



# RESTAURANT

## Introduction

Restaurant/Food service market has witnessed a tremendous growth in the recent years. It usually attracts consumers, since it provides primary needs of human beings, which are food and beverages, specially, at tourists destinations, highways etc. With increasing number of people eating out, the industry offers major opportunities to the players to capture a large consumer base. The ultimate mission shall be to provide 100% satisfaction to every customer on every visit by providing the following essentials to attract customer:

- Quality of Food,
- Fast Friendly Attentive Service,
- Accuracy in Order Taking and
- Anticipating the customer needs, along with

Achieving economies to the scale of minimizing cost and maximizing value to the customers

## Market Potential

The Indian Restaurant Market is one of the fastest-growing in the world, especially because of growing urbanization people tend to opt for fast foods very often. According to a report by The National Restaurant Association of India (NRAI) the market is forecasted to reach INR 5.99 lakh crore by 2022-23, growing at a compounded annual growth rate of 9 per cent.

Our target market is the group of consumers generally youngsters, travellers, local diners as they are people who are most likely to buy what you're selling. Basically target markets are determined by a group analysis of:

- Demographics: Segments of the population divided on the basis of characteristics such as age, sex, income, education, religion, race, and geographical location

- Psychographics: The classification of people on the basis of attitudes, aspirations, and values

- Behaviour: Analysis of a population segment according to the behaviour of potential customers including their buying and spending habits, digital behaviour, hobbies and other such similar aspects

Further, as per recent surveys the food and food processing industries in North East India has the potential to become a big part of the region's economic growth given the economic viability of the region.

## Cost of Project

Particulars	Amount (Rs. In lakhs)
Land (own)	1.20
Civil works and Buildings (@1200/sqft)	18.00
Fixed Asset	4.01
Misc. Fixed Assets	0.50
D G Set 50 KV	4.40
Escalation & Contingencies	1.41
Preliminary & Preoperative Expenses	2.14
<b>Sub-total (A)</b>	<b>31.65</b>
Working Capital Margin @40% of Total WC Requirement	2.00
<b>Total Project Cost</b>	<b>33.65</b>
Total Working Capital Required <b>(B)</b>	5.00
<b>MEANS OF FINANCE</b>	
<b>Total funds required (A+B)</b>	<b>36.65</b>
Loan component	
Term loan (60% of A)	18.99
Working capital (60% of B)	3.00
<b>TOTAL</b>	<b>21.99</b>
Equity	14.66
<b>TOTAL</b>	<b>36.65</b>

## Detailed Cost Element

Sl. no.	Particulars	Quantity	Amount (Rs. In lakhs)
1	Refrigerators	2	0.50
2	Exhaust	2	0.07
3	Commercial Kitchen Equipment/Installation	1	0.60
4	Furniture & Fixtures (Dining Table)	10	0.79
5	Air Conditioner	4	0.88
6	Crockery & Cutleries	8	0.26
7	Stereo	1	0.05
8	Miscellaneous	-	0.70
9	Fire Extinguisher	4	0.16
10	Miscellaneous Fixed Assets		0.50
	<b>TOTAL</b>		<b>4.51</b>

## Contingencies and Escalations

It has been assumed at approximately 5% at cost.

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.15
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	0.30
Legal Charges - Drafting for agreements, contracts, stamp paper,	0.05
Rent payments up to the start of commercial production	0.23
Other recurring expenses of revenue nature up to start of commercial	0.50
Interest Cost for period before commercial production	0.33
<b>Total</b>	<b>1.91</b>

## Salary

Designation	Manpower	Amount per month (Rs. In lakhs)
General Manager	1	3.60
Chef	2	6.00
Waiter	2	2.40
Busboy/Helper	1	1.02

