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MARC Insights Restaurant Industry Overview

2024



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Market Overview & Growth Drivers

Market Overview & Growth Drivers

**10.03%
CAGR**

Expected Growth Rate of Indian Food Service Market is estimated to be **USD 77.54 billion** in 2024 and expected to reach **USD 125.06 billion** by 2029.

**15.40%
CAGR**

Expected Growth Rate of the Organized Restaurant Sector till **2025**.

**8.74%
CAGR**

Expected Growth Rate of Quick service restaurants in India till **2029**.

**25%
CAGR**

Expected Growth in the Indian Online Food Delivery Industry (**2020-2026**).

Growth Drivers

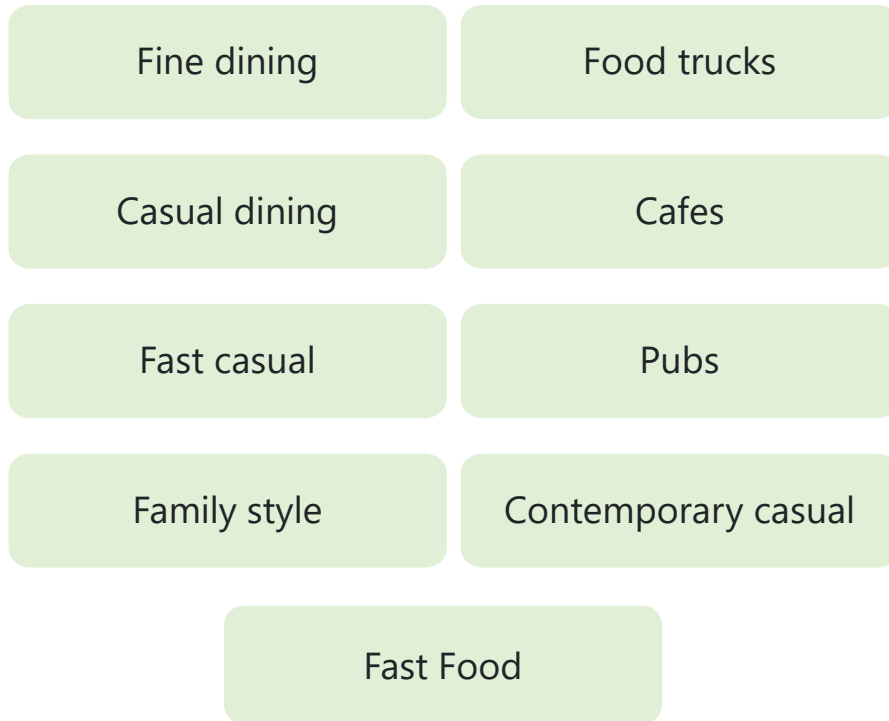
- **Changing demographics:** There is a liberal, progressive, and upwardly mobile middle class, and the number of nuclear families is rapidly rising.
- **Exposure:** Traveling outside of India has made Indians more knowledgeable about other cultures' cuisines. The popularity of television food and cooking shows like MasterChef has further increased public awareness of fine dining.
- **India as a travel destination:** Restaurants in the nation have every motivation to diversify their menus and provide higher-quality services in order to meet the demands of a growing international market as India projects itself as a key tourism destination to the rest of the world.
- **Digitalization and Infrastructure Development:** Restaurants benefit from digitalization and infrastructure development by being able to better manage expenses, reduce waste, maintain quality, etc.
- **Technological Advancement:** The advent of technology, especially the rise of food delivery platforms and online reservations, has made it easier for consumers to access a wide variety of food options.
- **Celebration of Food Culture:** The rise of food festivals and culinary events reflects a growing trend of celebrating food as both an experience and entertainment, showcasing the diverse creativity within the restaurant industry.

