kotak neo

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Travel Food Services (TRAVELFO)

Current Market Price	Fair Value (FV)
Rs.1365	Rs.1365

Date: 17th August 2026

Previous Rating: ADD **Current Rating:** REDUCE **Change:** DOWNGRADE

Ratings Rationale

- TFS reported a stable quarter despite a challenging external environment.
- System sales growth was robust at 18% yoy despite 0.8% LFL growth.
- Revenue growth stood at 20.6% (KIE: 14%).
- EBITDA margin contracted 310 bps yoy to 35.8% (KIE: 34.3%) on higher operating costs linked to new store openings.
- TFS' growth momentum should be sustained in FY27E, led by strong store openings and likely recovery in passenger traffic in H2.
- We increase FY2027-29E EPS by 2-5% and revise FV to Rs1,365 (from Rs1,290), based on 33X Sep-2028E PE.
- The upcoming renewal of contracts at two key airports (Chennai/Kolkata) would be a key determinant of FY28E PAT and remain an overhang on the stock.
- We increase EPS estimates by 2-5%, roll over and revise FV to Rs1,365.
- We downgrade to REDUCE from ADD after the recent run-up in the stock price.

Valuation

Downgrade to REDUCE from ADD valuing TFS at 33X Sep-2028E PE (unchanged).

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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