



3rd June, 2026

To,
Department of Corporate Services
BSE Limited
P.J. Towers, Dalal Street,
Mumbai-400 001.
Scrip Code: 544443

To,
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Bandra Kurla Complex,
Bandra (East), Mumbai-400 051
Scrip Code: TRAVELFOOD

Dear Sir/Madam,

Sub: Earning Call Transcript – Q4 FY2025-26 Audited Financial Results

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings/conference call hosted by the Company on May 26, 2026, post declaration of Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2026.

The above information is also being uploaded on the website of the Company-
www.travelfoodservices.com.

This is for your information and records.

Thanking you,

Yours truly,
For Travel Food Services Limited

Neeta Arvind Singh
Company Secretary and Compliance Officer

Encl.: as above

Travel Food Services Limited

(Formerly: Travel Food Services Private Limited)

Registered Office: Block-A, South Wing, 1st Floor, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai-400018

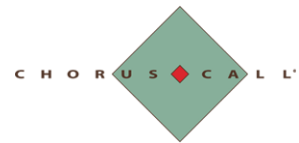
T: (+91-22) 4322 4322 | E-mail: info@travelfoodservices.com | Website: www.travelfoodservices.com

CIN : L55209MH2007PLC176045



“Travel Food Services Limited
Q4 FY26 Earnings Conference Call”

May 26, 2026



MANAGEMENT: **MR. VARUN KAPUR – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – TRAVEL FOOD
SERVICES LIMITED**
**MR. VIKAS VINOD KAPOOR – WHOLE-TIME
DIRECTOR AND CHIEF FINANCIAL OFFICER – TRAVEL
FOOD SERVICES LIMITED**
**MS. CHHAVI AGARWAL – INVESTOR RELATIONS –
TRAVEL FOOD SERVICES LIMITED**

MODERATOR: **MR. MANOJ MENON – ICICI SECURITIES LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the Travel Food Services Q4 FY26 Earnings Conference Call, hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manoj Menon from ICICI Securities. Thank you, and over to you, sir.

Manoj Menon: A wonderful good afternoon to everyone. Representing ICICI Securities, it's our absolute pleasure to host the management of Travel Food Services Limited, once again for the results call. This time it's the Q4 FY26. Without much ado, over to Chhavi from the management for the detailed introduction of the management team and beyond the call. Thank you.

Chhavi Agarwal: Thank you, Manoj, and good afternoon, everyone. This is Chhavi Agarwal, Investor Relations at Travel Food Services Limited. Welcome and thank you for joining us on the Travel Food Services Limited earnings conference call for the fourth quarter and full year ended March 31, 2026. I have with me, Mr. Varun Kapur, Managing Director and CEO, Mr. Vikas Vinod Kapoor, Whole-Time Director and CFO of TFS, to discuss the operational and financial performance for the fourth quarter and for the full year and address the question-and-answer session. We will be referring to the earnings presentation, press release, and the financial results uploaded on the stock exchanges.

Before we proceed, here is a disclaimer to the call. A few statements by the company management in the call can be forward-looking in nature, and we request you to refer to the disclaimer in the earnings presentation for further details. We now will be starting the call, and I would like to hand over to Mr. Varun Kapur for opening remarks. Thank you.

Varun Kapur: Thank you, Chhavi. And thank you, Manoj, for the introduction. So good afternoon, ladies and gentlemen, and thank you for joining us for today's earnings call. We hope you had the opportunity to go through our Q4 and full year results and the presentation that was released yesterday.

FY26 has been a defining year for us. Not only as our first full year as a listed company, but at the same time, being one that has been marked by multiple disruptions, ranging from war-like events to airline-related challenges, which tested the resilience and adaptability of our business in a dynamic operating environment. As I talk about the fourth quarter and the full year, I would frame our performance across three dimensions. First, the evolving industry backdrop. Second, our operating performance, and third, how we are positioning the business to capture the next phase of growth.



Let me begin with the industry environment for the quarter and the year. Passenger traffic in the fourth quarter saw a continuation of trends observed through the year, a sector that remains structurally strong but with some near-term volatility.

The quarter opened with encouraging momentum supported by seasonally strong travel demand. However, growth moderated following the escalation of the Middle East conflict in early March, which weighed on international travel sentiments and impacted Gulf-bound routes and NRI travel. As a result, passenger traffic across our network airports was broadly flat year-on-year, during the quarter.

It is apparent to all that the Indian aviation sector has faced multiple challenges during the financial year. It started with the India-Pakistan geopolitical conflict in May 2025, which caused temporary air traffic disruptions at the outset of the financial year. The second quarter was then impacted by reduced flight schedules due to maintenance and safety reasons, following the unfortunate aircraft crash in June of last year.

In December 2025, airline-related operational disruptions arising from the implementation of FDTL Crew Rest Regulations temporarily curtailed the capacity at India's largest carrier. And in the last quarter, traffic growth was impacted, as we all saw, by the ongoing Middle East conflict.

Due to these reasons, passenger traffic at TFS managed airports saw a muted growth of 1.2% year-on-year for the full year FY26. That said, we observed that passenger volumes recovered quickly following each disruption, reinforcing our view that underlying demand remains strong. Structural drivers which include low penetration of air travel, rising disposable incomes, expansion of airport infrastructure, and increasing propensity for travel, continue to support long-term growth in the sector.

During the periods of disruption that I spoke about earlier, we were able to maintain operational continuity supported by our agility and disciplined execution. This same operational resilience continued during the conflict situation in the last quarter. We reduced our reliance on gas wherever applicable, menus were re-engineered to prioritize centrally supplied items, reduced on-site cooking load, and raw material stocking was monitored closely to avoid stock-out situations. Our centralized operating model, strong supply chain capabilities, and scalable platform have enabled us to respond effectively to such situations at airports.

