Press Release
KUNDAN HYDRO (GANGTOK) PRIVATE LIMITED
October 06, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	148.00	ACUITE A- | Stable | Assigned	-
Total Outstanding Quantum (Rs. Cr)	148.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of **'ACUITE A-'** **(read as ACUITE A minus)** on the Rs. 148.00 crore proposed bank facilities of Kundan Hydro (Gangtok) Private Limited (KHGPL). The outlook is **'Stable'**.

Rationale for Rating

The rating assigned factors in the established presence of the Kundan Group in diversified business over the last five decades including mining, refining, metals & mineral processing and renewable energy - Hydro & Solar. The rating factors the growth in operating performance of the renewable group on the back of increasing commissions of hydro and solar projects. Further, the rating draws comfort from the healthy financial risk profile of the renewable business, supported by a gearing level below unity. However, the rating is constrained by the small scale of operations with limited track record of the renewable business, significant implementation and stabilisation risks on upcoming and existing projects.

About the Company

Incorporated in 2020, New Delhi based, Kundan Hydro (Gangtok) Private Limited is a wholly owned subsidiary of Kundan Green Energy Private Limited (KGEPL) (renewable arm of Kundan Group). The company is engaged in the business of power generation through hydro projects with an operational capacity of 40.8 MW and 37.0 MW of under construction capacity. The current directors of the company are Mr. Ashish Kumar and Ms. Shivani Jain.

About the Group

Kundan Group through KGEPL and its subsidiaries/ special purpose vehicles (SPVs) is engaged into generation of power through hydro and solar projects. At present the group through its eight SPVs operates hydro, solar and waste to energy power plants with a total commissioned capacity of 80.1 MW, 17.5 MW and 11.5 MW respectively and has an under-construction / ongoing acquisition capacity of 57 MW (37 MW for hydro and 20 MW for solar).

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of the parent company KGEPL and all the subsidiaries/ SPVs of KGEPL including KHGPL. This is on account of common parent and management, similar line of operations and cashflow fungibility between each of the SPVs.

Key Rating Drivers

Strengths

Established presence of group

Kundan Group is an established organisation having more than five decades of experience in diversified sectors including mining, refining, metals & mineral processing and renewable energy - hydro & solar. The group forayed into the renewable business in 2018 with primary focus on inorganic growth through acquisitions of inactive renewable assets and worked on refurbishment and replenishment of the same. Additionally, the group operates a Non-Banking Financial Company (NBFC) that oversees the working capital and capital expenditure needs of its businesses to some extent. Presently, the group is well capitalized, primarily due to the cash flow generated from its gold refinery operations.

Strong growth in operating performance driven by increasing capacities

The constant focus of the group to renovate, rebuilt and replenish inactive renewable assets has led to an increase in the operating income from Rs.95.26 crore in FY24 to Rs.149.14 crore in FY25 (Prov.). Further, the group's current commissioned capacity has increased to 109.01 MW as on August 31, 2025. The operating margins have remained in the range of 65-70% and expected to be on similar lines over the medium term. Moreover, the group targets to build around 170 MW of capacity by 2027, of which 57 MW is under construction. Therefore, with additional capacity coming into operations the operating performance of the group is expected to improve further.

Healthy financial risk profile

The financial risk profile of the group is marked healthy due to healthy net worth, low gearing, and strong debt protection metrics. The net worth of the group stood healthy at Rs. 327.62 crore as on March 31, 2025 (Prov.) as against Rs. 278.62 crore as on March 31, 2024. This increase in net worth is primarily due to the accretion of profits to the reserves. Therefore, the gearing levels have remained below unity in FY24 & FY25 (Prov.). Further, the group as on March 31, 2025 had low reliance on external debt and majority of the borrowings were from the group's non banking financial corporation (NBFC), in the form of unsecured loans which are repayable on demand. Therefore, the debt protection metrics have remained strong with debt service coverage ratio and interest coverage ratio standing at ~5.81 times (~7.02 times) and ~7.95 times (~11.3 times) respectively as on March 31, 2025 (Prov.) (March 31, 2024). However, the same is expected to see some moderation on back of increase in external debt being availed by the group in FY26 which will utilized towards the planned additional capacity.
Acuite believes that any further increase in external debt to meet planned capital expenditure, impacting the financial risk profile, will be a key rating sensitivity.

Weaknesses

Stabilisation and implementation risks

The renewable arm of the group was started from December 2018 with majority of the growth being inorganic over the years. The group currently has a total commissioned capacity of 109.01 MW and an additional 57 MW of capacity is under construction. Therefore, being a fairly new player in the industry the group is prone to stabilisation, implementation and execution risks. Also, the plant load factor (PLF) of commissioned projects have remained low to moderate on the account of operational issues. Further, while for the solar projects the group has entered into long tenor power purchase agreements, however, hydro power is sold on exchanges which keeps the rates susceptible to volatility.

Exposure to inherent risk in renewable energy generation

Hydropower plants inherently face risks related to both natural hazards and operational failures. While natural hazards like earthquakes, floods, and landslides can damage structures and disrupt operations, operational risks include equipment malfunctions, such as turbine or generator failures, as well as potential for accidents or disasters. Further, environmental impacts, like changes to river flow and aqua co-habitat, also pose inherent risks which impact the PLF for the plants. Additionally, the solar power plants are subject to technological risk, in which their ability to generate electricity is reliant on the surrounding radiation levels and the yearly deterioration of their solar panels.

Rating Sensitivities

- Higher than anticipated increase in the external debt leading to deterioration in the financial risk profile
- Continued growth in the operating performance supported by improvement in PLF of existing plants and timely completion of planned capex without any cost overruns and stabilisation of the same

Liquidity Position

Adequate

The group generated an NCA of ~Rs.86.49 crore in FY25 (Prov.) as against the repayment obligations of Rs. 4.45 crore. Further, while the repayment obligations is expected to increase from FY26 on account of increase in the external debt, however, the same is expected to remain sufficient against the upcoming repayment obligations. Further, the group-maintained cash balance of Rs 4.07 crore as on March 31, 2025 (Prov.). The current ratio of the group stood at 1.11 times as on March 31, 2025(Prov.) The non fund based utilizations for the group also remained low at 27% in the last 5 months ended August 2025.

Outlook - Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	149.14	95.26
PAT	Rs. Cr.	52.49	32.30
PAT Margin	(%)	35.19	33.90
Total Debt/Tangible Net Worth	Times	0.75	0.58
PBDIT/Interest	Times	7.95	11.30

Status of non-cooperation with previous CRA (if applicable)

None

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	148.00	Simple	ACUITE A- | Stable | Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company
1	Kundan Green Energy Private Limited
2	Kundan Solar (Astonfield) Private Limited
3	Kundan Hydro (Luni) Private Limited
4	Kundan Hydro (Gangtok) Private Limited
5	Kundan Hydro (Madkini) Private Limited
6	Kundan Hydro (Pithoragarh) Private Limited
7	Kundan Hydro (Rajpur) Private Limited
8	Jabalpur MSW Private Limited

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