

Research Report

Bharat Forge Limited



Prepared By-

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About

Bharat Forge is engaged in the manufacturing and selling of forged and machined Compoundant for auto and industry sector. The company belongs to the Kalyani Group which has an annual turnover of more than USD 3 Billion. Apart from the forging Industry, the group has a presence in engineering steel, automotive, industrial, renewable energy, urban infrastructure, and specialty chemicals and maintains a leading position in various business segments.

Business Segments

- **Forgings (85% in FY24 vs 96% in FY22):** The company produces steel forgings, finished machined crankshafts, front axles assembly and components, road wheel, transmission parts, seal rings, clamp, hub, lightweight components, etc for automotive and industrial sectors.
- **Defense & Others (15% in FY24 vs 4% in FY22%):** The defense arm, Kalyani Strategic Systems Limited (KSSL), offers artillery systems, protected vehicles, armored vehicles upgrades, ammunition, air defense solutions.

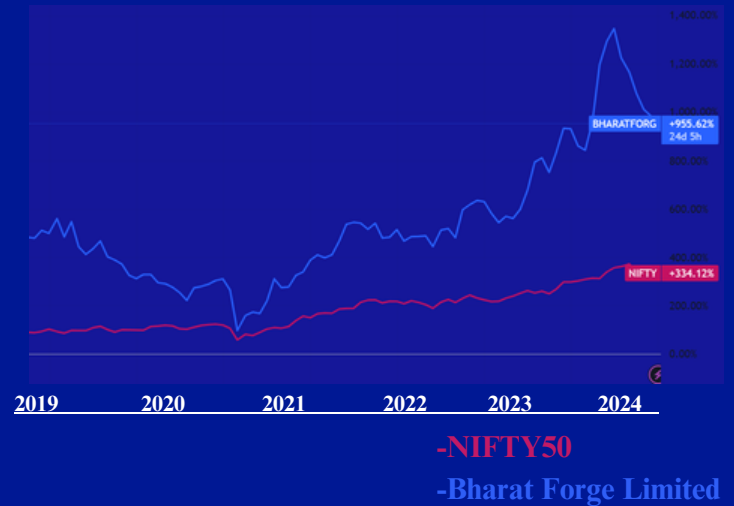
Synopsis of Financials

- **In FY23 and FY24, the company recorded an order inflow of Rs. 10,200 Cr, including Rs. 6,494 Cr from defense and the remaining Rs. 3,706 Cr from the core business.**
- **Q2 standalone performance remained resilient with a flat top line at ₹2,247 crores.**
- **EBITDA margin expanded by 140 basis points to 28.8%, driven by a favorable product mix.**

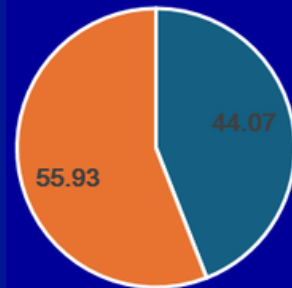
Stock data (as 7th January 2025)

Nifty Price	: 23,733.95
52 week High (in Rs.)	: 1,826
52 week Low (in Rs.)	: 1,063
Market Cap. (in Crore)	: 60,598
NSE Code	: <u>BHARATFORG</u>

Stock data



Shareholding Pattern (December 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	10,461	12,910	15,682
Sales Growth %	65.10%	23.41%	21.47%
Expenses	8,478	11,174	13,121
Operating Profit	1,983	1,737	2,562
OPM %	19%	13%	16%
Net Profit	1,077	508	910
EPS in Rs	23.23	11.35	20.43

Quarterly Results

Particular	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	3,629	3,877	3,774	3,866	4,164	4,106	3,689
Expenses	3,191	3,282	3,153	3,169	3,521	3,365	3,042
Operating Profit	438	595	621	698	643	741	647
OPM %	12%	15%	16%	18%	15%	18%	18%
Other Income	17	67	51	58	45	-99	62
Interest	97	114	124	137	116	124	110
Depreciation	181	206	211	224	207	218	213
Profit before tax	177	341	337	395	366	300	385
Tax %	28%	37%	36%	36%	38%	42%	37%
Net Profit	128	214	215	254	227	175	243

