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M M FORGINGS LIMITED

CORPORATE OFFICE: SVK TOWERS, 8TH FLOOR,
A25 INDUSTRIAL ESTATE, GUINDY, CHENNAI - 600032, INDIA.

Date: 19 February 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	National Stock Exchange of India Ltd 'Exchange Plaza', Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051

Dear Sirs,

Ref.: **<u>NSE: security code- MMFL –EQ; BSE: Security Code -522241</u>**

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 17 February 2026, on the unaudited Financial Results for the quarter and nine-month ended 31 December 2025. The results were approved in the Board Meeting held on 13 February 2026.

2. We request to take the same on records.

Thanking you,

Yours faithfully,
For M M FORGINGS LIMITED

Chandrasekar S
Digitally signed by Chandrasekar S
Date: 2026.02.19 15:35:40 +05'30'

Chandrasekar S
Company Secretary
Encl: as above

"MM Forgings Limited
Q3 FY '26 Post Results Earnings Conference Call"
February 17, 2026

MANAGEMENT: **MR. VIDYASHANKAR KRISHNAN – CHAIRMAN AND MANAGING DIRECTOR – MM FORGINGS LIMITED**
MR. BALAJI GOPAL – PRESIDENT, FINANCE AND ACCOUNTS – MM FORGINGS LIMITED

MODERATOR: **MR. DINESH KUMAR – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the MM Forgings Limited Q3 FY '26 Post Results 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 the 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. Dinesh Kumar from B&K Securities. Thank you and over to you, sir.

Dinesh Kumar: Thanks, ma'am. Welcome to MM Forgings Limited 3Q FY '26 Post Results Conference Call. From the management side, we have with us today Mr. Vidyashankar Krishnan, Chairman and Managing Director; and Mr. Balaji Gopal, President, Finance and Accounts. I will now hand over the call to Mr. Vidyashankar Krishnan for the opening remarks, to be followed by a question and answer session. Over to you, sir.

Vidyashankar Krishnan: Hi, good morning, everybody. Thank you all for being here. I would like to now give a set of opening remarks on the results of Q3 FY '26. Our company delivered a reasonably good quarter considering the volatile global environment. Sales grew by 11.3% on a Y-o-Y basis with a sequential improvement in Q3 of about 7%. Growth was primarily driven by improvement in volumes of about 3% in Q3 compared to Q3 FY '25, along with positive change in average sales realization.

Export markets, after being weak in almost the first 8 months of the year, saw a sequential improvement with contributions from U.S.A. rising a bit, a sign of things to come. The U.S. market seems to have given a positive outlook and customers are coming back to us after running down the inventory of our parts. Europe registered healthy improvement in its mix this year, which was a result of market share improvement and new program starts there.

The decline in gross margins reflects changes in both product mix and geographical mix. Also power costs and labour costs seem to have gone up a little bit. We are sure that we will claw back these in the months to come. Senior management has been making all-around efforts to mitigate the impact of rising costs amid a tough and volatile trade environment. These efforts have reasonably helped arrest the decline in margins.

Looking ahead, recent government announcements on the tariff front, along with recovery in Class 8 truck orders in the U.S., augurs very well for us. Coupled with a pick up in the domestic auto sector, led by the CV market, this should provide a reasonable boost to volumes in the next 12 to 18 months. We remain confident of delivering industry-leading volume growth and clawing back some of the margins lost in this year through a richer and improved product mix, cost-cutting initiatives, supported by a steep reduction in interest outflow.

Over the past several years, we have focused on strategically adding capacity while improving our product and market mix. Market conditions and delay in new programs didn't help, though. We continue to invest in the current year and expect to close the year with a planned capex of around INR175 crores, of which INR137 crores has already been invested. We continue to maintain a cap on net debt levels now, in spite of the heavy capex . Next year too, we expect capex to be in the region of around INR150 crores to INR170 crores.

Every activity is being reviewed with a sharp focus on cost reduction, automation, productivity enhancement, and strengthening the company and its balance sheet. And most important of all, relentless focus on customer and delivery to customers, which is now supported by a very strong market, both domestic and in exports.

I look at the next few years with optimism. Significant positive cash flows generated by the business are expected to substantially reduce leverage and enhance shareholder value. As generally, just a remark on the side, I've used the stand-alone results for the above comments. So these are my initial remarks and if there are questions now, I'd be happy to take them.

Moderator: The first question is from the line of Raghav Maheshwari from Kamayakya Wealth Management.

