February 13, 2024

The Compliance Manager
BSE Limited
Corporate Relationship Dept.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.
Scrip Code: **500655**

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

Dear Sir/Madam,

Subject: Transcript of the Earnings Conference Call - Quarter ended December 31, 2023, held on February 09, 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 the transcript of the Earnings Conference Call, held on February 09, 2024 at 4:00 p.m. IST.

The above information is also available on the website of the Company: **https://www.garwarehitechfilms.com.**

This is for your information and records.

Thanking you,

Yours faithfully,
For **Garware Hi-Tech Films Limited**

AWANEESH KUMAR SRIVASTAVA
Digitally signed by AWANEESH KUMAR SRIVASTAVA
Date: 2024.02.13 17:14:04 +05'30'

Awaneesh Srivastava
Company Secretary
FCS 8513

Encl. as stated above.

"Garware Hi-Tech Films Limited
Q3 FY '24 Earnings Conference Call"
February 09, 2024

MANAGEMENT:	**MR. M. S. ADSUL – DIRECTOR TECHNICAL**
	MR. DEEPAK JOSHI – DIRECTOR SALES AND MARKETING
	MR. PRADEEP MEHTA – CHIEF FINANCIAL OFFICER
	MR. SUNIL WADIKAR – PRESIDENT OF CORPORATE AFFAIRS AND FINANCE
MODERATOR:	**MR. VIKASH VERMA – E&Y**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY '24 Conference Call of Garware Hi-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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikas Verma from E&Y. Thank you and over to you, sir.

Vikas Verma: Thank you. Good afternoon, everyone. Welcome to the Q3 FY'24 Earnings Call for Garware Hi-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. Pradeep Mehta, the Chief Financial Officer, Mr. Sunil Wadikar, President of Corporate Affairs and Finance.

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 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, Deepak.

Deepak Joshi: Thank you, Mr. Verma. Ladies and gentlemen, good afternoon and thank you for joining us to discuss Garware Hi-Tech Films Limited financial performance for the quarter and 9-month ended on December 31, 2023. Let me start by providing a brief overview of our financial standing. We are excited to share GHFL's exceptional Q3 FY '24 results, showcasing our commitment to growth and profitability.

We have reported the highest-ever revenue of INR455.54 crores and highest-ever path of INR56 crores for the quarter. The key driver of this success was our PPF and SCF businesses, which witnessed a stunning growth of 80% Y-o-Y, which was partially offset by the IPD segment, resulted in a slight decline by 9%, which is due to excessive capacity in the industry.

Let me briefly explain our main product lines. First of all, I would like to talk about Paint Protection Films. Our PPF business experienced a remarkable 35% sequential quarterly growth in revenues versus Q2 FY '24. We experienced a strong demand from key customers in various geographies like USA, Middle East and India. Our recent launch of ceramic coating over our PPF complements our PPF product line and we expect further growth potential on that.

We have now a complete package of matte PPF, black PPF and white PPF, which is on top of the range from our transparent PPF. Our PPF business now contributes more than one-third of the total revenues. Our lines are currently operating at an optimal capacity with intermediary process supported on other lines. We are quite confident of continuous growth and making provisions accordingly by certain debottlenecking and considering further growth plans.

Now I would like to talk about Solar Control Films. On the SCF business front, we experienced 10% sequential quarterly growth in revenues. This is attributed to growing automobile sales worldwide. We expect the positive trend to continue, further supported by introduction of rooftop series for auto sector and new grades into architectural and decorative film segments.

We received significant interest at the recent A-Tech Expo in Hyderabad, indicating strong potential in this new market. SCF constitutes around 35% of our total quarterly revenue. The recent launch of our rooftop series at Auto Mechanika Expo demonstrates our commitment to catering to India's market-specific needs.

Now, lastly, I would like to talk about industrial products business. The IPD segment phase has been during the quarter, we remain committed to its future in the value-added segment. We are focusing on expanding our specialty segment and improving capacity utilization and we believe these strategic initiatives will strengthen our market presence and drive future profitability for the IPD business.

Lastly, we have aggressively worked on resource addition from across the world, participation on most of the relevant shows and worked on digital media presence increase worldwide. I am happy to announce that our digital media footprint has touched a number of 120 million in total.

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

Pradeep Mehta: Thank you, Deepak. And a warm welcome to everyone joining us today. I am delighted to report this quarter with the highest ever revenue and robust operational performance. Our company reported record consolidated revenue from operation of INR454 crores with 40% year-on-year growth and highest ever PAT of INR56 crores in a quarter. It's an impressive 84% increase when compared to the corresponding quarter last year.

Around 83% of our revenue has come from export in Q3 FY '24. Also around 91% of our revenue has come from the value-added field in this Q3 FY '24. This is positioning us for superior growth within the industry.

And despite industry headwinds like the Red Sea crisis, supply chain disruption and excess supply, delivered a stellar EBITDA performance in Q3 FY '24. Our EBITDA jumped 61.2% year-on-year to INR85 crores with margin expanding to 18.7% compared to 16.2% in the corresponding quarter last year.

This impressive growth was driven by surging demand of PPF in both domestic and international markets and solid rebound in our SCF business and effective shipping and logistics management by the company.

Other than the strong growth reported for the quarter, our balance sheet remained exceptionally robust with zero debt and cash surplus. And this healthy financial standing allows us to invest in future growth opportunity and with confidence.

We have also seen a significant improvement in key financial ratio. In the first nine months of FY '24, we achieved an impressive ROCE of 21.12% and an ROE of 15.86% excluding the effect of revolutionary zone. These figures demonstrate our efficient utilization of funds generated from the business.

Furthermore, our inventory turnover rate also decreased to 6.5%, while our effective working capital management practice have maintained our working capital cycle delay days to just 7 days in 9 months FY '24. This improvement reflects our commitment to operational excellence and efficient cash flow management.

In conclusion, we at Garware Hi-Tech Films remain dedicated to manufacture and deliver superior quality products and meet market demands worldwide and solidify our position in the value-added film industry globally. We are confident to continue the growth momentum and remain committed to deliver value to our shareholders.

Thank you. Thank you for your continued support. Let us now proceed to Q&A session. I hope you have our running numbers as well as the investor presentation. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: Thanks for the opportunity and congratulations for a great set of numbers. Sir my first question was on the PPF. We have seen stupendous growth in the segment, not just Y-o-Y, but Q-o-Q also. This has reached almost INR163 crores of revenue in quarter 3 and do you think this rate of around INR160 crores is sustainable or was this just a one-off quarter?

Deepak Joshi: Thank you very much. And yes, actually, the business on PPF is really, we have been able to do good and with many contracts and sales growing all around, like I said in USA, Middle East, India and in fact from other markets also. So we are quite confident that this momentum will continue like what it is. It may grow even further from here.

Ankit Gupta: That's good to hear. Sir, since more than 90% of our PPF sales is exports, how much of that will be for white labelling and how much will be sold through our own brands like Global?

Deepak Joshi: Strategically, we keep it both 50-50 for our brands, which include Garware Global and White Label. But sometimes because of market demand, this is slightly 55%-60% on White Label and balance on our brand.

