FILATEX INDIA LIMITED

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FIL/SE/2026-27/20

August 6, 2026

National Stock Exchange of India Limited	**BSE Limited**
Listing Department	Listing Department
5th Floor, Exchange Plaza, C-1, Block-G,	25th Floor, Pheroze Jeejeebhoy Towers
Bandra-Kurla Complex, Bandra (E)	Dalal Street,
Mumbai-400 051	Mumbai - 400 001
Security Symbol: **FILATEX**	Security Code: **526227**

Sub: Transcript of the Earnings Conference call held on 31st July, 2026 for the Q1FY27 Results of the Company

Dear Sirs/ Madam,

In continuation of our letter No. FIL/SE/2026-27/14 dated 28th July, 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 31st July, 2026 for the Q1FY27 Results of the Company.

This is for your information and records please.

Thanking you,

Yours faithfully,
For FILATEX INDIA LIMITED

RAMAN KUMAR JHA
Digitally signed by RAMAN KUMAR JHA
Date: 2026.08.06 12:28:03 +05'30'

RAMAN KUMAR JHA
COMPANY SECRETARY

Encl.: a/a

"Filatex India Limited

Q1 FY27 Earnings Conference Call"

July 31, 2026

MANAGEMENT: **MR. MADHU SUDHAN BHAGERIA – CHAIRMAN AND 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 – DIRECTOR – ECOSIS LIMITED

MODERATOR: **MR. GULSHAN SINGH – SUNIDHI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Filatex India Limited Q1 FY27 Earnings Conference Call, hosted by Sunidhi Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Gulshan Singh from Sunidhi Securities. Thank you, and over to you, sir.

Gulshan Singh: Thank you, ma'am. Good evening, and a very warm welcome to everyone. On behalf of Sunidhi Securities, I welcome you all to Filatex India Limited Q1 FY27 Earnings Conference Call. Today, we have with us the management represented by Mr. Madhu Sudhan Bhageria, Chairman and Managing Director; Mr. Ashok Chauhan, Chief Visionary Officer; Mr. Nitin Agarwal, Chief Financial Officer; and Mr. Vedansh Bhageria, Director Ecosis Limited. We thank Filatex India Limited for giving us the opportunity to host the call.

I would now like to hand over the floor to the management for their opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, Madhu Sudhan sir.

Madhu Sudhan Bhageria: Thank you so much. Good afternoon, and a warm welcome to everyone for joining us today for the Q1 FY26-'27 Earnings Call of Filatex India Limited. I trust all of you had the opportunity to review our investor presentation. Let me begin by summarizing our financial and operational performance for the quarter. Q1 FY27 was another steady quarter for Filatex as we continue to deliver a resilient financial performance despite an operating environment marked by geopolitical uncertainty, volatile raw materials and cautious customer buying.

Our revenues increased by 16.3% to INR1,145 crores compared with INR985 crores in Q4 FY26, reflecting improved realization driven primarily by higher raw material prices. Sales volumes remained stable at 89,872 compared with 89,841 in the previous quarter. PBT rose to INR65.87 crores from INR53.47 crores in Q4 FY26, driven by continued healthy operating performance.

PAT increased by 22.1% to INR49.1 crores compared with INR40.3 crores in the previous quarter, reflecting improved overall profitability and efficient financial management. Compared with the corresponding quarter of the previous year, revenues increased by 9.1% to INR1,145 crores from INR1,049 crores.

Sales volume stood at 89,872 compared with 97,263 metric tons, while production during the quarter was 84,075 metric tons against 94,996 in Q1 FY26. PBT stood at INR65.87 crores compared to INR54.89 crores in the corresponding quarter last year, driven by healthy operating profitability. Profit after tax increased by 20.7% to INR49.1 crores from INR40.7 crores in Q1 FY26.

Overall, these results demonstrate the resilience of our business model. Our continued focus on operational excellence, disciplined cost management, product mix improvement and financial prudence has enabled us to improve profitability despite a volatile business environment.

The global textile and polyester industry continued to operate under a highly dynamic environment during the first quarter of FY27. Although the intensity of the conflict in West Asia moderated from the disruption witnessed during the previous quarter, geopolitical tensions involving the United States, Iran and the broader Middle East continues to create uncertainty across global petro products and energy markets.

The Strait of Hormuz remains one of the world's most critical energy and petrochemical shipping corridors. Even temporary disruptions or security concerns have an immediate impact on crude oil prices, petrochemical feedstock availability, freight rates, marine insurance costs and overall supply chain reliability.

Consequently, prices of PTA and MEG and other petrochemical feedstocks remained highly volatile during the quarter. Manufacturer across the polyester value chain were required to operate in an environment of rapid changing raw material costs, while customers continue to adopt cautious purchasing strategies.

Although freight availability improved compared with the previous quarter, logistic costs continue to remain above historical averages and shipping schedules remain less predictable than before the geopolitical disruptions. Procurement planning, therefore, continues to require greater flexibility and higher inventory discipline. India's dependence on imported MEG remains one of the key structural risks for the domestic polyester industry.

