

September 22, 2025 <sup>(Revised)</sup>

## Fourth Partner Solar Power Private Limited: Rating upgraded to [ICRA]A- (Stable)

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loans	346.80	346.80	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
<b>Total</b>	<b>346.80</b>	<b>346.80</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The upgrade of the rating for Fourth Partner Solar Power Private Limited (FPSPL) follows the upgrade in the rating of its parent company i.e., Fourth Partner Energy Private Limited (FPEPL) to [ICRA]A (Stable)/[ICRA]A2+ from [ICRA]A- (Positive)/[ICRA]A2+, as well as successful commissioning of the full project capacity (104.3 MWp) which enhances the cash flow visibility. Improvement in FPEPL's credit profile is driven by strengthening of its credit profile following the \$100-million primary equity infusion into the company by the consortium of International Finance Corporation (IFC), Asian Development Bank (ADB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG, a subsidiary of KfW Group) in January 2025. The consortium is expected to infuse another \$100 million in FPEPL over the next one year, which will enable the company to further scale up its renewable energy portfolio, thereby improving its revenues and profitability. FPSPL is expected to benefit from the operational and financial strengths derived from its parent entity, FPEPL. ICRA expects FPEPL to support FPSPL in case of any cash flow mismatch.

The commissioning of full capacity has been completed in FY2025, without any cost overruns. Additionally, the operating performance for the last 12 months ending June 2025 has been satisfactory with the average PLF being more than P-90 estimates. FPSPL has signed the long-term power purchase agreements (PPAs) with reputed commercial and industrial (C&I) consumers for ~79% of FPSPL's full capacity (104.3 MWp) at fixed tariffs, providing revenue visibility and limiting the offtake and pricing risks. Further, ICRA notes the moderate credit profile of the offtakers, which is expected to result in timely receipt of payments, as demonstrated so far. The rating also factors in the satisfactory project economics, aided by the remunerative yet competitive tariff for the tied-up capacity and the long-tenured project debt. The tariff competitiveness of the project remains superior with the company offering significant discounts to the offtakers compared to the prevailing grid tariff. The project is developed under a group captive arrangement which insulates the company from the levy of cross-subsidy and additional surcharges.

The rating is, however, constrained by offtake and tariff risk for the untied capacity which is being sold through short-term bilateral contracts or the exchange. Additionally, the company's cash flow and debt protection metrics will remain sensitive to the irradiance levels, given the single-part tariff in the long-term PPAs. Any adverse variation in weather conditions and module performance may impact the PLF levels and consequently the cash flow. This is amplified by the geographic concentration of the asset as the entire capacity is at a single location in Uttar Pradesh. Further, FPSPL's operations remain exposed to regulatory risks associated with any changes in forecasting and scheduling regulations, captive project norms and open access charges. Any significant increase in the open access charges or imposition of new charges would impact the competitiveness of the tariff offered under the PPA. The ability of the company to demonstrate generation in line with or above the design PLF levels on a sustained basis along with the tie-up of the balance capacity under long-term PPAs will remain a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that FPSPL is likely to sustain its operating performance with the generation aligning to the design estimates, thereby providing revenue visibility. Further, it underlines the expectation that the company will secure long-term PPAs for the remaining untied capacity at competitive tariffs.

## Key rating drivers and their description

### Credit strengths

**Revenue visibility from PPAs with counterparties with moderate credit profile at a competitive tariff** – The company has tied up long-term power purchase agreements (PPAs) (25-year) with reputed commercial and industrial (C&I) consumers for 79% of its capacity at fixed tariffs, providing revenue visibility and limiting the offtake and pricing risks. Further, the moderate credit profile of the offtakers is expected to result in timely receipt of payments, as demonstrated so far. The PPA tariff offered by the company is at a discount to the state grid tariff rates, which enables the customers to realise significant savings. In addition, while the state grid tariffs are expected to show an inflationary trend, the tariff of the project is fixed and, therefore, expected to remain competitive over the project term.

