



# INDIAN QUICK-SERVICE RESTAURANT INDUSTRY

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Industry cooking up recipe for ~16%  
- 19% revenue growth in FY2026

APRIL 2025





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*Given the soft demand conditions and inflationary cost regime, operating metrics, revenue growth and margins were under pressure in FY2025.*

*However, likely improvement in demand is expected to support recovery in FY2026. Income tax cuts and strategic introduction of low-price options are expected to support demand, which, along with a planned step-up in store additions and low base of FY2025, is likely to result in 16%-19% revenue growth in FY2026. Margins and credit metrics are expected to improve with increased scale.*



- **Indian quick-serving restaurant (QSR) industry is estimated to record revenue growth of ~10% – 12% in FY2025**, an improvement from ~9% in FY2024, largely driven by ~13-15% increase in the number of stores, while negative same-store sales growth (SSSG) owing to geopolitical issues affecting brand perceptions in certain micro markets, and inflationary pressures limited the growth to an extent.
- **Average daily sales (ADS) per store moderated to Rs. 84,000 in 9M FY2025 from Rs. 88,000 in 9M FY2024** as tepid demand conditions impacted footfalls. However, ADS has recovered marginally in Q3 FY2025 and is expected to improve over the near to medium term, with the stores added in the past few years maturing, improved discretionary income and strategic push towards value-for-money offerings by the organised players.
- **Number of store additions moderated to ~705 – 715 in FY2024 and FY2025 (from ~793 added in FY2023)**. However, store additions are expected to ramp up to ~ 850 – 870 in FY2026 with recovery in demand, which is expected to support an uptick in revenue growth to ~16 -19%.
- **Muted price hikes owing to subdued demand and intense competition, and food price inflation resulted in moderation in operating margin to ~17.3% in 9M FY2025** (from ~20% in FY2023). ICRA expects operating margin to hover at 17-19% in FY2025 and FY2026 and improve subsequently, as new stores added gain optimum sales trajectory.
- **Credit metrics of the domestic QSR industry are like to weaken in FY2025** (to total debt / OPBITDA of 3.2x – 3.5x from 3.1x in FY2026) with contraction in margins, However, with expected improvement in profitability from FY2026, total debt / OPBITDA is likely to improve to 2.8x – 3.1x. The sector has controlled external debt levels, as expansion capex is largely undertaken through internal accruals.

## 1 Challenges and growth drivers



## 2 Trend in quarterly performance



## 3 Outlook



## 4 Peer Comparison





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