

July 7, 2025

## Your access to lounge...

**About the Company:** Travel Food Services Ltd. (TFS) is a leading player in the fast-growing Indian airport travel QSR and lounge sectors based on revenue with a market share based on revenue ~26% in the Indian airport travel QSR sector and ~45% in the Indian airport Lounge. The F&B brand portfolio comprises of 127 partner and in-house brands across India and Malaysia. The company has 37 lounges across 14 airports in India, 3 airports in Malaysia and 1 airport in Hong Kong.

### Key triggers/Highlights:

- TFS is the leading player in the fast-growing Indian airport travel QSR and lounge sectors with a market share of ~26% in the Indian airport travel QSR sector and ~45% in the Indian airport Lounge sector, respectively, in FY25. The company has presence across 14 airports in India, 3 in Malaysia and 1 in Hong Kong.
- It has a diverse portfolio of 127 F&B brands comprising of international and regional Indian brands and brands that are developed in-house. Partner brands contribute ~55% of revenues.
- As of Mar,25, the company had a total of 442 Travel QSRs, comprising 384 outlets across 13 airports in India, 29 outlets across two airports in Malaysia and 29 outlets across nine highway sites in India. Travel QSR revenues grew at a CAGR of 27% over FY23-25 to Rs872.2crore (constitutes ~52% of overall revenues).
- Lounge business comprised a total of 37 Lounges, including 28 Lounges located in 10 airports in India, eight Lounges located in three airports in Malaysia and one lounge located in Hong Kong, as of Mar,25. Lounge business revenues grew at CAGR of 24% over FY23-25 to Rs758.4crore.
- Post the OFS, Kapur Family Trust, the promoter's stake in the company will reduce from 51% to 37%.

### Our View & Rating

- TFS has a strong financial background with revenues, EBIDTA and PAT growing at CAGR of 26%, 22% and 29% over FY23-25. Return profiles are strong with RoE and RoCE standing at 34.6% and 51.4% respectively in FY25. The company has net cash of close to Rs375crore as on Mar,25. **We assign UNRATED rating of Travel Food Services Ltd.**

### Key risk & concerns

- Change in terms of credit card and debit card lounge access may adversely affect the lounge business performance.
- Any change in operating model of Airport operators might affect share of profits of the company.

### Key Financial Summary

| Key Financials ( ₹ Crore) | FY23   | FY24   | FY25   |
|---------------------------|--------|--------|--------|
| Revenues                  | 1067.2 | 1396.3 | 1687.7 |
| EBIDTA                    | 373.9  | 412.1  | 554.1  |
| EBIDTA Margins(%)         | 35.0%  | 29.5%  | 32.8%  |
| Reported PAT              | 251.3  | 298.1  | 379.7  |
| EPS (Rs.)                 | 19.1   | 22.6   | 28.8   |
| PE (x)                    | 57.6   | 48.6   | 38.2   |
| EV to EBIDTA (x)          | 38.7   | 35.0   | 25.8   |
| Price to book (x)         | -      | -      | -      |
| RoE (%)                   | 37.8   | 33.6   | 35.5   |
| RoCE (%)                  | 53.9   | 46.1   | 51.4   |

Source: RHP, ICICI Direct Research;



### IPO Details

#### Issue Details

|                                       |   |
|---------------------------------------|---|
| Issue opens                           | 7th July, 2025  |
| Issue closes                          | 9th July, 2025  |
| Issue size                            | ₹ 2000 crore - OFS  |
| QIB (Institutional) Share             | Not more than 50% of the Offer  |
| Non Institutional Share               | Not less than 15% of the Offer  |
| Retail share                          | Not less than 35% of the Offer  |
| Issue Type                            | Offer For Sale (OFS) of 1.81 - 1.91 crore shares based on upper and lower end of the price band |
| Price band (₹/share)                  | ₹1045-₹1100   |
| Market Lot                            | 13 shares   |
| Face value                            | Rs1 per share   |
| Bid lot                               | 13 shares   |
| Listing Market Cap @ Upper Price Band | ₹14485 crore  |

### Shareholding pattern

|           | Pre-Issue (%) | Post-Issue (%) |
|-----------|---------------|----------------|
| Promoters | 100           | 86.2           |
| Public    | 0             | 13.8           |
| Total     | 100           | 100            |

### Objects of the issue

#### Objects of this issue

To carry out offer for sale of 1.81 crores - 1.91crores Equity Shares aggregating upto Rs.2000 crores

