February 14, 2025

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 Unaudited Financial Results / Business Performance of the Company for the Quarter and Nine Months Ended December 31, 2024.

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, held on, Monday, February 10, 2025, at 12:00 Noon (IST).

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: 2025.02.14 10:43:07 +05'30'

Awaneesh Srivastava
Company Secretary
FCS 8513

Encl.: As stated above.

"Garware Hi-Tech Films Limited
Q3 FY '25 Earnings Conference Call"
February 10, 2025

MANAGEMENT: **MR. M. S. ADSUL – DIRECTOR TECHNICAL**

MR. DEEPAK JOSHI – DIRECTOR SALES & MARKETING

MR. A. VENKATARAMAN - SENIOR PRESIDENT, CORPORATE AFFAIRS & FINANCE

MR. ABHISHEK AGARWAL – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. VIKASH VERMA – ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of Garware High-Tech Films Limited. 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Verma from Ernst & Young. Thank you, and over to you, sir.

Vikash Verma: Thank you, Steve. Good afternoon, everyone. Welcome to the Quarter three and Nine months FY '25 earnings call of Garware High-Tech Films Limited. On behalf of the company, I would like to express our gratitude to each of you joining the call today. To discuss the performance of the company and to answer the questions, we have with us from the company, Mr. M.S. Adsul, Director - Technical; Mr. Deepak Joshi, Director of Sales and Marketing; Mr. A. Venkataraman, Senior President, Corporate Affairs and Finance; and Mr. Abhishek Agarwal, the Chief Financial Officer.

Before we begin, I would like to draw your attention to the fact that today's discussion may contain forward-looking statements that are subject to various risks, uncertainties and other factors, which will be beyond management's control. We kindly request that you bear in mind there may be uncertainties when interpreting such statements. Please note that this conference is being recorded.

We will now start the session with an opening remarks from the management team. Afterwards, we will open the floor for an interactive Q&A session. I would now like to invite Mr. Deepak Joshi to make his opening remarks. Over to you, Mr. Deepak.

Deepak Joshi: Good afternoon, ladies and gentlemen and thank you, Vikash, and thank you all for participating in Garware High-Tech Films Limited earnings call for the third quarter and the nine-month period ending December 31, 2024. We appreciate your continued interest and support. Let me start by providing a brief overview of our financial standing.

As we reflect on the third quarter of FY '25, we acknowledge the resilience and strategic agility of our company. Following an outstanding performance in the first half of the year, our performance has demonstrated a stable year-over-year growth trajectory despite the anticipated seasonal softness which traditionally impacts this quarter. While we did experience a Q-o-Q decline, this was largely in line with our expectation given the lower sales of our higher-margin IR products, which are naturally affected by the seasonal fluctuations.

Nevertheless, our strategic initiatives and diversified product offerings have allowed us to navigate these seasonal factors effectively, ensuring that our financial outlook and the guidance remains unchanged. On a consolidated basis, we have reported a revenue of INR466.4 crores and a profit after tax of INR60.8 crores for the quarter. Our CPD segment, which is PPF plus Sun Control, saw a slight decline of 7% year-on-year basis.

However, our IPD segment grew by 24% driven by increased penetration in newer markets. Let me take you through our transformation since 2018 towards a niche and value-added product portfolio. In 2018, our revenue was INR874 crores with an EBITDA margin of around 9%. We have completed and delivered 3 Capex since 2018, which has helped us to build a portfolio of newer products, which has significantly increased our revenues by approximately 2.5x and EBITDA margins at 24% based on the 9 months FY '25 on an annualized basis.

The fourth capex of additional PPF line is on track and is expected to be completed by September '25. Furthermore, we are pleased to announce that the Board of Directors have approved an investment of INR118 crores, which is a first-of-its-kind TPU extrusion line at our Waluj plant. The new TPU is expected to be completed within 18 months with a planned capacity of 360 LSF, lakh square feet, per annum. Production from this line is set to commence by the end of October '26, further strengthening our capabilities and expanding our product offerings.

The output from this new line will support the input requirements of both of our existing and upcoming PPF production lines, ensuring seamless integration into our manufacturing process. This strategic move is expected to yield incremental advantages, including an expanded product portfolio, improved margins and enhanced operational efficiency and cost savings. This initiative not only opens up new pathways for expansion, but also diversifies our growth potential across a range of products in automotive, healthcare and architectural to name a few.

Now let me briefly explain our main product lines. Our Paint Protection Film business continues to experience strong demand from key customers in USA, Middle East and India. There is a consistent traction in this segment and we are actively enhancing our product offerings and customer experience.

We recently introduced 2 advanced PPF product variants at the Bharat Mobility Global Expo 2025 in Delhi. The first is Coloured PPF, which is a game changer for Indian auto enthusiast, offering vibrant color options to personalize and protect vehicles like never before. The second is Headlight and Taillight Glass Protection, providing advanced solutions to safeguard the brilliance of car lighting systems.

Additionally, we have launched EMI Solution with Bajaj Finance, making premium protection films more accessible to Indian car owners through low-cost flexible financing options. We have also introduced PPF Insurance in partnership with Insurance Dekho, the first of its kind comprehensive insurance coverage for PPF in India, ensuring long-term stress-free utilization.

With these developments, we continue to expand our offerings, strengthen our market presence and enhance customer satisfaction. We are quite confident of continuous growth and are making provisions accordingly by addressing certain debottlenecking measures and considering further growth plans.

Now I would like to take you to our Sun Control Films. On SCF business, we experienced 15% year-on-year growth in revenues. This growth is attributed to the expansion of our architectural business. We expect this positive trend to continue, further supported by the introduction of innovative products for the auto sector and new grades in the architectural and decorative films segment. We continue to receive significant interest at various exports and trade shows we participated in, which indicates strong potential for both our existing and newly introduced product lines.

Now lastly, I would like to talk about the Industrial Products business. The IPD segment has grown by 24% Y-o-Y basis, supported by strong demand for specialty films such as lidding films, PCR and shrink films. We remain focused on the future of this value-added segment. We have also secured a patent for our innovative floatable shrink film, reinforcing our position as industry innovators and leaders.

Our strategy includes expanding the specialty segment, improving capacity utilization and enhancing operational efficiency. These initiatives will help us strengthen our market presence and further drive profitability for the IPD business. We actively work on expanding our team by bringing in resources from across the world, participating in key industry events and increasing our digital media presence globally.

We are also proud to share that this quarter gone by, we were awarded the winner in packaging and allied activities by Dun & Bradstreet, further reinforcing our excellence. Looking ahead, we are confident in our ability to build on the progress we have made and we continue to uphold the forecast we previously communicated. Our surplus cash reserves are being strategically deployed to fuel the next phase of growth with our recent announced capital expenditure expected to mirror the terms of our past capital investments.

