

October 19, 2026

FP Solar Shakti Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long term fund based – Term loan	65.50	[ICRA]A (Stable); assigned	RBI
Total	65.50		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI

Rationale

The rating assigned to FP Solar Shakti Private Limited (FSSPL) factors in the benefits of being refinanced under a new co-obligor/pool structure along with another SPV – FPEL Ujwal Private Limited (FUPL). ICRA has adopted a consolidated approach for FSSPL and FUPL, collectively referred to as the pool. This is in line with ICRA's methodology on rating co-obligor structures that have a defined mechanism for sharing surplus cash flows among the cash pooling special purpose vehicles (SPVs) prior to the due date of debt servicing. Accordingly, the rating is assigned on a consolidated basis, after factoring in the implicit support from the parent, Fourth Partner Energy Private Limited {FPEPL; rated [ICRA]A (Stable)/[ICRA]A2+}.

The rating action also considers the demonstrated operational track record of the pooled assets. ICRA notes that FUPL demonstrated a satisfactory operational performance, with the generation remaining above the P-90 estimates in FY2026 and 5M FY2027. Further, FSSPL's power generation was broadly in line with the P-90 estimates in FY2026. ICRA notes the increase in FUPL's installed capacity to 104.55 MWp from 78.60 MWp, supported by the commissioning of an additional 8.10-MW wind capacity in September 2025 and 17.85-MWp solar capacity in April 2026. FSSPL's 19.78-MWp solar power plant has an operational track record of ~44 months since its commissioning in December 2022. FUPL's 104.55-MW wind-solar hybrid capacity was commissioned in phases between January 2024 and April 2026, with a weighted average operational track record of ~19 months as on August 31, 2026.

The rating assigned also factors in the strong parentage of FPEPL, which has an established track record in the renewable energy sector and is backed by strong sponsors. Additionally, FPEPL serves as the operations and maintenance (O&M) contractor for the combined 124.33-MWp portfolio. The pool's credit profile is expected to benefit from the financial, operational and managerial support from FPEPL.

The rating further factors in the limited offtake and tariff risks for the pool, given the availability of long-term power purchase agreements (PPAs) with industrial customers at largely fixed tariffs. Given the group captive status of the SPVs in the pool, the offtakers are exempted from the payment of cross-subsidy surcharge (CSS) and additional surcharge (AS), which makes the landed tariffs from the projects highly competitive against the grid tariff for all the offtakers. The rating also factors in the satisfactory credit profile of the customers, leading to timely payments.

ICRA notes the debt raised under the co-obligor structure was primarily utilised towards refinancing the existing external debt and repaying promoter debt across the pool entities. Notwithstanding the increase in the consolidated debt level, the pool's debt coverage metrics are expected to remain satisfactory over the proposed repayment tenure, aided by incremental cash flows from the expanded capacity at FUPL and lower financing costs, post refinancing.

The rating is, however, constrained by 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, and the track record of the sponsor in securing PPAs with large industrial and commercial customers. The rating is further constrained by the sensitivity of the cash flows and the debt protection metrics of the pool to the generation performance of the renewable power assets, given the single part tariff under the PPAs. Any adverse variation in weather conditions and module/WTG performance may impact the generation levels and consequently the cash flows. While the pool has capacities in both Karnataka and Andhra Pradesh, the benefits of geographical diversification are constrained by the concentration of the capacity under FUPL.

ICRA notes that the pool's debt coverage metrics remain exposed to interest rate risk, given the leveraged capital structure and the periodic reset of floating interest rates. Further, the pool remains exposed to regulatory risks related to forecasting and scheduling requirements, captive consumption norms and open access regulations. Any adverse changes in open access charges or the regulatory framework could increase the landed cost of power for group captive consumers and impact the competitiveness of the arrangement.

The Stable outlook on the rating reflects ICRA's expectation that the pool will maintain a stable operating performance, supporting satisfactory debt coverage metrics. The outlook is further supported by the expected stability in the credit profile of the holding company, FPEPL, and its continued support to the pool entities.

