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Sub.: Earnings Call Q1 FY27 – Transcript
Ref.: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of earnings conference call for the quarter ended June 30, 2026, conducted on August 6, 2026, for your information and records.

The above information is also being made available on the website of the Company at www.gmmpfaudler.com.

Thanking you.

Yours faithfully,

For **GMM Pfaudler Limited**

MITTAL KARTIK MEHTA

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Mittal Mehta
Company Secretary & Compliance Officer
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Encl.: As above

"GMM Pfaudler Limited

Q1 FY27 Earnings Conference Call"

August 06, 2026

MANAGEMENT:

- **MR. TARAK PATEL – MANAGING DIRECTOR, GMM PFAUDLER LIMITED**
- **MR. GREGORY GELHAUS – GROUP CHIEF EXECUTIVE OFFICER, GMM PFAUDLER LIMITED**
- **MR. ALEXANDER POEMPNER – GROUP CHIEF FINANCIAL OFFICER, GMM PFAUDLER LIMITED**
- **MR. ANKIT NAYYAR – DEPUTY CHIEF FINANCIAL OFFICER, GMM PFAUDLER LIMITED**
- **MS. MITTAL MEHTA- COMPANY SECRETARY & COMPLIANCE OFFICER**
- **MR. RAVEEN KANABAR – SENIOR MANAGER FINANCE & ACCOUNTS, GMM PFAUDLER LIMITED**
- **SGA – INVESTOR RELATIONS – GMM PFAUDLER LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call for GMM Pfaudler Limited. 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 touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raveen Kanabar from GMM Pfaudler Limited. Thank you and over to you, sir.

Raveen Kanabar: Thank you. Good afternoon, Ladies and Gentlemen. A very warm welcome to all of you to the Q1 FY27 Earnings Call of GMM Pfaudler Limited.

The earnings presentation was uploaded on the stock exchanges yesterday and is also available on our website. Hope all of you had a chance to go through it.

From the management today, we have with us our Managing Director Mr. Tarak Patel, our Group CEO Mr. Gregory Gelhaus, our Group CFO Mr. Alexander Poempner, our Deputy CFO Mr. Ankit Nayyar, our Company Secretary Ms. Mittal Mehta.

We will give you a "Brief overview of the performance of the Company", after which we will get into the "Q&A".

Before we begin with the overview, a brief disclaimer. The presentation which was uploaded on the stock exchanges and also on our website, including our call discussions that will happen now, contains or may have certain forward-looking statements regarding our business prospects and profitability, which are subject to several risks and uncertainties. Actual results could materially differ from those in such forward-looking statements.

I will now hand over the call to Mr. Tarak Patel to provide you with a brief overview of the performance of the company. Over to you, Tarak.

Tarak Patel: Thank you, Raveen. Good afternoon, everyone and thank you for joining us today to discuss our financial performance for the June quarter ended and equally important the strategic transformation that is underway across our organization. The past few years have been defining for GMM Pfaudler, we successfully transformed ourselves from being a leading Indian engineering company into one of the world's largest process equipment platforms through the acquisition of the global Pfaudler business and a series of complementary technology acquisitions.

With that foundation firmly established, we are now entering the next phase of our journey. This phase is about GMM Pfaudler taking a decisive step in its growth journey by evolving into a single globally integrated organization. Our customers operate worldwide and increasingly expect the same advanced technology, consistent quality, and prompt, reliable support wherever they are located.

To meet their expectations and accelerate our ambitions, we are organizing our business into four distinct global divisions, each with a clear accountability and a sharp focus on the industries that they serve. Over the last year, we have undertaken one of the most significant organizational transformations in our history. Historically our businesses operate through geographical structures, with India and International businesses functioning independently. While this approach was appropriate immediately after the acquisition, as it allowed the business to stabilize and preserve customer relationships to continue, it was never intended to be the long-term operating model.

Today we have evolved beyond that stage. We have reorganized the company into four distinct global divisions replacing the traditional geographic structure. These divisions are CRT- Corrosion Resistance Technologies, PPT- Process Performance Technologies, HET- Heavy Engineering Technologies, PST- Process Systems Technologies.

Each division now operates globally under dedicated leadership, with clear accountability for technology development, product strategy, customer engagement, and operational excellence. This is far more than an organizational change.

It represents a fundamental shift in the way we go to market. Instead of managing similar businesses independently across the different regions, we are now bringing together global expertise under one technology platform. This enables us to leverage engineering knowledge across geographies, accelerate product innovation, improve customer responsiveness, strengthen cross-selling opportunities, and allocate capital more effectively.

Most importantly, it creates a single global organization with common objectives rather than multiple regional organizations pursuing independent priorities. As I said earlier, our customers increasingly operate globally, they expect partners who can provide consistent technology solutions across markets.

Our new operating model positions us much better to meet these expectations. The journey will take time, but we believe it creates a much stronger foundation for sustainable long-term value creation. It also helps our capital market stakeholders to better monitor the underlying business drivers across each of our business divisions, providing greater clarity on our overall business.

In line with this vision, we have further strengthened our leadership team by establishing clearly defined roles and responsibilities across our business. Mr. Gregory Gelhaus has been appointed as Group Chief Executive Officer and will lead the cultural and organizational transformation required to build a truly global organization.

This leadership structure will help institutionalize a global mindset, strengthen accountability, and align performance across the organization. It will also enable us to build a robust leadership pipeline, establish effective succession planning, and create global centers of excellence supported by shared service capabilities.

