GMR Power & Urban Infra Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Avoid A severe trajectory change driven by core operating losses before exceptionals of **-□392 Cr** and weak interest coverage of 0.59x makes the company uninvestable despite optical net profit gains.

Key findings

- The company achieved a net profit turnaround to **□1,552 Cr** from a prior loss of □127 Cr, though this recovery relies heavily on one-time settlement gains and debt interest waivers.
- Operating profit covers consolidated interest obligations only **0.59 times**, leaving the group structurally vulnerable and dependent on external or related-party funding to service its legacy borrowings.
- The company expanded its consolidated EBITDA margin to a five-year peak of **24.2%**, driven by the full line-by-line consolidation of operational thermal power generation assets.
- Working-capital movement turned into a severe cash drain of **-□2,119 Cr**, primarily driven by a 55.51% liquidation of outstanding vendor payables using infrastructure dispute settlement proceeds.
- Exceptional items completely dominate reported pre-tax performance, masking a structural core operating loss before exceptionals of **-□392 Cr** during the current fiscal year.
- Total non-operating other income reached **□2,228 Cr**, representing 140.04% of profit before tax and obscuring underlying operational weakness across core segments.
- Unbilled contract assets and regulatory claims introduce significant risk of paper inflation of earnings, leaving **□1,912.33 Cr** locked up in protracted state discom litigation.
- The smart metering segment secured long-term visibility with **75.69 lakh** contracted meters valued at □3,467 Cr, though early implementation outlays led to an initial operating loss.
- The road segment revenue declined by **44.69%** following the final litigation settlement and subsequent handover of the GHVEPL highway project back to the national authorities.
- Management intends to raise up to **□3,000 Cr** through a qualified institutional placement to create corporate headroom and fund its forward Energy 2.0 clean energy vertical expansion.
- Related-party unsecured borrowings of **□2,513.40 Cr** carry expensive interest rates peaking at 17.50%, which significantly exceed the group's external commercial bank borrowing costs.
- Consolidated total borrowings decreased to **□10,259 Cr** following the strategic conversion of foreign currency convertible bonds and a negotiated lender settlement for associate energy assets.

What to watch

Monitorable	Current status	Change-of-view level
Interest coverage ratio	0.59x	Above 1.50x
Receivables over six months	□1,048 Cr	Below □750 Cr
Smart meters installed	More than 7 lakh	Above 35 lakh
Related-party debt volume	□2,513.40 Cr	Below □1,000 Cr
Unbilled contract revenue	□1,912.33 Cr	Below □1,000 Cr

1. Business

1.1 What it sells, to whom

- Sells electrical energy from coal-fired and solar power generation plants to state distribution companies including MSEDCL, TANGEDCO, HPPC, and GRIDCO under long-term tariffs.
- Sells advanced smart metering infrastructure deployment, remote monitoring technology interface, and maintenance services to state distribution utility companies in Uttar Pradesh under a fee-based TOTEX framework.
- Sells roadway infrastructure development and operational management services, earning via fixed annuity receipts from NHAI and toll collections from commercial road users across India.

1.2 Segment performance

Segment	FY24 (□ Cr)	FY25 (□ Cr)	YoY	Share change (pp)	Margin	What drove it
Power	3,176.05	5,330.85	+67.85%	+13.27	11.43%	Full-year consolidation of power generation entities.
Smart Meter Infrastructure	—	320.54	—	+5.05	-0.22%	First-time installation revenue recognition.
Roads	717.26	396.69	-44.69%	-9.73	28.54%	Handover of GHVEPL project to NHAI.
EPC	340.88	190.75	-44.04%	-4.58	24.18%	Completion and track handover of DFCC project.
Others	586.26	315.23	-46.23%	-8.09	30.54%	Lower management and aviation service revenue.
Inter Segment	(331.88)	(210.09)	—	+4.09	—	Elimination of internal group transactions.
Total	4,488.57	6,343.97	+41.34%	0.00	22.42%	Power asset consolidation offsetting infrastructure drops.

Forward visibility: Secured a long-term order book of 75.69 lakh smart meters valued at □3,467 Cr with billing started, alongside long-term power PPAs covering up to 90% of thermal capacity.

Power

- Capacity: Operates around 2,840 MW of coal and renewable capacity; Warora and Kamalanga units achieved operational PLFs of 85% and 86% respectively.
- Visibility: 83% of Warora capacity and 90% of Kamalanga capacity are securely locked under long/medium-term PPAs, protecting revenue from merchant volatility.
- Cost driver: Landing cost of domestic linkage coal and imported fuel blends.
- Change: Shifted from equity method tracking to full line-by-line financial statement consolidation after acquiring controlling stakes in GMR Energy Limited assets.

Smart meter infrastructure

- Capacity: Initial capital headroom supported by a project loan of □2,128 Cr sanctioned from IREDA.
- Visibility: Contract value of □3,467 Cr locked in to deploy 75.69 lakh smart meters under a 10-year dbfoot concession.