Moving to our performance. Despite these sectoral headwinds, TFS has delivered a strong and resilient performance for the full year. A key highlight of the year has been the continued expansion of our system-wide footprint. We have strengthened our presence across airports, growing our network to now 20 of them. We have opened outlets at newly entered airports like Cochin and Navi Mumbai, as well as further strengthened our position in existing key airport hubs. During the year, we operationalized new outlets across Terminal 1 and 2 of Delhi Airport, which meaningfully enhances our presence across all terminals at one of India's most strategic aviation hubs.



In terms of network, our system-wide presence now exceeds 550 travel QSR outlets and lounges. This expansion has been driven by the successful mobilization of 76 travel QSR units in FY26 across airports, including Delhi, Mumbai, Ahmedabad, Cochin, and Navi Mumbai. And on the lounge front, we've opened a lounge in Cochin and we opened a new lounge, Kyra Lounge, at the Hong Kong International Airport in partnership with SSP and Airport Dimensions. This marks an important milestone in our international lounge journey and highlights our ability to deliver premium lounge experiences in international environments.

Alongside network expansion, we have continuously focused on premiumization and curation of our offerings to enhance the passenger experience. Our brand portfolio has expanded meaningfully and now spans over 145 brands with a wide mix of global, regional, and in-house brands. During the year, we added several well-recognized international brand partnerships such as Gordon Ramsay, Nando's, and Wagamama, which have further strengthened our premium positioning across key airports. At the same time, our in-house brands like idli.com, Cafeccino, and Delhi Street, to name a few, and regional brand partners like Sri Krishna Sweets and Bikanervala continue to play an important role in driving localization and relevance across different geographies.

A key area of focus for us has been curating differentiated food and beverage experiences for passengers. This includes introducing regionally inspired menus, premium dining formats, and experiential offerings across both travel QSR and lounges. At our travel QSR outlets, we introduced specialized breakfast, regional menus, innovative beverages, such as Signature Filter Coffee and Boba Tea, value-led combo offers to cater to evolving customer preferences. Within lounges, we have enhanced customer engagement through seasonal activations and thematic offerings, including festival-led menus and experiential formats. These help drive higher dwell times and increase the frequency of visits. During the year, initiatives such as culinary masterclass with Master Chefs and food festivals like 'Swad-e-Watan' have seen strong customer engagement and participation.

Further, we continue to make steady progress on upcoming opportunities. With Noida Airport on track for commencement of operations in the coming months, and this continues to strengthen our committed pipeline and visibility for further growth.

On the technology front, we continue to make steady progress in our journey towards becoming a tech-enabled travel hospitality company. FY26 has been a landmark year in this regard with the launch of our EATS platform, enabling direct banks-to-lounge access as an integrated service. The platform has been stabilizing well and we are encouraged by the response.

Our EATS platform remains a key enabler, enhancing customer access, improving convenience, and supporting our ability to drive higher engagement and monetization. As we look ahead, we are also working on the addition of ancillary services on the platform to further deepen customer engagement and unlock incremental revenue opportunities.

Our financial performance also reflects our strong and disciplined execution. For the fourth quarter, our system-wide sales grew by 27.7% year-on-year, and consolidated PAT grew by 15.1% year-on-year. Similarly, for the full year, system-wide sales grew strongly by 25.4%



year-on-year to INR32 billion, and adjusted consolidated PAT grew by 21.5% year-on-year to INR4.5 billion. This was achieved against the backdrop of a year that saw just about 1% passenger traffic growth across airports, therefore clearly showcasing the strength of our commercial model.

I would also like to highlight the importance of our people. We have continued to invest in building a strong organizational culture, focused on performance, collaboration, and customer excellence. We have been recognized as The Most Admired Retailer of The Year 2025, for Employee Practices at the MAPIC Awards, and have been certified as a Great Place to Work for the second consecutive year. These achievements showcase the strength of our people practices and our continued commitment to building a high-performance organization.

Looking ahead, the near-term macro environment is likely to remain dynamic, driven by external factors such as geopolitical developments, airline capacity changes, and input cost pressures, which can impact passenger traffic. We are closely monitoring these developments and have the action plans and clearly the experience, to execute efficiently to navigate the evolving landscape effectively.

At the same time, I remain very confident in the long-term growth trajectory of the Indian aviation industry, and our focus will be on capturing the opportunity as we navigate any short-term disruptions. We will continue the mobilization of our committed pipeline across new airports and terminals. Further, based on our initial success in Malaysia and Hong Kong, we are actively working towards expanding our international footprint through new lounge opportunities as well. The company is also exploring wayside amenity opportunities at access-controlled expressways, a segment backed by strong government intent and investment plans in the medium-term.

With that, I would like to thank all our stakeholders for their continued support. I will now hand over the call to our CFO, Vikas Kapoor, who will walk you through our financial performance in more detail.

Vikas Kapoor:

Thank you, Varun, and good afternoon, everyone. I will now discuss in detail the financial performance for the fourth quarter and the full year.

For the fourth quarter, system-wide sales reached INR9 billion, registering a growth of 27.7% year-on-year. This growth has been supported by like-for-like growth of 6.1% year-on-year and net contract gains of 17.3% year-on-year in the quarter. Like-for-like growth reflects the continued impact of our focused initiatives around menu engineering, premiumization, and customer-led innovation, which has helped drive higher throughput and sales. Net contract gains is driven by mobilization of new units across key airports. At a consolidated level also, revenue grew to INR4.6 billion, up 25.7% year-on-year, driven by like-for-like growth of 9.4% and net contract gains of 21.3%.

Gross profit margin increased to 87.3% compared to 83.0% in the same period last year. This improvement was led by strong sales growth, higher contribution from value-led combos, and procurement efficiencies. In addition, there was a one time reclassification of INR78 million



cost of services from cost of goods sold to other expenses. Adjusting for that impact, gross profit for Q4 would have been 85.6%. Correspondingly, other expenses increased to 33.6% of sales, primarily on account of lounge aggregation business-related service costs now being shown in this line item. Moving to operating profit for the quarter, EBITDA increased by 38.3%, benefiting from lower manpower costs and flow-through of higher gross profit.

