GMR Airports Limited

(formerly known as GMR Airports Infrastructure Ltd)

Q1FY2027 Investor / Analyst Conference Call Transcript August 13, 2026

Moderator: Ladies and gentlemen, good day and welcome to the GMR Airports Limited Conference Call to discuss Q1 FY 2027 Results. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. We have with us today, Mr. Saurabh Chawla, Executive Director, Finance and Strategy. Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature and may involve risk and uncertainties. Also, recording or transcribing of this call without prior permission of the management is strictly prohibited. I now hand the conference over to Mr. Saurabh Chawla for opening remarks. Thank you and over to you, sir.

Saurabh Chawla: Thank you and good morning, everyone. I'm delighted to begin this by sharing a significant milestone in our journey. GMR Airports family has further expanded with the addition of Nagpur Airport and Bhogapuram International Airport to our operating portfolio. We assumed operations of Nagpur Airport on 25th June, while Bhogapuram was inaugurated by the Honorable Prime Minister of India on 1st August and is scheduled to commence commercial operations on 17th of August. Notably, all scheduled commercial passenger operations currently handled at existing Visakhapatnam Airport will transition to Bhogapuram, creating a new aviation gateway for North Andhra Pradesh. Bhogapuram is particularly special for us. Completing a greenfield airport of this scale ahead of schedule reflects the strength of our execution capabilities, deep operational expertise, and the commitment of our teams.

While the sector is navigating through the challenges arising from the geopolitical developments in the Middle East as well as in Ukraine and Russia, we continue to believe that the long-term fundamentals of air travel remain exceptionally strong. The International Air Transport Association (IATA), projects Asia Pacific passenger traffic to increase from approximately 1.7 billion passengers in 2024 to 4.1 billion passengers by 2044, with India expected to remain one of the most important contributors to this growth.

Importantly, the vision of transforming India into a global aviation hub is no longer a future aspiration. It has already begun to take shape. On the aviation business perspective, Air India has launched its hub and spoke strategy with Delhi Airport as country's first operational hub, enabling passengers from cities such as Varanasi and Amritsar to complete check-in and immigration formalities at their origin airport, and seamlessly connect to international destinations through Delhi. In fact, the Delhi State Government's decision to reduce VAT on ATF from 25% to 7% with effect from 16th May is proving to be a level playing field for Delhi Airport aiding the envisioned hub strategy.

At the same time, Indian carriers are entering a new phase of international expansion, with Air India set to restore most of its international services from September 1, while Indigo and other airlines are expanding their international operations and fleet size. These developments are creating a powerful multiplier effect for airport operators, particularly the hub airports, as growth extends beyond passenger volumes into the non-aeronautical revenue streams and commercial land development.

On that note, let me now delve into our Q1FY27 performance. Momentum in total income continued with Q1FY27 at INR40.8 billion up 23% year-on-year. More than 50% of this income came from non-aero businesses and about a third also came from the aero revenues. EBITDA for the quarter grew 22% year-on-year to INR15.7 billion. PAT for the quarter came at INR1.5 billion versus a loss of INR1.4 billion in Q1FY26. Reported quarterly PAT has remained positive for the fourth consecutive quarter. Consolidated net debt excluding FCCBs of INR28.9 billion which are deep in the money remained unchanged versus last quarter at INR340 billion. Combined net debt of Delhi and Hyderabad airport decreased by INR5.9 billion, offset by the increase of INR3.1 billion at Bhogapuram, and INR2.9 billion at GAL standalone.

On the operational front, traffic at GAL operated airports rose 1% year-on-year in Q1FY27 reaching 30.5 million passengers. This excludes the traffic at Cebu. On a quarterly basis, India's international traffic share handled by GAL operated airports was highest in the past four years. However, as we have been alluding to in the recent past, we expect traffic to remain soft in 1HFY27 and recover only in 2HFY27. And this I would also like to highlight that we have some seasonality on a quarterly basis.

Hyderabad has been impacted by the ongoing West Asian geopolitical instability, exposure to migrant gulf routes and rising airfares, while on domestic front impact is due to the route rationalization by certain airlines. We see some green shoots emerging as Air India plans to restore most suspended domestic and international flights from September onwards after cutting up to 15% capacity during June to August.

Total income at Delhi airport rose 17% year-on-year to INR20.7 billion. Aero revenues rose 24% year-on-year and non-aero revenues increased 13% year-on-year. EBITDA for Q1FY27 was up 11%

year-on-year to INR7 billion. With this, the airport has reported profit of INR0.7 billion for Q1FY27 making it the fifth consecutive quarter of positive PAT.

