

August 12, 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**

Subject: Transcript of the Earnings Conference Call held on August 09, 2024 for the Financial Results of Quarter ended June 30, 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 August 09, 2024, at 12.00 Noon (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 Srivastava
Company Secretary
FCS 8513

Encl.: As stated above.



“Garware Hi-Tech Films Limited
Q1 FY ‘25 Investors Conference Call”

August 09, 2024



MANAGEMENT: **MR. M. S. ADSUL – TECHNICAL DIRECTOR**
MR. DEEPAK JOSHI – DIRECTOR, SALES AND
MARKETING
MR. PRADEEP MEHTA – CHIEF FINANCIAL OFFICER
MR. A. VENKATARAMAN – SENIOR PRESIDENT,
CORPORATE AFFAIRS AND FINANCE
MR. SUNIL WADIKAR – PRESIDENT, CORPORATE
AFFAIRS AND FINANCE

MODERATOR: **MR. VIKASH VERMA – E&Y**

Moderator: Ladies and gentlemen, good day and welcome to Garware Hi-Tech Films Limited Q1 FY25 Investors Conference Call. 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 an 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 E&Y LLP. Thank you and over to you, Mr. Vikash.

Vikash Verma: Thank you, Manav. Good afternoon, everyone. Welcome to the Q1 FY25 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. A. Venkataraman, Senior President, Corporate Affairs and Finance, and 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 sir.

Deepak Joshi: Thank you, Vikash. Good afternoon, ladies and gentlemen. We appreciate your presence today to discuss the financial performance of Garware Hi-Tech Films Limited, GHFL, for the quarter that concluded on June 30, 2024. We are thrilled to commence the financial year 2025 with the first quarter demonstrating robust revenue growth and enhanced profitability.

The company reported highest-ever consolidated numbers on all fronts, recording the highest-ever quarterly PBT of INR117.5 crores, crossing INR100 crores threshold. We have achieved an unprecedented revenue of INR474.5 crores during the quarter with an EBITDA of INR130 crores and a historic PAT of INR88.4 crores. This impressive growth was supported by increased contribution of high-end value-added products across all segments, despite the continuing global uncertainty.

Allow me to delve into the details of our primary product lines, starting with solar control films. In the Q1 FY25, the SCF business experienced robust revenue growth when compared with Q1 FY24. This surge in revenue is attributed to the increased sales of high-end value-added products and the expansion into new markets and new customers.

Additionally, recent launches of cutting-edge products like Spectra Pro and DecoVista series have started getting favourable response from the market. Our proactive sales strategies, including increased participation in Trade Shows and Distributor Events, as well as a robust digital media presence, have also played a significant role. Looking forward, we expect strong and sustained demand for both automotive and architectural films worldwide.

Moving on to the Paint Protection Film, with the introduction of a full range of products including top-notch titanium series, matte, white and black series, PPF is witnessing a strong momentum, operating beyond the capacity. We anticipate continued robust demand in both international and domestic markets.

To address the anticipated demand, we announced during the last quarter earnings calls about setting up a new PPF production line with an annual capacity of 300 lakh square feet per annum, supported by a capital investment of INR125 crores. This new line is expected to begin commercial production by the second quarter of FY26.

With these capital expenditure plans, process optimizations and the launch of a wide array of products designed to meet the needs of various customers, we are well positioned to maintain the growth momentum in the PPF segment as well.

Regarding our Industrial Product Division, the IPD business observed a recovery in both the specialty and commodity sectors, registering a marginal growth in Q1 FY25. A focused approach towards premium products such as newly developed lidding films and PCR and floatable shrink films is contributing to enhanced profit margins within this segment.

Ladies and gentlemen, at Garware Hi-Tech Films, our commitment to produce top quality products supported by vigorous R&D efforts and an expanding global distribution network remains unwavering. We are optimistic about maintaining our growth momentum and are resolute in our goal to consistently deliver robust financial performance.

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

Pradeep Mehta:

Thank you, Deepak and good afternoon to everyone joining us today. It's a pleasure to share that this quarter we have seen a strong operational performance today. For the Q1 FY25, the revenue reached to INR474.5 crores, marking a significant 25% jump year-on-year and propelled by continued growth in both the SCF and PPF business.

Our value-added products have delivered outstanding results and IPD has also demonstrated encouraging progress, maintaining its positive momentum from the previous quarter into this current one. The architecture division of SCF experienced robust growth due to the rollout of new products. EBITDA stood at INR130 crores saw an impressive year-on-year increase of 78.7% and quarter-over-quarter rise of 44.9%.

Thanks to increased sale of high-end products, PBT surpassed the INR100 crores milestone and stood at INR117.5 crores for the quarter. Overall, PAT saw a remarkable growth, surging by 102.2% year-over-year and 52.8% quarter-over-quarter, driven by an enhanced product mix and

improved return from the specialty products. Notably, export accounted for approximately 77% of the Q1 FY25 revenue, with around 88% coming from value-added firms. This positions us for exceptional growth in the industry.

I am proud to announce that in addition to our remarkable quarterly growth, we have maintained a very strong financial position with zero net debt and a substantial cash reserve of INR493 crores as on 30th June 2024. This solid financial foundation enables us to confidently pursue future growth opportunities, such as upcoming investment in the new PPF line. We are optimistic about maintaining this growth momentum.

With this, now I request the moderator to open the floor for question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Thank you so much for the opportunity and congratulations on a great set of numbers to the entire team at Garware. So, my first question is, in your initial remarks and also in the presentation you have mentioned about high growth in the architectural segment and also the high-end value added proportion has improved. So, if you could give some details about what is the proportion of the architectural high-end and the high-end value products as on today? How has it moved in the last 2-3 quarters? And how do you see it moving in the next few quarters to come? And also, if you could share at least the margin difference between this high-end and architectural products compared to the overall company margins or the other products?

Deepak Joshi: Thank you, Rahul for your kind words. And about the high-end products, within the Sun Control business we have a category of products, that means the products which have high IR rejection values, that is the top of the line, which we call, I mean, sun control itself is a specialty business. In that, we have categories where very high heat rejections are there and then moderate. And the products which are like general value, like safety and security. And lastly, the products which are like with the minimum criteria for sun control.

So, out of that, our sustained efforts in last couple of years towards high-end products in sun control business, because the basic end products can be produced by many manufacturers in the world, but Garware has positioned itself as a top quality producer of high IR products, which are having the best of properties. And with our sustained focus and marketing efforts towards promoting those products, we have been able to increase their sales and that's how this product mix has changed. Now, coming back to architectural segment.

So, this segment also requires products which are having the different properties and high-end properties as compared to general product. So, on that direction, we were like 15% to 18% in the previous years. And now, we are moving towards 25% to 30% revenues from the architectural business and it's continuously growing internationally as well and domestically as well.

