

November 18, 2025

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

Scrip Code: **500655**

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

Trading Symbol: **GRWRHITECH**

Subject: Transcript of the Earnings Conference Call on Unaudited Financial Results / Business Performance of the Company for the quarter and half year ended September 30, 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 Friday, November 14, 2025 on Unaudited Financial Results / Business Performance of the Company for the quarter and half year ended September 30, 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 Srivastava
Company Secretary
FCS 8513

Encl.: As stated above.

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**“Garware Hi-Tech Films Limited
Q2 & H1 FY26 Earnings Conference Call”
November 14, 2025**



**MANAGEMENT: MR. M. S. ADSUL – DIRECTOR, TECHNICAL –
GARWARE HI-TECH FILMS LIMITED
MR. DEEPAK JOSHI: – DIRECTOR, SALES AND
MARKETING – GARWARE HI-TECH FILMS LIMITED
MR. ABHISHEK AGARWAL – CHIEF FINANCIAL
OFFICER – GARWARE HI-TECH FILMS LIMITED**

MODERATOR: GARIMA SINGLA – GO INDIA ADVISORS

Moderator: Ladies and gentlemen good day, and welcome to the Garware Hi-Tech Films Q2 and H1 FY '26 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Garima Singla: Thank you. Good morning, everyone. I'm Garima Singla, and it's my pleasure to welcome you on behalf of Garware Hi-Tech Films Limited. Thank you for joining us today for Quarter 2 and First Half of Financial Year '26 Earnings Conference Call. This call is being hosted by Go India Advisors.

Please note that today's discussion may include certain forward-looking statements. Therefore, they must be viewed in conjunction with the risks that the company faces. Today, on the call, we are joined by Mr. M.S. Adsul, Director, Technical; Mr. Deepak Joshi, Director of Sales and Marketing; and Mr. Abhishek Agarwal, the CFO.

I now invite Mr. Deepak Joshi to present the company's business outlook and performance, after which we will open the floor for Q&A. Thank you, and over to you, sir.

Deepak Joshi: Thank you, and good morning, everyone. It gives me great pride to speak about the company that has truly stood the test of time, a fundamentally strong organization built over 90 years of innovation, integrity and resilience. Garware Hi-Tech Films Limited has consistently evolved with changing times, adapting to new technologies and global shifts while staying true to its core values of quality, trust and excellence. These pillars have enabled GHFL to not only withstand market cycles, but to emerge stronger with every challenge.

The second quarter of FY '26 once again validated the resilience and depth of our business model. The quarter unfolded amid persistent geopolitical volatility and successive tariff action by the U.S. government which posed a significant challenge for the business. Yet despite these external headwinds, GHFL not only absorbed the impact of these challenges, but continues to create long-term value for its shareholders, a true reflection of our agility, discipline and enduring competitive strength.

During the quarter, we navigated through the impact of the revised U.S. tariff structure, which increased duties by up to 50% on all product categories, yet GHFL reported a 15% sequential growth in revenue quarter-on-quarter basis and limited the year-on-year decline marginally to 8.2%, a clear reflection of our operational agility, strong market positioning and enduring customer trust across global markets.

Our EBITDA stood at INR133 crores, lower by 11.4% year-on-year due to tariff-related impact. However, our EBITDA margins remained healthy at 23.4%, underscoring our disciplined expense management, proactive cost optimization and unwavering focus on

operational excellence. Exports continue to be the cornerstone of our growth, contributing 77% of total revenues this quarter.

Our Sun Control Films segment witnessed strong demand momentum, while the architectural film business continued its rapid expansion in the U.S., Middle East and Indian markets supported by focused marketing initiatives and the launch of premium products.

A key milestone during the quarter was the doubling of our Paint Protection Films capacity to 600 LSF. This expansion removes the earlier fungibility loss with SCF lines, thereby enhancing manufacturing efficiency and unlocking additional capacity for future growth.

Looking ahead, our TPU manufacturing line, which is primarily backward integration for PPF on track for commissioning by October 2027, 25% of capacity is dedicated to next-generation film solutions. We are also deepening our domestic and direct-to-customer presence through our 2 strategic platforms, Garware Home Solutions and Garware Application Studios.

The launch of Garware Home Solution marks a significant strategic leap forward a high-margin D2C vertical aimed at capturing the growing demand for premium architectural films in India. This initiative enables GHFL to directly engage with end consumers and premium real estate developers, thereby enhancing our brand visibility, customer reach and margin profile.

In parallel, our Garware Application Studios network, a direct-to-consumer platform for premium paint protection and glazing film continues to expand at a robust pace. We are well on track to cross 300-plus studios by the end of FY '26, strengthening our presence up to Tier 3 cities and building a strong ecosystem that connects innovation, service and brand experience directly with the consumers.

On the global front, we are diversifying, we continue to penetrate deeper into key export markets, expanding our footprint across Europe, the Middle East and South America. These regions hold immense potential and our premium product portfolio, backed by strong consumer partnerships, positions us well to capture incremental market share and build long-term growth avenues.

GHFL continues to innovate, innovation is true in our DNA while continuously improving operational efficiency and expanding its leadership across product segments. Our multi-segment presence spanning automotive, architectural, industrial and specialty films provides a natural hedge against sectoral cyclicality and enhances earnings stability.