Source: Screener

Key Ratios

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% change	Note reference for reasons for variance
(a) Current ratio	Current Assets	Current Liabilities	1.58	1.36	16%	
(b) Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.52	0.58	-10%	
(c) Debt Service Coverage ratio	Earnings for debt service	Debt service	2.42	2.42	0%	
(d) Return on Equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	17.52%	14.12%	24%	(1)
(e) Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.95	2.77	7%	
(f) Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	2.61	2.64	-1%	
(g) Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	4.81	4.86	-1%	
(h) Net Capital Turnover Ratio	Net sales	Working capital	3.20	4.45	-28%	(2)
(i) Net Profit ratio (%)	Net Profit	Net sales	15.89%	13.81%	15%	
(j) Return on Capital Employed (%)	Earning before interest and taxes (EBIT)	Capital Employed	16.73%	13.27%	26%	(3)
(k) Return on Investment (%)	Earning before interest and taxes (EBIT)	Average Shareholder's Equity	27.02%	22.09%	22%	(4)

Source: Annual Report

Yearly Results

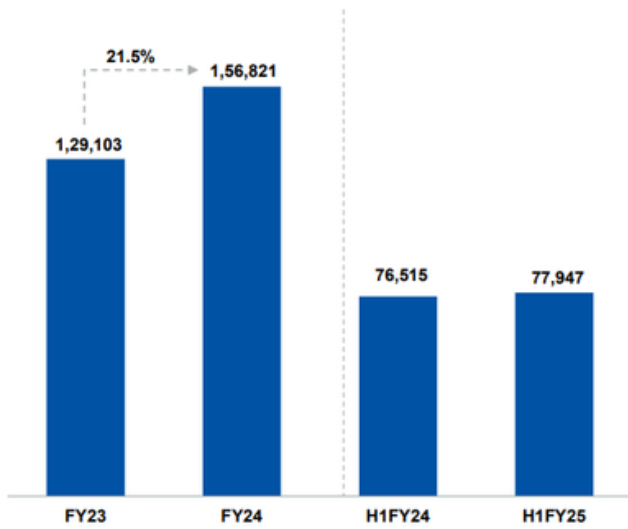
Particulars	March 2022	March 2023	March2024
Equity Capital	93	93	93
Reserves	6,478	6,612	7,077
Borrowings	5,972	7,313	7,948
Other Liabilities	2,950	4,216	4,066
Total Liabilities	15,492	18,235	19,184
Fixed Assets	4,870	6,161	6,309
CWIP	1,125	701	991
Investments	2,604	2,569	1,849
Other Assets	6,893	8,804	10,034
Total Assets	15,492	18,235	19,184

