Arihant Capital
Generating Wealth

Q4FY26 - Result Update
10th August 2026

GMM Pfaudler Ltd.

Diversification & Expansion to Fuel Growth

CMP: INR 992

Rating: BUY

Target Price: INR 1,813

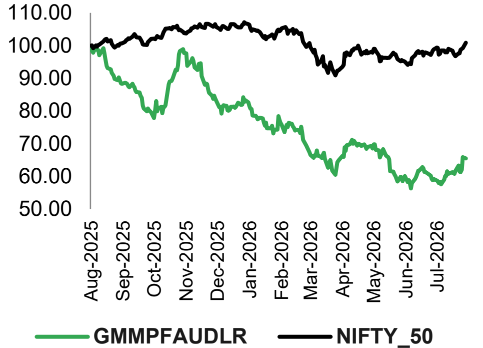
Stock Info	
BSE	505255
NSE	GMMPFAUDLR
Bloomberg	GMM IN
Reuters	GMMP.BO
Sector	Capital Goods
Face Value (INR)	2
Mkt Cap (INR Bn)	44.58
52w H/L (INR)	1325/735
Avg yearly Vol (in 000’)	114.36

Shareholding Pattern %
(As on June, 2026)

Promoters	25.18%
Public & Others	74.82%

Stock Performance (%)	1m	6m	12m
GMM Pfaudler	+27.8	-1.0	-24.9
Nifty 50	+0.8	-4.1	+0.3

GMMPFAUDLR Vs Nifty 50



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GMM Pfaudler reported strong Q1FY27 (consolidated) results. Revenue came in at INR 9.25 Bn, down 2.0% QoQ but up 16.4% YoY, beating our estimates by 5.5%. Gross margin stood at 57.3%, compared with 51.9% in the previous quarter and 60.6% in the corresponding quarter last year, versus our estimate of 54.0%. EBITDA came in at INR 937.3 Mn, up 24.8% QoQ but down 7.2% YoY, surpassing our estimate by 12.5%. EBITDA margin stood at 10.1%, compared with 8.0% QoQ and 12.7% YoY, versus our estimate of 9.5%. PAT came in at INR 221 Mn, increasing 44.1% QoQ and 117.7% YoY, significantly ahead of our estimate by 101.0%. PAT margin stood at 2.4%, compared with 1.6% QoQ and 1.3% YoY, in line with our estimate of 1.3%.

Improving End-market Demand Across Growth Verticals: Demand recovery in pharmaceuticals, particularly CDMOs and peptide manufacturing, along with emerging opportunities in defence, nuclear, semiconductors and energy, provides multiple growth levers. The diversified technology portfolio reduces dependence on any single end market and strengthens long-term growth prospects. Increasing investments across high-value process industries and recurring aftermarket opportunities further enhance revenue visibility. The company's broad technology portfolio positions it well to capitalize on long-term industrial capex and global manufacturing investments.

Margin Expansion Through Integration & Cost Optimization: Although margins remain impacted by restructuring costs and investments in the new organization, management continues to target a minimum 15% EBITDA margin over the medium term. Integration synergies, global resource optimization, better utilization and corrective actions in underperforming units are expected to support gradual profitability improvement. As restructuring benefits start flowing through, operating leverage is expected to strengthen across business divisions.

Strong Order Book Driving Revenue Visibility: The company reported a record order backlog, with a significant portion executable within the next 10–12 months, providing healthy revenue visibility. A favourable shift towards shorter execution-cycle projects should improve backlog conversion and support stronger revenue growth over the coming quarters.

Outlook: GMM Pfaudler is entering the next phase of growth with a stronger global operating structure, healthy order visibility and improving demand across key end markets. The focus on technology integration, cross-selling and operational efficiencies should gradually enhance profitability, while balance-sheet strengthening is expected to improve earnings quality. Supported by a diversified technology portfolio, robust execution pipeline and improving industry demand, the company remains well positioned to deliver sustainable growth over the medium term. Continued execution of restructuring initiatives and margin improvement programs will be key catalysts for shareholder value creation. **We maintain our BUY rating and revise our target price to INR 1,813.**

Valuation Summary

Y/E Mar, INR Mn	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Net Sales	31,987	35,239	39,353	43,526	48,425	54,095
EBITDA	3,611	4,026	4,448	5,174	6,211	7,214
PAT	492	518	1,284	1,844	2,587	3,203
Adjusted PAT	492	518	1,284	1,844	2,587	3,203
EPS (INR)	11.8	11.5	28.6	41.0	57.5	71.3
EBITDA Margin (%)	11.3%	11.4%	11.3%	11.9%	12.8%	13.3%
EV/EBITDA	12.7	11.3	10.3	8.9	7.3	6.1
P/E (x)	83.2	85.0	34.3	23.9	17.0	13.8

