

October 01, 2026

KPS-1 Transmission Limited: Rating upgraded for BLR; Rating assigned for NCD

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-Term – Fund based – Term Loan	597.36	597.36	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)	RBI
Long-Term – Fund based – Proposed limits	52.64	52.64	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)	RBI
Proposed Non-Convertible Debenture	-	640.00	[ICRA]AAA (Stable); Assigned	SEBI
Total	650.00	1,290.00		

*Instrument details are provided in Annexure I

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating upgrade for KPS-1 Transmission Limited (KPS-1) reflects the satisfactory operational track record of its power transmission project since commissioning in April 2025, with the line availability remaining consistently above the normative level. The upgrade also factors in the stabilisation of collections under the Central Transmission Utility of India Limited (CTUIL) pooling mechanism, the creation of a fully funded debt service reserve account (DSRA) equivalent to one quarter of debt servicing obligations and the comfortable debt coverage metrics of the project. The company has demonstrated an average line availability of around 99.7% since commissioning, supporting stable cash flow generation and timely debt servicing. Further, with the establishment of regular payment inflows under the pooling mechanism and an operational track record of more than one year, the credit profile of the project has strengthened materially. Further, the rating is now based on KPS-1's standalone credit profile, given the ring-fencing of the cash flows of the special purpose vehicle (SPV) as well as a sustained improvement in its credit profile, supported by a satisfactory operational performance and timely collections from the counterparty.

The rating continues to factor in the assured offtake and stable cash inflows in the form of fixed monthly transmission charges under the 35-year transmission service agreement (TSA), subject to maintenance of transmission system availability above the normative level of 98%. KPS-1 is an inter-state transmission system (ISTS) project developed for evacuation of renewable energy from the Khavda Renewable Energy Park. The project comprises augmentation of Khavda Pooling Station-1 through installation of 4x1500 MVA transformation capacity along with associated bus reactors and the KPS1-KPS2 765 kV double-circuit transmission line. The asset forms part of the broader transmission infrastructure being developed for evacuation of renewable power from the Khavda renewable energy zone in Gujarat.

The rating also derives comfort from the strong payment security framework available under the ISTS pooling mechanism administered by CTUIL. Under this framework, CTUIL collects transmission charges from a diversified pool of designated transmission customers and distributes the collections among transmission licensees, thereby materially reducing counterparty concentration risk. While collections in the initial months after commissioning were impacted by receivables relating to the deemed availability period and onboarding into the pooling mechanism, collections have subsequently normalised. The cumulative collection efficiency stood at around 80.5% as of August 2026; however, excluding deemed availability billing of Rs. 15.83 crore, collection efficiency improves to around 93.9%, indicating healthy collection performance for the operational period. Deemed availability billing relates to transmission charges billed for the period from April 2025 to June 2025. During this period, the project was ready for commercial operation, but power flow could not begin because the

associated upstream/downstream elements being developed by other transmission licensees had not been commissioned. The outstanding receivables for this period are expected to be realised over the near to medium term. Further, continued timely collections under the pooling mechanism remain a key monitorable.

ICRA also notes that the company has filed a petition before the Central Electricity Regulatory Commission (CERC) seeking extension of the scheduled commercial operation date (SCOD) and compensation towards force majeure events, land-related delays, changes in scope and other project-related claims. The matter remains under regulatory consideration. Any favourable outcome may provide upside to cash flows and debt metrics; however, ICRA's assessment does not factor any benefit from the pending petition.

The company is proposing to refinance its existing debt facilities through issuance of listed non-convertible debentures (NCDs) of Rs. 640 crore. The proposed refinancing is expected to replace the existing PFC loan and provide competitive interest rate, while retaining a ring-fenced cash flow structure through the trust and retention account (TRA) mechanism, DSRA requirements and restricted payment conditions. Further, ICRA notes that with steady cash flows and a long amortising debt tenure, the debt coverage metrics of the project are expected to remain comfortable, with a cumulative DSCR of above 1.3x. The terms of the proposed NCDs include a put option at the end of five years from the first disbursement and every five years thereafter. In addition, the lenders have the right to ask the company for mandatory repayment in case the credit rating falls below A+. While this exposes the company to refinancing risk, comfort can be drawn from the long TSA tenure of 35 years and the high certainty of cash flows for the power transmission project.

