

March 24, 2026

SEL Manufacturing Company Limited: [ICRA]D; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based – Term Loan	700.00	[ICRA]D; assigned
Total	-	

**Instrument details are provided in Annexure-I*

Rationale

The rating assigned to SEL Manufacturing Company Limited (SEL) considers the delays in debt servicing due to poor liquidity on account of the continuous operating losses incurred by the company since FY2017. The resolution plan was approved by the National Company Law Tribunal (NCLT) in February 2021, post which the company had been servicing the loans as per the plan till July 2023. One of the contours of the resolution plan was to remove the company’s name from CIBIL and wilful defaulter lists and also remove the charges of approximately Rs. 12,000 crore raised against the company. However, some of the lenders did not align with the same. Given this, the company could not avail financing for its working capital requirements and day-to-day operations. Hence, the company filed a petition with NCLT regarding the issue of declassification, and in August 2023, NCLT approved a moratorium on debt servicing till the issue is rectified. At present, the matter is pending with NCLT, and the next hearing is scheduled in the last week of March 2026. ICRA notes that the company has integrated manufacturing capabilities with capacities across knitted garments, terry towels, knitted & processed fabric and various kinds of yarn. SEL’s large capacities and vertical integration have the potential to support operational efficiency, increase value addition, and moderate the impact of cyclicity in the spinning industry once the operations normalise.

Key rating drivers and their description

Credit strengths

Integrated textile capacities – The company has integrated manufacturing capabilities with capacities across knitted garments, terry towels, knitted & processed fabric and various kinds of yarn. The company’s large capacities and vertical integration have the potential to support operational efficiencies. The same can also increase value addition capabilities and moderate the impact of cyclicity in the spinning industry. However, sub-optimal capacity utilisation at present and lack of adequate financing towards working capital led to a low scale of operations, operating losses and consequently, a weak financial profile.

Credit challenges

Instances of delays in debt servicing – The company has been classified as a wilful defaulter by one of the PSU banks and has not been meeting its debt servicing obligations on term loan facilities from various banks since July 2023.

Weak financial profile – The company has not been able to raise financing for its working capital requirements and hence, the scale of operations reduced to Rs. 13.1 crore in 9M FY2026 from Rs. 374.6 crore in FY2024. Sub-optimal capacity utilisation has also led to operational losses (Rs. 9.8 crore in FY2025 and Rs. 3.7 crore in 9M FY2026). Continuous operating losses have also resulted in erosion of net worth over the years (Rs. -209.1 crore as of March 2025) along with weak leverage and coverage indicators.

Environmental and social risks

Environmental considerations – The textiles sector remains exposed to the risk of elevated input costs owing to increased compliance related expenses faced by the suppliers amid tightening environmental regulations. The industry is exposed to environmental risks, primarily through water, land use, and the impact of climate on production as well as post-consumer waste. While these risks have not resulted in any material implication, policy actions towards waste management like recycling textiles could have cost implications for companies like SEL. Any disruption in measures taken for appropriate treatment of wastewater/effluents could result in significant penalties, while also having a prolonged, adverse impact on operations, if the authorities take any strict action.

Social considerations – Being a labour-intensive sector, entities in the textiles industry are exposed to the risks of disruptions caused by their inability to manage human capital in terms of their safety and overall well-being. Further, any significant increase in wage rates may affect the cost structure of apparel manufacturers, impacting their margins. Shortage of skilled workers could also affect operations/growth plans and remains a key concern. Entities also remain exposed to major shifts in consumer preferences or developments, affecting discretionary consumer spending in key markets.

Liquidity position: Poor

SEL's liquidity is Poor, primarily due to continuous operating losses reported by the company, and lack of unutilised lines of credit from lenders, even after the implementation of the resolution plan. Further, the inability of the company to raise fresh finances is likely to keep its debt servicing capabilities under pressure.

Rating sensitivities

Positive factors – The rating could be upgraded once the operations of the company are normalised, and if debt servicing is regularised with the minimum curing period norms as per ICRA's policy.

Negative factors – Not applicable

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles – Apparels Policy on Default Recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SEL Manufacturing Company Limited

About the company

SEL Manufacturing Company Limited was incorporated as Saluja Exim Limited in May 2000. The name was changed to SEL Manufacturing Company Limited on June 27, 2003. The name was again changed to Saluja Exim Limited on November 10, 2003 and reverted back to SEL Manufacturing Company Limited on January 31, 2004. The company is a vertically integrated multi-product textile company, having capacities to manufacture various kinds of knitted garments, terry towels, knitted & processed fabric and different kinds of yarn with production facilities located in Ludhiana and NawanSheher in Punjab and Sehore in Madhya Pradesh. The company got listed on the stock exchanges in 2008.

While initially promoted by the Saluja family, the company ran into financial difficulties from FY2014, and post couple of rounds of corporate debt restructuring (CDR), the insolvency proceedings were initiated in FY2018. The resolution plan submitted by the consortium of Arr Ess Industries Private Limited and Leading Edge Commercial FZE was approved in February 2021, which resulted in declassification of the erstwhile promoter group, and the management was taken over by the financial creditors and resolution applicant. As of March 31, 2025, Arr Ess Leading Edge Private Limited, the resolution applicant, owned 75% of the company's equity share capital, while the financial creditors (mainly lenders) held 24%, and only ~1% is held by the erstwhile promoters and shareholders (including public holding).

Key financial indicators

Standalone	FY2025 (Audited)	9M FY2026 (Provisional)
Operating income	32.9	13.1
PAT	(130.7)	(126.0)
OPBDIT/OI	-29.7%	-28.2%
PAT/OI	-397.7%	-960.9%
Total outside liabilities/Tangible net worth (times)*	-5.5	-
Total debt/OPBDIT (times)*	-98.5	-
Interest coverage (times)	-0.1	-0.1

Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities *Ratios not calculated for 9M FY2026 due to insufficient data

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. Crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
			March 24, 2026	-	-	-	
1	Term Loans	Long-term	700.00	[ICRA]D	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	FY2021	NA	FY2029	700.00	[ICRA]D

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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