CYBER CAFÉ

1. INTRODUCTION

In today's world, everything is connected to Internet world. People need to use Internet and Computer for various activities such as browsing, emails, video conferencing, for use of various government applications, document/presentation preparation. Cyber café is such place where with prescribed fee, public can access to internet and computer services. Here, project profile is prepared for cyber café which provides facility of video calling and printing services.

2. SERVICE AND ITS APPLICATION

Cyber café where computers are loaded with basic software, web camera and high speed internet infrastructure can provide services related to Internet on hourly basis to public.

3. DESIRED QUALIFICATION FOR PROMOTER

There is no specific need in qualification for operating Cyber Café.

4. INDUSTRY LOOK OUT AND TRENDS

In today's world electronic communication is playing a big role in India. Due to fast growing of IT sector there is demand for these types of cyber cafés for sending communication for various destinations. These types of cafes can be set up in district headquarters and Block headquarters. This facility can be utilised by educated people, government offices, institutions etc.

5. MARKET POTANTAIL AND MARKETING ISSUES. IF ANY

The IT services sector, being the fastest growing has tremendous potential for growth. India is one of the leading nations in e-commerce and other IT enabled services. The younger generation is very much inclined towards computer and IT.

These factors have created a need for Cyber cafes servicing centre with IT enabled services. The Plant and machinery for the project is available in local market.

6. RAW MATERIAL REQUIREMENT

1. Computers, with basic software and web camera
2. Colour Printer and scanner
3. Air Conditioner
4. UPS/Inverter

7. SERVICE PROCESS OUTLINE

Setup of a computer business centre requires below steps to follow.

1. Location
   - Location of cyber café should be in a busy area with good amount of residents and schools.

2. Fixed Investment
   - Computers and its suppliers need to be decided. Internet service provider with high speed internet need to be decided.

3. Office Furniture and Installation of Computers

8. MANPOWER REQUIREMENT

Sr. No.	Description	Total
1	Entrepreneur (self)	₹ 12,000.00
2	Technical/Office Support – 2 @ Rs 10000 Per Month	₹ 20,000.00

9. IMPLIMENTATION SHEDULE

The project can be implemented in a period of 3 to 5 months by performing the various activities in a systematic manner and simultaneous application of various common activities as mentioned below:

SR. No	Task Description	Duration

1.	Preparation of project reports	15 Days (1st Month)
2	Essential registration	15 Days (1st Month)
3	Site Selection	5-10 Days (1st Month)
4	Arrangement of Finance/ loan	30 Days (2nd Month)
5	Arrangement of ranted accommodation	30 Days (2nd Month)
6	Machinery and Equipment purchase	10 Days (3rd Month)
7	Recruitment of staff and labour	10 Days (3rd Month)
8	Installation of Machinery	10 Days (3rd Month)
9	Trial Operation	4th Month
10	Commercial Operation	5th Month

10.   COST OF PROJECT

Sr. No.	Particulars	Amount in Rs
1	Land	₹ 0.00
2	Building	₹ 0.00
3	Equipments/ Other fixed investment	₹ 6,32,600.00
4	Working Capital Margin (3 Months)	₹ 1,19,490.00
5	**Total Cost of Project**	**₹ 7,52,090.00**

(a)   FIXED CAPITAL CALCULATION

Sr. No.	Description	Qty	Amount	Total
1	Computer System with Basic Software and Web Camera	20	₹ 25,000.00	₹ 5,00,000.00
2	Colour Printer with Scanner	1	₹ 15,000.00	₹ 15,000.00
3	UPS/Inverter	10	₹ 2,500.00	₹ 25,000.00
4	Air Conditioner	1	₹ 25,000.00	₹ 25,000.00
	Sub Total			**₹ 5,65,000.00**
5	Internet Infrastructure	1	₹ 5,000.00	₹ 5,000.00
6	Furniture	1	₹ 40,000.00	₹ 40,000.00
7	Electrification	1	₹ 22,600.00	₹ 22,600.00
	Total			**₹ 6,32,600.00**

(b)   WORKING CAPITAL CALCULATION (PER MONTH)

Sr. No.	Description	Total

1	**Salary**	**₹ 18,000.00**
1a	Entrepreneur	₹ 10,000.00
1b	Technical/Office Support	₹ 8,000.00
2	**Raw Material**	**₹ 1,830.00**
2a	Internet Connection Charges	₹ 700.00
2b	Paper Ream (500 Pages) (70 GSM)	₹ 780.00
2c	Ink cartridge refilling, Powder for toner refilling etc.	₹ 350.00
3	**Utilities - Power**	**₹ 6,500.00**
4	**Other Expenses**	**₹ 3,500.00**
4a	Advertising/Marketing/Social Media	₹ 150.00
4b	Stationery	₹ 350.00
4c	Telephone	₹ 500.00
4d	Repair and Maintenance	₹ 2,000.00
4e	Insurance	₹ 250.00
4f	Misc	₹ 250.00
5	**Rent**	**₹ 10,000.00**
	Total	***₹ 39,830.00***

