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Formerly Known As Maiden Forgings (P) Ltd.
(AN ISO 9001: 2015 COMPANY)
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CIN No. U29810DL2005PLC132913

MFRS. : ALL TYPES OF BRIGHT STEEL BARS & WIRES OF FREE CUTTING ALLOY, MILD & STAINLESS STEEL & NAILS

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

June 09, 2023

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 Thursday, June 08, 2023 at 03:00 P.M.**

Scrip Code: 543874

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earning Conference Call held on Thursday, June 08, 2023 at 03:00 P.M. to discuss FY 23 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: 2023.06.10 13:13:02 +05'30'

Monika Negi
(Company Secretary and Compliance Officer)

An ISO 9001:2015 Certified Company

"Maiden Forgings Limited Q4 FY '23 Earnings Conference Call"

June 08, 2023

An ISO 9001:2015 Certified Company

Kirin Advisors

CHORUS CALL

MANAGEMENT:	**MR. NISHANT GARG – MANAGING DIRECTOR – MAIDEN FORGINGS LIMITED** **MR. RAMIT MAKKAR – FINANCIAL ADVISOR – MAIDEN FORGINGS LIMITED** **MR. VIKAS AGARWAL – FINANCIAL ADVISOR – MAIDEN FORGINGS LIMITED**
MODERATOR:	**MR. VASTUPAL SHAH – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY23 Earnings Conference Call of Maiden Forgings Limited, 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. Thank you and over to you, sir.

Vastupal Shah: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all. As this is the first conference call of the company. There will be a brief introduction about the company, and then we will discuss the financial results for the Q4 and FY23. I would like to now welcome Mr. Nishant Garg, Managing Director of Maiden Forgings Limited, Mr. Ramit Makkar, Financial Advisor to the company, Mr. Vikas Agarwal, Financial Advisor to the company. Mr. Nishant, over to you, sir.

Nishant Garg: Thank you, Vastupal Shah. Good afternoon, everyone. I extend a warm welcome to all of you joining us for the Financial Year 23 Conference Call of Maiden Forgings Limited. We recently, on April 6, 2023, got listed successfully on BSCSME platform, marking a significant milestone of our company. Before we delve into the financial performance and prospects, allow me to provide you with an overview of our business. Maiden Forgings Limited is a renowned manufacturer of high-quality bright steel bars and wires with a rich history spanning over three decades.

Our manufacturing operations are spread across three locations in Ghaziabad, encompassing a total capacity of 50,000 metric tons per annum over an expansive 12,500 square yards combined area. Our unwavering business focus revolves around the growth and enhancement of value-added and specialized products. This strategy has not only bolstered our business revenues and profitability, but has also enabled us to serve a vast clientele over the course of our journey. Today, our client portfolio boasts over 450 customers, a testament to the quality of our product and our commitment to exceptional service quality.

With an impressive order delivery time of one to three days, we have established a robust supply chain that ensures uninterrupted production for our valued customers. Over the past 35 years, Maiden Forgings Limited has emerged as a leader in the domestic market by offering reliable customized solutions and access to cutting-edge technologies. What sets us apart from our competitors?

First and foremost, our fastest-delivering model that is unique and enables us to deliver carbon and alloy steel products within 48 hours of receiving orders, surpassing the general industry standard of a minimum of one week. Additionally, we assure the quality of our products, thereby ensuring customer loyalty and minimizing production disruptions due to supply issues for our customers. Lastly, we take pride in being a one-stop solution for all bright steel products, be it in stainless steel, carbon steel, or alloy steel.

Furthermore, our client portfolio comprises distinguished names, including Tier 1 and Tier 2 suppliers of Otto OEMs, TTK Prestige, Hawkins, and other prominent players in the consumer applications industry. In total, we supply our products to over 450 clients as of now. Looking ahead, we are determined to increase production from value-added products to further enhance profitability. The introduction of our new production line has already contributed to increased revenues and EBITDA in FY23.

Our next focus area involves tapping into the export market, which offers higher margins. To achieve this, we plan to implement forward integration strategies to minimize costs and maximize profits. This as well includes horizontal as well as vertical integration. As part of our forward integration efforts, we have ventured into plastic coil pneumatic nails and wire-welded coil nails.

We have already established a pneumatic nail plant with a production capacity of 250 tons per month, involving an investment of approximately INR8 crores, fully funded by our internal accruals in the last 10 years. This project aims to manufacture plastic-collated, paper-collated, and wire-collated nails primarily for the construction industry worldwide. With a focus on export-oriented production, our pneumatic nails are already making their way to global markets as they are used in pneumatic nail guns preferred by developed nations for their ability to save on high labour costs and expedite construction processes.