As market demand remains steady and our strategic initiatives take shape, we are buoyed by a robust product line-up, strategic investment and targeted efforts to broaden our market reach. With these elements in place, we are hopeful of realizing improved performance in the forthcoming quarters. Thank you once again for your time today and for your continued trust in Garware High-Tech Films Limited.

With this, I now request Mr. Abhishek Agarwal, our CFO, to take us through the highlights of the financial performance. Over to you, Abhishek.

Abhishek Agarwal: Thank you, Deepak, and good afternoon to everybody on the call. Start with our financials for Q3 FY '25. The consolidated revenue was INR466.4 crores. This is 2.8% growth over the previous year-on-year number of INR453 crores. While our 9 months ended December 31, the revenue stood at INR1,561 crores, marking a 27% year-on-year growth from INR1,230 crores for the 9 months of FY '24. This growth was attained or sustained -- was driven by sustained demand across our key business segments.

Despite industry headwinds like geopolitical tensions, supply chain disruptions, we have delivered a steady performance and a strong EBITDA for Q3 FY '25, which is now standing at

INR93.7 crores, an increase of 10.7% over INR84.6 crores of the previous year. On a 9-month basis, my EBITDA stood at INR374 crores, registering a 61.7% growth compared to INR231 crores in the 9 months of FY '24. This improvement reflects the positive impact of our high-value product mix, deeper market penetration and continued operational efficiencies.

On the PBT side, the Q3 FY '25 stood at INR81 crores, again, reflecting 11% increase from INR73 crores of Q3 FY '24. While for the 9 months FY '25, PBT stood at INR336.7 crores, marking 75.2% year-on-year growth from INR192.2 crores. On PAT front, Q3 FY '25 number is at INR60.8 crores, up 8% against INR55.9 crores in Q3 FY '24. While for 9 months FY '25, PAT stood at INR253.4 crores, reflecting a 74% growth over INR145.4 crores in 9 months of FY '24.

Exports continue to be a strong contributor, comprising approximately 74% to our performance with value-added products comprising 85% of our product mix and playing a key role in our global expansion. Our financial position remains strong and we are pleased to report that we have a cash surplus of INR572 crores as of 31st December, 2024. We continue to remain net debt -- zero net debt, positioning us well to advance our strategic projects.

The newly announced capital expenditure for TPU extrusion line is expected to drive operational improvements and enhance our profitability indicators. And given our strong cash flows, we will fund this expansion through internal accruals. Looking ahead, we are confident that our efforts will continue to drive measurable improvements in financial performance. With this, I will turn the call over to the moderator for the Q&A session. Thank you.

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

Dhwanil Desai: Congratulations for a steady set of numbers. So my first question is, I think as you indicated, this was a seasonally soft quarter. But going into Q4, how do you see the demand, especially given the overhang of tariff backdrop that is happening on Sun Control side, I think February, March when we start doing the shipments. So what are you hearing from your customers?

And has anything changed since our last interaction? And going into FY '26, I think we were looking at INR2,500 crores kind of a number. So are we still on course to do that? If you can talk a bit about that.

Deepak Joshi: Yes. So thanks for your question. Like I said in the opening remarks, the guidance for this financial year and next financial year remains unchanged. We are very confident that we are going to meet the guidance given previously. And as we speak about the tariffs, so as of now, it is like we are hearing a lot of things and we are continuously in touch with our customers. So I mean, given the government initiative to reduce the tariff for the goods like Harley-Davidson and all those things, which was actually discussed during the campaign of Mr. Trump, that has been lowered.

And we hope like upcoming visits between the countries will subside the risk. In the worst phase, if I say, like worst-case scenario, there can be a counter reciprocal tariff which does not affect much because it's hardly 2% to 3% difference. And I would like to reinforce one thing that the duty on the -- our neighbours China is around 35% now, vis-a-vis our duty stands at 6.6%. So we have a lot of headroom available in US market and we are treating it as an opportunity for us and our entire sales force and the team works to get the advantage of this scenario.

Dhwanil Desai: The second question is, I think we have indicated that our margins will remain 25% plus or minus 3%. I think this quarter, we are lower than that range maybe because of the seasonal fluctuation. And I also see that even on a year-on-year basis, the commodity mix has increased significantly. So anything to read into this? And as we bounce back on revenue, are we kind of on course to do that 25% plus or minus 3% range on the margin side?

Deepak Joshi: Yes. As you rightly indicated, like Q3, as we stated in our previous calls, that the highest margin product for us is Sun Control, especially Sun Control IR films, which goes to its minimum in Q3. So that's how the margins were lower in the previous quarter. But if you see 9-month numbers, we are still at 24%, which is a very healthy sign as compared to the past. And Q4, we expect to maintain these kind of numbers. So we are really well on course. I mean all the guidelines have been given, which are still valid, no change in that.

Moderator: The next question is from the line of Nikhil Kanodia from Monarch Networth Capital.

Nikhil Kanodia: Congratulations on a decent set of numbers. I had a question on the TPU capex that you have announced?

Deepak Joshi: Yes, please.

Nikhil Kanodia: Sir, number one, you said it in the press release that it is to be incurred within a span of 33 months. So if you can give us some yearly guidance on the capex that will be incurred for this facility as well as the upcoming PPF facility. That's number one. And number two, so like from the understanding point of view, so this TPU will be kind of a raw material for your PPF, right?

Deepak Joshi: Yes.

Nikhil Kanodia: So how much benefit is it going to give you in terms of cost? And also like the capacity we have for PPF will be around 600 LSF and this is around 360 LSF. So what sort of ratio will we having going ahead like when it comes to raw material procurement from internal sources and from the open market?

Deepak Joshi: Yes. So first of all, on the capex, which we have announced, it is INR118 crores, that is total and to be spread over 18 months, right? So it will be more towards last 6 months because we make provisions with our LCs and all those things. So maximum spend happens in next year, right? So now going to how it will benefit. So it is going to be the backbone of -- it is going to be the backbone of the PPF lines which we have.

As if you see the real strength of the company is for all, it's a backward integration, right, from petrochemicals to chips to films to our nano dispersion or making our own adhesive and topcoat. So this was the only point missing in PPF. It makes us very value proposition in the market. And another thing, it will add a lot of innovations for the new product developments.

As the market wants continuously innovation with this, I mean, we can do all those -- our in-house testing and new product developments within 3 months in the field of PPF and some of the architectural segment. So this line, first of all, it will be a cost saving for the PPF. Second thing, it will add to R&D developments and it will open up new product portfolio for the company, which we will disclose at the coming quarters.

