MAIDEN FORGINGS LIMITED
Formerly Known As Maiden Forgings (P) Ltd.
(AN ISO 9001: 2015 COMPANY)
CIN No. L29810DL2005PLC132913
Regd. Office : B-5 Arihant Tower, Block-D, Vivek Vihar, Delhi - 110092
Corporate Off. : E-201-Sec.-17, Industrial Area, Kavi Nagar, GZB.-201 002 (U.P.)

November 28, 2024

To,
Department of Corporate Services/ Listing,
BSE LIMITED
25th Floor, P J Towers
Dalal Street Mumbai-400001

Subject: **Submission of Transcripts of Earning Conference Call held on Tuesday, November 26, 2024 at 04:00 P.M.**

Scrip Code: 543874

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earning Conference Call held on Tuesday, November 26, 2024 at 04:00 P.M.to discuss H1 FY25 earnings with Investors and Analysts.

Submitted for your kind information and necessary records.

Thanking you,

For and on behalf of
Maiden Forgings Limited

Monika Negi
Digitally signed by Monika Negi
Date: 2024.11.28 19:42:55 +05'30'

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"Maiden Forgings Limited

H1 FY25 Earnings Conference Call"

November 26, 2024

MANAGEMENT: **MR. NISHANT GARG – MANAGING DIRECTOR - MAIDEN FORGINGS LIMITED**

MODERATOR: **MR. GANESH NALAWADE – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Maiden Forgings Limited H1 FY25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of 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. Ganesh Nalawade from Kirin Advisors. Thank you and over to you, sir.

Ganesh Nalawade: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Maiden Forgings Limited. From the management team, we have Mr. Nishant Garg, Managing Director. With that, now I hand over the call to Mr. Nishant. Over to you, sir. Thank you.

Nishant Garg: Thank you, Ganesh. Good evening and welcome to the Maiden Forgings Ltd. earnings conference call for the first half of FY25. It is a pleasure to connect with you all today. Maiden Forgings Limited. has come a long way since our inception in 1988. Starting as a sole proprietorship, we transitioned to a private limited company in 2005 and became a public entity in 2023. Over the years, we have built a strong reputation as one of the leading manufacturers of bright steel bars and wires, offering a wide range of customized ferrous metal solutions to industries like automobiles, engineering, infrastructure, and much more.

Our advanced manufacturing facilities in Ghaziabad have a total installed capacity of 53,000 metric tons per annum currently, dedicated to producing a wide variety of bright steel bars, wires, and pneumatic nails. We place a strong emphasis on delivering value-added and specialized products tailored to diverse customer needs, equipped with comprehensive in-house processes such as annealing, cold drying, peeling, grinding, and testing. We ensure the highest quality standards. The addition of nails to our product portfolio further expanded our capabilities, enabling us to serve over 500 customers, including exports to prominent markets like the US and Europe.

The steel industry globally is navigating a challenging environment marked by subdued demand and volatile pricing. However, segments like defense, railways, and infrastructure are witnessing steady growth, presenting a significant opportunity for manufacturers focused on value-added and specialized products. The Indian government's push for indigenous products in defense manufacturing further complements our strategic direction, providing an encouraging landscape for our entry into the B2G segment.

In the first half of FY25, we achieved several key milestones that underscore our strategic progress. Notably, we became a registered supplier to the Ordinance Factory Board, Kolkata, in April 2024. Building on this momentum, we commenced supplies to HAL in October 2024 and NTPC in November 2024 recently. These achievements mark our successful entry into the government procurement segment, aligning us with industries poised for sustained long-term growth. Acquisition of approximately four acres of land, which will allow us to consolidate two existing plants into a larger, more efficient facility, as well as our ability to expand for the next five years.

This consolidation is expected to deliver operational synergies and annual cost savings of around INR2.5 crores. Additionally, we are committed to sustainability by installing a solar plant at the new site, covering 50% of its energy needs, significantly reducing our carbon footprint. Despite industry-wide challenges, we delivered stable performance in H1 FY25, reflecting the resilience of our business model and the strategic focus on high-margin products. The results are as follows. Total income, INR109.19 crores. EBITDA, INR9.77 crores, with an EBITDA margin of 8.95%. Net profit, INR4.05 crores, translating to a net profit margin of 3.71%. Earnings per share would be INR2.85 per share.

