

## Alok Industries Limited

January 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	3,500.00	CARE AA+; Stable	Reaffirmed
Long-term / Short-term bank facilities	390.00	CARE AA+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	10.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings of Alok Industries Limited (AIL) continue to derive strength from experienced, strong and resourceful promoters, where Reliance Industries Limited (RIL; rated 'CARE AAA; Stable/ CARE A1+') holds a direct stake of 40.01%, making AIL an associate company of RIL, whereby operations are supported by RIL. Ratings centrally factor availability of unconditional and irrevocable corporate guarantees from RIL to entire term debt of AIL, and support from RIL, as demonstrated in the past, through infusion of funds given AIL's strategic importance to RIL, and operational synergies in the form of supply of raw materials and offtake of finished products for Reliance's Fashion and Lifestyle business segment. AIL is operating its polyester business under job-work model for RIL, whereby RIL shall provide the key raw materials and take the finished products on a cost-plus margin basis. Ratings further draw strength from AIL's presence across segments of the textile value chain in cotton and polyester products.

However, ratings are constrained due to continued weak operating performance with cash losses on a sustained basis and commoditised nature of the textile business.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in the shareholding by RIL in the company to more than 50%, along with majority representation on entity's board.
- Improvement in the standalone performance of AIL with realisation of expected synergies with RIL, resulting in improvement in its debt coverage indicators and return on capital employed (ROCE).

#### Negative factors

- Weakening of the credit risk profile of the major stakeholder, RIL marked by 1 notch downgrade in its ratings.
- Any substantial decline in RIL's holding in AIL from the current level.
- Change in stance of timely and need-based support by RIL.

### Analytical approach: Standalone

CARE Ratings Limited (CareEdge Ratings) has also applied its parent notch-up framework to factor in the support available to AIL from RIL, given strong management, financial, and operational linkages.

### Outlook: Stable

CareEdge Ratings believes AIL's business and financial risk profiles will continue to benefit from the extensive experience of its promoters, operational synergies, and continued financial support from RIL.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced, strong, and resourceful promoters and demonstrated support

After the implementation of the Resolution Plan, RIL holds 40.01% equity stake in AIL, whereas JM Financial Asset Reconstruction Company (JMFARC) - Trust holds 34.99% equity stake in AIL and balance equity stake is held by public and other shareholders. The company's key operations are managed and supervised by RIL through its three nominee directors appointed on the board of AIL. It is an associate company of RIL and RIL has supported AIL's operations through extension of credit period for the raw material supplied by it. RIL had infused ₹250 crore by way of 9% optionally convertible redeemable preference shares and ₹3,300 crore by way of 9% non-convertible redeemable preference shares in AIL. Term loans taken by AIL, amounting to ₹3,500 crore are backed by unconditional and irrevocable corporate guarantees extended by RIL.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Operational synergies with RIL group

By acquiring an integrated textile manufacturing facility like AIL, RIL has been able to synergise its own textile business (polyester segment) with that of AIL. From March 2024, AIL moved its polyester business under job work model, where key raw materials, purified terephthalic acid (PTA) and mono-ethanol glycol (MEG), are being provided by RIL, which shall also off-take the finished products. AIL shall carryout the production in accordance with orders from RIL. Under the arrangement, AIL shall recover conversion cost along with certain profit margin. The company also has synergies with the Reliance's retail arm, which is of strategic importance to the group's overall strategy. Since AIL is also engaged in garmenting, there is a direct synergy with RIL's retail ventures, where textile products manufactured by AIL are also being marketed through Reliance Retail's Fashion and Lifestyle segment.

## Integrated presence across the textile value chain in cotton and polyester segments

AIL has a presence across the entire textile value chain, cotton yarn, polyester yarn, apparel fabric, garments, and home textiles. Over the years, through continuous backward or forward integration and capacity expansion, AIL has established itself as one of the largest integrated players in the domestic textile industry. The company also has a diversified clientele both, in the domestic as well as export markets, ensuring risk mitigation. Export sales contributed 24% to the overall revenue in FY25 (FY24: 21%).

