

GMM/SEC/2021-22/42

October 28, 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
1st Floor, Dalal Street,
Mumbai – 400 001

NSE Limited
Exchange Plaza, C 1, Block G,
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051

Scrip Code: 505255

Symbol: GMMPFADLR

Sub.: Earnings Presentation for the quarter and half year ended September 30, 2021

Dear Sir/ Madam,

This is with reference to the Earnings Presentation of the Company for the quarter and half year ended September 30, 2021, which was submitted earlier today i.e. October 28, 2021.

In that regard, please note that there was an inadvertent error in the said presentation on slide no. 21 - 'Standalone Results - H1 FY22'. The figures in the 'ORDER INTAKE' chart were erroneously interchanged. The rectified figures are as follows:

Period	Order Intake (Figures in INR Mn)
H1 FY22	5,214
H1 FY21	3,348

Please find enclosed the revised presentation.

Kindly take the same on record.

Yours faithfully,
For **GMM Pfaudler Limited**



Mittal Mehta
Company Secretary & Compliance Officer
FCS No. 7848

Encl.: As above

Earnings Presentation – Q2 FY22

October 28, 2021



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Agenda

- Welcome Address
- Executive Summary
- Performance Update
- Integration Update
- Q&A

Executive Summary

1

Resurgent India

- Improvement in revenue and earnings continue
- China plus one strategy driving growth
- Strong order intake across verticals

2

Global Resilience

- Investment across international markets driving strong order intake
- No significant impact on manufacturing operations

3

Integration Update

- Operational excellence program gaining momentum
- Value sourcing enhancing competitive advantage across developed markets
- Cross selling wins increasing customer wallet share

4

Robust Outlook

- Healthy backlog across geographies
- Order intake trends remain positive
- Potential short-term challenges due to increase in raw material and energy costs

Other updates

Management Team

- Aseem Joshi appointed as CEO, India business
- Previously worked at Honeywell, Eaton Corporation, McKinsey & Company, IBM Corporation
- MBA (INSEAD, France), MS – Industrial and Systems Engineering (Virginia Tech, USA), BE – Mechanical Engineering (Pune, India)

Employee Stock Options*

- Talent retention and performance incentive
- Dilution of 0.35%
- Exercise price @90% of last 6 months' average price
- Vesting period (Year 1: NIL, Year 2: 33.3%, Year 3: 66.7%)

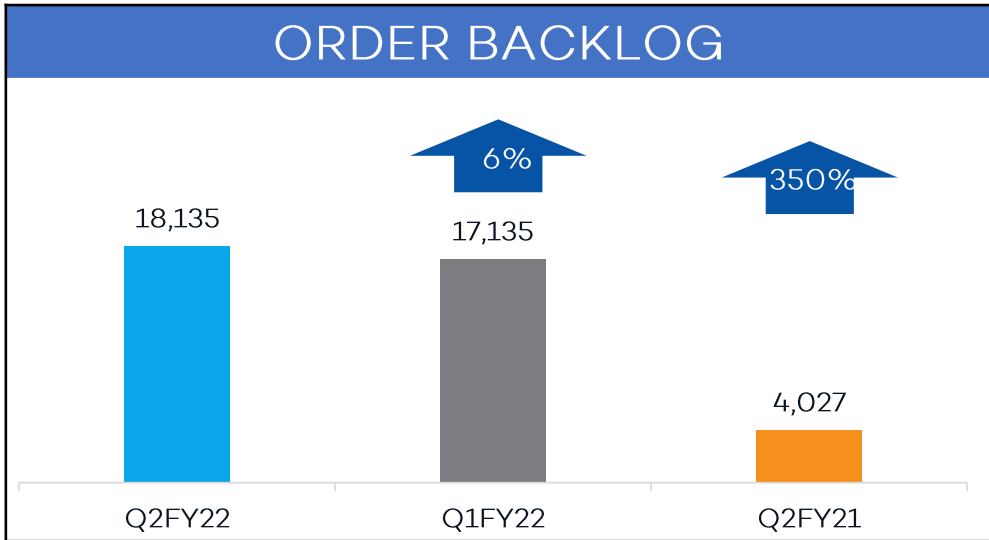
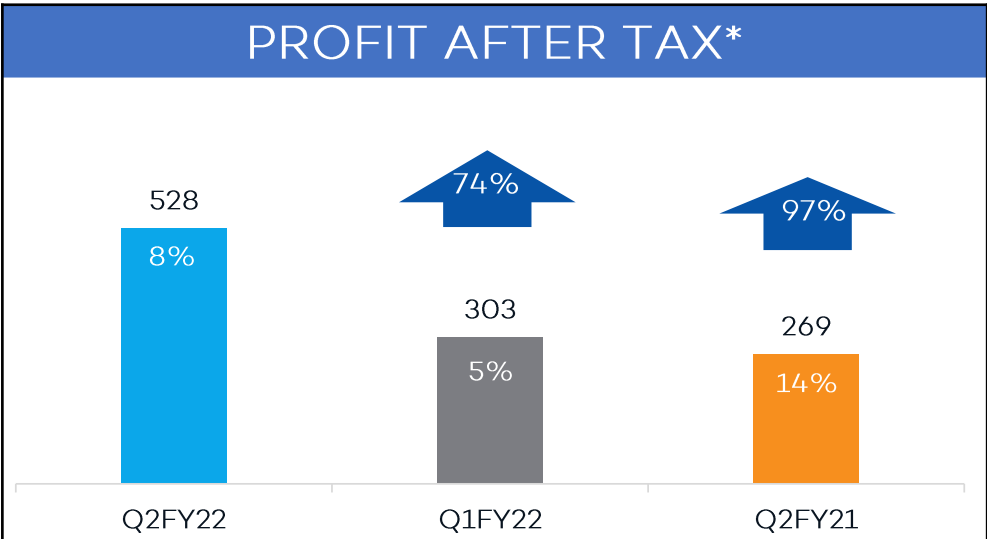
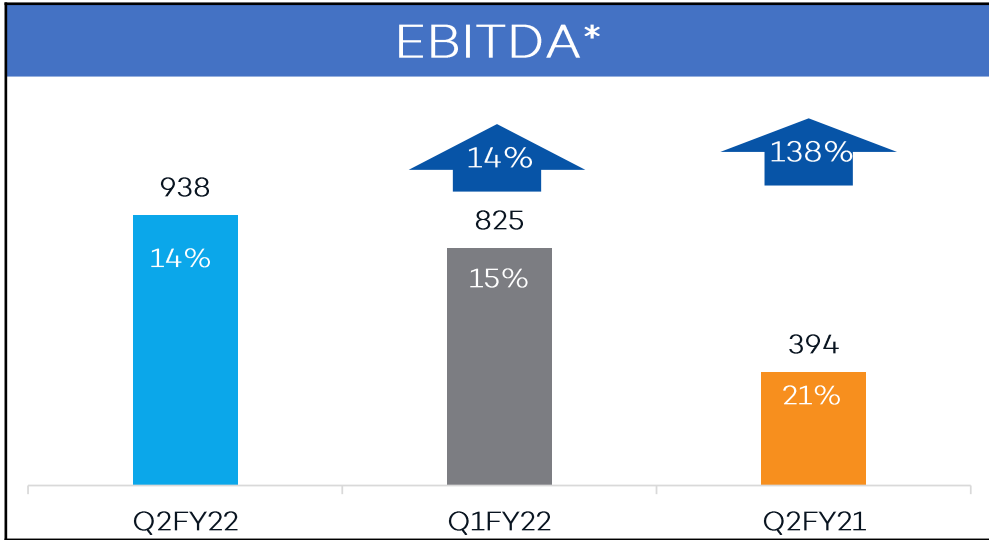
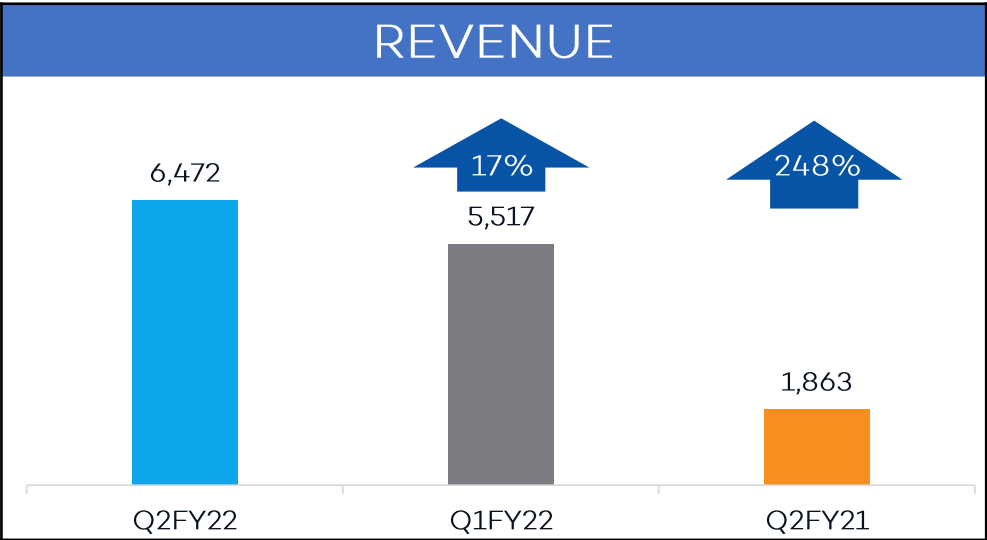
Raw material and Energy

