

CYBER CAFÉ-INTERNET BROWSING

Introduction : Internet has engineered many diversification and business growth opportunities in IT sector. Cybercafés, e commerce, telemedicine call centers to name a few are some of the IT enable services which has shown tremendous potential for growth in recent times. The cyber cafes are considered to be lucrative business option for IT entrepreneurs. The cybercafés are places which provide net browsing facilities to people. It is also a place to relax, communicate with people and make friends by using internet. A number of cybercafés have come up in the sate Agartala in a span of three years. Although some of the cybercafés which have come up lack the modern amenities like dinning services, music, video conferencing, online games, etc. however, these provide facilities for people who would like to get the most out of net.

Demand: There is a good demand for such type of centre. Whereas Vijayawada turning out to be a fast growing business centre the demand for cybercafés will be more as more people are likely to flock these centres for sending e mail and downloading valuable information from the net.

Power: The unit will need 26 KW of total connected load at 40/440 volts 50 Hz, AC, 3 phase & 4 wire. The annual consumption of power is estimated at 39600 KW Hrs costing Rs. 83,160/- at the installed capacity

Fuel: The unit will use its own production of sludge Bricks as fuel. For better results annually 30,000 kilograms of coal shall be mixed with sludge Bricks. The coal shall cost Rs. 2,10,000/-.

Water: The unit will need 1000 Liters of water per day. The cost of drawing the required water is shown with power cost.

Suggested Capacity: The minimum economic capacity of the centre 2400 hours shall be to process per annum based on two shift operation for 300 days working schedule in a year.

Raw Materials availability: Raw materials are to be sourced mainly from the open market. At present availability and supply of the raw materials is not problem e.g ink, perforated paper, Ribbon, cartridge, CD, Floppy, Ivory paper etc to be sourced from open markets and cost would be Rs.50,000/- per month.

Manpower: The unit will provide employment to 9-10 persons including staff for factory supervision, administration and sales, labour, watch & ward etc. and all man power to be arrange from local area.

Sl.No.	Category of Manpower	No. of Persons	Annual Cost
1.	Manager cum Chemist	1	84,000/-
2.	Administrative & Sales Staff	3	1,26,000/-
3.	Skilled Worker	3	1,80,000/-
4.	Unskilled Worker	2	60,000/-
	Total:	9	4,50,000/-

CAPITAL COST ESTIMATE:**Land & Building:****On Rent****Plant & Machinery :**

Slno	Description	Qty	Rate	Amount
1.	Instruments,	1 set	Rs.25,000/-	25,000/-
2.	1 KVA online UPS	1 no	Rs.65,000/-	65,000/-
3.	Laser Printer	1no	Rs.25,000/-	25,000/-
4.	Desktop Computer	25 nos	Rs.25,000/-	6,25,000/-
5.	1.5Ton AC	2no	Rs.60,000/-	60,000/-
Total				Rs.8,00,000/-

3) **Miscellaneous Fixed Asset**

a)	Electrification	Rs. 1,30,000/-
b)	Furniture & Miscellaneous others	Rs. 6,40,000/-
c)	Interior Decoration	Rs. 2,50,000/-
4.	Provision for contingencies	Rs. 50,000/-
5.	Preliminary & pre-operative expenses	Rs. 30,000/-

Total Fixed Investment Rs. 11,00,000/-6. **Working Capital**

a)	Raw Materials (Networking Testing equipments, (Line tester), Testing equipments, RJ 45 connector, Cable and Networking software)	Rs. 1,79,167/-
b)	Fuel	Rs. 17,500/-
c)	Power	Rs. 6,930/-
d)	Salary & Wages	Rs. 37,500/-
e)	Miscellaneous expenses	Rs. 8,903/-

