March 25, 2026

FP Future Solar Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	14.69	[ICRA]BBB+(Stable); assigned
Total	**14.69**	

**Instrument details are provided in Annexure I*

Rationale

In line with ICRA's methodology on rating co-obligor structures without any predefined mechanism for the sharing of surplus cash flows prior to the due date of debt servicing among the cash pooling SPVs, the rating for FP Future Solar Private Limited (FFSPL) is assessed after factoring in the implicit support from the consolidated assessment of the five SPVs {FFSPL, FPEL Everest Solar Private Limited (FESPL), FPEL Zodiac Private Limited (FZPL), FPEL Galaxy Energy Private Limited (FGEPL), and FPEL Reliant Energy Private Limited (FREPL), collectively referred to as the pool} and the ultimate parent/sponsor – Fourth Partner Energy Private Limited (FPEPL). The company benefits from being part of a co-obligor structure, having entered into a cash pooling arrangement with the other SPVs in the pool, wherein a shortfall in the cash flows for servicing the debt obligations by any of these SPVs can be met through the cash surplus available in the other SPVs of the pool. Moreover, the five SPVs have cross-default linkages among them. Once operational, the five SPVs will together operate an aggregate solar power capacity of 75 MWp.

The rating assigned factors in the strong parentage of FPEPL, the ultimate parent. FPEPL has an established track record in the renewable energy sector and is backed by strong sponsors which provides financial flexibility to the pool in securing equity and debt funding. Further the pool's credit profile is expected to benefit from the financial, operational and managerial support from FPEPL. The rating also factors in the revenue visibility supported by the long term power purchase agreements (PPAs) executed for FFSPL and FESPL and partially for FZPL, covering ~49% of the pool's aggregate capacity. In addition, the tariff for FFSPL and the weighted average pool tariff remain competitive relative to the grid tariffs determined by the state electricity regulatory commissions, supporting the offtake.

However, the rating remains exposed to the offtake and tariff risk associated with the untied portion of the pool (~51%), which is attributable to three SPVs – FZPL, FREPL, and FGEPL – that are at a nascent stage of execution and are yet to secure full PPAs. As these projects move towards commissioning, the untied capacity is expected to be progressively tied up. The risk is partially mitigated by the FPEPL Group's demonstrated track record of successfully tying up PPAs with credible commercial and industrial (C&I) customers, providing comfort on its ability to secure long-term offtake arrangements over time.

The rating is also constrained by the inherent risk associated with the under-construction projects of the three SPVs – FZPL, FREPL, and FGEPL – which are scheduled to be commissioned by March 2027, and that of two SPVs – FFSPL and FESPL – by June 2026. Any delays in achieving commercial operation or material cost overrun could adversely impact the cash flow generation and liquidity. Nevertheless, the Group's strong track record in developing renewable power projects, coupled with the advanced execution progress in FFSPL and FESPL, mitigates the risk to a certain extent. Further, the pool has achieved financial closure through a long-term debt tie-up which provides funding visibility. However, a timely infusion of the remaining equity commitments continues to be a key monitorable as any delay in the equity contribution could impact the envisaged project timeline.

Additionally, the shorter PPA lock-in period for FFSPL, than the debt tenure, exposes the company to renewal and cash flow mismatch risks once the lock-in ends. Further, the pool's cash flow remains susceptible to the variability in solar irradiation, interest rate movements and regulatory changes. While the group captive framework currently provides exemptions from cross subsidy surcharge (CSS) and additional surcharge (AS), any adverse regulatory revision could increase the delivered cost of power. Although the PPAs allow passthrough of such levies to the offtakers, the relative competitiveness of the project tariff vis-à-vis the grid supply may still moderate.

The Stable outlook reflects ICRA's expectation that the project will be commissioned within the budgeted time and cost, with the generation aligning to the design estimates, thereby providing revenue visibility, post commissioning.

