



# RAMKRISHNA FORGINGS LIMITED

REGD. & CORPORATE OFFICE:

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CIN NO. : L74210WB1981PLC034281

Date: 26<sup>th</sup> November 2018

<p>The Secretary BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400001</p> <p><b><u>BSE SCRIP CODE: 532527</u></b></p>	<p>The Secretary National Stock Exchange of India Ltd. Exchange Plaza, Bandra -Kurla Complex Bandra (E) Mumbai -400051</p> <p><b><u>NSE SYMBOL: RKFORGE</u></b></p>
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Dear Sir / Madam,

**Sub:** Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Schedule of Analyst/Institutional Investor meet.

In continuation to our letter dated November 23<sup>rd</sup> 2018. Please find enclosed the investor presentation to be made by the Company at Edelweiss India Investor Conference 2018 organized by Edelweiss Securities Limited on 27<sup>th</sup> November, 2018 in Mumbai.

This is for the information of the Exchanges and the members.

Thanking you

Yours Truly  
For Ramkrishna Forgings Limited

Sd/-  
Rajesh Mundhra  
(Company Secretary)

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## MACHINE READABLE FORMAT

Date: 26<sup>th</sup> November 2018

The Secretary BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400001  <b><u>BSE SCRIP CODE: 532527</u></b>	The Secretary National Stock Exchange of India Ltd. Exchange Plaza, Bandra -Kurla Complex Bandra (E) Mumbai -400051  <b><u>NSE SYMBOL: RKFORGE</u></b>
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# Fastest growing forgings company in the world's fastest growing economy

A presentation on  
Ramkrishna Forgings Limited





Ramkrishna Forgings Limited was founded on 12th November, 1981 and became a listed company in 2004. The Company majorly caters to the commercial vehicle segment in the domestic as well as the overseas market and is also a critical safety item supplier for railway coaches and wagons.

#### **OUR MISSION**

"Create value for all business associates, shareholders and customers in all the areas of business in which Ramkrishna Forgings is associated with and to become an active partner in employee well-being and philanthropic causes."

#### **CORE VALUES**

- Customer centric approach
- Continual improvements in systems
- Commitment to human development

# How we performed in Q2, FY19\*



## Overview

- Profitable growth
- Revenues grew faster than economy
- Revenues growth was higher than forgings sector growth

## Direct numbers

- Net revenues from operations increased **36.4%** to Rs **461.47 cr**
- EBIDTA (excluding Other Income) increased **49.2%** to Rs **97.87 cr**
- Interest increased **8.4%** to Rs **20.58 cr**
- PBT increased **81.8%** to Rs **49.90 cr**
- PAT increased **39.3%** to Rs **32.78 cr**

## Reasons for improvement

- More content per vehicle
- Revenue growth; better cost amortisation
- Higher proportion of value-added products
- Higher asset utilisation
- Lower interest outflow

## Q2 FY19 performance: Part of long-term improvement (10 quarters)



### Our performance over the last nine quarters (Rs cr)

Particulars	FY18-19		FY17-18				FY16-17			
	Q2	Q1	Q2	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	461.47	410.48	440.11	398.97	338.22	258.17	280.98	212.12	155.69	217.45
EBITDA	97.87	86.48	91.65	76.83	65.61	50.14	46.56	40.58	27.16	42.62
EBITDA margin	21.2	21.07	20.82	19.26	19.40	19.42	16.57	19.13	17.45	19.60
EPS	10.06	8.50	10.53	8.51	7.39	3.17	3.03	0.68	(1.74)	1.84