### Research Analyst

Kaustubh Pawaskar  
kaustubh.pawaskar@icicisecurities.com

Abhishek Shankar  
abhishek.shankar@icicisecurities.com

## Company Background

Travel Food Services Ltd (TFS) is a leading player in the fast-growing Indian airport travel quick service restaurant ("Travel QSR") and lounge ("Lounge") sectors based on revenue in FY25 with a market share based on revenue of ~26% in the Indian airport travel QSR sector and ~45% in the Indian airport Lounge sector in FY25. The Travel QSR business comprises a range of curated food and beverage ("F&B") concepts across cuisines, brands and formats, which have been adapted to cater to customers' demands for speed and convenience within travel environments. The company utilises its F&B brand portfolio, comprising 127 partner and in-house brands, in the operation of 442 Travel QSRs across India and Malaysia as of March 31, 2025. Its Travel QSRs are predominantly situated within airports, with select outlets in highway sites. Its Lounge business comprises designated areas within airport terminals, accessible primarily by first and business class passengers, members of airline loyalty programmes, select credit card and debit card holders and members of other loyalty programmes. The company had 37 Lounges across India, Malaysia and Hong Kong as of March 31, 2025.

### Travel QSR Business

TFS offers quick service formats adapted for the travel environment, such as fast food, cafes, bakeries, food courts, and bars, mainly within airports as well as at select highway sites in order to serve travellers' demands for speed and convenience.

As of March 31, 2025, the company has a total of 442 Travel QSRs, comprising 384 outlets across 13 airports in India, 29 outlets across two airports in Malaysia and 29 outlets across nine highway sites in India, operated directly through its Company and Subsidiaries and indirectly through its Associates and Joint Ventures. TFS operates 270 Travel QSR outlets directly while the remaining 172 outlets are operated by its associates and Joint Ventures.

TFS' F&B brand portfolio comprises 127 brands, of which 32 are international brands, 58 are regional Indian brands and 37 are in-house brands. The company work closely with regional Indian and international brand partners to adapt its F&B concepts for the travel environment. It is achieved by adjusting store layouts, streamlining menus, adapting merchandising and store designs, and developing travel friendly takeaway packaging, among other strategies.

### Exhibit 1: Brand F&B Portfolio (Franchised and Owned)



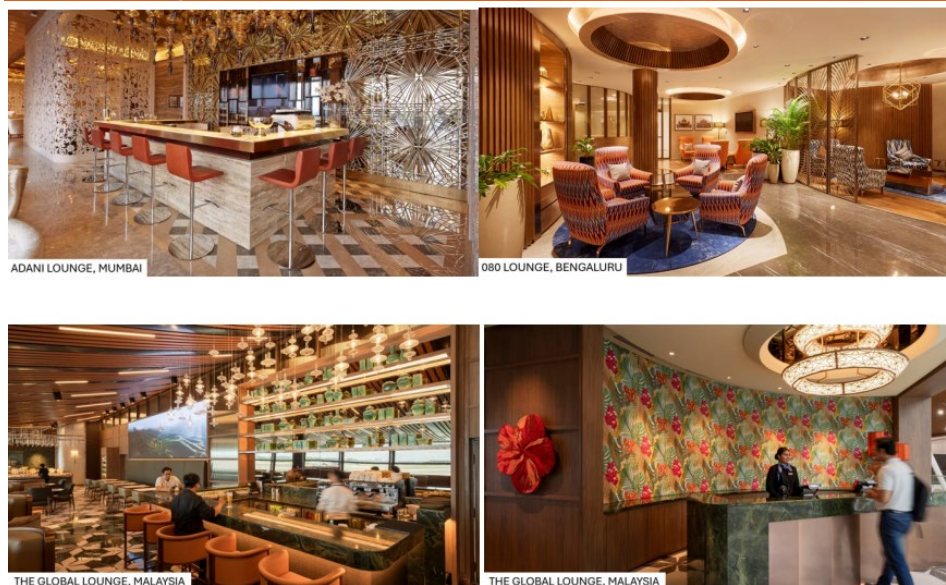
Source: Company, ICICI Direct Research

### Lounge Business

The company has partnered, directly and through third parties, with domestic and international airlines, card networks and issuers, loyalty partner programmes, Lounge access programmes and financial institutions (collectively, "Lounge Partners") to provide its customers with access to its Lounges. TFS' direct customers primarily include first and business class passengers, members of airline loyalty programmes, select credit card and debit card holders, members of other loyalty programmes, and for select Lounges, walk-in customers (collectively, "Lounge Customers"). The Lounge business comprised a total of 37 Lounges, including 28

Lounges located in 10 airports in India, eight Lounges located in three airports in Malaysia and one lounge located in Hong Kong, as of March 31, 2025. Of the 37 Lounges, 13 are operated directly through its Company and Subsidiaries and 24 Lounges are operated through its Associates and Joint Ventures

