BUSINESS PLAN · INDIA

Preschool and Daycare Centre

The ratio is true at nine and false at four

SCHOOLS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Preschool & Daycare Centre** in India — a single urban centre offering play-group to kindergarten sessions for children aged two to six alongside full-day daycare, built for 108 preschool places and 60 daycare places, run under its own brand with a franchise comparison stated.

> **The first thing to establish is what this business is not, because the previous plan in this vertical set a rule that does not apply here. A K-12 school cannot lawfully be run for profit in most of India — it must sit in a society or trust, and no surplus may be distributed. A standalone preschool is generally not a "school" for those purposes: most states do not require recognition or affiliation for pre-primary provision, so this business may lawfully be a proprietorship, LLP or private limited company, with profits distributed normally. That distinction is worth a great deal of money and is routinely blurred by advisers who apply the school rule to a preschool or the preschool rule to a school, both of which are expensive errors. The plan also notes the direction of travel: several states have begun registering and regulating pre-primary provision, and NEP 2020 brings ages three to six into the foundational stage — so a promoter should assume the regulatory position tightens over the life of this investment rather than stays as it is.**

> **The second is that this is child custody as much as education, and a plan that leads with curriculum has misread what parents are buying. A family choosing a preschool for a three-year-old is buying the assurance that she will be safe, fed, clean and happy for four hours with adults they have never met. The curriculum is the reason they give; the ratio, the people and the premises are the product. Which makes the integrity question in this business unusually specific: the advertised staff-to-child ratio is true at nine in the morning when parents are watching the drop-off, and it is a different number at half past three when half the children have gone home and one helper is left with fifteen. The ratio is real at the moment parents see it and not at the moment it matters.** This plan measures it accordingly: **ratio logged at four fixed points every day including the late-afternoon low, and sessions meeting the stated ratio at ALL FOUR checkpoints rise from 58% to 97%.**

> **The third is a structural fact that separates this business from every school in the vertical: every child leaves, and the oldest cohort graduates out every single year by design. A K-12 school that enrols a child at five keeps her for twelve years and its admission problem shrinks as it matures. A preschool's maximum tenure is about three years and its average is nearer two, so it must refill roughly 47% of its roll every year, for ever. A preschool's marketing is never finished — it is not a launch cost, it is a permanent operating line — and the only thing that reduces it is siblings and referral, which this plan takes from 22% to 51% of new admissions.**

> **And the fourth decides whether the centre is viable at all: daycare is a different business sharing the same rooms, and it is the reason the numbers work. A preschool session uses a room for four hours in term time; a daycare place uses it for ten hours all year, needs food, sleep space and more staff, and pays two and a half times as much. The room is the capacity, and daycare earns far more from the same square footage.** This plan takes **daycare from 24% to 43% of the roll** — and states the consequence bluntly: **at the Year-3 cost base, break-even is about 138 children on the Year-3 mix and about 171 on the Year-1 mix. 171 exceeds this centre's 168-place capacity, which means a centre that does not grow its daycare share cannot break even however full it becomes. The mix is not an optimisation; it is the condition of viability.**

This plan models a centre requiring **₹1.58 crore** (₹78 lakh promoter + ₹60 lakh term loan + ₹20 lakh working-capital facility), moving from **84 children and a ₹21 lakh loss** to **152 children and ₹18 lakh profit** by Year 3, *with return on capital employed rising from (13.6%) to 10.3%. (Preschool and full-day daycare — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A single-centre preschool with a deliberately growing daycare share, run on a ratio that is true all day and a staff team that stays.

Vision: To be the centre whose four o'clock looks like its nine o'clock.

Mission: Verify every adult, including the ones nobody checks; log the ratio when it is lowest, not when it is highest; grow daycare because the room is the asset; keep the helper who knows the children; and never advertise an outcome we cannot show a parent.

Legal structure — and why it differs from a school

- **Private Limited or LLP** — recommended and, unlike a K-12 school, **permitted**: a standalone preschool is generally outside school-recognition requirements, so profits may be earned and distributed normally.
- **Proprietorship** — workable for a single small centre, though the liability profile of a business caring for two-year-olds argues against holding it personally.
- **Franchise or own brand** — a commercial choice rather than a legal one, examined in section 6 with both cost structures stated.

> **Regulatory anchor:** lighter than a school's and tightening. **Most states do not currently require recognition or affiliation for standalone pre-primary provision, which is why this business may be for-profit — but several states have introduced preschool registration regimes, and NEP 2020 brings ages three to six into the foundational stage, so the sensible planning assumption is that regulation increases within the life of this investment. The Juvenile Justice Act and POCSO apply in full, with mandatory reporting obligations that fall on the centre and on individual staff — and POCSO applies to every adult on the premises, including the cook, the cleaner, the driver and the helper. The Maternity Benefit Act requires a creche facility at establishments above the prescribed employee threshold, which is both a compliance point for the centre's own staffing and a genuine B2B demand source worth pursuing.** Then: **state Women and Child Development creche rules where applicable**; shops and establishment registration; **fire NOC and structural safety certification for premises holding small children, with particular attention to staircases, balconies, water and electrical points**; **FSSAI registration for the kitchen, which is not optional once daycare meals are served**; state school-vehicle safety rules for the van including an attendant on every trip; and EPF, ESI and POSH obligations across a workforce that is almost entirely women.

3. Promoter & Ownership

Led by a promoter with early-years education, childcare or centre-management background. Three competences decide outcomes. *Recruitment and retention of helpers and caregivers*, because the person who spends the most time closest to the youngest children is usually the least qualified, least paid and most likely to leave — and in this business she is the product. *Ratio discipline in the afternoon*, since nobody is watching and the temptation to send a helper home early is small, constant and cumulative. And *the willingness to sell daycare rather than preschool*, which is a harder sale to a family that wanted three hours and is the only route to viability this centre has. Ownership, equity & investor terms are editable inputs.

4. Market Analysis — India

Indian preschool and daycare demand is driven less by education policy than by household structure — dual-income families, nuclear households without resident grandparents, and urban work patterns that leave a gap between school hours and working hours.

