GMR Power & Urban Infra Ltd — May 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline on Operations / Beat on Non-Core Liquidity **One-line:** Strong performance in Indonesian coal (PT GEMS) and progress in highway arbitration awards are offsetting the high interest burden as the company pivots toward an asset-light "Clean Energy" strategy.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Operational PLFs at Kamalanga (79%) and Warora (87%) were steady; Bajoli Holi COD achieved.	□
Earnings Quality	Low (One-off driven)	Consolidated PAT remains negative (□225.6 Cr loss) despite high PT GEMS dividends and divestment proceeds.	□
Guidance Confidence	Neutral	Strategy shift to "Cognitive Intuitive Clean Energy" is ambitious but lacks concrete execution timelines.	□
Management Credibility	Strong	Delivered on Bajoli Holi COD (Mar 28) and Kakinada SEZ divestment first tranche (□1,690 Cr).	□
Business Quality Signal	Improving	Transition from high-capex infra to asset-light/technology-led energy models reduces future balance sheet risk.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Leverage & Receivables	Focused on receipt of □1,670 Cr and □340 Cr arbitration awards to clean up the balance sheet.	□
Capital Cycle Stage	Harvesting / Pivot	Monetizing old infra assets (Land/Highways) to fund the "Green Ecosystem" entry.	□
Margin / Return Trajectory	Stable	Thermal margins stable; PT GEMS margins expanded significantly due to realization.	□
Pricing Power	Expanding	PT GEMS realization jumped 2.7x YoY; Thermal assets protected by PPA structures.	□
FCF Conversion & Quality	Weak	Core operations are cash-consumptive due to high interest charges (□346 Cr for the quarter).	□
Competitive Moat Signals	Stable	Regulated returns in power and long-term concessions in highways provide floor cash flows.	□
Balance Sheet Strength	Adequate	Deleveraging underway via SEZ sales, but Corporate debt (□3,600 Cr) remains a drag.	□
Working Capital Efficiency	Improving	Resumption of toll at Ambala-Chandigarh and focus on "Change-in-Law" claim recoveries.	□
Mgmt Guidance Track Record	Reliable	Consistent progress on asset monetization and project commissioning (Bajoli Holi).	□
Key Vulnerability	Interest Rates	High corporate debt (47% of total net debt) makes earnings sensitive to rising interest costs.	□
Management Tone	Confident	Tone reflects a shift from survival/restructuring to growth in the "Green ecosystem."	□

Sentiment: □Neutral

Key Takeaways: * **Positives:** PT GEMS is a massive cash cow, with EBITDA/ton jumping from $5 to $30.7 YoY; Kakinada SEZ divestment has brought in ₹1,690 Cr of liquidity; Bajoli Holi Hydro is finally operational. * **Negatives:** Consolidated operations are still not self-sustaining after interest costs; Corporate debt of ₹3,600 Cr represents nearly half of total net debt and sits at the holding level with no direct cash flow. * **Forward Watchpoint:** The Street is watching for the realization of the ₹1,670 Cr Hyderabad-Vijayawada arbitration award and the next tranche of Kakinada proceeds (₹1,030 Cr) to further deleverage.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q4FY22)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Net)	₹1,169.8 Cr	↑ 56.1% (₹749.3 Cr)	↑ 26.7% (₹923.1 Cr)	↑	Growth driven by higher energy segment contribution and toll resumption.
EBITDA	₹123.1 Cr	↓ 23.6% (₹161.1 Cr)	↓ 62.8% (₹330.9 Cr)	↓	Margin compression in the "Others" segment and higher fuel costs.
EBITDA Margin %	10.5%	↓ 1,100 bps	↓ 2,540 bps	↓	Negative swing in "Others" and Energy EBITDA offset coal dividend benefits.
PAT (Post MI)	(₹225.6 Cr)	↑ 76.3% (L)	↑ 60.1% (L)	↑	Narrowing losses (L=Loss); prior year loss was ₹953 Cr.
Net Debt (Excl. GEL)	₹7,600 Cr	First entry	First entry	→	Corporate debt (₹3.6k Cr) and Highways (₹2.2k Cr) are the largest components.
PLF - Warora	87%	↓ 100 bps	↑ 1,100 bps	↑	Stable performance; strong QoQ recovery.
PLF - Kamalanga	79%	↑ 400 bps	↓ 400 bps	→	Consistent performance within the 75-85% band.
PT GEMS Realization	$79.8/ton	↑ 168% ($29.7)	First entry	↑	Driven by global coal price spike; massive EBITDA expansion to $30.7/ton.
Toll Traffic (Hyd-Vij)	11.2 Mn PCU	↑ 2% (11.0 Mn)	→ (11.2 Mn)	→	Traffic stabilized after post-pandemic recovery.
Interest Coverage (x)	0.35x	First entry	First entry	↓	Core EBITDA does not cover interest (₹346 Cr); dependent on JV dividends.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	₹669.8 Cr	↑ 240%	-4%	↓	Below	Warora/Kamalanga JVs not consolidated; Rev is from power trading/standalone.
Highways	₹147.4 Cr	↑ 10.3%	73%	↑	Above	Toll resumption at Ambala-Chandigarh; Arbitrator award of ₹1,670 Cr in Hyd-Vij.
Others (incl. EPC)	₹393.8 Cr	First entry	Negative	↓	Below	Includes DFC project execution; physical progress at 81-92%.

---

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Clean Energy Strategy	Pivot to Clean Energy, Power Trading, and Green Hydrogen.	Requires significant growth in trading (2x by 2026).	Early stage; Bajoli Holi (Hydro) COD achieved.	High execution risk in new-tech.
Guidance	Deleveraging	Monetize Kakinada and Krishnagiri SIRs.	Received ₹1,690 Cr; ₹1,030 Cr remaining from Kakinada.	Successfully received first tranche.	Timing of land sales is lumpy.
Guidance	Highway Claims	Expedite receipt of arbitration claims (₹2,010 Cr total identified).	Depends on Delhi and Madras High Court hearings.	Court upheld Chennai ORR award (₹340 Cr).	Legal delays/ appeals.
Strategy	Asset Light Mode	Grow EPC order book and railway station development.	Needs consistent inflow of low-working capital projects.	Physical progress on DFC is high (81-92%).	Working capital in EPC.
Macro	Coal Prices	Higher profitability at PT GEMS due to Indonesian coal prices.	Sustainability of $79/ton realization is key to JV dividends.	Record CY21 dividend of $300 Mn.	Volatile commodity prices.

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
Operational Status	Under construction	Bajoli Holi Hydro (180MW) achieved COD	↑
Liquidity Position	Asset-rich/Cash-tight	Received ₹1,690 Cr from Kakinada SEZ sale	↑
Regulatory Status	Toll suspended	Ambala-Chandigarh tolling resumed (Dec 2021)	↑
Legal Environment	Claims pending	Arbitrator quantifies ₹1,670 Cr award for Hyd-Vij	↑
Strategic Focus	Traditional Infra	Formally announced "Cognitive Intuitive Clean Energy" strategy	↑

STOP HERE.