GMR Power & Urban Infra Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Avoid. The auditor reports a material uncertainty about going concern alongside active lender payment defaults that leave interest coverage at a fragile 0.57x.

Key findings

- The auditor reports a material uncertainty about going concern at a transport subsidiary that failed to provide for □**60.32 Cr** of interest, risking severe asset impairments if traffic declines worsen.
- The company manages a fragile capital structure where core operating profit covers interest obligations only **0.57 times**, exposing the group to acute refinancing risks.
- The company recognized exceptional non-cash earnings of □**991 Cr** from a Supreme Court liability reversal, without which the group would have reported a deep pre-tax loss.
- The company reported other income of □**1,528 Cr** that completely exceeds total pre-tax profit, indicating that underlying operational activities are net loss-making.
- The smart metering vertical experienced rapid revenue expansion that outran actual cash realization, trapping □**1,043.17 Cr** in service concession arrangement contract assets.
- The smart metering segment accelerated field deployments to **39 lakh** meters, successfully shifting assets from initial installation velocity to active operational billing status.
- The power segment maintained stable operational performance as the Kamalanga thermal power project achieved an optimal plant load factor of **86.6%** during the year.
- Management targets long-term utility infrastructure expansion, highlighting a projected national thermal capacity requirement of **307 GW** by 2035 to guide its growth plans.
- The group faces substantial balance sheet risk from disputed unbilled revenues of □**1,395.35 Cr** currently stuck in prolonged railway and joint venture arbitrations.
- The company risks severe equity capital erosion if total outstanding contingent liabilities of □**2,917.50 Cr** crystallize into actual legal obligations.
- Executive management compensation includes a sharp profit-linked commission of □**46.75 Cr** for the Managing Director despite consolidated reported net profit collapsing by over 60%.
- Management raised non-promoter equity capital through a private placement worth □**800 Cr** to reduce legacy borrowings and improve group liquidity.

What to watch

Monitorable	Current status	Level that would change the view
Consolidated interest coverage	0.57x	Below 0.50x or above 1.5x
Service concession arrangement receivables	□1,043.17 Cr	Above □1,500 Cr
Disputed unbilled revenue claims	□1,395.35 Cr	Below □1,000 Cr via successful legal awards
Smart meters installed	39 lakh meters	Above 50 lakh meters
Total contingent liabilities	□2,917.50 Cr	Above □3,200 Cr
Consolidated net debt	□10,420 Cr	Below □9,000 Cr

1. Business

1.1 What it sells, to whom

- Sells conventional thermal electricity and renewable power to state utilities (discoms in Bihar, Haryana, and Odisha) under long-term PPAs via regulated tariffs.
- Provides smart metering infrastructure supply, installation, and O&M services to Uttar Pradesh discoms, earning recurring service fees.
- Earns fixed annuity payments and toll revenues from commuters across three national highway assets.

1.2 Segment performance

Segment	FY25 (□ Cr)	FY26 (□ Cr)	YoY	Share change (pp)	Margin	What drove it
Power	5,330.85	5,406.99	+1.43%	-10.28	19.18%	Steady plant availability and power demand.
Smart Meter Infrastructure	320.54	1,417.78	+342.31%	+14.29	1.48%	Accelerated installation velocity in Uttar Pradesh.
Roads	396.69	218.37	-44.95%	-3.27	22.26%	Handover of GHVEPL project to NHAI.
EPC	190.75	91.92	-51.81%	-1.76	18.09%	Completion of legacy freight corridor contracts.
Others	315.23	386.55	+22.62%	+0.30	-3.03%	Urban infrastructure and residual services.
Inter Segment	(210.09)	(189.75)	—	+0.72	—	Elimination of internal group transactions.
Total	6,343.97	7,331.86	+15.57%	0.00	17%	Metering scale offsetting infrastructure declines.

Forward visibility: Long-term contracted positions include the multi-year smart meter order book and regulated power PPAs outlined in the segment highlights above.

Power

- Capacity: Utilization metrics are detailed in section 1.3; Warora and Kamalanga units achieved 84.9% and 86.6% PLFs.
- Visibility: Long and medium-term PPAs secure 83% of Warora capacity and 90% of Kamalanga capacity against merchant volatility.
- Cost driver: Landed cost of domestic linkage coal fuel.
- Change: GKEL became a wholly owned subsidiary after GEL acquired its residual 2.37% stake; senior debt was refinanced at 9.50%.

Smart meter infrastructure

- Capacity: Initial capital headroom is backed by a □2,128 Cr loan from IREDA; cumulative field installations are pointed out in section 1.3.
- Visibility: Contracted scope under a 10-year dbfoot concession, expanded by a new 1.02 million meter variation order.
- Cost driver: Procurement pricing of electronic smart meters and data component hardware.

