

## Wisemore Advisory Private Limited

January 08, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Non-Convertible Debentures#	490.00 (Reduced from 500.00)	Provisional CARE A+ (CE); Stable [Provisional Single A Plus (Credit Enhancement); Outlook: Stable]*	Reaffirmed
<b>Total Long Term Instruments</b>	<b>490.00</b> <b>(Rs. Four Hundred Ninety Crore Only)</b>		

*Details of instruments/facilities in Annexure-1*

*# Proposed Credit enhancement in the form of unconditional and irrevocable corporate guarantee to be provided by Renew Power Private Limited (RPPL, rated CARE A+; Stable/CARE A1+) available for the full tenure of the proposed NCDs and covering the entire maturity amount under the proposed NCDs.*

*\* Ratings assigned are Provisional and shall be confirmed upon receipt of final executed documents to the satisfaction of CARE Ratings Limited*

<b>Unsupported Rating</b> <sup>1</sup>	CARE B [Single B] (Reaffirmed)
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### Detailed Rationale & Key Rating Drivers for credit enhanced NCDs

The rating assigned to the proposed Non-Convertible Debentures (NCDs) of Wisemore Advisory Private Limited (WAPL) is based on proposed credit enhancement in the form of unconditional and irrevocable corporate guarantee to be provided by Renew Power Private Limited (RPPL, rated CARE A+; Stable/CARE A1+) for the benefit of debenture holders/investors.

Further, the above rating is provisional and will be finalized upon fulfillment of the following conditions to the satisfaction of CARE:

- Execution of various debenture documents including but not limited to Debenture Trust Deed, Debenture Trustee Appointment Agreement, IM/PAS-4, Inter-se Agreement etc.
- Executed copy of Corporate Guarantee from Renew Power Private Limited (RPPL).
- Copy of Board Approval confirming RPPL extending Corporate Guarantee in favor of investors/Debenture Trustee of Wisemore Advisory Pvt Ltd.
- No Dues confirming prepayment of outstanding NCDs in WAPL.

### Detailed Rationale & Key Rating Drivers of Renew Power Private Limited (Corporate Guarantor)

The detailed rationale of the Corporate Guarantee provider, Renew Power Private Limited is available on [www.careratings.com](http://www.careratings.com)

### Detailed Rationale & Key Rating Drivers of Wisemore Advisory Private Limited

The unsupported standalone rating assigned to the NCDs of WAPL factors in 100% shareholding of the investment vehicle by Mr. Sumant Sinha (CEO & founder of RPPL which is one of the largest renewable energy company in India). The ratings are, however, constrained by no other income source for WAPL apart from dependency on dividend income from RPPL. Going forward, timely raising of funds through IPO/stake sale to investor/refinancing for timely repayment of NCDs would be a key monitorable.

### Key Rating Sensitivities

The key rating sensitivities for the rating assigned to WAPL's proposed NCDs shall be in-line with the key rating sensitivities of the Corporate Guarantee provider viz. RPPL

### Detailed description of the key rating drivers

The detailed rationale of the corporate guarantee provider, Renew Power Private Limited is available on [www.careratings.com](http://www.careratings.com)

<sup>1</sup> As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019

**Proposed Corporate Guarantee from RPPL**

As per the proposed terms, RPPL will be providing an unconditional and irrevocable corporate guarantee in favour of debenture trustee for the benefit of debenture holders. The guarantee proposed to be issued by the Guarantor shall be binding upon the Guarantor and shall remain effective till the Issuer duly repays all its dues payable to the debenture holders under the transaction documents for the proposed NCDs issue, and till the Final Settlement Date. Further, the guarantor shall be released of its guarantee obligations under the transaction documents only upon the Debenture Trustee notifying in writing to the Guarantor that the Final Settlement Date has occurred. On occurrence of the different event of defaults as per the draft terms, Corporate Guarantee of RPPL can be invoked by Debenture Trustee acting on the instructions of the Debenture Holders post which RPPL has to pay off the entire outstanding obligations of WAPL under the transaction documents within a stipulated period of 2 business days (In case of event of default on account of Misrepresentation – Relevant Party, Cessation of Business, Other Obligations, Accounts, Cross default – Relevant Party, Judgments, creditors' process – Relevant Party, Material Adverse Effect, Environmental Compliance, Constitutional Documents and Audit Qualification) or 3 business days (In case of event of default on account of Non Deposit Event, Insolvency – RPPL, and Insolvency Proceedings – RPPL) or 33 business days (In case of event of default on account of Non Payment, Minimum Security Cover, Non Compliance by RPPL, Cross default – RPPL and Relevant Group Entity, Insolvency – Relevant Party, Insolvency Proceedings – Relevant Party, Judgments, creditors' process – RPPL, SHA, Moratorium, Expropriation, Unlawfulness, Cessation of Directorship, Repudiation, Security and Guarantee, Material Litigation, Fraud, misappropriation or governance matters, Delisting Event, Valuation Trigger Event, and Close Out Trigger) as per the draft debenture documents.

**Deposit Event**

As per the proposed terms, WAPL shall ensure that on the Deposit Date (Deposit Date as per the proposed debenture documents is defined as date falling 17 months and 30 days after the deemed date of allotment), deposit or cause to be deposited into the Cash Margin Account the Accrued Amount and all other amounts payable in respect of Debentures. If the company proposes to redeem the Debentures, then the company shall deposit such other amounts as may be required by the Debenture Trustee in order to ensure that the amount outstanding to the credit of Cash Margin Account is equivalent to the aggregate Debt as of the date of the redemption of Debentures. Further, on completion of deposit obligations as explained above, and provided that no Event of Default has occurred or is outstanding, the yield (coupon rate) shall stand reduced to revised yield (coupon rate) which will be 500 bps over the yield of bonds issued by Government of India with a residual maturity of one year.

