

26 November 2025

India | Equity Research | Initiating Coverage

Travel Food Services

Consumer Staples & Discretionary

Structural growth story gaining altitude

Travel Food Services (TFS) is India's leading travel F&B player, operating in the highly regulated and high entry-barrier airport segment. TFS is backed by experienced promoters and a global travel F&B major, SSP Group. Given strong contract retention/win trajectory (90%+) and India's growing airport footprint (30+ new airports by FY29) and passenger traffic (8–10% CAGR), we see TFS delivering a 21% system-wide revenue CAGR over FY25–28E. In our view, TFS' strategic partnerships – Adani and GMR – enhance its growth visibility. Separately, we expect scale to improve its ability to win future concessions at other airports. With TFS' leading position in airport QSR and lounges, 24x7 operations and low capex intensity, it should deliver strong profitability/RoCE of ~38%/~25%+ over FY26–28E. We initiate coverage on TFS with **BUY** and a TP of INR 1,600, basis a 42x PER on Sep'27E EPS. **Key risks:** Failure to secure new contracts; loss of concessions; and new private airport operators preferring JVs.

Superior execution to further consolidate TFS' leading position in travel QSR and lounge business

TFS is India's largest player in the airport travel food and beverage (F&B) and lounge segment, with ~26% market share in travel QSR (FY25 revenue) and ~45% in lounges. The company started its journey in 2009, at Mumbai's airport. It has since scaled to become India's largest travel F&B operator, with operations across 15 airports in India, 3 airports in Malaysia, and a lounge in Hong Kong.

TFS has demonstrated consistent growth through a combination of contract wins, brand partnerships and strong execution. Over the last decade, revenue CAGR stood strong at 18% with network expansion and a rise in per passenger spends. TFS has shown the ability to secure long-term concessions at major airports such as Mumbai, Delhi, Chennai, Kolkata, Bengaluru, and Hyderabad, along with its recent win at Cochin.

The company enjoys a ~94% contract retention rate, highlighting its strong relationship with airport operators and superior service standards. The balance mix of international and in-house brands in QSR enables both brand recall and margin flexibility, with in-house brands delivering higher profitability while global brands drive volume and traffic. Its association with SSP Group, a global leader operating in 38+ countries, gives TFS a significant advantage in operations, knowledge and global best practices.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	16,877	16,026	17,524	20,268
EBITDA	5,541	6,205	6,783	7,886
EBITDA Margin (%)	32.8	38.7	38.7	38.9
Net Profit	3,632	4,034	4,584	5,452
EPS (INR)	27.6	30.6	34.8	41.4
EPS % Chg YoY	-	11.1	13.7	18.9
P/E (x)	49.2	44.3	39.0	32.8
EV/EBITDA (x)	31.1	27.5	24.8	20.8
RoCE (%)	30.8	29.5	26.7	26.6
RoE (%)	37.1	34.4	33.1	33.3

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Market Data

Market Cap (INR)	179bn
Market Cap (USD)	2,005mn
Bloomberg Code	TRAVELFO IN
Reuters Code	TAVE.BO
52-week Range (INR)	1,435 /1,009
Free Float (%)	12.0
ADTV-3M (mn) (USD)	2.3

Price Performance (%)	3m	6m	12m
Absolute	10.4	0.0	0.0
Relative to Sensex	6.7	0.0	0.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Passenger traffic growth, new upcoming airports to support growth

Over the next five years, the outlook for India's aviation sector remains robust, with passenger traffic expected to climb at an 8–10% CAGR and 30+ upcoming airport projects (RHP). TFS is well positioned to capture these incremental opportunities as the company continues to expand its presence through its ability to win new contracts and renewal extensions. Additionally, TFS is gradually scaling its international footprint, particularly in Southeast Asia and the Middle East. As TFS' network expands, the company shall benefit from procurement efficiencies, centralised supply chain, and shared management bandwidth; thus, leading to operating leverage.

Strategic partnerships provide long-term visibility and ability to win new concessions

TFS has strong strategic partnerships with India's leading multi-airport operators - Adani Airports Holdings Limited (AAHL) (Mumbai, Ahmedabad and 4 other airports) and GMR Airports Infrastructure Ltd. (GMR) (Delhi, Hyderabad and Goa MOPA). As of FY25, both of these airport operators have ~50% share of passenger traffic in India. In our view, these partnerships provide long-term visibility. Additionally, despite lower shareholding (25% ownership in AAHL JV and 30% in GMR JV), TFS accounts them as JVs due to its significant operational involvement. This reflects TFS' active participation in key business decisions and day-to-day operations, facilitating execution prowess. Moreover, TFS' presence in these major airports not only provides scale but also enhances its ability to attract global/domestic partnerships and win incremental concessions. We expect a 65% revenue CAGR (FY25–28E) for AAHL and GMR JV due to mobilisation of units/lounges (including a few units/lounges being transferred from TFS to JV), ramping up of Navi Mumbai and contract wins at airports.

Leadership position, operating leverage to aid healthy profitability

As per our understanding, airport F&B operations inherently enjoy higher profitability due to limited competition, allowing operators to maintain premium pricing. TFS is the only Travel QSR and Lounge operator at large airports doing this as a focused business. TFS' diversified brand portfolio and strong operational control translate into industry-leading profitability. Additionally, QSRs and lounges operate 24x7, allowing better utilisation of resources, providing TFS significant operating leverage. Moreover, higher dwell times and spending propensity of international and leisure travellers in domestic market boost average ticket size, where TFS stands to benefit from higher per passenger spends. Given the combination of scale, favourable pricing, and asset-light concession model, TFS is expected to maintain healthy EBITDA margins of 37–38% over FY26–28E and strong RoCE of 25%+ over the long term. We expect very marginal margin expansion over FY26–28E driven by lounge mix, operating leverage and continued cost discipline.

Valuation and risk

We initiate coverage on TFS with a **BUY** recommendation and target price of INR 1,600, based on 42x PER on Sep'27E EPS. We expect consolidated revenue/EBITDA/PAT CAGRs of 6%/12%/15% over FY25–28E. Revenue growth is impacted due to mobilisation of units/lounges from TFS to JVs. System-wide revenue CAGR of 21% over FY25–28E is strong on the back of new incremental concessions at new and existing airports, rising passenger traffic, and increasing sales per pax.

Key risks: Inability to win new concessions/airports; loss of existing concessions; and more private airport operators pushing for JVs.

Table of Contents

Redefining airport F&B with dual-engine efficiency	4
Partnership, scale and diversification driving leadership	4
Leveraging capacity additions to deepen presence	8
Global brands and in-house formats driving premiumisation	9
Airport network expansion and growing passenger traffic – key growth drivers	11
Number of airports almost doubled in the past eight years; 30+ new airports expected to come up by FY29	11
Passenger growth increase in macro tailwinds	12
Strategic partnerships with airport operators AAHL and GMR secure market leadership	13
Balanced capex model with lean operations driving strong returns	15
Financial analysis.....	17
System-wide revenue to expand at 21% CAGR; reported revenue to see 6% CAGR over FY25–28E	17
Margins to remain resilient with better pricing and leadership position	18
Share of profit from JV to support earnings	19
Healthy cash flow generation and return ratio	21
Valuation and risk	21
Key risks.....	22
About the company.....	23
Promoters and management profile.....	24
Appendix I.....	26
Overview of the Indian air travel industry	26
Overview of airport infrastructure and airline fleet size in India	28

Redefining airport F&B with dual-engine efficiency

Partnership, scale and diversification driving leadership

TFS has established itself as the leading player in India's airport F&B and lounge segment, operating at a scale unmatched by domestic peers. With a presence across 19 airports, including 13 of the top 15, which together account for ~74% of national passenger traffic, the company operates 454 outlets and 37 lounges as of Jun'25. This scale translated into consolidated revenues of INR 34.2bn in FY25. Recently, TFS also won the concession to Cochin's domestic airport and Navi Mumbai and Noida airports are under development.

A distinctive feature of the business model is its dual growth engines – travel QSR and airport lounges – which together provide revenue diversification and operating leverage. Travel QSR outlets cater to the high throughput of domestic and international passengers across meal occasions, while lounges capture premium travel demand, supported by banks, card issuers and airlines. In FY25, QSR contributed ~55% of system sales and lounges ~45%. This model allows TFS to capture a higher share of wallet from the same passenger base, while leveraging shared infrastructure and centralised procurement to drive efficiency.

The strength of TFS' concession portfolio provides long-term revenue visibility. With an average concession tenure of 8.8 years and ~94% contract retention, TFS is well positioned to benefit from incremental capacity at both metro and emerging airports. More than 70 outlets are currently under development, with upcoming airports such as Navi Mumbai, Noida and new airport wins (such as Cochin, Delhi T2) expected to provide additional growth opportunities.

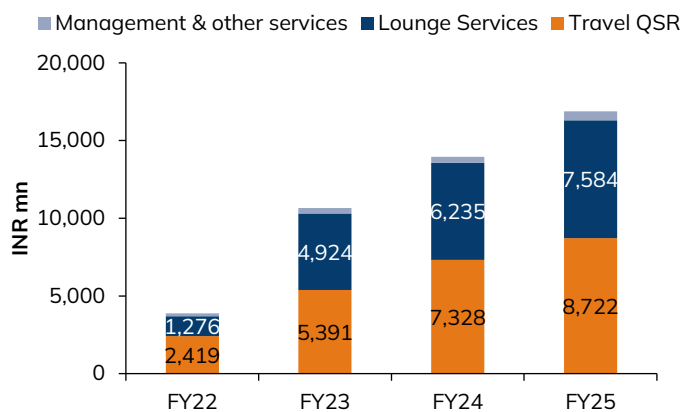
The company also benefits from a broad portfolio of 135+ brands, ranging from marquee international names such as Nando's and Gordon Ramsay formats to in-house Indian concepts. This mix balances premiumisation trends with mass-market accessibility, reinforcing TFS' positioning as the partner of choice for airport operators.

Exhibit 1: TFS airport presence across India and international airports

India	International
Delhi	Hong Kong
Jaipur	Kuala Lumpur
Lucknow	Kota Kinabalu
Guwahati	Kuching
Kolkata	
Bhubaneswar	
Ahmedabad	
Mumbai	
Hyderabad	
Goa Mopa	
Goa Dabolim	
Bengaluru	
Chennai	
Thiruvananthapuram	
Cochin (won in Q2FY26)	
Noida (under execution)	
Navi Mumbai (under execution)	

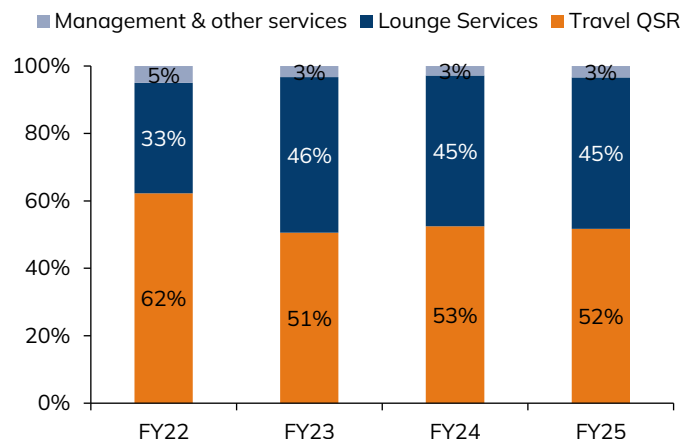
Source: Company data

Exhibit 2: Revenue of travel QSR/lounge business expanded at 27%/24% CAGR over the last two years



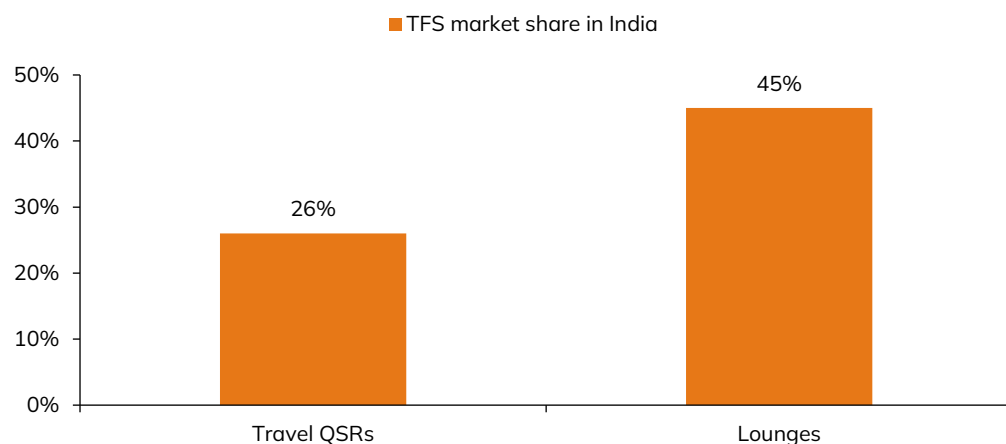
Source: Company data, I-Sec research

Exhibit 3: Travel QSR's share is highest with ~52% of the revenue, followed by lounge services



Source: Company data, I-Sec research

Exhibit 4: TFS' market share in travel QSR and lounge business in India

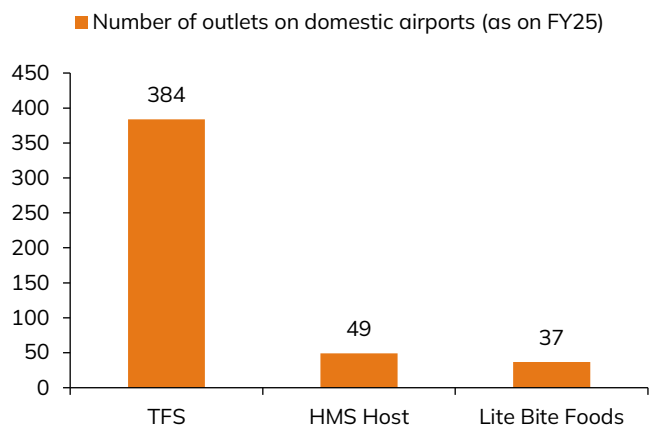


Source: Company data, I-Sec research

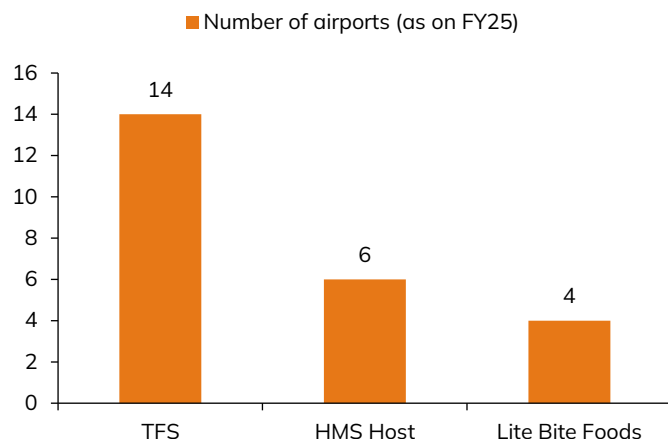
Exhibit 5: Travel QSR peer comparison – TFS' portfolio in travel QSR vs. peers

Company	Year of Incorporation	Key business areas	Key brand portfolio	Presence
TFS	2007	Travel QSR, Lounge	KFC, Idli.com, Cafecchino, Wagamama, Subway, The Coffee Bean & Tea Leaf, Krispy Kreme, Domino's Pizza, Dilli Street, Bikanervala, Adani Lounge, 080 Lounge, Travel Club Lounge, Pizzeria, Araya, etc.	India, Malaysia, Hong Kong
HMS Host Services	2006	Travel QSR	KFC, Pizza Hut, Illy, Taste of India, Idli Factory	Global
Lite Bite Foods	2002	Restaurants, Travel QSR	Punjab Grill, Tres, Zambar, Baker Street, Clink Bar, Begum Noor Jahan Biryani, You Mee, Asia Seven, Shizusan, Pino's, Naashto, Hahn's Kitchen, Lite Bite Biryani	India

Source: I-Sec research, Company data

Exhibit 6: TFS has highest number of Travel QSR outlets compared to peers**Exhibit 7: Airport presence for TFS is highest compared to peers in Travel QSR**

Source: I-Sec research, Company data

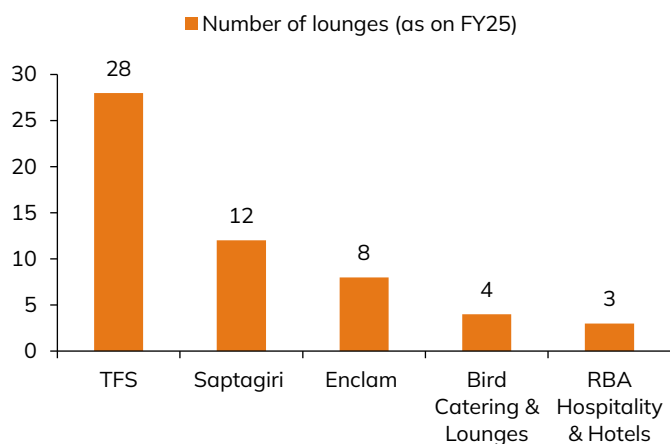


Source: I-Sec research, Company data

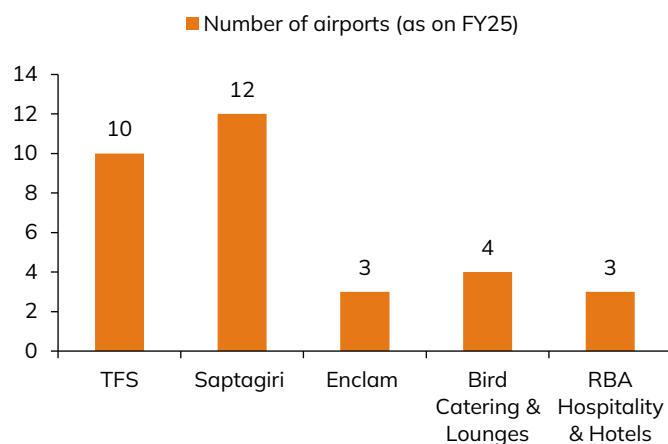
Exhibit 8: Lounge peers' comparison

Company	Year of Incorporation	Key business areas	Key brand portfolio	Presence
TFS	2007	Travel QSR, Lounge	KFC, Idli.com, Cafeccino, Wagamama, Subway, The Coffee Bean & Tea Leaf, Krispy Kreme, Domino's Pizza, Dilli Street, Bikanervala, Adani Lounge, 080 Lounge, Travel Club Lounge, Pizzeria, Araya, etc.	India, Malaysia, Hong Kong
Bird Catering and Lounges	2008	Travel QSR, Lounges	Bird Lounge	India
Enclm Hospitality	2021	Lounges	Atithya, Encalm Lounge, Encalm Spa, Enwrap, Encalm Prive	India
Saptagiri Restaurant	2000	Travel QSR, Lounges	Primus Lounge	India

