



Company Overview

Travel Food Services Ltd. (TFS), incorporated in 2009, is a leading player in India's rapidly growing airport travel quick-service restaurant ("Travel QSR") and lounge ("Lounge") sectors, based on revenue in Fiscal 2025, as reported by CRISIL. The company's Travel QSR business features a diverse range of curated food and beverage ("F&B") concepts, spanning various cuisines, brands, and formats, specifically designed to meet travellers' needs for speed and convenience. TFS leverages its extensive F&B brand portfolio, which includes 127 partner and in-house brands, to operate 442 Travel QSRs across India and Malaysia as of March 31, 2025. Travel QSRs are predominantly located within airports, with select outlets also found at highway sites. The Travel QSR division comprises a mix of global and regional partner brands, including KFC, Subway, Coffee Bean & Tea Leaf, Hatti Kaapi, and Bikanervala, as well as proprietary brands such as Caf  ccino and Dilli Streat. In FY25, partner brands contributed approximately 54% of Travel QSR revenue, with in-house brands accounting for the remaining 46%. Travel Food Services Ltd (TFS) also operates designated lounge areas within airport terminals, catering primarily to first- and business-class passengers, members of airline loyalty programs, select credit and debit cardholders, and participants in other loyalty programs. As of March 31, 2025, TFS managed 37 lounges across India, Hong Kong and Malaysia. The company has launched its global lounge brand strategy under the ARAYA umbrella, offering a tiered experience ranging from luxury to value lounges. Under this strategy, it will directly operate lounges across India, Southeast Asia, and the Middle East (excluding Egypt), while SSP will operate in Europe, North America, and Australasia using the ARAYA system under a franchise model. The company is present in 14 airports across India, three airports in Malaysia and one in Hong Kong as of March 31, 2025. Among the Indian airports where TFS operated, 13 were ranked among the 15 largest airports in the country by passenger traffic in Fiscal 2025, based on air passenger data reported by CRISIL. These 14 airports collectively handled 74% of India's total domestic and international air traffic in Fiscal 2025. Notable locations include Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, and Chennai airports, as highlighted in the CRISIL report.

Objects of the issue

The company will not receive any proceeds from the offer, and all the offer proceeds will be received by the promoter selling shareholder.

Investment Rationale

Leading player with diversified portfolio of partner F&B brands in the Travel QSR and Lounge sectors in Indian airports

The company is India's leading airport Travel QSR and Lounge operator by revenue in FY25, with a diverse Travel QSR portfolio comprising 90 F&B brands, including international and regional Indian brands such as KFC, Wagamama, and Bikanervala, as well as 37 in-house brands like Caf  ccino and Idli.com. According to the CRISIL Report, the company holds a 26% market share in Travel QSR and 45% in Lounge operations, positioning it as a dominant player in the sector. This brand mix enables tailored offerings for airport passengers, strengthening its competitiveness in winning multi-unit concessions. With a robust presence across 14 major airports—including 13 of the top 15 by passenger traffic—the company effectively serves 89% of India's air traffic. Its extensive airport footprint, including 384 QSR outlets and 28 private lounges in key hubs like Delhi, Mumbai, and Bengaluru, gives it unparalleled scale and operational depth. The company's high 93.9% contract retention rate and average concession terms of 8.21 years highlight its execution strength and long-term strategic partnerships. Moreover, its strong promoter backing positions it as the preferred partner for global F&B brands seeking entry into the Indian market, offering strategic access, faster market entry, and optimized operations in high-traffic travel environments. Its leadership, long-term airport partnership and strong brand mix position it to benefit significantly from India's booming aviation and travel retail sectors.

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

Since opening its first Travel QSR in 2009, the company has developed strong operational capabilities in response to various challenges posed by the complex and highly secure airport environment, offering 16 years of experience. To operate within the airport environment, the company

Issue Details

| | |
|----------------------------------|---|
| Offer Period | 07 th Jul 2025 - 09 th Jul 2025 |
| Price Band | Rs. 1,045 to Rs.1,100 |
| Bid Lot | 13 |
| Listing | BSE & NSE |
| Issue Size (no. of shares in mn) | 18.2 |
| Issue Size (Rs. in bn) | 20 |
| Face Value (Rs.) | 1 |

