

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	GMR Power & Urban Infra operates as a highly leveraged holding entity with 70% of revenue concentrated in a single intra-group JV, indicating high business model dependency.	☐
2	<i>Consolidated revenue declined 10.15% YoY to 1,408.78 Cr, reflecting a shrinking top-line exacerbated by the divestment of the PTGEMS stake.</i>	☐
3	<i>Interest Coverage Ratio stands at a critical 0.56, signaling that core operating profits are insufficient to service the company's massive interest obligations.</i>	☐
4	<i>The company reported a net loss for the period, with KMP compensation continuing despite negative PAT and value-destructive ROCE trailing the cost of debt.</i>	☐
5	<i>Financial health is precarious with a Debt-to-Equity ratio of 9.08x following a 91% collapse in Other Equity, leaving a razor-thin equity cushion.</i>	☐
6	<i>A severe liquidity mismatch exists with only 14.91 Cr in cash available to meet 646.10 Cr in debt maturities due within the next 12 months.</i>	☐
7	The company realized ₹1,755 Cr from the PTGEMS sale and commissioned the 180 MW Bajoli Holi project, though total debt reduction was limited to ₹863.66 Cr.	☐
8	<i>Earnings quality is compromised by the recognition of 406 Cr in revenue from a rejected claim and unbilled revenue reaching 68% of total sales.</i>	☐
9	<i>Governance risks are elevated by a qualified audit opinion on 2,600 Cr+ of assets and corporate guarantees of 6,043.65 Cr, which are 15x the equity base.</i>	☐
10	<i>High foreign currency exposure persists with 2,259.68 Cr in USD-denominated debt, making the balance sheet vulnerable to INR depreciation.</i>	☐
11	Management is pivoting toward an "Energy 2.0" asset-light model focusing on Smart Metering to mitigate legacy asset drag and improve visibility.	☐
12	<i>Investment View: AVOID; monitor the gap between cash balances and upcoming maturities alongside the realization of 2,000 Cr+ in regulatory receivables.</i>	☐

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** GMR Power & Urban Infra Ltd (GMRP&UI) operates as a diversified infrastructure holding company focused on three core pillars: Energy (Thermal, Hydro, and Gas), Transportation (Highways and Railway EPC), and Urban Infrastructure (Special Investment Regions).
- **Revenue Drivers:** Primary drivers include Power Purchase Agreements (PPAs) and merchant power sales in the Energy segment, and annuity/toll collections alongside EPC contracting in the Transportation segment.

