Filatex India Ltd.

Investment Thesis

- **Core Business- Improving Profitability & Operating Leverage:** Filatex's core polyester yarn business is witnessing improving realizations and operating spreads, supported by better product mix and cost efficiencies. The commissioning of GAIL's 1.25 MTPA and Indian Oil's upcoming 1.2 MTPA PTA capacities should reduce import dependence and improve raw material availability. Additionally, India-UK, India-New Zealand and the proposed EU FTAs could enhance export competitiveness. Management targets ₹10–12/kg core EBITDA and 11–12% EBITDA margins in FY28.

- **Ecosis- Entry into High-Value Textile Recycling:** The ₹300 crore, 27,000 TPA textile-to-textile recycling facility positions Filatex in a higher-value segment by converting textile waste into recycled polyester chips. Customer traction includes Decathlon, A&E, H&M and IKEA, with initial commitments of 7,000–8,000 TPA and active discussions with 23 brands. Management expects 40–50% utilization in Q4 FY27, scaling to full utilization by mid-FY28, with ₹85–90 crore EBITDA guidance for FY28.

- **Capacity Expansion & Incremental Earnings:** The 55,000 TPA brownfield expansion will increase POY, FDY and DTY capacity, strengthening volumes and value-added product offerings. The steam distribution project is expected to generate ₹60–65 crore annualized EBITDA at 65 TPH utilization. Further, the ₹30 crore renewable energy initiative will increase renewable power's share in captive consumption from 26% to 55%, supporting lower energy costs and improved margins.

- **Long-Term Growth Through Recycling Scale-up:** Filatex plans to establish two additional 150,000 TPA textile-to-textile recycling plants, one each in India and Vietnam, targeted for commissioning by Q1 CY29 (subject to successful commissioning and feedback from the current plant). Rising global adoption of recycled polyester, driven by European EPR regulations and sustainability commitments of leading brands, provides a structural demand opportunity. Its proprietary technology, developed over seven years, offers 2–4.5x lower capex per tonne than competing projects, providing a potential cost advantage as recycling capacity scales.

Outlook: Filatex is entering a strong growth phase, with improving core business profitability and incremental earnings from new projects. Core EBITDA is expected to reach ₹10–12/kg in FY28, supported by better PTA availability and export opportunities from FTAs. The 55,000 TPA brownfield expansion, alongside the 27,000 TPA Ecosis facility (targeting 40–50% utilization in Q4 FY27 and full ramp-up by mid-FY28), will drive volume and earnings growth. Ecosis is expected to contribute ₹85–90 crore EBITDA in FY28, while the steam distribution project offers another ₹60–65 crore annualized EBITDA at full utilization. Further, plans for two 150,000 TPA recycling plants in India and Vietnam by Q1 CY29 provide a significant long-term growth opportunity, positioning Filatex to evolve from a conventional polyester yarn manufacturer into an integrated polyester and textile-to-textile recycling player. **We estimate Revenue/EBITDA/PAT to be 11%/32%/37% over FY26-FY28E and maintain our BUY rating on Filatex India Ltd. At FY28E EPS we assign a revised P/E multiple of 18x (earlier- 13x) factoring in brownfield expansion and incremental contributions from Ecosis and steam distribution and arrive at a TP of ₹140/share (Upside: 26%).**

CMP: ₹112

Reco: BUY

Target Price: ₹140

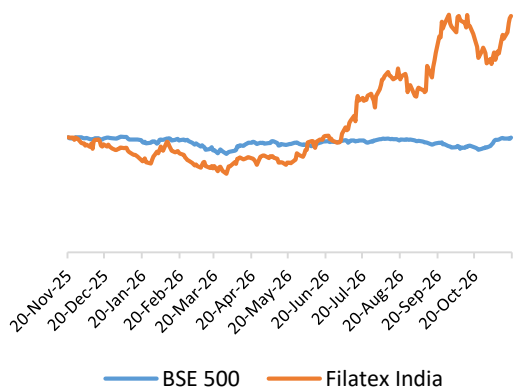
Stock Info	
BSE	526227
NSE	FILATEX
Sector	Textile
Face Value (₹)	1
Equity Capital (₹ Cr)	44.4
Mkt Cap (₹ Cr)	4,978
Avg volume (1 year)	26,03,014
Dividend yield (%)	0.26
52w H/L (₹)	120 / 36

