### Key players

Company	Annual sales, \$m	Product segment/selective brands			
		Food	Personal care	Home care	Healthcare
Britannia Industries Ltd	648.4	Tiger, Good Day, Marie Gold			
Colgate Palmolive India Ltd	366.3		Colgate, Palmolive	Axion, Dish Wash	
Dabur India Ltd	590.4	Real, Activ, Hommade	Dabur Amla, Vatika	Dazzil, Odomos, Odonil	Dabur Chyaw anprash Hajmola
Emami Ltd	155.7	Sonachandi Chyaw anprash	Boroplus, Fair and Handsome, Navratna Cool Talc		
GlaxoSmithKline Consumer Healthcare India Ltd	354.5	Horlicks, Boost, Maltova	Eno, Iodex		
Godrej Consumer Products Ltd (GCPL)	234.7		Cinthol, Color Soft	Ezee	
Gujarat Cooperative Milk Marketing Federation (GCMMF)	1,398.2	Amul			
Hindustan Unilever Ltd	4,510.30		Lakme, Lifebuoy, Lux, Pepsodent, Sunsilk	Active Wheel, Rin, Surf Excel, Vim	
Indian Tobacco Company Ltd	638.1 ****	Kitchens of India, Aashirvaad, Sunfeast, Bingo	Fiama Di Wills, Vivel Di Wills, Vivel		
Marico Industries Ltd	399.8		Parachute, Saffola, Sw eekar, Hair & Care, Revive		
Nestle India Ltd	861.0	Everyday, Fresh 'n' Natural, Nescafe Classic, Maggi			
Procter & Gamble Hygiene and Healthcare Ltd	161.0		Whisper, Pantene Pro V, Head & Shoulders	Ariel and Tide	Vicks
Tata Tea Ltd	283.7	Tata Tea Premium, Tata Tea Gold			

**Indian consumers are proving highly adaptable in terms of embracing new and innovative products. For instance, the market acceptance of men's fairness creams clearly demonstrates an opportunity for companies to offer new products targeting specific customer segments.**

### Opportunities

- With fast-evolving lifestyles and the increasing disposable income of urban consumers, there exists a definite opportunity for lifestyle and high-end products.
- With more than 33 percent of the Indian consumer base present in rural areas, the rural market will be a key growth driver for FMCG majors planning to expand their domestic business.
- Indian consumers are highly adaptable in terms of embracing new and innovative products. For instance, the market acceptance of men's fairness creams clearly demonstrates an opportunity for companies to offer new products targeting specific customer segments.
- Indian and multinational FMCG players can leverage India as a strategic sourcing hub for cost-competitive product development and manufacturing for their international markets.

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Project C is an existing business located in New Delhi, India. Since 2009, the Company has distributed personal care products in India. The Company is planning a 2015 expansion into the US market.

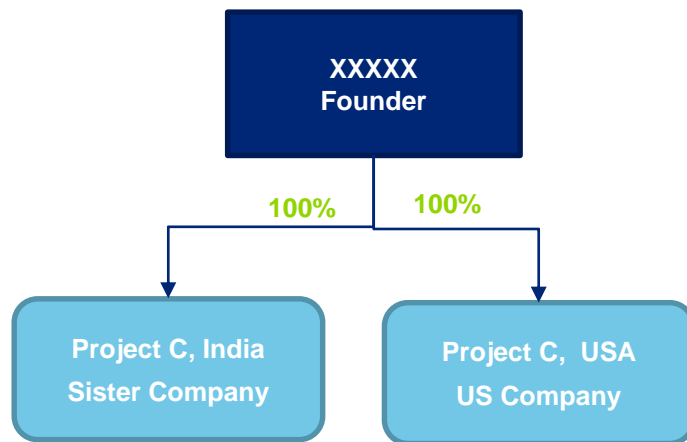
## Project C

### Company profile:

- Project C is an existing business located in New Delhi, India. Since 2009, the Company has distributed personal care products in India. The Company is planning a 2015 expansion into the US market. Products include detergent powder, soaps, liquids, edible salt, edible oils and textiles.
- The Company's planned expansion will include the opening of a US Company Project C in March 2015. The US Company will export, import, distribute and retail various personal care products in USA.
- Website: XXXXX
- **Region of US Company registration:** Dallas, Texas
- **Geographical focus:** USA – Dallas, Texas; India – New Delhi
- **Target customers:** Personal care product customers of all ages in Dallas, Texas and New Delhi, India
- **Managing director of US Company:** XXXXX

Operating flows between sister company Project C (India) and US company Project C. will be allocated by geographical principle. The sister company will be responsible for the Indian market, the US company for the US market

