FILATEX INDIA LIMITED

CIN L17119DN1990PLC000091

FIL/SE/2026-27/40
19th November, 2026

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 16th November, 2026 for the Q2 & H1FY27 Results of the Company

Dear Sirs/ Madam,

In continuation of our letter No. FIL/SE/2026-27/35 dated 11th November, 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 16th November, 2026 for the Q2 & H1FY27 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 FY27 Earnings Conference Call"

November 16, 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
MR. KAPIL KUMRA – CHIEF EXECUTIVE OFFICER – ECOSIS LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Filatex India Limited Q2 and H1 FY '27 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 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. Gulshan Singh from Sunidhi Securities. Thank you, and over to you, sir.

Gulshan Singh: Yes. 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 Q2 and H1 FY '27 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; Mr. Vedansh Bhageria, Director at Ecosis Limited; and Mr. Kapil Kumra, CEO of 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 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 very much. Good afternoon, and a warm welcome to everyone joining us for Filatex India Second Quarter 2026-'27 Earnings Conference Call. Joining me today are Mr. Ashok Chauhan, Mr. Nitin Agarwal, Vedansh Bhageria, and Kapil Kumra. I trust you have had an opportunity to review our financial results and investor presentation. I will begin with our operating and financial performance, followed by an overview of the industry environment, key business development and our outlook. The second quarter was turbulent with sharp increases in crude oil prices and disruptions in logistics, keeping buyers cautious.

In our industry, sharp price movements in either direction tend to hold back buying. When prices rise, buyers hesitate to commit at higher levels. When prices fall, they defer purchases in anticipation of further declines. Falling prices put greater pressure on manufacturers as selling prices come under immediate pressure while higher cost inventories take time to work through. These conditions led to uneven demand with subdued buying followed by sudden spurts.

In such conditions, revenue growth alone does not give a clear picture of performance, particularly when higher selling prices drive much of the increase. Absolute EBITDA is a better indicator, although EBITDA expressed as a percentage of revenue can also be misleading. A higher selling price increases the revenue base and can reduce the reported margin percentage even when earnings improve.

During the second quarter of FY '27, Filatex delivered a strong sequential improvement in financial performance, supported by higher sales volume and improved unit level operating profitability. This was achieved despite volatility in petrochemical feedstock prices, elevated energy costs and geopolitical uncertainties. Revenue increased by 13.9% to INR1,304 crores compared to INR1,145 crores in Q1 FY '27. EBITDA grew faster, rising by 16.8% to INR91.03 crores from INR77.92 crores. PAT rose by 8.8% to INR53.48 crores. Sales volume increased by 3.5% to 92,998 metric tons from 89,872 metric tons.

On a year-on-year basis, revenue grew by 21.2% to INR1,304 crores from INR1,075 crores. EBITDA increased by 2.4% to INR91.03 crores compared with INR88.93 crores in Q2 FY '26. PAT increased by 12.4% to INR53.48 crores from INR47.58 crores. Sales volumes were 8.3% lower year-on-year at 92,998 metric tons compared to 1,01,390 metric tons in Q2 FY '26.

Despite the lower volumes, the growth in revenue and earnings placed greater emphasis on EBITDA per kilogram, which shows how much we earn from each kilogram sold. In Q2 FY '27, this increased to INR9.79 per kg from INR8.67 in Q1 FY '27, an improvement of 13% compared with INR8.77 in Q2 FY '26, an increase of 11.6%. These comparisons give a clear picture of the improvement in operating performance. We earned more from each kilogram sold, both sequentially and year-on-year, even though sales volume remained below last year's level.

Overall, our priorities remain improving operating efficiency, optimizing product mix, strengthening asset utilization and maintaining financial discipline. We are also focused on ensuring that our ongoing investment translate into sustainable operating and financial performance. Let me now update you on our comprehensive capex program of approximately INR690 crores, which is now in its final stage. I'd like to be transparent that some of our timelines have moved by a few weeks compared with what I had shared in our last call.

As I have mentioned earlier, Ecosis is a greenfield project with a combination of imported and Indian fabricated equipment and bringing all these processes together for its first of its kind plant has taken longer than we had planned. Much of the project machinery started arriving only after March and shipping schedules for imported equipment remained less predictable due to disruption in West Asia. We also faced delivery issues on certain equipment such as the turbine for our steam distribution project. In addition, the availability of skilled labour remained a challenge during the peak installation period. None of these factors relate to technology, product approval or project fundamentals, which remain fully intact.

Our INR235 crores expansion at Dahej will add approximately 55,000 tons of annual capacity across POY, FDY and DTY with an emphasis on higher-value products. The direct melt line and all the 7 POY extruder lines have been commissioned, which is about 67% of total. The balance FDY extruder lines will get commissioned by 23rd November 2026. Our focus is on product quality and a steady ramp-up.