Demand drivers

- **Dual-income and nuclear urban households**, the primary driver, and the reason daycare grows faster than preschool.
- **Earlier formal-schooling entry expectations**, which pull families into structured pre-primary at two and a half rather than four.
- **Employer creche obligations** under the Maternity Benefit Act, creating a B2B channel most centres do not pursue.
- **Absence of extended-family childcare**, which converts a preference into a requirement.
- **NEP 2020's foundational-stage emphasis**, raising the perceived importance of the years this centre serves.
- **Willingness to pay for safety and communication**, which rises faster than willingness to pay for pedagogy.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Children aged 2–6 in the served micro-market	Demographically defined
SAM	**Families within a 10–15 minute drop-off of the centre**	**Commute-bounded, and tighter than a school's**
SOM (Yr 1–3)	Roll against 168 places, weighted preschool/daycare	84 → 152; daycare 24% → 43%

> **The catchment for a preschool is smaller than for any school and it is defined by a parent's morning, not by a bus route. A family will not add fifteen minutes to a working parent's commute in each direction for a two-year-old, so the practical market is the few residential clusters on the way to work — often a radius of three or four kilometres and sometimes only the ones on the correct side of a main road. This is the tightest version of the radius constraint this library has met: the concrete plant's was ninety minutes and the school's was a bus ride, and this one is a parent's patience at eight in the morning.** Two consequences follow. **Site selection is the single largest decision in this plan and cannot be corrected afterwards — a centre on the wrong side of a junction is competing against convenience it cannot buy back with quality. And the addressable roll is bounded and countable: this is not a market to be grown into, it is a set of a few hundred families, which is why word of mouth compounds so powerfully and why one serious incident is not recoverable in the way it might be in a larger catchment.**

5. Competition & Position

Landscape: branded preschool franchises with recognition and standardised curricula; independent neighbourhood centres competing on price and proximity; **home-based daycare run informally, which is cheaper, closer, unregulated and the true volume competitor**; K-12 schools with attached pre-primary sections that capture families early and keep them; and, at the margin, a domestic helper or relative, which is the option a family chooses when it cannot afford or does not trust the alternatives. **Because every centre claims safety, warmth and a curriculum, competition runs almost entirely on proximity, price and what a parent senses on a visit — none of which is verifiable in advance.**

The centre's position

- **Ratio published from the four o'clock reading**, not the nine o'clock one.
- **Every adult verified**, including helpers, drivers, cooks and cleaners.
- **Staff retention reported**, because a child's attachment is to a person.
- **Daycare designed rather than tolerated** — sleep space, kitchen and staffing built for it.
- **Incidents logged and shown to parents**, in a category where the norm is to settle quietly.

- **No outcome claims** about readiness, IQ or admission to particular schools.

> **The honest competitive difficulty is that this centre's advantages are invisible on a visit and its main competitor is not a business at all. A parent touring two centres sees two clean rooms, two sets of smiling staff and two brochures. She cannot see the afternoon ratio, the verification file or the attrition rate, and the centre that has none of them presents identically for the forty minutes she is there. Meanwhile a large share of the market uses informal home-based care at a third of the price, from someone the family knows — an option with no ratio, no verification and no fire exit, and one this centre will never beat on cost or convenience.** Three positions follow. **Publish what a visit cannot reveal — the four-checkpoint ratio log, the verification coverage, the attrition figure, the incident log — because these are the only claims that are checkable and almost no competitor makes them. Compete against informal care on the specific things it cannot offer rather than on price: qualified first aid, a verified adult, a fire-safe building and a record of what happened today. And decline the family that is buying only price, since the cost of this centre's disciplines is real and cannot be discounted away.**

6. The Two Businesses, the Room, and the Franchise Question

Element	Character	Economics
Preschool session (2–6 yrs, 3–4 hrs, term time)	**Uses the room for four hours**	**₹64,000 → ₹72,000 a year**
Daycare place (full day, all year)	**Uses the same room for ten hours**	**₹1,56,000 → ₹1,80,000 — 2.5× the preschool fee**
Daycare share of roll	**The condition of viability, not an optimisation**	**24% → 36% → 43%**
Break-even roll — Year-3 mix / Year-1 mix	**The second exceeds capacity**	**~138 / ~171 against 168 places**
Annual cohort refill requirement	**Every child leaves — by design**	**~47% of roll, every year, for ever**
Sibling & referral share of new admissions	The only thing that reduces marketing	22% → 51%
Ratio met at all four daily checkpoints	**The integrity metric of this business**	**58% → 97%**
Employer creche contracts (Maternity Benefit Act)	B2B, contracted, stable	0 → 3 employers by Year 3

> **The franchise decision deserves a straight comparison rather than a preference, because both structures work and they work at different stages. A franchise supplies a recognised name, a curriculum, teacher training and — most valuably in year one — admissions credibility with parents who have never heard of the promoter. It costs a brand fee, mandated fit-out to the franchisor's specification, and a royalty typically charged as a percentage of fee revenue. That last point is the one to weigh: the royalty is charged on revenue, not on profit, so in a year when the centre loses money the franchisor is paid in full and the franchisee is not paid at all. On this plan's Year-1 revenue a ten per cent royalty would be ₹8.1 lakh against a ₹21 lakh loss — it would deepen the loss by nearly two-fifths.** The honest reading is a crossover. **A franchise earns its royalty while the brand is doing the admissions work, which is roughly the first two years and longer in a market where the promoter is unknown. An own brand is better once word of mouth is doing it instead, which on this plan's**

referral trajectory is from about Year 3. This plan models the own-brand route because the promoter is assumed to have local standing and because the fee is bounded by the catchment rather than by the brand — but a promoter without that standing should model the franchise case with the royalty charged against revenue in the loss years, which is where it hurts and where franchise projections usually place it least visibly.

7. Admissions, Retention & the Permanent Refill

Acquisition

- **Micro-catchment outreach** in the specific residential clusters on the correct side of the commute.
- **Open mornings during operating hours**, so parents see the centre working rather than staged.
- **Sibling pipeline**, the cheapest and most durable admission this business has.
- **Employer creche contracts** under the Maternity Benefit Act, a channel most independent centres ignore.
- **Paediatrician, society and residents' association relationships**, which carry disproportionate weight for this age group.

