Ramkrishna Forgings Limited

Q1FY27 Result Update | Auto Ancillary

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

26 July 2026

Strong recovery led by execution

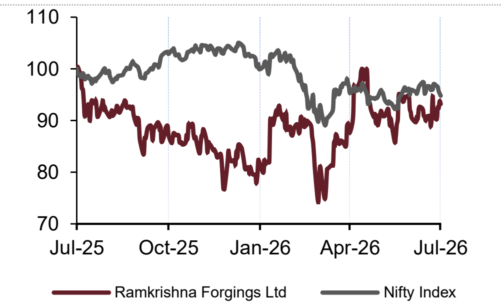
Ramkrishna Forgings reported a strong Q1FY27 performance, with Revenue/EBITDA/PAT growing by 20%/47%/298% YoY, broadly in line with our estimates. The quarter was marked by robust execution, improving product mix and healthy export recovery, while management reiterated confidence in sustained growth and sequential margin expansion. Revenue growth was primarily driven by higher domestic realizations, supported by favorable product mix and price revisions, resulting in a sharp expansion in gross margins. However, elevated energy, consumables and freight costs amid geopolitical disruptions limited the flow-through to EBITDA. Management expects operating margins to improve progressively as capacity utilization rises, export contribution increases and cost pressures gradually ease. Overall, the company appears to have entered the asset-sweating phase, with the focus now shifting towards margin expansion, deleveraging and improving return ratios.

Rating	TP (Rs)	Up/Dn (%)
BUY	**659**	**13**

Market Data		
Current price	**Rs**	**581**
Market Cap (Rs.Bn)	(Rs Bn)	106
Market Cap (US$ Mn)	(US$ Mn)	1,095
Face Value	Rs	2
52 Weeks High/Low	Rs 632.6 / 460.15	
Average Daily Volume	('000)	1,554
BSE Code		532527
Bloomberg		RMKF.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Jun-26**	**Mar-26**
Promoters	43.4	43.3
Public	56.7	57.0
Total	**100.0**	**100.0**

Source: Bloomberg

Financial Summary *INR in mn*

Particulars	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	9,005	11,386
Margins (%)	22%	21%	14%	15%	17%	19%
Adjusted Net Profit	2,481	2,829	3,316	825	2,252	4,436
Adjusted EPS (INR)	14	16	18	5	12	24
P/E (x)	42.6 x	37.4 x	31.9 x	128.2 x	47.0 x	23.8 x
EV/EBITDA (x)	17.1 x	14.8 x	22.5 x	19.8 x	13.9 x	10.5 x
RoCE (%)	19%	11%	14%	2%	6%	11%
RoE (%)	19%	14%	6%	5%	9%	14%

Source: Dalal & Broacha Research

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Q1FY27 Snapshot

Particulars (INR in mn)	Q1 FY27	Q1 FY26	YoY%	Q4 FY26	QoQ%
Revenue from operations	**12,167**	**10,153**	**20%**	**12,168**	**0%**
Other Income	34	36	-5%	19	80%
Total Income	**12,201**	**10,189**	**20%**	**12,187**	**0%**
Cost of Goods Sold	5,591	4,981	12%	6,242	-10%
Employee Benefit Expense	755	665	13%	570	32%
Power and Fuel Cost	776	659	18%	683	14%
Other Expenses	2,861	2,361	21%	2,591	10%
Total Expenses	**9,982**	**8,666**	**15%**	**10,086**	**-1%**
EBITDA	**2,185**	**1,486**	**47%**	**2,082**	**5%**
Depreciation Expense	994	797	25%	884	12%
EBIT	**1,190**	**689**	**73%**	**1,197**	**-1%**
Finance Cost	571	486	**18%**	573	**0%**
Profit Before Tax (PBT)	**653**	**240**	**172%**	**643**	**2%**
Loss from Joint Venture	-6	-67	**-91%**	-52	**-88%**
Exceptional Items	-	-		-3	-100%
Tax Expense	179	55	223%	29	511%
Net Profit (Adjusted)	**469**	**118**	**298%**	**562**	**-17%**
Net Profit (Reported)	**469**	**118**	**298%**	**559**	**-16%**
EPS	**2.6**	**0.6**	**298%**	**3.1**	**-17%**
Margins			**Changes in bps**		**Changes in bps**
Gross Margins	54.0%	50.9%	311	48.7%	535
EBITDA Margins	18.0%	14.6%	332	17.1%	85
PAT Margins	3.8%	1.2%	269	4.6%	-77
Other Operational Matrix			**Changes in bps**		**Changes in bps**
COGS as % of Sales	46%	49%	-311	51%	-535
EBE as % of Sales	6.2%	6.6%	-35	4.7%	152
P&F as % of Sales	6.4%	6.5%	-12	5.6%	76
OE as % of Sales	23.5%	23.3%	25	21.3%	222

