



FILATEX INDIA LIMITED

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National Stock Exchange of India Limited
Listing Department
5th Floor, Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra (E)
Mumbai-400 051
Security Symbol: **FILATEX**

BSE Limited
Listing Department
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Security Code: **526227**

Sub: Transcript of the Earnings Conference call held on 6th November, 2025 for the Q2 FY2025-26 Results of the Company

Dear Sirs/ Madam,

In continuation of our letter No. FIL/SE/2025-26/43 dated 31st October, 2025 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 6th November, 2025 for the Q2 FY2025-26 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
Q2 FY '26 Earnings Conference Call”
November 06, 2025



MANAGEMENT: **MR. MADHU SUDHAN BHAGERIA – CHAIRMAN AND
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MR. ASHOK CHAUHAN – CHIEF VISIONARY OFFICER –
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MR. VEDANSH BHAGERIA – VICE PRESIDENT,
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MODERATOR: **MR. BHAVIN DEDHIA – SHARE INDIA SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '26 Earnings Conference Call hosted by Filatex India Limited. 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Bhavin Dedhia from Share India Securities. Thank you, and over to you, sir.

Bhavin Dedhia: Thank you. Good afternoon, everyone. On behalf of Share India Securities, I would like to welcome all participants for Q2 FY '26 Earnings Conference Call of Filatex India Limited.

We are pleased to have with us management team represented by Mr. Madhu Sudhan Bhageria, Chairman and MD; Mr. Ashok Chauhan, Chief Visionary Officer; Mr. Nitin Agarwal, Chief Financial Officer; and Mr. Vedansh Bhageria, Vice President, Corporate Strategy. We will have opening remarks from Mr. Madhu Sudhan Bhageria to give an overview of the company's performance. This will be followed by Q&A.

Thank you, and over to you, Madhuji.

Madhu Sudhan Bhageria: Thank you. Good day, everyone, and a warm welcome to all attendees joining us for the second quarter FY '26 conference call. Joining me today are Mr. Ashok Chauhan, Nitin Agarwal and Vedansh Bhageria. I trust you have had a chance to go through our investor presentation, which has been uploaded on both our website and the Stock Exchanges.

Let me now take you through the highlights of our performance this quarter and share some perspective on the broader journey through the first half of the financial year. Q2 FY '26 was an important quarter for us. The company continued to make steady progress across all key parameters, reflecting both operational consistency and a clear focus on improving profitability.

On a Q-to-Q basis, revenue growth -- on Q-on-Q basis, revenue grew to INR1,076 crores from INR1,049 crores. Sales volume also moved up from 97263 metric tonnes to 101,391 metric tonnes, indicating healthy demand and improved capacity utilization. Our EBITDA rose by 14.36%, reaching INR88.93 crores compared to INR77.76 crores in the previous quarter.

PAT followed a similar trend, increased by 16.8% to INR47.58 crores, up from INR40.74 crores in Q1. This consistent demand -- this consistent quarter-on-quarter progress underscores the benefit of our ongoing focus on efficiency, cost discipline and better product mix management.

Looking back at the first half of the year, we are pleased with a steady improvement across all key metrics. Revenue for H1 '25-'26 stood at INR2,125 crores compared to INR2,103 crores in H1 '24-'25, marking a stable performance despite a challenging external environment. Sales quantity increased to 1,98,654 metric tonnes, up from 1,92,218 metric tonnes in the same period last year, driven by consistent demand and smoother plant operations.

What is truly encouraging is the improvement in profitability. EBITDA for the first half rose sharply to INR166.7 crores from INR106.6 crores, while PAT nearly doubled to INR88.32

crores compared to INR45.77 crores in the corresponding half of '24-'25. This reflects our strong operating leverage and the result of several internal initiatives from process optimization to better energy management and tighter working capital control. In short, the first half of FY '26 demonstrates that the actions we took last year are now delivering visible results.

Domestically, we continue to perform well despite global uncertainty and raw material price volatility. Demand for polyester yarn remained stable with encouraging signs of recovery visible in the downstream textile value chain. That said, there are some policy level changes, which we are watching closely. The proposed anti-dumping on MEG, a key feedstock could increase production costs across the polyester ecosystem.

Nevertheless, our strong Q2 performance demonstrates that we are well positioned to navigate such headwinds through operational excellence and prudent cost management. As we had earlier shared -- shared earlier, we have embarked on a total investment plan of around INR650 crores, covering capacity expansion, sustainability and energy efficiency. Additional yarn capacity project, INR235 crores, progressing well with major machinery orders placed, completion as per target by September 2026.

