GMR Airports Ltd — Jun 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 positive full-year PAT in a decade, underpinned by the structural harvesting of Delhi's (DIAL) tariff reset and the aggressive ramp-up of the non-regulated "Consumer Platform."

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	FY26 EBITDA at record high □6,150.2 Cr (up 47% YoY) and first positive PAT of □472.4 Cr in over 10 years.	□
Earnings Quality	Low (One-off driven)	Reported PAT includes □100 Cr Crete claim and □120 Cr Hyderabad tax reversal; however, core EBITDA remains robust.	□
Guidance Confidence	Strong	Management accelerated Bhogapuram operationalization to Q2FY27 (from Dec '26) and provided clear 5-7% traffic growth guidance.	□
Management Credibility	Strong	Successfully integrated Duty Free/Cargo adjacencies and managed a 150bps interest saving on □2,100 Cr refinancing.	□
Business Quality Signal	Improving	Non-Aero IPP at □640 proves the "Consumer Platform" shift is capturing value beyond regulated utility returns.	□
Key Q&A Exchange	Q1: Crete Claim	□100 Cr profit contribution from Greece government claims for COVID-related force majeure.	□
The Street's Primary Anxiety	Traffic Softness	Management pivoted the 1% traffic growth to supply-side issues (aircraft groundings) rather than a structural demand decline.	□
Capital Cycle Stage	Harvesting	Expansion at DIAL/GHIAL is largely complete; Bhogapuram is 98.7% complete; focus shifting to deleveraging.	□
Margin Trajectory	Improving	Consolidated EBITDA margins hit 52% for FY26; DIAL standalone reached a record 65% in Q4.	□
Pricing Power	Expanding	Aero Yield Per Pax (YPP) surged 67% YoY to □434 following the DIAL tariff implementation.	□
FCF Conversion	Strong	Hyderabad airport declared an interim dividend of □2.8 Bn, signaling upstreaming potential.	□
Competitive Moat	Widening	GAL now handles 34% of India's international traffic, the highest margin segment, and 27% of total pax.	□
Balance Sheet Strength	Stressed but Peaking	Net Debt at □34,000 Cr; management confirmed the leverage cycle will peak this fiscal year.	□
Working Capital	Stable	DSO remains under control despite the shift into direct retail (Duty Free) operations.	□
Management Tone	Confident	Assertive regarding long-term infrastructure horizons and dismissive of "transient" quarterly traffic friction.	□

