



M M FORGINGS LIMITED

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

Date: 21 November 2025

The Deputy General Manager Corporate Relationship Department. Bombay Stock Exchange Limited, Rotunda Building, P.J. Towers, First Floor, New Trading Wing, Dalal Street, MUMBAI -400 001	National Stock Exchange of India Ltd 'Exchange Plaza', Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
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Dear Sirs,

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

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

1. Please find enclosed the Transcript of the Analyst/ Investor post results conference call held on 17 November 2025, on the unaudited Financial Results for the quarter ended 30 September 2025. The results were approved in the Board Meeting held on 14 November 2025.
2. We request to take the same on records.

Thanking you,

Yours faithfully,
For M M FORGINGS LIMITED

Chandrasekar S
Company Secretary
Encl: as above



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



“MM Forgings Limited
Q2 FY '26 Post Results Conference Call”
November 17, 2025



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

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



Moderator: Ladies and gentlemen, good day, and welcome to MM Forgings Limited Q2 FY '26 Post Results 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 no 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 touchtone phone. Please note that this conference is being recorded.

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

Dinesh Kumar: Thanks, ma'am. Welcome, and welcome to MM Forgings Limited 2Q FY '26 Post Results Conference Call. From the management side, we have with us today Mr. Vidyashankar Krishnan, Chairman and Managing Director; Mr. Venkatakrishnan, Chief Financial Officer.

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

Vidyashankar Krishnan: Thank you, Dinesh. Good afternoon, everybody. Thank you for joining us for our Q2 results call. I'd like to start by giving a quick view of where we are in H1, and I'd be happy to take questions once I am done.

For this quarter, we have achieved INR758 crores of turnover as against INR793 crores of the previous half year, and EBITDA stands at INR142 crores as against INR162 crores in the previous year. Profit before tax at INR53 crores as against INR87 crores and PAT at INR36 crores against INR62 crores. I'm reading out these numbers. If you would like me to present these numbers later, I'll be happy to. Next one.

Domestic sales stands at 61.5%, almost on even keel as in the previous period. Sales to America has, the North American market has dropped from 16% to 9%. South America stands at about 6%, Europe at 21% and others at 2%. So basically, due to the slowdown in the Class VIII truck market, there has been an inventory pile up at our customer end. And as a consequence, sales to the U.S. market has slowed down.

Within the overall sales, the domestic market - once second, I'll just show you the consolidated figures. Overall, I was giving the breakup. So on the standalone front, domestic stands at INR437 crores and export at INR275 crores. Ratios remain the same with the previous year - previous period. Overall sales look at INR 742 crores versus INR773 crores. Domestic is almost static, whereas exports has fallen by about INR28 crores.

EBITDA for this period stands at 19% as against 21% for the previous period. EBITDA -- operational EBITDA stands at 17.5% versus 19.5% for the previous year. The as forged sales is 46% and as machined is 54%. These numbers were 48% and 52% in the previous half year.



The EBITDA per ton stands at INR38,000 as against INR40,000 -- INR40,500 at the previous half year. For this year, it stands at INR38,300. Overall sales are 80% CV, 10% pass car and 10% off-highway and engineering. The same ratio holds good across export and domestic. If we consider auto as one segment, the ratios are approximately 90% in both domestic and in export markets, maybe 91% in exports.

The share of pass car in exports is tad less at 6%, whereas the share of pass car in domestic is tad higher at 13%. But overall, the auto market numbers stand at 90% to 91% and 10% is off-highway and engineering.

Forged and machined stands at 51% as against 58% in the previous half year. We have -- this half year, we have sold 38,000 tons as against 52,000 tons -- produced 52,000 tons in the previous half year. Sales stand at 37,000 tons against 40,000 tons in the previous half year. So these are some brief fundamentals of the organization.

As we, let me just close out by giving a brief outlook. We expect this year to be around the previous year's numbers, give or take a few percentage points in terms of revenue. Hopefully, we are seeing the CV market in U.S. rebound and much of the stocks at customer end has been depleted. So they're starting to buy from us from November onwards.

That will definitely add to the entire portfolio. So Q2, H2 appears to be heading for a better number. All things being equal, we should do something around INR750 crores to INR800 crores in H2 and take the number close to previous year level.

Going forward, beyond that, we have an order book of around INR300 crores revenue with us, and that is expected to realize around and we expect to realize about INR200 crores in FY '27. These are the basic information. If there are any questions, I'd be happy to take them on. Am I audible, Dinesh and operator?

Dinesh Kumar:

Yes, sir.

Vidyashankar Krishnan:

You could request the participants for raising questions. In the absence of questions, let me continue a little bit more. Our EV subsidiary, Abhinava Rizel, is yet to open its account on sales, though we are very, very close to a customer. And we were - this customer was acquired by early in May itself. However, due to the disruption in supply of magnets from China, we have not been able to take that forward and we've had to work around by developing new motors for them. That has worked out quite well and the customer has tremendous confidence in us and has placed orders on us for sample parts to be delivered by end of this month.

