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Industry Research Report

The Food Franchise Market in India

Why the returns moved to domestic brands, what each investment tier actually buys, and how to read the numbers the franchise market publishes about itself.

Categories · Investment Tiers · Unit Economics · Six Case Studies



USD 10 billion

Haldiram's valuation, March 2025: the benchmark for what a domestic food brand is worth

INR 9,544 crore

Largest food operator by filed revenue. Every operator above INR 1,000 crore runs a foreign brand

14–20 months

Reported payback in the fastest tier, INR 10 to 25 lakh

Covering FY2025–26 actuals and the FY2026–27 investment window.
Prepared for franchise investors, multi-unit operators and brand development teams.

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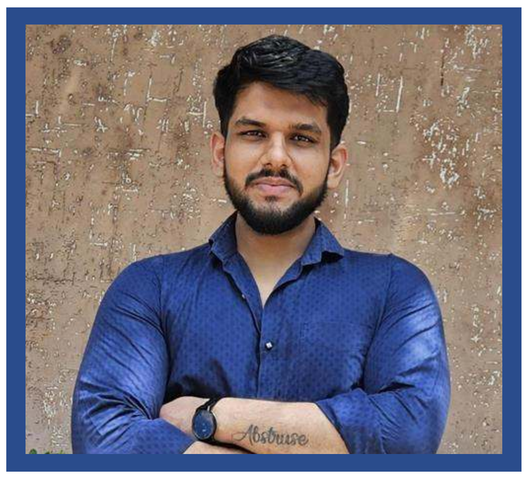
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We also acknowledge the filings, transaction reports, research houses, regulators and franchisors whose published information supported this study. Where their figures disagree, the report shows the disagreement rather than hiding it.

Statutory filings	Registrar of Companies, DRHP and listed-company reports
Deal reporting	Business Standard, Forbes, PTI, Entrackr, Inc42
Market sizing	IMARC, Fortune Business Insights, Mordor, Grand View, The Report Cubes
Industry bodies	NRAI with Grant Thornton Bharat; Swiggy with Kearney
Regulators	FSSAI and the GST Council
Franchisors	Brand websites and franchise disclosures

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Table of Contents

Executive Summary 5

1 Market Size and Where the Estimates Disagree 7
- 1.1 The published numbers differ by more than a factor of two 7
- 1.2 The organised half arrives around 2030 7
- 1.3 Where domestic brands actually sit 8

2 How to Read Indian Franchise Data 10
- 2.1 The Rameshwaram Cafe: a royalty book, not a restaurant company 10
- 2.2 Chai Sutta Bar: one brand, six irreconcilable quotes 11
- 2.3 A correction worth making 11

3 The Category Structure of Indian Food Franchising 12
- 3.1 Heritage sweets and dining 12
- 3.2 Chai and beverage cafes 13
- 3.3 Frozen desserts and ice cream 13
- 3.4 Regional street food, scaled 14
- 3.5 Bakery and confectionery 14
- 3.6 Delivery-native and multi-brand 14

4 Investment Tiers: What Each Level of Capital Buys 15
- 4.1 Tier 1: below INR 10 lakh 15
- 4.2 Tier 2: INR 10 lakh to 25 lakh 16
- 4.3 Tier 3: INR 25 lakh to 1 crore 17
- 4.4 Tier 4: above INR 1 crore 17

5 Franchise Models and Unit Economics 19
- 5.1 Model typology 19
- 5.2 Where the money goes in a Tier 2 outlet 19
- 5.3 Break-even benchmarks 20

6 Case Studies 21
- 6.1 The Rameshwaram Cafe: menu discipline as a business model 21
- 6.2 Chaayos: the EBITDA turned, the net loss did not 22
- 6.3 Naturals Ice Cream: forty years, no outside capital 22
- 6.4 Wow! Momo: growth funded by rounds, not by margin 23
- 6.5 Mio Amore: density beats reach 23
- 6.6 Haldiram’s: what a domestic food brand is worth at exit 24

7 Regulatory and Compliance Environment 25
- 7.1 FSSAI licensing 25
- 7.2 GST and foreign investment 25

8 Risk Assessment 27
- 8.1 The four risks that actually move unit economics 27
- 8.2 What would change the argument 28

9 Conclusions and Recommendations 29
- 9.1 For first-time investors with INR 5 to 25 lakh 29
- 9.2 For multi-unit and growth investors with INR 50 lakh to 5 crore 29
- 9.3 For institutional and family office capital above INR 5 crore 29
- 9.4 What this report cannot tell you 30

10 Appendix 31
- 10.1 Methodology and source hierarchy 31
- 10.2 Glossary 32

11 References 33

Executive Summary



The returns in Indian food franchising have moved to domestic brands, and capital markets priced that move before most franchise investors noticed it. In March 2025 Temasek bought close to 10 per cent of Haldiram Snacks Food for roughly USD 1 billion, valuing a Bikaner bhujia business at USD 10 billion. Weeks later IHC and Alpha Wave Global took a further 6 per cent at the same mark. Devyani International, the largest Yum! Brands franchisee in the country, spent INR 419.6 crore to take control of Sky Gate Hospitality, the owner of Biryani By Kilo, a company that turned over INR 277 crore in FY25. The operator of KFC and Pizza Hut in India is now buying Indian biryani brands.

Set against that, Curefoods cleared SEBI in October 2025 with a INR 800 crore issue, took the deal on the road, and shelved the listing in June 2026 after institutional investors declined to fund a loss-making multi-brand cloud kitchen. The contrast is the report's organising finding. Money is going to brands that own their own demand, and away from operators who rent it from delivery aggregators.

The structural fact this report is built on

No Indian-origin food chain has yet crossed INR 1,000 crore in filed revenue. Every operator above that line runs a foreign brand under licence: Jubilant FoodWorks at INR 9,544 crore, Devyani International at INR 4,951 crore, Westlife Foodworld at INR 2,630 crore, Restaurant Brands Asia at INR 2,300 crore. Every domestic chain in the organised set sits below INR 800 crore. The gap is not a ranking. It is a statement about where three decades of scale capital went, and it is now closing from both ends.

Four conclusions follow for anyone deploying capital in the FY2026–27 window.

- Category determines the economics far more tightly than franchise format does. A beverage-led format earns 55 to 70 per cent gross margin on 200 square feet. A heritage dining format earns 30 to 50 per cent and asks for twenty times the

capital. Choosing between FOFO and FOCO matters less than choosing between chai and mithai.

- The investment ladder has four rungs and the gaps between them are not smooth. Below INR 10 lakh the buyer is purchasing distribution rights, not a restaurant. Between INR 10 and 25 lakh the buyer gets a real branded outlet and the fastest payback in the market. Above INR 1 crore the buyer is underwriting a property decision that happens to have a kitchen in it.
- Franchise-portal data on Indian brands is not reliable enough to underwrite from. Six portals quote the same Chai Sutta Bar franchise at anywhere between INR 5 lakh and INR 50 lakh. The dispersion is a data-quality problem, not a variation in outlet size, and Section 2 sets out how to read around it.
- Domestic formats pay back faster than international ones at every level of capital. That is partly lower fee load and partly lower fit-out specification, and it is the strongest argument for the domestic tilt this report recommends.

Indicator	Value	Basis
India foodservice market, FY2025–26	USD 85–95 billion	Narrow definition, restaurant sales only
Organised share, 2026	About 38 per cent	Midpoint of published estimates
Organised share, 2030	About 50 per cent	Projected, author’s reconciliation
Largest operator, any origin	Jubilant FoodWorks, INR 9,544 crore	FY26 filed
Largest Indian-origin filed revenue	Curefoods, INR 745.7 crore	FY25, per DRHP
Largest disclosed Indian food valuation	Haldiram Snacks Food, USD 10 billion	March 2025, PTI-sourced
Fastest-payback tier	INR 10–25 lakh, 14 to 20 months	Franchisor and portal claims
Typical royalty band, domestic brands	4 to 8 per cent of sales	Franchisor disclosures
Aggregator commission on delivery sales	18 to 25 per cent	Operator reporting

Table 1.1: Report at a glance. Every figure is defined and sourced in the section indicated.

1 Market Size and Where the Estimates Disagree

1.1 The published numbers differ by more than a factor of two

Anyone quoting a single figure for the Indian foodservice market is quoting a definition, not a measurement. Five research houses publishing in 2025 and 2026 put the 2025 base anywhere between USD 48.9 billion and USD 114.4 billion. That is not measurement error. It is a disagreement about whether institutional catering, contract food service, hotel food and beverage, and street vending belong inside the boundary.

Source	2025 base	Terminal projection	Stated CAGR
IMARC Group	USD 114.40 bn	USD 282.04 bn (2034)	10.55%
The Report Cubes	USD 93.97 bn (2026)	USD 153.37 bn (2031)	10.30%
Fortune Business Insights	USD 56.24 bn	USD 138.21 bn (2034)	9.98%
Grand View Research	USD 54.48 bn	USD 164.84 bn (2034)	13.09%
Mordor Intelligence	USD 48.90 bn (2024)	USD 93.26 bn (2030)	11.42%

Table 1.2: Published market size estimates, 2025–2026 vintages. Definitions are not comparable across rows.

For franchise investment purposes the narrow definition is the correct one, and IMARC's USD 114.4 billion should be set aside. That figure counts institutional catering and contract food service, neither of which a franchisee can address with an outlet. A franchise investor cannot sell into an office canteen contract by opening a kiosk. The addressable market for this report is restaurant and quick service sales, which puts FY2025–26 at USD 85 to 95 billion. Mordor's USD 48.9 billion sits at the other extreme and appears to exclude the unorganised trade almost entirely, which understates the competitive pressure a new outlet actually faces.

1.2 The organised half arrives around 2030

Organised chains held roughly 31 per cent of the market in 2019 and about 38 per cent in 2026. On the trajectory implied by the reconciled estimates, the organised segment crosses half the market around 2030. This matters to a franchisee for one specific reason: it means the competitor across the road is progressively less likely to be an unbranded owner-operator with no rent, no compliance cost and no royalty, and progressively more likely to be another franchisee facing the same cost base. Price-led competition gets harder. Brand-led competition gets easier.

