MAIDEN FORGINGS LIMITED
Formerly Known As Maiden Forgings (P) Ltd.
(AN ISO 9001: 2015 COMPANY)
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MFRS. : ALL TYPES OF BRIGHT STEEL BARS & WIRES OF FREE CUTTING ALLOY, MILD & STAINLESS STEEL & NAILS

Ref. No. .... Date ....

November 24, 2023

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

Subject: **Submission of Transcript of Earning Conference Call held on Monday, November 20, 2023 at 11:00 A.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 transcript of Earning Conference Call held on Monday, November 20, 2023 at 11:00 A.M. to discuss financial performance of H1 FY 24 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: 2024.01.11 18:46:00 +05'30'

Monika Negi
(Company Secretary and Compliance Officer)

"Maiden Forgings Limited's Q2 FY'24 Earnings Conference Call"

November 20, 2023

MANAGEMENT:	**MR. NISHANT GARG – MANAGING DIRECTOR, MAIDEN FORGINGS LIMITED**
MODERATOR:	**MR. KAUSHAL SHINDE – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Maiden Forgings Limited H1 FY24 Results Conference Call hosted by Kirin Advisors.

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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kaushal Shinde from Kirin Advisors. Thank you and over to you, sir.

Kaushal Shinde: Thank you. On behalf of Kirin Advisors, I welcome you all to Maiden Forgings Limited H1 FY 2024 concall.

From the management side, we have Mr. Nishant Garg – Managing Director. Now, I hand over the call to Mr. Nishant Garg. Over to you sir.

Nishant Garg: Thank you, Kaushal. Good afternoon esteemed participants. I extend a warm welcome to each of you joining us for the conference call of Maiden Forgings Limited, where we aim to delve into our exceptional performance during H1 financial year '24.

Before we delve into the specifics of our financials, allow me to provide a succinct overview of our company and its transformative journey. Maiden Forgings Limited has stood as a pillar in the manufacturing industry for the past 35 years, specializing in a diverse range of bright steel bars and wires, and now pneumatic needs. With multiple production locations strategically situated around Ghaziabad in the NCR region, encompassing a total production area exceeding 1,00,000 square feet. Our comprehensive in-house manufacturing facility inclusive of testing, pickling and annealing positions us as a domestic leader offering bespoke solutions and a continuous stream of innovative products for our discerning customers.

We take pride in reporting that our strategic and marketing initiatives coupled with the successful IPO funding have yielded impressive results, contributing to commendable growth in our financial performance.

In the financial year '23, the company achieved a total revenue of Rs.221.15 crores with an EBITDA of Rs.22.31 crores and a PAT of Rs.9.61 crores.

I am pleased to share that the first half of financial year '24 has commenced on a positive note for Maiden Forgings Limited despite the challenges posed by the IPO costs and other developmental costs. We have witnessed noteworthy growth in our financial performance and I am excited to report that the strategic and marketing initiatives we have implemented are now bearing fruit in the second half of the financial year.

Commenting on the financial performance of H1 financial year '24, it is evident Maiden Forgings Limited has showcased remarkable resilience and strategic progress. In H1 '24, the company's total revenue witnessed a substantial upswing, reaching Rs.116.29 crores from Rs.108.64 crore in H1 financial year '23 reflecting a noteworthy 7.04% growth despite the listing during the same H1'24 and implementing strategic shifts during the same tenure.

The EBITDA stood at Rs.11.29 crores, a remarkable 11.72% year-on-year increase from Rs.10.10 crores in the same period last year, accompanied by an impressive EBITDA margin of 9.71%. The profit after tax reached Rs.4.18 crores, showcasing a year-on-year growth of 1.19% with a PAT margin of 3.59%.

I would also like to highlight that this is the adjusted PAT after considering certain one-time expenses relating to the issue and the market development with long term objectives, which sums to be around 10% of the current PAT roughly thus enhancing the actual PAT significantly. These key financial indicators highlight the company's proficiency in generating revenue, ensuring operational efficiency and maintaining profitability through the first half of the fiscal year.

Looking ahead, our optimism for the remainder of financial year '24 and beyond is based on the success of our IPO funding, positive outcomes from strategic initiatives and the wealth of experience within our team. A bright future is envisioned for Maiden Forgings Limited I anticipate even stronger growth in the near future. The opportunities before us are vast and we are diligently working to leverage them for maximizing value added products.

