Date: 9 May, 2024

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Call Q4 and FY 2023-24

This is further to our intimations dated 27 April, 2024 and 29 April, 2024 w.r.t conference call with the Analysts/Investors for Q4 and FY 2023-24 Audited Financial Results (Standalone & Consolidated).

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 Transcript of the Earnings Call for Q4 and FY 2023-24 Audited Financial Results with the Analysts/Investors, held on Thursday, 2 May, 2024 at 04:30 P.M. (I.S.T).

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

Request to kindly take the same into record.

Thanking you.

Yours faithfully,

For RAMKRISHNA FORGINGS LIMITED

RAJESH MUNDHRA
Digitally signed by RAJESH MUNDHRA
Date: 2024.05.09 18:50:07 +05'30'

RAMKRISHNA FORGINGS LIMITED KOLKATA

RAJESH MUNDHRA
COMPANY SECRETARY
& COMPLIANCE OFFICER
ACS: 12991

Encl.: As above

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“Ramkrishna Forgings Limited

Q4 FY ‘24 Earnings Conference Call”

May 02, 2024

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

Moderator: Ladies and gentlemen, good day, and welcome to the Ramkrishna Forgings Q4 FY '24 Earnings Conference Call hosted Nuvama Wealth Management. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

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

Raghunandhan: Good evening, everyone. Welcome -- on behalf of Nuvama Wealth Management, I would like to welcome you all to this earnings call of Ramkrishna Forgings, I would like to welcome the management and thank them for giving us this opportunity. We have with us today Mr. Naresh Jalan, Managing Director; Mr. Lalit Khetan, Whole-Time Director and Chief Financial Officer; Mr. Chaitanya Jalan, Whole Time Director; and Mr. Rajesh Mundhra, Company Secretary and Vice President, Finance.

Before we begin, may I remind you of the safe harbour the management may be making some forward-looking statements that have to be understood in conjunction with the uncertainty and the risks the Company faces. I shall now hand over the call to Mr. Lalit Kumar Khetan for opening remarks. Over to you, Lalit, sir.

Lalit Khetan: Thank you, Raghu. Ladies and Gentlemen, A very warm good evening, and welcome, everyone, present on the call. I hope you all have got an opportunity to go through our financial results and investor presentation, which have been uploaded on the Stock Exchanges as well as on the Company's website. We are pleased to report that the Company has delivered steady results for the fourth quarter and financial year ended FY '24.

Firstly, let me give you a brief into the latest trend in the global commercial vehicle market. The global CV market is expected to grow by 4% in volume and 6% in value from calendar year '23 to calendar year '29 This growth is primarily fuelled by the expanding e-commerce sector, which is driving demand for light and medium duty vehicles.

Furthermore, the development of smart cities and infrastructure projects like highways will fuel the demand for heavy-duty vehicles. India CV market is experiencing exceptional growth, letting it fastest-growing CV market globally. Initiatives such as Make in India, National Electric mobility, Nissan plant, BS VI laws and vehicle scrappage policy are set to further accelerate this growth. This policy not only encouraged, but also promote innovation and sustainability within the Indian CV market.

Indian forging industry continues to be dominated by automotive sector holding a commanding 62% market share in forge components. In terms of value, the automobile sector contribution stood at USD 3.6 billion in calendar year '23 and slated to reach to USD 5.4 billion in CY '29, exhibiting a strong CAGR of 7%.

The overall market is projected to expand by 39 lakh metric tonnes by CY '29, driven by increased demand from automotive segments supported by a growing working population and rising per capita income. Now let me highlight some key achievement of our Company has made in the last quarter. The Company achieved a significant contract worth USD 220 Million, that will be executed over a period of 10 years, making our entry to a new vertical within forging sector, the strategic move focus on supplying Tier 1 customers in the light vehicle segment across North America, enhancing our global footprint and revenue stream.

Furthermore, we obtained our Board approval for commencing manufacturing and supply offices in Mexico, enhancing our operational capabilities and market reach. We have also received a substantial order of prestigious Vande Bharat train set valued at INR 270 Crores, this order to be supplied to the BHEL TRSL consortium making a pivotal moment in our journey towards accelerating rail infrastructure development. Moreover, we remain committed to sustainability and corporate social responsibility. We continue to launch initiatives to reduce our carbon footprint, promote diversity and inclusivity at work and support local communities.