Source: I-Sec research, Company data

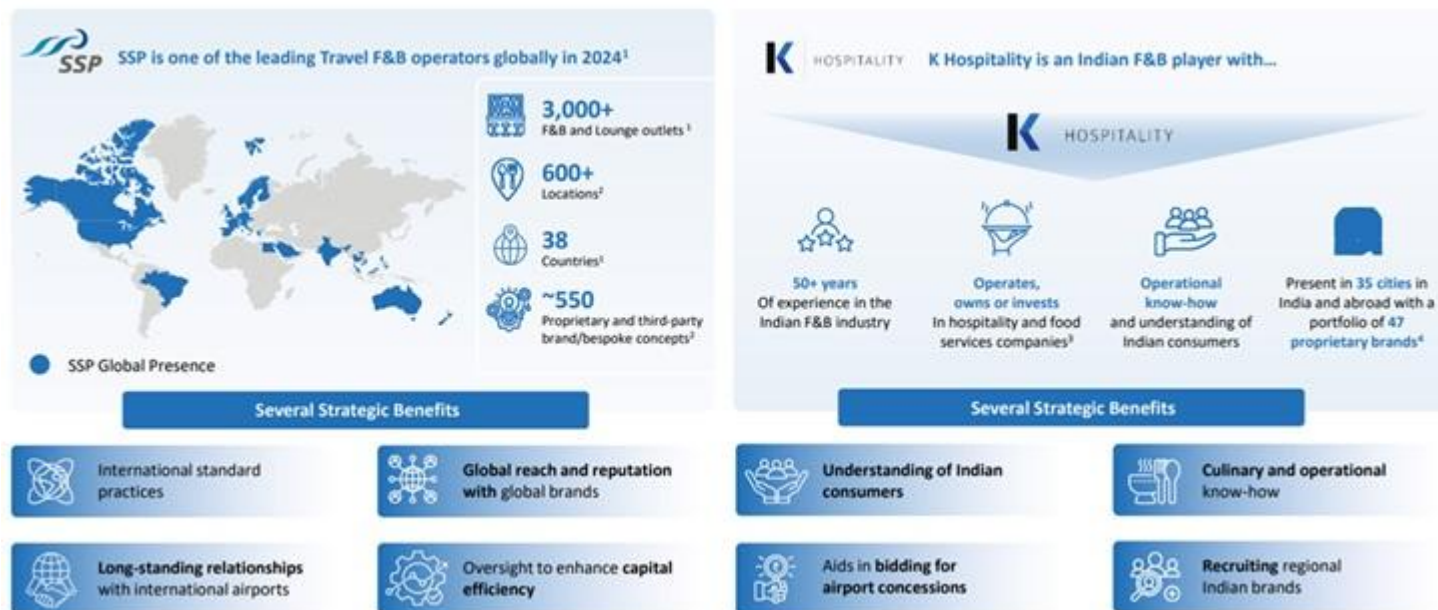
Exhibit 9: TFS has highest number of lounges with 45% market share**Exhibit 10: TFS is present in 10 airports in India**

Source: I-Sec research, Company data



Source: I-Sec research, Company data

Exhibit 11: Promoters' rich history in F&B driving leadership



Source: I-Sec research, Company data

Exhibit 12: TFS has become a leading player over the years of operations

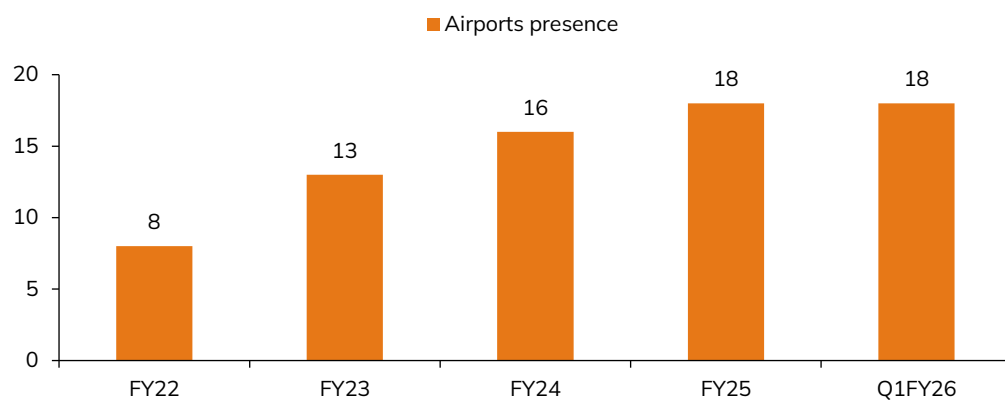


Source: I-Sec research, Company data

Leveraging capacity additions to deepen presence

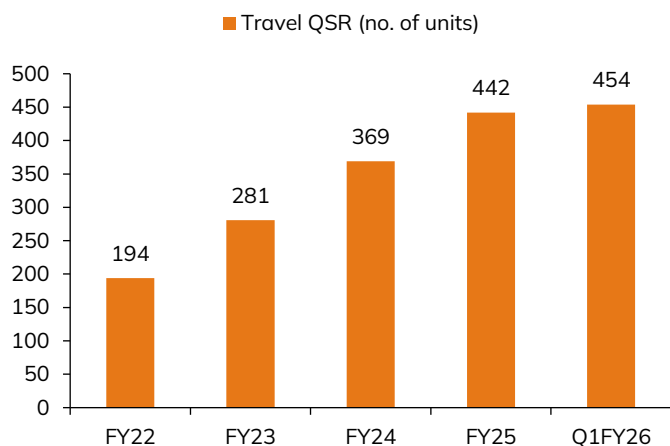
TFS has consolidated its leadership in India's travel F&B and lounge segment by steadily expanding into the busiest airports in the country. This scale provides TFS with a dominant presence across India's key aviation hubs, positioning it to benefit directly from the continued growth in passenger volumes. Expansion momentum has been robust, with its outlet base growing at a ~14% CAGR between FY19–24. In FY25 alone, TFS added 57 new outlets and 6 lounges, while more than 70 outlets are currently under development, with a strong pipeline at metro airports and upcoming greenfield projects. Capacity additions at Navi Mumbai and Noida, combined with further expansion at Delhi, Guwahati, Bengaluru, Lucknow, Goa, and Nagpur, are expected to create significant concession opportunities over the next three to five years.

Exhibit 13: TFS' airport footprint has grown steadily on the back of strong execution and leveraging operating scale



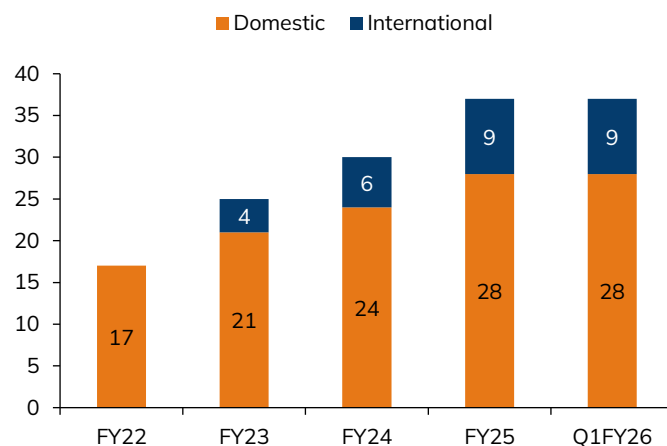
Source: Company data, I-Sec research

Exhibit 14: Travel QSR units expanded at 32% CAGR over FY22–25



Source: I-Sec research, Company data

Exhibit 15: Lounge network expanded at 30% CAGR over FY22–25



Source: I-Sec research, Company data

The expansion story is further reinforced by India's airport capex cycle. Passenger volumes are projected to grow at a ~9.1% CAGR from FY24–30E, reaching 636 mn travellers by FY29 compared to ~412mn in FY24 (TFS RHP). This would drive incremental demand for both QSR formats and premium lounges, underpinned by rising air travel penetration (India's per capita trips of ~0.27 remain well below developed markets). As airports expand their non-aero revenues, TFS' leadership and diversified offering position it as a natural beneficiary.

A key moat is TFS' entrenched presence at India's busiest hubs. Concessions at airports such as Delhi, Mumbai, Bengaluru, and Hyderabad — which together handle more than half of India's passenger traffic — provide unparalleled access to high-volume footfalls. Through its JVs with AAHL and GMR, the company has secured long-term contracts with tenures ranging between 15+ years, offering long-term visibility and reducing renewal risk. This entrenched positioning makes it difficult for peers such as Saptagiri and Lite Bite to compete meaningfully in high-traffic airports.

By combining its existing presence in metros with expansion into emerging airports, TFS is well placed to deliver consistent growth across both its verticals. QSR outlets would benefit from volume-led growth driven by rising traffic throughput, while lounges would capture premiumisation-led growth, supported by banks, card issuers, and airlines. This combination of strategic positioning, capacity-led expansion, and long concession tenures ensures sustained visibility of revenues over the medium term.

Global brands and in-house formats driving premiumisation

A key strength of TFS is its ability to operate a diverse brand portfolio, combining global marquee names with in-house formats tailored to Indian travellers. The company manages a network of 130+ brands, including international QSRs such as KFC, Subway, Domino's, Krispy Kreme, and Nando's, with the upcoming launch of the Gordon Ramsay formats expected to further elevate its premium positioning. Alongside these, TFS has built proprietary in-house concepts that reflect regional cuisines and value-oriented meals, enabling the company to serve both aspirational and mass-market travellers.

This balance allows TFS to capture a broad spectrum of spend patterns, from small-ticket, high-frequency meals at QSR counters to premiumised lounge and fine-dining experiences. Unlike domestic peers such as Saptagiri and Lite Bite, which remain reliant on fewer partnerships, TFS has developed a broad-based and de-risked portfolio that enhances brand recall while mitigating concentration risks. Its ability to secure tie-ups with marquee brands further strengthens its ability to win new airports, which increasingly seek aspirational formats to maximise non-aero revenues.

India's airport F&B spend per passenger remains significantly below global averages. With rising disposable incomes and premiumisation in travel, TFS is structurally well positioned to benefit from this convergence. International brands such as Nando's or Gordon Ramsay serve aspirational young and premium travellers, while in-house formats capture daily meal occasions, ensuring throughput across day-parts. This unique positioning has supported steady like-for-like (LFL) growth, which stood at 12.5% in Q1FY26, and has helped lounges contribute a rising share of sales (~45% in FY25 and ~47% in Q1FY26).

Operationally, portfolio depth also provides scale advantages. Multiple formats under one roof allow efficient space allocation, shared kitchens, and cross-utilisation of staff, leading to stronger unit-level economics and higher margins compared to single-brand concessionaires. Moreover, TFS' ability to integrate its F&B expertise into supporting lounges creates a seamless ecosystem where QSR demand complements curated lounge dining, supporting higher spend per passenger and reinforcing strategic stickiness with both banks and airport operators.

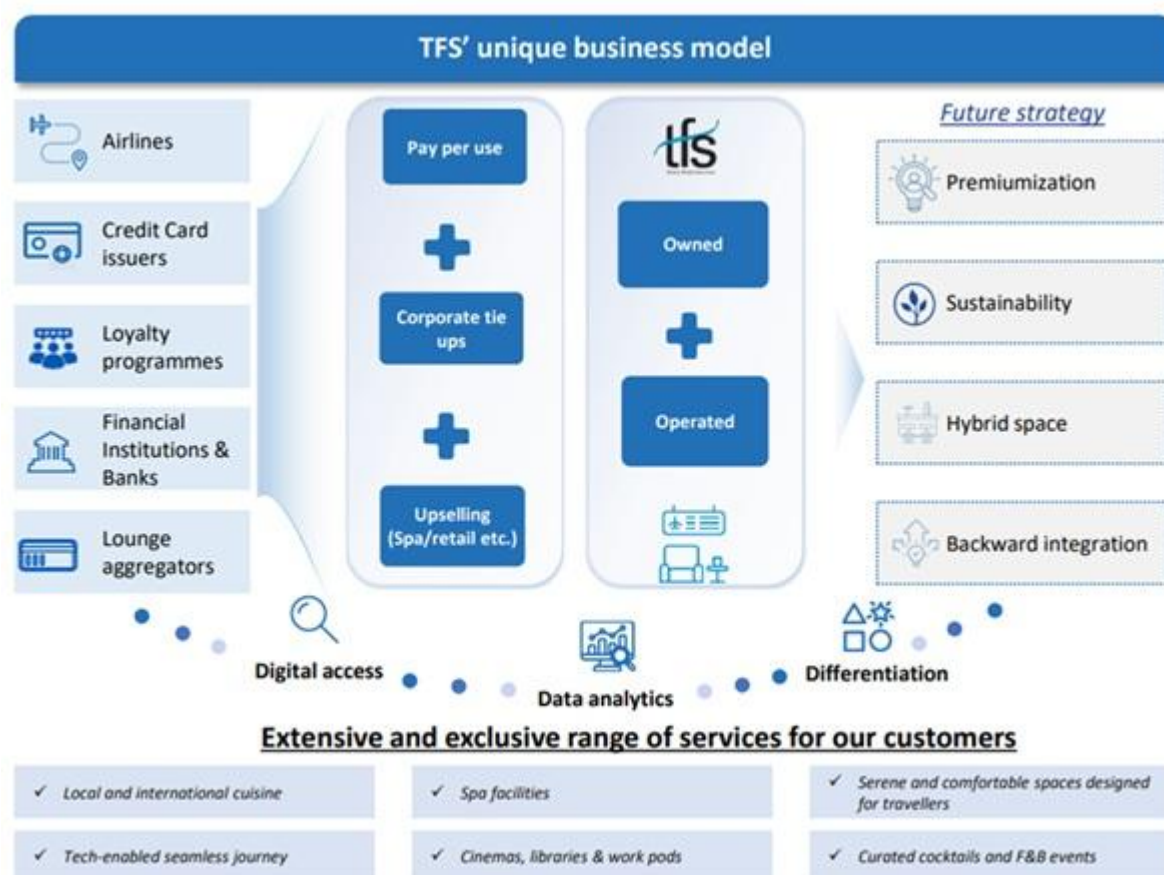
With India's per-capita trips still at ~0.15 compared to >2 in developed markets (RHP), rising passenger volumes and spend per traveller could provide a long runway for growth. TFS, backed by its diversified and premiumising portfolio, is therefore, uniquely placed to benefit from both volume growth and value accretion, a combination that peers would struggle to replicate.

Exhibit 16: TFS – balance of partner and in-house brands to drive footfalls in travel QSR



Source: I-Sec research, Company data

Exhibit 17: TFS – largest lounge network in India with differentiated value-add services



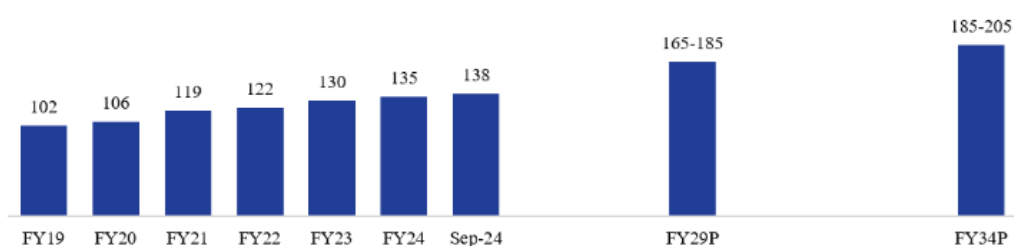
Source: I-Sec research, Company data

Airport network expansion and growing passenger traffic – key growth drivers

Number of airports almost doubled in the past eight years; 30+ new airports expected to come up by FY29

Over FY16–25, operational airports in India have increased to 138 airports, from 77 airports. This expansion has enhanced connectivity across India, making air travel more accessible to a larger population. Improved infrastructure and increased regional connectivity have facilitated easier and more efficient travel, leading to a rise in domestic passenger volumes. This addition is expected to come in the form of newer airports in tier-2 and tier-3 cities. In addition, establishment of new airports in metro cities is anticipated to contribute to the overall increase in new developments

Exhibit 18: Number of operational airports in India



Source: Company data, I-Sec research

Exhibit 19: TFS operates in 14 of 15 India's largest airports (Cochin airport concession was won in Q2FY26)



Source: Company data, I-Sec research

According to Crisil Intelligence's estimates, there are 30+ airports in India where some form of capital expenditure (greenfield or brownfield) is currently ongoing. Some of the key ongoing and upcoming projects are listed in **Exhibit 20** below.

Exhibit 20: Major upcoming airport projects

Project name	Cost (INR bn)	Scope of work	Tentative completion timeline
Navi Mumbai airport	180 (phase 1)	Greenfield	FY26 (Phase 1)
Hyderabad airport expansion	65	Terminal 2	FY26
Chennai airport	24	New terminal apron	FY26
Jewar airport	57 (phase 1)	Greenfield	FY26 (Phase 1)
Bengaluru airport Stage 2 expansion	135	Second runway, Phase 1 terminal, two aprons and taxiway	FY26
Bhogapuram airport	24 (phase 1)	Greenfield	FY27
Guwahati airport	20	New terminal	FY26
Nagpur airport	25 (phase 1 expansion)	Terminal apron	-
Pune airport	75	Greenfield	-
Ahmedabad airport	232	New terminal	-
Mangalore airport	180	New terminal	-

Source: RHP

Passenger growth increase in macro tailwinds

India's aviation industry is witnessing a sustained structural growth phase, driven by rising disposable incomes, greater affordability of air travel, and capacity expansion by both private and government-backed airports. Domestic air passenger traffic is projected to rise at a ~8–10% CAGR between FY24–30E, reaching ~636mn passengers by FY29E compared to 412mn in FY24 (RHP). With per-capita trips in India at ~0.15 vs. >2 in developed markets, the headroom for long-term growth is significant. As the leading F&B and lounge operator across 18 airports (including 13 of the top 15), TFS is directly positioned to benefit from this step-up in passenger throughput.

Historically, TFS has demonstrated the ability to capture incremental growth through LFL sales improvements, supported by higher footfalls and premiumisation of spending. In Q1FY26, system sales grew 27% YoY to INR 7.15bn, led by a 12.5% LFL increase, underscoring the strength of its operating model. This growth came alongside the expansion of outlets and lounges, highlighting TFS' ability to balance organic throughput-led gains with network-led growth.

The combination of rising passenger throughput and consistent LFL growth provides natural operating leverage. Shared back-end infrastructure, common procurement, and cross-utilisation of staff ensure that incremental traffic translates into higher margins. With India expected to add new airports in Navi Mumbai, Noida, and at several tier-2 airports, TFS is positioned to see further acceleration in both passenger-driven volume growth and margin-rich premiumisation.

Exhibit 21: CAGR in traffic at TFS-covered airports vs. peers (mn)

Airport	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 Change over FY19
TFS								
Delhi	69	67	23	39	65	74	79	14%
Mumbai	49	46	11	22	44	53	55	13%
Bengaluru	33	32	11	16	32	38	42	26%
Hyderabad	21	22	8	12	21	25	29	36%
Chennai	23	22	5	10	19	21	22	-1%
Kolkata	22	22	8	11	18	20	22	0%
Ahmedabad	11	11	4	6	10	12	13	20%
Cochin	10	10	2	5	9	10	11	10%
Goa (Dabolim)	8	8	3	5	8	7	7	-14%
Lucknow	6	5	2	3	5	6	6	16%
Guwahati	6	5	2	3	5	6	6	7%
Jaipur	5	5	2	3	5	5	6	11%
Bhubaneswar	4	4	2	2	4	5	5	16%
Thiruvananthapuram	4	4	1	2	3	4	5	10%
Peers								
Pune	9	8	2	4	8	10	10	15%
Srinagar	3	3	2	3	4	4	4	63%
Chandigarh	2	2	1	2	4	4	4	98%
Indore	3	3	1	2	3	3	4	19%
Patna	4	5	3	3	4	3	4	-6%
Calicut	3	3	1	2	3	3	4	10%

Source: Company data, I-Sec research

Strategic partnerships with airport operators AAHL and GMR secure market leadership

Over the past few years, airports in India have evolved from being government-controlled infrastructure providers to profit-oriented service providers. Some of the biggest airports in India such as Delhi (also long-term concession for T1 and T2), Mumbai, Bengaluru and Hyderabad are operated as JV airports with private players, indicating a push for the private sector in airport operations. AAHL and GMR are among the leading private multi-airport operators in India in terms of number of airports.