Now, if you look at the bridge from EBITDA to PAT for the quarter, the following factors need to be considered. A one-time provision has been created for litigation-related matters on a prudent and a conservative basis, though we believe our position on these matters remains strong. Share of profit from JV and associates declined year-on-year, primarily due to a higher base in one of the JVs, where there was a higher deferred tax reversal in Q4 of last year, which we had also highlighted in our Q1 FY26 call. Hence, overall, PAT grew to INR1.2 billion, registering a growth of around 15% year-on-year.

Moving to full year performance. FY26 has been a strong year of growth and execution, despite being characterized as a year with passenger disruption. Before I go into the detailed numbers, I would like to briefly touch upon the accounting treatment relating to our JV entity, Semolina Kitchens. This entity was consolidated in our financials until October 14, 2024, and was subsequently deconsolidated. Accordingly, to ensure a like-for-like comparison and consistency in performance evaluation, FY25 numbers have been adjusted to exclude the impact of Semolina Kitchens. The details of these adjustments are provided in the investor presentation.

System-wide sales for FY26 reached INR32.1 billion, registering a 25.4% year-on-year increase. Like-for-like sales growth stood at 9.4%, supported by strong execution across markets, while net contract gains were 13.1%, driven by network expansion across key airports. At a consolidated level, revenue from operations grew to INR16.5 billion, representing a 13.9% year-on-year growth on an adjusted basis, driven by a like-for-like sales growth of 6.3% and net contract gains of 8.8%.

In terms of revenue mix, our business continues to remain well balanced across both travel QSR and lounges. This balanced growth shows the strength of our integrated platform, with travel QSR benefiting from throughput and menu-led initiatives, and lounges benefiting from premiumization and higher dwell times at airports. Travel QSR forms nearly 55% of the consolidated revenues, and lounges form 41%, with 4% being contributed by management and other services.

In terms of profitability, we have seen margin expansion supported by operating leverage, scale efficiencies, and disciplined cost management. For full year, gross margins improved to 84.7% compared to 81.7% last year. Employee costs remained well controlled, reflecting productivity gains and operating leverage from scale-up across locations. Consequently, EBITDA was INR6.5 billion in FY26, an increase of 21.3% year-on-year.

Profit after tax for FY26 was INR4.5 billion, reflecting a strong growth of 21.4% year-on-year, driven by revenue growth, margin expansion, disciplined cost management, and higher contribution from joint ventures due to faster mobilization of units in the JV.



As of March '26, trade receivables are higher by around INR1 billion, due to the initial ramp-up of our EATS business, which we are seeing to normalize by end of H1 of current year. Our balance sheet continues to remain strong. We remain a zero-debt company with a healthy cash and investment position of approximately INR8.4 billion, as of March 31, 2026, providing us with significant financial flexibility to invest in growth opportunities and support long-term value creation.

Overall, FY26 reflects a year of strong growth, margin expansion, and disciplined execution, despite multiple short-lived disruptions, highlighting the resilience of our business model. Company is happy to announce an annual dividend of 10.25 per share for FY26, subject to shareholder approval.

Looking ahead, as Varun mentioned, while the near-term environment may remain dynamic, we remain confident in the structural growth drivers of the aviation sector as has been proven time and again, and in our ability to continue executing on our growth pipeline. We remain focused on maintaining this momentum through continued scale-up, operational efficiency, and prudent financial management.

With that, I will hand it back to the operator for Q&A session. Thank you very much.

Moderator: Thank you. We will now begin with the question-and-answer session. Our first question comes from the line of Achal Kumar with HSBC. Please go ahead.

Achal Kumar: Hi. Thanks for the opportunity. My first question, I just want to understand, how do you see the first quarter and especially given the fact that the last year's first quarter was impacted by India-Pakistan, and we are already in mid of May, what kind of indication are you getting or you can share, in terms of trading in the first quarter, please?

Varun Kapur: Hi, Achal. Varun here. Thanks for your question. So, in terms of where we are seeing it, I can maybe talk a bit back and give a sense of how it's looking at right now. So, where we saw it kind of the year start-off and I think the calendar year, which is our last quarter of the financial year, January actually was quite strong as one would have seen anecdotally at airports and even in our numbers we were seeing that.

February, I would say, started off a bit strong, but because of the last few days showed a muted growth. And I think obviously, the war effects hit off in March, so we saw March, a dip come largely fuelled by a drop in international traffic. That continued to April. April probably was actually slightly worse off than March, probably similar to as you said for May, April was a strong year last year, so we saw year-on-year across airports a bit of a depressed growth.

Now May, we're in early, I think we're in the month of May, but early to get the traffic data out, because that comes a bit later. But the signs are May is showing improving trends in passenger traffic. A, obviously from a base of last year, it's showing much better, but I think even just from a trend versus what we saw in March and April, there seems to be a clear improvement in trends playing out in May.



Achal Kumar:

Right. And in terms of full year FY27, what sort of inorganic growth you think you could achieve? And do you see any risk from the political changes in West Bengal in case the Kolkata Airport goes to Adani? What kind of risk do you see from there?

Varun Kapur:

So, I can maybe talk in two parts. First part, I think for this financial year, see while we don't particularly talk on the numbers, but I think what will be relevant for you to look at is normally the most important indicator for us as it has been, I think it's been quite clear for one looking at the stock over period is passenger traffic. Obviously, our commercial model success is the fact that, in spite of traffic being weak, we deliver delta in terms of performance.

But in terms of passenger performance, last year was, leave aside the year of COVID, which I think was an exception, but last year, probably in the last decade, was a year of unexpected multiple short-term disruptions. Therefore, traffic was just about a little more than 1% for the whole year, which is very rare, right. It used to be 8% to 9% levels historically, as the annual passenger traffic growth.

