

June 12, 2023

## Fourth Partner Energy Private Limited: Change in limits

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund based/Cash credit	60.00	60.00	[ICRA]A- (Stable); outstanding
Long term/Short term – Fund based/Non-fund based	100.00	100.00	[ICRA]A- (Stable)/[ICRA]A2+; outstanding
Long term/Short term – Non-fund based	300.00	300.00	[ICRA]A- (Stable)/[ICRA]A2+; outstanding
Short term – Non-fund based	-	90.00	[ICRA]A2+; outstanding
Long term – Non-convertible debentures	126.00	126.00	[ICRA]A- (Stable); outstanding
Long term – Non-convertible debentures	75.00	75.00	[ICRA]A- (Stable); outstanding
Long term – Non-convertible debentures	-	75.00	[ICRA]A- (Stable); outstanding
Long term/Short term – Unallocated	100.00	10.00	[ICRA]A- (Stable)/[ICRA]A2+; outstanding
Long term – Proposed non-convertible debentures	75.00	-	-
<b>Total</b>	<b>836.00</b>	<b>836.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The outstanding rating takes into consideration the strong financial flexibility of Fourth Partner Energy Private Limited (FPEPL) because of the presence of reputed investors - The RISE Fund (TPG) and Norfund (Norwegian Investment Fund for Developing Countries). An aggregate equity of Rs. 1,247 crore<sup>1</sup>, committed by the investors, had been completely infused as on September 30, 2022. The equity has enabled FPEPL to scale up its renewable power portfolio over the past 12-18 months. Further, the company has demonstrated its ability to raise capital from global investors like British International Investment (BII; erstwhile CDC Group), responsAbility, Symbiotics SA and Oikocredit. FPEPL's subsidiaries holding renewable energy assets have also been able to raise project debt funding from domestic and international financial institutions at a competitive cost.

The ratings factor in the scaling up of the operating capacity (opex) of FPEPL's subsidiaries (special purpose vehicles, or SPVs) to 685-megawatt peak (MWp) as of March 2023 from ~248 MWp as of September 2021 across distributed and open-access segments. The operating portfolio is expected to reach 1,358 MWp in the near to medium term. The ratings continue to consider the track record of the company in developing solar power projects in the distributed solar and open-access segments.

The ratings continue to factor in the long-term power purchase agreements (PPAs) tied up for its operating renewable power portfolio with reputed customers at competitive tariffs, mitigating demand and pricing risks. Further, ICRA factors in the favourable demand outlook for the solar power sector, driven by competitive tariffs, policy focus and initiatives by commercial and industrial (C&I) consumers to reduce dependence on fossil fuel.

The ratings are, however, constrained by low operating margins at the standalone level which declined in FY2022 from FY2021 owing to the relatively high overhead expenses. Nonetheless, the revenues and the operating margins are expected to improve

<sup>1</sup> Adjusted for secondary transactions

as the platform scales up. The ratings also factor in the modest debt coverage indicators due to the higher interest expense resulting from an increase in debt at the standalone level, with the drawdown of mezzanine debt to fund the scale-up in capacity.

Further, the ratings are constrained by the sensitivity of generation to solar irradiation levels as the revenues are linked to the actual units generated and exported given the single-part tariff structure. The performance of the portfolio has remained below the P-90 estimate despite improving over the past two years. A satisfactory generation track record in line or above the P-90 PLF estimates on a sustained basis remains the key monitorable for these assets.

As the renewable power assets are funded largely through project-level debt leading to high leverage at the consolidated level (including the debt at the parent level), the company is also exposed to interest rate risks as the tariffs are fixed in nature for the tenure of most of the PPAs while the interest rates for the project loans are floating in nature. Moreover, ICRA notes that the open-access solar power plants remain exposed to regulatory risk pertaining to changes in open-access charges/banking norms/regulations of the State Electricity Regulatory Commissions (SERCs) across the states and scheduling and forecasting requirements for grid-connected projects.

