

OPERATING AND FINANCIAL REVIEW

H1 FY23 compared with H1 FY22

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

Operating Performance:

Operating Parameters	For the six months ended September 30, 2022	For the six months ended September 30, 2021
Total passengers (in millions of persons)	9.86	4.32
International passengers	1.59	0.42
Domestic passengers	8.28	3.90
Total Air Traffic Movements (ATMs)	77,774	47,061
International	10,983	4,685
Domestic	66,791	42,376
Total Cargo (in metric tons)	72,885	67,473
International Cargo	37,372	36,729
Domestic Cargo	35,513	30,744

Passenger and aircraft traffic at the Airport are the key drivers in generation of revenues from aeronautical and non-aeronautical operations. For the six months ended September 30, 2022, total passenger traffic at the Airport was 9.86 million, a 128% increase as compared to 4.32 million for the six months ended September 30, 2021. The international traffic increased by 279% while the domestic passenger traffic increased by ~112%. The increase is 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 six months ended September 30, 2022, total ATMs at the Airport were 77,774, a 65% increase as compared to 47,061 for the six months ended September 30, 2021. Cargo tonnage increased by 8% from 67,473 tons during the six months ended September 30, 2021 to 72,885 tons for the six months ended September 30, 2022.

Financial Performance

Particulars – Rs Mn.	For the six months ending September 30, 2022	For the six months ending September 30, 2021
Revenue from operations	8,708.4	4,768.1
Other income	815.3	541.7
Total Revenues	9,523.7	5,309.8
Concession fee	246.8	118.9
Purchase of traded goods	856.7	48.6
Increase/(decrease) in traded goods	(513.8)	65.6
Employee benefits expense	1,353.5	1,113.8
Other expenses	2,904.7	2,402.3
Finance Cost	1,742.2	1,555.3
Depreciation	1,395.1	1,348.9
Total Expenses	7,985.2	6,653.4
PBT(before minority interest)	1,538.5	(1,343.6)
Share of Profit / loss of an associate and joint ventures	35.8	4.9
Profit before tax	1,574.3	(1,338.7)
Tax	447.3	(504.0)

PAT	1,127.0	(834.7)
Adjusted EBITDA/Total Revenue	43.4%	21.1%

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. 9,523.7 million for the six months ended September 30, 2022, a 79% increase from Rs.5,309.8 million for the six months ended September 30, 2021.

Revenue from operations

Revenue from operations was Rs.8,708.4 million for the six months ended September 30, 2022, a 82% increase from Rs. 4,768.1 million for the six months ended September 30, 2021 because of an increase in aeronautical and non-aeronautical revenues as compared to the corresponding period in the previous year on account of increased traffic and also due to higher tariffs as applicable in the current period.

- Revenue from aeronautical operations was Rs.4,021.3 million for the six months ended September 30, 2022, a 119% increase from Rs.1,836.6 million for the six months ended September 30, 2021. 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.413.6 million for the six months ended September 30, 2022 from Rs.231.4 million in the corresponding period in the previous year due to increase in ATMs. The ground handling revenue increased to Rs.169.9 million for the six months ended September 30, 2022 from Rs.55.5 million in the corresponding period previous year on account of increase in ATMs. The cargo revenues increased to Rs.445.1 million from Rs.415.4 million owing to the increase in cargo tonnage from 67,473 tons during the six months ended September 30, 2021 to 72,885 tons for the six months ended September 30, 2022.
- Revenue from non-aeronautical operations was Rs.4,095.2 million for the six months ended September 30, 2022, a 64% increase from Rs.2,492.2 million for the six months ended September 30, 2021, primarily due to (i) an increase in duty free revenues from Rs.275.9 million to Rs.872.0 million for the six months ended September 30, 2022 due to an increase in the international passenger traffic (ii) an increase in car park revenues to Rs.434.6 million as against Rs.162.0 million during the six month period ended September 30, 2021 (iii) an increase in (a) F&B revenues to Rs.319.6 million as against Rs.90.2 million during the six month period ended September 30, 2021 and (b) an increase in retail revenues to Rs.328.0 million as against Rs.105.5 million during the six month period ended September 30, 2021 owing to a 128% increase in passenger traffic (iv) an increase in land and space rentals from terminal by ~4% to Rs.226.8 million as against Rs.218.3 million during the six month period ended September 30, 2021. (v) an increase in advertisement revenues to Rs. 200.1 million as against Rs.69.5 million during the six month period ended September 30, 2021 owing to a greater utilization of advertisement sites (vi) an increase of Rs.143.3 million, or 9% in other revenue from Maintenance Repair and Overhaul (MRO) and other services for the six months ended September 30, 2022 from the corresponding period in the preceding year. The revenue from MRO and other services was Rs.1,714.1 million for the six months ended September 30, 2022.
- Revenue from non-airport services was Rs.591.9 million for the six-month ended September 30, 2022, a ~35% increase from Rs.439.3 million for the six-month ended September 30, 2021 due to an increase in the revenue from hospitality business by ~125% from Rs.148.7 million in the six-month ended September 30, 2021 to Rs.334.2 million in the six-month ended September 30, 2022 owing to an increase in occupancy and Average Room Rents (ARR). The revenue from commercial property development decreased by 11% to Rs.257.7 million as against Rs.290.6 million during the six-month ended September 30, 2021.

