Gujarat Industries Power Company Limited

September 03, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	668.70	CARE AA-; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	4,942.01 (Enhanced from 4,892.01)	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	RBI	670.00 (Reduced from 720.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings on bank facilities of Gujarat Industries Power Company Limited (GIPCL) factors in satisfactory operational performance from its 500-MW lignite-based capacity, as reflected by healthy plant load factor (PLF) of ~73% and plant availability factor (PAF) above normative levels in FY26. The renewable portfolio has expanded significantly with commissioning of 600 MW capacity in Khavda, Gujarat, and 75 MW in Vastan, Gujarat, taking the cumulative operational renewable capacity to above 1.3 GW as of FY26 end.

Ratings continue to derive strength from the long-term power purchase agreements (PPAs) for GIPCL's entire power generation capacity with the thermal portfolio being governed by a cost-plus tariff structure. CARE Ratings Limited (CareEdge Ratings) takes comfort from the established track record of operations for the lignite capacity, which faces low fuel supply risk owing to the company having its own lignite mines which have adequate reserves. The credit profile is supported by the company's strong shareholding base by virtue of its promoters being Gujarat Government entities, Gujarat Urja Vikas Nigam Limited (GUVNL; rated 'CARE AA+; Stable/CARE A1+'), Gujarat Alkalies and Chemicals Limited (GACL; rated 'CARE AA-; Stable/CARE A1+'), and Gujarat State Fertilizers and Chemicals Limited (GSFC; rated 'CARE AA+; Stable/CARE A1+'), which collectively own ~57% of the company as on June 30, 2026. Majority power generated by the company is consumed by these entities resulting in low counterparty credit risk. Although the company has not experienced cash flow mismatch in the last few years, there has been no need to seek promoter support. CareEdge Ratings factors that funding support from the promoter entities shall be forthcoming, in case of a need, given GIPCL's strategic and economic importance for them. GIPCL's healthy profitability, low leverage, strong debt coverage indicators, and strong liquidity profile are other credit positives.

However, ratings are constrained by GIPCL's large capital expenditure plans in the renewable energy segment, comprising expanding capacity by 500 MW in Khavda, Gujarat, development of a solar park in Khavda, Gujarat, and proposed capex for setting up a 20-MW/120-MWh battery energy storage system (BESS). The total cost of these projects is estimated at ~₹3,900 crore, of which ~₹2,100 crore has already been incurred up to March 2026. GIPCL's ability to execute the ongoing projects within the envisaged cost and timelines while maintaining adequate liquidity and debt coverage remains a key rating monitorable. CareEdge Ratings notes that project cashflows for renewable power capacity, including that being developed in Khavda, remains susceptible to adverse variations in weather conditions. CareEdge Ratings notes that the 310-MW gas-based power capacity continues to remain non-operational since around 2021 due to non-availability of administered price mechanism (APM) gas and uneconomical gas prices. CareEdge Ratings notes that the company is planning to retire and dismantle this gas-based thermal plan and use the common infrastructure for developing new BESS capacity. The cash flows of the company also remain vulnerable on its ability to ensure performance of its lignite-based capacity remain above the normative levels.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of the capacities under development (Khavda project and BESS project) along its operational performance remaining in line with designed energy estimates.
- Faster-than-expected deleveraging and improvement in coverage metrics as reflected by total debt/earnings before interest, taxation, depreciation, and amortisation (EBITDA) remaining below 4.5x on a sustained basis.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Negative factors

- Actual operational performance being significantly lower-than-envisaged parameters.
- Increase in debt being non-commensurate to the increase in earnings, with total debt/EBITDA remaining above 6.5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects GIPCL's steady operational and financial performance, long-term PPAs with strong counterparties and low fuel supply risk considering captive lignite mines, and CareEdge Ratings' opinion that the reaming 500-MW solar capacity in Khavda solar park would be commissioned within the scheduled timeline.

