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FOOD

# Business of biryani: how Biryani By Kilo is winning Indian palates with consistency and automation



Image courtesy: Biryani by Kilo

**Synopsis**

Biryani By Kilo is a new-age restaurant which focuses only on biryanis and kebabs. While most biryani chains in the country continue to be regional players, Biryani By Kilo wants to have a pan-India presence. By automating the cooking process and achieving consistency in taste across outlets, the startup seems to be on track to achieve its goal.

**Biryani is an emotion in India, they say.**

Visit any region of the subcontinent, and you will find its own version of the spicy dish of rice with meat or vegetables flavoured with exotic spices. With millions of Indians swearing by the unmatched foodgasm that biryani offers, it's no wonder that the dish is among the most-ordered food items in the country.

For instance, biryani figures in the 'popular cuisine' section, closely followed by pizza, on food-delivery apps such as Swiggy or Zomato. But despite the wide



BY

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popularity of the dish, most biryani restaurant chains in India continue to be regional players.

Why?

To begin with, a major stumbling block for biryani chains is standardisation. For quick-service restaurants (QSRs) such as Domino's Pizza (Jubilant FoodWorks), KFC (Sapphire Foods), Pizza Hut, McDonald's (Hardcastle Development), and Burger King, automation which ensures standardisation across outlets has been the key. For instance, a Domino's pizza would taste the same in Bengaluru, Chennai, Delhi, Kolkata, Mumbai, or any non-metro city.

In the restaurants business, consistency is an indispensable ingredient. Besides the speed of delivery, the promise of consistency in taste and quality is what attracts customers to fast-food chains. And that's what separates them from restaurant chains providing traditional dishes including biryani, which is perhaps the most experimented food item in the country.

But food industry veterans Kaushik Roy and Vishal Jindal are on a mission to change this with their startup, **Biryani By Kilo**.

### **Challenging the norm**

Founded in 2015, Biryani By Kilo currently has 105 outlets across India. The company expects this count to touch 107 by December-end 2022. While each outlet takes nearly two-three months to become profitable, the company has not shut down a single branch since inception and its founders believe that the scope for such a product is very high.

According to Jindal, who is the co-founder and CEO of Biryani By Kilo, "The F&B(food and beverages) market [in India] is worth USD70 billion-USD80 billion [and

is] expected to grow at a CAGR (compounded annual growth rate) of 15%-20% over the next few years. Biryani, as a category within that, is nearly worth USD4 billion. There is literally a huge room for growth”.

It's worth noting here that the Gurugram-based restaurant startup is not the first restaurant to sell biryani across the country although it is among the first ones to offer both home delivery and dine-in at the pan-India level. Biryani restaurant chains such as Hyderabad-based Paradise Biryani, Hotel Shadab, Bawarchi, Bengaluru-based Meghana Foods, Dindigul Thalappakatti Restaurant, Kerala-based Kayees Hotel, and many other regional brands, have already achieved a cult status in the country. However, none of them has managed to be a national brand.

Behrouz Biryani by Mumbai-based Rebel Foods is one of the first biryani chains in the country which has been performing consistently well with a pan-India presence. However, barring Pune and Mumbai, Behrouz, has only cloud kitchens in the country.

And this is where Biryani By Kilo is trying to differentiate itself while having a pan-India presence.

**"It's easier to scale one category such as biryani than multiple cuisines, because focus on single product increases efficiencies of staff and leads to better inventory control."**

*— Karan Tanna, founder, Ghost Kitchens India*

important in any decision. “Why a biryani brand? It was an important question for us,” he adds.

Jindal, who has been to several countries and has lived

**The journey so far**

Recalling his initial days of toying with the business idea, Jindal says the ‘why’ is

in the US and Singapore, was intrigued by the fact that no big global food chain has come from India despite the country's rich culinary heritage. "We don't have a big food chain from India — like Chipotle or McDonalds or Nando's," he says.

