May 19, 2025

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

Scrip Code: **500655**

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

Trading Symbol: **GRWRHITECH**

Subject: Transcript of the Earnings Conference Call on Audited Financial Results / Business Performance of the Company for the Quarter and Year Ended March 31, 2025.

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call, held on Thursday, May 15, 2025 on Audited Financial Results / Business Performance of the Company for the Quarter and Year Ended March 31, 2025.

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

This is for your information and record.

Thanking you,

Yours faithfully,

For **Garware Hi-Tech Films Limited**

AWANEESH KUMAR SRIVASTAVA
Digitally signed by AWANEESH KUMAR SRIVASTAVA
Date: 2025.05.19 16:01:08 +05'30'

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

“Garware Hi-Tech Films Limited

Q4 & FY '25 Earnings Conference Call”

May 15, 2025

MANAGEMENT: **MR. M. S. ADSUL – DIRECTOR TECHNICAL**
MR. DEEPAK JOSHI – DIRECTOR SALES & MARKETING
MR. ABHISHEK AGARWAL – CHIEF FINANCIAL OFFICER

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

Moderator: Ladies and gentlemen, good day, and welcome to Garware Hi-Tech Films Limited Q4 & FY '25 Earnings 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 assistance during this 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. Vikash Verma from E&Y. Thank you, and over to you sir.

Vikash Verma: Thank you, Steve. Good morning, everyone. Welcome to the Quarter 4 and FY '25 Earnings Call of 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; and Mr. Abhishek Agarwal, the Chief Financial Officer.

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

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, Mr. Deepak.

Deepak Joshi: Thank you, Vikash. Good morning, everyone, and thank you for joining us today to discuss the financial and operational performance of Garware Hi-Tech Films Limited for the quarter ended and full year ended March 31, 2025. Let me begin by sharing a brief overview of our financial achievements.

We are proud to announce yet another record-breaking year for GHFL. In FY '25, our annual revenue crossed the landmark of INR 2,000 crores. We achieved the highest ever revenue of INR 2,109 crores, making a 25.8% growth year-on-year and a record high PAT of INR 331.2 crores. This performance reflects our relentless focus on growth, innovation and creating value for stakeholders. This success was driven by the strong growth in Sun Control Window films and Paint Protection Films supported by stable performance in our Industrial Product division.

Let me take you through our Sun control Window Film division. This division recorded an impressive 37.6% growth for full year, driven by expanding market reach and new product introductions. This performance was further strengthened by well-developed market network, our entry into new geographies and the successful launch of innovative products such as automotive rooftop series, Spectra Pro, DecoVista and many other value-added products in the architectural segments. We remain focused on leveraging these opportunities to drive future growth across both domestic and international markets.

We have further enhanced our global presence by actively participating in exhibitions, distributor conferences and strengthening our digital marketing efforts. In addition, we have increased our penetration in Middle East, Europe and East Africa which is opening doors to significant growth opportunities. To drive growth in the Architectural segment, we have established a dedicated business unit with specialized teams across key regions.

Furthermore, we are planning to introduce Garware Home Solutions, a one-stop solution for all film requirements for residential spaces. While this initiative is currently in its early stages, we plan to scale it up to full capacity in the near future. Looking ahead, we expect continued strong demand globally for both automotive and architectural films.

Let me continue with the paint protection film. It continues to deliver consistent results, operating at optimal capacity. In FY '25, the PPF business achieved 25% revenue growth year-on-year, supported by increasing demand both from international and domestic markets. I'm happy to share that we launched our colored paint protection films last quarter, which has already received encouraging traction from customers and are poised for even stronger growth going forward.

We see strong potential in our newly launched products particularly colored PPF, headlight and taillight PPF and the broader PPF range as they continue to gain market acceptance. We are also pleased to report that the work on the second PPF line is progressing well and remains on track for completion by Q2 FY '26.

Last quarter, we had also announced an investment of INR 118 crores for the first of its kind TPU extrusion line at our Waluj plant. This facility with a capacity of 360 lakh square feet per annum is expected to commence production by October 2026. These investments will further enhance our product portfolio which now includes colored PPF, PPF plus, premium, titanium, matte, black and white variants allowing us to serve a wide range of customers across different market segments.

We continue to actively invest in research and development to explore new product opportunities and strengthen our offerings. With these capacity expansions and product innovations, we are confident of sustaining the growth momentum in our PPF segment.

Let me talk about Industrial Products division. The IPD division delivered a stable performance and has recorded a 15.1% increase year-on-year. The shrink film segment contributed meaningfully, driven by steady demand in specialty applications.

We are continuously innovating -- and as mentioned last quarter, we received a patent for floatable shrink film, reflecting our focus on sustainability and technical advancement. This performance helped us offset softness in commodity packaging films. We remain committed to improving this segment through product innovation and operational efficiency.

We have a strong global distribution network and established sales channel resulting in significant growth in Europe, Middle East, and Central and South America. U.S.A. is one of the major export markets, and we are closely monitoring the evolving tariff landscape under U.S. trade policies.

However, we remain confident of growth across all geographies with our value-added differentiated products which have been recognized as the best-in-class. We leverage our state-of-the-art nano dispersion and other cutting-edge technologies to maintain our market leadership worldwide.

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

Abhishek Agarwal: Thank you, Deepak. Good morning all. I'm delighted to report that this year marks the first ever highest revenue and profit after tax along with strong operational performance. For the full year FY '25, our revenue crossed INR 2,000 crores milestone and stood at INR 2,109 crores reflecting a 25.8% increase over INR 1,677 crores in FY '24.

This is in line with the guidance provided in the previous quarters. Our net PAT reached INR 331 crores, which is again the highest ever profitability as compared to INR 203 crores which we did in the previous year. This strong financial performance was driven by sustained growth momentum across our PPF, Sun control and IPD business divisions.

For the full year, EBITDA stood at INR 495.5 crores, up by 54.3% year-on-year basis. Our yearly PAT stood at historical high of INR 331 crores. This is up by 62.9% year-on-year.

For the quarter, the revenue stood at INR 548 crores, recording a sharp increase of 22.7% year-on-year, which was backed by strong business performance across all the business segments. For the quarter, EBITDA stood at INR 121 crores, up by 35% year-on-year and the PAT stood at INR 77.8 crores, which was a growth of 34.6% year-on-year.

