GMM/SEC/2025-26/61 November 13, 2025

To,

BSE Limited
Scrip Code: 505255

National Stock Exchange of India Limited
Symbol: GMMPFAUDLR

Sub.: Earnings Call Q2 FY26 – 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 quarter and half year ended September 30, 2025, conducted on November 6, 2025, 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
Digitally signed by MITTAL KARTIK MEHTA
Date: 2025.11.13 16:11:56 +05'30'

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

Encl.: As above

“GMM Pfaudler Limited Q2/H1 FY26 Earnings Conference Call”

NOVEMBER 06, 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, (INTERNATIONAL BUSINESS), GMM PFAUDLER LIMITED**
- **MR. ALEXANDER POEMPNER – GROUP CHIEF FINANCIAL OFFICER, GMM PFAUDLER LIMITED**
- **MR. DHANANJAY BAJPEYEE – CEO, HEAVY ENGINEERING TECHNOLOGIES**
- **MR. DHAVAL RAJPUT – SR. GENERAL MANAGER FINANCE & ACCOUNTS, GMM PFAUDLER LIMITED**
- **MS. MITTAL MEHTA – COMPANY SECRETARY & COMPLIANCE OFFICER**

GMM Pfaudler Limited
Q2 and H1 FY'26 Earnings Conference Call
November 06, 2025

Moderator: Ladies and gentlemen, good day, and welcome to GMM Pfaudler Limited Q2 and H1 FY'26 Earnings Conference Call. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dhaval Rajput from GMM Pfaudler Limited. 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 Q2 and H1 FY'26 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 have a chance to go through it.

From the management, we have with us our Managing Director – Mr. Tarak Patel, our CEO of International Business – Mr. Thomas Kehl, our CFO – Mr. Alexander Poempner, our CTO – Mr. Gregory Gelhaus, 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 the stock exchanges and also on our website, including all our call discussions that will happen now, contains certain forward-looking statements regarding our business prospects and profitability, which are subject to several risks and uncertainties. The actual result 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: Thank you, Dhaval. Good evening, everybody.

Let me start off by giving you a quick update on the performance highlights of the quarter:

Our revenue stood at INR 902 crores, up 14% quarter-on-quarter and 12% year-on-year. Our EBITDA for this quarter is up 20% quarter-on-quarter and 27% year-on-year and stands at INR 122 crores. Our EBITDA margin currently is at 13.5%. The revenue for H1 FY'26 is up 7% year-on-year and EBITDA is up 21% year-on-year. Order intake was strong this quarter with INR 878 crores of order intake and the order backlog currently stands at INR 2,146 crores. The acquisition of SEMCO has also been completed this year and we have consolidated SEMCO for this quarter as well as consolidated the backlog that SEMCO brings along with it.

Overall, just to give you a little bit more flavor in terms of what is going on, our India business has performed quite well both in terms of revenue and in terms of order intake. Like I mentioned to you in the last call, we expect India to have a good year this year and with the order backlog that we currently have, which is well diversified across our three business lines, which is glass-lined, non-glass-lined and heavy engineering, we do see the India business doing quite well for this financial year.

In the international business, Europe is still slow when we talk about our traditional industries of chemical and pharma. However, we are seeing some kind of uptick when it comes to newer industry segments, especially for our systems business, where we did receive a very large order last quarter in a new sector that goes into acid recovery as well. That is a play that we see that is growing more and more and we are currently negotiating a few large contracts in the similar space where we use our acid recovery systems to produce nitric acid. In terms of the mixing business with SEMCO coming on board, that opens up a new growth area for us in South America. There are industries there that are currently growing quite rapidly, namely metals and minerals, mining and water treatment. SEMCO has a strong order book and a strong brand name in the local market and we expect SEMCO to have a nice growth going forward over the next few quarters. The American market, the U.S. market has seen a little bit of improvement. Obviously, there is a Make in U.S. initiative. There are a lot of contracts that have been signed recently, that plan of investment in the U.S. If some of these investments in chemical and pharma materialize, that should help our U.S. business as well.

All in all, I think that we are in a good situation as of right now. It gives us good visibility for the year. However, there is obviously a lot of work to be done. We are working on internal improvements, operational improvements, and financial improvements. We are thinking about strategy and long-term strategy, especially when it comes to our focus on diversification. All in all, it is part of a journey. We are obviously on our way and the market does seem to support it. Hopefully, over the next few quarters, we can see additional order intake and growth for some of the markets, which we have not been growing as quickly as we would like.

I would now like to hand over the call to Alex, our global CFO, who will take you through the numbers in more detail.

Alexander Poempner: Thanks a lot, Tarak. Hello, everyone. In addition to the financial highlights that Tarak already presented, I would like to touch on three key areas.

First is on the consolidation side. We have completed the two acquisitions and considered first-time consolidation of SEMCO, the latest acquisition in Brazil, as well as the JV in Poland. You will see it in the books. We acquired SEMCO for a total purchase price of USD18.5 million, which corresponds to INR 162 crores. And the investment in Poland was 11 million Polish zloty, which is roughly INR 25 crores. You see in the accounting that both acquisitions have been accounted for as Goodwill only, and we will conduct, as usual, the PPA in the next 12-month period and will adjust the goodwill accordingly. The acquisition of SEMCO, due to the size, was funded partly by external debt. We draw down an acquisition facility of 10 million euros. The rest of the purchase price was financed by internal cash.

