

Retail Research	IPO Note
Sector: Travel QSR	Price Band (Rs): 1,045 – 1,100
03rd July 2025	Recommendation: Subscribe

Travel Food Services Ltd

Company Overview:

Travel Food Services Ltd (TFS) is a leading player in the Indian Airport Travel QSR and Lounge industry. As of FY25, the company accounted for ~26%/45% market share in the Indian Airport Travel QSR and the Indian Airport Lounge sectors respectively in terms of revenue. The company's Travel QSRs are predominantly situated within airports while, the Lounge business comprises of designated areas within airport terminals. As of Mar'25, TFS operated 442 Travel QSRs across India & Malaysia and 37 Lounges across India, Malaysia and Hong Kong.

Key Highlights:

1. Largest network of Travel QSRs & Lounges in India: As of FY25, the company operated the largest network of Travel QSRs in India with 413 operational outlets in the country. Of which, 384 were situated in airports and the remaining in highway sites. Additionally, TFS also operated the largest network of private lounges comprising of 28 lounges across 10 airports in India. The company has procured long-term concessions through bidding for its Travel QSR and Lounges with terms averaging ~8.2 years.

2. Diversified portfolio of F&B brand partnerships: Within the Travel QSR business, TFS operates a wide range of popular international and regional F&B brands like KFC, Pizza Hut, Subway, Bikanervala, Third Wave Coffee along with in-house brands such as Cafeccino, Curry Kitchen, Idli.com and Dilli Streat. As of FY25, the company had 90 F&B brand licenses from international and regional brand partners along with 37 in-house brands.

3. Focus on traveler preferences: In order to address traveler's demands for speed and convenience, the company has introduced self-ordering kiosks, online order and in-airport delivery options along with contactless payment systems to accelerate customer servicing time and make ordering more convenient at select locations. In addition, at certain Lounges, the company has introduced a-la-carte menu options curated by chefs, along with spa services, live music, cocktail specialists and interactive sports and entertainment zones.

4. Strategic Partnerships: TFS through its strategic partnerships with airport operators secures long-term concessions within the airports which are under the strategic partners' purview. Such partnerships include Delhi International Airport in relation to operations at the Delhi Terminal 3 airport, JV with GMR Airports for its operations at Goa (Mopa) and Hyderabad airports. The company has also formed a JV (Semolina Kitchens Pvt Ltd) with Adani Airport Holdings Ltd and AJ Holding Ltd in relation to operations at Mumbai, Ahmedabad, Jaipur, Mangalore, Lucknow, Guwahati, Thiruvananthapuram and Navi Mumbai airports.

Valuation: TFS is a proxy to the Indian aviation growth story. It has a strong presence across all the major airport terminals across India as well as concession wins at both the upcoming new airports at Greater Noida and Navi Mumbai. The brand portfolio has a healthy mix of third party and in-house QSR brands. At the upper price band of Rs 1,100, the stock is likely to trade at 39.9x FY25 EPS which is at a discount to listed QSR companies. TFS has superior margins and return ratios along with strong balance sheet. We recommend investors to Subscribe to the issue at the cut-off price.

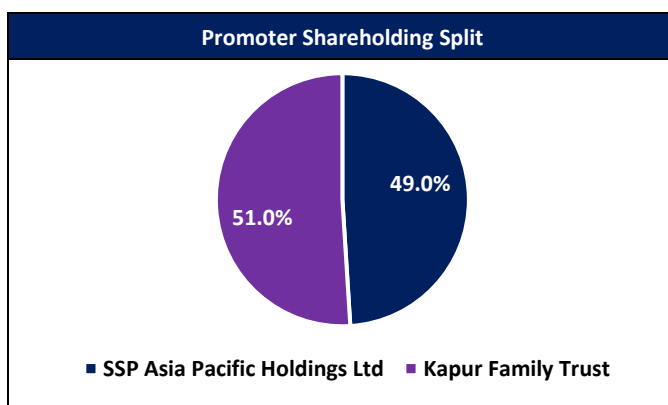
Issue Details	
Date of Opening	07 th July 2025
Date of Closing	09 th July 2025
Price Band (Rs)	1,045 – 1,100
Offer for sale (Rs cr)	2,000.0
Fresh Issue (Rs cr)	-
Issue Size (Rs cr)	2,000.0
No. of shares	1,81,81,818 @upper price band
Employee Reservation (Rs cr)	4.0
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	13,761 – 14,485
BRLMs	Kotak Mahindra Capital Company Ltd, HSBC Securities and Capital Markets (India) Pvt Ltd, ICICI Securities Ltd, Batlivala & Karani Securities India Pvt Ltd
Registrar	MUFG Intime India Pvt Ltd
Bid Lot	13 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	13,16,79,484	100.0
Public & Others	-	-
Total	13,16,79,484	100.0

