GARWARE
HI-TECH FILMS

August 11, 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**

Subject: Transcript of the Earnings Conference Call on Un-Audited Financial Results / Business Performance of the Company for the Quarter Ended June 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 Un-Audited Financial Results / Business Performance of the Company for the Quarter Ended June 30, 2026, held on Friday, August 07, 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**

AWANEESH KUMAR SRIVASTAVA

Digitally signed by AWANEESH KUMAR SRIVASTAVA
Date: 2026.08.11 14:54:04 +05'30'

Awaneesh Srivastava
Company Secretary
FCS 8513
Encl.: As stated above.

“Garware Hi-Tech Films Limited

Q1 FY27 Earnings Conference Call”

August 07, 2026

MANAGEMENT: **MR. DEEPAK JOSHI – DIRECTOR, SALES AND MARKETING – GARWARE HI-TECH FILMS LIMITED**
MR. AMAR YARDI – LEAD, INVESTOR RELATIONS – 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 Q1 FY27 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Ms. Garima Singla from Go India Advisors. Thank you, and over to you, ma'am.

Garima Singla: Thank you. Good morning, everyone. I'm 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 Q1 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 risks 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 express our heartfelt condolences on the passing of Mrs. Sarita Garware Ramsay, our beloved Joint MD. On behalf of the Board and everyone at Garware Hi-Tech Films, we extend our deepest sympathies to the Garware family and pray for strength and peace during this difficult time.

I would also like to extend my warm wishes to all of you and your families on the occasion of India's 79th Independence Day. As we celebrate our nation's remarkable journey of progress, resilience and innovation, we remain committed to contributing to India's manufacturing excellence and strengthening its position as a global leader in high-value specialty films. I hope you have had a chance to review our financial results and investor presentation shared earlier.

Today is a proud moment for everyone at Garware Hi-Tech Films. The quarter we are reporting today is the culmination of years of disciplined execution, continuous innovation and a clear long-term vision. Over the last several years, we have consciously transformed Garware from a manufacturing-led company into a global technology-driven specialty film company.

We invested ahead of demand, strengthened our R&D capabilities, expanded our specialty product portfolio, built deeper customer relationship and established a differentiated direct-to-consumer platform. Every strategic decision has been guided by one objective to build a stronger, more resilient and a more profitable business capable of delivering sustainable long-term value.

I'm delighted to share that this strategy continues to deliver. Q1 FY27 marks the strongest quarter in Garware Hi-Tech Films history. During this quarter, we delivered our highest ever quarterly revenues, EBITDA, profit before tax and profit after tax since the company's inception.

More importantly, what gives us more confidence is not just the scale of growth, but the quality of our earnings. This performance has been driven by structural improvements in the business, including a richer specialty product mix, stronger customer engagement, better realization and a continued operating leverage.

Revenue from operations for the quarter stood at INR633 crores, growing 28% year-on-year basis. EBITDA increased 56% year-on-year to INR192 crores with EBITDA margin expanding by 544 basis points to a record of 30.30%, crossing the 30% milestone for the first time in company's history and significantly exceeding the upper end of our long-term guidance range.

Profit before tax increased 60% year-on-year to INR176 crores, while profit after tax also grew 60% year-on-year to INR133 crores. PAT margins expanded by approximately 420 basis points to 21%, reflecting the strength of our specialty-led business model, disciplined execution and improving operational capability. Importantly, we do not view this as a result of one exceptional quarter. Rather, it reflects the structural transformation of our business over many years.

On the business front, demand remained healthy across our key specialty segments, particularly Sun Control Films and Paint Protection Films, supported by improving demand across our key export markets and continued momentum in India. Innovation continues to remain at the heart of our strategy.

During this quarter, we launched our detailing kit for our existing GAS network, which helps the detailing studio to complete their product basket and increase the wallet share. Our specialty portfolio with sustainable TPU-based UV printable films for complex applications, PDLC specialty films enabling privacy on demand and graphic solutions, expanding our value-added offerings across automotive and architectural applications continues to gain traction.

We also continue to deepen our engagement with global automotive OEMs and other strategic customers across geographies. While we do not comment on customer-specific engagements, we remain encouraged by the opportunities emerging across both OEM and the aftermarket channels. Our strategy of moving closer to the end customer is progressing well and remains one of the key differentiators of our business model.

Globally, we continued expanding our global application studio network with 14 international studios across Middle East and the United States, strengthening our direct customer engagement in key export markets. We are also witnessing encouraging momentum across Middle East, which continues to remain an important growth market for our specialty film business. However, currently, our supply chain remains impacted due to war.

In India, our Garware Application Studios network has now expanded to over 250 locations, while Garware Home Solutions continues to scale steadily with 9 studios currently operational. We remain firmly on track to expand this network to 50 studios by end of FY27. We believe our direct-to-consumer platform enables us to strengthen customer engagement, enhance brand visibility and improve installation quality and create long-term pricing power. While we continue to invest in expanding this ecosystem, these investments are expected to strengthen our competitive positioning and support sustainable margin expansion over the long term.

Beyond automotive applications, we continue to see significant opportunities in architectural film across commercial buildings, residential projects and energy-efficient infrastructure, supported by increasing awareness around energy efficiency, sustainability and premium glazing solutions.

On the manufacturing side, our strategic expansion projects continue to progress as planned. The TPU project remains on track for commissioning during the third quarter of FY27. Beyond strengthening our paint protection film business, this investment enhances our technology platform and creates opportunities to develop a wider range of next-generation TPU-based specialty products over the coming years.

In addition, last quarter, we announced an investment of INR192 crores towards a new state-of-the-art sun control film manufacturing line, incorporating advanced robotics and automation. This facility will add approximately 1,200 lakh square feet of annual capacity and is expected to commence commercial production in H1 FY28, supporting both domestic and export growth opportunities.