Additionally, with India progressively moving towards fast development with booming demand for such products and many upcoming wholesale building store chains, we plan to reach B2C platforms and be the first mover in this category with branded pneumatic gun nails and SS nails, furthermore adding to our revenues and margins. To summarize, Maiden Forgings is on a growth trajectory equipped with well-defined strategies to maximize profitability.

Now, let's delve into our financial performance for FY23. During the fiscal year, our total income amounted to INR221.15 crores. Notably, our EBITDA witnessed a remarkable 80% jump, reaching INR22.31 crores, while our EBITDA margin nearly doubled from 5.87% to 10.09%. The significant improvement can be attributed to the value-added products generated from our newer production line. Furthermore, our net profit surged over fourfold, standing at INR9.61 crores compared to INR2.19 crores in the previous year. This translated into a PAT margin of 4.34%.

These robust financial figures clearly indicate our strong positioning in the industry and underscore the promising prospects for future profitability. I would like to express my gratitude to all of you for your presence on this call and for your continued support as investors in our company. Rest assured, Maiden Forgings is poised for healthy and sustained growth. And in the end, as a promoter and on behalf of my entire team, I assure we are committed to a long-term vision and are willing to put our 100% hard work with right intentions to achieve growth for all our stakeholders. Now I am delighted to address any questions you may have. Thank you.

Moderator: Thank you very much, sir. We have the first question from the line of Avinash Gorakshakar from Profitmart Securities. Please go ahead.

Avinash Gorakshakar: Yes. Good afternoon, Nishantji, and congratulations for a very strong, excellent performance. I have got two questions. One is, Nishantji, if you could tell us something about your new project, pneumatic nails, what is the status and in the current year, what kind of business growth can we expect from this business in FY24? And secondly, for the existing business, what kind of top-line growth can we expect? Can we expect a similar growth to what we have done in the current year? If you could share some ideas on that and tell us some more details as to what is the kind of growth expected in the current year, please.

Nishant Garg: Thank you, Avinashji, for joining and giving your time. First and foremost, like you asked about pneumatic gun nails, like I told in my speech as well that, you know, in my opening remarks, that first of all, we are focused on exports, basically to US and European markets. And currently, we have already done the trials and everything. And we are now starting, we have started with commercial production, but it has only reached a level of 10% to 15% right now. And we are targeting to reach 90%, which would give approximately 20% growth in the top line.

So that is the major target. And we are also, like I said earlier, that we are also targeting for the consumer markets in India with the growing wholesale building chain. So that definitely, the pneumatic nails, which is our forward integration, that is the prime focus area, as that is the product that gives us multiple margins in terms and as well as a huge market to tap.

Avinash Gorakshakar: I wanted to know, Nishantji, that in the current year, that is FY23, our turnover is INR221 crores, last year it was INR210 crores. So why was the revenue growth 5% in this? I mean, all your plants are working, I believe, to full capacity. So tell us about this, is there any specific reason for this?

Nishant Garg: Specific reason, like I said, we were adding multiple, like we installed this plant for collated nails over there. Plus, we were transiting from, majorly, like earlier we were producing mainly carbon steel and alloy steel. The stainless steel portion was less. So our focus was to take that transition during this year. Now we have taken a good growth in stainless steel, like now it contributes approximately 15% to our total sales, stainless steel and specialized steel. So due to that transition, the last year was majorly about increasing the bottom line. And now since we have taken that trajectory, and so this year we are targeting a 20% kind of growth in the top line and as well as in the bottom line.

Avinash Gorakshakar: So Nishant ji, one can safely say, that this year the focus will be on profitability, that is FY '24, we could see profitability levels either sustained or get better.

Nishant Garg: They will definitely sustain and hopefully get better also. But last year was the transition phase. Now also, now we are taking the transition to collated nails, pneumatic nails, which are consumer products. You know, so we are also transiting from B2B markets to B2C kind of markets. Okay, so there would be, but this year, since we already have the plant installed, and everything is ready to go by now. So we see a 20% kind of a growth in the top line as well as in the bottom line.

Avinash Gorakshakar: Okay, Nishant ji, thank you very much and all the best to you and your team.

Nishant Garg: Thank you, Avinash ji. Thank you.

Moderator: Thank you. The next question is from the line of Yashwanti Khedkar from Kojin Finvest. Please go ahead.

Yashwanti Khedkar: Yes, thank you and good afternoon. I just wanted to understand which countries you are targeting for your exports?

