Market Intelligence & Analytics

CRISIL
An S&P Global Company

# Assessment of the confectionery and café market in India

August 2023

Consulting

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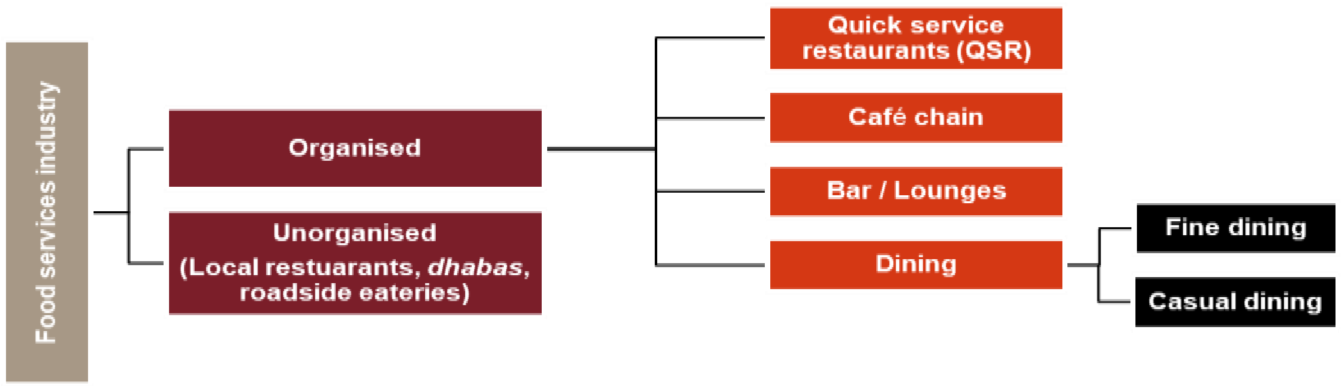
# 1 Overview of the Indian food services industry

## 1.1 Overview of the food services industry




*Source: CRISIL MI&A Research*

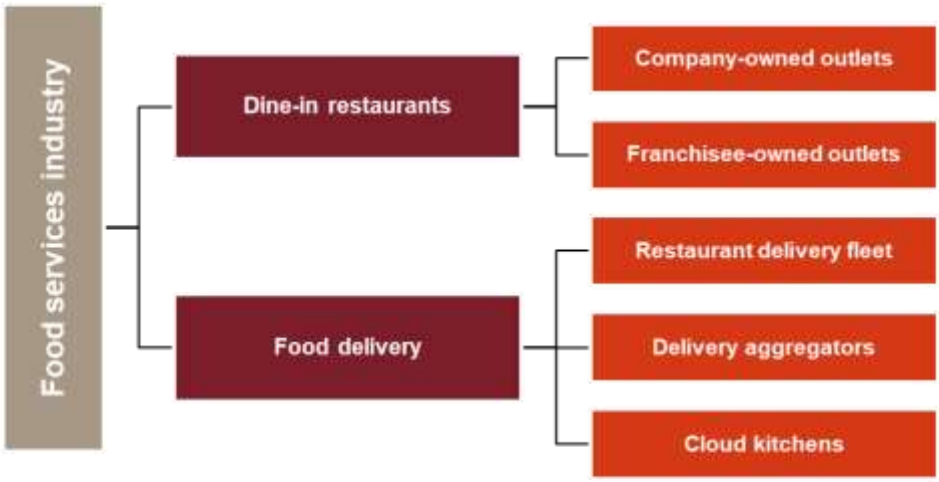
The Indian food services industry, which has been dominated by unorganised entities such as local restaurants and roadside eateries, has witnessed growth in the organized food sectors in the recent years. A key reason to the growth of this segment has been its offering of quality and service consistency assurance across outlets as well as quality food produce with more control over the food supply chain.

Unorganised entities such as local restaurants and roadside eateries, which include street stalls, hawkers, trolleys and standalone sweet shops have dominated the Indian food services industry and continue to hold a major share in the total food and beverage (F&B) service industry.

On the other hand, organised outlets offer quality and service consistency assurance across outlets as well as quality food produced with more control over the food supply chain. The organised format includes quick service restaurants (QSRs), café chains, bars/lounges and dining outlets. The organised food services industry in India comprises independent/standalone as well as chain formats of restaurants, bars, and cafes. On the basis of food service formats, the industry can be categorised as follows:

- QSRs: offer processed fast foods such as burgers and pizzas at low prices, typically with self-service or minimal service, and also provide home delivery and takeaway services; usually located in public places such as malls and entertainment zones
- Cafes: offer coffee and other beverages, along with quick bite foods such as sandwiches in a casual atmosphere with minimal services
- Bars/lounges: primarily offer alcohol-based beverages, along with snacks and full-fledged meals, in an ambience varying from loud music for party gatherings to a social and cordial environment
- Casual dining restaurants: offer food at moderate prices in a casual atmosphere with services provided by semi-trained staff, and also provide home delivery and takeaway services for food items
- Fine dining restaurants: offer fine quality food, typically of a particular cuisine, at high prices in an elegant ambience with services provided by highly trained staff, and usually located in premium hotels and prime locations in major cities

## 1.2 Overview of business models in the Indian food services industry




*Source: CRISIL MI&A Research*

The food services industry broadly operates through two business models – dine-in and delivery – based on the point of food consumption.

**Dine-in restaurants**

In case of dine-in restaurants, the patrons consume the food served by the restaurant on the premises of the restaurant itself. Food is prepared on-premises in the kitchen, which is typically attached to the dining area. Based on operational control, this business model can be further sub-divided into two categories:

- **Company-owned outlets:** In this case, the company that holds the rights to the restaurant brand owns the outlet and completely manages the operations, which not only gives it complete control over pricing but also entails higher financial and operational risk
- **Franchisee-owned outlets:** Such model includes licensing a restaurant's brand to a third party who operates the business, adheres to standards, and shares revenues, allowing the licensor to earn fixed revenue without bearing financial or operational risks.

**Food delivery**

In case of food delivery, food is delivered to consumers at a place of their choice for consumption. The food is prepared in the on-premises kitchen or a standalone kitchen, depending on whether the restaurant has a dine-in facility. This business model can be further sub-divided into three categories:

- **Restaurant delivery fleet:** In this case, restaurants use their own workforce to deliver food to customers, who place their orders directly with the restaurants. The restaurant pockets the entire order transaction value, while bearing the delivery cost, which may be passed on to customers
- **Delivery aggregators:** In this case, a restaurant lists itself on restaurant aggregator platforms, where customers can find the restaurants and place their orders. The aggregator handles technology integration, delivery & logistics, and marketing for a fixed fee aligned with a portion of the transaction value
- **Cloud kitchens:** In this model, a restaurant operates without a dining area, with choice of managing its marketing and delivery on its own or through delivery aggregators. Such restaurants save rental costs but see a dip in transaction value due to the absence of premium ambience

Most dine-in restaurants also provide food delivery to consumers in their vicinity through their own fleet and food delivery platforms.