### Legal structure:



### Functions:

- Project C (India) and Project C. (US) are owned by the same individual, it qualifies under the definition of affiliate as well as sister companies.
- Operating flows between sister company Project C (India) and US company will be allocated by geographical principle. The sister company will be responsible for the Indian market, the US Company for the US market.
- US company Project C.:
  - Seeking out manufacturers (reselling their personal care products in USA and exporting them to India)
  - Managing retail and distribution business in USA
  - Managing logistics in marketing campaigns
- Sister company Project C (India) :
  - Seeking out manufacturers (reselling their personal care products in India and exporting them to USA)
  - Managing distribution business in India
  - Managing logistics in marketing campaigns

## Products for resale

## List of products:

- Detergent powder
- Edible oil
- Liquor
- Bathing soap
- Auto lubricant



**Key internal functions of US Company****Retail**

- Managing of retail store owned by the US Company

**Wholesale**

- Search for new distributors and retail chains in USA to promote the products from the portfolio
- Maintain and develop relationships with wholesalers

**Export/Import operations**

- Manage operations with Indian sister company regarding logistics, importing/exporting
- Planning of logistics schedule
- Assessment of demand for products in both USA and India

**Marketing**

- Management of marketing initiatives, promoting product portfolio to retailers and distributors

**Business development**

- Manage the business
- Looking for new opportunities within new or existing markets

**Other**

- Carrying out the legal, accounting, and human resources duties involved in the management of the company

The Company is seeking to acquire a retail store in the Dallas area

*Illustrative samples of targets:*

Target # 1



- **Postal address:** 11029 Harry Hines Blvd. Suite #C-105, Dallas, Texas
- **Price:** \$230,000

Target # 2



- **Postal address:** 2107, 2109, 2111 S 2nd Ave., Dallas, TX
- **Price:** \$135,000

