



Riding high on India's metro, rail & defence story

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BEML (BEML IN)

Company Initiation

Rating: BUY | CMP: Rs2,875 | TP: Rs3,345

Riding high on India's metro, rail & defence story

We initiate coverage on BEML with a 'BUY' rating at a TP of Rs3,345, valuing it at a P/E of 26x FY26E. BEML is in a sweet spot to capitalise on "Make-in-India" and the country's flourishing metro, railway & defence capex story led by 1) defence order pipeline of ~Rs400bn, 2) near-term order potential of Rs100bn+ in metro projects, 3) ~Rs365bn+ opportunity in rolling stock for Vande Bharat trains, and 4) healthy order book (~Rs124bn) with ~Rs8bn capex planned to ramp up execution. We estimate Revenue/Adj. PAT CAGR of 16.4%/50.3% over FY23-26E, with significant margin expansion of 420bps owing to revenue scale-up and falling manpower. The stock is currently trading at a P/E of 29.4x/22.3x on FY25/26E earnings. Initiate 'BUY'.

Modernization of defence vehicles augurs well for BEML: Ministry of Defence earmarked Rs41.4bn in the FY25 budget for defence vehicles with special focus on domestic procurement. BEML is a leading supplier of High Mobility Vehicles (HMV) and Armoured Recovery Vehicles (ARV), which play a key role in strengthening India's border forces by transporting equipment & missiles and repairing battle tanks. The company has order prospects of ~Rs400bn over the next 4-5 years including ~Rs160bn for supplying new HMVs & ARVs and overhauling the existing fleet. BEML is also executing a healthy ~Rs50bn defence order book. We expect revenue CAGR of 26.0% in the Defence segment over FY23-26E.

Large passenger rail projects to drive growth in Rail & Metro business: BEML is a leading manufacturer of Metro coaches in India. The company has near-term order prospects of Rs100bn+ for metro cars including the Bangalore, Mumbai, Hyderabad, Chennai and Patna projects. Further growth avenues are opening up in export markets such as Latin America and Middle East. BEML signed an MoU with Delhi Metro Rail Corporation to supply rolling stock for Bahrain Metro Rail Project Phase-1. Meanwhile, it is also executing a healthy metro order book worth Rs50bn+.

Out of the Rs2.65trn railway capex budget in FY25, maximum allocation has been given to rolling stock at Rs531bn. As per the National Rail Plan, capex on passenger coaches is estimated at ~Rs3.8trn over 2022-51 with 32.2% of the outlay expected to be incurred by 2026. Government's target of 800 Vande Bharat trains by 2030 has led to a healthy opportunity pipeline worth Rs365bn+ over the next few years to manufacture rolling stock. This is a strong opportunity for BEML, with the company having enhanced its value proposition in mainline rail coaches by bagging an order for 10 Vande Bharat sleeper trainsets. We expect 25.1% revenue CAGR in the Rail & Metro segment over FY23-26E.

Revenue scale-up and falling manpower to drive strong margin expansion: BEML's revenue is expected to scale up at a 16.4% CAGR over FY23-26E owing to 1) strong tailwinds in Defence and Rail & Metro verticals, 2) healthy order book execution, and 3) substantial planned capex of ~Rs8bn over the next 2 years to enhance production. With ~25% of the company's workforce expected to retire in the next two years, employee costs as a % of sales will likely drop by ~370bps by FY26E. As a result, BEML is expected to witness considerable EBITDA margin expansion from 9.3% in FY23 to 13.6% in FY26E.

Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	38,989	44,413	52,454	61,448
EBITDA (Rs. m)	3,644	4,752	6,452	8,326
Margin (%)	9.3	10.7	12.3	13.6
PAT (Rs. m)	1,579	3,075	4,072	5,358
EPS (Rs.)	37.9	73.8	97.8	128.7
Gr. (%)	22.6	94.7	32.4	31.6
DPS (Rs.)	10.0	10.0	15.0	20.0
Yield (%)	0.3	0.3	0.5	0.7
RoE (%)	6.6	12.0	14.2	16.4
RoCE (%)	8.7	11.8	13.9	15.9
EV/Sales (x)	3.2	2.8	2.5	2.1
EV/EBITDA (x)	33.8	26.6	20.1	15.5
PE (x)	75.8	38.9	29.4	22.3
P/BV (x)	4.9	4.5	3.9	3.4

Key Data

BEML.BO | BEML IN

52-W High / Low	Rs. 4,144 / Rs. 1,180
Sensex / Nifty	72,748 / 22,056
Market Cap	Rs. 120 bn / \$ 1,444 m
Shares Outstanding	42m
3M Avg. Daily Value	Rs. 1904.95m

Shareholding Pattern (%)

Promoter's	54.03
Foreign	9.12
Domestic Institution	18.97
Public & Others	17.88
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.5)	22.5	136.2
Relative	(8.9)	13.8	88.3

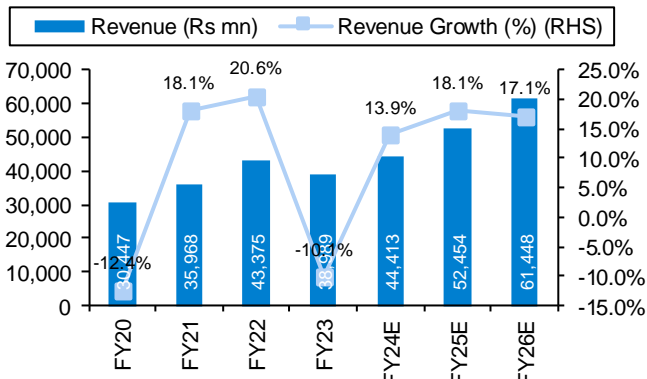
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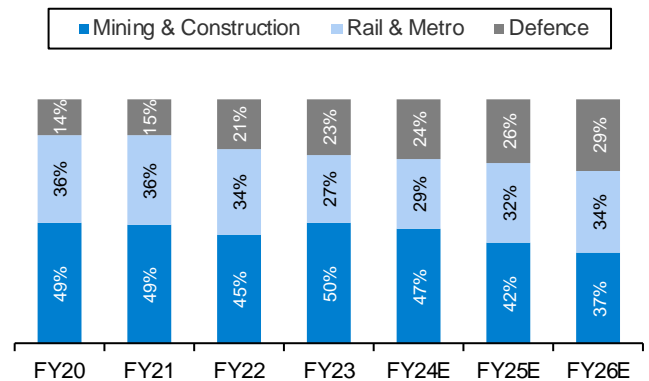
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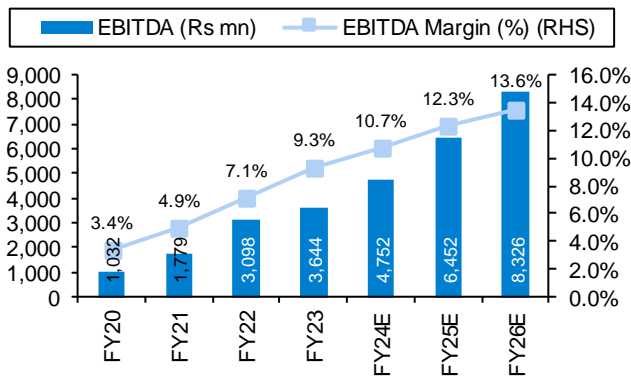
Story in Charts

Exhibit 1: Revenue to grow at a 16.4% CAGR over FY23-26E


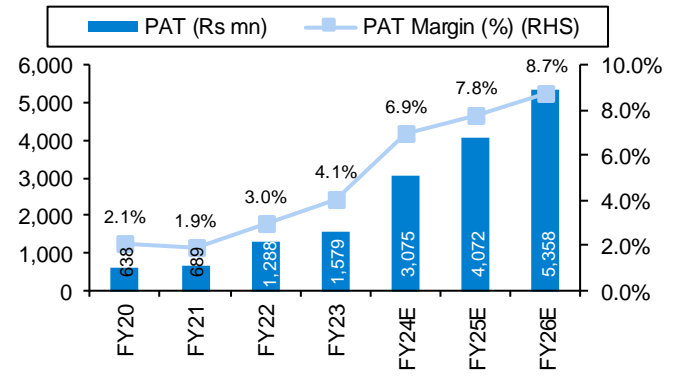
Source: Company, PL

Exhibit 2: Mix to shift towards Defence and Rail & Metro


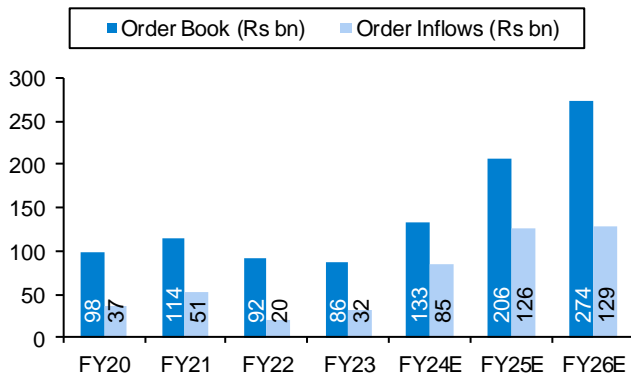
Source: Company, PL

Exhibit 3: EBITDA margin to scale up to 13.6% by FY26E


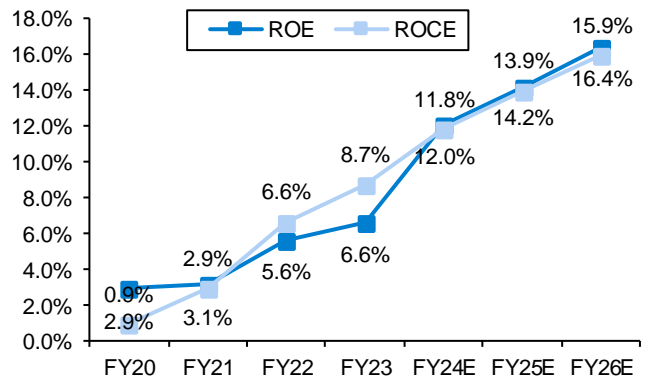
Source: Company, PL

Exhibit 4: PAT to grow at a 50.3% CAGR over FY23-26E


Source: Company, PL

Exhibit 5: Order book & order inflows to scale up robustly


Source: Company, PL

Exhibit 6: Strong upward trend anticipated in return ratios


Source: Company, PL

BEML – A diversified play on railways & defence

Incorporated in 1964, BEML is a Mini Ratna ‘Category 1’ company under the Ministry of Defence. It serves core sectors of the economy – Defence & Aerospace, Coal, Mining, Steel, Cement, Power, Irrigation, Construction, Infrastructure, Railways and Metro Transportation.