Retention

- **Staff continuity** — a two-year-old is attached to a person, and losing her helper is the commonest reason a family leaves.
- **Daily communication** that is specific rather than generic.
- **Progression into daycare** as a family's working pattern changes, which raises revenue per child by two and a half times.
- **Honest handling of incidents**, since how a bumped head is reported decides more than the bump does.

Staff attrition is this business's most under-managed cost, and its effects are commercial rather than merely operational. Preschool helpers and caregivers in India are paid poorly, carry the heaviest physical work, and turn over at rates that would be treated as a crisis in any other industry — this plan opens at 42% and treats getting it to 24% as a central objective rather than a nicety. The cost is not the replacement salary; it is that a three-year-old's attachment is to a person, and when that person leaves the family reconsiders the centre. A centre losing two helpers in a term will lose families it never connects to the departures. Three responses run through the plan. **Pay helpers above the local going rate deliberately — the increment is small against fee revenue and large against attrition. Train and promote from within, so a helper has somewhere to go other than out. And schedule so the same adult greets the same children every morning, which parents notice within a week and value more than any facility.**

8. Operations Plan (verify, staff, ratio, feed, record)

- **Verification: police verification and reference checks for every adult on the premises — teachers, helpers, cooks, cleaners, drivers and contractors — because the person most alone with the youngest children is usually the least checked.**
- **Ratio management: staff-to-child ratio logged at four fixed times a day including the late-afternoon low point, with the published figure taken from the LOWEST reading rather than the average.**
- **Attachment scheduling:** the same adult assigned to the same children each morning, **which is both a developmental practice and the strongest retention lever available.**
- **Food:** FSSAI-registered kitchen with allergy register and per-child dietary record, **since a mis-served allergen in a daycare is the fastest way this centre harms a child.**

- **Sleep & hygiene:** designated sleep space, nappy and toileting protocols, illness exclusion policy applied consistently — **including to the family that will be inconvenienced by it.**
- **Premises safety:** staircases, balconies, water points and electrical points treated as the specific hazards for this age group; fire drills with children rehearsed rather than recorded.
- **Transport:** attendant on every trip without exception, driver verified, route and boarding recorded.
- **Recording: incidents, injuries, near misses and parent concerns logged in full — a number that should RISE, because a centre reporting nothing is not safe, it is not writing things down.**
- **Daycare design:** capacity, staffing and kitchen built for full-day operation from the outset rather than retrofitted, **since daycare is where the economics are.**
- **Fees:** collected in advance by term, with a written hardship process and no public consequence for a child.

Control points

Area	Activity	Control point
The real constraint	**Roll against break-even roll (mix-dependent)**	**84 → 152 against ~138 at Year-3 mix**
The condition of viability	**Daycare share of roll**	**24% → 36% → 43%**
The integrity metric	**Ratio met at ALL FOUR daily checkpoints**	**58% → 82% → 97%**
Including the ones nobody checks	**Every adult police-verified / staff with paediatric first aid**	**44% → 100% / 31% → 100%**
Supposed to rise	**Incidents, near misses & concerns logged per year**	**6 → 19 → 34**
She is the product	**Staff attrition / helpers promoted internally**	**42% → 24% / 0 → 6**
Never finished	**Annual refill requirement / sibling & referral share of new admissions**	**~47% / 22% → 51%**
Commercial	Fees collected in advance · employer creche contracts · roll retained term to term	76% → 94% · 0 → 3 · 89% → 96%

> **This vertical's integrity pattern takes a precise form here, and it is worth naming because it is almost universal and almost never deliberate. A centre advertises one adult to eight children, and at nine in the morning that is exactly true — every parent who walks through the door sees it. By three in the afternoon half the children have gone, a helper has been sent home early, another is in the kitchen, and one adult is supervising fifteen in a room with a staircase. Nobody decided to breach the ratio; it drifted, in the hours when no parent is present, and it will drift again tomorrow. It saves real money — support staffing is a substantial line — it is invisible to the people paying for it, and it is discovered only when something happens.** The control is structural rather than exhortative. **The ratio is logged at four fixed times daily, one of which is deliberately the late-afternoon trough, and the figure the centre publishes is the LOWEST of the four rather than the average. Staffing is rostered to the trough rather than to the peak, which costs money and is the point. And compliance is reported monthly to parents alongside the incident log — 58% of sessions meeting the ratio at every checkpoint in Year 1, rising to 97%. The honest admission is that the first figure is what most centres are running and would rather not measure, and that a competitor who does not measure it has a materially lower staffing cost than this one.**

9. Child Safety, Food & Establishment Compliance (India)

- **Juvenile Justice Act and POCSO in full, with mandatory reporting obligations on the centre and on individual staff — and POCSO applies to every adult on the premises, including the cook, the cleaner, the driver and the helper.**
- **Preschool registration where the state requires it**, with the planning assumption that **regulation tightens over the life of this investment, since several states have begun registering pre-primary provision and NEP 2020 brings ages three to six into the foundational stage.**
- **Maternity Benefit Act creche requirement** at establishments above the prescribed threshold — a compliance point and a B2B demand source.
- **FSSAI registration for the kitchen**, which is not optional once daycare meals are served; allergy register maintained per child.
- **Fire NOC and structural safety certification**, with staircases, balconies, water points and electrical points treated as the specific hazards for this age group.
- **State school-vehicle safety rules** — attendant on every trip, driver verified and experienced, vehicle fitness current.
- Shops & establishment registration, trade licence and municipal permissions; state WCD creche rules where applicable.
- **EPF, ESI and POSH obligations across a workforce that is almost entirely women**, with an internal complaints committee constituted and trained rather than listed.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Helpers & caregivers	**8**	**12**	**17**
Teachers	6	9	12
Daycare care staff	**3**	**6**	**9**
Van drivers & attendants	4	4	6
Housekeeping & security	3	4	5
Administration & admissions	2	3	4
Cook & kitchen	1	2	3
Centre head	1	1	1
Total	**28**	**41**	**57**

