

February 08, 2021

The Compliance Manager

BSE Limited

Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

Scrip Code: 500655

Subject: Transcript of result conference call on financial results for the quarter ended December 31, 2020 under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

Sir,

With reference to our letter dated February 02, 2021 intimating you about the result conference call with analysts / investors held on February 05, 2021, please find the attached transcript of the aforesaid result conference call.

The above information will also be available on the website of the Company:
www.garwarepoly.com.

This is for your information and record.

Thanking you,

Yours faithfully,

For **Garware Polyester Limited**



Awaneesh Srivastava
Company Secretary



Encl.: As stated above



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“Garware Polyester Limited Q3 & 9M FY-21 Earnings
Conference Call”

February 05, 2021



**MANAGEMENT: MR. C. J. PATHAK – WHOLE-TIME DIRECTOR.
MR. PRADEEP MEHTA – CFO.
MR. KRISHNAN SUBRAMANIAN – DIRECTOR SALES.
MR. N CHANDRAMOULI – CEO, BLUE LOTUS
COMMUNICATIONS.**



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY21 Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Snehkumar Purohit. Thank you, and over to you, sir.

Snehkumar Purohit: Thank you. Good afternoon, everyone, and a warm welcome to you all, I am Snehkumar Purohit from Blue Lotus Communications. We represent the Investor Relations of Garware Polyester Limited. On behalf of the company, I would like to thank you all for participating in the company’s Earnings Conference Call for the Third Quarter and the Nine Months ended for Financial Year 2021.

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 the management believes as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today’s earnings conference calls is purely to educate and bring awareness about the company’s fundamental business and financial quarter under review.

I would now like you to introduce to the management participating with us in today’s earning concall. We have with us Mr. C. J. Pathak - Whole-Time Director, Garware Polyester Limited, Mr. Pradeep Mehta, CFO; Mr. Krishnan, Director Sales and Mr. N Chandramouli, CEO of Blue Lotus Communications. We are going to start with the overview of company performance for quarter three FY2021. With that we can switch over to the Q&A session. Thank you and over to you Mr. Pathak.

C. J. Pathak: Thank you. Good afternoon, everyone. I’m the Whole-Time Director at Garware Polyester Limited, it’s our pleasure to welcome you to the quarter three and nine month financials end on 31st of December 2020. And for this earning conference for Garware Polyester Limited. I’m happy to report that we have had another healthy quarterly performance consolidated for the PAT at 64.29 crore registered 277% growth in quarter three in financial year 21. The company became carbon negative company and we consume more polymer waste than we produce. One more important thing is that, we have put up a paint protection film plant in India which is the first time we pioneer in India and plant has gone up in December. We are in incremental turnover of 300 crores by financial year 23. This may provide additional growth momentum. Paint protection film is a film which is used on the car body as we are already into the specialty films which are used on the car window glasses. And we are the only exporter and only manufacturer in India for this product and we are exporting to over 80 countries this



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product. Now, we have ventured into the paint protection film which is used on the car body. This is the most popular product in the Western world and this is a recent development which is a really technical product and we have an expertise to manufacture, we started sampling out this to our distributors and through them to the various dealers in all over the world and we have received a very good response from the most of the distributor dealers. Before, I hand over to Mr. Mehta our CFO for the financial highlights for the quarterly nine months. I would like to give you a small view about how we are different than the normal polyester film manufacturers.

Polyester film manufacture is mainly polyester film silos for flexible packaging and most of the manufacturers are in that segment. There are only two manufactures in India manufacturing the thick polyester film which are used for the insulation purpose. Out of our total turnover or revenue 50% of revenue is coming from these sun control films, the solar control window films and which is used for car window glasses, building glasses, architectural application, decorative application and almost 98% of the product is exported. In the industrial product division, we manufacture the polyester films ranging from 10 micron to 350 micron we have a wide range of products and we concentrate on the niche market and niche product. So, every manufacturing line we have a niche product, and that is how we keep our products insulated and margin insulated. The remaining equity niche product. That's how we are different than the normal polyester film manufacturers and not comparable with them. Because that is a different segment of business and what we are doing, we are into a different segment of business. So with this, now I hand over to Mr. Pradeep Mehta.

Pradeep Mehta:

Thank you sir. Good afternoon, ladies, and gentlemen. On a consolidated basis in quarter three FY21, the total income for the quarter was 287.31 crore, which was an increase of approximately 40% compared to quarter three FY20. Earnings before interest, tax, depreciation, and amortization for the quarter stood at Rs.274.94 crore, what's a 27.07 crore in quarter three FY20. We are reflecting 26% EBITDA margin, net profit after tax reported was 42.78 crore, which was an increase of 276.25% on a year-on-year basis, while PAT margin was 15.14%, which was an increase of 800 basis points on year-on-year basis. Now, talking about the performance of nine months of FY21 on a consolidated basis. In nine months FY21, the total income was Rs.710.65 crore, which was Rs.713.79 crore in quarter three FY20. The level was maintained at same level, despite having a COVID period in the current financial year.

Earnings before interest tax depreciation and amortization for nine months FY21 at 175.54 crore, reflecting 25% EBITDA margin, and net profit after tax reported was 94.15 crore, which was an increase of 44.96% on a year-on-year basis. While PAT margin was 13.43%, which was an increase of 400 basis point on year-on-year basis. The net debt to equity ratio as low as stood at 0.08 times. I would also like to add that the company's improved performance as reflected by the return of ratios like ROC 19.73%. This is adjusted for revaluation reserve and ROE stands at 13.78% after adjusted for revaluation reserve. Also the company has achieved a



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net profit margin of 15.14% in the last quarter on a consistent basis, and we believe it will improve going forward. 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 Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Sir, just to understand you did allude to value added products and sun control films. So, if you could share some more details on the value added products apart there as per our presentation we are almost around 74% of the total revenue. So, details with regards to what kind of products are there each of the products, details of the market share which we have, the market size of those products domestic as well as global, what kind of competition in each of these products have and what is basically our USP or what exactly, how are we able to create that differentiating factor which probably our competitors are not able to get into this kind of product. As you mentioned in some of the products, we are the leader, or we are the only one out of the two players doing those kinds of products. So, if you could share some more details on that, that is question number one.

