

# SANGAM (INDIA) LIMITED

CIN : L17118RJ 1984PLC 003173

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Value through values

Ref: SIL/SEC/2026

Date: 24<sup>th</sup> October, 2026

|                                                                                                                                                                                                                                                             |                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Manager,<br>Department of Corporate Services,<br><b>The National Stock Exchange of India Ltd.</b><br>Exchange Plaza, 5th Floor,<br>Plot No. C/1, G Block,<br>Bandra Kurla Complex, Bandra (E)<br><u>Mumbai – 400051</u><br><b>Scrip Code: SANGAMIND</b> | The Manager,<br>Department of Corporate Services,<br><b>BSE Ltd.</b><br>Phiroze Jeejeebhoy Towers,<br>25th Floor, Dalal Street,<br><u>MUMBAI - 400 001</u><br><b>Scrip Code: 514234</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Dear Sir/Madam,

**Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Sub.: Intimation regarding upgrade in credit ratings of bank loan facilities of Sangam (India) Limited**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings and Research (Ind-Ra) has upgraded the long-term credit rating of the bank loan facilities of the Company from '**IND A-**' to '**IND A**' with a **Stable Outlook** and the short-term credit rating from '**IND A2+**' to '**IND A1**' as follows: -

| Instrument Type      | Size of Issue<br>(INR million) | Rating Assigned with<br>Outlook/Watch | Rating Action |
|----------------------|--------------------------------|---------------------------------------|---------------|
| Bank loan facilities | 17,650                         | IND A/Stable/IND A1                   | Upgraded      |
| Bank loan facilities | 10,050                         | IND A/Stable/IND A1                   | Assigned      |

The rating agency has upgraded the rating of bank loan facilities as amounting to ₹17,650 million and assigned a rating of 'IND A/Stable/IND A1' to additional bank loan facilities amounting to ₹10,050 million.

The total bank loan facilities covered under the above rating actions amount to ₹27,700 million (₹2,770 crore). We are enclosing herewith the credit rating communication dated 23<sup>rd</sup> October, 2026 issued by the India Ratings and Research, Credit Rating Agency for your information and records.

This above information is also made available on the website of the Company [www.sangamgroup.com](http://www.sangamgroup.com)

You are requested to take the same on record.

**Yours faithfully**  
**For Sangam (India) Limited**

ARJUN  
AGAL

Digitally signed  
by ARJUN AGAL  
Date: 2026.10.24  
14:42:58 +05'30'

**Arjun Agal**  
**(Company Secretary)**  
**M. No.: A74400**

Encl.: As above

# Ind-Ra Upgrades Sangam (India)'s Bank Loan Facilities to 'IND A'/Stable/'IND A1'; Rates Additional Limits

Oct 23, 2026 | Sangam (India) Limited | Other Textile Products

India Ratings and Research (Ind-Ra) has upgraded Sangam (India) Limited's (SIL) bank loan facilities' long-term rating to 'IND A' with a Stable Outlook from 'IND A-' and short-term rating to 'IND A1' from 'IND A2+' as follows:

## Details of Instruments

| Instrument Type      | Regulator of Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of Issue (INR million) | Rating Assigned with Outlook/Watch | Rating Action |
|----------------------|-------------------------|------------------|-------------|---------------|-----------------------------|------------------------------------|---------------|
| Bank loan facilities | RBI                     | -                | -           | -             | 17,650                      | IND A/Stable/IND A1                | Upgraded      |
| Bank loan facilities | RBI                     | -                | -           | -             | 10,050                      | IND A/Stable/IND A1                | Assigned      |

## Analytical Approach

To arrive at the rating, the agency continues to take a fully consolidated view of SIL and its 100% subsidiary, Sangam Ventures Limited (SVL), as the companies are in the same line of business and operate under the same management.

## Detailed Rationale of the Rating Action

The upgrade reflects the improvement in SIL's operational performance over FY26-1QFY27 which is likely to be sustained over the medium term, driven by the incremental cost-effective measures implemented by the company mainly pertaining to savings in power cost and higher backward integration. The company's captive renewable sources cater to 30% of the total power requirement at present and the management expects to increase it to 70% in the next nine months, leading to a total power savings of INR700 million. SIL's acquisition of RPSF in FY26 is likely to result in INR150 million of input cost savings. SIL's consolidated EBITDA margins improved to 12.2% in 1QFY27 (FY26: 9.9%; FY25: 8.6%), driven by operating leverage and cost optimisation measures.

