Ramkrishna Forgings Limited

Management Meet | Automobile and Auto Components

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Institutional Equity Research Desk

Forging Stability Beyond Cycles

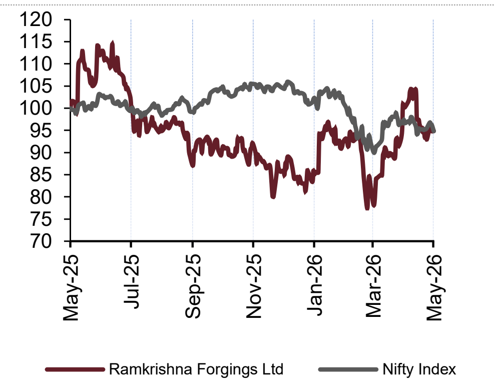
1 June 2026

Rating	TP (Rs)	Up/Dn (%)
BUY	663	17

Market Data		
Current price	Rs	566
Market Cap (Rs.Bn)	(Rs Bn)	103
Market Cap (US$ Mn)	(US$ Mn)	1,071
Face Value	Rs	2
52 Weeks High/Low	Rs	692 / 460
Average Daily Volume	('000)	241
BSE Code		532527
Bloomberg		RMKF.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-25
Promoters	43	43
Public	57	57
Total	**100**	**100**

Source: Bloomberg

We recently engaged with the management of Ramkrishna Forgings Ltd. The discussion offered insights into the company's strategic direction and growth initiatives, positioning it as an opportunity worth evaluating for investors.

- **Diversifying Growth through New Customer Wins and Market Expansion**

  With a multi-decade operating track record, RK Forgings has demonstrated resilience across multiple industry cycles, underpinned by its strong manufacturing capabilities and long-standing customer relationships. Building on this foundation, the company is now actively repositioning its business to align with the evolving industry landscape. Recognizing the inherent cyclicality of the commercial vehicle segment, RK Forgings is strategically reducing its dependence on CVs while expanding its presence across passenger vehicles and the fast-emerging EV ecosystem. Notably, the company has **secured new customers across both domestic and export markets**, reflecting increasing acceptance by global players and reinforcing its competitive positioning. In parallel, RK Forgings is deepening its focus on higher value-added products, marked by its **entry into aluminium forgings and continued scale-up in the railways segment**, both of which offer strong growth visibility and margin enhancement potential. Coupled with its ongoing geographic expansion, these initiatives position the company to transition towards a more diversified, resilient and structurally stronger growth trajectory**.**

- **Growth Story in numbers:**

  Ramkrishna Forgings Ltd reported revenues of INR 42,381 million in FY26, and we estimate the company to scale to cross INR 63,000 million by FY28E, driven by volume growth, improvement in realizations, and a higher contribution from exports. The ramp-up in value-accretive segments such as railways and aluminium forgings, along with improving capacity utilization, is expected to drive operating leverage. Consequently, we expect EBITDA margins to expand by ~200 bps, reaching ~17% by FY28E.

Financial Summary

Y/E March (INR mn)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 E	FY 2028 E
Revenue	31,929	37,045	40,341	42,381	52,432	63,168
EBITDA	6,923	7,729	5,596	6,427	8,957	10,941
Margins (%)	21.7%	20.9%	13.9%	15.2%	17.1%	17.3%
Adjusted Net Profit	2,481	2,829	3,316	825	2,642	4,466
Adjusted EPS (INR)	13.66	16.03	22.84	3.95	14.54	24.58
P/E (x)	41.1 x	36.1 x	30.8 x	123.6 x	38.6 x	22.8 x
EV/EBITDA (x)	18.0 x	16.2 x	22.3 x	19.4 x	13.9 x	11.4 x
RoCE (%)	18.8%	11.1%	13.7%	2.2%	7.3%	11.0%
RoE (%)	18.6%	14.1%	6.1%	5.1%	9.6%	13.4%