Ankit Gupta: Sure, sir. And sir, on PPF, since our PPF plant is fully occupied and we are using the Sun Control Films line for intermediate process, any plans, we were thinking about further putting another line for PPF, so anything which has been decided by the management and the Board?

Deepak Joshi: Yes, we are cognizant of the fact that the PPF is continuously growing business for us and we are putting a lot of efforts which is like participating in more shows and digital campaigns and finally reaching out to many OEs directly. So with this, we expect the momentum to continue. And management is fully aware of the fact of the capacity which is being utilized right now from sun control films.

So we have enough capacity available in sun control films as of now. And as a strategic support to PPF, we have debottlenecked one of the line to make one of the component of PPF so that the capacity constraint won't be there in next one year. In the meantime, we are in the advanced stage of finalization of some of the advanced kind of machinery for us which will be highly automated line. So if that proposal comes out well and if Board approves that thing, we will come out announcement of such lines soon.

Ankit Gupta: On sun control films also, we have seen some improvement in the quarter, in this quarter on a Q-o-Q basis. So do you think this growth is sustainable? And we are also putting trust on architecture of sun control films. So how do you see the outlook for sun control films going ahead?

Deepak Joshi: Sun control films has been a very strategic and very niche business and Garware has been present on the top of the table or top of the pyramid if we see the uses and the pricing. So with that, and that is a very important business for us.

And last year as I explained in my previous investor calls, there were lot of inventory issues in key markets like USA and Europe which has gone down. We discussed that during the last investor call. So that pressure was gone.

So now we expect the growth to continue in the coming quarters as well. And second thing is with the season where summers, we are moving towards summers and in preparation of that, we expect this growth to continue.

And lastly about architectural, so we have put lot of efforts. We have hired resources into that and we have participated into like recently ACE Tech kind of exhibitions and we are doing that kind of campaigns with the increased energy into that segment. So that will also lead to a further growth of sun control business for the company.

Ankit Gupta: On the overall profitability, if we look at, we have seen a significant uptake in our revenues. But despite that, there wasn't any advantage of operating leverage coming into our gross margins and our EBITDA margins especially. In fact, our gross margins have declined sequentially. So, let's say, how do you see the operating margins going ahead and what has been the reason for maintaining the similar EBITDA margin despite significant increase in scale of operations?

Deepak Joshi: Yes, see, the margins actually are a product of product mixes. So we have wide range of product mixes in IPD, and then on sun control also there are wide ranges and then in PPM. So if you put together, that range is always 1% to 1.5% of EBITDA percentages. But this IPD business which has gone to some rough patches in last two, three quarters, we are seeing that it's kind of bottomed out. So any margin improvement there would definitely lead to this EBITDA margin improvement. That's number one.

And second thing, as we are focusing more of the specialty segments, including architecture where IR films would be a key for our growth drivers. So we expect this to go higher. And lastly, we have penetrated the market quite aggressively into the market. So as the guideline given by the management in the last quarterly calls, that in one, one and a half years' time, on a little medium to long term kind of horizon, we expect these to increase. I hope I answered your questions.

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

Dhwanil Desai: Hi. Good afternoon, everyone and congratulations for a very good set of numbers. So all the hard work that you have done is paying off. So my question Deepak is, I think in the presentation there are two or three new products that we are talking about. One is the roof, you know, sun control film. And the second is the ceramic part.

So ceramic coating, you know, if you can talk a bit about, are we only launching this product in India or for international markets also? And if so, are we competing with the same players? What is the market size? Is the idea more to target the mass market? If you can walk us through that.

Deepak Joshi: Yes. So you raised two points. One is the rooftop series. So rooftop series has been launched just to interest of the audience. So rooftop series includes all kind of roofs, whether it is sunroof, moonroof, or the painted roof, without any kind of sunroof or moonroof. So these three different categories of films have been launched to reduce the solar heat which attacks the car from the top, from the rooftop.

So the special point here is without glass also, like on the painted surface also, we have developed this film which will help the lower end cars to efficiently save their energy cost by reflecting the heat from there. So that product, we got a very good response from our latest launch in Automechanika, New Delhi. It was widely covered by media and we got very robust response from social media on that.

So we are really happy to share all what happened there. And after that, the next point you talked about, ceramic coatings. So the current ceramic coating which we are talking, we are doing that only because we want to penetrate our product much deeper into the channels.

And we have an existing channel of our dealers, distributors, Garware application studios and retail houses, I mean, detailing centres. So people who are using our PPF, we are giving this, to start with, we have kept it as a kind of introductory prices and we are receiving good response on that. So that helps to keep the car shining till the warranty period of 10 years.

So the major advantage of this ceramic coating is to keep your car new and shiny for over 10 years period time. And we are using our existing network of Garware application studios and detailing centres. Now, we are also planning to give this product to our export market also, where they are exclusively using Garware products.

And with this, we will be doing more of the products to make our chain robust and sustainable. Maybe some more products, toolkits and other things will soon be coming into the list. So we have aggressive plans to use the existing channels to penetrate more into the detailing market with this.

M.S. Adsul: Yes, just one thing to add…

Ankit Gupta: Mr. Adsul is also commenting on that.

M.S. Adsul: See, this is not a regular ceramic product, which is different. So this is on top of a PPF. This is a complementary product for the PPF.

Dhwanil Desai: Okay. So it is not the same product that when you buy a new car, if you want to go on the lower price point, you apply ceramic coatings. Are we talking about the same product?

Deepak Joshi: No. This PPF we have mentioned, it is for the PPF surface, which is being used by many big companies in USA also. We don't apply that on direct painted surface, because that does not last more. I mean, the life of that product remains three to six months. So that's why we recommend that to use on top of PPF and which are giving very good results. And this has been successfully being used by some of the top USA brands as well.

Dhwanil Desai: My second question is, from whatever commentary that you have given till now, apparently everything seems to be good and the growth is intact and solar growth also is likely to come back. PPF also is looking good. So the only question now is that we are exiting this quarter with INR450 crores revenue.

So we are looking at INR1,800 crores, INR1,900 crores kind of a run rate plus next year, we'll grow at 15%, 20%, whatever. So we are surely constrained for capacity because in our earlier call, we have said that we can go up to INR2,300 crores, INR2,400 crores top line. So what is the reason why we are taking our own time in terms of new capex decision? Are we not sure about the market side of it or is it that we are taking more time in terms of finalizing the contours? If you can give some more idea about that.

Deepak Joshi: See, if you really see the growth targets, what we have been trying to achieve, we have achieved that. In fact, we really continuously achieve the growth. Like you also mentioned, we have declared, given the guidelines in previous investor calls as well.

So traditionally, we have been very firm on our investments in terms of the quality of the investment and in terms of something which is unique and should not be, you know, just repeat or copy, it can be copied by the market participants, sorry, our competitors or anybody who wants to indulge into that. So that idea of putting another line is trying to make investment which will be very unique in its manufacturing process and plus it will add a lot of value over what we are currently producing.

So in this line, we are working and soon once this is finalized, we will come up. We will not hold any capacity or any order back because of that. That we assure you. That assurance has been given in the past also. At the same time, as you must be aware that we have enough capacity on sun control side.