TFS has strengthened its leadership by forging strategic partnerships with India's two largest private airport operators — AAHL and GMR. These JVs provide access to concessions at some of the busiest airports in the country, creating a highly visible and difficult-to-replicate platform for growth. In our view, these strategic partnerships provide much better visibility of growth and experience to run the business over the long term. Additionally, despite minority interest in JV (25% in AAHL and 30% in GMR), the partnerships are called JVs and not associate due to their significant say in business operations.

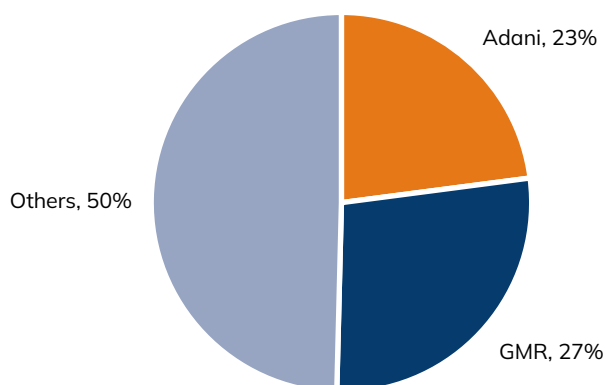
Through its JV with AAHL, TFS operates across the group's network of seven airports, including key metros such as Mumbai, Ahmedabad, and Lucknow. Similarly, the partnership with GMR secures its presence at Delhi and Hyderabad, two of the busiest hubs that together account for a substantial share of India's passenger traffic. Collectively, these airports represent more than 50% of national air traffic, offering TFS unmatched exposure to the highest-volume locations.

A critical feature of these JVs is the long-term concession agreements during their tenure, typically ranging from 15+ years. This significantly reduces renewal risk and ensures stability of revenues over the long term. The JV structure also allows TFS to maintain strong alignment with airport operators, enhancing the likelihood of favourable outcomes in future capacity additions.

Financially, the partnerships operate on a profit-sharing model, enabling TFS to participate meaningfully in the upside from traffic growth while limiting downside risks. While the specific terms vary by contract, the model provides predictable cash flows and ensures that incremental growth at these airports directly accrues to the JV. Given that AAHL and GMR airports together form the backbone of India's aviation sector, these partnerships effectively lock in long-term growth visibility for TFS.

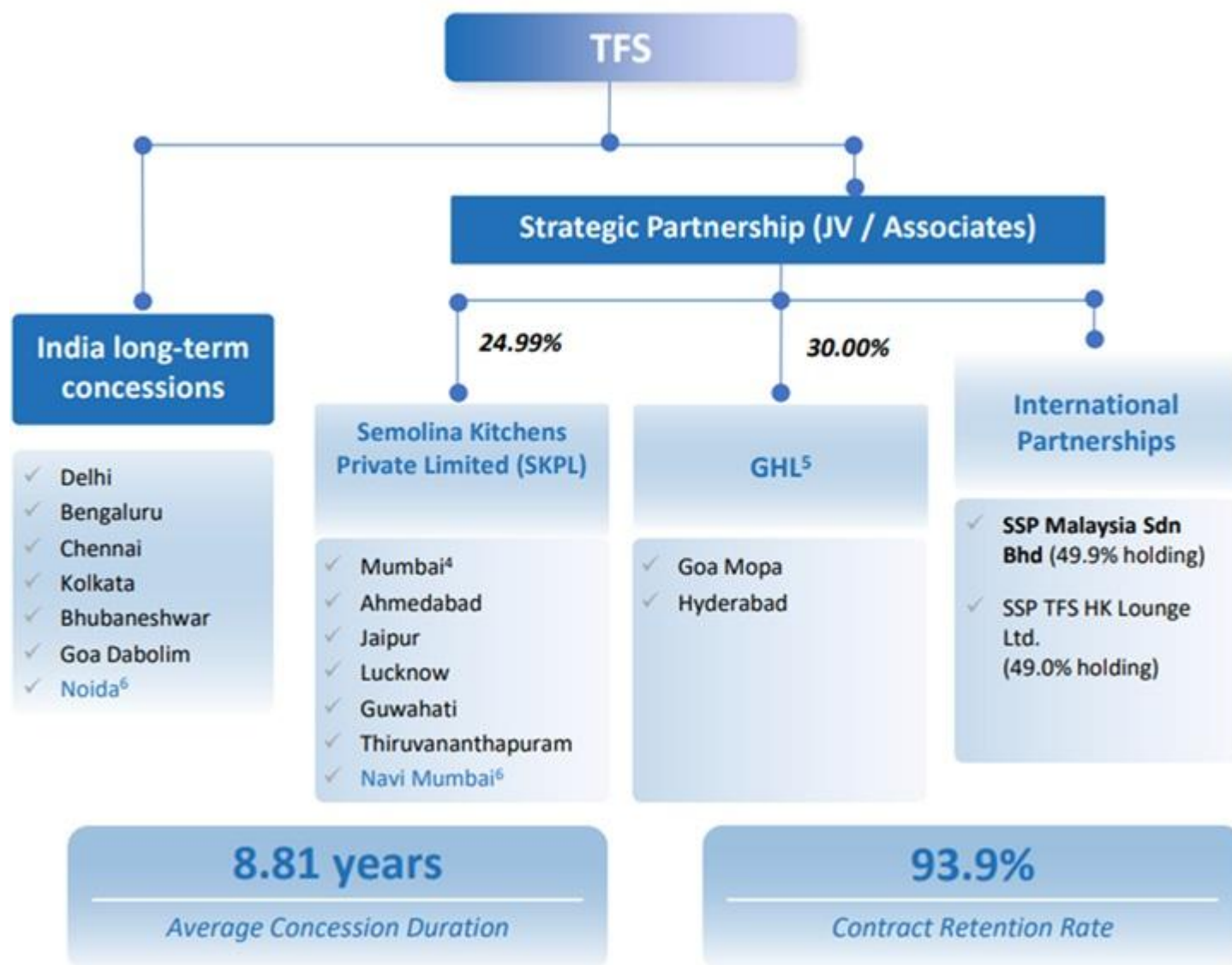
Beyond financial stability, the JVs also enhance TFS' competitive moat. Airport operators increasingly prefer concessionaires with global tie-ups, brand depth, and operational capabilities to manage complex environments. TFS' proven ability to deliver across both QSR and lounges makes it the natural partner of choice, further fortifying its positioning. With India's aviation market set for double-digit growth, the AAHL and GMR JVs provide TFS with a strategic edge that peers would struggle to replicate.

Exhibit 22: AAHL + GMR airports handle ~50% share of India's passenger traffic



Source: Company data, I-Sec research

Exhibit 23: TFS has secured business via long-term contracts/partnerships with airport operators



Source: I-Sec research, Company data

Balanced capex model with lean operations driving strong returns

TFS operates a business model that requires direct investment in kitchen infrastructure, outlet fit-outs, equipment, and lounge interiors. While this makes the company relatively more capital-intensive than service-oriented travel ecosystem players, its JVs with AAHL and GMR provide greater stability of operations. This balance allows TFS to expand across high-traffic airports while maintaining financial discipline

Despite its capital intensity, TFS has consistently delivered efficient operations. Scale across 454 outlets and 37 lounges enables centralised procurement, shared kitchens, and flexible staffing, keeping operations lean. These efficiencies ensure that incremental traffic translates into margin expansion, as additional revenues flow through with limited fixed cost increases.

Cash flow visibility is underpinned by long concession tenures and high retention. The average concession tenure across the portfolio is ~8.8 years, while historical contract retention has been ~94%. The JV profit-sharing model also lowers the need for upfront concession payments, supporting capital efficiency and enabling reinvestment into new locations.

This combination of scale, efficient operations, and stable contracts has translated into attractive return ratios. Return on equity (RoE) stood at ~37% in FY25, while return on capital employed (RoCE) was ~31%. Both metrics compare favourably with domestic F&B peers and reflect TFS' ability to deliver sustainable returns despite its higher capex intensity. Additionally, given that TFS only contributes its share of capex into JV, it has positive impact on ROI given that they receive share of PAT and management fees. Looking ahead, further lounge premiumisation, expansion into upcoming airports, and scale efficiencies are expected to sustain margins and support consistent return generation.

Exhibit 24: QSR operational framework

Parameter	High-street QSRs	Airport Travel QSRs
Mode of operation	High-street QSR operators get franchise rights from a master franchisor or a brand to run brand outlets. They negotiate with the brand on a one-on-one basis and can enter arrangements to operate brand outlets across India or in some regions. Franchise operators usually pay an annual royalty and continuity fee to the master franchisor.	Airport QSR players directly gain rights from a master franchisor or brand to operate outlets on airport premises by paying a franchisee fee. For space allocation at airports, airport travel QSR operates have to go through complex tendering process. Space is allocated to these players basis fees such as fixed rental, revenue share and minimum guarantee.
Target consumers and marketing, digital disruption risks	Target consumers are people intending to eat out, get takeaway or eat-in by ordering food online.	Target consumers are semi-captive customers i.e. passengers travelling from and to airports.
Outlet operations	High-street QSRs are typically 1,000–2,000sq.ft, outlets with a kitchen, serving area and sitting area. There is usually a limit on the size of the sitting area.	Airport QSRs are usually 200–400sq.ft. outlets with a kitchen and serving area. The sitting area is designed as in a food court, so seating capacity is relatively flexible.
Offerings	The offerings at the high-street QSRs are pre-decided and also features options like combo meals. All day offerings or late-night offerings are available at very selected high street outlets.	Airport QSRs have a smaller menu with items that have less turnaround time tailored for time sensitive travellers. Additionally, airport QSRs are required to cater to all-day offerings including breakfast, lunch and dinner.

Source: I-Sec research, Company data

Exhibit 25: Airport travel QSRs has better store economics than high-street QSRs

Parameter	High-street QSRs	Airport travel QSRs
Financial parameters		
Gross margin (after considering Cost of materials & goods and employee expenses)	Typical range: 45–50%	Typical range: 50–55% (5–6% higher than high-street QSRs)
Operating EBITDA margin	Typical range: 10–20%	Typical range: 15–25% (~5% higher than high-street QSRs)
Operational parameters		
Average order value	INR 500–600	INR 500–600 (In a similar range or slightly lower due to more single-person orders at airport travel QSRs than at high-street outlets)
Average daily sales	Typical range: INR 50,000–1,00,000	Typically, 15–20% higher than high-street QSRs
Sales per sq.ft.	X	5–6x
Capex per store	X	X (Smaller size of stores offset by use of high-end construction materials, higher license fees and higher security deposits at airports, however per square feet capex is higher at the airport QSR outlets due to above mentioned factors)
Payback period	3–4 years	~3 years (lower than high-street QSR)

Source: I-Sec research, Company data

Exhibit 26: TFS – sustainable growth model to drive long-term performance


Source: Company data, I-Sec research

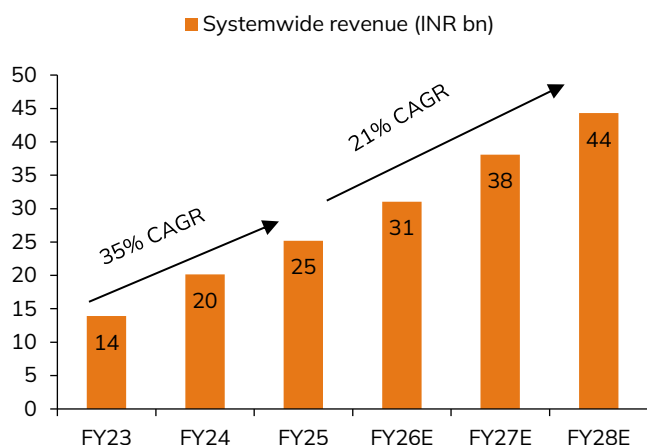
Financial analysis

System-wide revenue to expand at 21% CAGR; reported revenue to see 6% CAGR over FY25–28E

We expect TFS' system-wide revenue CAGR at 21% over FY25–28E driven by new incremental concessions, rising passenger traffics and increasing sales per pax. The reported revenue (consolidated) appears to be lower and should see a 6% CAGR over FY25–28E due to mobilisation of units/lounges from TFS to JVs. Excluding mobilisation, LFL revenue is expected to expand at a 25% CAGR.

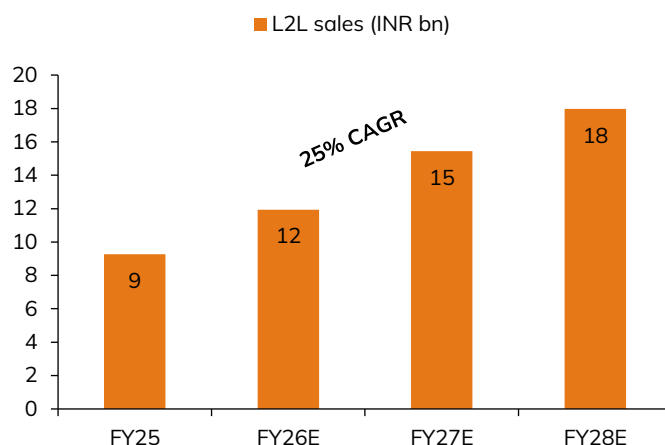
AAHL and GMR JVs' revenue should see a 65% CAGR over FY25–28E due to mobilisation of existing units/lounges, opening of Navi Mumbai airport, and new incremental concession at Mumbai, Delhi and Hyderabad airports. On these JVs, TFS is expected to earn management fees at the rate of 1.5-2.5% over the period.

Exhibit 27: System-wide revenue over FY23–28E



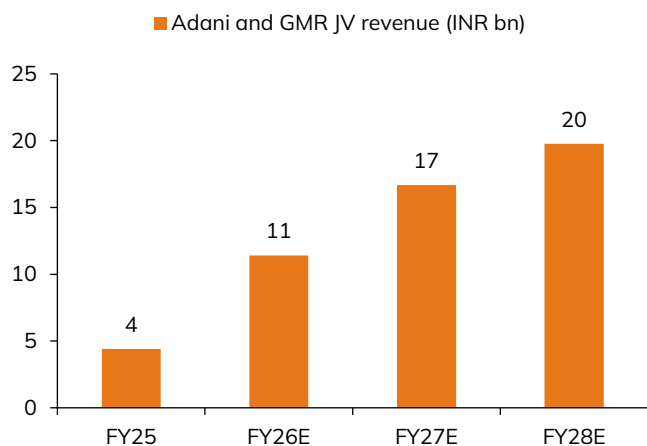
Source: Company data, I-Sec research

Exhibit 28: LFL revenue to expand at 25% CAGR over FY25–28E (excluding impact of mobilisation of units and lounges – excluded from base too)



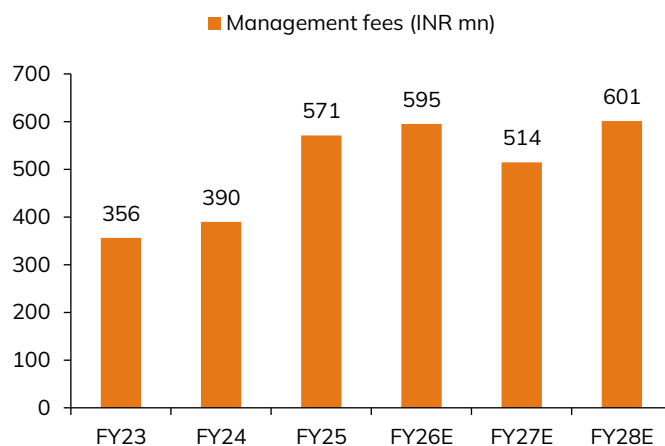
Source: Company data, I-Sec research

Exhibit 29: AAHL and GMR JV revenue to see 65% CAGR over FY25–28E



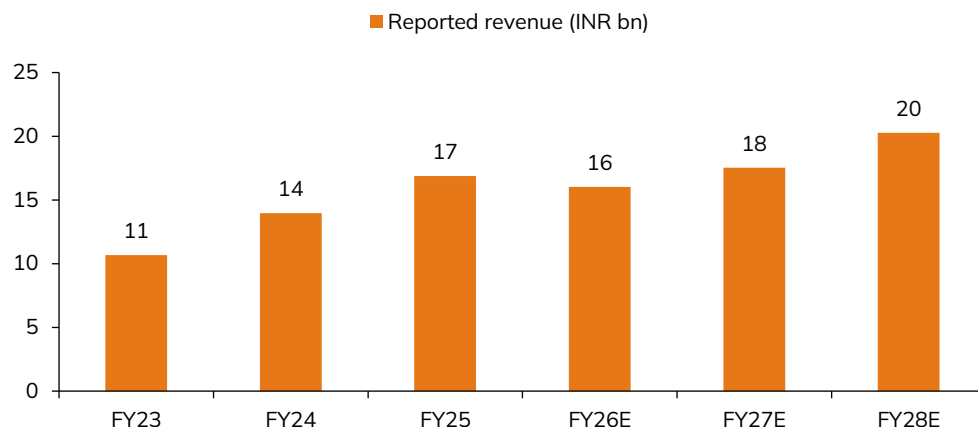
Source: Company data, I-Sec research

Exhibit 30: Management fees over FY23–28E



Source: Company data, I-Sec research

Exhibit 31: Reported revenue to grow at 6% CAGR over FY25–28E



Source: Company data, I-Sec research

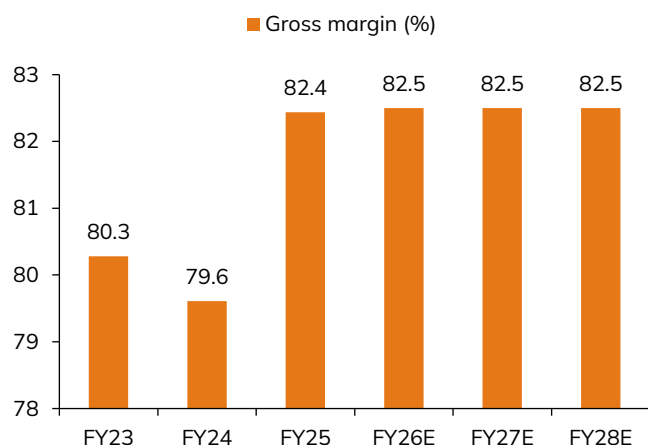
Margins to remain resilient with better pricing and leadership position

Due to low competition and limited options for consumers for F&B, airport F&B operators inherently enjoy better pricing with limited competition in the business. Additionally, QSR and lounges operate round-the-clock to cater to the demand of the consumers, which ensures better utilisation of resources, providing TFS significant operating leverage.

Notably, consumers tend to spend more on F&B, if they have higher dwell time at the airport. The dwell time for international passengers is higher compared to domestic passengers, as they tend to report 3–4 hours prior to boarding. In domestic travel, passengers for leisure travel spend more compared to business travel. The higher spending propensity by these travellers in domestic and international markets boost the average ticket size, where TFS stands to benefit from higher per passenger spends.

