

July 29, 2025

KPI Green Energy Limited: Ratings reaffirmed for bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loan	680.00	942.00	[ICRA]A (Positive); reaffirmed
Long term – Fund based - Cash credit	269.00	397.00	[ICRA]A (Positive); reaffirmed
Short term – Working capital demand loan	108.50	148.00	[ICRA]A2+; reaffirmed
Short term – Non-fund based - Bank guarantee	294.50	484.00	[ICRA]A2+; reaffirmed
Short term – CEL	26.00	16.00	[ICRA]A2+; reaffirmed
Long term/Short term - Unallocated limits	622.00	13.00	[ICRA]A (Positive)/[ICRA]A2+; reaffirmed
Total	2,000.00	2,000.00	

*Instrument details are provided in Annexure-1

Rationale

To arrive at the ratings, ICRA has considered the consolidated financials of KPI Green Energy Limited (KPI Green, KPIGEL) and its subsidiaries — KPIG Energia Private Limited (KPIG Energia, KPIGEPL), KPark Sunbeat Private Limited (KPark), Sun Drops Energia Private Limited (Sun Drops, SDEPL) and Miyani Power Infra LLP (Miyani Power; MPIL), referred to as the Group.

The rating reaffirmation along with the Positive outlook on the long-term rating reflects the healthy improvement in the Group's scale and profitability in FY2025, driven by higher execution of captive power plant (CPP)/engineering, procurement and construction (EPC) orders and the commissioning of the additional independent power producer (IPP) capacity under the third-party open access route. ICRA expects the Group to sustain the revenue and profitability growth in FY2026 as well. The consolidated revenue and OPBDITA were Rs. 1,736.00 crore and Rs. 564.31 crore, respectively, in FY2025 against Rs. 1,024.15 crore and Rs. 337.10 crore, respectively, in FY2024.

The consolidated CPP/EPC order book continues to grow at a rapid pace and stood at ~Rs. 4,800 crore as of March 2025 compared with ~Rs. 3,279 crore as of December 2024 and Rs. 2,228 crore as of August 2024 (~Rs. 1,050 crore of March 2024). The order book includes a ~Rs. 1,300-crore contract from Coal India Limited, a ~Rs. 790-crore order from Satluj Jal Vidyut Nigam (SJVN), a ~Rs. 520-crore order from Maharashtra State Power Generation Co. Ltd. (MAHAGENCO) along with orders of ~Rs. 516 crore and ~Rs. 398 crore from reputed corporate customers. These orders are expected to be executed over the next 15 months approximately. The remaining orders are from the usual commercial and industrial (C&I) customers, to be executed over the next 6-8 months.

The Group has recently forayed into utility-scale power projects, signaling its intent to scale up its renewable energy IPP portfolio. The ratings consider the completion of installation of the 200-MWac solar power project and 50-MW (contracted capacity) hybrid power project, both contracted with Gujarat Urja Vikas Nigam Limited (GUVNL) in March 2025. The Group has demonstrated its execution capabilities by completing these projects earlier than expected, driven by the extensive experience of the key promoter in the renewable energy sector and allied power plant setting-up activities. The ratings also derive comfort

from the long-term and medium-term power purchase agreements (PPA) for its IPP capacities with reputed counterparties and a track record of timely payment of bills from them.

The ratings, however, are constrained by the expected moderation in the leverage and coverage metrics of the Group in the medium term owing to the debt-funded nature of the large pipeline of the under-development utility-scale IPP projects of ~0.9-GW¹ (installed capacity) along with the increase in the working capital debt to support the rapidly growing CPP order book. Additionally, the capex estimate for these IPP projects has increased by ~Rs. 700 crore compared to the previous estimates because of higher DC upsizing for the solar capacities. This has subsequently increased the debt funding required to be availed for these projects. The timely execution of these IPP projects without any major cost overruns remains a key credit monitorable, going forward. Notwithstanding this, these projects have high revenue visibility and low offtake risk owing to the presence of long-term (25-year) PPAs at highly competitive tariffs with GUVNL, which is a strong counterparty (rated [ICRA]AA (Stable)/[ICRA]A1+).

