GMR Warora Energy Limited

October 13, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	1,940.57	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	325.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Short Term Bank Facilities	255.00	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in the ratings assigned to the bank facilities of GMR Warora Energy Limited (GWEL), which operates a 600 MW (2 x 300 MW) thermal power plant in Maharashtra, factors in compliance with the covenants of the Resolution Plan (RP) under the Prudential Framework for Resolution of Stressed Assets and completion of the specified period on June 30, 2025, as per the RP. The ratings continue to favourably factor in the presence of long-term and medium-term power purchase agreements (PPAs) for 500 MW (net), comprising ~91% of capacity with state distribution companies (discoms) resulting in revenue visibility. The presence of long term fuel supply agreement (FSA) with subsidiaries of Coal India Limited for 2.4 million tonne per annum (MTPA) and medium term agreements for SHAKTI coal mitigates fuel availability and price risk to some extent. The ratings derive comfort from the strong operational performance of the plant in the last three fiscals, characterised by annual plant availability factor (PAF) remaining above normative parameters and plant load factor (PLF) remaining above 80%. The strong realisation on short-term power sales from untied capacity has supported the operating profitability of the company. The ratings also draw comfort from the reasonable projected debt service coverage ratio (DSCR), despite a leveraged capital structure, and maintenance of a debt service reserve account (DSRA) of two quarters of debt servicing. The credit profile also draws comfort from the exemption of FGD capital expenditure to the plant post MoEF notification dated July 11, 2025.

The rating strengths are partially offset by high counterparty credit risk owing to exposure to state distribution utilities (discoms) which have weak to moderate financial profile. The same is evident from delay in payments by Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) in the past. However, the payments from discoms have been timely post introduction of late payment surcharge scheme (LPSC) in June 2022 as evident from decline in debtors. CareEdge Ratings, however, takes a note of the significant level of regulatory receivables outstanding from Dadra and Nagar Haveli (DNH) discom. However, since FY23, the company has recovered Rs. 230 crores from past regulatory overdues from other state utilities, namely MSEDCL and TANGEDCO. CareEdge Ratings notes that, as per the RP, the lender has the discretion to utilise project-generated surpluses after maintaining a two-quarter Debt Service Reserve Account (DSRA) and an additional liquidity reserve, towards repayment of the unsustainable debt. Although this provision has not been invoked so far, its activation could lead to part repayment of the unsustainable debt ahead of the scheduled repayment of external debt. In case of cash surplus, lenders have the option of accelerated repayment of total outstanding debt in line with the terms of RP. The credit profile is also constrained due to renewal risk associated with PPAs signed with Haryana Power Purchase Centre (HPPC) and TANGEDCO, as both of them have a balance PPA tenor of ~4 years. The extension of such PPAs will be a key credit monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely realisation of receivables on a sustained basis and improved availability to meet financial and operational obligations.
- Better-than-envisaged de-leveraging, leading to improved coverage indicators.
- Substantial realization of the regulatory receivable of the company which results in the sustained improvement in the liquidity profile of the company and reduce working capital requirement of the company

Negative factors

- Lower-than-envisaged realisation of regulatory receivables, weaker realisation on power sale on a short-term basis, subdued PAF, leading to lower capacity charge recovery, thus impacting the coverage metrics.
- Material delays in receipt of payments from counterparties, resulting in elongation of overall debtors for more than 150 days on a sustained basis

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach:
Standalone

Outlook: Stable

The 'Stable' outlook reflects GMR Warora Energy Limited's (GWEL) ability to sustain reasonable operational performance in line with past trends, presence of long term/medium term PPA for majority of capacity and steady collection from its off takers.

Detailed description of key rating drivers:

Key strengths

Strong revenue visibility given ~91% of capacity tied up under medium-term/long-term PPAs
GMR Warora Energy Limited (GWEL) has long-term power purchase agreements (PPAs) with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) for 150 MW (net) and Maharashtra State Electricity Distribution Company Limited (MSEDCL) for 200 MW (net), comprising ~63.60% of the installed capacity of 600 MW. Beneficiaries are billed based on a two-part tariff structure (fixed charge and energy charge), where recovery of fixed charge depends on availability and energy charge depends on unit sold. GWEL also has a medium-term PPA with Haryana Power Purchase Centre (HPPC) for 150 MW for five years ending March 2029 at remunerative tariff. The Haryana PPA includes capacity and energy charge components, with escalation linked to the wholesale price index (WPI). Hence, current power off-take via long-term/medium-term PPAs stands at ~91% of operational capacity. Letters of credit (LCs) as part of payment security mechanism are in place for all PPAs. Ability of the company to sign PPAs at remunerative tariffs post expiry shall be critical since TANGEDCO and HPPC PPAs are expiring in September 2028 and March 2029 respectively.

Low fuel supply risk owing to fuel supply agreements (FSAs)
The company has signed a FSA with SECL and WCL for supplying ~2.4 million tonne per annum (MTPA) of coal to be utilized under PPA with TANGEDCO and MSEDCL. The annual contracted quantity (ACQ) materialisation of linkage coal has been comfortable at 88% during FY25 (PY: 82%). Moreover, the plant is located at fair proximity to WCL mines, which leads to lower landed cost of coal. For the PPA with HPPC, company has received allocation under the Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI). Hence, the risk on fuel remains limited only to the open capacity for which coal is procured through e-auction.

