ANANDRATHI

Travel Food Services Limited

04-July-2025

SUBSCRIBE –LONG TERM

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	20,000.0
Fresh Issue (No. of Shares in Lakhs)	-
Offer for Sale (No. of Shares in Lakhs)	181.8
Bid/Issue opens on	7-Jul-25
Bid/Issue closes on	9-Jul-25
Face Value	Rs. 1
Price Band	1045-1100
Minimum Lot	13

Objects of the Issue

- **Offer for sale: ₹ 20,000 million**

Book Running Lead Managers
Kotak Mahindra Capital Company Limited
HSBC Securities and Capital Markets Private Limited
ICICI Securities Limited
Batlivala & Kirani Securities India Private Limited
Registrar to the Offer
MUFG Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	701.6
Subscribed paid up capital (Pre-Offer)	131.7
Paid up capital (post-Offer)	131.7

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	100.0%	86.2%
Public	0.0%	13.8%
Total	**100.0%**	**100.0%**

Financials

Particulars (₹ In million)	FY25	FY24	FY23
Revenue from operations	**16,877**	**13,963**	**10,672**
Operating expenses	11,336	9,842	6,933
EBITDA	**5,541**	**4,121**	**3,739**
Other Income	750	661	364
Depreciation	1,263	1,108	831
EBIT	**5,028**	**3,674**	**3,272**
Interest	457	517	478
PBT	**5,043**	**3,875**	**3,271**
Tax	1,247	894	758
PAT	**3,797**	**2,981**	**2,513**
EPS	**28.8**	**22.6**	**19.0**
Ratios	**FY25**	**FY24**	**FY23**
EBITDAM	32.8%	29.5%	35.0%
PATM	22.5%	21.4%	23.5%
Sales growth	20.9%	30.9%	

Company Description

Travel Food Services Limited are a leading player in the rapidly expanding Indian airport travel quick service restaurant ("Travel QSR") and lounge ("Lounge") segments, based on revenue in Fiscal 2025. The company holds a market share of approximately 26% in the Indian airport Travel QSR sector and around 45% in the Indian airport Lounge sector, including revenue from Associates and Joint Ventures. Their Travel QSR business features a diverse range of curated food and beverage ("F&B") concepts spanning various cuisines, brands, and formats, tailored to meet the demand for speed and convenience in travel environments. Leveraging a portfolio of 127 partner and in-house F&B brands, they operated 442 Travel QSRs across India and Malaysia as of March 31, 2025. These outlets are primarily located in airports, with a limited presence at highway locations. Their Lounge business consists of designated airport terminal spaces, mainly accessible to first and business class passengers, members of airline loyalty programs, select credit and debit cardholders, and other loyalty program members. As of March 31, 2025, they operated 37 Lounges across India, Malaysia, and Hong Kong.

Through their Travel QSR and Lounge businesses, they had a presence in 14 airports across India, three airports in Malaysia, and one airport in Hong Kong as of March 31, 2025. Of the 14 Indian airports in which they operate, 13 were among the 15 largest airports in the country by passenger traffic in Fiscal 2025. These airports collectively handled 74% of the total air passenger traffic in India during the same period. Key airports in their network include Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, and Chennai.

As of March 31, 2025, they operated the largest network of Travel QSR outlets and airport-based Travel QSR outlets in India, with 384 out of their 413 operational outlets located within airports and the remainder at highway sites. They also managed the largest network of private airport Lounges in India, consisting of 28 Lounges across 10 airports. Since the launch of their first Travel QSR outlet in 2009, they have developed strong capabilities and systems to operate effectively within the operationally complex and highly secure airport environment. This includes navigating challenges such as security clearances, strict regulatory requirements, round-the-clock operations, multi-brand and multi-unit concessions, as well as various supply chain and infrastructure constraints. Between 2009 and March 31, 2025, they maintained a contract retention rate of 93.94%, calculated as the percentage of expired airport concession agreements that were either renewed or successfully won back.

Valuation & Outlook

Travel Food Services Limited emerged as the top player in both the Travel QSR and Lounge segments across Indian airports based on revenue in Fiscal 2025. As of March 31, 2025, it operated the country's largest Travel QSR network, with 384 out of its 413 active outlets located at airports, while the rest were positioned along highways.

The company aims to capitalize on the underpenetration of air travel in India by implementing strategies such as utilizing customer insights and behavioral patterns, enhancing its product offerings, improving operational efficiency, and optimizing space utilization. The number of air travelers in India is projected to grow at a rate surpassing the global average. To capitalize on this positive trend and drive like-for-like (LFL) sales growth, the company plans to tailor its product offerings and services to better meet customer needs.

At the upper price band, the company's FY25 price-to-earning (P/E) ratio stands at 38.2x, with a post-issue market capitalization of ₹1,44,847 million. The company, a leader in QSR services at airports and highways, is expanding its presence in line with rising consumer spending and airport infrastructure development. We view the IPO as fully priced and recommend a "**SUBSCRIBE – LONG TERM**" rating.

Company's Operations

The company's strong operational capabilities, presence across major airports in India, and diverse F&B brand portfolio position them well to capitalize on the continued growth in air travel and related spending in the country. Between Fiscal 2015 and Fiscal 2025, the Indian aviation sector witnessed a compound annual growth rate (CAGR) of 9.1% in domestic passengers and 4.2% in international passengers. During the same period, the Travel QSR segment within Indian airports recorded robust growth, with a CAGR of approximately 16%, supported by rising passenger traffic and the evolving presence of global, regional, and local brands catering to varied culinary preferences and experiences. Similarly, the Indian Lounge industry expanded at a CAGR of approximately 24% between Fiscal 2019 and Fiscal 2025, driven by factors such as the expansion of airport infrastructure, growth in credit and debit card penetration, and increased adoption of airline loyalty and frequent flyer programs.

Their strong operational capabilities, presence across major airports in India, and diverse F&B brand portfolio position them well to capitalize on the continued growth in air travel and related spending in the country. Between Fiscal 2015 and Fiscal 2025, the Indian aviation sector witnessed a compound annual growth rate (CAGR) of 9.1% in domestic passengers and 4.2% in international passengers. During the same period, the Travel QSR segment within Indian airports recorded robust growth, with a CAGR of approximately 16%, supported by rising passenger traffic and the evolving presence of global, regional, and local brands catering to varied culinary preferences and experiences. Similarly, the Indian Lounge industry expanded at a CAGR of approximately 24% between Fiscal 2019 and Fiscal 2025, driven by factors such as the expansion of airport infrastructure, growth in credit and debit card penetration, and increased adoption of airline loyalty and frequent flyer programs.

The Company benefits from the combined experience of its Promoters: (i) SSP Group plc ("SSP"), SSP Group Holdings Limited, SSP Financing Limited, and SSP Asia Pacific Holdings Limited, and (ii) the Kapur Family Trust, Varun Kapur, and Karan Kapur. SSP is a FTSE 250 company listed on the London Stock Exchange and is recognized as one of the leading global operators in the Travel F&B (Travel QSR) sector by revenue in 2024. As of March 31, 2025, SSP operated a network of over 3,000 F&B and Lounge outlets across 38 countries, spanning more than 600 locations on six continents as of May 31, 2025. Its brand portfolio included approximately 550 brands and bespoke concepts as of that date. The Company has adapted SSP's corporate governance practices to its own operations and leverages SSP's global relationships with F&B brands to expand its brand portfolio. K Hospitality is the flagship hospitality platform through which the Kapur Family Trust owns, operates, or invests in a range of hospitality and food services businesses, including the Company. As of March 31, 2025, K Hospitality had a presence in 35 cities across India and internationally, operating across formats such as QSRs, restaurants, bars, cafes, food courts, banqueting, outdoor catering, and corporate food services under well-known brands and business verticals including Copper Chimney, Blue Sea Catering and Banquets, and LifeCo Services. With over five decades of experience in the Indian F&B industry, K Hospitality has developed deep culinary expertise, operational capabilities, and consumer insights. The Company draws upon this experience, benefiting from K Hospitality's market reputation and its strong supplier network, which enhances procurement efficiency.

Travel QSR Business

As of March 31, 2025, they operated a total of 442 Travel QSRs, including 384 outlets across 13 airports in India, 29 outlets at two airports in Malaysia, and 29 outlets across nine highway sites in India. These were operated either directly through the Company and its Subsidiaries or indirectly through Associates and Joint Ventures. Of the total, 270 outlets were operated directly, while the remaining 172 were managed by their Associates and Joint Ventures. They offer a variety of quick-service formats tailored to travel environments, including fast food outlets, cafes, bakeries, food courts, and bars—primarily located in airports, with select presence along highways to meet travellers' expectations for speed and convenience. They collaborate closely with both regional Indian and international brand partners to adapt F&B concepts for travel settings by refining store layouts, simplifying menus, modifying merchandising and design, and creating travel-friendly takeaway packaging. Additionally, they have built a portfolio of in-house brands developed through close coordination among their culinary, marketing, and operations teams, based on a deep understanding of travellers' preferences and the operational demands of travel environments.

