

PROJECT REPORT FOR  
**NET CAFÉ SALES & SERVICES**



Prepared for

Promoter

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Project Location

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

**PREPARED BY:**

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Project For :

NET CAFÉ SALES & SERVICES

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## I. EXECUTIVE SUMMARY

### **Introduction:**

Computers have changed complete global scenario of work and business. Today computers are widely used in each and every aspect of life. Apart from data processing, training and educational purpose computers have wide ranging commercial use coupled with internet. Through internet many commercial activities such as e-mail, browsing, web browsing , e-commerce are possible. Personal computer is still out of reach of a common man in our country due to high cost. In such a situation cyber cafes or multipurpose computer centers have recognized the need for the need of connectivity and are offering various packages at affordable prices. Apart from the IT enabled services the project also envisages the use of computer center for other computer related activities such as data processing job and training activities for getting special customers. In general low startup cost, quick returns is the big attraction of the project.

Computer repairs and service centre will be a whole sale centre whose main product will be to provide all the latest model computers, laptops, as well as mobile phones and all the accessories related to them. This centre will also provide services like cybercafe & DTP work.

This centre will deal in all the branded desktop computer, laptops & mobile phones. This centre will also provide all the original software like windows, office, antivirus, games, media players and many more.

As this is also a service centre so it will provide all the technical consulting which includes repair, training, networking and upgrade service to local small businesses as well as home PC (personal computers) users. The company will focus on marketing, responsiveness, quality, and creating and retaining customer relations .Computer repairs and service will keep one or

two pieces of each item initially and will provide the item in bulk on order. As the company sale will increase then the company will hire a storeroom and will keep the products in bulk. The company will hire one technician initially as the demand of our services will increase we will hire more technicians and skilled persons to provide all the services at the customers door step.

### **1.1 About The Promoter**

- 1. Name : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
- 2. Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
- 3. PAN : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
- 4. Date of Birth : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
- 5. Adhar No : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

### **1.3 Project at a glance**

- 1. Proposed Project to be Set-Up : Net Café Sales & Services
- 2. Product & Services : Internet Browsing  
Computer, Laptops,  
Mobiles, Accessories  
Repairing.
- 3. Employment Potential : 2 Persons
- 4. Total Project Cost : Rs. 6.66 Lakhs
- 5. Means of Financing of Project
  - a. Own Contribution : Rs. 0.67 Lakhs
  - b. T L Facility from Bank : Rs. 5.00 Lakhs

Project For :

NET CAFÉ SALES & SERVICES

c. Subsidy : Rs.1.00 Lakhs

6. Rate of Interest : 11.00% Per Annum

7. Repayment Period : 60 monthly  
installments, EMI @  
0.11 Lakhs

8. Average Debt Coverage ratios : **2.39**

## **II. MARKET POTENTIAL**

A survey has indicated that Cyber Cafes have caught the imagination of the youth and these centres are the busiest due to the fact that information needs of the users today are fulfilled. They have users of all ages, genders and of various backgrounds, experience and interests. There are also creative uses of these centres like video conferencing, surfing the nets etc. Students find it especially useful. The café will also have provision for Xerox.

The very nature of the computing industry, with its extraordinary rate of technological development, creates a constant need for businesses skilled in updating and advising customer on computer-related issues. In town, the majority of potential customers are dissatisfied with existing options, creating an attractive niche for an innovative start-up. Small business PC/laptop as well as mobile phone users will provide the majority of our business revenue.

It is expected the computing industry is to grow at a rate of 15% and the processor speeds to continue to expand for years to come, providing a rich resource for sales. The company will initially provide services to home users and small business market, as these customers typically don't have a full-time IT person, but have full-time IT needs. PC/Laptop/Mobile Repair will offer an affordable, on-demand service for these customers. We can also offer maintenance agreements that generate additional monthly income. For our residential customers, we will offer a very affordable and helpful service with a very flexible schedule to meet their needs. Our target market will focus on the surrounding areas. Market research indicates there is an abundance of business for a small company dealing in computer services.

