GMR Power & Urban Infra Ltd — 29 May 2026 Credit Rating Summary

Section	Details
Agency	Infomerics (IVR)
Rating Change	**BBB-** → **BBB** (1 notch upgrade)
Outlook (Current vs Previous)	**Stable vs Stable**
Key Drivers of Change	1. **Equity Infusion:** Raised □900 Cr (□800 Cr equity + □100 Cr warrants) in Q4FY26, drastically improving capital structure. 2. **Arbitration Inflows:** Received □1,083 Cr from GMR Kamalanga Energy settlement and □653 Cr from asset divestments used for debt reduction. 3. **Deleveraging:** Consolidated Net Worth jumped from □180.42 Cr to □1,264.94 Cr, reducing gearing from 56.37x to 9.09x. 4. **Operational Growth:** Revenue grew 15.6% to □7,331.86 Cr; EBITDA margins expanded to 27.56% (vs 26.28% FY25).
Rated Instruments	**Bank Loan Facilities (Long Term):** □380.00 Cr (Reduced from □385.30 Cr) • **IVR BBB / Stable**
Key Observations	• **(+) High Financial Flexibility:** 83% of debt is at subsidiary levels with stronger standalone cash flows. • **(+) Diversified Revenue:** Significant shift toward smart metering projects and coal trading providing growth momentum. • **(+) Repayment Structure:** 57% of FY27 debt is owed to promoter/group companies, allowing flexibility in servicing priorities. • **(-) Low Interest Coverage:** Despite the upgrade, ISCR is thin at 1.22x (FY26), up only marginally from 1.06x. • **(-) High FY27 Repayment Load:** □1,489 Cr debt maturing in FY27 requires continued asset monetization or refinancing. • **(-) Tender Sensitivity:** Profitability remains exposed to intense competition and volatile input costs (coal/steel).
Investor Impact	• **Leverage:** Massive drop in gearing (56x to 9x) significantly lowers insolvency risk. • **Dilution:** Recent □900 Cr infusion has already diluted equity; focus now shifts to ROE recovery. • **Margins:** Improving margins suggest better project selection, but high debt servicing costs still eat into PAT. • **Execution Risk:** Future value hinges on the "Smart Metering" segment growth and timely land parcel sales.
Agency / Cross Analysis	**Same Agency (Infomerics):** Upgrade signals a shift from "Stressed/Turnaround" to "Improving/Stable." • **What Changed:** Last year's "Monitorables" (equity infusion and arbitration wins) have now materialized into "Strengths." • **Outlook Alignment:** The agency maintains a Stable outlook despite the upgrade, recognizing that while the balance sheet is repaired, operational cash flow coverage of debt (ISCR 1.22x) is still not robust enough for a further immediate upgrade. • **Conclusion: Improvement.** The rating captures a genuine de-risking of the consolidated entity.
Final Inference	**Real Improvement but Liquidity-Dependent.** The upgrade is earned through massive balance sheet repair (Equity + Arbitrations), but the entity remains a "sale-to-survive" story for FY27 debt obligations. Equity upside depends on whether smart metering can replace one-time gains with sustainable PAT.