- **Cost Drivers:** The cost structure is heavily weighted toward fuel (coal for Warora/Kamalanga plants) and significant finance costs stemming from a legacy debt load.
- **Industry Position:** The company is currently in a structural transition from a heavy-asset developer model to an "Energy 2.0" asset-light service model, positioning itself to capture India's energy transition and railway modernization tailwinds.
- **Expansion Plans:** Strategic pivot toward the Smart Metering sector in Uttar Pradesh, targeting technology-driven infrastructure services with lower capital intensity.
- **Acquisitions & Divestments:** Completed a major divestment of a 30% stake in PT Golden Energy Mines (PTGEMS) for approximately ₹1,755 Crores to deleverage the consolidated balance sheet.
- **Capacity Additions:** Successfully commissioned the **180 MW** Bajoli Holi Hydro project; however, the Vemagiri gas plant remains stranded due to fuel scarcity.
- **Segment Performance:** Energy assets saw high utilization with Warora reaching a PLF of **82.2%**. The Transportation segment is concluding the Dedicated Freight Corridor (DFC) project, marking a shift toward seeking third-party EPC orders.
- **Geographical Presence:** Strong focus on the Bangalore-Chennai industrial corridor through the Krishnagiri Special Investment Region (SIR) and a broad footprint across India in power and road assets.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management is pursuing a "cautious transformation," shifting the company from a "stressed asset" developer to a leaner, service-oriented infrastructure platform.
- The strategic focus has moved toward "Value Unlocking" and "Prudent Working Capital Management" to escape the capital-heavy nature of traditional thermal power.
- Growth guidance is centered on "Energy 2.0," specifically targeting the Smart Metering sector to leverage group technology engagements.
- Management views the Indian macro environment as a "bright spot," citing government thrust on energy transition and infrastructure modernization as key demand drivers.
- The Krishnagiri SIR is positioned as a long-term value driver to capture industrial growth in the Bangalore-Chennai corridor.
- Execution capability is highlighted through the completion of the Bajoli Holi Hydro project and the near-completion of the DFC project.
- Management is aggressively pursuing the resolution of regulatory receivables from DISCOMs, viewing them as a critical cash flow catalyst.
- The business model remains reliant on JVs for risk-sharing, though management acknowledges the need to streamline cash flow upstreaming to service corporate debt.
- Competitive intensity in new sectors like Smart Metering is acknowledged, with plans to utilize a new SEBI-registered CAT-2 fund for technological edges.
- Management exhibits "**Strategic Optimism tempered by Balance Sheet Realism.**" The tone is highly confident regarding India's infrastructure tailwinds and the "Energy 2.0" pivot, yet the underlying narrative is dominated by debt reduction, litigation resolution, and asset monetization. There is a visible effort to distance the company from its "stressed asset" past, but the persistent auditor qualifications regarding the valuation of core power investments suggest that the "clean-up" phase is far from over.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

No pre-extracted tables available.

3.2 Financial Analysis Summary

- **Revenue** from operations declined by **10.15%** YoY to **₹1,408.78 Cr**, with **Construction Income** contributing **71.02%** (**₹1,000.47 Cr**), yet quality is severely compromised as **₹406.00 Cr** relates to a rejected claim against DFCCIL and **₹256.03 Cr** stems from retrospective contract modifications, suggesting that current **PAT** is heavily reliant on aggressive accounting rather than operational execution.
- The **Balance Sheet** shows a massive cash trap with **Unbilled Revenue** of **₹963.06 Cr** representing **68.36%** of total **Revenue**, which, when linked to the **₹956.80 Cr** due from the GIL SIL JV, indicates that nearly all accrued income is tied to related parties and has not converted into **CFO**.
- **Total Debt** stands at **₹3,664.95 Cr**, and while it decreased from **₹4,528.61 Cr**, the **Gearing Ratio** deteriorated from **76.06%** to **90.05%** due to a **91%** collapse in **Other Equity** (from **₹1,121.55 Cr** to **₹101.47 Cr**), leaving the **Net Worth** extremely fragile against future impairments.
- **Finance Cost** paid to related parties increased by **19.24%** to **₹188.26 Cr**, which, when compared to the **Interest Coverage Ratio** of **0.56**, indicates the company is unable to service its debt through operating profits, further evidenced by **₹955.49 Cr** in interest accrued but not due under **Other Financial Liabilities**.
- **Working Capital** is under severe stress as the **Current Ratio** sits at **0.78** and **Cash and Cash Equivalents** are a mere **₹14.91 Cr** against a **Debt Maturity (0-1 Year)** of **₹646.10 Cr**, creating a significant liquidity gap that necessitates further external or group funding.
- **Investments** and capital allocation appear risky as the company has provided **₹1,463.52 Cr** in loans to its JV, GMR Energy Limited, an amount nearly **3.6x** its **Total Equity** of **₹403.27 Cr**, while already carrying a **₹977.44 Cr** provision for doubtful loans.
- **Other Expenses** and profitability were impacted by a **₹313.21 Cr** exceptional loss from Kakinada SEZ, which was partially offset by a non-recurring **₹418.55 Cr** arbitration gain, masking an underlying operational loss and a negative **ROE** of **-30.97%**.
- **Contingent Liabilities** represent a massive off-balance sheet risk, with **Corporate Guarantees** and Letters of Comfort totaling **₹6,043.65 Cr**, which is **15x** the **Net Worth**, creating a high probability of insolvency if group entities default.
- **Trade Receivables** gross balance rose **182%** to **₹36.20 Cr**, and while the **Trade Receivables Turnover Ratio** is reported at **63.49**, the massive **Unbilled Revenue** balance suggests that the "turnover" metric is misleading as most work performed has not yet reached the invoicing stage.
- **Foreign Currency Risk** is substantial with **₹2,259.68 Cr** in USD-denominated **Total Debt**, where a **5%** INR depreciation would result in a **₹155.38 Cr** hit to profit, potentially wiping out the company's thin equity base.
- **Other Financial Assets** of **₹1,390.52 Cr** are almost entirely composed of non-cash accruals (Interest accrued: **₹348.90 Cr**; Unbilled Revenue: **₹963.06 Cr**), making the asset side appear stronger than its actual cash-generating capacity.
- **Other Financial Liabilities** of **₹2,079.05 Cr** are dominated by **₹955.49 Cr** in interest accrued but not due, indicating the company is not servicing interest obligations in cash but waiting for arbitration inflows.
- **Other Expenses** include **₹32.16 Cr** in short-term lease expenses; by classifying leases as short-term, the company avoids recognizing ROU assets/liabilities, keeping lease debt off the **Balance Sheet** at the cost of higher operating expenses.

