

GMM/SEC/2022-23/29

August 4, 2022

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

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

Scrip Code: 505255

Symbol: GMMPFADLR

Sub.: Outcome of the Board Meeting held on August 04, 2022

Ref.: Regulation 30 (read with Schedule III – Part A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Dear Sir/ Madam,

This is to inform you that the Board of Directors of GMM Pfaudler Limited (“the **Company**”) at their meeting held on August 04, 2022 which commenced at 03:30 p.m. and concluded at 04:30 p.m., have, on the recommendations of the Audit Committee of the Company, approved the acquisition of 2,51,88,128 ordinary equity shares of INR 136.48 each, representing 46% (forty six percent) of the paid-up share capital of its existing overseas subsidiary, GMM International S.à.r.l from Pfaudler International S.à.r.l (part of the promoter group of the Company) and Millars Concrete Technologies Private Limited (part of the promoter group of the Company), which will result in the Company consolidating 100% (hundred per cent) of the Pfaudler International business (“**Proposed Acquisition**”). In this regard, the Board has *inter alia* approved the following:

- (a) signing of a share purchase and swap agreement by and between the Company, Pfaudler International S.à.r.l and Millars Concrete Technologies Private Limited to record the terms and conditions of completing the Proposed Acquisition;
- (b) cash consideration of INR 1,49,46,61,094 payable to Pfaudler International S.à.r.l, for the transfer of 1,09,51,360 shares in GMM International S.à.r.l to the Company;
- (c) cash consideration of INR 23,91,05,456 payable to Millars Concrete Technologies Private Limited, for the transfer of 17,51,922 shares in GMM International S.à.r.l to the Company;
- (d) issuance and allotment, on a preferential basis, of 11,04,724 equity shares of the Company having face value of INR 2, at a price of INR 1,542.43 per equity share to Millars Concrete Technologies Private Limited (details of the preferential issue are set out in Annexure II), for the transfer of 1,24,84,846 shares in GMM International S.à.r.l to the Company; and
- (e) borrowing such sum(s) of money required to make the payment of INR 173,37,66,550 to Pfaudler International S.à.r.l and Millars Concrete Technologies Private Limited for the transfer of 1,27,03,282 shares in GMM International S.à.r.l to the Company (“**Borrowing**”). The Company is in discussions with certain lenders for purposes of such Borrowing, which is proposed to be availed at the prevailing market rates.



The Proposed Acquisition has been approved taking into account the valuation report issued by KPMG Valuation Services LLP dated August 4, 2022 and is subject to the completion of certain conditions precedent including receipt of the approval of the public shareholders of the Company and the approval of Secretary of State for Business, Energy and Industrial Strategy, United Kingdom.

The shares in GMM International S.à r.l that are proposed to be acquired by the Company are subject to a pledge created in favour of Wilmington Trust SP Services (Frankfurt) GmbH, pursuant to the pledge over shares agreement dated February 15, 2021 executed, among others, Pfaudler International S.à r.l. and the Company as pledgors and Wilmington Trust SP Services (Frankfurt) GmbH as the security agent. The pledge will continue after the Proposed Acquisition ("**Pledge**") and appropriate approvals of the authorized deal banks will need to be obtained for this purpose prior to the Proposed Acquisition.

In furtherance of the above, the Board has also approved the notice to be sent to the shareholders of the Company seeking their approval for:

- (a) increase in the Company's investment limits from INR 4,35,00,00,000 up to INR 6,00,00,00,000, pursuant to the provisions of Section 186 of the Companies Act, 2013.
- (b) acquisition of shares in GMM International S.à.r.l under Section 188 of the Companies Act, 2013 and regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (c) increase in the Company's borrowing limits from INR 4,35,00,00,000 up to INR 6,00,00,00,000, in accordance with the Section 180(1)(c) of the Companies Act, 2013.
- (d) offer and issue of equity shares of the Company on preferential basis to Millars Concrete Technologies Private Limited under Sections 23, 42 and 62(1)(c) of the Companies Act, 2013 and Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Details of: (i) the Proposed Acquisition are noted in Annexure I and Annexure II; and (ii) the Pledge are noted in Annexure III, each in compliance with Regulation 30 of the SEBI Listing Regulations read with a circular notified by the Securities and Exchange Board of India on continuous disclosure requirements bearing reference number CIR/CFD/CMD/4/2015 dated September 09, 2015. The press release for the transactions contemplated hereby is also attached as Annexure IV.

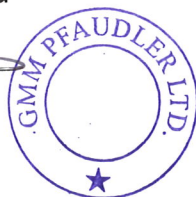
The above is also being made available on the website of the Company i.e. www.gmmpfaudler.com.

Kindly take the same on record and disseminate the information.

Thanking you.

