

August 13, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	4,142		4,142	
Sales (Rs. m)	47,615	59,731	47,615	59,731
% Chng.	-	-	-	-
EBITDA (Rs. m)	6,595	8,900	6,595	8,900
% Chng.	-	-	-	-
EPS (Rs.)	102.6	142.8	102.6	142.8
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	40,543	40,222	47,615	59,731
EBITDA (Rs. m)	4,422	5,057	6,595	8,900
Margin (%)	10.9	12.6	13.9	14.9
PAT (Rs. m)	2,818	2,925	4,273	5,948
EPS (Rs.)	67.7	70.2	102.6	142.8
Gr. (%)	78.4	3.8	46.1	39.2
DPS (Rs.)	20.5	20.5	25.7	35.7
Yield (%)	0.5	0.5	0.6	0.9
RoE (%)	11.1	10.5	14.0	17.2
RoCE (%)	11.2	11.5	13.8	17.0
EV/Sales (x)	4.2	4.3	3.6	2.9
EV/EBITDA (x)	38.6	34.0	26.2	19.4
PE (x)	60.3	58.1	39.8	28.6
P/BV (x)	6.4	5.9	5.3	4.6

Key Data

BEML.BO | BEML IN

52-W High / Low	Rs.4,875 / Rs.2,346
Sensex / Nifty	80,540 / 24,619
Market Cap	Rs.170bn/ \$ 1,943m
Shares Outstanding	42m
3M Avg. Daily Value	Rs.4142.72m

Shareholding Pattern (%)

Promoter's	53.86
Foreign	5.66
Domestic Institution	18.74
Public & Others	21.74
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.9)	38.8	6.3
Relative	(5.7)	31.2	4.2

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Soft Q1; order outlook remains optimistic

Quick Pointers:

- In Q1FY26 order inflow decreased by 29.0% YoY to Rs4.4bn while YTD announced order intake was ~Rs29bn
- Management reaffirmed FY26 guidance of 20% YoY revenue growth with ~150bps improvement in EBITDA margin.

BEML reported a muted Q1FY26 with revenue flat YoY to Rs6.3bn with an EBITDA level loss of Rs493mn impacted by lower execution and supply chain constraints. Despite these challenges management reaffirmed FY26 guidance of 20% YoY revenue growth with ~150bps improvement in EBITDA margin supported by improved export order execution and easing supply chain issues. YTD order intake was ~Rs29bn with Q1FY26 order book of Rs144.3bn driven strong railways and defense orders inflow. Management cited that export contribution is expected to reach ~4% in FY26 driven by better execution and order intake in mining & construction and railways rolling stock. Execution of Vanda Bharat project is on track with expected contribution of ~10% FY26 revenue and defence segment's share in revenue is expected to reach 30% of revenue mix (~27% in FY25). Management remains focused on working capital optimisation through lower inventory and receivables, alongside strengthening the cash position. The stock is currently trading at a PE of 39.8x/28.6x on FY26/27E. We maintain our 'Hold' rating on stock with a TP of Rs4,142 (same as earlier) valuing the stock at a PE of 29x Mar'27E (same as earlier).

Long term View: We believe the pace of execution has significantly impacted FY25 revenue and will be key monitorable in the near term. However, BEML's long-term prospects remain strong on the back of 1) healthy order prospects in the modernization of defense vehicles, 2) expansion into higher value defense segments such as engines and aerospace, 3) large tender pipeline for rail & metro rolling stock, and 4) large capacity expansion leading to a ramp-up in execution and, thereby, margins.