The ratings also reflect the decline in the net leverage (including letter of credit (LC) acceptances) to 3.04x in 1QFY27 (FY26: 3.62x; FY25: 3.38x), largely due to the improvement in profitability despite an increase in debt following its debt-funded capex and higher working capital borrowings. Ind-Ra also observes a decline in the net leverage (including e-trade and LC acceptances) to 4.01x in 1QFY27 (FY26: 5.14x; FY25: 6.26x). The company plans to undertake capex of INR15,000 million over the next three financial years, aiming at increasing renewable energy capacity, expansion in cotton yarn, and automation in cotton and polyester viscose (PV) yarn segment. Although company plans to enter into denim garmenting, it is at initial stages of discussions. SIL's board has approved the issue of share warrants of INR1,000 million, of which INR250 million has been received in 2QFY27. Even though the agency expects the net leverage to be at elevated levels, it will be below Ind-Ra's earlier expectation and will continue to moderate on yoy basis over the medium term even after sizable capex, due to the likely benefit from the ongoing capex and cost optimisation, leading to a healthy and sustained business performance. The ratings also factor the financial flexibility and support received from promoters over FY26-FY27 to support capex.

However, the ratings are constrained by the above-mentioned debt-funded capex undertaken since this will keep the net leverage (including acceptances) at elevated levels over FY27-FY28; nevertheless, the agency expects the net leverage to remain comfortable during the period before falling below 3.5x FY29 onwards. The coverage indicators are likely to remain

comfortable with an interest coverage ratio of more than 3.0x over the medium term.

## List of Key Rating Drivers

### Strengths

- Operational performance improved in 1QFY27, further improvement likely
- Improved credit profile
- Diversified business profile

### Weaknesses

- High debt-funded capex
- Forex risks

## Detailed Description of Key Rating Drivers

**Operational Performance Improved in 1QFY27, Further Improvement Likely:** Ind-Ra expects the consolidated operating performance to continue improving in FY27-FY28, supported by capacity enhancement, ongoing cost-efficiency initiatives, healthy demand from downstream segments, and a sustained focus on value-added products. SIL's sales remain primarily order backed, with a two-month order book, ensuring near-term revenue visibility.

Its exports contributed 36% to the consolidated revenue in FY26 (FY25: 39%; FY24: 33%), reflecting a continued customer base expansion across geographies. The consolidated revenue improved to INR32,345 million in FY26 (FY25: INR28,570 million; FY24: INR26,281 million), aided by improved volumes and realisations across yarn, PV fabric and garments.

The consolidated EBITDA margins improved to 9.9% in FY26 (FY25: 8.6%; FY24: 8.2%), supported by improved spreads and a sustained contribution from value-added products such as fabrics and garments, accounting for around 50% of the total revenue (FY25: 50%; FY24: 53%). In 1QFY27, the company recorded revenue of INR8,603 million and EBITDA margin of 12.2%.

As part of its strategic backward integration strategy, the company acquired a recycle polyester staple fibre (RPSF) unit in October 2025, which is likely to yield annual cost savings of INR140 million-150 million. Furthermore, continuous renewable power investments are likely to generate annual savings of around INR700 million in the near to medium term.

**Improved Credit Profile:** SIL's capital structure remained broadly stable over FY23-FY26, with the gross debt (including acceptances)-to-equity ratio at 1.19x in FY26 (FY25: 1.13x; FY24: 1.08x). However, total gross debt (including LC acceptances) increased to INR13,398 million (INR11,970 million; INR11,129 million), reflecting debt-funded capex and higher working capital borrowings. The net leverage (net debt including LC acceptances/operating EBITDA) reduced but remained elevated at 3.62x in FY26 (FY25: 3.38x; FY24: 4.50x). The gross interest coverage (gross interest expense/EBITDA) remained stable at 2.81x in FY26 (FY25: 2.58x; FY24: 3.02x)