- Change: Operational execution accelerated significantly, expanding installations to the volume stated in section 1.3.

Roads

- Capacity: Portfolio spans an operating transport infrastructure base of 888 lane kilometers across three highway corridors.
- Visibility: Long-term annuity concessions and toll rights provide predictable multi-year cash inflows.
- Cost driver: Routine and periodic highway operation and maintenance outlays.
- Change: Handed over the GHVEPL asset to national authorities following the final NHAI litigation settlement.

1.3 Operating measures

Measure	FY25	FY26	Unit
Installed capacity (MW) by fuel (Power generation)	Around 2,840 MWs	1,650 MW (coal-based), 34.4 MW…	MW
PLF - Warora Power Project (Power generation)	—	84.9%	%
PLF - Kamalanga Power Project (Power generation)	—	86.6%	%
Discom receivables - Bihar Discoms (Power generation)	80.36 □crore	□66.28 Cr	□ Crore
Meters contracted (Smart metering)	75.69 lakh	7.57 million	Meters
Meters installed (Smart metering)	More than 7 Lakhs	39 lakh	Meters
Billing started (Smart metering)	Recently, we have raised first… text	Operational go-live	Text
Machine availability - GWEL (Power generation)	—	~94%	%
Ash utilization - GWEL (Power generation)	—	100%	%
Machine availability - GKEL (Power generation)	—	~91%	%
Ash utilization - GKEL (Power generation)	—	100%	%

Not disclosed: capacity under long-term PPA %; tariff realised; order book; order inflow; book-to-bill; execution; contract value. * High generation utilization tracks robust power demand, with Warora and Kamalanga thermal units achieving ~94% and ~91% machine availability. * Smart meter field deployment scaled up to 39 lakh units, transitioning assets from initial installation to operational billing status.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
Preferential Share Allotment	Fund-raise	6,61,81,335 shares	Completed Jan 2026	Raises ₹800 Cr to expand capital base.
Convertible Warrants Issuance	Fund-raise	3,30,90,668 warrants	Completed Jan 2026	Secures up to ₹400 Cr deferred funding options.
NCD Redemption	Capital restructuring	₹150.26 Cr	Completed June 2025	Eliminates listed debt liabilities and interest costs.
GREL Lender Settlement	Capital restructuring	₹491.30 Cr balance	Completed March 2026	Extinguishes term debt liabilities and guarantees.
Stressed Asset Divestment	Divestment	51% GREL/Vemagiri, 70% Bajoli	Completed May/ July 2025	Monetizes non-operating holdings to reduce group debt.
GKEL Stake Acquisition	Acquisition	2.37% equity stake	Completed March 2026	Consolidates GKEL as a wholly owned subsidiary.
Bhogapuram Solar Project	Commissioning	~5 MW	Completed May 2026	Commences localized clean energy generation operations.
Smart Meter Expansion	Expansion	1.02 million meters	Signed FY26	Increases long-term contracted metering base.
Portus Ventures Sale	Divestment	26% stake	Completed June 2026	Divests non-core associate holding post year-end.

1.5 Cost base

Cost line	₹Cr	Share of total cost	YoY	What drives it
Power generation expenses	4,370.12	56.92%	+11.68%	Linkage coal costs and fuel blends
Finance costs	1,658.67	21.60%	+5.58%	Total outstanding borrowings and interest rates
Smart meter project expenses	1,396.85	18.19%	+334.82%	Meter procurement pricing and data hardware

Sensitivity not disclosed.

1.6 Competitive position

- Commands significant utility scale via its 2,840 MW power portfolio backed by long-term locked PPAs protecting merchant risk.
- Holds distinct technological advantages through institutional partnerships, including a 10% equity stake for Bosch.
- Faces intense competition and aggressive vendor bidding in new smart metering and renewable tenders.

1.7 What must stay true

- Continuous discom litigation receivable collections: trade receivables stand at ₹1,180 Cr; an increase past ₹1,500 Cr breaks liquidity (carried from last year).
- High thermal plant operational metrics: machine availability holds at ~91% to ~94%; a drop below 85% triggers default penalties (carried from last year).
- Rapid smart meter installation run-rates: cumulative deployments stand at 39 lakh meters; falling behind contractual milestones breaks project timelines (new).

- Deleveraging via asset monetization: interest cover stands at 0.57x; a decline below 0.50x breaks financial sustainability (carried from last year).

