September 22, 2026

KPI Green Energy Limited: Rating reaffirmed for the NCD programme; ratings reaffirmed and assigned to the enhanced amount for bank lines

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	4009.54	4937.61	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount	RBI
Long term – Fund based - Cash credit	487.00	487.00	[ICRA]A (Stable); reaffirmed	RBI
Short term – Working capital demand loan	223.00	223.00	[ICRA]A2+; reaffirmed	RBI
Short term – Bill discounting	50.00	350.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount	RBI
Short term – Non-fund based - Bank guarantee	988.00	1036.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount	RBI
Short term – CEL	16.00	16.00	[ICRA]A2+; reaffirmed	RBI
Long term/Short term - Unallocated limits	1.46	0.39	[ICRA]A (Stable)/ [ICRA]A2+; reaffirmed	RBI
Non-convertible debentures (NCD)^	643.20	594.63	[ICRA]AA+ (CE) (Stable); reaffirmed	SEBI
Total	**6418.20**	**7644.63**		

^ NCDs of Rs. 48.57 crore have been redeemed.

#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.

Rating without explicit credit enhancement	[ICRA]A

**Instrument details are provided in Annexure I*

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

Rationale

For the [ICRA]A (Stable)/[ICRA]A2+ rating

The ratings reaffirmation factors in the improvement in the company's scale and profitability in FY2026, 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. ICRA expects the company to sustain its revenue and profitability growth in FY2027 as well, supported by the execution of CPP orders, increased contributions from the recently commissioned IPP projects, and the anticipated commissioning of under-construction IPP projects. The consolidated revenue and OPBDITA were Rs. 2,695.9 crore and Rs. 957.8 crore, respectively, in FY2026, against Rs. 1,736.8 crore and Rs. 562.6 crore, respectively, in FY2025. Further, in Q1 FY2027, the consolidated revenue and OPBDITA were Rs. 693.8 crore and Rs. 245.6 crore respectively, against Rs. 602.9 crore and Rs. 205.7 crore, respectively, in Q1 FY2026.

The consolidated CPP/EPC order book continues to be healthy and stood at ~Rs. 4,700 crore as of June 2026 compared to ~Rs. 5.300 crore as of January 2026 and ~Rs. 4,800 crore as of March 2025. The order book includes a pending value of ~Rs. 665 crore for the order from Satluj Jal Vidyut Nigam (SJVN), ~Rs. 116 crore from Coal India Limited, ~Rs. 490 crore from Gujarat

State Electricity Corporation Limited (GSECL), ~Rs. 171-crore from Maharashtra State Power Generation Co. Ltd. (MAHAGENCO) along with a large order of ~Rs. 850 crore from the Adani Group. These orders are expected to be executed over the next 12-15 months. The remaining orders are from commercial and industrial (C&I) customers, to be executed over the next 6-8 months.

The company has recently forayed into utility scale power projects, signaling its intent to scale up its renewable energy IPP portfolio. The ratings consider the commissioning of a 200-MWAc solar power project and a 50-MW (contracted capacity) hybrid power project, both contracted with a strong counterparty - Gujarat Urja Vikas Nigam Limited {GUVNL, rated [ICRA]AA (Stable)/[ICRA]A1+} in December 2025/January 2026. The company has demonstrated its execution capabilities by completing these projects in a timely manner, backed 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 company's leverage and coverage metrics in the medium term owing to the debt-funded nature of its sizeable project pipeline. This includes under-development utility scale IPP projects of ~1.2 GW installed capacity, battery energy storage system (BESS) projects being executed under subsidiary Sun Drops Energia Limited (Sun Drops; SDEL), and the high working capital borrowings required to support the growing captive power plant (CPP) order book. While the equity funding requirements for these projects are expected to be supported through a combination of internal accruals, available cash balances and the recent preferential warrants issue to the promoter group entity, the company's credit metrics are likely to remain relatively elevated during the project implementation phase owing to the anticipated debt drawdowns for these projects. A timely execution of these projects without any major cost overruns remains a key credit monitorable, going forward. Notwithstanding this, the utility scale 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. Also, the BESS project is contracted with GUVNL.

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 geographical concentration risk, with a majority of the company's power generation capacities (IPP+CPP) located in Gujarat. While the commissioning of a portion of the MAHAGENCO CPP capacity in Maharashtra has provided some geographical diversification, the overall generation portfolio continues to remain largely concentrated in Gujarat. ICRA also notes the company's relatively high working capital intensity emanating from the fast-growing CPP/EPC business.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from the healthy order book position in the CPP segment, providing near-term revenue visibility. Also, ICRA expects the company 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.

