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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

COMPANY IDENTIFICATION NO. L17299DN2005PLC005690

Date: June 02, 2025

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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. |

Trading Symbol: **SANATHAN**

Scrip Code: **544314**

Ref. No: - **2025-2026/Jun25/046**

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 Tuesday, May 27, 2025, at 1600 hours IST regarding the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 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 Sincerely,

FOR SANATHAN TEXTILES LIMITED

Jude Patrick Dsouza
Company Secretary and Compliance Officer

Encl: As above



“Sanathan Textiles Limited Q4 FY ‘25 Earnings Conference Call”

May 27, 2025



**MANAGEMENT: MR. PARESH DATTANI – CHAIRMAN & MANAGING
DIRECTOR, SANATHAN TEXTILES LIMITED
MR. SAMMIR DATTANI – EXECUTIVE DIRECTOR,
SANATHAN TEXTILES LIMITED
MR. SANJAY SHAH – CHIEF FINANCIAL OFFICER,
SANATHAN TEXTILES LIMITED
MR. JUDE D’SOUZA – COMPANY SECRETARY &
COMPLIANCE OFFICER, SANATHAN TEXTILES
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Conference Call of Sanathan Textiles Limited.

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 '*' then '0' on your touchtone phone. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Jude D'souza from Sanathan Textiles. Thank you and over to you.

Jude D'souza: Good evening, ladies and gentlemen. It is my privilege to welcome you to this Earnings Call of Sanathan Textiles Limited for the 4th quarter and full year ended March 2025. I am Jude D'souza, the Company Secretary and Compliance Officer, entrusted with overseeing investor relations.

Before we proceed, I would like to bring to your attention that certain statements made during this discussion may constitute forward-looking statements. These statements are based on our current expectations, assumptions and beliefs regarding future developments and are inherently subject to various risks, uncertainties and factors beyond our control. Such forward-looking statements involve both known and unknown risks, and we advise you to interpret them with caution.

Now, it is my honor to introduce the esteemed members of our management team who are present with us today, Mr. Paresh Dattani – the Chairman and the Managing Director; Mr. Sammir Dattani – the Executive Director, and Mr. Sanjay Shah – the Chief Financial Officer.

Kindly note that this conference is being recorded and the recording will be made available on our website, accompanied by a full transcript for future reference.

Without further ado, I now invite Mr. Paresh Dattani – our Chairman and Managing Director, to share his insights and address the esteemed participants. Thank you.

Paresh Dattani: Good evening, everybody and thank you for joining us on our Q4 FY '25 Earnings Call. It is a pleasure to share with you the journey of Sanathan Textiles Limited and our vision for the future.

The year gone by has been transformative for us. We successfully capitalized on the growing demand, strengthened customer relationships for our yarns, which is the starting point of the textile value chain. Our strategic focus on innovation, customer centricity and operational efficiency has yielded strong results across key performance metrics, positioning us well for future growth.

A major highlight of FY '25 was the successful completion of our IPO, a milestone in the journey of the Company.

Coming to the industry development:

India's textile industry is one of the largest in the world. It contributes about 2.3% to the country's GDP, 13% to industrial production and 12% to the exports of the country. India is the second largest producer of textiles and garments globally and ranks third in exports. The sector is projected to grow at a 10% CAGR, reaching US\$350 billion by 2030. Demand conditions in India remained robust, with a strong revival in the textile consumption and continued Government push for Make in India. We are also seeing a shift from conventional cotton to value-added manmade fibers, a transition that aligns with our strength in the polyester filament yarn space.

Furthermore, global supply chain realignments, particularly the China +1 strategy, are creating new opportunities for India. Many international apparel brands are diversifying their sourcing and India is emerging as a key beneficiary of this shift.

On the policy front:

The Government's initiatives such as the PLI scheme for man-made and technical textiles and the national mission to boost cotton productivity continue to fuel growth for our sector. These broader trends create a highly favorable environment for companies like Sanathan Textiles, where we see strong demand for high quality yarns across apparel, home textiles and technical applications.

Another significant development on the international trade front is the UK-India Free Trade agreement. As many of you are aware, India and UK have agreed in principle to a historical FTA that is expected to come into force soon. This agreement is expected to reduce tariffs on yarns, textiles and apparels from India to the UK. At Sanathan, I am happy to share that we have made significant progress on our new Greenfield facility in Punjab. This state-of-the-art facility, scheduled to be operational by the 1st quarter of FY '26 and will effectively double our production capacity of polyester filament yarns when fully operational.

Our expansion in Punjab is a strategic move to bridge the supply gap in North India ensuring faster deliveries and cost efficiencies for our customers. This marks a significant step towards strengthening India's domestic textile ecosystem. With our Greenfield project in Punjab, we are not only scaling up capacity but also integrating sustainable manufacturing practices to minimize environmental impact while maximizing efficiency. This year, Sanathan Textiles promises to ensure that we remain committed to increased capacity, capture new opportunities, build deeper relationships with our stakeholders and I am confident that our Company is well prepared to scale new heights and deliver transformative growth.

