

PROJECT PROFILE

ON

**COURIER SERVICE
(COURIER FRANCHISE)**

Month & Year
July 2010

**PREPARED BY
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COURIER SERVICE (COURIER FRANCHISE)

INTRODUCTION

Indian courier industry is blossoming giving opportunities to start one's own courier service in India. With many global players entering into the lucrative Indian market, there is huge untapped market which is still waiting to be explored. Considering India's large geographical area, emerging economy, it's quite prudent to venture into this vastly potential segment.

Usually the basic function of a courier is to pick the goods and merchandise and getting them delivered to their intended destinations. A courier service has almost become a daily necessity, because people are always in need of some urgent package delivery. What differentiates courier service from ordinary mail service is the time and speed factor. While deciding on the business start-up one must take into consideration what kind of goods one will be delivering. Here few factors play a big role. Whether one will be operating in rural locality or one will be operating in cities or town. Depending upon these, the cost factor will be clearer as those starting in town will have to face traffic and distant travel. While circling onto these, the starter will also have to consider, about the type of merchandise one will be dealing into. It can be normal goods, heavy equipments, liquids, medication etc. Dealing into these will require license from the local authorities.

Finally after the set up of the business and deciding upon the vehicles

to be used the start up company's ad can be placed so that people come to know about it. The business must also be sure about whether it will be dealing into same day courier service or technical courier service. Same-day courier service is about delivering the mails and parcels on the same day. As the name conveys this is very speedy and accurate.

MARKET POTENTIAL

The Indian courier market is Rs 7,000-crore courier industry and it is growing at 25% a year. Still, most of the business is in unorganized sector. Few major players dominate the market .Earlier, it used to be a fragmented market but, now the process of consolidation can be seen.

Mainstream companies provide a variety of services. Courier services in India can be segregated in few categories. Basically, it begins with intra-city services which are about speedy delivery of mails and goods within the city. Broadening the services, inter-city services are covered. Normally this is termed as surface cargo services where short distance and bulk loads are handled. Surface mode service is performed through two ways: firstly, on road (by bus or vehicle) and secondly on track (by train) services. The products are normally delivered through door to door.

Then, air express and air cargo services to send parcel to India. The air express service is usually a day faster compared to air cargo. Air express is used by the people who need to send their significant documents across India or the world in urgency; whereas air cargo

includes weighty loads and security objects. They provide both national and international services. Courier companies work in tandem with the foremost airlines and in sync with their well tuned, well associated set of connections the timely deliverance and protected service is guaranteed. Few other variant of services could be express services, ocean freight, industry solutions, logistic solutions, shipping tools. These particular services are individual of a company's area of specialization and diversification.

In general courier service rates in India are subject to weight of the mail and goods. To take an example a parcel weighing 500 grams to be sent within the intra zone costs almost 40 Rs whereas if it is intended for inter zone it will be charged around 80 Rs. There is a high possibility of the rates being increased substantially. The central ministry is expected to introduce a bill in parliament, related to postal charges. Few rates modification is in the pipeline. The dust is supposed to settle down in coming time.

Many Courier services companies offer franchinsee business to new entrants.

These Franchisees, in turn cover the individual pincode(s) assigned to them. The opportunities in this Franchise are excellent and the potential rewards are outstanding. An entrepreneur with the drive, determination and wants to succeed, then Courier provides good opportunity for him.

This requires strong minded people with a will to succeed. You will develop your territory and you will generate an income for yourself from day one. The initial investment required for a depot franchise will vary depending on the premises and region.

Franchisor provides training on operating and reporting systems, health and safety matters, terms and conditions of carriage, sales promotion and business development, customer care, time management and financial controls. In short every single aspect of running your own business is covered.

INSTALLED CAPACITY

The installed capacity in Courier servicing is not a critical factor. Initially a small office which can handle lesser volume of transaction can be started. When the volume increases the number of staff and other infrastructure facilities can be expanded.

1. Office Equipments

The necessary office equipments are available locally.