For the [ICRA]AA+(CE) rating

ICRA has reaffirmed the rating assigned to the NCD programme (green bond). The rating is based on the strength of the partial credit guarantee provided by GuarantCo Limited {GuarantCo; rated Moody's A1 (Stable)}. Also, the debt servicing has remained timely for the NCD programme.

Adequacy of credit enhancement

For assigning the rating, ICRA has assessed the attributes of the partial guarantee issued by GuarantCo in favour of the rated instruments of KPIGEL. While the guarantee is legally enforceable, irrevocable, unconditional and covers the entire tenure of the rated facility, it does not cover the entire rated amount. The tenure of the facility is 60 months with a defined quarterly

interest and principal repayment schedule. As per the schedule, the principal repayment will be 4.00% each (of the initial NCD outstanding principal of Rs. 670.0 crore) for the first two quarters, 3.25% each for the next four quarters, 3.50% each for the next four quarters, 6.00% each for the next four quarters, 6.50% each for the next four quarters and 7.50% each for the last two quarters.

The NCD has a well-defined invocation and payment mechanism. The partial credit guarantee extended by GuarantCo is 65.0% of the initial NCD issuance amount, sufficient to cover 24-month period of peak principal and interest payments on the NCD even in a scenario where the company does not generate any cash flows. The maximum guaranteed amount is fixed till the guarantee covers the outstanding principal and 90 days of interest on the outstanding principal. At this stage, i.e. 33 months from the date of issuance, the guarantee can be reset to this aforesaid value. Taking cognisance of the above credit enhancement, ICRA had assigned a rating of [ICRA]AA+(CE) (Stable) to the NCD against the rating of [ICRA]A without explicit credit enhancement. In case the rating of the guarantor or KPIGEL undergoes a change in future, the same would be reflected in the rating of the aforesaid instrument as well.

Further, the NCD has a i) first ranking, exclusive, and continuing charge created in its favour upon the identified assets and receivables, ii) a debt service reserve account (DSRA) which is equal to the sum of the next quarter of interest and principal payable to the debenture holders, iii) a security deposit fixed at Rs. 100 crore until 33 months and thereafter amortise proportionately with the guarantee amount, provided there is no utilisation of guarantee or event of non-compliance (EONC), iv) an escrow account, v) and a personal guarantee of Dr. Faruk Patel (Chairman and Managing Director of the Group), over and above the guarantee of GuarantCo.

Salient covenants of the rated facility:

- In addition to the partial guarantee, the issuer (KPIGEL) will maintain a security pool of at least 1.20 times the outstanding amount of NCD. The specific assets under the security pool should at all times until the final settlement date be backed by long-term PPAs (exceeding the tenor of the NCD). The issuer shall also ensure that at least 50% of the underlying PPAs (by revenue) are with counterparties which are rated A or above by an external credit rating agency acceptable to the guarantor. To meet the aforementioned conditions, the issuer would be obligated to replace such specified assets comprising the security pool to the satisfaction of the guarantor.
- As per the terms of the facility, breaching of the below-mentioned financial covenants will be treated as an EONC (defined below). These covenants will apply as per the standalone audited financial statements of the issuer and are to be tested on an annual basis.
- Interest coverage ratio – minimum 1.50 times
- Debt service coverage ratio – minimum 1.20 times
- Fixed asset coverage ratio – minimum 1.10 times
- Long-term debt to EBITDA[1] ratio – maximum 6.00 times
- Total outside liabilities/total tangible net worth – maximum 3.50 times
- Dr. Faruk Patel, Chairman and Managing Director of the Group, shall remain the largest shareholder of the issuer with at least 40% shareholding until the full repayment of the NCD. Any reduction in the shareholding below 40% will require approval from the guarantor.
- Obligor subsidiaries, i.e. KPIG Energia and KPark, shall remain wholly-owned subsidiaries of the issuer until full repayment of the NCD. Any change in the shareholding of the aforementioned subsidiaries will require approval from the guarantor.
- The issuer shall require approval from the debenture trustee and the guarantor for declaration of any dividends or any other distributions to the holders of common equity if i) the guarantee is utilised and not replenished to the extent of utilised until the final settlement date; ii) there is a payment default by the issuer or on the issuer or by any of the Group subsidiaries on any debt other than this issuance; iii) the DSRA or security deposit is utilised and not replenished to the extent of the amount utilised within five business days; iv) there is a breach of the financial or ownership covenants (as mentioned above); and v) the underlying security is jeopardised.

