



# MMP INDUSTRIES LIMITED

(Formerly Maharashtra Metal Powders Ltd)

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## THROUGH ONLINE FILING

Ref No.: MMPIL/NSE/2020/017

Date: Saturday, the 23 May 2020

The Manager, Listing Department,  
National Stock Exchange of India Limited  
"Exchange Plaza", C - 1, Block G,  
Bandra - Kurla Complex, Bandra (East),  
**MUMBAI - 400 051**

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**Update on impact of COVID-19 Pandemic on the Company.**

**Ref: NSE SME Script Code - MMP**

Dear Sir / Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Company do submit an update on impact of COVID-19 Pandemic on your Company as per the following:-

### **1. Impact of the COVID-19 pandemic on business**

All the manufacturing locations were shut down from 25 March in line with the Government guidelines. Skeleton operations were able to begin by the end of April after securing permissions from the Local Administration. As demand for all grades of our products is low, the management have decided to keep the Umred facility shut temporarily to reduce fixed costs. All customers are presently being catered to from Bhandara Plant.

The detailed impact of COVID-19 pandemic on various business front are as below:-

#### **i) Operations and Sales performance during 2019-20:**

The economic slowdown impacted operations and sales were short of plan and lesser than FY 2018-19 (approx Rs. 241.82 Crore versus Rs. 260.64 crore). The reasons (apart from the general slowdown in the economy) were lesser aluminium prices compared to the previous year (down by an average of Rs. 18 per kg), poor sales of aluminium conductor division (related to Govt. inaction in the electrical infrastructure sector), and the corona virus impact during the second half of March 2020. The 3 months delay in the commissioning of the Umred facility also contributed to a nominal loss in sales.

#### **ii) Aluminium Foil Project:**

When the Lockdown 1 began, the foil project building was in a very advanced stage of construction and all major plant & machinery, utilities, electricals etc. had already been ordered with advances paid.



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The Management is of the view that the Pharma sector will be buoyant in the years ahead with all major countries including India investing hugely in the health care and medicine sectors. The company has already invested significant sums in the foil project and we are therefore progressing this important investment with some reworking of the phases. The intent now is to begin value added conversion section by the Oct-Dec. quarter followed by the bare foil later.

### iii) Financial Implications

Since the Company does not have any debt repayment obligations, we are reasonably optimistic that cash flows will be satisfactory to enable run the operations smoothly without further external funding. Profitability and sales revenues will perhaps be lower than during 2019-20 but it is too early to say. If the Indian economy works on a V shaped recovery during H2 of FY 20-21, good growth is possible especially because we have strong installed capacity.

The foil project (naturally delayed because of the crisis) will be progressed in stages and we are hopeful that any cost overruns will still be met with internal accruals.

Our personal and historically strong customer relations will ensure that payments will be made timely and better than before.

### iv) Employees status:

After due consideration and because of the humanitarian nature of the present crisis, the Management is of the view that no reduction in staff, layoffs or retrenchments are needed at this time. If the situation deteriorates from the present, a review may be made. The emphasis has been on proper communication with employees, a temporary reduction in salaries in a manner that junior levels are not affected and an overall emphasis on working from their place of stay. The promoter family has taken extensive pay cuts to conserve cash with the company.

## 2. Ability to maintain operations including the factories / units / Office spaces functioning

As is expected, operations are erratic because of supply chain breakages (specially packing materials whose suppliers are in red containment zones presently). However, since MMP has historically employed local workmen and labour, we have not been handicapped by labour shortages and as production is ramped up, we expect the requisite workforce to be present timely with no hindrances.

After resumption of the partial operations, availability of aluminium metal and other raw materials are quite smooth presently.

On the demand side, we see satisfactory potential in the aluminium phosphide sector and during May also see a good start in the explosives sector where customers have so far forecasted demand 60-70% of normal. However, the construction industry (AAC blocks) is handicapped with non-availability of labour as well as a lack of demand. We forecast demand to be 40-50 % of normal during May- June and have to wait and watch how the market behaves in the July- September quarter. Export orders received in April and May are higher than the corresponding period of 2019. Aluminium powder demand from defence sector is expected to go-up.

Aluminium conductor sales remain on the lower side. Our investment in the ABC Cable plant (value added downstream of conductors) is expected to begin trials in July as MMP prepares for a better performance of the Conductor division in the coming months.



To summarize, the outlook from demand side is reasonably optimistic but because of the present times as well as the unending uncertainties ahead, it is difficult to forecast possible growth of the powder division sales. As such, a clearer picture may emerge only during H2 of FY 20-21.

### **ASSOCIATE AND JOINT VENTURE COMPANY**

Our associate company Star Circlips & Engineering Limited could begin partial operations at both its locations (Butibori and Hingna) and has strong export order book from its German and US customers till August 2020. We are optimistic that export orders will continue to flow in as per expectations. Domestic OEM sales to auto companies has begun at a moderate level but supply chain distortions at customer end has meant that ramp up will be slow and erratic during H1 of FY 2020-21. The Management also views this as an opportunity to develop newer markets in Japan where the company expects to begin high volume sales in 2021.

Toyol MMP India Private Limited was fully shut during the lockdown period and will begin production operations only during the first week of June. The financial performance will be impacted adversely till June and the company is expected to improve its operations in the July-September quarter. The parent company Toyo Aluminium K.K. was badly impacted in all their manufacturing locations and the Group is reworking its sales plan to come back to normalcy.

### **3. Management Commentary:**

The present crisis and the company's on-going investments are a challenge which must be met with realism, optimism and prudence. With the announcement's by the Government recently to focus on self-reliance, we see this as a good opportunity to contribute significantly to the nation's economy. The immediate objective is to be financially stable, protect the interest of all stakeholders and investors and then prepare for bigger growth during 2021-22. The management is determined to proceed with its planned investments in Umred although with a staggered time frame. The Company also would like its team of dedicated employees to see through this time and work for sustained growth with us in the future.

Further, your Company pleased to inform you that it has recently received a letter of appreciation from the Ordnance Factory, Jabalpur. A copy is attached. This is a matter of pride for the Company and also for its stakeholders.

You are therefore, kindly requested to take note of the same and oblige. Meantime, kindly acknowledge the receipt.

Sincerely,

For **MMP Industries Limited**



**CS Milind Suryakant Rao**  
Company Secretary

ICSI Membership No. ACS – 48012

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भारतीय आयुध निर्माणियाँ  
GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
INDIAN ORDNANCE FACTORIES



An ISO 9001: 2008 Enterprise

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NO.6969/PV/GEN

DATE: 18/05/2020

## LETTER OF APPRECIATION

### TO WHOMSOEVER IT MAY CONCERN

This is to put on record that M/s. **MMP INDUSTRIES LIMITED** (Formerly: Maharashtra Metal Powders Ltd.) **Corporate Office:** B24 MIDC, Hingna Road, Nagpur 440 016, INDIA has been the esteemed supplier of various grades of Aluminium Powder to **ORDNANCE FACTORY KHAMARIA**, Jabalpur, Ministry of Defence, Government of India. In past 10 Years, he has supplied total 820. 50 MTs of Various grades of Aluminium Powder.

His Contribution in timely supply has helped **ORDNANCE FACTORY KHAMARIA** in achieving their annual targets which in turn has ensured defence preparedness of the country and the efforts put in by the firm are well appreciated.

*Agarwal*  
20 5-20

(A K AGARWAL)  
Addl. General Manager  
For General Manager