Now let's look at our financial performance for the quarter and year ended FY '24. In Q4 FY '24, we achieved a revenue of INR 886.16 Crores on a stand-alone basis. This revenue is down by INR 20.75 Crores due to the Red Sea issue, as the ships are stuck in the channel, otherwise, revenue could have been higher by INR 20.75 Crores in the quarter. And similarly, for the year, INR 3,489.60 Crores , that could have been higher by that amount. However, this represent a year-on-year growth of 16%. Our EBITDA margin for Q4 stands at 22.7% as compared to 22.5% in Q4 FY '23 and the EBITDA expansion of 20 basis points is year-on-year. Similarly, our EBITDA margin for FY '24, which stands at 22.7% versus 22.3% in FY '23.

We would like, also like to highlight our export performance in Q4 is very good and we have been able to achieve highest ever sales in exports in Q4 FY '24 that which you can see in our presentation that we have achieved INR 400 Crores of export sales, which we never achieved in the history of RKFL. And this level of export sales is very much sustainable in upcoming periods. We are very confident of that.

Lastly, our net Profit After Tax saw a strong growth with INR 87.3 Crores in Q4 FY '24, which is a 31% year-on-year increase compared to INR 66.81 Crores in Q4 FY '23. For FY '24, our net Profit After Tax stood at INR 326.1 Crores, reflecting a 38% year-on-year growth from INR 235.6 Crores in FY '23. At Ramkrishna Forgings, we are ready to seize this growth opportunity by leveraging our strength and innovation, operational excellence and strategic partnerships.

We are confident in our ability to adapt, innovate and create value for our stakeholders while making a positive impact on the industry and society. Thank you for your continued support and for joining us today. We will now take questions from the audience. Thank you.

Moderator: Thank you very much. We will now begin question and answer session. The first question is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead. [inaudible 0:07:45] The next question is from the line of Mitul Shah from DAM Capital.

Mitul Shah: Good afternoon Sir and thank you for the opportunity**.** First of all, congratulations for strong set of performance. And thanks for very elaborate presentation this time giving all the details, including subsidiary-wise Capex. Sir first question is on, is there any restructuring of the cost because raw material gross margin seems to be very different quarterly and entire cost seems to be shifted to other expenses. Is there any restructuring?

Lalit Khetan: No. Mitul, there is no restructuring. If you look at this quarter, export percentage, export has grown substantially higher and realization in export reached more than the domestic market and ratio has significantly improved from 63.37 to 58.42, that's why you can see this raw material number is looking like that because the gross value is that. And that's the consequent results on the other expenses where it is mainly increased due to the freight has increased so we have got a INR 17 Crores hit on export expenses due to that.

Mitul Shah: So in general, when export increase or export gross margins are much better, but other expenses on the export side are slightly higher. So EBITDA level, it is more or less maintained. Is it like that?

Lalit Khetan: It's compensated on the EBITDA level.

Naresh Jalan: One more thing just to add to that Mitul this quarter, we have been hit by this Red Sea issues and freight cost has been higher than natural. We had to pay some extra set because of rerouting and all this. So that also has been added to the cost of order.

Mitul Shah: So sir, can you quantify approximately what would be that onetime impact of freight cost or Red Sea impact?

Naresh Jalan: I think that's not a onetime cost right now till we are already in discussion with our customers to realize some part of the freight. So I think this will rationalize by about 10% to 15% going forward. But right now, until the discussions are concluded, we will see this kind of freight cost going forward until the Red Sea issue is resolved. So Red Sea impact, is going to stay unless this war stops or there is some cringing over there. So this impact, unless and otherwise customer is ready to face the extra freight of it, which we are very sure that we will be able to have some consideration from the customer to fill in the kitty.

Mitul Shah: Okay. Sir, second question on average realization. In terms of domestic, quarter-on-quarter, there is an improvement. Export has fell despite currency being favorable, so any price rationalization or product mix or how one should look at that.

Naresh Jalan: I think exports, we have been almost $35 cost reduction from 1st January has impacted the realization. The Indian key market has not our all the exports are tied up to the international steel market. So international commodity or international steel market on 1st January has declined by $35 .So that, impact, has been felt in the realization part of it.