Nishant Garg: Primarily US and European continent at first. And then in the second phase, we would be targeting Australia as well as the African countries.

Yashwanti Khedkar: Have you started doing the exports of this to the US?

Nishant Garg: Yes. We are already exporting to the US markets.

Yashwanti Khedkar: What was the export component in our FY '23 sales?

Nishant Garg: In '23, we started in the end, it was approximately, you can say, around, it was roughly around 2% of the total top line.

Yashwanti Khedkar: And when you expect in FY '24, it would be?

Nishant Garg: Approximately 15% to 20%.

Yashwanti Khedkar: Okay. So it means that we have seen a very wide acceptance of our product in the abroad market.

Nishant Garg: Right. It's, see, it's about initiating. The initial stage is tough because you have to get the approvals and you have to get the trials get done. Once the thing is already in the market, then it's pre-approved kind of thing. So we have surpassed that pre-approval stage kind of thing. So it has acceptance.

Yashwanti Khedkar: Okay. So in that case, our plant is also inspected by those clients?

Nishant Garg: t times. Not mandatory in every case. Mainly the product quality matters. Plus, on top of that, we have installed a Taiwanese plant for this purpose. And that Taiwanese plant machinery is already approved by the US wires. You know, if you are manufacturing on those machinery, they are still, if the samples pass, then they are okay with it.

Yashwanti Khedkar: Okay. How much did you spend on buying those machinery?

Nishant Garg: Total, last year, like I said, it was around INR8 crores capital, capex, approx.

Yashwanti Khedkar: Okay. So INR8 crores includes this machinery also.

Nishant Garg: Yes, this was from internal accruals.

Yashwanti Khedkar: Okay. Sir, in FY '23, we reported EBITDA margin of around 10%. So what is your output? Is it sustainable or is it likely to increase?

Nishant Garg: It is very much sustainable and it should get better.

Yashwanti Khedkar: Okay. With a valid product and those values?

Nishant Garg: Right. Because, we were recently listed, like two months back. So I was telling this during, because we went on numbers of December 31. So I was telling it that it would be sustainable definitely because we have gone towards the value-added products in our product mix. We have changed the ratios of product mix that we are manufacturing. So that is the reason and this will sustain and grow because now we are with this pneumatic nails reaching from 1%, 1.5% kind of total contribution to 15% to 20% kind of contribution. This should multiply.

Yashwanti Khedkar: Okay. And sir, in, you deliver your goods with steel nails. That is what you said that we are much better than Indian steel.

Nishant Garg: Carbon steel and alloy steel, bright bars and wires.

Yashwanti Khedkar: So in that case, what is our inventory days? How many days of inventory we need to hold to have the system supply?

Nishant Garg: Normally we do it exact data. I don't remember. Earlier it went to up to like 45 days to 50 days kind of thing, but I think we are again now back to 35 days to 40 days kind of thing. One month plus you can say roughly. Yes.

Yashwanti Khedkar: And then next working capital cycle would be on?

Nishant Garg: That I will just clarify. I think Vikas ji would be able to give a better light on this. Vikas ji, I think 60 days, 65 days is the total working cycle?

Vikas Agarwal: Yes, close to that. Yes.

Nishant Garg: Yes.

Yashwanti Khedkar: Okay. And sir, you will be raising the funds through IPO. So where have you deployed the funds?

Nishant Garg: Approximately, out of it, over the entire year, this would be spent in, you know, INR8 crores to INR9 crores approximately would be spent in the capital expenditure. Capital expenditure in form of purchase of machinery. Okay. For enhancing the capacities of the nail. Because like I told that time focus now is the consumer products that we can reach. So we have the capacity. So we would be doubling the capacity of some 250 tons per month to 500 tons per month kind of thing for this product particularly. And this plant would again cost around INR4 crores, INR5 crores. And we have one more expansion which we would be, we plan post achieving certain numbers in this. So we would be doing that by the year end.

Yashwanti Khedkar: Okay. Thank you so much, sir. I'll come back in a queue.

Nishant Garg: Sure. Thank you.

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

Abhishek Jain: Good afternoon sir. This is Abhishek Jain from Arihant Capital. I just want to understand one thing like, FY '24 would be in the 20%, but '25-'26 what is your outlook? Second thing, sir, we are looking our factory but this is – okay, first question you answer and then we can have next round of questions. Yes sir. For FY '25-'26 what is our outlook sir?

Nishant Garg: Sorry Abhishek ji, your voice is echoing a bit. Michelle can you take it?