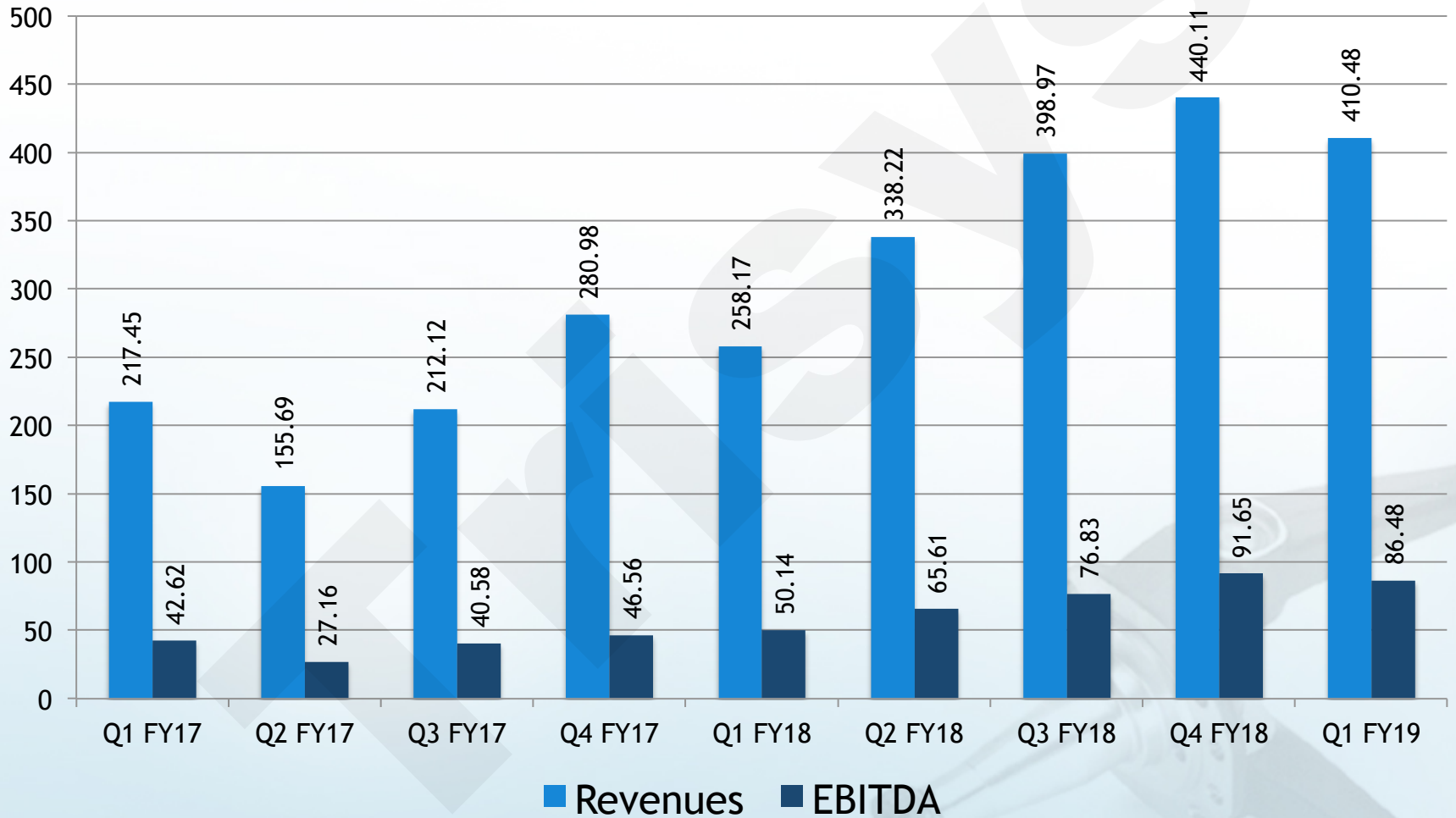
#### Reality

- Trough-to-peak **196%** revenue growth
- Successfully maintained EBITDA margin growth

#### Interpretation

- Strengthening ability to resist demand slowdown
- Press line impact visible in numbers
- Key differentiators contributing to progressive growth

# Q2 FY19 performance: Part of long-term improvement (10 quarters) *Continued...*



# Retrospective performance of 2016-17 and 2017-18 (Rs cr)



Particulars	2016-17	2017-18
Revenues	880.91	1435.47
EBITDA	157.82	284.24
EBITDA margin	17.92%	19.80%
Debt-equity	2.0	1.1
EPS	3.81	30.15

## Reality

- **62.95%** growth in revenues
- **80.10%** growth in EBITDA
- **189 bps** growth in EBITDA margin
- Strengthening gearing
- Growing liquidity

## Interpretation

- Profitable growth
- Volume-value play
- Largest-ever incremental annual revenue growth
- Attractively placed to capitalise on economic rebound



