COVID IMPACT ON THE FOOD SERVICES INDUSTRY 2021

NRAI
National Restaurant Association of India
Voice of the Indian Restaurant Industry

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FOREWARD

KABIR SURI

President, National Restaurant Association of India (NRAI)
Co-Founder & Director, Azure Hospitality

With over 25 Cr people infected and 49 lakh lives lost, COVID is the biggest pandemic the world has witnessed over many generations. India saw over 3.4 Cr cases and about 4.5 lakh deaths and witnessed one of the toughest lockdowns globally.

As a result, most sectors witnessed massive disruptions. While recovery for a few sectors has been relatively easier but for many it is an ongoing challenge. Similarly individuals with means have been quick to adapt to the new normal and get going with life, but those dependent on informal employment continue to struggle. IT and ITES sector saw a rapid recovery with improved margins, but the Food Services business is still counting closures and job losses.

In FY 2021 restaurants were not allowed to operate for an average of 100+ days. Over 25% of restaurants have been shuttered and more than 23 lakh people have lost their livelihood.

National Restaurant Association of India (NRAI) is the foremost body of Restaurant Operators in the country representing 5,00,000+ players. Since its inception in 1982, it has played an active role in representing the industry's voice to the government and the policy makers.

I am happy to present NRAIs assessment of COVID's impact on the food services business in the country. The enclosed report is not only a culmination of this effort, but it also confirms the industry's hypothesis about the impact that COVID crisis has caused across the value chain of the industry is deep and adverse.

The report analyses data and voices of the industry to size the magnitude of the impact of the pandemic. It submits specific recommendation and requests to the government that will help the industry come out of the tough it finds itself in.

I wish NRAI and its members a quick return of good times!

Kabir Suri

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IMPACT OF COVID ON INDIA'S GDP AND PRIVATE CONSUMPTION

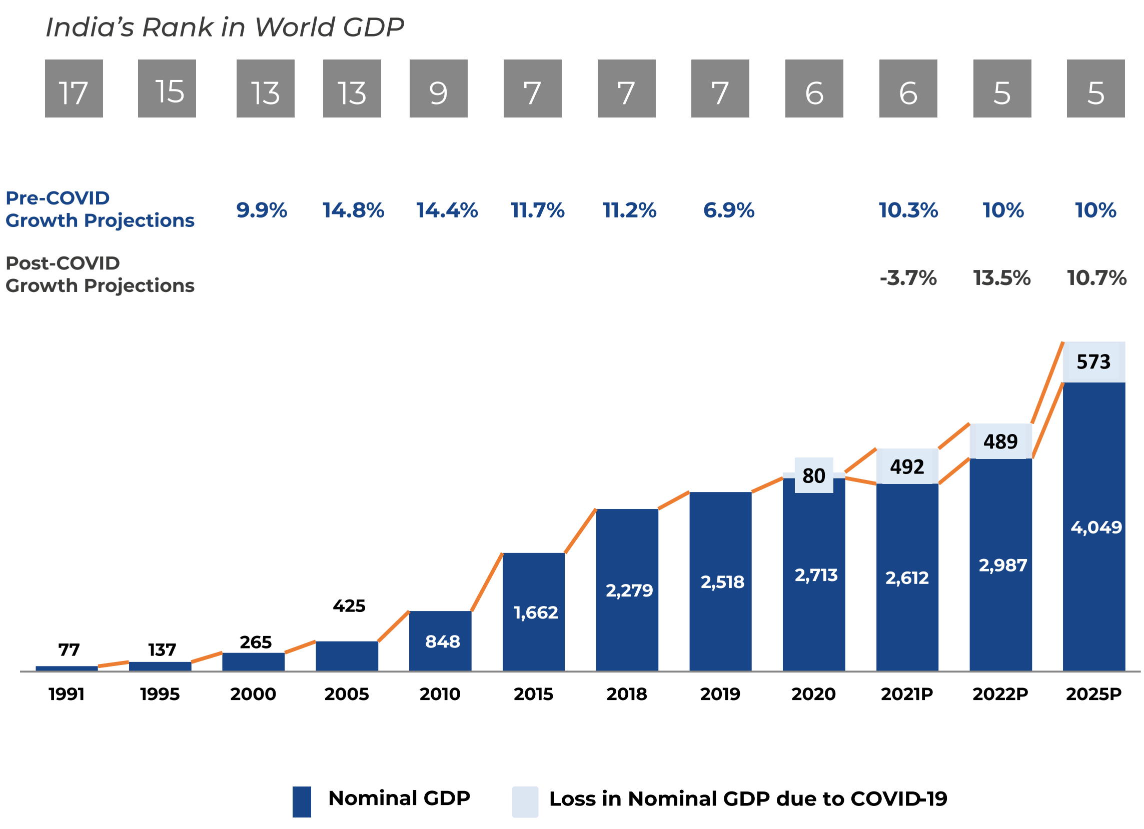
India's Nominal GDP Growth

Nominal GDP contracted 3.7% from FY 2020 to FY 2021 as opposed to pre-COVID growth estimates of 10.3%

Since FY 2005, the Indian economy's growth rate has been twice as that of the world economy and it was expected to sustain this growth momentum in the long term. In the wake of COVID, India's nominal GDP contracted by 3.7% in nominal terms in FY 2021 but expected to bounce back and reach US$ 4.05 Tn by FY 2025.

COVID has had a negative impact on Indian economy. During the COVID crisis, India's GDP in Q1 of FY 2021 contracted 24% as compared to that in Q1 of FY 2020, though this contraction was not uniform and varied across states and sectors. But as the government eased lockdown restrictions and the economy started to open-up, the economic trajectory witnessed a growth revival by the end of Q1 2021. In FY 2022, the Indian GDP was expecting a faster recovery and projected to grow at 14.5 - 15% (in nominal terms). However, the second wave of COVID pandemic severely hit across India in Q1 of FY 2022 resulting in wide-spread disruption and diversion of attention and resource to mitigate it, which came as a blow to all sectors and businesses pan India.

Exhibit 1: India's Nominal GDP in FY (US$ Bn)



Source: RBI Data, Economic Survey, World Bank, EIU, IMF 1 US$=INR 75

India's GDP Comparison with other countries

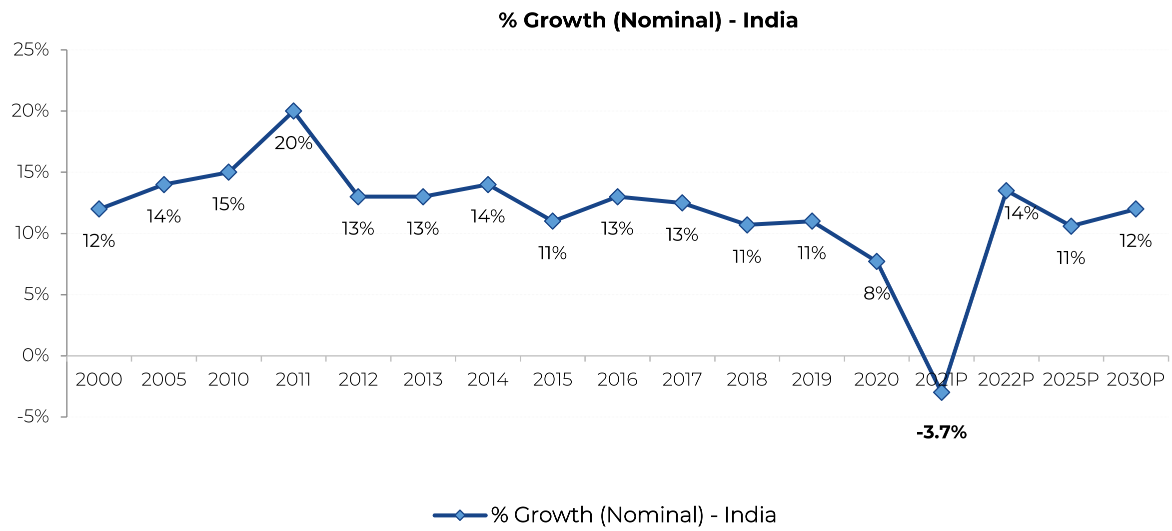
The GDP growth of India in FY 2021 witnessed steepest decline in comparison to that of other major economies

Exhibit 2: Country wise GDP projections (in US$ Trillion)

Country	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	GDP Decline	CY2025p
India*	1.9	2.1	2.4	2.7	2.6	-3.7%	3.9
UK	2.7	2.6	2.8	2.8	2.7	-3.6%	2.8
USA	18.7	19.5	20.5	21.37	20.9	-2.2%	22.1
Germany	3.5	3.7	3.9	3.8	3.8	0%	3.8
Indonesia	0.9	1	1	1.1	1.1	0%	1.3
China	11.1	12.1	13.6	14.3	14.7	2.8%	17.6

Source: India Data from RBI, Upto 2019 data from World Bank, Future growth rate from OECD Data, Technopak Analysis
1US$ = INR 75 (for 2019 India numbers)
**CY20 indicates FY21 for India*

Exhibit 3: India's Historical GDP Growth in FY (%)



Source: RBI Data, World Bank, IMF

Overall Economic Outlook in the short-term

Growth in FY 2022 emerging to be a zero-sum outcome for India’s GDP

GDP in FY 2022 is projected to be close to the precovid GDP estimates for FY 2021 and it is estimated to take beyond one year to recover the lost ground.

Performance indicators of the following key factors demonstrate that the economic recovery of India will be a tale of cautionary revival

1 Headwinds due to inflation

2 Decline in private consumption

3 Decline in new job creation

4 Decline in sales of new houses

5 Rise in gold loans/borrowings pointing to stress in middle class households

6 Growth in direct tax collection in FY 2022 compared to that of FY 2020 is re-assuring

Headwinds due to Inflation

India's GDP reduced to -3.7% in FY 2021 owing to COVID pandemic whereas the inflation was at all-time high at 6.2%. Going forward the inflation will continue to be above 5% till end of FY 2022. This is bound to create pressure on private consumption and reduced discretionary expenditure, that are key drivers of food services industry in India.

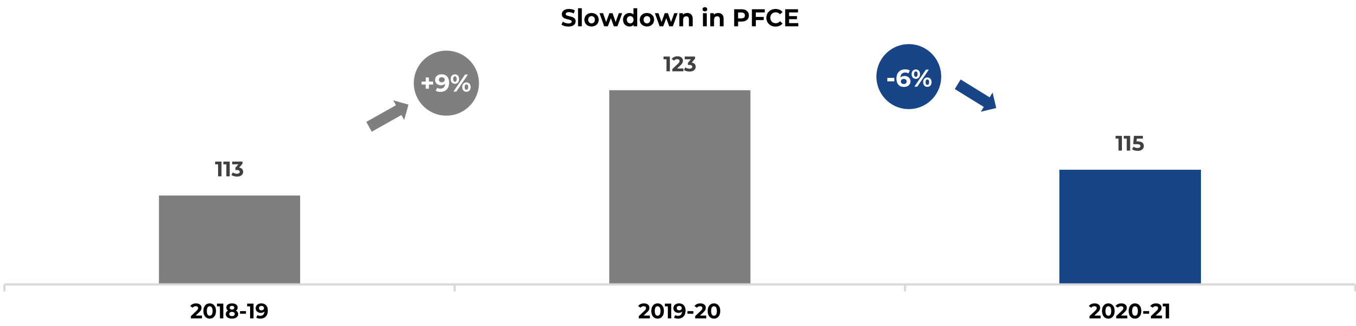
Exhibit 4: GDP and Inflation projections

	FY 2021	Q1 FY 2022	Q2 FY 2022	Q3 FY 2022 (P)	Q4 FY 2022 (P)	FY 2022 (P)	FY 2023 (P)
Nominal GDP Growth (%)	-3.7	25.7	11.4	7.8	9.3	13.5	10.7
Inflation (%)	6.2	5.6	5.1	4.5	5.8	5.3	3.6

Source: Technopak Analysis, Secondary Research

Private Final Consumption Expenditure (PFCE) declined 6% in nominal terms from FY 2020 to FY 2021

Exhibit 5: Slowdown in PFCE (in INR Lakh Crore)

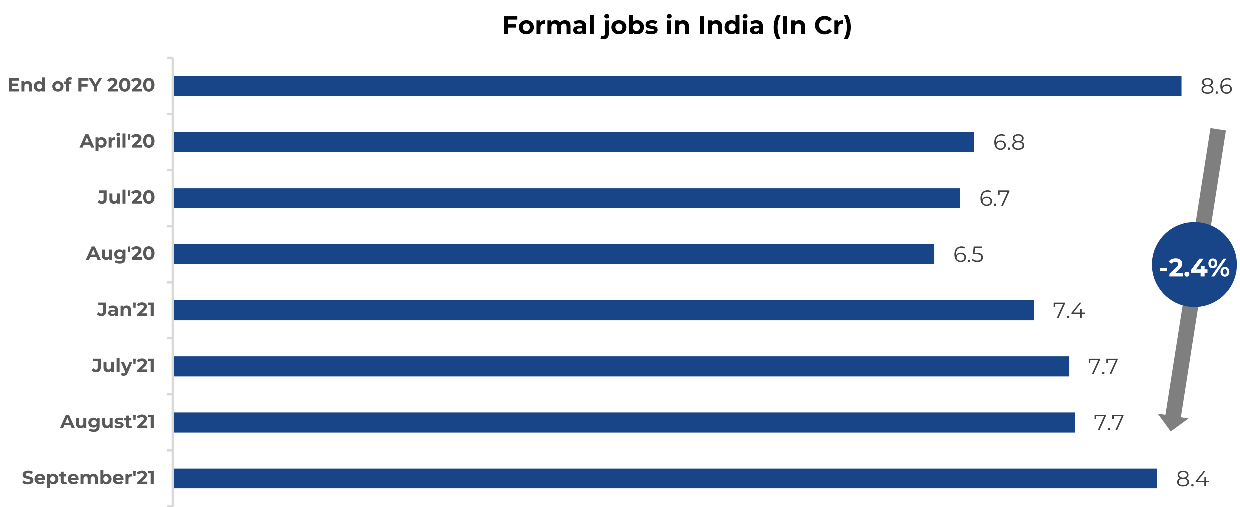


Source: Technopak Analysis, Secondary Research

PFCE was around INR 113 Lakh Crore in 2018-19 and increased to about 123 Lakh Crore in 2019-20. Due to COVID, the PFCE dropped by 6% in nominal terms to 115 Lakh Crore in 2020-21.

Formal jobs in India have declined 2.4% from the pre-COVID levels

Exhibit 6: Formal jobs in India (In Crores)



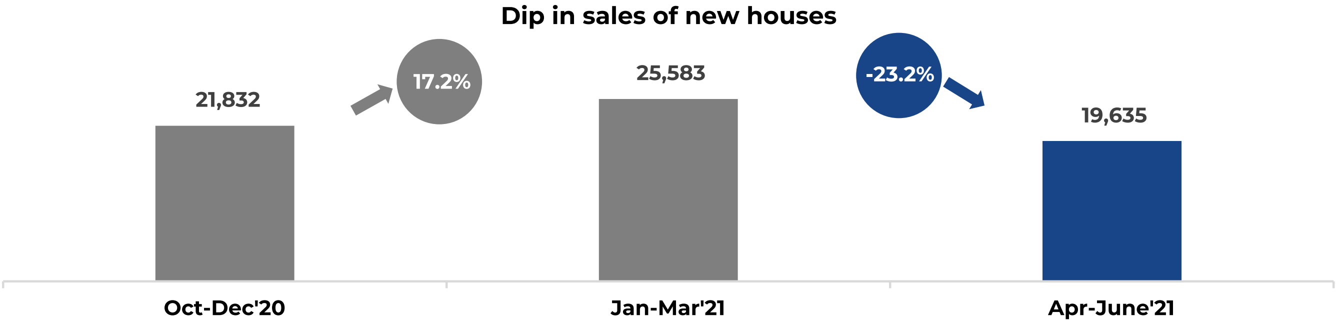
Source: Technopak Analysis, Secondary Research

The number of formal jobs in India significantly reduced due to the first and second wave of COVID. At the end of FY 2020, the number of formal jobs stood at 8.6 Cr. The number significantly reduced to 6.5 Cr in Aug'20. However, there has been a sign of recovery as the number of formal jobs increased to 8.4 Cr in Sep'21.

There was a 23% dip in housing sales from Q4 of FY 2021 to Q1 of FY 2022 due to the second wave

The real estate industry was one of the worst affected sectors due to COVID. There were signs of recovery post the 1st lockdown. In Q3 FY 2021, the sales of residential housing units reached a value of 21,832, which further increased to 25,583 units, an increase of 17% in Q4 FY 2021.
The second wave was one of the major factors for the disruption of this growth. The sales of residential units dropped to 19,635 units in Q1 FY 2022, a decrease of 23% Q-o-Q.

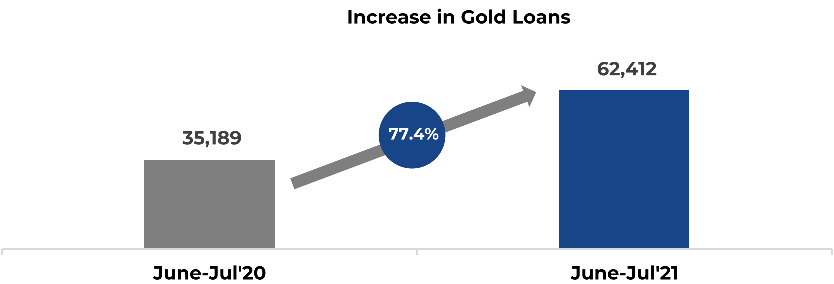
Exhibit 7: Sale of new residential housing units (in numbers)



The steep rise of 77% in gold loans/borrowings from June '20 to June '21 point to increasing stress in middle income households

The uncertain times due to COVID resulted in a shift of consumers to secured debt in the form of gold loans. The value of gold loans increased to INR 62,412 Cr from INR 35,189 Cr, an increase of 77% between Jul'20 to Jul'21. Gold loans are a surrogate for unsecured lending to support diverse needs of a household viz. Weddings, Education, Housing and Healthcare support.

Exhibit 8: Increase in Gold loans (INR Cr)



Source: Technopak Analysis, Secondary Research

There was a 27% decline in net direct tax collection from Q2 of FY 2020 to Q2 of FY 2021. However, it has risen by 74% between Q2 of FY 2021 and Q2 of FY 2022, which is re-assuring.

There has been a significant increase in the gross direct tax collection. The tax collection stood at a value of INR 4.4 Lakh Cr in Q2 FY 2021. This increased to INR 6.5 Lakh Cr in Q2 FY 2022, an increase of 48%. Similarly, there has been a significant increase in the net direct tax collection year-on-year basis between FY 2021 and FY 2022. The value of net Direct Tax collection was INR 3.3 Lakh Cr in Q2 of FY 2021 which increased to INR. 5.7 Lakh Cr, an increase of 73%. On a like to like basis, the direct tax collection in Q2 FY 2022 is 27% higher than in Q2 of FY 2020. This is more re-assuring because Q2 of FY 2020 was a non-COVID period.

Exhibit 9: Direct Tax collections comparison (In INR Lakh Cr)

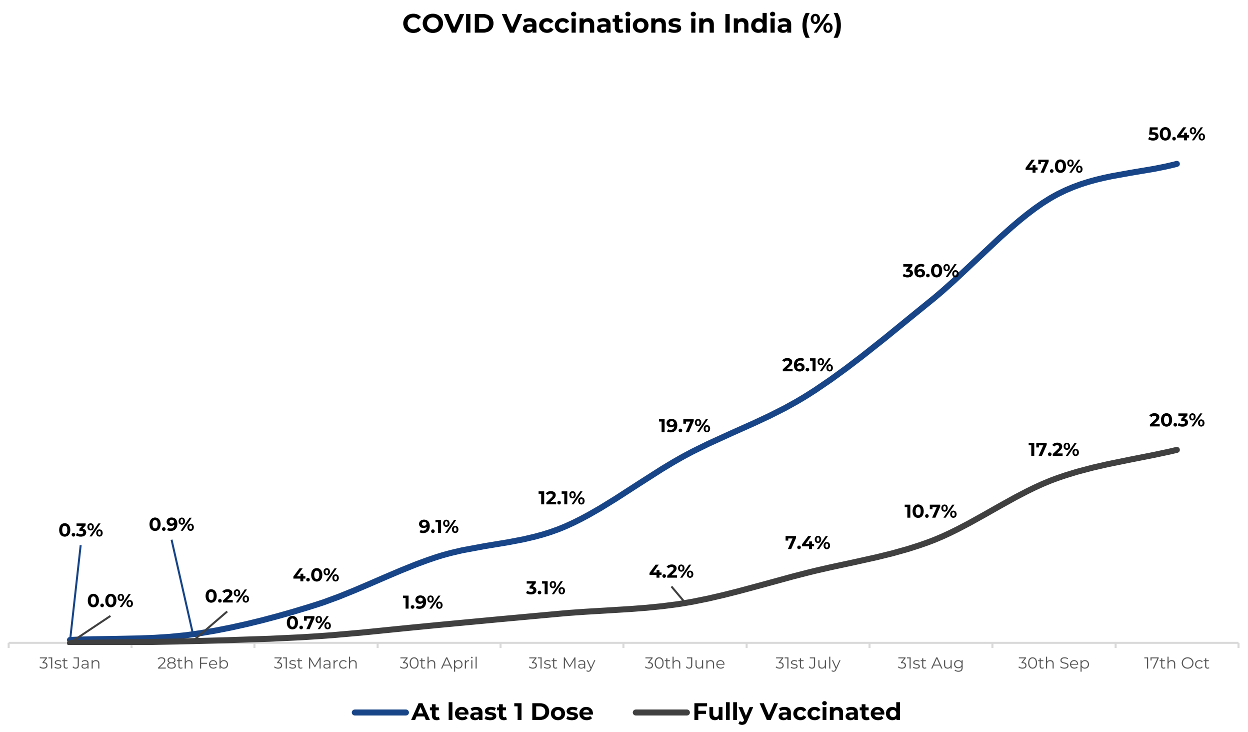
	Q2 FY 2020	Q2 FY 2021	Q2 FY 2022	INCREASE (FY 2021-2022) (%)
Gross Direct Tax collection	5.5	4.4	6.5	47%
Net Direct Tax collection	4.5	3.3	5.7	74%

India's Vaccination drive for COVID

India plans to vaccinate 100% of its eligible population by the end of December 2021, and as on 17th October, 2021, 20% of the eligible population is fully vaccinated

India launched its vaccination drive on 16 January 2021. The vaccination scope was later widened to include all adults (from the earlier approach of vaccinating adults above the age group of 45 years). As on 21st October 2021, over 100 Cr cumulative COVID vaccination doses have been administered and more than 22% of India's population is fully vaccinated. With the vaccination drive currently underway, India plans to vaccinate 100% of its population by end of December 2021.