Source: Dalal & Broacha Research, Company

Peer Comparison

Particulars	Revenue (INR mn)			EBITDA (INR mn)			PAT (INR mn)			ROE (%)		RoCE (%)	
	FY 26	FY 27E	FY 28E	FY 26	FY 27E	FY 28E	FY 26	FY 27E	FY 28E	FY 25	FY 26	FY 25	FY 26
RK Forgings	42,381	52,432	63,168	6,427	8,957	10,941	718	2,642	4,466	13.7%	2.2%	6.1%	5.1%
Bharat Forge	1,68,117	1,98,468	2,27,161	29,081	36,316	44,205	10,747	17,660	23,249	11.5%	11.5%	21.4%	19.7%
GNA Axles	14,784	16,946	18,607	2,380	2,711	2,996	1,170	1,339	1,535	12.6%	12.3%	17.7%	16.9%
Happy Forgings	15,463	18,564	22,299	4,714	5,569	6,899	2,969	3,507	4,400	15.5%	15.2%	24.7%	23.2%

Particulars	Code	CMP (INR)	Market Cap (INR mn)	EV (INR mn)	EV/EBITDA (x)			P/E (x)		
					FY 26	FY 27E	FY 28E	FY 26	FY 27E	FY 28E
RK Forgings	RMKF IN	564.2	1,02,536	1,25,359	19.5 x	14.0 x	11.5 x	142.8 x	38.8 x	23.0 x
Bharat Forge	BHFC IN	1,922.6	9,35,715	9,86,932	33.9 x	27.2 x	22.3 x	87.1 x	53.0 x	40.2 x
GNA Axles	GNA IN	382.3	15,908	17,367	7.3 x	6.4 x	5.8 x	13.6 x	11.9 x	10.4 x
Happy Forgings	HAPPYFOR IN	1,409.3	1,30,902	1,31,298	27.9 x	23.6 x	19.0 x	44.1 x	37.3 x	29.7 x

Source: Bloomberg (Data taken as on 29.05.2026)

Key Investment Thesis

Growth Drivers and Way Forward

Diversification-led strategy to reduce cyclicality and enhance earnings visibility…

After a challenging operating environment over the past few quarters, RK Forgings Ltd. is witnessing early signs of demand recovery across key end markets. The industry faced multiple headwinds including geopolitical disruptions, tariff-related uncertainties, supply chain constraints (notably in critical inputs such as rare earth-linked components), and subdued demand from key export markets, particularly the United States. This led to pressure on realizations across both domestic and export segments, with a notable decline in export contribution adversely impacting overall margins. Despite these challenges, RK Forgings maintained a calibrated approach focused on sustaining operations and positioning itself for recovery. The company prioritized capacity utilization, even at relatively lower margins, to preserve customer relationships and operational continuity, while simultaneously investing in capacity expansion to capture the next upcycle.

➢ **Capacity Expansion (~21% growth in Installed Capacity across Forging and Casting) to Drive Growth:**

RK Forgings has undertaken meaningful capacity additions across both forging and casting:

- Forging capacity expanded from ~293,400 tons to ~333,000 tons by FY26.
- Casting capacity scaled from ~33,600 tons to ~62,400 tons, with a roadmap to ~78,600 tons.

This expansion enhances RKFL's ability to cater to incremental demand while also improving product mix and value addition.

➢ **Diversification into Railways (5-10% Expected Revenue Contribution) and Industrials**

As part of its strategic diversification, RK Forgings has been increasing its exposure to the railways segment, which is expected to deliver double-digit growth over the medium term. Railways, along with industrial applications, is likely to emerge as a key incremental growth driver, aiding portfolio diversification. This segment provides opportunities for higher value-added products and relatively stable demand outlook. Given the relatively higher margin profile of the railways segment, increasing contribution from this business is expected to be margin accretive and support overall operating margin expansion for RK Forgings.

➢ **Margin Recovery & Operating Leverage: We estimate an increase of ~200 basis points by FY 28E**

The management expects gradual normalization in realizations (towards FY25 levels), improvement in geographic mix (higher export contribution ~40%) and ramp-up in utilization of expanded capacities going forward. All these factors combined shall lead to operational leverage for the company. As utilization levels improve, fixed cost absorption is expected to strengthen, leading to a progressive recovery in operating margins, with management guiding towards its historic mean of 20-21% (while peaking at ~22%) EBITDA margin range over the medium term.