- Cost driver: Procurement pricing of electronic smart meters and data component hardware.
- Change: Formally entered the segment this year, installing more than 7 lakh initial meters and establishing direct billing mechanisms.

Roads

- Capacity: Operates a total road asset portfolio spanning 888 lane kilometers across India.
- Visibility: Secured revenue continuity via long-term annuity payments from NHAI across remaining concession lifespans.
- Cost driver: Special hot-in-place recycling surface treatment technology application outlays.
- Change: Executed a comprehensive litigation settlement with NHAI, receiving compensation of □1,387.21 Cr and transferring the highway asset back.

EPC

- Capacity: Asset heavy footprint utilizing mechanised track construction machinery fleets for large rail infrastructure execution.
- Visibility: Performance security bank guarantees of □294 Cr scheduled for release following defect liability period conclusions.
- Cost driver: Infrastructure raw materials and domestic sub-contracting design construction spends.
- Change: Concluded primary Eastern Dedicated Freight Corridor construction, handing over the 422 km commissioned line to railway authorities.

1.3 Operating measures

Measure	FY24	FY25	Unit
Installed capacity (MW) by fuel (Power generation)	—	Around 2,840	MWs
PLF - Warora Power Project (Power generation)	—	85%	%
PLF - Kamalanga Power Project (Power generation)	—	86%	%
Capacity under long-term PPA % - GWEL (Power generation)	—	83%	%
Capacity under long-term PPA % - GKEL (Power generation)	—	90%	%
Discom receivables - Bihar Discoms (Power generation)	—	80.36	□Crore
Discom receivables - GRIDCO and Haryana Discoms (Power generation)	—	1,836.81	□Crore
Meters contracted (Smart metering)	—	75.69	Lakh
Meters installed (Smart metering)	—	More than 7	Lakhs
Contract value (Smart metering)	—	3,467	□Crore
Billing started (Smart metering)	—	Recently, we have raised first…	Text
Plant availability - GWEL (Power generation)	—	93%	%
Ash utilisation - GWEL (Power generation)	—	103%	%
Project loan sanctioned - Smart metering	—	2,128	□Crore

Not disclosed: tariff realised; order book; order inflow; book-to-bill; execution. * Power generation volume performance was robust, backed by 93% plant availability at Warora and matching peak load factor execution at Kamalanga. * Digital service transformation expanded through the capture of 75.69 lakh smart meters contract value, successfully deploying the initial deployment phase across target circles.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
FCCB Equity Conversion	Capital restructuring	11,12,41,666 shares	Completed July 2024	Converts USD 275 Mn debt, waiving accumulated interest.
Capital Raise Authorization	Fund-raise	□3,000 Cr	Approved September 2024	Creates corporate headroom for prospective equity issuance.
NHAI Dispute Settlement	Divestment	□1,387.21 Cr	Completed July 2024	Concludes road litigation and provides immediate liquidity.
GREL Lender Settlement	Capital restructuring	□657 Cr	Signed March 2025	Extinguishes term debt liabilities and corporate guarantees.
Stressed Asset Divestment	Divestment	□653 Cr	Framework signed FY25	Spins off non-operating gas and hydro project stakes.
Smart Meter Joint Venture	Partnership	10% equity stake	Signed FY25	Inducts Bosch as strategic technology partner.
Krishnagiri Land Monetization	Divestment	407 acres	Completed FY25	Unlocks industrial land value via strategic agency sales.
Upper Karnali Hydro Agreement	Partnership	900 MW	Signed FY25	Sets up execution framework with SJVNL and IREDA.

1.5 Cost base

Cost line	□Cr	Share of total cost	YoY	What drives it
Consumption of fuel	2,519.23	53.87%	+181.45%	Power plant generation volumes and coal linkage prices.
Other expenses	719.17	15.38%	+52.84%	Plant stores consumption and professional services costs.
Purchase of traded goods	660.14	14.11%	-52.62%	Merchant open market coal and electricity trading volumes.
Cost of material consumed	297.13	6.35%	+176.37%	Advanced metering infrastructure deployment installation metrics.
Employee benefits expense	251.89	5.39%	+68.92%	Workforces added through full power entity consolidations.

Sensitivity not disclosed.

1.6 Competitive position

- Market share direction remains stable in conventional energy generation, anchoring a 2,840 MW operating portfolio within India's broader 467 GW national electricity grid.
- Source of advantage relies on long-term fixed-tariff PPAs protecting cash flows, extensive pre-assembled infrastructure at the Kamalanga expansion site, and strategic corporate alliances.
- Competitive threat emerges from aggressive, low cost of capital bidding by major institutional players in high-margin smart metering and service-oriented infrastructure auctions.

