GMR Airports Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The investment thesis has reached a pivotal de-risking point as the company delivers its first sustained underlying PAT positive quarter, driven by the structural "harvesting" of DIAL's tariff reset and the peaking of the group's leverage cycle.

Dimension	This Quarter	Signal / Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	EBITDA of □17.89 Bn beat the record Q2 run-rate by 17% on only 9% revenue growth, showing high operating leverage.
Earnings Quality	High (Core driven)	Underlying PAT (ex-exceptionals) of □3.6 Bn reflects genuine operational turnaround; FX losses were non-cash (□2.2 Bn 9M).
Guidance Confidence	Strong	Management moved the Bhogapuram operationalization timeline forward to Q2FY27 (from Dec '26).
Management Credibility	Strong	Delivered on the □21 Bn refinancing and achieved the promised "PAT Positive" status for GAL.
Business Quality Signal	Improving	Non-Aero IPP (□666) and Duty-Free record sales indicate the "Consumer Platform" shift is capturing higher value.
Key Q&A Exchange	Q1: Dividend Trigger	Management explicitly linked the start of GAL-level dividends to a Net Debt/ EBITDA threshold of 3.0x–3.5x.
The Street's Primary Anxiety	Traffic/Supply Bottlenecks	Concerns on aircraft groundings (IndiGo/Air India) were countered by strong Jan '26 traffic and carrier expansion plans.
Capital Cycle Stage	Harvesting	Major expansion at DIAL/GHIAL is done; Bhogapuram is 95.8% complete. Net debt expected to peak this fiscal.
Margin / Return Ratio Trajectory	Improving	Consolidated EBITDA margins expanded to 55% (vs 52% YoY), with DIAL reaching a peak of 68%.
Pricing Power	Expanding	Non-Aero revenue grew 24% YoY at Hyderabad, significantly outpacing pax growth (0.3%), proving spend-per-pax (SPP) pricing power.
FCF Conversion & Quality	Strong	Core airports (DIAL/GHIAL) are generating surplus; Hyderabad declared an interim dividend of □2.8 Bn.
Competitive Moat Signals	Widening	GAL now handles 33% of India's high-margin international traffic; integration of Adjacency businesses (MRO/Duty Free) deepens the moat.
Balance Sheet Strength	Stressed but Improving	Net debt rose slightly (□345 Bn), but interest costs fell QoQ due to aggressive refinancing (>150bps savings on □21 Bn).
Working Capital Efficiency	Stable	No red flags in trade receivables despite the Duty-Free operational shift.
Mgmt Guidance Track Record	Reliable	Execution on the "GAL Platform" (Adjacency) and Bhogapuram timeline has been consistent.
Key Vulnerability / Red Flag	Geopolitical Airspace	Temporary disruptions at Delhi due to geopolitical airspace changes remain an exogenous risk to international traffic.
Management Tone	Confident/ Assertive	Assertive regarding the "take-off stage" of the business and the shift toward becoming a dividend-paying platform.