Mitul Shah: Okay. And sir, lastly, whatever you can give some outlook on the three of these subsidiaries recently merged with.

Naresh Jalan: I think all the three subsidiaries right now, Multitech Auto, I think we have given in our presentation details. Multitech is performing I think better, you can see the margins have considerably improved after we took over, almost year-on-year, if we see. There is a 200 basis points improvement in margins in Multitech and we are running the plant to full capacity and we expect individually in Multitech the market -- the balance sheet to grow almost by 20% in the current financial year.

In terms of JMT, we are going to start production from this month onwards, 1st May onward we are -- May onwards we are partially starting production. And from July onwards, we are going to be full production in JMT. We expect this anything between INR 100 Crores to INR 150 Crores top line from JMT in this full year. ACIL has already started manufacturing. And I think in the last quarter also, we have around INR 7.5 Crores from ACIL. This year, we are looking at almost INR 120 Crores of sales from ACIL.

Mitul Shah: And sir blended subsidiary margin of all this put together around 15?

Naresh Jalan: I think consol level the margins which you see right now we are expecting at least 150 basis points improvement in overall margin at this level.

Mitul Shah: From Q4 level?

Naresh Jalan: Yes, Q4 level. 100 to 150 basis points improvement in margin for the consolidated level.

Mitul Shah: Sir, thanks a lot and all the best.

Naresh Jalan: Thank you.

Moderator: Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi.

Mumuksh Mandlesha: Thank you Sir for the opportunity and thanks for detailed presentation. Sir, on the recent order wins in the PV segment on the Mexico plant and the North America to INR 20 Million order. Can you share what would be the current revenues from the PV segment? And what is the expected revenues from this new order wins over the next two to three years? And can you share some thoughts on the profitability for the PV segment will it depend from the overall business and particularly with the other new Mexico plant how there will be the profitability?

Naresh Jalan: So recent this Mexico plant is not yet been operational. We have just located us space and everything. I think equipment and other things will take another four to five months' time. This year, we are expecting only INR 8 Crores to INR 10 Crores from our Mexico plant.

And following year, we are looking at substantial revenue to grow from Mexico plant operations. So right now, we cannot assess the visibility of that part. Going forward, I think we will be updating the investors on quarter on quarter. In terms of our overall PV exposure, right now, PV is close to 2% or 2.5% passenger vehicle. We expect a double-digit PV in next two years' time with the current order wins and the order wins, which we have had totally, I think going forward, we should look at a double-digit PV in next two years time.

Mumuksh Mandlesha: On this Vande Bharat order of INR 270 Crores, what was the time line for this order? And also, will this be the fabrication capacity, which will be used for the service order?

Naresh Jalan: So Vande Bharat order is to be supplied by -- from our current capacity only. We are going to submit samples in the -- first samples by the over this year. And first batch serial production in

-- by December this year. And following this contract for this INR 270 crores, is valid – to be supplied within next two financial years, so it will be covered up to FY '26.

Mumuksh Mandlesha: Okay, sir. And just lastly, on the capex side, on the standalone basis, are you planning to spend about INR 350 Crores to INR 400 Crores annually, what will be the breakup of this capex?

Naresh Jalan: I could not understand what exactly you mean by a break up or?

Mumuksh Mandlesha: Break up sir. What could be the breakup of the capex will it be the capacity expansion, the Mexico plant?

Naresh Jalan: No, I think cumulatively, we are looking at almost INR 400 plus crores of capex this year. That includes standalone on the RKFL side in terms of addition of capacities in the Mexico venture as well as in the capacity in a brownfield activity in our current Plant.

Moderator: Thank you. Next question is from the line of Mr. Raghunandhan from Nuvama Wealth Management.

Raghunandhan: Thank you Sir for the opportunity and Congratulations on the strong numbers. Sir, firstly, on the light vehicles. As you indicated, given the receipt of orders, you would look at the contribution of light vehicles or passenger vehicles to increase in revenue. If you take a medium-term aspiration how would you see the share of light vehicles going up? And also, if you can talk about whether it will have a similar kind of profitability?

Naresh Jalan: Light vehicle in terms of overall balance sheet on the consolidated level, including Multitech and other places, we're seeing at almost more than double digits in the next two years' time. And I think in terms of profitability, we are looking at sustained profit, what we are doing right now in a similar way to work it.

