August 12, 2025

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

Scrip Code: **500655**

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

Trading Symbol: **GRWRHITECH**

Subject: Transcript of the Earnings Conference Call on Unaudited Financial Results / Business Performance of the Company for the quarter ended June 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, August 08, 2025 on Unaudited Financial Results / Business Performance of the Company for the quarter ended June 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 KUMAR SRIVASTAVA
Digitally signed by AWANEESH KUMAR SRIVASTAVA
Date: 2025.08.12 11:30:06 +05'30'

Awaneesh Srivastava
Company Secretary
FCS 8513

Encl.: As stated above.

"Garware Hi-Tech Films Limited
Q1 FY26 Earnings Conference Call"
August 08, 2025

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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Garware Hi-Tech Films Limited 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Verma from Ernst & Young. Thank you, and over to you, sir.

Vikash Verma: Thank you, Muskaan. Good evening, everyone. Welcome to the Quarter 1 FY '26 Earnings Call for Garware Hi-Tech Films Limited. On behalf of the company, I would like to express our gratitude to each of you joining the call today.

To discuss the performance of the company and to answer the questions, we have with us from the company, Mr. M.S. Adsul, Director, Technical; Mr. Deepak Joshi, Director of Sales and Marketing; and Mr. Abhishek Agarwal, the Chief Financial Officer.

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

We will now start the session with opening remarks from the management team. Afterwards, we will open the floor for an interactive Q&A session. I would now like to invite Mr. Deepak Joshi to make his opening remarks. Over to you, sir.

Deepak Joshi: Thank you, Vikash. Good evening, everyone, and thank you for joining us today to discuss the Q1 FY '26 performance of Garware Hi-Tech Films Limited. The first quarter of FY '26 unfolded against the backdrop of a challenging external environment, both globally and domestically. Traditionally, a strong quarter for us. This year's performance was modest due to unusual monsoon patterns and emerging global trade uncertainties.

On the domestic front, quarter 1 is usually a strong volume driver, but the monsoon season started 30, 40 days earlier than expected in the entire country. We have seen demand disruption in end-use sectors such as automotive for Suncontrol Films, and beverage for shrink films. This seasonal shift affected our order flows in our consumer and industrial divisions, particularly for segments that are sensitive to short-term demand cycles.

In our SunControl Films business, revenue saw a year-on-year decline of approximately 7%, primarily due to early rains and temporary slowdown in demand from developed markets and sluggish growth in automotive sales.

Our Paint Protection Films segment recorded a year-on-year growth of approximately 28%, driven by higher adoption in global markets such as North America and the Middle East, supported by improved brand awareness and the expansion of Garware Application Studios.

Revenues in our Industrial Products division saw a decline of around 3% on a year-on-year basis. Our shrink films sub-segment declined by nearly 29%, influenced by the unusual monsoon patterns, leading to slowdown in beverage industry and uncertainty of tariff situation in U.S. market.

While the overall top line was impacted due to these evolving geopolitical and tariff-related concerns, we believe the fundamentals of our business remains strong. Our strong global presence, diverse product mix and a longstanding customer relationship continue to act as a strong lever. We have grown steadily over the last 10 years. FY '26 is likely to be a challenging year due to tariff uncertainties and geopolitical tensions.

Until April 2025, we were paying a 6.25% tariff in U.S. market. Post that, a 10% base tariff was added, taking the total impact to 16.25%, which was absorbed in the entire value chain. An additional 15% tariff has been imposed with effect from 7th August. We are in discussion with our channel partners for an amicable solution for this. Currently, with the announcement of a further 25% tariff, we are evaluating our next steps, and we hope that this will end in a better way.

I would like to mention here that the first 10% impact could have been INR100 crores in the bottom line. That means INR33 crores for quarter 1. However, it was absorbed by all our efforts during the entire supply chain.

Our focus remains on capturing new opportunities in all business segments like automotive, architectural and shrink labels, while manufacturing products in a cost-efficient manner and improving operational efficiencies.

We are also on track with our strategic investments, including the second PPF line and the upcoming TPU plant, both of which are expected to drive our next phase of growth. We remain committed to navigating the current environment with agility, while laying foundation for a stronger and more resilient future.

With that, I will hand over to Abhishek Agarwal to walk you through the financials. Thank you.

