

**CORPORATE OFFICE**

15th Flr., D Wing, Trade World Bldg., Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013.  
Tel No. 022- 66343312 -16 / 022-24963304 - 07 / 022-66109036 - 40

**FACTORY ADDRESS**

Unit 1. Survey Plot No.187/4/1/2,250, 251 P 257/1, & 258/3, Vill. Surangi, Silvassa, Dadra and Nagar Haveli 396230.  
Unit 2. Survey Plot No.320/1/1/2/1/1,314/1,315&314/P, Vill. Surangi, Silvassa, Dadra and Nagar Haveli 396230.  
Tel. No. 91-9081179797 / 91-9714109659

**REGISTERED OFFICE**

SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi Dadra & Nagar Haveli Silvassa Dadra & Nagar Haveli Dn 396230.

Email: [sales@sanathan.com](mailto:sales@sanathan.com)

**COMPANY IDENTIFICATION NO.** L17299DN2005PLC005690

Date: May 21, 2026

To,  <b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
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Trading Symbol: **SANATHAN**

Scrip Code: **544314**

Ref. No: - **2026-2027/May26/120**

Dear Sirs/Madam,

**Sub: Earnings Call Transcript pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

We hereby submit, pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the transcript of the earnings call held on Monday, May 18, 2026, at 16:00 hours IST regarding the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2026.

The transcript has been uploaded on the website of the Company within the prescribed timeline and can be accessed at the following weblink:

<https://www.sanathan.com/investor-relations/financial-performance> .

We request you to take the same on your record.

Thanking You,  
Yours Sincerely,

FOR SANATHAN TEXTILES LIMITED

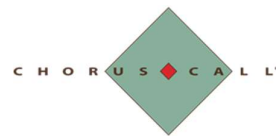
Jude Patrick Dsouza  
Company Secretary and Compliance Officer

Encl: As above





“Sanathan Textiles Limited  
Q4 & FY26 Earnings Conference Call”  
May 18, 2026



**MANAGEMENT:**    **MR. PARESH DATTANI – CHAIRMAN AND MANAGING  
DIRECTOR**  
**MR. SAMMIR DATTANI – EXECUTIVE DIRECTOR**  
**MR. SANJAY SHAH – CHIEF FINANCIAL OFFICER**  
**MR. JUDE DSOUZA – COMPANY SECRETARY AND  
COMPLIANCE OFFICER**

**Moderator:** Ladies and gentlemen, good day and welcome to the Sanathan Textiles Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jude D'Souza, Company Secretary and Compliance Officer. Thank you and over to you, sir.

**Jude D'Souza:** Good evening, ladies and gentlemen. It is my privilege to welcome you all to the earnings conference call of Sanathan Textiles Limited for the fourth quarter and financial year ended March 31, 2026.

Before we begin, I would like to remind everyone that certain statements made during this call, including comments on outlook, expectations, future plans, and business strategy, may be forward-looking in nature. These statements are based on management's current assumptions and assessments and are subject to various risks and uncertainties. Actual results may therefore differ materially from those expressed or implied during the discussion.

Joining us today are Mr. Paresh Dattani, the Chairman and Managing Director; Mr. Sammir Dattani, the Executive Director; and Mr. Sanjay Shah, the Chief Financial Officer. The call is being recorded and a transcript of the discussion will be made available on our website.

I would now like to invite Mr. Paresh Dattani, the Chairman and Managing Director, to share his opening remarks.

**Paresh Dattani:** Thank you, Jude. And a very good evening to everyone joining us today. FY26 proved to be a defining year for both Sanathan Textiles and the broader textile industry. The year was shaped by a confluence of structural shifts across global trade, changing tariff dynamics, geopolitical disruptions in West Asia, evolving supply chain realignments, and important developments on the trade policy front, including the India-UK and the India-EU trade agreements.

Against this volatile and evolving backdrop, Sanathan Textiles delivered a resilient operational and financial performance, supported by disciplined execution, strengthened customer engagement, and continued operational optimization across our manufacturing sites.

One of the most important milestones during FY26 was the successful commissioning and ramp-up of Phase 1 at our Punjab manufacturing facility. The facility witnessed progressive improvement in operational performance during the year, enabling a meaningful scale-up in consolidated revenues and operational profitability during the Q4 FY26.

Encouragingly, the Punjab facility has received a positive response from customers across the North India textile market, resulting in the addition of several customers who have appreciated the quality, consistency, delivery timelines, and technical specifications of the yarns manufactured at the facility.

The successful ramp-up validates not only the vision behind the project but also the execution discipline demonstrated by our teams during one of the most significant expansion phases in the company's journey. At the same time, our Silvassa operations continued to maintain stable output and healthy utilization levels throughout the year, despite periods of market volatility and regulatory transitions within the industry.

The ability of the company to maintain operational stability across facilities during a period of industry disruption reflects the strength of our integrated business model and diversified yarn portfolio. From an industry perspective, business sentiments improved progressively during the second half of FY26, particularly across export-oriented segments such as garments and home textiles, supported by easing tariff-related uncertainties and improvement in global sourcing activity.

The proposed India-UK and India-EU trade agreements are also expected to create long-term opportunities for the Indian textile manufacturers across conventional and value-added textile categories. However, the global geopolitical environment continues to remain fluid and the full impact on demand, logistics, energy prices and supply chains remains difficult to assess.

Accordingly, we continue to operate with strategic caution, disciplined execution and prudent capital allocation, while remaining focused on our long-term growth opportunities. The industry also continued to witness increasing focus towards technical textiles and specialized yarn applications, an area where Sanathan Textiles has been consistently strengthening its presence.

