GMR Power & Urban Infra Ltd — Aug 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat **One-line:** A fundamental turnaround quarter where thermal assets (Warora/Kamalanga) hit peak utilization and Indonesian coal dividends provided a liquidity cushion, though the core remains reliant on JV accounting for bottom-line profitability.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	PAT of □201.7 Cr vs loss of □137.3 Cr YoY; driven by JV profits.	□
Earnings Quality	Low (Accounting driven)	PAT includes □344.3 Cr share from JVs; PBT from continuing ops is still negative.	□
Guidance Confidence	Neutral	Strategic shift to "Clean Energy" is ambitious but currently lacks a roadmap.	□
Management Credibility	Improving	Successful Kakinada divestment (□1,690 Cr received) and Warora resolution.	□
Business Quality Signal	Improving	High PLFs (94% at Warora) and successful COD of Bajoli Holi.	□
Key Q&A Exchange	Not applicable	Concall not available.	□
The Street's Primary Anxiety	Leverage and Asset Monetization	Net Debt at GEL remains high at □8,700 Cr.	□
Capital Cycle Stage	Harvesting / Consolidation	Monetizing land/highways while extracting cash from thermal/coal.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins expanded to 14% from 10% YoY.	□
Pricing Power	Stable	Regulated returns in power; high coal realizations (USD 63.4/ton).	□
FCF Conversion & Quality	Distorted	Heavy reliance on Kakinada divestment proceeds for cash flow.	□
Competitive Moat Signals	Stable	Entrenched utility assets with long-term PPAs and strategic coal linkages.	□
Balance Sheet Strength	Stressed	Corporate debt at 46% of total; GEL Net Debt of □8,700 Cr is significant.	□
Working Capital Efficiency	Stable	Receivables tied to DISCOM health; PT GEMS cash balance is a buffer.	□
Mgmt Guidance Track Record	Mixed	Historically slow on monetization, but Kakinada tranche provides proof-of-concept.	□
Key Vulnerability / Red Flag	High Debt Concentration	□3,600 Cr debt sitting at the Corporate level (46% of total).	□
Management Tone	Optimistic	Focusing on "Cognitive Intuitive Clean Energy" transition.	□

Key Takeaways (Positives & Negatives): * **Positives:** Warora thermal plant achieved a stellar 94% PLF (vs 54% YoY) with resolution plan approvals now in place; Kakinada SEZ divestment has yielded □1,690 Cr in cash with another □1,030 Cr expected; PT GEMS (Indonesian Coal) is capitalizing on high global prices with EBITDA/ton rising 46% YoY to USD 21.4. * **Negatives:** Despite the headline PAT, the company reported a PBT loss of □135.8 Cr before JV shares, indicating the standalone business is not yet self-sustaining; Bajoli Holi Hydro project is in early stabilization phase, reporting a cash loss of □9.9 Cr; Corporate-level debt remains the primary overhang at □3,600 Cr (46% of total net debt). * **Forward Watchpoint:** The Delhi High Court hearing regarding the □1,670 Cr arbitral award for the Hyderabad-Vijayawada highway project will be the next major liquidity catalyst.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Concall not available — commentary absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,068.7	↑ 22.0%	↓ 11.7%	↑	Volume driven growth in coal and thermal PLF.
EBITDA (□Cr)	140.3	↑ 63.1%	↑ 75.3%	↑	Higher realizations at PT GEMS and PLF at Warora.
EBITDA Margin %	14%	↑ 400 bps	↑ 700 bps	↑	Operating leverage kicking in at thermal assets.
PAT (□Cr)	201.7	↑ 246.9%	↑ 174.0%	↑	Driven by □344.3 Cr share in JV profits.
Net Debt (□Cr)	7,800	→ Stable	→ Stable	→	Flat QoQ; Gross debt reduced by □300 Cr.
Interest Coverage (x)	0.43	↑ Improving	↑ Improving	↓	Still below 1x; core EBITDA doesn't cover interest.
Warora PLF (%)	94%	↑ 4000 bps	↑ 700 bps	↑	Massive operational turnaround.
Kamalanga PLF (%)	81%	↓ 200 bps	↑ 200 bps	→	Stable performance.
PT GEMS Sales (MT)	8.5	↓ 8.6%	↑ 28.7%	↓	YoY hit by Jan 2022 Indonesia export ban.
Coal Realization ($/t)	63.4	↑ 54.2%	Not stated	↑	Pricing power driven by global supply crunch.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Energy	547.3	↑ 22.5%	2%	↑	Below Avg	Warora Resolution Plan approved by lenders.
Highways	163.2	↑ 33.5%	76%	↑	Above Avg	Hyderabad-Vijayawada traffic up 41% YoY.
Others/EPC	358.2	↓ 11.9%	Not stated	↓	N/A	DFC project progress at 84-93%.
PT GEMS (JV)	4,056.9	↑ 45.4%	34%	↑	Above Avg	Dividend of USD 145mn paid in June 2022.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Clean Energy	Aim to be a "Top Tier Clean Energy Company" via 3-pillar strategy.	Requires massive capex/ pivot; current revenue is 54% thermal/coal.	First entry	High execution risk in EV/ Hydrogen.
Guidance	Asset Monetization	Monetize existing assets (Highways/Land) in a phase-wise manner.	Needs ₹1,030 Cr from Kakinada and Arbitral awards to deleverage.	Delivered first tranche of Kakinada.	Litigation delays in Highways.
Guidance	Debt Reduction	Gross debt reduction through internal accruals and divestments.	Needs ~₹300 Cr reduction per quarter to see material impact.	Gross debt reduced by ₹300 Cr this qtr.	High interest rates.
Strategy	Kakinada SEZ	Receive balance ₹1,030 Cr over next 2-3 years.	~₹340-500 Cr per annum.	On track.	Milestone-contingent.
Strategy	Railways EPC	Grow order book in asset-light mode (Station development/PPP).	Current DFC projects nearing completion (Dec 2022).	DFC progress >84%.	Order inflow gap post-Dec 22.
Strategy	Power Trading	Scale business to become $13B+ industry by 2026.	Group aiming for 2X growth in trading volumes.	Not specified.	Low margin/High volume.

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
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