

Research Report

GMR Airports & Infrastructure Ltd



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About

GMR Infrastructure is mainly engaged in development, maintenance and operation of airports, generation of power, coal mining and exploration activities, development of highways, development, maintenance and operation of special economic zones, and construction business including Engineering, Procurement and Construction (EPC) contracting activities.

Services

Co. provides various services including Security solutions, Consultancy services, and several Airport services

Elevated Debt Co's debt stood at 36,500 Crs which is 4x of the FY21 sales of the company and due to the high interest cost the company is reporting Net loss since 2015.

Transportaion Sectors

Transportation sector (7.98% of FY21 revenue)[GMR's Transportation business focuses on surface transport projects including Roads, Railways, Metros, and Airstrips/ Runways in both DBFOT (under GMR Highways)and EPC (under GIL – EPC) segments.

Synopsis of Financials

- Sales has increased due to increase in sale of trade goods.
- Moreover, Revnue has increased from intreset on bank depoists.
- Majorly Profit of the company sale of material and services.

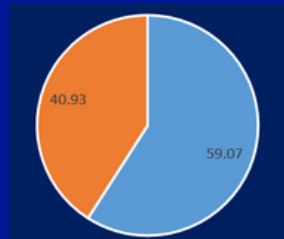
Stock data (as on 21st May 2024)

Nifty Price	: 22,666.30
52 week High (in Rs.)	: 94
52 week Low (in Rs.)	: 40
Market Cap. (in Crore)	: 51813Cr.
NSE Code	: GMRINFRA

Stock data (2020-2024)



Shareholding Pattern (March 2024)



Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	3,566	4,601	6,693
Sales Growth %	-57.52%	29.02%	45.49%
Operating Profit	905	2,106	1,745
OPM %	25%	46%	26%
Profit before tax	-3,714	-1,144	-726
YOY Growth	7%	7%	-
EPS in Rs	-4.63	-1.70	-0.30

Synopsis Quater Results

Con-Call Q3FY24: Key Highlights

Financial Performance:

- Total income in Q3 FY '24 was INR23.5 billion, up 22% Y-o-Y.
- EBITDA grew by 16% Y-o-Y to INR7.9 billion with a margin of 46%.
- Expected merger of GMR Airports with GMR Airport Infrastructure Limited to be completed in Q1 of fiscal '25.
- GMR Airports Limited completed the acquisition of 11% stake of Hyderabad Airport from MAHB, taking ownership to 74%.
- Raised funds through bonds and NCDs to refinance debt and for expansion capex.

Regulatory Front:

- Favorable developments in Delhi Airport and Mopa (Goa Airport) related to tariff orders and extensions.
- Expecting revised tariff for Delhi Airport's fourth control period to be implemented from April 1, 2024.

Expansion and Projects:

- Expansion plans at Delhi and Hyderabad airports almost complete.
- Bhogapuram Airport received approval for project finance tenders and investment from NIIF.
- Monetization plans for real estate in Delhi, Hyderabad, and Goa.

Partnerships and Collaborations:

- Awarded concession for F&B business and Duty-Free contract at Hyderabad and Goa airports.
- Strategic collaboration with IndiGo Airlines to reshape the Indian aviation industry focusing on innovation and sustainability.

Debt and Pledges:

- Debt to peak in fiscal year '25.
- Promoter pledges remain static but expected to be neutralized over time.

Tariff and Profitability:

- Increase in tariffs expected at Hyderabad and Goa airports.
- Profitability to improve with revised tariffs and increase in traffic due to expansion projects.

Future Outlook:

- Optimistic about the growth potential with expansion projects and increased traffic.
- Focus on non-aeronautical revenue growth and real estate monetization.
- No specific timeline provided for pledge release or dividend declaration.

Quarterly Results

Particular	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec2023
Sales	1,439	1,584	1,761	1,890	2,018	2,064	2,227
Expenses	1,015	1,115	1,236	1,635	1,265	1,337	1,558
Operating Profit	424	468	526	254	753	726	669
OPM %	29%	30%	30%	13%	37%	35%	30%
Other Income	223	180	457	118	251	184	116
Interest	516	560	590	672	594	673	857
Depreciation	218	254	266	301	296	373	393
Profit before tax	-87	-166	127	-601	114	-135	-465
Tax %	-30%	-18%	17%	-6%	85%	-40%	-5%
Net Profit	113	-195	105	-637	17	-190	-486

Source: Screener

Key Ratios

S No.	Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance
a.	Current ratio	Current assets	Current liabilities	4.80	0.97	392.52%
b.	Debt- equity ratio	Debt	Equity	0.13	0.07	84.62%
c.	Debt service coverage ratio	Earnings available for debt service	Debt service	0.03	0.22	(87.69)%
d.	Return on equity ratio	Profit/ (loss) for the period	Average shareholder's equity	0.06%	(3.08)%	101.92%
e.	Trade receivables turnover ratio	Net sales	Average trade receivable	2.74	3.43	(20.20)%
f.	Trade payable turnover ratio	Net credit purchases	Average trade payables	0.04	1.67	(97.72)%
g.	Net capital turnover ratio	Net sales	Working capital	0.03	(110.31)	100.03%
h.	Inventory turnover ratio	Net sales	Average inventory	NA	22.07	NA
i.	Net profit ratio	Net profit/ (loss)	Net sales	14.84%	(35.69)%	141.60%
j.	Return on investment ratio	Gain/ loss on Investments	Average investment	73.02%	11.89%	514.17%