Recycling project, civil construction is underway and major equipment orders have been placed. Production is scheduled to begin by September 2026. Steam infrastructure project, [inaudible 0:06:33] crores already in the implementation phase, turbine orders placed and pipeline work is progressing well. Completion is expected by June 2026.

Renewable energy initiative being implemented under MoU with Torrent Power, it is currently awaiting statutory approvals. As a part of routine efficiency improvement, we had initiated automation in rather labour-intensive post-winding operations, including docking and packing of FDY and POY lines with an investment of INR40 crores.

The infrastructure is ready and shipments of equipment will begin from end of this month, except for minor regulatory delays in renewable approvals, all projects are progressing as planned, reinforcing our commitment to sustainability, efficiency and scale.

We remain optimistic about the medium-term outlook for the polyester industry and availability of key input materials. The upcoming PTA capacity additions, 1.2 million metric tonnes of GAIL likely to start by September -- sorry, February 2026 and 1.2 million metric tonnes of IOCL to start by September 2026 and 3.2 million tonnes by Reliance Industries, likely to start by early 2028. All these are expected to significantly reduce India's dependence on imports, lower freight costs and improve supply chain stability.

As these capacities come on stream, raw material availability should improve, pricing expected to become more balanced and volatility in input costs will moderate. Combined with an anticipated recovery in domestic textile demand and more positive global trade sentiments, we believe these developments will create a structurally stronger environment for the entire polyester value chain.

To sum up, Q2 FY '26 and the first half of the year reflects steady growth, improving margins and growing operational strength. Our strategy of disciplined expansion, sustainability focus and

cost optimization is now translating into clear financial outcomes. We have always believed in robust growth of polyester yarns in global fiber consumption, and we continue to move forward with confidence, building efficiency, investing in the right areas and creating long-term value for all our stakeholders. Thank you.

Moderator: The first question is from the line of Surya Narayan Nayak from Sunidhi Securities & Finance Limited.

Surya Narayan Nayak: So just a couple of questions. Just to understand that the average selling price is remaining in the range of INR106 to INR109 for last year and current year to date, but down slightly around 1% to 2%. So just to understand whether the gains on the GP side, gross margin side is due to the lower -- I mean, relief from the PTA or MEG side or what actually?

That is first question. And regarding the packing lines, where -- I just couldn't understand where we are because it was scheduled to be operational from the June '26. So has it got preponed?

Madhu Sudhan Bhageria: See, regarding the pricing, there is a slight fall in the finished goods pricing, but the raw material has fallen much more than that. So that's why the margins have improved. And as per the packing lines, no, the delivery is starting from end of this month, and the shipment time is 45 days as it's coming from Europe, and this is the first lot of shipment. It will keep on coming. The final commissioning will happen by June 2026 only.

Surya Narayan Nayak: So whatever the plants, be it the packing lines or let's say, RE power and the...

Madhu Sudhan Bhageria: All on course. Only the RE power might get a little delayed because the company with whom we had the tie-up, they are facing some issues in the -- from the government getting the connectivity and all those things. We are exploring from others also if we can get power from some other sources.

Surya Narayan Nayak: So that would be postponed to second quarter, sir?

Madhu Sudhan Bhageria: So that would get postponed to maybe something like July, August 2026.

Surya Narayan Nayak: Second quarter, sir, right?

Madhu Sudhan Bhageria: Yes, second quarter of FY '26.

Surya Narayan Nayak: And regarding, sir, your recycling foray, so just to understand that you have recently tied up with 2 companies for the supply chain -- waste supply chain.

Madhu Sudhan Bhageria: That is all right. We are in advanced talk with some other brands also. So, I feel that we should be able to have some more tie-ups in the next -- by end of this quarter.

Surya Narayan Nayak: So the current tie-up is sufficient to get the requisite raw material -- waste raw material for the unit? Or you are still negotiating this...

Madhu Sudhan Bhageria: It's a 2-way tie-up. They will also supply raw material and also buy the finished goods.

