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M M FORGINGS LIMITED

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A25 INDUSTRIAL ESTATE, GUINDY, CHENNAI - 600032, INDIA.

Date: 16 November 2026

The Deputy General Manager
Corporate Relationship Department
Bombay Stock Exchange Limited,
Rotunda Building, P.J. Towers,
First Floor, New Trading Wing, Dalal Street, MUMBAI –400 001
Scrip Code - 522241

National Stock Exchange of India Ltd
'Exchange Plaza', Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
Scrip Code - MMFL

Dear Sirs,

Sub: Compliance under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Analyst/ Investor call

Please find enclosed the Transcript of the Analyst/ Investor post results conference call held on 13 November, 2026 on the unaudited Financial Results for the quarter ended 30 September, 2026.

The results were approved in the Board Meeting held on 5 November, 2026.

We request to take the same on records.

Kindly take the same on records please.

Thanking you,

Yours faithfully,
For M M FORGINGS LIMITED

Muthukrishnan S
Digitally signed by Muthukrishnan S
Date: 2026.11.16 12:31:52 +05'30'

S Muthukrishnan
Company Secretary & Compliance Officer
Membership No. F 9420

“MM Forgings Limited
Q2 FY '27 Post Results Earnings Conference Call”
November 13, 2026

MANAGEMENT: **MR. VIDYASHANKAR KRISHNAN – CHAIRMAN AND MANAGING DIRECTOR – MM FORGINGS LIMITED**
MR. R. RAGHUNATHAN – CHIEF FINANCIAL OFFICER – MM FORGINGS LIMITED

MODERATOR: **MR. ANNAMALAI JAYARAJ – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to MM Forgings Limited Q2 FY27 Post-Results Earnings Call hosted by 360 ONE Capital Market Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from 360 ONE Capital Market Private Limited. Thank you, and over to you.

Annamalai Jayaraj: Thank you. Welcome all the participants for MM Forgings Limited Q2 FY27 post-results conference call. From MM Forgings Limited management, we have with us today Mr.Vidyashankar Krishnan, Chairman and Managing Director, and Mr. R. Raghunathan, CFO. I'll now hand over the call to the management for the opening remarks to do follow-up the question-and-answer session. Over to you, sir.

Vidyashankar Krishnan: Thank you, Jayaraj. Good afternoon, everybody. My name is Vidyashankar Krishnan, Managing Director of the company and I have with me Mr. R. Raghunathan, the CFO. I'd like to take you first through the Q2 results and then open the floor for Q&A. Very briefly, I will start with the details of our Q2 and H1 performance. Overall in H1, we have achieved a turnover of INR 978 crores and about 44,000 tons of sales. As against in this, 19,700 tons was in the first quarter and 24,200 tons was in the second quarter. Overall, the sales for the second quarter itself is INR 551 crore. We have also merged DVS Industries into MM Forgings and the results presented are consolidated results.

We have also included in our overall PAT for the half year a INR 64.29 crores of land sale, and profit arising on that is about INR 54 crore. EBITDA for Q2 stands at INR110 crore, about 20%, and this you can include about 0.5%, 0.7% of prior quarters earnings due to price increases, etc.. To that extent, the EBITDA levels for the second quarter will have to be mildly corrected. Overall EBITDA numbers stands at 19.7%. Finance costs have come down despite higher utilization on the working capital side due to growth numbers. From INR 21 crores of interest, we have cut it down to INR 19 crore.

Moderator: Sorry to interrupt you, sir. We are losing on your audio.

Vidyashankar Krishnan: I am speaking a bit slowly, that is it. On the sales realization, we are at INR2.23 lakh per ton. Domestic sales stand at 66% and export sales at 34%. Within geographies, India has, comparing with FY26, India has gone down to 67% from 72%. Europe has gone up from 12% to 13%, and America, the U.S. from 12.5%-16.5%. South America remains the same.

Our automotive overall exposure is 85%, of which CV alone is 70% and PV is 14%. Off-highway has steadily moved up to 14% mark. Slightly dipped this year from 15% to 14%, largely because auto grew much faster. Over the last few years, our off-highway and tractor has grown from 5%, 6%, 7.5% to the 14%, 15% levels where it is today.

