
M M FORGINGS LIMITED

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Date: 16 August 2023

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 14 August 2023, on the unaudited Financial Results for the quarter ended 30 June 2023. The results were approved in the Board Meeting held on 12 August 2023.
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



“MM Forgings Limited
Q1 FY2024 Earnings Conference Call”

August 14, 2023



ANALYST:

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

MANAGEMENT:

**MR. VIDYASHANKAR KRISHNAN – VICE CHAIRMAN
& MANAGING DIRECTOR- MM FORGINGS LIMITED
MR. VENKATAKRISHNAN – CHIEF FINANCIAL
OFFICER - MM FORGINGS LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the MM Forgings Limited Q1 FY2024 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you and over to you Sir!

Annamalai Jayaraj: Thanks Liaison. Welcome to MM Forgings Limited’s 1Q FY2024 Post Results Conference Call hosted by B&K Securities. From the MM Forgings Limited management we have with us today Mr. Vidyashankar Krishnan – Vice Chairman & Managing Director, and Mr. Venkatakrishnan – Chief Financial Officer. We will start with the opening remarks by Mr. Vidyashankar Krishnan which will be followed by question-and-answer session. Over to you Sir!

Vidyashankar K: Thank you Jayaraj. Good afternoon everybody. Welcome to MM Forgings conference for Q1FY2024 results. Last quarter we have achieved sales of 19400 tonnes and production levels have also been similar. We have also posted 372 Crores of overall sales and EBITDA close to 18% level so 18.5% on sales. The domestic market growing from strength-to-strength and we also see export markets remaining slightly normal not that there is fall in growth, but we expect the markets to be largely static as we go forward. Our product development launch portfolio continues to remain strong and we expect this to bolster our sales in the months to come. So with these few words I would like to leave the house open for questions.

Moderator: Thank you. Ladies and gentlemen we will now begin the question-and-answer session. The first question is from the line of Jay Shah from Capital PMS. Please go ahead.

Jay Shah: Congratulations Sir for a good set of numbers. Can you throw some more light on what is the product development we have been working and is it on the EV segment, is it on the pass vehicle segment or are we trying to gain more market share with our European and US customers in the current portfolio because we hear from a lot of your peers also that there is a lot of demand from European customers given the manufacturing crisis there if you could throw some light on that?

Vidyashankar K: First let me address the product portfolio. Largely the product portfolio for this year will centre on the PV side and that largely is pertaining to the Indian market. Towards the second half of FY2025 we will start focusing on the EV market as well some products are being launched for those markets and both of these will help bolster the company’s growth plus also products across the board for tractor so these are the products that we have in mind. As far as exports are concerned we see a significant change at least in the mindset of European customers they are increasing the offerings wanting to move away from China. The trend is very clearly seen in American customers. In European customers also the attitudes and the change has pickup, so we



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see a lot of opportunity there also. It will take some time to translate but we are sure that it will come.

Jay Shah: Absolutely got it Sir. So even on the European customers is it more focused towards the commercial vehicle side or it is a holistic approach that they are also taking the passenger vehicles?

Vidyashankar K: Across board that is where our customers are present but predominantly CV based.

Jay Shah: How is the CV pipeline looking like because even in the Indian scenario you said that CV vehicles might have a flattish growth given last year the days was very high, so are you still confident of achieving the 1800 to 2000 Crores topline that we have guided last year?

Vidyashankar K: It will be more towards lesser end of that stage, 1800 would be kind of we will work for that and I do not see us doing 2000 in this year.

Jay Shah: Got it Sir. Thank you Sir. That is it from my side and all the best Sir.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much Sir for the opportunity. Sir first I just wanted to understand now this 1800 Crores now we are talking about so what is the risk that we see in that 1800 Crores that it can be revised further downwards so what sort of risk we see in that revenue outlook?

Vidyashankar K: I expect if my export markets are pretty sluggish and domestic markets do not take off in H2 then we would see a downward revision to about 1700.

Deepak Poddar: If second half does not pick up for us or the export market remains sluggish then downside this will be towards 1700 Crores right?

Vidyashankar K: Correct.

Deepak Poddar: Understood fair enough and in terms of EBITDA per tonne on a steady state range?

Vidyashankar K: Over a period of time it will be flattish. It will be at these levels. Sustaining these levels would be decent.

Deepak Poddar: **Current levels, so the around Rs.35000 per tonne,** for the entire year EBITDA per tonne?

