

RAMKRISHNA FORGINGS LIMITED

Date: 19 May, 2026

To
The Listing Department
BSE Limited
PJ Towers
Dalal Street
Mumbai – 400 001

To
The Listing Department
National Stock Exchange of India Limited
“Exchange Plaza” C-1, Block G
Bandra- Kurla Complex, Bandra (E)
Mumbai- 400051

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 – Revision 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 the Long Term ratings from India Ratings & Research has been downgraded to 'IND AA-' with a Stable Outlook from 'IND AA' and affirmed the Short-Term ratings at IND A1+ as per the details mentioned below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Bank loan facilities*	-	-	-	INR 35,172	IND AA- /Stable/ IND A1+	Long term rating downgrade, short term rating affirmed
Bank loan facilities	-	-	-	INR 7,828	IND AA- /Stable/ IND A1+	Assigned

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

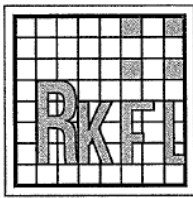


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CIN NO. :L74210WB1981PLC034281



RAMKRISHNA FORGINGS LIMITED

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

We request you to take the aforementioned information on record and oblige.

Thanking You.

Yours truly,
For Ramkrishna Forgings Limited



Rajesh Mundhra
Company Secretary & Compliance Officer
ACS -12991

Encl.: As above



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Title

India Ratings Downgrades Ramkrishna Forgings's Bank Loan Facilities to 'IND AA-/Stable; Rates Additional Limits

Brief

India Ratings and Research (Ind-Ra) has downgraded Ramkrishna Forgings Limited's (RKFL) bank loan facilities' long-term rating to 'IND AA- from IND AA with a Stable Outlook while affirming 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
Bank loan facilities*	-	-	-	INR35,172	IND AA-/Stable/ IND A1+	Long term rating downgrade, short term rating affirmed
Bank loan facilities	-	-	-	INR7,828	IND AA-/Stable/ IND A1+	Assigned

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

Analytical Approach

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

Detailed Rationale of the Rating Action

The downgrade reflects RKFL's weak credit metrics in FY26 with the adjusted consolidated net leverage (including letter of credit (LC) acceptances) rising to 4.64x amid its ongoing capex plan as well as a moderation in EBITDA margins, on account of a fall in the share of margin-accretive exports in the total sales mix. Ind-Ra expects the company's consolidated credit metrics to improve yoy in FY27, but would remain higher-than Ind-Ra-suggested trigger on the net leverage.

The rating continues to derive comfort from the diversified business profile, and an improving scale of operations. The management expects the consolidated revenue to increase to around INR50,000 million in FY27, and with cash generation and inflows of INR2,028 million from the promoters in the form of share warrants, INR2,800 million from tax refunds, helping the company likely reduce debt and improve credit metrics. The diversified profile will be further supported by incremental casting and aluminum forgings and incremental orders from Indian Railways along with other customers in the auto space.

In April 2025, RKFL identified material discrepancies between its book inventory and physical stock in its FY25 annual physical verification, prompting the Audit Committee to commission a joint fact-finding investigation. The investigation found over-statement of inventory in the books versus physical stocks at manufacturing plants affecting work-in-progress, raw materials, and scrap due to erroneous accounting entries, reliance of wrong reports and non-recording of rejections & process losses across FY24 and FY25.

Inventory over-statement stood at INR502.2 million as on 31 March 2024 and INR2,205.2 million as on 31 March 2025, resulting in a total net adverse impact of around INR2,026 million after tax, equivalent to about 6.73% of the company's net worth.

This has adversely impacted the EBITDA margins as well as credit metrics for FY25. The management has assured that the internal controls have been strengthened while the existing issues have been resolved.

List of Key Rating Drivers

Strengths

- Sustained revenue growth in FY26; likely to continue in FY27
- Diversification of business profile
- Reducing customer concentration

Weaknesses

- Weakened margin profile
- Deterioration of credit metrics
- Elongated working capital cycle
- High revenue dependence on cyclical commercial vehicle (CV) sector

Detailed Description of Key Rating Drivers:

Sustained Revenue Growth in FY26; likely to Continue in FY27: RKFL's growth momentum continued in FY25-FY26 with the consolidated revenue increasing 5.1% to INR42,381 million in FY26 (FY25: INR40,341 million; FY24: INR37,045 million), mainly driven by strong domestic volumes following industry-wide strong recovery in the domestic medium and heavy commercial vehicle (MHCV) market, a strong order book for domestic as well as export orders, new product developments and increasing content per vehicle. Ind-Ra expects the consolidated revenue to grow further to INR48,000-50,000 million in FY27, driven by a continued recovery in the domestic CV segment, incremental revenue from Indian Railways on account of new orders for fabrication as well as assembling of rail bogies.

