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REGISTERED OFFICE

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COMPANY IDENTIFICATION NO. L17299DN2005PLC005690

Date: February 11, 2026

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

Scrip Code: **544314**

Ref. No: - **2025-2026/Feb26/098**

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, February 09, 2026 at 1700 hours regarding the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2025.

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 faithfully,

For Sanathan Textiles Limited

Jude Patrick Dsouza

Company Secretary and Compliance Officer





“Sanathan Textiles Limited

Q3 FY '26 Earnings Call”

February 09, 2026



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

Moderator: Ladies and gentlemen, good day, and welcome to the Sanathan Textiles Limited Q3 FY '26 Earnings 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 and then zero on your touch-tone phone.

I now hand the conference over to Mr. Jude Dsouza. Thank you, and over to you.

Jude Dsouza: Thank you. Good evening, ladies and gentlemen. It is my privilege to welcome you all to the earnings conference call of Sanathan Textiles Limited for the third quarter and nine months ended December 31, 2025.

Before we begin, I would like to remind everyone that certain statements made during this call, including comments on our outlook, expectations, and future plans, 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 will be available on our website post this discussion.

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. It is a pleasure to connect with all of you as we share our progress for Q3 and the first nine months of FY '26. Before getting into our operational and financial performance, I want to briefly set the context on the broader industry landscape, which I believe is shaping up to be quite favorable for the Indian textile sector.

Q3 FY '26 was a challenging quarter for the industry, marked by volatility across global trade, regulatory changes, and shift in demand dynamics. Despite this backdrop, Sanathan Textiles delivered consistent operational performance, underscoring the resilience of our integrated business model and execution capabilities.

During the quarter, demand for textile products was impacted by the elevated US tariff, which led to reduced orders from certain export-oriented customers, particularly in the end-use segments such as home textiles and apparels.

In addition, the change in GST rates on fabrics from 12% to 5% resulted in a brief period of inventory buildup across the value chain, as customers deferred purchases to benefit from the revised rate. This was followed by the sudden removal of the BIS QCO requirements in November, which created temporary margin pressure for the industry.

Despite these external headwinds, we were able to fully utilize our installed capacity at our Silvassa facility by pivoting decisively towards domestic placement of material. This ability to

adapt quickly to evolving regulatory and demand conditions highlights the strength of our market positioning and operational agility.

Encouragingly, the challenges faced during Q3 are largely behind us. Recent developments have materially improved sentiments for the textile sector. The settlement of the India-US tariff issue is expected to revive export demand and enhance India's competitiveness, vis-a-vis other supplier countries.

In parallel, the India-EU trade agreement opens new opportunities across fashion-led consumption as well as value-added segments such as technical and automotive sectors. At the domestic level, the reduction in GST rates on fabrics is likely to support demand in the coming months, while the union budget of 2026 provides a reassuring and forward-looking outlook for the textile sector.

The government's emphasis on technical textiles aligns well with our long-term strategy, creating a favorable backdrop for sustained growth. Against this external and policy environment, our strategic priorities remain clear; scaling capacity in a disciplined manner, expanding our technical textile footprint, and strengthening our integrated yarn portfolio to drive long-term value creation.

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

Sammir Dattani:

Thank you, Chairman. Good evening, everyone. I will briefly take you through the operational progress across our manufacturing facilities. The Silvassa facility. Our Silvassa plant continued to operate at optimum capacity utilization throughout the quarter, generating stable revenues despite the volatile industry environment.

The facility remains a critical anchor for our operations, supported by strong execution, product flexibility, and the ability to redirect volumes towards domestic markets when required. I am happy to share that we have progressed well on our technical textile yarn expansion at Silvassa as well. This expansion will double our installed capacity from 9,000 metric tons per annum to 18,000 metric tons per annum in Q1 FY '27, strengthening our presence in the high-value technical textile and supporting long-term margin improvement.

