RAMKRISHNA FORGINGS LIMITED

Date: 24 January, 2025

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Call Transcript – Q3 & 9M of FY 2024-25

This is further to our intimation dated 10 January, 2025 w.r.t Earnings Conference call with Analysts/Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for Q3 & 9M 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 held with Analysts/Investors on Friday, 17 January, 2025 at 17:30 Hours (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
Digitally signed by RAJESH MUNDHRA
Date: 2025.01.24 12:48:56 +05'30'

RAMKRISHNA FORGINGS LIMITED KOLKATA

Rajesh Mundhra
Company Secretary
& Compliance Officer
ACS: 12991

Encl.: As above

THE ECONOMIC TIMES INDIA'S GROWTH CHAMPIONS 2020 statista

Ramkrishna Forgings Limited

Q3 & 9M FY' 25 Earnings Conference Call Transcript

Friday, 17 January, 2025

MANAGEMENT:	**MR. NARESH JALAN – MANAGING DIRECTOR** **MR. CHAITANYA JALAN – WHOLE-TIME DIRECTOR** **MR. LALIT KUMAR KHETAN – WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER** **MR. MILESH GANDHI – WHOLE-TIME DIRECTOR** **MR. RAJESH MUNDHRA – COMPANY SECRETARY & VICE PRESIDENT (FINANCE)**
MODERATOR:	**MR. MANAV SHAH – NUVAMA WEALTH MANAGEMENT**

Moderator: Ladies and gentlemen, good day, and welcome to Ramkrishna Forgings Q3 FY '25 Earnings Conference Call hosted by Nuvama Wealth Management.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the "*" then "0" on your touchtone phone.

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

Manav Shah: Thank you, Steve. Good evening, everyone. On behalf of Nuvama Wealth Management, I would like to welcome you all to the Q3 FY '25 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 Kumar Khetan – Whole Time Director and Chief Financial Officer; Mr. Milesh Gandhi – Whole-time Director, Marketing; and Mr. Rajesh Mundhra – Vice President (Finance) and Company Secretary.

Before we begin, may I remind you of 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. Good evening and best wishes to all participants for a happy and prosperous New Year.

Amid continued macroeconomic challenges, I am pleased to report a robust performance for the third quarter. The demand for Light Vehicles and Two-wheelers remains encouraging in both domestic and international markets, though demand for Commercial Vehicles has moderated comparatively.

Despite the moderation in CV demand, we have achieved strong volume growth driven by increased business share across several customers and momentum from new component pipelines. We are able to achieve this due to focus on value-added products and excellence in product engineering.

Our strategic focus on diversification continues to move ahead. We are excited to share that our offerings for two-wheelers and passenger vehicles are set to launch in the upcoming period, adding further growth avenues in the automotive sector while reducing our current high dependence on commercial vehicles.

The quarter has seen further progress on integration and capacity ramp-up of our recently acquired subsidiaries including tying up of financing. These efforts will result in enhancement of capacities in Forgings while adding capabilities in Castings allowing us to diversify beyond predominantly Forging-based business.

We have already announced that the Aluminum Forging facility of 3,000 metric tonnes at Jamshedpur in the last quarter. This initiative will cater to the Electric Vehicle segment forming a foundation for our plan to address opportunity in this segment.

Additionally, we are going to commence very shortly the Cold Forging capability of 25,000 metric tonnes and in the very near-term Hot Forging capability of 40,000 metric tonnes.

In North America region, Ramkrishna Forgings Mexico has also commenced its operation positioning it as a strategic hub to serve our international business in the region.

As previously indicated to you all, we expect growth momentum to accelerate in the first half of next year or rather to start in the next financial year. Our initiative includes diversification within the automotive sector and steady expansion into non-automotive segments such as Oil and Gas, Railways and Farm Equipment positions us well for balanced and sustained growth.

To summarize it, the growth drivers in the near and medium term will be the new products, new customers, new verticals being served and new capacities.

Now let me share our financial performance highlights for the third quarter of Financial Year '24-25:

Consolidated revenue for the quarter stood at Rs. 1,073.78 Crores, representing year-on-year growth of 8% in value terms and 13.9% in volume terms. Consolidated turnover for 9 month period is Rs. 3,086.89 Crores versus Rs. 2,730 Crores. That is a 13% growth on a year-on-year basis.

Due to the increase in raw material prices, the realization for the 9-month period is lower by 3%. Otherwise, the revenue for this 9-month period may have been higher by 3% in this period.

EBITDA for the quarter stood at Rs. 231.52 Crores on a consolidated basis versus Rs. 219.72 Crores, an increase of 5.4% year-on-year, and EBITDA margin stood at 21.6%, which is moderated by almost 30 basis points from the previous quarter. And this is mainly due to the expenditure incurred by the company in its Mexico subsidiary which has just started operations and that's almost a Rs. 5 Crores expenditure in Mexico. Otherwise, EBITDA would have been higher by Rs. 5 Crores in this quarter.

Consolidated EBITDA for 9-month period is Rs. 668 Crores versus Rs. 607 Crores in the year-on-year basis. That is a 10% increase on a year-on-year basis.

Profit after tax is Rs. 99.61 Crores in Q3 FY '25 compared to Rs. 86.86 Crores, that is again a 14.7% increase year-on-year basis.

Just one financial highlight. The company has also got a Double A Stable rating from CRISIL during the quarter for long-term debt and A1+ for short-term debt. Our leverage remains comfortable with adequate headroom to support our growth plans.

With that, I conclude my remarks and would like to hand over to my colleague Milesh who will provide an update on our recent business wins. Over to Milesh.

Milesh Gandhi: Thank you, Lalit Ji. We have secured orders during the quarter for Rs. 697 Crores to be executed over a period of 4 years. This mainly comes from the non-auto sector. That's from my side.

Lalit Kumar Khetan: Thank you, Milesh. Steve, you can now take it forward and open the house for the Q&A.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question is from the line of Chirag Shah from White Pine Investments. Please go ahead.

Chirag Shah: Thank you for the opportunity and sir, congratulations for the good set of numbers in this tough environment. Sir, my first question is with respect to slide 41 where we have shown almost 50% increase in installed capacity by end FY25. I just wanted to understand, based on the current demand environment plus the new business order that you expect, by when can we see the optimal utilization of this incremental capacity? And if you can throw more colour in terms of granularity, from this segment, how do you look at this utilization?

Naresh Jalan: Our FY '25 capacity addition whatever is happening basically it is different from Forging and Casting. I think Lalit in his opening statement also has said that the capacity addition is across subsidiaries and parent in terms of RKFL and we have assured businesses whatever new order wins we have had and this capacity which has been put up has already been declared in different times in past quarters of 8,000 metric tonnes plus Cold Forging, which is now going to start in this month onwards. And similarly, addition of Casting plant of 30,000 metric tonnes capacity, which has already been informed to stock exchange. We have order pipelines accordingly. New order wins which have been announced is basically catering to these capacities itself.

Chirag Shah: Sir, my question was, over 2 years can we assume that utilization can happen? Because it will not happen at one go, right? Once you start, have the capacity say by March 25, it will take some time for it to stabilize and then ramp it up.

Naresh Jalan: No, we are estimating these capacities to be up and running, and I think capacity utilization in staggered manner is going to be utilized. I think we are looking at almost getting to 80% plus utilization by the last quarter of FY '26.

Chirag Shah: So, that basically means almost 30-35% kind of a potential volume growth in FY'27 if the demand environment supports.

Naresh Jalan: We are looking at almost 15% to be precise. We are looking at approximately 15% year-on-year growth for the next two years.

Chirag Shah: Next two years. This is helpful. And the second question is on the profitability. See, I understand margins, but in general, be it on per tonne basis or per kg basis, is there a scope to further increase our profitability and not focusing on EBITDA margin as such percentage-wise, but given the way the quality of product is improving for us, the traditional EBITDA per tonne profit metric that we had.

Naresh Jalan: Chirag, in this quarter itself, our gross margin has been much better than the previous quarter. If you calculate and see, the gross margin has improved considerably. And going forward also, gross margin is going to continuously, is a continuous effort. Maybe it may not happen every quarter, but you will see significant expansion in gross margin in coming quarters and years.

Chirag Shah: And sir, last question, if I can, or a suggestion, sir. Now that our focus is on consolidated performance and the share of standalone is likely to keep on reducing in overall scheme of things, in the presentation, if you can figure out a way of giving a consolidated volume data, operational volume data, it would be helpful, sir. Because in all our discussions, we focus on consolidated performance and our presentation is more about standalone volumetric data. If possible, over a period of time, if you can just figure out how you can add the volume data of the subsidiaries or on consolidated basis, it would be helpful, sir.

Naresh Jalan: Sure, we will try and do it.

Moderator: The next question is from the line of Shaleen Kumar from UBS. Please go ahead.

Shaleen Kumar: Nareshji, can we get a status on the ACIL unit, like are they operational or what's the status?

Naresh Jalan: ACIL business?

Shaleen Kumar: Yeah, ACIL business, sir.

Naresh Jalan: ACIL business, I think from this quarter onwards, the current quarter as we speak, is going to start making profits. I think till last quarter, it was not making profits. I think we had incurred in the last quarter almost around Rs. 5 Crores losses over there. But most of our products in two-wheelers as well as farm equipments have been approved as we approached at the end of December, 2024. And this quarter onwards, with RKFL's own forging, this subsidiary is going to start performing and is supposed to do well. And we are expecting at least a growth of 25% to 30% in terms of top line and significant improvement in bottom line from this company.

Shaleen Kumar: Sir, 25% to 30% growth in ACIL unit or RKFL?

Naresh Jalan: ACIL.

Shaleen Kumar: ACIL growth?

Naresh Jalan: Yes.

Shaleen Kumar: And ACIL, how much has ACIL done?

Naresh Jalan: ACIL in last quarter I think did Rs. 16 Crores. This quarter we are expecting in absolute terms to be as closer to Rs. 30 Crores. This is around anything between Rs. 27 Crores to Rs. 30 Crores we should be there. Next year, we are looking at considerable growth because of full year performance. We should be somewhere around in ACIL around Rs. 200 crores plus.

Shaleen Kumar: This is both the plants we are talking about or only one plant.

Naresh Jalan: ACIL, only one plant is there, ACIL.

Shaleen Kumar: Manesar.

Naresh Jalan: Manesar is the only plant in ACIL.

Shaleen Kumar: The Jamshedpur unit?

Naresh Jalan: Jamshedpur does not have ACIL plant.

Shaleen Kumar: No, new unit. Wanted to get the status on the new unit of Jamshedpur plant? What is the scene over there of Plant No. 8?

Naresh Jalan: Plant No. 8 is the Casting plant which we are setting up. I think that is going to be up and running since April '25 onwards, the capacity is going to go into production. And we have a strong order book of castings from there and we are looking at almost by 3rd Quarter to reach 70% utilization from that capacity. And by last quarter, we should be doing almost to the tune of 85% to 90% utilization from this capacity.

Shaleen Kumar: What kind of a revenue are we looking at in this?

Naresh Jalan: We are going to sell machined castings. So, I think Lalit can tell you that. The average realization should be close to Rs. 130-135 per metric tonne in terms of casting. Lalit, if I am right, please.

Lalit Kumar Khetan: Sir, it is a little more. It will be somewhere around Rs. 150 per metric tonne.

Naresh Jalan: Rs. 150 per metric tonne is going to be the and that is what we are looking at from that capacity in next year.

Shaleen Kumar: Sir, there is a big fall in our export volume sequentially. Is it largely because of the auto side, CV side?

Naresh Jalan: No, Shaleen, every year if you see, because being a Christmas, New Year month, there is a 15-day holiday, so we get only 2.5 months of working. So, basically that is a phenomenon every year. It starts from the 1st Quarter, 2nd Quarter, because we operate from April to March, they operate from January to December. So, end of December, 15 days probably there is practically no off-take or dispatches. So, accordingly we need to readjust our dispatches of inventories. And that's every year if you see our exports, the strongest quarter for us is the current quarter which is going on and the last quarter means 3rd Quarter for us is the leanest quarter.

Shaleen Kumar: Last question, I have many more but let me ask last question and then I will go back in the queue. Sir, can we get a little bit more color on the new order book which you talk about some Rs. 600 Crores plus which is non-auto? So, in terms of which segment, which geography, any more sense on that?

Naresh Jalan: It is more on, Milesh are you there?

Milesh Gandhi: Yeah. So, when I stated that we have received this Rs. 697 Crores order book during this quarter, Rs. 600 Crores has come from the mining and earth moving segment, around Rs. 54 Crores have come from oil and gas segment and around Rs. 43 Crores have come from railway segment.

Shaleen Kumar: Sir, this mining segment, is it domestic or export?

Milesh Gandhi: This is complete export.

Shaleen Kumar: Complete export. Okay. Just last question before I go back in the queue. Sir, trailer axle, how much has it contributed to the run rate etc?

Lalit Kumar Khetan: So, Shaleen, the trailer axle this quarter is about Rs. 28 Crores.

Shaleen Kumar: Almost Rs. 10 Crores?

Lalit Kumar Khetan: This quarter is Rs. 28 Crores.

Naresh Jalan: And trailer, Shaleen, to be more substantive on trailer axle, I think we are doing extremely well. And we are looking at almost doubling our sales from trailer axle in the coming financial year. I think this sector is doing extremely well. Our product launches have been extremely good. The product has been well accepted by the market. And in nine months of sales, we have reached quarterly sales of around Rs. 27 Crores to Rs. 28 Crores. And we are looking at almost doubling the sales in the coming financial year on a quarter-on-quarter basis.

Shaleen Kumar: This is very encouraging, sir.

Moderator: Thank you. The next question is from the line of Kanchi Shah from MC Research. Please go ahead.

Kanchi Shah: Sir, is it possible that you can give us the breakup of revenue segment like how much was from the commercial vehicle, passenger vehicle, non-auto, etc.?

Naresh Jalan: No, I think we have in our presentation given the details in auto, non-auto. We have given the entire break up, like domestic auto, railways, mining and miscellaneous. And in exports, we have given auto and oil and gas and others. So, basically in auto, it is difficult for us to break up into PV, LV and all these sectors.

Moderator: Thank you. The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Sir, I have two questions. One was I wanted to check on what is your long-term view on like exports, like what is your target especially coming from the auto sector in the export segment? It has been slightly declining, and we know that auto sector in general outside India has been on declining trend. So, just wanted to check, are you planning to move to increase share in other segments in the export?

Naresh Jalan: Our continuous endeavor is to continuously improve in terms of all the segments, but I don't see a decline in terms of our exports in the auto sector and we continue to gain new orders, new segments within the auto sector and continue our vision of growing our exports into automotive plus non-automotive. With the new automotive order wins, we are growing our business in export, but that does not mean that our exports to automotive segments have declined.

I think if you only see in the third quarter, but I don't see that there is a decline in terms of our fourth quarter exports to auto segment. In nine months, we have done almost, last year we did 37.4% in terms of our automotive export. This year, we have done almost 37.8% automotive exports. So, I think we are well on track with the growing top line. We are maintaining our percentage in terms of the overall contribution in revenue.

Lalit Kumar Khetan: Just to add here, we have done exports of Rs. 1,172 Crores for the 9-month versus Rs. 1,070 Crores for the previous. So, there is a growth of almost 9.5% in the current year in the exports revenue, and that is mainly consisting of auto only.

Vijay Pandey: Thank you Sir. I just wanted to confirm about the pricing, the average realization, if you can just guide us how the realization will look like for the fourth quarter for FY '26. Is it going to be broadly in line or do you expect to increase it?

Naresh Jalan: No, I think right now it is very difficult to comment. Realization is directly linked to raw material pricing, and it will depend on how the raw material steel continues to perform and if steel declines, I don't think there is going to be any decline. We are more concentrated on our conversion margin, and I think in terms of our conversion margin, we are keeping on increasing and that is the reason our realization still remains intact.

While there is a raw material decrease in the last quarter, our realization has not been much impacted in terms of the overall drop in steel prices.

Vijay Pandey: So, in the case of the steel prices increase, we will be able to pass on the price increase?

Naresh Jalan: Yes.

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

Dhawal Shah: Sir, great set of numbers. Congratulations. Only one question I have. If you can help us understand the cost saving initiative which we had taken by onboarding a consultant. So, how is that progressing and is it getting, the benefits are getting lost in the other operational expenses which we are doing for our expansion plus Mexico and plus other subsidiary investment? So, ex of that, where is the cost saving benefit visible on the P&L?

Lalit Kumar Khetan: Dhawal, see, the cost saving benefits are continuing and the result will certainly come in the P&L in the upcoming year as we are already at a quite advanced stage in the progress. So, just wait for some time, then we will elaborate more on that.

Moderator: And just one more. This utilization is about 80% by the fourth quarter of next year you mentioned on the consol level. Am I correct?

Naresh Jalan: No, it is for the casting plant.

Dhawal Shah: Of the casting plant. Okay.

Naresh Jalan: Yes, which we are just setting up the capacity.

Dhawal Shah: And the expanded capacity which is 392 including subsidiary, on that utilization, what you had commented.

Naresh Jalan: 392 includes casting facility. Right now, casting facility inclusive it is 2,66,000 metric tonnes. And that is going to move to 3,92,000 metric tonnes. So, individually, I think in terms of casting capacity, 62,000 metric tonnes, we are looking at almost 80 plus percent utilization in the coming year. And in forging, we are looking at almost 15% growth in the coming year from where we end this year.

Dhawal Shah: So, currently, since the console volume is not mentioned, the existing forging is only 4,000, right, in the subsidiary under RKCSL?

Lalit Kumar Khetan: Yes, correct. RKCSL, we have only 4,000 forging capabilities right now. 18,000 metric tonnes is under commissioning. So, this will also get added before March, 2025.

Dhawal Shah: So, this would be, so there we have started the production, out of this 4,000 how much?

Lalit Kumar Khetan: Yeah, so if you look at the precise number, I am not sure. Dhawal, I don't have the exact number. We have produced around 500 to 600 metric tonnes of forging in this quarter.

Moderator: The next question is from the line of Devvrat Mohta from Capital International. Please go ahead.

Devvrat Mohta: Just one quick question, I wanted to understand between Q2 and Q3, on a consol basis EBITDA did not really grow a lot, like what's happening on a quarter-on-quarter basis, like why is it not growing?

Naresh Jalan: No, EBITDA has grown, Devvrat. I think if you see the overall expense side, there are few things which are, if you see, the raw material decrease which has happened in this quarter is basically close to around Rs. 3,000 per metric tonne in the domestic side and in export close to Rs. 4,500 per metric tonne, which has hit our inventory available with us plus the warehouse and what was material in transit. So, all this has been accounted for in this.

And second is our other expenses which have gone up by almost Rs. 13 Crores, which includes around Rs. 7 Crores is on account of labour wages, means the blue collared labourers which are basically contractual labours, the minimum wages which has gone up in India for that and plus Rs. 6 Crores for the expenses which we incurred for setting up our entire booth in Hanover, Germany fair. So, all this taken together if you see, the overall impact has been close to around 2.5% of the EBITDA which we could have got in case these expenses would not have been there.

Devvrat Mohta: So, Nareshji, how much would be the impact from just this Q-o-Q inventory impact on a consol basis? Just the inventory. Not Hanover and labourr cost.

Naresh Jalan: Inventory hit is close to, Lalit, what is the exact inventory quantum hit?

Lalit Kumar Khetan: So, it will be somewhere around Rs. 12 Crores to Rs. 13 Crores, value terms.

Naresh Jalan: Close to around, both taken, labour wages, Hanover and this taken together is close to around 2% of the EBITDA. Basically, that is what we feel, 2.5%.

Devvrat Mohta: But the labour wage is a recurring thing, right?

Naresh Jalan: No, that is not a recurring thing. Basically, what happens is that there was a substantial VDA increase in this quarter because of the election. It was not there for the 6th month and suddenly in the month of October, 2024 the back effect was given and from 1st October it was increased. So, entirely came in one quarter at one stroke.

Devvrat Mohta: So, then this will not, so next quarter, for example, this will not recur, is it?

Naresh Jalan: In the current quarter this will not incur.

Devvrat Mohta: So, this is a Rs. 6 Crores one time because of whatever, because of whatever reason.

Naresh Jalan: Yes, and the Hanover, Germany fair also is the onetime expense which happens only once in 3 years.

Devvrat Mohta: So, you think basically all of these 3 things put together is about 2% of EBITDA margin?

Naresh Jalan: Yes, what we feel.

Devvrat Mohta: Understood and in this your FOREX loss that you have, you basically explain that steel is a pass through, effectively a pass through.

Naresh Jalan: With the one-month lag, we have to pass on.

Devvrat Mohta: You pass it on. So, on whatever inventory that you have, you take a write down, but when you sell it, it's already sold at a particular, can you explain the contract a little bit, just exactly how it works?

Naresh Jalan: No, basically material which is in sea and in my warehouse, in like Europe, in Ramkrishna Forgings LLC is the warehouse which we have in U.S., whatever inventory is sitting there, on the day we invoice, that is the day the rate is applicable, whether it is increase or decrease. So, we need to take a hit in the inventory plus whatever material like 2 months inventory for all the exports, in some case it is 30 days, in some case it is 40 days, we need to maintain inventory in our plant to basically adjust to ramp up or ramp down. So, that inventory also gets a beating on that.

Devvrat Mohta: But for example, if you buy steel at Rs. 100 and you sell it at, I mean, the day the sale is made, the steel is at Rs. 98. The Rs. 2 inventory that is sitting in your books, you take a hit on it.

Naresh Jalan: Yes.

Devvrat Mohta: So, my question is, eventually you get paid for this or you don't get paid for it?

Naresh Jalan: No, I don't get. No, if there is a steel decrease, in Rs. 100, if there is Rs. 3 steel decrease, then I get paid on Rs. 97 and if there is a Rs. 3 increase, I get paid whether I bought it at Rs. 100, I will get it at Rs. 103. So, either side, if there is an increase, I get paid extra, and if there is a reduction, it will get deducted.

Devvrat Mohta: And this is basically on whatever steel that you have, which is either lying in your godown or it's on the sea basically?

Naresh Jalan: Yes.

Devvrat Mohta: So, basically adjusting for this, your EBITDA should have been roughly, I mean, Rs. 20 Crores to Rs. 25 Crores higher.

Naresh Jalan: Rs. 22 Crores higher, roughly.

Moderator: Thank you. The next question is from the line of Viral Shah from ENAM Holdings. Please go ahead.

Viral Shah: Sir, first, just wanted to check on the net debt number. What would that be at the end of the quarter?

Lalit Kumar Khetan: So, net debt number right now will be Rs. 440 Crores at the end of quarter.

Viral Shah: So, it's flat largely on a quarter-on-quarter basis?

Lalit Kumar Khetan: No, so it's up by almost Rs. 250 Crores quarter-on-quarter.

Viral Shah: This is the consolidated number, right?

Lalit Kumar Khetan: I was talking about the standalone. The consolidated number is somewhere around Rs. 1,500 Crores.

Viral Shah: Secondly, can you just throw some light on the working capital? How is it? I think in the previous quarter it was slightly elevated. So, how are you seeing the working capital coming along?

Naresh Jalan: I think it is still elevated, Viral, because of the Red Sea issues, transits, whatever were delayed, still remains. I think this quarter we will see a fairly good reduction in the debtor days.

Viral Shah: So, where do you see this debt number by the end of the quarter?

Naresh Jalan: I think it will be flattish.

Viral Shah: It will remain flattish.

Naresh Jalan: Yes. It is elevated because of the debtors, and I think by the financial year end it will get to flattish.

Viral Shah: When you mean flattish, it will remain at this level? Is that?

Naresh Jalan: No. I think we are looking at close to around Rs. 1,240 Crores consolidated debt levels by the financial year end.

Viral Shah: Second, just a clarification on the casting announcement that you made. So, in one of the slides, you have said that your capacity by the year end will be 3,92,000 metric tonnes including casting capacity expansion from 33,600 metric tonnes to 62,400 metric tonnes. Does this number include the 30,000 metric tonnes expansion also? Does this not include?

Naresh Jalan: This includes the 30,000 metric tonnes capacity, which we are planning to put up.

Viral Shah: So, just mathematically, if I subtract 62,400 metric tonnes.

Lalit Kumar Khetan: There is a little adjustment there. It has to be 63,000 metric tonnes. There is an error in the printing. It has to be 63,600 metric tonnes instead of 62,400 metric tonnes.

Naresh Jalan: 1,200 metric tonnes by mistake has gotten missed out.

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

Khush Nahar: So, my first question was, so I see that in the last three quarters, our gross margin increased substantially to 58%, 57%. So, what are the major attributes for this increase in gross margin compared to our earlier years?

Naresh Jalan: No, basically the addition of new portfolios, which are coming in like trailer axle, suspension and all these items, which we have started and majorly moving into large assemblies is helping us to improve our gross margins.

Khush Nahar: So, going ahead, we see further improvement, like what kind of sustainable EBITDA margins we can do.

Naresh Jalan: I think it is not going to be every quarter to be precise, but yes, for the full year, next year, we are looking at a substantial improvement.

Khush Nahar: In our EBITDA margins?

Naresh Jalan: In our gross margins.

Khush Nahar: Gross margins, okay. And sir, any particular reason depreciation is a bit lower than last quarter. Quarter 3 FY '24 versus '25.

Naresh Jalan: Lalit?

Lalit Kumar Khetan: On the EBITDA margin?

Naresh Jalan: No, depreciation.

Khush Nahar: Absolute depreciation.

Lalit Kumar Khetan: Absolute depreciation, there was a correction last year. If you look at last year, we did the adjustment in the machine assets life. We have increased the useful life. That was done in March '24 numbers. So, that's why it is quarter-on-quarter. If you look at year-on-year, it looks decreasing. Otherwise quarter-on-quarter, it will be increasing. So, it has gone down from the March '24 quarter.

Khush Nahar: So, is the current level sustainable quarterly run rate ratio?

Lalit Kumar Khetan: Yes.

Moderator: Thank you. The next question is from the line of Aditya Gupta, an individual investor. Please go ahead.

Aditya Gupta: I, first of all, wanted to inquire about the current estimated go-live dates of the various plants. So, we have the 25,000 metric tonnes cold forging line and the 14,250 metric tonnes that I am guessing we are saying should come up this quarter. Is that right?

Naresh Jalan: It is going to come up in this month itself. We have already submitted our samples and already we have started manufacturing samples. Once we start serial production, which probably I think is going to be in this month itself, we are looking at almost by last week of this month go-live in cold forging.

Aditya Gupta: As well as the 14,250 metric tonnes?

Naresh Jalan: 14,250 means?

Aditya Gupta: 14,250 metric tonnes forging.

Lalit Kumar Khetan: Upsetter capacity of 14,250 metric tonnes is also under commissioning. This will also commence within this quarter.

Aditya Gupta: This quarter. Understood. And can you give similar go-lives for the 40,000 metric tonnes hot forging aluminum, the 18,000 metric tonnes?

Naresh Jalan: I think the 8,000 tonnes press and aluminum forgings both are going to go live by July coming year. Sorry, in this current year by July.

Aditya Gupta: July '25.

Naresh Jalan: Yeah, July '25.

Aditya Gupta: And for the subsidiaries we have 18,000 metric tonnes forging capacity and 28,000 metric tonnes casting capacity.

Naresh Jalan: 18,000-ton forging is going to go live in this quarter itself by the end of this quarter in the subsidiary, and in casting, it is going to go live by April '25 almost about 80% of the capacity and balance is going to go live by July '25. So, the capacity expansion of from 2,66,750 to 3,92,000 metric tonnes plus almost by July we are going to be done with all these things, and the entire capacity is going to be in place.

Aditya Gupta: And the old expansion in the subsidiary of 28,800 is the same thing that we are now are saying is a 30,000-capacity increase. I am just ensuring.

Naresh Jalan: Yes.

Aditya Gupta: And just one same thing like on the 25,000 metric tonnes cold forging, I think from about a year ago we have been saying that we are fully booked in advance in terms of order for this capacity.

Naresh Jalan: Yes.

Aditya Gupta: And in spite of that we have delayed this plant by almost a year.

Naresh Jalan: I think we have not delayed the plant. It is basically because of the Red Sea issue, first of all, the plant came in three months delayed and because of the kind of automation and complexity it is to establish the plant, the equipment manufacture took almost six months' time and now since December we are already making samples and other things. We are going to go live like by this confidently telling you by the month end, January end we are going to start serial production and any new project or any new technology which we bring in sometimes have their own complications and that is the reason it takes more than estimated time. That is what has happened over here.

Aditya Gupta: And just one last question from my side. Like because of the current uncertainties around trade regulations particularly for the U.S., any thought work that we might have ongoing for our Mexico plant and earlier as well we had mentioned that we might invest more over there from a CAPEX point of view. Just wanted to hear what your thoughts are around the same?

Naresh Jalan: No, I think our Mexico operations are going as per plan. I think it is slightly delayed, but it is on track, and we are expecting that to go full on in the coming year, and we have already received almost a 5 Million US Dollar new order of conversion over there in our Mexico operations. So, we are looking at this as an exciting opportunity in Mexico, but regarding this trade issue, which after the regime change, we are hearing lot of things, but I think it is whatever we are manufacturing in Mexico will be sold by us within Mexico. And I don't know what my customers ultimately are going to do with the product, how they are going to take it to U.S., or what they are going to do. So, I am not much concerned about that. So, I would not like to comment in that.

Aditya Gupta: Makes sense, and just on the same line, like lot of our growth over the last few years has been export based and so like on similar line, do you foresee, like, what's your thought process on risks or challenges that might come from these?

Naresh Jalan: No, I think not only in exports, we have grown both domestically and both in exports. And I think in the opening statement of Lalit as well as my statement in the presentation, we have very well highlighted our next level of growth from PV and two wheelers in the domestic segment and the farm equipment are going to be one of the biggest catalyst for growth in the coming few quarters and as well as coming couple of years and as well as the non-auto segment new order wins which has happened in North America to the tune of close to around Rs. 600 crores. So, obviously, all these things taken together we are very confident of our performance both in the export and the domestic segment.

Moderator: Thank you. The next question is from the line of Manav Shah from Nuvama Wealth. Please go ahead.

Manav Shah: Just one question. Can you share the order wins for the quarter and the breakdown of it?

Naresh Jalan: I think now it is already there in our presentation, and I think Milesh has also in his opening statement. Milesh, can you again elaborate it?

Milesh Gandhi: So, in this quarter, Rs. 697 Crore order book has been received to be executed over a period of four years in which I specified Rs. 600 Crores came for an export order for mining and earth moving industry, Rs. 54 Crores came from oil and gas, and from railways we got a Rs. 43 Crores order book.

Moderator: The next question is from the line of Chirag Shah from White Pine Investment. Please go ahead.

Chirag Shah: Lalitji, just one question on this INR depreciation. If you can help us understand, how does it help us because there is a reasonable depreciation off late. So, we must be doing some forward contracts. So, when does the benefit start flowing in P&L?

Lalit Kumar Khetan: So, Chirag, see, you are talking about the foreign exchange gain basically. So, certainly it is helping us. And see, we have a policy of hedging exports also. So, we have a policy of hedging 50% to 60% of the exports, but simultaneously we have the import, we have the packing credit also that offsets also some of our gain. So, we are consistently gaining on the dollar, but you know the currency is very volatile, but we are keeping us quite on the edge and monitoring it and for the nine months we have gained Rs. 20 Crores on the absolute terms in the currency negating all the import factor also. So, net gain for the nine-month period is about Rs. 20 Crores on the currency side, and we hope to continue with the currency gains every quarter.

Chirag Shah: So, sir, in a very simple way if the recent INR depreciation say in last whatever one month, the benefit of that will be visible six months down the line, right?

Lalit Kumar Khetan: That will be visible, but Chirag, that will be somewhat offset with the import obligations we have.

Naresh Jalan: Chirag, also this is basically, entire currency gain is not with us. Every quarter our price is reset also with the currency adjustment plus minus 5%, so entire is not coming to our kitty. Our exports gain are partially offered by imports. And the currency basically if you see the devaluation which has happened, it has happened globally for all currencies. So, to basically compete with our customer, we cannot expect the entire currency gain to come to our balance sheet. Otherwise, we will not be able to get new business from our customer looking into the competition which we have globally.

Chirag Shah: No, sir, this is a good strategy, perfect strategy. Sir, one last clarification. Recently, there was an announcement of creation of SPV for a railway wheel. So, is it the same continuation to the earlier JV that we had or this is something over and above that?

Naresh Jalan: No, no, it is in continuation to the JV we have. Basically, the railway wheel contract has been assigned to the SPV and now the SPV has taken up the manufacturing of the wheels.

Chirag Shah: So, the SPV means JV, right?

Naresh Jalan: Yes.

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

Vidrum Mehta: Sir, firstly, can you help us with the Q3 revenue for subsidiaries that is Multitech and JMT?

Lalit Kumar Khetan: Certainly, Vidrum, so, see, Rs. 952 Crores is the revenue for the company and if you look at RKCSL (JMT), revenue was somewhere around Rs. 42 Crores and ACIL is Rs.16 Crores and Multitech is somewhere around Rs. 100 odd Crores. So, that is the revenue, but there is an elimination also because of the interrelated party. So, that's why it is around Rs. 1,073 Crores on the consol number.

Vidrum Mehta: Sir, you alluded to the fact that in your opening remarks that the CV demand is relatively moderated or muted and you expect the recovery from H2. So, just wanted to understand is it H2 of FY '26 or H2 probably of CY '25?

Naresh Jalan: No, no, I think to be precise we are already seeing an elevated demand from this quarter in the commercial vehicle and what Lalit wanted to basically more elaborate that we are expecting the calendar year, means second half of this calendar year to be very robust seeing all the election and other things being over and budget also over. So, we feel that post the budget allocation and everything, the demand is going to be extremely elevated in the commercial vehicle sector.

Vidrum Mehta: So, what kind of growth do we envisage?

Naresh Jalan: No, in terms of RKFL, we are looking at almost 15% year-on-year volume growth in the coming year also, and if you see precisely overall in the consolidated level, in the volume terms we have almost had 13% growth and we still feel that in this quarter, post closure of this quarter, we should be almost 15% plus which we had envisaged when we started the year. So, we will be 15% plus in terms of volume growth and next year also we are looking at 15% plus growth year-on-year.

Vidrum Mehta: Sir, on the consolidated basis I agree, but I guess this year we are consolidating some of the subsidiaries and that is why the volume looks higher.

Naresh Jalan: No, I think if you see in the subsidiaries, I think ACIL does not have forgings, RKCSL (JMT) has miniscule forging right now, like Lalit has said, only 500 metric tonns of forging. In Multitech casting we have done extremely well. We have increased our casting. If you see the overall in full year results we have been able to achieve in 9 months, almost in 9 months. So, we have been able to ramp up everywhere.

Vidrum Mehta: Sir, what I was referring to is, I guess when we were guiding for 15% to 20% volume growth, it was more to do with the standalone volumes, which we were referring to. You can correct me if I am wrong and for the 9 month roughly we have grown by 7% on the volume front.

Naresh Jalan: No, in RKFL, on a standalone basis, I think we have grown almost by 8.5%. Lalit?

Lalit Kumar Khetan: Yeah, around 8%. Only 8%.

Naresh Jalan: Only 8% in terms of RKFL on a standalone basis and this is mainly due to, I think, our cold forging getting delayed and as well as slight subdued demand in the domestic market. If cold forging would have started, I think, which we had guided to start in month of September, 2024, we would have added almost 6,000 metric tonnes volume in the last 3rd Quarter. So, cold forging which has not started has eliminated almost 6,000 tons of forging from there, from a capacity of 24,000 metric tonnes which we are setting up.

Lalit Kumar Khetan: And Vidrum, being the fourth quarter, we see a significant uptick in terms of RKFL standalone because cold forging is getting started and volume will be more. So, we will be certainly getting a much better uptick.

Vidrum Mehta: And sir, trailer axle revenue you said Rs. 28 Crores will be for Q3 and that will be part of standalone, correct?

Naresh Jalan: Yes, part of standalone.

Vidrum Mehta: So, if I adjust that probably the growth looks very subdued. Last year in Q3 trailer axle was not a part of our business, right?

Lalit Kumar Khetan: Can you please repeat the question?

Vidrum Mehta: Sir, trailer axle revenue is Rs. 28 crores for Q3. And that is a part of standalone business. If I adjust that, the growth for the standalone looks flattish because last year trailer axle was not a part of our business.

Naresh Jalan: But to be precise, I think trailer axle also requires forging. So, with forging capacity only. So, utilization from forging capacity, from there only the forgings are going to come.

Lalit Kumar Khetan: So, the trailer axle capacity of tonnage also is added also in our tonnage also, and if you look at the current quarter tonnage also, Vidrum, so domestic volume is 35,000 metric tonnes in the quarter, then the 27,000 metric tonnes of the previous quarter and 28,000 metric tonnes for the quarter. You can see the increase in tonnage that includes the trailer axle also. And that is part of domestic sales, previous quarter also, this quarter also. So, what we see is the Rs. 570 Crores of sales, over Rs. 537 Crores that includes in both the quarter trailer axle.

Vidrum Mehta: Sir, CAPEX number for ’25 would be Rs. 650 odd Crores, which last time you had guided, or will it change because of this new capacity expansion plan?

Lalit Kumar Khetan: Little bit due to that expenditure and that will be added of the casting plant. Otherwise, that will be near to that only.

Vidrum Mehta: And for ’26, how much should we assume?

Lalit Kumar Khetan: So, give us some time. We will update it on the next con call for FY’26 because lot of things are happening. We will give you a correct update on that for FY’26.

Naresh Jalan: But I think, Vidrum, next year with almost all the projects getting whatever we are adding is going to get completed by July, 2025, we don't see significant CAPEX happening in next year. There is going to be I think this whatever capacities we are putting in is going to be for next two years more than enough. Any capacity addition which is going to significantly happen is going to happen only in FY ’27. So, FY ’26 we don't see any significant except these projects which are up and running and to get completed by July this year.

Vidrum Mehta: Sir, lastly can you share the cumulative order book which you have in your books right now which is to be executed over the next 3–4-year period? What would be that number?

Milesh Gandhi: So, for this quarter, we have already communicated as to what is the order win which we have. But I think he is trying to ask for a holistic view, right?

Naresh Jalan: Holistic what? I think in the last two quarters what we have got, he is asking for the total order book.

Milesh Gandhi: Yeah. So, in the last quarter if you see, we had communicated, we got a Rs. 1,522 Crores order book to be executed over a period of four years in which basically a good chunk of around Rs. 1,475 crores came from North America and around Rs. 47 crores business from India. And in this quarter, we have got Rs. 697 Crores in which around Rs. 600 Crores is against exports market for mining and earth moving industry and Rs. 54 Crores from oil and gas and Rs. 43 Crores from railways. So, I think you can add upon Rs. 1,522 Crores plus Rs. 697 Crores is what we have been able to get the order book.

Naresh Jalan: These are the new businesses?

Milesh Gandhi: Yes, for the new business.

Vidrum Mehta: Yes sir, in addition to that in Q1 also we got orders worth Rs. 1,679 Crores.

Lalit Kumar Khetan: Yeah, Rs. 1,679 Crores for Q1. Altogether it is Rs. 3,900 Crores for the 9-month period.

Vidrum Mehta: So, I was just referring to the overall order book which you have right now in your books. In the last 4 or 6 quarters, adding up all those 4, 6 quarters.

Naresh Jalan: We don't maintain this way, Vidrum. I think we basically go because once this basically our annual projections which we get from the customer and then based only for the railway we have a firm order book and rest of the order books move into a six-month scheduling system.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Rajesh Mundra: Thank you very much. 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 clarification or information, kindly get back to us or reach our investor relation advisors. Thank you very much for sparing your time and joining us in the call. Thank you and have a good weekend.

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