

5th August, 2021

The Compliance Manager
BSE Limited
Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

Scrip Code: 500655

Subject: Transcript of Earnings Call with Analyst / Institutional Investors.

Dear Sir/Madam,

This has reference to our letter dated 23rd July 2021, intimating you about the earnings call with Analyst / Institutional Investors on Thursday, July 29th 2021.

Please find attached herewith the transcript of the aforesaid Earnings Call.

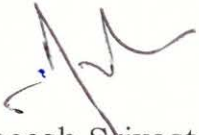
A copy of the same is also uploaded on Company's website.

Kindly take the above on your record.

Thanking you,

Yours faithfully,

For **Garware Hi-Tech Films Limited**
(Formerly known as Garware Polyester Limited)



Awaneesh Srivastava
Company Secretary



Encl: As stated above.



“Garware Hi-Tech Films Limited Q1 FY22 Earnings
Conference Call”

July 29, 2021



**MANAGEMENT: MR. C J PATHAK – WHOLE TIME DIRECTOR, GHFL
MR. PRADEEP MEHTA – CFO, GHFL
MR. KRISHNAN – DIRECTOR SALES, GHFL
MR. AWANEESH SHRIVASTAVA – COMPANY
SECRETARY, GHFL**

Moderator: Ladies and gentlemen, Good Day and welcome to the Garware Hi-Tech Films Limited Q1 FY22 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, you may signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Snehkumar Purohit. Thank you and over to you, sir.

Snehkumar Purohit: Thank you. Good evening everyone and a warm welcome to you all. I am Snehkumar Purohit from Blue Lotus Communications. We represent the investor relations for Garware Hi-Tech Films Limited. On behalf of the Company, I would like to thank you all for participating in the Company's Earnings Conference Call for Q1 FY22.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall maybe forward looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management beliefs as well as assumption made by an information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's Earnings Conference Call is purely to educate and bring awareness about the Company's fundamental business and quarter under review.

I would now like to introduce you to the Company Management participating with us in today's Earnings Conference Call. We have with us Mr. C J Pathak – Whole Time Director, Mr. Pradeep Mehta – CFO, Mr. Krishnan – Director (Sales), Mr. Awaneesh Shrivastava – Company Secretary and Mr. N. Chandramouli – CEO of the Lotus Communications.

We are going to start with the overview of the Company's performance for the Quarter 1 FY22 and with that we can switch over to the Q&A session. Thank you and over to you Pathak sir.

C J Pathak: Thank you Mr. Snehkumar. Good evening ladies and gentlemen. It is a pleasure to welcome you to the Q1 FY22 Earnings Conference Call of Garware Hi-Tech Films Limited. I hope all of you are keeping safe and healthy.

With having registered our highest ever revenue in Financial Year 21 and delivering of fifth consistent year of strong bottom line growth. I am delighted to report that we have had another healthy quarter performance with a similar momentum. The Company witnessed a healthy demand across most products and we continue to operate at 100% capacity.

Credit rating upgrade:

About credit rating upgrade Care Rating Limited leading credit rating agency in India has recently upgraded the long-term bank facilities rating of Garware Hi-Tech Films Limited to A+ table and reaffirm the credit rating of short-term bank facilities as CARE A1.

PPF Update:

I would like to update you on PPF. We are making PPF aggressively through our existing network of distributors and dealers in different markets. The product has now been tested in orders has started flowing here and is gaining acceptance in diverse geographies. We reach breakeven as I even informed earlier also in the last quarter and we are targeting the 40% capacity utilization in the current fiscal year which is planned and we are on the same path.

About NSE listing update:

NSE listing may take while as reminded NSE direct listing criteria. A cooling period of two months is to be observed from the date of the security has come out of trade-to-trade category or any other surveillance action by other exchanges when the security has been actively listed. We are actively monitoring the ASMs status as we are in ASM LT Stage 4.

Now I hand it over to Mr. Pradeep Mehta – our CFO to give the financial highlights. Thank you.

Pradeep Mehta:

Thank you sir and good evening to each one of you. I will now give a brief overview of the financial performance of the Company. On consolidated basis for Q1 FY22 the Company registered total income of Rs. 312.41 crore which is up by 82.4% on YoY basis. Profit after tax at Rs. 35.83 crore up by 163% on YoY basis. EPF of Rs. 15.42 up by 163% YoY basis, export contributed almost 81.5% to sales and value-added films contributed 80.4% to sales. EBITDA margins increased by 333 basis points year-on-year basis from 18.2% in Q1 FY21 to 21.6% in Q1 FY22. Also, the Company has achieved the net profit margin of 11.7% in the last quarter on consolidated basis, Company witnessed increase in EBITDA margin due to increase in revenue including value added products.