Exhibit 10: Status of COVID Vaccination in India, 2021 (%)




When we are safe, nation is safe!

In Summary

In light of the macro-economic indicators, the Food Services sector in India can at best hope for a cautionary revival

Overall, the Indian economy may see spurts in few areas (viz. exports) and depressed demand in others (viz. discretionary). The food services sector being one of the largest employers in the country and one that is dependent on private consumption sentiment will continue to exercise caution in the short to medium term.

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IMPACT OF COVID ON FOOD SERVICES SECTOR

Food Services Market Structure

Exhibit 11: Structure of Indian Food Services Market

Key Segments in the Food Services Market			Average Spend per Person* (INR)
Unorganized Segment – It includes roadside eateries and dhabas which have been the most common eating out option.			10-100
Organized Segment **a) Standalone restaurants** across all formats with less than 3 outlets. **b) Chain format** which has 3 or more outlets across all formats. **c) Restaurant in Hotels** - A full-service restaurant with premium interiors, specific cuisine specialty and high standard of service mainly present in premium Hotels. E.g. The Great Kebab Factory, Bukhara etc.			
Restaurant Formats:			
1.	**Café**	Coffee & Chai Cafés as well as Bakeries. High focus on beverages supported by food items. E.g.: Starbucks, Chaayos etc.	100-500
2.	**Quick Service Restaurants (QSRs)**	Focused on speed of service, affordability and convenience. Strong focus on takeaway & delivery with minimal table service. E.g.: Dominos, McDonald's, KFC, Pizza Hut etc	100-400
3.	**Desserts & Ice Cream (D & IC)**	Primarily offers ice-creams and frozen yoghurts and limited varieties in terms of snacks/beverages. Ice-cream brands typically opt for kiosks and are focused on take-away. Dine-In frozen yogurt eateries are an emerging segment. E.g.: Baskin Robbins, Menchies etc	75-200
4.	**Affordable Casual Dining Restaurants (ACDRs)**	Moderately priced food with table service characterises this format. Offers a casual and fun ambience while serving as a bridge between QSRs and premium casual dining restaurants. E.g.: Bikanerwala, BBQ Nation etc.	350-800
5.	**Premium Casual Dining Restaurant (PCDRs)-**	Focused on quality, presentation and service, this format offers comparatively high-priced food. Characterised by an upmarket environment with quality interiors, this full-service format is between ACDRs and fine dining restaurants. E.g.: Café Delhi Heights, Yum Yum Cha etc.	800-1300
6.	**Fine Dining Restaurants (FDRs)**	A full service restaurant with premium interiors, specific cuisine specialty and high standard of service. They offer a unique ambience and an upscale service with the help of highly trained staff. E.g.: The Great Kebab Factory, PaPaYa etc.	>1300
7.	**Pubs, Bar Café & Lounges (PBCL)**	This format mainly serves alcohol and related beverages and includes night clubs and sports bars. E.g.: Beer Café, Xtreme Sports Bar etc.	900-1500

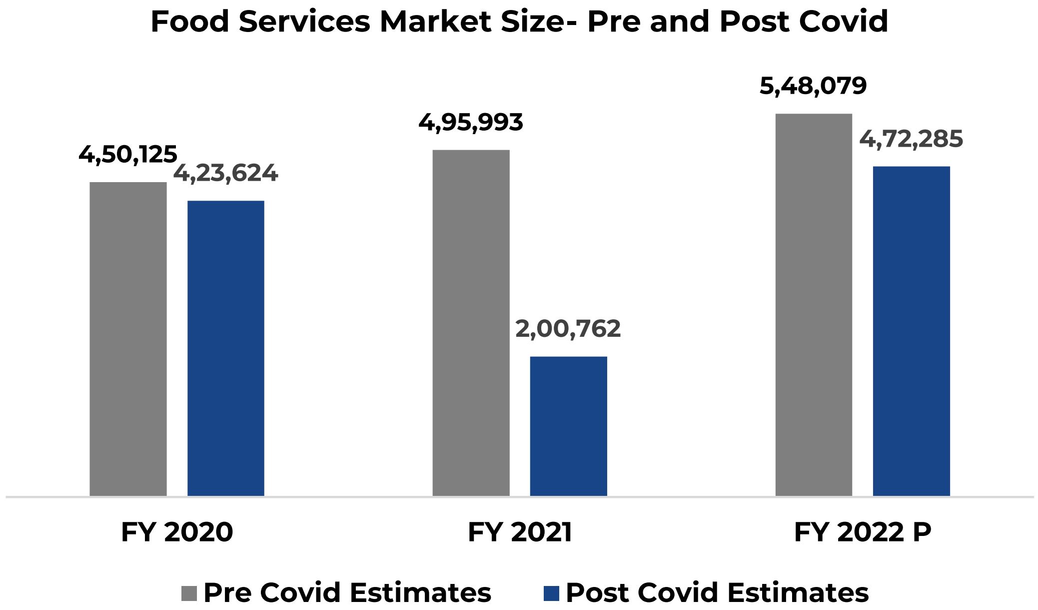
**Spend is Exclusive of Taxes*
Source: Technopak BoK

Projections for the industry – Pre & Post-COVID

Post-COVID estimates significantly lower than Pre-COVID estimates for the same period

Indian food services industry which was Pre-COVID estimated to reach INR 4,95,993 Cr in FY 2021 barely managed to generate 40% of the estimated revenues and landed at INR 2,00,762 Cr only.

Exhibit 12: Industry Market Size- Pre and Post-COVID: FY 2020, FY 2021, FY 2022P (in INR Cr)



Source: Technopak Analysis

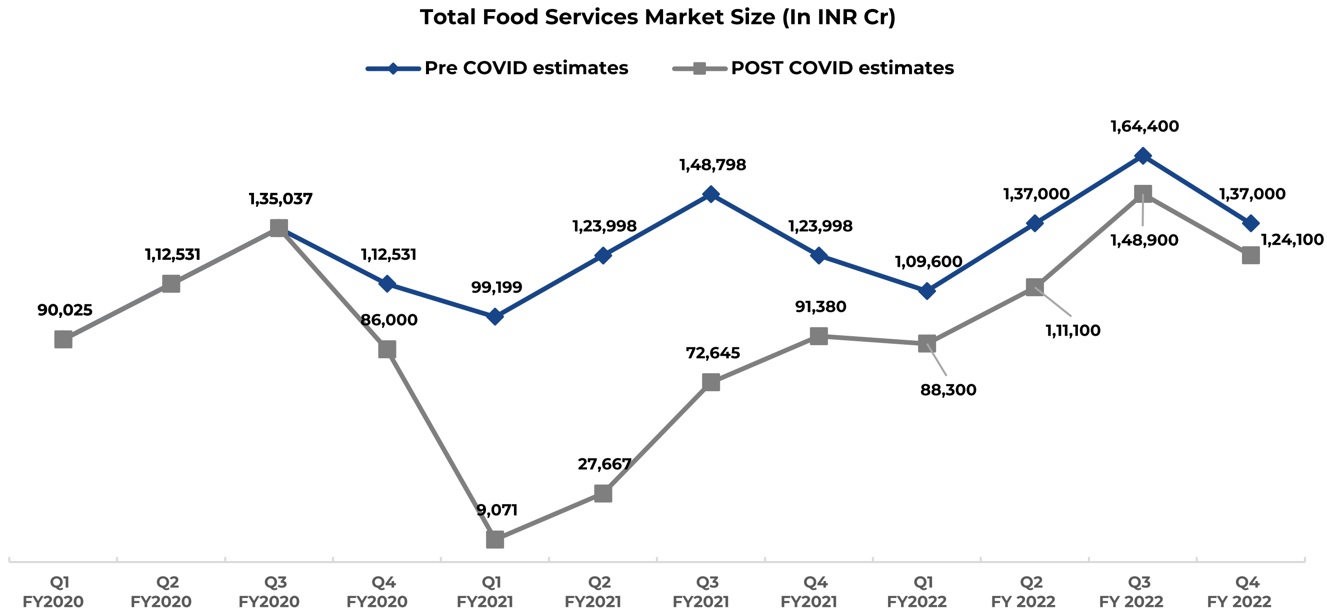
The Pre-COVID estimates for FY 2021 for the food service industry was INR 4,95,993 Cr. However, the Post-COVID estimates indicate the market reaching a value of INR 2,00,762 Cr.

For FY 2022, the pre-COVID projected estimates were INR 5,48,079 Cr but these have been revised down to INR 4,72,285 Cr post-COVID.

In FY 2022 the Indian food services industry might manage to get to 85%+ of the pre-COVID estimates

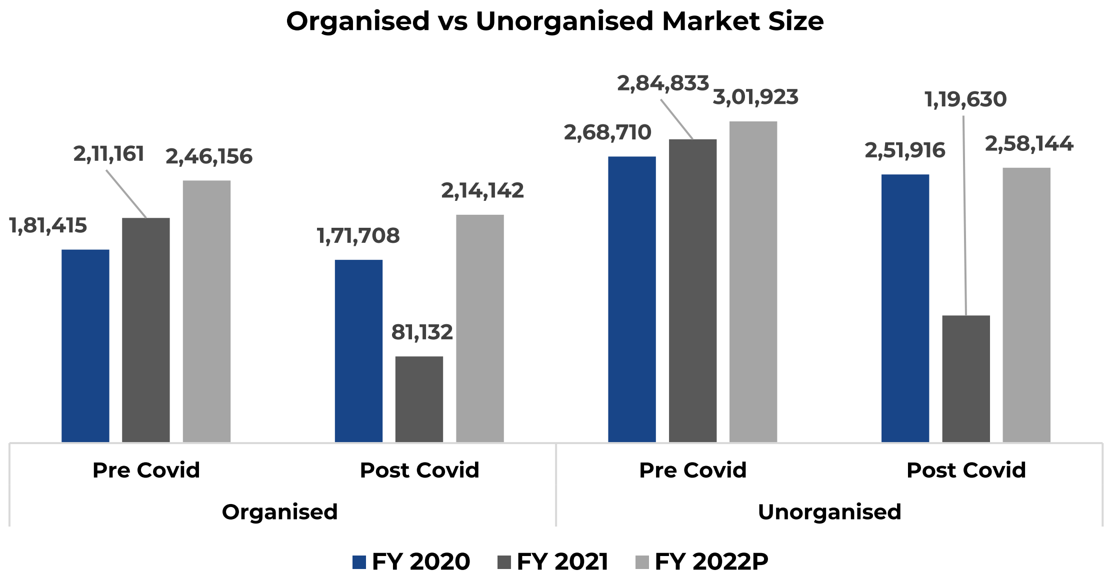
This substantial decrease for FY 2021 in pre-COVID and post-COVID estimates is a measure of how severely the food services industry has been affected because of COVID.

Exhibit 13: Pre & Post-COVID Quarter Wise Market Size Estimates for FY 2020, FY 2021 and FY 2022P



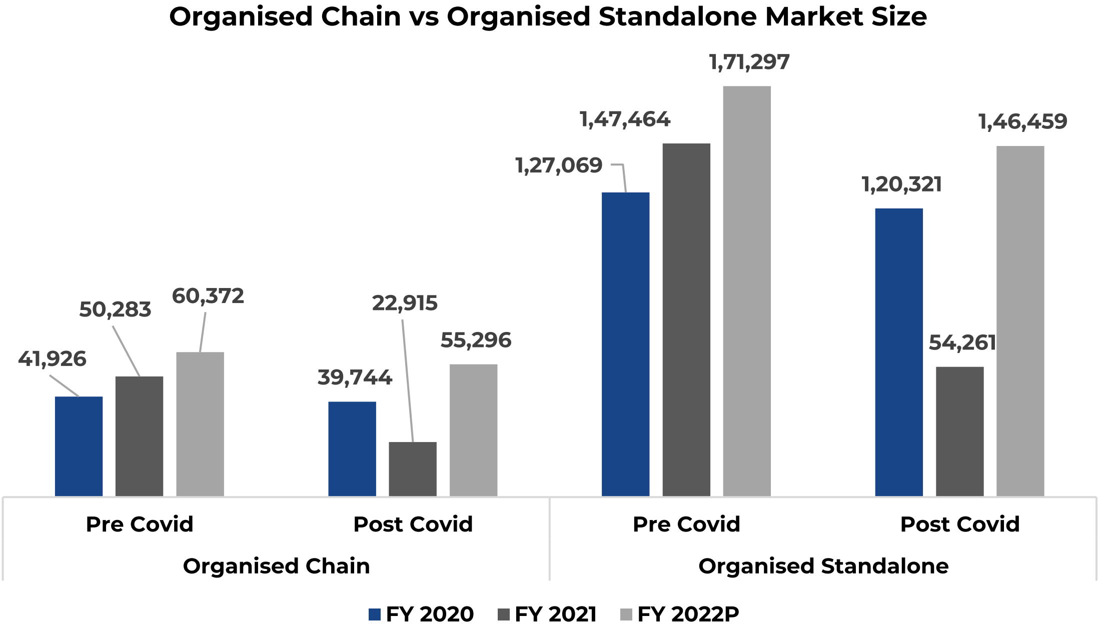
Source: Technopak Analysis

Exhibit 14: Organised vs Unorganised- Pre and Post-COVID: FY 2020, FY 2021, FY 2022P (in INR Cr)



Source: Technopak Analysis

Exhibit 15: Organised Chain vs Organised Standalone- Pre and Post-COVID: FY 2020, FY 2021, FY 2022P (in INR Cr)



Source: Technopak Analysis

The share of Organised Market (both Standalone & Chain) is expected to increase significantly to 54% by FY 2025.

Food Service Market Size & Structure going forward

The food services market in India showed consistent growth from FY 2015 to FY 2019 and was estimated at INR 4,23,624 Cr in FY 2020. Presently, it is projected to grow at a CAGR of 8% over the next five years and is expected to reach INR 6,21,100 Cr by FY 2025.

Exhibit 16: Food Services Market Size in INR Cr.

	FY 2010	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 P	FY 2025 P
Market Size	1,84,300	2,86,500	3,09,000	3,37,600	3,70,600	4,09,600	4,23,624	2,00,762	4,72,285	6,21,100
YOY Growth	-	-	8%	9%	10%	11%	3%	-53%	135%	-
5 Year CAGR	-	9%	-	-	-	-	8%	-	-	8%

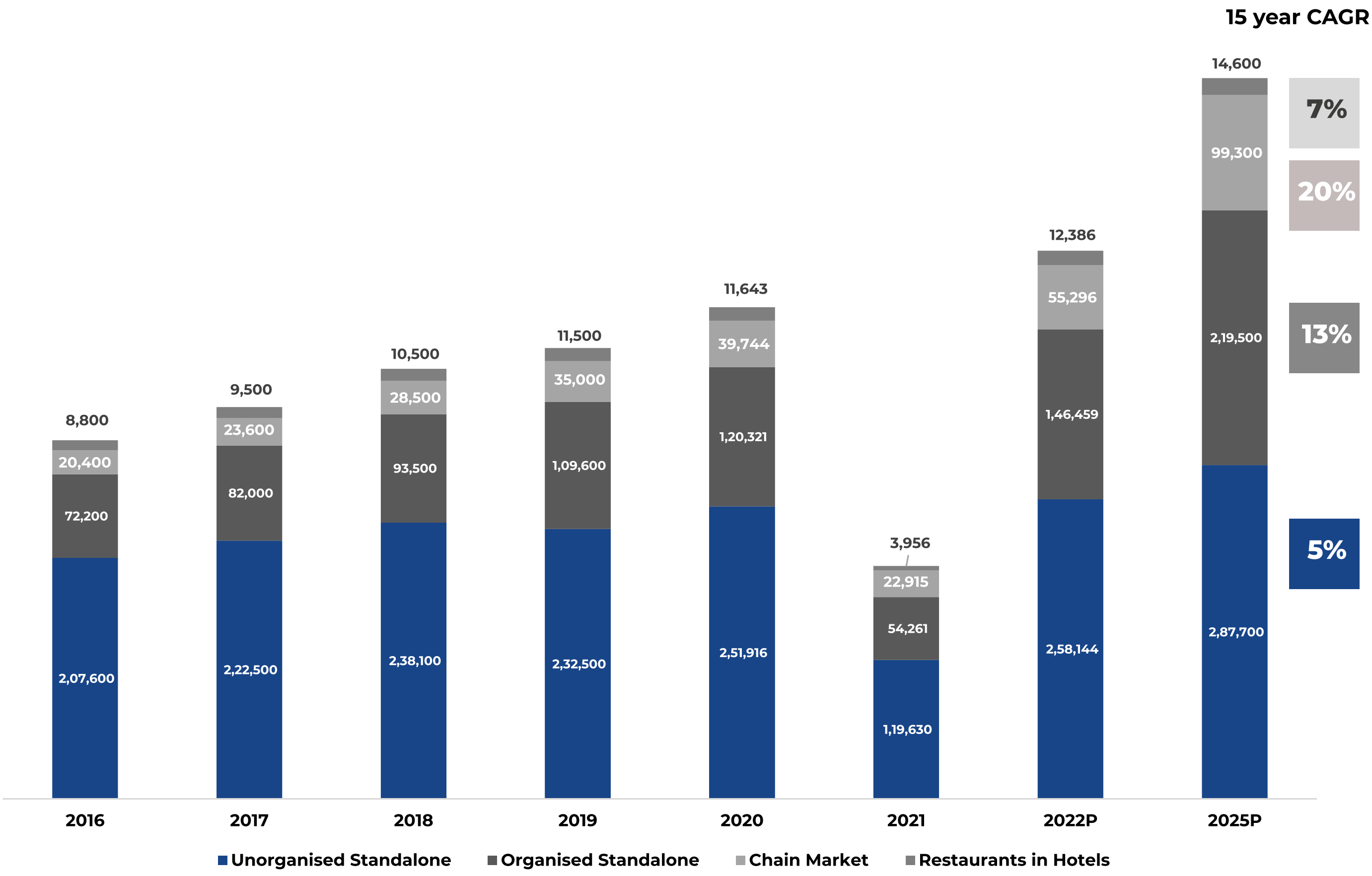


Exhibit 17: Food Services Market (CAGR %)

Format	CAGR FY 2010-15	CAGR FY 2015-20	CAGR FY 2020-25 P
Unorganized Market	7%	5%	3%
Organized Standalone Market	13%	13%	13%
Chain Market	21%	18%	20%
Restaurant in Hotels	10%	8%	5%

Source: Technopak BoK

The share of Organised Market (both Standalone & Chain) is expected to increase significantly by FY 2025

The Unorganised Market occupied almost 60% share of the Food Services market in FY 2020, which is expected to go down to ~46% by FY 2025. While this market will grow at a CAGR of 3% to reach INR 2,87,700 Cr in FY 2025, its share in the overall pie will reduce. Organised Market, both Standalone and Chain will grow at a CAGR of 13% and 20% respectively, leading to an increased share amounting to ~35% and 16% respectively.

