Ramkrishna Forgings

Operator: Q2 FY27 earnings conference call hosted by 361 Capital Markets Private Limited. As a reminder, all participant lines will be in 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 and 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 361 Capital Markets Private Limited. Thank you, and over to you, sir.

Dinesh Kumar – 361 Capital Markets: Thank you. Welcome to all the participants on behalf of 361 Capital Markets for Ramkrishna Forgings Limited's Q2 FY27 post-results conference call. From the management, we have with us today Mr. Naresh Jalan, Managing Director; Mr. Chaitanya Jalan, Whole-time Director; Mr. Lalit Khetan, Whole-time Director and CFO; Mr. Milesh Gandhi, Whole-time Director; and Mr. Rajesh Mundra, Vice President Finance and Company Secretary. I will now hand over the call to the management for the opening remarks, to be followed by the question-and-answer session. Over to you, sir.

Lalit Khetan – Whole-time Director & CFO: 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 the Middle East, threats of new tariffs, and supply chain dynamics affecting economic activity and business sentiment across markets. Currency movements, a rise in 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 our uncertain global environment, the domestic economy continues to demonstrate strong growth momentum. GST collections were healthy, reaching approximately 6.15 lakh crore during Q2. Industrial activity has also strengthened, with IIP growth of 4.4% 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 topline 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

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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 investments, our focus has now shifted toward 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 crore, representing growth of 54.9% year-on-year, compared with Rs. 908 crore in Q2 FY26. On a sequential basis, revenues were higher by 15.5%, compared with Rs. 1,217 crore in Q1 FY27.

Our consolidated EBITDA, excluding other income, stood at Rs. 256 crore, compared with Rs. 123 crore in the corresponding quarter last year and Rs. 218 crore 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 crore, compared with a loss of Rs. 10 crore in Q2 last year and profit of Rs. 65 crore in Q1 FY27. Profit after tax stood at Rs. 71 crore, which was higher by 47% on a Q-o-Q basis.

Debt during H1 FY27 was reduced by Rs. 126 crore, and we maintain our guidance of reducing total debt by Rs. 500 crore for FY27.

Looking ahead, we remain positive about our business outlook. Our order pipeline remains healthy, and our increasingly diversified product portfolio provides opportunities across both domestic and international markets.

We believe that higher utilization of our existing capacities, 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 proceedings to Mr. Milesh Gandhi, our Whole-time Director, who will take you through the order wins and key business developments during the quarter. Thank you. Over to you, Milesh.

Milesh Gandhi – Whole-time Director: Thank you, Lalit. Good evening, everyone.

I would like to take you through the new order wins during quarter two FY27 and share some updates on our key business segments.

During the quarter, the company secured new order wins worth Rs. 673 crores across the CV, EV, LV, and farm equipment segments. These orders have a program life of approximately 4 years and

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further strengthen our revenue visibility over the coming years.

Of the total orders received, approximately 48% came from the domestic market and the balance 52% from the export market.

We have secured orders worth Rs. 304 crores from commercial vehicles, Rs. 272 crores from light vehicles, and Rs. 7 crores from the electric vehicle segment.

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 doors to the export 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 development. We are working toward increasing our presence in these markets and adding new customers.

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

I would also like to share some updates on our railway business. We continue to see good opportunities in this segment, particularly for our fully assembled bogies, frames, bolsters, 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 overall, and our expanded capabilities and presence in Mexico are also helping us explore new opportunities and strengthen our customer relationships.

We are also seeing increasing interest in our castings, aluminum forgings, and higher value-added products. Demand for oil and gas products is 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 of new customers should support business growth in the coming quarters.

Further, our continuous efforts in new ventures within the boundaries of the forgings and castings business, in non-ferrous components and manufactured products from aluminum, titanium, Inconel, and Nimonic grades for aerospace, robotics, and semiconductors, are also progressing well.

That's all from my side. Thank you.

Lalit Khetan - Whole-time Director & CFO: Thank you, Milesh. Dinesh, now we can open the floor for the Q&A.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touch-tone telephone. If you wish to

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remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Vineet Shah from Dalal & Broacha. Please go ahead.

Vineet Shah – Dalal & Broacha: Thank you for taking my question, and congratulations on a very good set of results. My first question was related to our new and upcoming businesses. As we already mentioned in our opening remarks, we have Rs. 447 crores of orders from the casting business. I just wanted to know our update on the other segments as well, such as cold forging, aluminum forging, and the casting business. When will these orders be executed? What is the capacity utilization, and how is it going to ramp up? That is my first question.

Management: Milesh?