The organised half of the market arrives around 2030

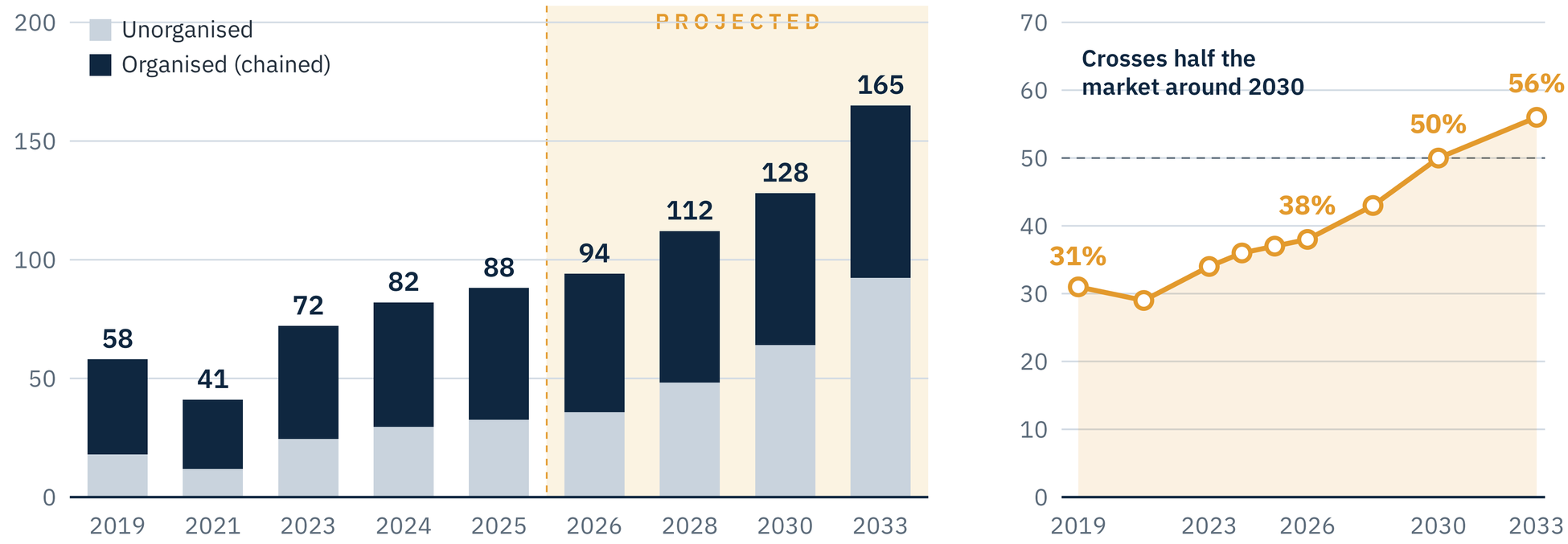


Exhibit 1: India foodservice market and its organised share, 2019 to 2033. Historical values to 2025; projections thereafter are the author's reconciliation of five published forecasts, not a single-source estimate.

Three demand-side facts support the projection and are worth stating with their sources. India's urban population is expected to reach roughly 600 million by 2036, against about 380 million in 2021. The median age is 28.4 years. The food delivery market was measured at USD 43.47 billion in 2024, with Zomato reporting 24.9 million and Swiggy 18.1 million monthly transacting users in Q3 FY26. None of these is contested. What is contested is how much of the resulting spend reaches a franchisee rather than an aggregator, and Section 5 argues that the split has moved against the outlet.

1.3 Where domestic brands actually sit

The revenue table is unforgiving. Below INR 800 crore the organised field is almost entirely Indian-origin: Curefoods at INR 745.7 crore in FY25, Wow! Momo at a reported INR 640 crore, Naturals Ice Cream at INR 374 crore in FY24, Chaayos at INR 310.6 crore in FY25, Sky Gate at INR 277 crore. Above INR 2,000 crore there is not a single domestic brand. The four operators there are all licensees of American brands.



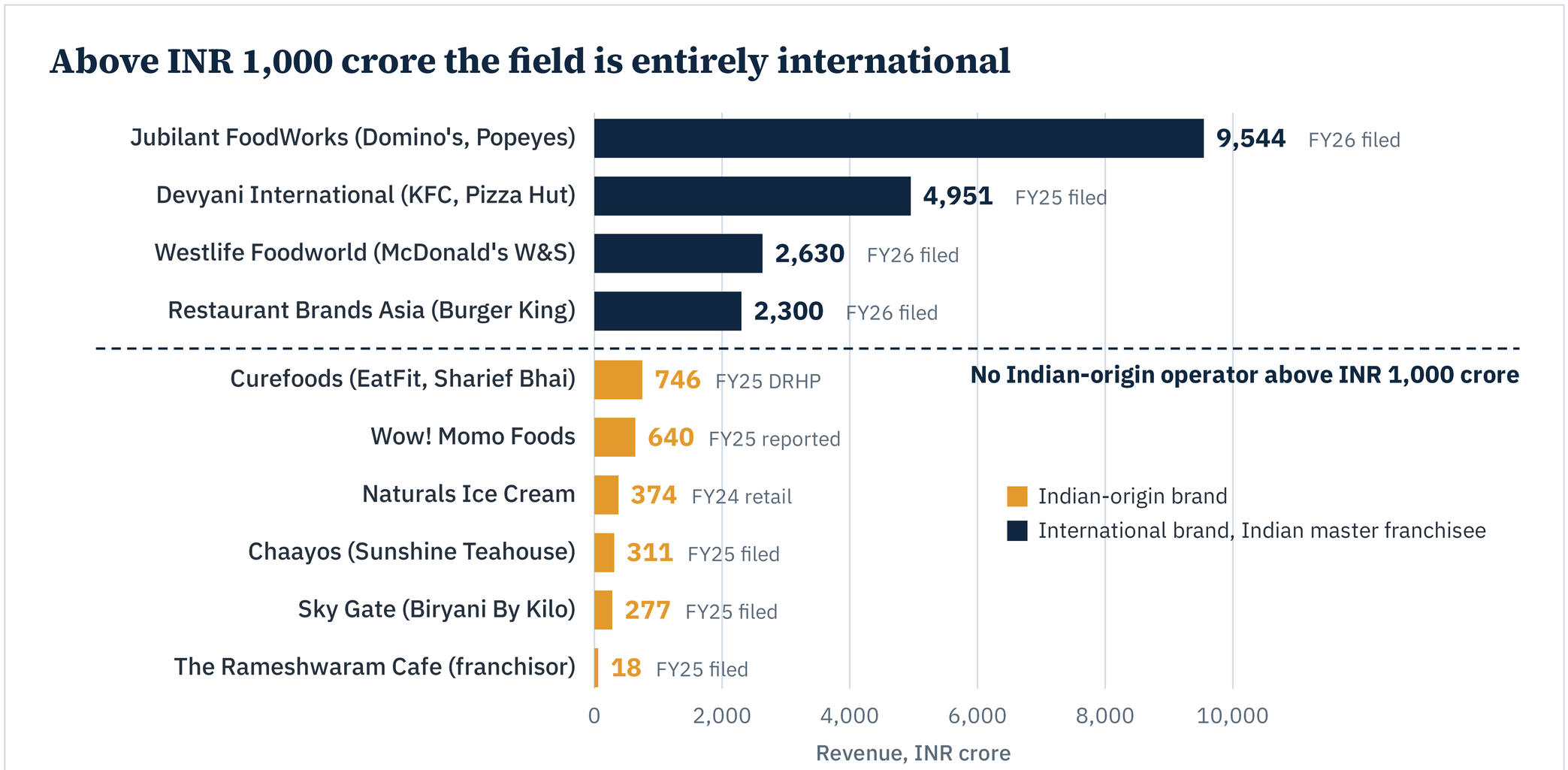


Exhibit 2: Latest reported revenue by operator, INR crore. Vintages differ and are labelled on each bar; comparing FY24 and FY26 figures across rows requires care.

Haldiram Snacks Food is deliberately absent from that chart. The merged Delhi and Nagpur entity has not filed a consolidated post-merger revenue figure publicly, and the numbers circulating in trade press are not traceable to a filing. Including an unverifiable figure at the top of a revenue ranking would have changed the chart's conclusion, which is precisely why it is excluded. What can be said about Haldiram's is a valuation, not a revenue, and that is treated separately in Section 6.6.

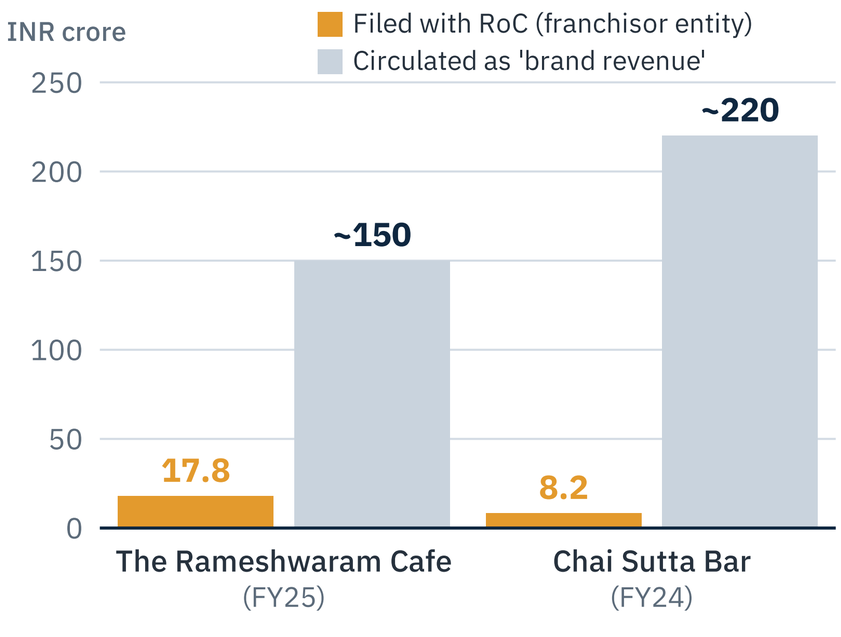


2 How to Read Indian Franchise Data

Before any brand comparison is possible, one confusion has to be cleared. A franchisor's own revenue and the sales of its franchised system are different numbers, often by a factor of ten, and Indian franchise media routinely presents the second while citing the first. An investor who does not separate them will systematically misjudge both brand scale and brand economics.