- Surya Narayan Nayak:** No, I'm talking of the input side. I'm talking of the input side.
- Madhu Sudhan Bhageria:** It is not for the full volume.
- Surya Narayan Nayak:** Okay. So when are we expecting the full volume tie-up will be -- for input tie-ups will be in place?
- Madhu Sudhan Bhageria:** Input tie-up is already there with the local suppliers. There are local suppliers around the plant, which is in Surat area. There are a lot of consolidators who buy pre-consumer waste and that is ample available. This supplier is for the post-consumer. They buy fabrics, tone fabrics and that they will supply to us.
- Surya Narayan Nayak:** So that is the fabric which you have currently dealt with is post-consumer, not the pre-consumer, right?
- Madhu Sudhan Bhageria:** We can deal with both of them. Only post-consumer, the sorting is a big issue because we need to know what is there in the fabric. Pre-consumer, it is easily known what is there in the fabric. Post-consumer, you have to check it whether how much polyester is there, how much nylon is there, how much cotton is there, woolen is there. So that's the challenge there.
- So that's -- these guys are sorting it out and giving it. So we have had a tie-up with them. And they cannot give the full volume, but they might be able to give us around 10%, 15% of our requirement. And we are talking to other suppliers also similar. So as and when we have a tie-up, we'll announce that.
- Surya Narayan Nayak:** So before the commissioning, maybe by June, July, we should be in place to...
- Madhu Sudhan Bhageria:** It is not going to stop because we have tie-up of pre-consumer suppliers already. So it's not necessary that we go for 100% post-consumer.
- Surya Narayan Nayak:** No, I'm talking of pre-consumer because pre-consumer it would be easy because...
- Madhu Sudhan Bhageria:** Pre-consumer, we have the full volumes available. That's not an issue.
- Surya Narayan Nayak:** Okay. Okay. And sir, is there any chance that we would be thinking of setting up more units after the testing success maybe in the second quarter of -- sorry, third quarter of the next year. So -- I think because...
- Madhu Sudhan Bhageria:** Based on the performance of this plant, we will definitely be going for multiple plants or a bigger plant. That will decide after this production comes in. Definitely, we will putting up more plant. This is just a starting plant only.
- Surya Narayan Nayak:** So far as the -- one of the virgin fiber is concerned, after this 12% expansion of the capacity, we'll make a full stop with sweetening of the production facility with more productivity programs, right?
- Madhu Sudhan Bhageria:** I will not call it a full stop, yes, but there will be no major expansion. There can always be 2%, 4% expansions.

- Surya Narayan Nayak:** That's okay, sir.
- Madhu Sudhan Bhageria:** There will not be any major expansion in the virgin. Main focus would be only recycle after this.
- Surya Narayan Nayak:** And sir, balance sheet side, some repayment has also happened. So is there any chance of influx of more -- any dates in the second half because we will be -- maybe we'll be buying -- actually paying the amount to these vendors. So this year, any influx of the date likely in the second half?
- Madhu Sudhan Bhageria:** In Filatex, there will be no influx of the second half. In textile, definitely, there can be some loans which we will take, because we have already tied up with the banks in textile for the loans. And maybe in the second half, we will have some disbursement.
- Surya Narayan Nayak:** But sir, the cash flow from operations in the first half itself is very robust. So do we require...
- Madhu Sudhan Bhageria:** Yes, we wait and watch. If we require, then only we'll take it. Till now, we have not taken up. So I cannot say that we'll not take it. As and required, we'll take it. If not required, we'll not take it.
- Surya Narayan Nayak:** Okay. And sir, with the GAIL facility coming in or, let's say, later IOC, what kind of margin expansion we can perceive incrementally?
- Madhu Sudhan Bhageria:** See, both of them come in, I think we should have a margin expansion from the raw material at least of around 2%.
- Surya Narayan Nayak:** 2%, and with the addition of the productivity programs that is currently underway, which will be commissioned in the second half or, let's say, maybe second -- or close to second half. So that will be further adding how much percentage overall EBITDA?
- Madhu Sudhan Bhageria:** See, the volume expansion will not add as a percentage. It will add as a number definitely.
- Surya Narayan Nayak:** The volume percentage is only 12%, I agree. But productivity programs, I'm saying. I mean, the steam and others, steam RE power and others.
- Madhu Sudhan Bhageria:** Steam is likely to add around INR60 crores of EBITDA in the full year of operation. And the new capacity addition, which we are doing of INR235 crores should give around INR70 crores, INR75 crores of EBITDA in the full year of operation.
- Surya Narayan Nayak:** And in the recycling fibers, you have earlier advised, let's say, guided that around EBITDA percent is 35% as against the virgin fibers EBITDA of 9% current ruling. So nearly about 4x jump. So hardly -- can you...
- Madhu Sudhan Bhageria:** We are confident, we should do an EBITDA of around INR80 crores, INR85 crores in the virgin fiber businesses.
- Surya Narayan Nayak:** So currently, I mean, that kind of -- so just to understand from you that because the -- what sort of compulsion that is there with the brands to buy the recycled fiber at such a high price when the virgin price is quite low. What is the requirement? I mean that is what I -- just commercially, just want to understand from you.

