



GMM/SEC/2025-26/14

May 27, 2025

To,  
**BSE Limited**  
**Scrip Code: 505255**

**National Stock Exchange of India Limited**  
**Symbol: GMPFAUDLR**

**Sub.: Earnings Call Q4 FY25 – Transcript**

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 year ended March 31, 2025 conducted on May 21, 2025 for your information and records.

The above information is also being made available on the website of the Company at [www.gmmpfaudler.com](http://www.gmmpfaudler.com).

Thanking you.

Yours faithfully,

For **GMM Pfaudler Limited**

**Mittal Mehta**  
**Company Secretary & Compliance Officer**  
**FCS. No. 7848**

**Encl.:** As above

**GMM Pfaudler Ltd.**

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**MAVAG**  
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**MIXION**  
Mixing Technology

**INTERSEAL**  
Sealing Technology

**EQUILLOY**  
Alloy Process Equipment

**EDLON**  
Fluoropolymers

**HYDROAIR**  
Membrane Separation Systems



**“GMM Pfaudler Limited Q4 & FY25 Earnings Conference  
Call”**

**MAY 21, 2025**

**MANAGEMENT:**

- **MR. TARAK PATEL – MANAGING DIRECTOR, GMM PFAUDLER LIMITED**
- **MR. THOMAS KEHL – CHIEF EXECUTIVE OFFICER (INTERNATIONAL BUSINESS), GMM PFAUDLER LIMITED**
- **MR. GREGORY GELHAUS – CHIEF TRANSFORMATION OFFICER, GMM PFAUDLER GROUP**
- **MR. ASEEM JOSHI - CHIEF EXECUTIVE OFFICER (INDIA BUSINESS), GMM PFAUDLER LIMITED**
- **MR. ALEXANDER POEMPNER – GROUP CHIEF FINANCIAL OFFICER, GMM PFAUDLER LIMITED**
- **MR. DHAVAL RAJPUT – GENERAL MANAGER FINANCE & ACCOUNTS, GMM PFAUDLER LIMITED**
- **MRS. MITTAL MEHTA – COMPANY SECRETARY & COMPLIANCE OFFICER**

**GMM Pfaudler Limited  
Q4 & FY25 Earnings Conference Call  
May 21, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to Q4 and FY'25 Conference Call of 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 touchtone phone.

I now hand the conference over to Mr. Dhaval Rajput. Thank you, and over to you sir.

**Dhaval Rajput:** Thank you. Good evening, ladies and gentlemen, a very warm welcome to all of you in the Q4 FY'25 Earnings Call of GMM Pfaudler Limited. The Earnings Presentation was uploaded on Stock Exchanges today and is also available on our website. Hope all of you had a chance to go through it.

From the Management we have with us our Managing Director – Mr. Tarak Patel, our Chief Executive Officer of International Business – Mr. Thomas Kehl, our Chief Executive Officer of India business – Mr. Aseem Joshi, our Chief Financial Officer – Mr. Alexander Poempner, and our Compliance Officer – 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 that was uploaded on 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. The 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 an overview of the performance. Over to you, Tarak.

**Tarak Patel:**

Good evening, Dhaval. Good evening, everyone and thank you for joining us today. As we conclude the financial year. I am pleased to share our performance highlights. For FY'25 GMM Pfaudler achieved consolidated revenues of INR 3199 crores, and EBITDA of INR 381 crores, which is an 11.9% of EBITDA margin. Our order intake for FY'25 was INR 3102 crores, up 3% from the previous year. Our current backlog on April 1st, 2025, stands at INR 1636 crores. We also generated strong cash flows of INR 318 crores in FY'25 and improvement of nearly Rs.100 crores over the previous year. In Q4 FY'25 our revenue stood at INR 807 crores, with an EBITDA of INR 93 crores at 11.5% margin, with a 9% growth in revenue and a 4% growth in EBITDA margin on a year-on-year basis.

Order intake for the quarter stood at INR 660 crores. Our India business has a strong performance in Q4 with revenues of INR 252 crores and EBITDA of INR 44 crores, with an EBITDA margin of 17.4%. The India business has also seen significant improvement in H2 FY'25 due to increase in volume, favorable product mix and an ongoing EBITDA transformation program, the benefits of which will continue into FY'26. All costs for this program have been taken in this financial year. Our India backlog stands at INR 549 crores, which is higher by 20% on a year-on-year basis. Our global manufacturing footprint optimization continues. Our UK facility in Leven is on track for closure in Q2 FY'26. As you will see, in this quarter all costs accounted for this closure have already been taken in this financial year. We also shut down our Hyderabad facility this year, and the cost of this closure was taken in Q3 of this financial year as well. The production from this facility has now moved to our facility in Gujarat. Our low-cost manufacturing site in Poland has been established, and we now plan to shift production and increase production at that site as well.

I would also like to welcome Gregory Gelhaus as Chief Transformation Officer. Our CTO, Greg, will lead the group's transformation efforts and key strategic initiatives to drive business expansion, improve operational efficiencies and enhance collaboration and integration amongst the geographies and our locations.

Looking ahead, we are optimistic however, the India business continues to do quite well, and we are in a strong position to deliver growth in both revenues and margins. Our international business has a good starting backlog. However, the current situation with the US, the tariffs, also the uncertainty surrounding investment that may have some impact on our international business. In conclusion, this year has been a transition year for us, we are focused on improvement programs internally as I mentioned two sites have been shut down. We have run a transformation program here in India, and as the market seems to be turning a little bit, we hope that some of the new kind of volume will help us also achieve some of the improvements for the next financial year.

