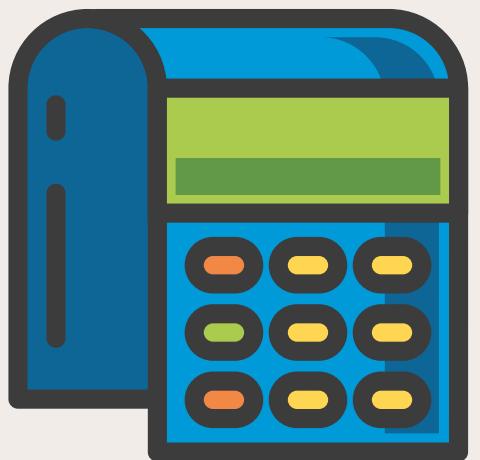


FINANCIAL MODELLING

Presented by Shree Pinakpani



Summary

Yamatcha, a Michelin Starrer restaurant owned by Botan group, Japan is currently operating in India at following locations under the master franchise of AK Hospitality, India:

- Mumbai
- Bengaluru
- Kolkata

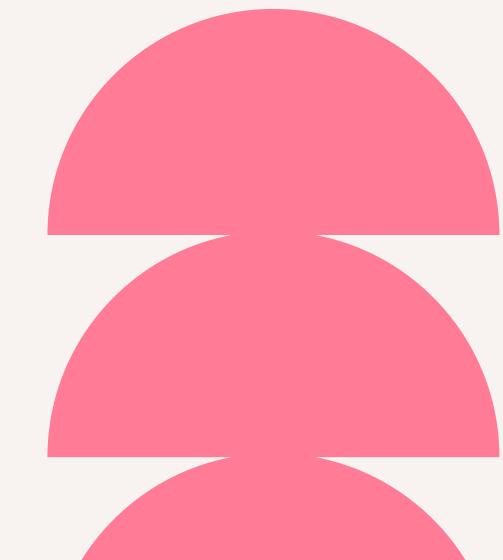
Restro & Club Pvt. Ltd. is interested in starting Yamatcha in Chennai. Before approaching AK Hospitality for sub franchise, it wants to be sure that opening will be profitable.





Components

This is the material point that will be delivered in the presentation.



Assumptions 01

Capital Structure 02

Fixed Asset Schedule 03

Working Capital 04

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Balance Sheet 06



Assumptions Sheet

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

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

Royalty 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
Housekeeping & Consumables (% of revenue)	2%
Payment Settlement Charges (% or revenue)	1.50%
Numbers of Tables occupied opting for card payment	50%

<u>Area specifications</u>	
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

<u>Capital Expenditure</u>	
Equipments	Rate per Sq Ft
Kitchen Equipments and cutlery	3000
Refrigeration Equipments	5000
Furniture & Fixtures	1700
Restaurants Décor	2000
Rent Deposits	₹ 10,00,000.00

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

<u>Depreciation</u>	
Equipments	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%

End of sheet



We must
Always Give
The Best to
Clients

Next slide



All Final values in Millions

Capital Structure

Month 0

01-Apr-20

Fixed Assets

Kitchen Equipments and cutl 3.0

Refrigeration Equipments 5.0

Furniture & Fixtures 5.1

Restaurants Décor 6.0

Total **19.1**

Add: Rent Deposit 1.0

Add: Working Capital 2.4

Total Funds Required **22.5**

Sources of Funds

Equity 100% 22.5

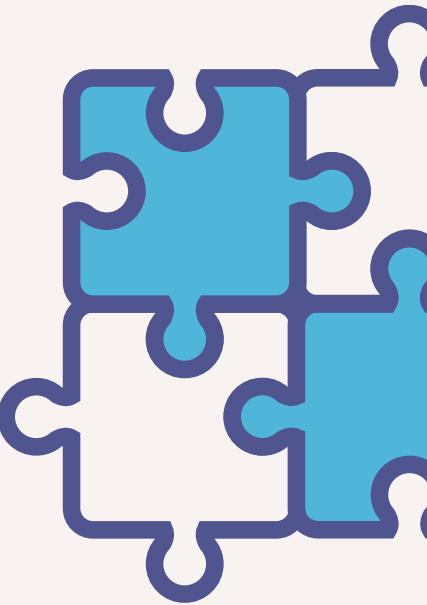
Debt 0% 0.0

Total Funds contributed **22.5**

End of Sheet



Capital Structure



Key Insights

- 1. Equity Financing:** The company is entirely financed through equity, meaning it has raised funds by issuing shares. This approach avoids the burden of debt repayments and interest expenses.
- 2. No Debt:** With no debt, the company avoids financial risk associated with borrowing. However, it also misses out on potential tax benefits from interest deductions.
- 3. Balanced Allocation:** The funds are allocated across various fixed assets and working capital, ensuring the business has the necessary infrastructure and liquidity to operate effectively

