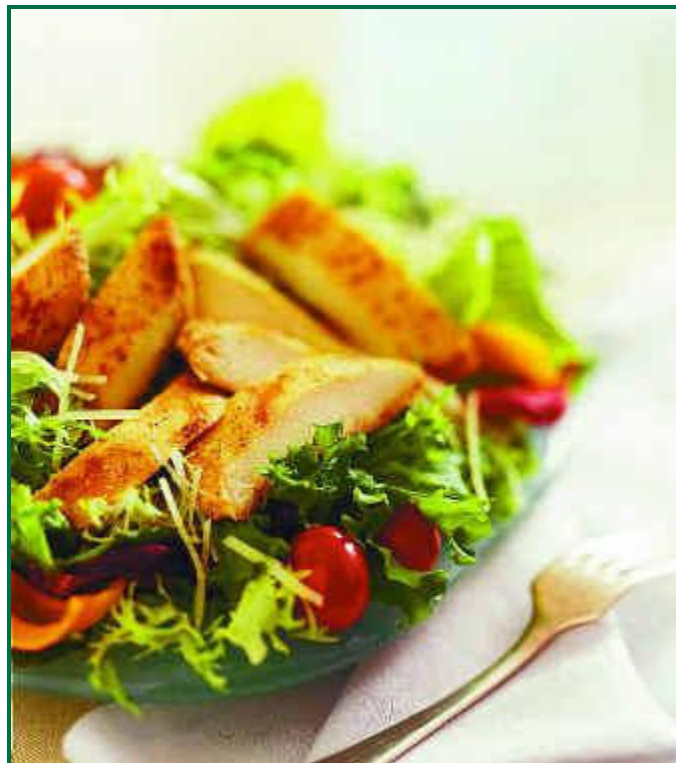




The Low Calorie Restaurant



*Business Plan submitted by
Team Spinache'*

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Spinache is a medium-sized, low-calorie restaurant located in a trendy neighborhood of Bandra, Mumbai. *Spinache*'s emphasis will be on Low calorie, healthy and tasty food. The menu will include breakfast, lunch, dinner and fast-food in Indian, Continental and Chinese cuisine. It would serve everything right from appetizers, soups, salads, meals to delicious sugar free desserts. In fact, as part of the menu we would include the calorie count of each of these dishes and the health benefits of the same.

Our Target Customer:

Spinache's potential customers are health conscious but are connoisseurs of good food and enjoy eating out. Our target customers are mainly people who would eat out more often provided they have low calorie options on the menu. Eating out is a trend in almost all big cities in India now. At a growth rate of almost 200%, if one thing grew faster than India's one-billion plus in 2004, it was the number of restaurants for the hungry masses. However, very few restaurants have chosen to cater to calorie conscious consumer. *Spinache* will target the urban consumer who loves to eat out, but eat healthy.

Location and Restaurant Setup:

The location that has been chosen to set up this restaurant is the up market suburb of Mumbai called Bandra. Mumbai is the thriving metropolitan with an increasing number of working professionals adopting a healthy lifestyle. An indicator of this trend is number of successfully running gymnasiums and a profitable market for professionals like

Dieticians and Nutritionists. Demographic trends suggest a great percentage of health conscious population are from Mumbai and hence the choice of location.

The restaurant will be designed to seat approximately 50 people at full capacity. The overall surroundings of the restaurant must induce a feeling of health, freshness and oneness with nature. Thus the décor will be kept as a representative of Mother Nature as much as possible. The use of glass, bamboo trees and a waterfall as a centre piece will enhance this theme. The unique feature about our restaurant will be the complete glass flooring with a pool of water running underneath and special lighting effects. A small part of the floor will also have fish swimming in it to add to the natural feel. On the walls of the restaurant there will be wall hangings with famous quotations in different languages (with translations) regarding health and nutrition.

Our Unique Offerings:

The service would involve high quality dining experience in terms of presentation of food and ambience. A gap in the market has also been identified; the breakfast buffets offered by 5-star hotels in Mumbai have been doing very well and there are very few restaurants in Mumbai providing this service. We plan to address this gap as it has been increasingly observed that many corporate and business meetings are done over breakfast.

As part of the special innovations that form a part of the restaurant we will have a lucky draw contest every Friday. The winning couple will experience the thrill of enjoying our delicious meals while floating over the Arabian Sea in a hot air balloon. This scheme is operational for months from September to March every year owing to weather conditions. We will offer the special hot air balloon service for interested customers looking for a romantic evening at a cost of Rs.3000 per couple (exclusive of the food ordered) on other days of the week. The service will be provided with the help of a balloon pilot and a special waiter who will be on board. Food however will have to be pre ordered due to logistic issues.

Our Financial Projections & Expansion Plans:

From a financial perspective, the venture is highly profitable with an **IRR of 56%** over a 5 year period, while giving the financiers of the project an **IRR of 35%** on their investment of USD 500,000. The venture capitalists will receive their returns on the investment from year 3 onwards (Year 3 – USD 500,000, Year 4 – USD 500,000, Year 5 – USD 625,000). The restaurant has a **cash flow breakeven in the 1st month of operations** itself, while the **overall breakeven for the first restaurant is 15 months**.

