



Ramkrishna Forgings Limited
Q3 & 9M FY '26 Earnings Conference Call
January 27, 2026

MANAGEMENT:

- Mr. Naresh Jalan – Managing Director
- Mr. Chaitanya Jalan – Whole-time Director
- Mr. Lalit Khetan – Whole-Time Director and Chief Financial Officer
- Mr. Milesh Gandhi – Whole-Time Director
- Mr. Rajesh Mundhra – Vice President-Finance and Company Secretary

Moderator: Mr. Joseph George – IIFL Capital Services Limited

External Participants:

- Balasubramanian – Arihant Capital
- Tanmoy Roy – Individual Investor
- Sunny Gosar – MK Ventures
- Aditya Kumar – Old Bridge Mutual Fund
- Akash – NV Alpha
- Devang Shah – Allvest Investment Managers Private Limited
- Saket Saurabh – Sagari Capital
- Lakshminarayanan – Tunga Investments
- Tushar Raghatate – Omega Portfolio Advisers
- Armaan – Blue Sky Fintech

Moderator: Ladies and gentlemen, good day and welcome to Ramkrishna Forgings Q3 FY26 Earnings Conference Call hosted by IIFL Capital Services 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. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Joseph George from IIFL Capital Services Limited. Thank you and over to you, Mr. George.

Joseph George: Hello, thank you Ikra. Hello everyone. On behalf of IIFL Capital, I welcome you all to the 3Q FY26 Results Conference Call of Ramkrishna Forgings.

I also welcome the senior management of Ramkrishna Forgings. We have with us Mr. Naresh Jalan, Managing Director; Mr. Chaitanya Jalan, Whole time Director; Mr. Lalit Khetan, Whole time Director and CFO, Mr. Miles Gandhi, Whole time Director; Mr. Rajesh Mundhra, VP Finance and Company Secretary.

Now I'll hand over the call to the management. Over to you, Sir.

Lalit Khetan: Thank you, Joseph. Good evening, everyone, and thank you for joining us on this call to discuss the Q3 & 9-month FY26 earnings. I trust all of you have had a chance to review the earnings document that we have shared earlier today.

Q3 FY26 was a mixed quarter marked by a combination of emerging opportunities and continued volatility in the global operating environment. Geopolitical tension, more frequent headlines around tariff actions and evolving trade alignments continuing to affect sentiments. This was further compounded by currency volatility and elevated input costs. Notwithstanding these challenges, the quarter also presented meaningful opportunities, customers across Europe and Asia are increasingly recognizing the strategic importance of diversifying supply chains, creating incremental engagement and new business prospects for us across multiple regions.

In contrast, the domestic operating environment has been much more conducive for growth. Strong macroeconomic fundamentals, including steady industrial activity, resilient IIP growth, moderating inflation and a stable interest rate environment have contributed to a healthier and more predictable business climate.

The GST rate rationalization implemented in September played a meaningful role in reviving customer sentiment in the automotive segment. And following a period of subdued demand and lower tax rates and reduced on-road prices across vehicle category have resulted in a sharp rebound in demand.

Over the past few years, we have been deliberately pursued a strategic agenda to deepen and diversify our domestic footprint through targeted investments, product innovations and capability enhancement. As part of this effort, we also identified adjacent growth segment, most notably Railways and Passenger Vehicles.

The Railway segment, in particular, is demonstrating strong momentum for us. We are currently focused on scaling output and expanding our penetration within this segment. Our products are now being integrated into bogie assemblies. At the same time, we are seeing encouraging traction in the passenger vehicle segment and expect to participate more meaningfully in this up cycle through increasing penetration and expanding the range of products that we offer.

Now let me share some financial highlights for the quarter. For Q3 FY26, we reported consolidated net revenue of Rs. 1,098 crores, higher by 2% on year-on-year basis compared to Rs. 1,074 crores in Q3 FY25. On a Q-on-Q basis, revenues were higher by 21% compared to Rs. 908 crores in Q2 FY26. A strong performance in domestic market supported by resilient performance in international market has helped us to deliver 21% Q-on-Q top line growth.

EBITDA, excluding other income, is Rs. 163 crores in Q3, higher by 29% year-on-year compared to EBITDA of Rs. 126 crores in Q3 FY25. On Q-o-Q basis, EBITDA was higher by 33% compared to Rs. 123 crores in Q2 FY26. The EBITDA margin is 14.9% for the quarter and is higher by 140 basis points quarter-on-quarter.

Profit after tax is Rs. 13.6 crores after exceptional provisioning of gratuity and leave on account of new Labour Code of Rs. 10.43 crores. Otherwise, it could have been Rs. 24 crores compared to INR 21 crores in Q3 FY25.