Thank you all. With this, we can now open the floor to the question-and-answer session.

Moderator:

Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Sudhir Beda from Right Time Consultancy. Please go ahead.

Sudhir Beda:

Sir I have a couple of questions first question just wanted to understand the demand outlook in Europe, North America and Asia region, is there a case of demand outstripping the supply for some of our product that is my first question?

- Krishnan:** The demand for our product continues to be good and in spite of COVID in some of the regions our product seems to find a good market especially the window films and yes some of our products demand is far higher than what we are able to produce primarily in the window film business and in the case of the industrial product we are able to meet the demand, which is in the market, our plant runs to full capacity as was mentioned in the opening address.
- Sudhir Beda:** My second question is see as you have stated to my question only that rise in the commodity prices have been passed on partially to Q1 and then it will be pass on fully in Q2, so we have seen that your margin has gone up from 18% to 20%, but when we will reach the peak margin of around 25% which we have observed in the last Q2 and Q3?
- C J Pathak:** We have as mentioned earlier to your question we have started passing on the pricing to the customer in last quarter and this quarter we have passed on the prices and that will continue for the rest in the next quarter also because some of our long-term contracts are getting renewed in the next quarter so that will be done next quarter, but it will be passed on.
- Sudhir Beda:** So, shall we reach peak margin of 25% which we have seen in the last Q2 and Q3?
- C J Pathak:** It is difficult to commit at this point of time the 25% exactly as such, but there will be a good margin.
- Sudhir Beda:** But in the range of that sort of range that we would be able to do?
- C J Pathak:** Yes that is we are targeting.
- Moderator:** Thank you. We have the next question from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.
- Ayush Agarwal:** Sir I have rather the same questions and in the current scenario I mean I was going through the past annual reports and I learnt about the companies significant lot of industrial related issues. We had at that time put a DMT plant under a subsidiary Garware Chemicals Limited that bad Company was declared fit and went through restructuring and sometime later Garware Polyester takeover & bought shares from other stakeholders as well and we reclassified the entire investment made in Garware Chemicals we even booked even 40 crore, 45 crore goodwill on the book. The very next year there was an impairment of those assets and the goodwill was disposed-off. So, I have two questions on this the first is what really happens with manufacturing unit of Garware Chemicals and what is the current status?
- Management:** The Garware chemical the DMT plant as you know the technology become obsolete with the PTA was available it was over a supply situation and the prices were quite low compared to DMT. DMT has phased out world over thereafter we have tried that plants for biodiesel, but biodiesel because of the feed stock we were using palm fatty acid distillate which is available

in abundance in Malaysia, Indonesia and these countries and there was a condition for sale to the government only and the government prices were not that time when we have tried the prices were not economical to run the plant so that product was not viable. Quality wise and quantity wise it was quite economical and feasible, but because of prices we could not run that and we have to close that plant. We have used some of the usable equipment in some other plants and unusable equipment will be sold old in due course of time.

Ayush Agarwal: My second question sir there is a general confusion among the investors regarding our patent for dye polyester film, so can you please help us understand what the patent really is how does it help our Company, how crucial is this patent and in what stage of manufacturing process will be closed because how does this patent give us an edge over others sun control in manufacturer?

Management: About the patent validity is 20 years which is expired in 2020. We have lost another patent which is latest innovation thereafter compared to earlier one and this is improved technology which we are using now. Dye film is used in most of the window film application because as you all are aware that there are two manufacturers one is Eastman and another is Garware. So, it is an inhouse developed technology for dyeing the polyester and the same technology we are using and improving from time to time to increase the life of the film.

Ayush Agarwal: How does this give us edge over other manufacturers I mean they do not have this patent so they cannot figure out how is it done?

Management: Though we are not selling to others because we have capacity constraints, but Eastman who is another manufacturer he is having adequate capacity and they are selling the dye polyester film to the window film manufacturers.

Ayush Agarwal: For all the manufactures like 3M, Medico would be buying from them?

Management: Yes they are buying from them.