Now, I will hand it over to Sammir for the operational highlights. Thank you.

Sammir Dattani:

Thank you, Paresh bhai. Good afternoon, everyone. FY '25 was a good stabilizing year for our Company.

On the operational front:

We optimized production at our Silvassa facility and continued to run at high-capacity utilization to meet the growing demand. We operate in 3 yarn verticals at the facility in Silvassa. Having the total production capacity of 2,23,000 tons per annum across polyester filament yarn division, cotton yarn division and yarn for technical textiles.

In Q4 FY '25, our total sales volume for the quarter reached 59,850 metric tons approximately and we saw an increase in EBITDA margins because of strong demand. To meet the pricing demand, we are expanding across our yarn business verticals. With the Punjab facility at its final commissioning stage, Phase-1 is on track and set to start by the end of this quarter. By leveraging our scale, extensive distribution network and strong customer base, we aim to cater to a broader customer base and optimize costs, thus enhance profitability for us and our customers through an integrated value chain.

On our product front, we had an exciting value addition initiative this year with the launch of a new product called S-flex. S-flex is a ground breaking cell stretch polyester filament yarn. This yarn offers a four-way stretch capability without any need for spandex blending, making S-flex a cost effective solution, a sustainable alternative to traditional stretch yarns and also improving recyclability of the fabrics made from S-flex yarns. We are clearly seeing that the market today is gravitating towards functional, sustainable and smart textiles and at Sanathan, we are constantly aligned to these demand trends. Another such example is our moisture management yarn series called Sanathan Dry Cool. This specialized polyester yarn is engineered to wick moisture and dry quickly, making it a perfect solution for active wear and sportswear and apparels.

We are also seeing a growth in our technical textile yarn demand, particularly in the area of coated fabrics and industrial application. While this segment is still relatively small of our overall sales, it represents one of the fastest growing areas for us. We also cater to Geotextile sector and supply yarns for Geo Fabrics used in infrastructure projects. The Company's technical textile yarn division is utilized in related industrial products such as conveyor belts, safety sling, sea fishing nets, marine ropes and also automobile fabrics. The trend is clear. Domestic customer base and technical textile is growing rapidly and they are looking for domestic suppliers who can deliver consistent quality and high performance yarns. Keeping in sync with this growing demand, we are looking at doubling our capacity for yarns for technical textiles from the current 9,000 tons per annum to 18,000 tons per annum in the near future.

Another area of high growth is affordable fast fashion. There is a profound shift in the market towards affordable fashion, essentially value for money apparel that are trendy yet budget friendly. This is true in India with the growth of organized value retail chains that are multiplying

in the country. Affordable fashion requires materials that are cost effective. They also need differentiation and quality to satisfy the customer demand. This is where our innovative yarn offering gives us an edge by providing yarns that are built with functionality and with cost advantages. We work with our downstream partners and try and reduce production costs and create better products for the consumer.

I will now hand over to Mr. Sanjay Shah, our CFO, who will provide a detailed financial overview. Thank you.

Sanjay Shah: Thank you, Sammir. For the quarter ended March 31st, 2025, revenue from operations stood at Rs. 732.18 crores. EBITDA for the quarter is Rs. 67.61 crores with margins at 9.23%. PAT stood at Rs. 43.65 crores with margins at 5.96%.

For the full year ended March 31st 2025, revenue from operations stood at Rs. 2,998.61 crores as against Rs. 2,957.50 crores in FY '24, an increase of 1.39%. EBITDA for FY '25 stood at Rs 262.78 crores as against Rs. 226.58 crores in FY '24, an increase of 15.98% year-on-year on account of gross margins. This has led to improvement in EBITDA margins by 110 basis points. FY '25 PAT stood at Rs. 160.45 crores against PAT of Rs. 133.85 crores in FY '24, an increase of 19.87% year-on-year and improvement of PAT margin by 82 basis points. Thank you, everyone.

Moderator: Should we begin with the question-and-answer session?

Sanjay Shah: Yes.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Rushil Selarka from Pink Wealth. Please go ahead. Rushil, please go ahead with your question.

Rushil Selarka: Yes, sir. My question is that in the export market, like the Indian textile industry is uncompetitive because the China has a raw material advantage and because of that we are not being able to get a higher led margin compared to the Chinese player?

Paresh Dattani: You are right to a certain extent. Yes, our raw materials are a little more expensive than the Chinese ones. But having said that for re-export, we can always import non-BIS cargo from China also and the only differential is the freight component, which is not very high and this too, going forward with the commissioning of the two new plants in the next center in the country, I think we should be even in a more competitive position.

