

POPERATING AND FINANCIAL REVIEW

Q1 FY23 compared with Q1 FY22

The financial information presented below has been prepared in accordance with the audited financial statements for the three months ended June 30, 2022 and June 30, 2021. The financial statements have been prepared and presented under Ind-AS on a consolidated basis.

Operating Performance:

Operating Parameters	For the three months ended June 30, 2022	For the three months ended June 30, 2021
Total passengers (in millions of persons)	5.00	1.53
International passengers (in millions of persons)	0.76	0.16
Domestic passengers (in millions of persons)	4.24	1.37
Total Air Traffic Movements (ATMs)	39,995	19,229
International ATMs	5,278	1,995
Domestic ATMs	34,717	17,234
Total Cargo (in metric tons)	37,570	32,154
International Cargo	19,296	17,992
Domestic Cargo	18,274	14,162

Passenger and aircraft traffic volumes at the Airport impact our revenues from aeronautical and non-aeronautical operations. For the three months ended June 30, 2022, total passenger traffic at the Airport was 5.0 million, a 226% increase as compared to 1.53 million for the three months ended June 30, 2021. The international traffic increased by 368% while the domestic passenger traffic increased by 209%. The increase is due to a low base as the country was in a partial lockdown and air travel was restricted for a large part of Q1 in the previous financial year due to prevailing COVID Pandemic at that time.

For the three months ended June 30, 2022, total ATMs at the Airport were 39,995, a 108% increase as compared to 19,299 for the three months ended June 30, 2021. The above increase in ATMS is majorly on account of increase in passenger traffic as explained above. Cargo tonnage increased by 17% from 32,154 tons during the three months ended June 30, 2021 to 37,570 tons for the three months ended June 30, 2022.

Financial Performance

Particulars - Rs. Million	For the three months ended June 30, 2022	For the three months ended June 30, 2021
Revenue from operations	4,139.1	2,153.2
Other income	408.0	276.7
Total Revenues	4,547.1	2,429.9
Concession fee	117.5	48.5
Purchase of traded goods	298.9	23.2
Increase/decrease in inventory of traded goods	(140.0)	19.3

Employee benefits expense	636.8	550.8
Other expenses	1,360.3	1,226.0
Finance Cost	836.6	758.2
Depreciation	682.9	653.9
Total Expenses	3,793.0	3,279.9
PBT(before minority interest)	754.1	(850.0)
Share of Profit / loss of an associate and joint ventures	17.0	2.7
Profit before tax	771.1	(847.3)
Tax	212.8	(343.6)
PAT	558.3	(503.7)
Adjusted EBITDA/Total Revenue	47.7%	16.5%

1. 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. 4,547.1 million for the three months ended June 30, 2022, a 87% increase from Rs.2,429.9 million for the three months ended June 30, 2021.

Revenue from operations

Revenue from operations was Rs.4,139.1 million for the three months ended June 30, 2022, a 92% increase from Rs.2,153.2 million for the three months ended June 30, 2021 because of an increase in aeronautical and non-aeronautical revenues as compared to the corresponding quarter in the previous year when nation was under a partial lockdown.

- Revenue from aeronautical operations was Rs. 1,968.3 million for the three months ended June 30, 2022, a 149% increase from Rs. 789.3 million for the three months ended June 30, 2021. The aeronautical revenue increased in the quarter under review as against the corresponding quarter in the previous year on account of increase in the traffic by 226% along with an increase in tariffs with the implementation of the current tariff order. The fuel farm revenues increased to Rs. 210.4 million for the quarter ended June 30, 2022 from Rs.97.6 million in the prior period due to increase in ATMs. The ground handling revenue increased to Rs. 79.1 million for the quarter ended June 30, 2022 from Rs. 28.2 million in the corresponding period previous year on account of increase in ATMs. The cargo revenues increased to Rs. 224.4 million from Rs. 209.6 million owing to an increase in cargo tonnage from 32,154 tons during quarter ended June 30, 2021 to 37,570 tons for quarter ended June 30, 2022.
- Revenue from non-aeronautical operations was Rs. 1,864.8 million for the three months ended June 30, 2022, a 54% increase from Rs. 1,207.9 million for the three months ended June 30, 2021, primarily due to (i) an increase in duty free revenues from Rs. 107.4 million to Rs.425.3 million for the three months ended June 30, 2022 due to an increase in the international passenger traffic (ii) an increase in car park revenues to Rs. 214.6 million as against Rs. 53.3 million during the three month period ended June 30, 2021 (iii) an increase in (a) F&B revenues to Rs. 153.2 million as against Rs. 26.1 million during the three month period ended June 30, 2021 and (b) an increase in retail revenues to Rs. 151.7 million as against Rs. 31.2 million during the three month period ended June 30, 2021 (iv) an increase in land and space rentals from terminal to Rs. 111.0 million as against Rs. 87.8 million during the three month period ended June 30, 2021. (v) an increase in advertisement revenues to Rs. 94.2 million as against Rs. 31.3 million during the three month period ended June 30, 2021 owing to a higher utilization of advertisement sites.

