Ramkrishna Forgings Limited

Q2FY27 Result Update | Auto Ancillary

Export Recovery and Operating Leverage Drive Growth

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

31 October 2026

Ramkrishna Forgings reported a strong set of results, beating our estimates. Revenue grew 55% YoY to ₹14,054 mn, while EBITDA increased 109% YoY to ₹2,562 mn. PAT stood at ₹706 mn, marking a turnaround from a loss of ₹95 mn in Q2 FY26. Revenue growth was supported by strong volume traction across both Forgings and Castings, with forging volumes increasing 35% YoY to 53,104 tonnes and casting volumes growing 68% YoY to 11,583 tonnes. Within the Forgings segment, domestic volumes grew 39% YoY to 37,048 tonnes, while exports increased 27% YoY to 16,056 tonnes, indicating broad-based demand improvement across geographies.

Blended realisations stood at ₹2,17,265/tonne, up 11% YoY but marginally lower by 1% QoQ, while blended EBITDA/tonne improved 49% YoY and 1% QoQ to ₹39,611. Gross margins declined 116 bps QoQ to 52.9%; however, EBITDA margins expanded 28 bps sequentially, indicating operating leverage as capacity utilisation improved to 72% in Q2 FY27 from 68% in Q1 FY27. Additionally, US export revenue increased 134% YoY and 36% QoQ to ₹3,017 mn, reflecting a strong recovery in North American demand. The improvement in export contribution also supported the sequential improvement in profitability.

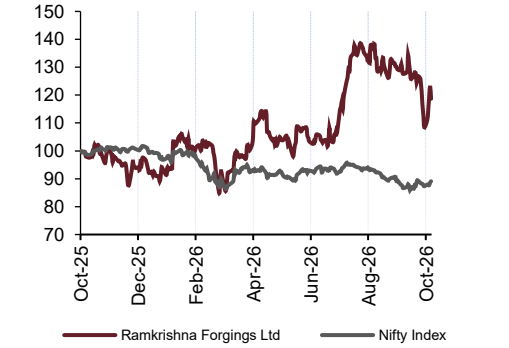
Key Takeaway: Strong export growth and order wins provide healthy business visibility. The ramp-up of the Wheels JV, casting exports and value-added machining capacity are key growth drivers, while debt reduction and improving RoCE remain important monitorable.

Rating	TP (Rs)	Up/Dn (%)
HOLD	**732**	**13**

Market Data		
Current price	**Rs**	**647**
Market Cap (Rs.Bn)	(Rs Bn)	120
Market Cap (US$ Mn)	(US$ Mn)	1,260
Face Value	Rs	2
52 Weeks High/Low	Rs	772.8 / 460.15
Average Daily Volume	('000)	1,379
BSE Code		**532527**
Bloomberg		RMKF.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Jun-26
Promoter	41	43
Public	59	57
Total	100	100

Source: Bloomberg

Financial Summary

Particulars (INR in mn)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 E	FY 2028 E
Revenue	31,929	37,045	40,341	42,381	51,646	61,159
EBITDA	6,923	7,729	5,596	6,427	9,134	11,534
Margins (%)	21.7%	20.9%	13.9%	15.2%	17.7%	18.9%
Adjusted Net Profit	2,481	2,829	3,316	825	2,381	4,520
Adjusted EPS (INR)	13.4	15.2	17.9	4.4	12.8	24.4
P/E (x)	48 x	42 x	36 x	146 x	50 x	27 x
EV/EBITDA (x)	19 x	17 x	25 x	22 x	15 x	12 x
RoCE (%)	19%	11%	14%	2%	6%	11%
RoE (%)	19%	14%	6%	5%	9%	13%