# Overview of what we are and where we have come from



## Statutory Auditors

S.R. Batliboi & Co. LLP  
*(A member of Ernst & Young)*

## Location

- Headquartered out of Kolkata
- Four of five manufacturing facilities in Jamshedpur
- Located proximately to key automotive manufacturing hubs
- Enjoys logistical advantage
- Continuous investments made in manufacturing facilities

## Promoters


- Promoted and managed by Mr. Mahabir Prasad Jalan and Mr. Naresh Jalan
- Promoters possessing multi-decade forgings industry experience

## Industry standing

India's second largest forgings manufacturer 

Possesses significant headroom for growth 

Market capitalisation of Rs. 2500 cr (March 31, 2018) 

Total capacity of 1,50,000 tonnes 

Utilising state-of-the-art machinery 

Robust technical knowledge for design, development and testing 

Address high volume to high value opportunities 

# Overview of what we are and where we have come from *Continued...*



## Products

Manufactures a range of components

Products comprise front axle components, transmission gears and shafts, rear axle components, crown wheels, bell crank assembly and engine components

Products used in automotive and non-automotive sectors

Addresses medium & heavy commercial vehicles, tractors, Railways and oil & gas sector

Ability to cater to 95% of all forged components used in commercial vehicles

Ability to manufacture products from 0.5 kg to 200 kgs.

Customers comprise global OEMs and TIER-1 customers

# Overview of what we are and where we have come from *Continued...*



## Equipment distinctiveness

### Investment

Only fully automated ring rolling facility in India's forgings sector



### Impact

Used in the manufacture of bevel up to 500mm diameter in 25-40 seconds

### Investment

SCADA press furnace



### Impact

It is a CNC controlled Heat Treatment Furnace with programmable heating parameters, ensuring uniform heating and a steady quenching and tempering temperature

### Investment

Fully automated 12,500 tonne wedge press line, second largest in India



### Impact

This press line enables the manufacturing of front axle beams & crankshafts

# Overview of what we are and where we have come from *Continued...*



## Customers

### OEMs



### Tier 1



# Overview of what we are and where we have come from *Continued...*



## Customers

### General Engineering:



### Bearings:



### Railways:



### Earth Moving & Mining:



### Oil & Gas:



### Power & Construction:



### Steel:



### Farm Equipments:



# The quality of the RKFL management



Trusting sectoral prospects (reflected in sustained reinvestment)



Working in niches (continuous focus for the highest margin products)



Investing in slowdown (2014-15)



Focused on safety first (created a prudent funding structure)



Capitalised on sectoral opportunity with the biggest investment



Leveraged longstanding customer relationships (more than 90% revenues from customers of five years or more)



Measured extension from one synergic product to another



Focused on doing what it knows best (manufacturing forgings in India)



## 3 distinctive phases of RKFL



### First phase

**1981:** Incorporation of the Company

**1985:** Approved by Indian Railways as Critical Safety Item supplier for items like Hanger, Draw Gear Arrangement

**1995:** Became a public limited company

**2002:** Approved by Indian Defence for producing Defence related parts

### Second phase

**2004:** IPO launched, becomes a listed entity

**2005:** Market cap as on 31<sup>st</sup> March, 2015 reaches Rs. 66 cr

**2006:** Entry into machining

**2006:** Investment from UTI Venture Funds Management Company (Ascent Capital)

**2007:** Commencement of Ring Rolling Press line with machining facilities

**2009:** Company became TS16949 certified

**2011:** Receives OHSAS:18000, ISO: 14000

**2013:** Invested in DNA-transforming Press line project

### Third phase

**2014-15:** Commissioned 3150T & 4500T press lines

Mobilised equity from Wayzata; equity and debt from IFC

NABL accreditations

**2015-16:** Commissioning of 6300T & 12500T press lines and state of the art machining facilities

**2016-17:** In-House R&D Accredited by Dept. of Scientific & Industrial Research

**2017-18:** Completed a fund raiser of INR 200 Cr via QIP

# Dynamic third phase (2014-15 onwards)



## Input

- Single most decisive investment
- 12,500 tonne, fully-automated
- Equipped to manufacture complex and heavy-forged components
- Graduated company from one level to another
- Only second company in India with this press
- Focus on enhancing value-addition
- Value-addition derived from manufacture of complex forged products



## Output

- Targeted rising revenue share from Medium & Heavy Commercial Vehicle (M&HCV) segment
- Targeted components sale to growing manufacturing hubs in India
- Targeted new product development
- Targeted new customer accretion
- Targeted higher component share per vehicle
- Targeted to become the preferred CV partner in India (Ashok Leyland, Tata, Eicher, etc.)