ICRA also notes the established track record of its sponsor - Adani Energy Solutions Limited (AESL, rated [ICRA]AA+ (Stable)/[ICRA]A1+) - in implementing and operating power transmission projects. AESL is the holding company for the transmission and distribution business of the Adani Group and holds a 49% stake in KPS-1. ICRA notes that the project is under the effective economic control of Adani Energy Solutions Limited (AESL), which acquired 49% equity in the SPV from Megha Engineering & Infrastructure Limited and has entered into a binding agreement for acquisition of the remaining equity stake. While the legal transfer of the balance shareholding is in process and is expected to be completed shortly as the TSA-related lock-in timelines have already been fulfilled, AESL currently exercises operational and economic control over the asset. As on June 30, 2026, AESL had a portfolio of 48 transmission projects (including 13 lines under construction), AESL's generation, transmission & distribution (GTD) business in Mumbai and the transmission & distribution (TD) business in Mundra SEZ with presence in 14 states. Its network includes transmission lines with a total length of 27,949 ckm (as on June 30, 2026), making it the largest privately operating transmission line company in India.

The rating is, however, constrained by the exposure to operations and maintenance risks, including the possibility of lower-than-targeted availability resulting in reduction in transmission revenues. Further, any deterioration in collection performance under the CTUIL pooling mechanism or substantial increase in operating costs may adversely affect cash flows and debt coverage metrics. Nevertheless, these risks are mitigated by the stable nature of transmission revenues, demonstrated operational performance, adequate liquidity and comfortable debt coverage indicators.

ICRA notes that cross-default linkages exist between the loans taken by KPS-1 and its parent, AESL. Despite this, the rating of the SPV is not constrained by the rating of its parent, as ICRA judges based on the SPV's characteristics and interactions with the lenders that the latter would likely avoid invoking the cross-default clause so as to preserve its economic interests.

The Stable outlook reflects ICRA's expectation that KPS-1 will continue to maintain healthy availability levels, benefit from predictable cash flow generation under the long-term TSA framework and sustain comfortable debt protection metrics and liquidity profile.

Key rating drivers and their description

Credit strengths

Assured offtake under long-term TSA with availability-linked payments - The presence of a long-term TSA (35-years) with availability-linked tariff payments limits the demand and tariff risks for the transmission project of KPS-1. The company is eligible to receive the full quoted tariff under the TSA if the line availability is maintained at or above 98.0%. Also, the company

is eligible to receive incentives for availability above 98.5%. The company demonstrated an average line availability of 99.7% since its commissioning in April 2025 through August 2026, thereby being eligible for earning the incentive income.

Strong payment security from being a part of ISTS pool – KPS-1 Transmission Limited has demonstrated satisfactory operational performance since commissioning, with cumulative line availability of around 99.7%, well above the normative level. While collections during the initial months were impacted by receivables pertaining to the deemed availability period and onboarding into the pooling mechanism, payment receipts have subsequently normalised. Excluding deemed availability billing, cumulative collection efficiency stood at around 93.9%. The satisfactory operational performance, stable collections under the CTUIL pooling mechanism and availability-linked nature of transmission revenues under the long-term TSA framework support predictable cash flows and comfortable debt servicing capability.

Satisfactory operating performance with comfortable line availability- KPS-1 has demonstrated a satisfactory operating performance since commissioning. The average line availability stood healthy at 99.7% in 10M FY2026. The stable operational profile supports a predictable cash flow, which, coupled with the long loan tenure, is expected to result in healthy and comfortable debt coverage metrics over the debt tenor.

Debt coverage metrics expected to remain healthy- The debt coverage metrics of the project are expected to be healthy, with the cumulative DSCR likely to remain above 1.3x over the debt tenure (for both existing and proposed NCDs), supported by the long-term TSA with availability linked tariff and the long tenure of the project debt at a competitive interest rate.

Established track record of sponsor group- KPS-1 is under the effective economic control of Adani Energy Solutions Limited (AESL), the holding company for the transmission and distribution business of the Adani Group. AESL acquired a 49% equity stake in KPS-1 from Megha Engineering & Infrastructure Limited (MEIL) on August 16, 2023, and has entered into a binding agreement to acquire the remaining 51% stake in accordance with the provisions of the TSA, thereby obtaining economic control over the asset. AESL currently exercises operational and economic control over the asset. The legal transfer of the balance shareholding is underway and is expected to be completed shortly, as the lock-in period stipulated under the TSA has already ended. The rating derives comfort from AESL's established track record in developing, operating and maintaining transmission assets across India, with a diversified portfolio of operational and under-construction projects. The project also benefits from O&M support provided by group entities, supporting sustained operational performance over the asset life.

