

# GMM Pfaudler

---

## Initiating Coverage Report

02 Sep 2024

# GMM Pfaudler – Initiating Coverage

Back from the Woods

CMP  
1371

3-year Upside  
2297

Target Upside  
68%

Rating  
BUY

## Company Introduction

- GMM Pfaudler (GMPFAUDLR) is a leading Industrial products company in India with Revenue streams like Technologies (60% as on FY24), Systems (12% as on FY24) and Services (28% as on FY24).

## Key Investment Rationale

- Revival of Glass-lining Industry:** Glass-lining equipment industry which is projected to grow by 6% CAGR globally till 2034 and 12% CAGR domestically till 2030 will be led by recovery in chemical Industry. Since GMPFAUDLR has over 50% market share in domestic glass-lining Industry and around 40% share globally so it will be in a dominant position to take advantage of the opportunity; normally, glass-lining equipment forms 20% of total capex by chemical / pharma players. Hence improving global macros and rising capex announcements by US chemical players and Indian chemical players will further boost the segment's revenues.
- Diversification of technologies:** In order to diversify from the traditional Glass-lining business, GMPFAUDLR acquired 5 companies between FY18 to FY24 in areas like industrial mixing, membrane Technologies and heavy engineering. Further, 3 companies were acquired indirectly through acquisition of Pfaudler Inc in areas like sealing Technology, fluoropolymers and process & lab glass which will drive growth for the company going ahead. Non Glass-lining forms around 20% of total Revenues for the company as on FY24.
- Industrial mixing to lead next level of growth:** Industrial mixing business could lead the next growth engine on a consolidated level aided by 3 acquired companies with different end user applications and huge addressable global Industry market size of \$ 3 Bn.
- Financial Outlook:** We expect GMPFAUDLR to post healthy numbers with Revenue/EBITDA/PAT CAGR of 9%/ 11%/21% from FY24 to FY27E led by revival of Glass-lining business and robust outlook of Industrial mixing business.
- Valuation and Recommendation:** AT CMP GMM PFAUDLR is trading at 20x FY27E EPS and 9x FY27E EV / EBITDA and we assign a 15x multiple on FY27E EV/EBITDA to arrive at a TP of Rs 2297 implying an upside of 68%.
- Key Risks:** Delay in recovery of Glass-lining Industry will result in downgrade in earnings for GMM PFAUDLR on a consolidated level; If the company is not able to grow its mixing business as projected then it will dent the company's earnings on a consolidated level; Failure in growing Non-Glass-lining businesses will lead to downgrade in earnings on a consolidated level.

Particulars (Rs Cr)	Revenue	EBITDA %	Adj PAT	EPS	ROE %	ROCE%	PE	EV/EBITDA	Mcap/Sales
2024	3,447	13.8%	178	40	18%	21%	35	14	1.8
2025E	3,576	12.7%	167	37	14%	18%	37	14	1.7
2026E	4,006	13.6%	234	52	18%	22%	26	11	1.5
2027E	4,493	14.5%	313	69	21%	26%	20	9	1.4

Source: Company, Spark PWM Pvt Ltd

02 Sep 2024

Industry Industrial Products

## Key Stock Data

Bloomberg	GMM IN
Shares o/s (Cr)	4.5
Market Cap (Rs Cr)	6170
52 wk High-Low	₹1898/₹1145
3m Avg Daily Volume (In '000)	76
Index	SMLCAP
F&O	N

## Latest Shareholding (%)

	Jun 24	Mar 24	Dec 23
Promoters	25.2	25.2	25.2
Institutions	36.7	35.2	35.7
Public	38.1	39.6	39.1
Pledge	0.0	0.0	0.0

## Stock Performance (%)

	1M	3M	12M
GMM Pfaudler	-5%	11.1%	-13.1%
Nifty 500	0.9%	12.5%	40.2%

RESEARCH ANALYST

Sagar Shah

sagar.s@sparkcapital.in

# Midas Telescopic View

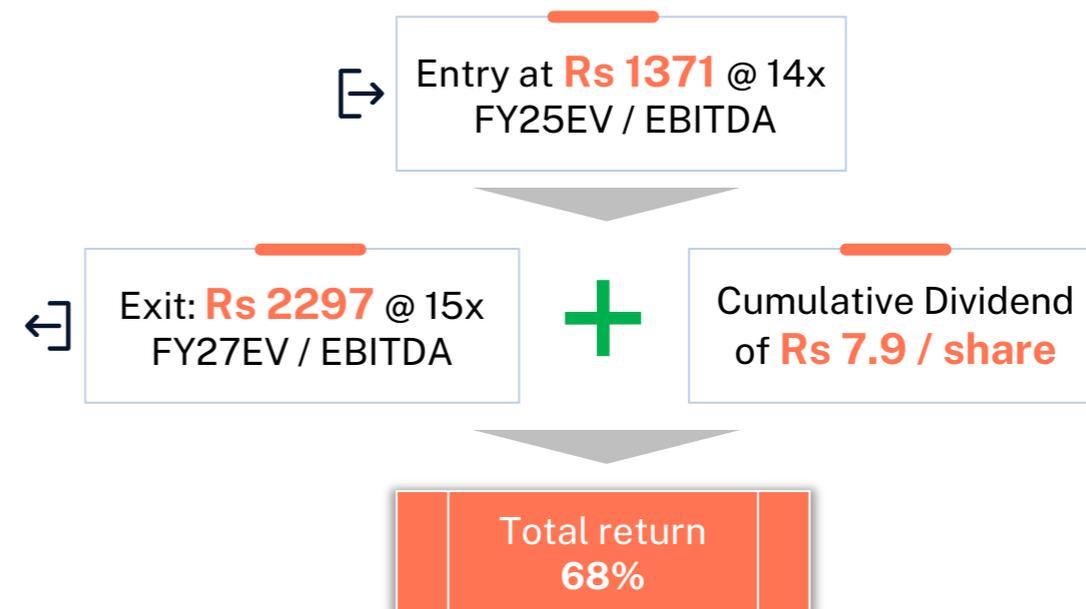
GMPFAUDLR is poised to deliver growth in the medium to long term aided by revival of glass-lining industry, healthy outlook of Non-glass-lining companies and Industrial mixing companies. We believe company being the market leader of glass-lining Technologies will do well once Chemical sector revives.

## Revenue growth will likely translate into strong free cash generation

Rs Cr	FY23	FY24	FY25E	FY26E	FY27E
Revenue (Rs Cr)	3,178	3,447	3,576	4,006	4,493
EBITDA (Rs Cr)	432	477	454	544	651
EBITDA margin	13.6%	13.8%	12.7%	13.6%	14.5%
EPS	37	40	37	52	69
Working capital days	118	106	111	114	114
Capital Employed	2,118	2,215	2,380	2,602	2,924
Borrowings	797	712	612	512	412
Free cash flows	(103)	198	204	315	336

## Gradual improvement in ROCE to come

Rs mn	FY23	FY24	FY25E	FY26E	FY27E
RoE (%)	27	18	14	18	21
RoCE (%)	23	21	18	22	26



## Sensitivity Analysis

EV/EBITDA	EV	Market cap	Target Price	Upside
13	8,463	9,032	2,007	47%
15	9,765	10,334	2,297	68%
17	11,067	11,636	2,586	89%

\*The highlighted row indicates base case assumptions

	<b>Company Overview</b>	<b><u>05</u></b>
	<b>Key Investment Rationale</b>	<b><u>12</u></b>
	<b>Financial Outlook</b>	<b><u>26</u></b>
	<b>Peer Analysis</b>	<b><u>33</u></b>
	<b>Key Risks and Scenario Analysis</b>	<b><u>35</u></b>

# Company Overview



# GMM Pfaudler – Company Snapshot

Carving out a niche in the manufacturing of Glass-lined and Non-Glass Lined Equipment. The systems and technologies offered by GMM PFAUDLR are utilized in all aspects of the value chain.

Corporate Factsheet	
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Incorporated in 1988, GMM Pfaudler started as a JV between Pfaudler and GMM for the manufacturing for glass Lined Equipment. Since then, the company has diversified into products such as mixing systems, filtration and drying Equipment, heavy Engineered systems and equipment. In 2020 GMMP started acquiring Pfaudler from DBAG and as of March 2024 Pfaudler is a wholly owned subsidiary of GMM Pfaudler.</li> <li>The company is headquartered in Mumbai, Maharashtra with a total employee strength of ~2000+ personnel spread across 4 continents and got listed in 2001 on BSE.</li> <li>Over 90% of the world's top 20 ICIS Chemical Companies put their trust in GMM PFAUDLR.</li> </ul>
<b>Revenue by Segment</b>	<ul style="list-style-type: none"> <li>Technologies (~60% of total FY24 revenue)</li> <li>systems (12% of total FY24 revenue)</li> <li>Services (28% of total FY24 revenue)</li> </ul>
<b>Revenue by Geography</b>	<ul style="list-style-type: none"> <li>India : ~(30% of total FY24 revenue)</li> <li>Outside India: ~(70% of total FY24 revenue)</li> </ul>
<b>Manufacturing Facility</b>	<ul style="list-style-type: none"> <li>GMM PFAUDLR operates 3 manufacturing facilities in India located in Karamsad, Gujarat, Vatva, Gujarat and Hyderabad, Telangana. Karamsad facility is a largest plant for the company with 41,000 square mts facility built on 20 acres of land.</li> <li>The company operates 17 other global manufacturing facilities across America, Europe and Asia Pacific.</li> </ul>
<b>Key Raw Materials</b>	<ul style="list-style-type: none"> <li>Stainless Steel</li> <li>Nickel</li> <li>Titanium</li> </ul>
<b>Key Management Personnel</b>	<ul style="list-style-type: none"> <li>Mr Tarak Patel (Promoter) is the Managing Director of the company since 2015 and has also served as the executive director of the company since 2007. He was pivotal in the acquisition of Mavag AG in 2008 and also played a key role in the other acquisitions made by GMM Pfaudler over the years.</li> <li>Mr. Thomas Kehl joined GMM PFAUDLR in 2016 as the CEO of Pfaudler Group and in 2021 he became the CEO of international business. Aseem Joshi is the CEO of India business since 2021, prior to which he was with Honeywell.</li> </ul>
<b>Auditors</b>	<ul style="list-style-type: none"> <li>Deloitte Haskins &amp; Sells (Chartered Accountants)</li> </ul>

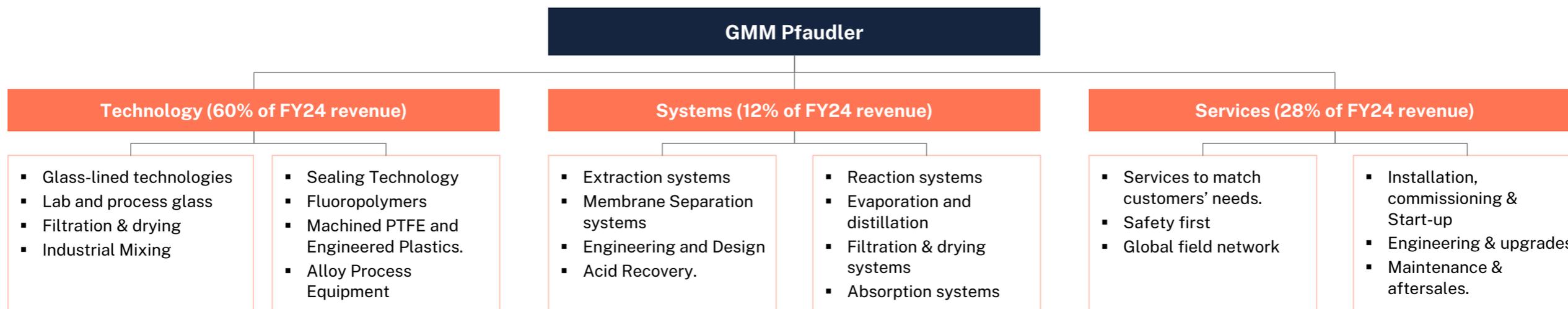
Category (Jun '24)	% Share
Promoter Group	25.2
FII	22.2
DII	14.5
Others (Public)	38.1
<b>Total</b>	<b>100</b>

Key Metrics	FY22	FY23	FY24
Revenue (Rs Cr)	2,540	3,178	3,447
EBITDA (Rs Cr)	284	432	477
EBITDA Margin (%)	11.2	13.6	13.8
PBT (Rs Cr)	135	276	255
PBT Margin	5%	9%	7%
Adj PAT (Rs Cr)	87	167	178
Net Worth (Rs Cr)	527	804	968
Net Debt (Rs Cr)	177	426	368
NWC – Ex Cash (Rs Cr)	307	299	312
Total Assets (Rs Cr)	2,727	3,354	3,157
FCF	105	-103	198
ROCE %	15%	23%	21%

Source: Company, Midas research

# Business Verticals

GMPFAUDLR's business offering includes Technologies, Systems and Services for the complete needs of their customers providing them with end-to-end solutions all in one shop.



## Customers of GMM Pfaudler

Pharmaceuticals	Specialty Chem & Dyes	Agrochem & Fertilizers	Oil & Gas
Glenmark Pharmaceuticals	Asian Paints	G.N.F.C	Engineers India
Jubilant Lifesciences	LyondellBasell	Deccan Fine Chemicals	ONGC
Aurobindo Pharma	DyStar	GSFC	Indian Oil
Ranbaxy Laboratories	Halliburton	PDIL	Bharat Petroleum
Cipla	Perstorp AB	IFFCO	Air Liquide
Sun Pharmaceuticals	Heubach GmbH	KRIBHCO	ADNOC
Lupin	BASF	Excel Industries	Qatargas
Dr. Reddy's	Croda Chemicals	Coromandel	CPCL
Divis Labs	Bayer	Rallis India	Maire Tecnimont
Ipcal Laboratories	3M	Sumitomo Corporation	Larsen & Toubro
USV	LANXESS	Bayer	Fluor Corporation
Teva Pharmaceuticals	Convestro AG	Gharda Chemicals	Bechtel
Ampac Fine Chemicals	Kukdo Chemicals	United Phosphorus	
AbbVie	Clariant Specialty Chemicals	RCF	
Sandoz (Novartis)	SACHEM		
Apotex			
MOEHS Fine Chemicals			
Fabbrica Italiana Sintetici			

- Technology - GMPFAUDLR is renowned in chemical processing for corrosion-resistant solutions. Their extensive technology portfolio spans all unit operations, providing comprehensive global solutions tailored to complex requirements in chemical and pharmaceutical industries.
- systems - GMPFAUDLR designs and delivers customized chemical process systems from laboratory to industrial scale, encompassing diverse technologies like reaction, distillation, filtration, drying, acid recovery etc. They ensure optimal functionality, ease of operations fast track schedule and reduce costs for the customers.
- Services - GMPFAUDLR offers equipments and maintenance services for their and others' technologies. They excel in bespoke process solutions, involving engineers and technicians from project inception through design, installation, and beyond standard maintenance. This segment offers higher margin for the company.
- Post the acquisition of Pfaudler Inc in FY21, the company has started disclosing Revenues under 3 segments such as technology, systems, and services. Under Technology, the company has clubbed glass-lining, Non glass-lining and Industrial mixing revenues.

