FPEL Power Private Limited

January 14, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	171.0	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assessed the credit profile of FPEL Power Private Limited (FPPL) by adopting a combined approach for 24 entities of the Fourth Partner Group, as listed in Annexure-6, considering presence of an Intercompany agreement (ICA) between the aforementioned companies. CareEdge Ratings notes that one of the entities under this structure has financings outside of this structure for an under-construction/partly commissioned capacity of 38 MWp tied up under a separate trust and retention account (TRA) arrangement. CareEdge Ratings notes that there is an explicit promoter shortfall undertaking in place for the said under-construction capacity till this capacity stabilises. Accordingly, in the event of any debt service shortfall for this loan, support is envisaged from the promoter entity, and not from the other entities forming part of the combined structure. However, CareEdge Ratings considers these entities to share a common credit profile, and the absence of bankruptcy remoteness among loan accounts within these entities, reinforces this linkage. The financing structure also incorporates credit-enhancing features, including a well-defined T-minus structured payment mechanism (SPM), cross default, cash flow pooling and fungibility, and the respective agreements being unconditional, irrevocable and valid for the full tenure of the rated debt facilities. Additionally, under the pooling structure, the companies have undertaken to service the shortfall in debt obligations in of the other entities from the surplus cashflow. CareEdge Ratings further notes that these entities share common management and operate within the same line of business, providing additional operational and strategic linkages among them.

The rating assigned to bank facilities of the combined pool, which is operating a combined rooftop solar capacity of 356 MWp (318 MWp operational and 38 MWp under-construction/partly commissioned) across multiple locations, factors in a long operational track record of about five years (weighted average) with satisfactory generation performance and timely collections. Actual plant load factor (PLF) (DC) has remained in the range of 14%-15% in the last three years. However, the performance moderated in 6MFY26, as reflected in PLF of ~13.7% compared to 14.3% recorded in 6MFY25, due to early arrival and prolonged monsoons. Going forward, per CareEdge Ratings' base case, generation performance is expected to remain subdued in FY26 and is expected to align with historical trends from FY27 onwards. The collection cycle has improved with receivable days reducing to 77 days as of FY25-end from 92 days as of FY24 end. The rating derives strength from the healthy revenue visibility as the full capacity has been tied up under long-term (22 years-weighted average) power purchase agreements (PPA), majority of which are with reputed corporates and government institutions among others. The rating further derives strength from strong parentage by virtue of the Fourth Partner Group holding 100% shareholding in the majority of the assets, barring two group-captive entities where the parent holds partial ownership. The group's stated posture towards the special purpose vehicles (SPVs) is strong, as exhibited by the presence of shortall undertaking towards the under-construction capacity of 38 MWp under FPPL, which remain valid till the project stabilisation. Going forward, per CareEdge Ratings' base case, the debt protection metrics are expected to be comfortable as reflected by average debt service coverage ratio (DSCR) being upwards of 1.20x for the combined pool. Moreover, the presence of 4.5 months debt service reserve account (DSRA) under the financing structure, provides comfort from a credit perspective.

These rating strengths are tempered by leveraged capital structure, as reflected by total external debt to earnings before interest, taxation, depreciation, and amortisation (TD/ EBITDA) of ~5.7x at FY25-end. Going forward, leverage is expected to remain elevated, marked by debt top-up availed under refinancing, and debt availed for under-construction capacity, as reflected in expected TD/EBITDA remaining rangebound between 6x and 7x over the next few years, per CareEdge Ratings' base case. CareEdge Ratings also considers vulnerability of project cash flows to adverse weather variations, given the PPA tariff is single part.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Achievement of generation levels better-than-envisaged levels per CareEdge Ratings' base case on a sustained basis, positively impacting debt coverage indicators.
- Faster-than-expected deleveraging of the project.

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

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant underperformance in generation and/or increase in the debt levels weakening the cumulative DSCR on project debt to less than 1.15x, on a sustained basis.
- Elongation in receivable cycle beyond 90 days on a sustained basis.

