

Growth with purpose



FILATEX INDIA LIMITED
ANNUAL REPORT 2021-22

**We believe
sustainability is not
an option but the
only way forward...**

Companies are no longer
treating sustainability as merely
a compliance and reputation
factor but are recognizing it as a
viable path for improvement in
governance and business growth.

**This Annual
Report gives
a glimpse
into the world
of Filatex and
its strategy
of 'Growth
with Purpose'.**

We keep creating a new datum and we benchmark our growth with purpose

Purposeful growth is one that helps a business to drive responsible and sustainable business models. At Filatex, we strive to be a purposeful business – one that is responsible towards itself, its stakeholders and the external environment.

We make incremental changes to our processes, work towards cost savings, use innovation to make our processes more efficient and contribute to the betterment of the environment and society.

We are agile and have the ability to adapt to the changing environment, trends and customer demands.

We remain focused on opportunities and deliver superior quality products to our customers.

We continue to learn, evolve, progress and grow with vigour and confidence.

And in everything we do, we remain committed to our purpose of being more responsible towards environment & sustainability.

[Read more about how we are growing on pages 16-29](#)

FORWARD LOOKING STATEMENT

This document contains statements about expected future events, financial and operating results of Filatex India Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward- looking statements.

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A Year in Review

Robust and sustainable performance

The company delivered a strong performance in FY22. While a favourable macroeconomic environment contributed to it, our judicious decision-making, prudent strategy and a conscious decision to focus on value-added products went a long way in improving our performance for the year.