But right now the thing is there are like many segments which we are targeting with that because if you really see our products like we -- Garware was the first company who brought the films in India, then we were the first one to do Sun Control Films and Paint Protection Films. And now with this innovation, it will be a backbone for our PPF. At the same time, we will venture into new product portfolio with this line, right.

So I hope I have answered. If anything missed in your question, sorry, you can ask again.

Nikhil Kanodia: Yes. Sir, one thing that I asked is the capacity is around 360 LSF for this TPU Plant, right?

Deepak Joshi: Yes, yes. Yes.

Nikhil Kanodia: And the existing plus upcoming PPF facility, we have around 600 LSF capacity.

Deepak Joshi: Yes. Yes.

Nikhil Kanodia: So in that sense, like if we take like 1:1 conversion ratio, so like I just wanted some sense on the like --yes.

Deepak Joshi: So it will be sufficient, as you rightly pointed out for one line as of now. So it gives us going forward with this -- I mean, this will be sufficient for one line only. So we will use 100% capacity for that. As I said, we will keep some provision for the new product developments in the different segments.

And going forward, like if everything permits the way we are growing, I'm happy to announce here that this is fifth of its kind of announcement. We have done 4 capex till date in a short period of last 4 years from PPF Line 1 and then Sun Control and Metallizing and PPF Line 2 is still on course for September '25. And this new capex will come on October '26.

But the point here is the company has turned around its top line and bottom line significantly with the addition of capex, right. So this capex is putting us into a strong value addition for our PPF and of course, opening up new foray into different product lines. So to answer your question, yes, it will be like 50% of our existing requirement and 50%, we will continue to source.

And we'll look into further expansion depending on the situation going ahead.

Nikhil Kanodia: Okay. Okay. And sir, with the 9 months, I guess, for the Q4, the ask rate is around at the PAT level of around INR80 crores. So we -- like while you said that at the annual level, you'll be able to do what you have guided earlier. So with INR80 crores ask for the Q4, like are we still confident in that sense?

Deepak Joshi: You mean revenue guidelines for the year?

Nikhil Kanodia: PAT. PAT.

Deepak Joshi: PAT guidelines? Yes, we are -- I mean, if you see, like we have shown a 75% growth in 9-month basis. Q3 being always, as stated, is like a lowest possible season for us. We are -- we will do definitely on course to do good in Q4. So the guidelines remain intact. We are confident of achieving that.

Moderator: The next question is from the line of Aditya Rathi from Aequitas Investments.

Aditya Rathi: Sir, I wanted to know more about the impact that we could face because of the US tariff. I know you just mentioned it, but if you could just throw some more light on that.

Deepak Joshi: Yes. See, as I said, the tariff, first of all, the tariff which is announced has been favourable to us because it is on China, right? The 25% goes to 35%, right? Where vis-a-vis our number is quite low as we speak in the current situation. Then Government of India has already started taking proactive actions.

That means reducing the imports from USA, right? So which was like a point of very well -- I mean, this is a geopolitical discussion, but we are keeping a very close eye on that through our customers and our consultants, right? In worst-case scenario also, we seem to be benefited from this situation.

Aditya Rathi: Sir, will this lead to any margin contraction for us from the export side?

Deepak Joshi: Sir, it will depend on how much is the duty. As I said, in the worst-case scenario, it will -- it can impact 2% to 3% only. But if you see the duty put on other countries, including China and the possible talks about EU and all, they are coming ahead of -- I mean, they are in the list prior to India.

So this -- any case is going to benefit us rather than giving a negative impact to that because there may be an opportunity for price increase because right now it's uncertain, right? It can go anywhere around. If we talk of present situation, it's good for us. If we talk of duty, which is like tit for tat, exactly same reciprocating the duty, we are going to get benefited.

So we are very positive about that and we are working to get the maximum advantage of the situation. Despite -- I mean, it goes even the worst case, we see -- we have a strategy and we are doing good with that.

Aditya Rathi: Okay. Okay. Sir, my second question, last question is also on the same line exports, sir, from Latin America, if you could throw some light. I think we are seeing subdued growth in that -- from that area.

Deepak Joshi: From Latin America? So Latin America, I mean, if you talk of the company's strategy, we added a resource in last quarter to fuel the growth because Latin America is a very big area where we wanted to increase the presence. Let me tell you one thing, like we have kind of growing very fast. We have been growing in USA and other parts and India.

So we have now targeted the areas where we were little lacking because of our distance and all those things at the same time of resources and different languages. So we have hired another resource in that area to fuel the growth for South American market, Latin America. So we are very cognizant of the fact that we need to grow continuously.

So all those territories where we have not been present or present lower than what we anticipated, we are doing everything to grow there.

Moderator: The next question is from the line of Naitik Mohata from Sequent Investments.

Naitik Mohata: Sir, I just want to understand what was the guidance for FY '25 and '26? Also, I mean, you did mention that the commodity mix has increased on year-on-year basis when compared to the Q3 of previous year. Is there any particular reason?

Deepak Joshi: So the guidance given for FY '26 was INR2,500 crores. That -- we maintain the same guidance. I mean, we definitely meet that. And into -- if you see the 9-month results, we are on course to cross like I won't mention the number, but the INR2,000 crore plus guidance was more or less given. So that we are going to achieve.

Naitik Mohata: Okay, sir. And what about the commodity mix?

Deepak Joshi: Yes. So commodity, this all -- if you really see our Number 1 product and the highest revenue and profitability earner is Sun Control Films. And Q3, because of the lower demand and the seasonality, mainly because of seasonality, the other portion seems to be like Industrial Products and Commodity seems to be up.

But we expect overall, let us look at the growth on annual basis and because this will always happen, like sometimes more inventory goes to the market and then we see a little lower in the next quarter. But if you see year-on-year basis, our guidance remains the same and our growth will come from Consumer Products division and we are very confident of that.

And despite the -- and having said that, on Industrial Products, we have made like significant progress towards shrink films and we just took a patent -- we got the patent for floatable shrink films. Similarly, there are more efforts being put into that direction and Lidding being a very, very strong growth area for us, which will drive our business to North America and South America.

So we put all the efforts to the specialty even in the Industrial Products segment. And the number which looked a little up and down for Commodities, it will -- it is only because of quarter 3 being seasonally low for Sun Control Films. That's the only reason.

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

Pratham: First of all, congratulations on the numbers. I had a question from the competition side. So one of your competitors has introduced the PPF product in the Indian markets. So what kind of impact are we seeing on our business?

Deepak Joshi: Yes. So first of all, I mean, if you are referring to the -- I mean, that company, I can say that we have announced like we are manufacturing PPF with Line #1 and we declared when it was commissioned and growth. And now second line, which is coming on in September '25, right.