Issue Structure

| | |
|--------|-----|
| QIB | 50% |
| NIB | 15% |
| Retail | 35% |

| | |
|------|---|
| BRLM | Kotak Mahindra Capital Company Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., Bativala & Karani Securities India Pvt. Ltd. |
|------|---|

| | |
|-----------|-----------------------------|
| Registrar | MUFG Intime India Pvt. Ltd. |
|-----------|-----------------------------|

| Particulars | Pre Issue % | Post Issue % |
|------------------------------|-------------|--------------|
| Promoters and promoter group | 100 | 86 |
| Public | 0 | 14 |
| Total | 100 | 100 |

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Travel Food Services Ltd.

must maintain dedicated teams for regulatory compliance, including staff clearances mandated by the BCAS and CISF. Food preparation, equipment, and menus are adapted to airport safety standards. To support 24/7 operations, it uses structured shift planning and on-call engineering teams. With a diverse network of Travel QSRs across terminals, the company operates centralised kitchens near airports. These kitchens enable efficient multi-cuisine food supply, fast service, and consistent quality, even during fluctuating passenger volumes, enhancing their reliability and appeal to airport operators. These capabilities have improved the company's value proposition to airport operators and enhanced the competitiveness of the company's bids for airport concessions.

Valuation

India's aviation sector is poised for strong growth, driven by rising domestic and international passenger traffic, fueled by increased affordability through low-cost carriers (LCCs), and significant investments in airport infrastructure, with the number of airports expected to reach 185–205 by Fiscal 2034. This growth directly benefits the Travel QSR and Lounge segments, supported by higher airport dwell times, limited in-flight food and beverage options on low-cost carriers (LCCs), expanding loyalty programs, and underpenetration of air travel compared to global peers. Being the leading player in the Travel QSR and Lounge sectors in Indian airports, the company is well-positioned to capitalize on this growing market trend. Its diversified brand portfolio, comprising international partner brands (such as KFC, Wagamama, and Bikanervala) and 37 in-house brands (including Caféccino and Curry Kitchen), enables it to cater to diverse passenger preferences and secure competitive airport tenders. The company's digital innovations — self-order kiosks, Food@Gate delivery, and travel-friendly packaging — enhance traveller convenience and drive customer loyalty. Its lounges further elevate the travel experience with curated dining, live music, and entertainment. Further, the company has plans to optimise its product offerings and service to grow like-for-like ("LFL") sales. Financially, the company has reported steady growth in both its top line and bottom line. Revenue grew from Rs. 10,672 million in FY23 to Rs. 16,877 million in FY25, whereas Net Profit grew from Rs. 2,513 million in FY23 to Rs. 3,797 million in FY25. With a proven track record, strategic locations, and adaptable formats, the company offers long-term growth opportunities aligned with India's aviation growth trajectory. **The issue is valued at a P/E of 39.9x on the upper price band, based on FY25 earnings, which represents a discount to listed QSR companies. Therefore, we recommend a SUBSCRIBE rating for the issue.**

Key Risks

- ⇒ Any terminations or adverse changes in the terms of existing concession agreements, or an inability to obtain new concessions, could adversely affect the business and results of operations.
- ⇒ The company is dependent on franchised brands, which comprise approximately 54.37% of total revenue from travel QSR in FY25. If there is a failure to attract new brand partners or maintain or develop existing ones, it could adversely affect the business, results of operations, financial condition and prospects.
- ⇒ The company's Lounge business, which contributed 44.93% of revenue in FY25, is highly dependent on maintaining and renewing agreements with key Lounge Partners—such as airlines, card issuers, and access programmes—and failure to retain or attract such partners on favorable terms could materially impact its revenue, operations, and competitive standing.

Travel Food Services Ltd.

