

**Rating: Neutral**

**Issue Offer**

**Offer for sale of 18,181,818 shares up to INR 20,000 Mn.**

**Issue Summary**

|                            |              |
|----------------------------|--------------|
| Price Band INR             | 1045-1100    |
| Face Value INR             | 1            |
| Implied Market Cap INR Mn. | 1,44,847.4   |
| Market Lot                 | 13           |
| Issue Opens on             | July 7, 2025 |
| Issue Close on             | July 9, 2025 |
| No. of share pre-issue     | 131,679,484  |
| No. of share post issue    | 131,679,484  |
| Listing                    | NSE, BSE     |

**Issue Break-up %**

|                |      |
|----------------|------|
| QIB Portion    | ≤ 50 |
| Retail Portion | ≥ 35 |
| NII Portion    | ≥ 15 |

**Registrar**

MUFG Intime India Private Limited

**Book Running Lead Managers**

Kotak Mahindra Capital Company Limited  
HSBC Securities and Capital Markets (India) Private Limited  
ICICI Securities Limited  
Bativala & Karani Securities India Private Limited

**Shareholding Pattern**

|                 | Pre-Issue | Post-Issue |
|-----------------|-----------|------------|
| Promoters       | 100%      | 86.19%     |
| Public & Others | 0%        | 13.81%     |

**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.

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Incorporated in 2007, Travel Food Services Limited is a leading Indian airport-focused food and beverage operator with two key verticals: Travel QSR and Lounges. Its lounge business serves premium passengers through exclusive airport lounges. The company's presence spans 14 airports in India and three in Malaysia, including major hubs like Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, and Chennai, with over a decade of experience at key airports such as Delhi (14 years) and Mumbai (15 years).

**Investment Rationale:**

**Market Leader in Airport QSRs and Lounges:** The company commands a leading 26% market share in airport QSRs and 45% in airport Lounges, supported by India's largest networks in both segments. With 384 QSR outlets and 28 Lounges across 14 major airports handling 89% of India's top airport traffic, it benefits from high passenger volumes and strong revenue visibility. This dominant position makes it well-placed to capitalize on the structural growth of air travel and rising discretionary spending.

**Proven Operational Expertise in Complex Airport F&B Environment:** With 16 years of experience, the company has developed specialized capabilities to navigate the unique challenges of airport F&B operations, including strict security protocols, regulatory compliance, and 24/7 staffing requirements. Its deep expertise enables efficient execution across multiple terminals and brands, supported by central kitchens and robust logistics that ensure timely, high-quality service even amid fluctuating passenger volumes.

**Strong Brand Portfolio and LFL Growth Strategy:** The company operates a highly diversified portfolio of 127 F&B brands—90 franchised from renowned international and regional partners like KFC, Subway, Wagamama, and Bikanervala, and 37 in-house brands tailored to local tastes. This breadth enables it to meet diverse consumer preferences across airports. Leveraging in-depth customer insights, it actively refines menus, simplifies SKUs, introduces digital solutions like self-ordering kiosks and gate delivery, and optimizes outlet layouts to enhance service speed and convenience. These strategies, combined with long-term structural growth in Indian air travel, position the company to drive sustained like-for-like sales growth and improve profitability.

**Strategic Domestic and International Expansion:** The company is set to harness India's underpenetrated air travel market and growing highway QSR sector by expanding outlets in existing and new airports, maintaining a high 93.9% concession retention rate, and entering premium highway food courts. Internationally, its Lounge business is scaling with nine Lounges outside India and further growth planned under the ARAYA brand, positioning it to capture long-term travel-driven demand.

**Valuation and View:** With market leadership in airport QSRs and Lounges, a diversified brand portfolio, and proven operational expertise, the company is well positioned to benefit from India's underpenetrated air travel market and strong highway QSR growth. Ongoing expansion in domestic and international airports, along with digital initiatives to boost like-for-like sales, should drive sustained double-digit revenue growth. The issue is valued at a P/E ratio of 38.15x, based on FY25 EPS of INR 28.83 per share. We are recommending a "Neutral" rating for this issue.

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**Stock Rating Scale**

BUY  
 ACCUMULATE  
 HOLD  
 NEUTRAL  
 REDUCE  
 SELL

**Absolute Return**

>20%  
 12% to 20%  
 5% to 12%  
 -5% to 5%  
 -5% to -12%  
 <-12%

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