Once the restaurant takes off, we will keep a close eye on sales and profit. If we are on target by the end of the 3 year (we break even in about 2 years) we will look to expand to more units. Ideally, we plan to open 2 restaurants in the next 5 years and 5 more in the next 10 years. Investors in the first restaurant will be given an option to invest in expansion plans.

Management Team:

There will be four partners, Nidhi Gupta, Shruti Rangarajan, Gautam Gurnani and Sireesha Sivala. All four promoters are currently pursuing MBA from IIM Bangalore

Nidhi Gupta is an engineer in Electronics & Communication. Past employers include a software giant and a large investment bank. She has significant experience in managing and training people as well as financial management.

Shruti Rangarajan was born in Mumbai and has a degree in Electrical & Electronics Engineering. She has sales experience with a large investment bank.

Gautam Gurnani was born in Mumbai and has a bachelor in Management studies degree from Mumbai University. He was previously employed with Citibank and Standard Chartered and then interned with Goldman Sachs. He has extensive experience in financial management.

Sireesha Sivala is a bachelor in Electronics & Communication Engineering. She has worked with a start-up, a small Educational institute. This experience involved promotion and customer relations. The business has been sold and Sireesha is seeking new endeavors in a start-up venture.

Since the promoters do not have any first hand experience in restaurant business, we have a board of directors with rich experience in the hospitality and restaurant business.

Appendix

All figures below are in USD.

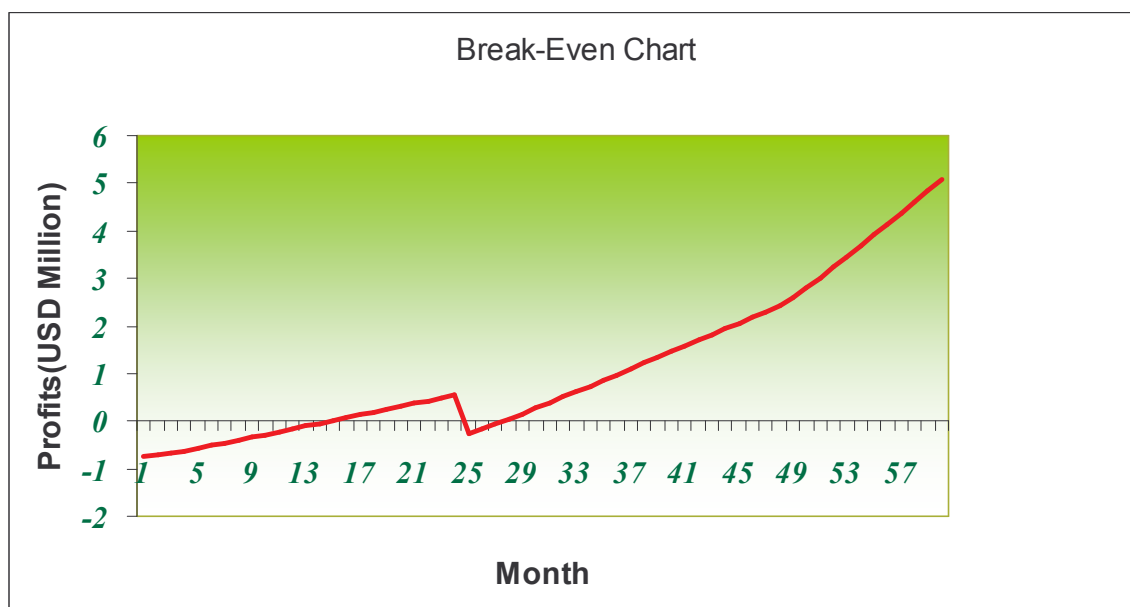


Figure 1-Break Even Chart

Projections

Projections		
Revenue Per Person (Dinner)		13.75
Revenue Per Person (Lunch)		12.50
Revenue Per Person (Breakfast)		7.50
Capacity		80
Per Month Costs		
Fixed Cost		
Rent	4000 Sqft * \$ 8.75/Sqft/Month	35,000
Electricity		1,250
Maintenance		500
Promotions & Advertising		1,000
Water		125
HR Cost		
	Balloon Pilot	1,250
	Head Chef + 10 Cooks	10,000
	2 Cleaners	125
	Procurement Manager & Asst	500



Waiters (5 senior waiters @\$ 300, 5 waiters @\$ 20)		2,500
Floor Manager		500
		52,750
Variable Cost/Person		3
Revenues	3,240,480	
Less: Fixed Cost	1,266,000	
Less: Variable Cost	673,120	
FCF (after 24 months)		1,301,360
Start-up Costs		
UpFront Amount for Site (Deposit)		75,000
Interiors		375,000
Promotions & Advertising		62,500
Crockery & Cutlery		37,500
Air Conditioners		12,500
Refrigerators		5,000
Other Electrical Equipment		50,000
Stationery		2,500
Legal Costs		25,000
Other Misc. Items		41,250
Liquid Cash & Mutual Funds		12,500
Hot Air Balloon		40,000
Website		1,250
Insurance		10,000
Total Investment		750,000
Years to BreakEven		1.15
Expansion Costs		
UpFront Amount for Site (Deposit)		50,000
Interiors		500,000
Promotions & Advertising		75,000
Crockery & Cutlery		50,000
Air Conditioners		12,500
Refrigerators		5,000
Other Electrical Equipment		50,000
Stationery		2,500
Legal Costs		50,000
Other Misc. Items		42,500