[1] *Earnings before interest, taxes, depreciation and amortisation*

Events of non-compliance (EONC)

As per the terms of the facility, the following are defined as EONC:

- Guarantee being utilised and not replenished to the extent of the utilised amount at any point until the final settlement date
- Payment default by the issuer or on the issuer or any of its obligor subsidiaries on any other debt than this issuance, except for/not including any technical defaults
- DSRA or security deposit is utilised and not replenished to the extent of the minimum threshold required within five business days
- Breach by the issuer of covenants and undertakings, including financial covenants and non-compliance with the conditions of the required minimum cash flows as per the escrow mechanism
- Security in jeopardy
- Material misrepresentation by the issuer or any of its obligor subsidiaries
- Cross default by the issuer or any of its obligor subsidiaries, except for/not including any technical defaults
- Unlawfulness or cessation of business/ revocation of licences etc., for the issuer or any of its obligor subsidiaries
- Downgrade of the credit rating of the NCD by any of the rating agencies to [AA- (CE)] or below
- Downgrade of the credit rating of the issuer to BBB by any of the rating agencies
- Change in control/compliance with ownership covenant
- Material litigation on the issuer or any of its obligor subsidiaries
- Material adverse effect on the issuer or any of its obligor subsidiaries in the opinion of the guarantor or debenture trustee

Consequences of EONC

The following consequences will be applicable until the EONC (as defined above) is cured:

- The cash flows lying in the escrow accounts shall not be permitted to be received by the issuer and/or obligor subsidiaries. The cash flows shall be instead utilised in the manner specified under the escrow mechanism.
- The debenture trustee shall liquidate the DSRA fixed deposit and transfer the proceeds into the collection and payment account (CPA).
- The debenture trustee can utilise the DSRA, if necessary, to meet the principal and interest payment due on the NCD for a relevant period. Utilisation of the DSRA cannot be made for prepayment of the NCD.
- The issuer is required to top up the DSRA with an additional three months' interest, guarantee fee and principal payable on the NCD and the same shall be retained until the final settlement date.
- The debenture trustee may utilise, if necessary, the cash flows lying in the escrow accounts to meet the payment of principal, interest, repayment of utilised amount or fees due on the NCD or the guarantee for the relevant period. Such cash flows cannot be utilised for prepayment of the NCD.
- The debenture trustee shall liquidate the security deposit and transfer the proceeds into the CPA within three business days.
- An EONC shall be considered cured once confirmed as such by the debenture trustee and the guarantor.

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Events of default (EOD) by debenture holders

The debenture trustee (upon instruction of the special majority debenture holders) shall have the option to declare EOD upon the occurrence of the following events:

- Non-payment of principal or interest dues pertaining to this issuance by the issuer and the guarantor
- Rating downgrade of the guarantor below BBB- on the international scale that is not remedied within 180 days

- With reference to the guarantor (guarantor's EOD): Repudiation of any document pertaining to this transaction which the guarantor is a party to, cessation of business, creditors' process/insolvency.

EOD by guarantor

- The NCD programme is rated 'D'
- The guarantee is fully utilised
- The debenture holders have declared EOD
- The issuer is nationalised or sovereign default has occurred
- If an EOD has been declared as per any transaction document(s) and the guarantee amount is equal to the outstanding principal and 90 days of interest on the outstanding principal

Upon occurrence of any of the above mentioned EOD, and if at that point, the guarantee amount covers 100% of the sum of: i) the outstanding principal amount of the NCD, and ii) interest payable for 90-days on such outstanding principal, then, an EOD shall be deemed to have been declared automatically, and the defined consequences will apply. The special majority debenture holders shall provide confirmation within seven business days on the occurrence of the EOD; if the same is not provided within the defined timeline, it will be deemed to be provided.

Consequences of EOD

Upon the occurrence of an EOD and following the issuance of notice by the debenture trustee (acting on the instructions of special majority debenture holders) or the guarantor, all outstanding payments on the NCD shall become due and payable. The outstanding payments on the NCD shall be expected to be made forthwith but shall only be promised to be due and payable i) within 90 days from the receipt of the acceleration notice or EOD notice by the guarantor or ii) one day prior to the original maturity date of the NCD, whichever is earlier.