I think the first quarter obviously of this year is continued to be affected by the war-like situation. But with the bounce back expected in the year, and expected to get back to normalcy, one can probably expect somewhere, I think whatever you read in the public forums, and in reports is generally the expectation of recent is FY27, maybe a 5% passenger traffic kind of a level is what's anticipated. I think that's again a lot of these things you essentially see as time passes.

In terms of your second question, I think so the government obviously announces privatization of airports, and it's obviously a national subject. So, in that sense, there is a clear pipeline of privatization. It is normally announced well in advance and then these things move towards fruition.

So, I think obviously, post-COVID, that pipeline was announced. There are currently 11 airports that had been called out much earlier for privatization. The government I think has reinforced that number as well, and the name of airports, and these airports have been combined together. So I don't believe that has changed and probably, I don't think Kolkata for example being added in or anything or any changes at a state level currently may change that privatization schedule, at least what's public in terms of information that we've seen around it.

Achal Kumar:

Right. And then my final question is around the pricing environment at the airport QSRs and business lounges, especially given the fact that energy prices are escalated or increased. So, you guys are able to pass on that pressure to the customers, or do you see that could actually have an impact on your profit margins?

Varun Kapur:

One thing just to make note, one is obviously input cost pressures generally are there, but if you see particularly our industry, as a starting point, a large part of our real estate in any event is on electric equipment by nature of being in airports. So that's a nuance of our business is very different to many other F&B players, that natural hedge is just there in this time. But aside from that, the inflationary pressures on the ground on food have not played out as significantly, probably I'm guessing as some other parts of the economy may have mentioned out.



So there are elements playing out in food in terms of inflation until now, I think whatever we read, I think has been around the 3% to 5% mark in April. So, we've been able to manage that quite effectively. Plus, I think that much you pass on to consumers in the way we are operating, it is an environment where we take price hikes in line with inflation. But currently we're not seeing anything dramatic on food inflation playing out.

And also, our supply relationships tend to be anchored in annual contracts for many of our key products. These are larger suppliers. And therefore, on their side as well, I'm sure they hedge and all play out when they do with large players like us, annual contracts. So, we've made our business model quite robust, in terms of how we deal with these year-on-year, irrespective whatever the underlying reason is. But I think our business model itself, our commercial model is quite robust in dealing with these situations.

Achal Kumar: Okay, perfect. Thank you so much. I'll come back in the queue.

Varun Kapur: Thanks, Achal.

Moderator: Thank you. Your next question comes from the line of Akshay Krishnan with ICICI Securities. Please go ahead.

Akshay Krishnan: Hi, thanks for the opportunity. So my first question is on the airport side. Now we've been seeing that the airport is actually getting sophisticated, with a lot of F&B standards, also the lounge operations have been growing up, because you have the aspect of more international brands that's coming in. So, the part of the question is, are we seeing the airport operators retaining the higher concession fee? And how should we think over the long-term sustainability of the TFS economics in this?

Varun Kapur: Yes. Thanks, Akshay for the question. I mean this has been a trend throughout. Obviously, what's generally changing and accelerating in a country that's fast growing like ours, is per capita income is rising, people wanting to travel, people wanting to experience. So therefore, undoubtedly, F&B, I think that's a general trend even on the high street, people are spending more money towards experiences, F&B dining, premiumization, very much obviously, playing out to a much greater degree in airports.

So the first part of what you said very true, we are getting the brands I mentioned earlier when I was giving my initial intro, I spoke about some brands, Nando's, Wagamama, Gordon Ramsay, considered world's most famous chef, those brands coming to India, opening first in airports, like a Gordon Ramsay came with first store there in airport. That's opening up experiences for customers and Indian consumers are excited by, they understand these brands. And yes, there's a good amount of spend going there.

At the same time, the point on concession fee, that's a normal exercise. That comes up whenever there's a – I don't think there's anything changing there. These are constant rental discussions that at every point in time, some rentals you're paying more, some rentals you're paying less, but it's a portfolio approach. So, across our real estate, we look at the portfolio. That's why our presence is not driven by any individual store, it is driven by entire approach across the Board.



So, there's nothing dramatically different. This is constant as it would be and that's how the rental model runs.

I think our skillset is our commercial model, our scale, allows us to deliver the profitability we do, irrespective of any of these situations, which is a good example would be this year right, one would expect with a traffic number just being about flat or 1%, but we are still able with our commercial model to deliver delta in terms of performance. And I think that's what is the ability and the scale that our company is able to do.

Akshay Krishnan:

Perfect. My second part of the question is on the lounge business. So, we've been seeing the banks metrically tightening up the credit cards and the swipe systems. Now have we reached a point or is there an inflection state, wherein the consumer, the lounges are more being driven by the consumer habits or is the industry still heavily dependent on the bank funded access of the lounge?

Varun Kapur:

Yes, no doubt. So, lounges I think starting off are proving a very important element for the consumer journey. Just premiumization, lounges are a great avenue for that. But if you see in reality, a lot of the news on banks or credit cards etc., reducing access or this has actually been happening. If you're to look back for the last 18 months, so every quarter obviously, there's a bit of news but it's actually been happening for 18 months.

But the reality, the way it's happening is, so the larger part of credit cards, no doubt is if you could call it that is the mass market credit card pool, right. Those area is where the growth is much less. In terms of new cards coming in. And those are the areas banks are looking and saying, okay, that consumer maybe spends a bit less, so therefore, restrictions are there on access.

But in reality, the other end of the segment, which are your premium cards and from whatever you read out there, premium cards are growing versus maybe probably high single digits for the mass market, low double digits, premium cards are growing in a completely other end of the spectrum of more than 50%.

You read any sort of numbers out there in different reports, so that segment is growing dramatically fast for banks, because of premiumization, and that is where actually access is going the other way. So many more cards than before are now giving unlimited lounge access or you even take a guest, like you go for some of the premium cards, you can actually take a guest out there.