Moderator: Thank you. We take the next question is from the line of Archit Sanchet from Finstep. Please go ahead.

Archit Sanchet: My question was regarding the processing charges that you have been paying to Garware Hi-Tech, so can you please tell what are we getting process there and also I would like to understand like the reasons for the rise in payment of the processing charges with the rise in revenues on a side note I could notice that the processing charges were only around 1 to 1.5 crores in FY15 and FY14 if my understanding is correct then we had a good amount of business from sun control in those two years as well, but we did not pay processing charges then I would appreciate if you could please comment on this?

Management: Processing charges is for some of the products we are getting manufactured which is intermediary product from another Company of Mr. Garware and that is at arm's length prices. So, the requirement as the requirement increases and there is a technology which is involved we do not wanted to make the technology known to many people outside and they have a capacity so we are using that capacity at arm's length price and using them and the healthy requirement of film is increasing as we are running at 100% capacity and 100% plus capacity so we are utilizing that.

Archit Sanchet: And could you please also focus on the reason why did not pay it in FY14 or FY15?

Management: In 2014-15 there was arrangement of sale purchase transaction we used to buy dyed film and they used to supply. So, it was considered under the raw material cost.

Moderator: Thank you. We have the next question from the line of Navjeet Singh an Individual Investor. Please go ahead.

Navjeet Singh: Sir the question I wanted to ask is we are talking about the window films and the paint protection films which we are going to be the revenue that is going to be generated that could be incremental 300 crores each, so each quarter we are going to buy and after we will complete it so each quarter we are going to generate around 75 crores roughly this is my assumption am I correct?

Management: You see as I said we are utilizing the capacity utilization will improve because it is a product which requires lot of systematic efforts like training the applicators, etc., that is in progress in various part of the world so that will materialize and we are hopeful that in two years' time the capacity we will be able to utilize.

Navjeet Singh: After fully utilization of capacity so it is going to generate yearly revenue like 75 crores roughly each quarter?

Management: Yes that is right and it will be on staggered manner.

Moderator: Thank you. We have the next question is from the line of Sudhir Beda from Right Time Consultancy. Please go ahead.

Sudhir Beda: I just wanted to understand how we are going to deal with the land we are in the process of selling or how it is?

Management: You see the management is thinking around that and once the concrete plan in the management decides that will be declared after following the due process. So, some thinking is going on that definitely we will come back on that.

Moderator: Thank you. We have the next question is from the line of Ashish Kancholia from Lucky Investment. Please go ahead.

Ashish Kancholia: My question is basically would you be investing a substantial amount of money into marketing our brand global films in the US in terms of actually kind of building a consumer awareness for it the current point of time in our business seems to be more of a business to business model, so do you have this in your brand roadmap going forward?

Krishnan: We are investing on the brand and we already have plans. We have in fact appointed an exclusive person for that in US and we have also taken on people for this activity and this is an ongoing process, but we are investing quite heavily into the brand in the US.

Ashish Kancholia: So, this will be in the global film brand name?

Krishnan: We are promoting only the global film brand in the US.

Ashish Kancholia: Can you share the quantum of investment that we have done in FY21 that is last year and this year what we are planning to invest?

Krishnan: See specifically we cannot share this because it is detrimental or this information will also flow to competition we will not be able to share market-to-market, but certainly that is our intention and that is the action also on the ground.

Ashish Kancholia: And in terms of the various product benchmarking studies how does our product compare with the market leaders in the stage and are there any publicly kind of studies where our brand has been also compared with the rest of them, can you share the studies with us?

Krishnan: Unfortunately, there is no syndicated studies which is available for these products both the window film and the PPF and therefore there is no comparative study in terms of the products, but what we have done is we have benchmark our product the PPF with the other in the market and predominantly the US brands which are available which are 3M, Llumar, XPEL, etc., and our product compares with the best in the market in terms of the performance on several parameters in terms of performance, in terms of the ease of application as also in terms of durability, now yellowing so various factors we look at against all of that we compare with the best in the market.

Management: In fact, if I may just add there was a recent contest called the Tint-Off which was basically the tinters contest where almost close to about 97 different products are tested up maybe you could elaborate on that Mr. Krishnan.