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	11,25,40,728	85.5
Public & Others	1,91,38,756	14.5
Total	13,16,79,484	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	11,34,97,666	86.2
Public & Others	1,81,81,818	13.8
Total	13,16,79,484	100.0

Source: RHP, SSL Research



Source: RHP, SSL Research

Key Financials & KPIs

Particulars (Rs cr)	FY23	FY24	FY25
Travel QSR outlets (#)	282	369	442
Lounge outlets (#)	25	30	37
Revenue from operations	1,067.2	1,396.3	1,687.7
EBITDA	373.9	412.1	554.1
PAT	243.8	287.8	363.2
EBITDA Margin (%)	35.0	29.5	32.8
PAT Margin (%)	22.8	20.6	21.5
RoE (%)	37.2	32.9	34.5
RoCE (%)	47.7	39.2	47.7
P/E (x)*	59.4	50.3	39.9

**Note: Pre-issue P/E based on upper price band*

Source: RHP, SSL Research

Risk Factors

- **Highly dependent on concession agreements:** The company operates its business through concession agreements, lease, license and tenancy agreements with operators of airports and highway sites. Thus, TFS's ability to expand and grow its network depends on retaining existing concession agreements and obtaining new concessions on commercially reasonable terms.
- **Failure to attract new brand partners:** As of FY25, the company derived ~54.4% of its Travel QSR revenue from brand partners. Failure to renew or retain existing franchise agreements or to enter into new franchising agreements could adversely impact the growth of the company's business.
- **Failure to maintain Lounge partnerships:** The success of the company's Lounge business is dependent on its long-term relationship with Lounge Partners, comprising domestic and international airlines, card issuers and networks, etc. As of FY25, revenue from Lounge services accounted for ~44.9% of the company's total revenue. TFS typically renews its agreements with Lounge Partners on an annual basis.
- **Regulatory risk:** The company's Travel QSR business is subject to Food Safety and Standards Regulations and other regulations of FSSAI. Any non-compliance with or changes in such regulations may adversely affect the business and reputation of the company.

Growth Strategies

- Optimizing product offerings and services to grow like-for-like sales.
- Expanding network of outlets within existing markets
- Building strategic presence in newer markets, including at global airports.

Overview of Promoters

About SSP Group PLC:

SSP Group PLC (SSP) is a FTSE 250 company listed on the London Stock Exchange and is one of the leading operators in the Travel QSR sector globally in terms of revenue (as of CY24). As of FY25, SSP had a network of over 3,000 F&B and Lounge outlets in 38 countries. Additionally, SSP's brand portfolio comprises of ~550 proprietary brands and third-party brands and bespoke concepts.

Leverage for TFS:

TFS benefits from SSP's long-standing relationships with international airport operators which provides opportunities for the company to expand its international Lounge operations. Through SSP, the company was able to enter into a franchise agreement with Wagamama to operate the brand within the airport Travel QSR sector in India. Going forward, TFS will work closely with SSP to leverage their international airport relationships to grow its Lounge business internationally under **ARAYA**, an umbrella brand for its Lounge business growth strategy.