The following table presents a selected list of partner brands—comprising regional Indian and international brands—that they have licensed, franchised, or partnered with, along with their in-house brands, as of March 31, 2025.

Partner Brands		In - House Brands
International Brands	**Regional Indian Brands**	
KFC	Third Wave Coffee	Caféccino
Pizza Hut	Hatti Kaapi	Dilli Streat
Wagamama	Sangeetha	idli.com
Coffee Bean & Tea Leaf	Bikanervala	Curry Kitchen
Jamie Oliver's Pizzeria	Wow Momo	
Brioche Doree	The Irish House	
Subway	JOSHH	
Krispy Kreme	Adyar Ananda Bhavan	
	Bombay Brasserie	

Airport operators in India increasingly prefer issuing master concessionaire or multi-concessionaire Travel QSR and/or Lounge tenders that include multiple F&B and/or Lounge outlets under a single concession. This approach helps streamline operations, maintain consistent quality and service standards, and manage security and logistical complexities more effectively. With their portfolio of partner and in-house brands, they are considered a preferred partner for airport operators in India. As of March 31, 2025, their F&B brand portfolio consisted of 127 brands—comprising 32 international brands, 58 regional Indian brands, and 37 in-house brands. Their strong brand portfolio and established presence across key Indian airports position them well to benefit from the anticipated growth in the airport Travel QSR segment. This growth is expected to be driven by increasing air travel, rising disposable incomes, longer dwell times at airports, and the expanding presence of low-cost carriers (LCCs). The Indian airport Travel QSR sector is projected to grow at a CAGR of 17–19% between Fiscal 2025 and Fiscal 2034, reaching a market size of ₹170–180 billion. The following table provides a breakdown of the Company's consolidated revenue from Travel QSR operations by partner and in-house brands for the specified fiscal years.

Particular	Fiscal					
	2025		2024		2023	
	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR
Partner brands	4742	54.4%	3990	54.4%	2915	54.1%
In-house brands	3980	45.6%	3339	45.6%	2477	45.9%
Revenue from contracts with customers -Travel QSR	**8721**	**100.0%**	**7328**	**100.0%**	**5391**	**100.0%**

Lounge Business

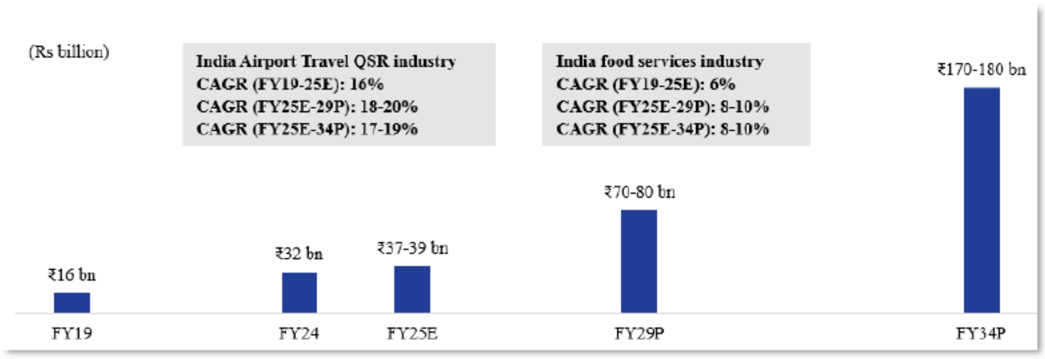
As of March 31, 2025, the company's Lounge business comprised a total of 37 Lounges, including 28 located across 10 airports in India, eight across three airports in Malaysia, and one in Hong Kong. Of these, 13 Lounges were operated directly through the Company and its Subsidiaries, while the remaining 24 were operated through their Associates and Joint Ventures. They have established partnerships—both directly and through third parties—with domestic and international airlines, card networks and issuers, loyalty programmes, Lounge access programmes, and financial institutions (collectively, "Lounge Partners") to provide their customers with access to these Lounges. Their direct customer base primarily includes first and business class passengers, airline loyalty programme members, select credit and debit cardholders, members of other loyalty programmes, and, in certain locations, walk-in customers (collectively, "Lounge Customers").

The Indian Lounge industry is projected to grow at a compound annual growth rate (CAGR) of 22–24% between Fiscal 2025 and Fiscal 2034, reaching ₹155–165 billion. Globally, the Lounge market is expected to grow at a CAGR of 8.5–10.5% between 2024 and 2029 in the medium term, and 7.5–8.5% between 2024 and 2034 in the long term, reaching a market size of approximately US$15–16 billion by 2034. As part of their global expansion strategy for the Lounge business, they plan to roll out the "ARAYA" umbrella brand, which will encompass a range of Lounge offerings—spanning luxury, premium, and value segments. In collaboration with SSP, they intend to deploy this Lounge concept internationally, with the Company operating Lounges in India, Southeast Asia, and the Middle East (excluding Egypt) through their Subsidiaries. SSP will hold the rights to operate Lounges under the ARAYA brand in Europe, North America, and Australasia (Australia and New Zealand), and will pay a franchise fee to access the ARAYA system. The Company will continue to refine and evolve the ARAYA platform to address the changing needs of both travellers and Lounge Partners.

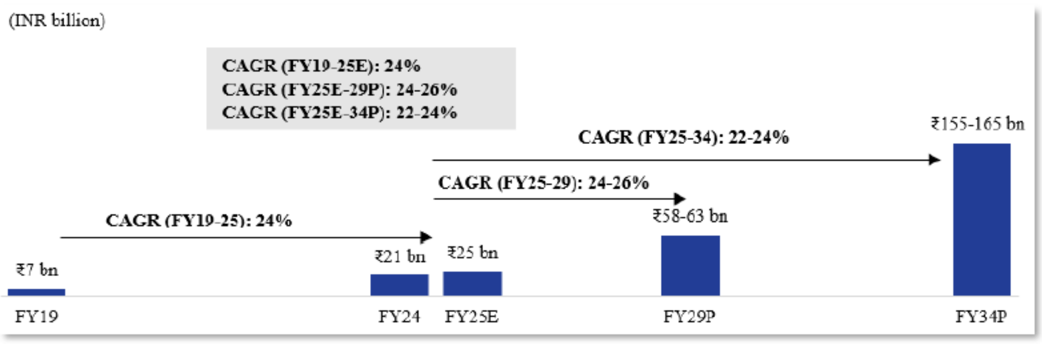
Market Opportunity

Growth of the aviation sector supported by both demand and supply drivers. On the demand side, India is expected to maintain a healthy growth momentum in domestic and international air passengers with domestic air passenger traffic expected to achieve a CAGR of 8% to 9% and international air passenger traffic a CAGR of 6% to 8% from Fiscal 2025 to Fiscal 2034. In addition, economic access to air travel provided by LCCs is spurring the growth in air passenger traffic in India. The share of LCCs in domestic air passenger traffic has increased from 66% in Fiscal 2016 to 78% in Fiscal 2024 and approximately 75% in the six months ended September 30, 2024. Similarly, LCCs' share of international air passenger traffic has risen from 20% in Fiscal 2016 to 46% in Fiscal 2024 and approximately 47% in the six months ended September 30, 2024. The increased accessibility provided by LCCs not only boosts passenger volume, but also stimulates economic activity by enabling more frequent travel for both business and leisure. On the supply side, airport infrastructure in India has seen increased focus in recent years, as indicated by the capital expenditure for greenfield and brownfield projects. Pursuant to Vision 2047, the Government of India targets to increase the number of airports to 300 by 2047. There are 30-35 airports in India, where some form of capital expenditure (greenfield or brownfield) is currently ongoing. The total number of airports in India is expected to grow to 165-185 by Fiscal 2029 and 185-205 by Fiscal 2034. In addition, Indian airlines have placed orders for approximately 2,400 aircraft, which is approximately three times the current capacity and about 1,800 aircrafts are expected to be delivered between Fiscal 2024 and Fiscal 2034.

