

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Y 2017 Earnings Call

Company Participants

- Rajesh Mundhra, Company Secretary
- Naresh Jalan, Managing Director, Executive Director

Other Participants

- Rohan Korde, Analyst
- Priya Ranjan, Analyst
- Arpit Kapoor, Analyst
- Ravikant Bhat, Analyst
- Ajit Motwani, Analyst
- Pritesh Chheda, Analyst
- Giriraj Daga, Analyst
- Nishant Vyas, Analyst

Presentation

Operator

Ladies and gentlemen, good day, and welcome to the Ramkrishna Forgings Q4 FY17 Earning Conference Call hosted by Prabhudas Lilladher Private Limited. 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. (Operator Instructions) Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan Korde from Prabhudas Lilladher. Thank you and over to you, sir.

Rohan Korde, Analyst

Thank you, Janice. We welcome the management of Ramkrishna Forgings for this Q4 FY17 Annual Results -- Post Results Conference Call. The management is represented by Mr. Naresh Jalan, the Managing Director, and Mr. Rajesh Mundhra, the Vice President, Finance.

Firstly, I would like to hand the floor over to Mr. Rajesh for his opening comments. Over to you, sir.

Rajesh Mundhra, Company Secretary

Thank you, Rohan. Thank you and good evening to everyone. We welcome you to the con. call hosted by our company for the quarter and year ended 31st March 2017. We have achieved a domestic tonnage of 19,359 tonnes for this quarter as against 15,760 in the sequential quarter. The domestic realization has been approx. INR96,700 per tonne in this quarter as against INR86,475 in the sequential quarter.

We have achieved an export tonnage of 6,000 tonnes for this quarter as against 4,600 tonnes in the sequential quarter. The export sales for this quarter has been 81 crores as compared to around 56.7 crores in the sequential quarter. The export realization has shown an uptrend. It is roundabout 135,000 per tonne in this quarter as against 123,000 in the

Company Name: Ramkrishna Forgings Ltd
 Company Ticker: RMKF IN
 Date: 2017-05-19
 Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
 Current PX: 481.2
 YTD Change(\$): +198.05
 YTD Change(%): +69.945

Bloomberg Estimates - EPS
 Current Quarter: N.A.
 Current Year: N.A.
 Bloomberg Estimates - Sales
 Current Quarter: N.A.
 Current Year: N.A.

sequential quarter. We have achieved a total tonnage of 25,359 tonnes in this quarter as compared to 20,360 tonnes in the sequential quarter. The total tonnage for the year ended has been 82,395 tonnes as against 76,904 tonnes last year.

The total operational revenues for this quarter has been around 288.67 crores as compared to 212.36 crores in the sequential quarter. The company has achieved a total operational revenue of 875.51 crores for the year ended 31st March 2017.

The company has achieved an EBITDA excluding other income of INR164.54 crores for the year ended 31st March 2017 as against 176.71 crores for the year ended 31st March 2016. The company has achieved an EBITDA net of other income of around 56.36 crores as against 39.61 crores in the sequential quarter. The EBITDA margins net of other income stood at 19.52% in this quarter as compared to 18.63 in the sequential quarter.

The company has taken only an enabling resolution for QIP in the board meeting held today. The company has uploaded an investor presentation providing the requisite details. We request to the investors not to raise any customer-specific queries during this con. call. I am accompanied by Mr. Naresh Jalan, Managing Director on this con. call today. He will reply to all the questions relating to business and the markets and the questions relating to accounts can be dealt by me.

Thank you.

Operator

Sir, can we begin with the question-answer session?

Rajesh Mundhra, Company Secretary

Yes.

Questions And Answers

Operator

Thank you. Ladies and gentlemen, we will now begin with the question-answer session. (Operator Instructions) We take the first question from the line of Rohan Korde. Please go ahead.

Rohan Korde, Analyst

Sir, a couple of questions about the enabling resolution that you have taken for the QIP. Just wanted to know the reason for which you are taking and any timeline which the management might have decided on for the QIP?

Naresh Jalan, Managing Director, Executive Director

Rohan, there is no timeline as such. It's an enabling resolution. If any opportunity comes in the future course of action, that -- as a safeguard, we have taken this enabling resolution.