#### Exhibit 2: Lounge Portfolio

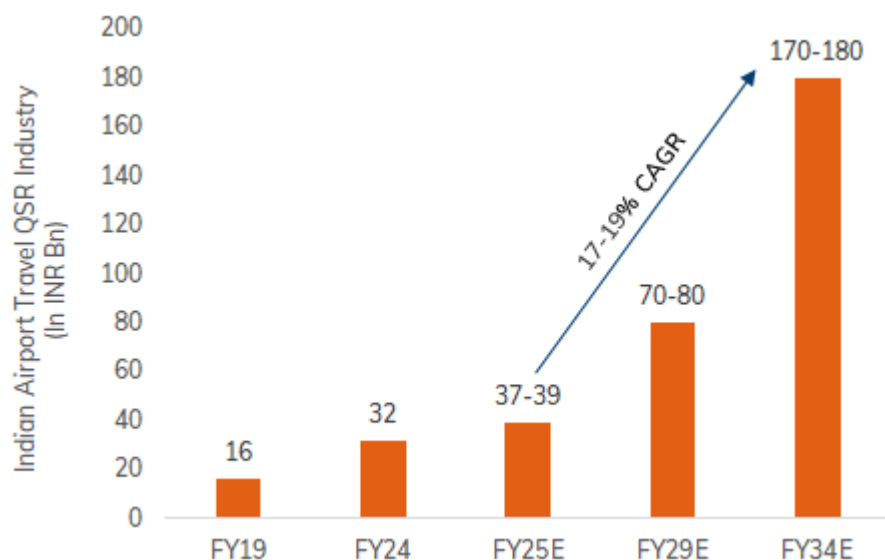


Source: Company, ICICI Direct Research

## Industry Overview

### Increased air traffic, propensity to spend on F&B at airports to drive airport travel QSR industry in India

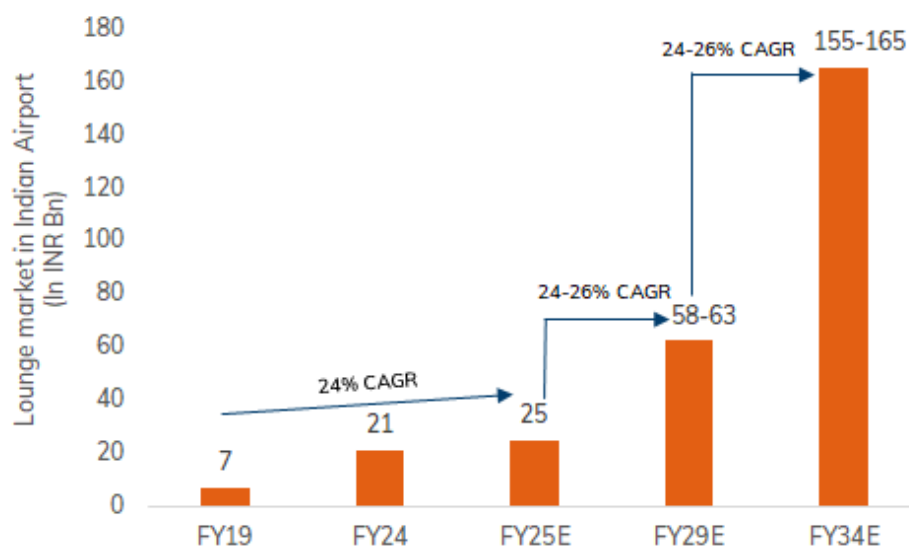
India has seen increased adoption of airport travel by passengers in recent years, supported by demographic factors, rising disposable income and improved airport travel infrastructure. Airports now turning into retail destinations where travellers can relax in the lounge, eat and shop at leisure, thereby improving its travel experience. Food and beverage (F&B) a key component in the overall airport retail landscape in India forms 34-35% of the overall airport retail market and has evolved over the years in terms of offerings and experiences provided to the customers. The airport travel QSR industry in India has demonstrated healthy growth in recent times, supported by increased passenger traffic and evolving airport travel QSR landscape. The airport travel QSR outlets now house extensive brand portfolio which includes global brand outlets, as well as regional and local brand to cater to different demand preferences of the consumers for different cuisines, as well as experiences. The travel QSR industry grew at a CAGR ~16% between FY19 and FY25, driven by passenger traffic, coupled with more than double growth of per passenger spend. The industry is expected to sustain the strong growth momentum, supported by the rising propensity to spend on F&B, driven by increasing air travel, higher disposable income, extended dwell times during airport travel, as well key supply-side factors such as customised product offerings, and improved airport infrastructure. In the long term, the industry is expected to sustain the growth momentum and register a CAGR of 17-19% from FY25 to FY34 to reach a size of Rs.170-180 billion by the end of FY34.