Raghunandhan: Got it. Sir, in the medium term, we have the cold forging capacity, which is likely to be operational in quarter one of FY '25. The project is fully booked by orders. How do you see this ramp up of order execution? Can we see the peak level of execution in FY '26 and for this capacity, what would be the peak revenue?

Naresh Jalan: I think in terms of cold forging samples and other things are going to start going out from quarter 2 of that year. We expect quarter 4 onwards 100% utilization to start from that facility. We are looking at full production or full utilization in FY26-27. And at peak, we are looking at almost INR 250 Crores topline from this.

Raghunandhan: INR 250 Crores, sir?

Naresh Jalan: Yes, sir.

Raghunandhan: Got it. That would be like a 2x gross asset turnover and in terms of JMT Auto given that the forging division is starting in April and machining division in May, can you please indicate that in terms of discussions with the earlier customers of JMT is this on track?

How are you seeing the response of customers and your confidence level in terms of ramping up the utilization?

Naresh Jalan: I think we are very confident in terms of the overall how JMT is shaping up. I think it has taken a little more time because of the deterioration in terms of equipment and infrastructure, but now almost everything is complete and is going to get completed in the next 2 months time.

Most of the customers have confirmed back and we have already started -- getting reaudited by the customers. So one by one the audit has been lined up and gradually we will see most of the customers and we want to come back is going to be back by I think October. So we are looking at almost going to back to almost 80% for utilization in FY '26.

Raghunandhan: Got it. Sir, with reference to the Vande Bharat order. Congratulations on that prestigious order. In terms of the time line, would it be roughly is there clarity whether it will be a 3 year, 5 year? What could be the length of the order, sir?

Naresh Jalan: No, this order is for next 2 years' time. This is order is only for 32 train sets, but actual requirement is for 200 train sets. So after building the prototype and supplying the prototype and it gets validated, we feel that this 32 set opportunity is going to get converted to at least 100 to 150 train sets. So if that really happens through we will be booked up to 2029.

Raghunandhan: Wonderful sir. Wishing you all the best for that. And in terms of ACIL and MAPL would it be possible to approximately indicate the revenue and margins for the quarter?

Lalit Khetan: For the current quarter, Raghu, FY '24 Q4.

Raghunandhan: Yes, Q4, sir.

Lalit Khetan: If you look at MAPL INR 90 Crores was the turnover for Q4 and the margin was somewhere around 16.5% on the EBITDA side. ACIL is just a small turnover of around INR 9 Crores for the quarter. And I think the EBITDA margin was almost nil on this level, and it will improve once the scale up comes from the EBITDA side.

Raghunandhan: And sir, like the earlier indicated target of INR 125 Crores for ACIL and INR 525 Crores for MAPL, would you believe they are on track?

Naresh Jalan: Yes, it's on track.

Raghunandhan: Wonderful. Sir, lastly, in terms of the quarterly results, so you explained the realization improvement. In terms of other income, what led to the other income jump, sir?

Lalit Khetan: So Raghu, it's contained two, three element other income. One is on account of foreign exchange on non operating assets. So it can always come and go, but there is interest income because we had the QIP and we have fund parked in liquid fund. So the entire fund could not be utilized on time and even you can see on the 31st March we have lying cash on the balance sheet.

So going forward, this interest will go down and similarly finance costs will also go down. So these are the major two components for the other income.

Raghunandhan: Got it sir. And in terms of gross margin it was a very strong number for the quarter, almost 54.3%. In terms of FY '24 it was 51% around that and FY '23 was 52%. Roughly, what would be the sustainable range you would say, for the gross margin?

Lalit Khetan: So Raghu, it will be somewhere around only 50% kind of thing maybe 1% here and there. So that is -- we will try to further improve upon that. This quarter 54% is only due to the increase in export domestic ratio majorly. So if you look at the per tonne EBITDA that is almost similar to what we have in the last quarter. So it will -- I would say a little better than the last quarter. So this kind of EBITDA per tonne margin is quite sustainable and we will have all our endeavor to improve the margin further.

There may be change in the gross margin depending upon the export domestic mix, but going forward we feel this export is sustainable. So export remains that and if domestic also improves which we are very confident of so there will be a little change in the margin on the northward side in terms of towards 50% side.

