Date: 25th January, 2024

To
The Listing Department
BSE Limited
PJ Towers
Dalal Street
Mumbai – 400 001

To
The Listing Department
National Stock Exchange of India Limited
"Exchange Plaza" C-1, Block G
Bandra- Kurla Complex, Bandra (E)
Mumbai- 400051

BSE SCRIP CODE: 532527

NSE SYMBOL: RKFORGE

Dear Sir / Madam,

Sub: Announcement under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Q3 FY24 Earnings Conference Call

This is further to our intimation dated 15th January, 2024 w.r.t earnings conference call with the Analysts/ Investors for Q3 of FY 2023-24 Financial Results (Standalone & Consolidated).

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference Call for Q3 of FY 2023-24 Financial Results with the Analysts/Investors, held on Thursday, 18th January, 2024 at 04:30 P.M. (I.S.T).

Same is also being made available on the website of the Company at www.ramkrishnaforgings.com.

This is for your kind information and records.

Thanking You.

Yours truly,
For Ramkrishna Forgings Limited

RAJESH MUNDHRA
Digitally signed by RAJESH MUNDHRA
Date: 2024.01.25 17:51:14 +05'30'

Ramkrishna Forgings Ltd. Kolkata-17

Rajesh Mundhra
Company Secretary & Compliance Officer
ACS: 12991

Encl.: As above

THE ECONOMIC TIMES INDIA'S GROWTH CHAMPIONS 2020 statista

"Ramkrishna Forgings Limited Q3 FY24 Earnings Conference Call"

January 18, 2024

MANAGEMENT: **MR. NARESH JALAN – MANAGING DIRECTOR, RAMKRISHNA FORGINGS LIMITED**
MR. LALIT KUMAR KHETAN – WHOLE-TIME DIRECTOR & CHIEF FINANCIAL OFFICER, RAMKRISHNA FORGINGS LIMITED
MR. CHAITANYA JALAN – WHOLE-TIME DIRECTOR, RAMKRISHNA FORGINGS LIMITED
MR. RAJESH MUNDHRA – COMPANY SECRETARY, VICE PRESIDENT (FINANCE), RAMKRISHNA FORGINGS LIMITED

MODERATOR: **MR. JAIMIN DESAI – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY24 Results Conference Call of Ramkrishna Forgings Limited hosted by Emkay Global Financial Services.

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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jaimin Desai from Emkay Global Financial Services. Thank you and over to you, sir.

Jaimin Desai: Thank you. Good evening, everyone. On behalf of Emkay Global, I would like to welcome you all to this Earnings Call of Ramkrishna Forgings Limited.

I would like to welcome the Management and thank them for this opportunity. We have with us today, Mr. Naresh Jalan - Managing Director; Mr. Lalit Kumar Khetan – Whole-Time Director and Chief Financial Officer; Mr. Chaitanya Jalan – Whole-Time Director and Mr. Rajesh Mundhra - Company Secretary and Vice President (Finance).

I shall now hand over the call to Mr. Lalit Kumar Khetan for the "Opening Remarks." Over to you, sir.

Lalit Kumar Khetan: Thank you, Jaimin. Good evening and welcome to everyone present on the call. I wish you all a very happy New Year from the entire team of Ramkrishna Forgings. I hope you all have got an opportunity to go through our "Financial Results and Investor Presentation," which have been uploaded on the Stock Exchange as well as on the Company's website.

I am pleased to report that our Company has a strong Q3 and 9-month FY24.

The Commercial Vehicle segment:

The crucial pillar of the national economy is undergoing a significant transformation. This is fueled by technology, mega trends such as alternative fuels, electrification and industry modernization. Factors such as the surge in online retailing, government policies, logistics services and expanded network of improved highways, industrial growth, all these contribute to the strategic growth of this segment. We, at Ramkrishna Forgings, are flexible and we consider ourselves an organization that tries on challenges. We take advantage of opportunities that come our way, such as expanding our business, improving productivity and making sure our customers are satisfied. We have become an important part of the global market, even though the world economy is a little weak right now.