Rohan Korde, Analyst

An opportunity as in we are looking for inorganic growth?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Naresh Jalan, Managing Director, Executive Director

Both inorganic and organic growth. As India is opening up, we feel that we may have some in going future. So basically looking into the future prospects of the company and the growth, we have taken an enabling resolution.

Rohan Korde, Analyst

Okay. Got it, sir. And secondly, sir, would you be giving any guidance on possible tonnage that we can achieve in FY18?

Naresh Jalan, Managing Director, Executive Director

No, I think our last quarter performance very well clearly states that we are already on with the capacities and we are on track. In the presentations, we have already given the scenarios of the industry going forward. So obviously we will ride those scenarios.

Rohan Korde, Analyst

Okay, sir. Thank you. I'll come back with more questions later.

Operator

Thank you. We take the next question from the line of Priya Ranjan from Systematix Shares. Please go ahead.

Priya Ranjan, Analyst

Yes, sir. Thanks for taking my question. One thing is on -- so for next year tonnage, I mean, for the next couple of quarters, domestic side looking likely to be weak because of the poor CV cycle. So do you foresee that that can be overcome for the time being by --

Naresh Jalan, Managing Director, Executive Director

You can see in the presentation. We have mentioned already that we foresee the growth from the domestic cycle from the second quarter only.

Priya Ranjan, Analyst

But I doubt even it will come in second quarter because second quarter is typically weak for CV side.

Naresh Jalan, Managing Director, Executive Director

No, but with the predictions of good monsoon as well as very low inventory at all levels, we don't foresee that second quarter is going to be, and as well as with North American market as well as Europe market doing well, we don't foresee any challenges going forward.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Priya Ranjan, Analyst

And on the new customer win which we have actually highlighted in the presentation, so what will be the kind of revenue we are looking from those new customer wins?

Naresh Jalan, Managing Director, Executive Director

We have already given to stock exchanges, I think, previously two months back only. We are expecting -- we are not expecting very high revenue within this year. Last quarter of this year only we'll see the revenues from those customers. And next year I think we have already given our notices to the stock exchange vis-a-vis that was going to be the revenue, approximate revenue from this customer.

Priya Ranjan, Analyst

And one thing on working capital. I mean, what are the steps we are taking to reduce the working capital? And is the QIP also to reduce the debt?

Naresh Jalan, Managing Director, Executive Director

We have not -- basically as at the starting also Rajesh has elaborated, it's only enabling resolution. We have no fixed timelines for QIP and basically we are looking at opportunities if and when required. That's the reason we have taken this enabling resolution. As regards to reduction in working capital, with the company's top line increasing, we don't foresee any major reduction in the working capital while debt -- debt in absolute terms is going to go down with close to around 85 crores of repayment, which is scheduled to happen in this year.

Rajesh Mundhra, Company Secretary

Working capital in this quarter has shown a reduction compared to other quarters. It is not for (inaudible) utilization that we have for this quarter only.

Priya Ranjan, Analyst

But I mean, in terms of number of days, it's still coming at more than 100, I mean, 140 days or so.

Naresh Jalan, Managing Director, Executive Director

No, with exports growing, I don't think that is going to go down because our export cycle is close to around five months (inaudible) terms.

Priya Ranjan, Analyst

But that's the --

Naresh Jalan, Managing Director, Executive Director

We are not doing any bill discounting on exports. So obviously it's five months.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Priya Ranjan, Analyst

So can we do the bill discount, because what is happening is actually the -- lot of the new EBITDA, whatever the free cash flow you are generating is actually going to fund the working capital. So that is, I mean, the very --

Naresh Jalan, Managing Director, Executive Director

No, we are already in the process of discussions with our bankers as well as our customers for discounting the export receivables, but it will take some time.

Priya Ranjan, Analyst

Okay, okay. Okay. Thank you. That's all from my side.

Operator

Thank you. (Operator Instructions) We take the next question from the line of Priya Ranjan from Systematix Shares. Please go ahead.

Priya Ranjan, Analyst

Yes, sir. Just on export volume, I mean, can any outlook on export volume?

Naresh Jalan, Managing Director, Executive Director

So we do not have any company-specific outlook, but as an industry outlook, we feel that Europe and as well as North American market looks robust for next one year and we will ride those demand and already last quarter has shown vis-a-vis the previous quarter ended December that we have been able to do good exports. The same will continue going forward.