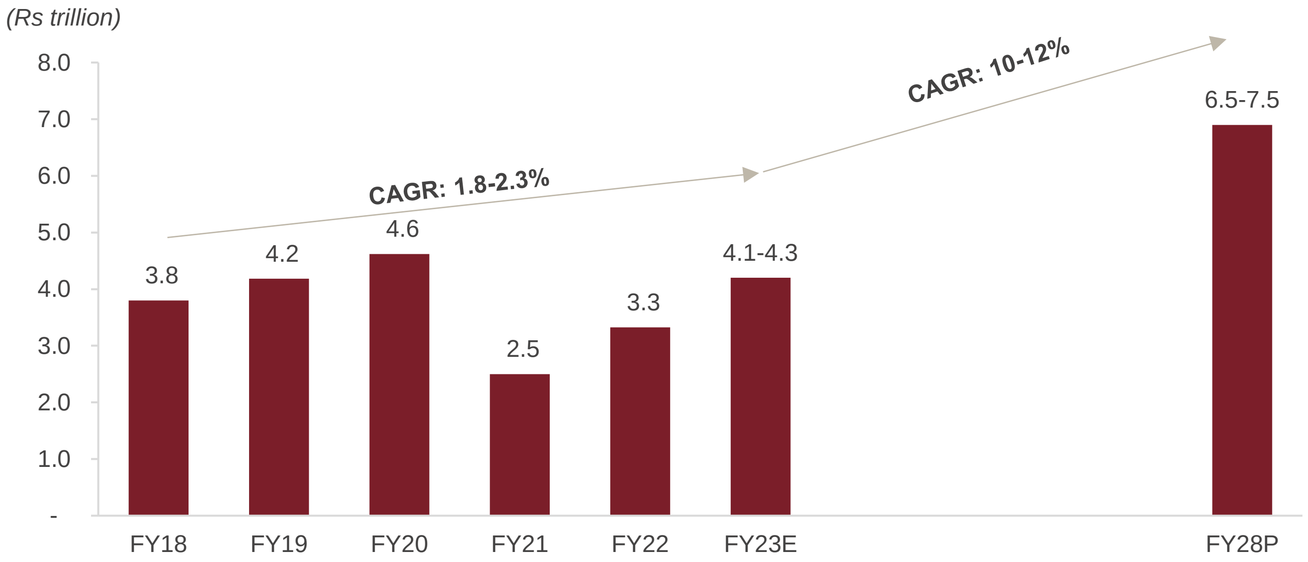
## 1.3 Estimated size of the Indian food services industry

**Domestic restaurant services industry estimated to grow at 10-12% CAGR till fiscal 2028**

The Indian food services industry was valued at an estimated Rs 4.6 trillion in fiscal 2020, growing at a CAGR of around 10% from FY18 to 20. Growth was driven by India's rising disposable income and an uptick in discretionary spending on eating out. Increasing availability of restaurants offering a variety of cuisines, along with the proliferation of food-ordering platforms, has also aided growth of the food services industry. But the industry saw a heavy dip in fiscal 2021 due to the Covid-19 pandemic which led to nationwide lockdowns, limited mobility of people, work-from-home and a general fear of traveling outside.

In fiscal 2023, the industry is estimated to have grown 25-30% (YoY) to about Rs 4.1 to 4.3 trillion backed by increased mobility and higher discretionary spending.

**Figure 1: Growth set to spurt significantly for restaurants**




E-Estimated, P-Projected

*Source: CRISIL MI&A Research*

Going forward the trend of higher consumption is expected to continue, especially among millennials who like to try new restaurants and cafes to enhance their social presence. Also, the rise in disposable income, entry of new brands, an increase in presence of QSRs in tier 2+ cities, and lack of time to cook among working professionals is also expected to support the growth of the Indian food services market. Food aggregators also had a significant effect on the market, especially during the pandemic in fiscal 2021 and 2022. With an increase in smartphone penetration, the rise of cloud kitchens in new category restaurants, the food aggregators would further enable growth in the Indian food services market. As a result, the industry's revenue is expected to grow at a 10-12% CAGR to ~Rs 6.5-7.5 trillion by fiscal 2028 from fiscal 2023.

## 1.4 Growth drivers of the food services industry

**Gains of a growing economy and rising income levels trickle down to food services**

The Indian economy grew at a 5.7% CAGR between fiscals 2012 and 2023, which resulted in a strong consumption sentiment. Rising income levels due to the growing economy have improved the spending power of India's population, especially in urban areas, encouraging consumers to spend more on food services.

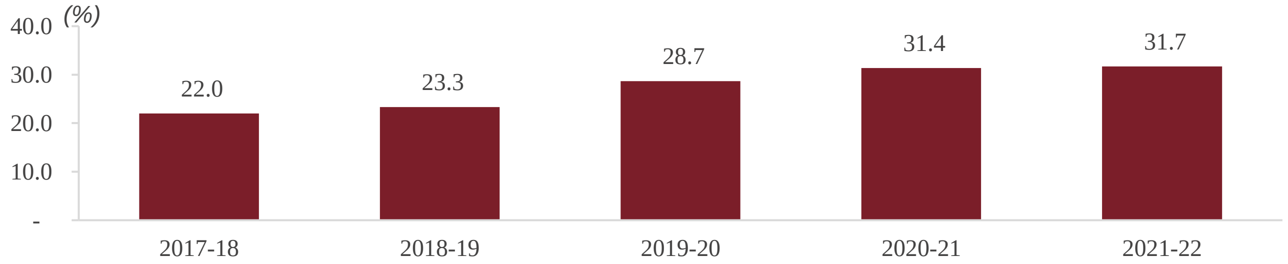
**Demographic dividend to boost discretionary spending on food services**

As per World Bank data, the share of people in the age group of 15-64 in India's population, largely touted as the country's demographic dividend led by young students and the working population, increased from 60.9% in 2000 to 67.5% in 2021. The share is expected to increase further in the next few years, along with an uptick in the earning and spending ability of this set of consumers. The preference of youngsters for eating out, awareness about global cuisines, and an increase in dependency on food ordering due to a busy lifestyle is expected to drive consumption-driven growth.

**More families ordering and eating out due to the growing presence of women in working population**

Economic growth in India has led to increased participation of women in formal jobs. The worker population ratio, defined as the percentage of employed persons in the population, for women aged 15 & above increased from 22% in 2017-18 to ~32% in 2021-22.

