

Garware Hi-Tech Films Limited

What Garware Hi-Tech Films Limited does

Garware Hi-Tech Films Limited manufactures specialized polyester-based films for three distinct end-markets: sun control films for automotive and architectural applications, paint protection films (PPF) for automotive exteriors, and industrial BOPET films for packaging, labeling, and electrical insulation. The company operates three manufacturing plants in Maharashtra (Chikalthana, Waluj, Nashik) and sells to over 90 countries, with exports contributing roughly 75% of revenue.

The core capability that took decades to build is full backward integration for its value-added products. Unlike most specialty film manufacturers who buy base film from third parties and only coat or laminate, Garware makes its own BOPET base film, does its own nano-dispersion, metallizing, adhesive formulation, and top-coat application. This vertical integration gives it control over quality, cost, and proprietary formulations that competitors cannot easily replicate. The company holds over 10 patents on essential manufacturing processes.

Garware exists as a standalone business because it occupies a narrow but defensible niche: it is the only manufacturer in India with fully backward-integrated production of both sun control films and paint protection films. Globally, only a handful of manufacturers have this capability. The company's brands—Garware and Global Window Films—are registered in the US and have been built over 25-30 years of consistent presence in the automotive aftermarket channel.

"Our revenues for last year, I mean, were almost 50% from sun control films and both 25% from PPF and 25% from IPDs."

DEEPAK JOSHI, DIRECTOR SALES & MARKETING, Q4 FY26 CONCALL (MAY 2026)

The company's competitive position rests on three pillars: proprietary technology (nano-dispersion, adhesive chemistry, machine design built in-house over 30 years), brand equity with dealers and applicators who trust product consistency, and a diversified geographic base that provides natural hedging against regional shocks. Customers stay with Garware because switching means re-qualifying a new supplier's color, heat rejection, adhesion, and durability across multiple product variants—a process that takes months and risks customer complaints.

The company sits in a specific part of the global specialty films industry: the high-value-added segment where technical performance and brand trust matter more than commodity pricing. Its main competitors are not the giant BOPET commodity producers in China or Korea, but a small set of US-based manufacturers who also have proprietary technology. Garware's price position is typically 10-15% below those US competitors, which gives it a natural advantage that partly offsets tariff costs.

Growth triggers

- New sun control film (SCF) line with INR191 crore investment adding ~1,200 lakh sq ft capacity, featuring enhanced automation and robotics, expected to commence commercial production by June 2027 (Q1 FY28). (Q4 FY26 concall, May 2026)
- New TPU (Thermoplastic Polyurethane) line commissioned by October 2026, providing backward integration for PPF. 25% of its 360 LSF capacity is earmarked for next-generation products in architectural, automotive, and

medical segments. (Q4 FY26 concall, May 2026)

- Garware Home Solutions (GHS) D2C vertical scaling rapidly: 300+ Garware Application Studios by end of FY26 (already crossed 250 in Q3 FY26), with a target of 50 GHS studios by end of FY27. (Q4 FY26 concall, May 2026; Q3 FY26 concall, Feb 2026)
- Middle East & MENA region expansion via a newly formed UAE subsidiary (completed in Q4 FY26), with a dedicated team and double-digit growth trajectory. Full revenue impact expected from H2 FY27. (Q4 FY26 concall, May 2026; Q3 FY26 concall, Feb 2026)
- Antidumping duty investigation in India against cheap imports from China and Korea nearing conclusion. Management expects positive news "pretty soon as fast as maybe this month or next month" (as of May 2026). (Q4 FY26 concall, May 2026)
- US tariff headwind reduced from an additional 50% to 10% (on top of the base 6.26%), providing significant relief and enabling stronger demand recovery in the company's largest export market (~45% of revenue). Benefit flowing since February 2026. (Q4 FY26 concall, May 2026)
- Architectural films business (part of SCF segment) on track to scale from ~INR300 crore in FY26 to INR400 crore in FY27 and INR500 crore in FY28, driven by dedicated teams in the US, Middle East, and India. (Q3 FY26 concall, Feb 2026)
- PPF capacity doubled to 600 LSF in September 2025, removing prior fungibility constraints and unlocking additional headroom for growth. (Q3 FY26 concall, Feb 2026; Q2 FY26 concall, Nov 2025)
- Direct-to-consumer (D2C) strategy gaining traction: Global Application Studios in the US and Middle East, alongside Garware Application Studios in India, targeting 25-35% of PPF revenue from D2C over the medium term, with 25-30% higher margins than distributor sales. (Q4 FY26 concall, May 2026)

Key risks

- **US tariff exposure** (~45% of revenue): Any reversal or increase in US tariffs directly raises the landed cost of products. The company absorbs a portion and passes on the rest, but sustained high tariffs could compress margins and reduce competitiveness against US-based manufacturers. (Q4 FY26 concall, May 2026)
- **Dependence on a large PPF customer with in-house manufacturing plans:** One of the company's key PPF buyers has announced plans to set up its own PPF production. While management states they are not the sole supplier and expects growth from D2C and other regions to offset any volume loss, a significant reduction in orders from this customer would still create a revenue gap. (Q4 FY26 concall, May 2026)
- **Raw material price volatility** (PTA/MEG, linked to crude oil): The company's main raw materials are subject to crude oil price swings. Although 45-50% is naturally hedged via import parity pricing, sharp increases that cannot be fully passed on would squeeze margins, especially in the lower-margin industrial products segment. (Q4 FY26 concall, May 2026; Q1 FY26 concall, Aug 2025)
- **Competition from low-priced Chinese and Korean imports:** Cheap imports into India and other markets threaten market share in both sun control and industrial films. The company relies on product differentiation, nano-dispersion technology, and a pending antidumping duty petition to defend its position. If the antidumping petition fails, price pressure could intensify. (Q4 FY26 concall, May 2026)
- **Seasonality in key segments:** Q3 (October-December) is the weakest quarter due to winter and reduced sun control demand. While product diversification (architectural, PPF, industrial) provides a buffer, a disproportionate impact on Q3 earnings can still affect annual performance. (Q2 FY26 concall, Nov 2025)

