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SUMMER INTERNSHIP PROGRAMME REPORT

On

“CHAI SUTTA BAR PVT LTD”

Submitted To:

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About the report

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Summer internship program is an integral part of professional world as it polishes a student towards professional world. It is a perfect platform for a student to learn under Industry expert and have proper guidance and exposure. As part of the curriculum at Institute of Management, Nirma University (IMNU), the Summer Internship Program is the first stepping stone for the professional world. This internship was a huge success for me at personal level as it gave me practical insights which a textbook cannot provide. This would have not been possible without few individual, for whom I have utmost gratitude and respect.

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EXECUTIVE SUMMARY

Summer Internship programs is vital part for an individual's overall development. As summer Internships provide practical knowledge which is not possible through books, it does provide ample opportunity to learn and enhance skills of an Individual. For my summer internship, I got an opportunity to work with Chai Sutta Bar as a finance and strategy intern. Whole of the internship was work from home due to on-going situation.

For my first project, I was supposed to do an in-depth research on foreign expansion i.e. to research on the feasibility of expansion of franchisee in Australia. The country was assigned by the team itself. The research includes treaty signed between India and Australia (Double Taxation Avoidance Agreement), feasible locations for expansion, various rules and compliances and other tax benefits in Australia. My second project was related to a problem-solving project where we provided them with the solution to their problem of franchise rating system by building a credit rating model in Microsoft Excel. The model includes various parameters and their formulas with their calculation in reference to the data collected from their franchisees. The scores are then generated based on these parameters and summing them all are resulted in the final score of a franchisee. The solution thus provided helped them in reducing their efforts and time.

This report also includes methodology, sources of the data and lastly, learnings from the project.

PART A: PROFILE OF THE ORGANIZATION

COMPANY DETAILS



The Chai Sutta Bar is one of the best chai store chains in India. They provide Kulhad Chai of the highest quality from real spices, pure milk and various tea leaves. Anubhav Dubey, a 22-year-old boy from a middle-class family preparing for the UPSC exam, founded the Chai Sutta Bar with his friend Anand Nayak because they always wanted to start their own food business. Their friend Rahul Patidar joined them later and the team has grown stronger.

His idea was to serve Indian tradition on the bar table with authentic chai and coffee. It was started in Indore in July 2016. The company has become famous for its uniqueness and high-quality flavour, and many other branches have been established in less than a year. Today more than 66 branches across India are successfully operating with excellent service.

Vision: India is a nation that changes rapidly, accelerates and develops rapidly, and at Chai Sutta Bar they want to grow with the country. They want to reach a variety of places by opening at least 200 outlets to meet the need for a hygienic chai. They would start helping to get people out of their poverty by motivating them to work with them. They imagine a youth who does not know about "sutta breaks", but only hygienic and eco-friendly "chai breaks"!

Mission: Its mission is to become an inspiring food company serving the goodness of Indian tradition at the bar table by providing high-quality healthy drinks at affordable prices in Kulhad. They want to extend the Chai Sutta Bar across India by opening at least 200 outlets to meet the

market demand for hygienic tea. This would motivate not only young people to reduce their cigarette consumption, but also the people who work with them.

Why Chai Sutta Bar

1. **Eco-friendly**: Chai Sutta Bar comes up with the unique concept of serving chai in Kulhads. This does not only make them different from others but also shed light on their concern towards environment where these pot made Kulhads can be recycled.
2. **Great taste and varieties**: With the high-quality milk and the authentic ingredients they make sure to serve the goodness of chai. They have more than 10 varieties of chai in different flavours which include Masala chai, Elaichi chai, Paan chai, Tulsi chai etc.
3. **Smoking prohibited**: Along with the mesmerizing aroma of fresh chai leaves or the tantalizing taste of a refreshing kulhad of chai, they set their priority to take care of their customers and so, smoking is prohibited at every outlet of Chai Sutta Bar.
4. **Prices**: They provide high quality at an economic cost; a wide range of world-class products at an affordable price.
5. **Great Ambience**: They have their chai time playlist to indulge customers in the taste of chai. Their customer friendly staff adds to the great ambience.

Outlets of Chai Sutta Bar

Chai Sutta Bar has successfully opened more than 66 outlets all over India. They have their outlets in various cities: Indore, Pune, Oman, Bilaspur, Bhopal, Dewas, Dehradun, Chandigarh, Mumbai, Bangalore, Hoshangabad, Jaipur, Nagpur, Itarsi, Jabalpur, Ahmedabad, Chindwada, Ujjain, Gujrat, Bhopal, Jamnagar, Satna, Delhi.

The team is now planning to expand outside India in the countries such as Australia, USA, New Zealand, Canada, Nepal, Saudi Arabia etc. For now, they have successfully opened one in Dubai.

Customers

Chai Sutta Bar targets audience of all age groups but the interiors are designed keeping in mind to attract the crowd of middle age. Being the seller of chai and fast foods, they generally get the footfall from people between the age of 16-30 years. As their stores are located near the colleges, so they generally have youth as their customers. With around 75-80% customers visiting the store they manage to sell more than 1000 cups of chai per day.

Products/Services

Chai Sutta Bar is serving more than 10 types of chai and 142+ items in their menu.

Fig 1: Chai Sutta Bar Menu

| Chai Sutta Bar Cuddle the kulhad | | |
|--------------------------------------|-------|--|
| Menu | | |
| Tea | | |
| Chocolate Tea | 10/- | |
| Ginger Tea | 10/- | |
| Elaichi Tea | 10/- | |
| Rose Tea | 10/- | |
| Masala Tea | 20/- | |
| Pan Tea | 20/- | |
| Hot Coffee | | |
| Hot Coffee | 15/- | |
| Strong Coffee | 20/- | |
| Chocolate Coffee | 20/- | |
| Strong Chocolate Coffee | 25/- | |
| Black Coffee | 20/- | |
| Moustache Coffee | 30/- | |
| Cold Coffee | | |
| CSB Special Cold Coffee | 80/- | |
| Moustache Cold Coffee | 90/- | |
| Cold Coffee | 50/- | |
| Strong Cold Coffee | 60/- | |
| Cold Coffee With Ice-Cream | 60/- | |
| Chocolate Cold Coffee | 70/- | |
| Chocolate Cold Coffee with Ice-Cream | 70/- | |
| Shake | | |
| Oreo Shake | 60/- | |
| Oreo Shake with Ice-Cream | 70/- | |
| Kit Kat Shake | 60/- | |
| Kit-Kat Shake with Ice-Cream | 70/- | |
| Bourbon Shake | 60/- | |
| Cadbury Shake | 60/- | |
| Cadbury Shake With Ice-Cream | 70/- | |
| Bounvita Shake | 60/- | |
| Brownie Shake | 80/- | |
| Ferrero Rocher Shake | 120/- | |
| Fruit Shake | | |
| Sitafal Shake | 60/- | |
| Kiwi Shake | 50/- | |
| Litchi Shake | 50/- | |
| Strawberry Shake | 60/- | |
| Mango Shake | 50/- | |
| Khush Shake | 50/- | |
| Orange Shake | 60/- | |
| Mix Berry Shake | 60/- | |
| Pine Apple Shake | 50/- | |
| Pina Colada Shake | 50/- | |
| Butter Scotch Shake | 50/- | |
| Black Current Shake | 60/- | |
| Ice Tea | | |
| Ice Tea | 30/- | |
| Lemon Mint Ice Tea | 40/- | |
| Peach Tea | 50/- | |
| Noisette Tea | 50/- | |
| Classic Lemonade Tea | 30/- | |
| Ice Crushes | | |
| Orange Ice Crushes | 50/- | |
| Strawberry | 40/- | |
| Kiwi | 40/- | |
| Blueberry | 40/- | |
| Chocolate | 40/- | |
| Mix Crush | 40/- | |
| Mocktails | | |
| Cucumber Mocktail | 60/- | |
| Grany Appl Mocktails | 60/- | |
| Blue Lagoon Mocktail | 60/- | |
| Rosy Lips | 60/- | |
| Strawberry | 50/- | |
| Water Melon Blast | 50/- | |
| Minty Maza | 50/- | |
| Passion Fruit | 50/- | |
| Irish | 60/- | |
| Caramel | 60/- | |
| Peach | 60/- | |
| Coconut | 60/- | |
| Frappe | | |
| Caramel | 70/- | |
| Irish | 70/- | |
| Hazelnut | 80/- | |
| Blueberry | 80/- | |
| Bites | | |
| Maska Bun | 20/- | |
| Maska Bun With Jam | 30/- | |
| Cheese Maska Bun | 40/- | |
| Choco Maska Bun | 40/- | |
| Garlic Bun | 30/- | |
| Garlic Bread | 30/- | |
| Cheese Garlic Bread | 50/- | |
| Loaded Fries | 60/- | |
| French Fries | 50/- | |
| Masala Fries | 60/- | |
| Choco Fries | 60/- | |
| Potato Bites | 50/- | |
| Cheese Shots | 60/- | |
| Maggie | | |
| CSB Special Maggie | 80/- | |
| Punjabi Tadka Maggie | 70/- | |
| Khadai Maggie | 50/- | |
| Plain Maggie | 30/- | |
| Double Masala Maggie | 40/- | |
| Cheese & Butter Maggie | 60/- | |
| Vegetable Maggie | 50/- | |
| Schezwan Maggie | 60/- | |
| Cheese Corn Maggie | 60/- | |
| Pasta | | |
| Makhani Pasta | 60/- | |
| Khadai Pasta | 60/- | |
| Zeesy Pasta | 60/- | |
| Chatpata Pasta | 60/- | |
| White Pasta | 60/- | |
| Sandwich | | |
| Crispy Bhutta Sandwich | 60/- | |
| Spicy Potato Sandwich | 50/- | |
| Paneer Taka Tak | 60/- | |
| Grilled Veggies | 50/- | |
| Chilli Chatpata | 50/- | |
| Corn Mayo Sandwich | 50/- | |
| Veg. Mayo Sandwich | 50/- | |
| Chocolate Sandwich | 60/- | |
| Tandori Sandwich | 50/- | |
| Cheese Chulney Sandwich | 50/- | |

Financial Performance

As Chai Sutta Bar is a start-up that has been started three years back, it is not listed yet. The company as its following financial data includes the below details:

- **Revenue:** Rs.8Lac/month per store and it is currently operating more than 60 stores all over India
- **Profit Margin:** 30% in any menu item
- **Inventory cost:** Rs.2Cr/month which includes Rs.1Cr credit sales
- **Labour cost:** Rs.10Lac/month

INDUSTRY INFORMATION – FOOD & BEVERAGE INDUSTRY

Chai Sutta Bar Pvt Ltd is a non-governmental Indian company belonging to the **Food and Beverage industry**. The growth of the food and beverage industry is mainly driven by developing countries like India, China and Brazil, as with the demand the economies of these countries improve and more middle-class people are promoted. The industry is driven by the demands of consumer for more hygienic and nutrition filled food and better packaging. Environmental concerns have led to the use of more recycled materials for packaging. Food and drinks are the main consumption categories.