GMM Pfaudler Q4FY26 Concall Highlights

Business Performance
• Consolidated revenue witnessed healthy YoY growth, supported by improved execution across businesses.
• Order intake remained healthy at INR 10,070 Mn, reflecting stable customer ordering despite a mixed macro environment.
• The company ended the quarter with a record order backlog of INR 22,890 Mn, providing strong revenue visibility.
• A large portion of the current backlog is executable within the next 10-12 months, improving revenue conversion.
• Management introduced division-wise reporting to improve transparency across technology platforms.
• Company has transitioned from a geographically managed organization to a technology-led global enterprise.

Operational Highlights
• Corrosion Resistant Technology maintained its leadership in Glass-Lined Equipment with a strong recurring aftermarket business.
• Process Performance Technologies reported robust growth, driven by strong demand from pharma, food & beverage and process industries.
• Heavy Engineering Technologies witnessed sharp order growth, supported by opportunities in energy, defence, nuclear and fertilizer.
• Process System Technologies continued to deliver healthy growth, benefiting from semiconductor and defence-related demand.
• Cross-selling opportunities have improved under the new global technology structure.
• Global Centers of Excellence are being leveraged to enhance engineering efficiency and lower costs.
• Unified global KPIs are expected to improve accountability and accelerate decision-making.
• The company is targeting higher customer wallet share through integrated multi-technology offerings.

Growth Strategy & Management Commentary
• The business has been reorganized into four global technology divisions to drive long-term growth.
• The new operating model aims to accelerate innovation and improve customer responsiveness globally.
• Management expects stronger cross-selling by integrating multiple technologies into unified customer solutions.
• The acquisition phase is largely complete, with now focus on integration and synergy extraction.
• The company is simplifying its legal entity structure to improve operational efficiency and earnings quality.
• Company is positioning itself as a diversified global process technology platform beyond Glass-Lined Equipment.
• Recurring aftermarket and service revenue remain key strategic priorities.

Margins, Balance Sheet & Financial Priorities
• Margin performance remained under pressure due to pricing, business mix and transformation-related investments.
• Management reiterated its medium-term EBITDA margin aspiration of at least 15%.
• Higher employee costs reflected strategic hiring and organizational strengthening rather than one-off expenses.
• Cost rationalization, better utilization and global resource optimization are expected to improve margins gradually.
• A few underperforming business units continue to weigh on group margins, with corrective actions underway.
• Management expects margin recovery to be gradual over the coming quarters.

• Balance sheet strengthening remains a key priority through debt reduction and refinancing initiatives.
• Legal restructuring is expected to improve EBIT-to-PAT conversion and reduce financing costs over time.
• Management expects meaningful improvement in leverage over the coming quarters.

Demand Outlook & Growth Drivers
• Pharma demand has improved significantly in India, particularly from CDMO and Hyderabad-based players.
• Global pharmaceutical markets are also witnessing encouraging recovery, while Europe remains relatively soft.
• Chemical demand continues to remain subdued compared to pharmaceuticals.
• Peptides have emerged as an attractive growth opportunity for both equipment and systems.
• Middle East order activity has started improving, driven by oil & gas investments.
• HET remains well positioned to benefit from investments across defence, nuclear, power and petrochemicals.
• The company continues to see healthy opportunities in semiconductors, defence and advanced process technologies.
• Management expects the strong order backlog to support healthy execution and revenue visibility over the coming quarters.

Outlook: GMM Pfaudler's transformation into a technology-led global organization marks a significant strategic shift that should enhance operational efficiency, cross-selling and global execution over the medium term. The record order backlog, improving pharmaceutical demand, and healthy opportunities across defence, nuclear, semiconductor and process industries provide strong growth visibility. While near-term profitability may remain impacted by restructuring investments and business mix, management's focus on integration, cost optimization and balance-sheet strengthening is expected to support gradual margin recovery. Overall, the company appears well positioned for sustainable long-term growth with improving execution and stronger earnings quality. **We have Buy rating on the stock with target price of INR 1,813.**

Exhibit: Income Statement (Consol)