We have five lamination lines, which are, one of them is the highest one, which we, one year back, we have commissioned that. So with that, we will be able to use that for PPF going forward for 12 to 15 months. By that time, if everything goes well, we will have a new line in place.

Dhwanil Desai: Okay, got it. I have more questions, I'll come back in the queue.

Moderator: Thank you. The next question is from Axay Shah, Kriis PMS. Please go ahead.

Axay Shah: Hello? Am I audible?

Ankit Gupta: Yes.

Axay Shah: Congratulations on a good set of numbers. I wanted to just understand a couple of things. One is when we, what is exactly leading to the growth which we are seeing right now? I think one of the pointers which you mentioned was, you have some contracts in hand. So that is giving you confidence that this growth would continue. Any other factors which you are seeing that we see this growth would continue going forward?

Deepak Joshi: Sir the most important thing is the study of the market, the quality of the product and like when we compare Indian market as compared to US market and China market, if you really see, all of them have grown very well in PPF, right? Like you would have heard about Tesla trying to do so many PPF on the assembly lines and all. So we are actually, we are aware of the fact that PPF is a product which really adds value to the car, especially to the high-end cars.

So with this confidence, we started two years back into the Indian market and we are now a couple of, how can I say, multi-folds, close to 10 times from where we started. So this kind of awareness of the market and confidence in our quality, we are sure that the growth, I mean this growth will continue. So that is where the growth actually coming from.

And second thing is, last year was a year when there were a lot of inventory piled up into window film segment, in the water also, when the transit time went very high. And at the same time, after COVID, there was a sudden drop in demand and a lot of material was, because we supply all over the world. So what happens is, a lot of inventory remained unsold at that time.

We sold, but it was remained into the channel. So all that is over, which we discussed in the last quarter, and the things, it has cleared whatever obstacles were there. So we are growing into that. And as we see, we are quite confident growth on Suncontrol market also. So the growth is coming from PPF, with our confidence, quality, and the market penetration, which we believe we can do, and from the Suncontrol business. And architectural segment as well.

So the growth is coming from these areas.

Ankit Gupta: Got it, perfect. And one more question, I have this around, what would be the proposed amount for these new equipment's, which are under pipeline? And even after that, I believe, over the next one year, we would still have some surplus funds, even after the capex, right?

Deepak Joshi: Yes. See, I would like to comment on that, once we announce all those things, once board approves that, because these information, nowadays, we are seeing a lot of downturn in the industry, similar, and we are the ones who are actually on the steady growth path. So we don't want to share the information, which are very sensitive in nature, right?

So that's why I would request, I would excuse myself on diverging this. But once again, the commitment from the management is, we are working in the right direction, and the growth path would continue. Like somebody asked me, are we not confident of the fact that we would continue to do good?

So I, once again, would like to reiterate that we are quite confident of the performance, and we will do whatever is needed to keep this growth momentum alive.

Ankit Gupta: Okay, perfect. Thank you so much.

Moderator: Thank you. The next question is from Chirag Fialoke, Ratnatraya Capital. Please go ahead.

Chirag Fialoke: Hi, good afternoon. Thank you for the opportunity. I have two quick questions and another question. So a quick question on the cash. Last quarter, if I'm not wrong, our cash position was around INR350 crores, INR354 crores precisely. And this quarter, we have ended at INR311 crores despite a very strong result. I just was wondering whether my numbers are wrong or if there's something that I've not understood.

Deepak Joshi: We have made the loan payments, prepayments. So right now, company is completely debt-free. Mr. Mehta, would you like to add?

Pradeep Mehta: That's perfectly right, Deepak. We have repaid all the entire loan, term loan and whatever is due. So now it's a debt-free company. So that's why the numbers are, whatever you are saying is correct.

Chirag Fialoke: Sorry, sir, but last quarter itself, our long-term debt was already zero, right?

Pradeep Mehta: Some of the payments were pending. So we paid in this October month.

Chirag Fialoke: Okay, understood. Understood. So that has been done this way. Okay. The second question, sir, I actually have on gross margins. I think there was a participant who alluded to the same thing. Our proportion of PPF has gone up and I'm comparing only between September and December, just last quarter and this quarter. And the IPD proportion has gone down. Despite that, sequentially the gross margin seems to have gone down a little bit.

And there's a significant improvement in the mix, even in these two quarters. I was wondering if there's any light that you can throw on that.

Deepak Joshi: Yes. Like I explained, it is not direct proportion, like IPD proportion has gone down. But whatever products are there, their margins are almost at a very, very low level. So that is one of the reasons. But we saw that, I mean, kind of coming back. But at the same time, when there is a high proportion of Suncontrol goes into the product mix with IR products and all, this margin tend to generally increase.

And second thing is, we have done a lot of introductory offers to increase the penetration of the PPF for obvious reasons, because we are only four years old in PPF market against our world competitors who are there for last 20 years. So to do that, we started some initiatives on that, which will go away in the next one year or one and a half year. So we expect the margins to improve on that behalf.

Chirag Fialoke: Understood. And for this quarter also, we would have spent around the same amount as last quarter, INR7.8 crores on our consulting and the partners that we work with for the marketing side. Is that right?

Deepak Joshi: No, it was not that much. Actually, it is less than 60 hours. So that will continue because they have been giving us good light on the market scenario and helping us to grow digital footprints and marketing efforts and new geography penetration and all those things. And mainly also working on OEs, OE developments.

Chirag Fialoke: Understood. Fair enough. So last question on the Suncontrol side, what proportion of the Suncontrol revenues today are from architecture films or is there almost nothing from architecture films right now in this quarter?.

Deepak Joshi: If we see a total around 35%, numbers are there in the presentation, but I think 35% comes from Suncontrol division, window film division. Out of that 35%, around 20% of that 35% comes from architecture segment.

Chirag Fialoke: Understood. Sorry, sir. I missed that. Thank you so much.

Deepak Joshi: Thank you very much.

Moderator: Thank you. The next question is from the line of Aditya Rathi from Equitas Investments. Please go ahead.

Aditya Rathi: Yes, thank you for the opportunity and first of all, congratulate the entire team for a great set of numbers. So my question was related to the IPD division. We wanted your guidance in terms of how the outlook of this division is looking currently and when can we expect some kind of turnaround?

Deepak Joshi: See, industrial product division is currently facing a lot of headwinds and all of us are cognizant of the fact that all the peers in the industry who are mainly focused on commodity and packaging business segment, so all of them, including us, in that particular small segment are struggling. That is happening primarily because of overcapacity. And secondly, I mean, I think a lot of world over geopolitical tensions also created a lot of barriers in terms of trade and this basically leading to a very low margin scenario currently.

And this has been ongoing for the last 15 months, if I am very particular, if I may say. On that scenario, we expect to continue maybe another six months to a year. But what we have done, like 15 months back since today, we have changed a lot of product lines where we still, we continued to make margins on that and rest wherever we were not feeling confident of the current market scenario, these products we have dropped.

So we will maintain the current flow for next six months to a year. That is unfortunate, but this will continue like that. But then we expect some of the participants, market participants may not like to continue because some of them are fully dependent on these kind of business lines only.

So, and Garware is a company which has got experience in these kind of products for over 40 years. So those specialty products are still doing the same, but their total portion of the business in IPD around 50%. So 50% of the products where the experience, quality, everything matter, we are still doing good.

