

OPERATING AND FINANCIAL REVIEW

Fiscal 2022 compared with Fiscal 2021

The financial information presented below has been prepared in accordance with the audited financial statements for the years ended March 31, 2022, and 2021. The financial statements have been prepared and presented under Ind-AS on a consolidated basis.

Operating Performance:

Operating Parameters	For the year ended March 31, 2022	For the year ended March 31, 2021
Total passengers (in millions of persons)	12.43	8.05
International passengers (in millions of persons)	1.43	0.58
Domestic passengers (in millions of persons)	11.00	7.47
Total Air Traffic Movements (ATMs)	1,13,926	86,015
International ATMs	12,537	7,667
Domestic ATMs	1,01,389	78,348
Total Cargo (in metric tons)	1,40,075	1,10,789
International Cargo	75,546	64,033
Domestic Cargo	64,529	46,756

Passenger and aircraft traffic volumes at the Airport impact our revenues from aeronautical and non-aeronautical operations. For the fiscal 2022, total passenger traffic at the Airport was 12.43 million, a 54% increase as compared to 8.05 million for fiscal 2021. The international traffic increased by 149% while the domestic passenger traffic increased by 47%. The increase was on account of the withdrawal of restrictions on international travel and increased demand for travel in light of the recovery from the COVID 19 pandemic.

It is noteworthy that ~87% of the monthly pre-pandemic period traffic during the month of March was reached.

For fiscal 2022, total ATMs at the Airport were 113,926, a 32% increase as compared to 86,015 for the fiscal year 2021. Cargo tonnage increased by 26% from 110,789 tons during the fiscal 2021 to 140,075 tons for the fiscal year 2022.

Financial Performance

Particulars – Rs Mn.	For the year ended March 31, 2022	For the year ended Mar 31, 2021
Revenue from operations	11,700	8,720
Other income	1,179	1,623
Total Revenues	12,879	10,343
Concession fee	303	225
Purchase of traded goods	304	(4)
Increase/decrease in inventory of traded goods	44	166
Employee benefits expense	2,357	2,241
Other expenses	5,524	5,009
Finance Cost	3,163	2,833
Depreciation	2,715	2,400
Total Expenses	14,410	12,870
PBT (before minority interest)	(1,532)	(2,527)
Share of Profit / loss of an associate and joint ventures	29	1
Profit before tax	(1,503)	(2,526)
Tax	(467)	(769)
PAT	(1,036)	(1,758)
Adjusted EBITDA*/Revenue	28.7%	16.2%

**Adjusted EBITDA is calculated as earnings before interest (excluding finance income), tax expense, depreciation and amortization and share of profit of joint ventures*

Total Revenue

Total revenue was Rs 12,879.0 million in fiscal year 2022, a 25% increase from Rs 10,343.0 million in fiscal year 2021.

Revenue from operations

Revenue from operations was Rs 11,700 million in the fiscal year 2022, a 34% increase from Rs. 8,720 million in the fiscal year 2021 as a result of an increase in aeronautical and non-aeronautical revenues on account of travel restrictions being lifted and increased demand for travel.

- Revenue from aeronautical operations was Rs 4,739.4 million in the fiscal year 2022, a 39% increase from Rs 3,422.4 million in the fiscal year 2021. This increase in revenue from aeronautical operations was due to the easing of travel restrictions on account of the COVID 19 pandemic and the resultant 54% increase in passenger traffic. The fuel farm revenues increased by 31% to Rs 578.1 million for the year ended March 31, 2022, from Rs 442.5 million in the fiscal year 2021 due to an increase in ATMs. The ground handling revenue increased by 55% to Rs. 156.9 million for the year March 31, 2022, from Rs.101.5 million in the fiscal year 2021 on account of 32 % increase in ATMs post recovery from the COVID 19 pandemic. The cargo revenues increased by 7% to Rs 840.2 million as against Rs 787.0 million during the year ended March 31, 2021, owing to a 26% increase in cargo tonnage from 110,789 tons during the year ended March 31, 2021, to 140,075 tons for the year ended March 31, 2022.

- Revenue from non-aeronautical operations was Rs 5,989.9million in the fiscal year 2022, a 47% increase from Rs 4,066.6 million in the fiscal year 2021 (i) the increase in revenue from operations pertaining to Duty-Free business was Rs 518.3 million, a 141% increase to Rs 885.5 million from Rs. 367.2 million in the fiscal year 2021 due to 149% increase in the international passenger traffic. (ii) the revenues from car park increased by 94% to Rs 472.9 million as against Rs 243.2 million during the year ended March 31, 2021 (iii) (a) F&B revenues increased by 122% to Rs 320.8 million as against Rs. 144.7 million during the year ended March 31, 2021, and (b) the retail revenues increased by 122% to Rs 329.5 million as against Rs 148.2 million during the year ended March 31, 2021, owing to 54% increase in passenger traffic (iv) the land and space rentals from terminal increased by 6% to Rs 412.0 million as against Rs 389.1 million during the year ended March 31, 2021 (v) the increase in advertising revenues was 75% from Rs. 131.6 in the year ended March 31, 2021, to Rs 229.6 million in the year ended March 31, 2022 (vi) the revenue from other activities increased by 26% in the year ended March 31, 2022, as against the fiscal year 2021.
- Revenue from non- airport services was Rs 970.9 million for the year ended March 31, 2022, a 21% decrease from Rs 1,231.2 million for the year ended March 31, 2021, primarily due to a decrease in the revenue from commercial property development by 45% from Rs 1,028.7 million in the fiscal year 2021 to Rs 563.3 million in the fiscal year 2022. This decrease was partially offset by an increase in the revenue from the hospitality business wherein the revenues increased by 101% to Rs 407.6 million for the year ended March 31, 2022, as against Rs 202.5 million during the year ended March 31, 2021, owing to improvement in occupancy and Average Room Rents.

