

# GMM Pfaudler Ltd to Increase Stake in GMM International S.à.r.l to 100%

**INVESTOR PRESENTATION**  
**AUGUST 4, 2022**

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# Background

On August 20, 2020, GMM Pfaudler Limited (GMMP) announced the acquisition of 54% stake in GMM International S.à.r.l (GMMI) (*Original Transaction*) which closed on February 1, 2021

The *Original Transaction* was the first step towards a full acquisition of GMMI. The decision to do a two-step transaction was based on (i) Shared transaction risk between GMMP and promoters – Patel Family and Deutsche Beteiligungs AG (DBAG Fund VI); and; (ii) Maintain GMMP's leverage at manageable level

Given the solid performance of GMMI and the business turning around earlier than expected, GMMP is proposing to acquire the remaining 46% stake of GMMI

As part of the *Proposed Transaction*, the Patel family will increase its stake in GMMP and reiterates its commitment to the business

# Proposed Transaction

1

## Valuation

- Enterprise value of GMMI is ₹ 1,331 crore (\$ 168.3 million)
- Equity value of GMMI is ₹ 747 crore (\$ 94.5 million)
- 46% of equity value of GMMI is ₹ 344 crore (\$ 43.5 million)

2

## Structure

- Consideration to be paid to DBAG Fund VI in cash (₹ 150 crore = \$ 18.9 million)
- Consideration to be paid to Patel Family in shares (₹ 170 crore = \$ 21.6 million) and cash (₹ 24 crore = \$ 3.0 million)
- Small cash component to facilitate cash flows with Patel Family to pay taxes in relation to transfer of shares in GMMI
- Cash portion of consideration to be funded by debt

3

## Approvals

- Material related party transaction subject to approval of public shareholders
- The transaction is also subject to an approval from the Secretary of State for Business, Energy and Industrial Strategy, United Kingdom, AD Bank (HSBC) approval for transfer of pledged GMMI shares and approval of the stock exchanges for preferential allotment

4

## Timelines

- *Proposed transaction* planned to be concluded before September 30, 2022; October 1, 2022 as day 1 (effective date)

5

## Advisors

- Registered Valuers – KPMG Valuation Services LLP (KPMG)
- Transaction Advisor – Axis Capital Ltd
- Legal Advisors – Trilegal
- Compliance with ICDR Regulations – Rathi Associates