Financial Statements

Consolidated Income Statement

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Net Sales	**31,929**	**37,045**	**40,341**	**42,381**	**52,432**	**63,168**
Growth	***37.6%***	***16.0%***	***8.9%***	***5.1%***	***23.7%***	***20.5%***
COGS	16,105	18,616	19,995	21,621	27,264	32,848
Gross Profit	15,824	18,430	20,346	20,760	25,167	30,321
Margin	*49.6%*	*49.7%*	*50.4%*	*49.0%*	*48.0%*	*48.0%*
Employee Cost	1,577	1,884	2,498	2,588	3,365	3,903
Power & Fuel Cost	1,879	2,272	2,460	2,469	3,146	3,790
Other Expenses	5,444	6,545	9,792	9,276	9,700	11,686
Operating Profit (Excl OI)	**6,923**	**7,729**	**5,596**	**6,427**	**8,957**	**10,941**
EBITDA Margin	***21.7%***	***20.9%***	***13.9%***	***15.2%***	***17.1%***	***17.3%***
Other Income	40	281	264	131	144	159
Interest	1,202	1,455	1,659	2,103	1,967	1,607
Depreciation	2,016	2,572	2,713	3,329	3,565	3,458
Profit Before Taxation & Exceptional Items	3,744	3,982	1,488	1,126	3,570	6,035
Share of Profit/Loss of JV & Associates	-	-7	-11	-179	-	-
Exceptional Income / Expenses	-	-	-	-107	-	-
Profit Before Tax	3,744	3,975	1,477	840	3,570	6,035
Provision for Tax	1,263	1,147	-1,839	122	928	1,569
Profit After Tax	2,481	2,829	3,316	718	2,642	4,466
PAT Margin	***7.8%***	***7.6%***	***8.2%***	***1.7%***	***5.0%***	***7.1%***
Discontinued Operations						
Profit Before Tax from Discontinued Operations	-	113	992	-	-	-
Tax from Discontinued Operations	-	30	157	-	-	-
Profit After Tax from Discontinued Operations	-	83	835	-	-	-
Consolidated Net Profit	2,481	2,912	4,150	718	2,642	4,466
Adjusted Net Profit for the year	2,481	2,829	3,316	825	2,642	4,466
Adj. PAT Margin	***7.8%***	***7.6%***	***8.2%***	***1.9%***	***5.0%***	***7.1%***

Consolidated Cash Flow Statement

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Cash Flow from Operations	7,453	6,211	325	8,398	6,219	8,897
Cash Flow from Investing	-2,992	-11,175	-9,117	-9,286	-2,356	-2,341
Cash Flow from Financing	-4,377	6,250	7,221	2,350	-4,467	-6,607
Net Cash Flow for the year	84	1,286	-1,571	1,462	-603	-51
Opening Cash Balance	362	445	1,731	160	1,622	1,019
Closing Cash Balance	445	1,731	160	1,622	1,019	968