Raghunandhan: Got it sir. Thank you so much and fall back to the queue.

Moderator: Thank you. The next question is from the line of Mitul Shah from DAM Capital. Please go ahead. Yes Mr. Mitul you go for your question. We will move to the next. The next question is from the line of Saket Saurabh an Individual Investor.

Saket Saurabh: Thanks for the opportunity. So I've been an investor with RKFL for now almost 8 years and would really like to congratulate the management for expertly navigating the Company through these prime times and I really appreciate your support Sir. Hello. Am I audible?

Lalit Khetan: Yes. Thank you, Saket. Please go ahead.

Saket Saurabh: Yes. So my question was there was one of the announcements from your end that were engaged leading management consulting firm for almost 18 months. So could you talk us through what could be the focused area where they are enabling or supporting the firm and what has been the progress so far on that front?

Lalit Khetan: So Saket, I don't think we can discuss much on the depth. Results you will see in the upcoming period about the improvement that we can't go into the specifics the areas they are working on. It's really difficult for us to divulge all that.

Saket Saurabh: Okay. Fair point. And any update on the electric PV order that went on for because there have been certain developments on the customer front where they have talked about a certain realignment of their focus. So any further inputs if you can share on that front?

Lalit Khetan: Can you repeat your question?

Saket Saurabh: Yes. So there was a project from our largest PV player which went on hold electric -- largest PV electric player which was announced and then it went on hold. So any further updates on that front?

Naresh Jalan: No, I think there is no update on that front. We will inform the investor at the right opportune time.

Saket Saurabh: Okay. Thanks once again for sharing the detailed presentation really helps a lot. Appreciate your support.

Moderator: Thank you. The next question is from the line of Richa from Equity Master. Please go ahead.

Richa: My question is related to the domestic and export mix. Where do you see this mix three years from now? And if you could also give some sense of the margins because export margins are better. So on a gross margin basis, what kind of differential would be there between domestic and export?

Naresh Jalan: I think in the next three years horizon, we are looking at almost 50% in terms of exports and domestic. In terms of exports, I think there is higher margin and better realisation opportunity for us. And with the mix changing and more trust on exports, we expect at least 100 to 200 basis points margin improvement going forward.

Richa: Okay. And what is the differential between gross margins in domestic and export?

Lalit Khetan: So it's very difficult to tell because it is product to product will differ. But that the export margin and export sales contain the element of sea freight also. So, that's why it goes higher by that. Otherwise, it's 100 to 200 basis points more than the domestic margin.

Richa: Okay. And sir, what about your auto and non-auto mix similar timeline, 2 to 3 years down the line? And my understanding is that non-auto has better margins. So if you could just give a sense of the margin between auto and non-auto as well? Hello?

Lalit Khetan: Hello?

Richa: Yes. I'm not sure if my question was audible. I was asking..

Lalit Khetan: The non-auto and auto, if you look at the current quarter number, we are at 77.1 auto versus a 77.9 last quarter. So, there is again an improvement in quarter-on-quarter in auto and non-auto. And it will continue. We have already seen, also my auto and non-auto will be 70-30 is the first target, then 60-40 over a period of 4 to 5 years. So, we stick to that guidance. And certainly, margins are better. And we have already given the blended margin where we will be in the next 4-5 years. So, we stick to the margin guidance also.

Richa: Okay thank you and all the best.

Moderator: The next question is from the line of Chirag Jain from Yogya Capital.

Chirag Jain: Thanks for the opportunity. Sir, I have a query. Sir, how are we looking at reducing our net debt?

Lalit Khetan: So you have already looked at, Chirag, at INR 522 Crores in the net debt on the stand-alone side and INR 818 Crores on the consolidated, and we have given a guidance for FY'25 and '26, which you are very much seeing in our presentation, if you have gone through the presentation.

Chirag Jain: Okay. So we stand on that?

Lalit Khetan: Yes.

Chirag Jain: Okay. Sir, also, we have a high number of payable days. So do we pay something extra for getting such a high line of credit?

Lalit Khetan: No, it's not there. So, if there will be extra, that will have an impact on the margin. We do elongate our credit a little bit and it is in commensurate with the size of the operation the Company is doing and so, there is no such issue. We do not pay anything for the credit period.

Chirag Jain: Thanks that’s all from my side.

