

Financial Model Analysis

Transaction Summary:

Spice Traditions, a renowned fine-dining Indian restaurant chain celebrated for its authentic flavors and premium dining experience, is currently operating in India at the following locations under the master franchise of Gourmet Ventures Pvt. Ltd.:

- Delhi
- Hyderabad
- Kolkata

Epicurean Hospitality Pvt. Ltd. is exploring the opportunity to launch Spice Traditions in Chennai. Before approaching Gourmet Ventures for a sub-franchise agreement, it seeks to ensure that the venture will be financially viable and profitable.

Following inputs are provided by research floor to you:

Period of Construction of restaurant – 3 Months.

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Start of Construction	01-Apr-20
Construction period	3 Months
Date of Operations	01-Jul-20

Revenue

Particulars	Weekdays	Weekend	Particulars	Weekdays	Weekend
Lunch			Dinner		
APC	1500	1700	APC	1600	1900
Alcoholic Beverages	300	500	Alcoholic Beverages	400	650
Non Alcoholic Beverages	200	200	Non Alcoholic Beverages	200	250
Food	1000	1000	Food	1000	1000
Y-O-Y Growth price rate	5%	5%	Y-O-Y Price Growth rate	5%	5%
Occupancy			Occupancy		
Number of Covers Available	100	100	Number of Covers Available	100	100
Number of Rounds Available	2	2	Number of Rounds Available	2	2
Number of Covers Occupied/ Round	10	13	Number of Covers Occupied/ Round	13	15
MoM growth	2%	4%	MoM growth	2%	4%
Maximum Occupancy/Round	60	80	Maximum Occupancy/Round	70	90

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Direct Expenses	
Alcoholic Beverage cost (% of revenue)	35%
Non-Alcoholic Beverages (% of revenue)	40%
Food (% of revenue)	30%

Salary			
Members of Team	Number of Employees	Salary / M	Salary / M
Receptionist	2	20000	40,000
Restaurants Manager	2	50000	1,00,000
Waiters	10	20000	2,00,000
Head Chef	1	100000	1,00,000
Chefs	2	75000	1,50,000
Assistant Chef	6	30000	1,80,000
Valet Parking	3	17000	51,000
Cleaners	5	17000	85,000
Bartender	4	20000	80,000
Total			9,86,000

Staff salary will increase Y-o-Y basis

8%

Indirect Expenses			
Members of Team	Number of Employees	Salary / M	Salary / M
HR Manager	1	50000	50,000
Assistant Manager	2	35000	70,000
Security	2	20000	40,000
Purchase Manager	2	40000	80,000
Accountant	2	40000	80,000
Others	2	30000	60,000
Total			3,80,000

Rotalty to brand (% Of Revenue)	5%
Rent (as per contract) (% of revenue)	10%
Water Cost (per month)	10000
Maintenance (per month)	50000
Marketing cost (per month)	25000
Electricity (Based on area Rs./sq. Ft.)	5
Phone and internet (per month)	15,000.00

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Housekeeping & Consumables (% of revenue)	2%
Payment Settlement Charges (% or revenue)	1.50%
Numbers of Tables occupied opting for card payment	50%
Indirect expenses will increase Y-o-Y basis	8%

Area specifications	
Carpet Area required (Sq. ft.)	4000
Conversion Rate	1.33
Super Built-up area to be rented (Sq. ft.)	5320
Serving Area (% of carpet area)	75%
Serving Area	3000
Kitchen Area	1000
Area per cover (Sq.Ft.)	25
Covers	100
Sitting per table	4
Number of Tables	30
Capital Expenditure	
Equipments	Rate per Sq Ft
Kitchen Equipment's and cutlery	3000
Refrigeration Restaurants	5000
Furniture & Fixtures	1700
Restaurants Décor	2000
Rent Deposits	₹ 10,00,000.00

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<u>Capital Expenditure</u>	
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<u>Working capital</u>	
-	Days
Initial working capital introduced	2400000
Inventory	
Alcoholic Beverages	30
Non-Alcoholic Beverages	15
Food	5
Creditor For Raw material	30
Creditor For Expenses	30

<u>Depreciation</u>	
Equipment's	15%
Furniture & Fixtures and Restaurant décor	10%

<u>Capital Structure</u>	
Equity	100%
Debt	0%
Cash credit limit will be availed if required	
Rate of Interest on CC Limit	12%

Tax Rate	25.17%
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End of sheet

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