Abhishek Agarwal: Thank you, Deepak, and good evening, everyone. Let me take you through the financials for the Q1 of FY '26. Our consolidated revenue for the quarter stood at INR495 crores compared to INR475 crores in the Q1 of FY '25, which translates to a 4.3% growth year-on-year. This is achieved even in a very tough operating environment.

EBITDA stood at INR123 crores versus INR130 crores in the last year, while the EBITDA margin was 24.8% versus 27.4% in Q1 FY '25. The reduction was primarily on account of increased employee and marketing costs, which is a strategic investment towards the long-term growth of the company.

The PBT declined by 6.1% to INR110.3 crores versus INR117.5 crores in the same quarter last year. This is consistent with the revenue mix and investment-grade expansion. PAT for the quarter stood at INR83 crores compared to INR88.4 crores in Q1 FY '25. On the balance sheet front, we remain in a strong position, debt-free along with INR700-plus crores of cash and cash equivalents. This provides us ample headroom for our ongoing capex initiatives and potential strategic investments.

We continue to invest in innovation, global expansion and long-term brand building, which will position us to capitalize on growth opportunities in the coming quarters. With that, we now open the floor for questions. Thank you.

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.

Mahesh Bendre: Sir, in terms of -- just trying to understand your strategy given what has happened with the tariff. So we have a very strong presence in Europe, and we're also penetrating into Middle East. So new products, new geographies. So what is the alternative strategy or geographies we're looking for the growth?

Deepak Joshi: On alternative geographies, we have like added new manpower in Europe and Middle East. Middle East, we are, in fact, growing pretty fast, and we expect around 30% to 40% growth in Middle East this year. And this is basically -- mainly this is happening into Architectural segment, because we were already pretty strong in Automotive segment in Middle East. But the growth, which was limited to earlier UAE and around the areas, now we are really penetrating well in most advanced markets like Kingdom of Saudi Arabia.

So we have added manpower. We are putting a lot of digital media and other marketing efforts in Middle East to grow the business to around 30% to 40% this year. And in Europe, we already added like manpower 6 months back. And there also, we are seeing quite strong growth in that region.

And of course, like you asked about the other reasons, but even in United States, we are trying to -- because we have added good new resources there as well. So to compete with the current scenario, we are working on a very strong measures, which leads to cost saving efforts.

That means we are trying to make the product with -- I mean, these are like some innovative ways, same the product, we are trying to make it with a different ways with improving our efficiencies, which gives us lot of benefit, a lot of headrooms to mitigate the impact of tariffs from U.S.

Mahesh Bendre: And sir, I think, what I learned is that the whatever the U.S. exposure we have, I think half of the exposure is basically into our brands. I think we have three brands under which we sell the product. So in that case, the tariffs will not impact in that part of business, right?

Deepak Joshi: Tariffs will impact the overall business. But this -- what you are saying half of the business, which is through our channel partners, we will have a strong advantage there as compared to the other business. Having said that, the entire customer base, we had a discussion, and they all are aligned. They understand the situation. So I mean, we will find out a solution. But to an extent, what you are saying is correct.

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

Aashish Upganlawar: Yes, sir, just continuing on this very important subject of where we stand after this tariff. So I couldn't understand the -- your thinking in detail. Is it that you said Middle East, you would be, I mean, sending the goods from there? Or I mean, very difficult to understand. So can you please clarify how are we strategizing in case the situation with tariffs maybe ends up, maybe 30%, 40%, if not 50% of tariffs, how do we maneuver the business accordingly?

Deepak Joshi: Yes. So we -- what I said is not related to where we manufacture. The first question was related to our growth in Middle East and Europe, that means alternative geographies. So I explained that we have added manpower. We have stepped up our efforts in marketing to grow those markets, because that Saudi and Middle East, entire Middle East is a very big market for cars as well as buildings. And that area is very -- it's still growing very fast in terms of real estate growth.

And I mean, SunControl sales for Architectural segment is one of the key part of that growth. I mean, we are putting a lot of efforts to directly enter into contracts with those builders and companies who are doing architectural business there. So that was the first question.

But now, if you are talking of how do we maneuver if that continues. First of all, we hope like some solutions will come, we hope for that. But we are preparing for like whatever can go here. So in that way, we are reducing our cost, means the manufacturing of these products, there are various ways. We can improve a very good amount of efficiency there.

