

# foodService

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## Food service industry hot on PE, VC menu

Be it pastas, pizza or dosas, investors are increasingly developing an appetite for restaurant business, one of the fastest-growing consumer spending segments. Chains that offer competitive pricing and good quality products are attractive investment targets. Among the restaurant formats, experts feel, home-grown quick service restaurant chains are seen as funding targets due to the convenience offered in terms of access, sharp pricing and diverse menu. Equity players have made some big ticket investments, the prominent ones being veg speciality hub Wah Ji Wah, Mast Kalandar, also a veg player and Faaso's, a delivery chain. Venture capitalists (VC) and private equity (PE) players are looking to increase their share of the pie in the Rs 16,000 crore organised restaurant business in the country, which is growing at 20 per cent annually.

As per data sourced from Venture Intelligence, a research service focused on Private Equity & M&A, in 2012, eight PE and VC investments happened in the restaurant space, and the total deal value was Rs 605 crore; as opposed to Rs 453 crore for seven deals that took place in 2011. Our cover story this issue tracks all the excitement in equity investments happening across various verticals of the restaurant business.

In an exclusive to Food Service India, Hari Nayak, one of the most sought after chefs in North America reveals how he put Indian food on the global culinary map, running three successful restaurants in the US and ways to ensure repeat guests at the restaurant.

In this issue we also tackle the issue of Food Waste in restaurants. Food that is thrown away when it could have been sold or eaten – wastes more than just the food itself. It's also a waste of all the resources used to grow, manufacture, transport and sell the food. And it's a waste of money.

When it comes to tackling food waste as an issue, it is useful to explore the different types of food waste. This can help you to identify where food is being wasted within your business.



Amitabh Taneja

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The market today looks good for equity players who are looking to invest in restaurants, given the profits that such establishments promise to generate. The investor enjoys great returns on investment, while the restaurant is content with its share of market visibility. Kavitha Srinivasa digs in deep.



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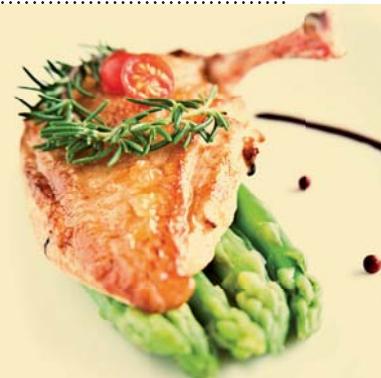
*As the mall culture continues to take the country by storm, food plays an increasingly important role, with food courts choc-a-block with the latest in food service offerings. The new kid on the block in terms of food concepts comes in the form of Soup Bowl. Shanti Padukone finds out more...*



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# A Western Twist to Indian Cuisine

**Hari Nayak**, an internationally acclaimed chef, restaurateur and consultant, started his epicurean journey from the Culinary Institute of America (CIA). Today, he is one of the most sought after chefs in North America for his unique cooking style. He also works as a culinary consultant to many restaurants that are associated with larger hotel and resort properties, especially in the Middle and Far East. Born in the southern Indian state of Karnataka, today Nayak runs three successful Indian restaurants in the US. **Varun Jain** got an opportunity to speak with the chef who put Indian cuisine on the global culinary map.

**At what age did you started cooking? When did you think of becoming a chef?**

I started trying my hand in the kitchen when I was around 15 years old. I had no idea then that one day I would become a chef. It was later when I joined the Hotel Management Institute (WGSMA) at Manipal that I started thinking seriously about the profession.

**Tell us about your journey from India to USA. Why did you chose to study at CIA?**

During my hotel management course, I knew I wanted to become a chef and take it up as a profession. So, I started putting in extra hours in the hotel kitchen that was part of our school. I knew I had to educate myself at the best cooking school of the world. That's why I chose the Culinary Institute of America (CIA) in Hyde Park, New York. As a result, I landed in USA.

**You have been presenting modern Indian food in an artistic manner to the West. How do you think the West looks at Indian food?**

When I landed at CIA, it wasn't with the plan to represent Indian food in USA. I simply wanted to learn Western cooking techniques, baking and pastry making. Indian cuisine happened later and by default. When I came to the US in 1995, what was being served as Indian food was not well represented. The local Americans knew very little of authentic Indian food. It was the basic cream-based curries and naan bread. Very few restaurants, which were considered the best in the league, were serving very average food. Now there are so many restaurants and chefs who are doing such an amazing job to represent our cuisine and culture. It is a good time for Indian cuisine. It is widely accepted



and loved. I use my Western training skills and incorporate them into the traditional flavours of Indian cooking. That makes it modern and unique. The locals and Indians who want something new and exciting enjoy it. It is a unique niche market.