So I didn't hear any such announcement that there is a manufacturing facility in India. Just please, if you read launched, there are already 10 products launched in India, right? So -- but we need to really aware of the fact whether those who are launching are the manufacturers, right? So I'll tell only this much here.

Now if we talk of our position, we make our own PPF and we make all 4 components by ourselves. And with the announcement of TPU, we are going to go very strong in that, right? And with the launch of Coloured PPF series, Headlight, Taillight and then with Bajaj Finance and of course, with insurance, like we have been targeting the markets in a very strong way.

And we are doing everything possible to remain the forefront of this. And our technical capabilities are also very strong and superior. And lastly, whoever has been doing this in India is actually our major market, 80%, 85% is export driven. And in the export market, the customers are technically very superior.

They want to know each and every component where it has been manufactured. So having all said that, I think I have been able to answer your question.

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

Rahul Jain: My first question is with regards to FY '25 numbers which you spoke. So the way -- and you have guided earlier also that quarter 3 will be a seasonally soft quarter, but we will see a good improvement from quarter 4 because of seasonality effect as well as the preparation for the coming season. So can we expect some 15% to 18% growth for this quarter, March quarter on a year-on-year or a quarter-on-quarter basis?

Deepak Joshi: Yes. I think we will do much better than that, right? On quarter-on-quarter basis, will be a very strong growth. And there will be a strong growth as Y-o-Y basis also. And we'll meet the guidance of INR2,000-plus crores and on top line and bottom line. So we are on track. And as I said, it will be a good growth, more than what you are saying, it will be stronger than that.

Rahul Jain: Clear, sir. And sir, secondly, with regards to the inquiries you've been talking to customers since our PPF line would be coming in September. And also the fact that compared to the first line, I'm sure this time in terms of quality, in terms of the initial bidding processes, which will be much lower. So how do you see this second line ramping up, in what time frame?

Deepak Joshi: Yes. So I mean, we expect this will be like running for 6 months. And within 1 or -- the timeline given for that is September '25. So it will be like very quick to adopt like high -- I mean, high-quality products that is A-grade product. But looking into -- we would like to be conservative in terms of adding their revenues. So you can say it will be utilized 50% to 75% conservatively for 6 months.

But it will in terms of technicality and all, it will be very -- I mean, it will be up and running very fast. From September '25 onwards within a month, it will be like -- I mean, it can give 100% revenues. But depending on the market and all those factors, we will be, like, able to generate more than our guidance, what we have given.

Moderator: The next question is from the line of Ankush Agarwal from Surge Capital.

Ankush Agarwal: Sir, first question is around growth. I mean, it is understandable that seasonally Q3 is a soft quarter and the seasonality in terms of inventory. But what I'm trying to understand is the growth that we have given this quarter versus the commentary that we had in Q2. So the commentary was sort of indicated in the Q2 con call was that we are looking for better sequential number. If not in Q3, then Q4 definitely we expect a large sequential growth.

But compared to that, I mean, the expectation overall was that Q3 would be previous similar quarter number compared to Q2 it was slightly lower, but it's a much larger de-growth. So just wanted to understand where the things have gone wrong versus the commentary. I mean seasonally, it is pretty understandable in the business, but I think the commentary was very different from what you have delivered during the quarter.

Deepak Joshi: See, like we said in that, I mean, we never declared that sequentially Q3 will be better than Q2. It is -- I mean, it was never mentioned, right? It was always said that Q3 numbers because it's seasonally low, right, it will be not as great as Q2, Q1 and Q2, right? And if you see Y-o-Y basis, we have close to 10% growth on bottom line, right?

And see, again, I will say these -- our business model is very different in terms of seasonality and the sale, right? Our real sale happens from our warehouses in USA to our customers. That comes -- that is recorded as a consolidated, right? So if you really see quarter-on-quarter variations and all those things are not really what we are looking for.

We are looking for a long-term growth. We are looking for a year-on-year growth basis and we are on course with that. I mean nobody can predict like what will happen to this month to next month because sometimes more inventory goes, then you will see the sale drop in the next month.

So overall, if you really see, we have shown an outstanding growth. In 9 months, if you see, it's a 75% growth over last year. So just on the bottom line. So I think that's a remarkable thing what we have done. And we are giving the guidance for the whole year also similar kind of growth.

So I mean, quarter-on-quarter, sometimes because when it is lean, we don't know how much lean it would be plus there are so much of, I mean, uncertainty in terms of geographical tensions despite the fact that we are quite confident and there is nothing wrong in all those things.

So I mean, I can say that the growth on like annual performance and everything is going to remain robust.

Ankush Agarwal: Okay. Got it. So the second question is on the PPF business and our dependence on one of the largest customer out of US. You sort of commented on the previous question also that you are looking to limit dependability on that customer and maybe you will not try to sell the entire second capacity to them.

And its sort of visible also in the quarterly variation that we have in the PPF. So if you can give some color how much of our business is dependent on that customer for the PPF line and also Solar Control also because I think that company has also started doing window films quite big?

Deepak Joshi: See, in terms of a customer, we never discuss that thing because it is a confidentiality agreement between the companies, right? So I'm unable to comment anything on that. However, like we have given the guidance, our growth and everything is intact. If you really see -- again, we see the numbers and everything, there is no change in that. Sometimes one customer may buy more in a quarter and then he sees lower sale in automotive and all those things. It can go up and down. So I can't really comment on a particular customer, right? We have many such customers who are big enough to like go here and there. But overall, we are quite balanced portfolio. And so that's why I would not like to comment, right? But what was the second question about window films?

Ankush Agarwal: No, I think that customer has also started doing window films in the last few years and they are naturally doing very well on that as well. So I wanted to understand if we have certain dependence on SCF side also with that customer. But I can understand that it would be difficult for you to answer the question, but fine okay.

Deepak Joshi: Is it -- dependence is good or bad? I mean, it's like if some reputed customer comes to us, we take it as a pride. But we always -- see, if you really see when we talk of like we export to more than 100 countries, that means we have presence everywhere into the market, right? So we do not talk of one particular customer. I mean, if you really see internally, we have quite well-spread portfolio on window films as well and we are very strong.

In fact, I'll just give you, the forum, a number that we -- last year, we made a separate team for domestic architectural business. And I'm happy to announce that this team has performed so well because we made an entire new team with a new team leader. So it has performed in the architectural domestic market 2x growth as compared to last year. If we see in the 9-month data, it has grown 2.

So we understand the growth with -- in the areas where we have not grown. So nothing stops us from any customer or anybody from growing our own. So same thing we are now replicating in US market, where we have hired a very senior team leader to make the similar team what we have done in India. We will replicate the same architectural business in USA.

So we are thinking on a very different parameters than you are considering like we are growing to backward integration. We are going into new products, colors and all. We will now looking into venturing into architectural more than the polyester. We will also be doing a lot with the TPU and all.