2. Management's view

2.1 Outlook on the business

Area	What management says	Number or date given	Horizon
Demand	"Peak demand is projected to rise"	277.2 GW	FY 2026-27
Pricing	"Volatility in commodity prices"	—	Near to medium term
Power Segment	"Thermal power remained the dominant source"	—	—
Smart Metering	"Digital utility infrastructure remains substantial"	—	Long-term
Roads Segment	"Sector outlook remains positive"	—	FY 2026-27 and beyond
EPC Segment	"Generate a significant pipeline of railway EPC opportunities"	—	Medium term
Margins	"EBITDA Margin" achieved	26%	FY 2025-26
Growth targets	"Projected thermal capacity requirement"	307 GW	2034-35
Capex	"Stepped-up infrastructure spending outlay"	—	—
Balance sheet	"Strengthened its balance sheet"	—	—

Tariff realised, order books, inflows, book-to-bill ratios, execution details, and contract values are not disclosed.

2.2 Plans and expansion

- Management intends to enhance financial flexibility and fund growth through a 1,200 crore preferential issuance of 6,61,81,335 equity shares and 3,30,90,668 convertible warrants.
- Divestment sequencing involved transferring a 51% stake in GMR Rajahmundry Energy Limited to Synergy in July 2025, optimizing the group's non-operating asset portfolio.
- Debt settlements were concluded using asset sale proceeds, allowing associate GREL to pay its final 491.30 crore obligation and extinguish all outstanding consortium lender liabilities.
- Renewable energy ventures were expanded through the execution of new state solar entities and the successful commissioning of the 5 MW Bhogapuram solar plant in May 2026.
- Smart metering rollouts progressed with 39 lakh meters integrated by April 2026, supplemented by a new state variation order to install 1.02 million additional meters.

2.3 Risks and challenges management names

- Regulatory: "Regulatory and tariff uncertainty in the power and urban infrastructure sectors can compress margins"; mitigated by active regulatory engagement and portfolio diversification across regulated and merchant segments.
- Input: "Commodity and fuel price volatility, particularly in coal, solar panel, battery, construction inputs" raises costs; mitigated by geographic supplier diversification, buffer inventories, and contractual protections.
- Competition: "Intensifying competition and aggressive bidding in smart meters, renewables and infrastructure projects can erode returns"; mitigated by applying disciplined investment criteria with defined thresholds.

- Execution: "Geopolitical tensions and supply-chain disruptions can delay equipment delivery" and jeopardize timelines; mitigated by building contractual protections and contingency schedules into procurement arrangements.
- Funding: "Macroeconomic and interest-rate cycles, including elevated borrowing costs and inflation, can increase the cost of capital"; mitigated by refinancing at favorable rates and extending debt maturities.
- Concentration: Concentration risk is not explicitly highlighted as a discrete risk category in management's business environment review; no mitigation stated.

2.4 Tone

Optimistic -- Management expresses strong forward-looking confidence following the successful resolution of legacy debt matters, major capital infusions, and accelerated smart utility deployment. "Looking Ahead with Confidence" and "positioned for sustainable long-term growth." The tone shifted from cautiously optimistic last year to optimistic as legacy debt house-cleaning concluded and forward growth platforms achieved operational scale.

3. Financial picture

3.0 What looks out of line

What it could mean	What would confirm or disprove it	Likelihood
Smart metering revenue expansion is outrunning actual cash realization, inflating contract assets.	Timely completion of customer quality checks and bill certifications by Uttar Pradesh discoms.	Likely
Outstanding unbilled claims face significant impairment risk if arbitration proceedings conclude unfavorably.	Final binding arbitration outcomes or subsequent legal reversals with DFCCIL.	Possible

The sharp reduction in other liabilities and the high exceptional income of □991 Cr were driven by a one-time □1,388.20 Cr Supreme Court reversal of legacy SEPCO claims.

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

Reported profits are entirely driven by non-operational exceptional items, masking deep losses in core operations. - A one-time Supreme Court ruling permitted a □1,388.20 Cr reversal of SEPCO liabilities, masking a core normalized loss. - High smart metering growth adds execution complexity, while legacy segment declines leave profit before exceptionals heavily dependent on accounting entries. - The aggregate PAT percentage of total assets drops to 3.6%, failing to beat the 6.5% risk-free rate benchmark.