So what's happening I think Akshay, very clearly is that the market is diverging and banks are approaching it from a nuanced perspective. Saying okay, mass market card, you spend thresholds are being introduced, you spend more I'll give you access. Whereas the premium cards, where consumers are coming in maybe paying a entry fee or they have a very high spend already, and they are getting actually more access.

And in reality, if you actually go and scratch below the surface, the reality is the premium cardholder is your frequent flyer. So mass cardholder may fly once in six months for a holiday



or for work. The frequent flyers, who may be going three, four, five times a month, are the guys with premium cardholders.

So for us, it actually matters that consumer is coming five times, spending five times, versus the mass market cardholder who may have three access in the year, but he probably flies three or four times in a year. So in reality that's why you can see our numbers actually, even though this has been in play for 18 months being quite strong through this entire period as well.

Akshay Krishnan: Right, got it, got it. Very true, sir. And one final question on the EATS. This is becoming more valuable. So my question is it more on individual airport concession part or should we think that it's purely it is a support layer of existing businesses?

Varun Kapur: In terms of sorry, I missed that question Akshay

Akshay Krishnan: Could EATS become more valuable than an individual airport concession part or should we think that purely it is a support layer of existing businesses? So, what are the growth levers for the EATS business do you foresee in the medium term basis?

Varun Kapur: No correctly. So, I think EATS is obviously a technology platform that we put in place that provides a direct, basically, a LAM or a Lounge Access Management for banks and card networks for a direct bank to lounge access.

Now that is where it starts off, obviously starts focused on our biggest reason was customer experience improvement. You understand the consumer better, you work with your banking and credit card partners, network partners and say okay different experience for different consumers. Someone goes to A lounge, someone goes to a VIP zone, someone gets complimentary- say during an IPL match I want my premium customers to get a beer at the bar, you can access that because you're today directly talking to the lounge operator, us, through our own technology platform.

Now that is where it comes in. And I think at the next level, so while this puts in and obviously builds also to some degree a financial upside as well. But also, tomorrow once you have a platform in place, additional services right, today we are providing meet and greet, doing porter services in airports, we're doing that in some of our airports we have lounges. What stops you from integrating that in step two? And that's the plan.

So, once you have this platform once users are there, once tie-ups are there, you leverage, you add value and that's the advantage of having that direct connection. So, no doubt it's both, it makes consumer experience better which is a starting point, it makes it seamless, but also provides tomorrow, obviously better financial upside, but tomorrow larger growth opportunity. I think it addresses all three avenues which is why it was a critical area we worked on and successfully executed in the last year.

Akshay Krishnan: Okay got it, got it. And one question, if I may, The Q4 EBITDA margin was particularly stronger. Now if we look at what is the margin improvement was structurally versus the temporary benefits and how should we look at going forward?



- Varun Kapur:** I can ask Vikas to jump in here and take you through those as well.
- Vikas Kapoor:** Yes sure. In terms of the margin that we have seen specifically on the gross margin side, as I mentioned, we did have a one-off reclassification of cost of services of roughly around 78 million. But even if you take that impact out, you are roughly around that 84% on a Y-o-Y basis -- on a full year basis.
- Like I have said in the past, that due to the procurement efficiencies and the scale at which we operate, our gross margin will be in the range of 80% to 83%. What we have also seen is, as a go-forward, we do anticipate a bit of inflationary impact due to the Middle East conflict in terms of the LPG price increases and various other factors. So, we believe that our gross margin for the next year will be in the same threshold of 80% to 83% on an overall basis.
- Akshay Krishnan:** Okay. Thank you and good luck, sir. Thank you.
- Moderator:** Thank you. Your next question comes from the line of Purva Zanwar with 360 ONE Capital. Please go ahead.
- Purva Zanwar:** Hi. Thanks for taking my question. So, I had a question on the new contracts, which you got for Bhogapuram Airport. So, can you specify a little more details about it, the number of outlets and the tenure and when should it start contributing?
- Varun Kapur:** Yes. Hi Purva. So in terms of Bhogapuram, it's one which we've got, it's under GHIL where we're operating there. Bhogapuram is a new Greenfield airport coming up in Vizag. There it is a long term contract once again that we've got in that place. And in that mobilization, while the exact phasing and all may happen, but roughly, our anticipation is probably, we look at about seven outlets happening originally, and probably as we get closer to the date, we'll share more details around the mobilization and other aspects of that contract.
- Purva Zanwar:** Sure. And the second was that finance cost has increased drastically. So, what could be the reason for the same?
- Vikas Kapoor:** Hi, Purva. So our finance cost has increased mainly on account of a provision for litigation matters that we have made during the year of roughly around 212 million, which has been provided. While we are on a conservative and in terms of our own contention we believe that we have a strong case on merits, but as a matter of prudence, we have provided the full amount of 212 million in the finance costs.
- Purva Zanwar:** Okay. And lastly, you mentioned that because of the scaling up of the EATS business our receivable, days have increased. So can you just explain in detail more what led to this increase in receivables?
- Vikas Kapoor:** So, as you are aware that we kick started our EATS business somewhere in the Q3 of this year or more towards the start of December, wherein we were tying up contracts with various banks and card networks. So, a large part of the EATS billing and the revenue unlock that has happened between the last 4 to 5 months.



From that perspective, this was a new relationship that we were developing with the banks in terms of operational efficiency, billing procedures and the cross checks that the banks wanted in terms of system efficiencies and integrations, the debtors for the year end have shot up to roughly around INR264 crores from an average of INR100-110 crores that we have seen. But what we believe is this is the current collections that we have received subsequently, as well as overall basis, that this should normalize by the first half of this year, and we should be back to our average of around 40 to 45 days of outstandings.

Purva Zanwar:

Got it. Thanks. That's it from my side.