Krishnan: So, we had this Tint-Off is an annual feature this is for the window film. So, first I spoke about the PPF this one is for the window film where all the global manufacturers participates and we

exhibit our products and customers from all the world do visit that this was held at Orlando last month. Our product along with others were used and these tints applied on 96 cars in fact. So, there were 96 competitors 6 of them choose to everybody is free to use any product so 6 of them choose to use our product and out of that we won the silver medal. So, out of 96 competitors we won the silver medal or we were the second best out of that. So, that is the volume in terms of our product and the product is judged in terms of ease of application, the speed in which you are able to apply at the quality of the product so that is how we stand in the US market.

Ashish Kancholia: Also, I just wanted to ask you sir when you mentioned that our PPF film is up there with the best so when it gets scratched does it heal by itself or you have to pour hot water over into kind of make this scratches go away?

Krishnan: It was self-healing property so it heals by itself.

Ashish Kancholia: By itself there is no hot water needed to be poured over it?

Krishnan: No. In fact, it does not damage if I may add what it means is it does not show the damage at all self-healing implies that because whenever the small little stone or something brushes against it probably will cause abrasion, but over here because of self-healing it does not even cause.

Management: If you apply a brush or if you apply any rough surface it rubs against it there is a mark, but it heals just give a little time it heals automatically.

Ashish Kancholia: And sir how many channel partners do we have in India for our PPF film because I understand that this is up and coming market in India as well?

Krishnan: That is correct. We have several channel partners all across the country roughly about 22 of them as of now and that is growing every month this number is increasing.

Ashish Kancholia: Sir and my last question is basically one of the biggest problems that we are facing is consumer this is a consumer problem that we are not allowed to have colored films on our car anymore because of the law, so are we allowed to put a transparent film which will allow 100% of the light to come through, but cut out all the heat?

Krishnan: By law no.

Ashish Kancholia: But as a consumer I mean do we have a product like this in the market or in the US market which allows the light to come in, but keeps out the heat?

Management: Even we have such kind of product which we market internationally so that is having a relative 80% visible light transmission very high heat reflecting films. So, that is available product is

available even the product is available for the front windshield and that is also sold internationally. We have recently come into that market, but in India unfortunately because of the court's verdict that is banned so India it is not allowed.

Ashish Kancholia: 80% of the light it lets through and how much of the heat does it block infrared heat how much does it block?

Management: There are different percent that anyway from 55% to 70%, 80% so different complete absorption and reflection different products are there in the light range.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

Ayush Agarwal: So, sir I was listening at our FY21 sun control number this is around 450 crores revenue if I am not mistaken and we have a capacity of around 2400 lakhs square feet capacity so roughly if I can say our sun control business we get our realization of Rs. 90 I was looking at one of our distributors in the US their website they have a really website where it tints and other retailers & window film firms so I was looking at various categories of window film like QDP ceramics, HP Charcoal, QDP and the **(Inaudible) 28:22** is least expensive and QDP ceramics is the most expensive so right now since we have Rs. 18, Rs. 19 realization is it fair to assume that if QDP ceramic or HP Charcoal starts selling more this realization can grow further and growth can also come from realization?

Management: All the high products are growing in US markets that is all IR film which absorb the near IR radiation. So, HP is secondary, but IR is a top-class films and that is growing in the US market infrared protection. So, IR absorption based growing in the international market.

Ayush Agarwal: Can you just give the QDP ceramic one?

Management: Yes QDP is also growing, QDP is hot selling item for us in the US market.

Management: QDP, IR, and HP all are growing.

Ayush Agarwal: Yes both realization has also grown?

Management: Yes.

Ayush Agarwal: And second question sir is on PPF since we already have established network what kind of marketing activities are we facing for PPF did we have some special showcase in Tint-off conference and what other steps are we taking apart from what you mentioned in the presentation that we have a hired a person there and we have set a team, but on ground activities can you elaborate on that would be really helpful?

Management: On the PPF also we have started marketing activities. We advertise in the PPF magazine we also are in touch with all the tinters we have tinters training program in different markets and what we do is we collect a group of tinters and they are trained on how to use our products and we also give them samples, we give them training, we show them the benefit how are we better as compared to competition, we have also developed several videos which are sent across to customers, some of them are also uploaded on YouTube you can have a look at that we have also uploaded that in some of our sites also what we have done is what is shown as the virtual showroom, the virtual showroom is something that customers visit and they can get all information about our products in the showroom. So, all the products that we manufacture PPF window film is also our industrial products all of them they can get information, we encourage people through mailers, etc., to log on to our site or go over to the virtual showroom and many of them do log on and they call us up in terms of clarification. In addition, like in Tint-off also we did display our PPF and we also showed our product to customers in terms of the usage or how the product performs vis-a-vis competition. So, this is a continuous process in terms of marketing and we are developing several such marketing activities and this is an ongoing process through the year.