Credit challenges

Moderate operations and maintenance risk - As the company's revenues are subject to the maintenance of the stipulated line availability, it is important that the lines are maintained in good condition, reducing instances of tripping and minimising the outage time. While KPS-1's profitability remains exposed to variations in O&M expenses, such expenses form a small proportion of the revenue, partially mitigating the risk. Further, the sponsor's experience in the power transmission business should ensure adequate resource allocation and cost-efficient execution of O&M activity.

Interest rate risk - The company's existing debt facilities are linked to floating interest rates, exposing it to variability in borrowing costs over the tenure of the debt. Given the fixed nature of transmission revenues under the long-term TSA, any material increase in interest rates could result in higher debt servicing obligations and exert pressure on the debt coverage metrics. However, for the proposed NCD structure, the interest rate is likely to be fixed throughout the NCD tenor mitigating the interest rate risk variability risk. Although, the proposed NCDs are exposed to refinancing risk, as the debenture holders will have a put option exercisable at the end of five years from the date of allotment, which could necessitate refinancing prior to the final maturity of the instrument. Nevertheless, these risks are mitigated to an extent by the project's stable and predictable cash flow profile arising from availability-based transmission charges, and the long residual economic life of the asset, which are expected to support the company's refinancing prospects and access to funding avenues, if required.

Liquidity position: Adequate

KPS-1's liquidity profile remains adequate, supported by stable cash flow generation under the availability-linked TSA framework and the demonstrated stabilisation of collections under the CTUIL pooling mechanism. The projected operational cash flows are expected to remain sufficient to meet the debt servicing requirements. The company maintained total liquidity of Rs. 46.18 crore as on June 30, 2026, including DSRA of Rs. 17 crore and balance being cash and cash equivalents, investments (including contingency reserves). The company has created a fully funded DSRA equivalent to one quarter of scheduled debt servicing obligations, providing an adequate cushion against temporary mismatches in collections and debt servicing obligations.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the rating could arise if lower-than-targeted line availability or increased expenses result in a moderation of the cumulative DSCR to less than 1.2x. In addition, delays in receiving payments under the pooling mechanism adversely impacting the company's cash flows and liquidity profile may trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power Transmission
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

KPS-1 is a project special purpose vehicle (SPV) that was incorporated by bid process coordinator REC Power Development & Consultancy Ltd (RECPDCL) to develop an interstate transmission system (ISTS) scheme, officially termed as 'Transmission scheme for injection beyond 3 GW RE power at KPS1'.

The project scope will include a transmission scheme for injection beyond 3 GW RE power at KPS1. The project involves augmentation of transformation capacity of Khavda PS1 in addition to a 765 kV D/C line from KPS 1 to the Khavda Pooling Station GIS (KPS2) of approximately 43 ckm. The project achieved the actual commercial operations (COD) on April 25, 2025, ~ three months beyond the scheduled COD of January 20, 2025. The total project cost stood at Rs. 757.35 crore and is funded through a rupee term loan of Rs. 597.36 crore and the rest through promoter contribution.

Adani Energy Solutions Limited (Formerly Known as Adani Transmission Limited) had acquired 49% equity shares of KPS1 Transmission Limited w.e.f. August 16, 2023, from Megha Engineering & Infrastructures Limited. AESL has entered into a binding agreement to acquire the remaining 51% paid-up equity capital of KPS1 Transmission Limited in accordance with the terms of the transmission services agreement executed by KPS-1 with effect from August 16, 2023.

Key financial indicators (audited)

KPS-1 Transmission Limited (Standalone)	FY2025	FY2026	Q1FY2027*
Operating income	633.2	114.8	25.9
PAT	0.1	24.7	1.1
OPBDIT/OI	4.4%	85.1%	76.7%

PAT/OI	0.0%	21.5%	4.4%
Total outside liabilities/Tangible net worth (times)	10.7	8.8	8.8
Total debt/OPBDIT (times)	24.4	8.1	10.0
Interest coverage (times)	1.0	1.5	1.1

Source: Company, ICRA Research; *Result; 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