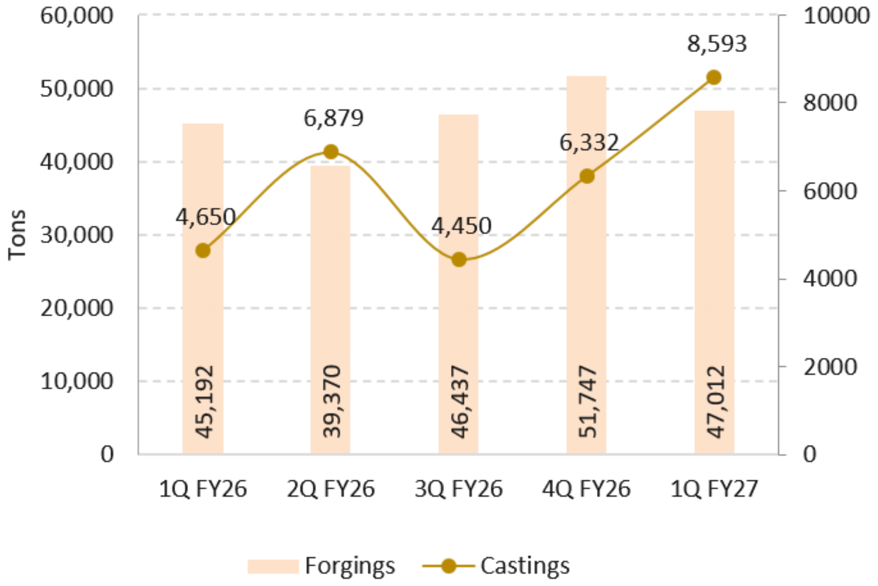
Source: Company, Dalal and Broacha Research

Concall Highlights:

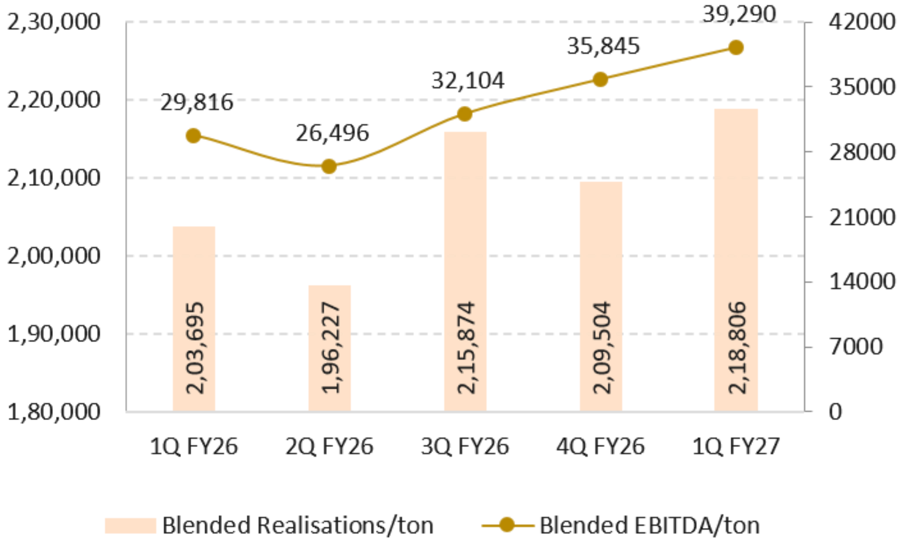
- **Strong Export Outlook:** Management has guided for 20%+ export revenue growth in FY27, with exports expected to contribute ~35% of topline for the year.
- **Margin Improvement:** Price revisions and an improved product mix led to a 535 bps QoQ expansion in gross margins. Gross margins stood at 54% in Q1FY27, significantly above the company's historical average of ~50%, and management believes these levels are sustainable. However, the benefit did not fully translate into operating margins due to elevated energy, consumables and shipping costs.
- **Diversification**: T he company secured ₹278 crore of new orders during the quarter, of which ~82% were from Passenger Vehicles and ~18% from Two-Wheelers, reflecting continued progress in diversifying beyond the Commercial Vehicle segment.
- **Preparing for the future:** The company has initiated R&D and progressing further in non-ferrous products with applications across high-growth sectors such as aerospace, robotics and semiconductors.
- **Update on Rail Wheels:** Trial production has commenced and supply shall begin by Sept-Oct 2026.
- **Strengthening Balance Sheet:** The company remains on track to reduce debt by ₹500 crore in FY27 and has reiterated its target of achieving ~20% RoCE by FY28.