- The dominant financial theme of the year is "**Liquidity Fragility and Accounting Aggression**," where the company is utilizing non-cash accruals and one-time arbitration gains to mask a core operational deficit and a critically overleveraged balance sheet.

3.3 Contingent Liabilities & Commitments

- **Corporate Guarantees:** ₹3,897.78 Cr outstanding, representing a massive off-balance sheet exposure.
- **Letters of Comfort:** ₹2,145.87 Cr outstanding to support loss-making subsidiaries.
- **Capital Commitments:** ₹316.71 Cr in financial assistance commitments (down from ₹614.23 Cr).
- **Tax Disputes:** ₹46.07 Cr in indirect tax disputes.
- **Legal Ambiguity:** A dispute exists regarding the transfer of ₹1,910.08 Cr in guarantees from GIL to the company following the demerger; both are currently "jointly liable."
- **Unsustainable Debt Support:** The company has guaranteed ₹940.59 Cr of "unsustainable debt" for GMR Rajahmundry Energy Limited in the form of CRPS.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash	☐	Unbilled revenue ₹963.06 Cr vs Total Revenue ₹1,408.78 Cr.	Note 33(c): Unbilled revenue is 68% of sales, indicating poor cash conversion.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — channel stuffing risk	☐	Receivables ₹36.20 Cr (FY23) vs ₹12.82 Cr (FY22); Revenue ₹1,408.78 Cr.	Note 40(e): Receivables turnover ratio variance of 894% suggests significant collection timing issues.
3	Revenue timing (unbilled/contract assets)	Revenue ↑ — aggressive recognition	☐	₹406.00 Cr incremental budgeted revenue from rejected DFCCIL claim.	Note 33(h): Management recognized revenue despite customer rejection based on "favourable outcome" expectations.
4	Revenue from related parties %	Revenue ↑↓ — high concentration risk	☐	₹979.75 Cr revenue from GIL SIL JV out of ₹1,408.78 Cr total.	Note 32(b): Top line is almost entirely dependent on related party EPC contracts.
5	Inventory vs revenue growth	Neutral — inventory data not disclosed	☐	Inventory not disclosed in AR.	Note 46: Single segment (EPC) focus; costs captured in contract work-in-progress/unbilled.
6	Inventory valuation method change	Neutral — no change in policy	☐	No policy change reported in Note 2.2.	Accounting Policy Note 2.2: Standard cost-based valuation for construction materials.
7	Exceptional items in operating profit	Profit ↑↓ — non-recurring volatility	☐	Net exceptional gain of ₹105.34 Cr (₹418.55 Cr gain vs ₹313.21 Cr loss).	Note 43 & 48: GCORR arbitration award vs Kakinada SEZ milestone failure provision.
8	Depreciation rate vs useful life policy	Profit ↑ — lower depreciation	☐	Lease rental & equipment hire: ₹32.16 Cr.	Note 34: Use of short-term lease exemptions keeps lease debt and depreciation off-balance sheet.
9	Provision reversals boosting PAT	Profit ↑ — non-cash boost	☐	Provision for impairment held flat at ₹31.97 Cr YoY.	Note 40(e): No additional provisioning despite sharp increase in gross trade receivables.
10	Tax rate consistency	Profit ↓ — deferred tax risk	☐	ROE at -30.97%; DTA based on "likely future taxable profits."	Note 31(a): Subjective assessment of future profits used to justify carrying deferred tax assets.
11	CWIP age and stalling projects	Profit ↓ — impairment risk	☐	₹313.21 Cr provision for KSEZ land parcel milestones.	Note 43: Failure to achieve divestment milestones indicates overvaluation of infrastructure assets.
12	Deferred tax asset recognition adequacy	Profit ↑ — aggressive accounting	☐	Gearing ratio increased to 90.05% from 76.06%.	Note 38: Erosion of "Other Equity" by 91% limits the capacity to absorb DTA reversals.
13	RPT quantum and trend	Profit ↓ — value leakage	☐	Loans to GMR Energy Ltd (GEL): ₹1,463.52 Cr vs Total Equity ₹403.27 Cr.	Note 41: Massive inter-corporate deposits to associates suggest support for loss-making group entities.
14	Dividend paid vs FCF adequacy	Neutral — no dividends paid	☐	Cash & Equivalents: ₹14.91 Cr; Dividends: Nil.	Note 36(iii): Liquidity is severely stretched with high current debt repayments due.
15	Internal Control Consistency	Profit ↑↓ — reporting reliability	☐	₹197.28 Cr discrepancy between books and bank filings.	Note 49(viii): Material differences in Current Assets reported to banks vs books.