Rahul Jain: And Deepak, give me the margin difference between this high-end value products architectural and maybe that also includes the architectural part and your overall company margins or maybe the other product margins if you could specify.

Deepak Joshi: See, these actually for confidentiality reason, because many people, many companies, they try to simulate the performance of our company. So, we refrain from giving those exact numbers. But definitely, they are much higher than when we talk of the company entire product portfolio. So, these products come at a very, very premium and high-end margins. I can assure you that they are even I can say 20%-30% higher than the general product line.

Rahul Jain: So, as the proportion of these things go up, are we talking about because we have reported 60% gross margins and roughly about 27% EBITDA margin this quarter, which is a record high. So, my reasons of asking this question is basically to understand the sustainability of the gross margins and EBITDA margins.

Deepak Joshi: Yes. So, see, these gross margins or margin percentage as in general, it is dependent on the product mix. And if you really see the product, which we are selling right now, the product towards CPD division, their revenue percentage has increased, despite there is a big, there is an improvement in IPD side, industrial product side, our CPD margins, CPD revenue percentage has increased. And in that revenue, our high-end products have also increased. So, in nutshell, these margins have gone up because of that reason. But as again, I'm saying these margins are subject to the product mix.

And in the seasons, like summer seasons, there is a high demand of sun control films and high-end products. So, that's why the numbers go high. But on an annualized basis, definitely we are trying to make the numbers better than on an annualized basis. I mean, this quarter, as I said, this is a combination of the season also. There is a seasonality involved in the sun control business. So, we will see up and down in that. But overall, the company's aim is towards improving those margins.

Rahul Jain: Second question regarding this margins only related to this. So, basically, what we have observed in Cosmo Films and also SRF talking about, and the channel checks also suggests, on the commodity film segment, things have been improving. So, firstly, how much of that contribution could be there in quarter one? Maybe some of these commodity films which are making losses have turned profitable in that segment. And what is the scope for further improvement in that segment?

Deepak Joshi: See, our exposure, as you named our peers, so our exposure in commodity is pretty low. But whatever improvement happens, that helps us at least to maintain the bare minimum of margins. So, there is a slight, very small percentage which can be insignificant as compared to our sun control and PPF business.

So, that's why, that's not a number which we can say that because of that something has happened. Even if it goes better, our numbers are, as I said, our overall focus is towards consumer products has always been and will continue to do so. So, our margins will always come from there. So, IPD business, despite that doing good, it's a very small percentage of our portfolio.

Rahul Jain: Sure. Last question, just two data points. One is, this time the presentation doesn't mention the revenues for SPF and PPF separately. So, if you could share that. And last thing on the data point, we had an appointed consultant with regards to domestic marketing of PPFs. And we had paid a certain amount of consultancy fees last year. So, this year also that fees will be there. That's my last question.

Deepak Joshi: Yeah. See, on the consultant, there will be much lesser than what it was last year. But we continue to engage agencies to help us in marketing and identifying the uncharted territories for us. So, but the numbers overall, the expense on that side will go down. But at the same time, marketing expense will continue to increase because that's what the digital market, we understand the value of digital market in current scheme of things in the modern marketing things. So, such kind of initiative, like participation in the biggest shows, like SEMA show, like architectural shows, Auto Mechanica in Germany, Auto Mechanica in Delhi, and other shows that remains our very focused, I mean, plan for this year, along with high, strong digital media campaigns.

Rahul Jain: Sure. And SPF and PPF.

Moderator: Sorry to interrupt, sir. May I request you to please rejoin the queue? Sure. Thank you. We have our next question from the line of Mahesh Bendre from LIC Mutual Funds. Please go ahead.

Mahesh Bendre: Good afternoon, sir. Thank you so much for the opportunity. Sir, during this quarter, we have reported a margins of around 25%. So, just wondering, is there any one-off in this, or is this a pure, I mean, business margin without any extraordinary?

Deepak Joshi: Yes. So, Mahesh, these margins are purely from the operations. But again, as I explained in the previous question. It is our seasonality, right, when the demand of sun control goes up, and that, so it's a combination of product mix, which we produce and sell. And they are like, we will always be between the last year's numbers versus the current year number, because earlier it used to be a little lower. So, we have moved substantially to higher numbers. And we'll try to maintain in between, depending on the product mix of the product basket, which we sell into the market.

Mahesh Bendre: So, sir, assuming that current basket remains same going forward, will we be able to maintain this kind of margins?

Deepak Joshi: If basket remains same, of course, it will. But at the same time, as I said, right now, we also work a lot on, you know, there are scientific studies about northern hemisphere and southern hemisphere, when this more of heat comes and the sale increases in that particular area. So, we typically see there is Q3, there are some concerns on sale of sun control film because of the seasonality reason.

But at the same time, that time PPF shows, I mean, we have seen in the robust growth in that segment. But ultimately, as I said, our aim is to maintain the product mix and maintain the numbers, which were like around 20% last year and around 27% this quarter. So, it will be somewhere in between that.

Because we can't guarantee you these margins all the time, because there are geopolitical tensions, there are seasonality and temperature going up and down. And that affects the sale. But we are putting our all efforts to maintain and go towards the positive operating margins all the time.

Mahesh Bendre: Expanding capacity in paint production field. So, currently, what is our utilization when this capacity is going to come up? And when this capacity will be utilized, the new capacity that is coming up?

Deepak Joshi: Yes. So, we have clearly indicated that is by end of, first of all, that is running well, the expansion that is running well and expected to be completed before Q2 FY26. That is almost a year from now. So, that is on time. And till that, our plants are running at full capacity. In fact, beyond capacity, like I said in my opening address.

So, this is running beyond capacity and we are using fungible capacity whenever there is a scope or we are making PPF in those lines. But these orders what we take is like, you know, consistent supplies to the market. So, we use like wherever possibility of our five, six lines we have. There we make some of the components to fulfill the market requirements.

Mahesh Bendre: Thank you so much, sir.

Deepak Joshi: Thank you.

Moderator: Thank you. We have our next question from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah: Good afternoon, gentlemen. Thanks for the opportunity and congrats on a great set of numbers, sir. So, my question was regarding the boiling global market, competition, raw material volatility, logistics issues. So, how do you see that panning out ahead and the way the bullish stance what we have seen in our Q1 numbers and what you have commented, what challenges you see and how we see to mitigate it and which vertical we see the growth on global market?

Deepak Joshi: Yeah. So, thank you for your kind words on our performance and see the business, of course, coming up with a lot of challenges. Number one, like you rightly said, there is US economy which has grown to the predicted numbers in first two quarters for them calendar year.

