Ramkrishna Forgings Limited

Q2 & H1 FY27 Earnings Conference Call

October 30, 2026

MANAGEMENT: **MR. NARESH JALAN – MANAGING DIRECTOR**
MR. CHAITANYA JALAN – JOINT MANAGING 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. DINESH KUMAR – 360 ONE CAPITAL MARKET LIMITED**

External Participants:

- Vinil Shah – Dalal & Broacha
- Aditya Kumar – Old Bridge Mutual Fund
- Abhishek Jain – KRIIS PMS
- Pranav Jain – Ageless Capital Finance
- Utkarsh Somaiya – Eiko Quantum Solutions
- Pradyumna Choudhary – Bowhead Investment Advisors
- Mayank Agarwal – Scientific Investing
- Sahil Sanghvi – Monarch Networth Capital
- Akshay Shetty – Individual Investor
- Abhishek Kamdar – Value Plus Advisors
- Chirag Shah – Dalal & Broacha
- Khush Nahar – Electrum PMS
- Venkat – Individual Investor.
- Bipul Kumar – Narula Finance Services
- Tanmoy Roy – Individual Investor
- Karan Gupta – CAVI Capital

Moderator: Ladies and gentlemen, good day, and welcome to Ramkrishna Forgings Q2 FY27 Earnings Conference Call hosted by 360 ONE Capital Markets Private 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I would now hand the conference over to Mr. Dinesh Kumar from 360 ONE Capital Markets Private Limited. Thank you, and over to you, sir.

Dinesh Kumar: Thank you. Welcome to all the participants on behalf of 360 ONE Capital Markets for Ramkrishna Forgings Q2 FY27 Post Results Conference Call.

From the management, we have with us today, Mr. Naresh Jalan, Managing Director; Mr. Chaitanya Jalan, Joint Managing Director; Mr. Lalit Khetan, Whole-Time Director and CFO; Mr. Milesh Gandhi, Whole-Time Director; and Mr. Rajesh Mundhra, Vice President, Finance and Company Secretary.

I will now hand over the call to the management for the opening remarks to be followed by question-and-answer session. Over to you, sir.

Lalit Khetan: Thank you, Dinesh. Good evening, everyone, and thank you for joining us today to discuss the Q2 and H1 FY27 Earnings of Ramkrishna Forgings Limited. I trust all of you have had the opportunity to go through the earnings presentation and financial results shared earlier today.

Let me begin with a brief overview of the operating environment before discussing our performance for the quarter. The global economic environment continues to remain challenging with geopolitical tensions in Middle East, threats of new tariffs and supply chain dynamics affecting economic activity and business sentiment across markets.

Currency movements, rising input costs as well as a sharp rise in shipping costs also remain key areas to monitor. Despite these challenges, we are seeing encouraging business opportunities across markets and end use applications supported by customer requirements for reliable and diversified supply chains.

In contrast to the uncertain global environment, the domestic economy continues to demonstrate strong growth momentum. GST collections were healthy, reaching approximately Rs. 6.15 lakh crores during Q2. Industrial activity has also strengthened, IIP growth of 7.4% in July and 8% in August.

The automotive sector has witnessed particularly strong demand with commercial vehicle and passenger vehicle sales growing by 28.7% and 30.7%, respectively, during Q2 FY27.

We have witnessed continued momentum in our performance, both in top line and profitability, supported by domestic demand, improving international business and our focus on operational efficiency. Our efforts to expand our product portfolio, enter new segments and increase capacity utilization are contributing to more balanced and sustainable growth even in the current backdrop of a volatile and unpredictable global macroeconomic landscape.

An important development over the past few years has been the significant expansion of our manufacturing capabilities. Having completed a substantial part of our planned investment, our focus has now shifted towards improving utilization, increasing productivity and generating better returns from these assets. Our investments have strengthened our ability to address a wider range of customer requirements and support our expansion into new products and applications.

Let me now share the key financial highlights for the quarter. For Q2 FY27, consolidated revenue from operations stood at Rs.1,405 crores, representing growth of 54.9% year-on-year compared with Rs. 908 crores in Q2 FY26. On a sequential basis, revenues were higher by 15.5% compared with Rs. 1,217 crores in Q1 FY27.

Our consolidated EBITDA, excluding other income, stood at Rs. 256 crores compared with Rs. 123 crores in corresponding quarter last year and Rs. 218 crores in Q1 FY27. The EBITDA margin improved to 18.23% for the quarter compared with 13.5% in Q2 FY26 and 17.96% in the previous quarter. The improvement in operating profitability reflects operating leverage through improved capacity utilization, improvement in product mix and operating efficiencies.

Profit before tax for the quarter stood at Rs. 95 crores compared with a loss of Rs. 10 crores in Q2 last year and profit of Rs. 65 crores in Q1 FY27. Profit after tax stood at Rs. 71 crores. This was higher by 47% on Q-on-Q basis. Debt during H1 FY27 is reduced by Rs. 126 crores, and we maintain our guidance of reduction in total debt by Rs. 500 crores for FY27.