C. J. Pathak: Okay, thank you. The sun control films is made out of various components of polyester film, the basic film is a polyester which is manufactured from 100% virgin polyester chips manufactured with an in-house design recipe for making this because it has got a particular requires a particular shrinkage, it requires a particular age and clarity. So, there are specifications which are required for this, which is controlled by the company, the company has bought the full setup like the sole R&D center, where all the recipes are designed, monitored, controlled and quality assurance is taken care, we have our own manufacturing plants, where we manufacture our own raw material from the PTA and anything basic raw material, then we make our own plane films required for this purpose, then dyeing or coloring of this polyester film is a very critical process and only two companies in the world are having that technology, we are one of them. So, we need to be coloring of the films in-house, then there are different types of solar metallized films which are required again that is a technology involved in that, so that also is manufactured in-house then, we make the different kinds of adhesives required for this and this is the process and there's a nanotechnology involved for making some of the products. So, all these things are, so we are the only vertical integrated company for making these products and we made this. About my colleague Mr. Krishnan may also add to this, that how it works in the domestic market as well as international market. There are two different applications like for auto application, auto window glass application, in India there is a ban on that, but internationally only two countries are having ban on using this type of products. Rest all countries we are supplying to almost 80 countries. This also used for the safety and security on the building window glasses and there are regulations in many countries for use of this film and that is made compulsory. So that the use of glass is increasing day-by-day and in order to have a safety, the safety pins are recommended which we are also



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manufacturing. There are few manufacturers, quality manufactures in the world and they all are situated in USA. Mr. Krishnan would you like to add to this, you can add.

Krishnan Subramanian” As rightly mentioned by Mr. Pathak, we are the only manufacturer in India. And therefore, you can say we have 100% market share per se in our country. But we compete along with other global manufacturers and we are having third largest selling brand in United States, which is the most mature market for automobiles. And we compete also in Europe, where again we are about the third largest brand which sells in that market. So our product is sort of, it is a sought after product, we sell it under a couple of brands one is known as a global brand. The other is of course the Garware brand and also the Sun Control brand. The global brand is most popular and is well identified across the globe and we sell in almost all the key continents as sir mentioned. So this is a unique product as explained, this is one set of product which is more on the window film business. The other one is in terms of the polyester film business which we also spoke about. There again we have some specific products which cater to one is the shrink which is again we are the only manufacturer or major manufacturer in this country where we sell to the beverage industry and this is used in the bottles, et cetera you see a Pepsi label or a coke, this is every chance, the film is made by us on which the labels have been put on. So, that’s one of the key business the other one of course, is the electrical industry, where our product is used in compressors, et cetera. And there again we play a dominant role. So, these are about the specialized products in terms of what we manufacture and sell globally.

Rahul Jain: And if you could give some idea on their market size of each of these products, our market share and typically what’s tops competition to garnering these products, I understand **(Inaudible) 15.56** we are the leader but in other products also?

Management: Okay, In terms of the market share for example in the sun control business, the sun control business is somewhere in the region of about 4.5 to 5000 crores or so, globally we are talking of, probably the size of the market in the segment that we cater to. But it is very difficult to say because the key manufacturers are in United States and apart from that you have one or two identified in Korea, and a couple of them in China. And then again, you have very low value or low product value items produced say in China, where we don’t compete with. So, it is rather difficult to say exact market share globally per se, we have a lot of headroom that we can still go up to. And in India, we are the only manufacturer as I mentioned. Similarly on the shrink or in the electrical industry, shrink business again, is a global business and we cater to specific customers out of that, specific large customers. And these are also located in Europe, in South America, et cetera apart from India. In India, if you see our market share is somewhere about a little over 80% or so in terms of these, in terms of our product that we sell. And electrical industry again, we are a key supplier. And we have a high market share in that product also. And we export ourselves even to China, which is a very competitive market. So that really is the strength. The technology is a key barrier, in terms of entering into this market, people don’t have the technology. And there are various ways of making the window film for example. But the technology that we use, nobody else has it. And that is something which we will not be



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able to obviously diverse their technology. And we have an exclusivity towards that. Our products are also patented infinitely, we have US patents for our products.

Rahul Jain: Sure. And just to understand the slide which you have given in our presentation, it's a very detailed presentation. So that is quite helpful, so on this slide where we have given the revenue mix, April to December, it's fixed about 74% being value added films, commodity films are 26. Then on one side maybe on sun control it's 47%, IPD is 50% and thermal is 3% and the last diagram on this particular slide. It says automobile sun control is 26%, value added is 32%. So I'm not able to get that value added 74% so is it like, if I take sun control as 26% and shrink is another 12% so that comes to 38% or if I add this sun control 26% and valued at 32% then that comes to 58%. So, how do I break this 74% into say, how do I get that number 74% if you can help us on that?

Pradeep Mehta: Mr. Rahul, this is Pradeep Mehta. This graph we say is user specific even there is a IPT bifurcation of special film and commodity film. So for the better understanding of value added film we have separated and get added to show what is the value added film. So you can't simply add this number, but IPD includes certain special products also which is why we have separated as a commodity because we are not in a commodity. We are in a specialty film business. So for a business segment we have separate.

Rahul Jain: Sure. The last question on this PPF which we have just started and so what are the territories which we are targeting for PPF, what kind of market size this product has and also how has been the growth in this particular PPF extent in that three years in terms of the industry.

Management: PPF business we have just entered, as was mentioned by Mr. Pathak it's a global business again in India it's not so large, but again in quick time we have about 70% of the market share in India in terms of PPF but key markets which we are focusing are in United States, Europe Middle East, these are the key markets for the products. The total industry size again is roughly about 4.5,000 crores or so in terms of the PPF business and the big players are all based out of United States, they are branded and valued players again PPF comes with a different type of products, what we sell is a polyurethane product the TPU which we use, there are other products which come with PVC and various other this also we are not catering to that segment of the market, we are only talking of the TPU market which is the premium market in terms of the automobiles.

Moderator: Thank you. The next question is from the line of Parag Someshwar from AG Securities. Please go ahead.