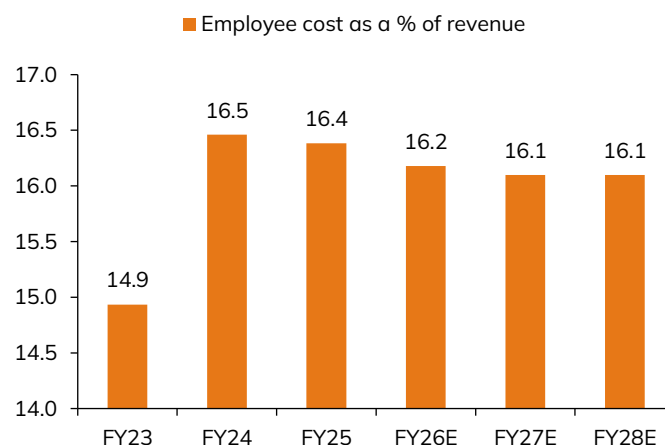
Given the combination of scale, better pricing, and asset-light concession model, TFS is expected to maintain healthy EBITDA margins of 37–38% over FY26–28E, with strong RoCE of 25%+ over the long term.

Exhibit 32: Gross margin

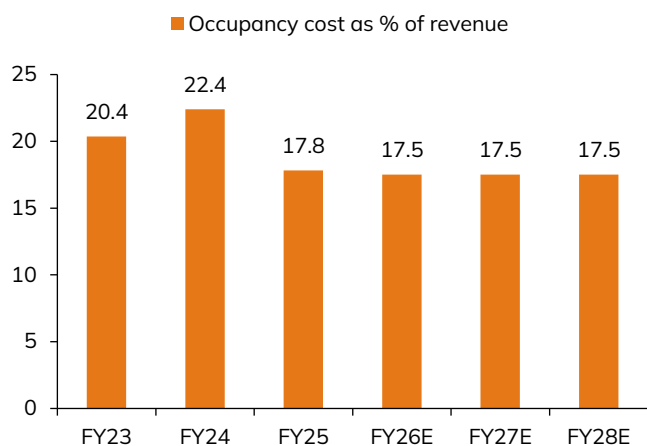


Source: Company data, I-Sec research

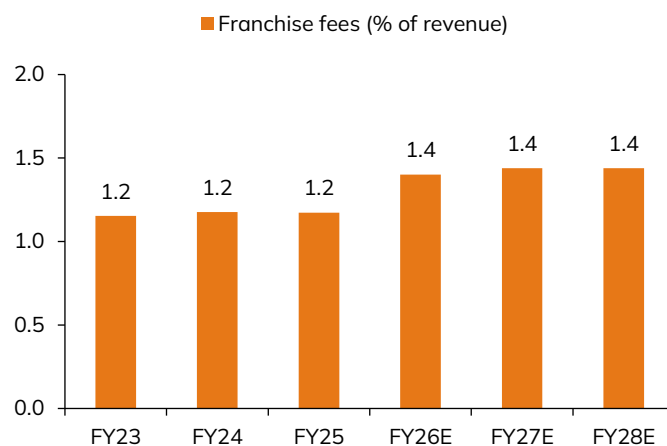
Exhibit 33: Employee cost as a % of revenue



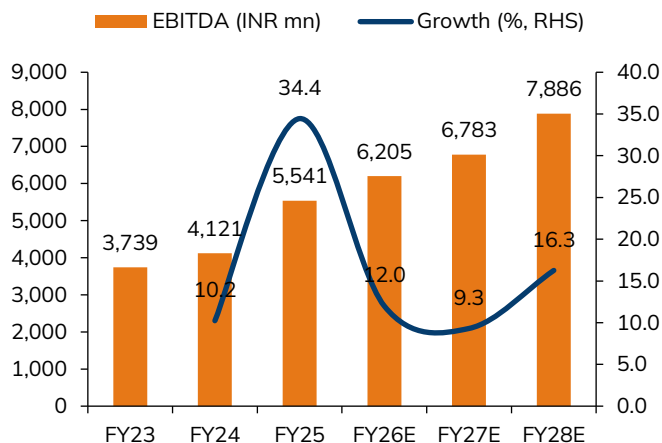
Source: Company data, I-Sec research

Exhibit 34: Occupancy cost as % of revenue

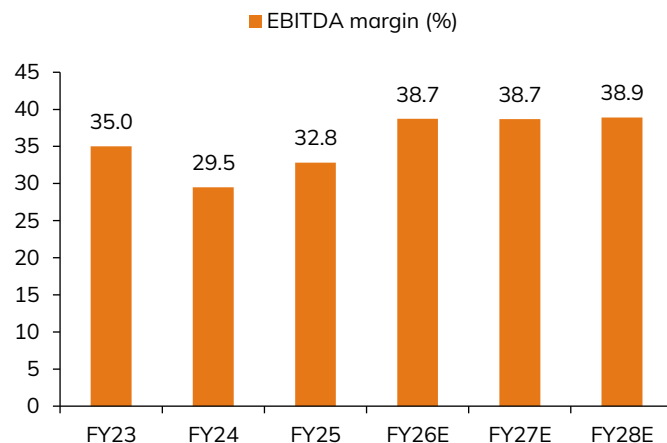
Source: Company data, I-Sec research

Exhibit 35: Franchise fees as % of revenue

Source: Company data, I-Sec research

Exhibit 36: EBITDA and growth

Source: Company data, I-Sec research

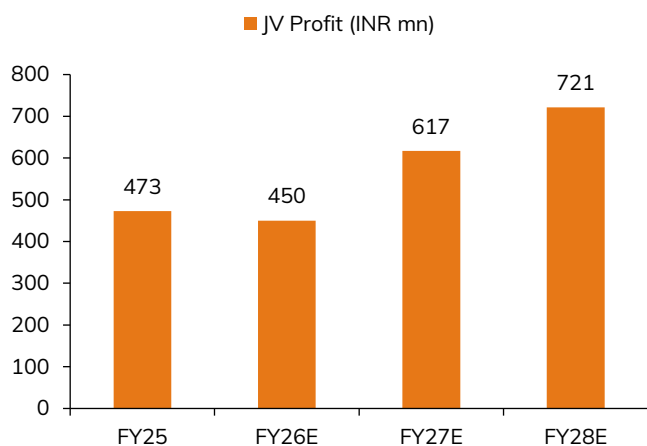
Exhibit 37: EBITDA margin

Source: Company data, I-Sec research

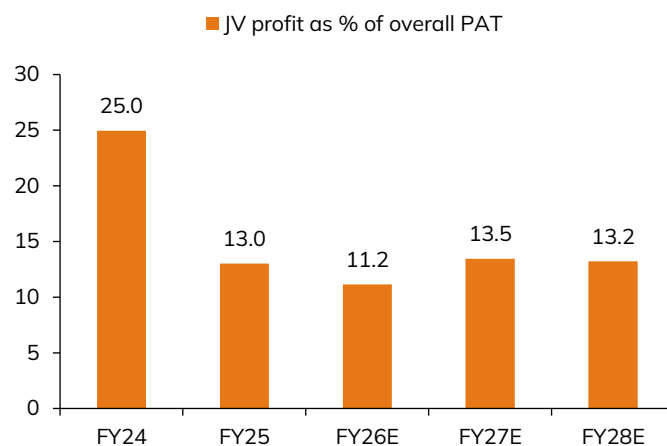
Share of profit from JV to support earnings

TFS' JVs with AAHL and GMR are likely to witness a strong revenue CAGR of 65% over FY25–28E due to mobilisation of units from TFS to JVs, incremental concessions at the existing airports and start of new airports (Navi Mumbai). TFS would earn 1.5-2.5% as management fees over the tenure and profit share from these JVs.

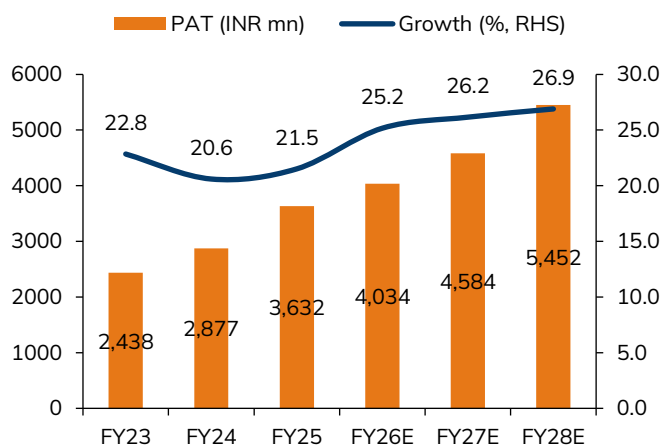
We expect the profitability of these JVs to be broadly in line with TFS' consolidated business. TFS would have profit share of 25% from the AAHL JV (SKPL) and 30% from the GMR JV. We expect 25% share of profit from all JVs (including international). The share of profit from JVs and associates is expected to increase from INR 473mn in FY25 to INR 721mn in FY28; thus, potentially delivering a 15% CAGR.

Exhibit 38: JV profit to see 15% CAGR over FY25–28E

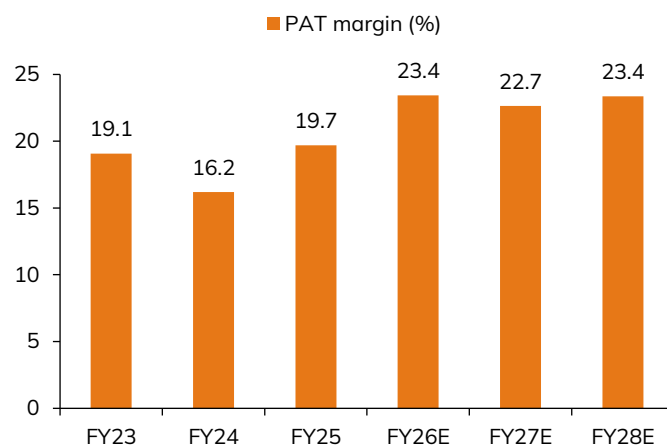
Source: Company data, I-Sec research

Exhibit 39: JV profit as % of overall PAT

Source: Company data, I-Sec research

Exhibit 40: PAT and growth

Source: Company data, I-Sec research

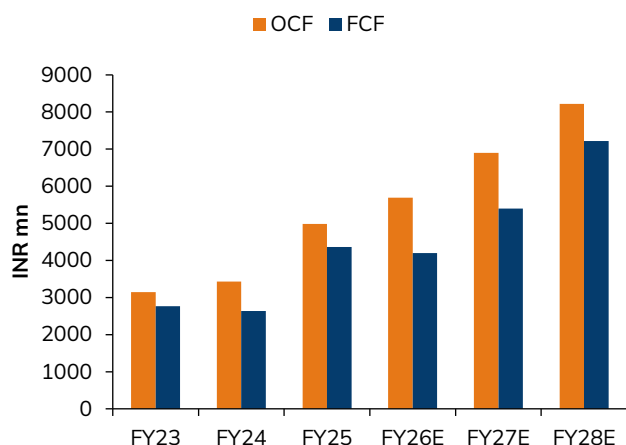
Exhibit 41: PAT margin

Source: Company data, I-Sec research

Healthy cash flow generation and return ratio

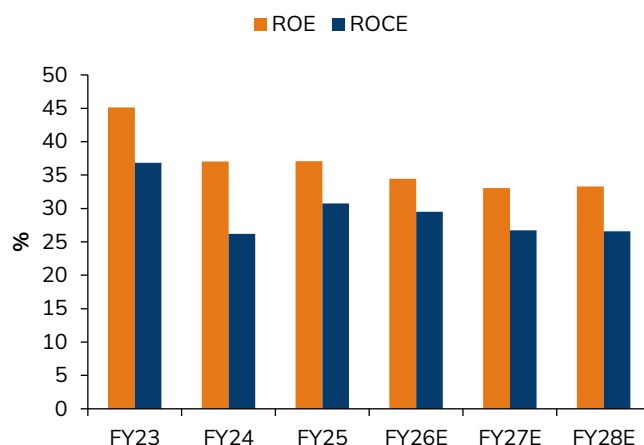
TFS has lower capex intensity. TFS uses shared infrastructure with airport operators (food lounge, common area, etc); for which it pays common area maintenance. For QSR, capex is restricted to kitchen setup, display and minor furniture and fixtures. For lounges, initial capex is higher given extensive furniture, lighting and fittings. However, regular maintenance is lower for both QSR and lounge. With healthy profitability and lower capex requirement, cash flow generation and return ratio are strong for TFS.

Exhibit 42: OCF and FCF



Source: Company data, I-Sec research

Exhibit 43: RoE and RoCE



Source: Company data, I-Sec research

Valuation and risk

We initiate coverage on the stock with a **BUY** rating and target price of INR 1,600, based on 42x PER on Sep'27E EPS. We expect TFS to report revenue/EBITDA/PAT CAGRs of 6%/12%/15% over FY25–28E. Revenue growth is impacted due to mobilisation of units/lounges from TFS to JVs. System-wide revenue CAGR of 21% over FY25-28E is strong on the back of new incremental concessions at new and existing airports, rising passenger traffics, and increasing sales per pax.

Key risks

- Risks pertaining to passenger traffic dependency – any disruption in air travel directly impacts revenues.
- Concession renewal risk – loss of key airport contracts can materially affect scale.
- High concentration in airport ecosystem – limited diversification outside travel hubs.
- Execution risk in expansion – over 70 outlets under development.
- Intense competition from global and domestic players for prime concessions.
- Dependence on brand partnerships – termination or renegotiation can affect differentiation.
- JV dependency with AAHL and GMR – any adverse change in partnerships could impact operations.
- Cost inflation and airport fee risk – rising input costs or fee changes can compress profitability.
- Regulatory and compliance risk – exposure to food safety, liquor licensing and airport guidelines.
- Keyman risk in management team continuity.
- Foreign exposure risk – operations in Hong Kong and Malaysia subject to FX and geopolitical risks.

About the company

Travel Food Services (TFS) is the leading player in the fast-growing Indian airport travel QSR and lounge business. The travel QSR business comprises a range of curated F&B concepts across cuisines, brands and formats, which have been adapted to cater to customers' demands for speed and convenience within travel environments. They utilise their F&B brand portfolio, comprising 127 partner and in-house brands, in the operation of 442 travel QSRs across India and Malaysia, as of 31 Mar'25. The travel QSRs are predominantly situated within airports, with select outlets in highway sites. The lounge business comprises designated areas within airport terminals, accessible primarily by first and business class passengers, members of airline loyalty programs, select credit card and debit card holders and members of other loyalty programs. They had 37 Lounges across India and Malaysia and Hong Kong, as of 31 Mar'25.

TFS is present in 18 airports – 14 airports in India, 3 airports in Malaysia and 1 airport in Hong Kong. The company operates the largest network of travel QSR outlets and airport travel QSR outlets in India, with 384 of their 413 operational outlets being situated in airports, and the remaining in highway sites. They also operate the largest network of private lounges in Indian airports, comprising 28 lounges across 10 airports.

Exhibit 44: Select travel QSRs



Source-company data

Exhibit 45: Select lounges



Source-company data

Promoters and management profile

Exhibit 46: Brief biographies of Board of Directors

Name	Designation	Description
Ashwani Kumar Puri	Chairman and Independent Director	He holds a Bachelor's degree in Commerce from Punjab University, and he is a Fellow Member of the Institute of Chartered Accountants of India. He has over 34 years of experience in the financial advisory and consulting sector. Prior to joining TFS, he served as a Partner, Leader of the financial advisory services practice in India, and member of the global advisory leadership team at PwC (PricewaterhouseCoopers Pvt. Ltd.). He was also associated with Veritas Advisors LLP as its Managing Partner. He has been a director on the board of several companies, including Aditya Birla Finance Ltd. and Coforge Ltd. Presently, he serves as Director on the boards of Healthium Medtech Ltd. and Titan Company Ltd.
Varun Kapur	Managing Director and Chief Executive Officer	He holds a Bachelor's degree in Science from the Leonard N. Stern School of Business, New York University, USA. He has experience of over 15 years in the hospitality industry. As the Managing Director and Chief Executive Officer, he is responsible for overall strategy and management of the business.
Geeta Mathur	Independent Director	She holds a Bachelor's degree in Commerce from Shri Ram College of Commerce - Delhi. She is an Associate Member of the Institute of Chartered Accountants of India. Presently, she serves as Director on the boards of Info Edge (India) Ltd., Dixon Technologies (India) Ltd., Healthcare Global Enterprises Ltd., 360 One Wealth and Asset Management Ltd., amongst others.
Karan Kapur	Non-executive Director	He holds a Bachelor's degree in Arts from Northwestern University, USA, a Financial Economics Certificate for undergraduates from the Kellogg School of Management, Northwestern University, USA, and a Master's degree in Business Administration from Harvard University, USA. He has over 15 years of experience in the hospitality industry.
Sonu Halan Bhasin	Non-executive Director	She holds a Bachelor's degree in Science (Honours course) (Mathematics) from University of Delhi and a Master's degree in Business Administration from University of Delhi. Prior to joining TFS, she was associated with Tata Capital Ltd. as a Chief Operating Officer – Travel, Forex and Cards, Yes Bank Ltd. as Group President - Branch Banking at Mumbai; and Axis Bank Ltd. as President in Retail Banking. She has experience of over 30 years across the financial and non-financial sector. Presently, she serves as a director on the boards of Berger Paints India Ltd., Max Life Pension Fund Ltd., Multi Commodity Exchange of India Ltd., and Mahindra First Choice Wheels Ltd., among others.
Vikas Vinod Kapoor	Whole-time Director and Chief Financial Officer	He holds a Bachelor's degree in Commerce from Kelkar Education Trust's Vinayak Ganesh Vaze College of Arts, Science and Commerce, University of Mumbai. He also holds an Executive Post Graduate Certificate in Strategic Management from the Indian Institute of Management, Kozhikode. He has passed the final examination of the Institute of Chartered Accountants of India and is an Associate of the Institute of Company Secretaries of India. Prior to joining TFS, he was associated with Tata Sky Ltd. as its Senior Vice President – Finance and Invensys India Pvt. Ltd. as its Director – Finance. He has over 26 years of experience in the finance industry.

