Management Discussion

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Thank you and good morning, everyone. I'm delighted to begin this by sharing a significant milestone in our journey. GMR Airports Ltd family has further expanded with the addition of Nagpur Airport and Bhogapuram International Airport to our operating portfolio. GMR Airports Ltd. We assumed operations of Nagpur Airport on 25th June, while Bhogapuram was inaugurated by the Honourable Prime Minister of India on 1st August and is scheduled to commence commercial operations on 17th August. Notably, all scheduled commercial passenger operations currently handled at existing Vishakhapatnam Airport will transition to Bhogapuram, creating a new aviation gateway for North Andhra Pradesh.

Bhagapuram 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 GMR Airports Ltd, 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 a level playing field for Delhi Airport, aiding the Envision 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 1st, while IndiGo and other airlines are, 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 Q1 performance. Momentum in total income continued with Q1 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 revenue. 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 Q1 of fiscal '26. 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 Bogapuram and INR2.9 billion at GAL standalone. On the operational front, traffic at GAL-operated airports rose 1% year-on-year in Q1 FY27, reaching 30.5 million passengers. This excludes the traffic at Cebu. On a quarterly basis, India's international traffic share handled by GMR Airports Ltd was highest in past four years. However, as we have been alluding to

in the recent past, we expect traffic to remain soft in the first half of fiscal '27 and recover only in the second half of fiscal '27.

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 Q1 was up 11% year on year to INR7 billion. With this, the airport has reported profit of INR0.7 billion for Q1 FY27, making it the 5th consecutive quarter of positive PAT. At Hyderabad, total income for Q1 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 Q1 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 Ltd, reported a total income of INR1.3 billion in Q1, 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 packs, or YPP, in Q1 fiscal '27 was INR445 for Delhi, Hyderabad, and Mopar.

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 by Delhi, Hyderabad, and Mopa Goa airports. To clarify, MRO and Hyderabad Air 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 Q4 despite softness in international traffic.

At both airports, duty-free achieved highest monthly spend per passenger in June 26th. 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. GAL will participate in bids for non-aero adjacency businesses that are rebid by airports as and when the respective concessions GMR Airports Ltd. Construction on multiple airport land development projects is underway, details of which are available in the results presentation.

Fiscal '27 will see the handover of DIAL's first self-development commercial building at Delhi Aerocity, where the pre-leasing discussions are already underway. At Mopa, or Goa, Sub-license agreements were signed for a retail interchange, a MICE hotel, as well as a K-12 day, day school. While at Bogapuram, the hotel under the Vivanta brand is in final stages of construction. CARE upgraded the credit rating of GAL to CARE A+, positive, stable, from INR15 billion NCBs as well as long-term bank facilities, and for 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 320neos 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 Ltd 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, and 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. Now I would like to open the forum for queries that can -- that will be addressed by my colleagues from corporate and business teams.

Thank you so much.

Questions & Answers

Operator
Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] We take the first question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar - Analyst, Jefferies
Yeah, hi, good morning, sir. I have three questions. Firstly, on Hyderabad Airport traffic to 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 FY '27, '28 in current environment?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
As far as the Hyderabad Airport is concerned, I think the 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 all-India phenomenon, expect Delhi, which has got growth. So the traffic, what we are expecting in '26, '27 is more or less of the last year traffic about 30.5 million to 31 million.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
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 the -- 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. And now 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 - Analyst, Jefferies
Sure. So my other question is on the new AERA tariff framework, which has been talked about. Would you update on AERA's thinking around the proposed shift and which airport should be allowed to recover aero charges only after completion of underlying capex. What this could mean for your tariff expectations which you talked about of increasing versus prior periods for the next control period?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Are you referring to the incremental IRR concept of AERA or which one you are referring?