Key rating drivers and their description

Credit strengths

Strong financial flexibility and operational strengths by virtue of parentage; benefits of being part of a co-obligator structure – FFSPL is a wholly-owned step-down subsidiary of FPEPL, which also acts as its sponsor. FPEPL is the holding company of the Fourth Partner Group, with an installed operational renewable energy capacity exceeding 1.2 GWp as of June 2025. The Group is backed by reputed global investors and has an established track record in developing and operating C&I solar assets across multiple states. This provides financial flexibility, operational support and comfort that FPEPL will extend timely assistance in the event of cash flow mismatches. Further, FFSPL is part of a cash pooling and cross-default arrangement with four other SPVs – FESPL, FZPL, FGEPL and FREPL – together representing 75 MWp of capacity in Maharashtra. The company benefits from being part of a co-obligor structure, having entered into a cash pooling arrangement with the other SPVs in the pool, wherein a shortfall in the cash flows for servicing the debt obligations by any of these SPVs can be met through the cash surplus available in the other SPVs of the pool.

Long-term PPAs with satisfactory off takers' profile provides revenue visibility and mitigate counterparty risks – FFSPL has executed a 25-year PPA at a fixed tariff with a satisfactory C&I customer, offering stability in revenues and reducing the counterparty risks. At the pool level, PPAs are in place for FFSPL and FESPL and partially for FZPL, covering approximately 49% of the aggregate capacity. Although three SPVs are yet to tie up their full capacity, the risk is moderated by the Group's demonstrated ability to secure PPAs with reputable C&I consumers.

Competitive tariff at a discount to grid tariff – The tariff rate for FFSPL and the weighted average tariff of the pool, both are at a significant discount to the respective grid tariff rates as determined by various state electricity regulatory bodies, limiting the offtake risks as it 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 is, therefore, expected to remain competitive.

Credit challenges

Risk of cash flow mismatch due to shorter PPA lock-in period vis-à-vis debt tenure; offtake risk for untied capacity – While long-term PPAs are in place for FFSPL, the pool remains exposed to tariff and offtake risk for the untied portion (~51% of the total capacity). The untied capacity is attributable to three SPVs – FZPL, FREPL, and FGEPL – that are at a nascent stage of execution and are yet to secure full PPAs. As these projects move towards commissioning, the untied capacity is expected to be progressively tied up. Any realisations lower than the envisaged tariff could adversely impact the debt coverage metrics. Further, the PPA for the company carries a shorter lock-in period, compared to the debt tenure, giving rise to renewal and cash flow mismatch risks post the lock-in period. These risks are partly mitigated by the competitive tariff offered and the sponsor FPEPL's established track record in securing PPAs with reputed C&I clients.

Exposed to risk associated with under-construction project – The company remains exposed to execution risks inherent to under-construction renewable power projects. FFSPL is scheduled for commissioning in June 2026, and any delays in commissioning could impact the cash flow generation. Nevertheless, the Group's strong track record in developing renewable power projects, coupled with the advanced progress in execution mitigates the risk to a certain extent. The company has also achieved financial closure and infused required portion of the committed equity, which alleviates funding risks for FFSPL.

However, at the pool level, three SPVs – FZPL, FREPL, and FGEPL – are expected to achieve COD by March 2027. While financial closure through a long-term debt tie-up provides funding visibility, a timely infusion of the remaining equity commitments continues to be a key monitorable as any delay in equity contribution could impact the envisaged project timeline. Given the cash pooling arrangement across the five SPVs, the progress of implementation and funding in all these entities continue to be a key monitorable.

Vulnerability of cash flows to solar irradiation, exposure to interest rate risk and regulatory risk – The power production and, thus, the cash flow generation of solar power projects remains exposed to the irradiance levels. 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 fixed nature of the tariff. The cash flow would also remain susceptible to the changes in interest rates for the loan contracted by the entity as the tariff is fixed in nature and the interest rates on the term loans are variable.

