



## Cost-benefit analysis and sustainability considerations in starting a restaurant: A case study from Sri Lanka

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**Abstract:** *Purpose:* The primary purpose of this paper is to evaluate the financial viability and sustainability of launching a new vegetarian restaurant, "Tandoori Tales," in Sri Lanka, using a comprehensive cost-benefit analysis. The study aims to provide actionable insights for entrepreneurs and stakeholders in the hospitality sector, with a particular focus on sustainable business practices. *Methodology:* The research employs a case study approach, integrating detailed financial modeling, cost and revenue projections, and break-even analysis. The analysis includes both quantitative (financial calculations using Python and Matplotlib) and qualitative (market positioning, eco-friendly strategies) methods to assess the feasibility and sustainability of the business. *Results:* The findings indicate that "Tandoori Tales" can achieve financial sustainability within the first year of operation, with a projected net profit margin of 15.2% and a break-even point reached within 10 months. The adoption of eco-friendly practices, such as waste reduction, portion control, and the use of technology for inventory management, further enhances the restaurant's operational efficiency and aligns with the United Nations' Sustainable Development Goals. *Theoretical Contribution:* The paper contributes to the literature on entrepreneurship and sustainable business by demonstrating how rigorous cost-benefit analysis, coupled with sustainability-driven strategies, can inform successful SME start-ups in emerging markets. It bridges the gap between financial planning and sustainable management in



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the restaurant industry. *Practical Implications:* This study provides a replicable framework for aspiring entrepreneurs and policymakers to assess the viability of new ventures in the hospitality sector. It underscores the importance of integrating sustainability considerations – such as responsible resource use, waste management, and employee welfare – into business planning to enhance long-term success and contribute to the achievement of the Sustainable Development Goals (SDGs).

**Keywords:** cost analysis, financial feasibility, restaurant industry, Sri Lanka, start-up costs, cost-benefit analysis

**Sustainable Development Goals (SDGs):** **SDG 8:** Decent Work and Economic Growth; **SDG 9:** Industry, Innovation, and Infrastructure; **SDG 10:** Reduced Inequalities; **SDG 16:** Peace, Justice and Strong Institutions.

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## 1. Introduction

As the restaurant market in Sri Lanka continues to evolve, new opportunities and challenges arise for specialized food businesses. "Tandoori Tales," a vegetarian restaurant in Maharagama, is being explored in this research to create both a successful and eco-friendly business plan. The report addresses the challenges of managing finances and examines local food trends, offering valuable insights for small restaurant owners.

### 1.1. Culinary landscape and restaurant structure in Maharagama area

Maharagama, a bustling suburb of Sri Lanka, continues to grow into a vibrant food destination that offers a diverse range of dining options to cater to various tastes. The spot has seen an increase in the acceptance of vegetarian cuisine because of the growing trend of plant-based diets. The highly competitive dining scene in Maharagama requires restaurants to think of unique and creative business strategies to succeed against a wide array of local and international eateries. Places to eat in Maharagama are beginning to enhance customer experience by focusing on introducing creative dishes and boosting their operations. As more people choose to eat vegetarian, local restaurants are moving the food service market forward by highlighting new, genuine, and top-quality menus.

### 1.2. Existing company structure

In Sri Lanka, most restaurants in the industry employ typical financial models that tend to emphasize stable cost components. However, because the food service industry constantly changes in places like Maharagama, it requires careful consideration. SMEs (Small and Medium Enterprises) in the food service industry struggle to manage limited resources, establish reasonable pricing policies, and mitigate risks.

### 1.3. Research question

How can "Tandoori Tales," a small culinary company, create a budget that allows it to continue operating and generate revenue in Maharagama?

### 1.4. Description of data

It gathers information from customer questionnaires, interviews with industry players, as well as reports, trends, and cases from the market. Further understanding is gained by investigating cost matters, obstacles faced by SMEs, and the functioning of financing in Sri Lanka.

## **1.5. Importance of research**

According to this research, financial planning is crucial for niche restaurants to succeed and remain sustainable. Proper financial modeling is crucial for both resource allocation and risk management in the culinary industry, particularly for start-ups. Offering suggestions and examples that SMEs can utilize, this research aims to assist businesses in navigating the challenges of the restaurant industry in Sri Lanka.