Market size of Travel QSR market in Indian airports (₹ billions) and growth



Market size of Lounge market in Indian airports (₹ billions) and growth



Travel QSRs and Lounges in airports benefit from several key drivers. In India, time spent at the airport is higher than the global average owing to early closures of check-in counters (60 minutes before flight departure time) and boarding gates (20 minutes before flight departure time). Airports are increasingly focusing on streamlining processes, which may result in increased dwell times. The higher dwell time enables passengers to avail themselves of the dining options, shopping, entertainment and Lounge experiences within airports. Travel QSRs in airport are boosted by the growth of LCCs as the majority of LCCs do not offer F&B options in-flight, resulting in passengers purchasing F&B products before boarding their flights. Lounges benefit from the growth of credit cards and loyalty programmes offering Lounge access. In addition, air travel is still underpenetrated in India, with India's total passengers (enplanements and deplanements) as a percentage of total population at 0.27 for 2023 as compared to developing peers such as China (0.81) and Brazil (0.99), indicating sufficient room for improvement. Underpenetration of Lounges in Indian airports and headroom for growth of airport Lounges globally. As of September 2024, Indian airports had an average of approximately 0.7 Lounges per airport, with larger airports in Mumbai (Maharashtra), Bengaluru (Karnataka) and Delhi each having 8-10 Lounges, significantly lower than key global airports. This indicates considerable room for growth within the Indian Lounge industry. The Indian Lounge industry grew at a CAGR of approximately 24% from ₹7 billion in Fiscal 2019 to approximately ₹25 billion in Fiscal 2025, and is expected to grow at a CAGR of 22-24% between Fiscals 2025 and 2034 to reach ₹155-165 billion. Growth of the Indian Lounge industry in value terms is expected to outpace growth in the number of Lounges as the percentage of total air passengers visiting Lounges is expected to increase. In addition, the global Lounge market is expected to grow at a CAGR of 8.5-10.5% from 2024 to 2029 in the medium term, and 7.5-8.5% from 2024 to 2034 in the longer term, reaching a size of US$15-16 billion by 2034. Significant government and private infrastructure investment is expected to drive the growth of the wayside amenities and expressway travel QSR industries. The National Highways Authority of India ("NHAI") has been actively pushing the development of 1,000 wayside amenities ("WSAs") to enhance the travel experience and support the growing national highway infrastructure. The total expenditure of the Ministry of Road Transport and Highways in Fiscal 2026 is estimated to be ₹2,873 billion, approximately 59% of which is towards the NHAI. As of March 31, 2025, India had 21 operational expressways. India is expected to have 35-45 expressways by Fiscal 2029 and 55-65 by Fiscal 2034.

Select Operating and Financial Metrics

The following table provides a snapshot of their select operational performance indicators.

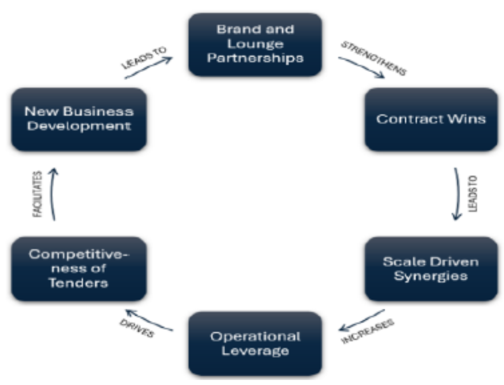
Particular	As of March 31,		
	2025	2024	2023
Number of Travel QSR outlets	**442**	**369**	**282**
India	413	340	266
Malaysia	29	29	16
Number of Lounge outlets	**37**	**30**	**25**
India	28	24	21
Malaysia	8	6	4
Hong Kong	1	-	-

Key Strengths

- **Leading player in the Travel QSR and Lounge sectors in Indian airport**

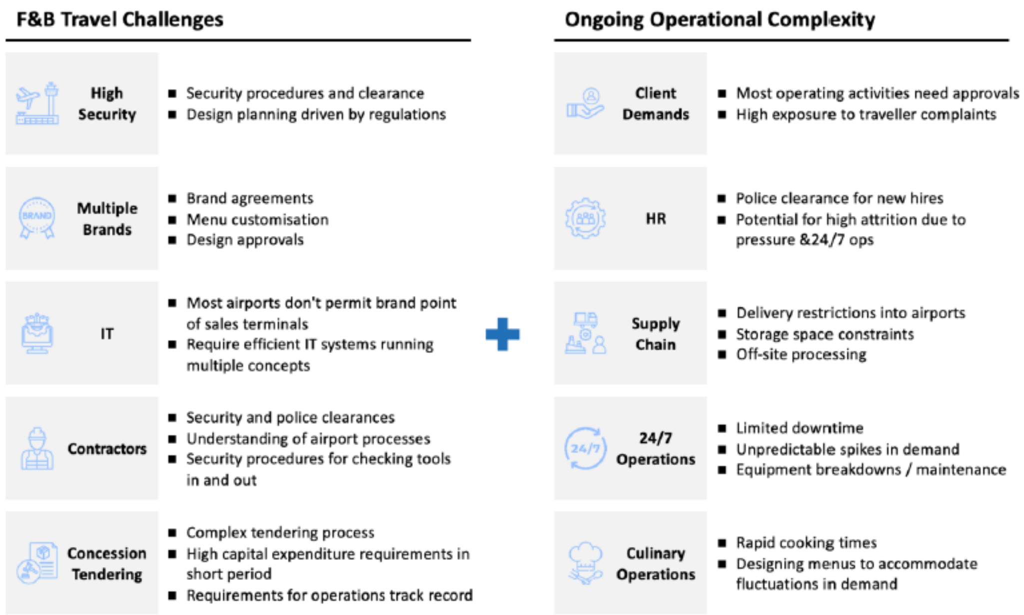
The company is the leading player in both the Travel QSR and Lounge segments at Indian airports in terms of revenue in Fiscal 2025. As of March 31, 2025, they operated the largest network of Travel QSRs in India, with 384 of their 413 operational outlets located within airports and the remainder situated along highway sites. Their market share in the Indian airport Travel QSR sector was approximately 26% based on revenue, including contributions from Associates and Joint Ventures. They also held the leading position in the airport Lounge sector in India, operating the largest network of private Lounges—28 across 10 airports—as of March 31, 2025. Their market share in this segment stood at approximately 45% based on revenue, including Associates and Joint Ventures. Their network of Travel QSRs and Lounges spanned 14 airports, including key hubs such as Delhi, Mumbai (Maharashtra), Bengaluru (Karnataka), Hyderabad (Telangana), and Chennai (Tamil Nadu). These airports collectively handled 303 million passengers in Fiscal 2025, accounting for 89% of the total passenger traffic across the 20 largest airports in India as of March 31, 2025.

Their presence across key Indian airports positions them well to capitalize on the anticipated growth in the Travel QSR and Lounge sectors. Their strong market position and established track record enhance their credibility as a preferred partner for airport operators, brand partners, and Lounge Partners in these specialized segments. They have secured long-term concessions for their Travel QSR outlets and Lounges through competitive bidding processes, with an average concession term of 8.21 years as of March 31, 2025. In February 2024, they were awarded the F&B and Lounge concession at Noida Airport for a 10-year term. From the launch of their first Travel QSR outlet in 2009 through March 31, 2025, they maintained a contract retention rate of 93.94%, reflecting the proportion of airport concession agreements that were either renewed or successfully won back upon expiry. The company's value proposition enables them to be an attractive partner for new airport operators, as well as brand and Lounge partners, which drives contract wins. As they expand their presence in airports, they create synergies and utilise their operations to make future bids more competitive. This, in turn, allows them to secure more new business and reinvest in developing successful Travel QSR and Lounge offerings.



- **Strong expertise in operating and handling the distinct challenges of F&B in the operationally complex and highly secure airport environment**

Since the launch of the company's first Travel QSR outlet in 2009, they have developed a robust set of capabilities and operational processes that allow them to effectively manage the complexities of the highly regulated and secure airport environment. These capabilities, refined over 16 years of experience in the travel industry, strengthen their value proposition to airport operators and enhance the competitiveness of their bids for airport concessions. To operate within airport premises, they have aligned their operations—including human resource management, regulatory compliance, and operational planning—with applicable standards and requirements. For instance, in response to strict security protocols enforced by airport operators, the Bureau of Civil Aviation Security (BCAS), and the Central Industrial Security Force (CISF), they have built a dedicated and experienced team to manage security clearances for the Company, its directors, and employees—both for day-to-day operations and during new outlet development. They have also modified their food preparation processes, equipment, and menus to comply with stringent guidelines concerning food safety, kitchen infrastructure, and restrictions on equipment usage, such as gas cooking. Given the extended operating hours at airports, including 24/7 service at high-traffic locations, they carefully manage staff shifts and maintain an on-call engineering team to minimize operational downtime. Operating a large number of Travel QSRs across multiple brands and terminals, they have developed a scalable infrastructure to meet diverse customer demands efficiently. This includes the ability to manage multiple operating standards, training modules, recipes, supply chains, and standard operating procedures tailored to each partner and in-house brand. To further support this model, they have established central kitchens within or near airport terminals—equipped with multi-cuisine facilities—to ensure timely delivery of fresh food and supplies while accommodating fluctuations in passenger traffic.



➢ **Proven and established track record of long-term working relationships with airport operators**

The company has established long-term relationships with several airport operators, supporting the sustained growth of their Travel QSR and Lounge businesses. As of March 31, 2025, their presence included 15 years at Delhi airport, 16 years at Mumbai airport, 6 years at Bengaluru airport, and 11 years each at Chennai and Kolkata airports. They have operated in Delhi Terminal 3 and Mumbai Terminal 2 since their respective inaugurations in 2010 and 2014. Since 2014, they have been the exclusive F&B concessionaire and Lounge operator at the Chennai and Kolkata airports managed by the Airports Authority of India (AAI). Operations are carried out directly and through Subsidiaries, Associates, and Joint Ventures, in collaboration with prominent airport operators across India. These strategic partnerships enable them to secure long-term concessions within the airports under their partners' purview. For instance, they partner with Delhi International Airport Limited (DIAL) for operations at Delhi Terminal 3. A Joint Venture, GMR Hospitality Limited, was formed with GMR Airports Limited (formerly GMR Airports Infrastructure Limited) for managing operations at various GMR-operated airports, including those in Goa (Mopa) and Hyderabad. In February 2024, they entered into a strategic partnership with Adani Airport Holdings Limited (AAHL) and AJ Holding Limited (AJ) through Semolina Kitchens Private Limited (“Semolina”) for operations at eight airports: Mumbai, Ahmedabad, Jaipur, Mangalore, Lucknow, Guwahati, Thiruvananthapuram, and Navi Mumbai. As part of a business model shift, they signed a share purchase agreement in February 2024 with AAHL, AJ, and Semolina to sell 50.02% of their shareholding in Semolina to AAHL and 24.99% to AJ, subject to certain terms and conditions. The share transfer to AAHL was completed in October 2024, and the transaction with AJ concluded in March 2025.