As per a latest exchange filing made by SSP, the company has announced its plans to purchase additional shares in TFS (~1.01% of TFS' issued share capital) for a consideration of GBP 12.5 mn (~Rs 145.7 cr). Following completion of the transaction, SSP's stake in TFS will increase to 50.01% from the current holding of 49.0% and TFS will continue to be consolidated in SSP's financial results. Additionally, consistent with the strategic importance of TFS to SSP, SSP intends that 2 of its representatives will join the Board of TFS replacing its existing nominee directors, subject to all necessary regulatory clearances.

Particulars	Rs cr
Overview	
SSP Group PLC's Market Cap	17,491.8
Travel Food Services Ltd. Implied Market Cap	14,484.7
Holding of SSP in TFS*	50.0%
Stake Value	7,243.8
TFS contribution to SSP's FY24 (September ended) Financials	
Revenue	5.0%
EBITDA	14.0%
Number of Travel QSR and Lounge outlets	
SSP Group PLC	3,000+
Travel Food Services Ltd	479
Number of F&B Brands in portfolio	
SSP Group PLC	550
Travel Food Services Ltd	127

**Assuming purchase of additional 1.01% stake by SSP in TFS*

Source: RHP, SSP Group PLC's FY24 Results Presentation, SSL Research

SSPs Global Presence



Source: RHP, SSL Research

About K Hospitality:

K Hospitality is the flagship hospitality brand under which the **Kapur Family Trust** operates/owns/invests in various hospitality and food services companies. As of FY25, K Hospitality has a presence in 35 cities in India and abroad. It operates, owns or invests in QSRs, restaurants, bars, cafes, food courts, banqueting, outdoor catering and corporate food services under popular brands and business verticals such as Copper Chimney, Blue Sea Catering and Banquets and LifeCo Services.

Leverage for TFS:

TFS benefits from K Hospitality's market reputation and bargaining leverage in the procurement of raw materials from K Hospitality's network of suppliers. Through over 50 years of experience in the Indian F&B industry, K Hospitality has developed culinary and operational know-how, an understanding of Indian consumers and industry knowledge that TFS is able to bank on.

Segment-wise Revenue Mix

Segment	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Travel QSR	539.1	50.6%	732.8	52.5%	872.1	51.7%
Lounge services	492.4	46.2%	623.5	44.7%	758.4	44.9%
Management & other services*	34.5	3.2%	39.0	2.8%	57.1	3.4%
Total revenue	1,066.1	100.0%	1,395.3	100.0%	1,687.6	100.0%

*Other services include joining fee and branding income from tie-ups with certain brands & income from the subleasing of space within airports to third parties.

Source: RHP, SSL Research

Travel QSR & Lounge outlets - Bifurcation

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

Source: RHP, SSL Research

List of Partner & In-House Brands

Partner brands		In-house brands
International Brands	Regional Indian Brands	
<ul style="list-style-type: none"> KFC Pizza Hut Wagamama Coffee Bean & Tea Leaf Jamie Oliver's Pizzeria Brioche Doree Subway Krispy Kreme 	<ul style="list-style-type: none"> Third Wave Coffee Hatti Kaapi Sangeetha Bikanervala Wow Momo The Irish House JOSHH Adyar Ananda Bhavan Bombay Brasserie 	<ul style="list-style-type: none"> Caféccino Dilli Streat idli.com Curry Kitchen

Source: RHP, SSL Research

Travel QSR Revenue Split – Brands wise

Particulars	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Partner brands	291.5	54.1%	399.0	54.4%	474.2	54.4%
In-house brands	247.7	45.9%	333.9	45.6%	398.0	45.6%
Total revenue from Travel QSR	539.1	100.0%	732.8	100.0%	872.1	100.0%