The Stable outlook on the [ICRA]A- rating reflects ICRA’s opinion that FPEPL will benefit from the financial flexibility offered by the strong parentage, growing renewable power portfolio and its established track record in developing and operating the solar power plants.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities and key financial indicators: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Solar Energy Projects</a> <a href="#">Consolidation and Rating Approach</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has used the full consolidation approach, under which the consolidated financials of the company have been considered. The list of subsidiaries considered for consolidation is provided in Annexure-II

## About the company

Fourth Partner Energy Private Limited (FPEPL), incorporated in 2010, is engaged in the evaluation, design, planning, procurement, construction, and operation & maintenance of renewable power plants. It is primarily an EPC company at the standalone level, undertaking construction and installation activities for renewable power projects. Further, FPEPL is developing renewable power assets under its SPVs through the opex model. FPEPL is backed by The RISE Fund (TPG) and Norwegian sovereign fund, Norfund.

As of March 2023, FPEPL has tied up an opex capacity of 1,358 MWp under various SPVs, out of which 685 MWp has been commissioned and 164 MWp has been fully constructed. These projects are developed under the distributed and open access mechanisms. In addition to this, FPEPL has executed an additional ~125-MWp solar power plants for third parties under its EPC business.

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2022 (Rs. crore)	Date & rating	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Jun 12, 2023	Oct 31, 2022	Oct 22, 2021	Nov 03, 2020
1 Fund based/CC	Long-Term	60.00	-	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)
2 Fund based / Non-fund based	Long-Term / Short-Term	100.00	-	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	-	-
3 Non-fund based	Long-Term / Short-Term	300.00	-	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]BBB+ (Stable) / [ICRA]A2
4 Non fund based	Short-Term	90.00	-	[ICRA]A2+	-	-	-
5 NCD	Long-Term	126.00	126.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)
6 NCD	Long-Term	75.00	75.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	-	-
7 NCD	Long-Term	75.00	75.00	[ICRA]A- (Stable)	-	-	-
8 Unallocated	Long-Term / Short-Term	10.00	-	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	-
9 Proposed NCD	Long-Term	-	-	-	[ICRA]A- (Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based/CC	Simple
Fund-based/Non-fund based	Simple
Non-fund based	Simple
Non-convertible debentures	Very Simple
Unallocated	NA

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 / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	40.00	[ICRA]A- (Stable)
NA	Cash Credit	-	-	-	10.00	[ICRA]A- (Stable)
NA	Cash Credit	-	-	-	10.00	[ICRA]A- (Stable)
NA	Working Capital facilities	-	-	-	100.00	[ICRA]A- (Stable) / [ICRA]A2+
NA	Bank Guarantee / Letter of Credit	-	-	-	210.00	[ICRA]A- (Stable) / [ICRA]A2+
NA	Bank Guarantee / Letter of Credit	-	-	-	40.00	[ICRA]A- (Stable) / [ICRA]A2+
NA	Bank Guarantee / Letter of Credit	-	-	-	50.00	[ICRA]A- (Stable) / [ICRA]A2+
NA	Letter of Credit	-	-	-	90.00	[ICRA]A2+
INE00S407010	NCD	Sep 15, 2020	12.39%	Sep 15, 2026	126.00	[ICRA]A- (Stable)
INE00S407069	NCD	Jun 01, 2022	11.15%	Dec 01, 2025	75.00	[ICRA]A- (Stable)
INE00S407077	NCD	May 05, 2023	9.70%	Nov 05, 2024	50.00	[ICRA]A- (Stable)
INE00S407085	NCD	May 24, 2023	9.70%	Nov 19, 2024	25.00	[ICRA]A- (Stable)
NA	Unallocated	-	-	-	10.00	[ICRA]A- (Stable) / [ICRA]A2+

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
VSV Renewables Private Limited	99.99%	Full Consolidation
Daishi Patona Private Limited	99.99%	Full Consolidation
Belenus Solar Private Limited	85.56%	Full Consolidation
FOGO Energy Ventures Private Limited	99.99%	Full Consolidation
Huoban Private Limited	99.99%	Full Consolidation
Fourth Partner Solar Power Private Limited	99.99%	Full Consolidation
VSV Solar Private Limited	99.99%	Full Consolidation
Shuchi Anant Virya Private Limited	50.00%	Full Consolidation
VSV Onsite Private Limited	73.39%	Full Consolidation
Lalganj Power Private Limited	75.09%	Full Consolidation
VSV Offsite Private Limited	73.13%	Full Consolidation
FPEL MH1 Private Limited	99.99%	Full Consolidation
FPEL MAHA 2 Private Limited	73.21%	Full Consolidation
Viable Solar Ventures Ap Private Limited	99.99%	Full Consolidation
FP Sun Solar Private Limited	72.69%	Full Consolidation
FP Uttar Solar Private Limited	99.99%	Full Consolidation
Newen Systems Private Limited	99.99%	Full Consolidation
FP West Solar Private Limited	72.80%	Full Consolidation
FPEL Evergreen Energy Private Limited	99.99%	Full Consolidation
FP Suntastic Private Limited	99.99%	Full Consolidation
FPEL Saur Vidyut Private Limited	99.99%	Full Consolidation
FP Solwave Energy Private Limited	99.99%	Full Consolidation
FPEL Solvin Private Limited	99.99%	Full Consolidation

