



Smart Multibagger

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since 1989*

25 Feb 2019

MM Forgings Limited

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Price related information

Company	MM Forgings
Current Price (Rs)	510
Target Price (Rs)	1100
Target Gains	115%
Stop Loss (Rs)	375
Perceived Risk	Medium
Holding Period (months)	36
Recommended Portfolio weightage	4%
Market Capitalisation (Rs crores)	1235

Current prices and Index values as on 25 Feb 2019

Stock related information

NSE Symbol	MMFL
BSE Ticker	522241
Face Value (Rs)	10
Book Value (Rs)	186
Sector	Forgings
BSE Group	B
Liquidity	Good
BSE Index constituent	S&P BSE SmallCap

Smart Academy

Inspired by huge crowd participation in Seminars and Workshops and post engagement with participants during last three years, we at Smart VERC announce foray into educative videos to serve the vast investor base across the globe.

All these knowledge sharing videos shall be under the banner of **Smart Academy**

These videos shall address the areas of Basics, Stock Valuation, Portfolio Management, Investor psychology and Power of compounding. Contents shall be way different from others but highly effective in understanding the concepts.

First video has been uploaded on YouTube and Facebook.

- View the video
- Like
- Share on social media if you deem fit

YouTube Channel

<https://goo.gl/v3YMdJ>

Facebook page

<https://goo.gl/bFn5E7>

MM Forgings Limited

- ✓ Started in 1946 as Madras Motors Limited in the year 1946 as dealers of “Royal Enfield Motor Cycles, UK” in India, the company rechristened itself as MM Forgings Limited in year 1993 (MM as Madras Motors).
- ✓ Tapped Capital market with an IPO in 1994.
- ✓ Apart from regular organic expansions it made couple of acquisitions too.
- ✓ Last year 2017-18 production reached near to 50,000 Tons (previous year 35,000 Tons) and Capital expenditure stood at Rs 100 crores (previous year Rs 80 crores)! Now it is focusing on increasing the capacity to 1,00,000 Tons.
- ✓ The company has created a niche in the International Market.
- ✓ It produces forgings in Carbon, Alloy, Micro Alloy and Stainless steels.
- ✓ Steel being the major raw material it has regular contracts with major steels mills in India as well as abroad.
- ✓ Most of forgings are exported to North American and European markets to major OEMs and Tier 1 Companies.
- ✓ It produces Forgings in the range of 300 kg to 60 kg. It has a battery of 10 hammers with capacities ranging from 0.75T to 6.0T. Also, it has a battery of forging presses in the range of 1600T to 4000T.

(Continued on page 5)

Financial Highlights (standalone)

	03/'14	03/'15	03/'16	03/'17	03/'18	12/'17*	12/'18*
Total Income	411.44	502.53	502.26	478.40	620.62	152.06	244.55
Other Income	1.55	2.40	5.41	11.27	12.12	1.26	6.14
Interest	-7.66	-9.14	-8.32	-9.95	-12.65	-3.02	-8.48
Depreciation	-36.02	-35.38	-35.81	-38.93	-42.00	-10.50	-13.75
Tax	-9.10	-18.12	-19.21	-11.72	-13.58	-4.14	-6.25
Net Profit	29.32	50.55	50.09	43.42	68.51	15.16	23.99
Equity	12.07	12.07	12.07	12.07	12.07	12.07	24.14
EPS	24.29	41.88	41.50	35.97	56.76	12.56	9.94
CEPS	54.14	71.19	71.17	68.23	91.55	21.26	15.63
OPM%	19.95	22.52	22.58	19.66	19.99	19.60	17.99
NPM%	7.13	10.06	9.97	9.08	11.04	9.97	9.81
Dividend%	40%	60%	60%	60%	100%	-	-
Debt / Equity	0.25	0.41	0.43	0.47	0.57	-	-

