

M M Forgings Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	744.20 (Reduced from 750.22)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	557.00 (Enhanced from 382.00)	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	165.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Ratings assigned to bank facilities of M M Forgings Limited (MM) continue to factor in its established track record in the auto components segment with significant presence in domestic and export markets, established engineering capabilities, and in house machining capacity. Ratings also consider MM's healthy business risk profile with a sustained operating scale in the last few years with range-bounded operating margins. However, ratings are constrained by moderate capital structure, high dependence on the cyclical automotive industry with higher concentration on the commercial vehicle segment, client concentration risk, exposure to raw material price volatility, and the capital-intensive nature of the business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in total operating income (TOI) with increase in sales to both domestic and export markets along with sustained improvement in return on capital employed (ROCE) over 15%.
- Improvement in overall gearing to below 0.80x and total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 3x on a sustained basis.

Negative factors

- Sharp de-growth in the sales volume resulting in under-utilisation of capacity.
- Deterioration in overall gearing beyond 1.5x on a gross debt basis.
- Significant reduction in liquid investments maintained by the company.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted consolidated approach for analysing MM. Subsidiaries have been listed under Annexure-6.

Outlook: Stable

The stable outlook reflects that the rated entity is likely to sustain a healthy business risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of the company

MM has been in forging business since 1974 with an established presence in the automotive and industrial forgings segment. The company has enjoyed over two decades of relationships with most of its key clients. The company's day-to-day affairs are managed by Vidyashankar Krishnan, a second-generation entrepreneur, and a postgraduate in engineering from IIT Madras, with over 25 years of experience in the forging business.

Well-established presence in domestic and export markets and diverse product offering

MM supplies closed-die hot forgings in carbon, alloy, micro-alloy, and stainless-steel grades, with part weights ranging 0.10 kg to 120 kg, finding its applications in commercial vehicles, passenger vehicles, tractors and off-highway applications. In FY27 company is expected to install a 16500-tonne press, which will enable it to supply part weights exceeding 170 kg.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

With a strong track record in forging products in terms of quality and metallurgical integrity, MM has a well-established export market catering to global customers. MM supplies components mainly to the Tier-1 suppliers in export markets, who in turn supply to original equipment manufacturers (OEMs). In FY26, domestic sales comprised 65% of the overall sales followed by 10% from the US, 20% from Europe region and the rest from other countries.

Established engineering capabilities and machining capacity

MM uses indigenously developed dies and tools in the forging process, which helps the company maintain better quality and consistency. MM's design and engineering capability and ability to manufacture forging components with consistent quality and reliability is well acknowledged by its Tier-I customers and OEMs, resulting in repeat orders. Presence of in-house machining facilities and tool rooms across all forging plants has supported higher value addition and customer engagement.

As on December 31, 2025, the company has a combined capacity of 130,000 MT, increased from 110,000 MT as of December 31, 2024. MM is expanding its forging and machining capabilities in response to increasing demand for heavier forgings in machined condition.

Flat operating scale and range bound margins

The company maintained a stable operating profile in the last two years, with total operating income (TOI) showing marginal improvement to ₹1,589.87 crore in FY26 (PY: ₹1,1525.18 crore) considering muted growth in domestic commercial vehicle (CV) sector. In FY26, operating performance was impacted by elevated geopolitical tensions, particularly tariff-related uncertainties in the US, which led to moderation in US volumes in Q2 and Q3. TOI showed a marginal improvement supported by improved order flows from other regions, especially Europe. PBILDT margin declined to 17.61% in FY26 from 19.31% in FY25 due to an adverse change in business mix, as the lower US volumes resulted in a reduction in machining coverage to ~54% from ~58% earlier. From Q4FY26, the company started showing improvement in operating performance with PBILDT margin of 18.91% compared to 17.17% in 9MFY26.

Key weaknesses

Client concentration risk

Top 10 customers of MM contributed ~62% of TOI in 9MFY26 (FY25: 69%). However, the company established relationships with its clients and expertise in developing components per their changing requirements, which mitigate risk of losing clientele to some extent. The company is expected to add more customers with additional capacity in place, helping to reduce customer concentration. Supplying newly developed and heavier components to existing customers will further support sales growth.

