Date: 26 June, 2025

To The Listing Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **BSE SCRIP CODE: 532527**	To The Listing Department **National Stock Exchange of India Limited** "Exchange Plaza" C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai- 400 051 **NSE SYMBOL: RKFORGE**

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – CRISIL Ratings Limited placed the Company's Facilities on "Watch Negative" with Ratings Unchanged

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), please be informed that CRISIL Ratings Limited has placed the Company's Facilities on "Watch Negative", with Ratings remaining unchanged as mentioned below:

Instrument Type	Rated Amount *(Rs. in Crores)*	Ratings
Total Bank Loan Facilities Rated	1,650	Crisil AA/Watch Negative (Placed on 'Rating Watch with Negative Implications')
Commercial Paper	300	CRISIL A1+/Watch Negative (Placed on 'Rating with Negative Implication')

Detailed Rationale of the Credit Ratings Action by CRISIL Ratings Limited is enclosed.

We request you to take the afore-mentioned information on record and oblige.

Thanking You

Yours faithfully,
For Ramkrishna Forgings Limited

RAJESH MUNDHRA
Digitally signed by RAJESH MUNDHRA
Date: 2025.06.26 22:47:52 +05'30'

Rajesh Mundhra
Company Secretary
& Compliance Officer
ACS: 12991
Enclosed: As above

The Economic Times
INDIA'S GROWTH CHAMPIONS
2020
statista

CONFIDENTIAL

RL/RAMFORG/371495/BLR/0625/122281
June 26, 2025

Mr. Lalit Kumar Khetan
Executive Director & CFO
Ramkrishna Forgings Limited
23,
Circus Avenue
Kolkata - 700017
9836263211

Dear Mr. Lalit Kumar Khetan,

Re: Review of Crisil Ratings on the bank facilities of Ramkrishna Forgings Limited

All ratings assigned by Crisil Ratings are kept under continuous surveillance and review.

Please find in the table below the ratings outstanding for the debt instruments/facilities of the company, and the rating actions by Crisil Ratings on the ratings as on date.

Total Bank Loan Facilities Rated	**Rs.1650 Crore**
Long Term Rating	**Crisil AA/Watch Negative (Placed on 'Rating Watch with Negative Implications')**
Short Term Rating	**Crisil A1+/Watch Negative (Placed on 'Rating Watch with Negative Implications')**

(Bank-wise details as per Annexure 1)

As per our Rating Agreement, Crisil Ratings would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. Crisil Ratings reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which Crisil Ratings believes may have an impact on the ratings. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

In the event of the company not availing the proposed facilities within a period of 180 days from the date of this letter, a fresh letter of revalidation from Crisil Ratings will be necessary.

This letter will remain valid till March 31, 2026. After this date, please insist for a new rating letter (dated later than March 31, 2026).

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Vishnu Sinha
Associate Director - Crisil Ratings

Nivedita Shibu
Director - Crisil Ratings

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RL/RAMFORG/371495/CP/0625/122282
June 26, 2025

Mr. Lalit Kumar Khetan
Executive Director & CFO
Ramkrishna Forgings Limited
23,
Circus Avenue
Kolkata - 700017
9836263211

Dear Mr. Lalit Kumar Khetan,

Re: Review of Crisil Rating on the Rs.300 Crore Commercial Paper of Ramkrishna Forgings Limited

All ratings assigned by Crisil Ratings are kept under continuous surveillance and review.

Crisil Ratings has, after due consideration, reaffirmed its Crisil A1+ (pronounced as Crisil A one plus rating) rating on the captioned debt instrument. Securities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such securities carry lowest credit risk. The rating has been placed under Rating Watch with Negative Implications. The Rating Watch reflects an emerging situation, which may affect the credit profile of the rated entity.

For the purpose of issuance of captioned commercial paper programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid (unless revised) throughout the life of the captioned Commercial Paper Programme with a maximum maturity of one year.

As per our Rating Agreement, Crisil Ratings would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. Crisil Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which Crisil Ratings believes, may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Vishnu Sinha
Associate Director - Crisil Ratings

Nivedita Shibu
Director - Crisil Ratings

Crisil
Ratings

Ramkrishna Forgings Limited

Ratings placed on 'Watch Negative'

Detailed Rationale

Crisil Ratings has placed its ratings on the bank loan facilities and commercial paper of Ramkrishna Forgings Limited (RKFL) on **'Rating Watch with Negative Implications'**.

