GMR Power & Urban Infra Ltd — Jan 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Core) / Mixed (Headline) **One-line:** The thesis remains on track as a "deleveraging and transition" story; management successfully utilized highway settlement proceeds to slash corporate debt while moving the Smart Metering business into the physical execution phase.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Operational PLFs (67-78%) aligned with maintenance schedules; Smart Metering rollout has commenced.	□
Earnings Quality	Low (Distorted)	PAT is heavily impacted by non-cash impairments at Bajoli Holi (□657 Cr) and FCCB interest waivers (□210 Cr).	□
Guidance Confidence	Neutral	Smart Metering requires a 10x jump in monthly installation run-rate to meet the 27-month contract deadline.	□
Management Credibility	Strong	Delivered on the promise to use Hyderabad-Vijayawada (HV) settlement proceeds for corporate debt reduction (□608 Cr).	□
Business Quality Signal	Improving	Transition to "Energy 2.0" (Smart Metering + C&I Renewables) is diversifying the risk away from legacy thermal.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Execution Scaling	Can GMR scale from ~1.4 lakh to 75 lakh smart meters within the stipulated 27-month window?	□
Capital Cycle Stage	Consolidation	Aggressive deleveraging phase; exiting legacy BOT-Toll roads to fund technology-led energy services.	□
Margin / Return Ratio	Stable	Continuing operations EBITDA margin remains healthy at 35.5% despite seasonal thermal maintenance.	□
Pricing Power	Stable	Regulated returns in thermal/hydro; Smart Metering is a long-term fixed-fee annuity-style contract.	□
FCF Conversion & Quality	Improving	Operating cash flow is being prioritized for debt retirement; Gross debt reduced by □721 Cr QoQ.	□
Competitive Moat Signals	Widening	Strategic partnership with Bosch (10% equity in SPVs) for Smart Metering validates the tech stack.	□
Balance Sheet Strength	Adequate	Net Debt reduced to □8,845 Cr; Corporate-level debt significantly leaner post-HV settlement.	□
Working Capital Efficiency	Stable	Inventory building for smart meter rollout; Focus shifts to UP Discom payment cycles.	□
Mgmt Guidance Track	Reliable	Successfully consolidated GEL and utilized asset monetization for deleveraging.	□
Key Vulnerability	Asset Volatility	Large impairment at Bajoli Holi highlights the risk of non-cash write-downs in legacy hydro assets.	□
Management Tone	Confident	Focused on "GPUIL 2.0" and asset-light technology models.	□

Key Takeaways: * **Positives:** The deleveraging story is real; management used □608 Cr of settlement claims to retire expensive corporate debt, reducing the interest burden. The Smart Metering project is now "live" with IT integration complete and physical installations underway. The partnership with a German tech major (Bosch) for

10% equity in SPVs provides high execution credibility. * **Negatives:** Core operational performance in the Energy segment saw a seasonal dip, with Warora PLF at 67% and Kamalanga at 78% due to planned maintenance. The massive □657 Cr loss/impairment at the Bajoli Holi hydro project (accounted as a JV) continues to mask the underlying profitability of the thermal assets. * **Forward Watchpoint:** The transition from the current ~1.42 lakh meters to the required monthly run-rate of ~3 lakh meters. Any delays in the "Operational Go-live" for billing in the UP Discoms will delay the annuity cash flow cycle.