Once these parts get extensively tested at end customer at OE level, we would be moving forward with at their level at their end, we would be moving forward with sales. Overall, this customer holds about INR20 crores to INR30 crores of potential and has committed that they would like to work very closely with us. So one good news is that Abhinava Rizel is slowly seeing end of the light and will start its manufacturing very shortly.



In the meantime, its strength on designing motors ground up has come to the fore and is a tremendous use when we are looking at motors with light rare earth magnets or even ferrite or other types of motors, which do not require magnets at all. So Abhinava Rizel is able to move forward very quickly on design and that is one of the key strengths of the organization.

All this has to translate into sales and growth for the organization. In the meantime, the other wholly owned subsidiary or other, the wholly owned subsidiary, DVS Industries will be merged into MM Forgings. Those proceedings are on at NCLT, and we expect the merger any time now. So over to participants for any further questions. Dinesh, am I audible?

Dinesh Kumar: Yes, sir. We will start.

Vidyashankar Krishnan: Sure. I think the operator has to make an announcement. Dinesh any response.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Yash. Please go ahead.

Yash: Hello, sir. My name is Yash. So I just want to ask a question on the - you have installed the highest 120,000 ton forging plus side. So I just want to check what is the annual revenue that can be added once it is completely installed?

Vidyashankar Krishnan: Can you introduce yourself a bit clearly?

Yash: Sir, my name is Yash. So my question is, so we have installed a heavy press...

Vidyashankar Krishnan: You're from any financial institution or

Yash: No, sir. I'm an individual investor, sir.

Vidyashankar Krishnan: You're based out of?

Yash: Hyderabad, sir.

Vidyashankar Krishnan: Okay. Yes. See, we are installing this 16,500 ton press, the world's largest hot forging mechanical press. This is getting commissioned in by March, maybe a little bit of, by around April, we would expect it to be starting to produce parts. Overall, turnover out of that would be in the region of around INR300 crores.

Yash: Okay. And also compared to the, there will be a jump up in the margins also, right, sir, with this addition actually since it's a very largest press actually, correct?

Vidyashankar Krishnan: Correct. Revenue should start appearing from Q2 of '27 financial.

Yash: Okay. Sure, sir. Definitely. I think company is facing some tough times. So I hope we will overcome it soon and thanks for your leadership, sir. Thank you.

Vidyashankar Krishnan: Thank you, Yash. Operator, any further questions?



- Moderator:** The next question is from Lakshminarayanan. You can go ahead.
- Lakshminarayanan:** This is Lakshminarayanan from Tunga Investments. My first question is see the revenue segment review slide, there is something called production and you had actually mentioned HF and FS. Can you just elaborate what is HF and what is FS in that particular slide? The last perform slide, I mean revenue segment?
- Vidyashankar Krishnan:** Correct. HF is our Heavy Forgings division and FS is our regular forge shop.
- Lakshminarayanan:** Okay. And what do you classify as Heavy Forgings?
- Vidyashankar Krishnan:** Forged 6,000 ton press and beyond.
- Lakshminarayanan:** The second is that as investors, which year we should actually look forward to for a breakout of MM Forgings' performance? Is it '27 or '28? I mean keeping the external environment separate, if you look at it from an internal capability and capacity and competency point of view, which year you think we will be very well positioned? Just want to understand from you?
- Vidyashankar Krishnan:** FY '27, FY '28 - this year itself, we are reasonably - our house is in reasonable order. But some of the assets that have been put in for growth will be coming in by end of this fiscal. So in Q1 - from Q1 onwards, they'll go into production. And so what we are seeing is an overall dampening of the overall market situation, particularly with regard to exports. And that has resulted in a duller performance. So all things being equal, FY '27 should be a breakout year.
- Lakshminarayanan:** Okay. So last conference call, you alluded that there has been a slowness or a deceleration of demand from the U.S. and you actually well guided and that's what is actually playing out. Now how things have actually changed? Is it now that is the lowest MF is reached or you still see prolonged uncertainty from - I mean, from the limited set of customers you are actually engaging with?
- Vidyashankar Krishnan:** So we are seeing this as a bottom. Our Q2 sales to America, if you see even our H1 overall sales to U.S. has been - sorry, the region-wise, if you see, has dropped from 16% to 8%. So almost a 10% drop in the U.S. market. We have not lost any market share. So that 8% on overall sales means we're looking at about INR50 crores. That's - if I add that INR50 crores, now we wouldn't be looking at our sales numbers would have been far, far better.
- Lakshminarayanan:** Yes. So you think this is most like a postponed supply, which you need to do and not that it has actually gone out?
- Vidyashankar Krishnan:** I would say it's the other way around. It has been preponed supply. Customers have bought in advance and they have stocked up at their end and are faced with demand reduction. Now the Class VIII truck market is beginning to wake up and we are seeing purchases starting from November onwards. Last 3 months have been particularly bad and we see this picking up by June of next year, it should be at a reasonable level.
- Lakshminarayanan:** Got it. Then coming to working capital.