The rating action follows an announcement that the final joint fact-finding report from independent external agencies, CLA IVC LLP (erstwhile Baker Tilly Private Limited) and Salarpuria & Partners., pertaining to investigations for ascertaining the inventory discrepancies has been published on June 14, 2025. The report confirmed that certain erroneous entries or non-recording of rejections at plants resulting in overstatement of work-in-progress/raw material/scrap inventory were attributed to operational or system or people deficiencies. The loss was estimated at Rs 220.52 crore for fiscal 2025 and Rs 50.22 crore for fiscal 2024, resulting in erosion of networth to tune of Rs 202.60 crore (net f tax) i.e. 6.73% of the networth of the RKFL group as on March 31, 2025.

Such a shortage has been recorded in the financial results and accordingly the financials for fiscals 2024 & 2025 were restated. The restated consolidated operating margin for fiscal 2025 was lower at 13.9% against earlier expectation of over 20%. Consolidated revenue from operations of Rs 4034 crore for fiscal 2025 grew by about 9% year-on-year but was lower than expectation primarily due to muted export demand sentiments and change in revenue recognition policies owing to imposition of duties on exports to the United States. Several plants were shut down in April 2025 for a couple of days for the fact-finding study undertaken by the external agencies for ascertaining the inventory discrepancies. That said, Crisil Ratings will closely monitor the group's operating performance, especially its sustainable operating profitability going forward.

Furthermore, consolidated capital expenditure (capex) incurred in fiscal 2025 was around Rs 840 crore against group's planned capex of Rs 535 crore in fiscal 2025 and Rs 460 crore in fiscal 2026 - likely on account of accelerated investments. In fiscal 2025, RKFLs investment in the joint venture, Ramkrishna Titagarh Rail Wheels Limited, was over Rs 117 crore against expectations of Rs 100 crore.

The aforesaid investments and working capital intensive operations have resulted in higher-than-expected consolidated external borrowings of Rs 2013 crore as on March 31, 2025, against earlier expectation of Rs 754 crore. Muted scale of operations and high external borrowings, resulted in significant increase of net debt to ebitda to over 3.5 times (consolidated) on March 31, 2025, from around 1.1 time on March 31, 2024.

Crisil Ratings take cognizance of the fact that the management is in the process of appointing an external SAP consultant or other consultant to review the existing production process in SAP to take necessary actions to strengthen internal controls and streamline SAP processes. This is expected to be completed by the end of September 2025.

Moreover, to protect other stakeholders' interest, RKFL has proposed to compensate for the loss through infusion of funds via issuance of preferential issue of convertible warrants to promoters. Issuance of up to 9,75,000 warrants convertible into 9,75,000 equity shares of face value of Rs 2 each at a price of Rs 2,100 per warrant aggregating to Rs 204.75 crore. The funds are proposed to be raised in a maximum of 18 months, aimed at mitigating the adverse impact of the event on the group's financial risk profile. However, any time overrun or change in the management's stance on the proposed extension of requisite support might weaken the credit risk profile and will remain a key monitorable.

Crisil Ratings will continue to engage with the management and will resolve the watch by closely monitoring the measures taken by the management and the impact of the event on the overall business and financial performance of the group.
The ratings continue to reflect the healthy market position of the RKFL group in the auto components industry, established relationships with major customers and healthy operating profitability. These strengths are partially offset by its exposure to revenue concentration risks, susceptibility to cyclicality in automotive industry and government regulation, and working capital intensive operations.

