

OPERATING AND FINANCIAL REVIEW

Fiscal Year Ended 2023 compared to the Fiscal Year Ended 2022

The financial information presented below has been prepared with respect to the financial statements for the Year Ended March 31, 2023 compared to the Year Ended March 31, 2022. 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, 2023	For the year ended March 31, 2022
Total passengers (in millions of persons)	21.0	12.4
International passengers	3.4	1.4
Domestic passengers	17.6	11.0
Total Air Traffic Movements (ATMs)	1,58,747	1,13,926
International ATMs	22,957	12,537
Domestic ATMs	1,35,790	1,01,389
Total Cargo (in metric tons)	1,42,434	1,40,075
International Cargo	75,447	75,546
Domestic Cargo	66,987	64,529

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 fiscal year ended 2023. Total passenger traffic at the Airport was 21.0 million for the fiscal year ended 2023, 69% increase as compared to 12.4 million for the fiscal year ended 2022. The international traffic increased by 139% while the domestic passenger traffic increased by 60%. The increase was due to recovery of traffic as the country was in a partial lockdown and air travel was restricted for a large part of Q1 in the previous financial year.

For the fiscal year ended 2023, total ATMs at the Airport were 1,58,747 a 39% increase as compared to 1,13,926 for fiscal year ended 2022. Cargo tonnage increased by 1.7% from 1,40,075 tons during the fiscal year ended 2022 to 1,42,434 tons for the fiscal year ended 2023.

Financial Performance

INR Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	19,108.0	11,700.2
Other income	1,775.5	1,178.5
Total Revenues	20,883.5	12,878.7
Concession fee	544.1	303.3
Purchase of traded goods	1,305.3	303.6
Increase/(decrease) in inventory of traded goods	-425.9	43.9
Employee benefits expense	2,656.5	2,357.1
Other expenses	7,443.7	5,524.2
Finance Cost	4,041.0	3,163.0
Depreciation	3,128.8	2,715.2
Loss on settlement of derivative financial instruments	907.7	0.0
Total Expenses	19,601.2	14,410.3
Profit Before Tax (Before Share of Profit in Joint Ventures)	1,282.3	(1,531.6)
Share of Profit / loss of an Associate and Joint Ventures	61.5	28.7
Profit Before Tax	1,343.8	(1,502.9)
Tax	264.8	(467.1)
Profit After Tax	1,079.0	(1,035.8)
<i>Adjusted EBITDA</i>	37%	29%

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.20,883.5 million for the fiscal year ended 2023, a 62% increase from Rs.12,878.7 million for the fiscal year ended 2022.

Revenue from operations

Revenue from operations was Rs.19,108.0 million for the fiscal year ended 2023, a 63% increase from Rs.11,700.2 million for the fiscal year ended 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.8,542.7 million for the fiscal year ended 2023, a 80% increase from Rs.4,739.4 million for the fiscal year ended 2022. The aeronautical revenue increased in the period under review as against 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.858.6 million for the fiscal year ended 2023 from Rs.578.1 million in the previous year due to increase in ATMs. The ground handling revenue increased to Rs.382.0 million for the fiscal year ended 2023 from Rs.156.9 million in the previous year on account of increase in ATMs.
- Revenue from non-aeronautical operations was Rs.8,974.9 million for the fiscal year ended 2023, a 50% increase from Rs.5,989.9 million for the fiscal year ended 2022, primarily due to (i) increase in duty free revenues by 149% to Rs.2,204.4 million for the fiscal year ended 2023 from Rs.885.5 million in the previous year due to 139% increase in the international passenger traffic (ii) increase in car park revenues by 98% to Rs.936.6 million as against Rs.472.9 million during the fiscal year ended 2022 (iii) increase in (a) F&B revenues by 141% to Rs.774.6 million as against Rs.320.8 million during the fiscal year ended 2022, and (b) increase in retail revenues by 115% to Rs.708.5 million as against Rs.329.5 million during the fiscal year ended 2022, owing to a 69% increase in passenger traffic (iv) increase in advertisement revenues by 90% to Rs.436.4 million as against Rs.229.6 million during the fiscal year ended 2022, owing to increased utilization of advertisement sites. (v) an increase of Rs.135.2 million, or 4% in other revenue from Maintenance Repair and Overhaul (MRO) and other services for the for the fiscal year ended 2023, from the previous year.
- Revenue from non-airport services was Rs.1590.4 million for the fiscal year ended 2023, a 64% increase from Rs.970.9 million for the fiscal year ended 2022 due to an increase in the revenue from hospitality business by 86% from Rs.407.6 million in the fiscal year ended 2022 to Rs.758.9 million in the fiscal year ended 2023 owing to an increase in occupancy and Average Room Rents (ARR). The revenue from commercial property development increased by 48% to Rs.831.5 million as against Rs.563.3 million during the fiscal year ended 2022.