As of March 31, 2025, they retain a 24.99% shareholding in Semolina, which is recognized as a Joint Venture of the Company following the completion of the share sale to AAHL. As of March 31, 2025, they held 70 airport concessions for single and/or multiple outlets across India, Malaysia, and Hong Kong. These concessions, covering both Travel QSR and Lounge operations, typically span five to 20 years, with an average tenure of 8.21 years. The average remaining duration of their airport concessions stood at 6.01 years as of the same date. They are also a shareholder in SSP TFS HK Lounge Limited (STHL), alongside SSP Lounge Holdings Global Limited (SSP LHGL). Effective December 27, 2024, STHL is recognized as a Joint Venture of the Company. STHL has entered into a strategic partnership with Airport Lounge Development Limited—a subsidiary of Airport Dimensions Holdings Limited, part of the Collinson Group (which owns Priority Pass)—for managing a Lounge at Hong Kong International Airport.

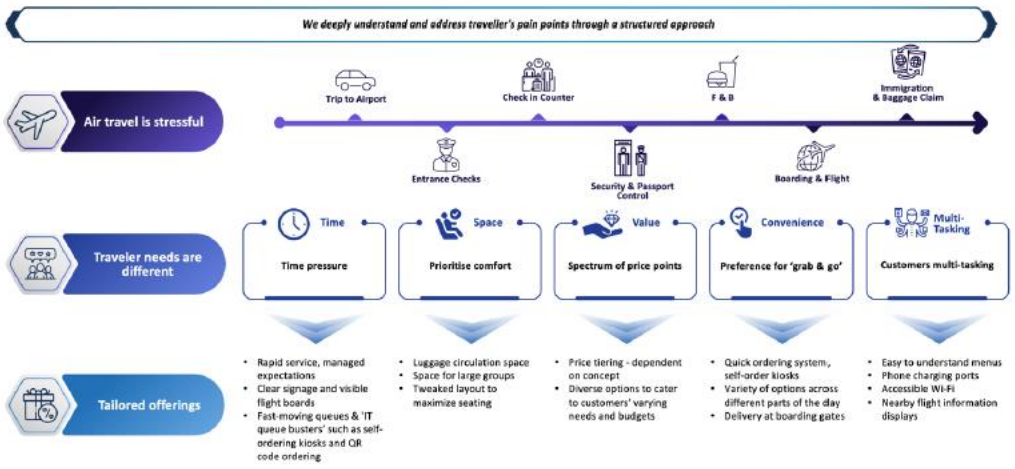
➢ **Diversified portfolio of partner F&B brands franchised from high-quality brand partners and inhouse F&B brands**

Within the company’s Travel QSR business, they represent and operate a diverse portfolio of well-known international, regional Indian, and in-house F&B brands. As of March 31, 2025, they had 90 F&B brands licensed from international and regional Indian partners, along with 37 in-house brands. This portfolio includes international names such as KFC, Pizza Hut, Wagamama, The Coffee Bean & Tea Leaf, Subway, and Krispy Kreme; regional Indian brands like Bikanervala and Third Wave Coffee; and in-house brands such as Caféccino, Curry Kitchen, Idli.com, and Dilli Streat. Their in-house brands enable them to tailor menu offerings that cater to both local and global tastes, while aligning with the requirements of airport operators. For instance, the Samba Square brand offers travellers at Mopa Airport in Goa the opportunity to enjoy cuisine inspired by Goan culinary traditions. The following table presents a breakdown of the Company’s consolidated revenue from Travel QSR operations by partner and in-house brands for the indicated fiscal years.

Particulars	Fiscal					
	2025		2024		2023	
	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR
Partner brands	4742	54%	3990	54%	2915	54%
In-house brands	3980	46%	3339	46%	2477	46%
Revenue from contracts with customers -Travel QSR	**8721**	**100%**	**7328**	**100%**	**5391**	**100%**

The company’s strong presence across Indian airports—through both their Travel QSR and Lounge businesses—combined with the backing of their Promoters, who bring access to in-house brands and established relationships with global and local F&B brands, positions them as a preferred partner for F&B companies looking to enter the Travel QSR segment. Several prominent international concepts and brands have chosen to enter the Indian market through the Company, reflecting the strength of their operational capabilities. By partnering with them, brand partners are able to accelerate market entry and scale their presence efficiently, gaining access to strategic airport locations with high footfall from premium travellers—enhancing both brand visibility and equity. They also support their brand partners in adapting F&B formats to suit the unique demands of the travel environment.

- **Deep understanding of traveller preferences with a focus on delivering a quality customer experience**



The company has implemented several innovative solutions within their Travel QSR and Lounge businesses to meet travellers' expectations for speed and convenience, while also enhancing the overall travel experience and maintaining operational efficiency. Their technological initiatives are aimed at addressing common pain points faced by travellers and improving internal processes. At select airport-based Travel QSRs, they have introduced self-ordering kiosks, online ordering and in-airport delivery options, and contactless payment systems to streamline service and enhance convenience. Grab-and-go fridges have also been installed at specific locations to offer quick pickup options for travellers. They launched the "Food@Gate"™ service at various airports—an in-airport food ordering and delivery solution that allows travellers to place orders via kiosks or by scanning QR codes, with the food delivered directly to the boarding gate. To support their multi-brand operations across India, they leverage both third-party and proprietary technologies, including digitised checklists, to ensure consistent oversight and efficiency.

Leveraging their local expertise across diverse customer demographics, they engage in continuous product innovation. Their menu strategies are optimized through simplified designs, increased use of imagery, product showcases via food displays, and combination offerings to enable quicker order processing. Sales mix and pricing are tailored to suit the specific customer profile of each airport. For instance, liquor was integrated into existing F&B brands at Bengaluru Airport to encourage higher customer spend. They also implement region-specific product innovations, such as a live sweet counter in Kolkata and a local Benne-style dosa offering in Bengaluru. For travellers opting to carry food onboard, they have developed convenient takeaway packaging—such as the "dosa pocket," where the dosa is folded and packaged like a crepe for easier consumption during transit. Additionally, select Lounges feature a range of premium enhancements, including à la carte menus curated by chefs, spa services, live music, cocktail specialists, and interactive sports and entertainment zones—such as golf simulators—designed to elevate the overall customer experience.

Key Strategies

- **Optimize their product offerings and service to grow like-for-like ("LFL") sales**

Air passenger traffic across travel locations in India is supported by long-term structural growth trends. The number of Indian travellers is expected to increase at a pace exceeding the global average, driven by factors such as a rising middle class, growing discretionary spending on experiences, the expansion of low-cost carriers (LCCs), and continued policy support and infrastructure development by the government. To capitalise on these favourable trends and increase like-for-like (LFL) sales—defined as sales growth from the same stores year over year—they aim to customise their product offerings and services.

The company's strategic focus includes the following:

1. *Leveraging customer insights and behavioural patterns*: They continue to deepen their understanding of customer preferences and behaviours across regions in India. This includes actively monitoring market trends to inform the creation or franchising of new brands for upcoming airport concession agreements and future tenders.

2. *Enhancing offerings and improving operational efficiency*: They focus on optimising product range, menu composition, pricing strategy, procurement, and promotional efforts. Menu simplification and SKU reduction are key levers for streamlining food preparation, improving service speed, and prioritising higher-margin items. By refining menu layouts, incorporating imagery, showcasing key products through food displays, and offering value-driven combination meals, they aim to accelerate customer decision-making and increase sales. Technological enhancements such as in-airport delivery, self-ordering kiosks, contactless payment systems, and digital ordering have been implemented or piloted in select airport Travel QSRs to improve convenience and service speed. Additionally, the "Food@Gate" service—an in-airport F&B ordering and delivery system that brings orders directly to boarding gates—has been introduced at selected airports.

3. *Optimising space utilisation*: To maximise the commercial potential of each outlet, they strategically plan the design, location, and product placement within their stores. Initiatives such as installing grab-and-go fridges at select locations and deploying mobile food carts in ancillary areas of airports help provide travellers with convenient and diverse F&B options, while driving incremental sales.