Milesh Gandhi – Whole-time Director: I think, as I already stated, that Rs. 447 crore order comes from our casting segment. I think you would have noted that Rs. 272 crores is coming from North America for light-vehicle applications, and that also opens our door to the export market. Apart from that, with regard to our aluminum forgings and cold forgings, we continue to export these products to the North American market. Our capacity utilization in both these lines is more than 50%, and I think we are trying to add more customers there so that our utilization increases.

Vineet Shah – Dalal & Broacha: Right. Sir, if I am correct, for aluminum forging, our current capacity is 6,000 tonnes, right?

Milesh Gandhi – Whole-time Director: Right, sir.

Vineet Shah – Dalal & Broacha: Okay. Sir, my second question was with respect to our broad outlook for FY28 and beyond. How do you see the domestic and export markets, because the industry estimates for commercial vehicles are somewhat on the conservative side?

Management: I think Lalit.

Management: Yes, Lalit.

Lalit Khetan – Whole-time Director & CFO: In FY28, we are looking at a strong market. Both the domestic and international markets in FY28 are going to be strong markets, and we do not see any conservative approach in the next year.

Vineet Shah – Dalal & Broacha: Understood. One more last question, if I could squeeze it in. We have seen a very strong recovery in our US business this quarter. I wanted to understand how much of the growth came from new customer wins versus higher penetration or wallet-share gains across our existing customers, and whether this growth is sustainable.

Lalit Khetan – Whole-time Director & CFO: I think we would not like to speak specifically in terms of customer-wise details, but we can say that this growth is sustainable. With Milesh's statement, it is extremely clear that our focus remains on growing our international business, and both North America and Europe are our main focus areas in terms of our growth. We firmly believe that, with

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the order wins 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.

Vineet Shah – Dalal & Broacha: Okay, sir. Just one follow-up. For FY28, you said it is a really strong market. Would you like to quantify the growth for the domestic as well as export markets?

Lalit Khetan – Whole-time Director & CFO: [laughs] No, no. I think we will not be able to quantify it, but we will only comment on the quarterly performance. Going forward, I think we see a very strong market in the next half of the year, and we will again provide guidance after the full-year results. I think it is good enough for us right now to comment only on the next 6 months. We see strong visibility and a very strong market in the next 6 months.

Vineet Shah – Dalal & Broacha: Okay. Thank you, sir. I will jump back into the queue. Thank you very much.

Operator: Thank you. The next question is from the line of Aditya from Old Bridge Mutual Fund. Please go ahead.

Aditya – Old Bridge Mutual Fund: Thank you for the opportunity, and congratulations on a good set of results. My first question is on the casting order. You have received Rs. 400 crores of new casting orders. We are already running at 88% utilization. When will this new order start, and with the current capacity, do we have the capacity to fulfill this new order, or are we envisaging some capacity increase in the casting segment?

Lalit Khetan – Whole-time Director & CFO: I think Milesh will answer the first half of the question. In terms of capacity addition, I will only be able to say that right now we have enough capacity, and we plan to undertake whatever capex is required in the next financial years.

Milesh Gandhi – Whole-time Director: So, to answer you with regard to the casting order which we have received [cut off]

Aditya – Old Bridge Mutual Fund: My second question is regarding capex. Till H1, we have done capex of almost Rs. 390 crores, and over and above that we have made an investment of Rs. 40 crores in the JV. In Quarter 1, we guided for Rs. 350 crores of capex for FY27. What would be your revised number for full-year capex for FY27 now? And is there any reason for the escalation of this capex number?

Management {? Naresh ?}: Basically, with the forging and past forging capacity augmentation which we have already done, these are only value-add capacity augmentations which we are continuously undertaking. With the market currently so buoyant and opportunities coming in at full scale from all directions, we will need to continue to invest in terms of our machining capability and value-add capability. I think we should be ending this year close to around Rs. 550 crores of machining capability addition throughout our entire group. In terms of our JV investments, it is within the amount which we had already committed on Day 1.

Aditya – Old Bridge Mutual Fund: Within the JV, have all the investments that were committed been completed, or is more left beyond this?

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Lalit: Yes, in the JV, approximately Rs. 50–55 crore of investment is still pending. This will be done over the next 1 year. Part of it will go in this year, maybe Rs. 15–20 crore more in the next half, and the rest will be in the next financial year. What Naresh said is that you can assume another Rs. 160 crore of capex for the second half, basically on the machining side.

Aditya – Old Bridge Mutual Fund: Okay, got it. Now, as we have said that we will bring net debt down to Rs. 1,500 crores, I think this is net of cash and bill discounting. 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: When you look at the March numbers, the March number was Rs. 2,173 crore, and net of bill discounting it was about Rs. 2,000 crore. That is why we guided for a reduction of Rs. 500 crore to Rs. 1,500 crore. The guidance remains the same. At the gross level, if you look at it, somewhere around Rs. 1,670–1,700 crore will be the number.

