GMR Power & Urban Infra Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Strategic) / Inline (Operations) **One-line:** The "Cleanup" is officially over; with □1,140 Cr in cash recovered from Haryana DISCOM and a □2,700 Cr refinancing at Kamalanga, GPUIL has successfully pivoted from a distressed holding co to an operational annuity engine.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Strong Beat	Significant ramp in Smart Meter installations (~3.3L/month vs ~2.4L in Q2) and landmark refinancing completion.	□
Earnings Quality	Low (Accounting realignments)	Reported PAT hit by □124.9 Cr net exceptional loss (Slide 15) primarily from Supreme Court order realignments.	□
Guidance Confidence	Strong	Smart Metering is now exceeding the required run-rate (30L total vs 20.3L in Oct); refinancing saves □72-75 Cr interest annually.	□
Management Credibility	Strong	Delivered on the "big three": Haryana cash recovery, GKEL refinancing, and Smart Metering run-rate acceleration.	□
Business Quality Signal	Improving	Transition to high-PLF thermal (83-84%) and accelerating high-margin Smart Metering implementation.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Liquidity & Interest	**Resolved:** Haryana cash (□1,140 Cr) and 265 bps rate reduction at Kamalanga address the primary insolvency fears.	□
Capital Cycle Stage	Harvesting / Growth	Harvesting legacy claims to fund "GPUIL 2.0" (Renewables/ Smart Distribution).	□
Margin / Return Ratio Trajectory	Improving	Adjusted losses narrowing (□14.1 Cr vs □37.9 Cr in Q2); interest savings to hit bottom line next quarter.	□
Pricing Power	Stable	Regulated thermal returns; fixed annuity per meter in Smart Distribution.	□
FCF Conversion & Quality	Strong	Massive cash infusion from Haryana DISCOM (□1,140 Cr) materially improves liquidity.	□
Competitive Moat Signals	Widening	Increasing scale in Smart Metering (30L installed) makes them the dominant private player in UP.	□
Balance Sheet Strength	Adequate	Net Debt (reported) □9,080 Cr; however, liquidity injection from Haryana DISCOM is transformative.	□
Working Capital Efficiency	Improving	Realized □1,140 Cr in long-pending energy receivables.	□
Mgmt Guidance Track Record	Reliable	Meeting installation targets and refinancing timelines.	□
Key Vulnerability / Red Flag	Highway Traffic	Ambala-Chandigarh traffic remains a structural drag, down 15.2% YoY due to alternate routes.	□
Management Tone	Confident	Focused on "GPUIL 2.0" and "Delivering the Promise."	□

Key Takeaways: * **Positives:** The thesis has materially de-risked. The successful refinancing of GMR Kamalanga (GKEL) debt (□2,700 Cr) at 9.5% (down from 12.15%) is a structural win that saves □72-75 Cr annually. Smart Metering execution has hit its stride, with total installations reaching 30 Lakh as of Jan '26—the