Priya Ranjan, Analyst

And you have mentioned about \$2 million order from, say, oil and gas. So is it a continuing order or is it a one-time order?

Naresh Jalan, Managing Director, Executive Director

No, it's a continuation work. It's not a 2 million order basically. What we have said in our presentation that we have got approvals from customer, which -- in last call also we have said that we had got a business from oil and gas. So now we have received the component approval and we foresee that this year we will be able to make revenues of close to around \$2 million from this sector in this year. And going forward, this is a continuous business and the business in oil and gas is going to grow.

Priya Ranjan, Analyst

Okay. And just one thing on -- I mean, what is the plant utilization level at the new plant?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Naresh Jalan, Managing Director, Executive Director

It is at 44%.

Priya Ranjan, Analyst

55%.

Naresh Jalan, Managing Director, Executive Director

44%.

Priya Ranjan, Analyst

Okay. So -- and by the end of the year, we are targeting around 60, 70 if I'm not wrong.

Naresh Jalan, Managing Director, Executive Director

Hope so.

Priya Ranjan, Analyst

Okay, okay. Okay. That's all from my side.

Operator

Thank you. (Operator Instructions) Next question is from the line of Ravikant from SBI Securities. Please go ahead.

Ravikant Bhat, Analyst

Hello.

Naresh Jalan, Managing Director, Executive Director

Hello.

Ravikant Bhat, Analyst

Yeah, sir. Thanks for the opportunity --

Operator

Excuse me sir. I'm sorry to interrupt, but we are unable to hear you. Can you please speak a bit louder?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Ravikant Bhat, Analyst

Can you hear me now? Hello, is this better?

Operator

Well, still we are unable -- hello?

Ravikant Bhat, Analyst

Hello.

Operator

Yes, sir. You may proceed now.

Ravikant Bhat, Analyst

Hello, hello?

Naresh Jalan, Managing Director, Executive Director

Yeah. Proceed.

Ravikant Bhat, Analyst

Is it audible now?

Naresh Jalan, Managing Director, Executive Director

Yes, please.

Rajesh Mundhra, Company Secretary

Audible.

Ravikant Bhat, Analyst

Yeah, sir. Could you just provide the revenue corresponding to the high press volumes in FY17 and '16?

Naresh Jalan, Managing Director, Executive Director

Revenue?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Ravikant Bhat, Analyst

The revenue figure, sir.

Naresh Jalan, Managing Director, Executive Director

Revenue figures from -- we are not able to get your questions.

Ravikant Bhat, Analyst

We have produced around 23,498 tonnes of volume from high press.

Naresh Jalan, Managing Director, Executive Director

Yes.

Ravikant Bhat, Analyst

So corresponding revenue figure, could you help us with?

Naresh Jalan, Managing Director, Executive Director

Plant-specific figures, I think we will not be able to share plant-specific figures.

Ravikant Bhat, Analyst

Okay. I'm just trying to judge the average realization vis-a-vis high press and the older one.

Naresh Jalan, Managing Director, Executive Director

No, I think Rajesh has already given you, basically realization, if you see vis-a-vis quarter-on-quarter, it has gone up from about INR120 per kg to INR131 on exports side and from 96 odd to 108 or 110 --

Rajesh Mundhra, Company Secretary

86 to 96.

Naresh Jalan, Managing Director, Executive Director

86 to 96 on the domestic side.

Ravikant Bhat, Analyst

Yeah. That we have, but specifically for the high press --

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Rajesh Mundhra, Company Secretary

No, actually not -- we are not sharing the revenue figures (inaudible)

Ravikant Bhat, Analyst

Okay, sir. Fine. Thank you. That's all from my side.

Operator

Thank you. We take the next question from the line of Ajit Motwani from Bharti AXA Life Insurance. Please go ahead.

Ajit Motwani, Analyst

Yeah. Good afternoon, team. So just a breakup of the tonnage. You said 25,029 tonnes were the total volume between. What was the domestic volumes, yeah?

Rajesh Mundhra, Company Secretary

Domestic volumes, this was 19,359 tonnes for this quarter. So 25,359 was the total tonnage.

Ajit Motwani, Analyst

And the same for last year same quarter?

Rajesh Mundhra, Company Secretary

Hold on.

Ajit Motwani, Analyst

March quarter last year.

