GMR Airports Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**GMR Airports maintains a dominant 25% share of Indian air traffic, transitioning from a high-capex construction phase to a scaled operational platform.**	□
2	**Revenue surged 31.18% YoY to □8,755 Cr, driven by the operationalization of expanded terminal capacities and a robust recovery in passenger volumes.**	□
3	**Operating margins expanded significantly to 34% (from 26%), reflecting improved monetization of non-aero segments and better operating leverage.**	□
4	***Net Profit remains negative at - 828 Cr as finance costs of 2,929 Cr consume 98.5% of operating profit, leaving no room for internal accruals.***	□
5	***The balance sheet is severely stressed with a negative Net Worth of - 2,768 Cr and total debt of 35,905 Cr, resulting in a fragile D/E ratio of -16.59x.***	□
6	Cash Flow from Operations of □3,880 Cr was bolstered by a □1,208 Cr increase in payables but remained insufficient to fully fund the year's capital requirements.	□
7	**Capital Work-in-Progress (CWIP) fell sharply from □11,175 Cr to □1,674 Cr as □9,501 Cr was capitalized into Fixed Assets, signaling the start of the revenue-generating phase.**	□
8	***Earnings quality is low, characterized by 24,672 Cr in non-cash fair value gains recognized in OCI and the diversion of 1,500 Cr in loans to non-airport subsidiaries.***	□
9	**Governance is professionalizing through the "ADP-ification" of the board, though audit trail deficiencies (7-day log retention) remain a forensic concern.**	□
10	***Solvency is threatened by 4,347 Cr in contingent liabilities from MAF and Property Tax disputes, which collectively exceed the company's entire equity base.***	□
11	The strategic shift toward "Self-Development" of airport land aims to decouple ROE from regulated utility returns and drive future valuation re-rating.	□
12	Stance: ACCUMULATE on dips; key monitorables include the Interest Coverage Ratio (currently 1.01x) and RPT loan leakage to fellow subsidiaries.	□

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1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** GMR Airports Infrastructure Ltd (formerly GMR Infrastructure) operates as a dominant airport platform, managing major hubs including Delhi (DIAL), Hyderabad (GHIAL), and Goa (GGIAL), alongside international assets in Medan (Indonesia) and Crete (Greece).
- **Revenue Drivers:** Primary drivers include aeronautical revenue (regulated by AERA) and a rapidly expanding non-aeronautical portfolio comprising Duty-Free, F&B, Cargo, Carpark, and Advertising.

- **Cost Drivers:** Major costs are driven by high **Finance Costs** (interest on legacy debt), **Depreciation** following massive asset capitalization, and **Concession fees** (revenue share) paid to airport authorities.
- **Industry Position:** Holds a dominant monopoly position in India, handling approximately 25% of domestic and 33% of international passenger traffic.
- **Expansion Plans:** Focus has shifted toward "Airport Adjacencies" and the "Self-Development" of land (offices, hotels, retail) to generate non-regulated cash flows.
- **Acquisitions & Capacity:** Completed the merger between GMR Airports Limited (GAL) and GMR Airports Infrastructure Limited (GIL). Capacity at DIAL has reached 100mn and GHIAL 34mn passengers following the substantial completion of expansion projects.
- **Segment Performance:** Shift toward high-margin service income; **Management and consultancy fees** rose to ₹182.25 Cr, while EPC revenue collapsed as internal infrastructure projects reached completion.
- **Geographical Presence:** Strong pan-India presence with strategic international footprints in Southeast Asia and Europe (Crete project commissioning expected in 2027).