Moderator:

Thank you. Your next question comes from the line of Aachal Pal with MNCL. Please go ahead.

Aachal Pal:

Hello. Yes, hi. So, my first question is on how should we view traffic growth trend across key airports especially after disruption related to Middle-east conflict?

Varun Kapur:

Yes, thank you for your question. So, in terms of the way I think you look at traffic and probably relating it back to what I mentioned earlier. So, for the full year obviously saw traffic as I mentioned, about 1%, just over 1% for the full year. Now this started as you go into particular Q4, this was a thing where January was a bit up and then we saw February flat and March being the one where the depression happened.

You can look at that basis, And the main reason for that has been international traffic. International traffic saw nearly a double-digit dip during the March and that April period. So while domestic was quite robust, it was largely flat. It was actually international traffic and more in airports that are in the south that are flying to the Middle east more and a few other areas which have international traffic like Goa Dabolim and other airports which are a bit more affected. So, we saw those type of airports being traffic logically going down a bit more.

Aachal Pal:

Okay, second is on the lounge business side. So, are we seeing any challenges as the growth has moderated slightly?

Varun Kapur:

Actually -- it's quite robust if you see the numbers potentially probably it's been more robust. So obviously the factor which is played out has been traffic. So obviously irrespective of traffic,. I think we've been able to grow if you look at our, whether you look at our, system-wide sales or consolidated. But if you look at broader perspective, system-wide gives you a perspective of the entire business. Our sales have grown for the year 25% more than that, gives us that even though traffic has been just 1%, sales still have grown quite robustly out there.

So that's where we've been able to, whether it be travel QSR or lounges, we've been able to grow quite strongly and keep it independent, While yes, the tax is a key determinant. And yes, if tax numbers were better, I think the year could have been even more superlative. But I think that's where the robustness of the commercial model steps in.

Aachal Pal:

Okay, and so how are we seeing the revenue ramp up trajectory for newly added outlets and airport lounges?



Varun Kapur:

It's quite strong. So we're seeing traffic generally across the board coming back quite well in May. I think that you've seen, anecdotally happening from what was there the weakness in markets. I think that's been evident throughout the last year. Every disruption that's been there, just bounced back so quickly. Just showing you that, I think no one doubts the long term structural story, but obviously even on the short term, it's surprising with the speed at which the recovery happens, obviously the amount of disruptions that happened last year, still for a PAX growth to happen, has been something that has been very robust.

So, I think that continuation of recovery looks to be very much on the cards now. And especially once the war like situation, which you all hope gets resolved at the earliest, the anticipation is that the demand will be strong. But like I said, domestic is still maintained to be quite robust, irrespective. I think it's just this element of international traffic which logically does come back when the Middle east places open, when some of the pressures around crude hopefully fall away. The combination of those would have an effect on getting a bounce back in that traffic.

But yes, currently you can see domestic actually probably recovering and likely with some of the travellers who are planning maybe international, are actually going domestic. And you may fly more domestic, you may fly one international trip cost X, you may spend domestic half of that, or maybe one-third of that, and you therefore could take three trips.

But for us, we are agnostic to whether a consumer is international or domestic, because he ultimately spends on food or something like that, a similar type where for an airline ticket, yes, you spend more, but for food it's not that you're going to eat more International versus domestic. So actually to some degree, as the bounce back happens and hopefully domestic comes back quicker, it may actually have a positive effect of the bounce back.

Aachal Pal:

Okay, got it. So my last question is any new airports in the pipeline that the company is bidding for? And also what would be the capex plan for the next two years?

Varun Kapur:

So, I may let Vikas jump in for the capex, but as a general plan, we do look at airports in this sector consistently. So as opportunities come, we constantly bid for them. We obviously look at the larger airports. As you're aware from our scale and size today present, I mean the entire footprint is 20 airports, obviously Bhogapuram and Noida coming up. Two more airports are currently in the works in the coming months. So that's the pipeline.

At any point in time you have multiple outlets in the pipeline, which we also currently have. I think it's roughly about more than 50 outlets currently in pipeline. It's a site for many future bids and all these are things already committed. So, we have quite a robust pipeline. We've always had it. I think everyone who has been part of our calls, every quarter we've been quite strong in terms of openings. That looks to be even stronger going forward. But yes, the sector, irrespective of short-term disruptions, looks to be very robust. And maybe Vikas, if you like to jump in on capex.

Vikas Kapoor:

Thanks. So just to add to what Varun said, we do have visibility of more than 50 odd outlets in the pipeline, and we expect the capex on an average to be in the range of INR50 crores to INR60 crores every year, which would also be the case for FY27. The capex would be predominantly



for mobilization of units that we have to do to fund recent concessions of Delhi, Cochin and upcoming Noida projects.

Aachal Pal: Okay, thank you so much.

Moderator: Thank you. The next question comes from the line of Praneet Kumar Reddy with Kotak Institutional Equities. Please go ahead.

Praneet Kumar Reddy: Hi. Thank you for the opportunity and congrats on good set of numbers. My question is to understand the steady state LFL for the business. So, the objective is to understand what percentage of LFL growth can come from pricing and premiumization, and what percentage can come from rapid growth and penetration. Just to understand the breakup of LFL that you are looking at in more of a steady state?

Varun Kapur: Yes. Thanks Praneet, thanks for your good wishes. Thanks for the question as well. So, in terms of, what we've seen, a general trend we tend to see historically, and its' been playing out, at all points, so when we look at it, our LFL is normally divided into three components, In one part is passenger traffic, which again largely out of the hands. But that's driven by what the airports -- so normally in India, we've always seen kind of a 7% to 10% level of passenger traffic historically. But this year, like I said, was a year of multiple disruptions. You saw that quite wide from that. But that's been the level.

And then on top of that, what we see above that, a combination of price inflation, that obviously influences the growth, and the LFL plus our initiatives. So maybe 5%, 6% price, 5%, 6% our initiatives could be around -- changing a brand, could be around combo offers, could be around new products in a unit, premiumization that we play. So multiple levers like that every year we're doing something.