Project For :  
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## II. ECONOMICS OF THE PROJECT

### A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Shop ( Already Existing)	-	-	-
2	Computer & Printer	4.00	-	4.00
3	Furniture & Interior	0.67	-	0.67
4	Working Capital	1.99	-	1.99
		<hr/>		
		6.66	-	6.66
		<hr/>		

#### Means of Finance :

a) Own Contribution (10%)	0.67
b) T L facility from Bank (75%)	5.00
c) Subsidy (15%)	1.00
	<hr/>
	<b>6.66</b>

Project For :  
**NET CAFÉ SALES & SERVICES**

**B. PROFITABILITY STATEMENT**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sales	12.00	15.00	18.00	19.80	21.78	23.96
	Add : Increase in Cl.Stock	1.67	0.42	0.42	0.25	0.28	0.30
	Total Turnover	13.67	15.42	18.42	20.05	22.06	24.26
2	Material Purchase	6.67	8.33	10.00	11.00	12.10	13.31
3	Overheads						
	a) Direct	2.42	2.66	2.83	2.98	3.25	3.41
	b) Indirect	1.24	1.36	1.50	1.58	1.65	1.74
4	Balance	3.34	3.06	4.09	4.49	5.05	5.80
5	Interest on TL & CC	0.51	0.42	0.32	0.20	0.07	-
6	Depreciation	0.70	0.60	0.51	0.43	0.37	0.31
7	Preliminary expenses W/off	-	-	-	-	-	-
8	Profit after Interest & Dep.	2.13	2.04	3.27	3.86	4.61	5.49
9	Income Tax	-	-	0.33	0.39	0.46	0.30
10	<b>Profit after Tax</b>	2.13	2.04	2.94	3.48	4.15	5.19
11	Add: Depreciation & Pre Exp.	0.70	0.60	0.51	0.43	0.37	0.31
12	Add : Interest on TL & CC	0.51	0.42	0.32	0.20	0.07	-
13	Cash Accruals	3.34	3.06	3.76	4.11	4.59	5.51
14	Instalments of TL & Interest	1.30	1.30	1.30	1.30	1.30	-
15	DSCR	2.06	1.85	2.39	2.65	3.02	-
16	Average DSCR	2.39					
17	N.P. to Total receipts	17.74	13.62	16.33	17.55	19.06	21.68



Project For :

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**C. CASH FLOW STATEMENT**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
<b>A</b>	<b>CASH INFLOW :</b>						
1	Collection from Debtors	11.50	14.38	17.25	18.98	20.87	22.96
2	T.L. from Bank	5.00					
3	CC from bank	-					
4	Capital	0.67	-	-	-	-	-
5	Subsidy	1.00					
	<b>TOTAL (A)</b>	<b>18.16</b>	<b>14.38</b>	<b>17.25</b>	<b>18.98</b>	<b>20.87</b>	<b>22.96</b>
<b>B</b>	<b>CASH OUTFLOW :</b>						
1	Fixed Assets	4.67	-	-	-	-	-
2	Payment to creditors	5.57	8.06	9.73	10.84	11.92	13.11
3	Direct overheads	2.42	2.66	2.83	2.98	3.25	3.41
4	Indirect Overheads	1.24	1.36	1.50	1.58	1.65	1.74
5	Interest on Bank Loan	0.51	0.42	0.32	0.20	0.07	-
6	Income Tax	-	-	0.33	0.39	0.46	0.30
7	Term Loan Repayment	0.79	0.88	0.99	1.10	1.23	-
8	Drawings	0.25	0.28	0.30	0.33	0.37	0.40
	<b>TOTAL (B)</b>	<b>15.45</b>	<b>13.66</b>	<b>15.99</b>	<b>17.41</b>	<b>18.95</b>	<b>18.96</b>
	<b>SUMMERY:</b>						
	Op. Cash & Bank Balance.	-	2.71	3.42	4.68	6.24	8.16
	Add : Surplus / (Deficit)	2.71	0.71	1.26	1.56	1.92	4.00
	Cl. Cash & Bank Balance.	2.71	3.42	4.68	6.24	8.16	12.16

Project For :

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**D. BALANCE SHEET**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
<b>A</b>	<b>ASSETS :</b>						
1	Fixed Assets	3.97	3.37	2.87	2.44	2.07	1.76
2	Investments	-	-	-	-	-	-
3	Current Assets	4.87	6.63	9.06	11.69	14.80	20.10
4	Loans & Advances	-	-	-	-	-	-
	<b>TOTAL (A)</b>	<b>8.84</b>	<b>10.00</b>	<b>11.92</b>	<b>14.13</b>	<b>16.87</b>	<b>21.86</b>
<b>B</b>	<b>LIABILITIES:</b>						
1	Capital	3.54	5.31	7.95	11.09	14.88	19.67
2	Secured loans Term Loan	4.20	3.32	2.33	1.23	-	-
3	Sundry Creditors	1.10	1.37	1.64	1.81	1.99	2.19
4	Current Liabilities Cash Credit	-	-	-	-	-	-
	<b>TOTAL (B)</b>	<b>8.84</b>	<b>10.00</b>	<b>11.92</b>	<b>14.13</b>	<b>16.87</b>	<b>21.86</b>

