GMR Airports Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The investment thesis has transitioned from "regulatory recovery" to "operational harvesting" as the DIAL tariff hike delivers record EBITDA, while the consolidation of high-margin "Adjacency" businesses (Duty Free/Cargo) shifts the valuation floor from a utility to a consumer platform.

Dimension	This Quarter	Signal / Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	EBITDA of □1,531.4 Cr grew 20% QoQ, significantly ahead of the traffic trajectory due to the full impact of DIAL CP4 tariffs.
Earnings Quality	Moderate	Core operations are profitable, but PAT (□35.1 Cr) was masked by a □60 Cr notional FX loss on FCCBs and a change in depreciation policy.
Guidance Confidence	Strong	Management reiterated "PAT Green" status for DIAL and provided a clear roadmap for □590 Cr refinancing benefits.
Management Credibility	Strong	Successfully executed the complex takeover of Delhi and Hyderabad Duty Free operations within the promised timelines.
Business Quality Signal	Improving	Transitioning to a "GAL Platform" model (direct ownership of retail/cargo) captures full margins previously shared with JV partners.
Key Q&A Exchange	Q12: Aero Yield Spike	Management clarified the □469 YPP spike is temporary (due to parking charge multipliers) and will normalize to □360, aiding modeling accuracy.
The Street's Primary Anxiety	Traffic Volatility & Debt	DIAL traffic softness (-7.5% YoY) remains a concern; management countered with the 300bps interest saving on the □5,900 Cr refinancing.
Capital Cycle Stage	Harvesting	Major expansion capex at DIAL/GHIAL is finished; focus is now on sweating assets and real estate monetization.
Margin Trajectory	Improving	DIAL Standalone EBITDA margins reached 64% (vs 52% YoY), reflecting the high operating leverage of tariff resets.
Pricing Power	Expanding	Successful implementation of multipliers for parking and takeover of retail pricing control via the "GAL Platform."
FCF Conversion & Quality	Distorted	Operating cash is strong but offset by ongoing greenfield capex at Bhogapuram (□2,000 Cr remaining) and Nagpur takeover.
Competitive Moat Signals	Widening	GMR now handles 33% of India's international traffic, the highest-margin segment for non-aero spending.
Balance Sheet Strength	Stressed but Improving	Net Debt remains high at □34,000 Cr, but interest coverage is rising as EBITDA scales toward a new run-rate.
Working Capital Efficiency	Stable	No material spikes in receivables; Duty Free consolidation allows for tighter inventory/procurement cycles.
Mgmt Guidance Track Record	Reliable	Delivered on adjacency takeovers and Bhogapuram construction progress (87.5%).
Key Vulnerability / Red Flag	Geopolitical Airspace	Geopolitical tensions in West Asia are directly impacting DIAL's international transit traffic and fuel/cargo throughput.
Management Tone	Confident/ Assertive	Assertive regarding the "equity nature" of FCCBs and the "sustainable" 15% growth target for non-aero IPP.

Overall Thesis Verdict Conviction is strengthening as the "Regulated Asset Base" (RAB) cash flow is now predictable following the DIAL tariff hike, while the "Consumer Platform" (Adjacency) provides uncapped upside. Management's successful refinancing of ₹5,900 Cr at GAL level will be the single largest driver of a consolidated PAT turnaround in H2FY26. Watchpoint: The normalization of DIAL traffic following runway 10/28 re-opening and the impact of geopolitical cooling on international volumes.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source.

Metric	Current Qtr (Q2)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Income (₹Cr)	3,754.4	↑ 44.5%	↑ 13.1%	↑	Primarily driven by DIAL aero-revenue surge post-tariff implementation and Duty Free takeovers.
EBITDA (₹Cr)	1,531.4	↑ 59.2%	↑ 19.6%	↑	Record high; reflects high operating leverage as 166% aero-rev growth at DIAL flows to the bottom line.
EBITDA Margin %	53%	↑ 400bps	↑ 200bps	↑	Margin expansion at DIAL (64%) offset by revenue share commencement at Mopa (Goa).
PAT (₹Cr)	35.1	↑ (Turnaround)	↑ (Turnaround)	↑	First positive quarterly PAT from continuing operations in 3 years; impacted by ₹60 Cr notional FX loss.
Net Debt (₹Cr)	34,000.0	↑ 19.3%	↑ 3.3%	↓	Net debt increased by ₹11.8bn QoQ due to Bhogapuram capex and Duty Free working capital needs.
Passenger Traffic (Mn pax)	27.8	↓ 3.5%	↓ 7.6%	↓	DIAL traffic impacted by runway maintenance and geopolitics; Hyderabad hit new highs (7.3mn).
Aero Yield Per Pax (₹/pax)	469	↑ 69%	↑ 18%	↑	Realization jump post-April 16 tariff hike. Spike includes temporary parking multiplier benefit.
Non-aero Income/ pax (₹/pax)	415	↑ 17%	↑ 10%	↑	Strong growth in retail/F&B. Hyderabad Duty Free SPP grew to ₹777.
DIAL Standalone EBITDA (₹Cr)	674.9	↑ 69.4%	↑ 6.3%	↑	Highest EBITDA in 4 years. (vs ₹398.3 Cr YoY).
Interest Coverage (x)	1.47	↑	↑	↑	Improving; set for further surge post-refinancing savings of ~300bps on GAL level debt.
Working Capital (DSO)	Stable	→	→	→	Management noted ₹300 Cr WC loan raised specifically for the Duty Free inventory ramp-up.

