

**February 06, 2026**

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

Scrip Code: **500655**

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

Trading Symbol: **GRWRHITECH**

---

**Subject: Transcript of the Earnings Conference Call on Unaudited Financial Results / Business Performance of the Company for the quarter and nine months ended December 31, 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 Monday, February 02, 2026 on Unaudited Financial Results / Business Performance of the Company for the quarter and nine months ended December 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 Srivastava**  
**Company Secretary**  
**FCS 8513**

**Encl.:** As stated above.



“Garware Hi-Tech Films Limited  
Q3 & 9 Months FY26 Earnings Conference Call”  
February 02, 2026



**MANAGEMENT: MR. DEEPAK JOSHI – DIRECTOR OF SALES AND  
MARKETING – GARWARE HI-TECH FILMS LIMITED  
MR. ABHISHEK AGARWAL – CHIEF FINANCIAL  
OFFICER – GARWARE HI-TECH FILMS LIMITED**

**MODERATOR: MS. GARIMA SINGLA – GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Garware Hi-Tech Films Limited Q3 and 9 Month FY '26 Earnings Conference Call hosted by Go India Advisors LLP. 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 from Go India Advisors LLP. 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 3 and 9 Months 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. Deepak Joshi, Director, 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, Garima. Good morning, everyone and thank you for joining us to discuss the performance of Garware Hi-Tech Films Limited for the third quarter of FY '26. To start with, wishing you and your loved ones a very happy New Year. Garware's business model, true to its 90 years of heritage and innovation, integrity and customer-first approach remains resilient in the face of uncertain global macro conditions. Geopolitical volatility and successive tariff actions by the U.S. administration continue to pose a challenging environment for exporters.

During the quarter, we experienced the full impact of 50% tariff structure. The offtake was calibrated to maintain undisrupted supply chain. Even in this challenging environment, GHFL largely maintained its offtake. Revenue declined marginally by 1.6% Y-o-Y. Even for 9-month FY '26, revenue decline was limited to 2.4% our order book continues to remain robust.

Despite a 50% tariff, the EBITDA decline has been contained at 7.4% on Y-o-Y basis in Q3 FY '26. For 9-month FY '26, the decline is around 8.3%, primarily on account of tariff-related cost absorption. Export continued to form a significant part of our business, contributing 74.3% of total revenues for this quarter.

Our Sun Control segment witnessed a strong demand. Our architectural film business continued to expand rapidly in all geographies, including Middle East and Indian markets, backed by focused marketing initiatives and premium product launches. Recognizing the growth potential in the Middle East market, the company has announced to establish a wholly owned subsidiary in UAE.

The new entity will manage trading and exports of films, ceramic coatings and paint protection films across the MENA region and other international markets. We also set up two of its kind

global application studio in UAE, and we are in process of onboarding more partners across the globe to strengthen our brand equity.

This strategic step meaningfully strengthens Garware Hi-tech Films' global footprint, expand export capabilities and enhances long-term growth visibility in overseas markets. We had successfully doubled our paint protection film capacity to 600 LSF in September '25. The capacity is ramping-up as per the plan. The expansion has enhanced manufacturing efficiencies and unlocked additional capacity headroom for our future growth.

The upcoming TPU manufacturing line, which will be commissioned by October 2026, will further strengthen our backward integration and innovation capabilities with 25% of the capacity earmarked for new generation products. In addition, we launched Garware Home Solutions, a new D2C business vertical aimed at expanding our domestic footprint and cater to unmet consumer demand in the architectural film space.

We opened our first GHS studio in Chembur in Mumbai. It is in collaboration with a local interior design firm, and we plan to follow the same approach to increase our presence to all towns in India. This platform will help GHFL directly engage with consumers and premium real estate projects, while enhancing brand visibility and driving higher margin growth.

Our Garware Application Studio network, which acts as a direct-to-consumer channel for premium PPF and glazing films continues to expand rapidly. We are targeting to cross 300-plus studios by end of FY '26, and have already crossed 250 stores in Q3. This will strengthen our presence across Tier 1, Tier 2 and Tier 3 cities in India.

Overall, despite external challenges, this quarter reflects GHFL's resilience, adaptability and a strong operational foundation. Our continued investment in capacity expansion, product innovation and brand-building initiatives will ensure we remain well-positioned to capture emerging opportunities and deliver sustainable value to stakeholders. Thank you very much. Now I hand over to Mr. Abhishek Agarwal, our CFO, for financial commentary.

**Abhishek Agarwal:**

Thank you, Deepak, and good morning to everyone. Let me now take you through the key financial highlights for the quarter ended December 31, 2025. For Q3 FY '26, our consolidated revenue stood at INR459 crores compared to INR466 crores in Q3 of FY '25, reflecting a 1.6% year-on-year decline, primarily due to the tariff-related disruptions in the key export market. Despite this, exports remained stable at 74%.

EBITDA stood at INR86.7 crores compared to INR93.7 crores in Q3 of FY '25, showing a decline of 7.4% year-on-year. The EBITDA margin stood at 18.9%, down only 118 bps year-on-year, maintaining a healthy level despite tariff headwinds, which have primarily been driven by cost optimization initiatives.

PBT came in at INR73 crores, down 9.8% year-on-year while the PAT for the quarter was INR55.8 crores compared to INR60.8 crores in Q3 of FY '25. On a 9-month basis, the 9 months of FY '26 revenue stood at INR1,523 crores, marginally lower by 2.4% year-on-year, while EBITDA was at INR343 crores, down 8.3% year-on-year, reflecting the cumulative impact of tariff volatility.

On the balance sheet front, GHFL continues to remain debt-free with a robust cash and liquid investment balance of INR669 crores as on 31st December 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 years. Thank you all. Over to Garima.