With that, I would like to hand over the call to Alex – our CFO, who will take you more through the balance sheet and some of the other financials, and we will then after open this to questions as well.

Thank you very much. Over to you, Alex.

**Alexander Poempner:**

Thanks a lot Tarak. Good evening, everyone also from my side. As I do not want to say too much about the profit and loss, just to reiterate or say again that we have considered all the one-time impacts due to the closure of Hyderabad as well as Leven already in this financial year. So we consider that we have done the homework to see the positive benefits in the next financial year. With regard to the balance sheet, the balance sheet we show a strong improvement. We have a really solid good balance sheet, especially from the cash flow side, you see that the working capital and free cash flow generation have improved significantly in the fiscal year 25 as compared to the previous year. We have repaid long-term debt of around INR 116 crores, resulting in an improved net debt to EBITDA matrix of 0.5 times versus 0.8 times in the last financial year.

The net debt to equity also improved to 0.2 times versus 0.4 times last year. As mentioned, this is especially driven by a good working capital improvement and therefore, on the cash flow front, we have generated a free cash flow of around INR 318 crores during the year, as compared to around INR 221 crores in the previous year. This results in an 80% conversion of the reported EBITDA of INR 381 crores. This is again an improvement over previous years where the free cash flow to EBITDA ratio was around 50%.

This is so far everything from my side, and I would like to hand over to Dhaval again.

**Dhaval Rajput:**

Thank you. Alex. You may now open the lines for questions.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

**Jaiveer Shekhawat:**

My first question is on India business; it's encouraging to see the adjusted EBITDA margin trajectory there.

**Moderator:**

The current participant has been disconnected. We move on to the next question. The next question is from the line Praveen Kumar from Aquatis Capital Advisors. Please go ahead.

**Praveen Kumar:**

I had a question on international business. So, in particular, I was trying to compare the order intake in the international business in FY'25 and I was comparing it to the previous three years. So, while doing that, I noticed that the order intake for FY'25 in the international business was almost not very different from what it was back in FY'22. So, almost at the same level even

after three years have passed number one. And within that, if I further look at the services part of the order intake, there is a drastic decrease in the services order intake in FY'25 when I compare it to FY'22 level. So wanted to get an understanding of this, that no. A, at an overall level for the international business, order intake being stagnant on a three-year basis. I wanted to understand the causes for that, and how do we see this going forward. And also, in particular wanted to understand the services order intake of the international business. The fall compared to the levels of FY'22 and again, how do we see that going forward. Thank you.

**Tarak Patel:**

Sure, so 2022 obviously was the time after COVID, where things were booming. Our focus to grow our service revenue continues, this year the service order intake has probably been below our expectations, but currently in terms of the pipeline and the focus in terms of growing our services business is on track. We do feel at some point, and especially last year, because of the slowdown, general slowdown in the industry, both capital equipment in terms of new capex as well as services across our client base did reduce. We now have some kind of hope that maybe in the coming years, these services revenues will increase. The idea is to continue to be close to the customers and make sure that we don't lose service business. And that's something that across all our locations we are trying to obviously grow. The services business especially was lower in the US, but we do expect some recovery to come at some point. But in India, we have also seen a slight slowdown in services, which is a general trend now across the world. However, product service is a very important portion of our overall order intake, and it continues to be a focus area for us to come back to the levels that we had in 2022. Thomas, if you would like to add or say as well.

**Thomas Kehl:**

I think you said it is right that the overall market is slowed down after FY'22 in the makeup time after the pandemic, and that is true also for the service jobs. Some of the bigger service jobs were listed on hold by customers looking at the current situation in the development. But those jobs are not going away, they are delayed, they will come to us later.

**Praveen Kumar:**

So again, just to understand, to improve my understanding of the services part of the business. Our perception was that, that is linked to the base of installed base of your clients. And one reason for drastic deduction compared to three years ago could be that, is it that lot of those installed base there have been significant shutdowns in particular geographies, which has impacted. Otherwise, one would expect that if those facilities are running, they would continue to require your services and there should be some service inflation in terms of the order intake/ and revenue. So that's the aspect I wanted to understand better.

**Tarak Patel:**

No, despite that logic our India installed base is probably the highest in the world, and we still have 7%, 8% of service revenue. It's just a mindset, and it's the uncertainty surrounding the current situation has that, kind of driven some of these decisions, maybe at a budget level for spare parts as well within companies maybe that is something that companies have kind of tried to cut back on, but at some point in time when these equipment need to produce, you

will have the service revenue picking up right now. We haven't seen any major shutdowns in the US or Europe it's just a kind of a trend where people did not want to spend money on services if they did not have to, but that at some point these equipment, like you said, are old equipment, they have been installed for quite a period of time, the services at some point should come back and we expect it to come back in the next financial year as well.

**Praveen Kumar:** Understood. And the assumption is also that since you have spread your service base further in terms of geographies during this time, that should also probably help you in terms of getting these revenues?

**Tarak Patel:** Yes, correct. So, service is again, is a key focus area for us, and by the last couple of years, we have kind of created a smaller workshops and service centers across the globe just to better serve our customers. We have three or four service centers now here in India, we have created like two or three service centers in the US, a few in Europe as well. So services are definitely a push. At some point it will come back, we went through a lean period, both in terms of capex for new equipment as well as service. We thought that during a cycle, a down cycle where capex closed down, the services would increase. However, that was not the case. But, as some of these capex's are coming back as well, and some of the margins and volumes are increasing at our client site, we will see now some of these services also coming back.