Moderate capital structure and muted ROCE amid debt funded capex cycle

The company has been in a multi-year capex cycle aimed at capacity expansion, including capability enhancement for heavier components and higher machining share. In the last three years, it incurred capex of ~₹850 crore, largely debt-funded (~₹610 crore), resulting in elevated leverage and moderated capital structure. Overall gearing stood at 1.10x as on March 31, 2026 (FY25: 1.33x). Owing to marginal decline operating performance, return on capital employed (ROCE) declined to 9.16% in FY26 (FY25: 11.62%) due to the lag in accrual of benefits from recent capacity additions. Debt coverage indicators remained moderate, with total debt/PBILDT at 3.84x (PY: 4x) and interest coverage at 3.98x (PY: 4.95x). Going forward, recently commissioned heavy press lines and machining capacities are expected to aid volume growth and margin recovery, while the overall debt position is likely to stabilise as the major capex cycle has been largely completed and incremental debt-funded capex remains aligned with annual repayment obligations. The company has liquid investments of ₹225 crore as on March 31, 2026 (PY: ₹218 crore), which it plans to maintain to augment liquidity. Cash accruals are projected to remain adequate to meet debt servicing requirements.

Profitability susceptible to raw material price fluctuation

Nearly 45%-50% of the company's production cost is the raw material cost. Price of key raw material, steel billets, has been volatile in the past. Since most MM's contracts with its clients carry price adjustment clause, the company could pass on the increase in cost to its customers though with a time lag. However, the company is exposed to the difference in the raw material price movement in the domestic market (where the company sources its material) against that in the international market as export clients absorb price variation only to the extent of movement in international prices. The hedging policy depends on movement of foreign exchange rates and the company changes quantum hedge depending on market conditions.

Dependence on cyclical auto industry

The automotive industry is subjected to cyclical variations in performance and is sensitive to policy changes. MM's performance is susceptible to the cyclical nature of the auto industry, as most revenues generated by the company is for the automobile industry. Steep reduction in off-take exposes the company to high fixed costs. In FY25, commercial vehicles contributed ~76%,

passenger vehicles contributed ~8%, and balance sales were contributed by Agri and Off Highway. CV segment is relatively more susceptible to the economic downturn among other segments of the auto industry. MM also caters to the requirements of other sectors including equipment used in oil fields, earthmoving equipment, and engineering, among others. As such, the requirements of forged components are relatively higher in the automobile industry when compared to other sectors, and hence, the dependence on auto industry is expected to continue in the medium term.

Liquidity: Adequate

MM's liquidity remains adequate marked by moderate fund-based working capital limits utilisation of 80% for 12 months ended May 2026 and liquid investments and cash and bank balance aggregating ₹225 crore as on March 31, 2026. The operating cycle improved from 135 days in FY25 to 131 days in FY26 due to the decrease in inventory holding. MM has term debt repayment obligations ranging ₹150-170 crore per annum in next three years against envisaged cash accruals to the tune of ₹230-350 crore per annum indicating adequate liquidity for debt servicing.

Environmental, social, and governance (ESG) risks

Environmental Practices: To reduce carbon footprint and ensure sustainability across all operations, the company focuses on initiatives such as use of alternative and cleaner fuels, modern regenerative combustion technology, recycled water, reduced process waste and adoption of environmentally compliant waste disposal practices, implementation of scientific tree plantation to reduce atmospheric pollution, among others, in its manufacturing operations.

Social efforts: The company has made special efforts for people residing in areas near the plant locations. The company has carried out sapling plantation in nearby villages. The company has also made efforts to improve availability of water in households in the vicinity of plant locations. The company has continued its contribution towards development of a school near the plant location.

Governance: The Code of Conduct of MMF provides guidelines and policies on ethics, bribery, and corruption. The Code is applicable to all Senior employees, including Executive Directors. In the year under review, the company has not received complaints in connection with ethics, bribery, and corruption.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipment

MM manufactures steel forgings in raw, semi-machined, and fully machined stages across grades of carbon, alloy, micro alloy, and stainless steels in the weight range of 0.10 Kg to 120 Kg. The company currently has the capacity to manufacture 130,000 metric tonne per annum (MTPA) as on December 31, 2025. The forging capacity is also supported by machining capabilities.