- Input costs have increased across geographies and have been priced in or passed on
- Rising energy costs in Europe; Americas and India unaffected
- China power supply restrictions to impact capacity in the short term
- Mitigation plan in place; forecasts remain unchanged

Consolidated

Consolidated Results – Q2 FY22

Figures in INR Mn



*Excluding PPA adjustments related to PFI acquisition. Backlog is net of POC.

Consolidated Balance Sheet

Figures in INR Mn

Particulars	30.09.21	31.03.21
Shareholder's equity	4,502	4,071
Non-controlling interests	1,127	1,233
Debt	5,287	4,917
Pension liabilities	4,474	4,535
Trade payables	2,899	2,959
Other liabilities (current & non-current)	7,036	6,459
Total liabilities and equity	25,325	24,175

Particulars	30.09.21	31.03.21
Fixed Assets	5,740	5,240
Goodwill & Intangibles	4,841	5,166
Receivables	2,931	3,096
Inventory	6,103	5,849
Cash and equivalents	2,504	2,435
Other assets (current & non-current)	3,206	2,389
Total Assets	25,325	24,175

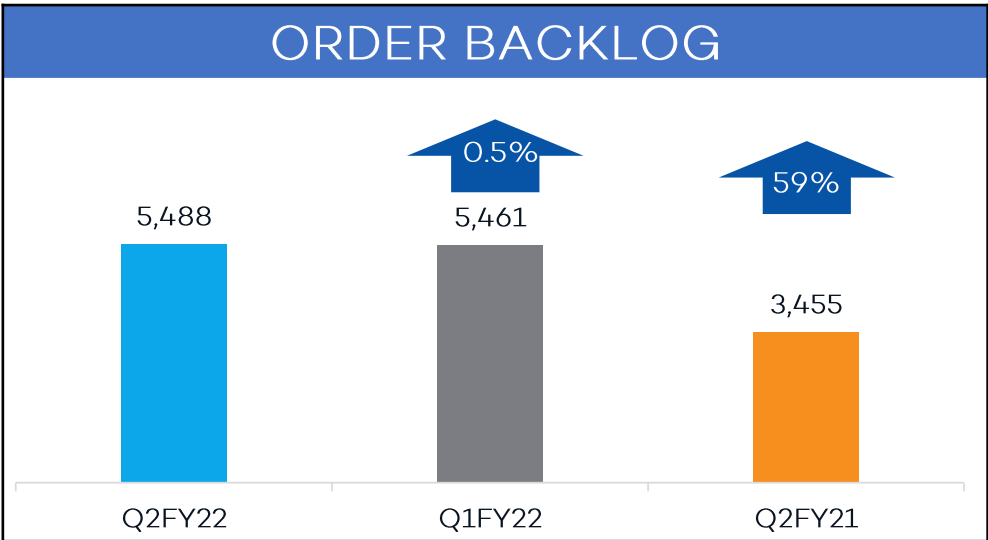
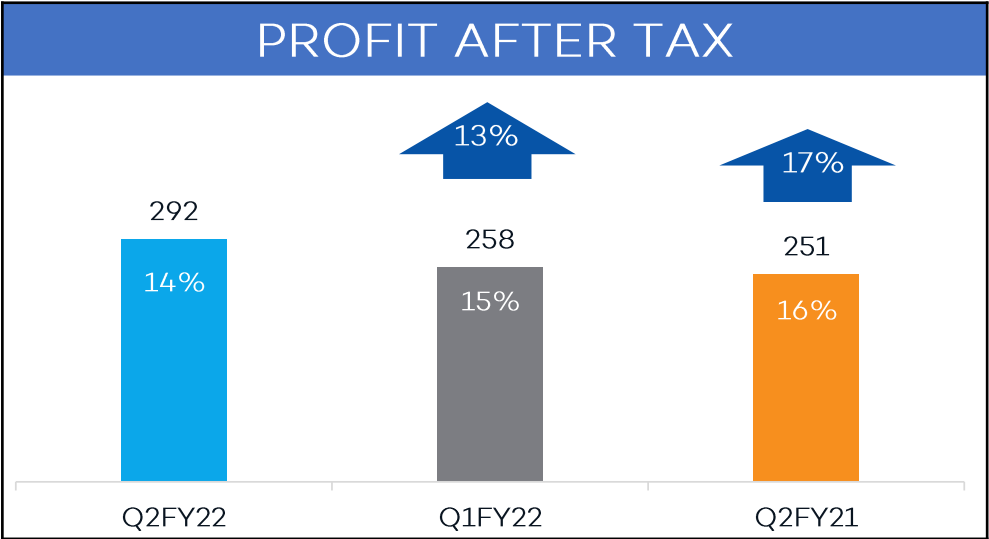
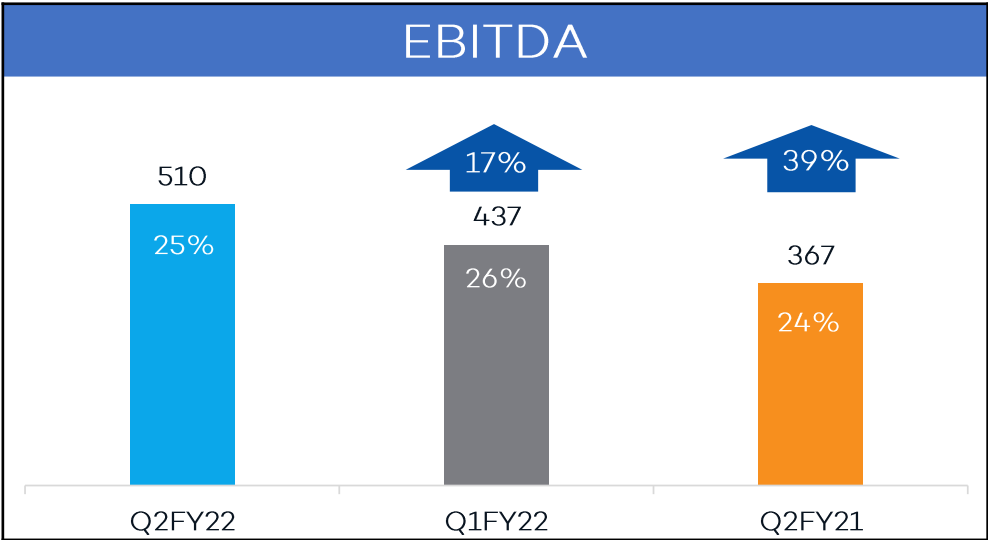
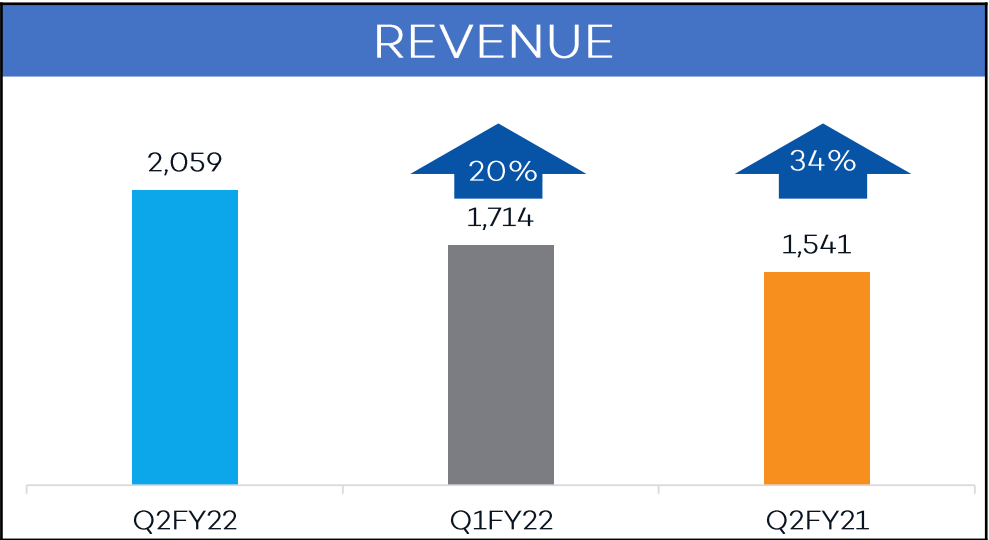
- ❑ Strong cash generation during H1 FY22, well re-invested in business ▶
- ❑ Existing debt levels reduced. Additional debt taken for partial funding on Vatva
- ❑ Working capital in control with healthy collections and funding by customer advances ▶
- ❑ Balanced capital allocation with net gearing of 0.5 times as on September 30, 2021

