

## **Ramkrishna Forging Ltd. – Investment BUY Call – 6 Months Horizon**

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 7 May 2026

CMP -> 624

Upside Potential-> 15%

Investment Horizon -> 6 Months

Target price -> 717

Ramkrishna Forgings had delivered a strong operational turnaround in Q4FY26, supported by robust execution across its core forging and casting businesses, improving demand dynamics and continued scale-up of recently commissioned capacities. The company reported a significant improvement in operating profitability on both a QoQ and YoY basis, while Profit Before Tax (PBT) increased sharply to INR 64 crore in Q4FY26 from INR 30 crore in the previous quarter. Importantly, the quarter's profitability was impacted by a one-time adjustment of INR 10.4 crore arising from elimination of profits from subsidiaries and losses from the Mexico subsidiary, indicating that the underlying operational performance was stronger than reported numbers. The company also demonstrated exceptional cash generation, with operating cash flow improving substantially from INR 33 crore in FY25 to INR 840 crore in FY26, reflecting improved working capital efficiency and stronger operating performance.

The medium-term growth outlook remains favourable, driven by multiple earnings levers across domestic and export markets. The company continues to benefit from healthy growth in the domestic commercial vehicle (CV) segment, which is supporting higher demand for its CV-related products in India. Simultaneously, exports — contributing 31.6% of FY26 revenues — are gaining traction and remain a margin-accretive business segment, providing additional support to profitability. During Q4FY26, the company secured new orders worth INR 594 crore with a program life of four years, strengthening revenue visibility over the medium term. Management has also guided for sustained or improved margins from current levels, supported by operating leverage benefits, richer product mix, higher utilization of newly commissioned capacities, and increasing contribution from high-value export products.

The company is entering a critical monetization phase following cumulative investments of INR 3,676 crore over the last four years across forging, casting, machining, and new growth platforms. Major capacities have either been commissioned or are nearing completion, positioning the company for utilization-led earnings growth in FY27 and beyond. The forging capacity has increased to 333,400 MT, while casting capacity has expanded significantly with further additions scheduled in Q1FY27. Management expects higher utilization driven by domestic CV, passenger vehicle, industrial, oil & gas demand, and new export orders. Additionally, the company plans to reduce debt by approximately INR 400–450 crore during FY27, which is expected to lower finance costs and improve profitability at the PAT level. Closing net debt stood at INR 1,990 crore as of March 31, 2026, and improving cash flows along with stronger asset turns should support a healthier return profile going forward.

A key long-term value driver remains the rail wheel project being executed through the JV between Ramkrishna Forgings and Titagarh Rail Systems. The consortium has received a Letter of Award from Indian Railways for manufacturing and supplying forged wheels, with the project expected to become a strategic growth platform for the company. The Chennai facility, which will be Asia's second-largest wheel manufacturing plant with annual capacity of 228,000 forged wheels, is progressing as per schedule with commissioning activities underway. Commercial operations are expected to

commence by the end of June 2026. Management has guided for production of around 40,000 wheels in FY27, which at estimated realizations of INR 1.2–1.3 lakh per wheel could generate nearly INR 400 crore of incremental business at the JV level. In addition, management remains optimistic about strong opportunities in railways, including bogie assemblies for LHB and Vande Bharat trains, while aerospace opportunities are also emerging as a potential future growth avenue.

Overall, the company appears well-positioned to deliver improved earnings growth over the next 6 months, supported by capacity ramp-up, improving operating leverage, export momentum, strong order inflows and expanding opportunities across railways and industrial segments. While short-term risks remain from potential increases in commercial cylinder prices, management remains confident of passing on higher input costs to customers. Considering the company’s improving margin trajectory, strong cash flow generation, strategic capex cycle nearing completion and multiple growth catalysts across forging, railways, exports and new product platforms, we maintain a constructive BUY view on Ramkrishna Forgings for a medium-term investment horizon of 6 months.

### **Q4FY26 Results:**

		YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr		28.5%	10.8%	1,217	1,099	947
Operating Profit Cr	^	111.4%	27.4%	208	163	99
OPM %				17.1	14.9	10.4
PAT Cr	^	-72.0%	312.2%	56	14	200
NPM %				4.6	1.2	21.1
EPS ₹		-72.0%	312.0%	3.1	0.8	11.0

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team