But they are expecting a little bit of deceleration and end the year with 2.2% of GDP growth. Now, our main focus is the auto industry to be number one, like, of course, auto industry and then building industry. And that is linked to the interest rates which are around 5.25 to 5.5% in USA. Right. So, if we see this auto industry growth, which is stagnant in USA, and the expectation from our peers, competitors there that there can be some challenges going forward in this quarter or the next quarter for auto sales. But our portfolio like we supply to all around the world and there are certain territories which show better results or we put a lot of effort in those territories to gain our higher business revenues from that region.

So, it's a geography mix which helps us whenever in the past we saw there is a tension between Middle East and Russia and all that time, the USA market went really well, we put a lot of

efforts. And right now is the reverse. We are working very hard in Middle East, Far East and European territories.

There we have been able to make up in and do better numbers from those territories. So, that's one geographical mix helps us. Of course, there are challenges in the market, like you said, but there is no degrowth on the car sales in US. So, it is going to be maintained. So, that's what we are expecting. And we are monitoring other competitors also their performance in different markets and we are seeing neutral growth or no growth.

So, at least the maintenance of these numbers seems to be quite plausible. And another thing which we are doing like architectural segment has been a focus of area for us for last couple of years. And we are continuously growing our revenues from that segment also.

And apart from that, you know, there are territories where we were like selling but not with the full intensity. So, we have hired very senior personnel in those regions. And with the strength of our product, I mean, our product comes with a very high quality and they can be distinguished easily like this is what Garware or Global product is.

So, the real effort is towards marketing to overcome that challenge. And if we come to the domestic market, there also we have penetrated very well in terms of automotive, our Garware application studios are rocking all around. We have now penetrated to tier two cities, which are like, we can say, Agra, Jammu, Srinagar, Ajamgarh, Dehradun, Bhopal, Ahmednagar, so on, so forth, Nashik, Aurangabad.

So, like this penetration is helping us for our sales in domestic market as well. And lastly, on architectural domestic market, we have set up a full new team. And we are month on month we are participating having small, small shows with all the architects and project management companies.

And with the new set of teams, they are truly focused on architectural business. I mean, they do not sell any automotive and other products. So, that focus has turned the domestic market kind of double the volumes what we were doing last year.

Sanjay Shah: So, my second question was regarding your view on demand side on that safety glazing films, which there is a shift in Indian regulation on that. Can you throw that? Do we see any good opportunity on that side?

Deepak Joshi: So, there is an opportunity and we are capitalizing on that. So, we have done that in peak summer seasons, we have achieved numbers which were really tremendous. So, that is still continuing. But because of rainy season, there is always a drop in demand that is a season for sun control or safety glazing. But that again comes back in 2-3 months after that slowly goes up. But as we talk about the opportunity, we have like this is our registered trademark also, Garware safety glazing, and we are doing really well on those.

Sanjay Shah: So, my last question was regarding the capex, what we are doing INR125 crores to increase our capacity, doubling our capacity to 600 LSF. So, what will be the asset turnover we can expect from this capex INR125 crores?

A. Venkataraman: So, on the asset turnover, actually in excluding the revaluation, we are at currently 2.4. So, with including revaluation, it is 1.1. So, you have to exclude the revaluation reserves, it will be around 2.5. We are continuing to maintain the same, because we are also depreciating the old assets. So, it will remain the same and our turnover also improving.

Sanjay Shah: Thank you, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Guneet Singh from CounterCycle.pms. Please go ahead.

Guneet Singh: Hi, sir. Congratulations on a great set of numbers and thank you for this opportunity. So, I would just like to understand that we are growing at a rapid pace, whereas the industries that we serve, they are not showing a similar amount of growth. So, they are going at probably 5 to 10%. And also, we have guided about INR2,500 crores of top line in FY26, which is again a 25% CAGR. So, I mean, how are we able to achieve this growth?

Are we substituting the existing players in the market? Or, I mean, can you please help me understand the key drivers for growth?

Deepak Joshi: Yeah. Okay. So, number one, we are, see, the strength of Garware, it's a top quality product, right? So, what we are doing now, that message we are creating in advanced markets like US and all, all our marketing campaigns are towards the top quality products from Garware, that is number one. And second thing is, as per the market requirements, we are continuously you know, launching new products. Like if we see our competitors, so our base of introducing new products are pretty high.

In last two years time, we have done many new products, I'll just name them, like when we started PPF. So, companies take a lot of time to make a standard product for a couple of years. But in a short span of the small span of time, what we have done is like our product range from the very low customer requirement, I mean, the customer having a vehicle having a lower value for that also, we have a product and we launched Plus, PPF Plus, PPF Premium, PPF Titanium, which is like top of the product range, which competes with the best of the PPF in the world. And then we introduced the Matte PPF, Black PPF and White PPF. And that PPF, a lot of new products are in the pipeline through the help of our R&D and new product development.

So, our strength is the quality and the response to the market by delivering new products. And when we talk of same thing with the sun control products, we have launched Spectra Pro, that is spectrally selective films, which has got 240 layers in one film. So that product has made a big impact in our marketing campaign in Europe and U.S. market.

Then we have launched DecoVista, which is a film, which is kind of decorative films for the interior market, and so on, so forth. In IPD segment, we have like floatable films, floatable shrink films, which is important for the environmental sustainability. So we are going to the market with our strength of quality of the product.

At the same time, whatever is required in terms of sustainability, in terms of the new development, new product qualities, we are always first. And we are doing digital media

campaigns for all these things, participating so many shows and present everywhere, Instagram, LinkedIn and Facebook, and of course, on other magazines like Window Film Magazine and PPF Magazine. So, that's how we are creating a different, I mean, set up for us as compared to our peers.

Guneet Singh:

In these value-added new products that you mentioned, is the competition very limited?

Deepak Joshi:

See, it's the -- again, competition is pretty much, the products from China, Korea and some people also try, but they are not able to reach. Again, let me go back to then details of the why Garware quality is superior. Garware is the only company in the world which can make, which is fully backward and forward integrated, means when you talk of a Sun Control Film, so that film, the basic film is produced. What we do in that film, we produce the base film, we produce liners, we produce its adhesive, we produce its top coat, and we produce the kind of nanoparticles for that. So our film comes with a full backward integration, that's the strength of our product. And if you talk of PPF, there also almost all the products are manufactured in-house. So such kind of cost efficiency and the quality control is not possible anywhere in the world, and that wins the game for us.

Guneet Singh:

All right, sir, got it. Sir, typically, the seasonality that we face quarterly over a year is probably about, say, maximum 2% variation in margins across the quarters. So, you mentioned that 25% operating margins is not one-off. So the worst case would be probably going down to 22% or 21% margins per quarter for the coming three quarters, if you look at the historical trend.

So, are these high margins only attributed to the new value-added products, or are we also seeing conducive input prices, which led to the 25% margins? And is it fair to expect the margins for the coming quarters to be about 21%, 22% at the minimum?

