

TABLE OF CONTENTS

TASK LIST	1
EXECUTIVE SUMMARY	2
INTRODUCTION	4
<i>Project Definition and Objectives</i>	5
<i>Evaluation Criteria</i>	5
PROJECT RATIONALE	6
<i>The Mid-Atlantic Consumer Marketplace</i>	6
<i>Table 1: Metropolitan areas within Narmada Winery’ marketing arena</i>	7
<i>Rappahannock County Virginia</i>	8
<i>Figure 2. Map of Amissville</i>	9
<i>Figure 3. Population in selected counties in Virginia, 1990, 2000 and 2008</i>	11
<i>Figure 4. Rappahannock County historic population growth</i>	11
<i>Table 5. Rappahannock county agricultural profile, 2007 and 2002</i>	12
<i>Figure 6. Total land in farms, by type of land. Figure 7. Farms by size, 2007</i>	13
BUSINESS ORGANIZATIONAL STRUCTURE OF NARMADA WINERY	13
<i>Legal Organization</i>	13
<i>Background and history of Narmada winery</i>	13
<i>Non-Member Participation</i>	14
<i>Supply Arrangements</i>	14
PROJECT COMPONENT BACKGROUND	15
<i>The Virginia Agricultural Industry</i>	15
THE WINE MARKET: U.S. AND VIRGINIA.....	15
<i>Figure 8: World wine production and consumption, 1997-2005</i>	16
<i>Figure 9: World area planted in vines, 1997-2005</i>	16
<i>Figure 10: Difference in world wine production minus consumption, 1997-2005</i>	17
<i>Exports</i>	17
<i>Figure 11: Top 10 wine producing countries, years 1996-2000 and 2005</i>	18
<i>Table 12: Exports of U.S. wine</i>	18
<i>Wine Industry</i>	19
<i>Wine Consumption</i>	19
<i>Imports</i>	20
<i>Figure 13: Value of imports of wine into the U.S., 1990-2007</i>	21
<i>Figure 14: Price volume relationship of wine imported into the U.S., 1990-2007</i>	22
<i>Virginia wine industry</i>	22
<i>Table 15: Wine production and price by variety, 2008</i>	23
<i>Viticultural areas</i>	24
<i>Table 16: Key Virginia viticultural areas</i>	24
<i>Wine Market Conclusions</i>	24
GENERAL OPERATING PROCEDURES	25
LOCATION AND SITE SPECIFICATIONS	25
ZONING – GENERAL REQUIREMENTS	29
LOCAL REQUIREMENTS.....	29
<i>Table 17: Standard Requirements for Site Development</i>	30

<i>Equipment Specifications</i>	30
NARMADA WINERY - HUMAN RESOURCES	31
<i>Figure 18: Winery human resource diagram.</i>	31
<i>Narmada Winery Grape Supply</i>	33
<i>Seasonality</i>	33
<i>Table 19: Varieties of Grapes planted.</i>	34
IMPLEMENTATION PLAN	35
<i>Table 20: Current Narmada Winery wines and retail prices.</i>	35
<i>Current and Potential Size of Market</i>	36
<i>Sales and Marketing Feasibility</i>	36
<i>Table 21: Factors Influencing Price Sensitivity.</i>	37
MARKETING PLAN FOR NARMADA WINERY	37
<i>The product</i>	38
<i>The place</i>	39
<i>Commercial strategy</i>	41
DISTRIBUTION CHANNELS.....	41
<i>Table 22: Distribution channels by sales type.</i>	41
<i>Table 23: The General's Wine and History Trail, member wineries.</i>	43
<i>Table 24: Recent promotional Activities for Narmada Winery and the cost.</i>	46
<i>Table 25. Budget for promotional activities.</i>	46
COMPETITION	48
<i>Identified Sources of Competition</i>	48
<i>Similar Operations</i>	49
<i>Virginia and Local Completion Examples</i>	49
<i>National Competition Examples</i>	53
<i>International Competition Example</i>	54
<i>Marketing Analysis</i>	55
QUALITY CONTROL PROCEDURES	55
RISK CONSIDERATIONS	56
MODEL FINANCIAL PROJECTIONS AND METHODS	58
<i>Tables 26: Wine sales by line</i>	59
<i>Table 27: Wine percentage used for promotional purposes.</i>	59
<i>Table 28: Tasting room inputs for Narmada Winery</i>	61
<i>Table 29: Cost of catering for Narmada Winery.</i>	61
FEASIBILITY MODEL RESULTS	65
INCOME.....	65
<i>Table 30: Winey income by source year 1.</i>	65
<i>Table 31: Wine income by source year 2 and 3.</i>	66
<i>Table 32: Income other than wine sales.</i>	67
<i>Table 33: Income from wine sales by source.</i>	67
WINE SALES.....	67

