



M M FORGINGS LIMITED

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Date: 14 August 2025

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	National Stock Exchange of India Ltd 'Exchange Plaza', Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
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Dear Sirs,

Ref.: NSE: security code- MMFL –EQ; BSE: Security Code -522241

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

1. Please find enclosed the Transcript of the Analyst/ Investor post results conference call held on 11 August 2025, on the unaudited Financial Results for the quarter ended 30 June 2025. The results were approved in the Board Meeting held on 6 August 2025.
2. We request to take the same on records.

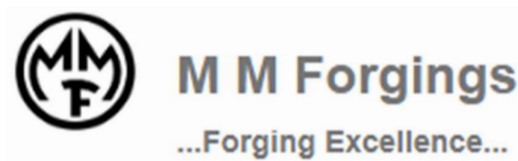
Thanking you,

Yours faithfully,
For M M FORGINGS LIMITED

Chandrasekar S
Company Secretary
Encl: as above



CERTIFIED TO IATF 16949:2016 and ISO 9001:2015 STANDARDS



“MM Forgings Limited
Q1 FY '26 Earnings Conference Call”
August 11, 2025



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

MODERATOR: **MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI
SECURITIES INDIA PRIVATE LIMITED**



M M Forgings

...Forging Excellence...

*MM Forgings Limited
August 11, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to MM Forgings Limited Q1 FY '26 Earnings Conference Call hosted by Batlivala & Karani Securities India 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Annamalai Jayaraj: Thanks, sir. Apologies for the short delay. Welcome to MM Forgings Limited 1Q FY '26 Post Results Conference Call. From the management side, we have with us today Mr. Vidyashankar Krishnan, Chairman and Managing Director; Mr. Venkatakrishnan, Chief Financial Officer.

I will now hand over the call to Mr. Vidyashankar Krishnan for the opening remarks to be followed by question-and-answer session. Over to you, sir.

Management: Good afternoon, everybody. Apologies for the slight delay in start-up. I was just transiting through a black hole area. So this Q1 of this fiscal, MM Forgings has achieved a total income of INR358 crores as against INR 375 crores in the previous fiscal, a drop of about 4% -- sorry, 6%.

And we have achieved an EBITDA of INR72 crores as against INR78 crores of the previous fiscal. Depreciation has gone up from INR19 crores to INR22.5 crores and finance cost from INR14.5 crores to INR18.3 crores. And profit after tax with a slightly lower tax provision stood at -- stands at INR22 crores as against INR32 crores in the previous fiscal.

Overall, we have a pass car revenue of around 13%, commercial vehicle at almost 80% and the balance 7% is agri, off-highway and others. Geographically, about 60% is domestic and 40% is exports. Out of this 40% exports, around 13% is North America and the balance is between Europe and South America.

These are the brief financials of the quarter. We have spent about INR55 crores in capex for this year, and we plan to trim down the capex to between INR150 crores to INR200 crores at best. Our term loans have slightly gone up by around INR30 crores for this year -- for this quarter -- with this quarter.

We expect to end up this year with no significant increase in borrowings as compared to the previous year. So net term loans will be in the region of around INR550 crores. We will hold that number through the year. That is the plan as of now.

With regard to the further 3 quarters or the next 3 quarters, as we know, the times are extremely volatile with the tantrums from the USA in terms of many operational parameters. So at this point of time, I'm not able to give any guidance on what will be our sales for the year. However, I'm happy to discuss possibilities and outcomes.



These are the few points that I would like to state, and I would throw the floor open to for questions and clarifications. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session.

Management: Before that, just a couple of points. EBITDA for this quarter stands at 18% after taking away other income. Including other income, EBITDA is at 20%. And this is against 20% of the previous quarter, including -- one second -- 19.4% of the previous quarter without other income and 20.9%, including other income. Going forward, we see the next 2 years as a major consolidation phase in terms of spending and in terms of cost control and pushing up sales.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Sir, firstly, if you can share more points what was the Q1 production number and sales tons number? What was the machine mix? And any tariff absorption impact for this quarter, if any?

Management: 17,250 tons of production, 17,780 tons of sales for this quarter. 17,332 for the previous quarter and -- production-wise and almost 20,000 tons of sales. Overall sales per ton from around INR203,000, INR204,000 per ton has come down to INR1.92 lakhs per ton.

