

BONANZA WEALTH MANAGEMENT RESEARCH



08th July 2025

Travel Food Services Limited – SUBSCRIBE

Investment Thesis

- Travel Food Services IPO is a bookbuilding of Rs.2,000.00 crores. The issue is entirely an offer for sale of 1.82 crore shares. The company will not receive any proceeds from the Offer and all the Offer Proceeds will be received by the Promoter Selling Shareholder
- Travel Food Services Limited (TFSL) is India's largest operator in the fast-growing airport Travel QSR and Lounge segments, with a market share of 26% in airport QSRs and 45% in private lounges (including JVs/associates), as per CRISIL FY25. As of March 31, 2025, it operates 442 QSR outlets and 37 lounges across 18 airports in India, Malaysia, and Hong Kong. Its F&B portfolio includes 127 partner and in house brands, such as KFC, Pizza Hut, Jamie Oliver's Pizzeria, Hatti Kaapi, and Adyar Ananda Bhavan, offering both diversification and scalability. TFSL has a strong strategic presence in 13 of India's 15 busiest airports, covering ~74% of total passenger traffic, supported by long-standing relationships with key airport operators like GMR and Adani.
- From FY22 to FY25, the company delivered consistent financial growth with total income rising from Rs.1,103.58 crore to Rs.1,762.71 crore, and PAT growing from Rs.251.30 crore to Rs.379.66 crore. PAT margins (20–22%), RoCE (46–53%), average EPS (Rs.24.16), and average RoNW (34.60%) reflect robust profitability. With a 93.94% contract retention rate, TFSL has built a high-entrybarrier business operating in complex airport environments. It is backed by SSP Group (a global FTSE 250-listed travel F&B player) and India's K Hospitality (Kapur family), ensuring strong governance, global synergies, and deep industry knowledge.

Financials

Particular (Rs./Cr.)	FY23	FY24	FY25
Revenue	1067.15	1396.32	1687.73
EBITDA	458.05	549.99	676.34
EBITDA Margin (%)	40%	39%	43%
PAT	251.29	298.12	379.65
EPS (Rs.)	27.58	21.85	18.52

IPO Details

Issue Open Date	07 July 2025
Issue Close Date	09 July 2025
Price Band (Rs.)	Rs.1045 – Rs. 1100
Issue Size*	Rs. 20,000 Mn
Issue Size (Shares)	1,81,81,818
Market Lot	13 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 1/-

* At highest price band

Key Details

Fresh Issue*	NA
Issue Type	Book Building
Book Running Lead Manager	Kotak Mahindra Capital Company Limited.
Issue structure	QIB: 49.89% Non Institutional: 14.97% Retail: 34.92% Employee: 0.22%
Credit of Shares to Demat Account	11 July 2025
Issue Listing Date	14 July 2025

* At highest price band

Key Business Highlights

- Incorporated in 2007, Travel Food Services Limited is an Indian airport travel quick service restaurant ("Travel QSR") and lounge ("Lounge"). The company's F&B brand portfolio, comprising 117 partner and in-house brands, is in the operation of 397 Travel QSRs across India and Malaysia, as of June 30, 2024.
- Travel QSR business comprises a range of curated food and beverage ("F&B") concepts across cuisines, brands and formats, which have been adapted to cater to customers' demands for speed and convenience within travel environments.
- Travel Food Business Limited's lounge business comprises designated areas within airport terminals, accessible primarily by first and business-class passengers, members of airline loyalty programmes, select credit card and debit card holders and members of other loyalty programmes.
- The company's Travel QSR and Lounge businesses are present in 14 airports in India and three airports in Malaysia, as of June 30, 2024. Such airports include the Delhi Airport, Mumbai Airport, Bengaluru Airport, Hyderabad Airport, Kolkata Airport, and Chennai Airport.
- As of June 30, 2024, Travel Food Services were present in the Delhi airport for 14 years, the Mumbai airport for 15 years, the Bengaluru airport for 5 years and the Chennai airport for 11 years.