Ultimately, our strategy is to establish leadership across our process technology businesses, expanding customer relationships through broader portfolio and driving operational excellence across each division. By capitalizing on growth opportunities more effectively with unified global organization, we expect to deliver sustainable, profitable and create long-term value for all our stakeholders.

The new global structure allows each division to focus on its own strategic priorities while unlocking meaningful value across the group. As we move forward, you should increasingly view the company not as a geographically managed organization, but as a global technology company with integrated capabilities, deep domain expertise, and a clear roadmap for long-term value creation. With that, let me now hand over the call to Greg.

Gregory Gelhaus: Thanks, Tarak. As Tarak rightly mentioned, this is a transformational year for GMM. With the four new divisions, our focus is to bring the full strength of each technology to every market. Deepen relationships with existing customers and winning new ones, diversify and expand beyond traditional chemical and pharmaceutical markets, and enter a broader range of high-growth end markets.

With this new structure, decisions are made once and globally. We respond more quickly with the same high standard delivery wherever customers operate. Our focus also remains on cost, whereby each vertical rationalizes its cost structure and global footprint to drive lasting efficiencies and even more competitive cost base. Hence, we see this as a very positive change and I look forward to driving our progress in the months and years ahead.

I would like to touch upon our quarterly performance.

We closed the quarter with a record order backlog of INR 2,289 crores representing an increase of approximately 20% year on year, supported by a healthy order intake of over INR 1,007 crores during the quarter.

It is important to view this backlog in the right context. Nearly 30% of the order intake in Q1 last year comprised of multi-year projects, whereas the current order book is largely made up of projects with execution cycles of 10 months to 12 months. As a result, a substantial portion of both our operating backlog and the order secured this quarter is expected to be executed within FY27, providing strong revenue visibility and confidence in our execution outlook.

Now let me take you through our division-wise performance.

CRT, (Corrosion Resistance Technologies): Our CRT division reported revenues of INR 466 crores representing a growth of 10% year-on-year. Order intake during the quarter stood at INR 502 crores, representing a growth of 23% year-on-year.

CRT continues to maintain its leadership position as the global process equipment with the industry's largest installed base. The business also benefits from a large aftermarket and service franchise providing recurring revenues and healthy customer engagement. Demand from the core pharmaceutical and chemical industries remains stable during the quarter.

Now for PPT (Process Performance Technologies): The division reported revenue of INR 255 crores growing 23% year-on-year.

Order intake stood at INR 367 crores, growing 64% year-on-year.

PPT represents our global platform across mixing, filtration, and drying, and sealing technologies. The division continues to benefit from expanding customer adoption across pharmaceuticals, food and beverage, and other process industries, while growing capabilities continue to strengthen our market positioning.

HET (Heavy Engineering Technologies): The HET division reported revenue of INR 74 crores which is flat year-on-year. Order intake during the quarter stood at INR 58 crores which is increasing more than 700% year-on-year.

HET continues to establish its position in manufacturing large critical process equipment catering to energy, petrochemical, and industrial applications. We also remain well-positioned to benefit from the increasing investments across defence, nuclear, fertilizer, and other infrastructure-led sectors over the medium term.

Now PST (Process System Technologies): Our PST division reported revenue of INR 131 crores registering a growth of 46% year-on-year. Order intake during the quarter stood at INR 80 crores, whereas the order intake for Q1 FY26 was INR 363 crores, which was represented by one large defence order.

The division focuses on engineered process systems and skids for high-specification applications. It continues to benefit from opportunities across semiconductor manufacturing, defence, and pharmaceutical sectors where customers increasingly seek integrated process solutions.

To sum up, GMM is entering a fundamentally different phase of its journey. The last few years were about building a global platform. The next few years will be about extracting greater value from that platform. We believe that our new technology-led organization, disciplined balance sheet approach, and focus on earnings quality will position GMM Pfaudler for stronger and more sustainable value creation in the years ahead.

With this let me invite Alex, our group CFO, to take you through our financial performance.

Alexander Poempner: Thank you, Greg. Good afternoon everyone. As highlighted by Tarak and Greg, this quarter marks an important milestone in our reporting journey. In line with our new organization structure, we are presenting the business through our four global technology divisions. This reporting framework better reflects how we manage the business internally and provides investors with improved transparency into the underlying performance of each technology platform.

Coming to our consolidated financial performance. During the quarter, the company recorded a total order intake of INR 1,007 crores, which is flat year-on-year. Consolidated revenue for the quarter stood at INR 925 crores, registering a growth of 16% on a year-on-year basis. EBITDA for the quarter stood at INR 94 crores.

On a year-on-year basis, EBITDA was lower by 7%, primarily reflecting continued pricing pressure in a revolving business mix and investments towards strengthening our global organization structure. However, on a quarter-on-quarter basis, EBITDA improved by 25%.

Profit after tax for the quarter stood at INR 22 crores, which more than doubled year-on-year. Our consolidated order backlog stood at INR 2,289 crores, increasing 20% year-on-year and 4% quarter-on-quarter, providing healthy revenue visibility for the coming quarters.

We have realized that while there is confidence in our long-term strategy, many of you would like to get greater clarity on how the acquisitions made over the past few years are translating into shareholder value. Therefore, I would like to address some of these questions today.

On acquisitions, we look at our group structure today, there are multiple acquisitions done across different countries and technologies and naturally it is viewed as the organization has become too complex.