**Exhibit 3: India's Airport Travel QSR Industry to witness high-teens growth ahead**

Source: Company, ICICI Direct Research

### Growth in number of lounges driven by development of new airports and upgradation of existing ones

Airport lounges in India have grown significantly over the past five years, driven by the development of new operational airports, which increased to 138 as of September 2024 from 77 in FY16. Rising disposable incomes is translating into middle-class travellers increasingly seeking premium experiences, including access to airport lounges. With sustained economic growth, business travel is increasing in India. Corporate travellers often seek comfort and amenities offered by lounges to work or relax before their flights. Airports are increasingly focusing on streamlining processes, which may result in increased dwell times. The higher dwell time enables passengers to avail themselves of the dining options, shopping, entertainment and Lounge experiences within airports. Indian airports has an average of approximately 0.7 Lounges per airport, with larger airports in Mumbai (Maharashtra), Bengaluru (Karnataka) and Delhi each having 8-10 Lounges, significantly lower than key global airports. This indicates considerable room for growth within the Indian Lounge industry. The Indian Lounge industry grew at a CAGR of approximately 24% from Rs7 billion in FY19 to approximately Rs25 billion in FY25, and is expected to grow at a CAGR of 22-24% between FY2025-34 to reach Rs155-165 billion.

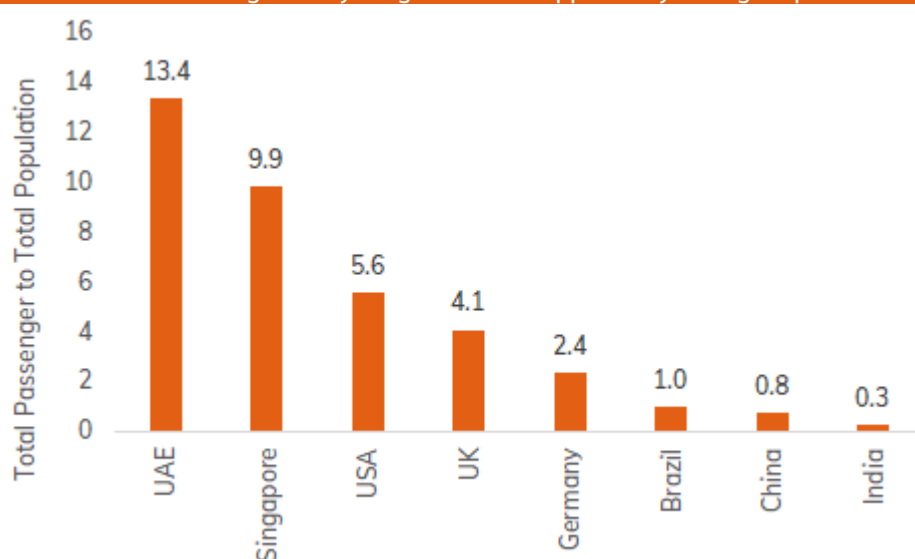
**Exhibit 4: Newer Airports will aid lounge industry to scale ahead**

Source: Company, ICICI Direct Research

## Lower penetration rates for air passenger traffic in India vs other key economies reflects growth potential

Total passengers to population ratio is a key indicator for the state of an air travel market. Air travel is still underpenetrated in India, especially in less developed regions and rural areas that are home to majority of the country's population. India's total passengers to population is at 0.27 for CY23 as against developing economy peers such as China (0.81) and Brazil (0.99). This suggests an untapped market and significant potential for passenger growth. With a burgeoning middle class, increasing urbanisation and a growing propensity for travel among younger people, demand for air travel is set to rise in India. Enhanced connectivity, government initiatives and investments in airport infrastructure further underscore the potential for growth. Additionally, the number of airports has nearly doubled from 77 in FY16 to 138 in Sept,24 which is expanding to more towns and hinterlands of the country. The government has also envisaged increasing the number of airports to 300 by 2047 as per Vision 2047. Based on the Airports Authority of India (AAI) projections, air passenger traffic is expected to be at 8-9x from current numbers by 2047. These factors indicate sufficient room for improvement and scope for growth in the % of passengers to population ratio.

**Exhibit 5: India has long runway for growth with opportunity for higher penetration**



Source: Company, ICICI Direct Research

## Investment Rationale

### Leading player in the Travel QSR and Lounge sectors in Indian airports

TFS is a leading player in the Travel QSR and Lounge sectors in airports in India based on revenue as of FY25. According to the CRISIL Report, the company operated the largest network of Travel QSRs and Airport Lounges in India, as of March 31, 2025, with 384 Travel QSR outlets across airports and highway sites and 28 Lounges being situated in airports. It has a market share of ~26% based on revenue in the travel QSR sector and ~45% in the airport lounge sector based on revenues as of FY25. The company's network of Travel QSRs and Lounges spanned across 14 airports in major hubs such as Delhi, Mumbai, Bengaluru, Hyderabad and Chennai, which had a collective airport traffic of 303mn passengers in FY25. According to the CRISIL Report, such airport traffic accounted for 89% of the total airport traffic in the 20 largest airports in India as of March 31, 2025.