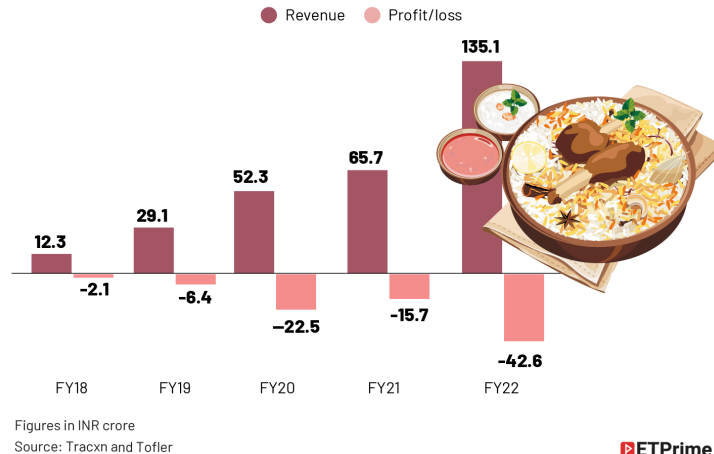
As an entrepreneur and private-equity and hedge-fund investor in the F&B market, Jindal knew that to grow big in a specific category in India, it has to be delivery friendly.

"Look at Jubilant [FoodWorks]. What they have done is great. And biryani is delivery friendly. In addition, biryani has another positive as a category — India still doesn't have a leading incumbent player. It's a massive opportunity for us," Jindal points out.

A look at the performance of regional players, according to him, was encouraging. "We can also bring in volumes of business if done correctly. Brands like Paradise in Hyderabad clock crores of business in one city alone."

Jindal recalls that he was "surprised" to see that despite all the advantages that biryani enjoys as a category, no restaurant was doing the business with robust systems and processes, thereby eliminating the need for chefs across kitchens. "Hence, the opportunity was perfect for us. We also launched at a time when ordering-in and aggregators such as Swiggy and Zomato were becoming the go-to options for food delivery".

### Financials of Biryani By Kilo



As of November 2022, the company generated 30%-35% of its total orders from its own platforms including the website, app, call centre, and dine-ins, while the remainder came from food aggregators. The nearly seven-year-old startup has more than 2,000 employees, out of which 500-600 are delivery personnel.

Biryani By Kilo is modelled on the lines of Jubilant FoodWorks’ Domino’s India operations wherein the company relies heavily on its own personnel for deliveries. While the restaurant uses Swiggy and Zomato as last-mile delivery providers, that’s not always the case. Whether the delivery is to be done by the company’s own delivery personnel or that of the aggregator is decided by the number of orders it handles at each point, especially during the peak hours.

Further, Biryani By Kilo’s menu changes with city. The company is present in all Indian states except Gujarat, Kerala, and Tamil Nadu. While there are some types of biryanis — such as chicken *dum*, mutton *dum*, Hyderabadi, Lucknowi, and Kolkata style — which are a permanent part of restaurant menus, other offerings change based on the city.

“We always localise. In south India, in addition to the permanent options, we also have Guntur biryani. When we enter Tamil Nadu, we will add Dindigul biryani, and when we enter Kerala, we will have the Malabar style biryani as well,” says Jindal.

### **Automation is the key**

Madhu Menon, chef and food consultant, says, “There is a lot of automation that has come into the making of biryani. When you do things at a scale, it invariably needs standardisation. You can’t have biryani in one outlet tasting different as compared to another outlet of the same brand in the same or a different city”.

Menon adds that even non-funded chains such as Rahham’s and Ruchi’s have central kitchens where the masalas are made and then those are sent out to other outlets. “So, centralisation is inevitable when you are on the growth path.”

Biryani By Kilo currently fulfils nearly 100-150 orders per day per outlet. This translates to up to half a million orders per month with an average order value of INR750-INR800. This is higher than that of most other local players, both listed and unlisted on food aggregator platforms.

