

SHREENAGAR COFFEEHOUSE, SHITALPATI, TANSEN, PALPA

# Business Development Plan

(For the fulfillment of the partial requirement of MBA curriculum)

**Bishnu Prasad Neupane**

**School of Business, Pokhara University**

2011

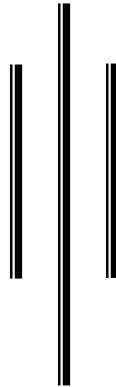
SUBMITTED TO: POKHARA UNIVERSITY

**Business Development Plan  
Establishment of Shreenagar Coffee House  
in  
Shitalpati, Tansen, Palpa**

(For the fulfillment of the partial requirement of MBA curriculum)

**Submitted to**

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MBA- IV Trimester

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Date: 8<sup>th</sup> August 2011

School of Business

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## **Executive summary**

Shreenagar Coffee House is a coffee house located at Shitalpati, Tansen, Palpa which provides variety of beverages and light snacks. Apart from the products Shreenagar Coffee House provides free Wi-Fi service and Mini theatre services. The Shreenagar Coffee House has three areas- movie theatre, main hall and reading area. It will be located in Shitalpati, Tansen, Palpa as the market there has been growing rapidly with all the schools and colleges open in that area.

We are aiming to get 2.5% of market share .and our target customer are local resident, student and working people. The main competitor of Shreenagar Coffee House is “Nanglo Bakery Café” located in Shitalpati. Apart from Nanglo there are other competitors as well. They are Lumbini Meeting Point, Bhagawati Tole, Tansen, Udaya Restaurant, Bank Road and Cyber world café, Laharepipal, Tansen, Palpa etc.

We are going to provide differentiation strategy as people will be able to watch movie while enjoying a cup of coffee (point of difference) and there will be separate area where they will be able to read their books and work on their laptop.

The raw material will be purchased from Tansen cold store. We will have 2 cook, 5 helper, 10 waiters, 1 accountant and 1 movie theatre in charge with the total salary of Rs 175000.

The actual capacity of the Shreenagar Coffee House is 82 people at one time. There is capacity of 20 customers in Mini theatre, 10 in reading area and 30 in main hall at a time. The quality parameters are timeliness, courtesy, response and cleanliness.

I have keep price according to the cost plus pricing technique. The markup for the coffee beverages is 95%, mark up for snacks and other drinks are 45% and 100% for pastries item. The price of the mini theatre is priced at Rs 700. Which will have 50.62% mark up from the cost of showing the movie.

The promotion strategy I am going to take for the café is through flyers in colleges, advertisements in face book, and we will also launch website of Shreenagar Coffee House. The advertisement cost for the first year is Rs 42500.

The sale for the first year is expected to be Rs 8355500. The sale is expected to increase every year by 12%.

We will invest 50% each of the total Rs 2030388 capital required. 100% will be equity investment and we will not use loan.

We can see in the income statement for the five years that the increase in the service revenue, the expenses have also increased due to the inflation or due to the expansion but the Net Profit after Tax has increased from Rs 605899 to Rs. 2398016.1 by the end of 5 years. From this, we have analyzed that the project seems to be profitable with respect to the amount of profit it will be giving in the period of five years. From this pro-forma cash budget, we can see that there is surplus cash at the end of the every year so this gives the satisfactory result.

There are various internal and external risk associated with the business like delay in opening of the coffee house , political risk, change in policies and so on which has to be considered as well. Shreenagar Coffee House's future plan is to expand its café in Bartung, Parvas, Aryavanghayng. Similarly we are thinking of expanding its product line and expand outside Palpa.

From the operation plan, marketing analysis and financial analysis we can see that Shreenagar Coffee House has a good chance of success in the business. But there is tough competition in the market and we also have to think about alternative plans. In this condition we can give it as lease to other restaurants or we might as well sell the overall restaurants to others. The amount received from the sale of the restaurants will help little to minimize the loss of the business. But we do have to promote the business through aggressive marketing strategy or advertising.