Another point is the working capital. As you have seen, it increased in H1 versus the end of the last financial year. This is especially driven by higher inventory, especially higher inventory in India. This is the basis for our expected growth, and therefore we see this increase in this number. However, in the next half year, the remainder of this financial year, we expect an improvement again. The other increase in working capital you see on the receivable side, where we also work on and we are positive regarding the outlook till March 2026.

Finally, compared to last quarter on the FX front, in the last quarter we faced this significant depreciation of the USD versus the EURO, which caused a big financial loss and therefore also increased our tax rate. In this quarter, the euro-USD FX rate did not really change significantly and it directly has a positive impact on our results, and therefore you also see a significant improved tax rate on the international business. This is so far from my side.

Thanks a lot. We are now open up for questions.

Moderator: Thank you very much. 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: Sure. Hi Tarak, good evening. Tarak, first question. Could you call out how much is SEMCO's order backlog in the overall backlog that you reported?

Alexander Poempner: We have 20 million in the Backlog, 20 million USD.

Jaiveer Shekhawat: Understood. So, when I look at your overall international order intake, I mean, is recovery still expected to be possibly later down the year? Are you seeing any green shoots there? Because we have seen a considerable recovery on the India business. How is the situation on the international side? I understand on the chemical side it is not still picking up, but possibly the rest of the industry?

Tarak Patel: So, maybe I will add and then I will jump in here and then Thomas can add a little bit about what he has seen in Europe and the US. But as I mentioned, the defense play that we have been kind of participating in over the last maybe six months or so seems to be gaining further traction. We currently have an opportunity close to about 10 million currently in Eastern Europe as well. Very similar to what we are currently supplying, the large acid recovery plant that we got. We have another very large contract that we are currently discussing with. We also have some opportunities in the US where the client has signed engineering contracts, which makes you know, that gives us visibility of the order intake coming in shortly as well. So, all in all, the systems business and the non-glass lined business has done quite well. Europe, as I mentioned, has been slow and glass lined particularly has been a bit slow. We are seeing some improvement in the US. But Europe, from a pharmaceutical and chemical perspective, investment is still being delayed. Decisions are still taking time. I think there is still a lot of uncertainty surrounding global trade and geopolitical issues. But on the flip side, on the bright side for us, luckily, there is a whole different market that we can currently cater to. These are long contracts. These include a lot of internal as well as external kind of equipment. But again, it is the process technology that we have in-house that gives us the ability to kind of cater to this. Right. So, these are quite critical in nature. Quite, you know, it is not that anybody can come in and supply an acid recovery plant for such a large contract. Right. So, we have that capability and hopefully we will be able to build that. And as we continue to do so, we hope that some of the other decisions which have been held back for a few months will also materialize. So, we are being aggressive in the market. We are trying very hard. But the market also needs to support. Thomas?

Thomas Kehl: I mean, there is not much to add to this. This really describes the situation in America as well as in Europe. And as Tarak already said, we are very glad that we started diversification and process engineering a couple of years ago as part of our strategy. And seeing the successes now in those times. However, we are seeing a little bit of uptake in service activities as well as in America as Europe. This is surely a sign that our customers are getting more busy than they have been the last quarter. And that takes us to believe that the increase in order of decisions will come.

Jaiveer Shekhawat: Sure. On the international business again, just more on the pharma side, given the amount of investments that are being put in on the GLP-1 or the Semaglutide side. And we have also seen some of the other pharma index players also do well, especially in the international geographies. How is that portion of your business doing for you?

Tarak Patel: Semaglutide, GLP-1, very interesting business for us right now. We did see some investments a few years ago in Europe for these products. We are seeing more traction here in India for Semaglutide and peptide manufacturing. So, that has really become the buzzword here in India. We are currently executing a very large contract for a peptide manufacturer in the south of India. And with that, we have a lot of opportunities, open opportunities, where we are seeing that a lot of these pharma companies are looking at peptides in a very large manner. So, that is definitely an interesting play for us. And we have technology available for this play because of our association with Mavag, our Swiss subsidiary. And that really helps us kind of be slightly different from competition. So, that has been a nice story for us in India. Internationally, yes, of course, there is Semaglutide's play. There could definitely be more investment. Where this investment happens, I know currently for sure there are large global players like Bachem and stuff who are looking to add investments. We are currently talking to them. I am sure Lilly as well. Lilly, we received some orders recently from the U.S. for this. Is it specifically for Semaglutide or not, I do not know. But Lilly, probably it will be something to do with Mounjaro or one of the new generation GLP drugs, right? So, yes, I think this is going to be a big business for the future. I think a lot of people, and I have done a lot of research on this, I think that it is definitely going to be something that in the future a lot of people will be consuming for better health and longevity. So, yes, I think that is the play. And we have the technology tap into this play as it kind of grows and progresses.

Jaiveer Shekhawat: So, just a clarification. So, your reactors, glass-lined reactors will still be used wherever there is Semaglutide manufacturing that is happening. Is that a fair understanding?

Tarak Patel: It is not glass-lined. It is a filtration equipment. It is called an HPPS reactor. It is a technology that we had in-house and we have been having for quite a few many years now. And that is the technology that we are selling here in India now and also internationally.

