



FILATEX INDIA LIMITED

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National Stock Exchange of India Limited
Listing Department
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Security Symbol: **FILATEX**

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Security Code: **526227**

Sub: Transcript of the Earnings Conference call held on 4th May, 2026 for the Q4 & FY26 Results of the Company

Dear Sirs/ Madam,

In continuation of our letter No. FIL/SE/2026-27/02 dated 28th April, 2026 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript in respect of the Earnings Conference call held on 4th May, 2026 for the Q4 & FY26 Results of the Company.

This is for your information and records please.

Thanking you,

Yours faithfully,
For FILATEX INDIA LIMITED


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“Filatex India Limited Q4 & FY26 Earnings Conference Call”

May 04, 2026



MANAGEMENT: MR. MADHU SUDHAN BHAGERIA – CHAIRMAN & MANAGING DIRECTOR, FILATEX INDIA LIMITED
MR. ASHOK CHAUHAN – CHIEF VISIONARY OFFICER, FILATEX INDIA LIMITED
MR. NITIN AGARWAL – CHIEF FINANCIAL OFFICER, FILATEX INDIA LIMITED
MR. VEDANSH BHAGERIA – VICE PRESIDENT (CORPORATE STRATEGY), FILATEX INDIA LIMITED

MODERATOR: MS. JANHAVI KANKRIYA – BRANDING EDGE

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Filatex India Limited Q4 FY26 Conference Call hosted by Branding Edge.

As a reminder, all participant lines will be in a 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 is being recorded.

I now hand the conference over to Ms. Janhavi Kankriya from Branding Edge. Thank you and over to you, ma’am.

Janhavi Kankriya: Thank you. Good evening, everybody and welcome to Filatex India Limited’s Earnings Call to Discuss the Q4 & FY26 Results.

We have on call with us Mr. Madhu Sudhan Bhageria – Chairman and Managing Director, Mr. Ashok Chauhan – Chief Visionary Officer, Mr. Nitin Agarwal – Chief Financial Officer and Mr. Vedansh Bhageria – Vice President (Corporate Strategy).

We must remind you that the discussion on today’s call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. “Madhu Sudhan Bhageria to take us through the Company’s Business Outlook and Performance,” subsequent to which we will open the floor for “Q&A.” Thank you and over to you sir.

Madhu Sudhan Bhageria: Thank you, Janhavi. Good evening and a warm welcome to all of you attending our Earnings Call for the Quarter-ended March 2026 & FY26.

I trust you would have had the opportunity to go through the presentation which has been uploaded on our website as well as the stock exchange.

Before we get into the detailed numbers, I would like to briefly address how we are presenting performance this quarter.

Typically, we review performance on a sequential basis comparing Q4 with Q3; however, the current quarter has been impacted by an unusually volatile external environment -- the sharp and rapid movement in crude oil prices during the quarter created significant uncertainty across the value chain. Given the strong linkage of our business to crude and its derivative, the volatility disrupted the normal operation rhythm of the industry. As a result, the Q4 versus Q3 comparison does not provide like-for-like reflection of underlying business performance. It is influenced more by short-term external shocks rather than structural or operational factors. Therefore, for a more meaningful assessment, we

are presenting year-on-year comparison Q4 FY26 versus Q4 FY25 and a full-year performance FY26 versus FY25. I believe this approach is better to capture the true trajectory of the business, excluding transient and volatility. We will of course address any specific questions on sequential movements during the Q&A.

I will quickly run through the “Key Performance Numbers”:

On a year-on-year basis, profitability showed an improvement. Revenue in Q4 FY26 stood at INR 985.5 crores compared to INR 1,080 crores in Q4 FY25.

Sales volume of Q4 FY26 was 89,841 MT, marginally lower than 96,561 MT in the corresponding quarter last year.

Profitability matrix improved materially. EBITDA increased by 13.86% to INR 86.26 crores from INR 75.73 crores in Q4 FY25. PAT reduced by 2.75% to INR 40.25 crores compared to INR 41.39 crores last year.

For the full year FY26, the company reported a marginal decline in top line and volume while delivering strong growth in profitability. Revenue in FY26 stood at INR 4,160 crores as compared to INR 4,252 crores in FY25, reflecting a slight decline.

Production volume stood at 3,89,027 MT, just about 0.5% lower than 3,91,300 MT in FY25.

Sales volume was recorded at 3,88,800 MT compared to 3,90,200 MT in the previous year.

Despite the modest decline in revenue and volume, EBITDA increased significantly by 34.5% to INR 346.50 crores, up from INR 257.70 crores in FY25, indicating improved margin and operational efficiency.

PAT rose by 36.7% to INR 183.9 crores compared to INR 134.6 crores in the previous year.