2B. SEGMENT BREAKDOWN (Airport Standalone)

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
DIAL (Delhi)	1,849.2	34.1%	64%	↑	Above	Aero rev up 166% YoY. T2 inaugurated on Oct 25; Runway 10/28 reopened.
GHIAL (Hyd)	674.1	16.9%	66%	↑	Above	Record quarterly EBITDA (₹430 Cr). Safran MRO facility physically completed.
GGIAL (Goa)	83.6	↓ 14.5%	19%	↓	Below	Margin compression due to revenue share commencement and airline incentives.
Medan (Indo)	115.6	10.6%	30%	↑	Below	New carriers (Etihad, Thai AirAsia) added. Non-aero rev up 15.6%.
GAL Standalone	945.1	↑ 235%	37%	↑	Below	Reflects new "GAL Platform" revenue (Cargo, Duty Free, Car Park).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Last Q Promise)	Risk Flag
Guidance	Financials	Savings of 300bps on ₹5,900 Cr GAL level debt.	Implies ~₹180 Cr annualized interest saving; mathematically certain post-refi.	Delivered (NCDs raised at 10.2-10.4%).	Rating downgrades.
Guidance	Margins	Non-aero revenue target of 14-15% growth.	Current H1 growth is 14% (DIAL) & 28% (Hyd); well within feasible range.	On track.	SPP stagnation.
Guidance	Capex Plan	Bhogapuram Airport completion by Dec 2026.	Needs ~1.1% physical progress per month; currently at 87.5% total.	On track (Physical progress 87.5%).	ORAT delays.
Strategy	Capital Allocation	Self-development of 1mn sq. ft. commercial office at DIAL.	Capital-intensive vs legacy model; needs ₹250-300 Cr quarterly spend.	Started (Work underway).	Occupancy/ yield risk.
Strategy	Competitive Positioning	Consolidation of "GAL Platform" for Duty Free/ Cargo.	Needs full quarter impact in Q3 to prove margin accretion (17% target).	Delivered (Took over Jul/Sept).	Transition cost spikes.
Strategy	Competitive Positioning	Treat FCCBs (₹2,730 Cr) as Equity.	Deeply in-the-money (Strike ₹43.50); conversion is mathematically certain.	Consistent (Non-cash FX hit ignored).	Accounting optics.
Macro	Industry Headwinds	Traffic softness in Q2 is "temporary pause," not slowdown.	Q3/Q4 must show high single-digit YoY traffic growth to validate.	Mixed (DIAL traffic still soft).	Geopolitical escalation.
Balance	Debt / Leverage Target	Refinancing of HYD 2026 Bonds (₹2,150 Cr).	Board approval obtained; market conditions favorable for ₹NCDs.	New Target.	Global yield 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 / ICICI Sec	GAL Standalone	Financials	"Why has there been a sharp increase in standalone revenues?"	Management confirmed that the GAL Platform now directly carries out non-aero businesses like Delhi/ Hyderabad Duty Free and Delhi Cargo Terminal. This signifies a shift in value capture from the airport SPVs to the listed Holdco, centralizing cash flows.	Specific revenue split per sub-business.	4.0	Clear and quantified
2	4.0	Mohit / ICICI Sec	Real Estate	Business Overview	"What is the 12 million square feet third-party projects mentioned for DIAL?"	Management clarified that the 12mn sq ft relates to legacy Bharti/ third-party transactions already monetized, while the new 1.6mn sq ft is the focus for high-margin self-development. This distinguishes between "one-off" land sales and "recurring" rental income potential.	None	5.0	Specific/ Verifiable
3	4.0	Mohit / ICICI Sec	Expansion	Management Outlook	"What are the details of the proposed 14,000 Cr expansion at Hyderabad?"	Management noted Hyderabad is nearing its 34mn capacity and proposed a new northern terminal and runway for 2027. This	Funding mix for the 14k Cr.	3.0	Directional

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						signals the next phase of the capital cycle for the group’s most profitable asset.			
4	3.5	Prateek / Jefferies	Master Plan	Capex	"What kind of capex are we looking for the Delhi master plan mentioned in media?"	Management stated the master plan is focused on efficiency and design (e.g., converting piers from domestic to international) rather than massive new construction in CP4. This allays fears of a new massive capex cycle at DIAL in the near term.	Specific CP4 capex figure.	3.5	Vague but consistent
5	4.5	Prateek / Jefferies	Cash Flow	Capex	"What kind of overall capex should we pencil for FY26 and FY27?"	Management indicated maintenance capex of □600-700 Cr/ year and remaining □2,000 Cr for Bhogapuram. This provides a clear ceiling for project-related outflows over the next 18 months.	None	4.0	Directional with evidence
6	4.0	Prateek / Jefferies	Regulatory	Governance	"Is there an update on the HRAB (under-recovery) appeal?"	AERA has appealed to the Supreme Court; management agreed not to press for immediate implementation pending a	None	4.0	Specific timeline given

