

November 6, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,982		4,142	
Sales (Rs. m)	57,721	68,325	59,731	69,590
% Chng.	(3.4)	(1.8)		
EBITDA (Rs. m)	8,312	10,085	8,900	10,515
% Chng.	(6.6)	(4.1)		
EPS (Rs.)	66.0	80.9	71.4	84.8
% Chng.	(7.6)	(4.7)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	40,222	45,232	57,721	68,325
EBITDA (Rs. m)	5,057	6,174	8,312	10,085
Margin (%)	12.6	13.7	14.4	14.8
PAT (Rs. m)	2,925	3,944	5,494	6,736
EPS (Rs.)	35.1	47.3	66.0	80.9
Gr. (%)	3.8	34.8	39.3	22.6
DPS (Rs.)	20.5	11.8	16.5	20.2
Yield (%)	1.0	0.6	0.8	1.0
RoE (%)	10.5	13.2	16.6	17.8
RoCE (%)	11.5	13.1	16.5	17.7
EV/Sales (x)	4.2	3.7	2.9	2.5
EV/EBITDA (x)	33.2	27.2	20.3	16.7
PE (x)	56.6	42.0	30.1	24.6
P/BV (x)	5.7	5.4	4.7	4.1

Key Data

BEML.BO | BEML IN

52-W High / Low	Rs.2,437 / Rs.1,173
Sensex / Nifty	83,311 / 25,510
Market Cap	Rs.165bn / \$ 1,867m
Shares Outstanding	83m
3M Avg. Daily Value	Rs.1551.03m

Shareholding Pattern (%)

Promoter's	54.03
Foreign	5.82
Domestic Institution	18.54
Public & Others	21.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.9)	27.8	(4.2)
Relative	(10.5)	23.7	(7.6)

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Muted Q2; all eyes on execution pace

Quick Pointers:

- In Q2FY26 order inflow stood at ~Rs27bn (vs ~Rs4.4bn in Q2FY25) taking the order book to ~Rs163bn (4.1x TTM revenue)
- Net working capital increased to Rs29.3bn (267 days of TTM sales) in Q2FY26 from Rs28.4bn (256 days of TTM sales) in Q2FY25.

We revised our FY27/FY28E EPS estimates by -7.6%/-4.7% factoring in slower execution pace and supply chain issues. BEML reported a muted Q2FY26 performance, with revenue declining 2.4% YoY to Rs8.4bn and EBITDA margin remaining stable YoY at 8.7%. Despite execution headwinds, the company maintained a robust order book of Rs163.4bn, supported by sustained momentum in private and public capex across mining, railways, and defense. Order inflows stood at Rs27bn in Q2FY26, driven by a Rs18.9bn order from the Integral Coach Factory under railways and ~Rs6bn order for HMMVs from the defense segment. Export contribution is expected to improve to ~4% in FY26 (vs ~1% in FY25) alongside a rising defense mix (~30% in FY26 vs 27% in FY25), which should aid margin recovery over time. However, CFO weakened sharply to -Rs2.4bn as of H1FY26 (vs +Rs1.8bn as of FY25), exerting pressure on the balance sheet. While the medium-term outlook remains healthy, near-term growth visibility is constrained by slower project ramp-up and supply chain bottlenecks. The stock is currently trading at a PE of 30.1x/24.6x on FY27/28E. We roll forward to Sep'27E and maintain our 'Hold' rating on stock with a TP of Rs1,982 (Rs2071 earlier) valuing the stock at a PE of 27xSep'27E (29x Mar'27E earlier).

Long term View: We believe the slower pace of execution has significantly impacted H1FY26 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 declined by 2.4% YoY to Rs8.4bn (PLe: Rs9.8bn). Gross margin expanded by 157bps YoY to 51.8% (PLe: 49.2%). EBITDA remained flattish YoY to Rs732mn (PLe: Rs912mn). EBITDA margin improved marginally by 24bps YoY to 8.7% (PLe: 9.3%) led by expansion in gross margins offset by higher employee cost (+1.1 YoY to Rs2bn) and other expenses (+49bps YoY as % of sales). PBT decreased by 8.1% YoY to Rs503mn (PLe: Rs677mn) due to lower other income (-52.6% YoY to Rs70mn). Adj. PAT declined by 4.7% YoY to Rs486mn (PLe: Rs610mn) owing to weaker operating performance partially offset by lower effective tax rate of 4.5% (vs 6.8% in Q2FY25).

