18th November, 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 – Q2 FY2026-27 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 November 13, 2026, post declaration of Un-audited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 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
Digitally signed by NEETA ARVIND SINGH
Date: 2026.11.18 18:02:50 +05'30'

Neeta Arvind Singh
Company Secretary and Compliance Officer

Encl.: as above

“Travel Food Services Limited
Q2 FY27 Earnings Conference Call”
November 13, 2026

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

MODERATOR: **MR. ASHUTOSH – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Travel Food Services Limited's Q2 FY27 Conference Call, hosted by ICICI Securities Limited. 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, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ashutosh. Sir, please go ahead.

Ashutosh: Yes, thank you, Shaisha. Hello and good afternoon, everyone present on the call. On behalf of ICICI Securities, I welcome you to the Travel Food Services Limited's Q2 FY27 earnings call. I would like to thank the management for giving us this opportunity to host the call.

I now hand the call over to Ms. Chhavi Agarwal for further proceedings. Thank you, and over to you, Chhavi.

Chhavi Agarwal: Thank you, Ashutosh, and good afternoon, everyone. Welcome and thank you for joining us on the Travel Food Services Limited earnings conference call for the second quarter and first half year ended September 30, 2026.

I have with me Mr. Varun Kapur, Managing Director and CEO; and Mr. Vikas Vinod Kapoor, Whole-Time Director and CFO. We will start the call with the management presenting their perspective on the company's operational and financial performance. Post that, we will open the forum for the question-and-answer session.

Before we proceed, here is the disclaimer to the call. A few statements by the company's 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.

Now, I would hand the call over to Mr. Varun Kapur for opening remarks. Thank you.

Varun Kapur: Thanks, Chhavi. Good afternoon, ladies and gentlemen, and thank you for joining us as we talk through our performance for the second quarter and first half of the financial year. I hope you have had the opportunity to review our results and the investor presentation uploaded on the exchanges yesterday.

At the halfway point of the year, three things stand out about our business. First, the passenger environment has been weaker than anticipated at the beginning of the year due to the prolonged nature of the West Asia crisis. Second, despite that, TFS has continued to deliver on our results through a combination of disciplined execution and nimble cost management. Third, while managing the immediate environment, we have continued to expand the business at a healthy pace, opening new units, entering new airports, and developing new growth platforms.

For me, these points define our performance and are relevant to keep in mind as I talk through the operating environment and our results.

The aviation environment has remained challenging, and the situation has evolved through the first two quarters. Passenger traffic at TFS-managed airports declined 2.2% in the first half of the year, with the fall in passenger numbers becoming more pronounced during quarter 2, when traffic fell 4.8% year-on-year. Q2 was arguably one of the toughest operating quarters for Indian aviation in the post-COVID period.

This time, it was domestic traffic that was most affected by higher airfares, airline capacity rationalization, and changes in schedules. International traffic, which bore the brunt of the West Asia conflict in the first quarter, remained lower year-on-year, but the pace of decline eased.

As we enter H2, we expect improvement to be gradual rather than immediate. However, there are some encouraging indicators. The second half of the year is seasonally a stronger period for travel, and the winter schedules announced by some airlines point towards a progressive restoration of capacity. Together with any moderation in crude and fuel prices, these developments should support the operating environment as we move through the second half. We are, therefore, cautiously optimistic on the direction of travel while remaining measured about the pace of recovery, and we will not step back from the cost and efficiency measures we have put in place.

The important point for us is that while passenger traffic weakened as we moved through the first half, our business continued to grow. System-wide sales increased 18.8% year-on-year in quarter 2 to INR8.65 billion and grew 18.4% year-on-year during the first half of the year to INR17.1 billion. Importantly, this growth was achieved despite lower passenger traffic and a higher cost environment for consumers, which can weigh on discretionary spend. Underlying profitability also remained healthy.

Reported PAT increased to approximately INR1.5 billion in Q2 and INR2.8 billion in H1. More importantly, even after adjusting for the provision write-backs, PAT was approximately INR1 billion in Q2 and INR2.2 billion in H1. Vikas will take you through the reported numbers and the underlying profitability bridge in greater detail.

This performance needs to be viewed in the context of the environment in which it was achieved. While we cannot influence passenger volumes, airfares, or airline capacity decisions, what we can influence is how effectively we operate our outlets, how relevant our offering is to passengers, and how quickly we respond when travel and consumption patterns change.

That has been a key area of focus for our teams over the last six months. Across our network, we have continued to work on the menu, product mix, and premiumization while ensuring that the proposition remains relevant across different passenger segments and price points, including through festive and regional offerings such as the Onam Sadya Thali and our Ganesh Chaturthi specials.

At the operating level, we have remained focused on efficient inventory and supply chain management, prudent overhead controls, and flexible manpower deployment. At the same time, we have continued to expand our presence and build the business to be ready for the long-term opportunity that is clearly ahead of us.

Over the last 12 months, we have mobilized more than 70 travel QSR outlets. Our presence has increased from 18 airports to 22 airports, while our overall outlet count has expanded from 501 to 570 outlets. Our brand portfolio now stands at 156 brands, with 21 brands added over the year, including addition of certain popular brand partners such as Foo and Brijwasi to the network. This has evidently created a meaningfully larger operating platform for us. We are continuing to deepen our presence within existing airports as well.

During the quarter, we expanded our presence at Bengaluru Terminal 1 beyond lounges into travel QSR, with the opening of our first outlet, The Filter Coffee, a highly promising local brand. We have also opened another travel QSR unit, which is currently under construction in the same terminal, and we will be opening that shortly.