Raghav Maheshwari: So sir, my first question will be around the demand recovery from the U.S. on the truck segment. So as per some research reports, we have seen that the demand has now returned back, and it has shown quite an uptick in, I think, the month of December. So are we / is it safe to assume that we are going to see that in our numbers in Q4?

Vidyashankar Krishnan: A little bit partially in Q4, and fully from Q1 FY '27 onwards. One set of parts have gone into production. Another set of parts go into production from February. So the full impact will come from March onwards. So effectively, I would say Q1 FY '27.

Raghav Maheshwari: Understood, sir. And sir, my next question is around the production mix, sir. For years, our core investment thesis has been the shift from forged to machined components to drive the margins up. And however, in our presentation, the year-to-date FY '26 data showed that the machined mix collapsed to around 47%, which was approximately / which was more in FY '25, while the lower margin forged mix has been showing a good spike. So why is this a sharp reversal in product mix?

Vidyashankar Krishnan: I think machining mix continues to be at that 45%-odd. Let me check my numbers. Balaji Gopal, do you have any missing summary?

Balaji Gopal: Our forged and machines continues to be -one second -our forging is 47% and machining is 53% up to Q3 FY '26. And with the corresponding FY '25, we did 42% in forging and machining at 58%. So machining has come down by 5% and turnaround to forging has become 47%. From 42% it has become 47%, from 58%, it has become 53% in machining.

Vidyashankar Krishnan: Thank you, Balaji. Raghav, this mix is down largely because of some reduction in machining of export products. So I would expect it to bounce back in the coming months.

Raghav Maheshwari: Understood, sir. That helps. And sir, now the next question is on the finance cost, sir. So our finance costs, given our peak debt levels, have jumped to almost approximately 30% year-on-year in Q3. So it's kind of wiping out the benefit of the 10% revenue growth that we have seen. And since we are also capitalizing the new ton which is coming, so the interest meter is also kind of fully running. So sir, what would be the -- like when the press comes live in March-April, as guided by the management, what will be the break-even utilization of that press to cover it on interest and depreciation cost?

Vidyashankar Krishnan: Yes. Let me first answer the overall question. We have embarked on a judicious study of our interest costs and sorted fit to make some corrections. We have also been helped by the fall in interest rates in India for both term as well as working capital debt. Backed by this, we have also shifted our term loans with synthetic swaps from rupee to euro. We've done only -- it's IRS, the principal portion being left open.

Sorry, yes, it's an interest rate swap with the principal portion being left open in euro itself. So now what happens is that we expect our interest rate to come down to the region of INR55 crores for the next year. Or slightly lower, but our target is, we are very sure that we will bring it down to INR 55 crores in the next year. From around a run rate of INR 80 crores this year. This is a substantial reduction.

Raghav Maheshwari: Because of the IRS?

Vidyashankar Krishnan: Because of the IRS and also backed by primary rupee debt rates also coming down by about 1%, 1.25%. And we have also negotiated with banks to bring down our rates. We will also be doing similar exercise on our working capital debt. And effectively we expect to save on both the fronts, ultimately bringing about INR25 crores to INR30 crores of savings. INR25 crores we can take as a guaranteed amount almost. It would almost be half / 1.5 points on 150 basis points on sales.

Raghav Maheshwari: Understood, sir. And what about the utilization, sir? Like what is the optimum utilization for this new press in the coming FY '27?

Vidyashankar Krishnan: We expect the 16,000 ton press to deliver about INR300 crores of turnover, but that will take a few years to fill up. Right now, we would start with a few parts that are a struggle to produce on our 8,000. That will get moved to the 16,500. As we have said earlier, we expect company to grow by at least INR300 crores in FY '27 from where we close out FY '26. So that growth will be largely out of the non-16,500 ton machinery. The 16,500 ton will only ease production a little bit. It is not going to significantly add. Further growth will come out of the 16,500 in the months to come.

Raghav Maheshwari: Understood, sir. So, sir, just for an idea, if you can brief about how much revenue like I know the full capacity, optimum capacity will give us INR300 crores from this new press. But in FY '27, how much is the scope for revenue addition from this press?

Vidyashankar Krishnan: Hardly anything. We start the press, we commission it, and then we move a few parts from existing to there, get ready, then as we approach customers, we fill up the press.

Raghav Maheshwari: Okay, sir. Understood, sir. And this we are talking about FY '27, right?

Vidyashankar Krishnan: Correct. Correct. FY '26 is almost done and dusted from your point of view. Of course, from an operations point of view, we have 2 busy months.

Moderator: The next question is from the line of Navin Vijay from MS Capital.