Looking ahead, our strategic priorities remain very clear: strengthening backward integration, accelerating innovation, expanding global reach, enhancing our B2C presence and deepening our domestic market penetration. These initiatives are well designed to deliver sustainable and profitable growth even in challenging market conditions while creating long-term value for our shareholders.

Thank you very much. I now hand it over to Mr. Abhishek Agarwal, CFO, who will be discussing the financial highlights.

Abhishek Agarwal:

Thank you, Deepak, and good morning to everybody. Let me take you through the key financial highlights for the quarter and half year ended September 30, 2025. For quarter 2 of FY '26, our consolidated revenue stood at INR569.7 crores compared to INR620.6 crores in Q2 of FY '25, reflecting an 8.2% year-on-year decline. This was primarily due to the base effect and the tariff-related disruptions. However, on a quarter-on-quarter basis, revenue grew by 15% over Q1 of FY '26, traditionally one of our strong performing quarters backed by steady demand in our core products.

EBITDA stood at INR133.3 crores compared to INR150.5 crores in quarter 2 of FY '25, representing 11.4% decline year-on-year, while improving by 8.4% quarter-on-quarter. The EBITDA margins stood at 23.4%, driven by cost optimization initiatives and a favorable product mix.

PBT came in at INR120.4 crores, down by 12.8% year-on-year, but sequentially up by 9.1%. PAT for the quarter was INR91.2 crores compared to INR104.3 crores in quarter 2 of FY '25 and INR83 crores in quarter 1 of FY '26, an increase of 10% quarter-on-quarter, indicating improved profitability.

On a half yearly basis, the half year FY '26 revenue stood at INR1,065 crores, marginally lower by 2.8% year-on-year, while the EBITDA was INR256.3 crores, down by 8.6% year-on-year. On the balance sheet front, GHFL remains debt-free with a robust cash and liquid investment balance of INR697 crores as on September 30, 2025. This strong liquidity position provides ample headroom for our ongoing strategic CapEx, including the TPU line as well as future innovation and expansion initiatives.

Despite short-term headwinds, GHFL continues to maintain a strong financial foundation and steady operating cash flow generation. With new capacity additions, continued focus on value-added products and improved manufacturing efficiency, we expect to gradually enhance our revenue visibility and profitability in the coming quarters. Thank you.

I now hand it over to the moderator.

Moderator:

So first question is from the line of Mahesh from LIC Mutual Fund.

Mahesh Bendre:

Terrific numbers despite of the very adverse macro environment. So sir, I just want to understand how we are managing tariff issue now? Are we sharing -- I mean, what is the arrangement as of now with the U.S. customers?

Deepak Joshi:

Yes. So thank you for your kind words on the performance. So on tariff situation, so we are managing in a way like, whatever our customers can absorb, because they have to sell it to the end consumer in U.S. market. So whatever the number we are able to agree to pass it on with them, we are doing that and balance we are absorbing.

And having said that, like we explained in the last quarter conference call that aim is not to lose any customer because we have a very strong customer base in U.S. market. So we will continue to support them with whatever it takes for us.

But with the current situation where we are passing on some of the tariff to our customers and balance we are absorbing, but ultimate aim not to lose a single customer in the market, which have been built over 25 years of hard work in U.S. market.

Mahesh Bendre: Sir, various media reports are talking about there's a possibility of deal between India and U.S.A. So if the tariffs, which is now in excess of 50% now, if it comes down to around 20%, will there be impact on -- assuming 20%, will there be impact on our margins?

Deepak Joshi: Yes. See, 20%, whatever incremental tariff comes from as compared to last year or prior to March will have an impact on the margins. But the company has taken a lot of initiatives where cost savings, energy savings and the portfolio enhancement of various products, we will ensure that we maintain the margins of 25% plus/minus 3%. That is the target guideline has been given for the EBITDA margins.

Mahesh Bendre: Sure. And sir, last question from my end. What has been the growth in terms of non-U.S. business, be it domestic or non-U.S. international business?

Deepak Joshi: Yes. So that growth has been quite strong. I mean, other than U.S., market has grown roughly around 20%, I mean, as compared to last year.

Moderator: The next question is from the line of Viraj Parekh from Carnelian Asset Management.

Viraj Parekh: Congratulations on your results. I have a follow-up question on the previous participants. You said the non-U.S. business has grown around 20%. If I'm right, approximately 50% of our annual business last year, what we've done is coming from U.S. So we cited 2 things for the degrowth.

One is the high tariff, second is a high base. So could you just quantify how much was the high base effect in September '24? Because given the quarterly trend, it seems like an abnormally high year. So if you can make me understand what was the SCF, PPF and what was the percentage terms?

Deepak Joshi: Yes. See, high base, we have said because that last year, Q2 has been the highest ever for us in terms of revenue and bottom line and this year has been the second highest performance for us. So now it's mainly the high base is a fact that was there last year, but the major impact has come from tariff only because if you really see from April onwards, we were already facing 10% higher tariff and then another 15% was added.

And then lastly, it was another 25% to make it 50% additional, right? So in Q1 also, we had a little impact. In Q1, we had quite a big impact. So this impact primarily comes from the tariff because as you understand that especially in the PPF business, where the product value is quite high, I mean, as compared to Sun Control in terms of absolute sales price, right?