1.7 What must stay true

- Continuous regular cash collections and litigation receivable clearances from counterparties must hold current readings to protect the corporate liquidity balance. (carried from last year)
- Thermal plant operational performance metrics must stay above standard availability thresholds to avoid regulatory PPA default penalties. (carried from last year)
- Smart meter project deployment run-rates across Uttar Pradesh zones must track project deadlines to prevent liquidated damage assessments. (new)
- The completion of remaining asset sales and the execution of planned entity refinancing must close within project timeframes to manage structural interest outlays. (carried from last year)

2. Management's view

2.1 Outlook on the business

Area	What management says	Number or date given	Horizon
Demand	"Thermal power witnessing sustained demand"	—	—
Pricing	"Merchant market prices surged, improving realisations"	—	Short period
Power Segment	Revenue "increased 67.85%" due to full year consolidation	67.85%	FY 2024-25
Roads Segment	Revenue "decreased by 44.69%" from project handover	44.69%	FY 2024-25
EPC Segment	Revenue "decreased by 42.62%" due to project completion	42.62%	FY 2024-25
Balance Sheet	"Strengthening the balance sheet and reducing debt"	—	—
Capex	Funding for smart meters vertical detailed in the pipeline	See section 1.3	—

Tariff realised, order book, order inflow, book-to-bill, and execution details are not disclosed.

2.2 Plans and expansion

- Management is expanding its clean energy vertical under the "Energy 2.0" strategy, focusing on firm and dispatchable renewable energy solutions for commercial and industrial customers.
- The smart metering venture utilizes strategic partnerships, including a 10% equity stake for technology partner Bosch, with project funding support from IREDA pointed out in section 1.3.
- International hydro expansion in Nepal involves an MoA with SJVNL and IREDA under a 34:34:5 shareholding structure, while the local state entity retains a 27% stake.
- Capital restructuring was executed through the conversion of USD 275 million FCCBs into equity shares, and shareholder approval was obtained for fund-raising up to 3,000 crore via QIP.
- Divestments of stressed assets to Synergy and a 1,387.21 crore NHAI road settlement enabled a 657 crore lender settlement, reducing consolidated debt by 4,400 crore.

2.3 Risks and challenges management names

- **Regulatory Risk**: Changes in tariffs and environmental mandates like Flue Gas Desulfurisation pose cash flow risks; mitigated by industry representations and appealing for location-specific category exemptions.
- **Input Risk**: Unavailability of affordable natural gas and variability in linkage coal quality or quantity threaten operations; mitigated by maximizing linkage coal realizations and divesting stressed gas assets.
- **Competition Risk**: Highly competitive or unviable bids from players with lower cost of capital impact growth plans; mitigated by improving asset credit ratings to secure low-cost capital.

- **Execution Risk**: Low smart meter installation rates could erode profitability through liquidated damages; mitigated by establishing standardized processes and switching from agency to direct staffing models.
- **Funding Risk**: Capital availability constraints limit the holding company's ability to service or refinance corporate debt; mitigated by targeted debt refinancing and modifying covenants to enable asset cash upstreaming.
- **Concentration Risk**: Customer payment concentration exists due to electricity sales and smart metering exposure to state DISCOMs; mitigated by monitoring receivables and utilizing direct debit facilities.

2.4 Tone

Cautiously optimistic -- Management believes that concluding legacy debt settlements and spinning off stressed gas assets has established a resilient foundation for its Energy 2.0 pivot. "mark an inflection point in our journey" and "positioning GPUIL for sustained growth." The tone has shifted from last year's resolute focus on liquidity house-cleaning to forward-looking confidence backed by realized asset sales and structural deleveraging.

3. Financial picture

3.0 What looks out of line

What it could mean	What would confirm or disprove it	Likelihood
Paper inflation of earnings through disputed regulatory items	Realization of cash from discoms or final adverse arbitration awards	Likely
Value extraction or high financial friction from promoters	Refinancing with low-cost commercial bank loans	Possible
Artificial margin defense via depreciation avoidance	Execution of asset sales at book value or a subsequent rise in core maintenance costs	Possible

Lone move: The massive swing in net profit was driven by a one-time □1,324 Cr settlement from GHVEPL and a □1,175.75 Cr interest waiver from bond conversions.

3.1 Is it making money, and is the profit real?

Reported profits are entirely driven by exceptional one-off gains and accounting reclassifications, masking structural losses in core power operations. * Inorganic consolidation of power assets and a □232.75 Cr late payment surcharge offset high fuel costs, but core operations before tax remain negative. * A single-year amortization charge of □1,782.12 Cr for toll carriageways wiped out road segment returns during the project handover to authorities. * Reclassifying underperforming energy assets as held for sale suspended □51.65 Cr in depreciation charges, providing an optical cushion to segment returns.

