Dated: 17 Nov 2025

GMR Airports (GMRAIRPO) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.96	**Rs.107**

Rationale:

- Non-aero metrics grow meaningfully, driving the sustainable 6% beat.
- Leverage starting to come under control; refinancing endeavors continue.
- GAL continues to add concessions and thus beef up EBITDA.
- CMP implies strong return in case of optimistic outcome across all pending legal cases.
- We increase our estimates by 3%, net of volume growth cuts, and revise SoTP based FV to Rs107 (Rs104 earlier). ADD stays.

Positives:

- GAL standalone reported EBITDA of ~Rs240cr for the quarter.
- Reported a 12% beat in EBITDA (before forex cost) and a positive PBT.
- Reported a very strong uptick in non-aero metrics, suggesting effects of increased retail area at Delhi and Hyderabad airports.
- This resulted in 6% of the 12% beat in Q2FY26, with the rest of it driven largely by a transitory factor.
- Delhi Airport’s aero revenue was higher qoq due to levy to higher aircraft parking charges to reduce congestion.

Negatives:

- GMR's net debt has risen by nearly 50% over the past 10 quarters.
- Key concern remains the rising gross debt, which appears to be peaking out soon.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PBT: Profit Before Tax, SoTP: Sum of the parts)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
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NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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