



## **FOOD TRUCK**

### **Introduction**

A food truck is a big motor vehicle (such as a van) or trailer that is capable of cooking, preparing, serving, and/or selling food. Food trucks offering gourmet cuisine and a variety of specialties and ethnic menus became particularly popular in the early 2010s, amid the pop-up restaurant fad. Food trucks, as well as food booths and carts, are important parts of the street food sector, which serves an estimated 2.5 billion people each day. The worldwide food truck market has been divided into numerous sorts of applications.

The worldwide food truck market has been split into food trucks for frozen dessert, barbecue food, snack food, food service, halal food, fast food, fruits and vegetable sale, and different supported completely different applications for serving sort. Food trucks dominated the world market as a results of various business ways, as well as food truck interior innovation, serving style, and adding new menu things to style.

### **Market Potential**

The study on the worldwide food truck market analyses the market qualitatively and quantitatively from 2017 to 2025. The worldwide food truck industry is expected to increase at a CAGR of 6% from 2019 to 2025, according to the analysis. Due to the growing trend in meals on mobile vans, demand for food trucks has grown at the fastest rate during the projection period. Factors such as changing lifestyles, hectic schedules, and a preference for varied tastes and menus are driving the worldwide food truck business. Furthermore, the growing popularity of street food and beverages is driving up demand for the worldwide food truck industry.

## Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, a Food Truck is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 200 sq. ft. is the proposed area which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 1.5 months.
5. DSCR is high because of the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

## Cost of Project

Particulars	Amount (Rs. in Lakhs)
Truck Chassis	8.00
Food Truck body and interior with two service counter for take away and one cash counter with electrical fittings	7.00
Industrial Kitchen Equipment	2.00
Furniture and Fixtures as per Annexure	0.10
Deep Freezer	0.25
DG SET (Sound Proof) on road use	0.50
Preliminary & Preoperative Expenses	0.77
<b>Sub-total (A)</b>	<b>18.62</b>
Working Capital Margin @ 25% of Total WC Requirement	0.25
<b>Total Project Cost</b>	<b>18.87</b>
Total Working Capital Required (Lump sum) (B)	1.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>19.62</b>
Loan Component-	-
TERM LOAN (75% of A)	13.96
WORKING CAPITAL (75% of B)	0.75
<b>Total</b>	<b>14.71</b>
Equity	4.90
<b>Total</b>	<b>19.62</b>

## Detailed Cost Element

Sl. No.	Particulars	Rate / month	Amount (Rs. in Lakhs)
	<b>Petrol &amp; Insurance Expenses</b>		
1	Petrol Expenses	12000	1.44
2	Insurance Expenses	6000	0.72
	<b>Total</b>		<b>2.16</b>
	<b>Furniture and Fixtures</b>		
1	Counter	LS	0.10
	<b>Total</b>		<b>0.10</b>

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.00
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (1 month)	0.42
Rent Expenses (1 month; Rs. 30/sq. ft.)	0.00
Interest Cost for Both Term Loan And CC (period before commercial production)	0.10
<b>Total</b>	<b>0.77</b>

## Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Chef Helper	4	7.20
Chef	2	7.20
Service Boy	3	4.32

## Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<b><u>A. INCOME</u></b>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.25	0.28	0.30	0.33	0.37
Annual Sales	75.48	83.02	91.33	100.46	110.50
<b>Total income during the year</b>	<b>75.48</b>	<b>83.02</b>	<b>91.33</b>	<b>100.46</b>	<b>110.50</b>
<b><u>B. OPERATING EXPENSES</u></b>					
Stock Consumed (85% of Sales)	37.74	41.51	45.66	50.23	55.25
Salary	11.52	12.10	12.70	13.34	14.00
Rent	0.00	0.00	0.00	0.00	0.00
Power & utilities	2.34	2.39	2.43	2.48	2.53
Depreciation and Amortization	1.47	1.47	1.47	1.47	1.47
Administrative and General Expenses	8.27	9.06	9.93	10.88	11.93
<b>Total Operating Expenses</b>	<b>61.33</b>	<b>66.52</b>	<b>72.19</b>	<b>78.40</b>	<b>85.18</b>
<b>Operating Profit (A-B)</b>	<b>14.14</b>	<b>16.50</b>	<b>19.13</b>	<b>22.06</b>	<b>25.32</b>
<b><u>C.FINANCIAL EXPENSES</u></b>					
Interest on Term Loan	1.08	0.84	0.60	0.37	0.13
Interest on WC Loan	0.06	0.06	0.06	0.06	0.06
<b>Total Expenses</b>	<b>1.14</b>	<b>0.90</b>	<b>0.67</b>	<b>0.43</b>	<b>0.19</b>
<b>Net Profit Before Tax</b>	<b>13.00</b>	<b>15.60</b>	<b>18.46</b>	<b>21.63</b>	<b>25.13</b>
Provision for Tax	3.25	3.90	4.62	5.41	6.28
<b>Profit after Tax (PAT)</b>	<b>9.75</b>	<b>11.70</b>	<b>13.85</b>	<b>16.22</b>	<b>18.85</b>

## Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	75.48	83.02	91.33	100.46	110.50
B.	Variable Cost					
	Stock Consumed	37.74	41.51	45.66	50.23	55.25
	Power and Utility	2.34	2.39	2.43	2.48	2.53
	Total Variable Cost	40.08	43.90	48.10	52.71	57.79
C.	Contribution (A-B)	35.40	39.13	43.23	47.75	52.72
D.	Fixed cost					
	Salary	11.52	12.10	12.70	13.34	14.00
	Interest on Term Loan	1.08	0.84	0.60	0.37	0.13
	Interest on WC Loan	0.06	0.06	0.06	0.06	0.06
	Depreciation and Amortization	1.47	1.47	1.47	1.47	1.47
	Total Fixed Cost	14.13	14.47	14.84	15.23	15.66
E.	Breakeven Point	40%	37%	34%	32%	30%
F.	Cash BEP	36%	33%	31%	29%	27%

## Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
I	Profit	9.75	11.70	13.85	16.22	18.85
ii	Depreciation	1.47	1.47	1.47	1.47	1.47
iii	Interest	1.08	0.84	0.60	0.37	0.13
A	Total (i + ii + iii)	12.30	14.01	15.92	18.06	20.44
i	Interest	1.08	0.84	0.60	0.37	0.13
ii	Principal repayment	2.79	2.79	2.79	2.79	2.79
B	Total (i + ii)	3.87	3.63	3.40	3.16	2.92
	DSCR (A / B)	3.18	3.86	4.69	5.72	7.00

## Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 8.5% p.a.

## Address of Vendors

Name of the Vendor	Address and Contact Number
Easyday Club	Ashadeep Tower, Ak Azad Road, Rehabari, Guwahati - 781008, Opposite Axis Bank Contact No.- 7045863992

# ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
I												
<b>Principal</b>												
Opening	13.96	13.73	13.50	13.27	13.03	12.80	12.57	12.34	12.10	11.87	11.64	11.40
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Closing	13.73	13.50	13.27	13.03	12.80	12.57	12.34	12.10	11.87	11.64	11.40	11.17
<b>Interest</b>	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.09	0.08	0.08	0.08
II												
<b>Principal</b>												
Opening	11.17	10.94	10.71	10.47	10.24	10.01	9.77	9.54	9.31	9.08	8.84	8.61
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Closing	10.94	10.71	10.47	10.24	10.01	9.77	9.54	9.31	9.08	8.84	8.61	8.38
<b>Interest</b>	0.08	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06
III												
<b>Principal</b>												
Opening	8.38	8.15	7.91	7.68	7.45	7.21	6.98	6.75	6.52	6.28	6.05	5.82
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Closing	8.15	7.91	7.68	7.45	7.21	6.98	6.75	6.52	6.28	6.05	5.82	5.59
<b>Interest</b>	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04
IV												
<b>Principal</b>												
Opening	5.59	5.35	5.12	4.89	4.65	4.42	4.19	3.96	3.72	3.49	3.26	3.03
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Closing	5.35	5.12	4.89	4.65	4.42	4.19	3.96	3.72	3.49	3.26	3.03	2.79
<b>Interest</b>	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02
V												
<b>Principal</b>												
Opening	2.79	2.56	2.33	2.09	1.86	1.63	1.40	1.16	0.93	0.70	0.47	0.23
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Closing	2.56	2.33	2.09	1.86	1.63	1.40	1.16	0.93	0.70	0.47	0.23	-0.00
<b>Interest</b>	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00