

July 11, 2025

Ramkrishna Forgings Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Term loans	490.05	490.05	[ICRA]AA-; rating watch with developing implications; withdrawn
Long-term – Fund-based working capital	655.00	655.00	[ICRA]AA-; rating watch with developing implications; withdrawn
Long-term/short-term – Fund-based working capital	55.00	55.00	[ICRA]AA-; rating watch with developing implications / [ICRA]A1+; rating watch with developing implications; withdrawn
Short-term - Non-fund based limits	330.00	330.00	[ICRA]A1+; rating watch with developing implications; withdrawn
Total	1,530.05	1,530.05	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Ramkrishna Forgings Limited (RKFL), at the request of the company and based on the No Objection Certificates received from the bankers, and in accordance with ICRA's policy on withdrawal of ratings.

ICRA had earlier placed the ratings on Watch with Developing Implications following the company's disclosure to the stock exchanges, on April 26, 2025, regarding discrepancies in its inventory. At the time of annual physical verification of inventory, it was observed that the actual value of inventory was lower than the book value. According to the report of a fact-finding study jointly conducted by two independent agencies, the inventory discrepancy was reported as Rs. 270.74 crore. Of this, Rs. 220.52 crore pertains to FY2025 and Rs. 50.22 crore to FY2024. The post-tax impact of the same on RKFL's net worth was Rs. 202.60 crore vis-a-vis Rs. 120-150 crore estimated initially. The one-time impact of inventory discrepancy recognised in the financials of FY2025 and FY2024 (restated) resulted in a decline in the company's operating margin. Besides, RKFL's capex and long-term debt in FY2025 were considerably higher than ICRA's previous estimates. As per the report, erroneous entries and non-recording of rejections at plants stemming from some gaps in internal controls relating to material management, scrap accounting, production reporting, documentation, etc., led to the inventory discrepancy. The company has announced measures to strengthen internal controls and processes, based on the fact-finding report. In addition, the promoters plan to infuse equity of around Rs. 205 crore to compensate for the discrepancy and protect other stakeholders' interest. RKFL's shareholders approved on June 28, 2025, for issuance of 9,75,000 warrants to the promoter Group at a price of Rs. 2,100 per warrant, convertible to equity shares of a face value of Rs. 2 per share. Initially, 25% of the proposed equity will be infused in the form of warrants and the balance amount will be infused through conversion of the warrants into equity shares, within 18 months of warrants issuance.

Given the continued uncertainties, the ratings remain on Watch with Developing Implications and stand withdrawn at the request of the company. ICRA does not have adequate information to suggest that the credit risk has changed since the time the ratings were last reviewed.

The key rating drivers, liquidity position, rating sensitivities and environmental and social risks have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Auto components Policy on withdrawal of Credit Ratings
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company along with its subsidiaries and a joint venture (as mentioned in Annexure-II)

About the company

Incorporated in 1981, RKFL commenced operations in 1984 primarily as a forging manufacturer for the Indian Railways. Over the years, the company has evolved into one of the largest players in the auto component industry, mainly catering to the M&HCV segment. The company has two facilities located in and around Jamshedpur and another small unit near Kolkata. Its forging facility comprises hammer forge and up-setter forge with a total capacity of 70,350 tonnes per annum (tpa), which increased by 14,250 tpa in March 2025, cold forging capacity of 25,000 tpa, which was commissioned in January 2025, ring-rolling unit with a capacity of 24,000 tpa and press lines of 1,49,050 tpa. RKFL also has fabrication and machining facilities.

In FY2024, RKFL acquired Multitech Auto Private Limited and its subsidiary Mal Metalliks Private Limited, Ramkrishna Casting Solutions Limited (renamed from JMT Auto Limited, which was acquired through the NCLT) and ACIL Limited (acquired through the NCLT). The acquired entities have facilities for manufacturing various automotive and engineering parts, which would augment RKFL's product portfolio and client base. The foreign subsidiary, Ramkrishna Forgings LLC, USA facilitates overseas sales. The company acquired another foreign subsidiary in Mexico, Ramkrishna Forgings Mexico S.A. de C.V., in August 2024. Ramkrishna Titagarh Rail Wheels Limited, a 51:49 joint venture between RKFL and Titagarh Rail Systems Limited, has been formed to manufacture railway wheels. RKFL sold its equity stake in the erstwhile subsidiary, Globe All India Services Limited, which provides travel-related services, in August 2024. In March 2025, RKFL received the NCLT order for merger of its subsidiary, ACIL Limited, with itself.