## Dynamic third phase (2014-15 onwards) *Continued...*



### Desired impact

- Larger throughput
- Superior manufacturing economies
- Higher EBITDA margins
- Enhance realisations
- Empower deeper global OEM presence
- Increase exports
- Three-fold increase in revenues

### Financials

- Strengthen margins
- Enhance RoCE
- Generate accruals for next growth round

# Impact of the third phase



## Strategic

- Broadened opportunities through wider customer / product / geographies coverage
- Increased cross-sale opportunities
- Widened presence from India to North America and recently in Europe

## Capability

- Increase Pressline product tonnage from 30% in 2016-17 to 59.50% in 2017-18
- Focus on complex and heavy-forged components
- Extended to the manufacture of completely new products (front axle beams)
- Demonstrated superior capability (higher product running life)

## Press forge equipment details

Equipment	Weight (kg)
12500 Tons	Up to 200
6300 Tons	40-65
4500 Tons	20-40
3150 Tons	10-20
2000 Tons	5-10



# Impact of the third phase *Continued...*



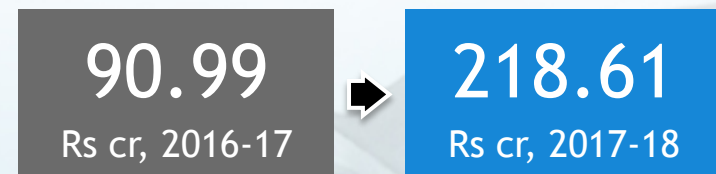
## Market

- Enhanced customer base and market share
- Strengthened the input-output ratio
- Increased content per vehicle
- Empowered company to increase its proportion of sales to OEMs and Tier 1 players

## Financial

- Increased average realisations
- Strengthened RoCE to **16.75%** (FY18)
- Helped the company more than double EBDT in only second year of commissioning (FY17 vs. FY18)

## EBDT



# What makes us a differentiated forgings company for customers



## Ability to service growing demand

Second largest forgings company in India; comfort-enhancing

1,50,000 tons of forgings capacity per annum; ability to service growing needs

Robust in-house engineering and metallurgical capabilities; high product standards

## Cutting-edge equipment

Fully automated ring rolling facility

Fully automated 12,500 tonne wedge press line, process and design capabilities; significant technology advantage reflected in stronger and lighter components

State of the art Machining and Die Making facilities

# What makes us a differentiated forgings company for customers *Continued...*



## Digital tools

### AutoCAD

Commercial computer-aided design and drafting software application

### Unigraphics

Leading CAD/CAE/CAM software product

### VeraCAD

Graphically interactive design software for stretch roll segments

### FaroArm

Facilitates precise 3D measurements of both large and small parts while in production

### FORGE® Nxt

Simulates hot and cold-forming processes

DEFORML Enables designers to analyse metal forming, heat treatment, machining and mechanical joining processes

# What makes us a differentiated forgings company for customers *Continued...*



## Capabilities

Engineering and designing of parts as per customer requirement, complete with testing and engineering for newly developed parts

Tool and die making facilities

Forging facilities utilising belt drop hammers, pneumatic close and open die hammers and 5-6 inch upsetters

Press forging for components up to 500kg through 5 presses

Ring rolling facility with an ability to roll crown wheels up to 500mm diameter

Automated heat treatment and tempering facility utilising SCADA software

Machining capabilities including turning center, gear hobbing, shaping, shaving, broaching and rolling

## Sectoral developments



### North American class 8 truck segment: witnessing strong growth

- Class 8 truck orders grew **53.2%** to 3,49,893 units (January to August of CY17 vs. CY18)
- North American Class 8 orders for the past twelve months have now totaled **477,000 units** (as of August 2018)