Aditya – Old Bridge Mutual Fund: Rs. 1,600–1,700 crores?

Lalit: Rs. 1,670 to [cut off]

Management {? Naresh ?}: But that includes the amount which we actually do not take because bill discounting is without recourse, and it is to the Tata Motors account. Tata Motors and other customers are using their own lines. Basically, for us, that is a receivable which gets knocked off.

Aditya – Old Bridge Mutual Fund: Okay, got it. Thank you.

Operator: Thank you. The next question is from the line of Abhishek Jain from Crisp PMS. Please go ahead.

Abhishek Jain – Crisp PMS: Thanks for the opportunity. Sir, this quarter we have seen that power cost has gone down, but other expenses are still high. When can we see a decline in other expenses as a percentage of sales, and when can we expect EBITDA to cross the previous peak level of 20–21%?

Lalit: On the expense side, power cost is slightly down because some surcharges were reduced during the quarter. But on other expenses, there has been a significant increase in shipping costs, which is likely to remain for some time. That is why it is elevated, and it will moderate only when shipping costs go down.

Abhishek Jain – Crisp PMS: As we have seen very sharp growth in export revenue and realization per tonne, if export numbers increase, can we see a margin expansion of 2–3% from here? From quarter and—

Lalit: Certainly, exports themselves will give us margin expansion, but I will not be able to comment on how much it will be in terms of percentage points, because it depends upon the product mix.

Management {? Naresh ?}: Our aspiration right now is to cross the previous peak margin. I think we are slowly getting there, but I do not think it is going to happen in the next quarter or the quarter after that. However, every quarter, I think you will see an expansion in margin. You have seen margin

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expansion in the past couple of quarters, with expense margin expansion of 30 basis points to 40-50 basis points every quarter. I think we will continue to work on that, and very soon we are going to reach our peak margins.

Abhishek Jain – Crisp PMS: Got it, sir. This quarter, our subsidiary performance has improved significantly. If we calculate the consolidated numbers minus the subsidiary numbers, we see a significant jump in the margin. Is this margin because of the casting business, or are there any other components?

Management {? Naresh ?}: Casting and the oil and gas business.

Abhishek Jain – Crisp PMS: Casting and oil and gas business. We are able to achieve a margin of around 27% there versus the standalone margin of around 17-18%. What is the reason for the higher margin there?

Lalit: The margin is not 27% in the subsidiary business. It is about the same level as what we achieve in RKFL, 16-17%, and maybe slightly lower than RKFL, because there are sales from RKFL to the subsidiary and some sales from the subsidiary to RKFL. Those sales are eliminated, which is why the margin looks higher. At an individual level, the subsidiaries are also making a 16-17% margin.

Abhishek Jain – Crisp PMS: Got it, sir. My last question is on the export side. We have seen very strong growth in North America, but Europe is still weak. When can we expect improvement in the European business?

Management: It is not that Europe is weak. You would have seen that North America was very dull last year because of the tariff issues. If you compare our total export numbers, in Q2 FY26 it was Rs. 277 crores versus Rs. 424 crores this year. There has been a substantial jump. If you also look at our sales across regions, our numbers in Europe have increased as well, and similarly, the US has also gone up within our Rs. 424 crores. Rather, we have increased our customer base in Europe. Today, if you look at Europe as an overall aspect, you will find that it accounted for around 28%; it has now increased to 41% in our total geographical breakup. North America is around 58% and Europe is 41%, versus 2 years back, when Europe was just 28%.

Abhishek Jain – Crisp PMS: Got it, sir. Thank you, sir. That's all from my side.

Operator: Thank you. The next question is from the line of Sparsh Somya from Eco Quantum Solutions. Please go ahead.

Sparsh Somya – Eco Quantum Solutions: Thank you for the opportunity. I wanted to understand your debt repayment plans. Can you help us understand your finance cost, or what should be your annual finance cost, or rather quarterly finance cost, after you repay this Rs. 500 crores of debt? My next question is, in FY28, do you also expect to pay another Rs. 500 crores, or how should we look at it?

Lalit: Finance cost will go down by almost Rs. 40 crore per annum if we reduce the entire Rs. 500 crore of debt. We are paying about 8% interest cost right now. That reduction will be there. For the next financial year, we aim to reduce Rs. 300-400 crore of debt.

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Sparsh Somya – Eco Quantum Solutions: You had earlier told us that you would achieve a 100 bps expansion in your EBITDA margin each year. Is it fair to assume that you will end FY28 at 18%, then 19%, and then 20% in FY29? Is that a fair understanding?