At Hyderabad, total income for Q1FY27 was INR6.3 billion almost unchanged year-on-year. While aero revenues fell 7% year-on-year, non-aero revenues increased by 12% year-on-year. EBITDA for Q1FY27 is almost unchanged year-on-year at INR3.9 billion. PAT for the quarter was INR847 million, up 35% year-on-year.

Mopa or Goa airport reported a total income of INR1.3 billion in Q1FY27, up 23% year-on-year. Aero revenue increased 31% year-on-year as tariffs reverted to normal, post discontinuation of special incentive plan. Non-aero revenues increased by 8% year-on-year.

Notable achievements during the quarter are:

Combined aero yield per pax or YPP in Q1FY27 was INR445 for Delhi, Hyderabad, and Mopa. And non-aero income per pax or IPP was INR691. This includes the revenues from non-aero businesses adjusted for revenue share paid to airports and non-aero revenues reported by Delhi, Hyderabad, and Mopa Goa airports. To clarify, MRO and Hyderabad hotel are not part of the above IPP number. Non-aero and aero performance improved sequentially despite muted traffic.

Coming to our non-aero adjacency business, duty-free revenue at Delhi and Hyderabad was stable versus Q4FY26 despite softness in international traffic. At both airports, duty-free achieved highest monthly spend per passenger in June 2026. At Hyderabad, the new larger duty-free store is ready, expanding the store size from 400 square meters to 1,300 square meters, that will enable us to introduce new categories and products. GMR Airports Limited will participate in bids for non-aero adjacency businesses that are rebid by airports as and when the respective concessions at the airports end.

Construction on multiple airport land development projects is underway, details of which are available in the results presentation. FY27 will see the handover of Delhi International Airport Limited's first self-development commercial building at Delhi Aerocity, where the pre-leasing discussions are already underway. At Mopa (Goa), sub-license agreements were signed for a retail interchange, a MICE hotel, as well as a K-12 day school, while at Bhogapuram, the hotel under the Vivanta brand is in final stages of construction. CARE upgraded the credit rating of GMR Airports Limited to CARE A+ positive, from CARE A stable for INR15 billion NCDs as well as long-term bank facilities and to CARE A1+ from CARE A1 for short-term business facilities.

MRO business signed an agreement with Honeywell Aerospace for maintenance, repair, and overhaul of seven Honeywell Aerospace line replacement units installed on LEAP engines powering Airbus A320neo and Boeing 737 MAX.

In line with our responsibility as a leading airport infrastructure company, sustainability remains deeply embedded in the way we design, build, and operate our assets. Across our portfolio, we continue to focus on decarbonization, renewable energy adoption, water stewardship, waste management, operational efficiency, and community development. The ESG achievements highlighted in our investor presentation reflect our commitment to responsible growth while maintaining the highest standards of governance, safety, and operational excellence. As we expand our footprint, sustainability will continue to remain a core pillar of our strategy and a key enabler of long-term value creation.

In closing, GMR Airports today is very different from what it used to be a few years ago. We have evolved from being primarily an airport operator into an integrated airport infrastructure platform with growing exposure to commercial development, retail, duty-free cargo, MRO, hospitality, and the airport linked urban ecosystems. As these businesses continue to scale, we expect an increasingly diversified and resilient earnings profile that will complement our core airport operations and strengthen long-term value creation for all stakeholders.

The presentation with all financial numbers is already available with you. If not, you can download it from our IR section of our website. We are available to respond to your questions on this call and offline after the call. I would like to open the forum for queries that will be addressed by my colleagues from corporate and business teams. Thank you so much.

Moderator: Thank you. We take the first question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Yes. Hi. Good morning, sir. I have three questions. Firstly, on Hyderabad Airport traffic being extremely weak in recent quarters, could you highlight any initiatives specifically which you might be taking to revive traffic related to some loss of traffic to competing airports? And what should be our growth expectation for this airport for FY27-2028 in current environment?

GRK Babu: So as far as the Hyderabad Airport is concerned, I think new routes are also being now opened for the international. As far as the domestic is concerned, efforts are being made to provide some incentives to the airlines. As it is, we have not lost the traffic to any competing airports. It is an all-India phenomenon, except Delhi, which has got growth. So the traffic, what we are expecting in 2026-2027 is more or less of the last year traffic, about 30.5 million to 31 million.

Saurabh Chawla: So, Prateek, again, I want to highlight over here is that whilst yes, as a component, Hyderabad and Delhi form a bulk of our traffic, but as we have now made this into a platform, there are multiple streams of revenue that flow into our consolidated results. So in our May call, we had already highlighted that there will be a soft first half based on the airlines' inputs as they rationalize their routes. As we speak right now, we are giving you a much more robust outlook for the second half of this year, given again, the inputs that we have from the airlines as they come back with an expanded capacity.

