

About the Company

Gujarat Industries Power Company Ltd (GIPCL), incorporated in 1985 as a Public Limited Company, is promoted by Gujarat State Fertilisers and Chemicals Ltd. (GSFC), Gujarat Alkalies and Chemicals Ltd. (GACL) and Gujarat Urja Vikas Nigam Ltd. (GUVNL, erstwhile Gujarat Electricity Board). GIPCL functions under the umbrella of the Energy and Petrochemicals Department, Government of Gujarat. It is in the business of Power Generation, with a current installed capacity is 1184.4MW. The company has a diversified power generation portfolio comprising Thermal (Lignite - 500 MW and Gas – 310 MW) and Renewable (Wind - 112.4 MW and Solar - 262 MW) Power Plants. GIPCL also operates captive Lignite and Limestone Mines to meet the fuel requirement of the 500 MW Surat Lignite Power Plant.

Investment Rationale

- **Efficient Lignite-based Power plants:** GIPCL operates – Surat Lignite Power Plant (SLPP phase I and II) of 250 MW each. Both the plants have strong operational history; in FY24, they achieved PLFs at 62.4% and 70.2% respectively against the average PLF of 69% for all India Coal and Lignite Based Power Plants. SLPP – Phase I has a PPA with GUVNL for 30 years since its commissioning in February 2000, and it will extend it by another 10 years. SLPP – Phase II, commissioned in Apr'10, has a 30-year long-term PPA with GUVNL. The PPAs provide assured ROE of 13.5% to GIPCL upon achievement of normative PAF.
- **Captive Lignite Mines Provide Fuel Security:** GIPCL has open-cast Lignite and Limestone mines at Vastan and Mangrol-Valia region of Gujarat, which ensures an uninterrupted supply of lignite for its power plants. The mines have reserves of ~200 MT as on Mar'24, which is sufficient to cater for the current capacity over the life of the power plants. It will be expanding mining capacity to meet the extended SLPP – I PPAs in future.
- **Impending Capacity Expansion:** GIPCL's revenue and profitability growth over the last decade was largely muted as its gas power plants were under care and maintenance, while its thermal power plants' capacity was stagnant. However, from FY26 onwards, its capex on Renewable Energy (RE) capacity expansion will start giving results. GIPCL has been allotted land at the Great Rann of Kutch near Khavda to set up a 2,375 MW RE Park. The park development capex is ~Rs 1,200 Cr, 30% of which will be funded from the Ministry of New and Renewable Energy (MNRE), and 40% from user development charges (UDC) from project developers and the balance from internal accrual. Within the 2,375 MW RE park, GIPCL will set up 1100 MW of its own RE power capacity in two phases using a Debt: Equity ratio of 80:20. Phase I of a 600 MW solar power plant – GUVNL has given LOI to GIPCL with a capex of Rs 2,750 Cr with a tariff of Rs 2.73/KWh, which is likely to be commissioned by Q2FY26 (105 MW already commissioned on 28th Jun'25). Phase II of 500 MW – PPA is signed with GUVNL with a tariff of Rs 2.73/KWh, and likely commissioning date is Q1FY27 with a total capex of Rs 2,355 Cr. It has also commissioned and commercially operationalised a 75 MW Vastan Group Captive Solar Power Plant in Jun'25. These RE projects' capex will drive earnings growth from FY26 onwards, and it will be fully reflected in the financials from FY28 onwards when it will reach to total capacity of 2359 MW by the end of FY27 (from 1184 MW currently).

Valuation / Analyst recommendation:

- NTPC Green Energy Ltd and Adani Green Energy Ltd are trading at 11.7x/15.5x on FY27 Consensus EV/EBITDA. GPIL has valuation headroom as it is trading at 10x of our FY27 EBITDA estimate. **We recommend a BUY rating on the stock, with a target price of Rs 242/share reflecting 10% upside potential from the CMP.**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
FY24	1,349	381	199	13.12	10.7	6.1%	6%	5.6
FY25	1,256	406	211	13.97	15.0	6.2%	6%	11.9
FY26E	1,508	580	249	16.02	13.7	6.9%	10%	14.3
FY27E	1,781	836	221	14.23	15.5	5.8%	13%	10.0

Source: Axis Securities; CMP as on 9th July, 2025

Duration: 3-6 Months

CMP (Rs) 220

Target Price (Rs) 242

Upside (%) 10%

| Why GIPCL Ltd

- ✓ **Impending RE Capacity Expansion**
- ✓ **Stable Thermal Power Operations**
- ✓ **Strong Promoter Support**

| Key risks

- ✓ **Delay in Project Execution**
- ✓ **Increase in Input Costs**
- ✓ **Geopolitical Disruptions**

MARKET DATA

No. of Shares 15.52 Cr

Market Cap 3,430 Cr

52-week High / Low 268/148

BSE Code 517300

NSE Code GIPCL

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| OBJECTIVE



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| Axis PUNCH is strong research based idea based on



Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
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- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH



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