As we mentioned in our earlier investor meets and roadshows that our focus is on strategic transformation and its execution post listing. That contributes to the short-term goals but helps us create larger value for the long term and we are right on track in achieving these targets. This H1'24 result is a testament to our policy wherein we incurred certain expenses in order to get even better clientele globally than what exists today, which has potential to give snowball effect in enhancing our sales in the coming quarters. Such efforts help us acquire certain customers with a very high lifetime value and it also helps us to create brand Maiden by supplying to customers of such hierarchy. This makes us even more certain of an even better future value creation.

Before we delve into the question-and-answer session, I want to express my sincere gratitude to all our stakeholders for being an integral part of our growth journey and the Maiden family. Your support and involvement have played a crucial role in our success, and we generally appreciate your valuable contribution.

With this I would like to open the floor for questions and answers. Thank you once again for your presence and continued support.

Moderator: We will now begin the question and answer session. The first question is from the line of Miraj from Arihant Capital. Please go ahead.

Miraj: I just had a few questions. Starting off with, sir, I believe the H1 performance is similar to what FY23 was. But, if we want to look at our guidance of 20% to 25% growth, how are we placed in H2 right now and what kind of growth do we expect in H2? Secondly, if you could just delve a bit into the new avenues, how are our exports looking and other value-added products, what kind of contributions have happened in H1, Would if you could just give some more insights in those aspects as well, including the coil with the new product that we have introduced?

Nishant Garg: Hi, Miraj. It's always a pleasure connecting with you. First question was H1 last year and H1 this year. Like I mentioned in my speech as well that we were listed in the same H1 financial year and we were also doing strategic shifts like I have told you earlier certain times also. And also, I mentioned in my speech that we gained certain clientele globally which is giving us now a snowball effect and this effect will obviously increase in the coming quarter, not half year. So, talking about like there is overall around top line 7-point something growth and what happened was like if you compare last year the average monthly sales if we total up, it will come out to be from 17 crores to 18 crores per month. But from September onwards, the run rate that we have achieved is around and about 20%, 25% we are ranging now in line of 21 crores to 22 crores per month at the current run rate from September till date. This is expected to increase on month-on-month basis now, we are calculating the growth on month-on-month basis from the top line as well as the bottom line. Because we were doing certain developmental work of acquiring new, bigger clients like one of the Fortune 500 global companies that we have added and we have already delivered two of its containers and the new PO has come up. So that company only can give us orders worth like 2-3 crores every month. So that is one incremental impact. This includes all the value-added products, which includes the stainless-steel drive bright bars and wires. Then there are certain two or three domestic brands that have been added recently from say September and October onwards whose volumes who's increasing on month-on-month basis. Plus, as you talked about the coil business we already have become a member of Specialty Tools & Fasteners Distribution Association of USA, we are associated to that, and multiple customers from there have already started taking supplies from us. So overall, we have reached around per month run rate of Rs.22 crores and this is expected to grow on month-on-month basis. So last quarter of this year we would be targeting around 25 crores to 26 crores of monthly sales. So that is how if you calculate that run rate, we can comfortably achieve 20% to 25% growth within this fiscal year based on the improved effect of developmental work done in H1 and the effects being fructified in second-half of the financial year. Of course, in the coming financial year, it would be far more better.

Miraj: Sir, on the collated nails, pneumatic nails and the export part if I'm not wrong, in FY23 pneumatic nails are very small portion of our entire contribution?

Nishant Garg: Negligible.

Miraj: So how does it look in H1 and I believe you want to scale it up all the way up to 15% to 20% in this year itself?

Nishant Garg: I have just worked out the balance sheet. I haven't worked out exact data, but yes in H1 minimum contribution should be around 5-6%.

Miraj: And also, on the sheet, since we're on the topic, so I was seeing that our inventory levels are a bit high when I'm comparing it to FY23. So, is this for the coming deliveries or are these the raw materials -?