Source: RHP, SSL Research

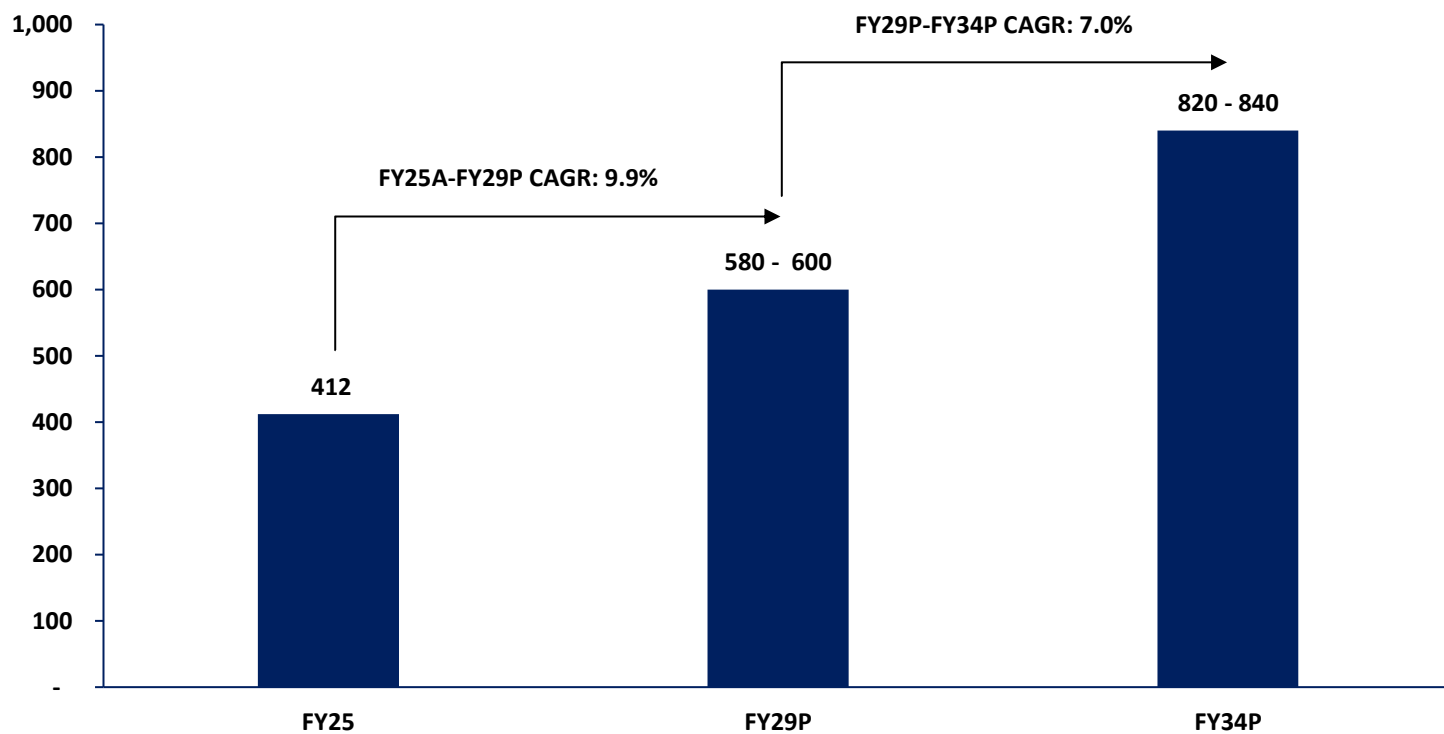
Pan-India Presence (Present across 13 of India's Top 15 airports)



