

November 04, 2020

**IL&FS Solar Power Limited: Rating downgraded to [ICRA]D ISSUER NOT COOPERATING based on best available information, Rating continues to remain under Non-Cooperating category**

**Summary of rating action:**

Instruments	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	45	45	[ICRA]D ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Negative) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category'
NCD – I	150	150	[ICRA]D ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Negative) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category'
NCD - II	210	210	[ICRA]D ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Negative) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category'
<b>Total</b>	<b>405</b>	<b>405</b>	

\*Issuer did not cooperate; based on best available information

**Rationale**

The rating downgrade reflects the recent delays in debt servicing by IL&FS Solar Power Limited (ISPL or the company) on the ICRA rated term loans as confirmed from the company's audited annual financials for FY2020. Further, the status of redemption of ICRA rated unlisted NCD of Rs 150 crore that was due for redemption on November 2,2020 could not be verified from the debenture trustee, subscribers of NCDs and the company despite repeated efforts.

The long-term rating is now denoted as [ICRA]D ISSUER NOT COOPERATING (pronounced ICRA D Issuer not cooperating). ICRA had earlier moved the rating of [ICRA]B+ (pronounced ICRA B plus) with negative outlook to 'ISSUER NOT COOPERATING' category in April 2020 due to non-submission of monthly 'No Default Statement' ("NDS") by the company.

The rating is based on the limited information on the company's performance since the time it was last rated in August 2019. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with ISPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

## Key rating drivers and their description

### Credit Strengths:

Not applicable

### Credit Challenges:

**Delays in debt servicing:** As per the company's audited annual financials for FY2020, the company has defaulted on the repayment obligations (interest and principal) towards term loan facility. There has been default in interest servicing from February 2020 onwards. Further, the bullet repayment of principal that was due on October 27, 2020 has also not been paid. Further, the redemption of Rs 150 crore unlisted NCD was due on November 2, 2020. ICRA was unable to verify the redemption status of this NCD from the debenture trustee, subscribers of NCDs and the company despite repeated efforts.

### Liquidity Position: Poor

The company's liquidity is poor as reflected by delays in debt servicing.

### Rating Sensitivities:

**Positive triggers:** Not applicable

**Negative triggers:** Not applicable

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy in respect of non-cooperation by the rated entity</a> <a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on Default Recognition</a>
Parent/Group Support	Not applicable
Consolidation / Standalone	Standalone

### About the company

IL&FS Solar Power Limited, a 100% subsidiary of IL&FS Energy Development Private Limited, has been set up to install a 100-MW (AC)/ 130-MW (DC) ground mounted solar PV power project at Ittigi (40 MW), Nellukudure (28 MW) and Mooregeri (32 MW) villages of the Bellary district of Karnataka. The project capital cost stood at about Rs. 685 crore. The project was developed under build, finance and transfer arrangement by ISPL. ISPL signed a DPA with EEPL as per which the latter, post commissioning, will be paying monthly payments to ISPL for the duration of 15 years. The solar power generated by the project is being supplied to the various office parks/commercial properties operated by the Embassy Group.

The previous detailed rating rationale is available on the following link: [Click here](#)

### Status of non-cooperation with previous CRA:

Not Applicable

## Key financial indicators

	<b>FY2019 (Audited)</b>	<b>FY2020 (Audited)</b>
Operating Income (Rs. crore)	123.7	92.2
PAT (Rs. crore)	-52.05	-19.78
OPBDIT/OI (%)	58.01%	87.14%
PAT/OI (%)	-42.07%	-21.44%
Total Outside Liabilities/Tangible Net Worth (times)	-17.11	-12.76
Total Debt/OPBDIT (times)	9.43	8.45
Interest Coverage (times)	0.83	0.97

### Rating history for past three years

SN	Name of Instrument	Type	Current Rating (FY2021)				Chronology of Rating History for the Past 3 years						
			Rated amount	Amount outstanding	Month-year & Rating		Month- year and Rating in						
					(Rs. crore)		04-Nov-20	16-Apr-20	FY2020	FY2019		FY2018	
1	Term Loans	Long term	45.00	45.00	[ICRA]D ISSUER NOT COOPERATING	[ICRA]B+(Negative) ISSUER NOT COOPERATING	[ICRA]B+ (SO) (Negative)	[ICRA]BB+ (SO) (Negative)	[ICRA]BBB (SO) (Negative)	[ICRA]A- (SO) (Stable)	-	-	
2	NCD -I	Long term	150.00	150.00	[ICRA]D ISSUER NOT COOPERATING	[ICRA]B+(Negative) ISSUER NOT COOPERATING	[ICRA]B+ (SO) (Negative)	[ICRA]BB+ (SO) (Negative)	[ICRA]BBB (SO) (Negative)	[ICRA]A- (SO) (Stable)	[ICRA]A- (SO) (Stable)	-	
3	NCD -II	Long term	210.00	210.00	[ICRA]D ISSUER NOT COOPERATING	[ICRA]B+(Negative) ISSUER NOT COOPERATING	[ICRA]B+ (SO) (Negative)	[ICRA]BB+ (SO) (Negative)	[ICRA]BBB (SO) (Negative)	[ICRA]A+ (SO) (Stable)	[ICRA]A+ (SO) (Stable)	[ICRA]A+ (SO) (Stable)	

\*As on October 27,2020

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Term Loans	October 2017	10.50%	27-Oct-2020	45.00	[ICRA]D ISSUER NOT COOPERATING
INE656Y07018	NCD-I	02-Nov-2017	10.50%	02-Nov-2020	150.00	[ICRA]D ISSUER NOT COOPERATING
INE656Y08016	NCD-II	27-Dec-2017	Zero Coupon*	27-Dec-2020	210.00	[ICRA]D ISSUER NOT COOPERATING

Source: ISPL

### Annexure-2: List of entities considered for consolidated analysis: Not applicable

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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.

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For more information, visit [www.icra.in](http://www.icra.in)

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