Moderator: Mr. Jain I would request you to kindly use your handset. Your voice is muffled sir.

Abhishek Jain: What is your outlook for FY '25 and FY '26 growth outlook? What kind of?

Nishant Garg: FY '25-'26, it would be like we are in '23-'24 and then you are asking for '24-'25 or '25-'26?

Abhishek Jain: FY '25-'26 sir.

Nishant Garg: You know, like I said, it would be sustained at least per annum 20%-25% kind of growth.

Abhishek Jain: And the margins would be, sir?

Nishant Garg: It should grow better but '25-'26 is still far away. So for this year I can say, it should be around same 20% kind of growth and next year it should definitely see, internal actuals would be good. So it should further improve and like I said, by year end, we will be doing certain expansions more. So next year, whatever expansions we have done till now and this year we are doing so those results will come in the next year and next to next financial year. So definitely the growth should be higher than this.

Management: Just to add Abhishek ji, I would like to add here, while we cannot give specific numbers but broadly we can understand that we are improving our margin by shifting from traditional products like carbon and alloy steel to higher value products both in terms of speciality steel as well as in terms of stainless steel and also collated nail and wire mesh, tempered wire and other products which changes gross margin from 12% to 13% to 25% to 30% range. So while we are increasing our top line also, we are targeting minimum 20% to 25% annual growth in the next at least two, three years plus the margin itself should improve from currently about 10% EBITDA margin to anywhere between 12% to 13% within two, three years. So we should have an exponential impact on the bottom line.

Abhishek Jain: Okay, sir. Sir, we have very big names like TTK Prestige and other players like Hawkins and other players are our clients right now. And auto side, we have been maybe a Tier 2 supplier or Tier 1 supplier to various large auto companies also like Maruti and other big names right now. Sir, what is your percentage mix between auto and non-auto if you can throw some light what will be the share of growth also on those segments right now?

Nishant Garg: So, Yes, like you asked approximately right now we are doing 25% in the auto sector and balance industries include engineering sectors and home durables, home application products basically like mixer grinders, fans and then pressure cookers, modular kitchen hardware and then the hardware industry. So, remaining 75% is divided amongst them. So, 25% you can say, auto sector and this exposure used to be around 60% to 70% in the auto sector in the year 2019 and '20, financial year 2019 and '20.

But due to a specific strategy at that time auto sector was not performing that well. So, we took an intentional shift and an intentional strategy was planned and we reached out to multiple industries and now our customer base is divided into various industries ranging from home appliances to four-wheelers and two-wheelers and to this hardware industry. So, currently, like I said, there are 450-plus customers at that time and they were 250 customers.

So, in three years approximately, we have doubled the customer base that we have. So, right now answering your question in 25% is the auto sector and approximately, 25%, 20% kind of thing is in the home durables and hardware industry, 50% is the engineering sector and 5% to 10% is the miscellaneous multiple industries including oil and gas, cement etcetera.

Abhishek Jain: Sir, I want to understand one more thing. Sir, on the export side and how will be the distribution model and what will be the export which like you have already mentioned US is one key market we are looking out right now. How we are going to distribute, what is the approval process and if you can tell us how exactly we can sell our product right.

Nishant Garg: So, there are major wholesale building chains in the US which were established like three decades or four decades back. Now that is a very popular concept over there and there are certain brands who have changed across the US continent. So, first and foremost entry strategy that we have already applied that is white-labelling and we are making products in their packaging and sending it to export. That helps us meet the minimum kind of quantities that is required for the plant and gives us a good margin over there as well.

And then second strategy is online selling, through portals like, Amazon and everything because it is a consumer product and we have already researched there is a high demand for such products through online portals as well. So, Amazon US is selling, Amazon UK is selling. Second distribution channel comes from there. And there we would not be doing white-labeling, we would be going with our own product branding.

And thirdly, via these chains and via rented warehouses and everything, we would be pushing our own brand as well in the foreign market as well as in the Indian market with the upcoming Hippo Stores chain and Shankara Building Products chain. So, this concept is also coming to India. So, we would be pushing our own brand and this way we would be able to create a first of its kind brand for collated nails and stainless steel in India as well.

Abhishek Jain: So, I want to understand one more thing. Because the steel prices are so volatile right now. Who are our suppliers and if you are not comfortable with the suppliers, how exactly are the operating works out in the, what kind of, how you take this, what kind of contracts you have supplied, contracts when you take an order, how is it being worked out?

