PETPOOJA

GUIDE

Complete Guide to Starting a Restaurant in India

From location scouting and licenses to menu planning, staffing, and your first service. Everything you need to know before opening.

Updated May 2026 26 Pages FY 2025-26

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1,50,000+
Restaurants in India
Growing market

₹28–48 lakh
Typical Startup Cost
For casual dine

8–14 months
Break-even Timeline
Average

50+ compliance items
Licenses & Permits
Don't miss any

01 The Restaurant Industry in India

Market size, growth, and why now is the time to open

India's restaurant industry is booming. More Indians eat out than ever. Food delivery has exploded. But industry estimates suggest nearly 40% of new restaurants close within 3 years. Success requires planning.

Industry Overview

The Indian food services market is worth over ₹2,50,000 crore annually and growing at 8-10% year-over-year, per NRAI India Food Services Report estimates. There are approximately 1,50,000+ organised restaurants across India, plus countless unorganised street food vendors and cloud kitchen operations.

Fine dining and casual dining account for 35% of organised revenue. QSR (quick service restaurants) account for 25%. Cloud kitchens and food delivery are the fastest-growing segment, growing at 20%+ annually.

Tier-1 cities (Mumbai, Delhi, Bangalore, Hyderabad) dominate the market, but Tier-2 and Tier-3 cities are emerging opportunities with lower rent, less competition, and hungry customer bases.

Key Market Data

Total restaurants in India	1,50,000+ organised establishments (NRAI estimate)
Market size (FY 2025)	₹2,50,000+ crore (NRAI India Food Services Report)
Annual growth rate	8-10%
Fastest-growing segment	Cloud kitchens & delivery (20%+ CAGR)
Average closure rate (3 years)	~40% (industry estimate)

> **Why Restaurants Fail**
>
> Most fail due to poor location choice, weak financial planning, inadequate staffing, and underestimating compliance costs. This guide addresses all four.

02 Choosing Your Format & Location

Fine dine, casual dine, QSR, cloud kitchen, or cafe. Which model fits your budget?

Restaurant format determines everything: capital needs, licensing complexity, staffing, and revenue ceiling. Choose wisely.

Restaurant Formats in India

Format	Startup Cost (₹)	Space Needed	Staff	Best For
Fine Dine	50-100 lakh	3000-5000 sq ft	40-60	High-ticket celebrations
Casual Dine	25-50 lakh	1500-3000 sq ft	20-30	Family dinners, groups
QSR/Fast Casual	15-30 lakh	500-1500 sq ft	8-15	Quick lunch, high volume
Cloud Kitchen	10-20 lakh	300-800 sq ft	4-8	Delivery-only, low risk
Cafe/Bakery	10-25 lakh	400-1000 sq ft	5-10	Breakfast, coffee crowd

Costs vary by city tier. Tier-1 cities are 30-50% more expensive than Tier-2.

6 Steps to Scout the Perfect Location

1. **Identify your format and target customer**
   Fine dine targets affluent professionals. QSR targets students. Cloud kitchen targets young families.
2. **Pick your city and neighborhood**
   Tier-1 cities have established demand but high rent. Tier-2 cities have emerging opportunity.
3. **Walk the street at different times**
   Visit at breakfast, lunch, dinner, and weekend. Count foot traffic. Talk to shopkeepers.
4. **Check the landlord and lease terms**
   Ensure 5-7 year lease with renewal option. Verify landlord isn't overly restrictive.
5. **Verify licenses are possible for that location**
   Some wards restrict new bars/liquor. Check with FSSAI-registered food consultant.
6. **Calculate unit economics**
   Rent should not exceed 8-10% of projected revenue.

Location Final Checklist

- ✓ **Foot traffic minimum: 500-1000 people daily**
- ✓ **Parking available or nearby (high priority for fine dine)**
- ✓ **Public transport within 500m (high priority for QSR)**
- ✓ **No nearby food court with 5+ competitors**
- ✓ **Clear sightlines and good visibility from street**
- ✓ **Electricity: 3-phase 30-50 amps confirmed**
- ✓ **Water supply: 1000-2000 liters/day capacity**

- ✓ **Drainage: dedicated outlet, no past complaints**
- ✓ **Space layout: kitchen 30–40%, dining 50–60%, support 10–15%**

03 Licenses, Permits & Compliance

Every restaurant needs 7-10 licenses. Get them in the right order.

Licensing is the most underestimated part. Most owners think FSSAI is enough. It isn't. Delays can push opening by 3-6 months and cost ₹2-5 lakhs.