Mumuksh Mandlesha: Right, sir. And sir, any tariff impact, sir, this quarter or tariff impact absorbed during the quarter, sir?

Management: No, we have not taken -- from INR206, it has come down to INR192. I'll say -- one second, INR 206,000 per ton -- sales per ton is down to INR192,000 per ton. Largely, it's a product mix change. Now we have not had any impact of tariff directly. However, customers are on wait and watch more on how this whole thing will develop. We have not directly borne any reduction due to tariff, if that's your question, right?

Mumuksh Mandlesha: Got it, sir. And sir, just want to understand for exports U.S. business. Now with the different kind of scenarios on the duty rate, how it changes our relationship with the customer? I mean, we would be a dedicated supplier for a particular model or the platform there.

And I assume that it would not be so easy to change that if they see a better rates because we seems to have some disadvantage as of now. Just want to understand if something a scenario plays out of a higher duty of India versus the other countries, how it could impact our growth sales or the margins, sir?

Management: As you rightly said, for the first few months and maybe even a couple of years, we get resisted to some extent. But at some point of time, it will start to hurt and hurt really bad. Also see the statement of Mr. Baba Kalyani, has been open for quite some time. So these levels of duties are not sustainable as a standalone.

Everybody else is getting the same level of duty, fine. But even then, post this level of duty, let's say, all countries are at similar levels, but then we have possibility of making these parts



domestically in America itself. Means the customers have the possibility of buying these parts locally itself. That would also impact.

But nothing is linear in this world. One set of changes we get another set of changes. If we see imports going down in America, I'm sure inflation and costs in America will skyrocket. In fact, just before this meeting, we were reviewing the interest rate scenario. Most people hold the view that interest rates in America will come down.

But somehow, I think that over a period of time, interest rates will go off the charts in America because inflation will go off the charts. So it's not a very linear thing. I'm no economist. You guys are far better than this than me. But all that I can say is it's not going to be linear. There will be multiple boomerang effects, and it could all spiral into one thing negative or it could all even out somewhat.

Mumuksh Mandlesha: Got it sir...

Management: I've never been through this phase -- at least I have never been through this phase and most people who are analyzing the global economy have not looked at things in this manner. So within a few weeks or months, I'm sure newer scenarios -- many scenarios will emerge.

Mumuksh Mandlesha: Right, sir. And sir, coming to last question, sir. On the domestic side, we have seen a decline. And this quarter, there was -- in production numbers, there was growth -- some growth there, and there's also AC prebuying happening, sir. Just want to understand what led to grow a decline -- tonnage adverse mix that has led to a decline? And also just any outlook there on the domestic side, sir?

Moderator: Sir, we are unable to hear you.

Management: Domestic market is -- has been a mixed bag with several customers posting good numbers and some customers hovering around previous year sales. So due to the AC cabin norms coming up in India before 10th of June. We've had a mixed bag. And overall, we seem to have declined a little bit in the domestic market. I would say if the market held up for this year, we would expect to hold our levels across the year for the domestic market.

Moderator: The next question comes from the line of Preet from InCred AMC.

Preet: My first question will be line of the order book. If you can let us know the current order book and breakup between the segment and what is the expected execution period? And also how much of the order book pertains to last 6 months or 1 year?

Moderator: Ladies and gentlemen, the line for the management has disconnected, please hold while we reconnect them. The management line has been reconnected. Thank you and over to you, sir.

Management: Yes. I'm back. We can continue on. Some connection issue.

Moderator: Yes, Preet, sir, you can repeat your question.



Preet: Okay. Sir, my question is online of order book. If you can mention your current order book, along with the breakup between the segment and what is the ideal execution period for the order book? And how much of the order book for the last 6 months or 1 years?

Moderator: Sorry, sir, your voice is breaking. We are unable to hear you, Mr. Preet.

Preet: Yes, my question is...

Management: Operator, I got the question. Generally, our order books over the next few months look to be at least until October, are roughly in the region of around INR100 crores, INR110 crores a month. And as we said, how this pans out over -- after October will be a moot point. One thing is that this 6 months, there is a super imposition of a lot of inventory in the heavy truck market, and that is one reason why sales are expected to be down in the exports in the next quarter.