**Garima Singla:** Over to the moderator.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

**Mahesh Bendre:** Sir, despite of -- I mean, soft quarter and the tariff issue, we were able to handle on our gross margins really well?

**Moderator:** Sorry to interrupt, Mahesh. Can you please speak a little louder?

**Mahesh Bendre:** Sir, my question is, despite of such a soft quarter, still our gross margins were not impacted that way for the quarter?

**Deepak Joshi:** Yes. So normally, like you said, Q3 for us is a soft one because the seasonality, there is no sun, no sun control kind of theory we say. But we have been working on this because after the impact of tariff, which was hit full of 50% in this quarter, we managed our operational efficiencies pretty to the best of our possibilities. I mean, we went with a lot of changes for operational efficiencies. And plus, the product mix, which we try to make keep it at a very high level. That means the more of high-end products. So that's how we were able to maintain this.

**Mahesh Bendre:** So the tariff that we are paying now where it is booked, is it in cost or is it in sales?

**Deepak Joshi:** It's a mix of both. I mean we are passing some of it to our distributors, dealers, so which ultimately goes to pass on to consumer, but a very small fraction to end consumer. But some of it is passed on to our distributors and customers. The rest we are observing with our efficiencies, operational efficiencies and product mixes.

**Mahesh Bendre:** No. My question is, sir, suppose we were paying INR100 last year, I mean, selling the product. Now because of the tariff, the price has gone up. So that incremental amount that we are paying as a tariff, that has gone into -- that is booked in sales or it goes into expenses?

**Abhishek Agarwal:** So Mahesh, it has both the impacts. The increased sales price to our dealers and distributors, it reflects into our sales numbers, while the tariffs which we are paying, that becomes part of our expenses.

**Mahesh Bendre:** Okay. Sure. And sir, given the current outlook, I mean, do you think -- I mean, we are trying to set up a new plant in Middle East. So when that plant will come up and that will have any impact in FY '27?

**Deepak Joshi:** See, we have set up this subsidiary because our growth in Middle East, North Africa region has been phenomenal, I would say. We have doubled in 1 year, the sales to Middle East region. So we need a strong subsidiary, which can take all the contracts from big companies, local companies because especially for the architectural business, Middle East is continuously growing.

And there is a need to block the sun, the heat in many cases. So the primary objective is to cater to that reason, then the structure of duties from that subsidiary always makes it more attractive. And third is with this growth, this is the ideal location for future growth. I mean we have like multiple objectives with this particular subsidiary in UAE.

**Mahesh Bendre:** No. I mean when this will become functional?

**Deepak Joshi:** There are like many steps to that. One is like setting up, which will be completed during this quarter, that is quarter 4, right? But the full impact of that might be seen in the later half of FY '27.

**Mahesh Bendre:** Okay. And the tax for this will be zero like nil in Middle East?

**Deepak Joshi:** Yes, because this is being set up in free zone. So the tax earned by that subsidiary is almost nil.

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

**Rahul Jain:** Sir, congratulations to you and the entire team at Garware given the environment for the kind of numbers we have been reporting. Sir, just to add to the previous question, yes, the gross margins have remained flat and in fact, they have improved year-on-year as well as quarter-on-quarter. And you explained that some of it is due to the product mix change. Firstly, sir, this entire 50% tariff impact, has that been visible in this quarter, quarter 3? And from here on, how do you look at the gross margins going ahead?

**Deepak Joshi:** See, first of all, yes, we have seen almost full impact of 50% tariff. But if you really see, again, we are controlling the sales. That means only absolute necessary product are being sold into the market to our distributors and dealers because in any case of any favorable decision, we tend to gain that. So that's the purpose of that.

That's why we said I mean, there is inventory into the bonded warehouses, which can be at a click away whenever the need is there by our consumers. Now going forward so full impact is there in Q3. Now going forward, the margins because this is we are seeing if you see the Q3 margins versus Q3 margins, so there is a very less impact.

So we think in Q4 and Q1, the margin should remain around 20% or so depending on the product mix, but we expect to that range. But if any good things from Supreme Court of U.S.A. or any trade deal happens even to 25%, which we are hearing. This is all like all in public this thing. So there might be a removal of 25% against Russian oil or something. So that also will give us a big positive boost. And so scenarios are different. But definitely, in main season, margins will improve. And if anything goes away like 25% or so, we'll definitely grow between 20% to 25%.

**Rahul Jain:** Fair enough. And sir, with regards to the inventory at the customer level, the end customer level. How is that situation currently? I understand some of the channel checks in other industries that is probably at the lowest end. So given the tariffs scenarios or let us put the tariff remains at the current level. So how do you look at the inventory at the customers' level and thereby the sales growth going ahead for us?

**Deepak Joshi:** See, if this remains there, so the sales volume is definitely bound to increase because still we have got very good numbers, and we are keeping the inventory in the bonded warehouse. But now the season is coming, if you really see this quarter, it starts from the March onwards, I mean, March sale reflects the seasonality.

So sale will definitely increase, right? That goes without saying because we are not losing any sales. We have protected our consumers from any, I would say, substantial increase in the prices. So that was our end goal. If you remember our last con calls, we have always maintained that we will not lose any consumer. We will continuously grow.

So ultimately, you are right that there has been a decrease in inventory into the chain from our side between the consumer side, there has been a decrease because we are expecting any good thing. I mean, any trade deal or something will save us a good amount of money, right? So that's why we are trying to keep it at a lower level. But if it does not happen, any deal does not happen, no decision comes into favor, still the sales growth will continue.

**Rahul Jain:** That means this year, we can be around INR2,100 crores plus kind of turnover as what we have been targeting. And next year, can we look at 15%, 20% growth over and above INR2,100 crores at current tariff of 50%?

