

**BENGALURU BUZZ**

## Bengaluru's growing appetite for health food

The number of startups offering diet food has grown exponentially, but investors are still not clear about the scalability.

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6 min read



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Bengaluru-based content writer Shreya Roy loves her paneer butter masala. But she does not have the time to cook it at home and the guilt of ordering from restaurants too often is too much to handle, especially when she is trying to slim down. Roy, however, quickly figured out a way: There are various food startups in her neighbourhood who cook and serve healthy, calorie-controlled dishes like paneer butter masala.

“I have experimented with various health food services offered by many of these startups and zeroed in on some that suit me,” says 33-year-old Roy, who has a monthly subscription with a Bengaluru-based online food delivery service, which prepares food

in a healthy manner with the right portion size and calorie count to suit her moderately active lifestyle.

“I can order paneer butter masala and dal makhani and still remain guilt-free as it is made without the butter and cream that’s associated with these dishes and not compromise on the taste. The set meals comes with rotis, salad and a superfood (high on nutrients such as chia seeds, quinoa, acai berries) dessert,” says Roy.

Be it a Keto brownie, high-protein teriyaki tofu salad, brown rice chicken biryani, or a good old rajma and brown rice meal, online and mobile health food services startups are increasingly tapping the city’s busy urban population that seeks nutritious and wholesome meals, but may not have the inclination or time to prepare them. These are not tech-enabled restaurant aggregator and delivery firms like Swiggy but startups that prepare and serve food from their own kitchens.

According to data from analytics firm Tracxn, Bengaluru has 20 startups (primarily online and mobile, also a few offline players) in the health food space followed by Hyderabad with six and Chennai with five. Not just in Bengaluru, the number of health food service providers has grown rapidly across the country. Tracxn points out that Mumbai has 21 players in the health food business (mostly online and mobile), while Delhi-NCR (the National Capital Region) has 18. Total funding raised by startups across India in the health food space between January and August jumped to \$30.3 million from just \$6.18 million during the same period last year.

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“People today are health conscious and the awareness for better lifestyle and food is increasing by the day, hence a market is definitely there,” says Niren Shah, managing director, Norwest Venture Partners India (NVP).

Sunita Maheshwari, co-founder of RXDX, a Bengaluru-based chain of primary care and sports medicine clinics, agrees. “In the cities, the focus on health has been prompted by an increasing awareness and availability of avenues for a well-rounded healthy lifestyle. There is a gym, yoga studio or sports facility on every street in the city. While engaging in sports and fitness is important, nutrition and food plays an equally critical role.”

Surely there’s buoyancy in the health food business. Take Bengaluru-based mobile health company Grow Fit for instance. Started by MBA graduate from Stanford University Jyotsna Pattabiraman in 2015, this startup, which prepares and delivers health food; and offers customised dietary plans and nutrition advice online, has raised total funding of \$4.5 million across seed and series A rounds.

“We have grown by close to 4x in the past three quarters and are in the process of expanding to other cities,” says Pattabiraman. The startup currently has a presence in Bengaluru and Chennai for diet food delivery services, both subscription and on-demand, and it offers packaged food (ready-to-cook) across the country. Grow Fit, promoted by K. Ganesh, a Bengaluru-based serial entrepreneur and partner at GrowthStory, has garnered investments from billionaires Ranjan Pai, chairman of Manipal Education and Medical Group (MEMG) and Kris Gopalakrishnan, co-founder of Infosys, among others.

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Pattabiraman caters to a young consumer base. “Between mid-20s and 30s. And they have diverse goals. For some it is weight loss, while others are extremely fit: runners, regular gym goers and into competitive MMA. But the common factor is they all have specific requirements and are very well informed on what works best for them,” she says. “They like our quantified approach, attention to authenticity and the way we make eating a healthy indulgence, not a deprivation.”

Grow Fit’s average price for a main-course dish is Rs 200 and investors believe consumers are willing to pay that extra for good quality, hygienic, and nutritious food.

“India’s per capita income is on the rise and consumers are ready to experience with food and pay for it. But it all comes down to the right offering at the right price. These models can work. People are conscious about calorie counts and are looking for more options that caters to such requirements. Loyalty will be an issue, but if you can strike a chord with customers in terms of the taste and quality it can become a sustainable business,” says Anil Joshi, founder and managing partner at Unicorn India Ventures, a venture capital firm.

Ankit Nagori, co-founder of Bengaluru-based Cure.fit, which runs Eat.fit, an online and mobile health food delivery service understands that consistency of taste and quality in food business is critical to scale. “To achieve that we use standardisation of ingredients and a lot of training for our kitchen staff. Typically we have about 50-100 dishes in our menu in a given point of time, with each dish being practiced by chefs and kitchen staff at least ten times each. Consistency is key,” says Nagori. He is looking to tap the young urban population, either single or double income young individuals, or families who want nutritious and wholesome food, but don't have the time to prepare it.

Eat.fit also offers HRX athlete meals, which are planned in consultation with Bollywood actor Hrithik Roshan, also the brand ambassador of the company. Roshan shares tips

and suggestions for a healthy wholesome meal designed for athletes. Eat.fit claims to serve over 10,000 meals a day.

In July this year, healthcare and wellness startup Cure.fit raised \$120 million. Myntra co-founder Mukesh Bansal started Cure.fit with ex-colleague and former Flipkart chief business officer Ankit Nagori in 2016. The startup has so far raised about \$164 million across three rounds of funding.

For the duo, Cure.fit is the confluence of both a lucrative business opportunity and the long-time pursuit of a healthy lifestyle. Bansal has been a fitness fanatic for a while now, and Nagori a major fan of outdoor sports. Cure.fit seems thus, a natural extension of their interest into leveraging the potential of a clearly booming market opportunity.

The business model is not new, and is similar to companies such as Truweight which provides nutrition counselling, customised food plans, and health food-kits; Mumbai-based Rakyan Beverages, the maker of Raw Pressery organic cold-pressed juices and ready-to-consume soup; and Bengaluru-based Zago, a health and protein drink brand.

According to reports, the Indian wellness market is pegged at Rs 700,000 crore, while health foods market is about Rs 13,700 crore, growing at 15-25% per annum.

Investors feel there is room for multiple players to get started but ultimately the consumer decides. "It is certainly scalable. Look at the way Raw Pressery has evolved. Earlier there were questions about the offerings, as juices tend to perish and logistics is an issue. They found the right solutions to these issues and today it's a very valuable food company," says Joshi, who is bullish on these businesses as they can become cash positive fast, and their productivity and growth can be easily evaluated.

However, Shah of NVP is cautious. "It is a good business, but I am not too sure how many large businesses can be built in this space. Also, a very important question to answer: Is this a winner-take-all business? I don't think so. All the food tech players will have some part of their product catering to this space especially if this consumption trend of healthy food sustains."

One of India's most deep-pocketed online food delivery startups Swiggy has launched its own cloud kitchen: The Bowl Company earlier this year starting operations in Bengaluru's Koramangala area before expanding to other parts of the city.

Definitely a wide range of services are on offer but it is only natural that a few will survive.

While the endgame is still not clear, there's surely a lot on plate.