Rushil Selarka: So this IOCL and GAIL are expanding their PTA plant, right?

Paresh Dattani: PTA plant.

Rushil Selarka: Yes. So that will give us an advantage, sir in terms of procurement of raw material?

- Paresh Dattani:** Yes, because as a country, we today import about almost 1.8-2 million tons of PTA per year. And with these two plants, there will be capacity addition of almost 2.4-2.5 million tons per annum. So we will be as a country excess in PTA and that will give us the edge that you are talking about.
- Rushil Selarka:** So sir, will be there any cost savings from the next year itself, like how much we import PTA and how much we procure domestic. So there will be any mix like we will be procuring more on domestic side and less on import side?
- Paresh Dattani:** Yes, at Sanathan today, as we stand today for the Silvassa plant, we import about 50% of our raw material. Going forward, yes, once this plants starts, the imports will definitely come down to a minimal level. At the Punjab facility, of course, we have a tie up and we intend to buy most of our raw material coming from the Panipat Refinery of Indian Oil.
- Rushil Selarka:** And sir, how this crude oil affects our realization and like, do we do any contract like to mitigate this risk or like there is the short-term contracts and this crude oil prices do affect us in terms of realization?
- Paresh Dattani:** No, crude oil prices do not directly impact us in any way. But having said that, yes, when the crude oil fluctuates a lot, it does have an impact on the PTA and the current value prices. So somewhere down the line, it affects us. But having said that because of our pricing, as I have always said locally, we do a weekly pricing, the PTA suppliers and internationally once a month, averagely 15 days, so we are not carrying that much of risk of raw material volatility at all.
- Rushil Selarka:** And sir, when we sell to clients, so that time also we do a contract or we sell it on day-to-day price basis?
- Paresh Dattani:** No, as I said because our local PTA raw material contracts are changing every week, which gives us 7-day volatility internationally about a month, so averagely 15 days. So when we sell material, yes, we fix the pricing for close to about 15 days only.
- Rushil Selarka:** Got it, sir. And Sir, what will be the new power cost in terms of unit in Punjab plant?
- Paresh Dattani:** Punjab plant, we have an agreement with the Government where they give us power at Rs. 5 a unit for the next 4 years, for the first 4 years.
- Rushil Selarka:** Sir, going forward, is there any requirement for us to invest in renewable so that a power cost per unit comes down over the time which will give us more in terms of efficiency and in terms of margin?
- Paresh Dattani:** There is no compulsion from the Government side to set up any power establishment. But as at Rs. 5 a unit, we still have to work out and we are working out that. Going forward, once we get over the 4 years, how do we tackle this issue and where we are prepared with a lower or even an equal or lower cost of power going forward.

- Rushil Selarka:** And sir, for Silvassa, what will be our power cost?
- Paresh Dattani:** Silvassa, average the power cost is close to Rs. 6.
- Rushil Selarka:** Rs. 6 per unit.
- Paresh Dattani:** So Silvassa is about Rs. 6 per unit and Gujarat is about close to Rs. 8 a unit.
- Rushil Selarka:** Yes. Sir, my question is that sir, will be there any indirect impact, let us say, hypothetically tomorrow, let us say, US puts a tariff on in India. So will there be an indirect impact to us like though we are upstream players, but downstream players might face the demand impact so that in a way we will also get impacted?
- Paresh Dattani:** See, directly there won't be much of an impact to us. Yes, we do export to the United States even today and we are competitive enough in both the yarns for technical textiles as well as DTY to import small quantity every month. But on the tariff front, yes, as it stands today we are better off than China and we expect that differential to remain. See, tariffs by number will not impact. It is only a differential tariff that is going to decide the way it moves forward. And there I think even for us as well as for our downstream, that is what we call indirect export is also going to be advantageous.
- Rushil Selarka:** But sir, don't you think that there will be a demand impact because of the high inflation and there will be demand slowdown because of that though we will have an advantage compared to the other countries. But in terms of demand can it impact us?
- Paresh Dattani:** When we are in an advantage, even if there is a demand issue there because of the higher inflation, well, it is going to affect us less than anybody else. As a country, we are still going to be better off than anybody else there.
- Rushil Selarka:** And sir, can you elaborate like how big advantage for us will be with the UK FDA agreement, like how it will be big for player like us?
- Paresh Dattani:** It will be a big advantage because averagely, the duty that they are charging today is between 9%-12.5% depending on product to product. Now that averagely 11%-12% duty going away is going to be a big advantage.
- Rushil Selarka:** And sir, how is the demand going forward? Like if you can just give us some color since our Punjab plant is also coming into operational from Q1 FY '26?
- Paresh Dattani:** Yes, I would give you that way is that today, as we stand today, as an industry we are operating almost at about 83%-85% efficiency which realistically is close to 90% odd because the listed capacity some of them are not in a position to commission. So we are almost as an industry running and well, it is all placed and everybody is moving well. So I don't see any impact of demand coming in from there.

