

October 26, 2026

The Compliance Manager
BSE Limited
Corporate Relationship Dept.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

Scrip Code: **500655**

The Manager, Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.
Trading Symbol: **GRWRHITECH**

Dear Sir/ Madam,

Subject: Transcript of the Earnings Conference Call on Unaudited Financial Results / Business Performance of the Company for the Quarter and Half Year ended September 30, 2026.

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call on Unaudited Financial Results / Business Performance of the Company for the Quarter and Half Year ended September 30, 2026, held on Friday, October 23, 2026.

The aforesaid transcript is also being uploaded on the website of the Company: <https://www.garwarehitechfilms.com>.

This is for your information and record.

Thanking you,

Yours faithfully,

For **Garware Hi-Tech Films Limited**

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Date: 2026.10.26 17:00:27
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Awaneesh Srivastava
Company Secretary
FCS 8513

Encl.: As stated above.

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“Garware Hi-Tech Films Limited
Q2 FY27 Earnings Conference Call”
October 23, 2026



GO INDIA ADVISORS



**MANAGEMENT: MR. DEEPAK JOSHI – DIRECTOR SALES AND
MARKETING – GARWARE HI-TECH FILMS LIMITED**

MODERATOR: MS. GARIMA SINGLA – GO INDIA ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Garware Hi-Tech Films Limited Q2 FY27 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants' 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 this conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand over the conference to Ms. Garima Singla from Go India Advisors. Thank you and over to you, ma'am.

Garima Singla: Thank you. Good morning, everyone. I am Garima Singla and it's my pleasure to welcome you on behalf of Garware Hi-Tech Films Limited. Thank you for joining us today for Q2 and H1 FY27 Earnings Conference Call. This call is being hosted by Go India Advisors. Please note that today's discussion may include certain forward-looking statements. Therefore, they must be viewed in conjunction with the risk that the company faces. Today on the call, we are joined by Mr. Deepak Joshi, Director, Sales and Marketing. I now invite Deepak sir to present the company's business outlook and performance, after which we will open the floor for Q&A. Thank you and over to you, sir.

Deepak Joshi: Thank you, Garima. Good morning, everyone and thank you for joining us today. Before we begin, I would like to extend my warmest wishes to all of you and your families on the occasion of the festive season. I hope this period brings happiness, prosperity and good health to everyone.

I hope you have had an opportunity to review our financial results and investor presentation. Q2 FY27 was another important milestone for us. We delivered our highest-ever quarterly revenue of INR696 crores, up 22% year-on-year and 10% sequentially, which is nearing the INR700 crores mark. EBITDA increased 42% year-on-year to INR189 crores, with a margin of 27.2%. Profit after tax also grew 42% to INR129 crores.

This performance was achieved despite geopolitical headwinds and a slowdown in the Middle East. Demand improved realization and a favorable product mix and operating leverage supported growth and helped offset higher raw material and logistics costs. Our business follows a seasonal pattern, with Q1 typically benefiting from stronger summer demand for sun control films and a more favorable product mix.

Q1's EBITDA margin of 30.3% was consistent with the strength typically seen in the quarter and should be assessed against prior year Q1 performance. As our product mix evolves, we believe margins of around 30% in Q1 represents a sustainable seasonal level. Against this seasonal backdrop, we delivered our best-ever Q1, followed by our best-ever Q2, with Q2 EBITDA margin at 27.2%, expanding 377 basis points year-on-year.

For H1 FY27, revenue increased 25% to INR1,329 crores. EBITDA grew 49% to INR381 crores and profit after tax rose 50% to INR262 crores. Profit before tax increased 51% to INR350 crores with PBT margin expanding by 464 basis points to 26.30%. Cash profit grew 46% to INR293 crores.

Our H1 revenue mix comprised 73% from CPD and 27% from IPD, while value-added products accounted for 86% of revenue, highlighting the growing contribution of the niche, differentiated and higher-value products to our business.

Our balance sheet remains strong with cash of INR933 crores as of September 30, 2026. Working capital stood at 29 days compared with 28 days in FY26. This financial flexibility enables us to invest in growth while maintaining disciplined capital allocation. At Garware Hi-Tech Films Limited, our focus remains on building a premium, technology-led material science business. We are moving up the value chain through specialized applications, product development, stronger brands, and deeper customer relationships, with an emphasis on revenue quality and profitable growth. During this quarter, we advanced our switchable privacy film capabilities through our PDLC facility. This technology allows glass to transition between transparent and opaque states, creating applications across automotive, commercial, and architectural environments. In our car care portfolio, we introduced Ultra Series window film kits. We also enhanced customer accessibility through digital e-warranty services and no-cost EMI option in partnership with Pine Labs.

We continue to invest in capabilities to support our next phase of growth. Our thermoplastic polyurethane or TPU film line remains on track for commissioning in Q3 FY27. The strategic MOU with Lubrizol supports our ambition to develop advanced TPU-based film solutions in India and expand into specialized applications.

In parallel, our INR191 crores solar control film capacity expansion is progressing with a focus on robotics and automation. Commercial production is expected in H1 FY28, adding approximately 1,200 lakh square feet of fungible capacity. Together, these products will strengthen our technology and manufacturing platform.

Our international business remained an important growth leader. We served customers across more than 90 countries and continued to strengthen our presence through distribution and application network support. During Q2, we opened two additional global application studios in the United States, taking our international network to 14 studios.

We also added our global distributors during this quarter. We added four global distributors during this quarter. The expanded network helps us to demonstrate our products, support channel partners, and develop new market opportunities. In our Garware Home Solutions business, we are expanding direct customer reach through a growing studio network.

