Garware Hi-Tech Films Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	80.00 (Reduced from 149.01)	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	120.00 (Reduced from 198.19)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Garware Hi-Tech Films Limited (GHFL) continue to derive strength from the company's established position in the specialty polyester films industry, well-diversified product portfolio across the consumer product division (CPD) and industrial product division (IPD) and steady improvement in its business profile led by growing share of value added products. GHFL benefits from a strong global export presence, an extensive OEM and application studio network in India, and fully integrated manufacturing facilities that provide cost efficiency and operational flexibility. The company's financial risk profile continues to remain strong, supported by improved profitability, comfortable capital structure with healthy liquidity, and ability to fund capital expenditure through internal accruals.

However, ratings are constrained by GHFL's exposure to volatility in crude-linked raw material prices, foreign exchange fluctuations due to significant export dependence, and geography-specific regulatory risks, particularly in the sun control film segment. A portion of its revenues is also linked to cyclical sectors such as automotive and construction, which may be affected in economic slowdowns. Nonetheless, The company's focus on export diversification and high-growth international markets offers a degree of resilience against these challenges.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Further Revenue diversification through high contribution from new and or high value-added products resulting in healthy revenue growth and healthy return on capital employed (ROCE) above 25% on a sustained basis.

Negative factors

- Large debt funded capex adversely affecting debt coverage and leverage indicators with total debt to gross cash accruals (TD/GCA) increasing above 2.50x.
- Decline in interest coverage below 7.00x on a sustained basis.

Analytical approach: Consolidated approach

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view on GHFL and its subsidiaries for arriving at ratings as the entities are under a common management, and there are strong financial and operational linkages. The list of entities considered is attached in **Annexure-6.**

Outlook: Stable

The company is expected to maintain its strong business risk profile, supported by healthy profitability and a robust financial risk profile, including a net debt-free position. Strong cash accruals and substantial cash and bank balances are expected to further support its robust liquidity position.

Detailed description of key rating drivers:

Key strengths

Experienced promoters along with well-established track record of operations

Promoted by the Late Padmabhushan Dr Bhalchandra (Abasaheb) Garware and Dr S B Garware, GHFL has an established track record of over five decades' operations in the polyester film industry. Owing to promoters' decades' experience , the company expanded its product range and areas of operations over the years. While Chairman Dr. S. B. Garware and its next generation

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

are fully involved in strategic decision-making and product development, they are well-assisted by a team of experienced professionals and a dedicated R&D team. The management's strategic shift from low-margin BOPP films to higher-margin products such as sun control and polyester films used in liquid packaging has proven effective.

Robust operational performance in FY25

In FY25, GHFL recorded a robust improvement in its operational performance, with total operating income (TOI) increasing by 25.80% to ₹2,128.60 crore, compared to ₹1,692.09 crore in FY24. The PBILDT margin also improved significantly to 21.63% in FY25 from 17.56% in FY24. The strong operational performance in FY25 was driven by robust volume growth across key segments, including a 30% rise in paint protection films and a 24% increase in sun control films under the consumer product division (CPD). Industrial product division (IPD) saw good growth, with thermal lamination volumes up by 16% and plain films rising 14% year-over-year (y-o-y). With exports contributing 77% to total gross sales in FY25 (up from 67% in FY23), GHFL's strong export focus continues to drive premium pricing, stable demand, and healthy operating margins.

Constant scale-up in margin accretive value-added segment

Over the years, GHFL has strategically transformed from a commoditised polyester film manufacturer focused on industrial applications to a value-driven consumer-oriented business. This evolution is evident in the rising contribution of value-added products (VAP), which have grown from 48% overall revenues in FY17 to 87% in FY25. The consumer product division (CPD), comprising high-margin products such as automotive and architectural sun control films, paint protection films, and safety films, accounted for 67% total sales in FY25—up from 49% in FY23. Notably, sun control films and paint protection films together contributed 67% to FY25 revenue, with significantly higher margins (22–40%) than the IPD segment (10–12%). GHFL's continued focus on value-added products is expected to sustain profitability and reduce exposure to raw material-driven margin volatility.

Strong distribution network with integrated operations

GHFL has a strong global footprint, exporting to 90+ countries with 5,000+ tinters and a robust domestic network of over 850 OEM dealerships and 200+ Garware Application Studios across 150+ Indian cities. The company operates fully integrated manufacturing units in Waluj and Chikalthana, covering the entire production chain—from polyester chips to specialised films. This vertical integration ensures quality control, flexibility, and reduced external reliance. Upcoming capacity additions, including a 300 LSF (lakh square feet) PPF line by Q2FY26 and a 360 LSF TPU extrusion line by Q2FY27, will further enhance scalability and backward integration.

Strong financial risk profile

The company is a net debt-free entity. Total debt is in the form of lease liabilities and acceptances, decreased to ₹23.03 crore in FY25 compared to ₹30.36 crore in FY24. The overall gearing remains minimal at 0.01x in FY25 (PY: 0.01x). Total Debt/PBILDT further improved to 0.05x in FY25 (PY: 0.10x), supported by robust operating performance. In the absence of long-term debt, the debt metrics is expected to remain strong. The company's capex plans will be funded through internal accruals.

Liquidity: Strong

The company maintained a strong liquidity position in FY25, with cash and bank balances and liquid investments amounting to ₹640.25 crore. Fund-based working capital utilisation stood at nil, while non-fund-based utilisation was at 40%, offering an additional liquidity cushion. The company generated gross cash accruals of ₹377.07 crore, further reinforcing its liquidity strength. Despite the planned capital expenditure of ₹118 crore for the TPU extrusion plant, liquidity is expected to remain strong, supported by minimal debt.