Ayush Agarwal: Sir my next question when I went to the tint-off website I could see there was a this sponsor called Pagewiz. I went to Pagewiz it was a pretty nice tool for tinters out there and I think there are young companies which is helping tinters out there to expand the business and manage the invention and other things, so do we have some plans to encourage our tint-off to use such tools or somehow buy stake in this companies this will help with more tint off penetration and build the relationship with them directly?

Management: As I said we are in touch with the tinter community and we are in touch with almost 4,000 of them and that is continuously growing from time-to-time. So, we have a plan of penetrating them as we go forward.

Moderator: Thank you. The next question is from the line of Ashish Kancholia from Lucky Investment. Please go ahead.

Ashish Kancholia: I just wanted to ask if our we put this PPF film on our car and then how long does it last on the car and what happens to the original paint of the car when we have to take this film off and put another replacement PPF film after I do not know how many years?

Management: The PPF can continue to exist for at least five years there should be no problem. In fact, we gave a global warranty in the case of the global brand for 10 years in the international markets. When you remove the product after say 10 years nothing will happen to the paint in fact your car will look brand new because if you have put the PPF immediately at the time of purchase itself then it will look brand new, but if it is put after a period of time say year or two then whatever is the fading that has occurred that will continue to be there nothing can be done, but

otherwise you will realize the much better price for the car because the new customer will see the brand new car that you are selling.

Ashish Kancholia: At the time of resale, you can just remove the film and sell the car without the film so that looks brand new?

Management: That is exactly what people do. Only word of caution is if you have any part of the car which is painted outside after purchase for any reason then that part please do not put the PPF.

Ashish Kancholia: Otherwise the paint will get peeled.

Management: That is correct because the process used in the automobile or automotive companies are different from what they use when they repaint the car.

Ashish Kancholia: So, repainted part cannot be sold?

Management: Repainted part there is a bit of a risk, but otherwise if it is not repainted it is the original paint there is no problem at all.

Ashish Kancholia: And the entire car is kind of coated with the films or some parts of it or what is the typical practice?

Management: Typical practice is areas which are accident prone those are usually coated so if it is mark or BMW roughly about 50 square feet which covers the front and rear bumpers, part of the fender, outer rear view mirrors some of those accident-prone areas are covered by the PPF, but in many markets they do cover the full car top to bottom because they also have these bird droppings, etc., which are acidic and that might cause a problem to the roof. So, some customers do full cars, but majority of the customers I would say do only part of a car.

Ashish Kancholia: Big market even in Europe or the only the US is the major market?

Management: US is a big market; Europe also is a fairly large market I would say second in size.

Ashish Kancholia: And the Middle East because that is like a really...

Management: Middle East is fairly large.

Ashish Kancholia: That is prone area right?

Management: But again, the issue is market the volume itself in terms of sale of car is lower compared to...

Ashish Kancholia: And we have presence in Europe or only the US?

- Management:** Yes we have big presence in Europe Middle East and US all the markets.
- Ashish Kancholia:** Sir would it be right if one are one of top three in both these markets US and Europe?
- Management:** That is correct.
- Moderator:** Thank you. We take the next question is from the line of Vivek Gautam from GS Investment. Please go ahead.
- Vivek Gautam:** There was an article saying the US market is being disrupted by one of our competitors, who is bypassing the distributors and going directly through the tinters or the dentures, so how do we plan to tackle that sir and how big is that threat to us?
- Management:** It is not a threat to us that is a business model that they have per se it has got nothing to do there is no threat to our business per se. Our business model is through a set of distributors and these people are small players in the market who directly go to the tinter, but it has had no effect or it does not make any difference to us.
- Vivek Gautam:** And he is one of the bigger competitors for us or just a small player providing the exact name for the competition?
- Management:** There are coupe of them who do go direct to the, but it does not impact the business per se.
- Management:** Product is largely tinter based recommended product largely.
- Vivek Gautam:** So they are approaching directly the tinters or I think the distributors?
- Management:** See what happens is some of them do approach the tinters, but as Mr. Chandramouli explained to you see the market is or the tinters have a loyalty towards brands and in US the brand dictate I mean there is a pool for the brand in the market so their preference is important. So the tinter decides which product to be put on the car. So he does not influenced by these price wise they are not able to compete or there is not big change really between us and them.
- Vivek Gautam:** I am a new entrant to the company pardon me if I ask some old question also our founder is almost 85 years age who is the second gen and are they taking the interest in it or what is the plan of the company life?
- Management:** Our Chairman is 85 years old he is 24 hours 365 days available to the company and virtually managing the company available his presence is available and experience is available. Next generation is also in the business. They have decided their various areas and which keep rotating. He has three daughters each daughter is taking care of different areas like the elder one Ms. Monika Garware she is handling the production & finance portfolio second daughter