Company Name	Ownership	Consolidation Approach
FP Unisolar Private Limited	99.99%	Full Consolidation
FPEL Energia Private Limited	99.99%	Full Consolidation
Viriya Renewables Private Limited	99.99%	Full Consolidation
FPEL Urja Private Limited	74.00%	Full Consolidation
FPEL Green solar Private Limited	99.99%	Full Consolidation
FPEL Mega solar Private Limited	99.99%	Full Consolidation
FPEL Trinity Energy Private Limited (Statkraft Solar Solutions Private Limited)	99.99%	Full Consolidation
FP Future Solar Private Limited	99.99%	Full Consolidation
FPEL Power Private Limited	99.99%	Full Consolidation
FP Sonnen Private Limited	99.99%	Full Consolidation
FPEL Surya Private Limited	99.99%	Full Consolidation
FPEL Cosmic Private Limited	99.99%	Full Consolidation
FP Suraj Private Limited	73.53%	Full Consolidation
FPEL Celestial Private Limited	73.05%	Full Consolidation
FPEL Mitra Private Limited	73.05%	Full Consolidation
FPEL Solkraft Private Limited	99.99%	Full Consolidation
FP Orka Private Limited	99.99%	Full Consolidation
FP Prabal Private Limited	74.00%	Full Consolidation
FP Samruddi Private Limited	99.99%	Full Consolidation
FP Infinity Private Limited	99.99%	Full Consolidation
FP Kratos Private Limited	99.99%	Full Consolidation
FP Zeus Private Limited	99.99%	Full Consolidation
FP Alpha Private Limited	99.99%	Full Consolidation
FP Centaurus Private Limited	65.09%	Full Consolidation
FP Cygnus Private Limited	99.99%	Full Consolidation
FP Renenergetic Private Limited	99.99%	Full Consolidation
FP Andromeda Private Limited	99.99%	Full Consolidation
FP Orion Private Limited	99.99%	Full Consolidation
FPEL Nandgaon 1 Private Limited	99.99%	Full Consolidation
FPEL Nandgaon 2 Private Limited	99.99%	Full Consolidation
FPEL Nandgaon 3 Private Limited	99.99%	Full Consolidation
FPEL Nandgaon 4 Private Limited	99.99%	Full Consolidation
FPEL Nandgaon 5 Private Limited	99.99%	Full Consolidation
FPEL Sunrise Private Limited	99.99%	Full Consolidation
4PEL Solar Energy Private Limited (ReNew Solar Energy Private Limited)	99.99%	Full Consolidation
4PEL Saur Vidyut Private Limited (ReNew Saur Vidyut Private Limited)	99.99%	Full Consolidation
4PEL Surya Mitra Private Limited (ReNew Surya Mitra Private Limited)	67.97%	Full Consolidation
4PEL Surya Prakash Private Limited (ReNew Surya Prakash Private Limited)	99.99%	Full Consolidation
4PEL Distributed Solar Power Private Limited ReNew Distributed Solar Power Private Limited	99.99%	Full Consolidation
4PEL Distributed Solar Energy Private Limited (ReNew Distributed Solar Energy Private Limited)	99.99%	Full Consolidation
4PEL Distributed Solar Services Private Limited (ReNew Distributed Solar Services Private Limited)	99.99%	Full Consolidation
4PEL Solar Daylight Energy Private Limited (ReNew Solar Daylight Energy Private Limited)	99.99%	Full Consolidation
4PEL Reliable Power Services Private Limited (Zorya Distributed Power Services Private Limited)	99.99%	Full Consolidation