So 50% impact on PPF has been very tough for us in the U.S. market. But Window Film business has grown by like last -- if we compare with last year same quarter, we had around 42% revenue share from Window Film, which has gone to 50% this year. So there is a big jump into Window Film, whereas PPF last year, the revenue was 31% from PPF. It has slightly

gone down to 25%. But it is up as compared to last financial year, which was 20% for PPF. So I mean, I would say this was seasonally a good good quarter for us. But at the same time, the real negative impact has come from the tariff situation.

- Viraj Parekh:** Sir, given we have our second line of PPF operational, I believe we were working at peak capacity for both our lines in the previous quarters. Do we see that in H2 with this line coming in, it will help us grow at an annual guidance of 20-plus percent on the last year's base of INR2,100 crores?
- Deepak Joshi:** Yes, definitely. See, we were not losing -- I mean, I would say we were making the PPF before this new line into a fungible capacity of Sun Control, which now is possible that we will make all PPF into PPF factory only. There are now 2 lines. So this will give us an operational advantage compared to previous year. And then definitely, the natural growth of around 20% would be there in PPF business.
- Viraj Parekh:** Just last question before I get in queue. Based on last year's base, how much are we expecting our U.S. business to grow this year?
- Deepak Joshi:** You mean, this year's revenue guidance you are talking?
- Viraj Parekh:** Yes, purely for U.S.
- Deepak Joshi:** Yes. No, U.S., I think we will do -- in terms of revenues, we will do like same or slightly better than last year. But the challenge is this tariff, and we are hearing quite good news from U.S. market, including the courts and the tariff deal between India and U.S.A. So if all that happens, I mean, within this month or by December, I think we should be able to maintain the volume or I would say grow over the last year.
- Viraj Parekh:** Sir, last follow-up on this question. Are we seeing that customers are deferring their orders because of the tariffs? Or what is that? Is there like what's the situation on ground there? If you could help us understand because if you're saying the tariffs would be gone by December, once the clarity comes, post that, will we see order coming in?
- Deepak Joshi:** Yes. We are getting regular orders like we used to get. And like I said, our team, including I also personally met all the big customers there and assured that we will help in terms of mitigating the impact. That means we are absorbing the maximum portion of this tariffs because as I said, as a policy, it has been a long work of creating this customer base.
- So whatever was comfortable, we have passed on balance we are absorbing, right? But we are getting orders what we normally get and in fact, some higher orders also. But we are keeping them ready in our inventory, it will not show into the sales unless it is absolutely necessary.
- So in that way, I can say our customers and distributors are reducing the inventory, which used to be up to 3 months in some cases. They are going down up to 1, 1.5 months so that they do not lose the customer, but they take best the advantage of the situation where if any deal happens, so they will -- I mean, we will not have to bear that 50%. Rather, it can be like 15%, 20%, whatever the final number comes.

So we are managing in a way not keeping the supply chain empty. We are keeping it full, but only clearing goods when it is absolutely necessary by our customers. That's how we were able to maintain in Q2 a strong quarter and trying to do the same thing in Q3. But if any deal happens, it will be pretty good, and we will rush fast. But otherwise, we'll have to wait a bit. So I mean, it's our patience. We are just maintaining the situation correctly.

Moderator: The next question is from the line of Akhil Parekh from B&K Securities.

Akhil Parekh: Congratulations on a good set of numbers despite the tariff headwinds. Sir, my first question is, would you be able to quantify what percentage has been absorbed by us and what is kind of passed on to the end customer?

Deepak Joshi: See, this is a bit confidential because, I mean, this is like information which there are many customers, and it depends on many factors you understand. So I mean, we can't digest that information like how much we are doing, not because that creates a conflict among our customers.

Akhil Parekh: Sure. No issues. And second, added 25% tariff, the last bit of tariff was implemented in end of August. So how is the channel inventory at the client level? Was there any kind of overstocking we saw in month of August -- the end of August basically? That's the second question.

Deepak Joshi: Yes. So this tariff, we were aware of like the first 25% that it is coming. Since April, we were preparing for that. Like there may be a situation where we'll have to go for 25%, 15% to 25%. But this 50% came as pretty quick and the time line given was also pretty short. But still, we tried to get as much as possible.

Our lines were already running full because of the season, it was quite good season. So whatever possible we could send the material, we could. So there, we built better inventory or higher inventory that it normally is. So that's how we got the operational benefit in that case.

Akhil Parekh: So the channel inventory is normal at the customer level or that is what you're trying to imply?

Deepak Joshi: At that time, we made it higher when the tariff was implemented. And right now, it's, I would say, it's lowest because we are trying to make it a very flexible one to take advantage. So at the time when the tariff started, it was like good inventory. They had 2, 3 months inventory.

But when, not to everyone, I'm talking of some key customers. And as we speak right now, so we are maintaining the minimum because now everything has been flushed out of system, whatever was like earlier during lower tariff situation. So right now the customers are keeping minimum, and we are keeping good inventory.

Akhil Parekh: Sure. This is helpful. And last 2 questions. One, sir, in your opening remarks, you mentioned that the 25% of the TPU capacity will be for the new production solutions, new product solutions. Would you be able to shed more light what exactly those products would be?

