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GUIDE

Cloud Kitchen Profitability Guide for Indian Operators

What is actually left from an order after the platform has taken its share, why a cheap menu is the hardest one to make money on, how many orders a day you need before you are earning anything, and what a direct order is really worth. Worked in rupees, with every assumption stated.

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₹125
Left From a ₹350 Order
After commission, GST on it, packaging and food

14%
What Flat Packaging Costs
On a ₹100 order. Just 4% on ₹350

31
Break-Even Orders a Day
On the worked model inside

1.7x
What a Direct Order Earns
Same food, ₹92 more per order

s.9(5)
Who Pays GST on the Food
Not you, since 1 January 2022

01 Why This Is Not a Restaurant P&L

One structural difference changes everything downstream

A restaurant that delivers has two revenue streams. Dine-in pays no commission, so it quietly subsidises the delivery orders that do. A cloud kitchen has one stream, and every rupee of it passes through a rail that takes a cut. That single fact is why cloud kitchen economics have to be worked separately, and why a restaurant P&L template will flatter a cloud kitchen every time.

What is structurally different

No cushion	A restaurant can run delivery at a thin margin because the dining room carries the rent. Take the dining room away and the thin margin is the whole business.
Every order is commissioned	100% of revenue, not the 20 or 30 per cent a restaurant might send through platforms. There is no commission-free channel unless you build one, which is Chapter 5.
Flat costs hit harder	Packaging that is a rounding error on a ₹400 table bill is a real percentage of a ₹150 delivery order, and the platform adds a flat fee to your customer's bill on top. Chapter 3 is entirely about this.
Location logic inverts	Footfall is irrelevant. What matters is delivery radius, rider availability and how many kitchens are already competing inside the same few kilometres.
Rating is revenue	A restaurant with a bad week loses that week. A cloud kitchen with a rating drop loses its position in the listing, and the orders stop arriving at all.

> **The tax point most operators have backwards**
>
> Since 1 January 2022, on orders that come through Zomato or Swiggy, the platform is liable to pay the 5 per cent GST on the food, not you. Notification 17/2021-Central Tax (Rate) brought restaurant service supplied through an e-commerce operator within Section 9(5) of the CGST Act, 2017. So your revenue from the platform carries no output GST for you to remit. What you cannot escape is the 18 per cent GST charged on the platform's commission: on the 5 per cent scheme you have no input tax credit, so that is a real cost. Operators routinely get both halves of this wrong, and the two errors push in opposite directions.

What this guide does and does not cover

This is about whether the model earns money and where the money goes. It is not a startup guide. Licences, kitchen layout, equipment lists and the rest of the setup arc are covered in our Complete Guide to Starting a Restaurant in India, and the day-to-day running of a cloud kitchen is covered in the Cloud Kitchen Operations SOP.

What follows is one worked model, stated assumption by assumption. Every rate in it is a number you should replace with your own, and the guide tells you where to find each one.

02 One Order, Rupee by Rupee

Where a ₹350 order actually goes

Start with a single order at an average order value of ₹350, which sits inside the ₹250 to ₹350 range commonly reported for Indian cloud kitchens. Every deduction below is stated with its rate, so you can swap in your own and rerun it.

One order at ₹350

Line	Rate used	Amount	Running total
Order value (what the platform bills for your food)		₹350.00	₹350.00
Less: platform commission	24%	₹84.00	₹266.00
Less: GST on that commission	18% of ₹84	₹15.12	₹250.88
Less: packaging (flat, per order)	fixed	₹14.00	₹236.88
Less: food cost	32%	₹112.00	₹124.88
CONTRIBUTION PER ORDER	35.7% of order value	₹124.88	

Assumptions: commission 24%, toward the middle of the roughly 15 to 30 per cent band reported across Zomato and Swiggy; packaging ₹14; food cost 32%. Two things are deliberately not here. The 5% GST on the food, because under Section 9(5) that is the platform's liability rather than yours. And the per-order platform fee, for the reason set out below.