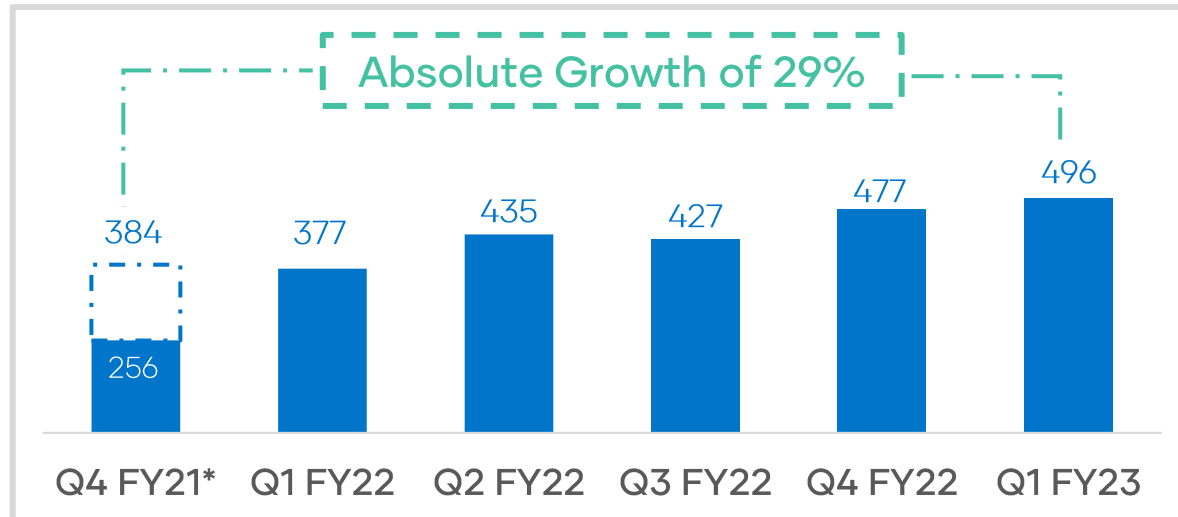
Exchange rate: \$ 1 = ₹ 79.092

# GMMI Performance

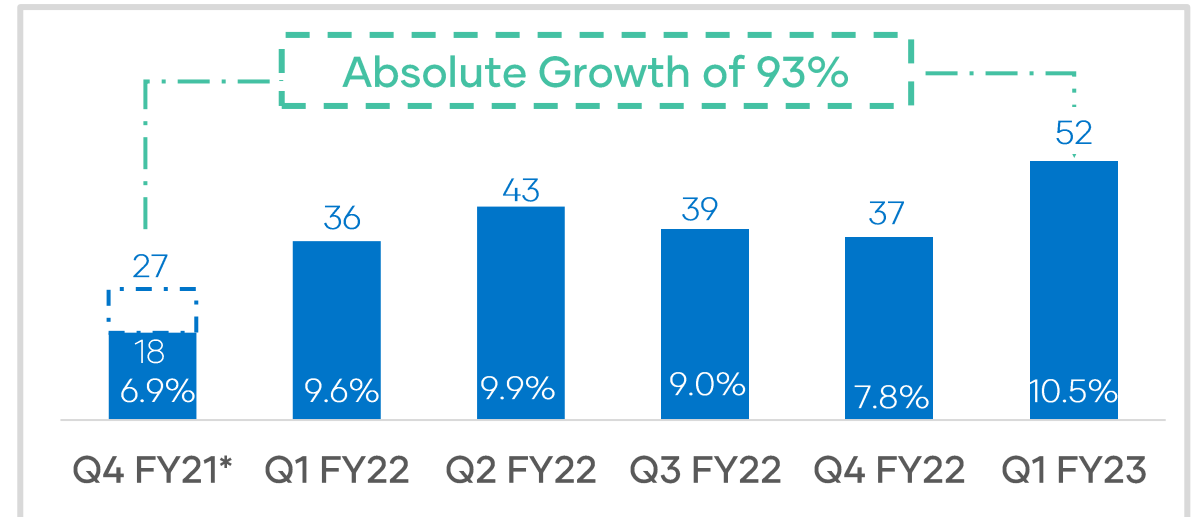
## Earlier than expected improvement in business performance

- I. Turnaround of operations – improved profitability
- II. Strong order book across business verticals
- III. Synergies from operational excellence, value sourcing and cross selling gaining momentum

### REVENUE



### EBITDA (Excl. PPA)



Figures in ₹ crore

\*Q4 FY21 contained two months of performance as consolidated from 1 Feb 2021; converted to three months to make it comparable

# Valuation Consideration

## PROPOSED VALUATION OF GMMI

(\$ million)	Original Transaction	Proposed Transaction
EBITDA*	14.6	25.7**
Factor	10.4x	6.6x
Enterprise Value	151.8	168.3
Less: Net debt and debt like items	(101.0)	(73.8)
<b>Equity Value (100%)</b>	<b>50.8</b>	<b>94.5</b>

### Valuation

KPMG has issued a valuation report for the purpose of the Proposed Transaction

Axis Capital Ltd has issued a fairness opinion on the Equity Share Exchange Ratio in the context of the Proposed Transaction

## CONSIDERATION

Particulars	In \$ million	In ₹ crore
DBAG Fund VI (20% - all cash)	18.9	150
Patel Family (26%)	24.6	194
▪ Shares	21.6	170
▪ Cash	3.0	24

\* EBITDA represents adjusted EBITDA for both *Original Transaction* and *Proposed Transaction*.

\*\* EBITDA of \$ 25.7 million (LTM June 2022) in *Proposed Transaction* excludes one-time expenses and transaction costs.