Read the filing, not the portal

Same brand, two very different numbers



Chai Sutta Bar: one brand, six quoted costs

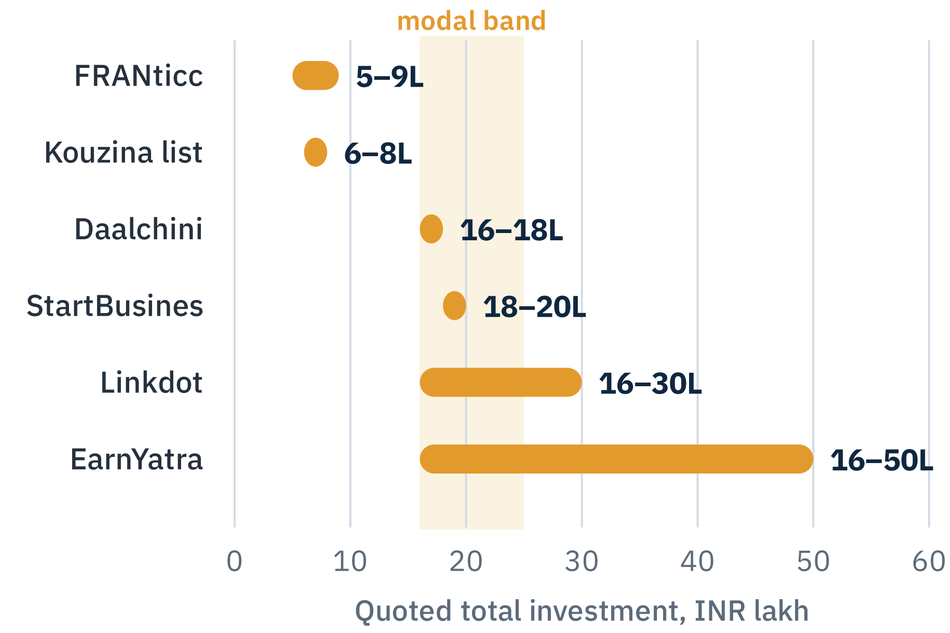


Exhibit 3: Filed franchisor revenue against circulated brand revenue, and the dispersion of quoted franchise cost for a single brand. The spread on the right is the data-quality finding.

2.1 The Rameshwaram Cafe: a royalty book, not a restaurant company



The Rameshwaram Cafe's operating entity reported INR 17.8 crore of revenue in FY25, up 62 per cent from INR 11 crore, with profit after tax of INR 2 crore. The composition matters more than the total. Royalty and service fees contributed INR 12.3 crore, sale of goods INR 3.3 crore, and other operating income INR 2 crore. Close to seven rupees in every ten that the company earned came from fees, not food.

An inference, clearly labelled as such: if the brand charges royalty in the 6 to 8 per cent band typical of Indian QSR, INR 12.3 crore of royalty income implies system-wide sales somewhere between INR 150 and INR 200 crore. That is a calculation from a filed number and a category norm, not a disclosure, and it should be treated as an order of magnitude rather than an estimate. It is still far more useful than the alternative on offer.

The alternative on offer is a valuation of INR 18,800 crore, reported by Franchise India and repeated across several outlets. That figure should be discarded. It implies a multiple of more than a thousand times filed revenue and around nine thousand times profit after tax, for a bootstrapped business with fewer than a dozen

outlets and no disclosed funding round to anchor it. No transaction supports it. Where a widely repeated number cannot be traced to a deal, a filing or a named counterparty, the correct treatment is to say so rather than to average it into a range.

2.2 Chai Sutta Bar: one brand, six irreconcilable quotes



Chai Sutta Bar Private Limited filed revenue of INR 8.18 crore for the year to March 2024. Franchise portals describe the brand as a INR 220 crore business heading to INR 350 crore. Both can be true at once, because the first is the franchisor’s book and the second is an estimate of what 550 outlets sell between them. Neither source says which it is quoting.

The investment quotes are worse. Across six portals surveyed in mid-2026, the total investment for a Chai Sutta Bar franchise was quoted at INR 5–9 lakh, INR 6–8 lakh, INR 16–18 lakh, INR 18–20 lakh, INR 16–30 lakh and INR 16–50 lakh. The royalty rate is quoted as 4 per cent by three sources and 5 per cent by another. The franchise fee is quoted at INR 2 lakh, INR 6–8 lakh and INR 6–12 lakh. These are not describing different store sizes. They are describing the same programme with different levels of accuracy, and most of them are lead-generation pages rather than research.

> **Three tests before accepting any franchise figure**
>
> First, ask whether the number is the franchisor’s revenue or the system’s sales, and reject any source that does not say. Second, check the vintage: an FY24 filing quoted in mid-2026 is two years stale in a category growing at 25 per cent. Third, treat any investment quote not carried on the franchisor’s own site as an estimate, and confirm the fee, royalty, deposit and term directly with the brand before committing capital.

2.3 A correction worth making

One widely circulated claim attributes Mio Amore to Emami Agrotech. It does not belong to Emami. The brand is owned and operated by Switz Foods Private Limited, part of SwitzGroup, and was founded by Arnab Basu, who also created the packaged cake brand Winkies and died in 2020. Switz Foods held the Monginis licence for Eastern India for over two decades before the 2015 separation that produced the Mio Amore name. Getting the corporate parent wrong is not a trivial error for an investor, because it determines who signs the franchise agreement and whose balance sheet stands behind it.

3 The Category Structure of Indian Food Franchising



Franchise literature in India organises brands by ownership model. That is the wrong axis. FOFO and FOCO describe who signs the lease and who hires the cook; they say almost nothing about whether the business works. Category says a great deal. It sets the gross margin, the footprint, the working capital cycle, the seasonality and the failure mode. Six categories account for most of the organised domestic field.

Category sets the economics far more tightly than format does

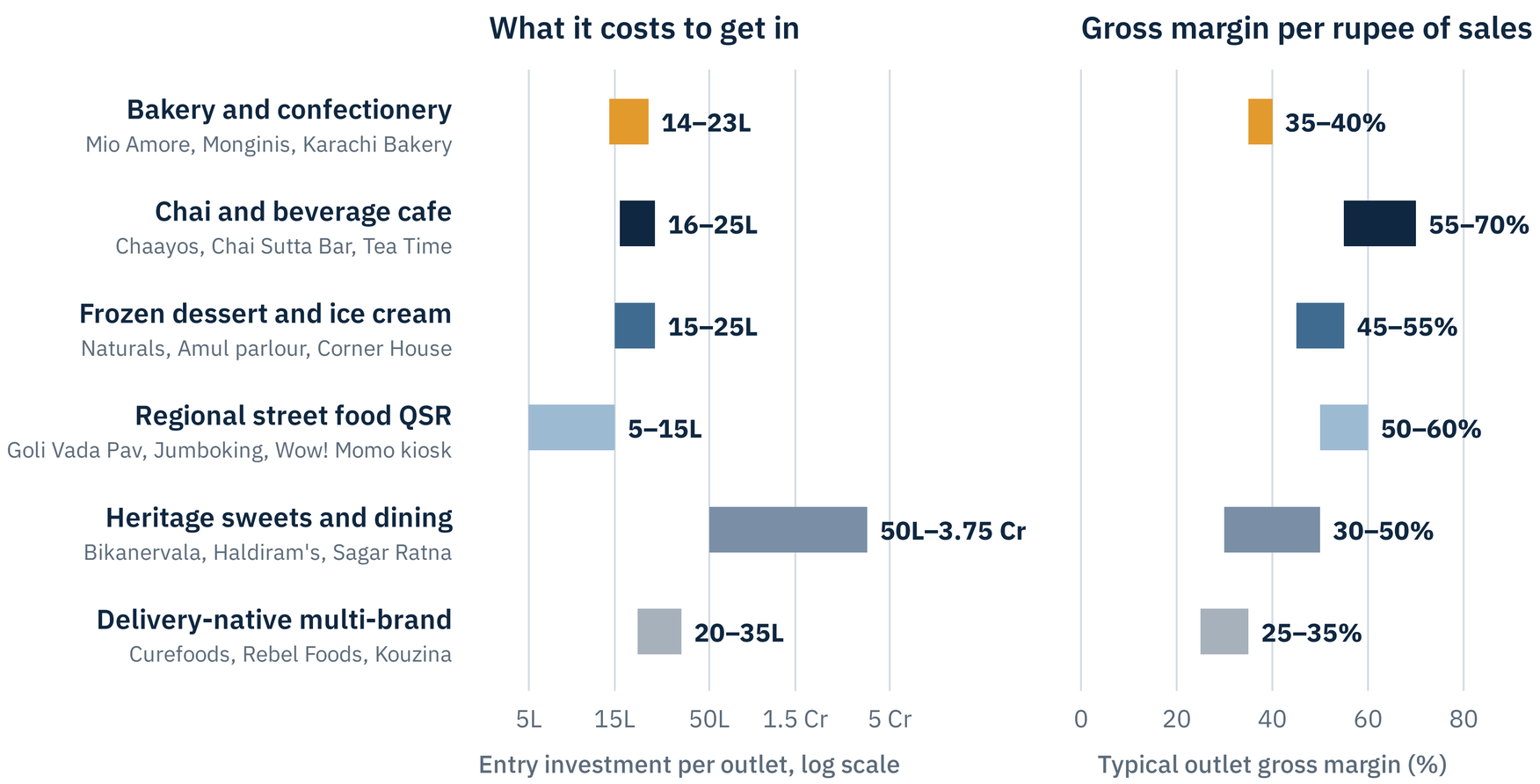


Exhibit 4: Entry investment and outlet-level gross margin by category. Margins are gross, before rent and staff, which is why the beverage figures look high relative to net returns.

3.1 Heritage sweets and dining



This is the category with the deepest moat and the heaviest capital requirement. Bikanervala, Haldiram’s, Sagar Ratna and, in a newer register, The Rameshwaram Cafe all trade on a form of trust that cannot be bought with marketing spend. Bikanervala traces to a sweet shop in Bikaner and now runs formats from mall kiosks to 6,000 square foot flagships. Haldiram’s began as a bhujia seller in 1937. Sagar Ratna has been serving South Indian food in Delhi since 1986 and operates roughly 125 outlets.

The economics are distinctive in three ways. Sweets and namkeen carry retail margins alongside restaurant margins, so a single outlet has two P&Ls inside it. Festival concentration is extreme, with Diwali and Raksha Bandhan producing daily volumes several times the annual average, which means working capital must be sized for the peak rather than the mean. And the capital requirement is genuinely large: a Bikanervala flagship is quoted at INR 3 to 3.75 crore for 4,000 to 6,000 square feet, with break-even generally at three to four years.

