

MM Forgings to deploy 150 robots amid manpower shortage

T E Raja Simhan
Chennai

MM Forgings, the Chennai-based auto component manufacturer, plans to deploy 100-150 robots across its facilities to address manpower shortages and rising labour costs, according to CMD Vidyashankar Krishnan.

Speaking at the Auto Ancillaries' Virtual Investor Conference, Krishnan said automation is becoming necessary as labour costs continue to climb.

"Manpower costs are rising rapidly, and one of the ways to mitigate them is to look at productivity everywhere and across the board," he added.

Each robot can replace

roughly 3 per cent of the manpower, he noted, adding that the manufacturing sector faces stiff competition for workers from the services industry.

"We say India has a huge opportunity, but we also have a huge competition for the same manpower from the services industry. Somebody working as a janitor in a mall does not have to work as hard or in as harsh an environment as in a forge shop," he said.

CAPEX PLAN

Krishnan said the company plans to invest about ₹160 crore in capital expenditure next fiscal. The investment will go towards completing the 16,500 tonne press, fin-



Vidyashankar Krishnan,
CMD, MM Forgings

ishing the installation of the 4,000 tonne press, and adding capacity on the machining side.

"If there are new customer interests and cash availability, then the capex could increase up to ₹200

crore," he added. Krishnan said the company has seen a sharp decline in revenue from the US market, which has affected overall growth.

US REVENUE

"As far as the US is concerned, the company has lost almost 10 per cent of revenue. While we have grown in other geographies, including India, we have not grown overall only because the US market has tanked," he said.

The US share in MM Forgings' revenue has dropped from about 16-17 per cent earlier to around 9 per cent now, he added.

"That's a huge reduction we have had to face. Otherwise, we would have seen some growth this year as

well," he said. Despite the setback in the US, Krishnan said demand conditions remain favourable.

GEOPOLITICAL WOES

"The US market is very strong and the Indian truck market is doing well. Subject to similar macroeconomic conditions, particularly geopolitical tensions not throwing a spanner in the works, the company should be able to easily achieve 20 per cent growth next year," he said.

"We have the parts and the orders for that," he added.

He noted that the company had consistently invested nearly ₹1,000 crore over the past five years, which is expected to provide strong growth tailwinds.