Prateek Kumar: My other question is on the new AERA tariff framework, which has been talked about. Would you update on AERA's thinking around proposed shift under which airport should be allowed to recover aero charges only after completion of underlying capex. What could this mean for your tariff expectation which you talked about of increasing versus prior period for the next control period.

GRK Babu: Are you referring to the incremental IRR or concept of AERA or which one you are referring to?

Prateek Kumar: Yes, incremental IRR. So last quarter we guided that our aero YPP at Hyderabad will be higher versus our prior control period. So what is our expectation now in the new framework? I know it's still in discussion consultation stage but how should we focus on modeling purpose?

GRK Babu: Modeling purposes, conceptually it is actually the one and the same. There is not much difference between the earlier concept and the new concept. What the regulator is mentioning is that the increased tariff will be provided once the asset is put to use, construction is completed. However, the good thing is in the consultation paper of Hyderabad you can also see he has already acknowledged that INR13,800 crores is being spent by Hyderabad airport and accordingly the tariffs also will go up soon after the construction is completed. That is what his recommendation is. However, we have already made a request to the regulator that, the moment you provide the increase in tariff after put to use, then there will be a sudden spike in the tariffs. So to equalize it over a period of time, we have still suggested the regulator that the current methodology should be continued and the airlines have also expressed this more or less the same view, though they did not say specifically because they also do not want any spike suddenly. In case of Hyderabad, for example, in Sept'29, when the construction completes, the current tariff which he has proposed 485 will become almost 900. But that is not advisable for the airlines as well as airports. So we have suggested the regulator, our regulator has actually requested us to come back with a revised formula. So more or less we will be sticking on to the existing methodology only. We have to still wait and see how the regulator is going to respond.

Prateek Kumar: Okay. On other airport like Bhogapuram airport, based on the current ad-hoc tariff which came recently, what is implied YPP? And how does this compare versus your expectation of airport once operations scale up?

GRK Babu: At Bhogapuram airport basically the regulator provides ad-hoc tariff of around 60% to 75% of the actual tariff only. So he has given as the average yield of around INR1,200 as ad-hoc and our expectation should be in the range of between INR1,800 to INR2,000 yield per pax.

Prateek Kumar: So regulator has given 200 versus expectation of INR1,800?

GRK Babu: No. INR1,200 is the ad-hoc tariff. And normally regulator provides around 60% to 75% of actual tariff only as ad-hoc. They don't give the nearer to the tariff. So our final tariff expectation is between INR1,700 to INR1,800 yield per pax.

Prateek Kumar: Okay. Lastly on Nagpur Airport could you share FY26 revenue EBITDA for the airport?

GRK Babu: The FY26 no, because the last year they have closed, it was operated by MIL. They have closed with around INR140 crores of the revenue and EBITDA of about INR40 crores to INR45 crores. And if I'm correct, they don't have any interest and anything else so I think they have posted a PAT of around INR30 crores, INR35 crores.

Prateek Kumar: And we will start paying 15% revenue share, sorry 18% revenue share on this INR140 crores number scaling up. And that will result in lower EBITDA. How should we think of EBITDA in FY27?

GRK Babu: No we continue to pay 14.49% of the revenue share. That is as per the concession agreement and we have already started operations. Their EBITDA and our EBITDA is not comparable because the way they operate non-aero revenue and other areas are very, very premature. Whereas we are going to totally ramp up the entire terminal as well as non-aero areas. So we are expecting that our EBITDA and profit should be much better.

Prateek Kumar: Sure, sir. I have a few more questions. I'll get back to queue.

Moderator: Thank you. We take the next question from the line of Nathan Gee from Bank of America. Please go ahead.

Nathan Gee: Hi, sir. Thank you for the call. Maybe, two questions for me. Firstly, just in terms of Delhi, are you able to talk about the 1Q costs? I think they were up about 19% year-on-year. So the drivers of that, and then is that a good run rate for the next few quarters? So that's the first question. A second question is just in terms of short-term traffic, anything you can say around July traffic trends? And so is June a good image for how July is trending? Thank you.

GRK Babu: In case of Delhi, the first quarter expenses have gone up on two fronts. One is the being the summer, electricity charges have gone up by about INR17 - INR18 crores. The second one is airport operator fee that is payable on the previous year turnover. Since the previous year turnover is more than INR700 crores - INR800 crores over year-on-year line basis, that's why there is an extra provision towards the airport operator fee in the first quarter. These are the two major and a small repair and maintenance about INR10 crores extra has come up during this quarter. And it will be moderated over a period of the next three quarters.

