

Lalganj Power Private Limited

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	220.00	CARE BBB+; Stable	Assigned
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned on bank facilities of Lalganj Power Private Limited (LPPL), which is operating a 59.69 MW AC (88.06 MWp) solar power project in Uttar Pradesh, factors in satisfactory track record of ~3 years with improved generation performance and timely collections. The company reported plant load factor (PLF) of ~16% (DC) in FY25 against ~14% in FY24, which stood better than P90 estimates. Going forward, CARE Ratings Limited (CareEdge Ratings) expects the generation in FY26 to be impacted considering floods at the project site in June 2025. However, expects generation performance to remain aligned with P90 levels from FY27 and onwards. The collection performance remains satisfactory with the counterparty clearing invoices within 30 days of invoice generation.

CareEdge Ratings notes the company has refinanced its previously outstanding term debt. CareEdge Ratings has withdrawn the previously outstanding facilities from IREDA, in compliance with its withdrawal policy and on receipt of the no dues certificate.

The rating also factors in strong parentage of LPPL being a part of Fourth Partner Energy Private Limited (FPEPL), which is among the leading renewable energy developers in the commercial and industrial (C&I) segment. Fourth Partner Group's stated posture towards LPPL is strong as reflected in presence of promoter undertaking for the entire term of the debt facility. The rating is supported by the presence of long-term PPA at a weighted average tariff of ₹3.35/unit with strong C&I consumers under the group captive mechanism. CareEdge Ratings takes comfort from the presence of enabling clauses such as adequate lock in period and compensation to the developer in case of an early exit by the customer. Debt metrics indicators remain comfortable as reflected in cumulative debt service coverage ratio (DSCR) of ~1.25x over the debt tenor. Presence of debt service reserve account (DSRA) covering two quarters of debt servicing obligation provides comfort.

However, the rating is constrained considering leverage capital structure, large debt funded capex incurred for setting up the project and reflected by expected overall gearing of 3.2x and total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of 6.7x as at FY25 end. Going forward, per CareEdge Ratings base case, TD/EBITDA is expected to be above 6.7x over the next few years. CareEdge Ratings also notes previously penal charges for non-perfection of security were being levied by the former lender, however, post-refinancing the company has time of three months for security perfection, and the timely perfection of security and levy of penal charges would remain a key monitorable from credit perspective. CareEdge Ratings factors in exposure of project cash flows to adverse variations in weather given the single part tariff of the project and asset concentration risk given the full capacity is in one state. CareEdge ratings also notes the project site is adjacent to a seasonal water body which could impact the project site, as witnessed in Q1 FY24 and again in Q1 FY26. Losses incurred, whether in terms of reduced generation or damage to infrastructure are covered under the project's insurance policy. Major deviation from the expectation of recovery from insurance claims or significant impact of plant performance due to floods will remain a key credit monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Sustenance of actual generation levels aligned with the P90 estimates resulting improvement in debt coverage metrics and liquidity profile.
- Faster than expected deleveraging of the project.

Negative factors

- Significant underperformance in generation and/or increase in debt levels and/or elongation of receivables of the entity weakening the cumulative DSCR on project debt to less than 1.15x.
- Weakening of the credit profile of the parent, FPEPL, or change in linkages/support philosophy between the parent towards LPPL would be a negative factor.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach

CARE Ratings expects LPPL's parent, FPEPL, to be willing to support LPPL, should there be a need, given the high strategic importance of LPPL to FPEPL

Outlook: Stable

The stable outlook on the CARE BBB+ ratings of LPPL reflects CareEdge Ratings' opinion that the company would benefit from its long-term PPA with reputed C&I consumers. Expectations of satisfactory operational performance and timely collections supports the outlook.