Nishant Garg: We are talking about the nails business, right. Earlier, our delivery pattern was two to three years plus carbon steel has a time period of delivery of 2-3 days maximum, right, but in the stainless steel, it goes up to like 30 days, the competitors are doing at 60, 90 days, really, we are doing at it at 30 days. So stainless steel bright bar contribution has increased. Because of that there is a certain increase in inventory. And secondly like if we are doing nails turnover time from the wire rod till the nail will increase a bit as compared to the wire, wire is the two, three days delivery model, whereas in nails we require 10, 15 days to process it. That is one reason. Right now, the focus was more towards adding value to the bottom line and top line. Earlier also, if you remember, I told that like nine months from the listing date I'm saying. At that time, I was saying that they would be more about increasing the sales and the profit and the optimizing process. will start post that. We are trying to manage it best at the moment, but yes, if you say once we have reached like I'm saying 25 crores kind of monthly level, then we can start optimizing depending on like we have quite a new customers at least I think as per my estimate big, small, all kind of customers if we add on. In last six months, we would have added around 50 to 70 new customers. So, based on their requirement, we have to increase the inventory initially and then as you know we get habitual of like what size and what rates they require regularly and how much quantity, then we can start optimizing those stocks.

Miraj: So, the utilizations will be at what level right now because in collated needles itself, we are targeting very strong utilization, almost 90% in this year. So, what would be -

Nishant Garg: The nails plant utilization because we are also doing certain stainless steel nails which go in loose form, right, so I would say around 35% to 40%.

Miraj: And we're still on target to take it to 85% to 90%.

Nishant Garg: Yes, we are still targeting that same. I am targeting 25 crores monthly sale run rate by January, February, right. So, we are working on that scenario and I think nails would be contributing around that.

Miraj: Based on that, the inventory level should stay similar only going ahead, right?

Nishant Garg: Inventory level, I can't comment that within this half year it would be reduced or not, it should be, but it would be or not, I'm not sure for this particular fiscal year, then from next year onwards definitely we would be optimizing either at the same inventory, the sales would be much higher, so it's automatically optimized or we would be optimizing and doing the parallel things, that is still I need to figure out exactly.

Moderator: The next question is from the line of Pranay Jain from Deal Wealth Capital. Please go ahead.

Pranay Jain: I wanted to understand what is our order book position presently and what is the pipeline looking like on the exports front for the next 12 months?

Nishant Garg: First of all, if we talk about the current order book, it's around Rs.35 crores approximately at the moment, but like I said, the maximum delivery time for one of our products is 30 days. So normally it's on the monthly basis. So, we are running on a 22 crores kind of a run rate right now, then we have order book of around 1.5 month which is very good for our industry first of all. And secondly, if we talk about the export front I think in pipeline we have orders of around Rs.3 crores approximately at this point of time and for next 12 months, we can expect contribution of 15% to 20% of our total sales in the export part minimum because one of the companies that I mentioned earlier in the questions of Miraj, if we get what we are expecting out of it and it should be there because they are highly impressed with our quality and services. So that might give even a better boost.

Pranay Jain: Earlier, you commented, compared to last year, we have 50 to 60 more clients and your conversations with them plus getting part of association like the STAFDA in the US, all these initiatives are going to help long term in top line and I believe that many of these new products will also be margin-accretive. So, I wanted to understand what is our EBITDA margin from 9.7%, 10% where we are presently. where do we see this in two years' time?

Nishant Garg: I think I'm not supposed to comment on that over here. So, I would refrain from that question, but yes, it would be definitely much more positive than what currently it is, because the timeline that we are targeting to see a significant growth in our top line and bottom line, that is exactly two to three years like FY'24-25 and '25-26, that is the time when we would be starting getting the best results, we will gain from the funds that we got through listing and the best optimum results should come by then, so it would be a significant improvement over the past years in the coming two, three years in terms of everything.

Pranay Jain: So presently, basis the capacity that we have, what is our average utilization level and as part of your utilization? As part of utilization of IPO proceeds, whatever expansionary activities you are taking, what gives this capacity to increase, which are the higher margin products where this new capital is going to be deployed because I want to understand since you are focusing on adding more value to bottom line in the long term, we want to get a better sense of what the PAT margins going to look from 3.5% presently, is it going to be 7%, 8% in a couple of years' time or not?

Nishant Garg: Again, see, I can't get into specifics at the moment, but yes, definitely it would be far better one what it is right now. And secondly like you asked, most of our funds are getting utilized for growth in better value-added products such as stainless steel price such as pneumatic coil nails and plastic collated nails and as well as now paper collated nails. So definitely the gross margins in those products lie from somewhere in the range of 20% to 30%. So definitely, the margins are bound to increase because in the last year, the contribution of these products in the overall sales has increased by a certain percentage because the new customers what all we are acquiring we are acquiring for these products, we are not very much focused on the products that we were doing earlier. So, we are increasing the sales and customers who buy these products. So definitely the contribution will improve on quarter-to-quarter basis and that will definitely help us finish in two to three years with a much better PAT and EBITDA margin. At the same time, the interest cost and everything would be dropping because of the cash flow that we get from selling higher value products, so definitely the interest costs and everything would reduce on year-on-year basis and that would raise the level of PAT as well.