Source: Company, Midas research

# Key Technologies Offered by GMM Pfaudler

Glass lining Equipment	Lab and Process Glass	Filtration and Drying	Industrial mixing Technologies	Sealing Technology	Alloy Process Equipment
<b>Pfaudler</b>	<b>Normag</b>	<b>Mavag</b>	<b>Mixion</b>	<b>Interseal</b>	<b>Equilloy</b>
<ul style="list-style-type: none"><li>Glass-lining equipment refers to vessels, pipes, and other equipment that have been coated internally with a layer of glass, offers corrosion resistance, easy cleanability, durability against mechanical impact, chemical reactions, and good thermal performance.</li></ul>	<ul style="list-style-type: none"><li>Normag is an experienced maker for Lab and Process Glass. They make small laboratory sized equipment to full fledged industrial size containers based on their client's needs. They specialize in the making of Borosilicate Glass 3.3 which have high heat resistance.</li></ul>	<ul style="list-style-type: none"><li>Mavag is involved in the making of filtration and drying equipment for the process industries. These are used in the separation of solids from liquids.. Pfaudler filters, in alloy, glass-lined (Glasteel®), and fluoropolymer-lined steel, are used in pressure filtration applications.</li></ul>	<ul style="list-style-type: none"><li>Mixion manufactures a comprehensive range of mixing solutions, including agitated vessels. The mixers and agitators offered by MIXION help the customers improve efficiency and yield by reducing the cost. The acquisitions of Mixel and Mix Pro in 2023 is helping Mixion turn into a Global Industrial mixing technology platform.</li></ul>	<ul style="list-style-type: none"><li>Interseal specializes in the manufacturing of sealing equipment for the process Industry. They have developed a dry-running system that doesn't use and kind of gas or liquid. This ensures that the sealing lips are leakproof, which would in turn reduce the risk of contamination.</li></ul>	<ul style="list-style-type: none"><li>GMM had started 'Equilloy' to enter the Heavy Engineering systems industry. The experienced engineers in the company assist the clients with the specifics, Design, fabrication and commissioning of alloy equipment. The company makes various types of pressure vessels, reactors, columns, heat exchangers etc.</li></ul>

Source: Company, Midas research

# Systems Offered by GMM Pfaudler

## Engineering and Design

- GMM PFAUDLER engages in the upgradation of existing facility or setting up a new manufacturing capacities. The engineering services cover all stages of the project starting from evaluation to installation and commissioning.

## Reaction systems

- GMM PFAUDLER specializes in a diverse range of reactors, prominently featuring their renowned glass-lined models widely used in chemical and pharmaceutical sectors. Under the Equilloy brand, they offer reactors crafted from stainless steel, Hastelloy, Titanium. These reactors are designed for precise applications.

## Evaporation & Distillation systems

- GMM PFAUDLER specializes in tailored evaporation and distillation systems for the process industry. The Wiped Film Evaporator excels in challenging separations like stripping and rectification. They have high efficiency and reliability in demanding processes.

## Acid recovery

- GMM PFAUDLER offers corrosion-resistant materials, such as glass-lined steel (Glasteel), fluoropolymer-lined steel, and resistant metals (Zirconium, Tantalum, and Niobium), as well as technologies that help in safely containing and processing acid recover.

## Absorption systems

- Absorption is the intake of gases in a washing liquid through physical solving or reversible chemical reaction. A wide range of specific solutions can be applied as customized and process specific units. They offer solution for atmospheric pressure as well as low and medium pressure absorption. GMM Pfaudler systems process solutions for NO<sub>x</sub>, HCl, and waste gas absorption systems.

## Membrane separation systems

- Hydro Air  
These systems are versatile, catering to a spectrum of separation processes ranging from microfiltration and ultrafiltration to nanofiltration and reverse osmosis.

# GMM Pfaudler – Story so far

1884-1990

- Glass-Lining Technology Invented by Casper Pfaudler (1884).
- First plant in Rochester (1903) Second plant in Germany (1907).
- Incorporation of GMM and got listed on BSE (1962).
- Pfaudler INC acquired 40% Stake in GMM for JV (1987).

- GMM PFAUDLER got listed in 2001
- Robins and Myers INC acquired Pfaudler INC (1994).
- Pfaudler INC increases stake in GMM to 51%, renamed as GMM Pfaudler (1999).
- Acquisition of Mavag AG, Switzerland (2008).

1990-2010

2010-2016

- National Oilwell Varco (NOV) acquired Robin and Myers INC (2012-13).
- Became part of DBAG post-acquisition of Pfaudler's stake from NOV (2014).

2017-2018

- Pfaudler INC Acquired Interseal (2017)
- Pfaudler INC Acquired Normag (2018).
- Crossed Mcap ₹1000 Cr and Consolidated revenue of 400Cr.
- Got listed on NSE (2018).

2019-2020

- Acquired Industrial mixing Solutions Division on Sudarshan Chemicals. Esatblished MIXION (2019).
- Acquired Die Dietrich Process systems, India (2020)..

2021-2022

- Acquired HDO Technologies (2021).
- Acquired HydroAir Research Italia (2022).
- Acquired JDS manufacturing (2022)
- GMM Pfaudler completes acquisition of majority stake (54%) in the global business of Pfaudler Inc.
- The company achieved consolidated revenues of ₹1000 crore in 2021 and ₹2500 crore in 2022.

2023-2024

- Acquired MIXEL, France (2023 ).
- Acquired MixPro, Canada(2024).
- The company achieved consolidated revenue of ₹3000 Cr in FY23.
- In March 24, Company bought remaining 46% stake of Pfaudler Inc from Patel Family and PE fund- DBAG

# Credible Management Team and Board

The senior management team comprises highly skilled individuals with backgrounds from reputable organizations and universities.



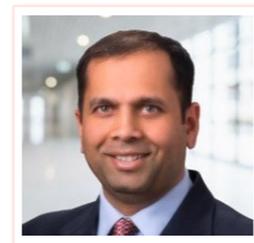
**Tarak Patel**  
Managing Director

- Promoter of the Company with over 2 decades of experience in industry.
- Started his career at Universal Consulting. He then joined GMM Pfaudler as executive director in 2007 and later on became managing director in 2015.
- His educational background includes a joint MBA conferred by Columbia Business School, London Business School and University of Hong Kong (HKU) Business School.



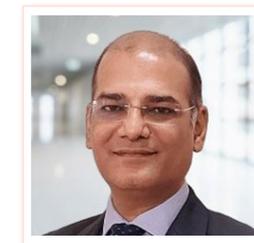
**Thomas Kehl**  
CEO of International Business

- Joined Pfaudler Inc in 2016 and became CEO of International Business in 2021.
- Prior to joining Pfaudler he was the CEO of Coperion Group. He has also worked as MD in Reiter Automatic and Reiter AG and CEO of Freudenberg Nonwovens.



**Aseem Joshi**  
CEO of India Business

- He has over 20 years of experience in technology, strategy, sales and manufacturing before joining GMM Pfaudler in November, 2021.
- Started his career in IBM, USA. Helped in setting up a semiconductor fabrication plant.
- He was previously associated with McKinsey, Eaton Fluid Power and Honeywell as well.



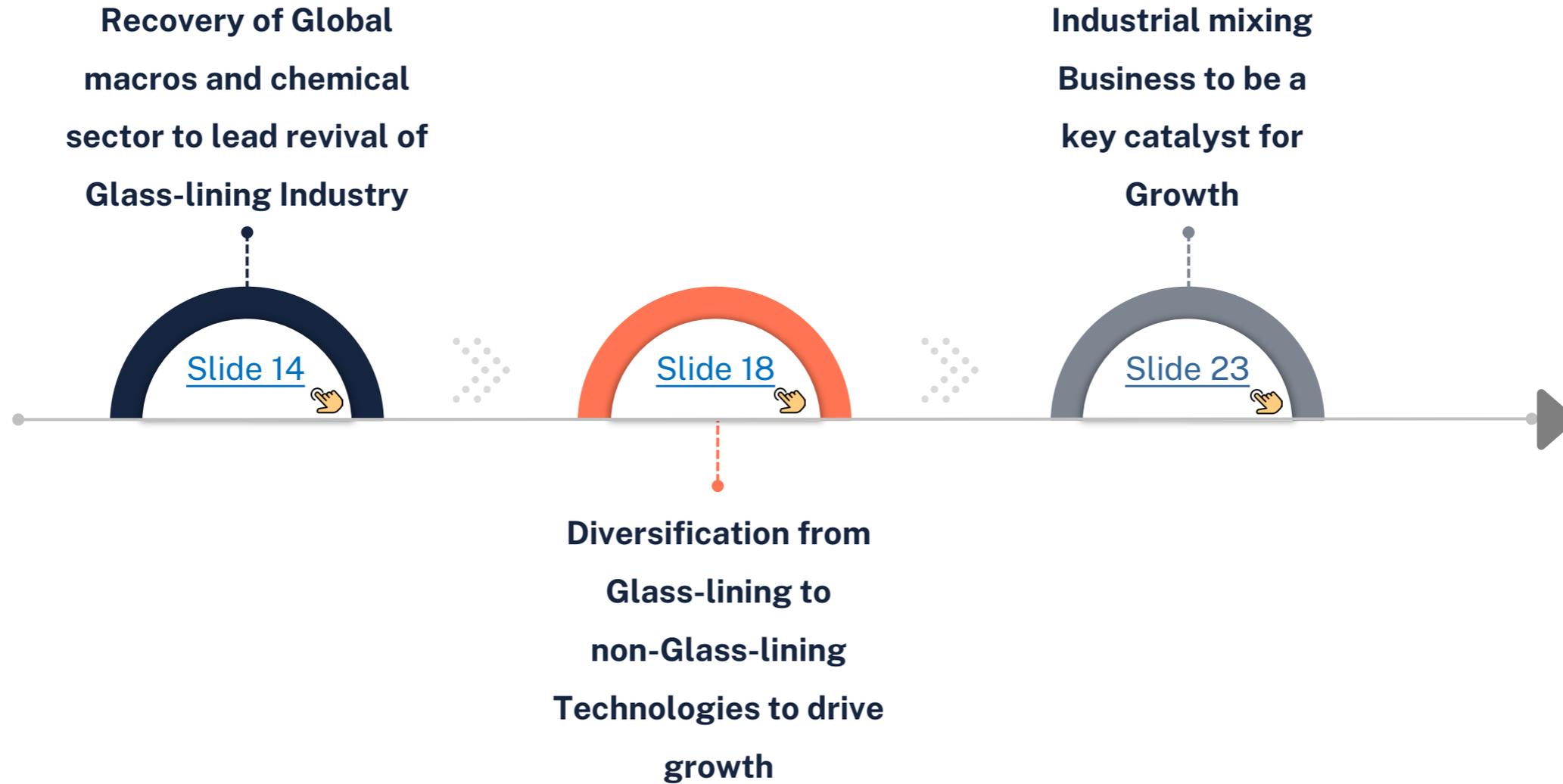
**Manish Poddar**  
CFO of India Business

- He has been with GMM Pfaudler since 2021, prior to which he was with Diversity India, a wholly owned subsidiary of Bain Capital. He has also worked at Sun Pharma and Louis Dreyfus.
- He is a qualified Chartered Accountant and his other education includes MBA in IFRS, Treasury & Forex Management and information systems Audit.

# Key Investment Rationale



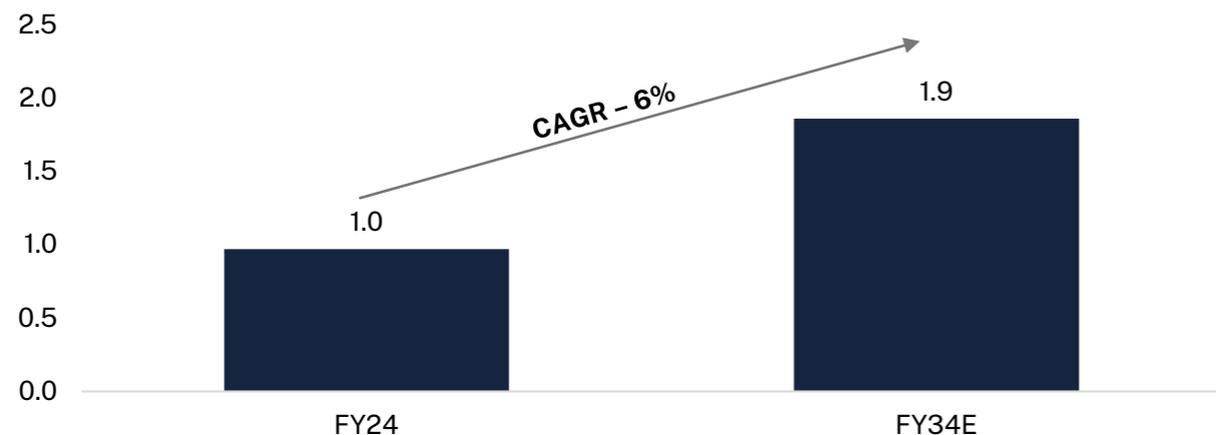
# Summary of Investment Rationales



# Recovery of Global Macros and Chemical Sector to lead revival of glass-lining Industry (1/4)

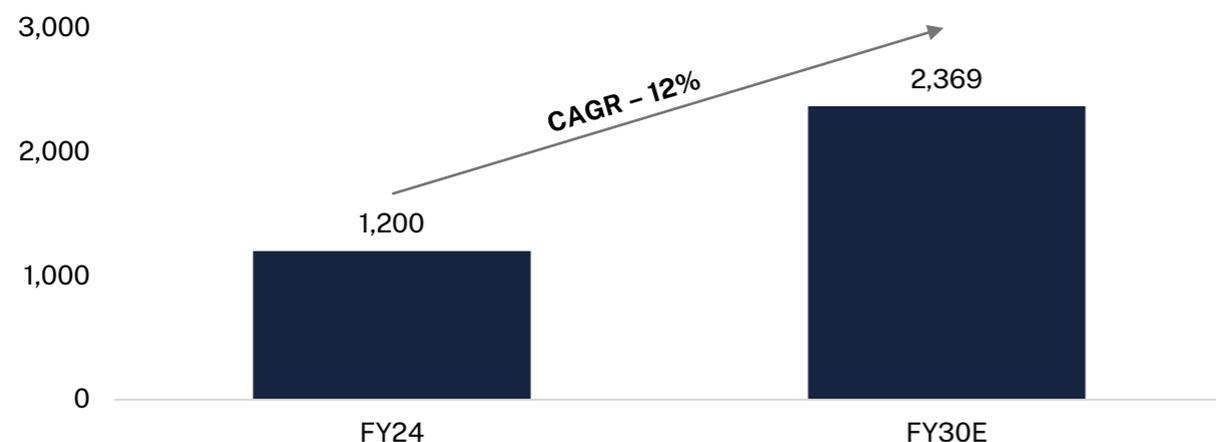
The acquisition of Pfaudler INC has expanded GMPFAUDLR's revenue and market share in the Global Glass-lining sector, facilitating their expansion into new geographical markets.

## Global glass-Lining Market (\$ Bn)



- 80% of Revenues for glass-lining Industry comes from Chemicals/Pharma Industry.
- The Global Glass-Lining Market is currently valued at \$ 1 Billion and is expected to grow at a **CAGR of 6%** to \$ 1.9 billion by 2034.
- **GMPFAUDLR holds a market share of approximately 40% in the global Glass-lining business, varying based on the specific geographic markets they serve.**
- **As of FY23, GMPFAUDLR's addressable market size was \$ 0.4 bn and the company expects this to grow at high single digits.**
- Some of the notable players in the Global Glass-Lining market are GMM Pfaudler, 3V Tech, Zibo Taiji Industrial Enamel Company, De Dietrich Process systems etc.

## Domestic glass-Lining Market (Rs Cr)



- The Domestic glass-Lining Market size is Rs 1200 Cr and is expected to grow at a **CAGR of 12%**.
- **In India GMPFAUDLR holds about 55% market share in the glass-Lining Industry as on FY24.** It faces some competition in the small vessel segment, but it is a market leader in large vessel segments with sizes going up as high as 140,000 litres. They are the market leader across the value chain.
- Some of the notable players in the Indian Glass-Lining market are GMPFAUDLR, HLE Glascoat, Standard Glass and Sachin Industries etc.

# Recovery of Global Macros and Chemical Sector to lead revival of glass-lining Industry (2/4)

## Challenges Faced by Global Chemical Industry

- **Global Economic Slowdown:** Rising inflation, high interest rates coupled with lower global GDP growth affected consumption thus slowdown in Chemical Sector.
- **Chinese Overcapacity:** Record overcapacity in China and dumping of products at reduced prices led to realization and margin deterioration on a global level.
- **Geopolitical tensions:** Due to geopolitical tensions across the Globe, issues such as Red sea crisis affected the supply chain systems of companies globally which inflate the logistics cost for the companies.
- **Eco friendly Regulations:** Chemical and Petrochemical sector is the third largest Sector in terms of CO<sup>2</sup> emissions thus governments such as China are cracking on companies who are not following the norms.

## Micro Economic Indicators Showing Signs of Recovery

- As per Industry reports, US Chemical Capex spending touched 32.6 Bn\$ in 2023 and is expected to grow by 3.5% CAGR till 2026.
- Retail sales of Consumer goods increased by 3.1% YOY in March 2024 in China which means Chinese economy may be improving.
- IFO Germany Chemical Inventory assessment is at lowest levels since 2022 is an indicator of depleting inventory levels in Europe thus may lead to recovery of Chemical prices.
- In 2024, the increasing demand for chemical products in US indicates that the global chemical sector has reached the bottom of the cycle and is now showing clear signs of recovery supported by improving inventory levels and favorable macroeconomic conditions.

