

TYPICAL REPORT

ON

A

FAMILY RECREATION CENTRE

BY

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AN ANALYSIS

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TYPICAL REPORT ON TENPIN BOWLING CENTRE BY INCO

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INTRODUCTION

INCO MECHEL PRIVATE LIMITED is a pioneer in promoting the concept of Family Entertainment Centers with Bowling Alleys in India.

INCO introduced Ten Pin Bowling in India as a Leisure Sport and is the leader in this field.

INCO offers services from concept to commissioning and has already set up over 25 Centers all over the country.

INCO also offers Pool Tables from Brunswick who are world leaders in Billiards.

INCO is the exclusive distributor in India for Bombardier Corporation, the world leaders in Jet Water Crafts & Jet Skis, for their complete range of "Sea-doo" Water Crafts. Consequently, **INCO** is currently promoting the concept of Water Sport Centers.

Recently, **INCO** has started promoting the concept of Snow Theme Parks and Ice Skating Rinks. **INCO** has been appointed by FrigoFrance of France to exclusively market their snow-making machines in India. These machines are capable of producing 50 cubic meters of snow a day at any temperature between 10 and 30 degrees centigrade, and would be useful for Snow Sports Centers (SSC) and in Studios to create the snow scenes so popular in commercial cinema which otherwise would require entire film units to travel to far away places for this purpose.

INCO is the largest Indian Company channelising capital goods for sports and leisure industry and has the marketing rights for some of the best known names in the world. **INCO** offers a comprehensive Consultancy package inclusive of designing the Infrastructure and Installing Equipment.

INCO is a part of the 42 year old **ALLSTATE** group involved in Refrigeration, Transformers, Photography and Leisure equipment with two of the group Companies having long standing agreements with Fortune 500 Companies like Kodak Ltd., and Bombardier Corpn., Canada.

I - The Sport of Ten-pin Bowling

1. Rules of the game

This game consists of knocking down ten pins, standing at a distance of 60 feet, by hurling a urethane ball which weighs between 6 lb. and 16 lb. (depending on the sex and the age of the player). There are 10 frames in a game and you have two chances of throwing in a frame.

The score is the number of fallen pins. If the player has knocked down the ten pins with two throws, he gets a "SPARE". Concerning the score, the points of the next throw after the "SPARE" are added to the frame in which the player got a "SPARE". If the player succeeds to knock down the ten pins in the first throw, he gets a "STRIKE".

In this case, the points of the next two throws are added to the frame in which the bowler got a "STRIKE". You make a "TURKEY" when you make 3 successive "STRIKES". The rules are very simple and the equipment is adapted for anybody. Indeed, everybody can play this game. The record is a 104-year-old woman who has participated in a competitive league Bowling in the US in 1985-1986.

2. Bowling centers in India

Some of the Bowling centers where we were involved fully from concept to commissioning:

1.	Leisure Bowl	New Delhi	8 lanes
2.	Sayaji Hotels	Indore	2 lanes
3.	Club Aquaria	Mumbai	2 lanes
4.	Kin pin	Japer	4 lanes
5.	Buddy's	Mumbai	4 lanes
6.	Destination Point	New Delhi	6 lanes
7.	Roll in Bowl In	Mumbai	4 lanes
8.	Xandu Bowl	New Delhi	6 lanes
9.	Snow Bowling	Chennai	4 lanes
10.	Z-2000	Surat	4 lanes
11.	Strike 10	Mumbai	6 lanes
12.	Bulls Eye	Mumbai	4 lanes
13.	The Allygator	Hyderabad	4 lanes
14.	Dumas Resort	Surat	4 lanes

Since a few years, the leisure is growing up and Bowling becomes an emerging sport and entertainment in India.

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II - Requirements to start

1. The area and equipment cost

The minimum requirement for a Bowling alley is 86 feet length, inclusive of lane and approach area, 12 feet width for a pair of lanes, inclusive of 2 lanes and ball return zone, and 10-12 feet height per lane. For an 8 lane Bowling centre the area required is about 6000 - 8000 square feet, inclusive of alleys, snack bar, seating arrangements, etc. The other important factor involved is finance. Depending on the different configurations and the different models of Bowling alleys, one lane costs between \$20,000 and \$ 30,000. The price includes the lane, scorer, and pinsetter, masking unit, centre management system, accessories and spares.