From 9 studios in Q1, we increased the network to 14 and plan to add another 12 studios in Q3, including locations across Delhi NCR and Mumbai. Our longer-term target is to reach 50 studios by December 2027. In the architectural and graphic segment, we added 3 channel partners during the quarter and are pursuing opportunities with leading malls and hospitality chains.

These initiatives are intended to extend our reach across new customer segments and applications. Digital engagement continues to support our brand-building efforts. During the period, our Instagram following increased by 25% year-on-year, and Facebook grew 10%, our

global LinkedIn following increased 400% while website traffic reached as high as 1.1 lakh visitors in a month.

Our annualized digital footprint touched 18 crores, reflecting the growing reach of our digital platform. Our H1 performance reflects the strength of our business, the growing contribution of premium products, and our ability to translate strategic investments into profitable growth. With strong execution across products, capacity, and markets, we entered the second half well-positioned to sustain our growth momentum.

Reflecting this confidence, we have upgraded our FY27 EBITDA margin guidance by 200 basis points to 27% plus-minus 2% while reaffirming our revenue target of more than INR2,500 crores. Our priority remains to deliver on these commitments through disciplined execution and prudent capital allocation.

Having started the year strongly with sustained momentum through Q2, we have delivered a robust first half. We remain focused on building on this performance in the second half while strengthening our trajectory towards a landmark year for Garware Hi-Tech Films. We thank you for our shareholders for their continued support and we remain committed to creating sustainable, long-term value. Thank you. We will now open the floor for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Hi. Good morning, sir. Thank you so much for the opportunity. Sir, just wanted to know the basic, what is the contribution from the export for this quarter? And what is the contribution from sun control film and paint protection film during the quarter?

Deepak Joshi: Yes. Thank you, Mahesh ji. Thanks for your kind words. So, this quarter our export was 80% and domestic was 20%. So it's a 51% from sun control, 24% from PPF, and balance around 25% from IPD.

Mahesh Bendre: Sure. And, sir, we have a strategic technology partnership with Lubrizol. So, any details about the same, how this will help us?

Deepak Joshi: Yes. So, the strategic partnership with Lubrizol, because Lubrizol is a global company, and they are helping us with the product development. One is the product development for our normal TPU film for paint protection film, which is, there are special grades which make paint protection film a superior quality with that TPU.

And at the same time, they are helping us with many other products. Like for example, one of them is we have identified as air bladders, then LED applications, then front windshield, all those very special kinds of resin they are providing us, so then we can supply. Other than 75% of backward integration from TPU line, 25%, these products will be sold

as a merchant seller into the market. So, they are helping us with all those new developments. I mean Lubrizol is helping us to achieve this.

- Mahesh Bendre:** Sure. And, sir, last question from my end. In the presentation, we have mentioned that we are entering into a new growth vertical, that is PDLC films for a smart architecture. So, currently what proportion of our sales come from the architecture side?
- Deepak Joshi:** So, presently, like I said, it is a very good success story for us. We started with 10%. Today, we are roughly 30% of our sales is coming from architectural business, from window films. So, this business vertical is roughly INR400 crores for us as of now annualized basis.
- Mahesh Bendre:** So, what we had done in terms of paint protection film over last 2, 3 years, can we assume similar story also panning out in the architectural?
- Deepak Joshi:** No. I think we can do much more than that because, we believe as a company are we complement the glass really well. That means where there is a glass, there can be a film. It can be a safety film, it can be a sun control film, it can be a reflective, dual-reflective, or a decorative film.
- So, all these are like part of our architectural film business, which we believe is like a very high potential, and we can do much more than any other business in this. Because we started with 10% of window film, now we are around 30%. But we hope that as the business grows, it will reach to 50% of our window film business.
- Mahesh Bendre:** Sure. Sir, last question. I mean sorry. Given such a strong demand and the output from the factories, are there any further plans of adding capacity, any manufacturing expansion we are looking? Thank you so much.
- Deepak Joshi:** See, I mean, we have already done 6 capex in last 6 years, that is amounting to roughly INR500 crores. And that all has been funded by ourselves. So, we will definitely aim in next 3 years more investment, but as of now, I can't tell unless it is approved by the board, and we'll come up with that.
- But definitely company is working towards it because of the growth momentum which we are seeing now in architectural film business and the TPU film business, and we need to support these businesses with more capexes, right? So, as and when they will come, we will announce, but definitely company is looking into that, because as we have guided like, after achieving INR 2,500 crore plus in revenue this year, we definitely look forward for much more growth in coming years. And which will definitely come from new verticals, new products, and new capex.
- Mahesh Bendre:** Sure. Thank you so much, sir.
- Deepak Joshi:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Viraj Parekh from Carnelian AMC. Please go ahead.
- Viraj Parekh:** Good morning, sir. Congratulations on a great set of numbers. Just picking up on the previous participant's last question. You said that next, given the capex we have done for TPU and the SCF which will come on stream in H1 of next year, what is the peak revenue potential we can generate from the existing capacities?