Current (FY2027)			Chronology of rating history for the past 3 years						
			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	Oct 01, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term Loan	Long-Term	597.36	[ICRA]AAA (Stable)	Mar 16, 2026	[ICRA]AA+ (Stable)	-	-	-	-
				Oct 17, 2025	[ICRA]AA (Stable)	-	-	-	-
Fund based – Proposed limits	Long-Term	52.64	[ICRA]AAA (Stable)	Mar 16, 2026	[ICRA]AA+ (Stable)	-	-	-	-
				Oct 17, 2025	[ICRA]AA (Stable)	-	-	-	-
Proposed Non-Convertible Debenture	Long-Term	640.00	[ICRA]AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term – Fund based – Term Loan	Simple
Long-Term – Fund based – Proposed limits	Simple
Proposed Non-Convertible Debenture	Complex

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	Financial Sector Regulator [#]
NA	Long-Term – Fund based – Term Loan	August-2024	9.25%	April-2049	597.36	[ICRA]AAA (Stable)	RBI
NA	Long-Term – Fund based – Proposed limits	NA	NA	NA	52.64	[ICRA]AAA (Stable)	RBI
NA	Proposed Non-Convertible Debenture	NA	NA	NA	640.00	[ICRA]AAA (Stable)	SEBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kashiram Kadam
+91 22 6114 3406
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Asmita Pant
+91 124 4545 856
asmita.pant@icraindia.com

Venkatesh Joshi
+91 20 6606 9914
venkatesh.joshi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



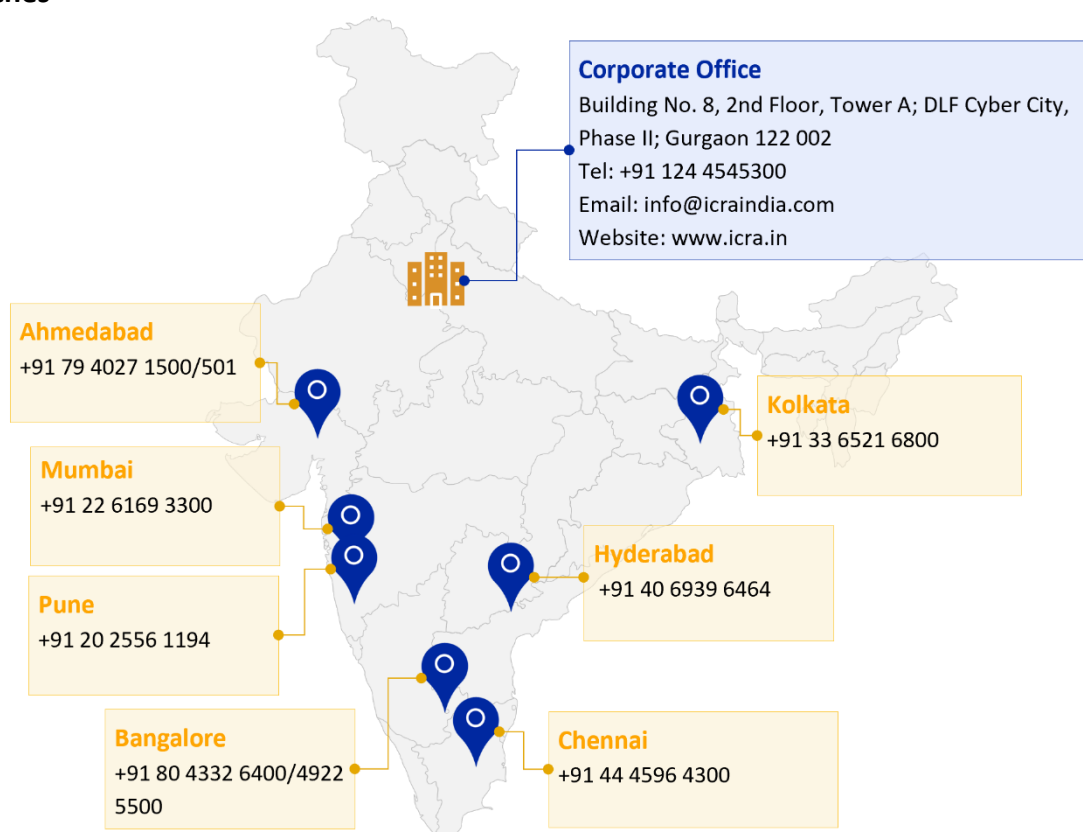
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.