The good news is that things are getting better with time and we are committed to gaining more customers and getting ready for business growth when the market conditions are improving. We are also increasing our capacity to support this growth and as a Company, we are prepared for the future. Over the past months, we have achieved significant milestones that have further solidified our position in the industry and propelled us towards greater success.

First and foremost, we successfully raised Rs. 1,000 crores for the QIP which received an overwhelming response from the prominent domestic and foreign institutional investors. The fundraising marks a significant step in our Company's growth, allowing us to reduce debt and advanced manufacturing initiatives. The support from the investor reflects their confidence in us imposing our commitment to sustainable growth. During this quarter, we successfully secured approval of NCLT rally for the acquisition of ACIL Limited. This is strategic move, consolidates our foothold in the industry, promising the collective alignment of capabilities and resources, further enhancing our manufacturing strength.

Furthermore, our aim is to create a sustainable future clean energy initiative. To achieve this, we took steps towards carbon neutrality by investing in renewable energy. We partnered with Prozeal Green Energy to install a 7.82 MW Solar Rooftop Power Project. We believe in the power of clean energy to drive positive change and through initiatives like these, we can create a more sustainable future for generations to come. In line with the industry, we have seen an increase in demand as well for our products and services, which has led to significant growth in our revenue and profit.

In Q3 FY24, we recorded revenue of Rs. 902.9 crores on the standalone basis which represents Y-o-Y growth of 20% while for 9-months FY23, we recorded revenue of Rs. 2,603 crores and for this standalone Rs. 2,603 crores, which again represents 20% year-on-year growth on the 9-month number also.

EBITDA margin for Q3 FY24 stands at 22.98% as compared to 22.1% in Q3 FY23. The EBITDA margin expanded almost by 90 basis points and overall EBITDA margin for 9-month FY24 stands at 22.80% against 22.2% in 9-months FY23 and the total expansion was almost 60 basis points in 9-month period, and we are confident of sustaining the margin of approx. 23% plus in the coming quarters.

Our net profit after tax is 82.34 for Q3 FY24 against Rs. 57.6 crores in Q3 FY23, which is in year-on-year growth of 43%. Our net profit after tax is Rs. 238.8 crores for the 9-month FY24 compared to Rs. 168.8 crores for 9-month FY23 which is again a year-on-year growth of 41%.

The strong performance is a reflection of the diligence and commitment of our team as well as the continued support of our customers and stakeholders. We remain committed to innovation, operational excellence and customer satisfaction. We will continue to invest in advanced technology, enhance our manufacturing capabilities and strengthen our relationship across the industry. With the foundation we have built and the achievements we have accomplished, I am confident we will continue to excel and thrive in this dynamic and competitive market.

Thank you for your continued support and for joining us today. We will now take questions from the audience. Thanks.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Raghunandan NL from Nuvama Institutional Equities. Please go ahead.

Raghunandan NL: Sir, my first question was on the domestic revenue, there is a growth of 32% and underlying domestic M&HCV production has grown by 9%, be it versus the underlying industry, what has led to this, is it execution of new orders in auto and which segments in non-auto has done well?

Naresh Jalan: I think in terms of the overall domestic business growth, our railway has grown, if you see the presentation railway has grown, our revenue in railways have in this quarter been much better than earlier quarters and also for Highway, domestically has done extremely well and in automotive segment, we have gained market shares as well as we have gained new businesses and new components within the content. Altogether, it has led to growth in the domestic segment.

Raghunandan NL: And in the presentation, when you are explaining about the non-auto segments, there is one portion Others which has also seen a big growth, within others what are included, sir?

Lalit Kumar Khetan: And others, steel, cement, then this coal washery segment, all these industrial products basically are the others.

Raghunandan NL: And sir, going forward, will there be any temporary issues for dispatches, or will there be any increase in logistics cost due to the Red Sea issues and also relating to that this logistics cost would be a pass through for you and how much would be the like?

Lalit Kumar Khetan: No, I think right now, Raghu, we are still working on it. In terms of logistic cost, most of the costs related to our Europe dispatches have been impacted. For US dispatches, we have not been much impacted. We are still speaking to the customers. In terms of our agreement with the customer, we don' have any such pass-through system of increase or decrease in the logistic cost, but while during the first phase of Ukraine war also when there was a considerable increase in debt cost our customers cooperated and had shared the cost. We are similarly working with the customers to share the increase and I think we will have a positive outcome, but it may take some month or so before we have any answer to it.

