September 25, 2025

FPEL Max Volte Solar Private Limited: Rating upgraded to Provisional [ICRA]A (Stable); Outlook revised to Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	80.10	80.10	Provisional [ICRA]A (Stable); Upgraded from Provisional [ICRA]A- (Positive); outlook revised to Stable from Positive
Total	**80.10**	**80.10**	

Instrument details are provided in Annexure I

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

Rationale

The rating action for FP Max Volte Solar Private Limited follows the rating upgrade of its parent company i.e., Fourth Partner Energy Private Limited (FPEPL) to [ICRA]A (Stable)/[ICRA]A2+ from [ICRA]A- (Positive)/[ICRA]A2+. FPEPL's credit profile has improved 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. FPCPL is expected to benefit from the operational and financial strengths available from the parent, FPEPL.

While arriving at the rating, ICRA has taken a consolidated assessment for the pool of five special purpose vehicles (SPVs)[1] , with implicit support from the ultimate parent company -FPEPL -based on the presence of an inter-company agreement (ICA) among the SPVs. As per the terms of the ICA, the SPVs are a part of a cash pooling structure with a well-defined mechanism for sharing of surplus cash flows among them, prior to the due date of debt servicing. The 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 have refinanced their outstanding debt facilities with a new term loan at a lower interest rate in July 2025. The SPVs have also taken top-up debt which has been upstreamed to its parent company (FPEPL). However, the pool's debt coverage metrics are expected to remain satisfactory over the debt repayment tenure, supported by the long-term PPAs at a reasonable tariff and the long tenure of the project debt.

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

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 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 Stable outlook on the long-term rating for the term loan facility of FPEL Max Volte Solar Private Limited factors in the steady cash flow visibility, aided by the long term PPAs and timely collections expected from the customers, along with the benefit of being a part of the co-obligator structure and the Fourth Partner Energy Group.

Key rating drivers and their description

Credit strengths

Operational and financial strengths from parentage – FPEL Max Volte Solar Private Limited 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, the company 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. As of June 2025, FPEPL has a total up-capacity (operating & under construction) of 2,118 MWp (solar – 1,613 MWp & wind – 504 MWp) under various SPVs, of which 1,243 MWp (solar – 1,056 MWp & wind – 188 MW) has been commissioned and the balance capacity is under various stages of construction.

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 with presence of long-term PPA – 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 PPA. 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 under the PPA in relation to debt tenure – The PPA has a lock-in period which is lower than the debt repayment tenure, which could lead to a risk of cash flow mismatch. Also, the termination payment under the PPA does not cover the entire debt outstanding. Nonetheless, comfort can be drawn from the significant discount offered by the company to its customer 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 customer.

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 PPAs for the solar power project and expectations of timely receipt of payments from the customers, given their satisfactory credit profiles. The liquidity is further backed by a debt service reserve account (DSRA). As on July 31,2025, the pool of five SPVs had free cash balances of Rs. 10.06 crore and DSRA balance of Rs. 17.36 crore.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the actual generation level is in line or higher than the P-90 estimate on a sustained basis and the payments from the offtakers are timely, 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 1.20 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 and Wind 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 rating is provisional and would be converted into final upon execution of:

1. The trust & retention account (TRA) 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

FPEL Max Volte Solar Private Limited is a subsidiary of Fourth Partner Energy Private Limited (FPEPL), wherein FPEPL holds a 69.20% shareholding, while the remaining 30.80% stake is held by the offtakers. The company owns and operates a 22.52-MWp solar power project at Atharga Village in the Bijapur district in Karnataka. The project was fully commissioned on January 31, 2024. The company has tied up a long-term PPA for a tenure of 25 years at a fixed tariff with multiple C&I customers 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 Celestical 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 in Karnataka, India. 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	43.5
PAT	-42.5	-27.2
OPBDIT/OI	77.9%	85.6%
PAT/OI	-165.6%	-62.5%
Total outside liabilities/Tangible net worth (times)	11.8	16.6
Total debt/OPBDIT (times)	17.1	9.1
Interest coverage (times)	0.5	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, ** Consolidation by ICRA*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Sep 25, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Term Loan	Long Term	80.10	Provisional [ICRA]A (Stable)	Jul 01, 2025	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	80.10	Provisional [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

Company name	ownership	Consolidation approach
FP Centaurus Private Limited	-	**Full Consolidation**
FPEL Celestical 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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

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