Raj Rayon Industries Limited

Raj Rayon Industries Limited Announces Rs. 650 Crore Phase II Expansion

To Add 350+ TPD of Value-Added and Recycled Polyester Capacity at its Silvassa Facility

Key Highlights:

- Board approves up to Rs. 650 crore Phase II expansion at the Company's existing Silvassa facility, adding 300 TPD polyester yarn and 50 TPD recycled polyester yarn capacity; Full Capacity Commissioning in CY2028
- Revenue potential of ~Rs. 2,700–3,000 crore per annum at peak utilisation, with FY29 expected to be the first full year of commercialisation.
- Entry into fabrics with approximately 10 TPD capacity and doubling of Value-Added Dope-Dyed Yarn (DDY) capacity, with both initiatives targeted to commence in Q3 FY27, further strengthening the Company's value-added and differentiated product portfolio.
- Marks Company’s entry in recycled polyester yarns and technical textiles, taking value-added, specialty and sustainable products to approximately 80% of revenue at peak utilisation.
- De-bottlenecking and system upgradation completed in May 2026 increasing existing continuous polymerisation capacity from 350 TPD to 400 TPD.
- Biomass heating system to be commissioned by December 2026 at capital outlay of Rs. 25 crore - part of it now and part of it later, eliminating approximately 23,000 kg per day of furnace oil consumption and lowering cost of production by approximately 1-2%.

Mumbai, August 12, 2026: Raj Rayon Industries Limited (BSE: 530699 | NSE: RAJRILTD), an integrated polyester yarn manufacturer, today announced that its Board of Directors has approved its Phase II expansion programme, reinforcing the Company's long-term strategy of building a diversified portfolio of value-added, specialty and sustainable polyester products.

The Phase II expansion involves an investment of Rs. 650 crore for the installation of 300 TPD additional polyester yarn capacity along with 50 TPD recycled polyester yarn capacity at the Company's existing integrated manufacturing facility at Silvassa. The expansion will be Commissioned in CY2028

As a brownfield expansion at the Company's existing site, Phase II will share land, utilities, evacuation infrastructure with current operations, which the Company expects to translate into a lower capital cost per ton and a shorter execution timeline than a comparable greenfield project.

Upon full commissioning and stabilisation, FY29 is expected to be the first full year of commercialisation, with the Company targeting an annual revenue potential of approximately Rs. 2,700–3,000 crore at peak utilisation, with a materially deeper presence across specialty yarns, recycled products and technical textile applications. At peak utilisation, the Company expects its revenue mix to comprise value-added niche yarns, technical textiles, fabrics, recycled yarns, specialty yarns and standard polyester yarns. Value-added, specialty and sustainable products would together account for approximately 80% of revenue.

The Company is also strengthening its existing value-added portfolio through downstream expansion. Fabric production of approximately 10 TPD is targeted to commence in Q3 FY27, marking the Company's entry into the fabrics segment and enabling greater downstream integration across the polyester textile value chain. In parallel, the Company is targeting doubling of its Value-Added Dope-Dyed Yarn (DDY) capacity, with the expanded capacity also expected to commence in Q3 FY27. These initiatives are expected to broaden the Company's product portfolio and increase its exposure to differentiated, higher-value textile applications.

Global brands are progressively raising the recycled content of their products, with a growing number targeting 100% recycled composition — a shift that has allowed recycled polyester yarns to command a 30–40% premium over conventional virgin yarns. Against this backdrop, the proposed 50 TPD recycled polyester yarn facility will internalise a requirement presently met by promoter group company SVG Fashions Private Limited (SVG) through outsourced conversion, completing the Company's backward integration into recycled yarn manufacturing and positioning Raj Rayon to participate directly in a structurally advantaged segment.

Through SVG, the Company draws on approximately two decades of experience in recycled textile manufacturing, having been instrumental in recycling around 300 million PET bottles. SVG Group holds internationally recognised certifications including the Global Recycled Standard (GRS) and OEKO-TEX, and operates an Intertek-certified testing laboratory. SVG’s products are supplied to leading global sportswear and footwear brands.