Rest of the 50% where there is a lot of competition, we are not doing that good. Nobody is doing good on that. And we expect this scenario to continue for six months to a year time. But our overall performance, if you see, will be like similar lines because we will be more focusing on consumer product divisions.

Aditya Rathi: Got it. And so what would be our capacity utilization currently at IPD?

Deepak Joshi: 71%. We have given that to the presentation. 71%.

Aditya Rathi: Okay, okay. And lastly, I wanted to ask a question related to the PPF division. So earlier you mentioned that given the capacity constraint, we will do some kind of debottlenecking and we'll also utilize...

Deepak Joshi: We have done that.

Aditya Rathi: Yes. So this will basically not lead to any capacity constraint for the next one year, right?

Deepak Joshi: Yes, yes.

Aditya Rathi: So I wanted to understand what is the total amount that in terms of revenue that we can extract out of such initiatives going forward?

Deepak Joshi: So I think if we use all the debottlenecked capacity with the current one, so it can go as high as INR600 crores per annum kind of numbers from PPF.

Aditya Rathi: INR600 crores. So if we look at this quarter, it is close to INR130 crores-INR140 crores. So we are almost at that level. Is it fair to assume that?

Deepak Joshi: We still have a headroom of around 20% to go. And plus, as I said, we have done some debottlenecking, but we have total five lines where we can use all those things. So we can do further such initiatives for a year.

We have made internal plans like for next one year, 12 to 15 months plan is already there, where looking into 15%, 20% growth from the current level also would be catered.

Aditya Rathi: Got it. Fair enough. So I'll come back in the queue.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Mahesh Bendre from LICMF. Please go ahead.

Mahesh Bendre: Hi, sir. Thank you so much for the opportunity. So business-wise, we are doing really well in terms of growth and margins and cash flows, balance sheet, everything is fine. Only thing is that our return on equity is in the single digit, probably near to 10%. It's simply because we are totally capital-employed in the business. Around 70% of that is from the net block.

So I'm just trying to understand out of the net block, how much is actually we are using for the business purpose, which is actually contributing to the top line and bottom line of the company, how much maybe spare land or spare gross block, which is not adding any to the numbers I searched.

Management: Yes. I'll answer this. Basically, we have four significant land parcels acquired somewhere around 40, 45 years back.

And this was revalued by 765 for a few years back. Two of the land parcels are at Aurangabad, Valonjan, Chikalthana, and one is at Nasik and one is at Mumbai. With regards to Nasik, we are evaluating potential buyers to sell this plant.

And for Mumbai property, we have no such plans to sell this Mumbai property. We have made a Garware application studio where we do installation of PPF and everything. And the development of this property is restricted due to, there are some restrictions of height because of that we cannot develop and it is not viable.

So if we compare only because of the INR765 crores revaluation, our asset owner and other issues are getting impacted. This land is bought 40, 45 years back.

Mahesh Bendre: No, but if we remove that part of the total net block, then how much net block will that actually compensate?

Management: That way only Nasik plant is not in use. But the value will be around INR85 crores.

Deepak Joshi: Yes. If you really see the land parcels, we have ChikalThana in Aurangabad where the plants are running, right? And Waluj where we are continuously growing, which is the biggest land parcel, right? So there that total is around 135 acres.

There it is, I mean, many plants are running there. And we are continuously on the growth path and we expect to put more lines there in Waluj. So Aurangabad, it is more or less utilized.

Now the only area which remains where we can do some kind of development is either Mumbai, where we are looking for, right time where the investment makes more sense, attractive. When there is airport, funnel zone or some kind of restriction, they may change the regulation based on that. That can be an attractive proposal.

So that property, we may only think of the development, not for the sale purpose. So the last one remaining is Nasik, where we have got offers to sell that property. But still we are negotiating, going, we are, I mean, the results are not at the desired level, means we wanted the amount which is not as yet been achieved. So we are continuously working on that.

Mahesh Bendre: Sure, And, sir, any plans of merging Garware Industry Pilot Limited in the near future?

Management: Yes, Sashnil, can you explain on that? No, actually, we currently don't foresee any plan. Basically, the deep dyeing and thermostatic intermediate process for sun control plant is done by Garware Industries, which is one of our related parties.

Now, two decades ago, Garware Industries had set up a manufacturing facility just to support Garware high-tech film. The technological process is patented one and is closely guarded to protect our product recipe and restrict competition. The facility, Garware Industries have upgrade d time to time, this is our Garware high-tech's demand.

And these transactions, what we reported, are currently at very competitive rate and are at arm's length. At the same time, it is cost-beneficial to Garware high-tech films. And as such, we currently don't have any plan to merge this entity with the listed entity.

Mahesh Bendre: Yes. Sure, sir. Thank you so much, sir.

Deepak Joshi: Thank you. Thank you very much.

Moderator: Thank you. The next question is from the line of Parv Jain from Niveshaay Investment Advisory. Please go ahead.

Parv Jain: Hello, sir. Congratulations on good set of numbers. So, my first question would be on your IPD division.

If we see Shrink Films business, it has been, I mean, marginally, it has been remained constant and our market share has also remained constant over the quarters. Can you give a broad outlook on how that side of business is and how is it growing or what is the outlook ahead for that business?

Deepak Joshi: Now, on Shrink Films, we are continuously growing despite a lot of challenges into the market because the season last year was not that great in India. But the growth has continued, growth has been there and our key markets in, which is USA, there the growth, we are still witnessing good growth there. So, overall, the business is doing good.

But Shrink is only, we produce in one dedicated line and on another line, it's like campaign runs. So, both these lines are running full.

Parv Jain: Okay, sir. So, approximately, what is the capacity for Shrink Films that we have and what is the utilization for that part?

Deepak Joshi: We have, as I said, two kinds of capacities. One is a dedicated line, which is roughly around 5,000 tons a year. So, that is fully utilized, that is 100% utilized.

And another facility there, we can make around 3,000 to 4,000 tons, which is a fungible capacity. And that we are utilizing around 70% to 80%. That is not a dedicated line because that line we use for our other products, which are kind of backward integrated products for our CPD division.

Parv Jain: Okay. sir. So, this IPD division, the unutilized capacity, what are our plans to maybe bring that capacity to optimum utilization levels? And do we plan to improve the share of Shrink Films? Or how do we see that IPD division performing better?

Deepak Joshi: On the Shrink Films division, definitely we are working hard to increase the share of Shrink Films. But the dedicated line is fully running on that. And the other line also, because there are so many products that are manufactured on the other line, which some of them are key components for the CPD division. But there are other products, other than Shrink also, where we are working.

And we are doing good business in the recent times. Last two, three months, we have started good volumes of a particular product. So, we will continue to work on such products, which are away from general commodity segment. So, that's how we plan to increase our capacity utilization.

At the same time, this business is, if we have seen historically, there is always a cyclic trend in that. So, currently, it is going through a cyclic low. If you really see one year, 1.5 year back, I mean, this segment has made a lot of money for all of the participants. So, right now, it is going through a cyclic low where a lot of capacities are there. But as I'm happy to announce that the OEs and all those things, whatever the expansion were, like pre-planned for last one year or so, we are hearing that they all are going away. They have put off the plans to, they have ceased to order new lines. And whatever, there are even, there are some participants who are not going ahead with their planned expansions.