And second thing is in terms of power and other initiatives, we are taking these initiatives to reduce the cost on that. So there are many initiatives, which company is working internally. And lastly, if that remains a long-term game, we are also evaluating like what can be done for a longer term, like after the cost savings and better efficiencies and all. So that also evaluation is going on. But at this event unless it is formalized in full, I won't be able to give much light on that.

Aashish Upganlawar: Sir, two things I wanted to understand. One is that we would be selling there directly or we are selling through some channel partners. And then, the tariff would be on the -- your bill value which goes out. But on the ultimate price to the customer, that percentage will be lower.

So if you could explain if things have to be passed on to the customer and to the value chain overall, how would it work? Because I think even if it is 50%, the markup would be, I mean, much lower, given your cost to the distributor and beyond that, there would be multiple in terms of pricing. That is what one thing I wanted to understand.

And secondly, is there an option of alternative manufacturing in the U.S.? Because your competitors would also be feeling the same heat, because probably U.S.-made manufacturing won't happen. It would be sourced from someone else. So how is the entire synergy panning out now?

Deepak Joshi: Yes. So the thing is, to answer the first question, like you have summarized it well that there are the cost of selling from here to USA, to your own company, and from there to the customers. You are right. I mean, there are some benefits which company can take. But again, because of the confidentiality in nature, your direction is right, but I won't be able to tell you the exact numbers or exact thing what we are doing, because that is proprietary to the company. But definitely, your thought process is correct, right? So that is the possibility. And this kind of cost pressure can be reduced by doing such kind of things. Right? By -- I mean there is a leverage there. So that is done.

Second thing is, in terms of the current situation in the market. So let me tell you like the Korean products, first of all, Garware or Global competes with the products which are manufactured in America. They hardly compete with the products which are manufactured from China, Korea and any other country.

But when we talk of U.S. manufacturers, I won't name them, but they also have backward integration of their products. Some of them are coming from China and Korea or from any other part. And the duty impact has also hit them pretty hard. And that's why we have seen some price increase into the market to the end customers, right?

So all those being documented, properly studied, and because this is only a situation, unfortunately, changed in a day-to-day basis in last week or so. So we are still evaluating, but we are now feeling confident that something will come out. As I said, this is challenging without a doubt, but we have options where we can pull everything together and make the best solution for us.

Aashish Upganlawar: Sir, last thing, if I can ask, how does this work? I mean, in certain industries, a 20% tariff was supposed to be not as affecting the bottom line as much, maybe a couple of percentage points on the EBITDA for -- until it gets absorbed into the market. But with cost efficiencies, people could have managed.

But in your industry or in your case, how much of a tariff is manageable? Is it maybe 20%? And beyond that, it becomes a very big hit on the profitability overall. So any metrics on that, if you can share it will be helpful for us to understand the gravity of the situation overall?

Deepak Joshi: See, in any case, like I explained in detail that 6% and then it went to 16%, which was a comfortable situation. Another 15%, we are working, like I said. But this last 20% is still -- I mean, that's -- I can say, that is very difficult situation, it makes it more, I would say, challenging.

So I mean, initial ones, like I gave you an example, 10% could have fit us on with INR100 crores on the bottom line, right? That's a big number, which is INR33 crores of the bottom line. But you saw the results, which are -- and that started from April itself. So we were hardly impacted by this, because there were some other things like monsoon and other. But we navigated.

So we are confident for some other percentage can be similarly traded up. But beyond that, it's very difficult to say what will hit, what will not. Because definitely, it's something which is macro -- at the macro level that government has to do. But beyond a certain number, it's very difficult to absorb that. So we have to work towards that, and we are hopeful something better will come out. I can't give you a number like beyond this, we can't do.

And there is something which is for the confidentiality reason. We have lots of things where we can do, like whatever I can share in terms of operational efficiencies, power cost and alternative geographies. But beyond that, it's a little bit of confidentiality in nature where we would not like to share like what margins to our subsidiaries and selling into the market. So that's all I can say.

Moderator: The next question is from the line of Gunat from TCI.

Gunat: So I would like to understand in the U.S., I mean, in the segments that we are present in, who are our main competitors? And what is our pricing as compared to them? So do we directly compete with 3M in the segments that we are present, or the competitors imports from Korea? And what is the pricing as compared to them? So -- before the tariffs, I mean, what kind of pricing differential was there? And how will the tariffs impact our competitiveness?