Management {? Naresh ?}: No, I would not like to comment on future years. This year, we are looking at the guidance we gave last year in the earnings call or for the full-year results in May. We would like to stick to that, and we would not like to comment on what is going to happen in FY28. We are looking at healthy margins, and with the current order books and the strong market, we look to continue the momentum of growth in terms of utilization, topline, and bottom line.

Sparsh Somya – Eco Quantum Solutions: Okay. You said you aspire to return to your previous peak, so [crosstalk]

Management {? Naresh ?}: Yes.

Sparsh Somya – Eco Quantum Solutions: Can you just give us some indication of 1 year, 2 years, [crosstalk]

Management {? Naresh ?}: No, I do not want to give a timeline or commit myself to it. We are working very hard to get there, and we aspire to get there, but I would not like to put a particular timeline on it. It can happen much before that as well, and I would not like to comment on the exact timeline.

Sparsh Somya – Eco Quantum Solutions: When you achieved these 22% margins in FY22 and FY23, what was the environment like back then that enabled you to earn such strong margins?

Management {? Naresh ?}: I think companies earn much better margins than us. The casting business is never a very high-margin business, and we are growing our casting vertical. So, at a consolidated level, we are commenting on the margins right now.

Sparsh Somya – Eco Quantum Solutions: All right. Thank you so much, and good luck.

Operator: Thank you. The next question is from the line of Pradyumna Choudhary from Bowhead Investment Advisors. Please go ahead.

Pradyumna Choudhary – Bowhead Investment Advisors: Hi, sir. Congratulations on a great set of numbers. I had two or three questions. First, I wanted to understand if there was any element of inventory gains in our Q2 results, or whether we were holding low-cost inventory.

Management {? Naresh ?}: No, I do not think we have had any inventory gains. Our steel price increases have been much higher than what we have received from our customers in exports. Domestic steel prices are currently very high. There is no question of inventory gains. Rather, I think Lalit can comment, but there are some inventory losses in terms of our exports.

Lalit: Correct. We have not gained anything. Rather, we have some negative carry on account of the increase in raw material prices, which is about Rs. 6-7 crore.

Pradyumna Choudhary – Bowhead Investment Advisors: Understood. Great to hear that. Second, on the European side, the US business has seen very good growth, but on the European side, even

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in the current quarter year-on-year, there was a slight decline in absolute revenue. Could you give us some more sense of what is happening there and whether there is some business yet to start for us on the European side?

Management: I can comment here. If there is a drop, you can always understand that there are capacities and scheduling lines. We sometimes try to adjust according to the demand coming from different areas. North America suddenly went through a V-curve recovery after being subdued for the last year. Obviously, we had to give some more priority to North America so that they received the material because of the immediate increase in demand. On the European side, whatever marginal difference you may have seen can always be covered in the next quarter. However, largely we focus on the overall export breakup, and I think the overall export breakup has been good compared with the first quarter as well as Q2 of last year.

Pradyumna Choudhary – Bowhead Investment Advisors: Understood. My last question is on shipping costs. Would you be able to quantify what our shipping cost was in the current quarter and how it has increased compared with Q2 of last year?

Lalit: Shipping cost has increased significantly over Q2 of last year. I will not be able to give you the exact number, but it is quite significant. We have been able to pass on part of it to our customers, but ultimately, there is a cost that we also have to bear. The impact on the company in this quarter from shipping costs is around Rs. 8-9 crore. That is the net impact.

Pradyumna Choudhary – Bowhead Investment Advisors: That is the portion we have not been able to pass on, Rs. 8-9 crores?

Lalit: Yes.

Pradyumna Choudhary – Bowhead Investment Advisors: All right, sir. Thank you, and all the best.

Operator: Thank you. The next question is from the line of Mayank Agarwal from Scientific Investing. Please go ahead.

Mayank Agarwal – Scientific Investing: Hi. Thank you for the opportunity. I hope I am audible.

Management: Yes, you are audible.

Mayank Agarwal – Scientific Investing: First of all, congratulations on the great set of numbers. I have two questions. The first question is regarding rising commodity prices and the increase in input costs. How do you see these rising input costs being managed across the supply chain, and have they been passed on to the OEMs? Is there any time lag in the changes being reflected in customer pricing?

Management: There are two things: one is inflationary and one is commodity-related. We have been able to pass on commodity pricing every quarter in the domestic market. In the export market, it differs from contract to contract and from region to region. Basically, in North America, it is based on the local domestic American steel market. The American steel market has not seen as much of a steel price increase as the increase in Indian steel prices. In India, the steel price hike has occurred. Similarly, in Europe, we do not see a similar hike in local steel prices. Therefore, we have

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been able to obtain only the increases that have occurred in the domestic market in North America and Europe. That is the impact which we have already taken in the balance sheet in the quarter.

