



“M. M. Forgings Limited
Q1 FY 23 Earnings Conference Call”

August 11, 2022



MANAGEMENT:

**MR. VIDYASHANKAR KRISHNAN - VICE
CHAIRMAN AND MANAGING DIRECTOR,
MR. VENKATAKRISHNAN - CHIEF FINANCIAL
OFFICER.**

MODERATOR:

**MR. ANNAMALAI JAYARAJ - BATLIVALA &
KARANI SECURITIES INDIA PRIVATE LIMITED**



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Moderator

Ladies and gentlemen, good day and welcome to the M. M. Forgings Limited Q1 FY '23 Post Results Conference Call hosted by Batlivala & Karani Securities India Pvt. Ltd.

As a reminder, all participant lines will be in the listen-mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchstone phone. Please note that this conference is being recorded.

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

Annamalai Jayaraj

Thank you. On behalf of B&K Securities, welcome to for M. M. Forgings Limited 1Q FY '23 post results conference call.

From the management side, we have with us today Mr. Vidyashankar Krishnan, Vice Chairman and Managing Director and Mr. Venkatakrishnan, Chief Financial Officer.

I 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.

Vidyashankar Krishnan

Great. Afternoon, everybody. So we've had a record quarter in Q1 of this year with turnover reaching INR333 crore, and an EBITDA of 18.55% with operating profit of 8.6%.

We have produced about -- sold 17,600 tons in Q1. And we remain on course to do around 80,000 tons of sales this year, as we have been envisaging in the beginning.

Exports have slowed down a little bit and domestic has grown. Overall, we've grown by about 5% on Q-o-Q basis compared to Q4 of the last year. And we expect to hit numbers in the region of around INR1,300 crore to INR1,500 crore of this year, as we had originally planned, around INR1,400 crore. These are the fixed numbers. And if you look at the environment as such, between the last three months, we've had a few changes in the environment, as everybody's aware with the geopolitical turmoil that's going on in Europe and also some [Foreign Language] going on in the South China sea.

Generally, we find that inflation is rearing its head and central banks all over the world are scrambling to raise interest rate or have already raised interest rate and are still having seen to raise further. So all this is done with the view to bring down commodity prices overall, and raw material prices. This is happening across several sectors, many sectors it's happening, many sectors, it's not.

For example, steel, with the action taken by the central government, definitely steel prices in India have cooled off. However, oil, being a more global commodity, at least as far as benchmark crude numbers are concerned, oil is still going very strong. And we expect that to go stronger in the months to come. As winter approaches. Europe's future could be a little bit bleak and cold from a literal sense.

However, from an economic point of view industries over there are getting hit due to non-availability or higher costs of energy. And to some extent, that bodes for M. M. Forgings because European manufacturers will not be able to have excess energy as they would want to, number 1. However, it'll



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have -- a bigger impact and negative impact will be in terms of dampening of demand itself. Just as forging suppliers or machine part suppliers will have trouble in getting energy, also OEs who make trucks and cars, they also will have access to less energy and that could have -- and consumers also, their price of energy will hit their pocket and that could result in dampening of demand. So this is an overall situation as far as Europe is concerned.

U.S. is no better on the energy front, except that they're not as dependent on -- or any dependent on Russian gas for their heating and cooling requirements. So they're far better off, but still consumer prices of energy have risen globally. That is bound to have an impact on downstream demand in the months to come. They're already seeing it in export. So to that extent, M. M. Forgings would likely get a little bit under pressure.

But I would still say that the domestic market is very strong with the bounce back from COVID moving along and so called Fourth Wave being almost not as vehement or as impactful as people had thought. Still there -- we've now come to realize that COVID is an endemic and no longer a pandemic. And therefore, it augers well for Indian market as such, And though market is boom -- CV market was very strong, up to June, kind of cooled off since July, August -- July, and also in August. We expect it to bounce back from September, October onwards Overall, OEs are holding stronger numbers for this year on the CV side. And it all works out positive for M.M Forgings.