The contribution of these additional volumes would be distinctively visible in fourth quarter. Our INR300 crores Ecosis project with an annual capacity of approximately 27,000 tons is progressing towards commercial operation. Sequential trials of depoly and purification section have started.

We have started depolymerization and purification activities from 15th November only. The polymerization is expected to be started latest by first week of December. We are cooperating with our principal partners, Decathlon and A&E for testing and field trials. All samples submitted and tested have met the specifications, stipulated by several brands, Indian entity, A&E Threads for testing and field trials. All samples submitted.

H&M, a leading brand after extensive trials have already cleared us on their approved vendor list. A keen interest has been expressed by several other brands. Overall, we are greatly excited about commissioning of this plant. Our INR30 crores renewable energy program is intended to increase the renewable share of captive power consumption from approximately 26% to 55%. The power supply is expected to commence by mid-January 2027. The third-party supplier has been facing regulatory glitches at the state level is hopeful of delivering power by Jan 2027.

In our innovative project and steam distribution, the first phase has been successfully laid, tested and charged for flushing by 10th November after obtaining the necessary permissions from the concerned authorities. Supply will start from 20th November 2026 to customers and balance is likely to be completed by 10th December 2026. First part of automation has been completed in our bright spinning section.

Commissioning of second part of semi-dull section is going on and likely to be fully commissioned by mid-December. There has been important development in market access. The India-U.K. trade agreement came into force on 15th July 2026, providing duty-free access for Indian textiles and removing the tariff disadvantage against suppliers such as Bangladesh, Vietnam and Cambodia. For Indian exporters, this creates a more equal basis for competition in an important market.

Since quarter end, the India-New Zealand agreement has also been effective from 20th October 2026, providing duty-free access for Indian exports. These agreements should help our downstream customers, expand their export business and over time support demand for polyester yarn. The benefits will build as buyers review sourcing arrangements and place fresh orders. The India-EU agreement represents a further opportunity, although signing and implementation remains pending, it is likely to be effective from early 2027. Its potential benefit should, therefore, be viewed as part of the medium-term outlook.

On raw materials, domestic PTA projects have moved from anticipated capacity towards commissioning. Indian Oil mechanically completed its Paradip PX-PTA Complex in September and has commenced commissioning activities. Subsequently, GAIL announced the commissioning of its 1.25 million tons per annum Mangalore PTA plant on 5th November. As production stabilizes, these facilities should improve domestic availability and reduce exposure to import-related supply disruptions.

Looking ahead, crude oil volatility and geopolitical uncertainty will continue to influence buying decisions. Yet there are tangible reasons for confidence. India's textile exporters are gaining better market access while additional domestic PTA capacity is moving into production. These developments should strengthen the polyester value chain through greater exports opportunity and more reliable raw material availability.

Our focus is now on converting investment into operating results. Our project in value-added products, textile-to-textile chemical recycling, automation, renewable energy are intended to broaden our capabilities, improve efficiency and create new avenues for growth.

Ecosis, our recycling initiative, is particularly significant. Our 27,000 per annum textile-to-textile recycling project takes us beyond conventional yarn manufacturing and opens a new chapter for the company. The opportunity is to turn polyester textile waste into a consistent, commercially viable raw material that customers can use with confidence.

Before closing, I would like to thank our staff, workers and contract labour for their efforts in completing our projects. Their skill, persistence and hard work have brought these investments to live. I also thank their families for their support during this demanding period. Thank you for your continued trust in Filatex. We will now be happy to take your questions.

Moderator: Thank you very much. We take the first question from the line of Surya Narayan Nayak from Sunidhi Securities. Please go ahead.

Surya Narayan Nayak: Congratulations for good set of numbers. So my first question is related to the Ecosis. So how many MOUs so far has been signed for the capacity of 27,000 MTPA? So that is number one. And number two is that where are we so far as the glycolysis and polymerization traction of the Ecosis, so in terms of the weight yield and quality in relation to the pilot projects?

Madhu Sudhan Bhageria: I'll answer the number 2 first. We have just started the depolymerization. So the quality is yet to be established, so I cannot answer that as of now. Maybe 1 week from now, I'll be able to answer that. Regarding the marketing, I'd like Kapil to give you a brief because he's looking after the marketing of Ecosis.

Kapil Kumra: Hi good evening. Regarding your specific questions around MOUs signed, we have signed MOUs with Decathlon and A&E. Initially, we signed MOUs when we were very early stages of project construction. As we are now about to go live in the next few weeks, the conversation has changed from MOU signing to getting volume commitments for the next few years.

So as far as that is concerned in terms of getting some sales forecast and volume commitments, we are also in talk with 3 other large European brands, and we should have those commitments out. Yes. So just to add, with H&M, we just got approval just last week to be approved global supplier for them as well. So that would be our third big customer.

Surya Narayan Nayak: So what would be the aggregate MOUs or let's say, volume commitments from your side because vis-a-vis the total capacity?