The cash flows from the IPP segment remain susceptible to adequate generation levels, in line with the P-90 PLF levels. Under the third-party open access route, the cash flows remain exposed to remunerative tariff realisation, PPA termination risk, open access charges and competition. The ratings are further constrained by the geographical concentration risk as the Group's entire power generation capacities (IPP+CPP) are in Gujarat. This risk will be mitigated to some extent post the completion of the CPP order awarded by MAHAGENCO, which is to be executed in Maharashtra. ICRA also notes the Group's relatively high working capital intensity emanating from the fast-growing CPP/EPC business.

The Positive outlook on the long-term rating reflects the expected improvement in the scale and profitability at the Group level, backed by a healthy CPP/EPC order book. Also, ICRA expects the Group to make satisfactory progress in the under-development IPP projects without any major cost overrun. Further, the commissioned projects are expected to demonstrate satisfactory generation levels, as witnessed in the past, leading to stable cash inflows.

Key rating drivers and their description

Credit strengths

Experience of key promoter in renewable energy sector - The key promoter, Dr. Faruk G. Patel, who is the founding member of the Group, has over two decades of experience in the renewable energy sector and allied power plant setting-up activities. He is also the founder of K.P. Energy Ltd. (involved in wind energy projects) and KP Green Engineering Ltd. (previously known as KP Buildcon Private Limited, involved in providing one-stop solution for the infrastructure needs of renewable energy projects). The extensive experience of the promoter has enabled the Group to build an in-depth understanding of the dynamics of the market and the industry, resulting in a well-established network of suppliers and customers. This has aided a sustained healthy growth in revenues over the last five years. Overall, the entire Group has energised ~1.86-GW of solar and wind projects till date.

Long-term PPAs with reputed counterparties and healthy order book position in EPC segment provides revenue visibility

The Group has entered into long-term PPAs of 15-20 years for its IPP capacities under the third-party open access route with reputed C&I customers with a track record of timely payment of bills from them. This provides revenue visibility for these projects along with low counterparty credit risk. For the recently awarded utility-scale projects of ~1.2 GW (installation capacity), the company has signed a long-term PPA of 25 years with a strong counterparty, i.e., GUVNL (rated [ICRA]AA (Stable)/[ICRA]A1+), leading to revenue visibility and low counterparty credit risk. Moreover, the consolidated CPP/EPC order book continues to grow at a rapid pace and stood at ~Rs. 4,800 crore as of March 2025 compared with ~Rs. 3,279 crore as of December 2024 and Rs. 2,228 crore as of August 2024 (~Rs. 1,050 crore of March 2024).

¹ Excluding the 200-MWac solar power project and 50-MW (contracted capacity) hybrid power project, both contracted with GUVNL, which were completely installed in March 2025

Steady growth in revenue over the years along with healthy profitability - The Group provides solar power as an independent power producer (IPP) and as a service provider (EPC contractor) to CPP customers. The Group's revenue has shown consistent healthy growth over the years. The consolidated revenue grew at a healthy rate of ~70% in FY2025 on a year-on-year (YoY) basis on account of the healthy CPP/EPC order execution and addition of IPP capacities.

Also, the Group's profitability is healthy, marked by an operating profit margin (OPM) of 32.5% in FY2025 compared with an OPM of 32.9% in FY2024. At the absolute level, the OPBDITA increased by ~67% in FY2025 on a YoY basis. The operating profit margin is expected to remain healthy in the current fiscal as well. Further, the debt coverage metrics are likely to stay comfortable, supported by healthy cash accruals.

Credit challenges

Project execution risk - The Group remains exposed to execution risks associated with the under-development IPP projects of ~0.9 GW (installation capacity) contracted with GUVNL, comprising a 250-MWac solar power project and a 370-MW hybrid power project (~679-MW installation capacity). The timely receipt of regulatory approvals, including for right of way (RoW) for the transmission lines/network, and the availability of pending land remain important to complete these projects on time. Any large delays in the execution of these projects could result in cost escalation, attract liquidated damages from customers and impact the tariff viability. Additionally, any cost escalations arising from the change in project technicalities or specifications could further impact the tariff viability and, thereby, weaken the coverage metrics for the projects. Notwithstanding these risks, the recent completion of installation for the 200-MWac solar power project and the 50-MW hybrid power project (~92-MW installation capacity), both contracted with GUVNL, provides some comfort regarding the Group's execution capabilities. However, the commissioning of these two projects is still pending.