Approximately 77% of our revenues in FY '25 came from export and around 87% came from value-added films. This positions us for superior growth within the industry.

I'm pleased to report that beyond our impressive quarterly growth, we have maintained an exceptionally strong financial position. Our balance sheet was zero net debt and a healthy cash reserve of INR 650 crores. The robust financial standing allows us to confidently invest in future growth opportunities.

Furthermore, we have witnessed a significant improvement in the key financial metrics. This year, we achieved an ROCE of 27.2% and ROE of 20.6%, excluding the revaluation reserve. This figure demonstrates our efficient utilization of funds generated by our business operations.

Additionally, we have also managed our working capital efficiently and have kept our collection days at just 7 days. This reflects our ongoing commitment to operational excellence and efficient cash flow management.

In conclusion, at Garware Hi-Tech Films, we are committed to offering value-added products, the customer-centric approach and a strong product line, which has driven our PAT above INR 300 crores for the year, for the very first time. We remain confident in continuing this growth momentum and dedicated to delivering value to our stakeholders.

With this, I'd like to thank you for your continued support, and we can now open the floor for questions and answers.

Moderator: First question is from the line of Mahesh from LIC Mutual Funds.

Mahesh: Sir, you mentioned that there are two expansion plans are coming up this year and next year. So based on this and market outlook, what kind of growth we are anticipating for FY '26 and 27?

Deepak Joshi: Yes. Thank you, Mahesh. So as the guidance given for FY '26, INR 2,500 crores of revenue, we are confident to achieve for FY '26. And for FY '27, we expect a growth of 20% to 25% of CAGR. Of course, this is backed by the expansion, which is starting from Q2 this year. To be precise, September 2025, the second PPF line is starting and this is on track. Everything is going well. In fact, we can start a little early also.

So the expansion is on track. And regarding the second expansion of second capex of TPU, which is expected to start in October 2026. This will be mainly for the margin improvement. There will be some revenue out of it, but mostly the margins -- I mean, operating margins will improve because this will be a full backward integration for our PPF line backed by, I mean, strong R&D and new product developments, which the TPU line will help us for that.

Mahesh: And sir, for FY '25, we reported around 21% kind of margins, slightly lower than that. So over the next 2 years, given this kind of growth of 20% CAGR, what kind of margins we are looking for next 2 years?

Deepak Joshi: On margins, we expect to remain like in the range of 23%. I mean, like we gave the guidance of 25% plus/minus 3%. This up and down depending on the seasonality will happen, but we are confident to achieve between 22% to 25% without any issue.

Mahesh: And sir, I think 77% of revenue comes from the export side. So I think we have exposure to U.S. also. So in terms of geography diversification, any steps we are taking to reduce our dependence on any particular country or any particular geography?

Deepak Joshi: See, we are spread all across. And of course, one of the major market or major market is U.S.A. So there are 2 things. One, the current challenges of tariff, which is 10% additional has been implemented. So with this, we don't see much of the -- I mean, challenges on that because this is somehow we have managed and it has been, I mean, taken care of. So with this, we don't see like a major challenge in achieving our top line and bottom line.

But we have strongly, like I said in my opening remarks that the efforts in key geographies other than U.S.A. are growing very fast. We have added new resources in Europe market. which is growing very fast for us.

And then Middle East is one of the area which is growing very fast, where architectural segment and automotive segment are important, and we expect to grow very high on these markets like growth -- more than 50% growth in these markets because we have added new teams there, and we are targeting the customer base of our peers, and we have been successful in doing so.

So Europe with new team there, additional team there, with Middle East, new team there and East Africa. So everywhere, we are putting a lot of efforts, adding new manpower, and that is giving us good results.

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

Nikhil Kanodia: Congrats on the great set of numbers. Sir, I had one follow-up question. So you mentioned about the TP capacity that is coming in by Q2 of FY '27. So what kind of margin improvement can we see from that capacity?

Deepak Joshi: So you are talking of TPU, right?

Nikhil Kanodia: Yes.

Deepak Joshi: Yes. So we expect 1.5% to 2% betterment in the margins. I mean this is a rough estimate, but 1.5% to 2% percentage margin on company level.

Nikhil Kanodia: Sir, the next question is on the U.S. side. So after this -- the 90-day period ends in July. So what sort of strategic call are we taking? Are we looking at having some capacity in the U.S. or maybe something else, if you can throw some light on the U.S. business as it contributes around 50% of your top line?

Deepak Joshi: Yes. On U.S.A., like I said, we expect like -- I mean, we cannot comment on the trade discussions going on, but we understand from the media that, that is going on well. But in the worst-case scenario as well, we have plans where we are working with some of the -- I mean, players in U.S.A. to counter the impact if there is any. right?

And as I said, other geographies like next to that, it's South America, then Middle East, then Europe and Africa. And we are expecting a very strong growth there this year, and we added manpower in those geographies, right? And there are many products which is exported to U.S.A., but then it goes to different geographies. And we have plans to do that directly from India.

So all those strategies are there. I mean, please be assured that we are doing every bit to have that kind of -- we have a plan of whatever -- if it is worse scenario, we have planned for that as well. Otherwise, we expect things to remain better for us, because if you talk of these kind of tariffs, so like, for example, there is a country, South Korea has had 0 tariff to U.S.

Now they are 10%. Similarly, India has 10% addition. Similarly, China, it was so unpredictable that it went -- now still it is between 30% to 35%. So if you really see the U.S. manufacturer, they import, we have studied well that their -- I mean, components or something -- some of the component has got some kind of origin, which is related, which is not in U.S.A., right? So all those factors are keeping the cost of each manufacturer to go too high to some extent.

And we being fully vertically integrated, backward integrated where we manufacture everything, we have a big advantage of cost where we can further go down and compete in those markets. So we have like multiple-pronged strategy in terms of what our peers, competitors are doing, which countries, what kind of tariffs are there and what product line we can push more. And last and the strongest point that we are fully integrated. So we have much more leverage, which will come into play whenever such situation arises.

Nikhil Kanodia: Okay. Sir, two follow-up questions on that. So number one, are we planning to have any manufacturing capacity in the U.S.? That's number one. And number two, like from the industry point of view, other than India, which geographical regions like would be supplying to U.S., the PPF and the SCF?

Deepak Joshi: Okay. On the first one, we are working, but I can't divulge as of now. We had meetings during our recent visit to U.S.A. So these deals are under discussion and under NDA. So I mean, we cannot comment at this moment, which may happen, may not happen. So that is point number one. Point two, you said -- sorry, I didn't get the second question.