**Moderator:** Thank you. The next question is from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

**Jaiveer Shekhawat:** My first question was, on your EBITDA margin trajectory for your standalone business. So apart from these one off cost in relation with transformation, what further benefit do you expect, after the exercise is already done on your margins that will be my first question?

**Tarak Patel:** Yes, so the India transformation program which has run now for the nine months of the last previous year, that has given us improvement both in terms of our cost structure, but also in terms of operational excellence, and areas in which we had not probably paid attention to. So that has put us in a very strong position at least here in India, at our factory here in Gujarat. What has also happened in India is the closure of Hyderabad. So having that facility no longer available, the load of Hyderabad now moves into Gujarat, which now obviously has much better utilization as well. We are now in a position where we will now even think of starting a third shift to address the volumes. We have a large glass lined backlog as well. So, India margins will continue in this range as well 15%-16% should be achievable for next financial year, and maybe Aseem can jump in now to talk a little bit more specifics about this transformation program and the other cost controls that we have worked on here in India.

**Aseem Joshi:** Sure. So, while Tarak talks about the cost controls, I will cover a few other elements that were part of this program and that should help us on this in FY'26 and beyond. We really focused on

our capacity improvement obviously when you close down the factory you need to consolidate as well, you have to be able to absorb the capacity especially when the demand comes back, and we are very confident we are in a position to do that in our current factory now. We have also enhanced the flexibility of our factory in that as we have additional product lines that are made in Karamsad, they have the ability to flex as demand varies. We feel we are in a lot better position now, not just purely from a financial and margin standpoint, but also from a flexibility standpoint, and those benefits will persist for incoming years.

**Tarak Patel:**

Yes, and maybe just to add in terms of outlook we feel that there is more positivity today. The customers that we speak to in India have shown a lot more interest of investing now, volumes have come back. Margins might still be under pressure, but at the first positive sign is at least volumes are coming back. So, we see that in terms of even the opportunity pipeline here in India has improved significantly. We also believe that some of the agrochemical players will start investing in maybe August-September, time frame as well. So, all in all, we have a positive view on India starting this year already with a smart, a much bigger backlog than previous year, plus the first month especially April has been very strong in terms of order intake as well. So, we are in a strong position in India for the financial year. Internationally as well we have had a pretty good April in terms of order intake. We need more orders as well, which we are working on but generally, we are today in a much better position than we were 12 months ago. And the hard work like Aseem and Alex mentioned has already gone in during the down cycle and hopefully as volumes pick up and the market improves, we will be able to extract as much as possible from this increased volume as well. So that's the overall picture here for India.

**Jaiveer Shekhawat:**

Sure, that's very helpful. The other question also was in relation to this. So what we have seen is, your competitor has been able to recover back to their FY'23 revenues from the GLE division in FY'25 so what's your estimate, both for your standalone business and international business, as to when they reach back to your peak level revenues, which you might have also done in FY'23 on the GLE side, specifically?

**Tarak Patel:**

So on the GLE side, we are now at pretty much the similar levels as previously slightly lower than that. Obviously, if you see our quarterly performance, it has been pretty stable, we like to kind of make sure that obviously even going forward we have stable quarters and we plan and we perform as per expectations. Obviously the volume this quarter, even if you see the total revenue, it's still not a significant improvement over the previous quarter, or even previous year. But in spite of the incremental volume not being there, we were still able to increase the margin significantly. So do keep in mind, if the volumes increase over the next few quarters, you will definitely see even better kind of flow through, because at the same revenue levels, we are still now at a 500 bps improvement here in India, if you compare that to Q4 of the previous year. So, which is positive for us and as volumes increase, and if they will increase, you will maybe see some better flow through as well.



**Jaiveer Shekhawat:** Sure. My last question is just on the order intake. So, while I understand that you have healthy backlog for the India business, is it by choice that you are limiting the order intake there and also in the international business we have not really seen order inflows there. Ideally, every quarter it's sort of reducing and when you think that should bottom out in your expectation, both India and the international business?

**Tarak Patel:** So, on the order intake run India, like I said, strong backlog, 20% higher, April has been a good month, and for the international business also April has been a very strong month, and that will reflect in obviously our backlog at the end of Q1. We will be in a better position to talk a little bit more about that when those orders are, some of them already in and some more expected and we are quite confident that we will be in a much stronger position at the end of Q1.

**Moderator:** Thank you. The next question is from the line of Sagar Shah from Spark PWM. Please go ahead.

**Sagar Shah:** My first question was related to our global business, especially related to Glass-Lining and some non-Glass-Lining technologies. So, what we had perceived at the start of the year, obviously, things didn't turn out because of macro-economic factors which are not in our hands, but specifically speaking on the industrial mixing and especially on the Glass-Lining side. So globally, looking at the order intake that the Company is actually getting, the order intake is actually reducing and as almost has reduced as compared to even last year. So, is it something like, are we losing some market share, specifically on the Glass-Lining and the non-glass lined technologies or maybe specifically, can you highlight what exactly is going on outside?