Another important development during the quarter has been DGTR's recommendation for antidumping duty on TPU-based paint protection film imports from China. We believe this represents an important step towards creating a more level playing field for domestic manufacturers and further strengthens our long-term growth potential of India's specialty film industry.

Our balance sheet continues to remain one of our greatest strength despite investing over INR700 crores towards strategic expansions over the past few years, the company remains debt-free with a healthy cash and liquid investment balance of INR850 crores. Looking ahead, we remain highly confident in the structural growth opportunity for specialty films globally.

Accordingly, we reaffirm our guidance of achieving over INR2,500 crores in revenue for FY27 while maintaining EBITDA margin in the range of 25% plus/minus 2%. While this quarter margin performance has been exceptional, our focus remains on building a business capable of delivering sustainable industry-leading profitability across business cycles rather than optimizing for any single quarter.

Over the medium term, we continue to target 15% to 20% revenue CAGR, supported by capacity expansion, increasing contribution from value-added products and backward integration through the TPU project, the new project introductions and continuous expansion of our direct-to-consumer platform and disciplined execution.

Before I conclude, I would like to sincerely thank our customers, channel partners, employees, shareholders and all our stakeholders for their continued trust and unwavering support. The best quarter in our company's history is not something we see as a destination. It is a reflection of the foundation we have built over many years.

The numbers we have delivered this quarter give us confidence. The capabilities we have built give us conviction. And that is why we firmly believe that the best years of Garware Hi-Tech Films are still ahead of us. Thank you once again. Over to moderator.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Viraj Parekh from Carnelian AMC.

Viraj Parekh: Congratulations on a good set of numbers. Just a question on gross margins. This quarter, we had exceptionally high margins at around 60-odd percent. And just wanted to understand a bit more on that. If you can help me understand, is that something be a steady-state number going ahead? Or will it normalize to the 54%, 55% we've seen in the past?

Deepak Joshi: Yes. Thank you on your kind words. And I mean, margin, if I talk of EBITDA margin, 30% plus, we achieved in the past. The best is around 27%, right? Even in this quarter, there is no exceptional thing

Viraj Parekh: I'm sorry to interrupt, sir. My question is on gross margin, not the EBITDA one.

Deepak Joshi: Yes. Even on the gross margin, there is nothing exceptional. I mean this has come purely from the performance of the company, right? There is no, I would say, any item which is exceptional like refunds for tariff or something. It is purely from the performance of the company. And we expect similar margins like we have given the guidance on EBITDA margin, which will be ultimately from gross margins only.

So I hope we will be in this range only depending on the quarters. Like Q1 usually is very good. Q2 is similar. Q3 will go a little lower and Q4 back on this thing. Overall, the margin percentage, like we have seen, we will be in this range only. This is nothing exceptional on these numbers.

Viraj Parekh: Sir, generally, even a product mix can lead to better margins. I was just looking a bit back, Q2 of last year also, we had a similar product mix of CPD and IPD. However, the situation geopolitically was a bit different. But that time, I think the margins were a little bit subdued at 53%. So it's just a little bit difficult to understand that whether the 60% is only on product mix? Or is it -- is there like a very high value-added product have we sold in this quarter? If you can just elaborate a bit more because I still...

Deepak Joshi: So you are right. It depends on the product mix. So three things work for us, like the summer in the quarter 1 is the best quarter for us in terms of summer. But quarter 2 also remains similar. So I can say whenever there is a more Sun Control, high IR products, we will always get better margins. That is number one. And second thing is -- I mean, there has been company's direction since last four, five years, we are continuously moving towards higher-end products. That means we are working towards like the products which give you the highest heat rejection up to 99% of the products. If these products sale gets increased, you will get better margins.

At the same time, the strategic focus of the company is towards architectural business. If you really see like from 5% revenue percentage of architectural today stands more than 25%. So such kind of high-end products always lead to good margins. And we have been very consistent in saying that our aim is to go towards the products which gives more value to the consumer.

We do not want to do like a commoditized Sun Control. Even on the Sun Control, we are talking to higher ends where the heat rejection go up to 99%. So all such products, there is a big product basket, which is getting increased, and we'll continue to see these kind of numbers in future.

Viraj Parekh: That's helpful. Just the last question. If you can help me understand how has Garware Home Solutions picked up? I know it's recently started, but just wanted a color on how the market is looking at it, what are the numbers? And along with it, if you can just give me an idea of last year out of INR2,100 crores, what was SCF and PPF? And what was the similar contribution this quarter for these lines?

Deepak Joshi: Yes. So last year, actually, Sun Control business largely remained around 48% to 50% and balance 25% from PPF and 25% from industrial product. And this quarter, Sun Control was around 55% and PPF was 20% and balance was industrial product. PPF, a little lower because Sun Control really grew fast. That was one. And second thing, we faced some challenges in the raw material supply chain because of Middle East issue. Unfortunately, one of our ship got stuck in Jebel Ali. So we received some of the consignments late, and that's why some of the products were delayed from Q1 to Q2. But Sun Control remains largely the number one product for us.

Viraj Parekh: And sir Garware Home Solutions?

Deepak Joshi: Yes. Garware Home Solutions has just started. I mean, as we speak, we have nine studios. But the concept because there is a lot of work going on, on that segment, where we want to create a new market, we want like every home to have these kind of products because they are really adding value to the consumer.

So when we do these kind of things, it's a new market creation for us. It's not something if you have a home, you cannot go anywhere and buy some films for you, like you can buy a glass whenever you want. But film, you cannot buy because even in the advanced markets like U.S. and Europe, we have seen these kind of difficulties.

So that's why the company thought of a different concept where you can do all those things directly online, right? For that, a lot of work has been done, I would say, market creation is being done through digital media, order now from system, all those work is going on. So it's a very steady, but we expect that these numbers of number of studios to go 50 by end of this year. And I can't give you as of now the guidelines on the total revenue, though we have our targets in place, but these are going to go substantially big in our product portfolio. So we want to do something which nobody has done into the market till date in the film side, especially for the home buyers.