Nikhil Kanodia: So apart from India, which geographies would be supplying the PPF and the SCF in U.S., like for in U.S.

Deepak Joshi: Yes. So only 2 countries are very strong other than India. So that is China and Korea. And both have been like there is a tariff implication from the earlier level. So there has been an increase of 10% from the past levels on both the countries.

Nikhil Kanodia: Okay. And China and Korea would be more on the economic range or the premium range?

Deepak Joshi: See, I can say with our strong product portfolio and Nano technology and everything, our product comes into a very superior range, Global brand, right? And if we talk of these players from China and Korea, they are to the lower end. They do not supply the kind of quality which we supply to U.S. market.

So the market still remains in favor of our products because they are very high-quality products, and they come with a lot of advantage and the age -- I mean, aging of these products is kind of lifetime, 10 years to lifetime. So our products are very superior as compared to the peers in China and Korea.

Nikhil Kanodia: Okay, sir. And sir, if I may squeeze in, I have one more last question. So that is like one of your competitors has also announced PPF and SCF capacity in the market. So how do you see that? And what sort of right to win do we carry when we compare both the companies?

Deepak Joshi: Yes. So there are more than 50 producers in China and Korea who produce the products through chip dyed and glue dyed method, right? And whereas our products are deep dyed products. So the basic difference between us and them is very big.

And since there are 50 companies, if there is a 51st comes into India or any part of the world, so there is a big -- I mean, I would say, kind of difference in the quality. So we do not see any challenge because, as I said, I mean, 50 to 60, if they are not able to -- I mean, I would say the segment is very different, what we are talking to them in Sun Control.

On PPF, as I said, we have a big advantage of like we have been there now since last 5 years. And we have our own components other than TPU. And TPU is also being planned as a strategic benefit to the company. So we are much, much ahead than anyone who wishes to enter into this market.

Nikhil Kanodia: Okay. Because this one is a domestic player with specialization in BOPP and they have announced the premium range into PPF and SCF. So you don't foresee any challenge or change in the market dynamics, right?

Deepak Joshi: Yes, we do not see. As I said, the product quality is very different and the segments which we play and they might be playing is very different.

Moderator: The next question is from the line of Ashish Kumar from Ampersand Capital.

Ashish Kumar: Congrats on a good set of numbers. My first question is on your product portfolio. So how would you compare your product portfolio compared to the competition in the market? Like are we the innovators in the market who are bringing new products to the market? Or are we like trying to fill up the gaps that we have in our portfolio?

And how do you see it going forward? And second question also is on the new product launches that we have done this quarter as well as what we plan ahead. How do you see these particular products like in terms of growth and margin going forward?

Deepak Joshi: So I mean, to answer the first question, if you go back like before this CapEx expansion started prior to 2020, I would say, I mean, Garware was primarily, I mean, catering to the market, which was automotive driven. That means we were very well known in India and rest of the world and U.S. market as an automotive supplier for cars and mostly into, I would say, automotive segment, right?

So -- and we had a very strong name into that. With the introduction of new product line like PPF, which is primarily driven into automotive and then the architectural segment of sun control film, which has started after the commissioning of new lamination line, right? So we are now -- I mean, we have, first of all, we have completed the product portfolio, which we were missing in the architectural segment.

I mean we had like if there are 5 main product lines supplied by the biggest peer in India from U.S.A. So we have completed the full product line, right? We made a full team for architectural products. We developed all the product lines which were required for that. With this, we have now surpassed the biggest seller into India from -- I mean, the multinational company, which is #1 in architectural segment in India.

So by volume we have become #1 in India market by surpassing them. And this has happened because of new team, new product introductions, right? So we have the complete set. But there is now the company's vision from current product portfolio to a next line is to become a solution provider rather than a film supplier, right? So these things is basically comes into architectural segment, where you need to give the full solution to the building where the glass is handled with all the applications and with your film.

In that line, we have announced Garware Home Solutions, especially for the residential segment, where we'll be catering all the requirements of the metros to start with, and then go to wherever possible. So if you talk of our company's positioning, first, we completed the product line, then we entered into the new products, which are not available with any of the multinationals, right? And now third, we are going into the territory where we will be a solution provider for the industry. So our growth from B2B to B2C now direct to customers, that's what we are planning going ahead. So we have now complete product portfolio. And we are going to the product portfolio, which is not even there, not only in India, for the U.S. market, we are doing all those products.

Ashish Kumar: My second question was like you have answered it partly with respect to overall growth and margins. But the new products, are they more in the premium category? So, should we expect like higher margins from them? That's what I wanted to know.

Deepak Joshi: So first of all, if you see overall company's margins, so I mean, again, I will go like 5 years back, where our industrial product was 65% of revenues and consumer product of 35% only, right? As we speak, we are around 65% to 70%, rather 70% on consumer product division, and only 30% on industrial product, right? So going forward, again, there is a big expansion, which is September coming for PPF.

This will lead towards 80% of the consumer products, only 20% for the industrial products. So, margins are anyways we are expecting to go better. I will not go into each product portfolio in consumer products, but you can imagine like a big shift towards from like 35% to now 70%, 75% in consumer products is anyways in margin-driven thing, which we have seen like we show in the slide, we were like 9% of EBITDA margin. Now we are at the level of 23%, 24%. So this is happening on a broad level. In the product lines, whatever we are adding now, they all are high-margin products. So I mean, we will continuously get into more high-driven solution-providing products. And the TPU line, which will add next year, October '26, will also add to margins. So addition, everything from here or has been in the last 4, 5 years on the products which are high margin and niche products.

Moderator: The next question is from the line of Saransh Gupta from SVAN Investments.

Saransh Gupta: Sir, I just wanted to know that how much does U.S. and other regions devote to our revenue, if you can give us a ballpark number?

Deepak Joshi: Can you just... Just a second. It is in the presentation, but I'll just explain that as well, right? So yes, so in last financial year, 48.5% came from North America, 1.1% from South America, 10.5% from Europe, 3% from Middle East, 1.3% from Africa, 23% from India and Far East and rest of Asia, 12.3%; and Australia, New Zealand, 0.2% right? So this is broad. So we are present everywhere, with like North America being 48%. But this year, we are expecting to grow in Europe, Middle East, Africa, India.

