Date: 24 September, 2025

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

Dear Sir/Madam,

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – CRISIL Ratings Limited – Long-term Rating downgraded to 'CRISIL AA – ' continues on 'Watch Negative'**

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 ("CRISIL") has placed the Company's Facilities as follows:

| Instrument Type | Ratings |
|---|---|
| **Long Term Rating** | Crisil AA–/Watch Negative (Downgraded from 'Crisil AA' – Continues on Rating Watch with Negative Implications') |
| **Short Term Rating** | CRISIL A1+/Watch Negative (Same Rating Continues on 'Rating Watch with Negative Implications') |
| **Rs. 300 Crores Commercial Paper** | |

Detailed Rationale including reasons for the Credit Ratings Action by CRISIL 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: 2025.09.24 16:54:18 +05'30'

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

The Economic Times INDIA'S GROWTH CHAMPIONS 2020 statista

Crisil Ratings

# Rating Rationale

September 22, 2025 | Mumbai

# Ramkrishna Forgings Limited

*Long-term rating downgraded to 'Crisil AA-'; Continues on 'Watch Negative'*

**Rating Action**

| | |
|---|---|
| **Total Bank Loan Facilities Rated** | **Rs.1650 Crore** |
| **Long Term Rating** | **Crisil AA-/Watch Negative (Downgraded from 'Crisil AA'; Continues on 'Rating Watch with Negative Implications')** |
| **Short Term Rating** | **Crisil A1+/Watch Negative (Continues on 'Rating Watch with Negative Implications')** |

| | |
|---|---|
| **Rs.300 Crore Commercial Paper** | **Crisil A1+/Watch Negative (Continues on 'Rating Watch with Negative Implications')** |

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*
*1 crore = 10 million*
*Refer to Annexure for Details of Instruments & Bank Facilities*

**Detailed Rationale**

Crisil Ratings has downgraded its rating on the long term bank loan facilities of Ramkrishna Forgings Limited (RKFL) to **'Crisil AA-'** from 'Crisil AA'. The ratings continues on **'Rating Watch with Negative Implications'**.

The rating action follows the continuation of weaker than expected operating efficiency and capital structure of the group.

Following the outcome of physical verification of inventory conducted during March-June 2025 by the independent external agencies, the book value of inventory was overstated by Rs 50.22 crore for fiscal 2024 and by Rs 220.52 crore for fiscal 2025. Accordingly, restated operating margin for fiscal 2024, was at 21.4% and 14.4% for fiscal 2025 which was significantly lower than expectation. Profitability was expected to start improving in the first quarter of fiscal 2026, however, the group continues to face headwinds, impacted by the overall slowdown in the commercial vehicle industry, resulting in operating margins just over 14%, marked by a degrowth of 300 bps year on year, driven by muted exports and moderation in realization. Exports as per percentage of total revenue was down to ~30% in the first quarter of fiscal 2026 from 42-43% in two fiscals through March 31, 2025.

Furthermore, consolidated capital expenditure (capex) including capital work in progress and capital advances attributable to accelerated investments and working capital intensive operations have resulted in higher-than-expected consolidated external borrowings and gearing of Rs 2013 crore (against earlier expectation of Rs 754 crore) and 0.7 time, respectively as on March 31, 2025.

Increased external borrowings and muted scale of operations 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.

Moreover, operating income of Rs 1015 crore in the first quarter of fiscal 2026, grew by about 7% on year but was constrained by subdued demand and tariff on exports to the United States with effect from August 2025. Though such duty is estimated to have bearing on 5-6% of the group's turnover, recovery in export demand and company's ability to redirect its sales to other geographies and to domestic market bears a close watching.

Crisil Ratings continues to note that while the adjustment of discrepancy in inventory reported had material impact on the group's operating efficiency, management continues to minimize manual interventions in the inventory reporting processes to strengthen its internal controls. Of RKFLs proposed infusion of Rs 204.75 crore via issuance of preferential issue of convertible warrants to promoters, about Rs 50 crore was infused in August 2025 and the balance is proposed to be raised by end of fiscal 2026. Any time overrun or change in the management's stance on the proposed extension will be closely monitored.

That said, the negative view factors the continued muted operating performance and leveraged capital structure. Crisil Ratings will continue to engage with the management to resolve the watch by closely monitoring the recovery in scale of operations, sustainable operating profitability, reduction in working capital intensity and dependency on external debt.
The ratings continue to reflect the healthy market position of the RKFL group in the auto components industry, established relationships with major customers and moderate 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 A2+/Watch Negative'), Ramkrishna Forgings Mexico S.A de C.V. (RFM, Formerly know as Resortes Libertad S.A. DE. C.V.), Multitech Auto Private Limited (MAPL, rated 'Crisil A-/Crisil A2+/Watch Negative'), its step-down subsidiary, i.e., Mal Metalliks Private Limited (MMPL, rated 'Crisil A-/Crisil A2+/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 - 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 4001 crore for fiscal 2025 against Rs 3676 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.

**Moderate 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 entered non-automotive segments such as energy – oil & gas, power, off-road applications – earthmoving, mining, construction, railways and farm equipment, and acquired entities in 2023 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 the group to benefit from economies of scale and integrated operations over the medium term and is a key rating sensitivity factor.

**Key Rating Drivers - Weaknesses**
**Exposure to revenue concentration risk, cyclicality in the automotive industry and change in government regulations:** RKFL derives ~60% of revenue from its top ten 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 (direct exports to US are limited to 5-6% of total revenue), 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 ~99 days on March 31, 2025, inventory has been sizeable at 133-136 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) and interest coverage to about 7% and 3.5 times, respectively on March 31, 2025. Going forward, prudent working capital management and limited investments in gross block lowering external liabilities, and steady profitability ratio are key rating sensitivity factors.

**Liquidity - Strong**
Utilisation of the fund-based bank limit averaged around 61% for the 12 months ending June 30, 2025. Expected cash accrual should suffice to cover the term debt obligation of over Rs 220-263 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 16 crore on March 31, 2025.

**Rating sensitivity factors**

**Upward factors**

- Sustenance of revenue growth with an operating margin of more than 16% resulting in higher net cash accruals
- Prudent working capital management and lower exposure to external debt leading to improved Return on Capital Employed (RoCE) and net debt to ebitda.

**Downward factors**

- Significant decline in revenue or operating margins sustained below 14%, weakening net cash accruals to repayment obligation ratio.
- Time overrun or change in the management's stance on the proposed extension of funding support and/or increase in external borrowing and/or delay in strengthening of internal controls leading to further weakening of credit profile