Lower execution drags profitability: Consolidated revenue remains flat to Rs6.3bn (PLe: Rs7.0bn). Gross margin contracted by 210bps YoY to 48.8% (PLe: 49.0%). At EBITDA level, a loss of Rs493mn was reported vs a loss of Rs501mn in Q1FY25 (PLe: loss of Rs351mn) despite of decrease in other expenses (-6.3% YoY to Rs1.5bn) and employee cost (-2.0% YoY to Rs2.1bn). At PBT level, a loss of Rs703mn was reported (PLe: loss of Rs621mn) due to increase in depreciation (+17.3% YoY to Rs198mn) and interest cost (+10 YoY to Rs98mn). Reported Net loss came in at Rs641mn vs loss of Rs705mn in Q1FY25 (PLe: loss of Rs621mn) despite of increase in other income (+1517% YoY to Rs86mn)

Q1FY26 order book stood at Rs144.3bn (3.6 TTM revenue): Q1FY26's order intake stood at Rs4.4bn (-29% YoY). Order book increased by 22.1% and stood at Rs144.3bn (3.6x of TTM revenue) and is expected to reach ~Rs220bn by FY26.

Exhibit 1: Gross margin contraction (-210bps YoY) led to net loss of Rs641mn despite increase in other income

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Revenue	6,340	6,341	0.0%	7,013	-9.6%	16,525	-61.6%	47,615	40,222	18.4%
Gross Profit	3,097	3,230	-4.1%	3,436	-9.9%	8,421	-63.2%	23,141	20,075	15.3%
Margin (%)	48.8	50.9	(210)	49.0	(15.1)	51.0	(211)	48.6	49.9	(131)
Employee Cost	2,094	2,136	-2.0%	2,174	-3.7%	2,047	2.3%	8,856	8,262	7.2%
as % of sales	33.0	33.7	(65)	31.0	202.4	12.4	2,064	18.6	20.5	(194)
Other expenditure	1,496	1,596	-6.3%	1,613	-7.2%	2,149	-30.4%	7,690	6,756	13.8%
as % of sales	23.6	25.2	(158)	23.0	60.0	13.0	1,059	16.2	16.8	(65)
EBITDA	(493)	(501)	-1.7%	(351)	40.6%	4,225	-111.7%	6,595	5,057	30.4%
Margin (%)	(7.8)	(7.9)	13	(5.0)	(277.5)	25.6	(3,334)	13.9	12.6	128
Depreciation	198	169	17.3%	190	4.0%	186	6.3%	791	713	10.8%
EBIT	(691)	(670)	3.1%	(541)	27.7%	4,039	-117.1%	5,804	4,343	33.6%
Margin (%)	(10.9)	(10.6)	(33)	(7.7)	(318.2)	24.4	(3,533)	12.2	10.8	139
Other Income	86	5	1517.0%	20	328.5%	38	123.8%	365	237	53.7%
Interest	98	89	10.0%	100	-1.9%	129	-24.1%	457	543	-15.9%
PBT (ex. Extra-ordinaries)	(703)	(754)	-6.8%	(621)	13.3%	3,948	-117.8%	5,712	4,038	41.5%
Margin (%)	(11.1)	(11.9)	80	(8.9)	(223.7)	23.9	(3,498)	12.0	10.0	196
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	(703)	(754)	-6.8%	(621)	13.3%	3,948	-117.8%	5,712	4,038	41.5%
Total Tax	(62)	(49)	25.7%	-	#DIV/0!	1,073	-105.8%	1,440	1,084	32.9%
Effective Tax Rate (%)	8.8	6.5	226	-	877.8	27.2	(1,839)	25.2	26.8	(164)
Reported PAT	(641)	(705)	-9.0%	(621)	3.3%	2,876	-122.3%	4,273	2,925	46.1%
Adj. PAT	(641)	(705)	-9.0%	(621)	3.3%	2,876	-122.3%	4,273	2,925	46.1%