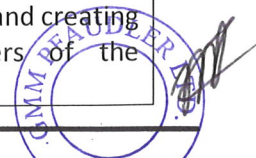
Yours faithfully,
For GMM Pfaudler Limited


Tarak Patel
Managing Director
DIN : 00166183
Encl: As above



Annexure I

Sr. No.	Particulars	Details
1	Name of the target entity, details in brief such as size, turnover etc.	<p>GMM International S.à.r.l. The consolidated turnover of GMM International S.à.r.l as on March 31, 2022 was USD 230,230,000 with total assets of USD 266,160,000.</p> <p>Pursuant to the proposed acquisition the Company will directly and indirectly hold 100% ownership in the subsidiaries of GMM International S.a.r.l.</p>
2	Whether the acquisition would fall within related party transaction(s) and whether the promoter/promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”	<p>The Proposed Acquisition is a related party transaction under Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>Millars Concrete Technologies Private and Pfaudler International S.à.r.l are part of the promoter group of the Company and as part of the Proposed Acquisition they are selling 26% and 20% of their shareholding in GMM International S.à.r.l. respectively.</p> <p>The Proposed Acquisition is proposed to be undertaken on an arms-length basis and in accordance with the negotiated terms set out under the share purchase and share swap agreement. A valuation report issued by KPMG Valuation Services LLP dated August 4, 2022 has also been obtained for purposes of the Proposed Acquisition.</p>
3	Industry to which the entity being acquired belongs	<p>Manufacturing and supply of corrosion- resistant technologies, systems and related services with main focus on the chemical, pharmaceutical and food industries. The key products manufactured are glass lined and alloyed equipment, fluoropolymers, sealing technologies, filters and dryers, engineered column systems, lab and process glass.</p>
4	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	<p>The Proposed Acquisition, being time and cost efficient, will result in the Company owning 100% of GMM International S.à r.l (80.4% directly and 19.6% through its wholly owned subsidiary, Mavag AG), leading to a fully integrated global group under the leadership of the Company and creating greater value for the shareholders of the Company.</p>

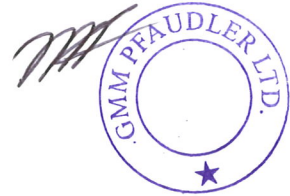


Sr. No.	Particulars	Details
5	Brief details of any governmental or regulatory approvals required for the acquisition	<p>The Proposed Acquisition is subject to approvals from:</p> <ul style="list-style-type: none"> a) BSE Limited and National Stock Exchange of India Limited for the preferential allotment of shares; b) Secretary of State for Business, Energy and Industrial Strategy, United Kingdom; and c) The authorized dealer bank of the Company in relation to transfer of pledged shares of GMM International S.à.r.l.
6	Indicative time period for completion of the acquisition	The Proposed Acquisition is estimated to be completed by September 30, 2022 subject to the approvals provided in paragraph 5 (above).
7	Nature of consideration - whether cash consideration or share swap and details of the same	<ul style="list-style-type: none"> (a) payment of INR 149,46,61,094 to Pfaudler International S.à.r.l.; (b) payment of INR 23,91,05,456 to Millars Concrete Technologies Private Limited; (c) issuance and allotment, on a preferential basis, of 11,04,724 equity shares of the Company having face value of INR 2, to Millars Concrete Technologies Private Limited at a price of INR 1,542.43 per equity share; and
8	Cost of acquisition or the price at which the shares are acquired	The equity value of GMM International S.à r.l is INR 747,33,05,472 (translating to a per share price of INR 136.48), as recommended by the valuation report issued by KPMG Valuation Services LLP dated August 4, 2022.
9	Percentage of shareholding / control acquired and / or number of shares acquired	46% of the paid-up equity share capital of GMM International S.à.r.l.
10	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information	<p><u>Brief Background:</u></p> <p>Date of Incorporation: August 19, 2020</p> <p>GMM International S.à.r.l. is a holding company which does not carry out any manufacturing activities of its own, however, through its subsidiaries, it holds the following brands: a) Pfaudler, b) Edlon, c) Interseal and d) Normag</p>



GMM Pfaudler

Sr. No.	Particulars	Details
		<p>The history of Pfaudler dates back to 1884. Whilst the core business of the GMM International S.à.r.l. is glass lined and alloy equipment, its portfolio also comprises of fluoropolymers, sealing technologies, filters and dryers, engineered column systems, lab and process glass. The key industries for GMM International S.à.r.l. are chemicals, pharmaceuticals and food industries.</p> <p>The subsidiaries of GMM International S.à.r.l. have manufacturing facilities in various geographies including Germany, Italy, United Kingdom, United States of America, Brazil and China.</p>



