

June 8, 2010

**CARE REVISES THE RATING OF THE LT BANK FACILITIES
AND REAFFIRMS RATING OF THE ST BANK FACILITIES OF
SEL MANUFACTURING CO LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	469.04	'CARE BBB-' (Triple B Minus)	Revised from 'CARE BBB' [Triple B]
Short-term Bank Facilities	30.10	'PR3' (PR Three)	Reaffirmed
Total Facilities	499.14		

Rating Rationale

The revision in the long-term rating is on account of the large debt-funded expansion being undertaken and further expansion projects being planned by SEL and the related project implementation and stabilisation risk. The ratings continue to draw support from the company's position as a vertically integrated textile unit with its presence across the entire cotton value-chain, wide range of products, healthy growth in turnover and vast experience of the promoters. The ratings also factor in infusion of equity to undertake the ongoing expansion projects. However, the ratings remain constrained due to the working capital intensive nature of operations, volatility in raw material prices and customer concentration risk.

Going forward, SEL's ability to ensure timely infusion of equity funds, execution of expansion projects within envisaged time and cost, stabilise production from enhanced capacities and improve profitability margins shall be the key rating sensitivities.

Company Profile

SEL Manufacturing Company Ltd. (SEL), incorporated in May 2000, is an integrated textile manufacturing company belonging to the RS Saluja group. Currently, it has facilities for manufacturing cotton yarn, knitted fabrics, knitted garments and terry towels.

SEL is currently undertaking two expansion projects which involve the setting up of a terry towel unit, a spinning unit, a technical textiles manufacturing unit, a yarn and fabric dyeing unit and a husk-based power plant with a 10-MW capacity.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

On a total operating income of Rs.606.53 crore during FY09, SEL earned PBILDT of Rs.98.30 crore and PAT of Rs.54.88 crore. During 9MFY10, SEL achieved net sales of Rs.669.45 crore, PBILDT of Rs.97.97 crore and PAT of Rs.59.09 crore.

Analyst Contact

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: jyotsna.gadgil@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>