Exhibit 18: Format wise Market Share

Format	Market Share FY 2010	Market Share FY 2015	Market Share FY 2020	Market Share FY 2025 Projected
Unorganized Market	74.4% (1,37,100)	68.1% (1,95,000)	59.5% (2,51,900)	46.3% (2,87,700)
Organized Stan-dalone Market	19.3% (35,600)	23.0% (66,00)	28.4% (1,20,300)	35.3% (2,19,500)
Chain Market	3.6% (6,700)	6.1% (17,500)	9.4% (39,800)	16.0% (99,300)
Restaurant in Hotels	2.7% (5,000)	2.8% (8,000)	2.7% (11,600)	2.4% (14,600)

Source: Technopak BoK,
Market share percentages are rounded-off
( ) Values in INR Crs

Impact of COVID on the Food Services Industry

COVID which started towards the end of Q4 FY 2020 has impacted the Food Services Industry adversely. Its impact varied across different regions of India over the next 6 quarters:

Q4 FY 2020

- The impact of COVID on the Food Services Market started in the month March 2020
- Beginning March 2020 as news of the virus spreading to India began, a lot of people refrained from eating out
- Unorganised market was the first to get impacted because of perceived hygiene issues
- By 3rd week March the impact started showing all across the industry, with major migration of workforce and massive slowdown in business
- Further, in the third week of March 2020, the nation went into a complete lockdown, closing all the restaurants in the country. This impacted the entire food services market
- The food services market observed a dip of 31% in Q4 FY 2020 compared to Pre-COVID levels i.e. Q4 FY 2019
- Cumulative COVID cases in the country were 1,635 at end of Q4 FY 2020

Q1 FY 2021

- In the beginning of Q1 FY 2021, most of the restaurants were totally closed around the country. By end April-May, various state governments started easing out the strict lockdown-related restrictions, and restaurants gradually started opening, however only Delivery was allowed
- Despite delivery being open, ordering was conservative due to perceived risk of COVID from outside food/ deliveries/ contact
- As FBOs & Aggregators adopted safety measures, people gradually started ordering food through deliveries. Sales started to grow towards end of May and beginning of June 2020
- QSRs & Cafes with existing delivery infrastructure and Hygiene & Safety measures were the first to start recording sales during this quarter
- The food services sector observed the worst hit in this quarter with sales down by 90% as against Pre-COVID numbers
- Cumulative COVID cases in the country were 5.9 lakhs at end of Q1 FY 2021

Q2 FY 2021

- In Q2 FY 2021, communication on hygiene & safety emphasized by various food brands helped create confidence in the capabilities of QSRs and aggregators in delivering safe and hygienic food, hence QSR chains, cloud kitchens and thereby aggregators started showing growth in their sales. Full-Service FBOs (ACDR/PCDR/FDR/PBCL) were slowly aligning their business models to enable deliveries
- In some states such as Delhi, U.P, Tamil Nadu, etc. dine-in also started with limited capacity but the operating hours of restaurants were reduced considerably
- COVID containment zones in different geographies observed a complete lockdown and restaurants in these areas were closed impacting sales in such locations
- Sales were down by 78% compared to Pre-COVID estimates for the same quarter
- Cumulative COVID cases in the country were 63 lakhs at end of Q2 FY 2021

Q3 FY 2021

- In Q3 FY 2021, government official data and commentary indicated that India might have reached the peak of COVID cases. During this phase the food services market showed healthy growth in sales figures as compared to last two quarters
- Restrictions in more cities were eased and the number of containment zones also got reduced as compared to earlier
- Most of the restaurants were opened for dine-in and the restrictions on operating hours of restaurants had also been eased in many cities which boosted the sales
- Sales in this quarter were down by 49% of Pre-COVID estimates
- The Cumulative COVID cases in the country were 1.02 Cr at end of Q3 FY 2021

Q4 FY 2021

- In Q4 FY 2021, restrictions on the food services were further eased with safety regulations and social distancing norms still followed
- The food services market recovered to almost 74% of Pre-COVID levels (i.e a dip of 26%). The recovery in this segment was led by organised players such as QSR chains, CDR, etc. The organized market recovered by almost 90% in comparison to Pre-COVID levels
- From the last two quarters, the focus of chain QSRs was on channel-wise recovery. High streets recovered to nearly 100% for international chain QSRs, however, recovery in malls has been a little slower due to operating restrictions and multiplexes restrictions
- PBCL category also had a slower recovery due to timing & liquor serving restrictions in most parts of the country
- In Cumulative COVID cases in the country were 1.2 Cr at end of Q4 FY 2021

Q1 FY 2022

- India saw the worst of COVID in form of the Second wave. There were more than three times the previous highest figures recorded for COVID, which caused substantial loss of life and livelihood & businesses across the country, with states of Maharashtra, Delhi NCR, UP, Kerala being the most affected
- FY 2022 started with daily number of cases rising to more than 0.35 million per day in April 2021
- Numerous states announced week/two-week lockdown during end of April imposing restrictions on food services. Dine in was closed for most parts of the country where lockdown was introduced but delivery was allowed.
- Consumer Sentiment was at an all-time low due to the gravity of the second wave
- In Q2 Cumulative COVID cases in the country were 3.04 Cr at end of Q1 FY 2022

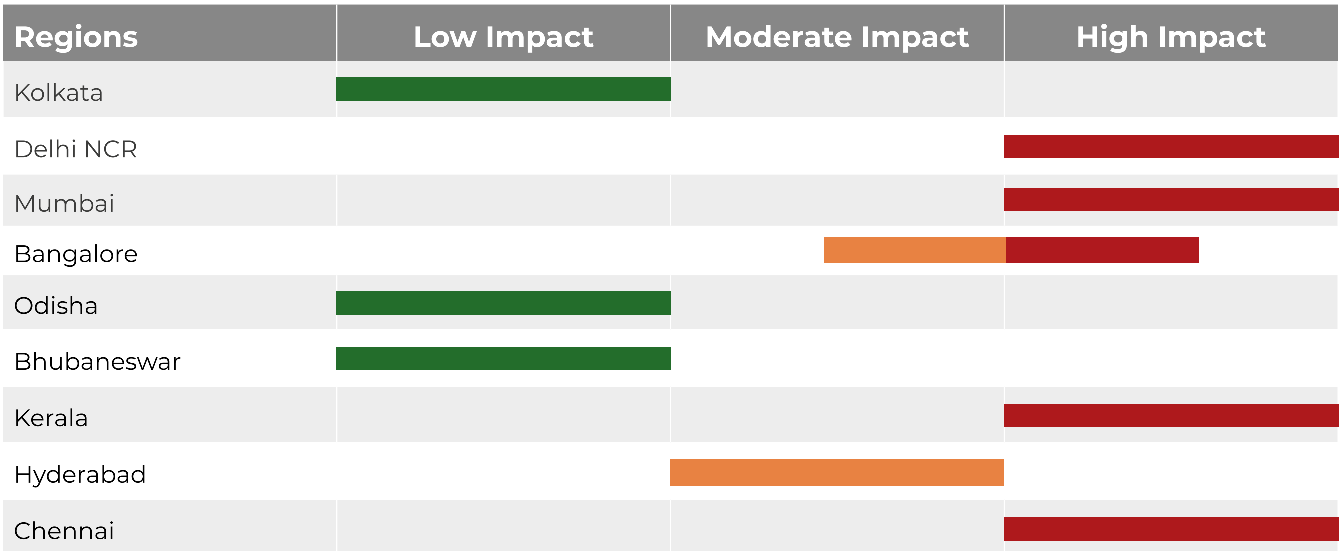
Q2 FY 2022

- Q2 saw some hope of recovery from COVID, with caseloads decreasing in most parts of the country, and accordingly the lockdown restrictions lifting with opening of dine-in and Malls & Markets
- Delhi NCR had seen a rapid second wave, and also saw an equally rapid decline and return to normalcy which continues. Maharashtra didn't see that rapid decline, but overall cases saw a significant reduction which led to some opening. Malls opened fully for the first time from September 15th in Maharashtra.
- Kerala, however continued to battle a continued increase in COVID cases in Q2 as well. Other states like Karnataka, UP, AP and TN also saw a reduction in cases and return of economic activities
- The Cumulative COVID cases in the country were 3.4 Cr at end of Q2 FY 2022

Regional Impact of COVID

While the whole country had to bear the brunt of COVID, Regions of West, South & North were more severely impacted, compared to East.

Exhibit 19: Region wise Impact of COVID



Note: Data compiled through Primary Research

Top 2 Cities (Delhi & Mumbai) – FBOs in the top 2 cities have been the most affected with COVID affecting these two cities in a severe manner owing to population density and economic activity, among other factors. State governments had imposed complete lockdowns both during the first and second wave of COVID. Even on days operational, there were restrictions of seating capacity, hours of business, timing etc which meant that Food Services business hardly operated without restrictions since the start of COVID. There has been a surge in the number of Cloud Kitchens in these cities during lockdowns as even after restaurants and outlets were allowed to function, there were restrictions imposed on their functioning and also people were hesitant to go out of their homes into crowded settings.

Rest of India – Bangalore & Kerala were highly impacted too, witnessing restaurant closure and restrictions in timings and capacity throughout. Tier 2 markets saw a faster recovery as opposed to Metros. For many players, at a restaurant level, cities like Chandigarh, Indore, Chennai etc recovered faster than Mumbai, Delhi, Bangalore etc. The performance largely depended on COVID caseloads and the opening of food services in the respective regions.

Exhibit 20: Post-lockdown Restart of Food Services Operations as per Govt. orders, Lockdown 1 (22nd March 2020 to 30th June 2020)

		Maharashtra	Andhra Pradesh	Karnataka	Tamil Nadu	Uttar Pradesh	Delhi
QSR, CDR, Café	Dine-in	Oct 2020	Jun-Jul 2020	Jun-Jul 2020	Jun 2020	Aug 2020	Aug 2020
	Delivery	May 2020	Apr 2020	Apr 2020	Apr 2020	May 2020	Apr 2020
FDR & PBCL	Dine-in	Oct 2020	Jul 2020	Jul 2020	Jun 2020	Aug-Sep 2020	Sep 2020
	Delivery	May 2020	May-Sep 2020	Apr-May 2020	Apr-May 2020	May 2020	Jul 2020

Source: Secondary Research. Deliveries were open throughout lockdown 2, though in restrictive manner depending on city and containment zones.

Exhibit 21: Post-lockdown Restart of Food Services Operations as per Govt. orders, Lockdown 2 (1st April 2021 to 30th May 2021)

		Maharashtra	Andhra Pradesh	Karnataka	Tamil Nadu	Uttar Pradesh	Delhi
QSR, CDR, Café, FDR	Dine-in	Jun-21	Jul-21	Jun-21	Jul-21	Jun-21	Jun-21
PBCL	Dine-in	Jun-21	Jul-21	Sep-21	Jul-21	Sep-21	Aug-21

Source: Secondary Research. Deliveries were open throughout lockdown 2, though in restrictive manner depending on city and containment zones.

The Food services industry continued to operate with restrictions from March 2020 onwards through the COVID waves and lockdowns. There were restrictions in some form or the other- either complete closures, or restricted hours of working, or restrictions functioning capacity/covers. 70% respondents felt there was not a single restriction free day from 22nd March 2020 to 15th August 2021. Rest 30% respondents also felt there were continuous restrictions, but they could manage to get some restriction free days in their geography.

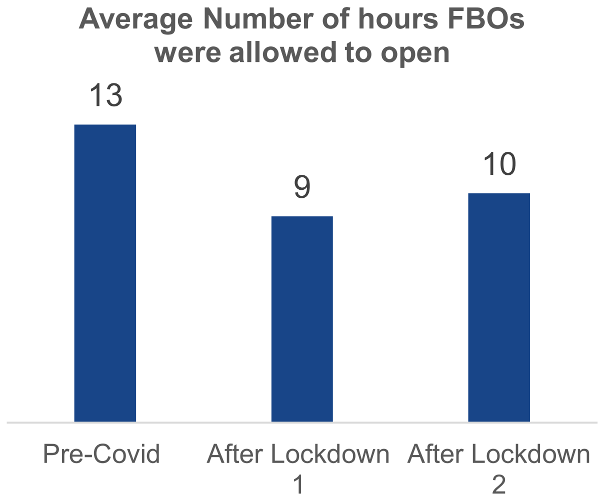
0 Days

Restriction Free

70% respondents
say that they were not allowed to function restriction free even one day between 22 Mar, 2020 and 15 Aug, 2021.

The number of operational hours also reduced due to COVID, and even Post Lockdown 2, the number of operation hours did not match Pre-COVID levels.

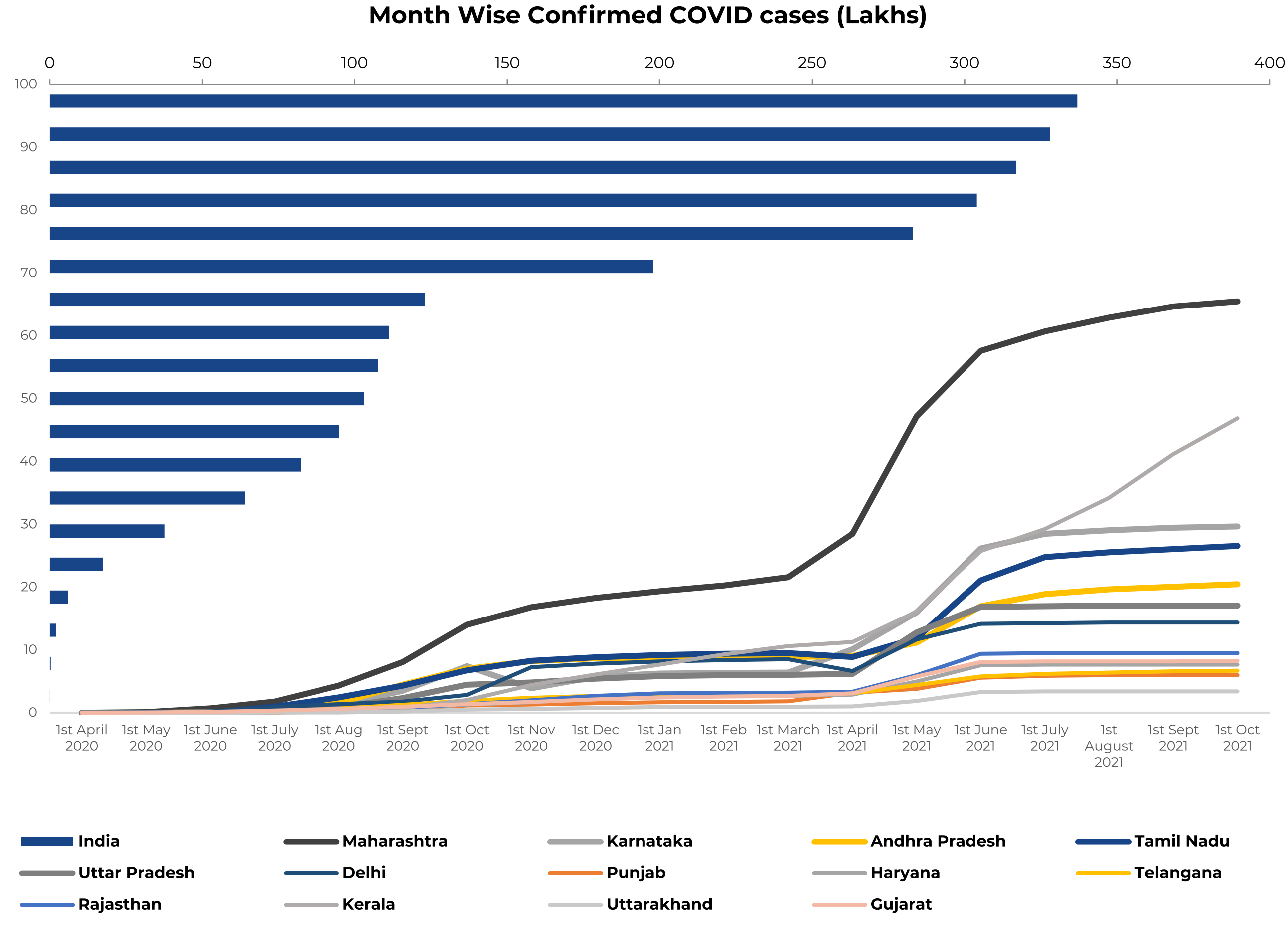
Exhibit 22: Average no. of Hours FBOs were allowed to open



Note: Data collated through Primary Research

The performance of FBOs, be it Cafés, Fine Dining Restaurants, PCDR, PBCL etc., was largely affected by the government lockdown regulations. In some areas, where the cases were fewer, the government allowed restaurants to open as early as April 2020 for delivery while in the other areas delivery started in May 2020. For example, delivery from QSR restaurants in Delhi started in April 2020, and dine-in started in August 2020. However, in Maharashtra delivery and dine-in by food service players started in May and October 2020 respectively. Similarly, dine-in formats started in June 2020 in Andhra Pradesh, Karnataka, and Tamil Nadu. However, in Uttar Pradesh, dine-in formats started only in August 2020.

Exhibit 22: COVID Cases across Key states and Cities



Source - https://www.COVID19india.org

In April 2021, India was hit by second wave of COVID with daily cases rising to more than 0.3 million. Many states induced lockdowns in certain parts of country. Night curfew and weekend curfew were commonly observed during April & May 2021, which saw the bulk of cases during the second wave.

The Food services sector has started to see signs of recovery by the end of Q2 of FY 2022 batting on reduced cases, gained consumer sentiment and vaccination of a significant share of the population

Impact Assessment through Primary Research:

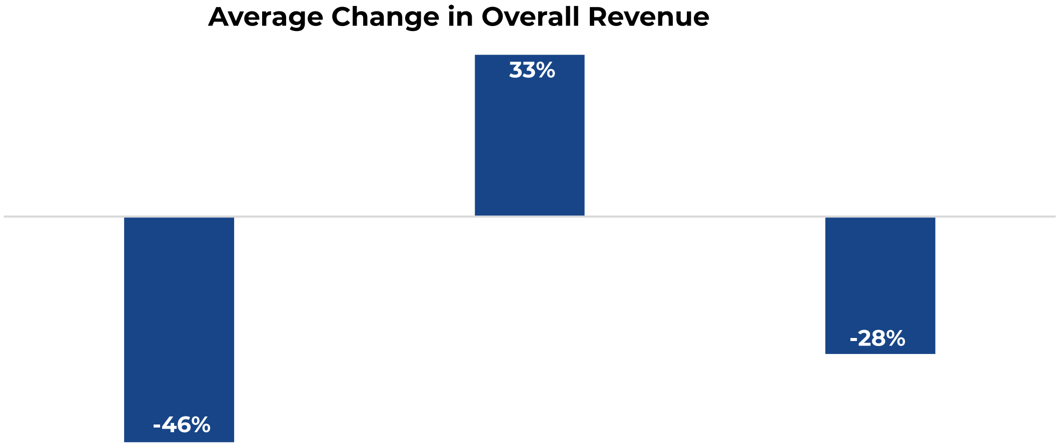
COVID Impact on Overall Revenue & Profitability

Average Revenues Post Lockdown 1 saw a degrowth of 46% compared to Pre-COVID levels at an overall level highlighting the severe impact caused by the COVID induced lockdowns & reduced sentiments.

Post Q2 FY 2022 and with Lockdown 2 restrictions easing with reduction in COVID cases, coupled with positive consumer sentiment and the urge to get back to Pre-COVID 'normalcy', has resulted in increase in food services business compared to what was observed Post Lockdown 1, when COVID risk was still comparatively higher along with more restrictions.

Revenue Post Lockdown 2, hence saw a growth of 33% compared to Lockdown 1; though overall the industry is still to get back to Pre-COVID levels as Revenue Post Lockdown 2 is still at degrowth of 28% compared to Pre-COVID levels, i.e it is 72% of Pre-COVID levels.

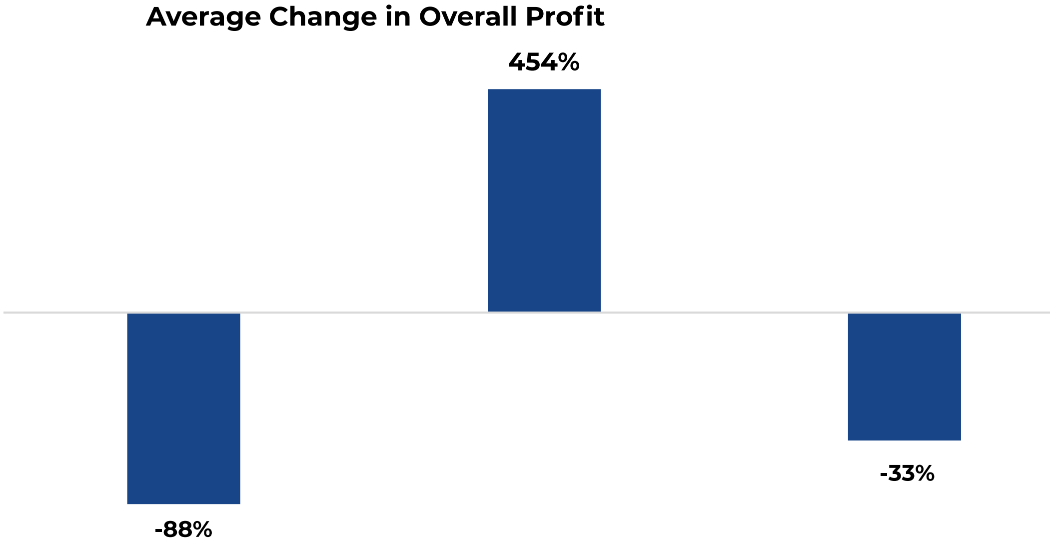
Exhibit 23: Overall Revenue Change Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre-Covid	Post Lockdown 2 over Post-Lockdown 1	Post Lockdown 2 over Pre-Covid
% Average Change	-46%	33%	-28%

Note: Data compiled for N=546 Restaurants (Chain & Standalone combined, across formats) through Primary Research. Pre-COVID refers to January 2020, Post Lockdown 1 refers to October 2020, & Post Lockdown 2 refers to August/September 2021.