Detailed description of key rating drivers

Key strengths

Long-term PPAs in place for the entire power generation capacity and cost-plus tariff for its thermal power portfolio leading to assured return on equity

GIPCL entered long-term PPAs with GUVNL. These agreements cover GIPCL's 500-MW lignite-based power plants and operate on a cost-plus tariff model, which ensures recovery of actual fixed costs, energy charges, and an assured average return on equity (ROE) of 13.50%, on achievement of normative parameters such as PAF, station heat rate (SHR), and auxiliary consumption.

GIPCL has long-term PPAs/off-take arrangements for its entire 1.05-GW renewable portfolio, comprising ~112 MW of wind, and ~935 MW of solar capacity, primarily with strong counterparties. Of the renewable capacity, ~900 MW is tied up with GUVNL under long-term PPAs, with tariffs ranging from ~₹2.67-₹4.19/kWh across the portfolio, while 80 MW of solar capacity is tied up with Solar Energy Corporation of India Limited (SECI) at ₹4.43/kWh. In addition, the 75-MW Vastan solar project is under a group-captive arrangement with GACL and GSFC at ~₹3.23/kWh. The 310-MW legacy gas-based capacity has remained non-operational since 2021 and is proposed to be dismantled, with the existing common infrastructure being utilised for development of BESS capacity. Availability of long-term PPAs provides stable revenue visibility to GIPCL.

Established operations of its lignite-based power plants

Attaining normative PAF is relatively difficult in lignite-based power plants compared to coal-based power plants considering the challenges involved in handling lignite, which can result in operational disruptions due to higher boiler tube leakages. However, GIPCL's operating performance has improved, with (Surat Lignite Power Plant) SLPP-I achieving PAF of 75% in FY26, in line with its normative PAF of 75%, while SLPP-II achieved PAF of 82% against normative PAF of 80%. The improvement was supported by resolution of earlier technical issues related to high moisture content in lignite. The PLF of SLPP-I and SLPP-II stood at 71% and 75%, respectively, in FY26, compared to 69% and 75%, respectively, in FY25.

SHR and auxiliary consumption have remained relatively high compared to the normative levels per the PPA largely considering ageing of plant and machinery. However, benefit of captive lignite mines and healthy operating efficiency has led to competitive tariff of the plants, which ensures revenue visibility and stable profitability.

Low fuel supply risk due to availability of captive lignite mines with adequate mineable reserves

GIPCL has captive lignite mines at Vastan and Mangrol-Valia in Gujarat, which have been allocated by the Government of Gujarat (GoG) for its lignite-based power plants. Mineable reserves are adequate to support the current capacity for the entire economic lifespan of thermal plants. The company has mineable reserves of ~197 million metric tonnes (MMT), which is sufficient to cater the current capacity through the economic life of plants. The mine was leased to GIPCL in 1996 for 30 years with the option of extension. GIPCL consumed ~3.3 MMT of lignite in FY26. The captive mines provide assured fuel availability and mitigate fuel supply risk for the lignite-based power plants.

Healthy profitability, moderate leverage, and strong debt coverage indicators

GIPCL reported total operating income (TOI) of ₹1,491 crore in FY26 (FY25: ₹1,256 crore), registering growth of ~19%, primarily supported by higher contribution from the renewable portfolio, including the 600-MW Khavda project commissioned in FY26. The company's profitability improved, with PBILDT margin increasing to 36.1% in FY26 from 32.1% in FY25, while profit after tax (PAT) margin improved to 27.0% from 16.8%, supported by higher operating income, increase in share of renewable energy and the cost-plus tariff structure of the thermal portfolio. GIPCL's lignite-based plants continue to have an assured average ROE of 13.50% under their PPAs, subject to achievement of normative operating parameters.

The company's capital structure moderated in FY26, with total debt increasing to ₹3,594 crore as on March 31, 2026, from ₹2,027 crore, primarily due to higher term borrowings towards the 600-MW operational and 500-MW under-construction Khavda projects. Consequently, total debt/EBITDA increased to 6.7x in FY26 from 5.0x in FY25 and is projected at 8.1x in FY27. However, operational debt/EBITDA, after excluding debt relating to projects not contributing to EBITDA and proportionately considering the operational period of the 600-MW Khavda project, increased from 1.3x in FY25 to 2.9x in FY26 and is projected at ~4.8x in FY27. Leverage is expected to remain elevated in the near term due to committed renewable capex.