Prateek Kumar - Analyst, Jefferies
Yeah, incremental AERA. So last quarter, we guided for like our aero tariff YPP at Hyderabad will be higher versus prior control period. So what is our expectation now in new framework? I know it's still in discussion and consultation phase. But how should we think for modeling purpose? Modeling purposes, the conceptually, it is actually one and the same. There is not much difference between earlier concept and 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, we 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. However, we have already made a request to the regulator that the moment to 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 are also expressed this more or less the same view, though they did not say specifically because they also do not want any spikes suddenly. In case of Hyderabad, for example, September '29, when the construction completes, the current tariff, which he has proposed, INR485 will become almost INR900, but that is not advisable for the airlines or other 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. Okay. And a question on other airports. So like Bhogapuram Airport, based on the current ad hoc tariffs, which came recently, what is the implied YPP and how does this compare versus your expectation of airport once operations scale up?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
The Bhogapuram airport, the ad hoc tariff is basically regulator provides around 60% to 75% of the actual tariff only. So he has given us the average yield of around INR200 as ad hoc. And our expectation should be in the range of between INR1,800 to INR2,000 yield per pax.

Prateek Kumar - Analyst, Jefferies
So regulator has given INR200 versus expectation about INR1,800?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
No, no, INR200 1,200 is the ad hoc tariff. And normally, a regulator provides around between 60% to 75% of the actual tariff only they give as ad hoc. They don't give nearer to the tariff. So our tariff expectation between INR1,700 crore to INR1,900 yield per pax. Final tariff.

Prateek Kumar - Analyst, Jefferies
Okay. Lastly, on Nagpur Airport. Could you share FY '26 revenue, EBITDA for the airport?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
FY '26 -- 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 about INR40 crores to INR45 crores, if I'm correct, because they don't have any interest, they don't have anything else. I think they have posted a PAT around INR30 crores, INR35 crores.

Prateek Kumar - Analyst, Jefferies
And we will start seeing 15% revenue share -- or sorry, 18% revenue share on this INR140 crore number scaling up, and that will result in lower EBITDA. How should we think of EBITDA in FY '27?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
No. We continue to pay 14.49% of the revenue share. That is as per the concession agreement. And we have already started because in June, we have already started July. And EBITDA -- their EBITDA and our EBITDA is not comparable, because the way they operate non-aero revenue under the 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 - Analyst, Jefferies
Sure, sir. I have more questions. I'll get back to you.

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

Nathan Gee - Analyst, Bank of America
Hi, sir. Thank you for the call. Maybe two questions from me.

Firstly, just in terms of Delhi, are you able to talk about 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.

Second question is just in terms of short-term traffic. Anything you can say around the July traffic trends? And so, is June a good image for how July is trending? Thank you.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
In case of the Delhi, the first quarter, the expenses have gone up on two fronts. One is being the summer, there is electricity charges have gone up by about INR17 crores, INR18 crores. The second one is airport operator fees payable on the previous year turnover. So the previous turnover is more than INR700 crores, 800 crores on a year-on-year 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 - Analyst, Bank of America
Okay, that's clear. Thank you.

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

Karthik Chellappa - Analyst, Indus Capital Partners
Hi, thank you very much for the opportunity. Am I audible?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Yeah.

Karthik Chellappa - Analyst, Indus Capital Partners
Yeah. Okay, so two questions from my side. The first is, as far as our 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 are preparing to bid for various projects. At what point do you think the stand-alone debt is likely to peak?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Currently, the stand-alone debt is standing around INR7,400 crores. As of today, we have a room, 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 it because we don't have any further requirement of investment. Nagpur, we have already done some investment. And as far as other projects are all concerned, we have already made investments. So right now, we are not planning for any additional debt.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
As there's no opportunity right now. 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 that any debt raise that we do. So at this stage, I think from your modeling perspective, assume that it is about INR7,400 crores.