Project For :

**NET CAFÉ SALES & SERVICES**

(Rs. Lacs)

**E. CAPITAL ACCOUNT**

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Op. Balance	-	3.54	5.31	7.95	11.09	14.88
2	Additions	1.67	-	-	-	-	-
3	Net Profit for the year.	2.13	2.04	2.94	3.48	4.15	5.19
	Sub Total	3.79	5.59	8.25	11.42	15.24	20.07
4	Less : Drawings	0.25	0.28	0.30	0.33	0.37	0.40
5	Cl. Balance	3.54	5.31	7.95	11.09	14.88	19.67

Project For :

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(Rs. Lacs)

**F. SALES**

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sales per annum Multipurpose computer center/cyber café-DTP,Trg,IT services	12.00	15.00	18.00	19.80	21.78	23.96
2	Total Sale	<u>12.00</u>	<u>15.00</u>	<u>18.00</u>	<u>19.80</u>	<u>21.78</u>	<u>23.96</u>
3	Sundry Debtors (Credit period allowed 15 days)	0.50	0.63	0.75	0.83	0.91	1.00
4	Collection from Debtors	11.50	14.38	17.25	18.98	20.87	22.96

Project For :

**NET CAFÉ SALES & SERVICES**

(Rs. Lacs)

**G. MATERIAL CONSUMPTION AND INVENTORY**

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sale of material	12.00	15.00	18.00	19.80	21.78	23.96
2	Purchases of Material	6.67	8.33	10.00	11.00	12.10	13.31
3	Sundry Creditors ( Assume 60 day Cedit Period allowed)	1.10	1.37	1.64	1.81	1.99	2.19
4	Payment to creditors	5.57	8.06	9.73	10.84	11.92	13.11
5	Stock of Material	1.67	2.08	2.50	2.75	3.03	3.33

Project For :

**NET CAFÉ SALES & SERVICES**

(Rs. Lacs)

**H. DIRECT OVERHEADS**

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Staff Salary (Monthly salary- Rs. 8,000/- per staff)  (No. of staff- 2)	1.92	2.11	2.22	2.35	2.58	2.71
2	Other Overheads	0.50	0.55	0.61	0.64	0.67	0.70
	Total	2.42	2.66	2.83	2.98	3.25	3.41

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(Rs. Lacs)

**I. INDIRECT OVERHEADS**

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Travelling & Conveyance	0.25	0.28	0.30	0.32	0.33	0.35
2	Repairs & Maint.	0.20	0.22	0.24	0.25	0.27	0.28
3	Electricity Expenses (Off.)	0.30	0.33	0.36	0.38	0.40	0.42
4	Telephone Expenses	0.24	0.26	0.29	0.30	0.32	0.34
5	Misc. Expenses	0.25	0.28	0.30	0.32	0.33	0.35
		1.24	1.36	1.50	1.58	1.65	1.74

Project For :

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**J. TERM LOAN REPAYMENT AND INTEREST THEREON**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	TL / Op. Bal.	5.00	4.20	3.32	2.33	1.23	-
2	Repayment during the year	0.79	0.88	0.99	1.10	1.23	-
3	Cl. Balance	4.20	3.32	2.33	1.23	-	-
4	Interest at 11 per cent p.a.	0.51	0.42	0.32	0.20	0.07	-
5	Total repayment with Interest	1.30	1.30	1.30	1.30	1.30	-
Total Interest		0.51	0.42	0.32	0.20	0.07	-

**Term Loan Repayment Schedule**

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				4.995
1	0.11	0.05	0.06	4.93
2	0.11	0.05	0.06	4.87
3	0.11	0.04	0.06	4.80
4	0.11	0.04	0.06	4.74
5	0.11	0.04	0.07	4.68
6	0.11	0.04	0.07	4.61
7	0.11	0.04	0.07	4.54
8	0.11	0.04	0.07	4.48
9	0.11	0.04	0.07	4.41
10	0.11	0.04	0.07	4.34
11	0.11	0.04	0.07	4.27
12	0.11	0.04	0.07	4.20
<b>First Year</b>	<b>1.30</b>	<b>0.51</b>	<b>0.79</b>	
13	0.11	0.04	0.07	4.13
14	0.11	0.04	0.07	4.06
15	0.11	0.04	0.07	3.99
16	0.11	0.04	0.07	3.92
17	0.11	0.04	0.07	3.85
18	0.11	0.04	0.07	3.77
19	0.11	0.03	0.07	3.70