Source: Company data, I-Sec research

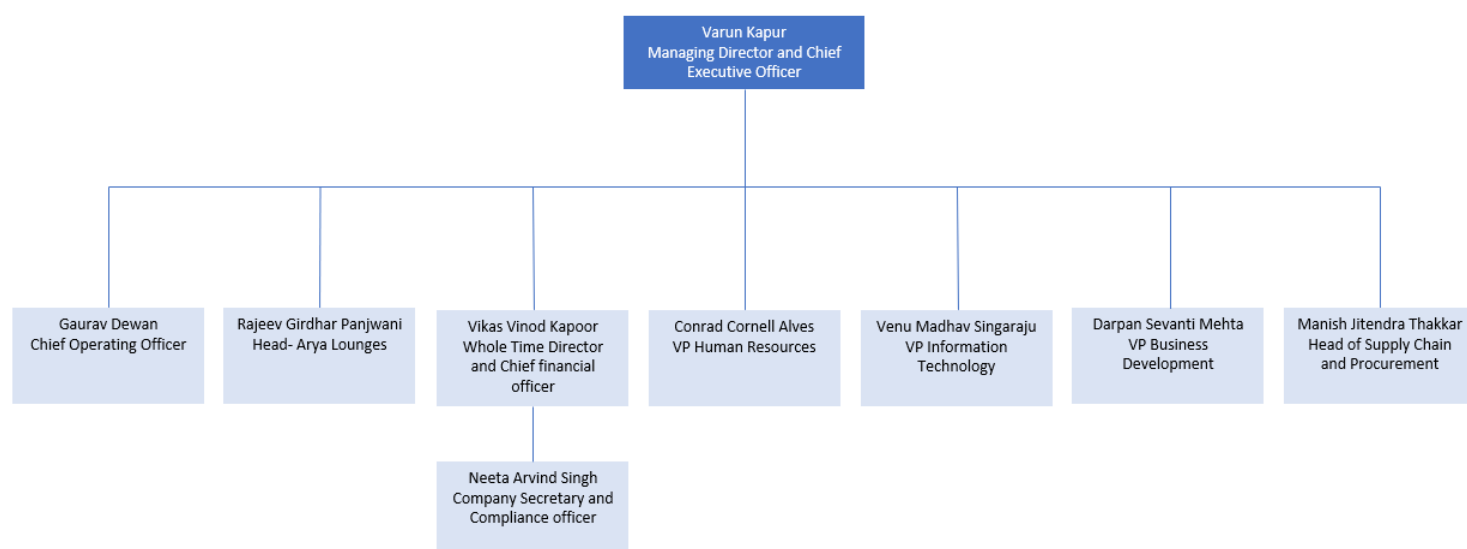
Exhibit 47: Brief biographies of key management personnel

Name	Designation	Description
Neeta Arvind Singh	Company Secretary and Compliance officer	She holds a Bachelor's degree in Commerce (Financial Accounting and Auditing) from Sheth T.J. Education Society's Sheth Nanjibhai Khimjibhai Thakkar Thanawala College of Commerce and Sheth J. T. Thanawala Arts and Science College, University of Mumbai. She is an Associate of the Institute of Company Secretaries of India. Prior to joining TFS, she was associated with Future Consumer Ltd. as its Deputy Company Secretary, K. Raheja Services Pvt. Ltd. as its Assistant Manager – Secretarial & Legal and Nilkamal Ltd. as its Assistant Company Secretary. She has over 23 years of experience in the corporate secretarial, and regulatory and compliance industry.
Gaurav Dewan	Chief Operating Officer	He holds a Master's degree in Business Administration from University of Greenwich, UK. Prior to joining TFS, he was associated with Bharti Airtel Ltd, Reliance Communications Ltd. and BTA Cellcom Ltd. He has over 18 years of experience in the sales, marketing and business strategy.
Rajeev Girdhar Panjwani	Head – Araya Lounges	He holds a Bachelor's degree in Commerce (Financial Accounting and Auditing) from Jai Hind College, University of Mumbai along with a Diploma in Hotel Management from The Oberoi School of Hotel Management. He also holds a Master's degree in Business Administration from National University of Singapore. Prior to joining TFS, he was associated with Coriander Leaf Pte Ltd. as its Chief Executive Officer, SilverNeedle Hospitality as its Vice President – Franchise Operations and RCI Asia Pacific Pte Ltd. and Wyndham Hotel Group as Director – Development – South East Asia, Wyndham Hotel Group. He has over 30 years of experience in the hospitality and professional services industry.
Conrad Cornell Alves	Vice President – Human Resources.	He holds a Bachelor's degree in Science (Physics) from R.D. National College and W.A. Science College, University of Mumbai. He also holds a Master's degree in Human Resources Development Management from Mumbai Educational Trust's Institute of Management Studies, University of Mumbai. Prior to joining TFS, he was associated with Bisleri International Pvt. Ltd. and various companies in the TATA group including Voltas Ltd. as its Business Group HR – UPBG and TATA Services Ltd. as Senior Manager. He has over 20 years of experience in human resource management.

Name	Designation	Description
Venu Madhav Singaraju	Vice President – Information Technology	He holds a Bachelor's degree in Technology (Computer Science Engineering) from the Nagarjuna University and a Master's Degree in Technology from the University of Hyderabad. He also holds an Executive Post Graduate Diploma in Management from the Indian Institute of Management Kozhikode Society. Prior to joining TFS, he was associated with Aditya Birla Retail Ltd. as Deputy General Manager – Information Technology; and Lifestyle International Pvt. Ltd. as Assistant Vice President. He has over 27 years of experience in the information technology industry.
Darpan Sevanti Mehta	Vice president – Business Development	He holds a Diploma in Hotel Administration and Food Technology from Sophia-Shree Basant Kumar Somani Memorial Polytechnic. Prior to joining TFS, he was associated with Bombay Gymkhana Ltd. as F&B Manager; and Pan India Food Solutions Pvt. Ltd. as Deputy General Manager - Coffee Bean and Tea Leaf. He has over 34 years of experience in business development.
Manish Jitendra Thakkar	Head – Supply Chain and Procurement	He holds a Diploma in Mechanical Engineering from Shri Vile Parle Kelavani Mandal's Shri Bhagubhai Mafatlal Polytechnic. Prior to joining TFS, he was associated with Sodexo India Services Pvt. Ltd. as Director – Supply Management, India and Pepsico India Holdings Pvt. Ltd. as Purchase Executive. He has over 34 years of experience in supply chain and procurement.

Source: Company data, I-Sec research

Exhibit 48: Key managerial personnel



Source: Company data, I-Sec research

Appendix I

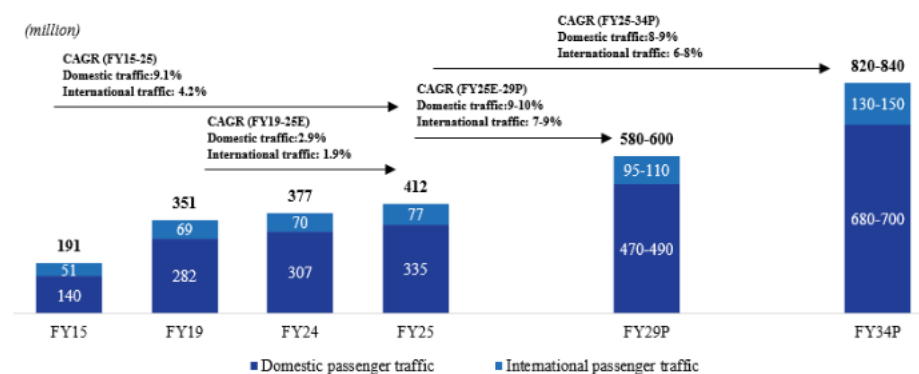
Overview of the Indian air travel industry

Data sourced from red herring prospectus of Travel Food Service

The Indian aviation sector has been a key driver of economic growth, helping connect people across the country. Airports and airline services have grown significantly in recent years in India, underscoring the country's rapid economic growth. Indian air travel industry is highly underpenetrated and presents significant growth potential.

The sector has benefited from several factors, including the country's rising middle class, increasing business and leisure activities, improved regional connectivity through government initiatives, and the development of greenfield and brownfield airports with improved infrastructure along with schemes such as the Regional Connectivity Scheme (RCS) and Ude Desh ka Aam Naagrik (UDAN). This has led to the sector experiencing growth of 9.1% and 4.2% in terms of domestic and international passengers, respectively, during FY15–25. Further, the Indian aviation sector experienced growth of 1.8% and 0.3% in terms of domestic and international passengers, respectively, between FY19–24 despite the Covid-19 pandemic.

Exhibit 49: Review and outlook of domestic and international air passenger traffic in India



Source: Source(s): Redseer Research and Analysis;

Note(s): Conversion rate: 1 USD = INR 83

Key growth drivers of air passenger traffic in India

- Rising income levels:** Continuous income growth in the corporate sector, combined with growth in the rural and government sectors, is driving increased domestic passenger traffic in India. Higher income in these areas is boosting disposable income and spending power, leading to greater demand for business and personal air travel. In conjunction with the rise in disposable income, people also consume services like Travel QSR and Lounge services, which is expected to provide a boost to QSR outlets and Lounges at airports. India's per capita GDP has grown at a healthy pace; however, in absolute terms, it still lags key economies such as China. The current level of GDP per capita in India is similar to where China was two decades ago. Indicating the future potential for India's per capita growth.
- Penetration of low-cost carriers (LCC):** LCC drive the domestic as well as international air travel with their market share in India rising from 66% in FY16 to 78% in FY24 and ~75% in H1FY25 in domestic travel and from 20% to 46% and 47% in the same period for international travel. LCCs democratise flying with affordable services, thus driving passenger volume and in turn stimulating economic activity. Increase in market share of LCCs is a key driver for the airport travel QSR and airport travel lounge segments. Since LCCs operation tight profit

margins and prioritising cost savings, they are limited in their ability to offer high-quality in-flight meals. Infrastructure challenges lead to additional costs in providing high-quality food at an altitude.

- **Improving airport infrastructure:** The number of airports has nearly doubled from 77 in FY16 to 138 in September 2024. The government has also envisaged increasing the number of airports to 300 by 2047 as per Vision 2047. Based on the Airports Authority of India (AAI) projections, air passenger traffic will increase 8–9 times from current numbers by 2047.
- **Increase in fleet size:** An expanding aircraft fleet supports the future growth of air passenger traffic in India. With rising passenger numbers, increased aircraft capacity has become essential. India's fleet has grown significantly, from 372 aircraft in FY13 to 753 in FY24 and 795 as of October 2024, making up about 3% of the global aircraft fleet. To keep pace with growing air travel demand, Indian airlines have added capacity and placed orders for around 2,400 new aircraft, underscoring their commitment to accommodating future passenger growth.
- **Expanding airline networks:** India has seen rising share of traffic at non-metro airports, driven by the network expansion of airlines. As airlines extend their routes to include more non-metro destinations, they tap into previously underserved markets, increasing overall passenger volumes.
- **Increased national departures and bilateral agreements:** The increase in Indian national departures, which surged from 17mn in CY13 to 27mn in CY23, highlights the expanding travel aspirations and economic empowerment of the Indian middle class. As more Indians seek international travel for business, education and leisure, this surge is poised to fuel demand for international air travel. India has extensive network of air service agreements with 116 countries. The availability of e-visa, visa-free and visa-on-arrival facilities in 62, 25 and 38 countries, respectively, facilitates easier and more convenient travel for Indian citizens.
- **Increase in business and leisure travel:** Passengers travelling for personal purposes usually travel for holiday, leisure, recreation and other personal reasons. Also, with India becoming a key business center, there is traction in business travel in the domestic market as well foreign inbound and outbound business travel.
- **Government support:** The Regional Connectivity Scheme (RCS) –UDAN (Ude Desh Ka Aam Nagarik), is a government-backed initiative to improve infrastructure and connectivity in India, especially in remote and underserved regions. UDAN fares are regulated under the RCS scheme.
- **Penetration of Online Travel Agents (OTAs):** Ticketing services across travel segments have undergone a change thanks to increased internet penetration, greater affordability of smart phones, user friendliness of online platforms, convenience in terms of comparison, varied modes of payment offered (credit cards, debit cards and net banking), and faster pace of service providers adopting digital platforms for their respective businesses. This has made the experience more convenient for people to plan their whole trip i.e. book tickets as well as hotels, cars, etc. Further, OTA gross revenues have grown at a CAGR of 54% from FY22 to FY24; significantly higher than pre-Covid-19 levels. B2B segment in Indian OTA industry, is expected to grow at a 15–16% CAGR between FY25 and FY28 from INR 700–725bn to INR 1,025–1,055bn.
- **Growing travel aspirations and economic empowerment boost international air passenger traffic:** International passenger traffic, defined as total international departures and arrivals, in India is mainly driven by foreign tourist arrivals (FTAs)

and personal and leisure travel by Indian nationals. International passenger traffic growth this fiscal is attributable to strong passenger demand, supply-side push led by deliveries of new aircraft, visa-free travel offered by a few destinations (Sri Lanka, Thailand, Maldives, Indonesia and Mauritius being some of the latest additions) and focus on adding connectivity to new destinations such as south-east and central Asia by Indian airlines.

Exhibit 50: Key risks and challenges in air travel industry

Key risks and challenges	Details
Air travel industry	
Dependence on macro-economic condition	Weaker macroeconomic conditions arising out of the underlying macroeconomic factors and pandemics can impact overall consumer confidence and spending habits. Weak macroeconomic conditions could impact air travel as it is a discretionary expense
Geopolitical uncertainty	Geopolitical uncertainty impacts air travel industry as it leads to sanctions on trade and other activities between the conflicting regions/countries
Rising fuel costs and in turn rising fares	Fuel is one of the key input costs in the aviation industry. Increase in fuel cost can result in higher operational costs for the Airlines. This increase may be passed on to passengers resulting in higher air fares. For value consumers rise in fares could act as a deterrent for air travel
Environmental and climate policies	The Aviation industry is associated with carbon footprint. However, decarbonisation requires investments from the players, and rising costs associated with decarbonisation can be a challenge for the industry. In addition, changing climate policies can also impact aviation industry

Source: Crisil Intelligence

Overview of airport infrastructure and airline fleet size in India

Privatisation and greenfield airports to propel airport capex to INR 600–650bn in next five years

Airport infrastructure in India has seen increased focus in recent years, as indicated by the capital expenditure for greenfield and brownfield projects. The expansion of airports, including the upgradation of infrastructure/facilities, is a continuous process, which is undertaken by the AAI or the airport operators concerned, depending on the operational requirements, traffic, demand and commercial feasibility.

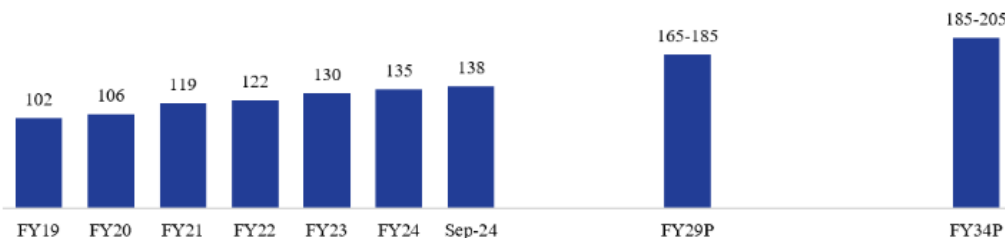
In the past few years, capex on airport infrastructure was supported by government policies, with the development of greenfield and brownfield airports by the Government of India. The government has also formulated a Greenfield Airports (GFA) Policy, 2008, for the development of greenfield airports in the country. Under this policy, the government of India has accorded an approval for setting up of 21 new greenfield airports. Of these, 12 greenfield airports have been put into operation.

Crisil Intelligence expects investments of INR 600–650bn in airport infrastructure between FY25–29, compared with INR 790bn between FY20–24. The projected investments are almost evenly split between greenfield projects, such as the Jewar airport, Navi Mumbai airport and Bhogapuram airport, as well as brownfield expansions in Bengaluru, Hyderabad, Guwahati and Chennai.

Number of airports almost doubled in past eight years; 30–50 new airports expected by FY29

As of Sep'24, India had 138 operational airports compared with 102 airports in FY19 and 77 airports in FY16. This expansion has enhanced connectivity across the country, making air travel more accessible to a larger population. Improved infrastructure and increased regional connectivity have facilitated easier and more efficient travel, leading to a rise in domestic passenger volumes. This addition is expected to come in the form of newer airports in tier-2/3 cities. Further, establishment of new airports in metro cities is anticipated to contribute to the overall increase in new developments.

Exhibit 51: Number of operational airports in India



Source: RHP

According to Crisil Intelligence's estimates, there are 30–35 airports in India, where some form of capital expenditure (greenfield or brownfield) is currently ongoing. Some of the key ongoing and upcoming projects are listed in Exhibit 52 below.

Exhibit 52: Major upcoming airport projects

Project name	Cost (INR bn)	Scope of work	Tentative completion timeline
Navi Mumbai airport	180 (phase 1)	Greenfield	FY26 (Phase 1)
Hyderabad airport expansion	65	Terminal 2	FY26
Chennai airport	24	New terminal apron	FY26
Jewar airport	57 (phase 1)	Greenfield	FY26 (Phase 1)
Bengaluru airport Stage 2 expansion	135	Second runway, Phase 1 terminal, two aprons and taxiway	FY26
Bhogapuram airport	24 (phase 1)	Greenfield	FY27
Guwahati airport	20	New terminal	FY26
Nagpur airport	25 (phase 1 expansion)	Terminal apron	-
Pune airport	75	Greenfield	-
Ahmedabad airport	232	New terminal	-
Mangalore airport	180	New terminal	-

Source: RHP

Over the past few years, airports in India have evolved from being government-controlled infrastructure providers to profit-oriented service providers. Some of the biggest airports in India such as Delhi, Mumbai, Bengaluru and Hyderabad are operated as JV airports by private players, indicating a push for the private sector in airport operations. AAHL and GMR Airports Infrastructure Ltd. are among the leading private airport operators in India in terms of number of airports.

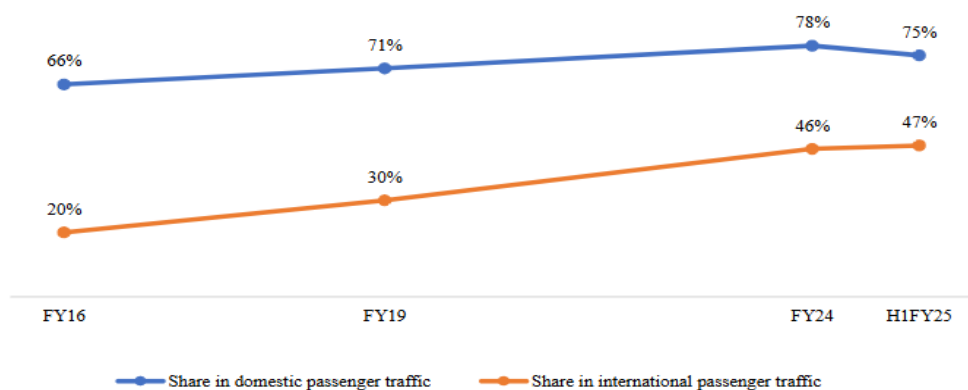
LCC democratising air travel in India to boost passenger volumes

The rise in LCCs' market share in India, from 66% in FY16 to 78% in FY24 and ~75% in H1FY25, is a key growth driver for the domestic aviation market. By offering affordable, no-frills flights, LCCs are democratising air travel, making it accessible to a broader segment of the population. The increased accessibility not only boosts passenger volume, but also stimulates economic activity, by enabling more frequent travel for both business and leisure.

However, LCCs operate on tight margins and a cost-savings model, which typically does not include complimentary meals. Providing high-quality food at an altitude incurs higher costs and passengers generally expect lower prices and may not be willing to pay extra for premium quality food, limiting a carrier's ability to offer high-quality meals. Resultantly, passengers usually prefer food from QSR outlets at airports, which is a key driver for the airport travel QSR and airport travel lounge segments.

LCCs are particularly dominating short-haul destinations in international travel with a narrowbody aircraft, which is a key growth driver for international passenger traffic.