#### US

**11.7%** growth  
in orders (CY19 forecast)

#### Mexico

**10.3%** growth  
in orders (CY19 forecast)

#### Exports

**48.2%** growth  
(CY19 forecast)

### Indian automotive sector

Supreme court has mandated sale of BSVI compliant vehicles from 01 April, 2020

Indian automobile industry at the cusp of a major upmove

Industry expected grow at a CAGR of 15%

Revenues of \$74 bn (2016) likely to grow to \$300 bn (2026)

## Sectoral developments *Continued...*



### Automotive Mission Plan 2016-26 driver

Auto industry in GDP to increase from <10% to 13%

Projected capex of US \$80 bn

End of life policy for old vehicles and stronger emission control to trigger fresh buying

Scrappage Policy like to eliminate 700,000 commercial vehicles

### New opportunities for research-led auto-component manufacturers

India graduating to different level

Indian auto-components industry to become global third largest by 2025

Auto-component exports to increase from US \$10.9 bn (FY17) to US \$70 bn (2026)\*

Enhancing pay load of commercial vehicles to boost heavier component demand

\*(Source: Automobile Component Manufacturers Association)



# Translating strengths into strengthening financials



## Total gearing

FY15: 1.75x → FY18: 1.08x

## Higher sales

FY15: 741cr → FY18: 1435cr

## Net worth

FY15: 411.11cr → FY18: 759.18cr

## Higher EBITDA

FY15: 134cr → FY18: 284cr

## Higher EBITDA margins

FY15: 18.1% → FY18: 19.8%

## Greater ROCE

FY15: 12.15% → FY18: 16.75%

## Higher PBT

FY15: 78cr → FY18: 134cr

## Inferences

- FY18 inflection point
- Indicates robust rebound
- Start of a long-term trend

# Certifications



## Plant 1

- ISO 14001:2015 & BS OHSAS 18001:2007
- ISO 9001:2015
- IATF 16949
- AS 9100 D

## Plant 2

- ISO 9001:2015

## Plant 3 & 4

- ISO 14001:2015 & BS OHSAS 18001:2007
- ISO 9001:2015
- IATF 16949
- AS 9100 D

## Plant 5

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• ISO 9001:2015</li><li>• IATF - 16949</li><li>• ISO 14001 (EMS) + OHSAS 18001</li><li>• AS 9100 D</li><li>• NABL (ISO 17025:2005) Accreditation</li></ul> | <ul style="list-style-type: none"><li>• ISO IEC 17025:2005 CHEMICAL</li><li>• ISO IEC 17025:2005 MECHANICAL</li><li>• ISO 17025:2005 for calibration lab</li></ul> |
|--|--|

## Other certificates

- EC Compliance
- AIAG 2018

# Awards



Won 'Star Performer Award' for 2011-12 for steel forgings from EEPC

Won 'Best run in R&D, Design and New Product Development', SAP ACE Awards, 2012

Won a certificate of appreciation for improvements made in Safety, Health & Environment 2012-13 from Confederation of Indian Industry (CII)

Won 'Supplier of the year' award for 2013, 2015 and 2016 from SISAMEX, Mexico for zero manufacturing defects, on-time delivery and competitive pricing

Won a certificate of recognition as a 'Three Star Export House' from the Director General of Foreign Trade, Ministry of Commerce & Industry in 2015

Won an award for 'the best in class performance on proactive cost competitiveness' for the year 2016-2017 at Ashok Leyland's Suppliers Summit 2017

Won SISAMEX Award for 'Innovation in Integrated Knuckle, Forged Tie Rod Arm & Forged Steering Arms' for the year 2017

Awarded the "BEST IN CLASS" performance by TATA MOTORS LTD in 2017

Won the 'VE Commercial Vehicle Award' for Forging, Gear & Bar Stock outstanding performance in New Product Development of Beam & knuckle for the year 2017

Won the 'Outstanding Export Performance' award every single year since 2004 from the Engineering Export Promotion Council (EEPC)

Awarded with the Efficiency Award by Tata Motors in 2018

# RKFL's preparedness



Engagement with marquee and market-leading customers

Engagement with OEMs (direct end customer)

Graduation from components to sub-assemblies to assemblies

Stronger product mix

Superior economies of scale

Presence in large volume product segments (M&HCV, auto, railway, oil & gas and earth moving)

Extending into other segments (passenger cars & LCV)