These results underscore our ability to sustain steady operations while navigating market fluctuations and focusing on long-term value creation. Looking ahead, Maiden Forgings Limited is on a transformational journey, driven by strategic initiatives to enhance operational efficiency, expand market presence, and strengthen financial performance. The acquisition of approx. 4 acres of land in Modi Nagar sets the stage for the consolidation of our plants, streamlining operations, reducing costs, and boosting manufacturing capacity with advanced technologies. This move will significantly improve margins and operational efficiency.

We have made substantial progress in expanding our global footprint with exports to high-value markets like the US and Europe, now contributing 6%-8% of our production. To optimize logistics and strengthen our international presence, we plan to establish warehousing facilities abroad, which will reduce shipping costs and improve delivery timelines. Key products such as stainless steel, bright bars, and nails, which have seen a 21% production increase, remain central to our growth strategy due to their high margins compared to carbon and alloy steel offerings.

Our entry into the B2G segment through our maiden order from the Ordinance Factory Board positions us to capitalize on the immense potential in defense and infrastructure driven by the government's indigenization initiatives. We have successfully expanded into the B2C market through the sale of coil nails on Amazon India and now planning to broaden our reach by launching on Amazon US and UK. We are diversifying our portfolio by venturing into high-demand products like stainless steel, screws, and wire meshes, which will bolster our position in high-margin segments. Sustainability remains at the core of our operation.

Planned solar installation at our consolidated facility will reduce our carbon footprint and align with global ESG standards. Financially, we aim to reduce our debt to less than 10% of our annual turnover through proceeds from surplus landfills and funds raised. Further lowering finance costs and enabling reinvestment into growth initiatives. Our long-term vision is to establish Maiden Forgings Limited as a premium brand recognized for quality and innovation catering to B2B, B2C, and B2G markets, both in India and internationally.

In conclusion, H1 FY25 has been a period of resilience and progress for Maiden Forgings Limited Our strong foundation, strategic focus, and relentless pursuit of operational excellence positions us well for sustained growth in the coming quarters. I now invite you to ask questions regarding our financial performance, operational strategies, and growth initiatives. Thank you for your time and continued confidence in our company, Maiden Forgings Limited.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vaibhav Kapoor, an Individual Investor. Please go ahead.

Vaibhav Kapoor: Sir, you were talking about a reduction of debt by land sales and this new facility that you have, 4 acres of land that you have bought. Could you just run us through the numbers of how much you paid for this 4 acres of land and what kind of realization will you get from the selling of the existing facilities?

Nishant Garg: Vaibhavji, I can give you the exact details later on, but for now I will roughly tell you that the acquisition has already been made completely. The construction is going on currently. So ultimately it should cost around INR20 crores. The new land with construction and bit capex and all, it should roughly cost around INR20 crores-INR21 crores. And like we said that some of the proceeds from the land sales because the land sales have not currently occurred. It's under process, but it hasn't occurred completely. The complete transaction has not happened.

It will happen somewhere like the first transaction should take around 4-5 months from now once we have shifted the facility, one of the facilities. So like we said that some of the major part would be for debt reduction and which should bring our number to the debt currently, the working capital debt and every debt combined. It should come down to approximately 10% of our total sales, after the lands have been sold. And some part would be used in the working capital part.

Vaibhav Kapoor: Okay. So in this September balance sheet, what would be the amount that you've already incurred for the new plant and what would be the remaining amount?

Nishant Garg: Approximately INR11 crores has been already utilized.

Vaibhav Kapoor: So INR9 crores will be the balance there?

Nishant Garg: Yes. Approximately.

Vaibhav Kapoor: And could it be some kind of a rough, even a range for you know when?

Nishant Garg: You know the land acquisition has completed in those INR11 crores.

Vaibhav Kapoor: No, I am not talking about the land acquisition of the new plant. I am talking about when you make the sale of the old plant along with whatever and you will go for the reduction of debt. What would be that amount, that range?

Nishant Garg: That's what I am saying is we should be able to manage all these things post that sale proceed. Approximately INR4 crores-INR5 crores.