Nathan Gee: Okay. That's clear. Thank you.

Moderator: Thank you. We take the next question from the line of Karthik Chellappa from Indus Capital. Please go ahead.

Karthik Chellappa: Sir, two questions from my side. The first is, as far as the stand-alone debt is concerned, I know you had highlighted in the past that this is likely to go up and it's more opportunistic because you're preparing to bid for various projects. At what point do you think the stand-alone debt is likely to peak?

GRK Babu: Currently the stand-alone debt is standing around INR7,400 crores. As of today, we have a leg room of another INR200 crores only to rise as per the bondholders' covenant is concerned. For the time being, we are not planning to raise any additional debt for because we don't have any further requirement of investment. Nagpur, we have already done some investment and as far as other projects are concerned, we have already made investments. So right now we are not planning for any additional debt.

Saurabh Chawla: So we don't have an opportunity right now. So that's why, I think the debt is peaking at about INR7,400 crores and shall remain at this. If there is any opportunity which requires us to raise capital, then of course we will raise it. And along with that there will be, of course, EBITDA contributions that will come against any debt raise that we do. So at this stage, I think from your modelling perspective, assume that it is about INR7,400 crores.

Karthik Chellappa: And what will be the average cost of this debt, sir?

GRK Babu: Average cost of debt today is around 11%-11.5% maximum. Another INR1,500 crores is completing the make-whole period and we are now targeting below 10% cost for refinancing of the INR1,500 crores. Our intention is entire debt cost should come below 10% over the next 12 months period.

Saurabh Chawla: I just also want to clarify that the INR7,400 is the gross debt number. The net debt number is about INR6,400 - INR6,500 crores as it has cash also sitting on its books. I think from a tracking perspective, look at the net debt number as such.

Karthik Chellappa: Okay. This is useful. The reason I ask is, if I look at our Q1FY27 interest liability on GAL standalone, which is, let us say about INR290 crores, if I just annualize it, let us say about INR1,200 crores or so, and if I take that on the gross debt amount, the interest cost implicitly comes to a much higher number than 11% to 11.5%. I am just trying to see how do I reconcile that.

GRK Babu: I think this finance cost includes the FCCB interest also.

Saurabh Chawla: You need to exclude the FCCB interest.

Karthik Chellappa: Okay. The balance is basically FCCB interest, which is in there. Okay, that is fine.

Saurabh Chawla: FCCB, you should take it as equity because it is deep into money. The strike price is INR43.40. Because of accounting standards, we need to recognize the interest on an accrual basis over there.

Karthik Chellappa: Okay, excellent. My second question, is if you look at Hyderabad, the traffic pressure, you already explained in your opening remarks. If you look at the non-aero revenue growth, that has been very healthy. In fact, on a per pax basis, it is also up double-digits, which is very commendable given the current circumstances. Despite that, the absolute EBITDA didn't grow for Hyderabad. Apart from the non-aero revenue decline and the traffic pressure, are there any other nuances which also resulted in the EBITDA not growing? Is it just purely traffic and aero revenue decline driven?

GRK Babu: It is more or less purely on aero income. Non-aero income has actually compensated the loss of revenue under aero income, if you look the comparison of even Q4 to Q1 or Q1 over Q1.

Karthik Chellappa: Okay. And we said that the traffic improvement we expect in 2HFY27, but for the full year, Hyderabad traffic volume growth will more or less be flat year-on-year, if I heard that correctly.

Saurabh Chawla: Yes, you heard that correctly. It will remain flat as it was last year. That is the only, honestly speaking, the soft part of our portfolio, if you were to compare with FY25. Delhi is showing good growth, and hopefully, I think, the second half will catch up for Hyderabad, but on an overall annual basis, it will be flat.

Karthik Chellappa: Excellent. I do have a few follow-up, but I will come back in the queue. Thank you very much, sir, and wish you and the team all the very best for the remaining quarters.

Saurabh Chawla: Thank you.

Moderator: Thank you. We take the next question from the line of Aditya Mongia from Kotak Institutional Equities. Please go ahead.

Aditya Mongia: Yes, thank you for the opportunity and great sets of results once again on non-aero. That being said, a few questions from my side. The first question that I had was just on, let us say, loans that have been given from GAL to outside entities. I think it is a relevant number at about INR2,000 odd crores, if I am not wrong. Since we have only as much of leeway remaining to invest from a gross debt perspective, is there any thought process of getting this money back, and then what are the timelines for the same?