# Chapter one

## Introduction of Business

### 1.1 The Company

Shreenagar Coffee House is a small coffee shop located at the heart of Tansen Municipality, Shitalpati, Palpa. It aims to provide excellent quality service around Tansen. It will have its own brand identity in Palpa district and it is planning for its further expansion in the main cities of Nepal.

Palpa is considered as the “Darjeeling” of Nepal and it’s a cold place, so weather and the natural beauty of this place attract everyone to have a coffee and enjoy the beauty of this historical place. Many internal and foreign tourists here for various purposes, but they go once in Shreenagar Coffeehouse. With growing the service and trading sector people are busy in their work. With increase in business they have limited to have food. Thus they go search for healthy, hygienic coffee. Similarly, trend of having western food and coffee are growing in Nepalese market. Thus knowing this Shreenagar Coffeehouse is established in center heart of Palpa.

Hundreds of people are engaged in service and trading sector. Due to the busy working schedule they look search of coffee. Before establishing this people working this area hardly find place they search for. They had to have unhygienic food selling on street. The trend of going out with friends’ for a cup of coffee and hanging out with them is increasing. They go to the coffee house to spend quality time with their friends. The change that has taken place in socio culture of Nepalese people has led me to open up this business as there is growing need for such coffee house.

Shreenagar Coffee House will be located in Shitalpati near *Goal-Ghar*, a historical place of Nepal. This coffee house will provide varieties of coffee like latte, espresso, cappuccino, cold coffee etc along with light snacks such as Sandwich, pastries, muffins chocolate, etc. apart from coffee and light snacks we will also provide milkshake, juice and lassi. We will also provide free Wi-Fi service so that they can log on to different web portals. There will also be a separate quiet and peaceful room where they will be able to read. We will also have a mini theatre with

surround sound system where they can watch movie with their friends. This mini theatre will have capacity of 20 people which needs to be booked beforehand only. Targeted customer is office and bank employee, tourist, students and people of Tansen. Apart from this there are also several banks open in Bank road so they can also come to this coffee house and enjoy coffee while doing their work as they can log in with the help of Wi-Fi any time. Bank road is very much nearer to Shitalpati. It is the center or the heart of the historical place Plapa.

I think this is an innovative idea because there are not many places in Tansen, Plapa where students can hang out and enjoy a whole day. However, in this coffee house they can not only watch movie with their friends they won't even be disturbed by others and can even chat with each other while watching the movie. Similarly, apart from the movie they can also have a quiet and peaceful place where they will be able to read while enjoying delicious cup of coffee. Our coffee house even provides free Wi-Fi service so they can easily access the internet and stay connected with the world.

#### **1.1.1 Corporate Vision, Mission & Values of Shreenagar Coffeehouse:**

##### **Vision**

To become the leading coffeehouse in Western Development Region by the year 2012.

##### **Mission**

- Developing a trustworthy brand image
- Creating professional human resources
- Upholding transparent and crystal clear management
- Developing a harmonious networking and relationship
- Implementing Information Technology based approach

## Corporate Value

- Smart

Quick response, smart thinking and effective

- Integrity

Act honestly, reliability and fairness through long-lasting continuous relationship

- Professionalism

Responsibility and commitment towards continuously improving capability

- Innovation

Create and adopt ideas which constructively improves upon the status

- Trust

Accept full responsibility for our conduct within the team

- Excel

Continuously strive for the highest standards and performance in delivering different coffee tastes

- Synergy

Able to work as a team and supporting each other

Today, the idea of a coffee house usually brings to mind a cozy place that serves gourmet coffee and espresso drinks, with couches to lounge in while you sip.

With the Motto "**GROW TOGETHER WITH SHREENAGAR COFFEEHOUSE**", it is an expression of the full confidence in the economic prospects and business. Strong management team, fulfill the market needs, as well as new shareholder requirements, shows that Shreenagar Coffeehouse has all the ingredients to be success in reaching its goal.

