

February 05, 2026

First Energy 9 Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Term loan	12.00	[ICRA]A+ (Stable); assigned
Total	12.00	

*Instrument details are provided in Annexure I

Rationale

ICRA's rating assignment for the bank facilities of First Energy 9 Private Limited (FE9PL) takes a standalone view of its business and financial risk profile along with an implicit support of its parent, First Energy Private Limited (FEPL), which is a wholly owned subsidiary of Thermax Limited (Thermax). The rating favourably considers Thermax's reputed position in the energy and environmental solutions market, its diversified product portfolio and its healthy financial risk profile, along with its demonstrated commitment to the clean energy segment and its strategic focus on expanding its renewable energy footprint through the First Energy platform. FEPL has an established track record in the renewable energy sector with an operational portfolio consisting of solar, wind and hybrid projects with a total operational capacity of 235 MWp and an under construction solar and hybrid portfolio of 578 MWp. FEPL aims to achieve an operational capacity of 1 GWp by end of FY2028 and has operational and financial support commitment extended by Thermax for its portfolio expansion.

The rating also derives comfort from the established track record, technical capabilities and execution experience of the Group in energy solutions, including distributed renewable energy projects for commercial and industrial consumers. These strengths are further complemented by the Group's long-term strategic intent to scale up renewable energy capacities and enhance its presence in energy transition-linked businesses.

The ratings draw comfort from adequate revenue visibility owing to the presence of a long-term power purchase agreement (PPA) for 25 years with a reputed industrial customer for the entire capacity at a fixed tariff under the group captive model. The rating factors in the healthy generation performance of the solar power project since its commissioning in October 2024. The plant load factor (PLF) stood above P90 levels at ~25.4% in FY2025 and ~22.2% in the last twelve months ending October 2025. The offtaker has a satisfactory credit profile, which has resulted in timely receipt of payments since commissioning. Further, the tariff offered by the company is significantly lower than the state grid tariff rates, which translates into an adequate savings cushion for the offtaker.

The rating also draws comfort from the expectations of comfortable debt protection metrics, with the cumulative debt service coverage ratio (DSCR) seen to remain at ~1.25x over the debt tenure. Also, creation of a debt service reserve account (DSRA) of one quarter (principal and interest), cash sweep mechanism if cumulative DSCR exceeds 1.2x provides additional comfort.

The rating, however, is constrained by the sensitivity of generation to the solar irradiation levels, given that the revenues are linked to the actual units generated and exported in view of the single-part tariff structure of the PPA. Also, the ability of the Group to ensure proper O&M of the solar assets of the project, in line with the stipulated performance parameters in the O&M agreements, remains crucial for the company.

ICRA notes that FE9PL's debt coverage metrics continue to be exposed to the interest rate movement as the floating interest rates are subject to regular resets. Also, the lock-in period under the PPA is lower than the debt repayment tenure of ~20 years. Further, the termination payments under the PPA do not cover the entire outstanding debt. However, the risk of termination remains limited as the counterparty is the ultimate holding company (Thermax Limited) and FE9PL is directly/indirectly held by Thermax Limited.

The company remains exposed to the regulatory risk pertaining to changes in open-access charges levied for captive/onsite solar assets by the respective state electricity regulatory commissions (SERCs). The levy of these charges in the future, while payable by the customer, will bring down the tariff competitiveness of the project and will be a key rating sensitivity. The attractive PPA tariff and the economics of such tariff vis-à-vis the grid tariff, the strong financial profile of the offtaker and the presence of the termination clause in the PPA act as the risk mitigants.

The Stable outlook on the long-term rating reflects the revenue visibility provided by the long-term PPA, a satisfactory generation performance of the operational asset, the timely cash collections expected from the offtaker and the parentage of the First Energy Group.

Key rating drivers and their description

Credit strengths

Strong parentage of FEPL, which is ultimately held by Thermax- FE9PL is a special purpose vehicle (SPV) of FEPL, which is backed by Thermax. FE9PL is 100% owned by the Thermax group, with FEPL holding ~70% of the shareholding in FE9PL, while the balance is held by Thermax limited and its subsidiary under group captive guidelines. The rating factors in the benefits of strong parentage, given that FEPL itself is a wholly owned subsidiary of Thermax. FEPL has demonstrated a consistent track record of developing and stabilising renewable power projects over the years, with an operational portfolio of 235 MWp and an under-construction portfolio of 578 MWp.