There is no shortage of MEG globally. However, disruption in international shipping and logistics can create temporary supply uncertainties and increased costs. As part of our risk mitigation, we procured a parcel of MEG from U.S. before the blockade at Hormuz. This proved to be prudent decisions, helping us maintain uninterrupted operations during the disruptions of regular shipping through the Strait of Hormuz Strait of Hormuz.

Demand across textile value chain remained selective during the quarter. Customers largely followed a need-based procurement approach with shorter booking cycles, lean inventories and cautious working capital management. Nevertheless, domestic consumption remains reasonably stable, supported by steady demand from apparel, home textile and technical textile segments.

Despite the short-term uncertainties, the long-term structural fundamental of the Indian textile industry and polyester industry in particular, remain extremely encouraging. India continues to strengthen its position as a preferred sourcing destination as global brands diversify supply chain beyond China.

The implementation of the India-UK's Free Trade Agreement and the expected operationalization of India-EU Free Trade Agreement are expected to significantly improve India's export competitiveness over the medium term by providing preferential market access to 2 of the world's largest textile markets.

At the same time, higher tariff exposure on Chinese textile exports continue to encourage global buyers to diversify sourcing towards countries such as India and Vietnam, creating significant long-term opportunities for Indian manufacturers with scale, quality and integrated manufacturing capabilities.

One of the most encouraging developments for the Indian polyester industry is the substantial domestic PTA capacity currently under implementation. GAIL's PTA project at Bangalore is almost ready for trial production by August and September 2026. While Indian Oil Corporation Paradip PTA project continued to advance steadily and is expected to be commissioned by March 2027.

Together, these projects are expected to add nearly 2.4 million tons per annum of domestic PTA capacity. Reliance Industry is also implementing an additional 3.2 million tons per annum PTA expansion, which is expected to significantly strengthen India's raw material ecosystem over the next 2 years.

These investments will materially reduce import dependence, improve supply reliability, enhance domestic availability and strengthen the long-term competitiveness of Indian polyester industry. At Filatex, our focus remains firmly on executing long-term strategy while navigating short-term market volatility and with discipline. Our comprehensive capital expenditure program of approximately INR690 crores continues to progress steadily.

The brownfield PFI expansion will enhance our FDY, POY and DTY capacities while increasing the share of value-added products in our portfolio. The election and commissioning activities are in full swing. We expect to complete 50% by September 2026 and balance 50% by October 2026.

Equally important is our entry into the textile to textile chemical recycling business, which represent a transformational milestone for the company. Filatex India Limited through its subsidiary, Ecosis, has established strategic partnerships to accelerate the development of a circular textile economy. The company has signed a landmark Memorandum of Understanding with Indica Sporting Goods Private Limited, a Decathlon Group entity under which Decathlon is conducting structural trials of Ecosis recycled polyester chips and yarns across its extensive network of Indian manufacturing partners.

In addition, we have entered strategic collaborations with American & Efird Global LLC, A&E threads for premium industrial trade applications, trials and global co-branding and marketing initiatives for the Ecosis recycled polyester platform. Through this project, Filatex will become one of the first integrated polyester manufacturers in India to establish a circular polyester platform capable of converting end-of-life textile waste into virgin-like polyester chips suitable for manufacturing premium polyester yarns.

We firmly believe that circularity will become one of the defining growth drivers of the global polyester industry over the coming decade. International apparel brands have already announced ambitious recycle content and circularity commitments, creating a rapidly expanding market for high-quality recycled polyester produced through advanced chemical recycling technologies.

Our recycling project, therefore, positions Filatex not only as a polyester manufacturer, but also as an important participant in the encouraging circular textile economy. Alongside this, automation initiatives at our Dahej facility continues to improve manufacturing efficiency, reduce dependence on manual operations and enhance productivity.

Our renewable energy program is also progressing well and will significantly increase the proportion of green power in our overall energy mix. Thereby reducing long-term energy costs and carbon emissions. The steam distribution project aimed at supplying surplus steam from our captive power plant to neighboring industries is another example of improving asset utilization while generating an additional revenue stream.

I'm pleased to share that all our major projects continue to progress satisfactorily and remain broadly aligned with our execution schedule. Looking ahead, while geopolitical developments, crude oil volatility and supply chain uncertainties may continue to influence near-term market sentiment, we remain optimistic about the medium and long-term prospects of both polyester industry and Filatex.

India's growth, growing domestic consumption, increasing penetration of man-made fibers, improving export opportunities through trade agreements, significant domestic PTA capacity additions and the global transition towards sustainable textile collectively create a strong foundation for long-term industry growth.

For Filatex, FY27 represent an important transition year as our ongoing investments in value-added products, textile to textile chemical recycling, automation, renewable energy and operational excellence begins to come on stream. We believe the company will be well positioned to deliver sustainable growth, stronger margins and enhance shareholder value over the coming years.