## MARKET CONDITIONS SHOWING SIGNS OF IMPROVEMENT

### Select Macroeconomic Indicators

#### U.S. – Industrial activity is increasing as destocking has run its course

- + U.S. chemical railcar average shipments have increased by 4.3% YTD, as of April 13
- + S&P Manufacturing PMI remained in expansionary territory at 51.9 in March
- + Building permits in March were 1.5% higher YoY, while Existing Home Sales declined 3.7% YoY in March

#### EU – Leaner inventory levels, yet underlying demand remains weak

- + IFO Germany Chemical Inventory assessment in March at lowest levels since July 2022
- Retail trade sales decreased 0.7% YoY in February
- S&P Manufacturing PMI declined to 46.1 in March vs. 46.5 in February

#### China – Consumer demand improving, despite weak property sector

- + China industrial production increased 4.5% YoY in March
- + Retail sales of consumer goods expanded 3.1% YoY in March
- New home prices continue to decline, falling 2.2% YoY in March

#### ROW – Industrial activity remains constructive across the regions

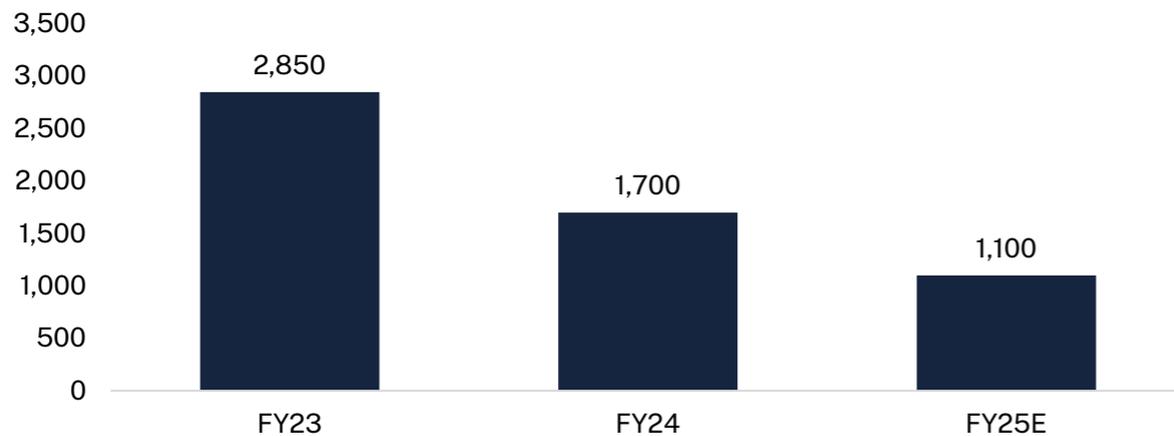
- + India Manufacturing PMI increased to 59.1 in March, highest level since October 2020
- + Retail sales of consumer goods expanded 3.1% YoY in March
- + ASEAN PMI increased to 51.5 in March vs. 50.4 in February

# Recovery of Global Macros and Chemical Sector to lead revival of glass-lining Industry(3/4)

## Indian Chemical Companies - Capex Plan

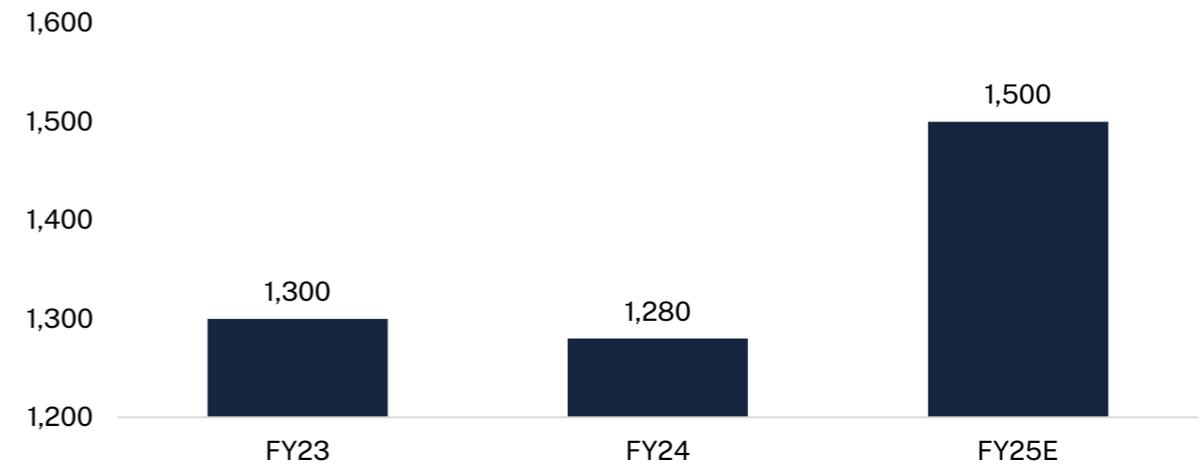
- In FY24 **PI industries** spent around Rs 585 cr and it is expected to spend around 800 cr in FY25 which will help them to expand their multiproduct plant production capacities to venture into new molecules.
- In FY24 Aarti Industries spent around Rs 1280 cr and it is expected to spend around Rs 1500 cr in FY25 which will help them to expand their manufacturing footprint and venture into newer high potential chemistries.
- In FY24 SRF spent around Rs 1700 cr and it is expected to spend around Rs 1100 cr in FY25 to expand their production facilities.
- In FY24, GMPFAUDLR also finalized projects with companies like Aarti and PI industries to help them to expand their manufacturing capabilities.
- In spite of slowdown in Chemical sector, private sector companies are executing capex plans and have plans even for FY25 which is driving decent performance of GMPFAUDLR in India and future also looks promising.

## Capex - SRF (Rs Cr)



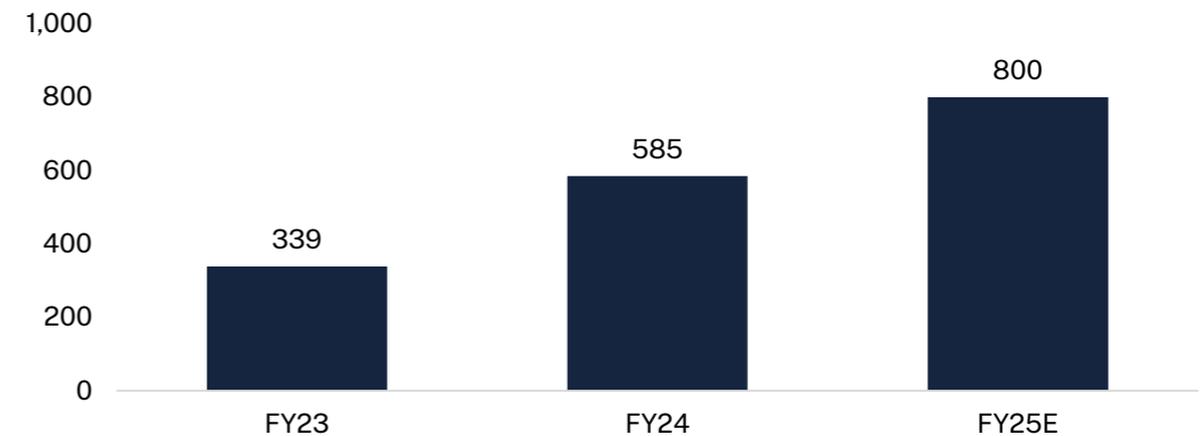
Source: SRF IP, Midas research

## Capex - Aarti Industries (Rs Cr)



Source: Aarti Industries IP, Midas Research

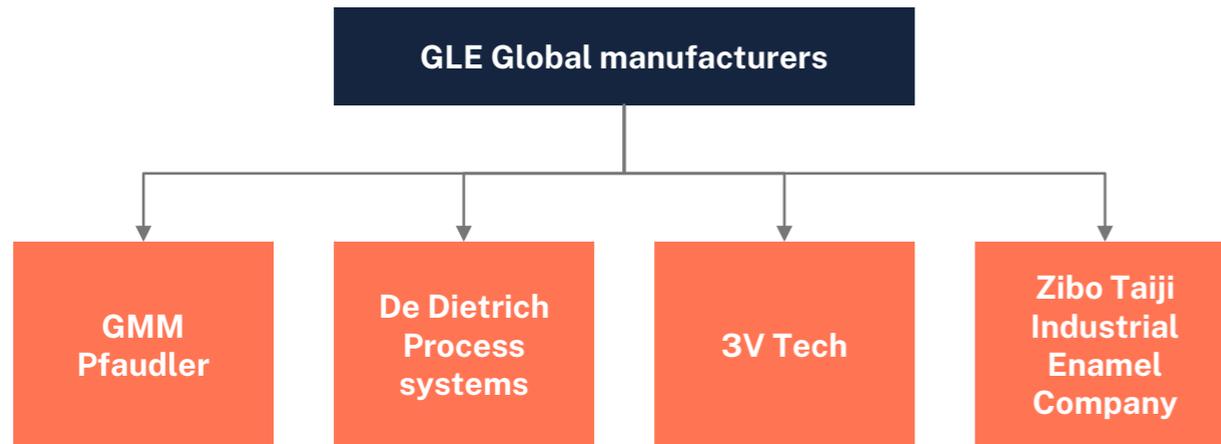
## Capex - PI industries (Rs Cr)



Source: PI Industries IP, Midas research

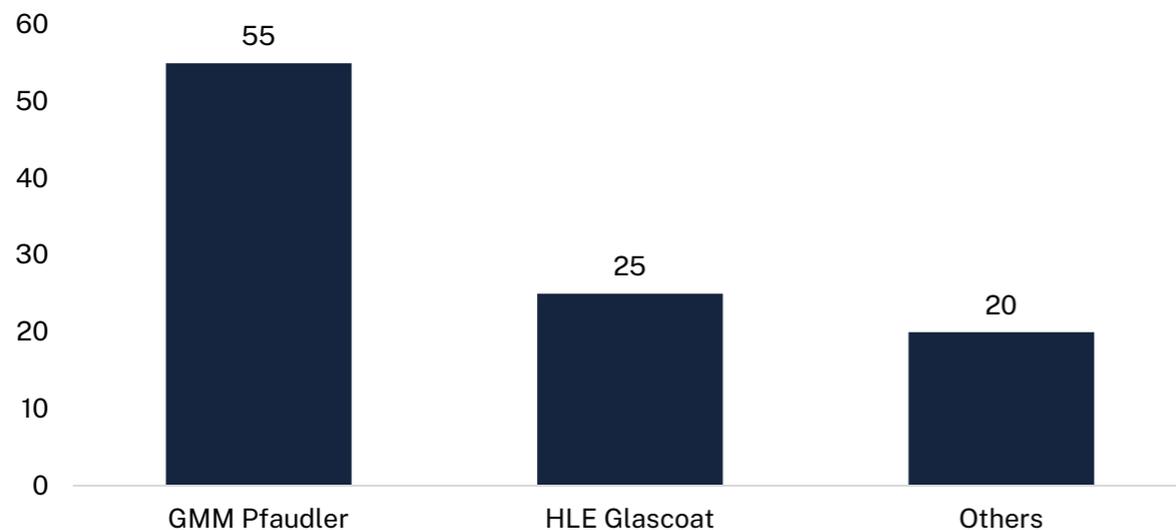
# Recovery of Global Macros and Chemical Sector to lead revival of glass-lining Industry(4/4)

## GLE Market Leaders



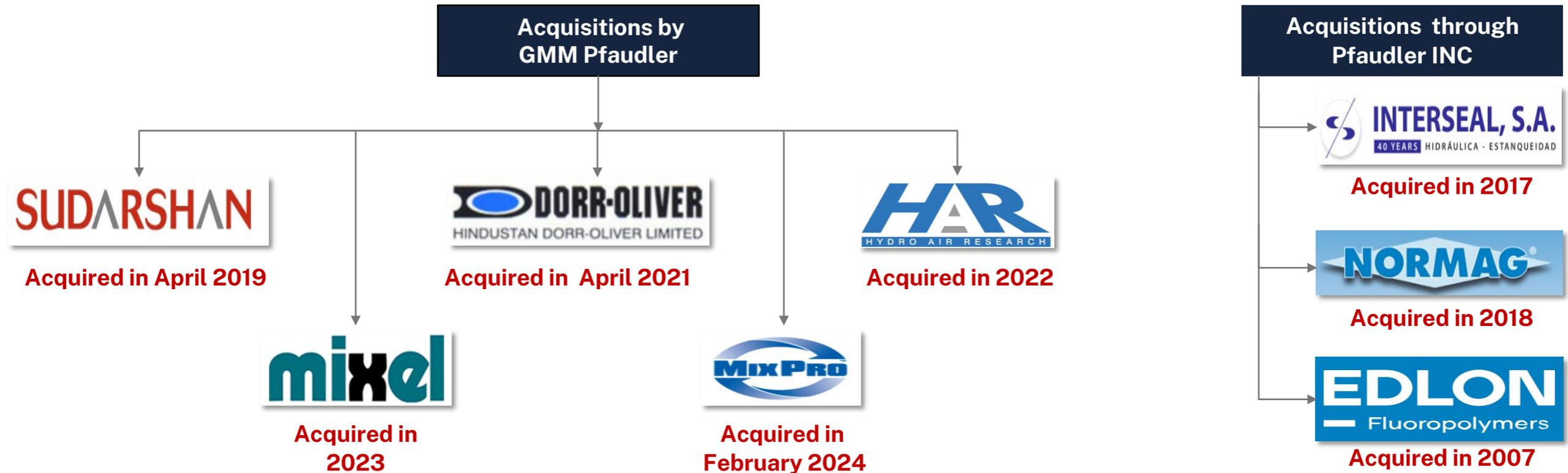
- Through acquisition of Pfaudler, GMMPFADLR got access to global glass-lining plants in USA, Germany, China, Brazil & Italy and exposure to global glass-lining business.
- GMMPFADLR holds a market share ranging from 40% to 50% in the global large Glass-Lining Business, making it well-positioned to benefit from the recovery in chemical sector capacity expansion.
- GMMPFADLR takes orders of larger heavy glass-lining equipments with good quality and not of lower sizes so global economic slowdown had an impact on the company.

## Market Share of Major Players in the Domestic Glass-Lining Industry (%)



- GMMPFADLR holds approximately 55% market share in the Domestic Glass-Lining market whereas the closest competitor HLE Glascoat has 25% market share in GLE business as on FY24; Others which mainly constitute are smaller companies like Sachin Industries and Standard Glass and others which control the remaining market.
- We believe revival of chemical sector is going to lead the domestic glass-lining growth for the company and we can get confidence from the management commentary of GMMPFADLR in Q3FY24 concall 'Like I mentioned to you, there are large projects that have recently been finalized. PI Industries is one such example. I think there's a large Aarti project that's being kind of spoken about right now and multiple other projects as well'.
- The Company's domestic plants are running at 60% Capacity utilization and when chemical Industry recovers, we expect standalone glass-lining business to register high growth.

# Diversification from Glass-lining to Non-Glass-lining Technologies to Drive Growth (1/5)



- Between FY20 to FY24, GMM PFAUDLR acquired 5 companies to diversify its product basket from traditional glass-lining Technologies and 3 companies were indirectly acquired through acquisition of Pfaudler INC.
- As the 5 companies are relatively newly acquired, we don't have track record of these companies.
- Apart from mixing, the companies that have been acquired will add to the GMM PFAUDLR's product basket offering in the Chemical sector and increase the wallet share for the company.