All Final values in Millions

	Fixed Asset Schedule		
	Year 1 31-Mar-21	Year 2 31-Mar-22	Year 3 31-Mar-23
Kitchen Equipments and cutlery			
Opening Balance	-	2.7	2.3
Add : Purchases	3.0		
Less : Sales	-		
Less : Depreciation	0.3	0.4	0.3
Closing Balance	2.7	2.3	1.9

Refrigeration Equipments

Opening Balance	-	4.4	3.8
Add : Purchases	5.0		
Less : Sales	-		
Less : Depreciation	0.6	0.7	0.6
Closing Balance	4.4	3.8	3.2

Furniture & Fixtures

Opening Balance	-	4.7	4.2
Add : Purchases	5.1		
Less : Sales	-		
Less : Depreciation	0.4	0.5	0.4
Closing Balance	4.7	4.2	3.8

Restaurants Décor

Opening Balance	-	5.6	5.0
Add : Purchases	6.0		
Less : Sales	-		
Less : Depreciation	0.4	0.6	0.5
Closing Balance	5.6	5.0	4.5

End of Sheet

Fixed Asset Schedule

Key Insights

- Asset Management:** The company is actively managing its assets, with significant purchases in the first year and consistent depreciation reflecting usage and wear.
- Depreciation Impact:** Each category shows a consistent depreciation of 15% for equipment & 10% for F&F as well as décor over the years, reducing the asset value annually.

All Final values in Millions

Working Capital			
	Year 1 31-Mar-21	Year 2 31-Mar-22	Year 3 31-Mar-23

Current Assets

Inventory

Alcoholic Beverages	0.3	0.4	0.6
Non-Alcoholic Beverages	0.1	0.1	0.2
Food	0.1	0.1	0.2
Total	0.4	0.7	0.9

Current Liabilities

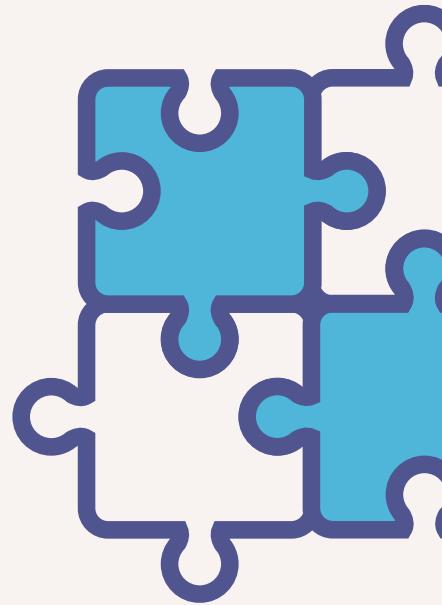
Creditor For Expenses	1.0	1.3	1.7
Creditor For Raw material			
Alcoholic Beverages	0.3	0.4	0.6
Non-Alcoholic Beverages	0.2	0.2	0.3
Food	0.6	0.8	1.1
Total	2.0	2.8	3.7

Working Capital	-1.6	-2.1	-2.8
Changes in Working capital	1.6	0.5	0.6

End of Sheet



Working Capital



Key Insights

- Increasing Inventory:** The inventory levels for all categories (alcoholic beverages, non-alcoholic beverages, and food) have been increasing steadily over the three years, indicating growth in stock levels.
- Rising Liabilities:** The current liabilities, particularly creditors for expenses, have also been increasing, which could suggest higher operational costs or delayed payments.
- Negative Working Capital:** The working capital is negative across all three years, which means the company's current liabilities exceed its current assets. This could indicate potential liquidity issues, where the company might struggle to meet its short-term obligations.
- Changes in Working Capital:** The changes in working capital show fluctuations, with significant adjustments in Year 1 and smaller changes in subsequent years.