Viraj Parekh: So will this be a B2B or B2C focus segment?

Deepak Joshi: It is 100% D2C business. It is direct to consumer.

Viraj Parekh: Got it. And sir, any idea on U.S. demand right now in Middle East? That's the last question. Like how are we looking at things on the ground

Deepak Joshi: In U.S. the sales through e-commerce is continuously rising for PPF. And for our dealer, distributor and order flow is really strong that we have seen in Q1. I think that is one of the reasons you see very strong numbers for us because we focus where it really makes sense into the market.

And U.S. market is really doing great, and we expect that continue to do so. And Middle East, actually growth and demand is really big. But unfortunately, we are facing some challenges sometimes on the deliveries because every week, there is a change in the situation. But we expect in 3-year, 5-year horizon, these two are like one of the fastest-growing markets for us, including India.

Moderator: The next question is from the line of Aman from Stallion Asset.

Aman: Congrats on a great set of numbers in a challenging environment. I have two questions, sir. Number one, if you can update us on the tariff refund claims, how much has been received so far? And what's the balance amount we can expect going ahead?

Deepak Joshi: Yes. So the quarter 1, where we are discussing currently, there was no impact of tariff. I mean we didn't receive anything in the quarter 1. However, we have received roughly 30% to 40% of what we are expecting in quarter 2. And this will be taken into quarter 2 performance, right? So quarter 1 performance is purely on the company's real natural performance. So there is no change on that. So that's one thing. And I think we hope like entire refund will be done in quarter 2 of this year.

Aman: Understood. Understood. Got it. And my second question, sir, with our D2C initiative gaining traction globally and also on the domestic front with the support of antidumping duty, our premium product mix are improving and just being a manufacturing B2B company alone, now we are seeing evolvement of consumer-facing branded as a share improving for us. How should we see, sir, structurally growth for the next two, three years for us? Are we entering into a higher growth phase sustainably, sir?

Deepak Joshi: I would say, yes, because like we said, we are very confident of INR2,500 crores plus for this year. And going forward, also, we will maintain 15% to 20% guidance, which we have given. So we can say in three to four years, we are going to touch INR3,500 crores. I mean this is our estimation, right, based on the current situation. And our margins will definitely be 25% plus on these things. It can go. We'll try definitely to go higher and to reach the current numbers because this has been very normal what we achieved this quarter. So similar things will continue for us.

Now D2C, let me tell you, this company is now we are thinking we have built a manufacturing excellence. We have R&D excellence. Now then what happens is you continue to compete with your peers, I can't name them, but take top 3 companies in U.S., right? People compete with them.

But our strategy is different now because if we keep on competing, we will get share and sometimes we lose also. So we are now trying to create a different market for us. That means when we compete, for example, there is a film called safety film, right? There are standards of that A class, B class and some other class.

So what we are trying to make a class, which is not made by anyone till this time, right? It gives you a very different experience from what we got into the past, right? So this kind of creation into the market is making a very unique proposition for Garware

So this kind of awareness and I would say, creating our own market will really help, especially in U.S., Middle East and India markets, people there is a very low awareness into architectural products. So we are now trying to compete these things even with the glass companies like what they do and what we do.

So we need to create market for that. We can't just keep on taking share from others and grow because there will be a limited growth. If we want to really grow INR3,500 crores and beyond that, we need to think differently where we give alternative solution to the glass. So that kind of thinking company is working on.

The growth, whatever comes naturally is great. But on top of that, we are creating this kind of environment within our company, manufacturing setup to that kind of growth. And we are very confident that we will be successful in that because we are already seeing the kind of positive traction towards this growth.

Aman: Got it. Got it. Super. And sir, just one last thing on the TPU line. When it gets commissioned in Q3, how much more margin expansion we should expect in FY28?

Deepak Joshi: Yes. So we have given a guidance of 1.5% to 2% after this line comes into stream, of course, for FY28. So the guidance is already given to that. But our aim is to make newer products out of TPU, which let me tell you, out of this, three products are already in target and some of them have already been, I can say, trials and discussions have happened. So, as soon as the line comes, we are ready to take it off.

Moderator: The next question is from the line of Rahul Jain from Credence Wealth.

Rahul Jain: Sir, condolences on loss of Sarita ma'am. And of course, very good set of numbers and the journey has been amazing for the last three years. So congratulations to the entire team at Garware. So my question is regarding one, the first question, you mentioned architecture films has already crossed more than 25%. So basically, that means in this year, and this is for quarter 1, I'm assuming. So this year, we are already in the run rate of around INR600 crores. Is that a fair assumption? So going ahead, how do we look at architecture films, which is supposed to be our highest margin product?

Deepak Joshi: Yes. So, like I said, the company's focus is towards that only. So, I mean, our philosophy is where there is a glass, there can be a film, right? I mean if it is a high rise, it can be a safety film. If it is like sun facing, there can be a sun control film. If it is interior, there will be a decorative film.

And if it is a privacy, there will be a PDLC film. If it is a bathroom, there will be a different kind of film, which protects glass from shuttering. So, we are now working on this strategy that wherever we get opportunity, we directly compete with that, like a glass and a glass with film.

What difference does it make in terms of value proposition, in terms of the heat rejection, in terms of UV rejection and ultimately, the impact on environment when you produce a glass and when you produce a simple glass with a film. So, we are really, really getting very encouraging results.

So this remains the number one portfolio for us in terms of growth. So, where the company is fully focused on. And the architectural business is really supported by TPU as well, where we have various kind of architectural products made by TPU, which we will see shortly, maybe from next year onwards, we'll see traction of these products from next year.