Most of the geographies, our growth will be because we have seen that trend in last 6 months, where we have added new manpower, added new products as well, new and innovative products in this season, because our product line is different from different geographies. Every geography has a different kind of requirement depending on the temperatures and climate conditions. So we are focusing more towards other geographies, and we expect to give good results in other than U.S. market as well.

Saransh Gupta: And sir, one more thing that, as this tariff war we can see, so can we see a demand impact happening to U.S. or some other regions?

Deepak Joshi: Some other reason, definitely, demand will grow because we are growing with that. See, the only fact which I can see now this U.S.A., China thing has come to some conclusion. So otherwise, many economists were expecting a kind of recessionary trends into the world. But with this thing happening, I think that challenge will go away, right? So in that scenario, we saw a good growth in Q1 in America.

Q1 means Jan to March in calendar year in U.S. market in the auto numbers, right? So we expect that to grow. And with like a minimal tariff of 10% additional to India, it is similar to all other countries like, as I said, South Korea and China being the other 2. So we don't see much of the challenge because many U.S. producers are also using components from other countries. So there is impact to everyone, but that will be easily passed on.

Saransh Gupta: Sir, just one last thing. As you said that the TPU expansion will help us increase our margin by 150 to 200 bps. So, from the current facility, do we have any operational leverage that can have an impact on the margin?

Deepak Joshi: You mean other than TPU plant, do we have advantages on the cost?

Saransh Gupta: Yes sir

Deepak Joshi: So as we said, there are components and PPF, which we started manufacturing since 2020. But I mean, it takes time. So, 1, 1.5 years to put one component into that. So as we speak, we are almost done with all other components other than TPU. So that benefit of the cost is slowly and slowly coming into the PPF.

Moderator: The next question is from the line of Viraj from Carnelian Capital.

Viraj: So a lot of questions have been asked about the export market, but just something about the domestic market where you've been investing on the Garware application studios. So, if you could just elaborate how the Indian market has done in terms of our CPD and IPD division for the year? And how is our investment in opening more and more studios panning out for us? If you can give a bit more elaborate on our strategy for the Indian market going for FY '26 as well?

Deepak Joshi: So I mean, I'm really happy once again to share that the domestic market has been like last year, it has grown almost 50% revenues in the domestic market, put together for automotive and architectural and which includes window films and PPF as well. So that has been a phenomenal growth in the domestic market, given we have set a very high benchmark for ourselves in automotive industry. Right?

So I mean, this has been a growth for last year. And going forward, in FY '26, we expect another 30%, 40% growth overall for the domestic market. And this is actually driven by the strong brand presence of Garware. So that is a very strong point. Then the digital media campaigns, then the FM campaigns and all other growth drivers.

And one of them, the biggest one is the Garware Application Studio, which is close to 200 as we speak. So you can just imagine like, I mean, every Garware application studio doing some PPF business and some safety -- sorry, some sun control business, it multiplies by -- some multiplies by 200.

So that's the strength of the penetration all across India. And we are proudly saying that even the small villages of Jammu and the interiors of Lucknow, I mean, in UP, Gorakhpur, Lucknow in MP, Chhattisgarh, Raipur. And all those, I'm talking just giving example of smaller cities where this presence is there.

So that means our presence in India is kind of every nook and corner. I mean even -- one of the growth areas has been the Northeast for us, like the Seven Sisters has also grown to this growth has contributed to this growth. This makes us really happy that we are not only growing in the metros, but also growing on the small, small cities of India.

So what is helping us, we have like many social media influencers who back us, then digital campaign has been very strong. Name brand itself was strong. But on top of that, the activities which we do all across India and number of gases has been continuously growing. And lastly, the campaign of training people, it's still going on. Now we have 1,000 trained PPF applicators and window film applicators in India, and that number grows. And we proudly say that they are our brand ambassador across India. See, anybody wants to put a film on their car. So they have been framed by Garware say that is their loyalty that they propose Garware. So the plan, again, is like the growth has been around 50% last year to domestic market, and it continues to grow 30%, 40% for the next year as well. I hope I answered your question, Mr. Viraj.

Viraj: Yes, sir. Just a follow-up. Do we give some kind of data point as to how many cars on which we applied PPF maybe in '23 and '24 and '25 from our Garware application studios and how that number has been growing?

Deepak Joshi: See, on PPF, the growth has been roughly 25% as a whole in the company and similar in the domestic market as well, right? So I mean, as I bifurcated as well, that growth in PPF has been around 25% and growth in sun control window films has been around 50% to -- rather 60% growth has happened in the sun control films on automotive last year and almost 90% has grown on the architectural segment. So I bifurcated all 3 segments for you in India. 25% for PPF, 60% for automotive window films and around 90% for architectural window.

Viraj: And just the last question before I get in queue. Sir, I saw that we launched a headlight and a taillight protection film also this year for the automotive segment. I wanted to understand for the differentiating factor, I've been using PPF on my own car, at least there, the film which covers my normal car body, the applicator applied the same thing for my headlight and my taillight. So is this something different compared to what the normal overall PPF is being done, if you can throw some light on the product?

Deepak Joshi: I will request Mr. Adsul to explain that. It's very different.

M. S. Adsul: Yes. But these are two different films. So for headlight and taillight, it is light colored film. So the basic reason for applying is to protect the acrylic or polycarbonate body from yellowing. And so it has to block some visible light as well as total UV light. So these are 2 different things.

Deepak Joshi: Yes. I mean, from Garware, the name itself says a strong -- the brand where whatever we say, if we are launching a headlight and taillight, it means it's a different product. Otherwise, we would have just gone by that. And this headlight taillight, not only in India, and we are seeing a very strong demand from Middle East and USA, where people are, I mean, understanding it's a benefit.

It gives a great aesthetic and a protection because whenever a car runs very fast in Middle East and U.S. market in U.S. geography, then stone chip and all those things are quite fast at a very high speed, which normally damages the outer of the headlight and taillight. And this film protects that with that and at the same time, giving a very good aesthetic look to the car.

Moderator: The next question is from the line of Manish Ostwal from Nirmal Bang.

Manish Ostwal: Most of the questions are answered. I have only one question on the Slide #11, where we have launched the portal for U.S. market, B2C. So my question is what is the size of opportunity for us? And can you paint the picture for 2 to 3 years the revenue potential for Garware Hi-Tech on that initiative?