**Where do you see Indian food on the global culinary map?**

Right now it is probably in the top 10, right behind French, Italian, Japanese, Oriental, Spanish, and South American food. It is amongst the top three cuisines in the UK. I feel it is just a matter of time that Indian food will figure amongst the top three cuisines on the global culinary map.

**What kind of food do you enjoy cooking and serving to your guests the most?**

The food that I love to cook is South Indian regional recipes using local and seasonal ingredients that are available here with a Western twist.



“ During my hotel management course, I knew I wanted to become a chef and take it up as a profession. So, I started putting in extra hours in the hotel kitchen that was part of our school.”



**Tell us about your restaurants and their concepts. How have they been received in the US?**

My restaurants are considered modern, global and eclectic Indian. The food has a unique global twist, changes seasonally and is influenced by my travels. **Matt & Meera** is an American café with a flavour punch from ingredients and spices from India and around the world. It is American cuisine created by people who found their calling through passion, not ancestry. This new restaurant shares inspiration, ingredients and attitude.







“The restaurant industry works differently from the IT industry, which has been the ultimate destination of VCs and PEs. Funding players need to understand that the RoI in the restaurant business takes longer than in the IT industry”

– Gaurav Jain  
Founder-CEO, Mast Kalandar

As per data sourced from Venture Intelligence, a research service focused on Private Equity & M&A, in 2012, eight PE and VC investments happened in the restaurant space, and the total deal value was \$111.7 million; as opposed to \$ 83.71 million for seven deals that took place in 2011. “There is significant traction with investors as the market is fast getting organized from a largely unorganized one, eating out is on the rise with increasing disposable incomes and it is still had limited impact relative to overall market slowdown. Moreover, large investments in supply chain have enabled new concepts to deploy efficiently. With unit economics and scalability achievable for the right models, this sectors has some right recipes that funds are looking for,” says Pankaj Karna-MD-Maple Capital Advisors who focus significantly on the food sector.

The belly is just getting bigger. Premji Invest, Azim Premji’s venture capital and private equity fund, has invested in JSM Corp that runs Hard Rock Cafe and California Pizza Kitchen chain of restaurants. TVS Capital has investments in Om Pizza (of Papa John’s pizza chain) and Indian Cookery which operates the Yellow Chilli brand of casual dining restaurants owned by Chef Sanjeev Kapoor. Everstone Capital now owns and runs Blue Foods, whose portfolio comprises Copper Chimney, Spaghetti Kitchen, Noodle Bar, Bombay Blue and the ice-cream chain Gelato Italiano and also since inducted Verlinvest as their co investors. India Equity Partners invested in Sagar Ratna.

These are some of the key equity players responsible for building India’s restaurant business into a strong and fast growing consumption market.

There are other reasons that prompt stakeholders to look at the restaurant business regardless of whether they bake pizzas or fry samosas. “The fact that retail has for several years remained unavailable for foreign investment has urged equities to look at other alternatives. Being a high growth sector, investments in food is natural and obvious,” felt Kurian.

Many areas in the restaurant sector hold promise. There’s ample scope in airports, transit highways and metro stations. Likewise the café segment remains to be fully tapped. The growth opportunities are plenty, as international chains are entering the Indian market and the existing ones are expanding space. Similarly, the breakfast segment is also shaping up. “The time is right for equities to make investments in the food industry. There’s so much happening everywhere,” said



“We are witnessing a phenomenal triple-digit growth rate in India.”

Pinaki Banerjee  
Chief Representative  
Rational India



Rational AG -- the German manufacturer of industrial food steamers and ovens for the catering industry, has chalked out aggressive plans for the Indian market. The professional kitchen equipment maker that takes pride on its advanced technology aims to increase the customer base to 10,000 from the existing 1,000 in five years' time. **Pinaki Banerjee**, Chief Representative, Rational India, talks to **Varun Jain** about the company's future plans, marketing strategies and the only product that they make worldwide.



#### What is Rational's set up in India like?

Rational is a focussed company. We first established ourself in Delhi and Mumbai by setting up offices and a network of service centres and technical application help.

We are headquartered in New Delhi. Our strategic partners comprise around 90 dealers across India. One of the major concepts of our company is Rational Cooking Live -- a unique marketing concept wherein we invite people for a demonstration on the benefits of our products. We have also setup developmental centres across the country.