Saurabh Chawla: So, Aditya, let me just give you a background. GAL never gave specific loans to its associate entity, which is GPUIL. This is part of the demerger process that happened few years back. In the demerger process, as per the tax laws, you have to identify the end use of the debt that is raised of the merged entity. As per that end use, you have to then allocate it to the two demerged entities. This is the history behind this current debt, which is there in GAL's books. Second thing is, GAL has already received last year about INR800 - INR850 odd crores from GPUIL and this year also, it is expected to receive another INR1,000 odd crores. There is a plan that is in place, which was agreed at the time of the demerger, that over a period of four to five years, GPUIL will continue to pay off its debt to GAL. So, it is continuing as per the plan, and we expect that over the next three odd years the total money of about INR2,500 crores plus the interest will be received from GPUIL to GAL. That's the broad construct of it.

Aditya Mongia: Understood. Just a related question. From a dividend perspective, this is obviously an inflow coming in, but then there would also be certain covenants wherein the debt numbers have to first of all be pared down, I am not sure. Just trying to get a sense of, is there a certain debt number to which you have to fall from INR7,400 before you start thinking of paying dividends?

Saurabh Chawla: So, honestly, I think the first step is to have, from a GAL perspective, the requisite free cash coming from at least three streams of business. One is Hyderabad, which is already giving dividends. Two is robust growth of our non-aero business, which is already happening, and you can see it. And the third is also dividends to start flowing from Delhi Airport. We expect dividends to start coming from Delhi Airport in next two years as Delhi Airport's own standalone balance sheet becomes positive. It's already started to generate free cash, and hence, in two years' time, it should be ready to start giving dividends to GAL, its 74% shareholder. So that is the plan right now. The covenants are not there. The covenants are basically our own. Our own covenants are that we need to keep our net debt to EBITDA at a reasonable level. We're very comfortable for a growth company like ours, which is very capital intensive in nature to have a net debt to EBITDA multiple of about 4 to 4.5. And we will achieve that much ahead of the time period when dividends are expected to be declared. That's how we are moving forward.

Aditya Mongia: Understood. I just have few clarifications from my side then I'll get back in the queue. Why is debt number increasing at GAL? See I can see GAL is in at standalone level now making a PAT that is positive even if I don't assume dividend which is commendable, where things are now. But still GAL is borrowing more and more. So where is this money going in right now?

Saurabh Chawla: There is no borrowing, Aditya. Where is the borrowing increasing? Which year are you looking at?

Aditya Mongia: GAL standalone net debt has increased by INR300 crores Q-on-Q.

Amit Jain: Aditya if I may come in. It is basically because we are reporting the net debt. There's a reduction of cash and hence you are looking at the net debt numbers slightly moving up. It's the reduction of cash which was available in our books as of year-end.

Aditya Mongia: I think the question is where is the cash going? Is it going into your upcoming airports or is there another aspect where it is going?

Saurabh Chawla: So there are no upcoming airports.

GRK Babu: The cash has come down because we have made two investments. One is since Nagpur Airport has been taken over, as per the concession agreement, you had to make a minimum initial investment of INR168 crores. That investment has been done. And the second one is we have also made an investment in GMR Cargo and Logistics Company, about INR100 crores rupees. So these are all investments have been made out of the cash available, but the debt has not gone up.

Aditya Mongia: Understood. Last and final question. On the non-aero, Goa has two parts, aero and non-aero. The aero per pax, it's a very different number this quarter. If you can explain that. And secondly, we would have anticipated that the non-aero per pax starts showing good growth trends, which are yet not visible. Those are the last few things that I thought I'll take your views on.

GRK Babu: Another thing is, continuing with GAL, we have also made an investment of INR250 crores in cargo businesses, as a deposit we are giving to DIAL that also depleted our cash in GAL. So there are three investments we made. And coming to the Goa, since we have withdrawn all the incentives given to the airlines, that is the reason why even the traffic has come down. The aero revenues have gone up. So I think Saurabh has already explained during his opening remarks that we have withdrawn all the incentives which were given to the airlines which were about almost INR170 crores last year. And because of that, despite the fact traffic has come down the revenues have gone up.

Aditya Mongia: Any comments on non-aero in Goa? How to think through it incrementally when some numbers are still kind of flattish over here, not improving meaningfully?

Rajesh Arora: So non-aero, if you would have seen both SPP and IPP have gone up. In fact, SPP has gone up by almost 24% (pure play non-aero commercial SPP). This was primarily driven by the new liquor retail store, which got opened last year after June. But as we have been communicating consistently, we look at on a more sustained basis about 7% to 8% kind of SPP growth on a very sustained basis and overall non-aero income going up by about 14% to 15%, depending upon the traffic growth of over 7% to 8%. That's the, I would say, more long-term consistent number, I would say.