Raghunandan NL: And in terms of FY24 and 25, Lalit sir, can you give some guidance on the investments on CAPEX?

Lalit Kumar Khetan: I think if you go our presentation, we will have already guided for a considerable increase in our working capacity. We have announced a setting up of 8000 Ton press in FY25 and which will be operational by December '24 and basically overall budget in terms of CAPEX is yet to be finished, but it will be in line with what we are doing in this current financial year of close to around Rs. 400 to Rs. 450 crores in the coming year also.

Naresh Jalan: That will take care of investment and CAPEX altogether should be in the 400 to 450 regions for FY25.

Lalit Kumar Khetan: Basically, we are not speaking anything related to standalone now. At a console level, we will be spending close to Rs. 400 to Rs. 450 crores in terms of our CAPEX.

Raghunandan NL: And sir, my last question on new acquisitions, MultiTech, JMT, ACIL, can you provide some detail on current revenue profitability and also any order wins here which provides a better visibility for future?

Lalit Kumar Khetan: I think in Multitech Auto, we have already provided in our presentation. We have got a full quarter revenue of Rs. 92 crores almost from Multitech Auto and already it has seen 200 basis points EBITDA jump since we acquired. I think previously MAPL, MultiTech Auto had an EBITDA of around 14% and we have already had much EBITDA efficiency and almost 16% of EBITDA and we are aiming to improve the capacity from current 24,000 tons to 70,000 tons by the financial year end of FY25 and we are looking at almost Rs. 600 to Rs. 650 crores revenue from Multitech Auto in the coming year. We are aspiring to achieve 18% EBITDA from our casting business. Regarding JMT Auto also we have given a complete line, I think this quarter we will have more revenues from JMT Auto and first quarter onwards, we have given a guideline by when we are starting the forging and other things in JMT Auto post refurbishment and we aim to have Rs. 400 to Rs. 500 crores revenue from JMT Auto by FY26. ACIL acquisition has been completed in the month of January this year only and I think it currently has a revenue of close to around Rs. 4.5 to Rs. 5 crores on a monthly run rate means Rs. 15 crores per quarter. I think customers are intact as well as the plant is up and running, so we are going in for extensive refurbishment on that plant. So, we are hoping that next year in FY25 we should do good revenue with both EBITDA from ACIL. I think we will be able to better explain ACIL revenue in the concall we have post the full year results.

Moderator: Thank you. We will move on to the next question that is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: Sir, in Q3, the export growth has slowed down to 4% Y-o-Y, what has led to the slow growth and how do you see the outlook ahead?

Lalit Kumar Khetan: Sir, Y-on-Y we have grown in exports by 4.1%, basically quarter-on-quarter there is a decline, but Y-on-Y, I think we are grown by 4.1% in exports.

Mumuksh Mandlesha: So, compared to previous quarter growth has come down, just want to understand?

Lalit Kumar Khetan: That is a phenomenon every year. I think third quarter because of the Christmas holidays and other things, the inventories at most of our exports in Europe and the US, there is lesser consumption, and we are back on track in this quarter onwards. So, basically, if you see every year, 4h Quarter and the first two quarters of the financial year do extremely well, third quarter is every time flattish or there is a degrowth quarter-on-quarter basis.

Mumuksh Mandlesha: Sir, on this new press of 8000 tons and also some small presses, just want to understand the capacity is significant increase of around 40,000 metric ton, so can you indicate what kind of small presses are there, sir?

Naresh Jalan: Basically, we are installing a 4000-ton press and two small presses in warm and hot forging. So, 8000 press itself will give us close to around 32,000 tons of volume.

Mumuksh Mandlesha: And what kind of revenue potential from this capacity would there be?

Naresh Jalan: So, if you see go by the average realization also of Rs. 2 lakh, 40,000 tons at 80% utilization also can give us close to Rs. 600 crores of revenue.

Moderator: Thank you. The next question is from the line of Vishal from Swan Investments. Please go ahead.

Vishal: Sir, I have one question regarding what is the outlook we are seeing in terms of both domestic market as well as exports in the near term as well as for FY25 period?