Income statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Gross Sales	31,987	35,239	39,353	43,526	48,425	54,095
Net Sales	31,987	35,239	39,353	43,526	48,425	54,095
YoY (%)	-7.19%	10.17%	11.67%	10.60%	11.26%	11.71%
Adjusted COGS	**13,589**	**15,154**	**16,995**	**18,579**	**20,676**	**22,821**
YoY (%)	-8.83%	11.52%	12.14%	9.32%	11.29%	10.38%
Personnel/ Employee benefit expenses	8,924	10,070	11,375	12,582	13,537	15,122
YoY (%)	-1.24%	12.84%	12.96%	10.61%	7.59%	11.71%
Manufacturing & Other Expenses	5,863	5,989	6,536	7,192	8,001	8,938
YoY (%)	1.70%	2.15%	9.13%	10.03%	11.25%	11.71%
Total Expenditure	**28,376**	**31,213**	**34,905**	**38,352**	**42,214**	**46,881**
YoY (%)	-24.11%	11.49%	10.47%	16.33%	20.05%	16.14%
EBITDA	**3,611**	**4,026**	**4,448**	**5,174**	**6,211**	**7,214**
YoY (%)	-24.11%	11.49%	10.47%	16.33%	20.05%	16.14%
EBITDA Margin (%)	11.29%	11.43%	11.30%	11.89%	12.83%	13.34%
Depreciation	1,444	1,576	1,756	1,952	2,154	2,372
% of Gross Block	11.41%	10.34%	10.45%	10.55%	10.65%	10.75%
EBIT	**2,167**	**2,450**	**2,692**	**3,222**	**4,057**	**4,842**
EBIT Margin (%)	6.77%	6.95%	6.84%	7.40%	8.38%	8.95%
Interest Expenses	1,032	1,228	1,012	824	690	597
Non-operating/ Other income	304	451	493	545	606	677
PBT	**963**	**1,020**	**2,174**	**2,943**	**3,973**	**4,922**
Tax-Total	471	502	890	1,099	1,387	1,719
Adj. Net Profit	**492**	**518**	**1,284**	**1,844**	**2,587**	**3,203**
Reported Profit	**492**	**518**	**1,284**	**1,844**	**2,587**	**3,203**
PAT Margin	1.54%	1.47%	3.26%	4.24%	5.34%	5.92%
Shares o/s/ paid up equity sh capital	44.95	44.95	44.95	44.95	44.95	44.95
Adj EPS	11.78	11.53	28.56	41.03	57.54	71.26
Dividend payment	89.90	89.90	89.90	89.90	89.90	89.90
Dividend payout (%)	18.28%	17.35%	7.00%	4.87%	3.48%	2.81%
Retained earnings	402	428	1,194	1,754	2,497	3,113

Exhibit: Balance Sheet (Consol)

Balance sheet (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Sources of Funds						
Equity Share Capital	90	90	90	90	90	90
Reserves & Surplus/ Other Equity	10,206	12,240	13,434	15,189	17,685	20,798
Networth	**10,296**	**12,330**	**13,524**	**15,278**	**17,775**	**20,888**
Unsecured Loans/ Borrowings/ Lease Liabilities	8,504	10,414	8,430	6,863	5,754	4,978
Other Liabilities	3,495	5,686	6,024	6,406	6,833	7,311
Total Liabilities	**20,735**	**27,906**	**27,861**	**27,559**	**27,930**	**28,999**
Total Funds Employed	**31,031**	**40,236**	**41,385**	**42,838**	**45,705**	**49,888**
Application of Funds						
Net Fixed Assets	**11,650**	**14,971**	**16,270**	**17,689**	**19,144**	**20,704**
Capital WIP	119	199	199	199	199	199
Investments/ Notes/ Fair value measurement	0	35	35	35	35	35
Current assets	**18,374**	**24,257**	**24,045**	**23,992**	**25,286**	**27,747**
Inventory	5,403	6,369	7,725	8,445	8,798	9,509
Days	157	142	166	166	155	152
Debtors	3,868	4,653	4,758	5,262	5,834	6,517
Days	47	44	44	44	44	44
Other Current Assets	1,285	1,368	1,505	1,655	1,821	2,003
Cash and Cash equivalent	4,671	6,876	4,565	2,583	2,178	2,391
Current Liabilities/Provisions	**11,307**	**15,162**	**16,060**	**16,313**	**16,933**	**18,006**
Creditors / Trade Payables	3,756	4,705	5,944	6,405	6,978	7,802
Days	52	48	60	62	60	61
Liabilities	15,377	21,202	22,372	22,949	23,941	25,436
Net Current Assets	**7,067**	**9,095**	**7,986**	**7,679**	**8,353**	**9,741**
Total Asset	**31,031**	**40,235**	**41,385**	**42,838**	**45,705**	**49,888**
Total Capital Employed	**23,964**	**31,141**	**33,399**	**35,159**	**37,352**	**40,147**