Madhu Sudhan Bhageria : So overall, all these 3 people, including and others, some buyers of IKEA also have committed. We have a volume commitment of around 7,000 to 8,000.

Surya Narayan Nayak: 7,000 to 8,000. So that is very fraction of the current one, right?

Madhu Sudhan Bhageria : Yes. But the major commitment as the plant start, people will come and audit the plant and then only the major commitments will come in.

Surya Narayan Nayak: So how is -- I mean, will the process like when we test for the polymerization process, the final outcome after the glycolysis process is stabilized. So will we be able to directly supply to the clients on that way? Or how far we are from that stage?

Madhu Sudhan Bhageria : Yes. So once the polymerization happens, then we can ask them to visit and validate. And after that, they will start taking trials and giving orders. So that will take some time. So by -- I would say, by maybe mid-January or end-January, new suppliers would also start giving orders. And other 2 names, they would start immediately once the production is there.

Surya Narayan Nayak: So full-fledged production and supply to clients will happen from December end, can we assume?

Madhu Sudhan Bhageria : No, no, we cannot have full-fledged production from December end. I think in the first quarter, which is the fourth quarter of this financial year, our capacity utilization would be around 40% to 50% only. And after that, it will gradually increase. And by end of mid of second financial year '28, I think we should be fully -- in full production. So it will take -- it will be a gradual increase.

Surya Narayan Nayak: Okay. Sir, in recent time, we have seen that the virgin polymer prices has risen from nearly INR110 to INR120 per kg to around currently INR140. So is the premium in relation to the virgin polymer that is being executed in case of the recycled polymer has also moved in tandem?

Madhu Sudhan Bhageria: No. See, recycled polymer is not a premium over the virgin. It has its own price base and it works on that. Even if the prices of the virgin fall, I don't think there will be significant fall in the recycled. So that's a different set of prices, and this is a different set of prices. They are not connected to each other.

Surya Narayan Nayak: Okay. So I mean, currently, what is the chip prices and the yarn prices in -- as for you from the market sources you gather, what is the rate currently going on for those kind of recycled I mean purely textile-to-textile recycled fiber?

Madhu Sudhan Bhageria: Whatever we are talking to people on a chip price, I think we should be able to get anything for INR130 to INR140 for the recycled chip. Then there is an add-on for the yarn and other things.

Surya Narayan Nayak: Okay. And sir, regarding the steam projects, are all the offtake agreements signed with the client?

Madhu Sudhan Bhageria: We have an agreement of roughly 42 tons is signed. And out of that, around 22 to 24 will start from 20th. Balance will start by mid-December. And then once the lines are operational, we are in talks with a lot of other customers. So I hope by January end, we should be able to sell full, which is 65 tons per hour.

Surya Narayan Nayak: So from -- let's say, from fourth quarter -- mid of the fourth quarter, we can expect...

Madhu Sudhan Bhageria: Almost yes, we should be having full capacity utilization.

Surya Narayan Nayak: That the stated INR60 crores to INR65 crores of EBITDA gains that is -- that will be reducing the conversion cost. So that will be coming from the fourth quarter -- mid of the fourth quarter?

Madhu Sudhan Bhageria: Correct.

Surya Narayan Nayak: Okay. And what are the object -- other facilities like brownfield currently, the status?

Madhu Sudhan Bhageria: Yes, in brownfield, 67% is already commissioned and started. 33%, there are a few FDY lines, which will get started by early next week only, end of this week or early next week, they are likely to get commissioned. So by, let's say, from 24 -- by 24th or 25th of this month, everything will be commissioned as far as brownfield is concerned.

Surya Narayan Nayak: Okay. Okay. Sir, just I was checking the historical spread in conversion cost and EBITDA per kg of hours when we had a very peak scenario in '21, '22 when the oil prices like current scenario, of course, at that time, it rose still higher. So I mean, at that time, the conversion cost was lower than the current one, whereas the EBITDA spread was nearly same. So my understanding is that if the current capex will be going on stream, then obviously, there will be reduction in the conversion cost. So which will be resulting into nearly equal EBITDA to the FY '22 scenario? What is your...

Madhu Sudhan Bhageria: '27-'28, not in this financial year for sure.

Surya Narayan Nayak: Yes, yes, '27-'28 only, I'm saying.

Madhu Sudhan Bhageria: Yes. '27,'28, yes, we could repeat performance of '21, '22.

Moderator: We take the next question from the line of Niraj Mansingka from White Pine Investment Management Private Limited.

Niraj Mansingka: I just wanted to spend more time on the polyester recycling. Can you tell us the process like when you -- when a customer comes, for example, Decathlon, from the day it comes and the day you book the first revenues, can you tell us a few steps that they go through like the MOU and final approval of a factory and then again, etc., so that we can understand the life cycle as approval.

Madhu Sudhan Bhageria: With Decathlon and all, we were not in a hurry because the project was not ready. So we were very slow. But now for the new customer, what is happening is they will make a visit to the plant, do audit, which will take 2 to 3 weeks. And in the meantime, they will also take the sample, which they will test it. So within a month of their visit, we should start getting some commercial orders.

