TRAVEL FOOD SERVICES LIMITED

July 04, 2025

SMC Ranking

★★½☆☆ (2.5/5)

Issue Highlights

Industry	Airport and Lounge service
Offer for sale (Shares)	18,181,818
Net Offer to the Public	**18,181,818**
Issue Size (Rs. Cr.)	1900-2000
Price Band (Rs.)	1045-1100
Offer Date	7-Jul-25
Close Date	9-Jul-25
Face Value	1
Lot Size	13

Issue Composition

	In shares
Total Issue for Sale	18,181,818
QIB	9,090,909
NIB	2,727,273
Retail	6,363,636

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	100.00%	86.19%
QIB	0.00%	6.90%
NIB	0.00%	2.07%
Retail	0.00%	4.83%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

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.

Book Running Lead Manager

- Kotak Mahindra Caoital ompany limited
- HSBC Securities and Capital Markets (India) Private Limited
- ICICI Securities Limited
- Batlivala & Karani Securities India Private Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Incorporated in 2009, Travel Food Services Ltd is the leading player in India's rapidly growing airport Travel QSR and Lounge sectors, holding market shares of approximately 26% and 45% respectively in FY2025. It operates 442 Travel QSR outlets comprising 384 in India and 39 overseas and 37 Lounges across major airports in which 28 are in India, 8 in Malaysia, and 1 in Hong Kong, serving travellers seeking speed, convenience, and premium experiences. Its presence spans 14 Indian airports, including 13 of the 15 busiest, covering 74% of India's total air passenger traffic. Since its inception the company has maintained a strong contract retention rate of nearly 94%, reflecting its robust operational capabilities in complex airport environments. Backed by SSP group and K hospitality the company has built a diverse portfolio of 127 partners and inhouse brands.

Strength

Leader in travel QSR and Lounge sectors: According to the CRISIL Report, the company was India's top player in airport Travel QSR and Lounge sectors by revenue in Fiscal 2025, with a 26% market share in Travel QSRs and 45% in Lounges. It operated the largest network, with most outlets at major airports like Delhi, Mumbai, and Bengaluru, which together handled 89% of passenger traffic in India's 20 busiest airports. Long-term concessions averaging over eight years, a high contract retention rate of nearly 94% since 2009, and recent wins like the 10-year Noida Airport concession strengthen its position. Its strong presence, proven track record, and ability to create operational synergies make it a preferred partner for airport operators and brands, supporting continued growth.

Operational expertise in F&B in the highly complex and secure environment: Since incorporation, the company has built strong capabilities to handle the challenges of operating in secure, complex airport environments, which makes it a competitive partner for airport concessions. It developed expertise in managing staff, meeting strict airport security and food safety regulations, and running operations 24/7 with dedicated teams for maintenance and compliance. By setting up central kitchens near terminals with multi-cuisine sections, the company can efficiently supply fresh food to many outlets across different brands and terminals, even during sudden surges in passenger traffic.

Established track record of long-term working relationships with airport operators: The company has established long-term relationships with many airport operators, supporting the growth of its Travel QSR and Lounge businesses. It has been present at key airports like Delhi for 15 years, Mumbai for 16 years, and Chennai and Kolkata for 11 years, including being the sole F&B and Lounge operator at Chennai and Kolkata airports since 2014. As of March 31, 2025, it had 70 airport concessions across India, Malaysia, and Hong Kong. Strategic partnerships and joint ventures, including with Semolina Kitchens and SSP TFS HK Lounge Limited, have helped the company expand into new airports like Lucknow, Ahmedabad, Mopa, Hyderabad, Guwahati, and Thiruvananthapuram between 2022 and 2024, further strengthening its airport presence and competitive position. The company operates with airport operators under long term concessions with an average of 8.21 years.