## Exhibit 6: Presence across top airports in India



Source: Company, ICICI Direct Research

### Proven and established track record of long-term working relationships with airport operators

TFS has long-term working relationships with many airport operators which support the growth of its Travel QSR and Lounge businesses. As of March 31, 2025, it is present in Delhi and Mumbai airport for the past 15-16 years, in Bengaluru airport for 6 years, and in Chennai and Kolkata airports for 11 years. Through its strategic partnerships with airport operators, the company secures long-term concessions within the airports under the strategic partners' purview. As of March 31, 2025, it has 70 airport concessions for the operation of single and/or multiple outlets in India, Malaysia and Hong Kong. The term of these concessions for Travel QSRs and Lounges typically ranges from 5 to 20 years, or an average tenure of 8.21 years. The average remaining duration of the airport concessions is 6.01 years. Its Associates and Joint Ventures have enabled it to efficiently expand the operations into new airports, including recent concession wins such as Lucknow and Ahmedabad airports in 2024, Mopa and Hyderabad airports in 2023, and Guwahati and Thiruvananthapuram airports in 2022.

TFS has formed a Joint Venture with GMR Airports Limited for various airports operated by GMR including Goa Mopa, and Hyderabad airports. It has also agreed to form a strategic partnership through Semolina Kitchens Private Limited ("Semolina") with Adani Airport Holdings Limited ("AAHL") and AJ Holding Limited ("AJ") in February 2024 in relation to operations across airports in the country.

### Diversified portfolio of partner F&B brands franchised from high-quality brand partners and inhouse F&B brands

TFS through its Travel QSR business, operates a wide range of popular international, regional Indian and in-house F&B brands. TFS has 90 F&B brands licensed from international and regional Indian brand partners, in addition to 37 in-house brands, as of March 31, 2025. This includes international brands such as KFC, Pizza Hut, Wagamama, The Coffee Bean & Tea Leaf, Subway and Krispy Kreme, regional Indian brands such as Bikanervala and Third Wave Coffee, and in-house brands such as Caféccino, Curry Kitchen, Idli.com and Dilli Streat. Through its in-house brands, TFS customises menu options to offer the customers additional options that appeal to local and international palates, while taking into account the requirements of airport operators.

The company's brand portfolio has been pivotal in the growth of its Travel QSR business and enhanced its ability to compete and secure new concessions. TFS' portfolio of partner and in-house brands, allows it to operate a large number of Travel QSR outlets within each airport, strengthens its position in the competitive concession bidding process. The company's strong presence within airports in India, through both Travel QSR and Lounge businesses, along with the own in-house brands as well as global and local relationships with various F&B brands, make the company a valued partner for F&B companies seeking to enter the Travel QSR market. Through its partnerships and with access to a wide range of popular international and regional Indian brands, and its in-house regional cuisine concepts, the company is able to provide the airport operators with multiple options that met their requirements.

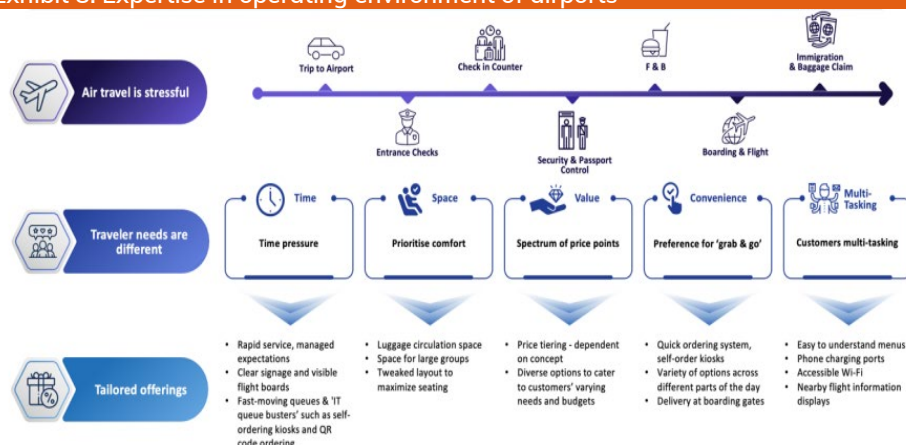
**Exhibit 7: Balanced Portfolio**

| Particulars     | 2025                 |               | 2024                 |               | 2023                 |               |
|-----------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                 | Revenues<br>(Rs Cr.) | % of Revenues | Revenues<br>(Rs Cr.) | % of Revenues | Revenues<br>(Rs Cr.) | % of Revenues |
| Partner Brands  | 474.2                | 54.4%         | 399.0                | 54.4%         | 291.5                | 54.1%         |
| In-House Brands | 396.0                | 45.6%         | 333.9                | 45.6%         | 247.7                | 45.9%         |
| <b>Total</b>    | <b>872.1</b>         | <b>100.0%</b> | <b>732.8</b>         | <b>100.0%</b> | <b>539.1</b>         | <b>100.0%</b> |