Deepak Joshi: Yes. See, PPF being like expensive product, and it's a very high-class expensive product. And when we make the quality becomes supreme. So when the distribution network goes to like distributor and then to dealer and dealer to final consumer, so being that value-added, it's very difficult.

Everybody keeps a stock with a high value then adds margin. So to overcome this situation, we have launched our e-commerce platform where even the pricing are fixed. It's like any of a big portal where you go there and you just put the -- I mean, quantity of PPF, then price will come, you pay online and the rolls are delivered to the customer directly.

So this D2C model has like just implemented 3 months back. But we are getting very good response of that, where -- I mean, as compared to what we were doing in the past. And this is in line with the culture of DIY in USA though it is not 100% DIY. I mean their applicators is definitely required.

But what happens is people take advantage of the brand Global and they directly order from the portal. So this cuts down the requirement of the distributor, dealer and all and gives us good margin to the company. As this is in a very nascent stages, we launched in 2, 3 months back. And now we are seeing good movement in that.

If you talk of a year from now, see, the growth of the company, like we said, we have been growing like for a CAGR of 20% to 25%. So all growth because we count, we have picked up on a specialty segment, all the products being special, and the growth has been phenomenal over the years. So all those growth like, this PPF from the U.S.A. market, architectural cement, Garware Home Solutions, everything put together, we expect INR 2,500 crores revenue guideline to achieve INR 2,500 crores guideline in FY '25.

And similar way, similar FY'26, sorry, and similar way, this growth momentum will continue with all those efforts. If I tell you separately how much it is growing, I can say that the growth we are expecting to be very strong. But numbers as of now, I can't give, but the margins and the numbers growth is going to be really good on that.

Manish Ostwal: Okay. And sir, with your revenue guidance, so how much capex we will be doing for '26, '27 to achieve our revenue target.

Deepak Joshi: Yes. So with these current things, INR 400 crores to INR 500 crores revenue growth guidelines this year and next year. So this will be helped by the new PPF, which is coming in October, September 25. And another one we have already done for this thing of TPU, which will come on October 26. And beyond that, we are now looking into the impact.

We are now looking into -- not impact. I mean, we are now looking into the headroom available for us. Like I'll just explain to you in another way that this year, I mean, FY '25, utilized 133% of PPF, right, and around 70% of the new lamination line, right.

So when the new PPF line comes, so there will be a 70% headroom available for that line, which we will fill in 1 or 2 years, right? Then there will be some headroom available for window films because PPF goes to the PPF line because of the fungibility. So now ultimately, what will happen that October, November, December, there will be another cycle of understanding internal meetings for the growth drivers, and then we'll decide on that. But we will maintain this CAGR growth of top line 20% to 25%.

Moderator: The next question is from the line of Nitin Gandhi from Inoquest Advisors.

Nitin Gandhi: Can you share the revaluation reserve figure? That's the first question.

Deepak Joshi: Sorry?

Nitin Gandhi: Revaluation reserve.

Deepak Joshi: Okay. Mr. Agrawal, our CFO, will answer the question.

Abhishek Agarwal: Yes. So revaluation reserve is about INR 764 crores.

Nitin Gandhi: Okay. And the second question is, what is the peak revenue at the optimal capacity after the second line goes live?

Deepak Joshi: So after the second, as we said, that will add around INR 400 crores of revenue, but that will be step-wise. So we can say, like the 33% additional which we made this year from a fungible line of Sun Control that will now be produced after September, will be produced on the PPF line. So overall, the revenue will go to INR 450 crores, estimated, but that will be stepwise. That's why, again, I'm maintaining that there will be, I mean, the growth drivers will be like PPF additional volume, then architectural business in India and the U.S.A., additional business from the Middle East and Europe, right, and additional business from the D2C market of PPL.

So put together, we are targeting INR2,500 crores this year, the FY '26 and another similar kind of growth for FY '27. So this all will be like 5 different buckets will add to this.

Nitin Gandhi: So that's the peak revenue potential from the existing capacity after the second phase also, right? That's what you are saying.

Deepak Joshi: Second phase, I think we can reach around INR 3,000 crores. That's with full utilization of the window film line, I mean, the lamination line and the second PPF line. So if we add, that will be INR 3,000 crores. And then with the TPU plant coming in, we have plans for diversified new product lines, which we are working on. We have like 4, 5 options, and we will zero in for 1 or 2 options, which will be like see, we did not just go for TPU line to be a backward integration for TPU, but there was more. I mean, we wanted to diversify into the architectural and automotive segments beyond sun control and PPF.

We are looking into new product lines from TPU, which might go into a little bit to medical, a little bit to automotive and a little bit to the architectural segment, where the requirement will go for other glass applications. So this is like a broad thing which I explained right now. But behind this, we are working, we are zeroing in on which product line we will go in FY'27 and FY'28. But definitely, our aim is to diversify in the businesses to sustain this growth momentum, not for 1 or 2 years, but for the coming 5 years.

Nitin Gandhi: Okay. What's the amount spent on the second line PPF?

Deepak Joshi: PPF, it was INR 130 crores.

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

Ankit Gupta: Congratulations for a great set of numbers. Sir, on the new PPF line, which is coming in, in October of this financial year, have we tied up with any of our existing or have we added new customers for like licensing them some capacity?

Deepak Joshi: Yes. See, any such agreements are under a strong nondisclosure agreement, right? So I cannot comment on that. But we have put the line with some kind of forecast and agreements, something we have done. So, like one simple thing is FY '25, we ran the line, I mean, we had a production of 133% of the capacity. So that was 33% more than the line can produce.

So we manufactured that with the existing capacity of window films, right, with the fungibility, right? So going forward, you can straight away think that with the natural growth, we are 50% already utilized on that line, right? Then we have like our plans and agreements, and MOUs, which will definitely be part of this thing. But we cannot, I mean, disclose the details of any of them.

Ankit Gupta: Sure, sir. Have we added any large customers on the PPF and sun control side? Post all this tariff discussion started because what we understand is the PPF being sold in the U.S. is largely imported from players like us, Chinese, as well as Korean players. So, have we added any new clients on the PPF and sun control film side, which can become big for us?