Source- Mordor Intelligence, Indian Retailers

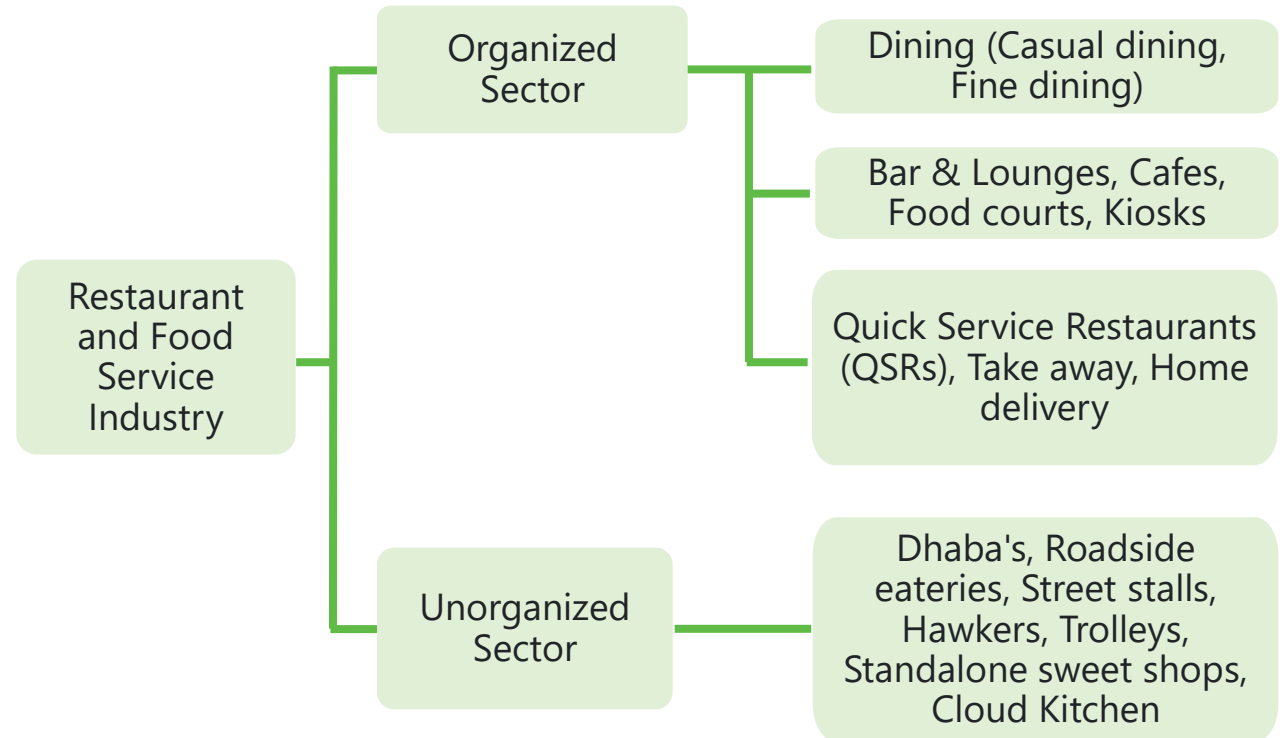
The Restaurant Industry in India

The Restaurant Industry in India

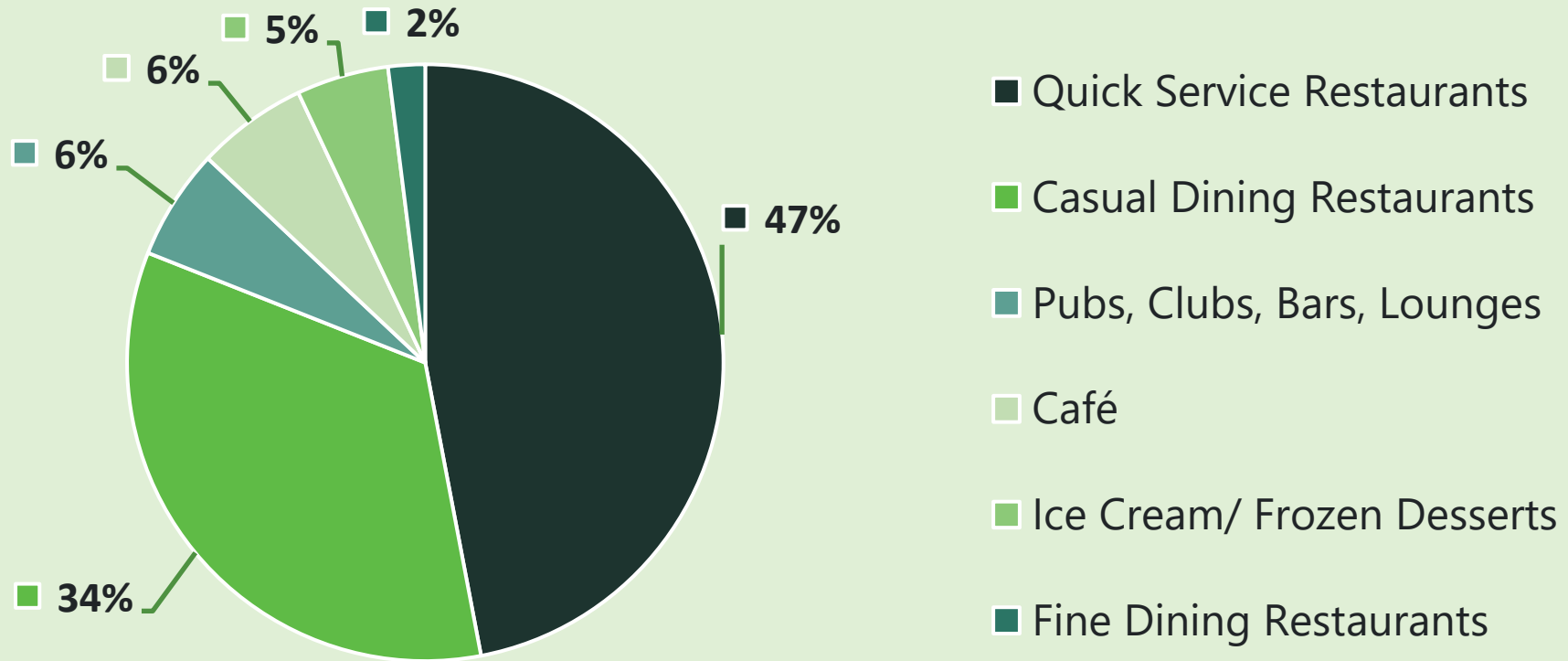
Businesses within the restaurant industry are placed in the following categories based on their menu style, pricing and level of service offered



The restaurant industry in India is a popular business sector and comprises of two major segments:
1. Organized sector 2. Unorganized sector



Organized Food service Sector 2023 - India

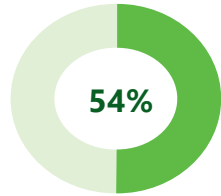


Source: Statista research department

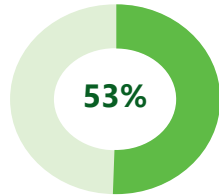
Key Developments

Key developments in the Restaurant Industry

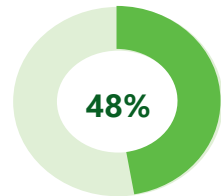
Cuisines likely to flourish



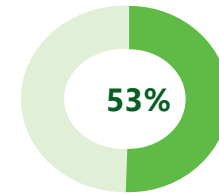
50% of experts say that **Tribal/Indigenous** cuisines will flourish.



53% of experts say that **Mountain Cuisines** will flourish.

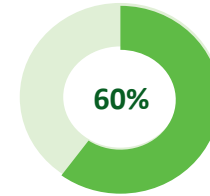


48% of experts say that **Korean** cuisines will flourish.

