

Fast food chains grow faster

Quick-service restaurant market is expected to clock a CAGR of 23% between FY21 and fiscal year 2025

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Pizza chain Domino's will add around 200 stores annually in India over the next couple of years as well as pump more money into commissaries and upgrading technology as it capitalizes on low per capita consumption of fast food in the country and joins competitors in expanding its presence in India.

On Monday, the pizza chain opened its 2,000th outlet in the country making India the first country outside US to reach the milestone.

"This is the first time we have had a country reach 2,000 stores outside US. India is the largest market for Domino's in terms of store count (outside US); in terms of sales it's in the top five for Domino's outside of US," Art D'Elia, executive vice president-International at Domino's Pizza, Inc said in an interview on Monday.

The move comes as more organized fast-food players have stepped up



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store openings.

"Despite the muted demand scenario and depressed same-store-sales growth, QSR companies have not altered their store opening plans or capex guidance," analysts at BNP Paribas said in a note dated 24 May.

India's quick-service restaurant (QSR) market is expected to clock a

compound annual growth rate of 23% between FY21 and fiscal year 2025. The food services market was estimated at ₹4,236 billion in FY20, Edelweiss said in its research note.

As of FY20—organized QSRs had a market size of ₹348 billion. Future growth in the segment will be driven by chains in the QSR market, which

accounted for 54% of the total QSR sub-segment in FY20 and are estimated to reach 64% of the QSR sales by FY25, it said.

Westlife Foodworld that operates McDonald's outlets in south and west India opened 41 stores in FY24 with a target of 45-50 stores in FY25.

In 2022, the company had plans to add 250-300 stores, most of them in small towns, over the next five years and double sales to more than ₹4,000 crore; it planned an investment of ₹1,400 crore then. The management of Devyani International that operates KFC, Costa Coffee, and Pizza Hut restaurants in India has guided for 275-300 net new store additions in FY25, with 120-130 KFC stores, 70-80 Pizza Hut stores and nearly 60-70 Costa Coffee stores.

Sapphire Foods India that, too, operates KFC and Pizza Hut outlets in India has retained its three-to-four year guidance of doubling the count of

its outlets on the base of December 2021, according to the BNP Paribas.

Last month, Devyani International Ltd partnered cinema exhibitor PVR Inox Ltd, to jointly establish a company to develop and operate food courts within shopping malls in India.

Domino's Pizza India opened its first store in New Delhi in 1996; today it operates 2,000 pizza stores across 421 cities here.

₹4,236 bn
value of India's
food services
market in FY20

Jubilant FoodWorks Ltd (JFL) operates the master franchise rights from Domino's Pizza in India and a few global markets.

Last month the company said it could potentially open over 5,500 Domino's Pizza stores in the six global markets it operates in the medium term up from the current 2,793 outlets in these markets.

The promoters of HT Media Ltd, which publishes Mint, and Jubilant Foodworks are closely related. There are, however, no promoter cross-holdings.