2. Components for a Bowling Centre

- A - Lane:
- B - Pinsetters
- C - Ball Return System
- D - Scorers
- E - Seating Arrangements
- F - Centre Management System
- G - Supplies

III - Financial report on Tenpin Bowling

We are pleased to present to you a report which will help you to estimate the return of investment of a Bowling centre. This report has been prepared after making an exhaustive study about bowling centers in India and abroad. The report is based on a centre having 8 lanes.

1 - Assumptions

- Functioning of the Centre - On the average of 30 days per month and 12 hours per day.
- Lineage - Lineage (a term widely used in Tenpin Bowling industry) is the number of games played per lane per day. We consider an average lineage of 50 games per lane per day.
- Playing fees - A city dwelling person will find it quite conducive to pay \$2.00 for one game. Eventually pricing is owner's discretion.

2 - Project Cost.

Let us consider a price of US \$ 30,000 as the price per lane.

1 lane	=	\$ 30,000
4 lanes \$30,000 x 4	=	\$120,000
8 lanes \$30,000 x 8	=	\$240,000

	4 LANES		8 LANES	
Equipment	\$120,000		\$240,000	
	Duty 35.2%	Duty 0%	Duty 35.2%	Duty 0%
Custom Duty	\$42,240	-	\$84,480	-
Total (cost + Duty)	\$162,240	\$1,20,000	\$334,480	\$240,000
Installation costs \$3500	\$14,000	\$14,000	\$28,000	\$28,000
Sub Total (rounded)	\$176,000	\$1,34,000	\$352,500	\$268,000
A. Air-conditioning 15, 25 & 50 ton respectively	\$ 20,000	\$ 20,000	\$ 33,000	\$33,000
B. Interiors cost are \$15 per sq.ft. for an 4 lanes & 8 lanes bowling centre we consider a space of 4500 sq.ft. & 8000 sq.ft. respectively.	\$ 67,500	\$ 67,500	\$120,000	\$ 120,000
C. Total set-up costs: Pro-shop only for 4&8 lanes \$7,000. Amusements \$40,000 for 4 & 8 lanes Fast-food / Bar \$20,000 for 4 & 8 lanes	\$ 67,000	\$ 67,500	\$ 67,000	\$ 67,000
Total Fixed Capital (Rs.) (A+B+C+D)	\$ 330,500	\$ 288,500	\$ 1019,460	\$ 756,000

Note : Calculation is made at a tentative rate of Rs.50 per US \$. All calculations are rough

Revenue

We consider an average lineage (number of games per lane per day) of 50 games per lane per day and a price of \$ 2 /-:

	<u>4 lane centre</u>	<u>8 lane centre</u>
50 x 4 x 2 x 360 days	\$ 144,000 / year	
50 x 8 x 2 x 360 days		\$ 288,000 / year
Amusements such as video games, American Pool tables, etc. on a minimal patronage it is expected an earnings of \$ 4000 / \$ 8000 per month	\$ 48,000	\$ 96,000
Fast Food and Beverages/bar	\$ 100,000	\$ 200,000
Pro-shop located within the premises could sell goods like T-shirts, caps, Bowling shoes, customized Bowling balls, kit bags, etc.		
Approx. sales	\$ 10,000	\$ 20,000
Total	\$ 302,000	\$ 604,000

Fast-food restaurant and bar in Bowling centre are very profitable proposition. Revenues thus generated are calculated on the basis of consumption per year.

Worldwide research shows that approximately 50% revenue from a centre is from Bowling while about 50% from food and beverages and amusements though it varies from centre to centre.

Revenue

Description	4 Lanes (\$)	8 Lanes (\$)
Bowling	142,000	284,000
Amusements etc.	48,000	96,000
Fast Food & Beverages/bar	108,000	216,000
Proshop	10,000	20,000
Total	308,000	616,000

Expenditure, Depreciation & Maintenance Provision

Description	4 Lanes (\$)	8 Lanes (\$)
Electrical	18000	36000
Salaries	14400	28800
Food/Beverages	36000	72000
Miscellaneous	9700	19400
Rent @40/- per sq.ft./month Area 4000 / 8000 sq.ft.	38400	76800
Depreciation		
Bowling equipment 10%	18100	36200
A/C Plant 10%	1800	3000
Interiors 20%	10800	19200
Pro-shop, Amusement & Kitchen equipment 10%	6700	6700
Other expenses viz Printing, Stationery, Promotions, Travel, Communication, Security and other over heads about 10%	38800	61600
Expenditure and Depreciation	184,700	347,720
Profit before Tax	123,300	268,280
Investment	321,480	557,960
Return on Investment	38%	48%



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