Deepak Joshi:

Yeah, see, I cannot directly comment on those numbers. But as I explained, like our sustained campaign toward the high-end products has helped us to achieve that, that was number one. Second thing, the high inventory situation, which has been there post-COVID, right? So most of the companies were benefited by, during COVID, because of packaging, but we had a different story. That time also, many people asked us, like the performance has been because of this one-off COVID situation. But we have always worked very differently and toward our own path.

And post-COVID, there was a lot of inventory because of less production, people ordered more, and shipping line situation, if I recollect from '21 to '22, it was like 75 days from here to U.S. Now, the situation suddenly became better with 35 to 40 days transit time from here to USA. So that all was -- there was a high inventory in the pipeline, but from Q4 FY'24, like Jan to March, that situation corrected and got stabilized. And now we are seeing the normalization of that volume.

So, there are reasons, one, I explained to you that how our, like sustained campaign towards high-end products, which we are doing, because a lot of competition, like you mentioned, from the countries where there are 80 to 100 players, but they all fight in an area which is not a great quality proposition for the products like Garware. So we focus only on the high-end and top-end, and we have been able to increase that penetration into the market. That was one.

And second, inventory situation corrected. And third thing, this new line, which was commissioned in December '22, since then we are able to produce many or all new kind of products, which the market demanded. Earlier, we had a limited capacity, so we were not able to manoeuvre the way we wanted. Now, we have expanded quite big, so we are getting the results of that. So, these three are the reasons. And slight improvement is IPD, I said, but that's insignificant. So these are the reasons for how we have turned around the story.

Guneet Singh: All right, sir. Thank you very much. My last question would just be...

Moderator: Sorry to interrupt, sir. I would request you to please rejoin the queue as there are several participants waiting for their turn. Thank you. The next question is from the line of Jatin Damania from Svan Investments. Please go ahead.

Jatin Damania: Sir, in your opening remarks, you indicated that architectural films -- Sun Control Films was 15% to 18% of our revenue in FY'24. So, does this mean that 15% to 18% of the CPD or it was only a part of Sun Control Films?

Deepak Joshi: Only part of Sun Control Film. When we talk sale of Sun Control, that we divide between automotive and architectural segment.

Jatin Damania: So that means the last year, Sun Control Film contribution was made about 38% to overall revenue. So that means architecture was around 6%. And in this quarter, we expect it to be around 20%-25%. Am I right?

Deepak Joshi: Yes.

Jatin Damania: And sir, in the presentation, this time you haven't mentioned what was the contribution of the overall revenue by SCF and PPF for the quarter. Can you help us with that?

Deepak Joshi: Yeah. See, the reason of that, we want to equip the investors with the real situation what is happening. So, as I said, the PPF is running more than capacity, that is running beyond capacity. And we use some of the Sun Control Film facilities to make some components of that. So this demand is actually a cyclic. Sometimes, you know, when the peak season, Sun Control goes up, and when it goes towards little decline, that time our PPF volumes go up. We maintain the market into that way.

Now, there is no clear distinction between a PPF and Sun Control when we talk about production lines inside. So that's why we do not want to give indications like every time like why this has gone up, why this has gone down? And added to that, I can say like PPF line is running at optimal or beyond capacity.

And since initially, like there was a euphoria about the PPF products for last year, because that was the base was almost nothing, like India was hardly sending a couple of hundred rolls, which we have moved now in India market as more than 2,000 to 2500 rolls, and it is continuously increasing. So because of that, and for the sake of capacity utilization, we tend to show only CPD and IPD.

Jatin Damania: Yeah, so precisely I was coming to that only. So now when you are saying that it will be combined, so how shall we look at the architecture contribution? Because when you said that SCF is a seasonally -- because of season, the first quarter was strong, but architectural is a structural story. So when we say 20%-25% of the revenue, can we combine the 20%-25% of SCF and PPF together, or how shall one look at it?

Deepak Joshi: No, 20%-25% we are talking only of architectural business. So Sun Control, PPF business -- I mean, there are three categories to our CPD business, that is Sun Control for automotive, Sun Control for architectural, and PPF. Since these all are related to consumer products. So that's why we categorize it like that.

And in Sun Control -- actually, if you see it is Sun Control and PPF and Sun Control has two variations. Though the products are different, but still if we talk both of them together is roughly 65% in terms of revenue mix. Annually, it was that. And quarterly we have shown it has improved to 67% that we have shown in the slide. So that segment is continuously growing. That's what we want to show.

Jatin Damania: And in Sun Control Film it will be more of an architecture which is structurally a good story, rather than a seasonal sector.

Deepak Joshi: See, Sun Control business is when we talk of 20%-25% architect that means 75% to 80% business still comes from automotive which is like the company is known for its qualitative product on automotive. So Sun Control automotive is our number one portfolio and then comes PPF and then comes architectural.

But architectural the growth has been very high and at the same time and we are also focusing on that because of the new capacity which came the idea was to penetrate the automotive full. And with the current situation when we are seeing little bottleneck in terms of car sales in America and rest of the world.

So by the time that's why we have put strong efforts to increase the architectural sales. See Sun Control has both functions like automotive or architectural with slight difference in the properties. So there we have almost hit saturation in automotive unless the car sales increase, we can only win other competitors space.

Whereas architectural lot of education is required and this is a product which can do amazing things to a consumer. Similarly, when we started PPF there was no PPF and we created the environment for PPF in India. Similarly, we are doing the same thing with architectural and we are successful and those numbers in India market, we have almost doubled what we did last year.

So now we always run a campaign towards a product to make to take it to the top level. Right now it's architectural for which we are working since last one year, one and a half year and now we are seeing the results out of it.

Jatin Damania: Appreciate that. And we are always in the industry leading in terms of launching a new product and campaigning and marketing it, but on the architecture the last question, do we expect the

similar growth to continue because as you said that on the automotive, the market hasn't saturated in the time the new growth momentum kicks in.

So will this - will the growth in architecture will be able to offset the overall decline in the automotive front over a period of time?

Deepak Joshi: Yes, we are working towards that and I'm confident that we will - we will be able to do that.

Jatin Damania: So that means in terms of the current capacity I guess more of auto, we'll see more of architecture and less of automotive and the margin will continue to remain at the higher level because being value added films?

Deepak Joshi: See margins as I've given like discussed like this quarter we achieved 27% plus and almost it used to be a standard 20% margin average. So companies working towards to reach the aim is to reach to that level, but it will be because of the product mix it will remain good. I mean, it will remain in between because we can't give for us it is we don't want to give a number and then fight for that.

We know like this seasonal mix can change, but ultimately we are confident and we know the business like how it is moving towards. So these numbers will more or less will be in between and maintained at a high level beyond 20% territory in any case.