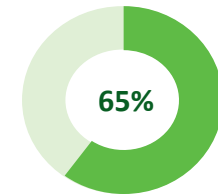


53% of experts say that **Micro Cuisines (North-East India)** will flourish.

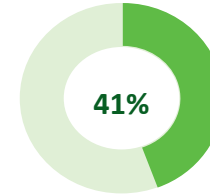
Concepts predicted to see rise in popularity



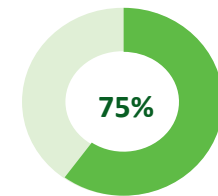
60% of experts believe farm to table restaurant concept will rise in popularity



65% of experts believe, cuisine-agnostic, chef-driven menus will rise in popularity



41% of experts see rise in Health/immunity boosting, ingredient-forward menus



75% of experts believe, menu inspired by culinary heritage will rise in popularity

Note: Indianized American Cuisine is also likely to flourish in the industry.

Source: Survey by Godrej Food Trends Report 2023

Source: Survey by Godrej Food Trends Report 2023

Key figures to consider

95 %

Diners are comfortable visiting restaurants that clearly communicate protocols in dining and kitchen areas.

Source: Survey via Economix Consulting Group (ECG)

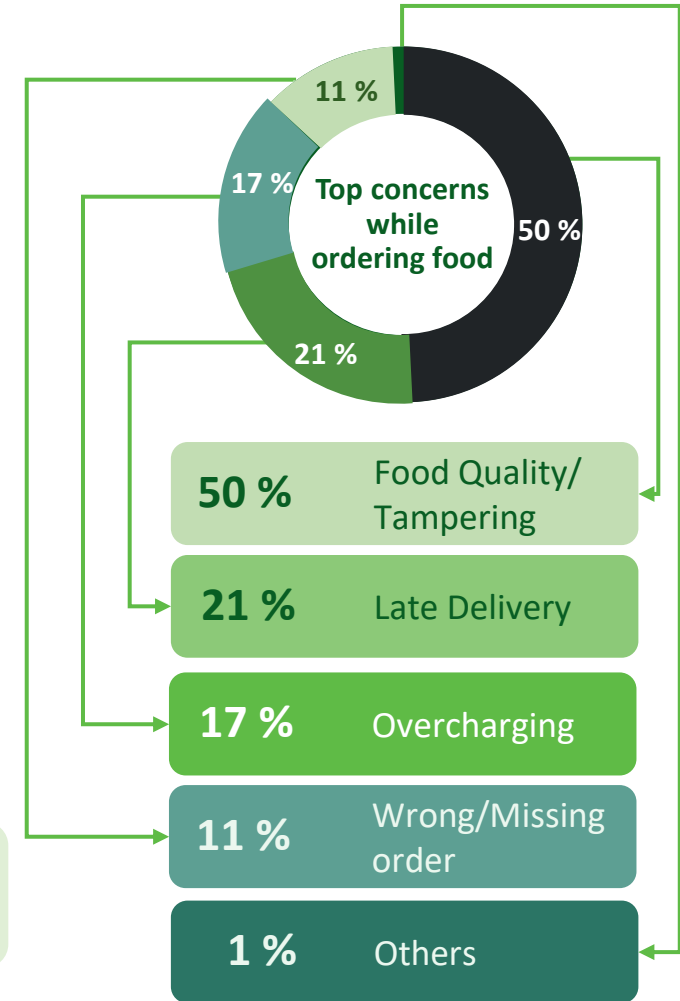
98 %

Diners rated Cleanliness, Hygiene and Safety Protocols as important factors prior to dining at restaurants.

Source: Survey via Economix Consulting Group (ECG)

The industry is seeing a sharp shift towards **Franchisees** and **Fine Dining** Restaurants.

Source: Survey via Economix Consulting Group (ECG)



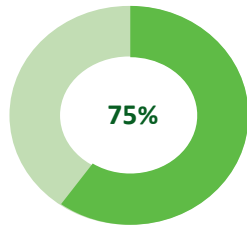
Source: Survey via Numr CXM

Regional Trends

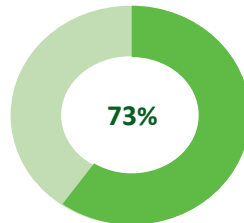
Top Food Destinations in India

Top domestic food destination

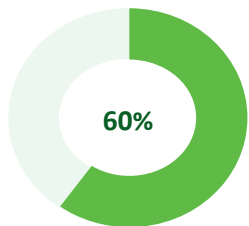
- Indian travelers are embracing the diverse culinary offerings within their country, eagerly exploring local delicacies both regionally and nationally.
- The Northeast, closely followed by Goa, exhibits the highest preference among travelers for domestic cuisine.



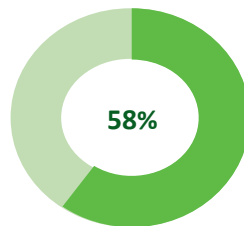
Northeast



Goa



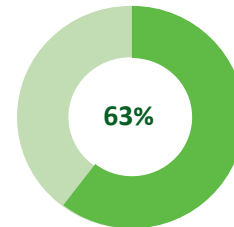
Chettinad & Tamil Nadu



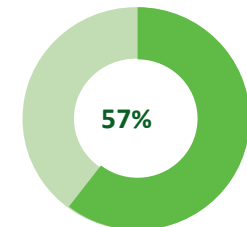
Uttarakhand

Top Indian street food destination

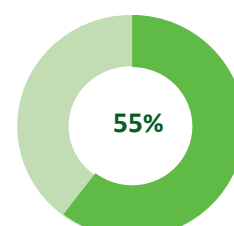
- A vibrant street food culture enhances a city's culinary scene, providing travelers with memorable experiences they cherish for years. Fueled by digital media, captivating stories of street food entice Indian travelers to explore destinations for unique culinary delights.
- Among travelers, Lucknow ranks highest in preference for street food.