For this year, getting down to a quick outlook for this fiscal, we are expecting about 50,000 tons of sales for H2, taking the overall to the region of 90,000- 95,000 tons for the year. A sales level we expect to cross INR2,000 crores for FY27. For FY28, we expect to cross the 100,000 mark

in terms of sales number, in terms of tonnage, and also a turnover in the region of INR2,400 crore-INR2,500 crore. These are the brief points regarding our performance in H1 of FY27. Now I would like to throw the floor open for any questions. We would be happy to take them. Please identify yourselves before you make the question. Thank you.

Moderator: Thank you very much. We will now begin the question-answer session. The first question is on the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Yes. Thank you. I have one question. Given that the absolute tonnage and revenue numbers are heavily influenced by broader OEM production schedules and also macro cyclicality, which are essentially factors outside our direct control, has the management considered framing annual guidance in terms of outperformance over underlying industry growth? For example, basis points over the OEM growth.

That would really help investors isolate and appreciate market share gains as well as wallet share expansion, regardless of where we are in the cycle, because we are a derivative of the OEM demand, and OEM demand is also, it changes based on how they perceive their production, their offtake, etc., Have you considered or have you also looked at giving the guidance in terms of outperformance over the industry growth versus in absolute tonnage or revenue numbers? This is my first question.

Vidyashankar Krishnan: Thanks, Lakshmi, for your interesting question. That's a good point. We'll work out that angle and compare ourselves with industry growth and see where we are in terms of wallet share gain and overall riding the wave itself. It's a very valid point. We'll work it out on those points.

Lakshminarayanan: Thank you.

Moderator: Thank you. The next question is on the line of Ashish from Leo Capital. Please go ahead.

Ashish: Congratulations on a good set of numbers, sir. I have two questions. My first question is, how much revenue can the current forging and machining base support before new capex is needed, and where is utilizations today?

Vidyashankar Krishnan: We stand at about, as I said, this year, 90,000-95,000 tons. Our capacity, as we speak, is 130,000 tons. From 120 lakh, we have added a 4,000-ton press at our Viralimalai plant, so our capacity has gone up from 120,000- 130,000 tons. So, this almost 95,000 tons should be viewed against that number. Of course, the capacity has come only in Q2, but still, we talk about it in an annualized manner. If you were to annualize the capacity, I would say 1,27,500 tons, if you were to split some hairs. On that, we will be on target to look at 95,000 tons. This capacity of ours is good enough to take us to about 120,000 tons.

Ashish: And sir, we have had substantial investment on the machining. Sorry, you were saying?

Vidyashankar Krishnan: With the investments in machining that we have made and which we are making.

Ashish: Sir, but how do we see the machining capex?

Vidyashankar Krishnan: Sorry?

Ashish: We have added around INR1,000 crores of There is around INR1,000 crores of block, like mentioned in the last con call, in our asset base today on the machining side. How much can that generate? Do we see it as a separate capex, or how do we see that?

Vidyashankar Krishnan: We do see the capex separately between forge shops and machine shops, of course. We have invested over INR1,200 crores in the last six years, of which a significant portion, INR750 + crores , would have gone into the forging side, into the machining side.

Ashish: On the machining side, what is the utilization?

Vidyashankar Krishnan: Right now, our utilization will be in the region of around 80%, 75%-80%.

Ashish: Okay.

Vidyashankar Krishnan: Yes.

Ashish: Okay. What is the total revenue which you can generate?

Vidyashankar Krishnan: We are also adding machining lines. It is an ongoing organization, right? Live, we are adding machining lines as we speak. Some are expansion of existing product lines, some are new product lines, some are for new customers. All that together should be comfortable to take us to INR2,400 crore- INR2,500 crore. Provided, of course, market fits in into that specific job mix that we have planned for, based on customer demand.

Ashish: Sir, my second question is around the heavy press. Once the press starts production in Q4 FY27, how long do OEM qualifications typically take for heavy parts, and what does the ramp-up look like there? How much of the early volume is existing parts moving onto the press versus new programs? When do you expect meaningful utilization?

Vidyashankar Krishnan: Yes. The heavy press, as I have been saying in most of the calls, remains largely unsold. That is the growth driver beyond the INR2,400 crores mark. Up to that level, some parts which are not producible on the 8,000 ton press would go on the 16,500 ton press. This press would be commissioned in Q4 of this year, and SOP would be by Q1 of next fiscal. OEM qualifications can take anywhere from six months to two years, depending upon the OEM, the depth of engagement with them, and the launch of that particular part from that OEM.