Looking ahead, we remain positive about the business outlook, our order pipeline remains healthy, and our increasingly diversified product portfolio provides opportunities across both domestic and international markets. We believe that high utilization of our existing capacity and improved product mix and continued operating discipline will support growth and profitability in the coming quarters.

With that, I would now like to hand over the proceeding to Mr. Milesh Gandhi, our Whole-Time Director, who will take you through the order wins and key business development during the quarter. Thank you. Over to you, Milesh.

Milesh Gandhi: Thank you, Lalitji. Good evening, everyone. I would like to take you through the new order wins during Q2 FY27 and share some updates on our key business segments.

During the quarter, the company secured new order wins worth Rs. 673 crores across CV, EV, LV and Farm Equipment segments. These orders have a program life of approximately 4 years and further strengthen our revenue visibility over the coming years.

Of the total orders received, approximately 48% came from the domestic market and balance 52% from the export market. We have secured orders worth Rs. 304 crores from the commercial vehicle and

Rs. 272 crores from the light vehicle and Rs. 7 crores from the electrical vehicle side.

Worth mentioning against the new order wins, Rs. 447 crores comes from the casting side of our business, against which Rs. 272 crores is for the North American export market for light vehicle applications. This also opens our door to the exports market from our casting business.

The passenger vehicle segment continues to be an important growth area for us. We are expanding our forging and casting capabilities and new product developments. We are working towards increasing our presence in these markets and adding new customers.

We have also secured orders worth Rs. 90 crores from the farm equipment. This order win reflects our growing presence in the off-highway applications and our ability to serve wider range of customers.

I would also like to share some updates on our railway business. We continue to see good opportunities in these segments, particularly for our fully assembled bogies, frames, bolster and cast components. With the addition of new products and increased manufacturing capabilities, we are well positioned to participate in the growing demand from the Indian railways.

On the international side, we continue to work closely with our customers across North America and Europe. We find the market bullish across and our expanded capabilities and presence in Mexico is also helping us explore new opportunities and strengthen our customer relationship.

We are also seeing increasing interest in our casting, aluminum forgings and higher value-added products. Oil and gas products demands are also strong. With several new capabilities and capacities now available, our priority is to ramp up our production against confirmed orders and improve our overall capacity utilization.

Going forward, we remain confident about our order pipeline across both domestic and export markets. Our growing product range and

continued addition to our new customers should support business growth in the coming quarters.

Further, our continuous efforts in new ventures within the boundaries of forgings and castings business in non-ferrous components and products, manufactured products from aluminum, titanium, Inconel and Niobium grades for aerospace, robotics and semiconductors are also progressing well. That's all from my side. Thank you.

Lalit Khetan: Thank you, Milesh. Dinesh, now we can open the floor 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 Vinil Shah from Dalal & Broacha.

Vinil Shah: Congratulations on a very good set of results. So, my first question was related to our new and upcoming businesses. So, like we already mentioned in our opening remarks, Rs. 447 crores of orders from the casting business. So, I just wanted to know what is our update on the other segments also like cold forging, aluminum forging and the casting business. So, when will these orders be executed? What is the capacity utilization and how it is going to ramp up? So that is my first question.

Milesh Gandhi: So, I think as I already stated that Rs. 447 crores order comes from our casting segment. And I think in that, you would have noted that Rs. 272 crores is coming from North America that was for light vehicle application, and that also opens our door for export market.

Apart from that, with regard to our aluminum forgings and also from our cold forgings, we continue to export these products to the North American market. And our capacity utilization in both these lines are more than 50%. And I think we are trying to add more customer base there so that our utilization increases.

Vinil Shah: Sir, if I'm correct, for aluminum forging our current capacity is 3,000 tons, right?

Milesh Gandhi: Right, sir.

Vinil Shah: Okay. And sir, my second question was respect to our broad outlook for FY28 and forward. Like how do you see the domestic and export markets because the industry estimates for commercial vehicles are a bit on conservative side?

Naresh Jalan: I think in FY28, we are looking at a strong market. So, both in domestic and both in international market and FY28 is going to be a strong market. And we don't see any conservative approach in the next year.

Vinil Shah: Okay. And one last question, if I could squeeze. So, we have seen a very strong recovery in our U.S. business this quarter. I wanted to understand how much was from new customer wins versus how much was like higher penetration or wallet share gain across our existing customers? And is this growth sustainable?

Naresh Jalan: I think we would not like to speak specifically in customer-wise detailing, but we can say that this growth is sustainable, I think with Milesh's statement, I think it is extremely clear our focus remains to grow our international business. And both in North America and Europe, are our main focus area in terms of our growth. And we firmly believe with the order wins which we have right now, our international business continues to gain traction, and we will continue to grow with the capacity additions we have already made.

