



FILATEX INDIA LIMITED

CIN No.L17119DN1990PLC000091

FIL/SE/2018-19/34
27th September, 2018

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
25th Floor, Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Security Code: **526227**

Sub: Chairman Statement at 28th Annual General Meeting

Dear Sir/Madam

Please find enclosed the Chairman Statement circulated at 28th Annual General Meeting held on 27th September, 2018.

This is for your information and records please.

Thanking You,

Yours faithfully,
For FILATEX INDIA LIMITED

COMPANY SECRETARY

Encl.: a/a

CORPORATE OFFICE

Bhageria House
43 Community Centre
New Friends Colony
New Delhi - 110025, India
P +91.11.26312503,26848633/44
F +91.11.26849915
E fildelhi@filatex.com

REGD. OFFICE & WORKS

S. No. 274 Demni Road
Dadra - 396193
U.T. of Dadra & Nagar Haveli
India
P +91.260.2668343/8510
F +91.260.2668344
E fildadra@filatex.com

SURAT OFFICE

Bhageria House
Ring Road
Surat - 395002
India
P +91.261.4030000
F +91.261.2310796
E filurat@filatex.com

MUMBAI OFFICE

321, Maker Chamber - V
Nariman Point
Mumbai - 400021
India
P +91.22.22026005/06
F +91.22.22026006
E filmumbai@filatex.com

Website: www.filatex.com



FILATEX INDIA LIMITED

CHAIRMAN STATEMENT AT 28TH ANNUAL GENERAL MEETING

ON 27TH SEPTEMBER, 2018

Dear Shareholders,

Good morning to all of you present here.

It gives me immense pleasure to welcome you to the 28th Annual General Meeting of your company.

The Company's accounts for the year ended March 31, 2018 along with Directors' and Auditors' report, a letter to the shareholders and "Management Discussions and Analysis" have already been circulated to all of you.

With your consent, may I take the liberty of treating them as read.

In this address today, I would like to share some of my thoughts on the journey as your company prepares to move ahead in an economic environment full of promises for a better future for the company and the country.

Business Performance

I am pleased to inform that the company has performed even better this year in spite of it being a challenging year for the textile industry, post GST regime.

The company has reported a revenue of Rs 1928.0 Cr, a growth of 24% Y-o-Y basis and EBITDA of Rs 156.9 Cr registering an increase of 18% Y-o-Y basis. The company has also made a substantial growth of 47% in PAT Y-o-Y basis. Net profit this year is 59.78 Cr., up from 40.56 Cr. last year. The positive divergence between revenue growth and profit growth indicates the potency of company's business model and competitive position.

Your company is now firmly established in the business of manufacturing Synthetic Filament Yarn. We are producing wide variety of yarns. We have narrowed down our focus gradually on Polyester Yarns which forms a major portion of Man-Made Fibre. During the last two decades in manufacturing, we have upgraded our manufacturing facilities moving from chips based process for spinning to state of art world class capacity for continuous polymerization, generally called "Melt to Yarn".



FILATEX INDIA LIMITED

We have made rapid strides in adding value added products through brown field expansions. At present our capacity has increased from 233000 to 328300 TPA. We have created our footprints in hitherto uncharted path in 34 countries for exporting our products.

Industry Outlook

The global textile market continues to witness a steady growth, primarily due to ever increasing demand for apparels as basic necessity worldwide. Textile fabrics are used in a number of “end users” industries that include apparel, automotive, medicine, pharmaceutical, home furnishings and event management.

The growth in textile fibres continues to be driven, both domestically and globally, primarily by man-made fibres. Natural fibres have reached a saturation point and have a lot of constraints in growth like arable land, water etc. Besides, the cost of a natural fibres is high in comparison to man made fibres. The future growth in textile fibre is being led by Polyester due to its excellent properties and its affordable cost. There are no two opinions that Polyester has gradually become the fibre for the masses. The global demand for polyester fibre is growing at around 5%, which means that the increase in demand will be approx. 3 MT annually.

Asia Pacific region continues to be the main supplier of polyester fiber and accounts for around 90% of the global volume. China has the largest share at around 70%. India occupies second position at around 10%. The rate of growth in China is slowing down due to high wages and paucity of workers. Indian manufacturers have the opportunity to fill up this gap. We feel that future prospects for polyester fiber business in India is likely to be bright.