Other Income

Other income was Rs 1,178.5 million in the fiscal year 2022, a decrease of Rs 444.3 million, or 27%, from Rs 1,622.8 million in the fiscal year 2021.

Total Expenses

Total expenses were Rs 14,410 million in the fiscal year 2022, an increase of Rs 1,557.3 million, or 12%, from Rs 12,870 million in the fiscal year 2021 owing to increased business activity.

Concession fee

The concession fee payable to the Government of India under the Concession Agreement was Rs. 303.3 million in fiscal year 2022, a 35% increase from Rs. 225.4 million in fiscal year 2021, as a result of an increase in our standalone pre-tax gross revenue in fiscal year 2022.

Purchase of traded goods

Purchase of traded goods was Rs. 303.6 million in the fiscal year 2022 as against Rs (3.8) million in the fiscal year 2021. The sharp increase is on account of an increase in demand as international traffic increased resulting an increase in duty-free business.

Changes in Inventory of traded goods

Inventory of traded goods of Duty Free was Rs 43.9 million in the fiscal year 2022 as against Rs 165.5 million in fiscal year 2021 attributable to the increase in the duty-free business in the year.

Employee benefit expense

Employee benefits expense was Rs 2,357.1 million in the fiscal year 2022, an increase of Rs 116.4 million, i.e., 5%, an increase from Rs 2,240.7 million in the fiscal year 2021.

Other expenses

Other expenses were Rs.5,524 million in the fiscal year 2022, an increase of Rs. 515.2 million or 10%, from Rs. 5,009 million in the fiscal year 2021. This increase was primarily due to an increase in operating and maintenance expenses, traveling and conveyance expenses, manpower hiring expenses, repairs and maintenance, and advertising and business promotion. The increase in the expenses was due to an increase in business activity.

Finance Costs

Finance costs were Rs 3,163.0 million, an increase of Rs 330.3 million from Rs 2,832.7 million in the fiscal year 2021.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs 2,715.2 million in the fiscal year 2022, an increase of Rs 314.8 million from Rs 2,400.4 million in the fiscal year 2021 as a result of an increased fixed asset block due to capitalization of assets related to expansion as well as regular maintenance capex.

Share of Profit in Joint Venture

The share of profit in the joint venture was Rs 28.7 million in the fiscal year 2022 as compared to Rs 0.9 million in the fiscal year 2021 on account of a significant increase in the utilization of advertisement sites at the airport and increased spending by the corporates on their advertisement and business development initiatives.

Tax Expenses

We recognized deferred tax income of Rs 467.1 million in the fiscal year 2022 and in the fiscal year 2021 it was Rs 768.5 million.

Profit for the Year

As a result of the factors described above, we made a loss of Rs 1035.80 million in the fiscal year 2022 as compared to a loss of Rs 1,757.8 million in the fiscal year 2021.

Adjusted EBITDA/Total Revenue

Adjusted EBITDA to Total Revenue has increased from 16% in the fiscal year 2021 to 29% in the fiscal year 2022 due to significantly higher revenue from operations.

Cash Flows

The following table sets forth a summary of our cash flows for Fiscal 2022 and Fiscal 2021.

Cash Flow Statement Data	For the year ended March 31, 2022	For the year ended March 31, 2021
Net cash flow from operating activities	1,215.4	1,347.4
Net cash flow used in investing activities	(1,339.7)	(16,164.7)
Net cash flow from (used in) financing activities	(6,006.8)	19,045.8

In the fiscal year 2022, our net cash flows from operating activities were Rs 1,215.4 million as compared to Rs 1,347.4 million in the fiscal year 2021. This slight decrease in the net cash flow from operating activities is due to an increase in operating revenue offset by an increase in the operating expenses/ decrease in the operating liabilities for the fiscal year 2022 as against the fiscal year 2021.

In the fiscal year 2022, our net cash flows used in investing activities were Rs (1,339.7) million compared to Rs (16,164.7) million in the fiscal year 2021. Decrease in the cash outflows due to lower Capex incurred during FY 22 and further on account of investment of bond proceeds in various funds in fiscal FY 21.

In the fiscal year 2022, our net cash flows from financing activities were Rs (6,006.8) million as compared to net cash flows from financing activities of Rs 19,045.8 million in the fiscal year 2021. This cash flow for the fiscal year 2021 primarily includes the proceeds from USD 300 million bonds raised in February 2021.

Other Material Development:

“Airports Economic Regulatory Authority of India (“AERA” or “the Regulator”) has issued Tariff Order for the third control period (01.04.2021 – 31.03.2026) for GMR Hyderabad International Airport Limited on August 31, 2021. Refer link; <https://aera.gov.in/uploads/airports/16466584108771.pdf>