But we also expect over time, the inventories will be dried off. And from December -- November, December onwards, there could be a positive impact, with regard to the U.S. market. Europe, as always, has been reasonably strong or chugging along at a median rate.

Preet: Yes, sir. On this same follow-up question on the order book, last time when we met, you told that all the new capacity which we have added, like we have done around INR1,000 crores, INR500 crores, INR600 crores of capex in last 2 to 3 years, and we had planned for INR300 crores of capex in this year as well. You told that the capacity are backed by the orders. So I wanted to ask like what is the order book in total for the next 3 years down the line?

Management: See, I can, to some extent, say on the incremental order book, okay? But today, what happens is that incremental is one stream and the baseline is another stream. And on the baseline, I'm not able to hazard any guess at all.

And also on incremental, a few projects or customer end have been delayed, but those are all our projects only. There's no issue with that. So those projects we are getting back -- once a customer starts his sales, we are there.

For example, one project has gotten delayed by a significant project -- for PV domestic has gotten delayed by more than a year. That will bounce back from this October, November onwards, at least start the ramp-up.

So likewise, we are seeing a baseline correction in terms of the tariffs and also overall impact of that across the board, including on the domestic market. So how that will behave is a big question mark.

Overall, I would say, hold these numbers and macroeconomic situation and the previous year's conditions hold, we could look at some improvement in sales over the next -- after the next 6 to 12 months. The next 6 to 9 months look to be previous year level, plus/minus a small number.



- Preet:** Okay, sir. My next question would be on the line of margin. For this quarter, we have reported margin of around 18%, which has been 200 basis point decline. Any particular reason or one-off in the margins? And also, we have guided for around 100 to 200 basis points improvement in the margins for the full year. So are we still maintaining that guidance or we look forward to have the margins of current quarter?
- Management:** Tough call to make based -- this will be largely based on volumes and product mix. I would say, hold at these levels with a 200 basis point bias -- upward bias.
- Preet:** Okay, sir. And next question on the line of tariff impact. Now the U.S. government has imposed 25% of tariff. So will we be able to pass on entire 25% tariff to customer or we will have to bear some tariffs?
- Management:** Fortunately, for MM Forgings, all contracts are CIF America. There is nothing that is DDU, DDP and all that, where we have to pay the duty is to customer account. So to that extent, particularly, we are saved, doesn't mean that we have to pay the duty and then go to the customer for a reimbursement. Customer has to bear the duty.
- Now comes the question whether customers want to pay the duty and for how long. So we'll probably carry on until he finds some other source locally, which is cheaper. Sources there will also come under pressure. We are not the only forge shop that is going to be in this mode.
- Every other exporter, not just the big ones, but also the small ones, everybody will be in the same soup. And that kind of capacity doesn't exist in any country, that kind of lag. So it's going to be a mixed bag. We have to watch and -- wait and watch and see this out. It's not all gloom.
- But over a period of time, definitely, it's not a good situation because that will prompt many other companies to invest in America and start operations there. So over a period of time, business and margins could come under pressure if these levels of tariffs stick.
- Preet:** Got it, sir. Next question is on the line of product mix. You told that the margin has impacted due to product mix. If you can give the pecking order of the margins, which segment has the highest margin and which segment has the lowest margin and also differential of margins between export and domestic?
- Management:** We don't give these numbers out publicly. But generally, we can take it that machine products exports have maximum. Then will come machine to domestic, then exports forgings and then domestic market playing forgings. So last year, somebody asked a question. I think I was not trying to answer that. Machine was 59% of turnover, whereas this quarter, we are at 51% of turnover. So there is a slight decline in machine sales.
- Preet:** Okay, sir. My last question will be on the revenue front. When we will be seeing all the capacities which we have added revenue flows from those capacities? When are we planning to get? And also in last con call -- last conference, which we met, you mentioned that there will be INR800 crores delta coming in next 2 or 3 years in the business. Are we still looking at this number or because of headwinds going on in this, we are cutting our number guidance?