The Indian textiles industry entered FY26 on a strong growth trajectory. The demand of polyester yarn was robust and we had a good performance till Q3. I had mentioned that EBITDA in the first three quarters exceeded EBITDA of the previous year. However, escalating geopolitical conflict of Iran, Israel and US caused uncertainties and tension in the Middle East, disrupting this momentum. In all these years, we have not witnessed such disruptions spread across the UAE, Kuwait, Saudi Arabia, Oman, etc.. Strait of Hormuz, one of the busiest shipping traffic lanes was under siege.

A sharp surge of 40-45% in petrochemical input costs driven by crude-linked volatility, both in terms of price as well as availability, placed significant pressure on the polyester value chain. At the same time, weak demand and cautious market sentiments limited the ability of manufacturers to pass on

these costs increases resulting in margin compression across yarn and fabric segments. Temporary policy interventions including short-term custom duty relief have had limited on-ground impact due to long import cycles, highlighting the need for more stable and predictable policy support. In addition, supply chain disruptions, particularly uncertainties in availability of input materials and shipping routes coupled with rising logistics costs have made forward planning increasingly difficult. India's dependence on imports, especially for MEG, continues to remain a structural concern. Workforce availability has also emerged as a challenge with migrant labor shortages affecting operational continuity in several regions. As a result, the industry is currently witnessing a phase of production rationalization with the companies prioritizing operational stability and cost efficiency over aggressive volume growth. Despite these unforeseen near-term pressures, the underlying fundamentals of the industry remain intact. The current slowdown appears to be cyclical and sentiment-driven rather than structural as textile continues to be a non-discretionary consumption category. As geopolitical conditions stabilize and input costs normalize, deferred demand is expected to return, positioning the industry for a gradual recovery.

In the European Union, the competitive picture is set to change quite sharply once the India-EU agreement comes into force. The EU represents a large and attractive market worth \$370 billion, offering substantial headroom for Indian exporters. India will effectively move to zero custom duty from 10% to 12% presently on most textile and apparel exports. In simple terms, the EU is moving towards a structure where India and Vietnam are at zero duty while Bangladesh faces a possible step-up in tariffs after 2029 and China remains at a clear disadvantage.

In the United States, the situation is very different because there are no free trade agreements with India, Bangladesh or Vietnam for textiles. The US market size is also large at around \$300 billion. All three countries, India, Vietnam and Bangladesh export broadly under the same standard tariff structure, typically ranging from about 8% to 20% depending on the product.

China is the clear outlier as it faces additional Sec. 301 tariffs on top of the normal duties, taking its effective tariff burden to roughly 15% to 45%. This creates a substantial pricing disadvantage for China and has been a key driver behind the shift of sourcing to the other countries.

India's upcoming PTA capacity addition is now becoming tangible. Led by GAIL and Indian Oil Corporation, GAIL's Mangalore plant is expected to commence commercial production around July 2026, making it more immediate and creditable source of new supply.

Indian Oil's Paradip PTA project is making good progress and commissioning is targeted around December '26.

Together, both projects could add about 2.4 million tons per annum of PTA capacity, significantly reducing India's import dependence.

Reliance is also setting up a large capacity of 3.2 million tons, which is likely to go on stream by end of calendar year 2027. So, next 24 months would make a structural shift in PTA availability in India.

In spite of all conflicts and upheavals of Iran, Middle East, US, causing which are disrupting the well-established supply chain and logistics, we remain resilient and we are buoyant about the medium-term prospects of the polyester industry. Structural capacity additions in PTA, easing of policy-related cost risks, improving global trade sentiments, and disciplined execution of our CAPEX program together provide a strong foundation for sustainable growth and margin resilience.

Filatex is under a comprehensive CAPEX program of INR 690 crores, aimed at driving the next phase of growth and strengthening its value-added portfolios. This includes PFY, Brownfield expansion, enhancing FDY, DTY capacities, and optimize the product mix towards higher margin segments. Alongside a textile-to-textile recycle Greenfield project that establishes a circular polyester platform, converting end-of-life textiles into virgin-grade polymer and yarn.

The company is also implementing automation at its Dahej plant to improve operational efficiency and reduce labor dependency while advancing its renewable energy transition to significantly increase the share of green power in its energy mix. In addition, a steam distribution initiative is being developed to monetize surplus steam from the captive power plant by supplying it to nearby industries, promoting energy efficiency. Collectively, these initiatives are expected to deliver an annual EBITDA impact in the range of INR 218 crores to INR 230 crores, while reinforcing Filatex's competitiveness, sustainability, and long-term growth trajectory.

All our planned projects are now at an advanced stage of construction and installation and are progressing well in line with our execution roadmap.

The initiatives across recycling, capacity expansion, automation, and energy transition collectively reflect our continued focus on building a more efficient, sustainable, and future-ready business. Barring any unforeseen circumstances, equipment deliveries are expected to remain on schedule, supporting timely commissioning.

