



CINE PROJECTORS

Making Projectors Affordable
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To
The People of India



Date : 20 October 2010

SUB : Investors needed for R&D projects in solar energy

Dear Reader

This email talks about the past 3 years of my journey as an entrepreneur. Here, I will not just be talking about my personal level problems but that of India as system. It will give you a better understanding of how things work in India. So I would like you to spend some 10 minutes reading this letter.

I am Yogi Tripathi, the manager of ebay store by the name of Cine Projectors (<http://stores.ebay.in/cineprojectors>). I have been selling various solar energy based gadgets, magnetic belts & projectors on ebay India since 2008. **I started with offering low initial cost & low running cost single LCD based projectors which were developed by myself.** I even organized a **3 day movie show at nearby village Sultanpur** in early 2007.

The villagers gave me 3 important feedback's -

- 1) *Yeh to abhi baacha hai* (I appeared too young)
- 2) *Yahan kuch nahi ho sakta* (Nothing really works here)
- 3) *Paisa aapke paas kahan hai* (Where do you have the money?)

Aneways the projector performed satisfactorily and plans were made to raise Rs 1 crore to create a chain of 10,000 village movie units using the low cost projectors and **I appeared on a TV interview in July 2009 on CNBC TV18 presenting myself & the plan. The video can be seen here - <http://www.youtube.com/watch?v=u7Zu15OMKQA&feature=channel>.**

However, as funds could not be raised the project had to be dropped.

During this period the **price's of projector's & laptops dropped from Rs 70,000 to Rs 25,000 levels.** The crash in projector price's meant that when earlier we could earn Rs 10,000- Rs 15,000 on a sale now we had to be content with Rs 2,000 to Rs 4,000 margin. Also people who earlier hired my projectors could now afford to purchase them killing most of the rent market. So the good time to start a business before 2008 soon became a bad time by 2009. As on date it is still a bad time as loans are available with great difficulty at 18%-24% pa.

Also **custom's duty in India for electronic gadgets imports in 2008-09 were at 35% levels** [Customs duty 10%, Counter veiling duty (CVD)16%+ Educational cess on CVD 2% + Secondary & Higher education cess on CVD 1% + Customs educational cess 2% + customs secondary & higher education cess 1% + Additional duty imports 4% = Total 35%]. Besides money was also needed on around a dozen other tables. Other administrative expenses at the customs department meant that costs escalated by 45% during imports. Then there was an existing 12.5% VAT for sale of projectors & other electronic gadgets in UP. In June 2009, Mayawatti govt removed entry taxes but imposed an additional 1% tax by UP VAT ACT 2007 making the **state govt sales tax to 13.5%**. You could not get your goods out of the IGI airport, New Delhi without customs duty and the courier companies could not get road permit without the Form 38 for UP. If this was not enough we were also expected to pay **income tax between 10-30% levels**, that is if you survive after all this. Besides these are not the only taxes I pay. **All my telephone, Internet, electricity, water, Courier Company bills come with a +10% service tax ensuring free, easy money for the government.** Also, anything I wish to buy from the market comes after VAT and other taxes. Petrol which would have otherwise cost Rs 27 a liter is sold at more than Rs 50 a liter. **After the British Raj, welcome to the Neta Babu Raj & this is 2010 not 1970's.**

The unnecessary high rate of tax's in India reminds me of what the erstwhile UK's Prime Minister, Winston Churchill had commented on the eve of India's independence – *"Power will go to the hands of rascals, rogues & freebooters. Not a bottle of beer nor a loaf of bread shall escape taxation, only air will be free. All Indian leaders will be of low caliber and men of straw. They will have sweet tongues and silly hearts. They will fight among themselves for power and India will be lost in political squabbles."* **The British administration was by and large Professional, educated & cooperative. On the other hand, the Indian administration is by & large corrupt, illiterate & egoistic leg pullers.** In a so called democracy in India, **people have no real powers** except for the right to shout, abuse and criticize their own government. Shashi Tharoor was right taunting them as "cattle class". Recent election results prove that even incompetent people can get voted to power. I have very little understanding of the election dynamics in other places of India but over here in Lucknow, UP the rules are pretty simple & straight. The life of an average voter oscillates between frustration & desperation. He says – "I don't really care who wins or loses. It does not really affect my life anyways. I will vote for anyone who can give me a free ride to Lucknow & some entertainment".