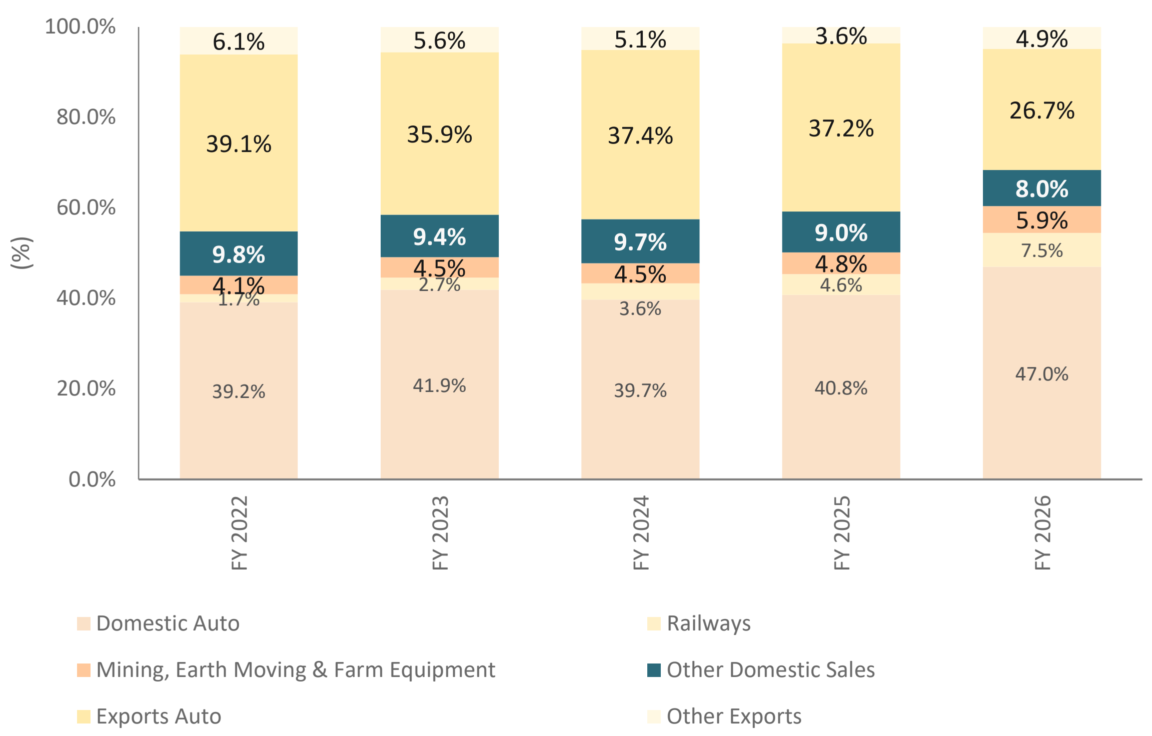
Consolidated Balance Sheet

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Non Current Assets						
Property, Plant & Equipment	16,571	21,179	26,596	34,396	33,332	32,374
Capital Work in progress	907	2,162	4,975	3,367	3,367	3,367
Goodwill	50	757	707	707	707	707
Other Intangible Assets	10	515	520	487	487	487
Right of use Assets	296	1,831	2,101	2,025	2,025	2,025
Investment accounted for using equity method	-	631	1,793	2,372	2,372	2,372
Financial Assets						
Investments	1	102	17	2	2	2
Loans	14	15	16	24	24	24
Other Financial Assets	198	406	375	535	535	535
Deferred Tax Assets	25	2	448	190	190	190
Non Current Tax Assets	7	118	1,262	1,322	1,322	1,322
Other Non Current Assets	721	1,625	1,687	1,875	1,875	1,875
	18,800	**29,343**	**40,497**	**47,302**	**46,237**	**45,279**
Current Assets						
Inventories	9,069	10,499	12,543	12,462	15,083	17,306
Financial Assets						
Investments	-	521	89	36	36	36
Trade Receivables	7,752	8,499	9,754	7,949	10,055	12,114
Cash and cash equivalents	445	1,731	160	1,622	1,019	968
Bank Balances other than above	28	39	41	7	7	7
Loans	10	8	14	10	10	10
Other Financial Assets	83	50	305	73	73	73
Current Tax Assets	32	22	8	35	35	35
Other Current Assets	1,084	1,865	2,162	2,283	2,283	2,283
	18,504	**23,235**	**25,075**	**24,478**	**28,602**	**32,834**
	37,304	**52,578**	**65,573**	**71,780**	**74,840**	**78,113**
Equity						
Equity Share Capital	320	362	362	363	363	363
Other Equity	12,898	25,977	30,012	32,541	35,683	40,149
	13,218	**26,339**	**30,374**	**32,904**	**36,046**	**40,512**
Non Current Liabilities						
Financial Liabilities						
Borrowings	7,576	7,666	10,827	16,156	12,350	8,350
Lease Liabilities	205	756	864	757	757	757
Other Financial Liabilities	8	-	36	103	103	103
Provisions	-	44	-	-	-	-
Deferred Tax Liabilities	1,159	1,808	325	180	180	180
Other Non current liabilities	436	432	398	363	363	363
	9,385	**10,707**	**12,449**	**17,559**	**13,753**	**9,753**
Current Liabilities						
Financial Liabilities						
Borrowings	5,497	3,517	9,301	7,195	8,000	7,000
Lease Liabilities	55	125	273	380	380	380
Trade Payables	7,915	10,166	10,802	11,446	14,365	18,172
Other Financial Liabilities	616	962	1,529	1,575	1,575	1,575
Other Current Liabilities	348	563	637	403	403	403
Provisions	88	183	188	314	314	314
Current Tax Liabilities	183	16	19	3	3	3
Total Liabilities	**14,702**	**15,532**	**22,750**	**21,317**	**25,041**	**27,848**
Total Equity and Liabilities	**37,304**	**52,578**	**65,573**	**71,780**	**74,840**	**78,113**