**Expected payment terms: 3 months credit period after the deal**

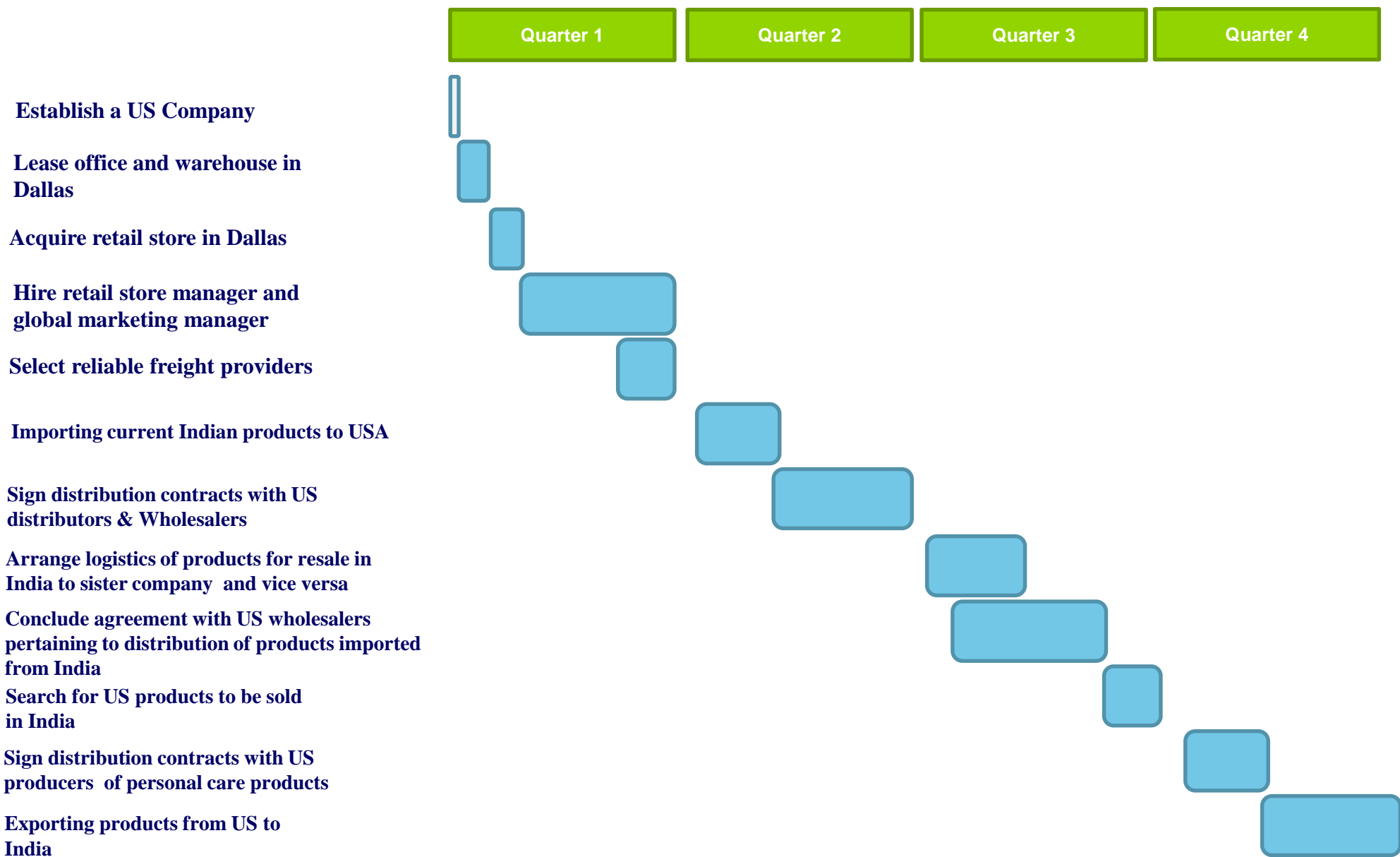


## Paths to further development

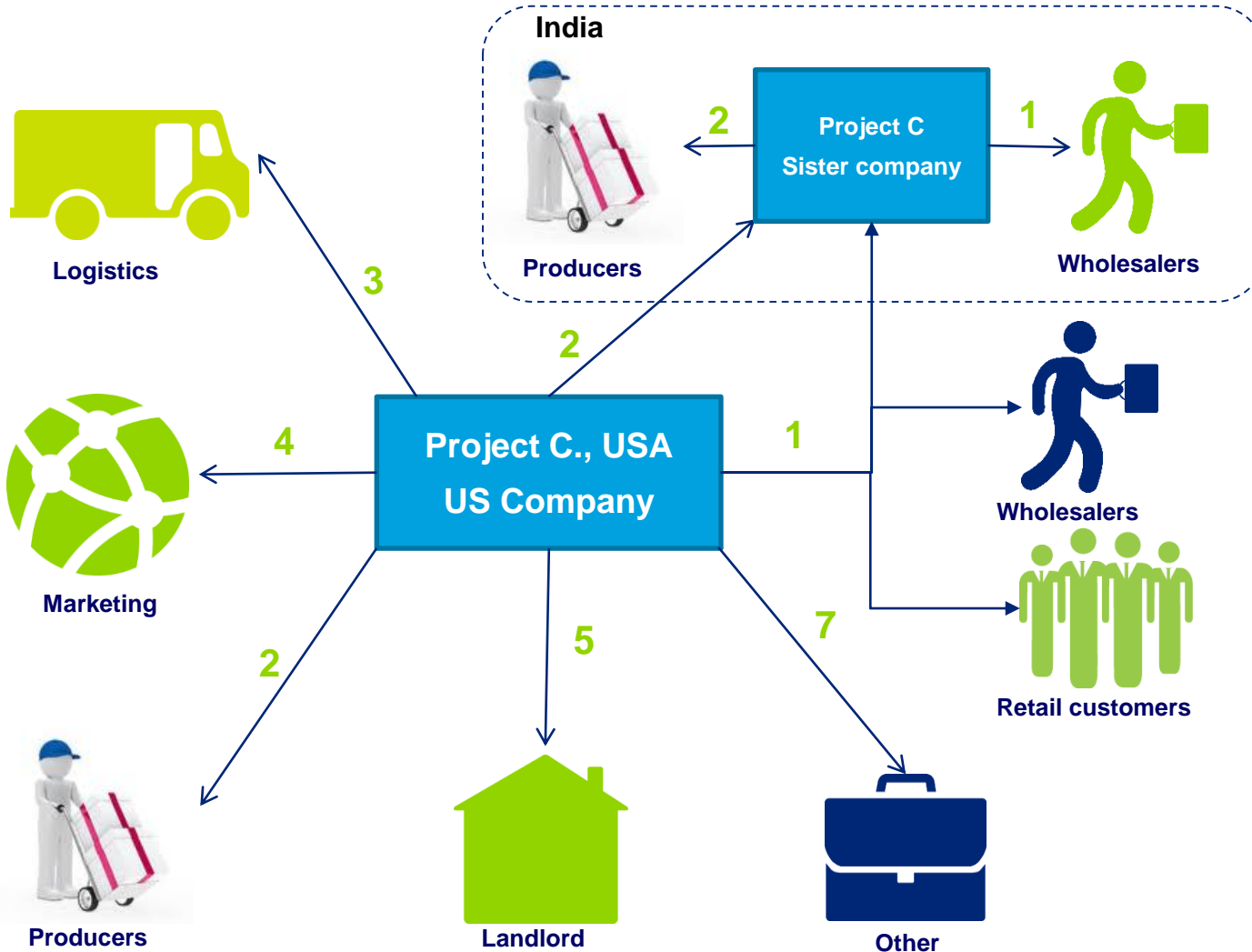
### Paths to further development

- Organic growth - expanding number of retail and wholesale customers
- Geographical expansion into other regions:
  - Exports opportunities – China, Taiwan
  - Import opportunities - California
- Market development through launching of new lines of personal care products
- Long term: grow the business via an expansion of the number of owned retail stores