- Vidyashankar Krishnan:** For example, even if we look at the U.S. market, just taking it on a bit further, in the overall last year was 16%. In Q1, we did 9% and ignoring the decimals, okay? And in Q2, we've done only 7% sales at America. So overall it appears to be - Q2 has been probably the worst. Usually, America would stand at 16% to 22%. Nowadays, 16% because domestic has increased. Typically, around 16% is what we have seen over years.
- Lakshminarayanan:** And the customers are restocking and they are actually again, the buy orders are tickling in?
- Vidyashankar Krishnan:** Yes, they've come back to buying more. Exactly. They've done out of their inventories and they're coming back to buying more. In FY '22, Americas were at 20% of sales, then between 15%, 12%, 16%, 17%.
- Lakshminarayanan:** Sorry. Go ahead.
- Vidyashankar Krishnan:** So, I see this - Q2 of this year as a worst. Tariff headwind, I expect to be resolved any time. We're all expecting some solution any time. As and when it comes, that will add to the plus.
- Lakshminarayanan:** And is there any place where we have lost some orders in terms of competition in our domestic or international in the last 6 months?
- Vidyashankar Krishnan:** Nothing specific.
- Lakshminarayanan:** Okay. Now coming to our working capital to sales. I think it was actually well maintained and it actually went up higher, so can you just help me understand how as a company you're looking at working capital and is there a way in which you can actually lean it down?
- Vidyashankar Krishnan:** Yes. Our overall borrowings at the end of F '25 stood at INR1,062 crores. I'm talking of gross debt. And net of cash at roughly INR843. Q1 end, it went up almost to INR900 net debt. And at the end of Q2, it's back to around INR850. Okay. Term debt stands at INR750 and working capital at INR330 crores and after cash on hand works out to INR850.
- Lakshminarayanan:** So, I just want to understand what is - I mean, how are you thinking about it slighter term?
- Moderator:** Mr. Lakshminarayanan I'm sorry to interrupt you.
- Vidyashankar Krishnan:** One sec, ma'am, let me answer this question and then go on. Those are interesting questions. We answer this question and then probably you can rejoin the queue if required.
- Lakshminarayanan:** Sure.
- Vidyashankar Krishnan:** So we are expecting which means that this would come down by about INR50 crores to INR75 crores. We are compressing our inventories now and we see scope for a reduction of at least INR50 crores in our inventories.
- Lakshminarayanan:** Got it. Thank you so much Mr. Vidyashankar I will get back in queue.
- Moderator:** Thank you. The next question comes from the line of Sumit Kumar, an Investor. Please go ahead.



- Sumit Kumar:** I want to ask about the Abhinava Rizel. You said that we are having an order of around INR20 crores to INR30 crores. So is it a quarterly order or a yearly one?
- Vidyashankar Krishnan:** No, when I say INR20 crores to INR30 crores it's an annual order.
- Sumit Kumar:** Annual order and we have increased our share in Europe vis-a-vis there is a drop in U.S. So we have grabbed some clients over there or just...
- Vidyashankar Krishnan:** Yes, we've added a couple of clients in Europe. But more than anything else, there has been a big drop in America.
- Sumit Kumar:** Yes. That was my question.
- Moderator:** Thank you. The next question comes from the line of Srinath Saravanan from Spark Asia Impact Managers.
- Srinath Saravanan:** Thanks for the opportunity. Sir, just wanted to understand, is there any restructuring in employees, sir, because I see there's an increase in employee cost?
- Vidyashankar Krishnan:** Nothing specific.
- Srinath Saravanan:** Okay. Sir, then just wanted to see whether you are trying to diversify from commercial vehicles because with the 16,500 tons whether we'll be targeting something in off-highway or tractors segment, sir?
- Vidyashankar Krishnan:** Can you repeat the question?
- Srinath Saravanan:** Sir, with the 16,500 ton press which is coming next year, whether we'll be diversifying away from commercial vehicles and increasing our market share in off-highway and industrial segments or...
- Vidyashankar Krishnan:** That is the overall plan, but I don't think that will happen next year. Next year, our dependence on CV will continue to be there. Venturing into off-highway will require machining investments. At this point of time, we have not planned any.
- Srinath Saravanan:** That's it from my end.
- Moderator:** The next question comes from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.
- Anubhav Mukherjee:** Sir, what is the capex plan for like second half of this financial year and maybe in next 1 or 2 years?
- Vidyashankar Krishnan:** This year, we plan to invest next - first half, we've invested about INR100 crores. Second half, we'll do INR70 crores or less. And next year is likely to be around INR100 crores to INR120 crores overall.