Parag Someshwar: I have been doing research on Garware Polyester and the film industry since quite some time and having interacted with you people in the past, I always knew that Garware is a good company, but this presentation makes it clear it is not only a very good company, but a unique company in India much different from other polyester companies. I have pretty good



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information about the company, I have just one suggestion for Garware team, but before that suggestion I would like to share some of my observations and after that, I would like to give the suggestion. You may tell me if I'm wrong in any of my observations. As per your press release and presentation in FY23 your projected sale of 1500 crore and PAT margin of 14% meaning a PAT of 210 crores that is number one. Second, your ROC as you said it is 20% excluding revaluation reserve which will go up to about 35% in FY23. Third is, you have a huge land in Mumbai with a monetization potential of close to 400 crores. Now, your market cap is 1100 crores, you have a net cash of 100 crores, you have huge land. So, my suggestion is, the board should consider buyback of shares because your company's significantly undervalued on an absolute basis. And on a comparable basis if I compare a company named XPEL, which you also mentioned in your press release. In paint protection film, it's a very comparable company with Garware for paint protection and windows sun control film. Expense sales is also about 1000, 1100 crores similar size like Garware, in fact Garware's gross margin, EBITDA margin and PAT margin are higher than XPEL. And XPEL is quoted at a PE ratio of 100, we are quoted at a PE ratio of historic 10 and prospective may be 5 and plus our asset value. So my valuation is considering this absolute under valuation and comparable under valuation Garware board should consider a buyback of its shares. So if we have some news on the buyback, Mr. Mehta could you please share on the same?

Pradeep Mehta: Thank you, Mr. Parag Someshwar. It's good to understand from you and it's really. See buy back shares will be discussed. We noted your point and we will due course we will discuss, if board approves we will come with that proposal.

Krishnan Subramanian This is Krishnan here. On the critical observation which you mentioned, you're right in what you said. Except that XPEL original company is called XPEL Technologies, they are in the software business. What happens is, when a company is in the software business, they get clubbed along with the software companies. It is right that they sell PPF and window film, which is their product, but they are a software, they provide software for cutting these products and applying on vehicles, et cetera. So, they are seen as a software company, to give you another similar example is in terms of the automotive business you have Ford, General Motors, Toyota, et cetera they all have PE multiple which is similar to say 14, 16, et cetera which is more closer to the automobile business. The PE multiple of Tesla is 1400, Tesla is the most valued company today, if you look at the turnover of Tesla it is much, much lower than Toyota or anybody else. But in terms of the most valued company because Tesla is again in a different mode. So, all I'm saying is XPEL started as a technology company, and it's seen as a technology company. Therefore, there is a differentiation in terms of the value. But of course, so that's how they are build up. I'm only saying and again, if you see XPEL price, about two years ago from now it was under \$4 in terms of their price. So from there they have grown.

Parag Someshwar: XPEL also, they have software part only 30%, film part is about 70% right?

Krishnan Subramanian Correct.



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- Parag Someshwar:** So basically we have also 70% of value added product and in spite of there being a software company their gross margin, EBITDA margin and PAT margin are lower that is number one. And second was XPEL actually the price in market cap started increasing after globally they launched this paint protection film in somewhere in 2018. Globally this PPU based films are introduced only two years back right?
- Krishnan Subramanian”** No, they had it even before, but you are right, your observation is right. I am only trying to explain you the background XPEL That they are software business, or they started originating as a software company. And that’s how they progressed. As compared to this, we are seen as a polyester film company. Although as Mr. Pathak explained to you that, we are not just a polyester film, this is exactly what we are trying to tell you that we are a specialty film manufacturer, this is exactly what we were trying to tell you.
- Parag Someshwar:** I’ll just take one minute of yours. So, I really appreciate Mr. Krishnan because it’s a really different unique global specialty polyester film company, even if we forget XPEL on an absolute basis we are quite underwhelmed, buyback as Mr. Mehta said, you should discuss in the board sir.
- Moderator:** Thank you. The next question is from the line of Nisarg Vakharia from Abhinandan Leasing and Finance. Please go ahead.
- Nisarg Vakharia:** If I heard your CFO correctly, you said that this is the base level of profitability margins that we can expect going ahead and we don’t have anyone offs or inventory gain or any of these things in this profitability?
- Management:** Yes, correct.
- Nisarg Vakharia:** Okay. Sir, this new plant which you have set up, what is the economics of that plant, what is the gross block turnover and what is the ROC that you will get on that plant after one year of operation?
- Management:** So, investment is little between in 50 to 60 crore and we are targeting in next three years to achieve 300 crore from PPF plant.
- Nisarg Vakharia:** Sorry, sir can you repeat I missed it sorry.
- Management:** So, I’m saying the investment is less than 60 crore in this PPF plant and we are targeting to achieve 300 crore turnover in next three years.
- Nisarg Vakharia:** With what margins?
- Management:** Margin would be +30%.



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- Nisarg Vakharia:** Sir these economic that you are discussing more is like a consumer company, so?
- Management:** It is a value added product here.
- Nisarg Vakharia:** Okay. And sir what is the, so what is the real reason for going for these public calls and sharing your plans on an FY23 vision because normally companies refrain from giving guidance going ahead. It's not like you need to raise capital because you have a very well adequate balance sheet. So, is it that we want the market to appreciate us more or you have some other plans? Because this is the first time you're organizing a conference call?
- Nisarg Vakharia:** Yes, we just started that for people to understand what we are, because, as earlier Mr. Krishnan said we are misunderstood that we are a polyester and there are so many polyester companies and we are compared with them and that is the reason why we are doing all this.
- Management:** And market to appreciate our fair value because we are undervalued.
- Nisarg Vakharia:** I appreciate that sir. And lastly, looking at your current profitability run rate, you're already very close to your FY23 target, so are we sort of being slightly conservative on that target or how to look at it because you already had some 40 crore profit run rate which is like 160 crore PAT. So is there some seasonality in our business or this is your conservative way of giving us a profitability target?
- Management:** This is a conservative way.
- Moderator:** Thank you. The next question is from the line of Sanjay Shah from KSA Securities. Please go ahead.
- Sanjay Shah:** My previous participant has asked the questions, but to add on to that and reiterate on that, sir can you highlight more on towards that our new business, that is pain protection for auto's, which is very much common outside India developed countries. So, how do you see what market size we are looking at and what debt pie we as Garware Poly see on that and with margins.
- Krishnan Subramanian** Sir, as I explained to you and as was mentioned earlier also, the total market is for about 4500 crores roughly globally. And we are one of the key players or we want to be a key player over a period of time. Currently our capacity that we have and which we expect to reach in the next three years, we should be able to do a turnover of about 300 odd crores in that, the largest player in that market is XPEL and they are based out of San Antonio in United States. So, we are, among India we are the only manufacturer and we see a good potential as we go forward in terms of the product.
- Sanjay Shah:** So, what is the expected turnover in this product?



