



Press Release Salem Erode Investments Limited

March 07, 2023

Ratings:

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action	Complexity Indicator
Proposed Non-Convertible Debentures	100.00	IVR BB-/Negative; ISSUER NOT COOPERATING* (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING)	Revised and moved to ISSUER NOT COOPERATING category	Simple
Total	100.00	INR One Hundred Crores Only		

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

Details of Facilities are in Annexure 1

Detailed Rationale:

The rating revision is because of lack of adequate information regarding Salem Erode Investments Limited reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

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 rating revision.

Non-cooperation by Issuer:

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to Proposed Non-convertible Debentures, vide mail communications dated March 3, 2023, 22 February 2023, 15 Feb 2023, 1 February 2023 and 5 January 2023 and telephonic follow ups. However, despite repeated requests by Infomerics, the company's management has provided requisite information and other essential details to complete the rating review process.



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Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the Proposed Non-Convertible Debentures aggregating to INR 100.00 Crore of Salem Erode Investments Limited shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR BB-/Negative; ISSUER NOT COOPERATING; based on best available information.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for NBFCs](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Criteria for Parent/Group support](#)

[Criteria for rating outlook](#)

About the Company

Salem Erode Investments Ltd (SEIL) was incorporated under the Companies Act, 1913 on May 16, 1931, as Salem-Erode Electricity Distribution Co. Limited. The name of the Company was changed to Salem Erode Tea & Investment Co. Limited and a fresh certificate of incorporation consequent upon the change of name dated November 28, 1975 was issued by the Registrar of Companies, West Bengal. The name of the Company was further changed to Salem Erode Investments Limited and a fresh Certificate of Incorporation consequent upon change of name was issued on July 24, 1992. The Equity shares of the Company are listed in the Bombay Stock Exchange. Our Company is a NBFC Company and also registered with RBI.

On 17th February 2020, SEIL was acquired by **ICL Fincorp Limited**, a leading Non-Banking Financial Company providing Gold Loan, Business Loan, Hire Purchase Loan etc. After acquisition the Company gradually started expanding its business. The Company now has 12 (twelve) branches across Southern parts of the Country. ICL Fincorp Ltd holds 75% stake in SEIL



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Financials (Standalone):

(Rs. Crore)

For the year ended/As on*	31-03-2020	31-03-2021
	(Audited)	(Audited)
Total Income	1.01	2.60
PAT	(0.12)	1.40
Tangible Networth	23.91	25.20
Total loan assets	20.86	21.80
Total debt	Nil	Nil
Gearing (Times)	Nil	Nil
Total CRAR (%)	14.35	18.78
Gross NPA (%)	0.28	Nil

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Proposed NCDs	Long Term	100.00	IVR BB-/Negative; ISSUER NOT COOPERATING (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING*)	21 March 2022 IVR BB/Stable (IVR Double B Plus with Stable Outlook)	-	-

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

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed NCDs	-	-	-	100.00	IVR BB-/Negative (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING* (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING)



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Name of the Instrument	Detailed Explanation
Security name	Retail NCDs (Private placement) to be issued in 4 series with different tenor/coupon rates
Objects of the Issue / Details of the utilization of the proceeds	The proceeds of the issue will be utilised for Capital expenditure/working capital
Coupon Rate	11.50 – 13.66%
Tenor	13 – 65 months
Non - Financial Covenant	
Call option	Nil
Financial Covenant	Not Available

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com