Vaibhav Kapoor: The reason why I am asking this question is because it becomes a little fuzzy because you've given an overall debt reduction number. But then you know as time goes by there will be a working capital change, there will be a turnover change. That's why I said that if you could give me a range for just that land asset you know.

Nishant Garg: Approximately you can say INR30 crores.

Vaibhav Kapoor: Alright, that would be all from my side. Thank you so much sir.

Moderator: Thank you. The next question is from the line of Nishant Gupta from Minerva Global Capital. Please go ahead.

Nishant Gupta: So I'll start with the first question. Why is the revenue declined in this particular half year as compared to the previous half year and obviously the margins etc. So if you can throw more light on this like what went wrong and how do we see the growth going forward.

Nishant Garg: Okay Nishantji. Thank you for the question. See the profit margin is approximately at the same percentage. Okay. The revenues have dropped. Despite I'll tell you some other figures that were not there in my presentation. So first and foremost we have increased the number of regular customers from 450 to approximately 500 now.

That means in over the last one year we have added on approximately 50 new customers. That is 10% more. Which includes one of the global big player who is buying like approximately 2 containers per month on an average. Order in pipeline always there are 4-5 containers from them. So despite these factors, which includes 2-3 big customers and remaining are small customers.

So despite this, plus the entire volume is slightly higher vis-a-vis H1-24, financial year 24. Volume is also slightly higher. So its dip in total revenue is approximately about 3%. And that dip is majorly, first and foremost the steel prices are at rock bottom. We expected last year that that was the rock bottom. But this year it has gone down by approximately 7%-8% vis-a-vis last year average pricing. So that is one major reason.

And second major reason is we have retained almost all customers while adding on to new customers. I am not giving the exact figure. I also don't have. But whatever research we have done that none of our customers have left us or new entrant. You know some new supplier has come to them and they have shifted some part quantity to them. That kind of activities haven't happened in these 6-7 months.

But the overall demand approximately from our customers, those were existing plus the new customers. They have only about 60% to 70% demand of what it used to be. So whatever we have maintained at the similar level that has been, despite the incremental effort that we have put in to acquire new customers and generate new sales.

And that was purely and purely you can say the market operations at play such as the high volatility of prices like I mentioned in my presentation. So these two reasons that is first and foremost the overall slump in the demand for last 6 months. As well as the pricing fluctuation and the lowered prices vis-a-vis last year and last to last year. These were the two reasons.

Nishant Gupta: Got it. So just one number point on this one. So this half year capacity utilization was 70%. What was it last year?

Nishant Garg: Approximately 70%. 68%-69%.

Nishant Gupta: I get it. Moving on to the next point. Since you have highlighted in your presentation that now you registered with government for Ordinance Factory Board etc. So can you explain in more layman terms like what is the quantum of order? What is the revenue potential? And what are you targeting as a company from this particular thing?

Nishant Garg: Like we mentioned, see we haven't ever in like 36 years of the company's existence, we have never done any orders for the government organization. This is the very first time. In January we started targeting the B2G segment and that was majorly because we identified last year that there are multiples even in railways, defense etc. All organizations are utilizing bright bars right now in alloy steel specifically a lot.

As well as the nails, the pneumatic nails and everything they are using for. If you have seen on roads sometimes, you come across vehicles carrying defense equipment and all. So they are getting loaded in the wooden boxes and all. So for their packaging they use nails a lot as well as for the border fencing and all those works they are using our products. So the potential is very huge.

Currently since you also must be understanding that once the company starts you know they don't get a bulk order straight away. If they are very much lucky then they get. Otherwise they start from smaller orders. We have already served last month to HAL and this month we have supplied to NTPC, our first order. So the potential is huge.

Right now also we are filling up multiple tenders with some of smaller quantities and some of huge quantities. And because we are first time entrants, we are also understanding the market. But looking at the volume of tenders that flow for our products, it seems to be huge.

Nishant Gupta: Okay. HAL and NTPC, what was the size of the order that you delivered?

Nishant Garg: I will have to check the exact but it was not very big. But yes, good for a start.