Key operational flows



Description

- US subsidiaries will have the following distribution channels of goods:
  - Goods imported from India into the US market: retail store and wholesalers
  - Goods exported from US to India through sister company: Indian wholesalers
- Personal cares products will be purchased directly from American manufacturers for distribution in India. In India, through sister company for distribution in USA.
- The Company will hire reliable logistics providers (FEDEX, UPS) for arranging delivery of overseas goods and auto logistics on US market.
- Marketing activity and logistics will be outsourced to third parties.
- The Company will lease office and warehouse in Dallas, Texas.
- The Company will cooperate with different counterparties for supporting the operating activity with insurance, IT support, accounting services, cleaning, maintenance, etc.

## Mission of the Company is to promote high-quality but affordable personal care products worldwide

### Mission

- To promote high-quality but affordable personal care products worldwide

### Core Values

- Innovation
- Leadership
- Quality
- Partnership and cooperation
- Loyalty to all stakeholders

### Goals

- To become a reliable exporter/importer and wholesaler of personal care products in Dallas and New Delhi
- To provide high-quality personal care products in both markets
- To provide particularly cost-efficient solutions in the US market
- To hire 1 US worker in year 1
- To open US retail store in year 1
- To export personal care products produced in USA
- To expand export market to China and Taiwan in year 3
- To build a network of reliable manufacturers, wholesalers and distributors in USA
- To achieve gross revenue – \$1.9m in year 5
- To retain customers by developing loyalty programs
- To provide attractive commercial terms to wholesalers
- To build and maintain relationships with personal care products associations
- To expand the business into supplementary fields (e.g. other FMCG groups)

**Objective: Differentiate the products from those offered by competitors**

**Management summary -  
strategies/objectives**

**List of actions**

**Description:**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Differentiate the products from those offered by competitors</li> <li>• Provide high-quality, affordably priced products to US market</li> <li>• Build reputation around high-quality personal care products produced in US and the Indian market</li> <li>• Use experience and contacts of management to build productive partner relationships</li> <li>• Implement innovative marketing strategy</li> <li>• Achieve synergistic effect throughout the business, covering the wholesale and retail segment on the US market</li> <li>• Make bulk purchases for optimal price</li> <li>• Be, wherever possible, cost effective and efficient</li> <li>• Diversification (product/geographical development)</li> <li>• Be socially responsible</li> </ul> | <ul style="list-style-type: none"> <li>• Lease premises in Dallas</li> <li>• Recruit qualified and professional staff</li> <li>• Acquire and maintain retail store in Dallas</li> <li>• Obtain necessary licenses and permissions</li> <li>• Cooperate with reliable manufacturers, wholesalers and service providers</li> <li>• Regularly introduce new personal care products in both the American and the Indian markets</li> <li>• Expand the business into other regions (export: China, Taiwan, import: California)</li> <li>• Improve processes continuously</li> <li>• Initiate sophisticated online and offline marketing campaign</li> <li>• Train personnel continuously</li> <li>• Outsource non-core activities to avoid unnecessary costs</li> </ul> |
|--|--|

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The Company is implementing a penetration strategy to pursue the objective of quantity maximization by means of a medium price