The Punjab facility: Our greenfield Punjab facility continues its scale-up during Q3 FY '26. We had commenced our plant operations with a polymerization capacity at 350 metric tons per day during the quarter. We increased this capacity by 25%, reaching 450 metric tons per day. Importantly, the incremental volumes were successfully placed with existing and new customers in the North India textile market without any inventory build-up. This scale-up resulted in the Punjab facility achieving EBITDA positive performance for the quarter.

As of today, the production has reached approximately 575 metric tons per day and we remain on track to achieving Phase 1 polymerization capacity of 700 metric tons per day by the end of Q4 FY '26. As highlighted earlier, the ramp-up phase involved certain one-time costs, including capacity scale-up expenses of approximately INR3.5 crores during the quarter, lower than the commissioning cost incurred in Q2.

As operations stabilize, we expect further efficiency gains to translate into improved margins and working capital performance. Following the achievement of the full Phase 1 capacity at Punjab, we intend to move towards execution of Phase 2, which will further enhance our polymerization capacity from 700 metric tons per day to 950 metric tons per day. In line with our growth roadmap, we are expanding our cotton yarn operations in Madhya Pradesh through our subsidiary, Sanathan Polycot Private Limited.

The state offers a favorable cotton textile ecosystem and we will share further details as the project progresses. Overall, the operational challenges are largely behind us. Improving demand visibility and capacity coming on stream, we believe that FY '27 will reflect the full earnings potential of our expanded manufacturing base. I will now hand over to Mr. Sanjay Shah, our CFO, to take you through the financial performance.

Sanjay Shah:

Thank you, Sammir. Good evening, everyone. I will briefly walk you through the financial performance for the quarter and nine months ended December 31, 2025. On a standalone basis, revenue for Q3 FY '26 stood at INR768.1 crores, broadly stable on a sequential basis and up 3.6% year-on-year basis, reflecting consistent operation and full capacity utilization at our Silvassa facility despite a volatile industry environment.

Standalone normalized EBITDA was INR56 crores with a margin of 7.3%. As disclosed, normalized EBITDA excludes the one-time impact of additional gratuity liability under the new labour codes of approximately INR2.6 crores. The sequential moderation in margins was largely driven by temporary industry factors, including GST-related demand deferral and pricing pressure following the removal of BIS and QCO requirements.

Standalone PAT for the quarter was INR38.1 crores, representing a margin of 5%. Q3 FY '26 consolidated results: On a consolidated basis, revenue increased to INR1078.7 crores, up 31.9% quarter-on-quarter, driven by the continued ramp-up of the Punjab facility and along with it increased sales volumes. Consolidated normalized EBITDA was INR59.9 crores with a margin of 5.6%, while reported EBITDA stood at INR57.2 crores with a margin of 5.3%.

Importantly, the Punjab facility achieved EBITDA positive performance during the quarter, marking a key milestone in its commissioning journey. The consolidated PAT for Q3 reflects higher depreciation and higher finance costs associated with the scale-up that happened at Punjab during the quarter.

For the nine months ended December 31, 2025, standalone revenue stood at INR2,285 crores with normalized EBITDA of INR197.3 crores, maintaining a margin of 8.6%. Standalone PAT increased 9.1% year-on-year to INR135.9 crores. On a consolidated basis, nine months FY '26 revenues were INR2,642 crores, up 16.6% year-on-year with normalized EBITDA of INR192.6 crores and PAT of INR55.8 crores.

During the quarter, we incurred one-time cost of approximately INR2.7 crores relating to labour code linked gratuity provisions and INR3.5 crores towards capacity scale-up at the Punjab facility. As Punjab moves closer to the full Phase 1 capacity by the end of Q4 FY '26, fixed cost absorption is expected to improve, supporting margin expansion and a return to positive

consolidated profitability. With improving demand visibility, FY '27 should reflect the normalized earning potential of our existing Silvassa facility along with the advantage of the incremental manufacturing capacity at Punjab.

Jude Dsouza: Thank you, Sanjay. We are now open for Q&A.

Moderator: Thank you. We have the first question from the line of Aashish Uppanlawar from InvesQ PMS. Please go ahead.

