

MM Forgings charts ₹550-crore capex for the next two years

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Auto parts maker MM Forgings Ltd has chalked out a total capex of ₹550 crore for the next two years for expanding its machining operations and electric vehicle business, among others.

The Chennai-headquartered company is investing ₹100 crore in the electric vehicle business. It is targeting to supply products for electric 3-wheelers and 4-wheelers and will also enter the electric two-wheeler space. In the EV space, it will start with motors and will get into the supply of gearboxes and controllers. The company has already received orders for these products.

The money will be spent largely on testing, prototyping, batch production, and a serial production facility. "We



Vidyashankar Krishnan,
Vice-Chairman & MD

will initially set up operations on a leased property and then move into our facility," Vidyashankar Krishnan, Vice-Chairman & Managing Director, MM Forgings, said during the Q2FY23 post-results conference call.

FUNDING PATTERN

MM Forgings pegs the revenue from EV business at sub-₹25 crore during the next

fiscal and may reach ₹100 crore by FY25. The proposed overall capex of ₹550 crore will be funded through a debt of ₹250 crore and ₹300 crore of internal accruals.

A major portion of its planned capex will go into machining and very little is earmarked for the capacity increase – from 120,000 tonnes to 130,000 tonnes.

MM Forgings expects its revenue to touch ₹2,000 crore in the next two years supported by a buoyant order outlook on the back of increasing momentum for the China+1 strategy and improving business prospects in the Indian market. The company reported ₹1,123 crore revenue in FY22.

Recently, the company has won orders from North American firms which are looking to procure more from India. It expects to end this fiscal with about ₹1,400 crore.