Jaiveer Shekhawat: Understood. Thanks for the clarification. On the India business, it is interesting to see the share of systems and services that seems to be increasing in the order intake. Could you call out what is happening here? Is it, again, here in India as well, the share of systems is increasing? And why is that?

Tarak Patel: So, I think systems in India has, has kind of been working on quite a few things over the last few years. You know, we have been kind of building a test center very close to our facility in Gujarat. We have been actively pursuing new product development, right? So, over the last few years, we have launched some new products that have actually been quite popular in the Indian market. We have replaced some existing products that could only be procured from Europe. So, that has been a nice kind of an opportunity for us. And I think more and more people today, they do not want standalone equipment. So, when you have equipment, like in the peptide case as well, they want you to kind of put instrumentation, automation, glove boxes, and really give them the whole complete system, right? And we have that capability in-house. We have a strong engineering team here. We have a global engineering center as well. But we can really add these kinds of technologies very quickly along as part of our equipment and really give them a complete solution rather than just the equipment. And then they need to worry about stuff later on, right?

That has been kind of strong. What we also did quite well last quarter was started building a backlog for our heavy engineering business. So, there were some large orders received in heavy engineering. And currently, we have very large opportunities that we believe that we are very, very strongly placed for in the nuclear kind of industry here in India. So, that has been one of the strategic kind of diversification plays where we want to kind of enter in and we have been working quite hard to get our names registered. And because of our association with HDO, the company that we bought in Vatva we got some of these qualifications along with that acquisition, right? So, that has been a nice growth area. And we do expect order intake from this industry at least in this quarter as well. So, we are quite bullish there. So, India looks strong across the three business lines really. But I think what is also nice is that this quarter we saw agrochemicals coming back in a large way, right? So, two of our big agrochemical clients after really an 18-month, 24-month sabbatical have now started investing again. So, it is not back to the original Heydays when they were adding plants every six months. But there is definitely some amount of investment that is coming back. Hopefully, that can sustain and help us kind of build the glass-lined business and grow the glass-lined business.

Jaiveer Shekhawat: So, last question on your balance sheet side.

Moderator: Mr. Jaiveer I would request you to rejoin for a follow-up.

Jaiveer Shekhawat: Sure. Thank you so much.

Moderator: Thank you. Next question is from Koushik Mohan from Ashika Group. Please go ahead.

Koushik Mohan: I just wanted to understand, from last year to this year, our goodwill has grown by INR 200 crores. Can I get the clarity, what is this exactly? How much for this acquisition, recent acquisition, and what is this accounting, like INR 200 crores accounting?

Alexander Poempner: This is Alex. If I understood correctly, you asked regarding the INR 200 crore increase in goodwill. This is mainly due to the SEMCO acquisition. So, as of now, we have considered everything in goodwill. We will conduct the PPA now in the following, or in up to 12 months, and then the goodwill will be reduced. But the increase is just coming from SEMCO, and a little bit from the Polish acquisition.

Koushik Mohan: Okay. And this will be depreciated over the next five years? This is my understanding.

Alexander Poempner: No. What we do with all the previous acquisitions as well, we conduct a purchase price allocation, and then we will allocate part of the value to, for example, customers or technologies, and the remainder will be the goodwill. And for the goodwill, we do on a yearly basis, as already done now, a goodwill impairment test. The goodwill number will reduce in the coming 12 months.

Koushik Mohan: Okay, in the next coming 12 months. Got it, sir. Thanks for that.

Moderator: Thank you very much. Next question is from Kunal from Sunidhi Securities. Please go ahead.

Kunal: Hi. Very good evening, sir. My question is that just recently your U.S. Biosecure Act was passed in both the houses, and it is due to this being become a law. So, what traction do we see in the next, let us say, two to three years, and then the next five years in terms of reshoring by the U.S. pharma companies for this?

Tarak Patel: So, you are talking about the Biosecure Act. So, yes, it has been passed. Like I said, and I wrote that in our press release as well, that we mentioned that the U.S. could see some investments coming in from the Make in U.S. initiatives, the Biosecure, the tariff situation. Currently are we seeing a lot of movement on the ground? Probably not. I think we probably will have to wait a few months for probably some of this to materialize. We have had requests once maybe in the last couple of months, once or twice, for U.S. made equipment to be supplied quickly for a U.S. site, where they clearly mentioned that only U.S. equipment would do. And if that were to materialize, that would definitely help our U.S. entity, because we are one of the only manufacturers of glass-lined equipment in the U.S. in terms of a large scale and size. So, that would definitely be beneficial. We have another business in the U.S., which is obviously the Edlon business, but that is more semiconductor, so I do not think it has too much of a play in pharma. But for our glass-lined business and our filtration and drying and mixing business, yes, there could be an opportunity if investment were to increase over the next few quarters in the U.S.

Kunal: Okay, and my second question is that the unfunded pension liabilities increased by about INR 30 crores over FY'25. So, what is the reason for that? I think when we acquired, I think about INR 430 crores around was the pension liabilities, which reduced to INR 285 crores. Now it has increased to about INR 312 crores. So, what is this and how do we forecast this going ahead?