The above-mentioned timeline is applicable only upon acceleration caused by an occurrence of EOD; at all other times, all payments to be made by the issuer and/or the guarantor shall follow the payment mechanism (as shown in the table below).

Payment mechanism for the NCD

Trigger date*	Action points
T-15	The issuer shall make payments of interest and principal amounts due pertaining to the debentures on [T-15] days
T-14	On failure of payment by the issuer; the debenture trustee shall assess if the DSRA (as defined above) and such amounts lying to the credit of the escrow accounts and CPA as on [T-15] days are sufficient to meet the interest and principal amounts due on the payout date and would transfer such amounts to the CPA on [T-14] days to the extent of the shortfall
T-14	In the event of failure to pay by the issuer and if the amounts lying in the DSRA and to the credit of the escrow accounts and CPA are insufficient, the debenture trustee shall transfer amounts lying to the credit of the security deposit into the CPA on [T-14] days to the extent of the shortfall
T-13	In case the issuer is unable to pay and the amounts (as mentioned above) are insufficient, the debenture trustee shall invoke the guarantee in accordance with the guarantee trigger to the extent of the payment shortfall on [T-13] days and send a notice of at least [12] days to the guarantor
T-1	The guarantor shall make the payment on or before T-1
T	Due date for payment of interest/ principal

**Upon even partial utilisation of DSRA, the trigger dates will change from T-15 to T-30; T-14 to T-29; T-13 to T-28; T-12 to T-27 for each of the corresponding stages in the mechanism*

Key rating drivers and their description

Credit strengths

Presence of partial guarantee for credit-enhanced NCD - The rated NCDs benefit from the unconditional, irrevocable and payable-on-demand partial guarantee provided by GuarantCo, covering 65.00% of the initial issuance amount (Rs. 670.0 crore).

The guaranteed amount is sufficient to cover for the peak principal and interest payments over a 24-month period even in a stressed scenario where the company does not generate any cash flow.

Experience of key promoter in renewable energy sector - The key promoter, Dr. Faruk G. Patel, who is the founder of KPI Green, 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 a one-stop solution for the infrastructure needs of renewable energy projects). The extensive experience of the promoter has enabled the KP 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.

Long-term PPAs with reputed counterparties and healthy order book position in EPC segment provide revenue visibility - The company 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 utility scale projects of ~1.5 GW (installation capacity - including commissioned and under-development capacity), the company has signed a long-term PPA of 25 years with a strong counterparty, i.e., GUVNL, leading to revenue visibility and low counterparty credit risk. Also, the BESS project is contracted with GUVNL. Moreover, the consolidated CPP/EPC order book continues to be healthy and stood at Rs. 4,700 crore as of June 2026 compared to ~Rs. 5.300 crore as of January 2026 and ~Rs. 4,800 crore as of March 2025.

Steady growth in revenue over the years along with healthy profitability - The company provides renewable energy power (solar/wind/hybrid) as an independent power producer (IPP) and develops such power plants for the CPP customers as an EPC contractor/service provider. The company's revenue has shown consistent healthy growth over the years. The consolidated revenue grew at a healthy rate of ~55% in FY2026 year-on-year (YoY) on account of the healthy CPP/EPC order execution and addition of IPP capacities.

Also, the company's profitability is healthy, marked by an operating profit margin (OPM) of 35.5% in FY2026 compared with 32.4% in FY2025. At the absolute level, the OPBDITA increased by ~70% YoY in FY2026. The operating profit margin is expected to remain healthy for FY2027 as well. Further, the debt coverage metrics are likely to remain moderate, supported by healthy cash accruals.

Credit challenges

Project execution risk - The company remains exposed to execution risks associated with the under-development IPP projects of ~1.2 GW (installation capacity) contracted with GUVNL, comprising a 250-MWAc solar power project (~350 MWDc capacity), a 370-MW hybrid power project (~679-MW installation capacity) and a 150-MW wind power project. 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 change in project technicalities or specifications could impact the tariff viability and, thereby, weaken the coverage metrics for the projects. Notwithstanding these risks, the recent commissioning of the 200-MWAc solar power project and the 50-MW hybrid power project (~92-MW installation capacity), both contracted with GUVNL, along with the partial commissioning of capacities under the 250-MWAc solar and 370-MW hybrid power projects, provides comfort regarding the company's execution capabilities.