Source: Company, Dalal & Broacha Research

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Quarterly Result Summary

Particulars (INR in mn)	2Q FY27	2Q FY26	YoY%	1Q FY27	QoQ%
Revenue from operations	**14,054**	**9,075**	**55%**	**12,167**	**16%**
Other Income	42	58	-27%	34	22%
Total Income	**14,096**	**9,133**	**54%**	**12,201**	**16%**
Cost of Goods Sold	6,621	4,342	52%	5,591	18%
Employee Benefit Expense	778	686	13%	755	3%
Power and Fuel Cost	723	606	19%	776	-7%
Other Expenses	3,371	2,215	52%	2,861	18%
Total Expenses	**11,492**	**7,850**	**46%**	**9,982**	**15%**
EBITDA	**2,562**	**1,225**	**109%**	**2,185**	**17%**
Depreciation Expense	1,027	804	28%	994	3%
EBIT	**1,535**	**422**	**264%**	**1,190**	**29%**
Finance Cost	616	533	**15%**	571	**8%**
Profit Before Tax (PBT)	**961**	**-54**	**NA**	**653**	**47%**
Loss from Joint Venture	-7	-48	**NA**	-6	**11%**
Exceptional Items	-	-	NA	-	
Tax Expense	249	-8	NA	179	39%
Net Profit (Adjusted)	**706**	**-95**	**NA**	**469**	**51%**
Net Profit (Reported)	**706**	**-95**	**NA**	**469**	**51%**
EPS	**3.9**	**-0.5**	**NA**	**2.6**	**51%**

Margins	2Q FY27	2Q FY26	Changes in bps	1Q FY27	Changes in bps
Gross Margins	52.9%	52.2%	74	54.0%	-116
EBITDA Margins	18.2%	13.5%	473	18.0%	28
PAT Margins	5.0%	-1.0%	605	3.8%	117

Other Operational Matrix	2Q FY27	2Q FY26	Changes in bps	1Q FY27	Changes in bps
COGS as % of Sales	47%	48%	-74	46%	116
EBE as % of Sales	5.5%	7.6%	-202	6.2%	-67
P&F as % of Sales	5.1%	6.7%	-154	6.4%	-123
OE as % of Sales	24.0%	24.4%	-43	23.5%	47

Source: Company, Dalal and Broacha Research

Concall KTAs:

1. Exports, Geographical Mix and Margins

- Export revenue stood at ₹424 cr (+53% YoY), contributing ~30% of total revenue, led by a V-shaped recovery in North America.
- Export mix: North America 58% and Europe 41%. Europe's share has increased from ~28% two years ago. Marginal QoQ decline in Europe was due to capacity being diverted towards North America.
- **Margin context:** Q2 absorbed ~₹15 cr of one-offs, comprising ₹6–7 cr of negative carry due to steel inflation and ₹8–9 cr of net freight impact. Adjusting for these, underlying EBITDA margin is estimated at ~19.3%.

2. Order Wins & Business Pipeline

- Q2 order wins stood at ₹673 cr, with an average program life of ~4 years; split between domestic (48%) and exports (52%).
- Segment-wise order wins: CV ₹304 cr, LV ₹272 cr, Farm Equipment ₹90 cr and EV ₹7 cr.
- Order-to-revenue conversion typically takes ~6 months: 9–12 months for exports and 3–4 months for domestic orders.

3. Castings Business

- Casting orders accounted for ₹447 cr of Q2 order wins, including a ₹272 cr North American passenger vehicle order from a new customer. **This marks the casting business's first export entry.**
- North American order requires 6–9 months of validation, with revenue expected from late FY27/early FY28. Domestic casting orders of ~₹175 cr are expected to ramp up after 12–14 weeks of development.
- Existing casting capacity is sufficient; any incremental capex is likely only in FY28.

4. Railways & Wheels JV

- Railway revenue remains flat at ~₹64–65 cr per quarter, despite strong demand, due to capacity constraints.
- **Wheels JV ramp-up:**
- First 300 wheels are under railway inspection, with supplies expected in the next couple of weeks. RDSO approval is not required. Production is expected to commence at 2,000–3,000 wheels/month from December, scaling up to 4,000–5,000 wheels/month in Q4.
- FY27 volume guidance: 20,000–25,000 wheels. The ramp-up has been delayed from the earlier September–October timeline.