We remain committed to disciplined execution, prudent capital allocation and building a future-ready business that combines operational excellence with sustainability and innovation. I thank you once again for your continuous support and trust in Filatex India Limited. Thank you. I'll now be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Harsh Mittal from Emkay Global Financial Services.

Harsh Mittal: Sir, my first question is how has the polyester yarn prices shaped up in the past one quarter, basically pre the U.S.-Iran war and post it, and how it is trending currently?

Madhu Sudhan Bhageria: Polyester yarn prices have definitely gone up in line with the raw material prices. Pre-Iran crisis, the raw material prices were from today roughly around 20% lower. So the raw materials have increased by more than 20% and so has the prices of the finished products. So the margins are more or less intact or maybe improved than what it was before the Iran war.

Harsh Mittal: Okay. And sir, as we see the duty -- import duty on PTA, MEG got expired on 31st July or rather -- sorry, 30th June. How has it impacted on your spreads, polyester spread? Any color on that, sir.

Madhu Sudhan Bhageria: So this is like a price rise in the raw material prices only, for us because if the duty is not there, then the domestic prices also get reduced. Once the duty is incorporated, then the domestic players increase their prices, also the import prices increase. So we pass it on to the customers, and we have been successfully able to pass it on to the customer.

Moderator: The next question is from the line of Prameet Jain from JM Financial PMS.

Prameet Jain: So 2 questions from my side. As you see the other players are also developing similar recycling products. So how do we compare in terms of capex, opex and technology? And what is our key competitive mode?

Madhu Sudhan Bhageria: There are a lot of international players who are developing this, but they all are in a developing stage. They have announced ambitious plan to put a plant. And I think nothing is coming before end of FY -- I mean, calendar year '27. Most of them are coming in '28, '29. But their capex per ton is at least 3x to 5x more than what we have done.

And also whatever numbers we gather, their operating costs are also pretty high. So we are very competitive, and we have got approvals from a lot of brands of our products. So I think we should be able to do well and get the first mover advantage.

Prameet Jain: Got it. So the second question is what is the stabilization period that we are assuming for Ecosis where we are going from 1 TPD to 75 TPD and a capacity utilisation?

Madhu Sudhan Bhageria: Anything from 3 to 5 months initially, because it's a new product, new technology and everything. So I think we should be able to stabilize everything by end of this financial year.

Prameet Jain: And for the utilization for FY28?

Madhu Sudhan Bhageria: FY28, I think our utilization should be close to above 80% a year as a whole, it will progress slowly. But year as a whole, I think we should be able to do 80%. And by the end of the year, we should be close to 100%.

Moderator: The next question is from the line of Parth from IDBI Capital.

Parth: Congrats on a good set of numbers. So my first question was on our Spain subsidiary that we have opened recently. So what is the exact purpose of that and what business assumptions exactly?

Madhu Sudhan Bhageria: I'll ask Vedansh to explain you that.

Vedansh Bhageria: So one of the key reasons of the operating Spain entity is also for us to take part in European forums and become members of the European bodies, which potentially advise on the policy drivers and the policymaking decisions in the EU, which is specifically targeted at circular economies and the EPR mandates. And only European entities get to become a part of it. So this was one of our ideas that we wanted to start taking part in these forums and be part of policymaking decisions. So that's why we incorporated the company.

Parth: Understood. And also, there was recently some regulation on EU having banning the discount of unsold clothes. So will it be -- will it open any doors for us exactly? Can you quantify that?

Vedansh Bhageria: Right now, they have activated the policy where EU is no longer able to discard any consumer -- post-consumer waste. But currently, there's no recycling facility to do anything. One of the other policies which EU has also what you call started is that they're not allowing export of any waste outside of Europe. But see, the environment of textile to textile recycling in Europe is very at early stage. So once these policies develop further and technologies develop, I think the policies will be revisited.

Moderator: The next question is from the line of Nirali from Unique PMCS.

Nirali: Sir, in your commentary, you mentioned that the plant -- Ecosis plant is expected to commence operations by October end. And in your view, is there any chances of further delays?

Madhu Sudhan Bhageria: I don't think so. At the best, maybe 15 days or something like that. That's very difficult to predict right now because all the machines are under installation and then commissioning. It's a greenfield project. So there are a lot of things which we have to put together. It can just get delayed by another 15 days or months, that's all. That's the max time I'm giving.

Nirali: Fair enough. And sir, once the plant commences the operation, so you said that 3 to 5 months to stabilize the plant. But will we need any approval from the client also before we start the shipment for quality or will they come and inspect the plant, anything of that sort will be pending?

Madhu Sudhan Bhageria: Yes, that will also happen, but we have product approvals from a lot of companies. But yes, they will have a statutory visit to the plant to see that we are compliant with all the things which they normally see. We are adhering to all the laws and everything. So for that, they will visit, which can happen any time in end October or early November. But that should not hamper our production capacity.

I mean we can start production and definitely start supplying. I don't think that should hamper. But it's a new technology and everything is new. So maybe to stabilize the product and everything, it can take a few months.