### 1.1.2 History of Coffee House:

The history of coffee and coffee House is quite interesting. The first record of a public place serving coffee dates back to 1475. Kiva Han was the name of the first coffee shop, located in the Turkish city of Constantinople (now Istanbul). Coffee was such an important item during that time period that it was legal in Turkey for a woman to divorce her husband if he could not supply her with enough coffee. Turkish coffee was served strong, black and unfiltered

The idea of doctoring up one's coffee with cream and sweeteners, came into fashion in Europe around 1529, when the first coffee house in Europe was established. Vienna was invaded by the Turkish army, who left many bags of coffee behind when they fled the city. Franz Georg Kolschitzky introduced the idea of filtering coffee, as well as the softening the brew with milk and sugar. The beverage was quite a hit, and when coffee houses also started serving sweet pastries and other confectionary treats, their popularity exploded.

The British called their coffee houses, "*penny universities*" because that was the price for the coffee and the social upper-class of business-men were found there. In fact, a small coffee shop run by Edward Lloyd in 1668 was such a business hub, it eventually became the still-operating Lloyd's of London insurance company.

From there, the idea spread further through Europe. Italy in 1654 and then Paris in 1672, Germany embraced the coffee house for the first time in 1673.

When America was colonized, the coffee house was quick to follow. The role of the American coffee house was the same as those in England: the hotspots for the business community. The Tontine Coffee House (1792) in New York was the original location for the New York Stock Exchange, because so much business was conducted there.

Of course, the age-old coffee house should not be confused with the coffee shop of recent decades. Coffee shops are really restaurants that serve a typical menu of diner food too, along with basic coffee.

### **1.1.3 Location**

Shreenagar Coffee House will be located in Shitalpati near *Goal-Ghar*, a historical place of Nepal. This coffee house will provide varieties of coffee like latte, espresso, cappuccino, cold coffee etc along with light snacks such as Sandwich, pastries, muffins chocolate, etc. apart from coffee and light snacks we will also provide milkshake, juice and lassi. We will also provide free Wi-Fi service so that they can log on to different web portals. There will also be a separate quiet and peaceful room where they will be able to read.. I have selected Shitalpati because it is the center for all those schools and colleges around and since Tansen is the Headquarter of Palpa district and Shitalpati is just in front of district offices.



#### 1.1.4 Present Status of the Business

The main competitor of Shreenagar Coffee House is “Nanglo Bakery Cafe”. It is also located in Shitalpati next to Paschimanchal Development Bank limited. They charge a little bit more which is hard for ordinary Nepalese to regularly go there. They focuses on Nepali culture and eastern way of services, folk music but we focus on songs and movies of different genres, movie theater and simple and inexpensive place for gathering friends.

There is intense rivalry in these industries as there are various restaurants and café around the town but Shreenagar Coffee House stands out from the competition on the context of the unique service it is going to provide. There is only one place where customers can enjoy movie and eat healthy food. Similarly we can also take movie hall as competitor as there is increasing trend of going to movie hall as well. But no matter what we can distinguish ourselves from other as we will provide something distinguish from others.

The actual capacity of the café is 82 people at one time. There is capacity of 20 customers in Mini theatre, 10 in reading area and 30 in main hall at a time. In first year I have estimated according to the market research that in a whole day we will have at least 50 customers per day. In the first year there will be 40 customers per day so only 48.78% of the actual capacity will be utilized. In the second year the capacity will increase to 68.29% and in 5 years we will achieve 95.12%.

Year	Number of customer	Capacity utilized
1	40	48.78%
2	56	68.29%
3	56	68.29%
4	75	69.20%
5	78	95.12%

*Table: 1 capacity*

Observing the present market scenario, we can see that even though Nanglo Bakery cafe Nepal has large market share but there are various competitive advantage to Shreenagar coffee House. The main advantage we can get is the space available. Similarly, the layout and the overall atmosphere of the Nanglo are not so appealing but in our Coffee House we will have very sophisticated interior decoration. Similarly, we will show the movie on LCD where as the competitor have been using audio speakers/sound box for playing music and showing only live performances. Similarly the target customer of Nanglo Bakery cafe café are Foreigner but since the economic condition of the country is not doing so good fewer tourist may be attracted toward Nepal. But in our coffee house target customer are local, students and business people and since there is increase in college going students and working people I think this will lead to the competitive advantage to our coffee house.