Further, after the end of 21 months from deemed date of allotment, the company shall ensure that

- i. As of the last day of the 21<sup>st</sup> month from deemed date of allotment, the money standing to the credit of Cash Margin Account is at least equal to the accrued amount as of such date
- ii. Thereafter, at the end of each month, the money standing to the credit of the Cash Margin Account is at least equal to the accrued amounts as of such date

Under Non-Deposit Event, the Debenture Trustee/Debenture Holders can make a demand under the RPPL Deed of Guarantee and upon receipt of such demand the payment shall be made within 3 days (covered under Event of Default under Clause Non-Deposit Event as per draft debenture documents).

**Non Payment Event**

As per the draft debenture terms non-payment event of default will be triggered if any obligor does not pay on the due date any amount payable pursuant to any transaction documents to which it is a party at the place at and in the currency in which it is expressed to be payable, unless:

- I. Its failure to pay is caused by an administrative or technical error; and
- II. Payment is made within three Business Days of the Due Date.

**Liquidity Analysis: Adequate**

The liquidity profile of the corporate guarantee provider, Renew Power Private Limited is available on [www.careratings.com](http://www.careratings.com)

**Impact of COVID-19:** WAPL is an investment company and has no operational projects under its portfolio and hence there was no impact of COVID-19 in the company's performance. The company has not availed any moratorium on any repayments.

**Analytical Approach:**

**CE Rating for proposed NCDs:** Credit Enhancement in the form of proposed unconditional and irrevocable corporate guarantee to be provided by Renew Power Private Limited (RPPL, rated CARE A+; Stable/CARE A1+)

**Unsupported Rating:** Standalone

**Applicable Criteria**

[Rating Methodology: Factoring Linkages in Ratings](#)

[Criteria of Rating Credit Enhanced Debt](#)

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Financial Ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

**About the Company – Wisemore Advisory Private Limited**

Wisemore Advisory Private Limited (WAPL), incorporated in January 2017, is a closely-held investment company of Mr. Sumant Sinha, founder of Renew Power Private Limited (RPPL, rated CARE A+; Stable/CARE A1+, erstwhile Renew Power Limited). WAPL is 93.57% owned by Sivatar Sinha's Family Trust (belongs to Mr Sumant Sinha and family members) and 6.43% directly by Mr Sumant Sinha. WAPL is acting as a holding company which holds around 4.58% shareholding in RPPL as on August 2020.

**About the Credit Enhancement provider – Renew Power Private Limited**

RPPL, founded by Mr Sumant Sinha in 2011, is engaged in renewable power generation business (wind and solar power). GS Wyvern Holdings Limited (GSH), an investment arm of Goldman Sachs group holds majority stake in the company, while other investors [GEF SACEF India (SACEF), Abu Dhabi Investment Authority (ADIA), Jera Co. Inc and Canada Pension Plan Investment Board (CPPIB)] and WAPL, Mr Sumant Sinha & Cognisa Investment are minority shareholders. As on September, 2020, RPPL has operational capacity of around 5.47 GW (60% - Wind and 40% - Solar). In addition, the company also has more than 4 GW of projects under construction which are expected to become operational in next 2-3 years in phases.

Also, in terms of location of the operational projects, the company is diversified. The company is providing power to a diversified set of off-takers having moderate to weak financial risk profile, though the risk is mitigated from diversification.

Brief Financials – WAPL Standalone (Rs. crore)	FY19 (A)	FY20 (A)
Total Operating Income	0.15	0.18
PBILDT	-0.05	0.06
PAT	-55.08	-64.79
Overall gearing (times)	1.96	5.94
Interest coverage (times)	0	0

A: Audited

Brief Financials of RPPL is available on [www.careratings.com](http://www.careratings.com)

**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**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	N.A.*	-	-	-	490.00	Provisional CARE A+ (CE); Stable
Un Supported Rating	-	-	-	-	0.00	CARE B

\*NCDs are yet to be issued

**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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	209.80	CARE BB (CE); Stable	1)CARE BB (CE); Stable (01-Oct-20)	1)CARE BB (CE); Stable (07-Oct-19)	1)CARE BB (SO); Stable (03-Oct-18)	1)CARE BB (SO); Stable (07-Feb-18)
2.	Debentures-Non Convertible Debentures	LT	65.35	CARE BB (CE); Stable	1)CARE BB (CE); Stable (01-Oct-20)	1)CARE BB (CE); Stable (07-Oct-19)	1)CARE BB (SO); Stable (03-Oct-18)	1)Provisional CARE BB (SO); Stable (07-Feb-18)
3.	Un Supported Rating	LT	0.00	CARE B	1)CARE B (01-Oct-20)	1)CARE B; Stable (07-Oct-19)	-	-
4.	Debentures-Non Convertible Debentures	LT	490.00	Provisional CARE A+ (CE); Stable	1)Provisional CARE A+ (CE); Stable (31-Dec-20)	-	-	-
5.	Un Supported Rating	LT	0.00	CARE B	1)CARE B (31-Dec-20)	-	-	-

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument - NCDs	Detailed explanation
Financial covenants	N.A.*
Non financial covenants	N.A.*

\*NCDs are yet to be issued

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple
2.	Un Supported Rating	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. 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.

### Disclaimer

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