Navin Vijay: Just wanted an update on our EV subsidiary, Abhinava Rizel. On the sales front, where are we? Are we tying up with any fleet Moderators or somebody of that sort, sir?

Vidyashankar Krishnan: Thank you, Naveen. We are working on a few customers and we expect these customers to be in the bag -- at least one of them to be in the bag in the next few weeks. Couple of weeks.

Navin Vijay: Okay. And once they are in the once, they have signed up, only then we will go for full-scale manufacturing or?

Vidyashankar Krishnan: We have kind of set up a line for anticipating these such customers. We'll have to do some bottlenecking based on their volumes. So there is a conference call today with the customer also. So once we have some news, we'll share it with you. Hopefully next quarter, I should have good news.

Navin Vijay: My other question is on the power cost that you alluded to in your TV interview today morning, sir. What steps are we taking to basically, not just the power cost, to kind of manage the overall operating cost to be very competitive?

Vidyashankar Krishnan: Yes, basically what has happened is TNEB has taken a long-term -- given a long-term industrial power policy of increasing its rate per unit by 5% every year. So that has added to costs plus also the job mix, and lesser utilization of scale at some of our plants.

So how do we counter this? First is improved scale. Then we also look at doing power audits, energy audits and bringing down the costs. Third, we are also shifting over to green power. We have identified a few parties, we signed up with them, and we expect to save about INR15 crores this year, this year means FY '27, on power costs by shifting over from grid power to EB power. Sorry, grid power to green power, my apologies.

So on the interest and the power fronts, we expect to save almost INR50 crores. We are looking at something in the region of INR40 crores to INR45 crores between these 2. And another INR4 crores to INR5 crores will come definitely out of other initiatives like moving over to PNG as against furnace oil, using LPG instead of furnace oil.

We are judiciously looking at all this. Plus, we will also see better utilization bringing down energy costs overall. Possibly I could have added this information about the power costs in the interview. Somehow I reserved it, possibly for listening to you.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, my first question. Sir, I think we are commercializing our like 16,500 ton press. So it's basically for diversification. So right now, our CV segment is nearly 75% range. Based on this diversification, at any further plans we have to enter any other specific segments? And is there any plan to diversify to reducing the mix of CV to 60%, 65% kind of range? And what specific non-CV end markets we are focusing on like agriculture, construction, oil and gas, or railways? And is there any time line and target to achieve those levels?

Vidyashankar Krishnan: Okay. You see, over the next few months, I would expect the CV to come to around 75% and PV to be about 10%. And the balance 15-odd percent to come from off-highway and others. This would be what we would converge somewhere in FY '27.

Balasubramanian: Okay, sir. Sir, we are targeting INR300 crores kind of revenue. Orders are in place or we are in inquiry pipeline?

Vidyashankar Krishnan: We are in inquiry mode. On the 16,000, we are in inquiry mode.

Balasubramanian: Okay, sir. Sir, my second question regarding Abhinava Rizel. Like beyond motor design capabilities and -- so like I'm trying to understand what is the current cash burn rate? And secondly, what kind of like capabilities beyond motor design, whether we are focusing on design side only or it's kind of like 6-in-1 solution providers like motor, controller, gearbox, those areas? So I'm trying to understand this subsidiary regarding cash burn rate, EBITDA break-even, and our strategic play.

Vidyashankar Krishnan: Okay. I'll answer 1 and 3. Two, I'm not in a position to answer at this point of time. First question, cash burn rate is about INR0.8 crores to INR1.2 crores a month. You can nominally take INR1 crores a month.

Second question on the EBITDA side, we are not in a position to predict EBITDA at this point of time. Let us see customer acquisition and then we can talk about it. Third, I would expect EBITDA to be for the electrical industry somewhere in the low double digits. If we are very lucky, around 15% give or take a few. Then this is a wild guess, no commitment.

The third thing on product offering. Yes, currently we have motor design capabilities, but we realize that, that is not enough. So customers are also asking us for 5-in-1, 6-in-1. And therefore, we are looking at tie-ups to bring in 6-in-1, 5-in-1 offerings.

Moderator: The next question is from the line of Vijay Kumar Pandey from Nuvama Wealth.

Vijay Pandey: Sir, wanted to check the reasons for our domestic performance as compared to other peers because though you're talking about exports, but domestic performance is still slightly weaker as compared to the other peers. So just want to understand, are we losing any market share or is it because we are not present in some products which are growing in the commercial vehicle segment? So can you just help us understand this? That will be pretty helpful.