Exhibit 24: Overall Profit Change Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change	-88%	454%	-33%

Note: Data compiled for N=304 Restaurants (Chain & Standalone combined, across formats) through Primary Research. Pre Covid refers to January 2020, Post Lockdown 1 refers to October 2020, & Post Lockdown 2 refers to August/September 2021.

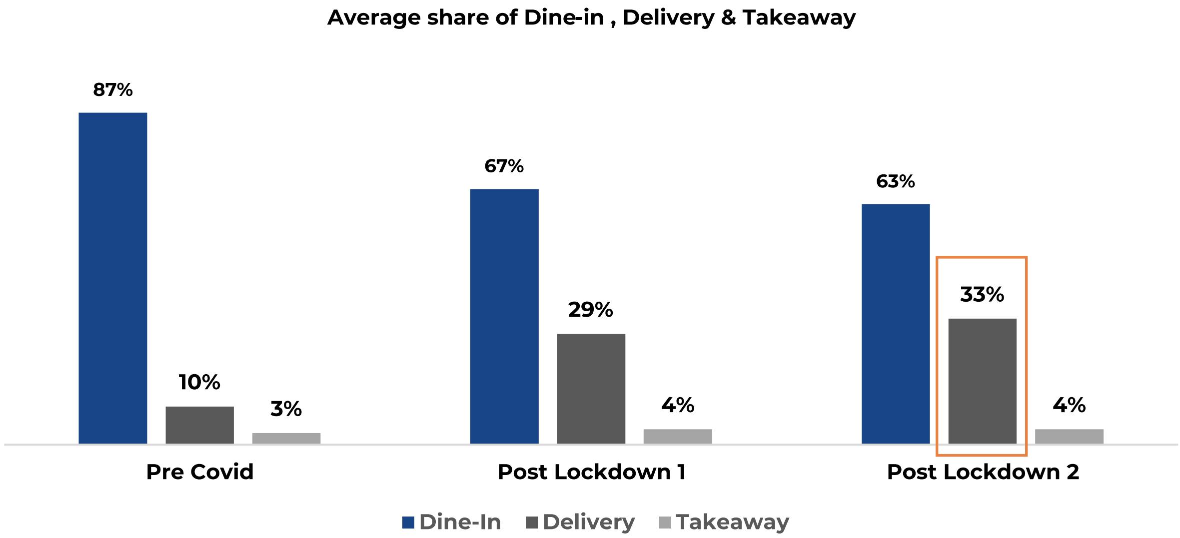
Similar trend was observed in the Average Profit for the Industry. While revenues were reduced to 54% at an overall level, and by upto 100% coming at Restaurant level as many restaurants closed due to the impact of COVID, and by 70-80% for many other restaurants, while the costs occurring to the business increased due to implementation of COVID protocols. Businesses had to pay for employee salaries, PFs, Health insurance etc, along with Rentals and Licence Fee to operate, among other costs. This led to significantly reduced profit, with Profit Post Lockdown 1 degrowing by 88% compared to Pre-COVID levels. Post Lockdown 2, with increase in business, this figure still stands at degrowth of 33% compared to Pre-COVID levels.

Revenue and Profitability of Restaurants took a significant hit due to COVID induced restrictions/ lockdowns, with Average Revenue Post Lockdown 1 witnessing a degrowth of 46% compared to Pre-COVID levels, and Average Profitability a degrowth of 88%

COVID Impact on demand of food delivery

Deliveries saw an uptake as consumers refrained from stepping out to avoid crowd/ limit contact. Also, COVID induced lockdowns & restrictions led to closure of Dine-in options, leading to quick pick up of Delivery, with its share to average restaurant revenue reaching 29% Post Lockdown 1, and 33% Post Lockdown 2.

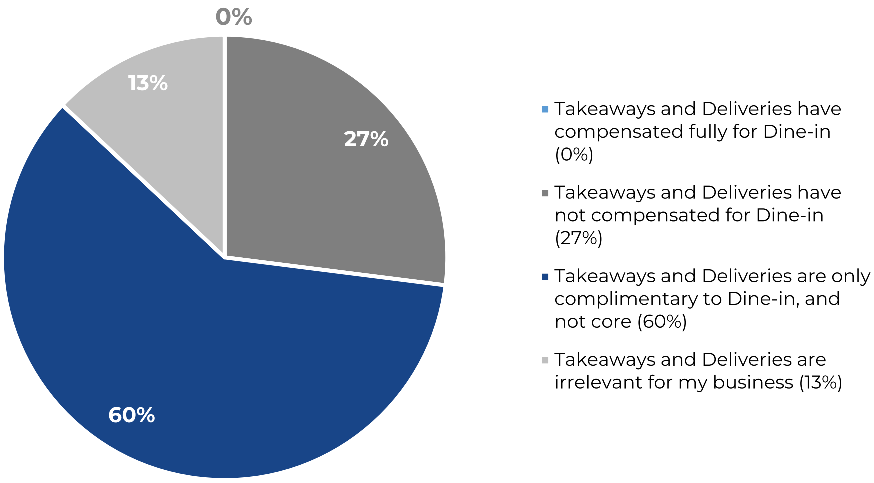
Exhibit 25: Overall Share of Revenue from various Channels i.e Dine-in, Delivery & Takeaway- Pre-COVID and Post Lockdown 1 & 2



Note: Data compiled for N=463 Restaurants (Chain & Standalone combined, across formats) through Primary Research. Pre-COVID refers to January 2020, Post Lockdown 1 refers to October 2020, & Post Lockdown 2 refers to August/September 2021.

As COVID situation continues to improve across the nation, and once things normalise, this share of delivery is expected to reduce from current levels, but remain well above Pre-COVID levels, as the increase in deliveries, apart from existing consumers, also comes from a new set of consumers who have adopted deliveries/ aggregators and were not using these before.

Exhibit 26: Opinion of FBOs on Delivery & Takeaways



With focus on Online deliveries, there has been an increase in digital marketing. This was seen in the various marketing & promotion activates undertaken by FBOs, with an increase in number of FBOs using Digital marketing & Social Commerce means like E-mails, Whatsapp Messages, Social Media, Google SEOs & Aggregator clicks.

Exhibit 27: Marketing tools used by FBOs

Marketing Tools	Pre-Covid	Post Lockdown 1	Post Lockdown 2
Text Messages	✓✓✓	✓✓	✓✓
WhatsApp Messages	✓✓	✓✓✓	✓✓✓
E-Mails	✓✓	✓✓✓	✓✓✓
Pamphlets	✓	✓	✓
Social Media	✓✓✓	✓✓✓	✓✓✓✓
Google SEO	✓	✓	✓✓
Aggregator clicks	✓✓	✓✓	✓✓✓

The average discounts given during COVID also increased compared to Pre-COVID levels. Businesses, which were already seeing a decrease in revenue resorted to relatively higher discounting to get customers to order.

Exhibit 28: Discounts offered to consumers- As a % of Revenue

	Discounts as a % of Revenue
Post Lockdown 1	Increased compared to Pre-COVID
Post Lockdown 2	Reduced as compared to Lockdown 1, but still remain high compared to Pre-COVID levels

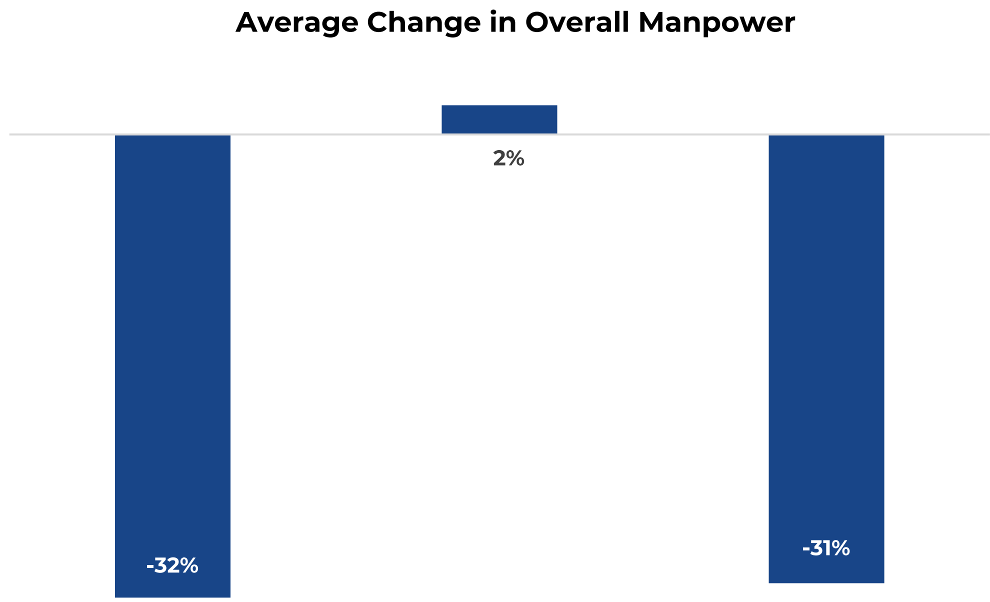
COVID Impact on Manpower

With the closure of restaurants, reduced business in existing restaurants, and focus shifting to deliveries; and with workforce moving back to villages during COVID, has led to an overall decrease in employee count in the food services industry, with a degrowth of 32% Post Lockdown 1 compared to Pre-COVID Levels. Post Lockdown 2 also, the levels stand at a similar 31% degrowth compared to Pre-COVID levels, highlighting that even with opening of businesses, and increase in Dine-in, the number of employees is far from Pre-COVID levels.

This might increase to some extent as situation improves further but is not expected to go back to Pre-COVID levels, due to business closures, and businesses moving to leaner structures & accelerated automation of processes and IT adoption Post-COVID.

Employee Counts have seen a degrowth of 32% compared to Pre-COVID levels, and are not expected to go back fully to Pre-COVID levels in foreseeable future

Exhibit 29: Overall Change in Manpower/Employee Count- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change	-32%	2%	-31%

COVID Impact on Consumer Behaviour

COVID altered the way FBOs operate, and this is resultant of how consumers evolved during the pandemic. COVID led to an increase in hygiene & safety related precautions. Consumers are now more careful about hand washing, sanitising, maintaining social distance, avoiding crowded places etc. All these behavioural patterns in wake of COVID, led to adoption of various measures which seem to have become the new normal.

Consumers also became wary of the packaging in which food was delivered expecting a safe and contact free delivery, which led to use of tamper-proof packaging by FBOs. Deliveries & Takeaways saw an uptake as consumers avoiding stepping out to avoid crowd/ limit contact, and FBOs adapted accordingly with Delivery friendly menus. Average Order Value also increased as consumers now ordered for the whole family together being at home. FBOs also observed an increase in consumer loyalty owing it to the trust consumers placed on various restaurants once convinced about the hygiene and quality.

While there was an initial uptake towards health-related cuisines during the start of the pandemic, but this didn't last long as consumers got bored of it, and shifted more to indulgence based cuisines like desserts and other niche categories, which they couldn't easily make at home. However, overall cuisine and taste preferences have largely remained constant.

Exhibit 30: Change in Consumer Preferences over various parameters

Mapping Consumer Behaviour	Change Post-Covid
Hygiene & Safety	↑
Packaging	↑
Delivery & Take-away	↑
Customer Loyalty	↑
Taste Preferences	↔
Cuisine Preferences	↔
Complaints	↔
Average Order Value	↑
Average Daily Orders	↓

Note: Data compiled through Primary Research as per viewpoint of FBO business leaders.

COVID Impact on Various Food Services Formats

QSR:

QSR formats, primarily chains, were the first to demonstrate recovery. Home delivery from these formats started as early as April 2020. Chains like McDonald's, Dominos, Pizza Hut and KFC had modelled deliveries, drive-through and Over the Counter (OTC) pick-ups into their business long before COVID. Hence, while dine-in had been affected even for these businesses, the altered version to a delivery-based structure was not new for them and they quickly adapted to the alternate model to drive growth and revenues. Organised food services brands such as Dominos, McDonalds, KFC became the preferred options as consumers shifted to more hygienic and safer place for eating out moving away from the unorganised players.

Café and ACDR:

Cafés and ACDRs, though originally the formats to hang out with friends and family, quickly adapted to deliveries as situation changed due to COVID. Few formats also came up with offerings designed specifically for deliveries, like BBQ in a box by BBQ Nation, which continues to be the best-selling product on its delivery menu. Other players also followed with customised offerings for Delivery. Players like Chaayos, used their existing Pre-COVID delivery infrastructure, along with Aggregators to operate efficiently during COVID. Players who were not into deliveries earlier had a harder time adapting, and mostly relied on aggregators.

Bakeries:

Most bakeries traditionally have large part of their revenue from deliveries and takeaways, so they were relatively quick to bounce back when allowed to open, even for deliveries. Mid-Large bakeries adopted permanent changes in hygiene and packaging, to accommodate for the safety of their customers.

PBCL, PCDR and Fine Dining:

Pubs, Bars, Lounges, PCDR and Fine Dining restaurants have faced recovery issues primarily because most of them were shut till the end of July 2020 and in some parts of the country till Oct 2020 during first wave of COVID. Moreover, the second wave of COVID in Q1 of FY 2022 further dented the dine-in space with closure of Dine-in facilities. PBCL has been most significantly impacted as the large share of business for PBCL comes from Liquor, which was not allowed for Delivery as per regulations. Also, regulations against selling Draught beer in Pubs/ Bars also led to significant loss of business. Q2 FY 2022 has seen signs of recovery with customers coming back with restored sentiment, and faith in the Hygiene and Safety practices adopted by the organised restaurants.

Cloud Kitchens and Food Delivery Platforms:

Cloud Kitchens and food delivery platforms such as Zomato, Swiggy played an important role during the lockdown. While Dine-in was closed and Deliveries allowed at most places, these platforms served as the exclusive medium of reaching consumers for most restaurants. Many restaurants also utilised this time to upgrade technologically by launching own portals for Direct Delivery, while some partnered with Direct delivery platforms like Dot Pe, which enabled restaurants to make direct deliveries, without the high commission usually associated with Aggregators.

Overall, Chain Restaurants as a format coped better with COVID compared to Standalone Restaurants. This has been owing to the higher brand recall and spread of Chain restaurants, which gave comfort to consumers with respect to the uniformity of the Safety protocols followed during COVID, and, relevant marketing by Chain brands making consumers aware of the steps taken to ensure customer safety. These Chains were also uniformly accepted by consumers across regions and income groups pre-pandemic, and these also had their own Direct delivery systems in place before COVID, which were ramped up as per need Post-COVID, giving them an advantage over Standalone Restaurants, which struggled to maintain adequate Revenues & Cash flows. Small to Mid Standalone restaurants were most impacted, and many faced closure.

Unorganized Segment:

The unorganized segment, which primarily includes dhabas, roadside small eateries, hawkers and street stalls, was the worst hit among all formats within the food services market. It is also estimated that this segment will be the last to start on the recovery path primarily due to hygiene and food safety issues and lack of working capital with the small entrepreneurs. The void created by this segment can be addressed by emergence of organized value segment that can address the basic food safety concerns or by the existing QSR and ACDR (Affordable Casual Dining Restaurants) players in the organized play.

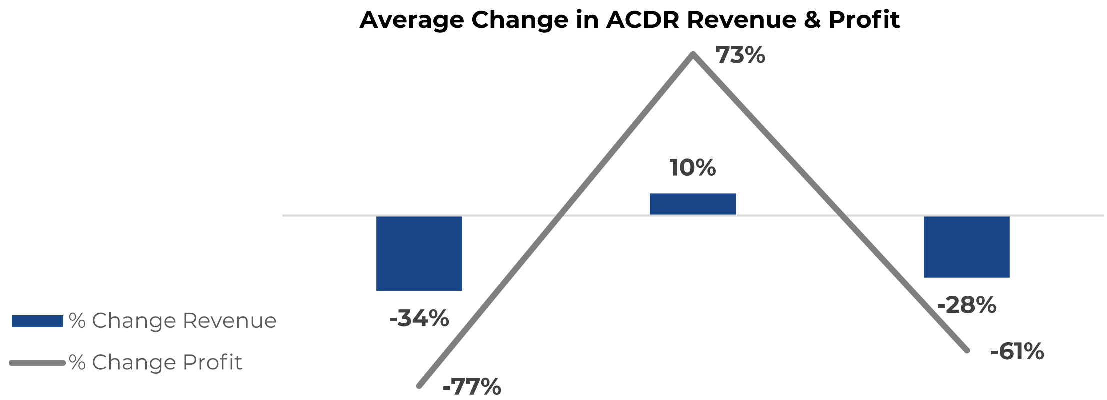
Impact on Revenue & Profitability

Different formats navigated through COVID lockdowns & restrictions differently. All restaurants across formats saw a decline in Revenue and Profitability due to COVID, with the decrease more pronounced in Standalone Restaurants vs Chains, and in PBCL & FD/ PCDR formats compared to QSR, ACDR

All formats across the Food Services Industry faced the brunt of COVID significantly. The average revenue and profit saw a marked decrease Post-COVID across formats. Most significant reduction in profits was seen for FD and PBCL with a degrowth of 145% and 108% respectively (Post Lockdown 1 over Pre-COVID). Degrowth in revenue for the same period was 62% and 47% for FD and PBCL respectively.

ACDRs saw a relatively lesser degrowth in revenue compared to other formats with a degrowth by 34% Post Lockdown 1 compared to Pre-COVID. However, there was degrowth of 77% in Profits for the same timeframe.

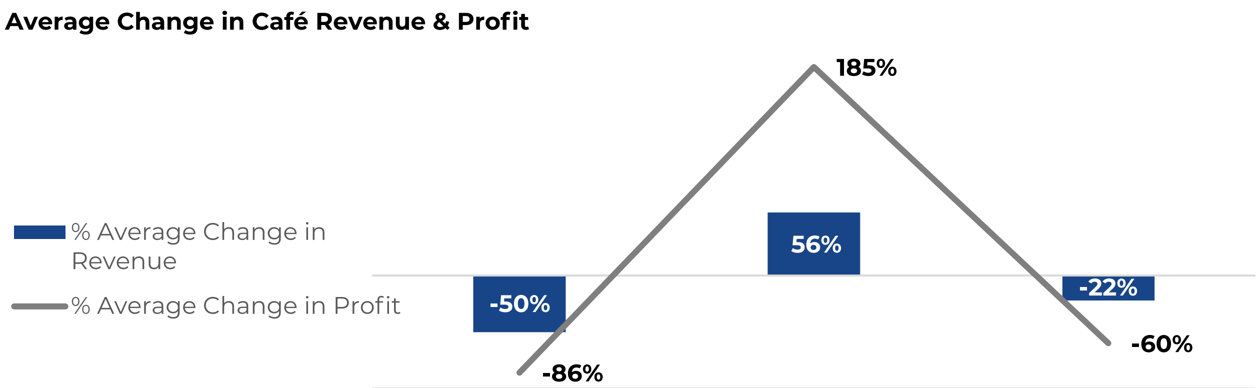
Exhibit 31: Revenue & Profit Change for ACDRs- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Change Revenue	-34%	10%	-28%
% Change Profit	-77%	73%	-61%

Note: Data compiled for N=164 ACDR Restaurants for Revenue and N=15 for Profit (Chain & Standalone combined) through Primary Research
Note: Line indicates profit and bar indicates revenue

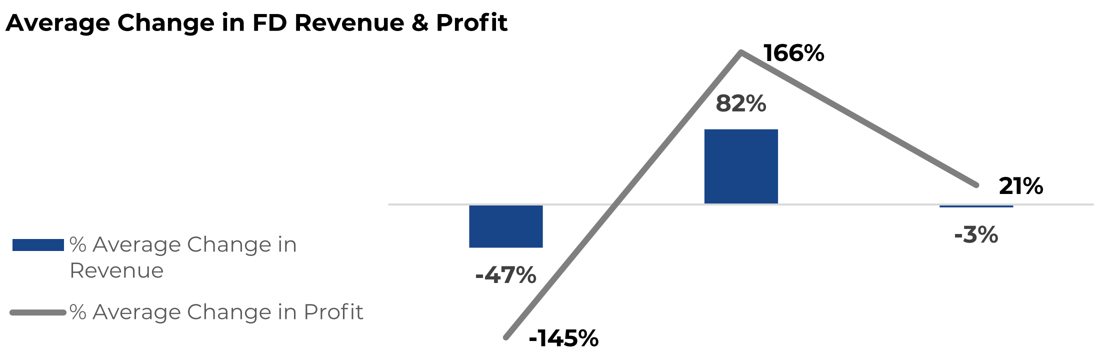
Exhibit 32: Revenue & Profit Change for Cafés- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change in Revenue	-50%	56%	-22%
% Average Change in Profit	-86%	185%	-60%

Note: Data compiled for N=129 Cafés (Chain & Standalone combined) through Primary Research
Note: Line indicates profit and bar indicates revenue