#### **1.1.5 The Promoters**

Shreenagar Coffee house will be a branded coffee house in Nepal and a Neupane Corporation, founded and owned by Mr. Bishnu Prasad Neupane. Being one of the master graduates of business from Pokhara University, founder will promote and direct the business. The core interest area of the business is to develop coffee culture in our locality and stand as the best getting together spot in Lumbini zone. The company will be registered according to the company act in Company registration office and the registered office will be in Shitalpati, Tansen, Palpa, Nepal.

#### **1.2 The Project**

Shreenagar Coffee house will provide high quality coffee beverages, tea, juice, soft drinks, milkshakes, lassi, pastries, chocolates, French fries, sandwiches, Muffins, patties, burgers, and other bakery items.

The food and drinks provided in our coffee house will be of high quality and will be very hygienic in nature. We will provide various coffee beverages, tea, snacks and pastries. The food will be delivered as soon as possible.

### **1.2.1 Rationale of the project**

As every businesses have the rationale of profit maximization, Shreenagar coffee House has also the rationale of earning profit. The other benefit is to make career in business. We aim to get benefit from self employment and independent from the others. The business relations with the customers, suppliers and other stakeholders will enhance our initiation with the corporate social responsibility too.

### **1.2.2 Objective of the project**

The main objectives of the project are as follows;

1. Profit maximization
2. Facilitate employment opportunities to the people
3. Produce and distribute the bakery items
4. Provide quality service to the customers
5. Increase coffee culture and customer awareness

### **1.2.3 Strategy of the project**

Shreenagar Coffee House will follow the low cost strategy and aims to stand the best preferred place for meeting friends and spend some time enjoying with relatives. We will involve in the production and distribution of our business from where we get cost advantage. We will focus equally on the aggressive media advertising too.

## Chapter Two

### Production Plan

#### 2.1 The Product

Shreenagar Coffee house will provide high quality

- coffee beverages,
- tea,
- juice,
- soft drinks,
- milkshakes,
- lassi,
- pastries,
- chocolates,
- sandwiches, French fries, Muffins, patties, burgers, and other bakery items.

The prices charged are according to the cost of production. We have followed cost plus basis for pricing. We have taken approximately 95% mark up in coffee beverages, approximately 45% mark up in snacks and approximately 100% in pastries due to various indirect cost associated with each item.

S. no	Coffee Beverages	Price
1	Espresso	65
2	Café Americano	70
3	cappuccino	80
4	Café Latte	80
5	Café Mocha	90
6	Café Macchiato	85
7	Cold Coffee	70

8	Cold Coffee with Ice cream	80
9	Black coffee	35
<b>S. no</b>	<b>Others</b>	<b>Price</b>
1	Black Tea	30
2	Milk Tea	55
3	Hot Chocolate	60
<b>S.no</b>	<b>Cold Drinks</b>	<b>Price</b>
1	Coke /Fanta/ Sprite	40
2	Lassi	30
3	Ice Tea	70
<b>S. no</b>	<b>Snacks</b>	<b>Price</b>
1	Chicken Sandwich	100
2	Cheese Sandwich	60
4	French Fries	80
5	Chip Chilly	160
6	Chicken Chilly	185
7	Chicken Sausage (2 pieces)	65
<b>S.no</b>	<b>Pastries</b>	<b>Price</b>
1	Black Forest	60
2	Pineapple pastries	50
3	White forest	70
4	Chocolate pyramid	60
5	Muffin	30

*Table2: Price of the Product*

These are the prices of different product that the café will be charging to the customers. These prices are taken on the basis of cost plus price basis. The details of the prices are shown in appendix. The food and drinks provided in our coffee house will be of high quality and will be very hygienic in nature. We will provide various coffee beverages, tea, snacks and pastries. The food will be delivered as soon as possible.