Deepak Joshi: Yes. See, there are four big players in U.S. market, including us, right? You named one of them. So they are pretty strong in Architectural segment. And others, there are two more players who are strong in Automotive segment, right?

So we have also been pretty strong in Automotive, and we are now opened our good, strong ways for the Architectural segment, right? So that's how the competitor spanned out, because I won't name anyone, because of -- I mean, we can only talk to them as our peers, right?

So now if you talk about the prices, we were like, I can say, 10% to 15% lower in U.S. market for the obvious reason that we were exporting to that market, and they were manufacturing the product there itself.

Now with -- after the tariff situation, they -- everyone has got impacted. Because they all of them are doing either their direct imports from other countries or they are importing their raw materials, like they're manufacturing in U.S.A., but they are importing their raw material from other country or raw material or raw material being imported.

So ultimately, and we have seen some price increase also from them, which we are also evaluating, which we will do. Because these things are very dynamic currently. So we don't even know the full impact, like how much peer A, B, C, D has increased. So we are studying that. And definitely, there is a scope of price increase, which we will take.

Gunat: Got it. Got it. So I mean, if we have to track, I mean what is the main country from which raw materials are imported? And what kind of tariffs do they face with respect to -- if you compare it with our tariffs? And also earlier, you had given a guidance of INR2,500 crores in FY '26.

So would you like to revise that to a lower level? Or do you think it is still possible to achieve those numbers? What should be the direct impact? And now that the tariffs have been further increased, so do you see any further impact? And if so, can you quantify it?

Deepak Joshi: Yes. So the first question is, we have like a comprehensive tracking mechanism. Our team does like, which country is facing how much tariffs and what are the impact to each individual and how are they doing the prices, increase, stable and all those things. But obviously, that's very difficult to share here, because again, for the confidentiality reason, but we have that full access and it's still dynamic. Because many people do it in a week or 15 days' time or there is a time lag before the shipment comes there in the country, right? So that was the first.

And second thing on the guidelines. Yes, of course, we have given the guidelines of INR2,500 crores. That was given 3 years back, and we continuously move towards that. Even the last year, we did INR2,100 crores. But in the current situation, we will definitely like not to say anything or confirm that, because this is like something which is a very, I would say, again, something dynamic has happened, which is beyond our control. And it was -- I can understand even from the government bodies, that everybody is like, kind of, shock to all business and everyone.

So we will need some time before we assess like where we can reach. So I would not -- I would like to stay away from giving any guidance right now, because this is something, even if I say something, but we don't know how much will be reversed or will happen. So in that situation, it doesn't make sense to say, like what would be the guideline. So we would like to stay away for this at this moment. We have always been very vocal and said whatever we could achieve. But right now, we would not like to say anything on that.

Gunat: Got it. My last question would be, you said that prices were 15% lower as compared to peers. So after the -- for initial tariff implementation of first 25%, you said that the competitors also increased their prices. So was that delta of 15% still maintained till the first 25% tariffs were announced?

Deepak Joshi: Sir, the first 25% was announced 3 days back. So that's what I said. I mean, we were on -- I gave you with the timeline that it was only 10% additional from April till August 1. But the announcement was last week only. So we are evaluating that. Of course, there, the delta which we had, right, where we were a little lower, we can take advantage of that situation, right?

And we can take corrective actions in terms of whatever we can gain from the market. Because we also -- we are working towards, like I said, on the cost-saving measures. And at the same time, we would like to retain our customer base. So that's the first priority for us going forward.

So I hope I answered your question. Because it's so dynamic that it will take for us to take some time. In fact, I would say -- we don't know that something changes in the next 15, 20 days, because we understand the delegations are still happening towards the end of the month, and the negotiations are still going on. So we cannot comment at this moment on that particular situation.

Gunat: Alright sir. So when it comes to a customer base or the distributor...

Moderator: I'm sorry to interrupt, sir. I just request you to rejoin the queue for the follow-up question. The next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: Sir, my question relates to considering, let's say, worst case scenario, and we get a 50% duty. In that case, if suppose we are not able to sell much in the U.S., whether the plant will be fully utilized? And if yes, then how the product can be diverted to other geography? And what could be the impact on the margin in that case?