The Indian food and beverage industry, with a total volume of almost \$ 400 billion, represents approximately \$130 billion in the food sector. It represents 10% of agricultural GDP and 12% of manufacturing GDP. In cities, the number of restaurants offering good cuisine, casual cuisine and fast service is increasing. Young professionals are the biggest clients. Home delivery and takeaway food are becoming increasingly popular.

Structure

Fig 2: Structure of Food and Beverage industry



The agricultural food and beverage industry are divided into two main segments. These two segments are the production and distribution of edible products. Production includes meat and

cheese processing, as well as the production of soft drinks, alcoholic beverages, packaged foods, and other modified foods. The production segment of this industry excludes food that is produced directly from agriculture and other forms of agriculture, as it is included in our definition of the agricultural industry. During distribution, the finished food product is transported to the consumer.

The industry gives much more attention on technology and mechanical process of raw foods to create more value-added foods than the agricultural industry. Sales include businesses that deliver groceries to retail stores, restaurants, or directly to consumers.

Competition

According to the market size, the top ten countries for the overall food and beverages industry are the US (about \$1.7 trillion, according to approximations from various sources), China (\$700 billion), Japan (\$600 billion), India (\$400 billion), Russia (\$350 billion), Brazil (\$250 billion), Germany (\$225 billion), France (\$200 billion), UK (\$180 billion), and Indonesia (\$175 billion).

Today, India's food and beverage industry can be a dynamic and prosperous scene, but it is also known to be whimsical and extremely competitive. If you don't have something to offer that catches your attention, it can be difficult for you to stand out from the crowd. Restaurateurs face a changing landscape that will lead to a new competitive order, with some great traditional players likely to lose to smaller, nimble newcomers. The location of your business plays an important part in the competition.

Total sales of the global food and beverage industry skyrocket every year. While the quality of products or services plays an important role in the survival of food and beverage companies, it is no longer the only ingredient for success in the food and beverage industry. Given changing market trends and the growing need to respond to changing consumer demands, industry companies must be up-to-date to understand new trends in the food and beverage industry. It is also important that companies in this sector find ways to make the most of market opportunities.

With so many brands in the food and beverage industry and a wide range available to consumers, retailers often find products that don't sell quickly or even attract new customers quickly. When launching a new product in the food and beverage industry, it is always better to start small to manage the complexity of retail sales.

External Environment Factors

Fig 3: PESTEL Analysis of Food and Beverage Industry



1. **Political Factors:** The political factors that can affect the profitability or survival of a company are very different. Political risks range from sudden changes in existing political schemes, to riots, to major government decisions. In the case of possible multinational companies, one can also take into account political factors that affect not only the host country but also all countries that involve commercial activities or that trade with the food and beverage industry.
2. **Economic Factors:** Economic factors are all factors linked to the economy of the country in which the food and beverage industry is established, such as exchange rate, inflation rate, interest rate, gross domestic product and the current phase of the economic cycle. These factors and their impact on total demand, total investment, and the overall business climate can make a business highly profitable or loss-making. The economic factors in the PESTEL analysis are macroeconomic.
3. **Social Factors:** The social factors that affect the food and beverage industry directly reflect the society in which the food and beverage industry operates and include the culture, beliefs, attitudes, and values that the majority of the population can represent as that community. Social factors are important not only for the operational aspect of the food and beverage industry, but also for the marketing aspect of the organization. A deep understanding of customers, their lifestyle, their quality of education, and their belief in a

company or a segment of the company would help design both the products and the marketing messages that would ensure the success of a company.

4. **Technological Factors:** Technology can quickly reduce the price structure and competitive landscape of an industry in no time. Therefore, it is extremely important to innovate constantly and consistently, not only to maximize potential profits and become the market leader, but also to avoid any competition in the near future. There are several examples of innovative products that completely rethink the standard for an entire industry: Uber and Lyft dominate the taxi industry; Smartphones have made other phones a largely unprofitable option etc.
5. **Environmental Factors:** Different industries have different environmental protection standards in mind. This standard then specifies what each company should at least strive to do so that it does not become the target of interest groups and boycotts due to a lack of environmental awareness. For example, a company in the textile industry should not suffer the same pollution and the same degradation of the environment as an oil company. The new consumer, endowed with the interest and knowledge he has, prefers to transmit his business to what he considers ethical, particularly with respect to the environment due to global warming.
6. **Legal Factors:** Government institutions and executives in a country are technically also political, but are subject to the political party that has the majority in a government agency. However, they are also legal and therefore must be taken into account in a PESTEL analysis. Often, the food and beverage industry policy alone are not sufficient to effectively protect the food and beverage industry and its workers, making the food and beverage industry an unwanted job that you can avoid skilled and talented workers.

GROWTH STORY OF CHAI SUTTA BAR

With the first outlet been started at Bhanwar kuan in July 2016, Chai Sutta Bar today has managed to run 66 outlets successfully all over the India with great service. They followed the extraordinary strategic pricing policy to suit everyone's budget and is pocket-friendly. Their serving style is quite different from that of the others. They due to hygiene and environment issues use "Kulhads" (earthen cups) which help to maintain hygiene, as are used only once and also, they do not pollute the environment. Overcoming all the problems throughout the journey today they have started their franchise in more than 25 cities which include Ahmedabad, Bhopal, Indore, Jabalpur, Ujjain, Jaipur, Mumbai, Pune, Raipur, Chandigarh etc. and with more than 100 varieties of food and beverages in their menu.

Chai Sutta Bar Franchise Opportunity

Chai Sutta Bar became the fastest growing chain of Quintessential Cafes starting in Indore and now spread across different cities when they started to provide franchise opportunity in any city all over the India. This opportunity came into existence in 2017 one year after the establishment of business. They have their presence in various franchise websites where anyone interested to grow the chain can apply through it. (*Annexure 1*)

For opening a franchise of Chai Sutta Bar, an area of around 80-2000sq. ft. is required in any commercial or educational place. The total franchise fee of Chai Sutta Bar in India is INR 6Lac. Total investment goes around INR 15Lac. The franchise term is for lifetime with having an opportunity to renew it in between. The payback time as per the current running franchise is 1 year 3 months with an agreement term of 5 years. The franchise training is also provided by Chai Sutta Bar heads in Indore with all other assistance required while opening a franchise.

Organisation's Culture

Chai Sutta Bar has a unique concept where they serve the Chai in Kulhads without cigarettes. Somehow, they want people to get out of the habit of smoking. It has a bar table where they serve varieties of flavors of tea and other beverages.

The team of chai sutta bar purposely includes orphans as to improve their financial stability and also the lifestyle. They majorly emphasise on employing orphans at first position if they are capable of handling the work. There are a lot of orphans who finally have found their homes and families at CSB. They had a lot of struggle in sending their kids to school, but thanks to

CSB for making their condition better. They provide these economically poor and disabled employees with food and a house to stay. Also, with the Chai served in Kulhads brought a huge upliftment to the Pot Making Community. As through Chai Sutta Bar they got a good Business throughout the year and not just during Diwali or Dussehra.

There is nothing that CSB lacks behind, it has space that gives the customers immense peace, love, fun and what not.

Comparable players in the industry



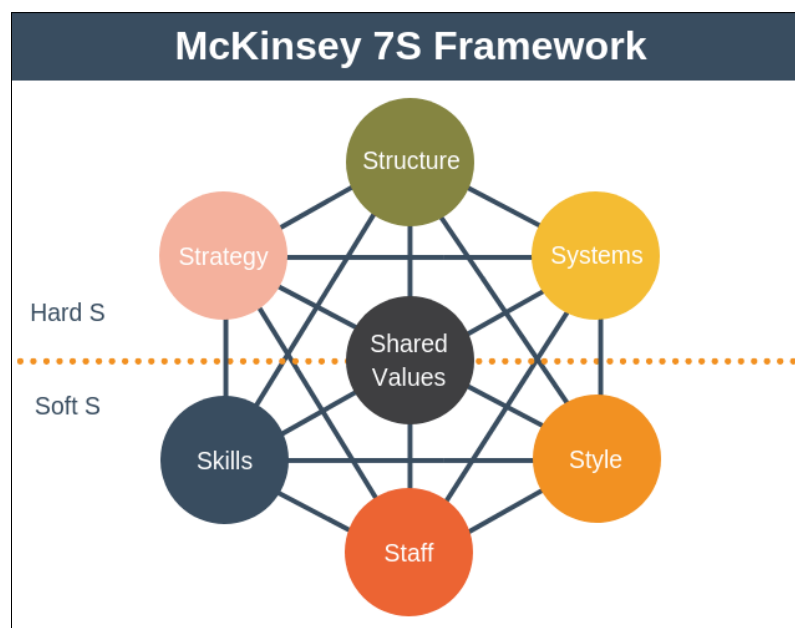
| Particulars | Tapri Café | Chai Shai Café | Chai-Wai Café | Tealogy | Chai Sutta Bar |
|--------------------------|---------------|-------------------|------------------|---------|-------------------|
| Franchise cost (in lacs) | 300000 | 500000 | 100000 | 550000 | 600000 |
| Number of outlets | 3 | 1-2 | 8 | 13 | 10-20 |
| Profit Margin (%) | 25-30% | 30-40% | 40% | 45-50% | 35-40% |
| Price (in Rs. Per cup) | 30 | 15 | 17 | 10 | 10 |
| Customers (monthly) | 200+ | 250+ | 330+ | 350+ | 500+ |

STRATEGIC FRAMEWORK OF CHAI SUTTA BAR

The McKinsey 7S model is a framework for organizational effectiveness, which suggests that seven internal factors of an organization must be coordinated and strengthened to be successful. This framework is used to understand how various departments of the organization work together. It is also use in making future decisions and building the strategy.