EXPENSES	68
VARIABLE EXPENSES	68
<i>Table 34: Variable costs by source.....</i>	68
FIXED EXPENSES.....	69
<i>Table 35: Fixed costs by source year 1.</i>	70
<i>Table 36: Fixed costs by source years 2 and 3.....</i>	70
CASH FLOW	70
PRO FORMA OPERATING STATEMENTS.....	71
<i>Table 37: Pro forma operating statements.....</i>	72
BALANCE SHEET	72
<i>Table 38: Balance sheet.....</i>	73
SCENARIO ANALYSIS	74
<i>Wine Production Quantity</i>	74
<i>Table 39: Scenario analysis for variations in wine sales growth.....</i>	74
<i>Table 40: Scenario analysis for wine production at 95% of current levels.....</i>	75
<i>Sale Price Variation.....</i>	76
<i>Table 41: Pro Formas – using scenario of 10% decrease in wine sales price.....</i>	76
<i>Table 42: Scenario Analysis for variations in wine sales price 90% of baseline.....</i>	77
<i>Table 43: Scenario Analysis for variations in wine sales price 80% of baseline.....</i>	78
<i>Table 44: Pro Formas – using scenario of 20% decrease in wine sales price.....</i>	79
<i>Premium Sales Percentage</i>	80
<i>Table 45: Bottles sold scenario 50% to 50% split of premium to classic wines.</i>	80
<i>Table 46: Pro forma scenario 50% to 50% split of premium to classic wines.....</i>	81
<i>Table 47: Bottles Sold scenario 40% to 60% split of premium to classic wines.....</i>	82
<i>Table 48: Pro Forma scenario 40% to 60% split of premium to classic wines.</i>	83
<i>Table 49: Pro Forma scenario of \$200 in non-wine merchandise sale a day.....</i>	84
<i>Scenario Analysis Conclusion.....</i>	85
RECOMMENDATIONS.....	86

APPENDICES	90
APPENDIX A: PROJECT LEADERSHIP	90
APPENDIX B: NARMADA WINERY NEWSPAPER ARTICLE.....	92
APPENDIX C: RAPPAHANNOCK COUNTY INFORMATION	94
APPENDIX D: NARMADA WINERY FOOD ORDER SHEET.....	97
APPENDIX E: WINE PRODUCTION AND SALES INFORMATION.....	98
APPENDIX F: NARMADA WINERY DESIGN DRAWINGS.....	103
APPENDIX G: NARMADA WINERY PHOTOS.....	104
APPENDIX I: STANDARD WINEY AND TASTING ROOM EQUIPMENT.....	108
APPENDIX J: NARMADA WINERY WEBPAGE RECOMMENDATIONS	109
APPENDIX K: NARMADA WINERY HUMAN RESOURCES OPTION –.....	110
APPENDIX L: POTENTIAL NARMADA WINE MARKETING VENUES.....	118
APPENDIX M: SELECTED WEBLINK	120
APPENDIX N: DETAILED NARMADA WINE SALES ESTIMATES	121
APPENDIX O: NARMADA WINERY BOTTLING COST ESTIMATES DETAILS.....	125
APPENDIX P: DEPRECIATION SCHEDULE NARMADA WINERY	126
APPENDIX Q: EMPLOYEE SCHEDULE AND LABOR EXPENSE	127
APPENDIX R: PROJECT FINANCE	129
APPENDIX S: CASH FLOWS.....	130
APPENDIX T: REVENUE AND EXPENSE DETAILS.....	132
APPENDIX U: REVENUE AND EXPENSE DETAIL PERCENTAGES	138
APPENDIX V: DESCRIPTION OF CONSULTANTS.....	142