

The show was successful in promoting the restaurant business in India by enabling the new comers in the business to carry forward their business and achieve their desired entrepreneurial goals. The inaugural session, which was graced by eminent speakers, kicked off with a welcome note by Ritu Marya, Editor-in-Chief, Franchise India Group. The session was chaired by Amit Burman, Vice Chairman- Dabur India and Chairman- Lite Bite Foods and Akshay Bector, Managing Director, Cremica Food Industries Ltd. Themed under the title, 'Economics of Indian Restaurant Industry in 2014

and beyond'; the inaugural session set the tune for the two-day event.

Discussion points at the Congress included factors hampering the growth of the Indian restaurant industry in the last few years. Sharing thoughts on the same, speakers were of the view that high rentals, food inflation and finding right manpower and resources together has created a stiff competition among the restaurateurs looking to fit their brand at the right location, offering a right palate. Striking a similar thought, Akshay Bector said, "Menu is one such area where restaurants have to look upon. A menu should always accompany the local palate."

Sharing his views on the restaurant segment, Amit Burman said, "There are new players entering the segment, and the introduction of various formats has increased and there are chances of inflation rates going down."

He further added, "Last year, restaurateurs faced 20-25 per cent inflation in the business. So there is always a tussle between how do you increase the prices and how to keep the margins. But I think there would be a good chance for restaurant industry very soon."

The Congress saw more discussions on the food laws and policies, expectations from the new government, and how technology is shaping the future of this industry and the like. ©R

THE CHANGING FACE OF INDIAN RESTAURANTS

Like every year, Indian Restaurant Congress in its 4th edition, witnessed huge footfall from the restaurant fraternity. Eminent restaurateurs, policy makers, food service professionals and consultants, food ingredient and raw material suppliers came together at the event and awards held on 28th and 29th of August at Taj Vivanta, Surajkund, Faridabad.

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L-R, Ritu Marya, Amit Burman, Akshay Bector and Sachin Marya

FROM 'FARM TO FOLK'

The domestic food industry is estimated to reach \$ 258 billion by 2015 and as per Siraj Hussain, Secretary, Ministry of Food Processing Industries, food processing sector is one of the largest sectors in India in terms of production, growth, consumption and export. In an exclusive conversation, he shares his thoughts on bringing integration in various food processing verticals and benefitting restaurants.



What are the policies and regulations that are supporting the food processing sector in India?

The Government of India is committed to support the food processing sector to reduce losses in supply chain. Usually, the losses range around 6-18 per cent in various crops and during certain seasons (especially rainy season). However, the losses can be as high as 30 per cent. The government is concerned about the losses, especially in fruits and vegetables, as it reduces the availability of food products and fuels inflation. Hence, the government is providing a number of incentives to food processing and preservation industry so that there is integration from the 'farm to the folk', encompassing the restaurant and the food processing industry together.

What are your views on the heavy taxes imposed on restaurants?

If we want to see the government meeting other requirements, it is necessary that the richer people share the bottom. I don't see the



SIRAJ HUSSAIN

Secretary, Ministry of Food Processing Industries

taxes on restaurants are very high. In fact, there is a need to ensure that the payments at restaurants are made through cards, cheque or mobile transfer so that the restaurant business is able to collect money through reportable channels.

How processed foods are going to help restaurants?

The food processing sector is going to reach Rs 8, 73,000 crore by 2015-16. Restaurants are

now having access to processed food products, which are fresh and quality products, and therefore, they are getting used in food preparation. Also, the products can save significant amount of time while cooking. Not only the quality is reliable, the shelf life is also longer. All these factors benefit restaurant owners in a number of ways.

What are your suggestions to FMCG retailers?

As far as food retailers are concerned, we have seen a lot of modernisation in the last few years. A number of modern retail formats have come up and non-retail formats have also modernised their shops. For example, FMCG shops now have refrigerators, coolers, and the shops have become more hygienic. But they need to get a license from the Food Safety and Standard Authority of India (FSSAI). This will result in better management of shop level sales, which will reduce losses, improve storage life and will be more attractive to customers. ©R

CASUAL DINING: The new love of investors

Casual dining, with its scalability and profit rising potential, is making the segment more alluring for investors.

The scene in Indian F&B industry is changing, with investors eyeing casual dining formats more eagerly than ever, because of the scalability parameters. The segment has witnessed increasing interest of investors in the past few months, observed Ashish Saxena, Partner, TVS Capital & CEO, Tex Mex Hospitality, which owns the brand Chilli's Grill & Bar. He said, "As an investor, we like the strong cash flows in the casual dine segment, where 'with one outlet it is profitable in the first year' itself. This excites any investor."