Where the profit came from (FY25): pre-tax profit of □1,591 Cr = core operating profit □1,534 Cr, plus recurring other income □508 Cr, plus one-off items □1,720 Cr, less interest □1,571 Cr, less depreciation □600 Cr. Excluding the one-offs, profit after tax would have been a loss of □392 Cr.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	21.98	-18.62	41.32	-18.62 `[------o--#-]` 50.09	**Better than trend**	Full line-by-line financial consolidation of power generation entities.	Structural
EBITDA margin %	10.45	20.36	24.18	1.61 `[----o----] #` 20.36	**Better than trend** (best in window)	Consolidation of higher-operating-margin power assets.	Structural
PAT margin %	-19.5	-2.83	24.46	-79.95 `[------o----}` 20.65	**Better than trend** (best in window)	Driven by large one-time road dispute settlements and FCCB interest waivers.	One-off
ROCE %	9.75	12	13	0 `[-----o-#---]` 19	**Better than trend**	—	—

What the checks found

Is the growth real? Flag · Is the P&L being manufactured? Flag

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Exceptional items and their effect on PBT	424	1,720	Flag · high impact	Exceptional items completely dominate reported PBT, masking a core operating loss before exceptionals of -392.00 Cr
Non-operating / other income as % of PBT	755	2,228	Flag · high impact	Total non-operating other income reaches 2,228.00 Cr, representing 140.04% of PBT and hiding operating weakness
Aggressive revenue recognition on arbitral claims	0	506.15	Flag · medium impact	Recognized 506.15 Cr in incremental contract revenue from dfccil prolongation claims under active arbitration
Unbilled revenue, contract assets, deferred revenue	1,696.67	1,912.33	Watch · medium impact	Locks up 1,912.33 Cr of unrecognized cash, with 1,699.90 Cr tied up in protracted discom litigation
Customer concentration	—	Not disclosed	Unresolved	Specific single-customer shares are hidden, though notes clarify exposure is concentrated in state discoms

Clean (8): Receivables growth vs sales growth; Receivables ageing / ECL provisioning; Revenue from related parties as % of revenue; Advances from customers trend; Deferred tax movement and cash-vs-book tax; Provision reversals credited to income; Depreciation policy / useful-life change; Valuation-method or accounting-policy change.

3.2 Is profit turning into cash?

Operating cash flows grew significantly due to a massive non-cash vendor payable liquidation and strategic project settlement receipts. * A sharp contraction in trade payables to □1,155 Cr reflects aggressive vendor deleveraging funded directly by infrastructure asset settlement proceeds. * Stalled discom receivables of □1,836.81 Cr from GRIDCO and Haryana keep critical operational cash locked in prolonged regulatory litigations.

* Unbilled contract assets rose to ₹1,912.33 Cr, signaling that revenue recognition outpaces physical cash collection cycles in power and construction segments.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
CFO / EBITDA	5.13	1.85	1.85	1.85 `{--o--------]` 13.36	**Worse than trend**	Substantial cash absorbed by large vendor payable liquidation.	One-off
Debtor days	82.25	125	98	36 `[-----o-#---]` 125	**Worse than trend**	—	—
Cash conversion cycle (days)	-301.75	-458	-192	-458 `[------o----}` -198	**Worse than trend** (worst in window)	Reduction in payable days due to aggressive vendor payments.	One-off
Cash from operations	1,180.75	1,690	2,833	588 `[--o--] #` 1690	**Better than trend** (best in window)	Inflows from NHAI dispute settlement and operational profit expansions.	One-off

What the checks found

Does profit become cash? Flag

Check	FY24 (₹ Cr)	FY25 (₹ Cr)	Status	What it means
Working-capital movement	695	-2,119	Flag · high impact	Working capital turned into a severe cash drain of -2,119.00 Cr, primarily driven by a 55.51% liquidation of vendor payables
Inventory absorption of operating cash	212	395	Watch · high impact	Absorbs 183.00 Cr of operational cash flow into smart meter consumables and rollout inventory

Clean (3): CFO vs clean EBITDA (cash conversion); Pre-tax operating conversion (CFO + tax paid) / EBITDA; Cash tax paid vs book tax.

3.3 Where is the cash going?

Cash was primarily utilized to reduce vendor payables and service heavy interest obligations rather than expanding asset bases. * Borrowing repayments consumed ₹2,625 Cr while finance costs absorbed ₹1,571 Cr, highlighting that cash generation is heavily dominated by debt service. * Capital expenditure remained restricted with plant purchases at ₹270 Cr, while smart metering projects relied on a newly sanctioned ₹2,128 Cr loan. * Intra-group support persists through outstanding letters of comfort worth ₹1,995.52 Cr, tying parent cash liquidity to underperforming joint ventures.

Where 5 years of cash went: the business generated ₹7,556 Cr of operating cash; it went to interest ₹5,777 Cr, capex ₹658 Cr; net borrowing repaid ₹5,588 Cr, no equity raised, no dividends.