On the corporate side, our takeover of CAFOMA has gone on decently well, and we've started integrating with the customers both from the forward side and also on the backwards side where we are supplying forgings from MMS, and therefore that's been a worthwhile.

DVS is also turning its PAT around. And we see traction in the last few weeks by way of performance of DVS. We hope that DVS will -- we expect or hope that DVS also will turn the corner and produce close to 25,000 crankshafts in the months to come. And some of it will be small, some of it will be large, but at the same time, those numbers are important. So this is as far as our subsidies are concerned.

We have a third sub that I would like to draw attention to, which is -- in which we are looking at supplying alternators to Tier 1s. That's started off well. Up to March we took over the manufacturing assets of a company called MPL from -- into SVPL. So MPL was doing hardly about 3,000 alternators a month. Now we have upped it to around 5,000 plus and debottlenecked the supply chain quite a bit. We expect this to continue and also SVPL will be diversifying into non auto related motors as well, smaller capacity, smaller size motors, and that, we're developing our business plan, and over the next couple of months, we'll have more news on our foray into the electrical market.

So that's it for me. If there are any further questions, I'll be happy to -- any questions, I'd be happy to take them.

Moderator

The first question is from the line of Abhishek Kumar Jain from Dolat Capital.

Abhishek Kumar Jain

Congrats for a strong set of numbers in a tough time. Sir, my first question is related with tier mix during this quarter. So how was the domestic versus export mix? And in export market how was the revenue North America versus Europe?



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Vidyashankar Krishnan

Yes. One second. Domestic went up to 52% and export -- one, yes, sorry. Exports stands at 38% direct and domestic sales at 62%, including scrap and this thing, if we take just forged components alone, domestic is at 52% on override.

Abhishek Kumar Jain

So sir, despite the vehicle mix, your margin has improved significantly on Y-o-Y basis. So just wanted to know what is the reason, is there any cost cutting measure have you taken?

Vidyashankar Krishnan

See, if you see VA value per ton, that has gone up in this quarter compared to the previous quarter -- actually previous quarter meaning comparable quarter the previous year. So at INR85,000 per ton, there is an increase of around INR6,000 per ton. So overall that's largely due to more value added parts going up. So that is the reason EBITDA is being able to hold.

Abhishek Kumar Jain

So going ahead, that domestic business will outperform then export market. So what is the outlook of the margin side, sir?

Vidyashankar Krishnan

Margins are likely to be around this level. Around know, 19 to 20%.

Abhishek Kumar Jain

Okay. Because of increasing this from the machining side?

Vidyashankar Krishnan

Yes. Because I would say -- around 19%. If steel comes down, then the base comes down, so overall margins could move up a little bit. That's one positive.

And the other thing is that as also sales goes up, we could see impact of scale coming in. Overall, middle line gets static and the top line improves. So margin could see some improvement there. But 18.5% to 19.5%, 20%.

Abhishek Kumar Jain

Okay, sir. And then my last question is what is your production guidance for FY '23? It is the same what you mention in the last quarter, like 80,000 to 85,000 tons for FY '23?

Vidyashankar Krishnan

Yes. good question, Abhishek. If we take the first quarter and multiply by four, we end up at about 72,000 tons, which I think is possibly on the blinker side and on the lower side. So I would expect we have targeted 80,000 to 90,000. I would still hold that, but probably between 80,000 to 85,000 tons. The lower portion of the same range that we had earlier given, I would expect us to achieve that.

And all this assumes the reasonable macroeconomic conditions. If macroeconomic conditions deteriorate considerably, to that extent, our numbers could decline. Now I have to add this caveat because the macroeconomic situation is spanned out more clearly in the last three months than earlier, but with that, it is not right -- can someone mute their phone. There is a lot of background noise.

So what I'm saying is that it's not all that bad on the microeconomics side. India is and remains continuous to remain positive. So I would expect -- and we've also invested a lot of time, energy into newer parts. So all that will counter any slide. Overall, we remain positive on target. We look at 80,000 plus tons this year.