Deepak Joshi: Yes. So we have, in fact, we had like 5 new distributors who were selling the products from big companies. They were mainly doing business with China and Korea, right? So that discussion is still going on and 1 or 2 of them has already been converted and rest are being worked out. So we are working on that. And yes, we have converted a couple of them and more will follow because our efforts in U.S.A. market, like I said, we have set up a dedicated team there in U.S. market, right? And the product portfolio has also been increased. So with this, we expect more customers to come to us as compared to the previous years.

Ankit Gupta: Any large OEM which has approved this, let's say, some of competitors for which we can do white labeling?

Deepak Joshi: I'll tell you, yes, through white labeling, our couple of customers are directly tied up with OEMs, right? But if you talk of direct, direct was not possible before this year because it needs a lot of like B2C, we just started. So our model was to sell to white box and to distributors, right?

So serving OEM requires your capabilities, having applicators, your capability having supplying the product from that particular location. So this -- our model was like distributor and white box driven. So our white box distributors are definitely having not one, many of the OEMs, which are like the new age companies and one of the largest companies as well, right.

So for us, this will start from now. We'll try to add OEMs. But since we're already supplying to white box and distributors who are doing really, really good, and they are continuously expanding. We only added that's why D2C, which helps each and every customer to take advantage of global brand. The rest, everything is going on track and the growth is also shown to be good one.

Moderator: The next question is from the line of Ashish from InvesQ PMS.

Ashish: Yes. Thank you so much for the opportunity. Initially, I should congratulate the entire team of your company for the transition that we have seen in the last 4, 5 years. It's been kind of phenomenal actually. So congrats on that. On the question, sir, given this tariff, so 3M probably would be the biggest company in your domain and you're a competitor to them.

So taking that as an example because the entire objective of these tariffs is to bring manufacturing as much as possible inside the U.S. and your competitors would be in the U.S. corporations also. So in that scenario, though tariffs right now, I mean, 10% is the number.

How do we -- I mean, how do we live in that environment is my question because it will be detrimental to our interest if we have to pay those duties and those producing in America won't be needed to. So any perspective on this would be helpful.

Deepak Joshi: Sure, sure. So as I explained, just think of a scenario where 10% duty to India. But at the same time, South Korea also added 10%, Europe has also been added 10% and China has been 35%. Of course, they were high initially, but still there is a 10% addition to that. So in that scenario, we as a company, I mean, as a country is one thing but as a company, we have a lot of advantages of backward integration, cost controls and quality commitments, right.

So in our situation, we are well positioned at this particular scenario to continue the growth momentum in U.S. market, right? In fact, we are trying hard to get more of the share from others, right, because the trade scenario still remains uncertain, right? So now with this one jerk of 1 month and 10 days, right, there has been many uncertainties towards the supply chain like what will happen to future, right, for other countries.

For us, it has been stable. So with this pitch, it's like a very strong sales pitch what we do and a strong marketing campaign, which we have now elevated. And our marketing pitch has been gone to a very different level now. And with the introduction of e-commerce and all, we are being viewed as a company which is continuously transforming itself from the days when we were like a superior quality manufacturer, but now being viewed as a superior quality manufacturer plus a dynamic company in terms of marketing and all.

So the real thing is we are bringing this benefit to each and every customer to be it like a direct customer or big dealers and distributors. We are very popular on that. So we are taking advantage of the situation. As I said, competitive advantage is still at a strong position. So we do not see as of now any change in that situation.

Ashish: Sir, as of now, there's no change. But hypothetically, if this duty were to go to, say, for example, 30%, so would we be any way be willing to put facilities in U.S.? And would that be a profitable proposition? Because this is very uncertain right now. And as I said, the objective of the government of U.S. seems to be to bridge their trade deficit and to bring manufacturing within U.S. So I mean, isn't it a risk to our entire proposition now?

Deepak Joshi: I got your question. We have a team working in U.S.A. and here and rest of the world. So we have evaluated the situation. But to be very honest, anybody like just go there and put the plant. I mean, we have like many options, buy the companies, do joint ventures with someone. We are evaluating everything.

But let me tell you one thing. that there is hardly any manpower available in the U.S. People can say anything. They will make garment, they will make this. But on the ground, right, to find people run the facility, our estimate says the current cost, which we have will go like 30%, 40% up in manufacturing, right, against the tariff of total 26%, which is 10% or worst scenario, it may another 16%.

Still, the advantages which the company has in the backward integration and like quality proposition with more things to come, we are at a very strong position, right? Because we are -- if you talk of any company, I will not name anywhere in the world, they buy, for example, let's talk of a sun control. They buy base film from some place, then they buy adhesive from some place, they get top coat or they get it done at some factory and then bring the material back, right?

Then they do many operations here and there, whereas you think of our company as a company which buys petrochemicals, make their own resins, then make their own film, then adds make their own adhesive, top coat, nano dispersion on top of this, then all the operations are at one location.

So we -- our advantages at this position are really, really strong as compared to any such situation. Having said that, we are continuously talking like in recent visit also, we have evaluated, met many customers and peers who are willing to coordinate, participate with us. We are in discussion with them. I mean that is, again, very confidential in nature that we are doing all the things, and that may evolve in something, like some kind of cooperation.

And one of the thing is that some of the products or 20%, 30% of the product, which we supply to U.S.A., they reexport it from there. So these opportunities are also we are evaluating that we do not -- I mean, this duty does not affect on those situations. So many such propositions have been worked out for the extreme thing, and it has already been actioned, I would say.

Ashish: So I'm assuming that 3M also would be importing or getting it made from maybe China or somewhere, right? I mean mostly U.S.-based companies also would be doing that, right?

Deepak Joshi: Yes. I will not comment on any particular company, right? But there are, you can assume or you can say there are lots of companies, even the companies which people in U.S. assume that this is 100% American. Actually, he is doing the final thing in America, but key backward integrated things, they are getting it done from other countries, right? So it is 100% true what you are assuming. I would not like to comment any particular company, but there are many, many companies which we don't even believe that they do these kind of thing, but they are doing.

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

Aditya: Most of my question is answered. Sir, just on the geographical area, India recently, we signed trade agreement with U.K. So do we see any expansion on those side? Are we hiring another team resource? Are we going aggressive towards that geography?

Deepak Joshi: Yes. So in U.K., we already have our subsidiary. We have office and we have salespeople there, right? And -- but what we added rather, we added in the European territory more to increase our penetration in European region, right? So with the -- I mean, this trade pact, we are just seeing if there is any duty or taxation benefit to us, which is being evaluated.