- Deepak Joshi:** Yes. See, the thing is, I think even the previous calls also when we announced, so TPU is a product which has got lots of potential, very high technology product, which goes into various segments, including architectural and some others, maybe medical and all. So we are working.
- But for the sake of a competitive advantage, we would not like to share the exact product names, but our R&D is working. And before the plant starts, we would be ready with that product line so that it takes minimum to penetrate the market and take advantage of that.
- But in very clear statements, we can say that 25% has been kept for new products, which might lead to a further expansion of this segment. 75% will be utilized for PPF and 25% for the new product. So that's the strategic call the management has taken as of now.
- Akhil Parekh:** Sure. And last question on the guidance, margins you have guided 22% to 25%, we are comfortable with for the FY '26. And in the PPT, you highlighted a revenue CAGR of 15%, 20% for FY '26 and beyond. So how should one read it? Like FY '26 also, we are confident of 15% given that we have marginally declined in the first half of this year? That's the last question.
- Deepak Joshi:** Yes. So like I said, we have been pretty clear. If you start -- I mean, last 3 years before, we have given good guidelines and always maintained that. But the current situation, it depends on the tariff. And if everything goes well in November or December. So in that case, I think we should be able to do meet the guidelines of 25% plus/minus 3% for the year. Right?
- And -- but as I said as of now, the situation is volatile. But the growth in terms of inventories, we have maintained and filled the supply chain so that we can take advantage of the situation if the tariff goes down. So we are prepared for that kind of situation. But ultimately, it hinges around the decision on the tariff.
- Moderator:** The next question is from the line of Rahul Jain from Credence Wealth.
- Rahul Jain:** Congratulations for entire team. Wonderful set of numbers in a very tough environment. Deepak, Just to clarify, so the 20% to 25% margins, which you have said today and where the tariff is already at 50%. So are we saying as we speak today and with the kind of arrangements which we have already done with the buyers at 50% tariff, so you are saying that at this level, we will be able to be in that margin range of 22% to 25% if there is no change in tariffs.
- Deepak Joshi:** No. I mean, I said that because what happened in Q1, we had like 10% tariff more or less. In Q2, we had like around 25% and some impact of 50%. So full impact of 50% is not seen yet. I mean we have seen in a couple of cases, but not to the full quarter, right? So if there is no deal or reduction on the tariff, then it will be really challenging to maintain that 22% to 25%, right? But as I said, the inventory supply chain is quite strong now with a healthy inventory.
- So if any situation comes where it drops in November and December, then we will be definitely be able to maintain this guideline, which we have given just now, right? Else, we have made some arrangements already where it will take maybe another quarter, let's say, by Q4. We have like we and our technical team, we have worked like how do we navigate if the 50% remains forever as a worst-case scenario. So we are prepared for that also.

But as of now, if this deal happens, we are good for 20% to 25%. If that does not happen, we might have like a stop gap of Q3 where we might have to suffer a bit. But on an overall annual basis, we will be able to maintain what we have guided.

Rahul Jain: Sure. That is quite helpful. So I'm assuming that at 25% tariff, we are talking about EBITDA margins of 20% to 25%. Beyond that, it will happen, right?

Deepak Joshi: Yes.

Rahul Jain: That's really nice. Okay. Sir, within the segments, our next level of growth, when we spoke about a year back, we were talking about high growth in architecture films. Somewhere around, we had reached last year around INR50 crores on a quarterly basis, so INR200 crores, and we were targeting in next 2, 3 years to take it to INR500 crores.

So -- and also, we had taken steps in terms of team building in U.S. apart from India. Europe is already doing well. So if you can share some more details in terms of architecture films, where we stand today? And how do we see the growth in this particular segment?

Deepak Joshi: Yes. So like you said, we have dedicated teams in U.S. market, in Europe and in India. We are taking care of the architectural business. And the growth has been really good, right? And the current status, we are on track for achieving the growth which we have predicted. And again, a slight disruption on margins, not on the sales from U.S.A. because of the tariff.

But we got good orders, and we are catering to that. This impact of the sale might come in Q4 because of this -- whatever the tariff decision comes, right? But we have -- I mean, we have been able to get good orders and good traction into that segment. And that is for the U.S.A.

Europe market is growing with 20% to 25% CAGR on architectural business. And India, we are even faster. The growth has been faster. Though 3 years back, we can say the base was small, but we continuously improved that. We almost doubled last year as compared to previous year. And this year, again, we are moving with the rate of 30% to 40% in India market.

So in altogether, we are on track. And this is one of the key vertical for us because the company is working into various verticals like we have one of the strongest was PPF, then automotive window films and the IPD. These 3 are like which we're already doing. But on top of that, architectural window film is one of the fastest growing, then Garware Home Solutions will be another fast growth area. And lastly, the TPU from next year will be another one. So the company is now focusing into different verticals for the next phase of growth for it.

Rahul Jain: Sir, one question on TPU. So you have mentioned in the current PPT margins of 20% to 25% for FY '26 onwards. I understand this is as we speak today without any benefits from TPU backward integration. So what kind of benefits could accrue to us post the TPU commencement in terms of margins improvement?