Jatin Damania: Sure sir. Thank you. That's all from my side and all the best.

Moderator: Thank you. We have our next question from the line of Shrinjana Mittal from Ratnatraya Capital. Please go ahead.

Shrinjana Mittal: Hi, thank you for the opportunity and congrats on the continued execution. I have a couple of questions on the architecture segment. So firstly, just to clarify, so broadly what was the sales number from the architecture since this year, this quarter?

Deepak Joshi: So the numbers if we talk. So I can give you in the like I said it's around 25% of total sales of.-- Yeah so it was - it was somewhere around 10% of overall sales for the company, but that number has been like increasing quarter-on-quarter basis.

Shrinjana Mittal: Understood. And on the architecture films so you mentioned about the contribution margin being higher in the consumer products as a whole. So what would be the delta, just the delta between the Sun Control Films architectural and the Sun Control Films automotive films in terms of contribution?

Deepak Joshi: I think when we talk of again this architectural products are good and they have margins, but when we talk like the margins so there are in automotive also the sale in the last quarter Q1 was overall Sun Control Film sale was really good and that reason was because of we have moved the market towards very high end products.

That means high heat rejections and all those products. So they not necessarily come from architectural they are into the automotive also. I just want to make, clarify to this forum that

when we talk of Sun Control margin increase that means they have because the Sun Control business itself is very big for us and it has been continuously growing.

So that business growth has been very outstanding. So those products if I categorize into four product lines in overall Sun Control that includes automotive and architectural. So the products which come at the top of the range, they are almost two times margin than the something which is at the bottom line.

So our focus is to increase the products which are on the number one category that is like up to 99% or more than 99% of more than 90% of IR rejection. We go up to 99% of IR rejection. So for those products I'm saying I think this is the story for both automotive as well as architectural films.

Shrinjana Mittal: Understood. So broadly similar for architectural films it's nothing more different. It's just a mix within the Sun Control Films that has led to higher margins?

Deepak Joshi: And that will increase so Sun Control overall portfolio will increase. So that's what how we are moving.

Shrinjana Mittal: Understood, sir. Thank you. Just one last question. So the architectural segment currently is it more domestic or more export or like what would be the - what would be the split between like just like is it more exports or domestic and how are we focused for this segment?

Deepak Joshi: Yeah. So it is more exports traditionally, but now the, with the introduction of Spectra Pro series & DecoVista series. So these two products are actually aimed only for architectural and both of them and especially they are working very good on export market and domestic market actually if you see the base in domestic market on architectural was pretty low. So there the growth percentage is higher, but overall numbers are quite high in export market. Europe is our number one market in architectural business.

Shrinjana Mittal: Understood. Thank you so much. Thank you for taking my question and all the best.

Moderator: Thank you. Thank you. We have our next question from the line of Jahnavi Dodai from Aequitas Investments. Please go ahead.

Aditya Rathi: Hi, sir. This is Aditya Rathi this side. Thank you for the opportunity. So my first question is relating to the initiative that we're taking towards IPD. So is there any initiative that we're taking?

Deepak Joshi: Yes. On IPD the focus is on again the products which have I mean high demand in USA and European market, Western markets they are lidding films. So those are the films which are used in yogurt top lids or other different kinds of segments. So there we are seeing a good traction and the product has been developed in as per the requirement from these markets. So these are the lidding films. We are selling a lot of liner films.

And apart from that the products which go like certain films which are as per the environmental sustainability of US and Europe market. These are like films which are APR certified which is Associated Plastic Recyclers of the World. So US producers look for that. So we look for APR,

then PCR content on these films then solid white and then the floatable films which are very important for environmental sustainability.

And lidding films is the latest entrant along with some of the liner films. So we are working very hard towards improvement of the IPD segment. So whatever happens to commodity up and down that is marginally affecting us, but our efforts towards the special business because the name Garware we always want to be associated with high quality products and that we have been able to be successful in that.

Aditya Rathi: And are we seeing traction in the special businesses that you just mentioned?

Deepak Joshi: Yes, we are seeing. So the idea is when first we start, I mean, taking customer data on that and we start producing, developing, giving samples then most of them have been commercialized in big way. So some of the good margins you see for these kind of additional products only up to around 20% I can say as we speak we have been able to make 20% margins out of total IPD business margins from these products.

Aditya Rathi: Okay. And sir second is related to the CPD.

Moderator: Sorry to interrupt sir. May we request you to please rejoin the queue as there are several participants waiting for their turn?

Aditya Rathi: Okay. Thanks.

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

Prit Nagersheth: Yes, thanks for that. I think most of my questions have been answered but there's one thing remaining, which is could you give us an update regarding any inorganic opportunity that you could be looking at or any traction on that side, so the cash balance that beyond the books can get better utilized?

Deepak Joshi: Yes, see, we have evaluated many opportunities in the past, but the company's focus is towards high end R&D products or backward and forward, I mean, fully backward integrated to Suncontrol films and PPF films. So in that line, like the first investment we did last quarter, we are looking and now you're talking of inorganic things.

So in that we evaluated many but we don't find people who are up for such kind of cooperation with us in, I mean, which are not qualitative means we are looking for the state of the art facilities, whereas whatever we have been evaluating or getting for such kind of offers are things which are like 15, 20 years old, whereas the technology has changed and we are investing everything into the latest cutting edge high end technologies.

So we are still continue to look for them and our strategic interest in the Western world because the companies really focus towards the US, Europe and all those advanced markets. So we are looking for better opportunities there. So we continue to look for if we come across any of such

things, we will definitely be interested. It may be our direct business or it may be related to our aim of fully backward integration system.

Prit Nagersheth: Okay, so I get the point that this may happen may not happen it may take more time. But as that keeps on going on the cash on the books will keep on increasing. So there has to be some kind of a plan to keep on addressing that cash on the books because if the business doesn't have a need for it may be better in the hands of the shareholders.

Deepak Joshi: See, I can answer that, then Mr. Venkat can comment on that. See, like I said, we are looking for those opportunities and it may happen or may not happen depending on the kind of opportunity which should fit into our scheme of things of product or the entire integration of the system. But we are also working on organic growth for some more potential growth. And there it is, this investment might come. I mean, we are evaluating all those things. And after that, Mr. Venkat, you can update us.

A. Venkataraman: So as said by Deepak, see, inorganic takes time because we are evaluating a lot of proposals it takes time. And so whatever we do strategically inorganic growth, so that we need to evaluate completely. So that is why it takes time, number one. As far as organic is concerned, if you have seen in the past three years, we have been doing a lot of organic growth-related investments. Two years back, we invested on SCF from a capacity of 2,400 to 4,200. And a year before, we repaid almost INR140 crores debt. Last quarter, we took a call of expanding the PPF second line by 300 LSF further. So these are the organic investments which we are keeping on doing it. Yes, your question is right because of profit and other things, which is moving up. But we'll take a call sooner or later.