Deepak Joshi: See, again, that's -- I mean, I would say it's a hypothetical question. But of course, I mean, what you say is in the current light of the situation, you are right. I mean, if you assume that, that situation remains. So in that case, I think we would -- I mean, maintain -- we would like to maintain, of course, our top line in the market. Because we never work in other markets, for example, Middle East and Europe, in light of that, what we are doing in USA, right? We have grown in all geographies.

Of course, these geographies are a little smaller than what U.S. is. But our effort is to grow on all alternatives geographies, which we are already doing. Right? And our target would be to retain the customer base, whatever we are having.

And we have some ways where we can -- as I said, there will be operational efficiencies and the power cost and some of the alternative methods where we will be able to reduce the impact of that. And we will be -- we should be able to maintain the customer line. But of course, there will be definitely some impact on the bottom line if the situation prevails.

Sunil Jain: Okay. So that's great. Second thing is about India. So you said that shrink film got impacted. And also this other Suncontrol has also got impacted. But what about PPF in India?

Deepak Joshi: Yes. So PPF has grown. Like I said, overall, PPF has grown by around 28% as compared to last year. Because it is -- it does not have seasonality impact, right? So it was unaffected. In fact, we have grown good around 28%. And that is overall number, that is export plus domestic consumption. But at the same time, in the domestic market also, it has grown around 25% to 30%. Same, I mean, around 28% overall, but it has grown to all geographies. So that business is still growing, because it does not have any impact of seasonality.

Sunil Jain: How much it contribute to India revenue or overall revenue, India PPF?

Deepak Joshi: So, India business is roughly around 20% to 23% of PPF revenues.

Sunil Jain: Sir, last thing about studio and all. Now how many more studio you have added? And what's the current numbers?

Deepak Joshi: So current number, we have 250 plus, and we are now targeting towards 300.

Moderator: The next question is from Shikhar Mundra from Vivog Commercial Limited.

Shikhar Mundra: Can you give a geographical split between the exports, how much we are doing from Middle East and how much from USA?

Deepak Joshi: Yes. So we are doing roughly -- just 1 sec. So we are doing roughly 45% in America, in U.S., and around, one second, let me just pull out the numbers. So it's around -- I mean, I can say, in domestic market, we are doing 23.5%, and then 12% to 13% in Europe and between 3% to 5% in Middle East. So -- but the numbers, as I said, is growing very fast in Middle East and Europe, right? And of course, in India.

Shikhar Mundra: And what was the growth rate for Middle East, you said 30%, 40%? And how about Europe?

Deepak Joshi: Europe would be around 20%. Because it's an established market. There we have to get share from other competitors. So that's why Europe, we are targeting around 20%, whereas Middle East, we have added like a good manpower, and we have done a lot of initiatives, and we are seeing the traction towards 30%, 40% growth in Middle East.

Shikhar Mundra: Right. And for this 10% tariffs in Q1, how much of a hit we had to take or how much of absorption we had to do and how much did our supply do? Or if it was entirely our supply chain which did?

Deepak Joshi: No. When I say supply chain, it means everyone, including us, because entire from us till the customer, right? The impact would have been, like I said, last year, almost INR1,000 crores in export to U.S. market was like 10%, means INR100 crores to that, which was like INR33 crores could have been in this quarter or I would say, INR25 crores, because of second half of April thing. But we got hardly, I think around INR3 crores or INR4 crores. Rest, we were able to do during -- I mean, in between our supply chain.

Shikhar Mundra: Okay. Okay. And based on your interaction with the supply chain, like how much of absorption is more possible for them like at what level, I mean, we'll have to stop supplying to the U.S.?

Deepak Joshi: As of now, we don't see that we will stop supplying. But of course, like I answered the question already that there will be -- if this situation prevails, there will be definitely impact on the bottom line, right? But we don't see the situation like that we will stop supplying there.

Moderator: The next question is from the line of Parikshit Kabra from Pkeday Advisors.

Parikshit Kabra: Just one quick question. How much of this quarter's impact on revenue was because of the tariff versus because of the early monsoons? Is it possible to quantify at least directionally what is the...?

Deepak Joshi: I think around total -- if you talk of revenue, around INR25 crores to INR30 crores, because of this rainy season. And around INR20 crores because of -- in IPD mainly because, I can tell you that in SunControl and PPF, we did not see much of the impact. But in Industrial Products, because that's a long supply chain and low-margin products in our value chain, so that's why we saw that into our shrink business.