Credit strengths

Operational and financial strength from parentage - FUPL and FSSPL are subsidiaries of FPEPL, which has an established track record in the renewable energy sector. FPEPL is backed by strong sponsors, which provides financial flexibility to the Group in securing equity and debt funding. Hence, the pool is expected to benefit from the operational and financial strength of its parentage. In addition, ICRA expects FPEPL to extend financial assistance to the pool in the event of any cash flow mismatch or other business contingencies requiring financial support. As of June 2026, FPEPL had a total operating and under-construction project portfolio of around 2.4 GWp (solar: 1.8 GWp & wind: 0.6 GW) under various SPVs, of which 1.7 GWp (solar: 1.4 GWp & wind: 0.3 GW) has been commissioned and the balance capacity is under various stages of construction.

Access to cash surplus from cash pooling mechanism -The SPVs in the pool benefit from a defined cash pooling mechanism that enables the sharing of surplus cash flows between them before the debt servicing due dates, thus providing liquidity support, reducing the debt servicing risk and strengthening the overall financial flexibility.

Long term PPAs at competitive tariff with offtaker having satisfactory credit profiles mitigate the counterparty, offtake and price risks -The entire capacity under the pool is tied up with long-term PPAs at competitive tariffs with C&I customers having satisfactory credit profiles, supporting timely payment realisations and mitigating the offtake and counterparty risks. Also, comfort is drawn from the timely realisation of invoices for all the SPVs, in line with the PPA terms, in the last 12 months. Further, the PPAs have a lock-in period of 10-15 years at a fixed and competitive tariff, mitigating the price risk for the projects.

Credit challenges

Risk of cash flow mismatch with debt tenure being higher than PPA lock-in period - The PPAs have a lock-in period that is lower than the debt repayment tenure, giving rise to risks associated with PPA renewal and 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 parent in securing PPAs with large C&I customers and the notice period available at the time of PPA termination to enable the company to replace a customer.

Cash flows exposed to generation risk, interest rate environment and regulatory risk - Given the single-part tariff structure under the PPAs, the project's revenues are directly linked to the generation levels, rendering the cash flows sensitive to adverse

variations in weather conditions and/or module/WTG performance, which may impact the generation. However, comfort can be drawn from the satisfactory track record of operations for the pool.

Further, the pool remains exposed to interest rate risk, given the leveraged capital structure and the floating rate nature of the term loans, while the revenues are derived from fixed tariff PPAs. Nevertheless, the risk is partly mitigated by the interest rate reset cycle of once every two years from the date of disbursement. The project is also exposed to regulatory risks related to renewable energy scheduling and forecasting requirements, captive power regulations and adverse changes in open access charges, which could impact the cash flows and the competitiveness of the tariffs offered.

Liquidity position: Adequate

The liquidity position is expected to be adequate, aided by the pool's adequate cash flow from operations in relation to the debt servicing obligations. The liquidity profile is further supported by a DSRA equivalent to three months of debt servicing obligations, maintained by both the SPVs under the cash pooling structure. Further, as on August 31, 2026, the pool had a free cash balance of ~Rs 14.0 crore.

Rating sensitivities

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

Negative factors – Pressure on the rating of pool could arise if the actual PLF remains below the P-90 estimate on a sustained basis, reducing the cumulative DSCR to below 1.20 times. Also, any delays in payments by the customers adversely impacting the company's liquidity position would be a negative trigger. Further, the rating may be revised downwards if the credit profile of the parent i.e., FPEPL weakens.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power - Solar and Wind
Parent/Group support	Parent/Group Company: Fourth Partner Energy Private Limited. The rating assigned to FSSPL 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 two cash pooling SPVs, namely FP Solar Shakti Private Limited and FPEL Ujwal Private Limited

About the company

FSSPL is a subsidiary of FPEPL, wherein FPEPL holds a 70.33% of the shareholding as of September 2026, while the balance is held by the offtakers. The company owns and operates 13.26-MW_{AC}/19.78-MWp solar power plant in the YSR Kadapa district of Andhra Pradesh. The power plant was commissioned in December 2022, while the commercial operations commenced in May 2023. FSSPL's entire capacity is tied up under long-term PPAs with multiple C&I customers operating under the group captive model.

About the companies in the cash pooling structure

Under the cash pooling portfolio, there are two SPVs – FSSPL and FPUL. The combined portfolio is 124.33 MWp of which 104.55 MWp pertains to FUPL (wind:56.70 MW and solar:47.85MWp) and 19.78 MWp pertains to FSSPL (entirely solar capacity).