Company Name	Ownership	Consolidation Approach
4PEL Solar Sun Flame Private Limited (ReNew Solar Sun Flame Private Limited)	99.99%	Full Consolidation
4PEL Energy Services Private Limited (ReNew Energy Services Private Limited)	99.99%	Full Consolidation
4PEL Green Solutions Private Limited (ReNew Green Solutions Private Limited)	99.99%	Full Consolidation
4PEL Green Power Private Limited (ReNew Green Power Private Limited)	99.99%	Full Consolidation
4PEL Green Energy Private Limited (ReNew Green Energy Private Limited)	99.99%	Full Consolidation
4PEL Mega Green Private Limited (Renew Mega Green Private Limited)	99.99%	Full Consolidation
4PEL Mega Light Private Limited (ReNew Mega Light Private Limited)	99.99%	Full Consolidation
4PEL Mega Urja Private Limited (ReNew Mega Urja Private Limited)	99.99%	Full Consolidation
4PEL Mega Spark Private Limited (ReNew Mega Spark Private Limited)	99.99%	Full Consolidation
4PEL Sun Flash Private Limited (ReNew Sun Flash Private Limited)	99.99%	Full Consolidation
4PEL Sun Ability Private Limited (ReNew Sun Ability Private Limited)	99.99%	Full Consolidation
4PEL Clean Tech Private Limited (ReNew Clean Tech Private Limited)	99.99%	Full Consolidation
FPEL Ujwal Private Limited	99.99%	Full Consolidation
FPEL Daylight Private Limited	99.99%	Full Consolidation
FPEL Flash Energy Private Limited	99.99%	Full Consolidation
FPEL Max Volte Solar Private Limited	99.99%	Full Consolidation
FP Influx Sun Energy Private Limited	99.99%	Full Consolidation
FP Inopower Private Limited	99.99%	Full Consolidation
FPEL Phoenix Private Limited	99.99%	Full Consolidation
FP Crysta Energy Private Limited	99.99%	Full Consolidation
FPEL Trizone Solar Private Limited	99.99%	Full Consolidation
FP Eco Energy Private Limited	99.99%	Full Consolidation
FP Sun Spark Private Limited	99.99%	Full Consolidation
FPEL Radiant Energy Private Limited	99.99%	Full Consolidation
FP Elite Energy Private Limited	73.05%	Full Consolidation
FP Aerona Solar Private Limited	99.99%	Full Consolidation
Huoban Energy 1 Private Limited	73.05%	Full Consolidation
Huoban Energy 2 Private Limited	99.99%	Full Consolidation
Huoban Energy 3 Private Limited	73.05%	Full Consolidation
Huoban Energy 4 Private Limited	99.99%	Full Consolidation
Huoban Energy 5 Private Limited	99.99%	Full Consolidation
Huoban Energy 6 Private Limited	99.99%	Full Consolidation
Huoban Energy 7 Private Limited	99.99%	Full Consolidation
Huoban Energy 8 Private Limited	99.99%	Full Consolidation
Huoban Energy 9 Private Limited	99.99%	Full Consolidation
Huoban Energy 10 Private Limited	99.99%	Full Consolidation
Huoban Energy 11 Private Limited	99.99%	Full Consolidation
Huoban Energy 12 Private Limited	99.99%	Full Consolidation
FP Mercury Private Limited	99.99%	Full Consolidation
FP Theta Private Limited	99.99%	Full Consolidation
FP Solar Shakti Private Limited	99.99%	Full Consolidation
FPEL Stellar Energy Private Limited	99.99%	Full Consolidation
FPEL Beat Energy Private Limited	99.99%	Full Consolidation