- Anubhav Mukherjee:** Okay. And sir, what is like with this new capacity also getting commercialized, like what is like our overall utilization levels?
- Vidyashankar Krishnan:** If we look at the forging space, we stand at about - we are headed for about 75,000 tons of capacity utilization. And this year and next year, we expect to push it to anywhere between 80,000 to 90,000.
- Anubhav Mukherjee:** Okay. And sir, what is the current situation like in U.S., especially with the 50% tariff, like you are saying that now there will be some pickup. So will we be able to pass on this entire 50% tariff or we'll have to absorb some part of it? Can you like help us with the current situation?
- Vidyashankar Krishnan:** So far, we are not affected. The tariffs are borne by the customers. And going forward, I would say, until March, probably they would absorb. Beyond March, they would definitely look at resourcing or at negotiating for sure. Nobody can bear 50% and then simply carry on business as usual.
- Anubhav Mukherjee:** Get that. And sir, the alternative would be, again, like maybe shifting to China, Mexico, like how will that work?
- Vidyashankar Krishnan:** Alternative would be largely state side, meaning they would be buying from local shops. But then they do not have the capacities and the people and the industry there to take this kind of volume or this kind of priced parts. So probably it could shift to other parts of Asia, but those would face the same issues. China's duty, I don't think it's going to be any less than India's at any time. So unless geopolitical actions are different, we can't predict those, but we can reasonably expect that China's duties would be approximately where India's is.
- Anubhav Mukherjee:** Get that. And sir, there was a significant improvement in sales per ton in your presentation, it was mentioned from INR1.8 lakhs per ton to INR1.93 first half. What has driven this? Is it like the increased machining or better product mix, if you can help explain that?
- Vidyashankar Krishnan:** More machined parts have gone. But overall, the sales of machined parts has not increased. It's only come down. But the extent of machined - the value add that we are doing in machined parts has gone up.
- Anubhav Mukherjee:** Okay. But sir, even with the improved realization, there was a dip in gross margin year-on-year. What has driven that like is it the fall in U.S. exports or...
- Vidyashankar Krishnan:** The fall is largely on account of employee costs and power and fuel. Employee cost rising as a result of lesser sales and power and fuel also going up due to inflation reason.
- Anubhav Mukherjee:** That's all from my side. Thanks. I will get back in the queue.
- Moderator:** Thank you. The next question comes from the line of Nitin Gandhi from Inoquest Advisors Private Limited. Please go ahead.
- Nitin Gandhi:** Thank you very much for taking my question. Just would like to know like do you see now the way scenario is happening for Class VIII that '27, '28 year will be difficult to have 15% volume



growth? And do you also share some risk if you think that 21%, 22% margin of what we were maintaining is difficult to achieve by '27, '28?

Vidyashankar Krishnan: See, I would expect the -- our expectations at this point of time are that the Class VIII truck market will rebound from June of next year onwards. So that should result in improved sales. And overall, once sales pick up by another INR50 crores to INR100 crores, we should see a rebound in margins as well.

Nitin Gandhi: Can you share thoughts on like overall INR1,260 crores expansion plan, which you have planned, where do we stand and when do we think that 16,500, of course, you said some time line, but next phase of 5,000, are we on track or will we do a little delayed and how much?

Vidyashankar Krishnan: Sure. See, we are at the fag end of our expansion cycle. We have another INR70 crores to invest. We plan to invest another INR70 crores this year. We are stretching our investments and don't want to increase our overall debt position from where it is. So within a few crores of that - of these levels. So consequently, we'll be spending about INR70 crores in the second half. And the year after, the spending would be at those rates only about INR50 crores to INR70 crores half year.

Nitin Gandhi: No, that will be phase till the time you feel that this kind of current scenario, but moment that Class VIII positivity and order starts getting built, how will you go ahead with your overall mission to reach that?

Vidyashankar Krishnan: Next year, we would still - see, we've done a lot of capex in the past. We have invested more than INR1,000 crores in the last 5 years. So some of that has gone into production. A good portion of that is yet to get into production. We have to focus on getting that into production and improving our sales.

That is a key factor. And we expect our sales to grow by at least INR300 crores in the next 15 to 18 months -- 12 to 18 months, assuming that things don't bottom out further. So if there is a - we keep adding water into the bucket and there is also a leakage from the bucket at the bottom of water that is already there, overall bucket seems to be running at the same level, but we seem to be working harder and putting mugs of water into the bucket.

So currently, that's what is happening. We would expect this trend to -- it's a mixed bag. I mean everybody knows the volatility in the global economy these days. Nobody can hazard a guess on where we will be. But overall conditions, India is positive and U.S. is not. Europe is middling. South America is slightly bustling.

So given these conditions and if things don't tank any further, I would say that we are in for -- we should start reversing our growth from FY '27 onwards. That is reversing our decline from next year onwards and see some growth. How much will depend upon how much water doesn't go out of the bucket.



Nitin Gandhi: And in a best case scenario, this INR1,000 crores what we have invested can take to, what is the maximum potential of our existing capacity to earn revenue? Is it beyond INR4,000 crores or it's a little less than that?

Vidyashankar Krishnan: What is happening is there is -- the current capacities can't take us to INR4,000 crores for sure. The general ratio of turnover to investment is around -- at best 1.2. So let's say, our gross block now stands at INR2,000 crores. You can even do the math.