GRK Babu: Aditya, basically, if you look at it, the revenues of non-aero have come down in the first quarter, mainly because the traffic has come down from 1.59 million to 1.2 million. That impact is there on non-aero income, whereas aero income has gone up because we have withdrawn all the incentives. And as Rajesh said that there is spend per passenger, income per passenger actually has gone up in case of the Goa.

Aditya Mongia: Understood. I'll get back into the queue. And thank you for taking all my questions.

Moderator: We take the next question from the line of Anshu Dyani from Macquarie. Please go ahead.

Anshu Dyani: Hi. Thank you for the opportunity. Two questions on the platform adjacencies. So if you look at car parking margins, they have been pretty volatile. It's small, I know, but I would want to understand better on that. In terms of Delhi duty-free, we have seen the spend per passenger going up. So is there any mix change, if you could help us with the current mix at the duty-free, and the area also, or the physical space at Delhi duty-free? Also, will the space be expanded at Delhi duty-free, or how do we look at the retail area at the Delhi duty-free business?

Rajesh Arora: Sure. So in terms of Delhi duty-free, currently we are looking at expanding the space by another 400 to 500 square meter. That's on the arrival side. That should be available, I would say, by end of this calendar year. In terms of SPP growth in Delhi, which is about 7% to 8%, and this is in line with what the target we have taken it for ourself. So broadly, that's on Delhi. Hyderabad, though you have not asked about Hyderabad. Hyderabad, we have recently expanded our departure area from 400 to 1,300 square meter. The benefit of that we will start seeing in the coming quarters. With that expanded area, we will be able to broad base our offerings. So we should expect a better SPP growth in Hyderabad duty-free. Coming back to your question on car park, I am not too sure what is the reference point where you have seen the volatility. But the car park's SPP as well as the tariff, there has been some increase in tariff, which we do it once in three years kind of tariff increase. So that could have had some impact on the EBITDA margins, if that is what you are asking.

Anshu Dyani: So if I look at this quarter's margin, they have been at 24% versus the previous quarter at 30-ish percent, and last year also running at 29%, 28% levels. That is where I was coming from on car park.

Rajesh Arora: This is for Delhi car park you are saying?

Anshu Dyani: Yes, that is right.

Rajesh Arora: I think there must be some expenses would have come by this quarter. On a more sustained basis, what we have seen last years on an annual basis that is the kind of EBITDA margin we will aim for.

Amit Jain: Also to note that whenever you look at car park, because car park has a sticky nature of expenses. There are few expenses which are fixed in nature in terms of maintenance of car park and all. Because of that also margin can fluctuate marginally.

Anshu Dyani: Okay. Just one more question, and this is more broader, in terms of the next bidding that comes out. Also the government has outlined the NMP-2 in which Amritsar and Trichy and such airports are outlined. Would we be looking at bidding and what is our appetite to, you know, participate in loss-making assets going forward?

Saurabh Chawla: So we will surely look at bidding any new airports that come for privatization. And this we have been always alluding to over the last 3 years to 4 years, whenever the government has made some noises on the privatizations. But then again, if you look at our whole portfolio, these airports add less than 10% of the overall traffic, which is already there in our portfolio. So every year we are growing actually faster than these airports even if we were to win. So very early days in that. We would be definitely interested if the price is right. We will bid for these airports at a very rational price and not be in the mode of creating a portfolio which is a loss-making portfolio going forward. So it will be a conservative and judicious bidding that we will undertake.

Anshu Dyani: Thank you so much.

Moderator: We take the next question from the line of Hem Rajesh Raval from Elara Capital. Please go ahead.

Hem Rajesh Raval: Yes. Thank you for the opportunity. So a couple of questions from my end. So on the SPP increase part, what categories of product segment has the largest headroom to increase your SPP going ahead?

Rajesh Arora: SPP, you know, when you really look at the major contributor to the airport's SPP, duty-free being the topmost, then comes retail, then comes F&B, then you have the other categories. For us, I think the headroom is I would say it is equally between duty-free retail and F&B. When I say equally between these segments, retail, when we are looking at the premiumization of our own offerings that is where it creates more headroom for us. Duty-free, we all know and understand the kind of value it brings it to the overall SPP growth. So I would say it is equally between these three top categories, while there are other small contributors also there.

Hem Rajesh Raval: Understood. And next question, you mentioned you will be open to acquire more airports as and when available. What would be the return threshold that would be considered as appropriate when evaluating new airport concession? Like versus investing in existing assets and adjacencies?