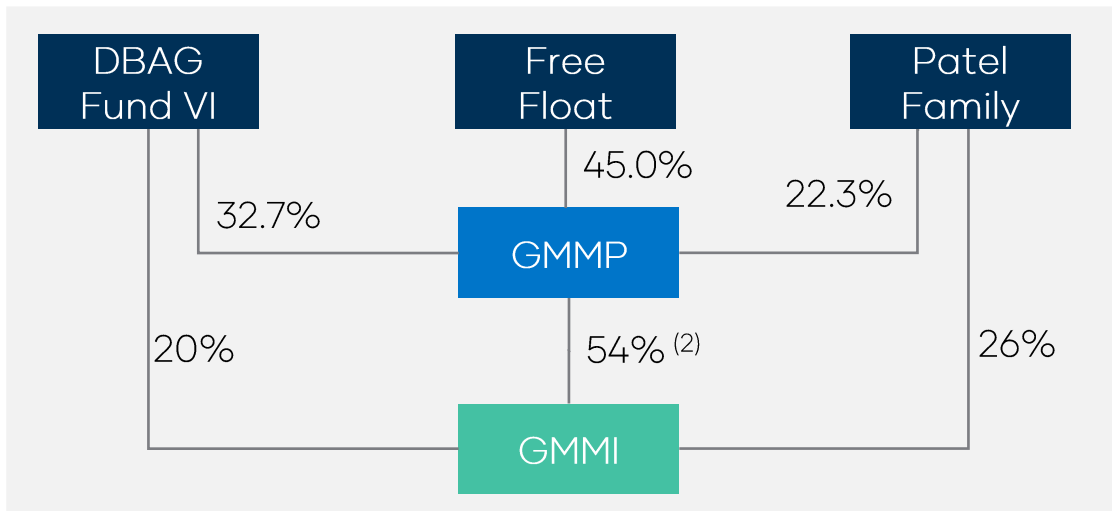
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# Shareholding Structure

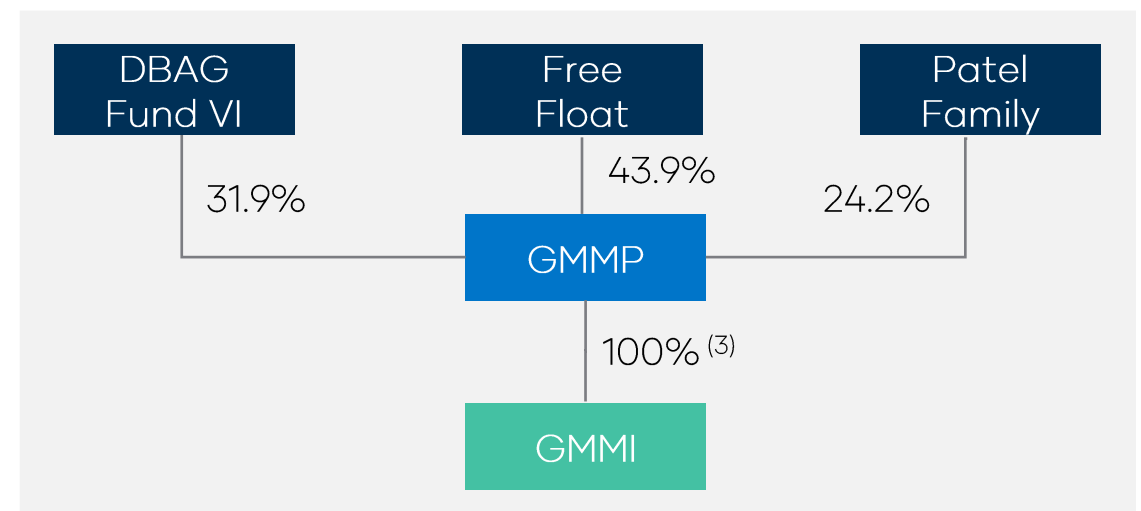
## GMMP will become a wholly-owned subsidiary of GMMI

GMMP will acquire the balance 46% stake in GMMI - 26% held by Millars Concrete Technologies Pvt. Ltd. (Patel family) and 20% held by Pfaudler International S.à.r.l (DBAG Fund VI)