- Management:** Very good question. I would say at this point of time, those numbers still hold. Actually, because of the impact of the changes going on, the timelines could be different. Maybe we can say 3 years from now instead of 3 years from the beginning of the previous year or from the end of the previous year.
- So we could be 3 to 5 -- we could be a year or 2 delayed. But definitely, the order book is the incoming -- the projects that we have done are all almost nearing completion and customers will bounce back.
- Moderator:** The next question comes from the line of Gautam Rajesh from Leo Capital.
- Gautam Rajesh:** My first question was, since we have done a lot of capital work in progress as of, let's say, 31st March, by when can we expect this to commission? And how much incremental capex is needed on this?
- Management:** Yes. We have done about INR50 crores, INR55 crores of capex in this quarter. And overall, for the year, I would expect -- we had projected INR300 crores, but I would say that we would be scaling back as due to lack of cash generation, we don't want to increase our borrowings.
- Gautam Rajesh:** Yes. So that will be around INR120 crores. And when do we expect this to commission?
- Management:** Sorry, which will get commissioned?
- Gautam Rajesh:** Yes, yes.
- Management:** The 16,000 ton press.
- Gautam Rajesh:** Sorry sir?
- Management:** Which would be commissioned? I didn't get your question.
- Gautam Rajesh:** The capex -- incremental capex we are doing now, by when would we see this commissioning?
- Management:** That would all get commissioned during the course of the year and go into production from next year onwards.
- Gautam Rajesh:** Okay. And once the capacity ramps up, what would be our product mix like company-wide, let's say, CV versus PV as well as domestic and exports?
- Management:** CV would slightly decline to around 75% -- from 80% to 75%. And pass cards, take up the slack from 13%, it would go up to about 18%.
- Gautam Rajesh:** Okay, sir. And what about domestic and exports, sir?
- Management:** Domestic and exports, give or take the 60% mark, plus or minus 5%.
- Gautam Rajesh:** Okay. And my final question was on -- for our industrial and railways business, what sort of ramp-up timelines are we looking at?

Management: What was the first part of your question? Domestic and railways...

Gautam Rajesh: For industrial and railway business, what sort of ramp-up timelines are we looking at, sir?

Management: Our railways thing is pretty small, almost you can say non-existent -- non-existent so nothing much on the railway side.

Gautam Rajesh: What about the industrial side, sir?

Management: Industrial is slowly picking up. But again, at this point of time, very miniscule numbers to report, hardly moves...

Moderator: The next question comes from the line of Aditi Loharuka from CD Equisearch Private Limited.

Aditi Loharuka: Sir, how do you think will export to U.S. be affected amidst the current tariff environment?

Management: As I said, over the next 6 to 12 months, customers -- if the tariffs stick and we don't take a part of that, customers will take hit and pull along, not cheerfully, but grudgingly. Over a period of time, this will definitely impact our business to the American market.

Aditi Loharuka: Okay. And what is a...

Management: 12 to 18 months' time to react and get -- maybe even a bit more, maybe 36 months -- up to 36 months to get sources locally. But then if all forge shops are not going to supply forgings into America, the amount -- you can't create an Indian forging industry in America. There's no labor available.

And the USA with its very, very strong immigration policies or anti-immigration policies now, there is bound to be no incoming cheap labor to funnel all these activities -- to, what should I say, channelize all these activities. So there is going to be the slack in the American labor market to take all this.

It's not linear -- the point I'm trying to make is it's not linear. There is going to be a wide set of repercussions. But just because there's duty at customers and we can't absorb everything, yes, customers will scream, no doubt. They won't be happy with it.

But at the same time, they will also pass on prices because the amount of, let's say, India does about 2.5 million, 3 million tons of forgings a year and 30% of that is exported. We're talking 1 million tons -- metric tons a year getting added to the American production mix just on account of India alone.

That's not going to be overnight. That's at least 12 to 36 months away -- 18 to 36 months away. So it's a mixed bag, but definitely not ordering all that great. It's a new world order, and we have to really see how everything settles down. The point I'd like to make here, limited point, is that it's not going to be linear.

Aditi Loharuka: Okay. Yes. Sir, what is the machining and forging capacity as on date?