Key Takeaways: * **Positives:** Structural transition to profitability is now mathematically visible with the first positive PAT in 10 years. Non-Aero strategy is scaling; "GAL Platform" revenues are now higher than Hyderabad Airport's standalone revenues. De-risking of greenfield projects is nearly complete with Bhogapuram (98.7% progress) aiming for a Q2FY27 start. * **Negatives:** Traffic growth was a weak 1% YoY due to aircraft groundings and geopolitical airspace closures. Reported earnings quality is slightly distorted by one-offs (□220 Cr combined from Crete claims and tax reversals). Net debt remains high at ₹34,000 Cr, though peaking. * **Street Concern:** Analysts were worried about cannibalization from the upcoming Noida airport and domestic traffic softness in Hyderabad. Management countered that the Noida airport would generate its own catchment demand and Hyderabad's softness is a "normalization" after two years of hyper-growth. * **Watchpoint:** The upcoming Hyderabad (GHIAL) tariff determination (expected Q3FY27) will be the next major trigger for a structural re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: PPT figures primary; Concall used for commentary and missing debt/yield details.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (₹ Cr)	₹4,042.9	↑ 35.8%	↓ 1.0%	↑	Driven by 178% surge in DIAL Aero revenue post-tariff reset; 50%+ of income now from non-aero.
EBITDA (₹Cr)	₹1,549.4	↑ 38.0%	↓ 13.4%	↑	Record FY26 EBITDA; Q4 dip due to seasonality and "transient" operational friction.
EBITDA Margin %	50%	↓ 100 bps	↓ 500 bps	→	Margins stabilized around 50-52% for the year; DIAL standalone remains higher at 65%.
PAT (₹Cr)	₹400.5	↑ 258%	↑ 130%	↑	First positive consolidated PAT year; Q4 boosted by ₹100 Cr Crete claim and tax reversal.
Net Debt (₹Cr)	₹34,000	↑ 8.0%	↓ 1.4%	→	Net debt peaked; stand-alone debt decreased by ₹940 Cr, offset by Bhogapuram capex.
Interest Coverage (x)	1.63	↑	↓	↑	Significant improvement for FY26 as EBITDA scales; refinancing reduced cost by 150bps.
Pax Traffic (Mn pax)	31.7	↑ 1.0%	↓ 1.0%	→	Impacted by aircraft groundings and Air India merger friction; record 121.6mn for FY26.
Aero Yield (₹/ pax)	₹434	↑ 67.0%	↑ 1.0%	↑	Reflects DIAL Control Period 4 tariff reset; realization sustained at new base.
Non-Aero IPP (₹/ pax)	₹640	New Metric	↓ 4.0%	↑	Includes consolidated adjacency businesses (Duty Free, Cargo) showing strong SPP.
Bhogapuram Progress	98.7%	-	-	↑	Physical progress nearly complete; aiming for Q2FY27 operationalization.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
DIAL (Delhi)	□2,019.4	↑ 23.3%	65%	↑	Above	T3 Pier C converted to Int'l (50% capacity boost); record quarterly traffic.
GHIAL (Hyderabad)	□621.3	↑ 5.4%	61%	↑	Above	□280 Cr interim dividend declared; Cargo Terminal 2 commissioned.
GGIAL (Goa-Mopa)	□113.7	↓ 5.3%	59%	↑	Inline	Traffic up 21% YoY; Revenue down due to airline incentive programs.
Medan (Indonesia)	□140.0	↑ 6.4%	30%	↑	Below	Non-aero rev up 16%; new Scoot and Batik Air flights added.
GAL Standalone	□1,602.3	↑ 214%	57%	↑	Inline	Reflects consolidation of Duty Free and Cargo adjacency platforms.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Traffic	5% to 7% overall growth for FY27.	Requires ~6-8 Mn incremental pax; Bhogapuram/Nagpur will add ~5 Mn alone.	Met (Record 121.6 Mn pax in FY26).	Supply-side groundings.
Guidance	Non-Aero	Sustainable growth of 15-16% CAGR.	Feasible as SPP (Spend Per Pax) is rising at 7-8% and int'l traffic mix is improving.	Delivered (Duty Free record sales).	Consumption slowdown.
Guidance	Capex	Bhogapuram operational by Q2FY27.	98.7% physical progress makes this highly feasible.	Ahead of schedule (from Dec '26).	Final ATC clearances.
Strategy	Real Estate	Handover of 1st self-development (Aerocity One) in Q3FY27.	Construction on track; pre-leasing discussions underway with marquee clients.	First entry.	Leasing velocity.
Strategy	Capital Allocation	Upstreaming dividends at 3.0x - 3.5x Net Debt/ EBITDA.	LTM EBITDA □6,200 Cr; requires Net Debt to fall to ~□18,000-21,000 Cr.	Initial Signal.	High debt level.
Balance	Debt Peak	Net debt has peaked and will start declining in FY27.	Bhogapuram/Nagpur capex only □1,000 Cr; CFO will now cover mandatory repayments.	Reliable.	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	4.5	Mohit Kumar / ICICI	Crete Claim	Financials	Why the sharp improvement in share of profit from JVs?	Management clarified that the Crete airport received a EUR 62 Mn force majeure claim from the Greek government, contributing □100 Cr to GAL's share of profit. This is a non-recurring item that artificially boosted the Q4 consolidated PAT.	None	5.0	Specific and quantified
2	4.0	Mohit Kumar / ICICI	Tax Reversal	Financials	Why the negative tax item (credit) in Hyderabad airport financials?	Management explained that Hyderabad moved to the 25.17% tax bracket, allowing for a □120 Cr reversal of deferred tax liabilities. This one-off gain significantly improved GHIAL's reported PAT but has no cash flow impact.	None	5.0	Clear accounting fix
3	4.0	Nathan Gee / BofA	Noida Airport	Business Overview	Is Noida airport cannibalizing Delhi's cargo or passenger traffic?	Management stated they see no cannibalization on the passenger side as Noida generates its own catchment, though minor impact on	None	4.0	Directional evidence