**Deepak Joshi:** See, again, for that, this -- I mean, this is a subjective question that, like, we remain at 50% tariff and what happens because we definitely expect something better or some action from our end. But definitely, these numbers, what we are seeing is almost -- we are -- sales is stable despite all those challenges in 9 months.

So we will be close to that number. In fact, this quarter can be stronger. And it all depends I mean, if we feel nothing is going to happen, we can release the goods and from U.S. bonded warehouse, which will reflect in our sales. So we can reach to the numbers what we did last year because we are already at the same number in 9 months.

**Rahul Jain:** And sir, last question...

**Deepak Joshi:** Given the scenario that nothing happens. But if you talk of the sales, definitely, it will have a 15% to 20% CAGR growth next year because this year, we have tried to curtail everything, but we'll find other ways. We have found or we are finding other ways to continue this growth, right?

**Rahul Jain:** Sure. That's nice to hear, sir. And last question from my side. With regards to the new PPF unit, which has come in, so what is the current utilization? And what kind of ramp-up we see going ahead in the next two, three quarters, two to four quarters?

**Deepak Joshi:** Yes. So PPF also, like right now, it is running around 65% utilization rate. And going...

- Rahul Jain:** Sorry, sir, this new line, I'm talking only about the new line.
- Deepak Joshi:** New line, I'm talking, it is running at 65% capacity. Old line is running full. But the thing is that is, again, if you really see, we are growing very strong in certain regions, that is Middle East, North Africa, India. And there is definitely PPF being a high value. If you really see the absolute price of PPF versus absolute price of sun control, PPF is at a much higher prices, right, absolute pricing. So the duty impact, tariff impact is pretty high, so we are seeing some challenges from the U.S. market. Despite that, this capacity is right currently 65% utilized.
- Moderator:** The next question is from the line of Viraj Parekh from Carnelian Asset Management. Please go ahead.
- Viraj Parekh:** So sir, first question is probably if you could give me some insight on this quarter's growth in terms of U.S. and non-U.S. and also 9 monthly for U.S. and non-U.S. growth?
- Deepak Joshi:** Yes. So U.S. I mean, same quarter, if you see last year, there was almost 40%, 43%-44% was sale was to U.S. I mean, this year, I mean, Q3 FY '26, it is around 40%. So there is a marginal 3% drop, but more than that is already there in the warehouses to be sold, I mean, against orders. So real sale, we'll see a 3% degrowth in U.S. market.
- But in absolute terms, it has grown because we have dispatched the material against orders, but not yet. I mean, it is in the bonded warehouse and waiting to be invoiced. So that's why we have maintained, like I've been saying, we have controlled the sales to avoid any impact. So 43% and 40%. Then if you talk of other geography, like Middle East used to be around 4% last year. It has crossed 8% already in 9 months, right? And EU has been stable around 10% to 11% and India, around 25%.
- Viraj Parekh:** Sir, you said Middle East, EU and India numbers are for 9 months, right?
- Deepak Joshi:** Yes.
- Viraj Parekh:** So what will be the 9 months?
- Deepak Joshi:** 3 months, You asked for the last quarter, so I'm giving you last quarter number.
- Viraj Parekh:** Right. And sir, what would be the 9-month number, if it's handy with you?
- Deepak Joshi:** So just a second. Yes. Numbers are similar because we have started seeing this kind of trend, if you remember, the March, this tariff thing started, so almost the same numbers.
- Viraj Parekh:** Got it, sir. Just a follow-up on the...
- Deepak Joshi:** If you want, I mean you can ask offline, but the numbers are similar. So I gave you absolute exact numbers of Q3 versus last year.
- Viraj Parekh:** Sure, sir. I'll take it offline. Just a strategic understanding, if I wanted to understand on the previous participant's question, he was asking in terms of the inventory at the channel level in different geographies. Since Q3 was the first quarter with 50% tariffs, at strategic level, how are

we looking at production in a normal versus the tariff environment? At what kind of inventory levels are we maintaining in a normal versus tariff environment? So just wanted to understand that like what is the range between the 2? How have we pivoted to navigate the tariffs because we've been doing an exceptional job with our margins?

**Deepak Joshi:**

Yes. So if had there been no tariffs, so our inventory levels remain roughly 1 month in U.S. and around 1 month in transit. So it's like 60 days inventory, you can say, at our warehouses plus in transit from India, right? So this ranges between, I can say, 60 to 75 days. Right now, if you add everything, so this goes almost, I can say, around 100 days. I mean it's like you can just see 60 days versus 100 days. So there is like 30, 40 days more inventory is lying with us in the warehouse. I mean, transit remains the same, only in the warehouse inventory has been increased. And that has been done purposefully.

**Viraj Parekh:**

Got it, sir. And how are we looking at the production levels, I mean, capacity utilization across our lines in a tariff and nontariff environment?

**Deepak Joshi:**

Yes. So now in case of like current situation, so India, I mean, the manufacturing and everything lines are running full like we are not changing anything at the level of production because order flow is good and lines are being utilized at optimal level. However, we only control at the warehouse level in U.S.A.

As I told you, the aim was not to lose any customers. So all the orders are there. Only release of the material just to see any kind of gain in 30, 40 days will fetch us additional revenues. So that's why we are keeping it like that. So 30, 40 days more inventory at the warehouse level. However, factory is continuously producing as per the requirement because we only produce against the orders, and we have enough orders for this quarter and going forward.

**Viraj Parekh:**

So just a follow-up on that. Currently, our growth is a little bit muted because of the tariff situation. If we are maintaining a line at full for the, you can say, last 1.5 quarters, there would be some time where production would kind of reduce if the tariffs don't go away anytime soon over the next two quarters. So that time, would we have to revise our strategy or we continue in the same thing because your anticipated demand growth is strong. So despite 100 inventory levels, you're seeing growth at 15%, 20% for stronger Q4 and Q1?