Thermax, the ultimate holding company, is a global conglomerate with a diverse portfolio across industrial products, industrial infrastructure, green solutions and chemicals segment. Thermax's intent to grow FEPL to 1 GW by March 2028 signifies FEPL's strategic importance to the group.

Revenue visibility owing to presence of long-term PPA leading to low offtake risk - The project is backed by a 25-year PPA (lock-in period of 15 years) with Thermax and Thermax Babcock & Wilcox Energy Solutions. The PPA has a fixed annual tariff of Rs. 3.6 per unit that provides revenue visibility for the project and limits the offtake and tariff risks. Further, as per the terms of the PPA, an increase in open-access charges will be borne by the offtakers.

Low counterparty credit risk- The counterparty credit risk for the portfolio is low on account of the offtaker's healthy credit profile. The company is supplying power under group captive arrangements wherein the customers hold a ~30% equity stake. The offtaker has been making timely payments in the past, within 15-25 days of raising the bill. The discount offered to the grid tariff translates into an adequate cushion in power savings for the offtaker.

Satisfactory generational performance and strong debt coverage metrics - The generation performance of the project, since it was fully commissioned in October 2024, has been largely in line with the P-90 level. The debt coverage metrics are likely to remain strong with a cumulative DSCR of ~1.25 times, supported by healthy generation performance and timely collection from the offtakers.

Credit challenges

Single-asset operations; cash flow vulnerable to variability in solar irradiance – FE9PL is entirely dependent on power generation from the solar power project for its revenues and cash accruals, given the single-part tariff in the PPA. Therefore, it remains exposed to the variability in solar irradiance and equipment performance. The risk is amplified by the geographic concentration of the asset as the entire capacity is at a single location.

Exposure to interest rate and regulatory risks- The company's capital structure remains leveraged, with a major portion of the cost funded through debt. The interest rate is variable and resets after every quarter which exposes it to the risk of higher interest cost at the time of each reset during the tenor of the loan. As a result, in the long term, the company's debt coverage metrics remain exposed to any movement in interest rate. The company's operations are also exposed to regulatory risks pertaining to the recently proposed tightening of scheduling and forecasting norms by the Central Electricity Regulatory Commission for solar power projects. Also, the project is exposed to any revision in policies and regulations for captive projects as well as revision in open-access charges, which could impact the competitiveness of the tariff offered

Risk of cash flow mismatch owing to lower lock-in period under the PPA in relation to debt tenure- The lock-in period under the PPA signed by FE9PL is 15 years, lower than the debt repayment tenure of ~25 years, which could result in the risk of cash flow mismatch. Also, the termination payments under the PPA do not fully cover the outstanding debt. Nonetheless, the likelihood of PPA termination remains limited, as the counterparty comprises the ultimate parent company and its wholly owned subsidiary. Moreover, the highly competitive tariffs offered by the company to its customers against the High Tension industrial grid tariff, the track record of the sponsor of securing PPAs with large industrial and commercial customers and the notice period available at the time of PPA termination provide adequate comfort, as they enable it to replace offtakers. Further, the lender has the option to exercise cash sweep, wherein the surplus cash can be utilised to prepay the debt, thereby reducing the effective debt repayment tenure.

Liquidity position: Adequate

The liquidity position of the company is adequate, mainly on account of timely realisations from the offtaker, expected continuation of satisfactory generation performance and no projected capital expenditure (capex) spends. The company's projected cash flows from operations are expected to remain adequate to meet its debt-servicing obligations in FY2026 and FY2027. Additionally, FE9PL has maintained a DSRA to cover one quarter of debt service obligations. Further, ICRA expects FEPL to extend financial support to FE9PL, as and when required.

Rating sensitivities

Positive factors – ICRA could upgrade the company's rating if the generation performance remains above the appraised estimates on a sustained basis, or if there is a material reduction in the debt levels and an improvement in its debt coverage metrics. Improvement in the credit profile of its parent, FEPL, could also lead to a rating upgrade.