Stronger Balance Sheet with ROCE of 26% and ROE of 32% ▶

Standalone

Standalone Results – Q2 FY22

Figures in INR Mn



Backlog is net of POC

Performance Analysis

Income Statement Summary – Q2 FY22

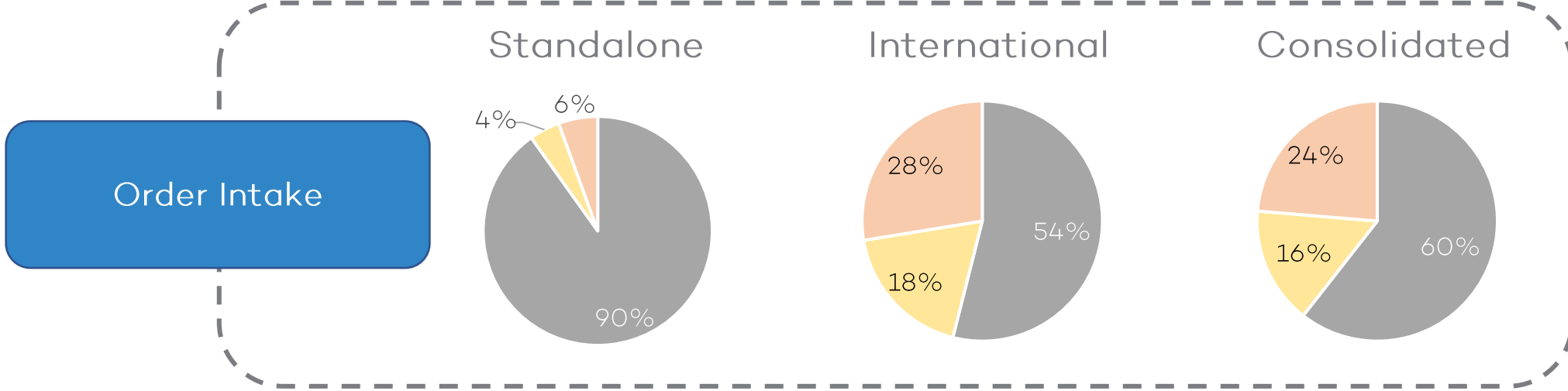
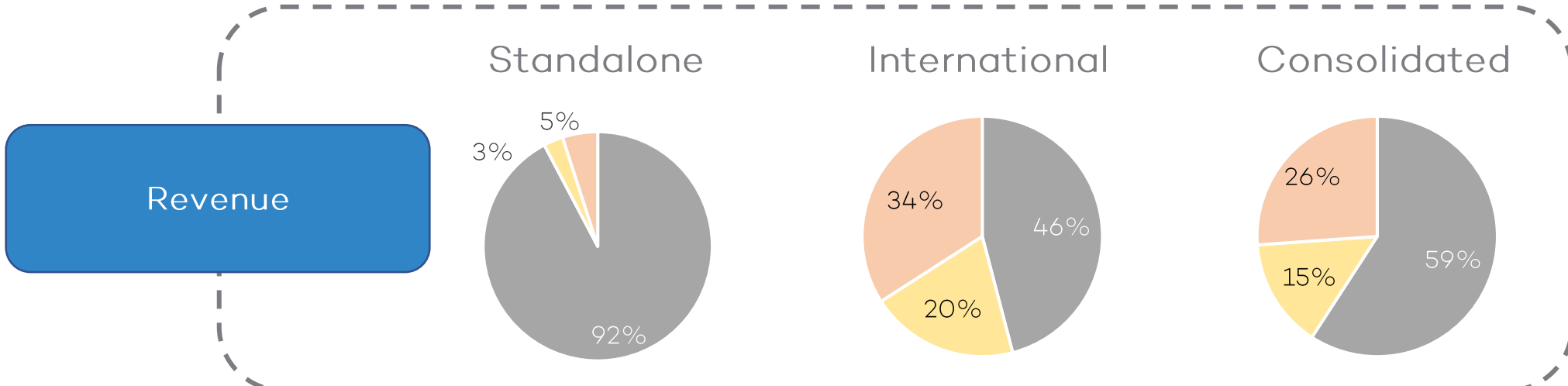
BUSINESS PERFORMANCE IMPROVED – BOTTOM-LINE CONTAINS NON-CASH PPA ADJUSTMENTS

(in Rs Million)	Standalone Results		International Results Q2 FY22		Inter-Co Eliminations	Consolidated Reported Results		Change %
	Q1 FY22	Q2 FY22	Business (Note i)	PPA (Note ii)		Q2 FY22	Q1 FY22	
Particulars		A	B	C	D	A+B+C+D		
Revenue from Operations	1,714	2,059	4,702		(289)	6,472	5,517	17%
Cost of materials consumed	695	896	1,737		(271)	2,362	2,161	
Changes in inventory (WIP & FG)	(19)	(25)	143		67	185	8	
Employee benefits expense	199	208	1,525		0	1,733	1,746	
Labour Charges	107	137	35		0	172	139	
Other expenses	295	333	759		(10)	1,082	1,104	
EBITDA	437	510	504	0	(76)	938	359	161%
- margin %	26%	25%	11%			14%	7%	
Other Income	8	12	17		0	29	12	
Finance cost	32	47	(28)		0	19	141	
Depreciation and amortisation expense	78	85	119	188	0	392	386	
Profit/(loss) before tax	335	390	430	(188)	(76)	556	(156)	NM
Taxes	77	98	143	(49)	(24)	168	28	
Profit/(loss) after tax	258	292	287	(139)	(52)	388	(184)	NM

(i) International business includes the standalone performance of Mavag and Pfaudler International (PFI) on operational basis

(ii) PPA stands for Purchase Price Allocation

Segmental Overview – Q2 FY22



- Technologies
- Systems
- Services

Integration Update

Project Apollo

Operational Excellence



Implement GMM's **lean-production model** across manufacturing sites to increase throughput

- Operational excellence program in Germany and China yielding results
- Vatva ramp-up ongoing, will be at full capacity in Q4 FY22
- New furnaces in India and Brazil will be operational in December 2021
- Global EU concept finalized and will be launched in Q3 FY22