MM manufactures forged components for automobiles (mainly commercial vehicles), valves (oil field) and off highway equipment, catering to both the domestic and international markets. MM's manufacturing facilities are at Karanaithangal Village-Kancheepuram District; Singampunari –Sivagangai District and Viralimalai -Pudukottai District, all in Tamil Nadu, while the machining facility is situated near Lucknow, UP. MM owns windmills with an aggregate capacity of 35 million units and solar panels with capacity of 3 million units.

Consolidated

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	1,563.07	1,525.18	1,589.87
PBILDT*	292.83	296.08	279.98
Profit after tax (PAT)	135.04	121.86	98.67
Overall gearing (x)	1.18	1.33	1.10
Interest coverage (x)	6.92	4.95	3.58

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	February 27	14.83	CARE A; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	192.00	CARE A; Stable / CARE A1
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	105.00	CARE A; Stable / CARE A1
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	114.00	CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	260.00	CARE A; Stable / CARE A1
Fund-based/Non-fund-based-Short Term		-	-	-	45.00	CARE A1
Non-fund-based - ST-BG/LC		-	-	-	6.00	CARE A1
Term Loan-Long Term		-	-	31-12-2031	729.37	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	14.83	CARE A; Stable	1)CARE A; Stable (09-Apr-26)	-	1)CARE A; Stable (04-Mar-25) 2)CARE A; Stable (03-Apr-24)	1)CARE A; Stable (07-Apr-23)
2	Fund-based - LT/ST-CC/Packing Credit	LT/ST	192.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (09-Apr-26)	-	1)CARE A; Stable / CARE A1 (04-Mar-25) 2)CARE A; Stable / CARE A1 (03-Apr-24)	1)CARE A; Stable / CARE A1 (07-Apr-23)
3	Non-fund-based - ST-BG/LC	ST	6.00	CARE A1	1)CARE A1 (09-Apr-26)	-	1)CARE A1 (04-Mar-25) 2)CARE A1 (03-Apr-24)	1)CARE A1 (07-Apr-23)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	260.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (09-Apr-26)	-	1)CARE A; Stable / CARE A1 (04-Mar-25) 2)CARE A; Stable / CARE A1 (03-Apr-24)	1)CARE A; Stable / CARE A1 (07-Apr-23)
5	Fund-based - LT/ST-Packing Credit in Foreign Currency	LT/ST	105.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (09-Apr-26)	-	1)CARE A; Stable / CARE A1 (04-Mar-25)	1)CARE A; Stable / CARE A1 (07-Apr-23)

							2)CARE A; Stable / CARE A1 (03-Apr- 24)	
6	Fund-based/Non- fund-based-Short Term	ST	45.00	CARE A1	1)CARE A1 (09-Apr- 26)	-	1)CARE A1 (04-Mar- 25) 2)CARE A1 (03-Apr- 24)	1)CARE A1 (07-Apr- 23)
7	Term Loan-Long Term	LT	729.37	CARE A; Stable	1)CARE A; Stable (09-Apr- 26)	-	1)CARE A; Stable (04-Mar- 25) 2)CARE A; Stable (03-Apr- 24)	1)CARE A; Stable (07-Apr- 23)
8	Fund-based - ST- Bill Discounting/ Bills Purchasing	ST	114.00	CARE A1	1)CARE A1 (09-Apr- 26)	-	1)CARE A1 (04-Mar- 25) 2)CARE A1 (03-Apr- 24)	1)CARE A1 (07-Apr- 23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Fund-based - LT/ ST-Packing Credit in Foreign Currency	Simple
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
5	Fund-based/Non-fund-based-LT/ST	Simple
6	Fund-based/Non-fund-based-Short Term	Simple
7	Non-fund-based - ST-BG/LC	Simple
8	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	DVS Industries Private Limited	Full	Subsidiary
2	Suvarchas Vidyut Private Limited	Full	Subsidiary
3	Abhinava Rizel Private Limited	Full	Subsidiary

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, Fis	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, Fis	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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