> **Contribution is not profit**
>
> ₹124.88 is what one order leaves behind to pay for rent, salaries, electricity, your software and your platform advertising. It is not money you have made. Chapter 4 puts the fixed costs in and shows what is genuinely left. Every number in this guide is contribution until that chapter.

> **The platform fee is not your cost, and most models get this wrong**
>
> Both apps raised a per-order platform fee to about ₹17.58 in March 2026. It is easy to find and easy to misuse: it is charged to the customer at checkout, not deducted from what the platform pays you. Zomato bills it as ₹14.90 plus ₹2.68 GST, and both companies report it as fee income from customers. Put it in your cost stack and you understate your contribution on every order. Some plans do carry a small fixed charge to the restaurant, so check your settlement statement, but do not assume it is this number.

Where your own numbers will differ, and how to find them

- **Commission.** Your contracted rate is in your partner agreement, not on the internet. What you were actually charged is on your settlement statement. Check both. A two-point difference here is worth more than most menu changes.
- **Packaging.** Weigh a real order. Container, lid, bag, seal, cutlery, tissue, and the sachet nobody counts. Gravy dishes cost noticeably more than dry ones. This is your flat per-order cost, and Chapter 3 is about what that does to a cheap order.
- **Any fixed per-order charge.** On your settlement statement, if your plan carries one. Use what the statement shows, not the customer-facing platform fee you never receive.
- **Food cost, then any funded discount.** Cost the recipe properly rather than dividing purchases by sales: include oil, masala, trimming loss and anything you give free. Then subtract, as a separate line, whatever share of a platform offer you fund. That last one turns a thin order into a loss, and Chapter 3 shows the limit.

03 Why a Cheap Menu Is the Hardest to Profit From

Two flat charges, and neither of them scales down

Commission is a percentage, so it shrinks with the order. Two other charges do not. Your packaging costs the same rupees on a ₹100 order as on a ₹350 one, and the platform fee your customer pays at checkout is the same rupees too. One eats your margin and the other raises your price. Both punish exactly the orders a cheap menu is built to win, and together they are the strongest argument against pricing low for volume.

The same cost structure at five price points

Order value	Contribution	Contribution %	Packaging as % of the order	Customer's platform fee as % of the order
₹350	₹124.88	35.7%	4.0%	5.0%
₹250	₹85.20	34.1%	5.6%	7.0%
₹180	₹57.42	31.9%	7.8%	9.8%
₹120	₹33.62	28.0%	11.7%	14.6%
₹100	₹25.68	25.7%	14.0%	17.6%

Identical commission rate, identical food cost percentage, identical packaging in rupees. Only the order value changes. Contribution falls from 35.7% to 25.7% purely because ₹14 of packaging is 4% of a ₹350 order and 14% of a ₹100 one. The last column is not your cost. It is what the platform adds to your customer's bill, and it moves the same way.

The charge that makes your cheap order look expensive

The ₹17.58 platform fee never reaches you, but your customer sees it. On a ₹350 order it adds about 5 per cent to what they pay. On a ₹100 order it adds nearly 18 per cent, before delivery and taxes. The cheap item you priced to win volume arrives at checkout looking far less cheap than you intended. You carry the thin margin, and the platform's fee damages your conversion.

How much discount you can actually fund

Your contribution is your ceiling. A ₹350 order leaves ₹124.88, so anything you fund beyond that costs you money. A ₹100 order leaves ₹25.68, so a ₹30 funded discount on it loses ₹4.32. You cooked the food, paid for packaging, occupied your kitchen and finished poorer than if the order had never arrived. Volume does not fix this. Every extra order deepens it.