### Pricing objectives

- Quality leadership
- Maximize quantity
- Revenue maximization

### Pricing strategy

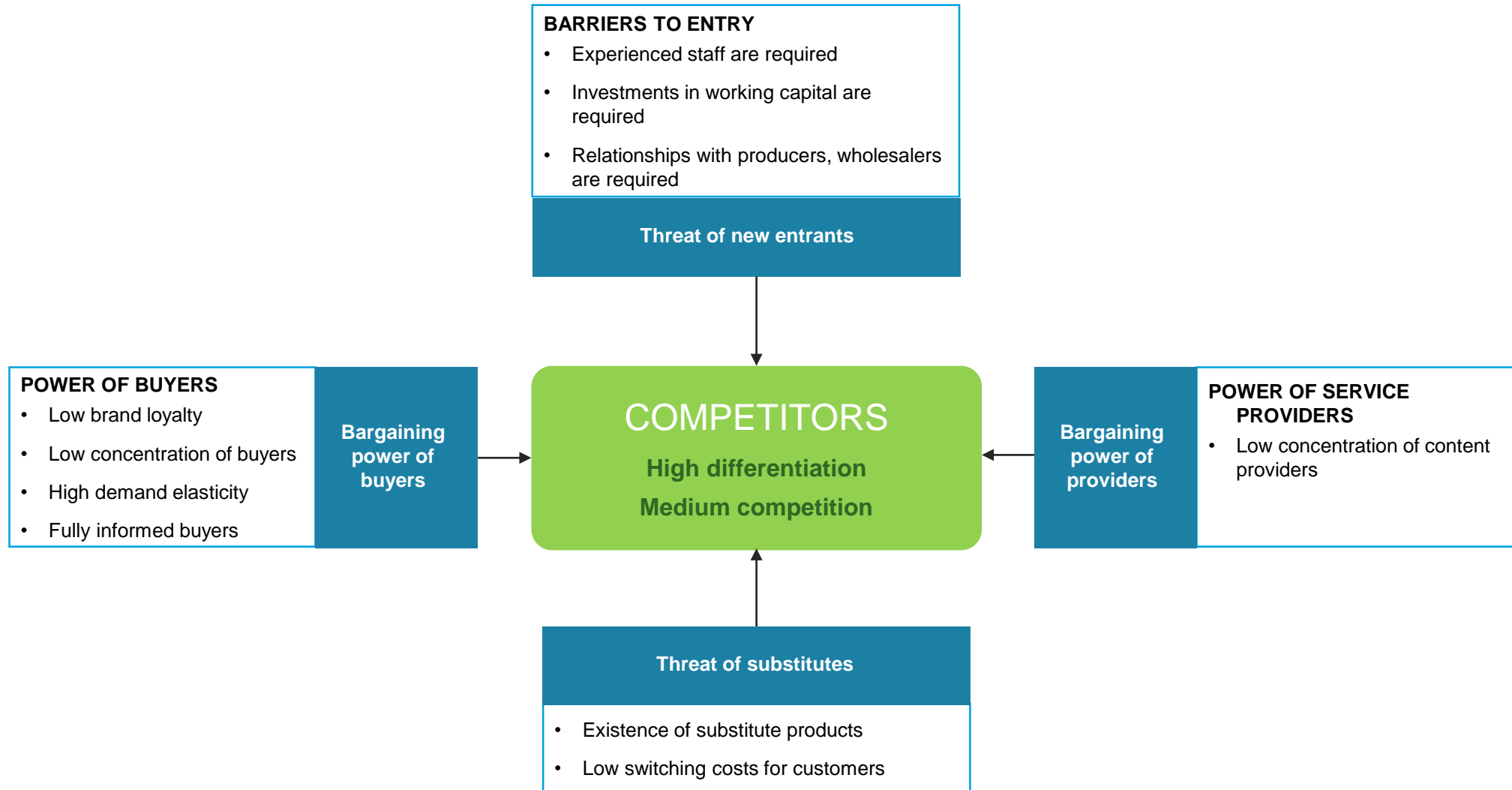
#### Penetration strategy

- Penetration strategy pursues the objective of quantity maximization by means of a low-medium price

### Price options

- US market: Thanks to the low-cost options presented by Indian manufacturers, the Company will be able to sell personal care products for 10% below market average
- Indian market: Thanks to excellent reputation of American products, the Company will be able to sell personal care products for 15% above market average

## Medium barriers exist to entry into the American market for wholesale/retail of personal care products





## Personal care products industry is growing continually in the USA, creating massive import/export opportunities

### Strengths

- Financial resources of the director
- Director's extensive industry experience
- Director's MBA will support business development
- Ability to provide products that are cost-effective for customers in ways that current competitors' products are not
- Existing Indian distribution network
- Direct contacts with Indian authorities for licenses
- Attractively located proposed location
- Innovative marketing plan

### Weaknesses

- Lack of brand awareness
- Start-up business
- Lack of consumer base

### Opportunities

- Personal care products industry is growing continually and rapidly
- US companies are keen to enter Asian markets
- Indian manufacturers are able to bring their products to US market at extremely competitive prices
- No concentration of providers on the market
- Further service/market development is available
- Further geographical expansion is available
- No government regulation

### Threats

- Availability of substitute products
- Price pressure may lead to further decrease in margins
- High levels of competition

**Marketing objective: to make it clear to our customers that we are a reliable retail outlet for personal care products and that we are constantly working to identify new products and develop existing lines**

### Marketing Objectives

- To make it clear to our customers that we are a reliable retail outlet for personal care products and that we are constantly working to identify new products and develop existing lines

### Marketing Strategy

#### Differentiation

- Competitive advantage can be gained through a concerted focus on the way in which the Company's products can be differentiated in terms of:
  - Quality
  - Affordability

### Marketing Make-Up

- **Product:** To build a mark of identification associated with the Business, one that reflects a high quality standard, good reputation
- **Price:** Fair (below market average)
- **Promotion:** Due to specific character of the Business, it will be promoted via pull and push technique. Such promotional types can be implemented via advertisement (online and offline), attendance in specialized exhibitions, etc.
- **Places:** USA, India
- **People:** Experienced staff should be recruited

