GMM/SEC/2020-21/10 May 23, 2020

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
1st Floor, Dalal Street,
Mumbai – 400 001
Scrip Code: 505255

NSE Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol: GMMPFAUDLR

Dear Sir,

Outcome of Board Meeting held on May 23, 2020

Pursuant to the Regulation 30 and 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), this is to inform you that the Board of Directors of the Company at their Meeting held, through video conferencing facilities as per the directions given by the Ministry of Corporate Affairs, on May 23, 2020, commenced at 2.30 pm and concluded at 6:30 pm have amongst other matters considered the following:

1. Approved Audited Standalone and Consolidated Annual Financial Statements of the Company for the Financial Year ended March 31, 2020 and the audited financial results for the quarter and financial year on that date. The Board also took note of the Auditors' Report with unmodified report on the said Financial Statements.

2. Recommended Final Dividend @ Rs. 2 per equity share on 14,617,500 Equity Shares of face value of Rs. 2/- each, aggregating to Rs. 29,235,000 for the year 2019-20, subject to the approval of shareholders of the Company.

3. Approved the reappointment of Mr. Tarak Patel (DIN 00166183) as the Managing Director of the Company for a period of five years from June 1, 2020 to May 31, 2025 subject to approval of the shareholders of the Company by way of a Special Resolution.

4. Approved the reappointment of M/s. Deloitte Haskins & Sells, Ahmedabad (ICAI Firm Registration No. 117365W), Statutory Auditors of the Company for the second term of five years to hold office from the 57th Annual General Meeting up to the conclusion of the 62ndAnnual General Meeting of the Company subject to approval of the shareholders of the Company by way of a Special Resolution.

5. Approved the requests received from Mrs. Pragna Patel, Mrs. Panna Patel and Ms. Palomita Patel, all three forming part of promoters/ promoter group who collectively hold 0.35% of the share capital of the Company, for reclassification of their status as "public shareholder' under Regulation 31A (2) & (8) of the SEBI Listing Regulations subject to approval of the shareholders of the Company and compliances as per SEBI (LODR) Regulations, 2015.

6. Given an in-principle approval for the setting up a greenfield manufacturing facility for Glass Lined Equipment in Hyderabad, Telangana subject to the receipt of the relevant approvals.

The details of the proposed manufacturing facility in terms of Para B of Part A of Schedule III of the SEBI Listing Regulations is set out in ***Annexure A***.

A copy of the Audited financial results and Auditors Report thereon for the year ended March 31, 2020 along with the Segment Results and Statement of Assets and Liabilities in prescribed format is attached.

Further, please find attached a note on the impact of COVID 19 on the normal business operations of the Company as ***Annexure B****.*

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **GMM Pfaudler Limited**

Tarak Patel
Managing Director
DIN : 00166183

Encl: As above

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ANNEXURE A

Details in terms of Para B of Part A of Schedule III of the SEBI Listing Regulations are as under:

a) **Existing capacity**: Approximately 2400 Equivalent Units per year (Note: This excludes the capacity enhancement expected from the installation of two new gas furnaces by September 2020)

b) **Existing capacity utilization**: Approximately 90%

c) **Proposed capacity addition**: Capacity addition is expected to be 500 Equivalent Units

d) **Period within which the proposed capacity is to be added**: 12 to 18 months tentatively

e) **Estimate of Investment required:** INR 500 million approximately

f) **Expected Mode of Financing:** Cash Reserves

g) **Rationale for the setting up the manufacturing facility:**

1. **Demand & Outlook:**

The Company has seen a steep increase in the demand for Glass Lined equipment over the last 18 months mainly driven by the Indian chemical (Agrochemical & Specialty) industry which continues to grow strongly. The Pharmaceutical industry which has seen a slowdown for the last 3-4 quarters is also expected to increase investment in the coming months. We expect the demand for Glass Lined equipment to continue to grow for the foreseeable future.

2. **Hyderabad Pharma City:**

With the Centre granting the National Investment Manufacturing Zone (NIMZ) status to Hyderabad Pharma City, the Telangana government is now going ahead with its plans to allot land to as many as 150 firms in phase I. The Telangana State Industrial Infrastructure Corporation (TSIIC) has already acquired about 8,500 acres for the Pharma City project, which is coming up at Mucherla in Rangareddy district on the outskirts of Hyderabad. The Government is speeding up the Pharma City project as all the required permissions, including environmental clearance, have already been granted by the Centre. Though the project was conceived in 2015, it took four years to get the clearances.

All Pharma Companies that have bulk drug manufacturing (API) require glass lined reactors and storage vessels at the heart of the plant. As the Hyderabad Pharma city will attract domestic and international pharma companies to put up bulk drug manufacturing in the manufacturing zone, our presence around Hyderabad would serve those industries well for the supply of glass lined equipment and other chemical processing equipment.

Therefore, the Company would like to take this opportunity to cater to the pharma companies coming up in the Hyderabad Pharma City.

3. **Growth**

Based on market indications, the Chemical Industry is expected to grow in all three segments i.e. Pharma, Chemicals and Agro-chemicals in the short and medium term. GMM Pfaudler is the preferred vendor when it comes to glass lined equipment and there is a clear opportunity to grow along with the market as well as increase market share.

ANNEXURE B

Note on Impact of Coronavirus Pandemic

The World Health Organization (WHO) declared the novel Coronavirus disease (COVID-19) outbreak a global pandemic on March 11th, 2020. Consequent to this, Government of India had declared lockdown on March 23rd, 2020 and therefore, the Company suspended its operations in all its manufacturing units and offices temporarily.

COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, closure of production facilities etc. during the lock-down period. However, production and supply of goods has commenced on April 20th, 2020 at our manufacturing facility located in Karamsad, Gujarat and on May 14th, 2020 at our manufacturing facility in Pune, Maharashtra after obtaining necessary permissions from the appropriate government authorities. We have also taken necessary precautions to ensure the health, hygiene, safety and wellbeing of all our employees as well as put in place SOPs and guidelines as per state government directives to prevent the spread of COVID-19. We expect to reopen our sales offices across India and our corporate office in Mumbai sometime during June 2020 after getting the necessary approvals.

The Company has made detailed assessment of its liquidity position for FY 2021 and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory, and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone and consolidated financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

<u>Impact of COVID – 19 on Q4 FY2020 performance</u>

COVID–19 began impacting our normal business operations on 14th March 2020 by affecting our supply chain and our ability to ship ready equipment to our customers, our production eventually shut down completely on March 23rd, 2020. All in all, additional revenue that could have been recognized in the last quarter in a normal business environment is estimated to be Rs 300 million. As a result, our profit for the quarter is lower, notwithstanding this, the company ended the quarter with consolidated EBITDA of 17% (standalone EBITDA of 18%) after absorbing the idle overheads. Further, the company has discharged its disbursement obligations in full on payroll including contractual, casual and workmen and paid to its creditors though collections from customers was a bit slow during the period.

Impact of COVID – 19 on FY2021 performance

We started the year with a strong order book which is significantly higher as compared to previous year. Our production facilities have resumed operation and supply chain is gradually returning to normal. Even though we lost 20 days of production in April 2020, which in turn will affect our Q1 FY2021 revenues and profitability, we are confident that we can recoup the shortfall in coming quarters.