Yes, **in developed economies, people pay taxes as high as 40% but their people get social security, subsidized education & medical insurance benefits. Here in India what do we get?** It's a misconception that government builds roads or power plants. The people building the roads are civilian labourer's. The stone's, road rollers, charcoal and various other raw materials come from private players. Even in case of power plants, the turbines are usually imported and physical work of installation given to civilian contractors. The government only collects tax's and gives them a contract with of course, various kickbacks for themselves. **However, government is an important uniting force in India, especially when people are divided at the micro level, and will not help each other but are afraid of the government and will pay them taxes.** As a consumer most of the stuff I use today like food, fruits & vegetable's, soap, shampoo's, clothes, and various other gadgets are all being managed by private player's. The various media services like newspaper, radio, cable television, big screen movies are nearly free because private players are paying for it in the form of advertisements.

In early 2008, I started trading renewable energy gadgets under the banner of SOLAR STORE (www.solarstore.co.in). Various unique solar mobile charger's, torch's and radio's were introduced by me for the first time on ebay India. I was the first person to start offering solar panels on ebay India towards late 2008 allowing online purchase of solar panels. **By April 2009, I managed to design & develop my own solar street lamps.** Over a relatively short period of time I made several improvements in the design and also won export order's from USA & Australia. A recent development has been a solar street lamp which glows at 50-60% of its power normally but turns to 100% power as soon as it senses motion. Also, the unique collapsible design of the lamp allowed easy shipping & installation. **Towards late 2009, I started offering solar consultancy services** with the help of local level newspaper ads, as I had developed the required expertise to power a home or complete office with clean solar energy. The availability of 24 hour electricity supply is a prerequisite for improving lifestyle's, powering offices and running industries. **In 2010 we started organizing canopy displays & very recently I have started organizing seminars** using pamphlet distribution on Advances in solar energy to educate the local people on the merits of solar energy under the banner of "*Solar Society of Lucknow*".

However, I am in trouble at the moment with **debts of Rs 7 lakhs.** Actually, after returning from Australia in late 2006, **when I decided to start my business I was already into debts of Rs 40,000.** Banks can lend to business houses only after 3 year of Income Tax return's. Starting a business without any capital in hand was like jumping out of an aeroplane without a parachute. There was family pressure to complete MBA & find a well paying job in any established company. During those days the economy was in boom, credit cards were easily available and balance transfer rates on credit cards were only 9% pa. **As the years kept passing by I kept spending on R&D, market development and business development. While I was also earning through sales, the sale's were usually not good enough to cover all my bills and as a result of which my debts kept piling on.** Another blow came in October 2007 when a fraudster claiming to be a loan agent managed to dupe me of Rs 1 lakh by encashing my post dated cheques. During the US recession between 2008-09, the US \$ climbed back from Rs 40 to Rs 48 making imports expensive, there were drop in sales, banks stopped giving balance transfer's, loans and few banks that were giving BT's gave them at 18% pa.

They say capital is the father, while advertisement the mother of any business. Most of Media houses in India are foreign owned. Well, even banks like ICICI & HDFC are 73% & 67% foreign owned and so are HSBC, Citibank, SCB, RBS, Barclay's. **Even the paper for the Indian rupee note come's from London.** A full page advertisement in Times of India owned by the Benett & Coleman group, UK costs Rs 65 lakhs. A 10 second advertisement slot in Colours TV channel costs Rs 1.5 lakhs. So, of course these rates meant that new players like me could be easily kept out of the game. Although **I manage to sell stuff worth between Rs 50,000 – Rs 1 lakh every month my credit card bills demand Rs 30,000 every month. Most of my debt today is at 24% pa and around Rs 2 lakhs @ 36% pa. This seems like a debt trap and if I don't take measures to check it at this stage this debt bill will keep increasing every year and lead to an early death of my new business.** To manage this debt, we tried offering our property on mortgage for a secured load at 8-9% pa. However, my father who is an Army officer, has only 2 years of service left and thus the banks won't allow him the loan. At the same time, the banks wouldn't trust my ITR's as mine is an Internet based business and banks wanted to see an office set up and physical infrastructure in place. As it is, banks in India are by and large conservative & exist only to help the rich get richer.