And secondly, the commercial vehicle, domestic commercial vehicle cycle now is in the upcycle stage. We are seeing strong growth from both Ashok Leyland and Tata Motors CV. So can you help us understand what is your perception looking into FY '27 quarter 4 and FY '27? Do you expect -- are you also seeing the momentum to pick up in domestic CV segments? And if yes, then how should we look at the growth rate / industry growth rate or volume growth rate?

Vidyashankar Krishnan: Yes. A few customers were not very happy in the last year on our performance. So we did lose some sales up to Q1 of this year. Then we went back to them and found out why they were not happy with us and found that largely the reason was much better deliveries were expected. Since then, we have revamped our supply chain management and we have gone ahead very positively with customers and we have clawed back the market share loss. I'm not at liberty to reveal customer or customers in this situation. So you can take it that we have clawed back our market share.

Second is that going forward, we expect the CV market to be pretty strong in FY '27. Customers are talking of about 10% growth. If that happens, that will be great. But being a Tier 1/Tier 2, we are not the market maker, we are a market follower. So I would expect that we would grow considerably in the coming year and that 10% at least is very good news for us.

Balasubramanian: Okay. And also sir, you also mentioned in the previous question about the interest swap. So this IR swap is with respect to Indian rupees and euro rupees, and even if the Indian rupees appreciate, then also we should get the benefit? Or is it only the case if INR depreciates then it will be beneficial for us?

Vidyashankar Krishnan: Yes, good question. If the euro depreciates with regard to the rupee, we will gain. If the euro appreciates with regard to the rupee, we will lose. But because we have an export -- underlying exposure in exports, overall it will be neutral for the organization. In fact, I always say that it is better that these forex loans lose money for us over a period of time.

Gently, not suddenly. Because that means that our export business will be strong. If the rupee were to sharply appreciate and continue a steep appreciation for example, export business itself could be under threat. Not just for MM Forgings, but for everybody else.

Moderator: The next question is from the line of Akash from NV Alpha Fund.

Akash: Sir, my first question will be on the gross margin front, sir. I think we have seen that come down considerably in this quarter, in spite of, I mean, exports coming back and even the domestic volumes growing. So would like more elaborate response on, I mean, where do we see these margins going coming back to in FY '27? And yes, secondly, also wanted to understand what capex number will we be ending with in FY '26 and for FY '27 what is the plan?

Vidyashankar Krishnan: First question on gross margins. Second and third?

Akash: Second was on capex. And third is on debt repayment. So basically, I think you all are on an INR80 crores run rate and earlier you mentioned that you all will be coming down to INR55 crores in the next year. Am I understanding it right?

Vidyashankar Krishnan: Yes. This is with regard to interest. Not with regard to debt repayment. Interest will come down from INR80 crores run rate to INR55 crores max run rate.

Akash: That will only be with the help of the swap / interest rate swap is it? There will be no debt repayment?

Vidyashankar Krishnan: No additional debt repayment. Whatever we repay, we may be borrowing for capex in this year.

Akash: Okay. Okay. And how much we have repaid in '26? Have we repaid any interest in '26 / debt in equity?

Vidyashankar Krishnan: We've repaid about INR175 crores, INR176 crores. Exact number I'm not so sure. But between INR165 crores and INR175 crores. So Balaji, can you fill in? What is the repayment for...

Balaji Gopal: Yes. It is INR177 crores for FY '26.

Akash: Understood. And going forward because we need to do capex, we won't be doing any further repayment, right?

Vidyashankar Krishnan: No. What we do is, every -- we have to repay. We can't not repay. With INR750 crores of debt, you cannot not repay. That INR150 crores to INR160 crores repayment this thing is on. But what we plan is we will not increase debt levels. So we will spend only as much as we can repay. And we borrow for the new spending. So that gross debt remains constant or comes down.

Akash: Understood. Yes, if you could now address my questions on gross margins and the second on capex that you plan for the next year.

Vidyashankar Krishnan: Yes, capex I have already said to Raghav, first questioner. We looking at about INR150 odd Crores OF investment next year. How much of that will actually materialize and be paid out, all that, we're working with projects team and suppliers. Between INR125 crores and INR175 crores will be our actual spending.

Akash: Sir, how much have we done till now? In FY '26?

Vidyashankar Krishnan: I have already given the remark. One sec. About INR135 crores, INR137 crores was spent.

Akash: Understood. And everything for the 16,000 ton is done, right? The capex ?

Vidyashankar Krishnan: No. About -- if I'm not mistaken about INR50-odd crores will still remain.

Akash: Understood. Yes. And will our gross margins now come back to our original levels of around 58%, 59% or that looks difficult considering the orders that we have got?