Margin (%)	(10.1)	(11.1)	100	(8.9)	(126.4)	17.4	(2,751)	9.0	7.3	170
Adj. EPS	(15.4)	(16.9)	-9.0%	(14.9)	3.3%	69.1	-122.3%	102.6	70.2	46.1%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	40,543	40,222	47,615	59,731
YoY gr. (%)	4.0	(0.8)	18.4	25.4
Cost of Goods Sold	20,951	20,148	24,474	30,941
Gross Profit	19,593	20,075	23,141	28,790
Margin (%)	48.3	49.9	48.6	48.2
Employee Cost	8,222	8,262	8,856	10,632
Other Expenses	6,948	6,756	7,690	9,258
EBITDA	4,422	5,057	6,595	8,900
YoY gr. (%)	21.3	14.3	30.4	35.0
Margin (%)	10.9	12.6	13.9	14.9
Depreciation and Amortization	638	713	791	893
EBIT	3,784	4,343	5,804	8,007
Margin (%)	9.3	10.8	12.2	13.4
Net Interest	390	543	457	510
Other Income	422	237	365	455
Profit Before Tax	3,816	4,038	5,712	7,952
Margin (%)	9.4	10.0	12.0	13.3
Total Tax	999	1,112	1,440	2,004
Effective tax rate (%)	26.2	27.6	25.2	25.2
Profit after tax	2,818	2,925	4,273	5,948
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,818	2,925	4,273	5,948
YoY gr. (%)	78.4	3.8	46.1	39.2
Margin (%)	6.9	7.2	8.9	9.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,818	2,925	4,273	5,948
YoY gr. (%)	78.4	3.8	46.1	39.2
Margin (%)	6.9	7.3	9.0	10.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,818	2,925	4,273	5,948
Equity Shares O/s (m)	42	42	42	42
EPS (Rs)	67.7	70.2	102.6	142.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	10,785	12,033	13,860	15,129
Tangibles	9,664	10,772	12,504	13,698
Intangibles	1,121	1,260	1,355	1,430
Acc: Dep / Amortization	5,504	6,233	7,024	7,917
Tangibles	4,729	5,342	6,022	6,797
Intangibles	774	891	1,002	1,121
Net fixed assets	5,281	5,799	6,836	7,211
Tangibles	4,935	5,430	6,483	6,902
Intangibles	347	369	353	310
Capital Work In Progress	367	1,070	1,143	1,374
Goodwill	-	-	-	-
Non-Current Investments	10	73	69	72
Net Deferred tax assets	1,135	1,019	1,019	1,019
Other Non-Current Assets	1,192	1,296	1,428	1,792
Current Assets				
Investments	-	-	-	-
Inventories	22,559	23,794	27,134	32,238
Trade receivables	14,392	16,959	17,481	20,783
Cash & Bank Balance	89	50	152	199
Other Current Assets	2,829	3,394	3,809	4,778
Total Assets	54,453	58,725	65,903	77,620
Equity				
Equity Share Capital	418	418	418	418
Other Equity	26,262	28,456	31,750	36,547
Total Networth	26,680	28,874	32,168	36,964
Non-Current Liabilities				
Long Term borrowings	95	91	91	91
Provisions	2,370	2,685	2,856	3,361
Other non current liabilities	6,434	8,394	8,809	9,856
Current Liabilities				
ST Debt / Current of LT Debt	614	2,196	2,696	3,196
Trade payables	7,596	7,100	8,349	10,637
Other current liabilities	10,658	9,379	10,930	13,508
Total Equity & Liabilities	54,454	58,724	65,903	77,620