- Rushil Selarka:** Thank you, sir.
- Moderator:** Thank you. We will take our next question from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.
- Sunil Jain:** Thanks for taking my question. This is more related to your expansion. So this expansion you said that will be in phases. So can you describe what will be in Phase-1 and then Phase-2?
- Paresh Dattani:** See, we have set up a capacity there which can at peak levels go up to about 950 tons a day of production of polyester filament yarns. As we stand, we have divided this into 2 phases. In the first phase, we will be at between 680-700 tons per day and then in the second phase, we will be going up to 940 tons a day. That is how we have divided this phase.
- Sunil Jain:** And second phase when it will be starting?
- Paresh Dattani:** FY '28, we will have the impact of revenue and earnings on the second phase also.
- Sunil Jain:** So right now, we are working on 680 and we had invested money for 680?
- Paresh Dattani:** 680-700 tons per day, yes. So effectively just to give you, just we are today at 200,000 tons of polyester filament yarns. The first phase will give us an additional 150,000 tons and when we complete the second phase, we will be adding another 100,000 tons.
- Sunil Jain:** And about the subsidy available in this plant, can you give an idea how much subsidy we will be having and how much it can have a benefit on EBITDA per KG of yarn like right now, you are making around Rs. 11, so how better you can do in that?
- Paresh Dattani:** No, as far as the subsidies are concerned, two parts, I will break this question into, one, our philosophy is that never to plan any project base on Government subsidies. Whatever comes as a cherry on the cake, the plant must pay for itself and earn for itself. Having said that, as Punjab, what the Government has given us as per our agreement is besides power at Rs. 5 a unit on a discounted tariff, they give us net state GST refund, which is applicable up to two times the FCI in up to a period of 17 years. And there is a small subsidy based on the number of employees you do for per person Rs. 50,000 per person for a period of 7 years.
- Sunil Jain:** Yes, that is okay, but how it will get translated into your profitability?
- Paresh Dattani:** No, we are not looking at whatever numbers we are working on today and what we are giving out has got no element of Government subsidies in it. Whatever comes out will come out be an additional benefit on the numbers that we put out.
- Sunil Jain:** Yes, that is only I was looking at means Rs. 11-12 anyhow you do and because of nearing to the customer, you may get some benefit on that account of transportation. But apart from that, the additional will be there from the subsidy which you may be accounting?

- Paresh Dattani:** No, there is nothing on that subsidy there. What advantage we have there, I will just put it out again. We have two basic advantages there. One is on the operational side where we are cheaper. When we compare operational, we compare it to our existing plant in Silvassa where we are at Rs. 6 a unit of power, here we at Rs. 5 a unit. So that is going to be an advantage. The other one is that on the heating front for our boilers, we use gas here, there being an agriculture belt, we are having the world's best solid-state heaters from Belgium from Benka which is going to result in a saving of 50% on the heating cost and over and above that because of the sheer economy of scale and better fully automation over there, we are going to be lower on manpower salary and manpower cost. So that is on the OPEX side. And the other point that you put forward regarding on the freight component, yes, as we stand today our 4.4 million tons that we produce as a country, which is all produced on the western side of the country, about 1 million tons is consumed annually at these 5 principal markets in the North and we are going to be the first suppliers there. There is no other supplier at this point in time there. So effectively, every customer there pays about Rs. 4,500-Rs. 5,000 of ton as freight for getting the material from here, and the cost for us to supply to any of these markets is going to be close to about Rs. 800-Rs. 1,000 a ton. So there is going to be an advantage of freight differential and there is going to be advantage of the OPEX cost.
- Sunil Jain:** Sorry to harp on this. Yes, it is clear. Just one small thing, I am not able to get it cleared. So like GST benefit you will be getting, so that will be passed on to the customer or whatever the capital or?
- Paresh Dattani:** No, that will not be passed on to customer.
- Sunil Jain:** Or it will be accounted in capital subsidies?
- Paresh Dattani:** When we get the GST refund, it is a net GST payable refund. When we get that refund, it is going to be an extra add to our profitability, not passed to the customer.
- Sunil Jain:** So that will be an additional icing on cake?
- Paresh Dattani:** That will be additional.
- Sunil Jain:** Yes. Fine, sir. Thank you very much. That was my question.
- Moderator:** Thank you. We will take our next question from the line of Aashish Uppanlawar from InvesQ PMS. Please go ahead.
- Aashish Uppanlawar:** Sir, I think someone touched upon this point earlier also, but just wanted to understand, I could see in your presentation, the customer list that you have shown, but indirectly, how much of your sales would be kind of related to someone exporting to the US that way, because indirectly there could be an impact. So is there a percentage that could give us that this is the percentage of our sales which is further processed and goes to US markets, some product number?