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- Krishnan Subramanian**” Expect turnover is over 110 million roughly as of last year, but probably this quarter it is even higher, somewhere about 900 crores as of now.
- Sanjay Shah:** So, there is a huge gap between the first player and we entering, so you see a big scope of growing there or we look at different market also?
- Management:** Absolutely, XPEL sells globally they don't sell only in US. They sell globally, so we also we have a lot of headroom and therefore, we are selling we will be selling in US, Europe, Middle East, these are key markets, we will be focusing in all the markets.
- Sanjay Shah:** So, our safety glass film, which is banned in few countries, like maybe even in India. So, what's the scope you see, is there, what's the reason of this banning and do you see any opening up on that sir?
- Krishnan Subramanian**” The safety film is not banned; safety film is for architectural application.
- Sanjay Shah:** No, that one sorry.
- Management:** The window film is banned in India. So that is a government and we can't do anything about that really.
- Management:** Window film is banned by the Supreme Court on PIL made to them and the decision court has taken on a technical ground, that there is no specific mention because the central motor vehicle rules 100 provide for the VLT Visible Light Transmission, how much transmission of light should be there in the car is regulated. So, till the decision has come in the month of May 2012. The regulation was, the 50% from the side windows and 70% from the front and rear windows. But there is no specific mention how to achieve that transmission. So that's why court has banned it, they have mentioned that it's the job of the regulators and the legislators to make an amendment and we have approached to the ministry of road transport for carrying out the necessary.....
- Sanjay Shah:** So, sir before this ban what was the business we're doing in India?
- Management:** In 11-12, we have done business of about 75 crores in that year.
- Moderator:** Thank you. The next question is from the line of Ankit from Bamboo Capital. Please go ahead.
- Ankit:** A few questions from the business side from me. Sir, if you look at company's trajectory, from 2012 to 2017 our operating and gross margins had been, our operating margins had been bringing in between, 8% to 11% and even 7% in FY15 and our gross margins were broadly around, 40% to 50%. However, from FY19 and 20 and even in this year, we have seen significant improvement in our gross margins to around 55%, 60% and our EBITDA margins have further increased to 15%, 17% and in this year they have nearly crossed 22% to 23%. So,



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what are the major reasons for such significant improvement in our margins, what has changed now over the past two, three years?

Management: There are several measures the company has taken, that is the centralization of activities at a place we had different units located at different places, which were stopped and shifted to Aurangabad at one location that is Waluj. We have another location also within Aurangabad that is also operating so, we have tried to bring centralize all the manufacturing activities together, we have stopped the loss making units or loss making product, then we have reduced the inventories, we have tried to manage working capital in a most efficient way. Then these are some of the measures we have taken which is resulted, then we have selected a better product mix and market mix, we have shifted market to European and USA, which is more paying market for the same product rather than China and these countries Korea, so, that has helped us.

Ankit: Sure. So, sir significant improvement is timely driven by this sector, it's not due to crude oil prices falling going down over the past 2, 2.5 years?

Management: No, as is said in the beginning that we are into different segment, like 50% of the revenue comes from the conveyor product division where this raw material of crude prices was in significant effect on the operation of that division. In industrial product division also the specialty as I said in specialty sectors also there is not much of a change because of that and it makes a change in the commodities, but commodity prices were always dependent on the raw material prices. So, it increases or decreases as per the raw material changes.

Ankit: Okay. And sir coming to sun control since, this is one of our major segments, have you seen our revenue grow significantly during nine months of this year, last year in FY20, we did turnover of around 333 crore from this, in nine months despite first quarter being largely impacted in a big way due to COVID, we have done turnover of almost 320 crores in nine months. So, what is the reason for the significant rise in turnover?

Management: The full utilization of the capacities, there is a reason. So far in earlier years, earlier 3, 4, 5 years, the capacity utilization was less and there was room for utilizing the capacity and we have taken the lot of majors at marketing side also, that we have opened the representative offices in many countries. We have full-fledged office in UK and USA, UK at London, and US at Washington. So, that has helped to grow the business and we are utilizing the full capacity.

Ankit: Okay. And in this sun control film the entire sales are branded, or we also supply to some other customers who sell in their brand name?

Management: Mr. Krishnan you can take this.



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Krishnan Subramanian” Well it’s a combination of both, we will not be able to diverge but predominately branded if I may say so.

Ankit: Okay. On the PPF side if we look at it XPEL and 3M are a big players in the market, they apart from XPEL also has an edge in terms of software and these are extremely entrenched players in markets like US, China, and Europe as well. So, what will be our marketing strategy to gain let’s say 5%, 6% market share in the global market in PPF market. And if you can elaborate on that and like sun control film is our PPF product patented or technology patented?

Krishnan Subramanian” In terms of the product strategy for paint protection, we are very recognized player our brand, global brand as I explained to you is the third largest brand which sells in United States, so the printers or the people who apply the PPF are the same, who apply the window films on automobiles. So, they have recognized our brand because we are the third largest sellers of the window film. So, when we have now started with the PPF so, they have a recognized brand of a very high quality, in fact our quality is considered the best in the market in terms of the window film. So, now that we have entered with the PPF they have the same trust and faith in terms of our product as compared to other established products in the market. And we offer this product through a network of distributors and we have about 4000 odd tinters with whom we are in touch with or in contact within US alone. So all of them and similarly in Europe, in Middle East, et cetera in all the markets that we have entered, we have entered along with our existing network, who already are in touch with the people who use the PPF. So, that is the advantage. So we have the network readily available to us in terms of entering the market. And we are trying to establish our product, our product also in terms of quality has been accepted well in the market and therefore the confidence that we should be able to get a decent share in terms of the market.

Ankit: And what is the contribution of PPF for nine months?

Krishnan Subramanian” We don’t have a split of that immediately.

Ankit: But is it going significantly or it’s still a small contributor to us?

Krishnan Subramanian” It just started about a month ago or so in the month of, December Mr. Mehta?

Pradeep Mehta: We just began in December; we just began the operations of PPFs in December, so it’s hardly been a month.

Ankit: Okay. Because I was seeing your videos, that would have been a flop launch then a year back.