This is a very broad number, I know, but that's the range that we are working with right now. Some products which are existing can move directly over there. Qualification is almost pre-done, you can say. We would be able to use about INR50 crore-INR100 crores out of that at a run rate on an annualized basis to start with and ultimately move it to around INR250 crore-INR400 crores range, for which we may have to invest in additional machining setup and also look at parts. But upto this INR2,500 crores projection, the orders are available with the company. Beyond, we have to get new orders, and growth will come out of those new orders, which also includes 16,500 ton press. I hope I have made myself broadly clear.

Ashish: Yes, sir. Thank you and good luck.

Vidyashankar Krishnan: Thank you.

Moderator: Thank you. A reminder to all the participants to press star and 1 to ask a question. Ladies and gentlemen, if you wish to ask a question, you may press star and 1. The next question is from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.

Anubhav Mukherjee: Sir, congrats on a great set of numbers. Sir, my first question is if you could explain what is driving the strong growth in Europe and US, that would be very helpful.

Vidyashankar Krishnan: Thank you, Anubhav. The Class 8 market in the U.S. is running pretty strong, so that is driving numbers over there. Somehow that coincided with a drop in the customs duty, the tariffs in the U.S. from April onwards. The coincidence is very amazing, the increase in demand plus the drop in tariff. All the same, none of our customers have balked from buying because of the tariff, so I would assume that both are independent. Europe has been moving along at a sedentary pace, and that continues. Of course, we are deepening our engagement with many European OEMs. That continues to give growth for the organization.

As we move forward, beyond FY28, since we are looking at the market side, some of the points which I have not covered in my opening remarks is we are also engaging with several OEs, OEMs, who are MNCs, and we expect our export revenue to double or triple from current levels. Possibly reach an INR750 crores mark, sorry INR1,000 crores mark over the next few years. We would expect a significant portion of growth to come from export markets from FY28 and beyond.

Anubhav Mukherjee: We get that. Sir, this North American Class 8 truck market, the growth that you are witnessing, is it because of the imminent emission norm changes which are on the horizon? How sustainable do you think that is, this strong growth?

Vidyashankar Krishnan: Sorry, can you repeat your question again, please?

Anubhav Mukherjee: Sir, I was saying that this strong growth in North American truck market, is it being driven by emission norm changes which are supposed to happen next year, I think? How sustainable do you think this growth will be over next year or so?

Vidyashankar Krishnan: Yes, valid point. The emission norms do play an impact in terms of a pre-buy, but also what has happened is that last few years, the North American truck buy has been moribund, very stuck in a rut, and ultimately, their replacement is a huge driver of growth. There are two drivers of growth for the truck markets, particularly in North America. One is norms changes that leads to pre-buy, and the second is replacement demand.

The replacement demand, I would expect, it has been pretty stuck for the last couple of years. So, a basic level of replacement demand would be there. Over and above that, we have the emission norm changes, and therefore some amount of pre-buy. The pre-buy will disappear by Q1 of next fiscal, and thereafter, the base load demand will be there.

Anubhav Mukherjee: Get that. Sir, even in North we have heard that…

Vidyashankar Krishnan: Overall, I would like to conclude that the North American truck market is pretty cyclic in its nature. No doubt about it. It's an inescapable fact.

Anubhav Mukherjee: Get that. Do you think that, obviously the pre-buy will go, but over the next at least two, three years, do you see it in a sort of upcycle because of the replacement demand?

Vidyashankar Krishnan: I wouldn't say upcycle, but at least the fall will not be hard.

Anubhav Mukherjee: Get that.

Vidyashankar Krishnan: This is my…

Anubhav Mukherjee: Get that. Sir, even in Europe, is there a replacement cycle that we are witnessing? Because what we gather is that even in Europe, the CV cycle got elongated, like the replacement cycle. Is that happening in Europe as well?

Vidyashankar Krishnan: CV in Europe is largely replacement driven. Largely replacement. Over the last decade or two decades, we haven't seen any pre-buy surging in Europe at any point of time. Of course, our penetration in the European and U.S. markets at CV level could improve quite a bit. At global level itself, would improve quite a bit with our foray into heavier parts. See, the parts that come out of our HF, Heavy Forgings, as we call, hardly any is exported at this point of time. Most of it is, 99% of it is domestic market. There's a good potential for us to focus on the exports, which is why I'm pretty bullish on export revenue.