Nirali: Okay. Perfect. And sir, lastly, so this total INR700 crores of capex is expected to give you an EBITDA of INR200 or INR210 crores as per your presentation. So majority part of this will come in next year only, right? Because Ecosis will itself operate at 80% next year. So is that understanding correct?

Madhu Sudhan Bhageria: Ecosis, which is going to deliver around anything to INR80 to INR90 crores of EBITDA, that is going to come primarily in next year. But other than that, most of it will come in this year only. At least 5 months of that will be definitely in this year. So if you take out from INR220 crores to INR230 crores is our estimate, if you take INR80 crores, so around INR150 crores or INR140 crores. So around 40% of that will come in this year.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: So what are the challenges in Ecosis?

Madhu Sudhan Bhageria: Challenges are there whenever you do a new project. But I mean, we have tried everything before committing this big project. We have run a pilot for last 2, 3 years. And we are pretty confident about our technology, which we have developed. Each and every equipment which we are putting, we have tried it in our pilot plant in a smaller scale.

Products have been approved by most of the brands. So we have not got any disapproval or any problem in the products. But yes, there could be some teething problem, which should not last more than 3 to 5 months, which I have already said. It could be earlier, but that's the latest I feel we should be able to stabilize by end of this financial year for sure.

Pritesh Chheda: It's a piece of equipment, which is fabricated in India by Indian vendors, that's how it is?

Madhu Sudhan Bhageria: It's a mix of a lot of machinery. It's not one piece of equipment. There are a lot of processes which the fabric and everything goes through. So there are some imported equipment, some Indian fabricated equipment.

Pritesh Chheda: And between your process and the other companies that you're mentioning would have created the plant at 3x, 4x.

Madhu Sudhan Bhageria: I don't have privy to their processes. So it's difficult for me to comment on their process.

Pritesh Chheda: So, you don't know the process difference also?

Madhu Sudhan Bhageria: I know the process difference, but I'd not like to comment anything on the other people's process.

Pritesh Chheda: Okay. And sir, what stage is this plant today, so you're installing the machine, right?

Madhu Sudhan Bhageria: Yes, today, the machines are under installations.

Pritesh Chheda: And when should the commencement of operations start or commercialization.

Madhu Sudhan Bhageria: End of October, early November.

Pritesh Chheda: Okay. And the key raw material here will be old fabric, right?

Madhu Sudhan Bhageria: Fabric waste, yes.

Pritesh Chheda: Fabric waste. And source of the fabric waste will be?

Madhu Sudhan Bhageria: That is around Surat and all the surrounding areas. There is a lot of fabric wastes available from the manufacturer of fabrics, the process houses, the garment manufacturers. And post-consumer, there are certain agencies who are collecting and are able to give post-consumer waste also.

Pritesh Chheda: Is this organized where you can have...?

Madhu Sudhan Bhageria: Yes, this is very organized. They are our consolidators. We are already in touch with them. And we have been buying from them for last 3-4 years for our trial. So we know and we have done our service. So there is no doubt of waste as of now for this plant.

Pritesh Chheda: And my last question is, can one assume that the capacity is kind of pre-sold if you are successful to generate output?

Madhu Sudhan Bhageria: I don't think so. It's not pre-sold. But yes, I mean, we are confident we'll be able to sell it. It's like a chicken and egg story. Once you have the product, then you get buyers. That's a new thing. Buyers also don't commit till they see it. Yet, they have tried and they have approved our product.

Moderator: The next question is from the line of Suraj from YES Securities.

Suraj: So my question is regarding the recent capex, which has been made to increase the cost. So what kind of improvement do you see in the margins after commencement of these capex projects?

Madhu Sudhan Bhageria: See, main projects are to improve the profitability by adding capacities and of new projects. We have 3, 4 projects. One is increasing the production. So that will definitely increase the profitability because we are increasing the production. The operating costs are low when you add a brownfield project. The capex is also low per ton. So that will increase the profitability overall. And with the enhanced production, definitely profitably increase. Second is the Ecosis project, it is altogether new project where I've already explained should give us a good EBITDA.

And the third is steam, which we'll be selling, yes, that is a new thing which we are doing. But it's not that only I am doing – there are 1 or 2 players who are already doing it. So we are also going to do that. And we have tie up with almost whatever we want to sell 60% of the capacity we have tied up and rest is also under discussions. So hopefully, we should be able to tie up fully by end of this calendar year.

Once it is operational, then you get more buyers easily. But we have initially 60% buyer, we can start delivering them. Overall, because of the availability of PTA in India, the prices of PTA should come down the premium which the local producers are charging will come down. And the demand is also increasing. So overall, everything will lead to enhanced profitability in the existing business as well as profits from the new businesses, which we are adding.

Moderator: The next question is from the line of Niraj from White Pine Investment Management.

Niraj: Two questions. One on the PTA and MEG import duty, which was withdrawn. How much would it impact on the EBITDA?