## **2. Literature review**

### **2.1. Financial planning and cost analysis for restaurant ventures**

Financial planning is crucial for a prosperous Indian vegetarian restaurant in Maharagama, as it involves managing both initial and recurring expenses, such as rental and equipment expenditures. Utilizing external funding sources, such as loans, can help minimize potential risks. Properly distributing resources, such as kitchen equipment, interior design, and property, is essential, as only 65.58% of Indian hotels are operating with optimal efficiency (Neha Sharma, 2023). Careful financial planning and efficient resource allocation will be essential in the competitive Maharagama market.

SMEs (Small and Medium Enterprises) play a crucial part in employment development in the global economy. Nevertheless, despite their efforts, many small and medium-sized enterprises face challenges in sustaining growth due to financial limitations. Restaurants in Sri Lanka face identical obstacles, such as expensive start-up expenses, ongoing high operational expenses, and economic troubles that impede their ability to grow. An extensive analysis of costs and benefits is crucial to establishing viability, optimizing resource allocation, and enhancing long-term economic sustainability (Jayasekara, 2023).

Research by Surangi and Ekanayake (2021) identifies financial challenges as a significant barrier for Sri Lankan Small and Medium Enterprises (SMEs) in the restaurant industry, particularly in securing adequate funding and managing high operational costs. Similarly, Gunarathne and Samudrage (2018) highlight the impact of cost structures on business sustainability. Their findings suggest that while variable costs dominate cost structures in emerging economies, advanced budgeting and cost control practices are essential for financial stability.

### **2.2. Food cost management**

Good food cost management is a foundation of earnings for "Tandoori Tales," an Indian vegetarian restaurant in Maharagama, Sri Lanka. The case study provides valuable insights into optimizing food spending in a challenging industry. Utilizing local sources for top-quality items reduces delivery expenses, making it possible to complete this menu. Getting to know vendors and discussing discounts on large purchases helps decrease the money spent on procurement. Menu engineering plays a crucial role, as data-driven planning promotes high-margin food items and replaces low-performing items with economical alternatives.

Additionally, implementing tight portion control and waste reduction measures optimizes ingredient usage and supports sustainability efforts. The integration of technology, for example, cloud-based inventory systems and AI-powered tools for demand forecasting, streamlines operations and also prevent overstocking and spoilage. Frequent monitoring of food expenses through precise financial reports enables regular adjustments to maintain effectiveness. By applying these techniques, "Tandoori Tales" can achieve significant savings, boost profit margins by 12%, and ensure long-term economic sustainability while delivering consistent quality to customers (Bernard & Mark, 2009).

### **2.3. Navigating customer preferences and demand**

Understanding customer preferences is vital for success in the restaurant industry, particularly for specialized cuisines like Indian vegetarian food (Surangi & Ekanayake, 2021). Emphasize the importance of adapting to customer preferences through data-driven strategies. For instance, loyalty programs and tailored menus enhance customer retention and brand visibility (Gunarathne & Samudrage, 2018). Further, note that customer-focused decision-making requires accurate and timely cost information. Understanding Maharagama's local market preferences will be key to creating a menu and customer service experience that aligns with consumer expectations.

## 2.4. Technological advancements and operational efficiency

Technology enhances efficiency and customer satisfaction through digital menus, online ordering, and food delivery despite incurring high initial costs. Operational efficiency is also enhanced through lean management practices, including inventory optimization, reducing food waste, and implementing efficient staffing strategies. (Surangi & Ekanayake, 2021) highlight the role of technology in addressing resource constraints and improving efficiency. (Gunarathne & Samudrage, 2018) Note that the adoption of advanced manufacturing technologies can significantly affect cost structures; however, its impact on profitability depends on the strategic implementation.

Restaurant operations and customer experience tend to be improved by integrating technology such as cloud-based systems, AI, and mobile apps. Mobile applications enable the convenience of ordering digitally, receiving personalized promotions, and making informed decisions based on data. Additionally, artificial intelligence-driven chatbots and voice assistants make it possible to streamline customer service. The challenge remains to find a balance between automation and the need to provide a personal touch to every customer's experience. (Schalow, 2025). Adopting these practices will ensure smooth operations and improve customer satisfaction.

## 2.5. Profitability and sensitivity analysis

Profitability is a critical factor in the restaurant industry, with efficient operations playing a central role in achieving financial health. Generating sufficient operating income and profit before depreciation, interest, and tax (PBDIT) is essential for sustaining a competitive edge. Conducting sensitivity analysis enables restaurateurs to assess the impact of various factors on performance, guiding strategic planning and adaptation to market dynamics (Sharma & Mogha, 2024).

