



Press Release

GMR Power and Urban Infra Limited (GPUIL) (Revised)

May 08, 2025

The revised press release is provided in relation to the Press Release published dated May 30, 2024. The revised press release mentions the correction of rating action and rating history table.

Link to the press release dated May 30, 2024, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-GMRPower-30may24.pdf>

Ratings

| Instrument Facility / | Amount (Rs. crore) | Ratings | Rating Action | <u>Complexity Indicator</u> |
|--|---------------------------------------|--|----------------------|------------------------------------|
| Non-convertible debentures* | 150.26 (Reduced from Rs. 181 Cr.^) | IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook) | Rating Reaffirmed | Simple |
| Long Term Bank Facilities – Term loan | 43.30 | IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook) | Rating Reaffirmed | Simple |
| Short Term Bank Facilities – Bank guarantees | 404.91 | IVR A3 (IVR A Three) | Rating Reaffirmed | Simple |
| Total | 598.47 | Rupees Five Hundred and Ninety-Eight Crore and Forty-Seven Lakhs only | | |

**Redeemable, rated, listed, secured non-convertible debentures; NCDs issued on private placement.*

^The proposed NCD of Rs. 181 Cr. has been finalised and raised upto Rs. 150.26 Cr. and as per the client request the balance amount of proposed NCD totalling Rs. 30.74 Cr. shall not be raised and accordingly the same has been reduced to Rs. 150.26 Cr. The rating has been finalised based on the receipt of final, signed term sheet for the non-convertible debentures.

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

The rating reaffirmation of the bank facilities takes into account the overall improvement in the FY23 financial performance along with 9MFY24 results, asset divestments and monetization of land parcels, arbitration claims received in favour of the company, which has resulted in prepayment of corporate debt. Further, the revenue is expected to improve with the receipt of Letter of Award (LOA) from two UP Discoms, to implement Advanced Metering Infrastructure (AMI) Projects in 10 years with 8 years of Annuity income. The rating



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reaffirmation continues to derive strength from experienced promoters & management, strengthening of revenue from power segment, asset monetization, significant majority of consolidated debt in entities that are self-sustaining with better credit profile and diversified (to some extent interlinked) business portfolio. The rating is however constrained due to moderate financial risk profile, tender based nature of business with intense competition in the industry and susceptibility of operating margin to volatile input prices.

IVR has principally relied on the standalone audited financial results of GPUIL upto 31 March 23 (refers to period April 1st, 2022, to March 31, 2023), 9MFY24 unaudited results and projected financials for FY24, FY25 and FY26, and other publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics.
- Significant asset monetisation resulting in debt reduction.

Downward Factors

- Any further decline in revenue and/or EBITDA margin leading to decline in debt protection metrics.
- Large debt funded capex, resulting in deterioration in financial risk profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters & Management

The company was promoted by Mr. G.M. Rao in 1978. It has grown from being a small firm to a conglomerate having presence in businesses such as energy, transportation, urban infrastructure and EPC. The company is managed by Mr. Rao and other members of the family – his sons and son in law. They are assisted by professionals having appropriate qualification and professional experience.



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Increasing share of revenue from energy business segment

GPUIL's Energy business has a diversified portfolio of around 4.8 GW, of which ~1.9 GWs of power plants are operational and around ~1.8 GWs of power projects are under various stages of development. The PLF at thermal power plant Warora Power project improved y-o-y in H1FY24 to 82% from that of 74% in H1FY23 and Kamalanga Power Project improved y-o-y in H1FY24 to 79% from that of 72% in H1FY23. Post successful commissioning of the Bajoli Holi Hydro plant, the PLF improved y-o-y in H1FY24 to 75% from that of 56% in H1FY23.

Further, GMR Power and Urban Infra Limited has acquired equity shares of GMR Energy Limited (GEL) from Power and Energy International (Mauritius) Limited, a company incorporated in Mauritius (hereinafter referred to as Tenaga) and a subsidiary of Tenaga Nasional Berhad a company incorporated in Malaysia, for a negotiated consideration of USD 28.50 Million. The current acquisition consolidates the existing stake of the Company in GEL from about 57.76%, held by itself and its subsidiaries, to about 86.90% thereby shall be consolidated in GPUIL financials. This shall further strengthen the revenue stream for GPUIL as currently 63% of the revenue is derived from power segment.