Rajesh Mundhra, Company Secretary

Hold on. March quarter last year was 16,000 tonnes from domestic and 5,485 for exports.

Ajit Motwani, Analyst

5,484.

Rajesh Mundhra, Company Secretary

Yeah.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Ajit Motwani, Analyst

And sir, in terms of the new OEMs, on the Europe side, did they start the off-take this quarter or they will --

Naresh Jalan, Managing Director, Executive Director

They will start the off-take in the last quarter of current year.

Ajit Motwani, Analyst

Okay. So how many new contracts we have won from, let's say, Europe, for one, you're saying which will start in Q4 '18.

Naresh Jalan, Managing Director, Executive Director

Total of three contracts we have received last year, and out of that, one, already off-take has started in the last quarter of FY17, and two more are going to start in the last quarter of this year.

Ajit Motwani, Analyst

Okay. So both of them simultaneously will start in Q4 FY18.

Naresh Jalan, Managing Director, Executive Director

Yes.

Ajit Motwani, Analyst

Okay. And in terms of domestic, you had alluded earlier that some new events or ramp-up on the construction and mining side. So can you give some update on that?

Naresh Jalan, Managing Director, Executive Director

No, we are already doing well on the mining and construction side.

Ajit Motwani, Analyst

But I am talking about the ramp-up.

Naresh Jalan, Managing Director, Executive Director

Ramp-up, already -- we have already started since last quarter itself. Last quarter also, I had elaborated on the call that we have already started ramp-up and we are seeing considerable volumes from mining and construction equipments and we continue to -- we perform robust in both the sectors.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Ajit Motwani, Analyst

Okay. And on the domestic CV side, you also had diluted to some new events. So just wanted update on, are those in now or will that take some time?

Naresh Jalan, Managing Director, Executive Director

No, already last quarter we have already in on that.

Ajit Motwani, Analyst

Okay. Got it. Thanks a lot, sir.

Operator

Thank you. (Operator Instructions) Next question is from the line of Rohan Korde. Please go ahead.

Rohan Korde, Analyst

Sir, I wanted a clarification. On the 12,500 tonne press, what would be the capacity utilization specifically for that press?

Rajesh Mundhra, Company Secretary

Of which year?

Rohan Korde, Analyst

For the fourth quarter.

Rajesh Mundhra, Company Secretary

For the fourth quarter, it was 4,053 tonnes, roundabout 36%.

Rohan Korde, Analyst

Okay. And what level can this be ramped up to potentially for -- in FY18?

Naresh Jalan, Managing Director, Executive Director

Rohan, I think what -- as we are moving forward, I think we will see continued improvement in the utilization of the entire press plant. And specific to 12,500 tonne, we are already seeing good order books, and I think by last quarter, we should see almost reaching to the peak utilizations.

Rohan Korde, Analyst

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Okay, okay, okay. That's interesting. And sir, if we consider a hypothetical scenario where both -- in FY19, both the export market demand trajectory continues and the domestic market also picks up, then would we be looking to increase the overall capacity in FY20 or would that decision still be some distance away?

Naresh Jalan, Managing Director, Executive Director

The company always will look to grow, Rohan. And I think specifically as of now we cannot comment on what is going to be in FY19, but as and when we -- company feels that we need a desired capacity to grow further, obviously we will look at that CapEx or we will look at organic or inorganic growth to grow. So that's an option always available with the company.

Rohan Korde, Analyst

But the current CapEx outlook would be maintained at what you had guided for previously. So as of now, it's not --

Naresh Jalan, Managing Director, Executive Director

As of now we have no CapEx plan, any large CapEx plan for additional capacity.

Rohan Korde, Analyst

Okay. And if you could once again give us some idea on the machining side where most of the CapEx I think was going to be for machining. So what percentage would be the machining figure for FY17?

Naresh Jalan, Managing Director, Executive Director

I think it is basically plant wise basically. Last time also what we have said, most of the machining capacities right now whatever we are at -- have added or are going to add, is basically going to be with the new plant and the press plant taking effect. As and when capacity utilization in the forging side improves, continues to improve, we will require machining capacity over there and as we are selling most of our components in fully machine condition from that plant. So we will continue to add capacities over there in machining. As of now, close to around 70% of our production from the new presses are going in machine conditions. So as we move up the utilization chain, we will continue to add on machines for -- to keep this percentage intact.