(Gunarathne & Samudrage, 2018) emphasize the importance of classifying costs for effective decision-making. Their study reveals that firms in emerging economies often utilize cost information for strategic purposes, limiting their ability to adapt to market changes. By addressing these gaps, restaurants can achieve sustainable profitability in Maharagama.

## 2.6. Benchmarking and case studies

Studying successful restaurants provides key strategies to enhance profitability and refine cost structures for similar ventures. (Surangi & Ekanayake, 2021) identify competition, waste management, and resource allocation as key challenges for Sri Lankan restaurants. (Gunarathne & Samudrage, 2018) further emphasize the need for advanced cost management practices to address these issues.

Integrating cost-benefit analysis (CBA) into benchmarking allows restaurateurs to assess financial viability by evaluating opportunity costs and recognizing sunk costs. This ensures optimal resource allocation, enhancing efficiency and profitability in the competitive restaurant industry. (Sharma, 2021).

## 2.7. The role of ethnic networks in small businesses: A Sri Lankan perspective

Ethnic networks play a crucial role in supporting the establishment and development of small businesses, a trend observed in countries such as Australia as well as within Sri Lanka itself. As highlighted in the study of Sri Lankan small enterprises, these networks offer a chance to access essential information, such as social support, information, and financial capital, which can be important for overcoming the problems experienced by entrepreneurs. The embeddedness in these networks facilitates trust-based human relationships, enabling entrepreneurs to navigate unfamiliar business locations and access possibilities that would usually be unavailable. Understanding the dynamics of these networks is crucial for developing efficient techniques to promote entrepreneurship and foster economic development, both within immigrant communities abroad and within Sri Lanka (Devarajan, 2006).

## 3. Research methods

The section covers the analysis methods applied to examine the financial and operational approaches of Tandoori Tales, highlighting the key aspects of cost analysis and selecting the optimal

market position. Both financial modeling data and market research are used to create the methodology.

### 3.1. Research design

The study employs a case study method to examine the financial and operational planning of Tandoori Tales in detail. Along with this approach, analysts could closely examine expense study sites, evaluate a company's market position, and plan for risks, according to the source report. Analysts combined primary and secondary data to understand how the restaurant is constructed and what it means for the company's sustainability.

### 3.2. Business model development

The data indicated that the main customers come from Maharagama and are seeking traditional Indian vegetarian dishes. Levels of income and cultural choices were taken into account to help sharpen the target audience. Revenue primarily came from customers dining at the restaurants and from online orders. Estimating daily sales involved multiplying the average spending per customer by the expected customer count. The overall costs included opening expenses (such as kitchen tools and renovations), fixed expenses (like rent and insurance), variable expenses (like ingredients and utilities) that change depending on use, and overhead costs (including upkeep and labor).

### 3.3. Cost analysis framework

**1. Estimation of Initial Capital:** A detailed breakdown of start-up costs was prepared, covering:

- Rental deposits and renovation expenses.
- Procurement of kitchen equipment and ingredients.
- Marketing campaigns and licensing fees.

**2. Fixed and Variable Expenses:**

- Fixed costs were analyzed for predictability (e.g., monthly rent).
- Variable expenses, such as utilities and payment processing fees, were estimated based on industry averages.

**3. Loan Acquisition:** Loan terms were evaluated, and a repayment plan was developed to ensure alignment with projected cash flows. An 18% interest rate over eight years formed the basis of the repayment calculations.

### 3.4. Market research and revenue projections

The research included:

- Customer surveys to understand pricing sensitivity and dining habits.
- Sales forecasting using data to estimate monthly revenues.
- Break-even analysis to identify the point where revenues equal expenses.

**Statistical and Analytical Tools:** The methodology utilizes advanced tools for data analysis.

- **Microsoft Excel:** For financial modeling and cost analysis.
- **Python with Matplotlib:** For visualizing financial and survey data (Anvarjonov, 2024) (Sahoo, 2019).
- **Google Sheets:** For organizing and analyzing survey responses.

### 3.5. Assumptions and notations

#### 3.5.1. Assumptions

- 1. Market Conditions:** Assumes a stable economic environment in Maharagama, with a steady demand for vegetarian cuisine.
- 2. Growth Projections:** Anticipates a gradual increase in monthly sales, as outlined in the financial forecasts.

