GMR Power & Urban Infra Ltd — 25 Feb 2026 Credit Rating Summary

Section	Details
Agency	Infomerics Valuation and Rating Limited (IVR)
Rating Change	**Reaffirmed** at BBB- / A3 (0 notches moved)
Outlook (Current vs Prev)	**Stable** vs **Stable**
Key Drivers of Change	1. **Massive Deleveraging:** Consolidated debt reduced by □3,599 Cr (from □13,855 Cr to □10,255 Cr) via asset sales. 2. **NHAI Settlement:** Received □1,387 Cr from Hyderabad-Vijayawada Expressway settlement; funds used to slash corporate debt. 3. **Energy Consolidation:** Revenue jumped 41% to □6,344 Cr and PAT turned positive at □1,552 Cr (from □127 Cr loss) due to energy business integration. 4. **Networth Recovery:** Tangible Net Worth (TNW) turned positive at □44.84 Cr (from a massive negative □5,761 Cr) following profit retention and intangible write-offs.
Rated Instruments	1. **Long Term Bank Facilities:** □380.00 Cr
Key Observations	• **Deleveraging Intent:** Management aggressive on non-core asset divestment and land parcel monetization. • **Operational Synergy:** Diversified across Energy, EPC, and Smart Meters; energy business provides better margins. • **Liquidity Crunch: CRITICAL RISK:** Gross Cash Accruals (GCA) of □415 Cr is insufficient against debt repayments of □1,545 Cr due in FY26. • **Capital Structure:** Despite positive TNW, gearing remains astronomical at 230x due to thin equity base. • **Input Risk:** Vulnerable to coal/steel/cement price volatility and intense competition in tender-based EPC work. • **Self-Sustaining Units:** Majority of debt sits in operational SPVs that service debt through internal cash flows.
Investor Impact	• **Growth:** Strong revenue tailwinds from energy and smart meter segments. • **Margins:** EBITDA margins healthy at 26.28%; however, PAT is currently skewed by one-time gains. • **Leverage:** Significant reduction in absolute debt is a positive equity trigger, but the "Stretched" liquidity remains a hang-over. • **Dilution Risk:** High reliance on "fund-raising initiatives" to meet debt gaps suggests potential for equity dilution if asset sales lag.
Agency / Cross Analysis	**Same Agency:** Rating held at BBB- despite the swing from a □127 Cr loss to □1,552 Cr profit. **Key Reason:** Agency is "weighting" the cash flow mismatch (GCA vs. Repayment) more than the accounting profit. **Outlook Alignment:** Remains Stable as the agency awaits the execution of the next round of land/asset monetizations. **Conclusion: Improvement in solvency, but stagnant in liquidity.**
Final Inference	**Real improvement but high-wire act.** The rating reaffirmation (no upgrade) despite the □1.5k Cr PAT signals that the recovery is dependent on asset sales rather than core operations. For equity investors, the risk of a liquidity-driven default is lower than last year, but the buffer remains thin.