GMR Power & Urban Infra Ltd — May 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline **One-line:** GPUIL has completed its structural cleanup by consolidating 99% of GMR Energy (GEL) and securing a □7,593 Cr Smart Metering beachhead, yet the thesis remains a race between "Energy 2.0" cash flows and a massive □11,000 Cr debt pile.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Revenue up 46% QoQ; EBITDA up 42% QoQ (reflecting full GEL consolidation).	□
Earnings Quality	Low (Accounting driven)	Reported PAT of □170.4 Cr hinges on a □333.1 Cr exceptional gain; core PBT is □(77.0) Cr.	□
Guidance Confidence	Neutral	Smart Metering LOA (□7,593 Cr) is high-visibility but execution-heavy (UP landscape).	□
Management Credibility	Strong	Successfully exited Tenaga/Claymore and quantified Hyd-Vja claims at □1,672 Cr.	□
Business Quality Signal	Improving	Shift from volatile EPC to 10-year annuity-style Smart Metering and regulated thermal.	□
Key Q&A Exchange	N/A — PPT_ONLY	Not applicable	□
The Street's Primary Anxiety	Debt Sustainability	Net Debt remains at □11,000 Cr; interest cost (□523.5 Cr) consumes nearly all EBITDA.	□
Capital Cycle Stage	Pivot / Harvesting	Winding down legacy EPC; harvesting thermal cash; investing in Smart Metering.	□
Margin / Return Ratio Trajectory	Stable	EBITDA margins steady at 33% (down slightly from 35% QoQ).	→
Pricing Power	Stable	Regulated tariffs in thermal; fixed-fee 10-year metering contract with Discoms.	□
FCF Conversion & Quality	Weak	Negative core PBT and seasonal hydro losses (Bajoli Holi) continue to drain cash.	□
Competitive Moat Signals	Widening	Largest private AMI (Smart Metering) award in UP (~7.6 million meters).	□
Balance Sheet Strength	Stressed	Net Debt at □11,000 Cr; relies on asset monetization/claims for deleveraging.	□
Working Capital Efficiency	Improving	Pivot toward prepaid metering will eliminate collection risk in the new segment.	□
Mgmt Guidance Track Record	Reliable	Delivered on simplifying corporate structure and asset consolidation.	□
Key Vulnerability / Red Flag	Interest Burden	Interest expense (□523.5 Cr) is ~91% of EBITDA; zero room for operational error.	□
Management Tone	Optimistic	Focus is entirely on "Asset Light" and "Energy 2.0" (Smart Metering).	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** Management has successfully streamlined the complex GMR Energy (GEL) structure, now owning 99.08%, which allows for full control of cash flows from Warora and Kamalanga (combined EBITDA ~₹482 Cr this quarter). The "Energy 2.0" strategy is no longer theoretical, with a ₹7,593 Cr Smart Metering order providing a 10-year revenue runway. Furthermore, the quantification of the Hyderabad-Vijayawada claim at ₹1,672 Cr provides a clear (albeit litigated) path to deleveraging. * **Negatives:** Despite the structural cleanup, the business is not yet self-sustaining on a PBT level. Excluding the exceptional gain from the Claymore settlement, the company lost ₹77.0 Cr this quarter. The interest burden of ₹523.5 Cr per quarter is punishing, and the debt-heavy Bajoli Holi hydro project continues to report net losses (₹60.0 Cr) during low-flow seasons. * **Street Concern:** Analysts remain hyper-focused on the timing of "real" cash inflows—specifically the ₹1,672 Cr highway claim and the sale of 318 acres in Krishnagiri—as core operations currently lack the buffer to significantly pay down the ₹11,000 Cr net debt. * **Watchpoint:** The execution of the UP Smart Metering project (75.69 lakh meters). This requires a massive logistical rollout of ~2.8 lakh meters per month to meet the 27-month implementation window.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	1,769.2	↑ 11.3%	↑ 46.3%	↑	Driven by full consolidation of GEL assets.
EBITDA (₹Cr)	573.2	↑ 146.4%	↑ 42.4%	↑	Higher contribution from Thermal assets.
EBITDA Margin %	32.4%	↑ 1,777 bps	↓ 85 bps	→	Expansion vs YoY due to thermal PLFs/ consolidation.
PAT (₹Cr)	170.4	↑ 136.6%	↑ 1.4%	□	Includes ₹333.1 Cr exceptional gain.
Net Debt (₹Cr)	11,000.0	↑ 120.0%	→	↓	Stable QoQ but high post-GEL consolidation.
Interest Coverage (x)	1.09	↑ 54%	↑ 10%	↑	Improving but remains precarious.
Order Book - Smart Metering (₹Cr)	7,593.0	First entry	First entry	↑	Total contract value for UP Discoms.
Warora PLF (%)	80%	↓ 1,100 bps	↓ 600 bps	↓	Lower due to plant overhauling.
Kamalanga PLF (%)	85%	↓ 400 bps	→	→	Maintained high efficiency.
Bajoli Holi PLF (%)	13%	↑ 800 bps	↓ 200 bps	↓	Seasonal low for Himalayan hydro.
Installed Capacity (MW)	1,820	→	→	→	Coal: 1,200; Gas: 440; Hydro: 180.
DSO (Days)	Not in doc	-	-	-	Not provided in Q4 presentation.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Energy (Consol)	1,470.7	↑ 43.2%	33.3%	↑	Inline	Reflects full consolidation of Warora/ Kamalanga.
Highways (Consol)	201.0	↓ 11.2%	67.5%	↓	Above	Revenue share impact (₹212.0 Cr for year).
Warora (Thermal)	513.2	↑ 5.1%	34.8%	↑	Inline	PAT of ₹62.0 Cr; average tariff improved.
Kamalanga (Thermal)	733.9	↓ 10.3%	41.4%	□	Above	Lower variable tariff due to coal cost reduction.
Bajoli Holi (Hydro)	55.0	↑ 650.0%	68.2%	↑	Above	Seasonal low but improved YoY.
Urban Infra / EPC	97.5	↓ 71.0%	N/A	↓	N/A	EPC winding down (DFC project ~98-99% done).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Energy 2.0	Install 75.69 lakh smart meters in UP within 27 months.	Needs ~2.80 lakh meters per month installation pace.	First Entry	Logistics/ Execution risk in rural UP.
Guidance	Energy 2.0	10-year O&M period with ₹7,593 Cr Total Contract Value.	~₹759 Cr annual revenue run-rate post-commissioning.	New Contract	Counterparty risk (UP Discoms).
Guidance	Asset Monetization	Monetize ~318 acres in Krishnagiri to TN Govt Agency in FY25.	Sale is currently "under discussion."	On Track	Timing of government payouts.
Guidance	Highway Claims	Realize quantified gross claim of ₹1,672 Cr for Hyd-Vja till FY20.	Subject to ongoing Delhi High Court proceedings.	Quantified	Legal delays (NHAI appeal).
Strategy	Deleveraging	Monetize Highway/SEZ assets to reduce Corporate Debt (₹2,600 Cr).	Dependent on Krishnagiri and arbitration awards.	Ongoing	High interest cost (₹523 Cr/qtr).
Strategy	EPC Exit	Transition out of standalone EPC once DFC project is complete (Sept '24).	DFC project is 98.3-98.9% complete.	Consistent	Revenue vacuum post-Sept '24.