- Management:** I would say both ways, we are about 60% used.
- Aditi Loharuka:** And what is the total capacity?
- Management:** On the forging side, we stand at about 120,000 tons. Machining is a mixed bag. Just -- I'll give you the number, one second hold on. We are doing about 3.5 lakh to 3.75 lakh machine parts a month on a capacity of around 5.5 lakh.
- Moderator:** The next question comes from the line of Lakshminarayanan from Tunga Investments.
- Lakshminarayanan:** Sir, a few questions. First is that now that export market is facing a lot of headwinds, does it increase the competitive intensity in domestic market? Is there a possibility of some companies trying to undercut and therefore -- trying to be a little desperate, therefore our margins may go down? Or we have to stay away from taking some orders?
- Management:** Absolutely, Lakshmi, as I said earlier, this is not going to be a linear set of repercussions. So domestic market will see intense scrutiny. And America is not the only export market around. There are other export markets also, Europe. And Europe could increasingly see outsourcing. Europe will also see stronger economy for other reasons.
- And we can also look eastward. So it's a mixed bag. Right now, we have to be very agile and very alert. But point taken, domestic market could and will see increased competition in the months to come.
- Lakshminarayanan:** Okay. The second question is that now that we are actually merging DVS into, does it create any tax advantage because there have been some unabsorbed losses at the consolidated level. Can you just throw some light upon if there is some carry forward losses we can actually pick up this year? If it could be, what is the amount?
- Management:** Final print is there internally. But at this point of time, we'd like to wait for the merger to finally happen. Yes, there could be a significant reduction in tax outflow, I would like to qualify at this point and not go wrong with the numbers.
- Lakshminarayanan:** Okay. And in the last couple of months, what kind of operational efficiencies you have got either in terms of power or people or material? Anything you like to touch upon?
- Management:** We are working on a wide range of cost reduction efforts, ranging from raw material to power -- manpower, everything and buying strategies, tool materials, the works. At this point of time, I'm not able to give you a number, but I can say that all these will be margin accretive for the company.
- Moderator:** The next question comes from the line of Ganeshram from Unifi Capital.
- Ganeshram:** Sir, my questions are a bit broader. The first thing that I want to understand in the export market, right, what is the segment-wise sales distribution, sir, in Europe and U.S. individually? And what part of the cycle is the volumes in? What is the demand outlook that you're seeing?



And what I'm also trying to understand in context of these tariffs. Now I'm in the camp that believes that these tariffs are not sustainable and they have to reverse at some point. So there could potentially be an upside to this reverses, right?

So what I'm trying to understand is, if not from India, who else is supplying to your customers? Which geographies are they located in? And what is the cost arbitrage that U.S. enjoys by producing in these geographies? And how are we placed versus them?

Management: Broad set of -- really broad set of questions. I'll take the first one -- the last one first. So if I miss anything, please do repeat the questions, okay?

Ganeshram: Yes, sir.

Management: Most customers, they are single source, particularly in the U.S. market. The products that we sell are all single source. And these have all stood the test of time. And fairly, you can say we've been largely competitive on these products. So that competitive advantage continues. What were your previous questions?

Ganeshram: So if they were to look for alternate suppliers, let's say, they try to make these products locally, what would be the increase in cost for them or if they try to source it from some other geography, I don't know, maybe China, Mexico, somewhere, is there an alternative supply chain they can go to where the cost would be more competitive versus us? What would be that difference?

Management: I would say we would still be competitive across all geographies on these products. And in Mexico -- Mexico would probably be a reasonable threat. But even there, I would say cost -- hazard a guess that costs are 20% to 30% higher than from India -- but then if Chinese also had 30% duty, then that advance is taken away.

Ganeshram: Okay. So in a scenario where these tariffs don't sustain, right, or China has a higher tariff than us, essentially, those volumes would -- we would actually end up becoming more competitive in both these countries and that should create opportunity in the case that this reverses?

Management: Yes, at least with regard to China, I don't know if Mexico is going to receive a higher tariff than India. I think not. But my thinking is virtually you can put it into the trash can.

Ganeshram: Yes sir. If you have a lesser idea, then we will have no idea. So anyways, the other thing that I wanted to ask is in the -- I mean, it's just part of the same question. In the U.S. and European markets, when you look at the segmental sales distribution, how much would be commercial vehicle, passenger vehicles, etcetera? And what is the outlook from the OEMs on these markets? How has it been so far? And what is the expectation going forward?

Management: CV in America will be 90%, okay? And overall sales is 80%. That is CV as a percentage of overall sales is 80%. CV as a percentage of American sales is about 90%. And balance is non-off-highway.