I would like to reassure everyone that these acquisitions were never undertaken simply to increase the scale or size of the company. Each acquisition was made with a clearly defined strategic objective - either to add a new technology, expand into an adjacent process solution, strengthen our engineering capabilities, or provide access to new industries and customers.

Collectively, these acquisitions have transformed us from a predominantly glass-lined equipment company into a diversified global process technologies platform.

More importantly, the acquisition phase is now largely behind us. Our focus has shifted to integrate these businesses. The organizational restructuring that we announced is the direct outcome of this transition. Instead of operating acquired businesses independently or through regional structures, we have reorganized ourselves into four global technology divisions.

This allows every technology worldwide to operate under one leadership team, creating significantly greater accountability, technology focus, and customer alignment. The objective is straightforward: one technology, one strategy, one global organization. This is how we intend to unlock the full value of our acquisitions.

Regarding integration and synergies, another important question we receive is whether the acquisitions are actually creating synergies. Immediately after acquiring the global Pfaudler business, our priority was business continuity. During that period, we intentionally allowed regional organizations to continue operating independently while preserving customer relationships, leadership teams, and operational stability.

Now that integration has matured, we are entering the next phase. Our new organization enables us to leverage common engineering expertise across regions, improve cross-selling between technologies, align product development globally, and optimize manufacturing resources. This is where we expect integration benefits to increasingly emerge over the coming years. Our focus is on integrating these technologies, customers, and capabilities.

Another question was with regard to our debt structure and therefore to have sought greater clarity on our balance sheet. The acquisition of the Global Pfaudler business was transformational in nature and required leverage.

However, our capital allocation philosophy has always remained disciplined. Over the last few years, we have consistently worked towards reducing leverage while continuing to invest selectively in high-return businesses and strategic capabilities. Importantly, many of our subsequent acquisitions have been relatively small, technology-driven transactions rather than large transformational acquisitions.

These acquisitions have largely been funded through internal accruals and prudent financing structures while maintaining balance sheet discipline.

Going forward, our priorities remain clear: continue strengthening the balance sheet, improve cash generation, maintain disciplined capital allocation, and pursue only high-strategic opportunities that strengthen our technology portfolio. Growth and financial prudence will continue to go hand-in-hand.

As we mentioned in our previous earnings call, we intend to repay some debt at the group level and will repay an amount of approximately EUR 7 million of debt by the end of Q2 in this financial year. With many of our large strategic acquisitions now behind us, our focus is to strengthen the balance sheet. Our improving cash generation and disciplined working capital management are expected to adequately support our operating requirements while enabling faster deleveraging. At the same time, we are also evaluating refinancing opportunities to optimize our borrowing costs and debt maturity profile.

Overall, we believe we are moving in the right direction and expect to see a gradual but meaningful improvement in our leverage metrics over the coming quarters.

Another important question we get is EBIT benefits translated or flowing down to the PAT level. This is an area where we widely expect improvement.

Following the acquisition of the global business, we inherited a large international organizational structure comprising multiple legal entities across several countries. While this structure provided global reach, it also resulted in additional financing costs, overlapping administrative structures, into more complex tax and corporate framework. As a result, the conversion from EBIT to PAT has not reflected the full operating strength of the business.

Addressing this has become one of our key management priorities. We are already simplifying our global structure, rationalizing legal entities where appropriate, streamlining reporting lines, and optimizing the corporate architecture. These initiatives are expected to improve financial efficiency over time by improving our structure and enhancing EBIT to PAT conversion.

This is not a one-quarter initiative. It is a multi-quarter value creation program that will strengthen the quality of our earnings.

Overall, while certain end markets continue to remain dynamic, our diversified technology portfolio, balanced order book, and strong global presence positions us well to capture future growth opportunities. As our integration initiatives continue to progress, we remain focused on improving operational efficiency, strengthening the cash generation, and enhancing the overall quality of earnings.

With that, I would like to hand over to Raveen.

Raveen Kanabar: Thank you, Alex. Moderator, you may now open the lines for the questions. Thank you.

Moderator: Thank you. The first question comes from the line of Sameer Thakur with Ambit Capital. Please go ahead.

Sameer Thakur: Hi, thanks. So, my first question is, are there any signs of recovery in traditional end markets like chemical and pharma. And has competitive intensity begun to ease over here? Also, if you can comment on regional commentary by end markets, that would be useful. Thank you.

Tarak Patel: Yes, hi. So yes, so in our traditional markets in India, outside India, and maybe Greg can speak a little bit about the international business, but we do see a significant improvement in the pharma business here in India. So, we are seeing a lot of action in pharma in Hyderabad, CDMO so that's driving a lot of investments and that's helping us build backlog in our local Indian glass-lined business.

And we expect also that this will continue, so definitely compared to about 12 months ago, there is a positive shift in terms of the glass-lined business here in India and see more inquiries, more opportunities, and faster kind of conversion from opportunities to actual orders. So Q1 was strong and Q2 also looks strong from a glass-lined perspective.

Talking now about the initial impact on our CRT business obviously and from a PPT perspective which also caters to our traditional markets where we have our business with filtration, mixing, membrane separation, and sealing, those are also linked to our pharmaceuticals here in India. So, there we are seeing a lot of positive traction as well. So, pharma is doing quite well. Chemicals unfortunately in India has still remained flat. There are a few projects here and there but nothing significant structurally has changed over the last few years.

However, we do hear that volumes are back for most of our clients and customers and obviously that would maybe lead to more investment in the next few quarters. So, from an India perspective, our traditional markets are definitely better off right now than they were about 12-months ago. Greg over to you for the international market.