Prit Nagersheth: Right. So the only thing I wanted to ask you, sir, is the guideline that you had mentioned about INR2,000 crores for this year and 2,500 for next year. Is that something that you still feel is doable?

Deepak Joshi: Yes, 100%. FY '26, right?

Prit Nagersheth: Yes, that's correct. Okay, thank you.

Moderator: Thank you. We have our next question from the line of Naitik Mohata from Sequent Investments. Please go ahead.

Naitik Mohata: Good afternoon, sir, and thank you for the opportunity. It is my understanding that the prices for the films has moved up in the past quarter for all kinds of films, BOPET, BOPP and the value added ones. So are we seeing that panning out for us?

Deepak Joshi: Not really. I mean, you're asking because of the commodity increase has helped us to improve our margins?

Naitik Mohata: Yes, kind of.

Deepak Joshi: No, I explained that in detail like this was a product mix, which we have been with the sustained efforts we have been able to do. That was one. And then inventory corrections, which were due for many years because of the post-COVID situation continued till one year.

And then lastly, new line, which has helped us to make more of products which we could supply to the market, like many new products and the products which we were finding constrained in making in the old line. So because that line is very high quality, state of the art can produce various kinds of different products. So these all things were there. And when we talk of the margins of the base films they were like almost insignificant or very slight improvement for us.

Naitik Mohata: Okay, so that's very helpful. So is it safe to say that we haven't experienced any one of inventory gains during this quarter?

Deepak Joshi: No, I'm saying about the world over situation where the products were stuck and they have started moving. Not saying that we have sold both product and I mean filled the market with that. So it's not related to one time inventory.

Naitik Mohata: Okay, thank you. So that was very helpful. Congratulations on an amazing set of numbers and all the best for moving forward.

Deepak Joshi: Thank you very much.

Moderator: Thank you. We have our next question from the line of Axay Shah from Kriis PMS. Please go ahead.

Axay Shah: Thank you for the opportunity. So, congratulations for a good set of numbers. Almost my all questions are answered. I just want to get clarity that despite the challenges, we are growing and are we confident of achieving INR2,000 crores revenue in FY '25?

Deepak Joshi: That will be kind of forward looking because that's the immediate. I cannot comment on that. But the guideline which we have given for FY '26, INR2,500 crores, we are quite confident of that.

Axay Shah: Okay, and so we are building a market for architectural segment in India as we build for PPF. So are we, how do we see architectural film segment going forward? Can it become a 20% of overall company revenue in three to five years?

Deepak Joshi: You're talking only for India?

Axay Shah: No, overall architecture.

Deepak Joshi: Overall, on a company level, I think, yes, it will take some time. But if you talk of Sun Control segment, it is already now we have achieved somewhere around 25% overall. So if you talk of company revenues, overall numbers, we'll try to do that. I think that is possible with our efforts and all. When I'm talking currently, it is around 10% of overall company numbers.

Axay Shah: Yes. So you can go forward up to 25% that you have mentioned?

- Deepak Joshi:** I will. Yes, I mean, we are putting efforts toward that. As I said, giving those guidelines because of so many uncertainties into the market. But as of now, we do not see any challenge.
- Axay Shah:** Yes. Thank you so much.
- Deepak Joshi:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Kartik from Suyash Adviser. Please go ahead.
- Kartik:** Good afternoon, sir.
- Moderator:** Good afternoon.
- Kartik:** Yes, I had two questions, one related to capacity availability because your new PPF line comes on stream sometime say, 12 months later. So if you mix up, say, SCF plus PPF because you are using part of the SCF for the PPF requirements, would there be enough capacity across both these segments to meet growth requirements across sun control films or to architecture plus PPF in the interim that is to say?
- Deepak Joshi:** Yes. So we have planned in that way. In between, there are many things which happen behind the doors like we are upgrading some of the older or smaller lines, which are little older for us. And there we are doing de-bottlenecking. So this work is under process. And as of now, we have been able to maintain that.
- And soon, these de-bottlenecks of the capacities will help us to cater the demand till the new line comes. We have planned it exactly in a way so that we do not lose any volume in the market and we continuously grow with this.
- Kartik:** That's great. The second thing is on PPF, sir. Globally speaking, what kind of market share can you achieve, sir? On the SCF side, you are at 8% to 10% globally. Could PPF give you similar opportunities? How do you think of this business, say, over a three, five-year time frame?
- Deepak Joshi:** Yes. See, the plan with our new line is the same. So we have like a customer base which demands such kind of requirement from the market. So as soon as this line, I mean, we expect FY '25-Q2 deadline to go on stream and immediately, sorry, FY '26-Q2 next year. So after that, I think our aim is to run the line at optimal capacity like the current line is coming. So we'll definitely be able to increase our share.
- Because this is, see, what you are asking is something which is a data. For us, that is a background work, like how we have to run that line full. So we should get full orders for both the lines. So that is the outcome. What you are asking will definitely happen. So our focus is to maintain the order flow for that line.
- Kartik:** If I may plug in one quick question, sir. On the PPF line, do you intend to dedicate it for a single player? Or would it be again, a common facility across multiple players?

Deepak Joshi: No, it is, it will be combination of both. Or I would say there are as we speak there are four or five big players who work with us on PPF. And definitely one of the biggest requirement is our own. Because though we are new into this business but we have created a robust infrastructure for PPF business thanks to our Sun Control, which has always been the guiding force on this because this somehow 30%-40% of the business of Sun Control and PPF goes together. That means on the detailing studios, detailing centers. So we have a robust growth, robust network now ready for PPF as well.

So that is it. I mean, this will be a combination of many things. Because business does not work on plus and minus like 100% this or 100% not this. We have all the plans where many players, at least five big players will contribute, including us, to run that line full.

Kartik: Great. Thank you very much and very best wishes, sir.

Moderator: Thank you. Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

Vinay Nadkarni: Yes, thanks for the opportunity. Just quick two questions. One is on the PPF line that you are putting up, it takes around 2 years to commercialize it, right? So given the demand, are you not, and you have the cash in hand, are you looking at expanding further, maybe a year later?

Deepak Joshi: See, these decisions are very strategic and we have all those numbers in our hand. Like I said, whatever we are doing, like expansions and all those things, we declare it into the market. But often we have many opportunities where we de-bottleneck our capacities, right, to run the line to optimal capacity that is beyond the full utilization by utilizing, making some components from other lines, which doubles the capacity or adds it 25%, 30% additional to the existing production capacity.

So now, with the current, I mean, next line, when we did, I think it was around 18 months timeline, which we have given for a new line. So in that line, we are working like how we should do, should we go into another kind of investment or it should be the PPF. So we are working on that.