So, in that way, it looks that there will be a time in a year or so when the growth is already there. So, that will keep matching with the production. So, that kind of equilibrium will arrive into that segment.

Parv Jain: Okay, sir. So, the second question would be on the ceramic kit line, ceramic kit product line that we have recently introduced. So, what are our plans in this segment? Are we also planning to introduce a standalone ceramic kit product which will be applicable on the direct metallic body?

And second, what will be the capacity that we'll be using for this? Is it being manufactured internally? Are we rebranding some products? How does this new product line work? Can you throw some more light on that?

Deepak Joshi: See, on that, we have plans. But again, because this is highly competitive in nature, so we are working on that. And not only that particular product, ceramic coating, we are also working on other products where we can empower our proven channel sales of PPF. So, there we will be utilizing new products to make them, I mean, sustainable business lines for our channel partners. So, in that direction, we are working. And we will announce all those things at the right time. Because as of now, it will be like, it is like I would say for competition's sake, we are avoiding any comments as of now.

Parv Jain: Okay, sir. So, a broad estimate of the market size that we, I mean, I think we are not using our manufacturing capacities for the ceramics. So, this is going to be an add-on to our existing revenue potential that we can do.

Deepak Joshi: I'm saying there are some things which, I mean, which makes us, you know, this is very confidential information. So, I won't be able to answer this right now.

Parv Jain: Okay, sir. Sir, congrats on the good set of numbers. Thank you.

Deepak Joshi: Thank you very much. Thank you.

Moderator: Thank you. The next question is from the line of Vivek Gautam from GS Investment. Please go ahead.

Vivek Gautam: Sir, congratulations on a very good set of numbers. Especially under the leadership of Mr. Deepak Joshi. And just wanted to know, sir, should we, our company, I feel, is very much undervalued. And so, our higher management should make an effort to meet, to participate in the various investor conference and meet the foreign institutions and others. Because it's a unique sort of business. And if you can highlight the differentiators and the USP for the benefit of the, everyone who joined in the call, where do we score? So, don't you think that price earning at least can increase if we increase our…

Deepak Joshi: Sir, I think the line is not that clear. If you can say a little slowly, we can understand.

Vivek Gautam: Yes. So, what I was trying to say is that I, we feel that the visibility of our company is still very low. And if we can meet the different analysts and participate in the various investor conference, meet the various foreign institutions and the mutual funds to increase the visibility of our company, then it will be very beneficial. Because the, and the second thing is, if you want to highlight the differentiator in the USP of our company, vis-a-vis competition worldwide in India and also the opportunity size for different products, architecture, solar, PPT, the expected growth rate, sir.

Deepak Joshi: Yes. On, there are two aspects. One, we are really working on all aspects, the products, like we are participating. So, in terms of marketing and branding of the product, we are working on all fronts, right? We are participating in shows, digital media and on the resources world over. We are working on that and we are getting very good results. Like I said, even the digital footprints have crossed 120 million, right?

Now, on the second part, like, I mean, we have our partners, Ernst & Young, who are doing all those activities. Maybe we'll take, I mean, a good note of this and we'll see. Anybody has to say anything on that, right? So, sir, anything else you would like to know on that?

Vivek Gautam: Yes, I just wanted to know about the opportunity size of our architectural films, solar films, PPT and the expected growth rate in these segments, sir.

Deepak Joshi: Yes, see, on, like, PPF, we have given the entire, like, the product range. We had, like, we were in transparent, then we launched matte, black and white PPF, which are actually, the lines are running beyond capacity on that. Sun control film is continuously increasing. And when you talk of architectural film, we have growth quite, like I said, around 20% revenue has started coming from architectural segment. And we expect that to grow. I mean, we expect that entire around growth of 20% to 25% on window film segment and same around 25%, 30% growth on architectural segment as well.

Vivek Gautam: And any competition scenario for these films, sir? What is the competition intensity like, both in India and abroad?

Deepak Joshi: There are around more than 50 companies who make window films world around, right? If you really see, there are a lot of competition, if you really see. But the real point here is, sir, the quality of the product, right? So our products are deep-tied products, which are manufactured only two places in the world, mainly. So that is a big qualitative advantage, which we are having on sun control films.

And another aspect are like kind of IR ejection Garware Film gives. That's a very unique and of high quality. So these two are like a significant points where we are very different from our competitors. So the quality is one of the key factors where we say competition hardly affects us because we have been here for last 40 years and continuously growing. So any competition, if they are like coming from the glue-dyed or chip-dyed and all those kind of things, they are coated products. They do not stand in front of the quality of Garware.

Vivek Gautam: What was the second point you mentioned? First was the deep-dyed, the second point I could not hear, sir.

Deepak Joshi: The kind of IR ejection, heat rejection on the Garware Films.

Vivek Gautam: Okay, the UV protection you mean to say.

Deepak Joshi: Yes, there is a nano-dispersion facility with nano-technology, which is a very unique product line by Garware.

Vivek Gautam: Very nice, sir. Keep up the good work, sir. Thank you very much, sir.

Deepak Joshi: Thank you very much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Prit Nagersheth from Wealth Finvisor. Please go ahead.

Prit Nagersheth: Thank you. Sir, I wanted some clarity on the kind of turnovers that we can expect for the forthcoming year. The reason I am saying that is in some earlier calls, we were going with a INR300 crores annual run rate for PPF, which I think now because of debottlenecking and utilizing other capacity, it could become INR600 crores or more. So could you give some light on if you were to combine PPF, sun control films, and your IPD decision, cumulatively what kind of run rate will you see for FY '25 and maybe for FY '26?

Deepak Joshi: Sir, in our guidelines, we have said FY '26 will complete INR2,500 crores. We will maintain that.

Prit Nagersheth: So you look to be on track for that. But given the current upsurge in demand and the sustainability that you see, and maybe the new lines you will put up, do you see a chance of surpassing that or?

Deepak Joshi: We may see further growth, but let's keep that guideline of INR2,500 crores. We will definitely try to surpass that because these things like keep coming with our efforts and everything, we may achieve higher than that. But as a guideline, I would request to keep from all management sides INR2,500 crores for FY '26.

Prit Nagersheth: Wonderful. That's all I had. Thank you so much.

Deepak Joshi: Thank you very much. Thank you.

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

Aman Vij: Good evening, sir. My first question is on the PPF division. So two parts to that. First is, we have talked in earlier calls about we are, as of now, importing most of the raw materials. And because we haven't achieved the scale and maybe the [inaudible]. So when do you expect the indigenization of the raw materials like we have for SCF? Similar thing for PPF, if you can talk about that part?

Deepak Joshi: Yes. Actually, in our last calls, we said that because of fast penetration and everything, we did all those things. But most of the items we are ready and we are using in some of the material already using. But that will go slowly and slowly. Maybe in another six months to a year timeline, it will, everything will go as, I mean, other than one major component, rest all will go as a captive consumption.

Aman Vij: And this will lead to the margin increasing or this will only happen once that major component also is indigenized?