Gregory Gelhaus: Thanks, Tarak. So international, I think it's a similar trend to what you've heard from Tarak, similar situation. We see from the pharma sector internationally, it is, we do see a number of opportunities, it is improving there and we see that both particularly when we look at Europe and in Americas. So again as Tarak said that's our traditional glass-lined business, but also our PPT division where we see definitely improved opportunities in the pharmaceutical sector.

I think chemicals is the same as what you heard in India. Chemicals remains a challenge. There, we don't see a strong change in this quarter that we just finished, particularly in Europe, it remains very challenging from the chemical sector. So, I would say all in all, the, what you've heard from Tarak and myself in terms of pharmaceuticals consistent globally as well as in the chemical sector.

Sameer Thakur: Okay, thank you. That's helpful. I have one more question. I think there is some decline in margins for Indian business, the standalone business. So, any reason for that and how should we think about it going forward?

Tarak Patel: Yes, so looking at the India business and maybe I have Ankit also step in a little bit here. Here we have obviously a very large component of growth which has come from our HET business. As you know, our HET business is an India-led business. It caters to oil and gas, petrochemicals and now we have obviously broken into nuclear and are getting into power sector as well.

So a lot of growth opportunities with a strong backlog and an even stronger opportunity pipeline which we believe will help us obviously build backlog for the next few quarters and maybe even years. So that's a strong area of growth for us and obviously that comes with large projects and again there the strategy has been to obviously get into certain kind of industry, create the PTRs.

We have recently been approved by EIL for Duplex, Super Duplex and even air-cooled heat exchangers. We have recently broken into power. Last year we broke into the nuclear segment and obviously nuclear, power, fertilizer, all segments that we're going to grow.

On top of that, HET also caters to the Middle East market, which is the oil and gas Middle East market, and we have seen some traction there as well with some of these geographies are reordering after obviously the recent kind of events there. So, we have seen orders coming from Abu Dhabi and some other areas of the Middle East.

So that business is a fast-growing business, but again that business is also maybe a slightly different in terms of the processes, margins profile and how long it takes. So, you will see some kind of I would say a change when the product mix in India changes between the three businesses.

However, having said that, I think the improvement program in terms of margins across all our businesses out of India is ongoing. Obviously, the idea is to bring it back to a stable level with the market improving, pricing is also improve. So, we see with better utilization, with better revenue, we will see some of this getting absorbed.

So, all in all, with the backlog that we have, the order book that we had in Q1 and also some of the order book that has come in Q2, we are quite confident that India is going to be on a strong path of growth, so I think that will continue and I think, obviously recovery of margins is, expected and will improve in over the next few quarters.

Ankit Nayyar: Yes, just in addition to what Tarak mentioned, we are also investing in costs. As you would have heard, we have invested into the new organization, so we are investing in people and that's why you see a dip in margins, but these are good investments happening for the future, so you will see an upward trend going forward.

Sameer Thakur: Okay, thank you. So, we should expect sequential improvement, further improvement in margins going forward. That's right.

Tarak Patel: What we said in outlook, and we kind of mentioned, we don't want to specify anything right now in terms of what is the final expectation, but obviously compared to previous year we definitely expect improvement across all our businesses and we're working hard to bring down costs and improve margins.

Sameer Thakur: Okay, thank you. That's helpful. If I can squeeze in one more, just obviously this organizational structure, this is a very good step. But if you can just explain what were the bottlenecks before this change, any examples of that that would be helpful.

Tarak Patel: So, I think, maybe we'll take both of them. I will speak maybe from the past. I think the regional structure prevented maybe businesses to work together and work closer together. People were incentivized off the regional numbers and regional kind of targets. Today, the entire vertical has the same targets, so every single person in that vertical, let's say for CRT, if that person is sitting in the U.S., in Europe or in India, they have the same target for profitability.

So, it is in everybody's best interest, everybody is clear and aligned in terms of what their KPIs are exactly, the KPIs. So common KPIs, so everybody's aligned and if in that, they want to extract maximum value, they will then think of opportunities like export or buying stuff from India from low-cost countries, putting together multiple different options in terms of our clients to win more business.

So, the drive and the incentive program now aligns everybody within the decision and that I think is going to be a big change while geographically they were all kind of independent entities and were more kind of based on local geographic kind of KPIs rather than global KPIs. And Greg?

Gregory Gelhaus: Yes, maybe to add to that, I think what we see now in the new structure is as Tarak said, we have a globally aligned team by technology division which enables as was addressed in the beginning remarks faster decision making, but also as Tarak said, aligned around KPIs and strategic priorities for the division.

So, as we move forward, as our customers are demanding as we said in our opening remarks, they want us to be able to serve them anywhere around the world and we are better able to do that now, quicker and more efficiently in the new structure. So that's a difference from the organizational setup in the past and we believe it's going to help us significantly moving forward.

Tarak Patel: And just one more point to this is that we have brought in also the right talent to run these verticals, so some have been internal, some have been external. In the case of HET obviously the strategy of a heavy engineering vertical is very different from our glass-lined CRT vertical.

So, this allows verticals to really focus on their own strategies, their own kind of operational excellence, everybody's will not be caged under the same brush. So, it gives verticals enough of opportunity to create and build their own strategy. And I think that's very, very important. So, I think that's an additional benefit of this organizational change that we have done.

Sameer Thakur: Okay, thank you very much. That was very helpful. That was all from my side. All the best.