While the management expects the export momentum to improve over the medium term as evidenced over 4QFY26-1QFY27, Ind-Ra believes that the full extent of revival in exports could be gradual. The revenue growth will be supported by ramp-up of the recently commissioned incremental capacities in FY26 such as additional 43,000 metric tonnes (mt) in the press division, 28,800mt in the casting division for RKFL on a standalone basis, and an additional press line capacity of 18,000mt in RKCSL. This will be further supported by new order wins for domestic and export sales in FY26. The company is also getting into aluminum forging with 3000 mt of capacity commissioned in 4QFY26, with capacities being largely tied-up.

Diversification of Business Profile: RKFL has been derisking 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 74% in FY26 (FY25: 78%). Consequently, the revenue contribution from the share of the domestic off-road segment (mining, earth moving and farm) increased to about 5.9% in FY26 (FY25: 4.8%). The company is also executing several electric vehicle (EV) programmes in North America and Asia, and plans to diversify further in the EV segment. The revenue contribution from the non-auto segment increased to about 26% in FY26 (FY25: 22%; FY24: 23%), and the management expects this to improve to 30% by FY28-FY29. The company is expanding its presence in the railways segment, with the standalone revenue share improving to 7.5% in FY26 (FY25: 4.6%; FY24: 3.6%), driven by its fabrication of rail parts.

RKFL has acquired several entities in the past to expand into casting components while also expanding into other industry segments. These acquisitions have enabled the company to diversify its revenue base by adding customers, components and allowing entry into other segments, including passenger vehicles, LCVs and tractors.

In FY26, the total gross contribution from these subsidiaries to the consolidated revenue increased to INR6,520 million (FY25: INR5,510 million) and the management expects the contribution to reach INR10,000 million in FY27. Further, the company is getting into aluminium forgings, and has increased casting and forging capacities, while also increasing its

exposure in the PVs, railways and oil and gas (O&G) segment. The company's exposure to EVs would also increase in the medium term. Ind-Ra believes the company's business profile will improve over the next two-to-three years due to the 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 (TML) has been the major contributor to the revenue historically on account of it being the biggest original equipment manufacturer (OEM) in the domestic MHCV sector; however, the contribution has been gradually reducing, on account of the addition of newer customers. The contribution from TML reduced to 33.4% in 9MFY26 (FY18: 39%) to the consolidated revenue. Although the share of TML is still substantial in 9MFY26, it was mainly due to the recovery in the Indian MHCV sector, coupled with muted exports to North America. 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. With the onboarding of new customers and industry segments, the agency believes the company's exposure to TML would reduce gradually. RKFL benefits from its preferred supplier status and maintains a high share of business with marquee clients in the domestic and exports markets.

Weakened Margin Profile: The consolidated EBITDA margins improved to 15.2% in FY26 (FY25: 13.8%; FY24: 20.9%), but remained lower than the historical levels of over 20%, due to a substantial dip in high-margin exports following a demand slowdown in the US that was further exacerbated by the export tariffs. The company's EBITDA margins improved to 17.1% in 4QFY26 (3QFY26: 14.9%; 2QFY26: 13.5%), mainly supported by higher volumes following strong domestic demand, increased VAP mix, and the higher contribution from Indian Railways and non-auto segments. Ind-Ra would monitor the sustained improvement in the EBITDA margins.

In FY25, the company's EBITDA margins had dropped substantially due to inventory overvaluation, which has been rectified. Ind-Ra notes that the company's EBITDA margins improved in 4QFY26

The share of exports in the total standalone revenue mix fell to 32% in FY26 (FY25: 41%; FY24: 42%) leading to reduced overall margins as well as lower overall average realisation per mt. The consolidated margins are also impacted as newly acquired businesses are operating at lower EBITDA margins/losses compared to standalone operations.

Ind-Ra expects the consolidated EBITDA margins to improve to 16%-17% in FY27, supported by likely revived export demand, the ramp-up of operations in the newly expanded capacities in forging and casting lines / acquired businesses, which should help in a better absorption of fixed costs, along with the company's cost-saving measures. Although the margins are susceptible to any significant increase in input prices, these can be largely passed on to the original equipment manufacturers (OEMs) with a lag of up to three months.