In addition to the opportunity due to slow down in China, some recent policy initiatives by the Government of India will act as accelerators. After GST rates were announced, import of a large quantity of polyester fabric started which was affecting the domestic producers. After representation of various industry associations, Government has increased the custom duty from 10% to 20 % which will make import of fabric expensive. The import duty specifies a rate of 20 % on the value or Rs 38/sq. mt. whichever is higher. The refund of unabsorbed credit due to inverted duty structure on “Man Made”fabrics has also been permitted. The refund of unutilized GST on fabric to the small units of weavers will improve their limited finances. These steps will stimulate domestic production of yarns and improve operating capacities as well as further investments. The polyester filament yarn business is going to witness sustained growth for time to come. It has been much less talked about business segment. Polyester has established its supremacy over the other man-made fibres and the shift from cotton to polyester is gaining acceptance from end users. I am sure, in times to come, you all will hear a lot more about polyester fibre business and that too in a positive way.



FILATEX INDIA LIMITED

Future Prospects

We are buoyant about future prospects of our business and we fervently are looking for opportunities for strengthening and growing our business. Over the years a vibrant organization has been built that has conviction, courage and vitality. A future that is emerging with the strengths of competencies nurtured over the years, backed up by world class assets. We continue to scan the business environment as well as our own operations and systems for future opportunities.

Looking inwards, we have spotted some debottlenecking opportunities in our plant which will help us increase our polymerization capacity from 900 TPD to 1050 TPD. More polymer availability would also create an opportunity to dovetail more of value added products. We are undertaking necessary steps to augment this debottlenecked capacity by this financial year. We also plan to add more POY and DTY capacity,

Keeping in view of rising cost of power, we are evaluating economics of captive power plant. Manufacturing of textile filaments is power intensive, both qualitatively and quantitatively. The cost of power through the grid has gone up significantly as compared to competitors in the neighbouring state. We have reached an aggregate production capacity wherein our energy consumption is large enough to consider own generation. Our own power generation would certainly strengthen our position.

To enhance value addition to our wide array of yarns, we are exploring the options for a tie-up with foreign company to produce high value fabrics, that are being imported. The tie-up could extend to processing, digital printing and garments.

Another aspect which I mentioned last year was about distinct change in the culture of the company. Our efforts to professionalize the management has not only improved our overall performance but also has created a bond of trust and team spirit. The trust factor has taken deep roots internally in the organization.

The trust factor has spread beyond the internal boundaries of our operations. We believe we have established our credibility in aspects of our business. We have dependable suppliers, supportive bankers and reliable customers. I believe in the axiom that "If people like you they will listen to you but if they trust you they will do business with you. Trust can't be bought. It has to be earned. We have, over the years, earned it. I can say that culmination of all business strategies ends at the customer. "A satisfied customer is the best business strategy of all." The company values its "Human Resource" as one of the most important factors for its success. Moving away from annual appraisals to Continuous Performance Management, improving skill sets, grooming potential youngsters are some of the worth mentioning steps in nurturing and nourishing our human assets who are driving the growth of the company.



FILATEX INDIA LIMITED

The company, in spite of intense competition, has managed to maintain an edge over its competitors due to consistent product quality and low operating cost. Basically, Filatex now has become ONE STOP, catering to wide range of domestic and international customers. It is indeed very satisfying to witness and share the significant value that your company has created over the years. However, the best is yet to come. The building block and foundations are in place. A dedicated team of professionals, nurtured over the years are driving the company. I am confident that they will traverse the future course of journey with unflinching courage and conviction, remaining resilient in the face of all adversities that may come in the way to take the company to excellence.

With continued support and co-operation of long standing customers, dedicated employees, partners, supportive bankers and other business associates, we remain committed to the utmost of the future and our efforts will be dedicated to sustain the strengths of Indian Textile sector.

Last but not least, on behalf of the Filatex Board, I thank you all, our valued shareholders, for your continuous support and encouragement.

Place: Dadra
Date: 27.09.2018

Madhav Bhageria
Joint Managing Director &
Chairman of the Meeting