Overall, this integrated CAPEX program is shaping up as a well-coordinated effort towards strengthening operations, improving cost efficiency, and advancing our sustainability objectives.

Thank you for your patient listening. Now, I will be glad to answer your questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please go ahead.

Surya Narayan Nayak:

Yes. Thank you, sir, for giving me the opportunity. So, sir, as we progress in Q1, we understand that the volatility has risen still higher and presumably it will be remaining so in Q2 also. So, considering

that, what would be our production planning for first half, because you said that the market is remaining cautious, so, are we going to sub-optimally use our capacities below maybe 1 lakh ton per quarter?

Madhu Sudhan Bhageria: You see, today is a very dynamic time. So, we are very cautious and we are taking decisions based on the current market situation which are changing day-to-day. So, yes, definitely, we will not be producing full 1 lakh tons in this quarter. It could be lower by anything from 20% to 25% minimum as of now. But it is hardly one month which is over in this quarter. So, it is difficult to say how it will shape up in the next couple of months because things are very, very dynamic. You also know. Every day, things are changing.

Surya Narayan Nayak: Secondly, we saw that there is a foreign exchange fluctuations charge of around INR 13 crores that came in Q4 which has actually dented our bottom line though we did better in EBITDA, gross margin everywhere. But just to understand from you structurally, that after the PTA plants that will be coming up in the form of the GAIL and others, but still, we will be depending upon the MEG on a ton basis, I would say 600 plus Kg of PTA will be required plus around more than 400 Kg of MEG will be required. So, if that is the case of proposal, then how the mitigation on the foreign exchange fluctuations will be catered to because we are not exporting too much in our bucket, so, how we are going to mitigate going forward, because rupee is also sliding and that scenario is going to also not help us?

Madhu Sudhan Bhageria: You are right. And so, we have taken a cautious view, and we will be hedging more from now on. See, there is a misconception. You require 860 grams of PTA and only 340 grams of MEG to make 1 Kg of polyester. Also, the price of MEG is much lower than PTA. So, if you go cost-wise, hardly the cost of MEG is less than 25% in the whole scene. Still, whatever it is, we will try to take care that we do not lose so much. Even if we would have hedged totally, then also the hedging cost is around 3.5% to 4% per dollar. And we at any given time have exposure of around INR 500 crores to INR 550 crores. So, in any case, even if you hedge, then also you lose around INR 17.5 crores to INR 20 crores every year in the hedging cost. Of course, this quarter we have been caught on the wrong foot. So, this war has continued longer than expected. But henceforth, we are taking precaution that it does not repeat.

Moderator: The next question is from the line of Harshit Khadka from Robo Capital. Please go ahead.

Harshit Khadka: Thank you for the opportunity. So, sir, INR 690 crores of CAPEX that we are doing, how much of that would be equity and debt, I mean, I just want to understand the split?

Madhu Sudhan Bhageria: Debt is around INR 335 crores, rest is equity.

Harshit Khadka: Right. So, do we have any outlook for debt for FY27 and '28?

Madhu Sudhan Bhageria: FY27 end we would have a debt of around INR 350 crores to INR 360 crores on the outset.

Harshit Khadka: Right. And sir, my second question is like what kind of ROE profile are you targeting?

Madhu Sudhan Bhageria: I think by end of this year, our ROE has come to around 12.96% as compared to last 10.62%. And hopefully, we should be able to add another 100 or 200 basis points in this year if things become all right in this quarter. If they continue for long, then it is difficult to say.

Harshit Khadka: All right, sir. Understood. Thank you.

Moderator: Next question is from the line of Niraj Mansingka from White Pine Investment. Please go ahead.

Niraj Mansingka: Thank you. You mentioned about a difficult scenario. Can you elaborate on that -- is there a volume issue, is there non-availability of raw materials?

Madhu Sudhan Bhageria: Raw material is not an issue. The problem is the prices have gone up very high and we are not able to pass on the full price and demand is also low because the downstream does not want to buy at higher prices because they are not able to sell goods at higher prices, and everybody is afraid if the war stops, there will be a sudden drop in the raw material prices. So, everybody is cautious and fabric is such a thing that people can postpone their buying for some short time. So, that is what is happening right now. Although now some recovery in demand we can see from starting of this month. So, let us see how things go forward. Basically, people are not able to digest such high prices as of now. So, they are little cautious at this moment. And traditionally also, see, April, May are not very good months. There is a lot of migration of the labor, and this time labor migration has increased drastically due to the shortage of LPG, the cylinders and all. So, all these migrated labor use the cylinders and the cost of the cylinders have gone very high. And there was some fear among them. I do not know what, but, yes, there is a fear. So, labor has been going back to their native places in huge volumes and this West Bengal elections also and the elections in the other places also supported this. So, all in all this has happened. But now I think labor has started coming back. So, maybe by end of this month or middle of this month things should normalize.