So INR2,500 crores looks to be an outlier number, okay? So we can look at around INR500 crores to INR700 crores. If everything goes aligned and we don't -- that is we get orders for where we have already developed and parts don't slip out, we should look at something in the region of INR500 crores to INR700 crores added to our current turnover.

And you can take a base of around INR1,500 crores. So on INR1,500 crores, we should see potential to cross INR2,000 crores, which is what we've been saying all the while. So we should -- we are focusing on making it happen. There have been a few delays in customer projects, which is the reason why we have not been able to ramp up on sales. Plus there has been an erosion due to economic turmoil in other markets. So all this put together has resulted in us being static at where we are.

Nitin Gandhi: And now coming to the EV part, like congratulations for working out the alternate to overcome the magnet constraint. Can you share some more thoughts on that?

Vidyashankar Krishnan: We'll probably - Abhinava Rizel probably would be the or one of the few companies in India that can design a motor ground up without seeking any technological help from anybody, and my customers are saying that our motors are at least 2% more efficient.

So the issue is now to get customers to participate in the story. What happens is that fortunately or unfortunately, particularly the big customers, they don't want to - they love a start-up, but they don't want to take any risk by going ahead with the start-up. That is a real bugbear for Abhinava Rizel.

And also the fact that we have developed motors only, whereas OEs today require a 3-in-1 or a 6-in-1 solution. Means they're looking at motor, controller and gearbox, bare minimum 3-in-1. Then you add in DC-DC converter, charger, VCU. So all those things they are looking at a 6-in-1 or a 5-in-1, 7-in-1 kind of a solution.

Those are where Abhinava Rizel lacks product offerings itself. On the motor side, the opportunity of rare earths, though it has delayed our commercialization by a few months, has opportunities, and I'm sure we'll continue to present us opportunities in bringing products to customers. We have to make it happen.

The second point is that we are also diversifying into making controllers, and we have a few samples ready. We'll get into commercializing our controller foray. That will increase our product portfolio, and step-by-step grow the business.

Nitin Gandhi: And what about the third part, which is more...



- Moderator:** Sorry to interrupt you, Mr. Nitin, but can you please rejoin the queue for further questions?
- Nitin Gandhi:** It's just continuing, I'll stop there...
- Vidyashankar Krishnan:** You can go back to the queue. I'll answer this one. Gear is basically the transmission, the mechanical side, that can be outsourced or MMF itself can support Abhinava Rizel and make it. There are enough players making transmissions these days.
- Moderator:** The next question comes from the line of Rajakumar Vaidyanathan from RK Invest.
- Rajakumar Vaidyanathan:** Sir, my question is, I see that off late many of the retail CE finance players are reporting NPAs. So just want to know what is the outlook on the CV industry, what you are hearing from the -- in the marketplace?
- Vidyashankar Krishnan:** We expect the CV market to be static in terms of numbers, maybe a 2% growth this way or that way. What is happening in the CV market is larger multi-axle vehicles are being phased out, are not preferred, not phased out. Customers don't prefer multi-axle vehicles.
- They are moving towards tractor trailer model, particularly for long haulage. Tractor trailers do not require multiple front axles. As a result, overall front axle and front axle requirement has come down, which means that the market that MM Forgings addresses along with its competitors has shrunk due to customer preference and their product offerings.
- While the tonnage of the vehicle has gone up, TUV has gone up or TIV has gone up, but the number of front axle requirements has come down across CV customers. That has resulted in stagnation as far as domestic sales is concerned.
- Rajakumar Vaidyanathan:** Okay. Sir, next question is on the trade tariff. So there are talks about the tariffs getting removed in the near term. Sir, if that happens, your program on exports will start immediately or there will be a period that we need to wait before the program really starts?
- Vidyashankar Krishnan:** Yes. What has happened is that this tariff uncertainty or tantrum period has coincided with higher inventory at our customer end. So that inventory has drawn down mostly. So customers are starting to increase their offtake. They'll do so regardless of tariff conditions because they had to run their business.
- But then it can't go on indefinitely. If the tariffs are at this level, they will be unsustainably high. Customers will look at alternatives, but alternatives can come only from sources where tariff differential is, not from a manufacturing point of view because already from a manufacturing point of view, we have secured that business because we have been globally competitive. So competition can come only out of tariff delta and not on account of pricing delta.
- Rajakumar Vaidyanathan:** Okay. Got it. Sir, just two housekeeping questions. So the first one is on the material cost. I find that the cost is really reduced this quarter compared to your June as well as the previous year September quarter. So is this cost, I think almost 42% of sales. Is this sustainable? Or is there any one-off sitting in this quarter?



Vidyashankar Krishnan: Nothing specific in the material cost.

Rajakumar Vaidyanathan: Okay. So in that case, if you -- I think you guided that your H2 of this year will be more or less similar to previous year. So can we expect a better margin compared to last year?