Vidyashankar Krishnan: We should get back to where we were originally. We should.

Akash: So what was the main reason for such a sharp drop? Like I think it was almost a 5 to 10 drop.

Vidyashankar Krishnan: Largely it is cost and power. Power we have clawed back. People will claw back. And people also -- there will be a thins thing by way of additional growth.

Akash: Sir, I am understanding from a gross margin perspective. I think those costs will have more of an impact on the EBITDA level. Which broadly we have managed on a quarter-on-quarter basis we are around 17%. But it is mainly the gross margin that is, if I just remove the cost of production from my revenue, that percentage hit almost down by 12%. Yes.

Vidyashankar Krishnan: I'll come back to you. I know my bad. I mixed up gross margin for EBITDA. So I'll get back to you within a same or send you an e-mail. If you can send us an e-mail, we'll send out to everybody on the gross margin side. Largely I would say gross margins have dropped because of export revenues.

Akash: Export revenue. And sir just because now you are positive on exports reviving back. So what kind of projections have we got from our customers in terms of volume ramp-up as compared to last year? So on the last year base, how much increase in volume ramp-up are they promising us for this year FY '27?

Vidyashankar Krishnan: We would expect a INR75 crores increase in sales because of the return of exports, particularly the U.S. market. INR50 crores to INR75 crores.

Akash: Okay. That is purely coming from U.S. itself, that is Class 8 related?

Vidyashankar Krishnan: Yes. Class 8 related.

Akash: Understood. And sir for the 16,000 ton, this will be my last question. For the 16,000 ton, I mean, have we been able to finalize our orders or any POs or basically any financial commitment?

Vidyashankar Krishnan: Many customers are interested. We have not yet backed any. That will take some time. So we want to put the press into operation first and then run around for customers.

Akash: Because I believe you'll already have the customers in place, right? Because since you'll already export to U.S. and other markets, the same customers you'll will be booking orders for on the heavier tonnage, right?

Vidyashankar Krishnan: Possible. But to answer your question frankly and honestly, right now no products are identified yet.

Akash: So that INR300 crores revenue potential, we are confident of filling it up by when?

Vidyashankar Krishnan: Two, 3 years down the line.

Akash: FY '29 will be a correct year to look at?

Vidyashankar Krishnan: Yes.

Akash: Understood. And just one, if I can just squeeze in one more...

Vidyashankar Krishnan: '28 will be done.

Akash: Yes, sir. So since you'll are promising a INR300 crores increase from the non-16,000 ton forging. So I mean that will mainly come out of that around INR75 crores is from exports and the balance is from the volume growth that comes in the Indian market, right? Or any other new projects we have won, new components we have won?

Vidyashankar Krishnan: It comes from a combination of growth to current customers in the portfolio of products that we are supplying them. And also we have launched a slew of new products that are coming in for bulk production. And we are also looking at this at a set of new parts that have gone in for particularly the PV market in India.

Akash: Sir if you could elaborate on that? The new parts, new which will soon start...

Moderator: Excuse me, Mr. Akash. Can you please rejoin the queue for more questions as there are more participants in the queue?

Vidyashankar Krishnan: I'll just answer this question. It's a frank, needed one. We have looked at, we are getting crankshafts for a PV customer in India.

Akash: Understood. So that's a top 3 OEM?

Vidyashankar Krishnan: Project was delayed by about 3, by about 1 year to have come last year, but now is coming / has come into production effectively from December onwards. Volumes are reasonable.

Akash: So is that a top 3 OEM, sir?

Vidyashankar Krishnan: I can't say that because that will reveal the name very evidently. So we leave it at that. Customer names are off.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi.

Mumuksh Mandlesha: Yes. Sir, good to hear the positive commentary on demand and the cost saving, sir. Sir, as you mentioned about INR300 crores of new orders will come up next year which includes current volume growth. So broadly we can say 15% to 20% could be the range of the growth for next year, where assuming domestic CV also grows by 10%. Right, sir?

Vidyashankar Krishnan: Yes.

Mumuksh Mandlesha: Got it, sir. On the just data points, sir...

Vidyashankar Krishnan: Can I get your name and this thing, please?

Mumuksh Mandlesha: Yes, Mumuksh Mandlesha from Anand Rathi, sir.

Vidyashankar Krishnan: Okay.

Mumuksh Mandlesha: On the Q3, sir, just on data points, if you can help me what is the Q3 production number and for the 9 months if you can help me how was the sales volume tonnage in terms of domestic and export split, sir?

Vidyashankar Krishnan: Overall sales tonnage was about 54,000 tons. Am I right, Balaji?