Moderator: Thank you. Participants in the interest of time and fairness to others, please restrict yourselves to two questions. For any more questions, you may rejoin the queue. The next question comes from the line of Praveen Kumar with Acuitas Capital Advisors. Please go ahead.

Praveen Kumar: Yes, hi. Thanks for the opportunity and congratulations on a decent set of numbers and more importantly for taking first steps to improve the disclosures, good on that part. Had a couple of questions. One was on the, if you can give us some clarity on the margin profile and the ROCEs of these four divisions which you've broken it down into. And also associated with that, if you could give us a sense of which of these segments do you think are closer to steady-state margins today and which are kind of away from that.

And also if you can give us some sense of how do we track that, the divisions which are away from that steady-state aspirational margins, how do we keep a track of when they are closer to that, what is their aspirational margin on those? Thank you. That's my first question.

Tarak Patel: So, I think on a margin perspective, let me obviously as a company, we obviously have always said like a 15% EBITDA margin for the company is something that we aspire towards. That should be something in our business and our kind of area where we operate and the technologies we have, that's something that we should have, and then obviously we build from there.

So currently the businesses and the verticals that now we have created, somewhat kind of have along that kind of margin profile. There will be obviously different initiatives within those verticals to improve margins over time, but I would say that they will be around that range. Obviously, there are businesses which are more like a systems business, it's a longer, higher gestation, more value add because we give process guarantees that could have higher margin versus maybe just a standalone equipment.

But that's not always the case, and generally I think as a margin profile, I think over time we will be able to monitor, probably build some more thesis, but for right now I think it's important that they are around the same and the idea over the next few years is to grow margin, grow revenue, some of them will obviously need investment because we need to add people, we need to add organizations because they are high-growth verticals, so that will also come in. So don't have specific kind of, you know, I can't differentiate them very drastically and then maybe Greg, Alex, you would like to say something on the verticals by margin.

Gregory Gelhaus: I think you covered it Tarak, I think it's, the goal is for us as Tarak said, we have management teams specifically focused on each technology division that we have now, they have a part of their goal is to drive top-line performance but equally if not more importantly bottom-line performance.

So, we have a number of initiatives to improve our financial performance for each of the divisions and of course for the company overall. So, we will continue to drive that and we have different opportunities in different divisions to improve performance and we'll keep focusing on that.

Alexander Poempner: I could just briefly add on what Greg said, so we will improve the margins and we have, of course, some units which already are significantly higher margins. You would also see the announcement that we made of the latest acquisitions. So, we will work on it and of course, as Tarak mentioned, we mentioned the 15% EBITDA margins, that's the minimum target that we're going to focus.

Praveen Kumar: Understood. My second question was again on the margin trajectory. You are talking about, in the past you have talked about aspirationally margin should exceed 15% or higher in the medium term, right?

So, I just wanted to understand standing from where we are today, from current levels, what kind of cadence of margin improvement should we expect? I understand that this is not a company where we should be looking at a quarterly margin as proof of anything, but how should we, or what time frame do you think we can get to those aspiration margins of 15% and beyond? And what kind of cadence can we expect in this? And what could be the likely triggers apart from mixed change?

Tarak Patel: So, I think directionally we are moving in the right direction. I think we have multiple different initiatives to improve revenue, to grow revenue and to improve margins. So let's leave it at that. There are definitely opportunities, we know these opportunities, we know where we have high costs, we know where we don't do things so well. So, there are opportunities across the group across regions.

So, there are multiple things ongoing. We're working on debt, we're working on restructuring, there's a lot of opportunities that we are working on. So, we are going the right direction, and let's focus on them, let's maybe build some kind of momentum with order intake in Q2 and when we meet again next quarter maybe hopefully, we'll have a much clearer picture in terms of where we are going to end up and what the future holds.

Alexander Poempner: Maybe just to add one, we already have several units which achieve these margins or even higher margins. What we're currently suffering on is that we have one, two, three units which are really underperforming, and which are dragging the margin down. So, we are focusing on this and we discussed and we mentioned it, we have measures in place, we will improve these units, and you will directly see an uplift in EBITDA margin for the full group.

Praveen Kumar: Tarak, well appreciate your response. The reason we are looking for I was looking for more of a cadence of margins is because see as you yourself you and your team referred to, the investment in employees etc, is already showing up in the numbers right because employee costs are up significantly both standalone as well as consol. So, we are already seeing the costs upfront, so it would be useful to actually get a sense over what timeframe are we even, I understand there are multiple triggers for this margin improvement, but it would be useful to get some sense that over what time frame should we expect that.

Tarak Patel: Yes, I agree with what you are saying. Like I was saying, there's a lot of initiatives that we are working on. The timeframe, again, we are not somebody is going to wait around for a long period of time. We are actioning a lot of these changes along with the global transformation. We have a stronger team today. We have now accountable CEOs, four CEOs who are driving costs and strategy within those organizations and making tough calls where they need to make tough calls. So that's happening.

Alex and Ankit are working on financial kind of areas to improve, tax structuring, borrowing costs, etc, inventory, cash management. So, we are working across the group. Business is looking a little bit better again. Let us kind of build some kind of consistency, let us give a few quarters of consistent results and then we can sit down and talk about margins and then I think you guys will also have a clearer idea in terms of what we are trying to do.

So, let's push this out. The work is going in and as Alex said there is improvement possible and we will improve and that's ongoing. So, I think that will give a clear direction in terms of our margins over the next few quarters and years.