Kapil Kumra: Yes. Just to add, typically, brands have a different cycle, but largely what Madhu ji has said in terms of the process, that process doesn't change. The decision time lines may stretch from 1 month to 2 months or 3 months, depending on the level of testing. Some brands will just test at our product stage, which is chips and yarn and then give approval. A lot of brands then take that yarn, give it into cloth and then make garments or footwear, which is their end product and then that end product has to go through testing.

So depending on the depth of the testing, that time line may vary. Now having said that, brands also are in a rush. We are right now talking to 23 brands actively. So a lot of brands who have been using T2T from China are very familiar with the product. They may give conditional approvals where they can start buying from us much earlier than the final kind of global confirmation comes as becoming a global supplier. So it's a very varied time line.

Niraj Mansingka: Got it. And for, say, A&E and Decathlon, what is the other step left for them to finally give orders to you and book -- you will book revenues, assuming the factory starts?

Kapil Kumra: There's really the only step is now they are going to visit our factory. So let me say Decathlon, they are visiting our factory in the next few weeks. And once they visit the factory and they ascertain that we are -- all our social compliances are fine and the product -- the final product they see, they will start placing orders immediately. We already have projections from Decathlon for the next 6 months.

So they've already booked orders. As far as A&E, all audits are done. They are doing final testing of a few more products from their end in China. We expect to get the test results by middle of December. And then with them, they've already given us indication for which markets and which product categories they will start placing orders. So for both Decathlon and A&E, we expect the order placements to start end of December at the latest.

Niraj Mansingka: And these 2 companies are taking recycled polyester from any specific player globally?

Kapil Kumra: Yes. So Decathlon is in China. For A&E, they wanted exclusivity from us. So it's going to be a very exclusive co-branded relationship where they would use only us. And then 2 other brands with whom we are on the cusp of starting deliveries in December are also IKEA, which is the large Swedish furniture supplier. We already have product approval for a few products for them.

And then H&M as well, we've got projections for the next 6 months. So besides the 2 brands you mentioned, these other 2 large customers would be activated by end of December as well. And both IKEA and H&M are already actively using T2T, but again, just from China. So they're very familiar with the advantages of T2T versus bottle-to-textile.

Niraj Mansingka: Last question. On these 4 companies, the quantity that they have order 6,000, 7,000, 8,000 tons is obviously quite small compared to the requirement. So any thoughts on how they are thinking in terms of scaling up in case it needs if the requirements are met?

Kapil Kumra: Yes. So the way it works with these companies is they will give what they call a bare minimum guarantee. And most of these companies work on seasonality. So they'll have the spring/summer season for which they do the buying and then they have the autumn/winter. So the clear projections we've had for the next 6 months, depending on our performance, depending on the end result, depending on market situation, 6 months, the demand can go up exponentially.

So what -- the numbers we spoke about, the 7,000, 8,000 tons is the bare minimum commitment, but we realistically anticipate that if the next 6 months go well, the volumes for the latter half of next calendar year should rise exponentially.

Niraj Mansingka: Okay. And any data you would like to share like how much demand of recycled polyester for a particular customer? And just to understand how large can be the demand...

Kapil Kumra: I can just tell you a very anecdotal. Any of these customers has the capacity to take over the entire 27,000 tons of production. Their requirements are -- the people we have talked about, the Decathlon, H&M, IKEA, A&E, they are market leaders, number 1 or number 2 in their particular

domain. So it's up to them how quickly they want to adopt, but any of these companies are fully capable of taking over significant production capacity.

Niraj Mansingka: But the numbers are much larger, right? They would end up ultimately say...

Madhu Sudhan Bhageria: China are very big numbers. So as and when our products get approved and we are priced slightly better than China. So once our products are from the main plant, they can see and then I think the orders will follow. I don't see any problem in this.

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

Nirali: Congratulations on a great set of results. Sir, my first question is on the core business, what are the triggers that can help us improve the profitability and take it to double-digit EBITDA margins in FY '28, if you can elaborate on that?

Madhu Sudhan Bhageria: So there are 2 main triggers which will happen. One is the raw material supply side, we don't have to depend on imports because GAIL plant is starting in this month. They've already started declared to the exchange also, their commercial production. But in the market, they will be by end of this month, which is a 1.25 million ton plant of PTA. And Indian Oil also likely to start from April 2027. When these 2 plants are operational, then the shortage in India will virtually be over because India imports are roughly 2.2 million tons, and these 2 plants are equivalent to 2.45 million tons.

So that will give us a better pricing of the raw material. And also, we don't have to import that saves a lot of cost and effort. Second is the FTAs with EU. EU FTA will be a huge thing. EU is the world's biggest market for textile. It's even bigger than U.S.A. And there, we had a disadvantage compared to the main exporters other than China, which is Vietnam, Cambodia and Bangladesh.

