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*KPI Green Lines Up Sundrop Energia IPO, Bets Big on BESS Photograph: (Archive)*

Gujarat-based renewable energy company KPI Green has announced plans to launch an Initial Public Offering (IPO) for its subsidiary Sundrop Energia. The company's top management recently informed investors that the fundraising will

primarily support Battery Energy Storage System (BESS) projects, which it sees as the next growth engine. The KP Group, founded by Faruk Patel, owns KPI Green, and has 3 listed entities already, namely, Solar EPC KPI Green Energy Limited, the Wind Energy focused KP Energy Limited, and fabrication of structures focused KP Green Engineering Limited, which is the flagship firm of the group that is listed only on the BSE.

KPI Green has expertise in both Independent Power Producer (IPP) and Captive Power Producer (CPP) projects. In the latest post-earnings call, Salim Yahoo, Chief Financial Officer (CFO) of KPI Green, said the company has already started preparing the Draft Red Herring Prospectus (DRHP) for Sundrop.

“We will be listing Sundrop. We have already started collecting documents and will soon file the DRHP. We are raising equity at Sundrop to invest directly in build-own-operate BESS projects. As these are asset-heavy projects with ₹2,000–3,000 crore execution potential, we need a focused vehicle and fresh capital,” Yaho said.

As per the company’s strategy, Sundrop will handle smaller renewable and storage projects in the 0–35 MW category, while larger utility-scale projects will remain under KPI Green. Sundrop was initially a 100% subsidiary, but after a pre-IPO placement, KPI Green still retains majority control. The KP Group currently has three entities listed publicly KPI Green (for developing IPP and CPP), KP Energy (for wind energy projects) and KPI Green Engineering (fabrication and galvanizing).

## **Why BESS Is Central to the Plan?**

With BESS gaining prominence in India’s renewable landscape, KPI Green has identified storage as a strategic growth area that can deliver Round-the-Clock (RTC) green power.

“Only BESS can provide RTC stability for renewable energy,” Yahoo told investors, adding that most storage projects will have execution timelines of 18–24 months.



While margins will be “initially modest,” the company sees strong long-term potential in this evolving segment.

KPI Green has already signed an MoU with Delta Electronics India for advanced storage solutions, solar inverters, and green hydrogen applications. “Our association with Delta gives us access to cutting-edge BESS technology,” Yahoo noted.

Sundrop will adopt a build-own-operate (BOO) model, offering storage-as-a-service, with all assets on Sundrop’s books — a key reason for the dedicated equity raise.

## **Execution Pipeline and Outlook**

KPI Green reported its fifth consecutive quarter of record revenue, driven by expansion in both its IPP and CPP businesses. It is currently executing three major IPP projects:

- 250 MW solar project
- 370 MW solar-wind hybrid project
- 150 MW standalone wind project

Together, these projects represent an execution pipeline worth ₹5,000 crore, with long-term PPAs signed with Gujarat Urja Vikas Nigam Ltd (GUVNL).

As of June 30, 2025, KPI Green’s total portfolio stood at 4 GW (1.7 GW IPP + 2.3 GW CPP), supported by a 6,275-acre land bank and 3.2 GW of evacuation capacity. Orders in hand exceed 3 GW, including upcoming BESS projects where the company expects an 80–90% success ratio in tenders.

Yahoo added that KPI Green aims to increase the share of IPP revenue from the current 13% to around 25% in the long term, citing its higher EBITDA margin profile of 85–90%.

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## KPI Green Plans IPO of Subsidiary Sun Drops Energia to Unlock Value in BESS Segment

*KPI Green Energy is preparing an IPO for its subsidiary Sun Drops Energia, aiming to unlock value and accelerate expansion in the Battery Energy Storage Systems (BESS) segment to meet rising demand.*



KPI Green Energy has laid out an ambitious plan to unlock value from its renewable portfolio, with preparations underway for an initial public offering (IPO) of its subsidiary, Sun Drops Energia Pvt. Ltd.

This was revealed during its Q1 FY26 earnings call. Sun Drops Energia will serve as the dedicated vehicle for KPI Green's smaller Captive Power Producer (CPP) projects in the 0–35 MW range, as well as for its Battery Energy Storage Systems (BESS) business. The subsidiary will operate with its own team and execution framework, enabling greater agility in fast-growing segments of the renewable energy market.



The proceeds of the offering will be directed toward the expansion of the BESS. Salim Yahoo, Chief Financial Officer of KPI Green Energy Ltd., explained that Sun Drops has been specifically chosen to develop the BESS business, as management wanted a focused approach for smaller projects. The company plans to begin with smaller-scale BESS projects under Sun Drops, while larger utility-scale projects, especially those involving big institutions, would be housed under KPI Green directly. Nevertheless, overall financial consolidation would ultimately take place at the KPI level.

Yahoo added that the process of preparing documentation is already underway, with the Draft Red Herring Prospectus (DRHP) expected to be filed with SEBI. However, no specific timeline has been disclosed for the IPO launch. Management also clarified that there will be no preferential allotment for existing KPI Green shareholders, as there is no such SEBI provision for this type of listing.

Through the IPO, the company expects to dilute around 25 percent of Sun Drops' equity, while KPI Green will retain a majority stake of over 51 percent. The parent company will continue to consolidate the subsidiary's financial results, ensuring alignment with its broader business model.

On the operating model, Yahoo explained that under the BOO (Build, Operate, and Own) framework, the company treats the battery as a service it provides, with the entire system being built and managed internally. This, he said, is the main reason for pursuing an IPO through Sun Drops Energia, as the funds raised would be invested directly into these projects. Since the BOO model places the asset on the company's books, it made sense to channel the equity raising through the subsidiary.

He clarified that, at present, Sun Drops does not carry significant debt. However, as the business scales, particularly if order execution reaches INR 2,000–3,000 crore, the financing would primarily reflect on its books.

In parallel, KPI Green is also raising capital through the issuance of green bonds to support its renewable energy projects. The bonds have been rated 'AA+' by CRISIL and are guaranteed by Garenco, which significantly enhances the issue's credibility. The company indicated a likely coupon of around 8.8 percent, though the final rate will depend on market conditions.

Despite the scale of these fundraising efforts, management assured investors that the company's financial leverage remains conservative. The debt-to-equity ratio currently stands at 0.5:1 and is not expected to exceed 2:1 even after the bond issuance and future growth investments.