Our confidence in quarters ahead is due to multiple growth levers, operations have already ramped up, and we now focus on driving higher utilization. Our aluminium forging has been successfully commissioned, and commercial production has commenced. Our casting facility is ready and is under trial run and shall commission commercial production in Q4 FY26. And we remain confident of ramping up utilization levels in coming quarters.

The machining facility in Mexico is nearing commissioning and is expected to become operational shortly, further strengthening our global manufacturing footprint. Additionally, our Rail Wheel joint venture remains on track and with the commencement of trial production anticipated in the end of Q4 FY26.

With that, I would like to hand over the proceeding to Mr. Milesesh Gandhi, Whole-Time Director. Thank you, and over to you, Milesesh.

Milesesh Gandhi:

Thank you, Lalit ji. I would like to brief that during the quarter 3, the Company secured new orders worth Rs. 680 crores with a program life of 4 years. Approximately 66% of these orders were from the automotive sector and the balance 34% were from the non-automotive segments, reflecting continued progress in our Company's diversification strategy.

In Q3 FY26, auto orders amounting to Rs. 406 crores is from the CV segment, around Rs. 26 crores is from the passenger vehicle segment, i.e. the PV segment and Rs. 18 crores is from the EV segment.

In Q3 FY26, non-auto orders amounting to Rs. 189 crores, out of the Rs. 230 crores is from the oil and gas segment. Would also like to mention a few more details.

Against our railway business, the bogie assemblies, which is a good value addition as assembly supplies along with our core items, frames and bolsters. Bulk supplies have started going to Indian Railways. With our solid launch and ramp-up, we have qualified for bulk orders and Indian Railways has started showing a demand worth Rs. 2,000 crores itself for the forthcoming year.

I would also like to add upon with the current European Union 'Free Trade Agreement', this will further help us and Europe will be more keen in buying forged and cast parts from India. And the current duties that are levied will be over and we will become more attractive to the customers over our other competitors. That's from my side. Thank you.

Lalit Khetan:

Thank you, Milesesh. And now I hand over the proceedings for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian:

Good afternoon, Sir. Thank you so much for the opportunity. Sir, we have received new orders of Rs. 680 crores and what is the mix between domestic and export? And how does the order pipeline look for Q4 and beyond?

Milesh Gandhi: Out of the Rs. 680 crores order that we have received, mainly this order is coming mainly from the domestic market on the maximum side, around 60% of it is coming from the domestic side, 40% from the export side. Way forward, our order books are still strong. And with all our capacity that we are adding up to, this is helping us to fetch more orders and make sure our capacity is utilized in a better way.

Balasubramanian: Okay. Sir, I think domestic revenue also increased to nearly 67%- 68% in 9M FY26 compared to 59% in FY25. And if you look at North America exports has been declined to 55% compared to 71% in last 9 months FY25. How do you look at domestic as well as North America export side over the medium term.

Like we are strategically shifting to domestic because of this tariff and secondly railway business nearly 7.3% of business in 9 month FY26. I think we are in the process of forged wheels JV and bogie assemblies. It's in trial production. And what is the targeted revenue contributions from railway side in the next 3 to 5 years?

Naresh Jalan: First of all, the wheel production, I think it's not part of the strategy right now. Wheel production sales is going to come in the JV and we are right now not building any sales from the wheels right now. Assembled bogie sales, we are looking at a strong sales number. And I think railways, we are looking at double-digit sales in next 2 years' time.

While we continue to grow in other platforms also and improve our capacity utilization, railway is going to form a strong pillar of growth for us and our order book from railways is extremely strong.

And in terms of North America and India premix, I think tariff has nothing to do with the change in premix right now. Overall demand scenario and the build rate in North America has slowed down in the past year. But now we are seeing traction coming back. And I think as the build rate improves, our North America customers and sales are intact and it is going to continue to grow as the build rate improves.

Balasubramanian: Okay, sir. Sir, I think forging capacity utilization came down to 66% in Q3 FY26 compared to last Q3 of 79%. Is it because of the demand softness or ramp-up in new capacities? How do you look at, I think new capacities of aluminium forging, casting and Mexico machining are under commissioning. So how do you look at utilization levels over the next 2 years, sir?

Naresh Jalan: No, I think right in the opening statement, as Milesh has said, every quarter, I think we are going to strongly push in terms of utilization. And

with the order wins we have, all the new capacities which are coming up has been backed by equal number of orders. Basically, the time taken for approval and stabilization of the capacity, that itself is taking time to get to the real numbers for the capacity utilization.

So, 66% of the utilization, which you see right now is basically on the total capacity, which has already been commissioned. Like for aluminium forging, it is about only a couple of months, we have been able to go for production. And as we ramp up this capacity to full utilization, I think within next 8 to 10 months, you will see full utilization.