2. MANAGEMENT COMMENTARY & OUTLOOK

- The merger of GAL and GIL is framed as a strategic consolidation to simplify corporate structure, unify cash flows, and address legacy solvency concerns.
- Management is aggressively pivoting toward "Airport Adjacencies" (Duty-Free, F&B, Cargo) to escape the restrictive returns of regulated aeronautical revenue.
- A significant strategic shift is underway in Land Development (ALD), moving from "leasing land" to "self-development" of commercial real estate to capture higher value-chain margins.
- Capacity expansion projects at major hubs are "substantially completed," shifting management focus from Capex execution to Opex efficiency and passenger monetization.
- The partnership with **Groupe ADP** and **NIIF** is highlighted as a move toward "Institutional Perpetuity," distancing the airport business from the leveraged reputation of the wider GMR Group.
- International projects like Crete (Greece) are viewed as long-term growth drivers, though they will remain cash-consumptive until commissioning in 2027.
- Management maintains a firm legal stance on the non-provisioning of the **Monthly Annual Fee (MAF)** to AAI (₹1,758 Cr), citing COVID-19 Force Majeure.
- The funding risk for the Bhogapuram project is mitigated by NIIF's ₹675 Cr commitment, with an ambitious operational target of December 2026.
- **Management Tone:** The tone is increasingly institutional and professionalized, reflecting the "ADP-ification" of the board. While management expresses high confidence in the "New GMR" as a retail and real estate powerhouse, the narrative remains tethered to resolving structural debt and navigating complex regulatory litigations. The shift from builder to operator is the dominant theme, though financial reality remains constrained by legacy leverage.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Sales -	8,755.00	6,674.00
Sales Growth %	31.18	45.06
Expenses -	5,783.00	4,947.00
Material Cost % -	2.45	2.81
Raw material cost	208.00	235.00
Change in inventory	7.00	-47.00
Manufacturing Cost %	36.11	38.72
Employee Cost %	14.20	14.54
Other Cost %	13.30	18.06
Operating Profit	2,972.00	1,727.00
OPM %	34.00	26.00
Other Income -	788.00	923.00
Exceptional items	111.00	242.00
Other income normal	678.00	681.00
Interest	2,929.00	2,338.00
Depreciation	1,466.00	1,038.00
Profit before tax	-635.00	-727.00
Tax %	30.00	16.00
Net Profit -	-828.00	-840.00
Profit from Associates	0.00	0.00
Minority share	268.00	661.00
Exceptional items AT	109.00	233.00
Profit excl Excep	-937.00	-1,073.00
Profit for PE	-633.00	-229.00
Profit for EPS	-559.00	-179.00
Profit Growth %	-176.00	55.00
EPS in Rs	-0.93	-0.30
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	604.00	604.00
Reserves	-2,768.00	-1,396.00
Borrowings -	35,905.00	32,157.00
Long term Borrowings	34,333.00	28,176.00
Short term Borrowings	952.00	3,767.00
Lease Liabilities	620.00	214.00
Preference Capital	18.00	0.00
Other Borrowings	-18.00	0.00
Other Liabilities -	14,748.00	12,557.00
Non controlling int	1,294.00	1,762.00
Trade Payables	1,085.00	851.00
Advance from Customers	183.00	119.00
Other liability items	12,185.00	9,825.00
Total Liabilities	48,489.00	43,921.00
Fixed Assets -	28,737.00	15,157.00
Land	28.00	23.00
Building	25,702.00	14,610.00
Plant Machinery	6,541.00	4,153.00
Equipments	304.00	269.00
Furniture n fittings	3,583.00	2,197.00
Vehicles	52.00	47.00
Intangible Assets	1,004.00	954.00
Other fixed assets	89.00	69.00
Gross Block	37,304.00	22,323.00
Accumulated Depreciation	8,567.00	7,166.00
CWIP	1,674.00	11,175.00
Investments	4,425.00	4,478.00
Other Assets -	13,653.00	13,111.00
Inventories	130.00	135.00
Trade receivables -	482.00	369.00
Receivables over 6m	152.00	107.00
Receivables under 6m	334.00	267.00
Prov for Doubtful	-5.00	-5.00
Cash Equivalents	2,826.00	4,021.00
Loans n Advances	307.00	20.00
Other asset items	9,908.00	8,567.00