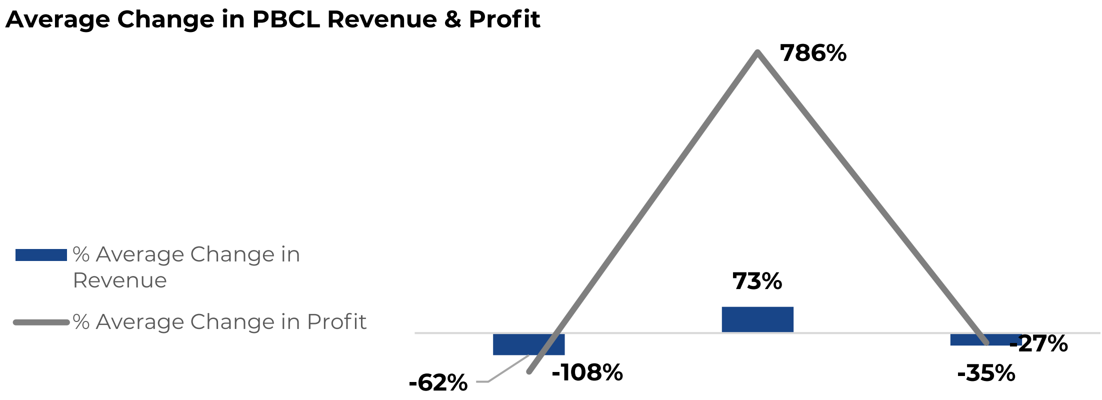
Exhibit 33: Revenue & Profit Change for FD- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change in Revenue	-47%	82%	-3%
% Average Change in Profit	-145%	166%	21%

Note: Line indicates profit and bar indicates revenue

Exhibit 34: Revenue & Profit Change for PBCLs- Pre-COVID and Post Lockdown 1 & 2

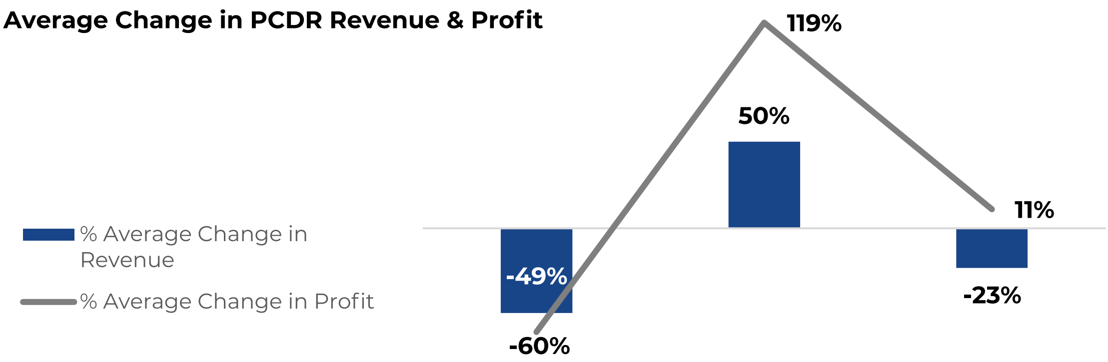


	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change in Revenue	-62%	73%	-35%
% Average Change in Profit	-108%	786%	-27%

Note: Data compiled for N=111 PBCLs (Chain & Standalone combined) through Primary Research
Note: Line indicates profit and bar indicates revenue

PBCL formats have suffered one of the highest decline in revenue and profitability due to COVID. These formats derive ~60-70% of their revenue from alcohol consumption, which was not allowed for delivery. Even post restrictive re-opening of dine-in, restrictions on draught beer sale in PBCL restaurants led to continued losses. These formats however, had to regularly renew their Liquor licences despite significantly reduced revenue.

Exhibit 35: Revenue & Profit Change for PCDRs- Pre-COVID and Post Lockdown 1 & 2



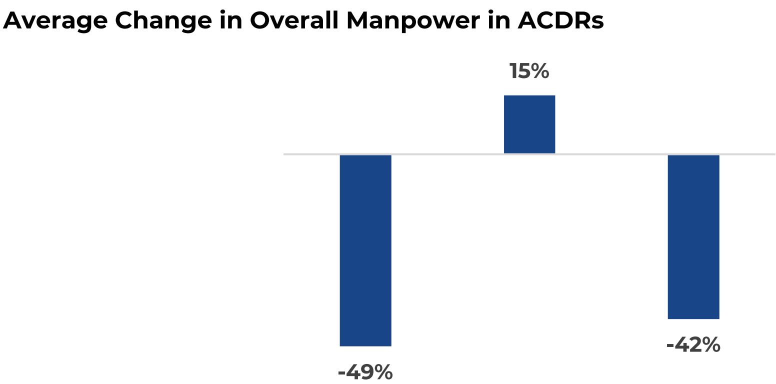
	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change in Revenue	-49%	50%	-23%
% Average Change in Profit	-60%	119%	11%

Note: Data compiled for N=129 PCDRs for Revenue, and 65 PCDRs for Profit (Chain & Standalone combined) through Primary Research
Note: Line indicates profit and bar indicates revenue

Impact on Manpower

Manpower/ Employee count reduction was most prominent in FD and ACDR, followed by PCDR as these saw a degrowth of 55%, 49% and 40% respectively from Post Lockdown 1 over Pre-COVID levels. Operational Store counts in formats like PBCL & FD saw a degrowth of 20% and 17% respectively.

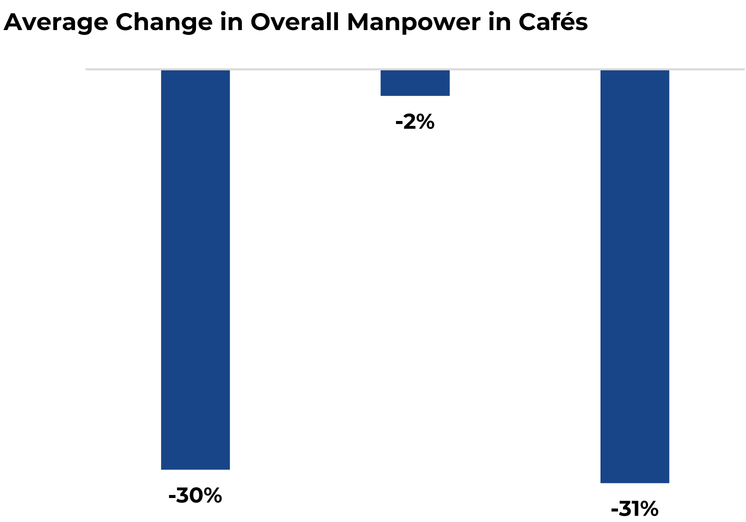
Exhibit 36: Manpower Change for ACDRs- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change	-49%	15%	-42%

Note: Data compiled for N=3 ACDRs for Manpower count (Chain & Standalone combined) through Primary Research.

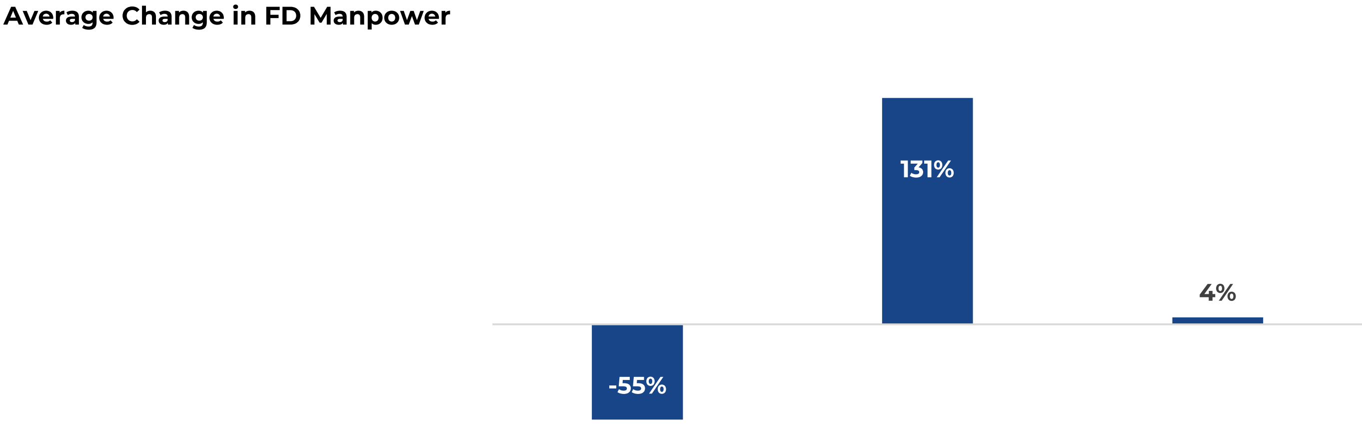
Exhibit 37: Manpower Change for Cafés- Pre-COVID and Post Lockdown 1 & 2



	Pre-Covid to after Lockdown 1	After Lockdown 1 to after Lockdown 2	Pre-Covid to after Lockdown 2
% Average Change	-30%	-2%	-31%

Note: Data compiled for N=129 Cafes Chain & Standalone combined) through Primary Research

Exhibit 38: Manpower Change for FD- Pre-COVID and Post Lockdown 1 & 2

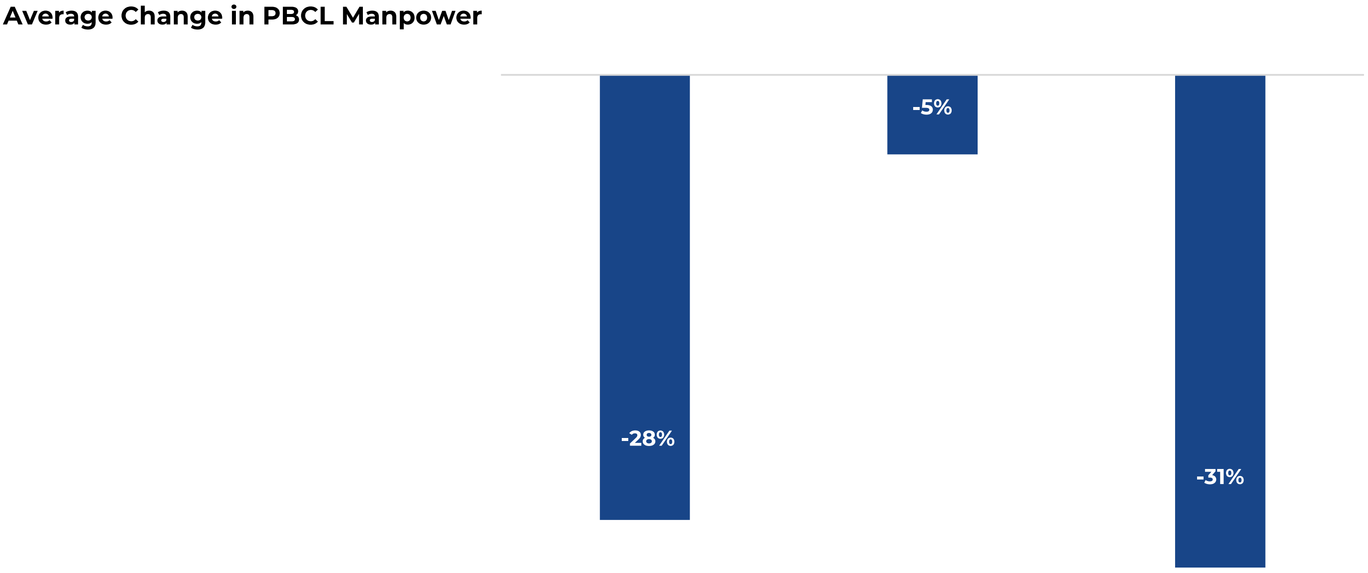


	1	2	3
% Average Change in Overall Manpower in FD	-55%	131%	4%

Note: Data compiled for N=12 FD (Chain & Standalone combined) through Primary Research;, This is only representative of sample respondents

Premium & Experience Centric formats like FD and PBCL saw higher store closures due to closure of Dine-in facilities during COVID

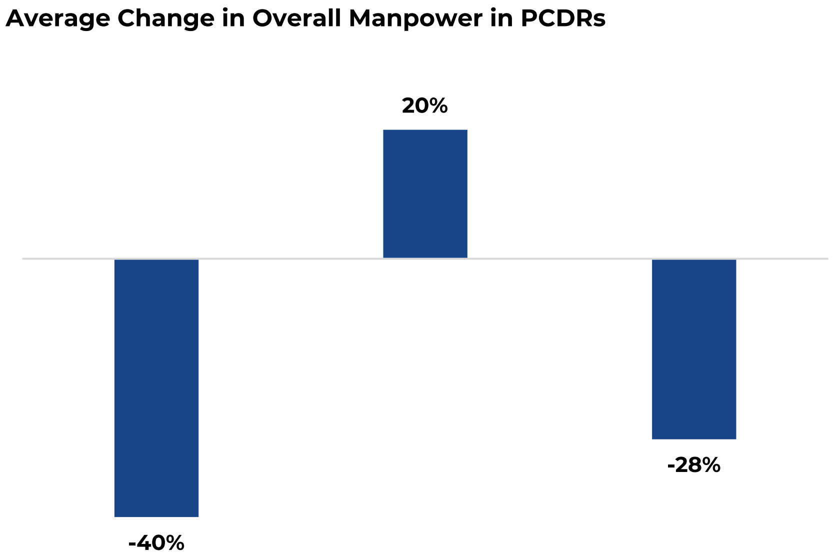
Exhibit 39: Manpower Change for PBCL- Pre-COVID and Post Lockdown 1 & 2



	1	2	3
% Average Change in Overall Manpower in PBCL	-28%	-5%	-31%

Note: Data compiled for N=111 PBCLs (Chain & Standalone combined) through Primary Research.

Exhibit 40: Manpower Change for PCDR- Pre-COVID and Post Lockdown 1 & 2



	Post Lockdown 1 over Pre Covid	Post Lockdown 2 over Post Lockdown 1	Post Lockdown 2 over Pre Covid
% Average Change	-40%	20%	-28%

Note: Data compiled for N=57 PCDRs (Chain & Standalone combined) through Primary Research

Channel Play in different Formats

Traditionally, Fine Dining, PCDR and PBCL have been formats where people like to visit for the experience, ambience and quality of service. These formats have had higher share of Dine-in facilities. COVID, however forced every format to quickly adapt to the changed ways of operation, and adopt delivery as an important medium, in the absence of Dine-in business. This helped them to keep the business going during Dine-in restriction days/ months, and also reach out to new consumers, through the delivery channel.

QSRs, Café's, ACDRs were quicker to adapt to deliveries, as deliveries had always been a channel for business for these formats, even Pre-COVID. What they saw was an increased and faster pick up in the share of deliveries.

Exhibit 41: Format wise Average share of Dine-in, Delivery & Takeaway

Format/Average Share of different channels		Dine-in	Delivery	Takeaway
ACDR	Pre Covid	92%	8%	0%
	Post Lockdown 1	81%	18%	0%
	Post Lockdown 2	65%	34%	0%
PCDR	Pre Covid	89%	11%	0%
	Post Lockdown 1	53%	46%	2%
	Post Lockdown 2	66%	32%	2%
Café	Pre Covid	78%	21%	2%
	Post Lockdown 1	57%	38%	5%
	Post Lockdown 2	51%	45%	4%
PBCL	Pre Covid	88%	2%	10%
	Post Lockdown 1	73%	14%	13%
	Post Lockdown 2	72%	17%	11%

FBOs have aligned with Aggregators to ensure business sustainability through deliveries. Also, many restaurants are now trying to explore direct delivery either through own websites/ apps or Direct delivery 3P like DotPe (which charges a comparatively lower commission compared to Aggregators for providing both front-end direct ordering support and backend delivery), or a combination of both. Players who don't have their own direct delivery channels are also inclined to start the same, as it serves the purpose of saving on higher commission, and also gives access to customer data so as to make the customer experience more personalised, leading to better engagement and sales.

Exhibit 42: Inclination towards Direct Ordering

Format\Responses	Own App/ Website/ Direct Ordering Channel – No	Own App/ Website/ Direct Ordering Channel – Yes	No, but planning to start
ACDR	0%	40%	60%
Café	0%	33%	60%
FD	0%	67%	60%
PBCL	80%	0%	20%
PCDR	10%	50%	40%
QSR	0%	0%	100%
Overall	**19%**	**37%**	**44%**

Note: Data compiled through Primary Research. %ages refer to % respondents saying Yes/No/Planning to start

Exhibit 43.: Format Wise Average Spend on Digital Marketing- As a % of Revenue

Format\Responses	Pre-Covid	Post Lockdown 1	Post Lockdown 2
ACDR	1%	3%	3%
Café	2%	2%	5%
FD	3%	2%	2%
PBCL	3%	3%	3%
PCDR	1%	3%	2%
Overall	**2%**	**3%**	**3%**

Note: Data compiled through Primary Research.

Average Spend on Digital Marketing as a % of Revenue has gone up for all players except FD and PBCL, as businesses have extensively forayed into online ordering and delivery during COVID. It has increased by 2% points for ACDR and PCDR, and by 3% points for Cafés, compared to Pre-COVID levels.

Exhibit 44: Statements on Delivery and Takeaways, and % Responses

Formats\Responses	Take-aways and Deliveries have compensated fully for Dine-in	Take-aways and Deliveries have not compensated for Dine-in	Take-aways and Deliveries are only complimentary to Dine-in, and not core	Take-aways and Deliveries are irrelevant for my business
ACDR	0%	33%	50%	17%
Café	0%	25%	75%	0%
FD	0%	0%	100%	0%
PBCL	0%	20%	60%	20%
PCDR	0%	30%	50%	20%
QSR	0%	100%	0%	0%
Overall	**0%**	**27%**	**60%**	**13%**

Note: Data compiled through Primary Research. % Represents number of responses by various players for each statement.

Key Measures taken to Minimise Impact

While COVID continued to impact the Food services sector since March 2020 in the form of closures and restrictions on operating hours/ capacity etc, the industry stood together to support each other, and adopted certain measures to minimise the Impact of COVID on business:

Measures taken by FBOs:

Adoption of Safety Practices: Hygiene and Safety have become one of the key factors Post-COVID. Consumers have shown preference towards formats and restaurants following hygiene and safety practices like sanitisation, social distancing, vaccination and temperature check of employees, tamper proof packaging, etc., and the food services ecosystem has responded to this change. Almost all organised players have adopted these practices to some extent, and some of these practices are here to stay for the foreseeable future. Players like Chaayos started the practise of printing the temperature of the staff on the bills in order to gain consumer confidence. This was later adopted by other players.

Focus on Deliveries: Almost all food services players adapted to Deliveries due to the closure of Dine-in facilities. Depending on the existing scale of IT and Delivery infrastructure, some players adapted faster than others, but almost everyone entered and expanded this channel through Aggregators.

Exhibit 45.: Share of various Channels Pre and Post-COVID

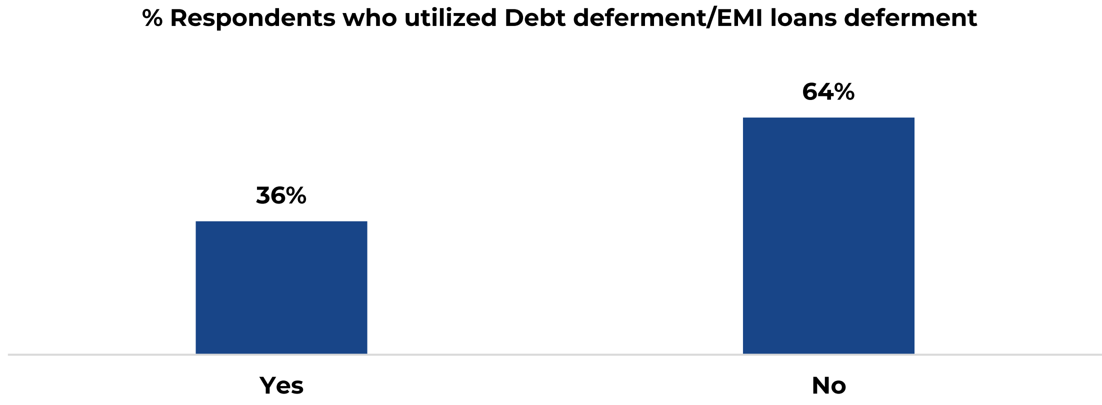
Average Share %	Pre Covid	Post Lockdown 1	Post Lockdown 2
Dine-In	87%	67%	63%
Delivery	10%	29%	33%
Takeaway	3%	4%	4%

Note: Data compiled through Primary Research.

Rent Rationalization: Real Estate partners, in both Malls and High Streets supported the Restaurant Partners during COVID in form of Rent Waive-Offs/ Delayed Payments etc. Going forward the relationship is expected to further strengthen and aligned towards goals of profitability. Several measures were agreed upon during the pandemic which are well expected to continue in future too. Some of them include one-time rental moratorium, moving from fixed rentals to revenue share arrangement, lower rentals which are realistic in nature. The support measures are expected to help in revival of food service operators; however, business levels of the pre-pandemic times are hard to achieve in short to medium term. These measures, however, were closed on a case-to-case basis, and Mid-Large Standalone Players and Chain Players held a higher bargaining power, compared to smaller businesses.