9-Step Licensing Timeline

1. **Shop & Establishment License (Week 1-2)**
   Cost: ₹5000-15000. Needed before you hire staff or store food.
2. **FSSAI Registration (Week 2-6)**
   Cost: ₹5000-10000. Processing: 30-60 days. Most critical license.
3. **Trade License (Week 1-2)**
   Cost: ₹2000-5000. Renew annually.
4. **Fire Safety NOC (Week 4-8)**
   Cost: ₹5000-20000. Very slow, start early.
5. **GST Registration (Week 2-3)**
   Free online. GST rate for restaurants: 5%.
6. **Liquor License (if serving alcohol) (Week 6-16)**
   Cost: ₹2-10 lakhs. Most complex. Processing: 3-6 months.
7. **Signage & Advertisement Permission (Week 2-3)**
   Cost: ₹2000-5000 annually. For external hoarding, signs.
8. **Music License (if playing music) (Week 3-4)**
   Cost: ₹5000-15000 annually. Mandatory if music plays.
9. **Parking & Traffic Permission (Week 2-3)**
   If entry blocks traffic, need permission from traffic police.

License Quick Reference

License	Cost (₹)	Timeline	Renewal	Penalty if Missed
Shop & Establishment	5000-15000	1-2 weeks	Annual	₹5000-25000
FSSAI Registration	5000-10000	30-60 days	5 years	₹1-5 lakh + closure
Trade License	2000-5000	1-2 weeks	Annual	₹2000-10000
Fire NOC	5000-20000	4-8 weeks	3 years	₹50000-2 lakh + closure
GST Registration	Free	2-3 days	Lifetime	Interest + penalties
Liquor License	2-10 lakh	3-6 months	1 year	₹1-10 lakh + closure
Signage Permission	2000-5000	2-3 weeks	Annual	Sign removal + fine
Music License	5000-15000	3-4 weeks	Annual	₹5000-50000

Don't Skip FSSAI

Operating without FSSAI registration results in closure, ₹1-5 lakh fine, and food seizure. Start 2 months before opening.

04 Menu Design & Costing

Build a menu that drives profits. Every dish needs a target margin.

Menu is your profit engine. A poorly designed menu can make you busy but unprofitable. Every item needs clear cost, target margin, and shelf life.

Why Food Cost Matters

Industry benchmark: Food cost should be 25-35% of revenue for fine dine and casual dine, 28-38% for QSR, and 20-30% for cloud kitchen.

If you charge ₹500 for a biryani and food cost is 35%, the biryani costs you ₹175. Your margin before labor and rent is ₹325.

Most new restaurants fail to track food cost per item. They bulk order ingredients, dishes come in at wildly different margins, and profitability suffers.

Sample Menu Costing (Fine Dine / Casual)

Dish	Food Cost (₹)	Selling Price (₹)	Food Cost %	Margin (₹)	Goal
Paneer Tikka (starter)	90	350	26%	260	High margin
Butter Chicken (main)	120	450	27%	330	High margin
Dal Makhani (main)	65	300	22%	235	High margin
Gulab Jamun (dessert)	25	120	21%	95	High margin
Fried Rice (main - QSR)	60	220	27%	160	Volume play

Approximate. Your costs depend on local ingredient prices and portion size.

Build Your Menu in 5 Steps

1. **Start with 12-18 items total**
   4-5 starters, 6-8 mains, 2-3 breads, 2-3 desserts. Test each.
2. **Source 2-3 suppliers for each key ingredient**
   Get quotes. Compare quality. Don't lock into one supplier.
3. **Calculate ingredient cost for every dish**
   Include spices, garnish, packaging.
4. **Set selling prices with 30-35% food cost target**
   If food cost is ₹100, sell for ₹285-330.
5. **Test every dish 5-10 times before launch**
   Train cooks on exact portions and cooking time.

05 Kitchen Design & Equipment

Layout, equipment list, and costs. A poorly designed kitchen kills speed.

Kitchen is your factory. Good design reduces waste, speeds up service, and keeps quality consistent.

Work Triangle & Flow

Professional kitchens follow a work triangle: Prep → Cooking → Plating. Shorter distances = faster service and fewer errors.

Common layouts: Line kitchen (long counter, parallel stations), Open kitchen (visible to diners), Galley kitchen (narrow, efficient).

Key rule: Raw and cooked food never cross paths. Prep on one side, cooking in center, plating near the pass.