- **Currency fluctuation** (Rupee vs USD): With ~75% of revenue in foreign currency but 45-50% of raw materials on import parity, a sharp rupee appreciation would reduce export realizations without a corresponding fall in input costs. Conversely, depreciation provides a net benefit. (Q4 FY26 concall, May 2026)
- **Geopolitical disruptions in the Middle East and Red Sea:** Although the company operates across 90+ countries and can reroute shipments, prolonged disruptions could raise logistics costs and delay deliveries, impacting customer relationships in a fast-growing region. (Q4 FY26 concall, May 2026)

Walk the talk

Garware Hi-Tech Films has a track record of following through on its stated plans, even when external conditions turn hostile.

The clearest example is the PPF capacity expansion. In the Q1 and Q2 FY26 calls (August and November 2025), management promised to double PPF capacity to 600 LSF by September 2025. By the Q3 FY26 call (February 2026), they confirmed:

"We had successfully doubled our paint protection film capacity to 600 LSF in September '25."

DEEPAK JOSHI, Q3 FY26 CONCALL (FEB 2026)

The new line ramped to 65% utilization within a few months, demonstrating that the incremental capacity quickly found demand.

On the US tariff front, the company navigated an extremely volatile period. In Q1 FY26 (August 2025), management warned that the first 10% additional tariff "could have been INR100 crores in the bottom line" but said it was absorbed through the supply chain. In Q2 and Q3 (November 2025, February 2026), they repeatedly stated:

"Our aim is not to lose a single customer. whatever it takes because we know it's - there will be a brighter time."

DEEPAK JOSHI, Q4 FY26 CONCALL (MAY 2026)

By Q4 FY26 (May 2026), they reported that they had not lost a single customer and delivered their highest ever quarterly PAT, validating the strategy of absorbing short-term pain to preserve long-term relationships.

The UAE subsidiary was another commitment tracked closely. In Q3 FY26 (February 2026), management said the subsidiary would be completed in Q4 FY26. In the Q4 FY26 call, they confirmed:

"The subsidiary has already been completed. The work has been completed."

DEEPAK JOSHI, Q4 FY26 CONCALL (MAY 2026)

Full benefits are expected from H2 FY27.

The architectural films revenue target, set at INR300 crores for FY26, INR400 crores for FY27, and INR500 crores for FY28 during the Q3 FY26 call, appears on track. In Q4 FY26, management noted that architectural sales now constitute 25% of total sun control films revenue, implying the FY26 target was met.

The Garware Application Studios network, targeting 300+ stores by end of FY26, also hit its milestones. In Q3 FY26 (February 2026), management reported crossing 250 stores and confirmed the 300+ target by March 2026. The newer Garware Home Solutions initiative, with a target of 50 studios by end of FY27, had 6 studios operational and 4-5 in the pipeline as of May 2026.

The most forward-looking promise is the FY27 revenue guidance of INR2,500 crores, given for the first time in the Q4 FY26 call:

"We expect minimum INR2,500 crores revenue for FY '27, right?"

DEEPAK JOSHI, Q4 FY26 CONCALL (MAY 2026)

With the TPU line coming on stream in October 2026 and the sun control line capex announced, the building blocks for this target are being laid. The outcome will be tested over the next four quarters.

Scenarios

Bull case

Tariffs stay at the reduced 10% additional level, and a favorable India-US trade deal further lowers them. The antidumping duty in India is passed, sharply reducing cheap Chinese and Korean competition in the domestic market. The new TPU line commissions on schedule, enabling 1.5-2% margin expansion and spawning a new revenue stream from architectural and automotive TPU products. D2C channels (Garware Home Solutions, Global Application Studios) scale rapidly, pushing margins higher. Middle East revenue doubles over two years, and the architectural film business surprises on the upside, crossing INR500 crores before FY28. Revenue exceeds INR2,500 crores in FY27, and the company enters a new growth orbit with a strengthened balance sheet.

Base case

Tariffs remain at the current level, and no further significant trade actions occur. The antidumping petition is eventually approved but with some delays, providing moderate relief. The TPU line delivers the expected margin improvement of 1.5-2% but new product revenues from the reserved 25% capacity take time to materialize. The US market grows at 15-20% CAGR as demand normalizes, while the Middle East and India contribute strong double-digit growth. The large PPF customer reduces orders modestly, but D2C expansion and new OEM tie-ups compensate. Architectural films reach INR400 crores in FY27. Revenue lands around INR2,500 crores, and margins stay within the 25% plus/minus 2% band. Steady compounding continues.

Bear case

US tariffs are raised again, or a broader trade war erupts, crushing demand in the company's largest market. The antidumping petition in India is rejected, allowing Chinese and Korean imports to flood the market and erode domestic pricing. The large PPF customer's in-house production comes online faster than expected, leading to a meaningful volume loss. Raw material prices spike due to crude oil shocks, and the company cannot fully pass on the increase. The Middle East expansion is hampered by geopolitical instability. Revenue growth stalls, margins compress below 20%, and the INR2,500 crore target is missed. The company is forced to delay or scale back its capex plans, and investor confidence wavers as the growth story hits a wall.