



National Restaurant Association of India

Overview

We are the Indian Restaurant Industry's leading Association!

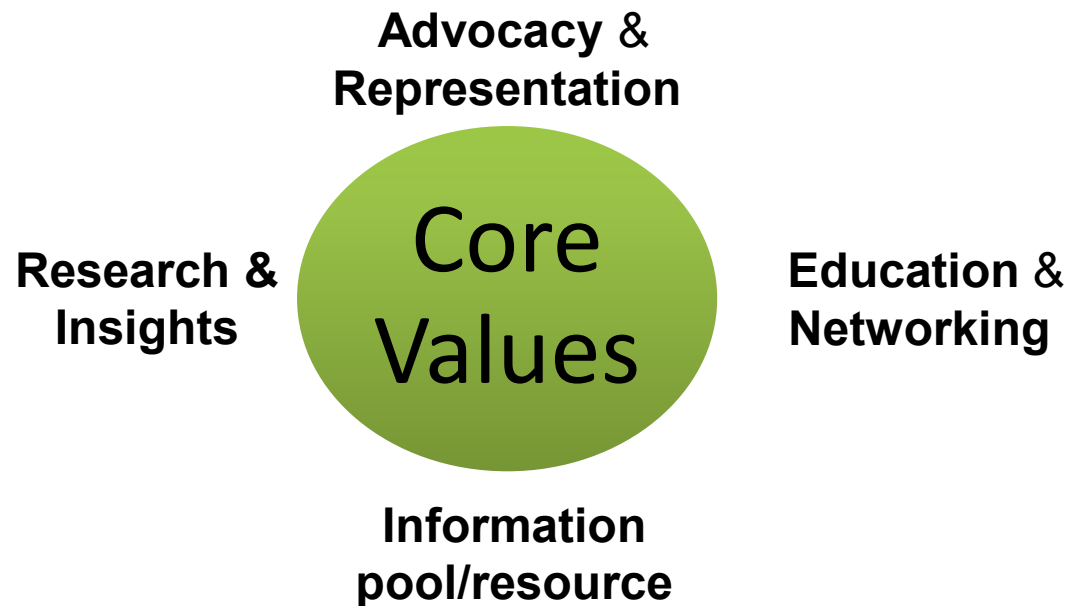
Founded in 1982 by L.C. Nirula of Nirula's, Madan Lamba of Volga , O.P. Bahl of Khyber Restaurant, R.D. Gora of Gazebo, A.S. Kamat of Kamat Restaurants & other leading restaurateurs.

Headquartered at Delhi, we represent domestic and foreign chains as well as independent Restaurant Owners and Operators in India.

Governed by a Managing Committee, the Association is lead by a President and a team of office bearers. The committee consists of 25 CEO / Restaurant Owners from across India representing all segments of the Restaurant Industry. The Association works closely with a network of State & City Chapters.



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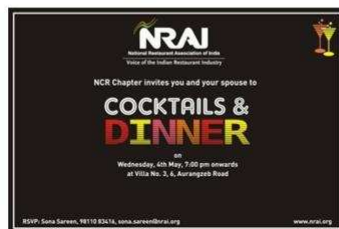


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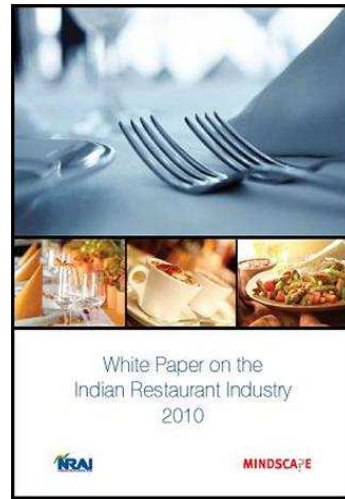
We lead the Indian Restaurant Industry in its growth by promoting and strengthening the Indian food service sector. The association's key areas of work include:

- 1) advocating changes in the laws governing the industry at local, state and the centre level
- 2) interacting with other International Restaurant Association's to network and keep abreast with the latest trends
- 3) creating value for our members through education - seminars and workshops on key developments in the industry, share best practices and provide subject domain expertise





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4) supporting leading industry events that bring together players from across India for networking and knowledge sharing

5) keeping members informed through our newsletter, e-mailers and other information resources

6) conducting research and providing data and information to help businesses.

7) associating with training institutes that deliver quality hospitality education, training and professional certification



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NRAI has a pan India presence with over **1100 members** in **20 states** comprising of leading domestic and international restaurant chains, suppliers and educational institutes.