The model is categorised into two types of element-

- Soft elements: Shared values, skills, staff and style
- Hard elements: Strategy, structure and systems



1. **Strategy:** Chai Sutta Bar follows two major strategies- one being low cost strategy where they make sure to keep their menu items in the budget of their customer. When compared to their competitors in the city they have the lowest selling price of chai i.e. Rs.10. Second is the differentiation strategy where they have set their priority to be different from others and this, they have achieved by selling chai in Kulhads.
2. **Structure:** Chai Sutta Bar has 3 Directors, a CEO, business development heads and various departmental heads for different departments. The department here includes Sales department that handles the request of people, Research & Development department that look into the possibility of profits before starting their franchise in that city, designing

department that is responsible for designing their advertisements, finance department and etc.

3. **Style:** The style includes the leadership styles adopted by the organization. Transformational and Democratic leadership styles are used in this cafe. The top management encourages the staffs to find better ways to do things. The views and suggestions of the employees are taken into considerations while taking decisions.
4. **Staff:** Chai Sutta Bar mainly focusses in hiring orphan kids and those people who are poor or disabled. They socially help the community in their upliftment by providing them the jobs. Every franchise otherwise has their own skilled employees being hired who are then trained accordingly.
5. **Skills:** Since there are different departments, the skills required for each of them is different. For operational levels, there are no specific skill sets required. The employees are given training about the work. The interpersonal skills are developed so that the employees work together efficiently. They have experienced people who help them take strategy related decisions. For maintaining of financial statements, they have certified accountants.
6. **System:** Chai Sutta Bar follows a centralized hierarchy system. They hire the employees and provide them the training. With the daily activities and procedures staff get their job done.
7. **Shared values:** The core value of Chai Sutta Bar is offering tea while avoiding smoking among youths. They want to reach a variety of places by opening at least 200 outlets to fulfil the demand of tea lovers. They serve tea in earthen pots because they want to contribute to the environment by promoting the pottery that has its roots in the country.

COMPETITIVE POSITION OF CHAI SUTTA BAR IN THE INDUSTRY

As we all are aware that Michael Porter has identified various forces in environments that threaten a business in an industry. It is important to understand these forces to deal with potential threats that the company may face in the future and to develop a plan to compete with them and make a profit. The porter's five forces are:

Fig 4: Porter's five forces



1. **Degree of rivalry**: Food & beverage industry face rivalry in a large number. With the increasing number of cafes and restaurants every day in each city, competition between them increases, resulting in lower profits. The food & beverage industry is highly concentrated, product differentiation is low, and raw material costs are relatively low. Therefore, at Chai Sutta Bar, we can see that it offers its competitors a competition based on a greater variety of food, high quality food, a minimum number of customers and lower production costs. This helps them stand out from the competition.
2. **Threat of new entrants**: The threat from newcomers is high because there is easy access for everyone to open a cafeteria. The cost of opening a cafe starts at 7-10 lakh rupees, which a person can easily pay or borrow from the bank. The easier it is to get started, the more competitors will have to keep their prices low to attract more customers, which in turn results in lower profits. Café Chai Sutta Bar has a large number of competitors in the market

so they have kept their prices low to attract customers. In addition to that, the company also offers franchises in the market.

3. **Threat of substitutes:** In the food & beverage sector, a large number of substitute products are available to the customer if the price of one such product increases then that product can be substituted by other products or of the other type of the same product. As we can see, Chai Sutta Bar offers coffee and tea. Four to five varieties are available in both categories. Every time the customer wants to place an order of any tea items, different prices are available. By considering the different prices, the customer offers the price at a lower cost. This indicates that the power of substitutes is very high in this sector. This has resulted in lower profit margins.
4. **Bargaining power of buyers:** Customer power is relatively high in the food & beverage industry because we know that there are a large number of competitors in the market that have the same range of products. If the prices charged for one product category increases in one company then the customer switches to the company's competitor that charges less for the same product without differentiation. This creates more bargaining power for clients. In the case of Chai Sutta Bar, the company offers its product to the customers in the minimum amount possible which decreases the bargaining power of buyer for them but increases the same for its competitors.
5. **Bargaining power of suppliers:** Supplier power is weak in the case of food & beverage industry as there are now a large number of suppliers for the same product. They are ready to sell to their buyer at a lower price if they order in bulk. Because Chai Sutta Bar purchases food and tea production products from various suppliers, they are not charged for the price reduction. In the initial phase, a café is connected with different suppliers for different types of food. They compare prices and kept suppliers giving them the best possible price in the market.

FUTURE PROBLEMS THAT CHAI SUTTA BAR MAY FACE

External Problems:

1. **Healthy food:** According to the Nielsen report, 41% of Generation Z and 32% of millennials prefer to pay a premium for organic ingredients to be used in food preparation. People are becoming more health conscious and avoiding junk food. Therefore, the potential threat to the business could be to meet consumer expectations of offering healthy food with delicious taste. Many experiments must be carried out in court, requiring the hiring of great chefs and other staff members to meet the needs of consumers. In fact, health-conscious fast food restaurants are starting their own venture in most upscale areas and are promoting themselves by focusing on healthy food and starting their businesses near colleges, gyms, etc.
2. **Increase in food price:** For the fast food industry, there is a risk that raw materials and ingredients will increase in the coming years due to the loss being incurred due to this pandemic, which would directly affect suppliers, producers, restaurant owners and ultimately consumers. These price uncertainties are believed to be due to environmental degradation, species shortages, droughts, floods, and climate change due to global warming, etc. All of the above factors can reduce the supply or availability of plants, and with the increase in population, costs will be finally forced to increase with these raw materials and ingredients.
3. **Rise in competition:** Competition in the industry will intensify as more and more new companies arrive with government support and people are ready to take care of themselves. The fast food industry, which is growing at an average annual growth rate (CAGR) of 18%, has motivated entrepreneurs to enter the industry so that competition can intensify. Local cafés and restaurants offer a more comfortable environment. Themed restaurants with high-quality dishes at reasonable prices compete with fast food chains. In today's generation, the main focus of people is to celebrate their days in these themed restaurants and cafes than in regular food chains. Therefore, increased competition would be a potential threat to the company.
4. **Change in choices:** With time and age, the preference of food and beverages changes. The young generation now prefers exotic cuisine, different cuisines and innovation or the fusion

of dishes. Also, as already mentioned, people prefer healthier menu items than junk food. Today, hamburger restaurants sell fruits and salads to customers. Therefore, the owners are willing to do anything to please their guests by making their menus more varied and by making the ingredients transparent.

Internal Problems:

1. **Foreign expansion:** With their new franchisee model, they are planning to open their outlets outside India. They are focussing on countries like Australia, USA, New Zealand, Canada, Nepal, Saudi Arabia etc. Expanding in various countries could result in more capital budgeting and more investment. They could also face problem of hiring cheap labours and investing more in marketing and targeting audiences. Every country has their own government rules and tax policies that could sometimes be cumbersome to understand and implement.
2. **Online delivery mode:** As it can be observed that takeaways and deliveries will be the new trend in the upcoming years due to this pandemic. There is no availability of ordering food online in Chai Sutta Bar, because of which it can suffer a setback after the Covid-19 pandemic, as most of them will only order online. It has an online presence at swiggy, but it doesn't focus on starting home delivery like Domino, Pizza Hut, etc.
3. **Brand awareness:** Chai Sutta Bar currently has 66 outlets in the central and western region of the country. As the competition increases in the years to come, the restaurant's brand will be a key factor in attracting customers. Among the cities in which it is present, only the inhabitants of Indore know the brand and its presence, while in the other cities the value of the restaurant's brand is lower and does not meet the desired expectations. Therefore, it must have brand equity across the country.
4. **Social presence:** Adding to the brand awareness problem, a strong presence on the brand's social networks is necessary. The company has a little presence on social networks. There are social networking sites from different franchisees and not an official company page. Presence on social media is the order of the day to stay in business and create brand value.

Approaches to address the above problems

- By making changes in the menu items, they can avoid the potential risk of diversification and healthy food. They can have few fusion dishes with a delicious flavour but keeping in mind the ingredients being used is preferred by the customers. They can appoint competent chefs and subordinates and ask the marketing team to organize marketing campaigns and techniques focused on menu items.
- The company can increase its presence on social networks and ask its customers to give reviews on its Facebook, Instagram, Twitter pages. They can organize certain sales promotion techniques and small contests where restaurants must be noticed and their pages are followed. The work of the marketing team will not stop there. There should be regular contributions on the opening of the new franchise, the dishes they serve, discounts or vouchers, etc. They can also organize a dish of the week and advertise on social media to capture the attention of customers.
- For the outlets to be expanded outside India they should first perform a thorough research and invest more in R&D. They should also focus on the competitors there and first should prepare themselves to become unique in their food menu and prices so as to increase their hopes on getting a good return on investment. With the new department for R&D they could help themselves in getting better information before investing their capital with low risk.
- Instead of investing more on attracting customers offline by printing pamphlets etc. they should rely on social media platforms because today people make their choices by comparing the reviews being posted on different sites. People have become addicted to internet now-a-days and when the advertisement flashes on these online platforms it creates a great impact on the minds of viewers. So with such technology changes, they should also adapt themselves in the environment and can use this opportunity to have a competitive edge over others.