Analytical approach: Combined plus factoring in parent support –Fourth Partner Energy Private Limited (FPEL)

In a 'Combined Approach', CareEdge Ratings evaluates the group of entities as if it were a single entity and combines the financials and business risk profiles of these entities to take a view on the rating. CareEdge Ratings has notched up the rating factoring in FPEL's parentage. Entities getting consolidated under the combined approach are attached as Annexure-6. CareEdge Ratings opines that these assets hold strong importance for the parent because of strategic and business reasons and reputational sensitivity. Hence, the rating of pool has been notched up factoring in support from FPEL.

Outlook: Stable

CareEdge Ratings believes the Restricted Group (RG) would continue to benefit considering long-term PPAs for the portfolio under the RG. Expectations of operational performance of the assets to remain aligned with existing trend and sustenance of timely collections from the off-takers, supports the outlook.

Detailed description of key rating drivers

Key strengths

Presence of an ICA for pooling of surplus cash flows

All these 24 entities have entered an ICA to form an RG, where the companies have undertaken to service the shortfall in debt obligation in any of the other entities. The ICA defines shortfall, as (i) Shortfall in debt servicing obligation of the relevant project SPV, and (ii) Shortfall in DSRA. The said agreement is irrevocable, unconditional, valid till last of the final settlement date of SPVs in the RG and is characterised by the presence of well-defined T-minus structured payment mechanism (SPM) and cross-default.

Strong parentage and operating track record of Fourth Partner group in renewable energy segment

Fourth Partner group is a leading RE solutions provider across South and Southeast Asia. FPEPL is one of the leading renewable energy (RE) developers in the commercial and industrial (C&I) segment with total capacity of ~2.3 GW, of which ~1.4 GW is operational, and rest is in different stages of development. The group is backed by top development finance institutions (DFI's) and impact investors like Norfund- Norway's Sovereign Fund, International Finance Corporation (IFC), Asian Development Bank (ADB), Germany's Impact Fund (DEG), and TPG Capital. Presence of strong finance institutions provides superior financial flexibility to the group. The stated posture of Fourth Partner Group's is strong, as exhibited by the presence of promoter undertaking provided by FPEPL under the financing structure.

Diversified asset pool in terms of geography and off-takers and long-term revenue visibility

The combined entity has signed long-term PPAs for the full capacity with a variety customers under rooftop mechanism which provides revenue visibility to the projects. The assets benefit from a diverse customer base, including prominent C&I customers (UltraTech [32 MW], Rajasthan Spinning and Weaving Mills Limited [24 MW], D-Mart [21 MW], Jindal India Limited [10 MW], and Hyundai Motors Limited [10 MW], among others), HUL (6 MW), which constitute ~30% of the portfolio and ~30% PPAs are with government and educational institutions (Indian Railways, DMRC, NIT Allahabad, IIT Kanpur, SRM College, and others).

The rooftop systems operate behind the metre. The 318-MW capacity under the RG is distributed across several states, including Maharashtra (32%), Rajasthan (19%), Telangana (13%), Andra Pradesh (13%), with the remaining in other states, providing the company with the benefits of geographical diversification. The weighted average tariff of the operating portfolio is upwards of ₹4.0 per unit, remaining competitive against prevailing C&I tariffs in key RE states.

Projects commissioned in phased manner; generation and receivable cycle remain satisfactory

The assets were commissioned in a phased manner with many of the assets achieving commercial operations date (COD) in the past couple of years, although the portfolio faced teething issues subduing the generation profile in initial years. The RG's generation performance has remained satisfactory in the last years, as reflected in the weighted average capacity utilisation factor (CUF) in the range of 14.0-14.7% in the last three years. However, CUF has marginally declined to 13.8% in H1FY26, due to early arrival of monsoons in most parts of the country. CareEdge Ratings expects the PLF to remain ~14.0% in FY26 and to follow the historical trend going forward.

Comfortable debt coverage metrics

The portfolio's debt coverage metrics are expected to remain comfortable as reflected by average DSCR being upwards of 1.20x for the portfolio. SPVs are maintaining DSRA of 4.5 months in the form of FD and the remaining 1.5 months will be created within 12 months from the first disbursement. Presence of DSRA provides comfort from a credit perspective.

Key weaknesses

Leveraged capital structure

The portfolio's capital structure is leveraged, which is customary to the RE sector as reflected by high total external debt/EBITDA of 5.7x as of FY25-end. Going forward, leverage is expected to remain elevated, marked by proposed debt top-up, as reflected in expected total external debt/EBITDA remaining rangebound between 6x and 7x over the next few years, per CareEdge Ratings' base case.