Vinil Shah: Okay, sir. So just one follow-up. For FY28, you told it is a really strong market. So, would you like to quantify the growth for domestic as well as export market?

Naresh Jalan: No. I think we will not be able to quantify, we will only comment on the quarter performance. And going forward, I think we look at a very strong market in the next half of the year. And we will again provide a guidance after the full year results. I think it is good enough right now for us to comment only for the next 6 months. We see strong visibility and a very strong market in next 6 months.

Moderator: The next question is from the line of Aditya Kumar from Old Bridge Mutual Fund.

Aditya Kumar: Congrats on a good set. So, my first question is on this casting order only. You have got Rs. 400 crores of new casting order. So, we are already running at 88% utilization. So, when will this new order start? And do we have capacity to fulfill this new order that we have got? Or we are envisaging some capacity increase in casting segment?

Naresh Jalan: I think Milesh will answer the first half of the question. In terms of capacity addition, I will only be able to say right now, we have enough capacity. In terms of when we plan to do any capex, whatever it is, in the next financial year.

Milesh Gandhi: So, to answer you with regard to the casting orders which we have received, out of Rs. 447 crores, Rs. 272 crores is for a North American light vehicle application. This application by the time we develop the parts and samples, it will take around 6 to 9 months for the validation to be over and then the regular supplies to start because LV cycle is a bit longer. And the balance comes from the domestic side.

And on the domestic side, I think this is a business which within the development period of 12 to 14 weeks, this starts and when the samples are approved, the bulk starts on.

Aditya Kumar: Okay. Okay. My second question is regarding capex. So, till H1, we have done a capex of almost Rs. 390 crores. And over and above that, we have done an investment of Rs. 40 crores in the JV. In quarter 1, you guided for Rs. 350 crores capex for FY27. So, what would be your revised number for full year capex for FY27 now? And the reason for escalation of this capex number?

Naresh Jalan: So basically, with the past forging capacity augmentation, which we have already done, these are only value-add capacity augmentation, which we are continuously doing. With the market currently so buoyant and opportunity coming full scale from all nooks and corners, so we will need to continue to invest in terms of our machining capability and value-add capability. And I think we should be ending this year close to around Rs. 550 crores throughout our entire group. And in terms of our JV investments, it is within the amount which we had already committed at day 1.

Aditya Kumar: Okay. So, within the JV, are all the investment done, which was committed or more is left other than this?

Lalit Khetan: Yes. So, JV still about RS. 50 crores, RS. 55 crores investment is pending. This will be done in next one year time. So partly will go in this year, maybe Rs. 15 crores, Rs. 20 crores more in the next half, rest will be the next financial year. And what Nareshji said, you can assume another Rs. 160 crores of capex for the second half, basically on the machining side.

Aditya Kumar: Okay. Okay. Got it. So now as we have said that we will get this net debt down to Rs. 1,500 crores. I think this is net of cash and bill discounting. So, at a gross level, what should we be thinking about the debt? Because currently, we are sitting on Rs. 2,200 crores of debt. At a gross level, what should be the thought process by the end of FY27?

Lalit Khetan: Yes. So, when you look at March numbers, it was Rs. 2,173 crores and then the net of bill discounting about Rs. 2,000 crores. That's why we guided for the Rs. 500 crores reduction to Rs. 1,500 crores. So, the guidance remains same. And at the gross level, if you look at somewhere around Rs. 1,670 crores to Rs. 1,700 crores will be the number.

Aditya: Rs. 1,600 crores to Rs. 1,700 crores.

Moderator: The next question is from the line of Abhishek Jain from KRIIS PMS

Abhishek Jain: Yes. So, this quarter, we have seen that power cost has gone down, but other expenses is still high. So, when can we see the decline in other expenses to sales? And when can we expect that the EBITDA would cross the previous year level of 20% to 21%?

Lalit Khetan: See, on the side of expense, power cost is a little down because there are some surcharges which has been reduced during the quarter. But on the other expenses, there is a significant increase in shipping cost, and which is likely to remain for some time. And that's why it is elevated, and it will moderate only when the shipping cost goes down.

Abhishek Jain: Okay. And as we have seen a very sharp growth in the export revenue and the realization per tonne. So just wanted to understand that if that

export numbers will increase, can we see a margin expansion of 2% to 3% from here on from third quarter end?

Lalit Khetan: Certainly, export will give us a margin expansion, but I will not be able to comment how much it will be in terms of percentage point because it depends upon the product mix.

Naresh Jalan: And I think margin right now, our aspiration is to cross the previous peak of the margin. I think we are slowly getting there, but I don't think it is going to happen in next quarter or the quarter after that. But every quarter, I think you will see an expansion in margin. And you have seen in past couple of quarters, the margin expansion, 30 basis points to 50 basis point margin expansion is there every quarter. And I think we will continue to work on that. And I think very soon, we are going to get to our peak margins.

