GMR Power & Urban Infra Ltd — 03 Mar 2025 Credit Rating Summary

Section	Details
Agency	Infomerics Valuation and Rating Limited (IVR)
Rating Change	**Reaffirmed** at IVR BBB- / IVR A3 (No notch movement)
Outlook (Current vs Previous)	**Stable** vs **Stable**
Key Drivers of Change	1. **Asset Monetization:** Received ₹1,387 Cr from NHAI settlement (Hyderabad-Vijayawada project); used for debt reduction. 2. **Operational Consolidation:** 9MFY25 Revenue jumped to ₹4,607.47 Cr (vs ₹2,854.50 Cr YoY) due to energy business integration. 3. **Net Worth Turnaround:** Tangible Net Worth turned **positive** in 9MFY25 (from -₹5,760.88 Cr in FY24) via FCCB-to-equity conversion and ₹1,503 Cr 9M PAT. 4. **Deleveraging:** Strong management intent to sell non-core assets (Krishnagiri SIR, SEZ lands) to shore up the balance sheet.
Rated Instruments	1. **LT Bank Facilities:** ₹380.00 Cr
Key Observations	1. **(+) Parentage:** Strong execution track record of the GMR Group (since 1978). 2. **(+) Self-Sustaining Debt:** Most consolidated debt sits in operational SPVs with independent cash flows. 3. **(+) Diversified Portfolio:** Presence in Energy, Highways, EPC, and Smart Meters reduces sectoral risk. 4. **(-) Liquidity Stress:** Stretched; FY24 GCA was negative (-₹112.21 Cr) against high debt maturities of ₹974.33 Cr. 5. **(-) Tender Risk:** EPC margins are vulnerable to intense price competition and government tender cycles. 6. **(-) Input Sensitivity:** Profitability highly susceptible to volatile coal, steel, and cement prices.
Investor Impact	1. **Growth:** Significant scale-up in Energy & Smart Metering expected. 2. **Margins:** EBITDA margin improved to 23.62% in FY24, but sustainability depends on input cost control. 3. **Leverage:** Total debt remains high (₹13,854.88 Cr in FY24), though recent monetization is a de-risking signal. 4. **Dilution:** Net worth recovery driven by FCCB conversion, implying recent equity dilution has already occurred.
Agency / Cross Analysis	**Same Agency:** Third consecutive reaffirmation since March 2024. Despite a massive 9MFY25 PAT turnaround (₹1,503 Cr) and NHAI inflows, IVR maintained the 'BBB-' rating, likely due to the **"Stretched" liquidity status** and massive legacy debt. **Conclusion:** Fundamentals are improving faster than the credit rating, suggesting the agency is waiting for sustained debt reduction before an upgrade.
Final Inference	**Operational Turnaround in Progress.** The shift to positive Net Worth and high 9M profitability are massive equity triggers. However, the "BBB-" rating reflects a high-beta play where liquidity remains reliant on asset sales rather than pure internal accruals.