Moderator: Thank you. A reminder to all participants, please restrict yourselves to two questions and for any more questions you may rejoin the queue. The next question comes from the line of Sagar Shah with Spark PWM. Please go ahead.

Sagar Shah: Yes, first of all thank you for the opportunity and thank you to the management of GMM Pfaudler to actually first time disclose the segmental results actually as what entire street was asking for. Now my first question, sir, was related to a follow-up on previous participant's question. You highlighted that there was an uptick in the employee expenditure, you were realigning the entire sales team for different segments now actually that you have highlighted in this quarter.

Now apart from the sales teams, I wanted to know from Tarak as well as Greg actually that what exactly are we doing to strategize actually our sales team, to strategize our operations even geographically, so that actually we acquire greater market share in the segments actually that we have actually highlighted in this particular presentation.

Apart from the sales teams, what exactly measures are we taking to actually acquire greater market share or so and that in turn will actually be a margin enhancer in the medium to long term actually. That was my first question.

Tarak Patel: So, I think before I hand over to Greg, I think a couple of things that I would just want to highlight. Obviously, you know, Greg has been part of the company now for a year and has run the global transformation program so he's aware of the business, he has a very close understanding of the business, he's been involved in multiple different initiatives over the last 12 months so he's perfectly placed to really kind of look into improvements across the group both from the revenue side and from the cost side.

He also comes from a background where he has done restructuring in his earlier days as part of Alvarez and Marshall and consulting, so he has done this before and he knows what is probably expected and what we need to do.

And lastly, I think it's also important that we understand that Greg is part of the family, so he has skin in the game. So, the two of us together obviously as family members control a large shareholding of the company and it is in our best interest to obviously drive some of these long-term initiatives to create stakeholder value for all our stakeholders and shareholders. So, with that maybe Greg if you can maybe say a few words on the transformation and then obviously the areas that we're worked on and will be working on.

Gregory Gelhaus: Sure, sure, thanks Tarak. So, I think to the point that was mentioned around the transformation, one of the clear roles of from the sales side is to increase market share, no doubt that's part of our transformation program. I do believe and we believe that the new organizational structure as was mentioned in the opening remarks helps us to move quicker globally for opportunities that we see across the world.

We have a greater ability now to share knowledge, to be able to work closer as global teams, to be able to see opportunities that we see in the market to win new orders and of course ultimately win market share. So, all of that requires obviously changes in the way we work, changes in the way we go to market which we have been implementing already and we are seeing good progress there.

We are seeing and I would point out that it is progress that we were making across within each division, but also because our customers will require, as an example, sometimes glass-lined equipment, filtration and drying, mixing equipment, all together for a certain order, certain opportunity, we are able to work closer together also across divisions. So, we have a very strong focus on improving our market share and we're focused on that and I believe that our new structure is going to help us with that.

Tarak Patel: And just a side note on this, which is just quite interesting is because when we created these four verticals, we were not expecting cross-selling to be one of the driving initiatives, we were separating people out, and we actually find that our cross-selling has actually improved when we now have created these distinct verticals.

So sometimes you get benefits that you don't expect and this is just one interesting case of how we got something that more than we planned for. So again, it's a very different way of how we have done things. This is how we have done things since 140 years. Pfaudler has been a very old company and obviously Pfaudler and then GMM has been very regional the way we have operated, it's always been very regional.

So, this is a foundational change, a structural change that hopefully over the next, will give us a very strong foundation to create business growth and margin improvement over the next few years.

Sagar Shah: Okay, okay. Yes, my second question was related to your data keeping question. So, you highlighted the strategic measures actually that means you'll take on the operational side. So, I know this is not a sequential mapping, something like the sequential mapping journey that we are looking for, it's a long-term journey. But for FY27 and FY28, so at least that that is up to 12 to 24 months. So based on the debt reduction program, based on strategic measures, what are the target EBITDA margins actually that the company is highlighting?

And secondly, what is the currently as on March '26, that the debt that the company holds on its balance sheet, it's the long-term as well as the short-term debt, it accounts to around INR 835 crores in rupee terms. So, what is the actually targeted debt levels that we are eyeing till the end of this year as well as FY28? So that is my second question related to data keeping question, thank you. That's it.

Alexander Poempner: Thank you. Maybe I take it regarding the debt. We will repay approximately EUR 7 million this quarter and we are working on the refinancing alternative that will bring further down our debt and we dont to comment on the debt as of the end of this financial year, but as you see we are working on this and we will further reduce over the coming quarters

Sagar Shah: Okay, so what is the debt that we are eyeing actually, and about the margins also my question was.

Tarak Patel: Yes, so Ankit, he's asking for outlook on margins, I think we've already expressed ourselves also, so maybe you want to give just how we look at margins and how we will talk about margins to the street.

Ankit Nayyar: Yes, so from a margins perspective, the objective is to continue to grow margins. As Tarak mentioned earlier also, our objective is to deliver quarter-on-quarter, see how things are, we see positive shoots in different businesses and as we have already stated 15% is something we aim to go there, so quarter-on-quarter we'll see this how we are tracking against it and Yes, and all levers look good as of now to hit those kinds of numbers.

Moderator: Thank you. The next question comes from the line of Dhavan Shah with Alfaccurate Advisors. Please go ahead.

Dhavan Shah: Yes, thanks for the opportunity, sir. So, my question is on the order inflows for CRT and PPT segment. You mentioned that you are seeing, you know, the green shoots in the domestic pharma sector and that's why, you know, we have seen some order inflows growth for this quarter.