What to do about it

- **Raise the floor, not the whole menu.** Set a minimum order value that clears your costs with room to spare. The arithmetic above tells you where that floor sits for your own rates. Recheck it whenever a flat cost moves: a packaging price rise or a platform fee revision hits your cheapest items hardest.
- **Sell combos, not singles.** ₹14 of packaging spread over a ₹320 combo is a fifth of what it is on a ₹90 single item, and your customer pays the platform fee once instead of three times. Bundling is not a marketing trick here, it is the direct fix for the structural problem.
- **Do not chase a low-AOV competitor.** If someone nearby is winning on ₹99 offers, they are either much cheaper on food than you, funding it from investment, or losing money. None of the three is a strategy you can copy safely.
- **Know your ceiling before you join the campaign.** Run the order through the arithmetic in Chapter 2 and read off the contribution. That is the most you can fund. If the campaign asks for more, it is a cost of acquiring a customer, not a source of revenue, and it should be budgeted as one.

04 The Month, and the Number You Actually Need

From contribution to profit, and what break-even really is

Contribution per order tells you nothing on its own. What matters is whether enough of it arrives to cover the costs that turn up whether you sell anything or not. Here is the same model over one month, at fifty orders a day.

One month at 50 orders a day

Line	Amount	Note
Orders in the month	1,500	50 a day for 30 days
Revenue (order value)	₹5,25,000	Not the customer's bill, which also carries GST, delivery and platform charges
Total contribution	₹1,87,320	1,500 orders at ₹124.88
Less: rent	₹20,000	
Less: salaries	₹55,000	Three staff
Less: utilities	₹12,000	Power, gas, water, internet
Less: technology	₹3,000	POS and integrations
Less: platform advertising	₹25,000	Paid listings and promotions
Total fixed costs	₹1,15,000	
NET PROFIT	₹72,320	13.78% of revenue

Fixed costs here are illustrative and will differ sharply by city and by whether you own or share the kitchen, which is Chapter 6. Substitute your own before drawing any conclusion.

The three numbers worth writing on the wall

Break-even: 31 orders a day

₹1,15,000 of fixed costs divided by ₹124.88 of contribution is 921 orders a month, which is 30.7 a day. Below that you are funding the kitchen out of savings, whatever the order count looks like.

One extra order a day: ₹3,746 a month

One more order every day, at this contribution, is ₹3,746 of profit a month. That is a useful way to size any decision: if a change costs less than that and reliably adds an order a day, it pays.

Net margin: 13.78%

On this model, at fifty orders a day. This is not a target and you should not treat it as one. It is built from illustrative fixed costs, and the margin figures circulating online for Indian cloud kitchens trace back to vendor blogs rather than to any study, so this guide will not give you a benchmark to aim at. The point is that you can compute your own, and most operators never have.

Break-even moves every time your inputs move

Raise the platform ad spend by ₹10,000 and break-even rises by about three orders a day. Lose two points of commission in a renegotiation and it falls. This is not a number you calculate once at setup. It is the number you recalculate whenever a cost changes, which in this business is monthly.

05 What a Direct Order Is Actually Worth

The same food, about three-quarters more money

Everything so far assumes the order arrives through an aggregator. It is worth knowing precisely what changes when it does not, because the gap is larger than most operators assume and it reframes what a direct-ordering channel is worth building.

The same ₹350 order, two ways

Line	Through an aggregator	Direct
Order value	₹350.00	₹350.00
Commission at 24%	₹84.00	nil
GST on the commission	₹15.12	nil
Payment gateway at 2%	included above	₹7.00
Packaging	₹14.00	₹14.00
Food cost at 32%	₹112.00	₹112.00
CONTRIBUTION	₹124.88	₹217.00

A direct order is worth ₹92.12 more than the same order through a platform, about 1.7 times the contribution. Your customer also stops paying the platform's ₹17.58 checkout fee, so the same food costs them less while paying you more. Note that direct orders bring back the 5% GST on the food as your liability, since Section 9(5) only shifts it when the sale goes through the platform, and you take on the delivery yourself or pay someone for it. Both belong in your own version of this table.

What that gap does and does not justify

At roughly ₹92 of extra contribution per order, a direct channel that shifts even a tenth of your volume is worth real money. On 1,500 orders a month, 150 direct orders is about ₹13,800 of extra contribution.

What the gap does not justify is abandoning the platforms. They bring discovery, and a kitchen with no listing has no customers to convert to direct in the first place. The realistic goal is a share, not a replacement.