- **Grow new space in existing markets and build strategic presence in new markets**

The Travel QSR and Lounge sectors present significant opportunities for expansion. Air travel in India remains underpenetrated, with total passenger enplanements and deplanements per capita at 0.27 in 2023—substantially lower than in comparable developing markets such as China (0.81) and Brazil (0.99). This highlights ample room for growth within the sector. They intend to capitalise on this potential by continuing to grow their business, particularly within India, while also pursuing selected international opportunities.

Their growth strategy is centred around the following priorities:

Retaining existing concessions: The company is focused on maintaining strong relationships with airport operators by delivering consistent operational performance, which supports the renewal of existing contracts. From the opening of their first Travel QSR outlet in 2009 through March 31, 2025, they have sustained a contract retention rate of 93.94%, representing the percentage of airport concession agreements that were either renewed or won back upon expiry.

Expanding outlet presence within existing airports: They have successfully secured both renewals and new concessions at existing and upcoming airports in India. For instance, in 2022, they were awarded space for 11 new Travel QSR outlets at Terminal 2 of Bengaluru Airport, strengthening their presence at that location. They intend to continue expanding their footprint within existing airports, including launching new outlets in additional terminals.

Expanding operations into new airports across India: They are focused on securing concessions at newly developed airports with strong growth potential. Selection criteria include factors such as air passenger demographics, current and projected traffic levels, and the level of investment made by airport operators or owners in airport and infrastructure development.

Growing their international Lounge business: Their first Lounge outside India was launched in Malaysia in 2022, followed by the opening of a premium Lounge in Hong Kong in 2024. As of March 31, 2025, their international Lounge portfolio had grown to nine Lounges. The global airport Lounge market is projected to expand at a CAGR of 8.5–10.5% from US$7.7–7.9 billion in 2024 to 2029, and 7.5–8.5% from 2024 to 2034, reaching an estimated market size of US$15–16 billion by 2034. Going forward, they plan to collaborate closely with SSP to leverage SSP's international airport relationships and scale their global Lounge business under ARAYA, the umbrella brand for their Lounge growth strategy.

Building a strategic presence across highway and expressway locations: They also aim to introduce new Travel QSR formats into key highway and expressway corridors to capture the anticipated growth in this segment. The highway Travel QSR market is projected to grow from ₹130 billion in Fiscal 2024 to ₹150–155 billion in Fiscal 2025, and further to ₹565–575 billion by Fiscal 2034. Similarly, the expressway Travel QSR market is expected to expand from ₹15 billion in Fiscal 2024 to ₹17–19 billion in Fiscal 2025, and to ₹220–240 billion by Fiscal 2034. To meet the evolving needs of highway travellers, they are focused on enhancing customer experience by offering quality food, quick service, and thoughtfully designed wayside amenities. Current initiatives include establishing large multi-brand food courts featuring international, regional Indian, and in-house brands, along with clean restrooms, designated break zones, children's play areas, and relaxing hangout spaces.

- **Deliver operating synergies and leverage scale benefits**

The company views operational efficiency as a core strength of their business. To optimise margins and enhance efficiency across operations, they focus on the following key initiatives:

Margin optimisation: Their category management teams assess outlet-level consumption patterns, menu mix data, and gross margins by product and category to evaluate profitability. In collaboration with operations and culinary teams, these insights are used to implement margin-enhancing strategies such as menu refinements, layout modifications, upselling techniques, and bundled product offerings to increase average ticket sizes.

Supply chain and procurement: A centralised supply chain management team oversees inventory planning and procurement for food ingredients, packaging, and other operational materials. Procurement activities are conducted in coordination with K Hospitality to negotiate competitive pricing for raw materials and ensure supply efficiency.

Labour productivity: Staffing plans are aligned with projected sales and air passenger traffic at individual terminals. A large and flexible on-site workforce allows for dynamic allocation of personnel between outlets based on flight delays or surges in passenger volume. Cross-format training programs and integrated multi-unit operations enable effective staff deployment and resource sharing. Additionally, their management teams oversee multiple outlets within a single terminal or airport, generating operational efficiencies and economies of scale.

Focus on waste reduction: They conduct rigorous reviews of operating expenses with a strong emphasis on identifying cost-saving opportunities. For example, waste bins in Lounges are analysed to detect excessive food waste—such as uneaten portions of appetizers and desserts—which then informs portion sizing adjustments. This initiative supports both cost efficiency and sustainability by reducing unnecessary waste.

- **Optimise capital expenditure through best practices**

The company intends to focus on the following initiatives to improve capital efficiency:

Efficient capital allocation: To ensure optimal deployment of capital, they follow a structured investment review framework inspired by SSP's global standards. Based on the scale of investment, proposals undergo evaluation by the Company's Investment Committee—comprising their Managing Director, Chief Financial Officer, Chief Operating Officer, and an SSP nominee for approvals above specified thresholds—or are escalated to the SSP Group Investment Committee or the Company's Board of Directors for final approval.

Modular design and standardised platforms: The company has adopted modular designs and common infrastructure layouts for kitchen and seating areas across outlets. This approach streamlines the design and construction process, reduces build-out time, and enables economies of scale in procurement and fit-out, ultimately supporting cost-effective and scalable expansion.

Investment in food production automation: They have implemented automated food production technologies—such as combi-ovens—in their central production units to improve product consistency, reduce operational complexity at the outlet level, and optimise labour utilisation.

Standardisation of procurement and service processes: Standardised procedures are in place to ensure consistency in vendor evaluation, onboarding, and negotiations. They leverage a wide vendor base, procure in bulk, and collaborate with K Hospitality to negotiate favourable pricing for raw materials. Vendor selection is supported by market research, requests for proposals, and site audits to ensure quality, reliability, and compliance. Ongoing performance monitoring helps maintain a competitive and efficient supply chain.

Fixed-rate vendor contracts: To manage the recurring nature of their purchases, they enter into standard rate agreements with select vendors. These contracts, typically valid for one year and renegotiated annually, help lock in prices for consumables and mitigate cost volatility.

Post-project reviews: A dedicated project team reviews capital expenditure initiatives to ensure efficient outlet rollouts. For projects above a defined threshold, they conduct post-completion audits to evaluate vendor performance against agreed specifications. These audits—carried out by an independent third party—support better future planning and encourage vendors to consistently deliver high-quality work at competitive rates.

Reverse auctions: For high-value capital expenditure purchases—such as civil and interior fit-outs for Travel QSR and Lounge outlets—they conduct reverse auctions. This practice helps secure competitive pricing and improves transparency in procurement decisions.

- **Win with People**

Their people are integral to the organization's success. Excluding Associates and Joint Ventures, they employed 5,331 on-roll personnel as of March 31, 2025, primarily located in India. The company operates on the guiding principles of OTP: Ownership, Transparency & Trust, and People First, which form the foundation of their culture and organizational approach across all levels.

Their "People First" philosophy is driven by four core pillars:

Attraction and Retention: To attract, recruit, and retain talent, they priorities understanding employee needs related to professional growth, workplace environment, and career progression. Feedback is gathered to improve training programs and overall employee experience. They have also implemented a Graduate Acceleration Programme; an on-the-job training initiative tailored for young hospitality graduates

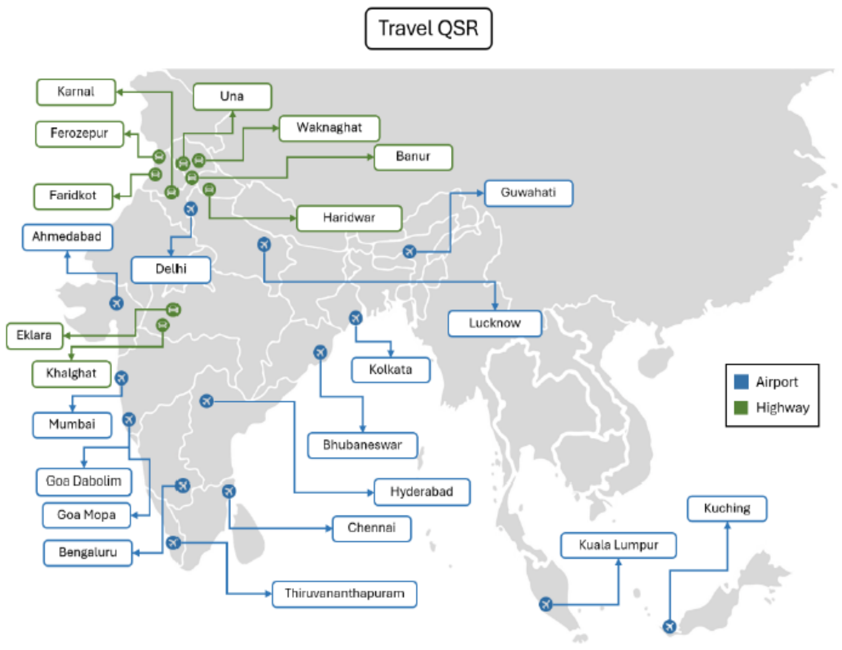
Inclusion and Engagement: Their approach to diversity, equity, inclusion, employee engagement, and wellness is holistic. As of March 31, 2025, their workforce included 55 team members who are speech and hearing impaired. In a Gallup engagement survey conducted in February 2025, they achieved a strong engagement score of 4.42 out of 5.00. Dedicated initiatives for employee wellness, recognition, and inclusion are in place. Notably, they were awarded the Regional Asia 2024 FAB Award for Diversity, Equity & Inclusion Initiative of the Year.

