

December 09, 2025

GMM Pfaudler Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	161.76	131.00	[ICRA]AA- (Stable); reaffirmed
Long term – Fund based - Term loans	8.24	34.00	[ICRA]AA- (Stable); reaffirmed
Short term – Non-fund based – Others	130.00	135.00	[ICRA]A1+; reaffirmed
Total	300.00	300.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings factors in GMM Pfaudler Limited’s (GMMPL) established global leadership in engineering equipment and systems, particularly in glass-lined equipment (GLE), supported by strong in-house technical expertise and robust manufacturing infrastructure. ICRA notes that GMMPL continues to capitalise on the acquisition of Pfaudler Inc through access to technical know-how, product mix and expansive geographical manufacturing presence and customer relations, evident from the sustained pace of order inflows. Moreover, the management’s strategy of undertaking acquisitions over the past fiscals has supported GMMPL’s overall business risk profile through improved geographic presence, wider product profile (especially in the non-GLE segments) and addition of new end-user industries, bolstering its revenue, profits and earnings growth prospects. The acquisitions, however, have increased the company’s total debt, which in the current scenario of subdued profitability has translated into a moderation of the debt coverage metrics to some extent.

The ratings factor in the company’s healthy business position, supported by a robust global reach, strong technical capabilities and cross-selling opportunities across various product lines, and an established customer base. The ratings consider the strong presence of the company in the GLE segment with an overall market share of over 40-45% globally. The ratings also consider the company’s diversified product offerings in the non-GLE segments, providing access to multiple end-user industries other than chemical and pharma. The bolt-on acquisitions completed by the company (Mixel, MixPro & Hydro Air Research Italia, Semco) will expand its product portfolio and provide access to additional market segments such as mixing, plant-based proteins, bioplastics and lithium purification. The acquisitions will also aid the company to cater internationally to industries such as water treatment, mining and biogas, among others, in geographies where its current presence is limited to chemical and pharma and support the expansion of its existing mixing division.

GMMPL posted a turnover of Rs. 3,198.7 crore in FY2025, reflecting a 7% year-on-year decline. The slowdown was primarily driven by weakness in key end-user industries, i.e. chemicals and pharmaceuticals both in the domestic and global markets for the GLE business. Around 75-80% of GMMPL’s revenue in the GLE segment comes from chemicals (55–60%) and pharma (20–25%), making it vulnerable to the cyclical trends in these sectors. However, the GLE segment has shown signs of recovery, supported by renewed capital expenditure and fresh orders from the pharmaceutical industry. The agrochemical sector, previously impacted by Chinese dumping, is also rebounding following anti-dumping measures and improved competitiveness among domestic players. This positive momentum has led to higher production activity, with the capacity utilisation now at ~75%, indicating better operational efficiency and demand outlook.

The company’s diversification strategy is beginning to pay off, as non-GLE verticals help cushion the decline in revenue and profitability. The heavy engineering segment performed relatively well, driven by demand from the oil & gas, metals and

minerals industries. The overseas services have also remained resilient, with customers continuing to invest in repair and refurbishment despite limited new capex.

The ratings are constrained by the company's continued higher debt levels owing to the sizeable debt additions to fund various acquisitions over the past fiscals, thus moderating the debt coverage metrics at a consolidated level. The debt coverage metrics, reflected in a total debt/OPBDITA of ~3.1 times in FY2025, is expected to improve, going forward with improved profitability as well as debt amortisation, though the DSCR may remain less than 2 times in FY2026 due to the sizeable debt and lease payments. Thereafter, it is expected to remain comfortable in the medium term with further improvement in profit generation and relatively low repayment obligations. However, any large debt-funded acquisition pushing up the debt to higher-than-anticipated levels will be a key monitorable.

The ratings consider the vulnerability of the company's profitability to the volatility in steel prices, given the production cycle of three to nine months for GLE, and up to 18 months for heavy engineering. Further, GMMPL's operations remain exposed to new capital investment cycles in key end-user segments, with the company deriving a major share of its revenues from the pharma and chemical sectors. However, the company's ability to generate healthy profitability and steady cash accruals through low-cost sourcing and benefiting from economies of scale on a sustained basis will be critical for its credit profile to improve. ICRA also factors in the favourable demand prospects in the medium to long term on the back of healthy growth and the capex expected in pharma and specialty chemicals, both in India and overseas.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its market leadership in the GLE segment, ability to generate healthy cash flows from the business and maintain an adequate liquidity position.

Key rating drivers and their description

Credit strengths

Market leader in glass-lined equipment business with robust global presence and strong in-house technical capabilities – GMM Pfaudler is the market leader in the glass-lined equipment (GLE) segment, holding an estimated 50-55% share in the domestic market and a strong global presence supported by recent acquisitions. The company's leadership is underpinned by robust in-house technical capabilities, a diversified product portfolio and advanced manufacturing facilities. Today, GMMPL enjoys a strong presence in over 100 countries, benefiting from improved integration, cross-selling opportunities and enhanced operating leverage from its worldwide network.

