

K. P. Energy Limited

October 06, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating action
Long-term bank facilities	386.21 (Enhanced from 255.21)	CARE A-; Stable	Upgraded from CARE BBB; Negative
Long-term / short-term bank facilities	90.00 (Enhanced from 71.00)	CARE A-; Stable / CARE A2+	Upgraded from CARE BBB; Negative / CARE A3+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the rating assigned to the bank facilities of K.P. Energy Limited (KPEL) takes into account the significant increase in scale of operations and order book position while maintaining healthy profitability in FY25 (refers to April 01, 2024 to March 31, 2025) and Q1FY26 (refers to April 01, 2025 to June 30, 2025). The total operating income (TOI) grown by 97% in FY25 over FY24 while orderbook has increased from ₹1,320 crore as on June 01, 2024 to ₹3,086 crore as on June 30, 2025 which provides medium term revenue visibility. Furthermore, rating revision also factors in strong recovery of the debtors and successful completion of the critical wind independent power production (IPP) project of 28.6 MW installed and commissioned in Vagra, Gujarat without any cost and time overrun which is expected to provide stable income from IPP projects. CARE Ratings Limited (CareEdge Ratings) notes that major part of its outstanding orderbook is from its group company KPI green energy limited (KPIGEL) for its upcoming IPP projects wherein funding tie-up is in place which is expected to support its cash flow from operations.

The ratings continue to derive strength from vast experience of the promoter group in the renewable infrastructure business, its established execution track record, integrated services offered by KPEL and comfortable debt coverage indicators.

Rating strengths are partially tempered due to moderation in the capital structure, susceptibility of power generation to climatic variations, presence in a fragmented and competitive renewable power industry and geographically concentrated orderbook position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in order book and successful execution thereof, reducing concentration risk leading to increase in total operating income (TOI) along with sustenance in the profit before interest, lease rentals, depreciation and tax (PBILDT) margin over 20% on a sustained basis
- Improvement in total debt to PBILDT below 1.50x on a sustained basis
- Improvement in capital structure with total outside liabilities to tangible net worth (TOL / TNW) reaching below 2x along with substantial increase in tangible net worth on a sustained basis

Negative factors

- Declining order book to TOI ratio below 1.5x on a sustained basis.
- Deteriorating adjusted overall gearing over 1.5x along with total debt to PBILDT over 2.50x on a sustained basis.
- Elongating operating cycle above 120 days leading to deteriorating liquidity position on a sustained basis.
- Deterioration in the credit profile of the group entities.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectation that KPEL will be able to sustain its financial risk profile in medium term on back of its established market position, healthy order book and longstanding customer relationships.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Experienced promoter group and established track record in renewable infrastructure sector

KPEL is part of the KP group, which has an established track record of over two decades in the renewable infrastructure industry. The group is engaged in utility-scale renewable energy projects, microgrid solar projects, construction, fabrication and galvanizing, and telecom infrastructure (telecom tower and optical fibre cable {OFC} network through its group companies. KPEL is promoted by Faruk Patel, who has over two decades of experience in the renewable energy industry and over a decade in the wind energy segment. He is supported by his son, Affan Patel, and a team of experienced professionals, forming a strong second line of management for project execution.

The group has diversified operations in the renewable energy sector with presence across solar, wind and hybrid EPCC and IPP businesses, along with backward integration for renewable infrastructure solutions. KPEL sources most of its structural requirements from a group company KP Green Engineering Limited and receives significant orders from KPIGEL. This results in strong operational linkages among the group entities.

Significant growth in order book position providing medium term revenue visibility

KPEL's order book position significantly improved and stood at ₹3,086 crore as on June 30, 2025 (3.33x of TOI of FY25) from ₹1,320 crore as on June 30, 2024 (2.81x of TOI of FY24). The total capacity of these orders stands at 2.1 gigawatt (GW), executable over next three years. The company has secured high value orders from various reputed customers such as Aditya Birla Renewables Subsidiary Limited, ABREL EPC Limited, Indian Oil NTPC Green Energy Private Limited and NTPC Renewable Energy Limited. Further, majority of the unexecuted orders (74% of unexecuted orderbook value) are from KPIGEL thereby indicating concentration risk. However, as per the management, the funding for these orders have already been arranged by KPIGEL, which is expected to support timely payment recovery. Nevertheless, timely execution and debtors' recovery of these orders remain key credit monitorable.