3. **Cost Stability:** Assumes fixed and variable costs will remain consistent with initial estimates, barring minor fluctuations.
4. **Operational Efficiency:** Presumes optimal staffing and supply chain management from the start.
5. **Ignorance of Personal Profit:** For ease of analysis, we have ignored personal profit here.

### 3.5.2. Notations

#### Decision Variables

*Rs.* : Sri Lankan Rupee, used as the standard currency for all financial data.

*FC* = Fixed Costs (Rs 205,000 monthly fixed expenses)

*VC* = Variable Costs (Rs per meal)

*VE* = Variable Expenses

*S* = Selling Price per Unit (Rs per meal)

*Q* = Sales Volume (number of meals sold per month)

#### Other Parameters

*R* = Revenue (total income from sales, Rs)

*E* = Expenses (total costs, Rs)

*P* = Profit (*R* - *E*)

*PM* = Profit Margin

*Rev* = Revenue

*B* = Break-even Sales

*MP* = Monthly Payment

*p* – Loan Amount

*r* – Interest rate

*n* – Number of months

#### Equations

- **The cost-volume-profit (CVP) formula** as seen in (Johnson, 2014)

$$P = (S - VC) \times Q - FC$$

**Selling price per unit:** Assumed average menu price = Rs 600 (estimated based on market trends and analysis).

#### Variable costs per unit:

$$VC = VE \div Q$$

- Example (Month 6):

*VE* = Rs 1,208,000, *Q* ≈ 2,014 meals

- $VC = \frac{1,208,000}{2,014} = \text{Rs } 600$

- **Fixed costs:** Rs 205,000 (monthly).

Example Calculation (Month 6):

- $P = (600 - 600) \times 2,014 - 205,000$

- **Profit margin formula**

For analysis of profitability trends throughout the months:

$$PM (\%) = \left( \frac{R - E}{Rev} \right) \times 100$$

Use this formula to interpret the monthly data provided in the article, for example, Month 6 with Rs 2,617,235 in revenue and Rs 2,516,000 in expenses.

- **Break-even point formula**

The break-even point is critical for understanding when the restaurant's revenue will cover its total costs.

$$B = \frac{FC}{S - VC}$$

## 4. Research methods

### 4.1. Analysis of financial viability and strategic considerations

The financial and operational analysis of Tandoori Tales provides a closer look at the restaurant's economic potential and future growth prospects. This section breaks down key costs, evaluates profit trends, and examines strategies to ensure success. We provide accurate and practical guidance to enable informed business decisions, such as financial data, break-even analysis, and risk management strategies. These observations are essential for a restaurant to be successful and prosper in the fiercely competitive restaurant industry.

### 4.2. Financial metrics evaluation

#### Initial capital and expense categorization

A comprehensive breakdown of initial costs highlights the foundation for Tandoori Tales' financial planning. These costs are divided into start-up expenses, fixed expenses, variable expenses, overhead, and mixed expenses:

#### 1. Start-up expenses

The goods that every restaurant must procure prior to opening fall into this category. However, initial expenses may vary depending on several factors, including whether the business opts to rent or own the retail location, renovation fees, the type of equipment required, and other relevant considerations.

In Tandoori Tales, it is better to lease space in Maharagama. To secure the location, a refundable deposit, usually equivalent to three to six months' worth, is required. Additionally, committing to several years of residence is necessary to secure the chosen space. Renovating and decorating the rental space to apply the restaurant's concepts is also important for attracting customers. To operate a restaurant legally, various licenses and permits are required. Licensing regulations might vary between states and cities. Usually, restaurants must obtain a food service license and bear similar expenses for doing so. Obtaining the necessary appliances and equipment is crucial when opening a restaurant. So, a significant budget allocation is required for this purpose. A successful restaurant requires effective marketing and promotional methods. Therefore, investing in a successful campaign is necessary.

**Table 1: Start-up cost**

Start-up Cost (in Rs.):		
Commercial space	650,000	
Renovations	3,500,000	
Licensing and permits	40,000	
Kitchen supplies and equipment	2,500,000	
Marketing and Promotions	100,000	
Other expenses	100,000	
<b>Total start-up cost</b>	<b>6,890,000</b>	<b>6,890,000</b>

#### 2. Fixed expenses

Since a restaurant's fixed expenditure does not fluctuate much, it is easier to incorporate them into the budget. Monthly Rental fees, early renewed licenses and permit fees, Insurance coverage, and ongoing expenses are some fixed expenses that we need to consider.