## Profitability Statement

Particulars	Amount (Rs. in Lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<b>A. INCOME</b>					
Maximum Sitting Capacity(p.a)	84,000	84,000	84,000	84,000	84,000
Capacity utilisation	30%	33%	36%	39%	42%
Capacity Utilised	38,880	43,200	47,520	51,840	56,160
<b>Total Income/ annum</b>	<b>62.21</b>	<b>69.12</b>	<b>76.03</b>	<b>82.94</b>	<b>89.86</b>
<b>B. OPERATING EXPENSES</b>					
Raw Materials	20.16	22.18	26.61	28.83	31.05
Salary- Skilled	9.60	10.56	11.62	12.78	14.06
- Unskilled	3.42	3.76	4.14	4.55	5.01
Repair & Maintenance	0.09	0.09	0.10	0.10	0.11
Rent	0.90	0.90	0.90	0.90	0.90
Power & utilities	0.26	0.27	0.28	0.30	0.31
Depreciation & Amortization	3.51	3.51	3.51	3.51	3.51
<b>Total Operating Expenses</b>	<b>37.93</b>	<b>41.27</b>	<b>47.16</b>	<b>50.97</b>	<b>54.94</b>
<b>Operating Profit (A-B)</b>	<b>12.47</b>	<b>14.17</b>	<b>19.37</b>	<b>21.10</b>	<b>22.68</b>
<b>C.FINANCIAL EXPENSES</b>					
Interest on loan	1.94	1.72	1.41	1.09	0.74
<b>D. Other Expenses</b>					
Other Miscellaneous Expenses	1.01	1.11	1.33	1.44	1.55
<b>Total Expenses</b>	<b>2.95</b>	<b>2.83</b>	<b>2.74</b>	<b>2.53</b>	<b>2.30</b>
<b>Profit Before Tax</b>	<b>9.52</b>	<b>11.34</b>	<b>16.64</b>	<b>18.58</b>	<b>20.38</b>
Provision For Tax	2.38	2.83	4.16	4.64	5.10
<b>Profit After Tax</b>	<b>7.14</b>	<b>8.50</b>	<b>12.48</b>	<b>13.93</b>	<b>15.29</b>
Dividend	-	-	-	-	-
<b>Retained Profit</b>	<b>7.14</b>	<b>8.50</b>	<b>12.48</b>	<b>13.93</b>	<b>15.29</b>

## Breakeven Point

Break Even Point (BEP)			Amount (Rs. in Lakhs)			
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Turnover	62.21	69.12	76.03	82.94	89.86
B.	<b>Variable Cost</b>					
	Raw Materials	31.10	34.56	38.02	41.47	44.93
	Power and Utility	5.53	5.53	5.53	5.53	5.53
	Administrative and General Expenses	1.24	1.38	1.52	1.66	1.80
	Total Variable Cost	37.87	41.47	45.06	48.66	52.25
C.	<b>Contribution (A-B)</b>	24.33	27.65	30.97	34.29	37.61
D.	<b>Fixed Cost</b>					
	Salary	9.60	10.56	11.62	12.78	14.06
	Interest	2.74	2.43	1.98	1.54	1.05
	Repair & Maintenance	0.21	0.22	0.23	0.24	0.25
	Lease Rental	0.90	0.90	0.90	0.90	0.90
	Depreciation	3.44	3.44	3.44	3.44	3.44
	Total Fixed Cost	16.89	17.55	18.16	18.89	19.69
E.	<b>Breakeven Point</b>	69%	63%	59%	55%	52%
G.	<b>Cash BEP</b>	55%	51%	48%	45%	43%

## Debt-Service Coverage Ratio

			Amount (Rs. in Lakhs)			
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	7.14	8.50	12.48	13.93	15.29
ii	Depreciation	3.51	3.51	3.51	3.51	3.51
iii	Interest	1.94	1.72	1.41	1.09	0.74
A	<b>Total (i + ii +iii)</b>	12.59	13.74	17.39	18.53	19.54
i	Interest	1.94	1.72	1.41	1.09	0.74
ii	Principal repayment	1.87	3.74	3.74	3.74	3.74
B	<b>Total (i +ii)</b>	3.81	5.46	5.14	4.83	4.48
	<b>DSCR (A /B)</b>	3.30	2.52	3.38	3.84	4.36

## Interest on Term Loan and Principal Repayment

Refer Annexure I.