While managing my debt is a priority at the moment, some of the projects I plan for the future –

1. **Special solar panel cover glass with Ultra violet, Infra red filters & anti reflection coating** – They would increase life of solar panels from 25 years to 45 years and allow a +11% efficiency for the solar panels. R&D funds needed – **Rs 2.5 lakhs**.
2. **Self cleaning solar panels** – The solar panels will clean themselves automatically every morning at 6 am. R&D funds needed **Rs 2.5 lakhs**.
3. **Solar Panel Trackers** – Dual axis, low cost solar panel tracking mechanism development. R&D funds needed **Rs 5.0 lakhs**.
4. **Solar Air conditioner's** – Cost 3 times more but use 30% less electricity. R&D budget – **Rs 2.5 lakhs**.
5. **Electric car development** – People are more willing to spend on home's and car's rather than for clean energy. If we could offer a battery powered car along with 2000 W solar panels for the home it could help stimulate sales. R& D budget needed – **Rs 15 lakhs**.

My mid term goal would be to **get the rates of coal generated electricity increased from the current Rs 3.50 / Kwh to around Rs 15 / Kwh** with the help of government, because as long as the cheap options are available people may not bother about clean solar energy.

My long term projects would be –

1. **Silicon refining plants** – As far my knowledge goes India on date has only solar cell assembly plants. The basic solar cell is imported from China, Germany & Japan. Purifying silicon requires expensive capital equipment; a 10 lakh kg/year refinery costs around **Rs 200 crore** to build in 2007.
2. **Solar Thermal Power Plant – A 1000 MW thermal solar power plant in Rajasthan at costs of around Rs 20,000 crore**. Solar thermal power plants use heat from sunlight to boil water and turn turbines. This would be a **labour intensive** project. If I keep investing into capital intensive silicon solar cells, money may never be able to reach the poor. Most people in general, generally are afraid risking their own money and prefer working on someone else's money. This project could create labour oriented jobs for a large number of people. So, my suggestion would thus be small capacity individual solar power plants using solar cells and large scale utility solar power plants using heat. It also more economical to store energy in large hot water fluid tanks rather than batteries.

So you see **my demands are rather unlimited**. No amount of money is big money. The question is, what is the best that can be done with whatever little money is available. My personal debt is a small & rather easy part of the problem. **Individuals rarely have such large sums of money in their pocket. No bank or venture capitalist can give me such a big loan.** In any case they give only after making sure that people are already giving you a good income. Governments also cannot give me such huge contracts as I cannot give them vote banks in return. Don't think my profits will ever be so huge to generate such large amounts of spare capital. So I intend using forces, more powerful than the government, i.e. market forces. **The success or failure of my projects now depends on how many people am I able to reach out to and how many of them contribute real money for my real project's.** They would not only have to give me the best amount of money they can spare but also motivate the people around them to contribute. You see, the Indian government is powerful today because it has 120 crore tax payers. Reliance is a powerful group today because it has 30 lakh shareholders. **One of the aims behind's this email of mine is an effort at team building.** I wish to be able to build my own team, with my own capital and own projects.

It seems to me I have just begun and there is a lot more money to be made especially with the export markets. I believe India can only give me small low value orders, as the country is still stuck with poverty with nearly 40% of the population somehow living on Rs 20 per day. An estimated 65% doesn't have access to toilets. Around 30% of the population is a selfish middle class which is also living a hand to mouth existence and in their entire life can't go beyond a house, a car & 2.5 kids. Only around 1% of the Indian population as on date can afford clean solar energy. India is all about the money. I am expected to spend at every step & the basic rule dominating this game is – “*mera phayeda kya hoga*” or “what's in it for me”. **In the last 60 years of Indian independence the only significant development in India has been population explosion from 40 crore to 120 crore** and this is even after the society is by and large conservative. As on date, the India's population still grows by around 2 crore people every year, as people don't know what better to do in life. Rest of the developments in communication, power are mainly foreign imports. After 100's of years of foreign rule an average Indian doesn't really believe in the concept of entrepreneurship and demands either a safe secure govt job or at least a private job. **Systems in India were designed to keep people poor and dependent on a central authority to facilitate slavery. If people manage to raise their own capital, build their own business, create jobs & services for themselves & become healthy, rich & happy, who would bother about governments?**