Similarly, in cold forging, where we have almost 25,000 tons of capacity, we have right now at a utilization level of 40% because customer approvals and other things are still at one stage, other coming in. So, every month, it's on an improvement. When we close the next financial year, we will be almost at 80%- 85% utilization. So specific to capacities, utilizations are low. And as such, in overall scenario, you are seeing 66% utilization in the overall increased capacity utilization. But if you compare to the capacity, which was earlier there, utilization have remained same or increased from there on.

Balasubramanian: Okay, Sir. Sir, my last question, I think we have planned around Rs. 500 crores to Rs. 600 crores kind of debt reduction by end of this year. How much we have achieved as of now, sir?

Lalit Khetan: So, debt as on date is about Rs. 2,250 crores. So, we have achieved already Rs. 350 crores of debt reduction in this quarter. And we hope to achieve this debt number to below Rs. 2,000 crores, maybe Rs. 1,900 crores by end of financial year '26.

Moderator: Thank you. The next question is from the line of Tanmoy Roy, an Individual Investor. Please go ahead.

Tanmoy Roy: Yes. So yes, first of all, congratulations that they are improving on a quarter-on-quarter basis. Just want to know one thing that as we know that our domestic sales is now going up and export sales is more or less a little bit going down only. But the realization-wise, do you think that domestic sales realization can cover up the export sales drop?

Naresh Jalan: No, I don't think domestic sales can cover up in terms of the entire realization in terms of export sales. But I think in the overall traffic, when you see in terms of the order wins which we have had, you will be able to see in coming days, our exports also considerably improving. So, we are looking at upward in terms of realization in overall between domestic and exports together. So, in isolation, domestic also will improve in terms of

our realization, but we don't foresee any drastic drop in terms of our exports.

Tanmoy Roy: Okay. Good. So, another thing is like you said you are not considering that railway wheel sales in your projection. So, when do you think it can considerably come in revenue from which financial year onwards?

Naresh Jalan: In terms of railway, wheel revenue is going to come from FY '27 onwards itself. But it is because it is in the joint venture, we have not considered it as a revenue in terms of RKFL consol balance sheet, we are not taking it as a revenue right now. We will see post the project is commissioned and commercial production starts.

Tanmoy Roy: Okay. So maybe from Q1, I mean we're anticipating Q1 or Q2?

Naresh Jalan: No. I think commercial production is going to start from Q2 onwards.

Tanmoy Roy: Okay. And how the utilization you are anticipating currently for 74% in total capacity of what you have, right? So how do you see it ramping up over the next few quarters, like when do you see?

Naresh Jalan: I think we have a very strong order book in terms of RKFL between casting and forgings. And we feel that, going forward, we will be able to, as every quarter, improve in terms of our utilization. I cannot put a number to it, but with the order book we have, we are looking at a very strong consolidation and strong performance in terms of our utilization in coming months.

Tanmoy Roy: And the same on the depreciation also, we can consider the current run rate, or it will be increasing from now on?

Naresh Jalan: Can you repeat your question, please?

Tanmoy Roy: So, the more you say a good ramping up on your capacity. So, depreciation also will be in the same range in the coming quarters or it will be like more or less?

Naresh Jalan: Lalit, can you answer the question?

Lalit Khetan: Depreciation is almost going to be in the same range because 1 or 2 machines which are under capitalization. So that will give it a marginally increase. But in Q4, we don't see an increase in depreciation. Maybe from Q1FY'27, a little bit, but that is not significant.

Tanmoy Roy: That's what I was just trying to understand. So more of the machining is already done, I think but not too heavy depreciation from next few quarters onwards. That's what I was trying to understand.

Moderator: The next question is from the line of Sunny Gosar from MK Ventures.

Sunny Gosar: My first question is regards to the North America business. So, FY '25, we were north of about Rs. 1,000 crores of revenue. And for the first 9 months, we've clocked about Rs. 480 crores, which basically on a 9-month comparative basis is down more than 40%. So basically, if you can give us some understanding of how the business environment in North America is shaping up? How is the Class 8 build rates currently as compared to last year? And what is the overall outlook in terms of the North America business with all the new orders that we have won?

Naresh Jalan: I think, Sunny for the build rate right now, we have seen December, the new order which has come in North America Class 8. I think we need to see how January performs. But from whatever offtakes we are seeing from customers, we are seeing improvement, we are not very optimistic, but we are very cautious right now. But what we can confidently say the worst is behind in terms of the North America sales.

From here, you will see what we have budgeted for is almost 10% Y-o-Y increase, in terms of the build rate and consumption in terms of our exports to North America from our existing clients. And the new clients and the new order wins, which we have added is going to compensate us most of the losses which we have made in this year in terms of the utilization or in terms of the total sales in North America.

So, I think we are confident that in FY '27, we will meet most of the losses in terms of top line, which we have had in North America, which you are seeing in last 9 months. From this quarter onwards to next in FY '27, we'll see almost we are back to normal in terms of the overall business we are doing in North America. It may be not from existing customers, it will be with addition of new customers, which we have already had.