Source: Dalal & Broacha Research, Company

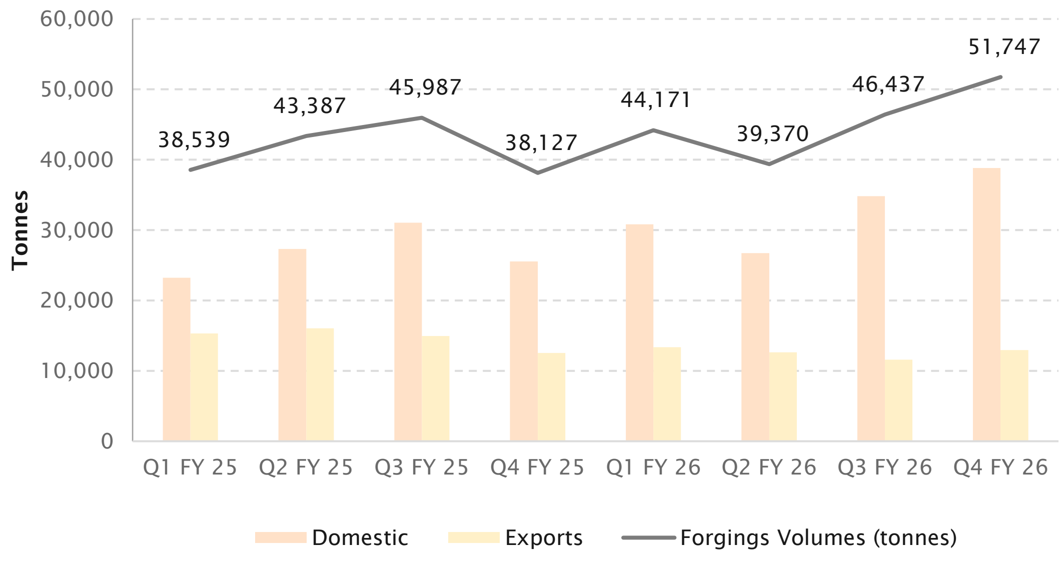
Key Charts

Revenue Breakup



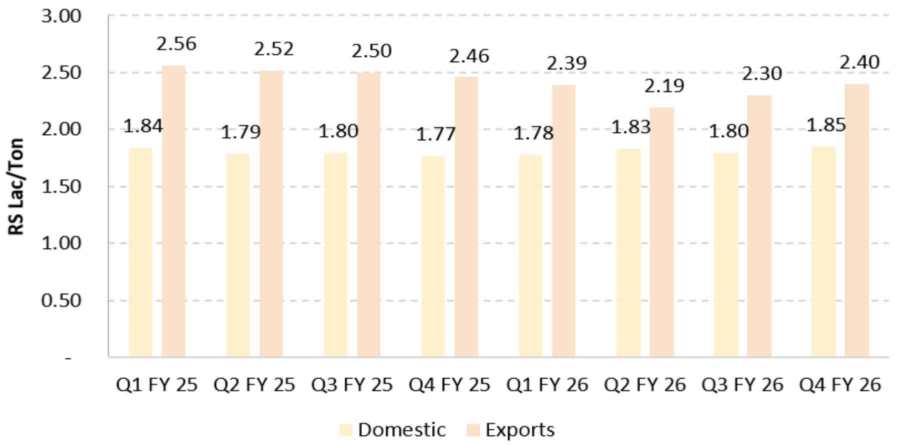
Source: Dalal & Broacha Research, Company

Sales Volume - Forgings (Quarterly)



