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India | Equity Research | Results Update

Travel Food Services

Consumer Staples & Discretionary

Traffic recovery fuels earnings beat

TFS' Q3FY26 performance surpassed expectations. The beat was driven by recovery in passenger traffic following disruptions in H1 due to geopolitical tensions and aircraft maintenance issues. Passenger traffic improved, registering a 1.6% YoY increase, led by festive and travel demand. System sales revenue during Q3FY26 grew 28% YoY, supported by the commencement of operations at Delhi T2 and Navi Mumbai airports. Profitability improved with EBITDA margins expanding by 137bps YoY, driven by operating leverage. Profit from JVs increased materially with the mobilisation of units in the Adani JV, driving PAT growth of ~36% YoY. Cash flow generation remains healthy, with cash on the books at INR 7.9bn as of Dec'25. We expect the strong momentum to be sustained, led by scale-up at existing airports, mobilisation at Kochi domestic airport, and the upcoming launch of the Noida airport. Maintain BUY.

Robust revenue growth led by healthy LFL and modest traffic growth

TFS reported system wide/consolidated revenue growth of 28.1%/18.3% YoY (on adjusted basis), with passenger traffic growth of 1.6% YoY. The quarter was also supported by festive and travel-related demand in Oct'25/Nov'25, partly offset by a softer Dec'25 due to the short-term airline-related disruptions. Ongoing product portfolio improvements, menu optimisation and sales-enhancement initiatives supported LFL growth, resulting in 12.5%/7.1% growth in system wide/consol. sales. New outlet addition remained a key growth lever, with contribution from outlets opened in the last 12 months at 13.5%/12.3% YoY at system-wide/consol. levels led by openings of more than 50 outlets at high traffic airports such as Mumbai, Delhi, Ahmedabad and Hyderabad. Additionally, expansion and recent wins in NMIA, IGI T1/T2, Kochi domestic airport (from Oct'25 to Jan'26) and the upcoming airport at Noida are expected to sustain the growth momentum over the medium term.

Margins resilient supported by cost discipline and operating leverage

At a consol. Level, gross margin expanded 168bps to 83.9% vs. Q3FY25 numbers; EBITDA grew 15% YoY while EBITDA margin improved 137bps YoY to 39.7%, reflecting disciplined cost management and improving unit economics. PAT grew ~36%, with PAT margin improving 377bps to 30% aided by ~246% increase in revenue from JV, reflecting execution strength and disciplined capital allocation.

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	4,362	4,584	5,452
EPS (INR)	27.6	33.1	34.8	41.4
EPS % Chg YoY	(62.9)	20.1	5.1	18.9
P/E (x)	42.4	35.3	33.6	28.3
EV/EBITDA (x)	27.7	24.4	22.0	18.4
RoCE (%)	30.8	30.1	26.4	26.3
RoE (%)	37.1	37.0	32.7	33.0

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Market Data

Market Cap (INR)	154bn
Market Cap (USD)	1,700mn
Bloomberg Code	TRAVELFO IN
Reuters Code	TAVE.BO
52-week Range (INR)	1,445 /1,009
Free Float (%)	12.0
ADTV-3M (mn) (USD)	1.1

Price Performance (%)	3m	6m	12m
Absolute	(8.2)	2.0	0.0
Relative to Sensex	(6.0)	(0.6)	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

Previous Reports

26-11-2025: [Initiating coverage](#)

Outlet and brand expansion reflects strong partner confidence

TFS continues to sustain its expansion momentum with the commencement of operations at the Navi Mumbai International Airport (NMIA) through its JV (Semolina Kitchens). Entry into NMIA represents a significant long-term growth opportunity, with the airport expected to initially handle ~20mn passengers annually, providing a strong runway for traffic-led demand growth. In parallel, TFS has further strengthened its footprint at IGI Airport, Delhi, with the mobilisation of 14 outlets across QSR, regional, and premium formats at Terminal 2. Additionally, TFS secured licenses in Jan'26 to operate 33 outlets in T1, IGI Airport (including select existing outlets), reinforcing its dominant presence at the Delhi airport ecosystem.

As of Q3FY26, TFS operated 494 travel QSR outlets at the system-wide level, up from 441 in Dec'24, along with 37 lounges (vs. 35 in Dec'24). The company also added 15 new brands over the last 12 months, reflecting strong execution capabilities and growing confidence from airport authorities and brand partners. This expansion lifted the total brand portfolio to 140 brands system-wide, underscoring TFS' strategy of scaling through format diversification, brand innovation, and presence across high-traffic aviation hubs.

Valuation and risk

We broadly maintain our estimates and model consol. revenue/EBITDA/PAT CAGRs of 6%/12%/15% over FY25–28E on the back of new incremental concessions at new and existing airports, rising passenger traffic, and increasing sales per pax. We maintain **BUY** and our TP of INR 1,600, based on 42x Sep'27E EPS.