We will continue, we will not lose market share. Our market share is continuously increasing. That is the, I mean, it is already history now when we started in 2020, PPF in only 4 years, the line is running more than 100% and another line is coming. And then we'll continue to work towards the benefit of the company and for creating value for our shareholders.

Vinay Nadkarni: Thanks a lot. Just one last question. Can you share the volume numbers of sales in Sun Control and PPF?

Deepak Joshi: See, those numbers, actually, we have made, quite open PPT for everyone to share. Beyond that, I mean, please understand one thing, like, the company, the business and company's growth has been, it is in front of everyone. So we are finding it a lot of, the people trying to enter into our confidential data through that, like how the numbers are going, how the margins are going, and that is affecting some kind of confidentiality or this avoids us because of the competitor landscape perspective. So I'm really sorry for not having been able to answer you.

Vinay Nadkarni: Then just one question, this 25% growth that you have seen in revenue, would it be coming from, how much would be volume and how much would it value? Any idea? Can you share that number?

Deepak Joshi: Actually, the growth numbers we have already shared that the major increase has been in Sun Control business. So Sun Control plus PPF, that has shown a 65% and 35% has been IPD segment. And since this Sun Control volumes have also increased and margins have also increased because of our change in the product mix, so pushing towards the higher end products.

So that's how the margin percentage have improved. And so this is the story, basically the efforts toward the CPD business is leading to that. If you really see, just going back to 2017-18, we were just opposite, like 65% to 70% of IPD and only 30% to 35% of CPD. So we are focused towards our aim, which has been done over the 6 years, 7 years back, we are continuously in that direction.

And we are seeing the same thing, like it's going 67%. And with the new line, you can assume that these numbers are going to continuously increase towards consumer products. And of course, we will make the backbone or strong backup from IPD business, which supports our Sun Control business and PPF business.

Vinay Nadkarni: Thank you very much. Congrats and best wishes to look forward to similar numbers in the quarters to come.

Moderator: Thank you. We have our next question from the line of Mahesh Bendre from LIC Mutual Funds. Please go ahead.

Mahesh Bendre: Sir, my questions have been answered. Thank you so much.

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

Parv Jain: Hi, sir. Congrats on the good set of numbers. Sir, can you help me with the revenue figures for SCF and PPF line for this quarter?

Deepak Joshi: So as I just before the question, I said, we are giving combined numbers of two division that is CPD and IPD. But this if I talk of revenues, so this Sun Control is somewhere around close to 49% or 50%. Right. And balance around roughly 20% comes from PPF. But these numbers, I don't want to delve into more details because, as I said, like the company is working towards, I mean, betterment of everything. But at the same time, we have to maintain the confidentiality in terms of the margins and revenues and how, I mean, internal things are changing.

Parv Jain: OK, I think that helps. Sir, can you just help me with the capacity utilization levels? I think that should be.

Deepak Joshi: So capacity utilization is, I mean, it is more than 100% or close to on 121%, 125% in PPF. In Sun Control, depending on the product mix, it is almost running 100% in terms of product mix means, what happens is when we produce some specialty products, so they go two times in the

machine and all those technical complexities. But that is running at full capacity, Sun Control as well.

Parv Jain: OK, the IPD division, that would be?

Deepak Joshi: IPD division has also been running almost 100% in last quarter and going forward. Yes.

Parv Jain: Okay, sir...

Moderator: Sorry to interrupt, sir. May I please request you to rejoin the queue?

Parv Jain: Sure. Thank you.

Moderator: Thank you. We have our next question from the line of Sashwat from Augmenta Asset Managers. Please go ahead.

Sashwat: Hi, sir. Thank you for the opportunity. So I just have a couple of questions. I believe there's some capacity expansion in the industry taking place in the Windows Sun Films side. So if you could give any flavour on the current demand supply scenario and any impact on the production side.

Deepak Joshi: So you are talking of competitors coming into this field, right? Hello.

Sashwat: Right. Yes, sir.

Deepak Joshi: Yes. See, I can tell you one thing because we keep this all company data all around the world. So we are like who are the manufacturers, what are their strengths and all. So we as like Garware, our quality is our, if I can tell you, there are five minimum factors which distinguish or which gives a clear advantage over any competitor in this part of the world. Number one is Garware Films. They do not fade even in 10 years, the colour.

Number two, it is like heat rejection never drops, right? Whereas the other competitors, there are films which are made for from blue dyed or chip type technology. So there the fading happens fairly quickly and the properties of heat rejection also come down in a short span of time. Then our films are high quality, non-weatherable films. So that means their quality is, again, very different from competitors. And there are many such features and we have capabilities to make many different colors, which are very unique and running into the market. So there are 80 to 100 producers already in the world in China and Korea.

So our business, as you have seen, continuously growing with our efforts with the sustained campaigns we have been running well. So competitor as of now, we are very aware of the fact like there are so many things coming, but we continuously focus on the high end products, which are made into the market never before.

Like another example, I can give like a sunroof, moonroof films, I can give you rooftop series, like even the top of the customers from America, U.S., they really appreciate us the kind of innovations we do, because these things are never thought of in the past. So that's how we know, we are very well aware what is happening into the market. But at the same time, our focus do

not change to move into continuously new, innovative products, which are actually we have a unique selling point in all those products.

Sashwat: Right. So that's, that's very encouraging to hear. Just, just another last question. So it's like a part of the products we are exporting, but is there any import substitution opportunity in India for these because of the high quality positioning of our products?

Deepak Joshi: I just want an explanation. So you are you want to know a lot of products are imported in India, in Sun Control and PPF division?

Sashwat: Yes.

Deepak Joshi: So as I said, if you go to, like, if we talk specifically of Sun Control Films, right, so our films are of high quality. And at the same time, they come with a very standard or good prices, right? Whereas when we talk of those films, which are imported in India, they are very, very low quality, or they are sometimes the B grade material generated from those countries.

And they just, sort them out and make the required area cut to fit into the car. So that business is pretty small or very low end business, we always encourage our customers to put high quality films because those films are last only a year or so. So we do those campaigns we have run recently we had educated we have a big event in Goa where 150 channel partners visited us.

And we do these kind of educated educational presentation and we continuously send them videos and all those things like the quality comparison. So any standard player would not like to buy those products. But still there is a market which is pretty low as compared to what we do.

But we do continuously, you know, the campaigns where we educate people what we are and what other competitors are. And if we go to PPF, like our quality of PPF is very different versus what comes. First of all, it's a high quality aliphatic TPU based films. And then they pass all the tests of hydrophobicity and high gloss and cell filling properties. Whereas many films they come and they start turning yellow, which are imported films, they start turning yellow, or there are scratches we do not go. So ultimately, I mean, the customer has to replace them within one year or so.