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Indian restaurant Industry- Indian Economy's best kept secret

Restaurant industry was Rs. 43,000 Crores in revenue in 2010 and is growing at between 15-20% annually



Organized : Fine & Casual Dining, Bars and Lounges, QSRs, Food Courts, Cafes and Kiosks

Unorganized : Dhaba's and Roadside vendors



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Indian restaurant industry- Key Contributions and Projections

- The industry provides direct employment to ~ 5 million individuals which is 5 times than the number of the people employed by the IT services industry and 10 times the number employed by Hotels
- The industry is a significant tax contributor
- Industry Statistics

Area	2010	2015 - Projected
Employment	5 million	20 million
VAT Contribution	Rs. 1,000 Crores annually	Rs. 3,500 Crores annually
VAT Potential	Rs. 5,300 Crores annually	Rs. 7,800 Crores annually



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Comparison to China's QSR Industry

China is the second largest country in terms of fast food consuming markets after the US. On the back of large consumer base and ever increasing food appetite, the domestic fast food industry in China has been witnessing tremendous growth. Presently, the country accommodates over 150 fast food chains and 3-4 Million units. Moreover, with the changing consumer preferences, rising income levels, increase in young population, and the availability of standardized food, the domestic fast food industry in China is expected to surge at a CAGR of around 15% during 2011-2014.

--RNCOS

At \$13 billion, the Indian market for fast food is just less than one-fifth that of China's, but it is growing 4 % faster — 19 % annually versus 15 % in China.

- Bernstein Research



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Comparison to China's QSR Industry

QSR chains	India	China
McDonald's	250	1500
Pizza Hut	220	800
KFC	230	3700
Starbucks	Opening in Q3 '13	800



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Consumption Comparison to South East Asian Countries

Indians eat out far less frequently and spend less than other Asian countries

China and much of South Asia have always had the concept of eating out, either at restaurants or pavement stalls. Chinese eat out 60 times a month, Thai people eat out 45 times a month, Indonesians 15 times while in India it is about 2-4 times monthly

--NRAI White Paper on Indian Restaurant Industry

Indians spend much less on eating out than customers in other countries
Average monthly expenditure on eating out is US\$ 213 in Japan, US\$212 in Singapore, US\$195 in Hong Kong and only \$20 in India.

--MasterCard survey on Consumer Purchasing Priorities – Dining and Entertainment.



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GROWTH ENGINES

Changing demographic

- Vast pool of working population
- Progressive middle class
- Nuclear families

Greater propensity

- Rise in disposable income
- Double income households

Increased exposure

- Greater overall exposure through food shows on television, internet
- Increased travel to domestic and international destinations

Development of tourism industry

- Major advancement in the tourism of India has been a pivotal growth engine for the growth in the restaurant industry.



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Developments in information technology and infrastructure

- Enhance dining experience improves ordering functions, reduces waiting time, encourages guests to return frequently
- Helps in controlling material and labour costs, minimizing waste, keeping regular checks, maintaining quality and resulting in data analysis leading to improved business results

GROWTH ENGINES

Home delivery /take away/kiosk format

- Food accessible outside the restaurant premises
- Made brands go to new locations including various transit hubs like airports, highways, train stations & metro; hospitals, schools & colleges, corporate parks, and more

The presence of private equity/venture capital funds and public listed companies

- Some of the important PE players active in the restaurant business include New Silk Route, India Equity Partners, Navis Capital, Peepul Capital, Everstone Capital, SAIF partners, TVS Capital & Sequoia Capital.
- Both Jubilant Foods Works and Speciality Restaurants have had successful public listings and paved the way for other companies to approach the capital markets.



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KEY TRENDS IN THE INDUSTRY

- 1) New international companies entering India- Pizza Express, Starbucks, Japengo, Dairy Queen, Ping Pong Dimsums, Muffin Break, Rita Ice and many other brands.
- 2) Expansion in tier 2 and tier 3 cities-both the international and domestic players have already started to penetrate these towns and gain benefits of robust sales and lower cost of rentals and staff – higher profitability !
- 3) Kiosks and food courts will grow exponentially - lower rentals, higher return on investment, brand penetration and new location opportunities are factors aiding the rapid growth of these formats.
- 4) Presence on highway networks- McDonald's, Barista, Cafe Coffee Day, Nirula's, Bikanerwala and others are there, still largely untapped opportunity



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KEY TRENDS IN THE INDUSTRY

5) Indian companies expanding globally- Café Coffee Day, Bikanerwala, Sagar Ratna, Sarvana Bhavana, Old World Hospitality (Tamarai & Sitara in London) are some of the brands who have successfully opened internationally.

6) Introduction of new day parts on the menu - this helps bring in new customers and trigger changes in their consumption pattern. Breakfast is one of the recent day parts that is seeing traction with some chains.

7) Social Media Marketing – is increasingly important and critical to understand. Use of this effectively is essential to target the younger generation.

EVOLVING CONSUMER TRENDS



Increasingly experimental across cuisines

Eating Out is a Key leisure activity, along with shopping

Ordering In at home and office growing rapidly

Health Food is a niche market which will increase

Food as Entertainment will become a differentiator



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FUTURE PROSPECTS FOR THE INDUSTRY

- Next 5-10 years will see explosive growth in the industry
- Many new international restaurants, café and bar chains across all segments will enter India; domestic chains will expand aggressively
- Growth of regional Indian cuisines on a pan India basis
- Fastest growing segments expected to be kiosks, cafes, QSR's and affordable casual dining
- Will lead to increased competition for good quality retail spaces and trained manpower – both are key challenges to overcome
- Will become a much larger contributor to the overall services industry and India's GDP