Further, the project has been developed under the group captive model and currently benefits from exemptions from cross-subsidy surcharge (CSS) and additional surcharge (AS), which keep the landed cost competitive for the offtaker. However, the landed tariff remains exposed to regulatory risks as any adverse change could increase the cost of power for consumers. While the PPA provides for passthrough of these levies to the offtakers, any such development may moderate the relative competitiveness of the project's tariff vis-à-vis the grid tariff.

Liquidity position: Adequate

The liquidity remains adequate, supported by financial closure through a long-term debt tie-up and infusion of equity. Post commissioning, the liquidity is expected to be sustained by a steady cash flow from operations, backed by long-term PPAs and expected timely payments from creditworthy counterparties. As on February 28, 2026, FFSPL had free cash of Rs.0.02 crore. Further, the cash pooling arrangement between FFSPL and four other SPVs provides additional liquidity comfort. ICRA also expects FPEPL to support the pool in case of any shortfall in debt servicing.

Rating sensitivities

Positive factors – ICRA could upgrade FFSPL's rating upon the demonstration of a generation performance in line with or better than the P-90 estimates, post commissioning, without any major time or cost overruns, thereby supporting comfortable debt coverage metrics. A rating upgrade would also be supported by the timely commissioning of the full capacity under the pool, without significant delays or cost escalations, along with securing PPAs for the entire pool capacity. Further, the rating will remain sensitive to the credit profile of its ultimate parent, FPEPL.

Negative factors – The rating could be downgraded if there are significant delays in commissioning the project, resulting in significant cost overruns. Further, pressure on the rating could arise on underperformance against the P-90 generation estimates, adversely impacting the debt coverage metrics, or delays in collections from offtaker, impacting the liquidity position. A specific credit metric for downgrade includes the cumulative DSCR falling below 1.10 times. Additionally, pressure could arise from delay in commissioning the full capacity under the pool or delay in securing PPAs for the entire pool capacity. The rating could also be revised downwards if the linkage with the parent and/or the credit profile of the parent or the SPVs within the pool weakens.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power – Solar and Wind
Parent/Group support	Fourth Partner Energy Private Limited
Consolidation/Standalone	To arrive at the ratings, ICRA has consolidated the financials of the 5 SPVs namely, FP Future Solar Private Limited, FPEL Everest Solar Private Limited, FPEL Zodiac Private Limited, FPEL Galaxy Energy Private Limited and FPEL Reliant Energy Private Limited, to arrive at the notional group rating, after factoring in the support available from the parent, FPEPL. The notional group rating is used to notch up the individual SPV ratings, factoring in implicit support, given the expected fungibility of surplus cash among the SPVs.

About the company

FP Future Solar Private Limited (FFSPL) is a subsidiary of FPEL Saur Vidyut Private Limited (FSVPL), wherein FSVPL holds a 70.13% shareholding, while the remaining 29.87% stake is held by the offtaker as on December 31, 2025. FSVPL is, in turn, a subsidiary of Fourth Partner Energy Private Limited (FPEPL).

FESPL, incorporated in August 2021, has been set up to develop a 5.01-MWp DC solar project within the 75-MWp DC Bodwad Solar Park in the Jalgaon district, Maharashtra. The project is currently under implementation with the expected commercial operation date (COD) in June 2026. The company has entered into long-term power purchase agreements (PPAs) with group-captive offtakers, with tariffs fixed for a weighted average tenure of around 25 years.

About the co-obligor pool

The SPVs in the co-obligor pool include FFSPL, FESPL, FZPL, FGEPL and FREPL. The combined portfolio includes multiple solar operational projects with a capacity of ~75 MW in Maharashtra, proposed under the group captive model.

Key financial indicators - Not applicable as it is a project stage company

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					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	14.69	Mar 25, 2026	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

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	**Term loan**	FY2026	9.5%	FY2046	14.69	[ICRA]BBB+ (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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ABOUT ICRA LIMITED

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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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