Moderate capital structure and high working capital intensity - Despite the improvement in the capital structure on account of the QIP of Rs. 1,000.0 crore at KPI Green in August 2024 for funding the equity requirement of the utility-scale IPP projects, and an equity-raise of Rs. 500 crore at Sun Drops in H2 FY2025 for funding the working capital requirements of EPC projects, the Group's leverage and coverage metrics are expected to moderate in the medium term because of the debt-funded nature of the utility-scale IPP projects. The Group is expected to incur a capex of ~Rs. 4,100 crore for the under-development utility-scale IPP projects of ~0.9-GW, with ~75% of the project cost to be funded through debt. ICRA notes that the estimated cost of these projects has increased by ~Rs. 700 crore compared to the previous estimates owing to higher DC upsizing for the solar capacities, subsequently increasing the debt funding to be availed.

The Group's working capital intensity remains elevated due to the high inventory and debtor levels in EPC (CPP) projects. The NWC/OI increased to 61% in FY2025 from 46% in FY2024. The working capital intensity is generally high in September and March due to high sales/billing concentration of the EPC segment during these months.

Susceptibility of IPP cash flows to PPA termination risk and tariff rates; regulatory risks - The cash flows from the IPP segment under the third-party open access route are susceptible to PPA termination by the existing clients, given the weak exit clause of the agreements. The PPAs can be terminated by either party after giving a notice of six months/one year. Notwithstanding this, historically, the Group has not witnessed any major PPA termination from its key clients. Also, under the third-party open access route, the Group has a practice of entering into agreements for additional capacities with the customers over and above the installed IPP capacities, which provides a cushion in case of termination by any customer. Further, the IPP cash flows under the third-party open access route are susceptible to tariff realisation, which remains exposed to grid tariff rates and open access/transmission charges, depending on the policies set aside by the respective state electricity regulatory commission (SERC)/government.

Additionally, as the Group has the entire operational capacity (IPP+CPP) in Gujarat, the geographical concentration risk amplifies the regulatory risk arising from any adverse policy change in the state or increase in competition at the regional level, which may impact its margins. However, the Group has a competitive advantage owing to its land bank and established evacuation infrastructure, with a successful track record of operations.

Vulnerability of IPP cash flows to climatic conditions - The IPP segment’s cash flows remain vulnerable to the PLF levels, given the one-part tariff structure under the PPA. Hence, any adverse variation in weather conditions and/or module/turbine performance may impact the PLF and consequently the cash flows. The geographic concentration of the assets amplifies the generation risk. Going forward, any sharp deterioration in the generation performance on a sustained basis will be a key credit monitorable.

Interest rate risk - Owing to the debt-funded capex required for setting up the IPP projects (including the recently awarded utility scale projects), the debt coverage metrics of the Group remain exposed to interest rate movement as the tariff under the PPAs is fixed.

Environmental and Social Risks

KPI generates power through renewable energy (solar and wind), which produces clean power and reduces greenhouse gases compared to other conventional mode of power generation. All its operational units are compliant with all the environmental regulations and various statutory approvals/permits granted by the authorities. Thus, KPI exhibits low environment risks. Given the large land requirement for RE projects, social risks manifest when there are disagreements over compensation between the developers and the landowners. KPI has put in place a safety organisation structure and conducts various certification programmes, safety audits and assessments to ensure enhanced safety requirements at its sites.

Liquidity position: Adequate

At a consolidated level, the liquidity position of KPI Green Energy Limited remains comfortable, supported by healthy cash accruals and equity infusion of Rs. 1,000.0 crore at KPI Green in August 2024 and Rs. 500.0 crore at Sun Drops in H2 FY2025. The Group had healthy free cash and liquid investments of around Rs. 377 crore as of March 2025. Further, at the consolidated level, the Group is expected to generate sufficient cash flow from operations to meet the annual debt repayment obligations of Rs. 18-122 crore over FY2026-FY2027.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is satisfactory progress on the under-development IPP projects without any major cost overrun along with a sustained increase in the Group’s earnings while maintaining healthy profitability, leading to an improvement of the debt metrics. An improvement in the working capital cycle and liquidity position will also support an upgrade.