Aashish Uppanlawar: Hello. Yes. Thank you so much for this opportunity. So, sir, just wanted to understand in the P&L for Q3, I mean, is it possible to help us understand exactly how much impact did you have on the top line and profitability because of the tariff situation?

Because I think a decent amount of our top line was to customers who export. So one is that, and any other factors, I think there would be upfront costs or maybe before the commissioning, there would be employee costs and other costs that would have come for the Punjab facility. So in case you can help us to understand the P&L properly, what led to the drop in profitability and how much of that would be a non-recurring one?

And where are we going from Q4 onwards in terms of sales and profitability? A journey if you could help us understand till FY '27 how we should visualize it?

Management: Yes. Good evening. Let me take this up with the way that the costs, as you rightly pointed out, a lot of our fixed costs or majority of our fixed costs have already been taken on in Punjab. And due to that, because of the scaling up being a slightly delayed, we are not able to utilize, we are at the moment utilizing about 60%-65% of the facility. Which will be ramped up in the last quarter.

Once we have gone through that journey, yes, we can see the full impact of that. And all the costs, including the fixed costs, the depreciation, the interest, all after that, we will be EBITDA and PAT positive going ahead in the first quarter itself.

Aashish Uppanlawar: Okay. And on the first part, how much of the sales were affected by the tariff situation, you said?

Management: Yes, as we have said earlier, our indirect exports is about 25% and we have said about 5% to 7% of that is to the US. So yes, there was some impact. And more so because most of these customers were high-end value purchasers. So we had to divert because the entire volume was not coming from them, we had to move to the local market and domestic market where more of the commodity play was there, which impacted our margins in a certain way to some extent. However, we are now back to normal operations, and we expect the April-June quarter to remain stable. We anticipate that in FY27, performance at both the EBITDA and PAT levels will return to normalised levels.

Aashish Uppanlawar: So sir, was there any other factor that affected the margins because first two quarters we were around I think 9% plus if I can see the numbers. And then we have dropped to I think last quarter below 8% and now around 5.5%. So where do we go from here on the margins?

Management: The 5.5% is on a consolidated basis you're talking about, it's 7 points, I mean, the consol basis because of the Punjab facility which is not ramped up fully which I explained earlier. Coming to the standalone point of view, as I explained, one was this, the other impact was the QCO, when the QCOs were removed post the GST. So once the GST was reduced, there was a halt by customer buying because of the confusion over the implementation of the new GST regime.

And following that, when the QCO BIS was removed, then of course there was a pressure on everything that we held back on the inventory and so we lost something there. And net to net, as I've always mentioned, the QCO will not be a negative impact on us because our raw material also will come without the QCO.

But the impact on our product comes immediately. On the raw material, we can now see it in this quarter coming. We are getting cheaper raw material now in this quarter onwards.

Aashish Uppanlawar: Okay, okay. And operationally you're not seeing any challenges to basically take up the Punjab facility to 100%. I mean it's a ready acceptance by the customers as you explained in the past call.

Management: Yes, we don't have any challenges there. Yes, some delay on some equipment was there but the vendors have set it right and we are on our way to getting full productivity in the last quarter. There is no challenge on that. As far as placement of material, it has not been a challenge at all. As I told, mentioned earlier, what we are setting up there is hardly 20-25% of what is already consumed there.

So we have our own customer base as well as new customer base which are keen to join us as a supply person. So we don't see a challenge as far as that is concerned.

Aashish Uppanlawar: So what would be the guidance for FY '27 on the sales side?

Management: Yes, so FY '27, with everything put together, we will be looking at a top line of close to 5,700 and a double-digit EBITDA on that.

Moderator: Thank you. We have the next question from the line of Harsh Mittal from Emkay Global Financial Services.

Harsh Mittal: So, firstly, congratulations for achieving an EBITDA positive on the Sanathan PolyCot business. My first question is on the spreads, the yarn spreads. So, how has been the trend in January compared to December? Has it improved or is it flat? Any color on that, sir?

Management: You're talking about January compared to December, Harsh?

Harsh Mittal: Yes, yes.