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	3,816	4,038	5,712	7,952
Add. Depreciation	638	713	791	893
Add. Interest	390	543	457	510
Less Financial Other Income	422	237	365	455
Add. Other	359	60	(7)	(4)
Op. profit before WC changes	5,204	5,354	6,953	9,351
Net Changes-WC	(25)	(2,306)	(2,583)	(4,643)
Direct tax	(602)	(1,217)	(1,440)	(2,004)
Net cash from Op. activities	4,577	1,831	2,931	2,704
Capital expenditures	(1,007)	(1,934)	(1,900)	(1,500)
Interest / Dividend Income	25	12	7	4
Others	304	(72)	(4)	-
Net Cash from Invt. activities	(677)	(1,994)	(1,898)	(1,496)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	500	500
Dividend paid	(418)	(851)	(979)	(1,152)
Interest paid	(390)	(543)	(457)	(510)
Others	(490)	-	-	-
Net cash from Fin. activities	(1,298)	(1,394)	(935)	(1,162)
Net change in cash	2,602	(1,557)	98	47
Free Cash Flow	3,565	(103)	1,031	1,204

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	67.7	70.2	102.6	142.8
CEPS	83.0	87.4	121.6	164.3
BVPS	640.7	693.3	772.4	887.6
FCF	85.6	(2.5)	24.8	28.9
DPS	20.5	20.5	25.7	35.7
Return Ratio(%)				
RoCE	11.2	11.5	13.8	17.0
ROIC	8.3	8.3	10.4	12.8
RoE	11.1	10.5	14.0	17.2
Balance Sheet				
Net Debt : Equity (x)	0.0	0.1	0.1	0.1
Net Working Capital (Days)	264	305	278	259
Valuation(x)				
PER	60.3	58.1	39.8	28.6
P/B	6.4	5.9	5.3	4.6
P/CEPS	49.2	46.7	33.5	24.8
EV/EBITDA	38.6	34.0	26.2	19.4
EV/Sales	4.2	4.3	3.6	2.9
Dividend Yield (%)	0.5	0.5	0.6	0.9

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	8,598	8,758	16,525	6,340
YoY gr. (%)	(6.2)	(16.4)	9.2	-
Raw Material Expenses	4,277	4,656	8,104	3,243
Gross Profit	4,322	4,101	8,421	3,097
Margin (%)	50.3	46.8	51.0	48.8
EBITDA	730	604	4,225	(493)
YoY gr. (%)	23.5	8.0	14.1	(1.7)
Margin (%)	8.5	6.9	25.6	(7.8)
Depreciation / Depletion	173	186	186	198
EBIT	556	418	4,039	(691)
Margin (%)	6.5	4.8	24.4	(10.9)
Net Interest	158	167	129	98
Other Income	149	45	38	86
Profit before Tax	547	296	3,948	(703)
Margin (%)	6.4	3.4	23.9	(11.1)
Total Tax	8	52	1,073	(62)
Effective tax rate (%)	1.5	17.5	27.2	8.8
Profit after Tax	539	244	2,876	(641)
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	539	244	2,876	(641)
YoY gr. (%)	4.1	(49.4)	12.0	(9.0)
Margin (%)	6.3	2.8	17.4	(10.1)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	539	244	2,876	(641)
YoY gr. (%)	4.1	(49.4)	12.0	(9.0)
Margin (%)	6.3	2.8	17.4	(10.1)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	539	244	2,876	(641)
Avg. Shares O/s (m)	42	42	42	42
EPS (Rs)	13.0	5.9	69.1	(15.4)

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	4,142	4,522
2	26-May-25	Hold	4,142	4,280
3	09-Apr-25	Accumulate	3,561	2,875
4	10-Feb-25	Accumulate	3,561	3,132
5	09-Jan-25	Accumulate	4,332	3,733
6	13-Nov-24	Accumulate	4,332	3,812
7	07-Oct-24	Accumulate	4,484	3,664

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,600	5,093
2	Apar Industries	Hold	9,540	9,682
3	BEML	Hold	4,142	4,522
4	Bharat Electronics	Hold	374	387
5	BHEL	Hold	215	228
6	Carborundum Universal	Hold	835	841
7	Cummins India	Hold	3,895	3,807
8	Elgi Equipments	Accumulate	559	535
9	Engineers India	Accumulate	250	242
10	GE Vernova T&D India	Accumulate	2,706	2,473
11	Grindwell Norton	Hold	1,739	1,635
12	Harsha Engineers International	Hold	402	423
13	Hindustan Aeronautics	BUY	5,500	4,409
14	Ingersoll-Rand (India)	BUY	4,335	3,602
15	Kalpataru Projects International	Accumulate	1,366	1,184
16	KEC International	Accumulate	911	860
17	Kirloskar Pneumatic Company	BUY	1,636	1,316
18	Larsen & Toubro	BUY	4,144	3,496
19	Praj Industries	Hold	393	414
20	Siemens	Accumulate	3,431	3,115
21	Thermax	Hold	3,633	3,779
22	Triveni Turbine	BUY	650	533
23	Voltamp Transformers	BUY	10,285	8,892

PL's Recommendation Nomenclature (Absolute Performance)

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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