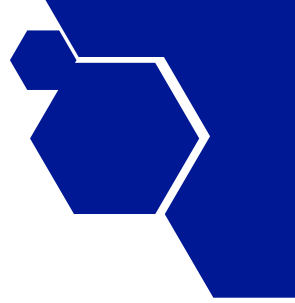
Source: Annual Report

Yearly Results

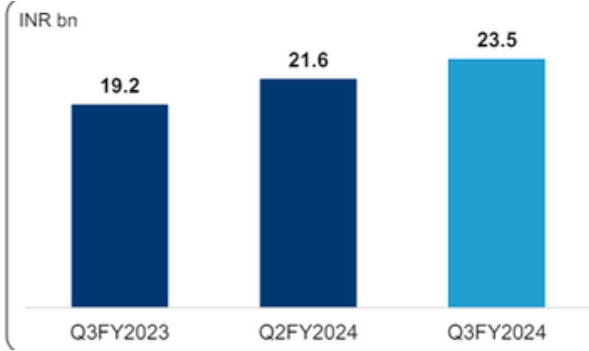


Particulars	Mar 2023	Mar 2022	Mar 2021
Equity Capital	604	604	604
Reserves	-2,322	-1,421	-1,396
Borrowings	36,858	26,633	32,157
Other Liabilities	14,703	11,272	12,557
Total Liabilities	49,843	37,087	43,921
Fixed Assets	12,772	10,325	15,157
CWIP	6,622	10,176	11,175
Investments	9,674	3,798	4,478
Other Assets	20,775	12,788	13,111
Total Assets	49,843	37,087	43,921

Financial Performance



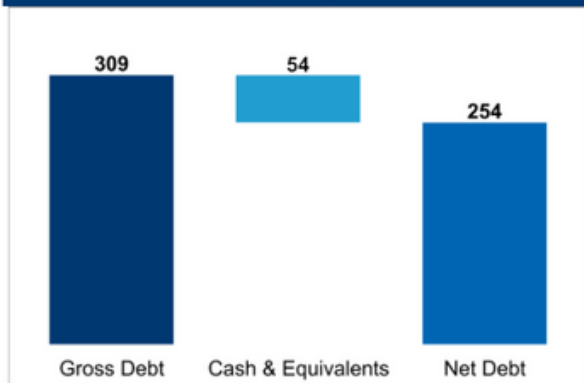
Total Income



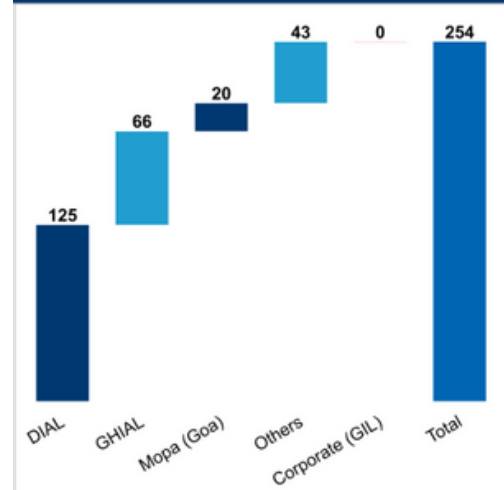
EBITDA



Gross & Net Debt ^ (INR bn)



Net Debt Break-up ^ (in INR bn)



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Larsen & Toubro	3455.55	36.54	475023.59	0.81	5013.17	8.72	67078.68	14.99	13.40
GMR Airports Inf	85.60		51667.67	0.00	-486.40	-78.10	2226.65	26.41	4.49
Waaree Renewab.	1984.10	139.58	20664.25	0.01	54.19	341.65	273.25	344.38	103.31
Rites	741.45	38.65	17817.20	2.75	128.78	-14.24	682.89	0.82	29.71
Engineers India	271.90	29.33	15281.93	1.12	63.35	292.99	867.64	3.02	23.69

Source: Screener

Final Outlook

GMRINFRA: Buy | LTP: 85.6

Company is expected to give good quarter. Debtor days have improved from 55.7 to 20.1 days. Standalone results have shown improvement but consolidated results have delivered a declined results. The co. swings to loss on increase in finance cost. Company has low interest coverage ratio. The company has delivered a poor sales growth of -4.79% over past five years. The relative valuation ratios are not satisfactory with a P/E ratio Nil attributable to loss in current FY, -ve book value and loss in last quarter. So, the overall fundamental analysis of the company is good.