Source: Company, ICICI Direct Research

### Deep understanding of traveller preferences with a focus on delivering a quality customer experience

The company has introduced a number of innovative solutions within its Travel QSR and Lounge businesses that seek to address travellers' demands for speed and convenience, while also elevating the overall travel experience for its customers while also maintaining operational efficiencies. Within select Travel QSRs located in airports, TFS has introduced self-ordering kiosks, online order and in-airport delivery options and contactless payment systems to accelerate customer servicing time and make ordering more convenient at select locations. It has also installed grab-and-go fridges to provide travellers with quick pick-up options at select outlets. Additionally, it has introduced "Food@Gate"™ service at various airports, an in-airport F&B order and delivery service whereby travellers are able to order F&B via kiosks or through mobile scanning of QR codes and have the orders delivered directly at the boarding gate. Utilizing its local expertise across customer demographics, the company engages in various product innovations. It optimises its menus, including simplifying menu designs and adding more imagery, showcasing key products through food displays and providing combination offerings to facilitate faster order taking. The company also adjust its sales mix and pricing to suit the customer demographic within each airport. The company also offers region-specific product innovations such as a live sweet counter in Kolkata, and a local Benne style dosa in Bengaluru and also has designed convenient takeaway packaging options for those who wish to carry items onto the flight which shows adaptation to consumer preferences and catering to it in an efficient manner.

**Exhibit 8: Expertise in operating environment of airports**

Source: RHP, ICICI Direct Research

**Risk & Concerns****Lounge business can get threatened if there is a change in the number of credit cards and debit cards offering free Lounge access**

Lounge services contributed 44.93%, 44.65% and 46.14% of the revenue from operations for FY25, FY24 and FY23, respectively. While customers can access the Lounge service through multiple channels, a large portion of the Lounge customers ("Lounge Customers") comprise holders of eligible credit cards and debit cards offering free Lounge access. According to the CRISIL Report, 70-80% of passengers access airport Lounges using credit or debit cards. For select Lounges, TFS also provides Lounge services to walk-in customers. If lounge partners discontinue their complimentary Lounge access programs to the customers, subject to the terms of the relevant agreements, it could adversely affect the business. If the number of credit card or debit card issuers or networks offering free Lounge access as a card benefit decreases, there may be a decrease in customer footfall at its Lounges, which could adversely impact the business, operational results and financial condition. On the other hand, an increase in the number of Lounge Customers with access to its Lounges through their debit cards or credit cards could also adversely impact its ability to maintain service quality. A disproportionate increase in customer traffic at its Lounges that outweighs the growth of the network of Lounges could result in a shortage of seats and longer waiting lines for Lounge entry, all of which could lead to delays and negatively affect customer experience, thereby adversely affecting business, reputation and prospects.

**Non-renewal of concession agreements can negatively impact the market share and revenues**

TFS operate its business through concession agreements, lease, license and tenancy agreements and letters of intent with operators of airports and highway sites. The ability to expand and grow network thus depends on its ability to retain existing concession agreements and obtain new concessions on commercially reasonable terms. The term of the concessions for its Travel QSRs and Lounges typically ranged from 5 to 20 years, or a 36 average tenure of 8.21 years as of March 31, 2025. In particular, 20.00% of the airport concession agreements, based on the number of agreements as of March 31, 2025, will expire in the next three years. Any decision by its counterparties to terminate its concessions with them, not renew them, amend key terms of the concession agreements, such as increasing the license/concession fee or revenue sharing percentage, or any other adverse changes in relation to the concessions could materially and adversely affect its business, results of operations and financial condition.

Further, The Travel QSRs and Lounges at the top 5 airports contributed 85.94%, 88.36% and 90.29% of the revenue from operations for FY25, FY24 and FY23, respectively. The average remaining term of the concession agreements at its top five airports for FY25, FY24 and FY23, is 3.47 years, as of March 31, 2025. Failure to renew these existing concessions or obtain new concessions on commercially reasonable terms or at all, could reduce its market share and prevent TFS from achieving anticipated financial returns or strategic benefits.