Parikshit Kabra: Got it, sir.

Deepak Joshi: So INR30 crores and INR20 crores, roughly.

Parikshit Kabra: Got it, sir. I was just wondering that why -- one would think that with the threat of the upcoming tariffs, there would be a fill up in the channels rather than a slowdown in the ordering, right? Because, the tariffs hasn't been implemented yet as of the last quarter. So why was there a slowdown in anticipation?

Deepak Joshi: Yes. See, what happens is, because the situation has happened in -- towards China, that when there was announcement of 150% and all those things. These guys are noting down. And then what happened is, there were some product, and they had to pay that kind of duties. And then it was lowered, right? So people want to wait till they are in extreme urgency to get the product, maybe by air or so.

So especially, as I said, we didn't see the much. I mean, it may be 5%, 10% in PPF and Suncontrol business. But on Industrial Products business, people try to stay away because that's -- if the Industrial Product means they have the stocks and then they manufacture that it goes to label, printing and all. So it's a cycle of around 3 to 5 months, right?

So that cycle, people really feel afraid of that. Because especially the margin there are lower, pretty low as compared to other value chain. So that particular thing delays are, of course, they try to buy more and more, though they will not be pretty happy with the domestic suppliers, but they will continue -- they will buy from there. They will avoid imports from India.

Parikshit Kabra: Got it. And sir, I got a little bit confused, although you answered this question. I'm not sure I've understood the answer properly. Is that, the people you're competing with, they are not the ones -- they're the ones that are manufacturing in the U.S., but they have some supply chain coming from China and Korea. I think that's what you tried to say. And because China and Korea are also facing tariffs, their costs have also gone up. But their costs have not gone up commensurate to our cost. Is that the fair way of looking at it?

Deepak Joshi: Yes, yes. We -- see, what happened is, we were in a good position, prior to like the implementation of the 25%, which was announced last 10 days back, right? And Korea was 25%, that was lower to 15%. So in one, I would say, 7 to 10 days, the situation flipped, right? They were like 25% and they went down to 15%. We are at 10% and hoping for a better solution.

So we went to 25%. So that's there. And China, I don't want to comment, because it's a lot up and down happening. We don't know how much is exactly, because there are so much exemption, so much inclusion, exclusion. So things are being -- that's volatile, I can say.

Parikshit Kabra: Got it. So for the Americans, the only alternative is going to be, of course, they can either go to China or Korea in case the delta is significantly lower. But is it realistic for them to manufacture in America itself? Would there ever be a possibility?

Deepak Joshi: I would -- again, this will be a little -- I mean, I can answer that. Yes, it's difficult in U.S. But I won't go much beyond why and all, but we feel it's not feasible. And also, I would like to tell everyone that the product, it's not very easy replacement, like, you can just not replace by our product with someone else.

Because it comes with a lot of technicalities that means the visualize, that means the color, that means of the IR rejection, which was for a particular segment of cars were, because of the laws in different states like what VLT you can put, what VLT you cannot put, and the liking of the customers, they are -- it's very important when they see the aesthetics and also see how much of heat rejection is looking for. Normally in advanced markets like U.S., they look for more than 90% of near infrared blockage.

And our products being deep-dyed with nano-dispersion facility, people like the product, and they have been using for the dealer distributor for last 20, 25 years. So -- and even the applicators, they know the quality of the product in terms of application and the ultimate performance of the product. So it's not that easy to replace the chain very quickly. So that's why I said, we will try to maintain our customer base. There will be a little up and down or up and down in the bottom line, depending on what ultimate tariff is done for us.

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

Vinay Nadkarni: I wanted just two questions. One is, we had around 12% to 13% of our business coming from Asia, other than India. Is that number still valid? Or has it changed?

Deepak Joshi: Sorry, sir...

Vinay Nadkarni: And how much of it is from Japan?

Deepak Joshi: You are not audible a little bit. Can you repeat the question, please?

Vinay Nadkarni: Yes. I'm saying, out of your total business, around 12% to 13% used to come from Asia other than India, correct?

Deepak Joshi: Right.

Vinay Nadkarni: Is that still there? And how much of it is from Japan?

Deepak Joshi: Japan is very low in the number. Because I mean, that's not a very big market. And there are some producers already have very strong presence there. So the numbers are more or less the same between 12% to 13%.