**Deepak Joshi:**

Yes. So like I said, there are some other alternative ways are being worked where if we can mitigate the impact of this tariff. But at the same time, even if it continues, we are maintaining the margin like this quarter, if you see being the seasonally low quarter, we have almost touched, I can say, close to 20%, right?

So given a situation like this remains and nothing else happens, of course, there will be many factors will change, geopolitical situation, tariff situation and our situation to cater the market. So there will be all 3 places, there will be definitely some changes, but let us assume nothing happens, like nothing changes.

Still we will maintain a growth of 15%, 20% because we'll not hold inventory in our warehouses. We will do whatever sales naturally happening, which is at the rate of 15% to 20% CAGR, right?

So why do we curtail then our productivity? We'll continuously grow because we are still making margins on that.

**Viraj Parekh:**

Right. Sir, just last question, I'll get back in queue. So for Q3, I think the CFO sir said that our margins in the range of 18%. If I just remove the other income portion and just look at EBI excluding other income, it's in the range of 15%. Just wanted to know that on the drawing board when we look at all the possible scenarios in terms of downside, do you see that if a challenging environment persists going ahead, the margins can see further decline because of stressful demand environment in especially U.S.?

**Deepak Joshi:**

No. Because as I'm saying, this the scenario for Q3 is always different because it's seasonally low. Every year, Q3 is like that. So if we see Q1 and Q2 are strong seasonal seasons for us. So the margin will definitely improve that directly linked to more IR production or high-margin products in Q4 and Q1, right? So the margin maintenance definitely will improve.

Now the question of -- your question was like, yes, if this situation remains, we continue to produce. However, there are some strategies which are being worked out or to mitigate the impact to some extent. So that definitely will come. We I mean, we are all the time working on this situation like, how do we navigate through this situation. Though everyone of us, including our exporters thought it's a short-term phenomenon, but we are prepared for a long-term as well, like that remains, that became stable at 50%. That too will maintain 20-plus margin and with the sales growth of 15% bare minimum at CAGR level.

**Moderator:**

Thank you. The next question is from the line of Jay from PhillipCapital. Please go ahead.

**Jay:**

Sir, just two quick questions. One is on the product mix compared to Q2 with respect to your window films, PPF and IPD. Has that stayed stable? Or is there any change in that mix? And the second one is with respect to architectural films. How has the growth been in that area? And like what sort of revenue can we expect over the next couple of years?

**Deepak Joshi:**

Yes. So in the question of product mix, right? So what happens is in Q3, normally the lower range of window films sell more, right? So when it goes towards high season, more IR product demand comes, which is near infrared blockage of the films. So they tend to have very special films with our nano particles into that. So that generally carries a high margin as compared to the mix.

So that's why we are talking of product mix in Q3 versus Q2 and of course, in Q4 as well. So Q4 goes better in terms of product mix. So that is a general phenomenon with us under certain variables, right? It goes up to extreme in Q1 and slightly lower in Q2, extremely low in Q3, then again goes back in Q4. So this is the phenomenon which we always track, and we are well under control for that particular thing in going ahead, right? So what was the second question, sir?

**Jay:**

Sir, with your architectural films, I just want to understand like how has the growth been in that segment? And is there any ballpark revenue which we can expect in that segment over the next 2 or 3 years?

- Deepak Joshi:** Yes. So if you see, I mean, we started this architectural journey at around 10% of our total CPD sale, right, which was roughly INR1,500 crores last year, right? So now currently, we are at around 22%, 23% of architectural sales. But with ultimate aim is to reach around 30% of that. So from current level of INR300 crores plus, we will reach in next by next financial year to around INR400 crores and then INR500 crores out of it.
- Jay:** Okay, sir. Got it. Thank you. I will just jump back in queue if I have any further questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investment Private Limited. Please go ahead.
- Vinay Nadkarni:** Just a couple of questions on the UAE plant. You said that it will be commissioned in Q4 '26. Am I right?
- Deepak Joshi:** Yes, that's the subsidiary, yes.
- Vinay Nadkarni:** No, the plant, the manufacturing plant will be commissioned in Q4?
- Deepak Joshi:** We have not announced any plant in UAE, right, to be very precise. There are some plans which we are working on. But this is as of now, it's only a subsidiary, which will cater the business to MENA region and other export it to other region.
- Vinay Nadkarni:** This will be a trading subsidiary, if I'm right?
- Deepak Joshi:** Yes. As of now, to start with, it will be a trading subsidiary.
- Vinay Nadkarni:** Okay. Secondly, on your GAS studios, now that you have more than 250, are they operationally profitable?
- Deepak Joshi:** Yes.
- Vinay Nadkarni:** So they contribute to the bottom line?
- Deepak Joshi:** They are profitable, but they are not standalone ones. They are the ones which are with other product lines like auto accessories and all.
- Vinay Nadkarni:** But they are profitable. I mean, because in retail generally...
- Deepak Joshi:** Yes. In our product, it is.
- Vinay Nadkarni:** Okay. And as far as your U.S. tariff impact is concerned, in this quarter, did you see any prices getting dropped because you were absorbing the cost or how was it? How did you maintain the price and absorb the cost?
- Deepak Joshi:** See, like the tariff impact, like I said, is 50% additional. In that case, in the 50%, we absorb most part of it, but there is some portion which is being passed on to our customers, right? So we

cannot specify the number because that a lot of questions come to us like on the parity and all those things under competition advantage, right? So one portion is passed on.

Another portion is absorbed on. But we have mitigated that successfully. Again, if you see the numbers of Q3, like on the sales of that particular amount, which we sold to U.S.A., which is 40% of total sales, right? Out of that, if we add roughly 40% of the tariff, and minus whatever has been passed on.

