

October 30, 2025

## Kalpa Power Private Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	17.00	22.00	[ICRA]BBB-(Stable); Reaffirmed, assigned for enhanced amount
Long-term/ Short-term – Non-fund based limits	57.20	62.20	[ICRA]BBB-(Stable)/[ICRA]A3; Reaffirmed, assigned for enhanced amount
Long-term/ Short-term – Fund-based/Non-fund based limits	0.80	0.80	[ICRA]BBB-(Stable)/[ICRA]A3; Reaffirmed
Long-term/ Short-term – Unallocated limits	25.00	90.00	[ICRA]BBB-(Stable)/[ICRA]A3; Reaffirmed, assigned for enhanced amount
<b>Total</b>	<b>100.00</b>	<b>175.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating action reflects Kalpa Power Private Limited’s (KPPL) strong growth in operating income (OI), which rose to Rs. 271.5 crore in FY2025 from Rs. 108.1 crore in FY2024 and its ability to demonstrate and execute orders efficiently and in a timely manner. The ratings continue to draw comfort from the promoters’ extensive experience in solar engineering, procurement and construction (EPC), as well as operations and maintenance (O&M), along with the company’s established performance track record. Additionally, the company’s healthy order book of around Rs. 642.3 crore as of August 2025, primarily from commercial and industrial (C&I) clients, represents 2.4 times of its FY2025 operating income. Further, the company is building three solar parks, of which two are near completion, providing strong near-term revenue visibility.

However, the ratings are tempered by the concentration risk in the order book, with the top three EPC projects accounting for 33% of the total order book. KPPL also faces execution risks arising from the ongoing projects and post-commissioning stabilisation challenges, such as meeting contractual solar generation targets. The effective working capital management remains critical, especially considering the anticipated scale-up in operations. The ratings are also constrained by vulnerability of profitability to fluctuations in raw material costs such as solar modules, inverters, mounting structures, cables, and switchgear, given the fixed-price nature of most contracts. To mitigate this, the company places back-to-back orders with its suppliers upon securing projects where the suppliers dedicate operational facilities for KPPL. Besides, intense competition in the solar EPC and O&M space limits pricing flexibility.

The Stable outlook on KPPL’s long-term rating reflects ICRA’s expectation that the company will continue to benefit from its strong order book and generate steady revenue while maintaining execution momentum.

### Key rating drivers and their description

#### Credit strengths

**Experience of promoters in solar energy sector** – KPPL’s promoters have extensive experience in solar EPC and O&M business, as reflected in the company’s successful execution track record. It has successfully executed three solar parks in the last two years and plans to execute three more open-access solar parks, with 130 MW aggregate capacity in FY2026. This operational experience has enabled KPPL to consistently attract new customers while securing large repeat business from its client base.

**Healthy order book position provides near-term revenue visibility** – KPPL’s technical expertise, execution capabilities, and growing order book position it well to capitalise on the increasing demand for solar energy solutions, especially from C&I clients seeking sustainable energy alternatives. The company’s order book position stood at around Rs. 642.3 crore as of August 2025, translating into 2.4 times of its operating income in FY2025, providing near-term revenue visibility with two nearly finished parks, which are expected to generate about Rs. 300 crore in revenues over the next 1-2 months. ICRA expects the order book to remain healthy, going forward, backed by the rise in renewable capacity additions in the country.

### Credit challenges

**Order book execution risk** – KPPL has a healthy order book concentration risk, with the top three EPC projects constituting 33% of the order book as of August 2025. The company also remains exposed to execution risks associated with its order book and project stabilisation risks (i.e., achieving the required solar generation as per the contract terms) after the commissioning. The company has consistently delivered projects within the planned timelines and there have not been any instances of liquidated damages.

**Moderate working capital intensity** – Given KPPL’s major reliance on non-fund based limits for raw material procurement, securing additional funding will be crucial to support its growing requirements towards rooftop solar solutions and open access solar parks. Any delay in project execution could lead to increased working capital intensity and would exert pressure on its liquidity. Timely execution of projects remains crucial for KPPL as it directly impacts the realisation of milestone-based receivables. Delays in execution can disrupt cash flows and strain working capital, especially given the company’s ongoing expansion in open-access solar parks.

**Intense competition in industry** – The solar EPC and maintenance industry is highly fragmented, exposing KPPL to intense competition and pricing pressure. KPPL is gradually increasing its operating revenue, however, its scale remains modest. Its limited bargaining power for buying raw materials results in moderate margins, as reflected in its past financials.