Niraj Mansingka: Got it. But you are not able to increase the prices, can you tell how the spread was in Q3 and what was the average for Q4 and what is it currently, any typical spread that you track?

Madhu Sudhan Bhageria: In Q3 we were doing around INR 9 a Kg profitability which dropped this quarter in the month of March significantly. In March the results are slightly better because the prices increased there is some stock profit also involved in this. Otherwise, we would have had lower profits.

Niraj Mansingka: But how much did it fall to in the month of March as much as in terms of average?

Madhu Sudhan Bhageria: If I take March independently I think we would be EBITDA-neutral, there would be hardly any EBITDA in March if we take prices of the raw material on the current day and the sales on the current day.

Niraj Mansingka: Got it. And what about today... how is it right now?

Madhu Sudhan Bhageria: Today also it is almost EBITDA neutral at the moment.

Niraj Mansingka: Got it. But with the crude price correcting, do you see your margins coming back after?

Madhu Sudhan Bhageria: The problem is not the crude price being high or low. The problem is the fear that it will fall once the war stops. We have witnessed such high crude prices previously also long time back and also higher than this. But if you feel the prices are going to go up, the demand is there. But if you have a fear that it can fall any day which it did once there was a truce, it fell to almost \$85. So, that fear is there among the people. If that fear goes away it does not affect too much to them buying INR 10 costly or cheaper in the final product.

Niraj Mansingka: Got it. But can you comment on the inventory in the system of your customers like how is it right now, any thoughts on that?

Madhu Sudhan Bhageria: Right now everybody has zero inventory on their raw materials. Finished inventories are little higher because everybody has sales problem. But the raw material everybody is keeping on a very, very low inventory.

Niraj Mansingka: Your customers are hardly having much of yarn?

Madhu Sudhan Bhageria: So, they do not have yarn and similarly we do not have too much of PTA, MEG but we have some finished products extra production stocks. Although we have curtailed production so that we do not go beyond certain days. We do not want to keep too much of stock but yes it is on a higher side.

Niraj Mansingka: So, how does it work out, in a sense that when there is a demand pull, is there availability of imported products right now in the market or -?

Madhu Sudhan Bhageria: Imported was also coming in a big way but I think going forward it will not come because Chinese prices are very high. Also, government for a time being removed the duty on PTA, MEG till June. So, that also helped a little bit. But otherwise also Chinese prices are quite high even if we take it into account. Like our prices are lower by INR 10 to INR 15 than Chinese landed prices as of today.

Niraj Mansingka: You are talking of PTA, MEG, both?

Madhu Sudhan Bhageria: No, I am talking about yarn. PTA, MEG of course we get at the landed price only because it is almost like a semi-monopoly kind of a situation.

Niraj Mansingka: Okay, sorry, I just repeat what you said. You said the Indian yarn prices today are lower than the Chinese imported ones?

Madhu Sudhan Bhageria: Indian MEG we get an import parity only. There we do not get any major discounts from the suppliers. They are packed at import parity more or less.

Niraj Mansingka: So, your raw material is same as what the Chinese guys are facing but your selling prices are 10% lower and that is the reason for the compression in margins today?

Madhu Sudhan Bhageria: Right. Our prices are higher than Chinese because Chinese get PTA much lower. We import from China only PTA. In MEG, we are both equal, but in PTA definitely our prices are much higher to the tune of freight and cost of handling which we have to incur extra for getting it to India which is at the moment around INR 8 to INR 10 because the freights are also very high today. That is inbuilt in the Indian price.

Niraj Mansingka: Got it. I will come back in the queue. Thank you.

Moderator: Next question is from the line of Saloni Munshi from CRISIL. Please go ahead.

Saloni Munshi: I Just wanted to know since the revocation of QCO in November have we seen any impact on our business for Q4?

Madhu Sudhan Bhageria: Yes, after the QCO revocation there was a lot of imports from China, so that is why we also had some margin pressure in January and February. We corrected the price to avoid imports but still there was a lot of imports happening and which is coming till now. But now the Chinese prices have moved very high, so new imports will not come in future but whatever had been booked earlier is still coming.

Saloni Munshi: Okay, thanks. And secondly, we have heard a lot about like substitution, people will be moving towards cotton from synthetic and all, is that possible like since polyester has different properties?

Madhu Sudhan Bhageria: Nobody can move from polyester anywhere because anything other than polyester is either 50% to 100% costlier than minimum 100% costlier than polyester. So, who would like to move to a costlier product?

Saloni Munshi: Okay, that is it from my side. Thank you so much.