Diversified product portfolio with presence in GLE, non-GLE and heavy engineering; product expansion through multiple bolt-on acquisitions – GMMPL derives majority of its revenue from the GLE & GLE services segment that contributed nearly ~50% of the revenues in FY2025 and H1 FY2026. However, the company has gradually diversified its operations with the non-GLE segment. Heavy engineering now contributes 20-25% to its revenue, supported by strong domestic and export demand. Mixing accounts account for 15-20% of the revenue, aided by recent global acquisitions, while filtration & drying and systems together form the balance share. Services remain a critical component, contributing significantly to the margins and forming around 40% of international revenue.

The company's management has been expanding through the inorganic route, completing various acquisitions in the past fiscals, with an intention to venture into various segments to cater to more end-user industries, improve its product profile and penetrate new markets.

In the past year, GMM Pfaudler has strengthened its global presence through strategic acquisitions, including SEMCO in Brazil and a majority stake in GMM Inox in Poland. These deals expand the manufacturing capabilities, open access to new geographies, and create synergies through integration, cross-selling and improved operating leverage, reinforcing its leadership in corrosion-resistant technologies.

Healthy order book position provides near-term revenue visibility; improving order inflows – GMM Pfaudler maintains a healthy order book, providing strong revenue visibility in the near term. The order inflows have been improving, driven by robust demand in pharma, recovery in the agrochemical and defense sectors, as well as growth in the non-glass line businesses such as mixing and filtration. The company reported H1FY2026 order intake of Rs. 1,881 crore and expects to close the year with a backlog of around Rs. 2,000 crore, ensuring a sustained momentum and supporting its growth outlook.

Credit challenges

Moderate debt coverage metrics with sizeable debt outstanding – The company had a total debt of Rs. 1,391 crore (including pension and lease liabilities of Rs. 525 crore) outstanding as on September 30, 2025, which increased from Rs. 1,132 crore as on March 31, 2025, primarily on account of the funding of the Semco acquisition and higher working capital requirements.

The relatively high debt levels have resulted in a gearing ratio of 1.2 times as of September 2025 (stable vis-a-vis 1.1 times as of March 2025). The company has adequate cash balance, resulting in a net debt/OPBITDA ratio of 2.2 times for H1 FY2026. However, the interest coverage deteriorated in FY2025 due to higher finance cost. The interest coverage deteriorated from 5.0 times in FY2024 to 3.5 times in FY2025 and 3.1 times in H1 FY2026 but remains comfortable. Amid expectations of continued pressure on profitability in the near term, the debt metrics are likely to remain moderate in the near term, with improvement expected from H2FY2026 onwards.

Exposure to new capital investment cycles in key end-user segments – GMMPL derives 50% of its revenues from GLE, which mainly caters to the pharmaceutical and chemical sectors, accounting for over 75-80% of the revenues from this segment. While the revenue from the services segment is expected to grow significantly in India and the contribution from the non-glass lined business also likely to improve, pharma and chemical will continue to dominate the revenue profile, going forward, exposing the company's operations to the capex cycles in the key end-user segments. The risk is partly mitigated by the company's attempt to diversify its revenue base organically as well as inorganically through the completion of multiple bolt-on acquisitions over the past fiscals coupled with improved geographic diversification post the acquisition of Pfaudler.

Vulnerability of profitability to volatility in steel prices, given the long production cycle – Carbon steel and stainless steel are the major raw materials for the company, the prices of which are volatile. The company's margins remain vulnerable to any adverse fluctuation in commodity prices as the raw material procurement is not entirely order backed. Nevertheless, GMMPL has been able to pass on any significant movement in steel prices to its customers but with a lag. Further, heavy engineering projects are covered under a price variation clause, which provides some comfort.

Environmental and social risks

Environmental considerations - GMM Pfaudler caters mainly to the pharmaceutical and chemical industries. Hence, the operations of the company and the manufacturing activity of its customers are likely to have an environmental impact in the form of emissions, effluent discharges and waste generation. The company is taking various initiatives to reduce its carbon footprint such as increasing generation and consumption of renewable energy, reducing greenhouse gas emissions and waste reduction throughout the supply chain, water recycling and implementing measure to reduce energy intensity through energy efficiency.

Social considerations - The company is committed to ensuring the safety and security of its employees through environment-friendly workplaces and an inclusive work culture. The company has been taking various initiatives to ensure a diversified and inclusive workplace with equal opportunities and provide adequate training and development opportunities to its employees.

Liquidity position: Adequate

The company's liquidity is adequate, considering a free cash of ~Rs. 16.7 crore in the standalone entity as on September 30, 2025, coupled with cushion in the working capital limits with the average utilisation being in the range of around ~27% for last twelve months ended September-2025. While the consolidated cash and bank balance stood at over Rs. 410.0 crore as on September 30, 2025, the ease of fungibility and repatriation of the same attracts significant withholding taxes and regulatory

costs, making it less efficient. Further, while the company has sizeable pension obligations, ICRA draws comfort from the close-ended nature of the fund and its long tenure. The consolidated debt repayments are around Rs. ~62 crore for FY2026 (excluding lease and pension obligations), which along with the modest maintenance capex is expected to be comfortably met by the accruals.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if there is consistent growth in the operating income and profitability along with a substantial improvement in the debt metrics on a sustained basis.