11. MEANS OF FINANCES

Sr. No.	Description	Percentage	Amount (Rs)
1	Promoter's Contribution	25%	₹ 1,88,022.50
2	Term Loan/Bank Finance	75%	₹ 5,64,067.50
	Total		₹ 7,52,090.00

(a) Cost of Operation

Sr. No.	Particulars	Amount in Rs
	Variable Cost	
1	Raw Material and Other direct inputs	₹ 5,330.00
2	Salary (60%)	₹ 10,800.00
3	Power (70%)	₹ 4,550.00
	Variable Cost 1 Month	₹ 20,680.00
	Total Annual Variable Cost	***₹ 2,48,160.00***
	Fixed Cost	
1	Overheads	₹ 10,000.00
2	Salary (40%)	₹ 7,200.00
3	Power (30%)	₹ 1,950.00
	Sub Total	₹ 19,150.00
	Total for 12 Months	₹ 2,29,800.00

4	Interest	₹ 67,688.10
5	Depreciation on Equipments @ 10%	₹ 51,500.00
6	Depreciation on Furniture @ 20 %	₹ 8,000.00
	Total Fixed Cost	*₹ 3,56,988.10*
	Total Cost of Production	**₹ 6,05,148.10**

(b)   Turnover

Sr. No.	Description	Unit Price	Unit	Qty per Day	Revenue per Day	Monthly Amount (25 Working Days)
1	Internet Browsing (20 PCs x 8 hours)	₹ 20	Hour	140	₹ 2,800.00	₹ 80,000.00
2	Printing Documents Colour	₹ 10	Pages	10	₹ 100.00	₹ 5,000.00
3	Printing Documents B/W	₹ 5	Pages	50	₹ 250.00	₹ 9,375.00
4	Scan	₹ 5	Pages	10	₹ 50.00	₹ 2,500.00
			Monthly Gross Income			₹ 96,875.00
	Total		**Yearly Gross Income**			**₹ 11,62,500.00**

12.   WORKING CAPITAL REQUIREMENTS

Sr. No.	Description	Total
1	Entrepreneur	₹ 10,000.00
2	Technical/Office Support	₹ 8,000.00
3	Internet Connection Charges	₹ 700.00
4	Paper Ream (500 Pages) (70 GSM)	₹ 780.00
5	Ink cartridge refilling, Powder for toner refilling etc.	₹ 350.00

13.   LIST OF MACHINARY REQUIRD

Sr. No.	Description	Qty	Amount	Total
1	Computer System with Basic Software and Web Camera	20	₹ 25,000.00	₹ 5,00,000.00
2	Colour Printer with Scanner	1	₹ 15,000.00	₹ 15,000.00
3	UPS/Inverter	10	₹ 2,500.00	₹ 25,000.00
4	Air Conditioner	1	₹ 25,000.00	₹ 25,000.00

All the machines and equipments are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

1   Impressive Computers
    Hasan Ali House No. 4/41-A,
    Noor Baug, Umerkhadi,
    Mumbai - 400009,
    Maharashtra, India

2   Computer Planet
    Shop No. 1, Shaniwar Peth-53,
    Opposite Amruteshwar Mandir,
    Amruteshwar Co Operative Housing Society,
    Near Shaniwar Wada,
    Pune – 411030,
    Maharashtra, India

3   Visicube Technologies Private limited
    Door No. 1-8-315,
    Begumpet, Opposite US Consulate,
    Hyderabad - 500016,
    Telangana, India

4   Micon Automation Systems Private Limited
    A-814, Siddhi Vinayak Towers,
    Behind DCP Office, Makarba,
    Ahmedabad - 380051,
    Gujarat, India

5   Adaptek Automation Technology
    No. 13, F- 3, 2nd Floor,
    Main Road, Adyar Nehru Nagar,
    Near H.D.F.C. Bank A.T.M.,

Chennai - 600020,

Tamil Nadu, India

14.   PROFITABILITY CALCULATION

Net Profit (Turnover - Cost of Operation)	**₹ 5,57,351.90**
Net Profit Ratio (Net profit * 100/Turnover)	**47.94%**
Rate of Return (Net Profit * 100 / Total Cost of Project)	**74.11%**