Helpers and caregivers are the largest group in this establishment and that is the correct shape — they spend the most time closest to the youngest children, they are what a parent is actually buying, and they are the group this industry pays least and loses fastest. **The plan pays them above the local rate deliberately and promotes six internally by Year 3**, because attrition at 42% costs more in lost families than the increment costs in salary. **Safeguarding and the incident log report to the centre head and the promoter rather than to admissions** — the rule this library applies everywhere: **a control that reports to the party it constrains is not a control**, and here the constrained party is the one whose enrolment a logged incident might affect.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–5	Premises secured on the commute-correct side of the catchment with outdoor space, child-safe fit-out with staircase, balcony, water and electrical hazards addressed, fire NOC and structural certification obtained, FSSAI kitchen registered, every adult verified before a child arrives, ratio logging configured before opening
Year 1	Session 1	84 children (50% of places), daycare 24%; ₹81L revenue, ₹21L loss; ratio met at all four checkpoints 58%; verification 44%; attrition 42%; ROCE (13.6%)
Year 2	Session 2	118 children (70%), daycare 36%; ratio compliance 82%; verification 100%; attrition 30%; first employer creche contract; ₹1.37cr revenue, ₹3L loss
Year 3	Session 3	**152 children (90%), daycare 43%; ₹2.02cr revenue, ₹18L profit; ROCE 10.3%; ratio compliance 97%; paediatric first aid 100%; attrition 24%; referrals 51% of admissions; 3 employer contracts**

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. ***Roll and daycare mix are the levers. Fee is only partly one — it is bounded by a very tight catchment — and the mix matters more than the roll, because break-even at the Year-1 mix exceeds this centre's capacity.***

12.1 Project cost & means of finance

Capital requirement	₹
Premises fit-out (child-safe, age-zoned, washrooms, sleep area, kitchen)	**46,00,000**
Launch & initial operating losses	26,00,000
Play equipment, outdoor area & furniture	22,00,000
Premises deposit	18,00,000
Transport vans (2)	16,00,000
Learning materials, curriculum & initial training	8,00,000
Safety installation (CCTV, fire, first aid, fencing, hazard works)	**7,00,000**
Launch marketing	6,00,000
Working capital	5,00,000
Licences, legal & registrations	4,00,000
Total project cost	**1,58,00,000**
Promoter contribution	78,00,000
Term loan (fit-out, equipment & vans)	60,00,000
Working-capital facility	20,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3

ROLL (of 168 places) — preschool / daycare	**84 (50%) — 64 / 20**	**118 (70%) — 76 / 42**	**152 (90%) — 87 / 65**
Preschool fees (₹64,000 → ₹72,000)	40,96,000	51,68,000	62,64,000
Daycare fees (₹1,56,000 → ₹1,80,000 — 2.5× preschool)	**31,20,000**	**70,56,000**	**1,17,00,000**
Transport, meals, activities & admission	9,00,000	15,00,000	22,00,000
TOTAL REVENUE	**81,00,000**	**1,37,00,000**	**2,02,00,000**
Teaching & care staff salaries	**32,00,000**	**48,00,000**	**66,00,000**
Support staff (helpers, cook, housekeeping, security)	**12,00,000**	**17,00,000**	**23,00,000**
Premises rent	14,00,000	15,00,000	17,00,000
Food & nutrition (daycare meals)	**6,00,000**	**12,00,000**	**19,00,000**
Marketing & admissions	7,00,000	8,00,000	10,00,000
Transport operating (2 vans, drivers & attendants)	5,00,000	7,00,000	9,00,000
Depreciation (fit-out, play equipment, furniture, vans)	6,00,000	7,00,000	8,00,000
Utilities, maintenance & consumables	5,00,000	7,00,000	9,00,000
Learning materials, curriculum & staff training	4,00,000	6,00,000	8,00,000
Safety: verification, CCTV, first aid, drills & insurance	**4,00,000**	**5,00,000**	**7,00,000**
Finance cost	4,00,000	4,00,000	3,00,000
Administration, compliance, audit & licences	3,00,000	4,00,000	5,00,000
Total expenses	**1,02,00,000**	**1,40,00,000**	**1,84,00,000**
Net profit / (loss) before tax	**(21,00,000)**	**(3,00,000)**	**18,00,000**
Net margin	(25.9%)	(2.2%)	8.9%
AVERAGE CAPITAL EMPLOYED / RETURN ON CAPITAL EMPLOYED	**₹1.54cr / (13.6%)**	**₹1.62cr / (1.9%)**	**₹1.74cr / 10.3%**
BREAK-EVEN ROLL — at Year-3 mix / at Year-1 mix	**~138 / ~171 — and 171 EXCEEDS the 168-place capacity, so a centre that does not grow daycare cannot break even however full it gets**		
DAYCARE SHARE OF ROLL / revenue per daycare child vs preschool	**24% / 2.4×**	**36% / 2.5×**	**43% / 2.5×**
Revenue per child (blended) / staff cost as % of revenue	₹96,400 / 54.3%	₹1,16,100 / 47.4%	₹1,32,900 / 44.1%
RATIO MET AT ALL FOUR DAILY CHECKPOINTS	**58%**	**82%**	**97%**

Every adult police-verified (incl. helpers, cooks, drivers, cleaners) / paediatric first aid trained	**44% / 31%**	**100% / 68%**	**100% / 100%**
INCIDENTS, NEAR MISSES & CONCERNS LOGGED (supposed to rise)	**6**	**19**	**34**
STAFF ATTRITION / helpers promoted internally (cumulative)	**42% / 0**	**30% / 3**	**24% / 6**
Annual refill requirement / sibling & referral share of new admissions	**~47% / 22%**	**~47% / 38%**	**~47% / 51%**
Fees collected in advance · employer creche contracts · roll retained term to term	76% · 0 · 89%	87% · 1 · 93%	94% · 3 · 96%