Management: Yes, so January spreads have improved. And two things will impact as far as we are concerned, two things will come into play for this quarter. One is yes, the spreads have improved compared to December, January spreads have improved across the verticals and with the enhancement of the capacity to 700 tons in Punjab over this quarter. So definitely we'll have a much better quarter

and we should be I mean, we were PAT -- we are expecting our PAT to be also better on a consol basis as well as EBITDA levels is also better than the previous quarter.

Harsh Mittal: Sir, second question, so in terms of expansion guidance, so are we sticking to our earlier guidance of commissioning the Phase 2 at Punjab in next quarter for FY '27 and the cotton plant in Madhya Pradesh in quarter 1 FY '28? This is roughly the same thing. So are we sticking to that guidance, sir?

Management: No, for the second phase, yes, FY '28 we will be fully operational for the second phase of Punjab. As far as the Madhya Pradesh is concerned, we will start commence work there post the monsoons this year because we have just got the allotment of land and we have taken the control of that, but once the levelling and everything sets in and by the time we get down to ground levels, it will be post monsoons. So we will be there up and running probably second half of FY '28 for the MP.

Harsh Mittal: Second half of FY '28 for the cotton plant and first quarter FY '28 for the Phase 2. Is this correct?

Management: That's right. Okay.

Harsh Mittal: Yes. The third question is, so have the incentives started flowing in for the Punjab plant? And if it is so, then what is the number for this quarter?

Management: Come again, I didn't follow that question.

Harsh Mittal: So my question is that have the incentives started flowing in for the Sanathan PolyCot business and if it is so, then what is the number for this quarter? Incentive run rate for quarter 3?

Management: No, the incentives, see we have there is a process there when we applied for it, they have vetted all the numbers and all the investment numbers and then we have got a certificate regarding the confirmation of the incentives. As far as actually flowing it in, yes, it's set to flow in this quarter.

Harsh Mittal: Also, the fourth question being, what is the current net-debt and what is the foreign currency exposure to that? Net debt as on December '25?

Management: Yes. The net debt at consolidated level was close to INR1,300 crores. And the foreign debt was close to 50 million euros. But the entire foreign debt which is in Euros has been hedged for the entire period of the debt, which is 10 years.

Harsh Mittal: Okay. Sir, last question for the evening is that, what is our current EU exposure and with EU FTA now in place, how do you see this panning out in medium term?

Management: For the EU trade pack?

Harsh Mittal: Yes, sir. Yes.

Management: See my personal view is that the US tariff deals that we have had is going to have an impact immediately, but I think it will all start reflecting in end of first quarter FY '27 and as far as the

EU is concerned, I think it will still take us a few months post that before we can see the reflection of that.

Moderator: We have the next question from the line of Sanjay Manyal from DAM Capital.

Sanjay Manyal: Hi, sir. Just have few questions regarding the impact of QCO which had probably significant impact during the quarter on margins or spreads this quarter. How you see Q4 will be? Will we be able to achieve Q2 kind of spreads or it will still be lower than that?

Management: No, you're right. In the third quarter, yes, the QCO did impact because as I mentioned, there were a following thing post the GST reduction which held up movement of material and then immediately after that came the QCO removal. So there was a bit of a challenge there, but we have overcome that and our finished products the impact of the QCO was reflected immediately. Whereas the raw material which also comes lower post the QCO is impacted slowly, which I said we'll get the full advantage in this quarter coming up. So definitely we will see a better number this quarter going forward and we will be like the Q2 numbers.

Sanjay Manyal: Okay, sir. Sir, secondly on the cotton yarn front, what I am hearing from a lot of other players that margin or spreads in cotton yarn are improving. I believe there will be significant demand drivers also at the end of the year. What is your view on that and does this can -- we say that if the cotton spreads really improves that simultaneously polyester spreads also sort of improves, means both go in tandem I believe?

Management: Yes, you're right. The cotton spreads have improved and we personally feel that yes, it's on a good wicket and it's going to move up further. The raw cotton prices are also more or less stable, so that's also helping the cause. And yes, more or less every time the cotton moves up, the polyester responds a little late, but it follows the track. So we expect that's why we expect from first quarter onwards, even the polyester margins will be improved, the gross margins will improve there too.