Line Item	Mar 2024	Mar 2023
Total Assets	48,489.00	43,921.00

Cash Flow Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	3,880.00	2,199.00
Profit from operations	2,835.00	1,837.00
Receivables	0.00	0.00
Inventory	0.00	0.00
Payables	1,208.00	602.00
Loans Advances	0.00	0.00
Other WC items	-30.00	-284.00
Working capital changes	1,178.00	318.00
Direct taxes	-133.00	44.00
Cash from Investing Activity -	-5,792.00	-2,310.00
Fixed assets purchased	-4,525.00	-3,921.00
Fixed assets sold	3.00	38.00
Investments purchased	-217.00	-782.00
Investments sold	300.00	100.00
Interest received	190.00	327.00
Dividends received	239.00	139.00
Redemp n Canc of Shares	139.00	236.00
Acquisition of companies	-848.00	0.00
Other investing items	-1,075.00	1,553.00
Cash from Financing Activity -	467.00	1,731.00
Proceeds from shares	8.00	2.00
Redemption of debentures	0.00	0.00
Proceeds from borrowings	12,326.00	9,183.00
Repayment of borrowings	-8,299.00	-4,371.00
Interest paid fin	-3,517.00	-3,059.00
Dividends paid	0.00	0.00
Financial liabilities	-52.00	-24.00
Other financing items	0.00	0.00
Net Cash Flow	-1,445.00	1,620.00

Key Ratios (₹Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	20.00	20.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	20.00	20.00
Working Capital Days	-215.00	-370.00
ROCE %	6.00	4.00

3.2 Financial Analysis Summary

- **Revenue** grew by **31.18%** to **₹8,755.00 Cr**, supported by a shift toward high-margin service income as **Management and consultancy fees** rose to **₹182.25 Cr**, while **Trade Receivables** increased to **₹482.00 Cr**, reflecting **Debtor Days** of **20.00**.
- **Operating Profit** surged to **₹2,972.00 Cr** with **OPM %** improving to **34.00%** from **26.00%**, driven by lower **Other Cost %** (**13.30%** vs **18.06%**) despite a spike in **Concession fees** to **₹92.73 Cr** linked to the operationalization of new airport assets.
- **Finance Cost** remains a critical drag at **₹2,929.00 Cr**, nearly consuming the entire **Operating Profit** (**Interest Coverage 1.01x**), which correlates with **Total Borrowings** of **₹35,905.00 Cr** and **Interest paid** of **₹3,517.00 Cr** in the **Cash Flow Statement**.
- **Net Profit** remained negative at **-₹828.00 Cr**, leading to a further erosion of **Reserves** to **-₹2,768.00 Cr**, although the loss narrowed as **Revenue** growth outpaced the rise in **Depreciation** (**₹1,466.00 Cr**).
- **Fixed Assets** saw a massive expansion to **₹28,737.00 Cr** from **₹15,157.00 Cr**, primarily due to the capitalization of **CWIP** which fell from **₹11,175.00 Cr** to **₹1,674.00 Cr**, supported by **Fixed assets purchased** of **₹4,525.00 Cr**.
- **Working Capital** management remains efficient with a **Cash Conversion Cycle** of **20.00 days**, and **CFO** of **₹3,880.00 Cr** significantly exceeds the **Operating Profit** of **₹2,835.00 Cr** due to a positive **Working capital change** of **₹1,178.00 Cr**, largely driven by a **₹1,208.00 Cr** increase in **Payables**.
- **Total Debt** of **₹35,905.00 Cr** is **99.9% fixed-rate**, providing protection against interest rate hikes, but the company faces significant forex risk with **₹2,973.30 Cr** in **Foreign Currency Borrowings (Euro)**, where a 5% Rupee depreciation would hit **Profit before tax** by **₹158.90 Cr**.
- **Capital Allocation** is heavily reliant on external funding, with **Proceeds from borrowings** of **₹12,326.00 Cr** used to fund **Capex** and **Repayment of borrowings** (**₹8,299.00 Cr**), while **Loans to fellow subsidiaries** like GPUIL and GGAL exceeded **₹1,500 Cr**, suggesting potential value leakage.
- **Investments** at **₹4,425.00 Cr** are subject to high valuation uncertainty, as they rely on Level 3 DCF inputs; notably, **Net Worth** is heavily influenced by non-cash **Fair Valuation Gains** of **₹25,617.18 Cr** recognized in OCI rather than the **P&L**.
- **Liquidity** improved as the **Current Ratio** rose to **1.30** following the reduction of **Short term Borrowings** to **₹952.00 Cr** from **₹3,767.00 Cr**, yet **Cash Equivalents** declined to **₹2,826.00 Cr** due to a **Net Cash Flow** deficit of **-₹1,445.00 Cr**.
- **Contingent Liabilities** pose a significant off-balance sheet risk with **Outstanding Corporate Guarantees** of **₹3,186.45 Cr** and **Direct Tax Disputes** of **₹325.24 Cr**, which could impact future **Cash Flow** if crystallized.
- **ROCE** improved slightly to **6.00%** from **4.00%**, indicating better efficiency in utilizing the expanded **Total Assets** base of **₹48,489.00 Cr**, though **Asset Turnover** remains low at **0.18**, reflecting the long-gestation nature of infrastructure.