The company’s operations are divided into 3 major segments – **Mining & Construction, Defence & Aerospace, and Rail & Metro**. Since inception, major manufacturing accomplishments across its verticals include:

- Mining & Construction: 33,100 equipment and 28,100 engines (76-700HP)
- Defence: ~8,850 high mobility vehicles (HMVs), 352 armoured recovery vehicles (ARVs), 3,200 trailers/military wagons and 330 pontoon bridge systems.
- Rail & Metro: 18,000 rail coaches, 1,850 metro cars and 970 electric multiple units (EMUs).

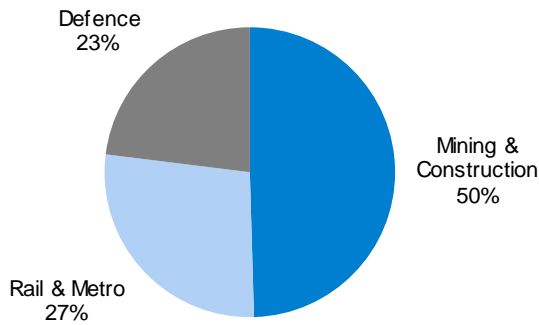
Although majority of revenue comes from domestic market (95.4% of revenue in FY23, including 16.7% of deemed exports, which consists of Metro sales within India), BEML has a growing international business with total physical exports of 1,300+ equipment to 71 countries since inception.

Exhibit 7: BEML’s diverse portfolio of offerings

DEFENCE & AEROSPACE	MINING & CONSTRUCTION	RAIL & METRO
<ul style="list-style-type: none"> ➤ High Mobility Vehicles (HMV) <ul style="list-style-type: none"> ❖ Bridge Systems ❖ Missile Launchers ❖ Radar Systems ➤ Combat Mobility Vehicles <ul style="list-style-type: none"> ❖ Armoured Recovery Vehicle ❖ Armoured Repair & Recovery vehicle ❖ Mine Ploughs ➤ Aggregates <ul style="list-style-type: none"> ❖ BMP Transmission ❖ Ejector & Air Cleaner ❖ Hull for T-72 ➤ Aircraft Towing tractors ➤ Aircraft Weapon Loader ➤ Ground Support & Handling Equip. ➤ Tank Transportation Trailers ➤ Milrail Wagons ➤ Rocket Motor Casings for Missile ➤ Airborne Structure & Assemblies ➤ Construction eqpt to E-in-C, DGBR 	<ul style="list-style-type: none"> ➤ Bull Dozers (90 – 860 FHP) ➤ Dumpers (35 Ton–205 Ton) ➤ Excavators (0.3 - 12 Cu.m) ➤ Shovels / Walking Dragline ➤ Water Sprinklers (28000 – 70000 Litres) ➤ Motor Graders (137, 145 & 285 HP) ➤ Front End Loaders ➤ Backhoe Loader ➤ Pipe Layers / Wheeled Dozers / Tyre Handlers / Under Ground Mining Equipment 	<ul style="list-style-type: none"> ➤ Metro Cars - Delhi, Bengaluru, Jaipur, Kolkata, Mumbai (Driverless) ➤ Electrical Multiple Units ➤ Maintenance Vehicles – Diesel Electric Tower Car, Rail Grinding Machine, Catenary Maintenance Vehicle ➤ Passenger Coaches ➤ Treasury Vans

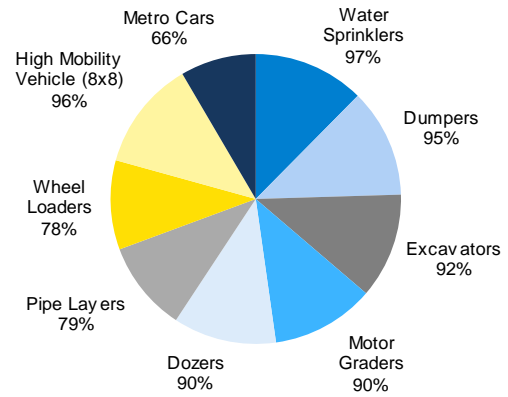
Source: Company, PL

Exhibit 8: FY23 sales mix led by Mining & Construction



Source: Company, PL

Exhibit 9: BEML's indigenization levels across products



Source: Company, PL

BEML has 9 production units across 4 manufacturing complexes in Bangalore, Kolar Gold Fields, Mysuru and Palakkad. Furthermore, it has a Pan-India network, with 12 regional offices, 15 district offices, 2 defence spares divisions and 7 activity centers spread across India.

Exhibit 10: Manufacturing activities across BEML's 4 complexes in Bangalore, Mysuru, Kolar Gold Fields, and Palakkad

Bangalore Complex

- Stainless Steel metro cars for the Delhi, Bengaluru, Jaipur, Kolkata and Mumbai Metros
- Rail coaches, AC EMUs, Diesel EMUs, Main Line EMUs, Stainless Steel EMUs, Overhead Equipment Inspection Cars, Diesel Electric Tower Cars, Treasury Vans, etc.
- Military rail coaches and wagons
- Structures for GSLV and LVM3 programs

Kolar Gold Fields (KGF) Complex

- **Earth Movers Division** – Bulldozers, Electrical & Hydraulic Excavators, Wheel Loaders, Wheel Dozers, Pipe Layers, Tyre Handlers, Engineering Mine Ploughs, Trailers, Hulls for Battle Tanks & ARVs, Electric Rope Shovels and Walking Draglines.
- **Hydraulic & Powerline Division** – Transmissions, Axles, Hydraulic aggregates and allied assemblies required for BEML's manufacturing units, Transmissions for Infantry Combat Vehicles and aggregates for battle tanks to other DPSUs.

Mysuru Complex

- **Truck Division** – Off-highway Rear Dump Trucks, Motor Graders and Water Sprinklers
- **Engine Division** – Diesel Engines powering BEML's product range and air-cooled engines for High Mobility Heavy Duty Trucks for Defence applications
- **Aerospace Manufacturing Division** – Aircraft Towing Tractors, Ground Handling & Support Equipment, Weapon Loaders and aggregates for Missiles & Airborne structures

Palakkad Complex

- High Mobility Trucks of various combinations (12X12, 10X10, 8x8 & 6x6), Platform for Bridge Systems, Missile Carriers, Missile Launchers, Warhead Carriers, MAST System and Surveillance Radars
- Mechanical & Pontoon Bridge Systems, Ejector & Air Cleaner assemblies and aggregates for Rail & Metro Products

Source: Company, PL

Investment Rationale

Modernization of defence vehicles augurs well for BEML

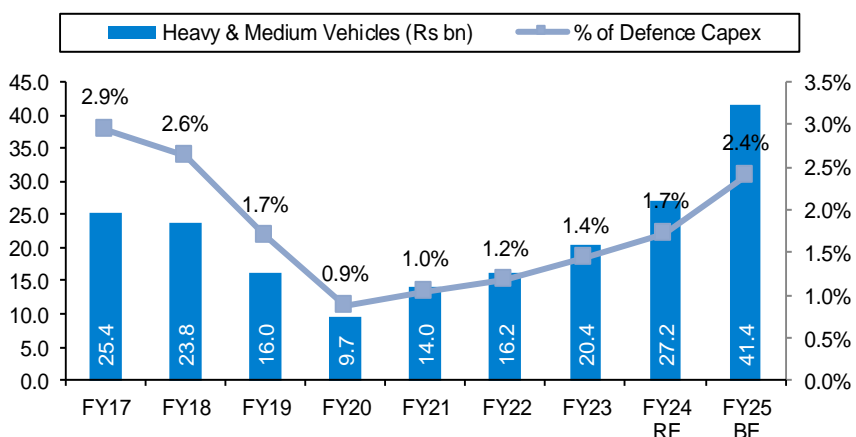
Modernization of India's defence capabilities has been a core focus of the government in recent years in order to ensure a combat-ready nation given the precarious nature of its relations with neighbors Pakistan & China. In order to secure the country's vast borders with these nations, it is imperative to equip border forces with ample supplies, ammunition and equipment. High Mobility Vehicles (HMVs) and Armoured Recovery Vehicles (ARVs) manufactured by BEML play a key strategic role in achieving this.

Defence vehicles such as HMVs and ARVs are being modernized and upgraded to strengthen India's borders

Capital budget allocation for defence vehicles is on the rise

As part of its modernization plans, Ministry of Defence (MoD) has been increasing allocation towards procurement of Heavy & Medium Vehicles for the armed forces, with Rs41.4bn earmarked in the FY25 budget estimate (52.4% higher than the FY24 revised estimate of Rs27.2bn).

