

April 10, 2020

**Wadhawan Global Capital Ltd: CARE revises rating for Non-Convertible Debenture issues from existing rating of [CARE C to CARE D];**

Credit Analysis & Research Limited (“CARE”) has revised its rating on the Non-Convertible Debenture issues **from existing rating CARE C to CARE D** of Wadhawan Global Capital Ltd

<b>Credit Rating Agency</b>	<b>Type of Credit Rating</b>	<b>Existing Rating/Outlook</b>	<b>Revised Rating/Outlook</b>
CARE	Non-Convertible Debentures	CARE C	CARE D

Please find attached herewith the Press Release from CARE for perusal and record.

This is for your information and records.

**For IDBI Trusteeship Services Limited**

Sd/-



**Authorized Signatory**

Wadhawan Global Capital Ltd  
 April 09, 2020

## Ratings

Instrument	Rated Amount (Rs. crore)	Rating <sup>a</sup>	Rating Action
Non-Convertible Debtenture Issue	1,900 (Rupees one thousand and nine hundred crore only)	CARE D (Single D)	Revised from CARE C; Stable (Single C, Outlook: Stable)

Details of Instruments/facilities in Annexure-1

## Detailed description of the key rating drivers

The revision in rating of NCD issue of WGCL is on account of trigger of put option on WGCL's NCD, wherein the put option is on Dewan Housing Finance Corporation Ltd. (DHFL) rated CARE D. WGCL has intimated that put option has been triggered as per the terms of debtenture trust deed. DHFL is continued to remain stressed with initiation of insolvency resolution process with National Company Law Tribunal under insolvency and bankruptcy code.

## Detailed description of the key rating drivers

## Key Rating Weaknesses

## Deteriorating financial performance

Company reported loss of Rs.524 in FY19 as compared loss of Rs.171 crore in FY18 mainly on account of provision for diminution in value of investments.

## Deteriorating financial flexibility

Incidence of delay by DHFL has reduced the group's financial flexibility and diminishes WGCL's ability to raise funds from the markets which may take a measured approach in extending any further funds to group. As informed by WGCL, company is in process of monetizing assets.

## Poor liquidity profile

WGCL's liquidity profile heavily depends upon its ability to monetize other group investments in near terms.

## Analytical approach: Standalone

## Applicable Criteria

[Rating Outlook and Credit Watch](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Non-Banking Financial Companies](#)

[Financial ratios – Financial Sector](#)

[Consolidation and factoring linkages in rating](#)

## About the Company

Wadhawan Global Capital Ltd. (WGCL) is a Core Investment Company which is jointly promoted by Mr. Kapil and Dheeraj Wadhawan (promoters of DHFL). As on March 31, 2019, Mr. Kapil Wadhawan, Mr. Dheeraj Wadhawan and Ms. Aruna Wadhawan together hold 85% stake in the company. Incorporated as Wadhawan Housing Pvt. Ltd., the name of the company was subsequently changed to WGCL w.e.f. May 31, 2014. WGCL holds 37.32% stake in DHFL as on March 31, 2019, and company also holds promoter stake in Arthveda Fund Management, DHFL General Insurance Limited and Wadhawan Global Capital (UK) Limited. WGCL also holds 50% stake in DHFL Pramerica Life Insurance on a fully diluted basis through Compulsorily Convertible Debtentures of DHFL Investments Ltd (DIL).

<sup>a</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total Income	105	66
PAT	-171	-524
Total Assets	5,432	5,831
ROTA (%)	-3.57	-9.47

A: Audited P- Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

ISIN	Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
INE458U07025	Non-Convertible Debentures	31-Mar-17	0%	31-Jul-20	730*	CARE D
INE458U07033	Non-Convertible Debentures	31-Mar-17	0%	2-Aug-22	670*	CARE D

\*\*Outstanding amount is mentioned above is based on intimation by the company; debenture trustee confirmation regarding same is pending

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings		Rating history				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	1) Withdrawn (09-Aug-19) 2) CARE D (08-Jul-19) 3) CARE BB; Stable (21-Jun-19) 4) CARE BBB-(SO) (Credit watch with developing implications) (24-May-19)	1) CARE A (SO) (Credit watch with developing implications) (31-Mar-19) 2) CARE AA-(SO) (Credit watch with developing implications) (15-Mar-19) 3) CARE AA+(SO) (Credit watch with developing implications) (06-Feb-19) 4) CARE AAA	-	1) Provisional CARE AAA (SO) (27-Jul-16)

						SO); Stable (03-Apr-18)		
2. Debentures-Non Convertible Debentures	LT	-	-			1)Withdrawn (03-Apr-18)	1)Provisional CARE AA-; Stable (14-Nov-17)	1)CARE AA-; Stable (01-Mar-17) 2)CARE AA- (29-Nov-16)
3. Debentures-Non Convertible Debentures	LT	1900.00	CARE D	1) CARE C; Stable (31-Jan-20) 2) CARE C; Stable (08-Jul-19) 3) CARE BB; Stable (21-Jun-19) 4) CARE BBB- (SO) (Credit watch with developing implications) (24-May-19)	1) CARE A (SO) (Credit watch with developing implications) (31-Mar-19) 2) CARE AA - (SO) (Credit watch with developing implications) (15-Mar-19) 3) CARE AA+ (SO) (Credit watch with developing implications) (06-Feb-19) 4)CARE AAA (SO); Stable (03-Apr-18)	1)Provisional CARE AAA (SO); Stable (12-Apr-17)	-	
4. Commercial Paper	ST	-	-			1) Withdrawn (15-Mar-19) 2) CARE A1+ (Credit watch with developing implications) (06-Feb-19) 3) CARE A1+ (04-May-18) 4)CARE A1+ (03-Apr-18)	1)CARE A1+ (29-Nov-17) 2)CARE A1+ (11-Sep-17) 3)CARE A1+ (17-Jul-17)	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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## About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, It has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)