Negative factors – The ratings may be downgraded if there is a sustained pressure on the earnings or profitability, weakening the debt metrics at the Group level. Also, significant cost or time overrun for the under-development IPP capacities could create pressure on the ratings. A stretch in the working capital cycle will also affect the ratings negatively.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power-Solar Power - Wind
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of KPIGEL and its subsidiaries— KPIGEPL , KPark, SDEPL and MPIL.

About the company

KPI Green Energy Limited (KPIGEL, previously known as K.P.I. Global Infrastructure Ltd.), incorporated in February 2008, provides power as an independent power producer (IPP) and is a service provider (EPC contractor), to CPP (captive power plant) customers. The current operational IPP capacity of the company under the third-party open access route is ~108 MW, including the recently developed hybrid capacity of ~30.2 MW in the Bhavnagar and Bharuch districts of Gujarat.

Also, there are installed IPP capacities of ~20 MWac/ 25MWDC, ~22 MW (including hybrid) and ~10 MW under the subsidiaries, KPIGEPL (KPIG Energia), SDEPL (Sun Drops) and Kpark, respectively. Most of the company's installed capacity is at Bharuch, Gujarat. At the Group/consolidated level, the current installed IPP capacity under the third-party open access route stands at over 160 MW.

The company has also recently forayed into utility-scale IPP projects, entering into power purchase agreements (PPA) with GUVNL. As part of this, the company has recently completed installation of a 200-MWac solar project at Khavda and a 50-MW hybrid project (92.15-MW installed capacity; solar + wind) at Bharuch in Gujarat, though the commissioning is still pending. Also, the Group had commissioned/installed CPP projects of more than 447 MW as of March 2025 (336 MW as of September 2024).

At present, KPI Green Energy Limited has an under-development IPP capacity of ~0.9 GW (less than 10% of the total cost incurred as of June 2025), including the recently awarded utility-scale projects as below:

- 250 MW (275 MW DC) solar power project contracted with GUVNL at a tariff rate of Rs. 2.65 per unit
- 370 MW (658 MW installed capacity) hybrid power projects contracted with GUVNL at a tariff rate of Rs. 3.24 per unit

The company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange, India.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	1,024.15	1,736.00
PAT	161.96	327.88
OPBDIT/OI	32.91%	32.51%
PAT/OI	15.81%	18.89%
Total outside liabilities/Tangible net worth (times)	1.91	0.82
Total debt/OPBDIT (times)	3.07	2.61
Interest coverage (times)	3.92	7.10

Source: Company, ICRA Research; *Result; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026) Amount rated (Rs. crore)	Jul 29, 2025	Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
1 Term loan	Long term	942.00	[ICRA]A (Positive)	04-Sep-24	[ICRA]A (Positive)	31-Mar-24	[ICRA]A-(Stable)	21-Jun-22	[ICRA]A-(Stable)
				07-Jan-25	[ICRA]A (Positive)	09-May-23	[ICRA]A-(Stable)	-	-
2 Cash credit	Long term	397.00	[ICRA]A (Positive)	04-Sep-24	[ICRA]A (Positive)	31-Mar-24	[ICRA]A-(Stable)	21-Jun-22	[ICRA]A-(Stable)
				07-Jan-25	[ICRA]A (Positive)	09-May-23	[ICRA]A-(Stable)	-	-
3 Working capital demand loan	Short term	148.00	[ICRA]A2+	04-Sep-24	[ICRA]A2+	31-Mar-24	[ICRA]A2+	21-Jun-22	[ICRA]A2+
				07-Jan-25	[ICRA]A2+	09-May-23	[ICRA]A2+	-	-
4 Bank guarantee	Short term	484.00	[ICRA]A2+	04-Sep-24	[ICRA]A2+	31-Mar-24	[ICRA]A2+	21-Jun-22	[ICRA]A2+
				07-Jan-25	[ICRA]A2+	09-May-23	[ICRA]A2+	-	-
5 CEL	Short term	16.00	[ICRA]A2+	04-Sep-24	[ICRA]A2+	31-Mar-24	[ICRA]A2+	-	-
				07-Jan-25	[ICRA]A2+				
6 Unallocated limits	Long term/Short term	13.00	[ICRA]A (Positive)/[ICRA]A2+	04-Sep-24	[ICRA]A (Positive)/[ICRA]A2+	31-Mar-24	[ICRA]A-(Stable)/[ICRA]A2+	-	-
				07-Jan-25	[ICRA]A (Positive)/[ICRA]A2+	09-May-23	[ICRA]A-(Stable)/[ICRA]A2+	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term – Fund based - Term loan	Simple
Long term – Fund based - Cash credit	Simple
Short term – Working capital demand loan	Simple
Short term – Non-fund Based - Bank guarantee	Very Simple
Short term - CEL	Very Simple
Long term/Short term - Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2025	-	FY2042	942.00	[ICRA]A (Positive)
NA	Cash credit	NA	NA	NA	397.00	[ICRA]A (Positive)
NA	Working capital demand loans	NA	NA	NA	148.00	[ICRA]A2+
NA	Bank guarantee	NA	NA	NA	484.00	[ICRA]A2+
NA	CEL	NA	NA	NA	16.00	[ICRA]A2+
NA	Unallocated limits	NA	NA	NA	13.00	[ICRA]A (Positive)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	KPIGEL ownership	Consolidation approach
KPIG Energia Private Limited	100.00%	Full consolidation
Sun Drops Energia Private Limited	65.87%	Full consolidation
KPark Sunbeat Private Limited	100.00%	Full consolidation
Miyani Power Infra LLP	99.00%	Full consolidation