Company Name	Ownership	Consolidation Approach
FPEL Dynamic Energy Private Limited	99.99%	Full Consolidation
FPEL Light Energy Private Limited	99.99%	Full Consolidation
FPEL Visionary Private Limited	99.99%	Full Consolidation
Sun Renewables RT Private Limited	49.00%	Full Consolidation
Capsol Sunray Private Limited	74.00%	Full Consolidation
FPEL Galaxy Energy Private Limited	99.99%	Full Consolidation
FPEL Reliant Energy Private Limited	99.99%	Full Consolidation
Upendra Singh Multi Transmission Private Limited	99.99%	Full Consolidation
FPEL TN WIND FARM PRIVATE LIMITED	99.99%	Full Consolidation
FPEL ZODIAC PRIVATE LIMITED	99.99%	Full Consolidation
FP AMPERE ENERGY PRIVATE LIMITED	99.99%	Full Consolidation
Fourth Partner Energy Lanka Private Limited	100.00%	Full Consolidation
Fourth Partner Energy Vietnam Limited Liability Company	100.00%	Full Consolidation
Empat Mitra Indika Tenaga Surya	49.00%	Full Consolidation
F P E Rajarata Shakthi (Pvt) Ltd	100.00%	Full Consolidation
F P E Pannala Shakthi (Pvt) Ltd	100.00%	Full Consolidation
F P E Polonnaruwa Shakthi (Pvt) Ltd	100.00%	Full Consolidation
F P E Dambadeniya Shakthi (Pvt) Ltd	100.00%	Full Consolidation
F P E Ruhunu Shakti Pvt. Ltd	100.00%	Full Consolidation
Fourth Partner Energy Myanmar Limited	100.00%	Full Consolidation
Fourth Partner Energy Bangladesh Limited	100.00%	Full Consolidation
Fourth Partner Energy Singapore Pte Ltd	54.32%	Full Consolidation
Fourth Partner Holdings Lanka (Pvt) Ltd	100.00%	Full Consolidation

Source: Company

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## ICRA Limited



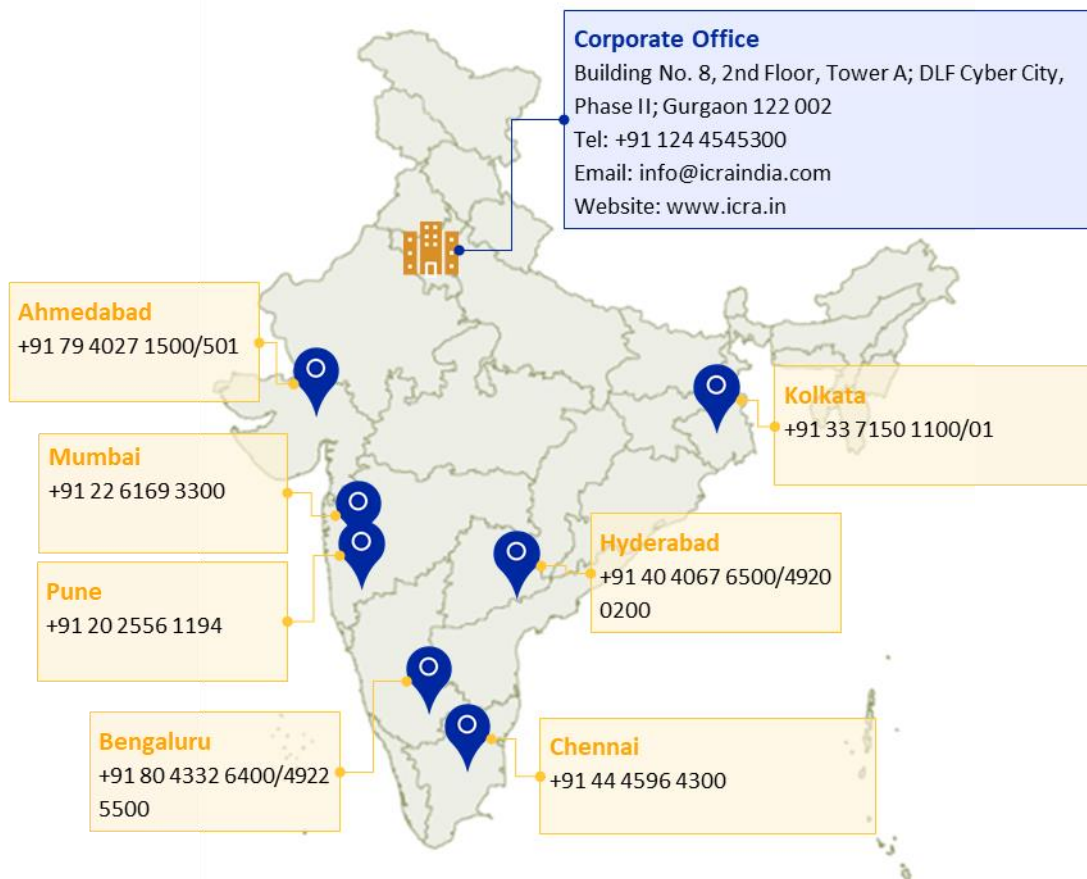
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### Branches



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