Negative factors – Pressure on the ratings may arise if any large debt-funded capex or acquisition adversely impacts GMMPL's capitalisation and coverage indicators. A debt/OPBDITA of more than 3 times or OPM below 12%, on a sustained basis, will also be the negative rating triggers.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GMM Pfaudler Limited. As on September 30, 2025, the company had 22 subsidiaries, which are all enlisted in Annexure II

About the company

Gujarat Machinery Manufacturers Private Limited (GMMPL), incorporated in 1962, was renamed GMM Pfaudler Limited in 1999, with Pfaudler Inc. acquiring a 51% stake in it. Over FY2021-Y2024, as part of a reverse acquisition, GMMPL acquired a 100% stake in its parent, the GMM Pfaudler Group (Pfaudler) from private equity firm Deutsche Beteiligungs AG Fund VI (DBAG). Pfaudler and DBAG have fully exited GMMPL over the course of various transactions in the past 2-3 years. As on June 30, 2024, the Patel family and associated entities held a 25.2% stake in the company, and they are classified the only promoter group.

GMMPL enjoys a ~40% market share in the global GLE business, while having over 50% market share in the domestic market. The company also derives revenue from the manufacture of proprietary products (mixing, filtration and drying equipment, and engineered systems), services and execution of heavy engineering projects in the domestic market. For its overseas operations, a significant revenue share is contributed by the services and system segments. At present, GMMPL owns ~20 manufacturing facilities across the US, Europe and Asia.

Key financial indicators (audited)

GMM (consolidated)	FY2024	FY2025	H1 FY2026
Operating income	3446.5	3198.7	1696.9
PAT	170.7	49.2	49.5
OPBDIT/OI	13.8%	11.3%	13.1%
PAT/OI	5.0%	1.5%	2.9%
Total outside liabilities/Tangible net worth (times)	2.3	2.0	2.2
Total debt/OPBDIT (times)	2.5	3.1	3.1
Interest coverage (times)	5.0	3.5	3.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	131.00	Dec 09, 2025	[ICRA]AA-(Stable)	Sep 27, 2024	[ICRA]AA-(Stable)	Jun 23, 2023	[ICRA]AA-(Stable)	Aug 16, 2022	[ICRA]AA-(Stable)
Term loans	Long term	34.00	Dec 09, 2025	[ICRA]AA-(Stable)	Sep 27, 2024	[ICRA]AA-(Stable)	Jun 23, 2023	[ICRA]AA-(Stable)	Aug 16, 2022	[ICRA]AA-(Stable)
Non-fund based - Others	Short term	135.00	Dec 09, 2025	[ICRA]A1+	Sep 27, 2024	[ICRA]A1+	Jun 23, 2023	[ICRA]A1+	Aug 16, 2022	[ICRA]A1+
Interchangeable limits - Others	Short term	-	Dec 09, 2025	-	Sep 27, 2024	-	Jun 23, 2023	[ICRA]A1+	Aug 16, 2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based- Cash credit	Simple
Long term – Fund based - Term loans	Simple
Short term – Non-fund based- Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based- Cash credit	NA	NA	NA	131.00	[ICRA]AA- (Stable)
NA	Long term – Fund based - Term loans	FY21-FY22	7-8%	FY2028	34.00	[ICRA]AA- (Stable)
NA	Short term – Non-fund based - Others	NA	NA	NA	135.00	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
GMM Pfaudler Limited	100% (rated entity)	Full Consolidation
GMM International S.a.r.l.	100%	Full Consolidation
Mavag AG	100%	Full Consolidation
Mixel France SAS	100%	Full Consolidation
Mixel Agitator Co. Limited	100%	Full Consolidation
Hydro Air Research Italia S.r.l	100%	Full Consolidation
GMM Pfaudler Foundation	100%	Full Consolidation
Pfaudler GmbH	100%	Full Consolidation
Pfaudler Normag Systems GmbH	100%	Full Consolidation
Pfaudler Interseal GmbH	100%	Full Consolidation
Pfaudler France S.a.r.l.	100%	Full Consolidation
Pfaudler Service BeNeLux B.V.	100%	Full Consolidation
Pfaudler S.r.l.	100%	Full Consolidation
Pfaudler Limited	100%	Full Consolidation
Pfaudler (Chang Zhou) Process Equipment Company Limited	100%	Full Consolidation
Pfaudler S.A. de C.V.	100%	Full Consolidation
Edlon Inc	100%	Full Consolidation
GMM Pfaudler US Inc.	100%	Full Consolidation
Glasteel Parts and services Inc.	100%	Full Consolidation
Pfaudler Ltda.	100%	Full Consolidation
Pfaudler Private Limited	100%	Full Consolidation
GMM Pfaudler JDS LLC	51%	Full Consolidation
Professional Mixing Equipment Inc	100%	Full Consolidation
GMM Inox sp. z o.o.	51%	Full Consolidation
SEMCO Tecnologia em Processos Ltda	100%	Full Consolidation

Source: H1 FY2026 Consolidated results

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