- **Other Liabilities** are impacted by the **Amalgamation Adjustment Deficit** of **₹3,367.81 Cr**, which acts as a permanent drag on reserves, and a new **Liability towards Put Option** of **₹267.70 Cr** which represents potential future cash outflows.
- **Other Expenses** were notably impacted by **Concession fees** (revenue share) which spiked to **₹92.73 Cr**, reflecting the operationalization of new assets, while **Legal and professional fees** to related parties decreased to **₹3.80 Cr**.
- **Overall Synthesis:** The dominant financial theme of the year is the **transition from a construction-heavy phase to an operational phase**, marked by massive **CWIP** capitalization and **Revenue** growth, yet the company remains trapped in a cycle of high **Finance Costs** and **Total Debt** that necessitates continued reliance on external borrowing and related-party lending.

3.3 Contingent Liabilities & Commitments

- **Direct Tax Disputes:** ₹325.24 Cr (FY24) vs ₹313.28 Cr (FY23).
- **Indirect Tax Disputes:** ₹5.24 Cr.
- **Property Tax Dispute:** Delhi Cantonment Board (DCB) demand of ₹2,589.11 Cr remains a massive threat (Note 41-xvi).
- **MAF Dispute:** Ongoing dispute with AAI regarding Monthly Annual Fee (MAF) of ₹1,758.28 Cr; no provision made.
- **Outstanding Corporate Guarantees:** ₹3,186.45 Cr, primarily extended to lenders of subsidiaries and fellow subsidiaries.
- **Capital Commitments:** ₹4.64 Cr.
- **Financial Assistance Commitments:** Jumped significantly to ₹366.38 Cr from ₹25.53 Cr.
- **GST ITC Dispute:** ₹1,878.49 Cr capitalized based on a challenged High Court ruling; adverse Supreme Court ruling would require a massive write-down.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — non-cash fair value gains inflate equity while CFO of □3,880 Cr lags total comprehensive income.	□	PAT □828 Cr vs CFO □3,880 Cr; OCI gains of □25,617 Cr.	Note 38: Valuation gains are non-cash and driven by Level 3 DCF assumptions rather than realized liquidity.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — receivables growth of 30.6% mirrors sales growth of 31.2%, suggesting stable but high-volume credit.	□	Receivables □482 Cr vs □369 Cr; Sales □8,755 Cr vs □6,674 Cr.	Note 34: Significant receivables from related parties like DIAL (□14.01 Cr) indicate dependency on subsidiary cash flows.
3	Revenue timing (unbilled/ advances)	Revenue ↑ — unbilled revenue recognition accelerates top-line without immediate cash inflow, increasing realization risk.	□	Unbilled revenue from related parties stands at □39.26 Cr.	Note 34: Revenue recognized but not yet invoiced; advances from customers increased to □183 Cr from □119 Cr.
4	Revenue from related parties %	Revenue ↑ — high reliance on group entities for service income creates circularity and concentration risk.	□	RP Revenue □285.25 Cr; Management/ Consultancy fees from DIAL and GPUIL (□67.85 Cr).	Note 34: Shift towards high-margin service income from related parties; EPC revenue from group entities collapsed.
5	Inventory vs revenue growth	Neutral — inventory levels are negligible for the service-heavy airport model, posing minimal valuation risk.	□	Inventory □130 Cr (down from □135 Cr) vs 31% Sales growth.	P&L: Change in inventory was a marginal □7 Cr; inventory days remain at 0.
6	Inventory valuation method change	Neutral — no change in valuation policy; inventory remains a non-material component of the balance sheet.	□	Inventory is only 0.27% of total assets.	Accounting Policy: No reported changes in inventory valuation methods in the FY24 annual report.
7	Exceptional items in operating profit	Profit ↑ — exceptional gains of □111 Cr provide a non-recurring boost to the reported bottom line.	□	Exceptional items □111 Cr in FY24 and □242 Cr in FY23.	Note 46: Previous year included □656.52 Cr loss on OCD conversion; current year includes merger-related adjustments.
8	Depreciation rate vs useful life policy	Profit ↓ — sharp 41% increase in depreciation following asset capitalization reduces reported accounting profit.	□	Depreciation □1,466 Cr (FY24) vs □1,038 Cr (FY23).	Balance Sheet: Building assets increased from □14,610 Cr to □25,702 Cr as CWIP was capitalized.
9	Provision reversals boosting PAT	Neutral — no significant provision reversals noted; doubtful debt provisions remain static.	□	Provision for doubtful debts held constant at □5.00 Cr.	Balance Sheet: Trade receivables note shows no major reversal of previous impairments.
10	Tax rate consistency	Profit ↓ — effective tax rate jumped to 30% from 16%, increasing the cash outflow for taxes.	□	Tax % at 30.00; Direct taxes paid □133 Cr vs □44 Cr refund.	Note 48: Deferred Tax Assets of □107.28 Cr recognized for the first time post-merger.
11	CWIP age and stalling projects	Profit ↑ — massive transfer from CWIP to Fixed Assets suggests project completion and start of revenue generation.	□	CWIP decreased from □11,175 Cr to □1,674 Cr.	Balance Sheet: □9,501 Cr reduction in CWIP as new airport infrastructure was operationalized.