Moderator: Next question is from the line of Ujji Sehgal from Pinpoint X Capital. Please go ahead.

- Ujji Sehgal:** Good afternoon, sir. Sir, I wanted to know regarding the steam project. What is the progress on that, when should that be online because that had a good saving on a small CAPEX?
- Madhu Sudhan Bhageria:** Yes, it was supposed to be online in June, but we are facing some delivery issue in the turbine. So, maybe one month more...maybe in mid-July max.
- Ujji Sehgal:** And regarding the recycling projects, what are the timelines, are we on track?
- Madhu Sudhan Bhageria:** That is to start by end of September and right now everything looks to be on time. I do not see any delay in that.
- Ujji Sehgal:** And we have been doing like tie-ups with Decathlon and like other -
- Madhu Sudhan Bhageria:** Yes, we are in talks with a lot of companies and hopefully we should be having a good start once we start. And we are also doing seed marketing with them. From our pilot plant we are giving them samples and getting approval so that they can place some bigger orders once our plant is operational.
- Ujji Sehgal:** So, you do not see any challenge in booking the whole production?
- Madhu Sudhan Bhageria:** There are a lot of challenges, but, see, we are trying to work on it. It is a new product, new everything so there would be challenges, but yes, we are trying our best so that we can overcome them before our plant starts in terms of sales. Because you know with all the brands it is a little longer timeline till they approve the things.
- Ujji Sehgal:** I believe sir our main market for this was the (EU), European Union. So, with the FTA coming in would that further give a fillip to us?
- Madhu Sudhan Bhageria:** Yes, it can give a further advantage to us once it is operational. I think I believe it will be operational by end of this calendar year the way things are.
- Ujji Sehgal:** Thank you sir and best of luck.
- Madhu Sudhan Bhageria:** Thank you.
- Moderator:** Next question is from the line of Sagar from Astralit Investments. Please go ahead.
- Sagar:** Sir, what is your gross asset turn on this Greenfield project and Brownfield project?
- Madhu Sudhan Bhageria:** Say that again please.

- Sagar:** Gross asset turn. So, basically what kind of revenue are you expecting from this INR 300 crores CAPEX from Greenfield?
- Madhu Sudhan Bhageria:** See, we would be doing around INR 500 crores top line from the Brownfield and around INR 350 crores to INR 400 crores in the Greenfield of recycling.
- Sagar:** Okay, fair enough. And sir, you told us about this Indian Oil, GAIL and Reliance is putting up their PTA capacity around 2.4 million this year and next year 3.4 million. So, what is their current capacity for PTA? And also then we would be taking from them and are they at a cost advantage?
- Madhu Sudhan Bhageria:** See, once a commodity becomes surplus in a country automatically everybody would compete and give you at a better price. Right now, Reliance produces around 4.2 to 4.4 million tons. Indian Oil produces around 0.7 million tons and for GAIL this is the first venture.
- Sagar:** Fair enough. You said that currently like selling is an issue basically and everyone is running low on raw material. So, do we expect like –
- Madhu Sudhan Bhageria:** No, raw material available is not an issue but see, demand for yarn is an issue, that is why everybody is running on a low capacity. Overall, the industry is running at around 60% capacity utilization, we are running at around 75%.
- Sagar:** Fair enough. So, in terms of global polyester yarn demand, I was reading an article where China is also saying that they want to have better ROE, ROC on their capacities and all.
- Madhu Sudhan Bhageria:** So, they are also rationalizing their capacities. They are closing down plants which are inefficient and not profitable. So, that is why you can see their prices have gone quite high because they also want to make profits now. Once things normalize, we will be able to capture that also.
- Sagar:** Yes. So, how do you think about the industry in the next two-three years?
- Madhu Sudhan Bhageria:** I think once this war stops things normalize industry should do very well. These are going to be very golden years for polyester once this stops.
- Sagar:** Fair enough. And also I mean this textile-to-textile thing, so any global company or peer that we can study because this is a complete new thing right?
- Madhu Sudhan Bhageria:** There are a lot of companies who are planning to bring it but there is no company which is operational as of now. There is only one company in China which is operational. For that data I do not think is easily available. Cyclone is the name of the company. But right now, there are two-three companies. Carbios is trying, now Loop has tied up with Ester. So, even if you just study the Loop project with Ester, they are putting almost 2.5x CAPEX per ton than what we have put. And if you see their

pricing and EBITDA commitments, they are much higher than what we are saying. There are a lot of companies. You can Google it. You will get a lot of companies who are doing chemical recycling, and they have spent millions and millions of dollars in research but still they have not come up with any big plant.

Sagar: So, what you are doing is quite special basically right?

Madhu Sudhan Bhageria: Yes. It is. Let us hope it works well.

