



RAMKRISHNA FORGINGS LIMITED

Date: 30 October, 2024

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Call Transcript – Q2 & H1 of FY 2024-25

This is further to our intimation dated 21 October, 2024 w.r.t Earnings Conference call with the Analysts/Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for Q2 & H1 of FY 2024-25.

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Earnings Call Transcript for the Analysts/Investors Meet held on Thursday, 24 October, 2024 at 02:30 P.M. (I.S.T).

Copy of the same is also being made available on the website of the Company at www.ramkrishnaforgings.com.

This is for your kind information and records.

Thanking you.

Yours faithfully,

For Ramkrishna Forgings Limited

Rajesh Mundhra
Company Secretary
& Compliance Officer
ACS: 12991



Encl.: As above



REGISTERED & CORPORATE OFFICE

23 CIRCUS AVENUE, KOLKATA 700017, WEST BENGAL, INDIA

PHONE : (+91 33)4082 0900 / 7122 0900, FAX : (+91 33)4082 0998 / 7122 0998, EMAIL : info@ramkrishnaforgings.com, WEB : www.ramkrishnaforgings.com

CIN NO. :L74210WB1981PLC034281



“Ramkrishna Forgings Limited Q2 & H1 FY 2025
Earnings Conference Call”
24 October, 2024



MANAGEMENT: **MR. NARESH JALAN – MANAGING DIRECTOR**
MR. CHAITANYA JALAN – WHOLE-TIME DIRECTOR
MR. LALIT KHETAN – WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER
MR. MILESH GANDHI – WHOLE-TIME DIRECTOR
MR. RAJESH MUNDHRA – VICE PRESIDENT, FINANCE
AND COMPANY SECRETARY

MODERATOR: **MR. RAGHUNANDHAN NL – NUVAMA WEALTH**
MANAGEMENT

Moderator: Ladies and gentlemen, good day, and welcome to the Ramkrishna Forgings Q2 FY '25 and H1 FY '25 Conference Call, hosted by Nuvama Wealth Management. As a reminder, all participants' 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 “*” then “0” on your touchtone phone.

I now hand the conference over to Mr. Raghunandhan from Nuvama Wealth Management. Thank you and over to you, sir.

Raghunandhan NL: Thank you. Good afternoon, everyone. On behalf of Nuvama Wealth Management, I would like to welcome you all to this earnings call of Ramkrishna Forgings. I would like to thank the management for giving us this opportunity.

From the management team 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 Mundhra – VP (Finance) and Company Secretary.

Before we begin, may I remind you of the Safe Harbor. The Management may be making some forward-looking statements that have to be understood in conjunction with the uncertainties and the risks the company faces.

I shall now hand over the call to Mr. Lalit Kumar Khetan for “Opening Remarks”. Over to you, Lalit, sir.

Lalit Kumar Khetan: Thank you, Raghu. Welcome, all of my investor friends on Q2 FY '25 and H1 FY '25 Earnings Call of Ramkrishna Forgings Limited.

In the midst of rising geopolitical tension and ongoing global economic uncertainty, we have continued to make steady progress in our strategic efforts. While maintaining a strong financial performance, we are undertaking multiple initiatives to further strengthen our business model and equip ourselves with levers to ensure sustained growth in the quarters ahead. As you are aware during last year, we acquired Multitech Auto, JMT Auto, now renamed Ramkrishna Castings and followed by acquisition of ACIL earlier this year. We are focused on integrating these acquisitions and have established a plan to streamline our corporate structure. In Q2, we divested 100% stake in our travel company, Globe All India Services Limited to Yatra Online for a cash consideration of Rs. 128 Crores. These funds, unlocked from non-core assets, are being invested as growth capital.

The Board of Directors has also approved an investment of Rs. 57.5 Crores to establish an aluminum forging capability around 3,000 metric tonnes per annum at Jamshedpur, primarily to serve the EV segment. This will significantly enhance our presence in EV market. This is in addition to our previously announced plans to enhance capacity by our hot forging capacity by

40,000 tonnes, and cold forging capability by 25,000 tonnes. Additionally, the company in Mexico, which we acquired in Q2, has been renamed as Ramkrishna Forgings Mexico. This will serve as an operational hub for some of our international business in North America and bring us the additional business in the entire North American continent.

Apart from above, we have done significant CAPEX in upsetters, cold forging and 8,000 tonnes hot forgings press capacity during H1. Further, we have also invested in ramp-up of production of our subsidiaries, that is Ramkrishna Castings and ACIL. We have also built-up stock for the new developed products for the order wins in the recent past and for the assembly vertical. This stock built-up, coupled with the ramping up of production in subsidiaries, has also led to a little bit increase in inventory during H1 '25. Further, inventory has also gone up due to the build-up of stock in transit and at warehouses due to the Red Sea issues.

All the above combined events have led to an increase in consolidated debt by Rs. 282 Crores in H1 FY '25. But the same is likely to normalize in the upcoming period as we anticipate seeing the benefits from the above initiatives in the coming quarters, with more substantial momentum expected from FY '26 onwards.

For investors, the key takeaway is that our growth will become increasingly multi-dimensional with an expanded range of end user industries. RKFL now has multiple growth avenues, which are also seeing exciting potential in non-automotive segment, mainly railway and farm equipment and assemblies. Additionally, we are positioning ourselves to scale up in the electric vehicle industry also. The ongoing integration and growth initiatives are expected to gradually improve our EBITDA and margin profile.

In the above backdrop, let us go over to our financial performance for the second quarter of Financial Year 24-25. During the quarter, raw material prices have decreased by 4%, which has also resulted in lower realization per tonne and also impacted top line to that extent. Still, we have been able to achieve the highest ever top line for the company in the quarter.

We report revenue of Rs. 1,053.63 Crores on a consolidated basis, representing 17.2% year-on-year growth. EBITDA at Rs. 232.75 Crores represent an increase of 16.2% year-on-year basis. The consolidated EBITDA margin for Q2 FY '25 stood at 22.09% and the same has moderated by 20 basis points year-on-year. We believe that we will be able to improve upon the above margin in the near future. Profit after tax, including exceptional item, is Rs. 189.77 Crores in Q2 FY '25 compared to Rs. 82.2 Crores in Q2 FY '24, which is a rise of 130% year-on-year.

That's all on the financials from my side. Now I will request Miles Gandhi to update the investors on the order win during the quarter. After that, we can have the floor open for the Q&A. Miles, over to you.

Miles Gandhi:

Good afternoon. A very good afternoon. Miles Gandhi here.

I would like to convey that we have secured orders during the quarter worth Rs. 1,522 Crores to be executed over a period of 4 (four) years. Against the Rs. 1,522 Crores orders, we have

received from North America orders worth Rs. 1,475 Crores, in which we have secured Rs. 1,312 Crores from the auto segment and from the non-auto segment we have fetched orders worth Rs. 163 Crores. From India, we secured Rs. 47 Crores orders in which non-auto represents Rs. 39 Crores and railway represents Rs. 8 Crores order win.

This is from my side. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha: Thank you, sir, for the opportunity and happy festive season to the management and congrats on the strong order wins for this quarter. Sir, firstly, this quarter we have seen very good growth from the domestic revenues. Can you help us understand because the MHCV which was very muted this quarter, so we notably outperformed that market. I just want to understand which orders have seen the ramp-up and which segments are doing well in domestic markets, sir?

Naresh Jalan: I think in this quarter we have seen a degrowth in the commercial vehicle sector, but we have grown because of share of business going up in a lot of businesses and also new pipelines of new components which we have introduced in our business scenarios, that has resulted in strong revenue from the domestic sector.

Mumuksh Mandlesha: And so, this kind of outperformance we expect to maintain based on these new orders ramp-up, right, sir?

Naresh Jalan: We expect to grow from here. I think domestic business will further grow from here.

Mumuksh Mandlesha: And sir, this year first half has been around 7% growth on the revenue side and we have a target of 15% growth. So, do you see this year it'll be a little lower than the guidance, but from next year onwards we should see much better growth, right, sir?

Naresh Jalan: No. I think we will stick to our guidance of 15% to 20% growth. And if you see, realization from raw material basically has gone down by 4% in this quarter. That also has resulted in lower revenue. But overall, we expect 15% volume growth for the full year.

Mumuksh Mandlesha: And just on the overall medium to long term, sir, you talked about multiple segments expected to do well for Ramkrishna. So, I just want to understand, do you see the pace of growth of 15% to 20% further increasing over medium to long term, sir?

Naresh Jalan: I think we are right now well positioned for 15% to 20% growth. And with new sectors coming in, like two-wheelers and passenger vehicles in the coming months and coming quarters, we will see further growth coming from the automotive sector, which were not present. So, all these levers will help us to maintain the growth trajectory with the capacity additions which we are having. This will surely help us in getting into the trajectory on a continuous growth basis.

- Mumuksh Mandlesha:** So, one year target also would be there, sir, 15% to 20% is what we are looking out, sir, in terms of growth side?
- Naresh Jalan:** Yes, we are confident of 15% to 20% year-on-year growth also.
- Mumuksh Mandlesha:** Just lastly, sir, on the other expenses, last quarter we had this one-off item of electoral bond trust and the freight costs were higher. This quarter also we saw other expenses on the rise only. So, any reason for the high other expenses, sir?
- Lalit Kumar Khetan:** So, other expenses, the only reason this quarter is due to that export expenses, the carriage cost has increased on exports during the Quarter, so that's why it looks flat quarter-on-quarter. That decrease of one-time expense has been offset by the increase in export carriage cost.
- Moderator:** Thank you. The next question is from the line of Shaleen Kumar from UBS. Please go ahead.
- Shaleen Kumar:** Thank you so much for the opportunity. Sir, this is more of a near to medium-term question. Like we are facing challenges in the HCV market and it's like both domestic as well as global, that's what we have been hearing, right? So, understanding that, how do you see us delivering the growth which you are talking about, right? If let's say this continues for this year as well as the next year. I mean, that's the one of the big concerns which I feel we have been hearing from investor community. So, how do you see that?
- Naresh Jalan:** I think in the CV sector, it remains flat or where it is today also we are sure to grow by 15% to 20%. I think with the introduction of new components as well as new assemblies, we have been able to get better share of businesses. And this better share of businesses is resulting in a strong momentum in the domestic order book growth for us and revenue growth for us. So, we are very confident with the addition of capacities and the new, more automated lines and more value engineered lines, we will be able to still further grow in terms of our value add with our existing customers and continue to add on to our order book.
- Lalit Kumar Khetan:** Shaleen, I would like to add a little bit here, we have a lot of new product development being done above the past order wins, which will also help us in fueling this growth. Plus, the capacity we are putting on the cold forging and aluminum forging also will give us that kind of growth.
- Shaleen Kumar:** Sir, about the acquisitions which you have done like ACIL and JMT, are we getting exposure to the new segments or new clients as well?
- Naresh Jalan:** Yes, we are getting exposure to new segments, new clients across the globe right now. I think Miles in his opening statement has announced that around Rs. 1,500 Crores of new order book which we have won for this quarter, almost Rs. 1,300 Crores is from the North American industry. So, they are all from new clients and new businesses.
- Shaleen Kumar:** Is it possible to share what the new segments are or the clients? Anything, I am not sure, if you can share something there.

- Naresh Jalan:** Shaleen, can you repeat the question? I could not hear you.
- Shaleen Kumar:** Sir, is it possible to share the names of these segments or the clients, anything that is possible from your side.
- Naresh Jalan:** It is basically automotive segment, Shaleen.
- Shaleen Kumar:** Clients, sir, any new clients that you've added? I do not know if you can share that again or not.
- Naresh Jalan:** No, we actually cannot name the clients.
- Shaleen Kumar:** Okay. Sir, just switching on now, Rs. 100 Crores for aluminum. Sir, can you talk about like economics of this segment? And second, Rs. 100 Crores, at least I think it's a starting point, right, and that's my understanding, you can correct me. So, do you think that if it's a starting point and more just testing the product going to the market, we should be able to do much more bigger CAPEX here and the opportunity is much bigger here?
- Naresh Jalan:** Shaleen, we are just I think at the starting point, there's 3,000 tonnes of capacity addition in aluminum and with only around Rs. 60 Crores of CAPEX, this is just we are testing waters. And while our customer, for whom we are building this capacity, is wanting much more bigger capacity, but we would want to test waters because we have never ever ventured in non-ferrous ever before. So, we want to enter into non-ferrous in a very cautious mode because of the volatility in the pricing and other things.
- We would want to test waters with a small capacity of 3,000 tonnes and then put a larger sum of money, but the opportunity is, I think, almost 30x of the capacity which we are putting in right now. So, it is just a tip of the iceberg, and I think gradually we will see much more bigger CAPEX coming into it and much bigger non-ferrous activity starting post this is done.
- Shaleen Kumar:** And sir, in terms of profitability, returns, is it comparable better or inferior compared to the current?
- Naresh Jalan:** In terms of EBITDA Percentage margins, it is lesser because the commodity pricing is much higher than current commodity. But in terms of realization or in terms of return ratios, it is much faster than what we are doing for our customers currently.
- Moderator:** Thank you. The next question is from the line of Mitul Shah from DAM Capital. Please go ahead.
- Mitul Shah:** Sir, thank you for the opportunity and congratulations on a very strong performance. Sir, first question, again, clarification on this 15% plus volume growth. Based on the first half number, then it implies that second half growth would be like a 20% to 25%. So, do we have that type of order in hand starting from October itself or it will be back ended in Q4? And we have concrete visibility on this second half, this type of growth of about 25%?

- Naresh Jalan:** Mitul, we are very confident on what we are commenting. And more than that, I think we would not like to substantiate, but we would only say that whatever we are saying, we have a concrete plan for that and we will be able to meet what we are saying for 15% plus growth.
- Mitul Shah:** Second question on, sir, casting business where we have now increased our focus, including CAPEX and all. So, the majority of these are new clients or existing clients we are trying to cross-sell? How much clientele base would be overlapped and how much would be incremental clients, sir, where we can also cross-sell our forging products also?
- Naresh Jalan:** I think by next year FY '26 we will be having almost 60,000 tonnes of casting capacities, and we are going to sell casting both domestic and international. Right now, we have no international business as such. We have just started getting orders from international businesses. We are focusing both on our existing clientele as well as the new clientele. So, it is a very, very exciting opportunity for us, and our overall aim is to double our capacity in the next two years. And we have confirmed visibility from our existing clients also and we have extremely strong RFQ pipeline from new customers.
- Mitul Shah:** But sir, would there be more new clients or the majority would be existing and maybe about 20%, 30% only new clients?
- Naresh Jalan:** I think, Mitul, whoever gives me business, whether it is existing or new, it does not make a difference for me. As far as I am concerned, I am ready to set up a capacity of 60,000 tonnes. We are on path. By next year, we should be having this capacity. And we are confident, our marketing team is confident of selling the entire capacity.
- Mitul Shah:** Yes, sir, great. Sir, I am just trying to analyze whether there is a possibility of cross-selling forging products to these new clients, from that perspective I was trying to understand.
- Naresh Jalan:** No, basically, Mitul, we are always looking for new clientele. So, I think this new order wins we have announced right now from North America, these are from new clientele. So, obviously this forging, also we are pitching castings too also them. So, cross-selling, because RKFL as one, we have different bouquet of products to offer to them. It is up to client to choose which one they want to source from RKFL.
- Mitul Shah:** Lastly on railway side, we are hearing slowdown and some ramp down by government orders getting delayed, etc. Anything on that for our JV business?
- Naresh Jalan:** We are not into wagon building, so we cannot comment anything on the wagon side of it. But in terms of passenger, I do not think there is any slowdown. I think the entire focus of government CAPEX is improving passenger comfort and passenger safety. So, their focus and ramp-up is continuously there and we have a very strong pipeline in terms of order book from the railway. So, we are not at all impacted by any news which is coming in terms of there is going to be a slowdown in railways.

- Moderator:** Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.
- Jyoti Singh:** Sir, just like you mentioned, we are having an impact from the Red Sea side. So, I just wanted to get the idea on the Red Sea side that which country and geography is benefiting with the export, because we are not able to export at this time.
- Naresh Jalan:** So, we have never said that we are not able to export. We are obviously able to export. Our sea time or transit time has increased because of the Red Sea issue, because the ships are taking divergent route. That's the reason our transit time has increased, but it is not that we are not able to export.
- Jyoti Singh:** So, we are exporting full-fledged?
- Naresh Jalan:** Yes, yes, we are exporting full-fledged, and we are doing extremely well in exports.
- Jyoti Singh:** So, sir, isn't China benefiting as they can export directly?
- Naresh Jalan:** We cannot comment on this. I think it is extremely difficult for us to comment about China.
- Moderator:** Thank you. The next question is from the line of Raghunandhan from Nuvama Wealth Management. Please go ahead.
- Raghunandhan NL:** Congratulations, sir, for another set of strong numbers. Sir, firstly, in terms of subsidiary performance, MAPL in Q1 had seen Rs. 86 Crores of revenue with 16% kind of margin. Can you talk about the Q2 performance and whether we are on track for the Rs. 5 billion target for the full year with a 17%, 18% margin?
- Lalit Kumar Khetan:** So, Raghu, coming to the subsidiary performance, yes, we have just started ramping up the subsidiaries JMT and ACIL. And if I look at the performance, Multitech is already established. And we have done a turnover of about Rs. 94 Crores in this quarter in Multitech and about Rs. 30 Crores in JMT and Rs. 20 Crores in ACIL. There has been some elimination due to the material being shipped from RKFL to the other entity or another entity for the value-add. So, that's why the consol number is Rs. 1,053 Crores. But this is going to improve significantly in upcoming quarters.
- And coming to the Rs. 5 billion target of top line, I will say we are very much on course. We have already disposed of our subsidiary Globe, so that will have a commensurate impact on that. Otherwise, if there is a material decrease or a raw material decrease, that can have an impact. Otherwise, we are very much on course for the top line guidance what we have given on the consol basis.
- Raghunandhan NL:** Good to hear that. Sir, in terms of your product portfolio, you have been continuously expanding and adding new products. And in one of your slide, other categories you have displayed products

relating to the trailer axle assembly and suspension. Just if you can spend a little time explaining the potential for these products.

Naresh Jalan: I mean, trailer axle assembly, we have just launched in this quarter, and we have achieved a sales of almost Rs. 20 plus Crores. This is a Rs. 2,000 plus Crores market and growing at a very rapid pace of 17% to 20% every year. And it's that we are expecting to at least by this year-end or first quarter of next year to get to almost 25% market share in this segment. And we have patented our axles and this is a proprietary item going directly to the consumer, and we expect a very large growth in next two years to come from this portfolio. And in coming months in this quarter or maybe by next quarter, we are launching some more proprietary parts which is going to be exceptionally good for our growth in terms of our assembled verticals which we are launching.

Raghunandhan NL: That's good to hear, sir. And in terms of order book in this space, you would be in a discussion with the customers and what would be the status kind of orders you would have already received?

Naresh Jalan: No. It is a B2C segment and directly to the consumer, this is not with the OEM. So, there is no confirmed order book. It is tailor-made to the requirements, but we expect quarter-on-quarter at least 40% to 50% growth till we achieve a 25% to 30% market share. And for us, the current market today in India is close to around Rs. 2,000 Crores for this.

Raghunandhan NL: Got it, sir. Wishing you all the best there. And sir, in terms of the railway business and we had the Vande Bharat related orders of Rs. 270 Crores, so would it be right to understand that these orders would be executed over FY 26-27?

Naresh Jalan: Yes, it is right, it is going to be executed over FY 26-27.

Raghunandhan NL: And one clarification on the aluminum forgings. So, the capacity we are putting up would be backed by the order, sir?

Naresh Jalan: It is already backed by an order. The entire capacity of 3,000 tonnes is completely backed by a firm order for 5 (five) years.

Raghunandhan NL: In terms of our growth, the share of North America has been consistently going up and we have been doing very well, both in terms of order wins and growth in that particular market. Your thoughts on how the demand is there, how do you expect the outperformance to continue? Recently, there were comments by Volvo that the 2025 North America EV market should see a positive growth. So, in terms of what you are hearing from the clients, how is the share of business increasing?

Naresh Jalan: Raghu, right now the market is flattish. We are growing and we are doing exceptionally well because of our marketing has been able to penetrate new segments and new customers in North America. And that's the reason we are growing. And with setting up of a facility in Mexico, we expect this to further consolidate and grow. We are extremely bullish on our North America segment with setting up of this facility, which is going to be upstream from this quarter onwards. And next quarter onwards, we are going to see revenue coming in from that sector. So, the

current pipeline and the current visibility which we have, gives us extreme confidence that in North America we will continue to grow and continue to consolidate in coming quarters and coming years.

Raghunandhan NL: And in terms of the PV space, how do you see your share in the PV space to increase and which regions will contribute to that?

Naresh Jalan: PV space, I think, Raghu, we have just entered. It is very, very minuscule right now. But I think the biggest PV chunk is going to come by FY '26, both from North America and from India.

Moderator: Thank you. The next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Hi, team, great set of numbers. My question is for Mr. Gandhi. Sir, I read somewhere that in 2027 the North American heavy commercial truck market is having some emission norm change. So, could you share your thoughts on it with respect to that norm change, how would the customer buying be, how does it happen, how does it work there?

Milesh Gandhi: So, I heard your question. See, whenever any norm change comes in, there is always a pre-buy that is always expected. But obviously, when the norm change comes in '27, '26 is going to be a very strong year and North America has already been spelling so. But because of many of the infrastructure demands and the way America is trying to rebuild itself, the demand is going to be very strong for the next 2 (two) years. And we foresee even if the change is going to happen, but the demand will still change when the emission norms get changed. I hope I answered you.

Dhaval Shah: Yes. And this is for Class 8 specifically, or is it for other classes trucks also?

Milesh Gandhi: Class 8 makes the maximum effect because the long haul comes under the Class 8, so that is going to be the primary market. And vocational trucks along with dirt trucks also come into the same freight. So, it is going to be an effect across.

Dhaval Shah: So, you feel that due to pre-buying, the growth could be better in calendar year '26?

Milesh Gandhi: I did not hear your last point.

Dhaval Shah: I am saying, because of the pre-buying the growth could be better in calendar year '26?

Milesh Gandhi: America has been stating very clearly that demand is going to be good over a period of time in the forthcoming years. So, even I think the demand will continue to remain so. And I think the pre-buy can always give better numbers, but with the amount of demand on account of the construction and with regard to infrastructure, that should continue in the same pace.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

- Rakesh Roy:** My first question regarding, sir, you are setting up a new plant in next 12 months of 3,000 tonnes, sir. So, mostly we are focusing on EV segment or other also? On EV segment, what we are going to make?
- Naresh Jalan:** I think we are focusing on EV segment. What we are going to make, I think we would not like to name the product. Basically, it is the transmission components which we are going to make, but exactly the component we cannot name. Primarily, the entire capacity is for EV segment.
- Rakesh Roy:** And can you highlight, sir, the North America truck market in specific to the Class 8 truck market, how is it doing and for next 12 months what is your outlook?
- Naresh Jalan:** I think we will not be able to comment on Class 8 in particular, but overall, as far as RKFL is concerned, we are doing extremely well in the North American market. And we foresee going forward also our operations and our volumes from North America is going to continue to remain strong.
- Moderator:** Thank you. The next question is from the line of Prateek Bhandari from ART Ventures. Please go ahead.
- Prateek Bhandari:** Hi sir, thank you for the opportunity. I just wanted a break-up of order wins during the quarter, if you can just repeat the same.
- Naresh Jalan:** Miles, can you repeat it, please?
- Milesh Gandhi:** So, I will repeat what I stated. Against the Rs. 1,522 Crores orders that is to be executed over a period of 4 (four) years, for North America we won Rs. 1,475 Crores orders, in which auto constitutes to Rs. 1,312 Crores and non-auto constitutes to Rs. 163 Crores. Further, from India we secured order of Rs. 47 Crores in this quarter in which non-auto is around Rs. 39 Crores and railways specifically is Rs. 8 Crores.
- Moderator:** Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.
- Khush Nahar:** Hello. Thank you for the opportunity, sir. Sir, one question, is there any update on the Ramkrishna Titagarh JV, what is the expected timeline of our first product?
- Naresh Jalan:** I think we are doing extremely well in terms of our Titagarh JV is concerned, and project is moving as per timeline.
- Khush Nahar:** Sir, if I am not wrong, that would be FY '26, I think?
- Naresh Jalan:** Last quarter of FY '26 we will start producing wheels and delivering to railways.
- Moderator:** Thank you. The next question is from the line of Mr. Raghunandan from Nuvama Wealth Management Limited. Please go ahead.

Raghunandhan NL: Thank you. Raghu here again. So, sir, on the CAPEX and investment side, first half this year we have done Rs. 400 Crores plus of CAPEX, and investment has been Rs. 100 Crores plus. How do you see the CAPEX for the full year? And also, in terms of the debt, if you can talk about how you see the debt reducing as working capital normalizes and your efforts on improving the cash flows?

Lalit Kumar Khetan: So, Raghu, on the investment side, I think we have largely done on the investment with subsidiaries. There will be a small amount on the subsidiary side. And what we have given the guidance of about Rs. 500 Crores of CAPEX initially, it may increase by another Rs. 50 Crores during the year. And on the subsidiary side, it remains the same. On the investment side also we only need to invest on the JV with Ramkrishna Titagarh, and for that also we have given a guidance of Rs. 100 Crores for the full year. We have already given Rs. 53 Crores in the first half, so another Rs. 47 Crores or Rs. 50 Crores is going to that.

Raghunandhan NL: And in terms of the EV space, how would you look at the aspiration you would have to improve your presence on the EV given that you are putting in more efforts? It helps both on the diversification side and also is opening up new opportunities for you. Over a medium term, how would you look at EV contribution to your overall business?

Lalit Kumar Khetan: So, Raghu, on the EV side, I have already explained that initially we have just started and this aluminum forging is for the EV. We are also doing currently EV but specifically this aluminum forging will go a long way on the EV side. Let us first stabilize and then we will comment on how we are moving ahead on the EV. Let's just wait for some time.

Naresh Jalan: But I think Raghu, just to update on what Lalit said, our internal vision in next 2 (two) years by FY 27, is that our 15% to 20% revenue should be coming from EV or hybrid vehicles. That is the vision we are working with and I think we are on track to achieve our vision.

Raghunandhan NL: And would TSUYO also form part of that vision?

Naresh Jalan: Hello?

Raghunandhan NL: You had one investment in TSUYO.

Naresh Jalan: No, TSUYO investment, I think last call also we have said, we are not expecting anything from that. We have withdrawn from that investment and Rs. 10 Crores which we have paid and we will be getting the refund.

Moderator: Thank you. The next question is from the line of Vidrum Mehta from ASK Investment Managers. Please go ahead.

Vidrum Mehta: Firstly, season's greeting to you and the entire team of RK Forging. Sir, my question was more related to the standalone business revenue growth of 10% which we reported as against MHCV industry volume which reported high-single-digit or a double-digit decline. So, if you could

share broadly what could be the growth in terms of, if you can break the growth with respect to the new products, the increasing share of business and pure organic volume growth?

Naresh Jalan: I think it is extremely difficult for us to break it down in terms of product, but we can only say that overall in terms of our ambitions and our hard work for the last few years in terms of getting into more value-added products and assemblies have resulted in higher share of business across the vehicles and that has resulted in an extremely strong domestic market for us and getting into strong volumes with even the drop in overall MHCV demand. And I think going forward also, we foresee the same pattern to continue with the kind of work we have done, and our continued progress in new product development and getting into higher value-add. We will continuously work on the same momentum to get us a higher share of businesses and a strong domestic market.

Vidrum Mehta: So, sir, in that case, how much should we outperform the overall industry, could you give some sense on that?

Naresh Jalan: No, I think we do not have a definite number to it, but I think we are working towards our overall objective of 15% to 20% year-on-year growth for near foreseeable future. So, with this kind of thought process, we are on the track to continuously keep on adding new products and as well as keep on working on the existing products to offer better solutions to our customers by which we can gain market shares.

Vidrum Mehta: Sir, secondly, I understood the point on the volume growth that we expect 15% to 20% growth. But obviously it is because the lower RM cost is resulting into lower realization. And so, if I look at for H1, our realization is down roughly 3% odd, despite volume higher in H1 of FY '25. So, how you look at realization or probably the RM basket moving in H2 of FY '25?

Naresh Jalan: I think it is extremely difficult. I think raw material price is something which we cannot comment on. We would love to have stable raw material, but I think it is next to impossible for us to comment on whether raw material prices are going to fall from here or going to correct further from here or not. So, we have to live with that. We only can say that we would continuously keep watch on it and we will, on our side we will be able to only keep on maintaining our conversion margin and keep on adding value to the products by which we are going to try and see whatever best we can achieve in terms of our top line.

Vidrum Mehta: Sir, in terms of procurement, would it be a quarter lag or how should one look at it?

Naresh Jalan: No, it is a quarter lag.

Vidrum Mehta: It's a quarter lag, right?

Naresh Jalan: Yes.

Vidrum Mehta: And sir, one more question from my end. So, you gave a breakup of revenue from the subsidiaries, which works out to be north of Rs. 140-odd Crores, but the reported number states

that it is Rs. 100-odd Crores, if I just subtract consolidated minus standalone. So, you said there is some related-party transfer or --

Naresh Jalan: No, basically, like a lot of forgings are going from the parent company to the subsidiaries, but ultimately they have not been sold to the customer yet, so that sales have been knocked off.

Vidrum Mehta: So, how much percent should we assume in this knocking off?

Lalit Kumar Khetan: That I have already told, about Rs. 40 Crores has been knocked off, and that number itself stays.

Vidrum Mehta: So, broadly that should continue in coming quarters as well, right?

Lalit Kumar Khetan: No, so it depends upon the ramping up and how much the material is produced and sold. The number will certainly change, the percentage will change.

Naresh Jalan: It will drop somewhat because lot of samples and other things have been developed in this quarter. So, that has slowed down, but that will get further ramped up in this quarter wherever sample approvals and other things have come in. So, all those inventories will get liquidated, and it will come into regular cycle. That is the reason we have mentioned in our presentation also, the working capital is going to moderate, which is seen at an elevated level right now, is going to moderate in coming quarters with all these samples getting converted into bulk supplies.

Vidrum Mehta: So, sir, then Rs. 5 Billion target of top line from subsidiaries is including that or excluding that?

Naresh Jalan: No, we have never said Rs. 5 Billion revenue from subsidiaries, I think Lalit, can you clarify?

Lalit Kumar Khetan: So, you are talking about Rs. 5 billion consol, that guidance is given by me earlier also, including my driver subsidiaries that has already gone. And certainly, you have to look at the consol number and certainly, I said you have to adjust it for the raw material impact. So, considering 15%, 20% growth, we are there almost for that kind of number. But certainly, now it will be not a Rs. 5 Billion, it can be somewhere between Rs. 4,500 Crores to Rs. 4,600 Crores kind of thing, right now, on the consol basis for FY '25, considering that adjustment .

Moderator: Thank you. The next question is from the line of Karan Gupta from InvestSavvy Portfolio Management. Please go ahead.

Karan Gupta: So, first question is on the inventory receivable side, compared to H1 of last year, H1 of this year has increased significantly. So, can you comment on that? And the second one on the CAPEX breakup across the facilities you are starting or increase in capacity. So, that is the second one.

Lalit Kumar Khetan: So, looking at those receivables, if you look at it on a consol basis, it has gone up by Rs. 119 Crores and that's mainly due to a little bit on the certainly a delay in receipts from the overseas customers, which is likely to moderate and improve in the upcoming quarter. So, I will say it's a marginal impact in terms of days because there is an increase in sales also commensurate with

revenue. So, it's about Rs. 80 Crores to Rs. 94 Crores increase, which is likely to correct it in the next quarter.

So, coming to the next part of the question, that's on the CAPEX. The CAPEX I have already mentioned, there are CAPEX on cold forgings for 8,000 tonnes press line, and upsetter capability. And we have made significant progress on all these capacity. Apart from that, there is CAPEX in the ramping up of JMT, that is Ramkrishna Castings. We have already started the production in Ramkrishna Castings and we are in the process of adding up the capacity there. And same is with ACIL, ramping up of the capacity is happening up and the renovation of facilities is happening up. All this together has led to this kind of CAPEX.

Karan Gupta: The last one is, can you just give some economic number of your aluminum capacity? What will be the asset turn? What will be the kind of margin and realization part?

Lalit Kumar Khetan: So, we have already given that segment, there is a Rs. 57 Crores investment. And as optimum capacity utilization, it can give me around Rs. 250 Crores of top line. You can understand that it will be around 4 plus kind of asset turn. And in terms of percentage margin, certainly EBITDA will be lower, but in terms of realization it is much higher in terms of EBITDA per tonne. And that's why, if you look at, it will be a payback of less than 2 (two) years, if you go on the full capacity.

Moderator: Thank you. The next question is from the line of Harsh Saraff from Yashawi Securities. Please go ahead.

Harsh Saraff: I have one clarification question. If you could provide an update on the bogies that were planning to assemble for the Vande Bharat?

Naresh Jalan: You are talking about the bogie frame basically?

Harsh Saraff: Yes.

Naresh Jalan: Bogie frame, I think this month we are submitting the prototypes for Vande Bharat. And I think post the approval of prototypes, this will go into bulk production.

Harsh Saraff: And just one clarification question on the comment you had made earlier. Have you said that you have divested from the TSUYO partnership and Rs. 10 Crores investment has been refunded?

Naresh Jalan: We have divested from TSUYO partnership.

Moderator: Thank you. The next follow-up question is from the line of Prateek Bhandari from ART Ventures. Please go ahead.

Prateek Bhandari: Sir, about this aluminum forging press line, what quantum of CAPEX have we done?

Naresh Jalan: We are going to do Rs. 60 Crores almost of CAPEX for setting up this plant.

- Prateek Bhandari:** On that we are somewhere expecting Rs. 250 Crores of top line?
- Naresh Jalan:** Yes.
- Prateek Bhandari:** And you stated that the payback period will be two, two and a half years, roughly?
- Naresh Jalan:** Yes, roughly.
- Moderator:** Thank you. The next question is from the line of Puneet Zaveri, an individual investor. Please go ahead.
- Puneet Zaveri:** Just one question on your aluminum forging capacity. You said that it's a small capacity, right now of 3,000 tonnes. Just wanted to understand how big is this opportunity within India? Any kind of number that you would have for the domestic aluminum forging capacity in India currently?
- Naresh Jalan:** No, we are not setting up this facility for manufacturing any products for Indian OEMs, it's for overseas OEMs. And the total available opportunity in overseas market is 20x of the capacity which we are setting up for the customer which we are doing this. So, I think this is only a tip of the iceberg which we are setting up. And I think as we gain experience, we will add on more capacity.
- Puneet Zaveri:** So, is there any kind of, at least in the short term, maybe the next 12, 18 months, do you see that once after this customer as well, this will only be used mostly for the overseas facility and only when the demand comes in the domestic market is when you will then put up additional capacity. So, is that a safe assumption to make?
- Naresh Jalan:** I think the demand in the domestic market is also there, but we are setting up this capacity for overseas. But once we gain experience in non-ferrous, I think post the development and post some bulk supplies for a few months, once we are confident of delivering goods, we will extend our CAPEX in this line to cater to the domestic market as well. So, opportunity overall globally is extremely huge. So, I would not be able to look substantiate or comment on exactly what is the total opportunity. But I can only say, we are setting up a very small capacity and opportunity for it is extremely big. And you will see in coming years a large amount of CAPEX being allocated to set up more capacities in aluminum in RKFL.
- Puneet Zaveri:** So, just one clarification, sir. Your current capacity, the opportunity is 20x with the current customer, right, which you are setting up the capacity for?
- Naresh Jalan:** Yes, 20x.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Rajesh Mundhra:** Thank you. We take this opportunity to thank everyone for joining the call. We hope that we have been able to answer and address all your queries. For any further information, kindly get

in touch with the Investor Relationship Advisors. Thank you very much for sparing your time and joining us on the call. Thank you and have a good weekend.

Moderator:

Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.

-----XXXXX-----