Alexander Poempner: So, if I understood correctly, you discussed about the pension liability that we have on the balance sheet. We have usually only two impacts because the plan itself is closed. So, we have an impact due to changes in the assumption in the actuarial report and also some FX impacts. But these are the only two impacts. It will vary just with mainly the FX and the interest rates, but nothing more. So, there will be no additions coming in the future.

Kunal: Okay, and my final question is what is the percentage of services in the order backlog on the consolidated level, services segment?

Tarak Patel: So, services will not be a very large number because services are very fast moving and you get stuff and you kind of execute that within the quarter. But I would say at any given time may be 10% of the order backlog would be around services.

Alexander Poempner: Yes, I would agree. Services is really a fast-moving business. Therefore, really in the backlog, it is only a limited period. It is fully different for the technologies as well as especially for the systems. Systems business, long running project, therefore it makes a big chunk out of the backlog for services, it is not, no.

Kunal: And the average order execution cycle would be about eight to nine months?

Tarak Patel: Sorry, which execution cycle?

Kunal: Average order backlog execution would be about eight to nine months?

Tarak Patel: It depends. So, a system order like the one that we received in Eastern Europe is going to go on for three years. Glass-lined equipment in India goes in about 14 weeks. In the international business, glass-lined goes in maybe six to eight months. So, everything is different. Agitators go much faster. So, it changes. It is not one number for all product lines. So, it kind of changes. But services generally would be shipped out within a six-week period. Services need quick replacement. The people are waiting for that. So, I would say even faster.

Kunal: And have we hired any new person for the India business because the employee costs have increased?

Tarak Patel: We have not employed new people, but as part of our tax optimization strategy, we are doing internal kind of recharges and stuff like that. So, that is part of our optimization strategy.

Alexander Poempner: In fact, what we are doing, we are working more on the integration. And in line with the integration, there are also some costs which we now see in India. And this, of course, from a group perspective, it will help us. Especially from the profit. But as Tarak said, we did not hire any new people. So, this is normal.

Tarak Patel: Not like any new people. I do not think we can say that. Any new senior people in the management team.

Alexander Poempner: Agreed.

Kunal: Okay. Thank you. I will join back in the queue.

Moderator: Thank you. Next question is from Sagar Shah from Spark Private Wealth Management. Go ahead, please.

Sagar Shah: Yes. Thank you so much for the opportunity. And first of all, congratulations to the team of GMM Pfaudler for delivering better results, actually. So, my first question, sir, was related to our, especially performance on the international foray. The global situation is still under uncertainty because of the U.S. tariffs, actually. So, going forward in H2, is the uncertainty looks to prolong ? Or do you think that there will be some sort of improvement, which we saw in Q2, in terms of new order intakes as well as in non-glass-lining technologies, especially? So, what do you think of H2, especially under such uncertainty?

Tarak Patel: So, I will start and maybe we will look at each market separately. But again, we cannot paint the same brush for the whole international business. There are definitely segments which are growing. Our Edlon business in the U.S., driven by semiconductors, is growing. Our SEMCO business in Brazil, now driven by metals and minerals, water treatment is growing. In Europe, we have businesses in acid recovery and systems that are growing. So, it is different, right? So, I think chemical and pharma in Europe is slow. Maybe, Thomas, you might want to add in terms of Germany, the Western Europe countries, what are you seeing there?

Thomas Kehl: We are seeing a few differences in Europe. If you look at Southern Europe, Italy, Eastern Europe, we see a better demand, higher demand than in other regions. Germany is rather slow in demand and the economy is rather slow. There are still some uncertainties. And if you look to China, China is a totally different ballgame. China is still one of the largest chemical industry markets. The demand has been slow for a while. There have been build-over capacities that are being used up and we expect the market to come back by next year.

Tarak Patel: So, I think what has helped us over the last maybe few quarters also, like why we have seen a slowdown in our core business of glass-lined and our core industries of chemical and pharma, I think our diversification strategy, our ability to cater to newer markets and new industries has helped us make up some of the shortfalls. And I think that has been an interesting learning for management as well. And I think as we go and move forward, you will see obviously new verticals that will add obviously a lot more kind of growth to the current portfolio that we have.

Sagar Shah: Okay. Got your point, sir. Now my next question was related to our two acquisitions actually. One was in Poland and second one recent with SEMCO for industrial mixing business. First was in Poland. So, now on the Poland acquisition is completed with joint venture is signed. So, what have you thought of especially on the stainless steel reactors to produce there? What is your thought process regarding to expand in Poland?

And second was on the SEMCO. Now on the SEMCO, you have got the South American business over there. So, basically we have another three companies also in industrial mixing business. Now this is the fourth one. So, first of all, any color on how do we integrate all these four companies? As we already know, that, what is the thought process. But now going forward for the fourth acquisition also. So, what kind of, is there any new product introduction in the mixing business that you are thinking of? What is the thought process regarding these two acquisitions now?

