

December 29, 2025

## Sanathan Polycot Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	650.00	650.00	[ICRA]A (Positive); reaffirmed
Long-term – Fund-based facilities	300.00	300.00	[ICRA]A (Positive); reaffirmed
Issuer Rating	-	-	[ICRA]A (Positive); reaffirmed
<b>Total</b>	<b>950.00</b>	<b>950.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

For arriving at the ratings of Sanathan Polycot Private Limited (SPPL), ICRA has taken consolidated view of Sanathan Textiles Limited (STL), along with its wholly-owned subsidiary; Sanathan Polycot Private Limited (SPPL). ICRA understands that SPPL will operate as an extended arm of STL to cater to its existing customer base in the northern region of India in a more cost-efficient manner. Moreover, there exists significant operational, financial and management linkages between the two companies.

The continuation of Positive outlook on the long-term rating of STL reflects ICRA's expectations that revenues and profit margins of the Sanathan Group are likely to improve, going forward, led by the ramp-up of capacity of the Punjab plant, which commercialised operations from August 27, 2025. Following this, the Group's manufacturing capacity has increased to 4,56,250 million tonnes per annum (MTPA) from 2,00,750 MTPA, in FY2025. This will help the Group further strengthen its operating profile in the near term on the back of better product mix and proximity to both raw material sources and consumption centres. The management expects continued improvement in revenues, led by ramp-up in capacities, coupled with a steady increase in its consolidated operating profit margin (OPM). Benefits of the operating leverage and the expected improvement in profitability from the Punjab plant, driven by higher automation, lower fuel cost (due to usage of rice husk) and freight cost (owing to proximity to customers), will result in an overall rise in its earnings, going forward. SPPL's ability to effectively and profitably ramp up the capacity would be a key rating monitorable. ICRA, however, notes STL's established relationships with customers and suppliers, which will help the company in receiving regular and repeat orders and, in turn, sweat its assets at optimal capacity utilisation rates.

The ratings continue to factor in the Group's position as one of the leading players in polyester yarn manufacturing in India and the extensive experience of its promoters in the industry. The ratings also derive strength from its diversified product portfolio, established distribution network and location specific advantages owing to its proximity to the raw material sources.

The ratings, however, remain constrained by the susceptibility of the company's profit margins to the cyclicity inherent in the textile sector in terms of demand and volatility in crude oil linked raw material prices and realisations. In FY2023 and FY2024, the company's profitability moderated owing to significant export of polyester yarn by Chinese manufacturers at cheaper rates in the Indian market. The OPM, however, improved in FY2025 with the implementation of the Quality Control Order (QCO) by the Government of India from October 2023 on synthetic fiber and yarn, along with increase in demand. In H1 FY2026, the company recorded an OPM of 8.5%, a 50-bps decline from H1 FY2025 level due to initial start-up costs towards commercialisation of the Punjab plant. With effect from November 12, 2025, QCO order on synthetic fiber and yarn have been revoked, a move which is expected to put pressure on realisations, though input costs are also expected to soften. The impact of the same as well as the ability of the company to timely ramp up its capacities will remain critical determinants of OPM.

While the Punjab unit was expected to commence operations by June 2025, the actual commercialisation got delayed on account of prolonged and intense monsoons in Punjab. The total cost of the project actually incurred stood at Rs. 2,139.7 crore, higher than the previous estimates of Rs. 1,902.5 crore due to an increase in the pre-operative expenses and impact of foreign exchange fluctuations (on import of machinery). A portion of the capital expenditure for Phase 2 of the capacity expansion (91,250 MTPA), specifically related to infrastructure and utilities, was also incurred during Phase 1, this further resulted in an increase in the total cost incurred for Phase 1. The same was primarily funded through additional debt. Given the significant debt-funded capex incurred in the recent past, the Group's debt coverage indicators remain moderate with total debt visa-a-vis the operating profit before depreciation, interest, taxes and amortisation (OPBDITA) and interest coverage of 4.0 times and 10.9 times, respectively in FY2025 vis-à-vis 1.6 times and 7.8 times, respectively in FY2024.