As communicated earlier, we are progressing with the doubling of our technical yarn capacity at Silvassa from 9,000 metric tons per annum to 18,000 metric tons per annum, which we believe will further strengthen our position in higher value textile applications. As we move into FY27, our focus will remain on improving operational efficiencies, strengthening fixed cost absorption, improving product mix, enhancing customer engagement driving long-term sustainable growth across our integrated yarn platform. With improving industry sentiment, expanding manufacturing capacities, diversified operations across three yarn segments and a growing customer base, we believe the company remains well-positioned to participate meaningfully in the long-term growth opportunity within the Indian textile industry.

I will now hand over to Sammir to walk you through our operational performance. Thank you.

**Sammir Dattani:**

Thank you, Chairman and good evening, everyone. I will briefly take you through the operational performance and the progress across our manufacturing facilities. FY26 was

an important year for Sanathan Textiles from an operational perspective. The company moved through a significant phase of capacity expansion, customer onboarding and manufacturing ramp-up, particularly at our Punjab facility.

At Silvassa, operations remained stable through the year with sustained capacity utilization. The facility continued to act as the operational anchor for the company, supported by product flexibility, execution discipline and a diversified yarn portfolio at Silvassa operations remained stable throughout the year with sustained capacity utilization.

The facility continued to serve as the operational anchor for the company supported by product flexibility. During FY26, the facility achieved production volumes of 2.31 lakh metric tons per annum and a sales volume of 2.28 lakh metric tons per annum. At Punjab, we progressively scaled production, improved operating stability and onboarded several new customers.

The facility has strengthened our manufacturing footprint and positioned us meaningfully in the growing North India textile market. The incremental volumes from Punjab have been primarily absorbed in the North India textile market, which was the strategic intent behind this new facility.

The Punjab facility has strengthened our relationship with customers across key textile clusters in North India, improving responsiveness, logistics efficiency and the market access. As our product mix diversifies, we believe the facility provides us with a scalable platform to deepen customer relationships and expand our presence across both conventional and value-added yarn categories.

The improvement in Q4 performance was supported by a combination of better capacity utilization, improved operating efficiency, the ramp-up of the production at Punjab and sustained utilization at Silvassa and an improvement in spreads across all businesses. As the Punjab facility stabilizes further and the product portfolio diversifies, we expect improved fixed cost absorption and operating efficiencies in the coming months.

At a consolidated level, our focus remains on moving towards a sustained improvement in the EBITDA for FY27. Turning to demand, we remain confident in the long-term structural drivers supporting domestic yarn consumption. The ongoing consumer shift towards versatile man-made fibers continues to provide a solid foundation for the sustained demand expansion we're seeing.

On the global front, we are encouraged by several positive developments, including progress on the free trade agreements and the broader realignment of global supply chains. We believe these trends will further strengthen India's competitive position and reinforce our country's emergence as a leading hub for textile manufacturing on the world stage.

On raw materials, especially the crude-linked inputs for polyester filament yarn, volatility remains a key monitorable. Our ability to pass on raw material cost movement depends on product category, demand environment, inventory position and competitive intensity. Short-term volatility can impact margins; however, over a reasonable period the industry usually adjusts prices in line with raw material movement and we're seeing the same.

We continue to manage this through disciplined procurement, inventory control, customer engagement and the right product mix optimization. On polyester spreads, we remain cautiously constructive while we continue to monitor crude movement and global geopolitical developments.

Moving to cotton yarns, we have witnessed a significant uptick in yarn prices during the quarter, driven by a sharp rise in spot raw cotton prices alongside disruption to manufacturing capacities. Encouragingly, demand has held up well despite this price escalation, which speaks to the underlying demand of the product.

Looking ahead, raw cotton prices and availability in the upcoming season will be a key area to watch for, particularly given the ongoing global disruption and emerging climate-related risks. On our part, we continue to navigate this environment prudently through calibrated procurement and disciplined inventory management and we remain well-positioned to manage any near-term volatility.

Overall, the operational priority for FY27 is clear, stabilize Punjab operations, improve efficiencies, deepen customer relationships, double our yarn for technical textiles and ensure that the expanded manufacturing base contributes meaningfully to our sustainable growth. I will now hand over to Mr. Sanjay Shah to take you through the financial performance.

**Sanjay Shah:**

Thank you, Sammir and good evening, everyone. I will briefly take you through the financial performance for the quarter and financial year ended March 31, 2026. On a standalone basis, revenue from operations for Q4 FY26 stood at INR 752.8 crores compared to INR 731.2 crores in Q4 FY25, reflecting a growth of 3% year-on-year.

Standalone EBITDA for the quarter stood at INR 82.5 crores compared to INR 70.6 crores in the corresponding previous period, representing a growth of 16.9% year-on-year. EBITDA margins improved to 11% during the quarter compared to 9.7% in Q4 FY25 and 7% in Q3 FY26.

The improvement in margins during the quarter were supported by improved efficiency, better operating leverage, ramp-up of production and sustained utilization at the Silvassa facility. Standalone profit after tax for Q4 FY26 stood at INR 56 crores compared to INR 49.9 crores in Q4 FY25, representing a growth of 12.3% year-on-year.

For the financial year ended March 31, 2026, standalone revenue from operations stood at INR 3,037.9 crores compared to INR 2,996.8 crores in FY25. Standalone EBITDA for FY26

stood at INR 277.1 crores with EBITDA margins improving to 9.1% compared to 8.9% in the previous financial year.

