BEML Ltd. (BEML)

CMP: ₹1990 | Target ₹ 2765 (39%) | Target Period: 12 months | BUY

November 9, 2026

Strong Revenue Momentum, with Margins Set for H2 Recovery...

About the stock: A BEML is a diversified engineering PSU operating across Rail & Metro, Defence & Aerospace and Mining & Construction. The company has evolved from a conventional mining and rail equipment manufacturer into an indigenous mobility and defence platform, with products spanning Vande Bharat Sleeper, metro coaches, High Mobility Vehicles, Armoured Recovery Vehicles, mining equipment and strategic defence systems.

Q2FY27 performance: BEML reported revenue of ₹1,192 crore in Q2FY27, up 42.0% YoY, supported by improved execution. However, gross margin declined 770 bps YoY to 44.1% (vs. 51.8%), as higher cost of revenues weighed on profitability. EBITDA increased to ₹79 crore from ₹73 crore (+8.5% YoY), but EBITDA margin contracted to 6.6% from 8.7%. PAT declined 30.6% YoY to ₹33.3 crore. company also reported order inflows of ₹6,229 crore during the quarter, taking the closing order book to ₹21,388 crore as of September 30, 2026. Of this, ₹3,421 crore is executable in FY27 and ₹17,967 crore in subsequent years.

Investment Rationale:

- **Rail & Metro to drive growth, supported by strong order pipeline:** – BEML is transitioning towards a Rail & Metro-led growth profile, with the segment contributing around 75% of H1FY27 order inflows and over 40% of revenue. The opportunity is supported by a strong pipeline across metro rolling stock, commuter rail and other railway programmes. The company is currently participating in metro rolling-stock tenders worth ~₹6,000 crore, with another ₹3,000–4,000 crore of commuter-rail opportunities expected. BEML reported H1FY27 order inflows of ~₹7,500 crore and an order book of ₹21,388 crore as of September 2026, providing multi-year revenue visibility, with ₹17,967 crore executable beyond FY27. Management is targeting FY27 order inflows of ₹20,000 crore, with Rail & Metro expected to contribute around 50%. Gradual stabilisation of the domestic supply chain and improving execution are expected to support the next leg of growth.
- **Exports and mining recovery to support profitability, while defence provides additional growth optionality:** BEML is witnessing improving traction in exports, with an export order book of around US$120 million and an additional US$25 million of orders where it is L1. Management is targeting an export order book of US$200 million by FY27-end, with exports expected to contribute 6–7% of FY27 revenue. Export execution is particularly important given its higher profitability contribution. In parallel, mining execution is expected to recover in H2FY27 after a subdued first half, while defence execution is also expected to improve. Management is targeting around 30% of FY27 order inflows from defence, supported by a healthy opportunity pipeline.

Rating and Target Price: We expect Revenue and PAT to grow at ~26% and ~102% CAGR over FY26-FY28E.We recommend **BUY** on **BEML** with a target price of **₹2765 per share (based on 40x FY28E EPS).**

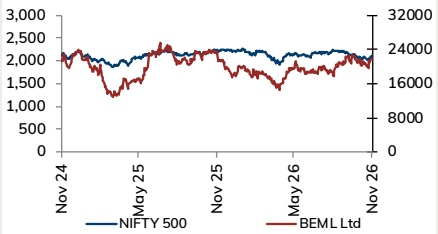
Particulars

	Rs. (in crore)
Market Capitalisation	16866
Gross Debt (FY26)	309
Cash (FY26)	37
EV (₹crore)	17138
52-week H/L	2205/1355
Equity capital	42
Face value	5

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	54.0	54.0	54.0	54.0
FII	5.5	5.6	5.5	5.3
DII	18.4	18.7	19.4	19.2
Others	22.1	21.7	21.1	21.5

Price Chart



Key risks

(i) Timely order conversion;

(ii) Working capital and cash-flow volatility.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	4054	4022	4351	3.6	5523	6930	26.2
EBITDA	442	506	299	-17.8	657	942	77.5
EBITDA margin (%)	10.9	12.6	6.9		11.9	13.6	
Net Profit	281.8	292.5	141.4	-29.2	386.7	575.5	101.8
EPS (Rs)	33.8	35.1	17.0		46.4	69.1	
P/E (x)	58.8	56.7	117.2		42.9	28.8	
P/B (x)	3.1	2.9	2.8		2.6	2.2	
RoCE (%)	13.8	13.9	6.6		15.4	19.9	
RoE (%)	10.6	10.1	4.8		11.9	15.4	

Source: Company, ICICI Direct Research.

