

July 01, 2025

FP Centaurus Private Limited: Provisional [ICRA]A- (Positive) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	35.53	Provisional [ICRA]A- (Positive); assigned
Total	35.53	

*Instrument details are provided in Annexure I

Rating in absence of pending actions/documents	[ICRA]BBB+
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Rationale

For arriving at the ratings, ICRA has taken a consolidated assessment for the pool of five special purpose vehicles (SPVs)¹ with implicit support from the ultimate parent company - Fourth Partner Energy Private Limited (FPEPL; rated [ICRA]A- (Positive)/[ICRA]A2+) - based on the proposed co-obligor agreement with a cash pooling structure. The proposed agreement has a cash pooling structure with a well-defined mechanism for the sharing of surplus cash flow among the five SPVs, prior to the due date of debt servicing. The assigned rating is provisional (as denoted by the prefix Provisional before the rating symbol) and would be converted to final on the execution of the pending documents.

The rating favourably factors in the operational status of the solar power portfolio under the five cash pooling SPVs and the limited demand risks for the pool's 75.00-MWp solar power capacity due to the long-term power purchase agreements (PPA; 25-year) signed for the entire portfolio with multiple offtakers under the captive mode. The generation performance of the solar assets has been satisfactory since commissioning with the plant load factor (PLF) remaining better than the P-90 estimates.

Further, ICRA takes note of the satisfactory credit profile of the counterparties and the competitive tariffs offered to them, which are at a significant discount to the state grid tariff. ICRA also notes that the five SPVs are refinancing their outstanding debt facilities with a new term loan at a lower interest rate. The SPVs will also take top-up debt which will be used to upstream to its parent company (FPEPL). However, the pool's debt coverage metrics are expected to remain satisfactory over the proposed debt repayment tenure, supported by the long-term PPAs at a reasonable tariff and the long tenure of project debt. The rating also benefits from the managerial and financial support from its parent (FPEPL), in case of any requirements.

The rating is, however, constrained by the sensitivity of the cash flows and debt protection metrics of the pool to the generation performance of the solar power capacity, given the single part tariff under the PPAs. Any adverse variation in weather conditions and module performance may impact the PLF levels and consequently the cash flows. This is amplified by the geographic concentration of the assets as the entire capacity is at a single location in Karnataka.

The rating also factors in the risk of cash flow mismatch from the lower lock-in period under the PPAs in relation to the debt repayment tenure. Nonetheless, comfort can be drawn from the competitive tariffs offered by the project, the track record of the sponsor in securing PPAs with large industrial and commercial customers and the notice period available at the time of PPA termination to enable the company to replace the customer.

ICRA also notes that the pool's debt coverage metrics remain exposed to the interest rate movement as the floating interest rates are subject to regular resets and a leveraged capital structure. However, the interest rate is fixed for a period of 3 years

¹ The five SPVs FP Centaurus Private Limited, FPEL Celestial Private Limited, FP Cygnus Private Limited, FPEL Phoenix Private Limited and FPEL Max Volte Solar Private Limited

from July 2025. Although, the open access charges are to be paid by the customer under the PPAs, any significant increase in these charges would impact on the competitiveness of the tariff offered under the PPAs.

The Positive outlook on the long-term rating factors in an expected improvement in the credit profile of the ultimate parent company, following the equity-raise from reputed investors, such as International Finance Corporation (IFC), Asian Development Bank (ADB) and Deutsche Investitionsund Entwicklungsgesellschaft (DEG, a subsidiary of KfW Group. Further, the company would benefit from the long-term PPAs, the satisfactory collections from the oftakers and expectations of a satisfactory generation performance.

Key rating drivers and their description

Credit strengths

Operational and financial strength from parentage – FP Centaurus Private Limited (FPCPL) is a subsidiary of FPEPL that has an established track record in the solar power sector. FPEPL is backed by strong sponsors which provides financial flexibility to the Group in securing equity and debt funding. Hence, FPCPL is expected to benefit from the operational and financial strength of its parentage. Further, ICRA expects FPEPL to extend support to the company in the event of any cash flow mismatch due to reduced generation or collections.

Benefits of being part of a co-obligator structure – The company benefits from being part of a cash pooling mechanism and having cross-default linkages with four other SPVs of the group, wherein surplus cash from any of the five SPVs can be used to meet the shortfall in debt servicing of any other SPV in this pool. This five-SPV pool is a portfolio of solar assets aggregating to 75MWp in Karnataka.

Revenue visibility from long-term PPAs – The PPAs are signed with commercial and industrial customers with satisfactory credit profiles. This is expected to result in timely receipt of payments, as demonstrated in the past.

Highly competitive tariff – The PPA tariff offered by the company is at a significant discount to the state grid tariff rates, which enables the customers to realise significant savings.

Credit challenges

Debt metrics of solar projects sensitive to PLF levels – The debt coverage metrics of the pool remain exposed to the generation level, given the one-part structure under the PPAs. Hence, any adverse variation in weather conditions and/or module performance may impact the PLF and consequently the cash flow. The geographic concentration of the assets amplifies the generation risk. The ability of the company to demonstrate generation in line or above the design PLF levels on a sustained basis remains important.

Risk of cash flow mismatch owing to lower lock-in period in PPAs in relation to debt tenure – The PPAs have a lock-in period which is lower than the debt repayment tenure, which could result in a risk of cash flow mismatch. Also, the termination payment under the PPAs does not cover the entire debt outstanding. Nonetheless, comfort can be drawn from the significant discount offered by the company to its customers against the grid tariff, the track record of the sponsor in securing PPAs with large industrial and commercial customers and the notice period available at the time of PPA termination to enable the company to replace the customers.

