

Equity Research Analysis Report
BHARAT FORGE
 Casting and forging Industry

52 Week High	₹ 919.45
52 Week Low	₹ 595.00
Intrinsic Value	₹ 730.00

Bharat Forge Limited is an Indian multinational company involved in forging, automotive, energy, construction and mining, railways, marine, aerospace, and defense industries. The company was founded by Nilkanthrao A. Kalyani on 19 June 1961. Headquartered in Pune, Maharashtra, it is the flagship company of the Kalyani Group. Bharat Forge's Special Economic Zone (SEZ) named Khed City is spread over an area of 1,000 hectares (4200 acres) in Khed taluka, and is the largest SEZ in Pune district.

Economic Outlook

- Expecting better GDP growth, there is a higher resilience of the Indian economy to global shocks.
- Envisioning a better investment both domestic and foreign.
- Better value for the Indian rupee.
- Rising middle-class income.
- High demand is expected for two-wheelers.
- Focus on shifting to EVs.
- Changes made in the new tax regime are beneficial for middle-class people

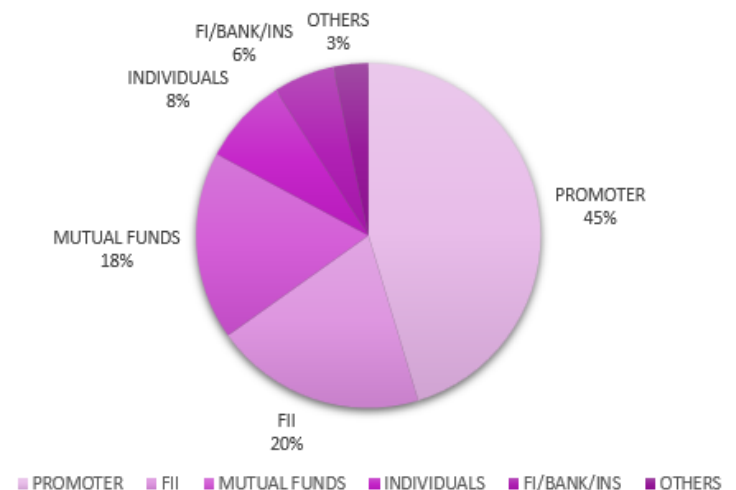
Industry Review

The India metal forging market is projected to grow from \$4.32 billion in 2022 to \$8.80 billion by 2029, at a CAGR of 10.69% in the forecast period, 2022-2029. The India metal forging market is projected to grow from \$4.32 billion in 2022 to \$8.80 billion by 2029, at a CAGR of 10.69% in the forecast period, 2022-2029. The India metal forging market is projected to grow from \$4.32 billion in 2022 to \$8.80 billion by 2029, at a CAGR of 10.69% in the forecast period, 2022-2029.

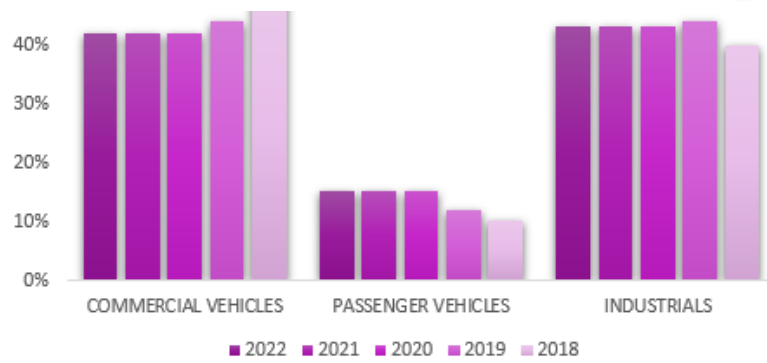
Concall Review

- Raw material price increases, availability concerns, and additional workforce in anticipation of rising demand. We anticipate that this will be rectified and everything will return to normal by the first quarter of next year.
- Kalyani Strategic Systems has received a \$155.5 million export order for the transfer of artillery gun systems to a non-conflict zone.
- Our EV vertical, whether it's repowering or 2-wheeler, 3-wheeler, power electronics, or control electronics, will all take off by the second part of next year.
- we have secured multiple orders for the export of components and consumables in the Defense space, both for repair and maintenance and operations across segments in the Defense space.