Exhibit 11: Growing allocation for vehicles in defence capex since FY20



Source: Ministry of Defence, PL

Government is promoting localization of defence manufacturing through initiatives such as DAP 2020, Positive Indigenization Lists, and increased allocation for domestic procurement of defence equipment

Key policies implemented to promote indigenous defence production

Since 2014, the Indian government has been giving a major push to local manufacturing under 'Make-in-India' and 'Aatmanirbhar Bharat' initiatives, with various policies aimed at localizing defence production & supply chains, including:

- Defence Acquisition Procedure (DAP) 2020 that further emphasizes domestic procurement of defence equipment and higher indigenous content as compared to Defence Procurement Procedure (DPP) 2016.
- 75% of defence capital acquisition budget allotted for domestic procurement.
- 5 Positive Indigenization Lists (PILs) containing 509 major platforms, systems and equipment (including ARVs) that cannot be imported.
- 4 further PILs containing 4,666 important LRUs, subsystems, spares & components that defence PSUs must source from Indian vendors.

BEML has supplied 8,850+ HMVs and all 352 ARVs currently operational with the Indian Army

BEML’s strong capability & track record in making defence vehicles

BEML is one of the leading suppliers of tactically critical defence vehicles to the Indian Army with a portfolio that consists of:

- ~8,850 High Mobility Vehicles – license-built from Czech manufacturer Tatra, and available across 4x4 to 12x12 configurations. These include general purpose HMVs, command post vehicles, bridging systems and missile launch platforms.
- 352 Armoured Recovery Vehicles – made under a transfer of technology (ToT) agreement with Poland’s Bumar.
- Other important platforms such as mine ploughs, tank transportation trailers and military rail wagons.

The company has achieved over 96% of indigenized content in its 8x8 HMV and more than 95% in its other defence products (excluding the 6x6 and 12x12 HMVs, where efforts are being made to increased indigenized content). Thus, BEML is a flagbearer of ‘Make-in-India’ and ‘Aatmanirbhar Bharat’ programs in defence manufacturing, and will be a preferred supplier to MoD for defence equipment.

HMVs play a key role in transporting troops, equipment, missiles, and other ammunition over rough terrain

High Mobility Vehicles: Crucial for equipment & missile transportation

- High Mobility Vehicles (HMVs) assist the Army in moving troops, heavy equipment, and munitions, especially over difficult terrains such as along Indian borders. With high payload carrying capacities, they play an important role in carrying missile systems & launchers. Furthermore, HMVs are also used as command post vehicles (CPVs) with radars & communication features, while some may be equipped with bridging systems or material handling cranes.
- Given the nation’s growing arsenal of land-launched missile systems including Akash, Brahmos, Prithvi, Pahaar, Pralay, QRSAM, SAMAR Air Defence, Prithvi Air Defence, Advance Air Defence, etc., HMVs will play a key role in missile launch, storage, & transportation, and in communication (CPVs).

BEML has already supplied HMVs for missile systems in the past and is currently executing large HMV orders for Pinaka, Akash and Brahmos missiles.

Exhibit 12: HMV for Pinaka multi-barrel rocket launcher (Left) and for Prithvi missile system (Right)



Source: Company, PL

MoD is seeking to procure 2,150 additional HMVs for the Army, with emphasis on local manufacturing, as well as overhauling of existing HMVs

Expanding & overhauling HMV fleet has order potential of ~Rs79bn

Ministry of Defence (MoD) recently issued 2 RFIs (Request for Information) for procurement of 2,150 6x6 High Mobility Vehicles for the Indian Army – 650 HMVs with material handling cranes and 1,500 general service HMVs – to be deployed along the China & Pakistan borders with the ability to transport at least 8,000kg payloads to high-altitude mountain terrains. These vehicles will be procured under the ‘Buy Indian category’ of DAP 2020, i.e., manufactured by an Indian vendor with 60%+ indigenous content or manufactured in a tie-up with a foreign OEM but with 50%+ indigenous content. As per estimates, HMVs may cost ~Rs18mn per vehicle, translating to order potential of ~Rs39bn.

Furthermore, Indian armed forces currently operate ~8,850 BEML-Tatra HMVs. According to management, ~4,000 vehicles are due for repair & overhauling, at an estimated cost of ~Rs10mn per vehicle. This translates to potential order value of ~Rs40bn.

Exhibit 13: ~Rs79bn order prospects for High Mobility Vehicles

HMV Order Pipeline	Qty.	Est. Value (Rs bn)
New HMVs	2,150	38.7
HMV Overhauling	4,000	40.0
Total	6,150	78.7

Source: Company, PL

Armored Recovery Vehicles: Significant ~Rs85bn opportunity

ARVs are used to repair & recover damaged battle tanks & armored vehicles on-field during combat situations. There are 352 WZT-3M ARVs currently operational in the armed forces, all of which have been manufactured and supplied by BEML via a technology license from Poland’s Bumar. These ARVs were built to support the T-72 Ajeya battle tanks and BMP-1 & -2 infantry combat vehicles.

The last ARV was supplied 20 years ago in 2003 (a further order for 204 ARVs in 2011 was canceled due to certain contract exigencies). Thus, there is a substantial need to overhaul the existing ARV fleet as India’s ~2,400 T-72 tanks are also due for overhauling.

Exhibit 14: WZT-3M ARV made by BEML for Indian Army with ToT from Bumar



Source: Company, PL

With the Arjun MBT set to expand, requirement of ARVs will also increase. BEML is co-developing indigenous ARVs with DRDO

Overhauling of each existing ARV has potential order value of ~Rs100mn per vehicle, implying ~Rs35bn order prospects for overhauling the entire existing fleet over the next 6-7 years. Additionally, the Army has issued an RFI for 170 new ARVs that are indigenously designed by DRDO.

Furthermore, with 124 Arjun MBT Mk1s in operation, 118 Arjun MBT Mk1As on order and further new variants in the pipeline, BEML and DRDO have co-developed the Arjun Armoured Repair & Recovery Vehicle (ARRV). Defence Acquisition Council (DAC) approved acceptance of necessity for 10 Arjun ARRVs.

Exhibit 15: Arjun ARRV co-developed by DRDO and BEML



Source: Company, PL

Overall, management sees scope for addition of 300 new ARVs. Including the RFI for 170 ARVs, total order prospects for new ARVs amount to ~Rs50bn. Given BEML’s position as the primary developer and manufacturer of India’s ARV fleet, it is expected to be a frontrunner to secure these orders.

Exhibit 16: ~Rs85bn order prospects for Armoured Recovery Vehicles

ARV Order Pipeline	Qty.	Est. Value (Rs bn)
ARV Overhauling	350	35.0
New ARVs	300	50.0
Total		85.0

Source: Company, PL

Vying for ~Rs200bn opportunity to refurbish T-72 Tanks

The Indian Army issued an RFI in Nov-23 to overhaul its ~2,400 T-72 battle tanks that have been in service for over 40 years. The RFI has been floated to Indian public and private companies with a view to indigenize and reduce dependence on Russia for supply of assemblies, sub-assemblies and spares, which had been interrupted during the Russia-Ukraine war. BEML will be looking to participate in this deal, which management estimates is worth ~Rs200bn over 3-5 years.

Overall, with the prospects in HMTVs, ARVs T-72 tanks, and ancillary defence equipment (bridging systems, de-mining equipment, etc.). the company has a very strong opportunity pipeline in its Defence segment worth ~Rs400bn over the next 4-5 years.

BEML's Rs50bn defence order book includes major contracts for HMVs for important missile projects such as Akash and Pinaka

Execution of ~Rs50bn order book to drive medium term Defence sales

BEML's defence order book stands at ~Rs50bn (5.6x FY23 Defence sales). Key contracts include:

- 330 HMVs for the Pinaka project – bulk supplies will commence this year.
- Contracts for Track Width Mine Ploughs for T-90 battle tanks and Arjun Main Battle Tank Mk1A.
- Recent order wins in HMVs 1) for Akash missile project (220 vehicles to be supplied to Bharat Electronics and Bharat Dynamics) and 2) for the Army's emergency requirement.
- HMV orders in export markets (Philippines and Armenia).

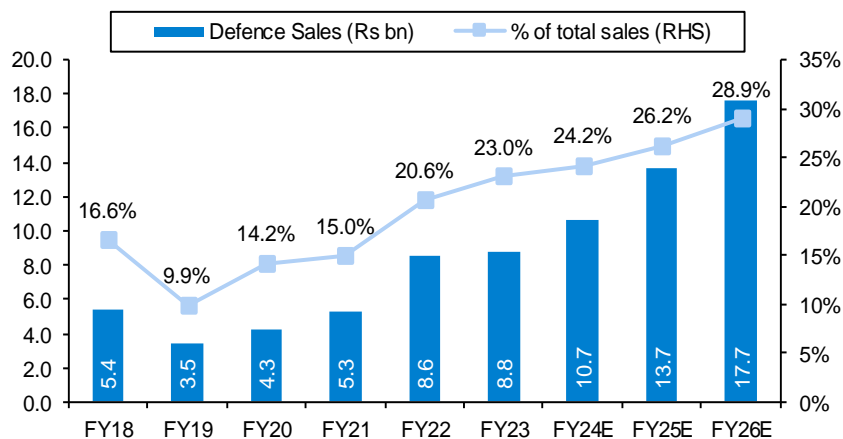
Exhibit 17: ~Rs50bn defence order book is largely executable by FY25

Defence Order Book	Qty.	Value (Rs bn)
HMVs – Pinaka missile project	330	8.4
HMVs – Akash missile roject	220	3.9
HMVs – Army emergency requirement	n/a	4.2
Command Post Vehicles	n/a	1.0
Track Width Mine Plough for Arjun MBT Mk1A	118	3.8
Track Width Mine Plough for T-90 Tanks	762*	2.8
Mechanical Minefield Marking Equipment Mk II	n/a	3.3
Others, including:		22.1
HMVs – for BrahMos missile in Philippines	9	n/a
HMVs – Armenia	n/a	n/a
Total		49.5

Source: Company, PL; *Out of an order for 1,512 nos., ~750 should already have been delivered as of today as per the original schedule

With the upcoming healthy execution schedule, coupled with robust order prospects, we estimate BEML to record a 26.0% revenue CAGR in its Defence segment over FY23-26E.