20	0.11	0.03	0.07	3.62
21	0.11	0.03	0.08	3.55
22	0.11	0.03	0.08	3.47
23	0.11	0.03	0.08	3.39
24	0.11	0.03	0.08	3.32
<b>Second Year</b>	<b>1.30</b>	<b>0.42</b>	<b>0.88</b>	
25	0.11	0.03	0.08	3.24
26	0.11	0.03	0.08	3.16
27	0.11	0.03	0.08	3.08
28	0.11	0.03	0.08	3.00
29	0.11	0.03	0.08	2.92
30	0.11	0.03	0.08	2.84
31	0.11	0.03	0.08	2.75
32	0.11	0.03	0.08	2.67
33	0.11	0.02	0.08	2.59
34	0.11	0.02	0.08	2.50
35	0.11	0.02	0.09	2.42
36	0.11	0.02	0.09	2.33
<b>Third Year</b>	<b>1.30</b>	<b>0.32</b>	<b>0.99</b>	
37	0.11	0.02	0.09	2.24
38	0.11	0.02	0.09	2.15
39	0.11	0.02	0.09	2.07
40	0.11	0.02	0.09	1.98
41	0.11	0.02	0.09	1.89
42	0.11	0.02	0.09	1.79
43	0.11	0.02	0.09	1.70
44	0.11	0.02	0.09	1.61
45	0.11	0.01	0.09	1.52
46	0.11	0.01	0.09	1.42
47	0.11	0.01	0.10	1.33
48	0.11	0.01	0.10	1.23
<b>Fourth Year</b>	<b>1.30</b>	<b>0.20</b>	<b>1.10</b>	
49	0.11	0.01	0.10	1.13
50	0.11	0.01	0.10	1.03
51	0.11	0.01	0.10	0.93
52	0.11	0.01	0.10	0.83
53	0.11	0.01	0.10	0.73
54	0.11	0.01	0.10	0.63
55	0.11	0.01	0.10	0.53
56	0.11	0.00	0.10	0.42
57	0.11	0.00	0.10	0.32
58	0.11	0.00	0.11	0.21
59	0.11	0.00	0.11	0.11
60	0.11	0.00	0.11	0.00
<b>Fifth Year</b>	<b>1.30</b>	<b>0.07</b>	<b>1.23</b>	

Project For :

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**K. CURRENT ASSETS**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Cl. Stock of Materials	1.67	2.08	2.50	2.75	3.03	3.33
	Total Inventory	1.67	2.08	2.50	2.75	3.03	3.33
2	Cash and bank Balance	2.71	3.42	4.68	6.24	8.16	12.16
3	Sundry Debtors	0.50	1.13	1.88	2.70	3.61	4.61
	Total	4.87	6.63	9.06	11.69	14.80	20.10

Project For :

**NET CAFÉ SALES & SERVICES**

**L. FIXED ASSETS AND DEPRECIATION**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Computer & Printer						
	Op. Balance	-	3.40	2.89	2.46	2.09	1.77
	Additions	4.00	-		-		
	Total	4.00	3.40	2.89	2.46	2.09	1.77
	Less : Depreciation	0.60	0.51	0.43	0.37	0.31	0.27
	Cl. WDV	3.40	2.89	2.46	2.09	1.77	1.51
2	Furniture & Interior						
	Op. Balance	-	0.57	0.48	0.41	0.35	0.30
	Additions	0.67	-		-		
	Total	0.67	0.57	0.48	0.41	0.35	0.30
	Less : Depreciation	0.10	0.09	0.07	0.06	0.05	0.04
	Cl. WDV	0.57	0.48	0.41	0.35	0.30	0.25
	Total Depreciation	0.70	0.60	0.51	0.43	0.37	0.31
	Cl. WDV	3.97	3.37	2.87	2.44	2.07	1.76

Project For :

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**M. WORKING CAPITAL**

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Total Current Assets	4.87	6.63	9.06	11.69	14.80	20.10
2	Total Current Liabilities	1.10	1.37	1.64	1.81	1.99	2.19
3	Working Capital	3.78	5.26	7.41	9.88	12.81	17.91