Where the profit came from (FY26): pre-tax profit of □808 Cr = core operating profit □1,604 Cr, plus recurring other income □537 Cr, plus one-off items □991 Cr, less interest □1,659 Cr, less depreciation □666 Cr. Excluding the one-offs, profit after tax would have been a loss of □545 Cr.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	19.06	41.32	15.57	-18.62 `[------#o---]` 41.32	**Worse than trend**	Metering expansion offset by roads and EPC contractions	Structural
EBITDA margin %	16.09	24.18	21.88	7.74 `[-----o---#-]` 24.18	**Better than trend**	Steady plant availability and power utility demand	—
PAT margin %	6.6	24.46	8.37	-15.89 `[------#----]` 24.46	**Better than trend**	Drop in exceptional settlement gains relative to prior year	One-off
ROCE %	13	13	12	8 `[---#o------]` 19	**In line with trend**	Steady operational asset base utilization	—
Other income % of PBT	163.52	140.04	189.11	140.04 `[-----o----]#` 187.01	**Worse than trend** (worst in window)	Supreme Court liability write-back completely outsized core PBT	One-off

What the checks found

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

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Exceptional items and their effect on PBT	1,720	991	Flag · high impact	Contributes □991 Cr to earnings via a □1,388.2 Cr non-cash liability reversal of SEPCO claims following a Supreme Court order, preventing a pre-tax loss
Non-operating / other income as % of PBT	2,228	1,528	Flag · high impact	Other income of □1,528 Cr exceeds the total reported PBT of □808 Cr, meaning underlying operational activities are net loss-making
Unbilled revenue, contract assets, deferred revenue	1,912.33	1,395.35	Watch · medium impact	Unbilled revenue remains high at □1,395.35 Cr, with □505.55 Cr tied to disputed claims against DFCCIL rejected by the DAB
SCA Receivables buildup	319.6	1,043.17	Watch · medium impact	Ties up □723.57 Cr of revenue in uncollected smart metering service concession arrangement contract assets
Receivables ageing / ECL provisioning	6.82	188.84	Watch · low impact	Increases bad debt provisions by □182.02 Cr due to disputed bills and deteriorating customer credit quality
Deferred tax movement and cash-vs-book tax	29.19	186.74	Watch · low impact	Deferred tax provisions of □186.74 Cr represent the vast majority of the total book tax charge, creating large non-cash tax distortions
Customer concentration	—	Not disclosed	Unresolved	—

Clean (6): Receivables growth vs sales growth; Revenue from related parties as % of revenue; Advances from customers trend; Provision reversals credited to income; Depreciation policy / useful-life change; Valuation-method or accounting-policy change.

3.2 Is profit turning into cash?

Cash generation is lagging behind reported profits due to a massive buildup of unbilled infrastructure contract assets. - Smart meter installation velocity accelerated revenue, but generated a ₹723.57 Cr buildup in non-cash service concession receivables. - Credit deterioration in power discoms necessitated a ₹188.84 Cr provision for doubtful debts, further restricting liquid inflows. - Total receivables and unbilled revenues consume 35% of total sales, dragging down the annual cash conversion cycle.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
CFO / EBITDA	2.26	1.85	0.79	1.85 `# [-o---]` 2.88	**Worse than trend** (worst in window)	Cash trapped in scaling smart meter installation contract assets	Too early
Debtor days	78.5	98	59	36 `[--#--o-----]` 125	**Better than trend**	Handover of road portfolio and structural collections clean-up	—
Cash conversion cycle (days)	-277.75	-192	-81	-458 `[-----o-] #` -192	**Worse than trend** (worst in window)	Extended accumulation of service concession receivables	Too early
Cash from operations	1,742	2,833	1,260	1215 `{---o-------]` 2833	**Worse than trend**	Massive working capital build-up in smart utility vertical	Too early

What the checks found

Does profit become cash? Watch

Check	FY25 (₹ Cr)	FY26 (₹ Cr)	Status	What it means
CFO vs clean EBITDA (cash conversion)	2,833	1,260	Watch · high impact	Operating cash flows dropped by ₹1,573 Cr, bringing the conversion efficiency down to 0.79 x of core operating profit
Pre-tax operating conversion (CFO + tax paid) / EBITDA	2,835.17	1,340.03	Watch · high impact	Pre-tax operational cash conversion efficiency reduced to 0.84 x of EBITDA
Inventory absorption of operating cash	394.84	499.11	Watch · medium impact	Absorbs ₹104.27 Cr of liquidity in smart meter inventory work-in-progress pending technical quality validation
Cash tax paid vs book tax	2.17	80.05	Watch · medium impact	Cash tax payments of ₹80.05 Cr are lower than the P&L book tax charge of ₹194.55 Cr, creating a non-cash tax deferral gap of ₹114.5 Cr

Clean (1): Working-capital movement.

3.3 Where is the cash going?

Operating cash flows primarily funded debt service and deleveraging, while recent expansion relies on new debt and promoter lines. - Cumulative operating cash of ₹8,228 Cr easily covered the ₹783 Cr capex cycle, leaving significant room for debt repayment. - Actual growth outpaced the 1.3% self-sustainable rate by

11.5 percentage points, forcing a reliance on external financing and promoter funding. - Massive interest obligations consumed ₹2,338 Cr in financing outflows during the current year, highlighting the heavy cost of capital.