Sr. No.	Particulars	Details														
a.	Type of securities proposed to be issued	Equity shares having face value of INR 2.														
b.	Type of issuance	Preferential issue for non-cash consideration.														
c.	Total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately)	11,04,724 Equity Shares														
<i>Additional details applicable for preferential issue</i>																
d.	Names of the investors	Millars Concrete Technologies Private Limited														
e.	Post allotment of securities- outcome of the subscription, issue price/allotted price (in case of convertibles), number of investors	<p>Outcome of the subscription:</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Pre-preferential allotment</th> <th colspan="2">Post-preferential allotment</th> </tr> <tr> <th>No. of shares held</th> <th>% held</th> <th>No. of shares held</th> <th>%held</th> </tr> </thead> <tbody> <tr> <td>Millars Concrete Technologies Private Limited</td> <td>0</td> <td>0</td> <td>11,04,724</td> <td>2.46</td> </tr> </tbody> </table> <p><i>Note: Computed based on shareholding as on August 4, 2022.</i></p> <p>Issue Price: INR 1,542.43(consideration to be discharged by other than cash i.e. swap of shares)</p> <p>Number of investors/allottee: 1 (one)</p>	Particulars	Pre-preferential allotment		Post-preferential allotment		No. of shares held	% held	No. of shares held	%held	Millars Concrete Technologies Private Limited	0	0	11,04,724	2.46
Particulars	Pre-preferential allotment			Post-preferential allotment												
	No. of shares held	% held	No. of shares held	%held												
Millars Concrete Technologies Private Limited	0	0	11,04,724	2.46												
f.	In cash of convertibles- intimation on the conversion of securities or on lapse of the tenure of the instrument	N/A														
g.	Any cancellation or termination of proposal for issuance of securities including reasons thereof	N/A														



The Company is acquiring 2,51,88,128 ordinary equity shares of INR 136.48 each, representing 46% (forty six percent) of the paid-up share capital of its existing overseas subsidiary, GMM International S.à r.l (“**Pledged Shares**”) from Pfaudler International S.à.r.l and Millars Concrete Technologies Private Limited (“**Proposed Acquisition**”). The acquisition of the pledged shares by the Company is subject to approval of the authorized dealer bank of the Company. The Pledged Shares are pledged in terms of the pledge over shares agreement dated February 15, 2021 made, among others, Pfaudler International S.à r.l. and the Company (as pledgors) and Wilmington Trust SP Services (Frankfurt) GmbH (as the security agent and pledgee) in relating to the shares in GMM International S.à.r.l. (as the pledged company).

The board of directors of the Company have approved the acquisition of the Pledged Shares proposed to be held by the Company.

Other relevant details in respect of the Pledged shares are mentioned below:

Sr. No.	Particulars	Information
1	Whether the transfer of pledge is a related party transaction and whether the promoter/promoter group/ group companies have any interest in this transaction? If yes, nature of interest and details thereof and whether the same is done on an arms length basis.	Yes. GMM International S.à.r.l is a subsidiary of the Company and will become a wholly owned subsidiary of the Company after the proposed transaction.
2	Brief details of the agreement entered, if any, significant terms and conditions, including amount of pledge.	The pledge over shares agreement dated February 15, 2021 made, among others, Pfaudler International S.à.r.l. and the Company (as pledgors) and Wilmington Trust SP Services (Frankfurt) GmbH as the security agent and pledgee) creating pledge over 100% of the shareholding of GMM International S.à.r.l in relation to a facility amount of EUR 32,857,143 and USD 45,000,000.
3	Impact of the pledge on the company.	There is no specific impact on the Company as these loans have been taken by the subsidiaries of GMM International S.à.r.l and will be under 100% control and supervision of the Company after the Proposed Acquisition.



GMM Pfaudler Ltd to increase stake in GMM International S.à.r.l to 100%

Mumbai, August 4, 2022: GMM Pfaudler Ltd ('GMMP') has announced that it will increase its stake in GMM International S.à.r.l ('GMMI') to 100% by acquiring the balance 46% stake i.e., 26% held by Millars Concrete Technologies Pvt. Ltd. (Patel family) and 20% held by Pfaudler International S.à.r.l (which is controlled by funds managed by Deutsche Beteiligungs AG under DBAG Fund VI). With this transaction, GMMI will become a wholly owned subsidiary of GMMP.

The proposed acquisition will be subject to the approval of the Secretary of State for Business, Energy and Industrial Strategy, United Kingdom and the public shareholders of the Company.

Highlights

- Total consideration of ₹ 344 crore to be paid in cash and equity shares
- Simplified shareholding structure
- EPS accretive (~12% LTM June 2022)
- Earlier than expected improvement in business performance, record high backlog and strong outlook
- No integration risks with synergies gaining momentum
- Recent acquisition and joint venture will further improve business performance

Management Comment

Speaking about the acquisition, **Mr. Tarak Patel, Managing Director** said, "Our international business is now fully integrated and our expected efficiency levels are playing out in terms of growth and margins. Therefore, this is a natural conclusion to our original transaction by which we are completely consolidating the shareholding to fully accrue earnings and synergies."

He further added, "The Patel family reiterates its commitment to the business by increasing our stake through this transaction."

About GMM Pfaudler Ltd

GMM Pfaudler Ltd delivers corrosion-resistant technologies, systems, and services worldwide and remains the preferred choice by consistently providing its customers in the chemical and pharmaceutical industries with innovative and cost-effective solutions. GMM Pfaudler has 14 manufacturing locations with an extensive sales and service network and employs more than 1800 people across 4 continents. As part of our global ambitions, we continue to make Big Moves that will allow our people, customers, and the communities we operate in to grow.

More information is available at www.gmmpfaudler.com

Contact details

Company	Investor	Media
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Disclaimer:

Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. GMM Pfaudler Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.