So our vision is to grow everywhere in the world. The customers who are welcome as big customers and all. But at the same time, we have a very strong team, which is growing further to all geographies and all product portfolio.

Moderator: The next question is from the line of Mahesh Bendre from LIC Mutual Funds.

Mahesh Bendre: Sir, just wanted to know what was the contribution from Sun Control Film and PPF for the current quarter?

Deepak Joshi: Yes. So -- growth.

Abhishek Agarwal: Growth. So we had a decent growth on Sun Control as compared to the previous year, even though it was basically a market or not a great time to have it, we grew almost like 20% in the Sun Control. And PPF, we -- because of seasonal factor, there was...

Deepak Joshi: There was a little drop on PPF and there was a 15% to 20% growth on Sun Control numbers. And those numbers are, again, because of the inventory adjustment because people carry their product in our warehouses. So the sale from warehouses expected always to be better in Q4. And of course, Q1 goes to be very stronger. So now another factor is there is some duty which is refunded to US customers.

So it usually starts picking up of -- I mean, February, second half because of those refunds. So sale from our warehouse in US, which is actually recorded as a consolidated performance, that starts picking up of second half of February onwards.

Mahesh Bendre: Okay. And sir, you spoke about the achieving INR2,500 crores of sales in FY '26, which is like a 20% kind of growth -- 20% growth over FY '25. So if we have to look for FY '27, given our second line for PPF is also coming up by this year-end, so we'll be able to continue similar performance in FY '27?

Deepak Joshi: Yes. We expect a top line growth of 20% to 25% on top line. And bottom line, as we said, like we focus on -- mainly on the operating margins, which you can see they are continuously going up. Like I shared the journey from 2018, where we were mostly the commoditized and our operating margin was only 9%.

As we speak, 9-month numbers are 24%, right? So these numbers, all the growth is now coming from a specialty segment, right? So with the PPF growing more and then TPU coming on stream, on a longer term also, we expect that top line growth, like I shared, 20% to 25%. On the bottom line also, we see a consistent growth with operating margin increasing slowly and slowly.

Mahesh Bendre: Sure. And sir, we are setting up a new facility for backward integration. So this add to our margins in terms of any benefit to us in terms of -- at a gross margin level?

Deepak Joshi: Yes. We expect growth of -- because PPF business as a whole will benefit in terms of profit margins. So I can say overall company level, if we talk of current revenues, like definitely, the revenues are going to go up. We expect around 1.5% to 2% improvement in the gross margin -- operating margins.

Mahesh Bendre: Okay. Okay. Okay. And sir, last question from my end is now rupee has depreciated from INR84 to INR88 almost. And our 75% export is -- I mean, 75% of our sales is exported. So will we get the benefit in terms of this rupee depreciation? Or is it that this rupee depreciation benefit is passed on to customers?

Deepak Joshi: No, definitely not. Because what happens is our -- if I say, there is a lot of imports as well, which is definitely going to go down with further backward integration, right? So balance advantage goes to company. I mean, customer -- we don't discuss that because what happens is when it appreciates, then we have to ask. So it is understood that the sale is in US dollars, so that continues to be like that.

I mean, it is not passed on because for them, it's like a US dollar purchase, which continues to be at that level. However, we gain quite strong with the exchange rate. But at the same time, sometimes we have to give some benefit to customers, not in terms of -- as a benefit pass on. But if other currency also depreciate in the similar way, then they feel a lot of pressure on prices with the competitors.

So we make minor adjustments in that case. But overall, in a nutshell, that is not passed.

Mahesh Bendre: Okay. So if I were to put these 2 things together, I mean, the backward integration benefit of 1.5% to 2% at the gross margin and plus the rupee depreciation benefit, if at all comes, so this can significantly take our margins up, maybe 25% kind of stuff?

Deepak Joshi: Yes. You are right. I mean it depends on how things unfold in future. But I mean, as a -- principally, logically, you are right. I agree with that.

Mahesh Bendre: Yes, because I'm leaving aside the operating leverage benefit. That is a different part.

Deepak Joshi: Yes. Yes. No, no, definitely. You're right. This is -- this happens.

A. Venkataraman: Yes. One thing I would like to add is cost optimization benefits; we are certain because we are putting up a plant for INR118 crores. But as far as rupee depreciation, we are not sure because these are all fluctuating every month, you might be noticing. So we are not sure about at this point of time. To answer your question, definitely, the margin improvement, what we discussed about 1% to 1.5% on the cost optimization project, what we are going to put up INR118 crores, that is certain.

Moderator: The next question is from the line of Aman from Astute Investment Management.

Aman: My first question is on this SCF and PPF business. So we did quite well in Q1 and Q2. And Q3, obviously, we expected was a lean season. But do we expect that number, Q1 and Q2 sales to cross in Q4 in terms of SCF or PPF or it will cross those numbers in Q1 next year?

Deepak Joshi: See, yes, like as you mentioned, Q1 will be relative to Q1 last year because Y-o-Y is very important because of the nature of the business. So we expect a repeat performance -- better performance in going forward because if we talk of current year guidance of INR2,000 crores and next year's guidance of INR2,500 crores, so definitely, that will improve on a Y-o-Y basis, these numbers for Q1, Q2, Q3 and Q4, obviously. And going to Q4 versus last year Q4, definitely, we are going to see a strong growth over that.

Aman: Just on that part, I'm still not sure. So Q1, Q2 we know was very, very good though. So those numbers, you don't think we'll repeat in Q4, mostly we'll repeat those numbers in Q1 next year?

Deepak Joshi: I'm not saying no. I mean we will be close to those numbers. Close to those numbers.

Aman: Second question is on architectural films as well as PPF Film, which is in domestic market. So architectural film, if you can talk about the upgrade, what kind of growth are we seeing? It was very good in the 9 months. But do you expect the same growth to happen in the Q4 as well as next year, FY '26? And same, if you can talk about domestic PPF business with these new products like EMI and insurance be launched, do you see a good uptake in this? Can this become like a INR200 crores, INR300 crores business for us in next 2, 3 years, domestic PPF?

Deepak Joshi: Yes. So one by one. The first question is to architectural growth. Yes, as I said, I mean, there has been a whole new team has been set up and product portfolio has been completed to see this kind of growth, which is double in architectural in the domestic market. So this growth is going to continue because we still are talking to very big names in the industry who has started procuring our products because I would say we have created some of the market to do for the same. Like we did in PPF, we are doing in, I mean, architectural films as well. We are creating some markets. So we expect at least next 2 to 3 years, we are seeing very strong growth on architectural in India.

Now architectural in America, like I said, we have set up a similar success story of India. We are going to now test in America with the team leader has been hired from a top company in US. And he's setting up his team and he is on the ground already to take this business to next level.