PART B: PROJECT WORK

1. RESEARCH BASED PROJECT - FOREIGN EXPANSION ANALYSIS

A. Nature of problem

Since the inception of Chai Sutta Bar in 2016, Mr. Anubhav Dubey, The Director and his team wanted to make their unique presence in the ever-growing competition in the food and beverage industry. When they performed the research on how they can have a competitive edge over others, they came up with an idea to follow an Indian tradition and serve the chai in ceramic pots i.e. Kulhad, which became their unique selling point. When this tradition was adopted along with various other successful marketing and strategies, they saw their brand name getting prominent. With such confidence they decided to follow a franchisee model in 2017 which led them to expand their outlet in more than 25 cities having more than 66 outlets all over the India.

Now while expanding in India, they are also focussing to expand across the border. They have managed to open one in Dubai which is running successfully today. And looking at the reviews of how people outside India are also following the Indian tradition they are aiming to open more in other countries all over the world. Performing the research on the possible countries they found few names such as Australia, USA, New Zealand, Canada, Nepal, Saudi Arabia etc. where according to the survey every other person craves for chai after waking up and its demand never goes down whether summer or winter.

B. Objective of the study

Along with the steps that are to be followed when setting up a business across the border there are many guidelines that are needed to be kept in priority in order to run the business in a systematic manner and to gain knowledge on how one could reap the benefits on opening the outlet there. There are different rules followed in different countries for setting up a new business. As a part of this research, the first project assigned to me was to perform a foreign expansion analysis for **Australia**.

The analysis includes the research on the treaty signed between India and Australia termed as DTAA (Double Taxation Avoidance Agreement) which aims in helping taxpayers to avoid paying double taxes on their income earned in the source country as well as the residence country. Another research includes cross-border monetary transactions to and from India which

is governed by FEMA (Foreign Exchange Management Act) 1999 whose objective is to make external trade and payments easily possible and orderly developed. This helps in the companies to maintain their foreign exchange market in a systematic manner. There are also different compliances and agreements in Australia that a business needs to follow.

C. Utility of the study

This study will definitely help Chai Sutta Bar to decide whether they could see Australia as a source country for their income. This study will also help them in curtailing their research and development cost to some extent. When the data for all these countries are available it would be easy for the team to compare the benefits and feasibility of expansion among them and make a right decision before investing a big amount. Studying about all the tax benefits, government rules and regulations, feasible locations, and forecasting return on investments is crucial for every entrepreneur while giving a thought of starting a business in a new location.

D. Methodology

The data used to conduct this analysis is a secondary data that has been gathered from the following sources:

- <https://www.business.gov.au/>
- <https://www.ato.gov.au/>
- <https://www.austrade.gov.au/>

This is a qualitative research-based approach where the data has been collected from various government pages where the rules for starting a business are well written and updated.

E. Context of industry problem

International expansion is an important strategy for many food and beverages companies looking to increase their bottom line. Foreign markets with their growing middle class and thirst for sophisticated products offer good opportunities. However, expansion involves several risks, including different regulations in different countries, supply chain interruptions, political disruption and employee safety. Early recognition, analysis and management of expansion risks can ultimately determine the success of overall growth.

Most food and beverage companies take gradual steps toward international expansion and accept relatively low risks at an early stage for less responsibility and personal control. Gradually, companies can increase their risk by potentially making more profits by taking full control of operations. Some of the first steps that food and beverage companies should consider when expanding internationally are:

- Export national products and grant licenses to foreign producers to manufacture a specific product.
- Franchise a particular company or line of products and form a strategic alliance with a company in the region of interest.
- Operating a joint venture or wholly-owned subsidiary in various regions.

In each phase, more investments and risks are accepted and a greater degree of responsibility and personal control is developed. Risks at each stage can increase and become more complex, so a business must have a well-organized assessment process to identify and manage them.

F. Presentation of data

So, to begin with I first tried to gather the information on how a business is set up in Australia.

- For any business to start, the entrepreneur needs to decide on a **business structure**. The choice of a structure depends on its size. Chai Sutta Bar requires an area of 80-2000sq. ft. at any high street, educational or commercial place.
- Choosing the right **location for your business** is a path to success. Upon researching I found many suitable places in Sydney, Australia where the demand for chai is between moderate to high. (*Annexure 1*)
- After deciding the location, entrepreneurs focus on **marketing strategies**. Chai Sutta Bar have the opportunity to organize various band shows where they can offer free chai to everyone on the first day of opening. They can also distribute brochures/pamphlets or any marketing materials that can be provided by the brand. Along with this they are allowed to offer sponsorship to the colleges on different occasions and functions.
- There are many **tax registrations** that follows in Australia according to the type of business you want to run. To make the business official in Australia, one needs to register it with an Australian Business number (ABN) which is a unique 11-digit number and helps in identifying the businesses to the government and the society. This is a free registration.

Chai Sutta Bar, as a sole trader needs to register themselves for a Tax File Number (TFN) in an Australian Taxation office in order to have their personal reference number in the tax and super systems.

Since Chai Sutta Bar pays salaries and wages to their employees they also need to register themselves for a Pay as you go (PAYG) where Australian Tax Office (ATO) allows employees to pay some portion of future liabilities in advance so that they don't undergo risk at the end of the financial year if it is hit with a larger bill.

Of course, a business needs to register for a Goods and Services tax (GST) for buying and selling of goods and services.

- Chai Sutta Bar also requires **licenses and permits** to get approval to do certain business activities such as outdoor dining or playing featured recorded music.
- There is an **Australian Regulatory Compliances**. Chai Sutta Bar belongs to food and beverage industry so Food Safety Regulation is mandatory. This includes Food Act 2006, The Food Regulation 2006, The Food Production Act 2000, The Food Production Regulation 2014. Food safety regulation needs to be done from a local government. With this company must be able to verify its quality and safety of the products.

G. Conclusion: Feasibility for expansion in Australia

- As per the analysis so far, it appears feasible for Chai Sutta Bar to open their outlet in Australia. According to the data available the average consumption per capita in value terms reached 39.08 USD per capita (in retail prices) in 2014. In the next five years, it grew at a CAGR of 4.05% per annum. In the medium term (by 2024), the indicator is forecast to slow down its growth and increase at a CAGR of 2.32% per annum.
- Tea is mostly preferred by millennial and women in Australia.
- Herbal and green tea with contemporary and modern flavours such as raspberry, watermelon and mango are gaining popularity.

2. PROBLEM SOLVING PROJECT: FRANCHISE CREDIT RATING MODEL

A. Nature of problem

Since the coronavirus outbreak, the way of every business's operations has been changed. Specially the restaurant and cafes are among the worst affected sector among all. Due to such changes in this competitive industry, Chai Sutta Bar came up with many new ideas and hence many projects. They want to make their services more user friendly and want to develop themselves with the developing world and changing technology. Hence, they introduced the below projects:

- 1. Taxation framework:** This project required a study of government relaxations on tax for startups via ATIAC scheme, the requirements by a start-up to fulfil to avail benefits, to suggest strategies to adapt and fit under those schemes. Since Chai Sutta Bar aims to spread and open more than 200 outlets all over India and some across the border too, so before spreading, they need to know about the benefits they can avail and cut their operating expenses in terms of taxes.
- 2. Framework rating franchise:** Chai Sutta Bar carry out a monthly/quarterly performance rating of all their franchisees in order to keep track of their production and profit. This sometimes become cumbersome to keep the record of all 66 franchises manually. So, in order to curtail the man work, this project required making a model in Microsoft Excel to generate a credit rating score for all its franchisee based on the parameter like efficiency of operations, financial ratios, quality upheld, customer satisfaction, profit figures etc.
- 3. Home delivery model:** Due to this coronavirus outbreak, people now will prefer cooking and baking by themselves than having dining outside. Chai Sutta Bar currently does not provide online delivery mode to their customers. So, this project requires to design a complete home delivery segment of Chai Sutta Bar to combat the coronavirus effect to business.
- 4. Post COVID-19 study:** This project requires to explore resources to understand COVID-19 impact on businesses with focus on restaurant industry to make suggestions and develop a vision for future endeavours. There are many changes required in a business to gain the trust of the customer and retain them even after this pandemic. Businesses needs to be loyal to their customers in this crucial time and hence they need to follow the guidelines required for the same.

5. **Competitor analysis:** This project required to explore and track competitors, study their advantages and strategies and hence recommend a plan to combat sudden shocks. This could also make a framework that could be used by Chai Sutta Bar later to keep a focused check on competitors (example: franchise cost, number of outlets, profit margin, other measurable competitive advantages etc.)
6. **Foreign expansion:** In continuation of the project 1 that required the feasibility check on the expansion of business across the border, this project required digging deeper into the ground level operations, constructing a full strategy plan to enter the country for direct application.

B. Objective of the study

The second project assigned to me from the above-mentioned projects was to build a **Franchise rating model** in Microsoft Excel. As already discussed, the key to improve the business operations lie when you compare your performance with your competitors. And this can be done best from the feedbacks and reviews of your peers and customers. Since Chai Sutta Bar carry out this feedback system but doing it manually for their 66 franchise all over the India is quite tedious.

The objective behind this study was to improvise their style of rating all franchise equipping them with the growing technology and hence reducing the man work. This can also help them in introducing new parameters and so rating them on the basis of these parameters will bring more clarity to others and will be more user friendly.