- Madhu Sudhan Bhageria:** The European Unions have made it some compulsions for them to use recycled fiber. And a lot of these brands have their EPR commitments with, so they have to become 100% recycled by 2030 or 2031. So that is why they are all going for it. And they have been told to use textile-to-textile, not bottle-to-textile, because that doesn't become the sustainability for them, no. So circular economy is only complete if they are doing textile-to-textile. Currently, they are using bottle-to-yarn kind of recycling.
- Surya Narayan Nayak:** So sir, currently, who else are the global players who have been successful because we have done some research to understand the kind of competitive...
- Madhu Sudhan Bhageria:** Few global players, but they all are in the very initial stage like us or maybe there all plants are expected to come by '27 or '28. No plant is coming by '26 as per my knowledge. All are in a similar kind of a stage, putting up plants or talking to people and doing the tie-ups.
- Surya Narayan Nayak:** So you are saying that the such kind of facilities across the globe are waiting to be scaled up, maybe that is in the primitive stage and that will be -- once the success will be there, then definitely they can be easily scaled up. That is the idea?
- Madhu Sudhan Bhageria:** Yes, yes. So all are in the initial stages and putting up plants of different capacities. But I don't -- as per my knowledge, nobody will be commissioning plant by end of 2026. Plants, which will be commissioning in '27 or '28.
- Moderator:** The next question is from the line of Bhavin Dedhia from Share India Securities.
- Bhavin Dedhia:** So my first question was like how big is the first mover advantage, which you can gain since your plant will be operational in FY '26 as compared to '27 and '28 for other players?
- Madhu Sudhan Bhageria:** Sorry, I mean, if can slow down. Echo is there. I think you are on a speaker phone or...
- Bhavin Dedhia:** Can you hear me now, sir?
- Madhu Sudhan Bhageria:** No. There is a lot of echo.
- Bhavin Dedhia:** Okay. I will fall back in queue.
- Moderator:** So the next question is from the line of Varun from -- an Individual Investor.
- Varun:** Congrats on good set of numbers. I just wanted to understand how has been the raw material price movement for Q2 and also the first month of Q3? Has there been any increase? If you can just throw some light on that? And also, there is one thing that is eating up the profitability of the company, that is the exchange fluctuation. How does the company plan to mitigate that or hedge that?
- Madhu Sudhan Bhageria:** So the raw material side, this quarter is quite stable and maybe it will go up slightly. Last quarter also, it was quite stable. I mean it was not a downward trend compared to Q1. The prices were very stable or they inched up by 1%, something like that. So I don't see much of volatility in the raw materials going forward. But some volatility always remain, 1% or 2% volatility will always remain until unless there is a drastic change in the crude prices.

- Varun:** Okay, sir. So for Q3 also, do you expect them to remain in the same level?
- Madhu Sudhan Bhageria:** Sorry, can you repeat?
- Varun:** For quarter 3 also, do you expect them to remain in the same level as the raw material prices?
- Madhu Sudhan Bhageria:** Yes, yes, it will be at a similar level. It can slightly edge up 1% or 2%, nothing more. So it will remain at the similar levels. Nothing major is happening right now.
- Varun:** I mean exchange fluctuation, sir.
- Madhu Sudhan Bhageria:** We had hedged only a portion of our outstanding, which we were supposed to pay in this year, we had hedged it. But the rest of it, we didn't hedge it. And because of that, the loss is there. That's a notional loss. That's not an actual outgo. And maybe once the things cool down, we expect it to come back to maybe around 100 or something because the hedging cost is also pretty high. If you hedge it regularly, we would have been still at a higher level than what we are at today.
- Varun:** Okay, sir. Sir, do you expect it to come at that 100 level that you see for FY '27 or which quarter?
- Madhu Sudhan Bhageria:** It depends. See, we have a consultant who guides us. We are not expert in this. So based on his guidance, we take the call.
- Varun:** Okay sir, just wanted to understand this capex of INR63 crores that the company is doing, how much it will be funded through debt? And how much would it be funded through internal accruals? And how will this impact your finance cost going ahead? If you can throw some light on that?
- Madhu Sudhan Bhageria:** Yes. See, so we would be taking around INR200 crores of debt for the recycle project. That's the outer side. Maybe we might not take if we have internal accruals better, we can reduce that. For the INR235 crores of the yarn expansion, we have already tied up for the machinery finance.
- So there, the loan amount would be around INR125 crores or INR130 crores. These are the two loans which we'll be taking up. Rest will be through internal accruals only. And that INR200 crores can go down if the internal accruals are healthy, we might reduce that.
- Moderator:** The next question is from the line of Niraj Mansingka from White Pine Management Private Limited.
- Niraj Mansingka:** Congrats for the good numbers. A few questions. One, what -- you said about the anti-dumping on MEG. Can you elaborate on that?
- Madhu Sudhan Bhageria:** So, there is an anti-dumping which has been recommended by DGTR. Although you might have seen there are a lot of advertisements in the paper by the MEG producer and from our association also regarding that the government should not put it because Finance Ministry has the discretion whether to put it or not put it. That's one thing.

