Date: 20 December, 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: <u>Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – CRISIL Ratings Limited – Removed from Watch Ratings; Reaffirmed at 'Crisil AA- / Negative / Crisil A1+'</u>

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

Instrument Type	Ratings
Long Term Rating	Crisil AA-/Negative (Removed from watch; rating reaffirmed)
Short Term Rating	Crisil A1+ (Removed from watch; rating reaffirmed)
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: 2025.12.20 11:29:42 +05'30'

Rajesh Mundhra
Company Secretary
& Compliance Officer
ACS: 12991

Enclosed: As above

THE ECONOMIC TIMES INDIA'S GROWTH CHAMPIONS 2020

Ramkrishna Forgings Limited

Removed from watch ''; ratings reaffirmed at 'Crisil AA- / Negative / Crisil A1+ '

Rating Action

Total Bank Loan Facilities Rated	**Rs.1650 Crore**
Long Term Rating	**Crisil AA-/Negative (Removed from watch; rating reaffirmed)**
Short Term Rating	**Crisil A1+ (Removed from watch; rating reaffirmed)**

Rs.300 Crore Commercial Paper	**Crisil A1+ (Removed from watch; rating reaffirmed)**

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 removed its ratings on the bank facilities of Ramkrishna Forgings Limited (RKFL) from 'Rating Watch with Negative Implications' while assigned a 'Negative' outlook to the long-term rating.

The rating watch has been resolved following corrective measures taken by the management for improving internal controls with respect to reporting of inventory through regulating and restricting manual interventions and implementing best practices for streamlining processes. Crisil Ratings notes that the independent external agencies completed the joint fact-finding study in the quarter ending September 30, 2025, and no further discrepancies were identified beyond those that were accounted for in fiscal 2025.

Furthermore, to protect other stakeholders' interest, in June 2025, RKFL had proposed to compensate for the loss through infusion of Rs 204.75 crore via issuance of preferential issue of convertible warrants to promoters. Of the proposed compensation, about Rs 51.19 crore infused as upfront consideration or subscription amount in August 2025 and the balance Rs 153.56 crore is expected to be received by end of fiscal 2026 and the same is monitorable.

The negative outlook factors in continuation of weaker than expected operating efficiency and capital structure of the group in the quarter ending September 30, 2025. The group continues to face headwinds, impacted by the overall slowdown in the commercial vehicle industry and levy of custom duty on exports to the United States of America. Exports as per percentage of total revenue were down to ~30% in the first half of fiscal 2026 from 42-43% in two fiscals through March 31, 2025. As a result, accretion to reserves was muted with revenue and operating profitability of Rs 1923 crore and 14.1% (down from 14.4% in fiscal 2025), respectively in the first half of fiscal 2026.

In addition, the group generates around ~15% of its revenue from exports to Mexico. Though the custom duty is largely borne by the customer, imposition of duty by Mexico on Indian exports with effect from January 2026, may adversely impact demand and cost passthrough and is a key monitorable.

Furthermore, ongoing capital expenditure (capex) of about Rs 350 crore during the first half of fiscal 2026, amid muted operating performance and elevated inventory holding, resulted in elevation of external borrowings to Rs 2613 crore on September 30, 2025 (from Rs 2013 crore on March 31, 2025) leading to increase in gearing and moderation in interest coverage ratios to 0.85 times and 2.7 times, respectively. Reduction in balance sheet debt will remain a key rating sensitivity factor.

The ratings continue to reflect the healthy market position of the RKFL group in the auto components industry, established relationships with major customers and integrated operations. 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), Ramkrishna Forgings Mexico S.A. DE C.V., Multitech Auto Private Limited (MAPL, rated Crisil A-/Negative/Crisil A2+), its step-down subsidiary, i.e., Mal Metalliks Private Limited (MMPL, rated Crisil A-/Negative/Crisil A2+), and its joint venture, i.e., Ramkrishna Titagarh Rail Wheels Limited (RTRWL), collectively referred to as the RKFL group.

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 and completion of capex by end of September 30, 2025 to ramp up the units should also aid revenue growth over the medium term, however, impact of macro-economic factors is a key monitorable.

Integrated nature of operations: 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. Recovery in export demand is crucial for deriving benefit from economies of scale and integrated operations 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 30-40% revenue from exports predominantly to Europe and North America, which exposes it to risks associated with inherent

cyclicality in the automotive industry and imposition of custom duties, 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, for improving production capacity utilization and return on capital employed, 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 has brought receivables down to 90-100 days in three fiscals through March 31, 2025 (from over 150 days earlier) inventory has been sizeable at 133-136, 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 about 7%. Working capital intensive operations and sizeable capex also continue to exert pressure on interest coverage ratio, down to 2.7 times on Sept 30, 2025 from 3.4 times on March 31, 2025. Going forward, prudent working capital management, limited investments in gross block and steady profitability ratios are crucial.

Liquidity - **Adequate**
Utilisation of the fund-based bank limit averaged around 81% for the 6 months ending September 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 and around Rs 37 crore on September 30, 2025.

Outlook Negative
Crisil Ratings believes that the group will continue to benefit from its established market position, strong relationship with its customers while recovery in scale of operations and funding support from the promoters improving financial risk profile remains monitorable.

Rating sensitivity factors
Upward factor
1) Improvement in revenue and sustenance of revenue growth with an operating margin of more than 16% resulting in higher net cash accruals.
2) Ramp up of production capacity utilization and prudent working capital management improving return on capital employed (RoCE) and net debt to ebitda.

Downward factor
1) Significant decline in revenue or operating margins sustained below 14%, weakening net cash accruals to repayment obligation ratio.
2) Time overrun or change in the management's stance on the proposed extension of funding support and/or increase in external borrowing weakening financial flexibility.