So that is, again, we are seeing quite good opportunities there and we are hopeful that we will continue to show a strong performance of architectural films, both in India and export market as well. Now secondly, on to the PPF, right? We have grown from, I mean, very low base to the numbers which we are seeing now. And that growth will continue now with new set of initiatives for the domestic market, where we have given an opportunity for financing their PPF.

For example, our titanium, which is priced at around INR1.5 lakh per car, right? So that can be almost at no interest cost or at a very, very low number that customers can take advantage of EMI for 15 to 18 months and then it becomes more affordable, right? So we are seeing very good growth -- I mean, very good inquiries from our customers, our Garware Application Studios to start that thing. So it is already launched and now the data is being exchanged.

So this will definitely see growth pattern in the domestic market. And with the colors and all, we are seeing a lot of opportunity where even the market, which is secondary cars and all are asking for these products in a good amount. So we expect a very good growth of PPF in the domestic market.

And domestic market, if we really see on CPD Sun Controls plus PPF, we are seeing 60% to 70% growth. On architectural, we are seeing almost 100% growth. On other part, we are expecting -- we are doing like 50% to 60% growth on the domestic market. And at least for next 2, 3 years, this will continue because, again, we are seeing a market which is close to 2% of PPF penetration, whereas we can target 10% of that.

So this all is like, again, we are not working on one particular area or one particular product. We are working as a whole to entire geographies, domestic and export market and with a very different product line, which will give us very good results in going forward in future.

Aman: Just a final suggestion given we are talking about generating INR300 crores, INR400 crores kind of cash each year now. So don't you think this is a good time for that special dividend on buyback, which we were planning because we have a lot of cash available? So what are your views on that?

Deepak Joshi: Yes. See, again, when -- let me just highlight one thing that TPU plant, which we have put, just I'm giving an example, we -- this is the fifth of its capex in last 4 years, right? So this capex is taking us to a very different route. It is a first of its kind extrusion facility in India, TPU extrusion facility. And that will open up a lot of avenues for new product lines and everything, which will add the value.

I'm again going back to the table where we said like from 2018, 9% of operating margin, we are now standing at 24%, right? And we are putting all efforts to increase that valuation to us, right? So this all the deployment will take in due course. Right now we are finding a very strong path in our growth trajectory. So we'll decide in due course. Maybe we can definitely look into like cash surplus into growth of the new product lines and new plants.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: Sir, SCF, we have seen significant growth in this 9 months. And given we had a very high base of PPF last year, it seems that on a 9-month basis, PPF's growth has been significantly lower. We might have actually de-grown in PPF. So if you can indicate how much has been the growth or de-growth in PPF in 9 months of this financial year?

Deepak Joshi: See, we have definitely grown in 9 months for PPF. Let me give you an example. Q2 has been the highest ever sale for PPF, right? So now for 9 months, definitely, we have grown quite big in PPF, right? So if I tell you the number, like it has grown by 20% in 9 months. I was just looking at the data, sorry. So 9 months, we have grown by 20% in PPF.

That's why you are seeing like on the bottom line, you are seeing a 75% growth, right? On the top line, we are seeing a very strong growth of the company. And that is actually led by Sun Control, PPF and of course, IPD has also contributed. So I mean, I gave you the number, like we have grown 20% on PPF only in 9 months.

Ankit Gupta: Okay. Okay. Okay. And sir, on the geography front, like how is India performing? Because India revenues, as you give the geographic breakup, we used to do somewhere around INR110 crores, INR120 crores on a quarterly basis. And even if I look at Q3 of last year, we did almost INR103 crores.

And compared to that, we have done almost INR82 crores of revenues in Q3. So is it the commodity side which has de-grown or we are seeing some challenges in performance on our PPF and SCF sales in the domestic market through our own studios and through other distributors as well?

Deepak Joshi: Sorry here. So the question is where the growth has come in the domestic market?

Ankit Gupta: No. Actually, domestic that there's been some de-growth, which has happened in the domestic markets. Earlier we used to do almost INR110 crores, INR116 crores we did in last quarter. And as per the presentation of Q3 last year, we did almost INR103 crores in Q3 FY '24. So compared to that, we have done almost -- we have done INR82 crores of revenue in this quarter. So is it...?

Deepak Joshi: Yes. So let me...

Ankit Gupta: Yes. So is it that the commodity that is de-grown? Yes, sure.

Deepak Joshi: No, no. It's de-grown means actually, if you see, we are putting a lot of efforts on IPD side. So IPD, if you see, they have grown. So that growth has come from the export market. So that's why we are seeing a little lower number on IPD side, where export has grown, right? So export of IPD has grown and domestic IPD has a little gone down. But as I said, on the domestic market of CPD division, we are showing overall growth of 60% to 70% on a 9-month basis, right.

So that's why the growth on CPD has been very strong, and we are intentionally putting more efforts on IPD for export side. So that's why this mix has little changed because this is on the company level.

Ankit Gupta: Okay. So the de-growth is on the IPD side and not on the consumer side?

Deepak Joshi: Not on -- definitely.

Ankit Gupta: Sir, on the coloured PPF, if you can highlight what can be the scope of this product? And the last question is on the architectural films. How is that scaling up? So the scope of coloured PPF and how is architectural films performing? And how do you see the growth in the segment?

Deepak Joshi: Yes. So -- yes, yes, good. So what is happening, we are seeing -- we have launched the coloured PPF with a different vision. The vision was like if you see Tesla currently doing stainless steel bodies, right? So the coloured PPF has become very popular in the US market, right? Because the kind of color you want, you are getting with that, right?

In India, we are expecting with the current geopolitical, as I said, we are taking too -- we are very positive in terms of taking advantage of the situation where we feel a lot of such vehicles may come to India, right? Because it's whatever happens in the westward in USA and all, they come to India, right?

If we see like Tesla launching Cybertruck in the stainless bodies, there are some factors behind that. That paint is one of the most hazardous compound or part in a car. So that's why they are doing a stainless steel bodies. But if you talk of the aesthetic point of view, people love color, right? So that's how the business of Tesla coloured PPF has increased. So you think of any opportunity, these things coming to India, we will be the Number 1 and the market leader in providing all those things, right?

And we are doing the same thing in America also. But in India, this will go to a very different set of growth. That is number one. Number two, when you talk of coloured PPF like black and all, right? So the black PPF and black matte is doing really good for us, where the quality of the car -- aesthetic value of car goes very high with coloured PPF because you are putting another coloured layer on your color. So the gloss increases and the protection goes to the next level.