The average time taken by the restaurateur to get the biryani to your doorstep from the time of order placement is nearly 45-90 minutes. Again, this is longer than that of most other players serving biryani.

“We parcel our biryani in *matkas*. We prepare the biryani in *matkas* and the final product is not opened by us. It is opened directly by the consumer. We have managed to automate and standardise the whole biryani-making process without it being made in large batches like 20 kg-30 kg or freezing the same,” says Jindal.

To circumvent the problem of making the dish in large batches and freezing it, Jindal and Roy decided to cook, serve, and deliver their biryani in *matkas*.

Talking about automating the whole biryani-making process, Jindal says, “We didn’t want to compromise on the quality, which is why we take our time to make the biryani. Biryani cannot be made in less than 30 minutes. It has taken us years to reach this point. We have four central kitchens of nearly 10,000 sqft-20,000 sqft in size, where most of the prep work is done”.

The ingredients so prepared are sent to cloud kitchens and stores, where, depending on the order received, they are added to the matka, closed, and *dum*-cooked in the oven at 250 degrees centigrade.

“We have managed to automate and standardise the process to the extent that we know every time we get the same proportions and when the consumer opens the *matka*, she will get the same experience. Standardisation is the key for a national chain,” adds Jindal.

The company currently sources its rice from Daawat Basmati and the base of the biryani masala (spices) from Kerala — all of which is sent to the central kitchens.

Karan Tanna, founder of Ghost Kitchens India, says, “It’s easier to scale one category such as biryani than multiple cuisines, because focus on single product increases efficiencies of staff and leads to better inventory control”.

The unit economics of a restaurant has less to do with the cuisine and more to do with its ticket size. The economics of running a cloud kitchen, which has an average order value (AOV) of below INR300-INR400 versus any brand with an AOV upwards of INR600, are



vastly different irrespective of the cuisine. Biryani By Kilo falls under the high-AOV category.

#### Fighting competition

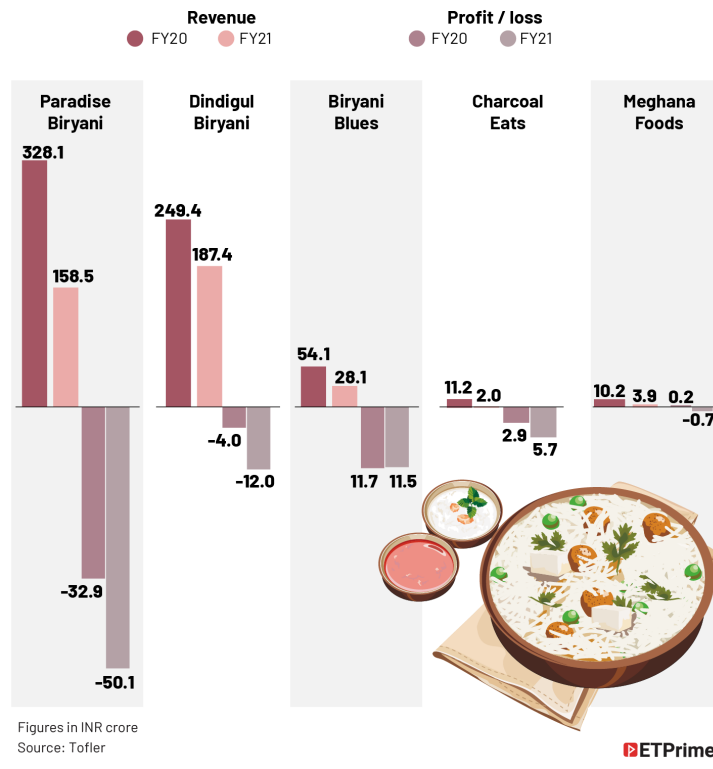
According to Jindal, most local and regional biryani restaurants clock INR20 crore-INR100 crore as of FY22 in sales. “We are now at a scale of INR250 crore-INR300 crore and present in 45 cities. No one in India is at our scale currently.”