Q2FY26 order book stood at Rs163.4bn (4.1x of TTM revenue): Q2FY26's order intake stood at Rs27bn (against slightly lower base due to elections in Q1FY25). Order book increased by 42.7% YoY and stood at Rs163.4bn (4.1x of TTM revenue).

Exhibit 1: EBITDA margins remained largely flat YoY despite a 157bps YoY expansion in gross margins

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Revenue	8,391	8,598	-2.4%	9,812	-14.5%	6,340	32.4%	14,731	14,939	-1.4%
Gross Profit	4,350	4,322	0.6%	4,827	-9.9%	3,097	40.4%	7,447	7,552	-1.4%
Margin (%)	51.8	50.3	157	49.2	263.6	48.8	299	50.6	50.6	(0)
Employee Cost	2,035	2,013	1.1%	2,168	-6.2%	2,094	-2.8%	4,128	4,148	-0.5%
as % of sales	24.2	23.4	84	22.1	214.7	33.0	(878)	28.0	27.8	26
Other expenditure	1,583	1,580	0.2%	1,746	-9.3%	1,496	5.8%	3,079	3,176	-3.0%
as % of sales	18.9	18.4	49	17.8	106.8	23.6	(473)	20.9	21.3	(36)
EBITDA	732	730	0.3%	912	-19.8%	(493)	-248.5%	239	228	4.7%
Margin (%)	8.7	8.5	24	9.3	(57.9)	(7.8)	1,650	1.6	1.5	9
Depreciation	200	173	15.6%	205	-2.4%	198	1.3%	398	342	16.4%
EBIT	532	556	-4.5%	707	-24.8%	(691)	-177.0%	(159)	(113)	40.0%
Margin (%)	6.3	6.5	(14)	7.2	(87.4)	(10.9)	1,723	(1.1)	(0.8)	(32)
Other Income	70	149	-52.6%	90	-21.8%	86	-17.9%	156	154	1.4%
Interest	99	158	-37.1%	120	-17.4%	98	1.0%	197	247	-20.1%
PBT (ex. Extra-ordinaries)	503	547	-8.1%	677	-25.8%	(703)	-171.6%	(200)	(206)	-3.1%
Margin (%)	6.0	6.4	(37)	6.9	(91.0)	(11.1)	1,708	(1.4)	(1.4)	2
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	503	547	-8.1%	677	-25.8%	(703)	-171.6%	(200)	(206)	-3.1%
Total Tax	23	37	-38.8%	68	-66.5%	(62)	-136.8%	(39)	(12)	225.0%
Effective Tax Rate (%)	4.5	6.8	(226)	10.0	(548.7)	8.8	(426)	19.5	5.8	1,369
Reported PAT	486	510	-4.7%	610	-20.2%	(641)	-175.8%	(155)	(194)	-20.3%
Adj. PAT	486	510	-4.7%	610	-20.2%	(641)	-175.8%	(155)	(194)	-20.3%
Margin (%)	5.8	5.9	(14)	6.2	(41.9)	(10.1)	1,591	(1.1)	(1.3)	25
Adj. EPS	5.8	6.1	-4.7%	14.6	-60.1%	(7.7)	-175.8%	(1.9)	(2.3)	-20.3%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	40,222	45,232	57,721	68,325
YoY gr. (%)	(0.8)	12.5	27.6	18.4
Cost of Goods Sold	20,148	23,114	29,899	35,392
Gross Profit	20,075	22,119	27,821	32,933
Margin (%)	49.9	48.9	48.2	48.2
Employee Cost	8,262	8,413	10,274	11,957