Krishnan Subramanian” Exactly.

Ankit: Okay. And sir, on the guidance of 1500 crore that we have given for FY23, 300 crore is incremental sales will come from PPF, and currently we have a sales of around 6900 crores.



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So, what will be the other major growth driver for achieving this target of 1500 crore, incrementally we need at least 300, 350 crores from our existing set of products. So, now which segment will drive growth in that?

Krishnan Subramanian” Our current business is divided into two, IPD also the window film business as we explained to you. So, both these have been growing for us and we expect that to be breached by these products, as we go forward apart from the PPF.

Ankit: Okay. So, any plans of launching any of the new products?

Krishnan Subramanian” We are launching continuously our product portfolio keeps changing and as we explain to you we are more into the specialty products and not in the regular products that other polyester film manufacturers are which is the packing grid. So, therefore what we are doing is increase that product mix into specialty grid products on IPD or the industrial product and the other one is, in the window film also we are going in terms of technology and in terms of products only on the high margin, high value products.

Moderator: Thank you. The next question is from the line of Siddharth Raj purohit from JHP Securities. Please go ahead.

Siddharth Raj purohit: Sir, my first question is for the 1500 crore revenue the CAPEX that we will be required to do?

Management: Sorry?

Siddharth Raj purohit: What will be the capital expenditure we would require doing to reach this 1500 crore revenue sir?

Management: So, we have invested actually planned to invest 135 crores out of that some expenditure is already incurred and some is being incurred, that will be completed by the end of this March. So, within that will touch the 1500 what is planned.

Siddharth Raj purohit: Okay. So, by the end of this March we will complete this 135 crore of CAPEX?

Management: No, he is saying for achieving additional 300 crore expenditure are already partly incurred, partly are in plans to buy March we will compete. For another additional 300 crore we have some plan but not yet declared, but the target is there to achieve 1500 crore turnover for capacity expansion.

Siddharth Raj purohit: Okay. So, this we have to do more CAPEX over and above this 135 crore announced?

Management: Correct.

Siddharth Raj purohit: Okay. And sir what will be our turnover of sun control films in FY23?



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- Management:** That's a number that we have not declared outside actually. We will await some more time before we get the outlook of that.
- Siddharth Raj purohit:** Okay, and what is our current margin in sun control film sir?
- Management:** We also don't declare individual product line margins if you don't mind. More for competitive reasons, competitive reasons are there so we won't declare that?
- Siddharth Raj purohit:** Okay, but will it be higher than our consolidated current margin?
- Management:** Yes.
- Siddharth Raj purohit:** Okay, and sir what is our roadmap for FY21 and 22, what could be the revenue for FY21 and 22?
- Management:** We have not made those revelations right now, because we've just made the estimates of the PPF so if you don't mind avoiding that because it's too much of a call today.
- Siddharth Raj purohit:** Okay. Then sir we have lot of real estate properties based out in Mumbai and other parts of Maharashtra sir, what are the plans to monetize them sir, and what is the estimated market value sir?
- Management:** That one's the board decides we will come up with that and declare that stock exchange.
- Siddharth Raj purohit:** What will be the estimated market value?
- Management:** We have not done that processes as yet; this is not even the thinking stage as of now.
- Siddharth Raj purohit:** Okay. Sir, just wanted to understand we are already generating, we are already sitting on a lot of cash and there is another generating close to 120 to 140 crores of operating cash flow every year sir. So, how do you plan to use this cash?
- Management:** We have multiple plan we will take to the board for it may be some expansions, it may be some distribution. So, all these things will be put up to the board time-to-time and then it will be disclosed.
- Management:** As Mr. Krishnan also said in the PPF area there are over already existing 4000 tinters as they call them in America, the people who work on cars and tinting of cars. So, that expansion and several other products are already continuously in research. So those are the plant, the money will be used for that.
- Siddharth Raj purohit:** Okay, sir are these technologies have developed or we have sourced from somewhere the sun film?



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- Management:** Technology at our end is developed by us, we have R&D centers.
- Krishnan Subramanian**” Mr. Raj purohit there’s a lot of R&D that’s continuously going on, this is a high chemistry company which works on developing newer and better products, and that’s what they are focusing on. So all the technologies are internal many of them patented also.
- Siddharth Raj purohit:** Okay. And sir many of the players have announced capacity expansion. So, what is the current demand supply scenario globally and how do you see it going forward?
- Management:** At the beginning, I have said that we are not into that race of commodity players and development or investment into the commodity sector. So, there is lot of capacities, going to come ahead of time, but that all are in the flexible packaging segment. So, we are not into that race.
- Siddharth Raj purohit:** Okay. And the current CAPEX that we have planned sir, so it will be all through internal accruals?
- Management:** It is partly financed by the bank and partly by, in internal accruals.
- Siddharth Raj purohit:** So, what will be the share of borrowing?
- Management:** So, our debt equity ratio is less than 0.1 times of the equity. So, there is this room for going for the debt funding.
- Siddharth Raj purohit:** And what will be our cost of borrowing sir?
- Management:** It is less than 9%.
- Moderator:** Thank you. The next question is from the line of Swechha Jain from ANS Wealth. Please go ahead.
- Swechha Jain:** Sir, I have two questions. So, if you could give us a sense of product wise capacity and capacity utilization that we were at nine months and also the sales break up product wise such as BOPET Film, sun control film, metallizer, PPF and thermal lamination film sir.
- Management:** The capacity of industrial product division is 42,000 tonnes per annum, which capacities are interchangeable, because we make from right 10 micron to 350 micron so on different line, different capacities, but based on certain micron say like 12 micron for thin films and **(Inaudible) 51:50** 80 microns or 125 microns for the thick films, the capacity is best. So, all together capacity is 42,000 tonnes per annum. Right now, it is utilized completely, in sun control division the capacities that is on sold on square feet basis. So, it is 2400 lakh square feet per annum and PPF capacities 300 lakh square feet per annum.