Deepak Joshi: Yes, there will be a margin improvement. That's what I said when we talked about EBITDA increase. So these all, there are a couple of points. So this will also be definitely in a margin increase. This will definitely increase the margins as well, yes.

Aman Vij: Yes. On the domestic business side, both on PPF and SCF, given a lot of the new products, especially in non-films, including roofs, sun control and all those things, plus in PPF, we are seeing the mid-range cars also now slowly getting right from the start, getting this PPF film. So how big do you think this domestic PPF plus SCF business can be for us in the next two years, three years? Do you think it will be now much bigger than we were earlier anticipating?

Deepak Joshi: See, these things, everything was planned. We discussed only at the right time because there are, like Mr. Adsul is here, he is working maybe 10 different products as of now. But we, to avoid the secrecy out, we announce when everything is done and finally we are lost to the market, right? So we are working on many such products and we have been working even when we were doing the past conference calls, we were having idea like what we are going to do. So with all those things, we are already prepared for future, I mean, whatever is coming into the future. So as I said, as a guideline, we'll definitely try to do better than what we have already said.

But the growth, whatever is coming, is coming from these products only. Like IPD is more or less stagnant, though worst is over, but it's still at a lower level. From there, these products which fall under Sun Control Films for automotive, architectural and PPF, and these new PPF variants which are matte, black and white, they will definitely add value to that.

And all the new products take some time, sir. It takes two years to three years. Like if you remember four years back when we started PPF, first two years we hardly saw any revenues. So these all are the market creation, a lot of initiatives are required in terms of marketing, digital media campaigns and a lot of dealer-distributor penetration. So all those things take time, but definitely all these are seeds for the future growth of the company.

Aman Vij: Sorry, just again some numbers, sir. So today, what is the domestic business size and in the next two years to three years, where do you see domestic PPF-plus Sun Control Films going to?

Deepak Joshi: We have actually a target to do double. If the numbers are, Mr. Mehta, can you just tell the numbers because I don't have in front of me?

Pradeep Mehta: I think if I'm correct, Mr. Aman is asking the projections for next two years to three years in terms of PPF and window film in the domestic market. Projection he his looking for? Am I correct, Mr. Aman?

Aman Vij: Yes, and even what is the current business? In FY'24, we ended at what, INR100 crores, INR150 crores? What is the number? What is the base?

Deepak Joshi: We have given INR100 crores guideline on that.

Aman Vij: INR100 crores in two years to three years or INR100 crores as of today?

Deepak Joshi: No, we said in one year's time frame because we said that six months back. So in another one year's time now, from now by end of FY '25, it will be more than INR100 crores business.

Aman Vij: Sir, you are including both PPF and Sun Control Films and all the variants.

Deepak Joshi: Just give me a second.

Aman Vij: I was asking overall domestic business.

Deepak Joshi: Overall domestic business would be roughly around INR200 crores in two years' time frame for both window film and PPF from the current level. So it will be like almost double what we are doing currently.

Aman Vij: Sure, sir. That helps. My question is on the architectural film. We are currently doing around INR100 crores, INR120 crores of yearly run rate. And given this opportunity is much bigger than PPF, SCF. Is there a potential of tying-up with someone in say white labelling or something of that sort so that this business, like PPF, has now become like a INR500 crores, INR600 crores business, [inaudible] business? Is there a potential to do something similar in architecture so that…

Deepak Joshi: See, sir, your voice has gone too low.

Aman Vij: Yes, sir. Let me repeat my question. I was saying like in PPF, we have been able to scale to INR500 crores, INR600 crores number on an annual basis with the help of tie-ups, white label. Is it possible to do something similar for architectural things where we can tie-up or do white labelling so that this also scales faster? So organically, yes, you can grow 15%, 20%, 25%, but to make it INR300 crores, INR500 crores business versus INR100 crores.

Deepak Joshi: Understood. So we have already done that. We have done with a big partner in Europe doing these kind of activities. And similarly, we are finding some similar partner in USA. So that is already on the list. So we have done one big partnership in that. And another one we are doing with a big distribution is like supplying to direct to many buildings and all those things that network in USA. That is already under discussion. So hopefully that will also be closed in one month's time or so. So we are doing that, white labelling and doing inorganic growth in architectural segment.

Aman Vij: And do you see this segment in next three years to five years becoming like INR300 crores to INR500 crores business or do you think the growth will be more?

Deepak Joshi: So we can't hear you. See, the voice has gone low, but I understood the question. So definitely what we are thinking in that particular segment with the new line in place, the idea of that business to grow quite fast. But that's a very subsegment of sun control business. And we are targeting, as I said earlier, around 30% annual growth. That is what we are targeting on that business.

So that will be like similar lines. What you are saying, INR300 crores, INR400 crores kind of number, because there are many products which are similar in both automotive and this. So that's why the bifurcation becomes a very thin line. But if you talk of the growth of that particular product, we'll be in the range of 30%, 35%. And at the same time, it is in line with the company's growth targets.

Aman Vij: Sure, sir. Thank you. That's helpful.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Priyank Agarwal from Equirus Wealth Private Limited. Please go ahead.

Priyank Agarwal: First of all, congratulations for the good set of numbers, sir. Sir my question is with regards to the segment like SCF and shrink, both the products are flat Y-o-Y. But if you see the special IPD, that is 12% up. So can you throw some light on special IPD? What is the plan? How do we see the growth over here?

Deepak Joshi: Yes. On IPD, as I said, there are two things. One, we have a special product on shrink films, which has done good. All right. And another thing, we developed a new product and special some markets like South America that the business has increased. So and third thing is on some of the leading film business also did good on IPD where we saw little growth. So these areas where, as I said, we are trying to avoid any industrial product business when margins are not there. So that's what the growth is coming from industrial product division.

Priyank Agarwal: I have another question. I was going to the presentation. There I found out that you have mentioned that companies falling into two segments of PPF. So how can you throw some light? Because if you see the tool market in India, it is around 16 million units as of FY '23. So how you see this segment growing particularly?

Deepak Joshi: This segment is actually we have very unique way of working in that segment. So there are two OEs who are almost on the verge of, I mean, closer with our product. So we will be, I mean, that will be like direct buys by those two wheeler companies from us. But if you talk of the volume on two wheelers is really low. I mean, I'll be very candid here. The volumes are not that big because if you see in the bike, there is only that fuel tank and a little bit on the sides. The rest, it is, it cannot be applied because it's not required.

Whereas if you see the car, a big car takes 250 square feet and 200 square feet, 200 square feet to 250 square feet. Whereas the bike applications can be done into 50 square feet. Bike, some 10 square feet to 12 square feet only. So that's what I'm saying. We can be very big in number of bikes, but the volume is not that great. But since the business is directly from the OEs, so still it will contribute to a significant numbers for us.

Priyank Agarwal: Right. Got your point, sir. Thank you.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

Parikshit Kabra: Hi, thanks for the chance. I wanted to understand, someone had earlier also asked about how your product is differentiated from others. And I wanted to understand that more specifically from the PPF perspective. You're obviously storming the market. Is it just that your product is the best in the market so far? Or is it a combination of product differentiate, the quality of product as well as pricing? Or is it a game of distribution? What is making you win so far?