Nishant Gupta: Okay sir, I get it. So one last question. On this capex front, I couldn't connect everything although I heard. So existing capacity is 53,000 metric ton per annum. You already have land for expansion. So are you planning to double the capacity? Is that the plan?

Nishant Garg: Not at all. I don't know whether you have attended earlier earning calls or conference call with me, something like that or a Zoom call. But my policy is very simple that we are approximately producing every month, roughly 3000 metric ton of steel, bright bars and pliers in all types of steel. Nails says over and above that. So our growth and expansion plan is always focused on increasing, obviously the top line will also increase since we will go for high value products.

But the product mix is changing gradually. So our focus is on the bottom line and for that what we are doing is our expansion plan has been well defined from beginning that we would be going for multiple forward integrations. Through which we can reach the end consumer, developing a complete distribution network for our company so that there is brand visibility and there are far more better margins in those products.

For example, we have done pneumatic nails, stainless steel nails last year. Now, like I said in even in the presentation, we are targeting for incoming 1 year once the shifting is done, we are planning for stainless steel screws, fasteners and products like wire meshes. So majorly in stainless steel because their value is high as well as the margins are high because of lesser number of players in that market.

So if you can say a blue ocean kind of a market. So with less competition, less number of suppliers and a growing demand. So we would be enhancing the capacities for bright bars and wire gradually as and when these forward integrations are getting in place and their market is getting developed. So, according to that, let's say [inaudible 21:31] 100 or 200 tons of screws, which approximately if we assume 200 tons of screws. So its value would be INR5 crores per month. So we are according to 200 tons.

Now we have the ideal capacity, but we try to maintain it at maximum 75%, 80% only so that we can keep intact our fast delivery models. So, according to that, we will increase the ratio so that our 200 tons of screws can be made from our own plant and get delivered to our screws plant. So, the top line will increase, but the bottom line will have a better impact. So, that is at the core of our policy that we do forward integration of 200 tons, 400 tons of each product so that we get creamy customers and we can serve them better and charge a premium for that. Overall you can say we are building a brand value.

Nishant Gupta: So, effectively, you are saying that you will change the product mix, you will move more towards the value-added model in which the margins are better?

Nishant Garg: Since our IPO came, I have been saying that we have to go for value-addition products. We don't believe that we can sell a quantity of just one product.

Nishant Gupta: Got it. So just one final question. So, considering that the product mix you can change and you can get better margins. So, considering the capacity which you have right now, let's say you run it at an optimum level. What is the peak revenue?

Nishant Garg: We come to the optimum level that means when I say optimum, it means in volume terms. Even today, in terms of revenue our stainless steel products are contributing 40%, but in terms of volume they are doing only 15% approximately. I don't remember whether it is 12% or 15%. So, they are doing 12% or 15%.

So, we consider the target to be optimum when stainless steel will reach 40%. The volume of carbon steel will also be less than that, but at that level, if we assume that the average selling price of stainless steel is 250 which is more or less correct. So, at that level, we would be able to do a sales of approximately INR400 crores. So, the additional capex that we will do in the new plant, nothing is included. That's the peak at 90% level.

Nishant Gupta: Got it. And when you have changed your product mix more towards stainless steel 40% at that time, how will your margins look like what would be a EBITDA margin and PAT margin levels?

Nishant Garg: It should be very much incremental, but I won't be able to comment on that now. It should be far better than what it is now, but now it is too soon to comment on that.

Nishant Gupta: Got it. So this year are we going to achieve any growth over the previous year numbers?

Nishant Garg: See October numbers were far more better. November is still awaited. And frankly telling see around Diwali, 10 days plus and minus. Okay. The demand is always a little bit lower vis-a-vis the entire year. So, because everyone is in Diwali mood, labor is in shortage because of Chhath Puja and all, but as on date we have a lot of orders. I don't know the exact order book as of now, but there is a huge quantity. We are running shorter in deliveries somewhere. So, I assume it should be - there should be a growth.

Nishant Gupta: Thanks Nishant. Thank you.

Moderator: Thank you. The next question is from the line of Karthikeyan an Individual Investor. Please go ahead.