Ms. Sarita Garware she is handling the R&D, HR and the third daughter Ms. Sonia Monika Garware is handling the international marketing. So these three daughters and they keep rotating among themselves all these portfolios and they are all highly qualified, educated management graduates from triple measures from the international based schools and they are very much involved into the business.

Vivek Gautam: And sir there are some old legacy issues of considering the legal expenses of 10 crore are there, is there some sort of every year it is in charge it is sort of a heavy litigations you are indulging in and there are some allegation regarding the related party transaction also you must be aware about it and I am a new entrant to the company if you can just highlight those things?

Management: Can you elaborate little further I could not follow what is your question legal expenses?

Vivek Gautam: That is what is told to me sir.

Management: We will have to check this and get back to you because in our awareness it is not the case. We will get back to you if there is any such thing, but there is nothing in the financial statement that actually states this or neither it is anyway valid I think maybe in some confusion of the numbers we can always clarify offline schedule.

Moderator: Thank you. The next question is from the line of Hitesh from Aksa Capital Advisors. Please go ahead.

Hitesh: In your opening comments you did mention that the PPF segment is already attained at breakeven last year, sir just wanted to understand how is their team worked upon because I believe the investment is still ongoing with regard to the training thae tinters promoting this particular product and brand so how do you say that it is already hit a breakeven on this no utilization?

Management: We have already crossed the breakeven of PPF plant so we have already reached we have clarified in the last earning call itself so we have crossed that.

Hitesh: Just wanted to understand the basis of that because I believe the fixed investment in promoting the product and the brand and expanding the reach that would still be going on so that will only increase as and when you get in to more territories?

Krishnan: What is spoken is being spoken is about the plant utilization and the breakeven of the plant utilization, the promotion that we are doing of the product is an ongoing process so that will continue to do and that we will continue to do till they reach 100% utilization of the plant and that has got nothing to do with breakeven.

Hitesh: You mean to say only at the gross level is where we have meet the breakeven?

Krishnan: In terms of plant level there is a breakeven in terms of the cost which is what we have achieved. In terms of the market we will continue to keep spending money till such time that 100% of the capacity is utilized and which we have said that will be achieved in two years time.

Management: If I can just add there is one advantage that JHFL has that in the terms of the tinters who do the sun control films for the windows are the same who also do the sun control I mean the PPF clients so they already know us and thereby the access is easier just as an added information.

Moderator: Thank you. The next question is from the line of Kumar Ashish an Individual Investor. Please go ahead.

Kumar Ashish: I have just one question can we expect 20% top line growth in next two to three years?

Management: Yes that is the plan.

Moderator: Thank you. The next question is from the line of Ayush Agarwal from White Oak Capital. Please go ahead.

Ayush Agarwal: Sir I have one question regarding our upcoming CAPEX for sun control, so in the last investment call with the group of investor the managers mentioned that the upcoming facility is also fungible so 1,800 large square feet capacity that we are doing, so my question is that if we were to run that plant entirely for PPF what could be the output in square feet sense?

Management: Though it is I mentioned in the last call that it is fungible and you can take out multiple value added products from the plant because the plant is having that kind of a facility, but it is not a one-to-one correlation because certain product requires a different type of processes because the plant is having all adequate facilities to process any kind of product which we are manufacturing which is value added products and PPF is also one of the we have kept a facility we can make it. So that plant can manufacture the equal amount of capacity what we have at present, but we will have to sacrifice on the window film side. So, we will utilize that plant based on the demand for various product and if we have more demand for PPF we will use it for PPF if we have more demand for various value-added window films we will use more for that. So, it is flexible and that flexibility we have maintained in the plant. It is actually usually takes care of the market vagaries because I mean there are certain periods in which certain things sell more for example when the summer starts then the sun control films definitely sell more and the like?