Sunny Gosar: Got it. And in terms of the overall revenue mix, so say, last year we were at about 60% domestic about 40% export. In this quarter our mix is about 70% domestic 30% export. Now based on like the new order wins and the overall robustness in the domestic business environment, how do we see this mix changing, say over FY '27? Because this will also be kind of a key determinant to the profitability considering exports has relatively better profitability as compared to domestic?

Naresh Jalan: So, Sunny, I think with the addition of new capacities of castings and forgings both, we are not looking at going back to 40%, I think, immediately. But to be very, very pessimistic and to be very cautious on it, we are looking at coming year in FY '27 to almost 35% to come from exports and 65% to come from domestic.

Sunny Gosar: Got it. And this is in spite of the robust domestic environment. So new orders would like significantly compensate for the loss in underlying or the slowdown in the underlying business in North America?

Naresh Jalan: No, I think the underlying business slowdown, which is there in North America, like I said, is going to get compensated with the new customer addition from North America which we have already had and for which samples, PPAPs and other things are in process. And I think we are going to have full sales from first quarter of next year.

Also, there is a lot of new addition of new customers from Europe, which is going to compensate us in terms of our exports equally from North America. So, I think in totality, in terms of exports, we are very confident that we should be at a strike rate with our increased capacity and increased utilization to be at least to be at around 35% mark in terms of our overall sales.

Sunny Gosar: Got it. This is very helpful. My second question is on the railways business. The new orders in terms of the bogie assemblies and which we've won, like how is the overall margin profile of this order? Is it like from an overall perspective, accretive to the average company margins? Or like will it be lower than the company average margin?

Naresh Jalan: I think it is a value add, a complete fully locked in assembly in which railway only builds the body. So, we are getting into that, and it's a pretty big market, like Mileshe told in the opening statement also with this full approval what we have received by now. And next year, it opens a Rs. 2,000 crores sales revenue for us. It's an annual requirement of almost more than Rs. 2,000 crores for Indian Railways for passenger segment.

So, we qualify to get 60% order. So, this is a highly accretive margin business for us. And I think we are eyeing a big chunk of business going into FY '27 from this, which is going, in my earlier question also I said, for a double-digit growth from only Indian Railways.

Sunny Gosar: Got it. My last question and maybe then I'll come back into the queue. We have significant dependence on the CV side like in terms of our historical performance. What initiatives are we kind of taking to diversify into like non-CV, especially PV, tractors? And where are we in that journey?

Naresh Jalan: I think Mileshe has already answered this question in his opening remarks. We are significantly eyeing PV as our growth engine for next couple of years. And I'll be happy to share that we have now started receiving orders from 2 large PV manufacturers within the domestic market and 3 from the international market and 1 from EV segment in the export market. So

overall, we are looking at almost 10% plus revenue in next 2 years to come only from PV. So, probably by FY '28, our 10% of the revenue share is going to only come from PV segment.

Sunny Gosar: Got it. That will be significant de-risking in terms of CV dependence.

Naresh Jalan: Yes. And I think we are working both ways, both in domestic and international market. So, I think both together taken, it will become a sizable business for us in the next 2 years.

Moderator: The next question is from the line of Mr. Aditya from Old Bridge Mutual Funds.

Aditya Kumar: So Sir, I just wanted one clarification, so in the PPT, we have given a slide where we are showing new orders split over the next 4 years. So, are these revenue line items over and above the top line we have achieved in FY '25 or FY '26? Or does that also include renewal of some of the orders that will get their life will get completed in 1 or 2 years?

Naresh Jalan: No. Basically, Aditya, we have tried to give you a consolidated picture on past order wins and how in next couple of years, these order wins are going to get reflected in terms of revenue. And when we say our capacity utilization and the kind of capacity capex, we have done to set up this capacity.

So, this order win basically gives a visibility or the revenue which we are showing in terms of getting into our books in the next couple of years, basically in terms of how the utilization from the new order wins is going to come through.

Aditya Kumar: Yes. So, I wanted to get a sense, like this is the new orders getting converted to top line. This is basically a new top line getting in. So, like in TTM, we have done close to Rs. 3,500 crores of revenue in the stand-alone business. So, this, let's say, in FY '28, if we are looking Rs. 2,700 crores of extra top line, this is in top of that Rs. 3,500 crores top line that we are doing today, right? Should I read it in that way? Or should I read it that it will be below something?

Naresh Jalan: No, no. It is only basically for new order wins. The current business, current top line, which we have already achieved, this is not inclined with that.

Aditya Kumar: Okay. And one more clarification on this. In these new orders, does that also include the castings orders for which the new capacity is coming up and aluminium forging on the top line?

