

Ghost Kitchens invests in QsSR Brands India and Eathos Group

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In one of the rare cloud kitchen deals in India, leading accelerator & growth investment firms Ghost Kitchens led by Karan Tanna bought majority stake in cloud kitchen companies QSR Brands India and Eathos Group, for an undisclosed sum. QSR is valued at \$5.5 million, while Eathos Group is valued at \$2.2 million.

QSR Brands India Pvt Ltd. led by Manoj Kudtarkar has popular brands like New York Waffles & Dinges, Hakka Makka, Starboy Pizza & Shakes, Jenny's Homemade Brownies amongst a portfolio of 15 brands and 120+ point of sales with presence in cities like Mumbai, Pune, Ahmedabad, Delhi & Kolkata. With the new investments the company plans to launch 150 point of sales by end of 2020.

Eathos Group is a Chef-driven cloud kitchen company owned by Sabbir Ansari. Eathos has a total of 6 Chef led brands like Biryani Hazir Ho, Madrasam, Maa ki Khichdi, Bolo Tara Rara and more under its portfolio with 20+ point of sales in Mumbai & Lucknow. The company is planning to launch 100+ point of sales in 2020 & expand its operations to other cities like Delhi, Ahmedabad, Bangalore and penetrate Mumbai by opening new kitchens.

Ghost Kitchens will provide capital, infrastructure, backend, marketing, supply chain & warehousing mentorship to the two companies. GK also plans to scale them up across multiple geographies over the next few months. "The unit economics of cloud kitchen businesses can only be sustainable if the overhead expenses are drastically cut down. We are creating an infrastructure that can support multiple companies to scale quickly without reinventing the wheel," said Karan Tanna, CEO & Co-founder of Ghost Kitchens.

Manoj Kudtarkar, Founder of QSR Brands India Pvt Ltd said, "We have scaled up to over 120 internet restaurants in last few months and have realised the challenges around unit level economics and scalability in cloud kitchen business. Partnering

with Ghost Kitchens is a very strategic decision for us as that will not only bring growth capital to double our point of sales but will also bring in lot of synergies to exploit economy of scale and cut down our costs at unit and corporate level. Their experience to scale across geographies will help us reach our goals faster and in sustainable model."

Sabbir Ansari, Owner and CEO of Eathos Group adds, "Karan is mentoring me for last few years. Ghost Kitchens understanding of 'Real India' in context of food business is very hands-on and that will help us grow in a financially tight model. We want to keep capital per unit as low as possible and minimise overhead expenses at corporate level. Our partnership with Ghost Kitchens will help us focus on operations as we can leverage their strengths to bring right strategy and capital."

Cloud kitchens are delivery-only restaurant models without any dine-in facility or walk-in customers. They rely heavily on self-delivery or through various delivery aggregators. Ghost Kitchens, funded in June last year and largely self-funded by food services business entrepreneur Karan Tanna, is an investment and incubation company for start-ups in the cloud kitchen segment.

Ghost Kitchens plans to have a portfolio of atleast 20 partner delivery oriented companies & have a presence spread across 12 cities and run about 300 internet restaurants by end of 2020.