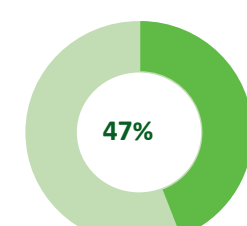
Lucknow



Kolkata



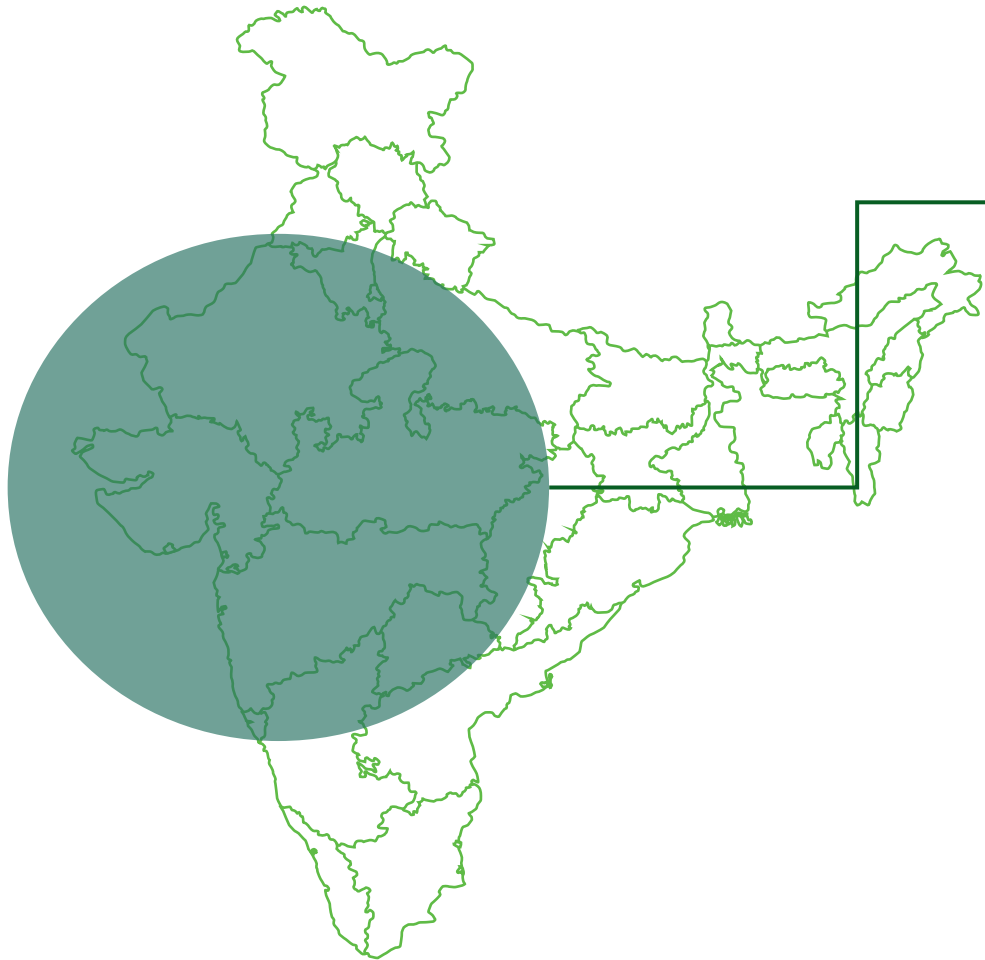
Amritsar



Indore

Source: Incredible India

Regional Trends in the Indian Food Service Industry



Among the regions, **West and Central India** currently dominates the market.



For the **fourth time** in a row, **Delhi** was named the "**Dining Capital of India**", hosting **32% of all diners in India** as of 2023.



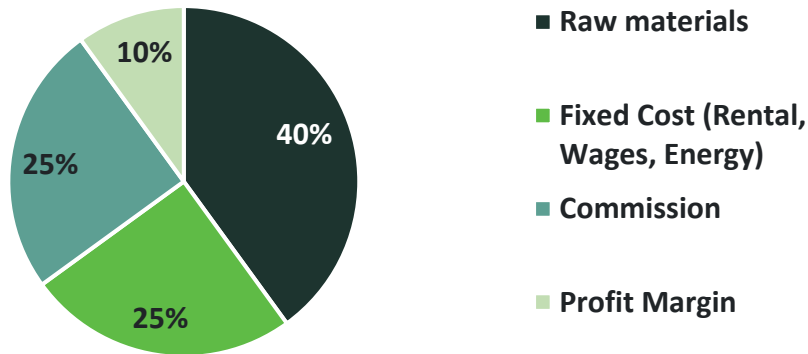
With **44%** of reservations made for "**Table for 2**", **Udaipur** is the new "**City of Love**", while Agra and Ludhiana had the most "Table for 4" bookings.