It also does not come free. Direct means you carry the GST on the food, you arrange delivery, you handle the complaint when a rider is late, and you spend something to make customers aware. Put those costs in your own table before you count the ₹92.

Cheap ways to start a direct channel

- **Put something in the bag.** A card with a WhatsApp number or a QR code, on every order you already deliver. You have paid for that customer once; asking them to come back directly costs you a printed card.
- **Take orders on WhatsApp before you build anything.** Most Indian customers already order this way. A number and a menu image is a channel. Build the app later, or never.
- **Give the direct customer a reason, funded by the saving.** You have roughly ₹92 of headroom per order. A ₹30 incentive to order direct is affordable in a way that a ₹30 discount on a platform order is not.
- **Count it separately from day one.** Direct and aggregator orders have different economics, so blending them into one revenue figure hides which one is actually paying you.

06 Choosing Your Model

Own kitchen, shared space, or somebody else's brand

The single decision that moves your economics most is not on the menu. It is how you occupy a kitchen. The three common routes have very different capital needs and very different fixed costs, and the right one depends on how certain you are that your demand exists.

Three routes, honestly compared

Route	What you commit	Fixed cost shape	When it is the right call
Your own kitchen	Full fit-out and deposit, so the largest capital and the longest lock-in	High and rigid. Rent and salaries land whether orders arrive or not, so break-even is high	You have proven demand, you want full control of the menu and the brand, and you plan to run several brands from the space
Shared or provider kitchen	A monthly or per-shift fee, so far less capital and a much shorter commitment	Lower and more flexible. You can leave. Per-unit cost is higher, so your ceiling is lower	You are testing a concept, entering a new area, or cannot yet justify a fit-out. The usual honest answer for a first kitchen
Franchising a brand into your kitchen	A fee and a royalty, plus giving up menu control	Adds a royalty on revenue, which behaves like extra commission	You have kitchen capacity and no brand recognition, and the royalty costs you less than the demand the brand brings

There is no single right answer, and the cost figures vary enormously by city. What matters is recognising that this choice sets your break-even before you have sold anything, and that Chapter 4's arithmetic changes completely depending on which row you are in.

Multi-brand, looked at as margin rather than operations

Running several brands from one kitchen spreads the same rent and the same staff over more orders, which is genuinely powerful: the fixed costs in Chapter 4 stop rising while contribution does. The catch is that it only works where the brands share ingredients and equipment. Four brands that need four different preparations do not share a kitchen, they queue for one, and your ticket times, your ratings and eventually your orders all suffer. The operational side of this is covered in our Cloud Kitchen Operations SOP; the margin test is simply whether the second brand adds contribution faster than it adds cost.

Questions to answer before you sign anything

- **What is my break-even in each option?** Run Chapter 4's arithmetic with each fixed-cost shape. The answer is often that the shared kitchen breaks even at half the orders, which is the whole argument for starting there.
- **How long is the commitment, honestly?** A rented kitchen with a deposit and a fit-out is a bet on demand you have not yet seen. A shared kitchen is a bet you can walk away from.
- **What happens if orders take twice as long to arrive?** Most kitchens do not fail because the food was bad. They fail because they ran out of cash before demand built. Model the slow case, not the good one.
- **Does a second brand share my ingredients?** If yes, it is close to free contribution. If no, you are running two kitchens in one room and paying for it in ticket times.

07 Tax, Licences, and What to Watch Monthly

The compliance facts that change the numbers, and the habit that keeps them true

A few regulatory facts sit directly on top of the arithmetic in this guide. Getting them wrong does not just create a compliance problem, it makes your P&L wrong. Here is what actually applies to a kitchen with no seating.