Value Sourcing



Leverage GMM's **low-cost capabilities** to increase market share and margins across the group

- Phase 1 components, made in India, sent to Europe, feedback is positive
- Phase 2 components under development
- European grade raw materials developed in India
- Market share improvement seen in developed markets by leveraging cost and capacity advantage

Cross-Selling



Capture **customer wallet share** through cross selling and product portfolio enhancement

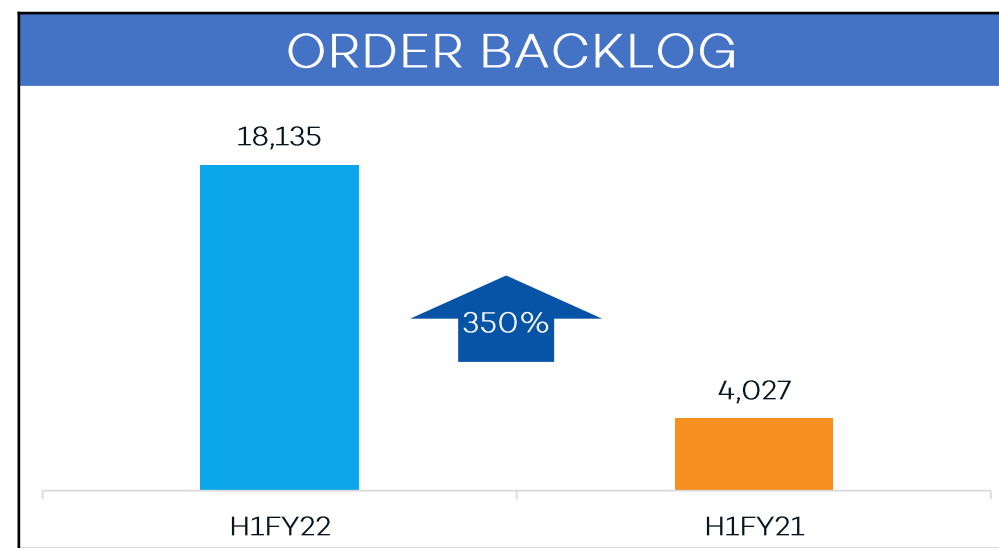
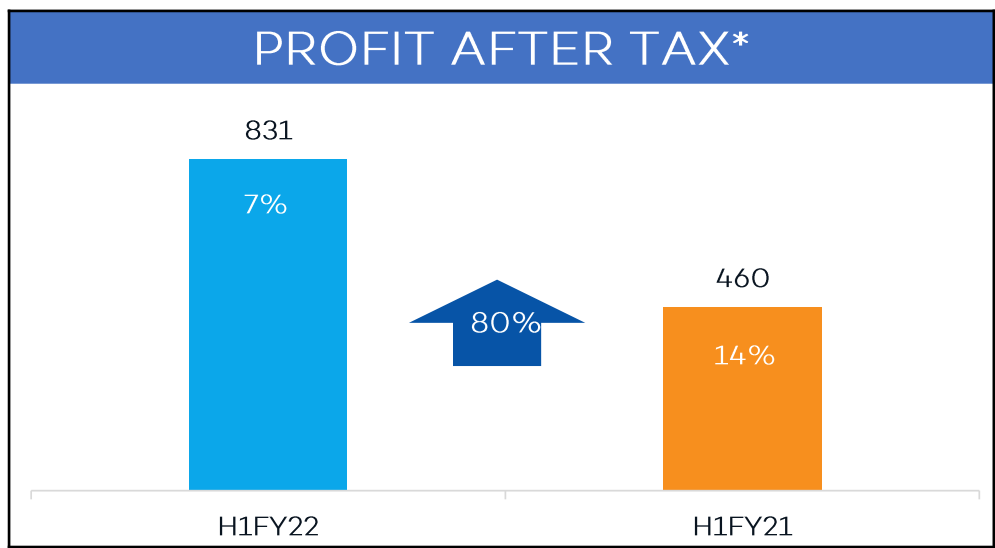
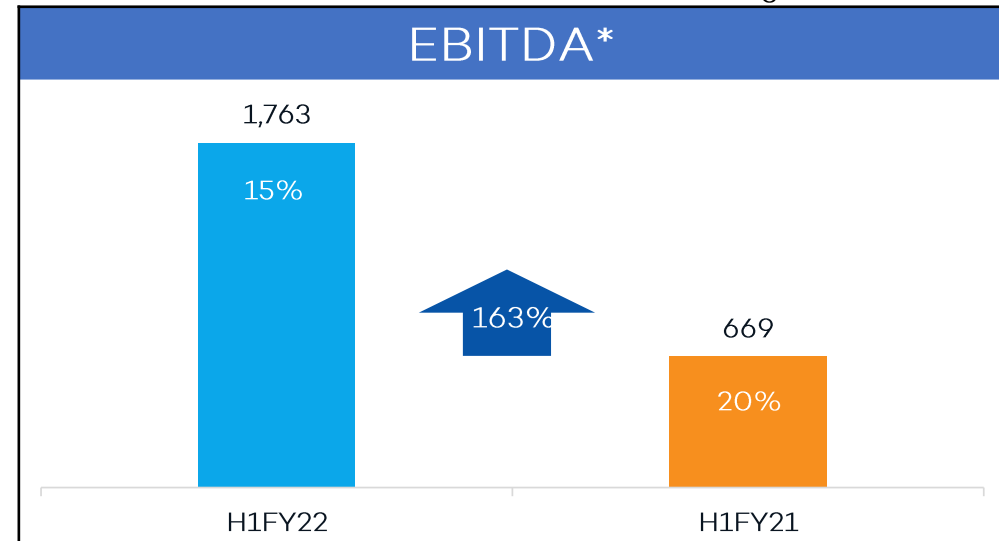
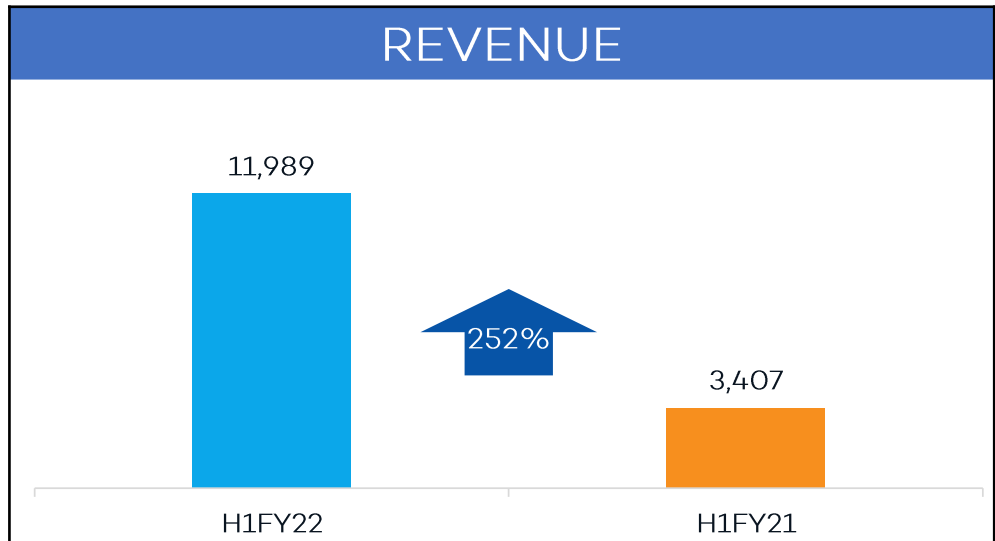
- Interseal customer trials begun, orders received and India launch on-track
- Large order from Americas (GLE, HE, and Mixing Systems)
- Centralized global opportunity management for improved B2B relationships

