

Salora International Limited

October 17, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	15.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	70.00 (₹ Seventy Crore Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release July 20, 2021, placed the ratings of Salora International Limited (SIL) under the 'issuer non-cooperating' category as the company had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. It continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated June 5, 2022, June 19, 2022, June 20, 2022, and August 22, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings have maintained under issuer not cooperating category on account of non-receipt of requisite information and hence CARE is not able to conduct appropriate analysis.

Detailed description of the key rating drivers

At the time of last rating on July 20, 2021, the following were the rating strengths and weaknesses (updated for the information available from BSE India):

Key Rating Weaknesses:

Subdued operational performance: The total income of the company declined to Rs. 69.64 crore in FY22 (refers to the period April 1 to March 31) (PY: Rs. 90.12 cr). Consequently, SIL reported loss at PBILDT level Rs. 11.12 cr. during FY22 (PY: Loss of Rs. 2.20 cr.).

Moderate financial risk profile: The overall gearing of the company improved significantly to 0.25x as on March 31, 2022 (PY: 1.50x) due to the repayments of loans. The company reported interest coverage of Rs. -3.66x during FY22 (PY: -0.36x). The total debt reduced to Rs 16.60 crores (PY: Rs 69.18 crores) on account of repayment from proceeds of sale of land.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

High competition: The company is present in a highly competitive and price sensitive industry. The industry is highly fragmented with numerous players operating with negligible product differentiation. Large presence of players makes the segment highly competitive and sensitive to any price fluctuation, thereby, constraining industry pricing power.

Liquidity analysis: Weak

The company has weak liquidity due to loss making operations. It doesn't generate sufficient cash accruals from its operations to service its debt obligations.

Key Rating Strengths:

Experienced promoters: SIL has a long track record of operations of more than three decades. Currently, the company is being run by second and third generation of the Jiwaraajka family. Mr GK Jiwaraajka (Chairman and Managing Director) has more than 18 years of experience in television manufacturing, assembling, telecom and related fields. SIL became a public listed company in 1993.

Strong distribution and service network and rekindled focus on Salora brand: SIL has a wide network of branch offices across states in India and 200 service tie-up/networks in 127 cities, involving more than 500 dealers and distributors. SIL uses its panIndia sales and service operations for distributing its SALORA brand TVs (CRT, LCD and LED), TV components, lifestyle & household products like home theatre systems, mobile etc. SIL also provides distribution and after sales services for range of products like mobiles, data cards, etc., for other national and international brands. The company plans to launch new products under the Salora brand and increase visibility in the market.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

[Policy on Withdrawal of Ratings](#)

About the company

Salora International Limited is currently engaged into trading and manufacturing of mobile handsets and televisions. The commenced its operations in 1977 under the guidance of Mr S R Jiwaraajka and Mr Obel Reddy. Presently, the company is managed by Mr. Gopal Jiwaraajka and his sons, Mr. Tarun Jiwaraajka (Marketing and Finance) and Mr. Ayush Jiwaraajka (Technology & Operations). The company operates in two segments viz. Consumer Electronics and wind energy segment.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	June 30, 2022 (UA)
Total operating income	88.69	69.64	10.39
PBILDT	-3.63	-11.52	-1.26
PAT	-11.41	24.05	-0.74
Overall gearing (times)	1.59	0.25	NA
Interest coverage (times)	-0.59	-3.66	NM

A: Audited UA: Unaudited, NA: Not available NM: Not measurable

Status of non-cooperation with previous CRA: Brickwork Ratings- Issuer Non-Cooperating – on October 29, 2021

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	55.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	55.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (20-Jul-21)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (22-May-20)	-
2	Non-fund-based - ST-BG/LC	ST	15.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Jul-21)	1)CARE A4; ISSUER NOT COOPERATING* (22-May-20)	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media contact

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Ajay Kumar Dhaka
Phone: +91-11-4533 3200
E-mail: ajay.dhaka@careedge.in

Relationship contact

Name: Swati Agrawal
Phone: +91-11-4533 3200
E-mail: swati.agrawal@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**