#	Check	Impact	Status	Evidence	Notes Detail
12	Deferred tax asset recognition	Profit ↑ — recognition of new DTA post-merger provides a non-cash boost to the balance sheet strength.	□	Deferred Tax Assets (Net) of □107.28 Cr recognized in FY24.	Note 48: DTA recognized following the amalgamation of GAL and GIDL into the company.
13	RPT quantum and trend	Profit ↓ — massive loans to non-airport fellow subsidiaries (□1,500 Cr+) suggest significant potential value leakage.	□	Loans to GPUIL (□726 Cr) and GGAL (□511 Cr); conduit for □2,931 Cr FCCB.	Note 34/44: Company acts as a financing conduit for group entities like Raxa Security and GMR Highways.
14	Dividend paid vs FCF adequacy	Neutral — no dividends paid as the company remains in a net loss position with high capex.	□	Dividend Payout 0%; FCF is negative due to □4,525 Cr capex.	Cash Flow: Operating cash of □3,880 Cr is insufficient to cover □4,525 Cr in fixed asset purchases.
15	Audit Trail Integrity	Neutral — extremely short log retention and disabled features in specific segments restrict forensic depth.	□	7-day log retention in SAP; Navision logs disabled for Goa Duty Free.	Note 47: Significant internal control risk regarding undetected manual overrides at the database level.
16	Valuation of Unquoted Investments	Profit ↑ — reliance on Level 3 DCF models for □74,364 Cr in investments introduces high estimation sensitivity.	□	Discount rates between 11% and 17.5% used for valuations.	Note 38: Small changes in unobservable inputs drastically impact the balance sheet size and OCI.
17	Non-cash Interest Accrual	Profit ↑ — recognition of interest income from related parties without corresponding cash collection.	□	□121.19 Cr interest accrued on GPUIL loans without cash receipt.	Note 34: Signals potential asset quality issues and non-performing nature of group loans in economic substance.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion Type:** Unqualified.
- **Key Audit Matters (KAMs):**
    - **Valuation of Unquoted Equity Investments:** The auditor identified the valuation of subsidiary investments (□74,364.04 Cr) as a KAM due to reliance on Level 3 unobservable inputs and Discounted Cash Flow (DCF) models. Management uses discount rates between 11% and 17.5%; the auditor noted that small changes in these assumptions drastically impact the balance sheet.
    - **Audit Trail Weakness:** The auditor flagged that SAP ERP audit trail logs for database-level changes are retained for only 7 days due to storage constraints. Furthermore, the Navision software for the Goa Duty Free business had audit trail features **disabled** at the database level, representing a significant internal control risk.
- **Emphasis of Matter Paragraphs:**
    - **MAF Dispute:** Ongoing dispute with AAI regarding Monthly Annual Fee (MAF) of □1,758.28 Cr. No provision has been made.
    - **Property Tax:** Massive contingent threat from Delhi Cantonment Board (DCB) for □2,589.11 Cr.
    - **Merger Accounting:** Accounting for the merger of GAL and GIDL using the "Pooling of Interest" method, resulting in a significant Amalgamation Adjustment Deficit of □3,367.81 Cr.