Madhu Sudhan Bhageria: EBITDA impact will not be much, but see, it's a pass-through. It's an increase in the raw material prices. So that's why when you reduce the duty, the prices was very high. The crude went beyond INR100, that's when the government reduced the duty. But the effect of that was not too much.

We didn't know they will reduce the duty, and they did it for just 3 months and then extending 15 days. Nobody knew that they'll extend for 15 days on the 30th of June. So that expansion was basically meaningless. So you can't import anything in 15 days. So I mean, there was a slight improvement in the margin because at that time margins were very low because the volatility in the raw material was there.

But now margins have stabilized. The demand has also stabilized. People can't wait anymore to produce slots because now the season is there. The winter season is very big for the fabric. So there is hardly any impact of this on EBITDA.

Niraj: What is the import duty right now on PTA and MEG?

Madhu Sudhan Bhageria: It's 5% with 10% surcharge, so 5.5%.

Niraj: Okay. Got it. The other question was on the Ecosis. What is the current selling price of the recycled polyester of the quality that you produce?

Madhu Sudhan Bhageria: Recycled or non-recycled?

Niraj: The recycled polyester and the quality that you produce?

Madhu Sudhan Bhageria: So we are able to sell anything from -- depending on product to product from $2 to $2.3.

Niraj: So $2, means almost INR180 to INR190, right?

Madhu Sudhan Bhageria: Yes, but that's the yarn. In Ecosis, we will make only the chip.

Niraj: Okay. So in terms of the chips only how much would be selling price?

Madhu Sudhan Bhageria: Chips could -- I mean, from what we have sold small quantities, the prices are very high. , and we have sold at around INR140, INR150.

Niraj: And what is the total cost for you today?

Madhu Sudhan Bhageria: **It was very small quantity.** It cannot be benchmark

Niraj: Sir, what would be the cost -- cost of making...

Madhu Sudhan Bhageria: Cost? I'll not be able to disclose the cost.

Niraj: Okay. No issues. But you have stated in your presentation, you have stated INR80 crores for EBITDA, which is implying INR30 a kilo. So that would be the...?

Madhu Sudhan Bhageria: I'm not giving you a very optimistic number. It's a new project. So I have been a little cautious, otherwise EBITDA should be much more once the plant start. I'll be able to give you a much more better number in Jan.

Moderator: The next question is from the line of Mayuresh from Invest Valley Capital.

Mayuresh: Okay. Congratulations for good set of numbers, sir. Sir, my question is on the Ecosis. Could you update us on all MOU signed for Ecosis so far and beyond Decathlon and American Global? Are any other customer or brand types under discussion, sir?

Madhu Sudhan Bhageria: Yes. They are under discussion. Some have improved the product but there is no MOU with them. So I cannot disclose the name. Once we sign the NDA and then we can only disclose this.

Mayuresh: Okay. And so, as you mentioned, by the next year, we will utilize almost full capacity. So what are the potential plan for the next expansion? And also, what will be the sustainable EBITDA margin like there is mention of 30% to 35%. So what will be the sustainable margin?

Madhu Sudhan Bhageria: Can you repeat, please?

Mayuresh: Sir, once the initial plant get fully utilized by next year, as you mentioned earlier, so what are the potential future plans for the expansion?

Madhu Sudhan Bhageria: Once this is stabilized and established, then we plan to put at least 2 more plants of 1,50,000 ton each in next 2 to 3 years, one in India, one outside India.

Mayuresh: And what EBITDA margin can we expect?

Madhu Sudhan Bhageria: EBITDA margin will be minimum 30%, it can be more, but minimum 30% for sure.

Moderator: The next question is from the line of Saransh Gupta from SVAN Investments.

Saransh Gupta: Congratulations on a good set of numbers, sir. Sir, I just had one question, like what is the current debt as of now, as of the end of the quarter?

Madhu Sudhan Bhageria: End of the quarter, it will be close to around INR200 crores.

Saransh Gupta: And once we are like, how much have we already deployed for out of the INR700 kind of capex?

Madhu Sudhan Bhageria: I don't have the exact number, but almost INR450 crores to INR500 crores.

Saransh Gupta: So by the end of the year, we will be somewhere INR250 crores to INR300 crores kind of...

Madhu Sudhan Bhageria: By the end of the year, our debt would be in the vicinity of INR350 crores to INR370 crores from the -- but net debt, if you see, I think net debt, we might be around INR150 crores to INR200 crores. So we have free cash flow even today of more than INR150 crores to INR200 crores.

Saransh Gupta: Understood, sir. And just one more question, if I can squeeze in. From the 55,000 PFY capacity, by what is the peak revenue that we can generate?

Madhu Sudhan Bhageria: In the 55,000, around 14,000 - 15,000 is DTY, which is just an add-on on the POY. So that will not add on the top line. So top line would increase by around INR400 crores, because some of it was already there in the chip form. So around INR400 crores, I think, top line should increase in the full year.

This year, it might be around INR200 crores or INR150 crores, because this year will be hardly utilizing around 5 - 5.5 months. 5 months to be because it's a new plant, so around 5 months utilization fully will be there. So this should be slightly lower than INR200 crores this year.