Exhibit 18: Defence revenue CAGR of 26.0% over FY23-26E



Source: Company, PL

Expansion of metro rail infrastructure is a key focus for the government, with a large number of projects in the pipeline across the country

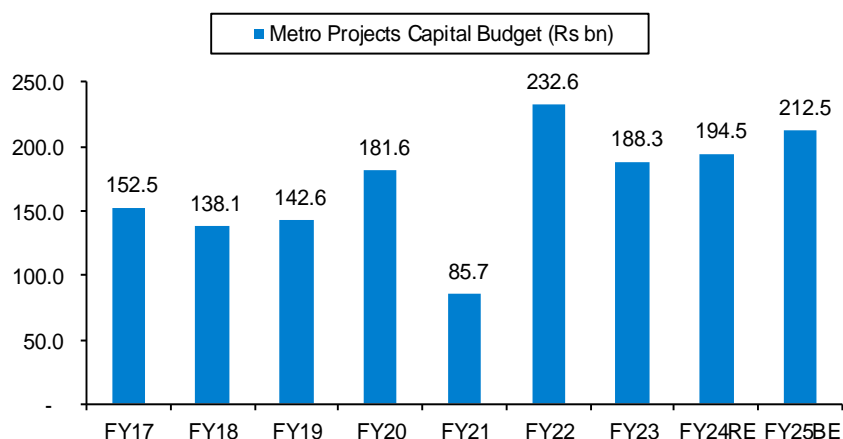
Large passenger rail projects to drive Rail & Metro growth

Huge pipeline of metro projects driving demand for rolling stock

Owing to rising urbanization, the Indian government has laid strong emphasis on enhancing metro transportation infrastructure across both large and small cities, with an aim to enhance connectivity, cut congestion and aid infrastructure development. India's operational metro rail network has expanded from 248km in 5 cities in 2014 to 874km in 20 cities today with another ~986km under construction and further 800km+ of proposed projects.

This has translated into a significant market opportunity for metro rolling stock manufacturers. Major ongoing projects with pending rolling stock tenders include Mumbai lines 4 & 6, Chennai phase 2, Nagpur phase 2, and Patna. Large proposed metro/metrolite projects include Coimbatore (~136km), Vizag (~77km), Vijaywada (~66km), Guwahati (~61km), Uttarakhand (~58km), Jammu (~43km), Prayagraj (~42km), Bangalore metrolite (~60km), and Delhi metrolite (~41km).

Exhibit 19: FY25 capital allocation to Metro projects grew 9.2% vs FY24RE



Source: Company, PL

Rolling stock tenders in Bangalore, Mumbai, Chennai, Hyderabad and Patna metros provide order visibility

Metro tender pipeline worth Rs100bn+ can augment order book

BEML is a leading manufacturer of metro coaches in India (one of only three along with Alstom and Titagarh), with capacity of ~300 metro cars per annum (which it is augmenting with an additional hangar). With numerous ongoing & upcoming metro tenders, there is some comfort on order visibility.

- BEML is L1 bidder for a Rs7.6bn tender to supply 72 cars to Bangalore Metro, with the order expected to be received this fiscal year.
- Participating in tenders for Mumbai Metro Line 6 (108 cars), Mumbai Metro line 4 (234 cars), and Chennai Metro (210 cars).
- Awaiting tenders for Hyderabad and Patna Metros (270 cars combined).

The potential value of these and few other tenders in the pipeline is Rs100bn+, which will provide a sizeable boost to BEML's order book if they fructify.

Exhibit 20: Rs100bn+ metro order prospects for BEML over the next 1-2 years

Metro Order Pipeline	No. of Cars	Est. Value (Rs bn)
Bangalore Metro	72	7.6
Mumbai Metro Line 6	108	10.0
Mumbai Metro Line 4	234	70.0
Chennai Metro	210	
Hyderabad and Patna Metros	270	
Others		20.0
Total		107.6

Source: Company, PL

Furthermore, BEML will look to participate in the upcoming Vande Metro tender from Mumbai Rail Vikas Corporation to build 2,856 electric multiple unit (EMU) train cars at an estimated contract value of Rs170-180bn. Although this tender has been postponed after being floated in May-23, it remains an opportunity down the line.

BEML has also recently signed an MoU with an SPV led by Delhi Metro Rail Corporation (DMRC), which has been shortlisted in the tender to construct the Bahrain Metro Rail Project Phase-1. The company will be responsible for manufacturing rolling stock. This is an opportunity to scale up physical exports, 95% of which is currently accounted for by the Mining & Construction business.

Healthy Metro order book of Rs50bn+ executable over the next 4 years

BEML's Metro order book stands at over Rs50bn, including the recent large order win worth Rs31.8bn for supplying 318 metro cars to Bangalore Metro (~80% of the contract value is for the cars; ~20% is for maintenance). Delivery of these cars is expected to be completed over the next 4 years.

Meanwhile, BEML is also in the process of executing the substantial Rs43.5bn order for 576 cars for Mumbai Metro lines 2A & 7. The contract is set to be completed by Aug-24, with the unexecuted portion worth ~Rs18bn. Follow-on order received in July-22 for 3 additional rakes for Kolkata Metro is also under execution.

Exhibit 21: BEML is currently executing Rs50bn+ worth of metro contracts

Metro Order Book	No. of Cars	Est. Value (Rs bn)
Mumbai Metro – lines 2A & 7	258	18.1
Bangalore Metro – Pink & Blue lines	318	31.8
Kolkata Metro	18	2.1
Total	594	52.0

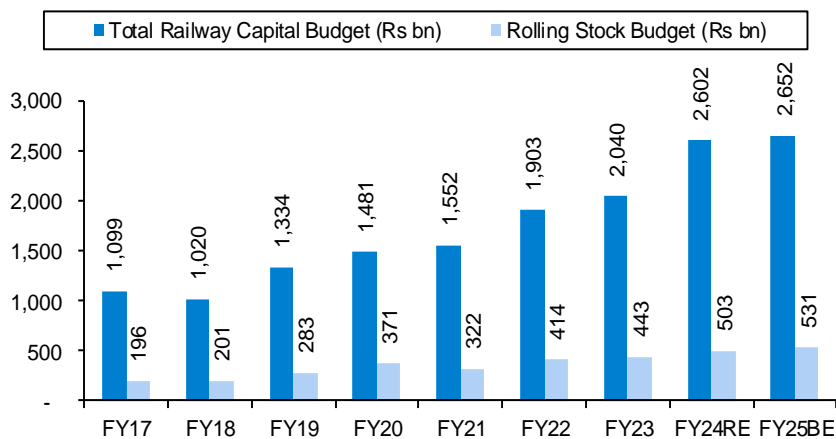
Source: Company, PL

BEML is executing a healthy metro order book of Rs50bn+ for the next 4 years to supply cars to Mumbai, Bangalore, and Kolkata metros

Expansion & upgradation of passenger rail offers significant potential

In the FY25 interim budget, the government allocated Rs2.65trn for capital outlays on railways (not including the Rs212bn on metro projects). Maximum allocation within this has been given to rolling stock at Rs531bn, signaling the intent of the railway ministry to modernize rail transport infrastructure and offer better quality coaches for travelers as well as for freight transport. This indicates scope for high order inflows for rolling stock companies.

Exhibit 22: Total Railway & Rolling Stock budgets: ~13% CAGR since FY17



Source: Industry, PL

Exhibit 23: Government's target for passenger coach addition has grown at a 7.6% CAGR over FY17-25BE

Physical Targets	FY18	FY19	FY20	FY21	FY22	FY23	FY24RE	FY25BE
New Lines (km)	409	479	360	286	289	1,815	600	700
Gauge Conversion (km)	454	597	408	470	636	242	150	200
Doubling (km)	999	2,519	1,458	1,614	1,984	3,186	2,800	2,900
Rolling Stock (Units)								
a) Diesel Locos	296	129	33	10	100	103	100	100
b) Electric Locos	377	625	795	754	1,100	1,086	1,280	1,280
c) Coaches	4,494	6,074	7,557	4,903	7,151	5,877	7,000	7,784
d) Wagons	6,290	9,595	11,382	10,062	8,386	17,935	23,000	26,000
Track Renewal (km)	4,023	4,181	4,500	4,363	4,275	5,227	4,800	5,000
Electrification (km)	4,087	5,276	4,378	6,015	6,366	6,565	6,500	-

Source: Industry, PL

As per National Rail Plan (NRP) 2030, capital investment in railways is estimated at ~Rs38trn over FY22-51. Out of this, capex on passenger coaches is estimated at ~Rs3.8trn, with 32.2% (Rs1.2trn) of the outlay expected to be incurred by 2026. This shows tremendous near term ordering potential for passenger rolling stock manufacturers.