- Paresh Dattani:** I can give you a number in totality. We have direct exports if you see over years moving between 5% and 16% depending on year to year, depending on our better net backs, that is the direct. On the indirect export is what you are referring to. Effectively, our calculation tells us that in generalized we do about 30% of indirect exports and the portion of that would be to the US. But I see that going up only. I don't see that coming down.
- Aashish Uppanlawar:** So what we are hearing from most of the companies involved in heavily dependent on US, whether those are textile companies or maybe in other segments that the buyers are kind of bearing only part of the increase in tariff, which is 10% today, so most of the companies are guiding for a margin squeeze. So indirectly, that pressure can come to us also if our buyers are facing the same thing. So how should one read the situation from Sanathan's perspective, how things would go from here?
- Paresh Dattani:** No, I would just clarify this in a different way. If you are trying to say that the customers are bearing a part of their duty, cost imported, the balance they are putting on the seller here, at the end of it, even if they get half of that, the net pricing from the seller will go up. So definitely the fabric and apparel guys will be at an advantage. As far as Sanathan is concerned, we don't see that happening and we have not received anything from any of our customers today regarding this.
- Aashish Uppanlawar:** And secondly, sir, I wanted to understand on our raw material procurement, you said I think reasonable would be imported and other would be domestic. So bifurcation on this would help and who would be our key suppliers? Would it be maybe Reliance or other players and the petrochemicals basket here?
- Paresh Dattani:** At the moment, as I mentioned earlier that we are importing about 50%-55% of our raw materials from abroad and the balance is locally, which we source from Indian Oil as well as Reliance. Going forward with the two new plants starting in the coming year, this 50% of imported is definitely going to be come down by a substantial number. As far as our Punjab facility is concerned, most of our PTA and MEG will be coming from the Indian Oil refinery at Panipat.
- Aashish Uppanlawar:** Lastly, sir, wanted to understand historically if whatever financials have been available to us, we had peak EBITDA of I think 15%-17% and today we are at say, it used to be at 7%-8% touched and now we are at about close to 10%. So how one should track the data which affects your margins either on the positive side or the negative side?
- Paresh Dattani:** You are right. We had done an EBITDA as much as 18% also and this was the post-COVID years. And following that when the war started, it dropped down to as low as 7.9% also. But both these were I would call them non-normal years. They are more freak years, so leave them aside, yes, as we said, this year we have done close to 9% EBITDA which we had predicted that we would do close to 9%. Once we commissioned Punjab at the end of the first quarter, we expect to do revenue. We are not going to get the full revenue out of that plant in the FY '26, so we consolidated as a Company level, we aim to do an EBITDA of about 10%-11% and going

forward, when the full plant starts and the second phase gets completed, yes, we aim to do an EBITDA close to 12% on that.

Aashish Upganlawar: So a normalized EBITDA margin would be around 12% for the Company typically?

Paresh Dattani: That is right. It is an average EBITDA. So we have years which go up and down. But yes, at an average level over a 3, 5, 7 year phase, yes, this is what it will be.

Aashish Upganlawar: Sure. Thank you so much, sir.

Moderator: Thank you. We will take our next question from the line of Dhawal Doshi from Dymon Asia. Please go ahead.

Dhawal Doshi: Hello, Paresh bhai. Hai, Sammir.

Paresh Dattani: How are you?

Dhawal Doshi: I am fine. So just two questions. First is, if you can just help me with the ramp up plan of the Punjab plant? And secondly, how are the spreads behaving given the recent fall in the crude prices? How are the overall spreads behaving as far as we are concerned?

Paresh Dattani: Yes, as far as the plant is concerned, as I mentioned, we are going to commission towards the end of the 1st quarter. So towards the end of June, we start, we will start with the capacity of about 350 tons a day and by the end of the next quarter, that is the September quarter, we will have ramped up fully to 685-700 tons per day. That is the first one.

Dhawal Doshi: So second-half of this financial year is we see full utilization, right sir?

Paresh Dattani: That is right. That is true. And as far as the drop in crude prices, yes, they have impacted us positively in the way that because of the sheer volatility and the steep drop in price, we have been able to retain and increase our margins and I see that going forward, the crude being remaining in this area, this deltas will only move up northwards.

Dhawal Doshi: Great. Sir, just in terms of the commissioning cost for the new plant, what could be the upfront commissioning cost that we may have to face which may not be recurring in nature?

Paresh Dattani: See, the commissioning cost as such is just that when we start up, we are starting at a lower capacity of 350 tons. Our peak cost utilization will come when we come to the 675-700 tons per day, but that is not going to be a major impact on the cost.

Dhawal Doshi: And sir, lastly, when you said the spreads are improving, any number that you would want to put in over here, probably in terms of EBITDA per KG or whatever ways you would want to?