Standalone profit after tax increased 10% year-on-year to INR 191.9 crores. The sustained improvement in standalone performance reflects optimal utilization and operational resilience at our Silvassa facility amidst periods of volatility across the textile value chain during FY26. On a consolidated basis, revenue from operations for Q4 FY26 stood at INR 1,169.2 crores compared to INR 732.2 crores in Q4 FY25 reflecting a strong growth of 59.7% year-on-year and 8.4% sequentially. Consolidated EBITDA for the quarter stood at INR 94.4 crores compared to INR 68.4 crores in Q4 FY25 and INR 57.2 crores in Q3 FY26, representing a growth of 38.1% year-on-year and 65% quarter-on-quarter.

Consolidated EBITDA margins improved to 8.1% during Q4 FY26 compared to 5.3% in Q3 FY26, reflecting progressive operational stabilization at the Punjab facility. Consolidated profit after tax for Q4 FY26 stood at INR 21.6 crores. For FY26, consolidated revenues from operations stood at INR 3,811.2 crores compared to INR 2,996.6 crores in FY25, reflecting a growth of 27.1%.

Consolidated EBITDA for FY26 stood at INR 284.4 crores compared to INR 263.5 crores in FY25. Consolidated PAT for FY26 stood at INR 77.3 crores. While the company delivered strong operational progress during the year, consolidated profitability continued to reflect the impact of higher depreciation, finance cost post the capitalization of the Punjab facility.

As highlighted earlier, FY26 represents a transition year for the Punjab facility from commissioning towards operational ramp-up. Consequently, the financial performance during the year reflected the impact of higher depreciation, finance cost and the capitalization associated with the largest expansion phases undertaken by the company.

The ramp-up and sustained utilization of our Punjab facility is expected to drive meaningful operating leverages going forward. We anticipate this will translate into stronger operating margins, better absorption of depreciation and interest cost and healthier free cash flow generation over the coming quarters.

The company continues to maintain a disciplined approach towards capital allocation, balance sheet management, working capital discipline and operational efficiency. With the expected moderation in macroeconomic volatility, improving demand visibility, stabilization of Punjab operations, expansion in technical textile and a diversified integrated manufacturing platform, we believe FY27 should progressively reflect the enhanced potential of our expanded manufacturing base. Thank you.

**Jude Dsouza:**

We are now open for question and answers.

**Moderator:**

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question please press star and then one on your touchtone phone. If you wish to remove yourself from the question queue you may press star and two. Participants

are requested to use handsets while asking the question. The first question is from the line of Harsh Mittal from Emkay Global Financial Services. Please go ahead.

**Harsh Mittal:** Yes, thank you for the opportunity. Good evening to the team. I have multiple questions. My first question is that the gross margins particularly at the Sanathan Polycot business has not shown the same buoyancy witnessed in the Sanathan Textiles. So any reasons for the same, sir?

**Paresh Dattani:** Harsh, good evening. The reason for the same is that, as we mentioned earlier by Sammir, we have operated the Silvassa facility, the textile facility at full capacity in spite of the atmosphere that was around with the war and everything else. And there we just ramped up to the end of first phase by the end of March. So that was the reason. Because we ramped, as we mentioned last time, yes, we were a quarter late in ramping up. So what we had expected to ramp up in December, we finished the ramping up in March of this year.

**Harsh Mittal:** Okay. Second question, sir. How is the current demand scenario and how has the spreads behaved particularly the past two months since the outbreak of the war?

**Paresh Dattani:** See, before the outbreak of the war, the spreads were good spreads. And once the war broke out and the crude started climbing up and the raw materials started spiralling up, as we mentioned. But because whenever there is a high volatility, it becomes a little difficult to pass on immediately, which stabilizes over a period of time. That is exactly what happened and we have passed on now in the process of passing on the entire hike of raw materials.

**Harsh Mittal:** Sure. And sir, the demand scenario, how it is faring currently?

**Paresh Dattani:** Demand scenario, the last quarter after the war, yes, downstream people also because of the volatility in the crude prices and the raw material prices were a little disturbed. But they are back to base and we see very robust demand coming in now also.

**Harsh Mittal:** Yes. So also one more thing. Since Sammir mentioned the rising cotton prices, so is it safe to say that the now that yarn blending will increase? Or is there any precedence of such phenomena happening earlier with when cotton prices move up, the synthetic or the polyester yarn gets more and more blending happens? So any color on that, sir?

**Paresh Dattani:** Normally, what you are talking about is spun polyester yarns where they make polyester cotton yarns. But there is not much of movement on transition from polyester to polyester cotton or polyester cotton to polyester. I don't see much of a change happening there.

**Harsh Mittal:** Okay, okay. Any revenue/margin guidance for this coming year for the FY27, if you want to share?

**Paresh Dattani:** Yes, we are looking at, see Silvassa we clocked INR 3,000 crores normally as we did in this FY27. With the commencement of the yarns for technical textiles which we will commission by the end of the first quarter, expect and aim that we should do about INR

3,100 crores at Silvassa for FY27. With the already ramp-up of the first phase done at Punjab and realignment of product and manufacturing excellence over there over this quarter.

From the next quarter onwards everything being up and running like the Silvassa facility, we expect to do about INR 2,600 crores at Punjab. So a consol revenue of about INR 5,600 to INR 5,700 crores.

**Harsh Mittal:** With an EBITDA margin, can we expect early double-digit kind of a margin, sir, in FY27?

**Paresh Dattani:** I would look at it differently, Harsh. I would say that we did a consol EBITDA of about INR 280 crores FY26. We are looking at north of INR 500 crores for the FY27 EBITDA margins.