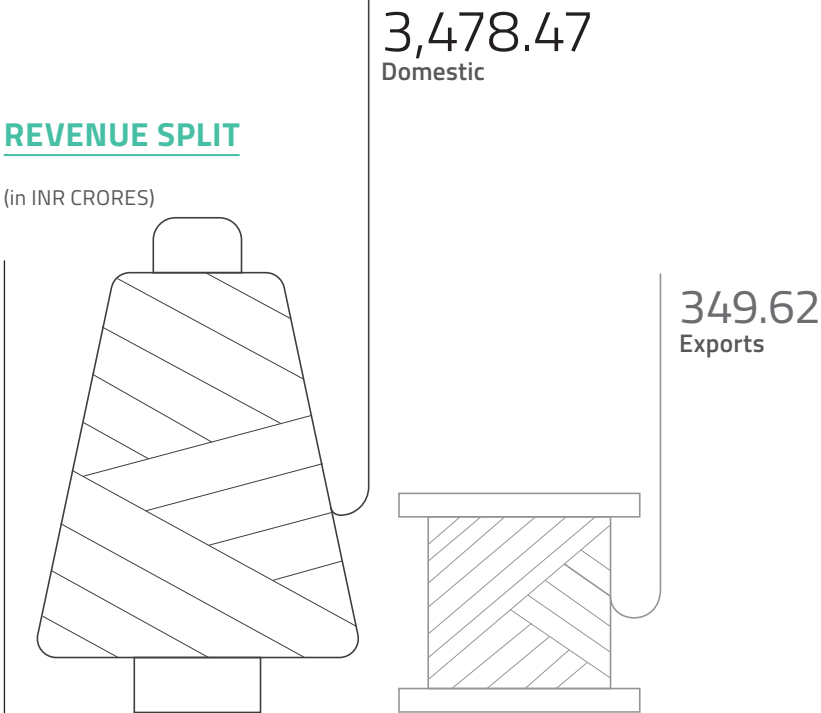
INR 3,828.09 CRORES
Revenue

INR 531.10 CRORES
EBITDA

INR 302.73 CRORES
PAT

REVENUE SPLIT

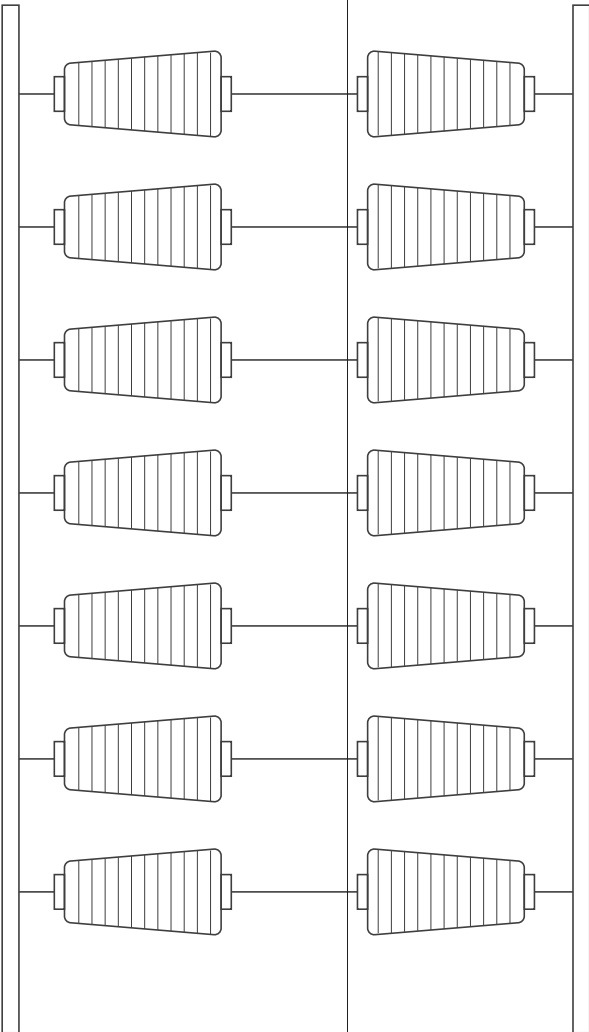
(in INR CRORES)



30+ YEARS
Experience in Manufacturing Yarn

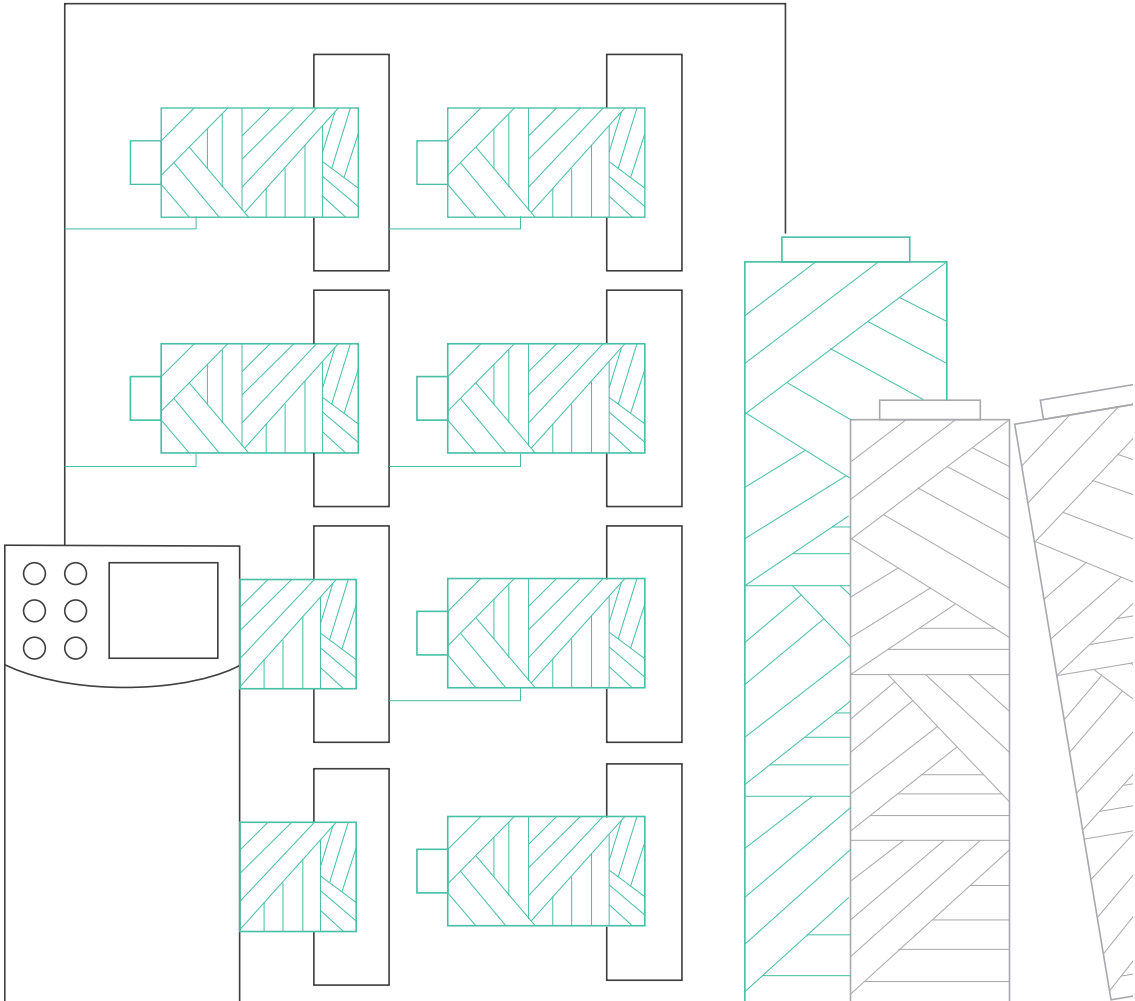
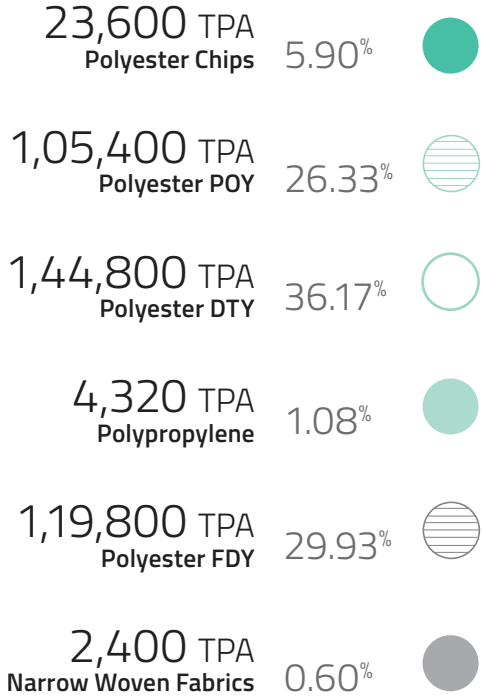
2
State-of-the-art integrated manufacturing units