So we will also be at par with them. That will increase the export from India. And also yarn export also, we have a duty of around 4% to 5%. That will also come to 0. So in yarn also, we would be better off than China to that extent. So everything will help us in improving our margins as the demand will go up.

Moderator: Ms. Nirali, does that answer the question?

Nirali: No, I have a follow-up. So sir, when you say that we'll increase the profitability and when you mentioned that it will be similar to what we did in FY '22, so we were able to see a 14%, 15% EBITDA in the core business other than the capex part.

Madhu Sudhan Bhageria: 14%, 15% on a -- overall number, it will be same because the volumes after that has also increased quite a bit. So volumes will also help us. I never said the percentage-wise, it will be same. The number -- total number-wise, it will be similar. So we might not go to 14%, 15%. We might go to 11%, 12%, but the volumes have increased and with Ecosis coming in place, steam project coming in place, everything, this will help us in surpassing that target as a total number. I'm not talking about percentage. Percentage, I never talk because top line keeps on distorting because of the crude prices.

Nirali: Fair enough. And sir, secondly, on Ecosis. So I understand the plant -- plant will be operational soon. And when you say we reach optimum utilization in FY '28, for the additional capacity after this, how much time will it take once we start this plant?

Madhu Sudhan Bhageria: The new capacities will take anywhere from 18 to 24 months.

Nirali: Okay. The additional 27,000, which we can do, that can also take 18 to 24 months.

Madhu Sudhan Bhageria: We plan to do much more, which I have already stated, I think, in some of the conversations that we plan to put 2 plants of 150,000 tons, one in India, one in Vietnam. And they should be commissioned by first quarter of calendar year 2029.

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

Sarvesh Gupta: Congratulations on a good set of numbers. Most of my questions have been answered. Just one thing. So while we have signed MOUs with Decathlon and A&E, but you mentioned that we have got the approval as a supplier for H&M. So what is the difference between these 2 cases, if you can explain that?

Kapil Kumra: Yes. See, I'll tell you the basic difference is when we signed the MOU with the Decathlon and A&E about a year ago, we did not have any commercial production. So the MOU basically laid out the framework. That through a pilot production facility, they were -- they had consented to use our chips and our product, our yarn and give us feedback. So do trials because we were also learning, this was new production for us.

So the MOU basically incorporate a framework of how we will work together to come to a point that when our commercial production starts, subject to us meeting the quality requirements, they would start buying from us. Now that our commercial production is on the cusp of starting, now the need for MOU is really diminished because now what the brands are saying is that they would like to directly come in, for an audit of a commercial facility, use product, which is being produced at a commercial scale.

And if everything is approved, immediately grant us supply ID codes and start buying from us. So H&M, the conversation started just about 6 months ago with them. And so the fact that we did not need to sign an extend MOU because our commercial facility was going online. So that's the basic difference. We are now more interested in signing volume commitments from brands versus MOUs for cooperation.

Sarvesh Gupta: Understood. And sir, since we mentioned about our FY '22 profitability being -- and we can achieve somewhat similar numbers, including all the new projects. So I mean, the new projects itself are worth maybe INR200 crores -- around INR200-odd crores in EBITDA. So does it mean that the core business that we had on a per kg basis, that profitability would be somewhat similar to what we are doing this year? Or are we -- because of these 2 factors should...

Madhu Sudhan Bhageria: That will also improve. I think we should do on a per kg basis, anything from INR10 to INR12 on the -- our core business. And whatever we have mentioned additional should add out to it. I never said we will meet that. I said we can exceed those numbers.

Sarvesh Gupta: Okay. So the core business can have INR10 to INR12 per kg sort of a profitability because of the 2 tailwinds that you mentioned, the plants, which are being set up plus the FTA. And on top of that, we will have these new projects, which will also start contributing.

Moderator: The next question is from the line of Debarshi Deb from Inved.

3Debarshi Deb: So my question is like large sportswear brands already made many recycled polyester commitments using bottle-based rPET. So for Ecosis specifically, what makes them pay a textile-to-textile premium today, binding customer procurement requirement or an enacted legal requirement or a voluntary circularity target. So I just want to understand that.

Kapil Kumra: Yes. So there are multiple factors. You've set out most of them. So one is the upcoming EPR, the extended producer responsibility regulations, where the framework has already been adopted in August. And now the targets for using a certain amount of T2T polyester content in apparel sold in Europe, those targets are being set and should take another 12 months. So in anticipation of those requirements, a lot of the brands who are selling in Europe are already looking to adopt and introduce T2T in their supply chain.

Second is you have a lot of large customers like Inditex, H&M, who've been at the forefront of sustainability. And they have their own publicly stated goals regardless of any regulations of how much T2T content they will start using in their products by 2030, 2035. So they are chasing capacities and the demand is being generated from their own publicly stated goals. So it's a mixture of internal levers where they want to pursue this as well as some element of regulation coming into Europe, which is driving the use of this.