Quarterly Charts

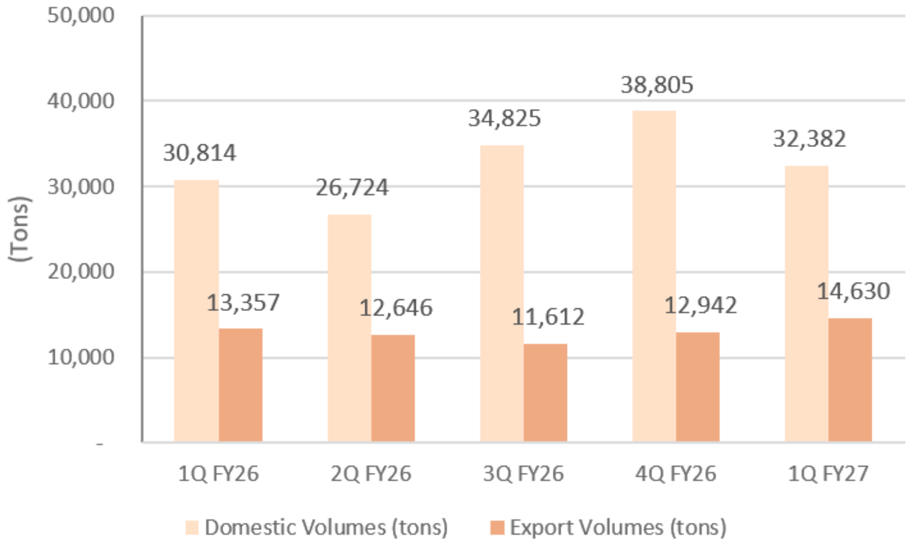
Sales Volume (tons)



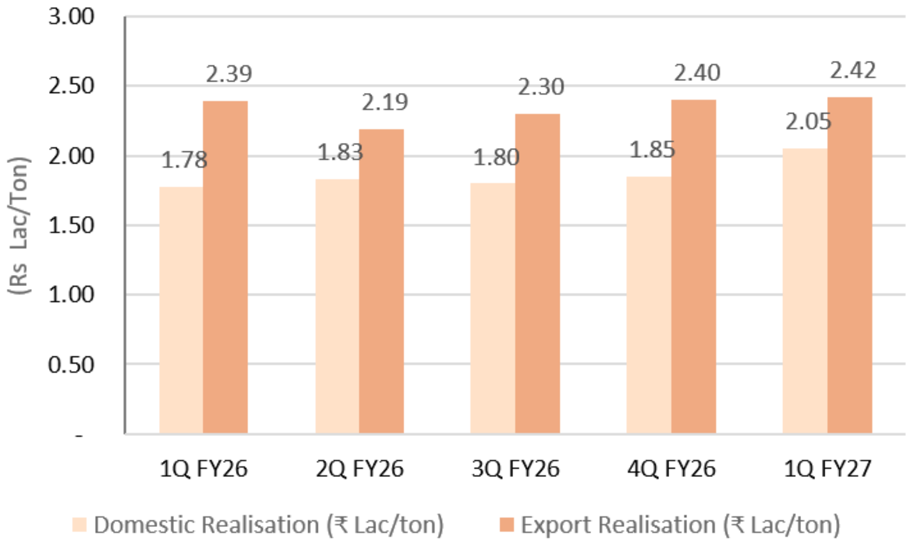
Blended Realisation per Ton and Blended EBITDA per Ton



Domestic and Export Volumes – Forgings (Tons)



Domestic and Export Realisation – Forgings



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

Valuation & Outlook

With improved execution, faster than expected margin expansion and benefit of lower base, the company shall see multi-fold growth in its profitability. With improved industry landscape, higher volumes are expected from domestic as well as export markets to drive growth in the coming quarters. We estimate Revenue/EBITDA/PAT CAGR of 20%/33%/131% respectively between FY 26-28E.