Pranay Jain: If you could just elaborate on the strategic transformation plan that you are currently executing and connect it with what those initiatives are going to lead to, because if you are going to grow at 20%, 25% CAGR, then you should be hitting Rs.400 crores top line?

Nishant Garg: Correct.

Pranay Jain: So, I just want to understand how the transformation plan is going to play out year-after-year. You're already at 20 crores to 25 crores monthly turnover. From Jan at least, we're going to see that trend as you indicated. So, a little bit about the transformation plan, the newer products, the focus on exports, which geographies that would really help us to that?

Nishant Garg: See, like I told, there is one company is a US-based company. We have already started executed the business of first order which was roughly around 90 lakhs to 1 crore, and now they are repeating the order and they have already given us the next purchase order which is almost double of the earlier PO and there is a good flow of enquiries from the same customer and that is all on value added items. Secondly, I recently visited the US and met certain clients which should mature within a week or so, so, there is another good flow. And as far as domestic markets are concerned, like I said there are 50, 60 big and small clients that we have added 50 to 70 and those three, four are really big names and we have already started to cater to them. So, all those customers that I'm talking about, their monthly requirements are much more higher. So, no one initially starts with the big orders or something, they start with a small quantity, you are a supplier of 5%, 10% in their overall purchases, then you increase that number with your quality and delivery and services, you reach a level where you are supplying 50%, 60%, 70% of their supply. So, one factor is that. So what strategic change I'm trying to convey from here, like earlier it was a simple marketing scheme like five, six, seven, eight sales people who are producing sales, going to the customer, but now we have changed the approach; now we are targeting those companies… in terms of our post listing, the credibility of company has increased and the reputation of the company has increased and the reputation of the company has increased and that we are leveraging properly to gain even better customers who are renowned names in the industry. I also mentioned in my speech, when we supply our products to these companies on a regular basis, it automatically enhances the image of the company, okay that you are supplying to this, this, this clientele, then four other players also come in and they are interested, plus the overall consumption of these reputed clients is so high. Until and unless you are supplying them with good quality and service then their overall business increases. So, it's automatically building the brand, so one strategy is brand building and second strategy is that associating with the kind of clientele which in future which can be your loyal partner somewhere and you get regular orders from them. You asked me what is the order current order book size. I said around 35 crores because that is one big plus because when we were not listed and we were not going through this strategy our order book used to be normally at around 15 to 20 crores level. So, there is a big jump in that. So, that is somewhere due to the strategic shift that we have taken that we are associating with clientele who are acting more as a partner and not just as a customer.

Moderator: The next question is from the line of Santosh Kondapuram from Path2Wealth. Please go ahead.

S Kondapuram: As a retail investor, I really appreciate this investor call that you're doing. So hopefully we expect this to be continued in the future as well.

Nishant Garg: Definitely, sir. Last time also we did and this will always be a regular thing. Certain people panicked this time that I am not doing a con call, but that was due to the holiday season and all and we planned it as soon as everyone was back to office from the point of investors and everyone, so we did it today.

S Kondapuram: My request is the compliance. I think you have to publish like half yearly results which we understand. But until you publish these results, retail investors like small investors will not have any idea about how the company is progressing. So, I'm going to request like you can publish any order wins or any significant business wins in the BSE side that would be helpful for smaller investors going forward, because you know, we have to really wait for six months to actually see what is going on. So, that transparency would help for sure.

Nishant Garg: In September a note from our AGM, I published the outcome from my speech, basically they were the key developments of the company. Yes, I have got this suggestion from multiple people and I think it's not possible to update it every time, but yes, I'll try that some mechanism can be built where we can give a summary of new order book or something like that in every two months. So, I'll work that out with the team and see how we can implement it.

S Kondapuram: We are seeing the margins around 9% and we totally understand that there is a development cost and the company is actually integrating factories as well I suppose, so, we understand the margin being on the lower side or maybe consistent with the prior periods. But to put an approximate number or something, do you think the margins will take higher trajectory like for second-half or will that happen from next fiscal year, any guidance on that?