We have a very clear philosophy. We do not sell, but offer solutions to all our customers. Any kitchen has a multitude of problems -- staff turnover, need to increase efficiency and productivity, loss of energy -- and Rational tries to provide tailor-made solutions for there.

We are far ahead of the game in terms of technology and are spending considerably on our R&D. The second thing that is important to us is to offer additional services. We are committed to the Indian market and want to see every kitchen in the country using the combi-steamer technology.

#### How has Rational's journey in India been so far?

We started our operations in India five years ago. Till last year, we had eight staff members; today it has gone up to 20. The aim is to have 50 people working for us in the next two years. Apart from this, we have our own subsidiary -- our private limited company. We have really picked up a lot of pace in the last two years and have also developed a self-cooking centre focussed majorly on Indian cuisine.

#### Tell us about your product range in India.

We cover 95 percent of the product basket in India. We just make one product worldwide. There can be variations within the product according to the customer's needs, but the basic product is only one. There are few companies in the world who with just one product focus have a market



capitalisation of almost four times their turnover. There is an incredible amount of focus and support on technology. And being a German company, we pride ourselves on the superior technology we harness.

The SelfCooking Center Whiteefficiency replaces almost all the appliances traditionally found in a professional kitchen. It can grill, steam, gratinate, bake, rise, roast, braise, simmer, stew, poach or blanch. The unit independently determines, controls and monitors the optimum cooking process – just by the push of a button. At the same time, the SelfCooking Center Whiteefficiency requires significantly less energy, water and raw materials. It is not only a standard for western food but also for Indian and Arabic cuisines.

### What is your assessment of professional kitchen equipment in India?

So far, the combi-steamer technology is not well established throughout India; however, trends are moving towards even more efficient



production, while quality has to remain constantly high. The demand for 'green' energy saving products increases within the kitchen industry. Space also plays a major role in every Indian kitchen. All the traditional kitchen equipment needs to be placed in a very limited space. The combi-steamer technology offers the perfect solution with maximum application flexibility but minimum space requirement. Increasing salaries of experienced chefs and kitchen staff is a challenge in the hospitality business. Hence, it is very important for kitchen equipment to be user friendly. New technologies allow for the best cooking results even with untrained staff. For instance Rational has created a software solution that makes operator errors almost impossible. With the software 'MyDisplay' functions, which are not required, are removed from the appliance's user interface so that every user only sees what he is supposed to see. Finally, HACCP standards such as food and hygiene safety will always be a critical point that has



to be considered in every kitchen. The Rational's SelfCookingCenter Whiteefficiency makes it possible to ensure hygiene safety with documentation of HACCP and automatic cleaning of the unit.

### What is the USP of SelfCooking Center Whiteefficiency?

The SelfCooking Center Whiteefficiency will pay for itself in the shortest time possible: On a footprint of just 1 sq.m., it replaces or cuts the workload of 40-50 percent of all conventional cooking appliances and thus reduces the space required by more than 30 percent. Additionally, compared to our previous model, it consumes up to 20 percent less energy and shortens the production time by up to 30 percent. Even purchases of raw materials will be reduced by 10 percent on an average compared to the previous model – by precise regulation and cooking processes ideally matched to the product. At the same time, the SelfCookingCenter Whiteefficiency stands for high quality made in Germany and is supplied with a two-year manufacturer's warranty. Overall, we can say that the profit exceeds the finance costs right from the very start.

Compared with conventional appliances, Rational's SelfCooking Center Whiteefficiency requires significantly less energy, water and raw materials by transmitting heat to the product by means of steam, hot air or a combination of the two. In terms of figures, this means that the use of raw materials is reduced by up to 20 percent through optimised cooking processes compared to our previous model. Furthermore, the unit requires up to 70 percent less energy compared to the equipment traditionally used in the kitchens without any combi-steamer.

The SelfCooking Center Whiteefficiency is also flexible and easy to use. This is what makes it unique. A mere fingertip on the desired result of any dish is enough for the SelfCooking Center Whiteefficiency to independently determine, regulate and monitor the optimal cooking process. Chefs only have to take care of their food again when it is ready. Sensors detect the size of the food and the load size. With up to 60 check measurements per minute, precision control of the cooking process is ensured. Even typical national preferences are taken into account.

However, it is not only the product that makes Rational unique. Even Rational's service portfolio

“ We cover 95 percent of the product basket in India. We just make one product worldwide. There are no two products. There can be variations within the product according to your needs, but the basic product is only one. ”

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