- Paresh Dattani:** As you have seen in our numbers from the 3rd quarter to the 4th quarter, we have gone up by about 110 basis points on the EBITDA and I think going forward this quarter, we also would be up by about a similar number and going forward with the Punjab facility commissioning and the inherent advantages that I explained earlier to another question with that, yes, that is why I said we aim that this quarter considering the cost of startup what you mentioned everything, we aim to do between 10% and 11% for the year FY '26.
- Dhawal Doshi:** Thank you so much, sir and all the best.
- Paresh Dattani:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Marshal, an Individual Investor. Please go ahead.
- Marshal:** Since you mentioned that in the Q1, like we will be commissioning the plant and by the Q2 it will be about 350 tons and by Q3 it will be full. So it means if you take it like, for example, better average, so almost you can say like when this capacity is 250,000, so almost 200,000 will be utilized or because 180,000 will be utilized. So it means can we say safely that our turnover should at least grow by 80% this year as compared to FY '25?
- Paresh Dattani:** No, an output we are estimating, we will get about 65% of the total capacity that we will get. Next year, we will get the full capacity which will give us additional revenue of around Rs. 3,000 crores. This year, we will add about between Rs. 1,500-Rs. 1,600 crores to Rs. 1,800 crores. So we aim to close FY '26 at a revenue topline of Rs. 4,600, Rs. 4,700, Rs. 4,800 and we aim to do an EBITDA of 10%-11% on that.
- Marshal:** And you mentioned that this PTA plant will be commissioned by IOC and who is the second, Reliance or somebody else? And when the expected date of commissioning for each of these plants?
- Paresh Dattani:** GAIL India is the second plant, but GAIL India is managing there plant first could be into production by of the calendar year 2026 and.
- Marshal:** So GAIL is coming in which quarter, sir?
- Paresh Dattani:** In the 1st quarter of calendar year 26.
- Marshal:** within June?
- Paresh Dattani:** No, in January of 26.
- Marshal:** January 26. Fine. Calendar year, so it is still about 6 months. That is fine. And then you also mentioned about this?

- Paresh Dattani:** No, IOCL plant is expected to commission somewhere middle of 26.
- Marshal:** That is enough, sir. And then you also mentioned about this GST subsidy or GST benefit in Punjab plant, so it is not much audible. Can you please repeat it?
- Paresh Dattani:** No, the agreement between us and the Government says that they will give us a refund on the net state GST payable up to two times the capital investment over a period of 17 years.
- Marshal:** So that will be huge, almost about 6,000 crores something you will get?
- Paresh Dattani:** But this will be applicable only on the net state GST payable.
- Marshal:** Limited up to the net state GST?
- Paresh Dattani:** Yes.
- Marshal:** And my last question is that, how do you see this demand scenario with respect to the Punjab plant, like whether the offtake will be like immediately marketed or will it be like some sort of some surplus supply there, like what is the demand and supply situation for the PFY there?
- Paresh Dattani:** As I mentioned earlier, almost 1,000,000 tons is consumed there between the 5 principal markets in the North. And as we stand today, what we are setting up in the 1st phase is about 60% to 25% of that capacity. So our material being the local supplier and the just in time supplier and with the freight advantages we are placed from day 1. So we don't see a challenge in placing the material there. The 75% of the balance will still be coming from the West. So we don't see a challenge in placement of.
- Marshal:** And my last question will be that since it is a mega plant considering size of our Company, so what kind of risk do you foresee and how do you plan to mitigate those risks?
- Paresh Dattani:** No, because see in this sort of a plant, I will just give you this answer in a different manner that when my team decided to make a business plan for this growth, they decided for Silvassa, we only shut it down for this reason that though it was easier and less effective for us because we didn't want to produce and then go out to sell. So here, at least we are, the material is placed from day 1. We are not in a position to go out and sell. So we can utilize our assets fully. So I don't see any challenges there. The plant is coming up well there and we are well on time as promised that we will commission in the 1st quarter.
- Marshal:** So in terms of technology absorption, everything will be fine, right?
- Paresh Dattani:** Yes, because the technology we have got the latest technology available in the world, from the best suppliers of the respective equipments, like we have got the spinning lines from Barmag's Germany, we have got our CKCEC Chinese supplier who are the leading suppliers of polymerization. We got our DTY machines from Germany as well as India. We have got our

automation from Salmoiraghi, Italy. We have got our post production automation from Craftsman. So we have the best available technology in the world with us, which will give us efficiency as well as the cost of OPEX advance.

Marshal: Yes. You have fantastically elaborated all the questions. My humble submission to here is that since it is a mega plant in the new geography, so I would request you and the board and this Audit Committee to have the strongest possible, like you can control, financial control and the corporate governance, so that there is no leakage of any revenue or any cost inflation nothing is there.