But even if it is put, then also see there's a lot of material available from U.S.A. U.S.A. doesn't have anti-dumping. And since this raw material is in short supply, I think in all prudence, I don't think the government will put it. And there is no planning of any new plant capacity of MEG coming in India in the next 3 to 5 years because this is a commodity, which is overall worldwide surplus.

So hence, the margins are a little under pressure. And based on that, they have found the dumping. Although dumping is not there, it is just the profitability is bad. It's not dumping because these producers who are giving to India are not giving at a lesser price than what they are selling to the other parts of the world or locally.

Even if it comes, I think there are certain ways to mitigate that to a major extent because, like I said, U.S.A. is a lot of surplus MEG now, which they have been supplying to China. And recently, we have also bought 1 or 2 parcels from U.S.A., which are available at a better price than what is current prices in India.

Niraj Mansingka: Okay. The second question is on the polyester recycling. In the past, you had said that the recycling realization is INR40, INR45 higher. So what would it imply -- what is it right now, recycling prices over the...

Madhu Sudhan Bhageria: Still in that range, INR45, INR50 depending on that. It's still in that range.

Niraj Mansingka: But then your EBITDA -- and you said you'll go INR80 crores, INR85 crores EBITDA.

Madhu Sudhan Bhageria: That's on the yarn side. See, we are making only the chips. So we'll not be enjoying the 100% INR40, INR45. We'll have to pass it some to the yarn guy also. So our margins would be a little bit like maybe INR30, INR35 a kg. That's why I said around -- we should do around INR80 crores, INR85 crores. Like our capacity is 27,000 tonnes. So if you multiply that by INR35, what you get around that number, INR30 to INR35.

Niraj Mansingka: Got it. So -- but do you not have plans to make yarns from that, the forward integration?

Madhu Sudhan Bhageria: Yarn, already we have our own facility there, we can make and give it. But in future, we don't want to go and make yarn for that. That is the very normal thing to do. Our specialty is in converting waste to chips. After that, it's a normal process. So going forward, we would like to put more plants of waste to chips rather than making yarn. We can always supply yarn and I mean, make -- let people know that this can be done and this is the quality what you can get.

Niraj Mansingka: Got it. Got it. So -- and what is the possibility of it being delayed or it being earlier, the entire capex for the polyester?

Madhu Sudhan Bhageria: I don't see more than 1 month or 2 months here and there, max.

Niraj Mansingka: Okay. And have you -- do you have enough raw material availability to scale up the production within the 3 or 4 months of the commercial production to start?

Madhu Sudhan Bhageria: For the recycle?

- Niraj Mansingka:** Yes.
- Madhu Sudhan Bhageria:** Yes, recycle availability for this plant is no problem. We'll have enough raw material available to scale it up to full. Also, we have an in-built capacity to go 20% higher if everything falls well in line, maybe the plant can run up to 20% higher capacity.
- Niraj Mansingka:** Okay. Got it. So okay. So please correct me if I'm wrong, what you're saying is in EBITDA terms, current run rate of EBITDA is INR330 crores range. I'm just multiplying current EBITDA x4, you have a steam coming up of INR60 crores additional. You have a new capacity adding INR75 crores, recycled INR85 crores. So you can almost go to INR500 crores to INR550 crores, INR550 crores is what you can do?
- Madhu Sudhan Bhageria:** Even this run rate of INR330 crores should improve if things are like this. Going forward, I think we should -- the INR330 crores should become around INR400 crores run rate.
- Niraj Mansingka:** Yes. So you are heading towards -- yes, you said 2% because of PT also.
- Madhu Sudhan Bhageria:** Yes. That also will make a difference.
- Niraj Mansingka:** Yes. So basically, you are heading towards the INR600 crores, that is a possibility.
- Madhu Sudhan Bhageria:** The -- is improving, that can also add a 1% or 2%. So there are a lot of factors. There could be some surprises also. But overall, I feel we should be able to do better than what we are doing today for the running capacities. And then all these extras will add to the margins.
- Niraj Mansingka:** Okay. Got it. And last question was on the material handling and other automation. Can you just share some qualitative thought on that, what you're doing and how it results you?
- Madhu Sudhan Bhageria:** These days, get manpower is getting a problem and lot of plants have -- new plants, which are there, they have already done automization. So, we thought it's an opportunity we have the requisite cash flow to do it. So, we have invested in this.
- What is that -- these robotically bobbins are taken out and then there is no human touch and they get back. So FDY more or less 100% will be done like that. So, their downgradation and other things will go down because there will be no human touch in that till the entire thing is packed in the boxes or pallets.
- In POY also, it will be doffed automatically. And some of it will get packed, some which we use internally will definitely get transferred to the texturizing. So that's what we have done. This will reduce our dependence on the manpower by almost 160 to 180 people, we'll be able to reduce by putting this.
- Niraj Mansingka:** Okay, 160. Okay. Got it. On total employee base of how much?
- Madhu Sudhan Bhageria:** Total employee base, including all staff is quite high. We have around 2,500 people on roll.
- Niraj Mansingka:** No, that's also meaningful. That's a good...