Source: RHP, SSL Research

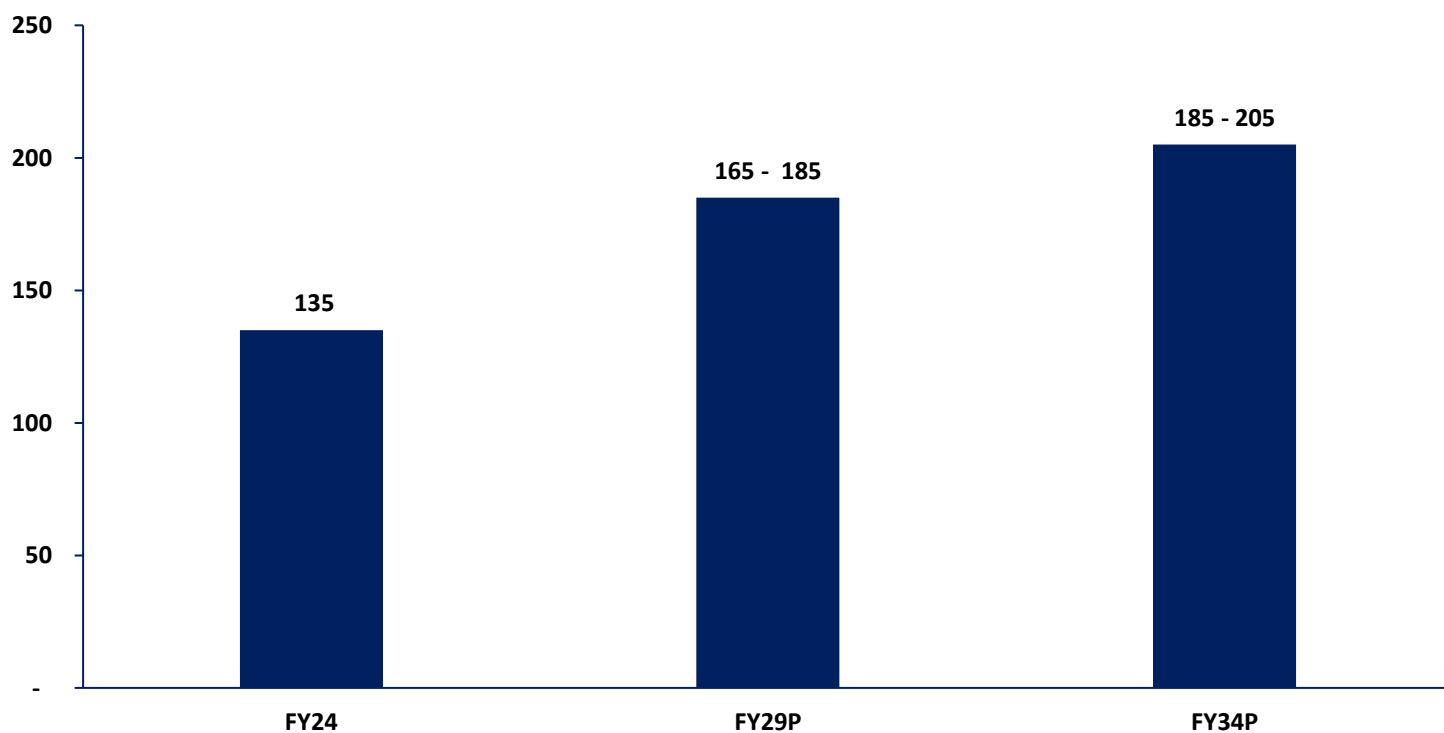
Industry Overview

Total Domestic Air Passenger Traffic (mn)



