

K. P. Energy Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	150.00	CARE A-; Stable / CARE A2+	Reaffirmed
Long-term bank facilities	RBI	513.01	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of K.P. Energy Limited (KPEL) factors in significant growth in scale of operations with healthy profitability in FY26 (FY refers to April 1 to March 31) despite elongation of the operating cycle resulting in higher working capital borrowings. Total operating income (TOI) grew by 59% YoY to ₹1,497.41 crore in FY26 with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin increasing to 21.39% (FY25: 18.81%), driven by strong engineering, procurement, and construction (EPC) execution and higher power generation income. However, KPEL's working capital intensity increased significantly in FY26, with the gross current asset (GCA) period elongating to 473 days from 281 days in FY25, primarily due to higher funds allocated to inventories, advances, and government balances. However, collection period improved to 78 days in FY26 compared to 125 days in FY25. The said increase in inventory was order backed purchases to mitigate the risk associated with volatility in inputs costs amidst global disruptions and was partly funded from customer advances. CARE Ratings Limited (CareEdge Ratings) notes that same has reduced to an extent with execution of orders in current fiscal and major part of its outstanding orderbook is from its group company KPI Green Energy Limited (KPIGEL), for its upcoming independent power producer (IPP) projects, where funding tie-up is in place and is expected to support its cash flow from operations.

There was moderation in profitability owing to lower EPC margins in Q1FY27 with higher Right of Way (ROW) costs, fuel and labour costs, making margin recovery a key rating monitorable. Ratings also factor in the recent development regarding upcoming 200-MW debt-funded wind IPP projects, which is expected to moderate the financial risk profile over medium term while providing long term contractual revenue over the period of 25 years. Hence, timely tie up of debt and execution and subsequent stabilisation of the same remain a key credit monitorable.

Ratings continue to derive strength from vast experience of the promoter group in the renewable infrastructure business, its established execution track record, healthy orderbook position, 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

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

Negative factors

- Decline in order book to TOI ratio below 1.5x on a sustained basis.
- Deterioration in adjusted overall gearing over 1.5x and total debt to PBILDT over 4x on a sustained basis.
- Elongating operating cycle above 120 days leading to deteriorating liquidity position on a sustained basis.
- Delay in execution of IPP project and/or higher-than-envisaged debt levels
- Deterioration in the credit profile of the group entities

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of KPEL and its subsidiaries and associates (commonly referred to 'Group'). Consolidated view has been taken considering strong operational and financial synergies. Consolidated entities are mentioned under Annexure-5.

Outlook: Stable

The stable outlook reflects that CareEdge Ratings believes KPEL will continue to benefit from its established market position maintaining healthy order book position and longstanding relationship with its customers.

Detailed description of key rating drivers
Key strengths
Experienced promoter group and established track record in infrastructure sector

KPEL is a part of the KP group, which has an established track record of over two decades in the infrastructure industry. The KP group is engaged in utility scale renewable energy projects, micro grid solar projects, construction projects, fabrication and galvanising, and telecom infrastructure (telecom tower and OFC network through its group companies). KPEL is promoted by Faruk Patel, who possess over two decades of experience across renewable industries and over a decade in the wind energy segment. He is ably supported by his son, Affan Patel, and a team of experienced professionals, forming a strong second line of management for the execution of projects.

The group has diversified operations into renewable energy sector having presence across solar, wind and hybrid EPC and IPP business and backward integration for renewable infrastructure solutions. KPEL sources its majority structural requirements from the group company. It also gets significant orders from the flagship entity of the group, KPIGEL. On account of the same, the company fetches strong operational linkages among its group entities.

Healthy order book position providing medium-term revenue visibility

KPEL has healthy order book position and stood at ₹2,506.66 crore as on June 30, 2026. The total capacity of these orders stands at ~1.77 GW to be executable over the span of two years. The company has high-value orders from reputed customers, ABReL EPC Limited, Indian Oil NTPC Green Energy Private Limited and NTPC Renewable Energy Limited. The company has received majority orders from the group company, KPIGEL, forming ~58% of the total unexecuted order book, posing a concentration risk. As informed by management, the funding requirements for the said orders were already arranged by KPIGEL, thereby expecting timely recovery of the payments. Timely completion of these orders and recovery of debtors remains key credit monitorable. The company also has strong pipeline orders, hence, confirmation of which remains critical for the envisaged growth in scale of operations.