Debarshi Deb: So it's in a way -- I mean, it has not yet been established yet, right? I mean it is about to get established, right?

Kapil Kumra: No, it's been established. I think Madhu ji said earlier that there's about 120,000, 130,000 tons of T2T already being consumed in the market, primarily out of China. So the brands who have adopted with us or who are in very close conversations have already been users of textile-to-textile. But they are very happy knowing that there is a project coming outside of China because our diversification, both geographically and from a supplier perspective is very, very important for the brand's supply chain. So most of the brands who we are talking to, this is not new for them, but they're excited at the prospect of having availability of this product outside of China.

Debarshi Deb: Okay. Okay. And I would like to understand that, I mean, by what time we can expect the Ecosis plant to be EBITDA positive and cash positive after interest and maintenance capex, like any guidance you would like to provide on that?

Madhu Sudhan Bhageria: I think even in Q4, we will be EBITDA positive, which will be the first quarter of decent operation, which could be 40% to 50%. We would be EBITDA positive in that quarter itself.

Debarshi Deb: Okay. And like the products are mostly catering to exports or like how it's going to work, like, I mean, the Ecosis part?

Madhu Sudhan Bhageria: It's both in India also and exports also. It will be both.

Debarshi Deb: Okay. So major revenue will be coming from India or from export?

Madhu Sudhan Bhageria: It's difficult to say right now how much will it be, but it will be a substantial portion will be exports. So it could be 50-50 or somewhere close to that.

Debarshi Deb: Okay. And the last question is like the November 13, I mean, you guided in Q3 FY '27, commissioning for INR300 crores against 26,750 ton Ecosis project. So what is complete today? I mean, what are the dates for the first sellable chips, customer plant approval and first commercial dispatch when it's going to be expected?

Madhu Sudhan Bhageria: I think by 10th to 15th of December, first commercial product should be out.

Debarshi Deb: All right. All right. And any kind of EBITDA margin guidance you would like to provide? Like previously, you have said that, I mean, against INR350 crores to INR400 crores revenue were given -- you have given an EBITDA guidance of INR80 crores to INR90 crores. But again, you said that 30%...

Madhu Sudhan Bhageria: By '28, I would like to maintain that as a minimum. It could be better. Top line, I can't say. But yes, we should do around minimum INR90 crores of EBITDA, around INR85 crores to INR90 crores of EBITDA in FY '28. In FY '27, it will be the first quarter, I cannot say how much EBITDA would be there, but we will be EBITDA positive and maybe we'll be able to take out interest depreciation also, we could have some small profit.

Debarshi Deb: Got it. So I mean, the -- and I would like to know when -- like how long does it take to get an approval from the customer like showing your product to the customer and customer conversion, -- how long does it take basically?

Madhu Sudhan Bhageria: We answered to one of the participants before you. We answered the same thing. It takes around 1 to 2 months depending on the customer. He will come, visit, take trials. It can vary from 1 to 2 months or sometimes 3 months. It depends on the customer's internal approval system. But now things will move faster because they also want it and everybody has been eagerly waiting for the production to start. As and when it starts, they have been -- they are always asking us when it is starting, when can they come and see. So I see the eagerness from their side also. When the eagerness is there, things move really fast.

Moderator: We take the next question from the line of Shikha Kapoor from Sprout Research.

Shikha Kapoor: Two questions. One, sir, most of the things have been answered. Just wanted to know this revenue growth is largely price growth and not the volume growth. So one, what is the demand outlook? And is it also going to impact your brownfield 55,000 metric tons, if at all, it will be?

Madhu Sudhan Bhageria: Yes. It is mainly because of price only. Rather, there is a decline on year-to-year by 8% and quarter-to-quarter, we have improved in the sales. But yes, we are not taking -- not been able to take full production. As and when the prices volatility is there, we had to cut some production. Also for putting the brownfield, we had to take some shutdown, then also we had to cut some production.

Shikha Kapoor: Brownfield, which is likely to be in the Q4 of this year, will it be deferred further or it will be commenced?

Madhu Sudhan Bhageria: No, no, no. Already I told, 2/3 is already commissioned and the balance will get commissioned by early next week. So commissioning is happening, and we're running those lines. Volume-wise, I don't see we'll have a problem. But yes, margins could vary depending on the market. Volume-wise, we are not too much off always. We are doing almost 95% always. The difference is only 4%, 5%, sometimes you have to cut production at some lean time. Otherwise, volume-wise, we are quite okay. We are doing almost full volumes.

Shikha Kapoor: Okay. And sir, this spread, what we talk about INR24, INR25 in virgin PFY, what is your internal expectations from that recycled material?

Madhu Sudhan Bhageria: See, recycled material -- the Ecosis is up to the stage of chip only. The technology is converting the waste fabrics up to the chip. After the chip, it's the same process for virgin chip or this chip, everything is same. So this Ecosis plant is doing up to chips and somebody wants yarn, then we get the job work done from the parent company and then supply the yarn. So the volume...