- Deepak Joshi:** Yes. Sowe estimated that around in the current sales scenario, I mean, around between INR2,000 crores to INR2,500 crores, we estimated this EBITDA margin will improve by 1.5% to 2% average for the company.
- Rahul Jain:** That's quite helpful, sir. Really very decent work being done by the entire team at your end. So congratulations and best wishes. And one last suggestion, sir. Earlier, our presentation used to have much more information in terms of Sun Film contribution, PPF contribution, Shrink Film contribution and also the exports and geography-wise exports.
- We used to have a map in the presentation, which was quite helpful, sir. So at least whatever data, whatever information we were giving in earlier presentations around 2, 3 quarters back, my request would be if we can start including that again, that would be really helpful.
- Deepak Joshi:** Yes. First of all, thank you for the encouragement in the performance. This thing is noted. The only thing we try to do is the company is growing in every segment, and there has been some competitive issues with us where the competition is also trying to map the exact same manpower, growth numbers and everything.
- So that's how we have tried to make it more concise. And of course, but we will try to see what can be done on that. However, I have clearly shared the numbers segment-wise. Only country-wise, we have not shared. But like segment-wise, like I said, Window Film has grown --it is like the best ever, maybe 50% in this quarter. So I've shared all those things already in the previous questions.
- Moderator:** The next question is from the line of Nilabja Dey from Ashmore Research.
- Nilabja Dey:** Congratulations, first of all, despite all the tough time going through. Sir, my question is that in the Q4 call, you mentioned that you are -- that time, obviously, that 25% tariff was not announced, the additional. But you mentioned that in case the tariff -- that time it was 20%.
- Now so you mentioned that you are trying hard to manage the tariff part through some means, number one. I don't know to what extent you have -- but obviously, this additional 25% is a big low. Sir, my question is that overall, in terms of the diversification of the supply chain, what you are doing?
- Because most -- a lot of Indian companies have learned from this tough time, and they are actively diversifying moving to UAE or some other countries where they have already signed a favorable deal with U.S.A. Because in times of tough global uncertainty, anything can come and your only manufacturing base and stuff is only in India.
- So how you are planning for the next 3 to 5 years, like I will move away from a complete dependence on India as a sourcing country?
- Deepak Joshi:** Yes. So no, we are aware of this fact, like I answered in the previous questions that we have evaluated a couple of options, right? Because the only difference between -- maybe it depends on the each -- I mean, the kind of company you are in. So in our case, our quality is the prime differentiator in the U.S. market, right?

So if we do some kind of arrangements with any other company, we ensure that like we maintain the, same quality. And at the same time, this confidentiality or I mean, the uniqueness, which is patented technology are maintained when we do such kind of things.

So we have evaluated all those things. And there is, of course, an additional cost when we do any kind of such arrangements or anything which we do. And last and foremost is the legality, like how it is viewed by the administration in terms of when you do these kind of substantial transformation.

So we have like legal consultants, we have taken opinion. We have discussed with the companies. Everything is ready. But only thing is if there is a deal, which is we see coming in very soon.

So before we sign any such kind of agreements, we have to be aware of the fact that we have to maintain that contract. We are a very ethical company and transparent in all those things. So if we sign some deals in, I would say, in hurry or in panic mode, then it might be not great for a company in the longer term.

Now coming back, this is like a short-term arrangement for 3 to 6 months. So we are aware, we have made all those arrangements. If 50% stays, we will have to do something, and we are ready with that. So that's one.

But at the same time, on a longer terms, yes, we are working that we are aware again that there has to be a permanent solution to, I would say, derisking this thing. So management is already working in that, and we have like some progress on that as well. But that can only be shared when something concrete happens or at least the primary agreement is signed, but we are doing that.

Moderator: The next question is from the line of Aashish from InvestQ PMS.

Aashish: Sir, just wanted to understand how much of the absorption, especially from September when the 50% tariff would have kicked in, would be done by supply chain and costing improvements? And how much is by us as a company on the top line as well as the customers that we have. So if that bifurcation is available, that would be helpful.

Deepak Joshi: As I said, see, whatever has been passed on to the customer, that is really confidential because there are many customers. And when I was in U.S. last week, so I mean, they comment on this transcript of conference call, so most of them read like what we are saying, how the company is navigating through these challenges.

So I can't give the number like that will be the breach of confidentiality with my customers because there will be some up and down with each customer.

So that's why that we will park this question as of now. But on the other issues, like there has been, I can say, 25% is kind of fully done into this quarter. So because Q1, we had an impact of 10% additional. We at that time, we said that this has been taken care of. And Q2, there

was additional 15%. So in totality, there was 25% and some of the 50% as well, but that kicked on in September only. So not much impact has been seen till date.

So like I said, if there is a favorable deal, which is likely to happen less than 25%, so we will maintain this 22% to 25% margin and the revenue also will be in line. But if that does not happen, we will use the alternative methods, which will again add a cost of 20% to 25%, but we can post these kind of same guidelines on margins, 20% to 25%. But this will not happen in Q3 because it will take some time before we start these arrangements. So we might see a good on Q4, the same thing.

Aashish: So what you're saying, sir, is 25% is taken care of, which is absorbed. But if the additional 25% does not go off out of the 50%, so Q3 might see an impact, but due to the transition, but there are alternative ways to absorb the overall 50% and get back on track by maybe Q4 or beyond Q4?

Deepak Joshi: Yes, yes. So that's exactly what I said.

Aashish: Yes. Okay. And just to understand on this Home Solutions thing that you mentioned on the PPT, what exactly Home Solutions we would be offering?

Deepak Joshi: Yes. So Garware Home Solutions is end-to-end solution for residential consumers. So that means we have observed that many of our employees and channel partners, they get inquiries like how to cater small houses because our sales normally happens in 1 lakh square feet to our distributors and dealers. Now there are small, small requirements, which cannot be fulfilled by dealers, distributors directly, and we are also not able to do that.