So there has to be a INR50 crores impact on PBT, right, which we did not see. We saw only INR7 crores to INR8 crores impact. So we have successfully navigated by our efficient manufacturing process and efficient product mix strategy. And some of the products which we diverted to the territory where it was going to U.S.A. then being diverted to other territories.

We have really managed that well by sending it to like re-exported cargo kind of thing. So a lot of strategies has made us to navigate the impact of roughly INR40 crores for the quarter. So that's how it has gone to like a PBT level of INR73 crores, INR74 crores. So that's how we managed it, yes.

**Vinay Nadkarni:** Basically, what you're saying is there was a INR50 crores downside, but you manage INR40 crores from other areas to make it?

**Deepak Joshi:** I'm saying not yes, there was a possibility. If we really payout the duty and everything, of course, we pay the duty. But I'm saying if you see plain and simple, you have a product sale and you have this additional duty, you would have that kind of impact. But we successfully navigated through by passing on to something and then efficiency improvement, product mix change and all those and selling to the territories where earlier it was going through U.S.A., now directly going, all those strategies we have worked out to mitigate that impact.

**Vinay Nadkarni:** Okay. Just one last question. given the fact that this uncertainty in U.S. is going to continue for the next 2, 3 years until the time this present government is there, what are your plans to expand in other areas? Have you accelerated those? And which are the areas that you're looking at in expansion?

**Deepak Joshi:** So first and foremost, we have grown really well in Middle East region. So I mean, the sales, which was last year versus this year has doubled. If we see last 3 years, 2 years, where tariff was not seen, but if we compare versus 2 years to now, the growth has been almost 3x to 4x, right, in terms of sales from that particular region, from Middle East, North Africa region. So that is continuously growing.

And we are also growing in the markets like China. There are a lot of plans where there is like we are doing partnership with some top players to gain advantage of that market because our product is really good like our brand global really does well there. So that area, we expect to grow really well. And even in U.S., like I said, in terms of orders and everything, we are continuously growing.

We are taking share from top of the peers. So that growth is also there. So any moment, any positive thing from U.S.A., even if it is 25%, will really, I mean, be a great thing for us. But even

if we assume that 50% is going to remain there, we are confident that we will navigate through really well in Q4 and then next year onwards because we have strategies in place, which will be announced shortly.

**Vinay Nadkarni:** Okay. And lastly, does this impact your white labelling business or is it impacting your brand business this year's tariff?

**Deepak Joshi:** See, it impacts both because the tariff is applicable for both. But if you really see on white labelling, there are possibilities because white label people sell all around the world as well. So we are directly selling them from India. So in that case, we are able to distribute this thing really well having him to go to U.S. territory.

**Vinay Nadkarni:** Yes. I understand. Thanks a lot. Thank you for your answers.

**Deepak Joshi:** Thank you.

**Moderator:** Thank you. The next question is from the line of Priyank Agarwal from Equirus Securities. Please go ahead.

**Priyank Agarwal** Sir, my question is that in Q2 we have seen revenue being stable despite that the margins have declined. So how the margin was impacted, like, because of the temporary investments in D2C subsidiary branding or it was because of the structural cost pressures? And in the coming quarters, sir, how do you see the EBITDA margins going forward?

**Deepak Joshi:** Yes. So see, EBITDA margin, the primary reason is, of course, tariff situation in U.S., which was 50% additional. So like I explained, had that not been there, we would have really done well. But we have to accept the fact whatever it is, it is, right? So that's number one. Number two, in Q3, our margins are usually in this range only, like 18.5%, 19%. But when the seasonal mix changes, it will improve.

It will go 20-plus easily even with 50% tariff, right? That is number two. Number three, we are doing a lot of activities like we have opened like direct-to-customers global application studios in Middle East, 2 of them has been opened in last week. And there are more in pipeline. So that will really boost our brand image and direct-to-consumer business where margins are good with the brand visibility.

Then we are doing Garware Home Solutions in India. So we just launched one in Mumbai, but there will be many more to come. So that will again create demand in India market. Then Garware Application studios, which are 250 right now and will reach to 300. So this is again direct to sale.

And in U.S. market also, we are signing up a lot of such studios, which we are in the process of doing so. So that will also boost our sales and profitability in U.S. market when we go directly to consumer, right? So all those things, if you really see the company's focus is to become more of a consumer driven. If you see each and every steps of ours, which is Garware Application Studio, Global Application Studio, Garware Home Solutions, Global Home Solutions, we are trying to become more as a consumer brand than as a B2B kind of business.

**Priyank Agarwal**

And my one more question I have regarding the Garware Home Solutions. What is the revenue model here? I mean, in terms of franchisee versus company-owned? And what kind of capex we are looking at this? And opex, if you want to scale the B2C over the next 2 to 3 years?

**Deepak Joshi:**

Yes. So see, I can give you some highlights of that, that I mean, the Garware Home Solution this is like a channel, which is e-commerce-based model, right? So their consumers will directly pay to the company and the company will have those franchisee models or those, I would say, outlets where they do the work, applications and others and they will be paid accordingly.

So it is full under Garware company's control, right, right from their database till payment and everything. But it is more of a like I said, it's an e-commerce-based model because physically, it is this model cannot work because the ticket size are very small, but the number of consumers are enormous. So that's the primary model.

And these platforms and everything have been created, but still into the testing models or testing modes. Now on capex, there is hardly any capex into that because company already does these kind of products. The main products are sun control film, surface protection film for your furniture, for your kitchen sink and etcetera.

There will be more products like switchable films. There are some coatings which are required for the home. So most of the products company already makes, but it needs a different kind of attention, which we are doing. It's mainly a selling and a branding platform for the company.