But to be precise, U.K. is the kind of size revenues we are doing and the kind of PBT of INR 445 crores, what we are doing, that the sale and the total potential of that market is not that great. But let me tell you once again that to grow from here, we are doing many bucket additions. That's what we said, B2C in America, maybe a little bit from this trade in U.K., then a lot of additions in Middle East and Europe and then architectural sales in U.S.A. and India.

So put together, these many small buckets will get us to the desired results and desired growth what we are planning. But we are very aware of the fact of U.K., India pact, and that already being discussed and advantages are being taken.

Aditya: Right, sir. Sir, second is just a small brief that I would need on you said, products from Korea and China are different from what we manufacture. And you mentioned some process also, sir. If you could just share 2 lines on that. How are we different? What is the process?

Deepak Joshi: See, I'll tell you the products because there is, again, a lot of competitive analysis people do from the other -- these things. I would say the method which we make the products they last for minimum 10 years. And I would say, even lifetime warranty on Global products, right? We make them in such a way that color fading, there are three important things in a film, right, in a sun control window film. One is UV protection. Another one is your control of visual light, which comes from different colors, different metals and all. And lastly, and the most important, the heat control, the IR. Right.

So if we talk of ours versus the films which are manufactured from other countries is that, that our -- this fading or coloring of the film that does not happen to us. That is number one. Number two is when you talk of this capability of IR or reduction of IR cut, heat reduction, that in our cases, it is layered between two layers of film and coating, right. So it does not again fade away, right.

So that is number two. And number three is like we have seen many vehicles in Middle East and U.S.A., where the adhesive comes out and it looks like pockets of filtration, right. So that what happens is our films even customer testimonials, they say, I'll just give you one example. It's a good point that recently, we posted in LinkedIn that a customer from Lucknow, he put Garware films in 2009 in his car, right. He came back in 2025 saying that the car -- he's changing the car, but the film, which we applied in 2009 is still intact.

So there is no other brand in the world which can do that. So we did cake cutting and put his testimonials everywhere, and he bought a new film on his new car. So such is the reputation of Global and Garware. Even we have seen some -- like some negative publicity in U.S. where people say, world, which is the world's best film technology. Even yesterday, it has come.

He said it's Garware or Global in India. But these products are -- if you talk of other products, they are very cheap. So the difference between us that the methodology and manufacturing of other films is very low quality, and they do not stand up with our quality, which is like 10 to 15 years intact into that. So that is the difference.

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

Aman: Just two questions. So last year, quarter 1 and quarter 2 were quite good because of, I think, favorable mix on the architectural film side as well as there might be some benefits of some commodity pricing also. So for this half year, do we expect similar kind of mix? Or was there any one-off some particular kind of sales, value-added sales in architectural films or anything? And if it was, do we expect this to repeat this year?

That is question one. And second question is, sir, we posted like all-time best quarter, which was September 2024 quarter, where we posted INR 100 crores plus kind of PAT, so by which quarter do you expect us to repeat that kind of like performance, INR 100 crores plus kind of PAT for the quarter? These are the two questions.

Deepak Joshi: Okay. So plain and simple that quarter 1 and quarter 2, they are the quarters where we expect seasonality to be at its peak. So this year also, either of these 2 will be the best for us, right? Q3 normally remains subdued and Q4 will pick up to give growth for Q1 and Q2. So we can expect either of these 2 quarters to remain number one and number two for us this year as well.

And with all the efforts, we have already given the guidelines for this year, which we are saying that we will meet that one. So there will definitely be growth on both the quarters as compared to last year, right? So we expect this to remain more or less same. We cannot have a rule like exactly Q1 will be better or Q2 will be better, either of these two.

I mean, we can also say that Q1 posted 27% of operating margin, but Q2 was despite being better, the margins were around 24.5% or 25%. So this up and down in our company will always happen depending on like how the seasonality moves and sometimes people prebuy to see like more, I mean, sales in that. So because our sales pattern is quite long, like we get orders, we manufacture, ship it to different worlds, which take like 25 to 45 days and then they are sold.

So the cycle is quite long. So these ups and downs are quite predictable for us. I mean, quite unpredictable for us. But definitely, Q1 or Q2, either of these 2 will be the best quarter. And definitely, the guidance of INR 2,500 crores we are confident of meeting that.

Aman: Yes. Just a clarification. So commodity prices is something which nobody can control. But was there any benefit which was like, I think, in Q1, Q2 was there, which might not repeat because the cycle has not like turned back down.

Deepak Joshi: You have that particular question. So I can say on the commodity means we are talking of some products from IPD side, right? So we said like what is happening, the company has turned around from 65%, 70% of IPD to 30%. And with the new introduction of PPF line, it will go as low as 20% to 25%, right?

And out of that commodity will be like 20% of that. So the total impact is very, very minimal for us at a company level. But still on IPD side also, this is a backbone for CPD, right? We supply many of the products which are manufactured in IPD to CPD. So growth in CPD is continuously improving the performance of IPD as well, right?

So that's how we expect this momentum to continue. If there is a worse situation in the market like commodity cycle goes to its lowest, we can see a little impact, I can say, like in like INR 4 crores, INR 5 crore impact on PBT on a quarter, not more than that. So even last year, it was the real growth.

Let me tell you the growth last year, the growth of these things, like CPD has grown to its best. Sun Control has grown by around 36% right. And the real benefit to us like as compared to FY '24 in FY '25 has come because of the better sales and high product mix of Sun Control, not on IPD changes. IPD has done a minimal stable performance.

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

Pratham: No questions all are answered.

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

Dhwanil Desai: Congrats on a very good year in a reasonably volatile situation. So 2 questions. One is that currently, we are at INR 2,100 crores, and a couple of years FY '27, we are targeting to reach around INR 3,000 crores. So this incremental INR 900 crores, how should we look at in terms of growth coming from Sun Control architecture, PPF, and window? I understand that all of them will grow, but which will garner the higher share in the packing order or in terms of number, if you can tell?

Deepak Joshi: Yes. In the last 4, 5 years, we have been growing in all segments, right? So from here, the growth, we expect the number one growth to come from architectural segment and that too from India and U.S. market. So that will be like #1. And followed by PPF growth, right. That would be number two. And third, there will be like that's as a broad, if you ask for segment, yes, it is architectural, PPF. But in architectural also, we are saying that the work has been done in terms of team building, in terms of product portfolios, the work has been completed.