## Marketing methods

### Online advertising

#### Google AdWords

- **Purpose:** Leverage the allowance of advertising on Google and acquire clients at a competitive CPA for the Business.
- **Strategy:** A standard AdWords strategy of identifying potential keywords and then whittling said keywords down to a profitable and manageable list, utilizing tests in ad copy, landing page design and acquisition offer will be employed.
- **Keys to Success:** The keys to a successful Google AdWords launch include the following:
  - ✓ Successful acceptance by Google
  - ✓ Ability to quickly test and respond to ad copy, landing page copy and acquisition offers
  - ✓ Ability to track and determine ROI and CPA of AdWords initiatives

#### Industry Web portals

- **Purpose:** Direct and purposeful connections with prospects and clients
- **Strategy:** Regular placement of ads on relevant portals (such as ebay, amazon, specialized forums)
- **Key to Success:** The key to a successful campaign is working on the relevant industry portals and with the relevant associations.

### Offline advertising

#### Traditional marketing tools (advertising in printing media, professional events, etc. )

- **Purpose:** Leverage advertising to attract clients at a competitive CPA.
- **Strategy:** Build marketing campaign based on communication with industry and personal relations of personnel with potential clients.
- **Keys to Success:** The keys to a successful traditional marketing campaign will include the following:
  - ✓ Recruit qualified/well trained marketing personnel
  - ✓ Attendance at specialized exhibitions, industry events
  - ✓ Partnerships with wholesalers
  - ✓ Involvement in fashion activities
  - ✓ Advertisement in personal care magazines
  - ✓ Recruit qualified business developers motivated by sales commissions
  - ✓ Hire proactive and creative marketing personnel
  - ✓ Availability of resources to implement traditional marketing tools

## Organizational structure

**Mr. XXXXX**  
**CEO**

- Manage the business
- Develop strategy of the business
- Expand the products of sister company in the USA
- Set goals for the team and evaluate their performance.
- Make decisions to steer the organization to a strong financial and competitive position
- Develop the budget and communicate its particulars to the staff
- Initiate and negotiate contract terms with manufacturers, wholesalers, sister company and service providers
- Manage warehouse inventory
- Logistics

**Retail Store Manager**  
**1 person**

- Complete store operational requirements by scheduling and assigning employees.
- Maintain store staff by recruiting, selecting, orienting, and training employees.
- Formulate pricing policies by reviewing merchandising activities; determining additional needed sales promotion; authorizing clearance sales; studying trends.
- Market merchandise by studying advertising, sales promotion, and display plans; analyzing operating and financial statements for profitability ratios.
- Secure merchandise by implementing security systems and measures.

**Global Marketing Manager**  
**2 persons**

- Formulate, direct and coordinate marketing activities and policies to promote products and services, working with advertising and promotion managers.
- Develop pricing strategies, balancing firm objectives and customer satisfaction.
- Compile lists describing product offerings.
- Initiate market research studies or analyze their findings.

**Accountant**

Responsibilities: keep accounting records in day-to day activity,  
Prepare financial statements

### Schedule of employment

Year 1: CEO  
Year 2: Retail Store Manager  
Year 3: Global Marketing Manager  
Year 4: Accountant  
Year 5: Global Marketing Manager

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### Assumptions used in the model

#### Revenue - Assumptions used in the model

Annual retail sales, \$	550,000
Annual increase in sales, %	7%
Gross margin earned in retail, %	30%
Annual wholesales, \$	180,000
Annual increase in wholesales, %	60%
Gross margin earned in wholesale, %	25%

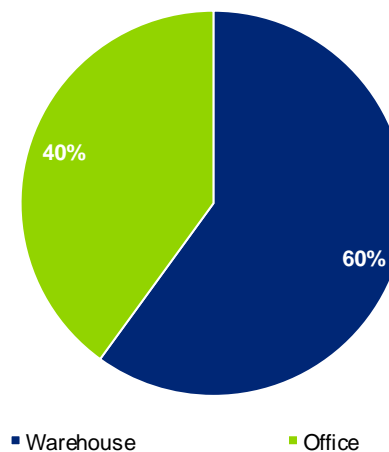
Source management information

#### Operating expenses - Assumptions used in the model

Rent costs, \$	25,000
Utility, bills, cleaning, \$	15,000
Website development, \$	3,000
IT support, \$	4,000
Staff costs in year 1, \$	35,000
Marketing budget in year 1, \$	10,000
Other expenses, \$	4,000
Annual increase in marketing budget, %	7%
Annual increase in operating expenses	4%