Madhu Sudhan Bhageria: Yes. I mean whatever we could get these -- to get the workers today is also getting a challenge day-by-day.

Moderator: The next question is from the line of Rahil from Sapphire Capital.

Rahil: Any sort of outlook or guidance you can share when it comes to volumes or revenue.

Madhu Sudhan Bhageria: Sorry. Can you speak a little louder? Not able to hear you.

Rahil: How about now, better?

Madhu Sudhan Bhageria: Yes.

Rahil: I was just asking if you can share any sort of outlook or guidance when it comes to your -- so EBITDA you've covered pretty much. But when it comes to volumes or revenue front for the foreseeable future, which is H2 and then in the next year when all the capacity is up and running as well. So if you can provide a certain direction where we head in terms of growth?

Madhu Sudhan Bhageria: See volume-wise, I don't think much will change in H2, second half or H1 of the next year because we are not adding more capacity. And the utilization is pretty much almost full. So there will not be any much addition in the volume side till H2 of next financial year. And of course, definitely, margins, I've already said we should improve.

Top line, bottom line, in our case, will not change much drastically because it depends on the raw material prices a little bit. So there could be 2%, 3% up and down, that's all. It more or less stable. The margin will improve going forward, as I've indicated.

Rahil: So, is it fair to say in the H2 of next financial year, things can take a turn when it also comes to top line?

Madhu Sudhan Bhageria: Top line would be very similar. It can go up by 2%, 3% or remains at these levels. There will not be much change in H2 of top line. The margins, I feel should be...

Rahil: It's not this H2. Even next year H2 top line cannot be...

Madhu Sudhan Bhageria: H2, definitely it will go up by at least 10%, 12% of what it would have been. It will go up by the capacity, which we are putting for sure.

Rahil: Yes, that's what I wanted to know. Okay. Got it.

Moderator: The next question is from the line of Surya Narayan Nayak from Sunidhi Securities and Finance Limited.

Surya Narayan Nayak: Yes. So the recent GST reforms that has been made. So with that man-made fibers, the old rate was 18% down to 5% and yarn is 12% to 5%. So how do you see structurally it is changing the industry going forward? That is one question. And second thing is that, I'll come to the second question. Sir, this is the first question, please answer.

Madhu Sudhan Bhageria: See, GST reform from 12% to 5% is for the yarns only. But as far as the consumer is concerned, they were always getting fabric at 5%, garments at 5%. Only change which for the consumer -- the last consumer is that garments above INR1,250 were charged 12%. Now that has been changed to INR2,500 to 18%. So that's the only change which has happened. That I don't think will make too much of a difference in the demand and supply.

Because at the recent level, if the inversion is now with us only, the inversion has been removed from the garment and the fabric guy. So for our inversion has increased and that we are representing the government to even reduce that.

So maybe it can increase a little bit of demand. Also the manufacturing activity in the fabric can increase because now they can put up new capacity and they can claim GST of the capital goods also and adjust that in their value addition. So that is the only benefit the fabric and the garment producers will get.

Surya Narayan Nayak: Okay. And sir, the second question is that we are having very good relationship with our suppliers. We are getting good -- in their stalwarts, so in the industry. So it is quite difficult to digest. But going forward, as we progress the PTA facilities of IOC -- GAIL and IOC will be coming up.

So do you think that maybe overseas reliance on the PTA and the MEG side will come down and that will reduce the exchange volatility. And in our case, the line item that is constantly quite a disturbing element that will go down?

Madhu Sudhan Bhageria: Yes, it will go down because PTA after these 2 plants are there, imports will virtually be very, very negligible. MEG imports will always be there because there is no new facility of MEG coming up.

As and whatever capacity increase happens in India of polyester, MEG imports will increase. So MEG side, we don't see any relief coming in next 3, 4 years because there is no plant to put MEG. But PTA, which is a major raw material, yes, definitely, after these 2 plants, the imports will drop drastically.

Surya Narayan Nayak: And sir, for the new loans that you have spoken about that is for recycle around INR200 crores if need occurs and for the expansions, INR125 crores to INR130 crores there if need occurs. So are we going to...