Appendix

Consolidated

Consolidated Results – H1 FY22

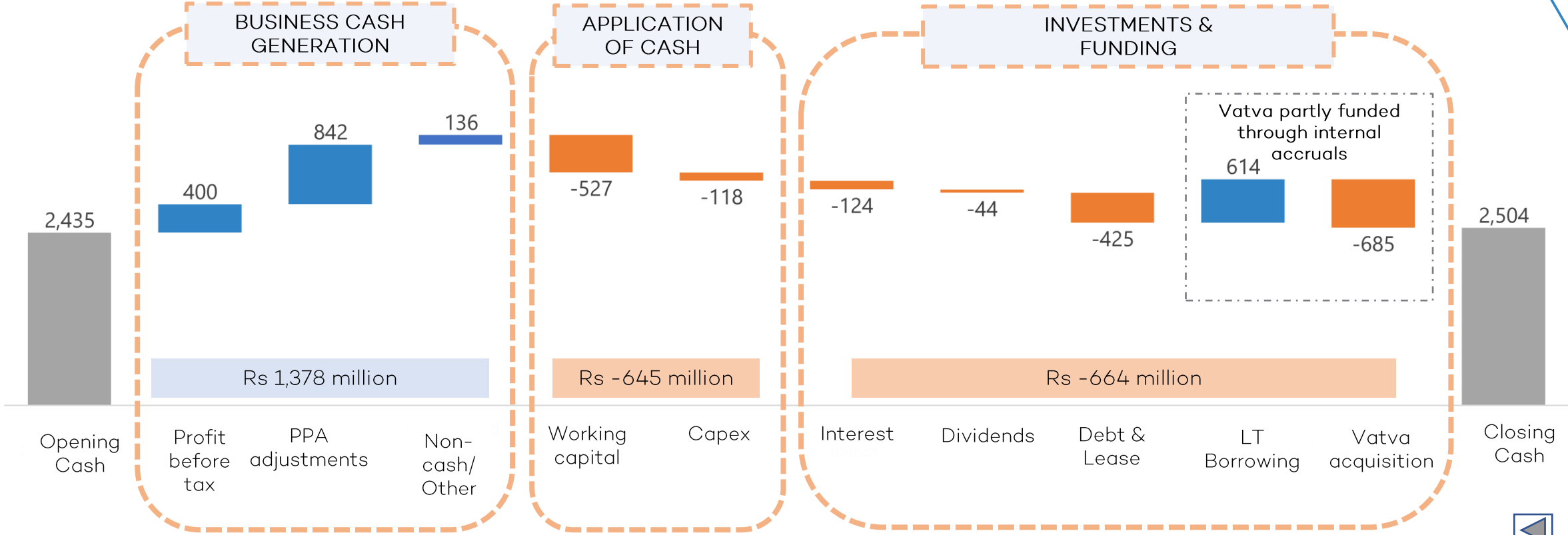
Figures in INR Mn



*Excluding PPA adjustments related to PFI acquisition. Backlog is net of POC.

Consolidated Cash Flow Statement – H1 FY22

Figures in INR Mn

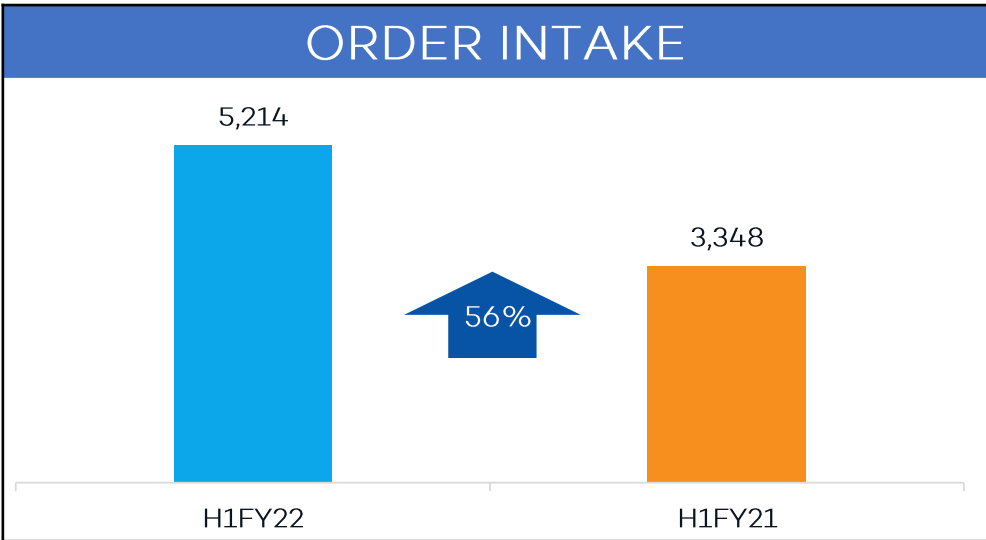
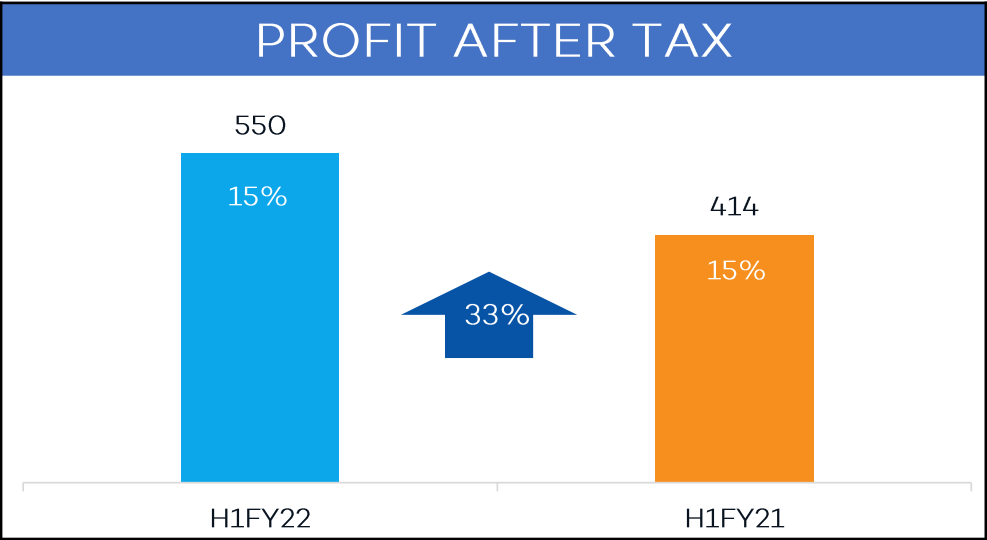
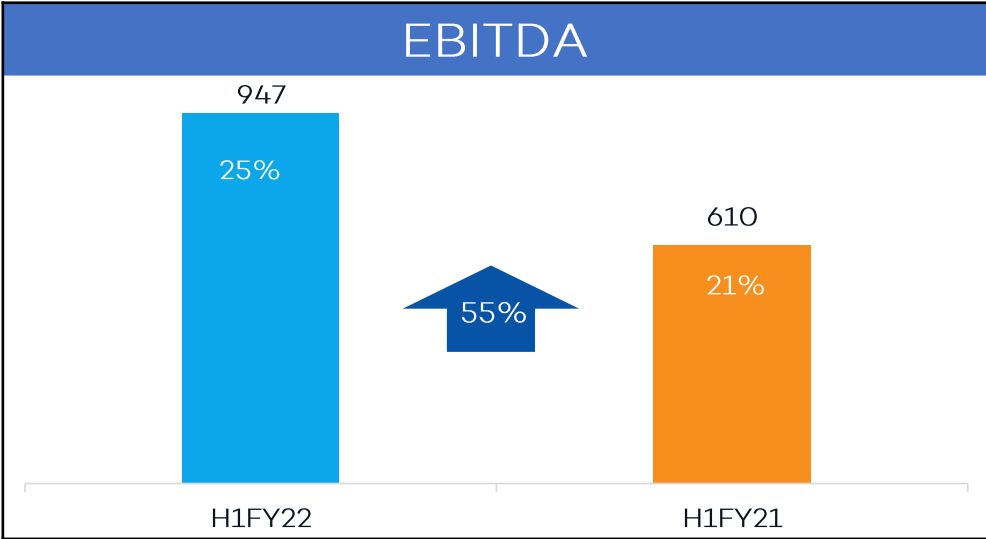
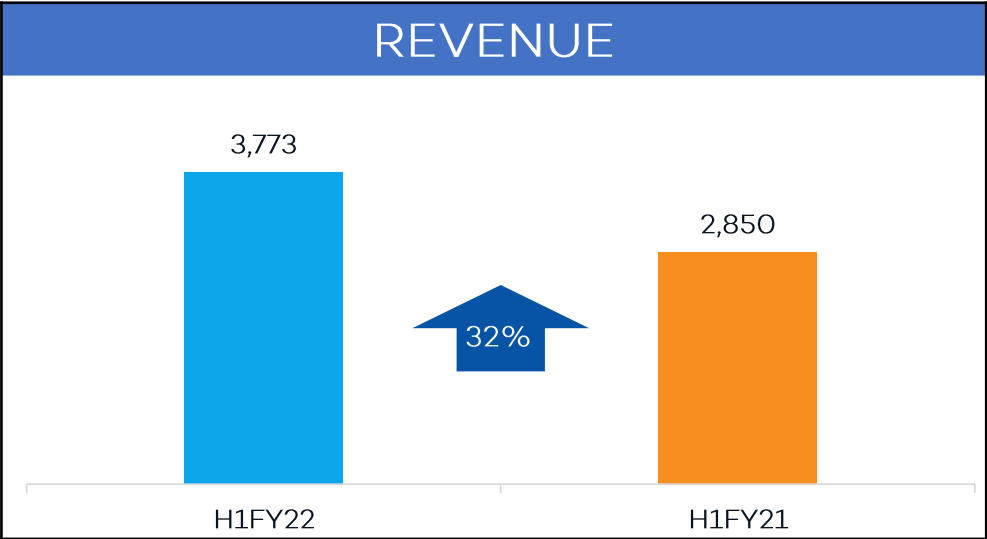