Vidyashankar Krishnan: See, given this volatile situation, I do not know what to comment as far as margins are concerned. All that I can say is that cost-wise, we are doing our -- we are holding down our costs reasonably well, though there is some scope for cost reduction that is happening within the organization.

So overall, given this extremely volatile environment, I would say, from these levels, we would expect margin to be only improving. Certainly, yes. If we hold that we have hit bottom in terms of sales, then margin should be improving. But whether this is the bottom or not, it's not a question that I can answer right now. But we expect -- from what I said earlier, we expect Q2 to have been our worst quarter.

Rajakumar Vaidyanathan: Okay. Got it, sir. Sir, lastly, on the other expense line...

Moderator: Sorry to interrupt you, Mr. Rajakumar, but can you please rejoin the queue for further questions?

Rajakumar Vaidyanathan: Yes. Thank you.

Moderator: The next question comes from the line of Bhavesh Jain from DV Investment Advisors.

Bhavesh Jain: Yes. So sir, you very well explained about the U.S. market, which you expect to rebound by June '27. So can you throw some light on the domestic CV market? And how do you see it forward?

Vidyashankar Krishnan: June '26, Bhavesh?

Bhavesh Jain: June '26. Yes, yes. So no, on the domestic market, sir, how do you see it going forward?

Vidyashankar Krishnan: Domestic market looks to be holding its own. As I've said, TIV has gone up, but unit sales has dropped because multi-axle vehicles are being replaced by tractor trailers. So the addressable market for MMF products in that zone has come down.

Bhavesh Jain: Okay, sir. Understood. And can you give a breakup of the capex? Like next year, we are expecting around INR100 crores of capex again. So any breakup on that?

Vidyashankar Krishnan: We would expect next year to add another 15,000 to 20,000 tons to our capacity by adding -- by commissioning a 16,500 ton press, of course, and also add one more forging line, possibly a 4,000 ton press. So these 2 should enter into production. So that will push up our capacity close to around 140,000 tons. We should be doing anywhere between 80,000 to 90,000 tons next year, though achieving 1 lakh tons is only dependent upon the market. So waiting for market conditions to improve.

Moderator: The next question comes from the line of Saurabh from QRC.



- Saurabh:** Most of them have been answered. But just on the - I guess you touched up on the capex bit, but could you just help us understand the large press that you will commission next year and it's going to become a significant part of our incremental revenue and even revenue as a whole on INR1,500 crores, we will potentially add INR300 crores. What are the particular products or industries that this will cater to? And how does this impact margins overall?
- Vidyashankar Krishnan:** As I said earlier, the 16,500 ton press should add about INR300 crores of turnover. That -- we had to market that press outside. So that turnover will start to come in from FY '27 onwards. But in the meantime, we would be using the press to produce bigger parts and address markets that are already acquired. We would -- what was the next part of your question, sorry?
- Saurabh:** And does this press -- so does this INR300 crores once it is stabilized and marketed, come at a significantly better margin than the existing products?
- Vidyashankar Krishnan:** Yes, definitely, yes.
- Saurabh:** And so I guess we will get a better idea once it's commissioned, so I won't ask you what the number is going to be...
- Vidyashankar Krishnan:** Definitely look at -- I can hazard guesses on those numbers based on what I'm hearing and seeing from the marketing team. But as you said, it's too early. We should definitely market -- margins there will go up. See, what happens is a good portion of manufacturing cost goes to -- let me answer it from a financial point of view, okay, you will appreciate that.
- The good portion of the manufacturing cost goes to capital allocation for each part. Now because the capex here is significant, naturally, price recovery will have to be made on a per part basis. Therefore, the price per part and price per kilo, I would expect will be 10% to 20% higher.
- Saurabh:** Got it. Okay. And finally, on this -- the other point that you made about the customers preferring tractor trailers versus multi-axle, which is in a way impacting our market. So what can we do to make sure that this doesn't sort of become a problem for us longer term? Are we getting into newer products? If yes, what? And how are we sort of addressing this maybe over the medium term, if you could help us understand?
- Vidyashankar Krishnan:** Sorry, could you please repeat your question? Could you please repeat your question?
- Moderator:** Mr. Saurabh, has been disconnected. The next question comes from the line of Munzal Shah from NSFO.
- Munzal Shah:** I have a few questions. One is with regards to your Europe, okay? Like could we assume that in absolute terms, revenues from Europe should grow for next couple of years?
- Vidyashankar Krishnan:** Yes, we would expect revenues to grow from Europe to grow.
- Munzal Shah:** Okay. The second is, sir, basically with regards to your debt, okay? I mean, you told that there is a debt reduction, but actually from the figures, I couldn't figure out. I think the net debt has



increased from March '25 levels. And would you resort to any dilution to reduce debt or you are comfortable with current level of debt?

Vidyashankar Krishnan: We are -- let me clarify the position on the net debt level. Hold on one second. I have the numbers in front of me.

Munzal Shah: Sure.