Nishant Garg: See, it's like you know, like I told that inventory levels are approximately at around 40 days kind of thing, plus minus five days. So, that level is always maintained more or less. And if we are selling, like I said, there are products in which carbon steel and alloy steel, bright bars and wire, we are selling on 48 hours kind of delivery.

So, what happens is today we are getting an order from the customer over there and back to back, supposing we, booked 100 metric tons of order, back to back we would be ordering 100 metric tons for purchase also. So, this way any fluctuations, they don't impact us. And on the stainless steel front, they are mostly monthly kind of orders and the same way, like if we are booking 150 metric ton or 200 metric ton, for example, today for the future month, so back to back, same quantity would be ordered for the stock to the supplier.

So, this way, you know, we don't, and for OEM sector specifically, what happens is that rates are decided on the, maybe 28th or 29th of the preceding month for the next coming month and they give us schedule accordingly. And at that time, we book those materials with Tata, JSW, companies like that. So, again, we absorb the fluctuations over there.

So, there is no risk. We set the margin over there as depending on the quality of products that has to be offered. So, the margins can vary based on the application. But the fluctuation impact won't come in. We are at the middle level. That is the reason.

Abhishek Jain: And sir, is there any margin difference in any particular segment where you see the auto listing as you are getting a higher margin or?

Nishant Garg: Definitely. Stainless steel can, get us margins of around 20%, 25%. Then the specialized steel products, they can give us margin up to 30% also. And even beyond that, if it's a specific product, which one or product we are already doing out of it. And for collated nails, till the time we are doing white labelling and, supplying to the major stockists and brand in U.S. So, till that time, it is around 25% to 30% minimum. And once we go into our branding, it could be much higher than this.

Abhishek Jain: So, the export, what will be the percentage of exports will be there in next, let's say in two years' time, sir?

Nishant Garg: Right now, last year, it was approximately 8%. And we expected to go around 20%, 22% in this financial year.

Abhishek Jain: And it will gradually increase only, sir?

Nishant Garg: Definitely. Definitely. The entire focus is in going global right now.

Abhishek Jain: Okay, sir. We have our facility in like two of our plants, like units are in the heart of city. Any plans for monetization of those assets, sir?

Nishant Garg: I'm not clear. Sorry. The [inaudible 0:29:04] got a bit missed.

Abhishek Jain: We have our plant in the middle of the Ghaziabad only right now. So, do you think at any point of time, do you see as an opportunity you can shift the plant outside or maybe?

Nishant Garg: Definitely. Definitely. We are already looking for multiple lands, but the due diligence process is going on for those lands in terms of legal compliances and everything. So, we are already underway to consolidate the two major plants that we have into one at a much cheaper piece of land.

And it would be greater, bigger than the two units combined. So, definitely we see an opportunity to accrue a lot of capital from there for the company to reduce tax and everything.

Abhishek Jain: Net cash, can we get from, if you get this thing, the capacity, if you do this transfer, if you do this transfer, how much money we can get?

Moderator: Mr. Jain, your voice is muffled, sir.

Abhishek Jain: So, I want to understand if we complete that transfer of our facility from one place to another, what kind of cash in hand we can get it, net cash in hand by doing this transfer?

Nishant Garg: Approximately around INR15 crores to INR20 crores.

Moderator: Thank you, sir. Sir, the line from Mr. Jain has got disconnected. Maybe he will connect back. We'll take the next participant. And the question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: I just wanted to understand the transition we made in FY '23, right, from more of a commoditized product to stainless steel. Did we have any loss of days when it came to business, business side of it?

Nishant Garg: Sorry, I didn't catch the question.

Management: Actually, there was no loss because it was a gradual process as such. And also, in fact, we gained the days because previous year, '21-'22, there was almost three months of stoppages because of COVID, which we did not face in this year. So our focus was largely to graduate to a better product mix in '22-'23. And that has resulted in a higher EBITDA difference.

Vignesh Iyer: Okay, I get it. And what is our utilization as of, as on FY '23, just to understand how much piece of revenue can we do with current capacity?

Management: So currently, all in every, I think, 65%-70% utilization is happening. And it is very difficult to estimate as such because overall capacity is 50,000 tons. But when you utilize it for, let's say, stainless steel, this capacity gets compressed down because stainless steel processing and all that takes a lot of time.

So our processing capacity gets reduced to that extent. But on an average, we can say 65%-70%. So we can easily increase, I think, by 1.3-1.4 times within this capacity.

Nishant Garg: But even if we shift to stainless steel and, you know, speciality steel and the production in terms of volume gets reduced, but still the top line will increase because the product value is approximately five times of the carbon steel and alloy steel products. So and plus the margins are far more higher. So even if the capacity gets, reduced in terms of volume, the top line and bottom line will increase.

