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Continuation of our coverage on TFS post Q3FY26 results announced by the company on 13th February, 2026.

**Recommendation and Rationale:** We maintain coverage on Travel Food Services Ltd. (TFS) with a “Accumulate” recommendation and a target price of ₹1,365 , based on 41× FY27E EPS of ₹33.3 . The company is well positioned to benefit from India’s structural aviation growth, backed by a diversified airport QSR and lounge portfolio with strong leadership across key hubs. The company continues to outperform passenger traffic via pricing, revenue optimisation and rising penetration. A strong pipeline of new airports, terminal expansions and tender wins provides multi-year growth visibility. Margins benefit from operating leverage, rising JV profitability and cost discipline, with international and greenfield airports adding incremental upside. Disciplined expansion and highway opportunities provide long-term optionality.

#### Financial Performance Highlights

**System-wide growth led by expansion and LFL recovery:** System-wide sales grew 28.1% YoY in Q3FY26 and 24.5% in 9MFY26, driven by 12% LFL growth and strong net contract gains (13.5% in Q3; 10.2% in 9M), with 50+ new QSR units added across key airports. Passenger traffic recovered in Q3 after Q2 disruptions.

**Consolidated growth moderated by contract churn:** Consolidated sales grew 18.3% YoY in Q3FY26 and 9.9% in 9MFY26, supported by LFL growth (7.1% in Q3; 5.5% in 9M) and net contract gains (12.3% in Q3; 4.6% in 9M), though 9M growth was partly offset by contract expiries and transfer to JV.

**Margin-led earnings expansion at consolidated level:** Consolidated EBITDA Margin stood at 40% in Q3 and PAT grew 35.3% YoY in Q3FY26 and 24.1% in 9MFY26, with PAT margins expanding to 30.0% (Q3) and 27.8% (9M), reflecting operating leverage and strong execution discipline.

**Debt-Free Status:** TFS reported a strong financial position with zero consolidated debt and a cash balance of ₹793 crore as of December 31, 2025.

#### Operational Performance Highlights:

**Network Expansion:** The system-wide footprint expanded to over 530 units, including 494 Travel QSR outlets and 37 lounges as of December 2025.

#### Key New Openings:

- Commenced operations at the new Navi Mumbai International Airport via a joint venture with Semolina Kitchen.
- Operationalized 14 travel QSR outlets at Delhi Airport (Terminal 2)
- Mobilized units at Cochin International Airport (Domestic Terminal starting January 2026.

**Brand Growth:** The portfolio now includes 140 brands, with 15 new brands added in the last 12 months, including Street Burger by Gordon Ramsay and Nando's.

**Technology Leadership:** Successfully deployed the EATS platform, which enables direct bank-to-lounge access through integrated bank and card network partnerships.

**International Presence:** Strengthened global operations by opening a second Kyra Lounge at Hong Kong International Airport.

**Resilience:** Maintained 24/7 service continuity and uninterrupted food service during peak December travel disruptions caused by airline cancellations.

**Operational Efficiency:** The integrated supply chain and centralized kitchens allow for a 24-hour vendor turnaround, optimizing inventory management and payable cycles.

#### Key Stock Data

CMP (₹)(18/02/2026)	1,217.40
Industry	Restaurants
Market Cap (Rs. Crore)	16,003.68
52 Week High/Low (Rs)	1,445 / 1,008
BSE/NSE Code	544443/ TRAVELFOOD
Bloomberg	TRAVELFO: IN

#### Financial Results Data (in ₹ Crores/ Unless stated otherwise)

Particulars	FY24	FY25	FY26E	FY27E
Rev. from operations	1,396	1,688	1,603	1,844
EBITDA	412	554	593	682
EBITDA Margin (%)	30	33	37	37
PAT	298	380	391	439
PATM (%)	21	23	24	24

#### Quarterly Results Data (in ₹ Crores/ Unless stated otherwise)

Particulars	Q3FY26	Q3FY25	9MFY26	9MFY25
Rev. from operations	456	411	1,187	1,321
EBITDA	181	158	462	419
EBITDA Margin (%)	40	38	39	32
PAT	137	103	330	273
PATM (%)	30	25	28	21

Note: Semolina Kitchens Limited was deconsolidated with effect from 14 October 2024 following its transition from a wholly owned subsidiary to a joint venture, and the financials reflect this change in consolidation scope.

#### Shareholding Pattern

Particulars	Q3FY26	Q2FY26	Q1FY26
Promoters	86.19	86.19	86.19
FII	2.39	2.77	2.96
DII	8.84	8.04	5.09
Public	2.59	3.00	5.76

Source: Company, Screener

#### Price Chart





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**Buy** – Absolute return of 15% and above

**Accumulate** – Absolute return between 10% and 15%

**Hold** – Absolute return between 0% and 10%

**Book profits:** On achieving the price target given in the research report for a particular Company or on an occurrence of a specific event leading to change in fundamentals of the Company recommended

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