Income Statement (Rs. in millions)

| Particulars | FY23 | FY24 | FY25 |
|--|---------------|---------------|---------------|
| Revenue | | | |
| Revenue from Operations | 10,672 | 13,963 | 16,877 |
| Total Revenue | 10,672 | 13,963 | 16,877 |
| Expenses | | | |
| Cost of materials consumed | 1,931 | 2,611 | 2,761 |
| Purchase of Stock-in-Trade | 169 | 265 | 210 |
| Change in Inventories of Stock-in-Trade | 4 | -29 | -7 |
| Employee Benefits Expenses | 1,594 | 2,299 | 2,765 |
| Other expenses | 3,235 | 4,696 | 5,607 |
| Total Operating Expenses | 6,933 | 9,842 | 11,336 |
| EBITDA | 3,739 | 4,121 | 5,541 |
| Depreciation & amortization | 831 | 1,108 | 1,263 |
| EBIT | 2,908 | 3,013 | 4,278 |
| Finance costs | 478 | 517 | 457 |
| Other Income | 364 | 661 | 750 |
| Share of net loss of joint venture accounted for using equity method | 478 | 718 | 473 |
| PBT | 3,271 | 3,875 | 5,043 |
| Total tax | 758 | 893 | 1,247 |
| PAT | 2,513 | 2,981 | 3,797 |
| Diluted EPS | 18.5 | 21.9 | 27.6 |

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

| Particulars | FY23 | FY24 | FY25 |
|---|------------|------------|-------------|
| Cash Flow from operating activities | 3,221 | 3,529 | 5,148 |
| Cash flow from investing activities | -1,968 | -1,549 | -1,912 |
| Cash flow from financing activities | -1,044 | -1,721 | -3,427 |
| Net increase/(decrease) in cash and cash equivalents | 210 | 259 | -191 |
| Cash and cash equivalents at the beginning of the period | 212 | 422 | 681 |
| Adjustment on account of common control business combination and loss of control | 0 | 0 | 237 |
| Cash and cash equivalents at the end of the period | 422 | 681 | 253 |

Source: RHP, BP Equities Research

Travel Food Services Ltd.

Balance Sheet (Rs. in millions)

| Particulars | FY23 | FY24 | FY25 |
|---|---------------|---------------|---------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 956 | 1,222 | 1,210 |
| Capital Work-in-Progress | 65 | 228 | 386 |
| Goodwill | 15 | 15 | - |
| Right-of-use Assets | 2,546 | 2,625 | 2,488 |
| Other Intangible Assets | 8 | 8 | 22 |
| Investments accounted for using the equity method | 1,381 | 2,181 | 2,791 |
| Financial Assets | | | |
| (i) Investments | 0 | 0 | 0 |
| (ii) Loans | 889 | 1,353 | 1,086 |
| (iii) Other Financial Assets | 457 | 630 | 692 |
| Deferred Tax Assets (Net) | 516 | 557 | 563 |
| Income Tax Assets (Net) | 89 | 374 | 258 |
| Other Non-Current Assets | 123 | 320 | 47 |
| Current assets | | | |
| Inventories | 106 | 116 | 89 |
| Financial assets | | | |
| (i) Investments | 3,255 | 3,756 | 5,894 |
| (ii) Trade Receivables | 1,140 | 1,050 | 1,062 |
| (iii) Cash and Cash Equivalents | 422 | 681 | 253 |
| (iv) Bank balances other than (iii) above | 922 | 1,105 | 122 |
| (v) Loans | 60 | 107 | 312 |
| (vi) Other Financial Assets | 222 | 411 | 1,485 |
| Other Current Assets | 150 | 227 | 270 |
| TOTAL ASSETS | 13,323 | 16,964 | 19,027 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 39 | 39 | 132 |
| Other Equity | 6,516 | 8,697 | 10,402 |
| Equity attributable to owners of the Company | 6,555 | 8,736 | 10,534 |
| Non-controlling interest | 96 | 143 | 168 |
| TOTAL - EQUITY | 6,650 | 8,879 | 10,702 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 220 | 582 | - |
| (ii) Lease Liabilities | 2,863 | 2,659 | 2,177 |
| (iii) Other Financial Liabilities | 87 | 102 | 61 |
| Provisions | 59 | 71 | 68 |
| Other Non-Current Liabilities | 9 | 6 | 1 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 90 | 55 | - |
| (ii) Lease Liabilities | 656 | 864 | 1,154 |
| (iii) Trade Payables | 1,784 | 2,747 | 3,391 |
| (iv) Other Financial Liabilities | 350 | 512 | 899 |
| Other Current Liabilities | 213 | 195 | 214 |
| Provisions | 240 | 256 | 312 |
| Current Tax Liabilities (Net) | 101 | 36 | 49 |
| Total Equity and Liabilities | 13,323 | 16,964 | 19,027 |

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

General Disclaimer

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392