And all the new and young generation, which are car enthusiasts, they want to do it with a 2 different color, 3 different colors, right, that attracts them. So we are trying to make that. As of now I can say that the business has not grown that much. But all the businesses which we are doing now, we have seeded that into the market. And we are expecting, I mean, steady growth into that, which will lead us to really good volumes in future.

Ankit Gupta: On architectural films, how are they doing?

Deepak Joshi: It's a very different product, I can say if you are talk of the market where people just produce transparent PPF. We are now a level of a very different color of PPF and then matte PPF and on to that, excluding our own TPU. So with that, we become a very value-added and I mean, this -- everything is a value addition to PPF business. So this will definitely drive more revenues and higher, I mean, EBITDA and bottom line for us.

Ankit Gupta: Anything on pricing that decided for that coloured PPF?

Deepak Joshi: See, coloured PPF, definitely, I can give you like in a percentage terms, it is roughly 25% on transparent PPF and a ballpark figure because this pricing and all those is decided based on the market situation, competition and all those things. But in a like comparative between our products, it is 20% to 25% at a higher price because it has got a value addition in it.

Ankit Gupta: Yes. And sir, on the architectural films, if you can talk...

Deepak Joshi: Sorry, your question was to architectural business as well. So like I answered that question that the growth in India is getting very strong and that will continue for at least next 2 to 3 years because we started from a low base. But at the same time, in America, we are trying to replicate that thing. So definitely, this will add up a new brand for us.

Moderator: Mr. Ankit, please fall back in the question queue for further questions. The next question is from the line of Mihir Dhami from Sharekhan.

Mihir Dhami: Sir, in SCF business, can you help us with the growth of architectural and window films separately and also the revenue split for the current quarter?

Deepak Joshi: Sorry, I was a bit lost with the question. Can you repeat, sir?

Mihir Dhami: Yes, yes. Year-on-year growth in architectural and window films and also the revenue split for the current quarter?

Deepak Joshi: Okay. So growth has been -- Abhishek, can you just show the growth on PPF business? And PPF, as we have said, it has grown by 20% already, right? On the Sun Control, the growth has been 42%, right? On a 9-month basis, yes...

Mihir Dhami: Sir, 3 months.

Deepak Joshi: So IPD 14%, Sun Control…

Abhishek Agarwal: 42%...

Deepak Joshi: 42% and PPF 20%. Y-o-Y.

Mihir Dhami: Can you help the 3-month growth Y-o-Y growth in the third quarter?

Deepak Joshi: Third quarter, this is 9-month data. Now third quarter, just a second because I'll just give you numbers. Yes. So that actually, normally, we are not declaring, but let me just tell you that there has been, like we said, on Sun Control, there has been a growth of 16% -- 20% growth on Sun Control on a quarterly basis, almost flat on PPF and around how much percentage in IPD, there has been minimal growth. But 9-month basis, there has been a very strong growth, like I explained.

Mihir Dhami: Got it. And in the PPF business, is there any reason in particular that there was a little bit decline this quarter?

Deepak Joshi: Yes, yes, definitely. There is a strong reason for that. If -- I'll tell you, in Q2, the numbers has been very, very strong. If you see the Q2 numbers where the growth has been phenomenal, right. So when such strong dispatches happen from India, so there is always some kind of a drop in the numbers going forward because Q2, that has grown to phenomenal numbers, PPF. So that's why we saw a little low in next month onwards. But again, we are seeing the same. It is going to grow up from Q4 onwards.

Moderator: The next question is from the line of Vinay from Hathway Investments.

Vinay: Just wanted quickly, what is the cash balance you said? Free cash available?

Deepak Joshi: INR572 crores to be precise.

Vinay: Okay. And secondly, what is the guided number for PAT percentage for F '26?

Deepak Joshi: PAT percentage. See, PAT percentage depends on the taxation and so many things. What we track is the operating margins, EBITDA percentage, right? So that we have given a guideline that is always going to remain 25% -- 25% plus/minus 3%. Though we are performing around 24%, right? So we are optimistic that these numbers will be -- will remain same or grow slightly.

Vinay: Okay. Including the 2 advantages that you're going to grow in terms of backward integration and the additional PPF line, you're estimating it to remain in 25% plus/minus 3%?

Deepak Joshi: No. With this, when TPU plant comes, then we have given a general guideline another addition of 2%, right?

Vinay: Okay. Over and above that.

Deepak Joshi: Because these are estimated numbers. It will depend on the situation at that time. But if we talk of 25%, plus/minus 2%, 3%, so there will be -- definitely, it can go 23% plus/minus 3%. That's a broad guideline we'll have.

Abhishek Agarwal: And see, the TPU line will start in FY '27, which is October '26. FY '26, we cannot assume that.

Deepak Joshi: Yes. But we are thinking -- as again, we are talking here the annual continuous growth on annualized basis. And because Q1, Q2 and Q3, a little low, then Q4 goes up, Q1 always becomes stronger, Q2 even. So that's the flow. So what we are trying to say here is like year-on-year basis, there is a strong plan for the growth. There is a sales addition, there is marketing efforts continuously into that direction.

Vinay: Okay. And lastly, this employee cost, which has increased in this quarters significantly is because of your deployment in US, is it?

Abhishek Agarwal: What's that?

Vinay: Additions.

Deepak Joshi: Additions.

Deepak Joshi: Yes, yes. See, what we are doing is, like I said, we are deploying employees, I mean, overseas and making a new team. And what we have seen, like we feel a strong need of growth in countries where we can further grow. Number one is, of course, US. And other than somebody -- some gentleman asked me about South America, there also addition has happened. So if I tell you like now we have like addition everywhere in sales and marketing.

And plus there has been a good addition on the R&D side as well because of -- this is the DNA of the company where we always try to come up with new solutions for industry, right? For that, there has been addition on R&D side as well.

Moderator: The next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: See, my question relates to PPF, wherein you said that there is no seasonality. There is -- I think there is no seasonality in PPF. Am I correct, sir?

Deepak Joshi: Yes, yes. There is no seasonality...

Sunil Jain: So that happened just because there was an excess buying in the Q2, and that is getting normalized?

Deepak Joshi: Yes, yes. Because...

Sunil Jain: And how you are seeing the trend in -- already we are about 1 month 10 days in the current quarter. So are we seeing buoyant buying coming back into the -- in this year, in this quarter?

Deepak Joshi: Yes. Actually, we are not allowed to talk about the current quarter. But overall, as a guidance, yes, I mean, things are -- again, I would request like what we are trying to do here, like month-on-month basis, it's very difficult for us to predict. But overall, like we have -- our way of working is we have very strong the order book, which comes from like USA and other parts of the world. Then it is manufactured here, then it is put on the water, it reaches to our warehouses. And from there, it is actually sale to our customers.