Moderator: The next question is from the line of Sangeeta Purushottam from Cogito. Please go ahead.

Sangeeta Purushottam: Actually, related to the numbers put on slide number 28. Now, given the breakup of the growth in the domestic market and the export market. Now, it seems as if we've seen some kind of a slowdown in the domestic market and your growth driver has really been exports.

It would be very useful if you could give us a sense as to how you see these two markets panning out over the next one to two years. And secondly, would it be fair to assume that your acquisitions will play a key role in driving your growth also in the next one to two years and what percentage of your growth can come from those?

Naresh Jalan: Now, I think in domestic market, the market has stabilized and we will see growth going forward. And I think the market is looking to see growth and in the opening statement, Lalit has already said that in the coming year, we could see at least 10% to 12% growth in the industry. So, overall, we are looking at growth. And in terms of our acquisitions or the Company with whatever we have acquired over the last one year, in terms of aligned, we are looking at 15% to 20% volume growth in terms of our consolidated numbers.

Sangeeta Purushottam: So as a combination, you should be doing about 15% to 20% volume growth in the next year, that's your guidance.

Naresh Jalan: Yes.

Sangeeta Purushottam: Okay. And sir, you have given in detail all your capex amounts that are consolidated and subsidiary level as well as the consolidated debt. Now, how is your working capital likely to move? And does that…

Lalit Khetan: Yes, please, carry on. Complete your question.

Sangeeta Purushottam: Yes. So would you -- if you add your working capital investments to this, then would you be able to bring down your consolidated debt as you have indicated?

Lalit Khetan: Yes. So if you look at my working capital debt, it is 85 to 90 days right now networking capital debt and it will remain in these levels only. And considering those levels of working capital requirement, we have given our guidance on consolidated debt in the presentation.

Sangeeta Purushottam: Okay all right. Thank you.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: Thank you so much for the opportunity again. Sir, in Q4 quarter, the domestic revenue saw a decline both at Y-o-Y and sequentially. What has led to the decline?

Lalit Khetan: Can you repeat your question, please?

Mumuksh Mandlesha: Yes. So, the domestic revenue for this quarter led to the decline, sir, sequentially. Can you explain the reason why we saw a decline, sir?

Naresh Jalan: So I think we are well aware that last quarter, there was considerable slowdown, I think, in terms of commercial vehicles or the entire commercial vehicle, including LCV, in domestic market, which led to a considerable slowdown. I think we have done much ahead. And beyond Quarter , they have degrown, basically, in the domestic market. While we have continued to maintain what we have done in the last quarter and we feel that we have done much better than in terms of expected line, we have done much better.

Mumuksh Mandlesha: Sir, was there any impact of the inventory reduction at the OEM end, which impacted your volume?

Naresh Jalan: Both inventory as well as sales were affected of the OEMs. And you can very well see with the monthly numbers which came out for the January, February & March. So, obviously, that has impacted both in terms of the inventory cut-down as well as sales numbers. I think we are very confident that we have done much better than the industry average. We will continue to strive for that.

Mumuksh Mandlesha: Sir, you had mentioned about the freight cost impact for this quarter. Can you again re-quantify that amount, sir? What was the amount for this quarter?

Lalit Khetan: Can you repeat your question?

Mumuksh Mandlesha: Freight cost this quarter, which was impacted, what is the amount, sir?

Lalit Khetan: So this quarter, it is higher by INR 17 Crores from the previous quarter.

Mumuksh Mandlesha: And sir, you also mentioned about the Red Sea impact on the revenue side due to the shipments being delayed. What was that amount, sir, for the Q4 and the previous year?

Naresh Jalan : We have already mentioned in the balance sheet that INR 20-plus Crores is the impact. It has not been recognized as sales because of the Red Sea impact.

Mumuksh Mandlesha: Okay. For this quarter?

Lalit Khetan: Yes.

Mumuksh Mandlesha: Thank you so much for the opportunity.

Moderator: The next question is from the line of Dhaval Shah from Girik Capital.

Dhaval Shah: Hello Sir, what is the current gross asset turnover and how do you see that changing over the next couple of years as our product mix changing within auto and also other segments hinging up, cold forging scaling up plus oil and gas also coming in. So overall, there is -- as we move more towards a better value-added product over the next three year period, how do you see this gross asset turn changing for the Company? And what is it currently?

