

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

Financial performance (Q3 FY26 and 9M FY26)

- Consolidated**
 - Q3 revenue: INR 4,343 cr; EBITDA margin 17.3%
 - Drivers cited: "Stable performance in overseas subsidiaries and improving execution in defense"
 - 9M revenue: INR 12,284 cr; EBITDA margin 17.5%

Source: Company Annual Report

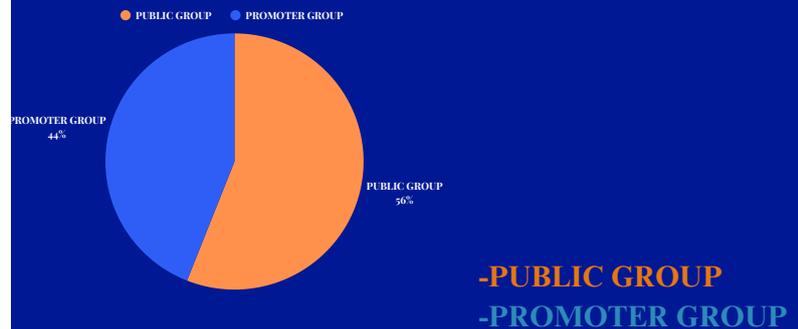
Stock data (as 12th March 2026)

Nifty Price	: 23,639.15
52 week High (in Rs.)	: 1,935.50
52 week Low (in Rs.)	: 919.10
Market Cap. (in Crore)	: 84,860.73
NSE Code	: INE465A01025

Stock data



Shareholding Pattern (December 2025)



Financial Summary

Particular	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales -	6,336	10,461	12,910	15,682	15,123
Sales Growth %	-21.35%	65.10%	23.41%	21.47%	-3.57%
Expenses +	5,504	8,478	11,174	13,121	12,431
Operating Profit	832	1,983	1,737	2,562	2,692
OPM %	13%	19%	13%	16%	18%
Net Profit +	-127	1,077	508	910	913
EPS in Rs	-2.71	23.23	11.35	20.43	19.69
Dividend Payout %	-74%	30%	62%	44%	43%

Quarterly Results

Particular	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Sales -	4,106	3,689	3,476	3,853	3,909	4,032	4,343
YOY Sales Growth %	5.90%	-2.27%	-10.11%	-7.48%	-4.81%	9.31%	24.96%
Expenses -	3,365	3,042	2,853	3,174	3,239	3,308	3,597
Material Cost %	44.73%	42.41%	42.29%	44.73%	43.39%	43.84%	45.46%
Employee Cost %	12.15%	12.67%	12.55%	12.14%	13.14%	12.91%	12.31%
Operating Profit	741	647	623	679	670	724	746
OPM %	18%	18%	18%	18%	17%	18%	17%
Other Income -	-99	62	38	57	50	54	-13
Other income normal	52	62	38	62	50	54	42
Interest	124	110	96	88	82	80	77
Depreciation	218	213	218	224	226	241	249
Profit before tax	300	385	347	424	411	457	407
Tax %	42%	37%	39%	33%	31%	34%	33%
Net Profit +	175	243	213	283	284	299	273

Source: Screener

Key Ratios

In ₹ Million						
Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024	% change	Note reference for reasons for variance
(a) Current ratio	Current Assets	Current Liabilities	1.58	1.58	0%	
(b) Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.36	0.52	-30%	(1)
(c) Debt Service Coverage ratio	Earnings for debt service	Debt service	2.99	2.42	23%	(2)
(d) Return on Equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	13.54%	17.52%	-23%	(3)
(e) Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.50	2.95	-15%	
(f) Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	2.37	2.61	-9%	
(g) Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	4.45	4.81	-7%	
(h) Net Capital Turnover Ratio	Net sales	Working capital	2.98	3.20	-7%	
(i) Net Profit ratio (%)	Net Profit	Net sales	14.95%	15.89%	-6%	
(j) Return on Capital Employed (%)	Earning before interest and taxes (EBIT)	Capital Employed	14.76%	16.73%	-12%	
(k) Return on Investment (%)	Earning before interest and taxes (EBIT)	Average Shareholder's Equity	22.75%	27.02%	-16%	

Source: Annual Report

Yearly Results

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Capital	93	93	93	93	96
Reserves	5,322	6,478	6,612	7,077	9,158
Borrowings	5,271	5,972	7,313	7,948	6,698
Other Liabilities	2,402	2,950	4,216	4,066	4,017
Total Liabilities	13,088	15,492	18,235	19,184	19,968
Fixed Assets	4,750	4,870	6,161	6,309	6,627
CWIP	900	1,125	701	991	1,732
Investments	2,607	2,604	2,569	1,849	2,063
Other Assets	4,831	6,893	8,804	10,034	9,547
Total Assets	13,088	15,492	18,235	19,184	19,968

