
FINANCIAL PLANNING & ANALYSIS- EDLIGHTENED

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The below documentation contains assumptions and various scenarios taken to forecast the income statement for Edlightened for the next 3 Financial years.

We have considered a base year considering all the expenses and incomes that Edlightened currently incur. We have critically analyzed and forecasted the growth and income of Edlightened for the next three years based on the assumptions mentioned below.

Assumptions:

No of Students:

<u>No of students</u>	Year 1	Year 2	Year 3
Best	25%	23%	24%
Normal	15%	18%	17%
Worst	10%	12%	10%

- a. For the best-case scenario, it is assumed that target marketing via different channels will sustain the forecasted growth of 25%, 24% and 23% for Year 1, 2 and 3 respectively. There would be more students opting for add on courses. Also, with the increased catalogue of courses, it is assumed that around 30% of the students would be repeat customers. Also, with increasing prominence and a positive outlook for Ed-Tech industry, the growth can be expected to continue for few years.
- b. For normal-case scenario, it is assumed that marketing activity will not yield results as expected but would be still considerable. However, with Edlightened's association with MBA institutes, there would be many students willing to opt for courses thus sustaining the growth rate as given.
- c. For worst case scenario, it is assumed that post pandemic subsidies and students get busy with their college routine, it will be difficult for them to pursue any additional courses outside of college. Also, people would prefer pursuing courses from market leaders in the Ed-Tech industry and hence Edlightened may lose out on potential customers

Average Price of course:

<u>Average price of course</u>	Year 1	Year 2	Year 3
Best	5%	3%	3%
Normal	2%	2%	5%
Worst	1%	1%	1%

- For best case scenario, as there is demand for courses, then a premium over the courses can be expected as there is course specific demand amongst the students. Also, the price rise can enable to rake in extra revenue necessary for customer acquisition activity and to remain a positive cashflow company.
- For normal case scenario, average price increase of courses will be nominal as it is necessary to sustain any additional variable expenses that would come with students in the form of cloud charges and other expenses required for marketing.
- For worst case scenario, as the growth in the number of students is minimal, increase in the price of the course is not favorable and is kept at minimal since it has the potential to further impact the number of students enrolling for the courses.

Average course per student: The average course taken by student shows an increasing trend as it is expected that Edlightened's course catalogue will continue to increase with passing years and students would be open to exploring and taking up different courses offered by Edlightened.

Tax rate: Standard tax rate of 30% is assumed.

Incentive: Students interning with Edlightened would be offer incentives up to 10% of the price of the course for enrolling customers for Edlightened. This incentive is kept variable so as to link the pay of the intern with their displayed performance.

Income Statement

Expenses

	Year 0	Year 1	Year 2	Year 3
Revenue	₹ 10,00,000	₹ 19,68,750	₹ 28,26,771	₹ 42,47,472
(-) Expenses:				
Fees/ Commission	₹ 1,00,000	₹ 1,96,875	₹ 2,82,677	₹ 4,24,747
Cloud Services	₹ 15,000	₹ 18,750	₹ 23,063	₹ 28,598
Internet Charges	₹ 12,000	₹ 12,000	₹ 12,000	₹ 12,000
Electricity	₹ 18,000	₹ 18,000	₹ 18,000	₹ 18,000
Marketing	₹ 1,00,000	₹ 3,78,373	₹ 4,76,131	₹ 5,79,732
Miscellaneous Exp.	₹ 6,000	₹ 8,000	₹ 10,000	₹ 12,000
Website Development Fees	₹ -	₹ 15,000	₹ 1,000	₹ 1,000
Domain costs	₹ 499	₹ 1,050	₹ 1,050	₹ 1,050
Software costs	₹ 3,348	₹ 3,348	₹ 3,348	₹ 3,348
Zoom Premium	₹ 13,200	₹ 13,200	₹ 13,200	₹ 13,200
Total Expenses	₹ 2,68,047	₹ 6,64,596	₹ 8,40,469	₹ 10,93,674
Operating Profit	₹ 7,31,953	₹ 13,04,155	₹ 19,86,302	₹ 31,53,798
(-) Taxes	₹ 2,19,585.90	₹ 3,91,246	₹ 5,95,891	₹ 9,46,139.38
Net Profit	₹ 5,12,367	₹ 9,12,908	₹ 13,90,411	₹ 22,07,659

- **Fees/Commission:** - A 10% commission on the price of the course will be paid to each of the salesperson for each student brought. Since currently only the owner/ entrepreneur is conducting sessions so no faculty fees are being paid (For all 4years same strategy is followed).
- **Cloud Services:** - The amount currently charged was provided on the basis of that data, per student cost was calculated and then forecasts were made depending on the number of students. Two options are provided i.e. Amazon web services and Microsoft Azure. Since, the EdTech business are focused on uploading videos & notes, basic cloud storage plans were advised which helps easy storage and retrieval of data.