- Deepak Joshi:** With this, both these 2 capex coming in, we can reach up to INR3,500 crores. This number actually varies little bit based on the product mixes, but we can reach INR3,500 crores with full potential of these two capacities.
- Viraj Parekh:** If we keep the current product mix the same as 51, 24, and 25 between SCF, PPF, and IPD, it's a fair assumption how this would ramp up to INR3,500 crores?
- Deepak Joshi:** Yes, with this, I mean, because of course the percentages will change. IPD will go down.
- Viraj Parekh:** Sir, you also gave a number that architectural films currently contribute to approximately 30% of our sales?
- Deepak Joshi:** 30% of window films sales.
- Viraj Parekh:** SCF?
- Deepak Joshi:** Yes
- Viraj Parekh:** Right, sir. Just wanted to understand if you could help me understand this journey 3 years before, like how architectural films have scaled up from, you can say, last 3 years to what it is today? What were the numbers like the last 2 or 3 years ago?
- Deepak Joshi:** So, I mean, honestly, the numbers which we have a run rate of around INR400 crores, we expect this business to be as big as INR1,000 crores, right? So, there is a big headroom available here. And then we have headroom available in PPF, and automotive is definitely growing.
- So, if the second new line, which is the new sun control line will be on stream in H1 next year, roughly by June 2027, which is H1 FY28, we are targeting this capacity mostly for the architectural segment only. So, that's why I'm saying that with this capacity, we are all set for INR3,500 crores. Of course the sales and other things are there.
- I'm talking purely in terms of capacity at full utilization, which we are aiming for, of course. And then we have our targets to reach higher numbers, which we will come up with the capex plans are approved. We will come to the market and update about that. But we are on course of that journey already.
- Viraj Parekh:** Right, sir. So, one other thing is that I think recently I read that there was a customer concentration of 30%. Just wanted to understand if that number is true, and how do we plan to address this customer concentration risk for us as well?
- Deepak Joshi:** See, the customer concentration is definitely there, and there are more customers of not that big size, but of course half of that size there are a couple of customers or one-third of that. But we have a long-term association with them and the agreements are there. And the product is already approved by various customers, for example, one of the best EV car seller in the US, right? So, they have an agreement in place.
- And when they approve the product, it goes with what kind of base film is there, which does not fade over the long term because of its dyeing properties, then because of our own IR nano-

particles, which reduce the heat, and then the special kind of adhesive which lasts for minimum 15 years.

So with these kind of capabilities, the product is approved by them into some top companies in the world. So, regarding this agreement, we are not worried about whether they will slow down or decline, because they are definitely growing their business, which is good for us. But our focus is on this business, as well as our other businesses, where different teams are working.

So, irrespective of the growth of that customer and without compromising on or being worried about that customer we are definitely growing all across, right? And that customer does not do any of the architectural, so we are focusing a lot on the architectural. So, our structure is that we have different teams for sun control film, automotive, PPF and architectural, and then IPD.

So, all people focus on their job. Nobody is growing or degrowing at the expense of others. So, our focus is very clear. Our manufacturing is also working in this, like which line is working for which. So, irrespective of looking at others, they are growing on their pace. And same with the R&D.

We now have new Center of Excellence, which used to be one fixed R&D for us, which has taken us to this level. There we have like 6 new people. And the top one is having 60+ international patents under his name. So, these kind of, top talent we have attracted and we are working to take the company from this level to next growth of chart.

Viraj Parekh:

Last 2 questions from my end. First is, I think over the last few years, have you seen our inventory days increasing, and that's a conscious call which the company has taken. Just wanted to understand in terms of inventory days, what level are we comfortable at going forward, given the current issues that we face? And second is the sensitivity of ours to crude at what level it is approximately 114 today?

Deepak Joshi:

Yes. So two questions, I think number one is related to inventory. So, inventory, we have increased intentionally on raw material part, because the way current geopolitical tension is going, we do not want to lose any sale or any customer because of non-availability of raw material, because we make most of the things by ourselves, but we buy chemicals and similar particles from outside, right?

So, for that, we have raised their inventory level intentionally so that we do not get affected even there is 2 months no supply, 3 months no supply. We are well-poised to absorb that shock, right? So that's why we have increased our raw material. At the same time, inventory to our Europe, USA customers, which is our major market, their inventory has increased, because number of days have gone by 15 to 25.

So, roughly 20 days overall company export level inventory has increased, right? So, this is the practical scenario, but we have done that intentionally to avoid any shock that one country is not able to supply some of the raw material. Absolute number, So, we have like 58 to 60 days inventory in absolute. I mean that's the number which we have right now. And we are comfortable with that. Even I think if any situation comes, we add 10 more days, that doesn't

make much of a difference for us, because all the products are either already sold out with advances or raw material is kept for continuous business, so it doesn't affect us.

Viraj Parekh:

The last question was about the sensitivity to crude right now and the levels that is?

Deepak Joshi:

Yes. Okay, sorry. So, last question, I'll just give you a number. Our raw material costs increased in this quarter by around 4%, and logistics cost increased by INR9 crores in absolute. Put together, there is a total INR37 crores which was like a headwind for us, or we were challenged by extra cost of that. Despite that, we have performed this.

So, we are very confident of our resilience that despite all those difficult times, we are able to perform with these kind of numbers. And think of a situation when this situation goes, like how much can we benefit out of logistics and this situation. Definitely, since we are working at number 110, crude as between 100 to 110.

If it goes up, definitely there is a challenge, but we will try to pass on this to our customers. Normally, we pass on in some cases easily, in some cases with difficulty. So, we'll have to pass on. But on a longer-term, think of a situation where we do not think of our company performing only 1 quarter or 1 year.

Think of a situation where the world is moving towards EVs, and lot of alternative fuels are coming in the world, where after I think 1 year or 2 years or 3 years where diesel, petrol, and everything demands is going to definitely go down, and the crude realistically may not be even 50 to 60.

That is as per the market estimation which I've heard about the long-term, 3 years to 5 years. And then you think of the company, which is now doing this great numbers at USD100 and USD110 crude, what it will do at those numbers. So, we are thinking of these kind of things. And short-term, we easily absorb, like we have performed despite INR35 crores plus negative cost increased to us, we performed this. So, definitely if the situation changes, we are definitely taking advantage of such situation.

Viraj Parekh:

Got it, sir. Thank you so much. All the very best.

Deepak Joshi:

Thank you.