Highlights



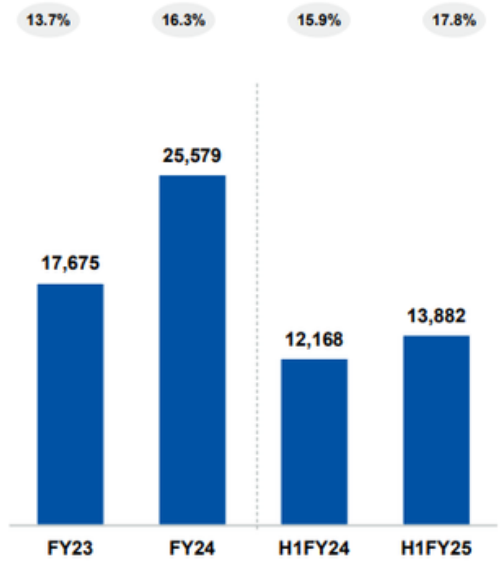
Consolidated Revenue from Operations⁽¹⁾

INR MM



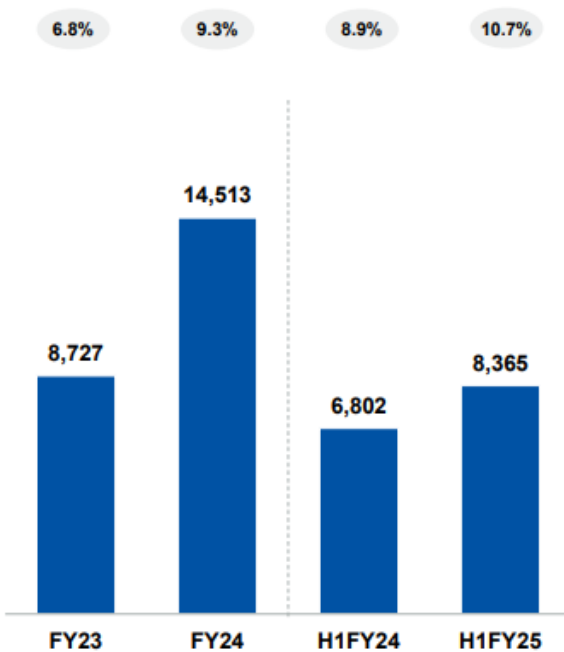
Normalized EBITDA and Normalized EBITDA Margin