Vidyashankar Krishnan: FY '25, we stood at INR843 crores of net debt. Currently, at Q2, we stand at INR855 crores of net debt. That's only a INR7 crores deficit or INR7 crores.

Munzal Shah: Short-term loans and advances you are accounting as cash and cash equivalent, right?

Vidyashankar Krishnan: Yes, yes. Working capital, we are adding into this debt. This is overall debt. If you look at term loan alone, I can give you numbers also.

Munzal Shah: No, no, no. I'm not talking term loan. I'm talking total debt, sir, okay? It's total debt.

Vidyashankar Krishnan: Total debt stands at INR844 crores as of now -- sorry, INR844 crores as the previous quarter, previous period. Now it stands at INR851 crores. That's only a marginal increase.

Munzal Shah: Okay. So basically, no, no. If I go line-wise on the asset side, there is the short-term loans and advances that also you are considering as cash and cash equivalent. Otherwise, the net debt is coming to INR950-odd crores.

Vidyashankar Krishnan: I got checked it out with my team on where that got consolidated. But if we are looking at -- no, no. I don't think we're taking those -- we are netting off only cash surpluses that are available in as mutual funds or deposits. It's only cash and cash equivalents, trade advances and all, we are not netting off.

Munzal Shah: Okay. Sir, I couldn't find anywhere, but that's a small amount. Sir, would you see this debt coming down significantly from financial year '27 onwards? Like whatever I have heard from your remarks, okay? And assuming that your 45% is roughly raw material cost, 35% is fixed and semi-fixed cost and 20% is EBITDA margin average plus/minus 1% or 2%.

Vidyashankar Krishnan: Very nice.

Munzal Shah: And obviously, you know, you are assuming like the worst is behind. So next year, even if - and this is just my calculations, I'm not going to hold anybody. But roughly, we would do INR2,000 crores revenue next year itself, okay? And obviously, there is an operating leverage in play, okay? So, we should be upwards of 20% EBITDA margins and you're rationalizing your capex assumptions. So we should start seeing significant reduction in debt?

Vidyashankar Krishnan: See, yes, very good question. The first half, I would agree with you. Market conditions holding, yes, and the new business is playing out, certainly, yes, that is the business plan. Now with regard to debt, we will -- I would say, there will not be any significant reduction in debt in the next 2 years.



What we will do, let me explain. For sure, we don't want to borrow anymore. We have seen peak debt and God willing, I would like to hold it there. Unless there is an existential threat, I would like to hold debt at these levels for sure.

Munzal Shah:

So then, what will you do to your free cash flow next year?

Vidyashankar Krishnan:

Let me elaborate. So, if there is -- as we generate free cash for the next year, first of all, we need to make repayments. Of course, the cash would exceed the repayment level. But I would also expect that some amount of nominal capex will take place, anywhere in the region of between INR70 crores to INR150 crores.

We are tightening our capex to the core. We are ensuring from now on that we invest only in assets that are going to be productive. And of course, the way we've been doing, but we are looking at it with a microscope and saying, okay, this can be cut. So we're chipping and chopping very, very furiously.

Now we continue with the same disciplined mindset. And some amount of postponed capex will be there over the next 2 years, but it won't be much. Maximum about INR25 crores this way that way. A few buildings here and there that are required from layout or from a material handling perspective, so on.

So that may be getting added. But overall, what we would see is we would not reduce or pay off the debt in the next 2 years, but we would see -- we would store that money either in our cash and cash equivalents or reduce our working capital. That is the first thing that we'll do so that we strengthen the company's position in the next -- over the next few years. And time comes, we have that money for any kind of investment, it could even be inorganic.

Munzal Shah:

Okay. Sir, last two questions from my side.

Vidyashankar Krishnan:

One more question was asked by you or by our predecessor in the questioning sequence. So we are, or we could look at -- I'm not saying we will, please don't hold me to it. But considering that we are looking at peak debt and we are -- peak debt itself means that we are not comfortable with any more debt, right? So maybe we need to rethink and see if we could look at an equity infusion. But I'm not saying any, don't hold me to it, because we are talking, yes, that is an outlier at this point of time.

Munzal Shah:

So you are considering -- at least you are considering equity dilution?

Vidyashankar Krishnan:

It's an outlier at this point of time.

Munzal Shah:

Okay. Okay. And it is fair to assume from your comments that, you know, INR850 crores will be net debt.

Moderator:

I'm sorry to interrupt you, Mr. Munzal.

Vidyashankar Krishnan:

Yes, just let him complete this question.