4,00,320 TPA
Combined production from the plants at Dahej and Dadra



BREAKDOWN OF NET PRODUCTION CAPACITY

(in TPA)



About the Company

The exciting world of Filatex India

Filatex India Limited is today among the country’s leading manufacturers of Polyester Filament Yarn. With a foray into manufacturing in 1994 with monofilament yarn, today the company fulfils emerging garment needs of millions contributing to India’s developing textile industry.

We manufacture polyester and polypropylene multifilament yarn and polyester chips at our two production facilities. One at Dadra & Nagar Haveli and the second one at Dahej, equipped with state-of-the-art process technology.

We remain focused on capitalising synergies created through our integrated business model. Our business canvas has been carefully curated, keeping in mind the competitive business environment. Inhouse production of Partially Oriented Yarns (POY) helps us in low-cost manufacturing of Drawn Textured Yarn (DTY). This helps us enable operational efficiencies while maintaining high- quality standards.

Guided by strong leadership, we are focused on increasing capacities, widening our reach, maximizing our efficiency, allocating capital effectively, and ensuring sustainability. We firmly believe that our diligent planning and strong execution capabilities set us apart. From our day to day operation to our long-term strategic vision, our differentiator has always been our focus on better execution. These execution capabilities manifest in numerous forms, including quality enhancements that we undertake, sustainability practices that we implement, and the social activities that we contribute to.



VALUE SYSTEM

- Integrity and honesty in business
- Customer satisfaction and delight
- To safeguard the environment and community
- Encourage creativity and innovation to maximise the potential of our people and processes
- To promote safe work practices



VISION

To be one of the leading polyester yarn manufacturers, producing products meeting international standards and being customer focused through stringent quality assurance, sustainable processes and continuous research and innovation.



MISSION

- To manufacture at an affordable cost that provides our customers with a competitive advantage
- Strive to maintain an edge over our competitors due to consistent product quality and low operating costs
- To encourage people’s ownership, empowerment and working under team structure
- To attain the highest level of trust, integrity and honesty in business



His ethics and principles continue to inspire us.

LATE SH. RAM AVTAR BHAGERIA
Founder Chairman

THE JOURNEY



1990
Incorporated in August 1990

1994
Commenced production of Mono Filament Yarns at Noida

1996
Diversified into Multi- filament Polyester Yarn at Dadra with the production of POY and Textured Yarns

1998
Added manufacturing of Polypropylene yarns at Dadra Plant

2008
Commenced production of Fully Drawn Yarns (FDY) in Dadra using the latest machines from Barmag, Germany

2012
Set-up of Poly-Condensation plant of 600 TPD capacity along with 250 TPD Spinning of POY and balance 350 TPD of Chips at Dahej