What the checks found

Is value leaving to insiders? Flag

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	254.29	307.75	Flag · medium impact	Unsecured loans from related parties (2,513.40 Cr) carry penal interest rates peaking at 17.50%, far above bank debt costs (8.50%-12.60%)
Related-party transaction quantum and trend	254.29	307.75	Watch · medium impact	Related-party interest costs rose to 307.75 Cr, keeping a steady financial strain on the profit statements
CSR spend and shortfall	55.88	57.38	Watch · low impact	Accumulated CSR commitments reached 57.38 Cr, while actual annual outlays via GMR Varalaxmi Foundation were only 2.79 Cr
Promoter pledge / encumbrance	—	Not disclosed	Unresolved	Notes confirm that promoter group entities have pledged shares of the company for group debt, but exact volumes are omitted

Clean (4): New related-party counterparties this year; KMP / director remuneration vs EBITDA; Loans, advances or guarantees to group entities; Interest earned on loans/advances to related parties, against the company's own cost of debt.

3.4 How strong is the balance sheet?

The balance sheet features high leverage and thin interest coverage despite equity expansion from foreign bond conversions. * Converting foreign currency bonds added □1,779.86 Cr to securities premium, reducing absolute borrowings but leaving thin interest coverage below unity. * Unsecured related-party debt of □2,513.4 Cr carries expensive interest up to 17.5%, raising corporate governance risks and financing friction. * Refinancing pressures remain significant with □5,978.21 Cr of institutional term debt maturing within the next five fiscal years.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Net debt / EBITDA	77.45	14.44	6.04	14.44 `{--o--------]` 258.75	**Better than trend** (best in window)	Absolute debt reduction via foreign currency bond equity conversion.	Structural
Interest coverage	0.22	0.43	0.59	-0.05 `[----o---] #` 0.43	**Better than trend** (best in window)	Power asset consolidation expanding EBITDA and FCCB interest waivers.	Structural

What the checks found

Can the balance sheet take a hit? Watch

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Borrowing terms, security, covenants	6,476.17	5,978.21	Watch · high impact	Refinancing risk is elevated, with 5,978.21 Cr (comprising 58.27% of total borrowings) due for repayment within a short 1-to-5 year window
Embedded derivative in hybrid NCDs redemption premium	0	661.88	Watch · medium impact	Parks 661.88 Cr of hybrid NCD redemption obligations inside separate financial liability buckets, understating headline interest expenses
CWIP ageing and stalled projects	Not disclosed	155.44	Watch · low impact	Identifies 155.44 Cr in projects temporarily suspended for more than 3 years, introducing asset impairment risks
Encumbered assets / title deeds not in company name	—	Not disclosed	Unresolved	CARO adverse audits highlight severe asset security strains and covenant slips across multiple subsidiaries, but do not split out title deed exceptions

Clean (2): Contingent liabilities vs net worth; Dividend vs free cash flow.

Contingent liabilities and commitments

Contingency type	FY 2025	FY 2024	Impact
Letter of Comfort (JVs)	1,995.52 Cr	2,154.08 Cr	High Exposure
Indirect Tax Disputes	376.48 Cr	315.61 Cr	Increasing
Corporate Guarantees	7 Cr	1,589.08 Cr	Substantial Reduction
Capital Commitments (Net)	67.28 Cr	25.03 Cr	Low

- Corporate guarantees dropped sharply because of the One-Time Settlement (OTS) for GREL (Associate). GREL's lenders accepted 657 Cr against a much larger exposure, allowing GMR to reverse liabilities.
- A legacy fuel supply dispute involves a 296.16 Cr claim for liquidated damages. While GMR won the initial arbitration (32.21 Cr award), the matter is now in the High Court, and no provision exists.

Financial statements

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	6,344	4,489
Sales Growth %	41.34	-18.62
Expenses	4,810	3,575
Material Cost %	15.09	33.23
Raw material cost	957	1,501
Change in inventory	0	-9
Manufacturing Cost %	47.36	32.32
Employee Cost %	3.98	3.34
Other Cost %	9.39	10.75
Operating Profit	1,534	914
OPM %	24	20
Other Income	2,228	755
Exceptional items	1,720	424
Other income normal	508	331
Interest	1,571	1,477
Depreciation	600	286
Profit before tax	1,591	-94
Tax %	2	36
Net Profit	1,552	-127
Minority share	-135	24
Exceptional items AT	1,944	436
Profit excl Excep	-392	-564
Profit for PE	-358	-456
Profit for EPS	1,418	-103
Profit Growth %	21	-4,478
EPS (□)	19.83	-1.71
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	357	302
Reserves	229	-3,219
Borrowings	10,259	13,876
Long term Borrowings	8,770	11,684
Short term Borrowings	1,468	2,171
Lease Liabilities	21	21
Preference Capital	10	9
Other Borrowings	-10	-9
Other Liabilities	6,137	8,508
Non controlling int	131	-65
Trade Payables	1,155	2,596
Advance from Customers	89	229
Other liability items	4,762	5,749
Total Liabilities	16,983	19,467
Fixed Assets	8,167	10,938
Land	433	450
Building	962	956
Plant Machinery	6,417	6,930
Equipments	48	41
Furniture n fittings	15	16
Vehicles	215	218
Intangible Assets	37	37
Other fixed assets	3,391	3,550
Gross Block	11,519	12,198
Accumulated Depreciation	3,352	1,260
CWIP	505	358
Investments	365	650
Other Assets	7,946	7,521
Inventories	395	212
Trade receivables	1,705	1,541
Receivables over 6m	1,048	1,040
Receivables under 6m	664	533
Prov for Doubtful	-7	-32
Cash Equivalents	986	682
Loans n Advances	45	40
Other asset items	4,815	5,046