Sustained strong operational performance
Company has demonstrated strong operational performance showcased by high plant availability factor (PAF) of 93% in FY25 (FY24: 94% FY23: 89%) ensuring full recovery of capacity charge. GWEL has also posted a high PLF of 85% (FY24: 83%, FY23: 82%) during FY25. The auxiliary power consumption and station heat rate levels remained under acceptable range. The average unit realisation of the short-term power sales remained high over last three years for GWEL, enabling robust cash flow generation. The momentum of healthy operational performance continued during Q1FY26 as well. In the medium term, GWEL is expected to maintain healthy operational performance on account of improved coal availability and healthy power demand, leading to satisfactory profitability.

Improved financial risk profile, while debt level still remains elevated
As per RP terms, GWEL has witnessed incremental equity infusion of ₹120 crore till FY24 and also brought in necessary equity (~currently earmarked with lenders) of Rs. 40 crores for FGD capex. Also, GWEL has received favourable orders from the Supreme Court during March 2023 and April 2023. Consequently, the company has realised regulatory receivables of ~₹230 crore from various discoms over last three years. The interest coverage ratio remained strong at 2.18x (PY: 2.08x). Given the long tenor of the restructured loan, the lower rate of interest, and realisation of regulatory receivables, the projected average DSCR for the company is projected above 1.3 times . However, the company has a leveraged capital structure on account of subdued operational and financial performance in the past. Total debt (TD)/profit before interest, lease rentals, depreciation, and taxation (PBILDT), though improved to 5.1x (PY: 5.3x), remains high given the vintage of the plant.

Key weaknesses

Significant counterparty credit risk; timely receipt of regulatory receivables to be monitored

GWEL is exposed to counterparty credit risk, as majority of its capacity is tied up with state distribution utilities with weak to moderate financial profile. Around 27% of total capacity is tied up with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), which has delayed payments in the past. While payments from Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Haryana Power Purchase Centre (HPPC) have been timely, TANGEDCO has been settling its dues gradually through 48 equated monthly instalments (EMIs) under the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022. As per management, GWEL is receiving timely payments from all distribution companies (discoms). GWEL anticipates recovery of pending dues from Dadra and Nagar Haveli (DNH) discom in the current fiscal towards regulatory receivables related to changes in law, late payment surcharge (LPS), capacity charge recoverable during the COVID-19 lockdown, and compensation for shortfall in linkage coal. The company has received favourable verdicts in lower regulatory forums. Timely receipt of favourable orders and realisation of these receivables will be important from the credit perspective. Despite past delays, regular billing from the discoms have been timely. During FY24 and FY25, company has maintained a collection efficiency of ~100 resulting in improvement in collection days to 85 days in FY25. (FY24: 92 days).

Portion of capacity exposed to vagaries of merchant sale
Around 9% of the capacity of GWEL is currently untied which exposes it to demand and price risk. However, the realisation from untied capacity via merchant route/short term sale has been high over last three years leading to better contribution margin as compared to PPA with discoms.

Liquidity: Adequate

The company has been servicing its debt obligations related to bank facilities in a timely manner in the last 12 months. Utilisation in working capital (WC) limits stood at ~56% (Last review: ~72%) for the 12 months ended June 2025. The company maintains adequate unencumbered liquidity, apart from maintaining a debt service reserve account (DSRA) equivalent to two quarters of debt servicing, amounting to ₹212 crore as on date. Healthy projected gross cash accrual, supported by strong realisation in short-term market and under power purchase agreements (PPAs), provides adequate headroom over scheduled debt repayment for FY26 (FY refers to April 01 to March 31).

Applicable criteria

Policy on Default Recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Rating of Short Term Instruments
Infrastructure Sector Ratings
Thermal Power

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

GWEL was previously known as EMCO Energy Limited (EEL) – a special purpose vehicle (SPV) promoted by the EMCO group on August 04, 2005, to set up a 2 x 135-MW coal-based power plant at Maharashtra Industrial Development Corporation (MIDC), Warora, Maharashtra. The promoters of EEL sold the entire stake to GMR Energy Limited in July 2009, making it a 100% subsidiary of GMR Energy Limited (GEL). After the acquisition, the scope of the project was enhanced from 2 x 135 MW to 2 x 300 MW in view of the demand for power in Western India. The Unit 1 and Unit 2 (each having a capacity of 300 MW) achieved its commercial operations dates (CODs) on March 19, 2013, and September 01, 2013, respectively.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1832.65	1841.54
PBILDT	499.14	483.02

PAT	194.08	188.05
Overall gearing (times)	3.14	2.28
Interest coverage (times)	2.08	2.18

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	September 2034	1940.57	CARE BBB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	325.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	255.00	CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1940.57	CARE BBB-; Stable	-	1)CARE BBB-; Stable (11-Sep-24)	1)CARE BBB-; Stable (14-Sep-23)	1)CARE D (27-Sep-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	325.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (11-Sep-24)	1)CARE BBB-; Stable / CARE A3 (14-Sep-23)	1)CARE D / CARE D (27-Sep-22)
3	Non-fund-based - ST-Bank Guarantee	ST	255.00	CARE A3	-	1)CARE A3 (11-Sep-24)	1)CARE A3 (14-Sep-23)	1)CARE D (27-Sep-22)
4	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (11-Sep-24)	1)CARE BBB-; Stable (14-Sep-23)	1)CARE D (27-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Jatin Arya Director **CARE Ratings Limited** Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in Shailendra Singh Baghel Associate Director **CARE Ratings Limited** Phone: 91-120-445-2020 E-mail: Shailendra.Baghel@careedge.in Pranav Bothra Lead Analyst **CARE Ratings Limited** E-mail: pranav.bothra@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com