Rohan Korde, Analyst

Okay. This was very interesting, sir. Thanks a lot. Janice, we can move back to the queue, I guess.

Operator

Thank you. Next question is from the line of Arpit Kapoor from IDFC Mutual Fund. Please go ahead.

Arpit Kapoor, Analyst

Yeah. Thanks, sir, for taking my question. I just wanted to get some more sense on the domestic tonnage increase. So we've seen pretty solid, good numbers both on a sequential and on a YoY basis, whereas the industry per se, the end --

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

CV industry, we haven't seen such a volume off-take there (inaudible) sales. So would it be fair to assume that we would have gained market share from some other forging companies, given the domestic tonnage growth that we have shown in this quarter?

Naresh Jalan, Managing Director, Executive Director

Basically like -- with the addition of capacities and the capacity utilization improving, obviously our content per vehicle is going up. We are increasing number of components per vehicle as well as quantum per vehicle. So obviously there has -- the industry not growing in the same pattern, obviously there is some shift of market share or some share of business shifting from other companies to RKFL. But exactly we will not be able to determine who has lost business or what it is, but basically because of the content of vehicle increasing and because of our own capacity is increasing, this has been -- there has been a shift to it.

Arpit Kapoor, Analyst

So we would have supplied -- so let's say in terms of new products, we would have supplied front axle to one of the OE, which we weren't there initially. So would that assumption be correct and that would have reflected in the current quarter numbers?

Naresh Jalan, Managing Director, Executive Director

Yes.

Arpit Kapoor, Analyst

Okay. And how do you see the numbers going forward from here for the domestic business on the tonnage?

Naresh Jalan, Managing Director, Executive Director

My -- our presentation is absolutely clear. We feel that by second quarter we feel confident that the industry will grow, and we continue to ride the upside cycle because we have enough capacity still. So it will not be a challenge for us to ride the growth in the industry.

Arpit Kapoor, Analyst

And in the domestic part, we would have also started supplying crankshaft to one of the OEs, which we had indicated that we would be doing that.

Naresh Jalan, Managing Director, Executive Director

Yes, yes. We already started supplying, so crankshafts to both commercial vehicle and to four wheelers in the domestic industry.

Arpit Kapoor, Analyst

So yeah -- so PV's crankshaft also we would be -- we would have captured in this.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Naresh Jalan, Managing Director, Executive Director

We have just -- that's a very small business we have done over the last quarter, but we expect because of approvals we have had, we will continue to get business from that sector.

Arpit Kapoor, Analyst

Thanks. Thanks a lot, sir.

Operator

Thank you. We take the next question from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda, Analyst

Sir, what was the total tonnage sold in FY17 in terms of total and domestic and export? And what tonnage expectation do you have for FY18, considering the business plan that you have in place?

Rajesh Mundhra, Company Secretary

The tonnage that we are showing is tonnage we have sold. And regarding next year, Naresh ji can explain that.

Naresh Jalan, Managing Director, Executive Director

I think next year, basically we can provide you only industry guidelines, which we have elaborated on the presentation, but as far as forward-looking statement, we would not like to give any forward-looking statement on what we will be doing. We have enough capacities in place and we feel confident that we will be able to ride the industry growth going forward.

Pritesh Chheda, Analyst

Okay. How is your ramp-up happening with the key OEMs?

Naresh Jalan, Managing Director, Executive Director

I think last quarter we have already done close to around 26,000 tonnes approximately and vis-a-vis 20,000 tonnes in December end. So obviously, there has been a growth and it is basically with the quantities and with the support, which is coming in from the growth, which is coming in the industry.

Pritesh Chheda, Analyst

This domestic once locked in is a more sustainable number now if -- obviously if the --

Naresh Jalan, Managing Director, Executive Director

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

I think we expect to grow further in the domestic industry also with the capacity, which is already there, and with business we have got over -- staggered over the quarters, last four quarters, we don't see any reason why we cannot grow in the domestic industry from here on also.

Pritesh Chheda, Analyst

And on the Dana side or export side, sorry?

Naresh Jalan, Managing Director, Executive Director

Export side, North America industry is doing well and we expect already -- everybody must be knowing, Class 8 trucks figures on a month-on-month basis is fabulous, and we are -- and our presentation very clearly says we are at the lowest point of our inventories in the warehouses across locations. So we are riding that advantage.