Vidyashankar K: Correct we could, we could take that as a broad number.



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- Deepak Poddar:** Understood and finally on your margins I think in the recent interview as well we were talking about 19% kind of EBITDA margin, right so we remain stay put on that?
- Vidyashankar K:** We remain reasonably on track for that.
- Deepak Poddar:** Fair enough. I understood. That is it from my side. All the very best. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Jinesh Sipani from Niveshaay Investment Advisors. Please go ahead.
- Jinesh Sipani:** Sir what is the demand scenario in US and Europe especially for heavy commercial vehicle like Class 8 or Class 7 and there are some norms like BS7 and all those things going on in America so can you please throw some light on it?
- Vidyashankar K:** I have not heard anything from my customers on BS7 yet, but we see 2023 and 2024 to be reasonably flattish year from our discussions with customers in US this is with regard to existing businesses but however if new businesses come in because of their wanting to have broad based their focus. In America, the trend is very clear people do not want to invest further in China. For them almost the China story is over. It will take some time for that shift to us in terms of business, but it will come I am very, very sure about it. Similarly, Europe also is now starting to realize the pitfalls of having moved over there and both the economies will be positive for MM Forgings and for India as a whole. Class 8 trucks sorry I did not answer that part of the question, Europe will be sluggish but generally range bound, US also with the range bound up to about September 2024.
- Jinesh Sipani:** On the machining side if I come we have four machining lines as shown in your website, so how much the machining capacity and it is said that the junker is the gold standard in the industry for machining line, so which machines do we possess and can you please throw some light on your machining capacity?
- Vidyashankar K:** Sorry, can you please elaborate which is considered gold standard?
- Jinesh Sipani:** Junker machines. So we have four machining lines how much of them are of gold standard or how much of them are junker and what is the capacity of all the four lines?
- Vidyashankar K:** I do not know where you got this info of four lines. We have N number of lines all over the company probably running about 50-60 lines all over. The junker machines that you are talking about is probably related with crankshafts I am making a guess that is very popular name in the industry no doubt it is considered top of the breed but what we are investing in is nothing less in terms of ability or in terms of capability. We are also investing in when we look at crankshaft lines in top of the breed machines. I would not like to go into the specifics here that are not the



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forum for it, but we are investing in lines that we have invested and continuing to invest in lines that are state-of-the-art. Our customers are very happy with our machine selection and it is all done with their visit approval.

Jinesh Sipani:

The total machining capacity for crankshaft can you please elaborate capacity?

Vidyashankar K:

Right now we stand at about 40 to 45000 cranks per year and we are utilizing about 32 of that. We will be increasing it to 50K cranks in the next few weeks and also our utilization will go up to around 40.

Jinesh Sipani:

Perfect Sir and Sir in the coming couple of years which segment do you feel or the company feel would be bullish for the entire like forging industry especially for your company?

Vidyashankar K:

I would say CV sector and pass car, trucks. India as a market will be very bullish. There may be blips on the way, there may be a few quarters here and there that could be kind of bucking the trend, but India I would expect to be very, very, very bullish. Reason is as follows. We are somewhat close to 4 trillion-dollar economy as we move towards 5, 7, and 10, which is I think a secular trend only a question of how fast or how slow we achieve it. Definitely the auto market and the forging market in India have to improve considerably.

Jinesh Sipani:

That is, it from my side. Thank you so much Sir.

Moderator:

Thank you. The next question is from the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah:

Sir first a suggestion if you can give your guidance in terms of tonnage rather than revenue it would be helpful simply because your revenue number will change based on how raw material prices behave given the pass through nature of that so that would be a suggestion and also the secondly just a general observation I had I was looking at your historical commentary since FY2022 I something very interesting that you start a year with a much positive tone and developments do not play out as expected and your actual numbers tend to be on the lower side you can tend to revise your guidance on the downward side so how should one look at your indicative guidance because it is a function of existing demand, function of new product sales, so on so forth and this has been observation since 2022 now Sir, so given that even for this year you started with 2000 Crores of revenue guidance which you were confident even in last quarter and now you are looking at the lower end, so this was my another question so what is driving this, is it driven by delay in launch of new products from your customer side or the issue is turning out with your existing product?

Vidyashankar K:

On the tonnage side we had looked at numbers between 85 to 90000 tonnes for the year I think that should be aside we are on course for that.