12.3 Unit economics & break-even

- **Break-even is mix-dependent and that is the plan's central finding: ~138 children at the Year-3 mix and ~171 at the Year-1 mix, against 168 places. A centre holding its daycare share at 24% cannot reach break-even at full capacity — which means the mix is not a lever to be optimised later, it is a condition to be built for from the fit-out onward.**
- **The room is the capacity and daycare uses it two and a half times harder. A preschool session occupies a room for four hours in term time; a daycare place occupies the same room for ten hours all year and pays 2.5× — which is why sleep space, kitchen and full-day staffing are built at the outset rather than retrofitted.**
- **Staff cost is 54.3% of revenue in Year 1 and 44.1% by Year 3, and the absolute figure doubles. The ratio improves by filling places, not by thinning staff — and the plan's afternoon-ratio discipline exists precisely to prevent the second.**
- **Roughly 47% of the roll must be replaced every year, permanently. Marketing at ₹7–10 lakh a year is therefore an operating line rather than a launch cost, and the only thing that reduces it is referral — 22% to 51% of new admissions.**
- **Break-even: Year 3. Year 2 is a ₹3 lakh loss at 70% occupancy, which is close enough to be within a single term's admissions either way — and that sensitivity is the reason the plan funds ₹26 lakh of launch losses rather than ₹15 lakh.**

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1 Apr–Jun (session opens)	Q2 Jul–Sep	Q3 Oct–Dec	Q4 Jan–Mar (admissions)
Opening balance	26,00,000	18,00,000	13,00,000	9,00,000
Fee collections & receipts	18,00,000	21,00,000	17,00,000	21,00,000
Salaries, rent, food, transport, interest & overheads	26,00,000	26,00,000	21,00,000	25,00,000
Closing balance	**18,00,000**	**13,00,000**	**9,00,000**	**5,00,000**

> **Two cash features matter here and they work against each other. The helpful one is that fees are collected in advance by term and daycare runs through the year, so this business is largely pre-funded by its customers —**

advance collection rises from 76% to 94% and there is no meaningful receivable to finance. The unhelpful one is that the preschool half stops earning in vacations while every salary continues, and staff cost is the largest line by a wide margin — so the centre gives back in the holidays what it gained in advance. Daycare fixes both problems at once: it runs through vacations, it is billed monthly or termly in advance, and it is the reason the Year-3 cash position holds. One further point deserves stating. **The Year-1 closing balance of ₹5 lakh is thin, and it arrives at the end of the admissions quarter — the one period in which next year's entire revenue is decided. A promoter who reaches February with no cash and cuts admissions spending will carry the consequence for two full years, because the cohort he fails to recruit is a cohort he never gets back.**

12.5 Key Performance Indicators to Monitor

- **The real constraint: roll against mix-adjusted break-even roll; daycare share; revenue per child; staff cost as % of revenue.**
- **Safety — the metrics that must rise: ratio met at all four daily checkpoints with the lowest reading published; incidents, near misses and concerns logged and closed; verification coverage including cooks, cleaners, drivers and contractors; paediatric first aid coverage; drills completed.**
- **People:** attrition by role; internal promotions; continuity of the assigned adult per child group; time-to-fill for caregiver vacancies.
- **The permanent refill:** annual refill requirement against admissions achieved; sibling and referral share; enquiry-to-admission conversion; term-to-term roll retention.
- **Commercial:** fees collected in advance; employer creche contracts; food cost per daycare child; transport utilisation.

13. Funding Requirement & Bankability

Total ask: **₹60 lakh term loan plus a ₹20 lakh working-capital facility** against ₹78 lakh promoter contribution. Four points. **First, this is a for-profit entity — unlike the K-12 school in this vertical — so surplus is distributable and the structure is conventional; a lender does not face the non-distribution constraint that governs a school. Second, the security position is weak and should be priced as such: fit-out in leased premises has no realisable value, play equipment and furniture very little, and only the two vans are standard resaleable assets — so this is a cash-flow lend against enrolment. Third, the diagnostic question is the daycare mix, not the roll. Break-even at the Year-1 mix exceeds this centre's capacity, so a promoter who can state his daycare share and his mix-adjusted break-even roll understands his business; one who quotes places and occupancy does not. Fourth, and specific to this sector: ask for the verification file and the ratio log before lending. A centre that cannot show police verification for its cook and its driver, or that logs its ratio only once a day, is carrying a risk whose realisation would close the business immediately and permanently — this is a catchment of a few hundred families, and one serious incident is not something a preschool recovers from.**

13.1 Funding utilisation

Use of funds	₹	% of total
Premises fit-out (child-safe, age-zoned, washrooms, sleep area, kitchen)	46,00,000	29.1%
Launch & initial operating losses	26,00,000	16.5%
Play equipment, outdoor area & furniture	22,00,000	13.9%
Premises deposit	18,00,000	11.4%
Transport vans (2)	16,00,000	10.1%

Learning materials, curriculum & initial training	8,00,000	5.1%
Safety installation (CCTV, fire, first aid, fencing, hazard works)	7,00,000	4.4%
Launch marketing	6,00,000	3.8%
Working capital	5,00,000	3.2%
Licences, legal & registrations	4,00,000	2.5%
Total	**1,58,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Not a school — and the distinction is worth money	**A K-12 SCHOOL CANNOT LAWFULLY BE RUN FOR PROFIT IN MOST OF INDIA; A STANDALONE PRESCHOOL GENERALLY IS NOT A "SCHOOL" FOR THOSE PURPOSES, SO THIS BUSINESS MAY BE A PROPRIETORSHIP, LLP OR COMPANY WITH PROFITS DISTRIBUTED NORMALLY. THE DISTINCTION IS ROUTINELY BLURRED BY ADVISERS WHO APPLY THE SCHOOL RULE TO A PRESCHOOL OR THE PRESCHOOL RULE TO A SCHOOL, BOTH EXPENSIVE ERRORS** → the for-profit structure taken deliberately and stated; **AND THE DIRECTION OF TRAVEL NOTED, SINCE SEVERAL STATES HAVE BEGUN REGISTERING PRE-PRIMARY PROVISION AND NEP 2020 BRINGS AGES THREE TO SIX INTO THE FOUNDATIONAL STAGE — SO THE PLANNING ASSUMPTION IS THAT REGULATION TIGHTENS WITHIN THE LIFE OF THIS INVESTMENT RATHER THAN STAYS AS IT IS**
The ratio is true at nine and false at four	**THIS VERTICAL'S INTEGRITY PATTERN IN ITS PRECISE LOCAL FORM. A CENTRE ADVERTISES ONE ADULT TO EIGHT CHILDREN AND AT NINE IN THE MORNING THAT IS EXACTLY TRUE — EVERY PARENT WHO WALKS THROUGH THE DOOR SEES IT. BY THREE IN THE AFTERNOON HALF THE CHILDREN HAVE GONE, A HELPER HAS BEEN SENT HOME EARLY, ANOTHER IS IN THE KITCHEN, AND ONE ADULT IS SUPERVISING FIFTEEN IN A ROOM WITH A STAIRCASE. NOBODY DECIDED TO BREACH THE RATIO; IT DRIFTED, IN THE HOURS WHEN NO PARENT IS PRESENT, AND IT WILL DRIFT AGAIN TOMORROW. IT SAVES REAL MONEY, IT IS INVISIBLE TO THE PEOPLE PAYING FOR IT, AND IT IS DISCOVERED ONLY WHEN SOMETHING HAPPENS** → ratio logged at FOUR fixed times daily including the late-afternoon trough, **WITH THE PUBLISHED FIGURE TAKEN FROM THE LOWEST READING RATHER THAN THE AVERAGE**; staffing rostered to the trough rather than the peak, **WHICH COSTS MONEY AND IS THE POINT**; compliance reported monthly to parents alongside the incident log (58%→97%); and the honest admission that **THE FIRST FIGURE IS WHAT MOST CENTRES ARE RUNNING AND WOULD RATHER NOT MEASURE, AND THAT A COMPETITOR WHO DOES NOT MEASURE IT HAS A MATERIALLY LOWER STAFFING COST THAN THIS ONE**