800 Vande Bharat trains by 2030 is a huge opportunity for BEML

In order to expand & modernize India's passenger railway system, the government is targeting 800 operational Vande Bharat trains by 2030 vs just 41 as of today. 412 Vande Bharat trains have already been tendered out to various parties at a total cost of ~Rs927bn.

The remaining opportunity size is worth over Rs1trn, with BEML's addressable market standing at Rs365bn+. The company already has presence in making mainline and suburban rail coaches, but its recent order win for 10 Vande Bharat sleeper trainsets has enhanced its value proposition by providing an entry point into the Vande Bharat ecosystem.

Exhibit 24: Contracts for 412 Vande Bharat trains have been tendered out at a cost of ~Rs927bn (including maintenance)

Manufacturer	Trainsets	Contract Value (Rs bn)	Type	Year Awarded
Medha Servo Drives	44	22.1	Steel car chair	2021
Medha, Bombardier, Siemens, BHEL, Titagarh, Saini	58	18.5	Steel car chair	2022
RVNL-Transmashholding (Russia)	120	348.0	Steel sleeper	2023
BHEL-Titagarh Rail Systems	80	232.0	Steel sleeper	2023
Alstom (L1 Bidder)	100	300.0	Aluminium sleeper	2023
BEML	10	6.8	Steel sleeper	2023
Total	412	927.4		

Source: PL, Industry

Rs6.75bn Vande Bharat sleeper trainset order provides an entry point

In May-23, BEML was awarded a contract worth Rs6.75bn from Indian Railways' Integral Coach Factory (ICF) to produce India's first 10 Vande Bharat sleeper trainsets. BEML launched the prototype in Oct-23, and now is all set to deliver first trainset in Mar-24 (a few months ahead of schedule). With a pipeline of ~400 Vande Bharat train tenders to be awarded over the next 3-4 years, we believe successful execution of this order can put BEML in a strong position to win new contracts.

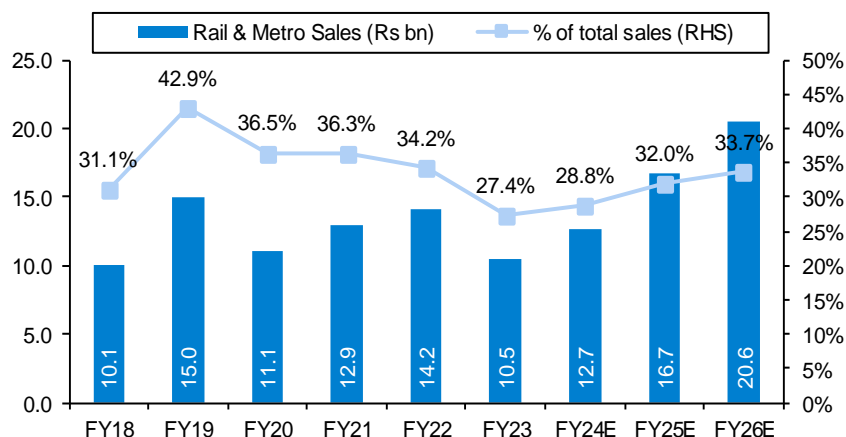
Exhibit 25: Mock-up of BEML's Vande Bharat sleeper train coaches



Source: PL, Industry

Rail & Metro segment to post 25.1% revenue CAGR over FY23-26E

Overall, with strong traction and demand environment in both Rail & Metro, the vertical is set to be a high growth business for BEML over the next few years, given the company's leading market position in Metro coaches and healthy track record in building railway passenger coaches. We expect revenue CAGR of 25.1% in this segment over FY23-26E, taking it to 33.7% of the overall sales mix from 27.4%.

Exhibit 26: Rail & Metro vertical to post 25.1% revenue CAGR over FY23-26E


Source: Company, PL

Growing scale & falling manpower to drive margins higher

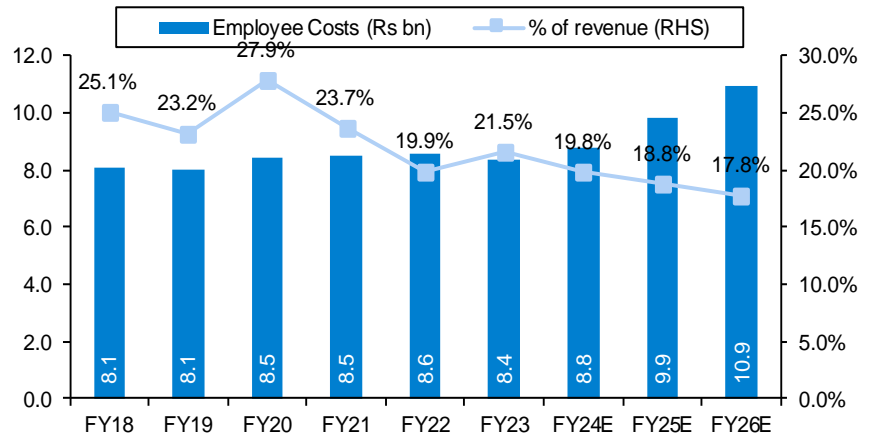
We anticipate healthy scale-up in BEML's revenue at a 16.4% CAGR over FY23-26E, fueled by 1) strong tailwinds in the company's Defence and Rail & Metro verticals, 2) healthy order book execution, 3) a large order pipeline, and 4) substantial planned capex of ~Rs8bn over the next 2 years to enhance production capacities.

On the back of strong revenue growth, EBITDA margin is expected to jump from 9.3% in FY23 to 13.6% in FY26E. Higher share of Defence and Rail in the revenue mix will lead to some improvement at gross margin level. However, the major driving force behind margin expansion will be relatively slower growth in employee costs (9.2% CAGR expected over FY23-26E) as manpower continues to fall.

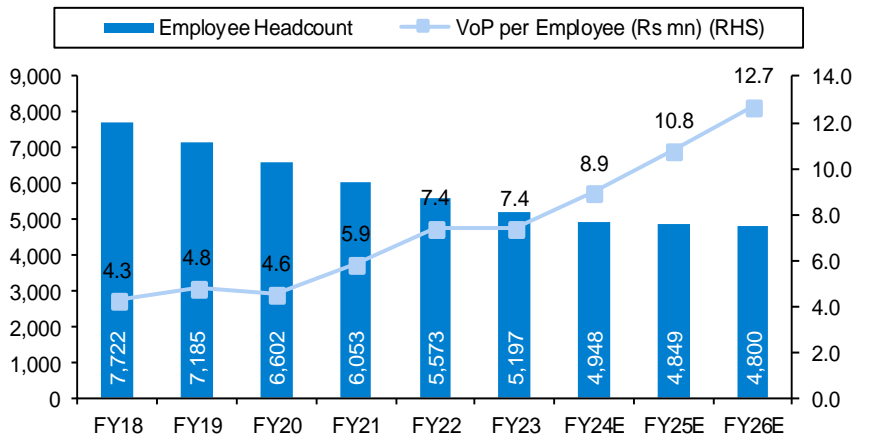
EBITDA margin is expected to expand significantly by ~420bps by FY26E owing to strong revenue scale up and declining manpower

Manpower reduction is a key lever for margin expansion

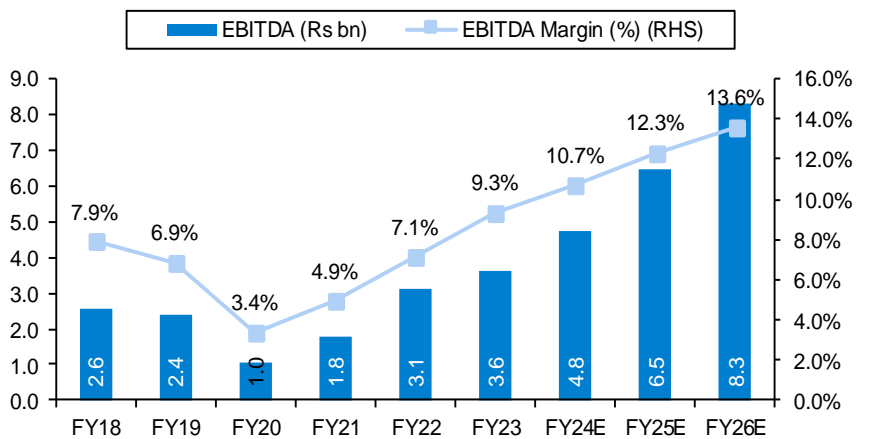
- Over the years, BEML has witnessed consistent reduction in its workforce, with manpower declining from 9,599 employees in FY15 to 5,197 in FY23, primarily due to retirements resulting from superannuations. Yet it has consistently seen relatively high employee costs as a % of sales, averaging ~25% over FY15-23, due to weak revenue CAGR of 4.1% over the same period.
- The falling manpower trend is expected to continue, acting as a significant lever for margin expansion as revenue scales up quickly going forward. An additional ~25% of the workforce is set to retire in the next two years, but BEML will replace only a certain portion of them as needed. Notably, projects in the growing Defence and Rail & Metro verticals demand lesser manpower than the M&C business.
- Thus, employee costs as a % of sales is expected to fall to ~18% by FY26 and value of production (VoP) per employee – a key indicator of operating leverage – should jump from Rs7.3mn in FY23 to Rs12.7mn in FY26E (management's medium-term target is ~Rs14mn).