Training and Development: Employees are provided with opportunities to work in different formats, enhancing their skills and capabilities. Structured training is provided for career progression and regulatory compliance, with modular programs covering topics such as F&B service, café and Lounge operations, food production, bar service, QSR operations, and workplace safety.

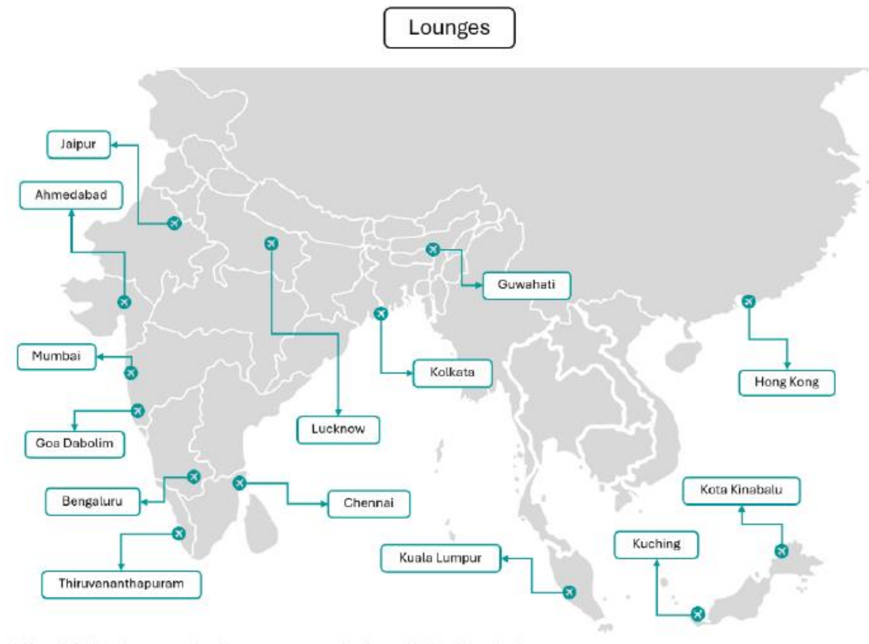
Health and Safety: They are deeply committed to workplace safety, integrating it across People, Policies, Processes, Systems, and Services. Regular training and audits cover safety compliance, equipment upkeep, incident reporting, fire and electrical safety, and emergency protocols. Safety training forms a part of employee onboarding and is reinforced through mandatory refresher courses, in alignment with SSP's Global Safety Policy.

BUSINESS OPERATIONS

The company operates a Travel QSR and Lounge business with a presence across airports in India, Malaysia, and Hong Kong. These businesses are managed both directly and through their Associates and Joint Ventures. In addition to airport locations, they also operate Travel QSRs at select highway sites in India. As of Fiscal 2025, among the 14 airports in India where they operate, 13 were ranked among the 15 largest airports in the country based on passenger traffic. Collectively, these 14 airports accounted for approximately 74% of India's total air passenger traffic in Fiscal 2025. Key airports include those in Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, and Chennai. The maps below illustrate the presence of their Travel QSR and Lounge operations across India, Malaysia, and Hong Kong as of March 31, 2025.



*This map is for illustrative purposes only and is not an exact representation of geographical boundaries or locations



*This map is for illustrative purposes only and is not an exact representation of geographical boundaries or locations

The following table provides a breakdown of their consolidated sales of products and services by their Travel QSR business and Lounge businesses for the Fiscals indicated.

Revenue from Contracts with Customers	Fiscal					
	2025		2024		2023	
	₹ in Millions	% of total sales of products and services	₹ in Millions	% of total sales of products and services	₹ in Millions	% of total sales of products and services
Travel QSR	8721	51.7%	7328	52.5%	5391	50.6%
Lounge services	7584	44.9%	6235	44.7%	4924	46.2%
Management and other services	571	3.4%	390	2.8%	345	3.2%
Total sales of products and services	**16876**	**100.0%**	**13953**	**100.0%**	**10661**	**100.0%**

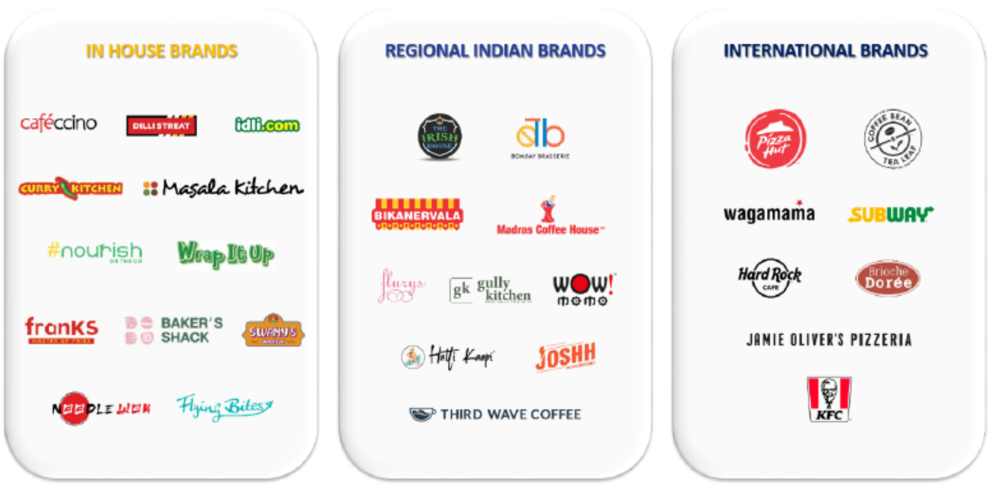
Note: (1) Revenue from other services comprise joining fee and branding income from tie-ups with certain brands and income from the subleasing of space within airports to third parties.

F&B Brand Portfolio

They are a one-stop Travel QSR company offering a diverse portfolio of 127 F&B brands as of March 31, 2025. This includes a mix of international and regional Indian brands franchised from brand partners, along with proprietary brands developed in-house. As of March 31, 2025, they had franchised 32 international brands such as KFC, Pizza Hut, Wagamama, The Coffee Bean & Tea Leaf, Subway, and Krispy Kreme, and 58 regional Indian brands including Bikanervala and Third Wave Coffee. Additionally, they had created 37 in-house brands such as Caféccino, Curry Kitchen, Idli.com, and Dilli Streat. Their in-house brands represent bespoke concepts developed using market and customer insights. These brands are offered in a variety of QSR formats, including cafés, food courts, and fast-food outlets. The flexibility provided by their in-house brands allows them to tailor product offerings to meet customer preferences and align with airport operator requirements, providing an optimal mix of F&B options at airport locations. These proprietary brands have also served as a key business differentiator, helping them earn industry recognition, including the 'Most Admired Food Court Operator of the Year' award at the Mapic India Retail Awards 2022. The following table presents an overview of the number of partner brands in their portfolio that have been licensed, franchised, or contracted for the indicated fiscal periods.

Particulars	As of March 31,		
	2025	2024	2023
Partner brands	90	76	55

The following diagram provides a select list of the partner brands that they license, franchise or have signed up with and their in-house brands, as of March 31, 2025.



The following table provides a breakdown of the Company's consolidated revenue from Travel QSR by partner brands and in-house brands for the Fiscals indicated:

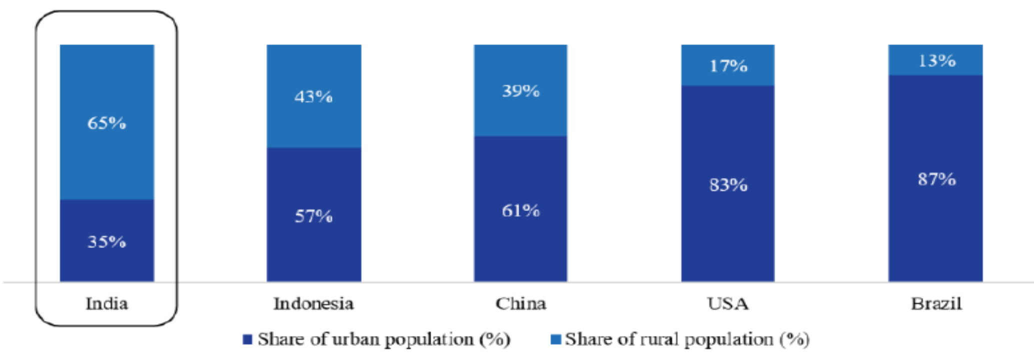
Particulars	Fiscal					
	2025		2024		2023	
	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR	₹ in million	% of revenue from Travel QSR
Partner Brands	4,752	54.4%	3,990	54.4%	2,915	54.1%
In House Brands	3,980	45.6%	3,339	45.6%	2,477	45.9%
Revenue from contracts with customers - Travel QSR	**8,732**	**100.0%**	**7,329**	**100.0%**	**5,392**	**100.0%**

K Hospitality had a portfolio of 47 proprietary brands, as of March 31, 2025, while SSP's brand portfolio comprised approximately 550 proprietary and third-party brands and bespoke concepts, as of May 31, 2025. K Hospitality and SSP's relationships with third-party partner brands also provide them with access to potential collaboration opportunities with such brands.