Tarak Patel: Yes. So, good question. I think Poland has been a strategy for quite some time. Eastern Europe has been our strategy in terms of improving operational Europe, operational efficiencies in Europe, especially Western Europe where we have two sites in high-cost geographies. We have MAVAG obviously in Switzerland and MIXEL obviously in France. So, Poland is a kind of supplier or a kind of dedicated workshop for these two companies and over time we would look to move more and more production to

Poland. We are already full up in Poland with orders from both Mavag and Switzerland. The first few orders that were executed at a very high quality level. And both the Swiss and French counterparts were very happy with that additional kind of facility and footprint that they now have. So, I think over time you will see that more and more fabrication work will move to lower-cost geographies, and that is the clear direction that we are working towards. At the same time, we do want to maintain our ability to be local. So, we will have some amount of testing, services, engineering locally that is still going to be required. But from a production and manufacturing set-up, we definitely want to look at better cost structure. India also kind of supports our Swiss and our French subsidiary. We do export directly for Mavag into the U.S. as well because we have the ability and the stamp for U.S. ASME stamps, which obviously is more difficult from Europe. So, that is something that is already we are doing. And I think we have enough of work within the group where we have different options when it comes to where equipment can be manufactured.

SEMCO, again, a very good, strong company in South America. The focus is really growth. I think today we have a very comforting business in South America where the order backlog is basically a year worth of order backlog that they have. I know that currently they are negotiating large opportunities which will add to this backlog as well. And I think the investment in both metals and minerals, water treatment and mining over the next few years will continue to grow. So, that is a nice option.

But coming back to your point about how do we combine this, so during our recent visit to SEMCO, we did realize that they have a few equipment which we can actually bring back to Europe and to India. They have these new dryer systems and stuff like that. From a strategy perspective, there is an entire strategy being built around these four mixing platforms. We definitely want to combine them under one umbrella. There is a rebranding strategy going on. We want to bring the product portfolio under one group. We want to kind of have these portfolios divided by industry segments that can be sold across the world so we can replicate some of this. So, the idea was when we bought these four companies to not buy the same technology, each one has their own area of expertise. So, let us say SEMCO is metals and minerals and mining. MixPro has more chemicals while India does more pharma and then MIXEL is kind of biotech and things like that. So, they kind of complement each other quite well and the idea is to really grow this business. I think from a global perspective, I think we are now from an acquisition and global perspective, the world is now completely covered. Now we need to just go out and get market share and win orders under our new kind of created umbrella, this mixing umbrella.

Sagar Shah: Okay, so if I just can squeeze one more.

Moderator: Mr. Sagar, you may rejoin the queue now.

Moderator: Thank you. Next question is from Bharat Sheth from Quest Investment Advisors. Please go ahead.

Bharat Sheth: Hi, sir. Good evening and thanks for the opportunity. Sir, my first question, like what Semaglutide we are talking a lot. About a couple of years back, process flow industry, process were also, a lot of talks were going on. So, can you give a bit color to how that process flow, which saves a lot of energy, so how we are placed and what is happening and do we have old technology like including glass-lined reactor that we have for chemical business?

Tarak Patel: So, okay, so there are two different things. One is semaglutide is a real story because there is consumption here. There is more and more people using. I think last quarter, last month, Ozempic was the best-selling drug in India. So, it is picking up. So, that is going to grow for sure, 100%. Okay. Coming back to process flow technologies, there is a lot of talk. There has been a lot of talk. But first it became a buzzword. But there is definitely movement. We have actually created an entire flow chemistry set up in our facility in Karamsad where customers can come and do trials with us. So, we made a complete chain of equipment that has multiple different applications, reactions, filtration, drying that can be tried out. So, we are definitely getting ready. Has it taken up in a big way? Probably not. But there will definitely be specific chemical reactions within chemical plants that can move to flow chemistry. Will all of it move? Probably not. But there could be specific areas where they could definitely use flow chemistry. And this is something we are working along with NCL and a UK firm as well to see what are the kind of new technologies we can develop. And part of this consortium, we also have other chemical companies. So, we are kind of working together with industry, with customers, with experts as well, and scientists to try and see how much these things will grow. So, it is growing. But there are specific applications. But otherwise, I think the batch will still continue. And flow is obviously something for the future.

Bharat Sheth: Second question, sir. Now a lot of are coming from generic pharma, the way it is happening, moving to the biotech side. So, how is we are placed with whole thing if you can give more color?

Tarak Patel: Yes, I think it is different. I think biotech is a specific area, bio-similar and stuff like that. Chemical and pharma, I think pharma, the big generic pharma, will still need large plants, large capacity. You look at the generic players in India, they are adding capacity. So, that is going to continue. Volume, generic, API that will continue.

Bharat Sheth: Okay. Thank you and all the best, sir.

Tarak Patel: Thank you.

Moderator: Thank you. Next question is from Mayank Bhandari from Asian Market Securities. Please go ahead.

Mayank Bhandari: Yes, thanks for the opportunity. Sir, I just wanted to understand, as you are talking about revival in the domestic market, how much of your order book pipeline would have grown in the last six months? Or is there a number that you anticipate?

Tarak Patel: So, I think last quarter, India order book number, I think we were about INR 90 crores or INR 100 crores higher in order book this quarter versus previous quarter. If you look at the India order book trends, they are definitely on an upward trajectory. Glass lining has still been slow. HE and obviously the other businesses have done quite well. But some amount of glass lining, like I mentioned, has come back in chemicals, and specifically agrochemicals. So, we are seeing some investment. Is it back to putting up three plants in a year? Not yet, but it is coming back slowly.