- Naresh Jalan:** Everything is included. At a consol level, this is.
- Aditya Kumar:** Okay. And one more question is on the gross margin front. So, this quarter, our gross margins have contracted to 45% at a standalone level. And our EBITDA is almost flat on a Q-on-Q basis. So, on an EBITDA front, we have done a decent job. So, what has led to the gross margin contraction? And on the cost front, power and fuel costs and manufacturing expenses are also lower despite production ramping up. So, what are the reasons for this?
- Lalit Khetan:** So, Aditya, so on the gross margin side, it's basically result of product mix and a little bit we were having a more rejection in this quarter. So that has led to this reduction in material margin. And hopefully, it will be back to my normal level in next quarter. So that will improve my margins also and overall EBITDA also.
- Coming to the power and fuel, power fuel also is a combination of a few things. We have got some reduction in electricity duty, which has been taken care of in this quarter. Apart from that, there has been some efficiency we have built in, in the utilization of power and there is a contribution from renewable power, which rooftop we have put. All these are contributing now. And all this together has helped us in achieving this power and fuel cost.
- Aditya Kumar:** Okay. And in terms of, Sir, other expenses, other expenses are also quite significantly down over last year?
- Lalit Khetan:** So other expenses are not significantly down. So, it's marginally down. And that's basically a function of what operating loss on the foreign exchange, which is lower in this quarter and a little bit efficiency in terms of other costs.
- Aditya Kumar:** Okay. And Sir, if I just may ask like if those rejections were not there this quarter, then what kind of gross margin print we were looking at?
- Lalit Khetan:** Certainly, it could have been better, I will say, at least to 1%.
- Moderator:** The next question is from the line of Mr. Akash from NV Alpha.
- Akash:** Sir, just one question from my side. I think in the last 3, 4 quarters, we have seen quite a big hit in terms of our margins. I just want to understand in terms of EBITDA margins, should we consider as this new normal? Or by when do we expect to touch back this 19%, 20% kind of margins that we used to do?

- Naresh Jalan:** I think to be very frank, I think this is not a new normal. I think you will be able to see consistent improvement in margin Q-on-Q. And like from the previous quarter, when I had said that worst is over. I think this quarter, we have made considerable progress in terms of our margins and top line. I think going forward, you will be able to see on a Q-o-Q basis, consistent improvement in terms of margin. And I think I'll not commit to 19%, 20%, but our own internal estimates and working is to get to there as fast as possible.
- Akash:** Understood. Any time frame?
- Naresh Jalan:** No, I don't put a time frame to that. I'll not ballpark. For me, every quarter, I would like to get to that, but it is a process, and we are getting there. And I think in coming quarters, you will see significant improvement in margin. And I think very soon, we will be back to our new normal margins.
- Moderator:** The next question is from the line of Mr. Devang Shah from Allvest Investment Managers Private Limited.
- Devang Shah:** The way you have explained that we have a significant order book and even North America also, that the worst is over. And also, there is some kind of railway is also going to add as far as future growth is concerned. So, by considering all this fact and even you are saying there is an improvement as far as capacity utilization is concerned. As far as top line is concerned, what kind of growth trajectory we can expect moving forward in FY '27 and FY '28 as a percentile?
- Naresh Jalan:** As a percentage to FY '26, which we are going to end, we can assume to 10% to 15% growth in terms of our top line.
- Devang Shah:** And for the FY '27 and '28?
- Naresh Jalan:** FY '27, 10% to 15%. And I think in terms of CAGR, you can look at 10% to 15% growth year-on-year for next consecutive 3 years.
- Devang Shah:** Okay. And my second question, as far as tariff related to Mexico is concerned, still there is an overhang is there or as far as our operations are concerned?
- Naresh Jalan:** No. In terms of RKFL, we have no overhang in terms of tariff from Mexico. I think we are supplying on DAP basis. So, we don't have any effect of tariff neither we are affected by those tariffs. And in terms of our operations in Mexico, I think if this tariff prevails, it is going to be extremely good. And we are more optimistic if this tariff prevails, my Mexico operations is going to ramp up sooner than what we expect.

