

Price: 85.8

Recommendation: Buy

Industry: Transport

Sector: Services

Report Date: 15-Apr-2025

GMR Airports Infrastructure Limited has recently completed a significant merger, marking a new chapter as a unified entity. The company is optimistic about the travel sector's growth, supported by projections from global institutions. The travel retail market in India is expected to grow significantly. GMR Airports is enhancing international connectivity and expanding aviation infrastructure. Despite financial challenges, the company is committed to operational efficiency and ESG principles, aiming for net-zero emissions by 2030.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1053 Cr	Operating Profit(Year)	421 Cr	Operating Profit Margin	40.0 %
Previous Year	623 Cr	Operating Profit(Quarter)	121 Cr	EBITDA Margin	34.38 %
Current Quarter	271 Cr	PAT (Year)	-537 Cr	Net Profit Margin	-65.3 %
Previous Quarter	282 Cr	PAT (Quarter)	-49.4 Cr	EPS	-0.60
Revenue (QYoY)	197 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E		Sales Growth	139 %	Sales Growth	-3.9 %
PEG Ratio		PAT Growth	-0.0 %	Sales Growth QYoY	37.56 %
EV/EBITDA	228	EPS Growth	33.33 %	PAT Growth	-70.94 %
P/B	1.90	Dividend Yield	0.00	PAT Growth QYoY	-74.54 %
Capital Allocation		Holdings		Leverage	
RoE	-1.23 %	Promoter	66.1 %	Debt/Equity	0.16
RoA	-0.82 %	FII	14.9 %	Debt	7744 Cr
RoCE	0.67 %	DII	4.32 %	Market Cap	90702 Cr
RoIC	68.1 %	Public	14.7 %	Enterprise value	98378 Cr
		No of Shares	1056 Cr	Cash Equivalents	68.1 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

GMR Airports Infrastructure Limited has recently completed a significant merger, marking a new chapter as a unified entity. The company is optimistic about the travel sector's growth, supported by projections from global institutions like the World Bank and RBI, which foresee India as the fastest-growing large economy. The travel retail market in India is expected to grow at a CAGR of 21.6% from 2024 to 2029. To meet this demand, the company is focusing on expanding aviation infrastructure, with the new Civil Aviation Minister promising accelerated airport development. GMR Airports is now part of the Nifty Tourism India Index, holding a 14.8% weightage, the third highest in the portfolio. The company is also enhancing its international connectivity, with initiatives like biometric kiosks and metro check-in facilities at Delhi Airport, aiming to improve passenger experience.

The company's financial performance in Q1 FY25 shows a 19% year-on-year increase in total income, reaching INR 25.2 billion, driven by traffic growth. However, higher finance costs and depreciation from recent expansions led to a loss of INR 3.4 billion from continuing operations. The consolidated net debt stands at INR 280 billion, up by INR 9 billion from the previous quarter, primarily due to borrowings for Bhogapuram Airport and capital expenditures at Delhi. Despite these challenges, passenger traffic has grown, with Delhi and Hyderabad airports handling record numbers. The merger has streamlined the corporate structure, enhancing governance and preparing the company for future opportunities.

GMR Airports is actively pursuing diversification and expansion strategies. At Hyderabad Airport, all retail outlets are now operated by the company, with plans to open over 30 new F&B; outlets in Q2. The company is also exploring international opportunities, having submitted bids for asset-light contracts in Kuwait and Saudi Arabia. The focus remains on cash flow generation and balance sheet strength, with plans to leverage ADP's expertise in airport development. The company is targeting free cash flow generation at Delhi Airport in the next 3-4 years, with a strong emphasis on operational efficiency and shareholder value.

Looking ahead, GMR Airports is committed to integrating ESG principles into its operations, aiming for net-zero emissions by 2030 at Delhi and Hyderabad airports. The company has received several awards for its ESG efforts and maintains high ASQ scores. The expansion of Delhi and Hyderabad airports is complete, with new terminals set to open soon. The company is also progressing on the Bhogapuram and Mopa projects, with significant construction milestones achieved. While the financial outlook is positive, the company acknowledges the need for continued focus on cost management and revenue growth to enhance profitability.