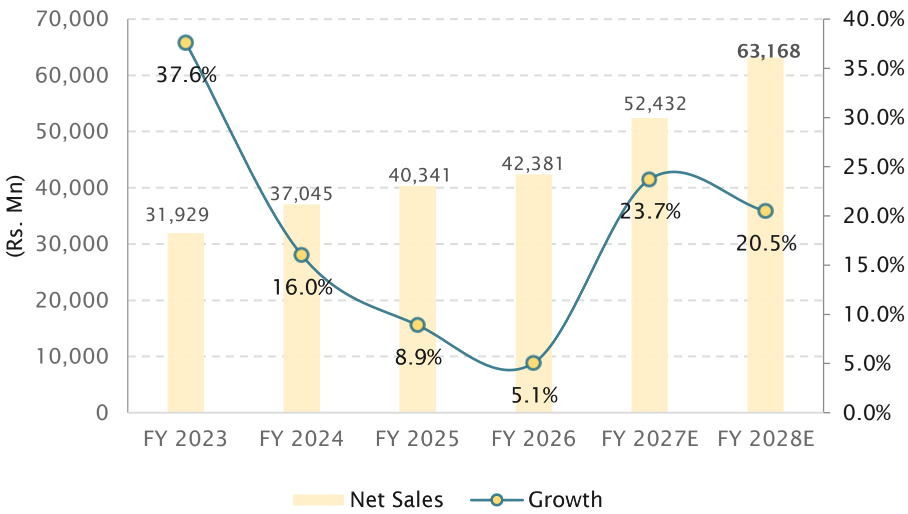
Source: Dalal & Broacha Research, Company

Realisation for Forgings - Quarterly



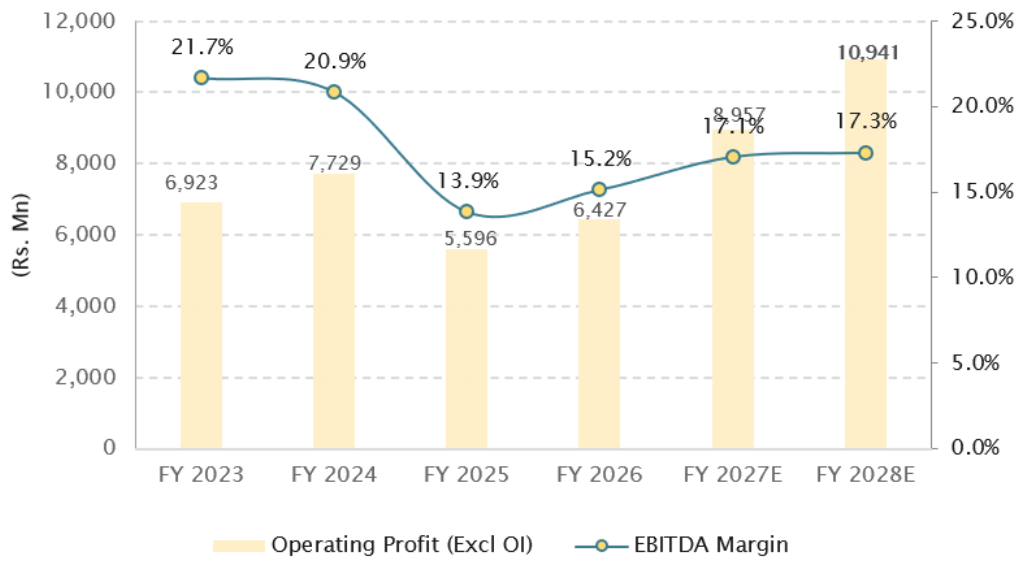
Source: Dalal & Broacha Research, Company

Revenue Analysis (Rs Mn)