Pritesh Chheda, Analyst

I missed -- I couldn't get the FY17 tonnage, if you could give the total tonnage. It was not there in the PPT, I think.

Rajesh Mundhra, Company Secretary

76,904 tonnes.

Pritesh Chheda, Analyst

Can you just split it up into domestic and export?

Rajesh Mundhra, Company Secretary

Yeah, 48,213 was domestic; 28,691 was export.

Pritesh Chheda, Analyst

28,6 -- ?

Rajesh Mundhra, Company Secretary

28,691.

Pritesh Chheda, Analyst

And lastly, I just want to check, can you give some idea on the expenses line? As you ramp up the volumes on the tonnage, barring the variable costs line, do you see fixed costs or other costs rising and by what magnitude if you could give some knowledge there?

Naresh Jalan, Managing Director, Executive Director

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

No, I think with the growth in the what we feel our fixed cost, in terms of sales should not go up, but obviously inflationary pressures of wage and power will always be there, but I think with the quantity or with the scale of manufacturing going up vis-a-vis last year, we should not have a major effect of those.

Pritesh Chheda, Analyst

Is power and fuel fixed in nature for you?

Naresh Jalan, Managing Director, Executive Director

No, it's a variable.

Pritesh Chheda, Analyst

Variable. So the other expenses line which we see, which has a 200 crore number for the full year, roundabout 200 crore number, in that, how much would be fixed in nature?

Rajesh Mundhra, Company Secretary

It's partly-partly. It's a partly -- partly fixed and partly it's variable.

Pritesh Chheda, Analyst

About 50 and 50 -- 50:50?

Rajesh Mundhra, Company Secretary

Yeah, yeah. You can say 50:50.

Pritesh Chheda, Analyst

So about 100 crore odd number is a fixed expenditure line for you. Rest everything is variable or, let's say, slightly inflation driven. So an employee cost would be inflation driven, power and fuel and RM is all variable. That's the --

Naresh Jalan, Managing Director, Executive Director

Yes.

Pritesh Chheda, Analyst

Proper assessment. And 100 crore is a fixed expenditure?

Naresh Jalan, Managing Director, Executive Director

Yes.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Pritesh Chheda, Analyst

Okay, okay. Thank you very much. And I missed, if you have given the CapEx figure, what would be your CapEx figure now for next two years?

Naresh Jalan, Managing Director, Executive Director

No, I think we cannot give you next two years figure. Probably this year we have already -- in the last call, we have said, we are looking at only maintenance CapEx going forward. It may be only to maximum to the tune of the depreciation, which is there in the plant, in case we add on machining capacities in the press plant. There is no major CapEx plan as of now.

Pritesh Chheda, Analyst

Maintenance is equal to depreciation, and if you add machining, then there will be additional number, right?

Naresh Jalan, Managing Director, Executive Director

No, basically maintenance and addition is equivalent to whatever depreciation we may have.

Pritesh Chheda, Analyst

Okay, okay. Thank you very much, sir.

Operator

Thank you. We take the next question from the line of Ajit Motwani from Bharti AXA Life. Please go ahead.

Ajit Motwani, Analyst

Sir, two questions. One is the cumulative size of the three new OEMs from the Europe side that you indicated in tonnage term, how big they can be. And on a holistic basis, if you can explain us your currency exposures into various countries and how are you hedged or unhedged against those.

Naresh Jalan, Managing Director, Executive Director

In European, all the three contracts which we have got, I think as of now, we have already shared with the stock exchanges also. And one of the contract is close to around EUR5 million to EUR6 million, which we feel is an approximate business for a five-year contract. And rest two businesses which have started which should be equivalent again to another EUR5 million for the whole year.

Ajit Motwani, Analyst

So no, so you are saying one is a EUR6 million contract for five years.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Naresh Jalan, Managing Director, Executive Director

That is going to start from FY18 or FY19 onwards -- sorry, FY19, yes, FY19 onwards for the full year business. And the contracts, which have already gone on-stream of production, is close to around EUR5 million per year, approx. This may change slightly on the variable side because of -- it's basically share of business we have got, and if market fluctuates, it may go up or go down.

Ajit Motwani, Analyst

Let me just cross -- you are saying one is EUR5 million per year?