Key weaknesses

Profitability margins susceptible to volatility in raw material prices and forex fluctuations

GHFL's profitability remains sensitive to fluctuations in raw material costs, which are primarily linked to crude oil. Over the past five years, Brent Crude prices have exhibited significant volatility—falling to around $40 per barrel in mid-2020 due to COVID-19 disruptions, rising above $120 in mid-2022 amid the Russia-Ukraine conflict, and declining to approximately $64 by May 2025 due to weaker global demand and increased supply. These price movements can impact GHFL's input costs and, consequently, its margins.

The company has historically benefited from INR depreciation, which enhances the rupee value of its USD-denominated export earnings. However, appreciation of the rupee may adversely impact the company's export competitiveness, given that over 77% of its revenue is derived from exports. To mitigate such risks, GHFL actively manages foreign exchange exposure through the use of natural hedges, forward contracts, and pricing alignment based on prevailing FX rates.

Sensitivity of operations to government regulations and geography-specific risks

GHFL operates in a regulation-sensitive industry, where evolving environmental norms and region-specific compliance requirements directly influence product specifications, market access, and operational practices. Global trade-related developments, including actions such as the reciprocal tariff imposed by the U.S. on Indian exports, present potential challenges for the company. In addition, global disruptions—such as geopolitical tensions, raw material shortages, or supply chain bottlenecks—could lead to an increase in input and logistics costs, thereby impacting margins. To mitigate these risks, GHFL relies on its fully integrated manufacturing operations located in India, which provide better control over supply and cost efficiencies. Furthermore, the company's diversified export footprint across South America, the Middle East, and Europe enhances its resilience in the face of shifting global trade dynamics.

Environment, social, and governance (ESG) risks

Particulars	Risk Factors
Environmental	GHFL has made significant progress in environmental sustainability in FY25. The company received GreenCo certification, indicating compliance with green manufacturing practices. GHFL recycles processed water through effluent treatment plants followed by Reverse Osmosis (RO) treatment. Sewage treatment plants are also used to treat and reuse 100% of domestic effluent for gardening. The company uses rainwater harvesting to improve groundwater levels and reduce freshwater usage for gardening and plantations. All treated water from the RO plant is reused in the system as fresh raw water. GHFL continues to reduce energy consumption by replacing conventional lamps with LED lamps and upgrading motors with more energy-efficient models.
Social	GHFL continued to prioritize workforce safety and engagement by expanding training programs for plant and technical staff, ensuring strong compliance with safety standards and skill development. The company reported no major safety incidents or labor unrest. GHFL also supported community development by establishing centers that host social, educational, cultural, and sports activities for all age groups. It partnered with National Bal Bhavan to promote the 'Build the India of Your Dreams with Values' initiative, encouraging children at Garware Bal Bhavan to participate in nation-building activities and awareness campaigns.
Governance	The company emphasizes fair, transparent, and ethical governance practices as essential for sustainable growth. It has a strong legacy of adhering to laws, regulations, and best practices to enhance long-term economic value for stakeholders. GHFL has established a code of conduct, policies for the prevention of insider trading, and ensures fair disclosures to regulatory authorities. Its governance framework aims to uphold independence, accountability, and integrity in all business dealings. The Board of Directors comprises of 11 members, of whom six are independent directors.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Plastic products - Industrial

Incorporated in 1957, Garware Hi-Tech Films Limited (GHFL) manufactures a wide array of products through its consumer product division (CPD) and industrial product division (IPD). The CPD portfolio comprises value-added products (VAP) such as automotive and architectural sun control films, paint protection films (PPF), and safety films. The IPD segment includes VAP such as thermal lamination films, plain films, and packaging and lidding films, and commodity films including shrink films, electrical/electronic insulation films, and release liners. The company operates manufacturing facilities at Waluj and Chikalthana in Aurangabad, Maharashtra, with production capacities of 42,000 MTPA for BOPET films, 3,600 MTPA for thermal lamination films, and 4,500 lakh square feet per annum for Sun Control and Paint Protection Films.

Brief Consolidated Financials (₹ crore)	FY23 (A)	FY24 (A)	FY25 (UA)
Total operating income	1462.53	1692.09	2128.60
PBILDT	250.85	297.17	460.33
PAT	166.14	203.29	331.22
Overall gearing (times)	0.09	0.01	0.01
Interest coverage (times)	14.76	25.23	52.43

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	70.00	CARE AA-; Stable
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE AA-; Stable
Non-fund-based - ST-BG/LC		-	-	-	120.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (04-Jul-24)	1)CARE A+; Stable (04-Jul-23)	1)CARE A+; Stable (07-Jul-22)
2	Non-fund-based - ST-BG/LC	ST	120.00	CARE A1+	-	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (04-Jul-23)	1)CARE A1+ (07-Jul-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (04-Jul-24)	1)CARE A+; Stable (04-Jul-23)	1)CARE A+; Stable (07-Jul-22)
4	Fund-based - LT-Cash Credit	LT	70.00	CARE AA-; Stable	-	1)CARE AA-; Stable (04-Jul-24)	1)CARE A+; Stable (04-Jul-23)	1)CARE A+; Stable (07-Jul-22)
5	Fund-based - LT-Cash Credit	LT	10.00	CARE AA-; Stable	-	1)CARE AA-; Stable (04-Jul-24)	1)CARE A+; Stable (04-Jul-23)	1)CARE A+; Stable (07-Jul-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Garware Hi-Tech Films International Limited	Full	Wholly owned subsidiary
2	Global Hi-Tech Films Inc.	Full	Step Down Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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