Date: 16 April, 2025

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Upgradation of Credit Ratings of the Company by India Ratings & Research

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), we wish to inform you that India Ratings & Research has revised (upgraded) the Company's Long-Term Bank Loan ratings to 'IND AA' with a Stable Outlook from 'IND AA-' and affirmed the Short-Term Rating at 'IND A1+' as per the details mentioned below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating / Outlook	Rating Action
Fund-Based Working Capital Limits	-	-	-	INR11,350	IND AA/Stable/IND A1+	Long-term rating upgraded; Short-term rating affirmed
Term Loans	-	-	31 March 2031	INR7,075.4 (reduced from INR8,840.7)	IND AA/Stable	Upgraded
Non-Fund-Based Working Capital Limits	-	-	-	INR7,325	IND A1+	Affirmed
Non-Fund-Based Working Capital Limits	-	-	-	INR2,000	IND A1+	Assigned
Fund-Based Working Capital Limits	-	-	-	INR1,925	IND AA/Stable/INDA1+	Assigned
Proposed Term Loans*	-	-	-	INR3,602.83	IND AA/Stable	Assigned
Proposed Fund-Based/Non-Fund-Based Working Capital Limits*	-	-	-	INR1,572	IND AA/Stable/IND A1+	Assigned
Term Loans	-	-	31 March 2031	INR321.77	IND AA/Stable	Assigned

*Proposed term loans of INR3,602.83 million and unallocated fund-based/non-fund-based limits of INR1,572 million have been added

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Detailed Rationale of the Credit Ratings Action by India Ratings & Research is enclosed.

RAMKRISHNA FORGINGS LIMITED KOLKATA

RAJESH MUNDHRA
Digitally signed by RAJESH MUNDHRA
Date: 2025.04.16 12:06:02 +05'30'

We request you to take the afore-mentioned information on record and oblige.

Thanking You

Yours faithfully,

For Ramkrishna Forgings Limited

RAJESH MUNDHRA Digitally signed by RAJESH MUNDHRA Date: 2025.04.16 12:06:27 +05'30'

RAMKRISHNA FORGINGS LIMITED KOLKATA

Rajesh Mundhra
Company Secretary
& Compliance Officer
ACS: 12991

Enclosed: As above

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India Ratings & Research
A Fitch Group Company

India Ratings Upgrades Ramkrishna Forgings's Bank Loans to 'IND AA'/Stable; Rates Additional Limits

Apr 15, 2025 | Auto Components & Equipments

India Ratings and Research (Ind-Ra) has upgraded Ramkrishna Forgings Limited's (RKFL) long-term bank loan ratings to 'IND AA' with a Stable Outlook from 'IND AA-' and affirmed the short-term rating at 'IND A1+'. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Fund-based working capital limits	-	-	-	INR11,350	IND AA/Stable/IND A1+	Long-term rating upgraded; Short-term rating affirmed
Term loans	-	-	31 March 2031	INR7,075.4 (reduced from INR8,840.7)	IND AA/Stable	Upgraded
Non-fund-based working capital limits	-	-	-	INR7,325	IND A1+	Affirmed
Non-fund-based working capital limits	-	-	-	INR2,000	IND A1+	Assigned
Fund-based working capital limits	-	-	-	INR1,925	IND AA/Stable/IND A1+	Assigned
Proposed term loans*	-	-	-	INR3,602.83	IND AA/Stable	Assigned
Proposed fund-based/non-fund-based working capital limits*	-	-	-	INR1,572	IND AA/Stable/IND A1+	Assigned
Term loans	-	-	31 March 2031	INR321.77	IND AA/Stable	Assigned

*Proposed term loans of INR3,602.83 million and unallocated fund-based/non-fund-based limits of INR1,572 million have been added.

Analytical Approach

Ind-Ra continues to fully consolidate RKFL's wholly-owned subsidiaries Ramkrishna Castings Solutions Limited (RKCSL, debt rated at 'IND A+'/Stable), ACIL Limited, Ramkrishna Forgings LLC, Ramkrishna Forgings Mexico S.A. de C.V. and Multitech Auto Private Limited while arriving at the ratings because of the strong operational linkages among them.