Sanjay Manyal: Right, sir. And one last on your technical textile capex. I believe you've mentioned that again from Q1 only this capacity will be commissioned, so again the impact on the revenue fully will come in Q2 or will it take time to ramp up?

Management: No, it's won't take us time because everything will be commissioned at one go, unlike the Punjab facility which is large and it goes in phases. Here, it's not that big a capacity, we are going from 9,000 to 18,000, we are doubling, yes, but we will be commissioning the entire facility at one go. So there won't be any ramp-up challenges like delaying the thing. Yes, we will commission first quarter FY '27. So we may get about half a quarter revenue in that quarter, but the rest of the year we'll get full revenue from that.

Sanjay Manyal: Right, sir. Thank you very much, sir and all the best for the future quarters.

Moderator: We have the next question from the line of Tanishk from Antique Stock Broking. Please go ahead.

- Tanishk:** Thank you for the opportunity. My first question is on the DGTR's initiation on anti-dumping probe around PTY imports from China. Are such dumping pressures still affecting the industry? And separately, what has been the blended realization impact on your portfolio on the polyester yarn post the removal of QCOs and whether the prices remain at similar levels or there has been some improvement or downward risk?
- Management:** No – can just repeat that question of the anti-dumping part? I didn't understand it just repeat that please?
- Tanishk:** There was news article regarding the DGTR's initiation on anti-dumping probe around PTY imports from China. So is this dumping still affecting the industry?
- Management:** No, it will only help us if it comes through. But I think there are still investigations on and we are yet to see the result of that. But having said that, in today's condition, hardly anything is coming there. Yes, initially when the QCO was removed, a lot of material, a cheaper material did flow in from China, which impacted our pricing, yes. And the prices dropped by almost about 10%, 12%. But having said that, post that almost 50% of that we have recovered back and we are on a way to get there.
- Tanishk:** So current prices are down around 6% to 7%?
- Management:** One more thing that impact was only on the FDY yarn because on DTY as such there was no QCO even before that.
- Tanishk:** Okay, understood. And so the current prices are currently at similar levels or there has been some increase?
- Management:** No, after the QCO came in, the DTY prices remained there and it had been stable there. The FDY prices did drop once the QCO were removed, but post that there has been an improvement on the pricing again. But having said that, the raw material has also dropped following the QCO removal because earlier because of QCO, it was nothing was coming in from China. Now raw material is also flowing in from China. And that impact we will see in the first quarter again.
- Tanishk:** Okay, so on the gross margin side, so we can see 31% around 30%, 31% of gross margins in 4Q and going forward quarters?
- Management:** Yes, we are looking at that.
- Tanishk:** Okay, understood. And last question, what will be the EBITDA we are looking for in 4Q for consolidated EBITDA and revenue?
- Management:** No, come again?
- Tanishk:** Consolidated EBITDA and revenue for 4Q?
- Management:** For Q4 you're talking about?
- Tanishk:** Yes, 4Q FY '26.

Management: Q4, we are looking at anything between INR90 crores to INR100 crores consolidated EBITDA.

Tanishk: Okay, INR90 crores to INR100 crores?

Management: Yes.

Tanishk: Okay and revenue?

Management: INR1,200 top line.

Tanishk: Okay, understood. Thank you.

Moderator: Thank you. We have the next question from the line of Darshil Pandya from Finterest Capital,. Please go ahead.

Darshil Pandya: Hello. Hi, sir. Good evening.

Management: Good evening.

Darshil Pandya: Sir, my first question would be with regards to the interest and depreciation that we see, I understand with the new capacity that has gone live we have seen this depreciation going up. What would be the usual run rate for next financial year for the interest and depreciation? Will this be the same of what we are seeing in this quarter?

Management: Yes, similar to this quarter.

Darshil Pandya: Yes that goes to around INR130 crores, INR140 odd crores of interest cost for next year?

Management: Right.