Shikha Kapoor: So what spread are we looking in the chip part?

Madhu Sudhan Bhageria: We are looking at around INR30, INR35 a kg kind of a margin on the chip front.

Shikha Kapoor: Okay. And my second question is for Mr. Nitin, the debt part. So in FY '26 noncurrent liabilities, borrowing, which was INR58-odd crores, was completely ECB. Now it has gone up to INR306-odd crores. So what part is ECB in that? And secondly, same thing in current liabilities, like INR69 crores going to INR82 crores.

Nitin Agarwal: We have already increased the ECBs from last year to this year for this brownfield project.

Shikha Kapoor: Sir, what is the quantum out of that INR306 crores?

Madhu Sudhan Bhageria: Today, as on date, we have roughly INR200 crores of ECB for the machinery, INR140 crores new I think INR60 crores, INR70 crores the old ECB, which is continuing. So INR140 crores and almost upto INR90 crores. So INR230 crores is the total ECB in this for the term loan.

Shikha Kapoor: And for working capital, out of INR82 crores or does it include that part also?

Nitin Agarwal: No. We don't get this number actually.

Kapil Kumra: I don't know from where are you getting this number.

Shikha Kapoor: Annual report only, INR68-odd crores was part of borrowing, which -- of which I think INR45 crores was ECB. So it has -- I'm just asking for your forex losses, that's all and whether it is hedged?

Madhu Sudhan Bhageria: No, forex loss, no, we don't hedge the long term. In the short term, we keep hedging. We are importing also a lot of raw material, which is where we get an LC 90 days. So there, we keep hedging, we have an adviser. Based on advice, we kept hedging from time to time. But long

term, we keep it unhedged because over a long-term period, hedging doesn't help you. Like now, again, the euro has come down from INR112, it's come down to INR104. So overall, if you will see on a spread of 5 to 8 years, you save money if you don't hedge.

Shikha Kapoor: That's okay. And why is it not reflected in the interest cost? Is it capitalized for your Ecosis...

Madhu Sudhan Bhageria: No, it's not capitalized. It is shown separately as a finance cost, we show it. We don't capitalize. You cannot capitalize the interest.

Shikha Kapoor: Okay. No, it's not visible on the interest cost, so -- anyway.

Madhu Sudhan Bhageria: So there's another line in the profitability. What do we -- I just tell you. Exchange fluctuation net, that line is there in the profitability. Like last quarter, it was INR4.79 crores. This includes both...

Shikha Kapoor: Does it also include interest cost, the forex difference.

Madhu Sudhan Bhageria: No, the interest cost in the finance cost, which we have shown at INR3.09 crores. There are 2 lines in the profitability. One is INR3.09 crores is the finance cost, which includes the interest and other banking costs. Exchange fluctuation is purely exchange fluctuation on account of working capital as well as capital. It's there in all the quarters. You can see on the profit and loss, okay?

Moderator: We take the next question from the line of Akhilesh Rawat from Vedanta Vision Private Limited.

Akhilesh Rawat: So my first question is regarding, as you mentioned, then there is a skilled labor availability issue during the peak installment period. So is it during the installation period? Or is it going to affect us once we start the production as well?

Madhu Sudhan Bhageria: No, no, it's not going to affect the production. It was initially when this war started, there was a shortage of gas and everything. So a lot of labor in any industry you will find out a lot of labor all -- these are migrated labor. They all ran away at that particular time. So that's what caused the problem. And later on, they started coming in June and July, then also the rain started. So all those things delayed the thing. If the local supplier didn't have labor, so their delivery schedules got delayed. But now there is not a problem. We have enough labor to support the production.

Akhilesh Rawat: Okay. And my second question is, sir, given that textile-to-textile chemical recycling is attracting investment around the world, like some capex is going on in Vietnam and other countries as well. So as you mentioned that we have a significantly lower capex per ton capacity as compared to our international competitors, and we are also getting some premium over virgin polyester.

So I just wanted to understand like from where we are driving these kind of advantage, like is it our proprietary glycolysis technology or we are getting higher recovery yields and lower feedstock and conversion cost? Or is it customer relationship? So I just want to understand how sustainable do you believe these advantage will be as global recycling capacity scales up in the long term?

Madhu Sudhan Bhageria: See, as far as capex is concerned, it's the technology which we have built on our own. We are not buying any technology. For the last 7 years, we have built this technology. See in our technology, the capex is quite reasonable compared to the others. I cannot tell you why their capex are higher. Whatever I gather from the market, the kind of capex they are doing per ton is depending on the company to company is 2 to 4, 5x per ton than ours. So we have kept our capex very much in check. And also our operational cost, we have kept in check. So that is why what our costs are. I cannot comment on the others why they are high or not.

