

## HOW THE COMPANY FARED

Gross Sales (FY24)  
**₹1,024 cr**

3-Year CAGR  
**111%**

PAT (FY24)  
**₹162 cr**

3-Year CAGR  
**94.7%**

3-Year Average TSR\*  
**247.1%**

RoCE\*\*  
**21.6%**

\* total shareholder return;  
\*\* return on capital employed



RENEWABLES — KPI GREEN ENERGY | FARUK G. PATEL

# Patel Redefines KPI's Green Agenda

Mastery of the entire green energy cycle helps KPI become a key player in India's renewable initiatives. **By Nidhi Singal**



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**Faruk G. Patel**, CMD, KPI Green Energy



**ON JUNE 22, 2023**, Prime Minister Narendra Modi presented U.S. First Lady Jill Biden a 7.5-carat eco-friendly lab-grown diamond, showcasing India's commitment to green energy. This exquisite gem by Surat's Greenlab Diamonds was crafted using green power—a blend of solar and wind—from Gujarat's KPI Green Energy, led by chairman and managing director Faruk G. Patel, whose entrepreneurial journey has been nothing short of extraordinary.

After spending younger years in small-time jobs—optician, helper in a clothing shop, even rickshaw driver—Patel joined logistics industry at 22. Later, he started hiring trucks to work in sand, brick and construction sectors, eventually establishing a carting company in Bharuch in 1999. During this period, he built relationships in corporations such as Reliance, L&T

and Birla Copper which opened doors in construction and telecom industries. "I founded KP Buildcon under KP Group (KP standing for Kothiwala Patel, Kothi being his village in Bharuch) in 1994, which officially was incorporated in 2001, and is now known as KP Green Engineering. Through this, I worked on telecommunication projects in 16 states. However, telecom started declining around 2007-08," he recalls. His quest for a long-lasting business made him turn towards green energy. "After working as an engineering, procurement and construction (EPC) developer, I realised that in solar and wind, once the plant is built, it generates electricity for 25 years. Even solar panels have 25-year warranty. That's when I decided to move from infrastructure development under KPI Global Infrastructure Ltd., now known as KPI Green Energy Ltd. (which was incorporated in 2008), towards solar energy," says Patel. He began with small solar projects. Around the same time, he launched another company, KP Energy, to focus on wind energy, which now handles modest projects in of 1+GW. When Gujarat's then chief minister Narendra Modi announced the ambitious Charanka Project—the largest solar initiative in the state at the time—Patel began working as an EPC contractor for 105 MW (in 2010-11). "Our clients back then were L&T, Moser Baer, LANCO, GMR and Tata.

### What He Did Right

- Envisioned leasing projects for long-term maintenance over 25 years.
- Started working on green hydrogen and green ammonia in 2023.
- KPI only buys 'Made In India' solar panels for its projects.

I realised this work wasn't rocket science," he says.



This led him to a pivotal decision: to become an independent power producer or IPP. Purchase of 220 acres of land in his village marked the start of a journey towards owning renewable energy assets. In 2015, Gujarat announced a solar policy; KPI Green Energy's first project was completed in 2018. To build the first 25MW capacity, Patel needed about ₹126 crore, of which he raised ₹86 crore under third-party PPA from Power Finance Corporation. For the rest, he diluted 26% KPI Green Energy stake in an IPO. Patel also decided to develop solar plants for others under segment called captive power plants (CPPs). In a single solar park, he brought multiple clients together, which he likened to a "shared rickshaw" concept. "Typically, profit margin in such projects is 8-10%, but with the sharing model, margin increased to 20-25%," he says. The CPP model created a strong revenue stream which Patel used to fund the IPP business. As of today, KPI Green Energy has built 200 MW IPP capacity, generating monthly revenue of ₹14-15 crore, while maintaining a debt-free status. Of the total revenue, 17% comes from IPP projects. Patel is aiming at ₹1,000 crore profit after tax (PAT) by 2028. In 2023, KPI Green Energy decided to participate in government bids.

The group started working on green hydrogen and green ammonia in 2023 for which it plans to commission a one-MW green hydrogen plant by April 2025. "KPI Green Hydrogen and Ammonia is going to bid for Solar Energy Corporation of India's big

tender of 10 lakh cubic metric tonnes," says Patel, now looking to expand KPI Green Energy's footprint across India and abroad. As a CPP, KPI Green has commenced work for government of Maharashtra for 100MW AC and 120MW DC project worth ₹520 crore. It is also going into Madhya Pradesh. Patel's next target is Telangana and Andhra Pradesh by the end of the financial year. On international front, Patel intends to start with Riyadh in a very short time, in renewable space.

KP Group has an edge over peers in solar, wind and hydrogen—most of the work for the projects is commissioned in-house. If KPI Green Energy bags an order for hybrid power, KP Energy helps it install wind turbines, as it did in Kora, Bharuch. KP Green Engineering provides solar MMS (module mounting structures) and wind lattice towers. KP Green Engineering provides structures for transmission towers and substation installation. "As we don't have to look outside our group for these requirements, we complete the projects earlier than required. It takes us a year to install a wind turbine instead of 18-24 months. Solar plant is installed in four-six months," says Patel.

Patel is passionate about contributing to India's growth and net zero goals of 2070. "I have 500 MW capacity. A one-MW installation has 3,000 panels. This means there are 15 lakh panels. I haven't bought a single panel from any other country than India. Even if it is expensive, it should last 25 years," he says.

Patel is also sourcing robots for cleaning and maintenance of solar panels locally. In sync with government's commitment to installing 500GW renewable energy capacity by 2030, KP Group has committed to taking its capacity to five GW by 2028 and 10 GW by 2030. "If anything is most important for India, it is power created by renewable energy. If we get sustainable power, our dollar outflow will be less, carbon emissions will decrease and we will be self-dependent." ■



Faruk G. Patel/ KPI Green Energy/ India's Best CEOs

Image: Padmini B

# Patel Redefines KPI's Green Agenda

Mastery of the entire green energy cycle helps KPI become a key player in India's renewable initiatives.

By NIDHI SINGAL, Oct 8, 2024 | 5 min read

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