Loan Deferment: Loan Deferment offered by RBI to Food Services Players enabled the businesses to pay-off existing loans in a delayed manner, with applicable interest. This measure also helped many smaller restaurants players who were low on cash reserves, to keep the business floating during the trying times.

Exhibit 46: Utilisation of Debt Deferment Scheme



Innovations in Products & Processes: Businesses took this opportunity to innovate both in terms of Products and Processes. BBQ in a Box by BBQ Nation, Chaayos entering B2B Tea business, Wow Momo adding a B2C frozen momo brand and many restaurants launched additional Cloud Kitchen brands operating out of their existing Physical kitchens in order to get increased revenue. Innovation in processes was also looked into by adopting IT and automation so as to make processes efficient and at a leaner cost structure. Many players revised salaries and relooked at their staff requirements in order to sustain. Providing health insurance to staff and family also became a priority for many businesses.

NRAI Initiatives:

Feed the Needy: More than 67 lakh meals were served to daily wage earners, migrants, National Association for the Blind, Orphanages across Delhi NCR, Mumbai, Bengaluru, Kolkata, Chennai & Coimbatore. It was recognised by 'Worlds 50 Best' as one of the top 50 effective campaigns for the hospitality industry in the world.

Rise For Bars: NRAI partnered with Beam Suntory India and Pernod Ricard India to support more than 4500 Bar employees through direct transfer of funds.

Relief for Distressed Employees: NRAI in partnership with PepsiCo India provided one month family ration kit to about 5000 Restaurant employees amounting to around 25 lakh meals.

Santosh & Vyoum Vaccination: NRAI partnered with Beam Suntory India, Diageo India, Pernod Ricard India & United Breweries Ltd to vaccinate more than 20,000 Restaurant warriors across India.

Breathe Again: NRAI Kolkata Chapter partnered with Entrepreneurs of Kolkata and Rotary Visionaries to raise funds and provide critical equipment to hospitals during the second wave of the pandemic.

Mission Vayu: NRAI Bengaluru Chapter's initiative aimed to provide Oxygen Concentrators to restaurant staff and their families in need during second wave of COVID.

3

KEY EMERGING TRENDS DUE TO COVID

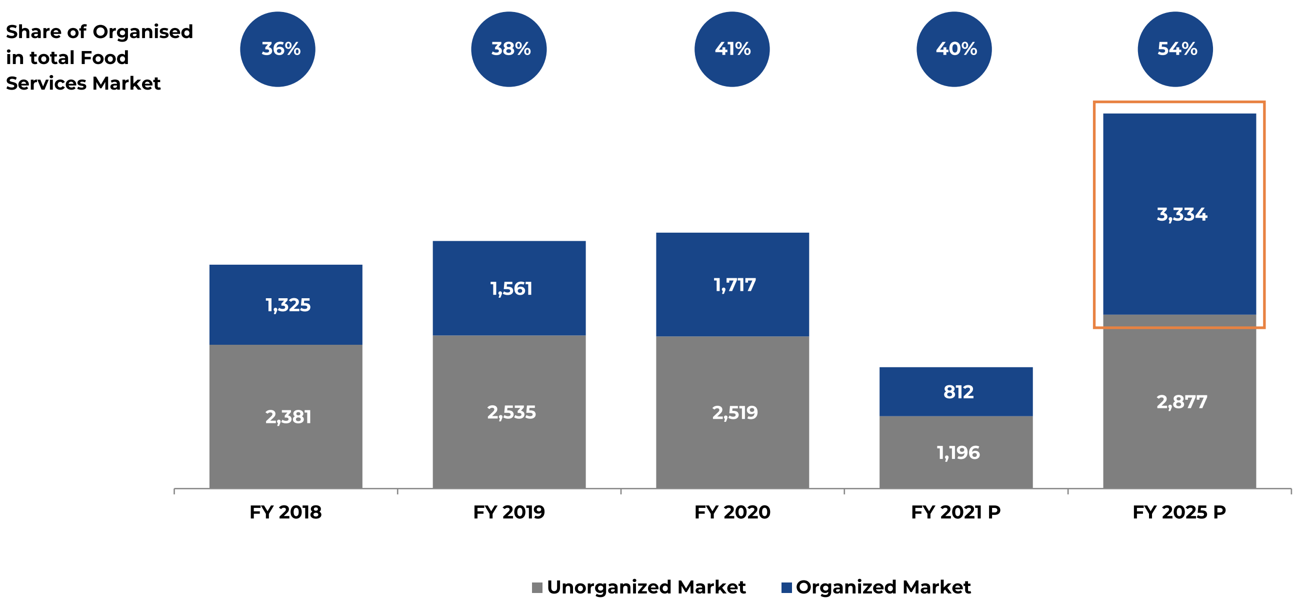
#A

Impact of COVID pandemic shifted the needle of food services industry towards the organised market

Post-COVID, consumers preference shifted towards places with a hygienic kitchen and seating area, with all safety protocols being followed. The food services operators now require digital & delivery enablement, minimum threshold of food safety and hygiene and curated menu. It is inconceivable for an informal stand-alone set-up to meet these asks. Moreover, COVID induced lockdown also adversely impacted many such unorganized food services outlets leading to their permanent closure. Post-COVID conditions have created a baseline that supports a formal set-up of food-services business. This implies that COVID impact will further enable the transition of the sector from informal to formal existence. Though it does not imply that in new normal, informal food services will extinguish. It will continue to cater to the segments that are still out of bounds for organized due to cost and viability issues. However, the contested space that earlier existed between the organized and unorganized in urban clusters will be vacated by the informal sector and distinctly move towards organized sector.

For instance, organised QSR that closely compete is expected to grow at a CAGR of 20% between FY 2020 and FY 2025 vs. the pre-COVID estimates of 17%.

Exhibit 47: Share of organised and unorganised sector in the food services industry



Within the Organised Market, the biggest beneficiary is the Organised Chained market which will grow at a CAGR of 20% from FY 2020 to FY 2025

#B

Dedicated focus on Hygiene Tag Ratings, and other measures influenced consumer behaviour

Hygiene and Safety have become one of the key factors Post-COVID, and a means to gain consumer confidence. Consumers have shown preference towards brands following hygiene and safety practices like establishing COVID protocols, constant hand and workstation sanitisation, vaccination and temperature check of employees, tamper proof packaging for food delivery, etc.

Consumers' preference to seek food safety and hygiene prompted food services aggregator Zomato to start tags "Max Safety" and Swiggy introduced "Best Safety" for those brands that underwent safety and hygiene audits. Keenness by brands to follow COVID protocols and push from aggregators to differentiate outlets on safety and hygiene further popularized and institutionalized this trend in the food services ecosystem and is therefore expected to sustain Post-COVID.

FSAAI regulations around food safety and hygiene guidelines and the rating system was strengthened post-COVID.

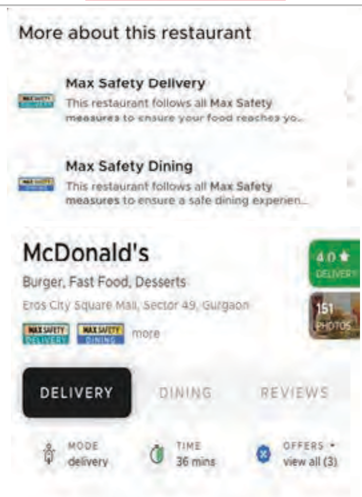
Consumers are now expected to remain more cautious about the safety and hygiene of restaurants. For instance, safety and hygiene may become a search trend or a point to review and select the outlet.

Exhibit 48: Safety ratings introduced by Delivery Aggregators

SWIGGY

"Best Safety" tag given to restaurants that introduced four safety measures of temperature checks, sanitization, usage of masks and safe packaging.

zomato



"Max Safety Delivery" badge given to restaurants that follow 5 safety measures of usage of masks, staff temperature checks, rider temperature checks, rider hand sanitization and following WHO Advisory.

Source: Images taken from Aggregatorss, Secondary Research

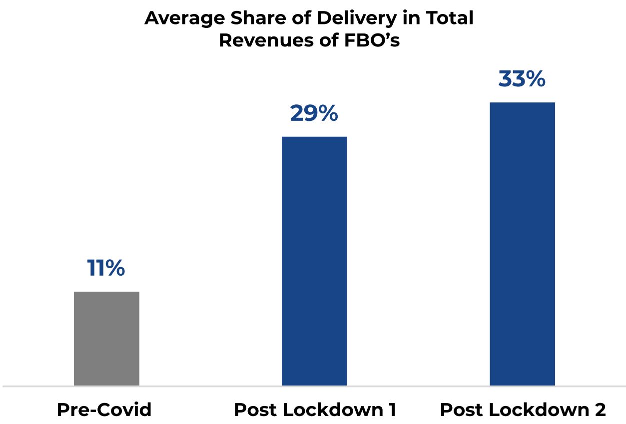
#C

Ordering-in is the *New Normal* for the Food Services Industry

Consumer behaviour has altered Post-COVID with respect to an increase in online ordering frequency. During the initial phase of the lockdown, food deliveries went down due to sudden disruption of the commerce cycle all over. However, as restrictions started to ease, deliveries' share rose and has remained high post since then. AOV (Average Order Value) for deliveries has increased because of higher volume of consumption at home and because of reduction in number of single consumption orders by customers who are mostly bachelors who have temporarily migrated to their home towns. Because of COVID more consumers are now patronizing food delivery for complete gamut of food services purchases including full meals for families, meals for self-consumption during work from home, and home parties.

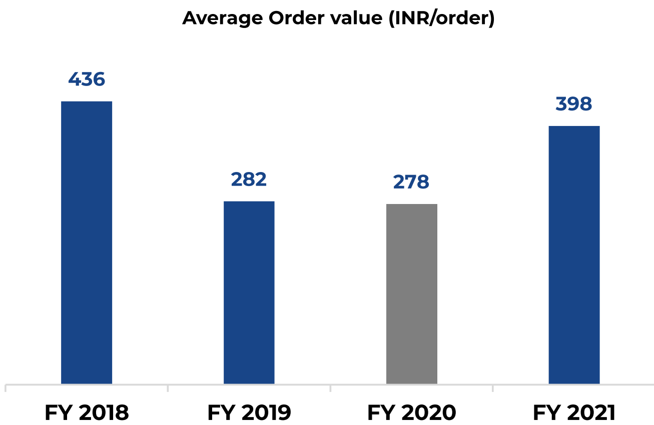
FBOs witnessed 2X increase in food deliveries during the COVID period

Exhibit 49: Rise in share of delivery business of FBOs



Source: Primary Research, Data compiled for N=534 FBOs (Chain & Standalone combined, across formats)

Exhibit 50: Average Order value (INR)



Source: Zomato DRHP; FY 2021 data taken for 9 months ended 31st December,2021

AOV of food deliveries saw 43% rise during the COVID period

During the first lockdown and subsequent COVID period, some of the FBOs were allowed to function as delivery only outlets. Share of delivery for FBOs rose significantly post Lockdown 1 and subsequent pandemic period. For instance, pre-COVID, delivery constituted ~11% of FBOs' business, immediately after COVID restrictions were imposed, delivery share increased to 29%, and post Lockdown 2, delivery share remains as high as ~33% for FBOs.

#D

Increasing focus on value meals to compete in a price-sensitive market

The food services players especially in the QSR and CDR formats have ramped up their focus on value meals-defined as combo meals that are created by clubbing various food items together into a single offering. This gives the operational cost advantage to the operator and allows it to price such meals competitively.

Indian customers have always remained price sensitive and value-conscious, and the added burden of income inseucrity that emerged post-COVID accentued the behaviour in favour of value meals. The convivence of value meals to be delivery friendly both for the consumers and for the companies also enabled their growth post-COVID. They could be packaged and delivered that benefited the companies to scale-up their delivery businesses. They could be un-bundled and consumed with ease and that found favour with the consumers for the convenience they offered in doing so.

Some of the examples of value offers include the McSaver from McDonald's, KFC's Favourites and Box Meals, Subway's combos and Classic Combo from Dominos.

Exhibit 51: Discounting offered by Brands in Combos & Offers

Brand	Product Price	Combo Price	Discount Realised by Customer
McDonalds	C: 55 B: 65 S: 75	149	24%
KFC	C: 130 B: 70 S: 75	220	20%
Burger King	C:45 B: 59 S: 69	145	16%
Dominos	C:165 B: 60	199	12%
Pizza Hut	C: 179 B: 57 S: 219	399	12%

Source: Brand Menu of various QSRs; prices listed above are exclusive of taxes
C: Core Product, B: Beverage, S: Sides, Products used for Comparison for each brand are as stated below:, McDonalds: Veg.- McAloo Tikki, Medium Cola and Medium fries
Dominos: Veg. (Regular)- Pizza Margherita and Cola PET bottle
Pizza Hut: Tandoori Onion Pizza, Cheesy Comfort Veg Pasta, Pepsi Burger King: Veg.- Crispy Veggie, Regular Cola and Regular fries, KFC: Veg – Zinger Burger, Regular Cola and Small Fries

#E

Delivery platforms will continue to dominate, but a parallel system of direct delivery is emerging

COVID led to an exponential growth for food delivery aggregators as delivery became mainstay for many FBOs. There were restrictions imposed on FBOs throughout FY 2021 continuing well into FY 2022, leading to reliance of FBOs on deliveries and takeaways.

Factors enabling the growth of parallel food delivery ecosystem

- During the first few months of lockdown, when only deliveries were permitted for FBOs across most parts of the country, food aggregator models like Zomato and Swiggy grew significantly during the period
- Disruptive growth of aggregators prompted many FBOs to activate their respective cloud led sales extensions. This trend was already at play during the pre-COVID period. However, Post-COVID this accelerated at a pace that it created both opportunities as well as challenges
- While, ease to tap into a growing demand was certainly the lure for the food services businesses, the demand aggregation ability of food-tech platforms (such as Zomato or Swiggy) shifted the power in favour of aggregators
- Zomato and Swiggy charge commissions that range from 20% to 30% of sales, and additional investment to promote the brand on the platform. For many FBOs, this was unsustainable with diminished margins, more so in the face of reduced order volumes. The second challenge for FBOs on aggregator platforms was the growing cost to differentiate and create customer connect among the plethora of options. The ease of listings on aggregator platforms significantly reduced the entry barrier making it difficult for FBO's to stand out in the crowded space, with restrictive data sharing further adding to their woes

Way Forward

These factors stated above triggered the rapid growth of 'Parallel Delivery Ecosystem' by chain brands. This include chain brands to scale up their apps, that were launched a few years back. Dominos, KFC, and Pizza Hut launched their apps in 2012, 2014 and 2014, respectively. These chains strengthened their own delivery apps and concurrently argued for lower margins with Aggregators. The impact of delivery platforms going forward is expected to play out differently for different kind of players. For players such as Dominos, Pizza Hut, McDonalds, KFC etc, reliance on aggregators will decrease as they strengthen their own delivery channels. They leverage their own apps to attract new and loyal customers. Domino's recorded highest ever app downloads at 7.4 million in Q3 FY 2021. Domino's cumulative app downloads reached 51.2 million in Q3 FY 2021. Similarly, McDonalds also observed 40% increase in app downloads from Q2 FY 2021 to Q3 FY 2021.

Restaurants that don't have their own delivery front end and/ or backend setup are also exploring models like 'Dotpe' which provide a Technological and Delivery solution to restaurants to do Direct delivery. It provides a frontend platform for ordering to restaurants, along with optional 3PL's infrastructure to do deliveries. The commission charged is significantly lower compared to Aggregators for instance Dotpe charges Rs 1 per transaction and it provides the advantage of customisation and more interactive experience for customers with restaurants getting customer data as well. However, these platforms would need continuous improvement in delivery backend to match the delivery timeline expectations set by Aggregators.

This competition between aggregators and direct delivery players will navigate the theme of food delivery into unbundled e-commerce.

ORDER DIRECT MOVEMENT

Unbundled commerce or De-centralised Ecommerce which is going to be a more efficient model that will help restaurants take orders, and automatically assign riders while helping the restaurants directly connect with customers- while charging a flat fee per order

The three key stakeholders of the food services delivery industry – restaurants, customers, and delivery partners- are in a worse off position in the current aggregator model. And the industry can be said to be in a sub-optimal equilibrium as far as online deliveries are concerned.

There are currently 5 issues with the aggregator model:

1. High take rates of food aggregators
2. Lack of data sharing by aggregators
3. Unfair terms and conditions
4. Only full stack tech pack on offer
5. Use of business and customer information to develop competing offerings

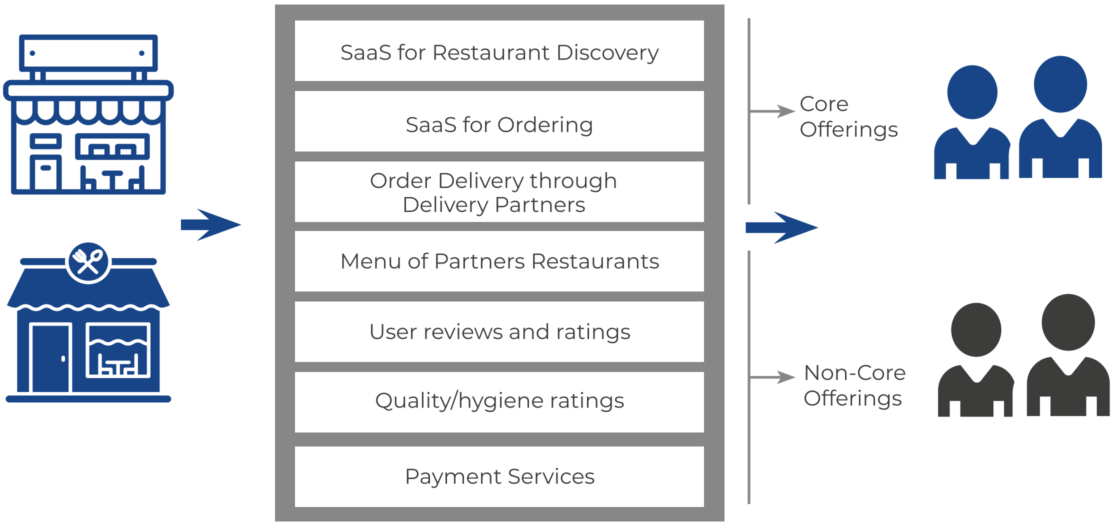
Order direct movement will help the three key stakeholders directly and indirectly help the entire:

Restaurants: Can establish customer connect and take advantage of the service that they actually need

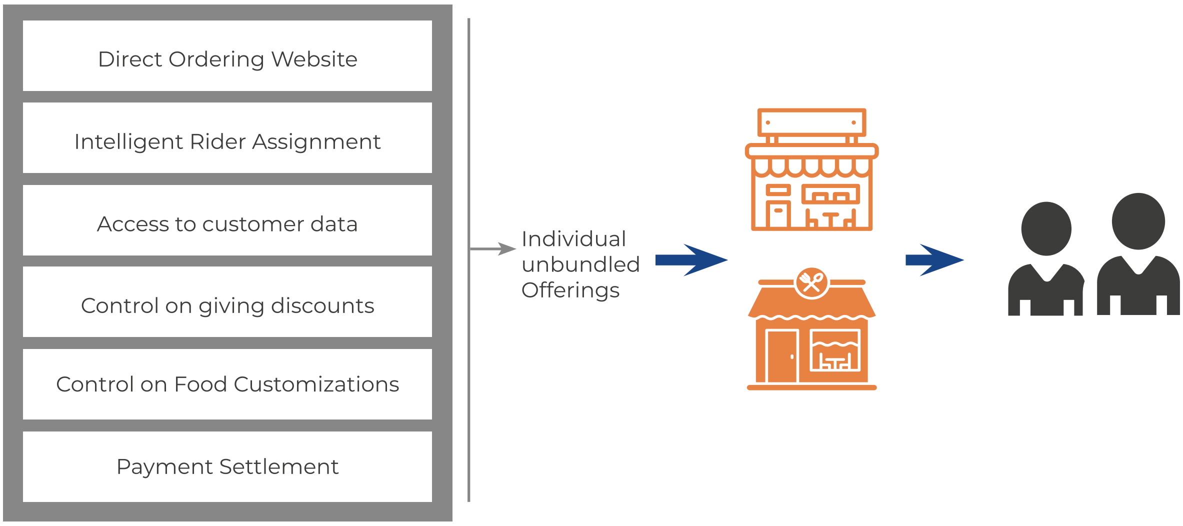
Customers: Economically beneficial as transparent pricing and delivery costs

Delivery Partners: Will be provided insurance, better pay-outs, job security

Current model of food deliveries dominated by Food Aggregators



Future model of food deliveries driven by unbundled commerce



#F
Emerging Options of Real Estate present exciting opportunities for the organised food services industry

In the last decade the real estate options for the organized players in the food services industries has diversified from a select few options to a heterogenous mix. This has undoubtedly provided a new impetus for the overall growth of the organized food services Industry in the country.

- From an extremely restrictive space limited to mall, at the start of the decade the real estate for food services industry has come a long way to include mix-use developments such as travel retail, dark kitchens, and many others.
- The growth of travel retail enabled by airports, way-side amenities on highways and metro transit systems has increased the supply of real estate by manifolds over last few years.
- Post-COVID, real estate has also re-modelled itself to enable the growth of dark kitchens in key urban cities across the country led by food delivery.