The Rameshwaram Cafe belongs in this category despite being four years old, because it is selling the same thing: an idea of authenticity. The temple-derived visual identity, the ghee-forward menu and the refusal of baking soda are all authenticity claims. What is new is the operating model underneath them. A menu of roughly fifteen items, an assembly-line dosa and idli process, and micro-units placed at high-footfall intersections rather than large flagships. Reported gross margins approach 70 per cent. The brand has kept a lean footprint and a short menu, and that discipline, not the social media attention, is what makes the unit economics work.

3.2 Chai and beverage cafes



Chai is the best gross margin in Indian franchising and the most crowded entry point. A cup costing INR 8 to 12 in ingredients sells for INR 30 to 60. Category gross margins run 55 to 70 per cent, the footprint can be as small as 200 square feet, and there is no cold chain to maintain. Every one of those facts is also visible to every other entrant, which is why the category has attracted several hundred brands and why brand strength is the only durable differentiator.

Two models dominate and they are not variations on each other. Chaayos is a technology-led, company-operated urban cafe chain that raised roughly USD 94 million across seventeen rounds and is reported to be seeking USD 50 to 70 million more. It crossed INR 310.6 crore in FY25 revenue. Chai Sutta Bar took the opposite route: a kulhad-based kiosk format, franchise-led, deliberately cheap to open, spread across more than 320 cities including tier 3 towns, with over 550 outlets and international units in Dubai and Oman. One brand is buying urban premium positioning with venture capital. The other is buying distribution breadth with franchisee capital.

The franchisee should understand which one they are joining. In the Chaayos model the brand carries the operating risk and the capital intensity, and a franchise partner is a comparatively small part of the story. In the Chai Sutta Bar model the franchisee carries almost everything, and the brand’s own filed revenue of INR 8.18 crore in FY24 tells you how thin the franchisor’s balance sheet is relative to the system it supports. Neither is wrong. They demand different things from the investor.

3.3 Frozen desserts and ice cream



Naturals Ice Cream is the reference case here and Section 6.3 treats it in detail. The category characteristics are a narrow product range, a heavy dependence on cold chain integrity, pronounced seasonality, and an unusually strong pull from quick commerce. Naturals reports that Blinkit and Zepto now account for close to a quarter of sales, which changes the outlet’s role: the store becomes a brand presence and a fulfilment point rather than the sole channel.

Amul sits at the other end of the same category and deserves separate mention because it is the cheapest credible entry into Indian food retail. An Amul preferred outlet needs INR 1.5 to 5 lakh, a scooping parlour around INR 3 to 6 lakh for 300 square feet, and Amul charges no franchise fee and no royalty. The margins are correspondingly thin, 15 to 25 per cent gross depending on product mix, with milk at the bottom and scooped ice cream at the top. The franchisee is a distributor with a shopfront, and should size expectations accordingly.

3.4 Regional street food, scaled



This category takes a dish that already has demand and adds hygiene, standardisation and a brand. Goli Vada Pav and Jumboking did it with vada pav. Wow! Momo did it with momos and then built three further brands on the same kitchen. The insight is that the demand does not need to be created, only formalised, which collapses the marketing cost that a new concept would carry.

Entry capital is the lowest of any branded category outside Amul, at INR 5 to 15 lakh for a kiosk format, and gross margins run 50 to 60 per cent. The risk is equally specific. A street vendor selling the same item pays no rent, no royalty, no GST and no compliance cost, and sits fifty metres away. The branded operator’s entire premium rests on hygiene perception and consistency. Where that perception is weak, the format has no defence.

3.5 Bakery and confectionery



Bakery is the quiet performer of Indian franchising: unglamorous, occasion-driven, and remarkably steady. Mio Amore runs the largest fresh bakery retail chain in Eastern India, and SwitzGroup states that franchisee attrition is close to zero, with many partners having held outlets for more than twenty years. That is an unusual claim in Indian franchising and, if accurate, is the single most informative fact about the category.

The demand pattern explains it. Birthdays, small celebrations and daily savoury purchases do not cycle with fashion, and they do not disappear in a downturn. Gross margins of 35 to 40 per cent are lower than chai or momos, but the volume is predictable and the working capital cycle is short. The constraint is geography: fresh bakery depends on daily distribution from a central plant, which is why Mio Amore is dense in West Bengal, Odisha and Assam and effectively absent elsewhere. A bakery franchise outside the parent’s distribution radius is a different and much worse proposition.

3.6 Delivery-native and multi-brand



Cloud kitchens promised asset-light scale. The FY25 numbers suggest the promise was partly true and partly a transfer of margin to the aggregators. Curefoods ran ten brands, each generating more than INR 24 crore, with none above 20 per cent of the top line: Sharief Bhai Biryani at 19.85 per cent, EatFit at 19.47 per cent, then Olio and CakeZone. Revenue reached INR 745.7 crore in FY25, up 27 per cent. Net loss was INR 170 crore, essentially unchanged from INR 172.6 crore the year before. Losses halved between FY23 and FY24, then stopped narrowing.

That flattening is the important number, and it is why the IPO failed. A model that improves losses while doubling revenue is scaling into efficiency. A model whose losses stop improving while revenue keeps growing is not. Institutional investors read the same line and declined the INR 4,000 crore ask in mid-2026. For a franchisee, the lesson is narrower but sharper: in a delivery-only format, 18 to 25 per cent of gross sales leaves as commission before rent, staff or royalty, and the outlet has no walk-in traffic to fall back on.

4 Investment Tiers: What Each Level of Capital Buys

Investment size is the question every prospective franchisee actually asks, and the answer is usually given as a list of brands with prices attached. That is not useful. What changes across the tiers is not just the number but the nature of the asset being bought, the skills required to run it, and the way it fails. Four tiers, with different logic in each.

Four entry tiers, and the gaps between them are not smooth

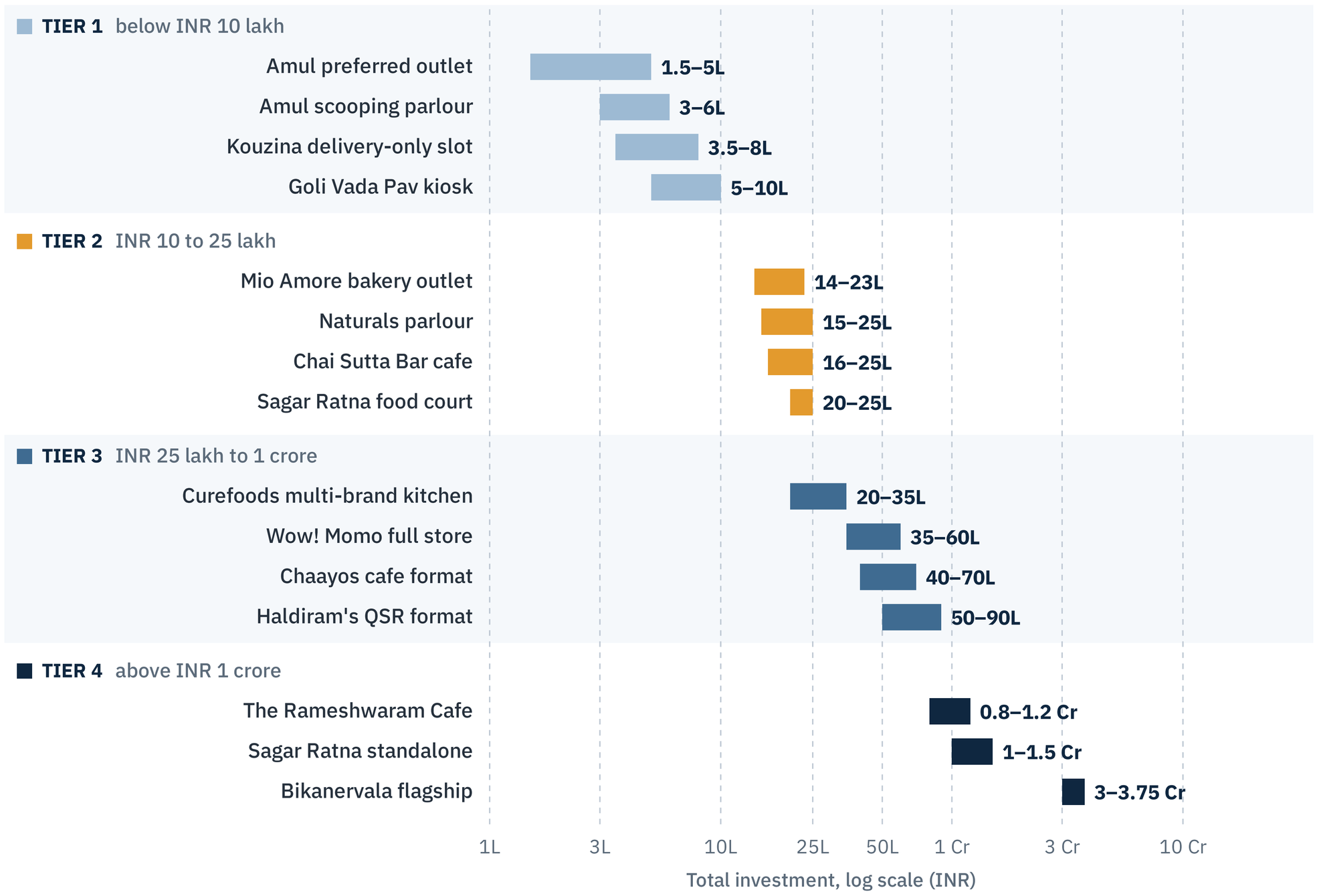


Exhibit 5: Total investment by brand and format, log scale. Excludes property purchase and, for most brands, the refundable security deposit.

4.1 Tier 1: below INR 10 lakh



What the money buys: distribution rights and a shopfront, not a restaurant. At this level the franchisee is a retail point for someone else’s manufactured product, or a kiosk assembling a small number of pre-specified items. Amul preferred outlet at INR 1.5–5 lakh, Amul scooping parlour at INR 3–6 lakh, a delivery-only kitchen slot with an aggregator-brand operator such as Kouzina from INR 3.5 lakh, Goli Vada Pav kiosk at INR 5–10 lakh.