**Table 2: Fixed expenses**

Fixed Expenses:		
Rent monthly fee	150,000	
License and permit fees	5,000	
Insurance coverage	15,000	
Ongoing expenses	35,000	
<b>Total of Fixed expenses</b>	<b>205,000</b>	<b>205,000</b>

#### 3. Variable expenses

Here, we consider the expenses that vary based on the restaurant's production. Cost of goods sold (such as cost of ingredients), Utility costs, and Payment processing fees are some variable costs that we need to calculate.

**Table 3: Variable expenses**

<b>Variable Expenses:</b>		
Cost of goods sold	800,000	
Utility costs	250,000	
Payment processing fees	50,000	
<b>Total of Variable expenses</b>	<b>1,100,000</b>	<b>1,100,000</b>

#### 4. Overhead and mixed expenses

There are indirect expenses associated with overheads, as well as fixed and variable expenses, that contribute to mixed expenses. Maintenance and repair expenses related to the maintenance and repairs of the actual restaurant facility and its equipment. Labor costs depend on the type of payment (salary or hourly) received by the worker. To solve this issue, we suggest strategizing the necessary number of staff for each task, calculating the monthly salary for each individual, and managing finances accordingly. It is recommended to have 15 staff members in the initial stage of Tandoori Tales

**Table 4: Staff members**

Type	Number of Members	
Branch Manager	1	
Accountant	1	
Cashier	2	
Kitchen Staff	4	
Service Staf	6	
Security	1	

**Table 5: Overhead and mixed expenses**

<b>Overhead and Mixed Expenses:</b>		
Maintenance and repair expenses	75,000	75,000
Labor cost		
Branch Manager	100,000	
Accountant	75,000	
Cashier (2)	45,000	90,000
Kitchen Staff (4):		
Head Chef (2)	150,000	300,000
Chef (2)	75,000	150,000
Service Staff (6)	45,000	270,000
security	40,000	
Total Labor cost		1,025,000.00
<b>Total Overhead and Mixed Expenses</b>		<b>1,100,000</b>

#### 5. Total cost calculation

**Table 6: Total cost**

<b>Total start-up cost</b>	<b>6,890,000.00</b>
Total of Fixed expenses	205,000.00
Total of Variable expenses	1,100,000.00
Total Maintenance and repair expenses	1,100,000.00
<b>Total</b>	<b>9,295,000.00</b>

In conclusion, a capital of 5 million rupees is insufficient to start and manage the business. We have obtained a Bank Loan to ensure business continuity.

### 4.3. Obtaining a loan to expand and enhance the business model

Strategic financial planning plays a crucial role in supporting business development and expansion, particularly in today's competitive and dynamic business environment. At this crucial stage, securing financial empowerment is essential to achieving organizational goals and seizing opportunities for long-term success. With a complete project cost estimated at Rs 8,710,000, plus a present free capital of Rs 5,000,000, the remaining financial gap of Rs 3,710,000 should be resolved. To bridge this gap and allow the company to progress toward its goals, a decision is made to secure a loan from a local bank at an annual interest rate of 18% for more than eight years.

**Calculation of Monthly Payment** as seen in (Hayenga, 1973)

$$MP = \frac{L \times r \times (1 + r)^n}{(1 + r)^n - 1}$$

$$L = \text{Rs } 4,000,000$$

$$r = 18\%$$

$$n = 96$$

$$MP = \frac{4000000 \times 0.18 \times (1 + 0.18)^{96}}{(1 + 0.18)^{96} - 1} = \text{Rs}78892.86$$

The loan repayment structure was carefully evaluated to ensure financial feasibility. Using the standard loan amortization formula, the monthly payment for the loan was calculated as follows.

**Loan repayment schedule**

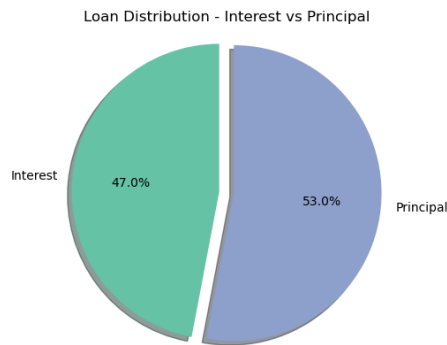
**Table 7: Loan repayment schedule**

Year	Interest (Rs)	Principal (Rs)	Ending Balance (Rs)
1	700,328.54	246,385.74	3,753,614.26
2	652,131.01	294,583.26	3,459,031.00
3	594,505.18	352,209.18	3,106,821.90
4	525,605.18	421,109.18	2,685,712.72
5	443,230.38	503,484.38	2,182,230.40
6	343,792.78	602,922.78	1,579,307.62
7	228,982.62	719,732.62	860,524.24
8	86,190.28	860,524.24	0