Liquid Cash & Mutual Funds	37,500
Total Investment	875,000
Revenues	14,837,760
Less: Fixed Cost	5,064,000
Less: Variable Cost	3,082,080
FCF (after 60 months)	6,691,680

Quarterly Income Statements

Quarterly Income Statements				
Income Statement	Year 1			
	Q1	Q2	Q3	Q4
Revenues	298,520	398,680	411,480	426,360
Less: Variable Costs	61,360	83,280	85,680	88,560
Less: Fixed Costs	158,250	158,250	158,250	158,250
Operating Profit	78,910	157,150	167,550	179,550
Less: Depreciation	12,500	12,500	12,500	12,500
Less: Taxes	19,923	43,395	46,515	50,115
Net Profit	46,487	101,255	108,535	116,935
Cash Flow Statement				
Net Profit	46,487	101,255	108,535	116,935
Add: Depreciation	12,500	12,500	12,500	12,500
Operating Cash Flow	58,987	113,755	121,035	129,435
Less: Payment to Venture Capitalists				-
Surplus Cash Flow (Y-o-Y)				423,212

Income Statement	Year 2			
	Q1	Q2	Q3	Q4
Revenues	426,360	426,360	426,360	426,360
Less: Variable Costs	88,560	88,560	88,560	88,560
Less: Fixed Costs	158,250	158,250	158,250	158,250
Operating Profit	179,550	179,550	179,550	179,550
Less: Depreciation	12,500	12,500	12,500	12,500
Less: Taxes	50,115	50,115	50,115	50,115
Net Profit	116,935	116,935	116,935	116,935
Cash Flow Statement				
Net Profit	116,935	116,935	116,935	116,935
Add: Depreciation	12,500	12,500	12,500	12,500
Operating Cash Flow	129,435	129,435	129,435	129,435
Less: Payment to Venture Capitalists				-
Surplus Cash Flow (Y-o-Y)	517,740			

Income Statement	Year 3			
	Q1	Q2	Q3	Q4
Revenues	724,880	825,040	837,840	852,720
Less: Variable Costs	149,920	171,840	174,240	177,120
Less: Fixed Costs	316,500	316,500	316,500	316,500
Operating Profit	258,460	336,700	347,100	359,100
Less: Depreciation	25,000	25,000	25,000	25,000
Less: Taxes	70,038	93,510	96,630	100,230

Net Profit	163,422	218,190	225,470	233,870
Cash Flow Statement				
Net Profit	163,422	218,190	225,470	233,870
Add: Depreciation	25,000	25,000	25,000	25,000
Operating Cash Flow	188,422	243,190	250,470	258,870
Less: Payment to Venture Capitalists				(500,000)
Surplus Cash Flow (Y-o-Y)	440,952			
Income Statement	Year 4			
	Q1	Q2	Q3	Q4
Revenues	852,720	852,720	852,720	852,720
Less: Variable Costs	177,120	177,120	177,120	177,120
Less: Fixed Costs	316,500	316,500	316,500	316,500
Operating Profit	359,100	359,100	359,100	359,100
Less: Depreciation	25,000	25,000	25,000	25,000
Less: Taxes	100,230	100,230	100,230	100,230
Net Profit	233,870	233,870	233,870	233,870
Cash Flow Statement				
Net Profit	233,870	233,870	233,870	233,870
Add: Depreciation	25,000	25,000	25,000	25,000
Operating Cash Flow	258,870	258,870	258,870	258,870
Less: Payment to Venture Capitalists				(500,000)

Surplus Cash Flow (Y-o-Y)		535,480			
Income Statement		Year 5			
		Q1	Q2	Q3	Q4
Revenues		1,151,240	1,251,400	1,264,200	1,279,080
Less: Variable Costs		238,480	260,400	262,800	265,680
Less: Fixed Costs		316,500	316,500	316,500	316,500
Operating Profit		596,260	674,500	684,900	696,900
Less: Depreciation		25,000	25,000	25,000	25,000
Less: Taxes		171,378	194,850	197,970	201,570
Net Profit		399,882	454,650	461,930	470,330
Cash Flow Statement					
Net Profit		399,882	454,650	461,930	470,330
Add: Depreciation		25,000	25,000	25,000	25,000
Operating Cash Flow		424,882	479,650	486,930	495,330
Less: Payment to Venture Capitalists					(625,000)
Surplus Cash Flow (Y-o-Y)		1,261,792			

IRR Projections	
Venture Capitalist	
Payment by VC initially	(500,000)
Year 1	-
Year 2	-
Return to VC in Year 3	500,000
Return to VC in Year 4	500,000
Return to VC in Year 5	625,000
IRR to VC	35%