

CATERING AND DECORATING SERVICE

SERVICE CAPACITY (Value) : Rs. 24,00,000/-

MONTH AND YEAR : July, 2014
OF PREPARATION

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1. INTRODUCTION

For the proposed project food preparation is assumed to be outsourced to the food producers and the business will cater the needs of serving and decoration. This service is typically provided at the banquets, conventions and weddings.

A catering company is expected to know not only food preparation, but how to make it attractive. For example a wedding requires working with the entire theme or colour scheme of the wedding including stage setup, background props, entrance, reception, seating arrangements, etc.

Much catering is sold on a per-person basis.

2. MARKET POTENTIAL

Catering and decorating industry is a growing industry. The business has picked up and wedding hall bookings are on the rise.

This service industry has three main market segments: Professional Catering, 2nd segment contains hotel and restaurants that provides catering as ancillary services and 3rd Catering outlets.

There are continuous demands for catering and decoration services at various community halls, convention centers, public places, birthday parties, political rallies and regular community meetings provide a continuous stream of revenue for the catering industry.

Nowadays caterers have started to provide a single window operation for their customers and shifting towards event management rather than just providing catering and decoration services.

3. BASIS AND PRESUMPTIONS

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|-------|---|-----------------------------------|
| i. | Project will work on single shift of 8 hrs. working per day and 300 working days in a year with 80% efficiency. | |
| ii. | Time period for achieving full capacity utilisation | 3 months |
| iii. | Labour wages | Based on local Market conditions |
| iv. | Interest for fixed & working capital | 14% on an average |
| v. | Margin money | 25% on an average of project cost |
| vi. | Operative period of the project | 10 years |
| vii. | Land cost and construction cost | Rented Shed |
| viii. | Cost of Machinery & equipments | Prevailing cost of market |

4. IMPLEMENTATION SCHEDULE

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|-------|---|----------|
| i. | Scheme preparation | 1 months |
| ii. | Entrepreneurs Memorandum | 1 month |
| iii. | Acquisition of rented shed | 2 months |
| iv. | Clearance from various Authorities | 1 month |
| v. | Arrangement of loan for working capital/fixed capital | 3 months |
| vi. | Placement of order & delivery of machines | 2 months |
| vii. | Installation of machinery, electrification, staff recruitment | 1 months |
| viii. | Power connection | 2 months |
| ix. | Commissioning, trial run & commercial operation | 1 month |

Some activities may be initiated simultaneously and the project may come to the stage of commercial production within 5 months.

5. TECHNICAL ASPECTS

5.1. Process Outline

The process constitutes of Preparing the food, Setting up the dining area & waiting tables and Setting up the stage & decor depending on the clients requirement.

5.2. Quality Control and Standards

Quality of food and service must be as per the requirement of customer. The target should be to make the whole event a success for the customer.

5.3. Service Capacity

100 Events per Annum.

6.2.3. Utilities

1. Power	Rs. 5,000
2. Water	Rs. 5,000
3. Gas	Rs. 10,000
Total	Rs. 20,000

6.2.4. Other Contingent Expenses

S. No.	Description	Value (Rs.)
1.	Rent	20,000
2.	Stationery & consumables stores	5,000
3.	Transportation	25,000
4.	Telephone	2,000
5.	Advertisement/publicity	500
6.	Insurance, Taxes & Miscellaneous Expenses	1,500
	Total	49,000

6.2.5. Total Recurring Expenditure (per month) Rs. 1,48,000/-

6.3. Total Capital Investment

Fixed Capital	Rs. 7,00,000
Working Capital (2 months)	Rs. 2,96,000
Total	Rs. 9,96,000/-

7. FINANCIAL ANALYSIS

7.1. Cost of Operation (per annum)

S.No.	Description	Amount (Rs.)
1.	Total Recurring Cost per year	17,76,000
2.	Depreciation on Machinery & Equipment @ 10%	60,000
3.	Depreciation on Office Equipment & Furniture @ 20%	3,400
4.	Interest on Total Investment @ 14%	1,39,440
	Total	19,78,840

7.2. Turnover (per annum)

100 Events X 100 persons on average/event X Rs. 200/person	Rs. 20,00,000
Decoration of Dias/Stages, etc.	Rs. 4,00,000
Total	Rs. 24,00,000

7.3. Net Profit (per annum)

$$= \text{Turnover} - \text{Cost of Operation}$$

$$= \text{Rs. 4,21,160/-}$$

7.4. Net Profit Ratio

$$= \frac{\text{Net profit per year}}{\text{Turnover per year}} \times 100$$

$$= 17.5 \%$$

7.5. Rate of Return

$$= \frac{\text{Net profit per year}}{\text{Total Capital Investment}} \times 100$$

$$= 42.3 \%$$

7.6. Break-even Point

Fixed Cost (Per Annum)	(Rs.)
Rent	2,40,000
Total Depreciation	63,400
Total Interest	1,39,440
Insurances, Taxes, etc.	18,000
40% of salary and wages	3,31,200
40% of other Contingent expenses (Excluding rent & Insurance)	1,32,000
Total	9,24,040

B.E.P

$$= \frac{\text{Fixed Cost}}{\text{Fixed Cost} + \text{Net Profit}} \times 100$$

$$= 68.7 \%$$

Address of Machinery & Equipment Suppliers

Branded equipments/utensils are available in local markets.