Akhilesh Rawat: Okay. And sir, in that -- in the plant we are expanding in Vietnam, you have mentioned that we will expand another plant of Ecosis like...

Madhu Sudhan Bhageria: This is successfully commissioned and what we get feedback from -- based on that, we have plans to put up new plant in Vietnam because there is availability of raw material as well as there is huge demand for this product.

Akhilesh Rawat: Yes, sir. So that's -- I just wanted to understand regarding the raw material, like do we have any foreseeable visibility of the feedstock availability? Because I was reading like one of the top player in that industry, and they were -- they are facing some feedstock issue. So regarding that, I just want to understand like is there any feedstock availability issue going on in Vietnam?

Kapil Kumra: Yes. So we spent a lot of time in Vietnam. We have talked to 3 of the largest feedstock suppliers. In Vietnam, the issue is that it's a slightly unorganized sector. The other -- I don't know which competitor you're talking about, but if we are looking at a plant of about 150,000 tons, we don't anticipate a need to import waste into Vietnam, which is where the issue right now.

The laws in Vietnam don't allow the importation. But the research we've done so far, and it is still in initial stages, we don't anticipate a shortage of feedstock, polyester feedstock in Vietnam. Vietnam today is the world's second largest exporter of apparel and footwear, and it's a very heavy polyester unit.

Akhilesh Rawat: Okay. And my last question, sir, as we are seeing this internal disruption in Bangladesh, so how do you think this will affect our Indian textile export like in terms of any competitive edge we are...

Kapil Kumra: Can you repeat the question, please? We couldn't get it.

Akhilesh Rawat: Yes. So I was asking like as there are currently internal disruption going in Bangladesh, which is our top competitor in exports of textile. So what kind of advantage do you think we will get from disruption over there in our industries? And how do you think this will be an opportunity for us as a yarn maker and in our Ecosis business or in whole industry

Madhu Sudhan Bhageria: The whole textile industry is going to get too much of benefit once this EU FTA is in place. EU is a very big market. They import roughly $280 billion worth of textile. So once that is in place, and we are in same custom duty as all these companies, so that's around 10% to 12%. 10% to 12% is a very huge difference in textile. So that will give us a big boost to Indian market. And also in India, now the government has recognized the importance of MMF. So any scheme you will see in textile coming out of Ministry of Textile is all mainly for MMF, fabrics and garments.

So all these things, I think we should be doing pretty well, and we should be able to take up whatever Bangladesh cannot do, and they should become uncompetitive because they are importing a lot of yarn. They don't have yarn. At least India has yarn also and raw material for yarn also. So India has a full value chain in the country. They don't have that.

They buy a lot of fabrics and yarns from China and then do the job work and send it. So they were thriving on the basically custom duty difference, which goes away, I think it will be difficult for them to sustain that kind of export. But all these things doesn't happen in a day. Once these enforce, then people put up plants and then it happens.

Akhilesh Rawat: Yes. Sir, lastly, on the brownfield PFY front, so in last con call, you have mentioned that we will be getting some 5 months of utilization, and then we will be getting slightly under INR200 crores of business from that brownfield in this FY '27. So we will -- so now since the commission will happen in this month, and we will be getting only 4 months and then you also said that there is some demand side disruption also. So how do you think this number will -- there will be a slightly decline in this number? Or do you think it will remain in that range of INR150 crores to INR200 crores for this year?

Madhu Sudhan Bhageria: There will be some decline because, of course, the time lines have changed. So there will be a decline. Whatever time lines have changed, that percentage we will have less.

Akhilesh Rawat: Okay. And in financial year '28, do you think this will -- we will be able to get that INR400 crores that we are...

Madhu Sudhan Bhageria: **Yes, in FY28** We should be able to achieve what I have told you.

Moderator: We take the next question from the line of Shubham Padiyar from CIL.

Shubham Padiyar: Firstly, congratulations on the progress so far made in Ecosis. My question is regarding the raw materials. I believe recently, GeM, which is government e-Marketplace and textiles community, they signed an MOU of some sort for boosting up the procurement of recycled materials, feedstocks. So is there any discussions happening on ground regarding this? And I believe we...

Madhu Sudhan Bhageria: The only thing is that they had started a pilot project.

Kapil Kumra: Yes, we are in touch with the Ministry of Textile and GIZ. They have started some TRFs, some pilot projects TRFs to boost the collection of textile waste, especially targeting post-consumer base. So the households, which throughout use textiles. And we are in touch with them already. We have started doing some trials also to support the ministry in buying some feedstock from them. So this is the extent of kind of our involvement about this.

Moderator: Ladies and gentlemen, we take that as the last question. I now hand the conference over to Mr. Madhu Sudhan Bhageria for closing comments. Over to you, sir.

Madhu Sudhan Bhageria: Thank you. I would like to thank all the participants for sparing the time and listening to us, and I hope I've been able to answer all your queries. Thank you and meet you again in the next con call. Thanks. Bye.

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.