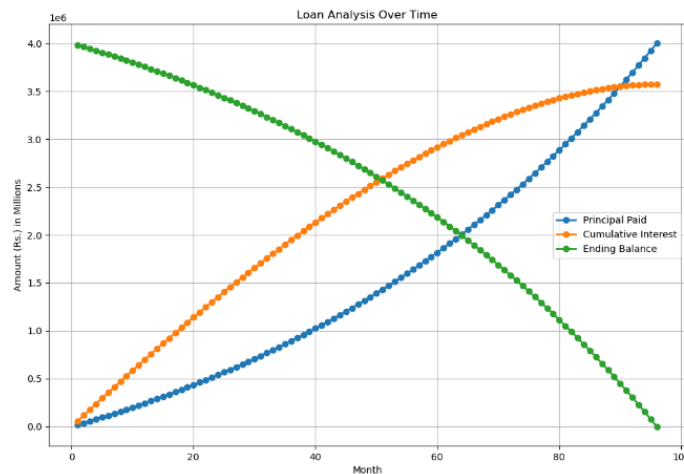
**Total loan cost**

The borrower will have to make 96 monthly payments of Rs 7,573,714.22 over the repayment period. Over 8 years, the loan will accumulate a total interest payment of Rs 3,573,714.22, underscoring its significant long-term financial impact.

**Figure 1: Loan Distribution**



**Figure 2: Loan analysis over time**



### 4.4. Monthly sales and expenses forecast analysis

#### Monthly sales forecast

The predicted monthly sales provide a straightforward estimate of how revenue will increase over the next six months. As shown in the table provided, the sales figures demonstrate a consistent monthly rise, highlighting encouraging patterns of business expansion. Month 1 starts at Rs 2,397,500. By Month 6, the sales reach Rs 2,617,235.

**Table 8: Monthly sales forecast**

Month	Amount (Rs)
Month 1	2,397,500.00
Month 2	2,396,300.00
Month 3	2,428,600.00
Month 4	2,471,875.00
Month 5	2,536,240.00
Month 6	2,617,235.00

This slow increase indicates an optimistic forecast for the business, showing steady growth in sales over time. This increase can be attributed to factors such as increased customer demand, expanded marketing efforts, or improved business practices.

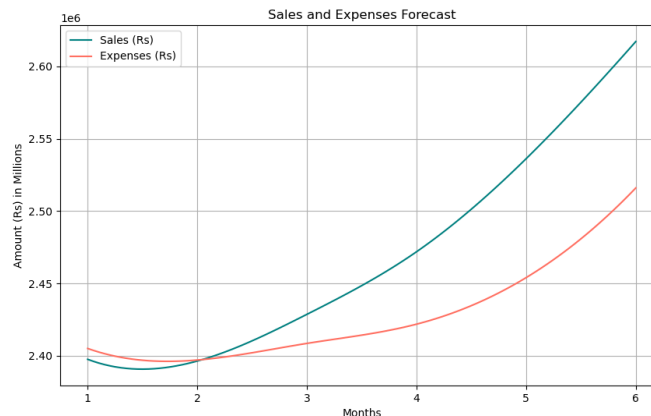
#### Monthly expenses forecast

The expenses forecast, detailed in the table below, categorizes costs into fixed, variable, overhead, and labor expenses over the same six-month period.

**Table 9: Monthly expenses forecast**

Expenses type	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Fixed Expenses (Rs)	205,000.00	205,000.00	205,000.00	205,000.00	205,000.00	205,000.00
Variable Expenses (Rs)	1,100,000.00	1,092,000.00	1,098,000.00	1,111,800.00	1,152,000.00	1,208,000.00
Overhead and Mixed Expenses (Rs)	75,000.00	75,000.00	80,500.00	80,000.00	72,000.00	78,000.00
Labor cost (Rs)	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00
Total (Rs)	2,405,000.00	2,397,000.00	2,408,500.00	2,421,800.00	2,454,000.00	<b>2,516,000.00</b>

**Figure 3: Sales and expenses forecast**



Overall, the total expenses exhibit a gradual rise, increasing from Rs 2,405,000 in Month 1 to Rs 2,516,000 in Month 6. This trend indicates a growing need for operational support to drive sales growth.

