Beml Limited

July 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,500.00	CARE AA-; Stable	Reaffirmed
Long-term / Short-term bank facilities	4,000.00	CARE AA-; Stable / CARE A1+	Reaffirmed
Commercial paper (Carved out) *	400.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the long-term rating assigned to bank facilities of Beml Limited (Beml) reflects the company's improving operational and financial profile over the years. This is evidenced by a significant expansion in profit before interest, lease, depreciation, and tax (PBILDT) margin — from 4.13% in FY21 to 10.60% in FY25 — indicating sustained operating efficiency gains. Although the PBILDT margin saw only marginal improvement and revenue slightly moderated in FY25, overall trajectory remains positive. The company continues to benefit from a healthy credit risk profile, a balanced capital structure, and a strong, diversified order book, which together support its standing. Ratings also factor in favourable business prospects, with growth anticipated across key segments. Ratings also derive strength from the company's experienced management team, its long-standing track record of operations, and a well-established manufacturing base that enables a wide product offering. The company benefits from a reputed client base and maintains a strategic focus on indigenisation through in-house research and development.

However, ratings are constrained by elongated operating cycle and susceptibility of margins to input price volatility. Ongoing divestment process of Government of India's (GOI) stake in the company introduces an element of uncertainty; its progress and outcome will remain a key monitorable in the near term. Timely execution of the order book will also be a critical rating monitorable going forward.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Increasing scale of operations by 10%-15% y-o-y while maintaining a PBILDT margin of minimum 13% on a sustained basis.
- Improvement in Net debt to PBILDT below 1.5x.
- Improving inventory below 190 days and receivable below 90 days.

Negative factors:

- Decreasing total operating income (TOI) below ₹3800 crore and PBILDT margin below 5%.
- Debt-funded capex or extensive working capital utilisation such that total debt to PBILDT going above 2.75x on a sustained basis.

Analytical approach: Consolidated. CARE Ratings Limited (CareEdge Ratings) has taken consolidated approach for arriving at Beml's ratings, given the linkages with its subsidiaries and common management. Subsidiaries consolidated have been listed under Annexure 6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectation that favourable industry outlook and experienced management will continue to benefit Beml in the medium term.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Established and long track record of operations

Established in May 1964, Beml is an established player with wide range of products in segments such as mining & construction (M&C), defence & aerospace (D&A) and rail & metro (R&M). The company has track record of six decades and has been supplying products and services to reputed clients including Coal India Limited, Ministry of Defence, and metro rail corporations among others. Its products are also exported to over 72 countries. Over 75% of Beml's business are on competition mode. In FY25, the M&C segment contributed ~54% revenue (PY: 42%), followed by D&A at 27% (PY: 19%) and balance by R&M at 19% (PY:39%).

Experienced management team and majority stake owned by GOI

Beml's leadership team comprises well-qualified and experienced personnel. Shantanu Roy assumed charge as Chairman and Managing Director, Beml, on August 01, 2023. Earlier, Shantanu Roy was Director (M&C business). He is an electrical engineering graduate from NIT Raipur and holds an MBA in financial management. He has over 30 years of extensive experience in the capital goods sectors for defence, M&C, transportation, transmission, renewable and large power projects. He is supported by well-experienced directors for over three decades. Beml has one Government nominee director and three independent directors. As on June 30, 2025, the President of India (through the Ministry of Defence) holds 54.03% of the company's total equity share capital. However, GOI has 'in-principle' decided to disinvest 26% equity share capital of Beml through strategic disinvestment with transfer of management control. The progress and impact of this would be a key monitorable in the future.

Reputed client base with a focus on indigenisation through in-house R&D

Beml's client base consists of major government organisations and public sector undertakings (PSUs) including Coal India Limited, Ministry of Defence, metro rail corporation among others. Beml has repeat orders, specifically in R&M segment, owing to its track record in providing products and services to metro rail corporations. Beml has been manufacturing products through technology transfer and have systematically indigenised products over the years. The company had spent ₹100.68 crore on R&D in FY25, which is ~2.56% of its turnover.