5. New Businesses

- Aluminium forging (6,000-tonne capacity) and cold forging lines are operating at >50% utilisation, with exports to North America. Management is adding customers to improve utilisation.
- Oil & gas demand remains strong.

6. Balance Sheet, Capex & Capital Allocation

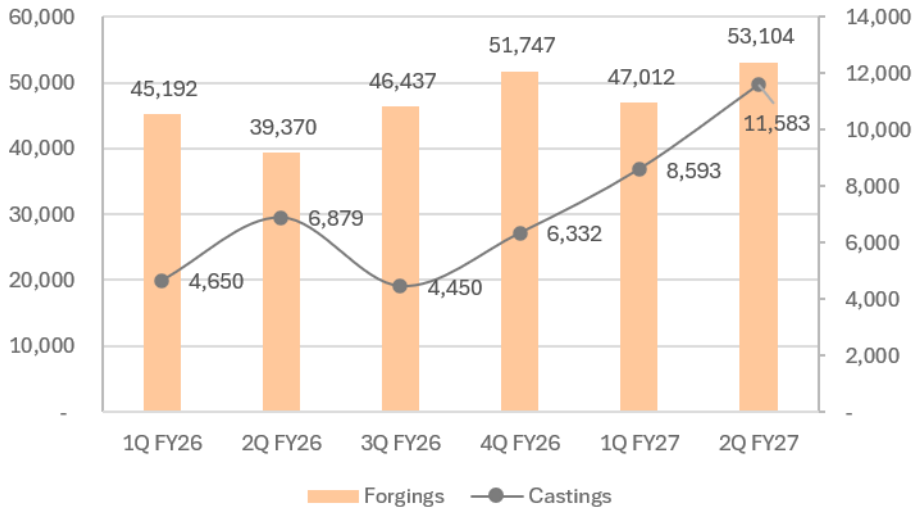
- Debt reduction: Management retains its ₹500 cr. debt reduction target for FY27, with a further ₹300–400 cr. reduction planned in FY28.
- Capex: FY27 capex revised upwards to ~₹550 cr (H1: ~₹390 cr; H2: ~₹160 cr) versus the earlier guidance of ₹350 cr. Investments are towards machining and value-added capacity; forging capacity is already in place.

7. Outlook & Growth Guidance

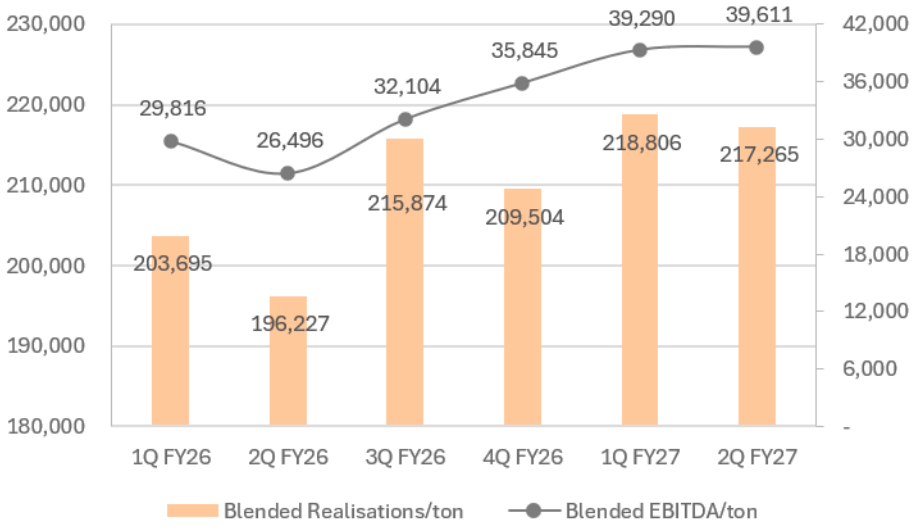
- Management expects H2 FY27 performance to be better than H1.
- FY28 is expected to be strong across both domestic and export markets; formal guidance will be provided after Q4. Passenger vehicles (PV) have been identified as the next growth driver.
- Company remains on track to achieve its ₹8,000 cr revenue aspiration by FY29.