Source - Timesnow

Cloud Kitchens

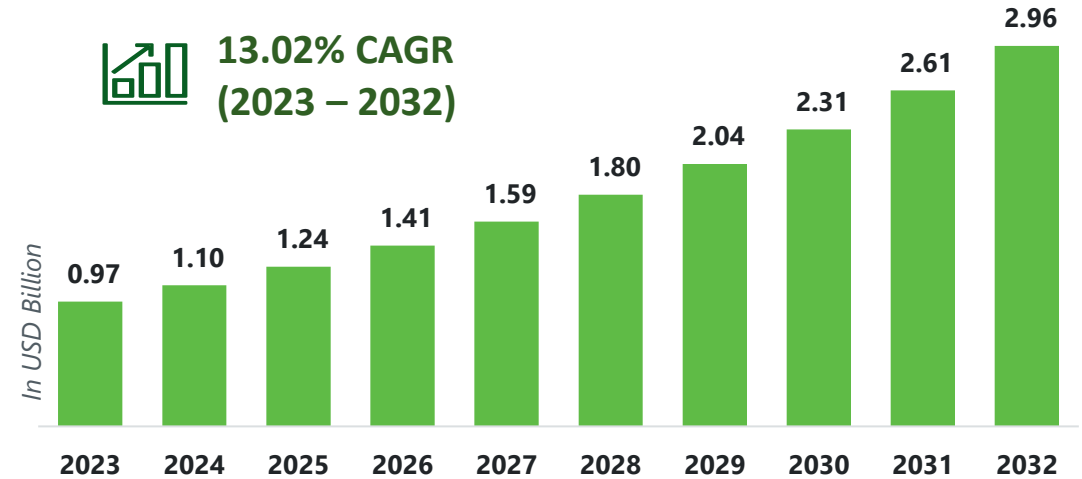
- A cloud or ghost kitchen is a commercial space from where delivery-only brands operate. These brands do not offer consumer-facing dining or entertainment spaces and exist exclusively for food production and delivery.
- The cloud kitchen space, continues to evolve with increasing investments and more players entering the segment thereby creating healthy competition and spoiling the consumer with the choicest of offerings.

Revenue breakdown of cloud kitchens



Source: Survey by Godrej Food Trends Report 2023

Market size of cloud kitchens in India

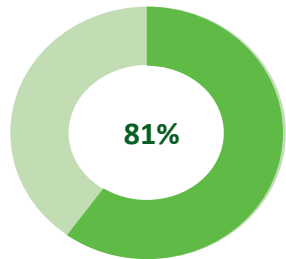


Cloud Kitchens are doing better when compared to other models. Several reasons such as the reduction in **Operational Costs, Labour Costs, Property Costs**, and increase in **Profit Margin** are driving the popularity of Cloud Kitchens.

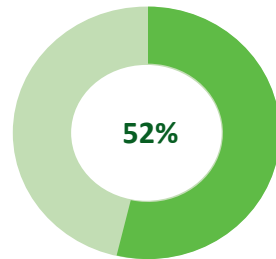
Sustainability in the Indian Kitchen

Sustainability in the Indian Kitchen

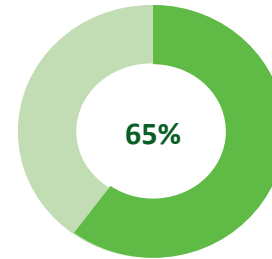
- Restaurants and hotels will increase buying from local farmers and food producers and focus on making their kitchens eco-friendlier by implementing waste reduction and recycling systems.
- Sourcing ingredients from local suppliers can reduce the carbon footprint of transportation and support local farmers and businesses. This trend also promotes the use of fresh, seasonal produce that often has a lower environmental impact than imported products.
- Using compostable or biodegradable packaging materials, such as paper, bamboo, or even edible packaging, can help reduce the environmental impact
- Energy-efficient appliances, LED lighting, and optimizing kitchen ventilation systems can help businesses save energy and money. Making the best use of natural light is probably one of the best approaches to having an aesthetically pleasing, environmentally sound enterprise running.



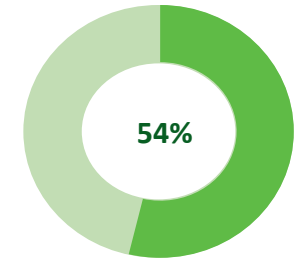
81% buy from local farmers and food producers.



52% of kitchens are eco-friendly



65% sources local and seasonal ingredients



54% of kitchen uses innovating things from Kitchen waste

Source: Survey by Godrej Food Trends Report 2023

MARC's key takeaways

MARC's Key Takeaways

The 3 pillars of the restaurant industry

Hygiene

Technology

Convenience

Potential Future Challenges

Labour Shortages

Supply Chain Disruptions

Food Supply Issues

Stock Wastage

Using People First approach and focus on the following

Hygiene

Food Quality

Online Orders

Ambience

Simple Menu

Technology

Cuisines likely to flourish

Korean

Indian American

Japanese

Mountain Cuisines (India)

Micro Cuisines (North-East India)

Micro Cuisines (South-East Asia)