Our joint venture business is also progressing well across both domestic and international markets. In India, GMR Hospitality Limited, our joint venture with GMR Airports, has recently secured the travel QSR concession for Terminal 3 at Delhi Airport. The concession covers nearly 50 travel QSR outlets, a significant step up from the 32 outlets we operated earlier in that terminal and further strengthens our presence across the Delhi Airport ecosystem. Semolina Kitchens, our joint venture with Adani Airports, has also continued to grow, expanding its network from 115 to 154 outlets over the past year, including at Navi Mumbai International Airport.

During the quarter, GHL, GMR Hospitality Limited, also commenced operations at Bhogapuram Airport. We started with six travel QSR outlets, with additional outlets under fit-out. Our participation in a greenfield airport at an early stage gives us the opportunity to establish our operating base and grow alongside the airport as connectivity and passenger volumes develop.

Our EATS platform is progressing well, with continued efforts to broaden its ecosystem, strengthen distribution capabilities, and expand its reach across the passenger services landscape. Our priority is increasingly on scaling what we have built.

Looking ahead, while we remain watchful of the near-term trends, we see a strong growth opportunity over the medium and long term. The stronger seasonal travel period and the capacity additions visible in future airline schedules give us greater confidence in the direction of the operating environment through the second half of the year.

A number of our newer locations are still moving through their initial ramp-up period. At Noida, where passenger traffic is still building, and at multiple other airports like Delhi and Cochin, where further outlets and lounges are being readied, we are carrying pre-operating and ramp-up costs ahead of the revenue these units will generate. As these operations mature, we expect their contribution to increase progressively. Beyond the near term, our conviction in the growth of Indian travel and aviation remains intact.

Indian passenger traffic is expected to grow at a 7%-8% CAGR over the next decade, materially ahead of global growth, driven by rising disposable incomes, increasing travel propensity, and low air travel penetration, alongside continued expansion in airport and airline capacity. For

TFS, the opportunity is larger than passenger growth alone. As travel increases and consumer preferences evolve, we expect greater demand for branded and premium dining formats, lounges, and a broader range of airport services. This plays directly to the platform we are building across travel QSRs, lounges, and EATS.

The industry outlook also points to premiumization and higher passenger spend as important drivers for airport consumption. We are therefore focused on strengthening our presence at existing airports, participating in new and greenfield airports, and building EATS into a travel hospitality platform, providing access to a wider set of passenger services.

We also continue to selectively evaluate opportunities outside the existing core. Internationally, our focus remains on lounge opportunities, particularly across APAC and the Middle East. Our international credentials continue to strengthen, with Kyra Lounge at Hong Kong International Airport being named Asia's Leading Airport Lounge at the World Travel Awards 2026 for the second consecutive year.

This recognition, along with TFS's recent 10 wins at the Global Airport Food and Beverage, FAB Awards 2026, that are actually considered the Oscars of the travel industry, and the Dun and Bradstreet Business Excellence Award, reinforce the quality of our hospitality proposition and position us well as we look to expand our presence in global markets. In India, the expanding expressway network continues to present a long-term opportunity for our travel QSR capabilities.

We are currently focused on optimizing our existing portfolio while selectively evaluating new high-traffic corridors and strategic partnerships that can provide a scalable and capital-efficient route to grow. Our approach will remain disciplined, with expansion guided by traffic potential, unit economics, and return thresholds.

While the first half of this year has tested the industry, our performance during that period demonstrates that the business has continued to perform even though a difficult operating period for aviation is what we had gone through. We have delivered double-digit sales growth, maintained healthy underlying profitability, and continue to expand our operating platform despite lower traffic and elevated cost pressures.

We enter the second half now with a larger network, a number of recently opened units still scaling, and early indications of improving airline capacity. As industry conditions progressively normalize, we believe this positions us well to translate an improvement in the external environment into stronger operating performance.

With that, I will now hand over to Vikas, who will take you through our financial performance in greater detail.

Vikas Vinod Kapoor: Thank you, Varun, and good afternoon, everyone. Let me take you through our financial performance for the second quarter and first half of FY27.

Beginning with our system-wide performance, system-wide sales for Q2 FY27 were INR8.65 billion, up 18.8% year-on-year, while for H1 FY27, system-wide sales increased 18.4% to

INR17.1 billion. Importantly, this growth was achieved despite the moderation in passenger traffic during the period.

Growth was supported by both our existing portfolio and continued network expansion. System-wide like-for-like sales grew 3.5% in Q2 and 2.2% in H1, while net contract gains were 11.1% in Q2 and 13.5% in H1. The net gains reflect more than 70 units mobilized over the last one year, primarily across Delhi, Cochin, Navi Mumbai, Noida, and Bhogapuram airports, along with contribution from the lounge aggregation business.

Moving to our consolidated performance, sales increased 19.5% year-on-year to INR4.3 billion in Q2, while H1 sales increased 20.1% to INR8.8 billion. Here, the performance of the existing portfolio was stronger, with like-for-like sales growth of 6.6% in Q2 and 5.3% in H1. Net contract gains in our consolidated numbers stood at 11% in Q2 and 15.7% in H1. Coming to gross profit, the reported number was INR3.6 billion in Q2 and INR7.5 billion in H1, with a gross profit margin of 85.8% for both the periods.

However, there is an important accounting point to keep in mind while looking at this number. Revenue from lounge aggregation business is recognized in sales, while the corresponding service cost of INR216 million in Q2 and INR439 million in H1 is recorded under other expenses. Excluding this, the gross margin was 80.7% and 80.8% for Q2 and H1 respectively.

This is well within our guided range, reflecting continued discipline despite an inflationary cost environment in which we operate. At the operating level, consolidated EBITDA stood at INR1.6 billion in Q2, up 16.8% year-on-year, with an EBITDA margin of 37.1% compared with 38% last year. For the first half, EBITDA grew 13.8% Y-o-Y, with an EBITDA margin of 36.4%.

Mobilization and ramp-up of new operations resulted in higher employee and other operating expenses, which impacted EBITDA to an extent. As Varun mentioned earlier, at the new locations, the operating cost base is being established, while the revenue contribution will build progressively as operations and traffic scale up.