Other Income

Other income was Rs.815.3 million in six-month ended September 30, 2022, an increase of 50%, from Rs.541.7 million in six-month ended September 30, 2021. This is primarily on account of the difference in the interest received on the cash that was parked in bank deposits and liquid financial assets.

Total Expenses

Total expenses were Rs.7,985.2 million in six-month ended September 30, 2022, an increase of Rs. 1,331.8 million, or 20%, from Rs. 6,653.4 million in the six-month ended September 30, 2021 owing to increased business activity.

Concession fee

Concession fee payable to the Government of India under the Concession Agreement was Rs.246.8 million for the six months ended September 30, 2022, a 107% increase from Rs.118.9 million for the six months ended September 2021 on account of increase in gross revenues.

Purchase of traded goods

Purchase of traded goods was Rs.856.7 million for the six months ended September 30, 2022, an increase of Rs.808.1 million from Rs.48.6 million for the six months ended September 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. (513.8) million in the six months ended September 30, 2022 as against Rs.65.6 million in the six months ended September 30, 2021.

Employee benefit expense

Employee benefit expense was Rs. 1,353.5 million in the six months ended September 30, 2022, an increase of 21%, from Rs. 1,113.8 million in the six months ended September 30, 2021 due to increase in operations.

Other expenses

Other expenses were Rs. 2,904.7 million in the six months ended September 30, 2022, an increase of Rs. 502.4 million or 21%, from Rs. 2,402.3 million in the six months ended September 30, 2021. This increase was primarily caused by a higher business activity.

Finance Costs

Finance costs were Rs.1,742.2 million, an increase of Rs.186.9 million from Rs.1,555.3 million in the six months ended September 30, 2021.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs. 1,395.1 million, an increase of Rs.46.2 million from Rs. 1,348.9 million for the six months ended September 30, 2021, primarily due to capitalization of assets pertaining to 34 MAP expansion in the books.

Share of Profit in Joint Venture

Share of profit in joint venture increased to Rs 35.8 million for the six months ended September 30, 2022 as compared to Rs.4.9 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.447.3 million in the six months ended September 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 six months ended September 30, 2021 of Rs.504.0 million.

Profit for the Year

As a result of the factors described above, we made a profit of Rs. 1,127.0 million in the six months ended September 30, 2022 as compared to a loss of Rs. 834.7 million in the six months ended September 30, 2021.

Adjusted EBITDA/Total Revenue

Adjusted EBITDA to Total Revenue has increased to 43% in the six months ended September 30, 2022 from 21% in the six months ended September 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 Six months ended September 30, 2022	For the Six months ended September 30, 2021
Net cash flow from operating activities	2,905.5	536.2
Net cash flow used in investing activities	6,223.2	(1,692.6)
Net cash flow from (used in) financing activities	(3,234.0)	(2,467.6)

In the six months ended September 30, 2022, our net cash flows from operating activities were Rs.2,905.5 million due to revived revenue generation in the business. For comparison the net cash flows from operating activities were Rs.536.2 million in the six months ended September 30, 2021.

In the six months ended September 30, 2022, our net cash flows used in investing activities were Rs. 6,223.2 million compared to net cash flow of Rs. (1,692.6) million in the six months ended September 30, 2021. The positive 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 six months ended September 30, 2022, our net cash flows from financing activities were Rs. (3,234.0) million as compared to net cash flows from financing activities of Rs. (2,467.6) million during the six months ended September 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.