Other Income

Other income was Rs.1775.5 million in fiscal year 2023, an increase of 51%, from Rs.1178.5 million in fiscal year, 2022. This was primarily on account of higher yields on the cash that was parked in bank deposits and liquid financial assets and income from investment in subsidiaries.

Total Expenses

Total expenses were Rs.19,601.2 million for the fiscal year ended 2023, an increase of Rs.5190.9 million i.e. 36%, from Rs.14,410.3 million for the fiscal year ended 2022.

Concession fee

Concession fee payable to the Government of India under the Concession Agreement was Rs.544.1 million for the fiscal year ended 2023, 241% increase from Rs.303.3 million for the fiscal year ended 2022 on account of increase in gross revenue.

Purchase of traded goods

Purchase of traded goods was Rs.1305.3 million for the fiscal year ended 2023, an increase of Rs.1,001.7 million from Rs.303.6 million for the fiscal year ended 2022, primarily due to increased purchases for duty free operations.

Changes in Inventory of traded goods

Change in Inventory of traded goods of Duty Free was Rs.(469.8) million in the fiscal year 2023 as against Rs.43.9 million in the fiscal year 2022.

Employee benefit expense

Employee benefit expense was Rs.2656.5 million for the fiscal year ended 2023, increase of Rs.299.4 million i.e.13%, from Rs.2357.1 million for the fiscal year ended 2022.

Other expenses

Other expenses were Rs.7,443.7 million in the fiscal year ended 2023, an increase of Rs.1,919.5 million or 35%, from Rs.5,524.2 million in the fiscal year ended 2022. This increase was primarily caused by a higher business activity.

Finance Costs

Finance costs were Rs.4,041.0 million for the fiscal year ended 2023, an increase of Rs.878.0 million or 28%, from Rs.3,163.0 million for the fiscal year ended 2022.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs.3,128.8 million for the fiscal year ended 2023, an increase of Rs.413.6 million from Rs.2,715.2 million for the fiscal year ended 2022, primarily due to capitalization of assets pertaining to 34 MAP expansion in the books.

Loss on settlement of derivative financial instruments

Loss on settlement of derivative financial instruments were Rs.907.7 million on account of hedge unwinding with respect to Bond repayment during the year.

Share of Profit in Joint Venture

Share of profit in joint venture was Rs.61.5 million for the fiscal year ended 2023 as compared to a profit of Rs.28.7 million in the previous year on account of increase in revenue mainly from advertisement business and increased utilization of advertisement sites at the airport.

Tax Expenses

We incurred a deferred tax expense of Rs.256.9 million in the fiscal year ended 2023 on account of reversal of deferred tax asset created in previous year due to losses. For comparison, the deferred tax income in the fiscal year ended 2022 is Rs.415.1 million.

Profit for the Year

As a result of the factors described above, we made a profit of Rs.1,079.0 million for the fiscal year ended 2023 as compared to a loss of Rs.1,035.8 million for the fiscal year ended 2022.

Adjusted EBITDA/Total Revenue

Adjusted EBITDA to Total Revenue has increased to 37% for the fiscal year ended 2023 from 29% for the fiscal year ended 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 Year Ended March, 2023	For the Year Ended March, 2022
Net cash flow from operating activities	9,799.0	1,215.5
Net cash flow used in investing activities	(3,556.1)	(1,399.7)
Net cash flow from (used in) financing activities	(5,533.0)	(6,006.9)

In the fiscal year ended 2023, our net cash flows from operating activities were Rs.9,799.0 million due to revived revenue generation in the business. For comparison the net cash flows from operating activities were Rs.1,215.5 million in the fiscal year ended 2022.

In the fiscal year ended 2023, our net cash flows used in investing activities were Rs.(3,556.1) million compared to net cash flow of Rs.(1,399.7) million in the fiscal year ended 2022. The net cash flow in investing activities is due to movement of cash from FDs and liquid investments to Current Account and partly offset by consumption of cash due to capital expansion.

In the fiscal year ended 2023, our net cash flows from financing activities were Rs.(5,533.0) million as compared to net cash flows from financing activities of Rs.(6,006.9) million during the fiscal year ended 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 2022 and also periodic increase of tariff were implemented subsequently.