

OPERATING AND FINANCIAL REVIEW

For the Six Months Period Ended September 30, 2023 compared to the Six Months Period Ended September 30, 2022

The financial information presented below has been prepared with respect to the financial statements for the Six Months period Ended September 30, 2023 compared to the Six Months period Ended September 30, 2022. The financial statements have been prepared and presented under Ind-AS on a consolidated basis.

Operating Performance:

Operating Parameters	For the Six Months Period Ended September 30, 2023	For the Six months period ended September 30, 2022
Total passengers (in millions of persons)	12.234	9.864
International passengers	2.031	1.589
Domestic passengers	10.203	8.275
Total Air Traffic Movements (ATMs)	85,314	77,774
International ATMs	13,608	10,983
Domestic ATMs	71,706	66,791
Total Cargo (in metric tons)	72,687	72,885
International Cargo	38,442	37,372
Domestic Cargo	34,245	35,513

Passenger and aircraft traffic at the Airport are the key drivers in generation of revenues from aeronautical and non-aeronautical operations. There has been a significant increase in the passenger and aircraft traffic volumes at Hyderabad Airport during the Six Months period Ended September 30, 2023. Total passenger traffic at the Airport was 12.2 million for the Six Months period Ended September 30, 2023, 24% increase as compared to 9.9 million for the Six Months period Ended September 30, 2022. The international traffic increased by 28% while the domestic passenger traffic increased by 23%. The increase was due to economic growth.

For the Six Months period Ended September 30, 2023, total ATMs at the Airport were 85,314, resulting into a 10% increase as compared to 77,774 for Six Months period Ended September 30, 2022. Cargo tonnage is maintained at the same level of the Six Months period Ended September 30, 2022, 72,687 tones for the Six Months period Ended September 30, 2023.

Financial Performance

INR Million

Particulars	For the Six months ended September 30, 2023	For the Six months ended September 30, 2022
Revenue from operations	12,476.8	8,708.4
Other income	1,000.2	815.3
Total Revenues	13,477.0	9,523.7
Concession fee	454.0	246.8
Purchase of traded goods	487.3	856.7
Increase/(decrease) in traded goods	10.4	(513.8)
Employee benefits expenses	1,505.0	1,353.5
Other expenses	3,235.0	2,904.7
Finance Cost	2,484.1	1,742.2
Depreciation	2,296.3	1,395.1
Total Expenses	10,472.1	7,985.20
Exceptional item-Profit on sale of investment in GHAAL	746.8	0.0
Profit Before Tax (Before Share of Profit/Loss of Associates and Joint Ventures)	3,751.7	1,538.5
Share of Profit / loss of an Associate and Joint Ventures	(36.6)	35.8
Profit Before Tax	3,715.1	1,574.3
Tax	1,299.8	447.3
Profit After Tax	2,415.3	1,127.0
<i>Adjusted EBITDA</i>	55%	46%

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.13,477.0 million for the Six Months period Ended September 30, 2023, a 42% increase from Rs.9,523.7 million for the Six Months period Ended September 30, 2022.

Revenue from operations

Revenue from operations was Rs.12,476.8 million for the Six Months period Ended September 30, 2023, a 43% increase from Rs.8,708.4 million for the Six Months period Ended September 30, 2022 as a result of increase in aeronautical and non-aeronautical revenues on account of increased traffic and also due to higher tariffs as applicable in the current period.

- Revenue from aeronautical operations was Rs.6,613.8 million for the Six Months period Ended September 30, 2023, a 64% increase from Rs.4,021.3 million for the Six Months period Ended September 30, 2022. The aeronautical revenue increased in the period under review as against the corresponding period in the previous year on account of higher traffic and revision of tariff rates which were implemented at the start of the current financial year. The fuel farm revenues increased to Rs.446.5 million for the Six Months period Ended September 30, 2023 from Rs.413.6 million in the corresponding period due to increase in ATMs. The ground handling revenue increased to Rs.194.6 million for the Six Months period Ended September 30, 2023 from Rs.169.9 million in the corresponding period in the previous year on account of increase in ATMs.
- Revenue from non-aeronautical operations was Rs.5,134.1 million for the Six Months period Ended September 30, 2023, a 25% increase from Rs.4,095.2 million for the Six Months period Ended September 30, 2022, primarily due to (i) increase in duty free revenues by 56% to Rs.1,357 million for the Six Months period Ended September 30, 2023 from Rs.872 million in the corresponding period in the previous year majorly due to increase in the international passenger traffic by 28% (ii) increase in car park revenues by 23% to Rs.534.6 million as against Rs.434.6 million during the Six Months period Ended September 30, 2022 (iii) increase in (a) F&B revenues by 41% to Rs.450.7 million as against Rs.319.6 million during the Six Months period Ended September 30, 2022, and (b) increase in retail revenues by 26% to Rs.412.4 million as against Rs.328.0 million during the Six Months period Ended September 30, 2022, owing to a 24% increase in passenger traffic (iv) increase in advertisement revenues by 50% to Rs.300.4 million as against Rs.200.1 million during the Six Months period Ended September 30, 2022, owing to increased utilization of advertisement site. (v) an increase in land and space rentals by 140% to Rs.543.4 million as against Rs.226.8 million during the six month period ended September 30, 2022 due to land monetization by our ALD business.
- Revenue from non-airport services was Rs.728.9 million for the Six Months period Ended September 30, 2023, a 23% increase from Rs.591.9 million for the Six Months period Ended September 30, 2022 due to an increase in the revenue from hospitality business by 14% from Rs.334.2 million in the Six Months period Ended September 30, 2022 to Rs.380.8 million in the Six Months period Ended September 30, 2023 owing to an increase in occupancy and Average Room Revenue. The revenue from commercial property development increased by 35% to Rs.348.1 million as against Rs.257.7 million during the Six Months period Ended September 30, 2022.