Deepak Joshi: See, I'll tell you what are the bottlenecks. So that's how we can see what are the challenges. First of all, I mean, if you really see, we are the kind of last entrant into the market, which is four years only, as compared to world's biggest producers who are there for last 20 years. So in four years short time span, if we talk about quality, it is like I can say it is the best quality at par with any quality in the world. That was number one.

Second thing is in a short period of four years, we are now supplying to many countries. I mean, it is going everywhere in the world, be it North America, South America, Middle East, Russia, Europe, and of course in India. And we are also supplying to China. So despite so many people present in Chinese market, we are still able to export into Chinese market.

So that is a statement of the quality of our company. So first of all, when we are done in four years, such a fast expansion and lines are almost more than 100% running, and which is one of the biggest lines in the world. So that shows that we were able to penetrate the market quite quickly.

Second thing is, since we are supplying in a short period of time, so many countries in the world. So that also says the quality of the product. And third, since we have a big advantage of our quality products in Sun Control, which has helped to use our existing network to penetrate marketing deeper. So I hope I answered your question.

Parikshit Kabra: Just one quick check. When we say we are the best in quality, are we also priced as premium? Or are we undercutting our best closest competitor in terms of quality, in terms of price?

Deepak Joshi: We are not the highest price for sure, but we are also not priced at the lower. So we have two products, which is plus and premium. And then the matte and black, which are obviously at the highest price. Then comes the premium and plus. So when we talk of the top range, we are slightly lower than the imported products. Because we want to pay, it's our market, it's Indian market, we want to grow the market.

Because when these guys were highest price, if you want to understand, they were selling like 100 to 200 cars in a month. When we entered the market, these guys were selling at a very high price. And the total penetration in Indian market were hardly 200 cars of PPF in a month. As we speak, we are doing more than 2,000 ourselves. So you can see how the market can be created in a fast track mode. So that's why we have priced, we call our products as a value proposition, with good quality at the right price.

Parikshit Kabra: Got it. And the SCF market is also, I'm now talking about the US market, for the car, if I understand correctly, both the PPF and the SCF are basically used in the automotive industry, right? So how come there was no excess inventory build-up in the channels for PPF, but it was there for SCF? What was the difference there?

Deepak Joshi: Yes, okay. So now, if we talk of the selling points for Garware, for PPF, we had hardly any inventory because it was being sold on a lot of products because we entered the market late. So our penetration, if you talk of sun control, the number of variants are quite high. If you talk of SKUs of sun control, they are more than 100, or maybe more than 200, right? So you have a minimum quantity of everything which is going on the sea.

Whereas if you talk of PPF, there was hardly one variant at that time, now we have four variants. So when you supply four variants, you know how much is stuck into the market, so you don't replace that with that. Whereas in sun control, the requirement keeps on changing because it's a very 200 SKUs, different, different colours.

And the distribution network is also quite big, where distributors, dealers, and then retailers, there are a lot of long chains. Whereas in PPF, some of the direct customers are there, and with single SKU, and many of the products, which I can say, is in direct sales. So that's why there was no stuck-up on the inventory.

Parikshit Kabra: Perfect. Thank you so much. I will get back.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from line of Tasyap Karthik from Table Tree Capital. Please go ahead.

Tasyap Karthik: Thank you, sir. I had a simple question. So we have about INR300 crores, INR310 crores of cash. This year, we'll probably add another INR200 crores of cash given the quarterly run rate, right? So we'll end up with about INR500 crores by this time next year. Still not able to understand the capital allocation policy here.

Are we, I mean, we have spent about INR7 crores per quarter in this quarter in marketing, right? So we're not going very aggressive on marketing. So we'll probably spend about INR7 crores to INR10 crores. So that's about INR40 crores. We already have done a lot of capex over the past couple of years.

So with INR500 crores cash, could you just elaborate? I know we've been very, very conservative, and this is becoming on the border of conservative. In terms of dividends, buyback, or any other aggressive marketing plans, any aggressive capex plans, or are you looking for inorganic opportunities? What is the thought process? Because INR500 crores cash, I'm still not able to understand, given that we are throwing out cash flows like no other, and we are paid off debt. Thank you.

Deepak Joshi: Mr. Mehta, would you be speaking on this?

Pradeep Mehta: Definitely. Thank you, Mr. Tasyap, for asking this question. See, we are continuously working on the growth opportunities, whether it is organic or inorganic. And like Deepak also explained in previous questions, that a lot of R&D development activities are going on, where Mr. Adsul is heading for a number of products for development and all those things. So it's not only the cash that we are holding it. We are working continuously for the business growth.

So we are assessing our requirements, and then we are working out. Like last quarter, we paid fully all the loans. We know that keeping cash in the balance sheet, as well as getting the loan is not a good position. So we repaid last quarter all the loans. Now we are working on some approvals on some biggest plans, whether inside of new developments of the product, some of the organic growth, some of the inorganic growth. So all the projects are going on.

It's still not crystallized. Once the right time comes, we'll put up to the board for approvals. And we are working on that. And definitely we'll look on the other options also, from the dividend side also. So other alternatives, whatever is possible, time-to-time we'll go for approvals and then announce in the future.

Pradeep Mehta: I would just add one thing, Mr. Mehta, here. So actually, we evaluated some, to be precise, around three opportunities, where we wanted to grow inorganically. But unfortunately, during the period of COVID and after that, the situation did not allow us to go for that. But we are still evaluating some areas where we want to become a local manufacturer in certain geographies. So we will be working continuously on those proposals and come up with some solution on that.

Tasyap Karthik: Okay, sir. Thank you.

Moderator: Thank you. The next question is from line of Praveen Reddt from Individual Investor. Please go ahead.

Praveen Reddt: Sir, congratulations for the good set of numbers.

Deepak Joshi: Thank you.

Praveen Reddt: My question is, so I want to know about your land assets revaluation. When was it last done? In which year?

Deepak Joshi: Sorry, can you repeat again?

Praveen Reddt: When was the last land asset revaluation was done?

Management: 2017, 2018 something.

Praveen Reddt: So when can we expect the next revaluation in the upcoming years?

Management: As a part of our accounting and everything, we evaluate basis. If there is any major thing, then only we evaluate. But we will surely consider this part. Currently, there are no such plan, it depends on the fair valuation.

Praveen Reddt: Okay. Thank you.

Management: So since it is recently done, we don't foresee currently to re-evaluate.

Praveen Reddt: Okay.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from line of Apur Jain from Individual Investor. Please go ahead.

Apur Jain: Thank you, sir, for the opportunity. Sir, have we decided monetizing Mumbai, Andheri property?

Management: Already answered.

Deepak Joshi: Yes, we have answered that. Not yet decided because that property is mainly what we are thinking of for development rather than sell it off. And because of some constraints of no funnel zone, the proposition is not making it attractive to invest on that as of now. But we are working on that as soon as it becomes an attractive proposal. So we will go ahead with that.

Apur Jain: Can you name few major competitors in this business?

Deepak Joshi: Our competitors?

Apur Jain: Yes.

Deepak Joshi: Which segment? Actually, we have three different lines of business. So there are three business…

Apur Jain: Yes, in PPF and SCFs.