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						December hearing. This moves the multi-billion rupee cash inflow from "immediate" to "contingent upside."			
7	3.5	Prateek / Jefferies	Depreciation	Financials	"Why did depreciation decrease by □150 Cr annually?"	Management explained they aligned DIAL’s depreciation policy with other major airports (over the full concession period). This improves reported PAT but investors must adjust for this non-cash accounting tailwind in YoY comparisons.	None	5.0	Specific, quantified
8	4.0	Aditya / Kotak	Non-Aero	Financials	"Is the high non-aero spending per pax (SPP) sustainable or a one-off mix impact?"	Management maintained a 14-15% growth target for non-aero revenue, attributing current growth to new outlets in T1 and Duty Free SPP growth (7-11%). This reinforces the thesis that non-aero is the primary driver of value accretion.	None	4.0	Directional with evidence
9	4.5	Aditya / Kotak	Adjacency	Strategy	"What value can be created from the 50.5-acre Cargo City land?"	Management explained this is a lease model with freight forwarders/	Estimated total NPV.	3.5	Directional

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						SEZ, targeting 70% EBITDA margins and rentals of ₹150-250/sq ft. This identifies a new, non-competing recurring revenue stream on "transfer property" land.			
11	4.5	Aditya / Kotak	Concession	Governance	"Will the 30+30 year Delhi renewal be smooth or require renegotiation?"	Management insisted renewal is automatic/ smooth if ASQ scores are met, citing the Hyderabad precedent. This removes a major long-term terminal value risk from the investment case.	None	5.0	Specific, quantified
12	5.0	Aditya / Kotak	Aero Yield	Financials	"Why is Delhi's Aero Yield (₹469) so much higher than the ₹360 target?"	Management revealed that temporary aircraft parking multipliers (to dissuade long parking) boosted yields, but they will normalize to ₹360 by Q4. This forensic detail prevents analysts from over-estimating DIAL's run-rate aero-income.	None	5.0	Specific, quantified

PATTERN FLAGS & SENTIMENT

Refinancing & Interest Costs: Analysts were highly focused on the interest cost trajectory following the ₹59 Bn refinancing. Management was extremely confident, labeling the non-cash FX hit on FCCBs as "notional" and repeatedly highlighting the 300bps saving. This concern has transitioned from a risk to a quantified upside lever for H2.

Regulatory Clarity: Recurring questions on the HRAB (under-recovery) and Mopa tariff orders show lingering anxiety about AERA's stance. Management's win at TDSAT for Mopa is a major credibility boost, but the Supreme Court appeal on HRAB remains an unresolved overhang that prevents a full valuation re-rating of the DIAL RAB.

Adjacency Platform Strategy: The transition to the "GAL Platform" (Holdco direct operations) was a major theme. Management's posture was assertive, framing it as a "Consumer Platform" shift. Analysts were constructive but remain watchful of the margin impact as these operations scale in Q3.

Analyst Sentiment Verdict: Analysts are broadly constructive, shifting focus from "balance sheet survival" to "profitability timing." Friction was minimal, though management had to defend DIAL's traffic softness by pointing to geopolitical "airspace" issues. Management credibility has improved significantly due to the timely execution of the Duty Free takeovers and the high-yield refinancing.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (PPT / Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
DIAL Aero Yield	Implying sustainable high yields (₹469).	Higher yield is temporary due to parking penalties.	Yield will normalize downward to ₹360-365.	Slight EBITDA over-estimation risk for H2.
HRAB Implementation	Regulatory contentions upheld.	AERA has appealed to Supreme Court.	Implementation delayed from "immediate" to Dec hearing at earliest.	Cash flow timing risk.
DIAL Capex	Completed major expansion.	Master planning for 2026/2027 starting.	New "efficiency" capex might be required even if minor.	Subtle creeping capex.

---

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY26)	This Quarter (Q2 FY26)	Direction
DIAL Aero Rev	Partial month impact.	Full quarter impact.	↑ Strong Growth
DIAL Margin	63%	64%	↑ Improving
Net Debt	₹32,900 Cr	₹34,000 Cr	↓ Deteriorating
Adjacency Ops	Taking over Duty Free.	Started Duty Free Ops.	↑ Strategy Realized
Refinancing	Rating upgrades achieved	₹5,900 Cr refi closed.	↑ Cost Reduction
Depr. Policy	Legacy policy.	Aligned (Lower Depr).	↑ PAT Tail-wind
PAT	Loss of ₹137 Cr	Profit of ₹35.1 Cr*	↑ Turnaround
Mopa Status	Regulatory appeal live.	TDSAT judgment won.	↑ De-risked

**Profit from continuing operations.*