Computer & printer and software for accounting- Courier handling package etc	0.40	
Telephone	0.05	
Tables & Chairs	1.00	
	1.45	

2. Land and Building

Total area of 500 sq.ft is sufficient, which can be arranged on lease basis. The monthly rent is around at Rs.5000 advance Rs. 50000.

3. UTILITIES

Power :The unit does not require power and to run the office equipments commercial power connection is sufficient.

Water : Water is required for human consumption only.

Transport:

Transport facilities are required and the site Ito be selected is to be located near Main Road.

Manpower

Labour requirement of the unit is estimated as follows.

MAN POWER

Category	Nos	Salary p.m	Total
Manager	1	8000.00	8000.00
Courier boys- incl bata for petrol expenses.	5	7000.00	35000.00
Assistant	2	5000.00	10000.00
			<hr/>
			53000.00
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Salaries per Annum			636000.00
Total Salaries per Annum			6.36 lakhs

4. Implementation Schedule

If finance can be arranged the project can be implemented within a month's period.

5. Assumptions

Revenue	240000 consignments per annum- 20000 nos per month
Income	Rs.4.00 per consignment – (Courier Franchisee's share out of Rs.15.00 billing on an average)
Power charges	Rs.2000 per month
Salaries	Rs.6.36 lakhs per annum including bata for petrol
Rent	Rs.5000 per month
Telephone charges	Rs.1500 per month
Traveling expenses	Rs.1500 per month
Printing and stationery	Rs.1000 per month
Repairs and maintenance	Rs.1000 per month
Depreciation	Wdv method
Promotional exp	Rs2500 per month
Books and periodicals	Rs.1000 per month
Misc exp	Rs.1000 per month
Interest on term loan	Term loan not provided
Income tax	33.22% on taxable income

1. COST OF PROJECT		Rs.lakhs
Land & Building-Rental Advance (500 sq.ft)		0.50
Office Equipments		
- Computer & printer	0.40	
- Telephone	0.05	
- Tables & Chairs	1.00	
		1.45
Pre-Operative Expenses		0.10
Margin for Working Capital		0.05
		<u>2.10</u>

2. MEANS OF FINANCE

Capital		2.10
Term Loan		0.00
		<u>2.10</u>

3. COST OF PROFITABILITY STATEMENT

	Rs. Lakhs		
Year	1	2	3
Installed Capacity			
No of Courier consignements	240000	264000	290400
Utilisation (%)			
Sales Value (Rs. lakhs)	<u>9.60</u>	<u>10.56</u>	<u>11.62</u>

Power	0.24	0.25	0.26
Wages & Salaries	6.36	6.68	7.01
Rent	0.60	0.63	0.66
Telephone Charges	0.30	0.32	0.33
Travelling Conveyance	0.30	0.32	0.33
Printing & Stationary Exp.	0.12	0.13	0.13
Repairs & Maintenance	0.12	0.13	0.13
Depreciation	0.22	0.18	0.16
Promotion Exp.	0.30	0.32	0.33
Books & Periodicals	0.12	0.13	0.13
Miscellaneous Exp.	0.12	0.13	0.13
Total	8.80	9.19	9.62
Profit Before Tax	0.80	1.37	2.00
Provision for Taxes	0.25	0.42	0.62
Profit After Tax	0.55	0.94	1.38
Add: Depreciation	0.22	0.18	0.16
Total Cash Accruals	0.77	1.13	1.54

4. PROFITABILITY RATIOS BASED ON 80%

<u>Profit after tax</u>	<u>1.38</u>	12%
Sales	11.62	
<u>Profit before Interest & Tax</u>	<u>2.00</u>	95%
Total Investment	2.10	
<u>Profit after Tax</u>	<u>1.38</u>	66%
Promoters Capital	2.10	

5. CALCULATION OF BREAK EVEN LEVEL

FIXED EXPENSES

Wages & Salaries	7.01
Repairs & Maintenance	0.13
Depreciation	0.16
Rent	0.66
Telephone Charges	0.33
Printing & Stationery	0.13
	<hr/>
	8.43

Profit Before Tax 2.00

$$\text{BREAK-EVEN LEVEL} = \frac{\text{FE}}{\text{FE} + \text{P}} \times 100\%$$

81%