(a)   Profitability Projection

Sr. No.	Particulars	UOM	Year Wise estimates					At Full Capacity
			Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	
1	Capacity Utilization	%	30	40	50	60	70	100
2	Sales	Rs Lakhs	₹ 3.49	₹ 4.65	₹ 5.81	₹ 6.98	₹ 8.14	₹ 11.63
3	Raw Materials & Other Direct Inputs	Rs Lakhs	₹ 0.74	₹ 0.99	₹ 1.24	₹ 1.49	₹ 1.74	₹ 2.48
4	Gross Margin	Rs Lakhs	₹ 2.74	₹ 3.66	₹ 4.57	₹ 5.49	₹ 6.40	₹ 9.14
5	Overheads Except Interest	Rs Lakhs	₹ 2.30	₹ 2.30	₹ 2.30	₹ 2.30	₹ 2.30	₹ 2.30
6	Interest	Rs Lakhs	₹ 0.68	₹ 0.68	₹ 0.68	₹ 0.68	₹ 0.68	₹ 0.68
7	Depreciation	Rs Lakhs	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60
8	Net Profit Before Tax	Rs Lakhs	-₹ 0.83	₹ 0.09	₹ 1.00	₹ 1.92	₹ 2.83	₹ 5.57
			23.71%	1.88%	17.24%	27.47%	34.78%	47.94%

The basis of profitability calculation:

This unit will have capacity to provide internet browsing 57,600 hours/year; printing documents 25,200 pages/year(this include B/W and colored prints both.); data entry and accounting services and online web application support. (these additional services are depends on requirements) .

The cost of one hour for internet browsing would be 20 INR. Cost for B/W print will be 5 INR/page and 10 INR/page for colored print. Data entry and accounting job will be charges 250 INR/hour.

Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per liter. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

15.   BREAKEVEN ANALYSIS

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	11.63
2	Variable Costs	Rs Lakhs	2.48
3	Fixed Cost incl. Interest	Rs Lakhs	3.57
4	Break Even Capacity	% of Installed Capacity	**39.04**
	BEP = FC/(Sales -Variable Cost) *100		

16.   STATUTORY / GOVERNMENT APPROVALS

All cyber cafes shall be registered with a URN (Unique Registration Number) through an agency called as registration agency has been notified by the state Government in this regard. The requirements of registration shall include: Name of establishment, Address with contact details including email address, Whether individual or partnership or sole proprietorship or society or company, Name of owner, Date of Incorporation, Whether registered or not (if yes, copy of registration with Registrar of Firms or Registrar of Companies or Societies), Type of service to be provided from cyber café.

Registration organization chooses the officer to check or investigate cyber cafe and the PC asset of system set up in that, whenever to check whether the cyber bistro is working as indicated by the principles specified or not. Inspecting officer

have the privilege to check each related registers, reports and any important data to the reviewing officer on demand.[Information Technology Rules-2011]

Licenses expected to open Cyber Café

1. Enlistment of business name with state government, if necessary. A DBA (Doing Business As) is required at whatever point you are leading business under a name other than your own. Enrolling a DBA name is commonly done through state government or area agent's office.

2. Deals assess permit. This can be acquired from your state Department of Taxation and Finance. You should keep legitimate data on the things sold and their sum and the business charge that was gathered.

3. Government charge ID number. You should record a different assessment form for your business and along these lines should have an elected duty ID number. You can discover the shape online at www.irs.gov.

4. Acquire building permits. Check with your neighbourhood region for the sorts of grants required. Get a legitimate counsellor in the event that you don't know how to round out the structures—better to pay little expenses in advance and have genuine feelings of serenity than to have costly intricacies down the road. [http://www.wikihow.com/Set-up-an-Internet-Cafe] Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17.   BACKWARD AND FORWARD INTEGRATIONS

The basis for calculation of Production Capacity has been taken on Single Shift basis on 75% efficiency. The Salaries & Wages, Utilities, Cost of Land and Rents etc. are based on prevailing rates in 2017-18 in and around Ahmedabad. These cost factors are likely to vary with time and location. Interest of term loan and

working capital loan has been taken at the rate of 13% on an average prevailing in 2014-15. This rate may vary depending upon the policy of the financial Institution/agencies from time to time. The cost of Machinery and Equipment refer to a particular make/model and the prices are approximate prevailing in 2017-18. The breakeven point percentage indicated is on full capacity utilization. The project preparation cost etc., whenever required could be considered under pre-operative expenses.

18.   TRAINING CENTERS AND COURSES

There is no specific course in repairing and assembling services, but the most authorized centre is government authorized "ITI" available in all the cities across the country. India Training institute of computer technology conducts various technical courses in different cities to enable students to make a bright career. Most of our vocational programs are job-oriented with which students can start earning the day they finish their training or can learn them as a hobby. Students can join for any of these in vacations as all these are short-term certificate courses.

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for hand-holding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

Source:- Udyami Mitra/Sidbi