#	Check	Impact	Status	Evidence	Notes Detail
16	Auditor Qualification on Asset Value	Profit ↓ — impairment risk	☐	Auditor unable to comment on ₹2,600 Cr+ in investments/loans.	Qualified Opinion: Concerns over recoverability of loans to GEL and GKEL valuation.
17	Going Concern Uncertainty	Neutral — liquidity risk	☐	Current Ratio 0.78 and erosion of net worth in subsidiaries.	Auditor's Note: Material uncertainty regarding GKEL as a going concern.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion Type:** *Qualified Opinion*
- **KAM 1: Impairment of Investments/Loans:** Auditor flagged the recoverability of ₹1,463.52 Cr loaned to GMR Energy Limited (GEL) and a ₹977.44 Cr provision for doubtful loans. Management relies on DCF models with aggressive assumptions regarding dispute settlements.
- **KAM 2: Litigation and Claims:** Auditor expressed concern over the recognition of ₹406.00 Cr in revenue from a claim rejected by the customer (DFCCIL). Management cites "favorable outcome" expectations.
- **KAM 3: Going Concern of Subsidiaries:** The auditor noted the risk of providing "comfort letters" to loss-making subsidiaries while the company's own liquidity is stretched (Current Ratio: 0.78).
- **Emphasis of Matter:** Auditor highlighted the erosion of net worth and net liability position of GMR Kamalanga Energy Limited (GKEL), raising material uncertainty regarding its status as a going concern.
- **Material Weaknesses:** The auditor explicitly stated that the internal control system towards estimating the fair value of investments and loans was *not operating effectively*.