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	65.50%
FII	6.33%
DII	4.59%
Public	23.58%

Source: Company filings, PESB research

BSE500 vs. Filatex



IC report (link):

Filatex. IC

Anupama Bhootra
Analyst
Siyaa Deshmukh
Associate

Concall Highlights

- **Ecosis-Customer Pipeline:** Signed MOUs with Decathlon and A&E, while H&M has approved Filatex as a global supplier. IKEA has also approved certain products. Currently, in active discussions with 23 brands, with initial volume commitments of 7,000-8,000 MTPA. Management indicated that individual large customers have the potential to absorb a significant portion of the entire 27,000 MTPA capacity.
- **Ecosis- Commercialization Timeline:** First commercial product (recycled chips) is expected by 10-15 December 2026. Decathlon and A&E are expected to start placing orders by end-December, subject to factory audits and final product approvals. Customer approval cycles typically take 1-3 months, depending on testing requirements.
- **Ecosis-Capacity Utilization & Profitability:** Management expects 40-50% capacity utilization in Q4 FY27, with gradual ramp-up to full production by mid-FY28. The project is expected to turn EBITDA-positive in Q4 FY27, with FY28 EBITDA guidance of ₹85-90 crore.
- **Ecosis- Realizations & Margins:** Management indicated recycled chips could command realizations of ₹130-140/kg, with an expected margin of ₹30-35/kg at the chip level. Recycled polymer pricing is largely independent of virgin polymer prices, reflecting a separate pricing mechanism.
- **Core Business-Profitability Outlook:** Management expects core business EBITDA per kg to improve to ₹10-12/kg, supported by improved domestic PTA availability and export opportunities from FTAs. Overall EBITDA in FY28 could match or exceed FY22 levels in absolute terms, although core business EBITDA margins may reach 11-12% rather than 14-15%.
- **Steam Distribution Project:** Offtake agreements for approximately 42 TPH have been signed, against total capacity of 65 TPH. Around 22-24 TPH is expected to commence from 20 November, with the balance by mid-December. Management expects full capacity utilization by January-end, translating into annualized EBITDA benefits of ₹60–65 crore from Q4 FY27 onwards.
- **Brownfield Expansion & Cost Optimization:** The expansion is aimed at capitalizing on expected growth in textile exports following FTAs while increasing value-added POY, FDY and DTY capacity to strengthen product mix and profitability. Approximately 67% of the 55,000 TPA Dahej expansion has been commissioned, with the balance FDY lines expected by 24-25 November. Management indicated some moderation in FY27 revenue contribution due to commissioning delays but expects to achieve the earlier FY28 targets.
- **Future Expansion & Industry Tailwinds:** Management plans to establish two additional textile-to-textile recycling plants of 150,000 TPA each, one in India and one in Vietnam, targeted for commissioning by Q1 CY29, subject to successful commissioning and feedback from the current plant. Vietnam is not expected to face feedstock shortages based on discussions with major local suppliers. Additionally, upcoming European EPR regulations and FTAs are expected to support demand for recycled polyester and Indian textile exports.
- **Pricing & Margin Outlook:** Management highlighted that recent revenue growth has been largely driven by higher realizations amid rising crude and polymer prices, rather than volume growth. The decline in production and sales volumes in Q2 FY27 was primarily due to price volatility and planned production curtailments for brownfield expansion, rather than a structural demand issue. However, the company expects improved profitability through better PTA availability, reduced import dependence and operating efficiencies. Core business EBITDA per kg is expected to improve to ₹10-12/kg, with EBITDA margins potentially reaching 11-12% in FY28. Management also clarified that it focuses on absolute EBITDA and per-kg profitability rather than percentage margins, as fluctuations in crude prices distort the revenue base.