Line item	Mar 2025	Mar 2024
Total Assets	16,983	19,467

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	2,833	1,690
Profit from operations	4,954	1,000
Payables	-1,564	119
Other WC items	-555	576
Working capital changes	-2,119	695
Direct taxes	-2	-5
Cash from Investing Activity	-157	-902
Fixed assets purchased	-270	-99
Fixed assets sold	180	59
Investments purchased	-223	-610
Investments sold	0	0
Interest received	207	116
Dividends received	0	0
Investment in group cos	0	-174
Redemp n Canc of Shares	0	16
Other investing items	-50	-211
Cash from Financing Activity	-2,417	-1,324
Proceeds from shares	0	0
Proceeds from borrowings	1,097	2,754
Repayment of borrowings	-2,625	-3,042
Interest paid fin	-883	-1,025
Financial liabilities	-5	-11
Other financing items	0	0
Net Cash Flow	259	-535
Free Cash Flow	2,742	1,651
CFO/OP	185	186

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	98	125
Inventory Days	151	52
Days Payable	440	635
Cash Conversion Cycle	-192	-458
Working Capital Days	-18	-379
ROCE %	13	12

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	None reported
Audit trail (edit log) in the accounting software	Watch	Feature disabled at database level until May 24, 2024
Statutory dues unpaid	Watch	CARO clause vii(a) reported for GKEL subsidiary
Promoter pledge (% of promoter holding)	Not disclosed	Omitted from related party and corporate governance disclosures
Independent directors (% of board)	Clean	53.85% of the board
Woman director	Clean	2 directors present
KMP pay against the statutory ceiling	Clean	Remuneration paid within Schedule V limits
Related-party transactions (% of revenue)	Watch	Total related-party loans constitute 39.63% of revenue

A. Auditor report & key audit matters

Beyond the clean baseline opinion, the statutory auditor highlighted severe compliance and financial stress across the group network by attaching multiple CARO qualifications from subsidiaries. These include material loan default notices for the holding company, GMR Rajahmundry Energy Limited, and GMR (Badrinath) Hydro Power Generation Private Limited, alongside short-term asset deployment mismatches at GMR Londa Hydropower and GMR Energy Trading. An Emphasis of Matter was issued regarding the settlement of prolonged disputes with the National Highways Authority of India concerning the Hyderabad-Vijayawada expressway, resulting in the early handover of the asset, full write-down of its remaining carriageway values, and classification of the final settlement as an exceptional entry.

The audit team flagged three major Key Audit Matters that directly expose minority shareholders to extensive balance sheet valuation risks:

- **Legal Claims and Contingencies:** The group is relying heavily on unilateral legal opinions to avoid making provisions for massive, stalled regulatory grid disputes. This includes historical change-in-law contentions against TANGEDCO, un-effected financial penalties over road index roughness with NHAI, and a transmission charge reimbursement row with MSEDCL, where the asset is disclosed purely as a contingent exposure.

- **EPC Revenue Judgements:** Within the construction business, management utilizes highly subjective percentage-of-completion progress estimations. Specifically, the company has aggressively recognized unbilled contract revenue based on its own valuation of entitlement claims under the Dedicated Freight Corridor project despite the matter residing in active, un-executed arbitration.
- **Asset Impairment Uncertainty:** Cash flow models used to defend the massive carrying asset block of GMR Kamalanga Energy Limited and remaining road concessions are extremely sensitive to internal estimates regarding traffic velocity, future commercial PPA tariffs, and fuel supply settlements. GMR Ambala Chandigarh Expressways Private Limited already carries explicit going concern warnings from its component auditors due to severe net worth erosion.

Details regarding the precise breakdown of audit fees and non-audit fees paid to the statutory audit firm are not disclosed in the corporate governance text.