Total: Rs. 2,50,000/-**Total Project Cost: Rs. 13,50,000/-****Means of Finance**

	<u>Urban</u>	<u>Rural</u>
a. Composite loan under PMEGP	Rs. 9,45,000/-	Rs. 8,10,000/-
b. Subsidy	Rs. 3,37,000/-	Rs. 4,72,500/-
c. Promoters contribution	Rs. 68,000/-	Rs. 67,500/-
d. Debt Equity Ratio	2.33:1	1.50:1

Profitability:

(Rs. in Thousands)

Sl. No.	Description	1st Year	2nd Year	3rd year	4th Year	5th Year
1.	Capacity utilized	60%	70%	80%	80%	80%
2.	Annual Sales Realization	2,808	3,276	3,744	3,744	3,744
3.	Annual Costs in Rs.					
(a)	Raw Materials	1,290	1,505	1,720	1,720	1,720
(b)	Fuel	126	147	168	168	168
(c)	Power	50	58	67	67	67
(d)	Wages & Salaries	450	461	473	485	497
(e)	Repair & Maintenance	44	44	44	44	44
(f)	Administrative overheads	10	105	110	116	122

(g)	Selling expenses	421	491	562	562	562
(h)	Depreciation	105	105	105	105	105
(i)	Interest	109	88	64	38	13
	Total:	2,695	3,004	3,313	3,305	3,298
	Total Variable Cost	1,887	2,201	2,517	2,517	2,517
4.	Annual profit	113	272	431	439	446
5.	Return on investment	8.37%	20.15%	31.93%	32.52%	33.04%
6.	Return on sales	4.02%	8.30%	11.51%	11.73%	11.91%
7.	Annual Contribution	921	-	-	-	-
8.	Break Even Point as percent of capacity	52.64%	-	-	-	-
9.	Cash accrual	218	377	536	544	551
10.	Debt servicing capacity	327	465	600	582	564
11.	Repayment of Composite Loan	150	180	205	205	205
12.	Debt serviced	259	268	269	243	218
13.	Pay Back Period	2 years 7 months 21 days				
14.	Debt Service Coverage Ratio (DSCR)	2.02:1				

Cash Flow Statement:

(Rs. in Thousands)

Sl. No.	Description	Pre-operative Period	Operating Years				
			First	Second	Third	Fourth	Fifth
1.	Increase in Promoter's capital	68	-	-	-	-	-
2.	Increase in subsidy	337	-	-	-	-	-
3.	Increase in loan	945	-	-	-	-	-
4.	Depreciation	-	105	105	105	105	105
5.	Profit before interests	-	222	360	495	477	459
A.	TOTAL SOURCES	1,350	327	465	600	582	564
6.	Increase in capital investment	1,100	-	-	-	-	-
7.	Increase in Current Assets	250	-	-	-	-	-
8.	Interests	-	109	88	64	38	13
9.	Repayment of loan	-	150	180	205	205	205
B.	TOTAL DISPOSALS	1,350	259	268	269	243	218
C.	OPENING BALANCE	-	-	68	265	596	935
D.	NET SURPLUS	-	68	197	331	339	346
E.	CLOSING BALANCE	-	68	265	596	935	1,281

Projected Balance sheet:

Sl.No.	Description	Amount in Rs.Thousand as at the end of the				
		1 st Yr.	2 nd Yr.	3 rd Yr.	4 th Yr.	5 th Yr.
1.	Capital Account of the Promoter	68	181	453	884	1,323
2.	Surplus from operations	113	272	431	439	446
	NET WORTH:	181	453	884	1,323	1,769
3.	Subsidy	337	337	337	337	337
4.	Loan Account	795	615	410	205	-
A.	TOTAL LIABILITIES	1,313	1,405	1,631	1,865	2,106
1.	Gross Fixed Assets	1,100	1,100	1,100	1,100	1,100
	Less Depreciation	105	210	315	420	525
	NET BLOCK	995	890	785	680	575
2	Current Assets	250	250	250	250	250
3.	Cash & Bank Balance	68	265	596	935	1,281
B.	TOTAL ASSETS	1,313	1,405	1,631	1,865	2,106