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- Swechha Jain:** Okay. So would you be able to give the nine months sales breakup product wise sir?
- Management:** No, because of competition reason, we will not able to share these detail.
- Swechha Jain:** That is fair enough. Sir, with respect to sun control film you mentioned that we sell it through our dealers and distributors, right sir?
- Management:** Yes.
- Swechha Jain:** Okay. So what were the inventory levels for nine months at the dealer level?
- Management:** At the dealer level, it will be difficult for us to monitor the inventory level see, what happens is, we ship goods from our plant in Aurangabad, as I mentioned to you the window film business is predominantly an export business and inventories are, in the plant inventories are on the sea plus at our distributor and retailer, it is almost impossible for us to estimate what exactly was the inventory levels, but the fact that it grew substantially we can say that, there was pretty good movement in terms of hub.
- Management:** Our business model is on cash and carry model, so we don't.
- Swechha Jain:** So we don't give any credit to them right?
- Management:** No, credit.
- Swechha Jain:** Okay. And sir on the PPF side have we tied up with any OEM players or what is the marketing or selling strategy that we are thinking, is it only through the tinters that you mentioned, or we're also looking to get into some tie ups with the OEM directly?
- Krishnan Subramanian** Well, our current strategy is to sell through our network of distributors. It is actually, we sell to the distributors, distributors in turn have retailers below them. For example in US we have five key distributors, and these five distributors below them, they have somewhere in the region of about 800 to 900 retailers, under them they have about 4000 tinters. So this is the total lineup in terms of the activity. So we sell through our network as of now, going forward if there are opportunities, we will certainly look at that.
- Swechha Jain:** Okay. And sir I have just two more questions if I can take this up now or I can rejoin the queue?
- Management:** Go ahead.
- Swechha Jain:** Okay. Sir with respect to our consumer product division, have we launched any new product for in these nine months, either for domestic or international market?



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- Management:** See we keep on changing our product portfolio as was mentioned a little while ago. So even in consumer product, we have yes launched a couple of products, which are more to do with a window film business and those have sort of excited the market.
- Swechha Jain:** Okay. So, can fairly assume that the window film business is the main product in this division?
- Management:** In consumer product, window film and the PPF business, are the two products.
- Management:** Going forward the PPF.
- Swechha Jain:** Okay. and sir just a last question, on a long term sustainable basis, what kind of EBITDA can we any guidance that you can give us?
- Management:** We have not given that, Swechha as you know that we are expecting a better guidance. So, probably in the next quarter earnings call, we'll definitely be able to give something better. That's why we've not given one this time.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.
- Keshav Garg:** Sir, I would first strongly suggest that you please do a share buyback as one speaker said because already we have 100 crore of revalued land and 100 crore net cash and market cap is 1100 crore sir so basically the core business is coming for free. And sir as you are aware that, share buyback is far more efficient.
- Management:** Mr. Garg. We have taken that suggestion; it's already been stated. So if you can just because there are so many other questions. So this has been taken in and it will go to be very critically discussed internally I assure you that. Please go into your questions.
- Keshav Garg:** I want to understand whether sun control films in FY20, it contributed 38% of sales, and in nine month it contributed to almost 50% of sales. Sir so is this proportion, sustainable going forward or there is someone off due to which sun control film proportion has increased and it might again, reduce going forward?
- Management:** No, it should be sustained. As explained by Mr. Pathak, we were not using the full capacity of the sun control plant earlier. Now we've been doing that in the last nine months.
- Keshav Garg:** Okay, so great. And sir also just wanted to get some understanding of your thought process about the consumer products, apart from sun control and PPF, is there any are there any plans to get into let's say, mobile screen guard or such other products?
- Management:** Not immediately, but if we do, we'll make an announcement.



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- Management:** Yes, we are not making any future product announcements right now.
- Moderator:** Thank you. The next question is from the line of Dhwani Desai from Turtle Capital. Please go ahead.
- Dhwani Desai:** Sir, two questions. The first one is on the PPF side. So, when I was looking at the PPY market in US, so essentially 3M, XPEL and **(Inaudible) 58:27** three major players there and they have been there in the market for a while. So, in terms of strategy how do we want to gain market share, will it be through better pricing, will it be through product differentiation, how is it that we will gain market share from the already established player?
- Management:** Yes, it's a combination of both, which you mentioned in terms of the market. And as I explained to you earlier, we have this loyalty with our customers who have been using the window film. So, they are very convinced with our high quality product. So, they expect this one also to be of an equal similar quality, which is what we have offered in the market and each product has its own strength in terms of stretching, in terms of application in terms of usage, all that we have entered the market with superior product which gives all the benefits to the customer. So, in terms of product quality, it is the best as I assume everybody would claim that but in all honesty, we have put the best product forward and we are expecting our customers to be happy with the price at which we have launched this product in the market.
- Dhwani Desai:** And sir you mentioned, I somehow missed the context, but you mentioned that you have 70% market share in PPF in India, is that?
- Management:** In the domestic market, Yes.
- Management:** Sir, not of PPF, because PPF is just launched.
- Dhwani Desai:** Yes, so I was wondering since it has been already launched.
- Management:** No, it's sun control not PPF.
- Dhwani Desai:** Okay, and sir on the sun control film, even if you can't give absolute number, can you help us understand how has been the growth trajectory or value over the past five years in these segments?
- Management:** Because those five year numbers may not be immediately available, maybe can we just send it to you once you send us a mail on this because this will have to be calculated five year number?
- Dhwani Desai:** Sure sir. And sir question is there are three members from promoter family who there in executive capacity are. So, is it like the professional run company or promoters are involved in day-to-day operation and if so what area they look after, if you can throw a bit of light on that?



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- Management:** Yes, the promoters are involved here, because they are involved in all the key decisions. And there's a freedom to the professionals in their areas. But yes, professional promoters are involved.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from Phillip Capital. Please go ahead.
- Dhiral Shah:** Sir, what is the current capacity utilization right now?
- Management:** Right, now in December the capacity utilization is 100% in both the industrial products and consumer product division.
- Dhiral Shah:** Okay. So, are we going to face any capacity constraint in FY22?
- Management:** Company has plans which will be declared at proper time for that.
- Dhiral Shah:** Okay. So by Q4, we may have further information regarding this right?
- Management:** Definitely, we will look forward to the information by then.
- Dhiral Shah:** Okay. And sir company is still paying the full tax because now, the FM has reduced the text to 25%, but we are still paying around 33%, 34%?
- Management:** Yes. That is because of we are having a match credit; we don't want to lose that credit.
- Dhiral Shah:** So, by when we may enter into the new tax regime?
- Management:** It will take at least another one and a half year.
- Moderator:** Thank you. The next question is from the line of Ankit from Bamboo Capital. Please go ahead.
- Ankit:** Sir as you were saying, they have already reached 100% capacity utilization in both the division CPT and IPD. So, you did mention that we have some CAPEX plans, but how will be, how are we looking to grow the business during FY22 apart from the growth in PPF of course, PPF will be starting from a scratch?
- Management:** Still there is some room for converting the commodity which we are using right now. So, that capacity will be converted for specialty. And, by the time of utilizing that for specialty the company is planning for the next further growth plan.
- Management:** Ankit if I may just add its highly flexible plant, the machinery and everything else is highly flexible. And since we are end-to-end manufacturers integrated manufacturers of films, that means from chip to the end film, we have the ability to turn any of our lines into any of our any



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product that we so desire. There are lot of flexibility, and that's what Mr. Pathak has been referring too.

