GMR Power & Urban Infra Ltd — Oct 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Core) / Mixed (Headline) **One-line:** The quarter represents a "balance sheet clean-up" phase where exceptional gains from FCCB conversion and cash from highway settlements were used to slash debt, even as core thermal performance dipped seasonally due to planned maintenance.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Operational PLFs (67-78%) aligned with maintenance schedules; Smart Metering rollout (1.42L units) has commenced.	□
Earnings Quality	Low (One-off driven)	Consolidated PAT of □250 Cr was propped up by a □210 Cr exceptional gain (FCCB interest waiver) and hit by a □657 Cr loss at Bajoli Holi.	□
Guidance Confidence	Neutral	Smart Metering IT integration is 100% complete, but the ramp-up from 1.42L to 75.7L meters requires a massive execution jump.	□
Management Credibility	Strong	Utilized Hyderabad-Vijayawada settlement proceeds to reduce corporate debt by □610 Cr as promised.	□
Business Quality Signal	Improving	Transition to "Energy 2.0" is tangible with the 10% Bosch stake in SPVs and MOU with SJVN/IREDA for the 900MW Nepal project.	□
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 contract timeline?	□
Capital Cycle Stage	Consolidation	Aggressive deleveraging (Net Debt ↓ □620 Cr QoQ) while exiting legacy BOT-Toll road assets.	□
Margin / Return Ratio	Stable	EBITDA margins at 35% remain healthy despite lower PLFs; Bajoli Holi margins reached 90%.	□
Pricing Power	Stable	Regulated thermal returns; Hydro (Bajoli Holi) margins are structural.	□
FCF Conversion & Quality	Improving	Cash profit at Warora (□73 Cr) and Kamalanga (□132 Cr) remains steady; debt reduction is primary cash use.	□
Competitive Moat Signals	Widening	Strategic partnership with SJVN for Nepal Hydro project secures long-term pipeline with state-backed partners.	□
Balance Sheet Strength	Adequate	Gross debt reduced by □720 Cr; Net debt now at ~□9,180 Cr (implied).	□
Working Capital Efficiency	Stable	Focus remains on UP Discom payment cycles as Smart Metering billing "Goes Live."	□
Mgmt Guidance Track	Reliable	Delivered on GEL consolidation and corporate debt reduction via asset monetization.	□
Key Vulnerability	Asset Impairments	Significant loss at Bajoli Holi (□657 Cr) due to impairment highlights residual legacy asset risks.	□
Management Tone	Confident	Tone focused on "GPUIL 2.0" and asset-light technology models.	□

Key Takeaways: * **Positives:** Management is successfully cleaning the balance sheet; Corporate debt was reduced by □610 Cr utilizing the HV settlement claim. The Smart Metering project (AMI) is moving from IT setup to physical scale, with 1.42 lakh meters already installed. The MOU for the 900MW Upper Karnali project with SJVN and IREDA de-risks a massive hydro project by bringing in specialized PSU partners. * **Negatives:** Core

EBITDA (₹535 Cr) fell 16% QoQ as thermal units (Warora/Kamalanga) underwent planned maintenance, leading to lower PLFs (67% and 78% respectively). The impairment at Bajoli Holi resulted in a significant standalone loss of ₹657 Cr for that asset, reminding investors of the volatility in hydro project valuations. * **Forward Watchpoint:** The immediate "Go-Live" of the UP Smart Metering billing and payment cycle. This is the critical milestone where the "Energy 2.0" strategy starts generating actual annuity cash flows.