### Current Ownership Structure <sup>(1)</sup>



### Proposed Ownership Structure <sup>(1)</sup>



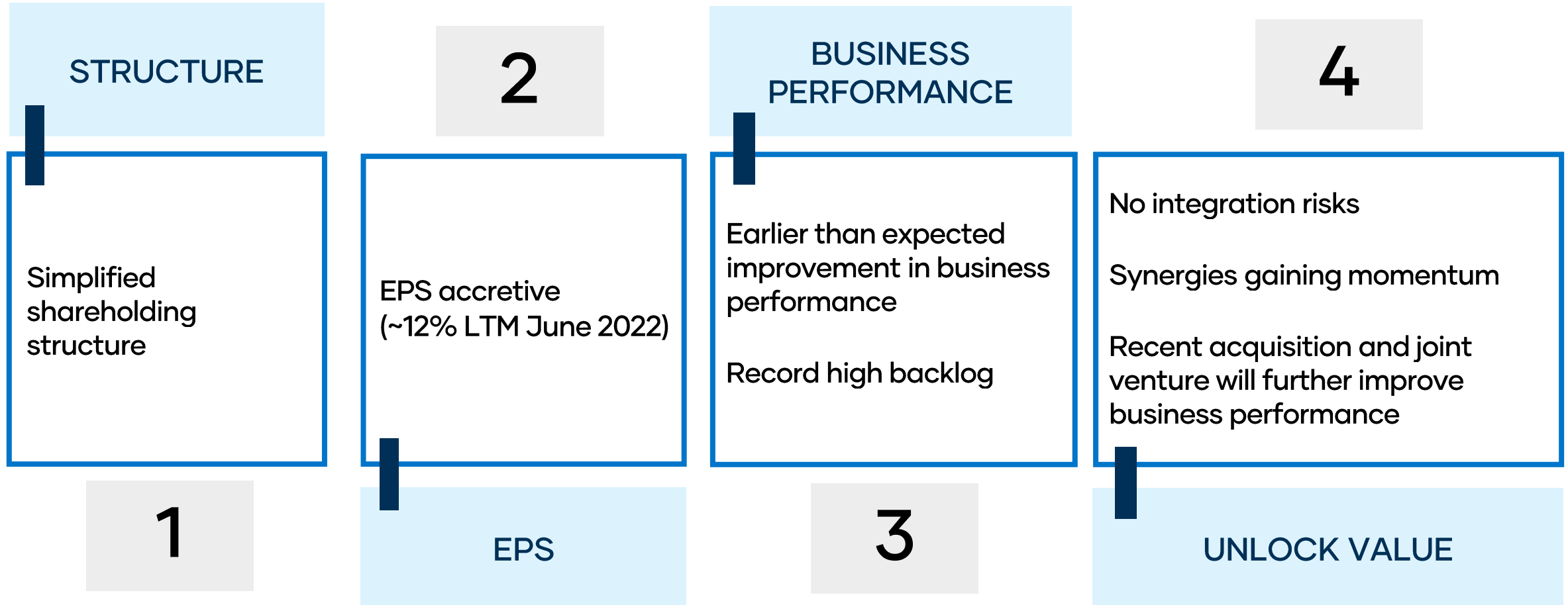
Note:

(1) Highly simplified illustration

(2) 34.4% held by GMMP, 19.6% held through wholly-owned subsidiary, Mavag AG

(3) Incremental 46% stake to be acquired by GMMP directly

# Rationale





# Indicative Timelines

Sr. No.	Key Activities	Timelines*
1	Audit Committee and Board approval	On August 4, 2022
2	Extraordinary General Meeting	On September 1, 2022
3	Receipt of FDI approval in UK	On or before September 26, 2022
4	Cash consideration to be paid	By September 30, 2022
5	Transfer of GMMI shares to GMMP	By September 30, 2022
6	Board approval for allotment of shares	By September 30, 2022
7	Listing and trading approval of stock exchanges	By October 20, 2022

\* Tentative



# Shareholding Changes of GMM Pfaudler Ltd

Particulars	August 2020	Current	Proposed
Public	25.00%	45.05%	43.94%
DBAG Fund VI	50.44%	32.68%	31.88%
Patel Family	24.56%	22.27%	24.18%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Investor Relations Contact

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**THANK YOU**