Naresh Jalan, Managing Director, Executive Director

Per year.

Ajit Motwani, Analyst

Which has started.

Naresh Jalan, Managing Director, Executive Director

No. Two contracts, which have already started is EUR5 million. One contract, which is going to start from last quarter of the current financial year --

Ajit Motwani, Analyst

Yeah.

Naresh Jalan, Managing Director, Executive Director

-- is an additional EUR5 million -- EUR4 million, sorry.

Ajit Motwani, Analyst

EUR4 million per annum.

Naresh Jalan, Managing Director, Executive Director

Per annum.

Ajit Motwani, Analyst

Okay. So both put together would be EUR9 million, EUR10 million, right?

Naresh Jalan, Managing Director, Executive Director

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

And in terms of currency, we have -- most of our export contracts are basically six months -- three months to six months currency offset clause with the customer, and one of our contracts in North America is basically on 54 to \$1 unhedged currency.

Ajit Motwani, Analyst

So you're saying one of your contracts in US is 64 to \$1 unhedged.

Naresh Jalan, Managing Director, Executive Director

54 to \$1 unhedged.

Ajit Motwani, Analyst

Okay. And on the euro side?

Naresh Jalan, Managing Director, Executive Director

Europe side all are offset by the customer every three months.

Ajit Motwani, Analyst

Every three months.

Rajesh Mundhra, Company Secretary

Regarding the currency and exports -- regarding the currency and exports, what we do, we take a PCFC. So once we take a PCFC, our debtor (inaudible) getting resolved (Multiple Speakers) foreign currency.

Ajit Motwani, Analyst

Yeah. But in a sense, if, let's say, if the euro appreciates another six months --

Naresh Jalan, Managing Director, Executive Director

No, but basically it is a six months to -- three months to six months offset clause we have with the customer. The increase and decrease both is passed on to the customer. And basically it's a auto-hedge with the customer itself.

Ajit Motwani, Analyst

Okay. And similarly, on the commodity side, how much time with a lag or lead --

Naresh Jalan, Managing Director, Executive Director

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

It's three to -- in export side, it is three to six months. Contracts -- all contracts written on three to six months. Some of the contracts, we have a six months time lag and some of the contracts we have three months time lag.

Ajit Motwani, Analyst

So would it be fair to look at the fact that the recent margins, which are close to, let's say, the 20% in percentage terms or INR22 on a per kg terms are going to improve primarily because as the export share moves up higher?

Naresh Jalan, Managing Director, Executive Director

Well, we will not be able to comment on that. As of now, we will drive whatever is best in the market.

Ajit Motwani, Analyst

Sure. Thanks a lot sir and best of luck.

Operator

Thank you. We take the next question from the line of Giriraj Daga from K.M. Visaria. Please go ahead.

Giriraj Daga, Analyst

Yeah. Hello, sir. Good evening. Just wanted to clarify the numbers you gave out for the full year on domestic and export.

Rajesh Mundhra, Company Secretary

Tonnage?

Giriraj Daga, Analyst

Tonnage.

Rajesh Mundhra, Company Secretary

Domestic -- total full year was 82,395 tonnes.

Giriraj Daga, Analyst

Correct.

Rajesh Mundhra, Company Secretary

Domestic was 62,124 tonnes.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Giriraj Daga, Analyst

Okay.

Rajesh Mundhra, Company Secretary

Export was 20,271 tonnes.

Giriraj Daga, Analyst

Okay. Thank you. And like -- are you -- so we are not giving forward guidance, but the mix, we are looking to change going forward, looking at the order what we have going on hand, the mix is going to change.

Naresh Jalan, Managing Director, Executive Director

Mix is -- because of the -- if you see the last -- basically, mix will remain as is there in the last quarter.

Giriraj Daga, Analyst

Okay. It will remain -- more or less follow the last quarter.

Naresh Jalan, Managing Director, Executive Director

Yes.

Giriraj Daga, Analyst

Okay. That's about 24% in export.

Naresh Jalan, Managing Director, Executive Director

Yes.

Giriraj Daga, Analyst

Okay. And the last question is like the 12,500 tonnes press, we did about 4,053 in the fourth quarter. What was the full year number?

Rajesh Mundhra, Company Secretary

Full year number is 10,545 tonnes.