Vulnerability of cash flows to variation in weather conditions

As tariffs are one-part in nature, the companies may book lesser revenues in the event of non-generation of power due to variation in weather conditions. This, in turn, would affect the group's cash flows and debt servicing ability.

Liquidity: Adequate

The liquidity of the company is adequate as reflected by cash and bank balance of ~₹225 crore, comprising a DSRA of ₹66 crore, free cash of ~₹156 crore, and ₹3.3 crore held in the TRA FD as on November 30, 2025.

Applicable criteria

Consolidation
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
Infrastructure Sector Ratings
Solar Power Projects

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

FPEL Power Private Limited (FPPL), incorporated on August 19, 2021, has a total rooftop solar capacity of 55.03 MW. This includes an operational capacity of 16.76 MW with a weighted average tariff upwards of Rs 4.0 per kWh, commissioned in phases, and an under-construction capacity of about 38 MWp.

The operating and under-construction portfolio has a diversified offtake base comprising C&I offtakers spread across multiple sectors. The portfolio benefits from long-term power purchase agreements, with PPA tenors largely ranging between 10 to 25 years, providing healthy long-term revenue visibility.

Brief Financials - Consolidated

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	161.7	167.7
PBILDT*	96.1	119.8
PAT	-57.6	-47.7
Overall gearing (times)	3.8	4.5
Interest coverage (times)	0.9	1.0

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials - Standalone

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2.8	10.0
PBILDT*	1.6	8.6
PAT	-2.2	-2.1
Overall gearing (times)	0.0	0.9
Interest coverage (times)	0.7	1.1

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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
Term Loan-Long Term		-	-	31-03-2044	171.0	CARE A; Stable

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	171.0	CARE A; 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	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	VSV Renewables Private Limited (VRPL)	Full	Operational and financial linkages
2	Daishi Patona Private Limited (DPPL)-	Full	Operational and financial linkages
3	4PEL Solar Energy Private Limited (FSEPL)	Full	Operational and financial linkages
4	VSV Onsite Private Limited (VOPL)	Full	Operational and financial linkages
5	FPEL Evergreen Energy Private Limited (FEEPL)	Full	Operational and financial linkages
6	FPEL Power Private Limited (FPPL)	Full	Operational and financial linkages
7	FP Zeus Private Limited (FZPL)	Full	Operational and financial linkages
8	4PEL Green Power Private Limited (FGPPL)	Full	Operational and financial linkages
9	4PEL Solar Daylight Energy Private Limited (FSDEPL)	Full	Operational and financial linkages
10	4PEL Clean Tech Private Limited (FCTPL)	Full	Operational and financial linkages
11	4PEL Sun Ability Private Limited (FSAPL)	Full	Operational and financial linkages
12	4PEL Mega Urja Private Limited (FMUPL)	Full	Operational and financial linkages
13	4PEL Sun Flash Private Limited (FSFPL)	Full	Operational and financial linkages
14	4PEL Surya Prakash Private Limited (FSPPL)	Full	Operational and financial linkages
15	4PEL Distributed Solar Energy Private Limited (FDSEPL)	Full	Operational and financial linkages
16	4PE Distributed Solar Services Private Limited (FDSPL)	Full	Operational and financial linkages
17	4PEL Solar Sun Flame Private Limited (FSSFPL)	Full	Operational and financial linkages
18	FP Elite Energy Private Limited (FEEPL -Elite)	Full	Operational and financial linkages
19	4PEL Energy Services Private Limited (FESPL)	Full	Operational and financial linkages
20	4PEL Green Solutions Private Limited (FGSPL)	Full	Operational and financial linkages
21	FPEL Cosmic Private Limited (FCPL)	Full	Operational and financial linkages
22	FPEL Rigel Energy Private Limited (FREPL)	Full	Operational and financial linkages
23	4PEL Green Energy Private Limited (FGEPL)	Full	Operational and financial linkages
24	4PEL Mega Green Private Limited (FMGPL)	Full	Operational and financial linkages

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.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Jatin Arya Director **CARE Ratings Limited** Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Saurabh Singhal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: saurabh.singhal@careedge.in Ronak Jain Assistant Director **CARE Ratings Limited** E-mail: Vaibhav.jain@careedge.in

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