Darshil Pandya: But sir, weren't we guiding for INR80 crores, INR90 crores?

Management: It will be slightly on the lower side on account of repayments which are scheduled during the course of the year.

Darshil Pandya: Because as far as I remember, we were talking about INR80 crores to INR90 crores some kind of figures in the last quarter?

Management: No, you are asking on a console basis, you're asking for Punjab facility?

Darshil Pandya: No, I am asking on the console basis, sir?

Management: Okay, see, when I say interest, it also includes the hedging premium which we need to pay so that -- that would be approximately INR17-odd crores in the following year.

Darshil Pandya: Okay. 17-odd crores. Understood. And sir, what is the working capital for this 9 months, where are we?

- Management:** See, the working capital is close to 1.6 for the standalone as the requirements of the Polycot plant at Punjab are very negligible.
- Darshil Pandya:** And just a suggestion from our side just to understand. Sir, since our promoter holding is at 78% odd and we are going for some capacity expansion ahead. So will we do we have any plans to, bring it to the minimum public shareholding and then, deploy that money back in the company? Do we have such plans?
- Management:** So as per the SEBI regulation, we have to bring it down to 75%, but we have some time on that, so we will look at it as we go across the journey.
- Darshil Pandya:** Understood, understood. Sir, one final question on this. Since you were talking about INR90 crores to INR100 crores EBITDA, that translates to around 7%-8% of margin that we see. But with from for FY '27 specifically I just wanted to understand, do we see this room coming to around again 9%-10% EBITDA margins again?
- Management:** No, as I said, we are looking at a top line of about 5,700 for FY '27 with a double-digit EBITDA on a consolidated basis.
- Darshil Pandya:** Okay, understood. I'll fall back in the queue. Thank you so much for your time.
- Moderator:** Thank you. We have the next question from the line of Chaitanya Doshi from InCred Equities. Please go ahead.
- Chaitanya Doshi:** Sir, I have a question regarding capex. So what is the total capex incurred for like 9,000 MTPA technical textiles expansion at the Silvassa plant? And how has this been funded?
- Management:** Yes, it's about INR80-odd crores for the expansion at Silvassa.
- Chaitanya Doshi:** Okay. And how is this been funded, sir?
- Management:** Through internal accruals.
- Chaitanya Doshi:** Internal accruals. Okay. And sir, would this be like this INR80 crores will be have an impact on capex -- on the finance cost going forward?
- Management:** Since it is internal funded, no, I don't think it would have any impact.
- Chaitanya Doshi:** Okay. And sir, on the raw material cost during the quarter, has PET and MEG price movements been the primary contributors? The fluctuation of the prices or something like that has been impacted?
- Management:** Yes, you're absolutely right, the PET and MEG, the fluctuation was as much as about 10% from the bottom to the top.
- Chaitanya Doshi:** Okay. And can we expect it to normalize in the coming quarters?

- Management:** Yes, it's already stabilizing now and I see that by the end of this quarter it'll be absolutely steady to downwards. I mean, yes, we don't see raw material moving in a very big segment going forward.
- Chaitanya Doshi:** So we can expect a gross margin at anything around 31%-odd in the coming quarters?
- Management:** That's right.
- Chaitanya Doshi:** Okay. Thank you, sir.
- Management:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Shruti Seth, an Individual Investor. Please go ahead.
- Shruti Seth:** I just wanted to understand a few things. So, could you help me with the segment-wise breakup for the Q3 revenue and in terms of and also what has led to the impact on the EBITDA margin front? That's my first question.
- Second, I also wanted to understand, if you could, share some more color on the Punjab facility, in terms of the capex and how the capacity is expected to ramp up. And lastly any guidance for the full year of '26 and '27?
- Management:** I will take it up this way first I'll answer your question about the Punjab facility. We as we mentioned, we are going to be at about 700 TPD per day, that's 700 tons per day by the end of this quarter.
- Going forward, by the end of FY '27, we will be at 900-odd tons per day. And the investment for that expansion is not very large because most of the work for that part of the journey has been done along with this. So it's only a small capex maybe about INR150 crores or INR125 crores to INR150 crores which will add up to adding that additional 200-odd tons per day.
- So that's as far as going ahead and yes, we will be operating that 700-tons from FY -- first quarter FY '26 through the year, FY '27, sorry. So that was one part of the Punjab. The other part of the question can you just repeat that again, please?
- Shruti Seth:** I also wanted to understand the guidance for FY '27?
- Management:** Yes, so FY '27 as mentioned earlier on a consolidated basis as at a company level, we will we are expecting to do an top line of 5,700 with a double-digit EBITDA.
- Shruti Seth:** Okay, got it. That's it from my side. Thank you.
- Moderator:** Thank you. We have the next question from the line of Aradhana Jain from B&K Securities. Please go ahead.
- Aradhana Jain:** Hi, thank you for the opportunity. Most of the questions have been answered. Just a couple of more things to understand. One, in the Punjab facility, the customers that we are catering to, is