**Operational and financial strength by virtue of strong parentage**- FPSPL is a subsidiary of FPEPL, which is the holding company of the Fourth Partner Group (installed capacity of over 1.2GWp as of June 2025). FPEPL has an established track record in the renewable energy sector and is backed by strong sponsors which provides financial flexibility to the Group in securing equity and debt funding. In addition, ICRA expects FPEPL to extend support to the company in the event of any cash flow mismatch. Also, the O&M for FPSPL is being managed by FPEPL.

**Satisfactory debt coverage metrics** - The company's debt coverage metrics are expected to remain comfortable with a cumulative DSCR of above 1.2x over the debt repayment tenure, aided by the remunerative yet competitive tariff for the tied-up capacity and the long-tenured project debt.

### Credit challenges

**Offtake risk for partial capacity** – While long-term PPAs are in place for 79% of the project capacity, the company shall remain exposed to offtake and tariff risk for the balance capacity being sold on the exchange or under short-term bilateral arrangements. Any moderation in realised tariffs in merchant sales against the contracted rates in the long-term PPAs can impact the company's debt coverage metrics.

**Cash flows exposed to risk of irradiance levels, interest rate environment and regulatory risk** - The company's revenue and cash flow generation remains exposed to the irradiance levels. The geographic concentration of the asset amplifies the generation risk. While the company does not have control over weather-related factors, the cash flow will face headwinds in a scenario of lower-than-expected irradiance because of the one-part nature of the tariff. The cash flow would also remain susceptible to changes in interest rates for the loan contracted by the entity as the tariff is fixed in nature while the interest rates on the term loans are variable. Also, the company's operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for renewable power projects, given the variable nature of power generation. Also, the company remains exposed to regulations related to captive power projects.

### Liquidity position: Adequate

The liquidity is expected to remain adequate, aided by positive cash flow from operations on the back of the long-term PPAs at fixed rates for a large part of the solar power project, expectation of healthy tariff for the balance capacity and a timely receipt of payments from the customers, given their moderate credit profiles. Further, the company had a debt service reserve account (DSRA) of Rs. 19.37 crore and free cash/bank balance of Rs. 25.01 crore as on August 31, 2025.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if the company secures long-term PPAs for the uncontracted capacity at a healthy tariff, thereby supporting comfortable debt coverage metrics, while consistently achieving generation levels in line with P-90 PLF estimates. Also, the rating would remain sensitive to credit profile of its ultimate parent, i.e. Fourth Partner Energy Private Limited.

**Negative factors** – Pressure on the rating could arise if the actual PLF remains lower than the P-90 PLF on a sustained basis, leading to cumulative DSCR falling below 1.15x. Further, any significant delays in receiving payments from the offtakers adversely impacting the company’s liquidity profile would be a negative factor. The rating could also be revised downwards if the linkages with the parent weaken, and/or the credit profile of its parent i.e., Fourth Partner Energy Private Limited, deteriorates.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Power - Solar and Wind</a>
Parent/Group support	Parent/Group Company: Fourth Partner Energy Private Limited. The rating assigned to FPSPL factors in the likelihood of its parent extending financial support to it because of the close business linkages between them
Consolidation/Standalone	Standalone

## About the company

Fourth Partner Solar Power Private Limited (FPSPL) is a subsidiary of Fourth Partner Energy Private Limited, which holds ~67.3% in FPSPL. FPSPL has set up a 104.3-MW DC solar power plant at Babina in Jhansi, Uttar Pradesh, under the group captive model, which was commissioned in phases in FY2025. Of the total capacity of 104.3 MW DC, FPSPL has carved out the total capacity to multiple offtakers. At present, FPSPL has signed long-term power purchase agreements (PPA) with multiple offtakers for ~82.1 MWp and the PPA tie-up for the balance capacity is expected by the end of FY2026.