BEML – Q2FY27 Earnings & Management commentary highlights

- **Management commentary highlights:**
  - Management indicated that the strong revenue growth momentum witnessed in H1FY27 is expected to continue through Q3 and Q4, with full-year revenue growth now expected to exceed 35%, compared with the earlier guidance of 30%.
  - BEML received order inflows of approximately ₹7,500 crore in H1FY27, while the closing order book stood at around ₹21,388 crore as of September 30, 2026.
  - The H1 order inflows were primarily driven by rail and metro, contributing around 75%, followed by defence at 13%, while mining and exports accounted for the remaining 12%.
  - The company is participating in metro rolling-stock tenders worth approximately ₹6,000 crore, with another ₹3,000–4,000 crore of opportunities expected from commuter rail. Defence opportunities are also expected to support order inflows in H2.
  - Management highlighted strong export traction, with the current export order book availability at approximately US$120 million. BEML is L1 for additional export orders worth around US$25 million and is targeting an export order book of US$200 million by the end of FY27. Exports are expected to contribute around 6–7% of FY27 revenue. Management expects export execution to pick up in H2, supporting both revenue growth and profitability
  - Management expects to maintain the current growth momentum in the second half, with rail and metro, mining, defence and exports driving execution.
  - EBITDA margin remained subdued at around 4.4% in H1FY27, primarily due to higher material costs, product mix and the timing of execution of long-lead items. Management expects profitability to improve in Q3 and Q4 as the company executes higher-margin orders. Mining equipment, exports and commuter rail are expected to be the key margin drivers.
  - Supply-side issues have progressively improved, enabling the company to achieve strong revenue growth in H1FY27
  - **Guidance:** Management is targeting total order inflows of approximately ₹20,000 crore in FY27, implying an additional opportunity of around ₹12,000 crore during H2. The expected FY27 order inflow mix is around 50% from rail and metro, 30% from defence and the balance 20% from mining and exports.
  - Management reiterated its guidance of achieving double-digit EBITDA margin for FY27, despite the weak H1 performance. This would require a significant improvement in H2 margins, which management expects to be driven by a favourable product mix and higher execution.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**4,022**	**4,351**	**5,523**	**6,930**
% Growth	(0.8)	8.2	27.0	25.5
Other income	24	29	29	29
Total Revenue	4,046	4,380	5,552	6,959
% Growth	(1.2)	8.3	26.8	25.3
Raw Material Costs	2,015	2,279	2,900	3,673
Employee Expenses	826	835	1,027	1,206
Other expenses	676	938	939	1,109
Total Operating Exp.	3,517	4,052	4,866	5,987
EBITDA	**506**	**299**	**657**	**942**
% Growth	14.3	(40.9)	119.8	43.4
Interest	54	45	56	59
PBDT	475	283	631	913
Depreciation	71	83	112	141
PBT before Expl. Items	**404**	**200**	**519**	**773**
Total Tax	111	58	132	197
PAT before MI	293	141	387	576
PAT	**293**	**141**	**387**	**576**
% Growth	3.8	(51.7)	173.5	48.9
EPS	**35**	**17**	**46**	**69**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	293	141	387	576
Depreciation	71	83	112	141
Interest	54	45	56	59
Cash Flow before WC changes	1,475	1,273	1,373	1,944
Net Increase in Current Assets	(419)	(518)	(109)	(585)
Net Inc in Current Liability	188	184	47	293
Net CF from Operating activities	**183**	**118**	**493**	**483**
(Purchase)/Sale of Fixed Assets	(183)	(290)	(350)	(300)
Other investing cash flows	(22)	(64)	-	-
Net CF from Investing activities	**(205)**	**(354)**	**(350)**	**(300)**
Issue of Equity	-	-	-	-
Inc/(Dec) in loans	-	74	-	-
Others	(139)	165	(139)	(142)
Net CF from Financing Activities	**(139)**	**238**	**(139)**	**(142)**
Net Cash flow	(162)	2	4	41
Opening Cash/Cash Equivalent	8	4	7	2
Cash used to repay bank overdraft	(158)	(0)	8	10
Closing Cash/ Cash Equivalent	**4**	**7**	**2**	**33**
Bank Overdraft at the end of year	(218)	(218)	(210)	(200)

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	42	42	42	42
Reserve and Surplus	2,845	2,891	3,195	3,687
Total Shareholders funds	**2,887**	**2,933**	**3,236**	**3,730**
Total Debt	**229**	**309**	**309**	**309**
Total Liabilities	**3,116**	**3,242**	**3,545**	**4,038**
Gross Block	1,104	1,312	1,662	1,962
Acc: Depreciation	523	607	719	859
Net Block	581	705	943	1,102
Capital WIP	107	276	276	276
Total Fixed Assets	**688**	**981**	**1,219**	**1,378**
Non Current Assets	239	258	258	258
Inventory	2,379	2,338	2,527	2,848
Debtors	1,696	2,274	2,194	2,658
Other Current Assets	866	1,121	1,121	921
Cash	5	37	32	64
Total Current Assets	**4,947**	**5,771**	**5,875**	**6,491**
Current Liabilities	2,488	3,487	3,525	3,808
Provisions	269	282	282	282
Total Current Liabilities	**2,757**	**3,769**	**3,807**	**4,090**
Net Current Assets	2,190	2,002	2,068	2,401
Total Assets	**3,116**	**3,242**	**3,545**	**4,038**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (₹)				
EPS	35.1	17.0	46.4	69.1
DPS	21.2	5.4	10.0	10.0
BV	693.2	704.3	777.1	895.3
Operating Ratios (%)				
EBITDA Margin	12.6	6.9	11.9	13.6
PAT Margin	7.3	3.2	7.0	8.3
Asset Turnover (x)	1.3	1.3	1.6	1.7
Return Ratios (%)				
RoE	10.1	4.8	11.9	15.4
RoCE	13.9	6.6	15.4	19.9
Valuation Ratios (x)				
EV / EBITDA	33.2	56.3	25.6	17.8
P/E	56.7	117.2	42.9	28.8
EV / Net Sales	4.2	3.9	3.1	2.4
Sales / Equity	1.4	1.5	1.7	1.9
Market Cap / Sales	4.1	3.8	3.0	2.4
Price to Book Value	2.9	2.8	2.6	2.2
WC Management Ratios				
Inventory Days	210.3	197.9	167.0	150.0
Debtor Days	142.2	166.5	145.0	140.0
Creditor Days	133.1	138.9	120.0	110.0
Solvency Ratios				
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	1.8	1.5	1.5	1.6
Quick Ratio	0.9	0.9	0.9	0.9

Source: Company, ICICI Direct Research

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Buy: >15%

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Reduce: -15% to -5%;

Sell: <-15%

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