Growing scale of operations

KPEL's TOI has been growing at compound annual growth rate (CAGR) of 78% from FY24 to FY26. In FY26, KPEL reported growth of 59% in its TOI to ₹1,497.41 crore compared to ₹939.05 crore in FY25 primarily due to increase in EPC income from healthy execution of orders continued and the increase in wind and solar IPP income. EPC income has grown from ₹910.20 crore in FY25 to ₹1451.69 crore in FY26. In FY26, the wind power plants reported a satisfactory plant load factor (PLF) at five locations with an average PLF of 24% (PY: 24%) and satisfactory PLF from solar power plants in the range of 17% in FY26 and 20% in Q1FY27. KPEL reported revenue of ₹35.65 crore in FY26 from sale of power (₹23.90 crore in FY25).

In Q1FY27, the company has achieved significant increase in TOI by ~137% to ₹519.46 crore (compared to ₹219.54 crore in Q1FY26) including ₹11.78 crore from sale of power. TOI is expected to increase in the near-to-medium term considering healthy orderbook position and higher execution of the orders in Q1FY27.

Healthy profitability and comfortable debt coverage indicators which moderated in Q1FY27

KPEL's PBILDT margin improved to 21.39% in FY26 compared to 18.81% in FY25 owing to EPC nature of operations supported by high margin IPP business. The improvement in the same was attributable due to increase in sales from both business segments leading to slight decline in cost of material consumed. Profit after taxes (PAT) margin remained stable at 12.11% in FY26 compared to 12.28% in FY25. The slight moderation in the same was due to increase in interest cost led by increased debt owing to increased working capital borrowings.

In Q1FY27, PBILDT margin significantly declined to 11.65% owing to increase in right-of-way (ROW) cost, increasing fuel and labour charges and geopolitical factors. PAT margin also declined to 5.02% in lines with PBILDT margin. As informed by the management, the said cost increase is being factored in the new project tie ups. Hence, company's ability to efficiently manage its cost structure and improve the profit margins going further remains a key credit monitorable.

Debt coverage indicators also improved in FY26 marked by interest coverage at 7.02x compared to 6.15x in FY25. Total debt to PBILDT (TD/PBILDT) slightly moderated but stood comfortable at 2.16x in FY26 compared to 2.05x in FY25 owing to increase in the total debt of the company. In Q1FY27, in lines with moderation in PBILDT margin, debt coverage indicators also moderated with interest coverage ratio stood at 3.92x compared to 5.19x in Q1FY26. With moderation in the profitability margins and expected increase in the total debt, the debt coverage indicators also expected to further moderate over medium term.

Key weaknesses

Moderate capital structure

The company's capital structure slightly moderated in FY26 marked by overall gearing at 1.34x as on March 31, 2026 compared to 1.19x as on March 31, 2025. The said moderation was due to increase in utilisation of working capital borrowings as on March 31, 2026 owing to increased inventory position as mentioned in below point. The debt profile majorly consists of term loans and working capital borrowings. TNW stood at ₹521.71 crore as on March 31, 2026. With upcoming debt-funded capex related to IPP project undertaken by the company, the capital structure is expected to further moderate over medium term. The company's ability to efficiently manage its debt funding mix remains a key credit monitorable.