Vinay Nadkarni: Okay. And secondly, on the revenues that you gave just now, the loss of revenues because of drop in seasonal and this INR25 crores to INR30 crores drop in seasonal is only the Indian market, right?

Deepak Joshi: Yes. Yes. I'm talking only India market.

Vinay Nadkarni: And this INR20 crores IPD drop could be because of only the U.S. market?

Deepak Joshi: Yes. The drop in the delay, in the decisions and all.

Vinay Nadkarni: Yes. So total around INR45 crores. So you're comparing with your budgeted numbers for this quarter?

Deepak Joshi: Yes. So that's what if we -- had we achieved that, we could have touched around INR550 crores. So that would have been reasonable. Because the fact is, if you really see the performance of our company, FY '24 versus FY '25, and now FY '26. So '24 to '25, the bottom line has almost done the double.

If -- 88% to 90% growth has happened last year, and very good growth on the top line. So this year, with all those factors, I mean, we expected those numbers like INR550 crores or so. So like we are on track, and we expect. I mean, we expected the similar numbers from this.

Vinay Nadkarni: Okay. And last question was on exports. How much of -- in quarter 1, '26, what is the export percentage?

Deepak Joshi: So export, again, I mean, we tried since, a little better going into the market. So the export revenue -- sorry, -- so domestic revenue increased slightly. So it was -- to be very precise, it went to 27.5% in India, and total export happened around 72.5%.

Moderator: The next question is from the line Souresh Pal from KRSP Capital Limited.

Souresh Pal: Sir, you mentioned that beyond the point of tariff percentage you cannot manage. So what is the percentage of tariff that you can manage by improving operational efficiency and cost cutting and all those things?

Deepak Joshi: See, I mean, honestly, we are doing a lot of efforts to improve those efficiencies and other methods. But for -- I mean, please understand that, I can't give the exact number because we are hopeful to have something better. We assure you that like in this current scenario, we are -- we are -- we will definitely do, I mean, good in terms of our numbers, top line and bottom line.

But that exact number is very difficult to give now. Because still, as I said, this dynamism though we were working on the efficiencies from war levels in April, because we expected anything might happen. But these last numbers, they came like a shock. I mean, these kind of things really need a careful consideration. As a company, we do a lot of due diligence before we can say anything into that. So I request that I have -- I mean, allow me to maintain what I said. I can't say beyond this.

Moderator: The next question is from the line of Kishan Tosniwal from Polar Ventures LLP.

Kishan Toshniwal: I have two questions basically. The business of studio that we started in India, how is that progressing? And the revenue, can you split the revenue from that as well?

Deepak Joshi: Yes. See, the thing is, this particular business is a franchisee model. So we drag the growth of them in terms of like how much total we are doing. But I can tell you, like I said, we are growing between 25% to 30% into PPF business and around 15% to 20% in Suncontrol business in India.

So the primary growth, now because entire channel has been kind of, we are the major suppliers and having the market penetration of more than 60%. So now the growth is coming, mostly coming from that channel only. So we can attribute, I think, like the new growth, whatever we are having 15% to 20% in Suncontrol Films and 25% to 30% in PPF is linked to the Garware Application Studios.

Kishan Toshniwal: And how is the margin profile in that?

Deepak Joshi: So margin profile is, because what we are -- to protect them, what we are doing, we are giving them some unique products like titanium PPF is dedicated to them. Then we have also launched one more category of PPF and one or two different categories of kits. So the margin from that particular product, because we support the gas, but still, that is one of the -- we give them the best of the best products.

And their average is higher than what we do through the normal distribution channel, right? And just to mention that, since that has been a flagship studios, which are on the franchisee model, we have -- we give more facilities to them, like I said, unique products to them, which we do not sell into the market.

Then we give them the benefit of Bajaj Finance, then insurance, and then a couple of coatings, which we provide and cleaning equipment. So overall, that's a model which is franchisee-based and gives us on an average 10% to 15% better margins that, what we achieved from the market through our normal channel.

Kishan Toshniwal: If I can squeeze in one more question. I just wanted to know that the PPF business that we are doing, what is the split between India and outside India? And how is Indian market growing? What is the acceptance ratio in India? Or how the customers are accepting it?

Deepak Joshi: So as I indicated in my earlier question that India is around 25% of overall PPF business, right? And that segment is continuously growing. Our overall growth has been last year to this year has been 28%. And both markets, India and export has grown almost equal numbers, 25% to 30% on an average, both. So the -- and that is also around 25% of our total export market.