Exhibit 53: Share of LCCs in domestic and international passenger traffic



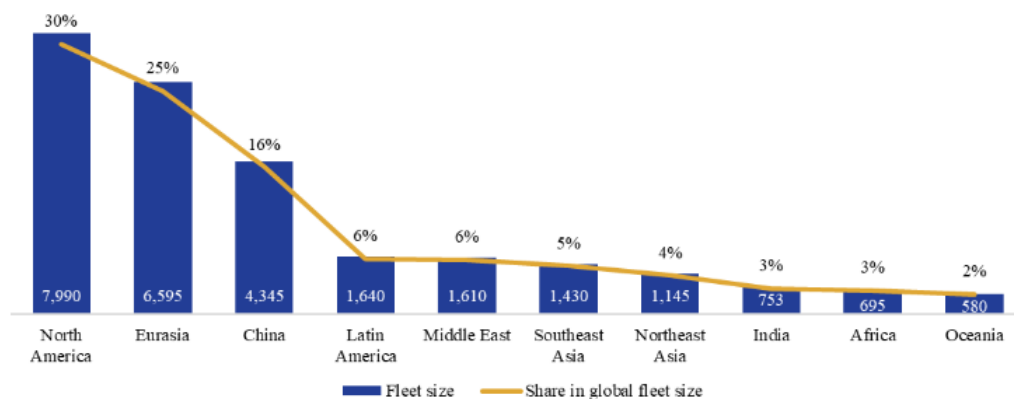
Source: RHP

India accounts for 3% of the global aircraft fleet size; expected to grow with addition of new aircraft

The global airline industry's fleet size was estimated at 26,750 in CY23, as per Boeing's Commercial Market Outlook for 2023–43. North America had the biggest fleet, accounting for 30% of the global aviation market's fleet size. China, the third largest market in terms of passenger traffic, constituted 16% of the global fleet. In contrast, India's fleet size was ~753 in FY24, which translates into ~3% of the world's aircraft fleet. That said, the number of aircraft in the country has grown from 372 in FY13 to 753 in FY24.

Airlines have added capacity to meet rising air travel demand. In addition, Indian airlines have placed orders for ~2,400 aircraft, indicating they are building capacity to support increasing passenger traffic.

Exhibit 54: Region-wise fleet size and share in global fleet (2023)



Source: RHP

Supply-side push: Indian airlines have placed orders for ~2,400 aircraft, which is about thrice the current capacity

Indian airlines have placed orders for ~2,400 aircraft and about 1,800 aircraft are expected to be delivered in the coming decade between FY24–34. In 2023 alone, Airbus and Boeing together received net orders for 3,408 aircraft, out of which 970 were from Air India (now Tata Airlines Group) and Indigo, making up 28.5% of total net global orders.

Exhibit 55: Overview of fleet size of key airlines (no. of aircraft)

Parameter	IndiGo Airlines	Tata Airlines group	Akasa Air	Others
Fleet	410	283	28	110
Fleet on order	~1,350	~506	~200	~300+*

Source: RHP

Note: Fleet data as per Airline websites accessed in May 2025

Fleet on order based on publicly available information and indicates all orders placed by the airlines since inception

* Data includes SpiceJet's order of 737 MAX aircraft, for which the airline is negotiating an arrangement with the OEM

Subsidies and viability funding have attracted new airlines towards UDAN routes; half the awarded routes are operational under the UDAN scheme

The Regional Connectivity Scheme (RCS) – UDAN, a government-backed initiative to improve infrastructure and connectivity in India, especially in remote and underserved regions, is a vital component of India's National Civil Aviation Policy (NCAP), 2016, launched by the Ministry of Civil Aviation (MoCA) on 21 Oct'16, with a 10-year vision. The scheme focuses on improving unserved air routes in underserved regions of India.

Of the total awarded 954 routes, ~619 routes are operational under the scheme. As of Oct,'24, ~14.4mn passengers have benefited from the UDAN flights and as of Feb'24, 256,000 flights have operated under the scheme.

Expanding airline network to non-metro airports

The rising share of traffic at non-metro airports is driven by the network expansion of airlines. As airlines extend their routes to include more non-metro destinations, they tap into previously underserved markets, in turn increasing overall passenger volumes. This not only diversifies and stabilises airline revenue streams but also enhances regional connectivity, making air travel more convenient and boosting domestic air passenger growth.

Key growth drivers supporting airport infrastructure in India

- **Budget allocations and other central government support:** The Union Budget for FY26 proposed 120 new destinations under revamped RCS UDAN scheme. Also, to improve regional air connectivity in India's eastern and northeastern region, the government proposed to provide viability-gap funding.
- **Key government policies:** To aid growth in airport infrastructure, the government is providing policy support and incentives aimed at attracting private investments. Some of the key incentives in the 10-year NCAP 2016 introduced by India's MoCA on 21 Oct'16, are:
 - 100% FDI under the automatic route for greenfield and brownfield airports
 - 49% FDI in scheduled airlines and regional air transport services through the automatic route and above 49% with government approval. For non-resident Indians (NRIs), 100% FDI is permitted under the automatic route.
- **Increased private sector participation driving airport infrastructure development in India:** As of Dec'24, India has 6 public-private partnership (PPP) airports, 7 joint

venture (JV) airports and two state government-private airports, indicating an increase in privatisation of the airports in the country. Adoption of the PPP route has led to better infrastructure, improvement in revenue and higher airport service quality.

Key trends in India's aviation sector

Large Indian airports, including Delhi, Mumbai, Bengaluru and Hyderabad witnessed all-time high traffic in FY24

In terms of total domestic and international passenger traffic, Delhi, Mumbai, Bengaluru, Hyderabad, and Chennai are the largest airports in the country. Traditionally, they have dominated passenger traffic in the country, as these cities house key government offices, corporate hubs and tourist attractions. Delhi's international airport (Indira Gandhi International Airport) is one of the top 10 busiest airports in the Asia Pacific region as well as globally, and has handled 79mn passengers during FY25, which is highest among Indian airports. It is followed by Mumbai airport (55mn passengers), which has also handled similar amount of passenger traffic, as that of top 20 international airports globally. Bengaluru and Hyderabad airports handled 42mn and 29mn passengers, respectively, in FY25. Majority of the key airports in India have recovered growth in terms of passenger traffic, after the Covid-19-related pandemic led to a decline in passenger traffic. The airports have shown stronger growth in passenger traffic in FY25 compared to FY24, highlighting strong recovery and growth in overall passenger traffic in the country.

Exhibit 56: Total passenger traffic at key airports (mn)

Sr. No.	Airport	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 change over FY19
1	Delhi	69	67	23	39	65	74	79	14%
2	Mumbai	49	46	11	22	44	53	55	13%
3	Bengaluru	33	32	11	16	32	38	42	26%
4	Hyderabad	21	22	8	12	21	25	29	36%
5	Chennai	23	22	5	10	19	21	22	-1%
6	Kolkata	22	22	8	11	18	20	22	0%
7	Ahmedabad	11	11	4	6	10	12	13	20%
8	Cochin	10	10	2	5	9	10	11	10%
9	Pune	9	8	2	4	8	10	10	15%
10	Goa (Dabolim)	8	8	3	5	8	7	7	-14%
11	Lucknow	6	5	2	3	5	6	6	16%
12	Guwahati	6	5	2	3	5	6	6	7%
13	Jaipur	5	5	2	3	5	5	6	11%
14	Bhubaneswar	4	4	2	2	4	5	5	16%
15	Thiruvananthapuram	4	4	1	2	3	4	5	10%
16	Srinagar	3	3	2	3	4	4	4	63%
17	Chandigarh	2	2	1	2	4	4	4	98%
18	Indore	3	3	1	2	3	3	4	19%
19	Patna	4	5	3	3	4	3	4	-6%
20	Calicut	3	3	1	2	3	3	4	10%

Source: RHP

The passenger traffic data is arrivals plus departures for both domestic and international segments.

Traffic dip in FY24 compared to FY19 levels at the Chennai airport was majorly due to fall in domestic passenger traffic while at Kolkata airport it was due to fall in international passenger traffic. Traffic dip for Goa (Dabolim) airport could be attributed to new goa airport getting operational in 2023 thus diverting the traffic from Goa (Dabolim) airport.

Airports generate revenue from aeronautical and non-aeronautical operations. Aeronautical revenues typically comprise landing, parking fees, usage fees of terminals, gates, services, passenger counts and other fees paid by airlines, while non-aero revenues are typically rent and revenue share paid by operators of F&B retail, duty free, duty-paid retail and parking concessions. Based on the available information in the public domain, revenue for some of the major airports, such as Mumbai International Airport Limited, Delhi International Airport Limited, Bengaluru International Airport Limited, GMR Hyderabad International Airport Limited, Cochin

International Airport Limited and Chandigarh International Airport Limited, has recovered from the Covid-19-related stress (RHP).

These airports cumulatively recorded stronger 28% YoY growth in revenue during FY24, supported by higher passenger traffic and cargo handling. These airports clocked a revenue CAGR of 6% between FY19–24.

Aeronautical and non-aeronautical revenue per passenger lower for Indian airports

Indian airports generate lower per passenger aeronautical and non-aeronautical revenue than major global airports. In the aeronautical segment, this could be the result of lower airport fees, landing charges, etc. whereas in the non-aeronautical segment, the reasons could be lower spending by passengers on non-travel items such as shopping and eating.

Exhibit 57: Overview of per passenger revenue for select global and Indian airports

Parameter	Global airports	Indian airports
Aeronautical revenue per passenger (USD)	15–20	3–4
Non-aeronautical revenue per passenger (USD)	12–15	4–5

Source: RHP

Note: Global airports considered for the analysis are Hong Kong International Airport, London Heathrow Airport, Changi Airport (Singapore),

Beijing Capital International Airport, Denver airport and Berlin airport, Frankfurt International Airport, Hartsfield-Jackson Atlanta

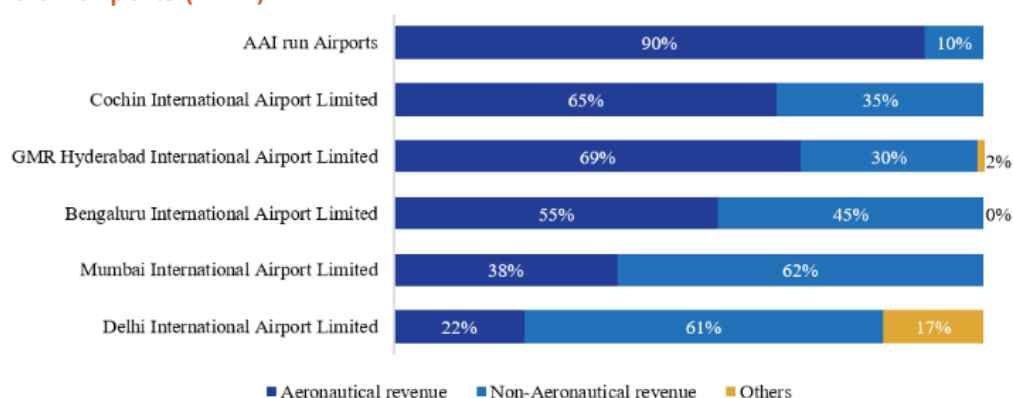
International Airport.

Indian airports considered are Delhi International Airport, Bengaluru International Airport, GMR Hyderabad International Airport and Cochin

International Airport

Non-aeronautical revenue is becoming a key contributor to overall revenue for domestic airports. Some of the key segments in non-aeronautical revenue are duty-free retail, duty-paid retail, airport F&B, parking and land and space rentals. Non-aeronautical revenue at some of the key private airports in India is higher than that of the AAI or government-operated airports because of higher passenger traffic, better infrastructure and allied services, which are some of the key factors that contribute to non-aeronautical income.

Exhibit 58: Review of share of aeronautical and non-aeronautical revenue at Indian airports (FY24)



Source: RHP

Note: Others – GMR Hyderabad International Airport Limited – Revenue from commercial property development.

Bengaluru International Airport Limited – Revenue from Gain on sublease arrangement.

Delhi International Airport Limited – Revenue from commercial property development.

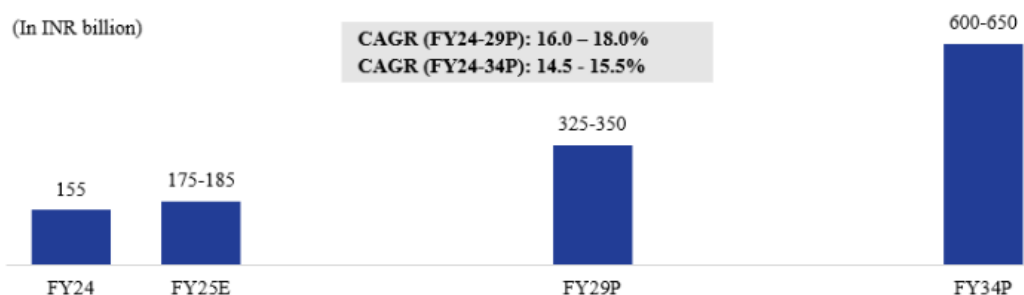
Healthy growth in F&B revenue of key airports

F&B revenue – the revenue earned by airports through concession agreements for operating F&B outlets – is a key component of non-aeronautical revenue for airport operators. It has been growing at a healthy pace for key domestic airports. For Delhi's international airport and GMR's Hyderabad international airport, F&B revenue, which forms 8–10% of their total non-aeronautical revenue, logged a significant 15% CAGR between FY19–25. Growth is attributed to increased passengers' propensity to spend on F&B. This also shows that passengers are spending on non-travel-related activities such as eating at the airports. F&B operators at the airports have also customised their offerings basis customer needs; thus, enhancing passenger experience.

India, a prominent growing market for airport retail

Retail is one of the fastest growing industries in India. Organised retail, a key recent advent in the Indian retail industry, was estimated to be at INR 13trn in FY25 and is expected to reach INR 25–26trn by FY29. India presents a huge opportunity for retail, with a population of ~1.4bn and a private final consumption expenditure proportion of close to 60% of the GDP. This growth is also expected to be reflected in airport retail, given huge investment in infrastructure, mass transit corridors, transportation hubs and associated need for goods and services. Furthermore, with exposure to global brands, the propensity to spend and the desire for upscaling lifestyle has driven the modern retail landscape in the country. Airport travel QSR and lounges are the key and fast-growing sectors in airport retail in India which together account for ~35.0% (INR 64 bn) of the total airport retail market in India, as of FY25.

Exhibit 59: Review and outlook on Indian airport retail market



Source: RHP

Air travel in India is emerging as the preferred mode of transport with total domestic passenger annual traffic (enplanements including non-unique passengers) of 167mn representing ~12% of Indian population in FY25 (~255% in case of US, as of CY24), which used to be 4.5–5% in FY14 eleven years ago. Penetration of LCC and the government's push towards connecting tier-2/3 cities through the RCS UDAN Scheme has made airport travel access easy for a large portion of the population, which has helped air traffic in India grow at a healthy pace.

Rising income levels, penetration of LCCs, expanding airline network, government support among others are also growth drivers for the Indian airport retail industry.

Additional key growth drivers for airport retail in India

- **Increasing LCC share:** Greater accessibility to air travel due to increasing market share of LCCs has not only boosted passenger volumes, but also given a young population easier access to air travel. This shift has led to greater demand and spending on travel F&B options at airports, including travel QSR and lounges.
- **Higher average dwell time:** A key factor driving growth of airport travel QSR outlets and airport lounges is the increasing average passenger dwell time. Dwell

time – the average time passengers spend at airports excluding clearance and checks – varies by region, flight departure/arrival time and passenger type. For instance, international passengers generally have longer dwell times than domestic ones. Dwell time is also a function of how early a passenger reaches the airport as per the regional guidelines, such as Canada's 60-minute recommendation for domestic travel and 2–3 hour for international travel, or Delhi's 2-hour for domestic travel and 3-hour for international travel before departure time. Globally, majority of the passengers typically spend close to 45–60 minutes (dwell time) at the airports.

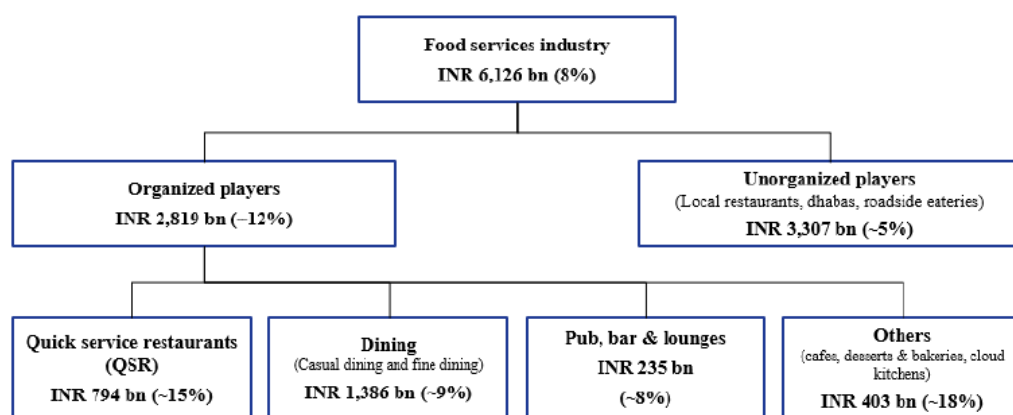
As per IATA's 2024 Global Passenger Survey, the average time spent at airports by 76% of the passengers with a carry-on bag and check-in bag in 2023 was less than 45 minutes.

But in India, dwell time is typically higher given early closure of check-in counters/boarding gates (60/20 minutes before departure). That said, airports are working to streamline processes, which could boost dwell time, enhance passenger experience and encourage use of dining, shopping, entertainment, and lounge facilities. This trend is expected to boost demand for diverse airport travel QSR options and lounges, catering especially to travellers seeking a comfortable, exclusive experience.

Overview of Indian food services industry with deep dive on travel QSR industry

Structure of the food services industry in India

Exhibit 60: Overview of the food services industry (FY25E)



Source: RHP

High street QSRs: These are QSRs that offer processed fast foods such as burgers and pizzas at low prices, typically via self-service or minimal service. These also provide home delivery and takeaway services. These are usually located in public places and high footfall areas such as malls, entertainment zones and airports. QSRs offer a set menu, and the food orders are often served within a specific time duration. QSRs have a dine-in option as well as take-away option.

Further these QSR outlets can be categorised into:

- **Company-owned outlets:** Here, the company that holds the rights to the QSR brand owns the outlet and completely manages operations, which gives it complete control over pricing, but entails higher financial and operational risk.
- **Franchisee-owned outlets:** Such a model includes licensing a QSR's brand (the franchisor) to a third party (franchisee) who operates the business, adheres to standards, and shares revenue, allowing the licensor to earn fixed revenue without bearing financial or operational risks. While the franchisee owns the individual

outlet or outlets for which the contract is signed with the franchisor, they must adhere to the business model and guidelines of the franchisor.

In the travel QSR segment which relates to QSR outlets at travel hubs like airports, highways and railway stations, all traditional high street formats like from fast food restaurants to quick service restaurants, cafes, food courts, bars, takeaway restaurants and bakeries are customised to a QSR format given the time constrained service times for passengers on the go. Thus, travel QSR segment caters to all the four key segments of the overall food services basket mentioned above (high street QSRs, casual dining restaurants, fine dining restaurants, bar/lounges and others (cafes, desserts and bakeries)).

Overview of airport travel QSR

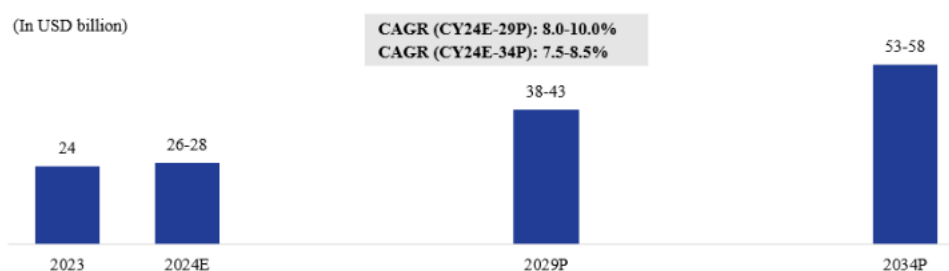
Travel QSR is an essential component of the overall air travel journey

There has been a growing emphasis on offering a diverse range of culinary options to cater to various dietary preferences and cultural tastes. Restaurants at airports are shifting from simple fast food to a more curated selection of brands and cuisines. Travel QSRs now cater to evolving tastes of travellers who seek varied, high-quality F&B experiences with a short service time requiring them to operate at higher efficiency and throughout. As a result, travel QSR outlets within the overall airport retail space, have become an essential component of the overall travel journey.