Moderator

The next question is from the line of Vignesh Iyer from Sequent Investments.



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Vignesh Iyer

Congratulations on a good set of numbers in challenging circumstances. And I would just like to know about 6,300 tons press facilities that was supposed to around Q1, Q2, and what is the status on that part, if you could brief, just kind of something?

Vidyashankar Krishnan

So our 6,300 ton pres has been commissioned just about a week back. We did the puja as well and started on a good note. So it's getting into serial production.

Vignesh Iyer

Okay. And...

Vidyashankar Krishnan

I continue on and take it to the next level of questions that are likely to come of as a result of this. So our nameplate capacity would therefore go up from 1,00,000 tons to 1,20,000 tons as of now. And we'll be adding another rest this year, which will take us to about 1,30,000 tons capacity.

So this year we will expect to end at around 80,000 -- around 80,000 plus for 80k to 90k tons.

Vignesh Iyer

On the utilization side.

Vidyashankar Krishnan

On the utilization. Correct. On the utilization side. And next year we should possibly cross the magical six figure mark.

Vignesh Iyer

Okay. And just to know about how much of the amount has been spent in Quarter 1 and how much would be spent in FY '23 or how much would be remaining to be spent?

Vidyashankar Krishnan

INR48 crore has been spent in Q1. We would expect this year spend to be in the region of around INR250 crore to INR275 crore.

Vignesh Iyer

Okay. Also, I remember in the last Q4 earnings called you had given rough estimate of EBITDA of INR33,000 to INR35,000 per ton for our product -- I mean, per ton for the forging division. So I just wanted, if I'm not wrong, in this Quarter 1 we have that exceeded that, right? In terms of EBITDA per ton? If you could...

Vidyashankar Krishnan

We have achieved an around INR33,700 if my figures are right.

Vignesh Iyer

Okay. INR33,700. Okay.

Vidyashankar Krishnan

INR33,700

Vignesh Iyer

I might have done some mistake here. Okay.

Vidyashankar Krishnan

Broadly in line with whatever -- nothing wrong, nothing -- see, EBITDA has gone up so much in tonnage terms, then margins also would've increased. In -- it is 18 points now, it'll be closer to 20. So that's -- I think most numbers this quarter have been in line.

Moderator

The next question is from the line of Harsh Gemavat from B&K Securities.

Harsh Gemavat

Congratulations on a continued strong set of numbers. I had a few questions, sir. You mentioned that the export side was weak. It was around 38% considering the scrappage and everything, and the outlook -- I just wanted to know the outlook for European and North American, so market currently, how is the outlook for the CV and PV industry in the Europe, sir?



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Vidyashankar Krishnan

Europe is holding. So far holding, Harsh, but it could -- there a lot of -- too many -- too much volatility there, too much of volatility. Energy prices are running amuck and we all know that Germany has, cities like Berlin have initiated lot of drift measures to control energy costs. They've even gone out and said that they're not going to light up -- in fact, not said, they're doing it already. They're not lighting up their monuments in the night. They want to conserve a lot. Air conditioning temperatures are brought up, pools are running colder. So all these things, little, little -- people -- society is changing European society is changing. Spain is moving toward what Japan did a few years back, more of less tough ties and full arm t-shirts -- full arm shirts and making dressing a little bit more -- little bit less formal and reduce consumption of energy.

So Europe is clearly under attack from an energy side perspective. That much is very clear. So, and we also hear that some industry -- process control industries, there is an upside to those companies in Indian market. We also see that in our space, but this will also result in OEs cutting back on their energy costs as well. And therefore it could lead to their curtailment of production.

More important thing is, it'll hurt the consumers and consumers could cut back on their spending, which in turn will mean lesser trucks, cars. So overall, Europe looks to be more under the grip of Russia's attack on Ukraine. And the consequence on energy prices is going to impact Europe quite a bit. And if Russia were to cut supplies of fuel, of gas to Europe, they could be in for really, really tough times. I mean -- I don't think they - I haven't seen any energy scenarios in Russia about the cut gas supply, but I'm sure European capitals already have 200 scenarios on that, and they're working through it, but none of it will be positive. And none of it will be pleasant.