So we have made a new vertical where we will provide end-to-end solution for even the smaller home buyers, which having like 25, 50 square feet or 100 square feet windows, right? plus there are some other PPF also, which is used in home, that is like second offering. And the third will be there are a couple of more products, which we are not announcing now, right, to stay ahead of all kind of competition.

So in all, it's an end-to-end solution provides to residential homebuyers, and it's mainly driven by, I would say, it's e-commerce-driven business.

Aashish: Okay. Okay. So there is a market already there, which some other competitors might be catering to, and we are getting fresh into this. Is it the right to read this?

Deepak Joshi: No, there is no one. We are the one who are entering, but we are partnering with many similar kind of businesses. Right? So again, I won't explain it to that degree. Maybe in next or another 2, 3 conference calls, I would be able to tell that because then it will be like a tested and proper channel for us. But right now, we are very excited about this because this is something which e-commerce is bringing to us and something tried and tested in other kind of businesses for homes. Nobody has done the similar product what we do in this segment.

So this is going to be really, I would say, from -- we can say like from a customer business to consumer business, we are like really focusing on the direct consumer business with this.

- Aashish:** Okay. Last from my side. If we can segregate the growth between at least exports and domestic, how is it? I don't think I read that number anywhere in the PPT
- Deepak Joshi:** Yes. What is export and domestic?
- Abhishek Agarwal:** Export is about 75%.
- Deepak Joshi:** Yes, saying around 76% is the export and 24% is the domestic.
- Aashish:** And what was the growth in that in Q2?
- Deepak Joshi:** See, in the growth, I can say the segment-wise, it's like there has been actually a lot of mix in this quarter because of this tariff. But I can say like the most -- I mean, Window Film from 42% to 50%, it has gone up.
- So first time Window Film have touched a 50% I mean, share in our product portfolio. And PPF is around 25% and IPD is around 25%. And domestic and export growth, I mean, we can separately share with you. I mean you can reach out to IR. We can give you those numbers.
- Moderator:** The next question is from the line of Nachiket with Vervida Capital.
- Nachiket:** Really appreciate the company performed in turbulent times that speaks very highly of the residential economy. Sorry, my query is already got answered in the previous questions. So thanks for the opportunity.
- Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital.
- Ankit Gupta:** Congratulations for a great set of numbers in these challenging times. Sir, my first question is on the performance of Sun Control Films. So we have seen highest ever revenue in this segment during the quarter. So if you can talk about what is leading to this growth? And how much of this growth is contributed from architecture films and how much from the automotive SCF.
- and which geographies have led to such significant growth in this segment? Because last -- I think as per my understanding, Q2 of last year, we did around INR239 crores, INR240 crores revenues from SCF and this year -- this quarter, we've done almost INR285 crores.
- Deepak Joshi:** Yes. So again, Sun Control business is our primary business and all other businesses like it's, I would say, the lead in our set of business. And like you rightly asked question about automotive and architectural, the growth on Automotive segment has happened around -- I can say around 15%, 10% to 15% growth has come from automotive whereas Architectural business has grown around 25% to 30% in this particular quarter.
- And the growth, if you see one of the major factors, what is contributing this growth is, first of all, it has been a good summer season. But unfortunately, it has rained more this year than as compared to previous years.

And in outside export market also, we didn't see a very strong summer this year. But our brand value and the penetration into channel partners and the marketing efforts altogether has really, really done well in Indian market. And one of the leading, let me tell you, which market led this growth is the Middle East market. It has really gone well into that market because for us, we are a known brand into automotive.

But over the last 3 years, we have been putting a lot of efforts in the Architectural segment. And Middle East has been a market where our name was not known. And despite being advanced market, the awareness by overall Window Film manufacturers is not that great.

So we have now hired like local people in Middle East. And the entire team and the distributor are local people, like local Marathi people, right, and in Saudi as well. So these 2 markets have been like the leaders for us in Architectural segment.

So your question, where the growth has come in Architectural segment, #1 is Middle East, #2 is Europe. Then U.S. has almost a very low base. That has also done really, really well. I mean we have done a very big distributor converted to global business from one of the #1 architectural film company and of course, India is growing by the rate of 35% to 40% in architecture.

Ankit Gupta:

Sure. Sir, one more question on the architecture films itself. As a segment, given the potential it has, when do you think as a company, we can reach a revenue base of around INR500 crores in this segment? Any target that you have in mind, let's say, by '27, '28, '29, we can reach those kind of number from architectural gas?

Deepak Joshi:

Yes, definitely. So I mean, again, we are targeting a horizon of 3 years because wherever we have hired new resources and made entire new set of distributors or taken the existing ones. So I can say like 3 years horizon, you can take for that kind of growth of stand-alone INR500 crores -- I mean, INR500 crores alone from architectural business.

And again, I mean, we are quite confident that this will happen because in architectural segment, the real competitor is there is no one. It's more of like we have to create our own market there, especially in markets like India. And U.S., which is already advanced market, we are taking share of our peers, right?

So the strategy for each market is very different. But again, that business is really big, and there is a lot of potential, which we are realizing that will happen with a lot of awareness into the market.

Ankit Gupta:

And the current contribution from this segment will be INR100 crores, INR150 crores or even lower than that architecture?

Deepak Joshi:

So current contribution is like -- just a second, I'll check the number. How much? INR232 crores?

Abhishek Agarwal:

Last year.