Detailed Rationale of the Rating Action

The upgrade reflects a consistent increase in RKFL's revenue and EBITDA, the increasing proportion of value-added, higher-margin business which has resulted in stable EBITDA margins amid volatile domestic and overseas industry environment, and the company's ability to record volumetric growth on account of new order wins. Furthermore, RKFL has a strengthened business profile as the company diversifies into new products and industry segments with the recently concluded acquisitions, while maintaining the credit metrics during 9MFY25.

List of Key Rating Drivers

Strengths

- Sustained revenue growth in 9MFY25; likely to continue in FY26
- Strong credit metrics
- Healthy profitability
- Diversification of business profile with strategic acquisitions
- Acquisitions to improve business profile and support revenue growth
- Reducing customer concentration

Weaknesses

- Elongated working capital cycle
- High revenue dependence on cyclical commercial vehicle (CV) sector

Detailed Description of Key Rating Drivers

Sustained Revenue Growth in 9MFY25; likely to Continue in FY26: RKFL's growth momentum continued in 9MFY25 with the consolidated revenue increasing to INR30,869 million (9MFY24: INR29,316 million; FY24: INR39,549 million; FY23: INR31,929 million; FY22: INR23,202 million). The growth was mainly driven by a strong order book for both domestic as well as export orders, and a strong performance despite an industry-wide slowdown in the domestic medium and heavy commercial vehicle (MHCV) market and muted exports. Revenue and volumetric growth were supported by new product launches, and the increasing content per vehicle as well as wallet share with new and existing customers. Ind-Ra expects the consolidated revenue to have grown further to INR41,000 million-42,000 million in FY25 and to increase to INR45,000-46,000 million in FY26, driven by a modest recovery likely in the domestic CVs industry, incremental revenue from the acquired entities and the ramping up of increased capacities

Strong Credit Metrics: The consolidated net adjusted leverage (adjusted net debt/operating EBITDA) rose slightly to 2.65x in 9MFY25 but remained at a comfortable level (FY24: 1.85x; FY23: 2.41x, FY22: 3.38x), primarily due to the cash payout related to the acquired entities as well higher capex. The adjusted debt (including recourse bill discounting, lease liabilities and letter of credit (LC) acceptances) increased to INR23,806 million in 9MFY25 (FY24: INR17,837 million; FY23: INR17,122 million; FY22: INR18,481 million). The interest coverage (operating EBITDA/gross interest expense) improved slightly to 5.7x in 9MFY25 (9MFY24: 5.4x; FY24: 5.5x; FY23: 5.8x, FY22: 5.4x) owing to a slight increase in the absolute EBITDA levels. Ind-Ra has included LC acceptances worth INR4,838 million in 9MFY25 (FY24: INR5,772 million; FY23: INR3,788 million; FY22: INR2,299 million) while calculating the net adjusted leverage.

The company is likely to have incurred capex of INR8,500-9,000 million in FY25 mainly towards its incremental forging and casting capacities at the consolidated level, along with the capex being incurred in acquired entities. Ind-Ra expects the company to incur a capex of INR3,000 million-3,500 million in FY26. The agency expects the credit metrics to improve in FY26, mainly due to a moderate capex plan, improving profitability and ramping up of operations in new businesses/capacities leasing. The maintenance of the credit metrics in FY26 will remain a key monitorable due to the capital-intensive nature of the business and ongoing acquisitions.

Healthy Profitability: The consolidated EBITDA increased to INR6,683 million in 9MFY25 (9MFY24: INR6,226 million; FY24: INR8,400 million; FY23: INR6,923 million, FY22: INR5,170 million) on account of shifting of capacities towards higher-margin products, launch of new products, increasing exports and improved operating leverage. The company has maintained EBITDA margins in the range of 21%-22% over FY22-9MFY25 (9MFY25: 21.6%, 9MFY24: 21.2%; FY24: 21.2%; FY23: 21.7%, FY22: 22.3%), primarily on account of an increased proportion of value-added higher margin business which has led to reduced volatility in the EBITDA margins. The return on capital employed was 15.7% in FY24.