- Munzal Shah:** This is just a related question, ma'am. So I'll just try to complete it.
- Vidyashankar Krishnan:** Yes. Let him complete this question because it will be of interest to everybody. Something that is very important for the organization and for those who are following it, who are analyzing it. Yes, please proceed.
- Munzal Shah:** So, you mentioned that your net debt is INR850 crores, and that is the peak debt, okay?
- Vidyashankar Krishnan:** Correct.
- Munzal Shah:** So from here on -- and I'm not looking at next 6 months or 12 months, okay? So from a 3- to 5-year perspective also, as and when your capacity is like 1,40,000 tons next year. And hopefully, from end of '27, you will think of further huge capexes actually, okay? Since your asset on the max is 1.2, okay? So, the future capacity additions also, you would be only having a peak debt of INR850 crores? That is what one should assume?
- Vidyashankar Krishnan:** Let me -- a very good question. Very thought over question, requires. I've been mulling over this very frequently in my mind. We are looking at this as peak debt for this level of operation. Let me be very, very candid with you, okay? I'm not saying this peak debt is written in stone or it's nailed to the wall as an absolute number.
- Should business conditions change positively and there is EBITDA to support the growth, definitely, we will see. We could look and there are opportunities, okay? Next point, there are opportunities to invest. So we could see debt going higher. But as things stand, certainly for this scale of operation, at least until INR2,000 crores, I would like to nail down debt to these levels. That is very clear.
- Munzal Shah:** Sure, sir. But I'm very convinced that...
- Vidyashankar Krishnan:** I said -- exactly. That is why I said the previous question, no? When you said, what will you do with the cash? I'll keep the cash aside. And the next jump comes, be ready to invest there. The combination of internal accruals, say, kept retained internal accruals, retained earnings and if required, additional debt. But that will be at that stage.
- Certainly, you are only asking about that. So, I am -- to answer your question bluntly and to the point, I'm not looking at INR850 crores as an absolute peak debt number.
- Munzal Shah:** Sure.
- Vidyashankar Krishnan:** If we are going to exceed INR850 crores, we will definitely do it only under changed circumstance. That's also I would like to add.
- Munzal Shah:** Sure.
- Vidyashankar Krishnan:** I hope this answers your question. So putting these into -- adding these two into perspective, if there is growth or when there is growth and when there is opportunity, we would -- we are not



averse to increasing debt at that point of time. But definitely, we will increase 3x, because right now we are hitting peak debt.

I don't want to hit peak debt again ever. Let's say, INR2,500 crores. I don't want to say, oh, no, no, no, my debt now is INR1,200 crores, and this is kind of peak debt at this level. So hereafter, we have to look at also muted debt levels than where we are right now for long-term stability of the organization. These are the guiding principles by which we will add or retain debt. I hope, I've answered your question.

Munzal Shah: It helps, sir. Thanks a lot, sir. Thank you very much

Vidyashankar Krishnan: Yes. One other point I'd like to -- one second. I'd like to add one point to all analysts who have been nice enough to join is that most of our new debt is in rupee terms. So we are converting, we are in the process of converting those into foreign currency loan and cut our interest costs, which may be of interest to you. It doesn't affect EBITDA, but it definitely adds to retained cash.

So our interest outflow for this half year has been about INR39 crores as against INR30 crores for the previous half year. So far, what we have done would save us an outflow of at least INR12 crores per annum. So we should be able to bring our investment -- our interest outflow this year to within INR70 crores, and we are considering further actions on this front.

I would expect our interest to be pegged within INR60 crores, maybe if we get our act together, maybe even INR50 crores. Somewhere between INR50 crores and INR60 crores, we'll target run rate of interest. So that INR80 crores minus INR60 crores or INR50 crores is also going to be retained cash.

Since this interesting doesn't -- it falls in an interest test between EBITDA, on which most of us are focused upon in this meeting, and it doesn't directly -- people don't ask about PAT. So we -- I thought I would take up this, convey this initiative to all of you.

Moderator: Thank you, sir. Ladies and gentlemen, we will take that as the last question for today's call due to time constraint. I would now like to hand the conference over to the management for closing comments.

Vidyashankar Krishnan: So thank you all for your incisive participation, as always, in the Q2 results, in our results, and particularly this one. So, let me summarize a little bit from whatever -- from a macro point of view. Hopefully, Q2 will be our lowest and the new product development and the sales to North American market should kick in from H2 onwards, and we should see some traction in sales.

Probably things go well. We should be looking at sales this year equaling previous year's numbers, maybe a couple of percentage points less. That has to be worked out, depending upon how strong the rebound is in US offtake. Over the next -we are definitely looking at peak debt.

We are not looking at adding any more debt to MM Forgings' books. And as a consequence, macroeconomic conditions remaining the same. We would look at strengthening the balance sheet with internal accruals as we go on and use that strength for opportunities, both organic and inorganic as we go into the future.



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So our first goal is to improve our sales, which has been flagging over the last few, I would say, even years, probably at least 6 to 8 quarters. We could have done better. We should have done better, but combination of customer offtake, customer project delay and change in market has probably has led to this. We are reversing it.

And we are also addressing wherever, you know, we have lost some -- ceded some market share. We are going back to customers and getting it back. So this is the overall situation at MM Forgings. And the other initiative is to look at reduced interest costs. Perhaps as an outlier, maybe a capital infusion. But that is as it is in our thought process, much of an outlier only.

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.