

Date: 04.08.2023

To,
BSE Ltd
P.J Tower, Dalal Street,
Mumbai – 400 001
Scrip Code: 540181

Sir,

Sub: Intimation of revision in credit rating

Further to our letter dated July 14, 2023 and in compliance to regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), please note that Infomerics Valuation and Rating Private Limited, Credit Rating Agency, vide press release dated March 07th, 2023 had revised and moved the ratings of our debt instrument to Issuer not cooperating. The description of the same is as follows:

Instrument/ Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity indicator
Proposed Non- Convertible Debentures	100	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

Page | 1



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This rating was issued by Infomerics Valuation and Rating Private Limited for the reason that the Company has not provided the required data to monitor its assigned rating to proposed Non-Convertible Debentures on time.

As the information about revised rating was received, the focus was on getting the previous rating back (IVR BB/ Stable). In this process, the change in rating was not intimated to the concerned department and resulted in the non-intimation to the stock exchange. As a result the revised rating was noticed only on July 13, 2023, when Infomerics Valuation and Rating Private Limited intimated the Company about the fresh rating that they had issued to the Company, the rating of the same is as follows:

Facilities	Amount (Rs. Crore)	Current ratings	Previous ratings	Rating action
Non-Convertible Debentures (NCDs)	0.59	IVR BB/ Stable (IVR Double B with Stable Outlook)	IVR BB- /Negative ISSUER NOT CO OPERATING* (IVR Double B Minus with Negative outlook; ISSUER NOT CO OPERATING)	Revised and removed from ISSUER NOT COOPERATING category
Non-Convertible Debentures (NCDs)	99.41	IVR BB/ Stable (IVR Double B with Stable Outlook)	IVR BB- /Negative ISSUER NOT CO OPERATING* (IVR Double B Minus with Negative outlook; ISSUER NOT CO OPERATING)	Revised and removed from ISSUER NOT COOPERATING category
Total			100.00	

	(Rs. One Hundred Crores Only)
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This re-revised rating was intimated to the Stock Exchange on July 14, 2023 and after vouching and scouting, the Company found the previous rating letter now. We take this opportunity to request you to consider both the rating letters together. *(Corresponding press release of both the credit ratings is enclosed herewith).*

We request you to take the above in your record and arrange to disseminate the above on the website of the exchange.

Thanking you,
Yours truly,

For **Salem Erode Investments Limited**

Manisha



Manisha N. Menon
Company Secretary & Compliance Officer
Mem. No: A33083



Press Release

Salem Erode Investments Limited (SEIL)

July 13, 2023

Ratings				
Facilities	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	0.59	IVR BB/ Stable (IVR Double B with Stable outlook)	Revised and removed from ISSUER NOT COOPERATING category	Simple
Proposed Non-Convertible Debentures (NCDs)	99.41	IVR BB/ Stable (IVR Double B with Stable outlook)	Revised and removed from ISSUER NOT COOPERATING category	Simple
Total		100.00 (Rs One Hundred Crores only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating was migrated to ISSUER NOT COOPERATING category as Salem Erode Investments Limited (SEIL) had not submitted all the required information for surveillance within the stipulated timelines. Subsequently, SEIL has cooperated and provided the information necessary to complete the rating review leading to removal of the rating from ISSUER NOT COOPERATING category.

The rating revision to the bank loan facilities and Non-Convertible Debentures of Salem Erode Investment Limited (SEIL) continues to derive comfort from experienced promoters, operational and financial synergies derived from its parent company and adequate capitalisation. However, the ratings are constrained by nascent stages of operations, unseasoned portfolio and lack of diversity in the resource profile coupled with delay in reverse merger with its parent company, ICL Fincorp Limited rated at IVR BB+/Stable.

Key Rating Sensitivities:



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Upward Factor:

- Substantial scaling up its operations, while maintaining healthy asset quality, capital position, liquidity, and profitability.
- Timely merger with ICL Fincorp Limited resulting in a positive impact on the overall business profile of the company.

Downward Factor:

- Movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost for the Company.
- Delay in merger with ICL Fincorp Limited resulting in a negative impact on the overall business profile of the company.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

SEIL is a subsidiary of ICL Fincorp Ltd (ICLFL), a Kerala based NBFC primarily into providing gold loans since 2004 and has established track record with 200 branches spread across India – Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana & Orissa and an AUM of Rs 384.88 Crores as on 31 Dec 2023. ICLFL holds 75% stake in SEIL. The management of both SEIL and ICLFL is headed by the company's Chairman and Managing Director Mr. K G Anil Kumar, who has more than two decades of experience in the financial services industry. The company's board of directors consists of experienced professionals from different fields such as banking, finance, accounting, law, business administration, media and communications. Being a subsidiary of ICLFL, SEIL derives operational and financial synergies with its parent company.