Micro segments likely to flourish

Fine Dining Restaurants

Cloud Kitchens






Cafes

Casual Dining Restaurants

Quick Service Restaurants

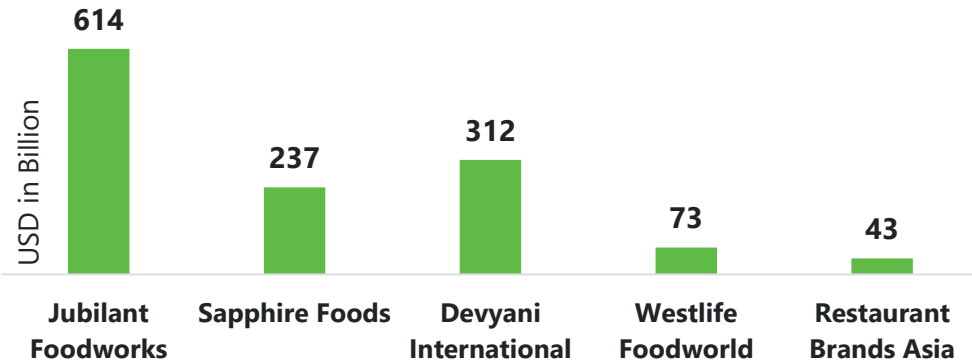
Financial Analysis

KPI Comparison - Overview

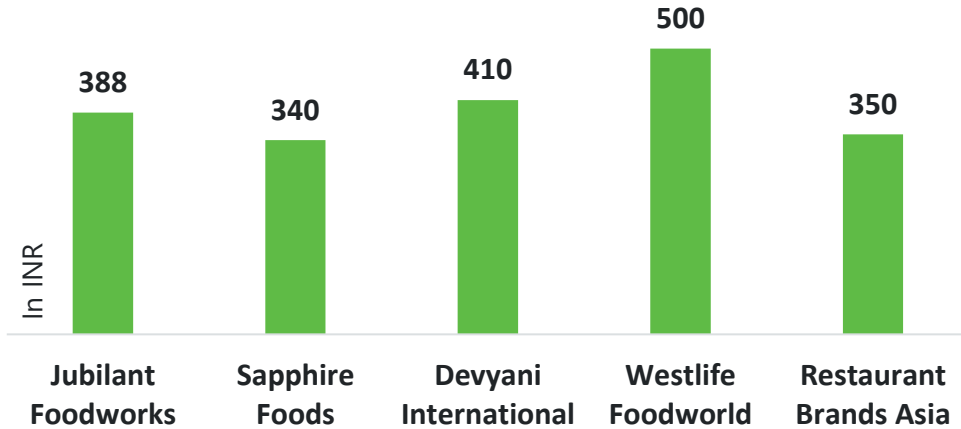
Particulars					
Revenue (USD in million)	614	312	237	73	43
Consumption (% to revenue)	23%	30%	31%	30%	34%
Employee Cost (% to revenue)	17%	12%	12%	13%	16%
Power & Fuel Cost (% to revenue)	5%	6%	7%	-	13%
Average Per Order (INR)	388	340	410	500	350
Number of Stores	1614	1243	743	357	852
Number of cities	393	240	135	52	123
App downloads (in million)	8.5	4.5	7.9	22	5
Monthly active users (in million)	1.3	1.2	1.4	2	3.2
Number of brands	5	5	3	1	3

Competitor Comparison (1/2)