Moving beyond EBITDA, other income was higher during the period and included provisions write-backs. As a result, consolidated PAT increased 50.5% year-on-year toINR1.47 billion in Q2 and 43.2% year-on-year to INR2.76 billion in H1.

PAT includes write-back provisions of INR566 million for H1, which includes INR468 million in the second quarter. This write-back in Q2 is on account of completion of certain reconciliations with airport counterparties relating to rent and other matters. Excluding this, PAT in Q2 and H1 will be INR1 billion and INR2.2 billion, respectively, reflecting a year-on-year increase of 2.7% and 13.8%.

Turning to the balance sheet, we continue to remain debt-free, with consolidated cash balance of approximately INR10.3 billion as of September 30, 2026. This gives us significant financial flexibility to support our growth pipeline while we continue to maintain discipline on capital allocation and returns. As stated in the last call, we have also seen receivables progressively normalize now during the first half, following the timing-related buildup seen earlier due to the EATS platform.

Overall, despite a more challenging passenger environment, we delivered double-digit growth at both system-wide and consolidated levels. We continued investing behind newly mobilized operations and maintained a strong debt-free balance sheet, building further on our strong business foundation.

With that, I would like to hand the call back to the operator and open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sanjay Ladha from Bastion Research. Please go ahead.

Sanjay Ladha: Hi, sir. Thank you for the opportunity and congratulations for the good set of numbers. My question regarding, given from Q3 onwards, our T2 terminal impact will be visible, and going forward, we are hearing that Kolkata and Chennai Airport privatization, which will take place where our share of revenue is 100% from this airport currently. So, how are we seeing this impact going forward? Because that is what keeps an investor hangover to the business per se, in my view. If you can elaborate on this side.

Varun Kapur: Hi, Sanjay. This is Varun here. In terms of, while I did not catch the first part of your question, I was not sure which airport you are referring to, but the second part, I think you asked about Chennai and Kolkata. Those are coming up in the early part of next year and in the financial year. When those tender opportunities do come up, like we have had multiple tender renewal cycles across our operations, we normally would always bid for opportunities.

We have had, as you would see, and I mentioned this in the previous earnings call as well, our renewal rates are north of 90%, so closer to 92%-94% renewal rates since the start of our business. Very much, we see ourselves as being the market-leading player in this.

We do believe the proposition we bring in terms of F&B operations, brands, best practices do put us in the best place in terms of financially bidding as well. In addition, obviously, you have investments made in those airports existing. We will be putting our best foot forward like we do for any opportunity, and we have had renewal rates exceptionally high, which is part and parcel of the normal course of our business and bidding for these opportunities over time.

Like, I think probably what you were referring to, which I am not too sure, in Q3, probably you are referring to the transition of Delhi, which is one which our JV won that tender.

Sanjay Ladha: Sir, regarding this only, the question remained in that way that currently we are operating on a 100% revenue base, which sort of 100% revenue from this airport are being in our books of account. While in the JV form, it would be 20/30. Of course, I understand that expenses would be also in that form as well, but that will significantly reduce our consolidated standalone revenue and that progress I am just referring to.

Varun Kapur: Yes. Sanjay, so these airports, Chennai and Kolkata are operated by us directly. I think what you were referring probably to is the JV airports we operate, which we have a joint venture with GMR Airports, which was the Delhi one I was mentioning earlier, or we have a joint venture with Adani Airports under a similar entity across the airports.

Chennai and Kolkata is operated directly by TFS, so that doesn't fall under that JV model. Similar to how other airports such as Bangalore, Cochin, those Noida recent, so those operate under directly TFS. I think your question may be more regarding other airports that are, so like Delhi is the example, would be a JV airport that falls under that. But these would be direct concessions, so that question won't apply to these particular ones.

Sanjay Ladha: Sir, why I was asking is, in the news and in the medias, what we have heard of, and the CM has also talked about that, Chennai airport to be privatized and Kolkata airport because that is in the next year going in the renewal phase. That also being government trying to bring the private before I am referring to, which you are saying that this will not be privatized for now.

Varun Kapur: Yes. Well, I can't comment on the privatization, but the schedule for privatization, so press articles always come, like even privatization of airports generally, maybe a trend there, which I think the government is doing part of its privatization pipeline. Currently, they have 11 airports part of the actual privatization pipeline, which are in progress.

I think the government is doing that schedule. It's been in the news for quite some time, those 11 airports, for a few years. I think that is expected to happen from whatever I see in the public forums, expected to happen anytime soon. And you've seen, there are a lot of people showing interest in that.

Chennai and Kolkata, I think generally, probably because of events on the ground, there's an expectation at some point those may get privatized, but it's not part of the current 11 airports from anything we've seen or any sort of announcement by the government as well.

Yes, irrespective of privatization, I mean, we operate in the private airports as strongly, probably more so than even the government airports. Yes. So that's, for us, one way or the other, it becomes an area and opportunity to operate in, whether it is a private or a public airport.

Sanjay Ladha: Thanks for the clarification, sir. My another question would be, sir, the other income has increased almost double, maybe due to provision write-back. So if we adjust that, our PAT growth would be 11%. Is that understanding correct, or I'm missing something?

Vikas Vinod Kapoor: The PAT growth for Q2, like we mentioned, would be roughly around 3% if we take out the adjustment. But when you look at it is also slightly impacted due to the higher employee and other costs, which I said.

As you reflect back that we have added roughly around 70-odd units, and we are also ramping up further new units in Cochin, Bhogapuram, and other airports across our estate or the network that we operate in.

Sanjay Ladha: Thank you so much for answering my questions, sir. All the best. Thank you.

Varun Kapur: Thank you.

Moderator: Thank you very much. The next question is from the line of Achal Kumar from HSBC. Please go ahead.