Kitchen Equipment Budget

Equipment	Qty	Cost (₹)	Notes
Commercial Gas Range (4-burner)	1	50000-100000	Backbone of Indian kitchens
Griddle / Tawa	1-2	30000-60000	Essential for breads
Tandoor (if serving tandoori)	1	80000-200000	High-margin items
Fryer (1-2 basket)	1	30000-60000	For pakora, samosa
Pressure Cooker (commercial)	2-3	15000-25000 each	For dals, curries
Work Tables (stainless steel)	3-4	20000-40000 each	Prep surfaces
Refrigerator (commercial)	1-2	60000-120000 each	Walk-in if space allows
Prep Station	1-2	20000-40000	Separate from main kitchen
Exhaust hood + ventilation	1	80000-150000	Fire safety critical
Plates, bowls, cutlery	250-500 pieces	20000-50000	Allow for breakage
Utensils	Set	15000-25000	Basic kitchen tools

20-seat casual dine total: ₹5-8 lakhs. Cloud kitchen: ₹3-5 lakhs.

06 Staffing & Payroll

Hire right, train fast, retain talent. Staff is 25-35% of your costs.

Your team executes your menu. Hire slow, train hard, and pay fairly. Underinvestment in staff leads to high turnover and reputation damage.

Typical Restaurant Team Structure (Tier-1 Cities)

Role	Qty	Monthly Salary (₹)	Benefits	Notes
Chef / Head Cook	1	25000-50000	Uniform, meals	Most critical hire
Cook	1-2	12000-20000	Meals	Recipe execution
Prep Helper	1	8000-12000	Meals	Chopping, prepping
Waiter	2-3	10000-15000	Meals, uniform	Front-of-house
Dishwasher	1-2	8000-10000	Meals	Hygiene critical
Manager	1	18000-30000	Uniform, meals	Daily operations

Cloud kitchens need fewer waiters. Fine dine needs more. Tier-2 cities are 30-40% cheaper.

PF, ESI & Compliance

If you have 20+ employees, PF (Provident Fund) and ESI (Employee State Insurance) are mandatory. Registration must happen before the first salary.

Employee PF: 12% of basic salary. Employer PF: 3.67% + 8.33% EPS. Cost to you: roughly 11% of employee salary.

ESI applies if employee earns less than ₹21,000/month. Cost: 0.75% employee + 3.25% employer of gross salary.

Most restaurant owners underestimate these costs. A staff of 20 adds ₹3-4 lakhs annually to payroll.

Staff Onboarding Checklist

- ✓ **Chef: Verify past experience, food samples, references**
- ✓ **Cooks: 6-week training on your recipes and standards**
- ✓ **Waiters: 2-week training on menu, service, upselling**
- ✓ **All staff: Collect Aadhaar, PAN, bank details on Day 1**
- ✓ **All staff: Register on PF (EPFO) and ESI (ESIC) within 7-10 days**
- ✓ **All staff: Food hygiene certification**
- ✓ **Document all training. Keep records for 3 years.**

07 Financial Planning & Break-Even

Build a realistic P&L. Most new restaurants underestimate costs by 40%.

The biggest mistake is underestimating opening costs and overestimating revenue. Use conservative numbers. Add 20% buffer for surprises.

Typical Startup Costs (20-seat Casual Dine)

Category	Item	Estimated Cost (₹)
Premises	Rent deposit (2 months)	4-8 lakh
Premises	Interiors & fitting	8-15 lakh
Kitchen	Equipment	5-8 lakh
Licenses	FSSAI, Fire, GST, etc	1-2 lakh
Staff	Recruitment & training	2-3 lakh
Branding	Logo, signage, menu, website	1-2 lakh
Working capital	Initial inventory, cash float	3-5 lakh
Contingency (20% buffer)	Surprises	4-5 lakh

Monthly Revenue Model

Typical 20-seat casual dine: 80-120 covers per day average. Average check: ₹400-600.

Monthly covers: 100 covers/day × 25 operating days = 2500 covers. Revenue: 2500 × ₹500 = ₹12.5 lakh.

Fixed costs: Rent ₹4 lakh + Staff ₹3 lakh + Utilities ₹50000 + Other ₹50000 = ₹8 lakh.

Variable costs (food, packaging): 32% of revenue = ₹4 lakh.

Monthly P&L: Revenue ₹12.5L - Fixed ₹8L - Variable ₹4L = Breakeven or slight profit in Month 6-12.

12-Month P&L Projection

Month	Covers	Revenue (₹)	COGS (₹)	Gross Profit (₹)	Fixed Costs (₹)	Net P&L (₹)
Month 1 (Low)	1500	750000	240000	510000	800000	-290000
Month 2	1800	900000	288000	612000	800000	-188000
Month 3	2000	1000000	320000	680000	800000	-120000
Month 4	2200	1100000	352000	748000	800000	-52000
Month 5	2400	1200000	384000	816000	800000	16000
Month 6+	2500	1250000	400000	850000	800000	50000

08 Day-to-Day Operations

Standard checklists for opening, closing, and daily quality.