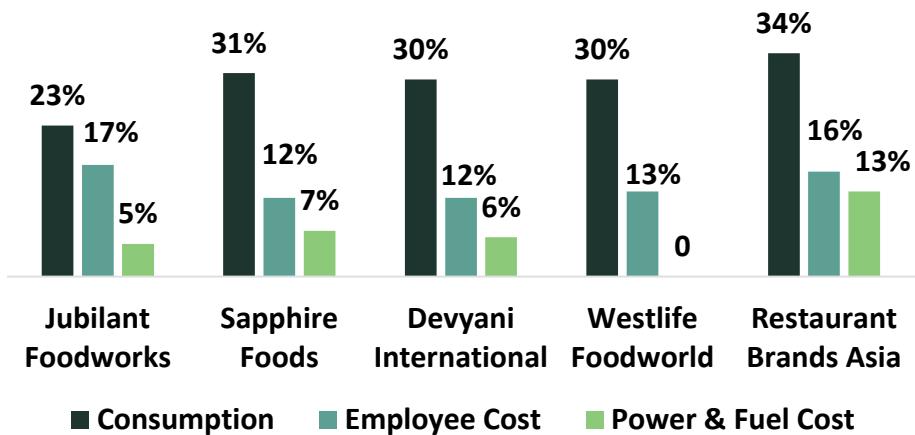
Competitor Revenue



Average Per Order



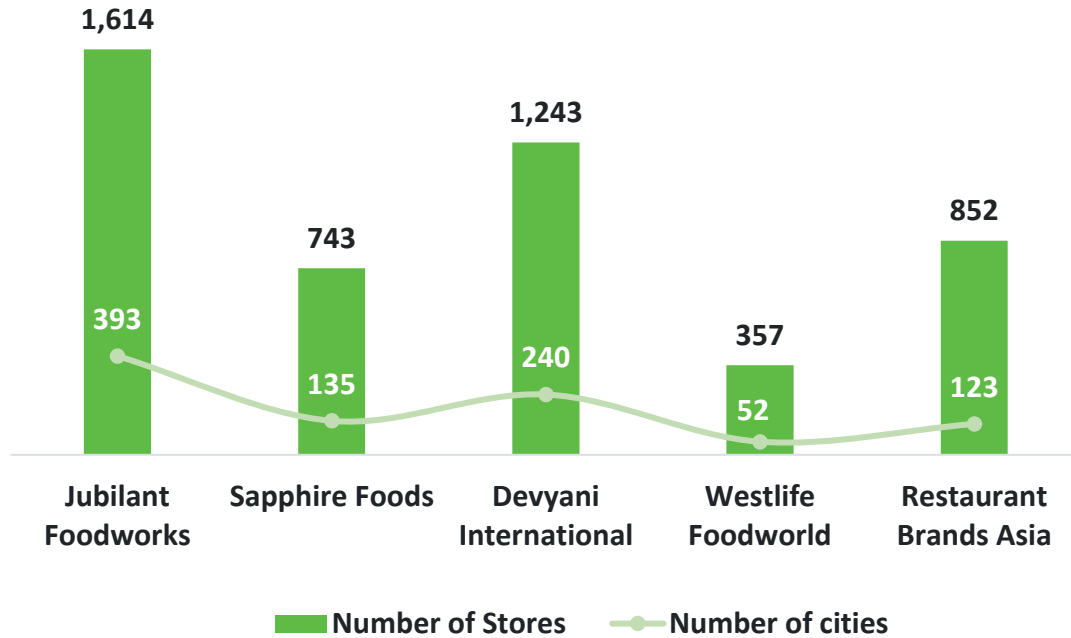
Key Costs As % To Revenue



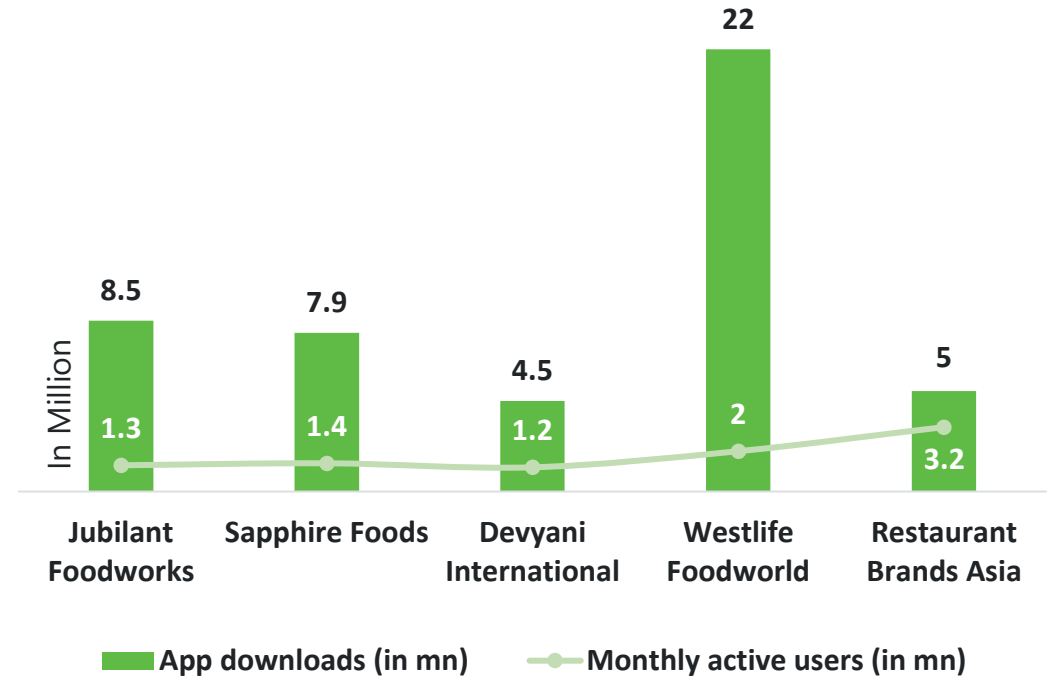
- While comparing Competitor revenue Jubilant Foodworks stood highest at **USD 614 Billion**.
- When compared Key costs as a % to revenue, Consumption cost of Jubilant Foods stood the lowest at **23%**.
- While compared APO against other restaurants, **Westlife Foodworld** stood the highest at **INR 500**.

Competitor Comparison (2/2)

Number of stores and cities



Total App downloads and Monthly active users



- While comparing No. of stores and cities, **Jubilant Foodworks** stood highest at **1,614 stores and 393 cities**.
- While comparing Total App downloads Jubilant Foodworks stood second highest at **8.5 downloads**.

Sources of Revenue - Jubilant Foodworks



Manufactured Goods

Manufactured Goods like Pizza refers to items produced in-house.

In FY19, manufactured goods contributed to 92% of the total revenue. However, In FY23 this category contributed to 95% of the total revenue.

2019

92%

of Total Revenue

2023

95%

of Total Revenue



Traded Goods - Beverages and desserts

Traded Goods like beverages and desserts refers to items sourced from suppliers.

In FY19, Traded goods contributed to 7% of the total revenue. However, In FY23 this category contributed to 4% of the total revenue.

2019

7%

of Total Revenue

2023

4%

of Total Revenue



Sub – Franchise

Refers to sub-franchising the brand.

In FY19, sub-franchise contributed to 1% of the total revenue. In FY23 this category contributed to 1% of the total revenue.

2019

1%

of Total Revenue

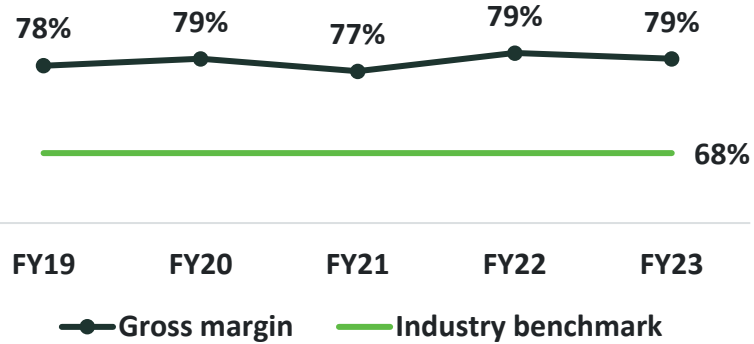
2023

1%

of Total Revenue

Ratio Analysis - Jubilant Foodworks (1/2)

Gross Margin (%) - Jubilant Foodworks



68%

Industry Benchmark

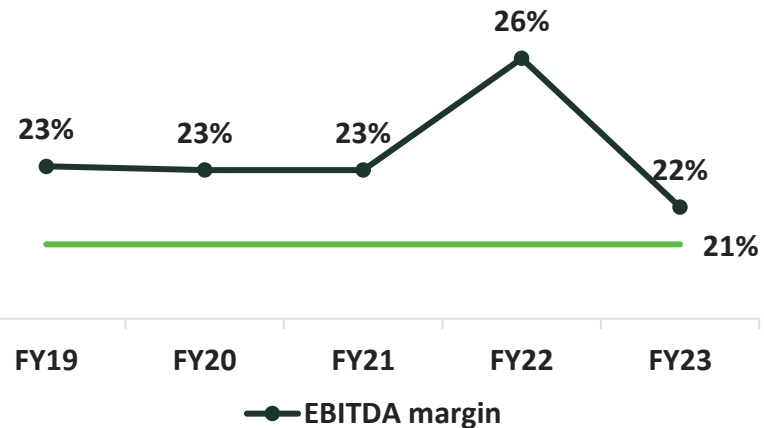
Basis on MARC Analysis, an average Gross margin of Restaurant industry stood at 68%.

78%

Jubilant Average

Average Gross margin for the period under review stood at 78% and has shown a positive trend from FY19 to FY23.

EBITDA Margin (%) - Jubilant Foodworks



21%

Industry Benchmark

Basis on MARC Analysis, an average EBITDA margin of Restaurant industry stood at 21%.