Over the next two years, the Group plans additional capex of Rs. 200.0 crore in the Punjab plant towards capacity expansion of polyester by 91,250 MTPA. Additionally, the Group is expanding its cotton division's spinning capacity by 73,000 spindles by setting up a new manufacturing facility in Madhya Pradesh (MP) at an expected outlay of around Rs.400-500 crore, which will be funded through a mix of loan and internal accruals. The detailed planning is yet to happen and thus the exact amount and funding are yet to be finalised. Besides, the Group is expected to incur capex of around Rs.100 crore in the Silvassa plant in FY2026, of which Rs. 30 crore will be towards modernisation of the cotton plant and the balance Rs.70 crore towards increasing the capacity of technical textile from 9,000 MT to 18,000 MT.

The ratings are also constrained by the intense competition and the fragmented nature of the yarn industry, which exerts pricing pressure. The company further remained exposed to forex risks as about 40% of the total debt contracted for the ongoing capex is denominated in foreign currency, which in addition to its raw material imports would keep the company a net forex buyer in the near-to-medium term. ICRA, however, notes that the company has started hedging its debt and payables from September 2025 and would be continuing this practice.

## Key rating drivers and their description

### Credit strengths

**Status as one of the leading manufacturers of polyester yarn in India; improvement in business position expected in FY2026 with commercialisation of new plant** – Following ramp-up of capacity of the Punjab plant, which commercialised operations from August 27, 2025, the Group's manufacturing capacity has increased to 4,56,250 million tonnes per annum (MTPA) from 2,00,750 MTPA, in FY2026. This will help the Group further strengthen its operating profile in the near term on the back of better product mix and proximity to both raw material sources and consumption centres. The management expects continued improvement in revenues, led by ramp-up in capacities, coupled with a steady increase in its consolidated operating profit margins(OPM). Benefits of operating leverage and the expected increase in profitability from the Punjab plant, driven by higher automation, lower fuel cost (due to usage of rice husk) and freight cost (due to proximity to customers), will result in an overall rise in its earnings, going forward. SPPL's ability to effectively and profitably ramp up the capacity would be a key rating monitorable. ICRA, however, notes STL's established relationships with customers and suppliers, which will help the company in receiving regular and repeat orders and, in turn, sweat its assets at optimal capacity utilisation rates.

It is also engaged in manufacturing of cotton yarn and industrial drawn yarn with annual capacity of 14,000 MTPA and 9,000 MTPA, respectively, as on September 30,2025. The capacity utilisation has remained above 100% during the last four fiscal years.

**Diversified product portfolio with established distribution network and wide customer base** – The company offers various polyester yarn products such as partially oriented yarn (POY), draw textured yarn (DTY), fully drawn yarn (FDY), and twisted yarn, among others. It has applications in varied industries such as apparel, sports, athleisure, active and innerwear, home textiles, and technical textiles in travel & leisure, logistics & mobility, among others. The customer profile remained diversified with the top-10 customers accounting for around 21% of revenues in FY2025 and 24% in Q1 FY2026. Polyester yarn continues to account for more than 75% of revenues in FY2025 and Q1 FY2026, followed by cotton yarn, which contributed 19% to revenues in FY2025 and Q1 FY2026.

**Extensive experience of promoters in textiles industry** – Mr. Paresh Kumar Dattani, the Chairman and Managing Director of the company, has over four decades of experience in the textile industry. The company, incorporated in 2005, has been able to strengthen its footprint in the polyester yarn industry.

Besides, Joint Managing Director and Promoter, Mr. Ajay Kumar Dattani along with other promoters, Mr. Anil Kumar Dattani (brother of Mr. Paresh Dattani), also have extensive experience in the textile industry.

