GMR Power & Urban Infra Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Strategic) / Inline (Operations) **One-line:** The thesis has shifted from "cleanup" to "monetization" as landmark Supreme Court victories eliminated □1,100 Cr+ in liabilities and confirmed coal cost recoveries, while the Smart Metering ramp-up finally hit a credible run-rate.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Beat	EBITDA (□475.1 Cr) fell 9% QoQ due to planned overhauls, but strategic milestones (SC judgments) far outweighed operational noise.	□
Earnings Quality	Low (One-off driven)	Reported PAT of □895 Cr is dominated by a □1,023 Cr exceptional gain from the reversal of the SEPCO arbitral liability.	□
Guidance Confidence	Strong	Smart Metering "Operational Go-Live" achieved; first payments received from DISCOMs, validating the annuity model.	□
Management Credibility	Strong	Delivered on legacy "bad debt" removal; the SEPCO and Haryana DISCOM legal wins validate long-term litigation strategy.	□
Business Quality Signal	Improving	Transition to an asset-light, high-margin Smart Distribution/Services company is accelerating.	□
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	□
The Street's Primary Anxiety	Execution Speed	Can the UP Smart Metering project hit the ~2.6L/month installation target? Current Q2 run-rate improved to ~2.4L/month.	□
Capital Cycle Stage	Harvesting / Pivot	Monetizing legacy wins to fund "GPUIL 2.0" (Smart Mobility, Renewables, and Distribution).	□
Margin / Return Ratio Trajectory	Stable	Thermal margins steady at 31-37% despite overhauls; Smart Metering margins (IND AS) rising to 12%.	□
Pricing Power	Stable	Regulated returns in Thermal; fixed annuity per meter in Smart Metering provides high cash flow visibility.	□
FCF Conversion & Quality	Improving	Reversal of SEPCO liability and confirmed Haryana coal claims (□1,140 Cr received sub-quarter) provide massive liquidity.	□
Competitive Moat Signals	Widening	Successful integration with Bosch (10% partner) and IREDA funding (□2,128 Cr) creates a high entry barrier for AMISP peers.	□
Balance Sheet Strength	Adequate	Reported Net Debt rose to □8,470 Cr, but "Proforma" Net Debt (excl. divested assets) dropped to □4,500 Cr.	□
Working Capital Efficiency	Improving	Received □1,140 Cr in energy receivables subsequent to Sep-25; Smart Meter billing cycle has commenced.	□
Mgmt Guidance Track Record	Reliable	Legacy asset divestment (Bajoli Holi, GREL) is now in the final legal transfer stage as promised.	□
Key Vulnerability / Red Flag	Interest Burden	Cash finance costs (□356 Cr) still consume ~75% of core EBITDA; refinancing at Kamalanga/Warora is urgent.	□
Management Tone	Confident	PPT emphasizes "Delivering the Promise" and "Establishing the Foundation for GPUIL 2.0."	□

Key Takeaways: * **Positives:** Two massive Supreme Court judgments in Sep '25 have fundamentally de-risked the Kamalanga asset (GKEL). First, the nullification of the SEPCO arbitral award removes a □1,104 Cr liability overhang. Second, the confirmation of pro-rata coal linkage allocation allows for the recovery of past coal costs (□1,140 Cr received post-quarter). Smart Metering installation run-rate has jumped to ~2.4L/month, nearing the ~2.6L/month required for on-time completion. * **Negatives:** Core operational EBITDA declined 9% QoQ as both Warora and Kamalanga underwent planned overhauls (Unit shutdowns for 7-25 days). Highway traffic at the Ambala-Chandigarh project continues to bleed, down 16.7% YoY due to competition from alternate routes, remaining a drag on the "T&UI" segment. * **The Street's Main Concern:** High interest costs remain the primary hurdle to bottom-line profitability. Despite the strategic wins, the company reported an adjusted loss (excl. exceptionals) of □37.9 Cr. The market is waiting for the promised refinancing of Kamalanga/Warora to reduce the 15%+ cost of debt. * **Forward Watchpoint:** The full divestment of the 49-51% stakes in the Gas and Hydro assets (Bajoli Holi, Vemagiri, Rajahmundry) to Synergy Investments, which will officially move their debt off the "Proforma" books.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Concall not available — commentary absent.*