Exhibit 27: Employee costs to decline to 17.8% of revenue by FY26E


Source: Company, PL

Exhibit 28: VoP per employee to rise to Rs12.7mn by FY26E


Source: Company, PL

Exhibit 29: EBITDA margin to expand to 13.6% by FY26E


Source: Company, PL

BEML has an opportunity to gain business owing to Coal India phasing out mining equipment imports over the next 5-6 years and targeting 1.25bn tons of coal by FY27

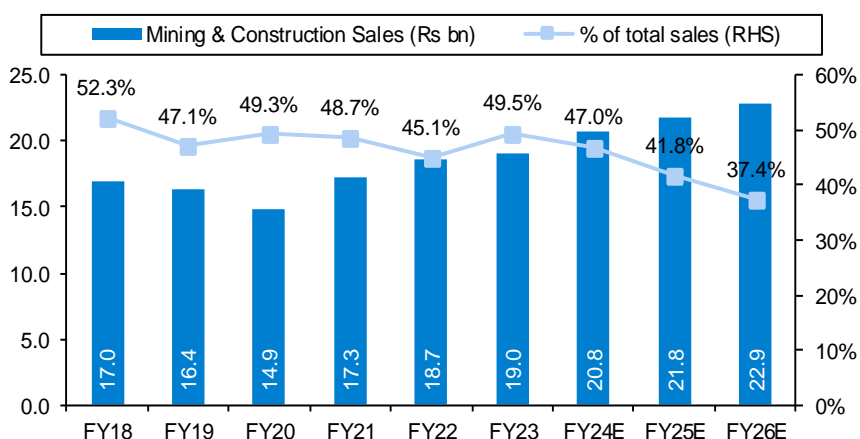
Mining & Construction business is not expected to grow too fast, with the industry shifting from open cast mining to underground/surface mining

Mining & Construction business to grow steadily at ~6.3%

- BEML's Mining & Construction (M&C) vertical contributed 49.5% of BEML's sales in FY23, growing a mere 1.7% YoY. This is a short-cycle business with a 5-6-month execution cycle, hence does not constitute a large share in the order book.
- Coal India (CIL) accounts for ~80% of BEML's M&C equipment sales. Despite competition from international players such as Caterpillar and Komatsu, BEML accounts for ~45% of CIL's fleet. CIL has set a target to produce 1.25bn tons of coal by FY28 (versus 703mn tons in FY23). Given BEML's healthy wallet share with CIL, this is a decent growth opportunity for the company.
- CIL plans to phase out imports of mining equipment over the next 5-6 years in order to encourage domestic procurement via the 'Make-in-India' initiative. The import substitution opportunity size stands at Rs35bn for equipment such as electric rope shovel, hydraulic shovel, dumpers, crawler dozers, drill, motor graders, front end loaders, wheel dozer, and continuous miners. This can provide a further boost to BEML's wallet share.
- BEML has strong capabilities in open-cast mining; however, the industry is gradually shifting to underground and surface mining. Although the company is positioning itself to enter this segment, business will likely be impacted in the medium-term.
- Meanwhile, after-sales services & spares account for ~40% of M&C sales, with BEML looking to increase this to ~60% to improve profitability.

Overall, the M&C vertical is expected to grow slow and steady at ~6.3% a year, and its contribution to the overall sales mix will likely fall to 37.4% as the Defence and Rail & Metro businesses grow at a much faster pace.

Exhibit 30: Mining & Construction contribution to steadily decline to 37.4%



Source: Company, PL

Financial Analysis

Revenue to grow at 16.4% CAGR over FY23-26E

We expect BEML to record a 16.4% revenue CAGR over FY23-26E, driven by execution of 1) large metro projects in Bangalore and Mumbai, 2) HMVs for Pinaka and Akash projects, 3) HMVs for Army's emergency requirement, 4) supply of Track Width Mine Ploughs for battle tanks T-90 and Arjun MBT Mk1A, and 5) higher physical export orders across all verticals.

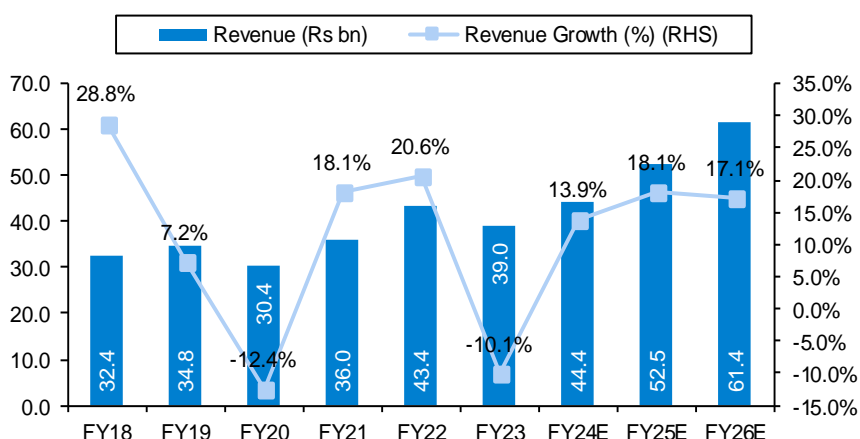
- Defence will be the fastest growing vertical at a 26.0% CAGR
- Rail & Metro will also post healthy CAGR of 25.1%
- Mining & Construction will grow steadily at a 6.3% CAGR

Exhibit 31: Defence and Rail & Metro to witness strong CAGRs of 31.6% and 25.7% respectively over FY23-26E

Sales by Division (Rs bn)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Mining & Construction	14.9	17.3	18.7	19.0	20.8	21.8	22.9
% growth	-9.0%	16.1%	7.9%	1.7%	9.3%	5.0%	4.8%
% of sales	49.3%	48.7%	45.1%	49.5%	47.0%	41.8%	37.4%
Rail & Metro	11.1	12.9	14.2	10.5	12.7	16.7	20.6
% growth	-26.1%	16.9%	9.8%	-25.7%	20.8%	31.3%	23.3%
% of sales	36.5%	36.3%	34.2%	27.4%	28.8%	32.0%	33.7%
Defence	4.3	5.3	8.6	8.8	10.7	13.7	17.7
% growth	24.6%	23.4%	60.7%	3.4%	20.9%	27.9%	29.4%
% of sales	14.2%	15.0%	20.6%	23.0%	24.2%	26.2%	28.9%
Total Sales	30.3	35.6	41.4	38.4	44.2	52.2	61.1

Source: Company, PL

Exhibit 32: Revenue to grow at 16.4% CAGR over FY23-26E



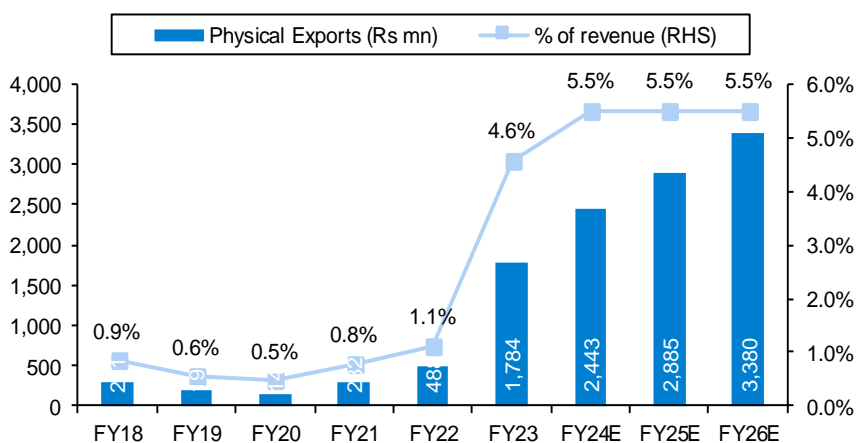
Source: Company, PL

Physical exports to grow at 23.7% CAGR over FY23-26E

BEML's physical exports revenue surged in FY23, growing ~3.7x to Rs1.8bn from Rs488mn in FY22 driven by one of the company's biggest Mining & Construction export contracts worth ~Rs1.6bn for supplies to Cameroon.

Going forward, exports are expected to grow strongly given 1) re-entry into defence exports with contracts to supply HMVs to Philippines and Armenia, 2) prospects of further defence orders in SAARC countries and Africa, 3) healthy export pipeline in Mining & Construction, and 4) metro export tenders in South America, ASEAN, Middle East, Gulf, etc. BEML signed an MoU with DMRC to supply rolling stock for Bahrain Metro project.

Exhibit 33: Physical exports share of revenue to grow to 5%+

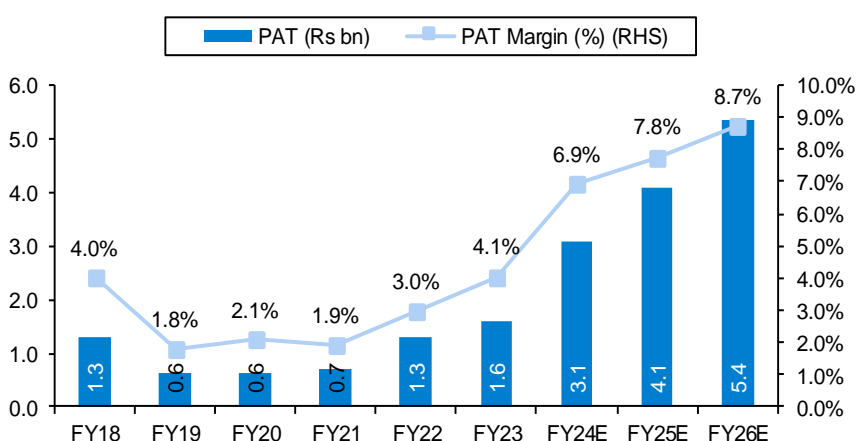


Source: Company, PL

PAT to grow at a 50.3% CAGR over FY23-26E

We expect BEML to record a robust 50.3% PAT CAGR over FY23-26E driven by 1) strong revenue growth owing to healthy order booking and execution, 2) improvement in gross margin due to higher share of defence, rail & metro, and exports in the mix, and 3) EBITDA margin expansion due to revenue scale-up and falling manpower.