B. Related Party Transactions

Party	Relationship	Nature	Amount (₹Cr)	Concern
<i>GIL SIL JV</i>	Joint Venture	Construction Revenue	979.75 Cr	69.54% of Total Revenue
<i>GMR Energy Ltd (GEL)</i>	Joint Venture	Loans Given	1,463.52 Cr	Exceeds company's total equity base
<i>GIL SIL JV</i>	Joint Venture	Unbilled Revenue	956.80 Cr	Almost 100% of total unbilled revenue
<i>Fellow Subsidiaries</i>	Group Entities	Finance Cost Paid	188.26 Cr	High-cost intra-group funding
<i>GMR Energy Ltd (GEL)</i>	Joint Venture	Interest Income	164.70 Cr	Non-cash accrual from stressed asset

RPT Verdict: Governance Concern ☐ The company's top line is artificially sustained by intra-group EPC contracts, while the balance sheet is utilized to fund struggling energy associates (GEL/GKEL) through non-cash interest accruals and massive inter-corporate deposits.

C. Shareholding

- **Promoters:** 59.83% (361,116,914 shares)
- **Foreign Portfolio Investors:** 21.18%
- **Resident Individuals:** 11.30%
- **Bodies Corporates:** 3.89%
- **Others:** 3.80%

D. Board Composition + KMP Compensation

- **Total Directors:** 12 | **Independent %:** 50.00% | **Women Directors:** 1 (Dr. Siva Kameswari Vissa).
- **Family Relations:** G.M. Rao (Chairman) is the father of Grandhi Kiran Kumar (Group Director) and father-in-law of Srinivas Bommidala (Managing Director).
- **KMP Compensation:**
 - Srinivas Bommidala (MD): ₹2.50 Cr.
 - Madhva B. Terdal (ED): ₹1.83 Cr.
 - G. Subba Rao (ED): ₹1.06 Cr.
 - **CFO Compensation:** Grew by **32.86%** YoY, which is disproportionate given the material weaknesses identified in internal financial controls and a **-30.97% ROE**.

F. Capital Allocation & Capex

Action	FY Current (₹Cr)	FY Prior (₹Cr)	Signal
Net Debt Change	-863.66 Cr	0.00 Cr	****
Interest Payments	188.26 Cr	157.88 Cr	***
Impairments / Write-offs	313.21 Cr	0.00 Cr	***
Loans to Associates	1,463.52 Cr	1,047.55 Cr	***
Asset Sales / Divestments	1,755.77 Cr	0.00 Cr	****

CAPEX Analytical Notes: * **CFO Coverage:** Negative; operations do not fund capex. * **Nature of Capex:** Primarily maintenance and completion of the DFCC project. * **Deployment Efficiency: Revenue declined by 10.15%** despite ongoing investment, signaling poor execution efficiency. * **Material Impact:** The ₹313.21 Cr write-off for Kakinada SEZ indicates significant capital misallocation in urban infra.

H. Risks

- **Revenue Reversal** (High): Recognition of ₹406 Cr rejected claim; potential **28.8%** hit to revenue if arbitration fails.
- **Currency Risk** (High): ₹2,259.68 Cr in USD debt; **5% INR depreciation = ₹155.38 Cr hit to PBT**.
- **Liquidity Risk** (High): ₹646.10 Cr debt due in 12 months with only ₹14.91 Cr cash on hand.
- **Concentration Risk** (High): **69.54%** revenue from a single related party JV.
- **Asset Impairment** (High): ₹2,508.90 Cr in unquoted equity valued via Level 3 inputs; highly sensitive to discount rate hikes.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1-5)	Delta	Key Evidence	One-line Rationale
Business Quality	2	→	70% RPT Revenue; Stranded Gas Asset	High concentration and reliance on stressed legacy assets.
Financial Health	1	↓	D/E 9.08x; Current Ratio 0.78	Critical leverage and liquidity mismatch with thin equity.
Earnings Quality	1	↓	₹406 Cr rejected claim revenue; CFO < PAT	Aggressive accounting and poor cash conversion of accruals.
Management & Governance	2	↓	Qualified Opinion; 15x Equity Guarantees	Material internal control weaknesses and massive off-balance risk.
Capital Allocation & Earnings Visibility	2	→	ROCE < Cost of Debt; ₹313 Cr Write-off	Value-destructive allocation to associates and stalled projects.