Overall Thesis Verdict Conviction in the long-term thesis is at its highest point in three years as the "Regulatory Reset" (Aero) and "Platform Consolidation" (Non-Aero) have finally converged into bottom-line profitability. The clarification that net debt peaks in FY26 removes the primary overhang, shifting the narrative toward free cash flow allocation and potential dividends by FY28. Watchpoint for next quarter: The stabilization of Aero yields at DIAL as temporary parking multipliers normalize.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary. Net Debt and specific yield breakdowns from Concall/PPT.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (□Bn)	□40.83	↑ 49%	↑ 9%	↑	Volume/Pricing Mix: Growth driven by 173% surge in DIAL Aero revenue post-tariff reset and Adjacency ramp-up.
EBITDA (□Bn)	□17.89	↑ 65%	↑ 17%	↑	Record high EBITDA; 55% margin reflects high operating leverage at DIAL/GHIAL.
EBITDA Margin %	55.0%	↑ 300 bps	↑ 200 bps	↑	Expansion driven by high-margin Aero revenues; offset slightly by incentives at Mopa (Goa).
PAT (Reported) (□Bn)	□0.17	↓ 15%	↑ 397%	↑	Includes exceptional items; underlying PAT (□0.36 Bn) is the first positive since de-merger.
Net Debt (□Bn)	□345.00	↑ 16%	↑ 1%	→	Peaking cycle; Bhogapuram capex added □0.18 Bn. Debt expected to decline starting FY27.
Passenger Traffic (Mn pax)	31.90	↑ 2.5%	↑ 15%	↑	Record quarterly traffic; International traffic (up 4.2%) outperformed domestic (up 1.8%).
Aero Yield Per Pax (□/pax)	□430	↑ 62%	↓ 8%	↑	Realization jump post-reset; Q3 benefited from higher parking/ATM charges.
Non-aero Income/pax (□/pax)	□666	New Metric	New Metric	↑	Includes "GAL Platform" (Duty Free, Cargo, Retail) consolidated revenues.
DIAL Standalone EBITDA (□Bn)	□8.25	↑ 89%	↑ 22%	↑	Record high for the flagship asset; 68% margin.
GHIAL Standalone EBITDA (□Bn)	□4.29	↑ 11%	→ 0%	→	Resilient performance; near-record highs despite lower seasonal traffic vs Q2.
Interest Coverage (x)	1.95	↑	↑	↑	Improving rapidly as EBITDA scales and refinancing lowers the cost of debt (7.6% coupon on new NCDs).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Bn)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
DIAL (Delhi)	₹20.19	41.2%	68%	↑	Above	T2 operationalized; Record quarterly traffic (20.8 mn); 173% Aero revenue growth.
GHIAL (Hyderabad)	₹6.59	8.2%	68%	↑	Above	Interim dividend declared (₹2.8 Bn); Safran MRO inaugurated by PM.
GGIAL (Goa-Mopa)	₹0.11	-14.7%	53%	↓	Inline	Traffic up 22%; Revenue down due to special airline incentives to capture share.
Medan (Indonesia)	₹0.14	7.2%	30%	↑	Below	New international flights (Etihad/Batik Air); Non-aero rev up 16.6%.
GAL Standalone (Plat)	₹1.24	357%	43%	↑	Below	Reflects new Adjacency business consolidation (Duty Free/Cargo).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	Normalization of aircraft supply in FY27.	Airlines adding ~50 net aircraft next year; feasible given order books.	Mixed (Q3 traffic was record but YoY growth was modest 2.5%).	Global supply bottlenecks.
Guidance	Margins	Sustainable Non-Aero growth of ~15%.	Requires SPP growth of ~5-7% plus traffic growth; mathematically solid.	Delivered (Q3 Non-Aero at Hyd up 24%).	Consumer spend fatigue.
Guidance	Capex Plan	Bhogapuram operationalization in Q2FY27.	Progress at 95.8%; needs final ATC/Terminal completion (on track).	Delivered (Moved timeline forward from Dec '26).	Regulatory clearances.
Guidance	Capex Plan	Hyderabad expansion (₹120-130 Bn) starting late FY28.	Long-term planning; no immediate cash flow impact for 18-24 months.	New Target.	Funding mix uncertainty.
Strategy	Capital Allocation	Dividend distribution at 3.0x–3.5x Net Debt/ EBITDA.	Current LTM EBITDA is ~₹55-60 Bn; requires Net Debt below ₹180-210 Bn.	Initial Signal.	Future growth capex.
Balance	Debt / Leverage Target	Net Debt to start declining in FY27.	Post-Bhogapuram completion, FCF will go to deleveraging; highly feasible.	Delivered (Refinanced ₹21 Bn USD debt).	Interest rate volatility.

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Aditya Mongia / Kotak	Dividends	Financials	"Do you think of a certain net debt to EBITDA or interest coverage wherein dividend starts becoming a possibility for shareholders?"	Management identified a 3.0x to 3.5x Net Debt to EBITDA multiple as the trigger point for upstreaming dividends to GAL and eventually shareholders. This provides a clear mathematical ceiling for leverage and a timeline for shareholder returns.	None	5.0	Specific threshold given
2	4.0	Aditya Mongia / Kotak	Non-Aero	Business Overview	"Trying to gauge from you whether any new activities will keep on happening and if there is a case for this good growth rate on non-aero per pax further sustaining?"	Management expects sustainable long-term Non-Aero growth of 15%+ as expanded terminal areas and revamps at Delhi/ Hyderabad become fully operational. This solidifies the "Consumer Platform" narrative and reduces reliance on regulated Aero income.	None	4.0	Directional with evidence
3	4.5	Aditya Mongia / Kotak	Debt	Financials	"Should it be a fair assumption that net debt starts declining somewhere in FY27 and then	Management confirmed that net debt will peak in the current fiscal year (FY26) and	None	5.0	Clear timeline

