

CMP: ₹1956.15 (29 May, 2026)

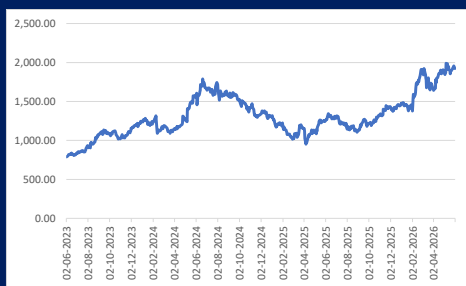
M Cap: ₹ 93,521Cr.

Target : ₹ 2225

Key Information^{*##}

NSE Code	BHARATFORG
BSE Code	500493
Shares o/s (Cr)	47.81
FV (₹)	2
Latest EPS (Cons) ₹	24.69
Latest PE Ratios (x)	79.22
Latest BV ₹	2.00
51 Wk H (₹)	2043.90
52 Wk L (₹)	1100.5

3 Years Price Chart*



Shareholding Pattern

	Sep'25	Dec'25	Mar'26
Promoter	44.07%	44.07%	44.07%
FIIs	13.62%	12.40%	14.15%
DIIs	32.11%	34.08%	32.62%
Govt.	0.15%	0.15%	0.15%
Public	10.05%	9.29%	9.00%

Quarterly Performance



Recent Contracts

With	For
Embraer	Manufacturing of Landing Gear Forgings
Rolls-Royce Expansion	Manufacture Fan Blades for its Pearl 10x Engines
Pratt & Whitney Deal	Establish a New Advanced Ring Mill Dedicated to Aerospace Applications

Bharat Forge has emerged as a key diversified player, transitioning from a pure-play automotive component forging vendor to a strategic aerospace and defence manufacturer. It has manufacturing facilities in India, Germany, France and the US, and leverages Tier-1 status in aerospace and renewables while maintaining dominance in heavy truck and passenger vehicle components.

Investment Rationale

- **Govt. push to Nuclear Power:** GoI targets to increase nuclear power capacity from current 8.8 GW in FY26 to 100 GW by FY47. Towards this, GoI has launched the Nuclear Energy Mission for Viksit Bharat and passed the SHANTI Act. BFL is a key beneficiary, leveraging its industrial capabilities to capitalize on the GoI's ambitious multi-billion-dollar clean energy mandates. Nuclear and green energy orders accelerate management's target of shifting non-automotive segments to +50% of consolidated revenue.

- **Structural Turnaround in Defence and Aerospace:** Defence and aerospace are transitioning from optional upside narratives into core structural growth pillars. BFL is a primary beneficiary of GoI's "Make in India" and "Atmanirbhar Bharat" initiatives, actively garnering lucrative, high-margin domestic contracts for reducing reliance on foreign military imports. BFL aims to increase non-automotive revenue to + 50% of its consolidated FY27 revenue, to de-risk auto revenue cyclicality.

- **Order Backlog & Revenue Visibility:** BFL has secured significant orders that provide multi-year revenue visibility.

- ☑ **ATAGS Program:** Delivery pipeline for 187 Advanced Towed Artillery Gun Systems (ATAGS) starting from CY26.

- ☑ **Order Backlog:** Domestic wins include ₹1,400 cr carbine contract and over ₹250 cr naval underwater systems contract.

- ☑ **Aerospace Forging:** Setting up a dedicated forging and machining unit for aerospace, providing margin visibility.

- **Strategic Capacity Additions:** Operations in data center and semiconductor verticals are projected to double their revenue contribution over next 2 years, backed by an upcoming dedicated explosives & ammunition facility in Andhra Pradesh.

- **Built Niche Capabilities:** Nuclear reactor systems rely on high-integrity forgings, specialised metallurgy, and engineered

components designed to operate under extreme conditions. These requirements are part of the broader capabilities that Bharat Forge has already built across defence and heavy engineering. It does not need to build any new segment to participate in nuclear power growth. It can extend current capabilities into a new demand stream, with the links sitting within the current business rather than outside it.

➤ **Addresses critical, high-margin supply chain bottleneck:** BFL controls heavy metallurgical forgings and safety-critical castings. While companies like BHEL build the turbines, BFL provides the foundational heavy steel forgings required to survive the extreme pressures of a nuclear reactor island. As India aims for 100 GW of nuclear power by 2047, BFL's niche manufacturing dominance positions it as an indispensable backend partner.

Key Risks

Bharat Forge's link to nuclear is not yet evident, but it is fundamentally associated. That alignment builds optionality which markets tend to price once it begins to translate into earnings.

☑ **Time Lag:** This rather than demand fundamentals or operational execution presents a key risk. The firm's structural scale, absorbs nascent industrial cycles into baseline capacity, producing subtle changes in product mix and capacity utilisation. Topline expansion and earnings growth will take time. The lag creates a period of market scepticism or indifference Mild improvement in headline numbers may fail to woo investors resulting in mispricing the stock preceding a breakout.

☑ **Visibility Gap:** Financial performance appears stable during this incubation phase. Hence, by the time incremental demand materialises in reported earnings, the cyclical upturn is already mature.

☑ **Execution Risk:** Success depends on investor patience and the ability to detect operational shifts before they hit the financial statements.

Valuations & Recommendation

For FY27, unless disrupted by geopolitical crisis and its adverse impact on demand, BFL expects to achieve 25% revenue growth and proportionate EBITDA & profitability growth for its Indian manufacturing operations driven by record defence order inflows, expanding aerospace verticals, execution of orders across business and recovery in the export market. It is expected to witness near-term global commercial vehicle (CV) headwinds, which is expected to be counterbalanced by long-term defence order visibility.

At the current price the stock trades at 79x its FY26 EPS, 56x FY27E EPS and 39x FY28E EPS. We recommend a **BUY** with a target price of ₹2225 (forward multiple of 64x for FY27E EPS and 45x FY28E EPS).

Financials

	Q4FY26	Q4FY25	YoY	Q3FY26	QoQ	FY25	FY26 (Reported)	FY27E	FY28E
Operating Revenue	4528	3853	17.5%	4343	4.3%	15123	16812	20979	27833
EBIDTA	777	679	14.4%	746	4.2%	2533	2763	3704	4851
EBIDTA M	17.2%	17.6%		17.2%		16.8%	16.4%	17.7%	17.4%
Profit for the Period	233	283	-17.4%	273	-14.4%	1035	1181	1673	2382
Profit Margin	5.2%	7.3%		6.3%		6.8%	7.0%	8.0%	8.6%
EPS (Dil)	4.86	5.90	-17.6%	5.53	-12.1%	21.65	24.69	34.99	49.82

##Sources: NSE, BSE PIB, Capitaline Database, Website, EFL Research

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EFL's recommendation nomenclatures (12 months investment horizon)	
BUY	>15%
Accumulate	5% to 15%
Hold	5% to -5%
Reduce	-5% to 15%
Sell	< -15%
NR (Not Rated)	No specific call on the stock
UR (Under review)	Stock being reviewed – rating may change shortly

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