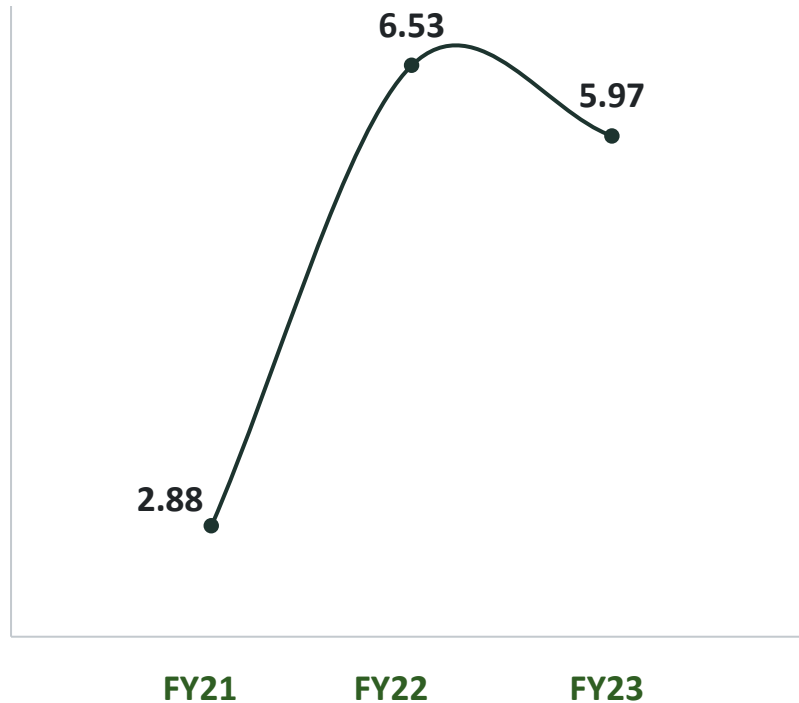
23%

Jubilant Average

Average EBITDA margin for the period under review stood at 23% and has consistently been above the industry benchmark.

Ratio Analysis - Jubilant Foodworks (2/2)

Interest Coverage Ratio - Jubilant Foodworks



4.37x times (Industry)



5.97x times (FY23)

- According to MARC Analysis, the average ICR for the restaurant sector was **4.37 times**.
- The ICR for **Jubilant** as of **FY23** was **5.97 times**, which is more than the **FY23** industry average.

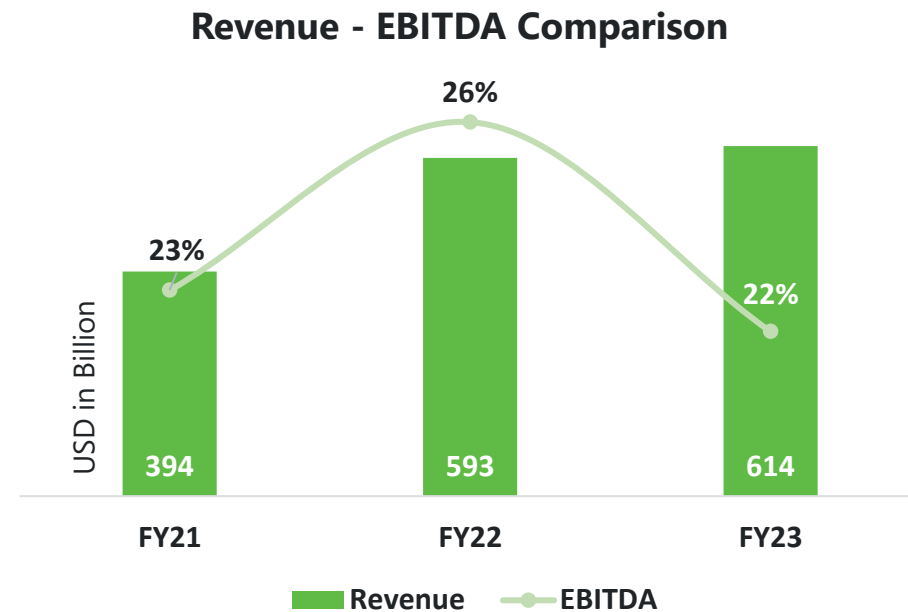
P&L Snapshot - Jubilant Foodworks

P&L Snapshot (Jubilant Foodworks) In USD Million	Actuals			Common size			Variance	
	FY21	FY22	FY23	FY21	FY22	FY23	FY22	FY23
Revenue from Operations	394	523	614	100%	100%	100%	33%	17%
Consumption Expenses	-81	-111	-139	-21%	-21%	-23%	37%	25%
Employee Benefits	-222	-278	-337	-56%	-53%	-55%	25%	21%
Rent	-88	-91	-107	-22%	-17%	-17%	3%	18%
Power & Fuel	-9	-5	-9	-2%	-1%	-1%	-44%	80%
Repair & Maintenance	-17	-23	-32	-4%	-4%	-5%	35%	39%
Other Expenses	-4	-6	-8	-1%	-1%	-1%	50%	33%
EBITDA	91	134	138	23%	26%	22%	47%	3%
Finance Cost	-19	-21	-23	-5%	-4%	-4%	11%	10%
Depreciation	-44	-46	-57	-11%	-9%	-9%	5%	24%
EBT	28	67	58	7%	13%	9%	139%	-13%

Source: Audited Financials & MARC Analysis

The company achieved YoY revenue growth from FY22 to FY23 of 17%. As a percentage of revenue, EBITDA decreased from 23% in FY21 to 22% in FY23 as there was a rise in consumption cost.

- The revenue from operations is further divided into sales for manufactured goods, traded goods and sub franchise income. For the review period up until the FY23, the revenue is seen to have a growing trend from USD 394 Mn to USD 614 Mn majorly contributed from manufactured goods.
- As a percentage to Revenue, FPL costs have also slightly increased from 4% to 5% FY21 to FY23.





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