

October 20, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK
FACILITIES/INSTRUMENTS OF
ALOK INDUSTRIES LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	9,051.32	'CARE A+' (Single A Plus)	Reaffirmed
Short-term Bank Facilities	1,063.94	'PR1' (PR One)	Reaffirmed
Total Facilities	10,115.26		
Commercial Paper/Non Convertible Debentures*	1,000.00	'PR1+' (PR One Plus)	Reaffirmed
Commercial Paper (Standalone)	250.00	'PR1' (PR One)	Reaffirmed
Non Convertible Debenture (Long- term)	200.00	'CARE A+' (Single A Plus)	Reaffirmed
Non Convertible Debenture (Long- term)	300.00	'CARE A+' (Single A Plus)	Assigned

* *carved out of working capital limits*

Rating Rationale

The ratings continue to derive strength from the extensive experience of the promoters in the textile business, vertically integrated operations along with economies of scale and leadership position in the textile industry. The ratings further derive strength from growth in the operations coupled with healthy profitability margins and improvement in the capital structure due to equity infusion during FY10.

The ratings are, however constrained by highly leveraged financial profile characterized by high gearing and moderate debt coverage indicators. Further, Alok's exposure to the real estate sector through its subsidiary and financial support extended to a group company Grabal Alok (UK) Ltd. (GAUKL) through overseas subsidiary undertaken in the past, which is yet to turn around, also act as a constraining factor.

Ability of Alok to further reduce its gearing levels and exposure to the real estate sector remain key rating sensitivities.

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

Company Profile

Incorporated in March 1986, Alok is a leading vertically integrated textile player having presence across the entire value chain - from fibre to fashion involving cotton spinning, texturised yarn, apparel fabric, home textiles, garments, and retailing.

On net sales of Rs.4,311 crore in FY10 Alok reported PAT of Rs.247 crore on standalone basis. Further, during Q1FY11, Alok posted PAT of Rs.47 crore on net sales of Rs.1,099 crore.

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CARE has 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's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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