We have assumed the repayment tenure of term loan for a period of 7 years,  
Rate of interest being 8.5% p.a. with the moratorium period of 9 months.

## Address of Vendors

Name of Vendor	Address and Contact Number
Kanteen India Equipment Co.	Address- 1st Cross Rd, CA Block, Sector 1, Bidhannagar, Kolkata, West Bengal-700064 Contact Number-08048763384
AVS Kitchen Equipment	Address-G 42, Sector 3, Noida, Gautam Budh Nagar-201301, Uttar Pradesh, India Contact Number- 08047024223
Viksan Pearl Technology	Address- Ground Floor Plot No. 2, KH No. 25/8/2, Village Nangli Sakrawati, Firni Road, Na Near Nagpal Chowk New Delhi, Najafgarh, New Delhi-110043, Delhi, India Contact Number- 08048005160
Techmate Industries	Address-Dwarka Sector-3, Dwarka, Delhi, 110078 Contact Number- 08048076828

## ANNEXURE- I

<b>Principal</b>													
Opening	18.99	19.12	19.26										
Repaid													-
Closing	19.12	19.26	19.39										
<b>Interest</b>	0.13	0.14	0.14										<b>0.41</b>
I													
<b>Principal</b>													
Opening	22.39	22.55	22.71	22.87	23.04	23.20	23.36	23.22	23.07	22.92	22.61	22.30	
Repaid	-	-	-	-	-	-	0.31	0.31	0.31	0.31	0.31	0.31	1.87
Closing	22.55	22.71	22.87	23.04	23.20	23.36	23.22	23.07	22.92	22.61	22.30	21.99	
<b>Interest</b>	0.16	0.16	0.16	0.16	0.16	0.16	0.17	0.16	0.16	0.16	0.16	0.16	1.94
II													
<b>Principal</b>													
Opening	21.99	21.68	21.36	21.05	20.74	20.43	20.12	19.81	19.50	19.18	18.87	18.56	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	3.74
Closing	21.68	21.36	21.05	20.74	20.43	20.12	19.81	19.50	19.18	18.87	18.56	18.25	
<b>Interest</b>	0.16	0.15	0.15	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.13	0.13	1.72
III													
<b>Principal</b>													
Opening	18.25	17.94	17.63	17.31	17.00	16.69	16.38	16.07	15.76	15.45	15.13	14.82	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	3.74
Closing	17.94	17.63	17.31	17.00	16.69	16.38	16.07	15.76	15.45	15.13	14.82	14.51	
<b>Interest</b>	0.13	0.13	0.12	0.12	0.12	0.12	0.12	0.11	0.11	0.11	0.11	0.10	1.41
IV													
<b>Principal</b>													
Opening	14.51	14.20	13.89	13.58	13.27	12.95	12.64	12.33	12.02	11.71	11.40	11.08	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	3.74
Closing	14.20	13.89	13.58	13.27	12.95	12.64	12.33	12.02	11.71	11.40	11.08	10.77	
<b>Interest</b>	0.10	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.08	0.08	0.08	1.09
V													
<b>Principal</b>													
Opening	10.77	10.46	10.15	9.84	9.53	9.22	8.90	8.59	8.28	7.97	7.66	7.35	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	3.74
Closing	10.46	10.15	9.84	9.53	9.22	8.90	8.59	8.28	7.97	7.66	7.35	7.03	
<b>Interest</b>	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.74
VI													
<b>Principal</b>													
Opening	7.03	6.72	6.41	6.10	5.79	5.48	5.17	4.85	4.54	4.23	3.92	3.61	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	3.74
Closing	6.72	6.41	6.10	5.79	5.48	5.17	4.85	4.54	4.23	3.92	3.61	3.30	
<b>Interest</b>	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.45
VII													
<b>Principal</b>													
Opening	3.30	2.99	2.67	2.36	2.05	1.74	1.43	1.12	0.80	0.49	0.18	-	
Repaid	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.18	-	
Closing	2.99	2.67	2.36	2.05	1.74	1.43	1.12	0.80	0.49	0.18	-	-	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.00	0.00	-	0.14