Ayush Agarwal: That is what I wanted to understand so right now we have another 300 lakh square feet capacity of PPF so similar amount can be manufactured from the capacity if we were to run the PPF on this?

- Management:** Certainly that can be manufactured or even more.
- Ayush Agarwal:** Second question is we see a huge other comprehensive income in our P&L for this quarter and also for the entire year last year so if you can clarify what that is for?
- Management:** There is an investment in Garware Technical Fiber and the share price has gone up of that investment and that is in market value.
- Moderator:** Thank you. The next question is from the line of Shashank from Valueeducater. Please go ahead.
- Shashank:** So my question is related to there is a basically chip shortage overall globally so are we getting affected due to that?
- Krishnan:** The chip shortage that chip is different from the chips that we use.
- Shashank:** The electronic chip shortage which is there so I think it is might getting affected for the car manufacture due to that are we getting affected?
- Management:** No we have no impact because of that.
- Shashank:** Our business is directly related to the new cars which is getting sold or is it?
- Management:** It is both new cars and the existing car field which is already there both.
- Management:** It is actually when you decide to either put your paint protection or sun control depending on the user. So many of them do it first time, many of them do it after time after they realize that there is a problem to usage.
- Shashank:** And my second question is related to me wanted to know about is there any market in India for the PPF or it is a developing market and what can be the opportunity size in India specifically for PPF?
- Management:** India is a developing market as we mentioned and we are the only manufacture of this product in this country. So, we have launched the product as I explained to you we have 22 dealers currently in the country who are selling our product and it is growing. So, we are developing the market, we are also training the tinters in different market in India as well and we have a plan for training all of them on a quarterly basis and we have a team of experts who do the training for the tinters. So, we are introducing the product and slowly the product is catching up.
- Shashank:** Any opportunity size if you can explain if possible in India for the PPF?

Management: It is very difficult since we are just developing the market it is very difficult to say what will be the eventual size. Currently any customer who buys a BMW or Mercedes or any of those premium cars which are about 40,000, 50,000 car which are sold today in the market. They are all potential customers in addition any car purchaser or beyond 15 lakh is also potential for us that adds another 4 lakh to 5 lakh cars. So, effectively you have somewhere about 6 to 7 lakh customers or 60, 000 cars, 70,000 cars every month which have a potential to buy and so that is the opportunity not all of them buy, but that is the potential that we are chasing.

Shashank: Are we selling any product in Indian market for the PPF or just we have started?

Management: No, we are already selling our product is available and it has had a good I mean it is pretty attractive as I said all these dealers have been selling that product through their outlet.

Management: And in fact just to add one small thing even the media is going to be reviewing this product very soon so you will find lot of coverage in the media as well because they will be reviewing the PPF in the auto magazine. So, building in a consumer profile and a base for it.

Shashank: And my last question is related to our sun control film as it is currently banned in India, so is there any alternative product which is available which is transparent and maybe approved by supreme court or any other authority, so is there any alternative product so we can have like we can capture that market within India is there anything available?

Management: Supreme Court has banned putting any kind of films on the windows so that is not allowed.

Shashank: So even transparent films also are not allowed?

Management: Yes transparent is also not allowed only glass during manufacturing is allowed. Actually Central motor vehicles rules are amended from 1st of April 2021 and they have including the standard 2,553 which is mentioned in the rule is also amended and that amendment has done after lot of study of the practices followed internationally for safety glass whereby the film or the on the glass if it is used during the time of manufacture then it is allowed, but in the secondary market is not allowed. So, in India the ban is still there and that is not allowed, but they have put a mention in the standard that if it is used during the manufacture of the car then it can be allowed.

Shashank: And for solar control films in commercial use and say for architectural films so is there any alternative product instead of film are the consumer using the tinted glass itself instead of applying a film, so is that an alternative product if you can help me?

Management: Tinted glass is allowed of the 50% and 70% 50% VLT for the side window glasses and 70% for the front and rear side that is allowed.

Shashank: My question was related to commercial like where we are selling our films commercially for commercial buildings and residential so I am asking like is the alternative product for our films the glass might be itself tilted. So, instead of applying a film can consumer use the tinted glass that is the question for the solar film?