**Shift in operational model of airport operators, might impact the share of profits**

TFS' travel QSR and Lounge businesses have primarily been conducted through concession agreements with airport operators, pursuant to which a certain percentage of revenue or minimum guaranteed amount (whichever is higher) is paid to the airport operator. In FY23, two of the company's airport operators, namely Adani Airport Holdings Limited ("AAHL") and GMR Airports Limited (formerly GMR Airports Infrastructure Limited) ("GMR"), adjusted their business models to acquire a majority stake in the entities that enjoy most of the concessions at the airports that they respectively operate. AAHL-operated airports comprise Mumbai, Guwahati, Lucknow, Thiruvananthapuram, Jaipur and Ahmedabad airports, the concessions for which are held by Semolina, while GMR-operated airports comprise Delhi airport Terminal 3 held by TFS DT3, Delhi Terminal 1 held by TFS and Goa Mopa and Hyderabad airports held by GHL. TFS has associate share of 25% in Semolina (partnership firm of AAHL and TFS) and 30% stake in GHL (partnership firm of GMR and TFS). While such partnerships may enable TFS to secure more concessions in the future, the shifting of such concessions from subsidiaries to associates or joint ventures (JVs) which do not consolidate in TFS in the form of revenue, balance sheet or cash flow statements, may adversely affect revenue, assets and liabilities and cash flows. Similar changes in the business models of other airport operators or a reduction in ownership levels of the company's associates or JVs may adversely affect the results of operations, cash flows and financial condition of TFS.

## Financial summary

## Exhibit 9: Profit and loss statement ₹ crore

| (Year-end March)               | FY23   | FY24   | FY25   |
|--------------------------------|--------|--------|--------|
| Total Operating Income         | 1067.2 | 1396.3 | 1687.7 |
| Growth (%)                     |        | 30.8   | 20.9   |
| Raw Material Expenses          | 210.4  | 284.7  | 296.4  |
| Gross Profit                   | 856.7  | 1111.6 | 1391.4 |
| Gross Profit Margins (%)       | 80.3   | 79.6   | 82.4   |
| Employee Expenses              | 159.4  | 229.9  | 276.5  |
| Other Expenditure              | 323.5  | 469.6  | 560.7  |
| Total Operating Exp.           | 693.3  | 984.2  | 1133.6 |
| EBITDA                         | 373.9  | 412.1  | 554.1  |
| Growth (%)                     |        | 10.2   | 34.4   |
| Interest                       | 47.8   | 51.7   | 45.7   |
| Depreciation                   | 83.1   | 110.8  | 126.3  |
| Other Income                   | 36.4   | 66.1   | 75.0   |
| PBT                            | 279.4  | 315.7  | 457.1  |
| Less Tax                       | 75.8   | 89.3   | 124.7  |
| Adjusted PAT                   | 203.5  | 226.3  | 332.4  |
| Profit or loss from Associates | 47.8   | 71.8   | 47.3   |
| Reported PAT                   | 251.3  | 298.1  | 379.7  |
| Reported EPS                   | 19.1   | 22.6   | 28.8   |

Source: Company, ICICI Direct Research

## Exhibit 10: Cash flow statement ₹ crore

| (Year-end March)                     | FY23           | FY24          | FY25          |
|--------------------------------------|----------------|---------------|---------------|
| Profit/(Loss) before taxation        | 242.9          | 249.6         | 382.1         |
| Add: Depreciation & Amort.           | 83.1           | 110.8         | 126.3         |
| Add: Other income                    | 36.4           | 66.1          | 75.0          |
| Tax                                  | 75.8           | 89.3          | 124.7         |
| Net Increase in Current Assets       | -161.8         | -18.7         | -110.1        |
| less: 'Net Increase in Current Liab. | -233.8         | -89.6         | -73.2         |
| <b>CF from Operating activities</b>  | <b>358.7</b>   | <b>408.1</b>  | <b>421.8</b>  |
| Investments & Bank bal.              | -555.9         | -148.2        | -176.6        |
| (Purchase)/Sale of Fixed Assets      | -439.8         | -161.6        | -127.3        |
| Intangible assets & goodwill         | -2.3           | 0.0           | 0.1           |
| Others                               | -213.4         | -120.5        | 38.3          |
| <b>CF from Investing activities</b>  | <b>-1211.5</b> | <b>-430.3</b> | <b>-265.4</b> |
| (inc)/Dec in Loan                    | 426.7          | 50.7          | -48.4         |
| Change in equity & reserves          | 461.5          | -3.4          | -150.1        |
| Dividend paid                        |                |               |               |
| Deferred tax liability & others      | 6.8            | 0.9           | -0.8          |
| <b>CF from Financing activities</b>  | <b>895.0</b>   | <b>48.2</b>   | <b>-199.3</b> |
| Net Cash Flow                        | 42.2           | 26.0          | -42.9         |
| Opening cash                         | 0.0            | 42.2          | 68.1          |
| <b>Closing cash balance</b>          | <b>42.2</b>    | <b>68.1</b>   | <b>25.3</b>   |