- Deepak Joshi:** Yes. So it's like around -- last year, it was more than INR200 crores. And this year, we expect somewhere around INR300 crores of that, INR250 crores to INR300 crores.
- Moderator:** The next question is from the line of Saransh Gupta from Svan Investments.
- Saransh Gupta:** Congratulations on a good set of number in such uncertain times. A lot of my questions have been answered. I just wanted to know like what was the contribution of PPF for this quarter?
- Deepak Joshi:** So PPF contributed roughly 25% of revenues this quarter. So you can see like out of INR500 crores.
- Abhishek Agarwal:** No INR570 crores.
- Deepak Joshi:** INR570 crores, so 25% was PPF. So again, I'll just repeat to everyone, 50% was Window Films, 25% PPF and 25% IPD.
- Saransh Gupta:** Okay. And did we see an impact of the 50% tariff for the PPF segment, like as you can see, like it has gone down and SCF has contributed more towards our spending...
- Deepak Joshi:** So I would like to say that the maximum impact on our business vertical. PPF has hit -- I mean, it has got the maximum impact of tariff because the -- I mean, price per square feet of PPF is the highest among all other product category. So the tariff impact was also quite big on that.
- Saransh Gupta:** Okay. So taking an assumption like if the penalty tariff of 25% has been removed and our second PPF coming in, like what can be the revenue growth that we can guide with?
- Deepak Joshi:** See, on a broad level, I mean, let's not speak on the short term for this quarter or this year.
- Saransh Gupta:** Yes, long term only, sir.
- Deepak Joshi:** Yes. For long term, like PPF will be -- I'll start with the lowest one. The IPD will go down to 20%. It used to be 30% last year, originally 70%. So now it is on around 25%. So that will go down to 20%. PPF will increase to 30% to 35% and balance will be Window Film.
- So Window Film will remain 45-50 and PPF 25%- 30% and then maybe IPD 15% to 20%. So that's growth. And we are expecting these kind of numbers every year on the growth. These will be like more or less the split between the verticals.
- Saransh Gupta:** Okay. And also, just one last question. Does this include contribution from our architecture films also?
- Deepak Joshi:** Yes. Because as I said, the Window Film, Automotive is -- we are like quite strong, but towards like -- I mean, we are having the maximum market share there. So the real growth the growth will definitely come from Automotive Window Film also, like I'm expecting 15% to 20% for sure. And PPF maybe 20% to 25%. But Architectural Window Film will grow minimum 25% to 30% or even a little higher for next 2 years, 2 to 3 years. So that is a segment which has got the highest potential.

Saransh Gupta: Just a follow-up on this, sir, sir, as we are guiding this growth for architectural, so from which region do we focus our growth on?

Deepak Joshi: See, we do not leave any particular geography. We have a separate team. They are not dependent on each other for U.S. architectural. So the idea to make a different team is like they do not like focus on like sometimes this interest or conflict is not there in terms of growth.

So we have like U.S. separate architectural team, Middle East separate architectural team and India separate architectural team, right? So all areas, all geographies are working towards the growth of this business. So -- but the Middle East is really growing very fast for us in this segment.

Saransh Gupta: Okay, sir. So sir, like if we blend all these regions together, obviously, the cost -- there will be some cost difference in that. But what can be the blended margin that we can make on this architectural things as we are the only sole player, as you mentioned?

Deepak Joshi: No. See, on this particular segment, it's not about -- we have to -- first of all, like I said, we have to create our own market. At the same time, compete with the glass. There are certain modification in the glass also helps these kind of benefits, but that becomes very expensive. So we have to make the product pricing in such a way that we get the maximum business out of this.

But the plain and simple thing is most of the glass is plain glass or toughened glass. There's a lot of possibility to have the Sun Control safety security and combination safety. That means if you have a simple glass, you can put a film to block your heat component by, I can say, around 50% right?

At the same time, you can control the glare and sunlight also, whatever degree you want. So ultimate, the competition is with the glass. And -- but where there is a retrofit at all things, we are working hard to get those kind of business. So now coming back to what you asked about the margins.

Margins on the high product, we can go up to 25%-30%. But again, we would like to give the company margins more than the individual segment margins because there is very low-end films also, like they are -- we call them single fly and not much benefit to the glass and versus the very high-end IR films, which can block up to 99% of near infrared.

So the technicality is the product can be highly technical, but expensive. At the same time, it can be very -- at the price at very economical range, but it won't give you that kind of benefit. So overall, if we talk of like the mix of architectural business, I think this will be slightly higher than the company margins, which is 22% to 25%. So we can assume 25% to 30% is the margin.