Forward-looking investments in research

Focus on replenishing revenues with value-added products

Global product approvals and audits

Increased export presence

Robust Balance Sheet

Stronger cash flows; accrual-driven investments

## RKFL's preparedness *Continued...*



### Initiative

Initiated audit of its products and facilities by several OEMs and Tier 1 companies



### Impact

Could lead to multi-year engagements

### Initiative

Increased content per vehicle



### Impact

Addressing risk of cyclical upheavals in different sectors of the auto/CV industry

### Initiative

Proposed entry PV, LCV through warm and cold forging



### Impact

Broadening risk from an excessive dependence on M&HCV sector

### Initiative

The Company has targeted increased exports to Europe & Japan



### Impact

Significantly reducing geographical risk

### Initiative

Engage deeper with global OEM marquee brands



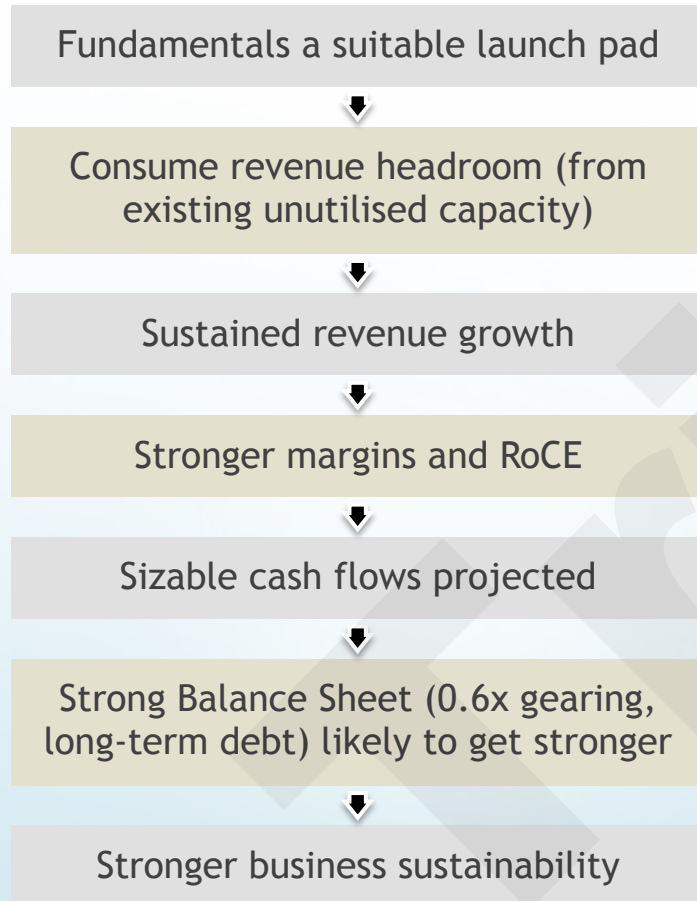
### Impact

Engaged with a major European OEM for its ASEAN needs; multi-year agreement with a leading Europe OEM

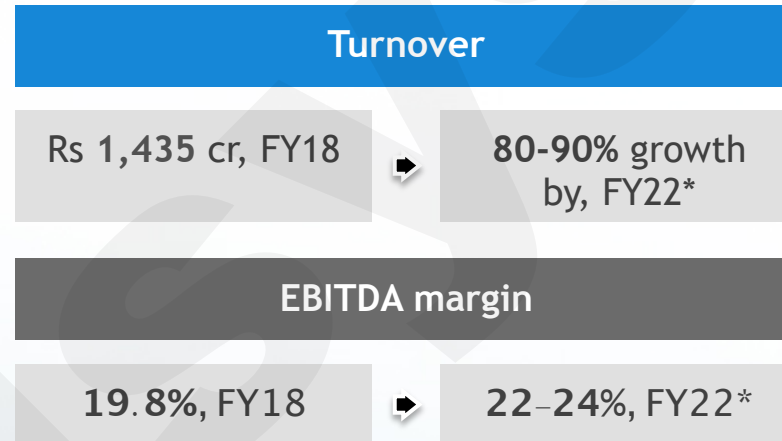
# The big picture



## Today



## Tomorrow



*\*Indicative*





**Thank you**