Comfortable order book position

Beml's order book as on April 01, 2025, stood at ₹14,610 crore against ₹11,872 crore in the previous year, improved by over 23%. The order book is spread across three major business verticals with R&M comprising the highest share of 63% (₹9,200 crore) followed by D&A 28% (₹4,155 crore) and the balance 9% (₹1,254 crore) by M&C. This translates to almost three years of orders to be executed considering turnover of FY25. While orders from R&M and D&A are to be serviced by FY27, as they have longer execution time period, for M&C, execution time is ~2-3 months. CareEdge Ratings expects that the company's order book position will remain robust with orders coming from all three segments despite growth in the R&M segment is anticipated to be higher.

Strong marketing and after sales service network

Beml's products are sold and serviced through its marketing network spread all over the country and are exported to over 72 countries. Beml's nationwide network of sales offices enables buyers with ready access to its wide range of products. Beml offers product support through 12 regional offices and 16 district offices across the country. The company also establishes temporary activity centres at customer locations to support and service equipment. Beml offers support plans, annual maintenance contracts (AMC), annual service contracts (ASC), full maintenance contract, maintenance and repair contracts (MARC), guaranteed availability and spare consumption, and contract and cost cap contracts among others, contract management cell at KGF, primarily focuses monitoring and ensuring instant round-the-clock support for equipment deployed at customer's project sites under different contracts.

Stable margins despite slight moderation in revenue; growth expected on strong order book

The company's TOI declined marginally by 2.5% in FY25, to ₹3,923.49 crore from ₹4,024.34 crore in FY24. Despite slight moderation in revenue, the company reported a slight improvement in its PBILDT margin, which increased from 10.47% in FY24 to 10.60% in FY25. Improvement is attributable to slight reduction in manufacturing expenses driven by improved efficiency.

The decline in turnover in FY25 was primarily due to execution delays in large rail and metro contracts to the tune of ~₹800 crore, which are beyond the company's control. Firstly, order execution for the Mumbai Metro Rail project has been delayed due to the unavailability of storage space, as the Mandale Metro depot is not yet ready. Secondly, redesign and redevelopment of a new engine type by an external partner has caused delays in executing the Vande Bharat sleeper coach order. Looking ahead, CareEdge Ratings expects that with a healthy and diversified order book, the company's revenue is expected to grow by over 20% in the near term, backed by improved execution and sustained demand across key business segments.

Formation of strategic business units (SBU's) expected to propel growth going forward
For the future growth, company has taken a strategic move to divide its entire business in 12 SBUs and two micro SBUs. The M&C vertical has been divided into four SBUs namely mining, construction, sustenance and Hydraulics & Powerline, the D&A vertical has been divided in to armoured, aerospace, HMV and engines and R&M has been divided into commuter rail and metro rail. This apart for international business one separate SBU has been carved out. This move will help decentralise operations and bring more focus to each business segment.

Comfortable capital structure
The company's capital structure remains comfortable marked by overall gearing of 0.36x as on March 31, 2025 (PY:0.36x). The company does not have terms loans or non-convertible debentures (NCDs) outstanding and debt represented is due to working capital borrowings and advance received from customers against bank guarantee (BG). Other debt coverage indicators such as total debt to PBILDT and total debt to gross cash accruals (TD/GCA) remained at 2.50x and 2.77x respectively in FY25. Interest coverage ratio also improved to 6.61 x in FY25 from 5.97x in FY23.

Key weaknesses

Elongated working capital cycle
Beml's working capital cycle remains significantly elongated, standing at 356 days in FY25. This is driven by high receivable days of 146, inventory holding of 264 days, and relatively lower payable days of 54. The prolonged inventory cycle is inherent to the company's business model, given its diverse client base with varied specifications. To cater to these, Beml maintains inventory across all stages — raw materials, work-in-progress, and finished goods. The cycle is further extended by time consumed at the customer's end for inspection, quality checks, and testing of initial product deliveries. CareEdge Ratings expects that working capital cycle though will remain elongated will gradually improve with faster collections of receivables and optimisation of inventory levels, which will remain a key monitorable.