Following the implementation of government regulations in February 2024, mandating the settlement of micro, small and medium enterprises (MSME) dues within 45 days of delivery, the company increased its exposure to e-trade facilities, leading to a continuous increase in e-trade exposure to INR4,893 million in FY26 (FY25: INR4,485 million; FY24: INR3,115 million), indicating a growing dependence on external funding sources to meet working capital requirements and adding to the company's overall debt burden. The net leverage (net debt including e-trade and LC acceptances/operating EBITDA) stood at 4.01x in 1QFY27 (FY26: 5.14x; FY25: 6.26x).

Although SIL commissioned capex in phases during FY23-FY26, the benefits in terms of scale and profitability were initially constrained by subdued realisations and challenging market conditions. Consequently, the increase in term debt coupled with subdued EBITDA, kept leverage elevated. However, the company has started realising the benefits of its capacity additions, as reflected in the improvement in the net leverage to 3.04x in 1QFY27.

Ind-Ra expects SIL's consolidated net leverage to improve gradually over the medium term, supported by higher operating profitability and scheduled term loan repayments. Nevertheless, the leverage is likely to remain elevated, given the sizeable capex plans and continued reliance on external sources to fund incremental working capital requirement. The agency expects the peak debt (including LC acceptances) to be at INR20,000 million-21,000 million in FY28 and is likely to taper gradually thereafter. Any deterioration in operating profitability, a further increase in the debt or acceptances, or slower than expected deleveraging will remain key monitorables.

**Diversified Business Profile:** SIL is among India's leading manufacturers of PV dyed yarn, with an operational track record of three decades. According to the management, SIL holds a 20%-25% market share in India's PV dyed yarn market. The company has a diversified business model, with operations in PV yarn, cotton yarn, suiting, denim and fabric processing along with garments. Its integrated business model with in-house yarn manufacturing for the suiting and denim division underpins the resiliency of its operating margins over pure yarn manufacturers. In FY26, yarns, denim fabrics, synthetic fabrics and garments contributed 50.7% (FY25: 49.3%; FY24: 43.8%), 27.4% (29.0%; 27.7%), 19.3% (17.5%; 22.1%), and 2.7% (2.9%; 2.8%), respectively, to the company's turnover.

**High debt-funded Capex:** SIL incurred a capex of around INR13,379 million during FY23-FY26 and plans additional capex of INR9,941.8 million, of which INR696.7 million had been incurred as of March 2026, with the balance scheduled for implementation during FY27-FY28. The management expects the expenditure to be funded through a debt-equity mix of 75:25. While the incremental capacities are expected to strengthen the company's operating scale and business profile, the associated cash flows are likely to accrue gradually as the facilities are commissioned and stabilise. Consequently, timely completion, capacity utilisation and the generation of adequate returns from the expanded capacities will be critical to support deleveraging and contain pressure on credit metrics.

SIL has been expanding its capacities in a phased manner across the yarn, fabric and garment segments. Its spinning capacity increased is likely to increase by 23,100 metric tonnes per annum (mtpa) by FY28 through automisation of PV yarn facilities and expansion of cotton yarn capacity. Additionally, its suiting fabric manufacturing capacity increased by 21% yoy to 56 million metres in FY26.

**Forex Risks:** SIL's exports accounted for around 36% of its total revenue during FY26 (FY25: 39%; FY24: 33%), exposing its order book, inventory and receivables to foreign exchange fluctuations. The company follows a hedging policy wherein it hedges 100% of its forex exposure. SIL reported a forex loss of INR158.7 million in FY26 (FY25: loss of INR14.1 million; FY24: gain of INR12.9 million); however, on a net basis the company has no forex gain/loss.

## Liquidity

**Adequate:** SIL's liquidity is supported by free cash balances of INR1,801 million at FYE26 (FYE25: INR1,148 million) and the availability of undrawn term debt facilities of INR7,110 million for capex, which can be drawn till end-FY28 to fund the ongoing capex programme. However, the utilisation of fund-based working capital limits remained high at 93.0% over the 12 months ended August 2026, indicating limited headroom in working capital borrowings.