~3.3 Lakh/month run-rate this quarter comfortably exceeds the ~2.6 Lakh/month required for on-time completion. The receipt of □11.4bn from Haryana DISCOM validates management's litigation strategy and provides a massive liquidity buffer. * **Negatives:** The Highway segment continues to deteriorate; traffic at Ambala-Chandigarh fell 15.2% YoY, and the dispute with NHAI is now entering a new legal phase in the Supreme Court. Thermal EBITDA was impacted by one-time expenses (Kamalanga EBITDA margin dropped to 22% vs 39% YoY). * **The Street's Main Concern:** High interest costs were the "bear case" for GPUIL. This quarter proves the company can access capital markets for refinancing (□12bn preferential issue and □27bn GKEL loan) and successfully recover legacy dues. * **Forward Watchpoint:** The full conversion of 3.3 Cr warrants into equity (□300 Cr expected) and the monetization of the 32-acre land parcel at Krishnagiri SIR to a Tamil Nadu government agency.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q3FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	2,002.6	↑ 14.0%	↑ 4.2%	□	Driven by Smart Metering revenue scaling up.
EBITDA (□Cr)	502.4	↑ 1.2%	↑ 5.7%	□	Mix shift toward Smart Meters (9% of EBITDA).
EBITDA Margin %	25.0%	↓ 300 bps	→	→	Impacted by one-time energy expenses and meter mix.
PAT (□Cr)	(160.3)	↓ NM	↓ NM	□	Reported loss due to □124.9 Cr exceptional loss.
Adj. PAT (□Cr)	(14.1)	↑ 97%	↑ 63%	□	Adjusted for non-cash finance and exceptionals.
Net Debt (□Cr)	9,080	N/A	↑ 7.2%	□	Gross debt up by □210 Cr; Net debt vs Prior Context.
Kamalanga PLF (%)	83%	↑ 100 bps	↑ 200 bps	□	Stable operations post-overhaul last quarter.
Warora PLF (%)	84%	↓ 200 bps	↑ 1100 bps	□	Sharp recovery from Q2 overhauls (73%).
Smart Meters (L)	30.0	First Entry	↑ 47.8%	□	Reached ~3.3L/month installation run-rate.
Smart Meter Rev (□Cr)	433.0	↑ 154%	↑ 49.3%	□	Reflects accelerating implementation phase.
Energy Trading Rev (□Cr)	471.0	↓ 17.5%	↓ 17.5%	□	Sequential drop in trading volumes.
Interest Savings (□Cr)	72.0 - 75.0	New	N/A	□	Estimated savings from GKEL refinancing.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,443.1	↓ 0.1%	29.0%	→	Higher	Refinancing at 9.5% de-risks GKEL asset.
Smart Meters	434.3	↑ 152.0%	11.0%	↑	Lower	30L installations achieved; run-rate at 3.3L/ mo.
Highways	173.7	↓ 50.3%	51.0%	↓	Higher	Traffic bleed continues; 15.2% YoY drop.
EPC/Others	74.0	↓ NM	- NM	↓	Lower	DFCC project complete; □2,324 Cr claims pending.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Smart Metering	Install 75.7 Lakh meters in UP.	Needs ~2.5L/month for 18 months; **Q3 hit ~3.3L/month.**	**Exceeding**	Low
Guidance	Deleveraging	Refinancing GMR Kamalanga (GKEL).	**Target Met:** Secured □2,700 Cr facility at 9.5%.	**Delivered**	None
Guidance	Interest Savings	Reduce GKEL interest cost.	Savings of □720-750 Mn (□72-75 Cr) in year 1.	**On Track**	None
Strategy	Monetization	Sale of 32 acres in Krishnagiri SIR.	Discussion with TN Govt agency ongoing.	**Delayed**	Govt timing
Strategy	GPUIL 2.0	Expand Renewables/ Solar.	Signed 10MW PPA with Grasim; developing 2nd solar plant.	**Early Stage**	None
Balance	Receivables	Recover □1,140 Cr from Haryana.	**Target Met:** Entire □11.4bn claim paid by DISCOM.	**Delivered**	None
Strategy	Asset Exit	Dispose of Gas/Hydro (Bajoli Holi).	Framework agreement executed; disposal in process.	**In Progress**	Legal exit

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
Liquidity Position	Claim for coal costs was pending.	**Received □1,140 Cr cash** from Haryana DISCOM.	□
Cost of Debt	GKEL debt cost at ~12.15%.	**Refinanced at 9.50%** (□2,700 Cr facility).	□
Execution Speed	Installation at ~2.4 Lakh meters/month.	**Ramped to ~3.3 Lakh meters/month.**	□
Equity Capital	Pending preferential issue approval.	**Allotted □800 Cr equity**; received □100 Cr for warrants.	□
Operational Health	PLFs hit by maintenance (73-81%).	**PLFs recovered to 83-84%** across both plants.	□
Smart Meter Rev	Contributed □290.0 Cr.	**Contributed □433.0 Cr** (21.7% of mix).	□
Highway Policy	Standard toll pass structure.	**Supplementary Agreement signed** for recurring annual pass compensation.	□

INVESTOR NOTES: * **Thesis De-risking:** The Q2 "liquidity anxiety" has been resolved. The receipt of ₹1,140 Cr cash and the 265 bps reduction in Kamalanga interest rates provide the necessary "breathing room" to fund the Smart Metering capex without further stressing the balance sheet. * **Execution Alpha:** Management is no longer just hitting Smart Metering targets; they are exceeding them. The installation run-rate (3.3L/mo) is now well above the original requirement, suggesting the implementation phase could conclude ahead of the 2027 deadline. * **Earnings Quality:** While the reported loss looks poor, it is driven by non-cash finance costs (Slide 11) and one-time accounting realignment with the Supreme Court judgment for Kamalanga. The "Adjusted Loss" of ₹14.1 Cr is the truer metric, nearing break-even. * **Critical Watchpoint:** The next leg of re-rating depends on (1) the transition of Smart Meters to the high-margin O&M phase and (2) successful monetization of the Krishnagiri SIR land to provide the final "debt-free" push for the corporate entity.

STOP HERE.