

GMM Pfaudler Ltd

Beat on Margins

08 Aug 2025

GMM Pfaudler Ltd – Q1FY26 Result Update

Beat on margins

CMP
Rs. 1,291

1Y TP
Rs. 1,495

3Y TP
Rs. 2,043

3Y Returns
59%

Rating
BUY

GMM Pfaudler (GMMPFAUDLR) reported Q1FY26 results marginally below expectations, with revenues falling short by 5%. Consolidated revenue grew by 1% Y-o-Y but declined by 1% Q-o-Q, while standalone revenue rose by 4% Y-o-Y and fell by 8% Q-o-Q. The company delivered a healthy operating performance, with consolidated EBITDA at Rs. 101 cr and margins improving to 12.7%. Standalone EBITDA stood at Rs. 36 cr, with margins expanding to 15.7%, reflecting a notable improvement in profitability.

Consolidated order backlog stood at Rs. 1,906 cr as of Q1FY26, up 7% Y-o-Y and 17% Q-o-Q, while order intake for the quarter rose 14% Y-o-Y and 52% Q-o-Q to Rs 1004 Cr. The India business appears promising, with an order backlog of Rs. 497 cr, up 1% Y-o-Y.

- **One-year outlook:** The agrochemical industry appears to be recovering from its trough, with prices improving in both domestic and global markets. Accordingly, we expect glass-lining equipment orders from agrochemical players to increase, aiding GMMPFAUDLR in expanding its order pipeline. While demand in international markets remains lacklustre, it is likely to gain momentum once the geopolitical situation stabilizes. Margins appear sustainable for the company in FY26, given the strong start to the year. **Given these factors, we expect GMM Pfaudler to report better earnings in FY26 vs FY25.**
- **Three-year outlook:** Over the next 3 years, the company is well-positioned to benefit from the anticipated recovery in the global chemical, pharma, and industrial sectors. With its strong international presence and capability to manufacture complex engineered products, the company is likely to remain insulated from the sluggishness in the glass-lining business. **As the cycle turns, we expect stronger earnings growth, supported by operating leverage. We estimate consolidated EBITDA margins will improve from 11.3% in FY25 to 13.5% by FY28, aiding return ratios.**

Financial outlook: We expect GMM Pfaudler Ltd to clock a revenue/EBITDA/adjusted PAT/EPS CAGR of 10%/16%/82%/82%, respectively, over FY25–FY28E, driven by strong execution of its robust order book, which stood at Rs. 1,906 cr on a consolidated basis.

Valuation and recommendation: GMM Pfaudler represents a strategic bet on the capital goods sector and serves as a proxy for the global and Indian capex cycle. At a CMP of Rs. 1,291, the stock trades at 18x FY28E EPS and 9x FY28E EV/EBITDA. We assign a 15x multiple on FY28E EV/EBITDA to arrive at a 3-Year TP of Rs. 2,043, implying a 59% upside including dividends. We recommend a **BUY** rating on GMM Pfaudler Ltd.

Risks/Challenges: A delayed recovery in the glass-lining industry could lead to a downgrade in consolidated earnings for GMM Pfaudler. Also, the inability to scale the mixing business or drive growth in non-glass-lining segments may weigh on consolidated performance.

Particulars (Rs cr)	Revenue	EBITDA %	Adj. PAT	EPS	ROE %	ROCE%	PE	EV/EBITDA	Mcap/Sales
FY25	3,199	11.3%	53	12	4.8%	14.8%	110	17	1.8
FY26E	3,484	12.5%	196	44	15.8%	20.4%	30	13	1.7
FY27E	3,827	13.0%	254	56	17.1%	22.9%	23	11	1.5
FY28E	4,205	13.5%	318	71	17.7%	23.8%	18	9	1.4

08 August 2025

Industry Industrial Products

Key Stock Data

Bloomberg	GMM IN
Shares o/s (cr)	4.5
Market Cap (Rs cr)	5808
52-wk High-Low	1530/991
20D avg daily vol ('000)	63
Index	SMLCAP
F&O	N

Latest Shareholding (%)

	Jun 25	Mar 25	Dec 24
Promoters	25.2	25.2	25.2
Institutions	36.8	36.2	34.1
Public	38.0	38.6	40.7
Pledge	0	0	0

Stock Performance (%)