- Suits: a first-time operator with a good location, limited capital and the ability to be physically present in the store daily.
- Space: 100 to 400 square feet. Rent should be the binding constraint on site selection, not size.
- Margin reality: 15 to 25 per cent gross on Amul dairy, higher on ice cream scoops. Volume, not margin, drives the return.
- Payback: typically 10 to 18 months, the fastest in the market, because the denominator is small.
- Failure mode: footfall misjudgement. With no delivery channel and no brand pull strong enough to make people travel, a Tier 1 outlet in a mediocre location simply does not recover. There is no second lever to pull.

One caution specific to this tier. Zero royalty, which Amul offers, is genuinely valuable and is often the difference between viability and not. But zero royalty also means zero ongoing obligation from the brand to support the outlet. The franchisee should not expect marketing spend, territory protection or operational intervention in exchange for nothing.

4.2 Tier 2: INR 10 lakh to 25 lakh



What the money buys: a genuine branded outlet with a defensible catchment. This is the sweet spot of Indian food franchising and the tier this report recommends most broadly. Mio Amore at INR 14–23 lakh, Naturals parlour at INR 15–25 lakh, Chai Sutta Bar cafe at INR 16–25 lakh, Sagar Ratna food court format from INR 20 lakh plus INR 5 lakh working capital.

The tier works because three things line up. The brands here have real recall in their home regions, the formats are small enough that rent stays under 12 per cent of sales, and the operating complexity is low enough that an owner-operator can learn it in a quarter. Reported payback clusters at 14 to 20 months. Mio Amore franchisees are described as earning 15 to 25 per cent net margins on monthly revenue that portal sources place between INR 5 and 10 lakh, though the same sources also claim INR 12–15 lakh elsewhere, and that inconsistency should be resolved with the franchisor before signing.

- Suits: an operator with some retail or hospitality exposure, capital of INR 25 lakh including six months of working capital, and a specific location already in mind.
- Critical check: whether the brand’s central production or cold chain actually reaches the proposed site. For Mio Amore this means being inside the Eastern India distribution radius. For Naturals it means daily cold chain from a central plant.
- Failure mode: undercapitalisation. Most Tier 2 failures are not demand failures. They are operators who spent the whole INR 20 lakh on fit-out and had nothing left for the six months before the location matured.

4.3 Tier 3: INR 25 lakh to 1 crore



What the money buys: a multi-employee business that the owner manages rather than operates. Curefoods multi-brand kitchen at INR 20–35 lakh, Wow! Momo full store at INR 35–60 lakh, Chaayos cafe format at INR 40–70 lakh, Haldiram's QSR format at INR 50–90 lakh.

The character of the investment changes here. Below INR 25 lakh the owner is usually behind the counter. Above it, the owner is hiring a manager, running a roster, dealing with attrition that the National Restaurant Association of India places at 60 to 80 per cent annually among frontline staff, and negotiating with aggregators. The business becomes a management problem rather than a shopkeeping one, and operators who succeed at Tier 2 do not automatically succeed at Tier 3.

- Payback lengthens to 22 to 30 months, and the range around that estimate widens considerably.
- Delivery dependence rises sharply, and with it the aggregator commission drag on 18 to 25 per cent of delivered sales.
- Failure mode: management bandwidth. A single Tier 3 outlet rarely justifies a full-time professional manager, but often exceeds what an owner can supervise alongside other commitments.

4.4 Tier 4: above INR 1 crore



What the money buys: a property decision with a kitchen attached. The Rameshwaram Cafe at a reported INR 80 lakh to 1.2 crore, Sagar Ratna standalone at INR 1 crore and upward, Bikanervala flagship at INR 3 to 3.75 crore for 4,000 to 6,000 square feet.

At this level the dominant variable is real estate. Prime commercial rents in Mumbai, Delhi and Bengaluru run INR 3 to 8 lakh per month for 1,000 to 2,000 square feet, and occupancy cost in metropolitan India runs 20 to 25 per cent of restaurant sales against a global norm nearer 5 per cent. That single ratio explains most of the difference in payback between Indian and international unit economics, and it is not something a franchisee can negotiate away with the brand.

Break-even at Tier 4 is generally quoted at three to four years, and international brand formats are slower still. The tier suits family offices, established multi-unit operators and investors who want a heritage brand's festival volumes, not first-time franchisees. Note also that at this level the franchisor's willingness to grant a territory becomes the real constraint. Bikanervala and Haldiram's do not award flagships to applicants without an operating record.



Tier	Capital	Space	Payback	What the owner does	Main risk
Tier 1	Below INR 10 L	100–400 sq ft	10–18 mo	Runs the counter	Footfall misjudged
Tier 2	INR 10–25 L	300–800 sq ft	14–20 mo	Runs the outlet	Undercapitalised
Tier 3	INR 25 L-1 Cr	800–2,000 sq ft	22–30 mo	Manages a team	Management bandwidth
Tier 4	Above INR 1 Cr	2,000–6,000 sq ft	36–48 mo	Owns an asset	Occupancy cost

Table 4.1: The four tiers compared. Payback figures are franchisor and portal claims, not audited results.



Payback lengthens with capital, and foreign formats sit above the line



Exhibit 6: Investment against reported payback period. The upward slope is expected; the consistent gap between domestic and international formats at comparable capital is the finding.

5 Franchise Models and Unit Economics

5.1 Model typology

Four structures are in general use, and the choice between them is really a choice about who absorbs variance. FOFO gives the franchisee the upside and the operating risk. FOCO gives the franchisee a return closer to a lease yield and hands operations to the brand. COCO involves no franchisee at all. Hybrid arrangements split the difference and are increasingly common among domestic brands expanding into unfamiliar territories.

Dimension	FOFO	FOCO	COCO	Hybrid
Who funds the outlet	Franchisee	Franchisee	Company	Shared
Who operates it	Franchisee	Company	Company	Mixed
Typical investment	INR 10 L to 5 Cr	INR 15 L to 3 Cr	Not applicable	INR 10 L to 4 Cr
Ongoing fee	Royalty 4–8%	Management fee	Not applicable	Variable
Franchisee gross margin	15–35%	10–15%	Not applicable	12–25%
Payback	12–36 months	18–30 months	Not applicable	15–30 months
Who absorbs demand variance	Franchisee	Brand	Brand	Shared

Table 5.1: Franchise model comparison. The final row is the one that determines whether the structure suits a given investor.

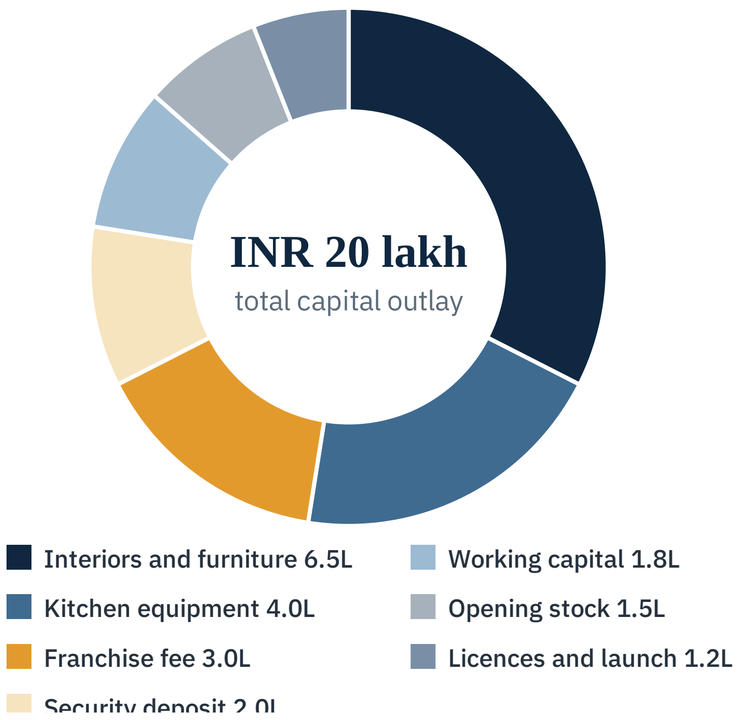
5.2 Where the money goes in a Tier 2 outlet

The model below is illustrative and should be read as such. It represents a 400 square foot bakery or chai format at INR 20 lakh of capital and INR 6 lakh of monthly sales, with cost ratios drawn from published category norms and cross-checked against Chaayos's filed FY25 cost lines. It is not a franchisor projection and no brand has endorsed it.



A Tier 2 outlet: what goes in, and what comes back out

Where the capital goes



What INR 6 lakh of monthly sales leaves behind (INR lakh)

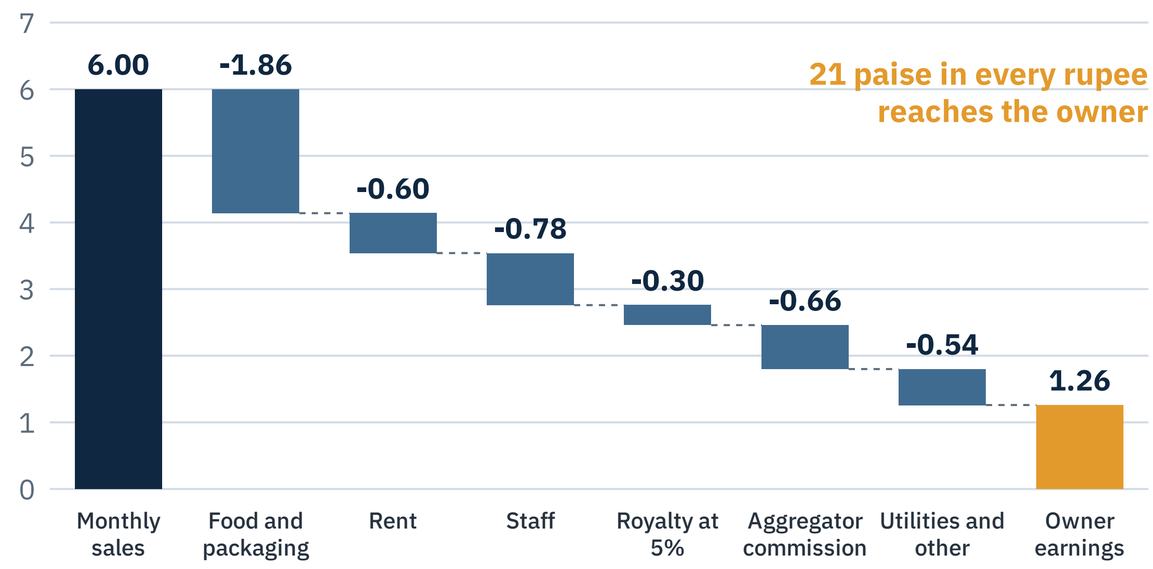


Exhibit 7: Illustrative capital allocation and monthly operating result for a Tier 2 outlet. Modelled values, not measured ones.