Abhishek Jain: Got it, sir. And sir, this quarter, our subsidiary performance has improved a lot. If you calculate the consol minus subsidiary numbers, we get that there's a significant jump in the margin. So, this margin is because of the casting business? Or is there any other components or?

Naresh Jalan: Casting and oil and gas business.

Abhishek Jain: Casting and oil and gas business. And there we are able to do a margin of around 27% versus the stand-alone margin of around 17% to 18%. So, what is the reason for that higher margin over there?

Lalit Khetan: No. So, margin is not 27% in the subsidiary business. It's about the same level what we do in RKFL, 16% to 17%, maybe a little lower than RKFL because there are sales from RKFL to the subsidiary and some sales from RKFL, that's why that gets eliminated, the margin looks higher. But at individual level, subsidiaries are also making 16%, 17% margin.

Abhishek Jain: Got it, sir. And my last question on the export side, we have seen a very strong growth in the North America, but still Europe number is weak. So, when we can expect improvement in the European business?

Milesh Gandhi: It's not that Europe is weak. I think you would have seen that North America last year, because of the tariff issues, the market was very lull.

If you compare to our total export numbers, you see in the quarter 2 of FY26, it was like RS. 277 crores versus this year is RS. 424 crores. So, there has been a substantial jump.

And if you also see as an across the sales, what we have done is our numbers in Europe has also increased. And similarly, in the RS. 424 crores, the U.S. has also gone up. Rather, we have increased more customer base in Europe. And Europe today as an overall aspect, if you can note that you will find that nearly 28% was there. It has come up to 41% today in our total geographical breakup. North America is around 58% and Europe is 41% versus 2 years back, it was just 28%.

Moderator: The next question is from the line of Utkarsh Somaiya from Eiko Quantum Solutions.

Utkarsh Somaiya: I wanted to understand, you already told us about your debt repayment plans. Can you help us understand your finance cost, what should be your annual finance cost or rather quarterly finance cost after you repaid this Rs. 500 crores of debt? And the next question is in FY28, do you expect to also pay another Rs. 500 crores? Or how should we look at it?

Lalit Khetan: See, finance cost will go down if we reduce the entire Rs. 500 crores of debt by almost Rs. 40 crores per annum, okay? So, it's about 8% interest cost we are paying right now. So that will be there. And for next financial year, we aim to reduce Rs. 300 crores to Rs. 400 crores of debt for the next financial year.

Utkarsh Somaiya: And sir, you had earlier told us that you'll be doing a 100 bps expansion in your EBITDA margin each year. So, is it fair to assume you'll end FY28 at 18% and then 19% and 20% in FY29? Is that a fair understanding?

Naresh Jalan: No, I think basically, I would not like to comment on future years. This year, we are looking at, since last previous year guidance, whatever we have given in the earnings call for the full year results in the month of May, we would like to stick to that. And we would like to not comment on what is going to happen in FY28. But we are looking at healthy margins and with the current order books and the strong market, we

look to continue with the momentum of both growth in terms of our utilization, top line and the bottom line.

Utkarsh Somaiya: Okay. Sir, you said you aspire to go to youre previous peak. Can you just give us some like 1 year or 3 years?

Naresh Jalan: No, I don't want to give a timeline.. We are working very hard to get to there, and we aspire to get to that, but I would not like to put a particular timeline. It can happen much before it also. I don't -- I would not like to comment on the timelines.

Utkarsh Somaiya: Okay. Sir, when you actually did achieve these 22% margins in FY22 and '23, what was the environment like back then that you were able to earn such handsome margins?

Naresh Jalan: I think different companies are having different environments. Now we are also spending in the casting business where margins are lower as compared to the forging business. Thus at consolidated level the margins may remain little muted .

Moderator: The next question is from the line of Pradyumna Choudhary from Bowhead Investment Advisors.

Pradyumna C: Congratulations on a great set of numbers. I have 2, 3 questions. One was, I just wanted to understand if there was any element of inventory gains in our results in Q2 were we setting on low-cost inventory?

Naresh Jalan: No, I don't think we have had any inventory gains. I think steel prices increased much more than what we have got from our customers in exports. So, I think domestic steel prices are right now crazy. So there is no question of inventory gains, I think Lalit can comment exactly, there are some inventory losses only in terms of our exports.

Lalit Khetan: Yes, correct. So, we have not gained anything, rather we have some negative carry on account of price increase of raw material, that is about Rs. 6 crores to Rs. 7 crores.

Pradyumna C: Understood. Understood. Great to hear that. Second, on the European side, sir, of course, U.S. business has seen a very good growth. But on the Europe side, even like the current quarter Y-o-Y, there was a slight

decline in terms of absolute revenue. So, could you give us some more sense of what's happening there? And there is some business which is yet to start for us on the European side?