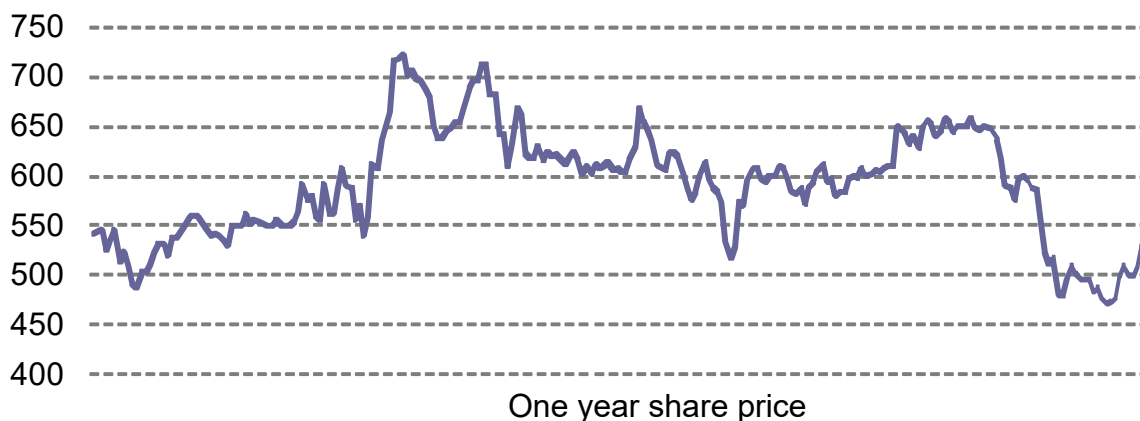
* - 3 months Bonus 1:1 Jul. 2018 All EPS and CEPS calculated on current Face Value Rs in Crores

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MM Forgings....



(Continued from page 4)

- ✓ For machined forgings, its machine shop is equipped with state of the CNC lathes as well as Vertical and Horizontal machining centres and Special purpose machines, which have capability for Facing and Centering, Milling, Boring, Drilling, Reaming, Turning, Grinding, etc.
- ✓ Last year exports accounted for as high as 59% of total Revenues, which speaks volumes about its quality of products. It has impressive ROCE (Return On Capital Employed) of 17%.
- ✓ Mutual Funds hold 20.91% stake, and FPIs 1.15%.
- ✓ Spurt in Interest outgo is attributed to almost 45% jump in fixed assets during last nine months.
- ✓ It is a regular Dividend paying company with payout ratio between 15% to 20% of Net Profits. In July 2018 it rewarded shareholders with 1:1 bonus shares.
- ✓ Its almost entire production is for Automobile industry.
- ✓ Domestic as well as International markets are witnessing slowdown. Being a niche player there are good chances of withstanding these challenges well. Nevertheless company performance may also get hit in the medium term. But for investors looking for 3 years down the line, it could be a multibagger.
- ✓ Based on first nine months results we expect an EPS of Rs 35 to Rs 38 for the current year. Assuming 20% CAGR in bottom-line for next three years and a reasonable PE of 17 we target a price of Rs 1100.*

Frequently Asked Questions

Q. *What is the Guarantee of success of the expected returns indicated in this report ?*

A. There is no Guarantee of meeting the expected returns, it is only a probability. Returns have been calculated based on our past experience and certain expectations from the company, industry and the economy.

Q. *Can these stocks go down ?*

A. Recommendations are based on current valuations of these stocks with respect to the market. Any adverse news about the individual company or sharp correction in stock indices can drag the individual stock prices down.

Q. *Will these stocks be reviewed in future ?*

A. At least One review shall be made as and when required.

Q. *What is the minimum amount, one should invest in these stocks?*

A. Limit your exposure in any single stock to maximum 5% of your total portfolio value.

Q. *Stock advised by you is ruling up from your recommended price, can I still purchase this stock?*

A. One can buy the stock as long as it is within the 5% band of recommended price.

Q. *If I have a query, how and whom should I contact ?*

A. All the related queries shall be addressed to support@smartverc.com. We shall revert back to you within 24 hours.

Note :

- Investors are advised not to borrow money even for the short term to invest in these stocks.

Past Recommendations Review

- Unless mentioned, all results comparison is on year-on-year basis
- If the stock achieves 'Target' or hits 'Stop Loss' then no further reviews shall be made.
- If the 'Holding Period' is near to completion then we may extend the Holding Period depending on the stock valuations and share price. If 'Holding Period' is not extended then investors may sell the share or act as per their own knowledge and proper due diligence.
- Investors are advised to sincerely look for the parameters like 'Perceived Risk', 'Weightage' provided with every stock analysis before buying any stock.
- Ensure that single sector in your portfolio occupies not more than 15% weightage.

Advice Date	Advice Price*	High Post advice	Target / Stop Loss	Target Date	Curr. Price	Download issue	Last Review
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Target achieved

Gain of 103%.

This data for last 18 months is available to all subscribers in their dashboard area along with the PDF copy of each report.

* Adjusted for Bonus, Splits if any

Disclosures / Disclaimer

Privacy Policy Your contact information will never be intentionally shared, rented or sold with any third party.

Disclosures Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - INH000000420). He has experience of 30 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and pursuing PhD.

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