Other Income

Other income was Rs.1,000.2 million in Six Months period Ended September 30, 2023, an increase of 23% from Rs.815.3 million in Six Months period Ended September 30, 2022. This was primarily on account of increase in investments and yields on the cash that was parked in bank deposits and liquid financial assets and income from investment in subsidiaries.

Income from Exceptional item

During the period GHIAL has divested its 100% stake in its subsidiary GMR Hyderabad Airport Assets Limited (GHAAL) and gain of Rs.746.8 million on sale of the same has recognized as an exceptional item.

Total Expenses

Total expenses were Rs.10,472.1 million for the Six Months period Ended September 30, 2023, an increase of Rs.2,486.9 million i.e. 31%, from Rs.7,985.2 million for the Six Months period Ended September 30, 2022.

Concession fee

Concession fee payable to the Government of India under the Concession Agreement was Rs.454.0 million for the Six Months period Ended September 30, 2023, 84% increase from Rs.246.8 million for the Six Months period Ended September 30, 2022 on account of increase in gross revenue.

Purchase of traded goods

Purchase of traded goods was Rs.487.3 million for the Six Months period Ended September 30, 2023, a decrease of Rs.(369.4) million from Rs.856.7 million for the Six Months period Ended September 30, 2022 primarily due to increase of Rs.524.2 million in change in inventory of traded goods for the Six months period ended September 20, 2023 as compared with the Six months period ended September 30, 2022.

Changes in Inventory of traded goods

Change in Inventory of traded goods of Duty Free business was Rs.10.4 million in the Six Months period Ended September 30, 2023 as against Rs.(513.8) million in the Six Months period Ended September 30, 2022.

Employee benefit expense

Employee benefit expense was Rs.1505.0 million for the Six Months period Ended September 30, 2023, an increase of Rs.151.5 million i.e.11%, from Rs.1353.5 million for the Six Months period Ended September 30, 2022.

Other expenses

Other expenses were Rs.3,235.0 million in the Six Months period Ended September 30, 2023, an increase of Rs.330.3 million or 11%, from Rs.2,904.7 million in the Six Months period Ended September 30, 2022. This increase was primarily caused by a higher business activity.

Finance Costs

Finance costs were Rs. 2,484.1 million for the Six Months period Ended September 30, 2023, an increase of Rs.741.9 million or 43%, from Rs.1,742.2 million for the Six Months period Ended September 30, 2022.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs.2,296.3 million for the Six Months period Ended September 30, 2023, an increase of Rs.901.2 million from Rs.1395.1 million for the Six Months period Ended September 30, 2022, primarily due to capitalization of assets pertaining to 34 MPPA expansion in the books.

Share of Profit in Joint Venture

Share of loss in joint venture was Rs. (36.6) million for the Six Months period Ended September 30, 2023 as compared to a profit of Rs.35.8 million in the Six Months period Ended September 30, 2022 on account of depreciation and interest charged to Profit & Loss account during the period ended September 30, 2023 due to capitalization of assets.

Tax Expenses

We incurred a deferred tax expense of Rs.1301.1 million in Six months period ended September 2023 on account of reversal of deferred tax asset created in previous years due to losses. For comparison, the deferred tax expense in the Six Months period Ended September 30, 2022 is Rs.447.3 million.

Profit for the Year

As a result of the factors described above, we made a profit of Rs.2415.3 million for the Six Months period Ended September 30, 2023 as compared to the profit of Rs.1127.0 million for the Six Months period Ended September 30, 2022.

Adjusted EBITDA/Total Revenue

Adjusted EBITDA to Total Revenue has increased to 55% for the Six Months period Ended September 30, 2023 from 46% for the Six Months period Ended September 30, 2022 due to higher revenue from operations.

Cash Flows

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

INR Million

Cash Flow Statement Data	For the Six Months Period Ended September 30, 2023	For the Six months period ended September 30, 2022
Net cash flow from operating activities	7,034	2,906
Net cash flow used in investing activities	(3,272)	6,223
Net cash flow from (used in) financing activities	(3,761)	(3,234)

In the Six Months period Ended September 30, 2023, our net cash flows from operating activities were Rs.7,034 million due to revived revenue generation in the business. For comparison the net cash flows from operating activities were Rs.2,906 million in the Six Months period Ended September 30, 2022.

In the Six Months period Ended September 30, 2023, our net cash flows used in investing activities were Rs.(3,272) million compared to net cash flow of Rs.6,223 million in the Six Months period Ended September 30, 2022. The net cash flow in investing activities is due to sale of investments and movement of cash from FDs and liquid investments to Current Account and partly offset by consumption of cash due to capital expansion.

In the Six Months period Ended September 30, 2023, our net cash flows from financing activities were Rs.(3,761) million as compared to net cash flows from financing activities of Rs.(3,234) million during the Six Months period Ended September 30, 2022.

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 2023 and also periodic increase of tariff were implemented subsequently.