

M M Forgings Limited

April 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	750.22 (Reduced from 942.36)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	382.00 (Reduced from 398.00)	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	165.00 (Reduced from 176.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of M M Forgings Limited (MM) continue to factor in its established track record in the auto components segment with significant presence in domestic and export markets, established engineering capabilities, and in house machining capacity. Ratings also consider MM's healthy business risk profile with a stable scale in the last few years with range-bound operating margins. However, ratings are constrained by moderate capital structure, high dependence on the cyclical automotive industry with higher concentration on the commercial vehicle segment, client concentration risk, exposure to raw material price volatility, and the capital-intensive nature of the business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in total operating income (TOI) with increase in sales to both domestic and export markets along with sustained improvement in return on capital employed (ROCE) over 15%.
- Improvement in overall gearing to below 0.80x and total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 3x on a sustained basis.

Negative factors

- Sharp de-growth in the sales volume resulting in under-utilisation of capacity.
- Deterioration in overall gearing beyond 1.5x on a gross debt basis.
- Significant reduction in liquid investments maintained by the company.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted consolidated approach for analyzing MM. Subsidiaries are listed under Annexure-6.

Outlook: Stable

The stable outlook reflects that the rated entity is likely to sustain a healthy business risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of company

MM has been in forging business since 1974 with an established presence in the automotive and industrial forgings segment. The company enjoyed over two decades of relationships with most of its key clients. The company's day-to-day affairs are managed by Vidyashankar Krishnan, a second-generation entrepreneur, and a postgraduate in engineering from I.I.T Madras, with over 25 years of experience in forging business.

Well-established presence in both domestic and export markets and diverse product offering

MM supplies closed-die hot forgings in carbon, alloy, micro-alloy, and stainless-steel grades, with part weights ranging from 0.10 kg to 120 kg, finding its applications in commercial vehicles, passenger vehicles, tractors and off-highway applications.

With a strong track record in forging products in terms of quality and metallurgical integrity, MM has a well-established export market catering to global customers. MM supplies components mainly to the Tier-1 suppliers in export markets, who supply to original equipment manufacturers (OEMs). Most exports from the company are to the US and Europe. In FY25, domestic sales comprised 61% of the overall sales followed by 16% from the US, 12% from Europe region and the rest from other countries.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Established engineering capabilities and machining capacity

MM uses indigenously developed dies and tools in the forging process, which helps it maintain better quality and consistency. MM's design and engineering capability and ability to manufacture forging components with consistent quality and reliability is well-acknowledged by its Tier-I customers and OEMs, resulting in repeat orders. Presence of in-house machining facilities and tool rooms across all forging plants has supported higher value addition and customer engagement.

As of December 31, 2025, the company has a combined capacity of 130,000 MT, increased from 110,000 MT as of December 31, 2024. MM is expanding its forging and machining capabilities in response to increasing demand for heavier forgings in machined condition.

Flat operating scale and range bound margins

TOI largely remained flat at ₹1,525 crore in FY25 (PY: ₹1,563) considering muted demand in domestic commercial vehicle (CV) sector. However, with cost rationalisation and favourable product mix with better machining coverage, PBILDT margin improved to 19.41% in FY25 from 18.73% in FY24. In 9MFY26, operating performance was impacted by elevated geopolitical tensions, particularly tariff-related uncertainties in the US, which led to moderation in the US volumes in Q2 and Q3. TOI remained stable at ₹1,160 crore (9MFY25: ₹1,154 crore), supported by improved order inflows from other regions especially Europe. PBILDT margin declined to 17.17% in 9MFY26 from 19.33% in 9MFY25 due to an adverse change in business mix, as lower US volumes resulted in a reduction in machining coverage to ~53% from ~58% earlier.

Key weaknesses**Client concentration risk**

Top 10 customers of MM contributed ~62% of TOI in 9MFY26 (FY25: 69%). However, the company established relationships with its clients and expertise in developing components per their changing requirements, which mitigate the risk of losing clientele to some extent. The company is expected to add more customers with additional capacity in place, helping to reduce customer concentration. Supplying newly developed and heavier components to existing customers will further support sales growth.