Karthikeyan: Thank you, team. Hi, Nishant. Nishant I have three or four questions. Number one is regarding the increase of authorized share capital. In the last thing, it has been discussed and it has been sent from INR15,000 crores to I mean INR15 crores to INR20 crores how it is mix? That is number one question. And number two question.

Nishant Garg: What was the question in that?

Karthikeyan: About the increase, authorization of increased share capital. When it will be happened? Do we get any bonus shares?

Nishant Garg: See, I wouldn't until and unless something is finalized. I won't comment on that right now because nothing has been finalized. That we have done as a precaution. If something happens post this quarter or maybe next quarter. So we have because we were almost at the ceiling of our capital. I think the authorized was INR15 crores and INR14.6 or something was already issued out of that. So we did that so that if we have to take any corporate action. So we can - we have a scope for that. That's, that was the reason behind it.

Karthikeyan: Okay, fine. Sure. And another one is in the last meeting you said that you'll be migrating from BSE to NSE. Migration may happen. You have given a hint in the last meeting. Will it be in the near future?

Nishant Garg: It was for migration to the main board first and foremost. And once, whenever we migrate to main board our efforts, our target is to move to both the platforms, NSE and BSE, both the exchanges that is the target.

Karthikeyan: Okay. Will it be in the near future or it is in the pipeline?

Nishant Garg: See, I have certain perspective about that at a particular revenue level. I will shift it over there, which we should achieve in the next financial year which I can't disclose right now because I can't give any guidance. So next year we should achieve that number possibly. If the market also favors which should favor because the cycle, cyclical time of the field should come in the next financial year. So, we should reach that number and post that once we are ready, we would be making efforts to shift to the main board.

Karthikeyan: Okay. And regarding the planned migration, that is to the new plan when the new plan will be completely operational and when - are we shutting down the existing plan?

Nishant Garg: See, it won't happen in one day. One of the plant is getting shut down and that will be operational. It is an ongoing process which will - which we target complete if you say complete shifting. I won't say shutting down one plant and making another plant fully operational. It would be machine by machine because we have multiple units of machinery. So it will happen one by one.

So we will be seeing because, for example, I'll give you one example. One of the major machine is combined wire drawing and guide bar sorry complete drawing line. So we have four of them. So we would be shifting them one by one, one machine shifting takes approximately one week time to dismantle as well as to install it and make it running.

So you can say four machines will shift in four weeks. Parallel to that, some other machine would also be going there. So this entire this way the entire transition, one of the units should shift completely and become operational by March or April.

Karthikeyan: Okay. I'm getting you.

Nishant Garg: And then another 3 months for the shifting of second unit. So maximum by September 30th, next year the entire plant should have been the older both units should have been shut down with no machine over there. And there would be complete operations would be at the new facility.

Karthikeyan: Okay. Fine. Sure. And regarding the Ordnance Factory of Kolkata, regarding the Ordnance Factory beddings, to my knowledge it is a very high competitive place I believe so. So how we are mitigating this competition and we are in a upfront in front of, upfront to the competitors?

Nishant Garg: As far as my experience of this year says for HAL and NTPC like we supplied. So the margins are better than any other supplies that we make. So first and foremost, that also depends on the product box. For example, I'll tell you for NTPC order we supplied approximate one special grade of alloy steel in hexagonal and square shapes. So for that product I very well knew that there won't be many suppliers bidding for it.

So we have that kind of products. So you also understand that otherwise those products, normally the customers don't ask the private sector customers. So I knew that there was a scope for exclusivity over there. So we successfully delivered. So there you can understand in such categories, there are high chances that you don't have to compete much. So it all depends on what product they are buying.

For example, if even Ordnance Factory would be buying a simple HR coil or CR coil, which are not our products. They are very commoditized items. So there maybe the competition is very high, but it's like we have always said that we are one of our USP is that we can provide most precise products in terms of whatever the specification of that product is because we have all the facilities in house. So we have those capabilities and we are targeting those kind of products for government supplies.

Karthikeyan: Okay. And I have still two more questions. One is we participated in the Germans exhibition and in the last - during the March and…

Nishant Garg: April 2024 we participated.

Karthikeyan: Did we win any big orders from there?