Rahul Jain: Sure. So sir, going ahead with your TPU expansion getting completed in, say, October and whereby 25% of it will be for external sales in used and then SCF also coming in the first half of next year, plus the PPF line, which came in September '25, given what you have mentioned in the answer to one of the previous participant question. So can we look at because of all these expansions going full throttle, do we expect a INR3,000 crores of around top line for FY28 3,000 crores plus?

Deepak Joshi: Yes. definitely, I have given you the guidance that in next three to four years, we will be somewhere around INR3,500 crores. So, of course, in the journey between maybe two years after, we can see INR3,000 crores number that is in horizon, yes.

Rahul Jain: And what is the current utilization of PPF, sir?

Deepak Joshi: Utilization?

Rahul Jain: Yes, utilization of PPF, the new capacity?

Deepak Joshi: Yes. So PPF old line is running almost 100% and the new one is running at the rate of roughly 60%. We lost some volume last quarter because of some delays in the shipping because, I would say, ship got stuck in Jebel Ali because of the war. I mean, it got stuck. So that's why we lost some of the volume, but that we will recover in the coming quarter.

Moderator: The next question is from the line of Swechha Jain from ANS Wealth.

Swechha Jain: Okay. Sir, typically, for architectural product, what is the margin because they are the highest margin products, right?

Deepak Joshi: They are highest if you talk of the top to top. That means if you talk of very high-end IR rejection on automotive versus architectural, yes, they are the highest one. But they also have like the products which are like you just want to cover your building and all. So if you talk of like apple-to-apple, same kind of properties, yes, this is the highest margin product.

Swechha Jain: Okay. So what I assume is overall, the architectural segment that we will be doing, the margins would definitely be north of 25%.

Deepak Joshi: Yes, definitely.

Swechha Jain: So the reason I'm asking is because you have guided us a margin of you're saying that we maintain a 25% margin. But what I understand is and correct me if I'm wrong, a, is architectural segment will obviously command a margin of 25% higher blended overall. The TPU line that is going to come, that will add 1%, 1.5% of extra margin.

Plus I believe the products that we do in the TPU will also be some specialized product, which will also command some higher margin. Plus the new SCF line will also -- it's an automated robotic line will also increase your efficiency there. So I feel 25% margin, you are just being too conservative. Am I correct on that?

Deepak Joshi: We are happy to say that we are conservative because we have seen times when something unexpected comes into the market. But definitely, if everything remains good, we are definitely going to perform what we have performed now because like I said, many people anticipated like these margins might be because of some exceptional thing has come from U.S. and other things. That's why I've clarified this is purely a performance, nothing else.

So, of course, we will -- when I said 25%, plus/minus 2%, so 27%, 28% seems to be a very logical number for us. But since we have given the guidance, we'd like to maintain that. Definitely, we will perform better than what we have said.

Swechha Jain: Okay. And sir, this SCF of INR191 crores, what would be the asset turn peak revenue that we can do from the SCF line?

Deepak Joshi: That will be roughly INR500 crores, INR550 crores.

Swechha Jain: INR550 crores top line, okay. And then from this SCF, sir, how much we plan to do for the automotive and how much we plan to do for the home solutions like a broad mix?

Deepak Joshi: See, ma'am, what happens is these lines normally, we have already five lines, right? This will be like six and then we have PPF line. Sales team focuses on their own because we do not have any mix. Like I said, our sales team in terms of architectural is very different from automotive because their way of thinking there, like I said, where we need to compete. It's like very different segment. We need to think of a glass manufacturer kind of thing.

So when we go into the manufacturing, they do their job and put their growth on. Then we decide how do we allocate the production into like how much maximum we can because we need to take advantage of the operational excellence. So I can say whatever the number we say, like 25%, 30%, now this will go to 35% architectural. So all new lines will take 30% of that because this is how the products are manufactured in our company.

Swechha Jain: Right, right, right. And sir, we've mentioned that new products on the TPU, the ceramic coating and other products that we mentioned in the presentation. Are these all products on the home solution side?

Deepak Joshi: No, no., they are like -- so some of them are home solution means whatever you can use in your home. Like ceramic coating and graphene coating, they are on the automotive on the car, right? So in home solution, you will see sun control, you will see surface protection, that means sofa and all those things. Then you will see like coating for the doors, then there will be many products which are actually used in home

Swechha Jain: Yes. Okay. Okay. So sir, these products that you have mentioned in the presentation on the TPU side, do you -- can you help us understand what is the addressable market size for the products that we plan to launch on the TPU side because the line is going to commission in Q3, right? So what is the addressable market size there?

Deepak Joshi: Actually, honestly, for TPU, such kind of products as of now in India, I can say, you need to create a market because these products are like for when you compete with the substrate PVC versus TPU. So TPU is a much better product in terms of environmental sustainability, in terms of stretchability in all those things, right?

So currently, what we produce, the market size is much bigger. We can talk of something like I won't be surprised if I say like this is easily INR1,000 crores, but we need to really get there with our products and the time line, right? and that will grow because it's not something -- as I said, we do not do anything.

If you see our company history, we do not do something which is already available and we jump and take share of some that's what we have done when we did the PPF, right? We created a market. People initially were skeptical of that. But finally, they believe that there is a market of PPF. Now whole world wants to jump into PPF, right?

Similarly, in Sun Control, now on TPU, right? We know because we see the trends all around the world. And then we see what better can be done even from the U.S. and other players, how can we do better because our R&D is a very unique proposition. They think much different than the market. So let me tell you, this total addressable market is like very big. And we may not be able to supply in the initial years for that. So that's how we see this market.

Swechha Jain: Right, right. And sir, can you give me geography-wise sales mix for the CPD division for this quarter? And what was it in FY26 Q1, both value and volume-wise?

Deepak Joshi: I think that if you can write to our IR

Swechha Jain: I'll take it. Yes, I'll take it. I'll take it. No problem. Sure, sure. And sir, what was the sales for Garware Home Solutions in this quarter?

