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

Section	Details
Agency	Infomerics Valuation and Rating Limited (IVR)
Rating Change	**Reaffirmed** (Long Term: IVR BBB- / Short Term: IVR A3) • NCD Rating Withdrawn (Paid/Extinguished)
Outlook	**Stable** (Maintained)
Key Drivers of Change	1. **Asset Monetization:** Received ₹1,387 Cr from NHAI settlement; used for debt reduction. 2. **Energy Consolidation:** Revenue surged 41% to ₹6,343.97 Cr; PAT turned positive at ₹1,552.25 Cr (vs. loss in FY24). 3. **Debt Reduction:** Total debt fell by ₹3,599.42 Cr (from ₹13,854.88 Cr to ₹10,255.46 Cr) via divestments. 4. **Net Worth Recovery:** Tangible Net Worth (TNW) turned positive (₹44.84 Cr) from a deep negative (₹ -5,760.88 Cr) due to profit retention and adjustment of intangibles.
Rated Instruments	• **LT Bank Facilities:** ₹380.00 Cr (IVR BBB- / Stable) • **ST Bank Facilities:** ₹5.30 Cr (IVR A3) • **Total Rated:** ₹385.30 Cr
Key Observations	**Strengths:** • Established GMR Group lineage with experienced management. • Diversified portfolio (Energy, EPC, Highways, Smart Meters). • Majority of debt is housed in self-sustaining operational SPVs. **Concerns:** • **Liquidity Mismatch:** GCA of ₹415.10 Cr vs. maturing debt of ₹1,545.18 Cr (Major gap). • **Extreme Gearing:** Overall gearing at 230.22x despite improvement. • **Thin Coverage:** ISCR at 1.06x provides almost no cushion for interest shocks. • **Volatility:** Profitability sensitive to fuel (coal) and input (steel/cement) prices.
Investor Impact	• **Growth:** Revenue profile is stronger post-energy business consolidation. • **Leverage:** Massive debt reduction is positive, but the company remains "Stretched" from a cash-flow perspective. • **Repayment Risk:** Survival depends on successful non-core asset sales (land parcels) rather than operational cash flows. • **Equity Risk:** Thin net worth and high gearing suggest high sensitivity to any delays in monetization.
Agency / Cross Analysis	**Same Agency (Feb 2026 vs Feb 2025):** Rating maintained despite significant P&L improvement (Loss to Profit) and ₹3.6k Cr debt reduction. **Reasoning:** IVR is cautious of the "Stretched Liquidity" where current cash accruals cover only ~27% of immediate debt obligations. **Conclusion: Improvement.** The transition to positive TNW and operational profit is a major credit positive, but structural leverage prevents an upgrade.
Final Inference	**Real Improvement in Deleveraging:** The company is successfully pivoting from a "distressed" to a "recovery" profile through aggressive asset sales. However, the **Liquidity Gap (₹1,130 Cr shortfall for FY26 debt)** remains a critical risk signal for equity holders.