**Tarak Patel:** Sure, I'll pass it on to Thomas.

**Thomas Kehl:** Well, as you all know that the market conditions are not perfect, and not as it has been two, three years ago. We know all the uncertainties in the industry, and that shows the order intake. We have a lot of projects, and pipeline is still robust and big, but the decision making processes are slow and hesitated, and therefore we are 100% sure that we are not losing market share. The projects that are on hold will come sooner or later, or it started a little bit already in April. April is a better month, and we are very confident that the first quarter will show us the increased backlog and order intake again.

**Sagar Shah:** Okay, fine sir.

**Tarak Patel:** I will just add one comment here. Over the last few years, there were a few units that we have been working on, and because of the large backlog and the large order intake that they had, they struggled to also ship out some of these equipment. So, some of that restructuring has also happened this year. These units are now much better placed in terms of receiving new orders and also shipping out these orders as well. So, there is a bit of capacity available. So, we

are aggressive when it comes to delivery and pricing. So hopefully, in the next couple of months, including what we booked in April already, plus the next two months, we should be in a much stronger position by the end of Q1 as a Company in terms of both order intake and backlog as well.

**Sagar Shah:** Got your point sir. My second question was related to the Poland acquisition, actually. So, we are closing the UK operations as well as the Hyderabad operations in India and starting with the new acquisition at Poland. So, can you highlight about the cost benefits that are likely to accrue by manufacturing there and specifically, can you highlight about how the cost structure will be different as compared to manufacturing in UK vis-à-vis manufacturing in Poland, vis-à-vis India?

**Tarak Patel:** Okay, so there is a slight misunderstanding here. UK was a glass lined facility, and Poland is not a glass lined facility. Poland is really a facility that will support our non-glass lined business. So, it supports our Swiss entity Mavag, and it supports our mixing business so Mixel in France. Both Mixel and Mavag are in a higher cost Western European region, while Poland is in Eastern Europe and much cheaper from both engineering as well as manufacturing. Poland is a joint venture we have already completed the first order from Mavag, our Swiss subsidiary, there were absolutely no quality issues, and those equipment were supplied on time at a much lower cost structure than if they had to manufacture that in Switzerland as well. In terms of the new orders going into Poland, there's a large order that Mixel won recently. That entire order will be made in Poland and not in France. And if you had to ask me, you would see at least a 30% cost benefit between Western Europe and Poland, and that's something that we could expect that between India, Poland and the other value sourcing sites that we have, we will find the right kind of situation to make sure that the customer gets the right product at the right price point and we will improve our margin because of this low cost structure that is available in the group.

**Sagar Shah:** Okay, fine. I had just a data keeping question, within technologies that, can you highlight that how much was Glass-Lining the revenue, the non-Glass-Lining revenue, and the rest is industrial mixing. Can you highlight the constituents between these three, amongst the technologies revenue?

**Tarak Patel:** Are you talking on a global basis or an individual?

**Sagar Shah:** On a consolidated basis, sir?

**Tarak Patel:** So, I don't think I have the data in front of me, but generally.

**Alexander Poempner:** Currently, we review our reporting, and we will come back during this year. But thanks for your advice, for your comment.

- Sagar Shah:** Okay, fine. So just a last one from me. We had incurred other income loss actually in this quarter due to the foreign exchange fluctuations actually you highlighted in the document. So, are we not hedging our exposures in the foreign exchange business, you have a lot of inter-foreign currency exposures. So, are we not hedging our operations over there?
- Tarak Patel:** So, we have a natural hedge, because we have Euro, USD as well as Swiss franc and then Alex.
- Alexander Poempner:** Let me say, unfortunately some of that exposure you could not really hedge. And we had once a few years ago, already discussed, we have inter-company loans in place within the group, which are between Euro and USD denominated entities, and there we face a book loss. However, this is something which you could not avoid if you have loans between entities in two different currencies.
- Tarak Patel:** But this could go both ways as well.
- Alexander Poempner:** This could go both ways, we also face a positive impact in prior quarters, and you see, especially, I would say one half years ago we had also a big positive impact there.
- Moderator:** Thank you. The next question is from the line of Meet Katrodiya from Niveshaay. Please go ahead.
- Meet Katrodiya:** So, sir, you have given your view on the order for the backlog for the April month. So, I was asking from the point of view of what are you seeing in terms of demand which can come in the next month, so what are your forecasts for the demand, are we seeing any bottoming out in any chemical or Pharma?
- Tarak Patel:** Yes, so I can talk a little bit. I will talk about two different regions. In India, the conversations that we are having with our clients and these are owners, CEOs they are positive, like I mentioned all of them have said a similar statement that volumes have come back, their plants, which are running now at 45%, 60% are now running closer to 80% so firstly, that's a positive sign. However, pricing is still under pressure, which means that margins will continue to be under pressure, but I do believe that there will be some amount of investment in both chemicals and when I say chemicals, agrochemicals, as well as specialty chemicals, specialty chemicals has continued and has been quite strong. Agrochemicals has been weak, and we do expect agrochemicals to return sometime later this year. Pharmaceuticals has continued to be very, very strong, especially Hyderabad based pharmaceutical companies, the month of April saw to win a very large order, not only glass lined, but glass lined as well as non-glass lined here for Hyderabad, and that has been a big kind of positive for us as well. So pharma continues to be quite strong, especially companies that are now working with, the GLP-2 kind of manufacturers, peptides, etc. things like that, are really driving a lot of investments as well. So pharma remains quite strong, the inquiry levels in pharma also continue but what we are seeing

that this is from the past, is some of these agrochemical players are now thinking of investments, some of our big customers, like PI, SRF, Deccan, are now started talking in terms of when the next level or the next building or the next unit will be kind of green lighted, and then the inquiries will start, and then, obviously the shipment would continue. So, I do expect a recovery somewhere in the middle of this quarter. The good thing is that, we have enough of glass lined backlog for the first half of the year, and then we really need to worry about glass lined coming into the 3rd or 4th Quarter, and really helping us. So if that agrochemical cycle turns in the middle of the year, that would go very well for us for the second half of the year as well.