Achal Kumar: Yes, hi. Thanks for taking my question. First of all, I wanted to understand about the new contract gains. So you reported 11% gain from new contract gains, and I believe at some point of time, these gains would be in the base, so there will be no more the sort of a new contract gains. When these are going to fall in the base, and generally, how much of the new contract gains we should believe will happen on per annum basis every year? Can you give a bit of a color on that, please?

Varun Kapur: Hi, Achal. Varun here. Thanks for your question. So, in terms of net contract gains, we have had a little north of about 11% in this quarter, if you see Y-o-Y. So that is what we referenced, the about 70 outlets we have opened up. if you go a little more in detail, the reality is that we have had a massive opening schedule. Yes, many of those have opened towards the latter part of the year as well, so the full net contract gain doesn't get fully baked in.

But in reality, the way net contract gains work, we see in our industry, is during a period of passenger, say, challenging passenger growth, which this time surely is this quarter, our net contract gains, we have LFLs muted, and we still delivered reasonably positive LFLs irrespective of passenger degrowth.

Even net contract gains would actually be much stronger, because ultimately, the net contract gains come from passenger spends at those new outlets. So if passenger spends were, say, right now they are minus 5%, if you see this quarter versus the previous year. Normally, we are used to 8%-9% ranges for this, so you would have actually seen almost a 15% delta. So there is a lot of, how do you say, gunpowder or firepower in our net contract gains available once traffic does come back. We have seen that historically as well.

Once the external influences or factors, like in this case being the prolonged West Asia crisis, comes back, we do, based on historic trends, see passenger traffic rebounding quite strongly, and then our true net contract gains, because the 70 outlets are quite a strong thing, which potentially could have contributed to much stronger net contract gains in a normalized environment for us.

Achal Kumar: But should we expect that kind of net contract gains sort of every year for the next two, three years, 11% or mid-teens or whatever? Or do you have some kind of numbers to give us in terms of the growth from the new contract gains?

Varun Kapur: I would not look at net contract gains as a single number, or a stagnant number for every year, because it tends to be lumpy. Some years, some quarters may be a bit lower, some quarters a bit higher. What may be visible to you is that we have opened 70 outlets, say, in the last year.

To give you a perspective, just in the last month and a half, we have opened 20 new outlets. We have about 50 more outlets in development already. So, what we opened last year was one of our most aggressive opening schedules of 70 outlets. We actually have already 70 outlets, you could say, from September onwards. So there is upside on that will surely be there. 70 is already what we have in hand.

I mean, last year and this year, and hopefully, I mean, the Indian aviation story should be good years, but I would not want to say that it is a standard number because it tends to be lumpy.

Some quarters a bit more, some a bit less in terms of net contract gains. Whereas LFL, as you imagine, tends to be more structured around passenger traffic plus a few metrics. So we roughly always say between that 6%-8% above that is what one could expect LFLs to fall in at.

Achal Kumar: Right. Fair enough. My second question is around the LFL growth. So you reported 6.6% LFL growth. Can you just give us a breakup of that? Like, how much of it was because of premiumization, how much of it was because of the passing on inflation impact to the customer, and definitely negatively impacted by the traffic?

So can you give us a bit of a breakup of that 6.6% LFL growth? And then, of course, I mean, just to extend to that, how much of premiumization can you continue to do that? I mean, if, for example, you did XX growth from the premiumization, can you really continue to do that for ages? So, can you give a bit of a color on that, please?

Varun Kapur: If you see in terms of the LFL numbers, we roughly have been in this quarter somewhere in the range of 8%-8.5% roughly above what passenger traffic fell in terms of our LFL performance. That, I think, is testament to our business model that we can actually deliver over and above passenger traffic. That's what I even mentioned during my opening remarks, that our focus is driving, is not just growing with passenger traffic.

I think on that quarter-on-quarter, we've consistently delivered. Even in a period like this, which is negative PAX traffic growth, we've actually delivered a strong set of overall growth, no doubt. Even if you take away net contract gains, LFLs are still positive in a period of negative passenger growth.

To your point, the combination comes in, so there will be some element annually of price increase, which actually for us, may be ranging in the range of 4%-5%. The balance actually comes from premiumization that you play out. Premiumization, to give you an example, I mean, you ask me personally, I think it's not premiumization is an exercise, it's actually understanding what the consumer wants.

I think we're actually creating and seeing the consumers looking for premiumization, therefore we have it as a strategy that works. To give you a sense, I believe this is the Indian consumers on that journey, actually is one of the most discerning customers now globally. High awareness, wanting to try, by nature very strong on culinary delight, understands food very well, very strong. Traditionally, India is a very strong culinary country.

Just logically, if you compare even to a global perspective, I think premiumization is a much longer story here. To give you a perspective, like premiumization will always be a story to play out because, say, brands,? There's always a new brand you can do. We may be doing, say, an in-house pizza concept. You may go to a Domino's the next time. Then you upgrade, say, to a we did a Jamie's Pizzeria.

Recently, we've got Gordon Ramsay Street Pizza in now. So you're playing the journey ahead, and the consumer steps up to that. Consumer actually looks for that. Could be even Asian food. I mentioned in my opening remarks, like Foo, is a brand we're excited to get in.

An upgrade from a, say, you have a more local Asian concept in hand, like Wagamama is now another concept we've rolled out, and you see that at the Mumbai airport. Those are examples of premiumization that are constant exercises that we as a team are working on, while I say quarter-on-quarter, we're working on every week, every month, and it's a constant exercise in terms of business.

Achal Kumar: Right, fair enough. My last question is around the pricing. Basically, I just want to understand how has been the pricing environment at your kiosk QSR business as well as the lounges business? I mean, QSR, of course, the demand is probably less price sensitive, but are you able to increase the prices at lounges business, which are mainly definitely between you and banks? I mean, are you able to increase the prices there? Are banks okay with that? If you could give a bit of a color on that, please, it will be helpful.