Harsh Gemavat

So there is a possibility of a really dark winter this time.

Vidyashankar Krishnan

Sorry?

Harsh Gemavat

We can say that is a possibility of a very dark winter this time.

Vidyashankar Krishnan

Yes, yes, yes, definitely. Bleak and dark and cold winter for Europe. That much is almost clear. How bleak, how dark, how cold? Only the future will say.

But economically, they'll bounce back. They're all fighting. Already, society is fighting. And the human being is very resilient. It's not as though all of us need to have and live only in perfect air conditioned temperatures, which we are used to. We can live in colder and warmer temperatures as well a few degrees. Nothing is going to go wrong. Hotter at least, is tough. Cold, you can always layer up and manage. So I think Europeans will fight that.

Ultimately, they have done that over the last few centuries by dominating the world. So there's no reason why they shouldn't do it in the coming months.

Harsh Gemavat

So just to like quantify it. So where do you think the European market in terms of volumes will end this year on the CV side here?

Vidyashankar Krishnan

I would say PV, CV, anywhere around minus 20% to minus 10%

Harsh Gemavat

Minus 20% to minus 10%



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Vidyashankar Krishnan If my guess -- no this thing at all, no -- the industry to go by, but purely as I guess, minus 20% to minus 10%.

Harsh Gemavat And on that, what was the share of PV business this quarter?

Vidyashankar Krishnan Yes, one second. I'll give it to you. I have it. This time CV stood at 82% and PV at 11%

Harsh Gemavat PV at 11%. Okay, so our share of PV has actually gone up a little

Vidyashankar Krishnan PV has gone up a little. PV has gone up a tag. Yes, yes. 10%, 11% -- 10.8% to 11%. You're right.

Harsh Gemavat Understood. And sir, on the North American side there, so can you split the share of export revenue between North America and Europe, sir?

Vidyashankar Krishnan Yes, yes.

Harsh Gemavat What is the exposure to North America?

Vidyashankar Krishnan Overall, domestic sales is that about 50% -- 52% Europe, 17%, U.S. 21%, South America, 10%.

And within domestic, CV is 81% and PV is 13%, off highway has shot up, domestic, considerably. From 1% last year in Q1 of this year, off-highway has gone up to 5%.

Harsh Gemavat Okay. So that is also a factor contributing to an increase in EBITDA per ton.

Vidyashankar Krishnan Yes.

Harsh Gemavat Off-highway margins will be higher, correct?

Vidyashankar Krishnan Yes -- higher, lower, I don't know, remains to be seen what part, but I think this is due to CAFOMA and DVS, so that's a positive thing.

Harsh Gemavat Okay. If you could split between the higher and lower tonnage this quarter, sir?

Vidyashankar Krishnan I have that also for you. Hold on. About 65% lower and 35% higher tonnage.

Harsh Gemavat Okay. And the Machining business contribution? Just a few bookkeeping questions, I'm just finishing up, sir.

Vidyashankar Krishnan Yes, no problem. Overall machine is 52% and forged is 48%

Harsh Gemavat Okay. Machining 52%. Okay. Got it. And sir, now to discuss with you is, I think around June we had a discussion, we had mentioned that M. M. Forgings will be announcing this EV product portfolio and giving a little bit more detail on the EV business strength and product. So just wanted to know if this is the time when you will want to put a little light on that?

Vidyashankar Krishnan Bear with me for a couple of weeks, for a few weeks.

Harsh Gemavat Okay.



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Vidyashankar Krishnan

We're there. We're just waiting for polishing up some last rough edges.

Harsh Gemavat

Okay. Understood. Just, sir, roughly, if you could say, like, what kind of potential are we seeing in the EV market? Like how big a market are we looking at?