Negative factors – Pressure on the company's rating could arise if there are adverse regulatory developments that affect the tariff competitiveness of the project, or if there is a deterioration in its operational performance, pulling down the cumulative DSCR (for external debt) to below 1.20 times on a sustained basis. A weakening in the credit profile of FEPL and/or any weakening in the linkages with parent will also put pressure on the rating

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Parent/Group Company: First Energy 9 Pvt Ltd , which is owned by First Energy Pvt Ltd (a 100% subsidiary of Thermax Limited); ICRA expects FEPL to be willing to extend financial support to the company, if required, given the business linkages, strategic importance and the willingness shown by the parent to support it.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

FE9PL has developed a solar power project of 2.96 MWac (4.00 MWp) capacity in Pune, Maharashtra. The project was commissioned in October 2024. The company has a 25-year long-term PPA with Thermax Limited and Thermax Babcock & Wilcox Energy Solutions for 25 years under a group captive arrangement. The offtakers hold a ~30% share in FE9PL.

Key financial indicators (audited)

FE9PL (standalone)	FY2025
Operating income (OI)	0.81
PAT	0.04
OPBDIT/OI	71.51%
PAT/OI	4.66%
Total outside liabilities/Tangible net worth (times)	2.35
Total debt/OPBDIT (times)	17.05
Interest coverage (times)	1.23

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. The project was fully commissioned during October 2024 hence FY2024 figures are not meaningful.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years							
		FY2026		FY2025		FY2024		FY2023			
		Amount rated (Rs. crore)	Date	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	12.00	Feb 05, 2026	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based –Term loan	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	Long term – Fund-based – Term loan	Jan 09, 2026	-	Sept 30, 2045	11.55	[ICRA]A+ (Stable)
NA	Long term – Fund-based – Term loan – Unutilised	-	-	-	0.45	[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

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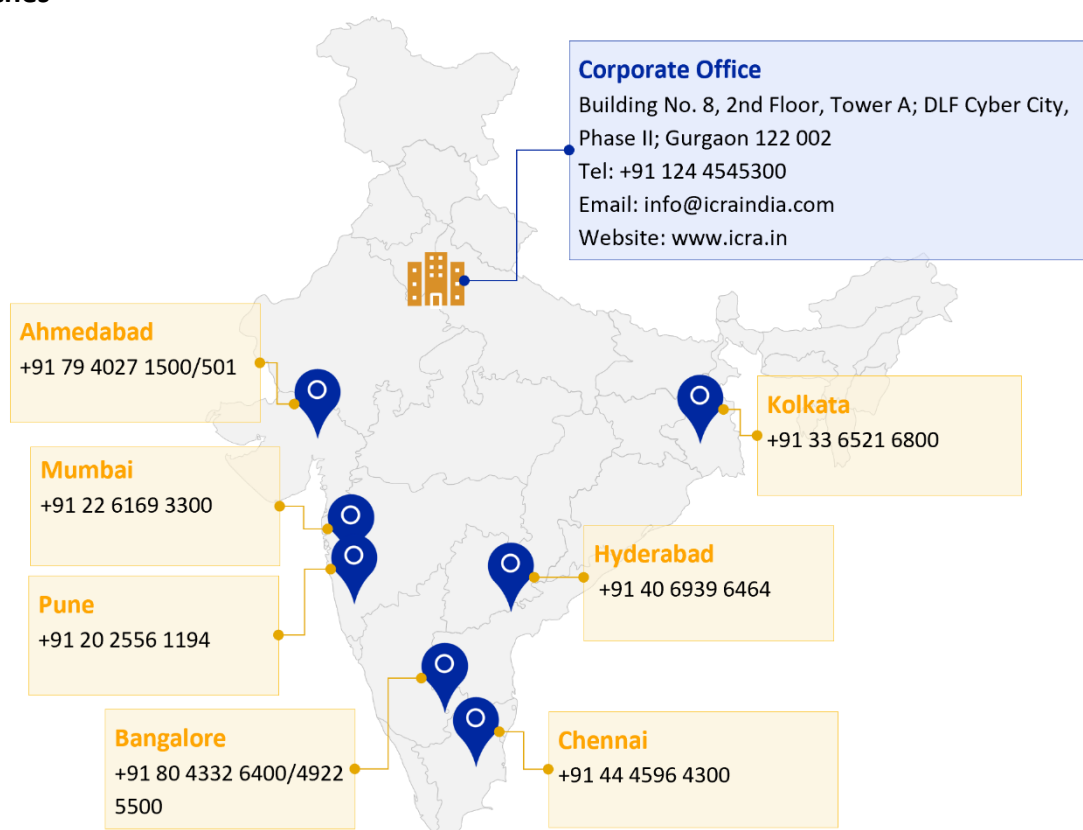
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