2016
Commenced production of 115 TPD of Fully Drawn Yarns (FDY) and added capacity of 200 TPD of Draw Textured Yarns (DTY) at Dahej

2018
Added Bright Polymerization capacity of 300 TPD for spinning, 190 TPD of FDY, 25 TPD of POY, and balanced 85 TPD of Bright Chips at Dahej

2019
Total Polymerization Capacity enhanced from 900 TPD to 1050 TPD through debottlenecking activities and commenced production of POY expansion from 340 TPD to 510 TPD

2020
Completed DTY expansion project in August. Added a cumulative 1.4 MW of renewable energy rooftop solar power plant at both plants

2021
Commissioned 30 MW Captive Power Plant at Dahej

2022
Setup a 1500kg pilot plant for conducting trials for chemical recycling of PET bottle waste and polyester yarn waste

Product Portfolio

Enriching product portfolio to meet diverse needs

We believe that our success is fuelled by our customers’ success. We strive to understand our clients’ needs and develop products that meet their requirements. We utilize our expertise of over three decades, and our R&D skills to optimise processes and develop cost-effective solutions to maximise our clients’ success.

With a focus on expanding and strengthening our product portfolio, we remain confident to continue deriving increased value for our customers and other stakeholders.

POLYESTER - THE PREFERRED FIBRE

PET CHIPS (TEXTILE GRADE)

Produced by granulizing polyester formed in a polycondensation reaction of purified terephthalic acid (PTA) and mono-ethylene glycol (MEG). They are manufactured for textile applications and are supplied to the yarn-producing industry in semi-dull and bright luster. Textile grade PET Chips are used for making Polyester Filament yarn like POY, FDY and Staple fibre, which is used widely in the Textile industry.

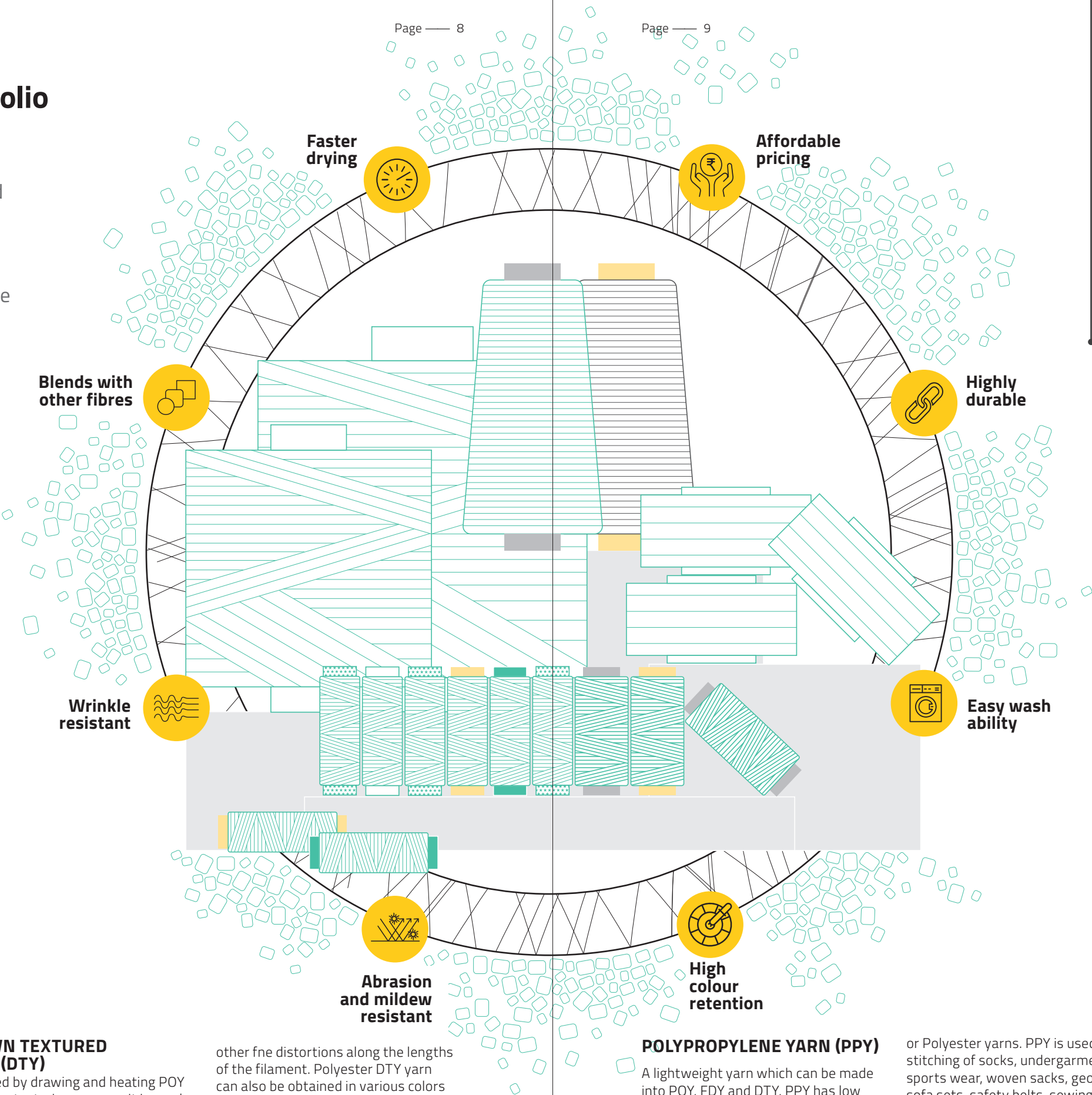
PARTIALLY ORIENTED YARN (POY)