Spurred by growing passenger traffic and improving airport infrastructure, global airport travel QSR market to grow at 8–10% CAGR from CY24–29

Governments globally are investing in airport modernisation. This has aided in airports evolving into multifaceted destinations offering shopping, dining, and entertainment options to travellers. Unique dining establishments at airports cater to travellers. Such government-backed initiatives pave the way for the proliferation of quick-service restaurants at airport establishments. Additionally, increasing air traffic, changing travel trends with longer flights and layovers, innovative and premium menu offerings by players are also expected to drive the market going forward.

Exhibit 61: Review and outlook on global airport travel QSR market



Source: RHP

Overview of the Indian airport travel QSR industry

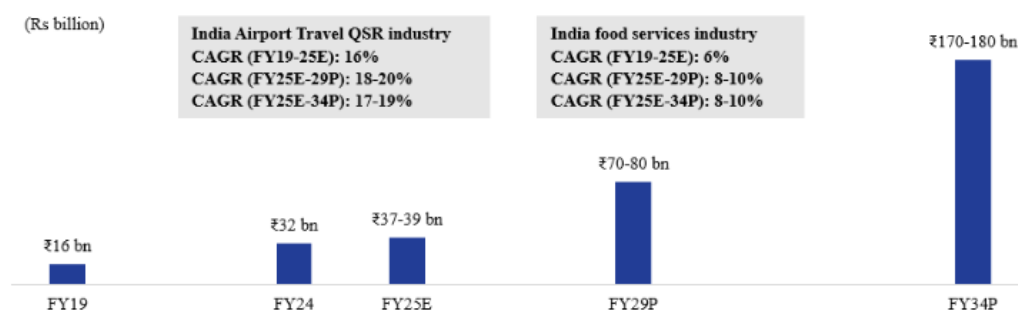
India has seen increased adoption of airport travel by passengers in recent years, supported by demographic factors, rising disposable income and improved airport travel infrastructure. Airports have traditionally been seen as an avenue for air transportation, where travellers board and arrive from flights. However, airports are now turning into retail destinations where travellers can relax in the lounge, eat and shop at leisure; thereby, improving their travel experience. F&B, a key component in the overall airport retail landscape in India, forms 34–35% of the overall airport retail market and has evolved over the years in terms of offerings and experience provided

to the customers. Further, F&B at airports is a vital consumption requirement that cannot be fulfilled by e-commerce and external F&B providers.

Increased air traffic, propensity to spend on F&B at airports to drive airport travel QSR industry in India

The airport travel QSR industry in India has demonstrated healthy growth in recent times, supported by increased passenger traffic and evolving airport travel QSR landscape. The airport travel QSR outlets now house an extensive brand portfolio, which includes global brand outlets, as well as regional and local brand alongside standalone outlets to cater to different demand preferences of the consumers for different cuisines, as well as experiences. Passengers are willing to pay a premium for quick and high-quality service in a travel setting. The industry achieved a CAGR of ~16% between FY19–25, driven by growth in passenger traffic coupled with per-passenger-spend more than doubling from INR ~16bn in FY19 to INR 37–39bn in FY25.

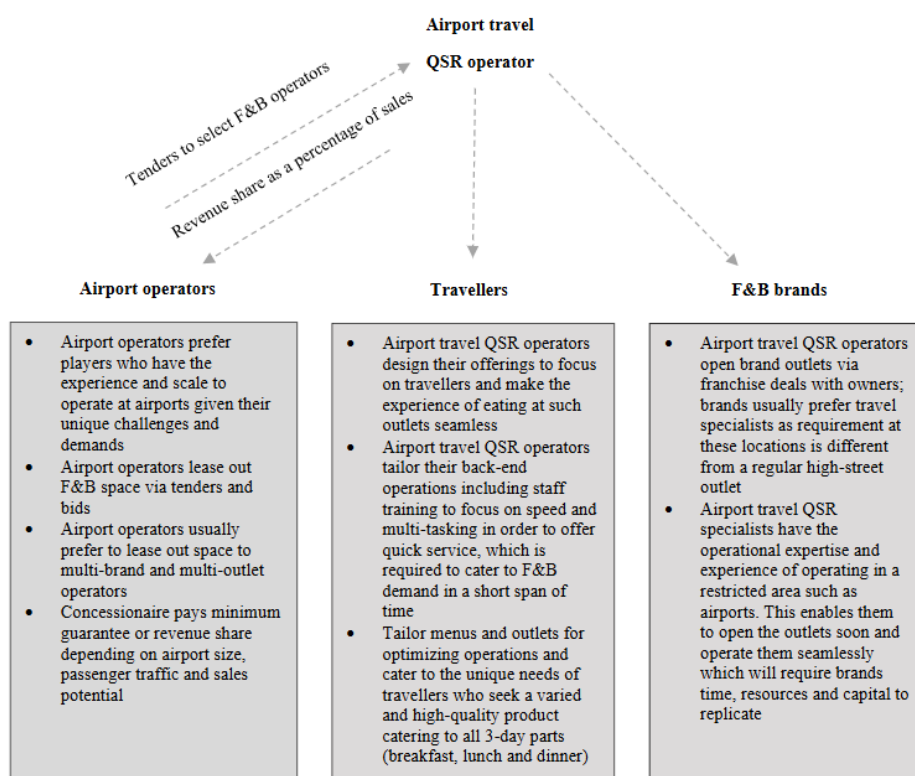
Exhibit 62: Review and outlook on Indian airport travel QSR industry



Source: RHP

Looking ahead, the airport travel QSR industry is expected to sustain its strong growth momentum, supported by the rising propensity to spend on F&B, driven by increasing air travel, higher disposable income, extended dwell times during airport travel, as well as key supply-side factors such as customised product offerings, and improved airport infrastructure. In the long term, the industry is expected to sustain its growth momentum and register a CAGR of 17–19% from FY25–34 to reach a size of INR 170–180bn by the end of FY34.

Airport travel QSR is likely to grow at a faster rate than overall food services industry and high street QSR industry. Airport operators, airport travel QSR operators, F&B brands and travellers/passengers are key components of the airport F&B value chain.

Exhibit 63: Overview of key stakeholders in airport travel QSR industry in India


Source: RHP

Airport travel QSR operators play a key role at airports

Airport operators enter concession agreements with travel QSR operators for leasing out space at airports. Airport operators usually have a master concessionaire who operate multiple travel QSR outlets at an airport. Airport operators prefer either a multi-concessionaire travel QSR and/or lounge tenders comprising of multiple F&B and/or lounge outlets within a single concession or a master concession airport travel QSR tenders to streamline operations, ensure consistent quality and service standards and efficiently manage security and logistical complexities. Tender lifecycle encompasses several phases – preparation, submission, evaluation, and negotiation – all critical for ensuring compliance with technical and financial criteria.

Further, depending on the size of an airport, passenger traffic and travel QSR sales potential, there could be one or two additional concessionaires for running such travel QSR outlets. Airport operators, in turn, usually receive minimum guaranteed fees or a revenue share, whichever is higher.

Vendors are selected through a bidding process conducted by airport operators. Typically, airport operators select an experienced player who has a track record of running multi-brand travel QSR outlets at airports given the unique challenges in an airport environment – high compliance, intense security procedures, a complex tendering process, efficient and airport mandated IT and Po's systems, passports/security clearances for staff, raw material delivery restrictions, storage space constraints and the need for 24/7 operations. Majority of the contracts, which are awarded based on a competitive tender process, capture multiple factors such as thematic, sustainability practices, brand partnerships, track record and sourcing plan; and based on these factors, the tender is allotted.

Typical tenders for airport travel QSR range between 5–9 years. Some of the key terms of the contract include guarantee amount per passenger, utility charges, rent set as a % of sales, revenue share or minimum rent guarantee, F&B availability, details on menu

and initial capital outlay. At times, individual brands may approach airport operators directly. However, individual F&B companies, particularly international players, face high costs in entering the Indian travel QSR sector directly, given high operating costs and the unique operational challenges of operating in an airport environment. Additionally, airport travel QSR players need to adhere to the increasing food labelling regulations on allergen and nutritional information. Thus, international brands tend to prefer entering Indian airports through travel QSR partners. For instance, TFS partnered with Wagamama to bring the brand to the Indian market.

Travel QSR operators set up outlets based on the requirements of an airport as well as passenger traffic and sales potential. They enter agreements with F&B brand owners to operate franchises or acquire rights from the master franchisor. These could be global or regional brands. Additionally, airport travel QSR operators run their own in-house brands and offer portfolio of brands and cuisines across the airport.

Key drivers of airport travel QSRs

Global growth drivers

- **Surging passenger traffic:** Passenger traffic is the fundamental growth driver for the air travel market. In India, passenger traffic has already surpassed pre-Covid-19 levels in FY23 and is expected to outpace the global growth rate, expanding at a 9–10% CAGR from CY24–29 and 8–9% from CY24–34.
- **Semi-captive consumers:** The airport travel QSR industry is aided by the fact that it caters to semi-captive consumers, i.e. passengers travelling by air. While consumers have alternatives such as food offered on flights, few airlines offer complimentary meals. Home-cooked food is another option but very few passengers carry their own meals, which get cold and are less fresh than the alternatives at airports. In addition, there are restrictions to the type of food allowed (some types of liquid food are not allowed through security checks).
- **Flight delays:** Due to delayed flights, consumers may explore food options at the airports and result in potential customers for airport travel QSR outlets.
- **Diversified eating options at airports:** Globally, passengers have different food preferences and airport travel QSR players are providing a variety of eating alternatives to meet the requirements and tastes of passengers.

Growth drivers specific to Indian airport travel QSRs

- **LCCs' limitations in offering food on airplanes:** LCCs operate with tight margins and a cost-saving model that typically does not include complimentary meals. Quality food on flights translates into higher costs for passengers, who generally expect lower prices and may not be willing to pay more for premium meals. Further quality could be a challenge in delivering food on a plane due to limited equipment.
- **Higher dwell times due to better throughput rate:** Passengers arriving early at the airports on account of recommendations by Indian airlines as well as changing consumer preferences—to experience a variety of food options—has led to higher dwell times at airports, reflecting the growing importance and popularity of airport travel QSR outlets and lounges.
- **Improving transport infrastructure:** Air transport infrastructure in India has improved over the years. The number of airports has grown from 102 in FY19 to 135 in FY24 and 138 as of Sep'24.

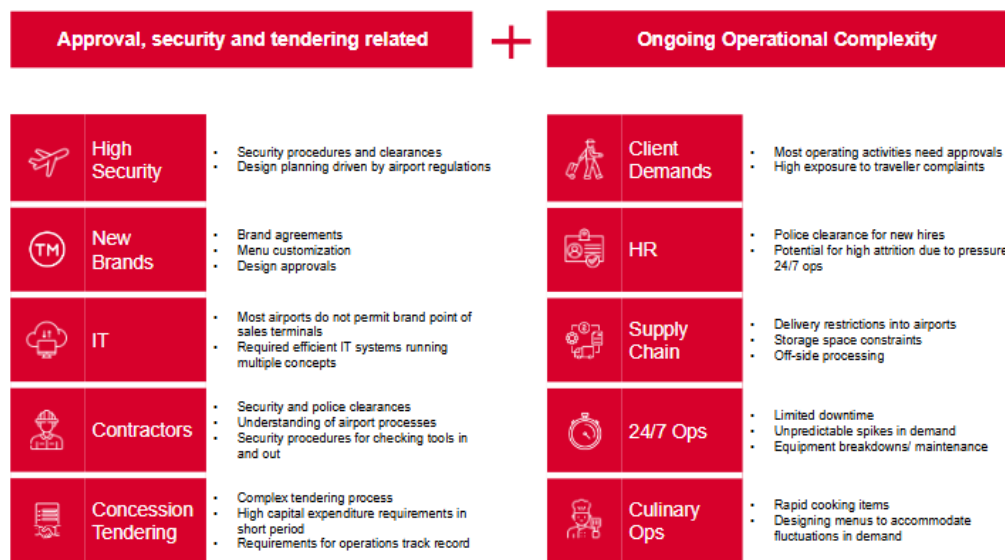
Overview of entry barriers to operating travel QSR outlets at airports

Operating travel QSR outlets at airports involves challenges such as high security and other clearances for all staff and employees working at the airport outlets. Airport travel QSR operators are also subject to a complex tendering process that usually

mandates many approvals and requires operational track record. Further, constant innovation in product offerings for travellers customised to a high-profile airport environment with limited margin of error, time sensitive consumers, 24x7 operations, limited downtime and operational complexities can act as barriers to entry to the airport F&B industry.

Exhibit 64 below illustrates some of the key entry barriers to the industry.

Exhibit 64: Key entry barriers to airport travel QSR industry



Source: RHP

Airport travel QSRs vs high-street QSRs

The operational and financial parameters of QSR outlets at airports differ from those of their high-street counterparts. Their strategies and business models also vary. Airport travel QSR outlets are operated by multi-brand travel F&B specialist companies that usually have rights to operate QSR outlets at certain airports. These rights are obtained from respective airport operators. QSR operators at airports usually pay a security deposit as well as fixed rent or share of revenue to airport operators. At times this fixed rental, or minimum guarantee, is linked to passenger traffic.

Airport concession contracts typically require a higher level of capital expenditure per square feet compared to high street QSR concessions due to the stricter specifications at airports and the higher wear and tear due to high traffic in airports.

Exhibit 65: Comparing the business models – high-street QSRs vs. airport travel QSRs

Parameter	High-street QSRs	Airport travel QSRs
Mode of operation	High-street QSR operators get franchise rights from a master franchisor or a brand to run brand outlets. They negotiate with the brand on a one-on-one basis and can enter arrangements to operate brand outlets across India or in some regions. Franchise operators usually pay an annual royalty and continuity fee to the master franchisor.	Airport QSR players directly gain rights from a master franchisor or brand to operate outlets on airport premises by paying a franchisee fee. For space allocation at airports, airport travel QSR operators have to go through complex tendering process. Space is allocated to these players basis fees such as fixed rental, revenue share and minimum guarantee.
Target consumers	Target consumers are people intending to eat out, get takeaway or eat-in by ordering food online.	Target consumers are semi-captive customers i.e. passengers travelling from and to airports.
Outlet operations	High-street QSRs are typically 1,000–2,000sq.ft. outlets with a kitchen, serving area and sitting area. There is usually a limit on the size of the sitting area.	Airport QSRs are usually 200–400sq.ft. outlets with a kitchen and serving area. The sitting area is designed as in a food court, so seating capacity is relatively flexible.
Offerings	The offerings at the high-street QSRs are pre-decided and also features options like combo meals. All day offerings or late-night offerings are available at very selected high street outlets.	Airport QSRs have a smaller menu with items that have less turnaround time tailored for time sensitive travellers. Additionally, airport QSRs are required to cater to all-day offerings including breakfast, lunch and dinner.

Source: RHP

Exhibit 66: Difference between high street and airport travel retail shoppers

Parameter	High-street consumer	Airport travel retail consumer
Demographics	Diverse income brackets (generally middle-income) and includes locals and tourists	Upper-middle to high-income bracket, including frequent travellers
Behavioural characteristics	Leisure shoppers (with no time restrictions), price sensitive, less impulsive	Time-constrained, less price sensitive, impulsive shopper
Price sensitivity	Value conscious	Values convenience, comfort and exclusivity and willing to pay premium for a better experience

Source: RHP

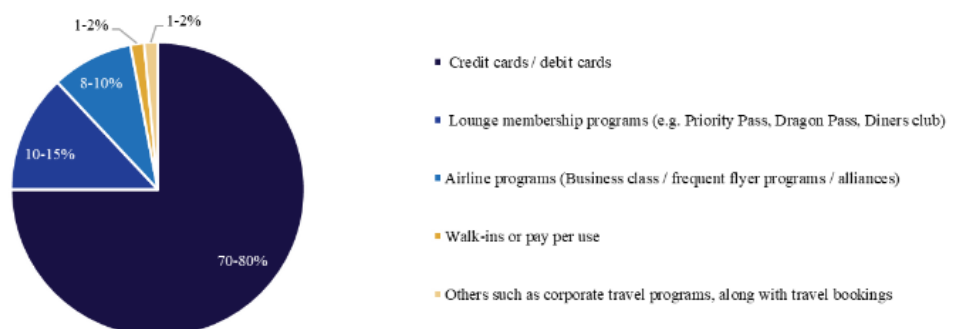
Overview of the Indian airport lounge industry

Airport lounges offer a range of services that are designed to provide comfort and convenience to travellers. Lounges focus on providing a wide range of high-quality food options along with a comfortable seating arrangement for the customer. Lounges can be broadly bundled into F&B, space to relax or work, and ancillary facilities such as shower, wellness services, entertainment, etc. These services can vary based on airport, airline or class of service.

Exhibit 67: Key services offered by airport lounges

Food and beverage (F&B)	Space (to relax or work)	Ancillary services
<ul style="list-style-type: none"> • Buffet spread and multi-cuisine options • Vegetarian and non-vegetarian food options • Beverages • Bar 	<ul style="list-style-type: none"> • Private space to relax with comfortable seating • Recharging stations for gadgets • Some lounges also offer workstations, internet access and meeting rooms 	<ul style="list-style-type: none"> • Some lounges offer shower facilities • Some lounges offer wellness services, including spas, massages beauty treatments • Some lounges offer entertainment options, such as TV and reading material • Some lounges offer concierge services, priority boarding assistance and flight information

Source: RHP

Airport lounges in India can be accessed through the following methods
Exhibit 68: Passenger volume-wise split of various airport lounge access methods in India (FY25E)


Source: RHP

Credit/debit cards (70–80% share in terms of passenger volume): Many banks offer complimentary lounge access with premium credit cards. Access to lounges through premium credit card has been a key trend in the global lounge market and customers of these cards often seek these services from the card providers.

Lounge membership programmes (10–15% share): Access to international lounges is provided via tie-up with networks such as Dragon Pass and Priority Pass, which are lounge membership programmes and are either offered complimentary by banks or can be purchased directly.

Airline programmes (8–10% share): Lounge access through airlines are usually via first or business class tickets, frequent flyer status and alliances.