Diversified portfolio of partnered and inhouse brands: As of March 31, 2025, the company's Travel QSR business operated a diverse portfolio of 127 F&B brands, including 90 licensed international and regional Indian brands like KFC, Wagamama, Subway, and Bikanervala, alongside 37 in-house brands such as Caféccino and Curry Kitchen. Its revenue split among inhouse and partnered brand is nearly 45% and 55% of the QSR

sales. The company's strong airport presence and the backing of promoters with extensive F&B brand networks make it an attractive partner for international and regional brands seeking efficient entry into India's Travel QSR market. By partnering with the company, brands can quickly establish themselves in high-traffic airport locations and benefit from its expertise in adapting formats to the travel environment. Through its in-house brands, the company also tailors menus to local and international tastes, such as offering Goan dishes at Mopa Airport via its Samba Square brand.

Deep understanding of traveller preferences with focusing on quality customer experience: The company has introduced several innovative solutions in its Travel QSR and Lounge businesses to meet travelers' demands for speed, convenience, and an elevated experience, while improving operational efficiency. Technological innovations include self-ordering kiosks, online ordering with in-airport delivery, contactless payments, grab-and-go fridges, and the "Food@Gate" service, which delivers orders directly to boarding gates. The company uses digital checklists to manage its multi-brand operations efficiently. In select Lounges, enhancements such as a-la-carte chef-curated menus, spa services, live music, cocktail specialists, and entertainment zones with features like golf simulators have been added to further enrich the customer experience.

Experienced Management & Strategic Partnership: the company has a seasoned management team averaging over 24 years of experience across diverse industries including hospitality, FMCG, telecommunications, IT, infrastructure, retail, and durables. SSP, a leading global Travel F&B operator with a portfolio of 550 brands across 38 countries, offers international best practices, strong governance standards, and relationships with airport operators worldwide. These partnerships enhance the company's credibility, competitive edge in airport concession bids, and ability to attract top international brands like Wagamama to its Travel QSR portfolio.

Strategies

Optimise its product offerings and service to grow like-for-like ("LFL") sales: According to the CRISIL Report, India's air passenger traffic is set to grow faster than the global average. To capitalize on these trends and drive like-for-like sales growth, the company plans to leverage its deep understanding of customer preferences by monitoring market trends and creating or franchising brands tailored to regional demands. It aims to enhance offerings and efficiency through menu simplification, SKU reduction, optimized pricing, and engaging displays, while adopting technologies like in-airport delivery, contactless payments, self-ordering kiosks, and its "Food@Gate" service to improve convenience and speed.

Grow new space in existing markets and build strategic presence in new markets: According to the CRISIL Report, air travel remains underpenetrated in India compared to countries like China and Brazil, indicating significant room for growth. The company plans to capitalize on this opportunity by expanding its Travel QSR and Lounge businesses domestically and internationally. Its strategy includes retaining existing concessions through strong operational performance evidenced by a high contract retention rate of 93.94% while adding new outlets in current airports. Internationally, it has expanded its Lounge operations, by opening lounge overseas reaching nine Lounges abroad as of March 31, 2025. With the global Lounge market projected to nearly double by 2034, the company plans to grow internationally under its ARAYA brand in collaboration with SSP. Additionally, it aims to establish a strategic presence in the growing highway and expressway Travel QSR sectors.

Deliver operating synergies and leverage scale benefits: Margin Optimisation- The company considers operational efficiency a core strength and focuses on optimizing margins through targeted initiatives. Its category management teams analyze data on outlet-level consumption, menu mix, and gross margins by product and category to assess profitability. Supply chain - A central supply chain management team oversees inventory planning and management for food ingredients, packaging, and other supplies. Labour productivity - To maximize labour productivity, staff shifts are scheduled based on projected sales and passenger traffic at each terminal. The company's large on-site workforce enables efficient staffing adjustments in response to flight delays or surges in traffic. Its war on waste - By analyzing discarded food in Lounge dustbins, it identifies oversized portions,

particularly for appetizers and desserts, and adjusts serving sizes accordingly. This approach improves cost efficiency and minimizes food waste.

Optimise capital expenditure through best practices: The company plans to drive capital efficiency through a rigorous investment review process modelled on SSP's standards, involving approvals by its Investment Committee, the SSP Group Investment Committee, or the Board depending on investment size. Standardized procurement processes, bulk ordering, and collaborative vendor negotiations with K Hospitality help secure competitive prices, supported by thorough vendor evaluation and performance monitoring. Fixed-rate annual contracts with vendors control costs for recurring purchases, while post-project audits by an independent third party ensure capital projects meet specifications and inform future planning. Additionally, reverse auctions are used for major capital expenditure items to secure competitive pricing and optimize spending.

Win with People: The company considers its people critical to its success, employing 5,331 on-roll staff primarily in India as of March 31, 2025. Its "People First" strategy focuses on attracting and retaining talent through initiatives like understanding employee needs, feedback-based training, and a Graduate Acceleration Programme; promoting inclusion and engagement with a diverse workforce.

Risk Factor

- Revenue from airport-based Travel QSRs and Lounges accounted for 95.55% in FY25, 95.88% in FY24, and 95.77% in FY23 of total operating revenue, highlighting the company's extreme reliance on airport concessions.
- Travel QSRs and Lounges at the top five airports generated 85.94% of revenue in FY25, 88.36% in FY24, and 90.29% in FY23, underscoring the company's heavy reliance on a small number of high-traffic locations.
- Revenue from franchised brand partners contributed 54.37% in FY25, 54.44% in FY24, and 54.06% in FY23 of Travel QSR revenue, highlighting the company's dependence on maintaining strong relationships with these brands.
- Revenue from Lounge services contributed 44.93% in FY25, 44.65% in FY24, and 46.14% in FY23 of the company's total operating revenue, reflecting substantial reliance on long-term relationships with Lounge Partners such as airlines, card issuers, loyalty programs, and financial institutions.
- The company operates 127 brands (90 licensed + 37 in-house). Poor execution in menu curation, brand updates, or relationship management with partners like KFC, Subway, or Bikanervala could undermine competitiveness.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Westlife Food	2474.13	12.15	0.78	-	19.64	38.70	2	759.95	11850.37
Jubilant Food.	8141.73	210.76	3.46	203.95	22.14	31.87	2	705.65	46561.98
Devyani Intl.	4951.05	9.15	0.08	0.00	18.45	9.06	1	167.15	20195.38
Restaurant Brand	2550.72	-216.20	0.00	0.00	5.29	15.61	10	82.52	4803.30
Sapphire Foods	2881.86	19.25	0.94	340.80	7.36	43.50	2	320.35	10295.50
TRAVEL FOOD SERVICES LTD	1687.74	379.65	28.83	38.15	13.53	81.28	1	1100.00	14484.74

***Peer companies financials are TTM based**
*****TRAVEL FOOD SERVICES LTD is based on FY25**

Valuation

Considering the P/E valuation on the upper price band of Rs.1100, both FY25 EPS and P/E are Rs 28.83 and 38.15 multiple respectively and at a lower price band of Rs. 1045, P/E multiple is 36.24. Looking at the P/B ratio on the upper price band of Rs. 1100, book value and P/B are Rs 81.28 and 13.53 multiple respectively and at a lower price band of Rs. 1045, P/B multiple is 12.86. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

Industry Outlook

The Indian airport travel QSR industry has seen strong growth driven by rising air passenger traffic, growing disposable incomes, longer passenger dwell times, and better airport infrastructure. Food and beverage (F&B) outlets are an essential and irreplaceable part of airport retail, accounting for 34-35% of the total airport retail market. Between FY2019 and FY2025, the Indian airport travel QSR industry grew at a CAGR of ~16%, with per passenger spend more than doubling from ~₹16 billion to ₹37-39 billion. Looking ahead, it is expected to continue growing at a CAGR of 17-19% from FY2025 to FY2034, reaching ₹170-180 billion by FY2034. The Indian Lounge industry has also seen rapid growth, with a CAGR of ~24% between FY2019 and FY2025, and is projected to expand at 22-24% CAGR through FY2034, reaching ₹155-165 billion, supported by increased uptake of credit cards, loyalty programs, and expanding airport infrastructure.