B. Related Party Transactions

Party	Relationship	Nature	Amount (₹ Cr)	Concern
GPUIL	Fellow Subsidiary	Unsecured Loans	726.67 Cr	***Cash diversion to non-airport group entities***
GGAL	Fellow Subsidiary	Unsecured Loans	511.47 Cr	***High concentration of credit risk***
GPUIL	Fellow Subsidiary	Interest Accrued	121.19 Cr	***Non-cash income recognition; liquidity risk***
Group Entities	Subsidiaries/Fellow Subs	Corporate Guarantees	3,186.45 Cr	***Significant off-balance sheet leverage***
DIAL / GMR Power	Subsidiaries/Fellow Subs	Management/ Consultancy	67.85 Cr	High-margin service income dependency
Raxa Security / GMR Highways	Fellow Subsidiaries	Down-streamed FCCB Loans	2,931.77 Cr	***Company acting as a financing conduit***

- **% of Revenue:** 3.26% (₹285.25 Cr / ₹8,755.00 Cr).
- **% of CFO:** 114.54% (Loans + Interest + Guarantees / CFO).
- **Trend:** Increasing. Loans to fellow subsidiaries rose while the company carries ₹35,905.00 Cr in gross debt. The company acts as a liquidity hub, utilizing its ability to raise capital (FCCBs) to fund non-airport fellow subsidiaries.

C. Shareholding

Description	% Equity
Promoters	58.94
Foreign Portfolio - Corp	27.73
Resident Individuals	5.33
Bodies Corporates	2.66
Qualified Institutional Buyer	1.72
Banks	1.23
Mutual Funds	1.16
Others	1.23

D. Board Composition + KMP Compensation

- **Total Directors:** 12 | **Independent %:** 50.00% | **Women Directors:** 1 (Bijal Tushar Ajinkya).
- **KMP Compensation:**
  - **Grandhi Kiran Kumar (MD & CEO):** ₹6.80 Cr (17.66% YoY growth).
  - **Saurabh Chawla (CFO):** Pay trend -11.80%.
  - **T. Venkat Ramana (CS):** Pay trend +15.60%.
- **Family Relations: G.M. Rao** (Chairman) is the father of **Grandhi Kiran Kumar** (MD & CEO) and **G.B.S. Raju** (Director). **Srinivas Bommidala** (Director) is the son-in-law of **G.M. Rao**.
- **Analysis:** KMP pay growth is significantly lower than the 72.09% surge in Operating Profit, suggesting management is not over-extracting during the recovery phase.

F. Capital Allocation & Capex

Action	FY Current (Cr)	FY Prior (Cr)	% of CFO	Signal
Capex (Fixed Assets)	4,525.00 Cr	3,921.00 Cr	116.62	
Net Debt Change	3,748.00 Cr	5,524.00 Cr	96.60	
Interest Payments	3,517.00 Cr	3,059.00 Cr	90.64	
Acquisitions	848.00 Cr	0.00 Cr	21.86	
Loans to Fellow Subs	1,238.14 Cr	630.71 Cr	31.91	

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex:** Ratio is 0.85; operations cannot self-fund the massive expansion.
  - **Nature of Capex:** Primarily growth capex. **CWIP reduced from 11,175.00 Cr to 1,674.00 Cr as assets were capitalized into the Gross Block (37,304.00 Cr).**
  - **Deployment Efficiency:** Revenue grew 31.18% following capitalization, but the bottom line remains negative due to the massive **depreciation (1,466.00 Cr)** and **interest (2,929.00 Cr)** load.
  - **Key Takeaways:** The transition to the operational phase is complete, but the resulting 41% spike in depreciation creates a high break-even hurdle.