Where 5 years of cash went: the business generated ₹8,228 Cr of operating cash; it went to interest ₹6,550 Cr, capex ₹783 Cr; net borrowing repaid ₹4,681 Cr, no equity raised, no dividends.

What the checks found

Is value leaving to insiders? Watch

Check	FY25	FY26	Status	What it means
Related-party transaction quantum and trend	₹2,513.4 Cr	₹2,586.4 Cr	Watch · high impact	Unsecured loans from related entities account for ₹2,586.4 Cr, representing a high concentration of promoter-linked finance liabilities
Loans, advances or guarantees to group entities	₹7 Cr	₹249.68 Cr	Watch · medium impact	Corporate guarantee exposure surged by ₹242.68 Cr, elevating structural off-balance sheet liabilities
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	7.25%-17.50%	7.25%-17.50%	Watch · medium impact	Promoter financing costs run up to a ceiling of 17.50 % per annum, exceeding the group overall effective interest baseline of 15.18 %
Promoter pledge / encumbrance	Disclosed	Disclosed	Watch · medium impact	Promoter group shares remain encumbered to anchor external institutional lending facilities for group operations
Interest earned on loans/ advances to related parties, against the company's own cost of debt	—	Not disclosed	Unresolved	—

Clean (3): New related-party counterparties this year; KMP / director remuneration vs EBITDA; CSR spend and shortfall.

3.4 How strong is the balance sheet?

The balance sheet is highly leveraged and fragile, with weak interest coverage and extensive off-balance-sheet contingent risks. - Interest coverage stands at a weak 0.57x, indicating that core operating profits are insufficient to service heavy debt obligations. - Total bank guarantees of ₹1,967.14 Cr and expanding corporate guarantees of ₹249.68 Cr exceed the entire consolidated net worth. - Refinancing pressure persists as current maturities of long-term debt rose to ₹1,335.02 Cr, alongside expensive 14.6% internal rate debentures.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Net debt / EBITDA	14.27	6.04	6.5	6.04 `{------o----]` 19.95	**Better than trend**	Multi-year balance sheet deleveraging via asset sales	—
Interest coverage	0.38	0.59	0.57	0.21 `[----o-----#]` 0.59	**Better than trend**	Consolidated operating profits outpaced historical window lows	—

What the checks found

Can the balance sheet take a hit? Flag

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Contingent liabilities vs net worth	2,697	2,917.5	Flag · medium impact	Total contingent liabilities reach □2,917.5 Cr, exceeding the entire group net worth of □1,904 Cr and risking equity capital erosion if legal claims crystallize
Borrowing terms, security, covenants	10,259	11,594	Watch · medium impact	Total gross borrowings expanded to □11,594 Cr, including expensive funding allocations like □1,600 Cr of NCDs yielding a 14.60% internal rate of return

Clean (3): CWIP ageing and stalled projects; Dividend vs free cash flow; Encumbered assets / title deeds not in company name.

Contingent liabilities and commitments

Contingency type (note 40c)	FY 2026	FY 2025
Bank Guarantees / LCs	1,967.14 Cr	1,995.52 Cr
Indirect Tax Disputes	325.07 Cr	376.48 Cr
Legal and Other Matters	235.07 Cr	220.81 Cr
Corporate Guarantees	249.68 Cr	7 Cr

- A major liability reversal occurred as the Supreme Court set aside SEPCO's claims. Group reversed □1,388.20 Cr of dues previously recognized as payables, significantly boosting the current year's exceptional income.
- Corporate guarantees spiked from □7 Cr to □249.68 Cr, indicating increased off-balance sheet exposure to support subsidiaries or JVs.

Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	7,332	6,344
Sales Growth %	15.57	41.34
Expenses	5,728	4,810
Material Cost %	28.19	15.09
Raw material cost	2,067	957
Change in inventory	0	0
Manufacturing Cost %	38.95	47.36
Employee Cost %	3.87	3.98
Other Cost %	7.12	9.39
Operating Profit	1,604	1,534
OPM %	22	24
Other Income	1,528	2,228
Exceptional items	991	1,720
Other income normal	538	508
Interest	1,659	1,571
Depreciation	666	600
Profit before tax	808	1,591
Tax %	24	2
Net Profit	614	1,552
Minority share	-13	-135
Exceptional items AT	1,158	1,944
Profit excl Excep	-545	-392
Profit for PE	-533	-358
Profit for EPS	600	1,418
Profit Growth %	-49	21
EPS (□)	7.69	19.83
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	391	357
Reserves	1,513	229
Borrowings	11,594	10,259
Long term Borrowings	9,657	8,770
Short term Borrowings	1,847	1,468
Lease Liabilities	90	21
Preference Capital	8	10
Other Borrowings	-8	-10
Other Liabilities	3,551	6,137
Non controlling int	205	131
Trade Payables	1,288	1,155
Advance from Customers	78	89
Other liability items	1,980	4,762
Total Liabilities	17,048	16,983
Fixed Assets	7,671	8,167
Land	353	433
Building	1,077	962
Plant Machinery	6,502	6,417
Equipments	70	48
Furniture n fittings	19	15
Vehicles	252	215
Intangible Assets	37	37
Other fixed assets	3,381	3,391
Gross Block	11,689	11,519
Accumulated Depreciation	4,018	3,352
CWIP	457	505
Investments	1,190	365
Other Assets	7,730	7,946
Inventories	499	395
Trade receivables	1,180	1,705
Receivables over 6m	792	1,048
Receivables under 6m	577	664
Prov for Doubtful	-189	-7
Cash Equivalents	1,174	986
Loans n Advances	164	45
Other asset items	4,713	4,815

Line item	Mar 2026	Mar 2025
Total Assets	17,048	16,983

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	1,260	2,833
Profit from operations	1,530	4,954
Payables	28	-1,564
Other WC items	-219	-555
Working capital changes	-190	-2,119
Direct taxes	-80	-2
Cash from Investing Activity	-806	-157
Fixed assets purchased	-238	-270
Fixed assets sold	211	180
Investments purchased	-426	-223
Investments sold	0	0
Interest received	166	207
Dividends received	0	0
Investment in group cos	0	0
Redemp n Canc of Shares	658	0
Other investing items	-1,178	-50
Cash from Financing Activity	-583	-2,417
Proceeds from shares	799	0
Proceeds from borrowings	5,171	1,097
Repayment of borrowings	-4,298	-2,625
Interest paid fin	-2,338	-883
Financial liabilities	-17	-5
Other financing items	100	0
Net Cash Flow	-129	259
Free Cash Flow	1,233	2,742
CFO/OP	84	185

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	59	98
Inventory Days	88	151
Days Payable	227	440
Cash Conversion Cycle	-81	-192
Working Capital Days	14	-18
ROCE %	12	13

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	Clean	Enabled and untampered
Statutory dues unpaid	Watch	117.38 Cr payable
Promoter pledge (% of promoter holding)	Not disclosed	Encumbered to secure group industrial loans
Independent directors (% of board)	Clean	53.85% of board
Woman director	Clean	2 directors present
KMP pay against the statutory ceiling	Clean	Paid in accordance with limits
Related-party transactions (% of revenue)	Watch	Operations flow of 87.46 Cr (1.19% of revenue)

A. Auditor report & key audit matters

Beyond the matrix, the statutory auditor issued an Emphasis of Matter drawing attention to a substantial liability reversal of 1,388.20 Cr. This followed a favorable Supreme Court judgment that set aside special leave petitions filed by capital creditor SEPCO against GMR Kamalanga Energy Limited, allowing management to write back the entire amount into exceptional income.

The first Key Audit Matter focuses on management's evaluation of accrual estimates for legal claims and contingencies. This includes deep regulatory friction between GPCL and tangedco, a 616.33 Cr dispute over transmission charges between GWEL and msedcl, and 505.55 Cr of unbilled revenue recognized from prolonged pandemic cost claims against the Dedicated Freight Corridor Corporation. Management has chosen not to make any further provisioning, relying on internal experts and favorable interim rulings.

The second Key Audit Matter flags impairment risks on the 5,386.73 Cr carrying value of GKEL’s non-current assets and 85.82 Cr of carriageways under GACEPL. Notably, GACEPL's separate statutory auditors issued a Material Uncertainty Related to Going Concern due to severe net worth erosion, traffic declines, and a failure to provide for 60.32 Cr of interest on a negative grant. Management answers that asset recoverability remains secure based on independent discounted cash flow valuations and pending arbitration restarts.

The auditor also highlighted extensive financial stress through CARO qualifications across the group. The holding company carries a clause ix qualification for lender payment defaults, while various subsidiaries face

qualifications for short-term asset-liability mismatches, un-repaid dues notices, and structural capability concerns. Total fees paid to the auditor network on a consolidated basis stood at 4.66 Cr; the exact split between core audit and non-audit services was not explicitly disclosed.