Nishant Garg: No. See, if we are achieving the kind of orders that I'm telling on a monthly basis, yes, if we are able to achieve that within this financial year, then I think the bottom line should also improve and I am quite more bullish next year is going to be far more better. So that's my reading on it. And I think maybe in this year also we should be able to get there where we want to.

S Kondapuram: You have travelled a lot recently for your business needs maybe. Have you seen any like recessionary trends? Because I'm taking this call from US impact, so we are hearing slight recessionary trends in the housing market as such and one of your products, the pneumatic nails is mostly used in the housing sector. So overall like -

S Kondapuram: Are you asking it in a general trend or are you asking vis-à-vis our company's contribution to this?

S Kondapuram: So general trend is recessionary for sure, when I look at some of the numbers, yes, there definitely is some kind of slowness or recession. But in respect to your company, right, you saw the auto industry as well within India. Auto industry or auto ancillaries are doing extremely well. So overall from auto or industrial sector, how are you viewing your company for this?

Nishant Garg: See, first and foremost right now where we stand at, currently Maiden Forgings might not be contributing whatever product is doing since we have multiple product lines right now, if we combine all those markets and the kind of contribution, the sales that we make how much we cater, what size of a player we are in that industry, we won't even be accumulating right now to 1% contribution to the overall market, I think it would be somewhere in a point. So, the scope for us is very high. Definitely, there is a recession trend in US what I have seen, there is a recession trend in Europe as well… and that is not current, that has been from last 6 to 8 months, during which time we have also faced this growth. So, see that is there. But since we are a very small player right now in the overall global industry for our product line, so we have endless potentials right now because the kind of efforts that we are doing post-listing, that were never done before and somewhere I see that when you make an effort, the results start to come, I was expecting a bit late, but they start. to fructify very soon, if you are you generally working in the right direction with the focused approach. So, there is no question that there is a recession, but that being said, the optimist part is there is high demand in domestic markets for our products especially right now. So, there is a compensation effect. But that being said, we are already increasing the sales in export markets and that is because right now total contribution of Maiden in the entire market is not that big and we have lots in the market to capture as of now.

Moderator: The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: For our next leg of growth and expansion, beyond what we can do from our current facility, would we be spending on CAPEX or would we go for an outsourced manufacturing model kind of a thing?

Nishant Garg: I will say it would be a mixture of both. It is I think whenever you are targeting at a higher growth and higher sales kind of thing. So, we would be always doing pro and cons thing whether we should go for CAPEX and produce our own or we should outsource the thing altogether. Because it depends on various factors like how critical is a component or a product that we are producing, then secondly, what costs we have to incur if we outsource, can we let go some additional part to an outside party. So, there would be multiple pros and cons thing that needs to be calculated whenever we are executing. But yes, overall if I talk about the long-term vision, we would be doing certain cases like I said, for example in the nails, right now we can produce 300 tons up to 600 tons, 700 tons, surely we are doing the CAPEX, we are doubling the capacity within our own facility because we have the space, we have the team already over there. But yes, looking at the long term we have a strategic focus that we would be increasing, for example, we reach 400 crores kind of top line within a year or two, then definitely the future strategy would be to increase further sale with keeping the model asset light and producing multiple more products through outsourced services.

Prateek Chaudhary: And for reaching the Rs.400 crores of sales, can that happen through our -?

Nishant Garg: That can happen in our current plant with the condition that the main thing that I have done, I think we can reach about Rs.450 crores sales also within the current facility that we have, just with the nails expansion and everything that already have taken into consideration, doubling of it. The reason being, see we have eight product lines and the same machine can produce carbon steel, alloy steel and stainless steel, and our focus is primarily on the stainless steel right now. So, when we go for stainless steel the same product that we are selling for Rs.60 right now, the same machinery would be producing a product which will be selling for Rs.260 or Rs.270. So that way we can reach around Rs.450 crores maybe Rs.500 crores as well in terms of that… I'm not talking about the quantities right now.

Prateek Chaudhary: This is the value we can achieve Rs.500 crores approximately from our existing manufacturing facility?

Nishant Garg: Correct.

Moderator: The next question is from the line of Chinmay Rane from Cogent Finvest. Please go ahead.

Chinmay Rane: You just talked about that the current capacity can manifest in the value-added products that will give the revenue to the 450 crores.