Management Outlook and Guidance: Management expects the core business EBITDA per kg to improve to ₹10-12/kg in FY28, supported by improved domestic PTA availability and export opportunities from FTAs, with EBITDA margins of 11-12%. The 55,000 TPA Dahej brownfield expansion is expected to contribute meaningfully from Q4 FY27. The 27,000 TPA Ecosis project is expected to achieve 40-50% utilization in Q4 FY27 and gradually ramp up to full utilization by mid-FY28, with FY28 EBITDA guidance of ₹85-90 crore. Additionally, the steam distribution project is expected to generate ₹60-65 crore in annualized EBITDA benefits at full utilization. Management also indicated that overall FY28 EBITDA could match or exceed FY22 levels in absolute terms, with plans to establish two additional 150,000 TPA recycling plants in India and Vietnam by Q1 CY29.

Filatex India Ltd.

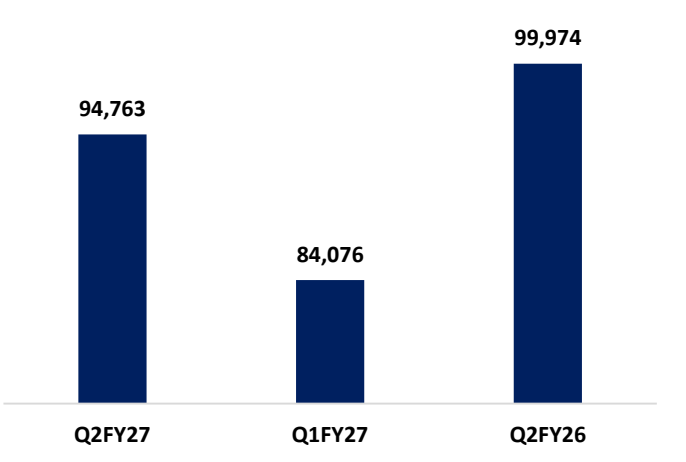
Q2FY27 Financials (Consolidated)

Particulars (₹ Cr)	Q2 FY27	Q1 FY27	Q2 FY26	YoY (%)	QoQ (%)
Operational Income	1,304	1,145	1,076	*21%*	*14%*
COGS	1,067	942	859	*24%*	*13%*
Employee Expense	34	32	31	*10%*	*6%*
Other Expense	117	93	103	*14%*	*26%*
EBITDA	**85**	**78**	**83**	***3%***	***9%***
EBITDA Margin	***6.55%***	***6.85%***	***7.67%***	***-112bps***	***-30bps***
Depreciation and Amortization	20	20	19	*3%*	*2%*
Finance Costs	3	3	5	*-35%*	*-7%*
Other Income	8	10	5	*48%*	*-18%*
EBT	**70**	**65**	**64**	***10%***	***8%***
EBT Margin	***5.40%***	***5.70%***	***5.93%***	***-53bps***	***-30bps***
Tax Expense	18	17	16	*12%*	*9%*
PAT	**52**	**49**	**48**	***10%***	***8%***
PAT Margin	***4.00%***	***4.24%***	***4.42%***	***-42bps***	***-23bps***

Source: Company filings, PESB research

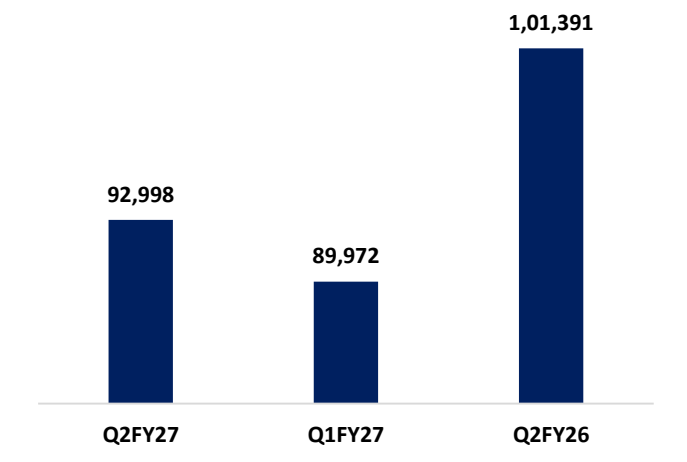
➢ Key Operational Metrics (Quarterly)