Moderator: The next question is from the line of Udit from PinPointX Capital.

Udit: Congratulations on a good set of results. Sir, during the quarter, I think in one of the interviews that you said that the spread has almost become negligible. And I suppose...

Madhu Sudhan Bhageria: In April, that time, things were very bad. After that things have changed a lot. So I'm giving the picture as and what do I see, but now it looks like people are getting used to it and everybody is buying good volumes. Imports have also declined from China, and now the margins have become quite reasonably good.

Udit: Okay. So sir, what were the exit margins in June? And what can we expect going into July?

Madhu Sudhan Bhageria: June was good and that is what continues. Only April was very bad. See at that time, the war hadjust started. And April was the peak if you will see, I think the crude touching 110 - 115, those kind of numbers. So everybody was not buying and see normally for fabric, April, May, June are dull months.

In summer, very few production happened. Also there was panic, labor available was very bad in April, May, June everywhere. So the operating rate of the downstream was also very bad. So even we had to cut production in April. We didn't want to hold such high cost inventory.

So everything happened too much in April. And from May, things started improving. And now as it looks it's quite -- people have got used to it. People have found ways and means to overcome this problem of Hormuz supply side or whatever thangs are.

Udit: So we see the same trend continue in July as well? What was there in June?

Madhu Sudhan Bhageria: Yes, July was also similar to June. And we see it improving only going further.

Udit: Okay. Great, sir. And sir, regarding the Ecosis, I think just hats off you perfected this technology. How about the procurement side? I mean do you think after this initial plant, you will have enough material for the scale-up that we are looking for?

Madhu Sudhan Bhageria: I think so. But yes, we will experience it, then only we'll go for the big production. But as of now, it looks that we can definitely put another 150,000 tons of plant. There's a lot of waste available. When the buyers are there, people already start collecting it and delivering it.

See, initially, I can give you an example, the bottle collection in India rate was before the bottles were getting recycled. It was hardly only 10%, 20%. Today, the bottle collection rate is 90% and above world over. Things develop when we think it's a new thing, which is going on. Even Government of India has taken a lot of initiatives and they are putting up facilities where people will collect old clothes and give it to people who can recycle it.

So we are also in touch with them. There's one facility in Maharashtra, they have started. We are in touch with them. They are offering some more. So I think over the time, things will develop. Everybody is aware of this problem and wants to solve it.

Moderator: The next question is from the line of Shubhi Gupta from Trinetra Asset Managers.

Shubhi Gupta: So my question is that since our instrumental capacity towards higher value products, so how do we see the overall product mix changing in coming time?

Madhu Sudhan Bhageria: Product mix changing, we've already explained. We are putting more FDY. We are going to increase our production of cationic yarn.

Shubhi Gupta: Sir, any specific quantification if you could give?

Madhu Sudhan Bhageria: There is no specific things in that. And in our business, see even a way high-value product means where the realization margins are INR3 to INR5 more than your general. It's not that you are going to take a double profit in anything. Even if you make INR3 to INR5 more than what you make in a normal product is supposed to be a specialized product.

Moderator: The next question is from the line of Rohit from Progressive Shares.

Rohit: A couple of questions. The first one, in terms of production, if you see in Q1, it has declined to 84,000 from 94,000 or so last year and 97,000 in the previous quarter. Sir, any particular reason you'd like to share what has happened because...?

Madhu Sudhan Bhageria: So in April, we had to reduce production because the raw material prices are very high. We were not able to pass on full, and it was not wise to carry a very high cost inventory. So we had cut productions at that time.

Rohit: But then the sales have been stable?

Madhu Sudhan Bhageria: Yes. So sales improved in May and June, so whatever we were carrying some extra stock, so we were able to sell those in May and June. So that's why the sales are much improved. If you will see in March also, the stock has increased. So March, since we had inventory of raw material, we didn't cut production so much.

It's better to convert it to products and keep as a raw material inventory. But then in April, we reduced our buying and cut our operating rates, so that we don't carry too much of high cost inventory.

Rohit: Because if we see crude is more or less stabilizing, but our margins have compressed a bit some to last quarter.

Madhu Sudhan Bhageria: Yes, it's a full quarter, no? So in April the margins were very low. So that's why the overall quarter margins are not there. But if you will see -- don't see it as a percentage, if you see it as a per kg, the margins are still not that bad.

Rohit: Okay. Sir, second one on Ecosis. Sir, your EBITDA guidance has increased from some INR75 crores to somewhere around INR80 crores to INR85 crores currently. Sir, what could be the reason for that?

Madhu Sudhan Bhageria: Sorry, I couldn't get you. Can you repeat?

Rohit: Sir, in the presentation, we see the guidance which you had given for EBITDA for Ecosis that was around INR70 crores or something, which you have increased to INR80 crores to INR85 crores currently. So what was the reason...?