Nishant Garg: Can you just repeat?

Chinmay Rane: You just talked about that our current capacity can be used to produce the high value-added products that will give you the revenue of around 450 to 500 crores. So, what are our strategies to shift such a value-added products, what is the timeline and how is the demand prospect for such product?

Nishant Garg: Chinmay, thank you for the question. Like I answered in the earlier question also, see, we might have reached around 75% of the capacity utilization right now in terms of quantity. And the entire focus and the strategic efforts that were being taken from last six 7-8 months they are focused on value added products, right? I told that 50 to 70 clients we might have added during this six, seven, eight months. The marketing team is focused only on selling or acquiring bigger clients who buy the value-added items. So, we are focusing the lesser value-added items. Those sales are increasing on its own like when the customer comes to us. But our entire focus is to acquire clients as we are going through the approval processes of multiple clients, out of which three or four have already approved us and also approved our materials after taking the one, two, three orders. So, our entire focus is on upselling, that is selling the higher value-added products. The timeline would be approximately in next financial year the permutation, combination of all our product lines should be in best optimum shape that we can get in the current capacities.

Chinmay Rane: Currently, how much is our value-added products contribute to our revenue?

Nishant Garg: Current, I will have to cross check. I think last year it was around 15% or so as far as I remember, I'm not very sure right now because I think I calculated in last of the investor call or something. So, I think it was around 15%, but for the current, I will have to recheck, right now the number is not in front of me.

Chinmay Rane: Just wanted to understand, do we have a threat from the Chinese products, the category in which we are present in?

Nishant Garg: No, we don't have any issues with Chinese products or anything right now, because I think all our products that we are dealing with they are in semi-finished or finished form. So, there are heavy duties and everything on Chinese products in this particular line. I am not facing any kind whenever I'm going for marketing or anything. Earlier like 2-3 years back, I believe there we had to hear that Chinese product is this price and that price. But in recent past I have met so many people and I don't think anyone claimed that your product is expensive than Chinese product or something like that.

Chinmay Rane: What is our export contribution currently?

Nishant Garg: Export contribution I think right now it's about 10% to 12%.

Chinmay Rane: What is our plan to increase them in the next two to three years?

Nishant Garg: Not two to three years down the line, but for next year, I think the export contribution should be around 25% to 30%.

Moderator: The next question is from the line of Bapudara Mayur who's an individual investor. Please go ahead.

Bapudara Mayur: Our receivables have increased and our operating cash flow for the first half is in negative territory. So, what are the terms with our clients for the payment collection?

Nishant Garg: See, payment collections with our clients vary from before dispatch kind of payment till 90 days. For example, like I said that we have added certain big names. So, one of them is buying at 30 days, one of them is buying at 45 days. So that kind of payment terms we have. But they are all 'A' rated companies and everything. We only give credit to new customers wherein the credibility of the company is very strong.

Bapudara Mayur: So, in second-half, our cash flow should improve, right?

Nishant Garg: Should improve. Like I said when Miraj specifically asked for inventories, so definitely right now we have to grow rapidly and especially when you are changing the product mix that you have. So, we have to enhance the working capital for that and once we achieve the desired run rate by January or February, then we would be going for the optimization of the working capital.

Bapudara Mayur: In pneumatic nail segment, what is the total market size? global and Indian both?

Nishant Garg: I'm not very sure because I read all these reports like a year back or something, but the global market space was somewhere in some billion dollars. The HS code is 7221. approximately I can give you an idea that US alone imports around 300 to 400 containers every month from India and one container on an average is priced at 30, 35 lakhs

Bapudara Mayur: Who are the competitors in India who are exporting apart from us?

Nishant Garg: There is one GK Wires, then there is one Astrotech, these two companies are major contributors to these containers.

Bapudara Mayur: It's a question and you can consider it as a suggestion. So, growth of 20% to 25% our cash flow also should improve and -

Nishant Garg: Yes, definitely.

Bapudara Mayur: So that we would not have to depend on the net or long term for our growth?

Nishant Garg: That is the entire motive of focusing on products which gives us higher margin is to create strong reserves of the company which can fund, the company can be self-sufficient and fund its own expansions or increase in the coming future. That's the entire target like on which we are.

Moderator: The next question is from the line of Pranay Jain from Deal Wealth Capital. Please go ahead.