Mayank Agarwal – Scientific Investing: Basically, on the domestic side, we will be able to pass on the steel price increases and sustain the margins in the coming quarters, right?

Management: Yes. In the domestic market, we have been able to pass on the steel price hike, and any further steel price hike will also be passed on.

Mayank Agarwal – Scientific Investing: My second question is that generally our H2 is much better compared with H1, as compared with the previous year. Do we still maintain the same ratio this year, or will it be the same as H1?

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

Mayank Agarwal – Scientific Investing: Thank you so much. I wish you the best.

Operator: Thank you. The next question is from the line of Sahil Sanghvi from Monarch Networth Capital. Please go ahead.

Sahil Sanghvi – Monarch Networth Capital: Thank you for the opportunity. Many congratulations to the entire 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? At which stage are we, and what timelines can we expect for commercial production?

Management: This month, in November, I think we should be ready. We are already ready with our first batch of 300 wheels, and we have offered them for inspection to the Railways. While we speak, the inspection is continuing, and in the next couple of weeks, we expect this inspection to be completed. This first set of 300 wheels for trials is going to be supplied. Once this is supplied, we are looking at December to begin the first phase of production of at least 2,000–3,000 wheels in December. In the fourth quarter, we should go to 80% of capacity to make 4,000–5,000 wheels per month on an immediate basis.

Sahil Sanghvi – Monarch Networth Capital: Should we still be able to look at roughly 30,000-odd wheels for this fiscal year, for the whole fiscal year, or should we go lower?

Management: For the whole financial year, we are looking at around 20,000–25,000 wheels this year.

Sahil Sanghvi – Monarch Networth Capital: Got it. Secondly, with respect to cost inflation, some commodity prices peaked in September. Are we expecting a further increase in raw material costs in the upcoming quarters? On the shipping side, are we still negotiating for further price hikes from export customers? Should we expect that?

Management: We are working with our customers based on the website of Freightos, and we are in discussions with them. We are not seeing any increase in the current scenario. It has largely settled down at the peak right now. In case there is any further increase, we will have to go back to the

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customer and speak to them. Right now, there is no incremental increase in shipping costs. However, we cannot say for certain. It all depends on how the geopolitical issues continue. In terms of our commodity estimates, we believe that there is going to be another steel hike in India, perhaps in January. We are well prepared to pass on the increase to our customers.

Sahil Sanghvi – Monarch Networth Capital: And we will also ask for an increase in freight [trails off]?

Management: Regarding the sea freight increase, as Lalit has already said in his previous statement, we have been able to partially or substantially pass on that increase to our customers. However, we have had an impact of approximately Rs. 8–9 crores on the balance sheet in this quarter from shipping costs. Going forward, if freight continues at this level, we will have to bear some of the cost. The customer is not prepared to bear the entire cost. We will need to continue to forgo and share some of the cost with the customers.

Sahil Sanghvi – Monarch Networth Capital: Lastly, regarding the new orders we have received from North America for castings, is it possible to share which exact component this is? Is it a new product or an existing product? Regarding the customer, is this an existing customer or a new customer addition?

Management: This is a new customer addition and a new product.

Sahil Sanghvi – Monarch Networth Capital: Is it possible to share what product this is?

Management: No, I do not think that is possible, but we can safely say that this is an LV business, or a passenger vehicle business. It is a new customer and a new product line.

Sahil Sanghvi – Monarch Networth Capital: Many congratulations again, and thank you, sir.

Operator: Thank you. The next question is from the line of Akshit Sheth, an individual investor. Please go ahead.

Akshit Sheth – Individual Investor: Good evening, sir, and congratulations on a strong quarter. My first question is related to the railway wheel JV. In July, you expected railway wheel supplies to begin by September–October, with RKFL's remaining equity contribution limited to Rs. 20–30 crores. However, commercial production has still not started, and today's filing proposes another Rs. 56 crores of investment. What is the status of RDSO approval, and when can we expect the first commercial supplies? Please also explain the higher funding requirements. Once depreciation and interest costs begin on the Rs. 2,180 crore project, what first-year loss should we expect at the JV level and RKFL's 51% share?

Management: I just answered the question regarding commercial production when the gentleman asked it earlier. We have clearly clarified that 300 wheels are ready with us and are already under inspection by the Railways. We do not need any RDSO approval for the wheels. The inspection is being carried out by the Railways. Once these wheels are approved, we expect the 300 wheels to be supplied in the next couple of weeks. From December onward, we will start partial production, and from the next quarter onward, full production. We expect 20,000–25,000 wheels to be supplied to the Railways in this financial year. Lalit, in terms of investment and the other matter, can you please [trails off]?