So -- but whatever we have on the water and on the warehouses, this is -- basically gives us the real sale going forward. So that has already happened, right? So the actual realization will come during coming months. But the sale and everything, that's why month-on-month data is really difficult for us to predict, right? But on a -- like I said, on a quarterly basis or on an annual basis, we are seeing things are going like better from here.

Sunil Jain: And sir, second question related to your tariff, you said impact of around 2%, 3%. So in that, how much tariff increase you are thinking of, how much tariff you can put on?

Deepak Joshi: Honestly, we are not thinking of any tariff, right? So there was -- we gave you the worst-case scenario because we evaluate all those things. We are in touch with our customers. We are in touch with the customer -- our consultants. So there seems to be no -- I would say, there is no, as of now, tariff expectations for us because whenever we can make out from the discussions, there has been one mention in the past about save tariff to India and whatever they touch, like whenever they charge to us, right?

So we are just evaluating like one thing that as of now, there is nothing, right? There is nothing -- absolutely nothing because this talk has been on the EU and all, whereas Government of India has already lowered the duties on certain items, which has been discussed by -- in the past and there is expected meeting in this week, next week between those head of states, right, head of countries, right?

So we don't expect anything, but worst-case scenario is not going to affect us because I'll give you another number like the way somebody asked me, if that happens, then a dollar may further appreciate and we can gain that advantage from there. Like we have like a full vision in our -- in front of us, like if that goes up, then there is 2%, 3%, we -- there are definitely other ways where we are going to make it from somewhere else.

So we don't feel that there is anything negative. In fact, in the current situation, we feel like because there has been an already strong duty addition to Chinese goods, so we can take advantage of that situation.

Sunil Jain: Okay. Sir, last thing about -- you last quarter indicated that Q4 can be similar to Q2. Is that possible, sir?

Deepak Joshi: See, exact number, I can't give because there are a lot of ups and downs. But definitely, as I said, it is going to be much better than Q3, right? It will be like, I can say, Q1, Q2 kind of numbers in Q4 as well.

Moderator: The next question is from the line of Ankur Kumar from Alpha Capital.

Ankur Kumar: Sir, I wanted to understand in 9 months, we have gone -- we have grown really well this year, even with a slow Q3. But given we are guiding for only INR2,500 crores, which is like -- and this year also, we were saying INR2,000-plus crores, which would mean Q4 will not be much. So any plans to increase this INR2,500 crore number because we're going so well, sir?

Deepak Joshi: Yes. See, better to give some guidance because that guidance was given 2 years ago, if I remember, right? So we are rushing to that with a good pace, right? So we would not like to change it. Having said that, it is our -- you have seen our performance like even the last years, I would say more than the top line, just see the bottom line. The kind of growth has been like 75% to 80% growth, right, 75-plus percentage growth on the bottom line, right.

So we focus more into like value-addition products, value-added products, which gives us best margin because everyone or ourselves, we look at the operating margin, how we can make it better without losing, of course, any sales, right? So we'll keep the same top line number, but definitely, we'll try to improve on that. Definitely, we'll try to improve on that.

Ankur Kumar: Got it, sir. And sir, on margin side, as you say 25% plus/minus 3%. So is it like since we are focusing on more on margin side, can we get too closer to the top end number?

Deepak Joshi: Yes. See, on a 9-month basis, we are already at 24%, right? So definitely, a year is going to end with a strong number, right? So 9 months, we have already given 24% has been the 9-month number. So now if you really see our efforts, company efforts is towards the niche product, that is how this TPU project is going to help us, which we said definitely to improve on the cost saving and improve the operational efficiency and new product development and improving operating margins for us. So this is actually a step towards this direction on.

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

Ishit Desai: Sir, my question is on the PPF side. Since what I've been noticing is for last couple of years, both the large capex's were announced on that side, including the TPU. So one thing I wanted to understand on the overall market size or the potential, I mean, do we -- are we strategically focusing on that as an area we think that this can be a very large enough market for, let's say, next 2, 3 years perspective?

And really want to focus on the opportunity. So just want to get a sense, given that our Sun Control Films is a largely mature market, do we see this as an area which can give us a large growth? And can this become probably large enough -- as large as Sun Control Film in the next 2, 3 years? And on the TPU side, specifically, since the -- I mean, your announcement mentioned a 33 months of payback period at INR118 crores of capex. So are we roughly looking at INR40 crores, INR45 crores of annualized savings, which will directly flow into EBITDA? So if you could just…

Deepak Joshi: So the last -- to answer your last question is, yes, you are in the right direction. We will say INR4 crores, INR5 crores here and there, but you are bang on the numbers, right? So I support your numbers. So that is going to happen on an annualized basis, right, on the TPU side, right? So going back on to PPF, yes, PPF, if we talk the story, like we have built the market -- India market from 0.1% to right now, the market is 2% and there is a big headroom available in India itself for around 8% to 10%.

So we are working towards that. That's number one. Number two, in the coloured PPF and all those things, there are a lot of opportunities coming into the US and other markets. And we study it quite well that there are very few people who are into the coloured PPF. There are many people selling. But again, what we are saying is the manufacturing world, right?

So there are very few people who are manufacturing that. So you will see these advantage in going -- coming years where we will definitely have the advantage of these things. So please note the word manufacturing. So that's the capability of Garware High-Tech Films.

With a very strong R&D, very strong new product development team, we are eyeing at a very high market of PPF with both penetration into the market and targeting newer market with different product line that is coloured PPF and different matte and other sized PPF.

Ishit Desai: And my second question, I think in your comments at the beginning, you mentioned healthcare as one of the segment in the opportunity. So if you can elaborate a bit there?

Deepak Joshi: Yes. See, we mentioned that number with a very, very nascent these things. What we have done is like this particular line, right, is capable to supply 1 of the 2 lines. That is 50% of the capacity. But having our DNA into strong R&D sector, we will keep some portion always available for these kind of studies. What we have done, we are doing through some consultants and all eyeing on some niche market, which we would not like to comment on the products right now because that is what we want to do with a very specialty value-added product line.

So healthcare is one of them, but it will take some time for us to disclose the products and all, right? So that can be one of the things. Another thing we also said about the architectural, we are also seeing a lot of value addition in the -- for the glass industry where this product goes as a base film. So there also, we are eyeing. These are completely new segments for us. And so we are venturing into that.

Moderator: Ladies and gentlemen, due to time constraint, this was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Deepak Joshi: Yes. Dear partners, we are really thankful for your attendance here. It has been a great pleasure to interact with you guys. And once again, we would like to thank you for the participation, giving your time. We hope that such interaction will continue and we continue to interact and the company continues to grow and create value for its shareholders. Thank you very much.

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

Deepak Joshi: Thank you.

Abhishek Agarwal: Thank you.

***Note**: The above transcript has been edited for factual errors.