- Ganeshram:** Off-highway? And what is the outlook on CVs in America at the moment? So what are the trends that you're seeing? And how is the demand situation with these tariffs and in general?
- Management:** CV market is more rebound in America with freight -- truck freight in America. 38%, 40% of the truck freight is from ports to distribution centers. So that is under severe question mark. The truckers are not adding any capacity so easily.
- The additional numbers are coming down, means the order book of American truck manufacturers generally, let us say, is about 150,000, 180,000 deep or 120,000 plus, that's come down to about 90,000 numbers. The order book of U.S. CV makers is coming down. Consequently, they will also be more cautious when they order on Tier 1s and then us.
- Ganeshram:** Got it. And is there a case for...
- Moderator:** Sorry to interrupt Ganeshram sir, may we request that you return to the question queue for further...
- Ganeshram:** Operator, this is all part of the same question. We're just having it as a part and...
- Management:** I think, operator, we can indulge a couple of questions from him and then move on, please. I'll take multiple questions and then answer you.
- Ganeshram:** Yes. So on the commercial vehicles, I was just trying to say, so irrespective of the tariff situation, that's sort of in a down cycle right now. And what would need to happen for this to recover?
- Management:** American purchasing and movement from ports to local has to improve.
- Ganeshram:** Okay, sir. And maybe the last question from my side is on the domestic side, sir. I mean, our capacity utilization is around 50% to 60% right now and debt has fairly reached the peak, right? So what led to the situation where we've expanded capacity so frequently, so I mean, to this level when the demand environment is fairly muted?
- And what can we do to grow faster than industry volumes? Are you contemplating expanding segments getting into industrial a bit more seriously or railways? What are the options we have, sir?
- Management:** My option is to expand -- first of all catch all of the sales where we've invested on the machining lines, where customers have delayed their projects. Those projects are not out of the -- gone out of the window, but their start has been delayed. So that's one positive side. So those things will result in incremental revenue. Second is to look at the existing installed base of equipment and use that far more proactively.
- Ganeshram:** Got it. So in the next 1 or 2 years, would you say like we are broadly at the bottom of what the company's performance would be and with the ramp-up in new orders and with higher forge -- machine components that you will be able to offset the decline in volumes?

Management: Broad willing, yes. Can I get your name, please?

Ganeshram: My name is Ganeshram, sir, from Unifi.

Management: Okay.

Moderator: The next question comes from the line of Shagun Beria from Anand Rathi.

Shagun Beria: Yes. So my first question is on the consolidation phase, you'll be in the phase for the next few years. So what steps have you planned in terms of sales, cost and capex? Also, I would like to know about -- so basically, the revenues have sort of declined, but other expenses and power and fuel costs have increased quarter-on-quarter, quarterly basis. So what is the reason for that?

Management: Power costs have increased on the back of the Tamil Nadu Government increasing the unit rates. They have decided to go ahead and increase power cost by 5% every year. That is the reason why power costs have gone up. And also on the back of around 7% to 10% of less sales, power costs seem to have gone higher on a lower base. These are the 2 reasons for a higher power and fuel cost.

What is the first part of your question, please? Other expenses, etcetera, remained largely static. And in the past few years of growth, we have seen CSR mandated, CSR spending to go up. So all these together have resulted in a fairly constant higher expenses -- other expenses.

Shagun Beria: Got it, sir. And my next question was with regard to the consolidate do you have plans in terms of sales and capex?

Management: I am not able to get you...

Moderator: Ma'am, we are unable to hear you. Your voice is breaking. Unable to hear you ma'am. Ma'am you can rejoin the queue for the questions. The next question comes from the line of Rajakumar Vaidyanathan from R.K. Investments.

Rajakumar Vaidyanathan: Sir, just 2 questions. The first one is -- I joined the queue a little late, so I don't know if somebody asked it earlier. So the question is, if you could give some color on the subsidiary, I think the one which is working on the new powertrain. So any color, any update on that?

Management: Yes. We have developed a wide set of parts. First of all, there have been no such questions so far. So we've been -- we've developed a wide range of parts. And amongst those that have gained market traction is a set of parts for the 3-wheeler market, and we expect orders to come in for -- not we expect. We've gotten the orders. We've got -- parts are being homologated as we speak.