Varun Kapur: I think from an overall price environment, we ultimately are sitting in a highly inflationary environment. September was one of the highest periods of inflation we've seen in a long while. For example, food inflation, I think, was a bit I can't remember the exact number, but in the last it was about, closer to 7.5% roughly.

So one of the highest food inflations we've seen in a long, long while. I think the advantage for us is on two sides. One is we do have long-term supply contracts. We do buying volumes. Look at our supply chain. So we're able to protect against a lot of those, and we're giving long-term consistent volumes to suppliers. We pay well.

Various relationships, based on those long-term relationships, I think we've managed our supply chain quite effectively over the last 15, 17 years, and these are long-term relationships. So you go through periods of challenge quite well on that. Where that plays out, therefore, is on the front-end price. Those we can therefore support in terms of pricing, no need to pass those on fully to consumers, and therefore, those metrics and those efforts at the back-end, we can play out, which I mentioned earlier to your question that 5% say price, Obviously, that's blended across lounges, F&B.

Some places, some categories may take 3, some it may take 7-8, but say it blends out to about 5% is what we looked at, which actually in the inflationary environment, we try our best to keep it under control. I think that translated to good improvements in spends.

We felt that people, discretionary, their pressures on spend, so let's attempt to do this. I think it's played out well for us as a strategy. I think consumers have taken to that. I think that's how we could see in our numbers. Therefore, you work on other things like premiumization, brand changes, menu engineering. You focus on those elements to achieve the performance, which is what, as a player who has been in this sector for long, who understands it with a strong team, and our guys know this very well, our teams know this very well. That is what they can work on to navigate such challenging quarters.

Achal Kumar: You think it is easy to pass on the pressure-

Moderator: Sorry to interrupt, but can you please rejoin the queue?

Achal Kumar: Sure.

Moderator: Thank you very much. The next question is from the line of Praneeth Kumar Reddy from Kotak Securities. Please go ahead.

Praneeth Kumar Reddy: Thank you for the opportunity, and congrats on good set of numbers. Just to understand the QSR additions outlook, what kind of outlook do we have for this year, and how many additions are in the pipeline for this year? And for the next two to three years standpoint, what will be the count that you'll be internally satisfied with, and where do you see opportunities emerging in terms of QSR and lounge additions?

Varun Kapur: Sure, hi, Praneeth. The first part of the question, It was similar to what I had mentioned in the previous answer. We've seen , we opened up 70, a bit over 70 outlets in the last 12 months. We currently have a pipeline. I mean, if I look from a September point of view, we had a visible pipeline of approximately, again, about 70 outlets already.

We've opened 20 outlets in the last month and a half. It's been a strong opening pipeline just through the months of October and the initial part of November. We have visibility of different stages, about 50 outlets, under construction, development, design, different stages, about 50 already visibility. We do expect that number therefore to go up.

So that's in terms of where we sit in visibility over the next. Those outlets will open over the next three or four quarters as time passes. In terms of the second part, when you're looking at the, I think you were mentioning particularly the longer-term opportunity, if I got that right, where it is. The story, I think, on aviation continues to be very strong. Obviously, we're going through a short-term effect right now on traffic.

But the reality is that both on airline orders and airports, both greenfield and expansion of existing terminals coming up. You can see the last few years have been evidence of that as well, where new airports coming up with Noida, Navi Mumbai, new terminals expand, new terminals coming up in Delhi, like Delhi T1. You've seen new airports in Guwahati, new airports in Lucknow.

A lot of expansion happening in Hyderabad that's happened recently. Bhogapuram that's opened. So, there's multiple expansion and much more happening as well in the near future. Plus, in existing airports as well, we see a lot of opportunities at airports as they go down and open more F&B, I think more non-aero is becoming a very important part. So, I think the opportunity for us will constantly be there over the next decade.

I think it's a never-ending cycle, probably actually going to accelerate, if anything, in terms of opportunities as the aviation sector in India really accelerates more, as is expected in every single report or public mention, and including the efforts done by the government. I think aviation looks to be one of the real bright stars of the economy, no doubt.

Praneeth Kumar Reddy: Thank you for that. My second question is on lounge business. I just wanted to understand if we are witnessing any kind of increase in competitive intensity. I mean, are we seeing more players trying to enter into this space than what we already have? Any kind of challenges that we are

facing in terms of getting pricing from credit card partners or something like that? Lastly, on the international opportunities, I mean, I know you have indicated that APAC and the Middle East has some interesting opportunities, but any timeline that you're looking? Thank you.

Varun Kapur: Sure. I'll just touch on both the parts. On the lounges piece, as in any business, I think competition has always been there. Difficult to say it's more or less because it's always been there, and we have a particular product, we are market leaders. We focus on what we deliver. So, I think in that sense, it's business as usual means you're dealing with competition.

We are obviously having the largest presence in it, and what we've done is, we've, through our EATS platform, much more closely integrated with many of our customers and directly tied up. So, those relationships are stronger than ever. Part of, I mean, any year, I think, price rise in any year, it's not that it's difficult or easy. I think any year is a price rise because costs go up, that's what the demand does.

Every year there are different services required. It is not only about just the price increase. Sometimes, you are creating a new product for a premium customer. I think there are various ways your sales go up, price goes up. I do not believe it is a more challenge or less anything this year versus previous. It is just that we look at what the costs are, we discuss transparently with clients, and I think we have done the necessary increase, and equally they have passed on the necessary price increases.

I think that is when a long-term relationship, which these are, I think that is how we work year-on-year through price increases. In terms of the international opportunity, we have obviously had success in Malaysia, followed up with success in Hong Kong.

In the last call we had, we spoke about the second lounge we have opened up in Hong Kong as well, which we opened up in this calendar year. We are looking at further opportunities in APAC and the Middle East particularly. We set up subsidiaries in Dubai and in Indonesia for those very things, and we are actually building up.