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

Mrinil Tyagi: And my question would be, that how we are going about the pricing power as far as the auto polyester film division is concerned. And what is the growth that we're looking at?

Management: Well, in terms of pricing power, auto polyester, I'm assuming is you're referring to the sun control the window film?

Mrinil Tyagi: Yes, exactly.

Management: Yes, we have a very good portfolio in terms of that business, and as I explained to you we have a range of products which are premium in nature and our portfolio has gone through a change in the last two, three years. And we are focusing on high quality products into the market. And our pricing as I explained, we are the third largest selling brand in United States, therefore we have that pricing power as well.

Mrinil Tyagi: Thank you so much. And just one more question, if I may ask, please. So, I have been looking at any new vertical as far as the scope of business is concerned?

Management: As we have been discussing through the time, we've not really looked at any new vertical that we are declaring now, there are many plans on the way and hopefully by in a little time from now, we'll come back to the market with this information and to the analyst with the information.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: I have two questions; my first question is on the user industry segmentation. So your residential and other segments in the last presentation, it shows 14% number and this it is showing 4% number, so could you clarify is there a re-segmentation or I'm still not able to understand, how can the number degrow that much?

Management: We've not shown a 4% we've just eliminated the number 14 and because we are feeling that there may be a better, much better outlook in the next quarter you'd rather give the fact that is going to as we are seeing margins improved. So our numbers improved to the, actually the higher side but we will give that number out, but we will not reduce it four anywhere.

Aman Vij: No, but in the presentation if you see page number 29 so, that number where you have shown residential and other segments that used to be 14% in the last presentation so I'm not sure



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where the error is, which is now been shown as 4%. I think the residential portion is much bigger for us as we also talked about window film as on o the main segment for us.

Management: I am not able to understand, unfortunately the presentation is not with me. Aman if you can just write this we'll definitely get back to, this definitely it is not the case of reduction in any particular margins. So, if there is something like that we will come back to you and correct it if there is something like that, but there may be a, the way we presented it may not be very clear may be that.

Aman Vij: Okay, I'll get back it on the mail. My other question is on, there is big segment of value added film or specialty film. So could you talk about what all segments do or what all industries do we cater in this value added specialty film segment?

Management: I thought we mentioned that in the polyester film business key segments which we cater to, if we were to speak about one is the beverage industry which is with the shrink film which we cater to and again this is globally we sell this product similarly there is another industry which is the electrical industry, product is used in the compressor, et cetera. So that is the other business and again in sun control all these products I would say are specialty products in a way, so we have a whole host of products which caters to the specialty industry.

Aman Vij: Also, these two products I remember you had talked about earlier in the call that they also come into, they don't come into sun control right these are pure?

Management: No, they don't come in sun control.

Aman Vij: Okay and major segment among these two will be the?

Management: As explained beverages, beverages means the bottling, et cetera which you do, you put a label on that if you've seen the label Coke, Pepsi is written Coke or Pepsi is written on, it's not written on the bottle, there is a label around it.

Aman Vij: Yes, sir that film.

Management: Exactly, that film could be of different types, but they use polyester film in many cases, that is the film that we supply.

Management: Its market is increasing because of the we are using the pet, on the pet bottle which becomes easy for recycling along with the label, so that is the advantage. Otherwise, label has to be separated.

Management: Actually what Mr. Pathak mentioned earlier apart from being a carbon negative company that means we consume more waste than we produce, we are also helping others to be more environment friendly. Our products are in a process that allows all the other plastic bottles to



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be more recycled better and like saving energy, all the sun control is about saving energy. So, it's about not just being yourself into a very high end carbon negative company, but also assisting with your products to the rest of the world in general.

Aman Vij: Sure, sir and this is basically how much is export and domestic mix of this value added specialty film segment broadly?

Management: Broadly, if you see the shrink business that we have, I will say we have roughly about 20% or thereabout in the domestic market rest is the export market. Similarly on the electrical industry, we have about 15%, 20% in the domestic, rest all are export.

Aman Vij: Sure sir. And what is there in the packaging segment, what all products do we cater too in that segment?

Management: All the products in the 10, 12 microns all of them go into the packaging.

Aman Vij: So, this packaging is the commodity packaging. I have to put it, as many companies do that.

Management: Yes, there are several companies in there, there are about 11 companies in India, most of them are in the packaging industry.

Aman Vij: Okay, there is not much differentiation?

Management: They don't have a difference, that's why we are saying we are a different company as compared to others. We focus only on specialty product; we don't cater so much to the packaging that is what we have been saying.

Aman Vij: Yes, that was the only number. Sir my final question is, if you see our journey in the last four to five years. So, overall our margins have improved a lot and you have told about some of the steps we have taken. But in terms of industry segments, could you talk about maybe few segments which have degrown for us, which was maybe a big portion and maybe it was a commodity business that is why we have not focused on it, versus which segment has grown for us very well in the last three to five year?

Management: Yes, so explained our business in terms of the commodity we have reduced consciously, because those are low margin products. And we have, the films business has grown for us significantly from where we were let us say five years ago we were less than half of what we are catering to now and similarly on the electrical industry also we have grown quite significantly in the last four to five years.

Aman Vij: Sure sir. And sorry one final question, you talked about this.