Exhibit 34: PAT to grow at a 50.3% CAGR over FY23-26E

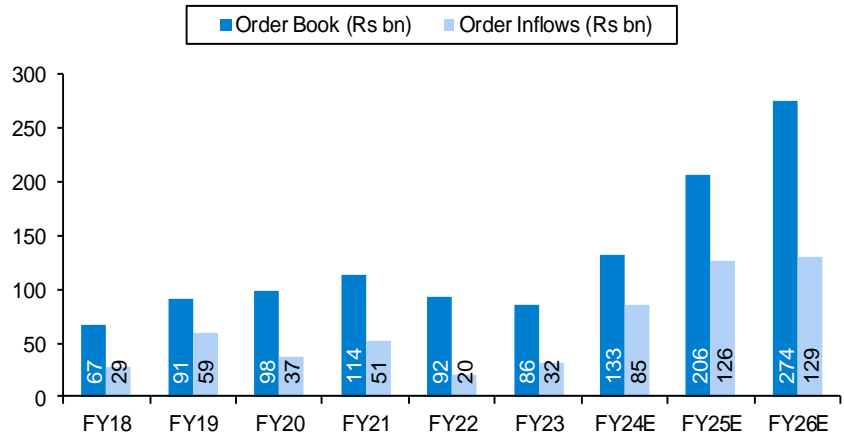


Source: Company, PL

Order book & inflows to grow strongly over FY23-26E

Owing to the robust capex planned by the government in defence & railways, BEML has sizeable order prospects in the coming years, including 1) ~Rs400bn in defence segment, 2) Rs100bn+ for metro rolling stock, 3) Rs365bn+ for Vande Bharat rolling stock. Thus, we expect a strong uptick in the company's order book & inflows.

Exhibit 35: Order book expected to cross Rs200bn in FY25 with large inflows



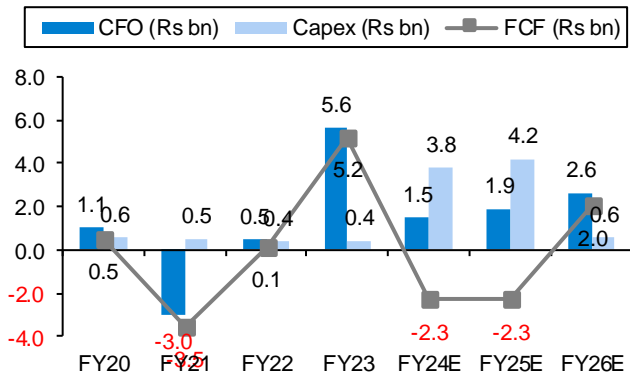
Source: Company, PL

Debt required to fund large capex plans & working capital

BEML plans to incur a large amount of capex over the next 2 years with an outlay of ~Rs8bn planned to 1) improve core competencies in HMT and ARV manufacturing & overhauling, 2) augment Rail & Metro capacity with an additional hangar, and 3) modernize & replace Mining & Construction machinery. This is significantly higher than the company's average capex of Rs0.5bn over FY15-23. Over FY24-26E, we anticipate cumulative operating cash flows of Rs6.1bn against capex of Rs8.6bn, leading to negative FCF generation of Rs2.5bn.

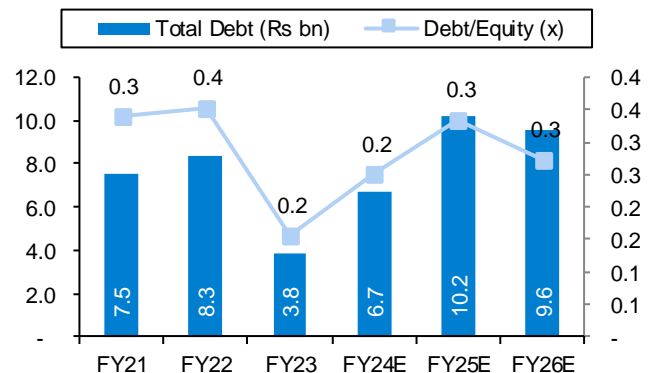
Given 1) the large amount of capex planned and 2) growing working capital requirements as the longer-cycle Rail & Metro and Defence businesses scale up, we expect that BEML will be required to take on debt to fund the growth of its business. However, the debt/equity ratio will still remain under control at 0.3x.

Exhibit 36: -ve FCF generation of Rs2.5bn over FY24-26E



Source: Company, PL

Exhibit 37: Higher debt required to finance growth plans



Source: Company, PL

Valuation & Outlook

BEML is well positioned to capitalize on the growing business opportunities arising out of robust capex being incurred by the government on defence, railways, and infrastructure. These three sectors were given the top 3 allocations in the highest ever capital outlay of Rs11.1trn announced in the FY25 budget. Thus, sectoral tailwinds are strong for BEML.

We estimate Revenue/Adj. PAT CAGR of 16.4%/50.3% over FY23-26E given 1) defence order prospects of ~Rs400bn, 2) strong order potential of Rs100bn+ in metro projects, 3) Rs365bn+ opportunity size in rolling stock for Vande Bharat trains, 4) execution of a healthy order book of ~Rs124bn with ~Rs8bn capex planned to ramp up capacity, and 5) significant margin expansion owing to revenue scale-up and falling manpower.

The stock is currently trading at a P/E of 29.4x/22.3x on FY25/26E earnings. We initiate coverage with a 'BUY' rating at a TP of Rs3,345, valuing it at a P/E of 26x FY26E.

Peer Comparison

Exhibit 38: BEML's PAT growth to be one of the fastest among its comparable peers at a 50.3% CAGR over FY23-FY26E

Company	Revenue (Rs bn)				EBITDA (Rs bn)				EBITDA Margin				PAT (Rs bn)				PAT CAGR (%) FY23-26E
	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	
Titagarh Rail Systems	27.8	38.2	47.3	63.5	2.6	4.4	5.7	7.6	9.5%	11.5%	12.0%	11.9%	1.5	2.9	3.8	5.1	50.7%
Bharat Dynamics	24.7	30.1	40.7	52.3	4.0	5.9	8.6	11.5	16.1%	19.6%	21.2%	22.0%	3.5	5.9	8.0	10.3	43.2%
Action Construction Eq.	21.6	28.5	36.2	45.5	2.2	3.8	5.3	7.0	10.2%	13.4%	14.6%	15.4%	1.7	3.2	4.2	5.4	46.7%
BEML	39.0	44.4	52.5	61.4	3.6	4.8	6.5	8.3	9.3%	10.7%	12.3%	13.6%	1.6	3.1	4.1	5.4	50.3%

Source: Company, PL, Consensus Estimates;

Exhibit 39: BEML trades towards the lower end of the valuation spectrum of its comparable peer universe

Company	Market Data (Rs bn)		P/E				EV/EBITDA				RoE			
	Market Cap	EV	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
Titagarh Rail Systems	115	117	68.2x	37.9x	28.8x	21.4x	44.2x	26.6x	20.6x	15.5x	11.3%	19.5%	17.7%	19.7%
Bharat Dynamics	307	269	87.3x	52.4x	38.4x	29.7x	67.6x	45.6x	31.2x	23.4x	11.3%	16.9%	20.0%	21.9%
Action Construction Eq.	152	149	88.5x	47.8x	36.4x	28.0x	67.6x	39.2x	28.3x	21.3x	20.5%	25.4%	25.5%	28.8%
BEML	120	123	75.8x	38.9x	29.4x	22.3x	33.9x	26.0x	19.1x	14.8x	6.6%	11.7%	14.5%	16.8%

Source: Company, PL, Consensus Estimates

Key Risks

- Strong competition in Rail & Metro space, especially from technologically superior foreign OEMs such as Alstom may impact BEML's market share.
- Mining industry is transitioning from Open-Cast mining to Underground mining, where BEML has insignificant presence and limited capabilities.
- No certainty of orders from the government unlike some other DPSUs; most tenders must be won on competitive basis. If BEML does not meaningfully convert order prospects into confirmed contracts, it will harm the company's business outlook.
- Difficulty in sourcing of few critical aggregates and technologies may disrupt and delay production processes.
- Significant debt required to fund capex and growing working capital.