Nishant Garg: Yes, we have won. We have already delivered two containers to that customer and it's a continued business. So right now you must know that Europe is under crackdown. So all demand is low, very low plus the financial year closing for them is on December 31st. So it's always usual that they usually order in December mid before going to Christmas holiday for the next financial year. November is usually dry from our customers in Europe and US.

Karthikeyan: Okay. And one last question. Can you just comment on the share price which dropped almost 40% from all time high? Any comments from your end?

Nishant Garg: Most 40% from all time high was like, all time high was I think last November or something.

Karthikeyan: Yes it was 138 something. From there it is almost 40% growth.

Nishant Garg: So that I feel like that the share price is going as per the Sensex right now what my observation says. So because we don't intervene in any way in these activities. We are just like I have always commented that we are more driven towards performing as well as ensuring that that performance is conveyed rightly to the investors and potential investors. So maybe the overall market sentiment and the steel market sentiment have made that happen.

Karthikeyan: Okay. Fine. Yes that's it from my side.

Nishant Garg: Okay, Karthikeyan. Thank you so much for the questions.

Moderator: Thank you. The next question is from the line of Vikas an Individual Investor. Please go ahead.

Vikas: Basically, I wanted to know as you said we are operating at 70% capacity number right now. So what is your target in terms of ranking above this capacity in H2 for this financial year in the next upcoming financial year, what is your internal target?

Nishant Garg: See we have common machineries for stainless steel and carbon steel. So I won't exactly comment in terms of volume. I will tell you in terms of the revenues that our target annually for the growth is somewhere between 15% to 20% in the top line that is our internal target, that we target that every year we target 20%, but we consider it decent if in our kind of nature of industry it happens between somewhere between 15% to 20%. It's decent.

Considering, obviously, like the last 6 months were for me also a little bit unexpected because the steel price went down by like 8%. Considering the same level of pricing not even incremental, but same level of pricing. So it should go up by around 15% to 20%. So that is our internal target like you asked.

Vikas: So basically, you meant to say overall top line growth will be driven by the volume growth rather than the pricing, that can be understood from this?

Nishant Garg: Correct.

Vikas: If we are agreeing 15% to 20% growth because I believe steel prices have corrected almost?

Nishant Garg: Like last, I'll tell you I'll go a bit historic in this last year we had a growth of around 8%, 8.5% average, but that was again last year also the prices dropped by like 10% to 15% in stainless steel and carbon steel if last year vis-a-vis financial year 2022, the overall volume growth for us was around 18.5%, but the reflection in the revenue top line was just 8.5%.

So that was majorly due to drop in the steel prices, but see if we are losing on the top line revenue due to falling prices for 2 years then the third year is automatically bound to cover that up. Because historically we're talking in 92, the steel prices were around INR3, INR4 per kg and currently I'm talking about the cheapest one, the commercial steel. So currently they are at around INR44 level. So ultimately the inflation will impact. So, every 2 years, 3 years, 4 years the prices are bound to take correction. So yes, it will average out.

Vikas: Yes Nishant ji. Understood. Last question from my side. So in your presentation, you have mentioned you have started supplying to Ordnance Factory for the different kinds of products to the government entity and you have started supply from September quarter?

Nishant Garg: See, I'll just correct. We got registered with Ordnance Factory, but as of now the orders that we have delivered are to HAL and NTPC. Till now we haven't secured any order from Ordnance Factory itself.

Vikas: I think in the presentation it was mentioned we have started, we have got the first order?

Nishant Garg: In September and October we also delivered that, but that was to HAL, that is Hindustan Aeronautics Limited.

Vikas: Sir can we know the size of the order amount, how much it was?

Nishant Garg: Earlier also one gentleman asked, no it's a repeat order like the tender keep on coming. So the order size was not too big, not too short like I think it was around 10 lakhs roughly as far as I remember in value.

Vikas: And how do you see it is standing up at buyer level potential?

Nishant Garg: Sorry?

Vikas: So how do you say in terms of potential?

Nishant Garg: Vikas ji potential is very huge. Everyone knows that in defense and everything and we are - by now we are filling the tenders and everything and delivering to order. We have realized that there are lots of tenders coming up every month for the product that we can serve manufacturing them in-house whatever we have [inaudible 40:00]

Vikas: Okay. Whatever we have got to work for.