Moderator:

Thank you. The next question is from the line of Aachal Pal from Monarch Network. Please go ahead.

Aachal Pal:

Yes. Thank you. Thank you for giving me the opportunity. So, my first question is, what is the current utilization level of PPF and SCF? And how do you see utilization trend evolving going forward?

Deepak Joshi:

Yes. So, Sun Control, this quarter was 75% and PPF was 73% in Q2. And since this line, PPF line is just not even a year old now, so we expect in next 6 months this will almost go full up to 90%, because 90%, 95% is the full capacity because of maintenance and everything. So, by next year, I think this will go full. And Sun Control will also go full by Q2 next year.

But at the same time, our new plant is coming, so we'll continue this growth momentum with that. And for PPF, we have a fungible capacity. If the demand goes up, we will use some of the Sun Control plant as a fungible capacity and continue the growth momentum on both, Sun Control and PPF.

Aachal Pal: Okay. Understood. and sir, how much money we have received from tariff reversals?

Deepak Joshi: Yes. Okay. Till date, we have received around INR31 crores. And out of that, the refund to customer has been around INR20 crores, and INR11 crores has been in our books. And we expect in Q3 another refund of around INR30 crores, that is the last one. And out of that, roughly INR16 crores will come to our books, and INR14 crores will be refunded to the customers.

Aachal Pal: Okay. Sir, what kind of opportunity do we see in the Indian market? And how do you expect the domestic business to perform? And what are the initiative we have taken in order to strengthen the company's presence in India?

Deepak Joshi: Okay. So, for India business, I'll start with PPF. Like, when we started, there was no PPF in 2020. 0.1% of the penetration was in PPF. Today, the PPF penetration is roughly 3% of each car sold. That means 3 cars in 100 cars is done with PPF. If we talk of USA and China, they are closing towards 20% of the penetration.

So, we feel there is a big headroom available for PPF to grow in India. And we being the only manufacturer with such kind of backward integration, we will take advantage of this situation. That was number one. Second thing, as it on record, we applied for anti-dumping duty because the imports from China were coming at very low prices.

So, that was approved by Ministry of Commerce. However, Finance Ministry did not approve it. So, we are taking some necessary steps to make that happen. So, we are working in that direction. So, that is step number one. First, there is a natural growth potential from 3%, the country is definitely going towards 10%, right?

So, there is a big headroom for PPF. Then, we have our own advantage because of our scale and the quality. We are the frontrunner having 60% of market size with us, rest goes to imports. So, we are trying to increase that also by taking actions against those products which are coming very cheap. So, that is about PPF. So, there is a big headroom available.

Now, we go to Sun Control Films. We are already a market leader with 60% to 65% market presence in that. So, that business is growing with the car sales in India. But the third and most exciting thing about the architectural business where we have a full dedicated team working on this, which was like not there 3 years back.

They come from a top background, the top head. And he has got a full team. And the last 3 years, we did 3 times on the top line and almost 4, 5 times at the bottom line in architectural sales in India. Now, the next phase where we are now competing with the glass, right? We are trying to tell the market, like film comes with lot of benefits.

It is like 20% to 30% less expensive. It gives you more UV protection, 99.9% against the glass gives you only 70%. Then we talk of heat rejection, which can be 20%, 30% more than the glass. And finally, it gives an additional benefit of safety. So, the glass does not shatter. I mean, it will not flow on somebody's face or something in case of any unforeseen situation. So, with these awareness campaigns in the market, we are quite excited about the third growth as well. So, I've explained you all three verticals for us in the domestic market.

Aachal Pal: Okay. So, sir, in the next 2 years, 3 years, how much we can expect India business to contribute from the current levels?

Deepak Joshi: See, the way we are growing right now, we have said like the company level, we have 80% export and 20% of the domestic. But this, we are talking INR2,500 crores plus revenue as well. So, as we grow, we are definitely going to have the run rate of 3,000, 3,500 where this ratio will be maintained or slightly up and down. But the growth has to be there by 25% to 30% CAGR on both exports and domestic also.

Aachal Pal: Okay. Understood. And, sir, how are we placed in the global market in terms of pricing? At what discount or premium are products are as compared to global leaders in terms of competition?

Deepak Joshi: Yes. So, our products, if you talk like, we share a very interesting story here. When we started our architectural business, we understood that we were selling like around 30% of the top world leader into this market. We were priced at only 30% of that. While studying the market, we understood our product is really good, but we were not marketing that well. So, we did all those efforts and we added the full product line. We had three issues.

Number one, in architectural there was like there are like product basket. So, we were missing two products in between, so we added those two products. Then we found that our marketing, it was like more towards automotive, so we created a whole new set of marketing team in India, in Middle East, in US.

They are continuously working only on the architectural segment. And third and most important thing, we thought that we are only 30%, 40% of the top guy into the market. So, interestingly, we raised our price to 80%, 85% of that number one player. So, in a way, we doubled our prices in certain cases.

So, right now, we are 80% to 85% of the global player. I am not talking of the imports from China and Korea. I'm talking of mostly American or sometimes European producers. So, we are 85% to 90% in some cases, and there are certain products which are so good that we are even 10%, 15%, or 20% higher than the American players. So, there is no question that we are like at discount or at premium. It is depends on the merit of the product and the way we market it. So, we have achieved in last 3 years, 4 years from a level of 30%, 40%, we are now 85% to 120% of global peers.

Aachal Pal: Okay. That's helpful.

Deepak Joshi: And we are not one product. We have like 100 different products. Like, I'll just give you example, don't take like there is one product we can simply say this is 85%. Like, for

architectural, I told you there is a safety film, the safety and security film, there is a Sun Control Film, there is a decorative film, there is dual-reflective film and there is a reflective film.