Anubhav Mukherjee: Get that, sir. My final question is that sequentially, I think there has been almost a 9%, 10% realization improvement, the sales per ton. Is it because of pass-on of higher steel prices or is it because of better product mix? Some color on that will be useful.

Vidyashankar Krishnan: The increase is on two counts. One, higher value addition. Our machining mix has gone up significantly to 65% from 56 odd percent. We also have price increase on account of steel and conversion increases that contribute some factor. Both together have contributed a realization per ton increase. Overall, from INR2.08 lakh per ton, it has gone up to INR2.15 lakh per ton.

Anubhav Mukherjee: Get that. Sir, what would be our total machining capacity now?

Vidyashankar Krishnan: Machining capacity is variegated. I know last call I made a commitment to look at the machining capacity in terms of an overall number. I am not able to pin it down yet. But if we look at overall numbers and say 65% of sales is from machining, and we are at 80%, 70% to 80% on capacity there. So we still have a headroom of around 25%-30% in terms of machining capacity.

But we are also creating capacity as we speak. So that is really a moving number. I should have looked at this number in the last few months, and we have been very busy with customer side and focusing on deliveries quite a bit. I commit next time I will have that number pinned down. Machining capacity and utilization.

Anubhav Mukherjee: Get that, sir. Thanks for all the detailed answers. I will get back in the queue.

Moderator: Thank you. The next question is on the line of Dhruv Sitlani from Vyomara Capital. Please go ahead.

Dhruv Sitlani: Hi, thanks for the opportunity. So I have just two questions. So sir, my first question is, could you please walk us through how you see the margin profile of the business evolving over the next three to five years, and what do you think will drive this?

Vidyashankar Krishnan: Very deep question, Dhruv. Over the next few years, I would expect MM Forgings margins to be positive. The bias is positive. First, we have moved out of a rut that we were in the last couple of years. From Q1, we have started moving, surging forward a little bit. Margin expectation is positive. Bias is very much positive on the back of better utilization.

Even then, in Q1 and Q2, we have been driven hither and thither by huge increase in input costs, steel, no doubt, also our other manufacturing costs have gone up. Much of management bandwidth was spent in negotiating and arriving at and securing supplies. Once the dust has settled as it has now, we are now turning our minds back to cost reduction and focusing on more efficient buying as well as efficient utilization.

All these, I would expect MM Forgings, internally at least, we have a huge scope on cost reduction ranging anywhere from INR30 crores to about INR100 crore. It is a big number, and you can imagine INR100 crores on a INR2,000 crores base is a 4%, is a 5% margin expansion possibility. While I would not like to hazard a guess or get committed on these numbers, there is a good scope for cost reduction.

Let us put it that way. Next call, please do not pin me to this INR100 crores number. I am just giving you our See, we are all there to dream, and from that, we move on how we can cut costs or improve margins or improve sales. We are dreaming about, not dreaming in the sense simply dreaming, we are consistently thinking about and qualifying how we can improve our margins. There is scope for margin expansion.

Dhruv Sitlani: That was really helpful, sir. Thanks for the color. My next question is with-

Vidyashankar Krishnan: We also look at. Yes, on the business side, I should also say that a lot of growth beyond 2028 will come from export markets. With our bigger press, we will be having access to bigger truck, to truck OEs all over the world. We can supply them any part, so that doesn't restrict them from coming to us for only a set of parts. The response that we are receiving from customers as we discuss with them about opening up our new press, the responses have been very positive.

So FY28 and beyond, we should see a lot of growth from exports. How much of this new capex will be required? All that will have to be worked out. Maybe we can sacrifice a little bit of domestic capacity and divert it to export. Those are numbers that would have to be evolved over time.

All I can say at this point of time is that we have, subject to macroeconomic conditions, we have order visibility for about INR2,400, INR2,500 crores in FY28. Of course, this does depend on an assumed cyclicity of the CV markets globally.

Dhruv Sitlani: Thanks for the color, sir. My second question was, with Happy Forgings, Bharat Forge, and Ramkrishna Forgings also adding or running heavy presses, how do you see pricing in heavy beams and crankshafts evolving, and where does MM Forgings Limited have the right to win? Is it by customer, is it by geography, or any part type?