Moderate capital structure and muted ROCE amid debt funded capex cycle

The company has been in a multi-year capex cycle aimed at capacity expansion, including capability enhancement for heavier components and higher machining share. In the last three years, it incurred capex of ~₹850 crore, largely debt-funded (~₹610 crore), resulting in elevated leverage levels. Overall gearing stood at 1.33x as of March 31, 2025 (FY24: 1.18x). ROCE declined to 11.62% in FY25 (FY24: 14.41%) due to the lag in accrual of benefits from recent capacity additions.

Higher debt levels also led to increased interest costs, reflected in moderation in debt protection metrics, with interest coverage declining to 4.95x in FY25 (FY24: 6.92x) and total debt to gross cash accruals (TD/GCA) to 5.30x (FY24: 4.16x).

Going forward, recently commissioned heavy press lines and machining capacities are expected to aid volume growth and margin recovery, while the overall debt position is likely to stabilise as the major capex cycle has been largely completed and incremental debt requirement is limited.

Profitability susceptible to raw material price fluctuation

Nearly 45%-50% of the company's production cost is the raw material cost. The price of the key raw material, steel billets, has been volatile in the past. Since most MM's contracts with its clients carry price adjustment clause, the company could pass on the increase in the cost to its customers though with a time lag. However, the company is exposed to the difference in the raw material price movement in the domestic market (where the company sources its material) against that in the international market as export clients absorb price variation only to the extent of movement in international prices. However, the impact is partly offset by the company's natural hedge from exports.

Dependence on cyclical auto industry

The automotive industry is subjected to cyclical variations in performance and is sensitive to policy changes. MM's performance is susceptible to the cyclical nature of the auto industry, as most of the revenues generated by the company is for the automobile industry. Steep reduction in off-take exposes the company to high fixed costs. In FY25, MM's revenue mix comprised ~76% from the CV segment, ~8% from the passenger vehicle (PV) segment, with the balance coming from agri and off-highway segments, underscoring its high dependence on the CV segment. CV segment is relatively more susceptible to the economic downturn among other segments of the auto industry. MM also caters to requirements of other sectors including equipment used in oil fields, earthmoving equipment, and engineering, among others. As such, requirements of forged components are relatively higher in the automobile industry when compared to other sectors, and hence, dependence on auto industry is expected to continue in the medium term.

Liquidity: Adequate

MM's liquidity remains adequate marked by moderate fund-based working capital limits utilisation of 80% for 12 months ended December 2025 and liquid investments and cash and bank balance aggregating ₹218 crore as on March 31, 2025. Operating cycle increased from 109 days in FY24 to 136 days in FY25 due to the increase in inventory and receivables holding. MM has term debt repayment obligations ranging ₹150-170 crore per annum in next three years against envisaged cash accruals to the tune of ₹230-350 crore per annum indicating adequate cover for debt servicing.

Environment, social, and governance (ESG) risks

Environmental Practices: To reduce carbon footprint and ensure sustainability across all operations, the company focuses on initiatives such as use of alternative and cleaner fuels, modern regenerative combustion technology, recycled water, reduced process waste and adoption of environmentally compliant waste disposal practices, implementation of scientific tree plantation to reduce atmospheric pollution, among others, in its manufacturing operations.

Social efforts: The company has made special efforts for people residing in areas near the plant locations. The company has carried out sapling plantation in nearby villages. The company also made efforts to improve availability of water in households in the vicinity of plant locations. The company has continued its contribution towards development of a school near the plant location.

Governance: The Code of Conduct of MMF provides guidelines and policies on ethics, bribery, and corruption. The Code is applicable to all Senior employees, including Executive Directors. In the year under review, the company has not received complaints in connection with ethics, bribery, and corruption.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipment

MM manufactures steel forgings in raw, semi-machined, and fully machined stages across grades of carbon, alloy, micro alloy, and stainless steels in the weight range of 0.20 Kg to 110 Kg. The company currently has the capacity to manufacture 130,000 metric tonne per annum (MTPA) as on December 31, 2025. The forging capacity is also supported by machining capabilities.