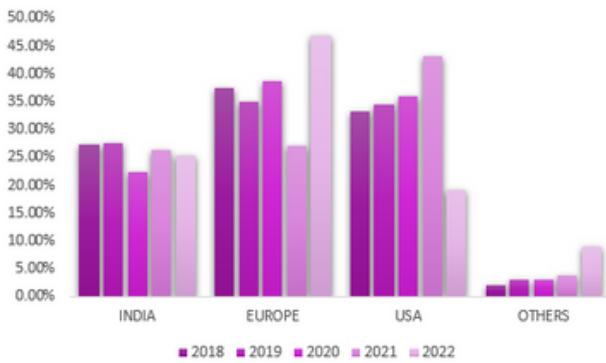
Shareholding Pattern



Product Segmentation



Geographical Segmentation



Margin, Ratios and Multiples

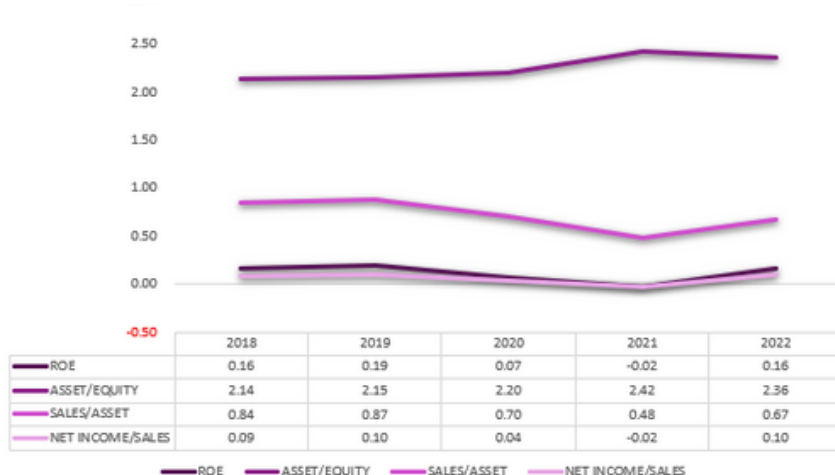
PARTICULARS	2018	2019	2020	2021
EBITDA MARGIN	21.30%	20.00%	14.10%	13.60%
EBIT MARGIN	23.88%	23.46%	15.23%	10.10%
PAT MARGIN	13.31%	16.43%	10.37%	8.55%
ROE	17.70%	19.80%	8.80%	5.20%
ROCE	18.80%	21.20%	9.90%	5.30%
DEBT TO EQUITY	0.20	0.27	0.26	0.16
QUICK RATIO	0.86	0.90	0.89	0.98
CURRENT RATIO	1.02	1.11	1.10	0.96
INVENTORY TURNOVER	6.91	6.33	4.50	3.59
ASSET TURNOVER	1.38	1.93	1.35	0.90

Financial Statements

	2021 A	2022 A	2023 E
Revenue from operations	74,277.78	90,170.57	1,06,401.27
Total Income	75,310.89	91,105.08	1,07,465.29
Cost of materials and services consumed	32,797.56	46,265.48	52,136.62
Purchases of stock-in-trade	5,473.64	6,399.37	7,448.09
Changes in inventories of finished goods, stock-in-trade and work-in-progress	135.59	-861.66	0.00
Employee benefits expense	7,813.26	8,386.74	10,640.13
Finance costs	6102.22	5,018.05	6,384.08
Depreciation and amortisation expense	3,378.11	3,507.50	4,256.05
Other expenses	14541.92	15452.96	21,280.25
Total Expenses	70081.56	84013.27	101081.21
Profit / (Loss) before exceptional items and tax	5,229.33	7,091.81	6,384.08
Exceptional items	-1,158.26	414.17	1,064.01
Profit / (Loss) before tax	5,347.73	9,361.77	9,044.11
Tax expense:	-2,014.89	-1,868.10	2,261.03
Profit / (Loss) for the year	1,577.25	7,141.54	6,783.08

	2018	2019	2020	2021	2022
		12.28%	-28.02%	-1.46%	21.40%
	100.68%	101.04%	101.36%	101.39%	101.04%
	51.94%	53.40%	42.88%	44.16%	51.31%
	5.38%	5.69%	7.00%	7.37%	7.10%
	0.09%	-1.65%	1.10%	0.18%	-0.96%
	10.73%	10.74%	10.90%	10.52%	9.30%
	4.28%	4.79%	7.99%	8.22%	5.57%
	3.52%	3.81%	4.47%	4.55%	3.89%
	18.04%	17.64%	21.05%	19.58%	17.14%
	93.61%	94.08%	94.95%	94.35%	93.17%
	7.07%	6.95%	6.41%	7.04%	7.86%
	2.82%	0.21%	-1.55%	-1.56%	0.46%
	11.07%	8.47%	6.22%	7.20%	10.38%

Du Point Analysis



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