Key financial indicators (audited)

RKFL Consolidated	FY2024*	FY2025
Operating income	3,715.0	4,038.2
PAT	292.0	411.6
OPBDITA/OI	21.1%	14.0%
PAT/OI	7.9%	10.2%
Total outside liabilities/Tangible net worth (times)	1.0	1.1
Total debt/OPBDITA (times)	1.5	3.8
Interest coverage (times)	5.4	3.4

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. crore; All figures as per ICRA calculation
*Restated due to inventory discrepancy

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)					Chronology of rating history for the past 3 years					
	FY2026					FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	July 11, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long Term	490.05	[ICRA]AA-Rating Watch with Developing Implications; withdrawn	May 07, 2025	[ICRA]AA-Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA-(Stable)	May 09, 2023	[ICRA]A+(Stable)	Jun 30, 2022	[ICRA]A (Stable)
				-	-	-	-	Jan 08, 2024	[ICRA]A+(Positive)	Dec 12, 2022	[ICRA]A (Positive)
				-	-	-	-	-	-	Mar 01, 2023	[ICRA]A+(Stable)
Fund-based working capital	Long Term	655.00	[ICRA]AA-Rating Watch with Developing Implications; withdrawn	May 07, 2025	[ICRA]AA-Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA-(Stable)	May 09, 2023	[ICRA]A+(Stable)	Jun 30, 2022	[ICRA]A (Stable)
				-	-	-	-	Jan 08, 2024	[ICRA]A+(Positive)	Dec 12, 2022	[ICRA]A (Positive)
				-	-	-	-	-	-	Mar 01, 2023	[ICRA]A+(Stable)
Fund-based working capital	Long Term/ Short Term	55.00	[ICRA]AA-Rating Watch with Developing Implications / [ICRA]A1+ Rating Watch with Developing Implications; withdrawn	May 07, 2025	[ICRA]AA-Rating Watch with Developing Implications / [ICRA]A1+ Rating Watch with Developing Implications	Jul 12, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	May 09, 2023	[ICRA]A+(Stable)/ [ICRA]A1	Jun 30, 2022	[ICRA]A (Stable)/ [ICRA]A1
				-	-	-	-	Jan 08, 2024	[ICRA]A+(Positive)/ [ICRA]A1	Dec 12, 2022	[ICRA]A (Positive)/ [ICRA]A1
				-	-	-	-	-	-	Mar 01, 2023	[ICRA]A+(Stable)/ [ICRA]A1
Non-fund based limits	Short Term	330.00	[ICRA]A1+ Rating Watch with	May 07, 2025	[ICRA]A1+ Rating Watch with	Jul 12, 2024	[ICRA]A1+	May 09, 2023	[ICRA]A1	Jun 30, 2022	[ICRA]A1

			Developing Implications; withdrawn		Developing Implications						
				-	-	-	-	Jan 08, 2024	[ICRA]A1	Dec 12, 2022	[ICRA]A1
				-	-	-	-	-	-	Mar 01, 2023	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Term loans	Simple
Long term – Fund-based working capital	Simple
Long term/ Short term – Fund-based working capital	Simple
Short term - Non-fund based limits	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Term loan -1	10-Jul-23	NA	30-Jun-30	55.56	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -2	12-Jul-19	NA	01-Jul-30	54.40	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -3	06-Mar-23	NA	31-Aug-29	153.93	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -4	24-Dec-18	NA	30-Jun-27	70.00	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -5	24-Feb-23	NA	31-Dec-27	62.50	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -6	21-Jan-23	NA	30-Jun-31	35.56	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Term loan -7	21-Sep-22	NA	31-Dec-28	58.10	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term – Fund-based working capital	NA	NA	NA	655.00	[ICRA]AA-; rating watch with developing implications; Withdrawn
NA	Long term/ Short term – Fund-based working capital	NA	NA	NA	55.00	[ICRA]AA-; rating watch with developing implications / [ICRA]A1+; rating watch with developing implications; Withdrawn
NA	Short term - Non-fund based limits	NA	NA	NA	330.00	[ICRA]A1+; rating watch with developing implications; Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	RKFL's ownership	Consolidation Approach
Globe All India Services Limited (Formerly Globe Forex & Travels Limited)*	100%	Full consolidation
Ramkrishna Forgings LLC, USA	100%	Full consolidation
Multitech Auto Private Limited	100%	Full consolidation
Mal Metalliks Private Limited^	100%	Full consolidation
Ramkrishna Casting Solutions Limited (formerly JMT Auto Limited)	100%	Full consolidation
ACIL Limited	100%	Full consolidation
Ramkrishna Forgings Mexico S.A. de C.V.^	100%	Full consolidation
Ramkrishna Titagarh Rail Wheels Limited**	51%	Equity method

Source: Company's financial statements

Note: The erstwhile subsidiaries Ramkrishna Aeronautics Private Limited and RKFL Engineering Industry Private Limited were merged with ACIL Limited and JMT Auto Limited, respectively, in FY2024

*Was a subsidiary of RKFL till August 31, 2024, RKFL has sold its stake in the company

^RKFL's stepdown subsidiary (100% subsidiary of Multitech Auto Private Limited)

^^Acquired with effect from August 13, 2024

**51:49 joint venture with Titagarh Rail Systems Limited

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