# Diversification from Glass-lining to Non-Glass-lining Technologies to Drive Growth (2/5)

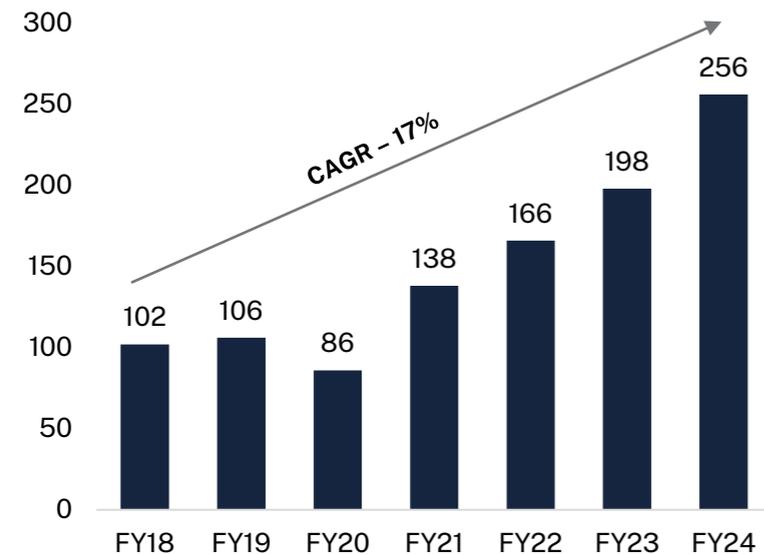
## Industries Served

	Mavag	Mixon	Interseal	Normag	Equilloy	Edlon
Pharmaceuticals	✓	✓	✓	✓	✓	✓
Chemical	✓	✓	✓	✓	✓	✓
Oil & Gas	✓	✓	✓	✓	✓	✓
Metals & Minerals	✓	✓	✓	✓	✓	✓
Paints	✓	✓	✓	✓	✓	✓
Semiconductor	✓	✓	✓	✓	✓	✓
Lifesciences	✓	✓	✓	✓	✓	✓
Pulp & Paper	✓	✓	✓	✓	✓	✓

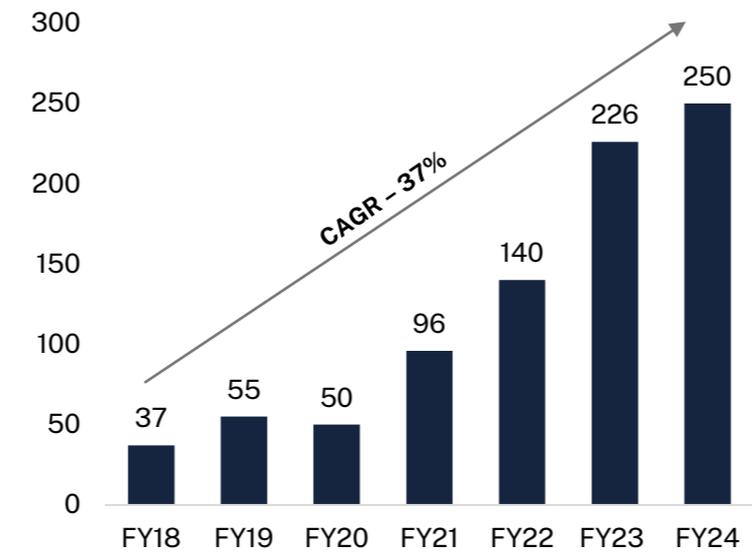
- **Mavag** - Mavag is involved in the making of Filtration and Drying equipment for the process industries. These are used in the separation of solids from liquids. They cater to Pharmaceuticals, chemicals and life sciences industries.
- **Edlon** - Edlon provides engineered Fluoropolymer solutions focusing on creating specialized equipment using thermoplastic polymers consisting of carbon (C) and fluorine that provide incredible corrosion resistance. They cater to Pharmaceuticals, Chemicals and **semiconductor** industries.
- **Interseal** - Specializes in the manufacturing of sealing equipment for a dry-running system that doesn't use and kind of gas or liquid, which would in turn reduce the risk of contamination. They caters to pharmaceuticals, Chemicals, paints, Lifesciences industries.
- **Normag** - Normag specializes in manufacturing laboratory and process glassware, equipment ranging from small-scale to large industrial containers tailored to client specifications. They caters to pharmaceuticals, chemicals, lifescience industries.
- **Equilloy** - GMPFAUDLR has launched Equilloy to venture into the heavy engineering systems sectors such as pressure vessels, reactors, columns, heat exchangers etc. They caters to Pharmaceuticals, Chemicals, Oil & Gas, Metals& Minerals and Pulp& Paper industries.
- In FY21 GMPFAUDLR acquired a majority stake in Pfaudler Inc, resulting in the amalgamation of **Normag, Edlon and Interseal** into GMPFAUDLR's group
- With the acquisitions GMPFAUDLR gets diversified exposure to different industries other than chemicals which in turn will benefit the company in the longer run as it will remain insulated from a slowdown in the single Industry.

# Diversification from Glass-lining to Non-Glass-lining Technologies to Drive Growth (3/5)

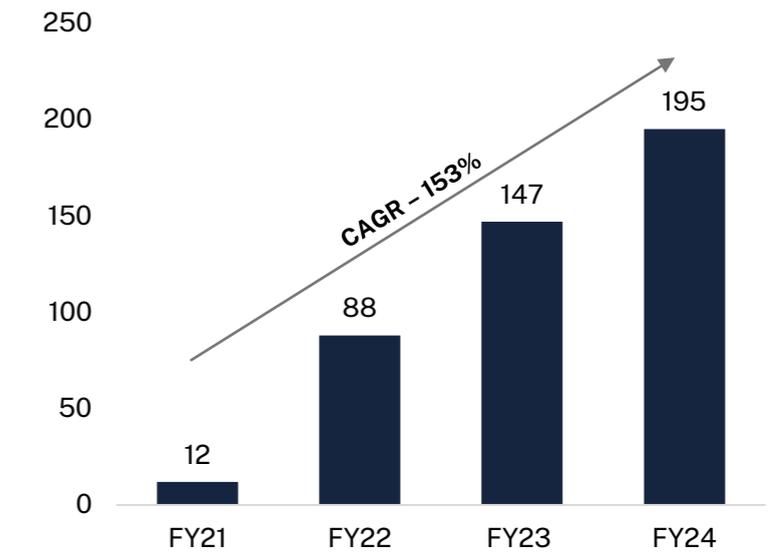
Revenue-MAVAG (Rs Cr)



Heavy Engineering (Rs Cr)



Edlon (Rs Cr)



- GMMPFAUDLR acquired Mavag in 2007 which specialises in the production of filtration and drying equipment for various process industries; In the fiscal years from FY18 to FY24, revenue from this business grew from Rs 102 crore to Rs 256 crore at a CAGR of 17%
- From FY18 to FY24, Revenues from the heavy engineering segment revenue grew from Rs 37 cr to Rs 250 cr CAGR of 37%.
- Edlon which was acquired through Pfaudler INC has clocked 153% CAGR between FY21 to FY24 to Rs 195 Cr.
- Due to the previous track record of these two businesses, we believe the acquisitions done by the company will be fruitful to the company and will add to the bottom line of the company as it will increase the portfolio of offerings to the same client in the chemical/pharma sector while also catering to other sectors.

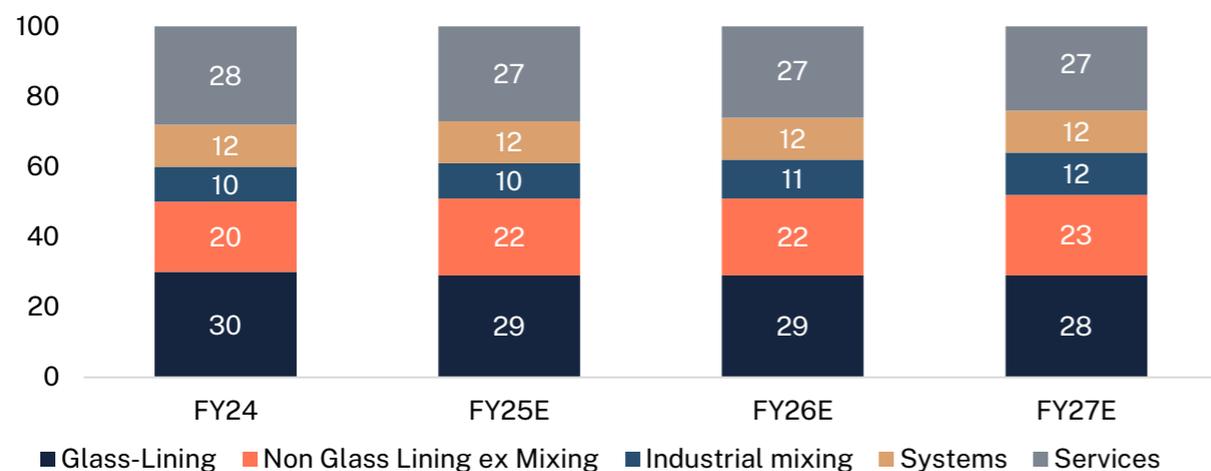
# Diversification from Glass-lining to Non-Glass-lining Technologies to Drive Growth (4/5)

Revenue Composition Pre-Acquisition of Pfaudler INC - Consolidated (%)

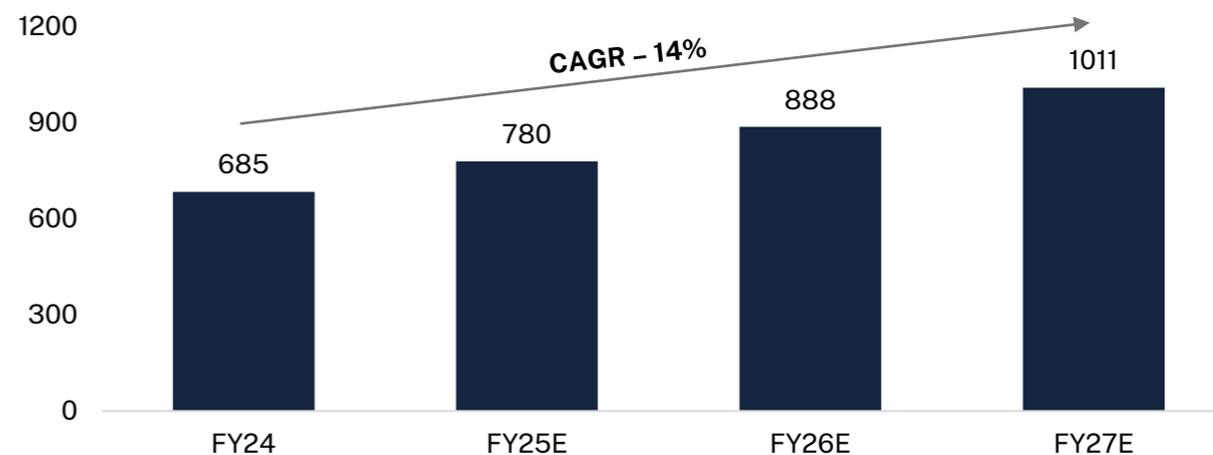


- The acquisitions made by GMPFAUDLR between FY18 to FY24 helped the company to diversify its portfolio to non glasslined Technologies such as Industrial mixing, membrane Separation systems and heavy engineering.
- With acquisition of Pfaudler Inc, the company got access to global glasglining Industry in different geographies and Fluorochemical Industry through Edlon, lab & process Glassware through Normag and sealing Technologies through Interseal.
- We expect Non glass-lining Revenues to grow at a CAGR of 14% aided by growth in businesses like Mavag, Edlon, heavy Engineering and others.
- Post acquisition of Pfaudler Inc, systems and services portfolio also got added to the company's basket which has enhanced its offerings to the client; services business normally constitutes 7% of total glass-lining capex and is margin accretive for the company.
- The diversified revenue sources gives the company more cushion against sectoral slowdowns.

Revenue composition post acquisition - Consolidated (%)



Non Glass-Lining Revenue - Consolidated (Rs Cr)



Source: Company, Midas research

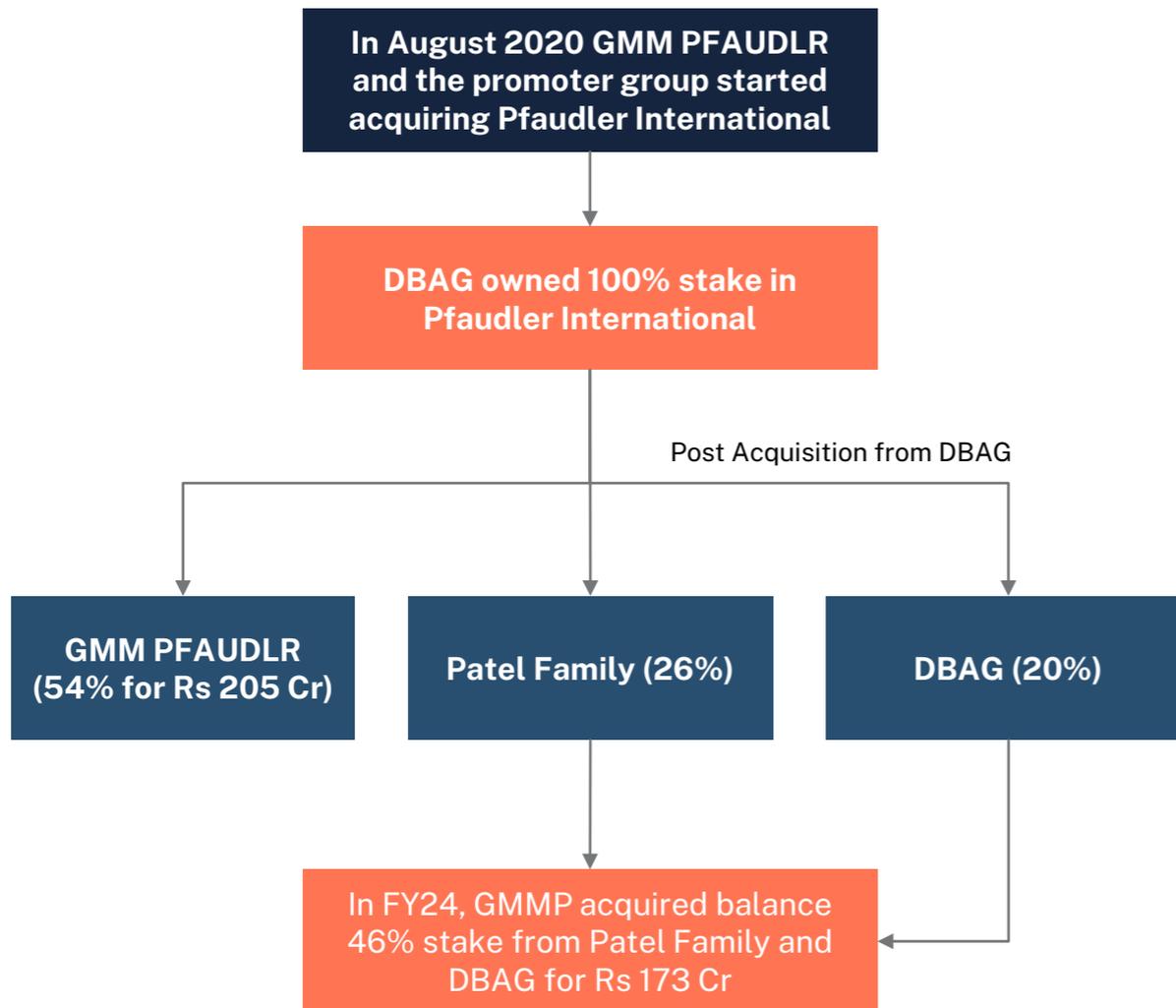
Note: glass-lining, Non glass-lining and Industrial mixing is clubbed into Technologies from FY21

# Diversification from Glass-lining to Non-Glass-lining Technologies to Drive Growth (5/5)

GMPFAUDLR, through its Swiss subsidiary Mavag AG had acquired 56% of Pfaudler INC for \$ 27.4 mn (Rs 205 crore) from DBAG in 2007 and in March 24, Company bought remaining 46% stake of Pfaudler from Patel Family and PE fund- DBAG for Rs 173 Cr.