I mean, if you go to our investor deck, we can't put every single marketing probably every month. We have multiple initiatives, but we just give you a flavour of what we do in every quarter. We try to add something that can give a sense of flavour to stakeholders about what's happening. So in a sense, all of that kind of coupled together, you can say kind of pax plus roughly, maybe somewhere in the range of 7% to 10% incremental above that is a combination of price plus initiatives. So that's the best way to look at, it in terms of you add and kind of look at LFL.

Now again it's you want to look probably look at it over a year, because you have elements that play out new outlets opening in certain terminals. Some outlets changes all of that. But over a period of a year, it tends to average up to that general rule. We've seen that play out over the many years we've been operating in the segment.

Praneet Kumar Reddy: Got that. Thank you for that. And my second question would be on the capital allocation part. Now we have a strong cash balance of more than INR8 billion, including investments. And that's as it was called out capex requirement might not be more than INR60 crores. Now what is our views in terms of capital allocation? And how do we see areas like duty-free or retail in the airport space itself? Is that an area of interest for you or we are just focused on F&B part of business? Thank you.



Varun Kapur:

So yes, I think the cash we've been quite disciplined as a business over the many years. And you can see that, we are hopefully in a quality of earnings. We make sure that ultimately cash is king. So, we made sure consistent part of generating cash, building up a reserve and obviously investing it as well.

I think this year, like Vikas spoke about the investments, we already have visibility. Obviously new opportunities come international lounge piece. The sector, if anything is growing exponentially, our ability as a company today where it is not only catering to the sector in India, the speed is growing. And I think in the next few years will be probably the best period for Indian aviation. I think in every statistic you see that call out.

But in terms of even the opportunity with the scale and size we have, and the success we've seen in international lounges, that's a very, very attractive opportunity for us to go globally. We've already gone, as you know, into Malaysia. We've gone now, we've opened a second lounge in Hong Kong in the last quarter, showing our continued success in that area in coupled, on top of that as well, expressways, what the government is currently doing.

Again, it just started. The investments have started. This probably is a bit more long term opportunity, but we've got today the capital to be able to do that. You know, we're completely debt free. And so, I think the combination of looking at those opportunities is strong. And as you can see, our ROCE have been at north of 40%, about 45% ROCEs. So very compelling investments.

We're quite disciplined about it. We have been quite disciplined about it throughout our period. I think it's not that something that's come now. It's been the last, since very beginning last 17 years of being there have been clearly driven, built on those principles which are very much part of our DNA. So, I think that's the way we approach investments. And the ability obviously, we've got these funds and we'll continue to make prudent and aggressive use of it. I think a good combination is the right way to look at it.

Praneet Kumar Reddy:

Thank you so much.

Varun Kapur:

Thank you.

Moderator:

Thank you. Your next question comes from the line of Sanjay Ladha with Bastion Research. Please go ahead.

Sanjay Ladha:

Yes. Hi. Thank you so much for the opportunity. And congratulations on a good set of numbers, sir. So, I wanted to understand our strategy on international markets, since we are so much focused on international market, how the SSP group has given us the LOI for Middle East. And you are also talking about Hong Kong and Singapore. How we are placed on and what is the strategy going forward, is there similar to Indian domestic market or we are doing something differently over there. How -- because these markets are already there and they are, quite mature compared to Indian market. So how you think on that side?

Varun Kapur:

Thank you for your question, Sanjay. And thanks also for your good wishes for our results. So, in terms of where we see and the right question, so where we see our opportunity on



international. Yes, we have been a very successful business in India. We've become a market leader clearly, in the segment of both travel QSR and lounges.

What we do see, and we call this out even, when we had come on previous calls as well, that we do see the international lounge opportunity or lounges, particularly going through a very interesting, as you say, a development globally. I think India has been largely at the forefront of it, but you're seeing that trend play out globally, more and more lounges coming in. And these are not only airline lounges, credit card, other services, banks. This is happening globally across. So, the opportunity of what I think we've done in India, in terms of lounges being a bit ahead of what's happening globally, and taking those learnings and actually going globally.

The fact what we did, we were very successful in Malaysia. We expanded the footprint considerably there now to three airports. In Hong Kong as well, we opened one lounge in the previous year. We've opened one lounge now in the last quarter as well. We've opened, part of that strategy, we've opened a subsidiary in Dubai to look at Middle East opportunities. We're also looking at Indonesian market, a very large market, we've opened a subsidiary there as well, in the second half of last year.

So these are clear opportunities for us. Our skill set which is there, which is the advantage of it, a lot of the relationships we built up over decades, whether it's your airline, whether it's your card networks, lot of these are relationships that transcend borders, right? The same card network, the same airlines are there in every country.

So, developing those relationships for over a decade when we go in those markets, coupled with Sanjay to what you said as well, rightfully so, the SSP presence in these markets. They are there on the travel QSR side, they've been many of these markets for years. You know, leveraging that relationship, they know who the right contractors are there to construct outlets. They've had experience, they have suppliers in place. So therefore, our journey to go in is assisted with that as well, when a key stakeholder has that. So therefore there's a clear right to win for TFS in that segment. And that's why we're very clear strategically focused on this area. And we're confident to deliver on it over the next few years.

Sanjay Ladha:

Sir but all these, international expansion would be, with our parent entity or we see as a standalone entity going outside there as well, how these things?

Varun Kapur:

The starting position always you go as a stand-alone entity, but if you have, the ability to take advantage of, it could be SSP because obviously they are as a key stakeholder, they would provide assistance, but it could be other partners as well. So, those are decisions that are taken based on the rationale or the benefits of each opportunity. So that is on a case-by-case. But yes, the starting position is always to go and look at these opportunities on a stand-alone basis. That's the way we strategically look at it.