Management: Yes, I appreciate your suggestion and it is well noted and we have already taken cognizance of that and we are following in that direction. But having said that, yes, it is a good suggestion. Thank you for that.

Moderator: Thank you. We will take our next question from the line of Varun Gajaria from Omkara Capital. Please go ahead.

Varun Gajaria: Sir, thank you for the opportunity and congratulations on a good set. Sir, just wanted to get some clarity that from a lot of textile players, we have been hearing that recovery of demand probably looks a little tentative for now probably in the first half of this year.

Paresh Dattani: Sorry, there is some echo coming from behind. I am not able to hear you clearly. There is some other sound coming in. Please, can you repeat that and just ensure that the sound is not there.

Varun Gajaria: So just wanted to get some clarity that lately, we have been speaking to a lot of our textile players and the commentary we have been getting is that the first half will be slightly tentative given the tariff related uncertainties. So what is your take on the same and do you think that after the first phase of our capacity comes in, we will be able to soak in all the demand. The demand will be able to soak in and all the supply that will be throwing out?

Paresh Dattani: Yes, I would put this a little differently. The second-half, you will see the impact of the tariffs, FDA's whatever, a lot more than you will see in the first half, yes. But without this tariff business also, the downstream people were able to send their apparels and garments and that is only increasing day by day. Today, if I have my information correctly, the downstream apparel people's order books are relatively strong today.

Varun Gajaria: So we are confident that whenever our capacity comes in, do we have a tie up as such in terms of order book or will it be basis the capacity that comes out?

Paresh Dattani: No, in our business, the order book is such that suppose somebody gives us an order for a month's supply or 2 month's supply, yes, the supply is noted, but the pricing is changed every 15 days. So yes, the order books are relatively normally for 15-20 days only.

- Varun Gajaria:** And what kind of arbitrage is there between export price of India of polyester yarn from India and that from China? What kind of difference is that?
- Paresh Dattani:** See, there are two parts to this. There pricing also is very dynamic in the sense that when they got hit by the tariffs, yes, they did lower the prices, otherwise once the settlement has been done between them and USA, they have increased the prices accordingly, but the prices are one part, the other part is also the FDA agreements, the freight cost to different countries from India and China also makes an impact net on the pricing. So it is a very dynamic situation there. I cannot respond to one particular aspect and tell you.
- Varun Gajaria:** Right. Thank you so much and all the best for coming quarters. Thank you.
- Moderator:** Thank you. We will take our next question from the line of Ashutosh Nemani from JM Financial. Please go ahead.
- Ashutosh Nemani:** Thanks for the opportunity. So my question is on our ROCE, considering we are doubling the capacity on the polyester side, wanted to understand like what kind of yarn would it be more value-added offering, so do we anticipate our return on capital employed increase and if you could provide ROCE based on segment by polyester, cotton and technical textiles?
- Paresh Dattani:** See, as far as the value-added is concerned that is a journey that is a constant journey which will go on, it is not a one-day thing that we planned today, and we started. Yes, having said that, when we start the plant, we don't add so much of value-added material and then over a period of time, we go ahead and do that. So that is your answer for the value-added material and your second part of the question was what? I missed you over there.
- Ashutosh Nemani:** If you can provide like what kind of return on capital employed we generate on polyester yarn manufacturing, cotton yarn manufacturing and technical, all the three segments do you have?
- Paresh Dattani:** No, we don't look at it that way. We look at it as a Company on the whole and that is the advantage of having 3 verticals because we have seen over years that one vertical, if it provides a little lower EBITDA, the other one takes care of that. So we look at it big view rather than an individual business and that is why we keep growing all the three segments over the years to maintain this balance what we have.
- Ashutosh Nemani:** Thanks a lot. Sir, my second question is on, we also manufacture recycled yarn, wanted to understand where do we source those or pitch it from and what percentage does it contribute?
- Paresh Dattani:** No, it is very small. We have just ventured on that journey of recycled yarns. We buy our flakes from abroad, we import it, and we sell it. But it is a very small journey. It is a very small component today. The idea to be there is that as and when in the next couple of years, when it blows up this recycle business, we are there, we have established ourselves. That is the whole idea, not a more revenue idea today, but it is a more idea of being there when we need it.