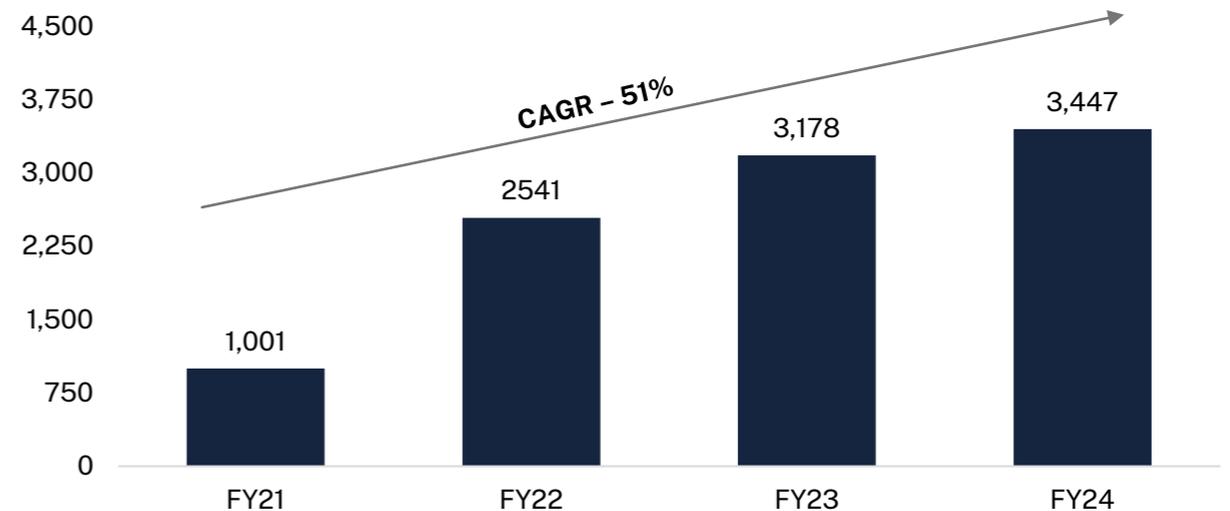


## Acquisition of Parent Company



- Through the acquisition of Pfaudler Inc, GMPFAUDLR has gotten access to the various manufacturing facilities present in Germany, USA, Brazil, UK and China .
- Integration with the parent company- Pfaudler Inc has enabled GMPFAUDLR to expand their product portfolios, including systems and services which will facilitate revenue growth and enhance their ability to serve diverse industries
- Revenues grew to Rs 3447 Cr as on FY24 from Rs 1001 Cr as on FY21 due to acquisition with 70% of topline coming from International operations.

## Consolidated Revenue (Rs Cr)



Source: GMM Pfaudler IP, Midas research

# Industrial mixing Business to be a Key Catalyst for Growth (1/3)

## Industrial mixing Business – Overview

- As of 2023, Global industrial mixing market size is \$5.9billion, and it is expected to exhibit a growth rate of 5.4% and reach \$8.09 Billion by FY 2029
- mixing is the mechanical process of forcing the movement of two or more fluids including agitation that can cause mixing, homogenizing, dispersing, diluting, separating or even generating a chemical reaction.
- GMMPFADLR's mixing Technologies help improve process efficiencies through lower batch times, better heat transfer, reduced energy consumption and increased yields.

### Product Overview



**Dynamic in Line Mixers**



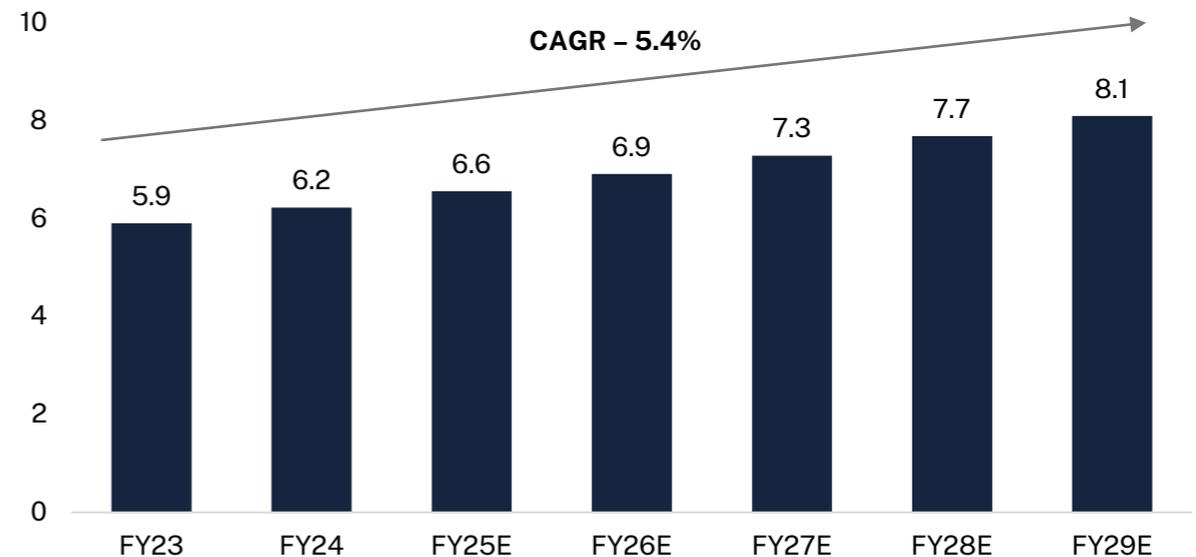
**Top Entry Agitator**



**Co Axial and Multi Shaft Agitators**

Source: GMM Pfaudler IP, Midas research

### Global Industrial mixing Market Size (\$ Bn)



Source: Verified Market Reports, Midas research

## Industrial mixing Business to be a Key Catalyst for Growth (2/3)



**GMPFAUDLR plans to integrate all of its mixing businesses: Mixion, Mixel and Mix Pro under one roof to have a unified strategy.**

- Mixion focuses on engineering solutions and sustained innovations with superior industrial mixing solutions & technologies.
- This technology offers his customers agitators & mixing solutions that help improve efficiencies, yields, and reduce costs.

- Since 1969, MIXEL has been a leader in the engineering and manufacturing of mixing solutions for industrial processes in the fields of chemistry, petrochemicals, pharmacy, and environmental protection.
- Mixel has manufacturing facilities in France and China and over 50,000 agitators currently in operation worldwide.

- MIXPRO® was founded in 1996 as Professional mixing Equipment Inc. Mixpro state-of-the-art technology helps to create mixing and agitation solutions
- The company head office and manufacturing facilities located in Brampton, Ontario, Canada, offers full fabrication capabilities and over 10,000 square feet dedicated to the manufacture of agitation equipments.

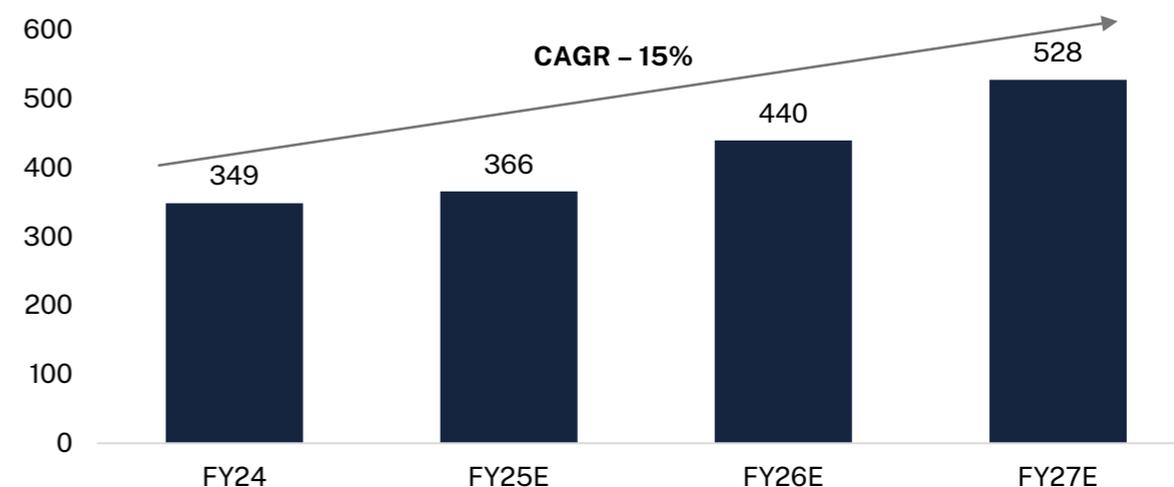
<b>Timeline</b>	Acquired in 2019	Acquired in February 2023	Acquired in February 2024
<b>Manufacturing Locations</b>	India	France , China	Canada
<b>Geographies Served</b>	India	Western Europe, China	North America
<b>Industry Expertise</b>	Paints, Fermentation, Metals and Minerals	Water Treatment, Biogas, petrochemicals	Pulp & Paper, FGD, Oil & Gas
<b>Capabilities</b>	Engineering and Design capabilities, low-cost Manufacturing	Simulation and testing capabilities with process know-how	Design and process capabilities with on-site lab testing
<b>EBITDA (%)</b>	15-20%	10-15%	20-25%

Source: GMM Pfaudler IP, Midas research

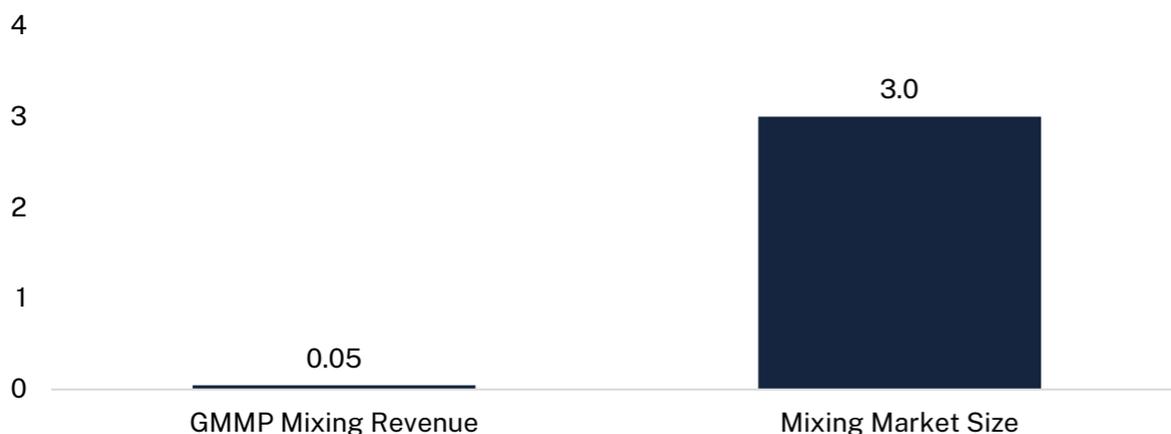
# Industrial mixing Business to be a Key Catalyst for Growth (3/3)

- As of March 31, 2024, GMMPFADLR revenue from mixing business is \$0.05 Bn and Total addressable Market of Industrial mixing Business is \$3 Bn
- Through the acquisitions of the mixing business, the company has forayed into diverse industries such as petrochemicals, chemicals, and food and beverages, expanding product portfolios and gaining market share across various sectors.
- The domestic industrial mixing business is expected to experience robust growth, supported by favorable macroeconomic conditions: (a) reduced channel inventory (b) applications to multiple Industries and (c) initial indications of improving global demand.
- GMMPFADLR previously operated within the industrial mixing business prior to its acquisition of Sudarshan Chemicals' mixing business and we expect that this acquisition will enhance the growth of the mixing operations.
- The Company is also planning to hire a head for Industrial mixing business who will oversee all three Industrial mixing companies.

## Consolidated Industrial mixing Revenue (Rs Cr)

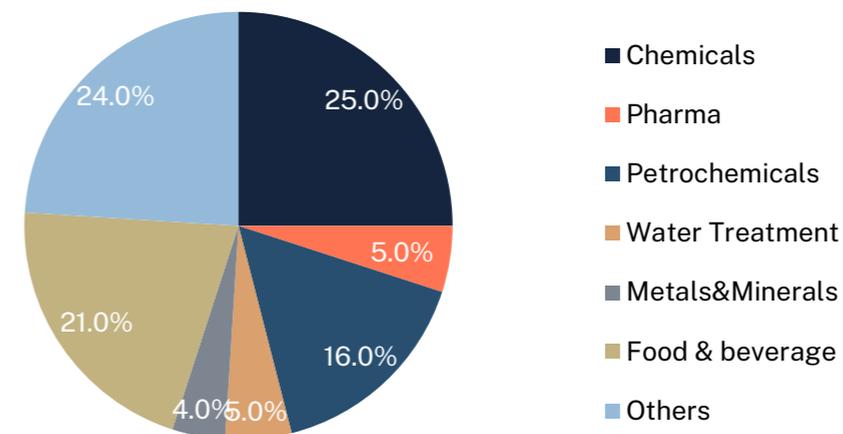


## Total Global Addressable Market (\$ Bn)



Source: GMM Pfadler IP, Midas research

## End user Industry Split



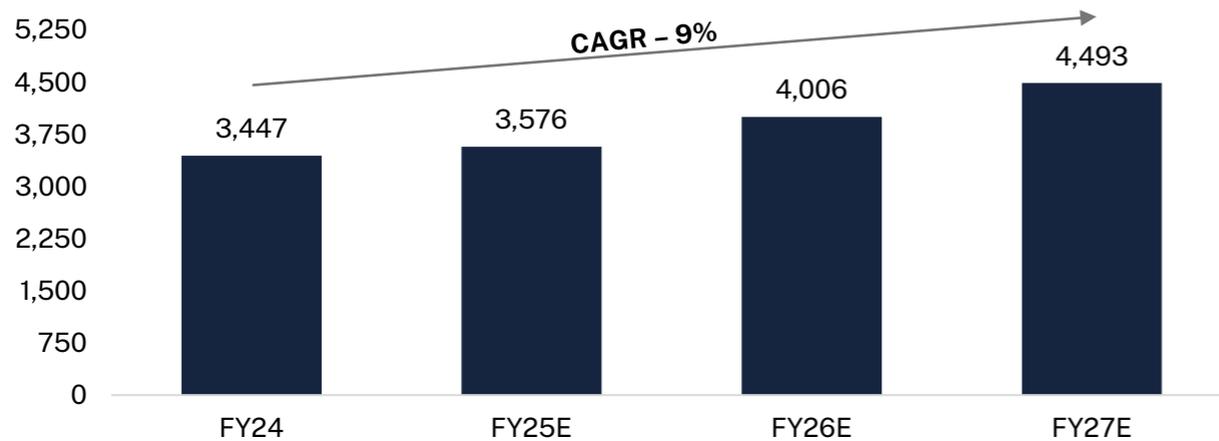
Source: GMM Pfadler IP, Midas research

# Financial Outlook

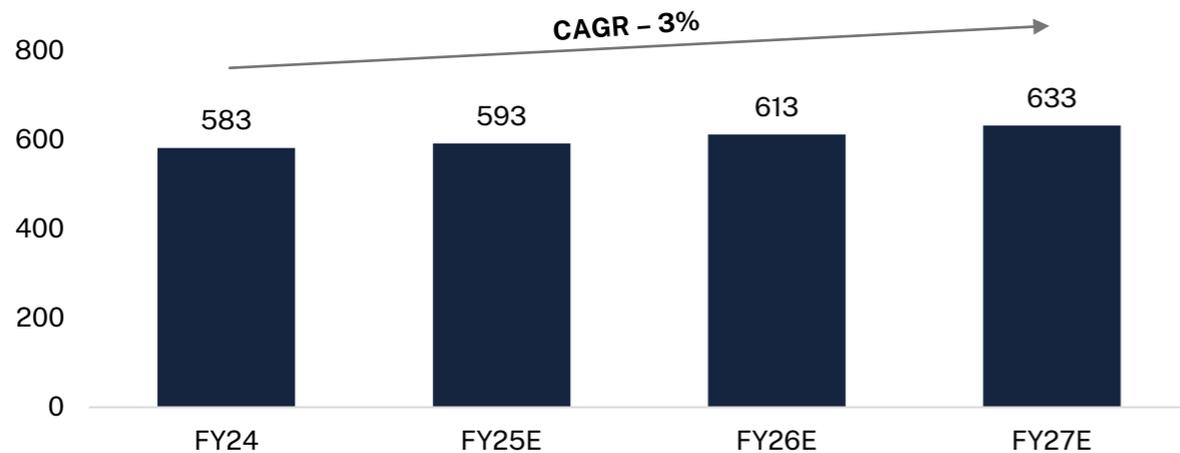


# GMM Pfaudler – Story in Charts

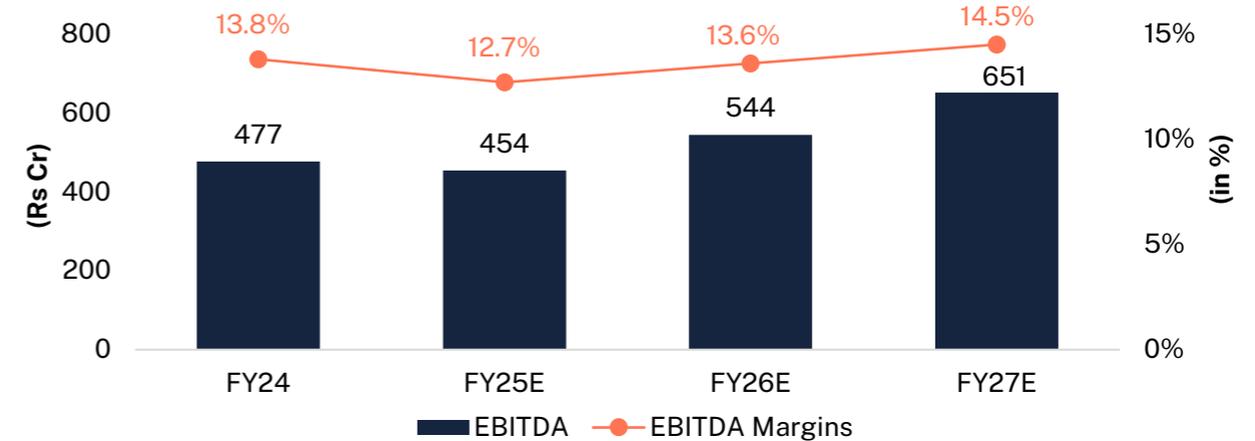
We expect a consolidated revenue compound annual growth rate (CAGR) of 9%, supported by robust growth in the Glass-lining and mixing businesses (Rs Cr)