Produced from the melting and extrusion (melt spinning) of the polyester chip or melt. During the spinning process, the filaments are stretched or drawn as much as five times their original size to orient the polymer to meet the desired evenness, strength, shrinkage and elongation properties. The term partially oriented yarn refers to multi-filament that is only partially stretched. POY has to be texturised to make textured yarn and can also be used in draw warping for weaving and warp knitting of fabrics.

DRAWN TEXTURED YARN (DTY)

Produced by drawing and heating POY through a texturing process. It is used for manufacturing fabrics. Polyester DTY yarn is a continuous filament yarn that has been processed to add durable crimps, twists, interlaces, loops or

other fine distortions along the lengths of the filament. Polyester DTY yarn can also be obtained in various colors through the dope dyed technology or through conventional dyeing. DTY is used for fabric end uses like outer and inner garments, skin-clinging garments, furnishings, upholstery etc.



Filatex has focused its future growth plans on polyester filament yarns and is well- positioned to grab the opportunity and make the most of it.

FULL DRAWN YARN (FDY)

Produced by a process similar to POY except that the yarn is produced at higher spinning speeds and drawn fully. FDY is mainly used as weft or weaves in making fabrics. FDY can be used with any other filament yarn to get fabric of different varieties. Fully drawn polyester filament yarn is directly used for producing all kinds of fabrics especially for children and ladies.

AIR TEXTURED YARN (ATY)

Produced by using a mechanical method, where cold air stream is used to produce bulked yarns of low extensibility. In this technology, a very wide variety of feed yarns can be used. The end product is used to make automotive products, furnishing fabrics, sewing threads, shirting and blouses, shoelaces and tarpaulins.

NARROW WOVEN FABRIC (NWF)

Narrow fabrics are non-elastic woven textiles with a width of 12 inches or less and a woven selvage on either side. NWF comes in different varieties such as satin cord, fancy cord and tape, all types of zipper tapes, mattress tape, leashes, elastic tape, ribbon, plain and fancy belts. NWF was initially used in the garment industry for hats, corsets and lingerie, and in military uniforms as well.

POLYPROPYLENE YARN (PPY)

A lightweight yarn which can be made into POY, FDY and DTY. PPY has low moistening characteristics which make it very easy to clean. Due to lower specific gravity of PPY under the same weight conditions, one gets more length of PP yarns compared to Nylon

or Polyester yarns. PPY is used in the stitching of socks, undergarments, sports wear, woven sacks, geo textiles, sofa sets, safety belts, sewing thread and rope.

IMPACTING DAILY LIVES

WOMEN WEAR AND INNER WEAR

Seam softness is critical in such garments. The textured Micro Denier has met the expected requirements and is being used in lingerie and performance garments such as activewear and yoga wear. The low shrinkage factor exists to ensure no seam distortion after washing and the soft feel aspect make these yarns an ideal choice.



APPAREL

Polyester Filament Yarns (PFY) are extensively used in apparels like trousers, shirts, suitings and sarees.

PFY is a high strength filament that can withstand repetitive movements. Colour fastness of Polyester Fiber is excellent too. Other properties such as being wear and tear resistant, water resistant, wrinkle resistant and hydrophobic properties make it ideal for all kinds of apparel.