Industry Snapshot

Urbanization in India is likely to reach 40% by 2030, however it remains the lowest among the top five most populous countries indicating further growth potential

Urban vs Rural population for top 5 countries by population (CY2020)



Overview of key macro parameters in India's travel and tourism industry

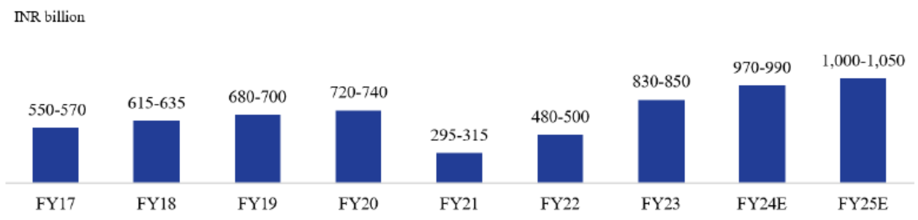
Impact of India-Pakistan geopolitical tensions on air travel

Due to geopolitical tensions between India and Pakistan, air travel had seen significant impact between 7th of May to 12th of May 2025. Air travel across northern and western India had come under significant strain following India's recent cross-border military action. For precautionary measures 32 airports in Northern and Western Indian were shut for operations from 7th of May 2025 causing cancellation of almost 300 daily flights. These cancellations are expected to have a limited impact on air traffic in the country in the first quarter of FY26 as operations have been normalized since 12th May 2025. All 32 airports were opened for operations from May 12th, 2025, and air services have been operational normally since then. The daily domestic passenger traffic has also returned to normal post this conflict, with daily domestic passenger traffic of 0.46 million as of May 21st, 2025, compared to 0.47 million, 0.5 million, 0.48 million and 0.48 million recorded in the months of January 2025, February 2025, March 2025 and April 2025 respectively. In addition, India's ties with Turkey and Azerbaijan face uncertainty amid geopolitical tensions. Online travel companies have advised Indian citizens against visiting Turkey and Azerbaijan. There have been cancellations in tour bookings to Turkey and Azerbaijan with travelers now redirecting to alternative destinations like Russia, Hungary, Czech Republic, Vietnam, Singapore, Bali, or Dubai.

Growth of India's organized & branded hotel industry as well as the online travel agency (OTA) industry further substantiates rise in travel and tourism spending

As disposable incomes increase and travel becomes more accessible, tourists tend to allocate a larger portion of their budgets to accommodation, dining, and leisure activities, thereby enhancing the demand for hotels. Demand for organized & branded hotel industry in India has comfortably surpassed pre-COVID levels in FY23 and has logged a CAGR of ~41% between FY22-FY24. In FY25 industry is estimated at INR 1,000-1,050 billion. Further, OTA gross revenues have grown at a CAGR of 54% from FY22 to FY24; significantly higher than pre-COVID levels. B2B segment in Indian OTA industry, is expected to grow at a 15-16% CAGR between FY25 and FY28 from INR 700-725 billion to INR 1,025-1,055 billion.

Growth of organized and branded hotel industry in India

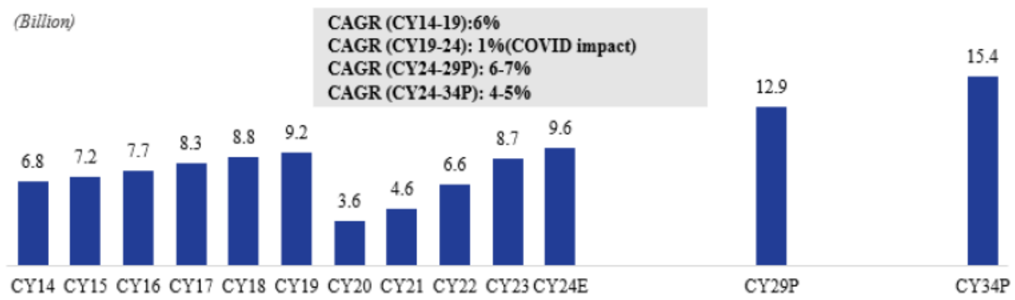


Overview of global air travel industry

Global passenger traffic to increase 1.8 times in CY34 compared to CY23 on account of positive macro developments and recovery in international travel

Air passenger traffic is one of the key factors and indicators of economic development. From one perspective, it reflects progress, as air travel facilitates transportation within a country and connects various countries with the rest of the world. From another perspective, it is an indicator of overall development, as passenger traffic volume usually depends on the level of economic activity as well as individual incomes. It may also indicate whether an economy is more outward-oriented in terms of trade and business activities. Global passenger traffic achieved a healthy 6% CAGR over CY14-CY19, before the COVID-19 pandemic struck in CY20. This was followed by a dip in passenger footfalls in CY20 and CY21. Since air travel is largely discretionary, the market didn't recover fully in CY21. The global passenger traffic has since then recovered with resumption in personal and business travel. It reached 8.7 billion in CY23-equivalent to 95% of the CY19 level and a 31% increase over the previous year. In CY24 global air traffic is estimated to have surpassed CY19 levels with total passenger traffic reaching 9.6 billion spurred by international passenger traffic. In comparison, India has recovered quicker and crossed pre-COVID levels in terms of passenger traffic comfortably in CY23. Similarly, the air travel industry showed recovery in CY22 as more economies reopened, growing further the next year in CY23 as global air passenger traffic reached near to pre-COVID levels. Given their steady revival since then, both global GDP and air passenger traffic are expected to record steady growth until CY29. This growth in the global air travel industry is expected to be driven by passenger traffic growth in the Asia-Pacific region in the long-term, supported by rising standard of living in countries such as India and China.

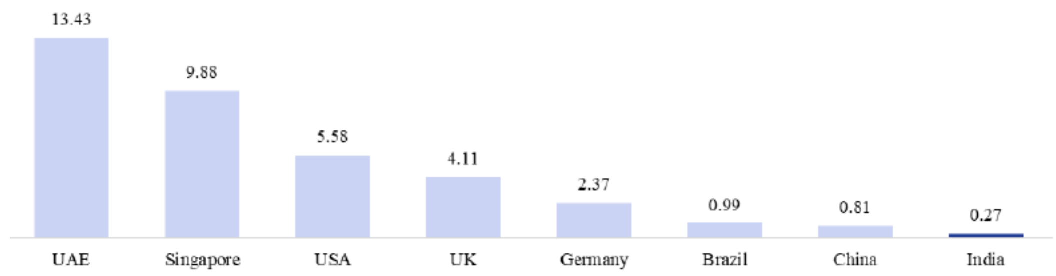
Global air passenger traffic trends and outlook



Lower penetration rates for air passenger traffic in India vs other key economies reflects growth potential

Total passengers (enplanements and deplanements) divided by total population— can be a key indicator for the state of an air travel market. Air travel is still underpenetrated in India, especially in less developed regions and rural areas that are home to the majority of the country's population. India's total passengers divided by total population was at 0.27 for CY23 as against developing economy peers such as China (0.81) and Brazil (0.99), indicating sufficient room for improvement. This suggests an untapped market and significant potential for passenger growth. With a burgeoning middle class, increasing urbanization and a growing propensity for travel among younger people, demand for air travel is set to rise in India. Enhanced connectivity, government initiatives and investments in airport infrastructure further underscore the potential for growth.

*Total passengers (enplanements and deplanements) divided by total population (CY23) **



Overview of airport infrastructure and airline fleet size in India

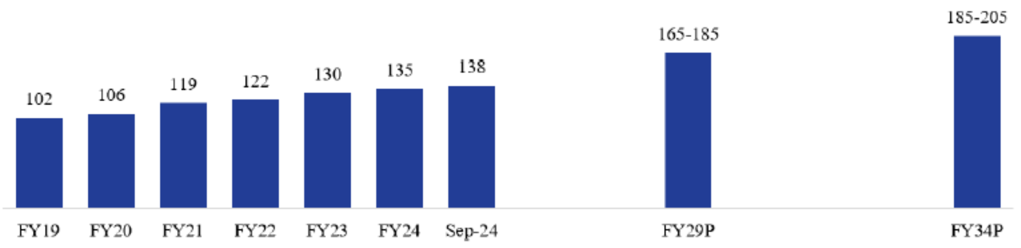
Privatization and greenfield airports to propel airport capex to INR 600-650 billion in the next five years

Airport infrastructure in India has seen increased focus in recent years, as indicated by the capital expenditure for greenfield and brownfield projects. The expansion of airports, including the upgradation of infrastructure / facilities at airports, is a continuous process, which is undertaken by the AAI or the airport operators concerned, depending on the operational requirements, traffic, demand and commercial feasibility. In the past few years, capex on airport infrastructure was supported by the government policies, with the development of greenfield and brownfield airports by the government of India. The government has also formulated a Greenfield Airports (GFA) Policy, 2008, for the development of greenfield airports in the country. Under this policy, the government of India has accorded an approval for setting up of 21 new greenfield airports. Of these, 12 greenfield airports have been put into operation. Crisil Intelligence expects investments of INR 600-650 billion in airport infrastructure between FY25 and FY29, compared with INR 790 billion between FY20 and FY24. The projected investments are almost evenly split between greenfield projects, such as the Jewar airport, Navi Mumbai airport and Bhogapuram airport, as well as brownfield expansions in Bengaluru, Hyderabad, Guwahati and Chennai.