Further, the company has recently forayed into BESS projects through its subsidiary, Sun Drops, with the PPA for a 445-MW/890-MWh and 120-MW/240-MWh projects signed with GUVNL. Given that the company is at an early stage of execution and the BESS segment has a limited track record in India, any cost escalations arising from changes in project specifications or execution delays could adversely impact the tariff viability and, consequently, weaken the project's coverage metrics.

Moderate capital structure and high working capital intensity - The company's leverage level is expected to increase in the near to medium term because of the debt-funded nature of the utility-scale IPP and BESS projects. The company is expected to incur a capex of ~Rs. 5,300 crore for the under-development utility-scale IPP projects of ~1.2-GW, with ~75% of the project cost to be funded through debt. It will also incur capex for the BESS projects. Also, timely equity funding for these projects remains critical and is expected to be met through available free cash balances, internal accruals and the recent preferential warrants issue of ~Rs. 475 crore to a promoter Group entity.

The company's working capital intensity remains elevated due to the high inventory and debtor levels in EPC (CPP) projects. The NWC/OI increased to 69.1% in FY2026 from 50.8% in FY2025. 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 tariffs; 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 company has not witnessed any major PPA termination from its key clients. Also, under the third-party open access route, the company 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 by the respective state electricity regulatory commission (SERC)/Government.

Additionally, as majority of the company's operational capacity (IPP+CPP) is 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 company 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 utility-scale IPP projects and the newly awarded BESS projects, the debt coverage metrics of the company remain exposed to the interest rate movement as the tariff under the PPAs is fixed.

Environmental and social risks

Environmental considerations - KPI generates power through renewable energy (solar, wind and hybrid), 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.

Social considerations - 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

For the [ICRA]A (Stable)/[ICRA]A2+ rating: Adequate

At a consolidated level, the liquidity position of KPI Green remains adequate, supported by healthy cash accruals, 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, and preferential warrants of ~Rs. 475 crore issued to the promoter-Group entity in February 2026 (~Rs. 118 crore infused presently). The company had healthy cash/bank balances and liquid investments of around Rs. 880 crore as of March 31, 2026. The free cash along with the cash accruals, will be largely utilised towards the equity requirement for the under-development projects. Further, at the consolidated level, the company is expected to generate sufficient cash flow from operations to meet the annual debt repayment obligations of Rs. 115-229 crore over FY2027-FY2028.

For [ICRA]AA+(CE)(Stable) rating: Strong

The rated NCD is credit enhanced by an unconditional, irrevocable and payable-on-demand partial guarantee from GuarantCo. The partial credit guarantee extended by GuarantCo is 65.0% of the initial NCD issuance amount of Rs. 670 crore, sufficient to cover 24-month period of peak principal and interest payments on the NCD even in a scenario where the company does not generate any cash flows.

Rating sensitivities

For the [ICRA]A (Stable)/ [ICRA]A2+ rating

Positive factors – The ratings may be upgraded if there is satisfactory progress in the under-development IPP projects without any major cost overrun along with a sustained increase in the company's earnings while maintaining a healthy profitability, leading to an improvement in the leverage and coverage 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 company's leverage and coverage metrics. 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.

For the [ICRA]AA+(CE) (Stable) rating

Positive factors – A timely servicing of the NCD debt repayments, leading to the guarantee fully covering future payouts will be a positive trigger.

Negative factors – The rating will be revised if the rating of KPI Green Energy Limited is downgraded. The rating would also remain sensitive to credit profile of the guarantor, i.e., GuarantCo Ltd. Also, non-adherence to the key terms envisaged at the time of rating could result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind Rating Methodology for Partially Guaranteed Debt
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of KPIGEL and its subsidiaries as mentioned in Annexure-II.

About the company

KPI Green Energy Limited (KPIGEL), 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, KPIG Energia Private Limited (KPIG Energia, KPIGEPL), SDEL and KPark Sunbeat Private Limited (KPark), respectively.

Most of the company's installed capacity is at Bharuch, Gujarat. At the consolidated level, the current installed IPP capacity under the third-party open access route stands at over 171 MW.