So, there are these are like five vast categories I'm talking. Similarly, in automotive, there are various kind of products. So, each product has different dynamics, and we work scientifically on each product, what is the demand, supply, quality aspect. So, based on that, we decide. But broad number is 85% to 120%.

Aachal Pal: Okay. Helpful, sir. Also, my last question. So, the tariff reversal that we have received, where are we reporting it?

Deepak Joshi: So, because this is our subsidiary, so as per the laws there, we are reporting it. I mean, we are reducing it from COGS.. We are reversing it in the sales and reducing it from COGS. 37:50

Aachal Pal: Okay. Thank you.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Yes. Thanks for the opportunity, and congratulations to the entire team of Garware for a wonderful performance once more. Sir, my first question is with regards to TPU. 25% external sales at full utilization could amount to what kind of sales in the TPU division, given the kind of products which we're talking about? And so, I'm talking about the absolute number, the 25% external sales which we are planning to do, 75% will be using for captive PPF, and the 25%, what kind of sales is possible in that TPU 25% part? And also with the margins of TPU, we understand our highest margin product among the various products is architectural film, followed by Sun Control, and followed by PPF. So, where would the margins for TPU, the sales which are being done externally lie? Yes.

Deepak Joshi: Okay. So, the first question about 25% will lead to, in next financial, we expect INR75 crores to INR100 crores of sale, that's what we are targeting, right? So, this is the initial estimate with us, so we go with that. Now, in terms of margin, as of now, I think we can rate them with like, if I talk of EBITDA margin, I can say roughly around 35% as of now.

This is because nobody makes these products. I mean one thing we can always say that we always create our market. Like, for Sun Control, we created our market. For PPF, we created our market in India. Now, in architectural, we are creating our market. So, we have been successful on three occasions by creating, because we give solution to the market.

We don't give product. I mean we just don't go to the market, somebody A is supplying, I want to also supply, so I will take that share. No, we try first with the creating a market with a value product, right? So, for that, we have identified and we expect that somewhere around 35% should be the targeted number. But as of now, I'm not sure because line is yet to start, its commissioning, everything is going on. So, rough number is 35%, and expected revenue FY28 can be INR75 crores to INR100 crores, that's what we are expecting.

- Rahul Jain:** Great, sir. So, second question is with regards to the top line, given the current rate, I think we are headed towards somewhere around INR2,600 crores of top line for the current year, which you have mentioned in your presentation as well as opening remarks of INR2,500 plus. Now, given the expansion of TPU, additional INR100 crores coming in, and also SCF expansion, and you also mentioned that there is a thrust on architectural film for higher growth, so next year FY28, can this number of top line be around INR3,100 crores to INR3,200 crores sales?
- Deepak Joshi:** See, exact number I can't quote, but yes, we are targeting INR3,000 plus.
- Rahul Jain:** Okay. And sir, just to clarify the margin part, in your presentation, we have given that, that medium-term '28 to '31, the margin guidance has been given as 27%+. And I think given the higher margins of TPU and also architectural films higher proportion coming in FY28, are we talking about 27% margin roughly, plus another 1.5%, 2% coming from TPU backward integration? That 1.5%, 2% is over and above 27%?
- Deepak Joshi:** See, this guidance is for this year. So, definitely we will talk this number. Like we said, we are expecting 1.5% to 2% of expansion in FY28, right? So, we talk definitely 28 plus in any case, right? So, see, again, our sales depend on the product mix.
- Like, when IPD sells more, or slightly Sun Control goes little down, so this market percent change, so we exactly we can't comment, but definitely 28 plus we are targeting. So, this 27 plus-minus 2, I mean, this year's guidance was 25 plus-minus 2. We enhanced it to 27 plus-minus 2. So, definitely next year guidance we will elevate from this level for sure. So, we are talking 28, 28.5 for sure.
- Deepak Joshi:** I'd like to add again, sir, that we have heard a lot of comments like margin sustainability on 30%. So, if you remember when there was no tariff 2 years back, we hit first time 27% in Q1. So, the same question arose like, this is like too high, is it one-time? We said no, because quarter one typically we'll see these kind of things.
- We are like a number one company in the world on Sun Control, and this is like a peak season for us. So, we always expect these kind of margins in Q1. And having said that, we performed best-ever Q1 for us. And even this Q2 is the best-ever in our history in terms of margin, in terms of top line, in terms of bottom line.
- So, we continue to perform like that because we can never perform like Q1, so that shows that we are continuously growing. But we can't grow on quarter-on-quarter basis because there is like Q3 will be seasonally low, but Q4 will be back again. So, we should be valued, I mean, like it's too seasonal where there is sun, there is a Sun Control. When there is no sun, there is no Sun Control, but still we perform all quarters.
- Rahul Jain:** Got it, sir. No. So, I do understand, sir. My question regarding clarification was because in our presentation released with the quarter two results, we have mentioned the medium-term guidance for margins as 27%+. And down below you have mentioned plus 1. No, I'm talking about medium-term target, not for the current year?
- Deepak Joshi:** Yes.