Number of airports has almost doubled in the past eight years; 30-50 new airports expected to come up by FY29

As of September 2024, India had 138 operational airports compared with 102 airports in FY19 and 77 airports in FY16. This expansion has enhanced connectivity across the country, making air travel more accessible to a larger population. Improved infrastructure and increased regional connectivity have facilitated easier and more efficient travel, leading to a rise in domestic passenger volumes. This addition is expected to come in the form of newer airports in tier-2 and tier-3 cities. In addition, establishment of new airports in metro cities is anticipated to contribute to the overall increase in new developments.

Number of operational airports in India



Healthy growth in F&B revenue of key airports

F&B revenue, which is the revenue earned by airports through concession agreements for operating F&B outlets, is one of the key components of the non-aeronautical revenue for airport operators. It has been growing at a healthy pace for key domestic airports. For Delhi International Airport and GMR Hyderabad International Airport, F&B revenue, which forms 8-10% of their total non-aeronautical revenue, logged a significant 15% CAGR between FY19 and FY25. The growth is attributed to increased passengers' propensity to spend on F&B. This also shows that passengers are spending money on non-travel-related activities such as eating at the airports. F&B operators at the airports have also customized their offerings as per the customer needs, in turn, enhancing passengers' experience.

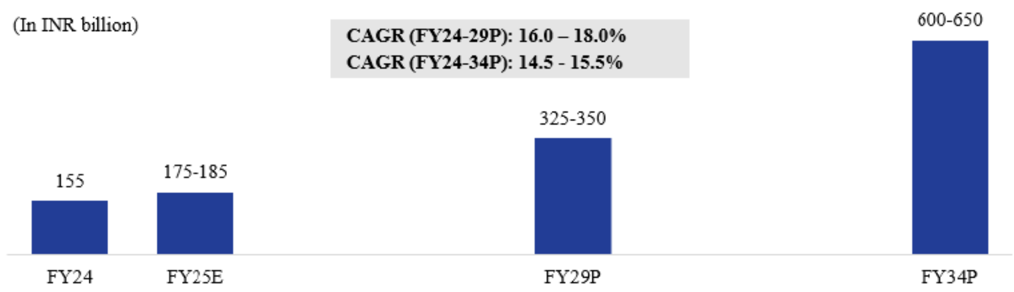
Overview of global and Indian airport retail

Structure of travel retail industry

Travel retail encompasses commercial retail activities in transportation hubs and plays a pivotal role in enhancing the overall travel experience of passengers by catering to their diverse needs. Some of the common retail categories include airport, metro, railways and highway retail.

Types of travel retail

Review and outlook on Indian airport retail market



Air travel in India is emerging as the preferred mode of transport with total domestic passenger annual traffic (Enplanements including non-unique passengers) of 167 million representing ~12% of Indian population in FY25 (~255% in case of the USA as of CY24), which used to be 4.5-5.0% in FY14 eleven years ago. Penetration of low-cost carriers and the government's push towards connecting 2- and 3-tier cities through the RCS UDAN Scheme has made Airport travel access easy for larger portion of population which has helped air traffic in India grow at a healthy pace. Rising income levels, penetration of LCCs, expanding airline network, government support among others also drives the growth of the Indian airport retail industry. Please refer to Key growth drivers of air passenger traffic in India, Overview of the Indian air travel industry, Overview of airport infrastructure and airline fleet size in India for further details on the key drivers for the Indian air travel industry.

Comparison with listed entity

Name of Company	Face Value Per Share (₹)	Operating revenue for Fiscal 2025 (₹ million)	EPS	P/E	RONW (%) for FY25	NAV per equity share (₹)
Travel Foods Services Limited	1	16,877	**28.8**	**38.2**	34.6%	79.6
Jubilant FoodWorks Limited	2	81,417	3.4	207.9	10.0%	31.9
Devyani International Limited	1	49,511	0.1	1,671.9	0.8%	9.0
Sapphire Foods India Limited	2	28,819	0.6	533.9	1.4%	43.5
Westlife Foodworld Limited	2	24,741	0.8	949.9	2.0%	38.7
Restaurant Brands Asia Limited	10	25,507	-4.3	NA	-23.8%	15.6

*Note –: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 03, 2025.
2) * P/E of company is calculated on EPS of FY25, and post issue no. of equity shares issued.

Key Risks

- Revenue from the company's Travel QSRs and Lounges situated in airports contributed 95.55%, 95.88% and 95.77% of their revenue from operations for Fiscals 2025, 2024 and 2023, respectively. They are highly dependent on their concession agreements for their business operations and inability to renew existing concession agreements or any adverse changes in the terms therein, early termination, or any inability to obtain new concessions could adversely affect their business and results of operations.

- The Travel QSRs and Lounges at the top 5 airports contributed 85.94%, 88.36% and 90.29% of their revenue from operations for Fiscals 2025, 2024 and 2023, respectively. Termination of their concession agreements in relation to or a decrease in passenger traffic in such airports could have a significant impact on their revenue.

- The company depends on their relationship with their brand partners to franchise their brands, with revenue from brand partners accounting for 54.37%, 54.44% and 54.06% of their revenue from Travel QSR for Fiscals 2025, 2024 and 2023, respectively. Failure to attract new brand partners or maintain or develop existing ones could adversely affect their business, results of operations, financial condition and prospects.

- The success of the company's Lounge business is dependent on their long-term relationship with their Lounge Partners, comprising domestic and international airlines, card issuers and networks, loyalty partner programs, Lounge access programs and financial institutions. Revenue from Lounge services amounted to 44.93%, 44.65% and 46.14% of their revenue from operations for Fiscals 2025, 2024 and 2023, respectively. Their business may be negatively impacted if they are unable to retain their existing Lounge Partners or attract new ones.

- The company's business growth may be adversely affected by shifts in the operating models of their airport operators, which may reduce their share of profit derived from the relevant concession agreements with such airport operators.

- The company is subject to extensive regulations, particularly relating to airport and highway operations, security, food, health and safety and environmental matters. Any non-compliance with their changes in regulations applicable to them may adversely affect their business, results of operations, cash flow and financial condition.

- Lounge services contributed 44.93%, 44.65% and 46.14% of their revenue from operations for Fiscals 2025, 2024 and 2023, respectively. Their Lounge business may be adversely affected if there is a decrease in the number of their Lounge Partners' customers, whether due to a decrease in the number of credit cards and debit cards offering free Lounge access or from cards offering such services becoming less popular, or, in the converse, if there is a disproportionate increase in the number of such customers.

- The company's concession agreements impose restrictions and requirements on their operations, such as restrictions on the types of F&B and/or services that they are obliged to provide, pricing benchmarks, minimum levels of capital expenditure that they are required to undertake and the right of airport operators to relocate or suspend their operations, which could adversely affect their business operations and failure to comply could result in termination of the agreements or financial penalties.

- The Udaan Yatri Café provides airport travelers with basic menu items at more affordable prices, which may draw away some customers from their Travel QSR outlets and reduce sales at such outlets thereby adversely affecting their business and financial results.

- There are outstanding legal matters against the Company, particularly their Promoters, one of their Subsidiaries, certain of their Directors and one of the members of their Senior Management. Any adverse decision in such legal matters may render them or them liable to liabilities or penalties, which may adversely affect their business, cash flow and reputation.

- **Valuation**

Travel Food Services Limited emerged as the top player in both the Travel QSR and Lounge segments across Indian airports based on revenue in Fiscal 2025. As of March 31, 2025, it operated the country's largest Travel QSR network, with 384 out of its 413 active outlets located at airports, while the rest were positioned along highways.

The company aims to capitalize on the underpenetration of air travel in India by implementing strategies such as utilizing customer insights and behavioral patterns, enhancing its product offerings, improving operational efficiency, and optimizing space utilization. The number of air travelers in India is projected to grow at a rate surpassing the global average. To capitalize on this positive trend and drive like-for-like (LFL) sales growth, the company plans to tailor its product offerings and services to better meet customer needs.

At the upper price band, the company's FY25 price-to-earning (P/E) ratio stands at 38.2x, with a post-issue market capitalization of ₹1,44,847 million. The company, a leader in QSR services at airports and highways, is expanding its presence in line with rising consumer spending and airport infrastructure development. We view the IPO as fully priced and recommend a "**SUBSCRIBE – LONG TERM**" rating.

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