Naresh Jalan: No, I think first of all, we don't take a 3-month view.

Dhaval Shah: Three years, sir. I said three years. Three years.

Naresh Jalan: Lalit can we provide him the numbers, please?

Lalit Khetan: Yes, so, Dhaval, we don't calculate the asset turn on the gross asset number. I think that's the misnomer because assets are even 20-year-old and 30-year-old and which have been fully depreciated. So, how we can calculate that on the gross asset turnover? So, that's why we take it on the net asset value.

You have very well seen it's a 1.9 plus in the net asset turnover. So, we will continue with that. We don't believe in the gross asset concept. Okay. And from here, we have already given guidance that we will be somewhere around 2.5 to 3 on net asset turnover in the next two to three-year time. That we have also said on our earning calls.

Dhaval Shah: Okay, up to 2.5 to 3. And that will be mainly driven by which segment? If you can highlight, like, what will be the, what will change because that's a huge change we are going to see. So, if you can talk a bit about that?

Lalit Khetan: So, it will be a mix. As you know, see, we have already given guidance on the auto, non-auto, how it's going to grow, how the growth will come, 15% to 20% on the total overall tonnage side. So, I think it's very difficult to maintain on what will be the futuristic sector-wise and that we don't do.

Dhaval Shah: Correct .Helpful Sir. Thank you.

Moderator: The next question is from the line of Mitul Shah from DAM Capital. Please go ahead.

Mitul Shah: Thank you for the opportunity again. Sir one clarification on cold forging side, when you indicated full ramp up in FY '26. So there would be 25,000 tonnes?

Lalit Khetan: Yes, 25,000 will be the capacity for cold forging, yes.

Mitul Shah: And you also highlighted revenues of around 225 crores kind of number. So, that is translating into roughly 1000 per kg kind of numbers. So, that's why I'm surprised that from current level of 250 per kg for cold forging, is it like a nearly 4x type of revenue per kg?

Lalit Khetan: Not at all, not at all. What you are saying number of so 25,000 tonnes, if we take it INR 200 per kg, it's a INR 500 Crores kind of revenue from where you have got the number INR 900 Crores.

Mitul Shah: No, sir. You highlighted that 1000 per kg full potential of that cold forging in the call earlier.

Naresh Jalan: We have said, I think, Mitul, I think you have wrongly understood, we have said INR 250 Crores top line, we are going to get from cold forging in the first -- next year of operations.

Mitul Shah: So that is what I'm asking that to 25,000 tonnes, we'll get INR 250 Crores is it like that?

Lalit Khetan: No, Mitul. 250 Crores will be somewhere around 10,000 to 15,000 tonnes per annum. Then INR 250 Crores revenue will come.

Mitul Shah: Okay. So then they will be full 100% utilization right.

Lalit Khetan: Yes. so ramp-up will not happen in 1 or 2 quarters. It will take little time.

Mitul Shah: And second, sir, just if you can just give more details on the export side for this quarter, it's a decent double-digit growth on Y-o-Y as well as sequential whereas even in U.S. also Class 8 truck numbers are not very great. So from where this growth is coming, is there any non auto element in the major contributor or within are we gaining some sizable shares or any geography-wise new addition?

Naresh Jalan: I think there are new order -- last year, the order wins whichever they have started showing results. And these are basically those orders which are getting converted to sales. And that is showing this kind of growth. And I think this -- like Lalit has said in his opening statement, this growth is sustainable going into the current financial year.

Mitul Shah: Okay Sir thanks a lot.

Moderator: The next question is from the line of Shantanu Mantri from Think Investment. Please go ahead.

Shantanu Mantri: Hi Sir. Congratulations on a very steady and consistent work. Sir, my question is mainly on exports. So I think for FY '24, we've done around 59,000 tonnes, right? And based on our current order backlog, what will be the most conservative revenue growth that we see? I mean for FY '25, are we comfortably doing 70,000 tonnes based on whatever our current order backlog, which is like around 20% growth?

Naresh Jalan: Shantanu, I would not like to put any definite number to it, but company is aspiring to at least have a 15% to 20% volume growth and overall. And I think premix for export to domestic is going to start change every quarter, and I think we are looking at least this year to have at least 200 basis points change in terms of the mix in terms of increase in exports and reducing domestic in terms of the overall balance sheet is concerned.