- Rahul Jain:** You have given both the guidance for the current year, which is 27 plus or minus 2. And for medium-term '28 to '31, you have mentioned 27% plus, and down below that, you have mentioned 150 bps to 200 bps plus for TPU backward integration?
- Deepak Joshi:** Yes.
- Rahul Jain:** So, which is why I was trying to clarify, we are saying 27% plus 1.5% to 2% is the possibility. That is what I was trying to clarify?
- Deepak Joshi:** It's very clear. We are clear in our mind that we will add once the TPU comes on stream, and it starts contributing to PPF, overall company revenue should go up by these numbers. That is, you are right, 27 plus-minus plus 1.5 to 2, and then this number goes up and down.
- Rahul Jain:** Sure. And just one last request, sir. And it was kind enough of the management to allude to our shareholder request when we had been at the AGM about 2 years, 3 years back with regards to increasing the dividend. With the kind of cash which we have in the balance sheet and also the cash expected to be generated over next 2 years.
- Given the kind of products which we are getting into, given the kind of growth, given the kind of goodwill which we have for our business, if we could increase some kind of dividend, that would really help not just from the point of view of extra dividend, but I think more so looking at higher valuations for the company, sir.
- Deepak Joshi:** Okay. Noted. We have like a lot of capex we expect to come, but definitely I'll put forward this within the management. Thank you for your suggestion.
- Rahul Jain:** Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavika Singhvi from Niveshaay. Please go ahead.
- Bhavika Singhvi:** Yes. So, thank you so much for the opportunity. Sir, the first question I had is on the utilization. Basically, what are the current utilization going on in the both the Sun Protection and the Paint Protection Films? And also wanted to understand the timeline of the new capacity which is going to come for the Sun Protection Film. So, if you can throw some light on that. And once that will be live, how much potential revenue we can expect from the SCF whole capacity, and also from the PPF on the optimum utilization?
- Deepak Joshi:** Okay. So, current utilization in Q2, 75% of Sun Control and 73% of PPF. And because the growth continues, and we expect next year Q1, we will hit almost 100% of Sun Control, and similar for PPF, almost 100% for PPF. So, in that case, our new Sun Control line is coming.
- We'll try a little early as well, that is coming in June '27, that is Q1 FY28. So, by the time we are towards the exhausting our all capacities, by the time, we will have a new Sun Control line. So, this is the plan, and it is going perfectly. That's why we built it. And this plant can make

both, like if we need more of PPF, we can make it, but this is primarily we are expecting architectural business to grow faster.

And we have provisioned all those items into that new line, right? So, this is your question number one. And second thing is, this new line will be able to contribute roughly INR450 crores to INR500 crores depending on the product mix, right? And PPF can add around INR250 from the current level. So, we are safely, we can say with all those things full utilization, we can reach roughly INR3,500 crores with the capacities which are upcoming with us.

Bhavika Singhvi:

Okay. Got it. And, sir, also on the, I wanted to understand on the studio business, which in I think in the last quarter you have mentioned that we will be able to do INR200 crores revenue from the home solutions and the new products by FY28. So, are we in line to do that? And also wanted to understand our strategy on the home studio, because we are also like as we are diverting into the B2C segment, wanted to understand that how aggressively we are doing that, and by what timeline we can expect it to be a major contributor in our revenue we can see going forward?

Deepak Joshi:

Yes. So, of course, we are very aggressive about D2C business, because the company from B2B has gone to B2C, now we are targeting D2C. The primary reason is we want to create a brand among each of our consumer. That is like we call TOM, top of the mind. And in that, with that reason, we opened 14 studios in H1 this year.

And we are very careful in identifying those, because they should have a good grip on home solution products or home furnishing and similar who are directly connected to that. We do not give it to someone who just want to spend money and all those things. We are very careful on that. That's why we added 14 studios. And we are targeting now 50 studios like in next, I would say, 9 to 12 months, not in next 6 months. So, that's our target.

And plus revenue-wise, it's still, since it is a new business, less than a year old, and we the target is to reach of course first INR50 crores, then INR100 crores, then INR200 crores. So, that was not one-year target, that was actually three-year target. I think I was very clear on that. I did not give INR200 crores for one year. So, the target are like INR50 crores first year, I mean next year, then INR100 crores, and then INR200 crores. So, that was the target.

Bhavika Singhvi:

Okay, got it.

Deepak Joshi:

Because it's a D2C, it's a small ticket-size business, and this is done directly. So, it is not like, see, for us, volume raising is never a problem. We can sell any product in big quantities at lower prices. But what we want here, we want to create value with each home buyer or home owner who wants to buy this product.

So, that's why this is a very, niche segment where we are putting products which are really, really good to showcase, like PDLC, you can do switch on, off make it transparent, opaque, and all those things. So, that's why we have set targets like this, INR50 crores, INR100 crores, and INR200 crores.

- Bhavika Singhvi:** Got it. The reason I asked was because in I think in the last call, you explained that the B2C holds comparatively higher margin than our B2B. So, if like we can expect the it also contributing on our margin side as well.
- Deepak Joshi:** Yes.
- Bhavika Singhvi:** Yes, sir. So, the second question I has is on the, because we are into multiple products, I just wanted to understand that which product comparatively hold higher margin? Like the sun protection comparatively hold higher margin or the PPF? And also wanted to understand where we see the industry going like fast comparative to the other, like basically just wanted to understand where we want to focus ourselves more in terms of sun protection or the paint protection films?
- Deepak Joshi:** No. Honestly, again, we have like a team who focus on their business, and depending on the requirements, we add talent into that, and we make products accordingly. So, we feel the architectural sun control film, architectural segment is going to be like something which we are targeting as number one. And then paint protection, of course, all our efforts, our team is already there.
- So, but all has got different teams and they are focusing irrespective of other's growth. But what is more exciting or what is giving you more leverage is architectural business, because it's natural. There is so much of glass around the world, so we are targeting that segment as a top segment for us.
- Bhavika Singhvi:** Sir, can you share the margin percentage what we make in the sun protection and the paint protection?
- Deepak Joshi:** See, margin, if I talk like sun control, there are various products. When we talk of top of them, they go up to 40%, 45%. I am talking EBITDA margin. And when we go to the medium kind of product, it's 30% to 35%. PPF remains 20% to 25%.
- Bhavika Singhvi:** Okay, got it. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** Hi. Good afternoon, and congratulations for a fantastic show, quarter after quarter. Sir, most of my questions have been answered. Just one clarification. You said that, we are making this kind of a margin despite crude at \$110. And if crude goes down, then maybe there is some benefit. So, in terms of pricing strategy, how does it work that when, is it possible to retain the pricing despite RM falling, maybe not fully, but partially? How does that entire thing works across different products?
- Deepak Joshi:** Yes. So, our 25% business, which is IPD as of now, there the cost goes up and down, they are usually passed on, right? So, if it is like all our peers in India, we do not compare on that, but

that 25% business is similar. If crude is high, you will try to pass on. Sometimes you are not able to pass on because commodity kind of business, but mostly you do. And when it goes down, customer ask you to go down, so do that.