Deepak Joshi: See, that is actually just the beginning, a very miniscule, let me tell you, but that is going to gain traction. So we have internal targets for next year and year onwards. So we'll talk going forward on that. that's going really, really well.

Swechha Jain: Okay. Okay. And sir, two small clarification, sir. So you said you're going to open 50 or 15 stores in FY27 for Home Solutions.

Deepak Joshi: 50.

Swechha Jain: 50, right. Okay. And sir, for the tariff refund, I didn't quite understand that. You said in Q2, we are going to get the entire tariff back or just the 30% to 40% of what we are likely to get? Just that clarification I wanted.

Deepak Joshi: See, we will get full in Q2. That is my expectation. I said till date, we have got already 30-40%

Swechha Jain: Till date, we've got. Okay. Okay. So could you...

Deepak Joshi: That is not included in any of the performance because this has happened in the month of July and August.

Swechha Jain: Understood. And sir, would you be able to quantify this number? What are we expecting in Q2?

Deepak Joshi: Yes. See, the thing is whatever refund we will get, we need to share with our customers in U.S., some of them. So if you talk of net number, I expect anywhere around INR50 crores plus should be with us.

Moderator: The next question is from the line of Pratham Kankariya from Quantum AMC.

Pratham Kankariya: Just one thing. So, firstly, condolences on the loss. So with GHS, you are moving closer to the end consumer. So can you elaborate means how this strategy could impact our existing distributors and installers, like you're moving from distributor to -- not moving, but you're kind of shifting some of the model. So have you witnessed any resistance from channel partners? And how do you plan to maintain this engagement?

Deepak Joshi: Yes. Definitely, there wassome resistance from all of them. But what we explained and what we have successfully done, they are doing better business than what they used to do in the past, right? That's the one thing we have ensured by various engagements that they continue to do better than what they were doing.

So one of the examples, like GHS products are very different as compared to your normal Sun Control distributor model. Because honestly, the distributor in the past, we have seen they are -- a couple of them are really good. A couple of them are just stockist. They just stock the material and send. And the company's vision of growing and growth and everything mindset, right, some of them were not able to get along with that. So unfortunately, we had to take a tough call on that, right? So we had to honestly shut some of them down, right? And that really helped the company to grow.

If you are seeing this growth in last three, four years, this is one of the reasons that we wanted people who are dedicated and passionate like our team is, like the company is, right? So we had to take a tough call, and we don't shy away from taking such calls. So that's number one. Second thing is the product line in Garware Home Solutions is entirely different. It is directly controlled by the company. So that means these products are very different in terms of their properties, in terms of their transmissions and all those things. So that's why there is no direct conflict.

Now we have made sure that this happens, right? So this is the way it is working. Now some of these guys have already, like some of our channel partners, they want to become GHS also. So that also we have ensured that they get the enough chance to represent that. So that's why we have made a win-win for both of them.

Moderator: The next question is from the line of Sriram from ithoughtPMS.

Sriram: What do we look for before partnering with any interior design firms for setting up our Garware Home Solutions?

Deepak Joshi: Sorry, I didn't get the question, please.

Sriram: Yes. So when we are setting up Garware Home Solutions, partnering with any interior design stores. So what do we look for before designing the partnership?

Deepak Joshi: Okay. So what we look for because this is a business which is related to home, retail homes, right? So that's why we look for partners who already have a presence in home furnishing or glass or something which they are already doing in that segment, where this film complements the home solution. So that is the primary requirement. Along with that, we check, of course, the other legal things like financials and all those things. But the primary requirement is he should be influential or very well connected with these kind of businesses, which comes like I gave you example of furnishing, glass and other interiors, bath fittings, all those things are a natural fit for us.

Sriram: And in PPF, apart from M&M, do we have any -- like any other OEM have authorized us? And are we the only PPF company that has been authorized by these OEMs?

Deepak Joshi: See, we have like five OEMs with us. And some of them, we are the only one. And some of them, like some companies have a policy that they do not have one vendor. So for that, they have another one. But we proudly say that we are the only official high-quality producers in India. So that is the thing, which is make in India is the key thing for them. So that's why we are a preferred supplier for many of the OEMs.

Sriram: And the last question is connected to the Garware Home Solutions. Is it -- the model is typically like what we did for PPF Garware Home Solutions, like we just give the products and discount to the partner. And what else is our contribution with that?

Deepak Joshi: See, this is a little different model-Garware Home Solutions. In Garware Application Studio, it's a dual model where some products are directly supplied by the company. Some products are supplied through the distributor. But in Garware Home Solutions, it's totally different and fully controlled by the company, right? All revenues and everything comes to company and company then distributes it. So that's the basic difference. And it is a much more, I would say, growth-oriented aggressive and that takes the company's strength into top. And the product line is very unique, which is not available into the market. That makes a unique solution for company and the partner as well.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Congratulations for a very strong set of numbers, and condolences on Mrs. Garware passing away. So my first question, Deepak ji, is that I think we have started focusing on the D2C part significantly. I think in the last call, you had mentioned that by FY28, that part will become INR200-odd crores and margin that is significantly different. So when you say D2C, does it mean the PPF India plus PPF International and Garware Home Solutions all put together?

Deepak Joshi: Yes. Actually, yes, D2C model is right now already running in U.S. and already running in GHS. So we are expanding that to other territories as well. So, in fact, I mean, this business can be even bigger because now we are putting more efforts into that. So it can be bigger than INR100 crores because we have seen the success in last even three months as well. So we are seeing a much better traction into that business. So definitely, it can be bigger than that.

Dhwanil Desai: And second question, I think you talked about the new product based on TPU. I think PDLC and graphic, we have already launched and maybe a couple of more products ready to commercialize. So again, we have had a very strong capability of developing product and then scaling up as demonstrated earlier. Do we think that each of the products that INR400, INR600 crores kind of a scale-up potential and that is how you choose or some of these are very niche products and some are scalable? How do you look at the entire product set that you are?