Revenue from non- airport services was Rs.306.0 million for the quarter ended June 30, 2022, a 96% increase from Rs.156.0 million for the quarter ended June 30, 2021 due to an increase in the revenue from commercial

property development by 38% from Rs. 101.8 million in the quarter ended June 30, 2021 to Rs. 140.4 million in the quarter ended June 30, 2022 owing to higher land monetization. The revenue from hospitality business also increased by 206% to Rs. 165.6 million as against Rs. 54.2 million during the quarter ended June 30, 2021 owing to an increase in occupancy and Average Room Rents.

Other Income

Other income was Rs. 408.0 million in the quarter ended June 30, 2022, an increase of 47 %, from Rs. 276.7 million in the quarter ended June 30, 2021.

Total Expenses

Total expenses were Rs. 3,793.0 million in the quarter ended June 30, 2022, an increase of Rs. 513.1 million, or 16%, from Rs. 3,279.9 million in the quarter ended June 30, 2021 owing to increased business activity.

Concession fee

Concession fee payable to the Government of India under the Concession Agreement was Rs. 117.5 million for the three months ended June 30, 2022, a 142% increase from Rs. 48.5 million for the three months ended June 2021 on account of increase in gross revenues.

Purchase of traded goods

Purchase of traded goods/Services was Rs. 298.9 million for the three months ended June 30, 2022, an increase of Rs. 275.7 million from Rs. 23.2 million for the three months ended June 30, 2021, primarily due to increase in the duty free operations.

Changes in Inventory of traded goods

Change in Inventory of traded goods of Duty Free was Rs. (140.0) million in the quarter ended June 30, 2022 as against Rs. 19.3 million in the quarter ended June 30, 2021.

Employee benefit expense

Employee benefit expense was Rs. 636.8 million in the quarter ended June 30, 2022, an increase of 16%, from Rs. 550.8 million in the quarter ended June 30, 2021 due to an increase in operations.

Other expenses

Other expenses were Rs. 1,360.3 million in the quarter ended June 30, 2022, an increase of Rs. 134.3 million or 11%, from Rs. 1,226.0 million in the quarter ended June 30, 2021. This increase was primarily caused by a higher business activity.

Finance Costs

Finance costs were Rs. 836.6 million, an increase of Rs. 78.4 million from Rs. 758.2 million in the quarter ended June 30, 2021.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs. 682.9 million, an increase of Rs. 29.0 million from Rs. 653.9 million for the three months ended June 30, 2021, primarily due to capitalization of assets.

Share of Profit in Joint Venture

Share of profit in joint venture increased to Rs 17.0 million for the three months ended June 30, 2022 as compared to Rs. 2.7 million in the corresponding period in the preceding year on account of an increase in utilization of advertisement sites at the airport as compared to the corresponding period in the preceding year.

Tax Expenses

We incurred a deferred tax expense of Rs. 212.8 million in the quarter ended June 30, 2022 on account of reversal of deferred tax asset created in previous year due to losses. For comparison, the deferred tax income in the quarter ended June 30, 2021 was Rs. 343.6 million.

Profit for the Year

As a result of the factors described above, we made a profit of Rs. 558.3 million in the quarter ended June 30, 2022 as compared to a loss of Rs. 503.7 million in the quarter ended June 30, 2021.

Adjusted EBITDA/Total Revenue

Adjusted EBITDA to Total Revenue has increased to 47.7% in the quarter ended June 30, 2022 from 16.5% in the quarter ended June 30, 2021 due to higher revenue from operations.

Cash Flows

The following table sets forth a summary of our cash flows for the given periods.

Cash Flow Statement Data	For the three months ended June 30, 2022	For the three months ended June 30, 2021
Net cash flow from operating activities	1,464.7	(167.8)
Net cash flow used in investing activities	9,458.6	1,469.5
Net cash flow from (used in) financing activities	(2,185.2)	(1,490.4)

In the quarter ended June 30, 2022, our net cash flows from operating activities were Rs. 1,464.7 million due to higher revenue generation in the business on account of the increased operations on revised tariff. For comparison the net cash flows from operating activities were Rs (167.8) million in the quarter ended June 30, 2021 which saw a dip in passenger traffic on account of COVID restrictions.

In the three months ended June 30, 2022, our net cash flows used in investing activities were Rs. 9,458.6 million compared to net cash flow of Rs. 1,469.5 million in the three months ended June 30, 2021. The increase in cash flow from investing activities is due to movement in current investments during the quarter

In the three months ended June 30, 2022, our net cash flows from financing activities were Rs. (2,185.2) million as compared to net cash flows from financing activities of Rs. (1,490.4) million during the three months ended June 30, 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>

Further to that the increased tariff has been implemented from 1st April 2022.