What applies to a cloud kitchen

✓ **GST registration from day one if you sell through an aggregator**
The ordinary turnover threshold does not protect you. If you are listing on Zomato or Swiggy, you register before you start.
CGST Act, 2017

✓ **The platform pays the 5% GST on the food, not you**
For restaurant service supplied through an e-commerce operator. Your platform revenue therefore carries no output GST for you to remit. Your own direct sales do.
Section 9(5), CGST Act 2017, read with Notification 17/2021-Central Tax (Rate), effective 01-Jan-2022

✓ **The 18% GST on commission is a real cost**
On the 5 per cent restaurant scheme there is no input tax credit, so this is money gone. It is in the Chapter 2 table for exactly that reason.
5% restaurant service rate, no ITC

✓ **FSSAI registration or licence, by turnover**
Basic registration at the smallest scale, a State licence in the broad middle, and a Central licence at large turnover or when you operate across states. A kitchen with no seating still needs this; the absence of a dining room changes nothing.
FSSAI, via the FoSCoS portal

✓ **The local licences do not disappear because customers never visit**
Trade licence, Shop and Establishment registration, fire safety clearance, and in some cities a health or eating-house licence. These are municipal and they vary by city, so check yours rather than a national list.
State and municipal

✓ **Composition scheme: the rate is 5%, not 1%**
For restaurant service under the composition levy the rate is 5 per cent of turnover, not the 1 per cent that applies to traders. Whether the scheme is even available to a kitchen selling only through aggregators is genuinely unsettled, because of how Section 9(5) interacts with the exclusion in Section 10(2)(d). Take professional advice on this one rather than a rule of thumb.
Section 10, CGST Act 2017

✓ **The 0.1% TDS the platform deducts is not a cost**
Under Section 194-O the platform deducts 0.1% TDS on your gross sales, so your bank credit is always smaller than the contribution this guide computes. Do not subtract it as a cost. It sits against your PAN in Form 26AS and you set it off against your income tax.
Section 194-O, Income-tax Act 1961

> **The GST error that flatters your P&L**
>
> Because the platform now pays the 5 per cent on aggregator food sales, an operator who still deducts it from their own revenue is understating profit. And an operator who ignores the 18 per cent on commission is overstating it. It is common to do both at once, which conveniently hides the mistake, until you build a direct channel and the 5 per cent becomes yours after all.

The monthly review, in under an hour

1. **Pull order count and order value by platform**
Separately for each aggregator, and separately for direct. Blending them hides which channel is paying you.

2. **Recompute contribution per order**
Take this month's actual commission, actual packaging cost and any fixed per-order charge from the settlement statement, not last month's assumptions.

3. **Recompute break-even**
Fixed costs divided by contribution per order. If your ad spend or rent moved, this number moved with it.

4 **Check the bottom of the menu**
List every item below the price floor you set in Chapter 3 and ask what it is doing there. If a funded discount is running on any of them, check the contribution is still positive.

5 **Look at the direct share**
Is it growing? At about 1.7 times the contribution per order, this is the number with the most leverage in the whole business.

6 **Write down what changed and why**
One line. Six months of these lines tell you which of your decisions actually worked, which is knowledge no benchmark can give you.

And knowing when to stop

This guide will not tell you a failure rate, and it will not tell you what a good margin looks like either, because the figures circulating online for Indian cloud kitchen closures and margins alike trace back to vendor blogs rather than to any study. What it can tell you is that the decision should be made on arithmetic rather than mood.

If you have been meaningfully below break-even for several consecutive months, if the gap is not closing, and if you have already tested a higher price floor and a direct channel, then the model is telling you something. Closing a kitchen that cannot reach its break-even is not a failure of nerve. It is the same arithmetic that would have told you to open, read honestly in the other direction.

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This guide is provided by Petpooja for informational purposes. Commission rates, platform charges and tax rules change, and your own rates are in your partner agreement and on your settlement statement. The worked model states every assumption so you can substitute your own. Verify GST treatment with a tax professional before acting on it.

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AUTOMATE THIS

Know your real margin *per order*

Petpooja POSS takes orders from Zomato and Swiggy into one screen, holds your recipe costs against each item, and reports what you actually kept per order and per brand, so the model in this guide runs on your own numbers each month.

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Talk to us: +91-9104369797 | getposs@petpooja.com

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