Management: Thank you, Vikasji.

Moderator: The next question is from the line of Chirag Yadav from Raj Industries. Please go ahead.

Chirag Yadav: Hi. Thanks for the opportunity. My first question is, can you please discuss the rationale behind targeting high margin products for the future work?

Nishant Garg: The rationale, for selling the high margin products?

Chirag Yadav: Yes, exactly.

Nishant Garg: [inaudible 40:44]. We can either keep on going just the top line and keep asking for funding in the form of equity or debt to finance the enhanced working capital needs as well as the capex needs. Or we can strengthen the company's bottom line and make good reserves and surplus for the company so that it can be utilized. The own funds of the company can be utilized for the future growth. So that is the rationale.

Chirag Yadav: Okay. So are there any plans to further diversify the product portfolio beyond the current range of steel grades and shapes?

Nishant Garg: Yes, definitely. You see, I particularly talk when I talk about that in future we would be doing stainless steel screws and fasteners. I talk about entirely complete new product line. All right. The range of shapes, grades, everything that keeps on happening on a day-to-day basis.

That is something for us because the product line is same SKU's may have gone beyond 3000 right now, so that we keep on doing depending on the customer demand. Like if they are demanding, we do some - we have our in-house R&D department with experience of more than 25 years.

Also, some people are there who have more than 25 years of experience in stainless steel bright bars and alloy steel bright bars. So they keep on - we keep on doing written trials. Like for example, I just told you about the order of NTPC that we have added Hex and square which I knew that there are very limited people in India who will quote for it. So we just did that. So it happened on the spot, so that we keep on adding.

Chirag Yadav: Hello. Hello. Am I audible?

Moderator: Yes, Chirag. I hope this answer your question.

Chirag Yadav: Yes, ma'am. Yes.

Moderator: The next question is from the line of Vaibhav Kapoor, an Individual Investor. Please go ahead.

Vaibhav Kapoor: Yes. Sir, I wanted to know the volume change in the first half of this year, first half FY'25 versus...

Nishant Garg: It was approximately, I will tell you, 6%.

Vaibhav Kapoor: So there's been a jump of 6%.

Nishant Garg: Yes. Right.

Vaibhav Kapoor: So, sir, if you could give some kind of...

Nishant Garg: No, no. Just a moment. 7%-8%.

Vaibhav Kapoor: Okay. Let's say 8%. So what I understand is there has been an 8% volume jump. There has been about a 15% EBITDA decline. Right. And you are saying that 7%-8% of this was attributable to a reduction in the steel price. What is the reason for the decline in the overall EBITDA considering the volume?

Nishant Garg: See, I haven't analyzed that much thoroughly because in a manufacturing concern, EBITDA can fluctuate from quarter-to-quarter.

Vaibhav Kapoor: No, I am talking for six months sir.

Nishant Garg: Yes, yes that's what I am saying. For example, we exhibited in Germany. That alone costed around INR30-INR35 lakhs, the stall, the visiting and everything. So maybe that is one of the factors. Second factor could be that we acquired the land. So there were a few extraordinary charges over there, which doesn't come in the gap of PAT and EBITDA, right. That is deducted before EBITDA. So these are the two major reasons that I can... I don't know the figures. I am not commenting exactly. But more or less I can see there are such reasons in every quarter.

Vaibhav Kapoor: So let me elaborate on this question a little forward. So if you take FY'23-FY'24, there has been an 18% volume jump as per your investor presentation. But your EBITDA has more or less remained the same or there has not been a consequent jump in your EBITDA, which means your EBITDA per ton or the EBITDA has declined -- EBITDA per ton has declined, definitely.

Nishant Garg: Now again…

Vaibhav Kapoor: Now this is a full year, sir. If you could give some kind of an understanding.

Nishant Garg: Now this is a full year. Last year, right?

Vaibhav Kapoor: So FY'24 and FY23, as per your investor presentation only, there has been an 18% volume jump. But your EBITDA has not jumped by 18%. So that means that there has been a decline.

Nishant Garg: Correct.