H. Risks

- **Property Tax Dispute (High):** DCB demand of 2,589.11 Cr vs historical 9.13 Cr. **Impact: 186% hit to Net Worth; potential technical default.**
- **MAF Non-provisioning (High):** 1,758.28 Cr unpaid to AAI. **Impact: Arbitration loss would cause catastrophic cash outflow.**
- **Audit Trail Failure (High):** 7-day log retention and disabled logs in Goa. **Impact: Risk of undetected manual overrides and fraud.**
- **Valuation Risk (High):** 74,364.04 Cr investment value based on Level 3 DCF. **Impact: 1% discount rate hike causes significant adverse impact.**
- **Forex Volatility (Medium):** 2,973.30 Cr Euro-denominated debt. **Impact: 5% INR depreciation hits PBT by 158.90 Cr.**
- **RPT Credit Risk (High):** 1,500.00 Cr+ loans to non-airport fellow subsidiaries. **Impact: Capital loss if GPUIL/GGAL fail to repay.**
- **GST ITC Dispute (High):** 1,878.49 Cr capitalized based on challenged ruling. **Impact: Adverse SC ruling requires massive asset write-down.**

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	↔	25% India traffic share; Revenue ↑ 31%	Strong monopoly moat and capacity expansion de-risk growth.
Financial Health	2	→	D/E -16.59x; Interest consumes 90% CFO	Negative net worth and massive debt service remain critical stressors.
Earnings Quality	2	→	CFO > PAT but OCI gains of □25k Cr	Profits are clouded by non-cash fair value gains and RPT lending.
Management & Governance	3	↑	Board refresh with ADP; KMP pay < 1% EBITDA	Professionalization is improving, but RPT conduit activity persists.
Capital Allocation & Earnings Visibility	3	↑	CWIP → Fixed Assets; ROCE 6%	Transition to operational phase improves visibility despite low ROCE.

BUSINESS POSITIVES (for this company this year) * □**Revenue Momentum:** Sales grew **31.18%** to **□8,755 Cr**, driven by post-expansion traffic recovery. * □**Operational Pivot:** Successful capitalization of **□9,501 Cr** from CWIP to Fixed Assets, signaling the start of the operational phase. * □**Margin Expansion:** OPM improved to **34%** from **26%** due to better monetization of non-aero segments. * □**Governance Refresh:** Appointment of **Groupe ADP** representatives to the board reduces "family-office" risk. * □**Liquidity Management:** Current Ratio improved to **1.30** following short-term debt restructuring.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Solvency Stress:** Negative Net Worth of **-□2,768 Cr** and **Total Debt** of **□35,905 Cr** create a fragile balance sheet. * □**Cash Diversion:** Over **□1,500 Cr** in loans to non-airport fellow subsidiaries while the parent is in a net loss position. * □**Litigation Overhang:** Combined contingent threats from MAF (□1,758 Cr) and Property Tax (□2,589 Cr) exceed the company's equity base. * □**Audit Red Flags:** 7-day audit trail retention and disabled logs in the Goa business limit forensic oversight. * □**Interest Burden:** Finance costs of **□2,929 Cr** consume nearly all operating profit, leaving no room for internal accruals.

OVERALL SCORECARD SUMMARY GMR Airports is in a state of structural transition, successfully moving from a high-capex construction phase to a dominant operational platform. While business quality and governance are on an improving trajectory due to the ADP partnership and asset capitalization, financial health remains weak with a negative net worth and a massive debt-servicing burden. Earnings quality is currently low, characterized by non-cash fair value gains and significant related-party lending. The company is stable but remains a "litigation play" where future solvency depends on favorable regulatory outcomes and the successful monetization of land assets.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion issued.
2	Promoter pledge = 0?	□	Historically tight liquidity; specific pledge % not in snippets.
3	KMP pay < 5% of PAT?	□	PAT is negative; KMP pay is □16.69 Cr.
4	RPT quantum < 5% of revenue?	□	RPT revenue is 3.26% of total revenue.
5	Board > 50% independent?	□	6 out of 12 directors are independent.
6	At least 1 woman director?	□	Bijal Tushar Ajinkya serves on the board.
7	No statutory dues outstanding?	□	No major defaults on undisputed dues reported.
8	No fraud reported?	□	No fraud reported by the auditor.
9	Audit trail enabled?	□	Logs retained for only 7 days; disabled in Goa business.
10	Frequent Auditor change	□	No frequent changes noted in the current period.
Total: 7/10 □— Governance Rating: 3			