The graph highlights a widening gap between revenue and expenses, signaling healthy financial performance as sales growth outpaces rising costs. However, we need to ensure that we can systematically apply real-time analysis (Cafferky, 2010).

### 4.5. Cost-benefit analysis

By comparing the financial costs and benefits of various options, Cost-Benefit Analysis evaluates the economic viability and helps decision-makers assess the value of investments. It employs discounting to facilitate fair time-based comparisons and considers variables such as initial

investments, ongoing expenses, and potential income. This is a valuable tool for making well-informed decisions.

**Monthly profit calculation:** (For the first six months)

Table 10: Monthly profit calculation			
Month	Sales (Rs)	Expenses (Rs)	Profit/Loss (Rs)
Month 1	2,397,500	2,405,000	-7,500 (Loss)
Month 2	2,396,300	2,397,000	-700 (Loss)
Month 3	2,428,600	2,408,500	20,100 (Profit)
Month 4	2,471,875	2,421,800	50,075 (Profit)
Month 5	2,536,240	2,454,000	82,240 (Profit)
Month 6	2,617,235	2,516,000	101,235 (Profit)

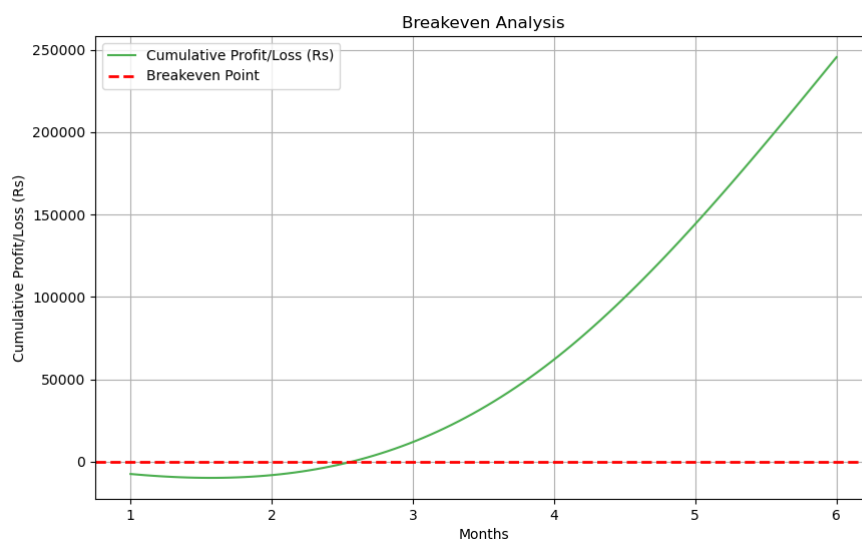
**Yearly profit calculation:** (For the first 12 years)

Table 11: Yearly profit calculation	
Year	Profit (Rs)
Year 1	1,280,725
Year 2	1,594,680
Year 3	20,849,335
Year 4	24,800,730
Year 5	29,056,260
Year 6	34,159,686
Year 7	38,897,050
Year 8	43,428,315
Year 9	47,865,368
Year 10	52,475,980
Year 11	57,480,055
Year 12	64,864,320

**4.6. Break-even analysis**

In the quest for alternative business operations, comprehending the break-even point is pivotal for Thisaru's newly envisioned Indian vegetarian restaurant in Maharagama. The break-even analysis serves as a crucial monetary application that delineates the point at which full revenue equals total expenses, signifying the point at which the business neither incurs a profit nor suffers a loss.

**Figure 3: Break-even analysis**



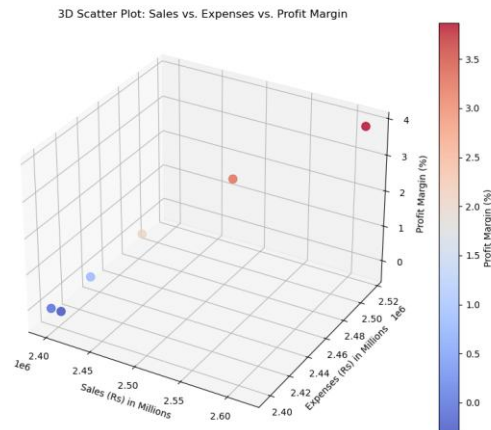
By closely analyzing both sales and expense outlooks each month, this section illustrates the relationship between what the business earns and what it spends. The use of break-even analysis helps Thisaru achieve stability and do well in a competitive field.