Vidyashankar Krishnan: We have been there, seven years back, we were zero on the Heavy Forgings side. Today, we have joined the fray. We were number three, and now there is a fourth player also added. Of course, Happy Forgings has been significant in the crankshaft space. They are also into the other two parts, axle arm and beam. I see no issues. I see a lot of work coming India's way. There is enough and more for the top four to do in terms of handling growth.

A lot of work will come our way, and our own truck industry, which has also been running slow over the last few years, is coming to its own. There is also a replacement demand that comes in India. As wage costs here go up, truckers will find the necessity to keep their fleets young and healthy rather than old and dilapidated.

Of course, there will always be people who will use sluggish trucks, but generally, the long-distance market will be with. The age of engines, the cleanliness of these new vehicles in terms of emissions, plus their mileage, operating costs. When I talk to even our people who provide buses for our plants, all of them are saying that it is cheaper to, if you have the wherewithal, it is much cheaper to buy a new vehicle and to operate a new vehicle than an old one.

That mindset will slowly change. The scrappage policy coming in, nudged here and there by the government, self-imposed scrappage from government bodies, all that will move in a positive direction, and the truck industry in India should be on a strong wicket.

Dhruv Sitlani: Thank you, sir. That was all from my side. All the best for the next one.

Vidyashankar Krishnan: One more. Thank you. Thank you so much. One other point is that MM Forgings' non-auto sales stands at about 15 odd percent. There again, there is a huge scope for improvement in the non-auto space. That itself will be a significant driver globally for MM Forgings. Roughly, we are headed for about INR600 crores of exports on an annualized basis.

I would say there is a by the end of the decade or less, we should be looking at INR1,200 crore-INR1,500 crores of exports. There is a huge potential in the export market, and while we have been caught up with the domestic market, we have to get our act in the export market, which we will, and we are doing.

Dhruv Sitlani: Thank you.

Vidyashankar Krishnan: Exports of Heavy Forgings, exports of overall forgings will constitute a driver in the months to come. Next question, please.

Moderator: Thank you. The next question is on the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Hello. Am I audible? Hello?

Vidyashankar Krishnan: Yes, you are.

Vignesh Iyer: Hi. Just one data point that I wanted to know. How much capex have you spent on the regular plus maintenance capex in the first half, H1? What is the amount that you plan to spend in second half?

Vidyashankar Krishnan: We spent INR65 crores in the first half, and we are planning another INR75 crore-INR80 crores in the second half. So taking the total to about INR150 crores .

Vignesh Iyer: Okay. Just considering around INR150 crores that gets spent into capex, and the higher working capital requirement that we may have with the higher volumes that we are targeting for the second half, what would be the peak debt we are looking at, or closing level of debt that we can see for the company by end of this year?

Vidyashankar Krishnan: Overall debt levels should be at the same level as current, which is about INR1,200 odd crores overall. If you remove cash on hand, somewhere in the region of INR1,000 crore-INR1,070 crores are overall debt level. INR1,020 crores-INR1,070 crores. It should remain in those same, because also what will happen is, internal accruals will be there, right? Higher internal accruals because of higher volume. Whereas we are pegging our capex, and whatever we spend mostly will come out of term loans, but we will repay the same extent. So on the long-term use, it will be neutral.

Vignesh Iyer: Okay. What is our-

Vidyashankar Krishnan: The income side will be more.

Vignesh Iyer: What is our average cost on debt as of now?

Vidyashankar Krishnan: Sorry, can you repeat?

Vignesh Iyer: What is our average cost of debt? I mean, 8.5%-9%?

Vidyashankar Krishnan: 6 point something. 6.3%. One second, I will get the number. 6.3%.

Vignesh Iyer: 6.3% our cost of debt.

Vidyashankar Krishnan: 5.42% is our average cost of debt.

Vignesh Iyer: Okay. Okay. Okay. That's all.

Vidyashankar Krishnan: This has come down last year from 8.5%.

Vignesh Iyer: Right. Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. A reminder to all the participants to press star and one to ask a question. The next question is on the line of Lakshminarayanan: from Tunga Investments. Please go ahead.