Milesh Gandhi: I can comment here. See, it's not that there is a drop. You can always understand that there are capacities and there are schedule lines, we try to sometimes adjust with regard to the demand coming from the areas. North America suddenly went for a V-curve recovery after they were lull for the last year.

And obviously, we had to give some more patronage to North America so that they get the material because of the immediate increase in the demand. And this European side, whatever you may have seen a very marginal difference, this can always be covered up in the next quarter.

But largely, we focus on the overall export breakup. And I think overall export breakup has been good as compared to the comparison with the first quarter also or even when you check it with the last year's Q2.

Pradyumna C: Okay. Okay. Understood. And last question, sir, on the shipping cost, would you be able to quantify what was the shipping cost in the current quarter? And like how has it increased compared to the Q2 of last year?

Lalit Khetan: See, shipping cost has increased significantly over the Q2 of last year, I will not give you the exact number, but quite significant. But we have been able to pass on part of it to my customers. And ultimately, I say, overall cost we have to bear. And the impact on this quarter on the shipping cost is around Rs. 8 crores to Rs. 9 crores to the company, net impact.

Pradyumna C: That's the part we haven't been able to pass, Rs. 8 crores to Rs. 9 crores.

Moderator: The next question is from the line of Mayank Agarwal from Scientific Investing.

Mayank Agarwal: Congratulations on great set of numbers. I have a few questions. The first question is regarding the rising commodity prices and the increase of input cost. Like how do you see this rising input costs have been managed across the supply chain and have been passed on to the

OEMs? And is there any time lag changes reflected in the customer pricing and all?

Naresh Jalan: So, I think there are 2 things. One is inflationary and one is commodity. Commodity pricing every quarter, we have been able to pass on in the domestic market. In export market, in contract to contract, it differs. And region to region, it differs. Basically, in North America, it is a local American steel market. And I think American steel market has not seen so much of a steel price increase, in India, the steel price hike has happened. Similarly, in Europe also, we don't see similar hike in terms of the local steel pricing hike. So, we have been able to get only increases what has happened in the domestic market in North America and in Europe. So that is the hit which we have already taken in the balance sheet in the quarter.

Mayank Agarwal: Okay. So basically, on the domestic part also, like we'll be able to pass on the margins and we'll be able to sustain the margins in the coming quarters, right?

Naresh Jalan: Yes. Domestic market, we have been able to pass on the steel price hike and any further hike also steel price hike, we'll be able to pass on.

Mayank Agarwal: Okay. And second question is generally our H2 is much better than compared to H1 compared to the previous year. So, like do we still maintain in this year also like the ratio will maintain or it will be same as H1?

Naresh Jalan: No, I think we are looking at a strong year this year. And I think H1 has really gone well for us, and we believe H2 is going to be even better.

Moderator: The next question is from the line of Sahil Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: Many congratulations to the complete team for an extremely good set of numbers and performance. My first question is, can you update us on the status of the wheels JV? I mean, which stage are we and what timelines can we expect for commercial production?

Naresh Jalan: I think it is expected this month, in the month of November, I think we are already ready with our 300 wheels first batch and already we have

offered that for inspection to railways. While we speak also the inspection is continuing. And I think in next couple of weeks, we expect this inspection to get completed and the first sets of 300 wheels for trials is going to get supplied. And once this is supplied, we are looking at December to go on first phase of production of at least 2,000 to 3,000 wheels in month of December. And following in fourth quarter, we should go to 80% of capacity to make 4,000 to 5,000 wheels on an immediate basis per month.

Sahil Sanghvi: So, should we be still able to look at roughly, say, 30,000 of wheels for this fiscal year, the whole fiscal year?

Naresh Jalan: Whole fiscal year, we are looking at around 20,000, 25,000 wheels in this year.

Sahil Sanghvi: Okay. Got it, sir. Got it. Secondly, sir, I mean, you've already explained enough on the cost inflation, but some of the commodity prices peaked up in September. So, are we expecting further RM cost increase for upcoming quarters? And on the shipping side, are we still negotiating for further price hikes from the export customers? Should we expect that?

Naresh Jalan: I think we are working with our customers on the website of Freightos. And I think we are in discussions with them. I think we are not seeing any increase, I think in the current scenario. It has largely settled down right now at the peak. But in case there is any further increase, we will have to go back to the customer and speak to them. But right now, there is no incremental increase we are seeing in terms of the shipping cost. But we cannot say. I think it all depends on how the geopolitical issues keep in and out. I think it all depends on how the geopolitical issues continue. But in terms of our commodity estimates, we believe that in India, there is going to be another steel hike maybe in January. And I think we are well prepared to pass on the increase to our customers.

Sahil Sanghvi: And freight also, we will be asking?