Source: Company

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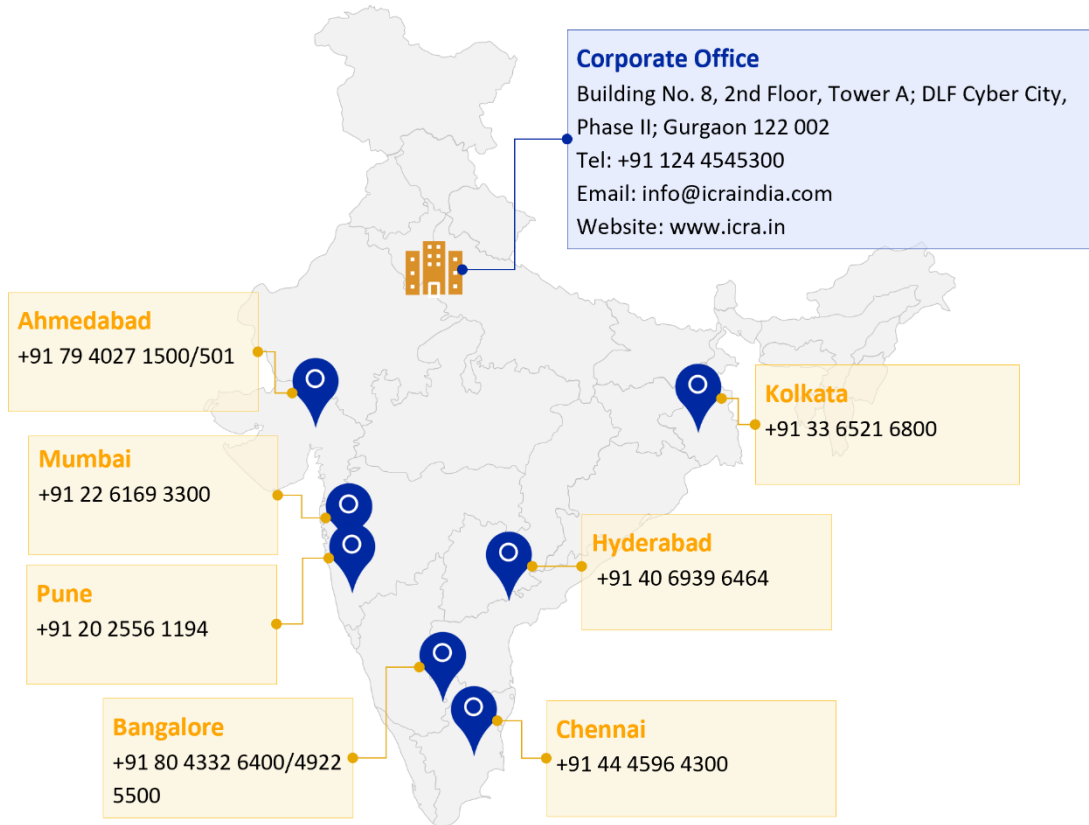
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