2. BUSINESS PERFORMANCE

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

Metric	Current Qtr (Q2FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,384.1	↑ 120.6%	↓ 14.1%	↑	YoY growth driven by GEL consolidation; QoQ dip due to thermal maintenance.
EBITDA (□Cr)	535.0	↑ 208.2%	↓ 16.0%	↑	Margin at 35.5%; reflects high operational efficiency post-GEL consolidation.
EBITDA Margin %	35.5%	↑ 750 bps	↓ 120 bps	↑	Structurally higher post-GEL consolidation vs legacy standalone entity.
PAT (□Cr)	249.5	↑ NM	↓ 81.7%	↓	Q2 includes □210 Cr FCCB gain but hit by JV losses/impairments.
Net Debt (□Cr)	8,845.0	Not in Doc	↓ 6.5%	↑	Net debt reduced by □617 Cr QoQ through asset settlement proceeds.
Installed Capacity (GW)	~3.0	→	→	→	Includes 1,650 MW Coal, 1,155 MW Gas (idle), 180 MW Hydro.
Warora PLF (%)	67.0%	↓ 800 bps	↓ 2,600 bps	↓	Lower due to planned maintenance/overhaul during the quarter.
Kamalanga PLF (%)	78.0%	↑ 200 bps	↓ 1,400 bps	→	Consistent performance despite overhauling; above industry avg.
Bajoli Holi PLF (%)	81.0%	↓ 400 bps	↑ 300 bps	→	Consistent hydro generation; EBITDA margin remains ~90%.
Smart Meters Installed	1.42 Lakh	First Entry	↑	↑	Total contract for 75.69 Lakh meters; rollout commenced in UP.
Interest Coverage (x)	1.46	↑ 0.82	↑ 0.05	↑	Improving profile as corporate debt is retired.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,222.0	↑ 360%	33.0%	↑	Inline	GEL consolidation complete; focus on C&I/ Renewable expansion.
Highways	125.0	↑ 24.5%	35.0%	→	Inline	Ambala-Chandigarh traffic up 31.7% YoY; HV project exit complete.
Others (EPC/ SIR)	37.0	↓ NM	34.0%	↓	Inline	DFCC projects at 99.8%+ completion; Krishnagiri SIR phase 2 dev.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Smart Metering	Complete 75.69 Lakh meter rollout in 27 months.	Needs ~2.85L meters/month; current total ~1.4L. High lift required.	Commenced.	Execution scale.
Guidance	Smart Metering	Achieve "Operational Go-Live" for billing shortly.	Imminent; system testing in progress by DISCOMs.	In progress.	Tech integration.
Guidance	EPC	Complete Eastern DFC Package 201/202 by Dec '24.	Needs <0.2% progress; currently at 99.8%.	On track.	Low.
Strategy	Deleveraging	Utilize HV settlement for debt reduction.	Achieved □608 Cr reduction this quarter.	Delivered.	Interest rates.
Strategy	GPUIL 2.0	Transition to C&I and Hybrid Renewables.	Pipeline of 212 MWp solar at existing land parcels.	MOU for 900MW Nepal.	Regulatory.
Capex Plan	Renewables	Develop 60MWp at Kamalanga and 40MWp at Warora.	Internal land available; awaiting execution timeline.	First entry.	Execution timing.

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY25)	This Quarter (Q2FY25)	Direction
Net Debt Position	Net Debt was ~□9,180 Cr.	Net Debt reduced to □8,845 Cr.	↑
Operational PLFs	Peak performance: Warora 93%, Kamalanga 92%.	Maintenance dip: Warora 67%, Kamalanga 78%.	↓
Corporate Debt	Settlement cash pending utilization.	□608 Cr corporate debt retired using HV cash.	↑
Smart Meter Status	IT integration phase.	Physical rollout started (1.42L units installed).	↑
Asset Valuation	No major impairment reported.	□657 Cr impairment loss at Bajoli Holi (JV).	↓
Nepal Hydro Strategy	Individual pursuit.	MOU signed with SJVN and IREDA for 900MW project.	□

INVESTOR NOTES: * **Balance Sheet Cleanup:** The defining feature of this quarter is the reduction in Gross Debt (□721 Cr) and the utilization of the HV settlement. This significantly de-risks the corporate balance sheet. * **Earnings Quality:** The headline PAT remains "noisy." Investors should ignore the Bajoli Holi impairment (non-cash) and the FCCB waiver (non-operating) and focus on the □535 Cr core EBITDA from continuing operations. * **The Run-Rate Challenge:** To hit the 75.7 Lakh smart meter target by the contract end, the company needs to install ~3 Lakh meters per month. While the first 1.4 lakh are in, the company has yet to demonstrate the logistics of a 10,000-meters-per-day pace. * **GEL Integration:** The consolidation of GMR Energy Ltd (GEL) is now fully reflected, providing a much clearer view of the recurring power cash flows compared to the previous associate-accounting method.

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