Quarterly Charts

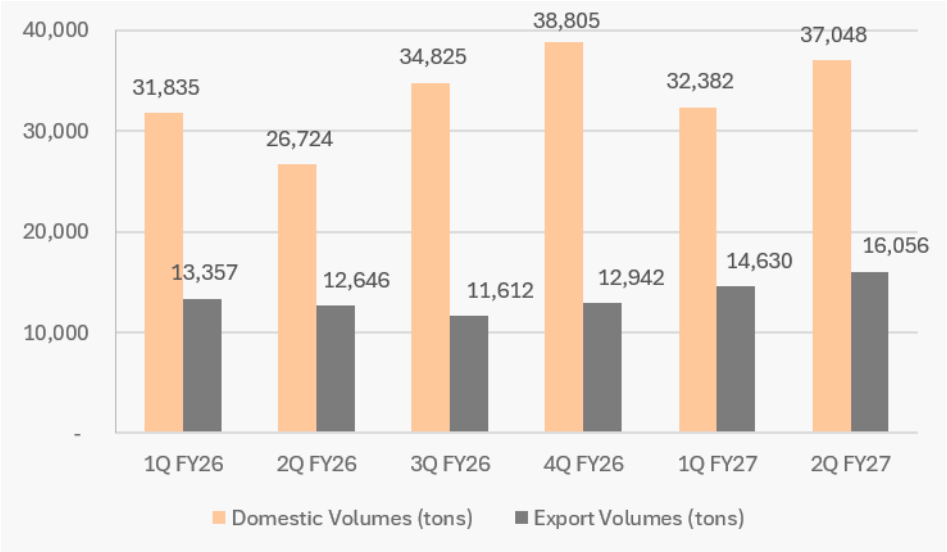
Sales Volume (tons)



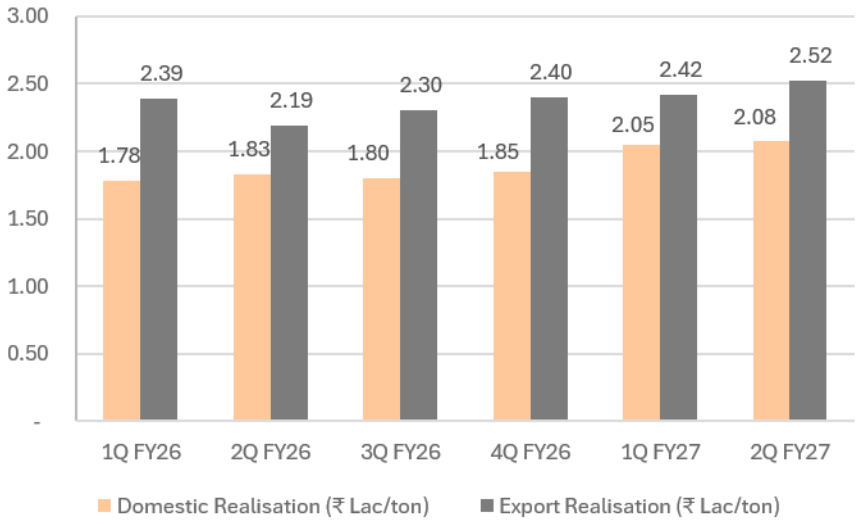
Blended Realisation per Ton and Blended EBITDA per Ton*



Domestic and Export Volumes – Forgings (Tons)



Domestic and Export Realisation – Forgings



Source: Company, Dalal & Broacha Research
*For calculation of Realisation per ton & EBITDA per ton we have not considered other income.