Pranay Jain: One, I went through the annual report and it alluded to about four products being in R&D, one at an advanced stage. So, just wanted to understand what is our launch plan, how are we going to see it being introduced and the opportunity size from these?

Nishant Garg: I think it will take much longer time in this call. So, there is investor grievance ID. Please send it to me on that. Actually, there is a ready content for that what we are doing in return. So, I can share it with you. But I have also mentioned earlier that if there are four products, out of that maybe one is we rejected because it is not viable or maybe it's not profitable or to gain its sale it might require two years, three years or such a long time because it requires approvals and everything too much and that might require higher costs to be incurred to get approved or something like that. So, one of those products might get rejected. And if we talk about other three, like I said, they don't require huge CAPEX, we can even outsource them because they are our forward integration. So, we would be launching them one-by-one, you can say roughly like every half year, we would be adding on a product pace as of now, maybe it increases in future like we are doing it quarterly or maybe two months. So as of now, the strategy is that we would be launched them every half year. As far as what are the products and everything, we have the write ups… because in this IR call it will take a lot of time to explain each and every product. So, I would suggest that investor grievance ID is there, you drop us an e-mail and we will revert you in detail.

Pranay Jain: Sure, I will send the mail. A final question is on your Tier-1 and Tier-2 clients. If you could give us a flavor because from my last understanding is about quarter of your business came from the auto clients and you have many on the engineering and consumer durables side. We know it's a very capable company and long-term visibility is fantastic. But if you could give us some name so we just get a sense who are we partnering with, which are the kind of clients in US, Europe or maybe later on in Australia, Africa that we are looking at so we get a sense on auto, engineering and consumer durables, what are we focusing in the next two to three years?

Nishant Garg: This company is particularly not the one I mentioned in the AGM summary, right? This particular company is into consumer durables or engineering or something like that. It is basically a listed New York Stock Exchange entity that is having warehouses around the globe and it is providing B2B commerce services for most of the ferrous and non-ferrous finished items, one of the biggest in the world. So, it buys all kind of products that is made especially the value added one. So, we have associated with them. If we talk about the domestic one of the biggest names that we have added in the current six months is into industrial construction basically. You can say maybe somewhere linked with engineering sector and -

Pranay Jain: Out of the 50-60, we've added in the last 12 months, which are -

Nishant Garg: No, I am I'm just giving you a hint of the big ones that we have added. So, the global player is the first one that I mentioned and a major domestic player that we have added is the second one and third we are at a very advanced stage and I think within November we should finalize it, it's a very reputed German company and -

Pranay Jain: Auto industry?

Nishant Garg: It's a wide group, it's into auto as well, it's a very big group, so everyone knows it. It's into engineering, it's into auto Tier-1 kind of a thing, so, a development of various kind of items, it's a global brand coming out of Germany.

Pranay Jain: As per the suggestion given by one of the participants earlier, I just wanted to reiterate that the leading companies generally update on their order inflows once a month at least. So, if you could consider a similar practice -

Nishant Garg: Yes, I would try to do it once in two months at least. Like I said, I will work out some mechanism how it can be done with the team. And secondly, through you, I am actually conveying to all the people all the participants on the call that suggestions, questions, whatever you have, please send it to our investor grievance ID given on the website. We are very active on that. When I reply to those e-mails, I often get feedback from the investors when they meet me. Other companies generally don't reply to those investor grievance mail ID sent on them, but we do and we appreciate that also. So, I want to say like whatever queries you have you can send it through that. And other than that, I will definitely make a mechanism that I try that every two months we can give you the order flow and any new developments and maybe let you know.

Pranay Jain: You may add maybe any client addition or any market entry or a product launch also from time-to-time that will give us more points?

Nishant Garg: Definitely.

Moderator: The next question is from the line of Miraj from Arihant Capital. Please go ahead.

Miraj: Sir, just a few round of questions. First is the capacity that we currently have, how much would it be excluding the capacity that we are adding from IPO proceeds?

Nishant Garg: I'm sorry I didn't get the question.

Miraj: From IPO proceeds approximately 8 to 9 crores you were spending to add some machinery. I think you're picking a capacity from 250 tons per month to 500 tons per month.

Nishant Garg: 250, 300 to 500, 600 kind of tons, almost doubling the nails capacity.

Miraj: That would be only in the nails part or is that our entire capacity?

Nishant Garg: Only nails part.

Miraj: So, our current and total capacity excluding this would be how much sir?