In fact, in PPF, the revenue mix is going high towards Middle East and European side. I mean, that's slowly increasing. So -- but again, -- we don't want to go much detail, because now current situation is, because of this geopolitical tariff situation, right? We are evaluating if we can further penetrate, especially the PPF business into these geographies.

Moderator: The next question is from the line of Aditi from Abakkus.

Aditi: You just mentioned that there are currently 250 studios, and you would like to reach the target of 300. Could you please clarify on the timeline for the same?

Deepak Joshi: See, we will -- since the initial growth has been very, I would say, phenomenal, so by end of this year, that is March -- 31st March 2026, we can complete those 300.

Moderator: The next question is from the line of Punit Mittal from EBISU Investments Advisors.

Punit Mittal: Just two questions. Is it fair to assume, you said there were -- can you hear me? Yes, I have two questions. One is related to -- one is related to the revenues that you deferred during Q1, because of the early monsoon onset. Do you see that revenue being pushed back to Q2 and Q3 rather than lost revenue?

Deepak Joshi: I think if the monsoon started early, and if it goes early, that means if we see good October heat. So surely, it can come back. I mean, it's something -- let me tell you one straight away. It is our revenue of that particular business, label business, is directly linked to the beverage industry, right? So if it happens, like we also see, when -- that if IPL comes or something comes in the summer season, though the demand increases. That's a very direct linkage to that particular business of label, right?

So two things. One is the label business, another is SunControl. So if we see better summer, more Sun, then definitely these two businesses in the domestic market help us. So if it happens, like if it goes in September or something and we see good sunlight in September, October, then definitely, it will come back.

Punit Mittal: Okay. And the second question, back to the U.S. where you lost about INR20 crores -- and the second question -- regarding the U.S. business, where you said you lost about INR20 crores due to tariffs. And naturally, given the uncertainty around things, I think a lot of clients are probably waiting.

But is it fair to assume that, what will happen is if this uncertainty continues for some more time, then people would essentially defer their purchases, but essentially not -- you would not lose market share because I think pretty much all players are in the same boat. Is it fair to assume that?

Deepak Joshi: See, I was very certain on the first question. But this particular question, the situation is like if there are players which are producing the product in the nearby countries. For example, South America or -- I mean, the major competition comes from U.S. market -- U.S. producers as well, right?

So if this situation prevails, right, so we might have to talk on the, I mean, lower margins or lower prices and then compete with them, because right now, because this was a real uncertain like happened in case of China where people ordered the goods when it landed in the market and they faced a tariff, which was dropped later on, right?

So that is the uncertainty where people don't know what will happen, right, in that. Because they all knew from 1st of August or initially from 9th of July, when 3 months were over, the tariff to India was about to go to 26%. And they were expecting that this might happen in between somewhere like the trade deals or instead of 26%, it goes to 15%.

So that kind of uncertainty prevailed into the market, which last 10 days has gone to a different level. So we really don't want to give that situation, that like, I mean, this situation where -- whatever way this changes, we will take action accordingly. Because right now, we can't tell them to buy, and we will see that because the margins on that particular segment is lower than in the Consumer Product Division. So that's the worry.

Punit Mittal: So a related question to that, and I don't know whether you'll be able to answer this. But the new tariff, which is -- related question to that, because the new tariffs were announced, but it will be implemented 21 days later. And if the goods are in transit during that period, then the new tariff is not applicable to the goods in transit. Does that mean that, because you have a subsidiary in the U.S., would you be able to stock the inventory there, then?

Deepak Joshi: Yes. So for that particular thing, we actually honestly, whatever we have, we are trying to shift the goods before it goes onboarded, before 27th of August, right? That works on the Bill of Lading. So we are working hard to supply more products before -- I mean, before the deadline of '27. So we are working on that. I mean, we are doing that rather I can say.

Moderator: Thank you. Ladies and gentlemen, due to the time constraint, we will take this as the last question. I would now hand the conference over to Mr. Deepak Joshi for closing comments. Over to you, sir.

Deepak Joshi: On behalf of Garware Hi-Tech Films management, I would like to thank all the participants for their time to listen to us. And we would like to assure you that we will do our best to protect the interest of our investor family. Thank you very much.

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