But there will be like Garware Home Solutions, which will add to that, plus a lot of products which we are adding now on also after completing the basket, the higher-end products that will also help. So architectural and PPF. Having said that, automotive segment, so this is product-wise. But if I go to geography-wise, again, we will expect a good automotive growth from Middle East and Europe. So that is growth drivers for us.

Dhwanil Desai: Okay. Got it. And second question on TPU. I think the capacity that we are putting up, it's almost half of what we will produce in the PPF. And we are also thinking about kind of doing additional products based on TPU, which is other than PPF.

So essentially, is this that we are first trying to stabilize or test this TPU line and then eventually kind of convert the entire backward integration into TPU over time? And on the TPU new products in terms of the products that you are working on for FY '27, FY '28 in terms of market size, are we looking at very niche products? Or are we looking at large scalable products like Sun Control or PPF? Some thoughts on that?

Deepak Joshi: Yes. To answer the first question on TPU. So yes, it's true. It's capable to supply one PPF line. But the idea here is to grow the product line also. We have always been trying and successfully achieved the niche products always. So with this, we are targeting some products which have got a volume, but they are not something which is very easy to produce, right? So the R&D is working on those products.

All efforts are working towards to grow that area. Before the line comes, we should have the full idea study, everything ready with roughly 25% of the products, which we are trying to business vertical for us. So the idea to take, like I said, not to look for like continuous, we are definitely capturing everything whatever available in automotive market now into architectural market.

Then we want to set up new business verticals because we want to create valuation at the rate of 25%, 30%, 20% to 25% CAGR. For that, we definitely meet the business verticals, which are new age, right, and TPU itself is a very new product, right. It's not something which has been there for ages and people are using because the benefits of TPU are outstanding. It's very flexible. It has high strength, and it can be used in multiple variants.

So the idea is to grow that segment. And then based on that, we'll decide like how do we go. Does it make sense just to make a backward integration for PPF. Or does it make more sense to be a new product line with a very different aspect for the company, a complete whole new vertical. And we are more focused towards to develop something new. Because TPU will add only margins to PPF business, but we have to continue the sustained growth of top line also.

So this both objectives are there. And this is being worked out very closely, and we will come out with what final thing on that. We know what we are doing, but for the sake of our internal commitment and confidentiality and to avoid any information which should not be like very much into the domain. So we avoid commenting more on this.

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

Vinay: A couple of questions. You said North America delivers around 48.5% of your total sales. How much of it is direct to U.S.?

Deepak Joshi: You mean North America and U.S.

Vinay: No, only U.S.

Deepak Joshi: No, no. But 48% is to North America, and that's what I was saying that out of 48.5%, mostly goes to U.S.A. But there are many products which go to Canada, Mexico, yes, many of them to go Canada and Mexico as well. So I can say around 80% goes to U.S.A. of 48.5% and another 20% goes to Mexico and Canada, right? And going forward, we will directly cater from Mexico and Canada or directly from India.

Vinay: Okay. Secondly, can I see your presence in the Southern Hemisphere is just limited to Australia, very small part and I think South America, very small part. And since Sun Control is a big chunk of your sale, wouldn't it be seasonality better to have more presence there? What is the reason why we have not grown in that area?

Deepak Joshi: See we have grown that area, but we have grown much faster in because U.S. market and European market, these are the markets which value high-end products a lot. That means the quality is most suitable for these markets. If you see any company, if they are good quality, high-quality manufacturer, if they are ethical in terms of their offerings, right. So they will have the maximum share in these markets because they are advanced and respecting good quality, right.

And we always give value proposition to our customers, high quality at a more suitable pricing, right. So that's how this market has been very strong for us. But we have added resources in South America to grow that, but even when you talk of the potential of these markets, so based on that potential, they can grow a little, not like what we are targeting in Middle East and Europe.

Vinay: Okay. And what is the contribution of Sun Control and PPF individually to the total sales in FY '25?

Deepak Joshi: Okay. So we have roughly 45% of Sun Control and to be precise, 26% of PPF, right. And around 30% of IPD. And forecasted numbers looks to be 45% to 50% on Sun Control this year and around 30% to PPF and around 20% to IPD. So if you see sequentially, IPD will go down, PPF will increase and Sun Control will also increase.

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

Harsh: Congratulations on great set of results. I just had one question to understand in Q4. Did we notice any stocking or some sales being prebooked due to the upcoming tariffs? Was that a possibility? And if not, then can we assume that this was entirely normal sales due to your marketing efforts?

Deepak Joshi: No, I can 100% vouch that it was normal marketing this thing. No stocking has been done. We see our stocks in U.S. are very, very normal. Nothing is increasing. From here, it goes to U.S. warehouse, and it is same there. So no change in that.

Harsh: Got it. Because during COVID times, we had some stocking then for a couple of quarters. So I was just trying to understand there is no like prebook of sales and then some destocking happening over the next few quarters. So that scenario isn't there as of now.

Deepak Joshi: It is not there. COVID has been long and painful period where people could not get material. That's why they ordered a lot. They could not get in 6 months, 8 months. Then suddenly, they ordered, and that's why it got stocked up. Here, the painful period has been very small waiting period and there is no change in our stocking pattern.

Moderator: Next question is from the line of Mihir Dhami from Sharekhan.

Mihir Dhami: Sir, because of the 10% additional tariff from U.S., how much impact would it have on our margin?

Deepak Joshi: See, on the margins, I would say there has been a general increase from everyone into the U.S. market. Like I explained, even U.S. manufacturers, there are many of them, they import their components from other countries. So everyone has got some kind of impact of that. That's why many of the producers are contemplating like price hike to this extent, right? So we are in discussion and we'll be able to pass this on to our customers.

Mihir Dhami: Okay. And one was a bookkeeping question. What was the reason for a rise in employee expenses and other income in this quarter?

Abhishek Agarwal: So employee expenses is on the back of our additional hiring which we had plus normal increments which come during the year. So that was again for employee expenses. And on the second question was on?

Mihir Dhami: Other income.

Abhishek Agarwal: Other income is basically from our investments which we have made. So we are getting our dividends and other things on that. So that's the reason for the other income.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today's conference call. I now hand the conference over to Mr. Deepak Joshi for closing comments.

Deepak Joshi: Thank you, everyone, for your time given to us today. On behalf of Garware Hi-Tech Films management, I thank you, everyone, and good luck. 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. Thank you.