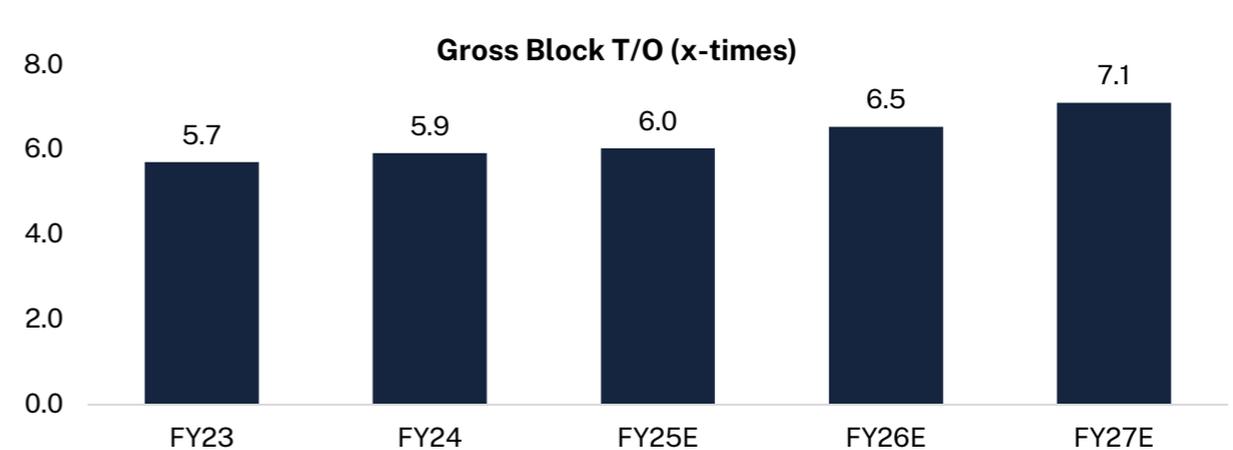
Gross block is expected to remain stable with no planned capital expenditures (Rs Cr)



We expect EBITDA to grow by 11% CAGR from FY24 to FY27E aided by improved capacity utilization due to demand revival leading to improvement in margins and resulting in operating leverage



We expect Gross Block Turnover ratio to improve as no major capex is planned over the next 3 years and due to healthy utilizations, we expect to it to improve from 5.9x as on FY24 to 7.1x as on FY27E.

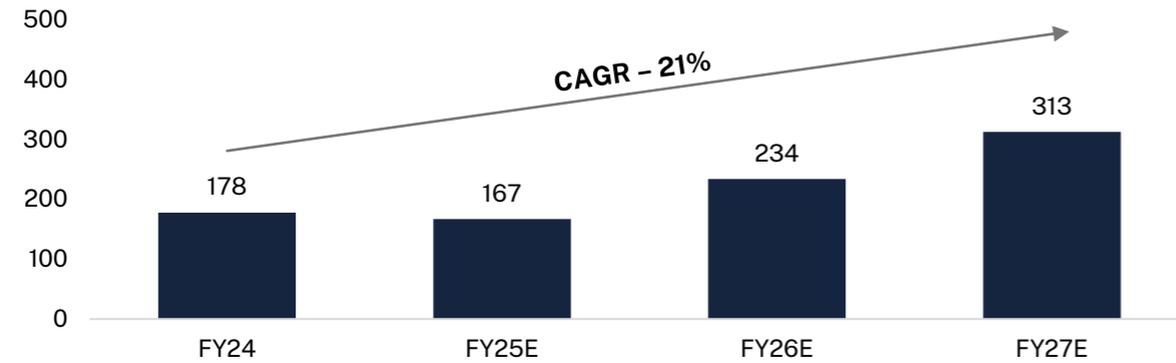


Source: Company, Midas Research

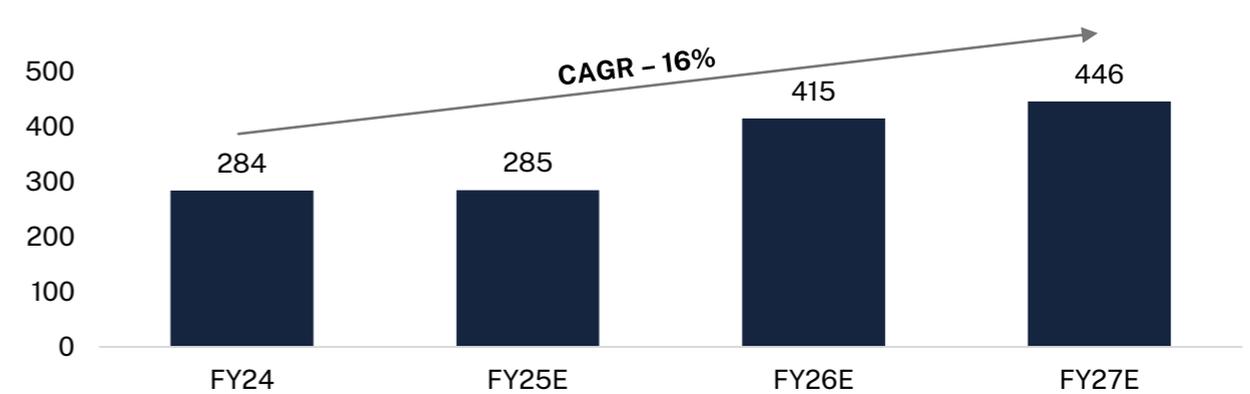
# GMM Pfaudler – Story in Charts

## PAT (Rs Cr)

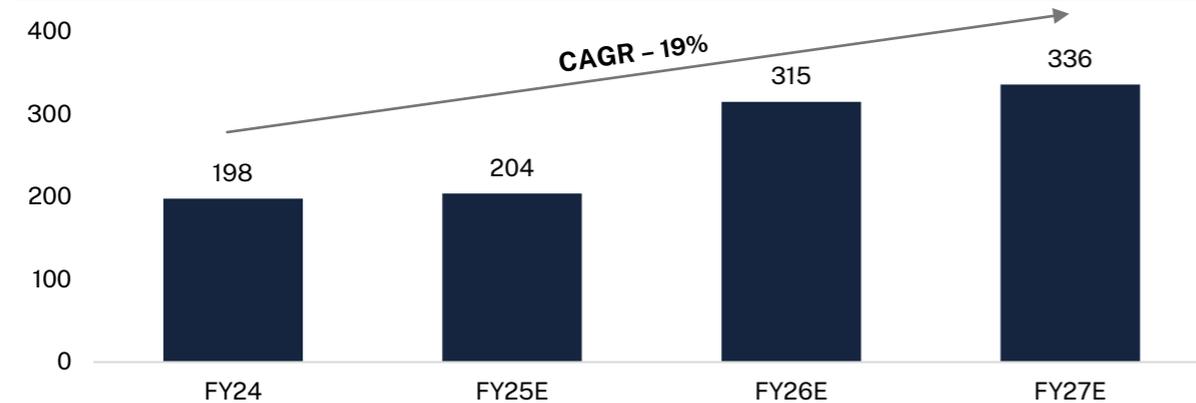
We expect Pat to grow by 21% CAGR aided by subdued depreciation as no major capex announcement is awaited and stable finance costs leading to growth in bottom line.



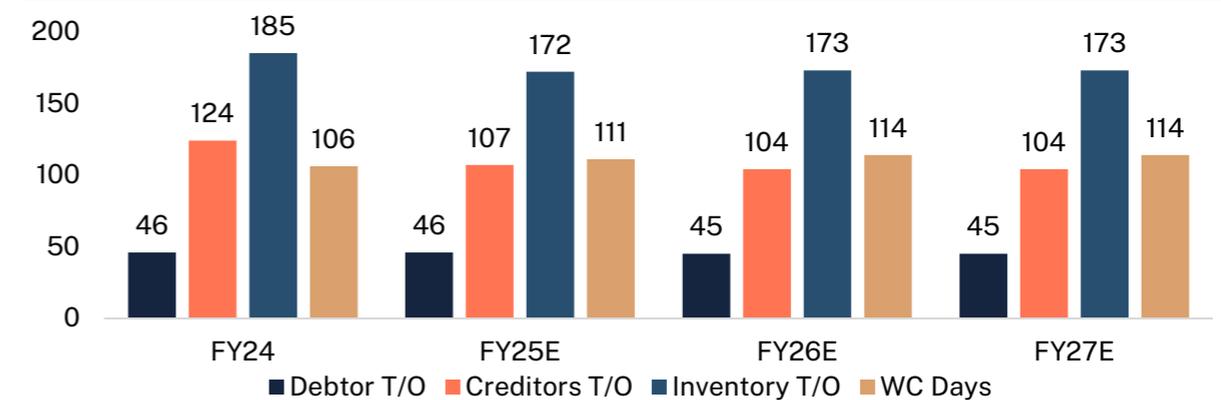
## Operating Cash Flow (Rs Cr)



## Free Cash Flow (Rs Cr)



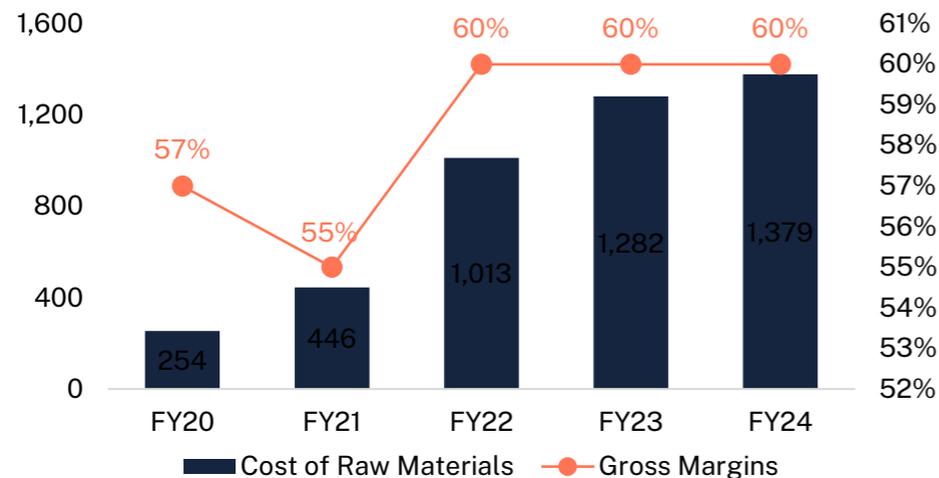
## Working Capital days



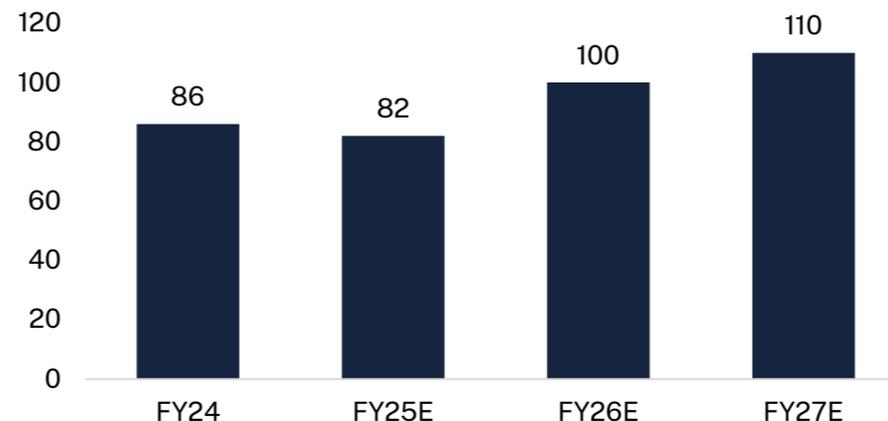
We expect PAT/OCF/FCF to grow at CAGR of 21%/16%/19% from FY24 to FY27E. Due to weak Global macros, earnings were subdued between FY22 to FY24 but we believe earnings to bottom out in FY25 and expect to deliver steady growth in the next 3 years aided by improved capacity utilization.

# Raw Materials

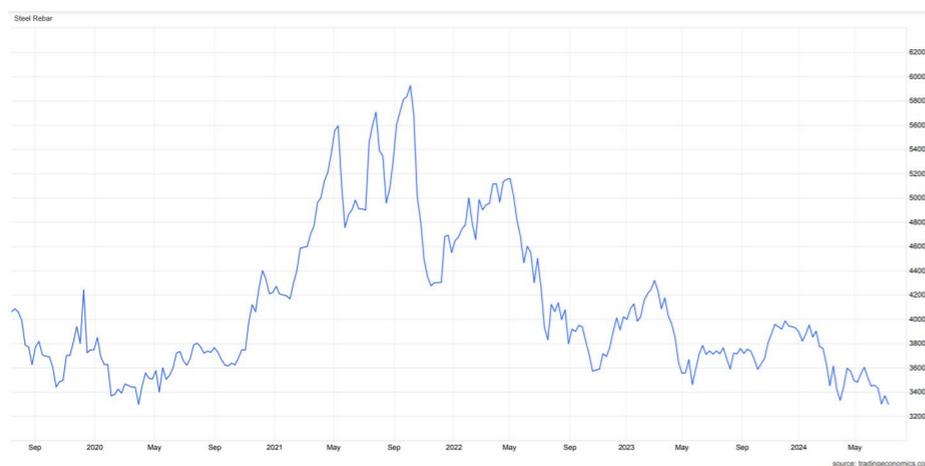
### Gross Margin (%) & Cost of RM (Rs Cr)



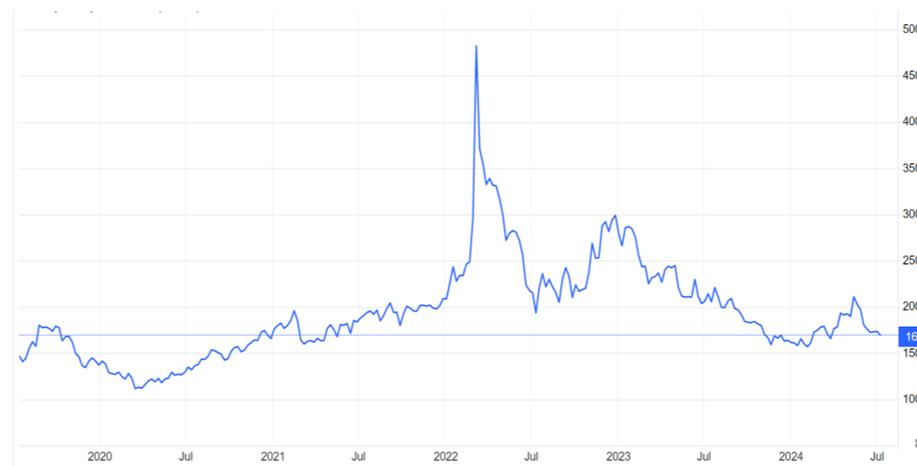
### CAPEX (Rs Cr)