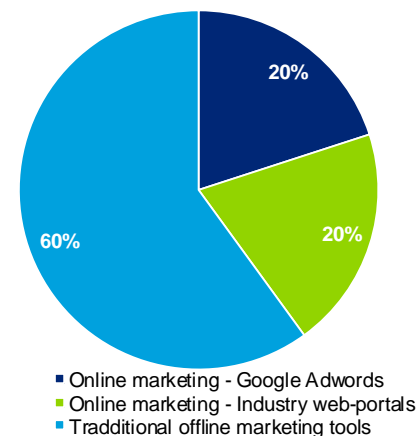
Source management information

#### Structure of rent costs, %



Source: Management information

#### Structure of the marketing budget, %



Source: Management information

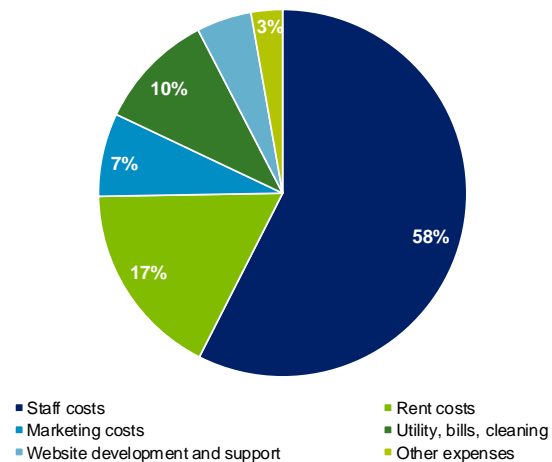
### Assumptions used in the model

#### Staff costs, \$

Position	Year 1		Year 2		Year 3		Year 4		Year 5	
	# of staff	Annual salary, \$	# of staff	Annual salary, \$	# of staff	Annual salary, \$	# of staff	Annual salary, \$	# of staff	Annual salary, \$
Director	1	35,000	1	35,000	1	35,000	1	35,000	1	35,000
Retail store manager	-	-	1	30,000	1	30,000	1	30,000	1	30,000
Global marketing manager	-	-	-	-	1	30,000	1	30,000	2	60,000
Accountant	-	-	-	-	-	-	1	18,000	1	18,000
<b>Total</b>	<b>1</b>	<b>35,000</b>	<b>2</b>	<b>65,000</b>	<b>3</b>	<b>95,000</b>	<b>4</b>	<b>113,000</b>	<b>5</b>	<b>143,000</b>