C. Expected benefits

The solution being provided would help the team in bringing the transparency on the parameters considered for rating of franchisees and how the scoring is calculated based on these parameters (*Annexure 6*). The model would largely help in reducing their efforts and time. All they would be needing now is to collect the financial and non-financial data of their franchisees and their score would automatically be calculated based on the benchmarks set. This would also speed the process and accuracy in giving them the scores and suggesting good measures to improve it (if required).

The model could also help the team in analysing the best and the worst performing franchisee, could led these franchisees look into the performance of other franchisees as well and coordinate accordingly among each other.

D. Methodology

The data used to conduct this analysis is a secondary data that has been gathered from the following sources:

- <https://www.netsuite.com/>
- <https://www.lsretail.com/>
- <https://www.posist.com/>

This is a qualitative research-based approach where the data has been collected from various restaurant performing parameters pages that emphasized on how a restaurant is scored and compared with each other.

E. Approach to the study

The project was assigned in a group of 5 members. So, to begin with we first tried to find out the reasons that why a business needs to maintain a franchise scorecard. After analyzing it came into the notice that the franchise scorecard is a tool that a franchise can and should utilize on a standalone basis. A good scorecard will guide Chai Sutta Bar franchisee on the journey of continuous improvement as keeping things simple is key. Scorecard summarizes the key parameters relating to the franchisee's business. These parameters are compared with:

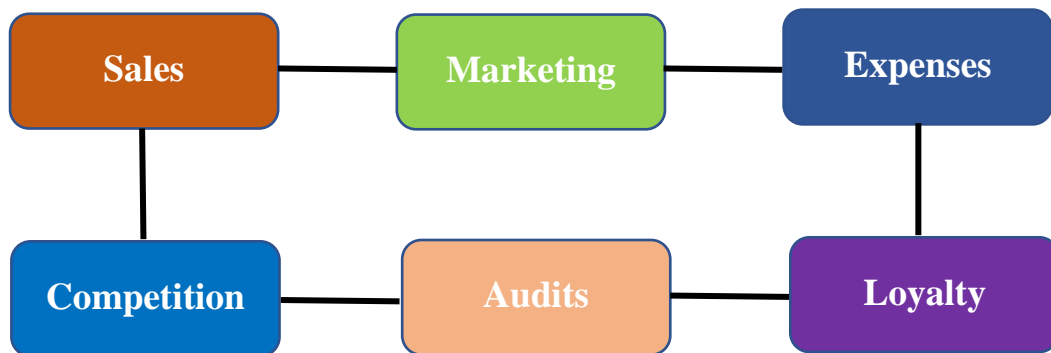
- The franchise system through benchmarking
- The franchise's regional peers
- The franchisee's past performance compared to a previous period or year.

Every parameter added in the scorecard should be:

- ✓ Specific: It should be clear what you're reviewing.
- ✓ Measurable: If you can measure it, you can improve it.
- ✓ Actionable: The scorecard should guide action; if you can't impact it, don't include
- ✓ Relevant: If it's not related to your objectives, it's not important.
- ✓ Time-specific: They should vary over time.

Getting to know the outline of a franchise scorecard, we then performed an in-depth research about all the possible parameters that can be considered in a restaurant to measure their performance both financially and socially and also compare them with their competitors. Upon researching we came up with 6 important sections that are required by every other business to keep track of:

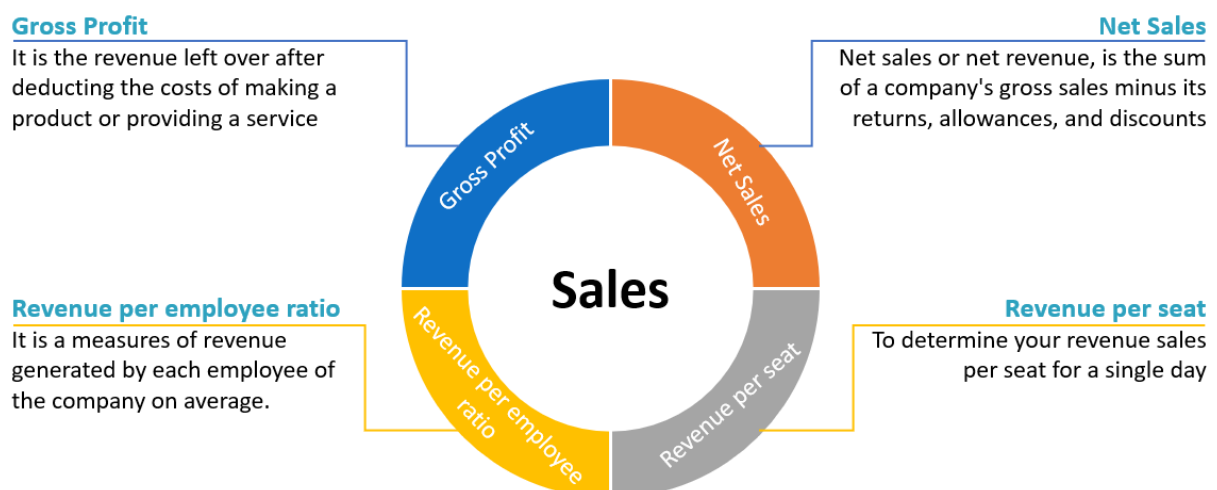
Fig 5: Six key sections of an ideal franchise scorecard



Dividing the sections made our work quite uncomplicated as we could focus on each of them separately. Following the above diagram, we then researched on all the six sections as what and how do they play role in a business. So, my whole analysis revolved around searching the parameters for these sections. There while performing a rigorous research we came up with more than 20 parameters that can be used in a franchise scorecard covering all the above-mentioned sections.

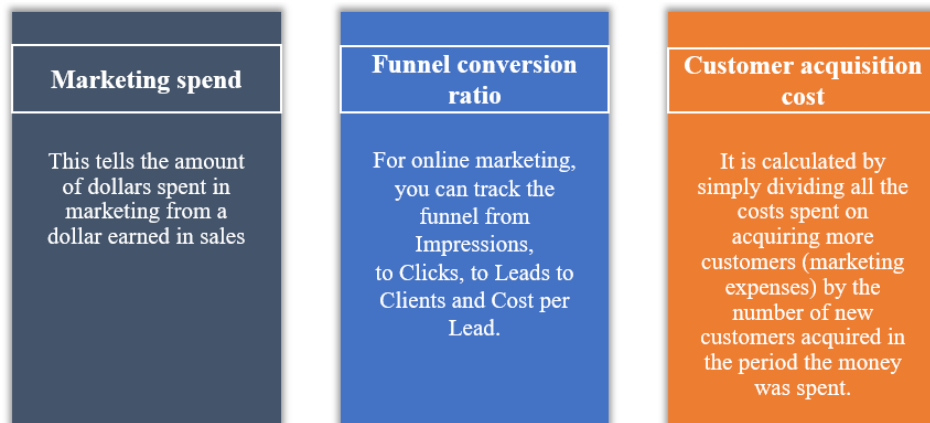
1. The first **sales section** is a lifeblood of every business. These are the numbers that say whether your business is actually growing, or it needs any improvisation to bring the business back on track. The main focus while performing the research was on the below 4 parameters:

Fig 6: Parameters used in scorecard for sales section of a business



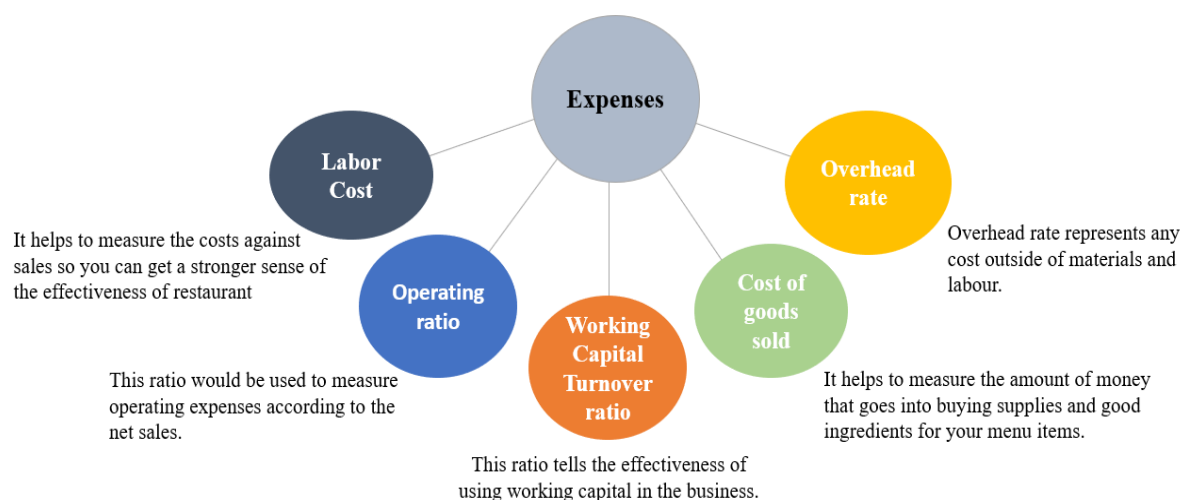
2. The **marketing section** we are going to focus on parameters around driving new sales, rather than looking at what was sold. There's a correlation between your commercialization efforts and your actual sales. The main focus was given to:

Fig 7: Parameters used in scorecard for marketing section of a business



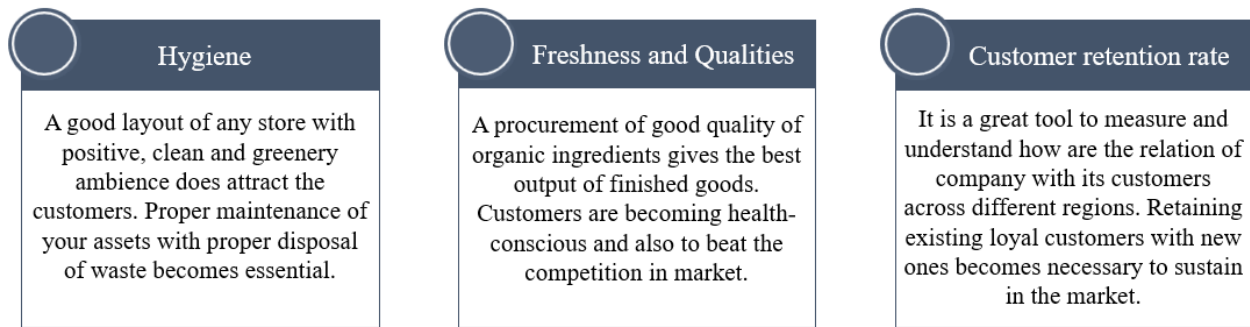
3. For the **expense section**, I learned the importance of keeping note of all the cost that are incurred in a business in order to gauge the profit. This is the most important section as it helps in keeping the business on track in terms of its expenses as to lower it as much as possible taking the revenue on priority. Sub dividing this section into the parameters helped me understanding the types of cost a business can face in its whole journey:

Fig 8: Parameters used in scorecard for expense section of a business



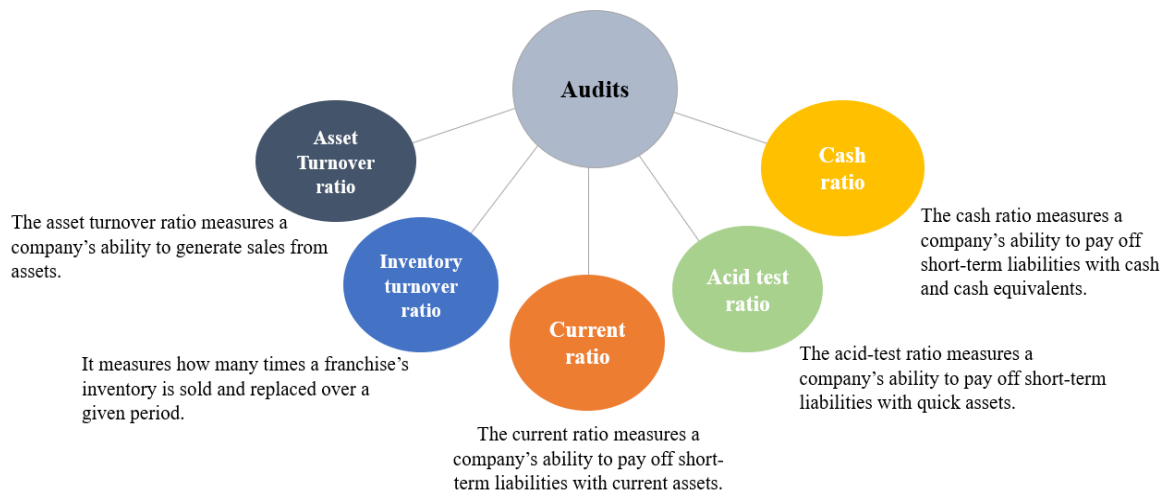
4. In the **loyalty section**, the study revolved around keeping in my mind me as a customer. So, this part focussed on how to retain the customer for a long term by winning their trust and promising them to keep this trust unbroken which shows a loyalty towards them. For more understanding we focussed on the following parameters:

Fig 9: Parameters used in scorecard for loyalty section of a business



5. The **Audits section** includes those parameters which are related to profit and loss statements, balance sheets and cash flow statements. These parameters will check whether the franchise is financially stable or not. The reason behind studying this section is that the following ratios or percentiles will help the company to know that which franchise is gaining more profits and which one is more stable. So, we began digging deep into this section in order to know the parameters that can be used to know the performance of all the operations being held inside a business and came up with the below ones:

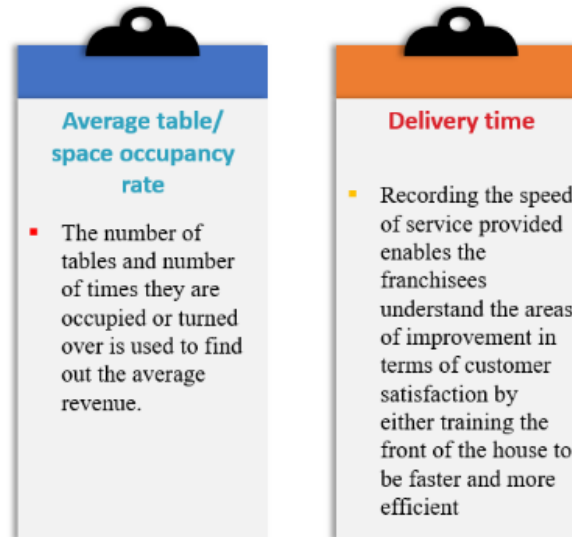
Fig 10: Parameters used in scorecard for loyalty section of a business



6. For franchise scorecard, it is also important to compare all the franchise among themselves in order to better score them and the best one can be noted. So, with this section keeping in mind we gave the idea to the owners of Chai Sutta Bar to introduce the award “Best franchise of the year”. Such rewards give motivation and enthusiasm to grow, compete and

win over others. Below are the parameters that can be considered in a competition for restaurant or cafes:

Fig 11: Parameters used in scorecard for loyalty section of a business



Moving forward to use these parameters, the study revolved around building a user-friendly model where when populating all the available financial data of the franchise would end up in calculating the above ratios and percentiles.

F. Exploration of alternatives

Since Chai Sutta Bar is a start-up and there are many such franchisees that have been started recently. As the reason they are not so developed and have limited staff for work. They do not have any separate department for carrying out their finances and maintaining a financial record every month/year. Due to this the above model build does not fit for some of them as it requires a financial data before assigning a score.

So, to begin with an alternative solution, we approached on building another model where the scores to such (not so developed) franchise will be assigned on the basis of these parameter as per the observation of Chai Sutta Bar team. This scoring will be completely done manually as it was done till now. The only benefit could then be on the part of calculations to reach a final score. And hence compare the scores accordingly with all other franchisee for ranking.

G. Criteria for evaluation

(*Annexure 4-5*) Starting with the first sheet we decided to begin with the data gathering that will be used in reaching to the financial information of the business i.e. their ratios, percentages and every other parameter that we decided upon to measure the performance. We decided to go quarter wise looking upon the feasibility of the data that would be available for all 66 franchises. Next sheet was allocated for all the important calculations putting formulas in all the required cells giving the reference of the first sheet (where the data is gathered and populated) that would give us the right data about their sales, expenses, cost, profit etc. With these numbers we decided to set a benchmark that would give them score automatically out of 10 depending upon the interval their number falls.

H. Evaluation of alternatives

(*Annexure 5*) For the next model, we decided to allocate the weights to these above mentioned 6 sections and then giving sub weights to their respective parameters. The reason for these weights was to be able to get to a final score after including all the important parameters. While the first model required populating the data gathered manually in the sheet, this model requires to score the franchises manually as per the observation. After giving scores to these parameters quarter wise, then according to the weights assigned the final score is calculated. Once this is done for all the franchise, we decided to have a fresh workbook where the final score of all the 66 franchise is noted down upon which the franchise that have earned the highest score will be awarded with the “Best franchise of the year”.

I. Conclusion

With this study, I got to learn on what parameters a business can be evaluated. This evaluation is a key observation in order to adapt to the changes, grow with the world and earn profit. The model helped Chai Sutta Bar to far extent as it gave them as well as all the franchise more clarity on how they are being scored and what all areas they need to revamp. The research gave many insightful points too for an entrepreneur and also this model led a hand to Chai Sutta Bar in changing with the technology and with right scores to attract more customers and retain them for a long term.

PART C: LEARNINGS FROM INTERNSHIP

- I got to develop my soft skill through presentations, communication, email writing, getting interviewed etc. During the work, I did not only used these skills but also developed an understanding on how we need to adapt and modify these skills when working with different teams.
- During the internship period the major focus of my projects was on startups. Thus, it helped me in understanding startups from various aspects, how a small team not assigned to each department manages the work, the fund raising in a start-up till getting private equity and then venture capital.
- From the perspective of an entrepreneur, through the research-based project I understood the strategies one should follow before investing a big amount while expanding a business in a new location and among a new audience.
- I learned various tax system that are levied in different countries and that there are treaties signed between countries as a part of benefitting from globalization. I also came to know about various RBI rules that were applicable in India as well for starting a business and various government measures in promoting foreign expansion.
- Having an aspiration of starting a business in future, this project gave me an ample amount of learnings and plan of action that needs to be considered at each and every phase of a business.
- While building credit rating model, I learned what parameters must be taken into account when giving scores to a franchise and what does these parameters signify about their performance keeping in mind both financial and non-financial performance.
- The model gave me an excellent hand on experience in Microsoft Excel. I learned on various commands that are used in calculations and setting benchmark for scoring on the bases of value. With the help of various videos, I was successful in developing a perfect model for franchisee rating.

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Annexure 1:

Fig 12: Chai Sutta Bar Franchise Opportunity in “Indian Franchise Association” website

The screenshot shows the website of the Indian Franchise Association. The header includes the logo and navigation links: Home, About Us, Fran Recruit, Fran Exim, Fran Consult, Fran Mate, Member Area, Useful Links, and a Google Custom Search bar. A left sidebar lists various categories like About Us, Events, Studies & Surveys, Publications, Membership, Articles, Newsletter, National Council & Committees, The Learning Center, Press Releases, Franchise in India, International Franchising, IFA Retrospect, and Contact Us. The main content area is titled 'Chai Sutta Bar' and features a 'BUSINESS DETAILS' section with an 'About Us' paragraph and an 'APPLY FOR FRANCHISE' form. The form includes fields for First Name, Last Name, Email, Mobile, Address, City, Country (set to India), and State (set to New Delhi).

