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IPO note:

Travel Food Services Ltd

Travel Food Services Ltd. (TFSL) is the leading player in the fast-growing Indian airport travel quick service restaurant ("Travel QSR") and lounge ("Lounge") sectors in Fiscal 2025, with a revenue market share (including Associates and Joint Ventures) of approximately 26% in the Indian airport travel QSR sector and approximately 45% in the Indian airport Lounge sector in Fiscal 2025. Its Travel QSR business includes a variety of curated food and beverage ("F&B") concepts across cuisines, brands, and formats that have been tailored to meet customers' needs for speed and convenience in travel situations. The company utilizes its F&B brand portfolio, comprising 127 partner and in-house brands, in the operation of 442 Travel QSRs across India and Malaysia as of March 31, 2025.

Its Travel QSRs are primarily located in airports, with a few outlets in highway locations. TFSL's Lounge business consists of dedicated areas within airport terminals that are largely accessible to first and business class passengers, members of airline loyalty programs, certain credit and debit card users, and members of other reward programmes. As of March 31, 2025, it operated 37 lounges across India, Malaysia, and Hong Kong. As of March 31, 2025, the company's Travel QSR and Lounge businesses operate in 14 airports in India, three in Malaysia, and one in Hong Kong.

As of March 31, 2025, the company had the greatest network of Travel QSR outlets and airport Travel QSR outlets in India, with 384 of its 413 operating outlets located in airports and the rest on highways. According to the CRISIL Report, it also had the largest network of private airport lounges in India as of March 31, 2025, with 28 lounges spread across ten airports. Since the launch of its first Travel QSR location in 2009, it has developed capabilities and processes to effectively execute in and address the unique challenges posed by the operationally complex and highly secure airport environment, such as security clearances, stringent rules and restrictions, 24/7 operations, multi-brand and multiunit concessions, as well as various supply chain and infrastructure constraints.

As of March 31, 2025, it had a total of 442 Travel QSRs, including 384 outlets in 13 Indian airports, 29 outlets in two Malaysian airports, and 29 outlets in nine Indian highway sites, operated directly by the Company and Subsidiaries and indirectly by its Associates and Joint Ventures. In terms of financial performance, the company (on a consolidated basis) reported Revenue from operations/Net profit of Rs. 1067.15 cr. / Rs. 251.30 cr. (FY23), Rs. 1396.32 cr. / Rs. 298.12 cr. (FY24), and Rs. 1687.74 cr. / Rs. 379.66 cr. (FY25). The company's top and bottom lines grew steadily during the reporting periods. For the periods in question, the company recorded PAT margins of 22.77% (FY23), 20.39% (FY24), and 21.54% (FY25), as well as RoCE margins of 53.87%, 46.14%, and 51.40%, respectively.

Airport travel QSR businesses are likewise subject to a rigorous procurement process that typically requires numerous clearances and an operational track record. Furthermore, ongoing innovation in product offerings for travelers tailored to a high-profile airport setting with a narrow margin of error, time-sensitive consumers, 24 x 7 operations, limited downtime, and operational difficulties might operate as entrance obstacles for the airport food and beverage business.

Investment Recommendation and Rationale: -

TFSL is a market leader in quick service restaurants and fast food outlets on airports and highways. It has outlets in key airports in India and plans to expand in step with increased spending and infrastructure development on airport construction. At the upper price band of Rs. 1,100, the issue is priced at a P/E multiple of 38.15 its FY25 post IPO EPS of Rs. 28.83. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

- Expertise in managing F&B challenges in a complex and secure airport environment. Capabilities and processes allow for efficient execution.**
- Proven track record of long-term relationships with airport operators, promoting growth in Travel QSR and Lounge industries.**
- A thorough awareness of traveler preferences, with a focus on providing a superior client experience: Innovative business solutions prioritize speed and convenience for travelers while improving the entire travel experience and operational efficiency.**