Exposed to interest rate risks – The interest rate on the term loan availed by the company for its projects are floating and subject to regular resets. The debt coverage metrics of the pool remains exposed to movements in interest rates, given the fixed nature of the tariff under the PPA and a leveraged capital structure. However, the interest rate is fixed for a period of 3 years from July 2025.

Regulatory risks – The company's operations are exposed to regulatory risks pertaining to the scheduling and forecasting requirements of solar power projects. Also, the company remains exposed to regulations related to captive power projects and adverse variation in open access charges, which could impact the competitiveness of the tariff offered.

Liquidity position: Adequate

The liquidity position is expected to be adequate, aided by adequate cash flow from operations of the pool in relation to the debt servicing obligations across SPVs. The steady cash flow will be supported by the long-term PPA for the solar power project and expectations of timely receipt of payments from the customers, given its satisfactory credit profile. The liquidity is further backed by a debt service reserve account (DSRA). As on March 31, 2025, the pool of five SPVs had free cash balances of 10.06 crores and DSRA balance of 19.96 crores.

Rating sensitivities

Positive factors – ICRA could upgrade rating if the actual generation level is in line or higher than the P-90 estimate on a sustained basis along with timely payments from offtakers, leading to an improvement in the pool’s debt coverage metrics. The rating will also remain sensitive to the credit profile of the parent, FPEPL.

Negative factors – The rating can be downgraded if the actual generation performance is lower than the P-90 level on a sustained basis, or if there are delays in payments from the customers, impacting its liquidity profile. Specific credit metrics for downgrade include the cumulative DSCR on the pool debt falling below 1.15 times on a sustained basis. The rating will also remain sensitive to the credit profile of the parent, FPEPL.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar Policy On Provisional Ratings
Parent/Group support	Parent/Group Company: Fourth Partner Energy Private Limited. The rating assigned to FPCPL factors in the implicit support available from FPEPL, in case of any requirement
Consolidation/Standalone	For arriving at the ratings, ICRA has considered consolidated financials of five cash pooling SPVs listed in Annexure II

Pending actions/documents required to be completed for conversion of provisional rating into final

The assigned rating is provisional and would be converted into final upon execution of:

1. The loan agreement
2. The trust & retention account (TRA) agreement and the inter-company agreement

Validity of the provisional rating

In case the debt instrument/borrowing facility for which a provisional rating has been assigned is subsequently issued, the provisional rating would have to be converted into a final rating within 90 days (validity period) from the date of issuance of the debt instrument/date of availing the borrowing facilities. If considered appropriate, the validity period may be extended by a further 90 days for converting the provisional rating into final, in circumstances where the rated entity expressly indicates its intention to complete the pending actions/documents over the near term. Under no circumstances shall the validity period be extended beyond 180 days from the date of issuance. For further details, refer to ICRA’s Policy on Provisional Ratings available at www.icra.in.

If neither the pending actions/documents nor the issuance is completed after one year of the assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in ICRA’s Policy on Provisional Ratings available at www.icra.in.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed by the entity within 90 days (validity period) from the date of issuance, the provisional rating will be converted into final upon the review of the required actions/documents to the extent these are completed by the end of the validity period. This implies that the provisional rating may even be revised at the end of the validity period, while being converted into final, to a level commensurate with the rating in the absence of the pending actions/documents (as disclosed earlier in the rationale). ICRA may consider extending the validity period in accordance with its Policy on Provisional Ratings available at www.icra.in.

About the company

FPCPL is a subsidiary of Fourth Partner Energy Private Limited (FPEPL), wherein FPEPL holds a 65.09% shareholding, while the remaining 34.91% stake is held by the offtaker. The company owns and operates a 10-MWp solar power project at Atharga village in the Bijapur district in Karnataka. The project was fully commissioned on February 22, 2023. The company has tied up a long-term PPA for a tenure of 25 years at a fixed tariff under the group captive model.

About the companies in the cash pooling structure

Under the cash pooling portfolio, there are five SPVs – FP Centaurus Private Limited, FPEL Celestial Private Limited, FP Cygnus Private Limited, FPEL Phoenix Private Limited and FPEL Max Volte Solar Private Limited. The combined portfolio includes solar projects with a capacity of 75.00 MWp at Atharga village in the Bijapur district of Karnataka. The companies have signed PPAs with various reputed commercial and industrial customers.

Key financial indicators (audited)

Consolidated for 5 SPVs**	FY2024	FY2025*
Operating income	25.7	44.2
PAT	-42.5	-18.8
OPBDIT/OI	77.9%	83.8%
PAT/OI	-165.6%	-42.6%
Total outside liabilities/Tangible net worth (times)	11.8	11.9
Total debt/OPBDIT (times)	17.1	9.1
Interest coverage (times)	0.5	0.9

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; ** Consolidation by ICRA

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	July 1, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	35.53	Provisional [ICRA]A-(Positive)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2026	NA	FY2045	35.53	Provisional [ICRA]A- (Positive)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
FP Centaurus Private Limited	-	Full consolidation
FPEL Celestial Private Limited	-	Full consolidation
FP Cygnus Private Limited	-	Full consolidation
FPEL Phoenix Private Limited	-	Full consolidation
FPEL Max Volte Solar Private Limited	-	Full consolidation

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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