Two lines in that model deserve attention. Interiors and equipment absorb INR 10.5 lakh of the INR 20 lakh, which is over half the capital spent on assets with little resale value if the outlet closes. And aggregator commission at INR 66,000 per month exceeds rent. For an outlet with meaningful delivery volume, the aggregator is a larger cost than the landlord and a larger one than the franchisor, yet it is the only one of the three that the franchisee has no ability to negotiate.

5.3 Break-even benchmarks

Format	Monthly sales at break-even	Typical timeline
Kiosk or cart	INR 1.5–3 lakh	8–12 months
Delivery-only kitchen	INR 3–6 lakh	12–18 months
Small branded outlet (Tier 2)	INR 5–8 lakh	14–20 months
Mid-size QSR (Tier 3)	INR 10–18 lakh	22–30 months
Premium or heritage (Tier 4)	INR 20–35 lakh	36–48 months
International brand format	INR 15–25 lakh	3–7 years

Table 5.2: Break-even benchmarks by format. Compiled from franchisor claims and operator reporting; not independently audited.

The international row is the anomaly worth explaining. International formats break even at lower monthly sales than premium domestic formats yet take far longer to repay, because their capital base is larger and their fee load heavier. A Burger King or McDonald’s unit carries franchise fees, brand-specified fit-out standards and equipment specifications set by a global brand, none of which flex to Indian rent economics. Domestic heritage brands carry higher sales requirements but repay faster.

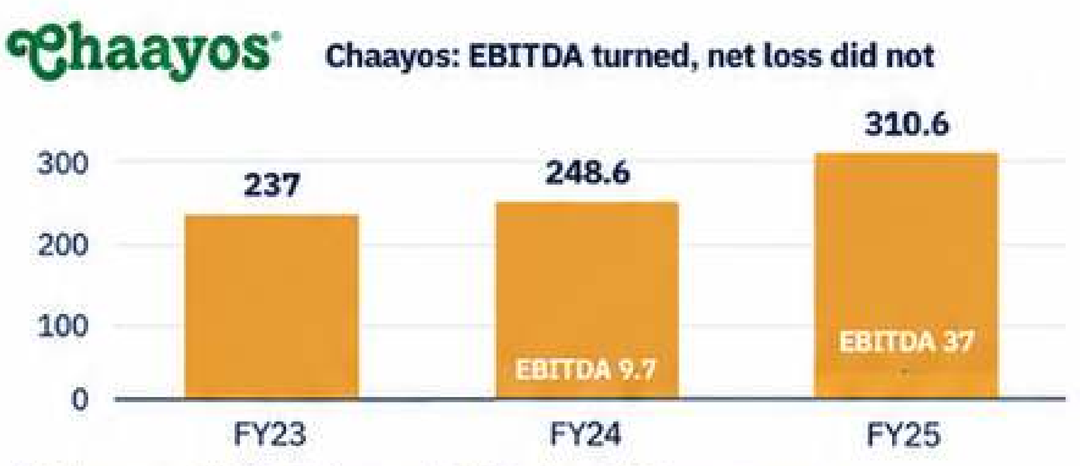
6 Case Studies

Six brands, chosen because each one answers a different question about how a domestic food business is built and financed. Financial figures come from Registrar of Companies filings where they exist, and are labelled where they do not.

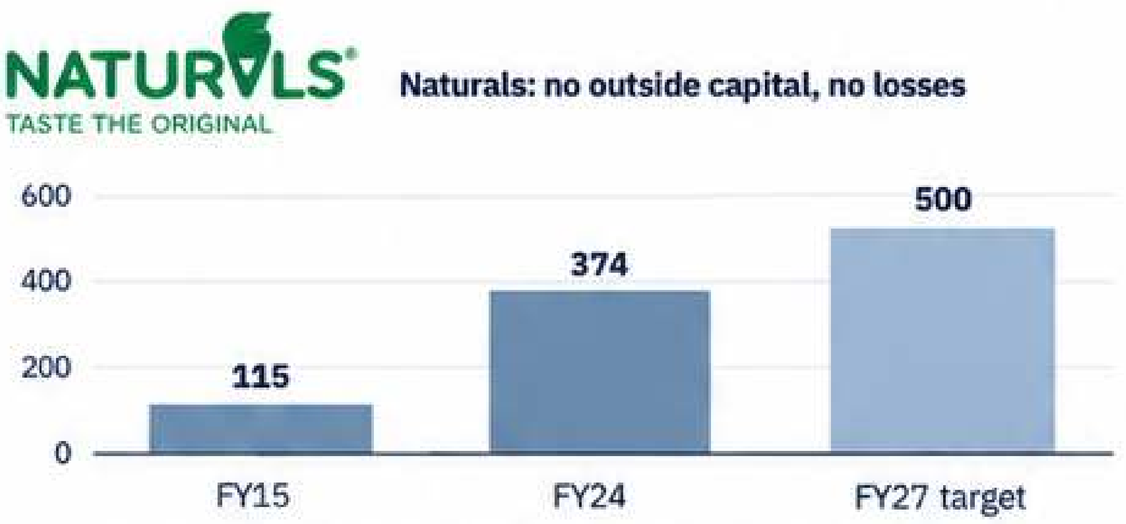
Four domestic brands, four different money models



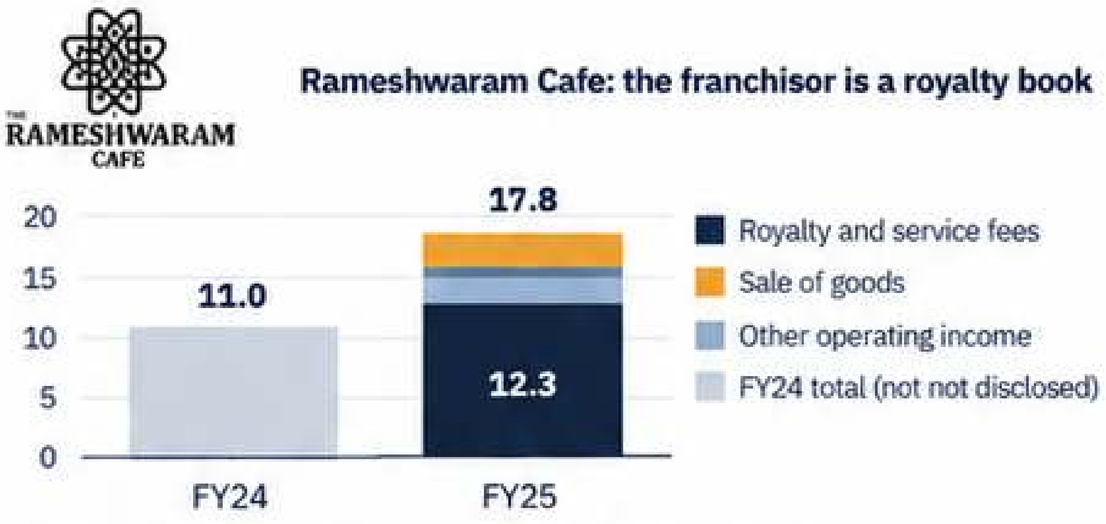
* FY25 and FY26 are press-reported; accounts not yet filed.



Net loss was still INR 25.4 crore in FY25, down 53% year on year.



170+ outlets across 18 states; 113 of 137 stores were franchised as of April 2022.



64% of FY25 revenue was fees, not food; profit after tax INR 2 crore.

Exhibit 8: Reported financials for four domestic brands. Note the differing vintages and the unfilled status of the Wow! Momo FY25 and FY26 figures.









6.1 The Rameshwaram Cafe: menu discipline as a business model

Founded in Bengaluru in 2021 by Raghavendra Rao and Divya Raghavendra Rao, an IIM Ahmedabad alumna and chartered accountant, the brand reached INR 17.8 crore of franchisor revenue in FY25 with INR 2 crore of profit after tax, entirely bootstrapped. Outlets now run in Bengaluru, Hyderabad, Pune and Mumbai, with a Churchgate location opened in March 2026 and a Dubai launch planned.

The operating design is the case study, and it is unusually legible. The menu runs to roughly fifteen items, chosen on three criteria: low input cost, short preparation time, and short consumption time. Every one of those criteria increases throughput per square foot. Orders complete in two to three minutes. The Churchgate outlet keeps the darshini format on the ground floor, where customers take a token, collect and eat standing, and adds seating upstairs on different timings. That is a deliberate decision to protect turnover on the high-volume floor while capturing a different customer above it.

What the model has not yet proven is whether it transfers. Fewer than a dozen outlets, heavy dependence on two founders, and a franchisor entity earning 69 per cent of revenue from royalty mean the brand is currently monetising a reputation faster than it is building an operating system. Prospective franchisees are reportedly being quoted INR 80 lakh to 1.2 crore, and there is no publicly available disclosure document to test that against. Anyone considering it should ask for outlet-level performance data from existing partners rather than accepting brand-level enthusiasm.

A warning the company itself has published deserves repeating: fraudulent parties have been misusing the Naturals name to offer fake franchise opportunities. Applications should go only through the official website, and no payment should be made to unverified accounts. This is not unique to Naturals, and it is a reason to treat every franchise portal listing as a lead rather than a source.

6.2

Chaayos: the EBITDA turned, the net loss did not



Sunshine Teahouse Private Limited, trading as Chaayos, was founded in 2012 by Nitin Saluja and Raghav Verma. FY25 was the year the operating model finally showed leverage. Revenue from operations rose 25 per cent to INR 310.6 crore from INR 248.6 crore, after a flat FY24. EBITDA rose roughly 6.5 times to INR 37 crore, and EBITDA margin reached 11.85 per cent. Net loss narrowed 53 per cent to INR 25.4 crore.

The cost lines explain the turn and also its limits. Materials rose 26 per cent to INR 96.32 crore, in line with revenue, which is what a healthy variable cost should do. Employee benefits fell 3 per cent to INR 78.65 crore while revenue grew 25 per cent, which is where the operating leverage came from. But depreciation of INR 51.8 crore and finance cost of INR 29.42 crore together exceed the entire EBITDA, and that is why the company is still loss-making. Chaayos has fixed its operations. It has not yet fixed its balance sheet.