Issue Opens	7th July 2025
Issue Closes	9th July 2025
Type of Issue	Offer for Sale of 1,81,81,818 shares (aggregating up to ₹2,000.00 Cr)
Issue size	Rs. 2,000 crores
Price Band	Rs. 1,045 to Rs. 1,100 per share
Bid lot/ Bid Size	13 shares/ Rs. 14,300
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	13,16,79,484
Promoters and Promoter Group Public	Pre Issue - 100% Post Issue – 86.19% Pre issue - 0.00% Post Issue- 13.81%
Post issue implied market cap	Rs. 14,484 crores
BRLMs	Kotak Mahindra Capital Company Ltd, HSBC Securities and Capital Markets (India) Private Ltd, ICICI Securities Ltd, Batlivala & Karani Securities India Private Limited
Registrar to the issue	MUFG Intime India Private Limited

Financial Summary (in ₹ million, unless otherwise indicated)

Particulars	Year Ended Mar 31, 2025	Year Ended Mar 31, 2024	Year Ended Mar 31, 2023
Revenue from operations	16,877.39	13,963.22	10,671.50
Profit for the year	3,796.59	2,981.20	2,512.99
Adjusted COGS	2,963.89	2,847.36	2,104.29
EBITDA	6,763.46	5,499.93	4,580.54
EBITDA margin (%)	40.07%	39.39%	42.92%
EBIT	5,500.49	4,391.59	3,749.46
Networth	10,484.52	8,690.47	6,511.22
Net Asset Value Per Equity Share	79.62	66.00	49.45
ROCE (%)	51.40%	46.14%	53.87%

Operating Metrics

Particulars	Year Ended Mar 31, 2025	Year Ended Mar 31, 2024	Year Ended Mar 31, 2023
Number of Airports	18	16	13
Number of Countries	3	2	2
Number of outlets - Travel QSR	442	369	282
Number of lounges operated	37	30	25
LFL sales growth	4.55	18.01	166.64
Net contract gains	15.66	13.47	12.51
No. of brand partners	90	76	55

Source: Red Herring Prospectus (RHP)

Objects of the issue

Offer for Sale of 1,81,81,818 shares (aggregating up to Rs. 2,000.00 Cr)

Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹) ^
Kapur Family Trust	PSS	Equity Shares bearing face value ₹1 each aggregating up to Rs. 20,000.00 million	NIL

Source: Red Herring Prospectus (RHP)

Company plans to use the Net Proceeds to fund the following objects:

- To carry out the Offer for Sale of up to 1,81,81,818 Equity Shares with a face value of Rs. 1 each, aggregating up to Rs. 20,000.00 Millions, by the Promoter Selling Shareholder.
- To achieve the benefits of listing the Equity Shares on the Stock Exchanges.

Source: Red Herring Prospectus (RHP)

The following table presents a breakdown of the Company's consolidated revenue from Travel QSR, categorized by partner brands and in-house brands:

Particulars	FY25			FY24			FY23		
	Amount of Revenue (Rs. In Millions)	% of revenue	Total	Amount of Revenue (Rs. In Millions)	% of revenue	Total	Amount of Revenue (Rs. In Millions)	% of revenue	Total
Partner brands	4,741.50	54.37%		3,989.78	54.44%		2,914.65	54.06%	
In-house brands	3,979.95	45.63%		3,338.64	45.56%		2,476.74	45.94%	
Revenue from contracts with customers- Travel QSR	8,721.45	100.00%		7,328.42	100.00%		5,391.39	100.00%	

Source: Red Herring Prospectus (RHP)

The following table provides a snapshot of the company's operational performance indicators:

Particular	FY25	FY24	FY23
Number of Travel QSR outlets	442	369	282
India	413	340	266
Malaysia	29	29	16
Number of Lounge outlets	37	30	25
India	28	24	21
Malaysia	8	6	4
Hong Kong	1	-	-

Source: Red Herring Prospectus (RHP)

The following diagram provides a selected list of the partner brands that the company has licensed, franchised or signed up with and in-house brands, as of March 31, 2025:



Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of the Company	Face Value (Rs. per share)	Closing Price as on June 30, 2025 (Rs. per share)	Revenue from Operations for FY 2025 (Rs. in million)	EPS Basic as of FY25(Rs.)	EPS Diluted as of FY25 (Rs.)	Net Asset Value Per Equity Share as at March 31, 2025 (Rs.)	Price/Earnings Ratio (x) for FY25	Return on Net Worth for FY 2025 (%)
Travel Food Services Ltd	1.00	NA	16,877.39	27.58 [^]	27.58 [^]	79.62	NA	34.64
Listed Peers								
Jubilant FoodWorks Ltd	2.00	701.80	81,417.26	3.41	3.41	31.87	205.81	10.02
Devyani International Ltd	1.00	167.77	49,510.52	0.08	0.08	9.07	2,097.13	0.84
Sapphire Foods India Ltd	2.00	328.80	28,818.64	0.60	0.60	43.53	548.00	1.38
Westlife Foodworld Ltd	2.00	745.10	24,741.32	0.78	0.78	38.70	955.26	2.01
Restaurant Brands Asia Ltd	10.00	82.55	25,507.20	(4.33)	(4.33)	15.61	NM	(23.80)

[^] The Company sub-divided its authorised share capital from 7,01,60,000 shares of ₹10 each to 70,16,00,000 shares of ₹1 each and its paid-up capital from 38,72,926 shares of ₹10 each to 3,87,29,260 shares of ₹1 each. It also issued 9,29,50,224 bonus equity shares on November 5, 2024 and EPS has been adjusted accordingly

#NM refers to Not Meaningful

Source: Red Herring Prospectus (RHP)

Competitive Strengths

1. A leading player in the Travel QSR and Lounge sectors across Indian airports.
2. Strong expertise in operating and managing the distinct challenges of F&B within the operationally complex and highly secure airport environment.
3. A proven and established track record of maintaining long-term working relationships with airport operators.
4. A diversified mix of franchised partner F&B brands from reputed brand partners, alongside in-house F&B brands.
5. A deep understanding of traveller preferences, with a consistent focus on delivering a quality customer experience.
6. An experienced management team, supported by synergistic partnerships with SSP and K Hospitality

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. The company aims to optimize its product offerings and service to grow like-for-like ("LFL") sales.
2. TFS's seeks to grow new space in existing markets and build a strategic presence in new markets.
3. Focusing on achieving operating synergies and utilizing scale advantages.
4. Aims to optimize capital expenditure by implementing best practices.

Source: Red Herring Prospectus (RHP)

Key Risks

1. The Company depends on its relationship with brand partners to franchise their brands, with revenue from brand partners accounting for 54.37%, 54.44%, and 54.06% of its revenue from Travel QSR for Fiscals 2025, 2024, and 2023, respectively. Failure to attract new brand partners or to maintain or develop existing ones could adversely affect the Company's business, results of operations, financial condition, and prospects.
2. The Company's concession agreements impose restrictions and requirements on its operations, such as restrictions on the types of F&B and/or services it is obliged to provide, pricing benchmarks, minimum levels of capital expenditure it is required to undertake, and the right of airport operators to relocate or suspend its operations, which could adversely affect its business operations. Failure to comply with such terms could result in termination of the agreements or financial penalties.
3. Conflicts of interest may arise amongst the Company, certain of its Associates, Group Companies, Joint Ventures, and business partners that are engaged in similar lines of business as the Company or are authorised by their constitutional documents to engage in business activities similar to that of the Company. Any conflict of interest which may occur as a result could adversely affect the Company's business, prospects, results of operations, and financial condition.
4. Any disruption in airport access or operations may have an adverse effect on the Company's business, results of operations, and financial condition.
5. The Company is reliant on one of its Promoters, SSP, to expand its Lounge Business within Europe, North America, and Australasia. If such partnership is unsuccessful or there is a material adverse change in the terms of such arrangement, the Company's business, reputation, financial condition, and results of operations could be adversely affected.

Source: Red Herring Prospectus (RHP)


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