Saurabh Chawla: Well, adjacencies are of course a little higher return threshold because the nature of that business, we can target those higher returns. As far as airports are concerned, I think, an equity IRR which is northward of 16% -17% is something that is acceptable and is something which we target. But again, you know, there's no hard and fast rule because there could be airports which offer much higher potential of growth. And in order to acquire such an asset into our portfolio, we may agree to a slightly, you know, higher price to pay in the initial years and then capture the growth over the next 60-odd years as and when those traffic starts to emerge. There are airports which have an embedded opportunity, and it is only for us to see how our forecast is and our consultation with the airlines and also the economic footprint that that airport serves. That's the way we look at it.

Hem Rajesh Raval: Understood. Thank you, that's it from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Karthik Chellappa from Indus Capital. Please go ahead.

Karthik Chellappa: Thank you for the opportunity again, sir. I just have two follow-ups. The first is on Delhi airport if I were to look at a non-aero revenue split, what exactly gets classified under others because that ratio is now 18% and I am noticing that steadily that has actually been somewhat inching up. It used to be about 15% -16% has now become 18%. So I'm just curious to see what all kinds of non-aero revenue gets classified there? I am talking about slide 38 non-aero revenue breakup, there is one category called others which is now 18% and that has actually inched up from a 15% - 16% level in the last several quarters. So I'm just curious to understand what exactly goes under others.

GRK Babu: There are many small, small items like flight catering, car rentals and some other like wrapping of the bags. There are so many other like ATMs, small, small businesses will be there which are all combined under others in case of the non-aero.

Karthik Chellappa: So, so the increase in the ratio to 18% is pretty much like organic, basically if just that they have been growing fast off a lower base, is that how we should read it?

GRK Babu: There maybe some other additional, for example some advertisement like cars that they advertise in the terminal. Suddenly you may get that additional revenue in one quarter which is grouped under others. So, maybe some seasonal business must have got it, and grouped under that.

Karthik Chellappa: Okay, excellent. And my last question, sir, is just on data points. If I were to look at your duty-free revenue for both Delhi and Hyderabad, on a year-on-year basis, would you be able to share what is the percentage of passengers who generated duty-free revenue for you?

GRK Babu: That's called penetration, you are talking about it.

Karthik Chellappa: Yes, exactly. On a year-on-year basis, I'm just curious to see how that has changed.

Rajesh Arora: So the penetration generally in duty-free business will be about 14% or so in Delhi. Hyderabad will be about 11% to 12% kind of penetration. This generally is we have seen the trend in the last few years. And that's from the international traffic specific.

Karthik Chellappa: And this 14% will be what a year ago i.e. in Q1FY26?

Rajesh Arora: It should be on the similar lines. Only thing is, like Goa if you see because of the stoppage of Gatwick flight, it may have some impact in terms of penetration, but generally this is the trend we have seen all across, you know, not much of variation between the quarters.

Karthik Chellappa: Okay. Okay, this is very helpful. Thank you, sir. Thank you very much and wish you all the very best.

Moderator: We take the next question from the line of Prateek Kumar: from Jefferies. Please go ahead.

Prateek Kumar: Yes, thank you for the opportunity again. I have like two follow-up questions. Firstly sir, how do we see consolidated capex for FY27 and 2028, and could you provide break up of key projects in the broad scope of planned capex?

GRK Babu: There is no specific capex planned. Basically, we got only operational capex. The estimated operational capex or maintenance capex between Delhi and Hyderabad may be around INR1500 crores to INR1600 crores rupees for the full financial year. And we may also incur capex in Nagpur for the refurbishment which could be in the range of INR250 crores to INR300 crores.

Prateek Kumar: What could be consol capex for FY27 including real estate capex? Closer to INR2500 crores for FY27?

Saurabh Chawla: You see like GRK garu said, the operational capex is about INR1500 odd crores. Another INR250-odd crores is the capex for refurbishment at Nagpur. So about INR1800 - INR1900 crores. The real estate capex, the building 5 which is which is currently under construction is actually getting completed within the current fiscal year. So maybe about INR200 crores may go. So in total about INR2000 odd crores is a number that you can assume for the full fiscal 2027.

Prateek Kumar: Sure. Do we have any update on HRAB case regulatory decision timing or dates for the Delhi airport?

GRK Babu: The hearings are happening now in the Supreme Court, the appellant hearings are happening, then our turn will come. Most probably, maybe it should be settled in the next three to six months.

Prateek Kumar: Okay. Last question. While FY26 performance of the company was significantly boosted by significant scale-up in platform revenues added by Delhi Duty Free and Cargo business integrations, how do you see or what kind of new meaningful opportunities which may get added to platform which can help in the run rate of business growth continuing into next three years?