In terms of global, chemical and pharma still continues to be below expectations. The uncertainty surrounding the tariff situation is obviously holding investment. However, some of these investments are being kind of discussed now. Some of these which have been pushed out are now kind of moving towards closure, but there are new areas where have emerged. If, pharma and chemical slows down, we have seen investments in other Europe countries, US in other areas as well, which has made up for some of the shortfalls that we have seen in chemical and pharma. So the diversification strategy and our product going into some of the new segments has also kind of helped us make sure that the loss because of chemical pharma is not that intense.

**Meet Katrodiya:**

Thank you so much for the detail answer. The last question is like, if you can throw some highlight on, if any new player has come in, or existing player facing problem in the market. So, how we are positioned as compared to existing players and even newcomers?

**Tarak Patel:**

So, we have a global manufacturing footprint. So even with a tariff situation that is currently being discussed, we have local manufacturing. So for example, if the US tariff situation would create more investment in the US, we have a US unit that can supply into the US. We also have Brazil, where the tariff situation is not so bad, and that can be used to supply into the US market. From a European perspective as well, we are strong, we have shut down one facility, so now we have two facilities. So better utilization as well, from a glass lined perspective, and with Poland coming online, much better cost structure as well. India today is not only focused on India. But as India has also grown, we are now looking at the surrounding areas around Middle East, Southeast Asia, to also go and sell some of our products into. Our heavy engineering business in India has done incredibly well this year, and will continue to do very well next year as well. And the idea is to grow that business, because that kind of caters into oil and gas, petrochemical, power, nuclear, etc., etc., where obviously they are not constrained by the same kind of growth issues that currently chemical and pharmaceuticals are facing. So diversification and having multiple product lines emerges in areas that we don't normally participate in will help us kind of make up for some of the shortfall.

**Moderator:** Thank you. The next question is from the line of Samayank from Mariculous Investment Managers. Please go ahead.

**Samayank:** My first question is, so you did mention that you are closing the UK facility, so you intend to supply the resultant demand from India or from the other two European location that you have presently?

**Thomas Kehl:** No, we have closed down this site because of the last few years we have improved the process and the operations in the German plant significantly so that we can absorb the capacity that was in there. So we took the advantage of the slowdown time to consolidate there and improve our cost position and be more competitive. And we also bring in products from India. This has been established three years ago very successfully, so that we can serve the market, even if the market increase significantly, we have all enough capacity to do so.

**Tarak Patel:** It's not a very large market, so I don't think that we are going to expect significant growth in that market. But yes, if the market were to need equipment, we are well placed to serve that market through two of our European sites, and even with India. And if the trade agreement with India and the UK could be also beneficial, where the duties and taxation between India and the UK would also help us become more competitive as well.

**Samayank:** Got it. So are you still looking to rationalize your manufacturing facilities or it's largely done?

**Tarak Patel:** So, that we are always looking to rationalize and to improve our manufacturing footprint. Our Poland facility is a start in the right direction, but we do need to add capacity and look at moving cost from expensive locations and high cost locations to Poland. We also feel that the availability of engineers, welders are easier in some of these locations, so we will continue to invest in areas that will help us support our growth and the cost structure that we are looking forward to. And then obviously, in India currently we have already a strong footprint, China and Brazil are also well taken care of, so there's no real kind of additional investment that we need as a group, but if there is an opportunity to rationalize, we will continue to do so.

**Samayank:** Understood. And last question is on the India transformation program that for which we have incurred around Rs.9.8 crore in this quarter. So is all the expenditure related to this program largely done, or we should expect some expenses to be incurred in next financial year as well?

**Alexander Poempner:** No, no. You could consider that everything is spent.

**Tarak Patel:** So the total number for the year is around INR 15 crores, that's the full amount that was paid to the advisors who are running this transformation program. And on top of that, the INR 5 crores we spent on closure of Hyderabad that has all been taken in this financial year INR 20 crores in total, none of those costs will carry forward into the next financial year.

**Moderator:** Thank you. The next question is from the line of Ronak Oswal from Arihant Capital Market. Please go ahead.

**Ronak Oswal:** Sir my first question is, while going through the financial statement, in segment wise revenue technology segment reported lowest quarter, the revenue in last 12 months and the order intake is also not looking that great. So what are your plans to improve that?

**Tarak Patel:** Sorry, we could not hear you, could you repeat the question please?

**Ronak Oswal:** Sir in technology segment Company reported the lowest revenue in last 12 Quarters, and the order intake is also not looking that great, so what all you have to plans into that?