This is the context for the reported approach to Avendus in April 2026 to raise USD 50 to 70 million against a target of 400 outlets. The company has raised roughly USD 94 million across seventeen rounds since 2013 and is backed by Tiger Global. A franchise partner should read those two facts together: the brand's expansion is funded by equity rather than by franchisee capital, which makes it a more solid counterparty than a thin franchisor, but also means franchise partners are not the primary growth engine and should not expect to be treated as such.

6.3

Naturáls Ice Cream: forty years, no outside capital



Raghunandan Srinivas Kamath opened a 200 square foot shop in Juhu in 1984 selling five flavours, using pav bhaji to draw footfall. Retail turnover reached INR 374 crore in FY24 with net income of INR 45 crore, against INR 115 crore in 2015. As of April 2022 the chain ran 18 company-owned and 119 franchised stores across 11 states; the count now exceeds 170 outlets across 15 states. Management has guided to INR 500 crore by FY27.

Naturals is the clearest counterexample to the venture-funded expansion thesis. It has taken no institutional capital, it is profitable, and it has grown through franchisees rather than through equity rounds. The product constraint that could have limited it, real fruit with no preservatives or stabilisers, instead became the positioning, and the centralised Kandivali plant producing around 20 tonnes daily enforces the consistency that a franchised network otherwise loses.

Two developments are reshaping the model. Quick commerce through Blinkit and Zepto now contributes close to a quarter of sales, which raises an obvious question for a franchisee about channel conflict that the brand has not publicly addressed. And regional flavour localisation, kubani in Hyderabad and jackfruit in the Konkan, suggests the central plant model is being adapted rather than simply replicated. A prospective franchisee should ask specifically how quick commerce orders in their catchment are attributed and compensated.

A warning the company itself has published deserves repeating: fraudulent parties have been misusing the Naturals name to offer fake franchise opportunities. Applications should go only through the official website, and no payment should be made to unverified accounts. This is not unique to Naturals, and it is a reason to treat every franchise portal listing as a lead rather than a source.

6.4 Wow! Momo: growth funded by rounds, not by margin



Sagar Daryani and Binod Homagai started Wow! Momo in Kolkata in 2008 with INR 30,000. The group now operates more than 850 outlets across four brands: Wow! Momo, Wow! China, Wow! Chicken and Wow! Kulfi. FY24 revenue was INR 470 crore against a loss of INR 114 crore. Revenue is reported to have reached INR 640 crore in FY25 and INR 850 crore in FY26, with a target of INR 1,200 crore by 2027.

The FY25 and FY26 revenue figures have not been filed. As of mid-2026 the company had not submitted financial statements for either year, so both numbers are press-reported and unverified, and no corresponding loss figure is available for either. That is a material gap. A business whose last audited year showed a INR 114 crore loss on INR 470 crore of revenue, and which has since raised INR 185 crore of debt led by InCred, should be assessed on filed accounts rather than on revenue milestones announced to media.

The brand's own disclosures point to where the difficulty sits. In FY24, Wow! Chicken contributed 55 per cent of sales, Wow! Momo 35 per cent, Wow! China 8 per cent and Wow! Kulfi 2 per cent. Both Wow! Momo and Wow! Chicken, together 90 per cent of sales, reported negative EBITDA. The group describes itself as profitable at 6 to 7 per cent corporate EBITDA, which is difficult to reconcile with those brand-level figures unless the profitability sits in the FMCG frozen business rather than the restaurants. The company was valued at INR 2,838 crore in its Khazanah-led Series D.

6.5 Mio Amore: density beats reach



Raghunandan Srinivas Kamath opened a 200 square foot shop in Juhu in 1984 selling five flavours, using pav bhaji to draw footfall. Retail turnover reached INR 374 crore in FY24 with net income of INR 45 crore, against INR 115 crore in 2015. As of April 2022 the chain ran 18 company-owned and 119 franchised stores across 11 states; the count now exceeds 170 outlets across 15 states. Management has guided to INR 500 crore by FY27.

Naturals is the clearest counterexample to the venture-funded expansion thesis. It has taken no institutional capital, it is profitable, and it has grown through franchisees rather than through equity rounds. The product constraint that could have limited it, real fruit with no preservatives or stabilisers, instead became the positioning, and the centralised Kandivali plant producing around 20 tonnes daily enforces the consistency that a franchised network otherwise loses.

standing. That last claim, if it holds, is the most valuable piece of information in this entire report, because near-zero franchisee attrition over twenty years is the strongest available evidence that unit economics work.

It should still be tested rather than accepted. The claim comes from the franchisor's own website and no independent verification exists. A prospective franchisee has an obvious way to check it: ask for contact details of three partners who have held outlets for over ten years, and call them. Any franchisor making a retention claim of that strength should be able to supply the evidence without hesitation.

On investment, portal quotes range from INR 11 lakh to INR 45 lakh and monthly revenue claims from INR 5 lakh to INR 15 lakh. The narrower and more frequently repeated band, INR 14 to 23 lakh with monthly revenue of INR 5 to 10 lakh and net margins of 15 to 25 per cent, is the more plausible one, but it is still a portal figure and not a franchisor disclosure. The geographic constraint is the real gate: fresh bakery requires daily distribution, so the opportunity exists only within the parent's delivery radius in West Bengal, Odisha, Assam and adjacent states.

6.6 Haldiram's: what a domestic food brand is worth at exit

Haldiram Snacks Food is included here not as a franchise opportunity but as the benchmark for what an Indian food brand can be worth when it exits. In March 2025, after roughly eighteen months of negotiation, Temasek acquired close to 10 per cent for about USD 2 billion, valuing the merged Delhi and Nagpur businesses at USD 20 billion, roughly INR 85,000 crore. IHC and Alpha Wave Global then took a further 6 per cent at the same valuation. Blackstone had competed in the final stages.



Three points matter for the argument of this report. The buyers were sovereign and global institutional capital, not strategic food companies, which suggests they were pricing a durable consumer franchise rather than synergise. The stated use of proceeds was international expansion into the United States and Middle East, meaning the Indian brand was being funded to export rather than to defend. And the valuation was set as a pre-IPO benchmark, which puts a public market reference point under the entire domestic branded food category for the first time.

Capital found the Indian brands, then got selective about which ones

● Capital committed to Indian-origin brands ● Attempted or pending raise ○ Raise withdrawn

Jan 2024	●	**Wow! Momo Series D** · USD 42 million, Khazanah-led
2024	●	**Devyani buys into Sky Gate (Biryani By Kilo)** · INR 419.6 crore
Mar 2025	●	**Haldiram's: Temasek takes about 10%** · At a USD 10 billion valuation
Mar 2025	●	**IHC and Alpha Wave take a further 6%** · At the same valuation
Jun 2025	●	**Curefoods files DRHP** · INR 800 crore fresh issue
Apr 2026	●	**Devyani completes the Sky Gate takeover**
Apr 2026	●	**Chaayos in talks to raise USD 50-70 million**
Jun 2026	○	**Curefoods shelves IPO after roadshow**
Jul 2026	●	**Wow! Momo raises INR 185 crore of debt**

Exhibit 9: Capital events in Indian food brands, January 2024 to July 2026. The withdrawn Curefoods listing is included because a failed raise is as informative as a completed one.

7 Regulatory and Compliance Environment

7.1 FSSAI licensing

Licensing became materially simpler in 2026. Registrations and licences now carry perpetual validity, remaining in force until suspended, cancelled or voluntarily surrendered, which removes the renewal cycle and the INR 100 per day late penalty that came with it. Compliance itself did not get easier. Operating unregistered attracts penalties up to INR 5,00,000; selling substandard food carries up to seven years' imprisonment and fines to INR 10,00,000; misleading advertising carries fines to INR 10,00,000.

Licence type	Turnover threshold	Fee	Validity
Basic registration	Up to INR 12 lakh	INR 100	Perpetual from 2026
State licence	INR 12 lakh to 20 crore	INR 2,000–5,000 per year	Perpetual from 2026
Central licence	Above INR 20 crore or multi-state	INR 7,500 per year	Perpetual from 2026

Table 7.1: FSSAI licensing structure as at 2026.

7.2 GST and foreign investment

The Next-Generation GST framework introduced in 2025 removed the 12 per cent middle slab. Standalone restaurants are taxed at 5 per cent with no input tax credit, which is the single most consequential tax fact for a franchisee: every rupee of GST paid on rent, equipment and services is a cost, not a credit. Hotels with room tariffs above INR 7,500 attract 18 per cent with input tax credit available.



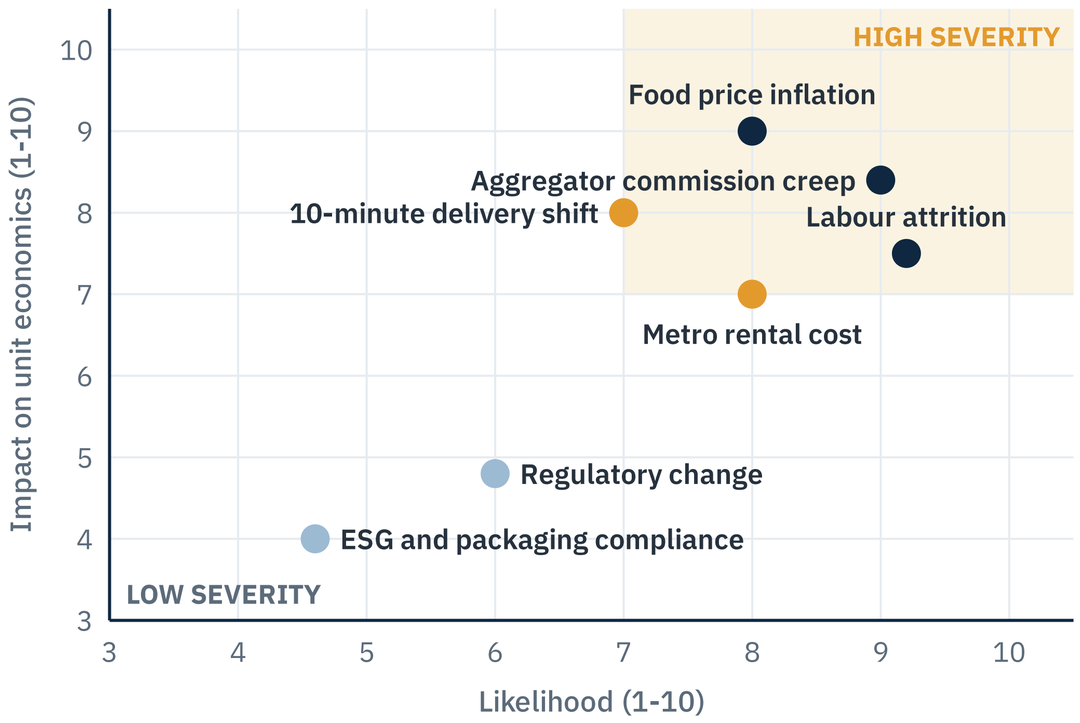
On foreign investment, 100 per cent FDI is permitted through the automatic route for hotels and tourism infrastructure. Trading in food products manufactured or produced in India, including online trading, permits 100 per cent FDI through the government approval route. International brands may enter through franchise, management agreement or joint venture provided intellectual property is registered in line with FEMA requirements. None of this constrains a domestic franchisee, but it explains why master franchise structures rather than direct operation remain the standard entry route for foreign brands.