But for the rest of the business, there is no, I mean, it's a very the correlation goes as low as 10% to 12% for sun control. And paint protection film, it is even lower, 5% to 7%, right? Because they are not crude-linked product. In sun control, there is only a base film. But, there are so much of value addition in terms of adhesive, in terms of nanoparticles, in terms of coatings, in terms of that liner. So, all those things, if you really add, the correlation goes very low. I can say the maximum when it goes maybe 15%, right?

So, that's why if it goes down, then it helps you a lot, because your cost go down maybe by 5%, 7%, or 10%, right? But when it goes up, it adds the prices, but the correlation is lower. So, and it is not easy. Like every month you can't go to the customer and ask for a price rise or price decrease, right?

So, normally, these things happen in a quarter or 6-month period, and we already did that when crude went \$100 plus in in couple of months ago, right? So, we are staying with that only. But if it goes further down, we will have to go to market and ask for that. But there are a lot of other components other than crude in our major business 75%, which affects us, right?

So, that's why the correlation is low. But in in terms of IPD business, it is directly passed on to the consumer. But even in if everything goes low, like, when we talk of crude going to \$55, \$60, in that case, your everything goes down. Your packaging cost also goes down because of transportation, everything is affected. Then your packing costs go down. Then your other cost like dyes, chemicals, and everything go down. So, you definitely take advantage of that situation.

Dhwanil Desai: Got it, sir. Very clear.

Deepak Joshi: My assessment was that if we are able to do at \$100 and \$110 these kind of numbers, definitely we are poised for much bigger and better growth for future.

Dhwanil Desai: Got it, sir. Very clear. Thank you.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Vedant Sarda from Nirmal Bang Securities Private Limited. Please go ahead.

Vedant Sarda: Thank you for the opportunity. My first question is with respect to the INR25 lakh MPCB penalty, which was for consent validation. So, can you just give some more color on that, what exactly happened and why?

Deepak Joshi: Yes. So, there was one boiler, which was very old, because our normally plants are pretty old. And in that situation, MPCB said that it needs modification. So, we were doing the modification. While doing the modification, I think we restarted and took trial on that, which was noticed, and we accepted that. So, that was the real issue.

I mean there was a boiler which was old, and it was asked by MPCB to, to modify it, which we have done already, but in between, while taking trials and everything, we had to run it, but because of some miscommunication and everything, I mean, they asked us that this was run despite told not to run, but we accepted this is okay, I mean. We abide by the rules, government rules and everything.

Vedant Sarda: Okay. And my second question is the extension of a previous participant's question. Like we did a revenue of INR700 crores around in this quarter. If the prices of crude was \$60, so can you just give a rough calculation what would be have what would be our revenue of the finished product?

Deepak Joshi: See, if it is, I mean, you are talking of revenue, you are talking of top line, right? If it is crude goes down.

Vedant Sarda: Yes, like INR700 crores revenue which we did, like 25% of your business will be directly linked to crude, and 75% will be 10%, 15%. So, what the revenue would have been?

Deepak Joshi: I think if I go roughly by that, maybe INR650 crores, INR660 crores, only INR40 crores, INR50 crores would be affected, because major business 75% is not linked to crude, because it is made out of so many other components. Only 25% with that, and that too, when it goes down, even I remember when the crude went \$40 or \$45.

During COVID, but the cost or price or selling price do not go that down, because there are certain right now it looks like major component around 50%, 45% to 50% component is the raw material, but rest 50% is also there. There is power, there is manpower, there are so many things. So that's why I expect INR650 crores to INR660 crores should be the realistic number.

Vedant Sarda: Understood. Thank you so much for the answer, sir.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Jain from Astute Investment Management. Please go ahead.

Nilesh Jain: Hi, sir. Thank you for the opportunity. My question is on the IPD division. Given we have got a good understanding at least on the CPD side, this quarter, obviously we have seen the commodity business grew quite well, and it's almost like INR100 crores revenue. How are you seeing the IPD overall division growth for this financial year and also in medium-term?

Deepak Joshi: See, honestly, we are a company which focuses more on consumer product business. IPD because there are a lot of component goes to us in consumer product, like some base film, liner, cap sheets, all those things we manufacture in IPD. That's why we keep it very relevant to us. Otherwise, honestly, whatever market is, because nobody can stay in that commodity.

Sometimes they can make double the profit, sometimes they will go in red. They have gone in red in I think prior to COVID, and immediately after COVID. During COVID, it went really high. So, I mean, it is directly linked to the supply-demand in India, which is oversupplied

market. And there, if you are making purely on packaging, you are at the mercy of like how you are passing on the cost to your consumer.

So, we are focused only to a very limited. We are talking of revenue of 25%, but in terms of margin, it is only, I would say, 10% to 12%. So, it doesn't affect much. Even if goes to little lower, our margins won't be affected. So, honestly, we are not a major player there, and we go by whatever is happening into the market. Our focus is to support our consumer business from industrial product.