Deepak Joshi: So on PPF, I mean, we won't like to name, but they are very, quite obvious. You can search and you can get it. Who are the international players, yes.

Apur Jain: Okay, thank you.

Deepak Joshi: Thank you very much. Thank you.

Moderator: Thank you. The next question is from line of Parv Jain from Niveshaay Investment Advisory. Please go ahead.

Parv Jain: Hello. Sir, just a follow-up. Sir, the launch of Safety Glass, can you throw some light on that part?

Deepak Joshi: Safety Glazing glass. Yes, so that product was launched in the month of August '23. So this was launched in accordance with the Central Motor Vehicle Rule 100. And according to BIS standards. So, I mean the film complies to all the specifications mentioned in the rule law. Which says around 70% of visual light transmission should be there on front and back. And 50% visual light transmission on side glasses.

So based on that, we launched those kits which are specific to market requirement as per the compliance. So, since then the business has started and going on well. And as explained, every business takes some time. It has got always a time of one year to three years when it goes and penetrated properly into the market. So the product is doing good and going well in that direction.

Parv Jain: Sir, what was the revenue contribution from particularly Safety Glazing material in India?

Deepak Joshi: As of now, I would say, it's only 10% or so. But that is helping us to grow the business overall. Because as I said, it's three months, four months old only. So that's why market is just evaluating. And we are seeing a month-on-month growth on that. But the numbers are still not that big. But we expect that will grow. Like I gave you the example of PPF also. It took two years just to start. But here the Safety Glazing has already contributed 10% of the revenue. So it is continuously growing high-and-high from there.

Parv Jain: Okay sir. Thank you.

Deepak Joshi: Thank you.

Moderator: Thank you. The next question is from Line of Rohan. Please go ahead.

Rohan: In last call, there was some development going on shrink business side in America with two companies. So can you just update what's going on right now?

Deepak Joshi: Yes. So there was a special development of Solid White which we discussed in last call that business has already been commercialized and doing good. And now we have launched two quarters back floatable shrink film which we call it a pearl float. That business has also commercialized. But that will take some time to go to the level of other shrink films. So in all, the North America business on shrink is growing and doing good.

Rohan: Okay. That was from North America.

Deepak Joshi: Thank you. Thank you very much.

Moderator: Thank you. The next question is from the line of Shiva from Purnartha Investment Advisors. Please go ahead.

Shiva: Hello. Good evening team. Congratulations on a strong set of numbers. My question is this. I was trying to understand the market size of PPF. And when I see in your presentation, it says that there is 350 million which comes to around INR2,800 crores. I was looking at your numbers which is INR600-odd crores and XPEL numbers which is INR1,600 crores. That alone sits at 75%. So is this calculation right or is it way bigger or are we missing something in here? If you could just clarify on that?

Deepak Joshi: Actually, we could not hear it properly. Can you clarify your question please?

Shiva: Yes. I was trying to understand the PPF market size. And if I see in your presentation, it says 350 million as of FY '24 which comes to around INR2,800 crores. And if I see your numbers and XPEL which is another big player, which is INR1,500 crores to INR1,600 crores and yours is INR500-odd crores. This alone sits at upwards of 70%. So is this, having been in the market, do you feel this is the market or is it something, is it way bigger or is the calculation wrong, on this number?

Deepak Joshi: See, I could hardly understand the question. But if it is related to the market, global market, this depends on the source. If we think market is much bigger than what this future market insights have given, we will correct that in future. Because I don't think, and there is another way of looking at it that when you talk of the PPF market…

Shiva: If you could help us how to understand how big is the size of the market?

Deepak Joshi: No, actually that is what I am explaining that sometimes this market is like B2B sales. Like the manufacturer is selling to distributors that is recorded as direct sales. And whereas when we talk of the PPF market which is published by PPF magazine and all, that includes the end customers prices, taxes, application charges and everything that kind of business earns to an entity. That is why that size is really big as compared to what is shown here as INR500 million. So the market is much bigger in terms of overall numbers.

Shiva: Okay, helpful. Just if I could squeeze one more. If I just look at your Indian numbers quarter-on-quarter, it looks like on quarter-on-quarter you have been decreasing. If you could let us know what is the reason behind it?

Deepak Joshi: In domestic market?

Shiva: Yes, it was INR116 crores and INR87 crores and this quarter it is INR63 crores.

Deepak Joshi: Where did you get the number? Can we just recheck on that?

Shiva: I just calculated using the 9M geographical numbers that you have given and I calculated using the quarterly numbers for Q..

Deepak Joshi: Okay, one second. It is geography from the geography. In fact our domestic market numbers are increasing continuously. One second, let me just understand.

Shiva: If I just see your presentation, it says 21% in 9M geographical revenues. That conserves full 9M revenues and in 1Q you had 30% for India and 2Q you had 22%. If I just put those numbers and subtract it, you are getting a...

Deepak Joshi: See, what happened is the number, I think the numbers from USA has increased substantially. So that's why the number percentage is looking low. So the real drop if you are talking is on the industrial product side. Because these are the company numbers, right? You are talking of the company numbers, right?

Shiva: Yes, your 9M number is 21.7%.

Deepak Joshi: The company numbers, the real, real setback is on the IPD side. CPD side we are continuously growing. On IPD side, there was lot of domestic sales other than shrink films. Shrink film was still doing good. But other than shrink films, there are lot of sales dropped in the domestic market from IPD side. CPD side it has been continuously growing and it is robust now.

Shiva: Okay, helpful. And just one more. With respect to your inventory turnover, you said that the inventory is very less per PPF. But if I just look at the cost of your inventory turnover, it has been decreasing over the years. And now it is way lower. So could you just let us know, and your competition days have improved. If you just let us know what is the thing behind this?

Deepak Joshi: Mr. Mehta, you would like to comment on this?

Pradeep Mehta: Voice is not audible. Can you repeat the question? You are asking something on inventory turnover.

Deepak Joshi: Inventory turnaround ratio, how it is going down. Can you put some light on that?

Shiva: Because your percentage of PPF has improved drastically, which has low inventory. But your inventory turnover does not show up. And you have improved your collection days, which is good. But I just wanted to know, is it because of the value-added products?

Pradeep Mehta: Not clear, you are missing. But you are asking something on the company level working capital. Inventory has gone down. But you are correlating with PPF.

Shiva: Inventory turnover has gone down, which shows that your inventory has picked-up. Your inventory has moved up. But your PPF has gone up. So the other product's inventory has shot up drastically.

Pradeep Mehta: That is definitely compensating this. If I am correctly understanding your question.

Shiva: What is the reason? Because you had…

Pradeep Mehta: Voice is not audible. So Ashish, can you take his question and we can revert to him separately.

Ashish Pawar: Okay.

Deepak Joshi: Sir, you can write to our IR, Mr. Ashish Samal. He can answer because it is difficult to do the calculation. And the voice is also not properly audible.

Shiva: Sure, I will do that. Thank you. Thank you for that.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Deepak Joshi: Dear all participants, on behalf of Garware Hi-Tech Management team, I would like to thank you for your valuable time. We hope that all of your questions were answered well. And in case you have any further queries, you may contact our IR team. Thank you once again for your valuable time.

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

**Note: The above transcript has been edited for readability purposes*