Karthik Chellappa - Analyst, Indus Capital Partners
And so what will be the average cost of this debt, sir?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
No. Average cost of debt as of today is around 11%, 11.5% maximum. And another INR1,500 crores is coming up for -- I mean, it is completing the make-whole period. We are now targeting below 10% of cost for refinancing of the INR1,500 crores. So our intention is the entire debt cost should come below 10% over the next 12 months period.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
And I just also want to clarify that the INR7,400 crore is the gross debt number. The net debt number is about INR6,400 crore, INR6,500.

Karthik Chellappa - Analyst, Indus Capital Partners
Cash sitting.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Which because, it has cash also sitting on its books. So I think from a tracking perspective, look at the net debt number as such.

Karthik Chellappa - Analyst, Indus Capital Partners
Okay. This is useful. The reason I ask is, if I look at our first quarter interest liability on GAL stand-alone, which is, let's say about INR290 crores, if I just annualize it, let's say, about INR1,200 crores or so. And if I take that on the gross debt amount, the interest cost implicity comes to a much higher number than 11% to 11.5%. So I'm just trying to see how do I reconcile that?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
I think this includes the finance cost, includes the FCCB interest also.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
You need to exclude the FCCB interest.

Nathan Gee - Analyst, Bank of America
Okay. So the balance is basically the FCCB interest, which is in there. Okay, that is fine. My second -- okay.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
FCCB, you should take it as equity because it's deep into money. The strike price is INR43.40. But because of the accounting standards, we need to recognize the interest on an accrual basis over there.

Karthik Chellappa - Analyst, Indus Capital Partners
Okay. Excellent. My second question, sir, is if you look at Hyderabad, the traffic pressure, you already explained in your opening remarks. And if you look at the non-aero revenue growth, that has been very, very healthy. In fact, on a per pax basis, it is also up double digits, which is very, very commendable given the current circumstances. But 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? Or is it just purely traffic and aero revenue decline driven?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
It is more or less purely on aero income. And as far as non-aero income is actually compensated, the loss of revenue under euro income, if you look at it, the comparison of even Q4 to Q1 or Q1 over Q1.

Karthik Chellappa - Analyst, Indus Capital Partners
Okay, and we said that the traffic improvement we expect in second half '27, 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 - Executive Director, Finance & Strategy, GMR Airports Limited
Yes, yes, you heard that correctly. It will remain flat as it was last year. And that is the only, honestly speaking, the soft part of our portfolio, if you were to compare with fiscal '25. 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 - Analyst, Indus Capital Partners
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 - Executive Director, Finance & Strategy, GMR Airports Limited
Thank you.

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

Aditya Mongia - Analyst, Kotak Securities
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's say, the loans that have been given from GAL to outside entities. I think it's a relevant number at about INR2,000-odd crores, if I'm 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 time lines for the same?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
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 a few years back. So 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. And as per that end use, you have to then allocate it to the two demerged entities. So this is the history behind this current debt, which is there in GAL's books.

Second thing is GAL has already received last year, it received about INR800 crores, INR850-odd crores from GPUIL. And this year also, it is expected to receive another INR1,000-odd crores. So 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 - Analyst, Kotak Securities
Understood. And just a related question. From a dividend perspective, this is obviously an inflow coming in. But then there will also be certain covenants wherein the debt numbers have to, first of all, be paid down. I'm not sure. So just trying to get a sense of is there a certain debt number to which you have to fall from INR7,400 crores before you start thinking of paying dividend?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
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.

And we expect dividends to start coming from Delhi Airport in next two years as Delhi Airport's own stand-alone 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, it's 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 are 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 four times to 4.5 times. 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 - Analyst, Kotak Securities
Understood. I just have a few clarifications from my side, and I'll get back in the queue. When GAL is increasing the debt numbers, see, I can see GAL is at stand-alone level now making a PAT that is positive, even if I don't assume dividends, which is commendable now where things are. But still, GAL is borrowing more and more. So is this -- where is this money kind of going in right now?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
There is no borrowing, Aditya. Where is the borrowing more and more? Well, which year are you looking at?