**Figure 2: Worker population ratio: women in the age group of 15 and above (in %)**




*Source: PLFS annual report 2021-22*

**Aggregators have eased discovery of restaurants and cuisines**

Aggregators provide listings of restaurants in any desired location, and also enable customers to search specific eateries serving cuisines of their choice. Apart from providing essential details and peer reviews of restaurants, aggregators allow users to reserve tables at select restaurants. Food delivery aggregators help users order food online from select restaurants and provide seamless delivery through their fleet.

Aggregators also run loyalty programmes and offer discounts to incentivise higher dine-in footfall and food delivery order volume. These programmes encourage higher spending on food services.

## 1.5 Challenges facing the food services industry

**Raw material costs are subject to weather and economic conditions**

Food material prices, influenced by factors like monsoon, supply chain inefficiencies, and inflation, contribute to a significant portion of a restaurant's operating costs, impacting their margins in a competitive market.

Lease rental cost for a restaurant depends on its format and location. It could be high if the outlet is situated at a prime location or in a mall. Rentals are significant fixed costs, and they increase with expansion. Increase in rental costs could impact the profitability of the business.

**Constantly evolving customer preferences keep R&D costs high**

To stay relevant with customers who have exposure to social media, food blogs, and aggregator platforms, restaurants must stay updated with industry trends and innovate their offerings.

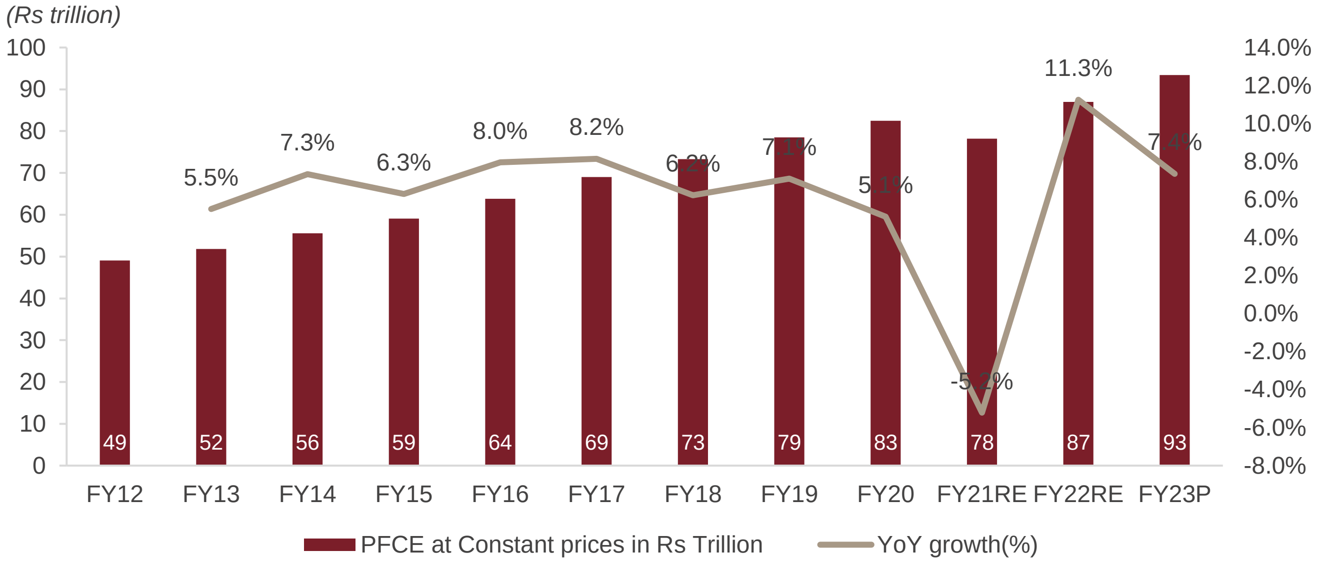
**Stringent regulatory environment increases compliance costs**

Starting a restaurant in India requires obtaining multiple licences, including a food safety licence, health or trade licence, eating house licence, no objection certificate (NOC) from the fire department, and shop and establishment act licence. These need to be secured from various authorities and require substantial time and paperwork. The lack of single window licencing and the complexity of the system may increase the time and effort spent on securing requisite licences, resulting in high compliance costs.

## 1.6 Overview of India's consumption spend

The country's PFCE, an indicator of consumer spending, clocked a 6% CAGR, to reach ~Rs 93.4 trillion by the end of fiscal 2023. In fiscal 2021, PFCE declined 5.2% due to strict lockdowns, limited discretionary spending and disruptions in demand-supply dynamics.

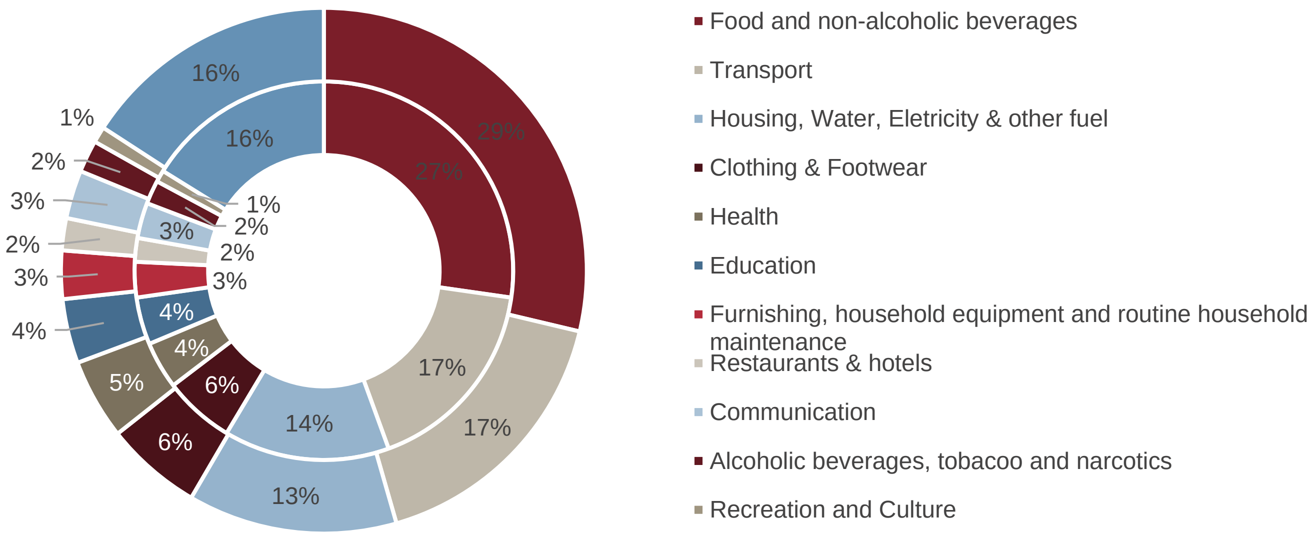
**Figure 3: Trend in PFCE**




*Source: MoSPI, CRISIL MI&A Research*

*RE: revised estimates, P: projected*

**Figure 2: Spending by activity (fiscal 2018 vs fiscal 2022)**

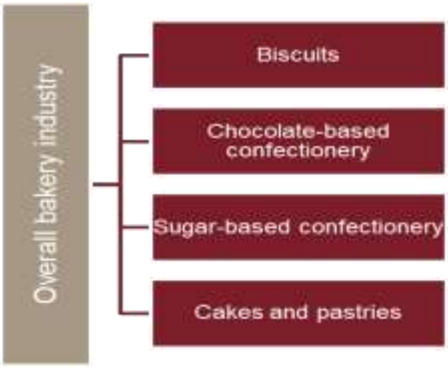



Note: Inner circle – FY18; Outer circle – FY22

*Source: MoSPI, CRISIL MI&A Research*

The share of Food and non-alcoholic beverages in the PFCE, increased from 27% in fiscal 2018 to 29% in fiscal 2022.