Susceptible to input price volatility
Raw material cost is the major cost component and accounted for ~53% of the total cost of sales in FY25 (PY: 53%). As such, fluctuations in price of raw material will have an impact on Beml's profitability margins. As the market is competitive with other private and international players, flexibility in terms of passing on price escalation of raw materials is limited. The company imports raw materials for its products and forex fluctuations also have an impact on profitability. Though impact of forex fluctuations is usually covered in contracts with customers, its enforceability remains a key issue.

Liquidity: Strong
The company's liquidity position remains strong marked by robust accruals against nil repayment obligations. The cash accrual for FY25 stood at ₹ 375.47 crore. With the gearing of 0.36x as on March 31, 2025 (PY: 0.36x), the company's capital structure is at a comfortable level.

The company's current ratio was at comfortable levels as on March 31, 2025, and stood at 1.92x (PY: 1.87x). The company does not have debt obligations for term debts. CareEdge Ratings expects the company to generate GCA of ~₹400-600 crore going forward in the medium term. The company plans to undertake capex to the tune of ~₹900 crore in the next two years, which will be funded through internal accruals. The company also has adequate liquidity cushion in the form of working capital fund-based bank borrowing limits to the extent of ₹1500 crore, whose utilisation levels have remained minimal at ~47% for 12 months ending May 2025.

Assumptions/Covenants: Nil

Environment, social, and governance (ESG) risks
The company has been actively implementing measures related to ESG. To mitigate environmental risks, 98% energy requirement was met through "Green Energy" projects 23MW Windmill Projects and 250KWp solar power, resulting in mitigation of 24512 tons of carbon in 2023-24 and in FY24–25, initiatives continued with expanded LED retrofitting, biogas plants, and rainwater harvesting; 5,500+ saplings were planted across complexes. In June 2025, the company opened collaboration for hydrogen fuel-cell mobility, marking another step towards zero-emission heavy equipment.

On the social front, the company has been continuing taking measures to uplift residents of under-developed villages around local areas of the company's manufacturing complexes at Bengaluru, Kolar Gold Fields, Mysuru in Karnataka and Palakkad in Kerala. Beml won the prestigious WCDM Disaster Risk Reduction Award 2025 for innovation in climate-change mitigation—covering energy-efficient manufacturing, electric heavy vehicles, rainwater harvesting, waste recycling, and afforestation. The company maintains full compliance with DPE corporate governance norms and retains its "Excellent" rating, as earlier.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non- Financial Sector
Rating Outlook and Rating watch
Manufacturing Companies
Financial ratios – Non Financial Sector
Short term instruments
Factoring linkages with Government

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

Beml was established in May 1964, as a public sector undertaking for manufacturing rail coaches and spare parts and mining equipment at its Bangalore complex. GOI owns 54.03% of total equity and balance is held by public, financial institutions, foreign institutional investors, banks, and employees. Beml Limited, a 'Schedule-A' company, serves core sectors including defence, rail, power, mining, and infrastructure. The company operates under three major business verticals: mining and construction, defence and aerospace, and rail and metro.

Particular	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	4024.34	3923.49
PBILDT	421.20	415.75
PAT	281.77	292.52
Overall gearing (times)	0.03	0.36
Interest coverage (times)	8.80	6.61

A: Audited ; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)*	Proposed	-	-	7-365 days	400.00	CARE A1+
Fund-based - LT-Working Capital Limits	-	-	-	-	1500.00	CARE AA-; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	4000.00	CARE AA-; Stable / CARE A1+

*No issuances of commercial Paper.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Working Capital Limits	LT	1500.00	CARE AA-; Stable	-	1)CARE AA-; Stable (06-Aug-24)	1)CARE A+; Stable (20-Feb-24)	1)CARE A+; Stable (21-Feb-23)
2	Commercial Paper-Commercial Paper (Carved out)	ST	400.00	CARE A1+	-	1)CARE A1+ (06-Aug-24)	1)CARE A1+ (20-Feb-24)	1)CARE A1+ (21-Feb-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	4000.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (06-Aug-24)	1)CARE A+; Stable / CARE A1+ (20-Feb-24)	1)CARE A+; Stable / CARE A1+ (21-Feb-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Carved out)	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Vignyan Industries Limited	Full	Subsidiary
2	MAMC Industries Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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