Giriraj Daga, Analyst

10,545. Capacity is 50,000, right?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Rajesh Mundhra, Company Secretary

45 tonnes -- 45,000.

Giriraj Daga, Analyst

45,000. Okay. Thank you.

Rajesh Mundhra, Company Secretary

Thank you.

Operator

Thank you. We take the next question from the line of Nishant Vyas from ICICI Securities. Please go ahead.

Nishant Vyas, Analyst

Yeah. Hi, sir. Thank you for the opportunity and congratulations for a good set of earnings. Sir, just wanted a sense here, I don't know if you've answered this question earlier. Sorry for that. In terms of domestic market, what do you see in terms of the next -- not from a guidance perspective, but from due to change of emissions, what kind of content change is possible over the next, say, three years and how -- because we are entering and gaining market share? What can we benefit from it in terms of -- if you can give a directional sense, not numbers per se?

Naresh Jalan, Managing Director, Executive Director

So basically like, we have earlier also said that we have increased our market content per vehicle considerably and our preparedness for BS IV is fully there. So we feel that we will continue to move in this fashion. And for next three years, we'll continue to ride the advantage of preparedness as of today what we have.

Nishant Vyas, Analyst

And sir, if I can ask, in terms of BS VI, what can be the opportunities and say the challenges from a technology perspective if any for us?

Naresh Jalan, Managing Director, Executive Director

No, I -- we do not foresee any major challenges. Basically we are getting prepared for BS VI also. I think if the OEM industry moves ahead with 2019 or 2020, we are well prepared. Because of the equipment advantage we have, we'll be much more than early ready to take this opportunity.

Nishant Vyas, Analyst

So that would be -- is it fair to assume that would be a good step-up in terms of content as that happens?

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Naresh Jalan, Managing Director, Executive Director

Yes, because obviously there will be lot of people who will be out of market once BS VI comes in because of lot of changes in engine components as well as axle components.

Nishant Vyas, Analyst

Oh, so there could be more consolidation of market share is what you are saying.

Naresh Jalan, Managing Director, Executive Director

Yes.

Nishant Vyas, Analyst

Okay. Thanks a lot. Thank you.

Operator

Thank you. We take the next question from the line of Pritesh Chhedha from Lucky Investment. Please go ahead.

Pritesh Chhedha, Analyst

Sir, I got a bit confused on the tonnage volumes. You had given FY17 at 76,904.

Naresh Jalan, Managing Director, Executive Director

No, it is FY16 numbers, which we gave you.

Pritesh Chhedha, Analyst

Okay. I actually wanted FY17, which was --

Rajesh Mundhra, Company Secretary

FY17 is 82,395 tonnes.

Pritesh Chhedha, Analyst

82,395. And domestic and export is?

Rajesh Mundhra, Company Secretary

62,124 is domestic. 20,271 is exports.

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

Pritesh Chheda, Analyst

20,2 --?

Rajesh Mundhra, Company Secretary

20,271.

Pritesh Chheda, Analyst

Okay. 20,271. Okay, sir. Thank you.

Rajesh Mundhra, Company Secretary

Thanks.

Operator

Thank you. (Operator Instructions) Well, that was the last question. I now hand the floor over to Mr. Rohan Korde for his closing comments.

Rohan Korde, Analyst

Thank you, Janice. And thank you to the management for letting us have the opportunity to host this conference call. Thank you, sir, and best of luck for the future.

Rajesh Mundhra, Company Secretary

Thank you everyone.

Naresh Jalan, Managing Director, Executive Director

Thank you, everybody. Thank you, everyone.

Rajesh Mundhra, Company Secretary

Thank you.

Operator

Thank you. Ladies and gentlemen, on behalf of Prabhudas Lilladher Private Limited, we conclude today's conference. Thank you for joining. You may now disconnect your lines.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript

Company Name: Ramkrishna Forgings Ltd
Company Ticker: RMKF IN
Date: 2017-05-19
Event Description: Y 2017 Earnings Call

Market Cap: 13,795.98
Current PX: 481.2
YTD Change(\$): +198.05
YTD Change(%): +69.945

Bloomberg Estimates - EPS
Current Quarter: N.A.
Current Year: N.A.
Bloomberg Estimates - Sales
Current Quarter: N.A.
Current Year: N.A.

and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP.

© COPYRIGHT 2017, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.