Production- (MT)



Source: Company filings, PESB Research

Sales- (MT)



Source: Company filings, PESB Research

Consolidated Financials

Income Statement (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	4,286	4,252	4,161	4,585	5,103
Growth %		*-1%*	*-2%*	*10%*	*11%*
COGS	3,544	3,502	3,316	3,599	3,930
Employee Benefit Expenses	102	111	123	132	147
Other Expenses	401	381	409	436	485
EBITDA	**239**	**258**	**313**	**418**	**542**
EBITDA Margin	*6%*	*6%*	*8%*	*9%*	*11%*
EBITDA Growth	*0%*	*8%*	*22%*	*33%*	*30%*
Depreciation and Amortization	73	73	77	84	84
EBIT	**167**	**184**	**236**	**334**	**458**
EBIT Margin	*4%*	*4%*	*6%*	*7%*	*9%*
Other Income	14	20	29	22	24
Finance Cost	29	22	19	20	23
PBT	**152**	**183**	**246**	**336**	**459**
PBT Margin	*4%*	*4%*	*6%*	*7%*	*9%*
Tax	40	46	62	84	115
PAT	**112**	**137**	**184**	**252**	**345**
PAT Margin	*3%*	*3%*	*4%*	*5%*	*7%*
PAT Growth	*0%*	*23%*	*34%*	*37%*	*37%*
EPS	2.52	3.09	4.13	5.68	7.76
			FY24-26		**FY26-28E**
Revenue CAGR			-1%		11%
EBITDA CAGR			14%		32%
PAT CAGR			28%		37%

Source: Company filings, PESB Research

Balance Sheet (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E
ASSETS					
Non-Current Assets					
PPE	1,266	1,274	1,253	1,409	1,565
ROU	38	61	59	59	59
Other Intangible Assets	43	13	100	100	100
Other Non-Current Assets	22	33	78	78	78
Total Non-Current Assets	**1,369**	**1,381**	**1,491**	**1,647**	**1,803**
Current Assets					
Inventories	418	462	425	454	506
Investments	56	165	218	218	218
Trade Receivables	119	128	107	128	142
Cash	4	21	3	24	249
Other Current Assets	131	118	226	226	226
Total Current Assets	**728**	**894**	**980**	**1,050**	**1,342**
Total Assets	**2,098**	**2,275**	**2,470**	**2,697**	**3,145**
EQUITY					
Equity Share Capital	44	44	44	44	44
Other Equity	1,160	1,286	1,460	1,712	2,057
Minority Interest	0	0	0	0	0
Total Equity	**1,204**	**1,330**	**1,505**	**1,757**	**2,101**
LIABILITIES					
Total Borrowings	232	124	128	135	148
Trade Payables	391	536	546	514	603
Other Liabilities	271	285	292	292	292
Total Liabilities	**894**	**945**	**966**	**940**	**1,043**
Total Equity and Liabilities	**2,098**	**2,275**	**2,470**	**2,697**	**3,145**

Source: Company filings, PESB Research

Cash Flow Statement (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E
Cash flow from Operations	168	312	244	275	475
Cash flow from Investing	-102	-160	-221	-240	-240
Cash flow from Financing	-113	-135	-41	-13	-10

Source: Company filings, PESB Research

Ratios (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E
Margin Analysis					
EBITDA Margin	6%	6%	8%	9%	11%
PAT Margin	3%	3%	4%	5%	7%
Profitability					
ROCE (%)	10%	11%	13%	16%	19%
ROE (%)	9%	10%	12%	14%	16%
Liquidity and Solvency					
Current ratio (x)	1.4	1.4	1.4	1.6	1.7
Quick ratio (x)	0.6	0.7	0.8	0.9	1.1
Total Debt/ Equity (x)	0.2	0.1	0.1	0.1	0.1
Valuation Ratios					
EV/EBITDA (x)	21.9	19.9	16.4	12.3	9.1
P/E (x)	44.8	36.5	27.3	19.9	14.6

