

Two news articles on Nandos' journey in India

September 23, 05 Nandos to bring fast-casual dining experience to India

Source: http://www.exchange4media.com/brandspeak/brandspeak_FS.asp?section_id=3&news_id=17961&tag=12688

It may sound as a cross between a fast food joint and a casual diner, but Nandos is nothing of that sort. In fact, this South African fast-casual restaurant chain is part of the fastest growing restaurant category today and is set to foray into India by mid-October, 2005.

Nandos has appointed Indage Hotels as its master franchisee for India, which will enable Indage to open, operate or sub-franchise Nandos restaurants in the country as well as is the custodian of the brand in India.

Speaking about the launch, Srinidhi Rao, CEO, Indage Hotels, said, "The fast-casuals is the fastest growing restaurant category in the world, and for Nandos to enter India is re-emphasizing this fact. One needs to understand is that Nandos is not a fast food joint or a casual dining, it is between the two and yet is cheap as compared to the two. Our main aim now is to make the brand relevant to India, and it will reflect in the product, tone of communication and customer experience."

The company has aggressive expansion plans in India. After Mumbai, Nandos will be launched in Delhi and Bangalore by the end of 2006. It will also explore possibilities of company run outlets, joint ventures and sub-franchised outlets to spread thought out the country.

The restaurant chain has appointed Alok Nanda Communications (ANC) as its creative agency. ANC will start by embarking on a brand building exercise. Worldwide, Nandos' communication revolves around wit and humour and the ads are funny and highly topical. ANC is expected to continue in a similar vein.

Nandos, being a very 'experience' kind of a brand, the restaurant chain's primary objective is to first get the customer to try the experience. For the first three months, the focus will be on encouraging trials and concentrate on getting people to get used to the taste.

ANC's Alok Nanda said, "Nandos is a gutsy brand and likes to play off current events and somewhat controversial as well. But in the first phase, we will have to define what they are, and in the next stage we will bring in the take on events – all in a very fun way. The activities will only be below-the-line and on-ground and will start a week before the launch. We will be actively involved in creating the buzz at a very local level within 5 km, as Nandos is a very fun and off-centre brand."

The first Nandos joint will be opened at Inorbit Mall in Malad in suburban Mumbai. The marketing budget will be 5 per cent of revenue and the aim is to get 600 people every day in the restaurant. By the end of this fiscal, the company plans to open five such joints in Mumbai itself.

Nandos is currently present in 32 countries, India being the 33rd.

Nandos' entry plans in 2005 envisaged opening of 80 restaurants by 2010.

Oct 31, 2012 PE firm NSR likely to buy India rights of Nando's

Source: <http://timesofindia.indiatimes.com/business/india-business/PE-firm-NSR-likely-to-buy-India-rights-of-Nandos/pmarticleshow/17025728.cms?prtpage=1>

Food connoisseurs aren't likely to forget the taste of flame-grilled peri-peri chicken in a hurry. But Nando's, a South African restaurant chain of Portuguese theme, will see its India rights acquired by a new owner shortly, said people familiar with the matter.

Private equity firm New Silk Route (NSR) is likely to acquire 74% stake in Nandos Indage Restaurants, a group company of the pioneering wine maker Shamrao Chougule family, which controls the financially troubled Indage Vintners. The \$1.4-billion NSR has set aside \$100 million to build a platform of restaurant assets and had acquired controlling interest in south Indian fast food chain Adiga's earlier this year.

Sources said Chougule family will retain a minority stake in Nando's, which they had launched with much fanfare eight years ago.

Indage's financial woes stunted the growth of Nando's which wanted to open more than 80 outlets in India in the last four years. Indage holds long-term master franchise for Nando's in the country, which has seen global investors flocking to the food and beverage (F&B) story.

NSR plans to resurrect Nando's, which has a few operating outlets currently, with immediate investments into opening new doors. Nando's, which is often considered a South African business, has a network in more than 30 countries at present.

NSR, co-founded by former McKinsey & Co boss Rajat Gupta, invests in Asian markets and has an India portfolio consisting of Cafe Coffee Day, Destimoney and Reliance Telecom Infrastructure. Gupta, who was sentenced to two years prison in an insider trading case last week, took a leave of absence from the private equity firm which he co-founded with Victor Menezes and Parag Saxena.

Private equity investments in F&B sector has risen with India Equity partners acquiring New Delhi based Sagar Ratna restaurants. Everstone Capital controls Blue Foods that operates a string of restaurants like Copper Chimney, Bombay Blue and Noodle Bar.

Technology czar Azim Premji's fund recently struck an investment deal in JSM Corp, which holds the domestic rights for hard Rock cafe and California Pizza Kitchen. A PE fund managed by Aditya Birla Group completed \$10 million stake buy in Mumbai based Olive Bar & Kitchen, as India's billionaire investors stepped up interests in a heavily fragmented industry.

Sparrow Advisory's Comments

Way back in 2005 chicken restaurants was a concept whose time had not arrived. Also Nandos partnered with a little known company, Indage Hotels Limited. Indage group is more famous for their winery business and were relatively inexperienced in the restaurants business.

Till 2012 Nandos managed to open merely five restaurants in India. With a stronger partner in New Silk Route, hopefully Nandos will be back on the growth track.

Finding the right partner in India is a requirement whose importance cannot be emphasized enough. CLIENT should apply following additional filters in the selection of the right master franchise in India:

1. Financial strength: Does the partner have sufficient financial resources to make CLIENT's brand a Pan India brand.
2. Experience: Is the partner an experienced restaurant operator
3. Pan India presence: Do they have ability to create a Pan India chain
4. Professional team: Does the partner have a professional team independent of the owners of the Company
5. Independent: It is essential that the partner have non conflicting businesses