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						cargo is possible due to regional industrial proximity. Delhi's hub status and slot dominance remain the primary defensive moat.			
4	4.5	Prateek Kumar / Jefferies	Traffic Guidance	Business Overview	Can we expect a recovery to 5% traffic growth in FY27?	Management guided for 5-7% overall traffic growth, noting that Bhogapuram and Nagpur alone will add ~5 Mn passengers to the portfolio. This de-risks the growth profile against the "transient" 1% YoY growth seen in the current quarter.	None	4.0	Quantity backed guidance
5	5.0	Prateek Kumar / Jefferies	Hyd Tariff	Management Outlook	What is the status of the Hyderabad tariff determination?	Management expects the new tariff order in Q3FY27, indicating it will be "much better" than current tariffs due to the inclusion of northern-side expansion capex. This is a critical valuation trigger for the flagship Hyderabad asset.	Specific yield number	3.5	Directional/ Hedged

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
6	4.0	Karthik / Indus Cap	Non-Aero Softness	Financials	Why was Delhi non-aero revenue growth soft this quarter?	Management attributed the softness to suboptimal traffic growth and a □23 Cr reversal related to cargo straight-lining adjustments. Excluding one-offs, core SPP growth remains healthy at ~4-5% despite the challenging environment.	None	4.0	Data-backed clarification
7	4.5	Karthik / Indus Cap	Debt Peak	Financials	Will net debt continue its downward trend from here?	Management confirmed that while absolute debt may rise slightly (□1,000 Cr) for Bhogapuram/ Nagpur, the Net Debt/ EBITDA ratio is the key metric and is on a downward trajectory. This reinforces the shift from a capital-heavy cycle to a harvesting phase.	None	5.0	Clear metric focus
8	3.5	Ankita Shah / Elara	UDF Reduction	Financials	What is the impact of the 25% domestic landing fee reduction?	Management estimated a minor □50 Cr annual impact, which will be fully "trued up" in the next control period. This means the impact is purely a	None	5.0	Quantified impact

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						temporary cash flow deferral with no loss of return on equity.			
9	4.0	Ankita Shah / Elara	Real Estate	Capex and Allocation	What is the capex layout for real estate development?	Management plans □450 Cr capex this year for a hotel, office building, and hospital, which are fully funded by construction finance within SPVs. This ring-fences the core airport cash flows from real estate development risks.	None	4.5	Specific layout

PATTERN FLAGS & SENTIMENT * **One-off Gains:** Analysts were quick to dissect the PAT beat, identifying the Crete claim and Hyderabad tax reversal as the primary drivers. Management's transparent disclosure of these □220 Cr one-offs prevented a mispricing of core earnings while highlighting that underlying operational EBITDA remains at record levels. * **Traffic Supply-Side Focus:** There was a consensus anxiety around the 1% YoY traffic growth. Management successfully shifted the narrative from "demand weakness" to "supply bottlenecks" (aircraft groundings and Air India merger friction), a posture supported by the fact that they handle 27% of India's traffic and are better positioned once supply normalizes. * **Asset Monetization/Dividends:** The conversation is shifting from "survival/leverage" to "capital allocation/dividends." The explicit mention of a □280 Cr dividend from Hyderabad and the 3.0x–3.5x leverage trigger for GAL-level dividends suggests management is pivotally focused on shareholder returns.

Analyst Sentiment Verdict: Analysts were cautiously optimistic, buoyed by the record EBITDA and accelerated Bhogapuram timeline, but skeptical of the "high-quality" nature of the PAT beat. Management's credibility improved due to the ahead-of-schedule execution at Bhogapuram and the successful refinancing of expensive debt. The single unresolved issue is the timing and quantum of the Hyderabad tariff reset, which remains the primary overhang for FY27.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
Consolidated PAT	Reported Loss (FY25: -₹816.9 Cr)	First Positive PAT (FY26: ₹472.4 Cr)	↑ Improving
Bhogapuram Timeline	COD Target Dec '26	Operationalization Q2FY27	↑ Improving
Debt Outlook	Leveraging phase	Confirmed Net Debt Peak	↑ Improving
Nagpur Airport	Pending litigation/government delay	Government decision taken; takeover Q2FY27	↑ Improving
Hyderabad Yields	Flat/Stable	4th Control Period reset under review; positive outlook	↑ Improving
FCCB Conversion	March 2028	Promoters to purchase by March 2027	↑ Improving
Non-Aero Base	Hyderabad Duty Free transition	Adjacency Platform now larger than Hyd standalone revenue	↑ Improving
Interest Cost	Peak rates	Savings of >150bps via ₹2,100 Cr refinancing	↑ Improving
ESG Ratings	Sustainalytics Medium Risk	Sustainalytics Low Risk	↑ Improving