Aditya Mongia - Analyst, Kotak Securities
INR300 crores. So GAL stand-alone has added INR300 crores, right, to net debt Q-on-Q. So, that's where the question is happening.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
So, we have not added any debt.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
We have not added any debt in Q1. What number are you looking at?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Aditya, if I may comment. It is basically because we are reporting the net debt, there is a reduction of cash and hence, you are looking at the net debt number slightly moving up. It's the reduction of debt -- the cash, which was available in our books as of year-end.

Aditya Mongia - Analyst, Kotak Securities
Actually, the question is where is the cash going? Is it going into your upcoming airports or is there another conduit where it is going?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
One, there are no upcoming airports.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
No, no. The cash has come down because we've made two investments. One is that since Nagpur Airport has been taken over as per the concession agreement, you have to make a minimum investment of INR168 crores. That investment has been done. And the second one is we have also made investment in the GCLL, GMR Cargo and Logistics company, about INR100 crores. So these are all the investments have been made out of the cash available, but debt has not gone up.

Aditya Mongia - Analyst, Kotak Securities
Understood. Sir, last and final question. On the non-aero, Goa has two parts, aero and non-aero. The

aero per pax is a very different number this quarter. So 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. So if you can go to the last two quarters, I thought I'll take your views on.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Actually, another thing is, in continuing with GAL, we have also made investment of INR250 crore in cargo business as a deposit we are going to die, 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 infinities given to the airlines, that is the reason why even though traffic has come down, the aero revenues have gone up. That is the reason. So I think Saurabh has already explained during his beginning -- opening remarks that we have withdrawn all the incentives, which we have given to the airlines, which was about almost INR170 crores last year. And because of that, despite the fact traffic has come down, the revenues have gone up.

Aditya Mongia - Analyst, Kotak Securities
Any comments on non-aero, Goa, how do think through it incrementally since the numbers are still kind of flattish over here, not improving meaningfully?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
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. And 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 over 7% to 8%. That's the, I would say, a more long-term, consistent number, I would say.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Aditya, basically, the -- if you look at it, the revenues of non-aero have come down in the first quarter, mainly because the traffic has come down. The traffic in the 1.59 million to 1.2 million, it has come down. 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 have gone up in case of the Goa.

Aditya Mongia - Analyst, Kotak Securities
Understood. I will get back into the queue and thank you for taking all my questions.

Operator
Thank you. We take the next question from the line of Anshu Dayani from Macquarie. Please go ahead.

Anshu Dayani - Analyst, Macquarie Research
Hello.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited

Yeah, hi.

Anshu Dayani - Analyst, Macquarie Research
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. And in terms of Delhi Duty Free, we've 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 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 - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Sure. So in terms of Delhi Duty Free, currently, we are looking at expanding the space by another 400 to 500 square meters. 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 ourselves. 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 meters. The benefit of that we'll start seeing in the coming quarters.

With the expanded area, we'll 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'm not too sure what is the reference point where you've seen the volatility. But the car park 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 Dayani - Analyst, Macquarie Research
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 - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
This is for Delhi car park you are saying?

Anshu Dayani - Analyst, Macquarie Research
Yes. Yes, that's right.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Maybe some.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Penetrations.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
I think must be some expenses would have come by this gain. On a more sustained basis, what we have seen last years on an annual basis, that is the kind of EBITDA margin.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Just one second, again Amit, why don't you.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
And also to note that whenever you look at car park, because as you say, car park has a sticky nature of expenses, there are a few expenses which are fixed in nature in terms of maintenance of car park and all. So because of that also margin can fluctuate marginally.

Anshu Dayani - Analyst, Macquarie Research
Okay, just one more question, and this is more broader in terms of next bidding that comes out, so the government has outlaid the NMP in which Amritsar and Trichy and such airports are outlined. So would we be looking at bidding? And what is our appetite to participate in our loss-making assets going forward?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
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 three to four 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, judicious bidding that we will undertake.

Anshu Dayani - Analyst, Macquarie Research
Thank you so much.