MM manufactures forged components for automobiles (mainly commercial vehicles), valves (oil field) and off highway equipment, catering to both the domestic and international markets. MM's manufacturing facilities are at Karanaithangal Village-Kancheepuram District; Singampunari –Sivagangai District and Viralimalai -Pudukottai District, all in Tamil Nadu, while the machining facility is situated near Lucknow, UP. MM owns windmills with an aggregate capacity of 35 million units and solar panels with capacity of 3 million units.

Consolidated Financials

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1563	1525	1160
PBILDT*	293	296	199
Profit after tax (PAT)	135	122	53
Overall gearing (x)	1.18	1.33	NA
Interest coverage (x)	6.92	4.95	3.33

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	28-02-2027	17.31	CARE A; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	192.00	CARE A; Stable / CARE A1
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	80.00	CARE A; Stable / CARE A1
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	114.00	CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	110.00	CARE A; Stable / CARE A1
Fund-based/Non-fund-based-Short Term		-	-	-	45.00	CARE A1
Non-fund-based - ST-BG/LC		-	-	-	6.00	CARE A1
Term Loan-Long Term		-	-	31-12-2031	732.91	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	17.31	CARE A; Stable	-	1)CARE A; Stable (04-Mar-25) 2)CARE A; Stable (03-Apr-24)	1)CARE A; Stable (07-Apr-23)	1)CARE A; Stable (07-Apr-22)
2	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	192.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Mar-25) 2)CARE A; Stable / CARE A1 (03-Apr-24)	1)CARE A; Stable / CARE A1 (07-Apr-23)	1)CARE A; Stable / CARE A1 (07-Apr-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
3	Non-fund-based - ST-BG/LC	ST	6.00	CARE A1	-	1)CARE A1 (04-Mar-25) 2)CARE A1 (03-Apr-24)	1)CARE A1 (07-Apr-23)	1)CARE A1 (07-Apr-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	110.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Mar-25) 2)CARE A; Stable / CARE A1 (03-Apr-24)	1)CARE A; Stable / CARE A1 (07-Apr-23)	1)CARE A; Stable / CARE A1 (07-Apr-22)
5	Fund-based - LT/ ST-Packing Credit in Foreign Currency	LT/ST	80.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Mar-25) 2)CARE A; Stable / CARE A1 (03-Apr-24)	1)CARE A; Stable / CARE A1 (07-Apr-23)	1)CARE A; Stable / CARE A1 (07-Apr-22)
6	Fund-based/Non-fund-based-Short Term	ST	45.00	CARE A1	-	1)CARE A1 (04-Mar-25) 2)CARE A1 (03-Apr-24)	1)CARE A1 (07-Apr-23)	1)CARE A1 (07-Apr-22)
7	Term Loan-Long Term	LT	732.91	CARE A; Stable	-	1)CARE A; Stable (04-Mar-25) 2)CARE A; Stable (03-Apr-24)	1)CARE A; Stable (07-Apr-23)	1)CARE A; Stable (07-Apr-22)
8	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	114.00	CARE A1	-	1)CARE A1 (04-Mar-25) 2)CARE A1 (03-Apr-24)	1)CARE A1 (07-Apr-23)	1)CARE A1 (07-Apr-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Fund-based - LT/ ST-Packing Credit in Foreign Currency	Simple

Sr. No.	Name of the Instrument	Complexity Level
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
5	Fund-based/Non-fund-based-LT/ST	Simple
6	Fund-based/Non-fund-based-Short Term	Simple
7	Non-fund-based - ST-BG/LC	Simple
8	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	DVS Industries Private Limited	Full	Subsidiary
2	Suvarchas Vidyut Private Limited	Full	Subsidiary
3	Abhinava Rizel Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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