The company has also forayed into utility scale IPP projects in the recent past, entering into PPAs with GUVNL. As part of this, the company has recently commissioned power supply for the 200-MWAc solar project at Khavda and a 50-MW hybrid project (92.15-MW installed capacity; solar + wind) at Bharuch, in Gujarat. Also, the company successfully commissioned 16.1-MW solar capacity under the PM KUSUM scheme in FY2026. Additionally, on a consolidated basis, the company had commissioned/installed CPP projects of more than 900 MW as of June 2026 (610 MW as of December 2025).

At present, KPI Green Energy Limited has an under-development IPP capacity of ~0.8 GWAc/ ~1.2 GWDc:

- 250-MWAc (350 MWDc) solar power project contracted with GUVNL at a tariff of Rs. 2.65 per unit
- 370-MW (658-MW installed capacity) hybrid power project contracted with GUVNL at a tariff of Rs. 3.24 per unit
- Recently awarded 150-MW wind power contracted with GUVNL at a tariff of Rs. 3.64 per unit

Additionally, the company has been awarded new BESS projects under its subsidiary, Sun Drops, as detailed below:

- 445-MW/890-MWh standalone BESS project contracted with GUVNL at a tariff of Rs. 1,85,390 per MW per month
- 120-MW/240-MWh standalone BESS project contracted with GUVNL at a tariff of Rs. 2,12,000 per MW per month

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

Key financial indicators (audited)

Consolidated	FY2025	FY2026	Q1 FY2027*
Operating income	1,736.8	2,695.9	693.8
PAT	325.3	509.2	94.6
OPBDIT/OI	32.4%	35.5%	35.40%
PAT/OI	18.7%	18.9%	13.64%
Total outside liabilities/Tangible net worth (times)	0.8	2.0	
Total debt/OPBDIT (times)	2.6	5.8	
Interest coverage (times)	7.1	5.3	3.08

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

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

About GuarantCo

GuarantCo was established in 2005 to help close the infrastructure funding gap in lower income countries in Africa and Asia. It specialises in providing local currency guarantees to banks and other financial institutions to enable them to finance long-term sustainable infrastructure projects. Its mandate also includes supporting the development of the local currency capital markets. GuarantCo provides a variety of guaranteed products, including portfolio or partial credit guarantees for loans and bonds.

GuarantCo is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the Private Infrastructure Development Group (PIDG), the Netherlands Development Finance Company (FMO) and the PIDG Trust, Canada, through the PIDG Trust and a repayable facility, along with France through a standby facility.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 22, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	487.00	[ICRA]A (Stable)	Jul 29, 2025	[ICRA]A (Positive)	Sep 04, 2024	[ICRA]A (Positive)	May 09, 2023	[ICRA]A- (Stable)
				Aug 08, 2025	[ICRA]A (Positive)	Jan 07, 2025	[ICRA]A (Positive)	Mar 31, 2024	[ICRA]A- (Stable)
				Aug 20, 2025	[ICRA]A (Positive)	-	-	-	-
				Sep 16, 2025	[ICRA]A (Positive)	-	-	-	-
				Mar 26, 2026	[ICRA]A (Stable)				
Unallocated limits	Long term/ Short term	0.39	[ICRA]A (Stable)/[ICRA]A2+	Jul 29, 2025	[ICRA]A (Positive)/[ICRA]A2+	Sep 04, 2024	[ICRA]A (Positive)/ [ICRA]A2+	May 09, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
				Aug 08, 2025	[ICRA]A (Positive)/[ICRA]A2+	Jan 07, 2025	[ICRA]A (Positive)/ [ICRA]A2+	Mar 31, 2024	[ICRA]A- (Stable)/ [ICRA]A2+
				Aug 20, 2025	[ICRA]A (Positive)/[ICRA]A2+	-	-	-	-
				Sep 16, 2025	[ICRA]A (Positive)/ [ICRA]A2+	-	-	-	-
				Mar 26, 2026	[ICRA]A (Stable)/[ICRA]A2+				
Fund-based-Term loan	Long term	4937.61	[ICRA]A (Stable)	Jul 29, 2025	[ICRA]A (Positive)	Sep 04, 2024	[ICRA]A (Positive)	May 09, 2023	[ICRA]A- (Stable)
				Aug 08, 2025	[ICRA]A (Positive)	Jan 07, 2025	[ICRA]A (Positive)	Mar 31, 2024	[ICRA]A- (Stable)
				Aug 20, 2025	[ICRA]A (Positive)	-	-	-	-
				Sep 16, 2025	[ICRA]A (Positive)	-	-	-	-
				Mar 26, 2026	[ICRA]A (Stable)				
Non-fund based bank guarantee	Short term	1036.00	[ICRA]A2+	Jul 29, 2025	[ICRA]A2+	Sep 04, 2024	[ICRA]A2+	May 09, 2023	[ICRA]A2+
				Aug 08, 2025	[ICRA]A2+	Jan 07, 2025	[ICRA]A2+	Mar 31, 2024	[ICRA]A2+
				Aug 20, 2025	[ICRA]A2+	-	-	-	-
				Sep 16, 2025	[ICRA]A2+	-	-	-	-
				Mar 26, 2026	[ICRA]A2+				
Fund based - Bill discounting	Short term	350.00	[ICRA]A2+	Mar 26, 2026	[ICRA]A2+	-	-	-	-
Short term – CEL	Short term	16.00	[ICRA]A2+	Jul 29, 2025	[ICRA]A2+	Sep 04, 2024	[ICRA]A2+	May 09, 2023	[ICRA]A2+
				Aug 08, 2025	[ICRA]A2+	Jan 07, 2025	[ICRA]A2+	Mar 31, 2024	[ICRA]A2+
				Aug 20, 2025	[ICRA]A2+	-	-	-	-
				Sep 16, 2025	[ICRA]A2+	-	-	-	-
				Mar 26, 2026	[ICRA]A2+				
Fund based-Working capital demand loan	Short term	223.00	[ICRA]A2+	Jul 29, 2025	[ICRA]A2+	Sep 04, 2024	[ICRA]A2+	May 09, 2023	[ICRA]A2+
				Aug 08, 2025	[ICRA]A2+	Jan 07, 2025	[ICRA]A2+	Mar 31, 2024	[ICRA]A2+