So, if you can share, you know, some thoughts on that, whether that was, you know, one-time like the lumpy order or is it like the structural revival you are seeing in the domestic pharma which can be seen for at least next three quarter also for CRT. And then for PPT, what led to such order inflow growth during this quarter and is it sustainable or not during the next three quarters.

Tarak Patel: So, I think, I ask this question to you because you have a better understanding of pharma, but no, on a serious note, we haven't seen this kind of improvement for quite some time. Glass-lined, our glass-lined business has now gone through a really tough time over the last two years I would say and this time the green shoots again like we said look positive, we see some in India definitely a quite positive with this whole pharma play, CDMO and the big Hyderabad players are expanding so API is looking good.

We've also seen good pharma inflow of glass-line business in the US, so the US obviously we know the US, you know, story around Mr. Trump and the investment that was signed to bring pharma jobs to the US, some of that is actually playing out quite nicely, so we have received some large orders from the US recently.

Surprisingly China has also come back with good orders in glass-line in CRT, which we thought, you know, China had excess capacity, but I believe that some of the new investment is going closer to the Mongolian border for chemicals again. So that's driving some growth and bringing back glass-lined.

Europe structurally still remains a bit slow, however we have won some large glass-lined orders in Europe in the recent months as well, and the focus is also to push our service business, grow our service business, maybe there we might have, and we lost the market share over the last few quarters and the focus is mainly to bring back services , glass-lined services again.

So, CRT is looking good globally, Europe still looks a bit tough but the other geographies are looking a lot more positive. Greg you want to add something to that?

Gregory Gelhaus: No, I think you covered it, I think going back to the question around pharma, we do see as we answered earlier we do see some positive signals in the pharma sector and we are seeing that in terms of the orders that we are winning but also the opportunities that we see in front of us.

Tarak Patel: Yes, one more point here, sorry, I missed this, it's a very important point is peptides, so we have seen significant peptide investment, so we have already supplied last year a very large order for peptide, you know, and we have also received two large orders from Hyderabad for complete systems around built around peptides, so peptides is another area that we are seeing a lot of investment coming in and I think with our equipments we are quite well-positioned to grow that peptide order book as well.

Dhavan Shah: Understood. And what about the PPT? This quarter I think we have been seeing significant order inflow growth, so what led to such a growth, is it like just from the domestic market or there was some export order also which led to such a growth.

Tarak Patel: Sorry, your first part was to talk about growth in what, sorry, can you repeat that?

Dhavan Shah: My question is, you know, for PPT we have seen, you know, the significant order inflow growth during this quarter, so what led to such jump for first quarter and then is it like the order inflow came from the domestic business only or there was some export order also which led to such a growth.

Tarak Patel: So, it's a combination of multiple things, the businesses that have come across geographies, you know, India last quarter was decent, was good, but, I hope that India this quarter will do obviously a bit better, things are looking good. So, order intake was good globally and we expect order intake to continue also.

Brazil also has done quite well, our mixing business has done well with large orders, so again that equipment and now systems, so where you compare- I think when you look at us, you look at two or three metrics. So. first thing you should look at on April 1st previous year versus this year what our opening backlog was. Our opening backlog was already 30% higher.

Please consider last year we had in that backlog a very large defence system order. We had a very large order of close to EUR 30 odd million for a large system, so that was in there. So now the backlog really is kind of more robust we have a lot more equipment in there, CRT, PPT and HET as well.

And that's the good part, and if Q2 remains strong, which we expect it to be, then that gives us revenue visibility and then pretty much we'll get this year done and dusted. So, the focus again is to be aggressive. The way that we have reorganized ourselves should help us serve our customers better, meet all our alignments in terms of all the people who were within those verticals are aligned now to go after that business, with good margin business and cut costs, so I think we're going in the right direction if the market sustains and I hope it does, we should be in a decent position. Again, like you said also sometimes it could be a one-off, two-off quarter kind of an investment. We hope it's sustainable.

Moderator: Thank you. The next question comes from the line of Rushabh with Pravin Ratilal Wealth. Please go ahead.

Rushabh: Yes, thanks for the opportunity. And first of all, congratulations to the GMM Pfaudler team on, not just improving the disclosures to the market, but also finally going towards the disciplined capital allocation. So big congratulations on that. I have 3 questions. So, the first one is on the order book. So, you did allude to the fact that in the last year 30% of the orders were large-tenure orders. And you did say that in the current year the order book, it is - how much percentage of that of orders are executable within the next 10 to 12 months? That's my first question.

The second question is on the borrowings. So, we have mentioned the fact that we'll be repaying around EUR 7 million of debt, and we currently have around INR 835 crores of INR debt, so I assume it's closer to EUR75-EUR76 million if I convert it into euros. So, you have said that you will be repaying that debt in the next 12 to 18 months.

But can you specify a number and a timeline in which how much debt will be repaid? That is my second question. And my third question is on the tax rate. So, going forward, what is the kind of steady-state tax rate should we work with? Thank you.

Alexander Poempner: Regarding the debt collection, we repay now EUR 7 million. And then we will restructure our debt position and further reduce it. And this will take, as mentioned, the time frame 12 to 18 months. But as I said, it will continuously going down in the future. Regarding the tax rate, I would work with the tax rate of around 30%, let's say maybe slightly below in the long term. We still require some time to get this stabilized.

It partly depends on our current debt profile and our organizational structure. With this change in the org structure, but especially also in the debt structure, we will bring our tax rate down to this level, which I just mentioned. Let's use around 30%, maybe slightly lower.

