

Continuation of our coverage on TFS post Q4FY26 results announced by the company on 26th May, 2026.

Recommendation and Rationale: Travel Food Services achieved our earlier target price of ₹1,365 on June 15, 2026, driven by strong operational performance, robust FY26 earnings, and continued network expansion. Following the better-than-expected FY26 results, we have revised our FY27 earnings estimates upward. Accordingly, we maintain our positive view on the company and upgrade our target price to ₹1,465, based on a valuation of 40x FY27E earnings. We assign "Accumulate" rating to the stock.

Travel Food Services (TFS) has demonstrated the resilience of its airport-focused business model, with passenger traffic at TFS-managed airports growing 1.2% in FY26 despite multiple disruptions, including the Middle East conflict. The company enjoys a leadership position with approximately 30% market share in Indian airport Travel QSRs and 45% market share in airport lounges, providing strong scale advantages. Backed by a debt-free balance sheet and strong cash reserves, TFS is well placed to expand its core airport business, scale expressway QSRs, grow its international lounge footprint across APAC and the Middle East, and leverage technology initiatives to drive long-term growth.

Financial Performance Highlights

Consolidated Earnings Driven by Operating Leverage: Consolidated revenue increased 25.7% YoY to ₹461 crore in Q4FY26, driving 32.2% YoY growth in gross profit and a 430 bps expansion in gross margin to 87.3%. Adjusting for a one-time ₹8 crore cost reclassification, gross margin stood at 85.6%. EBITDA grew 38.3% YoY, supported by strong sales growth, a higher mix of value combo sales, procurement efficiencies and disciplined manpower costs. Consequently, PAT rose 15.1% YoY to ₹123 crore, despite lower JV profits and the phasing of full-year taxes across quarters. For FY26, consolidated revenue grew 13.9% YoY to ₹1,648 crore, with a gross margin of 84.7%, while PAT increased 19% YoY to ₹452 crore.

System-wide Growth: In Q4FY26, system-wide sales rose 27.7% YoY to ₹895 crore, supported by 6.1% LFL sales growth, driven by pricing and premiumization initiatives and 17.3% net contract gains. PAT grew 15.1% YoY to ₹123 crore during the quarter.

In FY26, Sales grew by 25.4% YoY to ₹3,214 crore, despite sectoral headwinds, driven by 9.4% LFL growth and 13.1% net contract gains. Adjusted PAT increased 21.5% YoY to ₹452 crore, reflecting strong operating performance.

Debt Free Balance sheet: TFS maintains a strong balance sheet with a zero-debt position and a healthy cash and investment balance of approximately ₹835 Crores as of March 31, 2026, providing significant financial flexibility for growth.

Operational Performance Highlights:

Network Expansion: Expanded footprint to 557 outlets (518 Travel QSRs and 39 Lounges) across 20 airports as of Mar-26, with 76 new QSR outlets added mainly across Mumbai, Delhi, Ahmedabad, Navi Mumbai and Cochin airports during FY26.

Strong Airport Presence: Present across 14 of India's top 15 airports, covering approximately 74% of domestic air passenger traffic.

Key Stock Data

CMP (₹)(17/06/2026)	1,317.50
Industry	Restaurants
Market Cap (Rs. Crore)	17,447.53
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	FY26	FY27E
Rev. from operations	1,396	1,688	1,648	1,844
EBITDA	417	554	649	682
EBITDA Margin (%)	30	33	39	37
PAT	298	380	452	482
PATM (%)	21	23	27	26

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

Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Rev. from operations	375	356	456	461
EBITDA	146	135	181	186
EBITDA Margin (%)	39	38	40	40
PAT	95	98	137	123
PATM (%)	25	28	30	27

Shareholding Pattern(%)

Particulars	Q2FY26	Q3FY26	Q4FY26
Promoters	86.19	86.19	86.19
FIIIs	2.77	2.39	1.55
DIIIs	8.03	8.84	9.71
Public	3.00	2.59	2.54

Source: Company, Screener

Price Chart



Key New Openings:

- Opened a new Travel Club Lounge at Cochin T1 and launched the second Kyra Lounge at Hong Kong International Airport, strengthening its lounge portfolio across domestic and international markets.
- Secured strategic airport concessions, including 33 F&B outlets at Delhi IG Airport T 1&2, enhancing its presence across all three terminals and won the contract to operate Travel QSR outlets at Cochin International Airport.
- Expanded future growth pipeline through early entry into Navi Mumbai International Airport and Secured concessions at Noida International Airport (operations expected in H1 FY27).
- Won the concession for Bhogapuram International Airport through the GHL JV, with approximately seven outlets planned.

Operational Resilience: Despite a series of travel disruptions during FY26, including the Middle East conflict in Q4, TFS maintained uninterrupted passenger services through rapid scaling of F&B operations, 24x7 service availability, and real-time flight monitoring. The company re-engineered menus to prioritize centrally supplied items, while its integrated supply chain and centralized kitchens enabled rapid replenishment and minimized stock-out risks. Combined with proactive inventory management and flexible manpower deployment across locations, these measures ensured business continuity, preserved customer experience, and reinforced trust with airport and brand partners during challenging periods.

Market Leadership & Brand Expansion: Commands 30% market share in the Indian airport Travel QSR market and expanded its portfolio to 145 brands, with addition of 18 brands including Nando's, Wagamama, and Gordon Ramsay Street Pizza, with the latter making its debut at an Indian airport.

Technology & Digital Initiatives: The EATS platform is progressing well post its FY26 launch, with plans to add ancillary services that can deepen customer relationships and support future revenue growth.

Contract Strength: Maintained a robust 92.1% contract retention rate with an average concession tenure of 8.41 years, underpinning long-term revenue visibility.

Earnings Call Highlights:

- Despite multiple disruptions in FY26, including geopolitical tensions, airline operational issues, and flight schedule reductions, passenger traffic at TFS-managed airports grew 1.2% YoY. Traffic recovered quickly after each event, underscoring the resilience of India's air travel demand.
- Management expects FY27 passenger traffic growth of 5%, reflecting a return to normal operating conditions after disruption-led volatility in FY26.
- The company is evaluating wayside amenity opportunities on access-controlled expressways, supported by strong government focus and infrastructure investments.
- CapEx guidance for FY27 remains at ₹50–60 crore, with a committed pipeline of 50+ outlets providing visibility on network expansion.
- Management expects FY27 gross margins to remain in the 80–83% range, while monitoring potential inflationary pressures from Middle East geopolitical developments and LPG price increases.
- Food inflation remains manageable at 3–5%, with the company effectively mitigating cost pressures through operational efficiencies and selective price pass-throughs.
- Elevated EATS receivables are expected to normalize by the end of H1 FY27, with collection cycles returning to the historical range of 40–45 days.
- Management remains focused on expanding its international lounge business, leveraging its partnership with SSP Group to access new opportunities in markets such as Hong Kong and Malaysia.
- The Board has recommended a FY26 dividend of ₹10.25 per share, subject to shareholder approval.

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Buy – Absolute return of 15% and above

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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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