Significant growth scale of operations

KPEL's TOI has grown at a compound annual growth rate (CAGR) of 46% over the last three years ending FY25. In FY25, TOI increased by 98% to ₹926.57 crore as compared to ₹469.50 crore in FY24, primarily due to higher EPC income from healthy order execution and increased wind and solar IPP income. The revenue from EPC segment registered multi-fold increase on y-o-y basis and stood at ₹903.35 crore in FY25 from ₹450.61 crore in FY24. In FY25, the wind power plants reported a satisfactory Plant Load Factor (PLF) at four locations with an average PLF of 24% (PY: 23.47%) and 26% in Q1FY26. Solar power plants reported PLFs in the range of 17% in FY25 and 19% in Q1FY26. It reported revenue of ₹22.92 crore in FY25 from power sale (₹18.09 crore in FY24). In Q1FY26, company reported TOI of ₹218.32 crore (₹125.67 crore in Q1FY25) including ₹10.14 crore from power sale (₹6.63 crore in Q1FY25). The overall scale is expected to increase in the near-to-medium term, supported by healthy orderbook and higher execution in Q1FY26.

Healthy profit margins

KPEL's PBILDT margin remained healthy at 18.86% in FY25, compared to 18.16% in FY24, supported by EPC nature of operations and high-margin IPP business. The slight improvement was due to increased sales from both segments leading to slight decline in cost of material consumed. Profit after taxes (PAT) margin remained at 12.10% in FY25 (12.49% in FY24), with the marginal decline due to higher interest cost from increased debt owing to term loan availed for wind IPP project. In Q1FY26, PBILDT and PAT margins were 22.19% and 11.65% respectively, compared to 17.74% and 14.72% in Q1FY25. The improvement in the PBILDT margin was driven by continuous increase in EPC along with higher revenue from the IPP segment. The profit margins are expected to remain healthy in near-to-medium term.

Comfortable debt coverage indicators

Debt coverage indicators remained comfortable, supported by healthy profit margins, with interest coverage and total debt to PBILDT stood at 6.07x and 2.04x respectively in FY25 as against 6.79x and 1.91x respectively in FY24. The slight moderation was due to increased interest cost led by increase in the debt levels during the year. In Q1FY26, interest coverage moderated albeit remained comfortable at 5.11x (4.63x in Q1FY25). The debt coverage indicators are expected to remain comfortable in the near term due to expected increase in gross cash accrual (GCA) levels supported by increase in scale of operations.

Key weaknesses

Moderate capital structure

The company's capital structure moderated in FY25 with overall gearing at 1.17x as on March 31, 2025 compared to 0.90x as on March 31, 2024. It was due to an increase in debt level in the form of term loan for setting up wind power plant and higher utilisation of working capital borrowings as on March 31, 2025. After adjusting loans and advances of ₹17.33 crore extended to subsidiaries from net worth, adjusted overall gearing remained moderate at 1.27x as on March 31, 2025, compared to 1.07x as on March 31, 2024. The company is in process of raising equity of ₹28.38 crore through share warrants, of which ₹7.10 crore was raised in August 2024. The balance is to be raised over 18 months from first issuance, by February 2026. Nevertheless, the capital structure is likely to remain moderated in the near term considering the expected increase in debt level to support the working capital requirements.

Working capital intensive nature of operations

The operations of the company remain working capital intensive, with a gross current asset (GCA) period of 263 days in FY25 (FY24: 298 days), due to funds blocked in debtors and inventory. The collection period improved to 113 days in FY25 (121 days in FY24) due to improved realisation from debtors. Absolute receivables stood at ₹259.24 crore as on June 30, 2025, compared ₹203.92 as on June 30, 2024. The inventory holding also improved albeit remained high at 80 days in FY25 (87 days in FY24). It was partially offset by a higher credit period from suppliers, with creditors period stood at 120 days in FY25 (FY24: 125 days). As a result, the operating cycle improved to 73 days in FY25 from 84 days in FY24. The company fund its working capital requirements through internal accruals and external borrowing leading to higher utilization of the working capital limits.

Geographical concentration of revenue profile

KPEL's entire order book is concentrated in Gujarat, exposing it to risks associated with the geographical concentration. Changes in government policies on wind and hybrid power projects, land acquisition, and local issues may significantly impact revenue and profitability. However, Gujarat has the second highest share in the India's total installed wind capacity, supported by financially healthy discoms, favourable wind sites, and readiness of IPPs to undertake projects in the state offset the risk to an extent. Further, the group has signed MOU and plans to expand operations in Maharashtra, Madhya Pradesh, Rajasthan, etc. Diversification of the same remains key monitorable.