We have teams, we are building up those teams even further because with the success we are seeing in that segment and with the skill set we have developed on lounges over more than a decade, we believe we are in a very, very good position to grow that on a global scale.

Praneeth Kumar Reddy: Thank you. Thank you so much.

Moderator: Thank you very much. The next question is from the line of Aachal Pal from Monarch Networth Capital. Please go ahead.

Aachal Pal: Hi. Thank you for the opportunity. My first question on QSR outlets. As of Q2 FY27, the outlet stands around 535, and it was 541 in Q1 FY27. That means we have closed six outlets. I believe this is of Mumbai Terminal 1. Is the understanding correct?

Varun Kapur: Yes, hi, Aachal. Yes, there are a bunch of outlets. Yes, that's a larger portion of it because there are renovations happening in that terminal. But that's what we go through cycles every time. I mean, it was timing with the September 30th, but in October and November, we opened 20 more

outlets. Just with the September end date, that closures of few outlets that had happened showed up as well.

Aachal Pal: Okay, got it. Which are the other outlets we are evaluating to have presence on?

Varun Kapur: I think, Aachal, we would look at, I mean, starting our core business, anything across airports in India, which are a certain size and scale. Probably very small airports in some areas may not be because our business model and the type of brands we bring may not always work. But the majority of the tier 2 and larger airports especially, we're looking at that entire ecosystem.

There's quite a wide base. Like you see even our presence across number of airports is now about 22 airports, went up from 18 airports. We're constantly going into new airports, but I think what also many times get missed is existing airports are growing also very fast.

So, you are seeing the existing airports, whether it is Bangalore, whether it is Delhi, look at Mumbai, while Navi Mumbai is obviously, it is a new airport, but from a city point of view, the big airports are equally growing. So, even the existing airports, we have presence. We are expanding that. Prime example is Bangalore.

I mentioned earlier in my remarks that we were present at T2 with F&B. We have actually entered T1 now, which we were not present at. We have opened one outlet. We have a second under construction there as well.

So, even it is not only new airports, which, yes, undoubtedly we look at, like Navi Mumbai, Noida, Cochin was a new airport for us this year. But equally, existing airports we are present at, those footprints, those opportunities are expanding with equal pace, which is where we get growth as well coming in from.

Aachal Pal: Okay, understood. So my last question on balance sheet. As of Q2 FY27, we have INR1,000 crores plus cash and cash equivalent. So, what are we thinking? Where are we going to utilize it? Are we looking for any kind of acquisition?

Vikas Vinod Kapoor: Hi, Aachal. This is Vikas here. Yes, we are a growing company, and our business is such that we do generate cash quarter-on-quarter. We will require capital for future expansion of the projects that we have to deliver within India and also outside India. So, at this moment, we keep on exploring new opportunities as they come by.

The yardstick always for our capital allocation will be the return metrics for our shareholders, and that will be how we will go about deploying the capital. We see quite a bit of opportunities in the highway and the international expansion, and for that very purpose, we have the cash handy with us.

Aachal Pal: Okay, understood. Thank you.

Moderator: Thank you very much. The next question is from the line of Aniket Kamble from ICICI Securities. Please go ahead.

Aniket Kamble: Yes, hi, team. Congrats on a good set of performance. My question is on the lounge business. So recently, we have been seeing that banks are starting to curtail the free offers that they give on lounge access, and also they are putting some minimum spends, like that kind of limits. What is your sense on this?

And also, continuation to this question is that, is there a shift in consumer behavior that you're observing if you compare it to, let's say, last two years or five years? Is the consumer behavior shifting to being less dependent on cards? If you can share some color on this, sir.

Varun Kapur: Yes, sure, Aniket. Hi. So what we're seeing, and probably you're also referring to in terms of the lounge access, where it went through a phase, probably actually a bit while ago, maybe about 18 months back, where your spend-based cards started coming in. For example, where credit cards, a lot of, on certain segments, started offering that to consumers, that you had to spend X amount to be able to access lounges in the subsequent period.

So, while that was evident, in reality, what we've seen, we've not seen an effect of that over a longer period of time. And the rationale we've kind of taken away from it is that, yes, there is a large segment of consumers, obviously, you could call the mass card market, where probably growing in the range of maybe 8%, 10%, 15%.

And those consumers also may not fly very frequently, and they may be spend-based. So your accesses may be there where you had eight, 10 accesses, may get restricted to four times or three times, which probably is how many times did you fly during the year. However, the premium card segment, which tends to be more frequent flyers, growing there, you've seen those growth rates normally north of 50%.

And actually, there, the banks on the flipside have given more access. So you're seeing many more cards with unlimited lounge access coming in. So, in reality, actually, the lounge business, I mean, evident by how busy when you go as in a traveler, but the lounge business actually is trading very strong. You're seeing consumers coming there.

I think by nature, I think on a broader basis, whether lounge or travel QSR, coming to second part of the question, what is very evident is non-aero experiences at airports, all of that is becoming more and more strong.

So whether it is lounge, whether it is travel QSR, people are surely looking for experiences at airports. so all of that is seeing a positive trend, that is very evidently playing out Y-o-Y, especially post the 2020-2021. That has been a very, very clear trend globally, no doubt, but I think in India, even stronger than the rest.

Aniket Kamble: Sure, sir. Very clear. Just one follow-up on the -- we had put in some outlets on highway as well, right? So initially, that was in a pilot stage. So right now, where are we? Have we cracked the model, and can we scale it fast? Any sense or any color you can give on this also?

Varun Kapur: Sure. So our understanding of the model is, the idea was to do pilots to understand how the model works. Yes, what is clearly evident to us is our skill set of multiple brands, and obviously,

our financial spend coupled with it and the experience to operate in captive environments does play out for us very well when we look at these opportunities.