Current rating (FY2027)				Chronology of rating history for the past 3 years					
		FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 22, 2026	Date	Rating	Date	Rating	Date	Rating
				Aug 20, 2025	[ICRA]A2+	-	-	-	-
				Sep 16, 2025	[ICRA]A2+	-	-	-	-
				Mar 26, 2026	[ICRA]A2+				
NCD	Long term	0.00	-	Aug 08, 2025	Provisional [ICRA]AA+ (CE) (Stable)	-	-	-	-
				Aug 20, 2025	Provisional [ICRA]AA+ (CE) (Stable)	-	-	-	-
				Sep 16, 2025	[ICRA]AA+ (CE) (Stable)	-	-	-	-
Proposed NCD	Long term	0.00	-	Aug 20, 2025	Provisional [ICRA]AA+ (CE) (Stable)	-	-	-	-
				Sep 16, 2025	Provisional [ICRA]AA+ (CE) (Stable); reaffirmed & withdrawn	-	-	-	-
NCD	Long term	594.63	[ICRA]AA+ (CE) (Stable)	Aug 20, 2025	Provisional [ICRA]AA+ (CE) (Stable)	-	-	-	-
				Sep 16, 2025	[ICRA]AA+ (CE) (Stable)	-	-	-	-
				Mar 26, 2026	[ICRA]AA+ (CE) (Stable)				

Complexity level of the rated instruments

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 – Bill discounting	Simple
Short term – Non-fund based - Bank guarantee	Simple
Short term – CEL	Simple
Long term/Short term - Unallocated limits	NA
Non-convertible debentures	Simple

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	Term loans	FY2025	-	FY2042	4937.61	[ICRA]A (Stable)	RBI
NA	Cash credit	NA	NA	NA	487.00	[ICRA]A (Stable)	RBI
NA	Working capital demand loans	NA	NA	NA	223.00	[ICRA]A2+	RBI
NA	Bill discounting	NA	NA	NA	350.00	[ICRA]A2+	RBI
NA	Bank guarantee	NA	NA	NA	1036.00	[ICRA]A2+	RBI

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	CEL	NA	NA	NA	16.00	[ICRA]A2+	RBI
NA	Unallocated limits	NA	NA	NA	0.39	[ICRA]A (Stable)/ [ICRA]A2+	RBI
INE542W07014	NCD*	11-Sep-2025	8.50%	11-Sep-2030	594.63	[ICRA]AA+(CE) (Stable)	SEBI

*Source: Company; *Initial NCD amount was Rs. 670.0 crore, of which Rs. 75.37 crore was redeemed till August 2026 as per scheduled repayments*