**Harsh Mittal:** Sure, sir. Sir, last question. What was the net debt as on March '26 exit?

**Sanjay Shah:** It was close to INR 1,325 crores.

**Harsh Mittal:** Sure, sir. Thank you. These were my questions. I'll fall back in the queue. Thank you.

**Moderator:** Thank you. Next question is from the line of Aman Agrawal from Carnelian. Please go ahead.

**Aman Agrawal:** Sir, thank you for the opportunity and first of all congrats on setting up such a large facility and ramping it up. My question was, sir, like from the Punjab facility, like is the quality of yarn and product mix similar to what we do in Silvassa? And can you talk about value-add like the value-add mix in Punjab is also similar to Silvassa or like are we still in that process basically?

**Paresh Dattani:** See, the products that we make at Punjab facility are tuned in with the requirements of the North Indian market. What we now make at Silvassa is more tuned towards the West and the export markets. So they are slightly different because of the requisite of the industry there. As far as your value-added items are concerned, here as we said, we are, we have more than 40%, we have achieved more than 40% value addition at Silvassa.

There, as I mentioned earlier also, we have started that journey. Of course, it's a journey. We start with about 10%, but we eventually do intend to scale that up at the Punjab facility. We have the necessity, the requisite equipment lined up there to help us do that.

**Aman Agrawal:** Understood, sir. So like my question was basically on the sales price, right? If I break down your sales price per kg in standalone unit and the subsidiary, which is the Punjab facility, our sales price in the Punjab facility is around INR 18-INR 20 discount to the standalone facility, right? So can you explain why that is the case? Like is it just because of product mix or like are we offering some discounts to even push the volumes in North market?

**Paresh Dattani:** When you're looking at the standalone pricing, you are forgetting that it also includes the cotton yarn pricing and the pricing of the yarns for technical textiles. If we look at just the filament yarn prices, the difference is not exactly what you are saying. Having said that,

yes, there will be a small difference because, as I mentioned, of the product displacement, we are, it's more coarser yarns that get produced and consumed in the North compared to the West. So that difference might be, but it's not as large as you're pointing out because this includes the cotton yarns as well as yarns for technical textiles.

**Aman Agrawal:** Okay, understood, sir. That clarifies. So like are we offering discounts in Punjab currently, like to ramp up the facility? And like how do you see the trajectory of discounts? Like since even if I look at gross margins, our gross margins are also lower, right, in the subsidiary. So like do we expect that to improve? If you can guide on that part, like will it be in Q1 or like more towards second half of next year?

**Paresh Dattani:** See, our products are world-class over there. We don't, we are not in a position and we don't intend to offer any discounts over there over our Silvassa facility or any other peer facility. Having said that, we always had a plan in place that we are taking the entire arbitrage of freight into our account at the Punjab facility. But once we take the arbitrage of the freight into consideration, we do leave a small portion on the table there for the customer. That's the strategy that we had formed when we set up the unit and we are continuing with that strategy.

**Aman Agrawal:** Got it, sir. And like, sir, in terms of gross margins, do you expect it to be similar to the standalone unit going forward? Like do we expect any improvement in gross margins there?

**Paresh Dattani:** Yes, see once we ramp up fully, I mean we are ramped up fully, but once we settle the supply chain and the product line-up everything, you will from the second quarter FY27, you will see the substantial change in that. Also, we are changing our product mix adding more value-added product and also adding, eliminating certain products which we had started with at when you commission the plant, you start with a certain products which do not in our fit into our scheme of things.

We are eliminating those products and getting into better products. So this alignment will take us through this quarter. That's why the entire operational full operation of first phase plus the line-up of all the products will be definitely visible from FY27 quarter two, and you will see the results of that.

**Aman Agrawal:** Got it. Thank you, sir. So like now on the capex basically, like now that the first phase is completely utilized, like how are we thinking about Phase 2? Like when do we want to set it up? And like when can one expect revenue coming from Phase 2 basically?

**Paresh Dattani:** Yes, you very right. Now that we are done with Phase 1, we have now put all our energy and all our focus on the Phase 2 expansion. We are working with the people, the entire project team as well as the operational team on that basis. And very soon we will be able to tell you as an announcement regarding the equipment supply, according what we require. And we aim to complete what we had predicted earlier in FY27, end of FY27.

**Aman Agrawal:** Got it, sir. And sir, like my final question, like apart from yarn business which you are currently in, like given a three to five-year trajectory of the company, like would we like to forward integrate maybe into fabrics or garments? Like is that in our thinking? Or like after the Phase 2 is done, right, when it gets completely utilized in FY28, how to think about growth for next three to five years, right? Like will we set up another large facility of polyester yarn or would we try to forward integrate basically?

**Paresh Dattani:** Aman, we have a lot of things on the drawing board at this moment and we are working on that. Yes, I can only tell you this at this moment that yes, there are a few things that we are working on very strongly. We are going to have; we have internal very concrete plans to go ahead with the progress of the company. But as it will take us some time to really come down to you all and tell you exactly what we intend to do and how we intend to do it.

**Aman Agrawal:** Understood sir. Thank you for answering my questions. Good luck.

**Paresh Dattani:** As such after the Phase 2, if you realize we still have the cotton expansion that is coming up in MP where we should be on the ground post the monsoons. The MPIDC is also working on the land bit there to give us a proper levelled land which I think they should give us by in the last quarter of this calendar year. And post that we get onto ground. So these are the two things that we are have totally on our mind at this moment. But as I said, yes, there are certain things that we are planning, we are going to execute, but we will come back to you later on that.