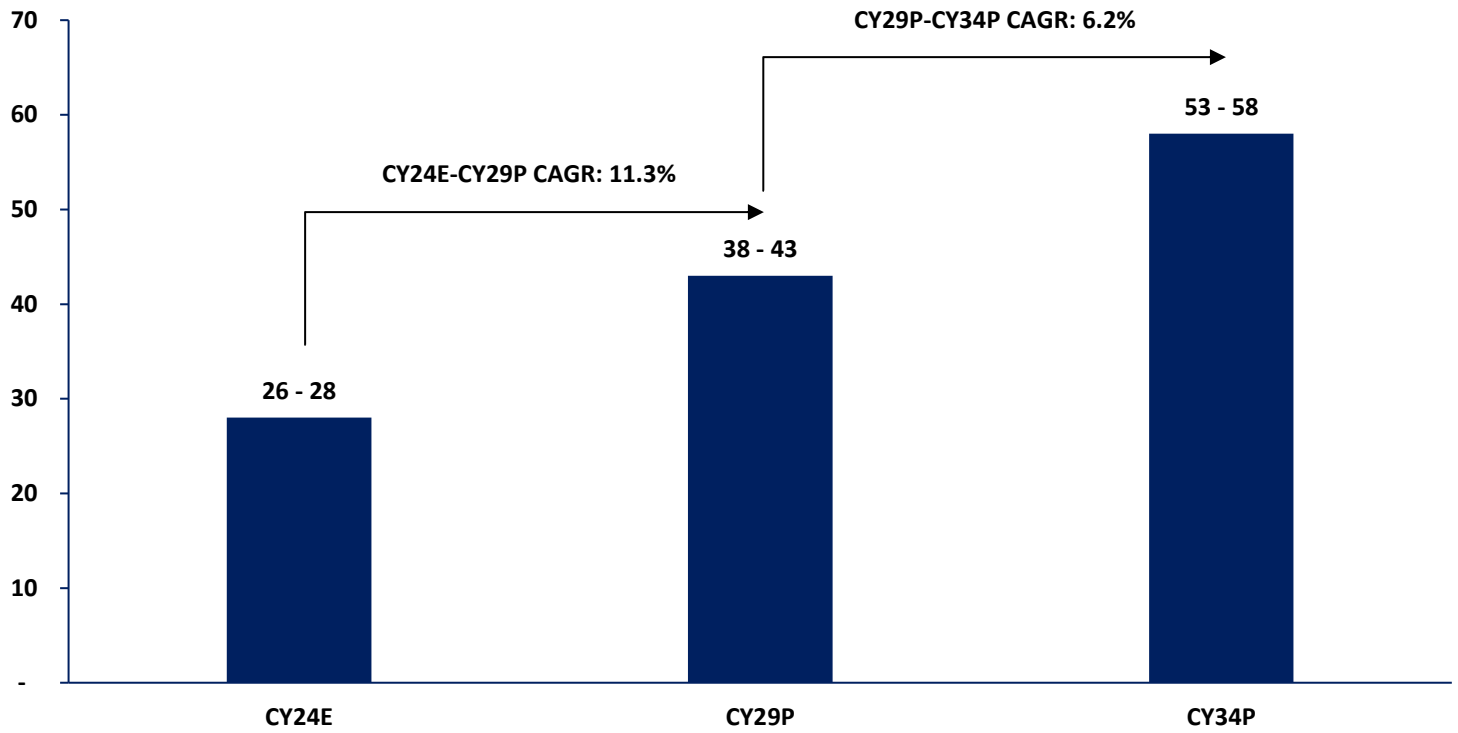
Source: RHP, SSL Research

No. of Operational Airports in India



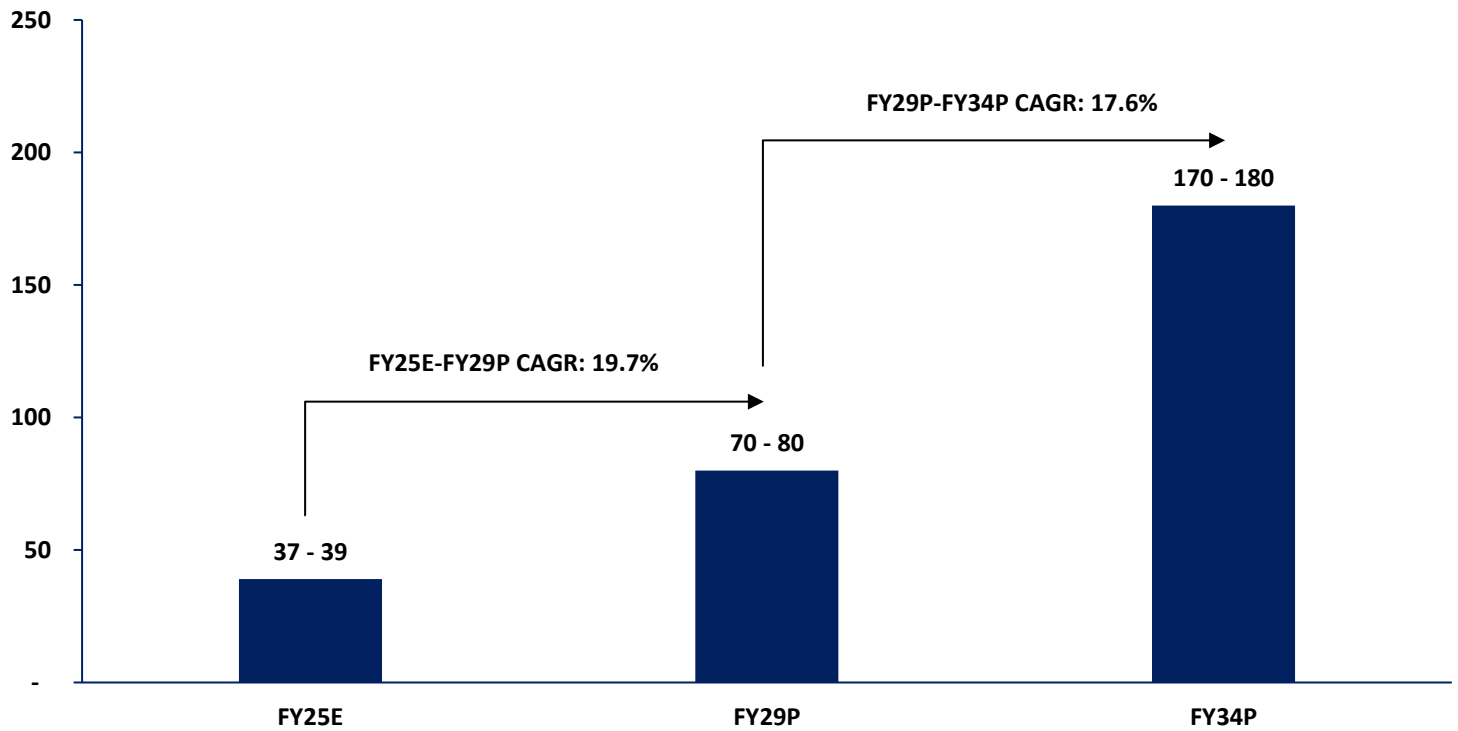
Source: RHP, SSL Research

Global Airport Travel QSR market (USD bn)



Source: RHP, SSL Research

India Airport Travel QSR market (Rs bn)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	1,067	1,396	1,688
YoY growth (%)	-	30.8%	20.9%
Cost Of Revenues (incl Stock Adj)	210	285	296
Gross Profit	857	1,112	1,391
Gross margins (%)	80.3%	79.6%	82.4%
Employee Cost	159	230	277
Other Operating Expenses	323	470	561
EBITDA	374	412	554
EBITDA margins (%)	35.0%	29.5%	32.8%
Other Income	36	66	75
Interest Exp.	48	52	46
Depreciation	83	111	126
PBT	279	316	457
Tax	76	89	125
Share of profit of associates and JVs	48	72	47
Minority Interest	7	10	17
PAT	244	288	363
PAT margin (%)	22.8%	20.6%	21.5%
EPS (Rs)	18.5	21.9	27.6

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	96	122	121
Capital WIP	6	23	39
Intangible Assets	1	1	2
Goodwill	2	2	-
Right of use assets	255	262	249
Other Non current Assets	346	541	544
Current Assets			
Current Investment	326	376	589
Inventories	11	12	9
Trade receivables	114	105	106
Cash and Bank Balances	134	179	38
Short-term loans and advances	6	11	31
Other Current Assets	37	64	175
Total Current Assets	628	745	949
Current Liabilities & Provisions			
Trade payables	178	275	339
Other current liabilities	66	74	116
Short-term provisions	24	26	31
Total Current Liabilities	269	375	487
Net Current Assets	359	371	462
Total Assets	1,064	1,322	1,416
Liabilities			
Share Capital	4	4	13
Reserves and Surplus	652	870	1,040
Total Shareholders Funds	655	874	1,053
Minority Interest	10	14	17
Total Debt	31	64	-
Long Term Provisions	6	7	7
Lease Liabilities	352	352	333
Other Long Term Liabilities	10	11	6
Total Liabilities	1,064	1,322	1,416

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	322	353	515
Cash flow from Investing Activities	(197)	(155)	(191)
Cash flow from Financing Activities	(104)	(172)	(343)
Free Cash Flow	285	274	455