Vidyashankar Krishnan

If I talk about the market, it's all, you'll see, and unbelievably -- market is about -- in seven years -- can I resolve this for a later time? Anyway, I'll just give you a quick brief. Market would be about INR75,000 crore to INR1,00,000 crore in about seven years time in India.

And then you had to put what market share we'll get out of it, 0.5%, 1%, 2%, 5%. Nobody knows. We'd expect anywhere between 0.5% to 3% will be -- I think, but 0.5% to 3% is a huge range, right?

As Management, as from investment point of view, the range is too much. So we have to walk the talk. Because INR500 crore to INR3,000 crore. is a big difference. M. M. Forgings, in 48 years, we have achieve INR1,100 crore, and we are here, we are saying, EV market will do INR500 crore. Some of these numbers are staggering. So we need to walk the talk.

Harsh Gemavat

Correct. And sir, it would all depend upon your portfolio as well. How much will be our reach and everything. Correct, sir.

Vidyashankar Krishnan

Correct.

Moderator

The next question is from the line of Jaiprakash Toshniwal from LIC Mutual Fund.

Jaiprakash Toshniwal

So just on the export freight side, how the price -- I mean, freight rates are moving? Any trend out there?

Vidyashankar Krishnan

Freight rates have kind of stabilized, still high, kind of stabilized, but transit times have gone up, transit times have gone up considerably.

Jaiprakash Toshniwal

Okay.

Vidyashankar Krishnan

And to those without contracts, we hear horror stories of berth not available on ships.

Jaiprakash Toshniwal

Okay. And second, sir, could you give me some more details about alternators? Like, I mean, you mentioned about the capacity of -- a run rate as such, but what would be the -- our capex and what would the -- I mean, the market plan, market -- go-to-market strategy, here?

Vidyashankar Krishnan

As it is, we are supplying to Tier 1s, and we expect to focus on that market, and evolve our plans as we move on, but the potential is reasonable in the alternator market. And also, we are diversifying not just dependent on alternators for the domestic market, exports is a possibility, and non-alternator business is also there. So we are coming out with a slew of products.

Jaiprakash Toshniwal

And any capex committed for that, sir?

Vidyashankar Krishnan

Sorry?

Jaiprakash Toshniwal

Any capex committed for that?



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Vidyashankar Krishnan

Yes, for this year, we are looking at investing close to about INR15 crore on the electrical side.

Moderator

The next question is from the line of Jatin from RKL Investments.

Analyst

Couple of questions. First one, on the U.S. side we've got this situation where on the classic side, a huge backlog of orders, so if you could just clarify the current situation, has the order book started clearing up and are there -- the pace of new orders and how do you see that over the next 12, 15 months?

Vidyashankar Krishnan

As far as our demand is concerned, it has slowed down decently enough for us to be able to see it. So obviously, the talk of a long order book and that not impacting demand of CV parts or CV themselves is not there. So definitely, there is an impact, no doubt about it.

But on PV, still in the U.S., secondhand cars are not available. Good secondhand cars are running at a huge premium. There are about \$7,000 to \$10,000 higher than previous rates. So, which means that even premium makers, if there's a fall in demand, PV should still run strong. So it's a mixed bag. I would say it's not just linear, but fall in -- hike in energy prices is going to lead to inflation of demand. That is not going happen.

Analyst

Sure, sure. And for you this quarter, exports, Y-o-Y, what was it? Did you see some growth Y-o-Y still this quarter on the export revenues?

Vidyashankar Krishnan

Y-o-Y -- Q-o-Q or Y-o-Y?

Analyst

Both, if you can share.

Vidyashankar Krishnan

Q-o-Q, that is this quarter to previous quarter, export has come down by about 6%. Q1 F '23 versus Q1 F '22, export is down by 6%.

Analyst

Okay. Y-o-Y down 6%. And you spoke about... sorry, yes.