## **2.2 Service Features:**

Apart from the food and beverages the customer will be able to watch movie and use free Wi-Fi services as well.

### **1. Movie Theatre:**

- Capacity of 20 people
- Comfortable sofas to watch movie
- Surround sound movie theatre with 50 “ TV
- Reservation should be made at least one day prior
- Reservation charge is Rs 500 per 5 hours
- English movie, Hindi move and Korean movie will be shown

### **2. Wi-Fi/ Reading area:**

- Free Wi-Fi services
- Peaceful reading area

There has been high increasing trend among students to go to theatre and watch movie. But in a movie hall they have to be in restriction and watch movie as other might get disturbed. So, in “movie latte” they can watch movie with their friends and are free to chat with their friends without being disturbed by others or worrying about others getting disturbed. Similarly, people nowadays like to work on their laptop as well as stay connected with their near and dear ones anywhere it is possible. So, “Shreenagar Coffee House” will provide them with these services and help them stay connected with the world along with cup of Coffee. Likewise, most of the

people also prefer to read books or notes in a peaceful environment along with a cup of coffee and it provides them with these services.

### 2.3 Availability of the materials

The materials or supplies that we have mentioned are easily available in Palpa. But some coffee beans have to import from foreign market, which is not so hard to do, we can import various coffees from Gorakhpur, India. Organic and local coffee beans are easily available in Palpa, Gulmi and Syangja.

### 2.4 Layout Design

Our coffee house will have three areas for the customers to enjoy themselves, one storage room, one kitchen, and two restrooms. The design will be as per the latest trend and with friendly atmosphere.