Promotors having strong financial risk profile and low counter-party credit risk for GIPCL

GIPCL's promoters, state public sector undertakings (PSUs) of Gujarat, including GUVNL, GACL, and GSFC, have a strong financial risk profile. The low counterparty credit risk is signified by GIPCL's long-term PPAs with GUVNL and its subsidiaries for its 500-MW lignite-based, 112.40-MW wind, and 780-MW solar capacity, and with SECI for 80-MW solar capacity. In addition, the 75-MW Vastan solar project is under a group-captive arrangement with GACL and GSFC at a tariff of ~₹3.23/kWh. While the 500-MW Khavda Phase-II project also has a 25-year PPA with GUVNL at ₹2.73/kWh. The 310-MW gas-based capacity (VS-I and VS-II) has remained non-operational since 2021 due to non-availability of APM gas and is proposed to be dismantled, with the existing common infrastructure being utilised for the proposed BESS project.

Key weaknesses

Subdued gas-based operations with proposed transition to BESS

Although GIPCL's 310-MW gas-based capacity comprising VS-I (145 MW) and VS-II (165 MW) have become debt free but operations of these plants have been affected for over five financial years due to non-availability of APM gas and high natural gas prices, rendering operations uneconomical. Considering the existing situation, it is viable to support revival of the plants. Accordingly, GIPCL is in the process of dismantling the legacy gas-based capacity. The company plans to utilise the existing common infrastructure, including the switchyard and power evacuation/inflow-outflow facilities, for development of the proposed 20 MW/120 MWh pilot BESS project.

Large upcoming capital expenditure plans in renewable energy segment

GIPCL has been awarded land for developing a ~2,500-MW solar park at Khavda, Kutch, of which ~1,300 MW is earmarked for GIPCL's own projects comprising 600 MW Phase-I, 500 MW Phase-II and 200 MW Phase-III, while the balance ~1,200 MW would be utilised by other developers. The park infrastructure for ~1,200 MW has already been commissioned, with the balance expected by FY27-end. The total cost of developing the solar park is estimated at ~₹1,353 crore. The cost is proposed to be funded through 30% Ministry of New and Renewable Energy (MNRE) subsidy, 40% user development charges (UDC) and balance through GIPCL own contribution.

GIPCL's own 1,100-MW Khavda capacity is being developed in two phases of 600 MW and 500 MW. The 600 MW Phase-I was commissioned in phases between June and December 2025 and is backed by a 25-year PPA with GUVNL at ₹2.73/kWh. The 500-MW Phase-II project has an estimated cost of ₹2,350 crore, of which ~₹1,400 crore had been incurred as of March 2026. Khavda 500-MW Phase II is expected to be funded in a debt-to-equity ratio of 80:20. Entire equity requirement for the solar capacities would be met through internal accruals. The project is at an advanced stage, with commissioning delayed primarily due to pending external transmission connectivity and targeted for phased commissioning from September 2026 and full commissioning by FY27-end. The proposed 200-MW Khavda solar+BESS project will be taken up post operationalisation of the 1,100 MW capacity. The company is also developing 20-MW/120-MWh BESS project in the existing location of Vadodara gas generation units, which is at the development stage. The committed capex is expected to exert near-term pressure on cash flows and debt coverage indicators.

GIPCL is exposed to significant project execution risks associated with these projects, including time and cost overruns. CareEdge Ratings will continue to monitor GIPCL's ability to complete this project within the envisaged time and cost parameters and subsequently generate returns, which will be crucial from a credit perspective.

Susceptibility of its renewable capacity to inherent risk of changes in climatic conditions, despite currently operating at stable PLFs

Operations of wind and solar projects are susceptible to inherent risk of weather fluctuations such as variations in wind patterns and solar radiation levels, which can affect its PLFs. Renewable energy generation projects are susceptible to seasonal variations. With the significant expansion in renewable capacity through the Khavda Phase-I and II project and other planned renewable projects, the company's overall generation and cash flows will have greater exposure to renewable resource variability. Despite this, GIPCL's solar and wind projects are operating at satisfactory PLF levels.