Metric	Current Qtr (Q2FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,922.0	↑ 27.6%	↑ 8.7%	□	Growth driven by Smart Metering revenue (□290 Cr) and coal trading.
EBITDA (□Cr)	475.1	↓ 11.8%	↓ 8.7%	↓	Impacted by plant overhauls and lower EPC margins.
EBITDA Margin %	24.7%	↓ 1,130 bps	↓ 470 bps	↓	Mix shift toward lower-margin trading and Smart Metering construction phase.
PAT (Cont. Ops) (□Cr)	895.0	↑ 232%	↑ NM	□	Boosted by □1,023 Cr exceptional gain from SEPCO legal win.
Adj. PAT (□Cr)	(37.9)	↓ NM	↓ NM	□	Adjusted for exceptionals and non-cash finance costs.
Net Debt (Consol) (□Cr)	8,470.0	N/A	↑ 12.0%	□	Gross debt up by □1,110 Cr due to refinancing NCDs and meter capex.
Proforma Net Debt (□Cr)	4,500.0	N/A	↓ 18.2%	□	Excludes Bajoli Holi/GREL; reflects structural deleveraging (vs □5,500 Cr in Q1).
Kamalanga PLF (%)	81.0%	↑ 300 bps	↓ 1,000 bps	□	QoQ drop due to 25-day overhaul of Unit 2.
Warora PLF (%)	73.0%	↑ 600 bps	↓ 1,500 bps	□	QoQ drop due to Unit 1 (7 days) and Unit 2 (24 days) overhauls.
Smart Meters Installed (L)	20.3	First Entry	↑ 55.0%	□	Total as of Oct 31; significant acceleration from 13.1L in July.
Smart Meter Revenue (□Cr)	290.0	N/A	↑ 57.2%	□	Reflects scale-up in implementation phase.
Energy Receivables (□Cr)	1,350.0	N/A	↓ 1.5%	→	Received □1,140 Cr subsequent to quarter end.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,503.0	↑ 13.9%	27.7%	□	Higher	PLF hit by maintenance; SC wins de-risked GKEL.
Smart Meters	290.0	New	12.0%	↑	Lower	All 3 projects "Live"; billing and payments started.
Highways	62.8	↓ NM	49.0%	↓	Higher	Ambala traffic down 17%; in de-novo arbitration.
Others (EPC/ SIR)	66.2	↓ 45.4%	-8.6%	↓	Lower	DFCC project complete; □2,324 Cr claims under arbitration.

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 ~2.6 Lakh/month for remaining 21 months; Q2 run-rate hit ~2.4 Lakh/month.	**Improving**	Minimal
Guidance	Deleveraging	Refinancing Kamalanga and Warora.	Aiming to reduce interest rates and extend tenors to free up growth capital.	**Ongoing**	Market rates
Strategy	Asset Exit	Divestment of Bajoli Holi and Gas plants.	Framework agreement signed; legal transfer to Synergy Investments in progress.	**Delivered**	None
Strategy	Monetization	Sale of 32 acres at Krishnagiri SIR.	Under discussion with TN Govt; part of □1,900 Cr "accounted receivables" target.	**Delayed**	Govt timing
Strategy	GPUIL 2.0	Expand into EV Charging & Green Energy.	Focus on airport hubs for EV fleet electrification; leverage GMR Group synergies.	**Early Stage**	Adoption
Balance	Receivables	Recover □1,900 Cr overdue accounted receivables.	Received □1,140 Cr (Energy) post-Sep; □500 Cr pending from DFCC.	**Accelerating**	None

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY26)	This Quarter (Q2FY26)	Direction
Legal Liability	SEPCO arbitral award (□1,104 Cr) was a major balance sheet overhang.	**Supreme Court nullified the award;** GKEL has zero liability; liability reversed in Q2.	□
Coal Recoveries	Partial payments received for linkage coal costs.	**Supreme Court upheld pro-rata allocation;** □1,140 Cr filed/paid post-quarter.	□
Smart Meter Status	Integration and setup phase.	**"Operational Go-Live"** for all 3 projects; first DISCOM payments received.	□
Execution Speed	Installation at ~1.37 Lakh meters/month.	**Ramped to ~2.40 Lakh meters/month** (7.2L installed in 3 months).	□
Proforma Net Debt	□5,500 Cr (Excl. Bajoli/GREL).	**□4,500 Cr** (Excl. Bajoli/GREL) — structural debt reduction evident.	□
Revenue Mix	Smart Metering contributed □184.8 Cr (10% of mix).	**Smart Metering contributed □290.0 Cr (15% of mix).**	□
Highway Litigation	Dispute referred back to de-novo arbitration.	**NHAI filed SLP in Supreme Court** challenging the de-novo arbitration order.	□

INVESTOR NOTES: * **Thesis Validation:** The "Bad Bank" exit is complete. The Supreme Court wins on SEPCO and Coal Linkage are transformative—they don't just clear a liability, they inject ~□1,100 Cr of liquidity. * **Operational Pivot:** The Smart Metering project is no longer an "execution risk" but a "valuation floor." Achieving operational go-live and receiving the first DISCOM payments proves the bankability of the 10-year annuity contract. * **Debt Dynamics:** While reported Gross Debt rose (due to a □1,600 Cr NCD issue to clear accumulated interest/refinance), the Proforma Net Debt (which represents the "GPUIL 2.0" core) is trending down sharply as legacy assets are hived off. * **Critical Watchpoint:** The transition from the "Implementation phase" (construction revenue) to the "O&M phase" (annuity revenue) in Smart Metering will shift the margin profile from 12% toward the targeted 67% (Proforma Operating Accounting basis).

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