Management: Anyone can use the tinted glass, toughened glass, but the film provides a safety and UV filtration which is not available in the glass. So, also nowadays because of this mobile tower radiation which is also harmful which is also absurd by the film to a great extent. So, these are certain additional advantages for using the film on the flat glass applications.

Management: If I may just add safety implies if there is any kind of an impact on the glass because of the film it does not crack in and then hit the person in fact and it is largely adherent to the film that is the meaning of safety over here just to clarify.

Shashank: So my question is related to the similar what is the market in India and globally about the architectural films like and how we have penetrated till now and what might be the opportunity size in future especially for the architectural films and I think I have read related to agricultural related films, so what exactly are the agricultural films like what is the use if you can help me with that?

Management: Agricultural films are the shareholders types of films used in agriculture for one is munching which is used on a large scale, but those films are LDPE, HDPE, LLDPE those kind of films which are puncture proof because there is a polyester any kind of polyester cannot be used for this application because it is having low peer strength so strength in elongation etcetera is good, but peer strength is lose so polyester cannot be used then there is a green houses or poly houses for that application also HDPE, LDPE films are used. So, these films are not used for that application for agriculture.

Shashank: I was just saying that GHFL is not into those films just to clarify?

Management: Yes we are not into that because that is business handled by the small manufacturer because it requires a blown film plant and it is a very small investment, small type of it is mostly the SSI small scale industries are there they manufacture that type of films.

Shashank: And anything related to architectural films if you can?

Management: There is a tremendous market for architectural film after capacity new capacities is available we will certainly penetrate into architectural segment. As of now we have no capacities I am concentrating on the automobile space so we are concentrating on that, but certainly after the capacity increase then we will concentrate there also.

- Moderator:** Thank you. The next question is from the line of Sudhir Beda from Right Time Consultancy. Please go ahead.
- Sudhir Beda:** Sir just a couple of questions is the container shortage or disproportionate rise in the freight has affected our films anyway?
- Management:** Yes that is affecting us also certainly that is affecting.
- Sudhir Beda:** Otherwise numbers would have been much better?
- Management:** Yes certainly.
- Sudhir Beda:** And second as you mentioned in your opening remarks that NSE listing will be done after the cooling period of two months so that means after this our share is taken out from the T to T & ASM and then after two months will be cooling period?
- Management:** Yes correct.
- Sudhir Beda:** Formalities are all completed from our end?
- Management:** We are ready with the formalities and all, but we are waiting for turbulent is over in other market then only we will target.
- Management:** It is a new SEBI regulation actually we have to comply naturally.
- Moderator:** Thank you. The next question is from the line of Neeraj from KG Invest. Please go ahead.
- Neeraj:** Sir, can you please tell what is the cost per car for PPF films in India may be?
- Management:** Cost per film per car per PPF.
- Management:** It depends on the car as you are aware the size of the car whether it is a hatchback, whether it is a Sedan, whether it is a super salon from Mercedes so if you are talking of say Mercedes Benz the usual price that they charge is the full car is about Rs. 120,000 or so in terms of the full car, but parts of the car as I said only select parts of the car is at about Rs. 50,000 is what they charge.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. C J Pathak for his closing comments.
- C J Pathak:** Before I conclude on this I would like to share one more areas that the Garware Hi-Tech Films assume the social responsibility and as advice by the honorable chairman we approach to the local government that over and above to with an intention to help in the COVID pandemic and



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they have advised us to put a facility for the COVID care expecting that the third wave may affect the children. So, we have put a full-fledged hospital having 125 beds and further can be extended to 150 which is all oxygen bed with all modern amenities also with the ambulance available tie up with the hospitals and good quality of doctors and staffs with excellent 5 star food from 5 star kitchen. So, that all facility we have made ready and ready for handing over. We have made a video which we will upload on the website in few days because that is going to be handed over to the government next month beginning next month so this is just for information. Thank you all for participating in the earnings call. I hope we have been able to answer to your queries satisfactorily. If you have any further questions or would like to know more about the company please reach out to our investment relations agency Blue Lotus Communications. We are thankful to all our investors who stood by us and also thank you for your continued confidence in companies growth moving forward with this I wish everyone a great evening. Thank you.

Moderator:

Thank you very much members of the management. Ladies and gentlemen on behalf of Garware Hi-Tech Films Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.