Saurabh Chawla: So I can't really predict, Prateek, as to what gets added on from an inorganic perspective. What will surely come is addition of Bhogapuram non-aero. There'll be a small addition that will come at Nagpur non-aero. These are, I would consider them as now organic in nature because they're part of our portfolio. But having said that, the business development teams are looking at many such opportunities in the region. As I've already highlighted in the past, non-aero capital light opportunities is a focus area for us, whether it is domestic or international, whether it is in Middle East or Southeast Asia. That is something that we are definitely interested in. But these are again, very lumpy, success-driven. So focus is there. On an organic basis, I think the business will grow at about 15%-18% on a secular basis. That is something that we have already highlighted. You can assume 15% for sure. In good years, once the traffic starts to improve, 18% is also not very far away.

Prateek Kumar: Yes. Thank you, sir. These are my questions, and all the best.

Management: Thank you. We take the next question from the line of Aditya Mongia from Kotak Institutional Equities. Please go ahead.

Aditya Mongia: Sir, thank you for the follow-on opportunity, a couple of more questions from my side. A, on real estate, whatever you are going to monetize in FY28, could you give us a sense of what will be the investment size that you have gone from your side? And B, what would be the quantum that you can reap in FY28 against that?

Saurabh Chawla: One second, I'll ask Aman to just respond to it. So, this is a one million square feet of commercial office development which is underway. So, Aman what's the capital cost of that and what is the opportunity three years or two years down the road on the monetization of it, what is the value?

Aditya Mongia: Sure, thanks.

Aman Kapoor: Yes. So the leasable area of the building is about 650,000 square feet. We expect to achieve average rental for this building upwards of INR240 rupees, and accordingly, I think the value kind of derived from that the current market caps are in the 7.5% to 8% range, I expect to get that value.

Aditya Mongia: What will be the investment against this quantum that we would be ending up when it is complete?

Management: Our construction budget -- construction hard and soft cost budget is INR450 crores. There are some additional manpower costs that are I should that maybe you take it up to about INR500 crores.

Aditya Mongia: And this monetization can be assumed to happen in fiscal '28 or should we think of fiscal '29?

Aman Kapoor: Yes, I think its fiscal '28 is a reasonable estimated.

Aditya Mongia: Okay. the second list of questions I had was more at a broad portfolio level and thanks for sharing the non-aero per pax, but I wanted to focus a little bit more on the passenger spending patterns. So would you give us a sense of let's say against three crores passengers that would have come for this quarter, how many transactions would have happened by those passengers? It just gives a sense of penetration in a different manner. Okay. And one passenger may be doing more than one transaction as well that self, fine, but some sense of number of transactions against the three crores passengers that have happened to the quarter and what is the average spending that happens per transaction.

Rajesh Arora: So Aditya, this penetration it varies from category-to-category. As I just mentioned in my one of the previous questions, the penetration in case of say Delhi Duty Free is in the range of about 14%. Hyderabad is 11% to 12%. When you go to F&B, if you talk about the broader spectrum of non-aero, when you go to F&B, it will have a different set of penetrations. So it varies from category-to-category. If I can know your specific question that what do you want to understand from that, I can I can answer it more specifically. Or maybe we can, we can do it offline along with Amit, if needed.

Aditya Mongia: Understood. No, I will just give you a sense of what I am asking, and if it can come in the presentation, even that would be great from next time onwards. Just a sense of how many transactions are happening and the per transaction value for the quarter. It will be a mix of things, I get that, but it will give us senses of spending.

Rajesh Arora: Yes. Sure. So Aditya, the way to look at this, we look at SPP or Sales per pax which takes into consideration the two components. One is the average ticket value, what is the amount you are spending and the penetration. So a combination of that gives you the SPP. So our focus generally is on SPP, the strategy to grow SPP could be based on improving penetration or increasing ATV that depends on, how do you want to look at the whole thing. But our focus is to keep growing the SPP year-on-year and which I have been saying say in the range of about 7% to 8% is our target.

Aditya Mongia: Understood. That will be all from myself. Thank you for answering the questions.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would now hand the conference over to Mr. Saurabh Chawla for his closing comments.

Saurabh Chawla: Yes, thank you. Thank you everybody for joining this call at an early hour today. We are happy to engage with you offline and the IR team awaits any of your specific questions that you may have. We'll be happy to answer. Thank you so much and have a wonderful day. Thank you.

Moderator: Thank you, sir. On behalf of GMR Airports Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.

Note: *Transcript has been edited to improve readability*