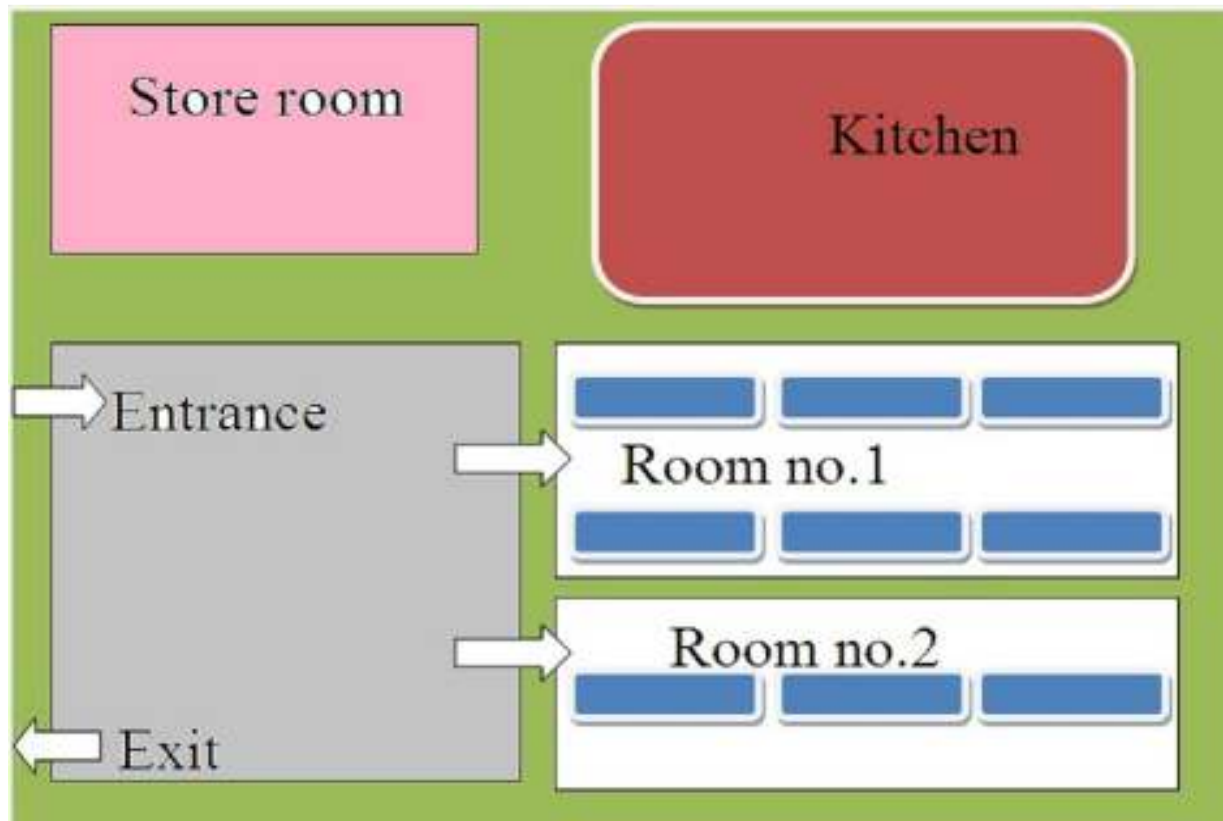


Fig. Front layout





## Chapter Three

### Management & Human Resource plan

#### 3.1 Structure of the organization

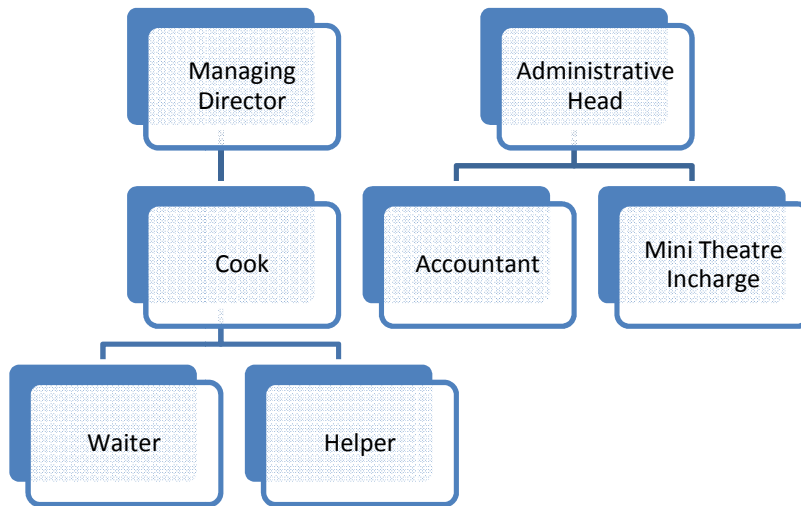


Figure 4: organization structure

#### 3.2 Human resource policy

The human resource requirement and placement are as follows:

Designation	Number	Salary (per month)	Total
Owner	2	-	-
Cook	2	25000	Rs 50000
Helper	5	5000	Rs 25000
Waiter	10	8000	Rs 80000
Accountant	1	10000	Rs 10000
Mini theatre in charge	1	10000	Rs 10000
Total			Rs 175000

Table 5: human resource planning

Success of the café purely depends on the staff and the service they are providing so we have to choose carefully. As this will also help to build image of the coffee house we want to create and deliver quality services. So for this we will choose trained staff.

We will need 2 cook, 2 helper, 5 waiters and 1 accountant for this. We will add more waiters after third year. We will add two waiters so our salary expenses increase to Rs 191000.

### **3.3 Job Description:**

#### **1. Managing Director:**

The Managing Director would be managing the overall business. The manager will have to see if there are any queries of the customer and can also take feedback from the customer in enhancing the restaurants. The Cook and the Waiter would have to report to the Managing Director.

#### **2. Administrative Head:**

The Administrative head would be responsible for keeping the store keys and looking after the cash drawers. The person will have to guide the accountant and the Mini theatre incharge.

#### **3. Accountant:**

The account will be need to process and check bills, invoices, receivable management, maintain account and so on. The accountant will also be responsible for receiving payments.