HOME TEXTILES & FURNISHINGS

Polyester Filament Yarn is also used for home furnishings, fashion fabrics, terry towels, bed sheets, curtains, and carpets. Other growing applications are upholstery fabrics. Properties such as stain resistance make it ideal for carpets.



ATHLEISURE

The preferred material for sportswear is Polyester Yarn. Sports leisure clothing requires a fabric that is not only strong and durable but also abrasion resistant. Ease of washing and corrosion resistance makes them easy to maintain with a long shelf life.



INDUSTRIAL

Polyester finds application in a lot of industrial uses, owing to its strength and durability over natural fibres. It is used in the manufacturing of high strength ropes, threads, hoses, sails, power belting and much more.



PPE KITS & PROTECTIVE MASKS

Polyester & Polypropylene is used in the components of PPE kits as well as protective masks. Properties such as corrosion resistant, wear resistant and low shrinkage make them ideal choices to allow longer shelf life.

From the Chairman's Desk

It is a privilege and pleasure to present your company's annual performance for the year 2021-22.

The year in review was another turbulent year for the global economy and international trade strained by challenges on several fronts, including different variants of Covid-19, inflationary pressures, the impacts of climate change, supply chain disruptions & tensions, and geopolitical risks, and volatile energy and commodity prices.

Adjusting in the face of adversity and steering the ship in a troubled business environment on the principles of prudence, diligence, thrift and innovations, your company has improved its performance, both in terms of capacity utilization as well as sales. The company achieved its highest production and sales quantities of 3,41,480 MT and 3,40,665 MT respectively in FY22.

The revenues from operations were all- time high at INR 3,828 crores as against INR 2,227 crores an increase of around 72%. The sales quantity for the year is 3,40,665 MT against 2,59,905 MT last year indicating a growth of 31%. The operating profit EBITDA is INR 531 crores as against INR 347 crores, registering an increase of 53%. Profit before tax, PBT stands at INR 459 crores as against INR 240 crores, an increase of 91%. Net profit for this year stands at 303 against INR 166 crores in the last year, showing an increase of 83%.

I am pleased to share that the company has delivered substantial growth in FY22 as compared to FY21. All these performance numbers are a new high for the company.

Delivering value to its shareholders, the company announced its first-ever Buyback of equity shares in March 2022 and also declared a dividend of 10%. We hope to continue delivering value to our shareholders consistently.

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GLOBAL ECONOMY

The financial year 21-22 started with the second virulent wave of the Covid-19 pandemic in the first quarter of the financial year. The Government's efforts in mobilizing the vaccination drive and ensuring compliance through educative efforts helped contain the disruption caused by Covid. The economic recovery was brisk almost in all sectors. Though the year closed with the optimism of a post Covid-19 pandemic recovery, the shock waves from the war in Ukraine in February and retaliatory economic sanctions on Russia have caused huge uncertainty in the global economy and led to a humanitarian and economic crisis.

INDIAN ECONOMY

While businesses in different parts of the country have resumed their operations on a full-fledged basis, they are still facing macro-economic challenges caused by the pandemic and the war in Europe, which has lingered for nearly five months now. The third wave of the pandemic, which occurred in the later part of the year, thankfully had a less detrimental impact on the economy than the earlier waves. The last two quarters of this financial year witnessed a sharp pick-up in activity and most of the macro parameters such as consumption, investments, capacity utilization, etc. saw improvements. With the ebbing of the third wave and the easing of restrictions, domestic economic activity stabilized. Though some weakness

"Reward efforts and not the outcome"
I resonate deeply with this philosophy at a personal level and this is gaining ground rapidly in our organization as our "Corporate Credo"

MADHU SUDHAN BHAGERIA
Chairman & Managing Director

From the Chairman's Desk (continued)

persisted in rural demand, urban demand appears to have maintained expansion. This was partly due to the support extended by the central government by way of fiscal stimulus.

TEXTILES INDUSTRY

While the global increase in population is one of the key reasons for increased consumption of textile fibres, there are other factors such as rising incomes, a variety of affordable fibres, textiles and apparel products as well as changing attitudes to traditional textile products – used increasingly as disposable fashion, that have also played an important role in the growth of the global textile fibres demand. In the last 10-12 years, almost 95% of growth is contributed by MMF and amongst MMF polyester is the most dominant fibre, at around 80%, due to its unique properties. Some of the well- acknowledged attributes of Polyester are affordable price, high durability, easy washing and maintenance, and ease of blending with other fibres.

China continues to be the biggest player in global textile products. Besides cotton and silk, China is also the largest producer of Polyester fibres.