Fig 13: Chai Sutta Bar Franchise Opportunity in “Franchise Batao” website

The screenshot shows the website of Franchise Batao. The header includes the logo and navigation links: HOME, SUBMIT YOUR BUSINESS, CATEGORIES, EVENTS, MEDIA, and CONTACT US. The main content area features a large image of a Chai Sutta Bar outlet with the text 'CHAI SUTTA BAR' and 'cuddle the kulhad Franchise Outlet'. To the right of the image is a yellow 'APPLY FOR FRANCHISE NOW' form with fields for Name, Email, Mobile No., and a Message box. Below the image, there are tags for 'FRANCHISE OPPORTU...' and 'FOOD-AND-BEVERAGES'.

Fig 14: Chai Sutta Bar Franchise Opportunity in “Franchise India” website

The screenshot shows the website of Franchise India. The header includes the logo and navigation links: BUY/SELL AN EXISTING BUSINESS, EXPAND YOUR FRANCHISE, ADVERTISE, and SUBSCRIBE MAGAZINE. A search bar is present with filters for Industry, Sector, and Service/Product. The main content area is titled 'Chai Sutta Bar' and features a 'BUSINESS DETAILS' section with an 'About Us' paragraph and an 'APPLY FOR FRANCHISE' form. The form includes fields for Name, Email, Mobile No., and a Message box. Below the image, there are tags for 'FRANCHISE OPPORTU...' and 'FOOD-AND-BEVERAGES'.

Annexure 2:

Fig 15: Wigram Street Sydney, Australia NSW 2150

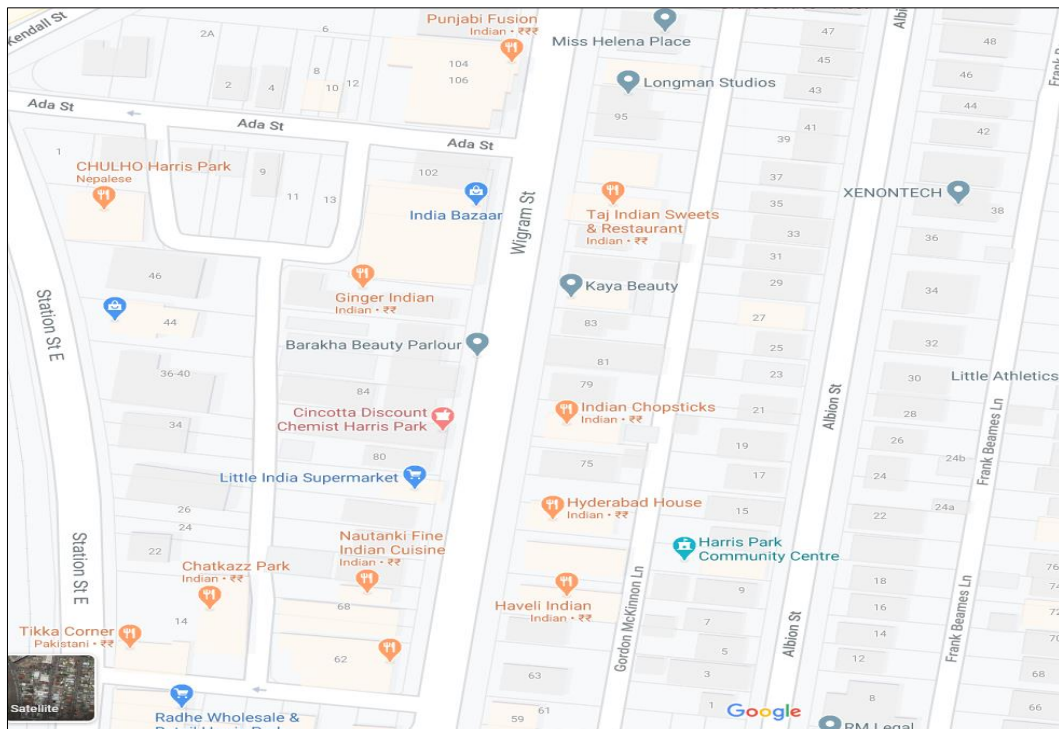


Fig 16: NORTON ST, Leichhardt Sydney, Australia NSW 2040

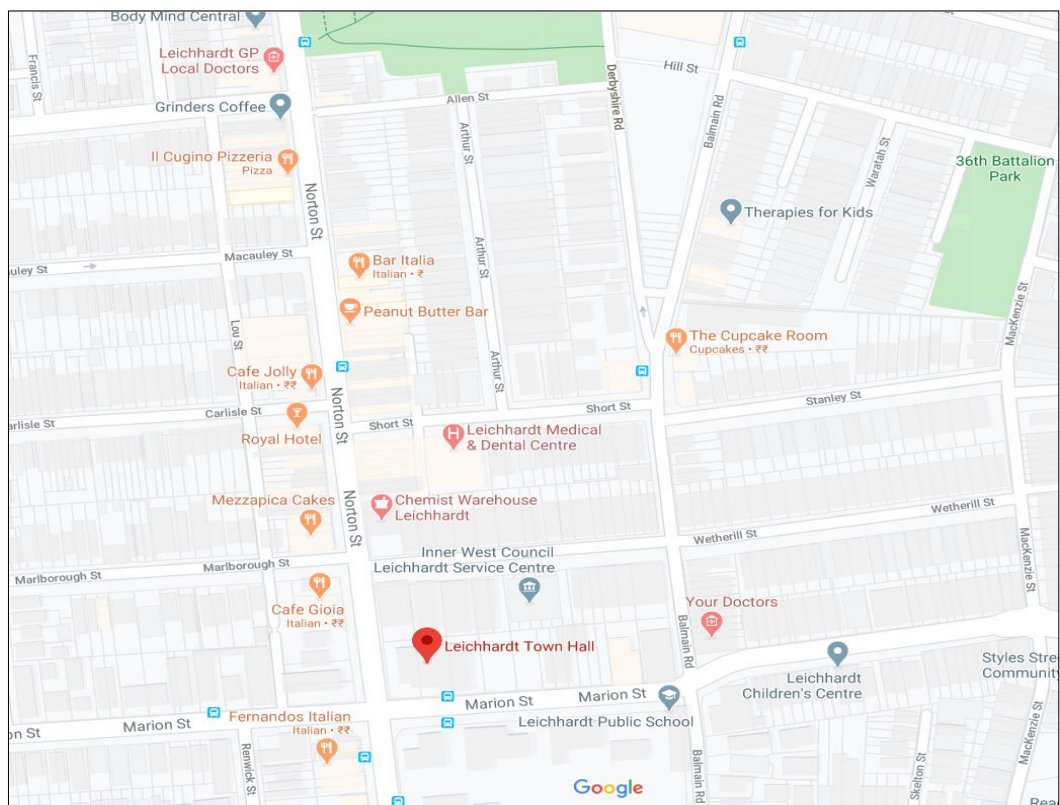


Fig 17: Illawarra Road, Mauriceville NSW 2204

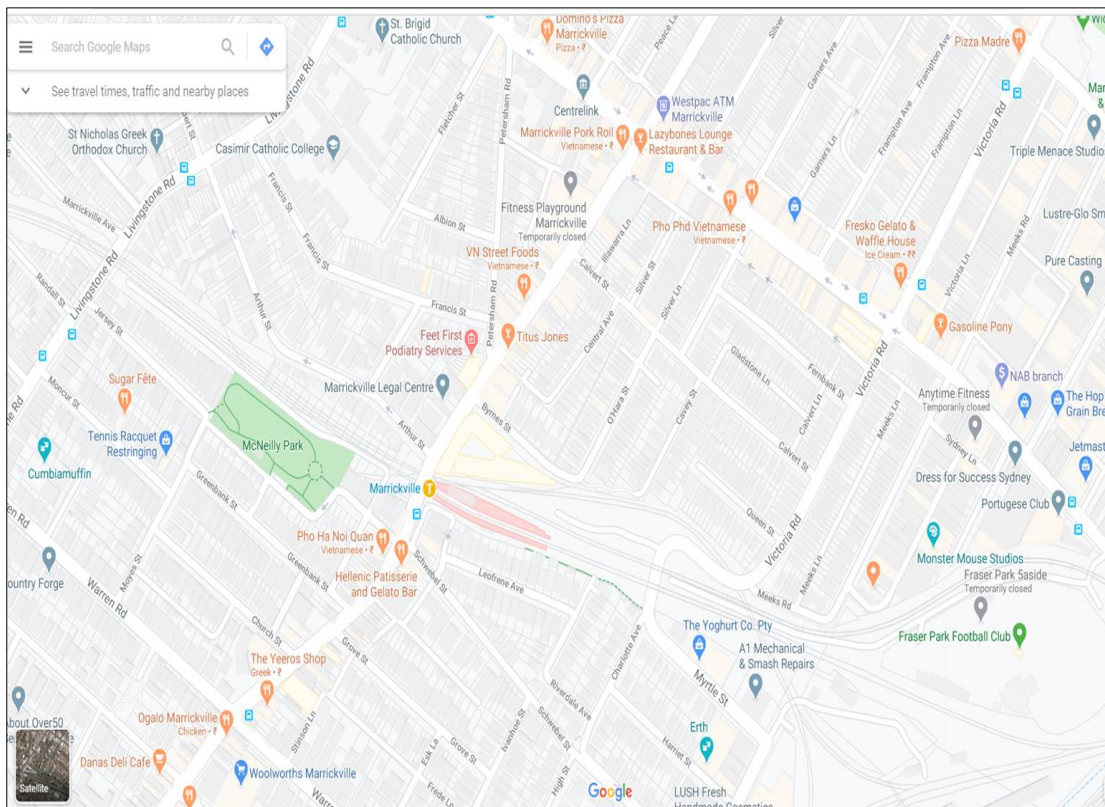
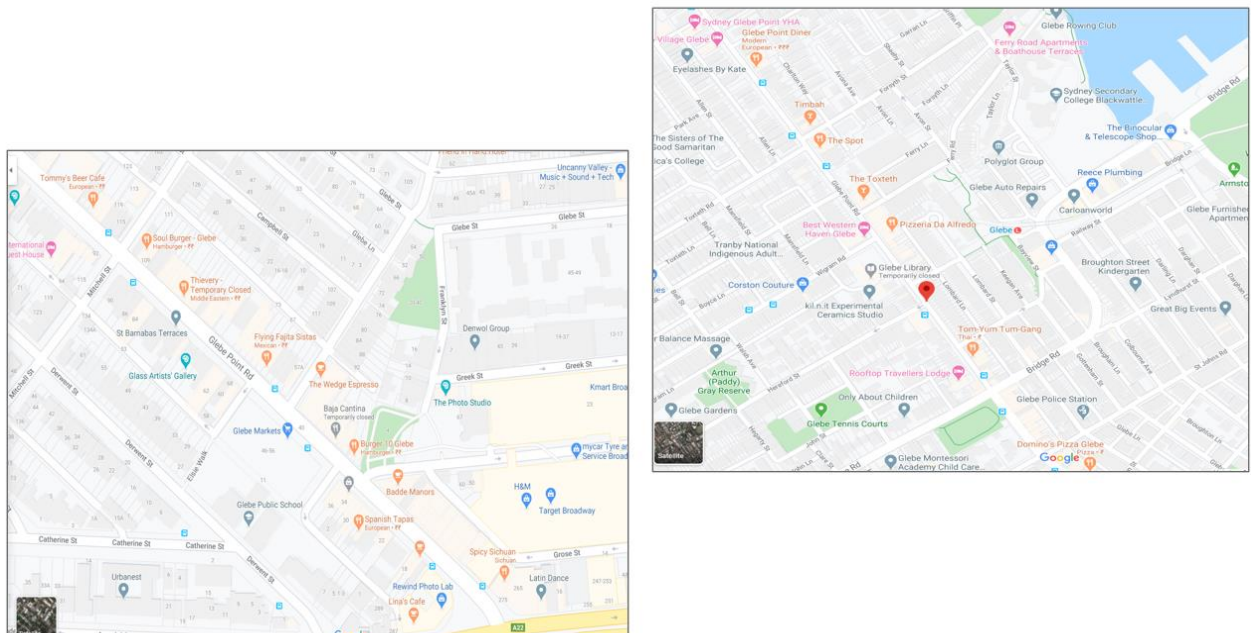


Fig 18: Glebe Point road, Glebe NSW 2037



Annexure 3:

Fig 19: Taxes paid under the laws of Australia with the provision of DTAA signed with India

| Country | Dividend | | Interest | | Royalty | | Fee for technical services | |
|-----------|------------|--------|------------|----------|------------|--------|----------------------------|--------|
| Australia | Tax Treaty | IT-Act | Tax Treaty | IT-Act | Tax Treaty | IT-Act | Tax Treaty | IT-Act |
| | 15% | 20/10% | 15% | 20/10/5% | 10/15% | 10% | 10/15% | 10% |

Annexure 4:

Fig 20: Data sheet to gather the data for franchise rating

| | | | | | |
|----|--|----------------------|-----------------------|----------------------|-----------------------|
| 1 | | | | | |
| 2 | FRANCHISE DETAILS | FRANCHISE NO. | | AREA (in sq. ft) | |
| 3 | | CITY | | OWNER'S NAME | |
| 4 | | BRANCH | | CONTACT NO. | |
| 5 | | ADDRESS | | | |
| 6 | | | | | |
| 7 | TERMS | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| 8 | Company's Revenue | | | | |
| 9 | No. of tokens issued | | | | |
| 10 | Total Amount of Sales | | | | |
| 11 | Labour cost | | | | |
| 12 | Total quarterly sales | | | | |
| 13 | Operating Expenses | | | | |
| 14 | Overhead expenses | | | | |
| 15 | Beginning inventory cost | | 0 | 0 | 0 |
| 16 | Inventory purchased in a month | | | | |
| 17 | Ending inventory cost | | | | |
| 18 | Assets in the beginning of the quarter | | | | |
| 19 | assets at the end of the quarter | | | | |
| 20 | average assets | 0 | 0 | 0 | 0 |
| 21 | Average Inventory | 0 | 0 | 0 | 0 |
| 22 | current assets | | | | |
| 23 | current liabilities | | | | |
| 24 | cash and cash equivalents | | | | |
| 25 | Total no. of guests served per shift | | | | |
| 26 | Average Delivery Time | | | | |
| 27 | Timings(10am-11:15pm)-(no.of.hours) | 13 | 13 | 13 | 13 |
| 28 | No.Of seats | | | | |
| 29 | Average no of Employees | | | | |
| 30 | New customers acquired | | | | |
| 31 | Dining Reviews (out of 5) | | | | |
| 32 | Zomato | | | | |
| 33 | Swiggy | | | | |
| 34 | | | | | |
| 35 | | | | | |

Fig 21: Calculation sheet to calculate the parameters on the basis of data collected

| CHAI SUTTA BAR FRANCHISE RATING MODEL | | | | | |
|---------------------------------------|---------------|----------------|---------------|----------------|---|
| Parameters | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | |
| Gross Profit | 0 | 0 | 0 | 0 | 0 |
| Average Net sales | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Sales per sq ft | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Revenue Per Seat | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Revenue Per Employee Ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Labour cost percentage | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Operating ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| Overhead rate | 0 | 0 | 0 | 0 | 0 |
| Asset turnover ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Inventory turnover ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Day sales in inventory ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Current ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Acid test ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Cash ratio | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Marketing spend | 0 | 0 | 0 | 0 | 0 |
| Customer acquisition cost | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |
| Customer reviews | 0 | 0 | 0 | 0 | 0 |

Fig 22: Benchmark sheet to set the score based on the value of customer reviews

| Customer reviews | | | | | |
|------------------|-------|--|--|--|--|
| Value | Score | | | | |
| 10 | 10 | | | | |
| 9 | 9 | | | | |
| 8 | 8 | | | | |
| 7 | 7 | | | | |
| 6 | 6 | | | | |
| 5 | 5 | | | | |
| 4 | 4 | | | | |
| 3 | 3 | | | | |
| 2 | 2 | | | | |
| 1 | 1 | | | | |
| 0 | 0 | | | | |

Annexure 5:

Fig 23: Score sheet to calculate the score of the franchise

[illegible]

Annexure 6:

Fig 24: Parameters sheet to describe all the parameters being used

| Parameters | Definition | Formula |
|------------------------------|---|--|
| Gross Profit | It is the revenue left over after you deduct the costs of making a product or providing a service. | Gross profit = Average Revenue - COGS |
| Average Net Sales | Sales done by each franchise in accordance with the tokens issued and the amount of sales done. | Average Net Sales = Total Revenue / No. of Tokens issued |
| Sales per sq. ft | To determine your revenue sales as per the area of franchise (in sq. ft) | Sales per sq. ft = Average Net Sales / Area of franchise (in sq. ft) |
| Revenue Per Employee Ratio | It is a financial ratio that measures the revenue generated by each employee of the company on average. | RER = company's total revenue / average number of employees for the period |
| Labour cost percentage | Labor cost includes wages, as well as taxes, discounts and any employee benefits. | Labour cost percentage = Amount spent on labour / Total sales * 100 |
| Operating ratio | Operating expenses will include all those expenses that have incurred in carrying out an organization's day-to-day activities, but not directly associated with production. | Operating Ratio = Operating expenses / Net Sales |
| Cost of goods sold | It helps you measure the amount of money that goes into buying supplies and good ingredients for your menu items. | COGS = beginning inventory + purchases during the period - ending inventory |
| Overhead rate | Overhead rate represents any cost outside of materials and labor | Overhead rate = Total indirect cost for a specific time period / Hours in that time period |
| Asset turnover ratio | It measures a company's ability to generate sales from assets. | Asset turnover ratio = Net sales / Total assets |
| Inventory turnover ratio | It measures how many times a franchise's inventory is sold and replaced over a given period. | Inventory turnover ratio = Cost of goods sold / Average inventory |
| Day sales in inventory ratio | The days sales in inventory ratio measures the average number of days that a company holds on to inventory before selling it to customers. | Days sales in inventory ratio = 365 days / Inventory turnover ratio |
| Current ratio | The current ratio measures a company's ability to pay off short-term liabilities with current assets i.e. assets that can be converted into cash in a short time. | Current ratio = Current assets / Current liabilities |
| Acid test ratio | The acid-test ratio measures a company's ability to pay off short-term liabilities with quick assets. Quick assets include cash, accounts receivables and other market securities | Acid-test ratio = Current assets - Inventories / Current liabilities |
| Cash ratio | The cash ratio measures a company's ability to pay off short-term liabilities with cash and cash equivalents. | Cash ratio = Cash and Cash equivalents / Current Liabilities |
| Marketing spend | Minimum percentage of sales which should be spent in local marketing. | The percent of marketing spend = dollars spent in marketing / net sales |
| Customer acquisition cost | Basically, the CAC can be calculated by simply dividing all the costs spent on acquiring more customers (marketing expenses) by the number of new customers acquired in the period the money was spent. An ideal CAC ratio should be 3:1. | CAC = Marketing Expenses / No. of new customers acquired in that period |
| Customer reviews | As per the customer's dining reviews in zomato and swiggy | |

[Data](#)
[Calculation](#)
[Benchmark](#)
[Score](#)
[Parameters](#)

Annexure 7: Certification of Completion