Detailed description of key rating drivers**Key strengths****Strong parentage and operating track record of Fourth Partner group in the rooftop solar energy segment**

LPPL is a wholly owned subsidiary of FPEPL, a leading renewable energy solutions provider across South and Southeast Asia. In FY25, a consortium of investors, including Germany's Impact Fund DEG, the International Finance Corporation (IFC), and the Asian Development Bank (ADB), finalised agreements to invest in FPEPL with proposed US\$ 275 million fund raising, of which US\$ 200 million as primary equity and US\$75 million as secondary sale. The first tranche of US\$ 100 million was received in FY25, and remaining US\$ 100 million is expected to be drawn over next 12-15 months. FPEPL is one of the leading renewable energy developers in the commercial and industrial (C&I) segment with total capacity of ~1.8 GW, of which ~1.1 GW is operational, and rest is in different stages of development. The stated posture of Fourth Partner Group's towards LPPL is strong, as exhibited by the presence of promoter undertaking provided by FPEPL for the entire debt tenor.

Revenue visibility due to the presence of long term PPAs with strong counterparties

LPPL entered long term (25 years) PPAs for the entire capacity with reputed corporate customers having strong credit profile at a weighted average tariff of ₹3.35/unit under the group captive mechanism where open access charges such as cross subsidy surcharge (CSS) and additional surcharge (AS) are not applicable making the power sales more competitive. Presence of enabling clauses such as lock in period and compensation to the developer in case of an early exit by the customer act as the necessary safeguards. The collection performance is satisfactory with the counterparty clearing invoices within 30 days of invoice generation.

Comfortable debt coverage metrics

LPPL has comfortable debt coverage metrics as reflected by average DSCR of ~1.25x for the tenure of the rated facility. The project has tail life of ~4 years providing financial flexibility to the project. Presence of DSRA covering two quarters of debt servicing obligation provides comfort from the credit perspective.

Key weaknesses**Leveraged capital structure**

LLPL's capital structure remains leveraged considering large debt funded capex incurred for setting up the project and reflected by expected overall gearing of 3.2x and TD/EBITDA of 6.7x as at FY25 end. Going forward, per CareEdge Ratings base case, TD/EBITDA is expected to be remain range bound between 6.5-7.5x over the next few years. CareEdge Ratings also notes, previously penal charges for non-perfection of security were being levied by the former lender, however, post-refinancing the company has time of three months for security perfection, and the timely perfection of security and levy of penal charges would remain a key monitorable from credit perspective.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one part in nature, the company may book lesser revenues in case of non-generation of power due to variation in weather conditions and/or equipment quality. This would affect its cash flows and debt servicing ability. CareEdge ratings also notes, the project site is adjacent to a seasonal waterbody which could impact the project site, as witnessed in Q1 FY24 and again in Q1 FY26. Losses incurred, whether in reduced generation or damage to infrastructure are covered under the project's insurance policy. Major deviation from the expectation of recovery from insurance claims or significant impact of plant performance due to floods will remain a key credit monitorable.

Liquidity: Adequate

As on May 25 end, the company had a free cash and bank balances of ~₹0.10 crore. The company is maintaining a DSRA balance of ~₹13.45 crore (equivalent to two quarter of debt servicing obligations).

Per CareEdge Ratings' base-case, the adjusted gross cash accruals (GCA) for FY26 and FY27 are expected to be ~₹10.2 crore & ₹13.2 crore against annual repayments of ~₹7.43 crore and ₹7.64 crore, respectively.

Applicable criteria
[Definition of Default](#)
[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Withdrawal Policy](#)
[Infrastructure Sector Ratings](#)
[Solar Power Projects](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

LPPL was incorporated on May 08, 2018, a fully owned subsidiary of FPEPL has set up a 59.69 MW AC (88.06 MW DC) solar power project in Saharanpur, Uttar Pradesh. The project was commissioned in a phased manner with installation of solar modules getting completed in October 2022. The company has signed PPAs under group captive mechanism with strong C&I customers for a tenor 25 years and a weighted average tariff of ₹3.34 per unit.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	26.8	36.7	42.7
PBILDT	23.00	22.10	33.00
PAT	-41.84	-18.57	-30.90
Overall gearing (times)	1.9	1.8	3.2
Interest coverage (times)	0.6	0.6	0.6

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-09-2042	220.00	CARE BBB+; Stable
Term Loan-Long Term		-	-	30-06-2039	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	-	-	-	1)CARE BBB+; Stable (18-Nov-24) 2)CARE BBB+; Stable (04-Apr-24)	-	1)CARE A-; Stable (15-Mar-23)
2	Fund-based - LT-Term Loan	LT	220.00	CARE BBB+; Stable				

*LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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