**Tarak Patel:** Yes, so order intake in technologies was obviously the result of a slowdown in the glass lined business, which was driven by a slowdown in the chemical and pharmaceutical sectors around the world, in India especially the agrochemical sectors, like I mentioned to you, India starts the year with a 20% higher backlog. So that is a favorable mix between heavy engineering, glass lined and proprietary products. So obviously, as you can see, some of the glass lined business has come back. Internationally as well, the services business has taken a hit in the last financial year. Again, service is something that comes and fast moving, so can be converted quite quick. As Thomas mentioned that we have a very strong pipeline. Some of these orders have already come, in this financial year in the first quarter and we expect again in the month of May and June, to have a strong order intake. The focus is on order intake to make sure that we have neutralization and absorption for the next few quarters as well. So some of this has already come back, and some of this is expected, but we are aggressive in the market, and we are trying our best to win as much as possible, and where we can't win in market which are constrained by growth, we are trying to win in other areas as well. So heavy engineering, mixing, even in India, we have broken into new markets like food and beverage, where we usually did not play. So a lot of things going on and then we have certain businesses which are completely outside chemical and pharma like Edlon in the US, which has done quite well and continue to do quite well. So, we are just trying to see where is the growth going to come from and where exactly can we compensate for the loss of the glass-lined business that has happened over the last couple of years because of the slowdown in the chemical sector.

**Ronak Oswal:** Okay. Sir, what amount of growth are we seeing in the next four, five years?

**Tarak Patel:** So, we have to dig in more numbers as well, But in terms of the backlog here in India, it's higher, and India will grow and internationally also, we expect a small amount of growth, but we do expect to have a much better financial performance for the next financial year than we did this year.

- Ronak Oswal:** Okay, sir got it. And sir on international margin, we have seen margin pressure in this quarter as well, so when are we looking to get back the margins and in the next two years what can your targeted margins will?
- Tarak Patel:** So, margin pressure this quarter of course, because of the lower utilization, if utilization comes back and the volumes come back, those margins will look a lot better. India margins, as you have seen in Q4 are already quite strong. We expect that to continue in that kind of range, which is significantly higher than previous year due to all the homework that has gone in. So margins will improve, I am not here to give a kind of guidance right now, because it's still a lot of uncertainty, especially in the international business. And as time progresses, as the backlog improves, as we see order intake improve which we think it will and some of it is already coming. By the end of Q1 we would be in a better position but, I can say today that, like I said compared to 12 months ago, we are in a better position, and things are looking more positive.
- Moderator:** Thank you. The next question is from the line of Hardik Gandhi from HPMG shares and securities. Please go ahead.
- Hardik Gandhi:** Just wanted to know on the Poland site, what kind of revenue are we expecting from that site, and how fast we can ramp up, and what's your plan looking for that site for now?
- Thomas Kehl:** Poland is a small entity that was a couple of years of startup, where we had 51% share acquired. Just recently the current revenue will be got tripled within the very first year due to the orders we are giving in there. The growth plan is to complete further buildings and increase capacity, and in just a few years it will double again and come close to the USD 10Mn within two to three years easy.
- Hardik Gandhi:** Okay. So you are saying we are expecting to quadruple the revenue at least in this year. So what is the number we are looking at this year?
- Alexander Poempner:** We will be close to USD 5 Mn.
- Tarak Patel:** So just to give you an idea, they were as a standalone Company for the one and a half odd million. And the recent order that we placed on them for our site in France is close to USD 4 Mn . So that's already a significant increase, plus over the year we will add more. We need to ramp them up as soon as possible, because again it's a great source for our two units in Europe, and the momentum there and need of those two units, and the quality levels that have come out of Poland have really been very good. So, as time progresses you will see more and more requirements being given to Poland, if we could ramp up faster, we will but of course some of these things take time and we will try and ramp up as soon as possible.

**Alexander Poempner:** Just to be clear, Poland the revenue it's in fact considered as an internal cost improvement play, so it will not be a full top line revenue improvement and story. So as said, we will use it as a manufacturing cup, especially for the Mavag and the French entity, which then have or keep the external revenues, but with significantly higher margins.

**Hardik Gandhi:** And what kind of margins are we expecting on a ballpark basis?

**Alexander Poempner:** As Tarak said already before that, we expect an improvement of 30% on the cost base. So, I would keep it there so that you could do some calculations. We do not want to further comment as of now.

**Moderator:** Thank you. The next question is from the line of Vibhav from Laburnum Capital. Please go ahead.

**Vibhav:** Tarak you mentioned that in pharma, India volumes have been an outlook has been strong, and international has been relatively weak. With increasing talk about global supply chain diversification out of China. Are you seeing any early benefits of it in India or outside India, that's my first question. Secondly, related to that is, do you think it's like sort of early days of impact for that trend happening, and current volume trends in India pharma are largely being driven by the GLP-1 tail wind?

**Tarak Patel:** The way I look at it, I know six months ago, I would not say no to certain glass lined orders. Today, I pick and choose what I want. So from that perspective, volumes have increased if I am starting a third shift now as well, the factory is also buzzing with these additional volumes. So the situation at a factory level is definitely much better. From what I speak with people that we have very strong relationship with owners and stuff. Many of them have said that, guys hang in there things are looking a lot better. Investment will come but this is more of a general India story and that is being driven by some of the uncertainties with China, some of the production of China moving to India as well, India will be well placed to capture some of that production as well. And keep in mind, the last couple of years, similar to us many of the chemical players have also not invested. So at some point, something will turn and then you will see volumes pick up. The signs are very positive, the start of the year for India looks very, very good. The inquiries in glass lined are quite strong, not only in glass lined, but across the other two verticals that we have in India, proprietary products and our heavy engineering business. Glass lined probably was the weakest one, but glass lined has recovered in a nice way, and all three product lines have a very strong backlog and a very strong outlook as well.