Deterioration Of Credit Metrics: RKFL's consolidated net adjusted leverage (net debt including lease liabilities and LC acceptances / EBITDA) stood at 4.6x in FY26 (FY25: 4.7x; FY24: 2x), due to elevated debt levels to fund the capex and acquisitions over FY25-FY26, as well as enhanced working capital needs largely in line with revenue growth. Its net leverage was impacted by reduced profitability. The company incurred capex of INR9,237 million in FY26 against Ind-Ra's earlier expectation of INR3,000 million-3,500 million. The overall debt levels (including lease liabilities and LC acceptances) rose to INR31,438 million in FY26 (FY25: INR26,543 million; FY24: INR17,837 million).

RKFL's consolidated interest coverage ratio (operating EBITDA/gross interest expenses) fell to 3.1x in FY26 (FY25: 3.4x; FY24: 5.3x); due to an increase in the interest expenses amid elevated debt levels. Ind-Ra expects net leverage to reduce in FY27, given the infusion of INR2,027.5 million warrants, income tax refund of INR1,500 million and a further expected refund of INR1,300 million, the amortisation of existing term loans and likely improved cash generation in FY27 and onwards amid improved profitability. The interest coverage ratio is likely to remain above 3.0x in FY27, while the net adjusted leverage is expected to reduce to around 3.5x-4x in FY27. The leverage is likely to reduce below 3.0x only by end-FY28.

Elongated Working Capital Cycle: The consolidated net working capital cycle calculated by Ind-Ra shortened on a yoy basis, still remained elongated at 193 days in FY26 (FY25: 214 days; FY24: 191 days), mainly due to shortened receivables and inventory days following lower export sales, which have a longer average collection period, as well as higher transit time.

Ind-Ra expects RKFL's net working capital cycle to remain at 180-200 days over the medium term, in line with historical levels, due to the increasing contribution from exports which have a long receivable period and requires company to maintain substantial amount of inventory due to relatively longer transit/shipping time, though Ind-Ra notes this is largely in line with the industry. Ind-Ra also believes that the current geopolitical conflicts could lead to potential supply chain disruption/ longer transit routes, especially for export-focused companies and hence, working capital requirement could increase. This remains a key rating monitorable.

High Revenue Dependence on Cyclical CV Sector: RKFL derives majority of its revenue from the MHCV 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 cyclicity. 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 PV segment to shield against the exposure risk from the CV segment and increase its exposure towards Indian Railways, EVs and the off-highway segments.

Liquidity

Adequate:

On a consolidated basis, the average month-end utilisation of the fund-based of INR10,000 million was about 71% for the 12 months ended March 2026 and that of the non-fund-based limits of INR8,500 was 65%. The company's consolidated cash balance stood at INR1,629 million at FYE26 (FYE25: INR235 million; FYE24: INR2291 million).

Furthermore, the company's cash flow from operations (Ind-Ra calculated) improved to INR6,503 million in FY26 (FY25: negative INR1,293 million; FY24: INR4,877 million), mainly due to higher EBITDA levels as well as favourable changes in working capital. However, consolidated free cash flow remained negative at INR2,915 million in FY26 (FY25: negative INR11,423 million; FY24: negative INR1,255 million) which resulted in negative free cash flow/revenue ratio due to continued high capex of INR9,237 million (INR9,789 million; INR10,190 million). Its capex is likely to reduce in FY27 to INR5,000 million-5,500 million; hence, Ind-Ra expects the free cash flow to stay negative for FY27, but it is likely to improve yoy, supported by the further ramp-up in scale and higher profitability.

The company has scheduled debt repayments of INR3,378 million in FY27 and INR3,465 million in FY28. Ind-Ra believes RKFL's debt service coverage ratio (DSCR) will stay comfortable in FY27-FY28. The company received INR2,020 million from share warrants from promoters while INR2,027.5 million is likely to be infused in FY27. The company received INR1,500 million from tax refund and expects further tax refund of INR1,300 million, Ind-Ra believes RKFL's internal cash generation, along with its access to multiple banking channels would be sufficient to fund its cash outflow going forward in the medium term.

Rating Sensitivities

Positive: A substantial increase in the consolidated revenue, while maintaining the EBITDA per tonne, along with increased revenue diversification, a reduction in the working capital cycle, positive Ind-Ra-calculated free cash flow /revenue ratio and a reduction in the consolidated net adjusted leverage to below 2x, all on a sustained basis, would be positive for the ratings.

Negative: A significant decline in the consolidated revenue or profitability, any major debt-funded capex plans or an elongation of the working capital cycle, leading to the consolidated net adjusted leverage remaining above 3x, all on a sustained basis, will be negative for the ratings.