**Location specific advantages owing to its proximity to raw material sources and consumption centres** – The manufacturing facility of STL is located at Silvassa, western Gujarat. It is among the major strategic locations for polyester yarn manufacturers in India due to availability of manufacturing facilities across the supply chain in the polyester segment. Besides, proximity to manufacturers of key raw materials, i.e., purified terephthalic acid (PTA) and mono-ethylene glycol (MEG) leads to freight cost savings for yarn manufacturers in western Gujarat. The new unit in Punjab is also in the vicinity of raw material sources in the Panipat region as well as to the key consumption centres of Ludhiana, Meerut, Amritsar, Panipat and the National Capital Region (NCR), imparting a competitive edge to the company.

### Credit challenges

**Large debt-funded capex in recent years** – While the Punjab unit was expected to commence operations by June 2025, the actual commercialisation got delayed on account of the prolonged and intense monsoons in Punjab. The total cost of the project actually incurred stood at Rs. 2,139.7 crore, higher than the previous estimates of Rs. 1,902.5 crore due to an increase in pre-operative expenses and impact of foreign exchange fluctuations (on import of machinery). A portion of the capital expenditure for Phase 2 of the capacity expansion (91,250 MTPA), specifically related to infrastructure and utilities, was also incurred during Phase 1, this further resulted in an increase in the total cost incurred for Phase 1. The same was primarily funded through additional debt.

Over the next two years, the Group plans additional capex of Rs.200.0 crore in the Punjab plant towards capacity expansion of polyester by 91,250 MTPA. Additionally, the Group is expanding its cotton division's spinning capacity by 73,000 spindles by setting up a new manufacturing facility in Madhya Pradesh (MP) at an expected outlay of Rs.400–500 crore, which will be funded through mix of loan and internal accruals. The detailed planning is yet to take place and thus the exact amount and funding are yet to be finalised. Besides, the Group is expected to incur capex of around Rs.100 crore in the Silvassa plant in FY2026 of which Rs.30 crore is towards modernisation of the cotton plant and the balance Rs.70 crore towards increasing the capacity of technical textile from 9,000 MT to 18,000 MT.

**Moderate debt coverage indicators** – Given the significant debt-funded capex incurred in the recent past, the Group's debt coverage indicators remained moderate with total debt to OPBDITA and interest coverage of 4.0 times and 10.9 times, respectively in FY2025 against 1.6 times and 7.8 times, respectively in FY2024.

Moreover, there was a one-time start-up cost of Rs.11 crore towards the Punjab plant, which impacted the operating margin in H1 FY2026. Thus, debt coverage indicators moderated further with total debt to OPBDITA and interest coverage of 5.4 times and 5.7 times, respectively in H1 FY2026. The financial risk profile is expected to improve from H2 FY2026 with increase in revenue and profit, driven by increase in capacity utilisation of the new plant.

**Exposure to cyclicity inherent in the textile industry and raw material prices, which are linked to crude oil prices** – The rating also remains constrained by the susceptibility of the company's profit margins to the cyclicity in demand in the textile sector, and to the volatility in crude oil linked raw material prices and realisations. The major raw materials consumed are purified terephthalic acid (PTA) and mono-ethylene glycol (MEG). Both of these are derivatives of crude oil are continuously affected by the movement in crude oil prices. Part of the raw material requirement is also imported, which necessitates higher inventory holding. The company has changed its policy to hedge 100% of its exposure (debt and payables) from September 2025 and will continue to do so, going forward.

With effect from November 12, 2025, QCO order on synthetic fiber and yarn has been revoked, a move which is expected to lead to pressure on realisations, though input costs are also likely to soften. The impact of the same as well as the ability of the company to timely ramp up its capacities will remain critical determinants of OPM.

### Liquidity position: Adequate

The liquidity position of the Group remains adequate, with cash and bank balance of Rs. 14.7 crore as on September 30, 2025, and average unutilised fund-based limits of around Rs. 100 crore in October 2025. The cash flow of the Group is also expected to improve with ramp-up of capacities of the new plant. The STL Group plans to incur capex of Rs. 400 crore in FY2026 towards the automation of the polyester plant in Punjab, increase capacity for technical textiles and modernise the cotton plant in Silvassa funded through internal accruals and term loan. The Group has annual repayment of Rs. 72.2 crore in FY2026 and Rs. 89.8 crore in FY2027.