All Final values in Millions

	Annual P&L		
	Year 1 01-Apr-20	Year 2 31-Mar-21	Year 3 31-Mar-22

Revenue

Alcoholic Beverages	6.5	12.2	18.1
Non Alcoholic Beverages	3.1	5.8	8.4
Food	14.9	27.4	39.7
Total	24.5	45.4	66.2

Less : Direct Expenses

Alcoholic Beverage cost (% of revenue)	2.3	4.3	6.3
Non Alcoholic Beverages (% of revenue)	1.2	2.3	3.4
Food (% of revenue)	4.5	8.2	11.9
Staff Salary	8.9	12.5	13.5
Total Direct Expenses	16.8	27.3	35.1

Less : Indirect Expenses

Other staff salary	3.4	4.8	5.2
Royalty to brand (% Of Revenue)	1.2	2.3	3.3
Rent (as per contract) (% of revenue)	2.4	4.5	6.6
Water Cost (per month)	0.1	0.1	0.1
Maintenance (per month)	0.5	0.6	0.7
Marketing cost (per month)	0.2	0.3	0.3
Electricity (Based on area Rs./sq. Ft.)	0.2	0.3	0.4
Phone and internet (per month)	0.1	0.2	0.2
Housekeeping & Consumables (% of revenue)	0.5	0.9	1.3
Payment Settlement Charges (% or revenue)	0.2	0.3	0.5
Total Indirect Expenses	8.9	14.5	18.7

EBIDTA	-1.3	3.5	12.3
Less : Depreciation	1.7	2.1	1.8

EBIT	-3.0	1.4	10.5
Less : Interest	-	-	-

EBT	-3.0	1.4	10.5
Less : Taxes	-0.8	0.4	2.6
EAT	-2.3	1.1	7.9

(TRANSFERRED TO RESERVE)

NP margin % -9.2% 2.4% 11.9%

End of Sheet

Annual P&L

Key Insights

- Revenue Growth:** The company has shown significant revenue growth across all categories, especially in food and alcoholic beverages.
- Expense Management:** While direct and indirect expenses have increased, the company has managed to improve its profitability over the years.
- Profitability Turnaround:** The company moved from a negative EBITDA and EBIT in Year 1 to positive figures in Years 2 and 3, indicating improved operational efficiency and cost management.
- Net Profit Margin:** The net profit margin has improved significantly, turning positive in Year 2 and further increasing in Year 3

All Final values in Millions

	Balance Sheet		
	Year 1 31-Mar-21	Year 2 31-Mar-22	Year 3 31-Mar-23

Equity & Liabilities

Share Capital	22.5	22.5	22.5
Reserves & Surplus	-2.3	-1.2	6.7
Total Shareholders Funds	20.2	21.3	29.2
Current Liabilities			
Creditor For Expenses	1.05	1.33	1.68
Creditor For Raw material			
Alcoholic Beverages	0.28	0.42	0.58
Non-Alcoholic Beverages	0.15	0.23	0.31
Food	0.56	0.80	1.11
Total Current Liabilities	2.0	2.8	3.7
Total Liabilities	22.3	24.1	32.9

Assets

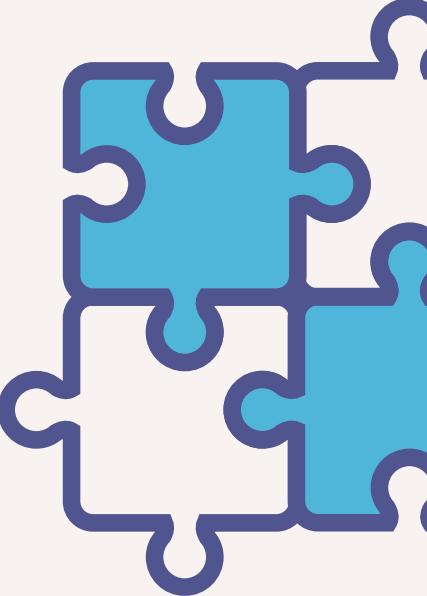
Fixed Assets			
Kitchen Equipments and cutlery	2.7	2.3	1.9
Refrigeration Equipments	4.4	3.8	3.2
Furniture & Fixtures	4.7	4.2	3.8
Restaurants Décor	5.6	5.0	4.5
Rent Deposits	1.0	1.0	1.0
Current Assets			
Inventory			
Alcoholic Beverages	0.3	0.4	0.6
Non-Alcoholic Beverages	0.1	0.1	0.2
Food	0.1	0.1	0.2
Cash & Cash Equivalents	3.5	7.2	17.5
Total Assets	22.3	24.1	32.9

Check

End of Sheet



Balance Sheet



Key Insights

- Shareholders' Funds:** There is a significant increase in shareholders' funds over the three years, indicating improved financial health and profitability.
- Current Liabilities:** The increase in current liabilities suggests higher operational costs or delayed payments, which need to be managed carefully.
- Fixed Assets:** The value of fixed assets has decreased over the years due to depreciation.
- Current Assets:** The increase in inventory and cash & cash equivalents indicates better liquidity and stock management.
- Total Assets:** The overall growth in total assets reflects the company's expansion and improved financial position.



Thank You

Hopefully, the said insights can make the company even better.