Vignesh Iyer: Absolutely, I get it. Because of the value add that the product brings.

Nishant Garg: Right, right.

Vignesh Iyer: Yes. So just to get that, if I got it right, it is around 15%, stainless steel is around 15% of the total revenue, right?

Nishant Garg: Correct, correct.

Vignesh Iyer: So what is our target for, say, whatever number we, making FY '24, what would be the percentage that you're targeting? Your internal prediction or estimate that you have for stainless steel and for specialized steel?

Nishant Garg: 20% to 25%.

Vignesh Iyer: For stainless steel?

Nishant Garg: It is actually combined segment in our books, the way we calculate. So it's because the margins are on the similar pattern over there. So we have taken it as a similar, one chunk only. And it should be around the 15% that we have right now for the financial year that we are talking about. So in the coming, like the current ongoing financial year, it should increase to approximately about 25%.

Vignesh Iyer: Okay. And so what would be our total capex in FY '24?

Nishant Garg: Capex in FY '24 should be around 8% to 9%.

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

Abhishek Jain: Just one clarity I wanted to get, as you were saying that you're going to shift the plant and merge two plants, consolidate two plants into one. So I just wanted some clarity. Is it in a different location post to that? And if that is the case, then what would happen to the existing land? Are we going to sell it off? Just some clarity on that?

Nishant Garg: Yes, definitely. Then only we can get the cash accrual from the internal working extra cash accrual because the lands are just around 10 to 15 kilometers away, but like 20 minutes away from our current existing unit. So we would be shifting there and eventually we would be selling the land as the pricing of these lands is very high vis-à-vis to the land that we are planning to buy.

Abhishek Jain: So vis-à-vis selling two different lands and moving into the third one?

Nishant Garg: Yes, but this process, this entire process, because it includes shifting and installing though our machines are duplicated, so it's easy, but it will be done very slowly so that the production and everything doesn't get hampered in any way.

Moderator: The next question is from the line of Sameera Jha, an individual investor. Please go ahead.

Sameera Jha: I have three questions. My first question is, since the company is trying to enter into export business through this pneumatic nails, so my question is, apart from this segment of pneumatic nails, what percent of revenue is from exports and what percent of revenue is from domestic markets? Apart from this?

Nishant Garg: In this financial 2023, it was around 7% to 8% from the exports and 92% from the domestic markets.

Sameera Jha: For the existing business of wires and bars?

Nishant Garg: Yes, total. Like the 8% that included around 1% to 2% like I earlier said for pneumatic nails and the remaining 6%, you can say 6.5% kind of thing from exports marketing in the existing business of wires and bright bars.

Sameera Jha: Okay. And can you please tell me what was the cash flow from operations for the financial year 2023?

Nishant Garg: That, Vikasji, I think that you would be able to show better light.

Vikas Agarwal: So EBITDA, I mean, we have not calculated this number. We can share separately.

Sameera Jha: Okay. And, sir, as far as I remember, the company has been doing a capex on oil temper wire?

Nishant Garg: Yes. That is, like I said earlier, that would be done by the, you can say, in the last six months of this financial year. Because right now, first and foremost thing is that we have a great opportunity in terms of pneumatic nails market. And we already have a plant installed. So, once that is in line and we are utilizing at least 70%, 80% of the capacity of the plant that we just installed, then we would be going ahead with the oil tempered wire project.

Sameera Jha: Okay. And what kind of operating margins are there in this oil tempered wire business?

Nishant Garg: That is, again, 25% to 30% kind of margin product. Plus, there are production incentive schemes from the government on the oil tempered wire under the section of steel products. It is about around 8% to 9%.

Moderator: Thank you. We take the next question from the line of Himani Obhan from Suraj Enterprises. Please go ahead.

Himani Obhan: My question is, what is the potential of revenue from new product segment?

Nishant Garg: Approximately from the collated nails plant, the current capacity that we have already installed. From that, in terms of revenue, you can say monthly, we can do around INR2.5 crores. So that roughly translates to INR30 crores annually. But that is potential. Of course, we will grow, gradually to full utilization.

Himani Obhan: Okay. And sir, what was export contribution in FY '23? How much you target for FY '24?

Nishant Garg: It was 7% to 8% for the FY '23 and we targeted around 20% to 22% kind of thing, in the FY '24.

Himani Obhan: Okay. And sir, my last question is, you are also venturing into induction tempered wire. Where it is used and what is the demand potential for the product?