Casual Dine v/s Fine Dine

The fine dine segment in India has very limited expansion scope as compared to other segments in the country. Today, either you see a QSR opening at a food court, or a fast casual, or the casual dine segment attracting investment and building their brand. There are very few brands running under the fine dine segment. Brands like Yo! China owned by Moods Hospitality

and others like, Barbeque Nation, Smoke House Deli and Salt Water Grill by Impresario Entertainment, Olive Bar & Kitchen by AD Singh, amongst others, are looking at raising funds while taking the PE route. Commenting on the same, Siddharth Bafna, Partner and Head, Corporate Finance, Lodha and Co shared, "Unlike QSRs, which take a longer time to get profitable, casual dining is a sustainable format and can be scaled up in a profitable way."

The fine dine segment seems dull to the investors, as there is limitation on the number of stores, one can have only 8-10 fine dine restaurants in India, and that too, only in the major cities, where the income bracket is high and people are willing to spend more on eating-out. In casual dine segment, things are slightly dependent on the 'economies of scale', with at least 20 to 30 outlets in a city, it makes the business profitable. Throwing more light on it, Saxena said, "For an investor to have 'low profitability

or no profitability period' is very painful. So, our preference at TVS is towards casual dine sector, where you have to manage stores getting the immediate profitability where you break-in the first year, and start generating cash flow for returning the capital."

Ashish Kapur, Managing Director of Moods Hospitality, who owns Yo! China and Dimsum Bros, is ready for his second round of funding from PE players, after having received an initial investment from Matrix Partners. Commenting on the same, he said, "The key for any investor is the scalability, and casual dine segment is the most scalable segment today, when compared to a fine dine segment. And the success of Domino's, Barbeque Nation and other successful restaurants, has become a proven track record for this segment."

With changing economic scenario, it is proved that today, investors look at more than partnering with a brand, they want scalability and hence, casual dine is their first choice to invest. ©R



L-R, Ritu Marya, Siddharth Bafna, Ashish Saxena and Hemendra Mathur

REDISCOVERING Indian cuisine

Eating out is no more an occasional festival driven activity, as these days, it has become an everyday celebration. Also, the menu trends have gone beyond the general, and restaurateurs and chefs are bringing 'fresh' elements on their menus.

People in India like to experiment with food. Yet, they do not like straight authentic cuisines like Mexican or Italian in India in their original forms. They would rather prefer a Gujrati Mexican Food or a Punjabi Mexican Food with added spices and suiting their regional palates.

Commenting about the food trend, Chef Hemant Oberoi, Grand MasterChef- Luxury Division, Taj Mahal Palace, said, "I was surprised to see the chicken tikka makhani into molecular cuisine; and it is nice to see how the industry is evolving today."

Local cuisine in vogue

Experts believe that the strong revival of Indian food which is often termed as 'comfort food' is staging a comeback. And

therefore, people travelling to far flung places would naturally prefer their native food over others. However, authenticity is the call.

With changing times, we need to get out of the saturation point, which our traditional style restaurants have reached. French cuisine is no more in demand; classical cuisines are now paving way for the local cuisines which are evolving with a little tweaking in the ingredient usage and presentation. Research says there are more than 25,000 recipes in our country and yet, we hardly know even 1,000 of them.

Nowadays, as chefs are becoming more focused, restaurants are turning into a thriving business opportunity. "Reinventing Indian food is the trend, which is coming on these

days. The simple local flavour that we used to have in our growing up age is in demand. Indian food like sattva is becoming very popular, use it as a stuffing, or as a drink", shared, Chef Kunal Kapoor, Celebrity Chef and Executive Sous Chef, Leela Kempinski Gurgaon.

"A very remarkable thing which I see today, compared to the past, is the social media. The restaurant business is today moving towards the 'social connect' element and the concept today has become beverage and food, which earlier was food and beverages, giving a way to the Indian food," said, Chef Jolly, Director F&B, JW Marriott.

The winning strategy today is the local, regional flavours. As local produce is gaining popularity, seasonal and regional Indian menu in innovative ways is the popular trend in restaurants today. ©R



L-R, Chef Kunal Kapoor, Master Chef Hemant Oberoi and Nita Mehta

FOOD FRANCHISING CATCHES UP!

The year 2014 has seen an increasing number of global F & B brands entering India via franchise business model, backed by a growing confidence in the business format

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According to market research firm Crisil, the Indian fast food market is set to double in size from Rs 3,500 crore in 2012 to Rs 7,000 crore over the next two years. Witnessing great opportunity in the Indian food business, local as well as global brands are expanding their footprints in India taking the franchisee route as the local partner knows the local tastes and preferences better and thus can prove profitable.