Additional revenue stream from AMI projects

GMR Smart Electricity Distribution Private Limited (GSEDPL), a 100% subsidiary of GPUIL, has received Letter of Award (LOA) from two UP Discoms, to implement Advanced Metering Infrastructure (AMI) Projects in 22 districts of Uttar Pradesh (UP). The said contract is for 10 years with 8 years of Annuity income which would further improve GPUIL's consolidated revenue and EBITDA.

Asset monetization leading to deleverage the balance sheet

The company has been able to undertake sale of Krishnagiri land parcel and utilized proceeds from the GSPHL and CORR arbitration claims towards reduction of the corporate debt in FY23. The company has in September 2022 divested its entire 30% equity stake in PTGEMS Indonesia for a total consideration of USD 420 million which has been used towards reduction of standalone and project debt. The ratings factor expected improvement in financial risk profile, as the management has strong intent to deleverage by using



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proceeds from various fund-raising initiatives including divestment of non-core assets and monetization of land parcels.

Significant majority of consolidated debt in entities that are self-sustaining with better credit profile

The majority of the consolidated debt are in entities that are self-funded by their individual Projects. The proceeds from asset monetization have been majorly utilised towards reduction in corporate debt obligations.

Diversified (somewhat interlinked) business portfolio

The company is a conglomerate engaged in different businesses. This enables the company to diversify its risk. The company is engaged in the EPC, energy, highways and airports businesses. The company's businesses are somewhat interlinked, providing advantage of backward and forward integration. For instance, energy generated by the power business is and can be used by the airports business. The company is engaged in the EPC business, experience of which can be leveraged in asset construction for the energy, highways and airports businesses. This can be a source of synergy for the company, unlocking significant value in terms of efficiency and cost rationalization.

Key Rating Weaknesses

Moderate financial risk profile

- The financial risk profile continues to remain modest as reflected by the negative TNW on account of accumulated past losses and resultant impact on the debt protection ratios in FY23. However, during FY23 the company has reported a PAT of Rs. 1139.45 Cr. and GCA (Gross cash accruals) stood at Rs. 800.41 Cr. mainly due to one-time exceptional income. Though the financial risk profile of the company is moderate, it has a proven track record of raising funds & divesting assets to meet its commitments. In 9MFY24, the company's revenue stood at Rs. 1,102.79 Cr. as against Rs. 1,442.97 Cr. in 9MFY23. The decline was mainly due to a decrease in international coal trading revenue from GISPL due to lower demand in the market and decrease in EPC revenue as DFCC project is nearing completion. Also, during the current period, the revenue share increased from consolidation of GEL entities [GMR Kamalanga Energy Ltd. and GMR



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Warora Energy Limited (subsidiaries of GEL) as a result of acquisition of shares of GMR Energy Limited (GEL) and increase in electrical energy revenues (i.e., GETL). The EBITDA in absolute terms has improved owing to better realizations from other business segments thereby improving margins to ~21% as against ~9% in the corresponding period.

Susceptibility of operating margin to volatile input prices

Major raw materials used in operating activities are coal, steel, cement, stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. As the raw material prices are volatile in nature, the profitability of the company is subject to fluctuation. Sustenance of margins would remain a key monitorable over the medium term.

Analytical Approach: [Consolidated Approach](#)

Consolidated (For arriving at the rating, INFOMERICS has considered consolidated financials of GPUIL. GPUIL ('the Holding Company') and its subsidiaries are together referred to as 'the Group.' The Holding Company conducts its operations along with its subsidiaries. The Consolidation approach is because all these companies, collectively referred to as GPUIL Group, are in allied businesses and under common management. During the year under review, GMR Green Energy Limited (Formerly known as GMR Green Energy Private Limited) became a subsidiary of the company.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Consolidation of Companies](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity – Stretched

The liquidity is stretched as reflected in its Gross Cash Accruals (GCA) of Rs. 800.4 cr in FY23 as against maturing debt obligations of Rs. 974.3 cr. The cash and cash equivalents stood at Rs.1103.91 Cr. The company has been making repayment of its term loans by way of divestment of non-core assets and monetisation of land parcels and various fund-raising initiatives.