**Moderator:**

The next question is from the line of Swechha Jain from ANS Wealth. Please go ahead.

**Swechha Jain:**

Sir I have a couple of follow-ups actually because most of my questions have been answered. Sir, my first question is regarding the Dubai subsidiary. I believe you said that right now, what we are looking at is mainly from a trading point of view to cater to those geographies. But I also heard you saying that we might set up a manufacturing kind of a unit somewhere down the line. So if we ever decide to set up a manufacturing plant outside India, I wanted to understand, would it be in this subsidiary or any other geography that we are looking at, sir?

**Deepak Joshi:**

See, first of all, like the basic thing is if you really see the tax proposition and the growth into that region, so the growth has been really great. So that's why it makes a very obvious choice for us to open a subsidiary because we have tripled our numbers in 3 years and much more to come because we are signing good agreements with top companies in real estate and architectural space.

So the business is growing. Then it is like ideal for the duty structure in the free zone, right? And that's one. And there are opportunities to export from these reasons at a good this thing. So these setups are being made. The details, like the subsidiary opening is pretty fast and this will happen in next 1 or 2 months.

But there are other actions on to that, like the manufacturing means what kind of manufacturing, there are a couple of options there, which are being evaluated and being worked out, right? So there is no time line and there is no commitment from us as of now. But definitely, we are making the decision in a way to take maximum advantage of that reason plus other geographies in terms

of like taxation and other purposes. And growth is the forefront of everything, the company growth numbers in that region, yes.

**Swechha Jain:** Okay. But would it also mean that once we start manufacturing here, we can also sell it to U.S.? And then would it also help us from a tariff point of view is what I wanted to understand basically?

**Deepak Joshi:** See, I will answer in this way. If I mean, see, Middle East is very near to us, right? So setting up a facility to sell in Middle East is maybe one of the reason. But the main thing is not like looking into the geopolitics and everything, that's like we are in India. And one thing in Middle East always makes good sense for us to reduce the geopolitical impact. So that's very important.

So that's why we are working on this. But as of now, I can say this much only. We will whatever is there, we will announce properly and let you know. As of now, we are opening a subsidiary. That's very open. And we are exploring all opportunities. We have maintained like 18% to 19% EBITDA margin, which will go to 20% plus. But of course, we want to go back to the numbers where we were like 25% plus/minus 2%. So ultimate goal is that. So we have to reach there, and we will do that.

**Swechha Jain:** Right, And sir, this EBITDA margin, the 20 plus that you are saying, this includes the other income, right? It is considering the other income, right, is what I want to understand?

**Abhishek Agarwal:** Yes.

**Swechha Jain:** Okay, understood.

**Moderator:** Sorry to interrupt Swechha, please rejoin the queue for more question.

**Swechha Jain:** It is my second question sorry.

**Management:** Okay, got it. Yes, go ahead please.

**Swechha Jain:** Sir my second question was sir just want to understand on the architectural side, how much we are planning to invest in this business in terms of people, in terms of the marketing. If you could just broadly help us understand our overall strategy for this business in the medium-term and also in the long-term, like what geographies and what products, what kind of revenue potential this business can have for us over 3, 4 years and margin guidance for this business specifically? And what kind of ROE can we get from this business, sir?

**Deepak Joshi:** There are seven, eight questions for me. Okay. Yes.

**Swechha Jain:** Sir, they only give us two questions to ask, sir, what to do?

**Deepak Joshi:** No problem, I'm happy to answer. So let me tell you, the journey, like we said, we started 2 years back when the total business was around 10% of total consumer products sales in architectural business, right? And right now, we are at the level of around 22% to 23%.

So how we have grown and what are the strategies to grow faster is that architectural products are a little different in nature as compared to automotive. Garware is very strong in automotive business. But with slight change investment, which we have already done, in last 2 years in new lamination line is helping us to grow in this business.

So there were, architectural business needs many kind of products. That includes your sun control, which reduces the heat and controls the glare, reduces the ultraviolet rays (UV) rays to avoid the cancer. And then there are safety security films that means whenever you are seeing the school, colleges, banks, which are high rise, especially in the markets like U.S.A.

So there they need a very high protection from so these are safety films. This may be transparent in nature, colored in nature, but nobody should fall from that height or no even in some cases, from the distance range, nobody should get hurt if there is a shooting on such incidents like U.S.A., right?

So and one more thing is there are certain products which are decorative in nature, like interior decoration and all those things. So now so these kind of product range, like 3, 4 years, we were missing. But last year, everything has been completed. We have a complete range of products, right?

If you ask anything out of these products, they are available and manufactured by us. Because of this, we have been able to attract good distributors in U.S.A., Middle East and other regions. We were from the -- who were doing the business with the top of like our peers, right? So we have attracted them because of our entire product list.

Then our pricing because we make end-to-end product by ourselves, that means we are fully backward integrated for all those products. So we have like a competitive advantage in terms we are not far off. I'm talking of only 10% to 15% as the prices. So we have like a full range of product at the best, I would say, pricing, best distributors in Middle East, U.S.A. and India from our peers, they have moved to us.

And the last and not the least is the team, which was like earlier, there used to be only one team. Now we have like a separate architectural teams all around the world. That includes in U.S.A., we have a top person from a peer group. He has really done well and got some big distributors converted to our brand.

Same in Middle East, we are growing and one of the major growth area is architectural there. And in India, we have done almost all top hospitality hotels in India and all airports, railways and everything we are working under this segment. And one of the most important thing, like I said, there is people, good resources from our competition.

Then we have all product lines. We have good pricing. So this is working really well for us. If we see the revenue size, if we go whenever like we are targeting now around INR500 crores by FY '27. And I can say like similarly, if we talk of by FY '30, we have an aim, ambition to make it to around INR1,000 crores with Garware Home solution in it.