Balaji Gopal: Yes sir, yes sir. Sir, up to Q3 FY '26 we did 56,756 sir, 58,057, sir. Sales tonnage is 58,057. And production is 56,756 tonnage.

Vidyashankar Krishnan: Okay, thanks.

Mumuksh Mandlesha: And within this sales, how much would be the domestic and exports, sir?

Vidyashankar Krishnan: You can take the same similar ratio as the overall percentage. About 30% would be exports and 70% would be domestic.

Mumuksh Mandlesha: Sure. On the machining mix, sir, how do you see from a 53% this year or how do you see for next few years based on the orders? I think in the past we have invested a lot on the machining area. So just want to understand how that mix will change, sir?

Vidyashankar Krishnan: Machining mix will go up. Almost all new orders are only for machining. Almost. Most new orders are for machining.

Mumuksh Mandlesha: Got it, got it, sir. Sir, on the Abhinava Rizel, just want to update, last time you mentioned about this INR20 crores to INR30 crores order. Is that the order you expect soon to be announced? And if you can help us, I mean, which category this order is for?

Vidyashankar Krishnan: Yes. That's the same thing that we are pursuing now. You're absolutely right.

Mumuksh Mandlesha: And is it for the sir 3-wheeler or PV segment, sir? If you can help, sir.

Vidyashankar Krishnan: I can't disclose that at the moment. After we go into production, I'll surely give you the feedback.

Mumuksh Mandlesha: Got it, sir. Got it. And just finally, if you can help me what is the net debt number for this by end of December, sir?

Vidyashankar Krishnan: About INR550 crores long-term.

Mumuksh Mandlesha: Okay. And short-term, sir? Also?

Vidyashankar Krishnan: All told INR550 crores plus another INR500 crores. INR1000 to INR1050 crores net. One second hold on. Exact net debt will be INR1065 crores.

Moderator: The next question is from the line of Anubhav Mukherjee from Prescient Capital.

Anubhav Mukherjee: Sir, can you like give some more details on the medium-term outlook for like exports to U.S.? What I understand is that there's an emission norm change that was also about to come in like start of next year 2027. So will that also result in some kind of pre-buy and like good growth for us? If you can like throw some light on that.

Vidyashankar Krishnan: Yes. We are expecting FY '27 / calendar '26 to be a strong year, going up to Q1, Q2 of '27.

Anubhav Mukherjee: Okay. So the emission norm change, that has not been rolled back? That is still like about to come?

Vidyashankar Krishnan: As of now, not yet. You know the U.S. government's functioning these days, so nobody knows.

Anubhav Mukherjee: Get that. And sir, just a basic question. So what I understand is that our exports to U.S. come under Section 232. So given that, what will be the effective tariff now? Like will it be 25% or 18%?

Vidyashankar Krishnan: As it is, we think that it will be between the 2.

Anubhav Mukherjee: Okay. Okay. So we are also awaiting that...

Vidyashankar Krishnan: Fine print is not yet out. To the best of our knowledge. We're working, talking to customers. They are also expecting it to be between 18% to 25%. If it is 18%, then we stand at an advantage to competition. If it is 25%, we are ready for it.

Anubhav Mukherjee: Okay. And sir, this 9 months, our exports to Europe has grown / seems to have grown quite significantly compared to last year. So can you give some color on that? And especially given this euro FTA also, will that be a like big help to us or yes?

Vidyashankar Krishnan: Yes, the euro FTA certainly will bring if not more business, at least it puts, as I said earlier, it brings stability to the to the global economy itself. At a time when geopolitical turmoil and volatility is the call of the day, the euro India FTA will definitely bring in stability to the entire if you see, after that itself, the entire volatility and the tension in people's mind, particularly next to the U.S. deal also going through, that has come, the tension levels or the perceived volatility has come down considerably.

Right? So it augurs well only. And the EU now has no excuse to shun Indian exports because we are opening up our markets also to them, considerably. So both ways, we expect to add trade, similarly so with the U.S. I think our government has done a fabulous job on both the fronts and it couldn't have come at a better time. Good news for India as a whole.

Moderator: The next question is from the line of Raghav Maheshwari from Kamayakya Wealth Management.

Raghav Maheshwari: Yes. So sir, adding building upon where we left the conversation in my previous question. So sir, you mentioned that the press is not going to add any revenue in FY '27. So sir, can you can you tell us like are the approval cycles so long for this or is it that we are just taking a buffer time or are we estimating it to be a long time? So what is this? Like I couldn't understand.