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Lalit: No. There is no extra infusion of equity. Whatever Rs. 20 crore we committed is part of the investment, and we are on track with that. The Rs. 56 crore for which approval has been taken is for the second phase. In the first phase, we are supposed to produce 1,40,000 wheels, and in the second phase, another 1,14,000 wheels in terms of machining capability. The entire project cost remains intact, and this is simply approval for the second phase, as the first phase has already been completed.

Akshit Sheth – Individual Investor: Okay, thank you. I got it. My second question is related to revenue guidance, capex, and debt. You guided for Rs. 8,000 crores of revenue by FY29 and FY27 [cut off]

Management: Sir, I have to interrupt you. We have never guided for Rs. 8,000 crores of revenue from the wheel project in FY28. That plant is [trails off]

Akshit Sheth – Individual Investor: FY29.

Management: No, the wheel project cannot create revenue of Rs. 8,000 crores. So, that's [cut off]

Akshit Sheth – Individual Investor: No, I mean the entire total revenue of Rs. 8,000 crores.

Lalit: You are talking about RKFL. You are talking about RKFL.

Akshit Sheth – Individual Investor: Yes.

Lalit: Okay, so Rs. 8,000 crore of revenue in FY29.

Akshit Sheth – Individual Investor: FY29, yes.

Lalit: Yes, certainly, with the kind of growth rate we are achieving, we are very much there. However, we will update you in due course. Let us wait for some time. But certainly, if the [cut off]

Management: I think every year we will be able to guide you for the following year. We have already provided this year's full-year guidance in the earnings call, and we are sticking to that. For the next financial year and the following year, we will be able to comment after the full-year earnings call.

Akshit Sheth – Individual Investor: Okay, fine. Got it. Thank you.

Operator: Thank you. The next question is from the line of Abhishek Kamdar from ValuePlus Advisors. Please go ahead.

Abhishek Kamdar – ValuePlus Advisors: Hi. Am I audible?

Management: Yes, you are audible.

Abhishek Kamdar – ValuePlus Advisors: Congratulations on a great set of results. I had one question around ROCE. Last quarter, you had guided for approximately 12-15% ROCE in FY27 and about 20% by the next financial year. We have already seen a recovery from last year to H1 of this year. Based on the capital we have already employed, do you still see 12-15% happening this year?

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

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Abhishek Kamdar – ValuePlus Advisors: You still maintain 20% for next year?

Lalit: Yes, certainly. That is the aspiration: that next year we should achieve 20% ROCE. I would say that is an aspiration.

Abhishek Kamdar – ValuePlus Advisors: All right. Thank you, and all the best.

Operator: Thank you. The next question is from the line of Chirag Chirag Shah from Dalal & Broacha. Please go ahead.

Chirag Shah – Dalal & Broacha: Hi. Can you hear me?

Operator: Yes, sir.

Chirag Shah – Dalal & Broacha: Sir, my question is more on exports. First of all, congratulations on the great set of numbers. Regarding the improvement we are seeing in exports, are we replacing some existing vendors, or are we participating in incremental growth? What is the situation? If we are replacing an existing vendor, what is leading to that, and how cost-efficient are we?

Management: No, we are not replacing any vendor. The new businesses coming in are new product launches taking place in due course, and we are part of those new launches. These are the new order wins we have had, and that is why we have guided for 8-9 months of development and testing time before these orders are converted into revenue.

Chirag Shah – Dalal & Broacha: The new product might be new for us, but is it also a new product for the client?

Management: It is also a new launch for the client.

Chirag Shah – Dalal & Broacha: New launches, correct. This would be a new client for us for the first time, and it also probably opens up their existing orders, which they might be giving to other vendors, correct? That also opens up the opportunity going forward over the next couple of years?

Management: To be very precise, the buoyancy in the overall market and sentiment is extremely good. We are seeing a huge inflow of orders, with new RFQs and new inquiries flooding our system. We are evaluating every single opportunity with precise operating discipline—what we can do and what we cannot do. There is currently a floodgate of opportunities available to all suppliers who are willing to work and grow.

Chirag Shah – Dalal & Broacha: All the best. Thank you for taking the question.

Operator: Thank you. The next question is from the line of Vineet Shah from Dalal & Broacha. Please go ahead.

Yes, Mr. Vineet, please go ahead with your question.

Vineet Shah – Dalal & Broacha: Thank you for taking my follow-up question. I wanted to understand how our railway margins are developing, because if I look at the Q2 number, it has been more or less flat. Do we expect railways to contribute a higher share of the revenue mix in H2?

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Management: To answer you, I think you are finding it flat because railway revenue is a percentage of the total, and there are orders based on the capacities we are supporting. You can always find [trails off]

Management: [inaudible] think that every quarter our total revenue is increasing, so perhaps you are finding it flat on a percentage basis, but we are actually trying to push more. It may not be showing as a very large number in the overall numbers. However, as I already stated, demand from the railways is high and we are securing good orders, so our flow is continuous and there is continuous growth in the railway segment from our side as well.

Pradyumna Choudhary – Bowhead Investment Advisors: Thank you, sir, but I actually calculated the absolute number. It comes to approximately Rs. 64–65 crores for both Q1 and Q2, which is why I had the question. This clarifies it. Thank you.

Operator: Thank you. The next question is from the line of Kush Nahar from Electrum PMS. Please go ahead.

Kush Nahar – Electrum PMS: Thank you for the opportunity. Could you elaborate more on the target we mentioned earlier? To achieve that, there is an implied growth of approximately 23–24% CAGR. Could you elaborate on the growth drivers? Will it be more exports versus domestic, and in general, will it be more automotive, non-automotive, or something else?

Management: In terms of automotive, passenger vehicles are going to be the next lever of growth. Over the next 2 years, by CY28 or FY29, we are looking for almost 10% plus growth to come from passenger vehicles. With the current order book, the new order wins, and the pipeline being so strong, we are extremely confident about our automotive business, specifically on the passenger vehicle side, growing exponentially for us. For a CAGR growth of 20–24%, 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. After the full-year earnings call, we will be able to provide guidance for the following years.

Kush Nahar – Electrum PMS: Any update on the defense products that we are working on?

Management: There is no specific update right now for the investor community, but we are diligently working on our aerospace business. Very soon, we will be able to provide some news that will be meaningful for our investors.

Kush Nahar – Electrum PMS: All right, sir. Thank you.

Operator: Thank you. The next question is from the line of Venkat, an individual investor. Please go ahead.

Venkat – Individual Investor: [inaudible] the

Operator: Sir, your voice is not audible properly. Hello? Hello, Mr. Venkat?

Venkat – Individual Investor: Hi. Is it any better?

Operator: Yes, sir.

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Venkat – Individual Investor: Congratulations on the great results. My question is more broad-based. With the upcoming FTAs with the UK, Europe, and so on, could you provide some insight into what sort of opportunities you foresee as we move into the next 1.5 years? Have you started receiving customer inquiries from those regions? Are any new segments opening up? It would be helpful if you could provide some strategic insight on those matters.

Management: With the current UK FTAs, we are not seeing any major inquiries or anything of that nature. The European FTA is still to be approved by the European Union. We will be able to see traction going forward only after the European FTA is approved by the European Union. There is still some time before that happens.

Venkat – Individual Investor: Sure.

Operator: Thank you. The next question is from the line of Vipul Kumar from Nerola Finance Services. Please go ahead.

Vipul Kumar – Nerola Finance Services: Hi. Am I audible?

Operator: Yes, sir.

Vipul Kumar – Nerola Finance Services: First of all, congratulations on a great set of numbers, sir. My first question is regarding your group-level strategy going forward. What underlying demand is helping you provide the guidance you have given for FY27?

Management: I am not able to understand your question. Please repeat it.

Vipul Kumar – Nerola Finance Services: I am asking what your group-level strategy is to achieve the stated guidance you have given for FY27.

Management: Group-level strategy?

Vipul Kumar – Nerola Finance Services: Yes.

Management: I am not able to answer that. Lalit, can you answer the question, please?

Lalit: I think he is asking what gives us the confidence to achieve 20-25% growth in terms of demand.

Vipul Kumar – Nerola Finance Services: Yes.

Lalit: That confidence comes from the RFQs in the pipeline, the order wins we have achieved over the last few quarters, the customer inquiries, and the guidance from our customers. All of these give us the confidence to achieve that growth.

Vipul Kumar – Nerola Finance Services: Thank you. Can you provide guidance for the EBITDA margin for FY27?

Lalit: Earlier, we had already given guidance that there would be an improvement of 30-40 basis points quarter-on-quarter. That is our endeavor, and we will continue moving toward it.

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Vipul Kumar – Nerola Finance Services: Thank you. I will rejoin the queue.

Operator: Thank you. The next follow-up question is from the line of Pradyumna Choudhary from Bowhead Investment Advisors. Please go ahead.

Pradyumna Choudhary – Bowhead Investment Advisors: Hi, sir. Just one more question. Usually, from an order win to the beginning of deliveries, what would be the time period? I understand it would differ for different order wins, but on average, what sort of time gap is there?

Management: On average, it is 6 months.

Pradyumna Choudhary – Bowhead Investment Advisors: Even on the CV and PV sides?

Management: Everywhere, in all areas, on average it is 6 months.

Pradyumna Choudhary – Bowhead Investment Advisors: How would it differ between domestic and exports?

Management: For exports, it is around 9–12 months, and for domestic business, it is 3–4 months.

Pradyumna Choudhary – Bowhead Investment Advisors: All right. Thank you.

Operator: Thank you. The next question is from the line of Tanmoy Roy, an individual investor. Please go ahead.

Tanmoy Roy – Individual Investor: Hello, am I audible?

Operator: Yes, sir.

Tanmoy Roy – Individual Investor: Hello, am I audible?

Operator: Yes.

Tanmoy Roy – Individual Investor: Thank you for the opportunity, and congratulations on the good set of numbers. I have a few questions. First, regarding the railway wheel, what margin profile are we expecting from there?

Lalit: Can you repeat your question? Are you asking about the margin for the railway wheel JV?

Tanmoy Roy – Individual Investor: Yes.

Lalit: At optimum capacity utilization, we can achieve approximately 18–20% EBITDA margin.

Tanmoy Roy – Individual Investor: Okay. That is better than the casting profile, right?

Lalit: Yes.

Tanmoy Roy – Individual Investor: Thank you, sir. My second question is about aerospace. What level of components are we targeting? Aerospace has several levels of suppliers, such as Tier 1, Tier 2, Tier 3, and Tier 4. Tier 1 suppliers are those who actually build components for engines. Which segment are we targeting, if you have an idea?

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Management: Regarding aerospace, it is not that we are going forward with any Tier 1 or Tier 2 suppliers. We are in direct discussions with OEMs. Currently, the components we are targeting are from the engine side, while frame components are also being explored at the same time.

Tanmoy Roy – Individual Investor: I am asking because, for the engine side, what if it takes 4–5 years even to get approval? [crosstalk]

Management: [crosstalk] No, we are looking at forgings. If forgings are supplied to the OEMs, they machine the product themselves, and the metallurgical validation and other processes are much faster when the OEM machines it directly in-house. We expect that, once we enter aerospace, the business we are targeting can develop much faster than your expectation of 4–5 years.

Tanmoy Roy – Individual Investor: When you say you are working directly with the OEM, these are not precision components such as titanium-grade components that you are targeting? Is it only the forging part?

Management: These are highly precise components. They are highly precise forged components. Forging itself is the most precise item to be produced, particularly because these are engine components.

Tanmoy Roy – Individual Investor: Thank you so much. That's it from my side.

Operator: Thank you. The next question is from the line of Kush Nahar from Electrum PMS. Please go ahead.

Kush Nahar – Electrum PMS: Thank you for the follow-up opportunity. I wanted to understand the gross margin side. We are seeing that Q1 and Q2 have been materially higher than our general rate earlier. What is the reason for this, and is this a sustainable rate at the gross margin level?

Management: As we have said, there is a lot of traction in the market and we have been able to choose our products very diligently in terms of capacity utilization. With capacity utilization further improving, I think we will be able to sustain and grow on this.

Kush Nahar – Electrum PMS: On the gross margin side. All right, sir.

Management: Yes.

Kush Nahar – Electrum PMS: Okay.

Operator: Thank you. The next question is from the line of Karan Gupta from CAVI Capital. Please go ahead.

Karan Gupta – CAVI Capital: Thanks for the opportunity. I wanted to ask about cash flows. There has been a decrease, I believe, in investment in accounts receivable and inventories, and the adjusted cash flow seems to have come from accounts payable. Could you comment on that, the current position, and what you expect for the rest of the year?

Lalit: If you look at the cash flow, there is a net increase in inventory and debtors in terms of value, and that has been offset by creditors. There is a net increase of approximately Rs. 140 crores in net

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working capital. However, if you look at the number of days, we are almost at the level we had in March. It is all due to the volume growth we are achieving and the increase in working capital in absolute value, not in the number of days.

Karan Gupta – CAVI Capital: Going forward, do you expect these working capital days to remain at these levels?

Lalit: We expect to improve them. We are working on improving these numbers, and you will see some improvement in working capital days in the upcoming quarters.

Karan Gupta – CAVI Capital: In terms of days, even though debtors and inventory might seem similar, payable days seem to have increased, which is offsetting the other two.

Management: Yes.

Lalit: That is a mix. Ultimately, inventory and debtors are interrelated because a lot of the shipments we have made have not yet been converted into debtors and have been reflected in inventory. You have to see both together, and the increase in both is much greater than the increase in creditors.

Karan Gupta – CAVI Capital: All right, sir. Thank you, and all the best.

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

Lalit: Thank you. I would like to thank all of you for taking the time to join our conference call. We hope we have answered all your queries to your satisfaction. If you require any further information, please get in touch with us or CDR. We look forward to interacting with you in the next quarter. Thank you very much for joining us. Thank you. Bye-bye.

Operator: Thank you. 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.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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