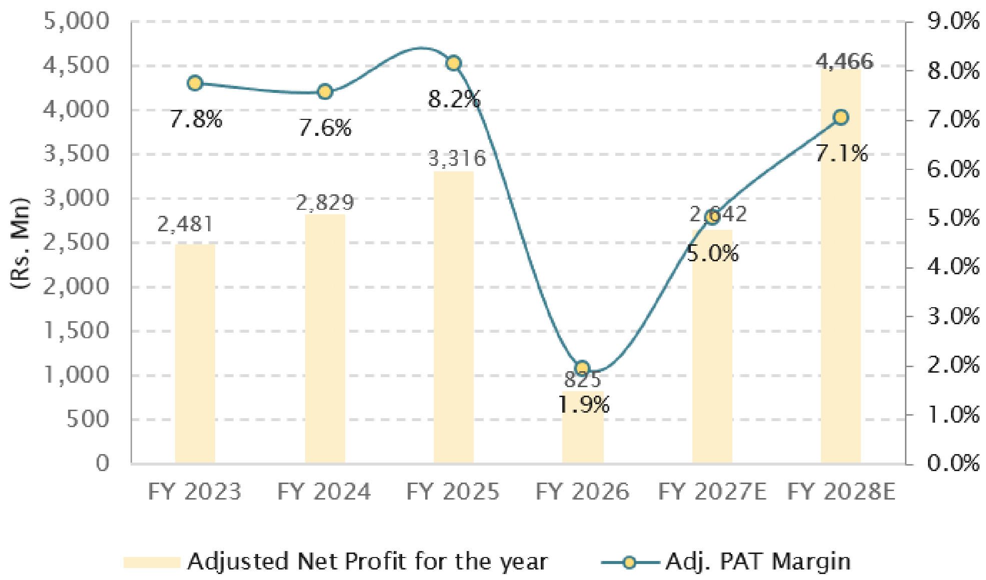
Source: Dalal & Broacha Research, Company

EBITDA



Source: Dalal & Broacha Research, Company

PAT



Source: Dalal & Broacha Research, Company

Valuation & Outlook

Based on our FY28E PAT estimate of ~INR 450 crore, Ramkrishna Forgings Ltd is currently trading at ~23.0x forward earnings (FY 28E). We assign a target multiple of 27.0x, reflecting improving earnings visibility, margin expansion, and a more diversified business mix. Accordingly, **we arrive at a target price of INR 663, implying an upside potential of ~18% of the current market price of INR 566.**

We expect RK Forgings to deliver a healthy growth trajectory over the medium term. The growth is expected to accelerate over the near term, with Revenues/EBITDA/PAT estimated to grow at a CAGR of ~22%/31%/149% between FY26–FY28E, driven by improving utilization, operating leverage, and normalization in margins. (PAT considers PAT from Continuing Operations). Such exponential growth is due to significant capacity additions made by the company in the past few years and a lower base due to slowdown in the industry over the past few quarters. Significant growth in exports and meaningful addition by Railways shall be the key growth levers for the company.

Key Risks:

- **Cyclical Downturns in Core Segments**: Slower-than-expected growth or cyclical slowdowns in its primary domestic and international Commercial Vehicle (CV) and farm equipment markets could significantly impact RKFL's revenue growth.
- **Geopolitical uncertainty**: Shortages of rare earth materials and ongoing tariff disputes have led to a significant drop in export revenue, particularly from the North American market. These factors have negatively impacted the company's realization yields. Continued geopolitical instability poses a direct risk to future revenue and profit margins.
- **Financial Resilience:** The company has increased its debt levels to fund expansion during a period of slow market growth. If revenue does not meet targets, the company will face significant financial strain. While recent funding from promoters provides a short-term safety net, long-term sustainability depends on the company's ability to generate enough internal cash flow to fund its own operations and growth.

Company Overview – Ramkrishna Forgings Ltd.

- Ramkrishna Forgings Ltd ("RK Forgings"), incorporated in 1981, is among the leading forging players in India, engaged in the manufacture of high-performance forged and machined components catering primarily to the automotive sector, along with railways and industrial applications.
- The company offers an integrated manufacturing platform spanning hot, warm and cold forging, machining, gear grinding and fabrication, enabling it to position itself as a one-stop solution provider for complex, value-added components. Product portfolio of RK Forgings caters to a wide range of applications across light commercial vehicles (LCVs), medium and heavy commercial vehicles (MHCVs), tractors, railways, mining equipment and industrial sectors (including Oil & Gas).
- RK Forgings derives a majority of its revenues from the automotive segment, with a strong presence across both domestic and export markets. The company has steadily diversified its end-use exposure, increasing its participation in railways and industrial segments to reduce cyclicality.
- As part of its strategic expansion, RK Forgings has entered the casting segment through the acquisition of Ramkrishna Casting Solutions Limited (formerly JMT Auto Limited). The casting business operates six manufacturing facilities in Jamshedpur, enhancing the company's ability to offer integrated forged and cast solutions and deepening its wallet share with existing customers.

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