Analytical Approach

To arrive at the ratings, CRISIL Ratings has combined the business and financial risk profiles of RKFL and its subsidiaries, i.e., Ramkrishna Forgings LLC (RKFLLC), Ramkrishna Casting Solutions Limited (RCSL, rated 'Crisil A/Crisil A1/Watch Negative'), Resortes Libertad S.A. DE. C.V. (RFM), Multitech Auto Private Limited (MAPL, rated 'Crisil A/Crisil A1/Watch Negative'), its step-down subsidiary, i.e., Mal Metalliks Private Limited (MMPL, rated 'Crisil A/Crisil A1/Watch Negative'), and its joint venture, i.e., Ramkrishna Titagarh Rail Wheels Limited (RTRWL), collectively referred to as the RKFL group.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Healthy market position in the auto components industry:** RKFL has been engaged in the forged and machining components business for more than four decades and is a key supplier to several leading original equipment manufacturers (OEMs) in the automotive industry. Longstanding presence has enabled the promoters to gain a deep understanding of market dynamics and maintain healthy relationships with reputed customers. The group has maintained its healthy market position, as reflected in its healthy scale of operations. Consolidated revenue from operations was over Rs 4034 crore for fiscal 2025 against Rs 3705 crore for fiscal 2024. Inorganic growth emanating from acquisitions in fiscal 2024 should also aid revenue growth over the medium term, however, impact of macro-economic factors is a key monitorable.

- **Healthy operating profitability:** The group is one of the largest manufacturers of forged automotive components in India. Revenue growth has been healthy in the past few years, driven by steady offtake and sustained focus on exports. The group has entered non-automotive segments such as energy – oil & gas, power, off-road applications – earthmoving, mining, construction, railways and farm equipment, and has strategically acquired entities to augment its capacities in these segments and foray into passenger vehicles and tractor segments. Operating margin has been healthy at 22-23%, over the three fiscals through March 31, 2024 and moderated to around 14% in fiscal 2025 mainly on account of adjustments to rectify the quantum of raw material consumed. The acquisition of casting and machining units of MAPL and MMPL, and manufacturing of precision and critical components for medium and heavy commercial vehicles (MHCVs) have aided revenue growth in two fiscals through fiscal 2025 and benefits from economies of scale and integrated operations will be closely monitored.

Weaknesses:

- **Exposure to revenue concentration risk, cyclicality in the automotive industry and change in government regulations:** RKFL derives 50-55% of revenue from its top five customers, and hence faces high customer concentration risk. Growth in revenue and profitability becomes dependent on the growth plans of these customers.

  Moreover, the company earns over 40% revenue from exports predominantly to Europe and North America, which exposes it to risks associated with inherent cyclicality in the automotive industry, whose performance is linked to the overall macroeconomic trends. It is further susceptible to change in government policies regarding automobiles such as pollution norms, electric vehicles etc. Thus, the strategies deployed by the management to increase revenue contribution of non-automotive segments and widen geographical footprint are crucial for the group to successfully navigate downturns in the industry and in its key overseas markets.

- **Working capital intensive operations:** Operations are working capital intensive as reflected in its gross current assets (GCA) days. While stringent debtor's policy have brought receivables down to ~88 days on March 31, 2025, inventory has been sizeable at 131-136 days for the three fiscals through March 31, 2025, due to significant exports and large number of SKUs adding to raw material and finished goods inventories. This, coupled with operating margins of ~14% in fiscal 2025, weakened return on capital employed (RoCE) to ~7% on March 31, 2025 from 16-17% in two fiscals through March 31, 2024. Going forward, prudent working capital management and limited capex lowering external liabilities, and steady profitability ratio are key rating sensitivity factors.

Liquidity : Strong

Utilisation of the fund-based bank limit averaged around 25% for the 12 months ending June 30, 2024. Expected cash accrual should suffice to cover the term debt obligation of over Rs 200 crore per annum over the medium term. The current ratio was modest at 1.1 time on March 31, 2025. Free cash bank balance was around Rs 20 crore on March 31, 2025. Low gearing and strong networth provide financial flexibility in case of any adverse conditions or downturn in the business.

Rating sensitivity factors

Upward factors:

- Revenue growth of more than 10% with an operating margin of more than 16% driven by the implementation of stronger internal controls
- Timely infusion of funds via issuance of preferential issue of convertible warrants to promoters to compensate for the inventory loss
- Prudent working capital management and lower exposure to external debt leading to improved Return on Capital Employed (RoCE)

Downward factors:

- Significant decline in revenue or operating margins sustained below 14%, weakening financial flexibility
- Time overrun or change in the management’s stance on the proposed extension of requisite support
- Delay in strengthening of internal controls leading to further weakening of credit profile