- Moderator:** The next question is from the line of Mr. Saket Saurabh from Sagari Capital.
- Saket Saurabh:** So, Naresh Sir, last time during the con-call, during November, you were quite bullish on the turnaround in the export business because the confusion regarding all this tariff and what tariff to be deployed, had created some bit of, I think, disruption, especially in October. But if I look at the exports number, Sir, on Q-o-Q basis, it remained largely flat. And even the North America numbers didn't quite, I think 20-odd percent up or in fact, slightly lower than that. So, it doesn't really look like more of a turnaround. So is it like, say, improvement that we were witnessing, say, in November, mid when the last con call took place, did not sustain? So, December it again went down, it got disrupted and then say the Mexico thing impacted.
- Naresh Jalan:** Just to interrupt you, I have never said and I never give a quarterly update or quarterly statement, or market does not work on a quarterly basis. I think on a sentimental way or in any optimism, it's on a yearly basis, what we look at the market as. For mid-November, I cannot predict for 45 days what is going to happen in terms of exports or neither I can give any view on the same.
- Saket Saurabh:** Okay. I was just talking about that maybe late December was considerably down vis-a-vis November. That is what I'm trying to understand. That did the sentiment really turn around?
- Naresh Jalan:** Like I had said to my earlier questions, we are optimistic in terms of our growth in North America, and we still stick to that. And despite tariffs and other things, we still have new order wins from North America, and we are looking at maintaining what we have been doing in the past in terms of our North America sales. In spite of the build rate being down, we'll be able to maintain those sales. That itself is an optimism from our side vis-a-vis the market consideration right now.
- Saket Saurabh:** Fair point. That's encouraging. And sir, last time, you had told that by Q4, there is a remote possibility that we might come back to that 20% thing. But this time, you don't seem that confident. Is that a fair assumption that maybe that's why we are not committing anything vis-a-vis returning to that 20% thing during Q4? Because last time, we were aggressive on that front, but we might even come back if things go in our favour. So, have things been delayed?
- Naresh Jalan:** No, I have still answered that question in the past also. We want to get to 20% level as soon as possible. I don't want to put a date to that. As a company, we are very aggressively working internally in terms of our cost

and everything. And we would be very happy to get to 20% or 19% level as soon as possible. But I cannot commit to a date, neither in Q2 conference call, we had optimistically said that as a Company, we are trying to get there. But I have never said that we will get there by Q4.

Saket Saurabh: No, I'm just talking about the sentiment part.

Naresh Jalan: Still sentimentally and optimistically, we want to get to 19% to 20% as fast as possible.

Saket Saurabh: Okay. Fair point, sir. And has there been any delay on the government and on the approvals vis-a-vis rail because we are now looking at, say, I think Q1 commercial production, right? No longer the March state. It's more like trial production, if I look at the presentation right now. So, has there been some delay on that front? And you around 40% utilization year 1?

Naresh Jalan: Next year is the first year, and we are looking at making 40,000 wheels next year. So, there has not been any delay from the government side. Trial production means we have to submit 300 wheels to the Government of India, Indian Railways for their trial. And after successfully utilizing that and then we start bulk production.

So with that mindset, we are working, and we are well on track. That is what Lalit also said on the opening remark that we are on track, and we are starting the trial production. And next year, as per our contract, we have to supply 40,000 wheels to railways, and we still stick to that.

Saket Saurabh: Okay. Fair enough. That's encouraging, Sir. Now coming to the European market. So how do you see that going forward? Because with the FTA coming in and also Europe is not really focusing on manufacturing within its geography because of power and all those issues. So is Europe, likely to say, drive better returns going forward because North America has been our crown jewel so far before, say, last couple of quarters. But how do you see Europe going forward? And what is the likely mix vis-a-vis exports as far as Europe is concerned. So, any thoughts or colour on that?

Naresh Jalan: Miles, can you answer please?

Miles Gandhi: Yes. So, first thing is you very rightly said that yes, North America has been more a jewel in our crown, and I would say that it is still there. And I think the diamond is sure to sparkle more. But you would have also noted with many of the order wins, which we have been announcing over the past quarters, you would have seen that we have brought in significant new business from Europe.

And Europe has started concentrating a lot on India. And I would say that with the free trade agreement, even the small duties, whatever are there across various other countries, because we are supplying to practically all CVs across Europe, and they are our customers there. So, across various regions and various countries, if it completely gets over, but obviously, we will be more attractive versus our neighbours.

Apart from that, to answer you to your last question, I think we have been very vocal, and we would like to state that, yes. North America, we are winning orders and North America comes back. But the way Europe has been, you would see that at least Europe is also contributing to anywhere against our overall export sales, somewhere between 30% to 35% comes from Europe, that pattern will be visible in the near future.

Saket Saurabh: So, coming back to the mining sector, there seems to be some mining boom, right, with commodities also doing well. So, any traction that we are seeing, say, within the mining sector because oil and gas has done well. Railways is a growth driver. But I think we had some presence even in the mining in the earlier part. I've been an investor for almost 7 years now. So, any mining-driven growth that you are witnessing or order wins?

Milesh Gandhi: So, I think, in the opening statement also, you would have already heard that we are already finding a very huge surge in the domestic demand. And I think a lot of this domestic demand is also coming because of the mining segment today. The demand for the tippers and other things are already there.

But at the same time, you would have also seen that we have been making a lot of announcements with our new order wins in off-highway markets. And today, we are there with a lot of mining companies and also material handling and farm equipment companies, which contribute to this. And I think that is the reason you would see that our off-highway sales is going high.

Moderator: The next question is from the line of Mr. Devang Shah from Allvest Investment Managers Private Limited. Please go ahead.