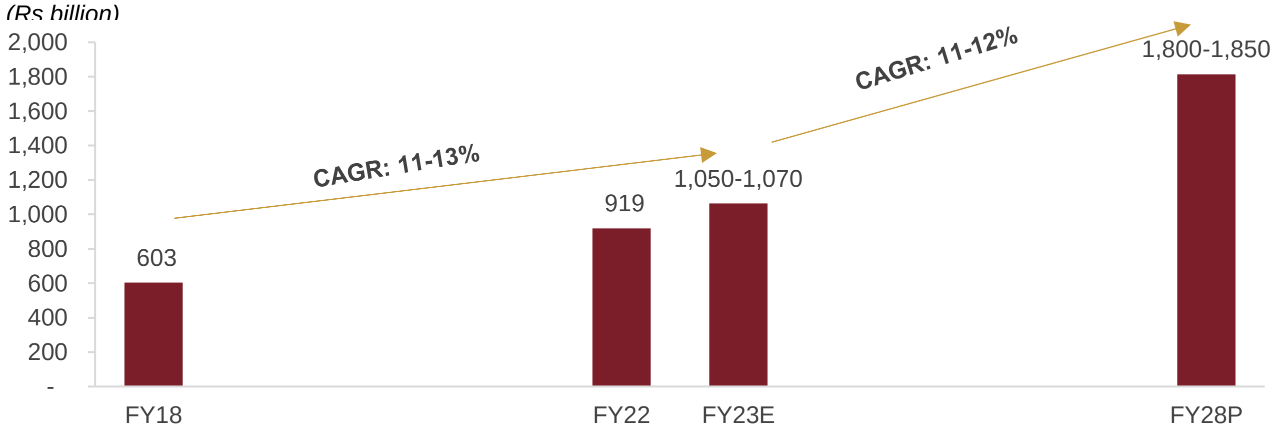
# 2 Indian bakery market




*[Note: For this report, CRISIL MI&A Research has included biscuits, chocolates, and cakes & pastries, and excluded breads, in the confectionery market.]*

The Indian bakery market is estimated to have reached ~Rs 919 billion in fiscal 2022 from ~Rs 603 billion in fiscal 2018, clocking a CAGR of 11%. Some of the factors that have contributed to the industry's growth are rising disposable income, increased penetration in rural areas, gradual premiumisation, change in lifestyle and new product launches. The industry's revenue is expected to grow at 11-12% CAGR to reach Rs 1,800 – 1,850 billion by fiscal 2028 from 1,050 – 1,070 billion in fiscal 2023.

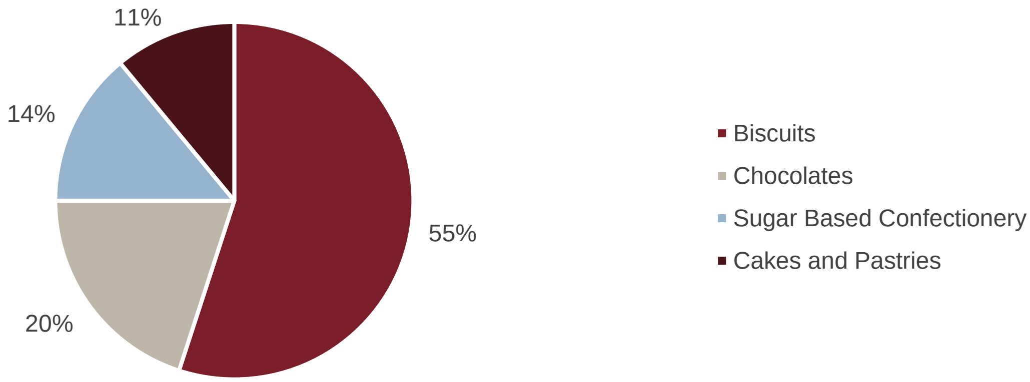
**Figure 4: Trend in bakery market growth, fiscals 2018 to 2028**




Note: E — estimated; P — projected

*Source: CRISIL MI&A Research*

**Bakery market by segment, fiscal 2023**




*Source: CRISIL MI&A Research*

The biscuits segment dominates the bakery market with an estimated 55% share in fiscal 2023, followed by chocolates (20%) and sugar-based confectionery (14%). The penetration of organised players is estimated to have reached around 74% by the end of fiscal 2023. The chocolates segment is highly organised, with penetration of 86-88% as of fiscal 2023.

Chocolates and confectionery items are expected to witness an uptick in fiscal 2024. Improved penetration of the organised snacks sector, led by the pandemic, and new product offerings in regional flavours are expected to drive industry growth this fiscal.

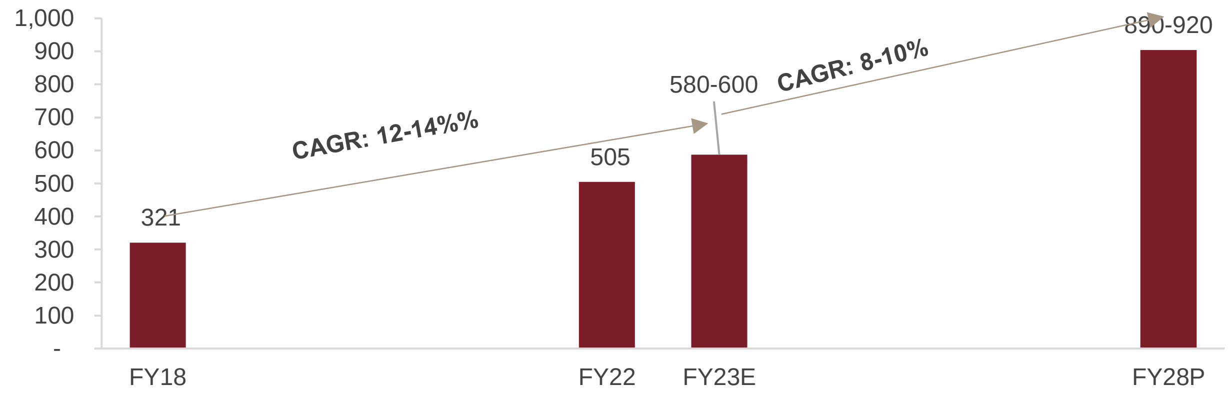
## 2.1 Overview of biscuits segment

### Biscuits dominates the confectionery market in India

The biscuits segment dominates the domestic confectionery market, backed by high distribution reach, come in a wide variety of options, and are cheaper than other bakery products.