#### **4. Cooks:**

In a café responsibility of the cook will be very high as if the quality of the food is not maintained then we may lose customer. Similarly if the cook takes long time for preparing food also it may hamper the business. So, they will have to prepare food according to the requirement of the customer.

#### **5. Mini theatre in charge:**

The mini theatre in charge will have to take the whole responsibility of the movie theatre. The person will have take reservation, see if the DVDs are available or not , see that if the customers want anything and also have to see that the customers are not involve in any unethical behavior. He has to also maintain record of customers going to the mini theatre

so that we will be able to follow up in future. He will also have to do market research as well.

**6. Helper:**

The helper will have to assist the cook and also do dish washing and buying stocks. They will have to buy raw material and other goods needed.

**7. Waiter:**

The waiters are the one who interact with the customers, so they need to make good impression under the customer's eyes. They also need to work under pressure in the rush hour.

## Chapter Four

### Environment Analysis

#### 4.1 Business Environment

We have done SWOT analysis of Shreenagar Coffee House along with Environmental analysis of the business sector. This will help to see what are the competitive edges, we have in respect to the environment.

#### 4.2 SWOT analysis of Shreenagar Coffee House:

a) Strength:

- Different varieties of coffee available in one place.
- No other places where we can enjoy coffee and movie with friends.
- Location: as it will be located at the center of Tansen Municipality. Also Tansen is a cold place so people prefer to have a coffee out of home at day and evening with their friends.
- Separate area so customers can enjoy without being disturbed.

b) Weakness:

- Not suitable for those who prefer variety of food
- Lack of experience in this field

c) Opportunities:

- Growing population of teenagers and students.
- Change in the life style of the students.
- Increase in market share for such goods and services.

d) Threat:

- Presence of substitute café
- Economy of the people as they may change their sending pattern
- Change in taste of the customer

### **4.3 Environmental Analysis:**

a) Political Environment:

Due to political instability it may hamper the business to certain aspect because of bandhs and strikes. So people may not be able to come to the coffee house due to which the business may be hampered.

b) Economical Environment :

This business can put the hand to some extend the economic position of the country as it will generate some revenue. The economy of the people may change due to which the business may be affected as well as the taste of the people may be affected.

c) Social-cultural Environment:

There will be no social- cultural impact on the society. There has been change in the cultural aspect of the people and more and more people have started to go to the restaurants and coffee house to hang out with friends and family. So due which it will be profitable for this kind of coffee house.

d) Technological Environment:

Due to advance technology we can import coffee machines from outside as well and we can also import relevant gadgets for the mini theater from outside as well. These technologies will help to gain competitive edge in this competitive world.

e) Legal Environment :

There will be no restriction from the government while opening this coffee shop. We can register it easily. We can register this coffee house under company act. The registration fee for the coffee house is Rs 10000.

In order to register this company under the name of “Shreenagar Coffee House” we need to do some of the legal formalities which are as follows:

- An application form is submitted along with the Rs 5 stamp at the office of the registrar. Besides this citizenship certificate of the Partners and the company register stamp is provided to the office of the registrar.
- Once the company is registered the next steps is to take PAN number that is Permanent account number from In land revenue Department which situated at Butwal, the headquarter of Lumbini zone. For this necessary documents are: Application form, Copy of the citizenship certificate of the Partners, Copy of the company/firm registration certificate, two passport size photo of the Partners, Hand drawn sketch of the business location.

#### **4.4 Competitive analysis**

The main competitor of Shreenagar Coffee House is “Nanglo Bakery Cafe”. It is also located in Shitalpati next to Paschimanchal Development Bank limited. They charge a little bit more which is hard for ordinary Nepalese to regularly go there. They focus on Nepali culture and eastern way of services, folk music but we focus on songs and movies of different genres and simple and inexpensive place for gathering friends.

There is intense rivalry in these industries as there are various restaurants and café around the town but Shreenagar Coffee House stands out from the competition on the context of the unique service it is going to provide. There is only one place where customers can enjoy movie and eat healthy food. Similarly we can also take movie hall as competitor as there is increasing trend of going to movie hall as well. But no matter what we can distinguish ourselves from other as we will provide something distinguish from others.