Outlook

The company is well-positioned to capitalize on India's underpenetrated but fast-growing air travel market, supported by rising passenger traffic, a growing middle class, and expanding airport and highway infrastructure. With a strong portfolio of in-house and international brands, a high contract retention rate, and strategic partnerships with airport operators and global players like SSP, the company has clear competitive advantages. Overall, the outlook is positive, with significant runway for growth driven by structural trends in air travel, dining, and lounge services, but success will depend on the company's ability to manage concentration risks, renew key concessions, and adapt to dynamic consumer and regulatory environments.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	07-July-25
BID/ISSUE CLOSES ON	09-July-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	10-July-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	11-July-25
Credit of Equity Shares to Demat Accounts of Allottees	11-July-25
Commencement of trading of the Equity Shares on the Stock Exchanges	14-July-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1,687.74	1,396.32	1,067.15
Total expenditure	1,133.64	984.20	693.29
Operating Profit	**554.10**	**412.13**	**373.86**
OPM%	32.83	29.52	35.03
Other Income	74.97	66.07	36.43
Total Net Income	**629.07**	**478.20**	**410.29**
Interest	45.71	51.69	47.81
PBDT	**583.36**	**426.51**	**362.48**
Depreciation	126.30	110.83	83.11
Profit exceptional Items and Before Tax	**457.06**	**315.67**	**279.37**
Exceptional items	47.27	71.79	47.76
PBT	**504.33**	**387.46**	**327.13**
Tax	124.68	89.35	75.84
Profit & Loss	**379.65**	**298.11**	**251.29**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	120.95	122.18	95.63
Capital Work in Progress	38.64	22.79	6.48
Goodwill	0.00	1.55	1.55
Right of use assets	248.82	262.49	254.59
Other Intangible assets	2.17	0.76	0.79
Investments accounted for using the equity method	279.11	218.06	138.12
Financial Assets			
Investmets	0.01	0.01	0.01
Loans	108.57	135.27	88.92
Other financial assets	69.20	63.04	45.68
Deffered Tax Assets	56.27	55.67	51.62
Income Tax Assets	25.78	37.39	8.92
Other non-current assets	4.65	31.98	12.28
Total non-current assets	**954.17**	**951.19**	**704.58**
Current asset			
Inventories	8.89	11.60	10.58
Financial Assets			
Current Investments	589.36	375.57	325.53
Trade Receivables	106.18	105.02	113.96
Cash and cash equivalents	25.30	68.09	42.19
Other Bank Balances	12.23	110.50	92.24
Loans	31.18	10.66	6.00
Other financial assets	148.45	41.11	22.24
Other Current Assets	26.98	22.72	15.00
Total current assets	**948.56**	**745.26**	**627.74**
Total Assets	**1902.73**	**1696.44**	**1332.32**
Non-current liabilities			
Financial liabilities			
Borrowings	0.00	58.23	22.02
Lease liabilities	217.71	265.86	286.27
Other financial liabilites	6.06	10.17	8.74
Provisions	6.76	7.10	5.87
Other Non Current Liabilities	0.08	0.56	0.93
Total Non- Financial liabilities	**230.59**	**341.92**	**323.82**
Current liabilities			
Financial Liabilities			
Borrowigs	0.00	5.55	9.04
Lease liabilities	115.38	86.43	65.64
Trade payables- Total outstanding dues of micro and small enterprises	23.14	18.85	12.61
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	315.96	255.82	165.83
Other Financial Liabilities	89.89	51.16	34.99
Other current liabilities	21.42	19.51	21.33
Provisions	31.18	25.64	24.00
Current Tax Liabilities(Net)	4.92	3.64	10.06
Total - Current Liabilities	**601.90**	**461.05**	**334.45**
Total Liabilities	**832.49**	**802.97**	**658.26**
Net worth represented by:			
Equity share capital	13.17	3.87	3.87
Other equity	1040.24	869.74	651.60
Non controlling interest	16.84	14.31	9.55
Total Equity	**1070.24**	**887.93**	**665.03**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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