Part C: Investor Verdict

THESIS: A dominant monopoly airport operator transitioning from a leveraged infrastructure developer to a high-margin retail and real estate platform. **OVERALL STANCE:** ACCUMULATE (on dips) **RATIONALE:** The professionalization of the board and completion of major capex de-risk the operational story, though debt remains a long-term overhang. **RE-EVALUATE WHEN:** Loans to fellow subsidiaries exceed □2,000 Cr OR an adverse ruling is received on the MAI/Property Tax disputes. **BULL CASE:** Successful "self-development" of ALD land leads to ROE decoupling from regulated utility returns, driving a valuation re-rating. **BEAR CASE:** A 5% INR depreciation combined with an adverse MAF ruling triggers a liquidity crisis and technical default. **KEY MONITORABLE:** Interest Coverage Ratio: 1.01x → Watch for improvement toward 1.5x.

7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status (FY23)	Summary B Status (FY24)	Forensic Takeaway
Capital Allocation Phase	Heavy construction with CWIP at ₹11,175 Cr (25% of assets).	Operational pivot with CWIP falling to ₹1,674 Cr as assets capitalized.	The company has successfully transitioned from a high-risk execution phase to an active operational phase.
Margin Trajectory	OPM at 26%; operating profit fell 24% despite revenue growth.	OPM improved to 34%; operating profit surged to ₹2,972 Cr.	Operational leverage is beginning to manifest as expanded capacity moves toward higher-margin non-aeronautical monetization.
Working Capital Strategy	Payables spiked 56% to manage cash; receivables remained flat.	Payables increased by ₹1,208 Cr, acting as the primary driver for CFO growth.	Management continues to artificially bolster operating cash flow by aggressively stretching creditor payment terms.
Management Tone	Family-dominated narrative focused on post-pandemic recovery.	Institutional "ADP-ification" focusing on "Airport Adjacencies" and "Self-Development."	The strategic narrative has shifted from basic utility operations to capturing higher value-chain margins through real estate and retail.
Forensic Risk Profile	Focused on aggressive capitalization of ₹536 Cr in revenue expenses.	Focused on audit trail failures, including 7-day log retention and disabled logs in Goa.	Forensic concern has evolved from P&L manipulation via capitalization to a significant breakdown in internal digital oversight and auditability.
Solvency Structure	Reserves at -₹1,396 Cr; Interest Coverage at a distressed 0.58x.	Reserves worsened to -₹2,768 Cr; Interest Coverage improved slightly to 1.01x.	Despite better operational performance, the balance sheet remains technically insolvent and entirely dependent on debt refinancing.

7.2 Persistent Patterns

- **Negative Net Worth:** The company continues to operate with deeply negative reserves, indicating a **sustained solvency crisis** masked by asset revaluations.
- **Interest Burden:** Finance costs consistently consume nearly the entire operating profit, leaving **zero room for internal capital accrual** or debt reduction.
- **Unrecorded Liabilities:** Management persistently refuses to provide for the **₹1,758.28 Cr MAF dispute** and the **₹2,589.11 Cr property tax demand**, representing a massive "hidden" hit to equity.
- **Related Party Conduit:** The entity remains a **liquidity hub for the wider GMR Group**, consistently diverting cash and credit to non-airport fellow subsidiaries through unsecured loans and guarantees.
- **Aggressive Accounting Policy:** The continued capitalization of **₹1,878.49 Cr in disputed GST ITC** remains a high-risk asset on the balance sheet subject to Supreme Court volatility.
- **Monopoly Moat:** The company maintains a **dominant structural advantage**, consistently controlling approximately 25-33% of India's total passenger traffic.
- **Negative Free Cash Flow:** Despite rising CFO, heavy ongoing capex requirements ensure that **FCF remains consistently negative**, necessitating perpetual external funding.