

- Business: Technical equipment. Glass lined reactors, mixers and pipes for chemical, Pharma, paint industry. Process equipments.
- Business Trend: Chemicals, paints, Pharma, the client industries for equipment manufactured by GMM are expected to grow. US based parent company Pfaudler Inc. is global leader in this category, and has many technologies to offer in India. We may expect GMM to benefit for these products coming to India.
- Company: Originally Gujarat Machines. After collaboration with pfaudler became GMM Pfaudler. 51% ownership Pfaudler. Total 75% promoter held. Other foreign owners present.
- Financials: Net profit of 12.5 cr. on equity of just 3 Cr. EPS 8.5, Sales is almost 35 times of equity. Very low debt. OPM of 18.2% and RoNW of 21.3%. The company is highly profitable.
- Management: Insufficient Information
- Growth: With 51% holding by pfaudler, rise of demand for capital goods in Indian market, possibility of outsourcing of pfaudler's work to India (A speculation), the company seems placed for decent growth
- Future Plans: No Information
- Risks: Cyclical company. Lack of demand may leave buyer holding shares for long time. However the financials of the company even current are so strong that downturn is limited and losses will be not be experienced till booked.
- Conclusion: Niche industry. No competition. Precision equipment providing higher margin. Scope for expansion due to product portfolio of foreign partner. Chances of take over. Spurt in volumes as seen in the graph below. Expectation of growth. Current financials of the company sufficient to support current price. Unknown stock in the engineering sector providing cheaper valuations. All these factors support out view to buy. We have begun buying and depending upon client's risk profile we will accumulate.