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	38,989	44,413	52,454	61,448
YoY gr. (%)	(10.1)	13.9	18.1	17.1
Cost of Goods Sold	21,365	23,539	28,063	32,875
Gross Profit	17,624	20,874	24,391	28,573
Margin (%)	45.2	47.0	46.5	46.5
Employee Cost	8,398	8,794	9,861	10,938
Other Expenses	5,582	7,328	8,078	9,309
EBITDA	3,644	4,752	6,452	8,326
YoY gr. (%)	17.6	30.4	35.8	29.1
Margin (%)	9.3	10.7	12.3	13.6
Depreciation and Amortization	641	666	848	997
EBIT	3,004	4,086	5,604	7,330
Margin (%)	7.7	9.2	10.7	11.9
Net Interest	462	395	608	691
Other Income	236	520	448	524
Profit Before Tax	2,777	4,212	5,444	7,163
Margin (%)	7.1	9.5	10.4	11.7
Total Tax	1,198	1,137	1,372	1,805
Effective tax rate (%)	43.1	27.0	25.2	25.2
Profit after tax	1,579	3,075	4,072	5,358
Minority interest	0	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,579	3,075	4,072	5,358
YoY gr. (%)	22.6	94.7	32.4	31.6
Margin (%)	4.0	6.8	7.7	8.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,579	3,075	4,072	5,358
YoY gr. (%)	22.6	94.7	32.4	31.6
Margin (%)	4.1	6.9	7.8	8.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,579	3,075	4,072	5,358
Equity Shares O/s (m)	42	42	42	42
EPS (Rs)	37.9	73.8	97.8	128.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	10,364	12,476	16,879	17,824
Tangibles	9,423	11,459	15,778	16,693
Intangibles	941	1,017	1,101	1,131
Acc: Dep / Amortization	4,885	5,550	6,398	7,395
Tangibles	4,198	4,778	5,532	6,430
Intangibles	687	773	866	964
Net fixed assets	5,480	6,926	10,481	10,429
Tangibles	5,225	6,681	10,246	10,262
Intangibles	255	244	235	167
Capital Work In Progress	227	1,915	1,712	1,367
Goodwill	-	-	-	-
Non-Current Investments	10	10	12	14
Net Deferred tax assets	1,083	1,083	1,083	1,083
Other Non-Current Assets	756	799	839	860
Current Assets				
Investments	-	-	-	-
Inventories	20,614	23,606	28,023	32,828
Trade receivables	12,367	15,210	18,538	22,559
Cash & Bank Balance	393	193	231	253
Other Current Assets	2,977	3,309	3,672	4,056
Total Assets	50,098	59,336	71,489	81,223
Equity				
Equity Share Capital	418	418	418	418
Other Equity	23,797	26,455	30,007	34,636
Total Networth	24,215	26,873	30,425	35,054
Non-Current Liabilities				
Long Term borrowings	98	1,098	2,098	1,498
Provisions	2,462	2,512	2,855	3,212
Other non current liabilities	5,453	6,662	7,868	9,217
Current Liabilities				
ST Debt / Current of LT Debt	3,717	5,617	8,067	8,067
Trade payables	6,783	8,274	10,203	12,290
Other current liabilities	7,363	8,294	9,967	11,877
Total Equity & Liabilities	50,098	59,336	71,489	81,223

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	2,777	4,212	5,444	7,163
Add. Depreciation	641	666	848	997
Add. Interest	462	395	608	691
Less Financial Other Income	236	520	448	524
Add. Other	(260)	(7)	(2)	(2)
Op. profit before WC changes	3,620	5,265	6,897	8,848
Net Changes-WC	2,919	(2,624)	(3,612)	(4,403)
Direct tax	(905)	(1,137)	(1,372)	(1,805)
Net cash from Op. activities	5,634	1,504	1,914	2,640
Capital expenditures	4	(3,800)	(4,200)	(600)
Interest / Dividend Income	4	7	2	2
Others	(208)	252	-	-
Net Cash from Invt. activities	(201)	(3,540)	(4,198)	(598)
Issue of share cap. / premium	-	-	-	-
Debt changes	(2,793)	2,900	3,450	(600)
Dividend paid	(321)	(416)	(521)	(729)
Interest paid	(496)	(395)	(608)	(691)
Others	263	-	-	-
Net cash from Fin. activities	(3,348)	2,089	2,322	(2,019)
Net change in cash	2,085	52	38	22
Free Cash Flow	5,208	(2,296)	(2,286)	2,040

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	37.9	73.8	97.8	128.7
CEPS	53.3	89.8	118.1	152.6
BVPS	581.5	645.3	730.6	841.7
FCF	125.1	(55.1)	(54.9)	49.0
DPS	10.0	10.0	15.0	20.0
Return Ratio(%)				
RoCE	8.7	11.8	13.9	15.9
ROIC	5.0	8.6	10.5	12.0
RoE	6.6	12.0	14.2	16.4
Balance Sheet				
Net Debt : Equity (x)	0.1	0.2	0.3	0.3
Net Working Capital (Days)	245	251	253	256
Valuation(x)				
PER	75.8	38.9	29.4	22.3
P/B	4.9	4.5	3.9	3.4
P/CEPS	53.9	32.0	24.3	18.8
EV/EBITDA	33.8	26.6	20.1	15.5
EV/Sales	3.2	2.8	2.5	2.1
Dividend Yield (%)	0.3	0.3	0.5	0.7

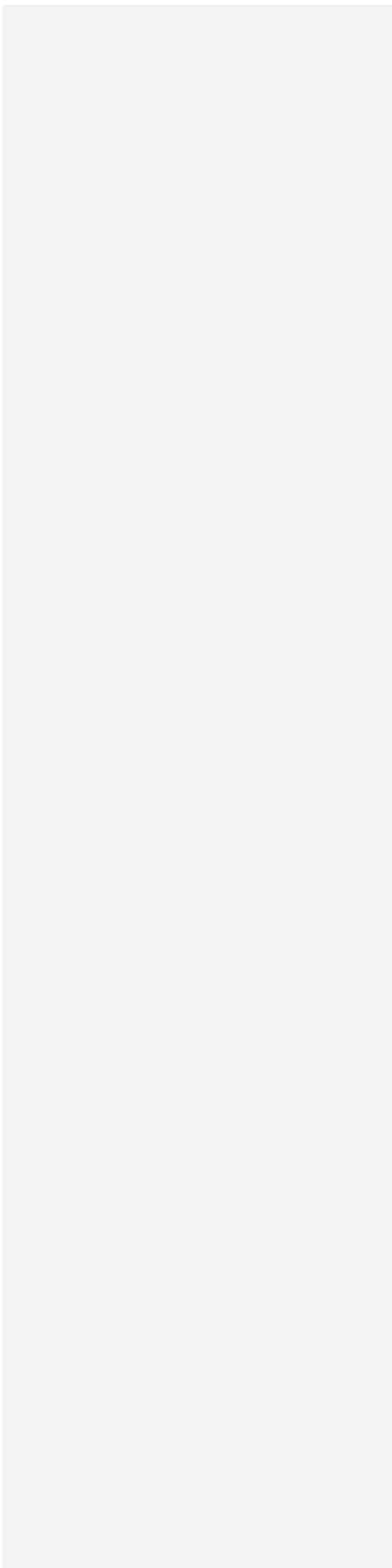
Source: Company Data, PL Research

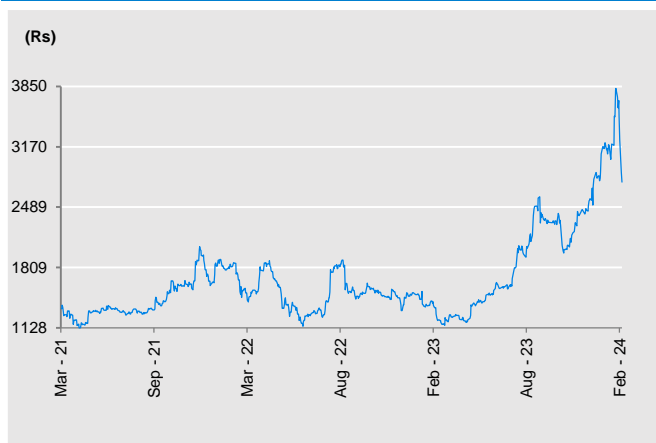
Quarterly Financials (Rs m)

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Net Revenue	13,879	5,769	9,168	10,470
YoY gr. (%)	(17.6)	(13.8)	13.9	1.0
Raw Material Expenses	7,379	3,002	4,950	5,350
Gross Profit	6,501	2,767	4,218	5,120
Margin (%)	46.8	48.0	46.0	48.9
EBITDA	2,868	(505)	591	559
YoY gr. (%)	24.9	(9.4)	41.3	(39.0)
Margin (%)	20.7	(8.8)	6.4	5.3
Depreciation / Depletion	160	157	158	158
EBIT	2,708	(662)	433	401
Margin (%)	19.5	(11.5)	4.7	3.8
Net Interest	122	100	108	75
Other Income	190	12	96	343
Profit before Tax	2,775	(750)	422	668
Margin (%)	20.0	(13.0)	4.6	6.4
Total Tax	1,198	-	(96)	187
Effective tax rate (%)	43.2	-	(22.8)	27.9
Profit after Tax	1,577	(750)	518	482
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,577	(750)	518	482
YoY gr. (%)	18.2	(8.9)	218.5	(27.3)
Margin (%)	11.4	(13.0)	5.6	4.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,577	(750)	518	482
YoY gr. (%)	18.2	(8.9)	218.5	(27.3)
Margin (%)	11.4	(13.0)	5.6	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,577	(750)	518	482
Avg. Shares O/s (m)	42	42	42	42
EPS (Rs)	37.9	(18.0)	12.4	11.6

Source: Company Data, PL Research

Notes



Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
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Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,329	4,985
2	Apar Industries	Accumulate	6,890	6,069
3	Bharat Electronics	Hold	182	186
4	BHEL	Reduce	200	224
5	Carborundum Universal	BUY	1,347	1,116
6	Cummins India	Hold	2,480	2,585
7	Engineers India	Hold	257	244
8	GE T&D India	Reduce	631	736
9	Grindwell Norton	Accumulate	2,512	2,243
10	Harsha Engineers International	Accumulate	441	396
11	Hindustan Aeronautics	Hold	2,787	2,923
12	Kalpataru Projects International	BUY	1,025	873
13	KEC International	Hold	686	657
14	Larsen & Toubro	BUY	4,071	3,480
15	Praj Industries	BUY	636	474
16	Siemens	Accumulate	4,572	4,313
17	Thermax	Reduce	3,017	3,319
18	Triveni Turbine	BUY	532	425
19	Voltamp Transformers	Hold	7,619	7,910

PL's Recommendation Nomenclature

Buy	: >15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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