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- Management:** Aman, there are so many people so just if you don't mind you can even write to use if you don't mind.
- Moderator:** Thank you. The next question is from the line of Kunal Bhatia from Dalal & Broacha. Please go ahead.
- Kunal Bhatia:** Thanks for the opportunity. I just had one question. In terms of gross margins this time came off quarter-on-quarter basis. So, what would be the possible reason for that is it more to do with the rise in commodity price or less of value-add mix?
- Management:** It's a mix actually, as I explained to you earlier that we are concentrating on the specialty. And in specialty when the specialty product increases magically in specialty the margins are more than the commodity, so raw material relatively is comparatively less.
- Kunal Bhatia:** Sir I am asking on a Q-o-Q basis Q3 versus Q2.
- Management:** You're asking about, why there is a September to December you're comparing both the quarters. Additionally, I'll tell you the December quarter is low volume business and different types of, because what happens Europe, USA remains close in December for business because of the Christmas holidays. So the type of the mix, what we are selling is different in that so it's more of a high value product are not there that's fine, this change is there you must have noticed.
- Kunal Bhatia:** Right. so, this would normalize in the next quarter?
- Management:** Yes, certainly.
- Moderator:** Thank you. The next question is from the line of Piyush Gala from SK Securities and Investments. Please go ahead.
- Piyush Gala:** Sir, I got the other question answers. But, my last question is, will company continue liberal dividend policy to investors?
- Management:** Sorry, please repeat.
- Piyush Gala:** Will company continue liberal dividend policy to the investors?
- Management:** Your past record is there for dividend distribution, which is 100% dividend distribution company for last three year. Rest depend on the board, once the proposal goes to board how it considers.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from Phillip Capital. Please go ahead.



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- Dhiral Shah:** Sir what kind of R&D spend we do every year?
- Management:** R&D is a continuous process; we are regularly incurring expenditure.
- Management:** We're not declaring our R&D numbers on purpose right now, because there are several things planned in the pipeline. So these are not separately mentioned figures anywhere right now. But it's a significant number, meaning it is required for, it's a high chemistry item. So what is done is in the lab, you must understand that most of the work is done in the lab. So done small and scaled up in the factory, that's what it is.
- Dhiral Shah:** Okay, so with the help of R&D, are we also looking to launch any new product which is there in the pipeline?
- Management:** Dhiral that we have not declared now, that's what we were stating there were several questions on that. So, while we continuously develop products, and we don't declare our future products currently, but this is continuously in development.
- Dhiral Shah:** Okay. And sir lastly, how do we manage our RM volatility?
- Management:** We have a contract with the supplier and as we said most of the products are for export also, if there is an increase in the raw material prices, for commodity it is directly passed on, for export it takes some time there is a lag for passing it on, but it is passed on and rest on specialty there are the contracts, annual contracts and it is renewed when it is renewed that time it is passed on. So there are different.
- Dhiral Shah:** Sir majority of our RM are source from domestic market, or we buy from import, we do import?
- Management:** No, that is sourced locally from Reliance.
- Moderator:** Thank you. The next question is from the line of Sarvesh Bhudhani an Individual Investor. Please go ahead.
- Sarvesh Bhudhani:** Sir, could you please split the revenue growth we have done in quarter three, between volume growth and realization growth?
- Management:** Okay, your suggestion is noted down we will work out how we can do it.
- Management:** We can give you that later.
- Sarvesh Bhudhani:** Okay. And sir for the first half you have generated 117 crore of operating cash flow and this kind of conversion for EBITDA to operating cash will it be sustainable going ahead?



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- Management:** Yes. So they are definitely sustainable, that's what we have been stating all through the discussions, every time we had, but these are sustainable margins definitely.
- Sarvesh Bhudhani:** Right. And sir going ahead like we are trying to enter this pain protection business, so will we have to lose in our credit terms, or there is no issue on that side?
- Management:** It's the similar product that or similar set of customers with whom we are dealing so credit terms don't change.
- Sarvesh Bhudhani:** Okay. And sir a small suggestion to you if you could please consider a name change from Garware Polyester so something like Specialty or something because there are a lot of companies.
- Moderator:** Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** Sir, with regards to this quarter in December have our raw material price gone up?
- Management:** Yes, the raw material prices has gone up.
- Rahul Jain:** Okay, because when I was trying to do some math for nine month we had about 74% coming from specialty films, so specialty films or the value added business, I'm not asking for the exact margin, but what could be differentiate between value added products and the commodity products in terms of margins roughly?
- Management:** No, we cannot give these numbers.
- Management:** We don't give the individual margins there for competitive reasons.
- Rahul Jain:** I am not talk about individual products sir, just a rough what could be the differential between the margin?
- Management:** See the differential itself is a big competitive edge that comes in, because we are able to, in the value added the premium is high as you would understand that's why value added, and commodities really commodity. So we are very careful in protecting that information, because naturally everywhere there is competition, we want to just be a little careful there you understand that.
- Rahul Jain:** I understand so I appreciate that. The question was basically because for nine months as per our presentation, our valued business is 74%. And for six months ended it is at 64%, so when I try to recalculate or back calculate for this quarter December, it looks to me that almost 88% of our turnover is from value-added films, doing a simple match. And against that, I'm seeing that our gross margins have actually fallen compared to earlier two quarters. So which is what I got



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a bit confused, on one side your valuable business is almost 88% of the revenue and on the other side, our gross margins are actually falling.

Management: Mr. Pathak or Mr. Pradeep would you like to take that?

Management: That depends on the product mix and market mix, so there are multiple reasons for that.

Management: So Rahul, the way that we should be looked at is if you look at it too closely in a quarter, you'll not be able to get it because like Mr. Pathak explained just a few minutes ago that, in the Christmas time, there's a different product that comes in, our flexibility allows us to do any product, any time. And in fact, we look at unit margins very carefully in that sense. So that's the reason that this small aberration that you might see, is not a major thing for us, when you look at a slightly long term which is about two quarters, three quarters down the line, it just becomes normalized, in fact better.

Management: But there are good margins in Western countries, then we sell to Europe and USA, where we sell almost 50% of our revenue comes from there. But it drops down during the Christmas time, because there are the holidays. And we plan accordingly for the rest of the world and the product which we to be shipped for this market. So that's where that difference is there.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today. I would now like to hand the conference over to Mr. C. J. Pathak from Garware Polyester Limited for closing comments.

C. J. Pathak: Thank you all for participating in the earnings call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to us, through our Investor 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 the company's growth, going forward and with this, I wish everyone a great evening. Thank you very much.

Management: Thank you very much, gentlemen.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Garware Polyester Limited, that concludes this conference. We thank you all for joining us and you may now disconnect your line.