Exhibit 53: Changing Landscape of Real Estate options

FY 2010 to FY 2014	FY 2015 to FY 2019	FY 2020 Onwards
Malls	Malls	Malls
Select Office Spaces	Select Office Spaces	Select Office Spaces
	High Streets	High Streets
	Mix-use developments	Mix-use developments
	Airport	Airport
		Dark Kitchen (and Cloud Kitchen)
		Wayside Amenities (WSA on Highways)
		Railway Station
		Mass Rapid Transit System (Metro Stations)

Source: Secondary Research


Detpak is an innovative, Australian family-owned and operated business, supplying some of the world's largest and most iconic brands with premium paper and board packaging solutions.
Producing over 22,000 retail, fast-moving consumer goods (FMCG), grocery and food service packaging products, Detpak operates across a worldwide network of manufacturing and sales locations, including an established presence in India.
Detpak is trusted to deliver by India's biggest brands including Mcdonald's, Burger King, Taco Bell, KFC, Rebel Foods, Marriott Hotels, Taj Hotels, Naturals, Starbucks, Nando's.
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4

INDIRECT IMPACT ON THE FOOD SERVICES ECO-SYSTEM

Understanding the Food Services Ecosystem

The entire food services ecosystem was severely impacted due to business disruption caused by COVID. Suppliers and allied partners of the industry have borne the adverse impacts of lockdowns and restrictions throughout FY 2021

Deep impact on the food services ecosystem driven by 53% contraction of the food services industry and that resulted in 23 lakh* people losing jobs in the sector

**Source: Technopak Estimates*

With the nationwide lockdown imposed in the third week of March, 2020; all FBOs were shut completely, barring Food Delivery that was categorised as an essential service by the Goverment during the phased re-opening of the economy (8th June 2020 onwards), the FBOs were allowed to operate with curtailed timings as well as restricted seating capacity. However, various States were given the authority to impose restrictions on economic activity as they deemed fit. Hence, the operating timings, days of operations, and seating capacity of FBOs significantly reduced their capability to operate at optimum levels across all states. While, the food services industry was recovering from the first lockdown, India went into a second lockdown with the onslaught of the second COVID wave in April, 2021. Since then the food services industry has been operating on timing and seating restrictions. These restrictions forced many FBOs to shut operations permanently, with 25% permanent restaurant closures witnessed in metro cities across India.

Of all the three categories of partners have high dependence on the functioning of the food services industry, two were negatively impacted while one was positively impacted.

Exhibit 54: Key Partners in the Food Services Ecosystem

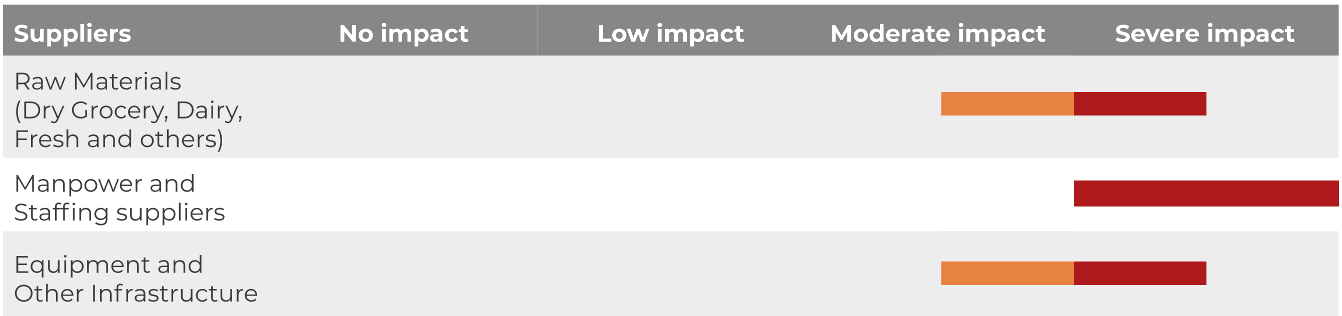
Suppliers	Business Partners	Real Estate Providers
Raw Materials (Such as Dry Grocery, Dairy, Fresh and others)	Food Tech Aggregators	Malls
Manpower and Staffing Suppliers	Logistics and Delivery Partners	High Streets
Equipment and other Infrastructure	Technology Partners	Other Standalone Locations

Impact of COVID on Suppliers

Payment cycles and cash flows of suppliers to FBOs were severly impacted due to restaurant closures and diminished sales of FBOs

Suppliers to the food services industry were severely impacted due to the temporary/permanent closure of FBOs. The revenue and cash flow of restaurants significantly decreased, and so the payment cycles were disrupted, with many suppliers re-negotiating contracts with their business partners to sustain. COVID also led to greater understanding and partnerships between suppliers and FBO owners highlighting the fact that suppliers helped by way of extending credit, relaxation of trade terms amongst others.

Exhibit 55: Impact analysis of 'Suppliers' in the food services ecosystem



Source: Primary interactions

Amongst various groups of suppliers to food services industry, Manpower and Staffing suppliers were most impacted. Research conducted for this report suggests that an estimated 23.3 lakhs people working in the food services sector lost their jobs during this COVID crisis that also suggets this impact.

While reopening, most of the players in the food services sector have restructured their businesses towards efficiencies and better realizations with overall reduced headcount. There have been revisions with respect to salaries and other forms of renumeration, which now stand much lower compared to Pre-COVID levels. There have been efforts to redesign the business operations to address the challenges posed by the pandemic, primarily directed towards an efficient cost base.

Raw Material suppliers too faced disruptions and were impacted significantly due to restrictions. These suppliers though were able to mitigate some of their losses by diverting their business of supplies to retail and packaged food industries etc. Unlike Manpower and Staffing suppliers, Raw Material suppliers seem to have absorbed the pandemic shock to some extent.

The equipment and other infrastructure suppliers within the supplier eco-system were also severely impacted as there was no demand for the new equipment and infrastructure from food services operators. A large resale market emerged where infrastructure and kitchen equipment was being sold by closed FBOs which further decreased the demand for new equipment. There was technically no demand arising out of either replacement of the existing equipment or fresh demand from new outlets. Going forward it is anticipated that repairs & maintenance and other makeshift arrangement may fulfil equipment requirements of the food services industry.

Impact of COVID on Partners

COVID enabled the growth of Food Tech led partner eco-system

The COVID pandemic brought about a positive impact for the food tech aggregators, logistics and delivery partners & technology partners with both new players that emerged during the pandemic year and existing ones who rapidly scaled up.

Exhibit 56: Impact analysis on 'Partners' in the food services ecosystem

Suppliers	Negatively Impact	Positively Impact
Food Tech Aggregators		
Logistics and Delivery Partners		
Technology Partners		

Source: Primary interactions

COVID created conditions which halted the dine-in options but allowed Food Deliveries to happen across urban India. Thus, the Food-Tech operators which primarily are the two leading food aggregator players in the food services industry gained significance within the industry. Partners across the board including aggregators, logistics and delivery partners and technology partners (payment gateways, social media partners and others) immensely gained at a cost of physical business operations which were impacted throughout COVID.

Exhibit 57: Average number of orders processed by Food Tech Aggregators per month

		Pre-COVID Estimates (FY 2020)	Post-COVID Estimates (FY 2021)
Food Tech Aggregators	Zomato	3.4 Cr	1.7 Cr

Source: Zomato DRHP, Technopak Analysis

Exhibit 58: Average Order Value (AOV) of Food Tech Aggregators

		Pre-COVID Estimates (FY 2020)	Post-COVID Estimates (FY 2021)
Food Tech Aggregators	Swiggy	250-300*	~375*
	Zomato	278	398

Source: Zomato DRHP
**Technopak estimates*

The average order value of the orders has also reportedly increased as more delivery orders are coming from families and groups versus individual customer led orders which were mainstay pre-pandemic.

Exhibit 59: Share of payments through various mediums

	Pre-COVID Estimates (FY 2020)	Post-COVID Estimates (FY 2021)
Digital Payments/ Wallets	30%	40%
Cash	40%	30%
Debit/Credit Card	30%	30%

Source: Primary interactions, Technopak Estimates

Technology Partners such as digital payment service providers and gateways also reported a rise in share of business from food delivery led transactions, from 30% in pre-pandemic phase to 40% in post pandemic.

Deliveries and Takeaway share for FBOs increased from 13% Pre-COVID to 33% Post-COVID, signifying the New Normal of delivery support ecosystem for Food Services Industry in India

Delivery and Logistics service providers including Dunzo, Zypp, and many other on-demand hyperlocal delivery players reported a rise in their business from food services. New last mile delivery players such as like Pidge, Grab, Fast Dispatch Logistics, and Bylane Logistic also entered this space during the COVID pandemic.

The composition of the food services industry is likely to undergo changes with deliveries likely to gain share post pandemic. However, it may also be understood that not all food services formats are delivery centric. For instance, formats like fine dining and PBCL are premised on experience and dine-in and their viability will be dependent on restoration of the food services business to pre-COVID levels.

Exhibit 60: Share of Delivery in Food Services in India

	Pre-COVID Estimates (FY 2020)	Post-COVID Estimates (FY 2021)
Dine-in	87%	67%
Delivery	10%	29%
Takeaway	3%	4%

Source: Publicly available data, Primary interactions

Food Deliveries and the growth of partner eco-system alone cannot make-up for the business loss arising out of dine-in operations thus the industry should strive an equitable mix of various forms of consumption in medium to long term. The food services industry should absorb the learnings and the players should adapt delivery (both through aggregators and direct) as an established business model alongside with technology interventions which may contribute to growth of business in times to come.

Impact of COVID on Real Estate

Real estate partners specially Malls and High Streets were severely impacted due to COVID

The real estate partners across the board including malls, high streets, commercial and standalone locations were severely impacted. Real Estate as a sector is still searching a middle ground in expectation of demand revival from food services industry.

Exhibit 61: Pressures Faced by Real Estate partners

Challenges From FBOs	Challenges Occurring Due To Own Operations
Business continuity challenge (complete collapse of demand)	High Fixed Costs
Rental Moratoriums (for up to 6 months)	Maintenance and Variable costs
Rental Re-negotiations	Footfall Decline (revenue loss)

Source: Primary interactions

The real estate industry faced challenges from food business operators due to their high dependence on food and beverage, and entertainment. They also faced structural challenges due to their own high-cost structure and sharp decline in footfalls throughout FY 2021.

Exhibit 62: Impact analysis of 'Real Estate Providers' to the food services ecosystem

Suppliers	No Impact	Low Impact	Moderate Impact	Severe Impact
Malls				
High Streets				
Other Standalone Locations				

Source: Primary interactions

Even one and half years later, business relationship between Real Estate partners and food services industry is a moving discussion of sorts. Going forward the relationship is expected to further aligned towards goals of profitability. Several measures were agreed upon during the pandemic which are well expected to continue in future too. Some of them include one-time rental moratorium, moving from fixed rentals to revenue share arrangement and lower rentals. The support measures are expected to help in revival of food services operators; however, business levels of the pre-pandemic times are hard to achieve in short to medium term.

Summary

It is a well understood fact that all the business partners for the food services industry were impacted due to disruptions led by COVID. While all the business partners reported erosion in profitability, all except Technology partners also reported severe loss of incomes. While some partners have adjusted to newer ways of doing business; it is expected that none of the partners are likely to achieve business activity levels equivalent of pre-pandemic level in the short to medium term.

Exhibit 63: Revenue and Profitability of Allied Partners

Allied Partners	Allied Partners sub-categories	Revenue	Profitability
Suppliers	Raw Materials	↓	↓
	Manpower and Staffing suppliers	↓	↓
	Equipment and Other Infrastructure	↓	↓
Business Partners	Food Tech Aggregators	↔	↑
	Logistics and Delivery Partners	↑	↑
	Technology Partners	↑	↑
Real Estate Providers	Malls	↓	↓
	High Streets	↓	↓
	Other Standalone Locations	↓	↓

Source: Primary interactions

5

IMPACT ON GOVERNMENT EXCHEQUER

Food service industry is one of the key sectors driving economic growth and as a key revenue generator for the exchequer. It is estimated that by FY 2025 the direct and indirect tax contribution by the food services industry would be significantly higher compared to current times. However, for the exchequer to realize this potential, it is imperative for the industry to get the intended support and encouragement for it to be able to perform on this stated expectation. The industry's contribution to the exchequer can broadly be classified into Direct Taxes and In-direct taxes. COVID has had a deep impact on the food services industry and has impacted its ability to contribute direct and indirect taxes to the exchequer and it is therefore important to assess the current base and its potential in future.

Exhibit 64: List of Key Direct and Indirect Taxes applicable on the Food services industry

Direct Taxes	Key Indirect Taxes
Corporate Tax	GST - CGST - SGST
Personal Income Tax*	VAT (Levied by State Govt. on alcohol)** License Fees

Note: Only Key Direct and Indirect Taxes considered.
**Personal income tax is payable by employees. This pay-out varies considerably due to various externalities is therefore not part of the analysis*
***VAT calculation on alcoholic beverages not being considered in calculations as %age VAT varies from state to state*

1. **Corporate Tax:** Must be paid by Food Business Operators (FBOs) which are listed as Private Limited Companies.

2. **Personal Income Tax:** It is a tax paid by individuals who are employed by the food service industry falling in the appropriate tax bracket. It also includes individual taxpayers as proprietors and/or partners in food services businesses. (Impact excluded)

3. **Goods and Services Tax (GST):** GST regime which was implemented in July 2017 primarily to help lower the taxes from the previous tax range of 18-25% to the current tax bracket of 5% or 18% depending upon the type of establishment, location and alcohol served or otherwise. This is divided between the Centre and State in equal proportions as CGST and SGST respectively.

   Additionally, as per recent Govt. guidelines (dated 17 September 2021) 5% GST shall be levied on Cloud Kitchens and Food Delivery Apps from 1 January 2022, which is aimed at improving compliance in the food delivery sector. This will not impact the final price paid by the customer on those businesses which were fully GST compliant, while will make those who were earlier exempt now eligible thus increasing the final price. The alleged underreporting of revenue by aggregators has caused a loss of INR 2,000 Cr to the Exchequer since FY 2020 and serves as a backdrop to the change.

   Businesses with annual turnover of upto INR 1.5 Cr can opt for the Composition Scheme. Only the restaurants not serving alcohol can opt for this scheme, which is also a part of GST.

4. **VAT:** It is a state level tax charged only on alcoholic beverages served in the restaurant premise which is different from state to state. (Impact Excluded)

5. **License Fees:** There are 12-15 licenses required to new establishment and renewals of existing licenses.

Impact of COVID on Direct Tax Collection from Food Service Industry

Organized food service industry has the potential to contribute ~INR 8,300 Cr to the Exchequer in the form of direct taxes by FY 2025

The food services industry on an average earns of 22-23% a PAT of 5-7% in a stable state.

Exhibit 65: Direct Tax, Estimated potential contribution by the Food Services Industry

In INR Cr	FY 2019	FY 2020	FY 2021 (P)	FY 2022 (P)	FY 2025 (P)
Organised Food Services Market	1,56,100	1,71,700	81,200	1,09,845	3,33,400
Potential Direct Tax*	3,903	4,293	2,030	2,746	8,335

**Assumptive Corporate Tax @ 2.5% of Revenue*

However, most of the organised players have witnessed losses (historically until date) because of the inherent high-cost structure of the business and the industry still being in the evolving phase. Further these losses were aggravated by the COVID throughout FY 2021. The organised food service industry in FY 2020 was estimated at INR 1,71,700, which could have potentially generated a direct tax to the tune of ~ INR 4,000 Cr, contracted by 47% in FY 2021. However, by FY 2025, the organised food services industry is estimated to reach ~INR 3,33,400 Cr with a potential direct tax generating capability of ~INR 8,300 Cr for the Exchequer. For the state to harness this potential, it is imperative that the industry get some policy impetus such, enabling operators to achieve a stable state of profitable existence

Impact of COVID on Indirect Taxes Collection from the Food Service Industry

By FY 2025, the organized food service industry can contribute ~INR 16,600 Cr as GST to the Exchequer

The Goods and Services Tax (GST) after being introduced in 2017, incentivised the smaller food service players to move to the organised sector and start filing. This helped increase the tax revenue collected from the industry. However, the denial of input credit to the industry has affected the EBIDTA.

The Composition Scheme is applicable only to the restaurants that do not serve alcohol and have an annual turnover of up to INR 1.5 Cr.

Exhibit 66: Indirect Tax- GST paid by the Food Services players

	FY 2019	FY 2020	FY 2021	FY 2022 (P)	FY 2025 (P)
Organised Food Services Market	1,56,100	1,71,700	81,200	1,09,845	3,33,400
Potential GST* (A)	7,805	8,585	4,060	5,492	16,670
Unorganised Food Services Market	2,53,500	2,51,900	1,19,600	1,34,255	2,87,700
Potential tax from Composition Scheme** (B)	5,070	5,038	2,392	2,685	5,754
Total Indirect Tax (A+B)	**12,875**	**13,623**	**6,452**	**8,177**	**22,424**

Figures in INR Crs

**GST rate taken as 5% for the entire food services industry for the sake of calculations*
***Tax Rate for the Composition Scheme = 5%; Composition Scheme calculations done on the assumption that 40% of the unorganised food services industry will take part in the Composition Scheme*
**** Corporate Tax is calculated basis the potential of the industy with the asumption that all FBOs are profitable in stable state*

The GST collection in FY 2020 from the food services industry was estimated to be ~INR 8,585 Cr. However, in FY 2021 there was a dip in the organised food services market, leading to a 50% decline in the GST collections amounting to only INR 4,060 Cr. The food services industry is estimated to pick up and reach a value of ~INR 3,33,400 Cr and a GST collection of ~INR 16,600 Cr is estimated by FY 2025.

The tax that can be collected from the unorganised food services industry that uses the Composition Scheme is estimated at ~INR 5,038 Cr in FY 2020. This estimated tax value decreased by more than 50% in FY 2021 due to contraction of the food services industry itself. However, the tax collected through the Composition Scheme are estimated to more than double in value from FY 2021 to reach ~INR 5,754 Cr by FY 2025

In summary

Exhibit 67: Total Estimated Contribution to the Exchequer by the Food Services Industry

	FY 2020	FY 2021	FY 2025 (P)
Organised Food Services Market	1,71,700	81,200	3,33,400
Unorganised Food Services Market	2,51,900	1,19,600	2,87,700
Total Food Services Market	4,23,600	2,00,800	6,21,100
Direct Tax @2.5% of the Organised Market	4,293	2,030	8,335
GST @ 5% of Organised Market	8,585	4,060	16,670
Tax from Composition Scheme @ 5% of Unorganised Market	5,038	2,392	5,754
Total Tax Potential of the food services industry	**17,916**	**8,482**	**30,759**

Figures in INR Crs

The food services industry is estimated to may have contributed ~INR 8,500 Cr to the exchequer in FY 2021, half of what it is estimated to have contributed in FY 2020. This is after absorbing all challenges faced due to COVID. This contribution can potentially grow to more than 3 times in the next four years to ~INR 30,759 Cr provided the industry receives support by the state that enables it to overcome the shocks it received due to COVID and gets an elbow room to operate in a business environment of continuity.

6

KEY MEASURES TAKEN BY OTHER COUNTRIES AND STATE GOVERNMENTS OF INDIA

The food services industry contributed ~2.5% to the GDP of USA and 0.2% to the GDP of India in FY 20

The Food Services Sector is one of the critical sectors of service economy of key economies globally. The sector has a considerable share in contribution to a country's GDP. The sector is therefore considered both as a key vehicle that provides jobs and as a key marker of private consumption.

For this reason, government and policy advocates in these economies have taken necessary and proactive action to support the revival of food services industry as an integral part of their respective overall economic recovery plan. To understand measures adopted by governments, this report has benchmarked nature of policy interventions undertaken by respective economies across multiple geographic locations including North America, United Kingdom, Europe, and Southeast Asia to support and enable the growth of Food Services Industry Post-COVID pandemic.

Food services industry was one of the most affected industry during the COVID pendamic with an estimated business contraction of 30%-35% from the pre-COVID levels

The policy and support measures undertaken by respective states aimed at food services industry are broadly categorized under 3 sections, namely:

Exhibit 68: Potential intervention areas for revival in Food Services Industry

1
Demand Stimulus Incentives

Demand stimulus incentives refer to attempt by governments or government agencies to incentivise spending by consumers with a targeted aim to channel the intended spending in FBOs. The premise being that an increase in spends and frequency of visits by customers to FBO will lead to the revival of business cycle of the food services outlet that was stalled due to COVID pandemic.