SIL's scheduled consolidated debt repayments of INR928.4 million in FY27 and INR1,506.7 million in FY28 are expected to be met through operational cash flows. Nevertheless, cash flow from operations declined to INR1,622 million in FY26 (FY25: INR3,431 million), primarily due to higher working capital requirements. The company's net working capital cycle remained elongated at 127 days in FY26 (FY25: 133 days; FY24: 153 days), driven by elevated inventory days of 73 days (80 days; 101 days) and a receivables period of 72 days (66 days; 62 days).

SIL's free cash flow turned negative at INR736 million in FY26 due to high capex and is expected to remain negative in the near term due to high capex. While the available cash balances and undrawn term debt facilities provide a liquidity cushion to meet the ongoing capex and debt-servicing requirements, sustained high working capital utilization, an elongated cash conversion cycle and negative free cash flows remain key liquidity monitorables.

## Rating Sensitivities

**Positive:** Timely completion along with gradual ramp-up of ongoing expansion, an improvement in the profitability and visibility of the net leverage (including LC acceptances) falling below 3.0x, on a consolidated and sustained basis, could lead to a positive rating action.

**Negative:** Deterioration in the profitability and/or higher-than-expected debt levels, leading to the net leverage (including LC acceptances) remaining above 3.75x and/ or deterioration in the liquidity position, all on a sustained and consolidated basis, could lead to a negative rating action.

## Any Other Information

**Standalone Financials:** SIL recorded revenue of INR8,455 million during 1QFY27 (FY26: INR31,895 million), the EBITDA margins of 11.8% (9.7%) and interest coverage of 3.47x (2.83x).

About the Company

Incorporated in 1984, SIL is among the leading producers of PV dyed yarns in India, with a total spindles capacity of 306,864 spindles. The company has a 56 million meters per annum (mmpa) ready-to-stitch fabric manufacturing capacity, 60 mmpa denim fabric manufacturing capacity and 9.6 million pieces garment manufacturing capacity in Bhilwara and Chittorgarh, Rajasthan. Its flagship fabric brands are Sangam Suiting and Sangam Denim. It is listed on the National Stock Exchange Limited and BSE Limited.

Key Financial Indicators

| Particulars                                                               | 1QFY27 | FY26   | FY25   |
|---------------------------------------------------------------------------|--------|--------|--------|
| Revenue (INR Mn)                                                          | 8,604  | 32,345 | 28,570 |
| EBITDA (INR Mn)                                                           | 1,054  | 3,207  | 2,447  |
| EBITDA Margin (%)                                                         | 12.2   | 9.9    | 8.6    |
| Interest Cover (x)                                                        | 3.53   | 2.81   | 2.58   |
| Net Adjusted Leverage (x; incl. LC acceptances)                           | 3.04*  | 3.62   | 3.38   |
| N.A.: Not available<br>Source: SIL; Ind-Ra<br>(* ) on an annualised basis |        |        |        |

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

| Instrument Type      | Current Rating/Outlook |                        |                     | Historical Rating/Outlook |                       |                   |                     |
|----------------------|------------------------|------------------------|---------------------|---------------------------|-----------------------|-------------------|---------------------|
|                      | Rating Type            | Rated Limits (million) | Current Rating      | 20 October 2025           | 22 July 2024          | 22 September 2023 | 02 June 2023        |
| Bank loan facilities | Long-term/Short-term   | INR27,700.00           | IND A/Stable/IND A1 | IND A-/Stable/IND A2+     | IND A/Negative/IND A1 |                   | IND A/Stable/IND A1 |
| Issuer Rating        | Long-term              | -                      | -                   | -                         | -                     | WD                | IND A/Stable        |

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

**Note:** Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

## Bank wise Facilities Details

### Complexity Level of the Instruments

| Instrument Type      | Complexity Indicator |
|----------------------|----------------------|
| Bank loan facilities | Low                  |

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Contact

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## About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

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### Corporate Rating Methodology

### Parent and Subsidiary Rating Linkage

### Short-Term Ratings Criteria for Non-Financial Corporates

### The Rating Process

### Evaluating Corporate Governance

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