Vidyashankar Krishnan: See, we set up our 8,000 ton press in 2016. Orders started flowing in only from '18. And execution took from '19 onwards. So that kind of time frame is required for the bigger equipment. This is not a plug and play where you can sink everything and start banging from day one. It takes time.

Raghav Maheshwari: Understood, sir. And sir, my next question will be on the margin front. Like you had clearly mentioned that our interest cost is coming down. Since we are at our peak debt levels. And also our depreciation cost is going to be slightly inflated because of all the capex that we have done. So sir, what kind of EBITDA level margins as well as PAT level margins are we expecting for FY '27?

Vidyashankar Krishnan: I can't give absolute numbers. But I would say both should improve.

Raghav Maheshwari: Improve from where we stand right now?

Vidyashankar Krishnan: Definitely.

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

Munzal Shah: Sir, just one broad question. Like if we look based on your guidance and everything and looking at the next 5 years numbers, okay, by '30, can we do like INR3,000-odd crores of turnover and 20% EBITDA margin, assuming INR150 crores of capex annually?

Vidyashankar Krishnan: That would be a kind of goal.

Munzal Shah And what type of probability would you put to that?

Vidyashankar Krishnan: Sorry?

Munzal Shah What type of probability would you put to that?

Vidyashankar Krishnan: Strong possibility.

Munzal Shah Strong possibility, right?

Vidyashankar Krishnan: Yes.

Moderator: The next question is from the line of Manas Jain from Sanjay Jain Family Office.

Manas Jain: I just had a question on the similar -- the foreign currency thing. So I think in the last con-call you mentioned that you are moving towards foreign currency borrowing. If you could quantify how much of that we have actually converted? And maybe what stage we are in? And how are we planning to manage the currency risk on this exposure?

Vidyashankar Krishnan: We converted some. And we are converting the rest. We waited for the trade deal to go through for obvious reasons to eliminate the volatility because nobody, at one point of time everybody said Rupee is going to tank or dollar is going to tank to 80. And then suddenly the rupee went the other way around. So because of the non-conclusion of the trade deal. And even now, not even now, most of the doubts are addressed, but the trade deal has to be fine printed. I'm sure there will be sanity prevalent across all powers that be.

So given these conditions, general outlook in the market is that the rupee would appreciate a tad from where it is compared to the dollar and the euro. If that happens, we would gain on the covers that we have made. As I said earlier, long-term for MM Forgings, it's better to lose a little bit on the forex covers over a period of time with nominal depreciation so that the export business continues to be profitable, more and more profitable for the company.

Manas Jain: Okay. No, that I understood, sir. It's like if you could give a number, how much is actually...

Vidyashankar Krishnan: Okay. I sorry, your question had too many parts. Now I recall. So one, the numbers to your question is, we are repaying about INR160 crores a year. INR160 crores to INR175 crores a year. That constitutes at, say, 30% exports on even INR1500 crores, that constitutes about 1/3 of our exports nominal.

Manas Jain: So you're doing it on, in the tune to our export revenue?

Vidyashankar Krishnan: Correct. So it is well within our overall debt number… no, no, the overall exposure will be larger than our overall exports. No doubt. But the repayment within a year will be within the export range.

Manas Jain: Okay. So but if the currency depreciates, sir, then you lose out on this thing. On your cost?

Vidyashankar Krishnan: Correct. Yes, yes. If there is a sudden depreciation, we would stand to lose out on the repayments of that year. And hopefully see sanity in the months to come. This is a very complicated thing overall. But net-to-net, because there is underlying exposure of exports, which is much more compared to the term, the earnings in exports will be far greater than the loans repayment. So overall we should only gain.

Manas Jain: Okay. So right now, the exports is 40%. Maybe it will be 40% to 50% range. So you expect to be somewhere there.

Vidyashankar Krishnan: Correct. If you take 40% of even say INR2000 crores nominally, let's be positive. We were looking at about 30%, 35% of that is INR700 crores. So which is where our gross debt itself stands.

Moderator: The next question is from the line of Priyankar Sarkar from Square 64 Capital.

Priyankar Sarkar: Sir, mine is a bit longer-term question. So in the machining for us in FY '16 was about 20%. And obviously, that has gone up, right, to about 58% in FY '25. I'm talking for the full year FY '25. However, sir, if I look at the EBITDA margin, they are in the similar band. And I'm talking about a 10-year period, right? So what could be the reason for the same?

Vidyashankar Krishnan: Machining mix. Can you repeat your question, please?