Presence in a fragmented and competitive renewable power industry

KPEL operates in a fragmented and competitive renewable energy industry. It faces competition from the IPPs and EPCC arms of several wind turbine generator (WTG) manufacturers, who holds high bargaining power. It also faces competition from several small and medium players, executing wind power projects. However, the company has been able to mitigate the same to a certain extent considering the comprehensive services from concept to commissioning, delivering end-to-end solutions covering site identification and acquisition, site preparation and engineering, construction, erection and commissioning, power evacuation, necessary permits and approvals thereof provided under one roof.

Liquidity: Adequate

The liquidity position remained adequate as characterised by sufficient expected gross accruals against repayment obligations of ₹25.32 crore in FY26 and ₹23.46 crore in FY27 along with capital commitments towards capex. KPEL has free cash balance of ₹1.42 crore as on March 31, 2025 (against ₹0.84 crore as on March 31, 2024) apart from lien-marked fixed deposits of ₹42.92 crore (against ₹22.45 crore as on March 31, 2024). The average of maximum utilisation of fund-based limits remained at 95% with average utilization stood at 82% for the last 12-months ended August 2025. The average utilization of non-fund-based limits remained at 79% for the same period. The reported cash flow from operating activities stood at ₹163.72 crore in FY25 against ₹27.00 crore in FY24. The current ratio and quick ratio stood moderate at 1.37x and 0.96x respectively as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by company
Environment	KP Energy, being in the renewable energy sector, inherently contributes to environmental sustainability through its core business. It is generating power from renewable source which aid in reducing greenhouse gas emissions Company is also supporting its customers to meet carbon emission reduction goals. Extensive plantation drives were carried out in rural communities and students, deepening awareness of forest and biodiversity significance while building ownership for ecological preservation.

Risk factors	Compliance and action by company
	It also facilitated renewable energy adoption in Surat, such as 15KW rooftop solar systems, and supporting wildlife conservation and animal welfare programs that protect native species at various locations.
Social	Implementation of diverse CSR programs in education, infrastructure, and health Focusing on employee welfare and development Recognized as a 'Great Place to Work'
Governance	Compliance with SEBI regulations Providing transparency in disclosures Implementation of best governance practices

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Construction Sector](#)

[Solar Power Projects](#)

[Short Term Instruments](#)

[Wind Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Surat based K.P Energy Limited (KPEL) is a part of the KP Group founded and promoted by Faruk Patel in the year 1994. KPEL incorporated in the year 2010 and is involved in the development of utility scale wind power generation infrastructure. The major activities encompass siting of windfarms, land & permits acquisition, Engineering, Procurement, Construction & Commissioning (EPCC) of wind power projects along with Balance of Plant (BoP) infrastructure. Further, KPEL also owns wind IPP with an installed capacity of 37 MW as of which 28.6 MW was installed and commissioned in Vagra, Gujarat in January 2025. It also has a solar power plant (11.5 MW capacity) as an IPP in Gujarat which was commissioned in April 2023.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	469.50	926.57	218.32
PBILDT	85.68	174.71	48.44
PAT	58.65	112.07	25.43
Overall gearing (times)	0.90	1.17	NA
Interest coverage (times)	6.79	6.07	5.11

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	219.48	CARE A-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	90.00	CARE A-; Stable / CARE A2+
Term Loan-Long Term		-	-	January 2033	166.73	CARE A-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	166.73	CARE A-; Stable	-	1)CARE BBB; Negative (03-Sep-24)	1)CARE BBB; Stable (03-Aug-23)	1)CARE BBB; Stable (06-Jul-22)
2	Fund-based - LT-Cash Credit	LT	219.48	CARE A-; Stable	-	1)CARE BBB; Negative (03-Sep-24)	1)CARE BBB; Stable (03-Aug-23)	1)CARE BBB; Stable (06-Jul-22)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	90.00	CARE A-; Stable / CARE A2+	-	1)CARE BBB; Negative / CARE A3+ (03-Sep-24)	1)CARE BBB; Stable / CARE A3+ (03-Aug-23)	1)CARE BBB; Stable / CARE A3+ (06-Jul-22)
4	Fund-based - ST-Standby Line of Credit	ST	-	-	-	-	-	1)Withdrawn (06-Jul-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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