Valuation & Outlook

We are increasingly positive on RK Forgings, supported by improving growth prospects, a healthy pipeline of export opportunities and fresh order wins across the castings business and new value-added products. The company appears to be on an upward growth trajectory, and we believe it is well positioned to deliver a stronger performance going forward, potentially outperforming both its own guidance and market expectations.

The key growth drivers include improving capacity utilisation, margin expansion, a higher contribution from exports and sustained demand across end-user segments. Further, the expected improvement in cash flows and continued debt reduction should strengthen the balance sheet and enhance return ratios. With multiple growth levers coming together, we are confident of the company's earnings trajectory and expect the stock to outperform.

While the stock trades at 61.6x trailing P/E, we believe this needs to be viewed in the context of the expected acceleration in earnings growth. At the current valuation, the stock trades at less than 1x PEG, suggesting that the premium multiple is supported by its growth prospects. We therefore see meaningful potential for earnings-led value creation as the company delivers on its growth and profitability drivers.

Based on our FY28E EPS estimate of ₹24.4, Ramkrishna Forgings is currently trading at 26.6x FY28E earnings. We assign a HOLD rating on the stock and assign a target P/E multiple of 30.0x, arriving at a target price of ₹732. This implies an upside potential of approximately 13% from the current market price of ₹647.

Financials

Consolidated Income Statement *INR in mn*

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Net Sales	**31,929**	**37,045**	**40,341**	**42,381**	**51,646**	**61,159**
Growth	38%	16%	9%	5%	22%	18%
COGS	16,105	18,616	19,995	21,621	24,532	28,439
Gross Profit	**15,824**	**18,430**	**20,346**	**20,760**	**27,114**	**32,720**
Margin	50%	50%	50%	49%	53%	54%
Employee Cost	1,577	1,884	2,498	2,588	3,106	3,572
Power & Fuel Cost	1,879	2,272	2,460	2,469	2,995	3,547
Other Expenses	5,444	6,545	9,792	9,276	11,879	14,067
Operating Profit (Excl OI)	**6,923**	**7,729**	**5,596**	**6,427**	**9,134**	**11,534**
EBITDA Margin	22%	21%	14%	15%	18%	19%
Other Income	40	281	264	131	144	159
Interest	1,202	1,455	1,659	2,103	2,160	1,810
Depreciation	2,016	2,572	2,713	3,329	3,900	3,775
Profit Before Taxation & Exceptional Items	3,744	3,982	1,488	1,126	3,218	6,108
Share of Profit/Loss of JV & Associates	-	-7	-11	-179	-	-
Exceptional Income / Expenses	-	-	-	-107	-	-
Profit Before Tax	**3,744**	**3,975**	**1,477**	**840**	**3,218**	**6,108**
Provision for Tax	1,263	1,147	-1,839	122	837	1,588
Profit After Tax (Continued Operations)	**2,481**	**2,829**	**3,316**	**718**	**2,381**	**4,520**
PAT Margin	8%	8%	8%	2%	5%	7%
Profit After Tax from Discontinued Operations	-	83	835	-	-	-
Consolidated Net Profit	**2,481**	**2,912**	**4,150**	**718**	**2,381**	**4,520**
Adjusted Net Profit for the year	**2,481**	**2,829**	**3,316**	**825**	**2,381**	**4,520**
Adj. PAT Margin	8%	8%	8%	2%	5%	7%

