



NATIONAL RESTAURANT ASSOCIATION OF INDIA

Date: 25th May, 2020

To,
Mall Owner

Subject: Request to urgently resolve concerns of F&B Retailers in your Mall

Dear Sir/Madam,

Greetings from National Restaurant Association of India.

NRAI is the Indian Restaurant Industry's leading Association. Founded in 1982 and headquartered in Delhi, we are an association of the restaurant industry in India representing lakhs of restaurants across India. The restaurant industry, with an annual turnover of ~INR 4.25 Lakh Crores is a significant player in the service segment, contributing over 2.1% to the G.D.P. of India, and provides direct employment to over seven million Indians.

Sir, as you are well aware this Covid situation has had a disproportionate impact on restaurateurs in India and till date the situation remains severe. Given that you are an important stakeholder in our industry, we wanted to solicit your cooperation during these severe times. We understand that several of our members have been in communication with you sharing their commercial concerns arising out of current unprecedented crisis caused by the Covid-19 pandemic.

With a view towards bringing about some consensus amongst ALL the stakeholders, we wanted to share with you the restaurateurs' perspective. ***There a grim reality facing us all that businesses will not be able to sustain themselves on older terms of engagement in the post pandemic era.*** With our moral and legal responsibility to pay our workmen during lockdown (which most of our employees are classified), reduced restaurant capacities, social distancing norms rendering bars virtually unviable, expected restriction on number of people allowed to a mall and a general fear in consumer's mind, there is already immense stress in the sector and we will be lucky to get 25%-40% of business back of the old business volumes once businesses begin. ***We therefore strongly feel that all restaurants and malls across the nation will need to work a new model of engagement*** for a singular objective of saving each other and all the jobs that we have created.

ANURAG KATRIAR
Executive Director & CEO
deGustibus Hospitality
Pvt. Ltd.
President

KABIR SURI
Co-Founder & Director
Azure Hospitality Pvt. Ltd.
Vice President

PRATIK POTA
CEO
Jubilant FoodWorks Ltd.
Hony. Secretary

NITIN SALUJA
Founder Chaayos
Sunshine Teahouse
Pvt. Ltd.
Hony. Jt. Secretary

MANPREET SINGH
Director
K S Hotels Pvt. Ltd.
Hony. Treasurer

PRAKUL KUMAR
Secretary General



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While every restaurant has its own individual commercial terms, we wanted to share with you some common themes for your consideration:

- In the absence of any income, fixed outgoings for the duration of the lockdown needs to be waived off entirely.
- The whole model of engagement needs to move towards a totally variable model. Such revenue-share model will ensure that the fortunes of both parties, i.e., the restaurants and the malls are firmly inter-linked. This will ensure that neither parties stand to profiteer at the cost of the other.

Sir, we strongly advise that **both sides must start these discussions now** while the lockdown is still in place. **It will be unnecessary and avoidable loss of time for everyone if this discussion is kept for post-lockdown;** we feel that the combined energies of both sides at that time should be focused solely on successful reopening of the mall and the restaurants therein.

Please also consider that in the absence of a consensus, it will be very difficult for our members to commence operations. Given the difficult state of affairs, the sentiment is **that it is better to cut the losses now rather than risking further capital infusion to fund cash losses.** This will not benefit anyone.

We also totally understand that the malls too have huge costs to take care which become doubly difficult with reduced cash flows in times like these. Unfortunately, this is the stark reality for every business, including the restaurants. We all have been compelled to use our meagre reserves, raise debt or equity capital to fund these lockdown losses. Our cash flows, just like yours is also massively impacted. We are sure this is not easy on your business as well, though the announced moratorium on loan repayment must have brought you some respite. We also understand that going forward, all of us will need to streamline our costs and expenses and make them commensurate to the expected reduced business volumes.

We are as the largest representative body of the restaurants and you are one of the most significant mall operators in the country. We believe that our joint efforts can set the tone for others too. We are happy to offer our services in facilitating this dialogue to arrive at an amicable solution, and hope you will reciprocate our initiative and join us to preserve this fragile sector for the benefit of ALL the stakeholders.

We will wait to hear from you.

Warm regards,

Prakul Kumar
Secretary General

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