Deepak Joshi: See, if you are talking specifically about TPU, so if you give us three years' time line, definitely, this is a scalable beyond INR500 crores business. There might be more CapEx needed for that, which we will do in time, right?

So as of now, the focus is to commercialize both kind of products. It's a mix of -- some of them are like a high-volume product. Some of them are a very niche product, right? But both quality remains at the top end of our mind, right? So that's how we design the product. Yes, it has got a potential beyond INR500 crores. That's how we are targeting INR3,500 crores in coming years.

Moderator: The next question is from the line of Dikshi Jain from InCred Research.

Dikshi Jain: Congratulations on good numbers. My question -- first question was regarding the raw material prices. How have the raw material prices moved in the last quarter? And how much effect are we seeing on our margins because of that?

Deepak Joshi: See, raw material on our consumer products, there is like the real impact. If I say correlation, if I talk, it's only 10% to 12%, direct correlation with the top end raw material, right? Because there are 10 components which we manufacture on our own, right? So their raw material to the end product ultimately reaches only to 10%. Rest, there is a value addition. There is a lot of effort going on inside the company. So there is hardly any impact.

But at the same time, when it is a direct impact like when the crude oil chain, naphtha, xylene and all those prices increase, so raw material increases, that kind of impact is directly passed on to the consumer. Of course, after talking to them, convincing them, there are negotiations, there are discussions, but that is taken care of. So whatever impact was there, definitely, that has been taken care of.

See, we are no longer a company commodity where your raw material, if prices increase, you will take advantage. And then when it goes, you will take a hit on inventory. So we are like beyond that, like I said, the correlation has only remained till 10%.

Dikshi Jain: Okay. Next question is regarding our white labeling business. How has the mix changed in -- for export for white labeling compared to our products in the last 1 year?

Deepak Joshi: Both have got a similar kind of growth, right, because that is again a key part of our strategy, where we remain very high-quality producers for our customers, right? And they have been added into different geographies in the last quarter, but we also added a lot of Garware and global brands. So, put together, I see similar growth. I don't see any change in like they have grown faster or we have grown faster. So it's similar what we are seeing.

Moderator: The next question is from the line of Deepak Ajmera from IGE India.

Deepak Ajmera: Congratulation on good set of numbers. My question is margin expansion in this quarter as addressed previously. So apart from, let's say, product mix, is there anything else as a major driver behind that?

Deepak Joshi: No. you are asking whether the performance of 30% EBITDA margin has come from some exceptional items, if I understood correctly?

Deepak Ajmera: So I want to ask, apart from product mix, has there been any other contributors which has contributed into margin expansion?

Deepak Joshi: Not really. If your question, like this margin expansion normally has happened because of better product mix. But at the same time, when you say better product mix, you are talking of the same basket where you choose the better products. But here, the strategic focus has been towards like high-end products. Of course, that is again a product mix and the shift towards architectural business for us.

So these two, one is the product mix and then strategic focus towards the growth where we are creating market, making awareness and selling more of such products, right? So that's the reason of margin expansion.

Deepak Ajmera: Got it. And since our new lines are coming into Q3, but yet we are guiding towards INR2,500 crores kind of revenue, let's say, quadruplet this quarter. So are we not expecting any kind of, let's say, contribution from new line in this year?

Deepak Joshi: No. Because if you really see this TPU line, which is coming in Q3, so that is mainly 75% goes to our PPF, right? That's a backward integration, which will add to margin expansion that is one. And secondly, 25% is earmarked for the new products. And on their success, we will plan the further growth of the company, right? So if you really see, there is no material impact in this year in terms of volumes because only TPU is coming this year.

Now the next is Sun Control, which will come next year, which will hit next year, FY28, which is H1 of '28, so say, almost a year from now. So that will definitely add, which we have given already the guidelines that we are going to grow with a minimum like average CAGR of 15% to 20%. So we have taken account of these things, right?

And just to remind that, we are not a typical commodity company where one line comes and suddenly your volume will jump and margins will drop or revenues will increase. We are focused on a very high segment specialty product. The company's growth, whenever we are talking of these like INR2,500 crores, INR3,000 crores, INR3,500 crores, these are all a very special product with a similar kind of EBITDA margins, right?

So our focus is not just to run the top line by putting a line and sell the product at like with the competition at a price war. All the products which we are producing and will produce will remain to be very niche and special, which will give a special experience to our consumer. That's the thought process.

Moderator: The next question is from the line of Sanjay Shah from KSA Securities.

Sanjay Shah: Yes. First of all, accept our condolences on sad demise of Sarita ma'am. Sir, my question was first to appreciate the team Garware on the -- and more on the -- towards the R&D division and your sentence, which I take it that is thing differently. So can you, sir, elaborate -- will it be possible to elaborate on that? What other things what we see future, like what you explained about glass and PVC, TPU replacing PVC, anything else which you can elaborate where our thought process is moving ahead.

Deepak Joshi: Sir, I would like to request a meeting through our IR, and I can explain because these things are beyond certain point, the strategy will become very public, which we can't say in the forum. But like I said, I just said whatever I said, it's like just a thought process that the way the company thinks, like I was just answering the previous question where I said we do not want to be a company that produces products, which everyone produces and there is no real value to the consumer. We think differently.

We think like how we can give a new experience to a consumer at a different way. And all the products will be very niche, and that's how the company thinks like there has to be a value creation to the consumer, right? So that's the way we think. And in that process, we have lots of ideas where we are working. We do brainstorming, we do think differently. That's how we are here. And that's how we forecast that we would be in future. So that's the thought process.

Sanjay Shah: Right, sir. Sir, in our product portfolio, PDLC films, TPU films, graphic solutions, ceramic and many other products, what we have launched and what we are even planning to add the capacity, which product you see which carries -- which can highest become a meaningful revenue contributor over the next two, three years?