In developed economies like America people have been rich for a relatively long period of 50-60 years and are thus more confident spending money as compared to India which has been kept suppressed for a pretty long time and thus people are afraid of losing whatever little they have, stifling investments. The society by and large has very little respect for businessmen and expects the government to solve all their problems. **In a security driven, capital scarce & labour surplus economy like India's it is practically very difficult to deliver on any project. So for the coming years I would be focusing on export markets, as I feel India doesn't really have the capital to invest in clean energy technology.** One concept for India could have been offering a battery powered electric car with 2 KW solar panels. This with government support should be possible in a sale price of Rs 5 lakhs. It will help facilitate clean air on the roads & clean electricity for the home. However, this development would need R&D funds of around Rs 15 lakhs and since my name is not a Tata, Birla or Ambani I will not be allowed access to the funds.

Looking at the number of oil fired 2 wheelers, cars and trucks in any city, I wonder from where is all the energy going to come from? I believe, the earth was designed to run on solar energy. Today India's crude oil import bill is around Rs 3 lakh crore against a GDP of around Rs 30 lakh crore. This is affordable only as long as Middle East can pump out cheap oil. The coal import bill is around Rs 30,000- Rs 60,000 crore. Around 20 lakh people die every year due to pollution related diseases. **An estimated Rs 10,000 crore is spent on treating pollution related diseases like asthma, lung cancer etc.** Global warming is already forcing evacuation of a small island called Tujavu near New Zeland. The heating of the earth could also lead to oceans releasing large volumes of methane which is a 26 times more powerful greenhouse gases as compared to carbon dioxide causing further heating leading to a catastrophe. Cyclones, Hurricane's and Typhoons are already becoming more & more powerful due to the heating up of oceans. **If we continue ignoring these problems today, they will come back to us in the form of an emergency.** If we don't respect nature, then how do we expect to get treated at the hands of nature?

Coming back to my debt problem I would like you to **help me with a bailout**. In any case, instead of pleading before the banks, I would prefer persuading people directly as the benefits from my projects would also go back to society. A politician comes before you begging for a vote and then behind your back runs behind the notes. I would like to ask you for the notes directly. This email is being sent to around 1000 people and if 700 people **contribute Rs 1000 each**, I could raise the Rs 7 lakhs to reduce my interest costs. However, we would **prefer cheques of Rs 5,000**.

What will I offer you in return –

1. A **basic return of 8% pa**. After **3 years** you can demand your money back.
2. Receipts for the money sent & a **membership status certificate** would be sent.
3. Discount coupons allowing a **5% discount** on any product I have on offer.
4. A **DVD & a CD** documentary on renewable energy.
5. A **Keychain** from Cine Projectors with your name & number on one side & my company log on the other side.
6. In case you land into a financial mess & need my help, I can be expected to help.
7. One of the lucky winners would be gifted a SOLAR COOKER.

I am serious about the issues I have presented in this mail and my business may not survive without people support. Besides, I am answerable to only those people who have invested into my projects. Personally, I will be grateful to the people who can contribute financially. The **at par cheques need to be sent in favor of: Yogi Tripathi, and sent to Yogi Tripathi, 8-B Gaur Enclave, Sultanpur Road, Lucknow Cantt 226002, M: 933-591-8221**. Please mention your name, address, number, age & occupation behind the cheques. Online credits or physical cash credits can be done to **ICICI a/c no 003901217888**. Payments via **Paypal** can be sent to: yogi_ait@yahoo.com.

Please contribute with the best possible amounts you can.

Regards
Yogi Tripathi
Proprietor
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