**Swechha Jain:**

Okay. Thank you. Sir this really helps a lot. Really appreciate this.

**Moderator:** Thank you. The next question is from the line of Suruchi Jain from Opportune Wealth Advisory. Please go ahead.

**Suruchi Jain:** I wanted to know more on..

**Moderator:** Sorry to interrupt Suruchi, we are unable to hear you. Your voice is breaking.

**Suruchi Jain:** Ma'am I am audible now?

**Moderator:** Yes, please go ahead.

**Suruchi Jain:** Yes. In view of pricing difficulties, I wanted to know how this has impacted your working capital cycle, say, have the receivables gone up or have your payables been a problem? Any cash flow constraints or cash cycle extensions? What are you also seeing on the competitive side?

While you are finding solutions at your end, what are competitors doing? As I understand, your product is of high quality and high price as well, it's a premium product. But there are always competitors looking to undercut and take away share when things like this happen. So if you could share a little bit on both these aspects, please?

**Deepak Joshi:** I'll explain you on the aspect of quality and what our competitors are doing, right? The other part, we'll try to answer, but the question was not clear. So let me answer you first the competitive landscape. So the product which we make, it is made out of very high base films, which is normally available with only few people in the world.

And the reason of that is this we are fully backward integrated. That means we make our own base film. We do like metallizing, we do the nano dispersion facility and some preparation on the base films, adhesives and our top coats like surface resistant coating and everything into window films, right?

All those processes have been developed in-house. And this has been a work of last 30 years, which is working very well for us. And the machines and everything has been designed by our engineers with the help of experts from big companies who give us the machinery, but not a single machinery manufacturer is there.

There are many, many involved in that. So there is a big entry barrier if somebody tries to copy, right? And there are many of them more than 10 patents are there, which are like very essential part of our manufacturing, right? So this is what we are. Now -- and that's how like many companies around the world who want to partner with us to have our basic films.

But we have chosen the path to growth by ourselves, right? So if you see the journey in last 4, 5 years, we have shown the kind of growth we can do with our products, right? And so if you really see the product comparison, if we do, it's only with some of the U.S. manufacturers. And we have partnership with many of such manufacturers as a white box in U.S.A.

So there are very limited people who make similar films like us. But fortunately for us, unfortunately for that, the growth in U.S. market for manufacturing is really challenging. They are not able to grow that fast in that market. So in terms of manufacturing capability. So there,

we are coming into picture. And we have a lot more opportunities where we are filling the gap by supplying to them or looking for opportunities where we can do some kind of partnership with them into these advanced markets.

**Suruchi Jain:** Okay. So sir, my first question was about how the pricing and the environment on the buyer side has changed sort of your selling power, if you say, pricing power we know about. But say, credit cycles, have they got extended at any part of your working capital is under pressure? Anything if you could share internally how this has impacted you and your negotiations, so to say, with existing or new clients?

**Deepak Joshi:** Yes. So actually, nothing has changed, let me tell you, because of this situation because like we said, we have managed this situation by our operational efficiencies, right? That is product mix, making the product with higher efficiencies and everything and plus only a limited tariff impact has been passed on to our customers.

Rest, we have absorbed by the way, which I just told you. So no change in terms of credit or these things have changed. We are like, the cash flow is really strong, and we don't have any such challenge with us. So we did not witness any degrowth. Whatever we are seeing here is already we have orders.

But we are keeping the material so it is like just-in-time kind of model we are working now in U.S. So no sale drop has happened. No customer has been lost, right? Only the slight impact which we are seeing on our margins, which is quite well and open. But the growth is there and will remain there. So no change in that.

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

**Ankit Gupta:** Sir, firstly, we had a sales of around INR325 crores for CPD for our consumer division. If you can give us the breakup of Sun Control Films and PPF in that for Q3 as well as 9 months?

**Deepak Joshi:** Yes. So it's 44% Sun Control, 26% PPF and 30% of IPD.

**Ankit Gupta:** Okay. And sir, the other question I wanted to ask was when you say 65% capacity utilization of the new PPF line also, this is primarily because our PPF sales have largely remained flat on a 9-month basis. And so the SCF facility that we were utilizing for manufacturing the PPF, that would have now moved to the new PPF line, and we would have more spare capacity on the SCF side. So is that the right understanding?

**Deepak Joshi:** Yes. I mean whatever we were running like 130%, 140% in old line with the help of sun control line. So you are bang on that now we have moved all the product to PPF line and all the sun control is there. So both lines are growing on their own, both plants. I mean there are 5-odd plants in sun control line and 2 plants in PPF, both are running on their own. That's why we are seeing this growth as a minimal growth or I would say.

One of the real reason is the U.S. market, the PPF prices, absolute prices are very high. So impact of tariff on PPF seems to be pretty high as compared to sun control because absolute prices of sun control are lower as compared to PPF, right? So that's why so PPF challenges are more. But

despite that, our growth in markets like India, Middle East, Europe and other markets has been really, really good, South America for PPF, which has taken the burden or offset the difficulties of the U.S. market.

**Ankit Gupta:** So when we look for expansion, sir, now will we be expanding on the PPF side or SCF side for next year's expansion?

**Deepak Joshi:** See we will expand on the first on TPU side. So one TPU plant is coming, which is barely for PPF line. So we will be doing another, I mean, not yet announced, but we will be working once that is successfully done, the TPU line. So we can do more of those lines. But definitely, having said that, the kind of growth we are seeing despite the tariffs.

So if any situation comes, I think the next one in line may be sun control. But this all as of now, we have not decided. But since you asked what looks more plausible for us, so it looks plausible for us TPU and then sun control. And then after that PPF. But we are on a good growth trajectory despite the tariff situation.