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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 jump due to GEL consolidation; QoQ dip on thermal maintenance.
Total Income (₹Cr)	1,507.5	↑ 122.2%	↓ 13.1%	↑	Includes ₹123.4 Cr other income (vs ₹51.1 Cr YoY).
EBITDA (₹Cr)	534.7	↑ 208.2%	↓ 16.0%	↑	Margin at 35% (vs 28% YoY) despite lower PLFs.
EBITDA Margin %	35.0%	↑ 700 bps	↓ 300 bps	↑	Expansion YoY driven by better asset mix post-GEL consolidation.
PAT (₹Cr)	249.5	↑ NM	↓ 81.7%	↓	Q1 had massive HV settlement gain; Q2 has ₹210 Cr FCCB gain.
Net Debt (₹Cr)	9,180.0	Not in doc	↓ 6.3%	↓	Net debt reduced by ₹620 Cr QoQ; Corporate debt ↓ ₹610 Cr.
Order Book (Smart Meters)	7.57 Mn	First entry	→	→	Total contract value ~₹7,590 Cr.
Warora PLF (%)	67.0%	↓ 800 bps	↓ 2600 bps	↓	Planned maintenance/overhaul during the monsoon quarter.
Kamalanga PLF (%)	78.0%	↑ 200 bps	↓ 1400 bps	→	Underwent overhauling in Q2; still outperformed industry avg.
Bajoli Holi PLF (%)	81.0%	↓ 400 bps	↑ 300 bps	→	Consistent performance; 90% EBITDA margin.
Ambala-Chandigarh Traffic	47,800	↑ 31.7%	↓ 1,300	↑	Strong YoY growth; traffic normalized post-diversion.
Interest Coverage (x)	1.46	↑ 0.82	↑ 0.05	↑	EBITDA (₹535 Cr) vs Interest (₹367 Cr).

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy	1,320.4	↑ 360%	33.0%	↑	Inline	Maintenance-heavy quarter; consolidation of GEL complete.
Highways	217.9	↑ 24.5%	73.0%	↑	High	Ambala-Chandigarh traffic ↑31.7%; Claims settlement in Chennai ORR.
Others (EPC/SIR)	123.8	↓ NM	34.0%	↓	Inline	Krishnagiri SIR phase 2 (55 acres) development planned.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Smart Metering	Install 7.57mn meters in 27 months.	Needs ~2.8L/month; current total 1.42L.	Commenced.	Execution scale risk.
Guidance	Smart Metering	Target Operations to ‘Go Live’ shortly.	Imminent.	In progress.	Integration delays.
Guidance	Asset Monetization	Sale of 43 acres at Krishnagiri SIR to TN Govt.	N/A	Ongoing.	Regulatory delay.
Strategy	Deleveraging	Utilize settlement proceeds for debt reduction.	N/A	Delivered: ₹610 Cr corporate debt cut.	Interest burden.
Strategy	Energy 2.0	Shift to C&I and Hybrid/FDRE renewables.	N/A	MOU signed for 900MW Upper Karnali.	Geopolitical/SJVN.
Capex Plan	EPC	Complete Kanpur-Mughalsarai DFC by Dec'24.	Needs 0.12% progress/mo.	~99.8% complete.	High - Near completion.
Balance	Debt Target	Access Green Financing for new projects.	N/A	Bosch invested 10% in SPVs.	ESG compliance.

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
Headline Profitability	PAT of □1,362 Cr (one-off HV settlement).	PAT of □250 Cr (one-off FCCB gain).	↓
Operational PLFs	Peak levels (Warora 93%, Kamalanga 92%).	Maintenance dip (Warora 67%, Kamalanga 78%).	↓
Smart Meter Execution	Zero reported installations.	1.42 lakh meters installed.	↑
Asset Risk	No major impairment reported.	□657 Cr loss at Bajoli Holi due to impairments.	↓
Debt Profile	Net Debt reduction of □980 Cr.	Net Debt reduction of □620 Cr.	→
Nepal Hydro Strategy	Individual development pursuit.	JV/MOU signed with SJVN and IREDA.	□
Highways Status	HV Project handed back; gain booked.	Utilization of HV cash to pay corporate debt.	□

INVESTOR NOTES: * **Earnings Quality:** Core earnings were weaker QoQ due to maintenance, but the cash generation remains robust (Cash profit at Kamalanga/Warora total □205 Cr). The headline PAT is highly distorted by the Bajoli Holi impairment (negative) and FCCB gain (positive). * **Deleveraging Track:** The net debt reduction is the highlight of the quarter. Management is systematically using settlement proceeds to retire expensive corporate debt, improving interest coverage. * **Smart Metering:** The thesis is transitioning from "hope" to "execution." Installing 1.42 lakh meters is a start, but the run-rate must increase 10x to meet the 27-month deadline for 75 lakh meters. * **Hydro Clean-up:** The impairment at Bajoli Holi is a non-cash event but suggests management is resetting the valuation of legacy assets to focus on the newer "Energy 2.0" growth engines.

STOP HERE.