About the Company

GMR Power and Urban Infra Limited (GPUIL), is a diversified infrastructure player and a subsidiary of GMR Enterprises Private Limited (GEPL) holds expertise in the sectors of Energy, Urban Infrastructure and Transportation. The EPC Business and Urban Infrastructure Business of GMR Infrastructure Limited (GIL); (now; GMR Airports Infrastructure Ltd.) has been demerged and stands transferred and vested in GPUIL, on a going concern basis w.e.f. April 1, 2021, being the Appointed Date, as per the scheme sanctioned by National Company Law Tribunal (NCLT), Mumbai (Bench). The Company and its subsidiaries, associates, joint ventures and jointly controlled operations (hereinafter collectively referred to as 'the Group') are mainly engaged in generation of power, coal mining and exploration activities, development of highways, development, maintenance and operation of special economic zones, and construction business including Engineering, Procurement and Construction ('EPC') contracting activities.

Financials (Consolidated):

(Rs. Crore)

| For the year ended / As on | 31-Mar-2022 (Audited) | 31-Mar-2023 (Audited) |
|---------------------------------|--------------------------|--------------------------|
| Total Operating Income | 4281.70 | 5892.31 |
| EBITDA | 675.38 | 760.42 |
| PAT | -651.57 | 1139.24 |
| Total Debt | 10401.78 | 8200.98 |
| Tangible Net worth | -2236.93 | -2745.60 |
| EBITDA Margin (%) | 15.77 | 12.91 |
| PAT Margin (%) | -15.22 | 19.33 |
| Overall Gearing Ratio (times) | -4.65 | -2.99 |
| Interest Coverage Ratio (times) | 0.50 | 0.56 |



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**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2024-25) | | | Rating History for the past 3 years | | | |
|---------|-------------------------------|-----------------------------------|-----------------------------------|-------------------------|---|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| | | | | | PR: Mar. 05, 2024 | PR: Feb. 02, 2024 | PR: Aug. 07, 2023 | PR: Nov 04, 2022 |
| 1 | Term Loan | Long-term | 0.00 | -- | | Withdrawn | IVR BBB-/Stable | IVR BBB-/CWDI |
| | | | (Reduced from Rs. 30.01 Cr.) | | -- | | | |
| 2 | Term Loan | Long-term | 43.30 | IVR BBB-/Stable Outlook | IVR BBB-/Stable Outlook | IVR BBB-/Stable Outlook | IVR BBB-/Stable | IVR BBB-/CWDI |
| 3 | Cash Credit | Long-term | 0.00 | -- | | Withdrawn | IVR BBB-/Stable | IVR BBB-/CWDI |
| | | | (Reduced from Rs. 121 Cr.) | | -- | | | |
| 4 | Proposed | Long-term | 0.00 | -- | | Withdrawn | IVR BBB-/Stable | IVR BBB-/CWDI |
| | | | (Reduced from Rs. 50 Cr.) | | -- | | | |
| 5 | Cash Credit | Long-term | 0.00 | -- | | Withdrawn | IVR BBB-/Stable | IVR BBB-/CWDI |
| | | | (Reduced from Rs. 153.50 Cr.) | | -- | | | |
| 6 | Bank Guarantee | Short-term | 0.00 | -- | | Withdrawn | IVR A3 | IVR A3/CWDI |
| | | | (Reduced from Rs. 48.29 Cr.) | | -- | | | |
| 7 | Bank Guarantee | Short-term | 380.00 | IVR A3 | IVR A3 | IVR A3 | IVR A3 | IVR A3/CWDI |
| 8 | Bank Guarantee | Short-term | 24.91 | IVR A3 | IVR A3 | IVR A3 | IVR A3 | IVR A3/CWDI |
| 9 | NCD* | Long-term | 150.26 | IVR BBB-/Stable | IVR BBB-/Stable | -- | -- | -- |
| | | | (Reduced from Rs. 181 Cr.) | | | | | |

**Redeemable, rated, listed, secured non-convertible debentures; NCDs to be issued on private placement*



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Annexure 1: Details of Facilities

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|------------------|------------------|------------------|---------------|------------------------------|--------------------------|
| NCD* | | 10.93% p.a. | Jun-2025 | 150.26 | IVR BBB-/ Stable |
| Term loan | - | - | Nov - 2024 | 43.30 | IVR BBB-/ Stable |
| Bank guarantee | - | - | - | 380.00 | IVR A3 |
| Bank guarantee | - | - | - | 24.91 | IVR A3 |