Devang Shah: Yes. Good evening, Sir. I want to know the way we are seeing that there is an improvement in the domestic market volume. But in general, there is a realization that has not been improved Y-o-Y basis. So, what kind of realization we are anticipating moving forward? Domestic and even export. Can you throw some more light on that?

Lalit Khetan: So right now, realizations are stagnant, you can see that. And as the commodity prices are also stable, so it will remain like it, only it is likely to

improve with the improvement in product mix and addition of more assemblies, more value-add products. So, overall realization is likely to improve going forward.

Devang Shah: And any kind of numbers?

Lalit Khetan: No, I don't think we can put a number there, but you will see that improvement.

Moderator: The next question is from the line of Mr. Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: I just want to understand a bit more about the domestic market. In terms of what kind of products you actually make, can you just give a mix of products, like front axle beam or knuckles or crankshaft, what is the mix? And has it changed 9 months of this year to the previous 9 months of last year?

Naresh Jalan: I think product-wise, it is very difficult for us to tell you anything right now. And we would not like to discuss product-wise. But overall, I think every product is important for us, and I think every product is driving the growth for us.

Lakshminarayanan: Any change in the mix?

Naresh Jalan: No, I think product line-wise mix change, I think it is extremely difficult for us to say. I think we are only adding new products and adding new capacity. I don't think we are displacing any products like front axle beam or anything. Product mix in terms of part families within the part family, there may be changes in terms of weight range. Sometimes we get a higher weight range products in the same product family or sometimes we get lower range weight range in terms of product family. That's the change basically happens within the product mix.

Lakshminarayanan: And in terms of the visibility you have in the domestic market for a calendar year 2026, which segments you actually see stronger velocity, whether it is CV or PV or earth moving or tractors?

Naresh Jalan: I think in terms of the domestic market, we are seeing traction both in entire automotive segment and off-highway segment. Both are showing great traction. But for RKFL, I think the biggest chunk of traction is going to come from Indian Railways. I think that's the next level of growth, which is going to come from Indian Railways in FY'27. And while our continued journey on in our existing business is going to continue to grow, but the significant growth is going to come from Indian Railways.

Lakshminarayanan: In terms of your competition, right, has there been anybody who is giving space for you to grow?, because earlier, I understand that there is some consolidation taking place. Now that consolidation is behind us. So, whether we are winning market from somebody else? Or how is the growth coming across?

Naresh Jalan: No, I think in terms of Indian Railways, we have been able to identify new products, and we are offering new opportunities or new growth assemblies to Indian Railways, which is benefiting Indian Railways in terms of cost reductions, and we are also gaining traction. So, I don't think there is any other. In terms of automotive segment, we will not be able to exactly say that from whom we are getting business or anything, I think each customer, we have been able to increase our wallet share. And this wallet share is helping us to increase our domestic share of business within the auto segment.

Lakshminarayanan: Sir, my question is more to do with, do you also see consolidation taking place, because I think after the top 5, 6 forging companies, I think the next are getting smaller is what I was thinking. So, I just want to understand your views on that.

Naresh Jalan: I think I have no view on this.

Lakshminarayanan: Got it. Sir, one more question. So, there is what we've been told is that in the commercial vehicle also, in the MHCV segment, there is a movement towards trailer segment and not the heavy tonnage vehicles. And because of which the market tonnage-wise in terms of forging is also making some shift. So, is that something which you also see?

Naresh Jalan: No. I think market is divided now into 2 different zones. One, you rightly say is trailer market, but they are basically on the long-haul side. I don't think that is growing significantly. I think the consolidation and the growth is coming from the tipper vehicle, which is mostly being used in the mining segment and construction segment.

Moderator: The next question is from the line of Mr. Tushar Raghatate from Omega Portfolio Advisers. Please go ahead.

Tushar Raghatate: Thank you for the opportunity. I just wanted to know my question is on the Railway segment. You mentioned in the past regarding the undercarriage opportunities. I just wanted to know our prospect on the undercarriage. And in order to increase the wallet share, are we seeing any acquisition in the spring sales or in the brake in order to increase the wallet share or any pantogram or railway crossing? your view on the railway visibility going forward.

Naresh Jalan: No, I think in terms of acquisitions, I think we always look for acquisitions. I think the right opportunity right now, we are not talking about or we are not in the verge of any acquisitions. But yes, if any specific opportunity comes, we would obviously like to look at it. But right now, there is nothing to speak about.

But in terms of increasing our wallet share, in terms of making assemblies, I think we are doing it in our own, while we source the springs and other items which are required to complete the assemblies on an individual basis from the manufacturers within India. But in case tomorrow, any opportunity arises, we are open to any acquisitions at the right price, right make.