Biscuits are considered a mass consumption product usually consumed as a snack between meals. Though biscuits are widely consumed in urban as well as rural areas, the country's per capita consumption remains significantly low at 2-2.5 kg per annum, as against 10 kg in the US and 4.5-5 kg in Southeast Asia, due to the availability of several other traditional snacking options. In recent years, rising urbanisation and the expanding variety of biscuits and cookies have driven the demand for these products.

**Figure 5: Trend in biscuits segment growth, fiscals 2018 to 2028**




Note: E — estimated; P — projected

*Source: CRISIL MI&A Research*

Between fiscals 2018 and 2023, the domestic biscuits segment is estimated to have clocked a healthy 12-14% CAGR in value terms, driven by increased consumption amid moderate price hikes by manufacturers. Steadily rising population and disposable income, increased penetration of manufacturers into rural areas, and new product launches, especially for the health-conscious, also contribute to the growth of this segment.

**Biscuit segment to continue its growth trajectory**

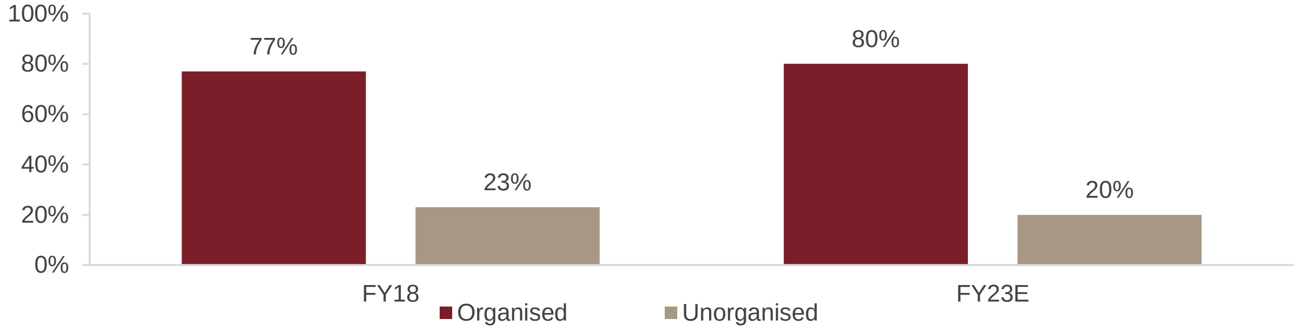
CRISIL expects the biscuit segment to clock 8-10% CAGR between fiscals 2023 and 2028. Last fiscal, the segment is estimated to have grown around 16% on-year, owing to price hikes by players to counter rising input costs. Demand in this segment is expected to grow backed by the changing lifestyle, rising trend of any-time snacking, preference for product consistency, rising premiumisation, and growing demand for on-the-go snacks especially among the urban workforce.

Moreover, supply-side factors such as focus on expanding the distribution network, innovative packaging, and launch of a wide range of products (including healthier options) by key manufacturers and new D2C biscuit brands will continue to propel the market.

**Organised players hold a majority share**

The biscuit segment is dominated by organised players, with estimated ~80% market share in fiscal 2022. Biscuits are generally manufactured in large scale and have minimal scope for customisation, unlike cakes and pastries. Also, given their small ticket size compared with cakes and pastries, the segment thrives on volume sales.

**Figure 6: Organised vs unorganised biscuit players**




Note: E — estimated

*Source: CRISIL MI&A Research*

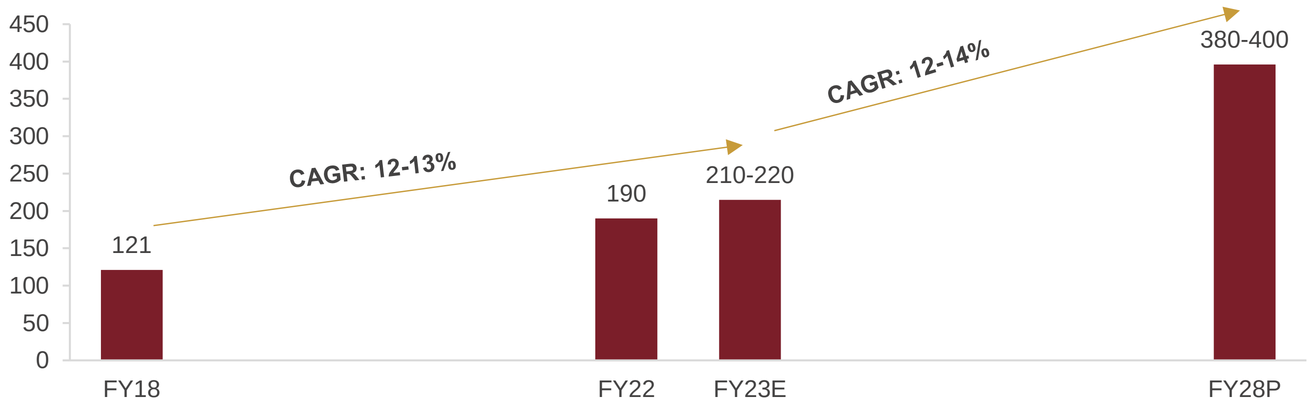
In terms of CAGR, the organised segment outpaced the unorganised segment between fiscals 2018 and 2023, driven by an increase in company investments, an improved distribution network, higher penetration in rural areas, launch of innovative products and their easy availability, and increasing branding and promotional activities.

## 2.2 Overview of chocolates and confectionery segment

The domestic confectionery (chocolate) segment is a part of the bakery market and is sub-divided into chocolate-based confectionery and sugar-based confectionary.

Chocolate-based confectionery, which includes bars and candies, commands a larger market share by value because of premium pricing over sugar-based candies. However, in terms of volume, sugar-based confectionery dominates the market because of easy storage and more variety. Sugar-based confectionery is further broken up into segments. Based on value, the hard-boiled candies segment holds the largest share, followed by gums and eclairs.