#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

Company name	KPIGEL ownership	Consolidation approach
KPI Green Energy Limited (KPIGEL)	-	-
KPIG Energia Private Limited (KPIGEPL)	100.00%	Full consolidation
Sun Drops Energia Limited (Formerly known as Sun Drops Energia Private Limited; SDEL)	65.87%	Full consolidation
KPark Sunbeat Private Limited (KPark)	100.00%	Full consolidation
Miyani Power Infra LLP (MPIL)	100.00%	Full consolidation
KPIN Clean Power One LLP	100.00%	Full consolidation
KPIN Clean Power Two LLP	100.00%	Full consolidation
KPIN Clean Power Three LLP	100.00%	Full consolidation
KPIN Clean Power Four LLP	100.00%	Full consolidation
KPIN Clean Power Five LLP	100.00%	Full consolidation
KPGC Global Corporation IFSC Private Limited	100.00%	Full consolidation
KPGC One Private Limited	100.00%	Full consolidation

Source: Company

ANALYST CONTACTS

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

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

Rachit Mehta
+91 22 6169 3328
rachit.mehta2@icraindia.com

Rishi S Tekchandani
+91 79 6923 3066
rishi.tekchandani@icraindia.com

RELATIONSHIP CONTACT

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

MEDIA AND PUBLIC RELATIONS CONTACT

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

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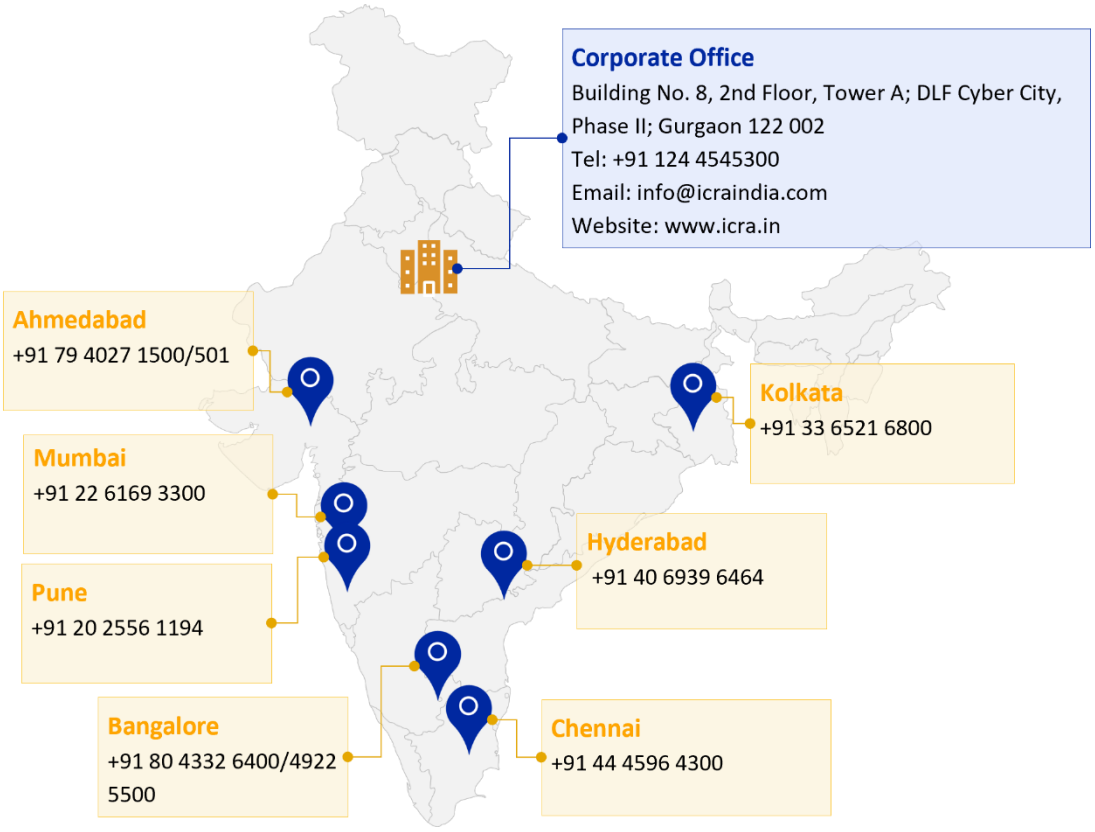
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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