B. Related party transactions

Counterparty	Relationship	Nature	FY26 flow (□ Cr)	FY25 flow (□Cr)	Balance at FY26 year end (□Cr)	Assessment
GMR Airports Limited (GAL)	Fellow Subsidiary	Debt funding and interest accruals	113.19	0	2,216.78	Below cost of borrowing
GIL SIL JV	Joint Venture	Project execution and unbilled revenue	87.46	171.99	693.25	Arm's length
GMR Bhannerghatta Properties Private Limited	Fellow Subsidiary	Borrowings repaid	150	0	0	Routine
Raxa Security Services Limited	Fellow Subsidiary	Security deposits repaid	54.35	0	0	Routine
Hyderabad Jabilli Properties Private Limited	Fellow Subsidiary	Warrant application funds received	0	100	100	Routine
Mixed Group Entities	Group Associates	Unsecured loans extended	0	0	201.22	Not disclosed
Total	—	**405**	**271.99**	**3,211.25**	—	—

The table cannot reveal the precise interest terms or end-utilization of the 201.22 Cr unsecured loan balance extended outward to group associates. It also masks the backend collection timelines of the 693.25 Cr contract asset sitting inside the GIL SIL joint venture while its underlying claims remain trapped in multi-year arbitration. No direct write-offs or explicit bad debt provisions were charged against promoter-controlled entities during the year, although interest-free related-party inflows generated a 76.72 Cr equity component capital subsidy.

C. Shareholding

Category	FY26 (%)	FY25 (%)	Change (pp)
Promoter Group	46.28	Not disclosed	Not disclosed
Synergy Industrials Holding	Not disclosed	8.71	Not disclosed
GRAM Limited	Not disclosed	6.85	Not disclosed
Public / Others	53.72	Not disclosed	Not disclosed

The total share count expanded during the year driven by the conversion of institutional foreign currency convertible bonds and a private placement that allotted 6,61,81,335 equity shares to non-promoters. Shares held by the ultimate parent company have been encumbered to secure long-term industrial financing for the operating entity's own capital projects, rather than backing the standalone financial ventures of the promoter group. The precise share of total company equity covered by this pledge remains un-reported.

D. Board composition

Family linkages dominate the top governance tier: Mr. G.M. Rao (Non-Executive Chairman) is the father of Mr. Grandhi Kiran Kumar (Director) and the father-in-law of Mr. Srinivas Bommidala (Vice-Chairman & Managing Director). No sudden or adversarial resignations occurred among the independent directors close to the financial year-end. Changes were limited to administrative transitions, including the redesignation of Mr. Madhva Bhimacharya Terdal to a non-executive seat upon his superannuation from active company service, and the executive appointment of Mr. Boda Venkata Nageswara Rao for a three-year tenure.

E. KMP compensation

Name	Role	FY26 (□Cr)	FY25 (□Cr)	Change
Mr. Srinivas Bommidala	Vice-Chairman & MD	52.25	Not disclosed	+65.50%
Mr. G. Subba Rao	Executive Director	1.63	Not disclosed	+27.43%
Mr. B.V. N. Rao	Executive Director	1.25	Not disclosed	Not applicable
Mr. Madhva B. Terdal	Executive Director	0.78	Not disclosed	Not applicable
Mr. Suresh Bagrodia	CFO	Not disclosed	Not disclosed	+49.87%
Mr. Vimal Prakash	Company Secretary	Not disclosed	Not disclosed	+81.37%
Total	**Executive Management**	**55.91**	**Not disclosed**	**Not disclosed**
Pay as % of EBITDA	**Basis: 1,604 Cr**	**3.49%**	**Not disclosed**	**Not disclosed**

The total management payout of 55.91 Cr reflects the total compensation earned by the active executive directors on the board. Measured against this year's operating EBITDA of 1,604 Cr, the management compensation represents 3.49%, which falls safely below the 5% threshold and appears proportionate to operating scale. However, the direction of the compensation is highly unfavorable to minority holders: executive pay rose sharply—headlined by a 65.50% increase for the Managing Director driven by a 46.75 Cr profit-linked commission—in a year when reported net profit collapsed by over 60% to 614 Cr.

F. Capital allocation & capex

Beyond the five-year cumulative totals, the company targeted its capital deployment toward consolidating existing assets and divesting non-core business holdings. In March 2026, the company spent cash to acquire the residual 2.37% non-controlling stake in GMR Kamalanga Energy Limited from IDFC First Bank to secure clean, whole ownership. Structurally, capital was clawed back by selling off non-operational gas and hydro assets; the group transferred its 70% stake in Bajoli Holi Hydropower and 51% stakes in both GMR Vemagiri Power and GMR Rajahmundry Energy to Synergy for an aggregate inflow of 664 Cr, which successfully cleared legacy liabilities and reduced group-level debt.