Nishant Garg: Like I told, the last caller as well, that it has a PLI scheme kind of thing and we are doing import substitution over there. So the demand is high and currently, it is being imported from countries like Italy, Germany, US in India. It is being used, majorly the application of these induction tempered wires for is, clutch wires and majorly for the auto sector. So, obviously the demand for vehicles is growing every year, be it EV because this would be used in the conventional vehicles as well as in the EV segment as well.

Because these are the very basic products for, clutch and breaks and everything. So, it has a huge demand. And since the government is providing PLI, so the supply is obviously short in India. So, it's a good lucrative market. And currently, there are very limited players in India, who are catering to these requirements.

Himani Obhan: Okay, sir. Thank you so much. All the very best for future. That's it from me.

Nishant Garg: Thank you for joining.

Moderator: Thank you. The next question is from the line of Yashwanti Khedkar from Kojin Finvest. Please go ahead.

Yashwanti Khedkar: Yes. Just wanted to understand, who are your customers in the auto segment?

Nishant Garg: In auto sector, see, we are getting mainly bright bars and wires. And majorly the auto sector contribution comes from the sales of our alloy steel bright bars and wires. And, we are providing it for the applications such as, the steering rod and then the shaft of the steering. Then in bike, if we talk about the, so the rear view mirror rod and this multiple shafting in the two-wheeler segment as well as in the heavy segment. So all the tier one, tier two, tier three kind of suppliers, who are making different various components like pins, screws, fasteners. So those people are buying from us. For example, there is LPS Bossard, then there is Shivam Autotech, then there is UM Auto. So there are multiple names, who are buying from us. So that kind of base, we have.

Yashwanti Khedkar: So basically auto ancillary, we are supplying to?

Nishant Garg: Correct. Finally, the end product is being utilized in brands such as Toyota, Maruti, even one of my customer provides supplies to BMW. So that kind of customer base, we have, auto ancillary, we have.

Yashwanti Khedkar: Okay. And how would you describe, what is the contribution in the auto segment and the consumer application segment, and your total maybe?

Nishant Garg: I told some other caller as well. 25% is approximately auto sector currently. And that is through a planned strategy. We were earlier providing 60%- 75% to the auto sector in the year 2019-2020. And now, we have diversified our portfolio in the last three years. And around you can say 20%, is to the home durables and multiple home appliances and industries, such as modular kitchen, hardware, for example, bolts, door handles, many exporters of these items, we are supplying to them.

Yashwanti Khedkar: So that means 25% is auto, 20% is to the consumer durables and consumer application.

Nishant Garg: Approximately 50% is for this engineering sector such as wire, screw, multiple kind of fasteners and nails is there, then multiple products because see, whatever steel is being consumed right now, bright bars and wires form 25% to 30% of that entire demand. So multiple industries are taking that, plus 5%- 10% miscellaneous such as oil and gas, such as cement industry, multiple industries are there.

Yashwanti Khedkar: Okay. Sir, now I just want to understand is that, what is the margin difference from your regular product and value added product, which you are planning to produce?

Nishant Garg: See it's about 15%- 20% kind of jump.

Yashwanti Khedkar: So margin will be 15%- 25% higher?

Nishant Garg: Because see, you can say because stainless steel is also our existing product since it's already contributing 15% to our total revenues. So wires, it's around 20%, in alloy steel it's around 12%-13%. So, and in carbon steel, it's just about 10%. So, the jump, the transitions can't take place in one day. So we have already been doing that transition for last two years. That's the reason for a diversified portfolio of customers. And this transition is already taking place like stainless steel, we were just doing two years or 2.5 years back, we were just doing around 5%. So it's 15% now. So this year, we are targeting 25% kind of thing. So this way, you can't say exactly 15%-20%, at some cases, it could be 10%, it could be 15%, it could be 20%. With pneumatic nails, it will take a jump of around 20%. So on an average, you can say 12%-15% kind of difference.

Yashwanti Khedkar: Okay. So what is the top 10 customer contributing to your revenue? How much they are contributing?

Nishant Garg: Around 15%-20%.

Yashwanti Khedkar: Okay. Top…

Nishant Garg: Because in the sales of INR222 crores we have 450 customers list. So, yes, there is no reliance on one specific customer.

Yashwanti Khedkar: Okay, sir, that's it from my side and all the best for your future development.

Nishant Garg: Thank you for joining.

Moderator: Thank you. The next question is on the line of Mayur Liman from Profitmart Securities. Please go ahead.