Madhu Sudhan Bhageria: See we are taking for sure. That is for the equipment which we are buying from Germany. It's ECB, that we are taking. That INR200 crores, we will reduce looking at the cash flows.

Surya Narayan Nayak: But sir, don't you think -- I mean, is it the mandatory thing that we should have taken ECB instead of rupee debt?

Madhu Sudhan Bhageria: It is not mandatory, but it is prudent to take that because I don't think we can fund the whole INR650 crores through our internal accruals.

- Surya Narayan Nayak:** No. My point is that when the rate -- interest rate is going down on Indian side, so rupee debt would have made more sense?
- Madhu Sudhan Bhageria:** These are not fixed interest rates. These are rates which get adjusted every 6 months in ECBs. So, every 6 months, whatever is the current rate, over and above that, you pay a certain premium. That's how it happens. So, it's not that you have locked the interest rate for the entire duration.
- Surya Narayan Nayak:** So, do you -- so you think the ECB will still be cheaper than the INR debt?
- Madhu Sudhan Bhageria:** Yes, it is cheaper. If I hedge it, it is still cheaper than 0.5% to 1% than the local rates.
- Moderator:** The next question is from the line of Bhavin Dedhia from Share India Securities.
- Bhavin Dedhia:** So, sir, just wanted an outlook like in the previous call, you had mentioned that there was domestic demand weakness. And so how is domestic demand panning out currently? And I am aware that H2 margins were better. So since in H1, we have already achieved 7% EBITDA margin, approximately what can be your guidance for H2 FY '26 being the winter season coming ahead?
- Madhu Sudhan Bhageria:** See H1, according to me, the EBITDA margins for the H1 is 7.84%. And I think we should do at least 8.5% to 9% in the H2.
- Bhavin Dedhia:** So full year will come around 8%, 8.1%.
- Madhu Sudhan Bhageria:** Yes, full year should be above 8% for sure.
- Bhavin Dedhia:** And sir, how is the demand scenario in the domestic market?
- Madhu Sudhan Bhageria:** Demand is quite good, quite good. It's a balance. I mean there's no problem in selling the goods until unless the government comes up with some different things. Otherwise, the market looks good, and I don't see anything going wrong. And in this season, like the demand is a little high in the winter season.
- Bhavin Dedhia:** Yes. And sir, any update on that minimum import price by the government for our HSN codes, like you mentioned that there was...
- Madhu Sudhan Bhageria:** No. Right now, it's still in the progress. Nothing has come out as yet. We are working on it to get this done. Even for DTY, we are trying if the government can put some minimum import price.
- Bhavin Dedhia:** No update as yet.
- Madhu Sudhan Bhageria:** No, no, no. Nothing concrete has happened, still in the pipeline.
- Moderator:** The next question is from the line of Niraj Mansingka from White Pine Management Private Limited.

- Niraj Mansingka:** I just wanted to know one more thing. There was a proposal by the government to -- they had a boost, I think, BIS norms or some norms for import of the fabric, various HSN codes were there. And later on, the imports started happening from other HSN codes. So, what is the status right now in terms of the import of the fabric from outside China?
- Madhu Sudhan Bhageria:** It's still happening from certain HSN codes, and it's quite a decent volume. We are trying to get MIP done on those HSN codes also. If that happens, that will give really good boost to the Indian market.
- Niraj Mansingka:** Okay. And do you see -- okay, I know it's difficult to predict, but do you see that this is the last one or they can find more areas of import?
- Madhu Sudhan Bhageria:** I don't know. I mean we have tried to put -- given them a list of almost all the HSN code. Rather, we have shortened it, we have said you put it on the 4 digit rather than going on 8 digit. If you put on 4 digit, then almost everything is taken care of.
- Niraj Mansingka:** That makes sense. Yes, yes. Okay. Got it. And color on the consumption growth in the Indian market, any color on that?
- Madhu Sudhan Bhageria:** Consumption is happening downstream, a lot of machines are getting put, all these weaving and knitting, lot of machines are coming. So we see a very good future going ahead because downstream is really booming because there was a rumor that there will be a BIS on the machinery. So people have preponed to put all the weaving and knitting machines. So there is a huge quantity of those machines coming in.
- Niraj Mansingka:** Okay. So you are saying that because they have put the weaving machines, they will be bound to utilize at least that much.
- Madhu Sudhan Bhageria:** Demand should increase.
- Niraj Mansingka:** Okay. But the consumption at the final leg of the customer should also increase that to justify that?
- Madhu Sudhan Bhageria:** Yes, that too is, with the GDP rise and other factors, it will increase. With this government giving incentive, reducing income tax to INR 12 lakhs, all those things will put more money in the hands of the people. And normally, first thing people do is buy clothes if they have more money.
- Moderator:** The line from Mr. Tushar is disconnected. The next question is from the line of Surya Narayan Nayak from Sunidhi Securities and Finance Limited.
- Surya Narayan Nayak:** Yes. Sir, again, one question is there. So with the influx of the capacities from the GAIL and IOC, so I believe there is currently some gap between the Chinese production prices and the Indian production side, so which is actually creating some sort of level playing field. So do you think that, that level playing field will be -- I mean, the gap in level playing field will be breached post operations of the GAIL and IOC?
- Madhu Sudhan Bhageria:** See, right now, because of BIS, Chinese products, which we import or re-export are definitely cheaper than what we import from other countries who have a BIS. So that gap should almost