Deepak Joshi: That would be definitely TPU.

Moderator: The next question is from the line of Gopalakrishnan from Uthranush Investments.

Gopalakrishnan: Congratulations on an excellent set of numbers under extremely difficult, difficult conditions. And I can appreciate clearly because I hold shares of some other companies, which have similar exposure but different industries and they are struggling. So really hats off to the entire team for a fantastic numbers, I can tell you that. So confidence in our company grows from strength to strength now in my case.

Actually, I have a few questions on Garware Home Solutions. Actually, I see very low visibility in the market as a consumer supposing buy an apartment. I don't know that I can -- I have some GHS product that can be installed and that will be beneficial in my apartment. So that visibility, maybe you can hire a brand ambassador or something to give more visibility to the product and make sure because you are talking about direct to consumer, I feel that visibility has to be definitely improved.

Deepak Joshi: Yes. So, sir, actually, the answer lies in your question, that is how we thought about Garware Home Solutions that even if a homebuyer, when he wants to do something, he's not aware what to do in terms of his heat, which is coming to his home, how to control his air conditioning, the bills and how to make his entire experience, which is without UV rays.

That means you're fading of your sofas, curtains and everything. And at the same time, saving your skin from skin cancer, right? So all those things, like that's how the concept of Garware Home Solutions came to our mind.

Now since we just started, I mean, it's five, six months, we are just trying to make the right set of model for that, which has already started sales and we have launched nine studios and there will be 50 studios by the end of FY27

And you will see what you are saying, you will see lots of influencing or videos where you can directly order these products online. So this campaign is going on. I mean, we'll just start maybe another 15, 20 minutes that will go live. You might see them on OTT and all those places as well.

Gopalakrishnan: Super. The second thing, see, now government has come up with some regulation reform regarding e-commerce, especially for export, the e-commerce service providers can hold the stock and do the export. And I see, I find that Germany is the number three market in terms of luxury car. And I'm not sure how much presence we have in Germany.

So putting all these things together, the e-commerce stocking and Germany market, will there be any proposed FTA with EU, all these things will we have additional market in Europe. which we already have, then that's fine. But in my view, I think there’s further possibility.

Deepak Joshi: Very relevant question, sir. Let me tell you like that we have a dedicated person, a German guy working in Germany for us. And he is one of the best installer in the world, we can say. And he has recently given us really good volume.

So we are really growing in that market as well because we have people present all across wherever it's an important market, we are there, right? Beyond that, I can't explain you much on that. But definitely, this is a good point, and we are really, really going good in German market.

Gopalakrishnan: Fantastic. And then the e-commerce stocking, sir, that can you -- any advantage will be there for us?...

Deepak Joshi: In terms of FTAs and all, definitely, this will be direct advantage to us. But in terms of e-commerce and all see, one thing about our company, we can always think of best products and the way to sell it. But one of our major thing always is the compliance. We really want to check everything, whatever is the right way to do business in a country, right? That process is going on right now. And soon, there will be something on that. I mean, we are evaluating that option for us.

Gopalakrishnan: Okay, sir. And then one more question. The R&D expense as percentage of sales, how much it is now? And what is the target going forward? Because R&D is the key pillar for this company. That's why I'm asking.

Deepak Joshi: Yes, sir. So definitely, that's like a backbone. And that's how our R&D team is round the clock with us, understanding the concept and everything that they go back. So there are different segments of R&D, right?

So the thing is this expense, R&D expense, if we talk of our revenues, it's like in the range of, I can say, 3% to 5%. And yes, but that is very variable. We are continuously monitoring that in a way because some of our R&D comes into manufacturing as well. So that's why real, numbers is difficult to judge because some of the products when they are commercialized, they go to our production site, okay?

Moderator: The next question is from the line of Nikhil Chaudhary from Toro Wealth Managers.

Nikhil Chaudhary: Congratulations on a great quarter in a challenging environment. I had just two questions. Most of my questions have been answered. Just wanted to understand the kind of opportunities that probably we've been targeting have a very large TAM and with our exceptional product quality. Just wanted to understand what is the bottleneck to growing beyond, like, say, 20%.

We've been consistently guiding 15%, 20%, but the TAM for our products have been expanding in very -- like considering the markets also you are entering and the products also that you are entering, including the Garware Home solutions. So is it the manufacturing? Is it probably distribution? Is it the applicator availability? I wanted to understand this.

And the second one is just wanted to understand your thoughts on how do you plan to probably -- like in the TPU, any kind of products that you can give clarity on like what kind of products will that be? I may have missed the answers on that, but if you could just help me understand that.

Deepak Joshi: Yes. So it's like you said about the TAM, right? So the biggest challenge with TAM is what you are considering is something which like you are thinking, I'm thinking, right? A consumer needs to be educated for that, right? Sometimes I meet consumers or big customers who think like when I explain them about the glass, what a film can do a glass, then he gets amazed, really, I didn't know that. So this is our biggest challenge.

When we talk of TAM, see, again, there are two things in the market. When you say I'll take the market, then if a new entrant comes, most of the people they try to attack Garware, "Garware is selling what?" let us do that. Similarly, we may be doing to some other company what they are doing from America, right? But our thought process has changed over a couple of years.

Now we will work on something. I can't divulge this information, something on the addressable market, we are making those campaigns. We are in touch with one government authority. And last month, we called all of their employees. And in only one department, 75 people came.

So we explain them what we are, like how do we work and what a film does to a glass. Like I said, it can save the glass, right, from splintering off, it can reduce the heat by a very nominal cost. It can protect 100% from ultraviolet rays to prevent skin cancer, it can do decoration. So many things can be done.