India's presence in global textiles is well recognized all over the world. However, despite being in the race for decades, India is still behind the target in global competition today as we still rely on cotton more than synthetic fibres. Being one of the largest producers of cotton, an agro commodity, most of the cotton spinning companies performed well and improved their top and bottom line in FY2022. As most of the global textile exports are in MMF apparel, fabrics and yarns, textile and apparel exports from India are lower in comparison with China, Bangladesh, Vietnam, and Turkey statistically. GOI has recognized the need and potential of MMF and has started initiating policies for attracting more investments in this area. The MMF industry in India is quite a progressive one. Indian fabrics are known for their excellent workmanship, colours and durability. Due to heavy investments in world-class manufacturing plants, continuous innovation, new product mix and strategic market expansion, Indian man-made fibres (MMF) are now

beginning to make their presence felt in the global arena.

The growth in export volumes last year have been low on account of very high freight rates to and fro India and erratic shipping schedules. High freight costs and rupee depreciation have also adversely affected domestic raw material prices which are set based on import price parity affecting the landed cost of raw materials. Cooling down of freight rates is visible and this will make our yarn prices competitive for exports. An increase in exports also has a stabilizing effect on the domestic market.

SUSTAINABILITY

The textile and apparel industry is facing mounting pressures to improve the recyclability of its products in order to move towards a circular economy. As the textile industry is the second largest sector of the global trade market in terms of economic activities, sustainability in the textile and clothing industry has gone beyond just using organic materials and efficient processes. Regulations relating to Extended Producer Responsibility (ERP) will come into force in 27 EU member states from December 2024 and will require manufacturers to take on significant responsibility for the treatment or disposal of post-consumer products. All reputed international brands have expressed firm commitments and readiness to pay a substantial price premium for recycled products. The axiom for Sustainability is the 3R - Reduce, Reuse, Recycle. Such

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global efforts all over the world will reduce the quantity of post-consumer waste being dumped in landfills or being burnt and help in creating truly a circular economy.

Though we are very optimistic about the future growth of our business, we are equally concerned about Environment & Sustainability. Realizing that this is a dire need as well as an opportunity, we have spent a lot of time and effort developing a process for recycling polyester waste.

We have initiated in-house research work on the recycling of the polyester waste in all forms. This is based on the de-polymerization of polyester and removing colours, additives, catalysts, etc. before re-polymerization. After extensive Lab research for almost two years, we have now set up a pilot plant of capacity 1500 kg/day. We are experimenting and validating process parameters and conditions. Our pilot plant trial results are encouraging enough to intensify our efforts for establishing an economically viable process.

PRODUCT DEVELOPMENT

Focusing on innovation in our existing operations at the plants, the company has set up a product development team to develop speciality products like hollow POY, multiple profiles POY, plus cross-section POY, etc. with unique properties. These products will enrich our product basket and help improve the margins of the company. Our focus is on differentiating products that would have characteristics like moisture absorption, flame retardation, temperature adaptiveness, etc. These efforts, badly hit by the national shutdown due to covid, have gained momentum and sampling trials have started.

CULTURE

As a regular practice, we revisit our mission and vision statements continuously to ensure the participation of our employees at all levels. In our quest for growth, we focus on nurturing in-house talent and continue to attract and bring on-board professionals with the requisite expertise wherever necessary. We have improved our

Global efforts all over the world will reduce the quantity of post-consumer waste being dumped in landfills or being burnt and help in creating a truly circular economy.

cross-functional interactions and communication channels. These efforts have created a culture where our people are vigilant to external developments and nimble enough to meet customer expectations. We have been more effective by focusing on creating a culture of growth.

Team building exercises have increased the relative level of trust in each of us, in areas including our honesty, intentions, authenticity, skills, integrity, standards, and results. The message is that efforts are as important as performance if not more. Fear of failure must be demolished. "Reward efforts and not the outcome "is an extract from Mr. Sunder Pichai's speech. I resonate deeply with this philosophy at a personal level and this is gaining ground rapidly in our organization as our "Corporate Credo".