Nishant Garg: Excluding the nails that we have already implemented?

Miraj: Yes, sir.

Nishant Garg: You can say the overall current capacity consumption right now would be at 75%, 76%.

Miraj: Please come again. I missed your voice.

Nishant Garg: See, I have told you on various other platforms as well earlier that we can always replace one machinery utilization from low value-added products to higher value-added products, right? So exactly calculating the volume would be very tough, but when we got listed, at that time, we were utilizing approximately 67%, 68% of our capacity and right now we are utilizing around 75%, 76% of our capacity. I am talking about the current month, you can say maybe from September and October.

Miraj: I'll just round up a few questions quickly. Sir, the own brand versus white labeling that we're doing in US that we started, could you just brief up how that is going over there for our own brand as well?

Nishant Garg: See, for now we are not doing the own branding in the US specifically. The reason being we are now an associated member of STAFDA, right, and there are so many distributors who are interested to buy huge bulk quantities from us. We are doing it in Canada, right? But we are doing it in for Europe. But for US specifically, because there the consumption is very high and there are few very established distributors who have you may say 40, 50 warehouses across the US. So, one or two of the distributors to whom we have associated and we expect a good business, it can affect us negatively in terms of relationship with them at the moment. This when I went to USA last week only before Diwali then only we had a word with them… because it's very necessary we do any such effort, we do it with some of the local distributor over there. We can't aggravate the current customer base that we have over there already.

Miraj: The next thing is that one of our plants which we wanted to look at was oil tempered wires, that was based on certain target achievements. So, are we still with our plan to -?

Nishant Garg: Like I said that there are four products that that are under R&D and oil tempered is one of them, right? But this is the product wherein we just got listed and we can't start with that product immediately. Once we do the CAPEX for its development, we would have to incur a very high running cost for at least a year till the time our product doesn't get approved in some major ancillaries. So, what we did was when we were doing some strategic planning, as per the calculations, we have chalked out that right now the pneumatic nails business, specifically specialty steel business, that is far more lucrative for strengthening the company basics and the general reserves through sales of these specialty steel items and these are some markets that we can gain immediately and without doing much CAPEX. So, right now we are focused on that and maybe in the next financial year we will replan for the oil tempered wire. Basic point is that there are far more better opportunities right now than starting with the oil tempered wire.

Miraj: On the plan that we had to merge the two plants, is there any progress on that side or -

Nishant Garg: Yes, right now there is a huge progress and maybe if things work out rightly, then within a one month or so I can announce the proper plan like what we are doing. I think last time when we had an interaction in the investor meet or something, I told that, I'm not doing it in a panic. But yes, the right thing has clicked as of now, that is looking lucrative, and all our terms and conditions can be fulfilled from that plan. So, we are looking forward again to chalking out the detailed plan. So once everything falls into place, then definitely I will be announcing the same thing.

Moderator: The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: Like we will be expanding over the next one year or two where do you see our debt levels because you would also require -?

Nishant Garg: No, debt levels would be reducing. See, there are two things that I think most of the people are forgetting to take into consideration while seeing the cash flow of the company. First and foremost is that we haven't utilized the entire fund that we got from listing and that would be utilized over time as and when we are expanding the sales. Secondly, the company's profitability overall by the next year end it would be sufficient to fund the expansion that we are doing currently. If you talk about the ratios, the ratios should improve like maybe the sales will go up to a higher level and the debt level remains same or reduces slightly. So, for example if we are making a sale of say 350 crores and the debt level is the same as current, then also in absolute terms we have reduced the debt. So, that is how I expect that debt level should be in future.

Prateek Chaudhary: In the previous participant's question, while you were speaking it was not very audible. If you could repeat on what you were telling about the land deal?

Nishant Garg: He asked me that what are you doing on the consolidation of plants and everything. So, I told that we are looking out for land and we are not doing it in a panic like that we have to do it immediately because it's a big deal. So just before Diwali, something has come up which seems lucrative and suitable on our terms and conditions. So, we are working that out with the other party. And once the things are chalked out properly, maybe in a month or so, I will announce like what has happened if things materialize.

Moderator: We would take that as our last question. I would now like to hand the conference over to Mr. Kaushal Shinde for closing comments.

Kaushal Shinde: Thank you everyone for joining the conference call of Maiden Forgings Limited. If you have any queries, you can write us at info@kirinadvisors.com.

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