**Aman Agrawal:** Right. My point was there basically like if you see this polyester facility which we have set up, it gave us a very good growth on the existing facility which we had, right? The cotton facility and the technical textile facility will obviously help us in growth, but I was trying to understand what would be the next leg of major growth for us, right? So my question was basically from that point of view.

**Paresh Dattani:** Yes, I understand. But as I said, yes, I understand your question and we do have this internal question also: where is the next phase of growth coming for the company? And we are working on that. We have a few plans, yes. That's all I can say at this moment, but we will come back to you on those plans shortly.

**Aman Agrawal:** Okay, perfect. Thank you, sir. Thank you for answering my questions.

**Moderator:** Thank you. Next question is from the line of Aradhana Jain from 360 ONE Capital. Please go ahead.

**Aradhana Jain:** Hi, thank you for the opportunity and congratulations on the good set of numbers. My first question is on the sales realization. If you could throw some light as to how have we seen the sales realization for this year category-wise? Like for polyester, cotton, and the technical textile, would it be similar to last year or has it increased because of whatever we are seeing from the West Asia war front? That's my first question?

- Paresh Dattani:** Yes, it's somewhat similar but a marginally higher realization, particularly on the cotton front. Because from the fourth quarter onwards, the prices have moved up, so there is a slight increase, but nothing substantial over there.
- Aradhana Jain:** Understood. Second, if you could give us some sense on the margin side as well. Like for again can I expect that for polyester, cotton, and the technical textile yarn front the margins would again be very similar compared to last year or would it have increased, for cotton specifically and for polyester also? The EBITDA margin side if I have to see?
- Paresh Dattani:** For cotton margins have gone up a little bit. Yes, you're right, particularly in the last quarter of the year. And polyester was going on the similar route except for this bit about this geopolitical tensions which had it a little in a turmoil. But going forward, yes, we see both all three verticals having better margins coming in FY27.
- Aradhana Jain:** Understood. Second, I wanted to understand on the working capital side. I can see that inventory has also gone up meaningfully and your payable days has also, you know, improved quite a bit from say 59 days in FY25 to around 104 days. Just wanted to understand, is it like a one-off or can we expect the negative working capital cycle to continue from here on? And what was the reason for both inventory days and payable days to go up so significantly?
- Paresh Dattani:** See, one thing I will tell you that, as I mentioned earlier, that this is a business we cannot look at a month-on-month basis or a quarter-on-quarter, we need to look at least two to three quarters consecutively. Having said that, when the inventory does pile up, there are various reasons for it. Sometimes it's the industry reason, sometimes it's our sales reason.
- Sometimes when we're expecting crude prices to move up, we do hold back sales. So there are various reasons for that and that eventually gets nullified in the following quarters. About your other part of the question, Sanjay Bhai will answer the same for you.
- Sanjay Shah:** Yes, as far as the increase in inventory and sundry creditors are concerned, if we compare with the last year's financial, during the current year, the Punjab facility has come up. And as the ramp-up of Punjab facility increased, the material requirements, the FG inventory requirements also increased.
- In addition, there was raw material in transit of close to INR 180 crores, on account of which the inventory numbers as well as the sundry creditors numbers looks higher. Coming onto the stock levels at Punjab, frankly speaking, the stock levels are on the lower side as compared to the Silvassa facility on account of proximity to the supplier.
- Aradhana Jain:** Okay. So can we expect that the kind of payable days that we are currently seeing, we'll be able to sustain that? And the inventory days also might go even higher from these levels? Is that what you're saying?
- Sanjay Shah:** No. Fact of the matter is you must be comparing that with COGS. Now COGS is only partial in case of Punjab facility whereas the inventory levels could be closed at the optimum level

since we have ramped up the raw material requirements based on the optimum level. So once you see a full quarter revenues or a full year revenues, the base of COGS will go up and the number of days payable as well as inventory will go down.

**Aradhana Jain:** Understood, understood. Lastly, I wanted to understand on gross debt. We are close to around INR 1,500 crores of gross debt. Can we say that this is the peak debt levels for us and from here onwards we'll be able to reduce these debts going forward or do we expect...?

**Sanjay Shah:** Sure. This is our peak gross debt level and we are expecting a payouts of close to INR 100 to INR 125 crores every year. And we don't plan to take any big debt in the near future.

**Aradhana Jain:** Understood. Lastly, in the Punjab facility, what would be the current mix of our new versus existing customers there?

**Paresh Dattani:** See, we have our existing customers which were linked to us through our Silvassa facility who also are with us. And we have added many new customers there. Because now as I said earlier, they also see the advantage in terms of delivery timelines, in terms of some pricing advantage to them, in terms of product quality. So they are new and new customers every day are aligning and lining up and we are adding new customer base every day. So we are well-set there that the entire Phase 1 and Phase 2 we don't see a challenge on placement of material there.

**Aradhana Jain:** Understood. And anything on the export side? I mean exports is about 5% for us right now, but any plans of, you know, significantly increasing that number over the next two to three years or we are going to continue focusing on the domestic market?

**Paresh Dattani:** As see this 5% exports what you're talking about is on the Silvassa volume. Yes, on the Silvassa volume, the export numbers will definitely be up. On the consol volume, we'll be more or less at the same level because the exports will be more from the West rather than the North.

**Aradhana Jain:** Sure. If I could just squeeze in one last question on the capacity utilization level at a blended level if I were to see. This year we would have closed the polyester, the if I just see the polyester category, that would be at around 60%-62% and please correct me if I'm wrong. And going forward for the next year, can we expect that 60%-62% of capacity utilization at a blended level to reach closer to 80%-90% and how are we looking...?