INR MM | %



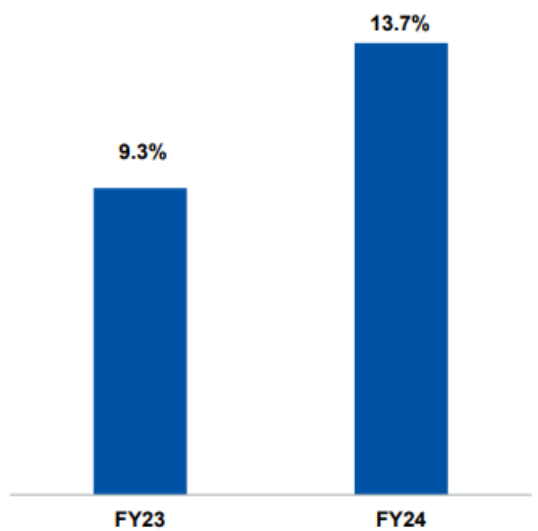
Adj. PBT and Adj. PBT Margin

INR MM | %



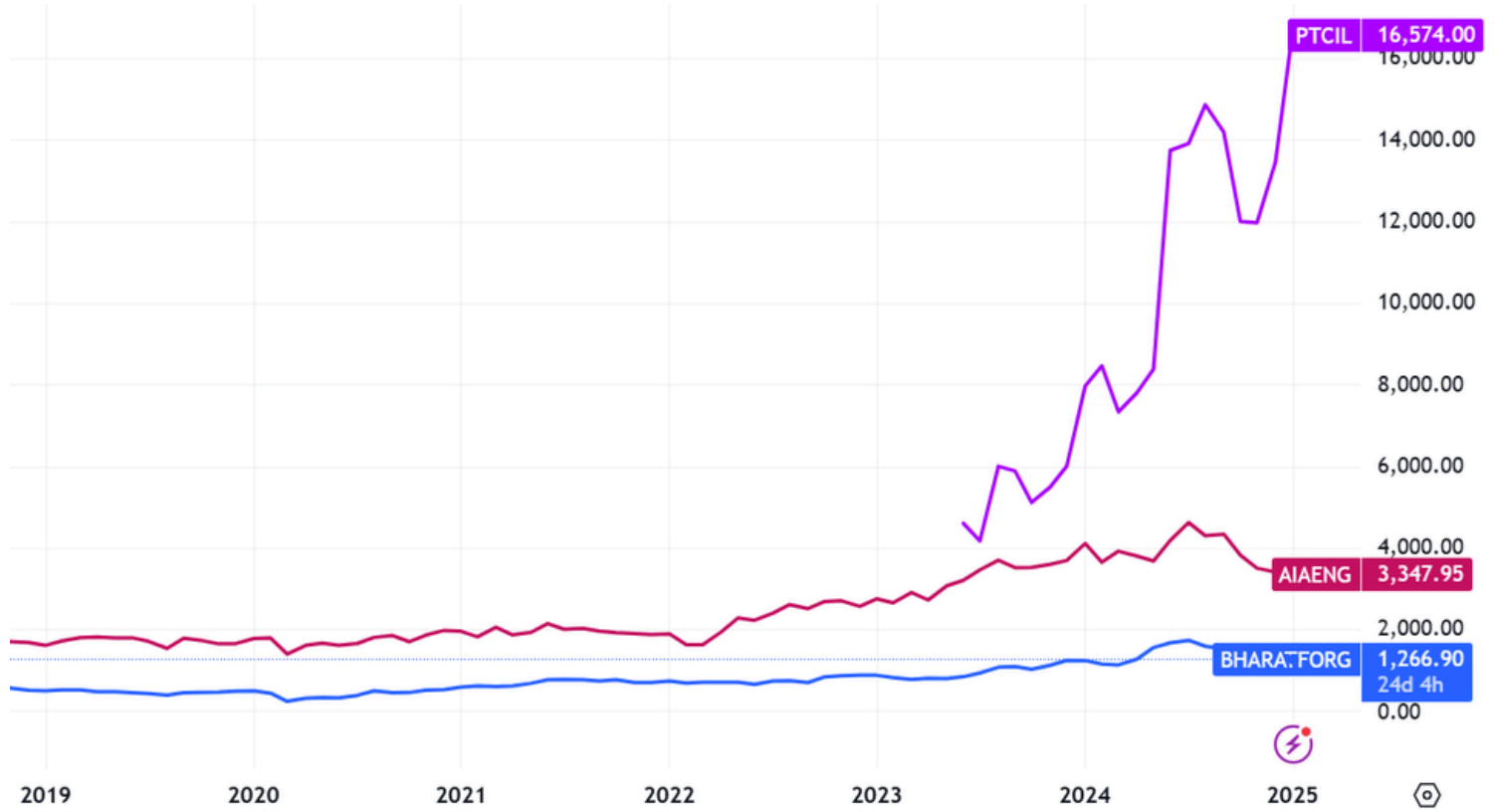
Adj. Return on Capital Employed (ROCE)

%



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Bharat Forge	1267.20	61.02	60583.40	0.70	243.30	12.57	3688.51	-2.27	12.90
2.	AIA Engineering	3337.90	29.82	31483.19	0.48	256.43	-20.63	1044.21	-19.35	22.71
3.	PTC Industries	16584.55	552.11	24850.57	0.00	17.31	112.65	72.37	25.84	10.61
4.	CIE Automotive	470.45	21.82	17847.11	1.06	195.23	4.26	2134.63	-6.35	18.32
5.	Ramkrishna Forg.	910.35	44.76	16471.89	0.22	189.77	36.54	1053.63	17.23	18.71

Source: Screener

Final Outlook

BHARATFORG: BUY | LTP: 1,267

Bharat forge is showing a 66% profit and sales growth is also increased by 16% , showing a strong financial. Company is also expanding their businesses in EV sector which is a emerging sector in current market condition and they also expanding their businesses in defense sector, they got order from indian army for the production of guns of amount 2000 Cr, which boost their businesses and increases profitability. Company is the largest forging company in india . It is the largest exporting company of automotive parts in india. Company has some famous client like mercedes. On comparing with their peers company is showing the highest growth and have largest market capitalization . It is also the critical supplier of aerospace parts and defense parts in india and in world. Company is exporting their 95% manufacturiung in other countries. According to me company has strong financial and large customer base which make the share of the company very stable and i recommend to BUY the share of the company because they are expanding their busineeses in different sector.

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