So if you spend on your car, if you love your car, then you should have a very standard product like Garware. So that's what our campaign has always been. And we are, trust me, we are continuously first of all, we have created market in India for PPF. Now we are creating the customer loyalty to Garware products.

Sashwat: Thanks. Thanks a lot. So this is very encouraging. Congratulations and all the best.

Deepak Joshi: Thank you.

Moderator: Thank you. We have our next question from the line of Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel: Hello, congratulations for a great set of results. Most of my questions have been answered. I just wanted a understanding regarding the year-over-year in CPD division, we have seen growth of

around 52% from say INR209 crores to INR318 crores. So out of that growth, how much we can attribute to the price? And how much can we attribute to the volume?

Deepak Joshi: Yes. So first of all, it's a no brainer that the volumes have increased because of new line have come up. Right. And second thing is on the pricing, there is, you know, the price has changed and gone up because of the movement from many general products to very high-end products. Right. So as I said, we have four categories in general for our window films, both architectural and automotive, mainly automotive. So our efforts have been towards increasing those numbers.

So if you see, it's a combination of both because the volume has increased because the new line has come and it has given us liberty to produce whatever good quality demand we get from market. And of course, on the pricing, because of the movement of higher end products. So it's a mix of both.

Rohan Patel: Okay. And on the PPF side, you say that all, not just PPF, all of our capacities are optimally used and so is PPF. So are we completely using PPF for making PPF or we are also using it to cater to the architectural side or control film side?

Deepak Joshi: It's other way around. We are using 100% PPF for 100% PPF, but also using other capacities to make PPF.

Rohan Patel: Okay.

Deepak Joshi: Yes.

Rohan Patel: Okay. Yes. That was from my side.

Deepak Joshi: Thank you.

Moderator: Thank you. We have our next question from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Hi, sir. Thank you for taking my question and congrats on a great set of numbers. So the only question that I had was on the margins. So you have discussed a lot over the last one and a half hours about it. But one thing I want to understand is, has the PPF backward integration that was taking place over the last year and a half, has that played some role during this quarter's margin expansion?

And secondly, the inventory decision that you're talking about. So was it a situation where in market, the demand was much higher than what the supply was and thus we were able to get much higher realization than we would normally get. So on these two points, how that impacted margin?

Deepak Joshi: Yes. So you are on the first question. Yes, that has happened. But again, those things are, you know, I mean, I can talk in general, like our aim always has been to have fully backward integrated system, which we always make whatever product we make. Initially, we start with components from maybe from other places. But ultimately, the system is to develop everything on our own, which helps us in the cost competitiveness and improve margins.

And second thing is the ultimate level of quality control. So these two are the aims. So you are right on the first and that will continue to grow. So that much I can say on number one. On second thing on the inventory corrections. So inventory corrections, what I meant is it was like long overdue because during COVID people bought a lot of material because of the shortage in the market.

Like if somebody used to give us 10 lakh square feet, we were able to give only 2 lakh square feet because of high demand from the market. That time many companies shut down during COVID in 2021 mainly. Right. So that kind of situation that was that became worse because of the shipping line issues, which took around 75 days from India to US ports, right, similar to Europe because of the COVID situation.

Now, this situation suddenly got corrected in the mid of '22, which was July, August of '22. Then all the material people over ordered and plus the shipping line also went down from 75 to 35. So 35 - 40 days additional material because of shipping line plus over ordering situation. I mean, that situation was there till I would say almost '23 whole of '23 or at least nine months of '23. This situation remained there.

Right. So this was this started slowly correcting in Q3 FY '24 and it was almost balanced in Q4 FY '24. Right. So Jan to March of this year. Now, this situation is now perfectly normal. It is not over inventory or it is not under inventory. So as we speak, the situation is very balanced. So whatever has come is the natural, I mean, outcome of such over inventory getting corrected. Now it is normal. So there is no I mean, there is nothing specific or onetime thing with that.

Ankush Agrawal: Just a clarification. So say on SCF we are 100% backward integrated. So on the relative terms, where would be in terms of...

Moderator: May we request you to please rejoin the queue?

Deepak Joshi: Yes, since he has asked, I'll just answer the question that the see PPF we are Sun Control, we are 100% backward integrated. On PPF it is in the process. So but again, that is a very sensitive information. I can only say that we are progressing and doing well for the value creation for the company and the shareholders.

Ankush Agrawal: OK, thank you. Thank you.

Moderator: Thank you. We have a last question from the line of Parikshit Kabra from Pkeday Advisors. Please go ahead.

Parikshit Kabra: Hi, congratulations on the fantastic result. My first question is, is there any like you mentioned in the past that SCF faces some level of seasonality through the year. In the summer it is utilized more. Is there anything similar in the PPF market?

Deepak Joshi: Not really, but people use since 40%, 50% of the network is same. So what happens people focus much more in when it goes towards lower seasons Sun Control. That time people push for more PPF. We have seen that from our practical understanding of the business. So there is no seasonality, but people tend to use and focus more on market more of PPF in when Sun Control

is little lower. But in overall scheme of things that suits us, because when we are like slightly down on Sun Control, we can make up that from PPF.

So that's how. So our strategy is always been like, you know, geographic mix all around the world, wherever one place it goes down, we try to increase on the other round. Similarly, on Sun Control and PPF and architectural, we try to use these things to keep our lines running full. So that's it.

Parikshit Kabra: Okay. So just to follow up on that. So who are we selling to? For example, in the US, if you're seeing that the buyer for SCF, which is both architectural as well as automobile and PPF, which is automobile, is it the same buyer? Are we selling to OEMs? Are we selling to a distributor there? Who are we selling to?

Deepak Joshi: See our network base is our standard model of selling is directly to distributors in our brand like Global and Garware. But because we are world's largest facility at one location, so we have a lot of capacity and we sell to many customers directly who in turn supply to OEMs, right? OEMs or they have their own branding, right?

So we have a mix of model where we supply to our distributor, our branded material. But we also sell products which are sold under private labels and also sold directly to the OEMs.

Parikshit Kabra: Got it. So can we get a split of our branded sales versus white label sales?

Deepak Joshi: It's typically 50-50 for us.

Parikshit Kabra: Got it. All right. Okay. Thank you. Thanks a lot.

Deepak Joshi: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that would be the last question for today. And I would now like to hand the conference over to Mr. A Venkataraman, Senior President, Corporate Affairs and Finance for closing remarks. Over to you, sir.

A Venkataraman: Thank you very much for attending the call. Trust we clarified all your queries. In case if you have any additional feedback and queries left out, please reach out to us through an email provided in the investor presentation file. Thank you very much. Have a great day.

Deepak Joshi: Thank you.

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

Management: Thank you, sir.