Working capital intensive operations with increase in inventory levels in FY26

The company's operations remained working capital intensive but same has increased significantly in FY26 marked by GCA period of 473 days in FY26 (FY25: 281 days) considering higher funds allocated to debtors, inventories, advances to suppliers and balance with government authorities. The collection period improved to 78 days in FY26 compared to 125 days in FY25 due to improved realisation from debtors. The inventory holding also elongated to 246 days in FY26 against 85 days in FY25 due to higher inventory procurement undertaken by the company to mitigate the price fluctuation risk and ensuring timely execution of ongoing EPC projects. The inventory procurement has partly funded through customer advances which forms over 35% of the total inventory as on balance sheet date. The same was partially offset due to higher credit period received from its suppliers marked by creditors period of 150 days in FY26 (FY25: 127 days). Resultantly, the operating cycle elongated to 173 days in FY26 from 83 days in FY25. Adjusting for inventory funded from customer advances, adjusted working capital cycle would be 98 days. Going forward, managing working capital intensity without increased reliance of bank debt would remain key credit monitorable.

Significant project risk pertaining to 200 MW IPP projects

KPEL has recently awarded with two wind IPP projects comprising 100 MW each from Gujarat Urja Vikas Nigam Limited (GUVNL) and Solar Energy Corporation of India Limited (SECI). The aggregate project cost of the said projects is yet to be finalised and is estimated at ~₹1,500-1,600 crore proposed to be funded through mix of debt and equity infusion or internal accruals. The said projects are scheduled to be commissioned in a phase manner with Phase 1 expected to be commissioned in H2FY28 and Phase 2 by H2FY29. It has already signed power purchase agreements (PPAs) with respective counterparties for a tenure of 25 years at a tariff rate of ₹3.44 and ₹3.67 per unit mitigating off-take risk. While the term debt for the said projects is to be tied up, KPEL has already started the construction work at the identified sites and extended advances to the equipment suppliers through internal accruals. Accordingly, considering the sizable capex undertaken by the company, its timely financial closure for the project and timely completion of the same without any cost or time overrun remains critical from the credit perspective. Successful stabilisation of the projects post-commissioning and achievement of the envisaged P90 generation levels will also be a key credit monitorable.

Geographical concentration of revenue profile

KPEL's entire order book is in the vicinity of Gujarat, which exposes it to the risk associated with the geographical concentration of revenue. Changes in government policies towards wind power projects and land acquisition, and local issues may significantly affect its revenue profile and profitability thereon. The recent increase in the land prices due to change in the land valuation policy led to increase in cost of RoW impacted the profitability margins in Q1FY27.

However, Gujarat has the second highest share in the total installed wind capacity in India due to financially healthy discoms, vast potential wind sites, and readiness of IPPs to take projects in Gujarat. The group has signed Memorandum of Understanding (MOU) and planning to expand its operations in Maharashtra, Madhya Pradesh and Rajasthan among others. Hence, diversification of the same remains a key credit monitorable.

Presence in a fragmented and competitive industry with low bargaining power

KPEL is a mid-sized player operating in an intensely competitive and fragmented industry. Its competitors include IPPs and engineering, procurement, construction and commissioning (EPCC) arms of several wind turbine generator (WTG) manufacturers, who hold a high bargaining power. It also faces competition from several smaller players, who execute wind power projects.

Liquidity: Adequate

The liquidity position remained adequate as characterised by sufficient expected gross accruals against repayment obligations of ₹24.07 crore in FY27 and ~₹45 crore in FY28. KPEL has free cash and bank balance of ₹5.55 crore as on March 31, 2026 (against ₹2.17 crore as on March 31, 2025) apart from lien-marked fixed deposits of ₹70.69 crore (against ₹42.92 crore as on March 31, 2025). The average of maximum utilisation of fund-based limits remained at 91% with average utilisation stood at 82% for the last 12-months ended June 2026. The average utilisation of non-fund-based limits remained at 76% for the same period. Reported cash flow from operating activities stood positive at ₹122.57 crore in FY26 against positive ₹161.71 crore in FY25. The current ratio and quick ratio stood moderate at 1.04x and 0.31x respectively as on March 31, 2026.