	1M	3M	12M
GMM Pfaudler	0.9	25	-7.9
Nifty 500	-3.6	0.65	-0.7

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Q1FY26: Results Summary

P&L(cr)	Q1FY25	Q4FY25	Q1FY26A	Q1FY26E	YoY	QoQ	Delta
Net Revenue	785	806	795	836	1%	-1%	-5%
RM	306	311	291	345			
% of Revenues	39%	39%	37%	41%			
Gross Margin	61.0%	61.4%	63.4%	58.7%			
Operating Expenses	390	412	403	395	3%	-2%	2%
% of Revenues	50%	51%	51%	47%			
Employee Exp	223	223	234	223			
Other Exp	167	189	169	172			
EBITDA EX OI	89	83	101	96	13%	22%	5%
EBITDA margin	11.3%	10.3%	12.7%	11.5%	137 bps	241 bps	120 bps
Depreciation	32	38	36	34			
Other Income	10	-5	9	2			
EBIT	67	40	75	64	11%	86%	16%
EBIT margin	9%	5%	9%	8%			
Finance Costs	25	26	43	8			
PBT	42	14	32	56			
Exceptional Items	1	48	0	0			
Tax	18	-6	21	19			
NPAT	24	-28	10	37	-58%	-	-73%
MI	-1	-1	-1	-1			
Adjusted PAT	25	-27	11	38	-55%	-	-71%
PAT margin	3%	-3%	1%	0%			
Equity Share Capital	8.99	8.99	8.99	8.99			
No of Shares	4.5	4.5	4.5	4.5			
EPS	5.0	-6.0	2.5	8.5	-55%	-	-71%

Source: Company, Spark PWM Pvt. Ltd.