And this will all happen -- get into production from Q4 of this fiscal. The recent move by China not to give magnets to India -- heavy rare earth magnets to India, has delayed the bulk -- onset of bulk. But notwithstanding that, several customers have gone in for homologation, and that's a big first for the subsidiary company.

Rajakumar Vaidyanathan: Okay. That's good to know, sir. And sir, any part to breakeven, when do you think the sub will breakeven?

Management: I would like to say first, let it start sales.

Rajakumar Vaidyanathan: Got it, sir. And sir, the next...

Management: I'm being a bit evasive or not direct, but I should have clarity, for me, to give you numbers.

Rajakumar Vaidyanathan: Okay, sir. And sir, my next question is, if you take a pessimistic view that the tariff holds and there is a significant drop in demand. So what are the alternate markets we have? Do we have, first of all, alternate markets, though may be giving us a lower margin or we don't have any alternate markets to absorb the capacity?

Management: Definitely, there are alternative markets. We discussed this a bit earlier. America is only -- not the only market in this thing. We see opportunities in Europe, and we also see opportunities in Japan and the Far East.

Rajakumar Vaidyanathan: Okay. But they will all come with a reduced margin?

Management: Probably yes. But then if that is a rule of the game, that's a rule of the game.

Rajakumar Vaidyanathan: Okay. No, the reason behind the question is, so in the worst-case scenario also, we will not be in a loss situation. There will be still a positive bottom line, but a reduced bottom line. Is that a scenario that we can project, the worst case scenario?

Management: Reasonably, yes.

Moderator: The next question comes from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: A few questions. One is that I want to understand what is the broad contribution of crankshafts for us. This is particularly with respect to CAFOMA that got integrated. And is it -- and given the fact that the farm equipment sector is actually doing well across all the domestic numbers we have received. I just want to understand your views on what's the revenue contribution? How is that sector looking for us?

Management: That is doing pretty well. The farm sector, particularly with regard to CAFOMA is doing quite strong.

Lakshminarayanan: Got it. Got it. And any -- when you say strong, what has been the growth with respect to the last year? Any color you would like to give?

Management: Sorry, Lakshmi, could you please repeat it?

Lakshminarayanan: No. See, you had mentioned in earlier calls that crankshaft gives a higher margins and that -- and we are supplying crankshafts, I think, predominantly in the farm equipment, if I'm not wrong, maybe also in commercial vehicle, that's what we want to do. So I just want to



understand that particular business, how it has actually ramped up, either qualitatively or quantitatively, it will be helpful to hear from you.

Management: It has ramped up quite well from around 1,500 cranks a month for the CV sector. We are now doing close to 7,000 cranks a month. So that's been good, and we want to push it up to about 10,000 cranks a month. When I mean CV, I mean M and LCV. We're already doing about 10,000-plus cranks a month for the LCV and -- LCV market.

Lakshminarayanan: Okay. And on the agri market, how is it?

Management: Agri, there's a lot of scope. Agri, there's a huge amount of scope. It's about 8,000.

Lakshminarayanan: So in the overall scheme of...

Management: The point is we're doing about 16,000, 17,000 cranks for agri. And the overall Indian market is about 100,000 -- 80,000 to 100,000 agri tractors a month.

Lakshminarayanan: Okay. And we are doing around 17,000?

Management: Yes.

Lakshminarayanan: Got it. And in this overall scheme of things, which are the things that are looking very positive for you for the next 1 to 3 years?

Management: The investments that we have made to add machining capacity across the board, axle beam and crankshaft, some con rods coming in.

Lakshminarayanan: Got it. And the large press which you are setting up, how has been the -- have we started having some customer queries? And by when it is coming and what's the kind of ramp-up you expect on that front?

Management: Press is expected to be commissioned in Q1 of next calendar, that is Q4 of this year. Q4 to Q1 -- rather, I would say, between January -- let's say, around March, April.

Lakshminarayanan: FY 2026? Okay.

Management: 2026.

Lakshminarayanan: And what kind of interest you are seeing from the customer? Is it domestic or international?

Management: Pretty reasonable. And we could also see some parts move out from our 8,000 into that machine first, which are being produced with a little bit of pushing the limits of the 8,000 ton press. Those will go into the 16,000 ton press first and ease out some production bottlenecks.