8 Risk Assessment

The risk scores below are the author's judgement on a comparative scale, not survey output. They rank risks against one another; they do not measure them. Readers should disagree with the weights where their own exposure differs.

Cost inflation and aggregator economics dominate the risk set

Risk matrix



Growth drivers

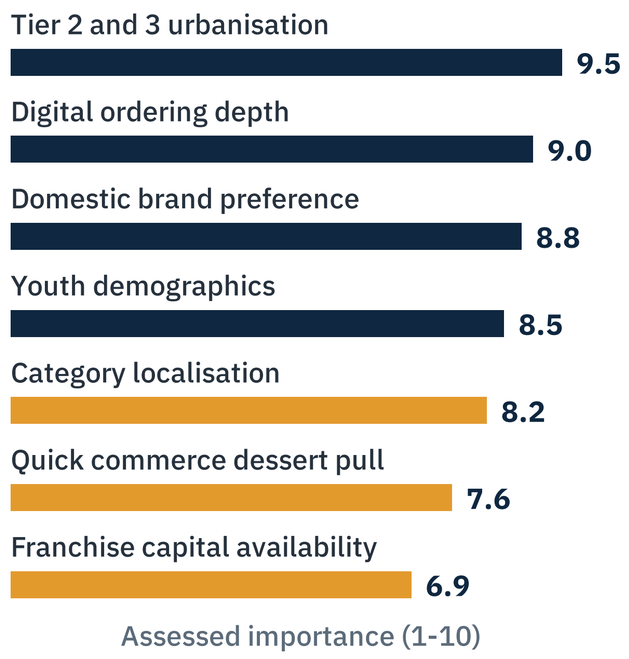


Exhibit 10: Risk matrix and growth drivers. Scores are comparative judgements, not measurements.

8.1 The four risks that actually move unit economics

Input cost inflation. Food price inflation exceeded 10 per cent in mid-2024. With food cost running 28 to 32 per cent of sales in a typical franchise format, each percentage point of food inflation removes roughly 30 to 40 basis points of margin. A franchisee with a 15 per cent net margin has limited room before menu prices have to move, and menu prices in most franchise agreements are not the franchisee's to set.

Aggregator commission. This is scored as the highest-likelihood risk in the matrix, above even labour, because it is the one major cost line an individual franchisee cannot negotiate. Commission runs 18 to 25 per cent of delivered sales. As delivery mix rises, the effective take rate on the outlet's revenue rises with it, and the outlet has no counterparty leverage. Formats with genuine walk-in traffic, which is to say most Tier 1 and Tier 2 formats, are materially less exposed than delivery-led Tier 3 formats.

Labour. Frontline attrition frequently exceeds 60 to 80 per cent annually, with staff moving for increments as small as INR 500 to 1,000 per month. Industry employment is projected to reach 10.3 million by 2028 from 8.5 million in 2024, which will tighten the market further. The cost is not just wages; it is the retraining cycle that a standardised format depends on.

8.2 What would change the argument

Occupancy. Metropolitan occupancy costs of 20 to 25 per cent of sales against a global norm near 5 per cent is the structural disadvantage of Indian foodservice. Tier 2 cities such as Indore, Lucknow, Surat, Jaipur and Coimbatore offer rents 50 to 70 per cent below metro levels, and this is the main reason the report's recommendations tilt toward them.

Two developments would undermine this report's central recommendation and should be watched. If quick commerce platforms move decisively into prepared food at 10 to 15 minute delivery, the walk-in advantage that protects small domestic formats erodes, and the delivery-native model that failed at IPO in 2026 could look different in 2028. And if a domestic brand crosses INR 1,000 crore in filed revenue and then fails to sustain margin at that scale, the thesis that Indian brands simply have not had scale capital, rather than that they cannot use it, becomes much harder to defend.



9 Conclusions and Recommendations

The investment case for Indian food franchising in FY2026–27 is real but narrower than the headline growth rate suggests. A market compounding at around 10 per cent with the organised share rising toward half by 2030 will support new outlets. It will not rescue a badly chosen one. The specific recommendation of this report is to buy category and location discipline rather than brand prestige, and to concentrate in the tier where payback is fastest and the failure modes are most legible.

9.1 For first-time investors with INR 5 to 25 lakh

- Concentrate on Tier 2. It has the fastest reported payback in the market and the lowest management complexity, and it is where domestic brands compete hardest for partners.
- Prefer brands with regional density over brands with national recognition. A Mio Amore outlet inside its distribution radius will outperform a nationally known brand at the edge of its supply chain.
- Site in tier 2 cities. Rents 50 to 70 per cent below metro levels change the economics more than any brand choice available at this capital level.
- Reserve at least six months of working capital outside the fit-out budget. This is the most common single cause of failure at this level.
- Treat zero-royalty structures such as Amul as genuinely valuable, while accepting that they come with correspondingly limited brand support.

9.2 For multi-unit and growth investors with INR 50 lakh to 5 crore

- Build density in one category and one region before diversifying across either. Shared supply chain, shared management and shared hiring are the only real advantages a multi-unit operator has, and they disappear across categories.
- Weight the portfolio toward formats with walk-in traffic. Delivery-led formats hand 18 to 25 per cent of revenue to a counterparty you cannot negotiate with, and the Curefoods experience shows how that compounds at scale.
- Consider area development rights with a domestic brand in expansion rather than single units with an established one. Chaayos targeting 400 outlets and Chai Sutta Bar targeting 800 both need regional partners.
- Insist on filed accounts before signing. Several fast-growing brands, Wow! Momo among them, have unfiled recent years, and a revenue figure announced to press is not a substitute.

9.3 For institutional and family office capital above INR 5 crore

- The Haldiram's transaction has set a valuation reference for the domestic branded food category that did not exist before March 2025. Assets with heritage brand equity and a manufacturing base now have a comparable.

- Devyani's acquisition of Sky Gate shows that listed operators are willing buyers of domestic brands at scale, which creates a strategic exit route alongside the public markets.
- The Curefoods withdrawal is the counterweight. Public markets in 2026 would not fund a loss-making multi-brand delivery roll-up at the asked valuation, and that discipline should be assumed to persist.
- FOCO structures offer a passive return profile in the 10 to 15 per cent range for investors who want exposure without operating involvement, at the cost of most of the upside.

9.4 What this report cannot tell you

Three limitations should be stated plainly rather than buried. First, no franchisee-level performance data was supplied for this report. Every payback and margin figure originates with a franchisor, a portal or a listed operator's aggregate disclosure, and none of it reflects the distribution of outcomes across actual franchisees. The median outlet may look nothing like the quoted one.

Second, the domestic brands examined here are survivors. Brands that franchised and failed do not file, do not appear on portals, and do not appear in this report. Any inference about the base rate of franchise success from this material will be too optimistic, and by an unknown margin.

Third, several central figures are unaudited. Wow! Momo's FY25 and FY26 revenues are press-reported. Haldiram's post-merger revenue is not public at all. Chai Sutta Bar's system sales are estimated by third parties. Where this report has used such figures it has said so, but the reader should weight conclusions resting on them accordingly.

10 Appendix

10.1 Methodology and source hierarchy

Sources were ranked and figures adopted in the following order of preference. Where a higher-ranked source existed, lower-ranked figures were discarded rather than averaged.

- Statutory filings: Registrar of Companies submissions, DRHP disclosures, listed company annual and quarterly reports. Treated as reliable and dated.
- Named transaction reporting: deal terms attributed to identified counterparties in Business Standard, Forbes, PTI, Entrackr and Inc42. Treated as reliable with attribution.
- Company statements: franchisor websites and management guidance to trade press. Treated as directional and labelled as claims.
- Research house market sizing: Fortune Business Insights, IMARC, Mordor Intelligence, Grand View Research, The Report Cubes. Used only in ranges, never as point estimates.
- Franchise portals: used only where no better source existed, always identified as portal quotes, and reported as ranges to expose their dispersion.

Market size figures in Exhibit 1 for 2026 onward are the author's reconciliation of the five published forecasts in Table 1.2, adjusted to the narrow restaurant-sales definition. They are not sourced from any single research house and should not be attributed to one. Unit economics in Exhibit 7 and risk scores in Exhibit 10 are modelled and judgemental respectively, and are labelled as such on the exhibits themselves.

10.2 Glossary

Term	Definition
ADS	Average daily sales per outlet
Aggregator commission	Fee charged by delivery platforms on delivered orders, typically 18–25 per cent of order value
CAGR	Compound annual growth rate
COCO	Company owned, company operated
DRHP	Draft red herring prospectus, the pre-IPO filing made to SEBI
EBITDA	Earnings before interest, tax, depreciation and amortisation
FOCO	Franchise owned, company operated
FOFO	Franchise owned, franchise operated
FSSAI	Food Safety and Standards Authority of India
Franchisor revenue	The brand owner’s own income, largely royalty and fees; not the same as system sales
ITC	Input tax credit under the GST framework
QSR	Quick service restaurant
RoC	Registrar of Companies
SSSG	Same-store sales growth
System sales	Combined sales of every outlet in a franchise network, company-owned and franchised

Table 10.1: Terminology used in this report.

11 References

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