**Paresh Dattani:** I would like to have one clarity when you come to your number of 60%-62%. You are taking the 100% capacity of the Punjab facility and then saying this number?

**Aradhana Jain:** Yes.

**Paresh Dattani:** That's why. Because we have ramped up only in the end of March to full capacity. So when you look at the entire capacity, yes. But if that's the way you're looking at it, then this year definitely we'll see a much higher number than what you're talking about. Because we'll

be up and running fully and we aim to run flat out over there like we do at our Silvassa facility.

**Aradhana Jain:** Understood.

**Paresh Dattani:** Yes, and that's the reason that we've said that we will do at least INR 2,600 top line in Punjab.

**Aradhana Jain:** Understood. Yes. Thank you so much for answering the questions and all the best.

**Moderator:** Thank you. We will take our next question from the line of Ashish Uppanlawar from InvesQ. Please go ahead.

**Aashish Uppanlawar:** Yes. So many questions have been actually answered in the call, but I just wanted some clarity that do you see the interest cost overall coming down because probably the debt will start coming off now. So I'm just trying to read the P&L for FY27. You said INR 500 crores of EBITDA that is the target. Below that we have I think about INR 35 crores odd of quarterly interest that we are paying right now, which is like INR 150 crores odd that will go to. And then depreciation is there, INR 120 crores odd will be the run rate for the year. So is there any change that is expected FY27 on these numbers, on the interest specifically?

**Sanjay Shah:** Yes, as we repay the instalments on the term loans, our interest cost would go down quarter-on-quarter basis.

**Aashish Uppanlawar:** Yes, that's true. But any quantification possible? Roughly a trajectory of that, because then we'll towards the end of next year we'll start the capex again on the next phase probably?

**Sanjay Shah:** Yes, but that capex would be capitalized till the commissioning.

**Aashish Uppanlawar:** Yes, true, but the debt will be coming in phases, no, when the capex starts again.

**Sanjay Shah:** Yes, it will. It'll remain north of INR 125 crores, the consolidated finance cost.

**Aashish Uppanlawar:** So roughly basically PBT will go to maybe around INR 230 crores to INR 240 crores next year max? Is that right way to understand things?

**Paresh Dattani:** See, the right way to understand would be that we have the interest and depreciation. If you less that from Punjab, and your PBT would be in the range of about INR 225 crores, INR 230 crores or INR 250 crores.

**Aashish Uppanlawar:** Yes, that's what I think. Yes. Okay. And sir, given the international scene right now, is it, I mean, are we at absolutely no risk of anything hitting us in the performance of the business? Maybe the prices or availability of raw materials or demand-side issues? You don't think anything can be a botheration for the next year? Because we are seeing supplies and challenges being difficult to tackle now.

- Paresh Dattani:** I agree with you, supply chain entirely was a big challenge. We have seen a very rough time, but we have been successful in sailing through it properly. We have planned our raw material arrangement in such a way that one facility we have a lot of dependence on imports and one facility we have practically nil dependence on exports. So that helps us balance that out. The other part is that our contracts internationally as well as locally are well in place to give us a consistent supply and I don't see any challenge as far as our raw material is concerned.
- Aashish Uppanlawar:** Okay. And nothing on the currency side that affects us? Just to understand the modalities as you said import-export balances each other so?
- Paresh Dattani:** Nothing on the currency side really affects us because we have an ECB which is in Euros, but we have been hedged for the entire loan tenure of that ECB. So we don't need to worry there. And as far as our any other imports are concerned, we have a policy in place to book as soon as we get the consignment in. And as far as the exports also, we take view on that and then take book the currency accordingly. So there is no major impact on us as far as currency fluctuation is concerned.
- Aashish Uppanlawar:** Okay. And cost of debt roughly on an average would be what, 9.5%? Because I see. Yes.
- Sanjay Shah:** No, it's close to 7.25%.
- Aashish Uppanlawar:** Okay. So because INR 1,500 crores odd is the overall debt, including working capital I think, and we have about what INR 35 crores odd monthly, quarterly outflow on interest, that comes to 9.5, I think. So there's something else apart from that?
- Sanjay Shah:** Yes, so you need to also need to take into consideration the LC for towards PTA and MEG on which interest has to be paid beyond 68 days. So we also need to take that trade payables into consideration. When these payables are considered, the average interest rate would come down to 7.25%.
- Aashish Uppanlawar:** Got it, got it. Fine. Sir, I think we had a trajectory of growth that was planned. First Phase is over, so I think we were expecting some INR 7,000 crores odd to be the target in the next two, three years to be the top line after Phase 2 goes live. So that is where we stand today also, right, sir? I mean no change in that?
- Paresh Dattani:** That's right. As we move up the cycle, as we said, we will be at about 5,600 to 5,700 for '27. In '28, we'll have the full Punjab facility expected, which will give us after Phase 2 close to about INR 4,000 crores of revenue. This will be at about 3,200 and plus the cotton facility coming in, which will give us about INR 400 and odd crores of top line. So all put together, after all this is done, about 7,500 to 7,700 will be the peak revenue.
- Aashish Uppanlawar:** This is almost half of FY28, maybe mid of FY28 will hit this or FY29 maybe it goes to?
- Paresh Dattani:** I think by the end of FY28 we should be there.
- Aashish Uppanlawar:** Great, great. Okay, sir. Thank you and all the best.