Child custody, not education — and every adult is in scope	**A FAMILY CHOOSING A PRESCHOOL FOR A THREE-YEAR-OLD IS BUYING THE ASSURANCE THAT SHE WILL BE SAFE, FED, CLEAN AND HAPPY FOR FOUR HOURS WITH ADULTS THEY HAVE NEVER MET. THE CURRICULUM IS THE REASON THEY GIVE; THE RATIO, THE PEOPLE AND THE PREMISES ARE THE PRODUCT. AND THE PERSON WHO SPENDS THE MOST TIME CLOSEST TO THE YOUNGEST CHILDREN IS USUALLY THE LEAST QUALIFIED, LEAST PAID AND LEAST CHECKED** → police verification and reference checks for EVERY adult on the premises — teachers, helpers, cooks, cleaners, drivers and contractors (44%→100%); paediatric first aid across all staff (31%→100%); POCSO and JJ Act obligations with mandatory reporting understood by individual staff and not only by the centre; FSSAI kitchen with a per-child allergy register, since **A MIS-SERVED ALLERGEN IN A DAYCARE IS THE FASTEST WAY THIS CENTRE HARMS A CHILD**; staircases, balconies, water and electrical points treated as the specific hazards for this age; attendant on every van trip WITHOUT EXCEPTION; **AND INCIDENTS, INJURIES, NEAR MISSES AND CONCERNS LOGGED AS A NUMBER THAT SHOULD RISE (6→34), BECAUSE A CENTRE REPORTING NOTHING IS NOT SAFE, IT IS NOT WRITING THINGS DOWN** — with safeguarding reporting to the centre head and promoter rather than to admissions
Every child leaves, by design	**A K-12 SCHOOL THAT ENROLS A CHILD AT FIVE KEEPS HER FOR TWELVE YEARS AND ITS ADMISSION PROBLEM SHRINKS AS IT MATURES. A PRESCHOOL'S MAXIMUM TENURE IS ABOUT THREE YEARS AND ITS AVERAGE NEARER TWO, SO IT MUST REFILL ROUGHLY 47% OF ITS ROLL EVERY YEAR, FOR EVER — A PRESCHOOL'S MARKETING IS NEVER FINISHED, IT IS NOT A LAUNCH COST BUT A PERMANENT OPERATING LINE** → marketing budgeted as an operating line at ₹7–10 lakh a year rather than as a launch item; the sibling pipeline treated as the cheapest admission the business has; employer creche contracts under the Maternity Benefit Act pursued as a stable contracted channel most independents ignore; **AND REFERRAL AND SIBLING SHARE OF NEW ADMISSIONS TAKEN FROM 22% TO 51%, WHICH IS THE ONLY THING THAT REDUCES THE PERMANENT REFILL COST**
The mix is the condition of viability, not an optimisation	**DAYCARE IS A DIFFERENT BUSINESS SHARING THE SAME ROOMS: A PRESCHOOL SESSION USES A ROOM FOR FOUR HOURS IN TERM TIME; A DAYCARE PLACE USES IT FOR TEN HOURS ALL YEAR, NEEDS FOOD, SLEEP SPACE AND MORE STAFF, AND PAYS TWO AND A HALF TIMES AS MUCH. BREAK-EVEN IS ~138 CHILDREN AT THE YEAR-3 MIX AND ~171 AT THE YEAR-1 MIX — AND 171 EXCEEDS THIS CENTRE'S 168 PLACES, SO A CENTRE THAT DOES NOT GROW ITS DAYCARE SHARE CANNOT BREAK EVEN HOWEVER FULL IT BECOMES** → daycare share 24%→43%, with sleep space, kitchen and full-day staffing BUILT AT THE OUTSET RATHER THAN RETROFITTED; progression into daycare offered as a family's working pattern changes; and **DAYCARE ALSO FIXES THE CASH SHAPE, SINCE THE PRESCHOOL HALF STOPS EARNING IN VACATIONS WHILE EVERY SALARY CONTINUES AND DAYCARE RUNS THROUGH**
The helper is the product, and she leaves	**PRESCHOOL HELPERS AND CAREGIVERS IN INDIA ARE PAID POORLY, CARRY THE HEAVIEST PHYSICAL WORK AND TURN OVER AT RATES THAT WOULD BE TREATED AS A CRISIS IN ANY OTHER INDUSTRY. THE COST IS NOT THE REPLACEMENT SALARY; IT IS THAT A THREE-YEAR-OLD'S ATTACHMENT IS TO A PERSON, AND WHEN THAT PERSON LEAVES THE FAMILY RECONSIDERS THE CENTRE — A CENTRE LOSING TWO HELPERS IN A TERM WILL LOSE FAMILIES IT NEVER CONNECTS TO THE DEPARTURES** → helpers paid above the local going rate deliberately, **SINCE THE INCREMENT IS SMALL AGAINST FEE REVENUE AND LARGE AGAINST ATTRITION**; training and internal promotion so a helper has somewhere to go other than out (6 promoted by Year 3); the same adult scheduled to greet the same children every morning, **WHICH PARENTS NOTICE WITHIN A WEEK AND VALUE MORE THAN ANY FACILITY** (attrition 42%→24%)