Exhibit 69: Demand Stimulus Incentives offered globally

Region	Demand Stimulus Package
North America	• The United States federal government announced US$ 868 Bn coronavirus relief and government funding bill which includes enhanced unemployment benefits of up to US$ 300 weekly benefits. (also known as PPP)
United Kingdom	• The United Kingdom launched 'Eat Out to Help Out' scheme under which the government would subsidize food and non-alcoholic beverages by 50% and is capped at £10 per head • The UK government adopted a package of measures to protect and create jobs and support the economic recovery by providing small business firms £1,000 per furloughed employee retained
Europe	• The Irish government announced the launch of 'Outdoor Service Enhancement Scheme' to assist bars and pubs that do not have a food offering to enhance their outdoor seating capacity thereby having an additional source of income and increasing job opportunity Post-COVID

2
Business Support

Business support refers to any financial grants, loan waivers or subsidy offered by governments to the food outlets to assist Food Services businesses impacted by COVID. This allows the government to indirectly absorb financial loss occurred by food services industry as a direct outcome of COVID inducted lockdowns and closures. The exhibit below highlights the wide adoption of this intervention across the board including USA, UK, Bulgaria, Denmark and Belgium

Exhibit 70: Business Support offered by Governments

Region	Business Support Package
North America	• The United States Small Business Association announced Restaurant relief fund which aims to provide emergency assistance for eligible restaurants, bars, and other qualifying businesses impacted by Covid • The federal government of United stated announced a nationwide Paycheck protection program, a Small Business Association (SBA) backed loan that would help small businesses including HoReCas to keep their workforce employed during the Covid 19 crisis • The Arizona state government approved a US$ 50 Mn Covid relief package that includes funding for small businesses to maintain their daily operations
United Kingdom	• UK government announced package of financial support for restaurants, Hotels and Cafes closed by the restrictions by providing grants ranging from £4,000 — £9,000 • The UK government also announced Restart Grant scheme in the non-essential retail sector may be entitled to a one-off cash grant of up to £6,000 from their local council
Europe	• The Brussels region offered subsidies between €5,000 and €36,000 for HoReCa undertakings. They are also exempted from the annual contribution to the Federal Agency for the Safety of the Food Chain (FASFC) for the year 2020 • The Bulgarian government announced a €767 million wage subsidy scheme, which aimed to benefit companies active in the most affected sectors, including accommodation, restaurants, beverage serving activities, or entertainment activities • The Danish government has adopted a €99.4 million scheme to support cafés, restaurants, nightclubs, bars, and venues for standing crowds that are restricted on their opening hours

3
Regulatory Interventions

Quite a few federal and provincial governments also decided to wave off multiple license fees and reduce/defer taxes collected directly or indirectly to minimise the burden on the already afflicted food services industry and support their revival Post-COVID. Mexico, USA, UK, Belgium, Singapore, Indonesia offered tax breaks and tax revisions as a key regulatory tool to aid the revival of their respective Food Services industry.

Exhibit 71: Regulatory Interventions by Governments for various countries

Region	Business Support Package
North America	• The Mexican central government announced that certain restaurant businesses are eligible for payroll tax relief in Mexico City • Alabama Department of Revenue waived off late payment penalties for sales taxes for restaurants • Nebraska government permitted restaurants and bars with liquor licenses to sell alcohol via drive through or curbside orders
United Kingdom	• The United Kingdom Government announced a temporary reduction to the VAT from 20% to 5%
Europe	• The Belgian tax authority announced that the value added tax for restaurants would be temporarily subjected to a reduced tax bracket of 6%
South-East Asia	• Indonesia central government lifted their 10% hotel and restaurant local tax for 6 months • Singapore central government announced that property tax rebates would be offered to hotels, restaurants, and stores affected by Covid pandemic

Exhibit 72: Summary of incentives offered in various countries

Countries	Demand Stimulus Package	Business Support	Regulatory Interventions
United States	✓	✓	✓
United Kingdom	✓	✓	✓
Ireland	✓	-	-
Belgium	-	✓	✓
Bulgaria	-	✓	-
Denmark	-	✓	-
Mexico	-	-	✓
Indonesia	-	-	✓
Singapore	-	-	✓

COVID support offered by Indian government agencies and policy advocates

- The regulatory and policy intervention in India at the central level is marked by RBI's intervention to support liquidity infusion in the food services sector.
- State government of Kerala also rolled out interest subsidy scheme for the sector.
- The state government of Delhi also took proactive steps on regulatory front in the form of license fee waivers
- Through the active intervention of Hon'ble High Court of Bombay food services industry in Maharashtra was also allowed license fee reduction as a key relief measure

Exhibit 73: Summary of incentives offered (in Indian context)

Authority	Demand Stimulus Package
RBI	• The Reserve Bank of India (RBI) declared a special liquidity window of INR 15,000 Cr to provide financial support towards contract-intensive sectors such as Hotels, restaurants, and tourism
Hon'ble High Court of Bombay	• The Hon'ble High Court of Bombay also allowed FBOs to deposit only 50% of their license fees to the Maharashtra State Government for FY 2021-22
Kerala State Government	• The Kerela government announced a support package worth INR 5,650 Cr for stressed hospitality sectors which includes an INR 2,000 Cr interest subsidy scheme for loans up to INR 2 lakhs
Delhi State Government	• The Delhi government waived off two license fees for bars in hotels and restaurants that were closed due to lockdown during the second wave of Covid • The Delhi government also abolished the need for a tourism license for restaurant operations

Given the above information, it is wise to conclude that the Indian food services industry was one of the worst affected sectors due the COVID induced disruptions both during Wave I and Wave II. The sector given its size and its contribution to income and jobs support expected a more proactive and integrated approach from the government to support its revival Post-COVID. There has been little to no relief from the central government to make up for the losses and closures occurred during the COVID pandemic. Barring a few exceptions, state governments have also de-prioritize support for the sector.

The needed inducement of relief measures by the state both on the policy and the regulatory front will need to take a cue from the approaches and measure that have been taken adopted by key economies across the globe.

- The government may restore the GST Input Tax Credit (ITC) facility at 12% GST, which will help the FBOs as well as increase GST revenue for the Exchequer from the food services industry as well reduce tax leakage
- Policies for food tech aggregators should be formulated such that their operations benefit all stakeholders in the food services ecosystem, including consumers
- Unemployment pay cover should be given to employees of the food services industry from Provident Fund (PF) and Employees' State Insurance Corporation (ESIC)
- The government may invoke force majeure retrospectively, for the period beginning FY 2021 in order to help the FBOs stay afloat
- The government can take cues from the measures that have been taken internationally and can take a uniform approach to adjust the license fees for the period under which the food services industry operated under restrictions

Exhibit 74: Voice of the food services industry

Voice of the Industry	
Demand Stimulus Package	"We expected something akin to the Payroll Protection Program (PPP) that the US Government has extended." *Manager, leading ACDR Chain* "We could look at how the UK Government helped their industry since last year ("Eat Out to Help Out" Scheme and their recently announced "Hospitality Strategy" which, "focuses on reopening, recovery and resilience. *"Owner, India's leading Café Chain*
Business Support	"Pro-rate based on days and hours of operation, allow payment in installments to assist with tight cashflows." *Owner, leading Fine Dining Restaurant* "Business almost back to normal. Govt should allow 100% capacity in restaurants now that buses and metro are running too." *Managing Partner, leading National ACDR* "Some % of PF and ESIC contribution to be waived off." *Founder, leading Café Chain* "Gratuity settlement should be considered across 2 years." *Managing Director, leading Fine Dining Restaurant*
Regulatory Interventions	"GST credit should be allowed since the entire cost structure has increased and impacted the margins. Will improve margins and cashflows if GST input (ITC) is allowed." *Head of Strategy, leading National PCDR Chain* "Regulatory framework for food aggregators, check on deep discounts and data masking." *Co-founder, National ACDR Chain* "Reducing the number of licenses required would immensely help the industry in ease of doing business." *CEO, leading PBCL & PCDR Chains* "Input Tax Credit will help easing the P&L as well as reduce the capital burden on companies looking to expand." *CEO, leading PBCL & PCDR Chains*

7

NRAI RECOMMENDATIONS TO THE CENTRAL AND STATE GOVERNMENTS

Key Challenges Posed by COVID

India's GDP witnessed a decline of 3.7% from FY 2020 to FY 2021 owing to the disruption caused by the COVID pandemic. The predicted GDP growth rate from FY 2021 to FY 2022 for India has been reduced by IMF from 12.5% to 9.5%. The period from FY2020 and FY2022 period is now emerging to be a zero-sum outcome for India's GDP, implying that the regrowth witnessed in FY 2021 will face an elongated recovery of one year or beyond to recover the lost ground due to the second wave of COVID.

The food services industry was estimated to have employed ~73 lakh people in 2019 and is a large employment generator for the economy. It also has the capability of providing a considerable amount of revenue as tax to the exchequer, amounting to ~INR 30,700 Cr by FY 2025. However, the industry witnessed a huge decline of ~53% from FY 2020 to FY 2021 in both the organised as well as the unorganised sector with revenue and profitability dipping 46% and 88% from FY 2020 to FY 2021, respectively. and more than 32% employees in the food services sector losing their jobs apart from overall employee renumeration getting slashed.

During COVID and thereafter, the share of deliveries in food services increased significantly from 10% in FY 2020 to 33% FY 2021. Additionally, there has been an increasing focus on hygiene and value meals. Cumulatively a lot of these factors are creating a stress on the overall profitability of the food services industry. Thus, the food services industry is cautious about the changing environment, and has been re-structuring their business models across operations, efficiency, manpower and adoption of new technology to adjust to the new normal.

They key partners in the food services industry- Suppliers, Business Partners (tech-enabled) as well as Real Estate Providers depend directly on the food services industry for their business. They had a deep adverse impact on their revenues with the contraction in food services industry, except for Business Partners (tech-enabled) who benefitted with the increase in digital transactions which positively impacted their revenue. Technology Business Partners have become an integral part of the ecosystem especially Post-COVID and will be better integrated going forward as food delivery become mainstream.

Food Services was one of the most affected industry globally due to COVID with an estimated business loss of 30%-35% in CY 2020. Governments of various countries offered multiple relief measures to support the Food Service Industry. These measures can be categorized under three sections: Demand Stimulus Incentives, Business Support and Regulatory Interventions. Governments of countries which were most adversely affected by COVID such as the United States and United Kingdom provided all three types of support whereas countries like Singapore which were the least affected due to COVID also ensured to provide Regulatory interventions to ease the effect of the pandemic.

The entire food services industry along with all partners are trying to adjust to the new normal going forward and would require certain policy measures or incentives to be implemented on a large scale to sustain and function profitably.

The National Restaurant Association of India (NRAI) as an industry representative body which represents INR 4,00,000 Cr of revenue and 5,00,000+ Restaurants, hereby suggests a few measures that can be taken by the Central and State Governments so that the food services industry is able to overcome the challenges posed by COVID and to encourage future growth of the industry

Top Two Intervention Areas

Recommendation Areas	Details
1. Policy Support	I. Restoration of Input Tax Credit (ITC) on GST II. Formulation of level playing E-commerce Policy
2. Operational Support	III. Extended Operating Hours (24*7) IV. Relaxation of Capacity Utilisation Norms

I. Restoration of Input Tax Credit (ITC) on GST

The food services industry is one of the few industries where Input Tax Credit facility is not available. This leads to the entire cost structure being increased, and this has put pressure on ability to generate profits. NRAI proposes the Central Government to provide 12% GST bracket with ITC facility.

Exhibit 75: Contribution to the GST collection as per the current structure @ 5% (2019 onwards)

	FY 2019	FY 2020	FY 2021P	FY 2022P	FY 2025P
Revenue					
Organised Food Services Market	1,56,100	1,71,700	81,200	1,09,845	3,33,400
Unorganised Food Services Market	2,53,500	2,51,900	1,19,600	1,34,255	2,87,700
Total Food Services Market	**4,09,600**	**4,23,600**	**2,00,800**	**2,44,100**	**6,21,100**
Taxes					
GST	7,805	8,585	4,060	5,492	16,670
Direct Tax from Organised Sector	3,903	4,293	2,030	2,746	8,335
Total tax from organised sector	11,708	12,878	6,090	8,238	25,005
Tax from Composition Scheme @5% (on 40% of unorganised market, which is taxable)	5,070	5,038	2,392	2,685	5,754
Total Tax Contribution	**16,778**	**17,916**	**8,482**	**10,923**	**30,759**
***GST on inputs denied (4%-8%)**	9,366	10,302	4,872	6,591	10,302

Figures in INR Crs

Exhibit 76: Recomended GST Revenue @ 12% with Input Tax Credit (2019 onwards)

	FY 2019	FY 2020	FY 2021	FY 2022P	FY 2025P
Revenue					
Organised Food Services Market	1,56,100	1,71,700	81,200	1,09,845	3,33,400
Unorganised Food Services Market	2,53,500	2,51,900	1,19,600	1,34,255	2,87,700
Total Food Services Market	**4,09,600**	**4,23,600**	**2,00,800**	**2,44,100**	**6,21,100**
Taxes					
GST	18,732	20,604	9,744	13,181	40,008
Direct Tax from Organised Sector	3,903	4,293	2,030	2,746	8,335
Total tax from organised sector	22,635	24,897	11,774	15,928	48,343
Tax from Composition Scheme @5% (on 40% of unorganised market, which is taxable)	5,070	5,038	2,392	2,685	5,754
Total Tax	**27,705**	**29,935**	**14,166**	**18,613**	**54,097**
Incremental Tax Contribution (@ 12% GST with ITC less GST @ 5%)	10,927	12,019	5,684	7,689	23,338

Figures in INR Crs

Benefits likely to accrue to food services industry through restoration of ITC on GST

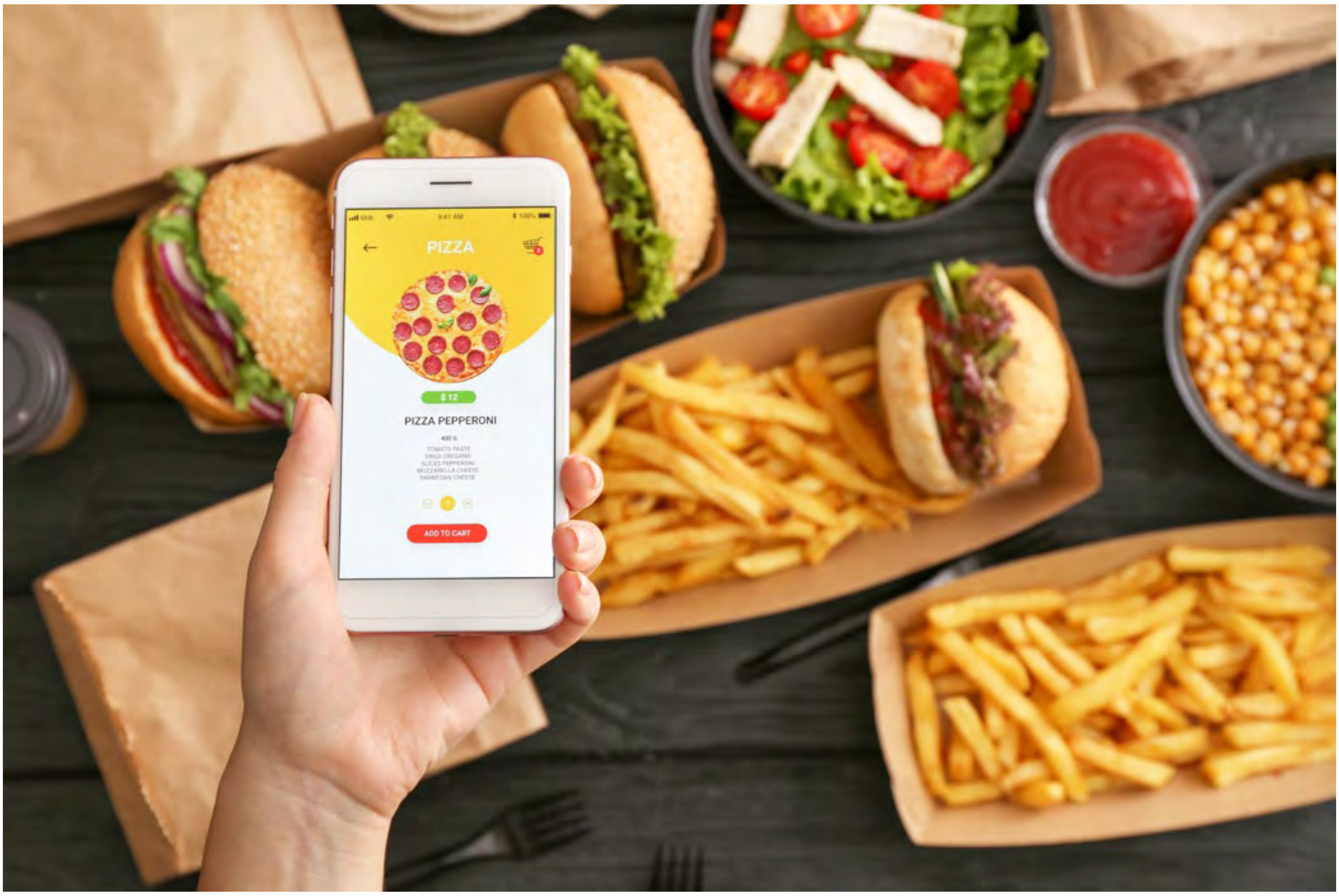
- Bring down fixed operating expenses
- Reduce new project set-up costs thereby aiding growth via new store expansions
- Free-up working capital
- Improved bottom line for restaurant partners (EBITDA)
- Increase in GST revenue for the government and stop tax leakage down the vendor chain

II. Formulation of level playing E-commerce policy

E-commerce and online delivery have become an integral part of the food services ecosystem, especially post-COVID. There are currently two leading food services aggregators in the country and the FBOs must function as per the terms and conditions put forth by them to sustain. FBOs are forced to accept bundled model due to the duopoly of the two aggregators. In the current system of operations, all key stakeholders: the restaurants (high commission, low profits, no customer information), aggregators (not profitable), delivery partners (low salaries, unfair terms of employment) as well as consumers (must pay higher prices) are worse off. Even the exchequer is losing money in the form of taxes. Implementation of certain regulations in this regard would help reduce the excessive control that aggregators have over the ecosystem.

Benefits likely to accrue to food services industry with E-commerce policies

- Policies to prevent aggregators from misusing their dominant market position will help all stakeholders
- Platform-driven discounts, commission rates, data-sharing and private labels should be spelt out clearly and fairly
- FBOs will stand to benefit from data sharing policy
- Reduction in take rates (commission) as FBOs will have the flexibility on un-bundled technology



III. Extended Operating Hours for the Food Services Industry (24*7)

Since the start of Covid, the FBOs have not been able to work for the usual timings allotted. There have been restrictions throughout with respect to the number of operating hours, and the timings of business. The Model Shop & Establishment Act (2016) was brought to help bring uniformity in legislative provisions for FBOs. This Bill was allowed to be adopted by State and Union Territory Governments as per their existing rules, and it allows FBOS, Malls and Cinema halls to remain open on all days for 24 hours. In view of this, and the improving COVID situation in the country, the FBOs should be allowed to operate 24*7 so as to enable them to recover and regain business foothold.

Benefits likely to accrue to the Food Services Industry with Extension of working hours (24*7)

- Longer operating hours will spread the customer load and help prevent unnecessary crowding
- It will help in recovery of losses incurred during periods of restrictive operations
- Help in employment generation in the food services industry as more people will be hired for working in different shifts

IV. Relaxation of Capacity Utilization Norms

There have been restrictions in the operating capacity of FBOs since the start of the pandemic, with currently also FBOs operating at 50% of Capacity. There is a need for removal of capacity restrictions in the food services industry. Other services and travel industries are now operating at 100% capacity, like airlines i.e domestic flights which have been allowed to operate at full capacity, as well as Metro Rail, and Cinema Halls which have also been allowed to function at 100% capacity in most key states in the country. Easing of restrictions for FBOs by allowing them to operate at full capacity will help bring back the momentum and business.

Benefits likely to accrue to the Food Services Industry with the Relaxation of capacity utilization norms

- Mitigate key fixed operating expenses, which can otherwise lead to mass litigation
- Help in containing ongoing financial stress and keeping FBOs afloat
- Free up working capital for efficient functioning
- Will drive consumption, which will help in faster recovery of the economy

In Summary

Policy support interventions will help the restaurant industry at large in the long run to sustain and drive growth. It will also help establishing a level playing field for all stakeholders of food services industry.

Operational support will help improve cashflows thereby aiding growth of the industry. These must be provided starting FY 2021, when restrictions started being imposed on the industry without any relief measures being provided to them.

Glossary

ACDR – Affordable Casual Dining Restaurant
AOV – Average Order Value
Bn – Billion
CAGR – Compounded Annual Growth Rate
CDR – Casual Dining Restaurant
CGST – Central Goods & Service Tax
Cr – Crores
COVID/Covid – Coronavirus Disease
CY – Calendar Year
D & IC – Dessert & Ice cream GDP – Gross Domestic Product
FBOs – Food Business Operators
FD/ FDR – Fine Dining Restaurant
FHRS – Food Hygiene Rating Scheme
FY – Financial Year
GST – Goods & Service Tax
IMF – International Monitory Fund
ITC – Input Tax Credit
P - Projected
PBCL – Pubs, Bar Café and Lounge
PCDR – Premium Casual Dining Restaurant
PFCE – Private Final Consumption Expenditure
Q-o-Q – Quarter on Quarter
QSR – Quick Service Restaurant
RBI – Reserve Bank of India
SGST – State Goods & Service Tax
VAT – Value Added Tax
3P – Third Party

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