- Free cash flow generation of Rs 733 million during H1 FY22
- Increased working capital requirement due to expanding business met through business cash generation
- Vatva acquisition partly funded through internal accruals

Standalone

Standalone Results – H1 FY22

Figures in INR Mn



Standalone Balance Sheet

Figures in INR Mn

Particulars	30.09.21	31.03.21
Shareholder's equity	4,070	3,574
Non-controlling interests	0	0
Debt	1,447	1,054
Pension liabilities	0	0
Trade payables	952	931
Other liabilities (current & non-current)	1,380	1,118
Total liabilities and equity	7,849	6,677

Particulars	30.09.21	31.03.21
Fixed Assets	2,070	1,474
Goodwill & Intangibles	284	320
Receivables	946	1,130
Inventory	1,554	1,127
Cash and equivalents	341	287
Other assets (current & non-current)	2,654	2,339
Total Assets	7,849	6,677

- ❑ Strong cash generation during H1 FY22, well re-invested in business
- ❑ Existing debt levels reduced. Additional debt taken for partial funding on Vatva
- ❑ Working capital in control with healthy collections and funding by customer advances



Standalone Revenue (Legacy Segments)

Figures in INR Mn

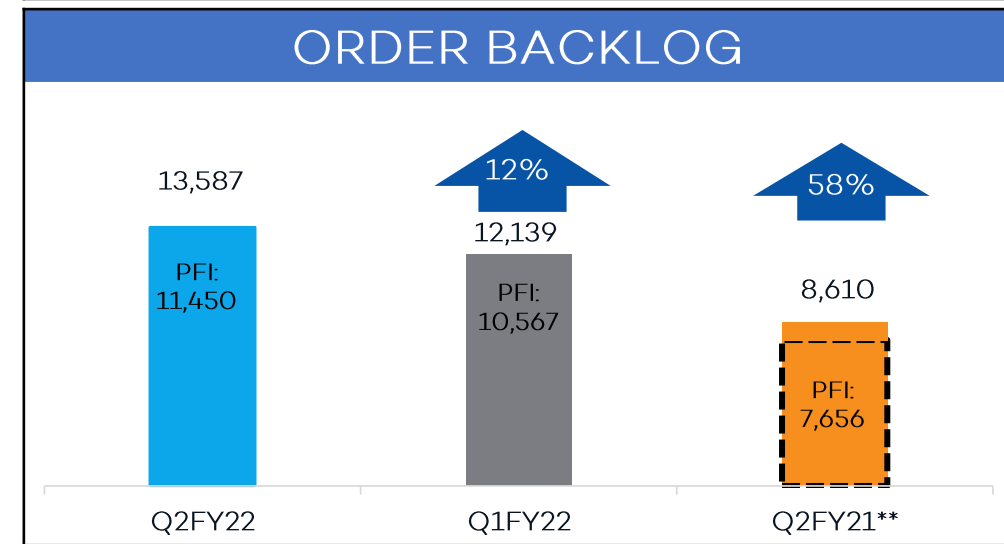
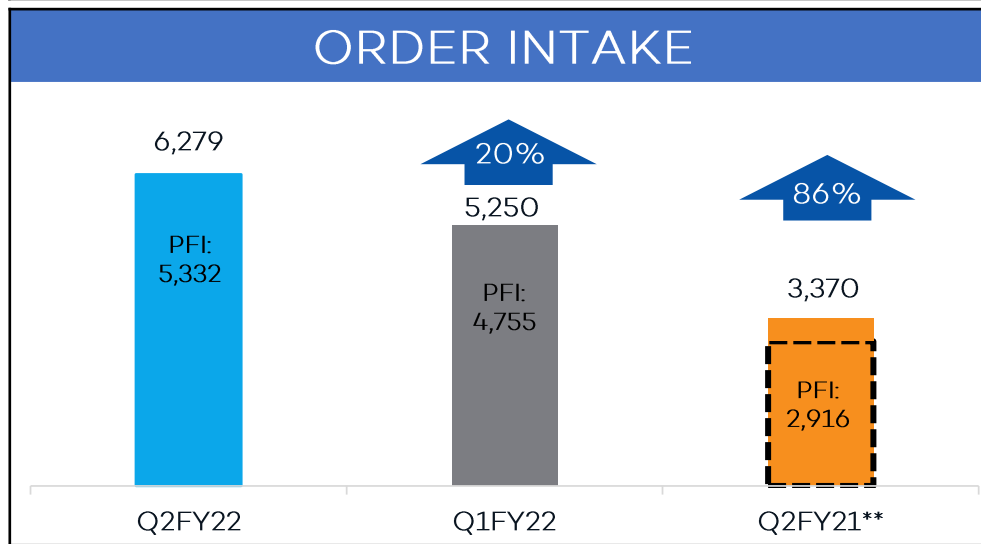
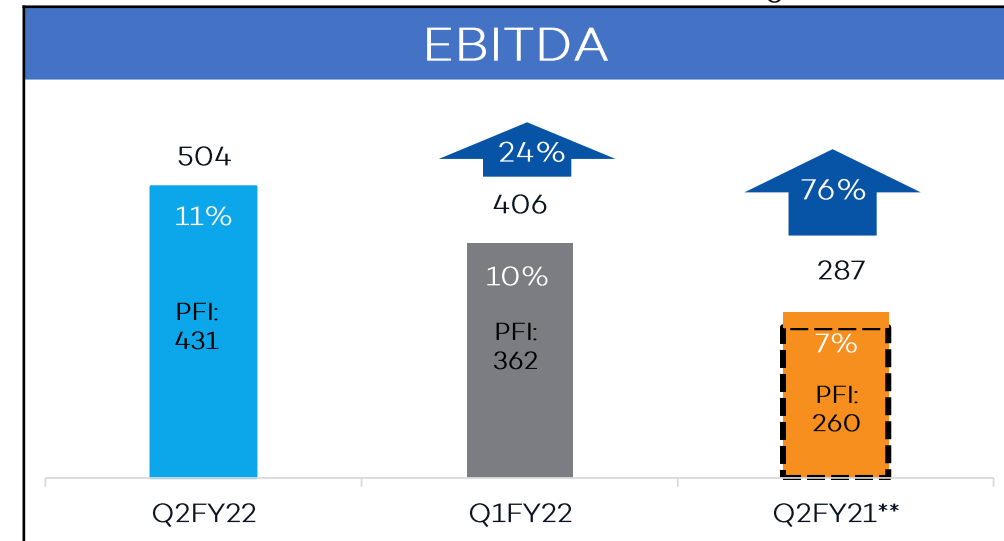
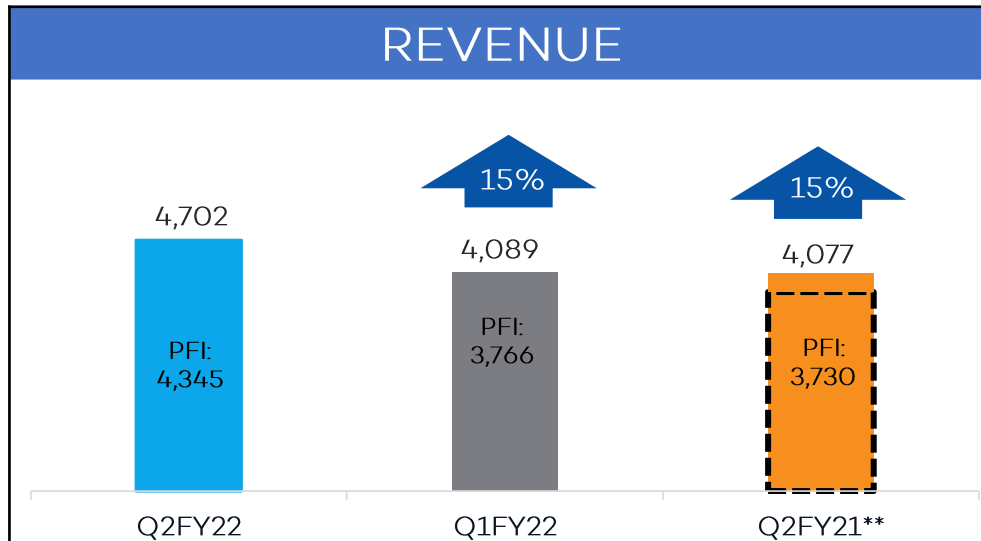
	H1 FY22	H1 FY21	FY21	FY20
Glass lined Equipment	2,496	1,708	4,013	3,547
Heavy Engineering	594	568	959	502
Proprietary Products	683	574	1,436	1,114
Total	3,773	2,850	6,408	5,163