**Moderator:** Thank you. The next question is from the line of Rajiv Kalra, an Individual Investor. Please go ahead.



**Rajiv Kalra:** With the recent geopolitical development, it seems like a significant amount of capex is being planned by European countries, especially Germany. Now this will mainly be in the area of defense, infrastructure, energy, etc. Do we see any opportunities related to our businesses to capitalize on this capex growth in the Eurozone, especially given our strong presence in Europe and particularly in Germany. And the related question to that is, what percent of our revenues currently are attributed to Europe?

**Tarak Patel:** Yes, so defense is definitely an area where we do participate, we have seen traction, we have seen recent order intake in this space, and that is definitely something new that has not happened in the past. How does it play out and pan out, I am not sure, but it seems that for European countries and the European Union Defense is one area that they do want to spend money in, and we definitely have a place there, because we are quite capable with our glass lined equipment, our acid recovery systems, quite capable of participating in that story as well. So that is definitely an area that we are seeing traction in, and we hope many of these orders in those spaces will start to materialize, if they haven't already. In terms of European side, you could just maybe look at the US or the Americas as 1/3<sup>rd</sup> of revenue, Europe as 1/3 and Asia as 1/3 that's really a ballpark figure. It might have fine-tuned a little bit, but generally that's a rule of thumb that we are currently working on.

**Moderator:** Thank you. The next question is from the line of Ravi Mehta from One-up Financial. Please go ahead.

**Ravi Mehta:** So there was a regulation on FGD which got pushed to 2025 from 22 earlier. So, should this benefit your systems vertical, because I am not able to see that in the order book or revenue so far, so some color on FGD opportunity?

**Aseem Joshi:** Yes, so I will take this one. So, FGD, Flue Gas Desulfurization the regulation has been pushed out. Obviously that doesn't help those projects to come forth. There are, we are still engaged with a number of customers who are still deploying their FGD projects. So those are going forward, but with the regulation being pushed out, I expect new projects may slow down until the regulations are closed, until the deadline is the closed.

**Ravi Mehta:** So, the older projects won't want a FGD unit, so you can help with your systems unit for the older ones as a retrofit?

**Aseem Joshi:** So there are projects for FGD that we are executing those obviously will continue. As far as new FGD projects for existing units, our conversations with customers that are advanced stages those are continuing, but I do expect new conversations may get pushed out as customers potentially delay the capex that would go into these Flue Gas Desulfurization units, because regulation pushed out. I will just add quickly, related point FGD, or various other technologies, GMM Pfaudler has realized that customers often would like to test their product, to a proof of

concept before they go into a large investment. And to that kind, they have now established a test center in our Gujarat facility, it was inaugurated last quarter by our Managing Director, and here we have the ability to offer customers the ability to try before they buy. They can do a lot of test around the acid concentration, various other solutions, including FGD kind of application. So, we are ready for and able to solve these requirements in India, that's a big step forward for many of us.

**Moderator:** Thank you. The next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

**Rohit Ohri:** Three questions. First one, do you think that the cleanup of the balance sheet which is going on to manufacturing a footprint optimization process which is ongoing, has that been completed or do you think there are some more subsidiaries or step down subsidiaries that you might want to close in near future?

**Tarak Patel:** So we have completed two of these site closures this year. On top of that, we have restructured our Swiss unit as well, so that was also a top unit that we had to clean up. And we have, that production, the capacity there, the flow of the product, has improved significantly. We brought in the right people to run the supply chain, and the project and the engineering team has also been kind of increased. So, three units have been kind of, two have been closed and one has been restructured. We will continue to kind of move production into Poland over the next month and quarters as well. In India, we are well suited and well placed, China we have to be there, and we will continue to play in China. And obviously the US and Brazilian units work hand-in-hand to cater to the American market as well. There is an opportunity, probably somewhere in South America as well, where we haven't really had too much of success, but that could be an area especially for our mixing business, where there's a lot of mining, and mining companies that would have requirement and mining for us as mixing has become a very important part of our mixing program. We have had large orders coming in from Australia, even here in India, and we will look at targeting some of these big mining companies where lithium extraction, or heavy metals, all that kind of stuff that is coming out. We can probably participate in that growth story as well.

**Rohit Ori:** Greg is appointed a CTO. What are the key short term and long-term goals which he is assigned?

**Tarak Patel:** So, you will hear more about this global transformation program that we are working on. We have had already a great amount of alignment between the management team and maybe from a softer aspect, over the last year or 18 months, we really kind of come together as a group. Before that, when business was great, we were running India and international as two separate companies. But during this down cycle, we were really able to sit down and really agree and align on what the Company should look at, look like 5, 7, 10, years from now. So a lot of work has gone into how we want to organize, what our strategies are going to be, what