Shantanu Mantri: Got it. So when you're saying overall 15% to 20% growth of consol level, so that's like on a domestic level, if the industry is growing 10% to 12%, ideally, we should also be doing that and then exports should be slightly better. correct, overall understanding is correct, right?

Naresh Jalan: Yes.

Shantanu Mantri: Okay that's it from my side.

Moderator: The next question is from the line of Raghunandhan from Nuvama Wealth. Please go ahead.

Raghunandhan: Thank you Sir for the opportunity again. Sir, in terms of efforts to diversify towards non-auto. Last 2 years, we have seen the share increasing for railways, mining, earth and construction equipment in exports we have seen for oil and gas going up, trying to understand over the next 3 to 5 years, how do you see the share of non-auto increasing in overall share of revenue?

Naresh Jalan: Raghu, I think in next 3 to 5 years, we are looking at almost 60%, 40% i.e 60% automotive and 40% on non- automotive. That the Company aspires to and we are working very diligently to achieve this. And out of this railway is going to be biggest element of growth going into next 2 to 3 years.

Raghunandhan: Got it, sir. Thanks so much for that. And a related clarification on the investment into JV for railway -- compared to the last presentation, this presentation, the investment level is slightly higher over the next 2 years. Just trying to understand, was it the spillover of FY '24 going to '25? Or is there any increase in investment happening there.

Naresh Jalan: No, I think total investment earmarked is close to around 200 -- anything between INR 210 Crores to INR 240 Crores. So each year, we are looking at INR 70 Crores plus investment whatever has been not been investment has been pulled over to this year. So I think Lalit can give you the exact number what we have invested last year and what next 2 years we are looking at?

Lalit Khetan: So Raghu, that's slightly at a higher number because -- we have a little bit added on the promoter contribution on the project cost -- project side has reduced the debt number little bit but overall project cost remains same. And last year there is a spillover because if you look at the last presentation, there is a INR 8 Crores spillover to the next year in terms of investment. So it's a mix of that.

Raghunandhan: Got it, sir. And in terms of the capacity, because the capacity is large and apart from the government orders, even non-government orders, export sort of potential trying to understand if you can talk about your efforts there and who are the potential customers for the wheels?

Naresh Jalan: I think, Raghu, we would not like to spell out the names, but we can very confidently say that we at RKTR are not adding customers as of now because we feel that the market demand is very strong and we can get much better realization than what we have got for railways. So we are waiting for the capacity to be up because we still have more than 1.5 years for the capacity to start so we would, at the appropriate time, start intake of orders, we would first start with the railway, which is going to be our first year commitment. And then start onboarding new customers so that we can get a better realization than what we have got for railways.

Raghunandhan: Got it, sir. And this will be both, right, better realization as well as bigger wheels in terms of size.

Naresh Jalan: Yes. It is mostly from North America and Europe. So Europe is smaller because it is more on the metro side, but North America is from the wagon and other places. So I think that is a bigger way.

Raghunandhan: Got it. Sir, coming to ACIL, there is the proposal to add six-cylinder crankshaft machining facility, also that additional first 20,000 metric tonnes, which can have a value add about INR 300 Crores. So relating to that, whatever capex has to be incurred, is it already part of the subsidiary capex indicated? Or is it over and above that?

Lalit Khetan: No, it's part of that, whatever we have indicated in subsidiary capex for the future. It is part of that Raghu only. So nothing beyond that we estimate.

Raghunandhan: Got it. And just a last question. In terms of standalone capex, again, compared to the earlier presentation or estimate, there is a small increase in standalone capex. So anything to call out there?

Lalit Khetan: No, not specific. So there are a lot of equipment we keep on adding, and it happens time to time, depending upon the customer’s requirement due to that this has happened.

Raghunandhan: Got it, sir. And just a clarification, how much would be the maintenance capex every year, sir?

Lalit Khetan: So it should be around INR 40 Crores to INR 50 Crores every year on the maintenance side.

Raghunandhan: Got it, sir. Very helpful, sir. Thank you so much. I'll fall back to the queue.

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

Rajesh Mundhra: Thank you. I take this opportunity to thank everyone for joining the 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 our investor relationship advisers. Thank you very much for sparing your time and joining our call. Thank you.

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

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