GMRAIRPORT Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
GMR Airports	90701.74		-1.23%	-4.07%	37.50%	70.98%	74.47%
CMS Info Systems	7501.48	20.47	19.35%	-6.89%	-0.14%	2.50%	7.02%
RattanIndia Ent	5883.28	16.41	-10.39%	6.71%	2.20%	29.48%	-190.81%
OneSource Spec.	17912.76		-45.62%	17.52%	598.38%	167.53%	146.85%
International Ge	14680.51	33.42	32.49%	0.55%	3.40%	3.59%	26.79%

Aspect	Commentary
Revenue	The company experienced a significant revenue increase, with current year sales at 1053 Cr compared to 623 Cr the previous year. However, quarterly revenue showed a slight decline from 282 Cr to 271 Cr, indicating potential seasonal or operational challenges affecting short-term performance.
Profit & Loss	Despite a strong operating profit of 421 Cr for the year, the company faced a net loss of 537 Cr, highlighting substantial non-operational expenses or financial charges. Quarterly figures also reflect a loss, suggesting ongoing financial pressures that need addressing.
Profitability Matrix	The operating profit margin stands at a robust 40%, yet the net profit margin is negative at -65.3%, indicating significant deductions post-operating income. This disparity suggests high interest, tax, or other financial burdens impacting overall profitability.
Valuation Matrix	The company's valuation metrics, such as EV/EBITDA at 228 and P/B at 1.90, suggest a high market valuation relative to earnings, possibly reflecting investor confidence or speculative interest despite current financial challenges.
Growth (YoY)	Year-over-year growth shows a remarkable 139% increase in sales, yet PAT growth remains stagnant at 0%, indicating that revenue growth is not translating into profit growth, possibly due to rising costs or inefficiencies.
Growth (QoQ)	Quarter-over-quarter analysis reveals a 3.9% decline in sales and a significant 70.94% drop in PAT, suggesting recent operational or market challenges. The QYoY sales growth of 37.56% contrasts with the PAT decline, highlighting profitability issues.
Capital Allocation	The company exhibits a low RoE of -1.23% and RoA of -0.82%, indicating inefficient capital use. However, a high RoIC of 68.1% suggests effective investment returns, possibly from specific projects or segments.
Holdings	Promoter holding is strong at 66.1%, indicating confidence in the company's prospects. FII and public holdings are balanced, suggesting a diverse investor base. The number of shares at 1056 Cr reflects substantial equity distribution.
Leverage	With a debt/equity ratio of 0.16, the company maintains a conservative leverage position. However, the high absolute debt level of 7744 Cr requires careful management to avoid financial strain, especially given the current market cap and enterprise value.

Analyst viewpoint: GMR Airports Infrastructure Limited presents a compelling growth story in the short to mid-term, backed by robust strategic initiatives and industry trends. The company has demonstrated a remarkable year-on-year revenue growth of 139%, buoyed by significant demand in the travel sector. Our analysis reveals that despite a quarterly sales dip of 3.9%, the overall year-on-year momentum supports a bullish stance. The completion of a major merger and its recent inclusion in the Nifty Tourism India Index reflect enhanced market positioning and investor confidence. The company's aggressive expansion into aviation infrastructure, underscored by the development of biometric kiosks and metro check-in facilities, positions it to capture a larger share of the growing travel retail market in India. The expanding passenger traffic, particularly at Delhi and Hyderabad airports, illustrates strong operational capabilities and market demand.

In terms of financial metrics, GMR Airports maintains a robust capital allocation strategy with a high Return on Invested Capital (RoIC) of 68.1%, indicating efficient returns on its specific projects. The debt-to-equity ratio of 0.16 suggests a conservative leverage approach despite a substantial absolute debt level. Valuation metrics such as an EV/EBITDA ratio of 228 indicate substantial market valuation, which might be attributed to speculative interest. Additionally, the company's commitment to ESG principles, with a goal of achieving net-zero emissions by 2030, enhances its long-term sustainability profile. While the company faces financial challenges like a negative profit margin, these are overshadowed by its operational strengths and strategic positioning, making it an attractive investment opportunity. A potential area of concern remains in managing its high absolute debt level to prevent any financial strain.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com