A catchment of a few hundred families, and an invisible product	**THE PRACTICAL MARKET IS THE FEW RESIDENTIAL CLUSTERS ON THE WAY TO WORK — OFTEN THREE OR FOUR KILOMETRES AND SOMETIMES ONLY THE ONES ON THE CORRECT SIDE OF A MAIN ROAD. THIS IS THE TIGHTEST RADIUS CONSTRAINT IN THIS LIBRARY: THE CONCRETE PLANT'S WAS NINETY MINUTES, THE SCHOOL'S WAS A BUS RIDE, AND THIS ONE IS A PARENT'S PATIENCE AT EIGHT IN THE MORNING. AND A PARENT TOURING TWO CENTRES SEES TWO CLEAN ROOMS AND TWO SETS OF SMILING STAFF — SHE CANNOT SEE THE AFTERNOON RATIO, THE VERIFICATION FILE OR THE ATTRITION RATE, AND THE CENTRE THAT HAS NONE OF THEM PRESENTS IDENTICALLY FOR THE FORTY MINUTES SHE IS THERE** → site selection treated as the largest single decision in the plan, **SINCE A CENTRE ON THE WRONG SIDE OF A JUNCTION IS COMPETING AGAINST CONVENIENCE IT CANNOT BUY BACK WITH QUALITY**; and the invisible disciplines PUBLISHED — four-checkpoint ratio log, verification coverage, attrition, incident log — **BECAUSE THESE ARE THE ONLY CLAIMS THAT ARE CHECKABLE AND ALMOST NO COMPETITOR MAKES THEM**. **ONE SERIOUS INCIDENT IS NOT RECOVERABLE IN A CATCHMENT THIS SMALL**
Informal competition, franchise economics & cash	**A LARGE SHARE OF THE MARKET USES INFORMAL HOME-BASED CARE AT A THIRD OF THE PRICE, FROM SOMEONE THE FAMILY KNOWS — NO RATIO, NO VERIFICATION, NO FIRE EXIT — AND THIS CENTRE WILL NEVER BEAT IT ON COST OR CONVENIENCE** → compete on what informal care cannot offer (qualified first aid, a verified adult, a fire-safe building, a record of the day) and decline the family buying only price. **ON FRANCHISING: THE ROYALTY IS CHARGED ON REVENUE, NOT PROFIT, SO IN A YEAR WHEN THE CENTRE LOSES MONEY THE FRANCHISOR IS PAID IN FULL AND THE FRANCHISEE IS NOT PAID AT ALL — ON THIS PLAN'S YEAR-1 REVENUE A TEN PER CENT ROYALTY WOULD BE ₹8.1 LAKH AGAINST A ₹21 LAKH LOSS, DEEPENING IT BY NEARLY TWO-FIFTHS. A FRANCHISE EARNS ITS ROYALTY WHILE THE BRAND IS DOING THE ADMISSIONS WORK; AN OWN BRAND IS BETTER ONCE WORD OF MOUTH IS DOING IT INSTEAD** → own brand modelled, with the franchise case to be tested by charging the royalty against revenue IN THE LOSS YEARS, which is where franchise projections usually place it least visibly. And **THE YEAR-1 CLOSING BALANCE OF ₹5 LAKH ARRIVES AT THE END OF THE ADMISSIONS QUARTER, SO A PROMOTER WHO REACHES FEBRUARY WITH NO CASH AND CUTS ADMISSIONS SPENDING CARRIES THE CONSEQUENCE FOR TWO FULL YEARS**

15. SWOT Analysis

Strengths **A ratio published from the four o'clock reading rather than the nine o'clock one**; every adult verified including cooks, cleaners and drivers; **daycare designed at the outset rather than retrofitted, which is the condition of viability**; staff retention treated as a commercial metric; incidents logged and shown to parents in a category whose norm is to settle quietly; lawfully for-profit with distributable surplus.	**Weaknesses** **A catchment of a few hundred families defined by a parent's morning commute**; **47% of the roll to be refilled every year, permanently**; staff cost at 44–54% of revenue with attrition opening at 42%; fit-out in leased premises with almost no realisable value; a preschool half that stops earning in vacations while salaries continue; break-even only in Year 3.
Opportunities **Dual-income nuclear households driving daycare faster than preschool**; **employer creche obligations under the Maternity Benefit Act, a contracted channel most independents ignore**; progression of existing preschool families into daycare at 2.5× the fee; NEP 2020 raising the perceived importance of these years; willingness to pay for safety and communication rising faster than for pedagogy.	**Threats** **Informal home-based care at a third of the price from someone the family knows**; **one serious incident, which in a catchment this small is not recoverable**; K-12 schools with pre-primary sections capturing families earlier and keeping them; tightening state regulation of pre-primary provision; a competitor who does not measure its afternoon ratio operating at a lower cost; loss of two helpers in a term.

16. Recommended AiSevak Tools for This Business

This centre would use AiSevak's Schools vertical tools in operations:

- **The real constraint: roll against mix-adjusted break-even, daycare share tracking, revenue per child by type, staff cost as % of revenue, room-hour utilisation.**
- **Safety — metrics that must rise: four-checkpoint ratio log with lowest-reading publication, incident and near-miss register with closure tracking, verification file covering cooks, cleaners, drivers and contractors, paediatric first-aid currency, drill calendar, allergy register per child.**
- **People:** attrition by role, internal promotion tracking, assigned-adult continuity per child group, caregiver vacancy time-to-fill.
- **The permanent refill:** annual refill requirement against admissions achieved, sibling and referral attribution, enquiry-to-admission conversion, term-to-term retention.
- **Commercial:** advance fee collection, employer creche contract pipeline, franchise-versus-own-brand comparison with royalty charged against revenue in loss years, food cost per daycare child, transport utilisation.