Other Expenses	6,756	7,531	9,235	10,891
EBITDA	5,057	6,174	8,312	10,085
YoY gr. (%)	14.3	22.1	34.6	21.3
Margin (%)	12.6	13.7	14.4	14.8
Depreciation and Amortization	713	792	896	1,016
EBIT	4,343	5,382	7,415	9,069
Margin (%)	10.8	11.9	12.8	13.3
Net Interest	543	457	510	583
Other Income	237	347	440	520
Profit Before Tax	4,038	5,272	7,345	9,005
Margin (%)	10.0	11.7	12.7	13.2
Total Tax	1,112	1,329	1,851	2,269
Effective tax rate (%)	27.6	25.2	25.2	25.2
Profit after tax	2,925	3,944	5,494	6,736
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,925	3,944	5,494	6,736
YoY gr. (%)	3.8	34.8	39.3	22.6
Margin (%)	7.2	8.7	9.4	9.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,925	3,944	5,494	6,736
YoY gr. (%)	3.8	34.8	39.3	22.6
Margin (%)	7.3	8.7	9.5	9.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,925	3,944	5,494	6,736
Equity Shares O/s (m)	83	83	83	83
EPS (Rs)	35.1	47.3	66.0	80.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	11,915	13,799	15,057	15,932
Tangibles	10,671	12,460	13,643	14,465
Intangibles	1,244	1,339	1,414	1,467
Acc: Dep / Amortization	6,116	6,908	7,805	8,821
Tangibles	5,241	5,922	6,700	7,590
Intangibles	875	986	1,104	1,231
Net fixed assets	5,799	6,891	7,253	7,111
Tangibles	5,430	6,538	6,943	6,875
Intangibles	369	353	310	236
Capital Work In Progress	1,070	1,086	1,328	1,503
Goodwill	-	-	-	-
Non-Current Investments	73	69	71	74
Net Deferred tax assets	1,019	1,019	1,019	1,019
Other Non-Current Assets	1,296	1,357	1,732	1,913
Current Assets				
Investments	-	-	-	-
Inventories	23,794	25,776	31,153	35,941
Trade receivables	16,959	16,606	19,451	23,961
Cash & Bank Balance	50	134	385	686
Other Current Assets	3,394	3,619	4,618	5,466
Total Assets	58,724	63,046	74,484	86,316
Equity				
Equity Share Capital	418	418	418	418
Other Equity	28,456	30,442	34,784	40,146
Total Network	28,874	30,860	35,202	40,564
Non-Current Liabilities				
Long Term borrowings	91	91	91	91
Provisions	2,685	2,713	3,248	3,801
Other non current liabilities	8,394	8,368	9,120	10,590
Current Liabilities				
ST Debt / Current of LT Debt	2,196	2,696	3,196	3,696
Trade payables	7,100	7,931	10,279	12,355
Other current liabilities	9,379	10,383	13,342	15,211
Total Equity & Liabilities	58,724	63,046	74,484	86,316