Vaibhav Kapoor: You are saying that you are going for higher value add overall. Then there shouldn't be an EBITDA per ton decline for the entire year, right?

Nishant Garg: Okay.

Vaibhav Kapoor: So I am not understanding this. If you could give some color of...

Nishant Garg: Yes. See, I think you didn't attend our last IR call. I very transparently told in that, that, during that year. See, we are comparatively newer players in these high margin products - high value added products, right? For us also, these are newer products. We have been doing them for last two to three years. Right? So, so initially the marketing costs are higher. So last year also we exhibited in Greater Noida, Delhi and Mumbai.

There were three exhibitions. There were, we also appointed our agents in the US markets last year. So now they take on commission basis like they have a percentage in the order value itself or the margin itself. But at that time, initially we had to pay them some amount upfront. So last year, the marketing costs to push these products went higher. So there are... See, when we are, handling two, three plants and we are trying to go fast, there would be some extraordinary expenses at initial stage.

Then it will start stabilizing. So we are still in terms of what we'll say in a listed space, we are still a baby company right now. So we are investing in it so that the baby can grow healthy and fast.

Vaibhav Kapoor: Okay. So just correct me if I'm wrong. My understanding from your commentary is that you are aiming for higher value added products and you are trying to focus on the bottom line. But in the past one and a half years, you've put that effort, but it's not gone through in terms of higher EBITDA percent.

Nishant Garg: Yes. It will definitely happen. Last six, seven months were somehow like I said to previously to also to some one of the gentlemen that the last seven months have been a very volatile market. And we expected that the last year's investment that we put in to marketing and all, they should have fetched us results. But unfortunately, the results were not as expected for these six, seven months. But definitely like markets are always cyclical.

So it should improve soon. And whatever efforts we have put in, once the market condition improves, I'm very sure because we are not losing any customers. We are not, it's not like that. We have not outgrown the number of customers that we had last year. So all the customers are retained. So definitely once the demand boosts, the impact would be come at one go and it will be shown in the results.

Vaibhav Kapoor: And sir my last question is linked to the first question I asked at the start of the phone call, which is that, what I understood is that you told that there'll be an additional capex of INR11 crores to set up a new plant and you should receive something in the range of INR30 odd crores when you sell the existing plant.

Right. So, by that logic, there should be about a INR20 crores cash inflow net because INR11 crores is what you'll be expending and INR30 crores is what you will receive. So the differential is about INR20 odd crores and your current borrowings are about INR75 odd crores.

Nishant Garg: No, not exactly. It is around INR63 crores as per my knowledge, best to my knowledge.

Vaibhav Kapoor: I am looking at the screener numbers and the screener numbers are saying long term.

Nishant Garg: I will check that back but as per to the best of my knowledge it is INR63-INR64 crores as of now.

Vaibhav Kapoor: Okay, even if it is INR63-INR64 crores which is the number you are saying, let us take that and you reduce INR20 crores that is still a INR40 crores net borrowing and there will be a working capital increase as you increase your volume.

Nishant Garg: Right.

Vaibhav Kapoor: So, in your commentary you are saying that there will be a 10% of total what you want to keep your borrowing.

Nishant Garg: Vaibhavji, I think for this we can connect back again in an individual call or something and we can connect the entire thing because there are multiple [inaudible 51:28] like for example for this we will have to go deep down to that what is the assumption that we have taken that in another one and a half years, 18 months' time what would be the profit accumulations that we will have, what would be the entire net inflows of funds, so then I can give you…

Vaibhav Kapoor: I have just made a gross estimate where I said that the excess…As in the increase in the working capital there is still a INR20 crores differential.

Nishant Garg: Correct. That you will find but with the profit…

Vaibhav Kapoor: But I will happy to go deep in this…

Nishant Garg: Sure, sure. Done, perfect.

Vaibhav Kapoor: That will be all from my side. Thank you so much, sir.

Nishant Garg: Thank you, Vaibhavji.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Ganesh Nalawade for closing comments.

Ganesh Nalawade: Thank you everyone for joining the conference call of Maiden Forgings Limited. If you have any further queries, you can write us at research@kirinadvisors.com. Once again, thank you everyone for joining.

Moderator: On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.