Valuation

- Travel Food Services Ltd. has created a significant competitive moat in the airport-centric QSR and lounge business, supported by global partnerships, strong brand equity, and a wide network across high-traffic travel hubs. Its unique airport-focused model benefits from long-term contracts, operational complexity, and regulatory barriers that deter new entrants. From a valuation standpoint, the IPO is priced at a P/E of 39.88x (FY25 earnings). Given its strong growth trajectory, first-mover advantage, and resilient business model in a niche, high-growth segment, we recommend a SUBSCRIBE rating for both listing gains and long-term investment.

Risk & Concern

- 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.

Graphs & Charts

Figure 1: Employee expense by revenue

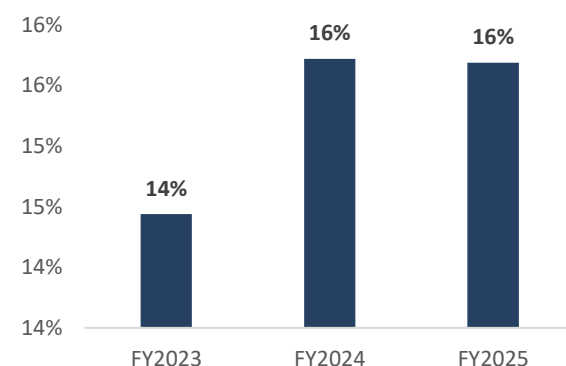


Figure 2: Number of lounge outlets

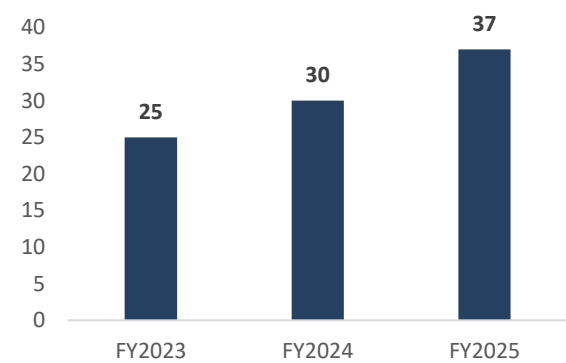


Figure 3: Number of travel QSR outlets

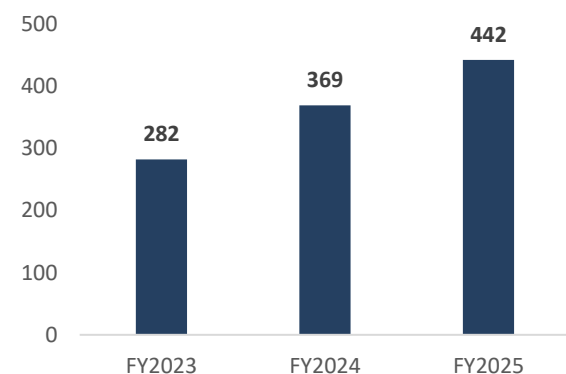
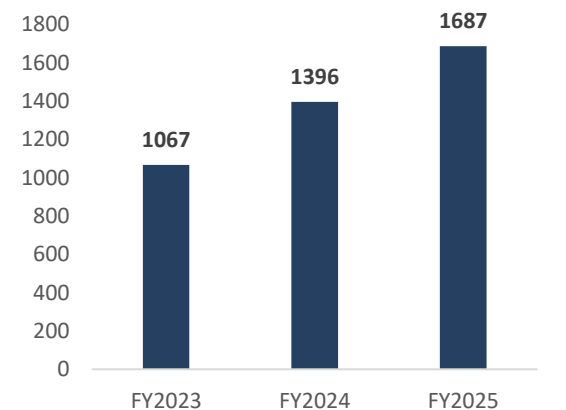


Figure 4: Revenue growth 26% CAGR 2 YR



Name	Designation
Jainam Doshi	Research Analyst

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063

Web site: <https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

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