Exhibit: Cash Flow (Consol)

Cash Flow Statement (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Profit After tax	**492**	**518**	**1,284**	**1,844**	**2,587**	**3,203**
Adjustments: Add						
Depreciation and amortisation	1,444	1,576	1,756	1,952	2,154	2,372
Interest adjustment	728	777	519	278	84	-80
Change in assets and liabilities	2,574	2,782	3,468	3,985	4,735	5,405
Inventories	851	-966	-1,356	-720	-353	-711
Trade receivables	460	-785	-105	-505	-572	-683
Trade payables	-269	950	1,239	461	573	824
Other Liabilities and provisions	-727	3,056	296	347	396	449
Other Assets	56	-1,918	-632	-696	-765	-842
Taxes	-156	474	-57	-54	-51	-49
Net cash from operating activities	**3,137**	**3,205**	**2,303**	**2,343**	**3,687**	**4,260**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-290	-4,993	-2,817	-3,113	-3,326	-3,621
Net Sale/(Purchase) of investments	164	431	261	289	324	367
Others	9	-281	-32	-34	-36	-37
Net cash (used) in investing activities	**-118**	**-4,843**	**-2,588**	**-2,858**	**-3,037**	**-3,292**
Interest expense	-1,473	1,125	660	93	357	709
Dividend paid	-90	-90	-90	-90	-90	-90
Other financing activities	93	1,299	-90	-90	-90	-90
Net cash (used) in financing activities	**-1,784**	**3,843**	**-2,026**	**-1,468**	**-1,055**	**-755**
Closing Balance	**4,671**	**6,876**	**4,565**	**2,583**	**2,178**	**2,391**
FCF	**2,128**	**1,184**	**-207**	**-443**	**704**	**999**
Capex (% of sales)	1,009	951	1,102	1,219	1,211	1,298

Exhibit: Ratios (Consol)

Key Ratios	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Solvency Ratios						
Debt / Equity	0.63	0.68	0.46	0.30	0.19	0.12
Net Debt / Equity	0.18	0.12	0.13	0.13	0.07	0.00
Debt / EBITDA	1.80	2.07	1.41	0.89	0.54	0.34
Current Ratio	0.51	0.37	0.38	0.39	0.19	0.01
DuPont Analysis						
Sales/Assets	1.03	0.88	0.95	1.02	1.06	1.08
Assets/Equity	3.01	3.26	3.06	2.80	2.57	2.39
RoE	4.78%	4.20%	9.49%	12.07%	14.55%	15.33%
Per share ratios						
Reported EPS	11.78	11.53	28.56	41.03	57.54	71.26
Dividend per share	2.00	2.00	2.00	2.00	2.00	2.00
BV per share	229.06	274.30	300.87	339.90	395.44	464.70
Cash per Share	98.96	141.35	93.84	53.10	44.77	49.14
Revenue per Share	711.61	783.97	875.49	968.32	1077.31	1203.45
Profitability ratios						
Net Profit Margin (PAT/Net sales)	1.54%	1.47%	3.26%	4.24%	5.34%	5.92%
Gross Profit / Net Sales	57.52%	57.00%	56.82%	57.32%	57.30%	57.81%
EBITDA / Net Sales	11.29%	11.43%	11.30%	11.89%	12.83%	13.34%
EBIT / Net Sales	6.77%	6.95%	6.84%	7.40%	8.38%	8.95%
ROCE (%)	10.99%	9.77%	10.63%	12.15%	14.10%	15.19%
Activity ratios						
Inventory Days	156.55	141.77	165.91	165.91	155.32	152.08
Debtor Days	46.76	44.13	44.13	44.13	43.98	43.98
Creditor Days	51.59	47.99	59.84	62.00	60.00	61.00
Leverage ratios						
Interest coverage	2.10	2.00	2.66	3.91	5.88	8.10
Debt / Asset	0.21	0.21	0.15	0.11	0.07	0.05
Valuation ratios						
EV / EBITDA	12.71	11.31	10.29	8.90	7.28	6.12
PE (x)	83.16	85.01	34.31	23.88	17.03	13.75

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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