do we want to be known as, in terms of our Company and how are we going to bring growth back, because you know that glass lined is a mature business. You know that we are already a market leader with 50% market share. The focus, obviously in glass lined, is to improve margins and rationalize manufacturing footprint to a point where the salesperson or the customer should have no say where this product is made. It should be a supply chain kind of a decision depending on what capacity is available within the group. So that is the end state that we would like to be in. The focus should really be on the other verticals, especially the non-glass lined verticals, the heavy engineering verticals and the systems verticals, where growth is really unlimited, because those market sizes, those addressable markets, are much, much bigger than what glass lined is. So that is really the theme of the strategy that we are trying to put together. How do we organize to capture this opportunity, how do we organize to make sure that the people involved in these verticals make the right decision and drive the right behaviors. All those things are going to be something that we have discussed, and we will now start implementing. And Greg's role is going to run this formal transformation program, because as a Company, we can't lose sight of the business, because business and financial performance is very important. But at the same time, we need to transition what has worked for us for the last 20 years may not work for us for the next 20 years. So, we have to kind of diversify, we have to be creative, we have to organize better, and we all need to be aligned with the same kind of thought process across the organization so that we create the right behavior amongst our people as well. So that's really the kind of transformation it's really a large transformation program that we are going to do, but as the market turns we will see a lot of these benefits flowing through, and we are prepared to put in the hard work to make sure that over the next year or so, we have the program in place. We are motivated, the momentum is there, the expectation within the group is also there. The management team is completely aligned, and we are ready to hit the ground running. And that's pretty much what Greg is going to run over the next 12 months. And Greg is here, maybe I will invite him to say a few words in his first conference call as well and introduce himself.

**Gregory Gelhaus:**

Yes, hi everyone this is Gregory Gelhaus. Rohit, thanks for your question. As Tarak said, there is a tremendous opportunity within the group. It's obviously been extremely successful over the past many, many years. The diversification program has already borne a lot of fruit, but there are opportunities to continue to improve, and this is where a formal transformation program, as Tarak has highlighted well, will really benefit the group. The senior management team is 100% aligned to drive that program, and we are looking forward to working together to achieve those aims. It is really forward looking, so we are looking to really make some significant improvements and help to drive that growth and bring that forward for the future. Thank you.

**Rohit Ori:** Thank you, Greg . Tarak, my last question, you mentioned that you are looking at starting the third shift at Karamsad, how much or what percent is attributed to the shift in from Hyderabad, and how much percent is attributed to probably the new orders, or the green shoots that is seen in the order book right now?

**Tarak Patel:** Yes. So, by the time we decided to shut Hyderabad, we didn't have too much backlog there that came in there was some, but not significant. The real new backlog that is coming in glass lined is really new orders that has come in, the new investment, the new capex that is going in. It's not the Hyderabad goal that is driving this new kind of, starting of the third shift, etc., etc. It is real new volume that is being generated from the Indian market. And this is without agrochemicals coming back. So, this is still specialty and pharma and if agro chemicals were to come back at some point, that would even kind of add to those volumes.

**Moderator:** Thank you. We have a follow up question; it's from the line of Samayank. Please go ahead.

**Samayank:** Sir just wanted to understand that we are hearing a lot of traction from, for the flow reactors from the chemical companies. Just wanted to understand, how is GMM placed in the flow reactors, and are we seeing any traction in that?

**Aseem Joshi:** Just want to make sure you are asking about flow reactors, correct?

**Samayank:** Correct.

**Aseem Joshi:** So yes, continuous chemistry is something that's been sort of on the horizon for a long time in the chemical space, as GMM Pfaudler we have been equipment manufacturers for batch chemistry, also for a very long time and we have been looking at continuous along the way. As we have studied it, we recognize the potential of continuous chemistry and flow chemistry. We also know where the limitations thereof. So based on the studies we have done, we have embarked on a few initiatives at GMM Pfaudler to make sure that as flow or continuous chemistry picks up, we are positioned to capture that, and I will just touch on some of those. First, we have an active collaboration with NCL (National Chemical Laboratory), along with other industry leaders, chemical companies, pharmaceutical companies. We are really the only capital good Company in that alliance, and that is at the forefront of development of flow chemistry in India, and that's in partnership with a UK agency as well. At the same time, within our teams we have strengthened our capability in flow chemistry. We have already a couple of products that are available in flow chemistry, and we will continue to expand that. So, you can rest assured that when flow chemistry really picks up and it is fine GMM Pfaudler is ready to give solutions for the customers for the same.

**Moderator:** Thank you.

- Moderator:** There is a follow up question from the line of Rohit Ori from Progressive Shares. Please go ahead.
- Rohit Ori:** My question is related to the heavy engineering business. If you can take us through that, what sort of capacity is there at Vatva, and do you think that there should be phase two of Vatva coming soon?
- Tarak Patel:** So, we believe we have plenty of room for growth in Vatva itself, certainly for the next couple of years. However, we do anticipate outgrowing that facility out in the future. So, we are actively working on those plans. Demand is very strong, we believe we have very strong systems in place now. In the past three years, as we have been running the factory, we have seen very good ramp up, as well as a very good margin expansion over the past three years. So, we are looking to expand this, in new calls we will share expansion plan, right now we have adequate space in Vatva for probably the next two years.
- Rohit Ori:** And this allocated platform for the bullet train, it runs very close to our plant in Vatva. Do you think that we can play some role, via HE, for the bullet train project if any?
- Tarak Patel:** No, not really. I wish I could, if we could have a station next to our plant it would be very convenient, but the station would be in the city of Ahmedabad. But you are right, it runs very close to us, but unfortunately, most of the work with that railway has been completed. So, it's not an HE play for us.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.
- Dhaval Rajput:** Thank you, team. Thank you everyone for joining us today. It was a pleasure interacting with you, and we look forward to many such interactions during the course of the year. Take care and see you soon.
- Tarak Patel:** Thank you.
- Moderator:** Thank you. On behalf of GMM Pfaudler Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.