Rushabh: So, just one follow up to that. So, you did mention that you'll be bringing down the debt. But can you at least specify a number that what is the kind of debt is that you'll be comfortable with in the next 12 months or next 18 months? That's part one. And 30% tax rate that you're talking about. When can we see that coming? What should be the FY 27 and 28 tax rate number that you should be working with?

Alexander Poempner: I will not mention our debt target figure for end of this year. And however, regarding the timing of the tax rate, to bring it down, we indicated 18 to 24 months. And the debt, the refinancing and the reorganization has to be completed first. And then we can go down to this lower and reasonable tax rate. But as I said, it takes us 18 to 24 months to really fully get it stabilized.

Rushabh: So in 18 to 24 months, how much of debt will be repaid? Can you please tell us?

Tarak Patel: So on the debt, we'll start with the 7 million. We are working on it. We are looking at different options. So give us some time again. The idea is to make it a much better structure. But we can't get debt alone because we have to look at our global structure, which is now 24, 25 entities or something. We need to clean that up.

So when the debt is refinanced, we put it into the right jurisdiction in the right structure. We don't want any fluctuation on currency and stuff. So there are 2 or 3 things that need to be done. We're working on it. Hopefully, we can get some of this done before we have given the time to the street. And we are working it.

So just give us some time on this. When we meet again for Q2, we should have more clarity. And then hopefully this year, even this year around Q2, sometime around that, we're hoping that we can have an investor day as well. So by then you'll have all the details very clearly mentioned and you can track that also. But we still need some time to get the exact kind of timeframes and the amounts sorted out. So we're working on it and we'll come back to you.

Rushabh: Right sir. Once again congratulations. Just you missed out my part on the order book. So how much of the order book is executable between 10 to 12 months?

Gregory Gelhaus: Yes. As I mentioned in my opening remarks, it's the large majority of that, so significant amount of the - roughly 1000 crores order intake that we had, significant amount of that is executable in the next 10 to 12 months. So, as I mentioned earlier, if you look at Q1 in the prior year, 30% of that was multi-year projects which would not all occur in the next 10 to 12 months, but where what we see in this recent quarter is very different.

Moderator: Thank you. The next question comes from the line of Ravi Mehta with One Up. Please go ahead.

Ravi Mehta: Yes, hi. Thanks for this call. Just couple of questions, one is on the employee is there any one-off severance cost in Q1?

Gregory Gelhaus: No.

Tarak Patel: No.

Ravi Mehta: Okay. And the investment that you are speaking, is this going to further go up or this can be like a run rate basis or there's still some more senior level additions pending?

Tarak Patel: You're talking about employee costs. So the idea is to bring down employee costs over time. Obviously there have been certain new hires as we move into the new structure which are required, because we need global kind of HR, finance, IT, but we also have ideas to move a lot of that to India, the GEC, GCC model, stuff like that, so we can look at options there.

And then we also have opportunities to kind of put people in front of our clients. So, I think the idea is that some of these verticals need to grow, so we will invest in sales people, sales organization as well. But as a concept, we are looking at non-critical activity being consolidated into lower cost geographies, things like engineering, drawings, things that don't require to be done. That can be something, and we've already started like that.

We have a GEC center now, a global engineering center that has about 12 people for lot of our entities, that's another push. We have Poland and India coming up as a low-cost geography where we really need to utilize these both entities to make sure that we have a much better cost structure.

Keep in mind, we also reduced people in the UK the prior year and last year Germany we had a reduction of workforce, factory workforce which obviously you'll see some of that kind of playing through also in the next few quarters. So, we'll be getting that benefit as well. We're doing cost optimization. We've worked in operational excellence and that should play out as well and with the higher volumes hopefully, we'll have better absorption and better utilization of our factories as well.

Moderator: Thank you. The next question comes from the line of Simran Kumari with Narnolia Financial Services. Please go ahead.

Simran Kumari: Hi sir, good afternoon. My question is related to interest cost. Like what would be the interest cost for FY27 and FY28? And my second question is regarding the order intake. As we can see this quarter the order intake is broadly comparable to the corresponding period last year. So, could you please elaborate on the expected order intake trajectory for the remainder of the fiscal year? Thank you, sir.

Alexander Poempner: Okay. I'll start with the interest cost. The interest cost we have on average 6% to 7%. And of course, it's especially the debt that is in the international business, which is USD denominated or Euro denominated. They are based on the SOFR base rate and the EURIBOR base rate. But it's also hedged. So, for your modeling, I would assume 6% to 7%. And the other question was about the order intake.

Gregory Gelhaus: Yes. So, on the order intake as I mentioned in my opening remarks, yes, you're correct that we've had -- when you look at order intake this quarter versus the prior year same quarter, it's roughly the same. But as I mentioned, we see a very different profile of order intake this quarter where we see that the large majority of those projects that we won in Q1 have execution cycles of 10 to 12 months.

So as a result, you'll see that the large share of that is orders where we can see strong revenue visibility over that period given those orders that we've won. So, it's different from the prior year as I mentioned, because 30% of that orders that were for multi-year projects and therefore that revenue was not going to come necessarily in the next 10 or 12 months.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Raveen Kanabar for the closing remarks.

Raveen Kanabar: Thank you. Thank you everyone for joining us today. It was a pleasure interacting with all of you and we look forward to many such interactions during the course of the year. Take care and see you soon everyone.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of GMM Pfaudler Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.