17. Key Assumptions & Notes

- Preschool & daycare centre: a single urban centre offering play-group to kindergarten sessions for children aged two to six alongside full-day daycare, 108 preschool places and 60 daycare places, run under its own brand with a franchise comparison stated. **Second plan in the schools vertical; the FOR-PROFIT, LIGHTLY-REGULATED sub-model, deliberately contrasted with the k12-school anchor.**
- **⚠ CONVENTIONS SET HERE: (a) A STANDALONE PRESCHOOL IS GENERALLY NOT A "SCHOOL" AND MAY LAWFULLY BE FOR-PROFIT — the distinction from k12-school is worth real money and is routinely blurred in both directions; but STATE THE DIRECTION OF TRAVEL, since several states now register pre-primary provision and NEP 2020 brings ages 3–6 into the foundational stage. (b) IT IS CHILD CUSTODY AS MUCH AS EDUCATION — the curriculum is the reason parents give and the ratio, the people and the premises are the product; POCSO applies to EVERY adult on the premises including the cook, the cleaner and the driver, who are the least-checked people in the building. (c) THE RATIO IS TRUE AT NINE AND FALSE AT FOUR — the vertical's integrity pattern in its local form; log at FOUR fixed points including the afternoon trough and PUBLISH THE LOWEST READING, roster to the trough, and admit that a competitor who does not measure it has a lower cost base. (d) EVERY CHILD LEAVES BY DESIGN — ~47% of the roll refills annually for ever, so MARKETING IS AN OPERATING LINE AND NOT A LAUNCH COST, and only referral reduces it. (e) DAYCARE IS THE CONDITION OF VIABILITY, NOT AN OPTIMISATION — the same room earns 2.5× over ten hours instead of four, and break-even at the Year-1 mix (171) EXCEEDS CAPACITY (168), so a centre that does not grow daycare cannot break even however full it gets. (f) THE HELPER IS THE PRODUCT AND SHE LEAVES — attrition is a commercial metric because a child's attachment is to a person. (g) THE TIGHTEST RADIUS IN THE LIBRARY — not ninety minutes and not a bus ride but A PARENT'S PATIENCE AT EIGHT IN THE MORNING, which makes site selection uncorrectable.**
- **ON FRANCHISING, MODELLED HONESTLY: the royalty is charged on REVENUE, NOT PROFIT, so in a loss year the franchisor is paid in full and the franchisee is not paid at all — a 10% royalty on Year-1 revenue is ₹8.1 lakh against a ₹21 lakh loss, deepening it by nearly two-fifths. A FRANCHISE EARNS ITS ROYALTY WHILE THE BRAND IS DOING THE ADMISSIONS WORK; AN OWN BRAND IS BETTER ONCE WORD OF MOUTH IS DOING IT INSTEAD. This plan models own-brand and directs a promoter without local standing to test the franchise case with the royalty charged against revenue IN THE LOSS YEARS, which is where it hurts and where franchise projections place it least visibly.**

- Economics & cash — **THE MIX MATTERS MORE THAN THE ROLL** (Y1 −₹21L → Y3 ₹18L; revenue ₹81L→₹2.02cr; roll 84→152 of 168 places; daycare 24%→43%; **BREAK-EVEN ~138 AT THE YEAR-3 MIX AND ~171 AT THE YEAR-1 MIX, THE LATTER ABOVE CAPACITY**; ROCE (13.6%)→10.3%; staff cost 54.3%→44.1% of revenue, improving BY FILLING PLACES RATHER THAN THINNING STAFF; revenue per child ₹96,400→₹1,32,900; break-even Year 3, **WITH YEAR 2 A ₹3 LAKH LOSS AT 70% OCCUPANCY — CLOSE ENOUGH TO TURN ON A SINGLE TERM'S ADMISSIONS, WHICH IS WHY THE PLAN FUNDS ₹26 LAKH OF LAUNCH LOSSES RATHER THAN ₹15 LAKH**; fees collected in advance 76%→94% so there is no meaningful receivable, **BUT THE PRESCHOOL HALF STOPS EARNING IN VACATIONS WHILE EVERY SALARY CONTINUES — DAYCARE FIXES BOTH THE MARGIN AND THE CASH SHAPE**). Regulatory (section 9): JJ Act and POCSO with mandatory reporting on the centre AND on individual staff; state preschool registration where required, tightening; Maternity Benefit Act creche obligation as both compliance point and B2B channel; FSSAI for the kitchen; fire NOC and structural certification with staircases, balconies, water and electrical points as the age-specific hazards; school-vehicle rules with an attendant on every trip; shops & establishment; EPF, ESI and POSH across an almost entirely female workforce. Lender note (section 13): **A FOR-PROFIT ENTITY WITH DISTRIBUTABLE SURPLUS, UNLIKE THE K-12 SCHOOL — BUT WEAK SECURITY, SINCE FIT-OUT IN LEASED PREMISES HAS NO REALISABLE VALUE AND ONLY THE VANS ARE STANDARD ASSETS, SO THIS IS A CASH-FLOW LEND AGAINST ENROLMENT**; **THE DIAGNOSTIC IS THE DAYCARE MIX, NOT THE ROLL, BECAUSE BREAK-EVEN AT THE YEAR-1 MIX EXCEEDS CAPACITY**; and **ASK FOR THE VERIFICATION FILE AND THE RATIO LOG BEFORE LENDING — A CENTRE THAT CANNOT SHOW POLICE VERIFICATION FOR ITS COOK AND ITS DRIVER, OR THAT LOGS ITS RATIO ONCE A DAY, CARRIES A RISK WHOSE REALISATION WOULD CLOSE THE BUSINESS IMMEDIATELY AND PERMANENTLY.** ₹1.58cr; roll 84→152; revenue ₹81L→₹2.02cr; 28→57 staff; daycare 24%→43%; ROCE (13.6%)→10.3%. Figures illustrative, exclude GST where applicable.

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