Operator
Thank you. We take the next question from the line of Hem Rajesh Raval from Elara Capital. Please go ahead.

Hem Rajesh Raval - Analyst, Elara Capital
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 - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
SPP, when you really look at the major contributor to the airports SPP, Duty Free being the top most, 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 that the kind of value it brings it to the overall SPP growth. So it's -- I would say it is equally between these three top categories, while there are other small contributors also there.

Hem Rajesh Raval - Analyst, Elara Capital
Understood. And next question would be like, if you mentioned like you'll be open to acquire more airports as and when available. So what would be the return threshold that would be considered as an appropriate and evaluating new airport concession? Like versus investing in existing assets and adjacencies?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
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 a number which is northward of 16%, 17% is something that is acceptable and equity IRR. That is something which we target. But again, 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 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. So there are airports which have an embedded opportunity. And it is only now for us to see how our forecast is and our consultation with the airlines and also the economic footprint that, that airport serves. So that's the way we look at it.

Hem Rajesh Raval - Analyst, Elara Capital
Thank You. That's it from my side.

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

Karthik Chellappa - Analyst, Indus Capital Partners
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 our non-aero revenue split, what exactly gets classified under others? Because that ratio is now 18%. And I'm 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?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Non-aero revenue consists of.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Within the category of others, which non-aeros are flowing there. I think that's Karthik's question. But basically, all the wraps, all others.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
No, no, you are talking about the non-aero -- non-aero income or you are talking about others?

Karthik Chellappa - Analyst, Indus Capital Partners
I'm 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 15%, 16% level in the last several quarters. So I'm just curious to understand what exactly goes under others.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Just one ssecond, Karthik. Just let's start.

Karthik Chellappa - Analyst, Indus Capital Partners
Sure, sure. I mean, we can take it offline also, if it's okay, I have no issue. I was just curious to see whether you had it readily with you.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Instantly. What is the breakup here? There are so many small, small items like flight catering, car rentals, and some other like a 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 - Analyst, Indus Capital Partners
So the increase in the ratio to 18% is pretty much like organic, basically. It's just that they have been growing fast off a lower base. Is that how we should read it?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
No. Maybe some other additional, for example, some advertisement like cars, they advertise in the terminal. Suddenly, you may get in one quarter additional revenue and which is grouped under others. So which is not seasonal. So maybe some seasonal business must have got it, then it will be grouped under that.

Karthik Chellappa - Analyst, Indus Capital Partners
Okay. Excellent. And my last question, sir, is just on data point. 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?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
That's called penetration, you are talking about it.

Nathan Gee - Analyst, Bank of America
Yes, exactly. On a year-on-year basis, I'm just curious to see how that has changed.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
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. That generally is the -- we have seen that trend in the last few years. And that's on the international traffic.

Karthik Chellappa - Analyst, Indus Capital Partners
And the 14% will be what a year ago, first quarter 2026, this 14% would have been what percentage?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Similar. 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 a trend we have seen all across. Not much of variation between the quarters.

Karthik Chellappa - Analyst, Indus Capital Partners
Okay. Okay, this is very helpful. Thank you, sir. Thank you very much and wish you all the very best.

Operator
Thank you. We take the next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar - Analyst, Jefferies
Yeah, thank you for the opportunity again. I'd like two follow-up questions. Firstly, sir, how do we see consolidated capex for FY '27 and '28? And could you provide breakup of the projects and the broad scope of planned capex? In case of the -- there is no specific capex planned. Basically, we've got only operational capex. The estimated operational capex or maintenance capex, we call it, between the Delhi and Hyderabad, maybe around INR1,500 crores to INR1,600 crores 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. So consol capex for FY '27 could be -- and including real estate capex, it could be like closer to INR2,500 crores for FY '27?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Yeah, yeah, You can take it.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
No, no, no. You see like G.R.K. Garu said, the operational capex is about INR1,500-odd crores. Another INR250-odd crores is the capex for refurbishment at Nagpur.