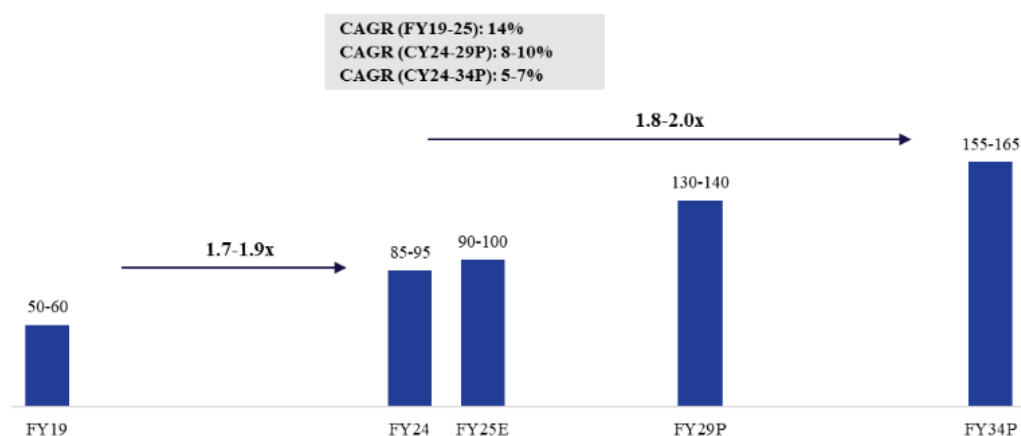
Walk-ins or pay-per-use (1–2% share): Many airport lounges allow travellers to pay directly for access, regardless of the airline, class of travel or membership status. Online booking platforms such as Lounge Buddy or the airport's own website also at times offer the option to pre-purchase lounge access, which can be more convenient and at times cheaper than paying at the door.

Corporate travel programmes through travel bookings or hotel and travel packages (1–2% share): Some businesses negotiate lounge access as part of their corporate travel agreements. In some cases, travel management companies may also include lounge access as part of their service offerings.

Growth in number of lounges driven by development of new airports and upgradation of existing ones

Lounges in India have grown significantly over the past five years, driven by the development of new operational airports, which increased to 138 as of Sep'24 from 77 in FY16. Other factors such as partnerships with credit card companies and loyalty programmes have contributed to the growth as well.

Exhibit 69: Review and outlook on number of lounges in India



Source: RHP

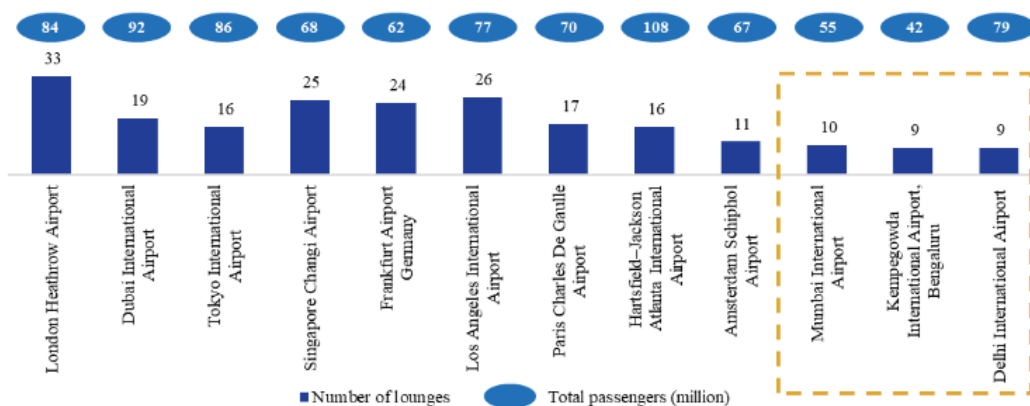
Rising disposable incomes is translating into middle-class travellers increasingly seeking premium experiences, including access to airport lounges. With sustained economic growth, business travel is increasing. Corporate travellers often seek comfort and amenities offered by lounges to work or relax before their flights.

Lower number of lounges at Indian airports compared to select key airports globally

Indian airports had an average of ~0.7 lounges per airport (90–100 operational lounges at 138 operational airports, as of Sep'24). Larger airports in Mumbai, Bengaluru and Delhi have 8–10 lounges each. Even, this number is far lower compared with key global airports, indicating considerable headroom for growth. Delhi's Indira Gandhi Airport is Asia's busiest airport, which handled 79mn passengers in FY25, and has 9 lounges, compared to London's Heathrow Airport which has 33 lounges but handled similar passenger traffic of 83.9mn in CY24. Similarly, Mumbai Airport, which handled 55mn passengers in FY25 and Bengaluru airport, which handled 42mn

passengers in FY25, have 10 and 9 lounges, respectively, which is very low compared to key global airports as shown in **Exhibit 70**.

Exhibit 70: Estimated number of lounges at select key airports globally; and comparison with key Indian airports



Source: RHP

Note:

1) Dotted box represents Indian airports

2) Total passenger traffic for CY23 considered for airports outside India; total passenger traffic for FY24 considered for Indian airports

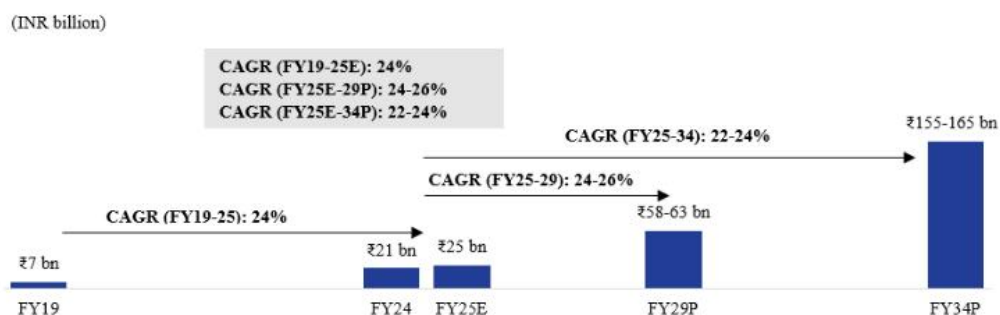
3) Bubbles above the bars indicate total passenger traffic in million at that airport for CY23

India's airport lounge segment posted strong growth with increasing penetration

The Indian lounge industry saw a CAGR of ~24% from FY19–25, to a market size of ~INR 25bn. Several factors have contributed –

- Expansion of airport infrastructure: Operational airports in the country increased to 138 in Sep'24, from 77 in FY16.
- Increase in number of credit and debit cards: Outstanding credit cards issued in India rose to 102mn in FY24, from 47mn in FY19; representing, a ~17% CAGR, thereby, providing an impetus to industry growth.
- Increasing uptake of frequent flyer/loyalty programmes of airlines.
- Evolving customer preferences to get access to quality food and rest before travel.

Exhibit 71: Review and outlook of growth in airport lounges industry in India



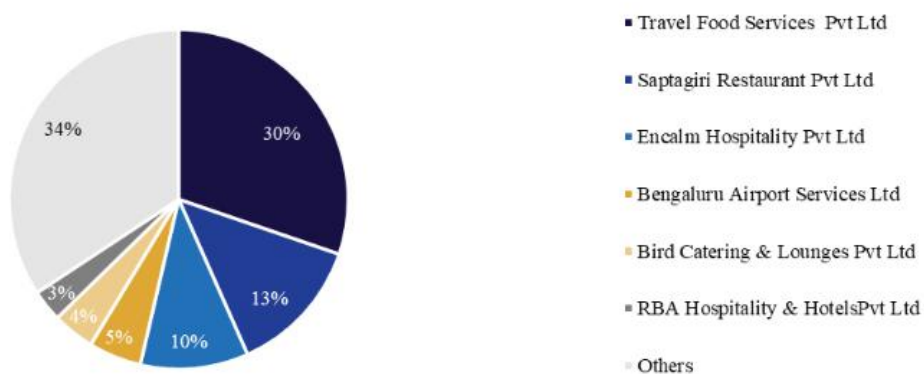
Source: RHP

Top 3 lounge operators command ~53% share in number of lounges

Travel Food Services (TFS) Limited, Saptagiri Restaurant Private Limited and Uncalm Hospitality Private Limited collectively run ~45–55 airport lounges across the country as of 31 Mar'25, commanding ~53% share in terms of number of operational airport lounges in India. Bengaluru Airport Services Limited, Bird Catering & Lounges Private Limited and RBA Hospitality & Hotels Private Limited are the other key players.

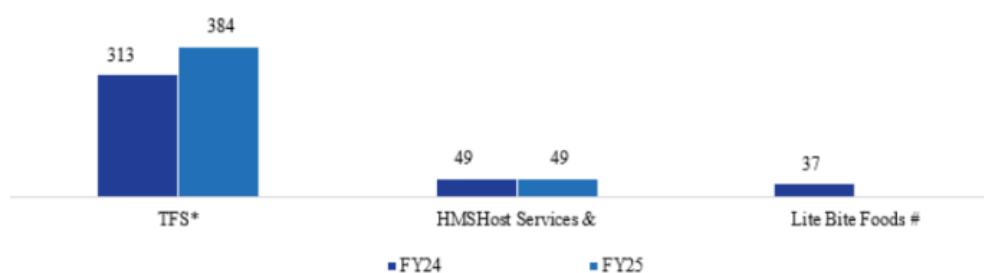
TFS operated the largest network of private airport lounges in India with 28 lounges across 10 airports as of 31 Mar'25. The company operates some of the key lounges like Adani Lounge International (Mumbai), 080 Lounge (Bengaluru), Global Lounge Kuala Lumpur International Airport (Malaysia). Adani Lounge International (Mumbai) won the World Travel award while the latter two lounges won the FAB award, (an international awards programme focused on the F&B sector).

Exhibit 72: Estimated market share of lounge operators in India (as of Mar'25) – preliminary estimates



Source: RHP

Exhibit 73: Number of stores at airport for travel QSR's



Source: RHP

*Note: Number is based on system wide presence including associates and joint ventures & For HMSHost Services, the company operates a total of 51 stores with 49 stores operated in the F&B segment as per company's website accessed in May 2025

For Lite Bite Foods, the company has a total of more than 150 outlets which is inclusive of the outlets operated by its subsidiary Lite Bite Travel Foods Limited. Among these 37 are operated out of airports with 26 outlets at CSMT airport, Mumbai, 5 outlets at IGI Airport, Delhi, 5 outlets at SVP airport, Ahmedabad and 1 outlet at KIA, Bengaluru. For Lite Bite Foods, the company has a total of more than 160 total outlets which is inclusive of the outlets operated by its subsidiary Lite Bite Travel Foods Limited. Company has updated its website and airport wise store details are no longer available on its website as of May 2025.

**Devyani International operates Food Street (food courts) across 3 airports in India as per data on their website. However, the number of stores for these food courts is not available. Hence, it has been excluded in the above table.

TFS operated the largest network of travel QSR outlets and airport travel QSR outlets in India as of 31 Mar'25. TFS operated 384 airport travel QSR outlets as of 31 Mar'25, followed by HMSHost Services with 49 operational outlets at airports as of 31 Mar'25.

As of Mar'25, TFS operated 413 outlets in India; of which, 384 are airport travel QSR outlets, and the rest are highway QSR outlets.

Exhibit 74: Presence in terms of airport for travel QSR players in India

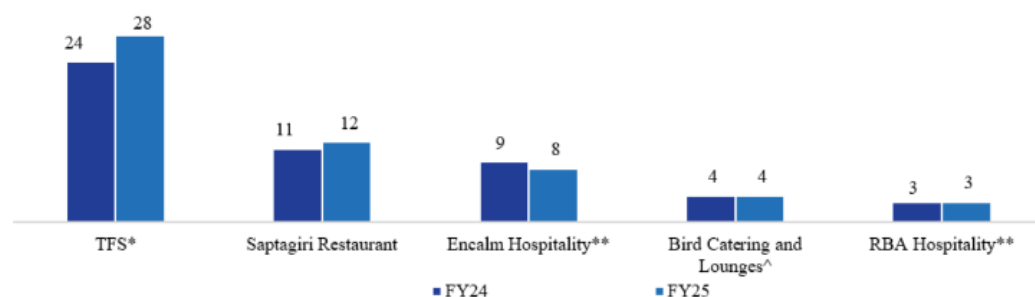


Source: RHP

Note: Number is based on system wide presence including associates and joint ventures

**For Devyani International, the number shown in the above table shows the presence of their food court 'The Food Street' across airports as per the website accessed in May 2025, if a player is present at domestic

Exhibit 75: Key players – number of lounges



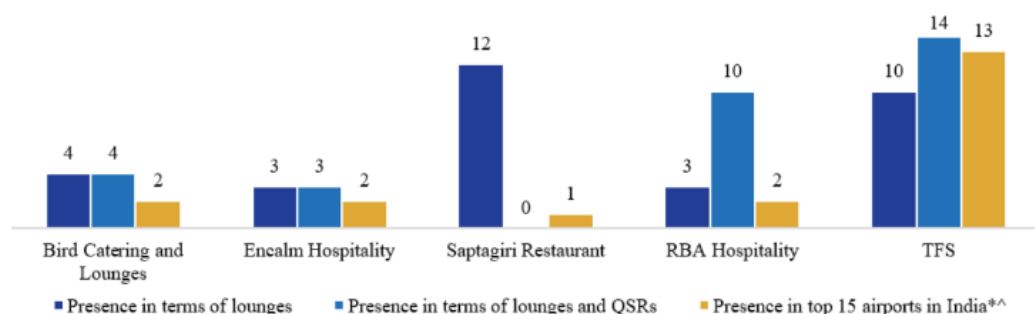
Source: RHP

**Note: Number is based on system wide presence including associates and joint ventures

** - Data as per website accessed in May 2025

^ - Data as per credit rating rationale dated February 2024

Exhibit 76: Presence in terms of airports



Source: RHP

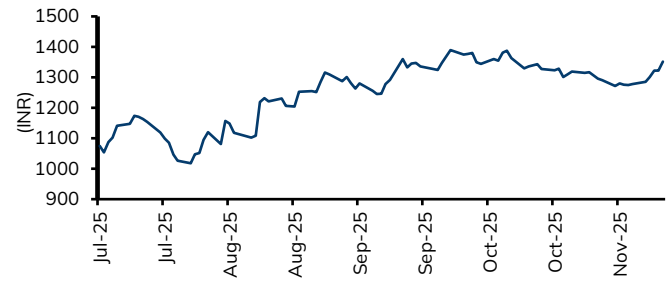
Note: NA stands for not available

* Top 15 airports have been identified as per FY2025 passenger traffic. They include Ahmedabad, Assam Guwahati, Bengaluru, Bhubaneswar,

Chennai, Delhi, Goa, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Pune and Thiruvananthapuram.

^ Presence through both lounges and QSRs.

%	Jul-25	Sep-25
Promoters	86.2	86.2
Institutional investors	8.0	10.8
MFs and other	3.0	5.8
Banks/ FIs	0.6	0.0
Insurance Cos.	1.1	1.8
FIIIs	3.3	3.2
Others	5.8	3.0



Financial Summary

Exhibit 79: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	16,877	16,026	17,524	20,268
Operating Expenses	11,336	9,821	10,741	12,382
EBITDA	5,541	6,205	6,783	7,886
EBITDA Margin (%)	32.8	38.7	38.7	38.9
Depreciation & Amortization	1,263	1,459	1,697	1,909
EBIT	4,278	4,746	5,086	5,977
Interest expenditure	457	340	374	411
Other Non-operating Income	750	750	740	936
Recurring PBT	4,571	5,156	5,452	6,501
Profit / (Loss) from Associates	473	450	617	721
Less: Taxes	1,247	1,403	1,483	1,768
PAT	3,324	3,754	3,969	4,733
Less: Minority Interest	(165)	(170)	(2)	(2)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,632	4,034	4,584	5,452
Net Income (Adjusted)	3,632	4,034	4,584	5,452

Source Company data, I-Sec research

Exhibit 80: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	9,486	11,160	14,179	18,786
of which cash & cash eqv.	375	2,212	4,946	9,029
Total Current Liabilities & Provisions	6,019	5,718	6,248	7,218
Net Current Assets	3,467	5,443	7,932	11,567
Investments	2,791	2,791	2,791	2,791
Net Fixed Assets	1,231	1,272	1,075	166
ROU Assets	2,488	2,488	2,488	2,488
Capital Work-in-Progress	386	386	386	386
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	1,778	1,778	1,778	1,778
Deferred Tax assets	820	820	820	820
Total Assets	13,008	15,025	17,318	20,044
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	68	68	68	68
Other Liabilities	2,238	2,238	2,238	2,238
Equity Share Capital	132	132	132	132
Reserves & Surplus	10,402	12,419	14,711	17,438
Total Net Worth	10,534	12,551	14,843	17,569
Minority Interest	168	168	168	168
Total Liabilities	13,008	15,025	17,318	20,044

Source Company data, I-Sec research

Exhibit 81: Quarterly trend

(INR mn, year ending March)

	Dec 24	Mar 25	Jun 25	Sep 25
Net Sales	4,109	3,666	3,751	3,559
% growth (YOY)	-	-	(8.5)	(28.9)
EBITDA	1,576	1,347	1,458	1,352
Margin %	38.4	36.7	38.9	38.0
Other Income	219	195	207	207
Extraordinaries	-	-	-	-
Adjusted Net Profit	757	1,029	918	958

Source Company data, I-Sec research

Exhibit 82: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	4,983	5,694	6,900	8,221
Working Capital Changes	541	(139)	244	448
Capital Commitments	(619)	(1,500)	(1,500)	(1,000)
Free Cashflow	4,364	4,194	5,400	7,221
Other investing cashflow	(1,293)	-	-	-
Cashflow from Investing Activities	(1,912)	(1,500)	(1,500)	(1,000)
Issue of Share Capital	-	-	-	-
Interest Cost	(9)	(340)	(374)	(411)
Inc (Dec) in Borrowings	(189)	-	-	-
Dividend paid	(1,980)	(2,017)	(2,292)	(2,726)
Others	(72)	-	-	-
Cash flow from Financing Activities	(3,499)	(2,357)	(2,666)	(3,138)
Chg. in Cash & Bank balance	(428)	1,837	2,733	4,083
Closing cash & balance	375	2,212	4,946	9,029

Source Company data, I-Sec research

Exhibit 83: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	27.6	30.6	34.8	41.4
Adjusted EPS (Diluted)	27.6	30.6	34.8	41.4
Cash EPS	37.2	41.7	47.7	55.9
Dividend per share (DPS)	15.0	15.3	17.4	20.7
Book Value per share (BV)	80.0	95.3	112.7	133.4
Dividend Payout (%)	54.5	50.0	50.0	50.0
Growth (%)				
Net Sales	20.9	(5.0)	9.3	15.7
EBITDA	34.4	12.0	9.3	16.3
EPS (INR)	-	11.1	13.7	18.9
Valuation Ratios (x)				
P/E	49.2	44.3	39.0	32.8
P/CEPS	36.5	32.6	28.5	24.3
P/BV	17.0	14.2	12.0	10.2
EV / EBITDA	31.1	27.5	24.8	20.8
P / Sales	10.6	11.2	10.2	8.8
Dividend Yield (%)	1.1	1.1	1.3	1.5
Operating Ratios				
Gross Profit Margins (%)	82.4	82.5	82.5	82.5
EBITDA Margins (%)	32.8	38.7	38.7	38.9
Effective Tax Rate (%)	27.3	27.2	27.2	27.2
Net Profit Margins (%)	21.5	25.2	26.2	26.9
Net Debt / Equity (x)	(0.6)	(0.6)	(0.7)	(0.8)
Net Debt / EBITDA (x)	(1.1)	(1.3)	(1.6)	(1.9)
Fixed Asset Turnover (x)	8.1	5.4	3.9	3.5
Working Capital Days	73	72	65	49
Inventory Turnover Days	2	2	2	2
Receivables Days	25	22	24	25
Payables Days	80	71	77	79
Profitability Ratios				
RoCE (%)	30.8	29.5	26.7	26.6
RoE (%)	37.1	34.4	33.1	33.3
RoIC (%)	181.0	199.5	231.2	619.4

Source Company data, I-Sec research

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