Priyankar Sarkar: Sir, in FY '16, our machining as a percentage of overall revenue was 20%. And now that has increased to 58% for full year FY '25. However, when we look at EBITDA margins, they have been in the similar range. Because as I understand, as machining goes up as a percentage, the EBITDA margin also should move up, but that has not happened in our case. So what could be the reason for the same?

Vidyashankar Krishnan: Yes, very astute one and something that you should ponder over. See, what is happening is or what has happened between then and now is that our domestic sales have grown. And the domestic market, pricing is tight. So that is the reason why profitability has not grown the way one would have expected.

Priyankar Sarkar: Right. So along with machining as a percentage going up, our export has to go up for the EBITDA margins to improve from here on, right?

Vidyashankar Krishnan: In a sense, yes. Or we should not add less value-add machining. I would say possibly. We should add more value-add machining than the less value-add machine in the domestic market. Because our machining mix, unlike some of our competitors, especially the -- okay, my name anybody. Some of our competition is that those margins are pretty high is that we have a wide product offering, okay? And some of those are not necessarily EBITDAs winners. So, and these haven't been legacy parts.

What has happened with legacy parts is that almost in the domestic market, no prices have increased. So every customer or most customers who have given price increases have taken it away because some competitors have gone and offered them reductions, at least a return of the price increases. So what has happened is that competition is brutal in the domestic market. Many competitors believe that grow at all costs.

Not necessarily a reasonable strategy. So yes, to answer your question, export should grow. Second, value-add machining should grow. That alone will contribute to growth of EBITDA. Just something off the -- this thing, I'm not fully in line with that statement. But if you came across one recent book on 100-year-old companies. And one of the points that came up there was that these companies don't pump for growth. They more focus on customers and look at profitability rather than just growth at any cost.

I think if we are very, very concerned about EBITDA and other things, we should take such a view that we should look at, but you run the risk of being premiumized and then you get thrown out if you're premium to premium. So it's good to have our hands dirty across the spectrum, some value-add parts, some not-so value-add parts. And therefore, you maintain the competitive edge everywhere. But constant challenge is required. That's my learning.

Moderator: The next question is from the line of Yash, an Individual Investor.

Yash: So congratulations on a very fair and decent set of numbers. My question is on the debt portion, sir. So I mean, just consider like a suggestion or sir, is there any plans of raising any rights issue or preferential or QAP to considerably reduce that debt actually? That was my question, sir.

Vidyashankar Krishnan: We are mulling.

Moderator: The next question is from the line of Vijay Kumar Pandey from Nuvama Wealth.

Vijay Kumar Pandey: Sir, just in terms of the gross margin aspect, what will be the gross margin for the forging and machining separately?

Vidyashankar Krishnan: We wouldn't be able to give you that number. And overall, there was a question on gross margins. My finance team tells me, Balaji, can you take that? Can you answer the earlier question on gross margins? Somebody said it went down, but actually, you say that it's gone up.

Balaji Gopal: Yes, it went up. In fact, the gross margin went up by 3%. In fact, in FY '26, that is I'm talking about Q3 -- up to Q3 FY '26, it is at 56%, 56.34% as against 53.57% in the corresponding quarter, Q3 FY '25. Corresponding 9 months, it went up by 3%.

Moderator: The next question is from the line of Harshit Vora, an Individual Investor.

Harshit Vora: Do we see any opportunities in the defence and aerospace sectors? And is there any plan for us to expand in this segment?

Vidyashankar Krishnan: There are opportunities in every space, no doubt. Right now, we are not pursuing much of those.

Harshit Vora: Any specific reason, sir?

Vidyashankar Krishnan: We are focusing on the capex that we have done and the capex that we have committed to customers. So we are focusing on whatever we have acquired by way of customers and products.

Moderator: Due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

Vidyashankar Krishnan: Thank you. Thank you all for as usual very incisive set of questions and many new faces and new questioners this time. Welcome to all of you to MM Forgings and hope you'll have continued interest in this stock. Basically, the revenue outlook for the next year looks pretty strong, coupled with cost control measures on interest and on power. We also initiate something on the people side.

We should look at a stronger performance in FY '27. I'm pretty positive on both revenue as well as bottom line. Thank you all for your and the 16,500-ton press gets commissioned early next year and goes into production with some available parts. And we add new parts in the months to come.

Abhinava Rizel, we are expecting some new customer addition in the next few weeks. So hopefully all of this augurs well for the organization. Over the next few months and weeks, we expect things to dramatically improve and also our performance and numbers. Thank you all.

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.

Vidyashankar Krishnan: Thank you, operator. Thank you everyone.

Balaji Gopal: Thanks you.

Vidyashankar Krishnan: Thank you, Jayaraj