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					the momentum of decline increases starting FY28?"	begin declining in FY27 as Bhogapuram construction concludes. This signals the end of the heavy capital cycle and a shift to "harvesting" mode.			
4	3.5	Mohit Kumar / ICICI	Traffic	Business Overview	"The traffic growth has been benign for last 9 months, right? Do you think traffic was impacted also due to supply side constraints?"	Management attributed the flat traffic to aircraft groundings and the Air India merger process but highlighted that January 2026 saw substantial improvement. This allays fears of structural demand weakness, focusing instead on temporary supply bottlenecks.	None	4.0	Directional
5	4.5	Karthik / Indus Cap	Profitability	Financials	"Is it reasonable to infer that this 18 billion can be some sort of a base EBITDA for us on a quarterly basis?"	Management agreed that □18 Bn is the new exit base EBITDA and expects momentum to grow from here. This re-bases analyst models toward a □72 Bn+ annual EBITDA run-rate.	Environmental/ Geopolitical caveats	4.0	Base-setting

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6	4.0	Karthik / Indus Cap	Aero Yields	Financials	"Whether there were any aberrations this quarter which caused that [Delhi yield] number to slip below INR400?"	Management clarified that the actual regulatory yield for Delhi is □364/pax, but they achieved higher due to parking/ATM charges. This transparency prevents analysts from over-modeling sustainable Aero realizations.	None	5.0	Specific/ Quantified
7	4.0	Priyankar / JM Fin	Capex	Capex	"Can you explain whether these EBITDA margins that we see at the Goa Airport are sustainable?"	Management confirmed Goa margins are sustainable and likely to expand as incentives are tapered and traffic scales. This de-risks the newest operational asset's profitability profile.	None	4.0	Directional
8	4.5	Priyankar / JM Fin	Capex	Capex	"What should we be factoring in like FY27 and overall levels [for the Hyderabad expansion]?"	Management noted significant capex for Hyderabad's expansion (□120-130 Bn) will only start hitting the books in FY28. This preserves the FCF/ Deleveraging story for the	Precise funding mix	3.0	Specific timeline

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						next 18-24 months.			

PATTERN FLAGS & SENTIMENT * **Leverage & Deleveraging:** The analysts' primary anxiety has shifted from "can they service the debt" to "when does the debt go away." Management's confident tone regarding the FY26 debt peak and the 3.0x–3.5x dividend trigger was the most significant sentiment booster. Friction was minimal, as the record EBITDA provided a solid defense. * **Aero vs. Non-Aero Mix:** There is a recurring effort by analysts to pin down the "normalized" yield. Management's forensic breakdown of the DIAL yields (clarifying the parking multipliers vs. base tariff) showed high transparency, which is likely to improve Street credibility. * **Traffic Resilience:** Analysts questioned the "benign" traffic growth of the last 9 months. Management successfully pivoted this to a "supply side" aircraft delivery story (Boeing/Airbus deliveries), which remains a watchpoint but is perceived as an industry-wide rather than GMR-specific issue.

Analyst Sentiment Verdict The sentiment was overwhelmingly positive and constructive, reflecting the company's transition into PAT profitability. The most friction-prone topic—the high leverage—was effectively neutralized by management's specific timeline for the debt peak. Credibility has strengthened significantly compared to the prior quarter, as the company delivered on its "Platform" strategy and operationalized the Duty-Free takeovers without hiccups.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
PAT Status	Reported Loss (₹0.74 Bn for 9M)	Underlying PAT Positive (₹3.6 Bn Q3)	↑ Improving
Bhogapuram Timeline	Completion Dec '26	Operationalization Q2FY27	↑ Improving
Dividend Signal	Not explicitly guided	Linked to 3.0x–3.5x Leverage	↑ Strategy Clarity
Aero Yields (DIAL)	₹469 (Temporary spike)	₹400 (Normalizing toward ₹364-375)	↓ Normalizing
Non-Aero Ops	Transitioning Duty Free	Record Monthly Sales (Dec '25)	↑ Strategy Realized
Debt Outlook	Uncertainty on Peak	Confirmed Peak in FY26	↑ Improving
Mopa (Goa) EBITDA	Early ramp-up	₹0.42 Bn (Sustainable)	↑ Improving
Rating Outlook	Crisil AA- (GAL level)	Crisil AA+ Positive (GHIAL level)	↑ Improving