Commenting on franchising as a business model, Dheeraj Gupta, MD, Jumboking Foods Pvt Ltd said at the Indian Restuarant Congress (IRC), "I think if you have an ambition to grow and if you have fund and want it to intelligently deploy then franchising is a necessity, it is no option because what really happens is when you get into franchising you are able to have inorganic growth with a faster pace."

The business format

The restaurant industry earlier chose to operate via single unit franchising, but multi-unit franchising and master franchising is gaining popularity for several well established global

QSRs today.

Not only this, the country is increasingly witnessing the growing popularity of Area Development Model (ADM) and Area Representational Model (ARM). In the case of ADM, partners of a chain are singularly focused on managing outlets within a specified region as well as ensuring a suitable customer experience. In contrast, in ARM, the emphasis is on expanding the presence of a restaurant via finding new franchisees. Sharing his views on the business format, Gupta said, "Business model should be such that the franchisee makes a margin higher than he would have done in his own business."

Deciding on location

Location is the most important aspect when one is planning to enter into a new city. And this is the part most people get wrong. In the need to expand fast they hope that the number of stores will take care of quality. But as per the experts in the industry, in the franchisee business, each store needs to be profitable, franchisees don't average out the profits across stores, for him, his store has to make money. However,

each business has a different requirement when it comes to real estate and the call on locations should be centralised and taken by the highest authority who is investing his money for expansion. Sharing his views on the same, Sam Chopra, Chairman, CybizCorp, who has signed a master franchisee agreement with California-based burger chain, Carl's Jr, said at the Indian Restuarant Congress (IRC), "Do not over expand, preserve capital and ensure that you have enough capital for your expansion."

Be cautious while choosing partners

As per Chopra, getting the right partner in franchising business is like getting into a marriage where you have to struggle for a few years! Many a time, people go wrong in choosing the right partner for them and hence, that leads to failure of the

franchisee business. The experts in the industry believe that the selection criteria should revolve around three basic aspects, the franchise partner should be an owner operator; the investment required should be fully funded through internal resources by the franchisee, no bank loans especially on the first store should be taken and most importantly; the franchisee should have some prior business experience.

"When you sign a franchisee, he may or may not be a best prospect for you, but you have to play with the rules of integrity, transparency and honesty," believes Chopra.

Also, managing and working for different brands is difficult at times, therefore, each brand should have a separate P&L head (Profit & Loss) and a separate CEO so that the functioning could be done smoothly. At the same time, common functions like accounts etc may have shared

'INDIAN FAST FOOD MARKET TO REACH ₹ 7,000 crore

Source: Crisil

BIRD'S-EYE VIEW

Approximately 81 percent of McDonald's outlets are franchised

Peak time for food business in India is 4pm-7 pm

Around 95 percent of eating out happens when accompanied by friends

resources, however, all other teams like real estate, marketing, and product development etc should be separate, share experts.

New players

Jhonny Rockets, which entered India in February 2014, has chosen Prime Gourmet Private Limited as its franchisee partner in the country. Carl's Jr, which is set to open its outlet in January 2015, has signed a master franchisee deal with Sam Chopra led CybizCorp based on his tremendous success in franchise channel. On the other hand, FatBurger has signed a franchisee deal with Vazz Foods Pvt Ltd, to operate its brand in India.

It is apparent that the market potential is encouraging home-grown and existing players to expand their footprint, while new European and US brands are charting India entry plans via franchising. ©R



L-R, Narendra Malhotra, Dheeraj Gupta, Sachin Marya, Sharad Sachdeva & Sam Chopra

AWARD WINNERS 2014



1. Best Indian Restaurant Consultant of the Year 2014: CybizCorp
2. Best Regional Food Court of the Year North - 2014: DLF Place Saket (DLF Utilities Limited)
3. Best National Restro-Pub of the Year 2014: The Beer Café
4. Restaurateur of the Year 2014: Priyank Sukhija - Chairman, Lazeez Affaire Group
5. Best National Bakery and Confectionery Chain of the Year 2014: The French Loaf (Oriental Cuisines Private Limited)
6. Best Regional Cafe of the Year 2014 (North): Costa Coffee
7. Sachin Marya addressing the audience at IRC award night



8. The Lifetime Achievement Award: Grand Master Chef Imtiaz Qureshi
9. Best Regional QSR chain of the Year 2014 - East: Wow! Momo
10. Best Chef Award 2014: Chef Hemant Oberoi, Corp. Chef Luxury Division, Taj Mahal Palace
11. Best Regional Indian Cuisine Restaurant Chain of the Year 2014: Punjab Grill
12. Kunal Vijaykar pledging against 'Food Wastage'
13. Niren Chaudhary talking about motivation in work environment.
14. All the sessions were well attended by a huge crowd comprising of restaurant stakeholders.