GMR Power & Urban Infra Ltd — May 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Operations) / Beat (Strategic) **One-line:** The "Cleanup and Transition" thesis is accelerating significantly as management executes a definitive exit from stressed legacy assets (Hydro/Gas) and scales the Smart Metering vertical by 6x in six months.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Beat	Operational PLFs recovered to 92-93% levels; Smart Meter installations grew from 1.42L (Q2) to 8.98L.	□
Earnings Quality	Moderate	PAT includes reversals for "Change in Law" (□46 Cr hit) and JV losses, but core EBITDA from Kamalanga remains robust.	□
Guidance Confidence	Strong	Divestment framework for Bajoli Holi and Gas plants signed; GREL OTS completed, clearing massive contingent liabilities.	□
Management Credibility	Strong	Delivering on the promise to excise "bad bank" assets; successfully negotiated □657 Cr OTS for a ~□2,040 Cr liability.	□
Business Quality Signal	Improving	Transitioning from asset-heavy, stressed IPP to an asset-light Energy Services (AMISP) and high-utilization Coal IPP model.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Stressed Asset Drag	Management addressed this via the Synergy deal to divest Bajoli Holi and Gas plants (Vemagiri/Rajahmundry).	□
Capital Cycle Stage	Consolidation/ Pivot	Exiting legacy BOT/Hydro to fund Smart Metering and C&I Renewable expansion.	□
Margin / Return Ratio	Stable	Consolidated EBITDA margins at 27%; Kamalanga standalone margins healthy at 40%.	□
Pricing Power	Stable	Regulated/PPA-driven for Coal assets; annuity-style fixed fee for Smart Metering.	□
FCF Conversion & Quality	Improving	Divestment of 79.8% stake in Bajoli Holi removes a major cash-bleeding JV from the consolidated profile.	□
Competitive Moat Signals	Widening	Bosch partnership (10% equity) and successfully hitting 100% IT integration in UP validates technical execution.	□
Balance Sheet Strength	Improving	Consolidated Net Debt reduced to □5,020 Cr (post exclusion of JVs/ divestments) from □8,845 Cr in Q2.	□
Working Capital Efficiency	Stable	Focus remains on the □1,465 Cr Energy receivables; Smart Metering billing "Go-live" is the next liquidity trigger.	□
Mgmt Guidance Track	Reliable	Successfully consolidated GEL, completed Rajahmundry OTS, and hit Smart Meter milestones.	□
Key Vulnerability	Execution Ramp	Needs to triple the current monthly installation run-rate to meet the 27-month implementation window.	□
Management Tone	Confident	PPT emphasizes "GPUIL 2.0" and "Delivering the Promise."	□