Liquidity: Strong

GIPCL maintains a strong liquidity position, supported by healthy cash accruals, adequate cash and bank balances, negligible utilisation of fund-based working capital limits and timely collections from GUVNL, its largest off-taker. For FY27, GIPCL has scheduled debt repayment of ~₹163 crore, which is expected to be covered by sufficient envisaged gross cash accruals (GCA) per CareEdge Ratings' base case. GIPCL has fund-based working capital limits of ₹130.15 crore, with average utilisation of only ~0.1% from April 2025 to April 2026. The company had adequate unencumbered cash and bank balance of ~₹310 crore as on June 30, 2026.

GIPCL has non-fund-based working capital limits of ₹994 crore, average utilisation of which was 24% from April 2025 to April 2026.

Environment, social, and governance (ESG) risks

Environmental: To mitigate the environmental risk, the company has set-up renewable power generation capacity of over 1,045 MW and is in the process of adding solar power generation capacity of 500 MW in near term. The company follows a robust waste management practice with the aim of reducing, reusing, or recycling the waste generated from its operations. Fly ash is the key waste generated as part of the electricity generation from thermal sources. There are procedures in place where the company captures 100% of the fly ash generated, which is further sold to companies in real estate sectors for use in producing green cement / concrete mix.

Social: As part of its corporate social responsibility (CSR) initiatives, GIPCL has undertaken projects in health, education, livelihood, and development of village infrastructure, among others. GIPCL believes in providing equal opportunities to everyone and therefore, it does not discriminate based on race, caste, religion, colour, ancestry, marital status, gender, age, nationality, ethnic origin, disability, or another category.

Governance: From a governance point of view, GIPCL's board is diversified with eight out of 14 directors as independent directors. Quality of financial reporting and disclosures are adequate.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Thermal Power
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Solar Power Projects
Short Term Instruments
Wind Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

GIPCL is a Vadodara-based listed public limited company engaged in power generation with an installed capacity of 1.9 GW as on June 30, 2026. It was incorporated in 1985 and is promoted by the state government undertakings of Gujarat, including GUVNL, GACL, and GSFC.

GIPCL operates 500 MW of lignite-based capacity through SLPP-I and SLPP-II at Surat and has 310 MW of legacy gas-based capacity through VS-I and VS-II at Vadodara. The company also has a renewable portfolio comprising 0.1 GW of wind and 0.9 GW MW of solar capacity, including 600 MW commissioned at Khavda in FY26 and 75 MW of group-captive solar capacity at Vastan commissioned in June 2025.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	1,256	1,491	499
PBILDT*	403	538	242
Profit after tax (PAT)	211	402	158
Overall gearing (x)	0.58	0.94	NA
Interest coverage (x)	12.62	4.86	4.72

A: Audited; UA: Unaudited; NA: Not available; Brief financials have been adjusted per CareEdge Ratings' criteria
Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Simple	-		-	-	145.15	CARE AA-; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing	RBI	Simple	-		-	-	670.00	CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	668.70	CARE AA-; Stable / CARE A1+
Term Loan-Long Term	RBI	Complex	-		-	30-06-2045	4796.86	CARE AA-; Stable

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 2026-2027	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
1	Term Loan-Long Term	LT	4796.86	CARE AA-; Stable	-	1)CARE AA-; Stable (02-Jul-25)	1)CARE AA-; Stable (14-Nov-24)	1)CARE AA-; Stable (04-Oct-23)
2	Fund-based - LT-Cash Credit	LT	145.15	CARE AA-; Stable	-	1)CARE AA-; Stable (02-Jul-25)	1)CARE AA-; Stable (14-Nov-24)	1)CARE AA-; Stable (04-Oct-23)
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	670.00	CARE A1+	-	1)CARE A1+ (02-Jul-25)	1)CARE A1+ (14-Nov-24)	1)CARE A1+ (04-Oct-23)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	668.70	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (02-Jul-25)	1)CARE AA-; Stable / CARE A1+ (14-Nov-24)	1)CARE AA-; Stable / CARE A1+ (04-Oct-23)

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: 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.

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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

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