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

**Dhwanil Desai:** Congrats for a very good set of numbers in this environment. So Deepak, the first question is on the TPU side. I think we have reserved the 25% capacity for the new product. So I'm sure that now because next year, it will get commercialized the TPU line. If you can...

**Deepak Joshi:** We are commissioning in the financial year.

**Dhwanil Desai:** Yes. So given that, if you can talk about the kind of product slate that you have and we have a history of creating large product of the tune of INR500-odd crores, like we created PPF, then now we are creating architectural films. So do we see a product basket where one or two products can really scale to those kind of numbers in terms of potential, in terms of positioning? If you can elaborate on that, maybe without taking names or applications?

**Deepak Joshi:** Yes. So just you have -- we have updated in the call that October '26, this calendar year, we are starting this plant. And we have kept around 25% allocated for the new products. That has been done strategically to make products for some architectural applications, some of the medical applications. The R&D is going on.

But the idea because we just don't want to be a backward integration to PPF. Of course, PPF business is going to grow like anything with this because we are expecting by next year with these favorable trade deals with EU and other markets where the luxury car segment might see a good boost in sales, which will directly impact the numbers of PPF.

That means PPF definitely will grow because PPF sale happens more towards cars, which are I mean, luxury segment, I would say, right? So that will be a very positive impact. And at the same time, TPU will help us to make the right product without depending on external quality factors.

So we can do a lot of products, a lot of innovative products for existing PPF line. That is one way to look at it with margin improvements. Second is 25% for making new products and doing R&D for those products, especially in the architectural building and medical segment. And third, once we are like, I think, in 3 to 6 months, when all operations are streamlined and we are on to that path, we'll look for the growth into that area. Yes, to answer your question, once again, we are aiming at a similar size of this new vertical from TPU.

**Dhwanil Desai:**

Got it. So second question, I think you talked about India being at 25% of the overall revenue. So if you can give some color in terms of the architecture, PPF and the IPD. And that's now a substantial number. So how do we see that growing into next couple of years from here?

**Deepak Joshi:**

Yes. So let me give you the number. I mean, PPF is roughly, I can say, close to 20% in India market for all PPF. I'm talking of PPF in the PPF segment, right? So because this number looks bigger because IPD sale is mostly into India, right? So that's why you always see numbers 20% to 25% in India market.

But if I talk of PPF, we have never discussed that, but around close to 20% PPF sale happens in India. And as you know, we have like created this market. There was hardly any market before we entered into PPF India business. And we still see like with the current rate, it is estimated around 1.5% of total car sales are being protected with as compared to around 13% to 15% of the advanced market. So we still see a big headroom in PPF going forward.

And with antidumping investigations already reaching towards its final thing. So we expect that will help us to grow our to grow our market and margins both in India, right? And TPU will add a further thing to that. And these FTAs are going to add higher-end cars, so we eye on a long-term.

We are a player which think like what is going to happen in 3 years into PPF industry with the help of like backward integration, these FTAs, how do they play out and how do we stop, we are never averse of the competition, but we are always mindful of the people who are supplying quality products to the market.

They should not be, I would say, misled by the product, which is not in quality, but they just play on the prices. So all those things will be taken care by this. So there are strategies which we are working to have that. Main top points I have shared with you in PPF. Now if we go to sun control, our major focus area here is architectural.

Of course, automotive with given guidance by the government, we are doing really good. But on architectural segment, like all the top, I would say, this hospitality industry, then consumers, then jewellery and gems and big malls, all are being protected by our sun control. We are now certified or approved in railways, in Airport Authority of India, in most of these names, which I won't be able to take here, all the hospitality industry because what we have done is we are certified.

We are the only company in India to be certified by GreenPro which is government has given that guideline that if you have any building as per the government guidelines, so it is

recommended to have a company associated with the GreenPro certification. So we are the only one in India, then we are GRIHA certified.

We are certified by American Cancer Foundation to avoid cancer. And we have certified all our safety films by U.K. standards, TUV standards and EN standards of America. So you see the lot of background work goes into architectural certification, product. I explained everything into my previous answer, like how did we grow into architectural business by creating a full range of products, creating full team, making awareness into the market.

So all those things will take us this architectural business to next level in India and elsewhere. And when we talk of 25%, like you said, it is mostly like a major portion comes from IPD. But our growth engine, IPD, we strategically keep it as a stable level, but the real growth will come from architectural, PPF and Sun control business. And of course, we are working with some companies to supply the industrial products. So that will also add to this.

**Moderator:** Ladies and gentlemen, due to time constraints, we'll take the last question from Akhil Parekh from B&K Securities.

**Akhil Parekh:** Most of the questions have been answered and congratulations on the resilient performance. Just wanted to understand the impact of depreciating rupee on our business. What percentage of our sales is dollar-denominated and what percentage of raw materials are dollar denominated?

**Deepak Joshi:** Yes. I'll give you a ballpark number. I think we can answer that offline. But definitely, when the dollar depreciation helps us to some extent because our a lot of key raw materials are based on import parity prices. So if the rupee depreciates, so we have that negative impact. But our sale definitely mostly into U.S. dollar or even euro and pound, all those things are appreciating and rupee is depreciating. So this leads to a positive impact for us. But there is like 40% of that is taken away with our raw materials. So that is the net impact on that.

**Akhil Parekh:** Sorry, 40% is dollar-denominated raw material?

**Deepak Joshi:** Raw material, yes.

**Moderator:** Now I would like to hand the conference over to the management for closing comments.

**Deepak Joshi:** On behalf of Garware Hi-Tech Films management, I would like to thank all of you for joining us, taking your time to understand and hear out from us. We will do our best to meet your expectations. Thank you very much.

**Moderator:** Thank you very much. On behalf of Go India Advisors LLP, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.