Adequate capitalisation

SEIL has an adequate capitalisation profile, with the capital to risk weighted assets ratio (CRAR) at 19.05% as of FY23, compared with the minimum regulatory requirement of 15%.



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The company's net worth was at Rs 25.90 Crores as of FY23 and total debt of Rs 1.07 Crores. The company's ability to achieve timely equity infusion and improve the capitalisation profile will be monitorable.

Key Rating Weaknesses

Nascent stages of operations with unseasoned portfolio

SEIL was acquired by ICLFL in February 2020 and has an AUM of Rs 28.54 Crores as on 31March 2023. The company's scale of operations is low given the nascent stages of operations and geographical concentration. The portfolio is unseasoned, however, the GNPA and NNPA increased to 1.34% and 1.21% respectively in FY23 when compared to 0.32% and 0.28% respectively on the back of change in NPA recognition policy from 180+dpd to 90+ dpd.

Lack of diversity in resource profile

SEIL, like its holding company, is highly dependent on funding from subordinate debt and retail NCDs and has raised funds through these routes on a private placement basis. The company's ability to improve and diversify its resource profile and reduce its cost of borrowings by raising bank loans in a timely manner, and thereby, improve its liquidity profile will be a key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Non-Banking Finance companies](#)

[Criteria of assigning rating outlook](#)

[Parent/Group support criteria](#)

For arriving at the rating, INFOMERICS has considered the parent/ group support approach based on the financial support from its parent company ICL Fincorp Limited rated at IVR BB+/stable and factoring the strategic importance of SEIL to ICL Fincorp, operational and financial synergies and strong moral obligations extended to SEIL.



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Liquidity - Adequate

The company is adequately capitalized with a CAR (%) of 19.05% as on 31 March 2023 and Networth of Rs 25.90 Crores. Also, it has adequately matched asset liability profile as on 31 March 2023 with majority of the portfolio currently funded with equity from promoters & shareholders of company. As on 31 March 2023, the company has liquidity of Rs 4.32 Crore with total debt of Rs 1.07 Crores.

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 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.

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2022	31-03-2023
	Audited	Audited
Total Income	2.81	4.03
PAT	0.71	(0.11)
Tangible Net Worth	25.48	24.91



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Total Debt	10.97	10.75
Total Loan Assets	28.82	28.53
Overall Gearing (Times)	0.43	0.43
ROTA (%)	2.21	(0.29)
Total CAR (%)	18.52	19.05
Gross NPA (%)	0.32	1.34
Net NPA (%)	0.28	1.21

* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
					March 07, 2023	March 21, 2022	
1.	Non-Convertible Debentures	Long Term	0.59	IVR BB/ Stable	-	-	-
2.	Proposed Non-Convertible Debentures	Long Term	99.41	IVR BB/ Stable	IVR BB-/ Negative; Issuer Not Co-Operating	IVR BB/ Stable	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Sree Harsha	Name: Mr. Hemant Sagare
Tel: (022) 62396023	Tel: (022) 62396023
Email: sree.harsha@infomercis.com	Email: hemant.s@infomercis.com



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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 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/Instrument

Name of Facility	Date of Issuance	Coupon Rate/ IRR (%)	Maturity Date	Size of Facility	Rating Assigned/ Outlook
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				(Rs. Crore)	
NCDs	22 Aug 2022	11.00	22 September 2023	0.10	IVR BB/Stable (IVR Double B with Stable Outlook)
NCDs	22 Aug 2022	11.50	22 September 2023	0.02	
NCDs	22 Aug 2022	12.00	22 September 2023	0.04	
NCDs	22 Aug 2022	11.50	22 September 2023	0.24	
NCDs	22 Aug 2022	12.00	22 August 2024	0.09	
NCDs	22 Aug 2022	11.75	22 August 2025	0.05	
NCDs	22 Aug 2022	12.75	22 August 2025	0.05	
Proposed NCDs	-	-	-	99.41	

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

Annexure 3: Facility wise lender details- N.A.

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:
NCD issue of Rs 100 Crores**

Name of the Instrument	Secured Non-Convertible Debentures
Security name	Retail NCDs (Private placement) 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 to be utilized for Capital expenditure/working capital purposes
Amount (Rs in Crores)	100.00



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Coupon Rate	11.50 – 13.66%
Coupon payment frequency	Monthly-Annual
Tenor	13 – 65 months
Non - Financial Covenant	Nil
Financial Covenant	Nil

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.





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:

Name: Mr. Sree Harsha	Name: Mr. Amit Bhuwania
Tel: (022) 62396023	Tel: (022) 62396023



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Email: sree.harsha@infomercis.com

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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