B. Related party transactions

Counterparty	Relationship	Nature	FY25 flow (□Cr)	FY24 flow (□Cr)	Balance at FY25 year end (□Cr)	Assessment
GMR Airports Limited	Fellow Subsidiary	Borrowings and finance costs	543.38	1,415.51	2,622.20	High-cost borrowing
GMR Bajoli Holi Hydropower	Subsidiary / JV	Purchases and debt conversions	1,721.05	1,665.80	346.49	Non-routine restructuring
GIL SIL JV	Joint Venture	Construction revenue and unbilled assets	175.71	338.28	788.69	Stalled asset recovery
Corporate Infrastructure Services	Fellow Subsidiary	Treasury loans and finance income	320.22	291.59	0	Routine treasury
Hyderabad Jabilli Properties	Fellow Subsidiary	Inter-corporate treasury loans	300	150	164.39	Routine treasury
GMR Rajahmundry Energy	Associate	Exceptional impairment losses	823.18	0.41	126.02	Below cost of borrowing
Total	—	—	**3,883.54**	**3,861.59**	**4,047.79**	—

The reported figures fail to fully reflect the prospective credit risk shifted onto minority investors via corporate guarantees and letters of comfort issued to group ventures, which total a substantial 1,995.52 Cr. Sharp capital destruction is evident through the absorption of an exceptional impairment loss of 822.02 Cr against associate company GREL during its debt resolution cycle. Furthermore, unsecured borrowings extracted from fellow promoter companies carry punitive interest rates reaching up to 17.50%, a threshold far exceeding the 8.50%-12.60% pricing range achieved for external bank term loans.

C. Shareholding

Category	Mar 2025 (%)	Mar 2024 (%)	Change (pp)
Promoter Group	Not disclosed	Not disclosed	Not disclosed
Synergy Industrials Holding	8.71	0	8.71
GRAM Limited	6.85	0	6.85
Public / Others	Not disclosed	Not disclosed	Not disclosed

While the definitive promoter block split is omitted from the reporting text, the overarching share count expanded via the conversion of foreign currency convertible bonds held by institutional entry vehicles. The underlying corporate governance footnotes confirm that shares held by the ultimate parent entity have been encumbered to secure industrial term financing for the operating company's own capital projects, though the precise share of total company equity pledged is not disclosed.

D. Board composition

The core leadership circle retains a concentrated family structure: Mr. G.M. Rao (Non-Executive Chairman) is the biological father of Mr. Grandhi Kiran Kumar (Non-Executive Director) and the father-in-law of Mr. Srinivas Bommidala (Managing Director). No sudden or unannounced independent director resignations occurred immediately prior to the financial year end. However, a significant modification occurred shortly after the period closed, with long-standing executive director Mr. Madhva Bhimacharya Terdal stepping away from his active operational seat to transition into a Non-Executive Non-Independent role.

E. KMP compensation

Name	Role	Mar 2025 (□Cr)	Mar 2024 (□Cr)	Change
Mr. Srinivas Bommidala	Managing Director	3.33	2.76	+20.73%
Mr. Madhva Bhimacharya Terdal	Executive Director	3.46	3.12	+10.90%
Mr. G. Subba Rao	Executive Director	1.28	1.16	+10.44%
Mr. Suresh Bagrodia	Chief Financial Officer	0.81	0.80	+1.66%
Others / Reconciling KMP items	Remaining KMP pay	2.38	-0.54	—
Total	**KMP and Directors**	**11.26**	**7.30**	**+54.25%**
Pay as a percentage of EBITDA	**Basis: EBITDA (1,534 Cr)**	**0.73%**	**0.80%**	**-0.07 pp**

The aggregate managerial remuneration line reconciles completely with the transaction tables provided under the related-party disclosures. At 0.73% of this period's consolidated EBITDA, the overall cash compensation remains proportional and sits safely beneath the standard governance warning thresholds. However, the direction of executive rewards raises valid minority concerns, as individual salaries for core promotional leadership climbed double-digits during an execution phase characterized by extensive pre-exceptional operating losses.

F. Capital allocation & capex

The allocation strategy during the current period focused on asset monetization and balance sheet restructuring to address the group's leverage challenges. The most material capital event was the conversion of 275 million USD in subordinated foreign currency bonds, which expanded the equity capital base, created 1,779.86 Cr in premium accounts, and successfully eliminated 1,175.75 Cr in accrued interest via a negotiated waiver from incoming institutional holders.

Simultaneously, management altered its joint venture positions to offload stranded capacity. The group finalized a framework agreement to divest stakes across three major power assets—comprising majorities in the Bajoli Holi hydro installation alongside the gas-fired units at Vemagiri and Rajahmundry—to Synergy Investments for a net consideration of 664 Cr. Cash generation was further augmented by an amicable highway dispute settlement with the government that delivered 1,387.21 Cr in direct liquid inflows, which were entirely directed toward closing senior lender consortium facilities. While these maneuvers successfully reduced absolute debt weight, the fundamental earnings quality remains fragile; the group's returns failed to clear capital costs, leaving interest coverage poor at 0.59x.