- Legacy segments are being disclosed this year additionally for reference/comparison purposes only
- Profitability in each segment is in line with previous quarters trends

International

International* Results – Q2 FY22

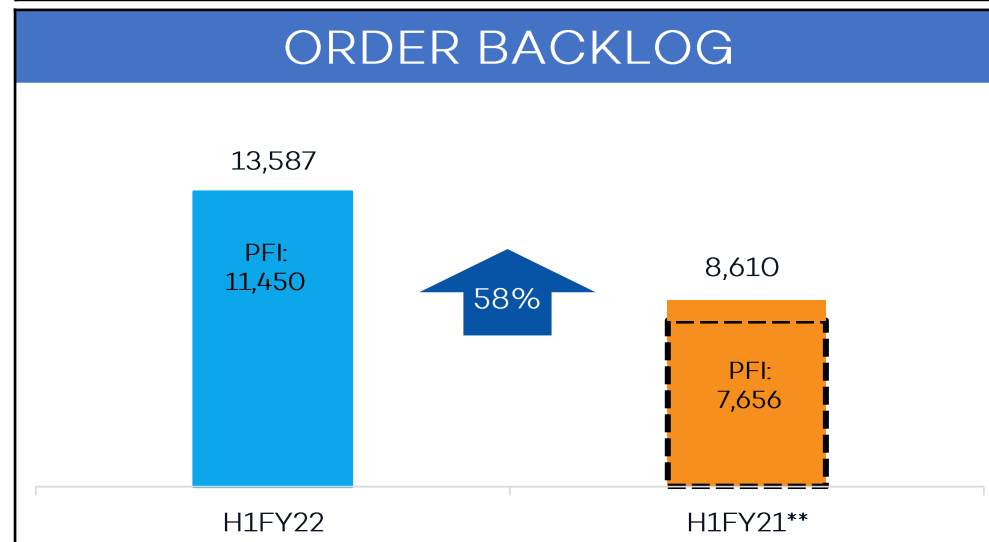
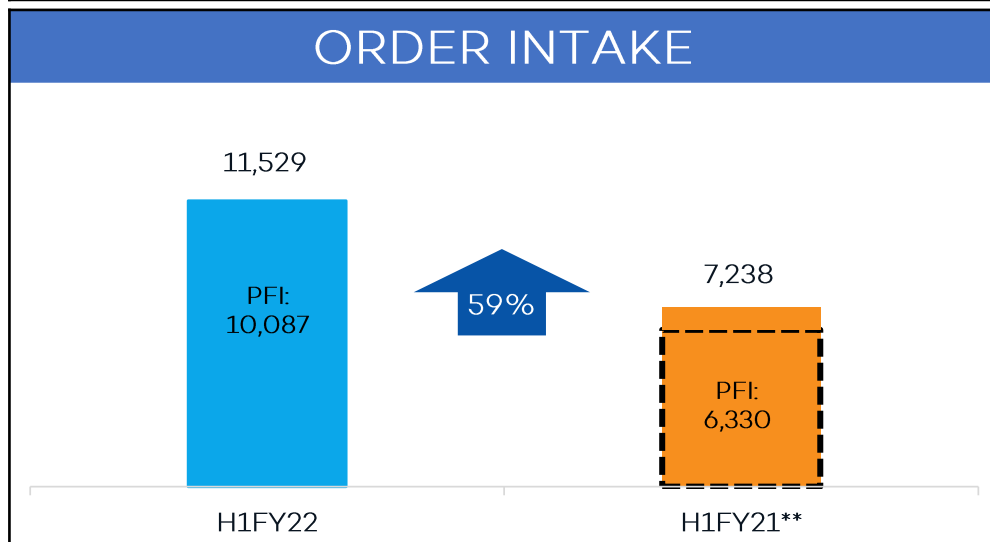
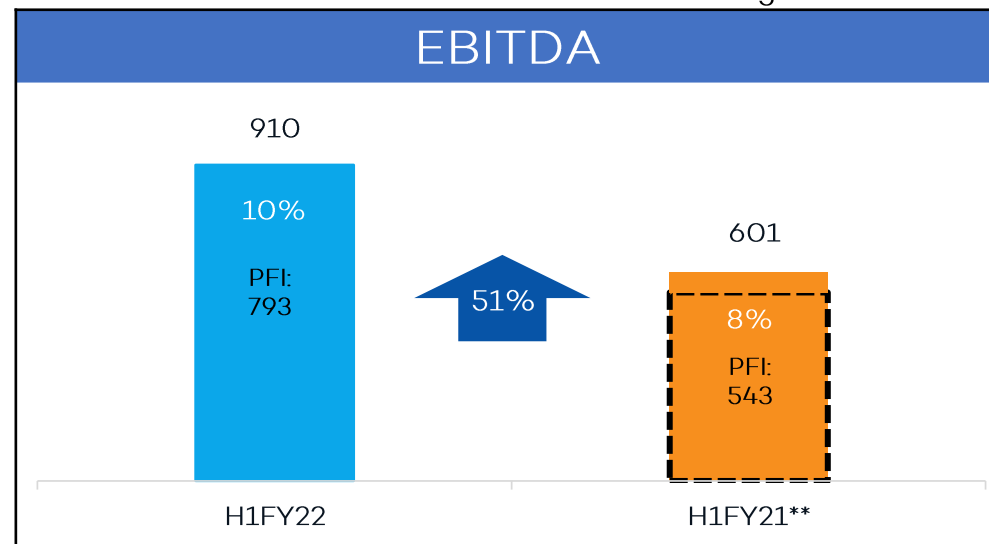
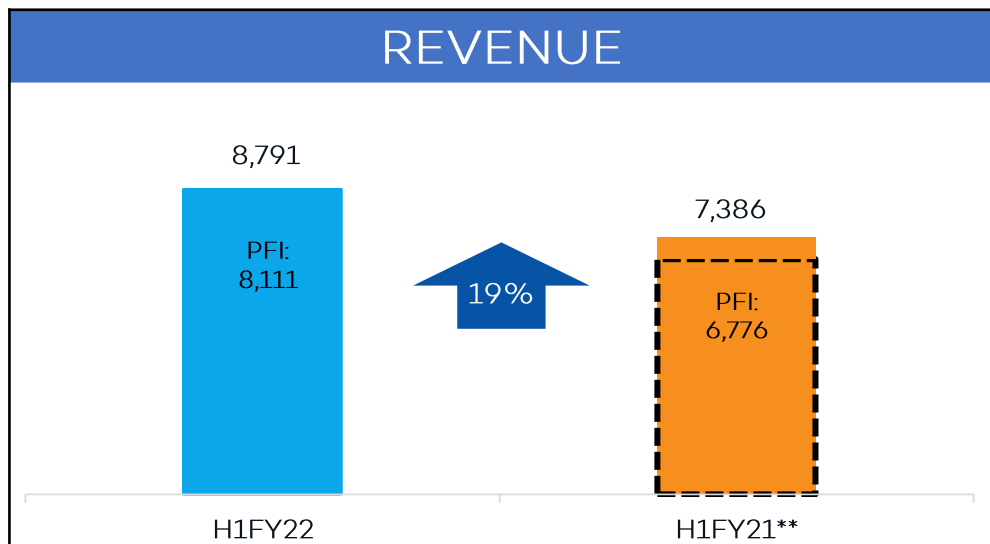
Figures in INR Mn