Mayur Liman: Thank you for the opportunity and congratulations on a good set of numbers.

Nishant Garg: Thank you, sir.

Mayur Liman: I just want to ask the, now we can see that, there are the 450 clients. If I am wrong, then please correct me. Is there any addition in the clients or the order book?

Nishant Garg: Yes. Definitely. It's, see, like I said, it was after the lockdown, we were sitting at 250 customers. This has expanded over time like to approximately 450 customers. So, it's a continuous process. If you see, [inaudible 0:47:57] India Mart, you can check any online portal. You will see a lot of visibility. So there is a system, entire system for the marketing, for a full kind of a marketing strategy. So we have promoted over there and, we get around 10 to 15 new calls, every day. Every day, I'm talking about. Out of that, maybe in a week, two, three customers are added. Be it smaller, be it bigger.

So the business develops over time and this way, every month, I believe around seven, eight customers get added roughly, on an average. I don't have exact numbers, but that is a strategy, we follow and we have specific two people, who cater just to the new coming inquiries to us. Plus on top of that, the push strategy is going on. We are in our marketing team is going and reaching out to people.

Mayur Liman: Okay, sir. Thank you, sir. I got my answer. Thank you so much. And best wishes for your company.

Nishant Garg: Thank you for joining, sir. Thank you.

Moderator: Thank you. The next question is on the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Sir, thank you for the opportunity again. Sir, I just wanted to add that part of that. We are quite a big, long term borrowing on our books. I just wanted to understand from the management's perspective, going ahead, how are we going to deal with this? The borrowing is quite significant.

Nishant Garg: The more light would be thrown by Vikas ji over this, like what is the current number and everything. But, I'll just let you know, two major specific points. First of all that, we have been in the entire history of the company, a super financially disciplined company. And that's why the second point comes in that, we are getting very lucrative interest rates like, right now, also after increase in interest rates for the last two years, our average would be around 9%, at the current times and 9% rate of interest.

So, we are enjoying that because we are very, timely in our, serving our principal amounts and installments and everything. So the debt would be automatically, first of all, automatically going down by the year end and that's almost the principal requirement would be of INR3 crores. So that reduces our debt by 5% approximately of the current numbers.

And secondly, like the consolidation plan is like I told Abhishek ji earlier, that is in place, if we accrue some capital from outside the normal routine business. We would be, paying off a little chunk of debt, which is bringing our average to 9%, but this average would get reduced from those accruals. That would be a small chunk, like around maybe around INR7 crores- INR8 crores. And that way, we can grow even better. So that is a strategy. Vikas ji, you can add on, if you want to add on this point.

Vikas Agarwal: Yes. So, Vignesh, while you are seeing some increase in short term borrowing from INR42 crores to INR50 crores, inventory is also increased by almost the same amount. And the primary reason for simultaneous increase in inventory and borrowing is that, we just set up a dramatic plan, a dramatic nail plan. So for that, we have to increase our initial inventory, which will only, the impact of which will only come in the coming year. So this is a temporary increase, so to say, and at the time, I think even now, it would have reduced significantly.

The second point already mentioned by Nishant is that, we are consolidating the facilities and we will also be utilizing our internal accrual for it, bearing down these debts actually. But all these debts are well supported by the assets. So our total current asset is INR92 crores, against which short term borrowing is INR150 crores, so almost 1.8x coverage. Similarly, long term borrowing is also reducing down continuously. We are not taking any new long term borrowing, even though, we had invested INR8 crores in the plant, a capex, in the last year. So that was entirely funded from the internal accrual large.

Vignesh Iyer: Okay. So if I get the calculations right, like the management guided, as per the guidance of the management, we would be still left with some money, some cash flow at the end of FY '24 after the capex, that we are planning to do it from internal accrual. So would be, we be using that to pay off debts or is there any other plan?

Vikas Agarwal: So, debt could be paid off largely from this excess cash only. While, we would be utilizing IPO proceeds specifically for capex and working capital growth, basically. Because the idea is that, we should not pay off expensive equity money for the lower cost debt, actually. Our cost of funding is very-very low, in fact, better than, even A-rated company today in India.

Vignesh Iyer: Right, sir, also. That's all from my side. Thank you.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, I would now like to hand the conference over to Mr. Vastupal Shah for closing comments. Over to you.

Vastupal Shah: Thank you, everyone, for joining the conference call of Maiden Forgings Limited. Many thanks to management team for answering the questions. If you have, you can reach us to, at research@ kirinadvisors.com. And once more, many thanks to every participant for joining the call.

Management: Thank you, everyone.

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