Raj Rayon is also expanding into technical textiles and specialty performance yarns, including Industrial Denier Yarn (IDY) for geogrids, seat belts, agritech and industrial packaging applications. It further intends to manufacture bi-component yarns for premium suede-like fabrics used in garments, bags and furnishing fabrics, along with high-performance functional yarns offering inherent antibacterial, antimicrobial and permanent moisture-wicking properties for sportswear and performance textile applications.

Prior to embarking on the Phase II expansion, the Company completed de-bottlenecking and system upgradation of its existing manufacturing lines in May 2026, increasing installed continuous polymerisation capacity from 350 TPD to 400 TPD. The exercise was executed using equipment procured over the preceding year and was timed to coincide with a period of raw material volatility arising from the West Asia geopolitical crisis, thereby minimising the loss of productive days. Alongside higher throughput, the upgradation has delivered finer process control and lower specific fuel consumption, strengthening the operating base ahead of Phase II expansion.

As part of its ESG roadmap, the Company will commission a Rs. 25 crore biomass heating system by December 2026 – part of it now and part of it later, eliminating its furnace oil consumption of approximately 23,000 kg per day and substituting it with agricultural residue and other biomass, which burns with near-zero harmful emissions. Waste gases, vapours and flue gases will be recovered and recycled to displace fuel-fired energy, further reducing both consumption and discharge. With furnace oil eliminated, electricity will be the Company's sole energy input, and Raj Rayon intends to meet close to 50% of this requirement through solar generation, which is expected to deliver a further reduction of approximately 1-2% in the cost of production.

Commenting on the announcement, Mr. Sandiip Satyanarayan Agarwwal, Whole-Time Director & CFO, Raj Rayon Industries Limited, said: *“The Phase II expansion marks another important milestone in Raj Rayon's transformation into a fully integrated manufacturer of value-added polyester products. Our strategy is not merely to add capacity, but to build a differentiated product portfolio with greater emphasis on recycled yarns, specialty products and technical textiles that offer superior growth opportunities and stronger profitability.*

We have approached this expansion from a position of balance sheet strength. The Company remained cash surplus throughout the de-bottlenecking exercise, and our leverage remains low, which we believe positions us to fund Phase II without straining the balance sheet.

Global demand is increasingly shifting towards sustainable and performance-driven materials. Our continued focus on increasing the contribution of recycled yarns, technical textiles and other value-added products is expected to enhance our profitability while building a more resilient and sustainable business model.

Alongside capacity expansion, our investments in biomass-based heating systems, future solar power integration and continued operational efficiencies reflect our commitment towards responsible manufacturing. We believe these initiatives will enhance our competitiveness, improve cost efficiencies and support long-term margin expansion."

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About Raj Rayon Industries Limited

Raj Rayon Industries Limited (RRIL) is one of India's leading integrated polyester yarn manufacturers, operating across the polyester value chain with products including polyester chips, partially oriented yarn (POY), draw texturised yarn (DTY), fully drawn yarn (FDY) and specialty yarns including dope dyed products, catering to textile and industrial applications. Established in 1993, the Company has built longstanding expertise in polyester manufacturing, supported by a diversified product portfolio and focus on product innovation.

RRIL operates its sole manufacturing facility in Silvassa, equipped with an integrated manufacturing setup comprising 400 TPD continuous melt polymerisation capacity, 350 TPD POY capacity, and 150 TPD DTY capacity, providing operational flexibility, product customisation capabilities, and scalability.

RRIL is strategically expanding its specialty product portfolio, including dope dyed, micro, and full dull yarns, along with circular knitted fabrics, to enhance margins, improve product mix, and drive the next phase of growth.

Safe Harbour Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. The proposed expansion, its funding, timelines and expected revenue and cost outcomes are subject to receipt of statutory, regulatory and corporate approvals, availability of financing on acceptable terms, and prevailing market conditions. Actual results may differ materially from those anticipated in the forward-looking statements. The Company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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