Vidyashankar Krishnan

Domestic is by up by 100%, almost, including all tools, domestic is up by 100% almost. But that's also because last Q1 was Delta Wave. Sorry, last year. In fact, Q4 of last year versus Q1 now, even then there is some growth of around 5%.

Analyst

Which is surprising, right? Normally, CV, you'd think that 1Q versus 4Q, there is always a decline because 4Q is the biggest.

Vidyashankar Krishnan

There is a decline, no doubt, but this year, 1Q was slightly better off for CVs though not as good as Q4, but our penetration there is going up is what we've been consistently saying, that our focus on the domestic market has been pretty strong and we've been developing a slew of new parts, so all that is coming to play. And therefore, that has come in handy, which is why Q1 of this year is stronger than Q4 of previous year.

Analyst

Right. And you also spoke about that -- some of these newer parts will continue to get added over the next few months as well. So on the back of those, what kind of outperformance over the domestic CV industry, do you think you can deliver?

Vidyashankar Krishnan

Overall, I'd say -- I might not have the numbers just CV and others, because we're also getting -- increasing our presence in the PV market, as well as obviously the tractor and off-highway segment. So overall this year, we -- that is why we put out numbers that we would see us hitting



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80,000 to 90,000 tons from 62,000 tons in the previous year. As it is, we are on track for about 75,000. I'm assuming very tepid Q2, Q3, Q4, in which case 72,000 multiplied by 4 will be -- Q1 by 4, 72,000, if we look at some little bit external, we should look at about 75,000 to 80,000 tons, but I'm expecting-- I'm still holding that we should be able to touch 80,000 or cross it.

Moderator

The next question is from the line of Abhishek Kumar Jain from Dolat Capital.

Abhishek Kumar Jain

Sir, what is the overall capex plan for FY '23? And how much is for the machining, forging and other inorganic opportunity?

Vidyashankar Krishnan

Probably about INR300 crore -- no, we may be -- we've said that we'd be spending around INR400 crore, but I don't think we'll have the ability to spend INR400 crore. So we may spend around INR250 crore to INR300 crore this year. Out of this, two-thirds will go towards machining and one-third will go towards forging. And some amount will go towards electrical. I'm not able to give those numbers.

Abhishek Kumar Jain

And sir, how much is the gross date -- gross make date of the company. And are you looking to increase your debt because of this capex plans?

Vidyashankar Krishnan

Date? Can you please elaborate? Am I missing something there? Gross? What did you ask? Can you please rephrase your question?

Abhishek Kumar Jain

Sir, what is the gross and make debt of the company?

Vidyashankar Krishnan

Gross -- I'm not able to hear properly or understand the last couple of words.

Abhishek Kumar Jain

What is the gross borrowings and make borrowings?

Vidyashankar Krishnan

Okay, okay, debt. Sorry. As of now, we stand at about INR430 crore of gross debt. We'll end this year at about INR550 crore of gross debt.

Abhishek Kumar Jain

And what would be the incremental revenue from this capex for from machining side?

Vidyashankar Krishnan

Good question. Some of it will not yield benefit this year. Little bit of it will benefit -- will give benefit directly. Most will give incremental revenue from FY '24. Yes, but we'll fine tune that number. We will get that number trashed out internally.

Abhishek Kumar Jain

And sir, what is your mix right now for the automotive versus non-automotive side? And what is your plan to increase your revenue from the non-automotive side?

Vidyashankar Krishnan

We are focusing decently on the farm sector in India. And that will result in higher non-auto sales. Our traction in the CV space is quite strong. So my guess is or my estimate is that whatever we would put or gain in terms of non-auto will be overshadowed by the thrust on auto. I would say auto based will only be static or maybe yield a couple of points.

Abhishek Kumar Jain

So any plan to entering into the U.S. oil and gas business?

Vidyashankar Krishnan

Yes. recently, globally on the non-auto side and in India side we don't see much traction coming in now. Most of that will be on the ammunition side.