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- Chirag Shah:** Because at the beginning of the year and in Q4 you are very confident of 95 you are indicating 90 plus K tonne so what is driving this change, is it the general slowdown or it is delaying uptick of new products from your customers, which you can elaborate?
- Vidyashankar K:** To some extent it is basically what should I say market conditions and new products getting a little bit shifted out but we were always holding something in the region of 90000 tonnes, see when you are looking from 60000 tonnes a year back to 90000 tonnes in two years' time we are looking at 50% growth and that is itself on top of 100% growth, so we need to be not in tonnage terms at least in value terms. This thing is that when we are looking at larger numbers I would say a little bit revision here and there is bound to happen.
- Chirag Shah:** So why because we last year we started with a view of 80000 tonnes and gradually we reached 72000 tonnes.
- Vidyashankar K:** The numbers that we put for were tonnage of production and we have achieved 76000 tonnes of production last year.
- Chirag Shah:** I was looking at sales numbers, fair.
- Vidyashankar K:** So this year we are looking at sales and at least production in the region of 85000 to 90000 tones. Sales maybe 5% this way that way of that number.
- Chirag Shah:** Fair point Sir, 5, 7, 8% happens I understand. Second question is on the margin front on per tonne basis how should we look at it so what will drive this to inch up, is it operating leverage or is it also linked to the new products that you have indicated over last two quarters will drive your product and profitability either at gross profit or at EBITDA level so now we are at around 35000 kind of level plus minus depending upon how cycle will be, so what will drive your EBITDA per tonne to inch up further to Rs.43000 and your gross profit per tonne to move closer to Rs.95000 odd on sustainable basis?
- Vidyashankar K:** I would say my guarded outlook over here would be EBITDA in the region of 35K and what would push this up would be operating leverage and value-added products that we are launching but these would push it up.
- Chirag Shah:** Thank you. I will come back for more questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay Karwa from Anand Rathi. Please go ahead.
- Akshay Karwa:** Good afternoon and thank you so much for the opportunity. Sir question from side could you throw some colour on the new products and launches that you may have in FY2024 in the last



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call remember that we working on products for passenger vehicle segment and LCV segment the multi cylinder crankshafts and gear blanks so any indicative order book on that or what is the development stage?

Vidyashankar K: For gear blanks and pass cars are being slightly delayed but they will run into production by end of Q2 of this year. To some extent there has been a six-month kind of delay over there but it is well on course despite that. The other question of crankshaft we are reasonably on track.

Akshay Karwa: So any indicative order book for that in the coming quarter?

Vidyashankar K: We are adding newer parts generally we do not disclose the product portfolio to that level of detail, but the crankshaft is one of the key areas of our growth no doubt about it.

Akshay Karwa: Got it Sir and what about the development of PMSM motors that we were doing in the last quarter, we are doing capex on that as well where do we stand and how do we look at this business in the next two years like so what sort of revenues are we looking at to clock in and so on something like that Sir?

Vidyashankar K: It is a very interesting question. We have gone into a lot more test and trials of new parts in the last few weeks and in the next few weeks many more parts will go into testing and if I can say fitment trial. So as these go on we would expect next year definitely turnover in the region of four digits and it could be anything from 15 to 50 Crores.

Akshay Karwa: The revenue mix and segmental mix, revenue mix for quarter on domestic and US, Europe that breakup and these segment mix if possible the CV, passenger vehicle if you can give us that breakup?

Vidyashankar K: CV is 76% and PV is about 12%. Off highway is virtually the balance.

Akshay Karwa: Got it Sir that is all from my side. Thank you Sir and wish you all the best Sir.

Vidyashankar K: Region wise if we see India continues to be at 65%. Europe and US closely at about 15% each and balance is South America.

Moderator: Thank you. The next question is from the line of Abhishek from Dolat Capital. Please go ahead.

Abhishek Jain: Thanks for opportunity. Sir what is your capex guidance for FY2024 and how much capex you have already done in first quarter?

Vidyashankar K: We are targeting to invest close to 300 Crores this year. In the first quarter we have touched almost 50, 48.9 or something so you can broadly take it as 50 Crores.