Mayank Bhandari: So, how much of the growth do you anticipate next year, this year, or maybe this year in the order book overall?

Tarak Patel: I mean, I don't. So, right now, I think we have order book on hand. I think we already, in terms of order booking for this financial year, our internal targets have already been met. So, we are really building order book. We would definitely like to start the year with a much stronger order book. Because for us, order book is critical. If we start April 1st with a strong order book, then we can have visibility for the year. So, I think India will do well. We are quite confident of bringing in that order book. I think we have enough of opportunities. We have enough of diversification to kind of start that and I would hope that at least a 15% to 20% improvement over previous years we would like to start with in terms of order backlog.

Mayank Bhandari: This includes the large order finalization as well.

Tarak Patel: It includes everything. We are spread across multiple industries. So, there could be large orders, small orders. The backline could finally also kind of improve significantly. So, yes, Order book is across all our businesses. But when we take India business, it is stuff that we manufacture in India only.

Moderator: Mr. Mayank, please rejoin for any follow-up.

Mayank Bhandari: Okay.

Moderator: Thank you. Next question is from Piyush from Motilal Oswal. Please go ahead.

Piyush: Hi. Thanks for the opportunity. Sir, I just wanted to understand our growth profile. Let us say if I look at GMM over two, three year horizon, if you can help me understand what is the top-line growth that GMM can do over two, three year? And if you can dissect that growth between, let us say, an Indian operation and rest of Indian operations.

Tarak Patel: You are talking about, sorry, future growth ?

Piyush: Yes, because all the opportunities that you have highlighted, let us say, semaglutide, nuclear.

Tarak Patel: So, I really cannot put a number because we are living in a very uncertain time, right? So, we are building the building blocks. I think the foundation is strong. We are diversifying. You know, when you look at GMM Pfaudler for 10 years, you will probably see a very different company. Today, if you go and ask 90% of the people who know GMM for that, they will say glass-lined, right? In 10 years from now, I do not think people should know us for glass-lined, but they should know us for being this engineering, technology, process, equipment provider that kind of has a wide range of equipment and systems that go into many, many different industries, right? So, it is all part of our journey. The chemical and pharma market for us still remains the most important market. It is never going to be something that we are going to let go. We need to maintain market share, be aggressive. But is it going to drive significant growth? Probably not because in glass-lined, you already know we have a market share of 40%,-50%. In glass-lined, additional market share will come at a cost. So, we are not building our next three-year, five-year plan around the glass-lined business. The glass-lined business does have opportunities in terms of cost optimization, improvement in margins, cost synergies, all that work we will definitely do. The growth is really something that we want to bring from new industry segments, new areas, and that is what we are working on. And the foundation and the blocks are in place and if we have the organization to support this, I think we should be in a good situation. Again, you know, we are in an industrial business. It is a manufacturing business, very labor-intensive. You know, it is not as easy as it is to add like blocks or sites and stuff like that. So, we do plan to grow. I think things are definitely better today than they were 12 months ago. But we are still optimistic. But at the same time, we want to also be clear that there are areas where we do still have concerns. We do hope those markets turn. But in all in all, I think, you know, we are happy with the performance today and we hope to build on it over the next few quarters.

Piyush: So, just a follow-up on that, with all the new verticals that are building at the moment, let us say from the glass-lined, I mean, there might be some internal targets that we might be keeping. So, let us say if I look at GMM five years down the line, well, let us say a high teens's kind of a growth will make you happy. A mid-teens's kind of a growth will make you happy. Just wanted to understand that direction.

Tarak Patel: I do not know. I mean, I do not even have a number. Yes, I think double-digit growth in India should be kind of something that we should aspire for. I think international may be a little bit lower than that. But I think as management, we always aspire for, I mean, we do not want to have crazy growth and crazy change every quarter. We want a sustainable business that makes sense, and it should keep improving over time.

Alexander Poempner: But also, let me say, for international, I think there is a big difference regarding the kind of business. Let me say, if you look at Edlon, which is linked to the semiconductor investments in the U.S., it is, of course, a different growth play than, for example, the glass-lined business, where we are market leader in most of the markets and which are closely linked to chemicals and pharma. However, then the latest acquisitions where we also should benefit from synergistic integrations like the mixing and where we still have a small piece of the cake, of course, it should also grow significantly better and as we said at the beginning of the call, this, in fact, improved our results this quarter. So, in fact, the strategy to also invest outside of our standard glass-lined business, is it mixing, is it interseal, is it Edlon? There, I am also a little bit more optimistic regarding the top-line growth.

Tarak Patel: And maybe here is a good opportunity to talk a little bit about our heavy engineering business that we have not spoken. And we have Dhananjay here with us who handles our heavy engineering business. Currently, he is head of operations, but he will also run our heavy engineering business. Maybe, Dhananjay, you want to talk about what are we trying to do? What is the strategy as a heavy engineering growth strategy?

Dhananjay Bajpeyee: Yes. So, for heavy engineering, we are looking at expanding our presence in different sectors. So, as Tarak shared earlier, we are looking at nuclear as one of our areas of focus in addition to refinery, oil and gas, what we are doing currently. The other areas of interest will be fertilizer and green hydrogen. These are the areas we are looking at. Today, our business is more focused on domestic market. We are looking at expanding our presence in export, which will be focusing on Middle East, presence in US and Europe. So, this is what we are looking at. So, the growth as Tarak shared, we are looking at a very good growth because the base is very strong. The approvals are in place. We are getting global approvals also and that will help us grow in near future to a very good number. Exact number, if you are asking, we are not putting any number to it. But the assurance is yes, we are set for a very good number.