Also, trust with larger landlords that a player like us come in can actually create a long-term sustainable business model there for them. What is evident to us is the right place to focus on it is on expressways.

What we have obviously understood the model calibrated based on experiences, and therefore, we are now focused on that segment of the opportunity, which sometimes you may have larger landlords, road development companies, and many times it is the large oil marketing companies, which are actually evaluating opportunities within those segments.

So what we are clear is that we look at these larger, bigger opportunities that are on these expressways, that we can create similar to this, multiple brands, captive experience, good quality facilities built for consumers, and we believe that is the long-term model.

Now, again, like I have always clearly mentioned, this is not a short-term opportunity. We see this as being a clear long-term opportunity as roads are being built, investment is being done by the government in a big way. That takes time to play out.

Consumer trends will come in, traffic will go more, and as all of that plays out. Therefore, we see it as a long-term opportunity, as a decade-long opportunity, rather than saying that we want to just go head-on into it on an immediate basis. That is how we view this particular opportunity.

Aniket Kamble: Sure, sir. One last question on the EATS business. Does the EATS platform also give us some kind of benefit in terms of we have direct relationships with the banks or card network? Does it benefit us in some other way or something like that, sir?

Varun Kapur: EATS, I think what it does is it straightaway gives you the opportunity. One, it improves the starting of the customer experience. They come, it is immediate, you are live checking your transaction. You can do it not only through the EDC machine now, you can do it online on a web platform. It is a very QR code generation. All of that has been able to play out with that solution in place.

I think what it also does is while, yes, it does give us the ability by tying directly, it allows us to premiumize offerings as well, which is something not visible. Today, say a bank has multiple card customers. He wants to create a different experience for each consumer base. Today with EATS, we can actually do that and say if you have X card, we can create X experience.

Your Y customer, we can create a different experience, a different zone for you, which was not possible earlier. It would be just a single swipe, access for everyone. That is slowly changing and which is now being rolled out. Obviously, it started for us in the second half of last year.

Over the last, you could say, nine months, it has been about getting it live, stabilizing it, running it, which has actually happened quite well, maybe a bit ahead of schedule as well. You can see the performance of that platform, which in our last post-annual results, we spoke about that in some detail, how it played out.

We can see that actually working out well, and therefore it will allow us now multiple new opportunities, which are next phase of leveraging that platform better, in offering differential services, more passenger services, much easier to get more partners onboarded to it, because now it is a single one-point access directly to us. So it will have multiple benefits in terms going forward as well for us.

Aniket Kamble: Sure, sir. Very helpful. Thank you.

Varun Kapur: Thank you. Thanks, sir.

Moderator: Thank you very much. The next question is from the line of Riddhansh Chandak from Unifi AMC. Please go ahead.

Riddhansh Chandak: Hi, team. Congratulations on a strong set of numbers in a tough operating environment. I had a couple of questions. The first one is in relation to the drop in your outlet count. I think a previous participant had asked the same question and said that these outlets might be in Mumbai. Is this true for London as well? When do you expect these to come back on the operations?

Varun Kapur: Many of these shutdowns of areas would normally be outlets, not all will come back. What happens many times is the earlier outlets we had from an outlet count may not be the right benchmark possibly to look at. I think the way we look at outlet count is more gives a directional movement over a longer period of time rather than directly linked to revenue potential.

Because in some sense, if you'd see that very evidently in airports today, if you look at Mumbai T1 with the Mumbai T2, a Mumbai T1 would have, say, small units of outlets that would be there. That unit, for example, would be multiple kiosks, and therefore you have more units say shut down.

But tomorrow when it opens, like you go to T2 or you go to Navi Mumbai and you see the units there, they're much larger, 3,000, 4,000 square feet. Like the Wagamama, if you see in T1 and even in T2, we've opened a similar one in Navi Mumbai as well. Those are big units, multiple seats.

But if you go to T1, you don't have that size of restaurants at all. These are normally kiosks, grab and go. Outlet count is not the best indicator, and we've always mentioned that, of revenue potential. I think it directionally just gives a sense always that as the business is growing across airports, that is over a longer period of time.

On a quarter-by-quarter, it won't really relate with revenue because many times you may shut five or six outlets, but one or two outlets you open in a new airport with a larger footprint, like Bangalore T2 is a prime example. All of those restaurants are large, casual dine, and the number of units may be less than a T1, but the earnings potential is likely higher. That's the way it would work.

Equally, like a lounge you look at, for example, in Mumbai T2, you have the Amex lounge shut, but then their consumers from that are going to the, because renovation is happening in that area

of the airport. But consumers are going to the business class lounge, and it's going there. That's the way many of times that piece works in the lounge as well.

Riddhansh Chandak: The four lounges which shut were also Mumbai T1? Is that what I need to understand?

Varun Kapur: No, it was Mumbai T2, the Amex was the one, and then there was a movement. There was a shutdown of. We operated two temporary lounges, and one was in Ahmedabad, if I recollect right. There was a movement, I am just remembering which I think Mumbai was, yes. Mumbai T2 was the one, the Amex, which moved in. T1 was the F&B units which shut in that.

Riddhansh Chandak: The 50 outlets that you guys have visibility on in your pipeline, over what period of time should we see these?

Moderator: Sorry to interrupt, but can you please come back in the queue?

Varun Kapur: I'll just answer that piece, I'll just quickly get to it.

Moderator: Sure.

Varun Kapur: 50 outlets we are expecting to roll out over the next three to four quarters. It was 70 the end of September, 20 have already been rolled out. The balance 50, you could say over the next three, maybe some may go into the fourth quarter, but it'll be in gradual phases because some are still in the design phase, and that's what we have visibility to already.

Riddhansh Chandak: Got it. Thank you.

Varun Kapur: Thanks.

Moderator: Thank you very much. The next question is from the line of Anuj Kashyap from A3 Capital. Please go ahead.