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- Abhishek Jain:** So what would be the incremental benefit in FY2024 because of this capex in terms of our margin or topline growth?
- Vidyashankar K:** FY2024 may not be significant, but in FY2025 we would expect to go beyond the 2000 Crores mark or at least challenge it in a significant way.
- Abhishek Jain:** How is the current inventory situation in the export market Sir at the dealer level?
- Vidyashankar K:** No clue on that right now honestly, but we do not see any adverse news from customers.
- Abhishek Jain:** Sir on the EV side your subsidiary Abhinava Rizel is a developing product for the powertrain especially for the passenger vehicle and LCV so what would be the timeline for launch of these products and what would be the opportunity size?
- Vidyashankar K:** The timeline would be Q1 onwards of FY2025 and opportunity is really huge. Over 7-to-10-year period we see Rizel has Rs.2000 Crores of turnover.
- Abhishek Jain:** Have you got some approval from the OEMs for these products Sir?
- Vidyashankar K:** Yes. We have got approval from a couple of OEMs and we are discussing, not discussing, we are submitting samples and we are at various stages of development with others so it is inching along but it is moving in a very positive direction.
- Abhishek Jain:** What would be the capex on this EV business for the next two years?
- Vidyashankar K:** Right now next 12 months we see something in the region of 75 to 100 related to business and depending upon the off take we might have to I think more or less that should be enough, maybe another Rs.50 Crores could get added, but right now we do not have that visibility.
- Abhishek Jain:** My last question on the power and fuel costs that has gone up in this quarter as you have mentioned in the last concall, so it has stopped out or it will continue to be at a higher side?
- Vidyashankar K:** It has I think stopped out.
- Abhishek Jain:** Thank you Sir. That is all from my side.
- Vidyashankar K:** Sure. One other thing that we are also getting into is on the EV side. The EV powertrain consists of three parts motor, gearbox and controller rather in the order of power EV controller, then the motor and then the gearbox. So while Abhinava Rizel had a head start in terms of motors as we approach customers we found that they needed a bundle so we are not just discussing various actions have been taken to get started with our own controllers. So we expect our controllers to be at least in proto phase by Q1 of next year. That will certainly add a fillip because there is



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nobody in India making controllers of that kilowatt capacity. Plus we are also tying up with sources globally and we will be getting for our own technology for higher kilowatt controllers as well. So within the next one year we would expect a lot of action on the controller space. On the gearbox side technology is available within the country itself and we have gotten into two models of gearboxes at proto level. We will have to look at productizing them over the next 12-to-15-month period. The overall horizon is moving towards being a full-service provider in terms of power trains and as we go on we expect to add future products in the vehicles portfolio. Right now it is too early to talk about all those. We are focused on power trains as they are and these three components in the power train.

- Abhishek:** Thanks Sir.
- Moderator:** Thank you Sir. The next question is from the line of Sanjaya Satapathy from Ampersand Capital. Please go ahead.
- Sanjaya Satapathy:** Sir can you please explain why margin of your company has fallen to 17% this quarter compared to 18% last year EBITDA margin?
- Vidyashankar K:** Largely raw material costs have been responsible. A higher base of raw material has resulted in shrinkage in terms of numbers.
- Sanjaya Satapathy:** So your steel cost has gone up?
- Vidyashankar K:** Yes, increase in power cost. Both these have been responsible for the drop in margins but we expect the bounce back, see prices are softening so we expect to bounce back.
- Sanjaya Satapathy:** As far as you mentioned that the exports is going to be kind of sluggish and you also said that Europe is now 65% of your sales is that correct?
- Vidyashankar K:** No. India is 65% appropriate.
- Sanjaya Satapathy:** How much is Europe now?
- Vidyashankar K:** Europe is about 15%.
- Sanjaya Satapathy:** That is something where your growth if at all in the future will come, will come because of the market recovery or you will be able to add customers in those geographies?
- Vidyashankar K:** Both.
- Sanjaya Satapathy:** Last thing I just wanted to understand from you that the company has been doing a lot of capex over the last several years and has been kind of negative free cash flow and the debt level has



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been going up, so can we see whether the debt level has peaked out and the deleveraging process will start sometime soon or the debt level is going to keep on rising?

Vidyashankar K: God willing it should not keep on rising but as things stand today we see debt levels going up in this year and in the next and that should be kind of stay. Thereafter we should be able to; we will be bringing down debt levels and also handle investments in terms of generation.

Sanjaya Satapathy: This year capex is Rs.300 Crores next year will be around similar number?

Vidyashankar K: Around similar number easily.

Sanjaya Satapathy: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir just I wanted to first time understand this Q1 what was the volume we did in this Q1?

Vidyashankar K: 19500 tonnes.