Key financial indicators (audited)

Consolidated for 2 SPVs pool**	FY2025	FY2026
Operating income	56.3	93.2
PAT	-7.2	9.4
OPBDIT/OI	83.7%	86.4%
PAT/OI	-12.9%	10.1%
Total outside liabilities/Tangible net worth (times)	4.6	4.7
Total debt/OPBDIT (times)	10.0	6.7
Interest coverage (times)	1.2	1.7

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

FP Solar Shakti Private Limited (Standalone)	FY2025	FY2026
Operating income	14.2	11.9
PAT	-0.1	-0.4
OPBDIT/OI	58.3%	80.5%
PAT/OI	-0.5%	-3.5%
Total outside liabilities/Tangible net worth (times)	4.1	3.6
Total debt/OPBDIT (times)	8.5	6.7
Interest coverage (times)	1.8	1.7

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)					Chronology of rating history for the past 3 years					
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	65.50	Oct 19, 2026	[ICRA]A (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	Financial sector regulator [#]
NA	Term loan	FY2027	NA	FY2044	65.50	[ICRA]A (Stable)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
FP Solar Shakti Private Limited	100% (rated entity)	Full consolidation
FPEL Ujwal Private Limited	100%	Full consolidation

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Ankit Jain

+91 124 4545 865

ankit.jain@icraindia.com

Sankalpa Mohapatra

+91 40 6939 6409

sankalpa.mohapatra@icraindia.com

Akshay Paradkar

+91 22 6169 3327

akshay.paradkar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Naznin Prodhani

+91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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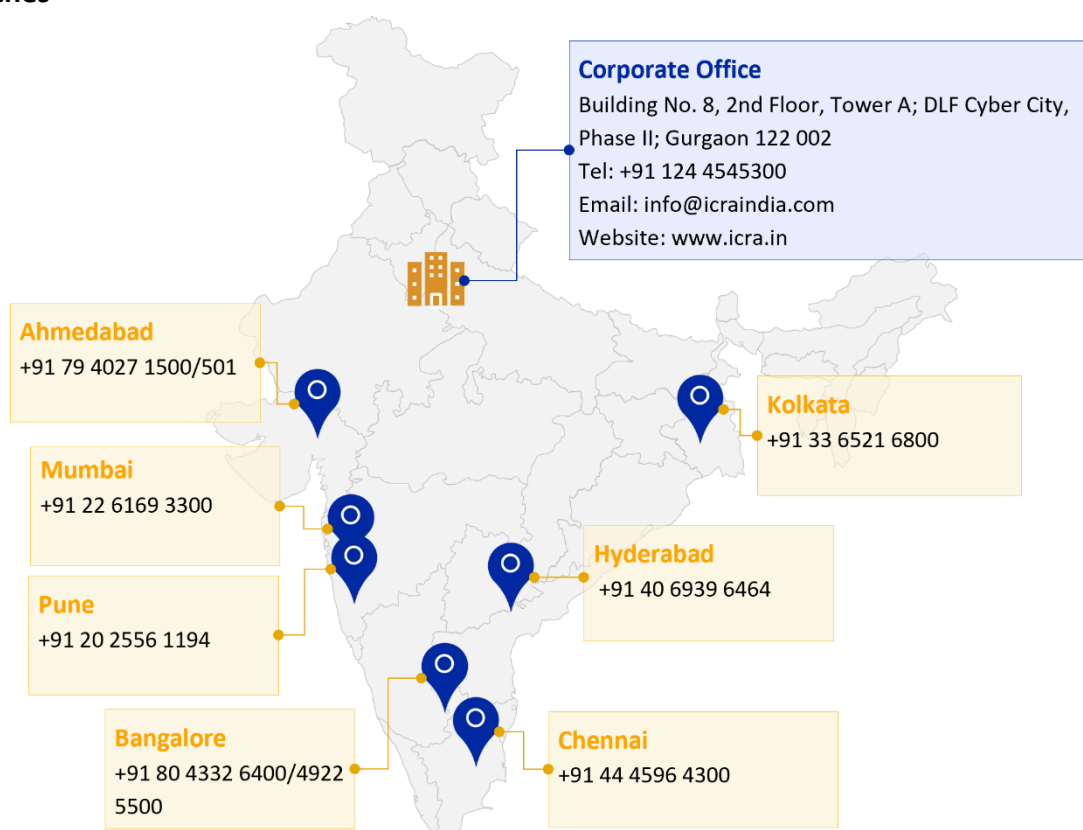
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

+91 11 23357940-45



Branches



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