BUSINESS POSITIVES * **High Asset Utilization:** Warora power plant achieved a record PLF of **82.2%**. * **Strategic Divestment:** Realized **₹1,755 Crores** from PTGEMS sale to facilitate debt reduction. * **New Capacity:** Successful commissioning of the **180 MW Bajoli Holi Hydro** project. * **Debt Reduction:** Consolidated total borrowings decreased by **₹863.66 Cr** YoY.

BUSINESS NEGATIVES / CONCERNS * **Accounting Aggression:** Recognized **₹406 Cr** in revenue from a claim explicitly rejected by the customer. * **Liquidity Crisis:** Only **₹14.91 Cr** cash available to meet **₹646.10 Cr** in debt maturities due within 12 months. * **Extreme Leverage:** Debt-to-Equity ratio spiked to **9.08x** following a **91%** collapse in Other Equity. * **Auditor Qualification:** Statutory auditors issued a qualified opinion on **₹2,600 Cr+** of investments and loans. * **Related Party Reliance:** **69.54%** of total revenue is derived from a single intra-group JV. * **Off-Balance Sheet Risk:** Corporate guarantees of **₹6,043.65 Cr** are **15x** the company's total equity base.

OVERALL SCORECARD SUMMARY GMR Power & Urban Infra Ltd is in a precarious financial state characterized by extreme leverage, a critical liquidity mismatch, and poor earnings quality. The company's reliance on aggressive revenue recognition and non-cash accruals from related parties masks a core operational inability to service its massive debt load. With a qualified audit opinion and off-balance sheet risks 15x its equity, the business is on a deteriorating trajectory where survival is heavily dependent on uncertain arbitration wins and group support.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	<input type="checkbox"/>	Qualified Opinion regarding GEL/GKEL recoverability.
2	Promoter pledge = 0?	<input type="checkbox"/>	Not explicitly disclosed in provided tables.
3	KMP pay < 5% of PAT?	<input type="checkbox"/>	PAT is negative; KMP pay continues despite losses.
4	RPT quantum < 5% of revenue?	<input type="checkbox"/>	RPT revenue is 69.54% of total.
5	Board > 50% independent?	<input type="checkbox"/>	50% (6 out of 12 directors).
6	At least 1 woman director?	<input type="checkbox"/>	Dr. Siva Kameswari Vissa.
7	No statutory dues outstanding?	<input type="checkbox"/>	None reported as material.
8	No fraud reported?	<input type="checkbox"/>	No fraud reported in the period.
9	Audit trail enabled?	<input type="checkbox"/>	Reported as enabled.
10	Frequent Auditor change	<input type="checkbox"/>	No frequent change reported this year.

Total: 6/10 — Governance
Rating: 2

Part C: Investor Verdict

THESIS: A highly leveraged infrastructure holding company attempting an asset-light pivot while struggling with legacy debt and aggressive accounting. **OVERALL STANCE:** AVOID **RATIONALE:** The combination of a 9.08x D/E ratio, qualified audit opinion, and extreme liquidity risk makes the risk-reward profile unattractive. **RE-EVALUATE WHEN:** Debt-to-Equity falls below 2.0x and unbilled revenue reduces to <20% of total revenue. **BULL CASE:** Successful realization of ₹2,000 Cr+ in regulatory receivables and arbitration wins leading to total debt elimination. **BEAR CASE:** Rejection of the ₹406 Cr DFCCIL claim and a 5% INR depreciation triggering a liquidity default. **KEY MONITORABLE:** Cash balance vs. Upcoming Maturities: ₹14.91 Cr → ₹646.10 Cr.