**Figure 7: Trend in chocolate-based confectionery market, fiscals 2018 to 2028**




Note: E — estimated, P — projected

*Source: CRISIL MI&A Research*

In the last four years, the chocolate-based confectionery market grew ~12% to an estimated Rs 190 billion in fiscal 2022. The growth was led by a gradual rise in the country's per capita consumption, which was estimated at ~150 gm in fiscal 2012, as against just 40 gm in fiscal 2005.

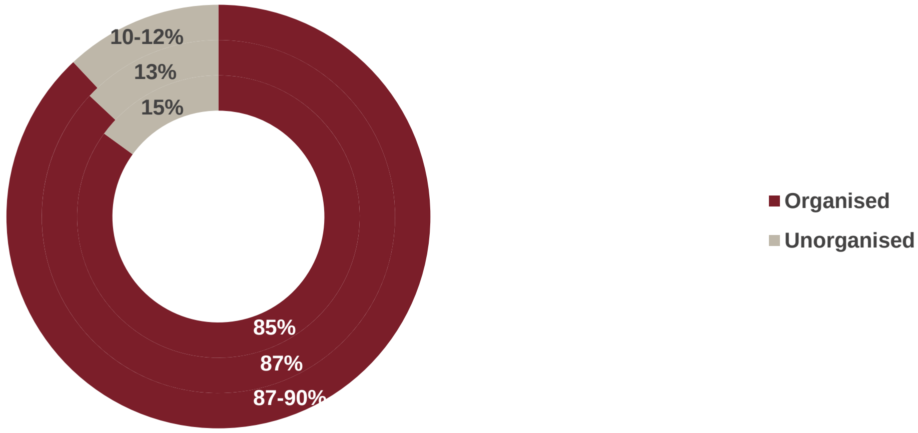
The rise in consumption of chocolates was driven by improvement in cold-chain storages, which has helped players store chocolates at warehouses near rural areas. Furthermore, at the retail level, a decline in power cuts has helped retailers use refrigerators regularly, especially in rural areas. An increase in product offerings and push-marketing strategies adopted by most players have also helped.

In metro cities, increasing disposable income, premiumisation, rising health consciousness, and shifting preference from traditional sweets are increasing demand for premium chocolates.

**Outlook for chocolate-based confectionery market good**

The chocolate-based confectionery market is expected to log a CAGR of 12-14% between fiscals 2023 and 2028, driven by the expected rise in premiumisation, increasing trend of gifting chocolates on special occasions, improving infrastructure (such as uninterrupted power supply), better storage facilities (refrigerator provided by manufacturers), and availability of sugar-free chocolates.

**Figure 8: Organised players hold a major share in chocolate-based confectionery market**




Note: Inner circle — fiscal 2018; middle circle — fiscal 2023E; outer circle — fiscal 2028P

*Source: CRISIL MI&A Research*

Organised players dominate the segment with ~87% share, primarily owing to high entry barriers in terms of production expertise for manufacturing high-quality, premium-priced chocolate bars. The recipes used to make chocolates are difficult to reproduce, and the technological requirements for manufacturing require heavy investment.

Within the cakes and pastries market (including bakery snacks), the organised segment (bakery chains) is estimated to have accounted for 29% share in fiscal 22, as against ~27% share in fiscal 2018. Between fiscals 2018 and 2023, the premium segment logged 17-19% CAGR, outpacing the 9-10% CAGR of the overall cakes and pastries market.

The premium segment is estimated to have accounted for 13% of the overall cakes and pastries market last fiscal, up from ~10% estimated in fiscal 2018.

The higher trajectory of the organised market (bakery chains) was on account of increased consumer preference for quality, the ability of the segment to provide standard offerings across locations, a wider distribution network, affordable pricing, etc.

**Table 1: City Wise - Key bakery chains in major cities**

| City | Premium bakery chains/ brands | No of outlets |
|---|---|---|
| **Ahmedabad** | TGB Cafe n Bakery | 33 |
| **Bengaluru** | Smoor | 27 |
| | Slurpy Shakes | 25 |
| | Oven Fresh | 26 |
| | WarmOven Cake & Desserts | 26 |
| | Sweet Chariot Café | 17 |
| **Chandigarh** | Nik Baker's | 5 |
| **Chennai** | The Old Madras Baking Company | 4 |
| | Cake Park | 12 |
| | Cake Waves | 22 |
| | The Cake World | 37 |

| City | Premium bakery chains/ brands | No of outlets |
|---|---|---|
| | FB Cake House & Sweets | 67 |
| **Delhi-NCR** | L'Opera | 16 |
| | Honey & Dough | 9 |
| | Theobroma | 39 |
| | Breadz | 3 |
| | Choko La | 17 |
| | Crust N Cakes | 3 |
| | Flury’s | 1 |
| **Hyderabad** | Euphoria | 12 |
| | BrownBear | 13 |
| **Kochi** | KR Bakes | 12 |
| **Kolkata** | Flury's | 54 |
| | Paris Café | 2 |
| | Krazy For Chocolates | 10 |
| **Mumbai** | Baker Street | 11 |
| | Flury's | 8 |
| | Theobroma | 43 |
| | LSD - Love Sugar & Dough | 4 |
| | The Pastel Works Co | 2 |

Note: The outlet count is as of Aug 08, 2023, via secondary research. This may not be exhaustive.

*Source: Industry, Company websites, CRISIL MI&A Research; Flury’s data basis outlet count provided by client including café, tea room and kiosks outlets*

Going forward, the growth will be supported by the growing influence of western bakery products, willingness of the young population to explore healthy snack options, and moderate premiumisation in tier II and III cities. The premium bakery segment is expected to account for 14-16% of the overall cakes and pastries market by fiscal 2028.

## 2.3 Key growth drivers for the bakery industry in India

### Biscuits

**Gradually rising disposable income**

- The consumption of bakery and confectionary products is linked to disposable income, which is rising steadily in India. The demand for this segment will increase with economic recovery and rising consumer spending.

**Increased focus on healthy products**

- The pandemic led to consumer awareness regarding healthier food choices, resulting in a rise in demand for nutritious bakery products.

**Low per-capita consumption**

- Per-capita consumption of biscuits is only ~2.5 per kg per annum in India, whereas it is 10-12 kg in the US, the UK, and other developed nations due to the availability of traditional snacks options.

### Cakes, pastries, and chocolates

**Innovation and affordability**

- Demand for pastries and cakes is driven by innovations in flavour, design, and affordability, Increased focus on innovation is expected to benefit the sector.

**Increasing trend of gifting**

- The trend of gifting cakes and pastries during festivities is expected to positively impact the industry.

**Cafés**

- Cafés that offer a variety of beverages and bakery products, including cakes and pastries, are gaining popularity. The rising trend of socialising, especially among the youth, will continue to drive the demand for such cafes.