The terms of equity expansion involved a substantial private placement where the company issued 6,61,81,335 equity shares to non-promoters at 120.88 Cr each to raise 800 Cr in cash, while promoters subscribed to 3,30,90,668 convertible warrants with a 25% upfront cash deposit of 100 Cr. Consolidated returns held relatively stable, with ROCE printing at 12% against 13% in the prior period. This indicates that while the company bought liquidity and debt reduction via minority share dilution, it effectively optimized its core asset base while securing critical environmental upgrades—such as total regulatory exemptions from expensive flue-gas desulfurization capex mandates across its main thermal assets.

G. Revenue recognition policy

For its conventional power generating and trading operations, the group recognizes revenue over time on an accrual basis matching energy units delivered under long-term Power Purchase Agreements or merchant contracts. True-up adjustments and deviation settlements are priced against current Central Electricity Regulatory Commission notifications. However, a significant element of risk is introduced via claims for delayed payment charges and change-in-law events, which management recognizes upfront based on a subjective assessment of "reasonable certainty of ultimate collection."

For its rapidly scaling Smart Meter Infrastructure vertical, the company accounts for projects under Service Concession Arrangements. Contract revenue from the initial supply and installation phase is recognized over time using the **input method**, which measures progress as a proportion of actual costs incurred to date against total estimated project outlays. This policy leaves high management judgment in predicting total backend completion costs and evaluating the asset recoverability of slow-moving unbilled balances—including 505.55 Cr in disputed railway prolongation claims—leaving minority holders exposed to prospective accounting adjustments if litigation outcomes deteriorate.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
Secure a long-term order book of 75.69 lakh smart meters valued at □3,467 Cr.	Maintained the contracted positions and signed a variation order for 1.02 million additional meters.	Delivered
Raise up to □3,000 Cr through capital raise authorizations to fund vertical expansion.	Completed a preferential share allotment raising □800 Cr and issued warrants for □400 Cr.	Partially Met

5 further claims too vague to check: executing the Energy 2.0 clean energy vertical expansion, international hydro partnerships in Nepal, strengthening the balance sheet through debt reduction, capitalizing on merchant power market pricing surges, and leveraging digital utility infrastructure growth.

This year's claims against the numbers

- Management claims it has structurally strengthened its balance sheet through legacy debt resolution; however, absolute net debt increased from □9,273 Cr to □10,420 Cr this year, consolidated interest coverage remains highly fragile at 0.57x, and core results before exceptional items remain deeply negative with a loss of -□545 Cr.
- Management highlights an optical target for its operating profitability in its strategic commentary; however, the audited financial statements show a lower consolidated EBITDA margin of 21.88%, representing □1,604 Cr of operating profit on a top-line revenue base of □7,332 Cr.
- Management asserts that accelerated smart utility execution positions the group for sustainable long-term growth; yet this execution velocity has triggered a massive working-capital drain, locking up □1,043.17 Cr in service concession arrangement contract assets and restricting annual operating cash flow to □1,260 Cr.

Credibility: Medium -- Management successfully delivered on its core smart utility contract expansion metrics and raised □800 Cr in fresh non-promoter equity capital, but its deleveraging narrative is undermined by absolute net debt rising to □10,420 Cr and core operating losses being masked by non-operational liability write-backs.

What has not changed

- Operating profits have failed to cover standalone finance obligations for the fifth consecutive year, keeping interest coverage below unity across the entire multi-year window.

- Non-operating entries continue to outsize core business results, with total non-operating items completely overshadowing reported profit before tax for the third time in the five-year window.
- Executive remuneration scales upward HTML-style irrespective of bottom-line trends, with active management compensation expanding via profit-linked commissions even in periods where reported net profits contract.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	3	Same	Consolidated ROCE stands at 12% and the pre-tax return on net fixed assets is 10.2%, both remaining above the 6.5% risk-free benchmark rate.
Financial health	1	Down	The statutory auditor reported active lender payment defaults under gross borrowings of □11,594 Cr and a material uncertainty about going concern at a key subsidiary, while operating profit covers interest only 0.57 times.
Earnings quality	2	Same	Other income of □1,528 Cr and exceptional non-cash gains of □991 Cr both exceed 50% of pre-tax profit, while smart metering revenue expansion outruns actual cash realization.
Management & governance	3	Up	Total executive management compensation represents 3.49% of operating EBITDA, while governance clarity is reduced by undisclosed promoter share encumbrances and subsidiary audit qualifications.
Capital allocation	3	Same	Current capex of □238 Cr was primarily funded by asset sales of □211 Cr, while the incremental return on new capital deployed over the window is 7.92%.