Madhu Sudhan Bhageria: **I never given INR70.** Maybe a misprint. It's always INR80 crores to INR85 crores which I have been maintaining it.

Rohit: Okay. Not an issue. And in terms of payback, what is the payback period for Ecosis?

Madhu Sudhan Bhageria: In the presentation also, it is INR80 crores to INR85 crores.

Rohit: Sir, if you see in March quarter, it was INR75 crores.

Madhu Sudhan Bhageria: Yes, yes. So maybe that's something I missed to correct it. It always has been INR80 crores to INR85 crores.

Rohit: Sir, we have been highlighting Europe and U.S., so anything that we have identified on the clients or customers or who will be selling it to?

Madhu Sudhan Bhageria: Yes, we are in touch with a lot of clients, and we are getting some trial orders also. And they move the product. So as and when our product starts, I think we should get orders once the production is there.

Rohit: But do we have any minimum purchase agreement or some contract duration or maybe take...?

Madhu Sudhan Bhageria: See, one party has given us some contract for it, yes. Rather 2, I think. One is Decathlon and one more I cannot disclose the name. We have an NDA with them. But they have also given. So around, you can say, 15% to 20% of the production, we have commitments.

Rohit: Okay. Sir, the last question that I have is, the presentation also speaks about the reduction in some employee counts, which is approximately 180 employees. So I want to know that what sort of savings can we have?

Madhu Sudhan Bhageria: This is something need of the hour. This is not a project of a return on investment. Yes, but overall, I think we should save in a year INR4 crores to INR5 crores, but it will enhance the quality of the products, maybe some productivity will also increase. So that's why we have undertaken this. So we'll be able to reduce around 180 to 200 people.

Rohit: Okay. And sir, anything on the peak debt that you will be comfortable with?

Madhu Sudhan Bhageria: I am comfortable with debt to equity of 0.4, but I don't think I'll hit that in the near future.

Moderator: The next question is from the line of Sagar from Alchemie Ventures.

Sagar: Sir, can you elaborate more on the steam project?

Madhu Sudhan Bhageria: So this is basically our power plant since we are going for more renewable energy. We'll not be drawing too much of power from our captive power plant. So when you make power, you make steam at a very high temperature and high pressure.

And in the end, when you utilize that for power, then you can draw steam out at a low temperature and a low pressure, which you can sell in the market, where you get a good price of the steam. So overall, you make a good EBITDA because capex is already there.

Now we have to do capex. We have to change the turbine. We have to do some piping and some other arrangements. So because of that, the capex is around INR80 crores, INR85 crores. And after taking out the operating cost, we should do EBITDA of around INR60 crores.

Sagar: And sir, why would a third party buy steam from us, sir? What would be his current cost of...?

Madhu Sudhan Bhageria: He does not need to handle coal. He doesn't need to put a boiler. It's not an easy job to do it. And there are a lot of people who are making it from gas, which is very, very costly affair. Even if they do in-house, the cost comes to nearly 10% to 15% lower of what we are going to do.

Sagar: So this is -- if you say it for new boiler, etcetera. So these are for customers who are putting up capex for them, it will be beneficial, right?

Madhu Sudhan Bhageria: Yes. But people like who are using boilers with a gas, it's beneficial otherwise also because gas cost is very high. For them producing, for example, like steam from gas would be around INR6, INR7 a kg. We would be supplied them around INR3 a kg. So it's economically beneficial for them also.

And a lot of people or products don't demand them to handle coal and other things. So they can get out of that. We, in any case, have to handle coal for our power plant. So we thought we might as well sell it rather than running it at lower price.

Sagar: And then by when do we expect this to get commercialized?

Madhu Sudhan Bhageria: By September, this should get commercialized. It was supposed to get commercialized in July, August, but due to certain hiccups, it got delayed by 1 or 2 months.

Moderator: The next question is from the line of Anupama from Pune E Stock Broking.

Anupama: Sir, I wanted to understand the total addressable market for Ecosis. So this industry is very price sensitive, and the Ecosis' recycled product is going to be like a little on the premium side. And, yes. So this is what I want to understand.

Madhu Sudhan Bhageria: So this product is not available in the world. There are only 2 companies in the world who make this product. Their prices are much more than what we are doing. So only 2 companies in China are making this product, textile-to-textile cycle, chemical recycled product. Their prices are at least 10% to 15% more than what I have told you. So if you are comparing some other products with our prices, then it doesn't make sense.

Anupama: Okay. This is one. And the other thing I wanted to understand is this industry like what part of the industry is being mandated to use recycled products for their finished goods?

Madhu Sudhan Bhageria: Mostly, these are brands which are in Europe, because Europe -- the European Union has mandated this for them to go to textile-to-textile recycling. And that is why these brands are going for textile-to-textile recycling. Till now, they were using bottle to textile, which doesn't solve the problem of their extended producer responsibility because they need to take care of the textile recyclability, not the bottle recyclability. So that has been changed now. And as and when the production for various because the availability should be there, just by putting a compulsion and no availability what can happen, nothing will happen.