it fair to assume that majority of those customers are the newly added customers or is there some bit that's flowing from the transition that's happening from the Silvassa facility to the Punjab facility?

Management: Yes, we have added a lot many new customers. Yes, a few of our customers who were buying from us from Silvassa have also been I have also moved to Punjab. And thus here we are also tweaking our product portfolio and moving as we planned earlier that once we commission that fully, a portion of the material that was going from here to the North will be placed in the West and on the export market.

Aradhana Jain: Understood. And are we facing any operational challenges in the Punjab region given that it's a new region for us and it's the first full quarter where we would have serviced through that region? So any operational challenges that we would be facing?

Management: No, I mean as far as setting it up, yes, the usual challenges of setting up such a big project which would have been at any other part of the country, but on the operational side, we are not facing any issues at all there.

Aradhana Jain: Understood. Secondly on the raw material side, correct me if I'm wrong on the consolidated level around 50%-55% of our raw material sourcing happens from foreign and the rest comes from the domestic sourcing, right?

Management: No, you are slightly wrong over there. On the Silvassa plant, 50% of our raw material comes from abroad, yes, at the moment. In the Punjab facility, our entire raw material, the both PET and MEG are coming from the Panipat Refinery of Indian Oil. As we had planned.

Aradhana Jain: Understood. Understood. Yes, so that is why I mean I was asking from a consolidated basis and then I was going to move to Punjab...

Management: So on Punjab we are getting it from Indian Oil. Here we are 50% on imported and 50% domestic. Once the GAIL facility starts probably by the end of April-May, we will maybe reduce our dependence on imported even more and come more to domestic.

Aradhana Jain: Understood. And if I were to see your gross margins, like if we see how the, yarn spreads have moved in the last quarter, there was a decline both on a Q-o-Q and a Y-o-Y basis, if I just track the yarn spread. So, how much of that typically impacts us? And is it the right metric to track if we were to consider the gross margin trends?

Management: Yes, in a way it's the right metrics. Yes, you're right. But having said that, I always have mentioned that this is not industry where we can track on a quarterly basis. Yes, a 6-month to a 12-month window is the right way to look at us. And that's why whenever we give indication we always say like FY '27. Well, we are on course and we aim to do a double-digit EBITDA for FY '27.

Aradhana Jain: Understood. Just two more questions. One, could you just help me understand what has been the realization for the technical textiles front and the cotton side in 3Q, per kg?