Consistency comes from systems. Same opening checklist every day. Same closing checklist every day. This is how chains maintain quality.

Daily Opening Checklist (45 mins before opening)

- ✓ **Check HVAC, lights, music volume**
- ✓ **Walk the floor: clean tables, no debris, chairs aligned**
- ✓ **Check reservations for the day**
- ✓ **Review special orders and allergies**
- ✓ **Verify kitchen prep: breads made, curries set**
- ✓ **Check POS system: backup, printers working**
- ✓ **Count float cash**
- ✓ **Brief the team on capacity, VIPs, specials**

Daily Closing Checklist (30 mins after last cover)

- ✓ **Reconcile cash register with bills**
- ✓ **Check for discrepancies > ₹100**
- ✓ **Lock all cash in safe**
- ✓ **Clean and sanitize all tables, floors, restrooms**
- ✓ **Empty all bins, dispose waste properly**
- ✓ **Check tomorrow's reservations**
- ✓ **Brief tomorrow's manager on outstanding items**

Weekly Routines

- Monday: deep clean kitchen equipment, check food expiring this week
- Wednesday: supplier order review, check pending maintenance
- Friday: weekly sales review, staffing adjustments, menu feedback

09 Scaling Your Restaurant

From 1 restaurant to 5. What changes?

If your first restaurant is profitable by Month 12, you'll want to replicate. Scaling is a different skill. Systems matter more than passion.

How to Open Restaurant #2

Document everything from Restaurant #1: exact recipes, staff training manuals, opening/closing checklists, vendor contracts, financial model.

Train a manager for 6 months at Restaurant #1, then move them to Restaurant #2 as General Manager. They know your standards.

Hire a head chef from outside or promote your best cook. Reduces dependency on one person.

Maintain the same menu for both locations for the first year. Only then experiment with local variations.

Essential Tools for Multiple Locations

- POS system (POSS): syncs across locations, unified analytics
- Payroll software (Attendo): manages staff across locations, auto-calculates PF/ESI
- Procurement software (Petpooja Purchase): centralized vendor management
- Task management (Petpooja Tasks): daily checklists, quality audits, accountability
- Accounting software (Tally, Zoho): unified P&L across all locations

10 Common Pitfalls & How to Avoid Them

The mistakes behind most new restaurant failures.

Don't be one of them.

10 Critical Mistakes

Mistake	Why It Happens	How to Avoid
Wrong location	Emotional decision, cheap rent priority	Walk 10 times at different hours. Talk to nearby shopkeepers.
Underestimated food cost	Don't track costs per dish	Use spreadsheet. Calculate for every recipe before launch.
Inadequate capital buffer	Underestimate delays and overheads	Add 20% to costs. Keep 3 months expenses in reserve.
Poor staff hiring	Hire on availability, not skill	Take 2 months to find the right chef.
Skipped licenses	Rushed to open	Start applications 3-4 months before opening.
No financial tracking	Too busy to measure	Use simple Excel. Track revenue and food cost daily.
Inconsistent menu	Changed weekly based on mood	Keep menu stable for 6 months. Document every recipe.
Ignored competition	Thought food was enough	Visit competitors monthly. Taste, price, observe.
Poor hygiene standards	Rushed operations	Schedule deep cleans. Enforce food safety protocols.
Ignored aggregators too late	Started with own channels only	Partner with Zomato/Swiggy from Day 1.

11 Resources & Next Steps

Tools, templates, and contacts to get you started.

You're not alone. Here's everything you need.

Handy Links & Organizations

- FSSAI (fssai.gov.in): Food licensing, regulations, Schedule 4 audits
- NRAI (nrai.in): National Restaurant Association, industry data
- Local municipal corporation: Shop & Establishment, trade licence, signage
- State excise department: Liquor licensing
- Fire department: Fire NOC, safety inspections
- EPFO (epfindia.gov.in): PF registration and ECR filing
- ESIC (esic.nic.in): ESI registration and portal
- GST (gst.gov.in): Tax registration and e-invoice filing

Automate Your Restaurant

Use Petpooja POSS for billing and inventory, Attendo for staff management and PF/ESI compliance, and Petpooja Tasks for daily operations checklists. Open 80% faster with the right tools.

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This guide is provided by Petpooja for informational purposes. Verify all compliance details with official sources (FSSAI, municipal corporation, state excise) and consult with legal/financial advisors before making major decisions. Restaurant regulations vary by state and city.

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