Lakshminarayanan: Yes, thanks again. I have a couple of questions. As you scale, I mean, I believe the execution hinges on four pillars. One is expanding the leadership bandwidth. Second, fortifying the core. Third, deepening your competitive moats. And fourth, enhancing earnings predictability. I would like to understand what have been the tangible progress across these four vectors over the last few years, because you made a point that you have changed certain parts of the business, and that's where the flywheel growth is taking place.

So want to understand on these four things, I will just repeat, leadership bandwidth, strengthening the core, deepening the competitive modes and enhancing earnings predictability or revenue predictability. What steps has the management taken in the last few years on this?

Moderator: Management, we cannot hear you.

Vidyashankar Krishnan: Oh, sorry. I was on mute. My bad. Mr.Laxmi, the question that requires a long answer, but let me try to run it through in a gist. So leadership, we have added quite a few people at the top level within the organization. We promoted them in charge of business heads, as business heads, responsible for various aspects such as forging, concentrated machine shops, which are large, or a bunch of machine shops.

So these leaders are emerging. They are finding their place and moving things. We have also strengthened our finance team. We are looking to expand our internal audit as we move on, so that newer and existing processes, the adherence will improve and sustain. So strengthening the core internal audit, plus a considerable focus on TPM will strengthen the core.

Competitive advantage will improve by looking at costs overall, driving numbers, utilization of assets, which we have done significantly in the last six months. We have looked at every line, mapped out what is it that we are missing, where is it that we are not growing, why are not we not fulfilling our capacities there, what is our bottleneck, and we are driving those numbers, those factors that result in better numbers.

Enhancing predictability is a long-term task relative to the first three at MM Forgings because we are quite CV dependent. We will have to wean ourselves away from CV over a period of time. Not wean away, but at least strengthen our non-CV presence, I would put it that way, which we have started, which is why I am saying that a significant amount of growth will come in exports.

One other way to look at the CV market is also this. We are predominantly, we are overall 85% dependent on auto, 70% on CVs globally. Give or take a percentage or two between India and rest of the world. But if we diversify our CV presence across geographies and grow the CV presence in, for especially heavy parts outside of India, that would also mean a certain amount of enhancing the predictability of the business.

We are not stuck to the cycle of one economy. We will be stuck to three or four geographies, which will be pretty diversified. Of course, each of these cycles hum together or dim together at the same time. That is there for any organization. One thing is to look at non-CV, non-auto, which we have, we have started. The other is to diversify CV across geographies.

Increase our heavy forgings across particularly outside of India. Both of these actions have been commenced. It will take some time to pan out, but not infinite time. Over the next two to three years, we should see results in improving our predictability. Basically, predictability means flattening out and saying that, if one geography performs less, I should be able to compensate for it with other geographies or other industries, other sectors, right? We have embarked on these two journeys, on this journey. It will yield results in the next two years.

Lakshminarayanan: Got it. We have multiple manufacturing locations, and we also acquired DVS Industries Private Limited a couple of years back. Have the manufacturing systems are homogenized across all your locations that they track the same thing, the way in which they vocabularize things are all same, or still you have to homogenize all the manufacturing systems across the plants?

Vidyashankar Krishnan: On manufacturing systems, we have a long way to go.

Lakshminarayanan: Got it.

Vidyashankar Krishnan: Long way to go.

Lakshminarayanan: Got it.

Vidyashankar Krishnan: That would be blunt, brutal answer.

Lakshminarayanan: Got it. Thank you. Two questions more. I just want to understand, a couple of quarters back, you talked about there is a movement towards tractor-trailer that is leading to pressure in growth because we were tuned to multi-axle trucks. How that has passed or how that trend is shaping up? The second question is related to Abhinava Rizel, and what has been the traction and growth outside the core MM Forgings? If you can just elaborate on these two in detail.

Vidyashankar Krishnan: Yes. The move towards multi-axle vehicles has kind of, what should I say, hit the scene, and we are seeing multi-axle vehicles back in the game. A kind of a block, and we are seeing an increase in multi-axle vehicles coming in. The front axle numbers to vehicles at most OEs has gone up. That's number one. Abhinava Rizel, I am happy to say, actually I should have said that in the opening remarks itself, we missed it out, has opened its account.