go away once these two players come in and start production because the imports will reduce drastically. So either these people who have a BIS, they'll reduce the prices or the local producer will have to match the Chinese prices. So I don't say 100%. But yes, to a major extent, that gap should go away.

Today, that gap is around \$35 per tonne in PTA. Chinese are \$35 per tonne cheaper than the BIS and the local producers. So that's why I said our margins could improve by around 2%, which is around INR2, we should get extra margin because of PTA becoming cheaper in India compared to what it is today.

Surya Narayan Nayak: If you can give on the INR conversion price, what will be the Chinese price? And what is the Indian price at the moment, sir, for PTA only?

Madhu Sudhan Bhageria: Right now, not calculated. Dollars, I know you can put the dollar rate and calculate. So dollar rate price of China is around \$640 as compared to \$675 of the BIS price, BIS countries like Taiwan, Korea, Thailand, Indonesia. So that's kind of -- these are landed India prices in dollars, and then you have to pay 5.5% duty on that and clearing charges.

Surya Narayan Nayak: So we could be -- maybe you are expecting that this \$30 to \$35 gap may be reduced and that is the benefit where we will...

Madhu Sudhan Bhageria: That will get reduced. And because of that, even the freights will get come down, the freight which we have to pay on this will come down because there will not be demand. That also gets reflected in the Indian prices somehow. So I think we should get a benefit of around \$35 compared to today's scenario as what the Chinese get. So that should -- our margins by around INR2.

Surya Narayan Nayak: So if you will be competitive later maybe in the 2027, '28 scenario with China, so will it not open gates for export to European countries or let's say, cold countries where the manual fibers are more actually adopted?

Madhu Sudhan Bhageria: Yes. If we are more competitive, yes, exports can go up for sure. But for export today also, we can get from China. So that will not make too much of a difference. It is the Chinese who are selling at very low prices that we are afraid of. And the freight component extra, what we pay will always remain.

Today, the local Chinese, let's say, gets the goods at around \$600. We have to pay around \$675 or \$680 in India. So that is the gap. That will come down by \$30, \$35. But still, they will be cheaper by us. So, to compete with them, I don't know. If the margin goes up, we can definitely -- we'll become more competitive, but it will not -- the export will not increase substantially, but they will increase for sure.

Moderator: The next question is from the line of Tushar Talwar, an individual investor.

Tushar Talwar: Recently, the Director General of Trade Remedies has recommended imposition of anti-dumping duty on MEG. And we have been seeing a lot of advertisements in the newspapers from industry associations recommending that the Ministry of Finance not accept the proposal.

While I will not go into whether it will be imposed or not, I wanted to understand two things, sir. What proportion of our raw materials by value is MEG? And what would be the impact of anti-dumping duty on our EBITDA in percentage and absolute terms if the ADD is imposed by the Ministry of Finance?

Madhu Sudhan Bhageria: See, MEG as such is used around 30% in the product, 70% is PTA. These are the 2 major raw materials. And out of the -- we are importing almost more than 50%, 55% of our needs. But if anti-dumping is put, even the local producer will raise the price. So, the question of buying locally will not help much.

But previously, I had told that this -- from America, you can buy. America doesn't have an anti-dumping duty even if it is put by the Finance Ministry. And America is having a lot of surplus MEG, so which has already started flowing to India. And some of the suppliers have a plant in America also, which are supplying us from Middle East.

So, they have assured that they'll be able to give us from America at very competitive prices. Of course, there will be some impact, and that impact could be on the yarn depending from INR0.50 to INR1 per kg kind of an impact can come if the anti-dumping is put.

Tushar Talwar: And sir, how much does that translate into EBITDA percentage? Do you -- is that possible to quantify?

Madhu Sudhan Bhageria: It's around 0.5% to 1%.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Madhu Sudhan Bhageria: Thank you all the participants for sparing your time and joining us and hope to talk to you all in the next Q3 of this financial year. Thank you, everyone.

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