- Ashutosh Nemani:** Idea behind importing it, considering like there are many domestic recyclers also that are in this business. So any particular advantage we get from importing it and not choosing the domestic players?
- Paresh Dattani:** Yes, there are even domestic whereas imported also, there are recycled chips available from different players with different pricings. So whatever we have bought, we are happy with our supplier because of the product that it gives us an edge. Not saying that anybody is less, but this is what we prefer and this is our philosophy of doing it.
- Ashutosh Nemani:** Thanks a lot.
- Moderator:** Thank you. We will take our next question from the line of Pranav from Prudent Equity. Please go ahead.
- Pranav:** Sir, my question was what kind of finance cost can we expect like annually considering like the debt has ballooned and you probably need some working capital financing?
- Paresh Dattani:** Yes. I will ask Sanjay bhai to answer this for you.
- Sanjay Shah:** Yes, expected finance cost going forward would be close to Rs. 80-Rs. 85 crores on account of the term debt of the Polycot project in Punjab and minor cost account of working capital limit utilization at Silvassa.
- Pranav:** And how confident are we of the plant commissioning?
- Paresh Dattani:** Come again? I missed you. How confident are we?
- Pranav:** I was asking how confident are we in commissioning the plant this quarter?
- Paresh Dattani:** We are very confident. We are almost there. We are almost round the corner for commissioning by the end of the 1st quarter. And as I mentioned earlier, it will take us one quarter to move from that 350-700.
- Pranav:** Alright. Thank you so much.
- Moderator:** Thank you. We will take our next question from the line of Rushil Selarka from Pink Wealth. Please go ahead.
- Rushil Selarka:** Sir, can you just help us with an understanding that since our power cost at Silvassa plant is Rs. 6 per unit. So is there any way that we can reduce those power costs by procuring more of renewable source of energy? Just wanted to understand.
- Paresh Dattani:** Yes. See, on paper, yes, but effectively because at Rs. 6 a unit and with the variable cost that the local DISCOMs and the local administration puts, it is not a very feasible thing at this moment

in time. But we are still working on that. And as I mentioned earlier, regarding Punjab, we have that Rs. 5 for 4 years. There also, we are working that going forward, post 4 years how we are going to mitigate to bring it at Rs. 5 or cheaper than that.

Rushil Selarka: And sir, interest costs for the next year is Rs. 80-Rs. 85 crores, right?

Paresh Dattani: Yes, Rs. 85 crores approx.

Rushil Selarka: And depreciation will be somewhere around Rs. 45-Rs. 46 crores, it will be the same run rate or there will be an increase in depreciation also?

Sanjay Shah: Increase in depreciation also on account of the Punjab plant.

Rushil Selarka: So, sir, can you just give us like what can be your depreciation?

Paresh Dattani: Yes. So you can add another Rs. 70 crores for that also.

Rushil Selarka: And sir, currently this year we have made an EBITDA margin of 9% for the full year. So are we going to expect for the next year to make it to double digit in FY '25?

Paresh Dattani: Yes, as I said, because of the inherent advantages that we have at Punjab on the operational as well as being the local supplier and the logistics advantages, yes and the way we see the market going, yes, we are definitely going to be there in the double digit going forward.

Rushil Selarka: Thank you, sir.

Moderator: Thank you. We will take our next question from the line of Harsh Mittal from Emkay Global. Please go ahead.

Harsh Mittal: Thank you. Good evening, sir and to the team. Firstly, congratulations on the good set of numbers and achieving the guidance which was given earlier. My question is that, small question and sorry if I missed it in the opening remarks, what is the consolidated net debt as on the end of FY '25?

Sanjay Shah: The net debt is Rs. 1,050 crores as of 31st March 2025.

Harsh Mittal: And gross debt?

Sanjay Shah: Rs. 1,084 crores.

Harsh Mittal: Thank you, sir.

Moderator: Thank you. We will take our next question from the line of Harshit Sachdeva from Columbus Capital. Please go ahead.

- Harshit Sachdeva:** Hi, sir, sorry new to the Company. Just was going through your historical. So we are seeing FY '22, never we recovered from the peak sales and EBITDA margins and profits that we had received in that year. So any reasons why it has come down over the next 3 years?
- Paresh Dattani:** Yes. As I mentioned earlier FY '22, 18% EBITDA that is the post-COVID pent up that we had across all industries. So it was because of that I won't call it as a very normal EBITDA and post that we had the 2 wars that came up which affected not only the direct exports of the country, but also the indirect exports, which also resulted in lower, more pressure locally. But having said that, in spite of that, the good thing was that the team was able to still run the plant fully, we stressed the asset even in those years and we were able to play some materials even in those years.
- Harshit Sachdeva:** Got it. Thank you, sir.
- Moderator:** Thank you. We will take our next question from the line of Ashutosh Nemani from JM Financial. Please go ahead.
- Ashutosh Nemani:** Actually, by when will our technical textile capacity double, in our initial commentary told, right technical textile capacity will double from 9000-18,000?
- Paresh Dattani:** Yes. So the entire revenue of that will come in FY '27.
- Ashutosh Nemani:** Thanks a lot.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Paresh for closing comments. Over to you, sir.
- Paresh Dattani:** Thank you. I thank the entire team at Sanathan Textiles for the untiring efforts and all our stakeholders for their continued support and faith in our Company. This is all from our side and I would again like to thank you all very much for your time and attention in attending the call. Thank you very much.
- 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.