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

Exhibit 1: Consolidated result review

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Net Revenue	4,562	4,109	11.0	3,559	28.2	11,871	13,212	(10.1)
COGS	(734)	(730)	0.5	(572)	28.4	(1,931)	(2,340)	(17.5)
Gross profit	3,828	3,378	13.3	2,987	28.1	9,940	10,871	(8.6)
Staff cost	(685)	(612)	11.8	(590)	16.0	(1,951)	(2,108)	(7.4)
Other expenses	(1,331)	(1,190)	11.8	(1,045)	27.3	(3,366)	(4,569)	(26.3)
Total opex	(2,015)	(1,802)	11.8	(1,635)	23.2	(5,317)	(6,677)	(20.4)
EBITDA	1,812	1,576	15.0	1,352	34.1	4,622	4,194	10.2
Other income	228	219	3.9	207	9.8	642	554	15.8
Finance cost	(98)	(140)	(29.8)	(80)	22.3	(265)	(360)	(26.4)
D&A	(390)	(330)	18.2	(383)	1.9	(1,109)	(931)	19.0
PBT	1,552	1,325	17.1	1,096	41.5	3,891	3,458	12.5
Tax	(400)	(356)	12.4	(260)	53.8	(1,034)	(967)	6.9
PAT	1,152	969	18.8	836	37.7	2,857	2,490	14.7
Share of Profit from JV/Ass	217	63	246.4	143		440	241	82.9
Minority interest	(42)	(55)	(23.9)	(21)	95.5	(95)	(128)	(25.9)
Recurring PAT	1,327	977	35.8	958	38.5	3,202	2,603	23.0
Extraordinary items	-	-		-		-	-	
Net profit (reported)	1,327	977	35.8	958	38.5	3,202	2,603	23.0
EPS	10.1	7.4	35.8	7.3	38.5	24	20	23.0
Costs as a % of sales								
COGS	16.1	17.8	-169 bps	16.1	2 bps	16.3	17.7	-145 bps
Gross margin (%)	83.9	82.2	168 bps	83.9	-3 bps	83.7	82.3	144 bps
Staff cost	15.0	14.9	10 bps	16.6	-158 bps	16.4	16.0	48 bps
Other expenses	29.2	29.0	21 bps	29.4	-20 bps	28.4	34.6	-623 bps
EBITDA margin (%)	39.7	38.4	137 bps	38.0	174 bps	38.9	31.7	719 bps
Income tax rate (%)	25.8	26.8	-107 bps	23.7	205 bps	26.6	28.0	-141 bps

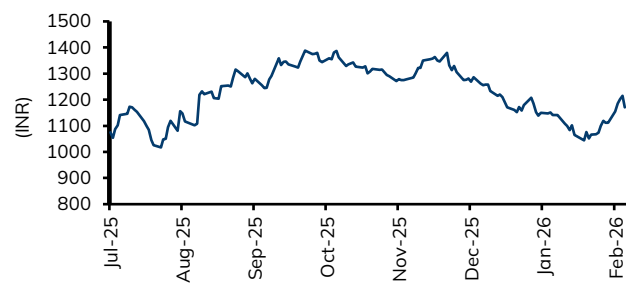
Source: Company data, I-Sec research

Exhibit 2: Shareholding pattern

%	Jul-25	Sep-25	Dec-25
Promoters	86.2	86.2	86.2
Institutional investors	8.0	10.8	11.2
MFs and other	3.0	5.8	6.4
Banks/ FIs	0.6	0.0	0.0
Insurance Cos.	1.1	1.8	2.0
FII's	3.3	3.2	2.8
Others	5.8	3.0	2.6

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: 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	850	740	936
Recurring PBT	4,571	5,256	5,452	6,501
Profit / (Loss) from Associates	473	600	617	721
Less: Taxes	1,247	1,325	1,483	1,768
PAT	3,324	3,932	3,969	4,733
Less: Minority Interest	(165)	(170)	(2)	(2)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,632	4,362	4,584	5,452
Net Income (Adjusted)	3,632	4,362	4,584	5,452

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	9,486	11,324	14,343	18,950
of which cash & cash eqv.	375	2,376	5,110	9,193
Total Current Liabilities & Provisions	6,019	5,718	6,248	7,218
Net Current Assets	3,467	5,606	8,096	11,731
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	15,189	17,481	20,208
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	12,583	14,875	17,602
Total Net Worth	10,534	12,715	15,007	17,733
Minority Interest	168	168	168	168
Total Liabilities	13,008	15,189	17,481	20,207

Source Company data, I-Sec research

Exhibit 6: Quarterly trend

(INR mn, year ending March)

	Mar 25	Jun 25	Sep 25	Dec' 25
Net Sales	3,666	3,751	3,559	4,562
% growth (YOY)	-	(8.5)	(28.9)	11.0
EBITDA	1,347	1,458	1,352	1,812
Margin %	36.7	38.9	38.0	39.7
Other Income	195	207	207	228
Extraordinaries	-	-	-	-
Adjusted Net Profit	1,029	918	958	1,327

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	4,983	6,022	6,900	8,221
Working Capital Changes	541	(139)	244	448
Capital Commitments	(619)	(1,500)	(1,500)	(1,000)
Free Cashflow	4,364	4,522	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)	(2,181)	(2,292)	(2,726)
Others	(72)	-	-	-
Cash flow from Financing Activities	(3,499)	(2,521)	(2,666)	(3,138)
Chg. in Cash & Bank balance	(428)	2,001	2,733	4,083
Closing cash & balance	375	2,376	5,110	9,193

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	27.6	33.1	34.8	41.4
Adjusted EPS (Diluted)	27.6	33.1	34.8	41.4
Cash EPS	37.2	44.2	47.7	55.9
Dividend per share (DPS)	15.0	16.6	17.4	20.7
Book Value per share (BV)	80.0	96.6	114.0	134.7
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)	(62.9)	20.1	5.1	18.9
Valuation Ratios (x)				
P/E	42.4	35.3	33.6	28.3
P/CEPS	31.5	26.5	24.5	20.9
P/BV	14.6	12.1	10.3	8.7
EV / EBITDA	27.7	24.4	22.0	18.4
P / Sales	9.5	10.0	9.1	7.9
Dividend Yield (%)	1.3	1.4	1.5	1.8
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	25.2	27.2	27.2
Net Profit Margins (%)	21.5	27.2	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	30.1	26.4	26.3
RoE (%)	37.1	37.0	32.7	33.0
RoC (%)	181.0	204.9	231.2	619.4

Source Company data, I-Sec research

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