Source: Company, ICICI Direct Research

## Exhibit 11: Balance sheet ₹ crore

| (Year-end March)                   | FY23          | FY24          | FY25          |
|------------------------------------|---------------|---------------|---------------|
| Equity Capital                     | 3.9           | 3.9           | 13.2          |
| Reserve and Surplus                | 651.6         | 869.7         | 1040.2        |
| Total Shareholders funds           | 655.5         | 873.6         | 1053.4        |
| Non-controlling interest           | 9.6           | 14.3          | 16.8          |
| Total Debt                         | 426.7         | 477.4         | 429.0         |
| Long-Term Provisions               | 5.9           | 7.1           | 6.8           |
| Other Non Current Liabilities      | 0.9           | 0.6           | 0.1           |
| <b>Total Liabilities</b>           | <b>1098.5</b> | <b>1373.0</b> | <b>1506.1</b> |
| Net Block                          | 350.2         | 384.7         | 369.8         |
| Capital WIP                        | 6.5           | 22.8          | 38.6          |
| Fixed Assets                       | 356.7         | 407.5         | 408.4         |
| Goodwill & Other intangible assets | 2.3           | 2.3           | 2.2           |
| Investments                        | 138.1         | 218.1         | 279.1         |
| Other non-Current Assets           | 118.5         | 188.0         | 155.9         |
| Loans                              | 88.9          | 135.3         | 108.6         |
| Inventory                          | 10.6          | 11.6          | 8.9           |
| Debtors                            | 114.0         | 105.0         | 106.2         |
| Current Investments                | 325.5         | 375.6         | 589.4         |
| Other current assets               | 37.2          | 63.8          | 175.4         |
| Loans                              | 6.0           | 10.7          | 31.2          |
| Cash                               | 42.2          | 68.1          | 25.3          |
| Bank balance                       | 92.2          | 110.5         | 12.2          |
| Total Current Assets               | 627.7         | 745.3         | 948.6         |
| Creditors                          | 178.4         | 274.7         | 339.1         |
| Provisions                         | 24.0          | 25.6          | 31.2          |
| Other Current Liabilities          | 31.4          | 23.2          | 26.3          |
| Total Current Liabilities          | 233.8         | 323.5         | 396.6         |
| Net Current Assets                 | 393.9         | 421.8         | 551.9         |
| <b>Application of Funds</b>        | <b>1098.5</b> | <b>1373.0</b> | <b>1506.1</b> |

Source: Company, ICICI Direct Research

## Exhibit 12: Key ratios

| (Year-end March)            | FY23 | FY24  | FY25 |
|-----------------------------|------|-------|------|
| <b>Per share data (₹)</b>   |      |       |      |
| Adjusted EPS                | 18.5 | 21.9  | 27.6 |
| Cash EPS                    | 86.3 | 105.6 | 38.4 |
| BV per share                | 50.5 | 67.4  | 81.3 |
| <b>Operating Ratios (%)</b> |      |       |      |
| Gross margins               | 80.3 | 79.6  | 82.4 |
| EBITDA margins              | 35.0 | 29.5  | 32.8 |
| Adjusted PAT Margins        | 19.1 | 16.2  | 19.7 |
| Asset Turnover (x)          | 1.2  | 1.2   | 1.3  |
| <b>Return Ratios (%)</b>    |      |       |      |
| RoE                         | 37.8 | 33.6  | 35.5 |
| RoCE                        | 53.9 | 46.1  | 51.4 |
| <b>Valuation Ratios (x)</b> |      |       |      |
| P/E                         | 57.6 | 48.6  | 38.2 |
| EV / EBITDA                 | 38.7 | 35.0  | 25.8 |
| EV / Net Sales              | 13.5 | 10.3  | 8.5  |
| Market Cap / Sales          | 13.6 | 10.4  | 8.6  |
| Price to Book Value         | -    | -     | -    |
| <b>Solvency Ratios</b>      |      |       |      |
| Debt / EBITDA               | 1.1  | 1.2   | 0.8  |
| Debt / Equity               | 0.6  | 0.5   | 0.4  |
| Inventory days              | 15   | 14    | 13   |
| Debtor days                 | 29   | 29    | 23   |
| Creditor days               | 100  | 110   | 131  |
| Operating cash cycle        | -55  | -67   | -95  |

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

## ANALYST CERTIFICATION

I/We, Kaustubh Pawaskar, PGDBA (Finance), Abhishek Shankar, PGDM-RM, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

## Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report