## Liquidity: Adequate

AIL's liquidity profile is primarily driven by support of its strong parent - RIL, which has demonstrated the support by extension of credit period and infusion of funds in the past. Moreover, RIL has also extended corporate guarantee for the term loans of AIL, which provides additional support. AIL had a cash and bank balances of ~₹13 crore as on September 30, 2025. Despite large amount of cash losses, its liquidity has been supported by shift to job work model for polyester segment resulting in reduction in its working capital requirement and monetisation of non-core assets. The utilisation of its fund-based limits stood low at ~6% for 12 months, ended November 2025. Repayment of term debt is scheduled to commence from Q4FY26. RIL has an ample liquidity and superior financial flexibility, given its ability to easily access capital markets and raise funds at highly competitive interest rates which supports AIL's liquidity.

## Key weaknesses

### Subdued operating performance

AIL's operating performance continued to remain subdued in FY25, where the company incurred operating losses owing to operational disruptions at its Silvassa unit caused by power failures and a tornado, leading to production losses. Capacity utilisation for cotton declined to 88% in FY25 from 93% in FY24. These challenges, coupled with high fixed costs impacted the operating performance during the period. Consequently, overall performance remained subdued in FY25 with the company reporting operating loss of ~₹22 crore on total operating income (TOI) of ~₹3,560 crore (FY24 TOI: ~₹5,362 crore; profit before interest, lease rentals, depreciation and taxation [PBILDT]: ~₹75 crore). Sizeable decline in FY25 revenue was mainly due to the transition of polyester business segment to job work model from March 2024, under which the company accounts only for the conversion income. Owing to change in the business model, capacity utilisation for polyester segment improved to 69% in FY25 from 60% in FY24. The company has been continuously reporting cash losses, primarily on account of higher interest expenses, which also accounts for dividend on preference shares infused by RIL, as per IND AS, though such preference dividend is not being paid out as the same is cumulative in nature.

In H1FY26, while AIL's revenue declined marginally by 2% yoy to ~₹1,786 crore (H1FY25: ~₹1,822 crore), the company reported a modest operating profit of ~₹13 crore supported by the polyester segment, while the cotton segment has been impacted by US tariff-related headwinds. The company derived ~11% of its revenue from exports to the US in FY25. Operating performance is likely to remain subdued in FY26 owing to tariff-related headwinds and weak global demand.

## Commoditised nature of textile business

The cotton yarn business is susceptible to volatility in raw cotton prices. Limited ability to fully pass on the price rise and inventory losses, in case of price corrections remain key challenges. Textile products are commoditised in nature, and the industry is characterised by intense competition and cyclical, making it vulnerable to demand-supply dynamics, which restricts AIL's pricing power. This apart, aggressive competition by other countries also impacts the pricing power. Transition of polyester segment to the job work model by AIL mitigates the risk associated with volatility in its raw material prices, as RIL provides PTA and MEG, while AIL converts the same on cost plus margin.

## Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	<ul style="list-style-type: none"> <li>AIL has undertaken efforts for conserving energy and for environmental sustainability. This includes using biomass briquettes as fuel for steam generation, recycling polyester waste to produce 100% recycled polyester fiber, recycling over 60% of waste for productive use, and achieving 86% water recyclability.</li> <li>AIL aims to reduce carbon intensity and increase its portfolio of eco-friendly products through sustainable raw material sourcing, design, and manufacturing processes.</li> </ul>
Social	<ul style="list-style-type: none"> <li>AIL continues to provide adequate training to its employees and workers on skill upgradation.</li> <li>As a part of health and safety measures, every employee and associate is provided with an overview of the company's safety policies and procedures, with necessary safety awareness trainings, information on emergency protocols, use of personal protective equipment (PPE) and teachings on potential safety hazards, among others.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Of seven directors, there are three independent directors on board. Chairman is an independent director.</li> <li>There is separate Code of Conduct for directors and senior management.</li> <li>Policies including whistle blower policy are in place, in line with the requirement. In FY25, AIL did not receive whistleblower complaints and five complaints received from shareholders were resolved amicably.</li> </ul>