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,038	5,272	7,345	9,005
Add. Depreciation	713	792	896	1,016
Add. Interest	543	457	510	583
Less Financial Other Income	237	347	440	520
Add. Other	60	(7)	(4)	(4)
Op. profit before WC changes	5,354	6,514	8,748	10,601
Net Changes-WC	(2,306)	(1,294)	(3,987)	(5,528)
Direct tax	(1,217)	(1,329)	(1,851)	(2,269)
Net cash from Op. activities	1,831	3,891	2,909	2,803
Capital expenditures	(1,934)	(1,900)	(1,500)	(1,050)
Interest / Dividend Income	12	7	4	4
Others	(72)	(4)	-	-
Net Cash from Invst. activities	(1,994)	(1,898)	(1,496)	(1,046)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	500	500	500
Dividend paid	(851)	(1,957)	(1,152)	(1,374)
Interest paid	(543)	(457)	(510)	(583)
Others	-	-	-	-
Net cash from Fin. activities	(1,394)	(1,914)	(1,163)	(1,457)
Net change in cash	(1,557)	80	251	301
Free Cash Flow	(103)	1,991	1,409	1,753

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	35.1	47.3	66.0	80.9
CEPS	43.7	56.9	76.7	93.1
BVPS	346.7	370.5	422.6	487.0
FCF	(1.2)	23.9	16.9	21.1
DPS	20.5	11.8	16.5	20.2
Return Ratio(%)				
RoCE	11.5	13.1	16.5	17.7
ROIC	8.3	9.8	12.5	13.4
RoE	10.5	13.2	16.6	17.8
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	0.1	0.1
Net Working Capital (Days)	305	278	255	254
Valuation(x)				
PER	56.6	42.0	30.1	24.6
P/B	5.7	5.4	4.7	4.1
P/CEPS	45.5	34.9	25.9	21.3
EV/EBITDA	33.2	27.2	20.3	16.7
EV/Sales	4.2	3.7	2.9	2.5
Dividend Yield (%)	1.0	0.6	0.8	1.0

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	8,758	16,525	6,340	8,391
YoY gr. (%)	(16.4)	9.2	-	(2.4)
Raw Material Expenses	4,656	8,104	3,243	4,041
Gross Profit	4,101	8,421	3,097	4,350
Margin (%)	46.8	51.0	48.8	51.8
EBITDA	604	4,225	(493)	732
YoY gr. (%)	8.0	14.1	(1.7)	0.3
Margin (%)	6.9	25.6	(7.8)	8.7
Depreciation / Depletion	186	186	198	200
EBIT	418	4,039	(691)	532
Margin (%)	4.8	24.4	(10.9)	6.3
Net Interest	167	129	98	99
Other Income	45	38	86	70
Profit before Tax	296	3,948	(703)	503
Margin (%)	3.4	23.9	(11.1)	6.0
Total Tax	52	1,073	(62)	17
Effective tax rate (%)	17.5	27.2	8.8	3.3
Profit after Tax	244	2,876	(641)	486
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	244	2,876	(641)	486
YoY gr. (%)	(49.4)	12.0	(9.0)	(4.7)
Margin (%)	2.8	17.4	(10.1)	5.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	244	2,876	(641)	486
YoY gr. (%)	(49.4)	12.0	(9.0)	(4.7)
Margin (%)	2.8	17.4	(10.1)	5.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	244	2,876	(641)	486
Avg. Shares O/s (m)	83	83	83	83
EPS (Rs)	2.9	34.5	(7.7)	5.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	4,142	4,336
2	13-Aug-25	Hold	4,142	4,079
3	09-Jul-25	Hold	4,142	4,522
4	26-May-25	Hold	4,142	4,280
5	09-Apr-25	Accumulate	3,561	2,875
6	10-Feb-25	Accumulate	3,561	3,132
7	09-Jan-25	Accumulate	4,332	3,733
8	13-Nov-24	Accumulate	4,332	3,812

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,584	5,224
2	Apar Industries	Hold	9,744	9,252
3	BEML	Hold	4,142	4,336
4	Bharat Electronics	Hold	407	426
5	BHEL	Hold	250	246
6	Carborundum Universal	Hold	894	901
7	Cummins India	Hold	3,895	3,957
8	Elgi Equipments	Accumulate	559	494
9	Engineers India	BUY	245	202
10	GE Vernova T&D India	Accumulate	3,531	3,171
11	Grindwell Norton	Hold	1,744	1,676
12	Harsha Engineers International	Hold	402	395
13	Hindustan Aeronautics	BUY	5,500	4,838
14	Ingersoll-Rand (India)	BUY	4,335	4,101
15	Kalpataru Projects International	BUY	1,494	1,256
16	KEC International	Accumulate	911	861
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	393	353
20	Siemens	Accumulate	3,431	3,246
21	Siemens Energy India	Hold	3,360	3,282
22	Thermax	Hold	3,633	3,185
23	Triveni Turbine	BUY	650	524
24	Voltamp Transformers	BUY	10,285	7,190

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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