* Includes Mavag & PFI, Excluding inter-company eliminations. ** Q2FY21 includes PFI (management reporting converted to IFRS and unaudited) for a like-to-like comparison. Forex rates (USDINR) assumed constant for Q2FY21 & Q2FY22 to eliminate forex impact. Backlog is net of POC.

International* Results – H1 FY22

Figures in INR Mn



* Includes Mavag & PFI, Excluding inter-company eliminations. ** H1FY21 includes PFI (management reporting converted to IFRS and unaudited) for a like-to-like comparison. Forex rates (USDINR) assumed constant for H1FY21 & H1FY22 to eliminate forex impact. Backlog is net of POC.

Other Updates

Working Capital Summary

Figures in INR Mn

CONSOLIDATED

Inventory Summary	30.09.21	31.03.21
Inventory	6,103	5,384*
Customer advances	3,709	2,879
Net funding required for inventory	2,394	2,505
Backlog	18,135	14,833
Inventory days (net of advances)	37	40

Receivables Summary	30.09.21	31.03.21
Trade Receivables	2,931	3,096
Receivable days	45	50

Payables Summary	30.09.21	31.03.21
Trade Payables	2,899	2,959
Payable days	44	47

STANDALONE

Inventory Summary	30.09.21	31.03.21
Inventory	1,554	1,127
Customer advances	957	564
Net funding required for inventory	597	563
Backlog	5,488	4,158
Inventory days (net of advances)	30	32

Receivables Summary	30.09.21	31.03.21
Trade Receivables	946	1,130
Receivable days	47	64

Payables Summary	30.09.21	31.03.21
Trade Payables	952	931
Payable days	47	53

RECEIVABLES AND INVENTORY (NET OF ADVANCES) IMPROVED DESPITE INCREASING BACKLOG

*Adjusted for step-up inventory (PPA- related) of Rs 465 million. Reported inventory is Rs 5,849 as on March 31, 2021.

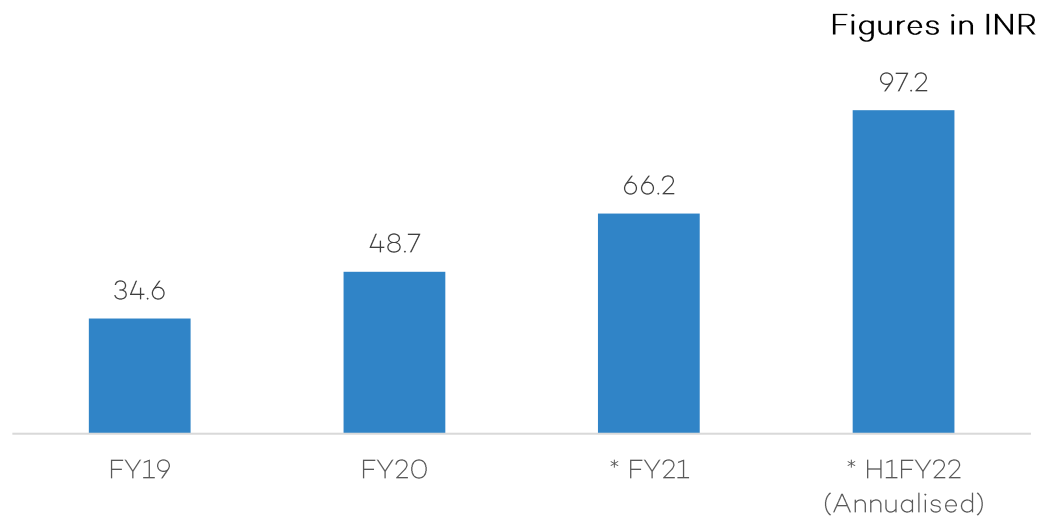
Inventory days (net of advances) is net funding required for inventory divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

Receivable days is trade receivables divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

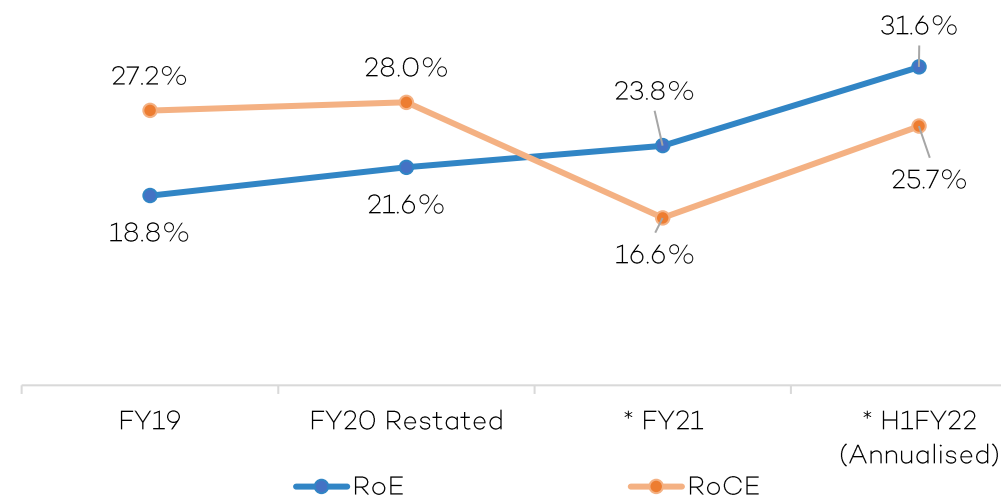
Payable days is trade payables divided by divided by LTM Sales (including proforma revenue for PFI) multiplied by 365

Consolidated Profitability Metrics

EARNINGS PER SHARE (EPS)



RETURN METRICES



*Consolidated figures exclude acquisition costs and PPA adjustments related to PFI acquisition in FY21 and H1 FY22.

Returns in H1 FY22 are multiplied by 2 for like-to-like comparison. This is meant for representation purposes only and not intended to be forward looking guidance.

FY19 and FY20 Restated includes GMM India and Mavag. FY20 Shareholder's equity (consolidated) was restated in FY21, RoE and RoCE are restated to account those changes.

EPS is calculated using net profit attributable to equity holders (excludes non-controlling interests).

RoE is calculated as net profit attributable to equity holders divided by total equity (excludes non-controlling interest).

RoCE is calculated as EBIT divided by total equity + non-controlling interest + total debt



Thank You