On estimates, **we have revised our Revenue, EBITDA and PAT forecasts** across FY26–28E as below,

FY27E: Revenue: -1.5%, EBITDA +0.5%, PAT -15%
FY28E: Revenue: -3%, EBITDA +4%, PAT -0.7%

Based on our FY28E PAT estimate of ~INR 443 crore, Ramkrishna Forgings Ltd is currently trading at ~24.0x forward earnings (FY 28E). We Maintain our BUY Rating and 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 659, implying an upside potential of ~13% of the current market price of INR 581.

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	3,235	3,721
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**	**9,005**	**11,386**
EBITDA Margin	22%	21%	14%	15%	17%	19%
Other Income	40	281	264	131	144	159
Interest	1,202	1,455	1,659	2,103	2,185	1,785
Depreciation	2,016	2,572	2,713	3,329	3,921	3,765
Profit Before Taxation & Exceptional Items	3,744	3,982	1,488	1,126	3,043	5,994
Share of Profit/Loss of JV & Associates	-	-7	-11	-179	-	-
Exceptional Income / Expenses	-	-	-	-107	-	-
Profit Before Tax	**3,744**	**3,975**	**1,477**	**840**	**3,043**	**5,994**
Provision for Tax	1,263	1,147	-1,839	122	791	1,559
Profit After Tax (Continued Operations)	**2,481**	**2,829**	**3,316**	**718**	**2,252**	**4,436**
PAT Margin	8%	8%	8%	2%	4%	7%
Profit After Tax from Discontinued Operations	-	83	835	-	-	-
Consolidated Net Profit	**2,481**	**2,912**	**4,150**	**718**	**2,252**	**4,436**
Adjusted Net Profit for the year	**2,481**	**2,829**	**3,316**	**825**	**2,252**	**4,436**
Adj. PAT Margin	8%	8%	8%	2%	4%	7%

Source: 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	38,368	37,103
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**	**45,881**	**44,616**
Current Assets						
Inventories	9,069	10,499	12,543	12,462	14,857	16,756
Trade Receivables	7,752	8,499	9,754	7,949	9,905	11,729
Investments	28	560	130	43	43	43
Cash and cash equivalents	445	1,731	160	1,622	1,147	1,569
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**	**28,354**	**32,499**
Total Assets	**37,304**	**52,578**	**65,573**	**71,780**	**74,235**	**77,115**
Equity						
Equity Share Capital	320	362	362	363	363	363
Other Equity	12,898	25,977	30,012	32,541	35,293	39,729
Total Equity	**13,218**	**26,339**	**30,374**	**32,904**	**35,656**	**40,092**
Non Current Liabilities						
Borrowings	7,576	7,666	10,827	16,156	12,350	8,350
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**	**13,753**	**9,753**
Current 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	14,150	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**	**24,825**	**27,269**
Total Equity and Liabilities	**37,304**	**52,578**	**65,573**	**71,780**	**74,235**	**77,115**

Source: 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	6,566	9,548
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	-4,685	-6,785
Net Cash Flow for the year	84	1,286	-1,571	1,462	-475	422
Opening Cash Balance	362	445	1,731	160	1,622	1,147
Closing Cash Balance	445	1,731	160	1,622	1,147	1,569

Source: Dalal & Broacha Research

Ratios

Particulars	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%	17%	19%
Adj. NPM	8%	8%	8%	2%	4%	7%
Tax Rate	34%	29%	-124%	15%	26%	26%
Revenue Growth	38%	16%	9%	5%	22%	18%
EBITDA Growth	34%	12%	-28%	15%	40%	26%
PBT Growth	48%	6%	-63%	-43%	262%	97%
PAT Growth	25%	14%	17%	-75%	173%	97%
CFO/EBITDA	1.1 x	0.8 x	0.1 x	1.3 x	0.7 x	0.8 x
CFO/PAT	3.0 x	2.2 x	0.1 x	10.2 x	2.9 x	2.2 x
RoCE (%)	19%	11%	14%	2%	6%	11%
RoE (%)	19%	14%	6%	5%	9%	14%

Source: Dalal & Broacha Research

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