Tushar Raghatate: Okay. Sir, on the wheelset facility, your capacity is big compared to the demand side of India. On the export front, what are your views? And how are you placing your product in the export market for a high-speed rail? That was the question on the Railways. Secondly, sir, on your view on the defence side, defence forging, maybe aerospace or defence side, any acquisition or any intent to enter into that segment?

Naresh Jalan: To answer your first question, I think in the railway wheel side, we are already in discussions with a lot of import customers in the export market. And I think there is a huge traction, but I think we are going step by step. This year, we will be able to make 40,000-plus wheels, which we are going to sell to the domestic market only because of the obligation of the agreement which we have with Indian Railways. And post that, I think we will approach the international market when we next year are looking to make more than 100,000 wheels in the next year.

I think once we start these operations, I think we will have customer visits and approvals process starting. And I think by the time we are ready with our capacity to go to 100,000-plus wheels in the next year, we will have the customers in place. But there is a lot of traction in the overseas market for wheels. And I think we will be able to encash this very fast.

Second to answer your defence, we are working very aggressively right now in terms of making components within our existing capacities for aerospace. And like post our commercial production of aluminium forgings, we have already started trials of titanium and other alloys.

And we have installed these capacities already furnaces which are required for titanium and other alloys for aerospace. And we have already started bidding for defence contracts in the space of these new alloys. And I think we still have not got any orders. But yes, I think we are likely in the next coming days or years or months, we should be in track to get a

significant portion of business in new alloy business, in terms of titanium and other things from our existing facility for aerospace.

Coming to acquisitions, I think like -for railways, we are open to any acquisition. But right now, we don't have anything which we can speak about or which any concrete details are there available.

Tushar Raghatate: Fair enough, Sir, on the export front, North American Class 8 truck order near 20,000 to 25,000 per month. I just wanted to know your view, is it the bottom of the market? And secondly, Sir, the Europe FTA, which is happening, do you see that as a hedge against the entire export market? Or do you see a very good opportunity in terms of increasing your share in the Europe or with the existing customer, the wallet share?

Naresh Jalan: Milesh, can you answer this?

Milesh Gandhi: So, I will start with your second question first with regard to the European FTA. I think I just replied to a while back that I think this will always help us to become more attractive because end of the day, there are small duties, but you would have already seen that we have already gained a lot of business from Europe in the past quarters. And I think we have started already giving them and the ramp-up plan has also been given in the bigger numbers. But obviously, if today, duties are not there as compared with other competitor countries, we will always be more attractive. And India has always been a favoured destination on Europe when it comes to things from forgings or castings. And I think that is going to help us for sure.

Coming back to North America, I think one thing we would like to restate once more is that, see, the worst seems to be already over, as Mr. Jalan already said. And currently, even the numbers, the way the numbers are showing seems that there will be a good demand coming forward. And I think there has been a lot of projections with regard to the American demand even with the commercial vehicle.

But obviously, there has not been a great utilization of the fleet and other things in the past. But now with the way the market is showing, I think the numbers are very encouraging, and we look forward to at least coming back with the numbers in the coming quarters soon.

Tushar Raghatate: Fair enough. Sir, my last question on the EV front. You mentioned in the past, you are interested to increase the EV share to the total portfolio. Any comment on that, Sir?

- Milesh Gandhi:** You would have already seen that we already informed today that around Rs. 18 crores of further business we won from the EV segment. And I think we are already working in EV a bigger way. And whatever we are getting the traction is from North American OEM who are into the EV space. And plus, we also are doing today with the commercial vehicle industry with regard to the EV space, I think we are the prominent player. Whoever is making the EV vehicles today, we are the primary supplier. So, if they are growing with the numbers, what they are getting from the market and also from the government with regard to the green policies, I think we are the beneficiaries indirectly. So, our EV numbers are also increasing accordingly.
- Moderator:** The next question is from the line of Mr. Armaan from Blue Sky Fintech. Please go ahead.
- Armaan:** I said, I just want to have a clarification. Like in last call, we told that for the full year basis, we still maintain our commentary of double-digit growth for the full year, right? But in 9 months, already, it's just around 1% only. So, are we still holding to that guidance?
- Naresh Jalan:** Yes. We're still holding to that guidance.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for the closing comments.
- Rajesh Mundhra:** Thank you. We would like to thank all for taking out the time and joining our earnings call. We hope we have answered all your queries and for your satisfaction. We would like for any further information, get in touch with us or with CDR India. On behalf of Ramkrishna Forgings Limited, we wish you all a great week ahead. We look forward to interacting again next quarter. Thank you again very much for talking with us. Thank you.
- Moderator:** On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Disclaimer: This is a transcript and may contain transcription errors. Certain statements made or discussed on this call may be forward looking in nature and must be viewed in conjunction with the risks and uncertainties that the company faces. The company does not undertake to update these forward-looking statements publicly. Please also note that this document has been edited without changing much of the content, to enhance the clarity of the discussion. No unpublished price sensitive information was shared/discussed on the call.