### Key financial indicators:

FPSPL	FY2024*	FY2025
Operating income		34.9
PAT		-15.7
OPBDIT/OI		81.3%
PAT/OI	NA*	-44.9%
Total outside liabilities/Tangible net worth (times)		17.5
Total debt/OPBDIT (times)		14.7
Interest coverage (times)		0.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \* Not applicable as FPSPL was a project stage company in FY2024.

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Sep 22, 2025	Date	Rating	Date	Rating	Date	Rating
<b>Fund based - Term loan</b>	Long term	346.80	[ICRA]A- (Stable)	Aug 02, 2024	[ICRA]BBB+ (Stable)	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
<b>Long term fund based – Term loan</b>	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	FY2024	NA	FY2046	346.80	[ICRA]A- (Stable)

Source: Company

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

#### Annexure II: List of entities considered for consolidated analysis – Not Applicable

#### Corrigendum:

Rationale dated September 22, 2025, has been revised with the changes as below:

Revision of the template used for rationale, wherein 'status of non-corporation with other CRA and update on any other information' have been included.

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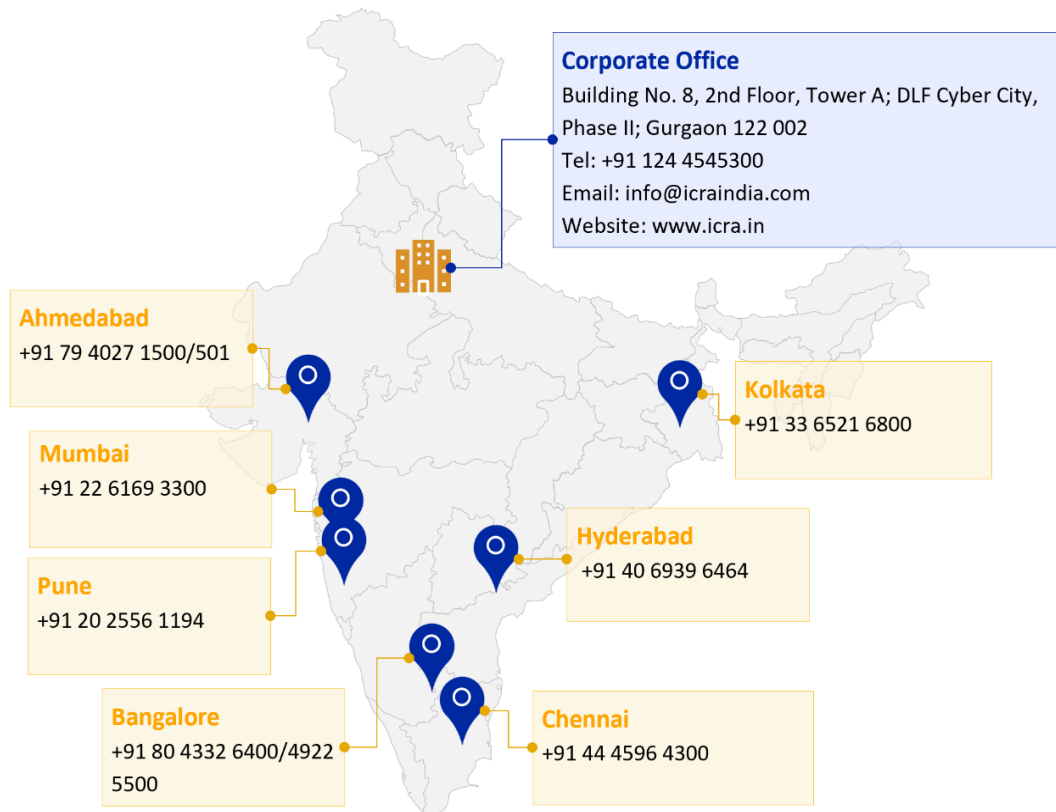
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