We started selling 300, 400 motors a month from July onwards. Again, we should have added it in our opening remarks. So there, thank you, Lakshminarayanan:, for pointing it out. Very important facet of our organization. This we expect to grow to about 3,000- 4,000 motors over the next few years on a monthly basis The good news is, it has opened its account. Meaning, this is better given.

Lakshminarayanan: Okay. What kind of investments you think would need more towards this particular business? We were doing some, for lack of better words, some trial and error, because certain things were

not finding its way to the market. Now that there is strength and now there is a proof that it is actually, there's an off-take, do you intend to add capacity or add capital to this? If so, what is the plan you have, the company has for the next couple of years?

Vidyashankar Krishnan: To realize between 2,000- 4,000 motors per month is our first visible, tangible goal with existing technology. That would require about INR15 crore-INR20 crores at best, here and there, over the next few months. We have started the journey. We are investing, we are chip chopping in terms of wherever there are capacity bottlenecks and process improvements. Maybe about INR10 crore, maybe itself enough. I am saying INR20 crores at best.

The next jump for AR would come, we are looking actively at some international partnership, discussing with quite a few players. Those come in, then ARPL could go into the big league of making three-in-one, five-in-one, seven-in-one systems for largely the pass car market. Those breaks can be huge breaks. The revenue from each of those could be running into hundreds of crores, at least a couple of hundred crores. We are working on that side as well.

One is homegrown tech, the other is bought-out tech, if I can use the word. Because the Chinese, as far as passenger cars are concerned, are miles ahead of the rest of the world. And their electronics manufacturing is well-known. We are looking at a few sources there. We need to make things happen.

Moderator: The line for the participant has dropped. The next question is from the line of Nipurn Khemka from CD Research. Please go ahead.

Nipurn Khemka: Hi, sir. Good afternoon.

Vidyashankar Krishnan: Hi.

Nipurn Khemka: Why has the company been so slow to capitalize assets, and why has there been a delay of 16,500 tons, and how much is the cost escalation, if any?

Vidyashankar Krishnan: I am happy to say first there are no cost escalations other than possibly interest.

Nipurn Khemka: Okay.

Vidyashankar Krishnan: Which is also a significant cost itself, first thing first. Second, the delay of about six to eight months is because the foundation required big plates that needed to be welded and brought in. The execution of that from the vendor took more time than anticipated.

Nipurn Khemka: Okay.

Vidyashankar Krishnan: These are the two reasons why the press commissioning and installation got shifted out a little bit.

Nipurn Khemka: Mm-hmm. Why didn't we take any short-term duration capital projects when there was so much pressure on our return on capital and leverage, which is now close to one?

Vidyashankar Krishnan: Sorry, I didn't understand the question.

Nipurn Khemka: I said that we could have taken some short-duration capital projects because there's so much pressure on our return on capital and leverage, which is now close to one.

Vidyashankar Krishnan: See, most of our products require validation at customer end. Customers have come up with requirements. All those things, we have been working with customers. Some places we missed out on installation itself. In some places, having installed on time and sampled and approved on time, customer projects got shifted out.

One PV customer is a case in point. We are working with customers across all these fronts, and these delays have been largely out of our hands. One or two projects, company is also internal reasons alone were there. Good news is that it's now behind us, but the learning stays that we need to be far more nimbler in execution, and we are focused a lot on it.

Nipurn Khemka: Okay. How much can you afford to delay any capitalization of assets at a time when your balance sheet is not in such a good shape with mounting debt and easing pressure on ROCE?

Vidyashankar Krishnan: If you see current numbers, I would not say that our numbers or balance sheet is not in good shape and we are capitalizing assets as we speak.

Nipurn Khemka: Yes, but I see in the past three years, if I take the past three years figures, we have spent almost close to INR 800 crore, but we have capitalized only INR380 crore. So there is a big amount that is still sitting in the-

Vidyashankar Krishnan: Yes, correct. The 16,500 ton press itself is INR240 crore. That line itself. So that remains as a big chunk.

Nipurn Khemka: Okay. No, because we are facing pressure on the ROCE, right? It is like the average of the past three years have been close to 10%. Do not you think that it is a reason to worry?

Vidyashankar Krishnan: I would have been concerned had we stayed put at previous levels this year also. But now that we have come out of the so-called rut that we were two years back, and we have started delivering across all sectors, I would say that that concern is largely non-existent.

Nipurn Khemka: Okay. Understood. Thank you. Thank you, sir.