Sagar: So, when you approach a client let us say I know that you have a pilot plant and you had this.

Madhu Sudhan Bhageria: The pilot plant we show in the product, they test the product, they check every quality, they make fabrics out of it, garments out of it, and if they are satisfied then they would go ahead with bigger orders in future.

Sagar: And in the first year so what is the expectation in terms of capacity utilization you have for this plant?

Madhu Sudhan Bhageria: For six months I do not feel that we would be able to utilize fully, maybe around 70% or 65%, but then next six months we should be almost in full capacity.

Sagar: 60-70% is also very good.

Madhu Sudhan Bhageria: Yes, because I feel that much because the kind of tie-ups we are having and talks we are going on, I am sure because 75 tons per day is not a big capacity. There are people who can buy the whole 75 tons in one-go.

Sagar: And sir in terms of prices so what would be the difference of a normal polyester yarn per kg price versus textile-to-textile yarn realization difference?

Madhu Sudhan Bhageria: Today, the price of virgin yarn is around INR 120. This could be INR 180 to INR 225.

Sagar: Fair enough. Okay, thank you sir I will be joining the queue.

Moderator: Next question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha: Thank you for this opportunity. So, if I look at your past 12 to 15 quarterly run rate it has sort of been in the range of 1,000 to 1,100 sort of clip, but given this expansion that is going to come on line how do you see growth in FY27 and going ahead, any color on that?

Madhu Sudhan Bhageria: Right now with this war situation I cannot give you any good guideline. If in a normal year we would do at least INR 500 crores more than what we do in a year which is INR 4,200-4,300 crores. So, we

should be close to INR 4,800 crores with the new CAPEX which we are doing in Filatex. With the subsidiary CAPEX that will add another INR 350 crores to INR 400 crores more.

Disha: So, you are hoping for around 4,800 sort of clip, right?

Madhu Sudhan Bhageria: In this FY27 only six months we will get for the new production. So, it will maybe around INR 4,500 crores in this year and in FY28 it could be around INR 4,800 crores in Filatex and another INR 400 crores from Ecosis.

Disha: Okay. Fair enough. And how should one look at the margins going ahead, what is the steady state that you are targeting?

Madhu Sudhan Bhageria: I think steady state we should do something about double digit in Filatex. Of course in Texfil the EBITDA margins would be around 30% minimum.

Disha: The subsidiary business?

Madhu Sudhan Bhageria: Yes. That is a specialty business so that will definitely have more margins than this.

Disha: Okay. How do we see this subsidiary sort of revenue shaping up, what percentage of the overall revenues are we targeting?

Madhu Sudhan Bhageria: I give you the numbers. You can calculate the percentage. I said INR 350 crores.

Disha: No. Going ahead?

Madhu Sudhan Bhageria: Full capacity wise it can do around INR 400 crores. So, it is not going to increase the full capacity utilization.

Disha: Okay, all right. That is it from my side.

Moderator: Next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan: Yes, sir, good afternoon and thank you for giving the opportunity. The first question is this INR 690 crores CAPEX that you are doing, you said INR 335 crores will be the additional debt that you will take, so remaining everything will come from the internal accruals, or you will need some fundraising?

Madhu Sudhan Bhageria: No, all internal accruals.

Hitendra Pradhan: Okay. Understood. Secondly, when I look at your base polyester business so that has been doing like 8% sort of a margin if I exclude the other income. So, going forward also should we consider this 8% as the base for our CFY business?

Madhu Sudhan Bhageria: No, the base has to go to like at least 11%, 12% otherwise nobody would reinvest in this business. So, today typically 2 lakh ton plant cost around INR 1,700 crores, INR 1,800 crores, 2 lakh ton means around INR 2,250 crores to INR 2,400 crores of top line. So, you have to generate around 12% to justify your investment.

Hitendra Pradhan: Sir, agreed. But in a lot of commodities at the end of the day you are making these sort of lower margins and lower ROC only when you compare it to Greenfield it does not make sense.

Madhu Sudhan Bhageria: Then you will not see a growth in that commodity no, nobody will put up a new plant for that. So, every year in world you need 3, 3.5 million tons of polyester, the production worldwide would be close to 53 to 54 million tons. India is doing around 5.5 million tons, China is doing around 42, 43 million tons. China will also not grow if they do not get around 10 percent margin.

Hitendra Pradhan: Okay. So, let us say it reaches to 10%-odd and then you are also doing this renewable and steam project and packaging project.

Madhu Sudhan Bhageria: This year our margins was around 8.33%. Now PTA coming to India with all these companies that will add at least 1%, 1.5% more margin. So, above 10% is a very, very easily achievable at least once the things are normalized.

Hitendra Pradhan: Understood. Now you also mentioned that you can get a PAT of INR 218 crores to INR 230 crores from all these initiatives, that is the annual PAT which will be added.