Q1FY26 Conference Call – Key Takeaways

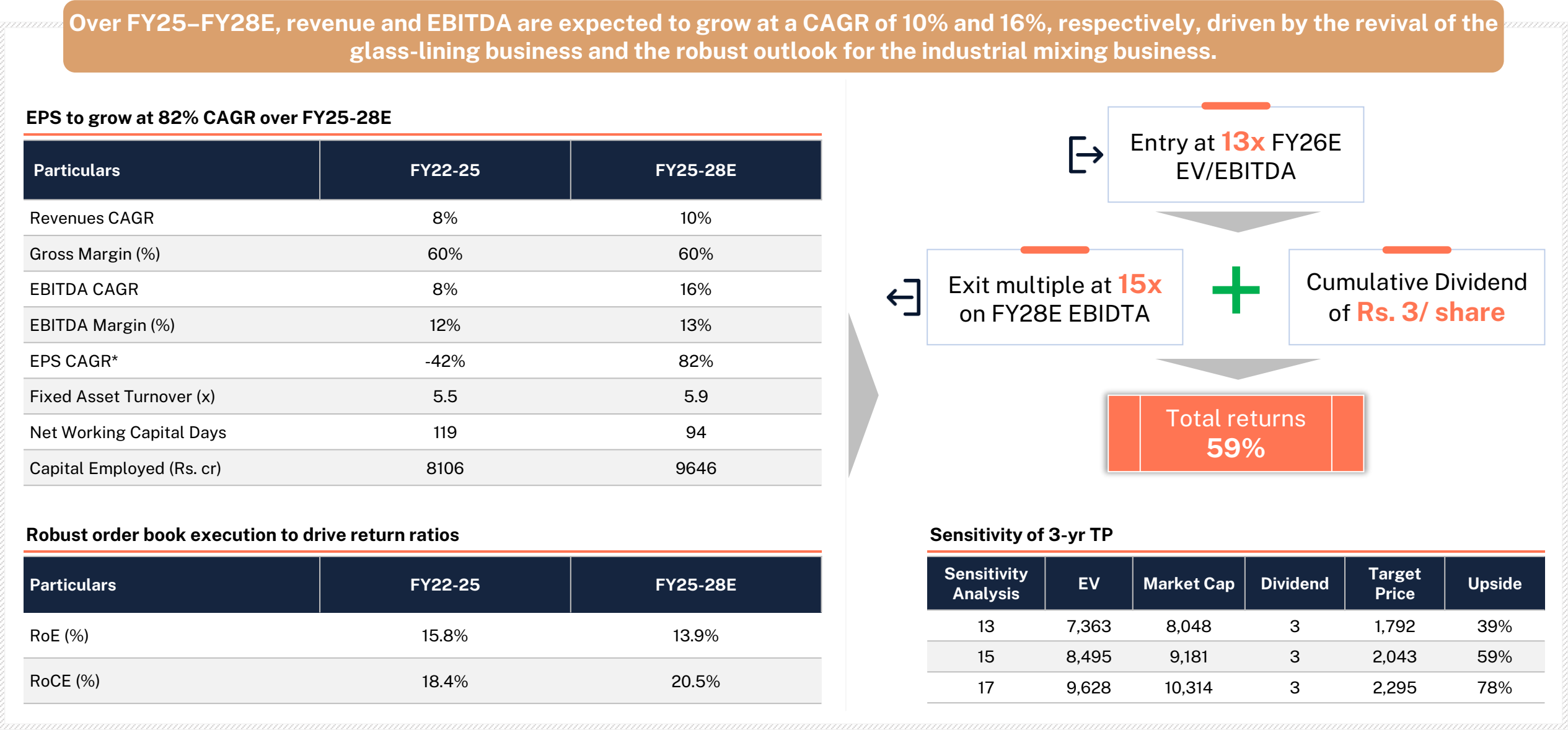
Business outlook

- There is a revival in capex by chemical and pharma companies, while the agrochemical segment remains sluggish; however, management expects it to bounce back.
- The Systems and Services segment has seen a strong revival, supported by significant order inflows.
- The enquiry pipeline was strong over the past few months.
- The India business is doing well compared to a year ago, but the international business is still slow.
- The management anticipates a pickup in order inflows from September/October in India.
- The heavy engineering business in India is performing well and represents a growth area not only domestically but also for the international operations.
- GMM Pfaudler faces no issues related to US tariffs, as it operates a manufacturing facility within the United States.
- The GL business is still sluggish and is expected to remain slow.
- The newly-acquired South American company, SEMCO, focuses on heavy engineering equipment and is expected to open access to new markets for GMM Pfaudler.
- The Non-GLE business is performing well, with large orders expected over the next two quarters.
- The company plans to enter new markets and industries such as FMCG, defence & gas, leveraging its existing Non-GLE product portfolio to cater to these segments.
- The management is also planning to integrate the three mixing companies to penetrate new markets.
- Capacity utilization is 80% in the GLE business, 90% in Non-GLE, 80% in Heavy Engineering, and 50–70% in international business.

Financial outlook

- There are capex plans of Rs. 7–10 cr in India.
- On the cost front, management highlighted labor as the key advantage in geographies such as India, Brazil, and Poland.
- The standalone EBITDA margin of ~15% appears sustainable.

Midas Telescopic View



Financial Summary

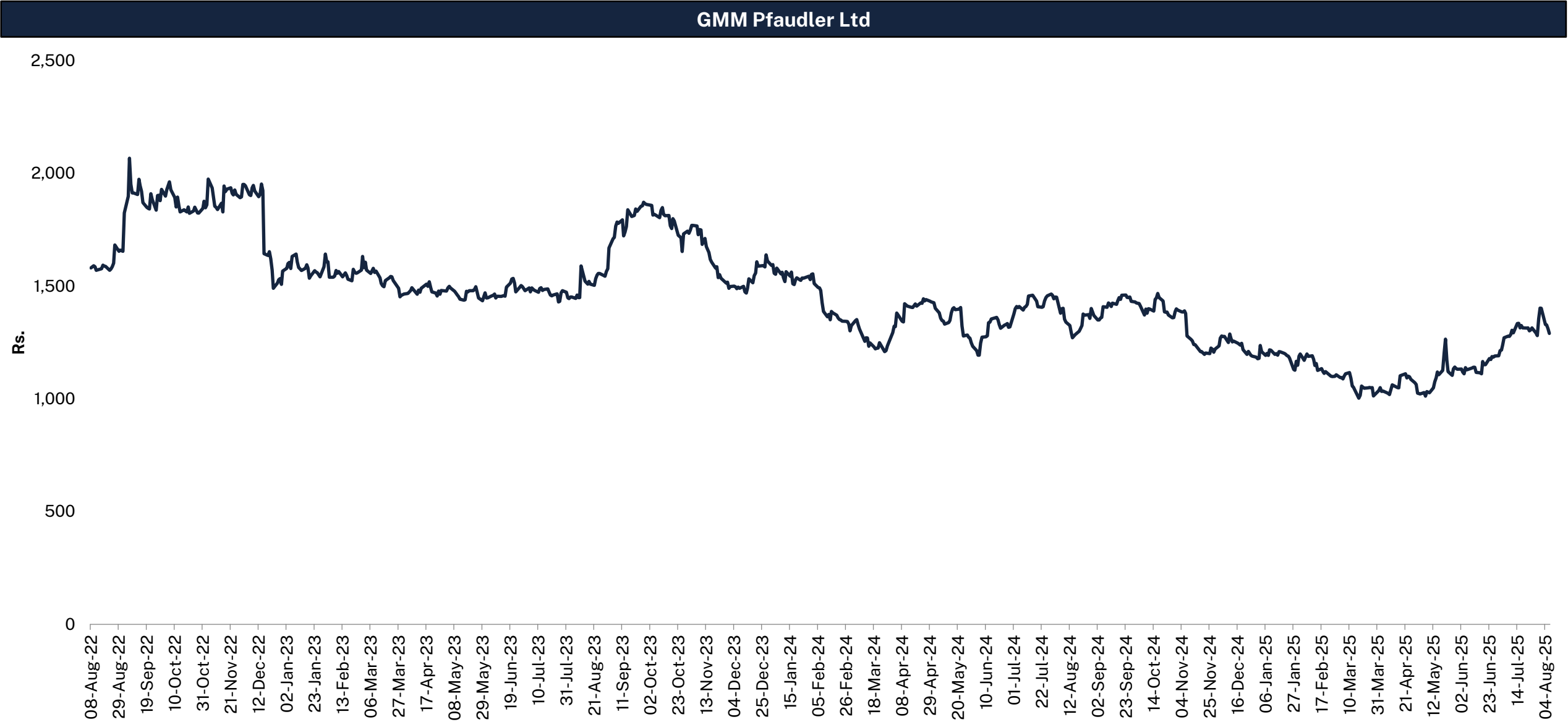
Particulars	FY25	FY26E	FY27E	FY28E
Profit & Loss				
Revenue	3,199	3,484	3,827	4,205
Gross profit	1,932	2,091	2,296	2,502
EBITDA	361	436	497	566
Depreciation	144	137	132	128
EBIT	247	340	414	507
Other Income	30	41	49	68
Interest expense	103	67	60	60
Exceptional items	48	0	0	0
PBT	96	273	355	446
Reported PAT (after minority interest)	53	196	254	318
Adj PAT (Excl EI)	53	196	254	318
EPS (Rs.)	12	44	56	71
EPS (Rs.) (Excl EI)	12	44	56	71
Balance Sheet				
Net Worth	1,023	1,210	1,453	1,761
Total debt	651	458	360	364
Other liabilities and provisions	1,430	1,754	1,895	2,089
Total Network and liabilities	3,103	3,422	3,709	4,214
Gross Fixed assets	589	609	629	649
Net fixed assets	366	373	391	409
Capital work-in-progress	12	12	12	12
Intangible Assets	564	507	456	411
Investments	0	0	0	0
Cash and bank balances	467	632	755	1047
Loans & advances and other assets	3	3	3	3
Net working capital	503	426	532	653
Total assets	3,103	3,423	3,710	4,214
Capital Employed	2,189	2,216	2,419	2,822
Invested Capital (CE - cash - CWIP)	1,710	1,571	1,651	1,762
Net debt	184	-174	-395	-683
Cash Flows				
Cash flows from Operations (Pre-tax)	301	444	286	310
Cash flows from Operations (post-tax)	378	526	393	444
Capex	74	90	97	104
Free cashflows	304	436	296	340
Free cashflows (post interest costs)	201	369	236	279
Cash flows from Investing	-52	-20	-20	-20
Cash flows from Financing	-201	-304	-207	-110
Total cash & liquid investments	470	635	758	1050