### Steel Prices (CNY/Tn)



### Nickel Prices (USD/Tn)

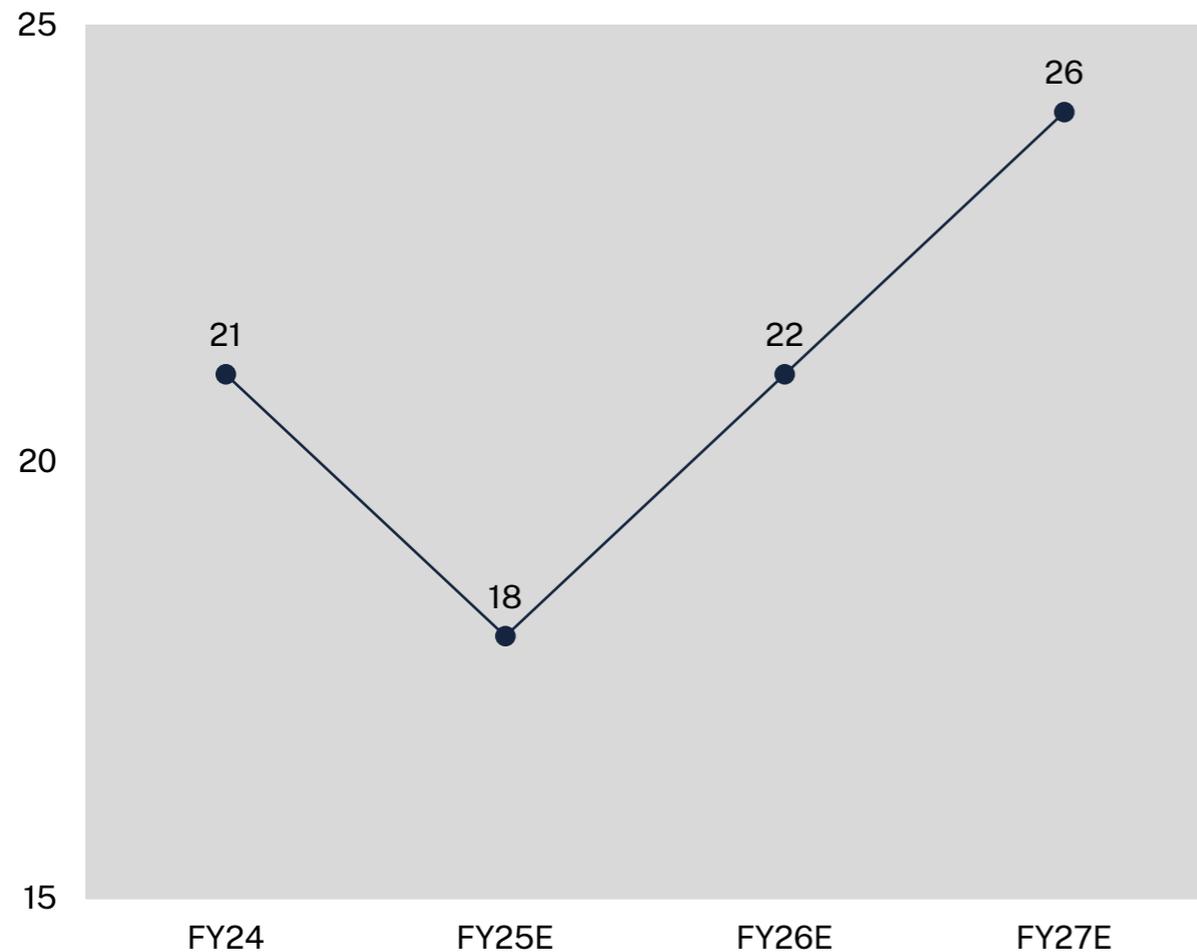


- Given the capex outlook is relatively subdued for the next 3 years, fixed costs like Depreciation would be relatively stable thus resulting into operating leverage.
- Despite fluctuations in prices raw materials like Steel and Nickel, the Gross margins have remained constant at 40% from FY22 to FY24.
- In spite of volatility in commodity prices in the last 4 years due to change in Interest rates, company's margins haven't been affected.
- Due to acquisition of Pfaudler INC the gross margins expanded from 57% in FY20 to 60% in FY22 but since then it has remained constant at 60%, so we believe the company will remain insulated from global fluctuation of commodity prices.

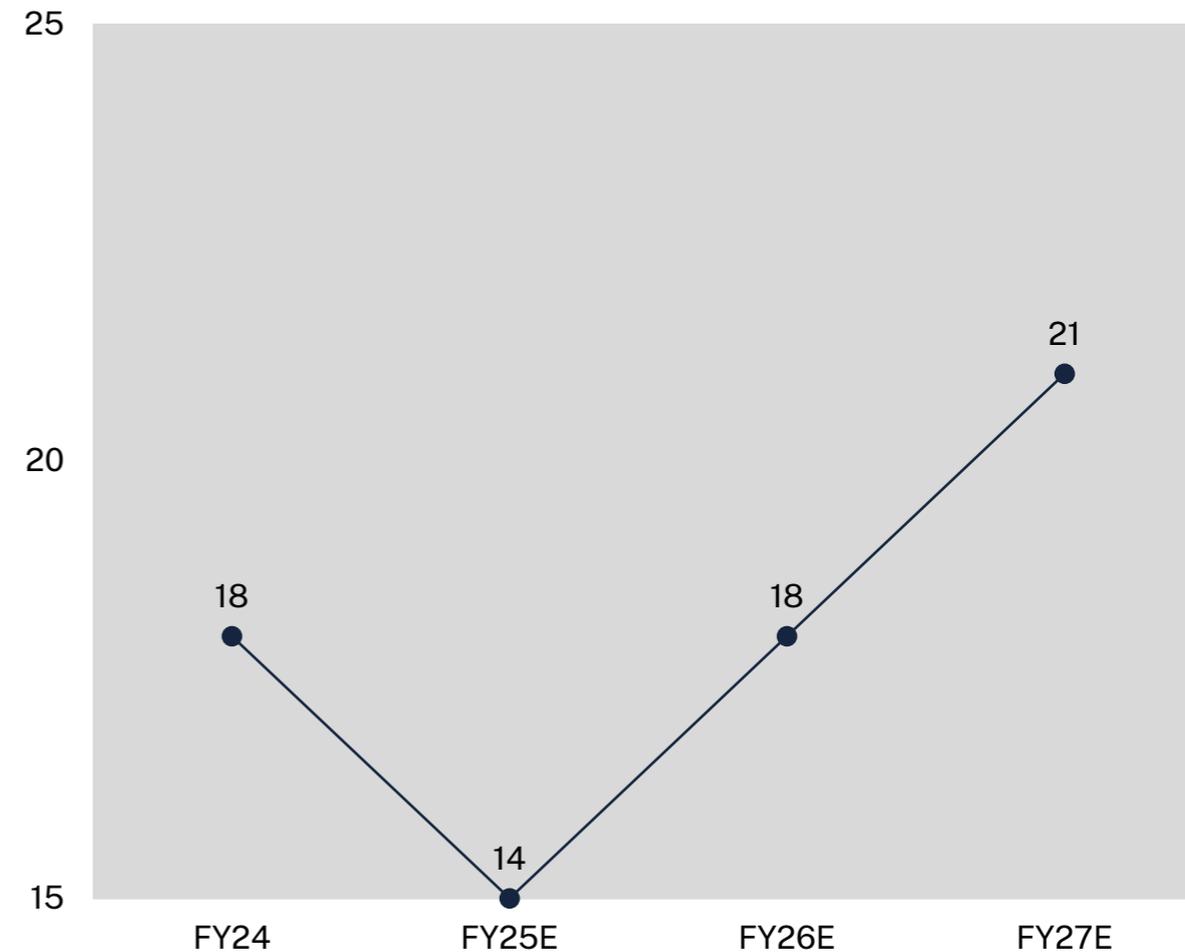
# Return Ratios

Return Ratios are expected to improve from FY25 aided by healthy capacity utilization across all its businesses leading to operating leverage, effective utilization of Cash and improvement in margins led by revival of Glass-lining business, Industrial mixing business and healthy traction in services business.

### Return On Capital Employed (%)



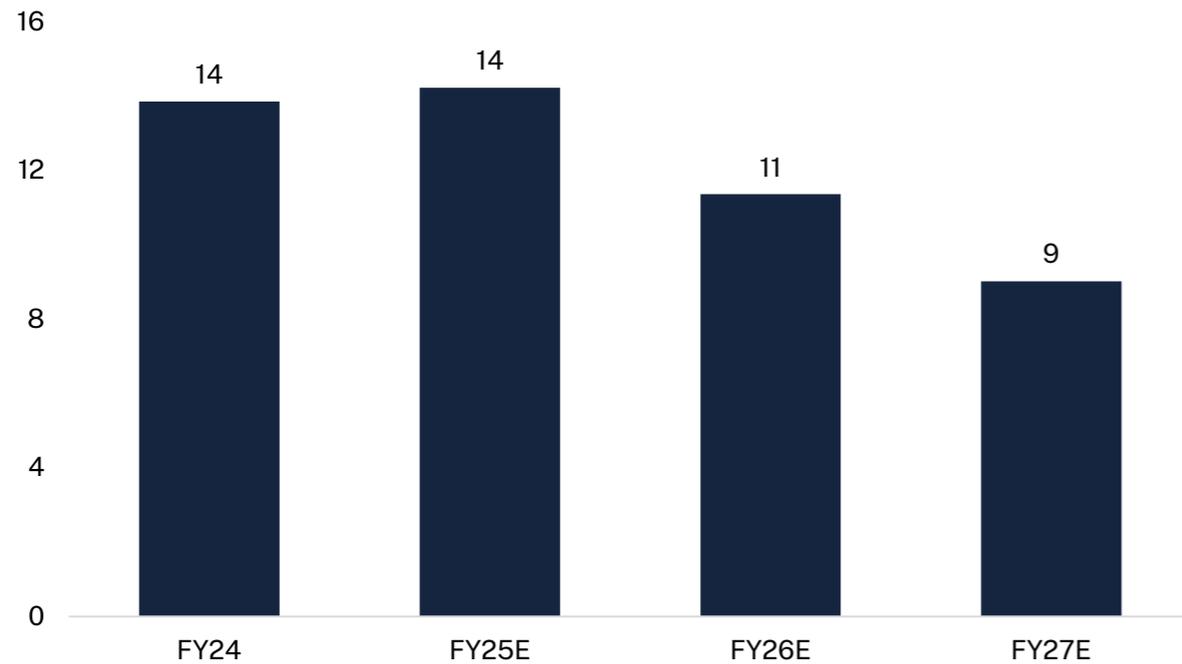
### Return On Equity (%)



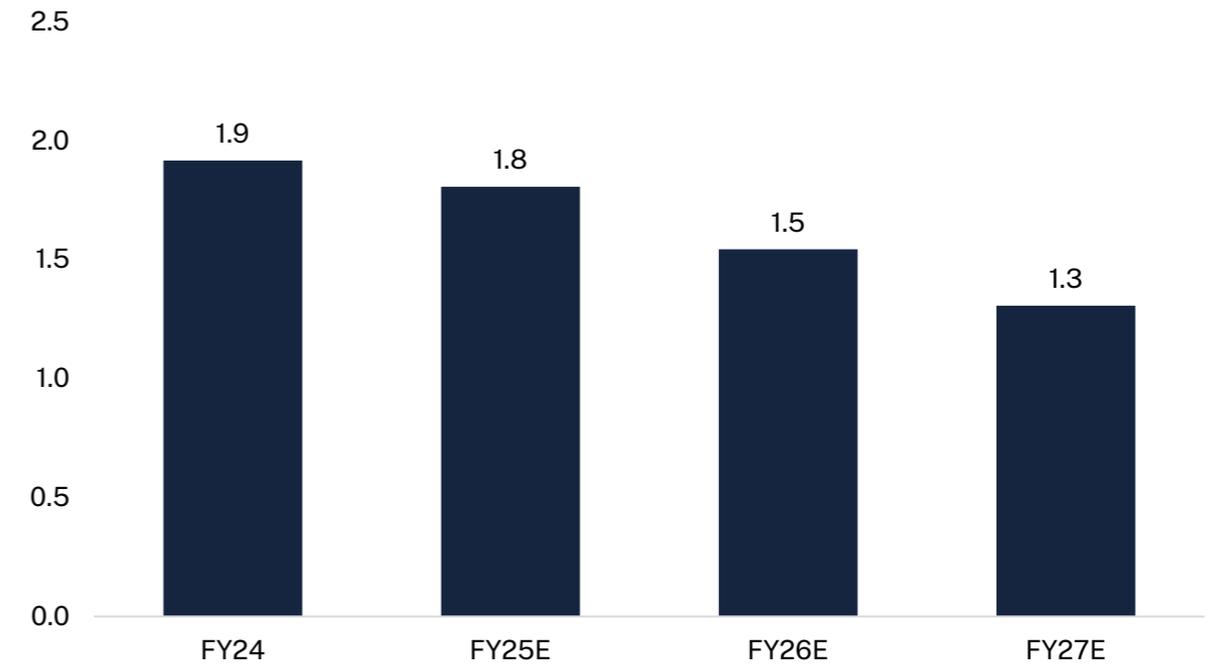
Source: Company, Midas research

# Valuations

EV/EBITDA (x-times)



EV/SALES (x-times)



- GMPFADLR is a strategic play in the heavy equipment space and a proxy play to bet on the Global & Domestic Chemical story of India.
- GMPFADLR is trading at 9x EV / EBITDA FY27E and so the stock has a valuation cushion..
- Based on our target EV/EBITDA multiple of 15x (15% premium to Average 3 Year multiple of 13x), we have back calculated the EV projections to arrive at a 3 year target price of Rs 2,297. (Upside of 68%)

# Financial Summary

All figures in Rs Cr

Particulars- (Rs Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Profit &amp; Loss- (Cr)</b>						
Revenue	2,540	3,178	3,447	3,576	4,006	4,493
Gross profit	1,527	1,896	2,068	2,145	2,403	2,696
EBITDA	284	432	477	454	544	651
Depreciation	133	119	147	148	153	158
EBIT	159	364	350	310	398	503
Other Income	7	52	20	4	7	10
Interest expense	24	66	95	78	71	64
Exceptional items	0	22	0	0	0	0
PBT	135	276	255	232	327	439
Reported PAT (after minority interest)	87	167	178	167	234	313
Adj PAT (Excl EI)	87	167	178	167	234	313
EPS (Rs.)	60	37	40	37	52	69
<b>Balance Sheet</b>						
Net Worth	527	804	968	1,133	1,283	1,497
Total debt	505	797	712	612	512	412
Other liabilities and provisions	1,696	1,753	1,477	1,527	1,802	2,128
<b>Total Networth and liabilities</b>	<b>2,727</b>	<b>3,354</b>	<b>3,157</b>	<b>3,272</b>	<b>3,597</b>	<b>4,036</b>
Gross Fixed assets	498	557	583	593	613	633
Net fixed assets	382	412	410	419	434	449
Capital work-in-progress	13	13	27	27	27	27
Intangible Assets	455	595	602	602	602	602
Investments	0	0	0	0	0	0
Cash and bank balances	328	371	344	396	571	780
Loans & advances and other assets	0	1	3	3	3	3
Net working capital	635	670	656	748	838	941
<b>Total assets</b>	<b>2,727</b>	<b>3,354</b>	<b>3,157</b>	<b>3,272</b>	<b>3,597</b>	<b>4,036</b>
Capital Employed	1,711	2,118	2,215	2,380	2,602	2,924
Invested Capital (CE - cash - CWIP)	1,370	1,734	1,844	1,957	2,004	2,118
Net debt	177	426	368	216	-59	-368
<b>Cash Flows - (Cr)</b>						
Cash flows from Operations (Pre-tax)	166	111	190	216	317	314
Cash flows from Operations (post-tax)	237	185	284	285	415	446
Capex	132	288	86	82	100	110
Free cashflows	105	-103	198	204	315	336
Free cashflows (post interest costs)	81	-169	103	126	245	272
<b>Cash flows from Investing</b>	<b>-116</b>	<b>-311</b>	<b>-32</b>	<b>-10</b>	<b>-20</b>	<b>-20</b>
<b>Cash flows from Financing</b>	<b>-56</b>	<b>130</b>	<b>-244</b>	<b>-224</b>	<b>-221</b>	<b>-217</b>
<b>Total cash &amp; liquid investments</b>	<b>328</b>	<b>372</b>	<b>347</b>	<b>446</b>	<b>680</b>	<b>981</b>

Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth ratios (%)</b>						
Revenue	154%	25%	8%	4%	12%	12%
EBITDA	104%	52%	10%	-5%	20%	20%
Adj PAT	18%	180%	-19%	-6%	41%	34%
<b>Margin ratios</b>						
Gross	40%	40%	40%	40%	40%	40%
EBITDA	11%	14%	14%	13%	14%	14%
Adj PAT	3%	7%	5%	5%	6%	7%
<b>Performance ratios</b>						
OCF/EBITDA	83%	43%	60%	63%	76%	68%
OCF/IC (%)	15%	9%	13%	12%	16%	15%
RoE (%)	15%	27%	18%	14%	18%	21%
RoCE (%)	15%	23%	21%	18%	22%	26%
Fixed asset turnover (x)	5.1	5.7	5.9	6.0	6.5	7.1
Total asset turnover (x)	0.98	0.95	1.09	1.09	1.11	1.11
<b>Financial stability ratios</b>						
Net Debt to Equity (x)	0.34	0.53	0.38	0.19	-0.05	-0.25
Net Debt to EBITDA (x)	0.62	0.99	0.77	0.48	-0.11	-0.56
Interest cover (x)	11.84	6.54	5.02	5.81	7.68	10.23
Working capital days	150	118	106	111	114	114
<b>Valuation metrics</b>						
Fully Diluted Shares (Cr)	1	5	5	5	5	5
Market cap (INR Cr)	2,188	6,660	6,170	6,170	6,170	6,170
P/E (x)	25	40	35	37	26	20
P/OCF(x)	6.4	8.0	4.8	4.8	3.3	3.1
EV (Rs.Cr)	2,365	7,086	6,538	6,385	6,110	5,802
EV/ EBITDA (x)	8	16	14	14	11	9
EV/ OCF(x)	10.0	38.4	23.0	22.4	14.7	13.0
FCF Yield	7%	-7%	14%	15%	23%	25%
Price to BV (x)	4	8	6	5	5	4
Dividend pay-out (%)	8%	5%	5%	5%	5%	5%
Dividend yield (%)	0%	0%	0%	0%	0%	0%

# Peer Analysis



# Peer Analysis Table

Metric FY24	Revenue (Rs Cr)	EBITDA Margin (%)	ROE (%)	ROCE (%)	Cash conversion Cycle - Days	Debt to Equity	3 Year PAT CAGR (FY21-FY24)	PE x	Glass-Lined Equipment	Filtration & Drying	mixing	Heat Exchangers	Absorption Cooling/ Heating systems
<b>GMM Pfaudler</b>	3,447	13.8%	18%	21%	106	0.7	48%	35					
<b>HLE Glascoat</b>	968	12%	9%	13%	256	0.9	-15%	94					
<b>Anup Engineering</b>	550	23%	21%	23%	215	0.1	23%	43					

Source: Company, Midas Research

# Key Risks and Scenario Analysis



## Summary of Key Risks

---



Delay in recovery of Glass-lining Industry will result in downgrade in earnings for GMM PFAUDLR on a consolidated level.

---



If the company fails to achieve projected growth in its mixing business, it will negatively impact the company's earnings on a consolidated basis.

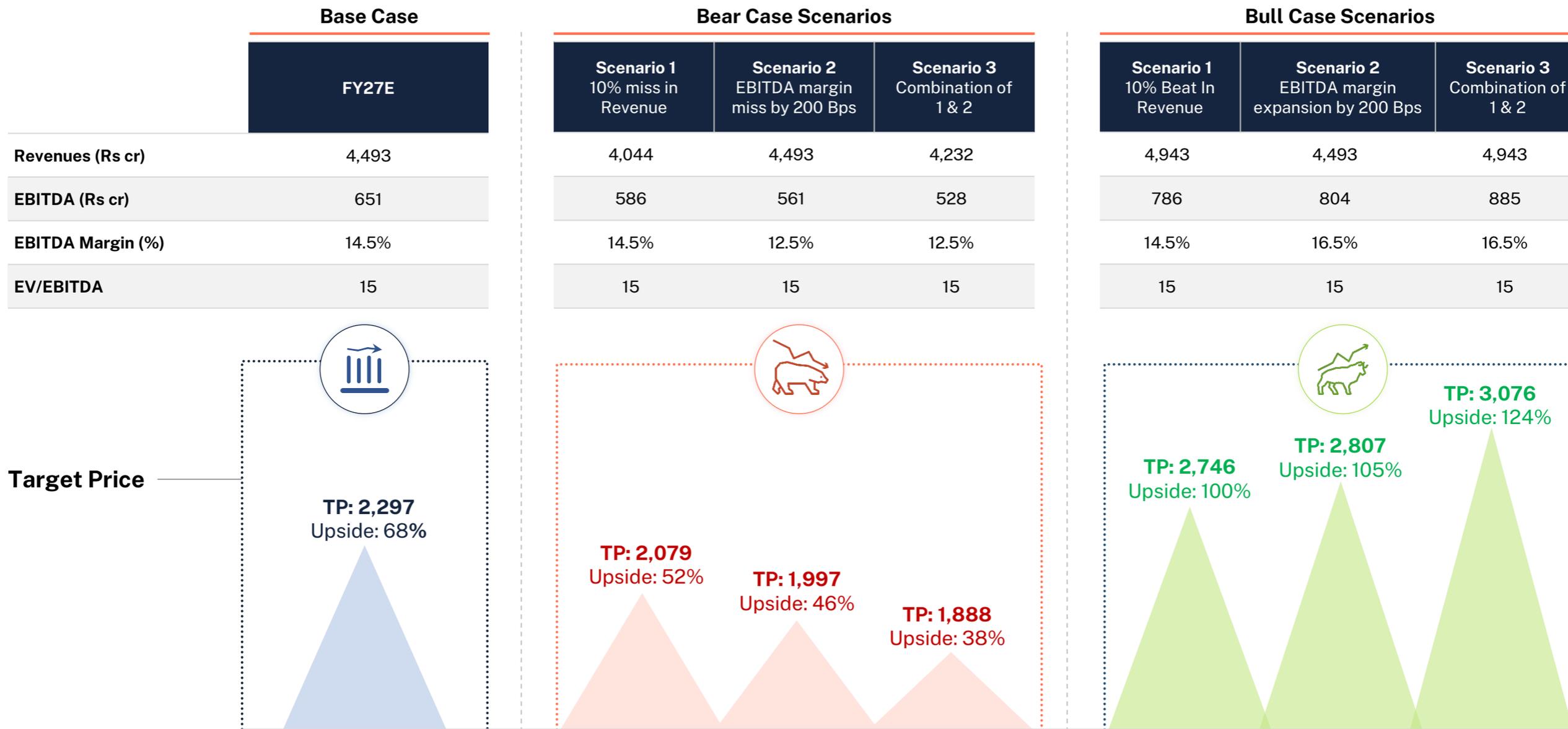
---



Failure in growing Non-Glass-lining businesses will lead to downgrade in earning's on a consolidated level.

---

# Scenario Analysis Showcases Positive Returns even in Bear Case Scenarios



# Disclaimer

## Absolute Rating Interpretation

<b>BUY</b>	Stock expected to provide positive returns of >15% over a 1-year horizon	<b>REDUCE</b>	Stock expected to provide returns of <5% – -10% over a 1-year horizon
<b>ACCUMULATE</b>	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	<b>SELL</b>	Stock expected to fall >10% over a 1-year horizon

## Disclaimer

Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited) (“**Spark PWM**”) holding SEBI Research Analyst Registration No.: INH200008954 and its affiliates are engaged in the business of investment banking, structured finance, asset management and private wealth management. Spark PWM is also registered with SEBI as a Stock Broker, Portfolio Manager, Depository Participant and is also a Mutual Fund Distributor registered with the Association of Mutual Funds in India (AMFI).

Spark PWM’s affiliates include (1) Spark Capital Advisors (India) Private Limited which is registered with SEBI as Category I Merchant Banker, Depository Participant (with CDSL), Stock Broking and a Research Analyst (2) Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) which is an investment manager to a Category II Alternative Investment Fund (3) Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited) which is registered with SEBI as a Portfolio Manager and (4) Spark Fund Advisors LLP which is an investment manager to Category III Alternative Investment Fund and (5) Spark Financial Holdings Private Limited.

The information and opinion expressed in this Report do not constitute an offer or an invitation to make an offer, to buy or sell any securities. The securities quoted in this document are for illustration only and are not recommendatory. This Research Report is provided by Spark PWM on a strictly confidential basis for the exclusive use of the recipient and has been obtained from published information and other sources, which Spark PWM or its affiliates consider to be reliable. None of the Analysts of Spark PWM accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this Research Report.

This Research Report does not claim to contain all information that an investor / potential investor may require for the purpose of making an investment. The past performance of a product or portfolio does not in any manner indicate the surety of performance in future. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

This Report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Spark PWM has a separate team that puts together Technical Analysis and each recipient of this report must note that the views of the Technical Analyst is always based on short term market variables and will be materially different from the views of the other sector/fundamental analyst in Spark PWM, whose reports are based on fundamental analysis of Company. Each recipient of this Research Report should make such assessment as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this Research Report (including the merits and risks involved) and should consult their own advisors. This Research Report is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. The price and value of the investments referred to in this Research Report and the income from them may go up or down, and investors may realize losses on their investments. Spark PWM does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such.

This Research Report is not directed or intended for distribution or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Spark PWM and/or its affiliates to obtain any registration or licensing requirement within such jurisdiction. The Analyst preparing this Research Report is not registered as a broker-dealer in the United States and, therefore, is not subject to US Rules regarding the preparation of Research Reports. The Research Analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as Research Analysts with FRsA or a US-regulated broker dealer. Recipients of this material should keep themselves informed about any such restrictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. This material should not be construed as an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction where such an offer or solicitation would be illegal. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify Spark PWM and/or its affiliates for any liability it may incur in this respect.

Securities markets may be subject to significantly higher risks, and in particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. By accepting this document, you agree to be bound by all the provisions as may be applicable pursuant to it. Nothing contained herein should be relied upon as a promise, representation or an indication of future performance. Certain statements made herein may not be based on historical information or facts and may appear to be “Forward Looking Statements”, including those relating to general business plans, future financial condition and growth prospects. The actual results may differ materially from any “Forward-Looking statements” due to a number of factors, including socio, political, competitive environment, force majeure etc. Spark PWM makes no representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this Research Report.

# Disclaimer

## Disclaimer (Cont'd)

While we would endeavour to update the information herein on a reasonable basis, Spark PWM and its affiliates are under no obligation to update the information. Also, there may be regulatory, compliance or other reasons that prevent Spark PWM and its affiliates from doing so. Neither Spark PWM nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this report or the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the report or the inability to use or access our service in this report or for any loss or damages whether direct or indirect, incidental, special or consequential including without limitation loss of revenue or profits that may arise from or in connection with the use of or reliance on this report. Opinions expressed herein are our current opinion as of the date of appearing on this material only.

Spark PWM and/or its affiliates and/or employees may have interests/positions, financial or otherwise, in the securities mentioned in this report. To enhance transparency, Spark PWM has incorporated disclosure of interest statement in this Research Report. This should, however not be treated as an endorsement of views expressed in this report.

Spark Capital Advisors (India) Private Limited (holding company of Spark PWM) has gone through a process of reorganisation and demerged its institutional equities business (stock broking license and research analyst license) to Spark Institutional Equities Private Limited (Resultant Company) through a Composite Scheme of Demerger ("Scheme"). Further the shares of SIE has been bought by Avendus Capital Private Limited with effect from December 20, 2022.

## Disclosure of Interest & Material Conflict of Interest Statement

Spark PWM and/or its affiliates and/or employees, or their relative(s) may have a financial interest in the subject company. Spark PWM and/or its affiliates may have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the Research Report. Spark PWM and/or its associates and/or its employees have not been engaged in market making activity for the subject company.

In the last twelve month period ending on the last day of the month immediately preceding the date of publication of the Research Report, Spark PWM and/or its affiliates and/or employees Research Analyst(s) may have;

- i. Managed/co-managed public offering of securities for the subject company;
- ii. Received compensation for investment banking/merchant banking/brokerage services/other products/ services of the group from the subject company of this Research Report;
- iii. Received any compensation or other benefit from the subject company or third party in
- iv. Connection with the Research Report;
- v. Provided services to the subject company as a client.

However, the above shall have no bearing on the specific recommendation made by the Analyst(s), as the recommendation made by the Analyst(s) are independent of the view of the affiliates of Spark PWM. No part of the Analyst's compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views as expressed in this report.

Research Reports are not exchange traded products, and hence disputes relating to research activities of Spark PWM do not have access to exchange investor redressal or Arbitration mechanism. We also hereby declare that our activities were neither suspended nor have we defaulted with any Stock Exchange authority with whom we are registered in the last five years. We have not been debarred from doing business by any Stock Exchange/SEBI or any other competent authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

## Certification by Each of The Authors of This Report

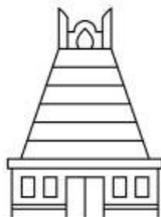
The Analyst certifies that the views expressed in this Research Report are a representation of the Analyst's personal opinions on the stock or sector as covered and reported. The Analyst is principally responsible for the preparation of this Research Report and does not have any material conflict of interest at the time of publication of this Report. The Analyst(s) has not served as an officer, director or employee of the subject company in the last 12 month period ending on the last day of the month immediately preceding the date of publication of the Research Report. The Analyst does not have actual/beneficial ownership of one per cent or more of the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report.

A graph of the daily closing price of securities available is at <https://www.moneycontrol.com/india/stockpricequote/> & <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart).

Spark PWM Private Limited (formerly known as Spark Family Office and Investment Advisors (India) Private Limited). Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020; CIN: U93000TN2012PTC086696; Telephone No.: +91 44 69250000; Website: [www.sparkcapital.in](http://www.sparkcapital.in); Correspondence Address: Solitaire Corporate Park, Unit 1252, Building No. 12, Andheri Kurla Road, Chakala, Andheri (East), Mumbai 400093; Telephone No: +91 22 62916700; SEBI Registration: (Stock Broker: INZ000285135; Portfolio Manager: INP200007274; Research Analyst: INH200008954; Depository Participant: IN-DP-757-2023); AMFI – Registered Mutual Fund Distributor: ARN 86685. Compliance and Grievance Officer details: Ms. Amrita Pillai: +91 22 62916700. Email: [pwm.compliance@sparkcapital.in](mailto:pwm.compliance@sparkcapital.in).

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

# Our Offices



## Chennai

No. 1, 3<sup>rd</sup> Floor,  
First Crescent Park Road,  
Gandhi Nagar, Adyar,  
Chennai – 600 020



## Mumbai

No. 302, 3<sup>rd</sup> Floor,  
'Windsor House', CST Road,  
Kalina, Santacruz (East),  
Mumbai – 400 098

No. 1252, 5<sup>th</sup> Floor,  
Building No. 12, Solitaire Corporate Park,  
Andheri Kurla Road, Chakala, Andheri East,  
Mumbai – 400 093



## Delhi

No. 23, 1<sup>st</sup> Floor,  
Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi – 110 057



## Bengaluru

No. 2, 3<sup>rd</sup> Floor,  
Prestige Emerald,  
Madras Bank Road,  
Bengaluru – 560 001



## Hyderabad

No. 01A134, 1<sup>st</sup> Floor, WeWork  
Rajapushpa Summit, Serilingampally  
Mandal, Nanakramguda Village,  
Hyderabad – 500 032



## Ahmedabad

No. 409, 4<sup>th</sup> Floor, Venus Amadeus,  
Near Jodhpur Cross Road,  
Satellite,  
Ahmedabad – 380 015



## Pune

No. 7/352 1<sup>st</sup> Floor, Elbee House,  
Boat Club Road,  
Sangamvadi,  
Pune – 411 001



## Kolkata

No. 9A & 9B,  
9<sup>th</sup> Floor,  
No. 95A, Park Street,  
Kolkata – 700 016