Nilesh Jain: Sure, sir. The second question is on the D2C side, where you obviously mentioned you want to scale from INR50 crores to INR100 crores and INR200 crores. Broadly, if you can give us, what are the incremental margins here as compared to maybe the base architectural film margins we make to distributors on the B2B side?

Deepak Joshi: See, base, we can say, we can we add around 10% to 15% on existing margins of which I already said roughly 40%.

Deepak Joshi: I am saying, we like the top product on architectural, they attract as high as around 40%, and there we can add around 10% from D2C, because it is already a very high niche market, and since we are developing that, we add around 10% to 15% on top of that.

Nilesh Jain: Sure, sir. Thank you so much, and all the best.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Swechha Jain from ANS Wealth. Please go ahead.

Swechha Jain: Yes. Hi, sir. Thank you for giving this opportunity. Sir, I have a couple of follow-up questions from the previous participants. One was with the Lubrizol tie-up, I wanted to understand, you mentioned that, we are taking some resins and all from them. So, wanted to understand what exactly is this partnership?

Are we just taking some raw materials from them, or we are doing some joint development with them? What exactly is that partnership. And, with this partnership, what kind of incremental top line are we expecting from this? And will this also do some kind of EBITDA expansion? What is the deal structure exactly, if you can just explain these contours of this tie-up, sir?

Deepak Joshi: Yes. So TPU is a business which is very unique business, right? Where, for example, the plant which we are doing, it's Aliphatic TPU, which nobody has in India. We are the first to do this in India, right? So, for that, know-how is like the kind of resin which runs into our line, because we have very advanced line, and you just you need a right quality of the raw material, which is resin means we make the films, but we will buy these resins from Lubrizol, right?

They make the best; they are the number one and the best in the world to supply those resins. So, number one question, 75% of this TPU will go to our PPF business, where we expect a good margin expansion of 1.5% to 2%, 150 to 200 basis points for consolidated level for the company,

because it will it will reduce the cost of manufacturing for the TPU. So, that is number one, right?

And second thing is our ambition to grow the company, we cannot like our strategy, we had only two verticals in the past, where we had industrial product and sun control film for automotive. Then we added a third vertical called PPF. Then we added a fourth vertical called sun control for architectural. Now we want to add a fifth vertical, which is a thermoplastic polyurethane, TPU-based product lines.

So, there are many products in the discussion, which is there are certain products which are used in the front windshield of cars and buses and big trucks, where, if you see like the luxury buses and all in US where they if they get a small stone chip, the entire windshield gets cracked.

So, we produce kind of front windshield with that. Then there are a lot of air bladders in high-end cars, right? Which is the resin has been developed by them, because any resin won't work for all those things. So, they have developed these things and they are giving that technology to us.

And the understanding between us, we have a understanding with them that we buy this much of resin from them. So, this is their margin. And of course, we sell it to the market, it is our margin. Now they are also going to the market saying that we are the best TPU manufacturer in the world, but they do not manufacture the film. So, Garware makes film from them.

So, they going to OEMs and saying that our product is going there. We give you these kinds of guarantees that this is our product, and this goes to the market, and this has got these properties, and they are introducing us with that into the market. And it's not only in India, we are doing the same thing in SEMA show. We got a very good response from participants in US that I mean we have a partnership with SEMA with Lubrizol, which will help us to grow our business in in all the.

Swechha Jain: Okay. So, this is only for the 25% of the TPU which we are going to make the product for the external sales, only for that or?

Deepak Joshi: No. The partnership for both, right? For 75% also, 25% also. But when I talk 75%, it is internal sale, it will add to the margin expansion. But the 25% will add the top line also, which I just said, around INR75 crores to INR100 crores we are expecting in the coming year, not this year, next year.

Swechha Jain: Right. Understood. And the products that we will make with this, are the products going to be sold to across the world, or it's only for a some specific market with the Lubrizol tie-up?

Deepak Joshi: We have our channel, 90-plus countries. We will do this thing. And we see, this is just a beginning. If it all works, we will think of further expansions and all those things, because this is a first trial for us, and we are now planning to move ahead with that. So, as soon as these things come on paper, so it will come to you. But definitely we won't stop on only on this.

- Swechha Jain:** Okay. And, sir, you did give the revenue break-up in terms of value for the SCF, PPF, and, the IPD. Can you give the volume break-up for these segments for the Q2, and also geographically wise, how did we do in the US, Europe, India, and rest of the world?
- Deepak Joshi:** Volume-wise means revenue-wise is the volume-wise only, no? Because our we sell like industrial products in kgs. We sell our consumer products in square feet. So, the volume, so that's why we give revenue numbers, which I gave you. Right? And you want geography-wise? Yes. US has been 51%, right? And EU has been 15%. India has been 20%, which we discussed. And rest 12% is basically Middle East and nearby countries.
- Swechha Jain:** Okay. Sir, so how has the growth of sun control been in the US?
- Deepak Joshi:** Sun control in US, it is growing. Definitely we are targeting for each segment to grow minimum 20%. And special segments like architectural, we are targeting to grow by 35% to 40%. And we saw this is in line with what we have targeted.
- Swechha Jain:** Thank you.
- Moderator:** Ladies and gentlemen, due to time constraint, that was the last question. I would now like to hand the conference over to Mr. Deepak Joshi for closing comments. Over to you, sir.
- Deepak Joshi:** Thank you, everyone, for your continued interest, trust and support in GHFL. We look forward to updating you on our progress in the coming quarters. Have a great day. Thank you.
- Moderator:** Thank you. On behalf of Garware Hi-Tech Films Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.