The Group is expanding its cotton division capacity in terms of spinning capacity with a new manufacturing facility in Madhya Pradesh with the envisaged project cost of around Rs. 400-500 crore, which will be funded through a mix of loan and internal accruals. The detailed planning is yet to happen and thus the exact amount and funding are yet to be finalised. At present, the possession of the land is underway.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if the Group is able to demonstrate profitable ramp-up of the new capacities in a timely manner, leading to a sustained improvement in its operating profit margins and debt coverage indicators.

**Negative factors** – ICRA may revise the outlook to Stable in case the Group is unable to profitably ramp up the new capacity in a timely manner, which adversely impacts its debt protection metrics and/or liquidity. Any prolonged slowdown in demand or pricing pressure emanating from cheaper polyester yarn imports, weakening the profitability, could also trigger ratings downgrade. Specific credit metric for downgrade includes debt service coverage ratio (DSCR) remaining below 1.8 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles - Spinning</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered consolidated financials of STL. As on September 30, 2025, STL has two wholly-owned subsidiary that has been enlisted in Annexure-II

### About the company

Incorporated in 2005 by the Dattani family, STL is mainly engaged in manufacturing and exports of polyester yarn, cotton yarn and yarn for technical textile. The company's plant is situated at Surangi village, Silvassa, and has its corporate office in Mumbai. The total installed capacity stood at 2,00,750 metric tonnes per annum (MTPA) for polyester yarn, 14,000 MTPA for cotton yarn and 9,000 MTPA for industrial drawn yarn as on September 30, 2025.

The Group further commenced phase-1 operations of the polyester plant at Wazirabad, Punjab in SPPL in August, 2025 and has installed capacity of 2,55,000 MPTA as on September 30, 2025.

### Key financial indicators (audited)

Group's Consolidated Financials	FY2024	FY2025	H1FY2026*
Operating income	2,958.4	3,000.0	1,563.3
PAT	133.0	160.5	60.6
OPBDIT/OI	7.9%	9.0%	8.5%
PAT/OI	4.5%	5.3%	3.9%
Total outside liabilities/Tangible net worth (times)	0.7	1.0	1.2
Total debt/OPBDIT (times)	1.6	4.0	5.4
Interest coverage (times)	7.8	10.9	5.7

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2026)						Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 29, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long term	650.0	[ICRA]A (Positive)	Apr-07-25	[ICRA]A (Positive)	-	-	Mar-26-24	[ICRA]A-(Stable)	-	-
Fund Based	Long term	300.0	[ICRA]A (Positive)	Apr-07-25	[ICRA]A (Positive)	-	-	-	-	-	-
Issuer Ratings	Long term	-	[ICRA]A (Positive)	Apr-07-25	[ICRA]A (Positive)	-	-	Mar-20-24	[ICRA]A-(Stable)	-	-
								Mar-26-24	[ICRA]A-(Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Term Loans	Simple
Long term – Fund based Limits	Simple
Issuer Ratings	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loans	FY2024	8-9%	FY2033	650.0	[ICRA]A (Positive)
NA	Fund Based	NA	NA	NA	300.0	[ICRA]A (Positive)
NA	Issuer Ratings	NA	NA	NA	-	[ICRA]A (Positive)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	STL Ownership	Consolidation Approach
Sanathan Polycot Private Limited	100%	Full Consolidation
Universal Texturisers Private Limited	100%	Full Consolidation

Source: Company

## ANALYST CONTACTS

**Jitin Makkar**

+91 0124-4545368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Kinjal Shah**

+91 022 61143442

[kinjal.shah@icraindia.com](mailto:kinjal.shah@icraindia.com)

**Sakshi Suneja**

+91 22 6169 3349

[sakshi.suneja@icraindia.com](mailto:sakshi.suneja@icraindia.com)

**Taanisha Sharma**

+91 22 6169 3344

[taanisha.sharma@icraindia.com](mailto:taanisha.sharma@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.