Deepak Poddar: That is the sales volume right?

Vidyashankar K: The sales production also is very similar.

Deepak Poddar: Sales and production is very similar?

Vidyashankar K: Very similar 100 tonnes of each other, hardly worth noting.

Deepak Poddar: Understood and in terms of your revenue mix how do we see the distribution in terms of first half versus the second half, how much percentage of your total revenue you do in first half and generally how much percentage in second half?

Vidyashankar K: I would not have a quick number for you and maybe we will work something out and revert back.

Deepak Poddar: Understood. Fair enough and thirdly I just wanted to understand at 35000 EBITDA per tonne will it not be very difficult for you to achieve 19% margin ideally I thought that to achieve 19% margin your EBITDA per tonne should be higher than 35000 tonnes maybe in the range of 36000 to 37000 tonnes?

Vidyashankar K: Yes. We would have to push those numbers a little bit.



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- Deepak Poddar:** Understood and in terms of debt level you mentioned that you expect debt level to go up in FY2024 as well as in FY2025 and FY2025 will be a peak debt so what sort of debt increase you are expecting each year?
- Vidyashankar K:** This year I would expect debt levels go by around Rs.200 Crores.
- Deepak Poddar:** Rs.200 Crores?
- Vidyashankar K:** Yes.
- Deepak Poddar:** What about FY2025?
- Vidyashankar K:** Another Rs.100 Crores.
- Deepak Poddar:** Fair enough. That is, it from my side Sir. All the very best. Thank you so much.
- Moderator:** Thank you Sir. The next question is from the line of Chirag Shah from White Pine. Please go ahead.
- Chirag Shah:** Sir just a question in the past you had indicated that you have a very favorable interest rate given you use the opportunity to convert your interest rates as well as your currency translation so when did some of your renegotiations and this new debt that you would be taking, are you getting similar opportunities given the current interest rates where they actually if you an elaborate it would be helpful?
- Vidyashankar K:** Very interesting question and very interesting one as well. In the past we have had the ability to bring down our capital cost by swapping rupee loans into forex, now interest rates abroad are at all time high so we will not be doing the conversions now new loans will be continued to be in rupees and we will do synthetic swaps as and when rates are a little bit more available.
- Chirag Shah:** When does this old rate come up for renegotiation or rollover because at some point of time this fact that you did rupee to forex would expire right, so they will come up for renegotiation?
- Vidyashankar K:** No, all that has been swapped out for the entire duration of the loan. We did not allow anything for the renegotiation. No chances were taken long back. Wherever we have covered, we have covered those. There is no question of renegotiations or refixing in terms not renegotiations I would say no question of refixing the rates or anything else for those loans.
- Chirag Shah:** Let me rephrase the question so you had some Rs.700 Crores of outstanding debt last year broadly I am looking at gross number including cash so of that there will be something would be term loan and something will be working capital loan, working capital loan I presume would not be having those favorable terms because it keeps on changing, is it the right way of looking at it?



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- Vidyashankar K:** Broadly yes but in India rates have not gone up too sharply for us so working capital has been largely benign in terms of couple of percentage points here and there.
- Chirag Shah:** Sir broadly last year if I look at last year balance sheet that of March what will be the working capital loans for us and what will be the term loan?
- Vidyashankar K:** Working capital fixed number I am not exactly having it in front of me but quick number would be Rs.200 Crores to Rs.230 Crores. I will also get my CFO to confirm the number.
- Chirag Shah:** I am looking at broad number it is fine it could be Rs.250 Crores or so. Sir broadly Rs.500 Crores of term loan everything has been swapped to this low interest rate and when do they mature, so when this term loan matures for us either we repay it with cash or we repay it with new loans?
- Vidyashankar K:** It will get repaid over the next Rs.400 Crores of gross debt we have as of the end of last year and that continues for this quarter also Rs.430 Crores end of last year and Rs.430 Crores at the end of this quarter as well. We would expect almost Rs.300 Crores to be repaid over the next three years 2024, 2025 and 2026.
- Chirag Shah:** Rs.300 Crores over three years?
- Vidyashankar K:** What would happen over a period of time is that as the new loans that we take would get swapped out into lower interest rate possibilities as and when the opportunities arise.
- Chirag Shah:** This is helpful Sir. Sir just a clarification how does this accounting work for you for mark-to-market, is there any major mark-to-market that comes to you which gets adjusted against receivables or something like that?
- Vidyashankar K:** I would not know that specifically but I can get back to you on that. However, within our auditors and CFO they handle it. We will get back to you on it.
- Chirag Shah:** I would like to be in touch with you Sir. This could be helpful. Thank you very much Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Varun Arora. Please go ahead.
- Varun Arora:** Just one first clarification on our assets you said that Rs.8000 Crores turnover in the long term that would be like seven to 10 years Sir is that correct?
- Vidyashankar K:** Rs.3000 Crores.
- Varun Arora:** You said something like that as it was just misinformation so if you can?