Naresh Jalan: See freight increase, I think partially, like Lalit has already said in his previous statement, we have been able to partially or substantially pass

on that increase to our customer. But yes, obviously, we have in this quarter about RS. 8 crores to RS. 9 crores hit to the balance sheet in the shipping cost. And I think going forward also, if freight continues at this level, we will have to bear some of the cost. Our customer is not prepared to bear the entire cost. Some of the costs we will need to continue to forgo and share with the customers.

Sahil Sanghvi: And lastly, on the new orders that we've got from North America for castings, possible to share which exact component is this? Is there a new product or existing product? And on the customer also, is this an existing customer or a new customer addition?

Naresh Jalan: This is a new customer addition and new product.

Sahil Sanghvi: Possible to share what product is this?

Naresh Jalan: No, I think that's not possible, but we can very safely say it's basically LV business, you can say it is a passenger vehicle business, and it's a new customer and new product line.

Moderator: The next question is from the line of Akshay Shetty, an Individual Investor.

Akshay Shetty: So, my first question is related to railway wheels JV. So, in July you expected railway wheels supplies to begin by September-October. With RKFL's remaining equity contributions limited to Rs. 20 crores to Rs. 30 crores. However, the commercial production has still not started. And today the filing proposal of other Rs. 56 crores investment.

So, what is the status of RDSO approval and when we can expect the first commercial supplies? And what explains the higher funding requirements? Also, once depreciation and interest costs begin on the RS. 2,180 crores project, what first year loss should we expect at the JV level and RKFL's 51% share?

Naresh Jalan: I think just now I answered this question of terms of commercial production just before you, the gentleman was asking the question. We have very clearly clarified that 300 wheels are ready with us, which is already under inspection by the railways.

We don't need any RDSO approval for wheels, the inspection is being done by the railways. Once the wheels are approved in the next couple of weeks, we are expecting these 300 to get supplied and from December onwards to start partial production and from the last next quarter, full production. We are expecting 20,000 to 25,000 wheels in this financial year to be supplied to railways. Lalit, in terms of investment, can you please?

Lalit Khetan: See, there is no extra infusion of equity. Whatever the Rs. 20 crores we have committed is part of the investment, and we are on track of that. Only this Rs. 56 crores, what approval is taken is for the second phase. In the first phase, we are supposed to produce 140,000 wheel and the second phase, another 140,000 in terms of machining capability. So, the entire project cost remains intact, and this is just the approval for the second phase as the first phase is already completed.

Akshay Shetty: And my second question is related to revenue guidance, capex and debt. You guided Rs. 8,000 crores revenue by FY29?

Naresh Jalan: Sorry to interrupt you. We have never guided for Rs. 8,000 crores revenue from wheel project in FY28.

Akshay Shetty: **FY**'29.

Naresh Jalan: No, no, wheel project cannot create a revenue of Rs. 8,000 crores.

Akshay Shetty: No, no, total revenue of RS. 8,000 crores.

Lalit Khetan: You are talking about RKFL?

Akshay Shetty: Yes.

Lalit Khetan: So FY'29 Rs. 8,000 crores revenue.

Akshay Shetty: FY29, yes?

Lalit Khetan: So yes, certainly, with this kind of growth rate we are having, we are very much there, but we will update you with the time. Let us wait for some time.

Naresh Jalan: Every year, we will basically be able to guide you for the next year. This year's guidance for the full year, we have already provided in the earnings call, and we stick to that. And I think for the next year financial year and the following year, we will be able to comment after the full year earnings call.

Moderator: The next question is from the line of Abhishek Kamdar from Value Plus Advisors.

Abhishek Kamdar: Congratulations on a great set. I just had one question around ROCE. The last quarter, you had guided for about 12% to 15% ROCE in FY27 and about 20% by next financial year. And we've already seen a recovery from last year to H1 of this year. Based on the capital we've already employed, do you still see 12% to 15% happening this year?

Lalit Khetan: Yes. By the end of FY27, we will be in the range of 12% to 15% on ROCE.

Abhishek Kamdar: Okay. And you still maintain 20% for next year?

Lalit Khetan: Yes, certainly, that is the aspiration that next year, we should have 20% ROCE. I will say that's an aspiration.

Moderator: The next question is from the line of Chirag Shah from Dalal & Broacha.

Chirag Shah: Sir, first of all, congratulations on the great set of numbers. My question is on exports, sir. So basically, the improvement which we are seeing on exports. So, my question is, are we replacing some existing vendors? Or are we participating in incremental growth? What is the case? And if we are replacing an existing vendor, so what is leading to that? Or how cost efficient are we?

Naresh Jalan: No, we are not replacing any vendor. Basically new businesses which are coming in basically are new product launches, which are happening in due course. And we are part of those new launches. And that is basically the new order wins which we have had. And that's the reason we have guided for 8 to 9 months of development and testing time before these orders converted to revenue.