## 4.7. Profit margin analysis

For six months, a close review of profit margins was conducted to consider the restaurant's finances at Thisaru. The analysis suggests that these factors interact dynamically.

There are differences between the sales a business makes, its spending and the profit margins it brings. Each month, analyzing the profit margin as a percentage of sales helps to understand the business's effectiveness and financial matters.

**Figure 4: Scatter plot for sales vs expenses vs profit margins**



With this chart, Thisaru can discover financial trends and use them to determine how to utilize resources, set prices, and ensure the company's longevity.

## 4.8. Risk analysis

In a competitive market, Tandoori Tales' long-term viability depends on effective risk management. The main risks that we found throughout the financial planning process are.

### – Supply chain disruptions

Fresh and special vegetarian ingredients with potential supply chain issues can devastate a café's ability to serve the same food and satisfy customers.

To avoid this problem, Tandoori Tales collaborates with multiple suppliers, sourcing ingredients from several vendors to ensure a consistent supply. Stocking up on lasting basics is a simple way to weather little inconveniences.

### – Competition

A wide range of well-established restaurants can be found among the numerous options in Maharagama's restaurant market. Competing solely on price may diminish a business's profitability.

To handle this risk, Tandoori Tales creates distinctive vegetarian dishes that are popular among health-conscious diners. Interactions with consumers, such as through small group events, marketing focused on them, and loyalty points, increase the likelihood that they will return.

### – Market volatility

Challenges in the economy, what people want to buy and unpredictable costs for energy and materials may affect both revenue and how efficiently operations are run.

An effort to reduce risk is made by regulating the affordability of our food; the restaurant uses price adjustments based on changing costs and customer demand. During challenging times, techniques that reduce costs, such as waste management and energy savings, help secure the company's finances.

## 5. Discussion of the results

An analysis of the financial and strategy-related factors for the planned Indian vegetarian eatery, Tandoori Tales, has provided valuable insights into its economic and operational outcomes. The study shows that properly preparing finances and adopting adaptable strategies can help a

company maintain success by analyzing the start-up cost, regular expenses, and profit margin. It also outlines forthcoming opportunities and provides suggestions for maintaining and expanding the company's market position.

It is essential to plan for the Indian vegetarian restaurant, as it has performed very well so far. An idea currently being discussed is to offer customers who make a purchase three times a week a 20% discount on their third purchase. It is designed to attract more customers, ensure repeat visits, and enhance the way existing customers perceive the business. Building on the previously discussed cost-benefit analysis, we examine what discounting means for total profits. Giving customers discounts can make them loyal, which helps a company stand out in the market.

Besides, as consumers' preferences and market conditions change, businesses may need to adjust current discounts and develop new marketing strategies. With these adaptive methods, the restaurant will be better equipped to face business challenges. Because Thisaru values new ideas and pays close attention to clients, that contribution is helping keep the restaurant thriving in Maharagama's changing times.

## 6. Conclusion

To put it simply, the company's success relies on thorough preparation and the ability to respond to new situations with ease if the business is to achieve long-term results. The restaurant relies on loyalty promotions, such as discounts, to motivate returning customers and ensure it stays ahead of other establishments. Tandoori Tales will stay ahead of the evolving Maharagama food scene by incorporating unique and user-friendly ideas.

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## Conflicts of interest

The authors declare that they have no conflict of interest.

## Authors' Contributions:

B.H.S.M. Perera – Structuring of the research article, research result analysis, and integrating sections

A.G.L.M. Mewanya – Abstract and introduction

K.W.C. Hewawasam – Literature review – research on Current similar real-world plans implied

K.B.H.U. Perera – Research methods - Cost Analysis Framework

K.S.S. Perera – Research methods - Assumptions and Notations

W.K. Nimesh – Research Result Analysis - Financial Metrics Evaluation

N.A.A.Y.S. Tharuwara – Discussion of the Results

M.A.S.D. Fernando – Conclusion

D.B. Abeyaratne – Managing references and citations

K.A.T.S. Jayathilaka - Principal investigator of the project, research designing and planning

D.G.N.D. Jayarathna – Research designing and planning, manuscript reviewing, Principal supervisor

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