

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs412	20.7	Buy	Rs600	45%

*as on 02nd June, 2025

About the Company:

Sangam India Limited (SIL) was founded in 1984 under the visionary leadership of Chairman Mr. R. P. Soni. With the adoption of a comprehensive approach, SIL operates as a fully integrated textile enterprise, managing the entire process from yarn production to fabric manufacturing and garmenting. Over the last four decades, the company has emerged as a prominent manufacturer of Polyester Viscose (PV) dyed yarn and denim fabric. SIL has a wide spectrum of portfolio that includes PV blended dyed fabrics, grey yarn, textured yarn, cotton spun and open-end (OE) yarn, fabric processing, cotton knitted fabrics, synthetic blends, denim and garments. SIL has been offering products of high quality that blend style as well as comfort. SIL strategically operates via 5 fully equipped state-of-the-art manufacturing facilities located in key areas of Bhilwara and Chittorgarh in Rajasthan. These advanced facilities illustrate a blend of technology, precision and execution of the production process with highest standards of excellence. At a global level, SIL's footprint is stretched to over 50+ countries which establishes a strong global presence. Sangam Suiting, Sangam Denim and C9 Airwear are some of the flagship brands offered by the company. With a strong foundation and extensive presence, SIL has built a diverse client base that matches the wide spectrum of its product offerings; these include Banswara Syntex, Siyaram, BSL, Vimal, RSWM, Arvind, Marks & Spencer, Reliance Trends, Zivame, Myntra, Lifestyle International and Westside etc. This broad portfolio reflects the company's commitment to excellence and its strategic growth in both domestic and international markets. Mr. Anurag Soni is the Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 4.7% to Rs7343mn as compared to Rs7011mn in Q4FY24
- The Ebitda margins for the quarter under review stood at 7.9% as compared to 9.5% in the comparative quarter last year
- The company reported profit of Rs96mn as compared to Rs137mn in the same quarter last year
- The EPS for the quarter stood at Rs2.23 as compared to Rs3.08 in the corresponding period of last year
- For the full year, the revenue grew by 8.7% and the PAT de-grew by 22.1%, while the Ebitda margins stood at 8.6%
- The Board has recommended a dividend of Rs2 per equity share of FV of Rs10 each for FY25

Financials:

Performance (Q4&FY25)									
Q4&FY25 Result (Rs mn)	Mar-25	Mar-24	y-o-y	Dec-24	q-o-q	FY25	FY24	y-o-y	FY26E
Total Revenue	7343	7011	4.7%	7540	(2.6%)	28570	26281	8.7%	31604
EBITDA	577	667	(13.5%)	640	(9.8%)	2446	2155	13.5%	3002
Other Income	121	37	-	(32)	-	154	128	20.2%	160
Interest	255	233	9.1%	215	18.7%	947	714	32.5%	913
Depreciation	299	261	14.3%	289	3.4%	1145	968	18.3%	1256
Exceptional Items	17	17	-	17	-	66	66	-	0
Tax	32	56	(42.0%)	64	(49.1%)	124	126	(1.4%)	243
Net Profit	96	137	(30.0%)	24	-	318	408	(22.1%)	750

Outlook and Recommendations: In Q4FY25, SIL has reported a stable performance, with steady demand from both domestic and international markets. On the operational front, the margins were depressed and the bottom-line has been saved by the other income. The growth in revenue on a y-o-y basis was basically supported by healthy volume expansion with sustained demand across key markets and partial absence of value growth. The overall gross margin for FY25 stood at ~39.75% which reflects the continued efforts of SIL for cost efficiency and operational excellence. During the quarter under review, SIL has strengthened its international presence by getting a major order from a global customer and entered into a new partnership to grow its denim business.

Outlook and Recommendations (contd.):

The company continues to focus on offering better and more profitable products like fabrics and garments, which are gaining good traction. Going forward, the company is moving into its next phase of growth by using its fully integrated model from yarn to garments to improve profits and expand its product range. SIL is also increasing its production capacity in yarn, synthetic fabric, and garments, aiming to use more of its own yarn internally and rely less on lower-margin products. The Management team is aiming for consistent performance with strategic execution and a strong focus on sustainability/innovation. The company is adopting new technologies, automation, and eco-friendly practices like recycling and solar energy to work more efficiently and responsibly. During the quarter under review, the company has entered into 2 strategic initiatives including, (a) a major order from Gelmart, (supplier to Walmart) which reinforces the global delivery capabilities and (b) entered into a 50:50 joint venture, Goldenseams Sangam Private Limited, to set up a ~Rs500mn forward integration facility to strengthen the denim manufacturing and value-added capabilities. The Management is also working on better managing costs and improving day-to-day operations. With strong brand presence, its C9 Airwear brand in the direct-to-consumer space, and trusted relationships with many customers, SIL is well-placed to benefit from global market changes like shifting supply chains away from China, growing demand for synthetic textiles, and the rise of online shopping. The company has passed through the worst phase of the textile cycle despite which they have been investing in expansion plans. The company has shown exceptional capability of survival in adverse conditions. The company plans to keep growing with a focus on high-quality products, long-term sustainability, and consistent business performance. The vision of the Management currently is to make the Balance Sheet stronger. The company has been trying to cut costs wherever possible to fetch better operational efficiencies. With a long term horizon and view of the future, we believe the RoCE and ROE of the company will improve with time and thus we continue to maintain our target price of Rs600.

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