Piyush: Got it. Thanks a lot.

Moderator: Thank you. Next question is from Praveen Kumar from Acuitas Capital Advisors.

Praveen Kumar: Hi, thanks for the opportunity. I had a couple of questions. The first one was on the international technologies revenue. So, that came in at about 9.2% growth on a Y-O-Y basis. So, could you give us some flavor on this in terms of, was it mainly driven by US or was there contribution from Europe as well? Some geographical favor within the international business on the technologies part of the revenue.

Tarak Patel: Sorry Alex, you want to go ahead?

Alexander Poempner: We also, what we have there in the revenues growth is, it includes the mixing business. And please consider that we also have the first time consolidation of SEMCO included. However, as said, we also have our Edlon business included in the technologies and also, Edlon is doing well or doing okay, put it this way. So, it has several aspects. I do not want to explicitly focus on the market. Because, as said before, China remains weak. So, the growth in technologies is not coming from China and also, Europe, we already said before, there is a little bit behind. It is still quiet. And therefore, we also do not see the growth coming from there. So, it is more or less coming from one, two areas which are outside of our standard glass-lined business.

Praveen Kumar: So, what would the growth be ex-SEMCO on the international technologies part of the revenue?

Tarak Patel: I think ex-SEMCO, I think the technologies growth would be pretty flat. Yes, I think so.

Praveen Kumar: This is despite including the mixing part of the business and everything combined. Right?

Tarak Patel: So, the mixing before that was already part of the business. So, everything international was already there. SEMCO is the new addition.

Praveen Kumar: Alright, I understood. And the second question was on the international services side. There, again, if I compare on a Y-O-Y basis or to the previous quarter, growth has been pretty flattish, one odd percent. So, just again, I wanted to understand the flavor of that. Within, again, if I look at whether I look at Europe or U.S., is there a geographical flavor to this services revenue being somewhat flattish again? Or is it that, for example, that you are facing challenges from competition in geographies like the U.S.?

Thomas Kehl: The service area as well as in America and Europe, of course, the demand for this usually the service is slower also because utilization of the equipment in our customer spaces goes down. However, the good news is that we are seeing an uptake in service right now. We are seeing more activities in service. So, the service business will recover sooner than the original equipment business.

Praveen Kumar: Okay. And in the U.S., part of the business?

Tarak Patel: This is more in the U.S., I think. It is more in the U.S. I think chemical and pharma, and you would know this better than us, the big chemical pharma companies in Europe, I mean the BAYER, BASF, etcetera of the world, they are not on the best kind of outlook and expenditure. So, Europe is weak. Maybe there is also, you know, we need to be a little bit more aggressive in the market. Maybe there has been a slight market share loss that we probably had in Europe in services. We are aware of that, and that is something that we are working on. But the U.S. market itself, we are quite strong in because it is kind of, you know, we are the only manufacturer locally who can do this. So, I think that is a good market, and that looks a little bit better today than it did six months ago.

Praveen Kumar: I understood. Thanks for the response.

Moderator: Thank you. Next question is from Saif Saurabh from ICICI Prudential AMC. Please go ahead.

Saif Saurabh: Thanks for the opportunity. So, first question on the FOREX part. So, for the first half of the year, we have around unrealized FOREX loss, right? of INR 56 crores, which we explained in last quarter also is because of the Euro appreciation against USD. So, given where Euro is, right, and if it is stable, would this be, this non-cash item stay as it is? There is a chance it gets reversed.

Alexander Poempner: Sorry, I think I apologize if I am not fully understood. You refer to the FX loss that we especially faced in the first quarter, and if there is another impact due to the potential FX changes. So, we more or less, we faced the loss in the first quarter. And in the first quarter, there was a change of roughly 10% in the USD-Euro FX rate and therefore, we had the loss, which also more or less triggered this high tax rate. In the second quarter, if you compare it, the FX change was not so material. Therefore, we did not have this loss again. Now, looking into the future, we do not really see how it develops.

Saif Saurabh: Okay, sure. And secondly, just on the balance sheet part, debt has increased, right with the acquisition you had. How do you think about borrowings, at what level you are comfortable to maintain it at? And going at, say, next one year, how do you see borrowings, both current and non-current, evolving?

Alexander Poempner: The debt ratio, I think we do not want to go. We said we would like to keep our leverage below one. And this is also our long-term guidance that we would like to give.

Saif Saurabh: Okay. Thanks.

Moderator: Thank you. Next question is from Yug Jhaveri from Molecule Ventures. Please go ahead.

Yug Jhaveri: Hi, sir. Very good afternoon. So, I had just a couple of questions. First, on the domestic market side, so there has been 31% growth this quarter and the margins have been quite sustainable from past two quarters, if you see, versus what it has been a year ago. So, the price undercutting scenario, which we were facing last year, has it slowed down? And order revival, you mentioned agrochemical. However, on the specialty chemical side, is there new orders coming or conversion happening? And on the same, order book has not grown much this H1 FY'26. So, are you anticipating any growth in H2 or it should be in the similar range with you?