## 2.4 Key market trends observed in the bakery industry in India

**Going organic**

- Increasing consumption of organic products is leading to bakery owners taking the organic route, especially in key urban cities. These products use organic ingredients and do not have added preservatives. Organic ingredients used in baking include organic butter, flour, and sugar or natural sweeteners.

**Sugar-free bakery products**

- Owing to increasing awareness regarding the adverse health impacts of sugar, young people are trying to stay off sugar. Hence, bakers have started offering sugar-free bakery products, which are witnessing growing demand, especially in key urban cities.

**Growing online presence**

- With a rapidly developing e-commerce landscape, online ordering of cakes and flowers is on the rise. The growing number of bakery chains and robust growth in the overall industry have led to bakeries selling their bakery products, especially cakes and pastries, on online portals. Online cake ordering, though largely restricted to major cities in India, is steadily increasing.
- Unorganised bakery players, who do not have their own website or delivery system for online ordering, are benefitting from the rise of food aggregators.

**Presence across all formats**

Bakery chains, especially premium ones, have been opening outlets across all formats—in-store, kiosks (at airports), and restaurants (in order to tap into customers of all types and across all demographics.

## 2.5 Key challenges faced by the bakery industry in India

**Rapidly changing consumer needs**

- There has been a rapid change in the demand for bakery products, with consumer preference shifting to organic, natural, and sugar-free products. The bakery segment needs to have adequate capacity to meet the new-age demand.

**Low entry barriers**

- The bakery industry is highly unorganised, largely on account of low capital investments (at least for standalone and home bakers) and limited technical expertise required.

# 3 Market assessment and outlook for the café market in India

## 3.1 Overview of the café market

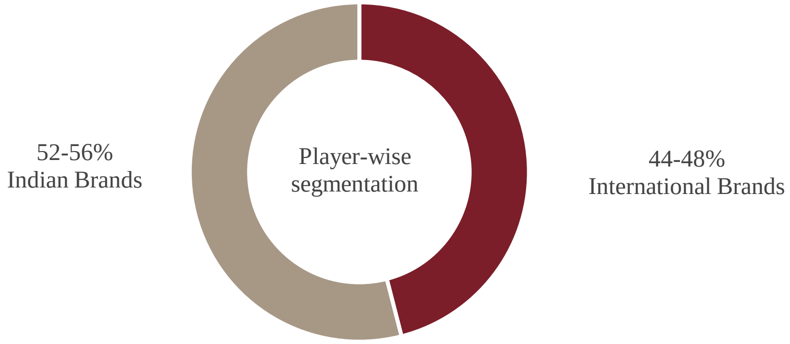
Cafés sell light meals and non-alcoholic drinks, such as tea, coffee, and other beverages. Light meals include savoury snacks, such as sandwiches, open toasts, continental starters, and breakfast, along with bakery items such as muffins, cakes, and pastries. They offer a casual meeting place for customers to engage with their friends, colleagues, and family members.

Cafés have value proposition as centres of social interaction. Some cafés also offer reading spaces and books or corners to conduct ones' regular business activities. Amid increasing ubiquity of internet usage, cafés also offer Wi-Fi services for its patrons to connect to the internet via their devices, encouraging them to use the coffee table as a desk and spend more time at the establishment.

**Indian brands dominate café chains**

Domestic Indian brands, such as CCD, Café Mocha, Chai Point, and Chaayos, dominate the café chain industry in India with a share of 52-57% in fiscal 2023, while the rest is covered by international brands such as Starbucks and Costa Coffee. The share of Indian brands was even higher in fiscal 2020, at 72-77%. The dip in the market share of domestic cafe players can be attributed to the decline in the market share of CCD, which was the market leader in fiscal 2020, and rise of international café chains, such as Starbucks and McCafé, which saw positive growth from fiscals 2020 to 2022 despite the impact of the pandemic.

**Figure *9*: Estimated break-up of domestic and international brands in the Indian café chain industry (fiscal 2023)**

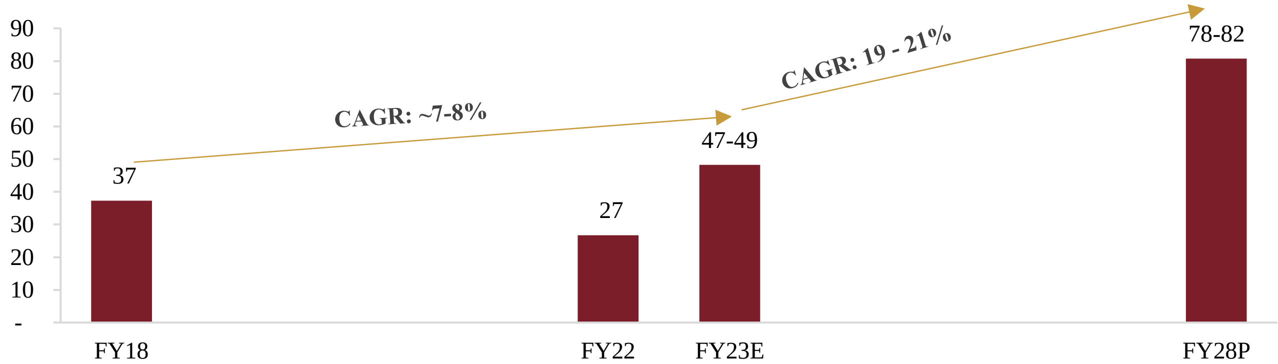



*Source: CRISIL MI&A Research*

**Indian café chain space to grow at healthy pace up to fiscal 2028**

The Indian café market recovered to pre-Covid-19 levels in fiscal 2023 following subsiding of infections and consumers once again eating out, and several corporates restarting offices, among other tailwinds. Between fiscals 2023 and 2028, the Indian café market is expected to grow at *19-21%* CAGR, reaching Rs 78-82 billion on continued healthy demand owing to increase in disposable incomes, favourable demographics, rising aspirations of the middle class, penetration into newer markets by organised players, increasing focus on health and wellness, and technological advancements offering convenience.

**Figure10: Market size of Indian café chain industry**




E: Estimated, P: Projected

*Source: CRISIL MI&A Research*

## 3.2 Key growth drivers for the industry

**Growing café culture among Indian youth**

Coffee shops have grown in appeal among the young people as these offer high-quality coffee with a social environment and provide services such as wi-fi. Within the space, products such as cold brew coffee and chocolate-based beverages are seeing high demand from the younger population.

**Tea cafés are gaining a foothold by introducing traditional drink in modern formats**

In India, tea has typically been prepared at home or consumed at roadside tea stalls or in cafeterias / canteens. However, lately, tea cafés and outlets have grown in presence. The modern outlets are offering tea in a café environment with light snacks, targeting the working class.

**Increased discretionary consumption supporting café industry**

Rising per capita income and discretionary spending are supporting the growth in café industry in India. Several coffee and tea shops in urban India are being opened, with the added value proposition of offering food and beverages and a place for social interaction.