Naresh Jalan: I think the environment is challenging, but in terms of customer and content gain at RKFL, we are doing extremely well, and we continue to thrive on our potential on new order wins and converting this order wins into new supplies and I think the guidance which we started in the first quarter of financial year of FY24, I think we are well on track to achieve our numbers or surpass those numbers.

Vishal: On the volume terms, we will be able to surpass these numbers in FY25?

Naresh Jalan: I think right now, we are still to complete FY24, so once we complete FY24 then only we will give guidance for FY25, but we don't see any downtick in terms of our utilization or overall sentiments in the market. We see that the market is going to remain strong and resistant and we will continue to excel on the capacity which we are implementing.

Vishal: Sir, my second question is regarding, thanks for sharing inputs on JMT Auto, sir wanted to have some inputs on what would be the margin trajectory and what is our aim to take this margin in next one or two years for JMT Auto?

Naresh Jalan: JMT Auto, I think this year we cannot predict the margin because the capacity is still going to get started and we hope to achieve only Rs. 150 to Rs. 200 crores of revenue from that, but by FY26, when we are starting to get 400 plus revenue from that, we are looking at almost 25% margin from that.

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

Mitul Shah: Sir, my first question is on this outperformance, follow up to previous question of Raghu, despite production slowdown in M&HCV more than 20% outperformance we achieved, so do you think that this type of outperformance will continue and any specific this quarter wise one-time impact in this quarter or sustainable 20-25% outperformance possible for next 2-3 quarters?

Naresh Jalan: Thank you Mitul for this question. I think at RKFL, we are in for a long run and we continue to outperform the market and I think we are looking at long-term sustained growth rather than one-time growth. So, whatever our figures are or whatever growth we have, you say it will be a steady and stable and sustainable growth.

Mitul Shah: So, this healthy double digit will continue even if industry may undergo some slowdown in FY25?

Naresh Jalan: As far as we are concerned, we don't see any slowdown in RKFL.

Mitul Shah: Sir, second question is on this 25,000 tons warm forging, cold forging, so how the ramp up can we expect it will be like a full ramp up by second half FY25 or it will be relatively slow in FY26 we will see full capacity utilization because we already have some pre-orders for this specific capacity, right?

Naresh Jalan: We already have a full order on this, but in terms of sample making and sample dispatches and sample approval, you will see full utilization of this entire capacity from 4h Quarter of financial year FY25, but you will see considerable utilization starting third quarter and 4h Quarter should show you almost (+90%) utilization.

Mitul Shah: Sir, lastly on this ring rolling in our presentation, we have given almost 150% utilization for these 24,000 installed capacities, so up to what extent this utilization can further increase, or this is the optimum and despite every time it is coming 130%-140% type of utilization, we are not increasing any capacity here, so any specific reason behind that?

Naresh Jalan: To increase any capacity in terms of utilization because we are almost at peak market share and as well as we are able get premium from the customer on these parts, but we are working on a lot of VA/VE (Value-Analysis/Value Engineering) activity in terms of reengineering the entire line and very soon with the kind of automation or other things we are doing in this kind, our capacity in this line will go up to 30,000 tons, which will basically bring down the utilization of 148% to 110% or 115%, but we are not in any way increasing the capacity or adding any further equipments for ring rolling or spending any large CAPEX in building up capacity for…

Mitul Shah: Sir, just follow up that with 30,000 capacities, what could be the maximum output possible or what can be the 150% type of utilization is possible in case of huge demand?

Naresh Jalan: No. I think utilization level of 148, what you are seeing ,will drop to 110 or 115, but overall, I don't think we will be able to go anything above 30% plus.. That is only what we will be achieving.

Moderator: Thank you. The next question is from the line of Jaimin Desai from Emkay Global Financial Services. Please go ahead.

Jaimin Desai: Sir, you alluded to tough external environment, can you please give some more color around this, where exactly the softness that you are seeing? I understand that we have very strong growth drivers for our own business because of order wins, etc., but just with relation to the environment where exactly the softness that you are seeing?