Prateek Kumar - Analyst, Jefferies
Or INR1,800 crores to INR1,900 crores.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
So about INR1,800 crores, INR1,900 crores. The real estate capex, the Building 5, which is currently under construction is actually getting completed within the current fiscal year. So maybe about INR50 crores or INR100 crores more that may go -- or sorry, INR200 crores may go. So in total, about INR2,000-odd crores is a number that you can assume for the full fiscal '27.

Prateek Kumar - Analyst, Jefferies
Sure. And do we have any update on HRAB case, regulatory decision timing or dates for the Delhi Airport?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
The hearings are happening now in the Supreme Court, the appellant hearings are happening. And then our turn will come. Most probably maybe should be settled in the next three to six months.

Prateek Kumar - Analyst, Jefferies
Okay. And last question on the new -- I mean, while FY '26 performance of the company was significantly boosted by significant scale-up in platform revenues added by Delhi Duty Free and Cargo business integration. How do we see like what kind of new meaningful opportunities which may get added to platform, which can help like in the run rate of business growth continuing into next few years?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
So I can't really predict Prateek as to what happens from an inorganic perspective that gets added on. 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 are part of our portfolio.

But having said that, the business development teams are looking at many such opportunities in the region. And 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. And -- 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% to 18% on a secular basis. That is something that we are -- 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 - Analyst, Jefferies
Yeah, thank you, sir. These are my questions.

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

Aditya Mongia - Analyst, Kotak Securities
Thank you for the following opportunity. A couple of more questions from my side; a, on real estate, whatever you are going to monetize in fiscal '28, could you give us a sense of what would be the investment size that you have won from your side? And b, what would be the quantum that you can reap in fiscal '28 against that?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
One second, I'll ask Aman to just respond to it. So this is a 1 million square feet of commercial office development, which is underway. So Aman, what is 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? Just one second.

Aditya Mongia - Analyst, Kotak Securities
Sure, thanks.

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Yeah, 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. 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 - Analyst, Kotak Securities
And what will be the investment against this quantum that we would be doing -- ending up doing maybe early FY '27 when it is complete?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Our construction budget -- construction hard and soft cost budget is INR450 crores. There are some additional manpower costs that are -- that maybe will take it up to about INR500 crores.

Aditya Mongia - Analyst, Kotak Securities
And this monetization, can we assume to happen in fiscal '28 or should we think of fiscal '29?

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Yeah, I think this fiscal '28 is reasonable estimate.

Aditya Mongia - Analyst, Kotak Securities
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 wanted to focus a little bit more on the passenger spending patterns. So could you give us a sense of, let's say again, three crores passengers that would have come for this quarter, how many transactions would have happened by those passengers? It just gives us a sense of penetration in a different manner. Okay?

And by passenger maybe doing more than one transaction as well, that is also fine. But some sense of number of transactions against three crores passengers that have happened for the quarter, and what is the average spending that happens per transaction?

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
So, Aditya, this penetration, it varies from category to category. As I just mentioned in one of the previous question, 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 penetration. So it varies from category to category. If I can know your specific question what do you want to understand from that, I can answer it more specifically. Or maybe we can do it offline along with Amit, if needed, Aditya. if you have want to go slightly deeper into that.

Aditya Mongia - Analyst, Kotak Securities
Understood. No, I will just give you a sense of what I'm 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 in the per transaction value for the quarter. It will be a mix of things, I get that. But it will give us a sense of things, I think.

Rajesh Arora - Chief Financial Officer, Joint Ventures and Corporate Integration, GMR Airports Limited
Yeah, sure. So Aditya, the way to look at this, we look at SPP for sales per pax, which takes into consideration the two components. One is the average ticket value versus 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 on 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 - Analyst, Kotak Securities
Understood. That is the all from my side. Thank you for your responses.

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

Saurabh Chawla - Executive Director, Finance & Strategy, GMR Airports Limited
Yeah, 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.

Operator
[Operator Closing Remarks]