Source: Company, Dalal & Broacha Research

Consolidated Cash Flow Statement *INR in mn*

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Cash Flow from Operations	7,453	6,211	325	8,398	8,065	9,090
Cash Flow from Investing	-2,992	-11,175	-9,117	-9,286	-5,356	-3,341
Cash Flow from Financing	-4,377	6,250	7,221	2,350	-3,633	-5,310
Net Cash Flow for the year	84	1,286	-1,571	1,462	-924	439
Opening Cash Balance	362	445	1,731	160	1,622	698
Closing Cash Balance	445	1,731	160	1,622	698	1,137

Source: Company, Dalal & Broacha Research

Consolidated Balance Sheet *INR in mn*

Particulars	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027E	FY 2028E
Non Current Assets						
PPE, CWIP & RoU Assets	17,774	25,172	33,672	39,789	41,388	41,114
Goodwill & Intangibles	61	1,272	1,227	1,193	1,193	1,193
Financial Assets	213	1,153	2,201	2,933	2,933	2,933
Other Non Current Assets	753	1,745	3,397	3,387	3,387	3,387
Total Non Current Assets	**18,800**	**29,343**	**40,497**	**47,302**	**48,902**	**48,627**
Current Assets						
Inventories	9,069	10,499	12,543	12,462	14,150	16,756
Trade Receivables	7,752	8,499	9,754	7,949	9,197	10,891
Investments	28	560	130	43	43	43
Cash and cash equivalents	445	1,731	160	1,622	698	1,137
Other Current Assets	1,210	1,945	2,489	2,402	2,402	2,402
Total Current Assets	**18,504**	**23,235**	**25,075**	**24,478**	**26,490**	**31,229**
Total Assets	**37,304**	**52,578**	**65,573**	**71,780**	**75,391**	**79,856**
Equity						
Equity Share Capital	320	362	362	363	363	363
Other Equity	12,898	25,977	30,012	32,541	36,949	41,470
Total Equity	**13,218**	**26,339**	**30,374**	**32,904**	**37,312**	**41,833**
Non Current Liabilities						
Borrowings	7,576	7,666	10,827	16,156	14,850	9,350
Lease Liabilities	205	756	864	757	757	757
Other Non current liabilities	1,603	2,284	758	646	646	646
Total Non Current Liabilities	**9,385**	**10,707**	**12,449**	**17,559**	**16,253**	**10,753**
Current Liabilities						
Borrowings	5,497	3,517	9,301	7,195	5,000	7,000
Lease Liabilities	55	125	273	380	380	380
Trade Payables	7,915	10,166	10,802	11,446	14,150	17,594
Other Current Liabilities	1,234	1,723	2,373	2,296	2,296	2,296
Total Current Liabilities	**14,702**	**15,532**	**22,750**	**21,317**	**21,825**	**27,269**
Total Equity and Liabilities	**37,304**	**52,578**	**65,573**	**71,780**	**75,391**	**79,856**

Source: Company, Dalal & Broacha Research

Ratios	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 E	FY 2028 E
Gross Margins	50%	50%	50%	49%	53%	54%
OPM	22%	21%	14%	15%	18%	19%
Adj. NPM	8%	8%	8%	2%	5%	7%
Tax Rate	34%	29%	-124%	15%	26%	26%
Revenue Growth	38%	16%	9%	5%	22%	18%
EBITDA Growth	34%	12%	-28%	15%	42%	26%
PBT Growth	48%	6%	-63%	-43%	283%	90%
PAT Growth	25%	14%	17%	-75%	189%	90%
EPS Growth	25%	14%	17%	-75%	189%	90%
CFO/EBITDA	1.1 x	0.8 x	0.1 x	1.3 x	0.9 x	0.8 x
CFO/PAT	3.0 x	2.2 x	0.1 x	10.2 x	3.4 x	2.0 x
Debt/Equity	1.0 x	0.4 x	0.7 x	0.7 x	0.5 x	0.4 x
RoCE (%)	19%	11.1%	13.7%	2.2%	6.4%	10.8%
RoE (%)	19%	14.1%	6.1%	5.1%	9.2%	13.3%

Source: Company, Dalal & Broacha Research

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