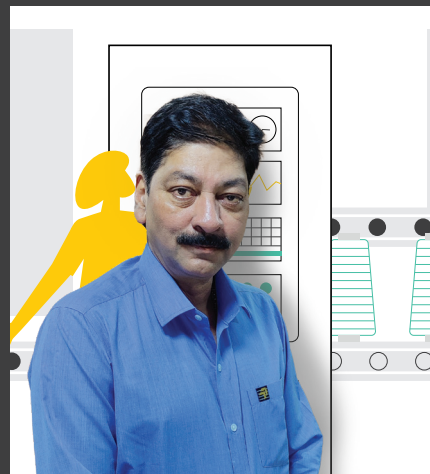
May I, on behalf of the Board and myself, place on record my appreciation and gratitude to our customers, suppliers, shareholders, bankers and business associates for their continued support and the confidence they have reposed in the Company. No words would be enough to record my special appreciation to Team Filatex for their dedication and commitment to delivering the highest quality of service to every one of our valued customers even in these difficult and challenging circumstances.

Madhu Sudhan Bhageria

Madhu Sudhan Bhageria

Growth with

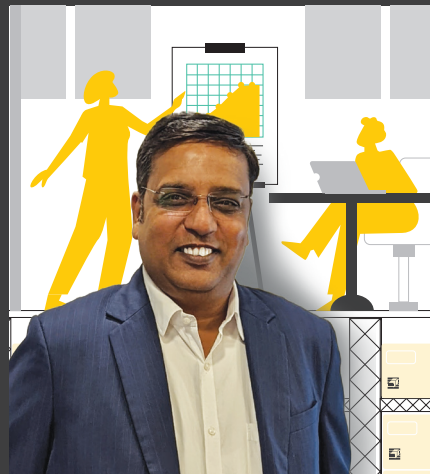
Our vision is to be one of the leading manufacturers of polyester yarn, with a continued focus on superior quality, sustainable processes and research and innovation.



INNOVATIVE ... PRODUCTS AND PROCESSES

Technology and innovation are the main contributors to our overall growth. They are part of our roadmap to making constant improvements and achieving excellence in everything we do. We leverage them to improve our manufacturing processes and develop new products. Strong manufacturing capabilities and a portfolio of value-added products give us a competitive edge, allowing us to gain market share and customer trust.

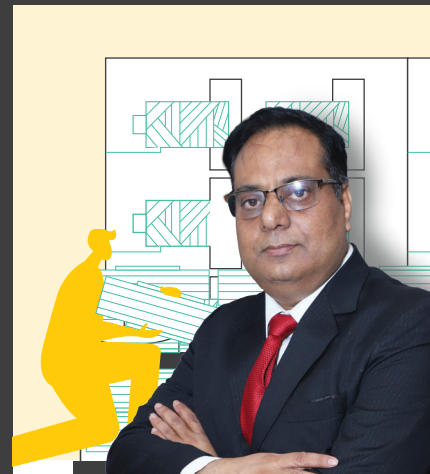
Read more about our robust production capacities and enhanced product portfolio on **PG 18**



PRUDENT ... FINANCIAL GROWTH

Diligent planning, well within our resources, has allowed us to achieve growth in a consistent and stable manner. The prudent decisions that we have taken over the years have allowed us to reduce our debt significantly, and achieve a strong RoE and RoCE.

Read more about our strong financial performance on **PG 22**



SKILLED ... WORKFORCE

A dedicated team with the right skills is essential to establish a successful business. We are, thus, focused on nurturing our in-house talent and hiring professionals who have the expertise and the passion to grow. We encourage cross-functional interactions amongst plants across locations and also focus on team-building exercises to boost team morale.

Read more about how we create a conducive environment for our people on **PG 26**

Purpose

We believe it is imperative to focus efforts on sustainability in today's global scenario. It is no longer an option but a dire necessity for all businesses. Hence, our aim is to integrate environmental and social dimensions of sustainability into our core business strategy.



Sustainability, for us, is a journey of continuous learning, adaptation and improvement of our processes to ensure we mitigate any negative impact and create maximum value for all those associated with us.

To ensure sustainability and reduce environmental impact in the textile and apparel industry, following a sustainable and circular economy model is important. We have undertaken research activities to develop a scalable way to recycle polyester yarn and fabric waste. After extensive research and successful lab trials, we have set up a pilot plant with a capacity of 1.5 tonnes/ day. The pilot plant was commissioned in July 2022.

In this pilot plant, we plan to revalidate our process parameters and ascertain economic viability. This will also help us in seed marketing of our recycled product. We have also received the Global Recycling Standard (GRS) certificate, after an audit of every step of our chemical recycling process.



In addition to environmental conservation, doing our bit to improve the lives of those around us also forms an important part of our sustainable growth strategy. We invest in a range of initiatives that target the current needs of the local communities as well as their future development.

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Madhu Sudhan Bhageria
Chairman and Managing Director