GMR Power & Urban Infra Ltd — Aug 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Headline) / Inline (Core) **One-line:** Massive deleveraging through a one-off NHAI settlement and robust thermal PLFs accelerate the transition to "Energy 2.0," but core profitability remains masked by consolidation and high finance costs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	PAT of □1,362 Cr driven by □1,393.6 Cr exceptional gain.	□
Earnings Quality	Low (One-off driven)	Headline profit is entirely due to the □1,387 Cr NHAI settlement for Hyderabad Vijayawada project.	□
Guidance Confidence	Neutral	Smart meter execution (7.58mn meters) is in early stages; Bosch equity entry provides validation.	□
Management Credibility	Strong	Successfully closed long-standing highway dispute; executed GEL consolidation and debt reduction.	□
Business Quality Signal	Improving	Thermal assets operating at >90% PLF; shift toward asset-light smart metering improves profile.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Leverage & Disputes	Management addressed this via the HV settlement and FCCB conversion to equity.	□
Capital Cycle Stage	Consolidation	Exiting legacy highway assets; pivoting to tech-enabled energy services.	□
Margin / Return Ratio	Improving	Consolidation of GEL and high PLFs pushed EBITDA margins to 38% (vs 23% YoY).	□
Pricing Power	Stable	Regulated thermal returns; smart meter contracts have fixed long-term value (~□7,590 Cr).	□
FCF Conversion & Quality	Distorted	High headline cash inflow from settlement used for debt repayment, not operating FCF.	□
Competitive Moat Signals	Stable	Large-scale smart metering LoAs in UP establish a first-mover advantage in AMI.	□
Balance Sheet Strength	Adequate	Net debt reduced by □980 Cr; FCCB conversion of □2,250 Cr further strengthens equity.	□
Working Capital Efficiency	Stable	DSO/DPO details limited in PPT; focus remains on UP Discom collection efficiency.	□
Mgmt Guidance Track	Reliable	Delivered on GEL consolidation and highway asset monetization as previously signaled.	□
Key Vulnerability	Fuel Supply/Gas	Gas plants (1,156 MW) remain stranded/under-utilized; coal supply for Warora/Kamalanga is critical.	□
Management Tone	Confident	Focused on "Maximizing Value" and "Building Tech Enabled Clean Energy."	□

Key Takeaways: * **Positives:** The amicable settlement with NHAI for □1,387 Cr is a structural positive, removing a major litigation overhang and providing immediate liquidity for debt reduction. Operational efficiency is high, with thermal PLFs (Warora 93%, Kamalanga 92%) significantly outperforming the private IPP average of ~76%. The entry of Bosch as a 10% partner in the Smart Metering SPVs validates the "Energy 2.0" strategy. * **Negatives:** Core performance (excluding one-offs) showed a PBT loss of □77 Cr, indicating that the interest burden (□450 Cr) still consumes operating EBITDA (□636 Cr). The Energy segment remains heavily reliant on coal, with gas assets still not contributing meaningfully to the bottom line. * **Forward Watchpoint:** Monitoring the 27-month implementation timeline for the 7.58mn smart meters in UP, as this will determine the success of the transition to a technology-led, annuity-style service model.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q1FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,611.9	↑ 43.4%	↓ 1.4%	↑	Growth driven by GEL consolidation (effective Nov-23).
Total Income (□Cr)	1,735.2	↑ 45.8%	↓ 1.9%	↑	Includes other income of □123.4 Cr.
EBITDA (□Cr)	636.2	↑ 147.7%	↑ 11.0%	↑	Margin expansion to 38% vs 23% YoY.
EBITDA Margin %	38.0%	↑ 1500 bps	↑ 500 bps	↑	Efficiency improvements at Warora/ Kamalanga.
PAT (□Cr)	1,362.1	↑ NM	↑ 699.4%	↑	Heavily skewed by □1,393.6 Cr exceptional gain.
Net Debt (□Cr)	9,800.0	First entry	↓ 9.1%	↑	Reduced by □980 Cr post-NHAI settlement.
Interest Coverage (x)	1.41	↑ 0.5x	↑ 0.3x	↑	EBITDA of □636 Cr vs Interest of □450 Cr.
Installed Capacity (MW)	3,015	→	→	→	Includes 1,650 MW Coal, 1,156 MW Gas, 209 MW Hydro/Renewables.
Warora PLF (%)	93.0%	↑ 300 bps	↑ 1300 bps	↑	Outperforming industry avg of 76%.
Kamalanga PLF (%)	92.0%	↑ 1000 bps	↑ 700 bps	↑	Driven by higher demand and operational efficiency.
Bajoli Holi PLF (%)	78.0%	↑ 1200 bps	↑ 6500 bps	↑	Seasonal hydro improvement.
Order Book (Smart Meters)	7.58 Mn	First entry	→	→	Total contract value ~□7,590 Cr (incl. GST).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,425.9	↑ 88.9%	34.5%	↑	Inline	GEL consolidation; PLFs at record highs.
Highways	217.9	↑ 20.3%	51.8%	↑	Higher	HV project handed back; Ambala traffic ↑ 28%.
Others (EPC/ SIR)	91.4	↓ 58.7%	34.7%	↓	Inline	Land sale of 100 acres in TN in progress.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
Guidance	Smart Metering	Install 7.58mn meters in 27 months.	~2.8 lakh meters/month.	First entry.	Supply chain/IT integration risks.
Guidance	Asset Monetization	Sale of 100 acres at Krishnagiri SIR to TN Govt in FY25.	N/A	Ongoing.	Regulatory/valuation delays.
Strategy	Deleveraging	Utilize settlement proceeds to reduce corporate debt.	N/A	Delivered: Net debt ↓ ₹980 Cr.	High interest rates on remaining debt.
Strategy	Energy 2.0	Transition to asset-light, platform-based models.	N/A	First entry: Bosch 10% JV.	Execution on new tech.
Capex Plan	Hydro	1,425 MW under development (Alaknanda, Upper Karnali).	N/A	Slow progress on Upper Karnali.	Funding/Geopolitical risks.
Macro	Industry	Maintain high utilization to capture peak demand.	>90% PLF	Delivered: 92-93% PLF.	Coal availability.
Balance	FCCB Conversion	Convert ₹2,250 Cr FCCBs into equity shares.	N/A	Completed (July 10, 2024).	Equity dilution.

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
First entry	Not available	Not available	First entry

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