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets	18.3%	17.0%	19.1%
Return on Capital Employed	47.7%	39.2%	47.7%
Return on Equity	37.2%	32.9%	34.5%
Margin Analysis			
Gross Margin	80.3%	79.6%	82.4%
EBITDA Margin	35.0%	29.5%	32.8%
Pre Ind-AS EBITDA Margin	25.7%	21.0%	25.7%
Net Profit Margin	22.8%	20.6%	21.5%
Short-Term Liquidity			
Current Ratio (x)	2.3	2.0	1.9
Quick Ratio (x)	2.2	1.9	1.9
Avg. Days Sales Outstanding	39	27	23
Avg. Days Inventory Outstanding	18	15	11
Avg. Days Payables	94	102	109
Fixed asset turnover (x)	11.2	11.4	14.0
Debt-service coverage (x)	4.1	3.2	11.0
Long-Term Solvency			
Total Debt / Equity (x)	0.0	0.1	-
Interest Coverage Ratio (x)	6.8	7.1	11.0
Valuation Ratios*			
EV/EBITDA (x)	38.5	34.9	26.1
P/E (x)	59.4	50.3	39.9
P/B (x)	22.1	16.6	13.8
EV/Sales (x)	13.5	10.3	8.6
P/Sales (x)	13.6	10.4	8.6

*Valuation ratios are based on pre-issue capital at the upper price band

Source: RHP, SSL Research

Reconciliation of EBITDA for Pre Ind-AS 116 treatment			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue	1,067.2	1,396.3	1,687.7
EBITDA (Post Ind-AS)	373.9	412.1	554.1
EBITDA Margin (Post Ind-AS)	35.0%	29.5%	32.8%
Depreciation of right-of-use assets	60.5	79.2	86.2
Interest expense on lease liabilities	39.2	39.5	34.2
Pre Ind-AS EBITDA	274.1	293.5	433.6
Pre Ind-AS EBITDA Margin	25.7%	21.0%	25.7%

Source: RHP, SSL Research

Peer Comparison – FY25

Particulars (Rs cr)	Travel Food Services Ltd	Jubilant FoodWorks Ltd	Devyani International Ltd	Sapphire Foods India Ltd	Westlife Foodworld Ltd	Restaurant Brands Asia Ltd
CMP	1,100.0	705.0	167.2	320.3	758.3	82.5
Sales	1,687.7	8,142.0	4,951.0	2,882.0	2,491.0	2,551.0
EBITDA	554.1	1,568.0	810.0	477.0	320.0	268.0
Net Profit	363.2	228.0	(6.9)	27.7	12.2	(216.0)
Mkt Cap.	14,484.7	46,519.1	20,195.4	10,292.3	11,824.6	4,803.3
Enterprise Value	14,369.9	47,867.1	20,946.4	10,234.3	12,073.6	4,562.3
EBITDA Margin (%)	32.8	19.3	16.4	16.6	12.8	10.5
Net Profit Margin (%)	21.5	2.8	-	1.0	0.5	-
P/E (x)	39.9	204.0	-	371.0	973.2	-
EV/EBITDA (x)	25.9	30.5	25.9	21.5	37.7	17.0
RoE (%)	34.5	10.8	-	2.0	2.0	-
RoCE (%)	40.6	21.1	-	8.0	12.7	-
EV/Sales	8.5	5.9	4.2	3.6	4.8	1.8

For Travel Food Services Ltd, the Market Cap, P/E (x), Enterprise Value, EV/EBITDA (x) and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

RoE and RoCE calculated on Pre-issue capital

CMP of peer companies is as of 03rd July, 2025. Travel Food Services Ltd does not have any listed like to like industry peers in India. We have chosen the above companies as peers based on the disclosure made by company in RHP.

Source: RHP, SSL Research

SBICAP Securities Limited

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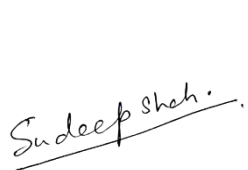
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