So we are taking those mass scale things, but we cannot go to consumer like Garware Home Solutions because it will take time where you need to educate the consumer. What we are doing is educating the authorities or the people who are influenced like thousands of people. So such kind of campaigns are going. That's why we are conservative in our top line despite being that.

See, obtaining top line growth, I don't think that's a challenge. We can do it tomorrow. We can sell so many products, run the line full and do that thing. But what we want to do is we want to create some niche into the market, right? The product because later on, what happens a product which reduces 99% of heat will be like 30%, 40%, and we will sell it to everyone. right?

So we don't want to do that. That's why we are taking time. But our addressable market, we will be, I think, in another one or two years' time, it will be faster for us to gain our top line momentum into this market. So that's what the challenge is us.

A lot of external people who are helping us in that. We hire people in terms of those who do study for us, and then we also hire our people who really make it happen to make the product at a very, I would say, a cost, which can be easily afforded by consumers.

Nikhil Chaudhary: Got it. Got it. Got it. And out of all the value-added products that we have added in the last few years and we've been adding, what has been the , like assumptions that probably you feel that probably we underestimated and it turned out to be even larger opportunity, considering that you've been creating market in a lot of products.

So because initially also you are also not sure of how the market will accept. And just trying to understand how has our decision-making evolved with those assumptions being probably altered and on the way, we have also changed ourselves. Just wanted to understand it.

Deepak Joshi: See, what we do is like our team, now we have a substantial team all around the world, right? We have like South America, North America, U.S.A., we have a big team. We have offices in people in Europe, many European countries, Middle East, right? So our session is like two different things. We do not have only salespeople. We have a business development team, right?

So what they do is they try, they understand the challenges into the market. For example, if a product is there, I tell them, okay, what do you think about this product? This happens on a daily basis, right? They go to the market and they come with a different challenge. They say that if we have the product with this particular property, right? So it will be like everybody loves that. Then we reverify in other places.

So there is a team, business development team, which works with our new product development team in the R&D. And then we decide like there are 20 product line as of now in our mind, right? So we prioritize based on their commercial nature and based on their TAM, like which makes more sense.

But , there has to be a value proposition also. If you make something, we should get returns on investment because R&D works so hard day in, day out.

They need the real output of that, right? So that's how we work, like we have a product line, then we prioritize on them, then we see what is like the addressable market. So all things are there, manufacture capability, selling capability and the real requirement by the market. So there is a process which has evolved.

We were not doing these things maybe a couple of years back, but now we are thinking like the global giants have increased their presence. Good thing is that they are now because of they are into the markets like most advanced markets, U.S. and all.

So they have stopped thinking that way because that makes -- it's a very difficult proposition in terms of chemical manufacturing is U.S. and then with a lot of compliance and all those things. So we are doing these kind of jobs for them.

Moderator: The next question is from the line of Ishit Desai from Fods Family Office.

Ishit Desai: Congratulations on a very good set of numbers. Sir, my first question is on the Garware Home Solutions side. Just want to understand that the product range we have, do all of them also need an applicator layer or an expert layer who will then -- or are we also working towards do-it-yourself sort of products as well? I mean what does the product market look like?

Deepak Joshi: Yes. See, we have most of the products where you need a professional applicator because some of the products are really expensive and doing yourself definitely doesn't work, especially in countries like India. But in U.S., we have a lot of products which are DIY in nature. They are sold online.

And of course, they buy 2x, once they try and fail and then they buy. So a couple of products are there, which are really a game changer for there, right? This is one of the highest selling products in U.S. is like that. And another thing, we have like some developments, good developments in PPF where we can do such kind of things not for the full car, but for at least some parts which are prone to damage and all.

There, we have DIY products because then you don't need so much of expertise in terms of wipes and in terms of water, in terms of adhesive and all those things. So we are working in that direction as well because when we go D2C, we need to have more of such products. So we are aware of this fact and working on that.

Ishit Desai: Understood. And my second question is on the utilization of cash, given that we are at about INR850 crores balance already and more. And given that our incremental return on capital employed is also very superior with the new investments, any plans around rewarding the shareholders with anything on dividend or buyback or even probably aggressive marketing towards -- given that we are now focusing also on D2C, more spending towards aggressive campaigns on the marketing. So any thoughts around utilization of cash?

Deepak Joshi: Yes. It's a combination of these things. I think in a couple of months' time, first of all, we are working on some inorganic growth where we have evaluated in the past. We are still evaluating if something makes sense for us. That's number one.

Number two is we also want to make this system much more reliable in terms of our manufacturing capabilities because one of the reason of our high margins is like we are fully backward and forward integrated, right? So that's the key thing because we maintain our quality.

No producer in the world has that capability where you make all the products by yourself so that you can control the quality and you can arrive the best of the margins in that. So to have that, we will need more capex, which we are working aggressively on. So this is item number two.

And after that, if you think, give us maybe this growth journey will intensify, like I said, we are going to do more and more better things, top line growth and bottom line growth, that is going to come. And this will be only possible when we have like to support that, we need the real right capex.

We are working on that, and we will come up with that. So that's the priority of the company because we would like to utilize the cash to the right way so the company system becomes robust, right, from raw material to end products. So, there are many things which we need to do. We'll do that in coming months and announce the same thing to you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we take that as the last question. I now hand the conference over to the management for closing remarks. Thank you, and over to you, sir.

Deepak Joshi: Yes. Thanks. So, before we conclude, I would like to reiterate our margins are fundamentally driven by our product mix as we continue to increase the share of our high-value specialty products, we expect our margin profile to continue improving over time. We remain focused on executing our long-term strategy, investing in innovation, expanding our specialty portfolio and creating sustainable value for all our stakeholders.

So, thank you once again for your continued interest, trust and support in Garware Hi-Tech Films. We look forward to updating you on our progress in the coming quarters. Have a great day, and thank you for joining us.

Moderator: Thank you. On behalf of Garware Hi-Tech Film Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.