- **Internet Charges:** - Based on current scenario the average broadband internet charges for running an Ed-Tech firm annually is ₹12000 and this is on the basis that we have 2 Wi-Fi connections with annual plans each {(₹4788+GST) *2} so that the load on both the routers is distributed.
- **Electricity:** - An estimated price of ₹18000/- annually (Inclusive of GST) is taken into account for electricity charges.
- **Marketing:** - Marketing is an integral part for any startup to introduce itself and penetrate the market. Below are few Marketing Strategies that can be executed on Social Media platforms.
 1. Create 30 seconds short reels on Instagram with an eye-catching tagline and selling the product smartly.
 2. Create reels on Facebook as well to increase market reach.
 3. Target under grad and post grad students on social media platforms.
 4. After few months of social media reach, we can also target YouTube by creating short advertisements. (Like CRED)
 5. On LinkedIn, we can put daily quiz for a week on Finance, Marketing, operations, Data science etc. At the end of the quiz, we can select top 2 performers and give them exciting offers on the courses of Edlightened. This will increase the interaction with the target audience, that will in turn increase the number of students enrollment.
 6. All the strategies will be given as a Live project to the marketing interns.
 7. In year 1 we will collaborate with the upcoming finance influencers to post a video of mentioning Edlightened courses. With this we can target the influencer's existing followers. From year 2 we can collaborate with some top influencers having good market reach.
 8. We can tell them to post on particular time slots like before summer internships and placement season in a year.
 9. We can tie-up with various institutes providing UG, PG, etc. education in the fields of finance, marketing, IT, Operations and Data science. We can tie-up on a commission-based basis.
 10. We can put up creative ads on YouTube to target students who search for courses on this platform. We can also collaborate with existing channels who provide finance-based content.

- **If we use Promotions feature of Instagram:**

Minimum expense **₹80 per day**, then it will reach approximately to 120- 200 users. (Without users searching for them). We can also increase the spending once we grow gradually.

Cost per Acquisition:

Year 1	Reach	No. of college	Conversion	Rate	No. of days	Cost
Instagram	12000		0.50%	₹ 80.00	100	₹ 8,000
Influencer						₹ 15,000
Institute Tie ups	200	15	7.5%	₹ 86.10		₹ 19,373
Linkedin						₹ 55,224
Youtube						₹ 2,16,000
SEO						₹ 1,20,000
					Total	₹ 4,33,597

Year 2	Reach	No. of college	Conversion	Rate	No. of days	Cost
Instagram	18000		0.70%	₹ 100.00	150	₹ 15,000
Influencer						₹ 30,000
Institute Tie ups	200	30	7.5%	₹ 88.68		₹ 39,907
Linkedin						₹ 55,224
Youtube						₹ 2,16,000
SEO						₹ 1,20,000
					Total	₹ 4,76,131

Year 3	Reach	No. of clg	Conversion	Rate	No. of days	Cost
Instagram	24000		1.00%	₹ 100.00	200	₹ 20,000
Influencer						₹ 1,00,000
Institute Tie ups	200	50	7.5%	₹ 91.34		₹ 68,508
Linkedin						₹ 55,224
Youtube						₹ 2,16,000
SEO						₹ 1,20,000
					Total	₹ 5,79,732

Courses to be introduced:

(1) Financial Modelling (Price- ₹2000 including Taxes)

Points to considered:

1. Credibility of the course.
2. Conducting Assessments
3. Include Practical Case Studies- Live Projects.
4. Should be an interactive approach. Not just a pre-recorded session

(2) Live Stock Trading (Price- ₹500-800 Approximately)

Observing market trends, initially guiding students to invest using virtual money in real time.

- **Miscellaneous Expenses:** - Miscellaneous items like stationary (pen, paper, markers, files, books etc.) which will be used while conducting sessions/ making courses are expected to cost us around ₹6000/- annually and as EdLightened will increase the number of batches and add more courses to its website the quantity of these materials consumed will increase, thus increasing its expenses.
- **Website Development Fees:** - Our suggestion for website is to change/ modify it so that it appears to be more interactive and attractive. For this we need to edit the existing the website or make a new website completely (either way charges will be same i.e., approximately ₹15000/-). Once website is set annually when we want to add new courses to our website the follow up charges of ₹1000/- will be required.
- **Domain Costs:** - The domain name for the website is currently rented and first year charges for the same are ₹499/- but then rental charges to be paid will be ₹1050/- annually from the next year (i.e., Year 1).
- **Software Costs:** - Powtoon software used by the company for making short videos and trailers for the courses will cost them ₹3348/- annually.
- **Zoom Premium:** - Currently Zoom charges ₹13200/- annually for its Pro plan wherein 100participants can be included and there is no time limit on the meeting. So, the firm has opted for the same to accommodate more students and conduct sessions without any disturbances.