Source management information

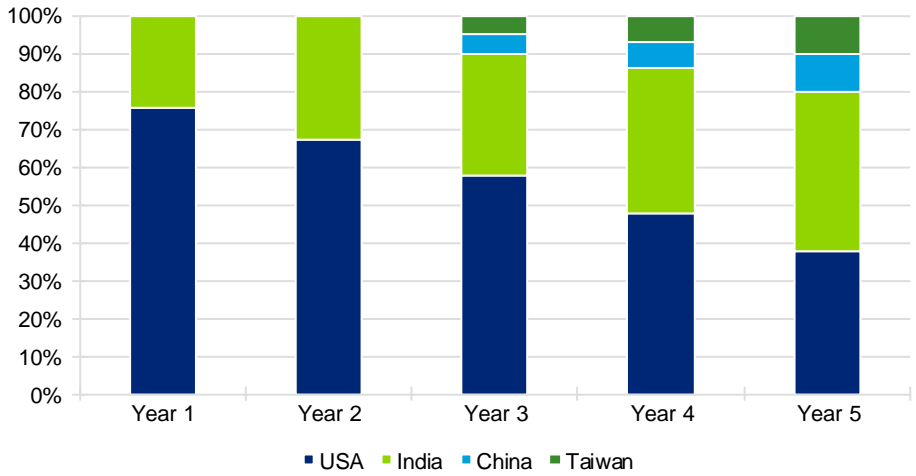
#### Structure of operating expenses, %



Source: Management information

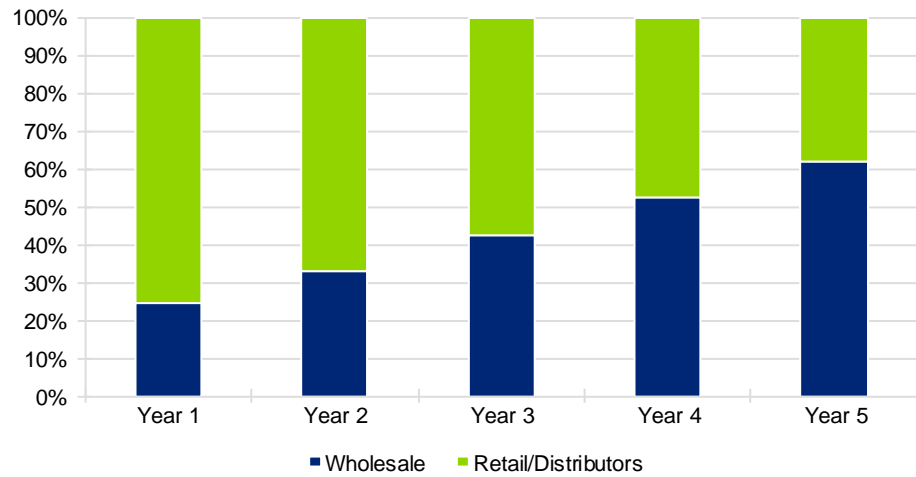
Sales

Sales structure by regions, %



Source: Management information

Revenue structure, %



Source: Management information



## Projected profit and loss account – the Company will become operationally profitable starting from year 1

### Projected Profit and Loss account

\$	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>	<b>730,000</b>	<b>876,500</b>	<b>1,090,495</b>	<b>1,411,054</b>	<b>1,900,586</b>
<b>Cost of goods</b>	<b>(520,000)</b>	<b>(627,950)</b>	<b>(786,387)</b>	<b>(1,024,602)</b>	<b>(1,389,392)</b>
<b>Gross profit</b>	<b>210,000</b>	<b>248,550</b>	<b>304,109</b>	<b>386,452</b>	<b>511,193</b>
<b>Operating expenses</b>					
Staff costs	(35,000)	(65,000)	(95,000)	(113,000)	(143,000)
Rent costs	(25,000)	(26,000)	(27,040)	(28,122)	(29,246)
Marketing costs	(10,000)	(10,700)	(11,449)	(12,250)	(13,108)
Utility, bills, cleaning	(15,000)	(15,600)	(16,224)	(16,873)	(17,548)
Website development and support	(7,000)	(7,280)	(7,571)	(7,874)	(8,189)
Other expenses	(4,000)	(4,160)	(4,326)	(4,499)	(4,679)
<b>Total expenses</b>	<b>(96,000)</b>	<b>(128,740)</b>	<b>(161,611)</b>	<b>(182,618)</b>	<b>(215,771)</b>
<b>EBITDA</b>	<b>114,000</b>	<b>119,810</b>	<b>142,498</b>	<b>203,834</b>	<b>295,423</b>
Depreciation	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Tax @ 30%	(29,700)	(31,443)	(38,249)	(56,650)	(84,127)
<b>Net profit(loss)</b>	<b>69,300</b>	<b>73,367</b>	<b>89,249</b>	<b>132,184</b>	<b>196,296</b>
<i>EBITDA margin, %</i>	16%	14%	13%	14%	16%
<i>Net profit margin, %</i>	9%	8%	8%	9%	10%

Source management information

## Payback period of the Business is 4.5 years

### Projected Cash Flows

\$	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Receipts &amp; Disbursements</b>					
<b>Beginning cash</b>	<b>250,000</b>	<b>184,300</b>	<b>272,667</b>	<b>376,916</b>	<b>524,099</b>
<b>Receipts</b>					
Revenue	730,000	876,500	1,090,495	1,411,054	1,900,586
<b>Total receipts</b>	<b>730,000</b>	<b>876,500</b>	<b>1,090,495</b>	<b>1,411,054</b>	<b>1,900,586</b>
<b>Disbursements</b>					
Acquisition of store	(150,000)	-	-	-	-
Cost of goods	(520,000)	(627,950)	(786,387)	(1,024,602)	(1,389,392)
Staff costs	(35,000)	(65,000)	(95,000)	(113,000)	(143,000)
Rent costs	(25,000)	(26,000)	(27,040)	(28,122)	(29,246)
Marketing costs	(10,000)	(10,700)	(11,449)	(12,250)	(13,108)
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Other expenses	(4,000)	(4,160)	(4,326)	(4,499)	(4,679)
Tax @ 30%	(29,700)	(31,443)	(38,249)	(56,650)	(84,127)
<b>Total Disbursements</b>	<b>(795,700)</b>	<b>(788,133)</b>	<b>(986,246)</b>	<b>(1,263,870)</b>	<b>(1,689,290)</b>
<b>Changes in Cash</b>	<b>(65,700)</b>	<b>88,367</b>	<b>104,249</b>	<b>147,184</b>	<b>211,296</b>
<b>Ending cash</b>	<b>184,300</b>	<b>272,667</b>	<b>376,916</b>	<b>524,099</b>	<b>735,395</b>

Source: Management information

### Key performance indicators

CF(1-5 years), \$	485,395
NPV(1-5 years)*, \$	177,946
IRR, %	17%
Payback period	4.5 years

\*Discounted rate 3%

Source: Management information

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## Founder profile

XXXXX



**Position:** Managing Director of US Company Project C.

**Address:** XXXX

**Phone** XXXX

**Email:** XXXX

### Profile

- XXXX
- XXXX
- XXXX

### Education

- XXXX
- XXXX
- XXXX

### Certification

- XXXX
- XXXX
- XXXX

### Experience

- XXXX
- XXXX
- XXXX

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XXXXX will act as the Managing Director of the US Company Project C

**Initial investments, \$**

Item	Amount
Purchases of goods	90,000
Acquisition of store	150,000
Other working capital items	10,000
<b>Total:</b>	<b>250,000</b>

Source: Management information