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The rest of the Indian market will be very price sensitive and very punching on margins. But ambition [Technical Issues] prospect, but [Technical Issues] do it right now, but capex, we haven't made plans for.

Moderator

The next question is from the line of Dhiral Shah from Phillip Capital.

Dhiral Shah

Sir, what is the current machining capacity which we have?

Vidyashankar Krishnan

See, machining if you see, is split across a lot of products, a lot of lines. So it difficult to give a number. But what I can do say is that this mix of machining, which is at about 52% is likely to go to 60%, 65% in the months to come.

Dhiral Shah

So when you say, 60%, 65%, is it by current -- this year-end or it'll increase by next year-end?

Vidyashankar Krishnan

Between now and next year, between now and the next 18 months.

Dhiral Shah

Okay. And how this will enhance our EBITDA margin?

Vidyashankar Krishnan

Worst case, it'll defend the EBITDA margins. Best case, it will add to the CV margin accretive.

Dhiral Shah

Okay. So this INR33,700 per ton which was there in Q1, so this may further increase to around maybe INR35,000 or even more?

Vidyashankar Krishnan

God willing, it happens, I'll be happy.

Moderator

The next question is from the line of Krishna Kumar from Lion Hill Capital.

Krishna Kumar

Congratulations on, again, a good set of numbers for the quarter. Sir, we've been listening to you in terms of the guidance and it seems like you are a little conservative in terms of numbers. Reasons, like, from external perspectives that your machining is going up, the volumes are going up, so operating leverage if you can -- and the steep prices coming down, I think the base also gets better from a margin perspective. So overall, shouldn't we have better improvement to margins over the next one year? That is the first question.

Second question is in terms of some weakness that you're seeing overseas, probably in the European markets. Can it not be compensated or more than compensated by a strong domestic market that you're being witnessing, led by the commercial vehicle space and also the pass cars coming back quite strongly? So is there a lot of conservatism in your guidance in numbers?

Vidyashankar Krishnan

Yes, there are a lot of positives in the macroeconomic situation. There are a few negatives. And I expect that the positives will -- I'm definitely sure that the positives will overrun the negatives. And positives are Indian market, I've already briefed about that in my opening statement, that India is expected to grow much better. And this year, possibly, India would've been decoupled, considerably decoupled from the rest of the world. That's my view, at least, as of now. I'll be happy if it pans out that way. And I'm expecting it to plan out that way too, as you are also projecting. That's one.

The second is while there are good -- there are positives and there are also a couple of dark clouds on the horizon. So we had to just balance each other out. So, which is why still, I'm holding my guidance of 80,000 to



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90,000 tons. And okay, maybe it'll be on the long -- on the bottom side, on the lesser side of it, but still, we are holding that range.

So in a sense I don't think we've diluted our positivity. We remain quite positive, and numbers are also quite encouraging. Customer demand, customer language, customer feedback, everything looks -- augers quite well.

Moderator

I now have the conference over to Mr. Jayaraj for his closing comments. Over to your, sir.

Annamalai Jayaraj

We thank M. M. Forging Management for preparing for the call. We thank all the participants. Have a good day.

Vidyashankar Krishnan

Hey, one sec, Jayaraj, I have one last thing to say.

Annamalai Jayaraj

Yes, sir, yes, sir.

Vidyashankar Krishnan

Yes. Wishing everybody a fabulous 75th Independence Day. Let's not forget the fact that as a country, we made it to 75. We'll make it to 100. And overall, let's build a great India together.

I think and -- next 25 years from 75 to 100 will be a lot of good will -- good things happening in India. Many things are changing in the country. Okay, we'll always have something negative, but looking at the positives, I think, positives far outweigh the negative. Let's all together work to build a fantastic country, a great nation. We owe it to our countrymen for our contribution. Thank you, all.

Moderator

Thank you. Thank you very much, sir. Thank you, members of the Management.

Ladies and gentlemen, on behalf of Batlivala & Karani Securities, that concludes this conference call.

Thank you for joining us, and you may now disconnect your lines.