So there are a lot of plants coming up. And these guys are very keen to partner with people who can produce this. Once our product is available, I think we will have a lot of people asking for the product, because the demand looks to be at least 3 million to 5 million tons and the production capacity as of now, which is operating is hardly 1 lakh ton.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: Sir, my questions are already answered. In this quarter, did you get any inventory gains because you would have some inventory from the previous quarter...?

Madhu Sudhan Bhageria: We may get some inventory gain in this quarter.

Sarvesh Gupta: Sir, can you quantify the inventory gains for this quarter?

Madhu Sudhan Bhageria: I think it could be in the vicinity of around INR15 crores to INR17 crores.

Sarvesh Gupta: Okay. And secondly, in your forex income also, I think earlier there was INR13 crores cost and INR33 crores cost in the last financial year and this time there was a negative benefit. So can you explain what was that, and how do you see that in the coming quarters?

Madhu Sudhan Bhageria: At this time, I think there was a gain because the euro dropped significantly. But I think we should finish the year with a loss of around maybe around INR10 crores to INR15 crores because this is also what we import raw material, and then if we do a hedging, that also comes under this.

Sarvesh Gupta: Okay. So last year, for example, we have INR33 crores impact...

Madhu Sudhan Bhageria: Yes, last year the euro depreciated quite a lot. It was notional loss because only the amount which we pay is booked, rest is notional. So maybe in this year, if the euro remains at these levels, we would be able to cover. But if we go historically from where we had taken the loan, we are still under profit if we would have hedged it right from day 1. So we don't hedge our long-term loans, which are more than 5 to 6 years. But short term, we keep hedging, we have a consultant who guides us. So that we keep hedging from time to time.

Sarvesh Gupta: Okay. In the peak debt, I think what is the current net debt that you have? And how do you see that...?

Madhu Sudhan Bhageria: Net debt today, it was close to INR30 crores to INR40 crores or nil maybe.

Sarvesh Gupta: Okay. And how do you see that -- what is the peak net debt that we will reach because of the capex as well as the additional working capital?

Madhu Sudhan Bhageria: End of this year, peak net debt would be around INR150 crores to INR200 crores.

Sarvesh Gupta: Sir, that is including the working capital debt?

Madhu Sudhan Bhageria: No. That is including the working capital, but not the LC, which we open.

Moderator: The next question is from the line of Vivek Gupta from Advent Consulting.

Vivek Gupta: This is regarding Ecosis. So if in the future, oil prices go down substantially, will the margins be impacted in Ecosis or will it remain the same?

Madhu Sudhan Bhageria: I don't think it will be impacted. We have taken a very conservative view before the war prices. Based on that, we have given the numbers.

Vivek Gupta: Okay. So the operating costs also come down with the crude prices?

Madhu Sudhan Bhageria: Not too much of a difference.

Vivek Gupta: So if all...

Madhu Sudhan Bhageria: Operating cost will not matter in this product, because only the heating cost, which is hardly INR6 to INR7 a kg can vary INR1 or INR2 here and there because of the prices of the heating media. Rest, everything is not dependent on the crude.

Vivek Gupta: Okay. So basically, 30% EBITDA margin will remain even if there's a drastic fall in crude prices?

Madhu Sudhan Bhageria: Yes, yes. I've been giving you this number before the war and I'm increasing the number due to the war. So I'm maintaining the same number. If the crude prices remain high, maybe the prices margins could go up.

Moderator: The next question is from the line of Ajit from Eiko Quantum Solutions.

Ajit: Sir, what's your expected yield, meaning I want to understand like for every 100 kg of textile waste that goes in, how many kg of usable polyester chip actually comes out?

Madhu Sudhan Bhageria: I mean this is something very proprietary to tell you. It is a substantial number. We lose a small volume, for sure, because there is a moisture in the fabric, some colors are there and some small amount we lose. But I mean, these are very technical things to be disclosed in the open market. This is like a know-how thing.

Ajit: Okay. And sir, are we on track to achieve our guidance of INR4,500 crores revenue in FY27 and INR4,800 crores in FY28 for Filatex standalone?

Madhu Sudhan Bhageria: See, the top line guidance depends on the raw material prices. It's very difficult to -- and we have given it on a certain raw material prices. I can be more sure about my bottom line rather than the top line.

Ajit: And as our timeline shifted for Ecosis, so do we expect about 60% capacity utilization that we are targeting in FY27?

Madhu Sudhan Bhageria: No, FY27, I've not said 60% utilization for Ecosis. For FY 2027, It will be mostly a stabilizing period. The utilization I cannot guarantee as of now, how much would be there. This is a new product, it will take 3, 4 months to stabilize once it's operational in November. So by end of this year, I will be only stabilizing the product and everything. So to give you a guidance right now is difficult, maybe by Jan or December, i will be able to give you a better number.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments. Over to you, sir.

Madhu Sudhan Bhageria: Thank you, everyone, for participating, and hope to see you in the next quarter call. Thanks for your time. Thank you.

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