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. IPP Generation of more than 9.5 Crore units during FY 25-26 from renewable energy sources avoided more than 67,500 tonnes of greenhouse gas emissions. - It is generating power from renewable source which aid in reducing greenhouse gas emissions and under EPC business it is also supporting its customers to meet carbon emission reduction goals.
Social	- Occupational health and safety is ensured through implementation of HSE plan. - Comprehensive training and awareness programs covering ethics, leadership, health and safety, cybersecurity, whistleblower mechanisms, and prevention of sexual harassment were conducted across all employee segments. These initiatives achieved 100% coverage for the Board of Directors and Key Managerial Personnel, and 91% coverage across the broader employee base. - Implementation of diverse CSR programmes in education, infrastructure, and healthcare segment.
Governance	- Compliance with SEBI regulations. - Providing transparency in disclosures. - Implementation of best governance practices.

Applicable criteria

[Policy on Default Recognition](#)

[Consolidation & Combined Approach](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

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

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Solar Power Projects](#)

[Wind Power Projects](#)

[Rating of Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Surat-based KPEL is a part of the KP Group founded and promoted by Faruk Patel in 1994. KPEL incorporated in 2010 and is involved in developing of utility scale wind power generation infrastructure. The major activities encompass siting of windfarms, land & permits acquisition, EPCC of wind power projects and Balance of Plant (BoP) infrastructure. 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.

In February 2016, the equity shares of KPEL got listed on BSE SME exchange and on October 10, 2018, KPEL migrated from BSE SME exchange to Main Board of BSE.

Consolidated financials

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	939.05	1497.41	519.46
PBILDT	176.67	320.31	60.54
Profit after tax (PAT)	115.33	181.40	26.08
Overall gearing (x)	1.19	1.34	NA
Interest coverage (x)	6.15	7.02	3.92

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

Standalone financials

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	926.55	1487.87	516.56
PBILDT	174.58	317.61	60.21
Profit after tax (PAT)	112.07	179.86	25.95
Overall gearing (x)	1.17	1.35	NA
Interest coverage (x)	6.06	6.87	3.86

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	NA	-		-	-	325.26	CARE A-; Stable
Non-fund-based - LT/ST-Bank Guarantee	RBI	NA	-		-	-	150.00	CARE A-; Stable / CARE A2+
Term Loan-Long Term	RBI	NA	-		-	30-04-2042	187.75	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 2026-2027	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
1	Term Loan-Long Term	LT	187.75	CARE A-; Stable	-	1)CARE A-; Stable (11-Nov-25) 2)CARE A-; Stable (06-Oct-25)	1)CARE BBB; Negative (03-Sep-24)	1)CARE BBB; Stable (03-Aug-23)
2	Fund-based - LT-Cash Credit	LT	325.26	CARE A-; Stable	-	1)CARE A-; Stable (11-Nov-25) 2)CARE A-; Stable (06-Oct-25)	1)CARE BBB; Negative (03-Sep-24)	1)CARE BBB; Stable (03-Aug-23)
3	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	150.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (11-Nov-25) 2)CARE A-; Stable / CARE A2+ (06-Oct-25)	1)CARE BBB; Negative / CARE A3+ (03-Sep-24)	1)CARE BBB; Stable / CARE A3+ (03-Aug-23)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated**

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	KP Energy OMS Limited	Full	Wholly Owned Subsidiary
2	HGV DTL Transmission Projects Private Limited	Full	Wholly Owned Subsidiary
3	K.P. Energy Mahua Windfarms Private Limited	Full	Subsidiary
4	Wind Farm Developers Private Limited	Full	Subsidiary
5	Ungarn Renewable Energy Private Limited	Full	Subsidiary
6	Mahuva Power Infra LLP	Full	Subsidiary
7	Manar Power Infra LLP	Full	Subsidiary
8	Belampar Power Infra LLP	Full	Subsidiary
9	Hajipir Renewable Energy LLP	Full	Subsidiary
10	Vanki Renewable Energy LLP	Full	Subsidiary
11	VGDTL Transmission Projects Private Limited	Moderate	Associate

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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in Ashish Kambli Associate Director CARE Ratings Limited Phone: 022-67543597 E-mail: Ashish.k@careedge.in Saurabh Darak Lead Analyst CARE Ratings Limited E-mail: Saurabh.darak@careedge.in
---	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**