Madhu Sudhan Bhageria: I said EBITDA, not PAT you can get from all these investments.

Hitendra Pradhan: Sir, by when can we hope to reach to this level?

Madhu Sudhan Bhageria: No, all these things will be more or less commissioned by September. So, in the second half barring the recycle we should be utilizing the capacities fully more or less which is going to generate around INR 80-90 crores of EBITDA. So, if you leave that so we should be able to get at least INR 140 crores means INR 70 crores additional EBITDA in this year from the other operations.

Hitendra Pradhan: Okay. So, everything else will get immediately utilized including the PFY expansion?

Madhu Sudhan Bhageria: In a month or so, I mean not immediately, but not more than a month is the lag time for everything. Steam could take two, three months. Initially maybe we do 70-80% and within two, three months we will be able to add more clients.

- Hitaindra Pradhan:** Understood. Now coming to sir, Ecosis, right now you mentioned that there is some pilot going on with a couple of clients. So, now you are giving them the final product and then they will be garmenting. So, have you received any positive or negative feedback till now from these clients?
- Madhu Sudhan Bhageria:** There is no negative feedback. It is a process which is a longer process. You have to submit sample, it goes to their different places, then it gets converted into garments and then they do, it is a long process, it takes four to six months for any big company to approve things minimum.
- Hitaindra Pradhan:** Okay. In your own mind like when you will get confidence that okay, now the validation of this for the clientele that I am targeting is over, when is that milestone sir?
- Madhu Sudhan Bhageria:** It is difficult to say. There are so many clients. Like two we have already achieved. Now with others we are working and I hope that we should be able to complete the desired quantity by this year end at least. With the number of customers we need to sell our full volume.
- Hitaindra Pradhan:** No, sir but I was thinking that given the requirements of these customers which are very large, even if you satisfy the requirement on the technical parameters for one client, your entire capacity should get booked by this one client itself, right? So, then -
- Madhu Sudhan Bhageria:** We would not like to do that. We will be dependent on that. Supposing he stops buying what do we do? So, nobody wants to be dependent on one client. We would like to have a basket of clients.
- Moderator:** Next question is from the line of Anuj Haria from Interglobe Services. Please go ahead.
- Anuj Haria:** Hi! My question is more around the PTA facilities that are coming up. So, now with the new Brownfield capacity coming up in September, our total capacity will be somewhere nearly 470,000 metric tons. So, in absolute terms can you quantify in how many crores of rupees we will be saving when the new PTA plant comes by July and December?
- Madhu Sudhan Bhageria:** Saving in terms of what? You have to buy PTA. Right now we are importing. Then our imports will reduce once this plant comes in operation.
- Anuj Haria:** Correct. So, basically currently the freight charges extra that we are paying how much -?
- Madhu Sudhan Bhageria:** See, even India they are not leaving anything. Whatever is the landed cost of the imported they are charging at the same price. So, there will be no saving. The saving will happen once PTA becomes excess in India. Then they will compete and sell cheaper than the landed price.
- Anuj Haria:** Okay. Got it. So, initially to begin with there will not be any savings or margin improvement on this front?

Madhu Sudhan Bhageria: It will be there but very negligible. Once both the plants are operational, IOC and GAIL then maybe some savings will creep in. Because then there will be enough PTA available and they would like to fight among themselves to get hold of the customers. So, they could offer some extra discounts.

Anuj Haria: Okay. Got it. That will be from my end. Thank you.

Moderator: Next question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please go ahead.

Surya Narayan Nayak: So, just to understand one point that in the textile-to-textile recycling when the PET chips will be recovered so that has to be again further processed. So, if that is the case, then are we going to utilize the new facility that is the upcoming new facilities to process the same? And second question is that in the glycolysis process that we are currently implementing, if my understanding is right, so that is actually giving the PET which is nearly in terms of quality parameters virgin PET. Then my point is that because of this crude volatility and the PTA, MEG issues, so are we thinking of having more of the recycling facilities to extract the PET, that is the recycling route rather than the virgin route because the mandate from the EU side is increasing. So, what is the call on your side for the long-term view?

Madhu Sudhan Bhageria: For long-term definitely we would like to go more for recycling only. We will not invest too much money in the virgin. In virgin we have invested is a Brownfield project. So, we had certain extra chips available or certain places where we could add value. There we had invested INR 235 crores. Going forward I do not think too much opportunity would be left and major expansions would come only in the recycle business where we will be converting textile waste into virgin chips. Yes, this yarn facility we can use for virgin as well as recycle which is new or existing which we have right now. So, we can use any facility for converting from virgin or recycle. Once you have a chip, then every facility is similar.

Surya Narayan Nayak: So, with this INR 300 crores of facility, the end product will be chip or we will be processing or the end product will be the yarn?