Source: Company filings, PESB Research

Disclosures and Disclaimers:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

This report has been prepared by Pune E- Stock Broking Limited (here in after referred to as PESB) in the capacity of a Research Analyst registered with SEBI and distributed as per SEBI (Research Analysts) Regulations 2014. This report is prepared and distributed by Research Analysts employed by PESB for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PESB to be valid when published. The report also contains information provided to PESB by third parties. Whilst PESB has taken all reasonable steps to ensure that all the information in the report is correct, PESB does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report does so entirely at his or her own risk and PESB does not accept any liability as a result. Securities markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding investment in securities market and should understand that. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PESB believe is reliable. PESB or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any information provided in the report reflects analysis at this date and are subject to change without notice. PESB submits that no material disciplinary action has been taken on PESB by any regulatory authority impacting Research Analysis activities. PESB is a Member of National Stock Exchange of India Limited (NSE), BSE Ltd (Bombay Stock Exchange), Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), and has Depository Participant affiliation with Central Depositories Services (India) Limited (CDSL). It is a SEBI registered Portfolio Manager and SEBI registered Research Analyst [SEBI Reg. No.: INB/F/E 231079832, INB/F/E 011079838, IN-DP-32-2015, AMFI Reg. No. ARN: 173556, SEBI Research Analyst Reg. No.: INH000018197, CIN - L67120PN2007PLC130374.

Certifications: The Research Analyst(s), Shubham Mundada, who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensationwas, is, or will be, directly or indirectly,related to the Specific views or recommendations contained in this research report.

AdditionalDisclosures of Interest:
The ResearchAnalyst, PESB, or its associates or relatives of the research analyst does not have any Financial interest in the company (ies) covered in this report. The ResearchAnalyst, PESB or its associates or relatives of the research analyst affiliates do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report. The Research Analyst, his/her associate, his/her relative, and PESB, do not have any othermaterial conflict of interest at the time of publication of this research report. The Research Analyst,PESB, and its associates have not received compensation for brokerage Services, investment banking,merchant banking or for any other products or services fromthe Company (ies) covered in this report, in the past twelve months. The Research Analyst,PESB or as associates have not managed or co-managed,in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report. The Research Analyst, PESB or its associates have not received compensation or other benefits fromthe company (ies) covered in this report or fromany third party, in connectionwith the research report. The Research Analyst has not served as an Officer,Director, or employee of the company (ies) covered in the Research report. The Research Analyst and PESB has not been engaged in marketmaking activity for the company (ies) covered in the Research report.
This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual Recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investo₹Each investor must make its own determination as to the appropriateness of any Securities referred to in this research report based upon the legal, tax and accounting considerations Applicable to such investor and its own investment objectives or strategy, its financial situation and its Investing experience. The value of any securitymay be positively or adversely affected by changes in Foreign exchange or interestrates, as well as by other financial, economic, or political facto₹ Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PESB and the research analyst believe to be reliable, but neither PESB nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PESB is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PESB, any of its affiliates/employees or any third party involved in or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, fromthe use of this report.

Copyright: The copyright in this research report belongs exclusively to PSB. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PESB prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PESB and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third-party trading/investment advice outside PESB/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/ or employees, directors, associates of PESB's group entities or affiliates is not inducing you for trading investing in the financial market(s). Trading/Investment decision is your sole responsibility.You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The Profits or capital protection or appreciation. PESB and any of its employees, directors, associates, and/or employees, directors, associates of PESB's group entities or affiliates is not inducing you for Trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject PESB and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investo₹Persons in whose possession this document may come are required to informthemselves off and to observe such restriction. For Detailed Disclaimer, please visit our website www.pesb.co.in/