Ind-Ra expects the consolidated EBITDA margins to remain at 20%-22% in FY25-FY26. The newly acquired businesses are operating at lower EBITDA margin/losses compared to standalone operations. As the volume of new capacities/ businesses ramps up likely from 2QFY26, it should help in a better absorption of fixed cost. Although the margins are susceptible to any significant increase in input prices, these can be largely passed on to the original equipment manufacturers with a lag of up to three months.

Diversification of Business Profile with Strategic Acquisitions: RKFL has been working on de-risking its business model in the domestic CV segment by diversifying across segments, customers and geographies. The automotive segment's contribution to the standalone revenue reduced to about 78.2% in 9MFY25 from about 91% in FY17. Consequently, the revenue contribution from the off-road segment (mining, earth moving and farm) stood at about 5% in 9MFY25 (FY17: 4%). RKFL is also expanding its presence in the electric vehicle space with the segment's contribution expected to reach 5% by FY27. The company is also running several electric vehicle programmes in North America and Asia and is planning to diversify further in the electric vehicle segment inorganically. According to the management, the revenue contribution from the non-auto segment is likely to increase to 30% by FY26 (9MFY25: 22%). The company is also expanding its presence in railways.

Acquisitions to Improve Business Profile and Support Revenue Growth: RKFL completed a series of acquisitions in FY24, which enabled it to diversify its revenue base by adding customers, components and allowing entry into other segments, including passenger vehicles, light commercial vehicles and tractors. These included acquisitions of Multitech Auto Private Limited (manufactures hi-tech, precision machined, casting components across industry segments), RKCSL (erstwhile JMT Auto Ltd) which is into casting and forging operations and ACIL Limited (merged into RKFL in April 2025; manufactures machined components for tractors and passenger vehicles). The company also invested in a joint venture with Titagarh Rail Systems Limited, for manufacturing forged wheels which will increase its exposure to the railways segment.

These acquisitions will allow the company to add a wide range of products to its portfolio and strengthen its presence in the passenger vehicles, light commercial vehicles, heavy commercial vehicles and tractors segments. In 9MFY25, the total contribution from these subsidiaries to the consolidated revenues was INR3,134 million, which the management expects to reach INR9,100 million-9,600 million in FY26. Ind-Ra believes the company's business profile will improve over the next two-to-three years due to a further diversification in the revenue base, synergies from the manufacturing capacities and cross-selling opportunities to marquee clientele. The agency will monitor the company's ability to scale up these businesses. The turnaround of these businesses remains a key rating monitorable.

Reducing Customer Concentration: RKFL's largest customer, Tata Motors Limited, has been the major contributor to the revenue historically; however, the contribution reduced to 23.3% in 9MFY25–from 39% in FY18, due to a continuous diversification in the customer portfolio. Also, Ind-Ra believes RKFL's counterparty risk is low due to its established market position and criticality of the components manufactured. Moreover, RKFL signs long-term contracts with export clients, which increases revenue visibility. RKFL also benefits from its preferred supplier status and maintains a high share of business with marquee clients both in the domestic and exports markets.

Elongated Working Capital Cycle: The net working capital cycle calculated by Ind-Ra, on a consolidated basis, stood elongated at 261 days in 9MFY25 (FY24: 193 days; FY23: 198 days; FY22: 244 days). Ind-Ra expects RKFL's net working capital cycle to remain elongated at around 180 days over the medium term, due to the increasing contribution from exports, which have a long receivable period. The company also maintains a substantial amount of inventory due to relatively longer transit/shipping time, leading to a long inventory holding period. The company's net working capital cycle elongated at end-3QFY25 due to ramp up of operations of these new businesses starting 3Q leading to higher inventory holding of around 213 days in 9MFY25 (FY24: 165 days; FY23: 169 days; FY22: 180 days); however, the receivable period remained moderate at 100 days in 9MFY25 (FY24: 79 days; 89 days; 140 days). As the sales take place on a more staggered basis, the net working capital cycle will be in line with historical levels.