Madhu Sudhan Bhageria: It will be only chip. Yarn, if need to be processed, it will be processed in the existing facility or the new machines which we are putting.

Surya Narayan Nayak: But the mandate from the global brands that is coming that is for the yarns not the chip. I mean if my understanding is correct?

Madhu Sudhan Bhageria: We will make chip from the existing facility and give it to them if they want yarn.

Surya Narayan Nayak: Okay, but their mandate is only from the recycle one, I mean especially from the chemical process.

Madhu Sudhan Bhageria: So, the chip is basically made from textile waste. That is what the mandate is that your raw material should be textile waste not PET bottle. So, we are making the chip from textile waste and after that if we make yarn from that it still qualifies for theirs whatever they have the mandate for.

Surya Narayan Nayak: Correct. So, my point is that in a cost wise is it not prudent to go for that kind of facilities more going forward rather than I mean scale up more?

Madhu Sudhan Bhageria: See, my technology is to convert waste to chip. My technology is not there to convert chip to yarn. I can sell chip to people who are making yarn, no. I need not invest on something which is already there. There is no technological advantage. There are a lot of people who can make yarn and give it to the customers. We already have in our factory, we can use that also but if you require more yarn and if we have more chips then there are a lot of people who would be willing to buy chip and make yarn and give it to people for all these brands.

Surya Narayan Nayak: So, beyond these Brownfield facilities we will not focus on the yarn, more on the chip side, am I right?

Madhu Sudhan Bhageria: Yes, you are right because that is what technological advantage we have and that is what we have developed.

Moderator: Next question is from the line of Niraj Mansingka from White Pine Investment Management. Please go ahead.

Niraj Mansingka: I just had a clarification. You said about the prices in India is lower for the polyester yarn. What I understand is for you, your cost is similar to what Chinese guys are bearing adjusted for the freight cost. But the realization that you are getting in India are 10% lower than what China competitors are getting. Is it the right understanding?

Madhu Sudhan Bhageria: Yes, yes. So, because in India demand is very low and we are competing amongst each other and all of us have cut production also. That is why the margins are lower at the moment. Once the demand picks up, everything gets normalized.

Niraj Mansingka: So, on a like-to-like basis because the prices are 12% there is a possibility of maybe INR 8 to INR 12 jump in the prices once the demand comes back, is it the right understanding?

Madhu Sudhan Bhageria: Yes, you are right.

Niraj Mansingka: Okay, got it. Thank you.

Moderator: Next question is from the line of Sagar from Astralit Investments. Please go ahead.



Sagar: Thank you for the question. Sir, just one thing I wanted to clarify. So, you said that 30% margin on textile-to-textile plant, on other hand your presentation says around INR 65, 80 crores of EBITDA, so margin should be 20%, right, you said 30% on the cost.

Madhu Sudhan Bhageria: The margin is 30% maybe. It is very difficult to predict right now. But I am saying minimum 30% EBITDA we should get.

Sagar: Okay, sir, then you made in the presentation like INR 65, 80 crores EBITDA and your revenue would be –

Madhu Sudhan Bhageria: INR 25 crores for recycle, not INR 60 crores. INR 80 to 85 crores I have always maintained for recycle which is on a lower side. It can always be improved once thing stabilize. I am trying to be not too optimistic, be very conservative. What we are feeling now we should be able to do better in the percentage.

Sagar: Understood. And just one more thing. So, the past participant has asked, we have the technology of polyester chips and we will be converting that to the yarn or maybe polyester chips selling to the other player to convert it to the yarn. So, it is a backward integration, right, I think. So, how would your revenue would grow in FY28? So, let us suppose that this INR 300-400 crores of top line that you are targeting, if you use that internally to make the yarn, then your margins will increase, but your sales will not be, right?

Madhu Sudhan Bhageria: You are right. If I use that volume to convert in-house then my top line will not grow too much. It will grow with the only incremental value addition which I am doing. My idea is to sell chip more than convert it. Conversion I am doing to satisfy them initially. Yes, this can be converted to yarn and it will give you a better result. But eventually, see, that is not a technology. From any chip you make a yarn is same thing. So, the value addition is not going to be very extraordinary in converting from textile recycle chips to yarn or virgin to yarn. So, going forward we would like to invest more in the technology which we have developed now.

Sagar: Understood. Fair enough. Okay, that is it. Thank you, sir.

Moderator: Ladies and gentlemen, we will take that as a last question. I would like to hand the conference over to the management for closing comments.

Madhu Sudhan Bhageria: I would like to thank all the participants. Next time we see you after another three months. Thank you very much for sparing your time and joining us in our call. Thank you very much.

Moderator: Thank you very much. On behalf of Filatex India Limited that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.