Naresh Jalan: No, we are not seeing any softness related to our business. So, in external environment, I think this war and this disruption due to this Red Sea and all other things are an ongoing affair right now since last 1-1/2 years we are bearing the brunt of first Ukraine war and then now this Red Sea disruption, but I think in terms of softness, we don't see any softness while market may not grow, but we don't see any softness in them with the kind of order wins we have had and the pipeline which we have right now for new auto rates to come in next couple of quarters. We don't foresee any slowdown in terms of our stake, or our growth plans getting hit by any external environment as such.

Jaimin Desai: So, even in the case of let us say North America Class 8 truck market, you do not expect any growth challenges in next year or maybe beyond that for the market itself?

Naresh Jalan: I am getting slow down since last one year, but in terms of my balance sheet or my dispatches or my customers, we have not seen any effect in our calls for our new dispatches. So, we will not be able to exactly per say what is happening in the class 8 market, but overall, we see no slowdown in terms of demand. I think the market is pretty stable and we are doing extremely well with the kind of new content and new order wins we have in our pipeline.

Moderator: Thank you. The next question is on the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah: Sir, first question is just a simplification if you can help us so say, current revenue that we have and I am just annualizing the 9-month number, if I have to take a 2-year view, what is exactly the capacity or revenue capability that we have in standalone as well as at consolidated level? Either in terms of revenue or in terms of tonnage, however, you would like to highlight, so if you can first help us understand standalone because there are too many projects which are coming, some are coming in standalone, some are coming in consolidated, so if you can help us border view it will be helpful, sir?

Naresh Jalan: Chirag, I think it is very difficult for me to put any number to what future guidance is. We will be more upfront to post the full year results, but we can very confidently tell you we are looking at 15 to 20% volume growth exactly in our overall balance sheet or overall business is concerned, we are looking at 15 to 20% volume growth.

Chirag Shah: And would it be right to assume that this 15%-20% volume growth would be more driven by subsidiaries given the ramp up that you are looking at over there given I am putting JMT, AICL everything over there?

Naresh Jalan: No, I think every balance sheet has its own potential to grow and they all are 100% subsidiaries of RKFL. Overall, at a consolidated level 15% to 20% volume growth which standalone RKFL will also deliver and in terms of other balance sheets also will deliver. So, overall, at the consol level also we are looking at almost 15 to 20% growth in the current days. That is the guidance we started in April FY24, and we still maintain that guidance and I think any revision in terms of guidance upwards or we will be able to come up with more certain answer post the full year results.

Chirag Shah: And sir, if possible, at the end of the year, just in terms of production capacity ramp up, if you can enter, it would be helpful because your capacity seems to be growing at a reasonable fast pace, so you are ready for 50% kind of growth over next two years once this program, the CAPEX programs are done over next 12 months, their minimum. So, that is why I am asking what I want to send the capacity ramp up, if you can explain later on, it will also fine at the end of the year?

Naresh Jalan: Chirag, if you go by the presentation, each and every Company is potential and the revenue potential and by when we expect things to happen, I think Company wise we have very clearly mentioned in the presentation; however, we take your suggestion and I think we will try to more be certain with what is the full year.

Chirag Shah: And sir, second question was on JMT, say Rs. 200 crores this year and next year at . 25 to Rs. 600 crores revenue indication that you had, it implies that there are approvals in place, the capability, once you put the CAPEX in JMT, it is more about delivery rather than getting customer approvals, is it the right way to look at it?

Naresh Jalan: I think Chirag, we are already in with the CAPEX in JMT 3 months have passed and another 3 months to go. I think first for mid-April, I think FY25, we will start production in phased manner in JMT and that is the reason we have indicated about Rs. 200 crores of revenue this year and the potential of this plant is to reach to or anything between Rs. 500 to Rs. 600 crores of revenue. In terms of approval, we need to go for reapproval, which we have already started, and we are already in discussion with the customer.

Moderator: Thank you. The next question is on the line for Abhishek Jain from Dolat Capital. Please go ahead.

Abhishek Jain: Sir, my question is regarding that railway business, so what kind of the revenue you are projecting in FY26 or FY27 from this business and what would be the EBITDA margin from this business?

Lalit Kumar Khetan: Which railway business actually, there are couple of them, you want to know about any particular business or railway as a whole?