Synopsis Quarter Results

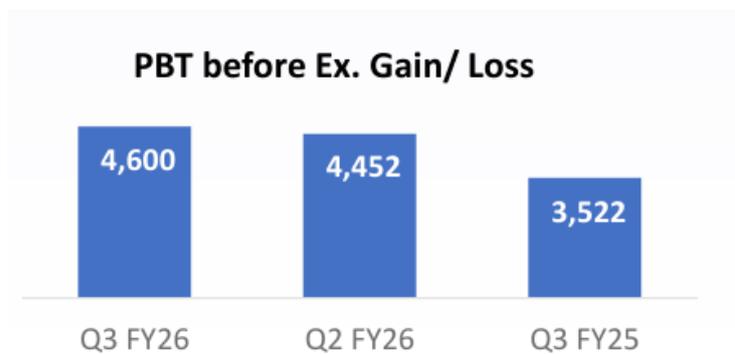
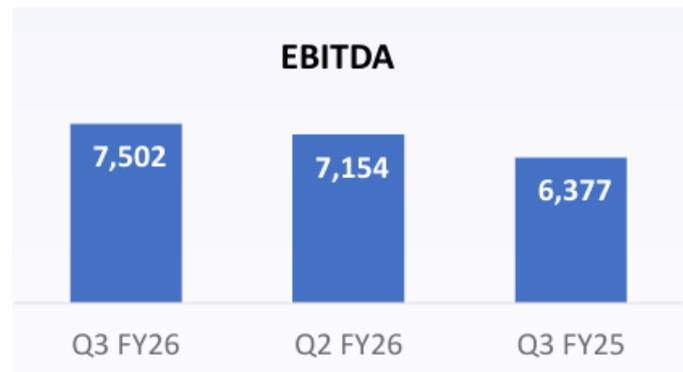
Concall Notes - Feb-2026: Key Highlights

Financial performance (Q3 FY26 and 9M FY26)

- **Consolidated:**
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 - Drivers cited: “Stable performance in overseas subsidiaries and improving execution in defense”
 - 9M revenue: INR 12,284 cr; EBITDA margin 17.5%
- **Standalone (Bharat Forge India):**
 - Revenue: INR 2,084 cr, +7% QoQ
 - EBITDA: INR 569 cr, +4.6% QoQ; EBITDA margin 27.3%
 - Margin included tariff cost impact of INR 31 cr (management quantified this explicitly).
 - 9M revenue: INR 6,135 cr; 9M EBITDA margin 27.7%
 - One-time labor code charge: INR 487 million related to gratuity provision for past services (“changes in labour code... gratuity provision for the past services”).
 - Balance sheet: “debt to equity net of cash of only 0.15”; management expects long-term debt ~INR 600 cr by year-end.

Highlights

Consolidated Financial Highlights – Q3 FY26



In Rs million	Q3 FY26	FY25
Long term Debt	13,616	19,839
WC Loans & Bill Discounting	46,622	43,044
Equity	96,292	92,206
Cash	20,566	30,952
RoCE (Net)	15.5%	15.4%
Debt/ Equity (Net)	0.41	0.35
Net Debt/ EBITDA	1.39	1.16

Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

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 %
Samvardh. Mothe.	118.85	35.53	125439.56	0.48	1072.27	20.06	31409.39	13.53	13.66
Bosch	31078.35	39.66	91661.34	1.64	532.10	7.90	4885.60	9.40	21.11
Bharat Forge	1752.00	71.75	83761.08	0.48	272.80	40.77	4342.93	24.96	12.18
Schaeffler India	4003.60	52.31	62577.73	0.88	327.96	31.54	2643.06	26.93	29.79

Source: Screener

Final Outlook

BHARATFORG: HOLD | LTP: 1,775.00

Summary:

Bharat Forge is a strong engineering and manufacturing company with global presence. After a difficult period in FY21, the company has shown good recovery in revenue and profits. Margins have improved and the company is expanding into defence and aerospace, which could become an important growth driver. However, the business is still partly dependent on the automotive cycle, which can cause fluctuations in earnings.

Recent Performance (Q3 FY26 – Easy View)

- Revenue: ₹4,343 Cr
- EBITDA margin: ~17.3%
- Growth supported by overseas subsidiaries and defence business
- 9M FY26 revenue: ₹12,284 Cr
- Net debt to equity: ~0.15, which is quite healthy for the company

What this means (simple understanding)

- Revenue grew strongly after FY21 but slowed in FY25
- Profitability improved over time
- Margins are stable around 17–18%
- Debt levels are moderate but manageable

Final Verdict: HOLD

Bharat Forge has stable growth prospects, especially from defence and global manufacturing demand. However, the stock already reflects much of the future growth and the auto cycle remains uncertain.

👉 HOLD for long-term investors. Fresh buying may be better at lower levels or during market corrections.

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