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- Vidyashankar K:** No. I did not say Rs.8000 Crores I do not know how you got the number. It is about couple of thousands of Crores.
- Varun Arora:** Couple of thousands of Crores so like Rs.2000 Crores is the seven to 10 years' revenue?
- Vidyashankar K:** Rs.1000 Crores to Rs.2000 Crores anywhere in that region.
- Varun Arora:** Sir on the margin front so other expenses on the sequential business went up by 130 bps so if you could give any color on the same so what actually led to the higher side other than expenses?
- Vidyashankar K:** I thought other expenses were static compared to the previous year. We will get back to you on that. Let me just check it out.
- Varun Arora:** No problem Sir and what is the capacity utilization for this quarter and what is your target for the entire year?
- Vidyashankar K:** Entire year we expect to reach 85000 to 90000 tonnes and on a capacity base you can normally take one lakh and one lakh 20 and 25000 tonnes.
- Varun Arora:** We should reach about 70000 to 75000. That is all Sir. Thank you.
- Moderator:** Thank you Sir. The next question is from the line of Abhishek from Dolat Capital. Please go ahead.
- Abhishek Jain:** Thanks for opportunity again. What is your volume growth target from the domestic market in FY2024?
- Vidyashankar K:** These numbers of 85000 tonnes are factored in the domestic market as well. I do not have a split right now. Let me see if I can locate it please. I am not able to give you the number I will get back get back to you. That is not an issue. Venkat could you please note down your name is.
- Abhishek Jain:** Abhishek Jain from Dolat Capital.
- Vidyashankar K:** We should do about 60000 tonnes in the domestic market.
- Abhishek Jain:** What would be the ASP because in this quarter we have seen that despite the increase in the production quarter-on-quarter basis revenue has gone down so is there an impact of the 8% to 10% because of the lower ASP in FY2024?
- Vidyashankar K:** I attribute it to product mix more than anything else. Our prices have been dropped as of now. Prices will drop only from Q2 onwards because only now steel mills have concluded its OEs. So



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that price reduction will start coming into play only from now. So it will be more due to product mix than otherwise.

Abhishek Jain: What sort of the turnover you are targeting from the controller business you had mentioned about Rs.3000 Crores is it right?

Vidyashankar K: Rs.1000 Crores to Rs.2000 Crores for below horizon over a decade seven to 10 years' timeframe and that would include controllers as well.

Abhishek Jain: My last question is related with a nonautomotive business many other peers are very much aggressive in nonautomotive business they are winning business from the railway and other parts they are going into the other space as well, in aerospace and others so just wanted to know your plan in nonautomotive segment Sir?

Vidyashankar K: We remain focused on auto.

Abhishek Jain: Thanks Sir.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Annamalai Jayaraj for his closing comments.

Annamalai Jayaraj: Sir do you want to make any closing comments Sir or shall we close the call.

Vidyashankar K: Yes, just this. Ladies and gentlemen thank you for your time. We are looking at positive growth in the months to come and ensure that we cross Rs.2000 Crores mark in the next year or two so by FY2025 we should be knocking on the doors of Rs.2000 Crores and move the organization beyond. So as I said earlier, as we have also looked at a stronger EV play and I do not know our peers. I would like to believe at least. So I would expect our EV play to be panning out in the years and months ahead and over a period of time we will be looking at other opportunities also. Right now we remain focused on the forging space and the EV powertrain market which is largely auto. In those markets also give us opportunities in other markets. As and when we have little bit more concrete plans I will come back to you.

Annamalai Jayaraj: Thanks Sir. Operator can close the call.

Vidyashankar K: Thank you all and wish you all a very Happy Independence day 76 years of independence and that is a great thing, so overall definitely India is a great place to be right now. Thank you all. Jai Hind.

Moderator: Thank you members of management team. Ladies and gentlemen on behalf of Batlivala & Karani Securities India Private Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines.