



# RAMKRISHNA FORGINGS LIMITED

Date: 8 August, 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 – Q1 of FY 2025-26**

This is further to our intimation dated 29 July, 2025 w.r.t Earnings Conference call with Analysts/Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for Q1 of FY 2025-26.

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 Conference Call Transcript held with Analysts/Investors on Friday, 1 August, 2025 at 17:00 Hours (I.S.T).

Copy of the same is also being made available on the website of the Company at [www.ramkrishnaforgings.com](http://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



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CIN NO. :L74210WB1981PLC034281



“Ramkrishna Forgings Limited  
Q1 FY '26 Earnings Conference Call.”  
August 01, 2025



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

**MODERATOR:** **MR. JOSEPH GEORGE – IIFL CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Ramkrishna Forgings, hosted by IIFL Securities Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

**Joseph George:** Thank you, Muskan. Good evening, everyone. On behalf of IIFL Capital, I welcome you all to the 1Q FY '26 Results Conference Call of Ramkrishna Forgings. I also welcome the senior management.

From the management team, we have 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.

Now I will hand over the call to Mr. Khetan to take the call forward. Over to you, sir.

**Lalit Khetan:** Thank you, Joseph. Good evening, everyone, and thank you for joining us on the call to discuss the Q1 FY '26 results. I trust all of you had a chance to look at the earnings that we have shared earlier.

Financial year '25-'26 has commenced on a challenging note. There has been a lot of noise on tariffs and the resulting volatility and uncertainty, coupled with macroeconomic challenges has caused an environment where customers are hesitant to spend and OEMs are cautious in the projections. As a result, we also have struggled witnessed sluggishness in demand from our customers.

To begin with, what's top of the mind of everyone are the tariff recently announced by the U.S. administration, including those on automobile and auto component imports. While the specifics will continue to evolve, we believe these measures will primarily impact demand in the short run. There could be a scenario where some opportunity open up, but there will be some disruptions in demand and supply.

We have all seen the announcement from President Trump that tariff of 25% will commence from August 1 and are closely monitoring the development to ensure that we comply with all applicable regulations and any potential depression for our customers is minimized.

Secondly, the other development that has emerged, and this will impact all markets is the potential disruptions due to supply chain complexities and heavy reliance on China for rare earth material, if China imposes restrictions, automakers could encounter certain challenges.

On the top of these 2 developments from a global perspective, coming to the India market, we have seen the quarter 1 of the current financial year, mixed trend with the headwinds and muted industrial output, a bit slowdown in some of the industrial sectors, the IIP numbers, etc. For

commercial vehicles, we saw volume decline in the overall market, though at RKFL, we have been able to improve on our domestic performance. And further, I would like to add commercial vehicle segment has been under pressure lately, but signs of recovery are also emerging.

Coming to capacity addition, we commenced the Financial Year at the present capacity of 2,68,400 tonnes and we are in the process of adding 8,000 tonnes press line and 3,000 tonne aluminium forging facility that will add capacity further by 40,000 metric tonnes and 3000 metric tonnes during this year.

Now let me share some financial highlights for the first quarter. We reported consolidated revenues of Rs.1,015 Crores that is higher by 6% on a year-on-year basis. EBITDA, excluding other income, for the Quarter is Rs. 149 Crores, which is lower by Rs. 20 Crores compared to EBITDA of Rs. 169 Crores for Q1 FY '25.

EBITDA margin consolidated stood at 14.6% and lower by 300 basis points year-on-year. And Profit After Tax (PAT) for the Quarter is Rs. 12 Crores compared to Rs. 55 Crores in Q1 FY '25. The above profit is impacted mainly during this quarter on decrease in realization and change in export domestic mix. And the impact together of this change in mix and the realization is about Rs. 40 Crores, which we have highlighted in our presentation also.

Further, there are impact on the inventory valuations also on the warehouses overseas due to correction in indexes. Apart from that, there is a forex loss accounting in our JV, Ramkrishna Titagarh Rail Wheels due to the import of machines, and now the machine has already reached the site. So, we have to account for the forex loss. And for our share, we have to account for a loss of Rs. 6.66 Crores in this Quarter.

Apart from that, we have also incurred a Rs. 5 Crores loss in Ramkrishna Forging Limited on account of import of machines, which are under installation. So altogether, there is an impact of about Rs. 52 Crores on the profitability during the quarter.

Now I hand over the proceeding to Mr. Milesh Gandhi for having you an update in marketing. Over to Milesh.

**Milesh Gandhi:**

Thank you, Lalitji. I would like to brief the audience. The company received new orders worth Rs.660 Crores in Quarter 1, program life being 4 years and for Railways, we received an order of Rs. 23 Crores for the 1-year period.

Against the above, export orders are worth Rs. 502 Crores and domestic orders are worth Rs. 158 Crores. In the domestic orders of Rs. 158 Crores, Rs. 99 Crores comes from the off-highway segment, Rs. 59 Crores come from the commercial vehicle segment.

In the exports, against the Rs. 502 Crores, Rs. 307 Crores comes from the passenger vehicle segment, that is the PV segment, and this also includes orders directly from American OEM. Apart from that, Rs. 195 Crores comes from the commercial vehicle segment and predominantly from Europe.

We would like to mention in line what we had committed in the last quarter, kindly note that 47% of our new Order Book for the Quarter 1 comes from the Passenger Car Segment and another 15% comes from the Automotive Segment. We are maintaining healthy position in our Commercial Vehicle Segment, too, by increasing our penetration in the European market. That's from my side. Thank you.

**Lalit Khetan:** Thank you, Miles. Now I'll hand over the line to the moderator for having the Q&A session.

**Moderator:** The first question is from the line of Mitul Shah from DAM Capital, please go ahead.

**Mitul Shah:** Thank for the opportunity. Sir, I have a few questions, starting with U.S. tariff-related impact. In this quarter, how much impact if someone has to gauge about that, we have to absorb the tariff before it gets negotiated or settled down between us and OEM customer? And what was the effective tariff rate we applied during the quarter on whatever we exported to North America or U.S.?

**Naresh Jalan:** Mitul, for Quarter 1, our tariff rate for Light Vehicles, Light LV and Passenger Vehicles was 25% flat as in auto tariff. And for Commercial Vehicle, it was 10%. And I think going forward also, as we see right now, the new tariff which has been announced is not going to be applicable on auto, auto has been kept as separate field.

So, auto will continue to attract 25% in terms of Passenger Vehicles and 10% in Commercial Vehicles as we understand today, unless there is a further change in terms of the final releases which come before 7th of August, 2025. And as of now, whatever shipments we have made till now, I think what as we see on the finer prints will be charged at this rate unless there is a change in terms of the overall picture by the Trump administration.

In terms of what has been the total outflow in terms of cash flow for the Company, it has been close to around -- for our U.S. shipments is at around Rs. 6 Crores, out of which we have received customer confirmation to the tune of almost 50% of full pass on and balance 50%, we are still negotiating with the customers back and forth for the balance Rs. 3 Crores and how much we will need to absorb and how much will need to be paid by the customer. So I think it is still a fluid situation.

I think going forward, we will be having more clarity in the next couple of months as to exact quantum of tariff in terms of outflow from the Company or in terms of the overall basket of the Company is done and how much is being paid by the customer. But as of now, whatever we have clarity, we have 50%, which is being absorbed by the customer and 50% of the balance, we are still negotiating.

To just clarify your exact position to all our North American exports, almost 80% of our exports go into Mexico, which is not there in tariff, and it is getting -- we are just supplying our goods into the manufacturing locations of the customer in Mexico and Canada. All these are basically not in tariff. So only 20% of our portfolio to North America is getting into tariff, which is directly getting into U.S.

**Mitul Shah:** Just clarification, this Rs. 6 Crores entire we have captured for that time or only Rs. 3 Crores we have taken in P&L, Rs. 3 Crores, we already got confirmation, so not taken.

**Naresh Jalan:** No, we have not. We have basically not captured anything right now in our P&L. We have captured whatever customer confirmations we have received; we have captured in the P&L and balance we have not yet captured.

**Mitul Shah:** So Rs. 3 Crores for the time, we have to absorb as part of the...

**Naresh Jalan:** No, but we still feel that it is receivable. I think we should be -- by end of -- because right now, customer does not also have any certainty in terms of what is going to be the exact tariff. So, I think by end of August 2025, we should have a complete clarity on this.

**Mitul Shah:** Right. Sir, my question is that in this P&L, we have taken the hit of Rs. 6 Crores or Rs. 3 Crores right now?

**Naresh Jalan:** No, we have not taken any impact right now of the tariff in the P&L.

**Mitul Shah:** Okay. And second question on the realization. Sir, as currency is already going adverse or favourable in terms of the rupee depreciation, still our realization on export market as per the presentation has fallen meaningfully. So, is it a commodity pass on or because of this tariff thing or any price...?

**Naresh Jalan:** No, it is basically -- Mitul, I think it is -- if you see the last quarter, last quarter currency, if you are looking at it is in last 20 days, currency has again come back. Otherwise, currency year-on-year, there was a decline in terms of last quarter. And also, there has been a steel price decline as far as index is concerned. So that steel price has impact -- the falling steel prices in the U.S. market has brought the realization on the downward trend.

**Mitul Shah:** Overall, how much would be the impact of steel or how much steel price impact we have taken in terms of realization, both for domestic export roughly per kg basis?

**Naresh Jalan:** Lalit, can you explain?

**Lalit Khetan:** Yes. So, Mitul, the total, what we have presented, Rs. 31 Crores is on account of realization only and that on account of -- basically, that cannot be particularly against the steel and other areas because it indexes the other item. So overall, the realization, it is Rs. 31.65 Crores for the quarter.

**Mitul Shah:** Per kg, you are talking, sir?

**Lalit Khetan:** Yes, so per kg, if you look at, Mitul, on the domestic side, we have lost Rs. 8 per kg and on the export side, Rs. 5 per kg.

**Mitul Shah:** Okay. Understood. Sir, last question on this new order of Rs. 500 Crores plus from the export side. We highlighted Rs. 300 Crores from U.S. OEMs. So that is related to EV player like that aluminium business, which we were expecting the trend...



- Naresh Jalan:** No, it is -- yes, aluminium forging is still work in progress. And I think we should start seeing revenues from this quarter end or October onwards from that field. But this new order book is from the new OEM from North America market.
- Mitul Shah:** That is from PV or CV side Sir?
- Naresh Jalan:** PVs. Miles in the opening statement has already clarified that this new order book, as we had said, our increased focus on passenger vehicle, this entire new order book of Rs. 300 Crores plus is from the passenger vehicle.
- Mitul Shah:** And from ICE only, right, right now?
- Milesh Gandhi:** Yes, it is from the ICE segment.
- Moderator:** The next question is from the line of Balasubramanian from Arihant Capital Markets.
- Balasubramanian:** Sir, on that Mexico facility, I think the machining operations has begun. So, what kind of contributions we can expect from FY '26 onwards? And is there any plan to expand into forging side?
- Naresh Jalan:** I think in Mexico operations, we are only going to continue to add machining operations, the value add. Forging and castings are going to be shipped from India. And we have just started. And I think by the last quarter, we are supposed to increase our capacity, and we are going to see significant revenue in FY '27 from our Mexico operations.
- Balasubramanian:** Okay, sir. Sir, on the EV side, we are investing 3,000 tonnes of press for aluminium EV components. What is the addressable market? And how does this align with global OEM demand shifts?
- Naresh Jalan:** I think we are very, very bullish about our aluminium forging. And this is our first entry into non-ferrous components. And this is just the start of our investment into non-ferrous. I think once we are able to successfully launch our non-ferrous activity, I think the demand side, there is a huge potential globally in terms of aluminium forging.
- So, we think that next level of growth, I think, in next couple of years is going to come from aluminium forging, where we are looking at once we are successful and once we are able to utilize -- move to higher utilization in this current capacity of 3,000 tonnes, we are going to just continue to replicate this capacity.
- Balasubramanian:** Okay, sir. Sir, on the Rail Wheels JV side, are we on track to commence the operation by Jan 2026? And what is the current status in the industry of wheel supply side?
- Naresh Jalan:** I think for our wheel plant, we are well on track, and I think the plant is moving in a great shape. And I think we are on track to submit -- by last quarter of this financial year to submit samples for approvals for Indian Railways and look at getting significant revenue of 40,000 wheels in FY '27 from this joint venture. And I think as everybody knows, this is a complete -- 80,000-plus wheels are guaranteed to be as an offtake plan. So, we are not worried in terms of capacity utilization in this capacity.

- Moderator:** The next question is from the line of Dhaval Shah from Girik Capital.
- Dhaval Shah:** Thank you for the opportunity. So, a couple of questions from my side. So first is on the P&L, what will be the impact of the inventory correction which have been taken. So, the EBITDA margin is 14.6%. So, if you can help me understand, if I adjust for that inventory problem, what will be the EBITDA margin? And related to that, the warrant money will be coming from the promoter side. So, has any part of it come in the Company? And any timeline, if you can help with and along with the current debt position of the Company.
- Lalit Khetan:** Dhaval, I would like to address this question. First on the promoter money, we are going to infuse money very shortly as we are waiting for the In-Principle approvals from the Stock Exchanges, I think they are waiting for some formality to be complied with and we are hopeful this will be done shortly, and we expect the money in next 2 weeks' time, Number two, there are no adjustment on account of inventory in the current quarter number, All the inventory adjustment has been done and accounted for till 31st March 2025, And what was your third part of the question?
- Dhaval Shah:** Yes. So, I'll just repeat. So, this sharp drop in EBITDA margin year-over-year, so how should we read this margin? So, is it because of a big operating deleverage because of only a 1% overall top line growth versus we were ready with all our capacities as of last year and FY '26 was the year of growth for us and now given the lack of demand, the volumes wouldn't have happened? So how should we see this margin trajectory going forward? And also, this 14.6% margin, can you just help me understand the reason for such a drop?
- Naresh Jalan:** I think, Dhaval, if you go through the presentation and as Lalit has explained in his opening remarks, almost Rs. 40 Crores of effect basically has been in terms of realization in terms of our -- mostly in terms of our export and domestic steel price drop, which has happened. And as you know that we had already shipped this material beforehand. And the consumption of this material has happened in this quarter. And the steel price decrease, which had happened on 1st April had to be absorbed in the cost itself.
- And the customer as our -- basically, the trend continues. If there is a steel price drop in the quarter, the same has to be passed on to the customer from 1st April to 30th June. And similarly, from 1st July, there is a new pricing set in. So obviously, quarter-on-quarter, there is going to be a realization plus currency, both playing together considering March ending. And in this quarter, the currency and raw material pricing, both have affected the realization in our exports as well as there is a drop in realization in the domestic market also due to steel price decrease.
- So, both taken together, we have almost had a hit of around Rs. 40 Crores, which has dented the margins. But in terms of overall performance of the Company, the Company still expects steel prices to stabilize and Company to get back into the stable margin regime.
- Dhaval Shah:** Okay. Noted, sir. And this also regarding -- I think in one of discussions, you were discussing about the accounting for our shipments once it reaches the customer's port. So, is there also an impact because of that in this?



- Naresh Jalan:** No, I think that was one-off we have already taken in the month of March, 2025. And now we have the policy, which was changed, I think that is in prevalence. And I think accordingly, you will see every quarter, the things will continue in the same fashion. I think whatever happened in the month of March, it has been taken as a regular precedence, and that is the way we are now, new normal for us.
- Dhaval Shah:** Yes. So, but in the base year, those revenues were recorded in the other -- so that's why the next 2, 3 quarters, we should see that impact, right? Because in the base year...
- Naresh Jalan:** No, not 2, 3 quarters. I think it is -- I think what you are seeing now is the worst behind us. And I think going forward, you will see stably things going on an upward trajectory.
- Lalit Khetan:** Dhaval, I would just like to further add what Nareshji said, there will be now no adjustment on the upward or downward side on account of that accounting norm, change in accounting norm. And whatever be the market demand and supply, accordingly, the sales will be reported and impact of that is now not there at all.
- Dhaval Shah:** Got it, sir. And sir, what about the current gross debt, net debt position? How do you see that over the next 2, 3 quarters developing?
- Lalit Khetan:** So current net debt is about Rs. 1,800 Crores, which was around March, 2025, when we came out with the margin that remained at the same level. But we expect the debt will go down, which we also said on the call. So at least Rs. 300 Crores to Rs. 400 Crores reduction will be happening in this year. So, by end of FY '26, our debt level will be somewhere around Rs. 1,400 Crores to Rs. 1,500 Crores.
- Dhaval Shah:** Net debt level?
- Lalit Khetan:** Yes, we are talking about the net debt on consolidated level.
- Moderator:** The next question is from the line of Siddharth Bassi from Sass & B.
- Siddharth Bassi:** Good Evening Sir, thank you for the opportunity. A few questions actually. So, I'll ask a question, wait for an answer and then ask the next. That's the best way to go forward. So, sir, firstly, we have obviously reported a sharp drop in profitability. So, if we were to adjust for the one-time expenses that have happened, the losses on the currency, etc, and let's assume that that would have not happened, what would our profit have been in this quarter? Because you mentioned there was a margin shift due to domestic and export mix. So, what would our profit have been had the onetime machining costs and currency expenses not happened, assuming they will not happen in the future?
- Naresh Jalan:** So, at the consolidated level, I think on a rough side, on an approximate side, we should have been higher by almost 300 to 350 basis points.
- Siddharth Bassi:** Okay. So, Rs.17 Crores should have been, say -- what would have been the ballpark number?
- Naresh Jalan:** Can you repeat the question? It broke down in the middle.

- Siddharth Bassi:** So, I'm saying the profitability right now is Rs. 17 Crores. If we remove for the one-timers that have happened, including machine costs, currency costs, etcetera, what would have been our profit number if we take those costs as onetime and they won't happen in the future?
- Naresh Jalan:** So, you're talking about the PAT number?
- Siddharth Bassi:** Yes, PAT number.
- Lalit Khetan:** So, what you have to look at is, we have given you the impact on the price realization and the forex. And that has been higher, so Rs. 45 Crores have been added in the consolidated profitability and impact has to be reduced. So overall profit would have been on the consolidated basis, would have been higher by almost Rs. 40 Crores.
- Siddharth Bassi:** By almost Rs. 40 Crores. So, we would have been somewhere around Rs. 57 Crores to Rs. 58 Crores.
- Lalit Khetan:** Correct.
- Siddharth Bassi:** Perfect. Next question, sir. How did we go wrong on the steel pricing? Don't we hedge our steel and currency because in the future also, steel prices may vary. So, we can't have losses because of a change in steel prices.
- Naresh Jalan:** I think steel prices, we cannot hedge. I think we are buying steel in India, and there is no hedge we can do in terms of steel pricing is concerned because when we export to U.S. and all the contracts based out of U.S. are based on steel pricing in U.S. So basically, both are 2 different geographies, and we cannot hedge in terms of steel pricings are concerned. So, there is no formula or no place wherein we can hedge the currency. I mean we can hedge the currency, but we cannot create a hedge on steel pricing.
- Siddharth Bassi:** Understood. So basically...
- Naresh Jalan:** And basically, one more thing which you will need to understand because it is when the customer consumes this part, that is the time the invoice is ready. So, we need to have the current market situation, we cannot predict when the customer is going to ultimately consume the parts. And it is also second is that both geographies being different, if we start, we may incur more losses if we start hedging and the dates cross over.
- Siddharth Bassi:** Understood. Understood. So, sir, next question, when we are exporting to Mexico, this is basically to understand the tariff impact, are we basically exporting to companies that are manufacturing in U.S., basically U.S. companies and are then exporting back to U.S.? Or are we sending it to our own Plant, which is then exporting to U.S.?
- Naresh Jalan:** No. We are sending to the companies who have manufacturing base out of Mexico, and they are assembling it into their full assembled part or vehicle and then exporting it to U.S. under USMCA.
- Siddharth Bassi:** So that -- and the USMCA is obviously, 94% of those goods are not being tariffed anyway. So, we're not in any pressure that way.

- Naresh Jalan:** Yes.
- Siddharth Bassi:** So, the conversation regarding our -- us suffering on the U.S. tariffs is basically misplaced because Mexico auto imports are a part of the MCA, and we are exporting to American or other companies which are selling in Mexico and sending to U.S. So, there is no tariff impact per se on our case.
- Naresh Jalan:** No. Tariff per se on our Mexican shipments are not there. But per se, out of our North American export, 20% directly goes into U.S., wherein we are suffering this tariff impact. So that's the reason I said that Rs. 6 Crores -- to the earlier question, last quarter, there has been an impact of Rs. 6 Crores on account of tariff.
- Siddharth Bassi:** Understood, sir, but considering a company of our size, that's a marginal impact versus what the Street is estimating or...
- Naresh Jalan:** I think Street report -- like for all our Canada shipments, we have FOB shipments. So as such also, we are zero impacted and the customer is picking up this and customer is paying for the tariff to Canada. And similarly, for Mexico operations, all our material goes into Mexico and is shipped to the local locations of the customer in Mexico.
- We are not impacted by any tariffs for all our shipments to Mexico and Canada. Only shipments going into U.S. are impacted. I don't know why -- what market is formulating it. But out of our total North America shipments in terms of our exports, 20% of our exports directly go into U.S.
- Siddharth Bassi:** Understood, sir. Sir, just another question on then is this the worst in terms of our margin performance and our PAT performance? And in the future, considering the market remains as it is, status quo because I am, for me, it's the worst for the market cycle right now. Are these the worst numbers RK Forging is going to give? And can we go back up to the Rs. 70 Crores to Rs. 75 Crores profitability by next quarter or the next to next?
- Naresh Jalan:** No, I think in terms of profitability, in terms of EBITDA levels, I think with depreciation, if you see at the consolidated level, we have a very high depreciation right now with all the new equipment and other things in place. At EBITDA margin levels, I think this is the worst, which is there behind us. And I think you will see a gradual and a steady recovery in quarter-on-quarter every quarter. And as already guided in our earlier calls also, Company is doing what is required to go back to the old margin days. And I think it is it should not be too long before we get to that place.
- Siddharth Bassi:** Understood. Just few more questions. Firstly, big compliments to Jalan sir and the family for standing by individual investors and the market for providing the inventory losses from their own pocket in terms of taking warrants at Rs. 2,100. So just a question on that. Since you mentioned 2 weeks may -- we are putting the money, are we putting in the 25%? Or are we going to fully subscribe 100% to the warrants with the Rs. 200 Crores amount?
- Naresh Jalan:** No, I think to answer your question, as guided in our earlier call, we are putting in 25% on an immediate basis as soon as we receive Stock Exchange approval. But as committed, before the

end of this financial year of FY '26, the entire money is going to come into the Company and the entire Rs. 200 plus crores are going to be paid and converted to shares from warrants.

**Siddharth Bassi:**

Understood. Understood. And any, sir, other opportunities in terms of what the business is looking at, which, because I'm assuming with the tariff war happening, it might have opportunities open up, any thing we're looking at on that front?

And secondly, sir, since our exports, since a lot of our money is coming from exports and the European market also and a lot of our CV orders have come from the European market, any view on the market there? And how is it performing? Do you expect an uptick there? Because in the last call, you mentioned that the CV cycle is reaching replacement demand and that there will come a time when orders will be placed. Any views on that?

**Naresh Jalan:**

I think Europe is doing extremely well for us. If you see the last quarter also, Europe performance has been extremely good. And I think what we are seeing right now is extremely good traction from Europe. And I can very confidently say in FY '27, our revenues from Europe are going to equally match North American operations.

So, I think we are not going to be impacted or we are going to be only impacted for next couple of months for our North America sales. But Europe is one of the strongest market for us going forward and is going to make up more than what we are going to lose in terms of overall demand in the North America.

We have not lost any business in North America. We continue to gain market share in North America, but overall market demand per se is down in North America. That is what is reflecting in our sales in terms of our North America operations.

But if the sales come back, I think North America operations are also going to equally do well for us with the new order wins, both in non-auto and auto, which we have gained in last couple of months despite tariffs.

We have won Rs. 300 plus Crores from PV application and rest North America orders are from non-auto segment. So keeping together, I think the flat for the overall exports, we continue to ride on new order wins, and we are extremely confident of doing well.

To answer your second question, what more we are trying to do, we are increasing our wallet share considerably in the Indian railways. And I think I'll be happy to say that we have just received approval a few weeks back to supply the complete undercarriage in assembled form in Indian Railways for passenger coaches, which will give us an incremental revenue of almost Rs. 50 Crores to Rs. 75 Crores in this Financial Year.

And we are looking to do almost Rs. 300 plus Crores of revenue in next Financial Year from only assembled undercarriage for which we have already done and completed capex in previous year, and we were just waiting for final approvals from Indian Railways.

And the approvals are already in place last few weeks back. And we are expected to supply the development orders, which we have already received from Railways for about Rs. 60 Crores in this Financial Year.

**Siddharth Bassi:**

Sir, why don't we, as a company, disclose these to the exchanges, our order wins, etcetera? It would add more to the investor sentiment per se regarding, especially in tough times and tough markets.

**Naresh Jalan:**

I think as a policy decision, after what had happened in last year due to speculation because of our order win announcement, we had a lot of heartburns with our customers. So, we have taken it as a policy matter to only do order announcements with our earnings calls and not do midway any order announcements or anything related to that.

So that is a policy decision we have made. We don't want to antagonize any of our customers in export market or the domestic market. And order wins without customer name also, there are a lot of speculations, and this speculation leads to a lot of heartburns at the customer end. So basically, we don't want to add on to all these problems for us.

**Siddharth Bassi:**

Sir, just one last question. This is more again regarding the markets in terms of, have you been in touch with other mutual funds since over the last couple of quarters, we've seen Aditya Birla and other -- Aditya Birla Sun Life has completely sold out its holdings of RK Forgings and a couple of other mutual funds have also cut positions. Are we in touch with any mutual funds to explain to them how the Company is doing, what the company is all about to get better people on the cap table?

**Naresh Jalan:**

We are always available to meet and receive any investor irrelevant of the sizes they are concerned and irrelevant of the background. We are happy to take them through the performance of the Company, take them through the Plants of the Company. And we are in always touch. Our IR people are always in touch with the investors. And I think at the right moment with uncertainty, as the uncertainty fades away and as Company performance improves, we are sure that investors will come back. It's a matter of time. I think we are patiently waiting, and I think that's what best we can do.

We continue to work on what is there on the table for us and keep on performing, keep on navigating the tough times with new order wins, new geographies and new business opportunities in these tough times, I think that's what our job and that's what we are doing continuously.

**Siddharth Bassi:**

Right, sir. Thank you so much. Just a couple of suggestions, if you don't mind. Since a lot of lay investors also go through the numbers, it would be great if on a Press Release, A) obviously, you talk about the order wins of the undercarriage and the kind of profitability we expect from it and the revenues we expect in the future.

Secondly, in terms of this quarter, optically, the number of PAT looks really bad and the EPS looks really bad. So, it would be great in the Press Release if you explain that the onetimes, which have happened this time, including the steel impact and the machine depreciation impact

and the currency impact, our PAT would have been north of Rs. 50 Crores. So that would bring in a lot of confidence in terms of Company's performance.

**Naresh Jalan:** I think this your suggestion, what you have given is correct. But if you see our presentation, we have already explained this Rs. 50 Crores, why profit has been impacted. Line item-wise, we have provided details in our presentation with the results. So, if you go through the presentation, you will be able to see this Rs. 50 Crores impact we have mentioned line item-wise, what is domestic and everything. But your suggestion is well taken, and we will ensure more transparency going forward.

**Siddharth Bassi:** Absolutely. I'm an individual investor, recent new investor in the Company, after seeing that you had an inventory issue and then Mr. Jalan, how graciously he has decided to shield individual investors and retail investors by taking the hit upon himself and the family, shows that the Company really means business, wants to do well. Although I just have 1 lakh shares, but it means a lot that you're giving us the time to small individual shareholders as well. Thank you so much.

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

**Aditya Agrawal:** Congratulations on a good set of volume display. Sir, my question is on the -- so firstly, on the undercarriage order that you have got, is this over and above the Vande Bharat order that you won may be last year of Rs. 270 Crores?

**Naresh Jalan:** Yes, that is over and above. Vande Bharat order which we have received, that is from BHEL and that is a private sector. Now what we have received approval also from Indian Railways and the order of Rs. 60 crores from Indian Railways directly to supply complete assembled undercarriage.

**Aditya Agrawal:** And sir, what's the status on that Vande Bharat order? Have we started the production? Or are we still in progress on that?

**Naresh Jalan:** No, we have already started proto manufacturing. And I think we should by October 2025, we should submit the proto. Design and everything else has been approved by BHEL. Proto submission date is October 2025, and we are well on track to submit it within October, the proto submission is going to happen. And we have an obligation to supply, I think -- Milesh, what is the exact quantum by March 2026, we are going to supply?

**Milesh Gandhi:** So basically, for the first 2 train sets, that is the first 2 train sets of 16 coaches each, we will have 32 bogeys. So total 64, we need to complete by March 2026.

**Aditya Agrawal:** Okay. That's good to hear.

**Naresh Jalan:** So, the 64 is going to go to Vande Bharat and the Indian Railway order is going to also directly go to Indian Railways, which is going to, we are trying to get that also completed. Our wish list is before March year-end.



- Aditya Agrawal:** All right. Sir, my second question is on the newer, much newer segment, castings. So, if I look at the differential between consol numbers and the stand-alone numbers, the amount comes out to be Rs. 78 Crores. So, is this -- this number should all be proportionately to the castings segment?
- Lalit Khetan:** Can you repeat your question, please?
- Aditya Agrawal:** So, my question was on the castings part. So, in standalone, we basically report the forging piece of business. And with the new restructuring we have done, the castings have come in consolidated business. So, this quarter, the difference between the standalone and consolidated is close to Rs. 78 Crores. So should we proportionate the Rs. 78 Crores to the castings -- fully to the castings segment?
- Lalit Khetan:** Mainly to the casting segment. Majority will be from casting only and a little bit from Mexico.
- Moderator:** I am sorry to interrupt, sir. Your voice is not clear properly.
- Lalit Khetan:** Hello. Are you getting my voice now?
- Moderator:** Yes, sir. Now it's better.
- Lalit Khetan:** So, I was just clarifying. It's largely through the castings business.
- Aditya Agrawal:** Okay. Sir, given that, if I compare this number to last year, last year, this number would have been around Rs. 73 Crores. And given that we have given a very healthy show in the domestic volumes in forgings. So, what is the kind of ramp-up we are looking in the casting segment? Like what is the current utilization of the capacity? And what is the volumes that has picked up in the castings part?
- Naresh Jalan:** Casting, to answer your question, we have the capacity which we had acquired is almost running at 90% plus utilization. I think new capacity, which we have set up is going to go into production or trial runs, I think, in next 2 weeks' time. So, we are hoping to for a higher utilization in casting in this quarter and in next quarter to go almost to a monthly run rate of 6,000 tonnes. So, I think we are looking at almost in the next half to double our top line from the castings.
- Aditya Agrawal:** Okay. So casting, you're saying currently running at 90% utilization, right?
- Naresh Jalan:** Yes. And new facility of the castings, the addition of the casting facility, which we have done for close to 40,000 metric tonnes is going to go into trial runs in next 2 weeks' time. So that capacity is going to add up to this -- I think almost 2 times the capacity we have new put up. So this is going to create revenue in the next half of the year for us.
- Aditya Agrawal:** And you are looking at 6,000 tonnes of monthly volume offtake, right?
- Naresh Jalan:** Yes.
- Aditya Agrawal:** Okay. So, what will be the full -- I guess, the full capacity after the new addition will be close to 63,000 or 64,000 tonnes, right?

**Naresh Jalan:** Almost around, we are looking at 70,000 tonnes per annum.

**Aditya Agrawal:** So technically, we are looking at 100% kind of utilization from day 1.

**Naresh Jalan:** No, we are looking at 90%. We have a confirmed order book from castings. And I think we are just waiting for and the entire capacity as soon as it comes, we are looking at in the next half to go to almost 85% to 90% utilization from castings.

**Aditya Agrawal:** So, if I just may ask, sir, what would be the per tonne realization in the castings business you have?

**Naresh Jalan:** Lalit, can you -- per tonne, what is the realization in castings?

**Lalit Khetan:** So, it varies. Right now, it is around Rs. 120 kg to Rs. 150 kg.

**Aditya Agrawal:** Sorry, sir. Your voice is cracking, really sorry.

**Lalit Khetan:** Yes. So, it's a range between Rs. 120 to Rs. 150 per kg.

**Aditya Agrawal:** Okay. And this all will be machined, right?

**Naresh Jalan:** Yes, 99% of the castings we are supplying is in machine condition.

**Aditya Agrawal:** Okay. Okay. And just one book-keeping question. This quarter, our other expenses came in around I'm saying for the stand-alone business per se, Rs. 197 Crores other expenses, which was down last quarter -- from last quarter, 5% on a Y-o-Y basis as well as 4%. So, what has driven this driven the downward trajectory of these expenses?

**Naresh Jalan:** I think you will continuously see downward trend in terms of our other expenses. I think with the kind of cost cutting and other things we are able to do, I think you in terms of processing charges and other things, the way we are right now working on it, you will continuously see a downward trend in other expenses for near future, and that will be the new norms going forward in RKFL.

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

**Sunny:** Thanks for taking my question. Basically, I think this has been asked before, but I would still like to understand this rate impact and mix impact on the inventory. Basically, while we understand that there is some rate difference in the export and some inventory which is lying in the warehouse, what are -- there is a Rs. 24 Crores impact on the domestic tonnage due to realization.

But wouldn't that mean that although the realization has dropped, our raw material cost also would have like steel prices also would have dropped, and that impact should have gotten neutralized. So how is this impact of Rs. 24 Crores coming from the domestic volumes? And isn't this like a routine phenomenon in the business or is this like something which has come up one time?

- Naresh Jalan:** No, I think, Sunny, to answer your question, in terms of domestic realization, we -- the market did not go up as we had planned the inventory. So basically, you can see that there is an inventory hit and inventory, it is, you are right when you say that whatever steel price decrease happens, it also happens in the with the steel mill suppliers. But steel mill supplier does not give us reduction based on whatever inventories we have in the system or inventories we carry through. So all that hit has to come into the P&L, and we have to absorb, as suppliers, to the OEMs.
- Going forward, yes, we have already started getting new pricing inventories, which you will see in coming quarters, this will not get reflected in the balance sheet in the P&L. In terms of our exports, the realization, the shipments which we had already done with the previous raw material and U.S. raw material has dropped more than the domestic raw material. And that's the reason we have a higher hit in terms of the overall shipments to the export side. And that is coupled by the currency also.
- Sunny:** Got it. No, export, I think, is well understood, but domestic was something -- but basically, what you're saying is that you had excess raw material in the opening inventory, which was at a higher cost. And basically, your selling price is determined on the current running price of steel. And as you basically ran down the old raw material inventory, your cost was to that extent higher, but realization was based on the current pricing, which kind of impacted the margin in this quarter.
- Now basically, your current closing raw material inventory and the realization that you're getting from the customer is in line with each other. So that impact will effectively not get carried forward in the future quarters.
- Naresh Jalan:** Yes, you're right.
- Sunny:** Got it. And second, on the mix impact, while I understand a higher domestic mix should impact your percentage margins because your export margins in terms of percentage is better. But like how does the mix impact in terms of the absolute EBITDA? How is that...
- Naresh Jalan:** I think in terms of our overall exports, our realizations are at least 150 basis points to 200 basis points higher in terms of profitability from the domestic supplies, which has been impacted basically because of mix change, domestic going higher and exports going down.
- Sunny:** But that -- got it. Got it. Okay. And basically, this Rs. 5 Crores forex loss impact on import of capex of, say, Rs. 5 Crores stand-alone is above EBITDA impact. So basically, net-net, about Rs. 45 Crores of impact would be above EBITDA. And this Rs. 6.66 Crores is coming as part of JV.
- Naresh Jalan:** JV and it is directly get knocked off in the PBT.
- Sunny:** Got it. Got it. And would it -- like in terms of the normalized margins, so like if we adjust the 300 bps, approximate 300, 350 bps of margin impact from in the current quarter. So that number comes to about 17% to 17.5%, which is kind of still lower than your erstwhile margin of 21%, 22%. So, is there a pathway to that 21%?

**Naresh Jalan:** Sunny, I have answered this question previously also. With the storm we have weathered in previous quarter, and I think you will see a quarter-on-quarter continuous efforts with margins getting improved and we are very hopeful by the last quarter or first quarter of Financial Year FY '27, we should be back to our old days of margins on a standalone basis.

And while castings business gets consolidated, castings business, while we will be able to crop a very high level of revenue and utilization with the kind of order wins we have and with the kind of traction we have from the customer, but that will never be a 20%, 22% margin business for us. Castings will always remain to be a 16%, 17% margin. So on a blended level, we are looking at almost margins, on a standalone, RKFL should get back in next 3 to 4 quarters back to their old margins business.

**Sunny:** Got it. And just one last question. Basically, your export pricing is on a quarterly basis, but your -- like how often your domestic pricing is with the like how does it get repriced in the domestic market?

**Naresh Jalan:** Domestic market, it depends on the OEM directly negotiating with the raw material supplier. So we have no role to play in that nor there is any index based on that. It is basically the raw material supplier negotiates directly with the OEM. And as we receive information from the OEM, on the quarter basis, it immediately takes an effect. But everything, whatever happens, happens on starting of the quarter and is applicable for the entire quarter. There may be price rollover also, there may be a price change also.

**Sunny:** Got it. So, this quarter, unfortunately, you got caught in the wrong cycle with high inventory and basically on, say, the starting date, the OEMs negotiated a lower price with the steel...

**Naresh Jalan:** Yes, steel numbers.

**Moderator:** The next question is from the line of Devang Shah from Asit C Mehta Investment.

**Devang Shah:** Good evening, Sir. Just to ask you the way earlier we guided with very optimism as far as our revenue top line and bottom line. We can understand, last quarter, there was some kind of inventory correction. And in the initial remark of your commentary today, you have mentioned some kind of slowdown and certain global-related challenges is impacting the Company's performance. But certain also opportunities also you have shared in this particular call also. So, sir, I would like to know that our aspiration to have some kind of 25% kind of top line growth.

And as you have mentioned, gradually, we will come back to our normalcy of a margin of somewhere 22%. So, it will not be too longer also you have mentioned to earlier participants. So, sir, that's what the only question that in this particular financial year, can we able to have a such kind of achievement by the end of FY '26?

I'm not talking about the quarterly performance. I can understand it may have some kind of challenges. But my question is that by the end of FY '26, we can have some kind of possibility of achievement of top line somewhere close to 25% and also come out to some kind of 22% or some kind of plus/minus margin relatively close to that.

**Naresh Jalan:**

To answer your question, I think in opening remarks of Lalit, whatever he has said is based on tariffs and other things, what are applicable and what is concerning the market and what is our view related to the tariffs and other things. It does not mean that we are not working or not burning midnight oil to ensure that our performance does not decline vis-a-vis the industry. And as in the past, we have always outperformed the growth in terms of the overall industry, and we will continue to do so.

And as we have guided in our previous call, we have never guided for a 25% growth on a yearly basis, but we have guided for a volume growth of 15% to 20%. And with the kind of capacities and other things are coming in place in next 2 months, and I think as guided in our earlier call, we had clearly said that almost 80% or 90% of our entire project to increase capacity, both in castings and forgings are going to be in place by end of September 2025.

So once all these capacities are in place, we are looking to have a very healthy second half of the year. And we still believe that this phenomena of market slowdown is not a long-lived situation. And I think for the full year basis, we will be on a growth trajectory in terms of overall volumes in terms of our top line.

And in terms of bottom line, on a standalone basis, we are very confident that every quarter-on-quarter, there will be significant increase, and we will strive to get to the old days of profitability of the Company on a standalone basis. The new capacity, which is getting added in castings, casting will never be a 22%, 23% business for us.

And as guided earlier also, while we will get significant volume and significant top line from our castings business, which is 100% subsidiary of RKFL, we will outperform the industry, both in terms of volume growth and in terms of profitability in the castings also.

**Devang Shah:**

And my second question, sir, as you already mentioned that due to tariff-related challenges, that's what we are now witnessing as far as general geopolitical situation is concerned. Do you as we come out any kind of solution through terms of trade agreements kind of thing, do you see the situation and the outcome may change in the coming quarter as well? That's what something possibility as far as...

**Naresh Jalan:**

I think right now, like I said to earlier question, we have learned to live with 25% auto tariff, which is being, which is in place. And I think we are in process with discussing with all our customers and all our stakeholders for all our U.S. shipments. Again, I would like to stress on that our total North America exposure, only 20% of our shipments go directly into U.S., which is, as of now, last quarter has been impacted by almost a tariff of 25%, which is Rs. 6 Crores. And on a full year basis also, if you can see the Rs. 6 Crores, if I can -- if I put it on a full-scale basis also, it's going to be Rs. 20 Crores, Rs. 25 Crores on the full balance sheet.

So basically, we are looking at this kind of tariff numbers, and we are negotiating with our customers to offer a 100% pass on. We have almost received 50% confirmation from our customer for 100% pass on. And we are not speculating in terms of how, what the, if there is going to be an FTA, what changes it can happen and how much time it's going to take. I think it is very difficult for us to do that guesswork.

And I think we are not looking at or not speculating based on what FTA brings and what, if anything happens on the downward trajectory, it is good for us, but we are getting prepared ourselves with the current numbers, and we are working with our customers on the current numbers. We are just waiting for demand outlook to improve. And as you may be aware or you may be seeing the details, overall auto industry in U.S. is suffering very badly for this tariff-related issue. And I think we will just need to wait on the sidelines and watch how the demand side improves.

**Moderator:** The next question is from the line of Viral Shah from Enam Holdings.

**Viral Shah:** Hello, thank you for the opportunity. Sir, some of my questions have been answered. Just one clarificatory question. You said you expect to reach 21% to 22% EBITDA margins by Q4 of '26 or Q1 of '27. Is that correct?

**Naresh Jalan:** Yes, on a standalone basis.

**Viral Shah:** On a standalone basis. And then how are you looking at these numbers in the next year? Do you think there is scope for further improvement? Or do you think the stabilized margin should remain at 21% to 22%?

**Naresh Jalan:** I think as a Company, we are always working to improve margins. And I think with the capacity utilization improving with the kind of new capacities getting augmented by September 2025, our aspiration is to be on the upward trajectory of the margins.

I think with our acquisitions stabilizing, and I think the crankshaft machining plant, which is merged with RKFL, I'm happy to state that from this quarter onwards, we are going to start seeing profitability coming in from there because the utilization level has improved, and we are looking at on a full year basis to get a significantly good top line from those facilities.

So these are all going to be an improvement side in terms of the overall margins. But to be very cautious, we are taking a longer lead time in terms of expectation building in terms of our investors. We don't want to overcommit. And that's the reason we are building in 5 quarters from here, when we -- on a safer side to be hitting those margins on a standalone basis.

**Viral Shah:** Sure. Sir, my next question is on your expected outflow towards capex and investments in the current year. And accordingly, how are you also looking at the net debt progressively coming down because you also had an elevated working capital last year? So how are you looking at both?

**Naresh Jalan:** I think Lalit has answered to this question. We are looking at almost Rs. 300 Crores to Rs. 400 Crores decline in our net debt levels on a consolidated basis by end of FY '26. And basically, right now, the current net debt is close to Rs. 1,800 Crores, which is same as what was at the closing of March '25 balance sheet. And we are looking at this year to end somewhere in, anything between Rs. 1,400 Crores to Rs. 1,500 Crores as net debt of the Company at a consolidated level.

**Viral Shah:** And sir, what is the assumption of capex and investments in this, sir?



- Naresh Jalan:** I think in terms of -- Lalit, can you give the exact numbers of investments and capex?
- Lalit Khetan:** So, coming to the investment part, we have already invested Rs. 370 Crores in the JV. So Rs. 230 Crores more will be invested. So Rs. 115 Crores further will be invested in the JV in next 1 year time. And coming to the capex part, there will be a capex of Rs. 300 Crores to Rs. 350 Crores in this current year.
- Moderator:** I am sorry to interrupt, sir. Your voice is not clear, slight breaking.
- Lalit Khetan:** Yes, I think it's better now.
- Moderator:** Yes, sir.
- Lalit Khetan:** So, coming back, so capex for the current year is Rs. 300 Crores to Rs. 350 Crores. And I said the investment; we have already invested around Rs. 370 Crores in the JV. Rs. 230 Crores, both partners together will further infuse. So, about Rs. 115 Crores will be our share in the investment.
- Viral Shah:** So Rs. 415 Crores to Rs. 450 Crores is the kind of outflow that you will have this year from capex plus investments?
- Lalit Khetan:** Yes.
- Viral Shah:** Okay. Just lastly, sir, clarificatory, sir, what should be your tax rate in the standalone business this year?
- Lalit Khetan:** See, tax rate is 25% only. And, but we have not provided for any tax on account of merger with ACIL and only there is a correction in Deferred Tax Asset, which we created in the last quarter.
- Moderator:** The next question is from the line of Hardik from SP Dara & Associates.
- Hardik:** Hello sir, very good evening. Thank you for the opportunity. I just had two questions. So first, what is the long-term strategy going ahead for RKFL. So, what I mean to ask is, are there any new products under development or we are looking to consolidate the casting and forging traditional business that has been going on?
- Naresh Jalan:** No, I think we are working aggressively in terms of new product developments. I think like I answered the earlier question, we have just received approval for complete assembled undercarriage for Passenger Vehicles, and we look at extremely solid set of numbers coming in next couple of years. And with the Passenger Vehicle Segment growing in Indian Railways significantly, I think there is a lot of work to be done and a lot of revenues to be created in next years, in coming years.
- And I think this is a significant milestone in terms of the overall development of these assemblies with mix of forging, fabrication and casting together. So, I think that's one of the game changers, which we have been able to get an approval in a very short span of time. And a development order, I think my marketing people have done an extremely good job by getting

an order which -- worth about Rs. 60 Crores, which we are going to fulfill by March '26 and look at a bigger chunk of business in next financial year.

To be more precise, Railway buys close to around Rs. 1,000 Crores to Rs. 1,500 Crores worth of fully assembled undercarriage per year for passenger coaches. So, I think for next year onwards, this entire -- post this completion of development order, we'll be eligible to supply for the complete kitty. And we have set up a very significant capacity for this. So, we are looking at to do a significant number going forward in next year's onwards in this undercarriage itself.

**Hardik:** Got it. And sir, my second question was, since you said the casting business is a 16% to 17% EBITDA business. So, on a blended basis, what margin should we expect on the consolidated front for the next 2, 3 years?

**Naresh Jalan:** Lalit?

**Lalit Khetan:** So, if you look at the casting plus forging EBITDA margin blended basis, so casting business will be somewhere around -- if you look at the next year, it will be 20% to 22% on the full year basis. And if there is a 500 to 600 basis point gap, so there will be 100 to 150 basis point overall reduction from the standalone to the consolidated number. So suppose we reached to a 22% of EBITDA. So consolidated level, it will be somewhere between 20% to 21%.

**Moderator:** The next question is from the line of Mitul Shah from DAM Capital.

**Mitul Shah:** Sir, first question on this Railway JV. As per presentation, this Rs. 2,000 Crores capex is on and nearly Rs. 350 Crores, Rs. 360 Crores equity infusion has already happened. So, what would be the debt component? Or right now, what is the current debt on JV or how much total debt plus equity is invested so far?

**Lalit Khetan:** So, the construct of JV is 70-30, 70 is debt, 30 is equity. So, 30% of equity constitutes Rs. 370 crores what we instituted and proportionate amount of about Rs. 900 crores have been debt. So, total is about Rs. 1,270 crores is invested so far in the JV.

**Naresh Jalan:** Answer to your question -- Mitul, to answer your question, the Rs. 2,000 Crores project investment is in 2 phases. So, first phase will not require the entire Rs. 2,000 Crores. We are looking at close to around Rs. 1,600 Crores to be spent in this first phase, where we will augment the capacity of machined finish 100,000 plus wheels, which will suffice my requirement for Indian Railways up to FY '28.

So, second phase of investment of Rs. 400 Crores, which is going to happen, is going to happen once we have a utilization level of 100,000 plus wheels sent to Indian Railways, then only we will invest the second phase to augment full capacity of 200,000 plus wheels.

**Mitul Shah:** Okay. So incremental only nearly now Rs. 100 Crores, Rs. 120 Crores equity infusion is pending for first phase and another Rs. 300 Crores could be the debt, right?

**Naresh Jalan:** Yes.

- Mitul Shah:** So, debt is also like a nearly Rs. 1,000 Crores debt on JV apart from our existing, this, Rs. 1,800 Crores net debt.
- Naresh Jalan:** But I think the JV does not carry risk in terms of RKFL consolidated is concerned. And neither this balance sheet is getting consold in RKFL right now. So obviously, this debt is not, - and debt is entirely on plant and machinery and land bank of the JV, which is concerned.
- Mitul Shah:** And second, sir, just a clarification on this impact we have highlighted in our PBT, mix as well as this raw material thing, nearly about Rs. 40 Crores seems to be because of this raw material thing, as you explained earlier, carry forward inventory at a higher cost material purchased in previous quarters. But this Rs. 11 Crores forex impact is again on the import of the capex. So that would be part of the balance sheet, or we are factoring that capex-related impact also in P&L?
- Naresh Jalan:** So, I think RKFL on a stand-alone basis is about Rs. 5 Crores, that is above EBITDA. And the balance on the JV, which is there, that is part of PBT. So, I think on the consolidated basis, this entire quantum of Rs. 15 Crores has been – Rs. 16 crores have gone into the balance sheet.
- Lalit Khetan:** So, Mitul, further, to clarify, on the standalone basis, everything is part of EBITDA. So Rs. 45 crores EBITDA and you can -- on the consolidated basis, again, Rs. 6.6 Crores of JV also routed through PL only as a separate line item. So, everything has been routed through PL. Nothing has been routed through balance sheet.
- Mitul Shah:** Okay, sir. Understood. And as we highlighted, about 300, 350 basis impact is at an EBITDA level, right?
- Naresh Jalan:** Yes.
- Mitul Shah:** We highlighted that impact of 300, 350 basis because of this raw material and we have to pass on the benefit immediately. So that implies nearly Rs. 35 Crores kind of – Rs. 30 Crores to Rs. 35 Crores on an absolute basis. Just...
- Lalit Khetan:** Rs. 40 Crores plus Rs. 5 Crores, so Rs. 45 Crores, you have to price that by tax of 25%. So it comes to around Rs. 34 Crores. That is 300 basis point only.
- Mitul Shah:** Post-tax impact we are considering. Lastly, sir, if we assume raw material prices, steel prices doesn't change Q-on-Q in Q2, so can we expect direct this benefit or impact going away and 300 basis type of a jump in profitability Q2 itself? Or we see that every quarter, we may realize just 50, 60 basis and gradually we'll go to this 200, 300 basis improvement overall by Q4?
- Naresh Jalan:** Lalit, can you answer to Mitul's question?
- Lalit Khetan:** Mitul, so what I understood from your question, what you were asking next quarter, how the margin will move...
- Mitul Shah:** Sir, I'll repeat the question. My point is that if the raw material steel prices remain flat Q-on-Q in this quarter, Q2 itself, so can we realize this entire 300, 350 basis benefit in Q2 itself or this

journey to improvement of 300 basis will be gradual with a 50, 100 basis every quarter improvement till Q4 or next year?

**Lalit Khetan:**

It's not that simple because it depends on a lot of things. So, the domestic export mix plays a big role here, realization and the mix. So, you have seen the mix has changed. If mix moved positive rather from 64-36, it moved 60-40, it will have more positive impact. If mix remains like this, there will be no improvement on that count. And certainly, price realization and product mix also have to play a role. But certainly, the inventory correction part will be not there. So, there will be improvement. But it's very difficult to quantify in terms of basis.

**Mitul Shah:**

Okay. And sir, last one thing, again, as we highlighted, our ambition to reach to 21%, 22% EBITDA margin by fiscal end or maybe next year first quarter. So, if we look at the historical peak margin of about 22% and if we consider the inventory-related error in past 1 or 2 years, then adjusted realistic margin would be somewhere closer to 20% as we calculated 200 basis impact of the inventory. So, do you mean that we would surpass that historical peak also in next 3, 4 quarters and will go to 21%, 22%?

**Naresh Jalan:**

Mitul, to answer this question, previously -- like previous participant also asked in terms of our other expenses. If you see, we are working significantly in terms of our cost structure. And there has been a significant reduction Q-on-Q and year-on-year in terms of our other expenses. And you will continuously see improvement in terms of our other expenses. I think it is a journey which we have started.

And I think in next 4 to 5 quarters from here, what inventory related was one-off time issue on a standalone basis with the kind of capacities which we are building in next 2 months, most of the capacities are going to be in place. With this, we are very confident with the kind of order wins we have had in exports and the domestic, we will be able to surpass our previous margins in the next couple of quarters.

**Moderator:**

Ladies and gentlemen, as that was the last question for the day, I now hand the conference over to the management for closing comments. Over to you, sir.

**Rajesh Mundhra:**

Thank you. I would like to thank all the participants for taking out time to join our earnings call. I hope we have been able to answer and address all your queries. For any further information, kindly get in touch with us or with CDR India.

On behalf of Ramkrishna Forgings Limited, we wish you all a very wonderful week ahead. We look forward to interacting with you again in the next quarter. Thank you very much for taking out your time again. Thank you.

**Moderator:**

Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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