Key Takeaways: * **Positives:** The definitive divestment of Bajoli Holi (Hydro) and the non-operational Gas plants (Vemagiri/Rajahmundry) is the most significant thesis-strengthening move since the GEL consolidation. The One-Time Settlement (OTS) of Rajahmundry debt for □657 Cr (settling □2,039.7 Cr of liabilities) represents a massive value unlock and de-risking event. Operationally, thermal PLFs have returned to >90% levels, and the Smart Metering project has moved from the pilot phase to meaningful rollout (~9 lakh meters). * **Negatives:** Core earnings at Warora were dampened by a □46 Cr reversal of carrying costs due to "Change in Law" rulings. Bajoli Holi continues to report significant losses (□72.8 Cr loss in Q4; □715.7 Cr loss for FY25) which, while being divested, remains a drag on the current consolidated PAT. * **The Street's Main Concern:** Analysts are focused on the monthly run-rate for Smart Meters. To hit the 75.7 lakh target within the contract's implementation window, the company must ramp up from the current ~1.25 lakh/month pace to ~3.5 lakh/month. * **Forward Watchpoint:** "Operational Go-live" for the UP Smart Metering project. This is the trigger that converts installed meters into a steady, annuity-based billing stream.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q4FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,862.8	↑ 5.4%	↑ 5.7%	↑	Driven by higher coal trading and steady thermal PLFs.
EBITDA (□Cr)	505.4	↓ 12.5%	↑ 1.8%	→	YoY dip due to exit of Hyderabad-Vijayawada highway project.
EBITDA Margin %	27.1%	↓ 690 bps	↓ 100 bps	↓	Lower highway contribution and Warora cost reversals.
PAT (Cont. Ops) (□Cr)	177.3	↓ 7.3%	↑ NM	↑	Q3 was a loss; Q4 recovered but hit by JV losses.
Net Debt (□Cr)	5,020.0	N/A	↓ 43.2%	↑	Reduction due to exclusion of JVs (Bajoli/GREL) slated for divestment.
Warora PLF (%)	93.0%	↑ 1,300 bps	↑ 2,600 bps	↑	Significant recovery post-maintenance in prior periods.
Kamalanga PLF (%)	92.0%	↑ 700 bps	↑ 1,400 bps	↑	Consistent high-performance asset; above industry avg.
Smart Meters (Lakhs)	8.98	First Entry	↑ 532%	↑	Rapid ramp-up from 1.42L reported in Q2.
Order Book (Smart Mtr)	□7,590 Cr	→	→	→	10-year contract for 75.69 Lakh meters.
Interest Coverage (x)	1.28	↓	↑	□	Consolidated coverage remains tight but improving via deleveraging.
Energy Receivables (□Cr)	1,465.0	N/A	N/A	→	Core focus for working capital improvement.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,554.3	↑ 5.7%	28.4%	→	Inline	High PLFs at Coal plants offset by Hydro/ Gas drag.
Highways	186.2	↓ NM	54.7%	↑	Higher	Ambala-Chandigarh traffic up 31% YoY.
Smart Metering	151.6	First Entry	7.0%	↑	Lower	Implementation phase; margins reflect early rollout costs.
Others (EPC/ SIR)	82.3	↓	N/A	↓	Lower	DFCC project reaching 99.1% completion.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Smart Metering	Install 75.69 Lakh meters (UP Project).	Needs ~3.7 Lakh/month to finish in 18 months; current Q3-Q4 avg is 1.25 Lakh.	Progressing.	Execution scale.
Guidance	Smart Metering	Achieve "Operational Go-Live" (Billing).	Final stage of testing/sign-off with UP Discoms.	On track.	IT/System risk.
Strategy	Deleveraging	Divest Bajoli Holi, Vemagiri, Rajahmundry.	Framework signed for □653 Cr consideration to Synergy.	High Feasibility.	Regulatory approvals.
Strategy	GREL Settlement	Settle □2,040 Cr debt for □657 Cr.	Achieved; OTS proposal accepted and payment made.	**Delivered.**	None.
Strategy	SIR Monetization	Sale of ~133 acres (SIR) in progress.	101 acres to industrial client + 32 acres to TN Govt.	Ongoing.	Timing risk.
Capex Plan	Renewables	Pivot to C&I and Hybrid supply.	Utilizing existing land at Kamalanga/Warora for Solar.	Early Stage.	Policy risk.

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 (Q2FY25)	This Quarter (Q4FY25)	Direction
Asset Perimeter	Bajoli Holi and Gas plants were core JVs.	Framework agreement signed to divest stakes in all three assets.	□
Rajahmundry Debt	Stressed liability overhang of ~□2,040 Cr.	Liability cleared through □657 Cr One-Time Settlement (OTS).	□
Smart Meter Scale	1.42 Lakh meters installed.	8.98 Lakh meters installed (6.3x growth).	□
Reported Net Debt	□8,845 Cr (Consolidated).	□5,020 Cr (Reported consolidated - excludes JVs).	□
Thermal Performance	Warora PLF 67%; Kamalanga PLF 78%.	Warora PLF 93%; Kamalanga PLF 92%.	□
Smart Meter Funding	Sanction pending/early stage.	□2,128 Cr loan sanctioned by IREDA; □300 Cr already disbursed.	□

INVESTOR NOTES: * **The "Bad Bank" Exit:** By signing the Synergy agreement, GMR is essentially "cutting the tail" of non-performing assets. Bajoli Holi, which lost □715.7 Cr this year, will no longer drain corporate cash or focus. * **Valuation Accretion:** The Rajahmundry OTS is a masterclass in balance sheet repair—eliminating over □2,000 Cr of debt/preference shares for a cash outflow of □657 Cr. * **Operating Leverage:** With coal plants running at >90% PLF, the core business is generating the cash flow needed to bridge the transition to "GPUIL 2.0." * **Implementation Speed:** While the 8.98 lakh meters is a massive jump, the mathematical run-rate required to hit 75.7 lakh meters in the next ~18-20 months is nearly 3.7 lakh meters per month. Management needs to demonstrate that the logistical "pipe" can handle 12,000+ installations per day. * **Thesis Status:** The thesis has evolved from "survival and repair" to "growth and transition." The primary risk has shifted from balance sheet solvency to execution scaling in the Smart Metering business.

STOP HERE.