Abhishek Jain: Railway wheels?

Lalit Kumar Khetan: Railway wheels, I think it is still very early for us to tell you. I think the plant is going to, if you see the presentation only by FY26 and the plant is going to get commission and start. So, I think it is too early for us to tell you what the potential revenue and the EBITDA from that plant is right now.

Abhishek Jain: So, what is your target ROCE for that business?

Lalit Kumar Khetan: ROCE we are looking at 4.5 to 5.

Abhishek Jain: In initial year, right?

Lalit Kumar Khetan: Yes.

Abhishek Jain: And my next question is related with this carbon emission norm that is going to implement in UK and other European countries from 2024?

Naresh Jalan: That is only for steel sectors. For forgings and other things, which is 2026.

Abhishek Jain: So, there won't be any impact of this in 2024 related with the sourcing of raw materials or anything else?

Naresh Jalan: Nothing. I think it is related to only steel and for forging and other things, it is 2026 January and we are getting prepared for that.

Moderator: Thank you. The next question is from the line of Jaimin Desai from Emkay Global Financial Services. Please go ahead.

Jaimin Desai: Can you throw some color on the growth opportunities in non-auto side, for example, in railways apart from the wheel project and in areas like oil and gas?

Naresh Jalan: I think in railways, we are looking at almost doubling our revenues in the next 2 years from where we are right now. Every year, we will be almost doubling our revenue from railways and I think the railway with the kind of modernization which is happening in India, I think sky is the limit and it is up to us how much we can in cash or this opportunity in delivering right parts to the railways and finding right opportunities within this modernization. So, we are working very diligently with the railways, and we are trying to in cash these opportunities and right now putting a number specific in terms of growth it is very incorrect, but I can only tell you that the way things are shaping up and way the demand is shaping up. Doubling our sales to railways is the very small thing which we are talking about. I think opportunities are much more in terms of how we are able to deliver and in cash the opportunity.

Jaimin Desai: And in oil and gas?

Naresh Jalan: Oil and gas also, yes, it is steady business for us. I think right now we don't see any exponential growth in oil and gas, but it is a steady business wherein we have been able to continue our steady operations. With JMT coming in, with the businesses with what JMT was doing in oil and gas I think that place wherein we are going to grow very fast and that is going to be an additional revenue in oil and gas from North American customer, which JMT earlier was doing close to that was Rs. 100 crores plus business which JMT was doing. I think we are getting that customer back very soon and that the oil and gas business from JMT will be a big business which will be consolidated in the balance sheet of RKFL.

Jaimin Desai: And from a margin and return ratio point of view, non-auto segment would be comparable to autos?

Naresh Jalan: I think non-auto is obviously a better margin gain and as our non-auto businesses continue to improve and in terms of percentage to our sales, our profitability should grow.

Moderator: Thank you. The next question is from the line of Vidrum Mehta from ASK Investment Managers. Please go ahead.

Vidrum Mehta: Sir, post the QIP money, what would be your current gross and net debt?

Lalit Kumar Khetan: So, I assume they become Rs. 593 crores with the net debt and by March it will be less than Rs. 500 crores.

Vidrum Mehta: Sir, secondly, of the 20% topline growth on the standalone business which we clock for Q3, could you help us in terms of understanding the bifurcation with respect to pure volume driven growth or from new products or from market share gains from the existing customers like can you bifurcate that 20%?

Naresh Jalan : It is very difficult to say what market share came from what customer or whom, but in terms of new components, I think almost growth for 5 to 6% has come from new businesses which we have won in domestic industry in terms of our content and exports have been steady exports. I think if you see year-on-year 4.1%, we have grown in terms of exports and that also largely driven by new customers wherein our supplies have started in this quarter and in this quarter, you will see further gains coming in with this place and I think overall in terms of market share gain, it is very difficult to tell from whom we have gained market share, but we are continuously working with customers to get into new product lines and new contents and both in domestic and in export and in domestic industry, things turn around very fast because of our local presence as well as our foothold into and the relationship which we enjoy with the customers.

Vidrum Mehta: Sir, so would it be safe to assume that roughly 5% to 6% of the new business growth which we achieve on an annualized basis and new order wins also helps us in terms of booking the revenue apart from the organic M&HCV growth which the industry clocks?