High Revenue Dependence on Cyclical CV Sector: RFKL derives a majority of its revenue from the medium and heavy commercial vehicles sector. The CV industry depends on various factors such as macro-economic fundamentals, industrial production, fleet utilisation and freight rates and hence, is prone to cyclicality. Therefore, any slowdown in the demand from the CV industry could affect RKFL's revenue and credit metrics. The company is trying to penetrate the passenger vehicle segment to shield against the exposure risk from the CV segment.

Liquidity

Adequate: On a standalone basis, RKFL has sanctioned fund-based limits of INR10,000 million (increased from INR9,000 million in December 2024) and non-fund-based limits of INR8,500 million (increased from INR6,500 million). The average month-end utilisation of the fund-based and non-fund-based limits was about 31% and 68%, respectively, for the 12 months ended December 2024. The consolidated cash balance stood at INR196 million at 9MFY25 (FY24: INR2,288 million; FY23: INR473 million, FY22: INR934 million).

Furthermore, the consolidated free cash flow (FCF) turned negative at INR1,317 million in FY24 on account of negative working capital movements and capex spend (FY23: INR2,487 million; FY22: negative INR3,580 million). The company plans to spend capex of around INR9,000 million in FY25 (FY24: INR5,891 million; FY23: INR3,568 million). Ind-Ra expects the FCF to have stayed negative in FY25 on account of the higher capex spend incurred, but turn positive FY26 onwards, supported by the further ramp-up in scale and higher realised earnings from the full utilisation of the newly set-up production facilities. The company has scheduled debt repayments of INR1,771 million in FY26 and INR1,751 million in FY27. Ind-Ra believes RKFL's debt service coverage ratio will stay comfortable in FY26 and will continue to do so in FY27. Ind-Ra believes RKFL's internal cash generation, along with its access to multiple banking channels would be sufficient to fund its cash outflow.

Rating Sensitivities

Positive: A substantial increase in the consolidated revenue, while maintaining EBITDA margins, along with the new businesses generating EBITDA in line Ind-Ra's expectation, a reduction in the working capital cycle, and a sustained improvement in ROCE and credit metrics, would be positive for the ratings.

Negative: A significant decline in the consolidated revenue or profitability, any major debt-funded capex or acquisitions, or an elongation of the working capital cycle, leading to the consolidated net adjusted leverage remaining above 2.0x, all on a sustained basis, will be negative for the ratings.

Any Other Information

Standalone Financials: During 9MFY25, RKFL recorded a revenue of INR27,735 million (9MFY24: INR26,034 million; FY24: INR34,895 million) and EBITDA margins of 22% (22.8%; 22.7%). The interest coverage was 6.2x in 9MFY25 (9MFY24: 5.6x, FY24: 5.9x) and the adjusted net leverage (adjusted for lease liabilities, bill discounting and LC acceptances) was 3.2x (1.6x, 2.4x).

About the Company

Incorporated in 1981, RKFL manufactures forged and computer numerical control machined components for the automobile, railways, defence and mining sectors. It manufactures components for transmission and axles including shafts, gear box, crown wheel, pinion, spindles and bearing rings for the auto sector. RKFL has eighteen manufacturing facilities in India and has a total standalone installed capacity of 2,68,400 metric tonnes, and a consolidated installed capacity of 3,06,000 metric tonnes.

Key Financial Indicators

Particulars (Consolidated)	9MFY25	FY24	FY23
Revenue from operations (INR million)	30,869	39,549	31,929
EBITDA (INR million)	6,683	8,400	6,923
EBITDA margin (%)	21.6	21.2	21.7
Interest coverage (x)	5.7	5.5	5.8

Net leverage (x)	2.7	1.9	2.4
Source: RKFL; Ind-Ra			

*Consolidated Figures of 9MFY24, FY24, FY23 and FY22 include numbers of Globe All India Services Limited, which ceased to be a part of the RKFL group w.e.f 11/09/2024.