Moderator: The next question comes from the line of Munzal Shah from NSFO.

Munzal Shah: Sir, with regards to Europe, you mentioned in your earlier remarks that you are seeing a reasonable growth over there actually. And I think so even in the foreseeable future, you are



seeing a reasonable demand from Europe actually. So one question is, why do you see this demand from Europe, okay? And second is, wouldn't their business also get impacted because of U.S. tariffs?

Management: Most of European sales in America is pass car. And they seem to have agreed upon the tariffs rates, 15%. So you can say that the Mercedes-Benz in Europe -- from Europe is going to cost 15% more in America broadly, assuming that it is entirely imported as CKD, but then we serve largely the European truck and off-highway markets. So that is kind of inure from the American -- those are not products that go into the American market.

Munzal Shah: Sure. And -- but why do you feel that this market will keep on growing actually, the truck and off-highway market?

Management: We are adding market share -- we're increasing market share there.

Munzal Shah: Okay. And sir, in terms of -- you mentioned the overall Indian capacity for forging, okay, somewhere in the range of 3 million, okay? And you mentioned 30% is exported roughly. So could you give a breakup of this?

Management: Yes. Roughly, the Indian market is about 2.5 million to 3 million metric tons per annum for forgings and about 30% is broadly exported. So about 1 million tons is exported.

Munzal Shah: No, within this export, I just wanted what is the breakup of these exports? How much would be to U.S. and how much would be to Europe and the third big market or rest of world actually?

Management: I'm afraid I would not have those numbers.

Moderator: Ladies and gentlemen, due to interest of time, the last question comes from the line of Preet from InCred AMC.

Preet: Sir, follow-up question on my earlier questions. First will be, you have mentioned that there may be delay of like 1 year for getting that revenue, but you have not lost any customer or not lost any order book. I just wanted to know that all the capacities which we have added, when will we get the start of the revenue flow, which starts from which quarter for those capacities?

Management: Q4 of this fiscal to Q1 of next.

Preet: Okay, Q4. And last question on line of debt, like currently, we have a debt of -- we have a huge debt and you are telling that for this year, you will not be adding any debt for current quarter, you have added INR30 crores of debt. When the -- can we assume that it is the peak debt of MM Forgings? No if we get an opportunity, we can increase debt as well from current levels?

Management: I would say at this point of time, peak debt, unless the opportunities are significant and extremely lucrative.



Preet: Okay. And if you can just -- in the start of the con call, you have mentioned about the production and sales number, if you can just repeat those numbers? I missed those.

Management: Yes, yes, sure. We've achieved a sales of INR358 crores in Q1 of this fiscal as against INR375 crores of the previous year. EBITDA stands at INR72 crores as against INR78 crores of the previous fiscal. PAT is at INR22 crores as against INR32 crores, riding on the back of slightly INR3 crores of higher depreciation and about INR4 crores of higher interest costs.

Preet: No, sir, I was talking about production and sales volume number.

Management: Production and sales volume? Sure, sure, sure. This quarter, we've done 17,780 tons of sales as against almost 20,000 of sales in the previous -- we can say a quick number, 18,000 this quarter as against 20,000 in the previous quarter. Production is up from 17,300 tons to 18,000 tons. So production is up by 1,000 tons. Sales is down by about 2,000 tons.

Moderator: I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Management: Thank you all for coming to this call. And apologies for a slightly delayed start due to some connectivity issues. The outlook for MM Forgings stands at a very interesting position today and amidst the global -- fast-changing global environment due to tariffs from America.

But we are very confident that over the period of time, the resilience of the organization and the strength and contribution of its employees, with divine grace, will ensure that we are able to overcome this very clearly and launch ourselves back into a trajectory of growth in sales and profitability.

Currently, there has been an increase in costs to the tune of around 2%. EBITDA has gotten shaven off. We hope to bounce back through the next few months to reclaim that on EBITDA and at least the cost side, okay?

If there is scale or not, that depends upon the market and ride out the wave strongly over the next 12 to 15, 18 months and launch ourselves to become a stronger company with the new products that we have developed in the last few years and associated with many customer projects across the globe.

Thank you once again for this call and your time. We hope we meet in more stable circumstances in the months to come. Thank you, Jai Hind.

Moderator: Thank you. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.