- Moderator:** Thank you. Next question is from the line of Dheeraj Thakur from Elara Capital. Please go ahead.
- Dheeraj Thakur:** Hello. Good evening, sir. Thank you for the opportunity. I just wanted to understand what are our plans for the land allotted in Dhar under PM MITRA scheme? Like what how much capacity we are planning to expand for the cotton yarn?
- Paresh Dattani:** Yes, see we have bought about 50 acres of land there, which is paid for and they will give us possession post probably in the last quarter calendar year this year. As far as the capacity that we are adding, we are at this moment adding 72,000 spindles of cotton yarn over there, but we have a lot more spare land there left for whatever we want to do there in the future.
- Dheeraj Thakur:** Got it. And what will be the amount of capex for this land?
- Paresh Dattani:** The land we have paid about INR 26 crores.
- Dheeraj Thakur:** Got it, got it. And sir, one more question, which is, what is the impact of gas prices on our current operations at the Silvassa and Punjab facility both?
- Paresh Dattani:** See, the gas prices for one, we don't use any gas at the Punjab facility. There we are using agri-waste. So that does not get affected. As far as Silvassa is concerned, yes, we use gas for heating. There definitely the cost of gas has gone up by about 60%, 50% to 60% of the cost of gas. So that is affecting our cost of heating at Silvassa but not at the Punjab facility.
- Dheeraj Thakur:** And what would be the percentage of raw material, gas as a percentage of raw material at Silvassa?
- Paresh Dattani:** See, it's not a very big percentage as such. It's just a part of the operational cost, which is about 10% or little say about 6% to 7% of the operational cost. There about 30%, 40%, 50% has gone up in gas prices.
- Dheeraj Thakur:** Got it. And since our Silvassa facility has ramped up at the year end, so what would be the current utilization for this new facility Phase 1?
- Paresh Dattani:** Which one? Current?
- Dheeraj Thakur:** The Phase 1 facility, what would be the capacity utilization rate for the Phase 1 facility?
- Paresh Dattani:** In Punjab, you're talking about?
- Dheeraj Thakur:** Yes.
- Paresh Dattani:** Phase 1 for which year? For FY27?
- Dheeraj Thakur:** For the current year, for the current quarter.

- Paresh Dattani:** For the current quarter, there we will be utilizing about maybe about 80% to 85% or close to that. As I said, we are still realigning product and realigning other systems in place.
- Dheeraj Thakur:** Got it, got it. Thank you, sir for the opportunity.
- Moderator:** Thank you. Next question is from the line of Dhiral Shah from PhillipCapital PCG. Please go ahead.
- Dhiral Shah:** Yes. Good afternoon, sir. Thanks for the opportunity. So my question is pertaining to the Punjab facility because if I look at your FY27 guidance where you are talking about INR 5,600 crores revenue and maybe north of INR 500 crores kind of an EBITDA. But even if I look at translate into the EBITDA margin, it is coming at just 9% or something.
- But you know, maybe earlier we guided that we want to achieve a double-digit kind of a margin. And now when Punjab will be hitting 80% to 85% utilization, maybe 100% utilization in the coming quarters, so definitely their margins will also increase to the Silvassa level margin, right, sir?
- Paresh Dattani:** That's true. What you're saying is true. We aim to do that double-digit EBITDA. There's no doubt on that. But we are confident at this moment to say looking at the current global situation, we are a little conservative in stating what we aim to do. But we aim to definitely do a double-digit EBITDA at on a consol basis.
- Dhiral Shah:** Okay. So maybe whatever PBT that you have guided or maybe the number that is coming around INR 230 to INR 250 crores, there is a possibility of inching up further if we achieve that double-digit margin and that is possible once war-related situation settles out, right?
- Paresh Dattani:** That is one thing. The other thing you must keep in mind here is that we always track our numbers by EBITDA per ton. So, if the prices go up, then your percentage will come down, but your EBITDA per ton will not go down.
- Dhiral Shah:** Okay. Got your point, sir. And sir on the power side also, we are doing initiatives like entering into solar segment. So how this will also help to reduce our cost of production?
- Paresh Dattani:** Yes, it'll help our cost reduce our cost of production. We have got into an arrangement for 32 megawatts of hybrid solar from Serentica. They will be giving us that power over three phases starting from maybe July and then December, Jan and then the corresponding July. So, in the next one year or 15 months, they will give us the entire thing there. This will help us reduce our cost substantial reduction in power cost there.
- Dhiral Shah:** So, what kind of paybacks we are expecting from this kind of an investment that we are doing into solar space?
- Paresh Dattani:** PLF you are talking about.
- Dhiral Shah:** Payback?

- Paresh Dattani:** Payback is about three years on this.
- Dhiral Shah:** Okay. So maybe we'll see some kind of a cost reduction on the power side also for this year also?
- Paresh Dattani:** Come again I couldn't hear you.
- Dhiral Shah:** So maybe we'll see some kind of a cost reduction on the power side also for the current year also starting let's say for maybe August or September Q2 onwards?
- Paresh Dattani:** It will be very negligible this year, but mainly it will come we'll see the entire benefit next year.
- Dhiral Shah:** Okay, okay. Thank you so much, sir.
- Moderator:** Thank you. Next question is from the line of Saransh Gupta from Svan Investments. Please go ahead.
- Saransh Gupta:** Yes, thank you for the opportunity, sir. Am I audible?
- Paresh Dattani:** Yes, you audible.
- Saransh Gupta:** Congratulations on commissioning of the Punjab Phase 1 facility and a good set of quarter. Sir, I just had few clarities that I wanted. So firstly, I wanted to understand like by when will be commissioning our Phase 2 in Punjab?
- Paresh Dattani:** I just answered that that we are already focusing on now that we are done with Phase 1, we are already onto that job. And soon we'll be making an announcement once we have placed our orders for all the equipment. We will place an announcement as to how. But having said that, yes, our aim we keep our aim that by FY27 end we should have commissioned Phase 2.
- Saransh Gupta:** And sir if you can just help me with the bifurcation of our standalone...
- Paresh Dattani:** FY27, sorry, not FY28.
- Saransh Gupta:** Yes, I understood. And just if you can help me with the bifurcation of our standalone numbers like how much was contributed by cotton yarn and how much was by technical textile?
- Paresh Dattani:** I don't have the exact numbers as far as bifurcation of numbers of vertical because we don't track it individually. So, I cannot give you that at this moment in time.
- Saransh Gupta:** Sir, if you can help me with the utilization that we were working at or probably at what utilization was it running at the year end?
- Paresh Dattani:** As far as the polyester, cotton, or the yarns for technical textiles at Silvassa, we have all operated that through the year at about 95%.