**Public spaces have led to demand of new service formats such as kiosks**

Previously, kiosks of organised F&B players were only restricted to malls or shopping streets. However, with growing urbanisation and development of public infrastructure, the options have increase to metro stations, transportation hubs and highways. Kiosks are a relatively new format, entering the retail spaces, such as shopping malls and metro stations.

## 3.3 Key industry trends and recent developments

Riding on the success of domestic and international café outlets and enthused by demand from consumers, the Indian market has also seen the emergence of domestic brands.

**Table 2: Key Investment deals in the café industry**

| Date | Player | Investors | Funding |
|---|---|---|---|
| **January 2023** | Blue Tokai | A91 Partners and others | $30 million |
| **June 2022** | Chaayos | Alpha Wave Ventures and others | $53 million |
| **December 2021** | Third Wave Coffee | Sujeet Kumar, Arpan Sheth, and others | $6 million |

*Source: News articles, CRISIL MI&A Research*

# 4 Competitive assessment

### Flurys Profile

Flury's Swiss Confectionery Pvt Ltd was incorporated in May 1946, with first Flury's store started at 18, Park Street, Kolkata by Mr and Mrs J Flury in 1927. It was acquired by the Apeejay Surrendra Group in 1965. Flury's operates tea-room outlets that also serve confectionery, bakery, and breakfast. Flurys Swiss Confectionery Pvt Ltd, has, vide a Business Transfer Agreement dated 19 December 2019, transferred business of the brand "Flurys" to Apeejay Surrendra Park Hotels Limited with effect from 1st October 2019.

### Key offerings

| Bakery | Food | Chocolates | Beverages |
|---|---|---|---|
| Cakes, cookies, cheesecakes, pastries, brownies, muffins, bread | Breakfast, croissants, sandwiches, French toast, patties, pancakes, quiches, on toast, bagel | Gourmet chocolates | Freshly brewed coffee, hot coffee, cold coffee, iced tea, flavour-infused tea, sundae, juices, milkshakes |

*Source: Company website, CRISIL MI&A Research*

### Geographical presence

As of 31st March,23, Flury's operates 68 outlets across Kolkata, New Delhi, and Mumbai in café, restaurant and kiosk formats.

*Please note - Flurys store data is basis count provided by client*

### Competitive assessment of key players

### Revenue

| Players | Revenue (Operating + non-Operating income in Rs million) | | | YoY Growth % (FY21-FY22) | YoY Growth % (FY22-FY23) | CAGR % (FY21-FY23) |
|---|---|---|---|---|---|---|
| | FY21 | FY22 | FY23 | | | |
| Flury's Swiss Confectionery Pvt Ltd (Flury's) # | 178 | 246 | 382 | 38% | 55% | 47% |
| Bliss Chocolates India Pvt Ltd (Smoor)* | 490 | 836 | NA | 71% | NA | NA |
| French Bakery Pvt Ltd (L'Opera) * | 130 | 230 | NA | 76% | NA | NA |
| Theobroma Foods Pvt Ltd (Theobroma)* | 1224 | 2560 | NA | 109% | NA | NA |
| Barista Coffee Company Ltd (Barista) # | 377 | 540 | NA | 43% | NA | NA |
| Coffee Day Enterprises Ltd (Café Coffee Day) # | 9753 | 6519 | 10331 | (33%) | 58% | 2% |
| Tata Starbucks Pvt Ltd (Starbucks) # | 4174 | 6703 | NA | 61% | NA | NA |

*Source: CRISIL MI&A, company website, company filings*
*Flurys data based on unaudited financials provided by client*
*Note:*
** - reported financials as per Indian GAAP (Generally Accepted Accounting Principles applicable in India)*
*# - reported financials as per Ind AS (Indian Accounting Standards)*

**EBITDA**

| Players | EBITDA (in Rs million) | | | YoY Growth % (FY21-FY22) | YoY Growth % (FY22-FY23) | CAGR % (FY21- FY23) |
|---|---|---|---|---|---|---|
| | FY21 | FY22 | FY23 | | | |
| Flury's Swiss Confectionery Pvt Ltd (Flury's) # | 30.9 | 60.9 | 65.7 | 97% | 8% | 46% |
| Bliss Chocolates India Pvt Ltd (Smoor)* | 4.0 | (14.3) | NA | NM | NA | NA |
| French Bakery Pvt Ltd (L'Opera) * | (56.3) | (34.2) | NA | (39%) | NA | NA |
| Theobroma Foods Pvt Ltd (Theobroma)* | 131.4 | 76.0 | NA | (42%) | NA | NA |
| Barista Coffee Company Ltd (Barista) # | 58.5 | 87 | NA | 49% | NA | NA |
| Coffee Day Enterprises Ltd (Café Coffee Day) # | (36.3) | 700.2 | (1373.1) | NM | NM | NM |
| Tata Starbucks Pvt Ltd (Starbucks) # | 503.8 | 1229.9 | NA | 144% | NA | NA |

*Source: CRISIL MI&A, company website, company filings*
*Flurys data based on unaudited financials provided by client*
*EBITDA- Earnings before interest, tax, depreciation & amortization*
*Note:*
** - reported financials as per Indian GAAP (Generally Accepted Accounting Principles applicable in India)*
*# - reported financials as per Ind AS (Indian Accounting Standards)*

**EBITDA Margins (in %)**

| Players | EBITDA Margins (in %) | | |
|---|---|---|---|
| | FY21 | FY22 | FY23 |
| Flury's Swiss Confectionery Pvt Ltd (Flury's) # | 17.41 | 24.75 | 17.18 |
| Bliss Chocolates India Pvt Ltd (Smoor)* | 0.82 | (1.71) | NA |
| French Bakery Pvt Ltd (L'Opera) * | (43.20) | (14.89) | NA |
| Theobroma Foods Pvt Ltd (Theobroma)* | 10.74 | 2.97 | NA |
| Barista Coffee Company Ltd (Barista) # | 15.54 | 16.10 | NA |
| Coffee Day Enterprises Ltd (Café Coffee Day) # | (0.37) | 10.74 | (13.29) |
| Tata Starbucks Pvt Ltd (Starbucks) # | 12.07 | 18.35 | NA |

*Source: CRISIL MI&A, company website, company filings*
*Flurys data based on unaudited financials provided by client*
*EBITDA- Earnings before interest, tax, depreciation & amortization*
*Note:*
** - reported financials as per Indian GAAP (Generally Accepted Accounting Principles applicable in India)*
*# - reported financials as per Ind AS (Indian Accounting Standards)*

In fiscal 2022, among the players considered above which reported financials as per IND AS (Indian Accounting Standards), Flury's had the highest EBITDA margin of 24.75 %, followed by Tata Starbucks at 18.35 %.

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