Chirag Shah: Correct, sir. So, the new product, it might be for us, but it is new product for the client as well?

Naresh Jalan: It is new launches for the client also.

Chirag Shah: New launches. Okay. Got it. Okay. And this would be, I would say, so we are stepping into a new client for the first time, and it also opens up their existing orders, which they might be giving to some other vendors, correct? So that also opens up the opportunity going forward in the next couple of years?

Naresh Jalan: I think to be very precise, I think the buoyancy in the overall market and the sentiments are extremely good. And I think we are seeing a huge order inflow with new RFQs and new inquiries, I think flooding our system. We are choosing every single opportunity with precise operations. So, what we can do and what we cannot. So, I think there is a floodgate of opportunities right now available to all the suppliers who are really wanting to work and grow.

Moderator: The next question is from the line of Vinil Shah from Dalal & Broacha.

Vinil Shah: I just wanted to understand how are railways panning out because if I look at the Q-o-Q numbers, it has been more or less flat. So, will we see the H2 railways contributing to higher regional revenue there?

Milesh Gandhi: To answer you, I think you are finding things flat because railway is a percentage and there are orders based on our capacities, which we are supporting them. You can always find that every quarter, our total revenue is increasing. So maybe on a percentage-wise, you are finding it flat. But actually, we are trying to push more.

But maybe it is not quantifying a very big number in the overall numbers. But yes, the demand, as I already stated, that the demand of railways is high, and we are bagging good orders. So, I think our flow is continuous and there is a continuous growth in the railway segment from our side, too.

Vinil Shah: But actually, I just figure on the absolute numbers, it is coming close to RS. 64 crores, RS. 65 crores for Q1 and Q2 as well. So that is why I asked the question. But this clarifies it.

Moderator: The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: I just had one question. So could you elaborate more on the target that we have mentioned earlier in order to achieve that, there's an implied growth of, say, 23%, 24% CAGR. So, could you elaborate more on what the growth drivers will be? So, will it be more of export versus domestic and in general, be more of auto, non-auto, etcetera?

Naresh Jalan: No, I think in terms of auto, passenger vehicle is going to be the next lever of growth. We are looking at almost in the next 2 years by CY28 or FY29 basically, we are looking at almost 10% plus growth to come in from passenger vehicles. And with the current order book and also the new order wins and the pipeline being so strong, we are extremely confident of our automotive business, specifically on the passenger vehicle side to grow exponentially for us.

And I think basically for the CAGR growth of 20%, 24%, I think we would like to comment on a year-on-year basis, this year looks extremely strong for us. And I think we may surpass our previous peaks in terms of year-on-year growth. And after the full year in the earnings call, we will be able to guide for the following years.

Khush Nahar: Right, sir. And sir, any update on the defence products that you're working on?

Naresh Jalan: No specific, I think, right now to inform our investor community. But I think we are diligently working on our aerospace business. I think very soon, we will be able to give some news which really means for our investors.

Moderator: The next question is from the line of Venkat, an Individual Investor.

Venkat: Congrats for great results. The question I have is more broad-based. With the upcoming FTAs with U.K., Europe, etc., could you just throw some colour in terms of what sort of opportunities are you foreseeing as we head on to the next year and a half? Have you started receiving customer inquiries from those regions? Are there any new segments that are opening up, etc? It would be good if you could give some strategic colour on those?

Naresh Jalan: No, I think with the current FTAs of U.K., we are not seeing any major inquiries or anything. I think Europe FTA is still to be approved by the European Union. So, I think we will be able to see any traction going forward only after the U.S & European FTA is approved by the European Union. And still, there is some time before we see that happening.

Moderator: The next question is from the line of Bipul Kumar from Narula Finance Services.

Bipul Kumar Yes. So first of all, congratulations on a great set of numbers. So my first question was regarding what is your group level strategy for ahead? And what underlying demand is actually helping you to providing the guidance what you have given for FY27?

Naresh Jalan: I'm not able to understand your question, please.

Bipul Kumar: I'm asking what is your group level strategy to achieve the stated guidance you have given for FY27?

Naresh Jalan: Group level strategy? Lalit, can you answer the question?

Lalit Khetan: I think, sir, what he is asking in terms of demand, basically, what gives us the confidence to achieve the 20%, 25% growth. So that basically comes from whatever the RFQs are there in the pipeline and the orders we have in the last few quarters and inquiries from the customers and the guidance from the customers. All give us this kind of confidence to achieve the goal.

Bipul Kumar: Okay. And can you provide a guidance of EBITDA margin for FY27?

Lalit Khetan: See, already we have given guidance. There will be an improvement of 30, 40 basis points quarter-on-quarter. Our endeavour is to achieve that and will keep on doing that.

Moderator: The next follow-up is from the line of from Pradyumna Choudhary from Bowhead Investment Advisors.