- Saransh Gupta:** 95% for across the country?
- Paresh Dattani:** All three. Yes. And this is the optimal level that we reach. So, whatever we are doing at Silvassa is absolutely stressed on the assets.
- Saransh Gupta:** Sir, I understood. And sir what is the potential revenue that we can do I guess I from Punjab facility? I know that you did mention, but I guess there was some connectivity issue at my end.
- Paresh Dattani:** No, we once we commission Phase 2, we are looking at about north of INR 4,000 crores at Punjab facility.
- Saransh Gupta:** And sir for the same for cotton yarn and technical textile that we are expanding?
- Paresh Dattani:** Yes, the technical textile should give us about INR 150 crores close to that and cotton yarn will give us about INR 400 to INR 450 crores of revenue.
- Saransh Gupta:** This is sir incremental from the new capacity that is coming up?
- Paresh Dattani:** Absolutely.
- Saransh Gupta:** All right. So, sir if like just I was just doing math. So, if we add this up, you said that our technical textile and cotton yarn will be commissioned by Q1 end of FY27.
- Paresh Dattani:** Technical textiles will be commissioned by the end of Q1 this year. So, from July onwards, we will be getting into production for the second phase of technical textiles. As far as your cotton yarn is concerned, yes, we will be getting on ground by the year-end. So, from there probably about 10 months, 11 months, 12 months we should be into production.
- Saransh Gupta:** Okay. So, from second half of FY28, we'll be getting the revenue?
- Paresh Dattani:** That's right.
- Saransh Gupta:** Understood. That's it. All the best, all the best for your future endeavors. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Harsh Mittal from Emkay Global. Please go ahead.
- Harsh Mittal:** Yes, thank you for the follow-up. Sir, my first question is on the PTA capacity which were to come commission in the first half of this calendar year 2026, which is approximately two and a half million tons. Can you give any color? Is it commissioned or about to commission?
- Paresh Dattani:** Both have not been commissioned, Harsh, for the simple reason that Gail, which was ready for commissioning, had issues of their raw material because of this West Asia crisis, so they could not line up on contractual basis for their paraxylene. What they've told me in fact just a few days back that now they are in the process of lining up that and they are saying

that we will supply the material from July onwards. As far as Indian Oil is concerned, they are talking about the year-end startup.

**Harsh Mittal:** Even if let's say Gail commissions in July, do we see immediate benefit in terms of PTA prices from July itself or it will take a let's say till that plant ramps up, it takes a quarter or two and then probably we will get the benefit in H2 of FY27? Is that a fair assumption?

**Paresh Dattani:** It will definitely take a quarter to ramp up their ramp up their production.

**Harsh Mittal:** Okay, okay. And sir, lastly, how do you see the waving off of the import duty on the PTA? Do you in the current scenario, do you see that the current status, the status quo to remain the same or it getting reinstated to 5% very soon? Any color on the same, sir?

**Paresh Dattani:** We hope it remains the way it is now, but it's anybody's guess. I think only Madam can answer that.

**Harsh Mittal:** Got it. Thank you, sir. These are my questions. Thank you.

**Moderator:** Thank you. We will take that as the last question for today. I would now like to hand the conference back to the management for closing comments.

**Paresh Dattani:** Yes, good evening once again. And as we look ahead towards FY27, our confidence continues to be anchored around three important pillars. First, operational stabilization and disciplined execution. Here over the last several quarters, we have successfully executed the largest expansion phase in the company's history while continuing to maintain stable operations across our existing business, which is very, very critical because we have seen a lot of times that when people go in for a very large expansion, the current operations do stagger a little bit.

But our current operations were rock solid even during the phase of this commissioning of the Punjab facility. Secondly, improving industry and demand environment. Recovery in export sentiment, improving customer inquiries, supportive trade agreements, and increasing global sourcing diversification towards India create a constructive long-term outlook for the textile industry.

And the third pillar, a clear and scalable growth road map. With Phase 1 of Punjab ramped up, visibility on Phase 2 expansion, growth in technical textiles, and a proposed cotton yarn expansion in Madhya Pradesh. We believe we are well-positioned to create long-term sustainable value. Importantly, our focus continues to remain on operational excellence, prudent capital allocation, product diversification, and building a resilient integrated and diversified yarn manufacturing facility.

I would like to sincerely thank all our employees across all locations for the commitment and dedication throughout this transformational and challenging year. I also extend my gratitude to our shareholders, customers, lenders, and business partners for their continued trust and support. Thank you all of you for your participation today. Thank you.

**Moderator:** Thank you. On behalf of Sanathan Textiles, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.