## Applicable criteria

[Definition of Default](#)

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

[Factoring Linkages Parent Sub JV Group](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Manmade Yarn](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

AIL is one of the largest fully integrated textile players having presence across the value chain right from cotton spinning, polyester yarn, apparel fabrics, home textiles, and garments. The company has over 10 manufacturing plants at Silvassa, Dadra and Nagar Haveli, Daman and Diu, and Valsad, Gujarat.

Pursuant to the order dated March 08, 2019, National Company Law Tribunal (NCLT) approved the resolution plan which was submitted jointly by JM Financial Asset Reconstruction Company Limited (JMFARC), JMFARC–Trust and RIL. Post implementation of the approved Resolution Plan, RIL holds 40.01% equity stake, whereas JMFARC (acting in its capacity as trustee of JMFARC - Trust) holds 34.99% equity stake in AIL and balance equity stake is held by public.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1FY26 (UA)
Total operating income	5,362.15	3,559.52	1,785.71
PBILDT	75.35	-21.86	12.92
Profit after tax (PAT)	-813.71	-768.81	-378.45
Overall gearing (x)	1.29	1.74	2.13
Interest coverage (x)	0.13	NM	0.04

A: Audited UA: Unaudited; NM: Not Meaningful; Note: these are latest available financial results  
Financials are reclassified per CareEdge Ratings' standards.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31-12-2032	3500.00	CARE AA+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	390.00	CARE AA+; Stable / CARE A1+
Non-fund-based - ST-Loan Equivalent Risk	-	-	-	-	10.00	CARE A1+

#### Annexure-2: Rating history for 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (29-Jan-24)	1)CARE AA; Stable (05-Jan-23)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (29-Jan-24)	1)CARE AA; Stable (05-Jan-23)
3	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (05-Jan-23)
4	Fund-based - LT-Term Loan	LT	3500.00	CARE AA+; Stable	1)CARE AA+; Stable (23-May-25)	1)CARE AA+; Stable (27-Feb-25)	1)CARE AA+; Stable (06-Feb-24)	-
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	390.00	CARE AA+; Stable / CARE A1+ (23-May-25)	1)CARE AA+; Stable / CARE A1+ (27-Feb-25)	1)CARE AA+; Stable / CARE A1+ (06-Feb-24)	-	-
6	Non-fund-based - ST-Loan Equivalent Risk	ST	10.00	CARE A1+	1)CARE A1+ (23-May-25)	1)CARE A1+ (27-Feb-25)	1)CARE A1+ (06-Feb-24)	-

LT: Long-term; LT/ST: Long-term/Short-term; ST: Short-term

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

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
3	Non-fund-based - ST-Loan Equivalent Risk	Simple

**Annexure-5: Lender details**

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

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

## Contact us

Media Contact	Analytical Contacts
<b>Media Contact</b> Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b> Ranjan Sharma Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754-3453 E-mail: <a href="mailto:ranjan.sharma@careedge.in">ranjan.sharma@careedge.in</a>
<b>Relationship Contact</b> Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754-3404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a>	Hardik Manharbhai Shah Director <b>CARE Ratings Limited</b> Phone: +91-22-6754-3591 E-mail: <a href="mailto:hardik.shah@careedge.in">hardik.shah@careedge.in</a>  Rabin Bihani Associate Director <b>CARE Ratings Limited</b> Phone: +91-22-6754-3592 E-mail: <a href="mailto:rabin.bihani@careedge.in">rabin.bihani@careedge.in</a>

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