All figures in Rs cr

Particulars (INR Cr)	FY25	FY26E	FY27E	FY28E
Growth ratios (%)				
Revenue	-7%	9%	10%	10%
EBITDA	-24%	21%	14%	14%
Adj PAT	-72%	289%	30%	26%
Margin ratios				
Gross	39.6%	40.0%	40.0%	40.5%
EBITDA	11.3%	12.5%	13.0%	13.5%
Adj PAT	1.5%	5.5%	6.5%	7.4%
Performance ratios				
OCF/EBITDA	105%	121%	79%	78%
OCF/IC (%)	17%	24%	16%	16%
RoE (%)	4.8%	15.8%	17.1%	17.7%
RoCE (%)	14.8%	20.4%	22.9%	23.8%
Fixed asset turnover (x)	5.4	5.7	6.1	6.5
Total asset turnover (x)	1.03	1.02	1.03	1.00
Financial stability ratios				
Net Debt to Equity (x)	0.18	-0.14	-0.27	-0.39
Net Debt to EBITDA (x)	0.51	-0.40	-0.79	-1.21
Interest cover (x)	3.50	6.50	8.29	9.40
Working capital days	99	88	95	95
Valuation metrics				
Fully Diluted Shares (Cr)	4.5	4.5	4.5	4.5
Market cap (INR Cr)	5,808			
P/E (x)	110	30	23	18
P/OCF(x)	3.4	2.5	3.3	2.9
EV (Rs.Cr)	5,991	5,634	5,413	5,125
EV/ EBITDA (x)	17	13	11	9
EV/ OCF(x)	15.8	10.7	13.8	11.6
FCF Yield	24%	34%	23%	26%
Price to BV (x)	6	5	4	3
Dividend pay-out (%)	8%	2%	2%	1%
Dividend yield (%)	0%	0%	0%	0%

Source: Company, Spark PWM Pvt. Ltd.C

3-Year Price Chart



Source: Ace Equity

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
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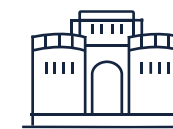
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