G. Revenue recognition policy

The company's accounting rules vary by business line, leaving substantial room for subjective management estimation and front-loading across long-gestation infrastructure projects:

- **Energy Sales:** Power generation revenue is primarily booked at a fixed point in time upon physical injection into the electrical grid. However, a massive portion of the segment's recorded asset value depends on "Change in Law" tariff revisions. These are continuously recognized based on favorable interim or preliminary regulatory body decrees, exposing the top line to subsequent judicial adjustment.
- **Smart Meter Infrastructure:** Rollout execution utilizes Service Concession Arrangement rules under Ind AS 115. Income is recognized during the implementation phase via an input contract framework that measures construction expenditures, presenting front-loading exposure prior to the stabilization of actual cash annuity collections.
- **Engineering & EPC Contracts:** Revenue on industrial construction jobs is calculated progressively over time using the percentage-of-completion method. This standard requires significant management judgment to estimate total remaining project expenses, project completion timelines, and contract claims. The financial risk of this policy is demonstrated by the company's decision to include contested prolongations as valid unbilled assets while arbitrations remain unsettled.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
Move away from capital-intensive Construction (EPC) toward higher-margin, asset-light Operations (Smart Meters).	EPC revenue dropped 44.04% to □190.75 Cr, while the newly launched Smart Meter Infrastructure segment recognized its first □320.54 Cr in revenue.	Delivered
Pursue liquidity inflows through the settlement of the Hyderabad-Vijayawada road dispute with NHAI for □1,387 Cr.	Completed the NHAI dispute settlement in July 2024, receiving □1,387.21 Cr in direct liquid inflows and transferring the highway asset back.	Delivered
Accelerate the industrial land monetization outlook for the remaining 300+ acres at the Krishnagiri SIR.	Unlocked industrial land value by completing the strategic monetization and divestment of 407 acres of land in FY25.	Delivered
Support going-concern status through aggressive asset monetization, targeted refinancing, and the successful recovery of disputed claims.	Converted USD 275 million in FCCBs to equity, signed a □657 Cr lender settlement for GREL, and entered a framework to divest stressed energy assets for □664 Cr.	Delivered

3 further claims too vague to check: digitalization efforts via GMR Innovex to command a tech-multiple, new high-margin opportunities in railway track O&M, and EV infrastructure hubs within the airport ecosystem.

This year's claims against the numbers

- Management claims it is actively strengthening the balance sheet and achieving structural deleveraging; however, while absolute borrowings dropped to □10,259.0 Cr due to a USD 275 million FCCB equity conversion (adding □1,779.86 Cr to premium accounts) and a □657.0 Cr lender settlement, consolidated interest coverage remains weak at 0.59x (on EBITDA of □1,534.0 Cr and interest of □1,571.0 Cr), and core operating results before exceptional items recorded a structural loss of □392.0 Cr.
- Management highlights the high-margin expansion of its clean energy "Energy 2.0" and smart metering verticals supported by a □2,128.0 Cr loan from IREDA; however, the Smart Meter Infrastructure segment generated an operating margin of -0.22% (representing an operating loss of □0.71 Cr on segment revenue of □320.54 Cr) and absorbed □183.0 Cr of cash into smart meter inventory, demonstrating that early execution stages front-load deployment costs before steady cash annuities are realized.

Credibility: Medium -- Management successfully delivered on key operational milestones such as major dispute settlements, land monetization, and balance sheet conversions, but headline profit figures remain heavily reliant on non-operating items and exceptional adjustments rather than sustainable core earnings.

What has not changed

- Capital expenditure has remained tightly suppressed for the fourth consecutive year, absorbing just 8.7% of cumulative operating cash flow (amounting to □658.0 Cr of capex against □7,556.0 Cr of cumulative CFO) over the five-year window as management avoids large-scale organic asset creation.
- The company has relied on non-operating other income to support its reported pre-tax performance for the second time in three years, with total other income standing at 140.04% of PBT (□2,228.0 Cr of other income against □1,591.0 Cr of PBT) in FY25, following a similar pattern of outsized non-operating contributions in FY23.
- Equity capital expansion has occurred for the second time in the five-year window, resulting in a cumulative 18.21% dilution (equity capital rising to □357.0 Cr from a baseline of □302.0 Cr) that decouples long-term earnings per share trends from direct operational volume improvements.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	3	Same	The company turned from a □127 Cr loss to a □1,552 Cr profit with a latest ROCE of 13%. Its EBITDA margin of 24.2% is above its five-year range of 1.6-20.4%.
Financial health	2	Up	Operating profit covers interest only 0.59 times, leaving the group heavily leveraged with net debt at 6.04 times EBITDA.
Earnings quality	2	Same	Exceptional items completely dominate reported PBT, masking a core operating loss before exceptionals of -392 Cr. There is a likely paper inflation of earnings through disputed regulatory items, alongside a working capital drain of -2,119 Cr.
Management & governance	2	Same	Unsecured related-party loans of 2,513.40 Cr carry penal interest rates peaking at 17.50%, far exceeding external commercial bank debt costs. Shareholder value is further exposed by missing promoter pledge volume disclosures and a disabled audit trail log.
Capital allocation	3	—	Five-year capex was kept low at 658 Cr and funded by asset sales while no dividends were declared. The conversion of foreign currency bonds expanded equity by 1,779.86 Cr but dilutes returns.