Pradyumna C: Sir, just one more question. Usually from order wins to deliver beginning, what would be the time period? I know for different order

wins, it could be different. But on an average, what sort of a time gap is there?

Naresh Jalan: Average, it is 6 months.

Pradyumna C: Even on the CV side and the PV side?

Naresh Jalan: In all the places, on an average, it is 6 months.

Pradyumna C: And how would it differ between domestic and exports?

Naresh Jalan: Exports, it is around 9 to 12 months and in domestic, it is 3 to 4 months.

Moderator: The next question is from the line of Tanmoy Roy, an Individual Investor.

Tanmoy Roy: Congratulations on a good set of numbers. So, I just have 2 questions. First one is like, for the railway wheels. What is the margin profile you expect from there?

Lalit Khetan: Can you repeat question? Railway wheel JV, you are asking for the margin?

Tanmoy Roy: Yes, yes.

Lalit Khetan: So, at the optimum utilization, we can achieve around 18% to 20% EBITDA margin.

Tanmoy Roy: Okay. Okay. So that is better than the casting profile, right?

Lalit Khetan: Yes.

Tanmoy Roy: Okay. The second one is like in aerospace, which level of components or anything which we are targeting? Aerospace has many level of suppliers, supplier 1, supplier 2, supplier 3 and supplier 4. Like supplier 1 are the one who actually build the component for the engine, which segment actually we are targeting and if you have any idea?

Milesh Gandhi: For aerospace, let me answer you. It's not that we are going forward with any Tier 1, Tier 2s. We are in discussion directly with OEMs. And currently, the components which we are aiming at is from the engine

side, but at the same time, frame components are also being explored together.

Tanmoy Roy: Why I'm asking is because for engine side, industry-wide it takes 4, 5 years for getting the approval.

Milesh Gandhi: We are looking forward to the forgings. So basically, forgings, if it is supplied to the OEMs, they basically machine the product, and the metallurgical part validation and other things is much faster if the OEM is machining it directly within in-house. So, we look forward, as I already told you, we are working on and this sector is progressing well. So tomorrow, if we get into the aerospace, the business what we are aiming at, that can always see a much faster as compared to your expectation of 4 to 5 years.

Tanmoy Roy: So, when you say like you're directly working with OEMs, so these are not precision components like titanium grade ones, which we are looking at. It's the forging part of it.

Milesh Gandhi: These are only highly precision forging components and forging itself is the most precision item to be done here because these are engine components.

Moderator: The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: Just wanted to understand on the gross margin side, we are seeing that for Q1 and Q2, it has been materially higher than what was our general rate earlier. So, what will be the reason for the same? And is this the sustainable rate on the gross margin level?

Naresh Jalan: So, I think like what we have said that the market, there is a lot of traction and the opportunity. We have been able to choose our products very diligently in terms of our capacity utilization. And with the capacity utilization further improving, I think we'll be able to sustain and grow on it.

Khush Nahar: On the gross margin side?

Naresh Jalan: Yes.

Moderator: The next question is from the line of Karan Gupta from CAVI Capital.

Karan Gupta: Just wanted to ask on the cash flow. So, there's been a decrease I guess, investment in accounts receivable and inventories and the addition to cash flow seems to have come from the accounts payable. So, could you just comment on that and what the position is as of date and what you expect for the rest of the year?

Lalit Khetan: So, if you look at the cash flow, there is a net increase in inventory and debtors in terms of value and that is net of the creditors, there is a net increase of about RS. 140 crores in terms of net working capital. But if you look at the number of days, we are almost there what we are having in March. So, it's all about due to the volume growth what we are getting and the increase in the working capital number, not the days, it's the value.

Karan Gupta: Okay. And going forward, do you expect the working capital days to remain at these levels?

Lalit Khetan: We will say we will improve it. We are working on improving these numbers, and you will see some improvement in working capital levels in upcoming days.

Karan Gupta: Okay. Just in terms of, even though debtors and inventory might seem similar, the payable days seems to have increased since they are offsetting the other 2?

Lalit Khetan: Yes. But that's a mix, you see, inventory and debtors are interrelated because a lot of shipment we have done has not been converted into the debtors and has been built in inventory, okay? So, you have to see both together and because the shipping delays are causing that kind of situation. So, if you look at together, that is much more than the increase in creditors.

Moderator: Thank you. Ladies and gentlemen, we'll take that as the last question. I would now hand the conference over to the management for closing comments. Over to you, sir.

Rajesh Mundhra: Thank you. I would like to thank all of you for taking time and joining our conference earnings call. We hope we have answered all your

questions to your satisfaction. We would you like further information then you can get in touch with us or CDR if you have any further information you require from us. We look forward to interacting to you in the next quarter. Thank you very much for joining us the call. Thank you very much.

Moderator: Thank you so much. On behalf of Ramkrishna Forgings, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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.***