Naresh Jalan: No, I think the industry growth, I think it is very difficult to say, now, we grew against the industry growth, but in terms of existing components we have been able to gain market share. The new component which I said 6% is absolutely new, like for M&HCV we have started manufacturing suspension components. So, these are the sectors which we are entering new in terms of forging. So, this is the 6% which we are getting. So, obviously the existing components we have been able to increase our performance with the customer also with the new content which we have been able to create in terms of forging that is helping us in terms of our overall gain in terms of the overall, if you see (+30%) growth that is the reason we have got.

Vidrum Mehta: Sir, secondly on the domestic M&HCV front, like we keep on hearing that after two or three years of a good M&HCV growth in the domestic business expectation is that for FY25 for probably we could see a flattish to mid-single digit growth for M&HCV, but in terms of average tonnage, it is going to go up. So, number of M&HCV sold could be flattish, but in terms of tonnage wise, the carrying capacity could be higher, given that situation would our tonnage be better in terms of growth for 25, so should be absolute M&HCV number or should we look at tonnages for reflecting the growth?

Naresh Jalan: So, I think with the overall what we feel that overall tonnage growth is going to be the way forward to look at the growth in the M&HCV industry and if the tonnage growth, we will continue to grow because the requirement of number of axles will increase with the high tonnage vehicles.

Vidrum Mehta: And sir, lastly on the restructuring part wherein we are doing some, we are going to acquire a land of Mal Metalliks Private Limited which is a step down subsidiary and we intend to commence trailer axle assembly over there which will help us in terms of getting some operational efficiencies, could you throw some color on that on the qualitative as well as on the quantitative front, how much benefit could we get out of that?

Naresh Jalan: These are all 100% subsidiaries, and we are going for large scale restructuring. I think in February you will hear much more in terms of restructuring. We will not be maintaining so many subsidiaries like ACIL, JMT, MultiTech, Mal Metalliks. So, this is only the first phase of consolidation which is happening, but the overall consolidation in terms of ACIL getting merged in RKFL or JMT getting merged in other subsidiaries we will only be carrying 100% subsidiary of our RKFL which is going to be the casting business and rest all the businesses are going to get merged in RKFL very soon. So, this is the first part of restructuring which we have done. I think overall restructuring you will be able to hear end of February in which only we have one subsidiary of RKFL that is the casting division.

Vidrum Mehta: Sir, can you share the breakup in terms of revenue from the subsidiaries for this quarter like standalone we already know and consolidated we have the number, the difference would be from the subsidiaries, so subsidiary wise revenue, if you could share?

Naresh Jalan: I think Multitech Auto is close to around Rs. 92 crores, RKFL LLC around Rs. 29 crores and Globe is around Rs. 60 crores.

Lalit Kumar Khetan: What happens that RKFL LLC range, the good things supplied from RKFL India, so lot of it got eliminated, so overall number will get eliminated by Rs. 25 to Rs. 30 crores in that consolidation. That is why the number whatever you add up will come at Rs. 1,087, but actually Rs. 1,057 crores.

Naresh Jalan: At the consolidation level, LLC numbers basically are getting knocked off because of Ind AS, so basically 1050 you are seeing and around Rs. 29 crores getting knocked off, which remains as inventory in LLC.

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

Mitul Shah: Sir, my question is on as we almost completed all these three acquisitions and majority of the payment is done, so what would be the investment amount for this FY24 and at the same time on CAPEX also we have done majority of CAPEX also, capacity expansion in this year, so what would be CAPEX for this year and next year would be purely maintenance CAPEX or anything meaningful apart from that?

Naresh Jalan: Mitul, I think overall CAPEX this year should be approximately around Rs. 450 to Rs. 460 crores in FY24 and in FY25 also if you see your presentation, we are setting up a capacity for 8000-ton press. Also, we will require maintenance CAPEX both in ACIL and JMT on an ongoing basis and the casting capacity which we have freshly augmented. So, the overall we are looking at similar CAPEX from free cash flow of around Rs. 400 crores in the next year also. I think we will be able to give you some exact numbers once I think on the full year results, once we finalize our entire budget in terms of overall cash flow what we have and what does the CAPEX spend out of that free cash flow.