Tarak Patel: So, yes. So, I think, one, I think I will talk about the order book in H1 first. I think overall, it is slightly, I mean, it was made up in H2 because we had a good quarter in Q2. Q1 was slow and Q2 was much better, which puts us in a good position now. Do keep in mind that we had large opportunities in heavy engineering, which were not finalized in Q1 and in Q2. One was, but because of the capacity utilization, we have now been able to add to that. So, you will see order intake, I think, increase, with HE coming in, you will see large orders from that vertical also increasing. Glass-lined, coming back to glass-lined, I think it is important to mention that we had two factories last year. We had Karamsad and Hyderabad. So, we had both factories kind of utilized at 50, 60, 70 odd percent at best. And then today, we have everything flowing through just the Karamsad facility. The Karamsad facility is full. We have nearly a five to six month backlog in glass-lined. We are running three shifts. The furnaces are obviously now all kind of being used up to capacity. I think on a pricing front, I think there has been some kind of rationalization of pricing. I think there has been some stability there, and I think that will continue. And as the market improves and as the number of inquiries and opportunities increase, then maybe there is a further opportunity to also look at increasing prices. And last and not least is the Shikhar program that we are currently working on. That was something that was last year we paid and we had somebody working with us. That should add a good amount of cost benefit going forward as well. So, India, I think I am quite confident. It should do quite well. And I believe that we will have a good starting point for next year as well. So, yes.

Yug Jhaveri: Okay. So, follow up on the same. So, besides the Shikhar program and heavy engineering segment, the price undercutting slowdown has led to this margin expansion, or basically those two were the only main reasons for margin. And any plan to expand capacity in GLE India side?

Tarak Patel: No, nothing right now. I think there is plenty of capacity that we have. We can very quickly add furnaces if we need. But I do not think that glass-lined is something that I think we have enough of capacity. I do not want to be in a situation where to fill capacity we have to start again kind of going into a price war. So, I think from that perspective, not right now. But if we do see a lot of movement of, let us say, manufacturing or new investment coming in, we can very quickly add a furnace. That is not a big problem. And in terms of pricing again, I think it is stable now. I think it is at a level where the market is sustainable. I think over time it should improve. We have steel prices going up. We have gas prices going up. So, all those things get passed on over time.

Moderator: Mr. Yug Jhaveri. Please rejoin for a follow-up question.

Yug Jhaveri: Sure, ma'am.

Moderator: Next question is from Bhavik Shah from Invexa Capital. Please go ahead.

Bhavik Shah: Yes. Hello, sir. Sir, can you throw some light on the heavy engineering business? What exactly we are doing on the nuclear side or on the green hydrogen side? What is our market opportunity there? What kind of revenues we currently do and what kind of revenues we aspire to do there? And, sir, when you talk about approvals, what kind of approvals are these?

Tarak Patel: So, without giving away too much competitive advantage, I will ask Dhananjay because he is an expert in this field to maybe say a few words.

Dhananjay Bajpeyee: So, as you are asking for nuclear, there is split order from NPCIL which is going on. So, we are going to supply equipment for India's nuclear program for NPCIL and the EPCs which will be selected by NPCIL. So, this will be a continuous opportunity over the next five years. And we will keep supplying. Approvals you are talking about. So, there are EPC companies in the U.S. and Europe which we are getting approvals. And the approvals which our acquisition of HDO we had, so those approvals are being passed on to GMM and those will be useful for our future business.

Bhavik Shah: So, what kind of order are we doing for NPCIL? What exactly we are supplying here? What is the size of the order here?

Dhananjay Bajpeyee: We are going to supply heat exchangers for primary circuit and secondary circuit in the nuclear power plant.

Bhavik Shah: What is the size and, sir, what are we doing in the green hydrogen side?

Dhananjay Bajpeyee: Yes, also the similar equipment will be supplied for thermal power plant which will be in balance of plant. And as far as green hydrogen is concerned, we have already executed one order for one of the German EPCs for an Indian end customer. We will be supplying heat exchangers for those hydrogen plants.

Bhavik Shah: Can you just quantify the opportunity here?

Tarak Patel: It is a very large opportunity. It is too early right now to say too much right now. And again, you know, this is something that is also strategic in nature. So, I think the opportunity is there. The play can be a wide range of industry segments. At the same time, oil and gas and like Dhananjay mentioned, you know, the Qatar, Abu Dhabi, Saudi Arabia, those are opportunities as well. We worked quite a bit to get registered and create agency networks and, you know, sales networks in these areas as well. So, hopefully some of the export business will also materialise.

Bhavik Shah: What kind of revenues do we currently do from heavy engineering side?

Tarak Patel: Sorry, I will just answer that question. I think last year we were at INR 260 crores in heavy engineering. Yes. And from this half year, we are at what? Yes, I think that there is already like 15% growth or something like that. So, it is growing. We expect HE to do quite well this year also.

Bhavik Shah: Okay. So, all the best.

Tarak Patel: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraints, we will take that as the last question for the day. I would like to hand over the conference to management for closing comments.

Dhaval Shah: Thank you. 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.

Moderator: On behalf of GMM Pfaudler Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your line.