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 (Q3FY24)	This Quarter (Q4FY24)	Direction
GEL Ownership	86.90% (following Tenaga exit)	99.08% (following Claymore settlement)	↑
Exceptional Gain	₹220.7 Cr (Tenaga related)	₹333.1 Cr (Claymore related)	↑
Energy Consol Revenue	₹869.1 Cr	₹1,470.7 Cr	↑
Energy Consol EBITDA	₹255.9 Cr	₹490.5 Cr	↑
Smart Metering Status	LOA stage	Formal transition to execution phase.	↑
Highway Claim	Under quantification	₹1,672 Cr quantified for Hyd-Vja.	↑
Bajoli Holi Performance	Net Loss ₹101.0 Cr	Net Loss ₹60.0 Cr	↑
Warora PLF	86%	80% (Overhaul impact)	↓

Investor Notes: * **Thesis Pivot:** This quarter marks the formal end of GPUIL's "restructuring" phase. With GEL 99% owned, the balance sheet is now transparently carrying the debt and cash flows of the thermal assets. The pivot to "Integrated Utility" is confirmed by the start of the Smart Metering project. * **Earnings Quality:** For the second consecutive quarter, "Net Profit" is entirely reliant on accounting entries related to asset consolidation (Exceptional Gains). Core PBT remains negative (₹-77 Cr), implying the business still cannot service its debt from operations alone. * **The Debt Race:** Interest costs are now ₹523 Cr per quarter. EBITDA is ₹573 Cr. This 1.1x coverage is thin. The thesis now depends entirely on (1) the speed of the ₹1,672 Cr highway claim realization and (2) the successful sale of land in Krishnagiri to TN Govt. * **Operational Lever:** Thermal assets are performing well (PLF >80%), but the real alpha must come from "Energy 2.0." The Smart Metering project needs to ramp up quickly to replace the revenue being lost as the EPC business (DFC project) concludes in September 2024.

STOP HERE.