**Redeemable, rated, listed, secured non-convertible debentures; NCDs issued on private placement.*

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 2: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/Len-GMR-PowerUrban-30may2024.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities:

| Name of the Security/Instrument | | Detailed Explanation |
|---------------------------------|------------------------|-------------------------|
| NCD (Non-Convertible Debenture) | Financial Covenant | Security Cove Ratio 1:1 |
| | Non-financial Covenant | |
| | Rating Covenant | Nil |

Annexure 4: List of companies considered for consolidated analysis:

| Name of the Company | Consolidation Approach |
|--|------------------------|
| GMR Energy Trading Limited | 100% |
| GMR Londa Hydropower Private Limited | 100% |
| GMR Smart Electricity Distribution Private Limited | 100% |
| GMR Generation Assets Limited | 100% |
| GMR Green Energy Limited | 100% |
| GMR Highways Limited | 100% |
| GMR Ambala Chandigarh Expressways Private Limited | 100% |
| GMR Pochanpalli Expressways Limited | 100% |
| GMR Hyderabad Vijayawada Expressways Private Limited | 100% |
| GMR Chennai Outer Ring Road Private Limited | 100% |
| Gateways for India Airports Private Limited | 100% |
| GMR Corporate Services Limited | 100% |
| GMR Aviation Private Limited | 100% |
| GMR Krishnagiri SIR Limited | 100% |
| Advika Properties Private Limited | 100% |
| Aklima Properties Private Limited | 100% |
| Amartya Properties Private Limited | 100% |
| Baruni Properties Private Limited | 100% |
| Bougainvillea Properties Private Limited | 100% |
| Camelia Properties Private Limited | 100% |
| Deepesh Properties Private Limited | 100% |
| Eila Properties Private Limited | 100% |
| Gerbera Properties Private Limited | 100% |
| Lakshmi Priya Properties Private Limited | 100% |
| Honeysuckle Properties Private Limited | 100% |



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|--|------|
| Idika Properties Private Limited | 100% |
| Krishnapriya Properties Private Limited | 100% |
| Larkspur Properties Private Limited | 100% |
| Nadira Properties Private Limited | 100% |
| Padmapriya Properties Private Limited | 100% |
| Prakalpa Properties Private Limited | 100% |
| Purnachandra Properties Private Limited | 100% |
| Shreyadita Properties Private Limited | 100% |
| Pranesh Properties Private Limited | 100% |
| Sreepa Properties Private Limited | 100% |
| Radhapriya Properties Private Limited | 100% |
| Asteria Real Estates Private Limited | 100% |
| Lantana Properties Private Limited | 100% |
| Namitha Real Estates Private Limited | 100% |
| Honey Flower Estates Private Limited | 100% |
| GMR SEZ & Port Holdings Limited | 100% |
| Suzone Properties Private Limited | 100% |
| Lilliam Properties Private Limited | 100% |
| Dhruvi Securities Limited | 100% |
| GMR Kashi Smart Limited | 100% |
| GMR Triveni Smart Meters Ltd | 100% |
| GMR Agra Smart Meters Ltd | 100% |
| GMR Energy Limited | 100% |
| GMR Vemagiri Power Generation Limited | 100% |
| GMR (Badrinath) Hydro Power Generation Private Limited | 100% |
| GMR Kamalanga Energy Limited | 100% |
| GMR Upper Karnali Hydropower Ltd | 100% |
| GMR Consulting Services Limited | 100% |
| GMR Warora Energy Limited | 100% |
| GMR Maharashtra Energy Limited | 100% |
| GMR Bundelkhand Energy Pvt. Limited | 100% |
| GMR Rajam Solar Power Pvt. Limited | 100% |
| GMR Gujarat Solar Power Limited | 100% |
| Karnali Transmission Company Private Limited | 100% |
| GMR Indo-Nepal Power Corridors Limited | 100% |
| GMR Energy (Cyprus) Limited | 100% |
| GMR Energy Projects (Mauritius) Limited | 100% |
| GMR Infrastructure (Singapore) Pte Limited | 100% |
| GMR Coal Resources Pte Limited | 100% |
| GADL International Limited | 100% |
| GMR Male International Airport Private Limited | 100% |
| GMR Power and Urban Infra (Mauritius) Limited | 100% |
| GMR Infrastructure Overseas Limited | 100% |
| GMR Infrastructure (UK) Limited | 100% |



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|-----------------------------------|------|
| PT GMR Infrastructure | 100% |
| GMR Energy (Mauritius) Limited | 100% |
| GMR Lion Energy Limited | 100% |
| GMR Power and Urban Infra Limited | 100% |

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com