Moderator: Thank you. The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Yes, sorry, my line got disconnected earlier. One question I had is that while we track the overall split across machine components and end markets, could you help us understand which specific product families, such as front axle beams or knuckles or crankshafts, which form your core leadership stronghold?

And roughly what percentage of revenue that contribute today from your strong product segments, and what levers you are pulling to deepen this competitive edge on those products where either from the product acceptability or cost competitiveness, or capability, we are heads and shoulders above the rest of the market? Which are those products and what percentage of

revenues broadly it contributes, and what are we doing to continuously enhance our competitiveness in those products?

Vidyashankar Krishnan: The bulk of our production comes from five product groups. What we used to call three as ABC, axle arm, beam, and crank. Then we have added two more, con rod and spindle. These constitute a good portion of our revenues. So these we are pushing across all sectors, all customers, mapping out our capacities versus demand, and de-bottlenecking the capacities wherever required with very, very minor capex or process tweaks. Sometime even manning machines. All those gaps have been identified and they are being plugged.

These parts, they constitute more than 50%, I would say close to 60%, 55% of the revenue of the company. The first three constitute 44% of our sales, and the latter two would easily be in the region of around 10% more. So these parts together will be more than 55% of MM Forgings. We are focused on these and also many other product families are there, but these five today are the biggest families.

Lakshminarayanan: Got it. What are we doing to ensure that we continue to expand our leadership in these products? Because I believe we are also much better than the rest of the other industry players, right? While they are dominant for you, and these are, I believe, may also be something where MM Forgings is way above the rest. So, what are you doing to ensure this competitiveness?

Vidyashankar Krishnan: We are investing in crankshaft lines to take our crankshaft capacities up. We are investing in beam lines and also knuckles. So across the board, we are doing a significant amount of activity across these major platforms. Plus, the intended growth or planned growth in export markets across the ABC parts, export markets particularly, that also will add to competencies, will also result in realization of competencies that have been created in the last five, seven years.

Lakshminarayanan: Okay. Okay, thank you.

Moderator: Thank you. The next question is on the line of Ashish from Leo Capital. Please go ahead. Ashish, we cannot hear you.

Ashish: Hi, sorry. In one of the old con calls, we had alluded to a HHP genset order which we might be receiving. Is the heavy press a gating capability for that?

Vidyashankar Krishnan: It is also one of the factors there.

Ashish: What is the other factors which helped us win this order?

Vidyashankar Krishnan: There are also parts that go into smaller equipment. The parts are not just restricted to the heavier presses. Parts are also across smaller presses as well.

Ashish: Would it be correct to understand that heavy presses opens up a new non-auto segment for us?

Vidyashankar Krishnan: Absolutely right.

Ashish: But why is this, sir? Is non-auto have higher weight classes of ABCs? I mean, products?

Vidyashankar Krishnan: No. It opens up a new class of non-auto, fine. That's the correct, and I said yes to that question. Whether it has a higher concentration of ABC parts, I would say no. The volumes there are not comparable to auto volumes, CV or PV, by any stretch. However, it does open up a new avenue because the parts that can be produced on the heavier press do not find use in the auto parts, auto sector, in trucks or cars.

Ashish: So I'm asking the reason, like what is different between a non-auto part and an auto part?

Vidyashankar Krishnan: Parts are similar, but the non-auto has applications which are much heavier than auto. That's the point I'm trying to make. I don't think I was clear. Your question is clarified a little bit. So, non-auto has one component or one portion of it is within the weight range and capability of auto parts, similar. The other is beyond the weight range. That market gets addressed with bigger equipment.

Ashish: Got it. Thank you so much, sir, and best of luck.

Vidyashankar Krishnan: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Vidyashankar Krishnan: Thank you all for the incisive questions as always. Every time I am really surprised by the quality of questions which have gone up over the last few years, and between the previous call and this one too, I see a total difference in the qualitative nature of the questions, which are more incisive. I would honestly admit that I do get insights, more insights into the business.

At least it is exciting for me to see that, being challenged to look at the business from various angles. It does provide a better view of the business as we go back and do our homework. So thank you all for your incisive questions. We at MM Forgings are pretty strong of looking at INR2,000 crores mark this year and challenging the INR2,500 crores mark in the next fiscal.

Moderator: On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your line.