### Liquidity position: Adequate

KPPL’s liquidity is adequate on account of limited reliance on fund-based working debt and availability of cash and liquid balance of Rs. 21.7 crore as on March 31, 2025. The company’s funding requirements are mainly towards letters of credit and bank guarantees and associated margin requirements. KPPL has adequate non-fund based limits of around Rs. 57 crore, utilisation of which stood at 60% on an average over the last 12 months period ended in July 2025. The company does not have any major capex plans or debt repayment obligations in the near term.

### Rating sensitivities

**Positive factors** – ICRA may upgrade KPPL’s ratings if the company demonstrates a substantial growth in earnings and net worth through an increase in order book execution while maintaining its debt coverage indicators at comfortable levels, along with adequate liquidity.

**Negative factors** – Pressure on the ratings could arise if the entity is unable to maintain a healthy order book position or if it reports execution related delays, resulting in a decline in earnings on a sustained basis. Further, a deterioration in the working capital cycle or inability to arrange incremental working capital lines in a timely manner, exerting pressure on its liquidity position, could also result in ratings downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. Kindly refer Annexure-II for details.

## About the company

Incorporated in 2017, KPPL is a turnkey solution provider for solar power generation systems, offering solar EPC and O&M services. Under its EPC business, the company provides rooftop solar installation services and open access/off-site solar installation solutions to C&I customers. Its comprehensive suite of services includes design, procurement, installation, project management, and commissioning, along with maintenance and monitoring of solar power generation systems.

## Key financial indicators

KPPL (Consolidated)	FY2024	FY2025*
Operating income	108.1	271.1
PAT	5.9	15.0
OPBDIT/OI	8.9%	8.5%
PAT/OI	5.5%	5.5%
Total outside liabilities/Tangible net worth (times)	2.9	3.6
Total debt/OPBDIT (times)	1.9	1.1
Interest coverage (times)	7.9	10.2

Source: Company, ICRA Research; \* Provisional financial statement submitted by company; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: 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	Amount Rated (Rs Crore)	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
			Oct 30 2025	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
<b>Fund-based – Cash credit</b>	Long-term	22.00	<b>[ICRA]BBB-(Stable)</b>	Sep 23, 2025	[ICRA]BBB-(Stable)	Oct 09, 2024	[ICRA]BB+(Stable)	-	-	-	-
<b>Non-fund-based limits</b>	Long-term/ Short-term	62.20	<b>[ICRA]BBB-(Stable)/ [ICRA]A3</b>	Sep 23, 2025	[ICRA]BBB-(Stable)/ [ICRA]A3	Oct 09, 2024	[ICRA]BB+(Stable)/ [ICRA]A4+	-	-	-	-
<b>Fund Based/Non-fund-based limits</b>	Long-term/ Short-term	0.80	<b>[ICRA]BBB-(Stable)/ [ICRA]A3</b>	Sep 23, 2025	[ICRA]BBB-(Stable)/ [ICRA]A3	Oct 09, 2024	[ICRA]BB+(Stable)/ [ICRA]A4+	-	-	-	-
<b>Unallocated limits</b>	Long-term/ Short-term	90.00	<b>[ICRA]BBB-(Stable)/ [ICRA]A3</b>	Sep 23, 2025	[ICRA]BBB-(Stable)/ [ICRA]A3	Oct 09, 2024	[ICRA]BB+(Stable)/ [ICRA]A4+	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term/ Short-term – Non-fund-based limits	Very simple
Long-term/ Short-term – Fund Based/Non-fund-based limits	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 analysing 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 are 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	Long-term – Fund-based – Cash credit	Jul '24	NA	NA	22.00	[ICRA]BBB- (Stable)
NA	Long-term/ Short-term – Non-fund-based limits	Jul '24	NA	NA	62.20	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Long-term/ Short-term – Fund Based/Non-fund-based limits	Jul '24	NA	NA	0.80	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	Long-term/ Short-term – Unallocated limits	Jul '24	NA	NA	90.00	[ICRA]BBB- (Stable)/ [ICRA]A3

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	ownership	Consolidation approach
Kalpa Power Private Limited	100.00%*	Full Consolidation
Kalpa Power Solar Park Alpha LLP	50.00%	Full Consolidation
Kalpa Power Distributed Solar Private Limited	99.96%	Full Consolidation
Kalpa Power MH OA Private Limited	99.96%	Full Consolidation

Source: Company, \*parent company

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