Under the competitive analysis we can see the five competitive forces:

### **1. Intensity of rivalry**

There is intense rivalry in these industries as there are various restaurants and café around the town but Movie latte stands out from the competition on the context of the unique service it is going to provide. There is only one place where customers can enjoy movie and eat healthy food. Similarly we can also take movie hall as competitor as there is increasing trend of going to movie hall as well.

But no matter what we can distinguish ourselves from other as we will provide something distinguish from others.

### **2. Threat of new entrants**

Despite low economies of scale and the fact that customers face low switching costs in the restaurant industry, the threat of new entrants is not that high because of cost disadvantages, capital requirements and low level of differentiation possible.

### **3. Threat of substitute products**

The threat of the substitute products is not that high because people who want to go to restaurant don't weigh it against the substitutes. However, when the economic situation stays bad, people want to spend less on average. In this last case, the threat of the substitutes can become higher. The substitutable products can be watching movie at home from the DVDs.

### **4. Bargaining power of customer**

The bargaining power of customer is high as there many restaurants present and the switching cost is low.

### **5. Bargaining power of supplier**

Since there are many suppliers who supply grocery items and fresh vegetables and fruits, the bargaining power of suppliers is low.

#### **4.5 SWOT Analysis of Competitor: Nanglo Bakery cafe:**

##### **a) Strengths**

- Already established market of Nanglo Bakery café.
- Renown brand image

##### **b) Weakness**

- Small space so many people have to wait or return if the place is full.
- They can't watch sports and movie on Nanglo Bakery café.
- Overall layout is not so good.
- Aesthetics is also very poorly managed.
- Focused on tourists.

##### **c) Opportunities**

- Large group of potential customers both local and foreigners.
- Located at the center of Tansen.

##### **d) Threats**

- Presence of substitutes: cafes and traditional sit down restaurants in the neighborhood.
- Prime competitors who are already established might copy our business idea.

From the competitive analysis we can see that even though Nanglo Bakery café has large market share but there are various competitive advantage to Shreenagar Coffee House. The main advantage we can get is the space available. Nanglo Bakery café has small space with capacity of just 20 overall. Similarly, the layout and the overall atmosphere of the café are not so appealing but in our café we will have very sophisticated interior decoration. Similarly, we will show the movie on LCD where as the competitor are not providing such facility.



Similarly the target customer of Nanglo Bakery café are Foreigner but since the economic condition of the country is not doing so good fewer tourist may be attracted toward Nepal. But in our café target customer are local, students and business people and since there is increase in college going students and working people I think this will lead to the competitive advantage to our coffee house.

## Chapter Six

### Financial Calculation and Analysis

For detail , contact with the writer

## Chapter Seven

### Conclusions and Recommendations

#### **Conclusion:**

After studying all the calculations, from this project report of establishing Shreenagar Coffee House; we can predict that the internal rate of return of the project is 63% which is higher than the cost of capital which can bring from the bank. The other indicator to start the project shows it is feasible and very profit motive.

We can see in the income statement for the five years that the increase in the service revenue, the expenses have also increased due to the inflation or due to the expansion but the Net Profit after Tax has increased from Rs 605899 to Rs. 2398016.1 by the end of 5 years. From this, we have analyzed that the project seems to be profitable with respect to the amount of profit it will be giving in the period of five years. From this pro-forma cash budget, we can see that there is surplus cash at the end of the every year so this gives the satisfactory result.

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We are aiming to get 2.5% of market share in the Palpali market and our target customers are local resident, student and working people.

#### **Recommendation:**

There are various internal and external risk associated with the business like delay in opening of the coffee house , political risk, change in policies and so on which has to be considered as well. Shreenagar Coffee House's future plan is to expand its café in Bartung, Parvas, Aryavanghayng. Similarly we are thinking of expanding its product line and expand outside Palpa.



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## **ANNEX**

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