Mitul Shah: Sir, just for clarification, this Rs. 450-Rs. 460 crores this year includes investment, right?

Lalit Kumar Khetan: No, so the Rs. 450 crores is only the CAPEX investment, this year is separate because you can understand Rs. 200 crores earlier we paid for MultiTech, 125 for JMT and their earlier investment in the railway projects to the extent of 70-75 or so Rs. 400 crores already in terms of investment without ACIL, I think we have done this year and another Rs. 450 crores in terms of CAPEX. So, altogether it is 854 this year from next year, it will become 400 to 450 for the CAPEX and investment together.

Moderator: Thank you. The next question is from the line of Sagar Sahu from Jefferies. Please go ahead.

Sagar Sahu: I just wanted more information on what is happening on the electric vehicles front, I understand that you were looking to develop some electric vehicle specific components like the axle, and you had also invested in an electric vehicle component startup, so any more information that you can give us on that front?

Naresh Jalan: So, I think we are doing almost 3 to 3.5% of our revenue from EV which we are supplying to overseas customers, but basically they are undercarriage components and developing our own motor controller and e-axle with transmission, this is R&D which is ongoing, I think the motor and controller Company we have acquired that is TSUYO which is a startup Company and we are already working on in terms of our own transmission and e-axle. I think in next 3-6 months' time, I think you will hear more about it in terms of, right now, it is all on trial stage means vehicle trial stage, so we don't have a concrete answer in terms of the size we can achieve in terms of market size we can achieve in this. So, once we have the trials and other things through from the vehicle, then we will be able to give you more color into it, but our aim is in next 2-3 years to develop the entire motor controller e-axle along with the transmission and as a kit supply to the three-wheeler and four-wheeler market.

Moderator: Thank you. The next question is on the line of Darshika Khemka from AV Fincorp. Please go ahead.

Darshika Khemka: Sir, as far as I understand our margin expansion in FY22 and 23 was a combination of two factors, one being operational things that the Company has done and also the tailwinds from the industry, would you be able to bifurcate and sort of help us break down that how much has come from tailwinds and how much from Company related efforts and how much of that basically would be sustainable? What I want to understand is that once this industry tailwind goes away, would our margins fall?

Naresh Jalan: I think in terms of margin, I cannot give you anything related to what is tailwind and what is, but if you see constantly for 16 quarters, we have been maintaining a margin of 22% and above and I think very slowly but steadily we are working towards our goal of 25% margin and that is the way we are developing our own components or the utilization of our plants are being worked out accordingly. I don't see any headwinds to our margin trajectory while we do not say what is the tailwind which can happen to it, but I can very safely say that we aspire to be 25% plus EBITDA margin making Company, while we will be able to safely maintain the current margin trajectory going forward.

Darshika Khemka: And I had one more question, what was the CAPEX that we have incurred for the warm forging expansion?

Lalit Kumar Khetan: So, warm forging, we have already done the capacity of 10,000 tons. Right now, what we are putting up a small capacity of about 3000 ton on the warm forging and the CAPEX has already been completed. I think we are going to commence the line very shortly.

Darshika Khemka: Can you help me with the CAPEX number on that?

Lalit Kumar Khetan: I don't have right now the specific number on that line, so we can clarify that offline.

Moderator: Thank you. The next question is from the line of Rakesh from Bahana Equity Advisors LLP. Please go ahead.

Rakesh: Sir, can you know our current order book?

Naresh Jalan: We don't have any order book. We work to schedules and I think we from our export customers, we get 6 months forward schedule and from domestic customer, we get 2 months forward schedule, and we work to schedules only and we do not have a particular order book. We have only the order book related to our railways which is close to around Rs. 250 crores right now from railways. Other than that, we do not have any firm order book from automotive sector or off-highway. We work to only schedules we receive from customers.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now have the conference over to Mr. Rajesh Mundhra for his closing comments.

Rajesh Mundhra: Thank you. I take this opportunity to thank everyone for joining the call. I hope we have been able to answer and address all your queries. For any further information, kindly get in touch with us or our investor relationship advisors. Thank you very much.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of Emkay Global Financial Services, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.