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

- Sunil Jain:** Congrats on the results. Sir, my question relates first to India. What is the total share of the India business? You said that it has grown very well, 30% to 40%. What is the total share of India business? And in that, how much is IPD and how much is the consumer-led business?
- Deepak Joshi:** Yes. So total 24% has come from India, 76% from exports, right? So that's the broad category-wise for overall company business, export and domestic. Now in that segment margins, we don't give, but just one second. Your question is how much the growth has happened into -- I mean, industrial product and consumer products, right?
- Sunil Jain:** Yes.
- Deepak Joshi:** Yes. So consumer products, there is hardly any growth. In fact, there is slightly degrowth,
- Deepak Joshi:** And industrial products, we have really grown well. So I can say on 2 different segments, there is a growth of 15% to 20% on automotive and 25% to 30% on architectural.
- Sunil Jain:** But talking about 30% to 40% growth in the domestic market. So segment has grown faster?
- Deepak Joshi:** Yes. So I said there is a segment which is like kind of untapped or only -- let me tell you, there are commercial buildings, which do a lot of Window films, especially for the safety films, like many of the chain, I would say, hotels and then this, I would say, the lifestyle brands and some of the brands by jewelry and all. I'm not naming them per se because we have to check the permissions from the brand owners.
- So we do a lot of such business, which is quite common, right? We were already doing that business, and we are #1 in that. And we sell the highest volume in that. But the real growth is coming from like commercial other than those like hospitality and lifestyle brands. So the next round of growth is coming from malls and all those things where we are putting a lot of efforts in architectural business.
- And lastly, from the home solutions where residential buyers. So we have like good network of applicators plus architects plus the builders on that. So because this business was not being, I would say, the focus area for us or any other company.
- So we have shifted the focus to area, which has got much more higher potential than the existing ones, but it needs a lot of awareness. And like I said, we don't compete with anyone.
- We have to create our own market. So that's why we are seeing the good growth there because we are creating that segment for us. It is taking time, but base is low. So growth is quite fast there.
- Sunil Jain:** But the auto business was growing at around 15%, 20%? PPF?
- Deepak Joshi:** Yes, that is more or less with that.
- Sunil Jain:** Second question related to...

Moderator: Sorry to interrupt sir.

Sunil Jain: Yes.

Moderator: Sir, I would request you to kindly rejoin the queue.

Sunil Jain: Okay. Yes.

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

Mahesh Bendre: I have just one question. Sir, you mentioned that -- I mean, there are news reports that there is a possibility of a deal between India and U.S.A. If it happens in near future, we will benefit in Q4, right, since our inventory is very low in the system?

Deepak Joshi: Yes. We'll definitely be benefited in Q4.

Mahesh Bendre: Q4 will be very strong in that case.

Deepak Joshi: Yes.

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

Ankush Agrawal: Sir, just one thing that I want to understand is you have given a good explanation of how you're dealing with your customers in terms of inventory and passing off, say, tariffs and all that. I wanted to understand how is that playing out in terms of your white labeling customers?

We do white labeling, especially on the PPF for some of the larger customers. So in that case, what's the strategy that they are working with? Like are they diversifying their supply chain or they are still continuing to buy from us, but we are sharing a substantial portion of the tariffs? Like how is it working there?

Deepak Joshi: See, the strategy-wise it's the same for both. But yes, this -- with the tariffs because short term, I mean, both have to bear the cost because it's in PPF, the value becomes pretty big. So in that case, the impact also becomes big for both the companies. So that share -- that is being shared. But this is in expectation of something will come out else, we'll have to make arrangements. Like I said, we are ready with alternative arrangements as well.

Ankush Agrawal: Right. And the inventory situation that you highlighted, which has gone down from, say, 3 months to 1 month, that will apply to this white labeling customers as well, right?

Deepak Joshi: Yes. That is with everyone. That's the general consensus. We have had discussions with our customers, whoever customers, maybe distributor, dealer or white label that how should we deal with the situation. So that is the consensus like how we will deal, and we are dealing according to that.

Ankush Agrawal: Okay. And lastly, sir, has there been any impact on the consumer level offtake for these products, given there would be some price increases or whatever?

Deepak Joshi: No, not really because the ultimate impact to consumer is either pretty low or there is no one because we are assuming -- like I said, because of the inventory, we are trying to work with the minimum one so that whatever the short-term pains are there will be there. Like I said, in Q3 will be a period where there will be a lot of adjustments, one of such kind of adjustment would be there. But on a longer run, we expect either one -- I mean, we have like a couple of solutions. There is court, there is deal and there is alternative arrangements.

So ultimately, by one way or the other way, in the longer term, we are -- our growth story is intact. So that's why we have kept consumers away from this -- all these situations because we -- the aim is not to lose a single customer. So in that way, ultimately, it has worked in this way. I mean, so that this is absorbed somewhere in the chain, not passed on to the consumer.

Moderator: Ladies and gentlemen, due to time constraint, this will be our last question. The next question is from the line of Arya Shah from White Stone PMS.

Arya Shah: So I just have a question on the architectural product side. So I just wanted to understand on the architectural front, do we make products which are like protective for a marble or we make products which will replace marble in the near future? Like it will be an effect like a wall paper or something?

Deepak Joshi: We make products which can be applied on the marble, but cannot replace marble because that segment -- our architectural segment means we focus mainly on to the safety security, like if you have a high building where high-rise building, and there is a possibility of breaking the glass, including the toughened glass also breaks and might cause injuries.

So our products are like they are the best for such kind of situation. That is number one. Then the situation is where you face a lot of heat and all. So our films can reduce the near infrared. I mean, the heat component up to 99%. So that's another way of doing like our films into architectural business.

And third thing is the surface protection, which can be applied on furnitures or any marbles, kitchen sink and all those things. These are like the examples of architectural business from our products.

Arya Shah: Okay. So we don't make the design kind of thing for the like on the furniture or something like that, right?

Deepak Joshi: No, no, we don't do.

Arya Shah: No design. Okay.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Deepak Joshi: Yes. Thank you very much. On behalf of Garware Hi-Tech Films Limited management, I would like to thank you, everyone, for your time. Should you need any assistance or any questions, please write to our IR department. Thank you very much. Have a good day. Bye.



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Moderator: On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us.
You may now disconnect your lines.