Sanjay Ladha:

Sure. So my another question would be on growth prospects. So wanted to understand that the industry volume over the longer term is expected to grow by 9% to 10%, as you rightly mentioned in, in the con call, and our LFL growth remained at around 9% to 10% with inflation at 3% to 5%.

So combining all together, it is it fair to assume that, without adding new airport, our revenue growth should be, roughly at around 22% to 25%. And this is there over the last years as well, so is it the right understanding? So I'm not talking about for FY27 onwards, I'm talking about 3 to 5 year time frame wise, therefore I am asking this.

Varun Kapur:

So, while I won't call out an exact number where I would sit on because, external factors, but just using your logic that tomorrow, yes, if traffic comes back to levels we're used to of 9% to 10%. And on top of that, what – yes, we have seen historically that 7% to 10% delta in terms of, combination of obviously inflation plus our initiatives as well. Yes, with that kind of underlying thing, one would expect to see, you know, 18%, 20%, around that part of LFL, I think would be a normal perspective.

Obviously, our business is a combination as our results show of quite healthy LFL plus net gains, right? We're in a market which is fast growing where, India is, from any sort of statistic, where today our population at 1.4 billion, we have just 30% or 0.3 of our population flying. I mean, don't look at the U.S. I always give the example, U.S. is at 5.5 times its population flying. But even China. China is almost you know more than one time it's about almost one time its population flying if you see it at 1x.

So we are already 0.3 versus 1x of the population. And China ten years ago was at the same statistic of about 400 million passengers. And India, the way we are growing, the propensity to spend, the way today, per capita, the way the government is doing initiatives around, fuelling the aviation industry, there's no reason we should actually do it quicker. So, that's why we're very bullish on the trajectory of Indian aviation, as I think both Vikas and me very clearly stated. And I think that's something across the sector that anyone in the sector has that very long term approach undoubtedly.

Sanjay Ladha:

Sir. My last question would be....

Moderator:

Sorry to interrupt, Sanjay, sir, we request you to return to the queue. We'll move on to our next question. Our next question comes from the line of Achal Kumar. Please go ahead.

Achal Kumar:

Yes. Hi. Thanks for another opportunity. So basically, one, I wanted to understand how do you see this, Mumbai airport allowing Blinkit to set up a shop and deliver at the doors or at the gates. So do you see it as a threat to your business and what happens if it expands beyond Mumbai?

Varun Kapur:

Achal hi. So, in terms of this particular thing, not would be exactly relevant for us because obviously what it is, is more of a retail, So retail presence while obviously doing this with Blinkit and, not something that we're monitoring or doing, how successful or not it is, but generally retail presence has always been there at airports. People are there already, there are shops, they have smaller footprints, limited products. Probably what Blinkit is trying to do is that some products which can't fit in there, they'll have some presence outside. So you order it and you can get it for consumers because otherwise, you see these shops in airports that do, chocolates, books, other retail products, etcetera, etcetera. I mean apparel, whichever it is.

So that's one piece. I mean, guess from our point of view, ultimately an airport F&B is very different, right? As a starting point, we already have food at gate. I've spoken many times on it,



which is where we already delivered to gates. We have grab and go all of that. Plus ultimately food, unlike retail where you have dark food, you need to pick it up from the stores.

In an airport, assuming we operate the stores, we are providing that through food at gate. We are providing that already there. So I don't see how it very different probably from food I guess is more of a pilot, it probably Blinkit's trying in terms of seeing from a retail piece. But yes, surely not relevant to food as a piece because, that's a bit different where that's you order from your favourite restaurant that comes to you. It takes some time for delivery in there. This has got a secure area.

So retail, you probably keep some products in the secured area, food you need actual kitchen, which is where the outlets is already operating in the airport, have that kitchens, those type of things is probably the way to look at it.

Achal Kumar: You're right, you're right, Varun. that there are other shops, but of course they are selling it at sort of MRP. And that that could make a huge difference, isn't it?

Varun Kapur: Yes. But in the food you won't like, for example, like they would be selling more retail products or something, person coming to the F&B outlets would come for the F&B experience. They would come for the brand, they would come for those elements, which today also you go to a retail shop in the airport, you can buy a food item or something there.

So in other words, the food experience you're coming for. And ultimately if to deliver on the food, there was always, vending machines CTN and anyway, was there in an airport. So in terms of this, this probably addresses by saying, okay, items that are not there, I'll have a dark store. I can maybe get those items to you, something of that nature.

Because I mean, visibly, I don't know how it has actually done, but from a food point of view, you can't do that, right? If you want a dosa, you want a food product, you want a burger, ultimately it has to be made at a kitchen and produced. So, I don't see it -- unlikely to happen from a food angle play out in that manner. Probably very different consumer subsets there, so there's no really probably overlap in a consumer need state with them.

Achal Kumar: Right. A small confirmation just to cross check, this Terminal 3 is going to move to your, GHIL in September, right? Is that confirmed?

Varun Kapur: No. So our, tender for Delhi T3, which we've always called out was expiring in February. I think we also mentioned that we got a short term extension on that for six months. It was operating through a special purpose vehicle, which had a life tied into that concession.

So obviously when it comes up, we look to bid from our existing JV, which is GHIL, because obviously that -- when that expires. So which was supposed to happen in February, it's got a six month extension there.

Achal Kumar: Okay. Perfect. Thank you so much.

Varun Kapur: Thank you.



Moderator: Thank you. Ladies and gentlemen, we will take this as our last question for today. I now hand the conference over to the management for closing comments.

Varun Kapur: Yes. Thank you. Thanks for that. Thank you, everyone for joining in. And thanks to the ICICI Securities team for hosting us. And we genuinely appreciate all of you taking this time today, joining us for this earnings call, post our Q4 and full year results. If you have any further queries as well, please feel free to reach out to our Investor Relations team. Thank you.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you, everyone for joining us. And you may now disconnect your lines.