Jindal believes that Biryani by Kilo was able to achieve such scale due to three major factors.

1. Successful automation and standardisation.
2. A corporate structure for functioning under which the decisions of the leadership and management is the key to success.
3. Pan-India presence: Biryani By Kilo is one of the few biryani chains known pan India while local brands such as Meghana Foods (Bengaluru) have limited reach.

Biryani By Kilo currently spends nearly INR30 crore annually on marketing campaigns, mostly on digital mediums such as YouTube, Facebook, Google, and Instagram.

### Key financials of top Indian biryani brands



While biryani is among the most-ordered items on any food-delivery platform, not many consumers know whether the biryani they order is freshly prepared or not. According to industry sources, brands such as Paradise Foods and Meghana Foods generally make biryani in large batches every day, the size of which depends on the time of the year. The serving size of most restaurants is nearly 500 gm-600 gm, which translates to 50-60 portions of biryani per day.

“In a city like Hyderabad, making large batches of biryani will always work, because the demand is very high. This means that the biryani is freshly made every day and not frozen and reheated,” explains Jindal.

However, in a city where the demand is not as high, this could be a problem.

Paradise Foods, which earlier this year raised INR560

crore from its existing investor Samara Capital, thereby allowing the latter to have a controlling stake, plans to expand its footprint to 500 locations by 2026-27 from the current 50. The company plans to focus on **omnichannel format outlets**, where the focus will continue to be on takeaways.

Tanna adds, “The biggest difference in these categories [national vs. regional biryani chains] of restaurants is

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cost of goods sold will be 25% of net sales whereas in a lower AOV brand, it will be nearly 35%-38% of net sales, both inclusive of packaging. When a brand has a higher AOV, it can pass on the cost of packaging to customers as well whereas for a lower AOV brand, one can't do that, because the customer is very price conscious”.

“For a higher-AOV brand such as Biryani By Kilo, one would probably do 30-40 orders a day to break even at a kitchen level whereas for a lower AOV brand, one would probably need to do 100-120 orders a day to break even, which also means more manpower, just to reach that same amount of gross margins.” Tanna says.

Similarly, some players freeze their biryani and reheat it just before delivery. This alters the taste of authentic biryani.

Rebel Foods, which runs Behrouz Biryani, is another brand known across the country for its value-for-money offerings. Rebel Foods has nearly nine cloud-kitchen brands under its umbrella. Being privately held, the startup does not separately provide the revenue generated by Behrouz Biryani. Rebel Foods also operates The Biryani Life brand under its portfolio.

### **The bottom line**

Biryani By Kilo has revealed its plans to acquire three-four restaurant brands, which do not complicate the **automation of the existing kitchens**.

Speaking about the future of Biryani By Kilo, Jindal says, "We are planning to go for an IPO (initial public offering) in the next three years. We are also planning to raise another round of funds by early 2023.

Currently, our run rate is INR25 crore per month. Once we get to INR30 crore-INR35 crore a month, we will be profitable. And our estimates say we will get there by June 2023".

The company currently follows a company owned and operated outlet model. This is unlike all international QSRs in India, which run on a franchise model. However, the company intends to use that model when it goes for international expansion, expected next year.

"While the pandemic helped us in our growth as a delivery-heavy restaurateur, biryani ordering will continue to grow post-pandemic as well. Industry estimates say food delivery will continue to grow at a CAGR of 15%-20% for the next few years, and in addition to that, Indians have one of the lowest frequencies of ordering-in as compared to other global markets. Hence, the growth potential is very high," concludes Jindal.

*(Graphics by Sadhana Saxena)*

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**Anantharaman Krishnan**

4 hours ago

"For instance, a Domino's pizza would taste the same in Bengaluru, Mumbai, Kolkata, Delhi, or in any non-metro city."Isn't Chennai a metro city?