- Management:** I don't have the exact EBITDA breakup, if that's what your question is. I can approximately give you a revenue breakup on that.
- Aradhana Jain:** Sure.
- Management:** So, effectively on our Silvassa facility of where the top line is close to INR3,000 crores, we do about 400 and odd crores revenue comes from the cotton side and about 100 and odd crores comes from the technical textiles and the balance comes from the filament yarn.
- Aradhana Jain:** Understood.
- Management:** For the Punjab facility, it's all from the filament yarn.
- Aradhana Jain:** Right. And just lastly on the inverted duty structure, given that the yarn PFY rates have been reduced. So is there any again operational challenges from working capital perspective that we would be facing because of that?
- Management:** Yes, I mean there are no challenges. Except that yes, we have a larger blockage of funds because of the larger inversion. Earlier we had an inversion from 18 to 12. Now we have an inversion from 18 to 5, so there's a little more money blocked. But having said that, the government is also working and we are seeing that results that the refund of the inversion will be coming to us faster than it was coming earlier. But yes, there will be a little more working capital blocked on that.
- Aradhana Jain:** Understood. And by when do we expect the capacity utilization which currently for Punjab is at around 60%-65% like you rightly highlighted, to reach to closer to the 100% level? Is it fair to assume like in the next 6 months we'll be there?
- Management:** No, 100% level means Phase 1, right, which is 700 tons per day?
- Aradhana Jain:** Yes.
- Management:** Yes. So that we will be there before the end of this quarter.
- Aradhana Jain:** Understood. Understood. Yes. And lastly on the capex side, given that most of our capex is already done with, fair to assume that for the next year, if we were to build in capex numbers, it should be mostly around the maintenance capex and a bit of the Phase 2?
- Management:** No, what we need on the Phase 2 nothing on the maintenance side. What we need for the second phase because we have got our utility, our buildings, our infrastructure everything in place, the automation everything, the warehousing everything is done for the entire two phases. What we need for the next phase is just a few spinning lines and a few DTY machines.
- Aradhana Jain:** Sure, sir. Basically I was asking that from an overall company perspective for FY '27, major capex will be towards the overall maintenance side, right, including the Silvassa plant? You're not going to expend too much on the incremental capex for any new land or machinery or anything?
- Management:** No, on the Punjab facility you're asking?

- Aradhana Jain:** Overall I said, sir. Overall.
- Management:** Overall, what we will be spending on -- not on the maintenance, but what we will be spending now will be about INR100-odd crores for the second phase at Punjab and we will be doing spending about 400 and odd crores at the cotton facility for Madhya Pradesh. Which will be done over gradually over the period of time, and we will be moving and seeing our cash flows accordingly we will be moving on that subject.
- Aradhana Jain:** And the cotton facility will flow into our revenue numbers from FY '28 or we expect some bit to start?
- Management:** No, we will commission, we aim to commission that when the numbers will hit in the second half of FY '28.
- Aradhana Jain:** Understood, understood. This was really helpful. Thank you and all the best.
- Management:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Paresh Dattani for closing comments.
- Paresh Dattani:** Thank you. As we look ahead, our confidence is anchored in three key pillars. First, disciplined execution. Over the past few quarters we have demonstrated our ability to scale operations responsibly, manage commissioning complexities and adapt quickly to changing market and regulatory conditions.
- The stabilization of our Punjab facility, continued optimal operations at Silvassa, and steady progress on our technical textile expansion, reflects a strong operational foundation built on process discipline and execution focus.
- Second, improving external tailwinds. The resolution of the India-US tariff issue, the opening of opportunities under the India-EU trade agreement, supportive domestic policy measures and the rationalization of GST on fabrics collectively improve demand visibility and restore confidence across the textile value chain. These developments are expected to support both domestic and export-oriented demand and create a more predictable operating environment going forward.
- Third, a clear and well-defined strategic roadmap. Our growth strategy remains centered on strengthening our integrated yarn platform, expanding into higher value-added segments and scaling capacity in a phased and capital-efficient manner. With Phase 1 of Punjab nearing completion, visibility is on Phase 2, expansion of technical textile yarn capacity at Silvassa and the upcoming cotton yarn project in Madhya Pradesh.
- We believe we are well-positioned to drive sustainable and profitable growth. Importantly, our focus remains on long-term value creation through operational excellence, prudent capital allocation and a strong balance sheet management. I would like to take this opportunity to

sincerely thank our employees across all locations for their dedication and resilience, particularly during a period of industry volatility and operational scale-up.

I also extend my gratitude to our shareholders, customers, lenders and business partners for their continued trust and support as we execute the next phase of our growth journey. Thank you for your time and participation today. We'll be happy to see you again. Thank you.

Moderator:

Thank you. On behalf of Sanathan Textiles Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.