Anuj Kashyap: Hi, good afternoon. Am I audible?

Moderator: Yes, sir.

Anuj Kashyap: Okay. Thanks for the opportunity, sir. What I want to know is that in our presentation, it is mentioned that EATS platform we want to develop it as a holistic platform beyond banking and the cards channel. Can you please elaborate on it?

Varun Kapur: Yes, so EATS for us, it is a, just to maybe expand on that a bit on the earlier answer, that EATS is a solution that we have, which is a technology platform that we started to give direct tie-ups with banking and card partners to access the lounge, versus, say, going through other aggregators or other tie-ups in between.

It allowed us to directly tie up with our clients, and that works smoothly, both from them directly working with the partner where we can create offerings for different consumer subsets. You can check eligibility much cleaner directly, but also for the consumer experience, you can add in more layers, like the QR codes, web-based journeys.

It becomes a much smoother product, which ultimately leads to a better consumer experience and easier relationship and much smoother relationship with your banking and card partners. Over time, we have obviously onboarded partners over the last 9 to 12 months that this solution has been there. We have onboarded every partner which was there prior to this, and therefore, it is working very well for us.

You can see on the ground, if you go to our lounges, that access is going quite smoothly. We have seen that is where the business comes from. Obviously, in putting that platform in place, the advantage is that, like I said, you can create customized products, but tomorrow, in terms of additional tie-ups or more services, that we can easily onboard onto the same platform that consumers can access through the same.

That is the advantage of any technology platform, that once we have the initial period working, we can actually make other consumer services. It could be F&B itself, it could be tomorrow a meet and greet. Once you have that platform working and you are connecting the consumer access, you are connecting clients are tied into it, I think unlocking next level passenger services is just about building the code and building that solution there.

That is what our plan is, and we are actually in quite a good place about it with the success and the smoothness with which this platform has worked. We are in a very good place on that strategic objective of ours.

Anuj Kashyap: Sir, I am right in understanding that this, the EATS will help us to transform into a full service or a solution type of thing?

Varun Kapur: I would look at it, the way you should look at it, our core will be a lounge, and travel QSR business will be a core of what we do.

Anuj Kashyap: But beyond that, yes, but beyond that, we can also have…

Varun Kapur: Exactly. So, you look at two aspects. One, it will strengthen that and improve the delivery of those services to consumer. That is where the journey started, and that is what we always called out. But what it will add on a layer is allow us to mobilize and use the same, say, our presence, our footprint, to open up more services for, say, consumer's digital experience, ease of access to those services.

So, today, if you come, you can generate a promo on an F&B outlet. You can provide that access, visibility to consumer. They can go prepaid, go and get an experience at a particular outlet, have awareness of an outlet more. So, what happens with EATS as a platform, we do believe that as time goes, we will unlock more and more and more services as the Because the platform is working today, consumers now have access to that platform.

They are accessing the lounge. That tomorrow will enable us to put more and more services and help our core, plus unlock more ancillary businesses which are supporting that core business. That is the way we look at it. The core will very much remain. It will not become a replacement of what we do.

Anuj Kashyap: Thank you, sir, for the elaborate answer. Sir, one more, if I could pitch in.

Moderator: Sir, sorry to interrupt, but can you please join in the queue?

Anuj Kashyap: Thank you.

Moderator: Thank you very much. The next question is from the line of Purva Zanwar from 360 ONE Capital. Please go ahead.

Purva Zanwar: Yes. Hi. Thanks for the opportunity. My question was regarding other financial liabilities. We have seen a sharp increase as compared to FY26. What would be the reason for the change?

Vikas Vinod Kapoor: Hi, Purva. This is Vikas here. You are talking about other financial liabilities in terms of quarter-on-quarter?

Purva Zanwar: If you compare it to FY26 level, it was roughly INR55 crores. It has increased roughly INR190 crores in the current H1.

Vikas Vinod Kapoor: It is predominantly the dividend payable which was paid subsequently, which is part of that liability. As you are aware, we had announced the dividend in August, and it was paid subsequently post September 30. It was staying in part of the liability and subsequently has been paid.

Purva Zanwar: Okay. Another question was that in terms of cash conversion cycle in H1 FY27 as compared to H1 FY26, we have seen increase in terms of that, mainly led by payable days decrease. What would be the reason for the same, and how should we look at the normal cash conversion cycle?

Vikas Vinod Kapoor: Our cash conversion cycle for a large portion, more than 50% of our business is negative working capital because it is a pure travel QSR business. It is only on our lounge business wherein we do have a bit of debtors, mainly the airlines who pay at 30 to 35 days, and our lounge aggregation business, which owes around 45 to 50 odd days.

If you recollect back, when we kick-started the EATS platform, our debtors had shot up. As I had commented at that time also, as the business stabilizes and comes into a running state, we will hover around the 45 to 52 days outstanding on the debtor side, and that is where we have now reached at H1, and that will be the steady state of TFS. In terms of creditors, we keep on evaluating credit terms with our vendors, looking at our size and other aspects, and accordingly manage our working capital much efficiently.

Purva Zanwar: Okay. Last question from my side was, there is a sharp increase in terms of interest cost also. What would be the reason for the same?

Vikas Vinod Kapoor: Purva, that pertains to the finance lease component, which is pertaining to the units that we have mobilized at Delhi, T1 and T2. It is the impact of that. It will stabilize as we continue adding fresh units and the revenue starts kicking in much stronger.

Purva Zanwar: Okay, thank you. That's it from my side.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to management for closing comments.

Varun Kapur: Yes. Thank you to the ICICI Securities team for hosting us, and we appreciate all of you taking the time today to join us for the earnings call post our Q2 results. If you have any further questions, please feel free to reach out to our Investor Relations team. Thanks, everyone.

Moderator: Thank you very much. On behalf of Travel Food Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.