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National Stock Exchange of India Ltd. Listing Compliance Department Exchange Plaza, Bandra - Kurla Complex, Bandra (East), MUMBAI – 400 051 Symbol: BEML	The BSE Limited Listing Compliance Department P.J. Towers, 26 th Floor, Dalal Street, MUMBAI – 400 001 Scrip Code: 500048
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Dear Sir / Madam,

Sub: Transcript of Investor earnings Call- under Regulation 30 of SEBI (LODR) Regulations 2015 – Reg.

Ref: (i) Our letter CS/SEs/ 805 dated 04.06.2026

(ii) Our letter CS/SEs/ 810 dated 10.06.2026

(iii) Our letter CS/SE/811 dated 10.06.2026

Please find below the Transcript of Investor earnings Call hosted by M/s Elara Capital on Wednesday, the 10th June, 2026, at Mumbai. The same is also made available on the Company's website at below mentioned link.

<https://www.bemlindia.in/investors/>

Thanking you.

Yours faithfully

For BEML LIMITED

Urmi Chaudhury

Company Secretary & Compliance officer

ICSI Mem No.: 29400

Place: Bengaluru



ಪ್ರಧಾನ ಕಛೇರಿ Corporate Office:

'ಬಿಮೆಲ್ ಸೌಧ', ೨೩/೧, ೪ನೇ ಮುಖ್ಯರಸ್ತೆ, ಸಂಪಂಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ: +೯೧ ೮೦೨೨೯೬೩೧೪

ಫ್ಯಾಕ್ಸ್ ಸಂಖ್ಯೆ: +೯೧ ೮೦೨೨೯೬೩೧೪

BEML Soudha, 23/1, 4th. Main, S R Nagar, Bangalore – 560027, Tel. +91 80 22963142/211, Fax. +91 80 22963142

✉ cs@beml.co.in

✉ @cmdbeml

in BEML LTD.

CIN: L35202KA1964GOI001530, GST NO. 29AAACB8433D1ZU, www.bemlindia.in

BEML Group Meeting Transcript

Akhil:

Quick on the disclaimer, although the presentation describing the company forward looking performance, actual may vary materially depending on the market environment, economic conditions and government Regulations. So before I go to the number presentation, let me share a flagship achievement of the BEML which made a headline for BEML and country per se. On the innovation proud, moment for all of us first vande Bharat Sleeper train was flagged off by our honorable Prime Minister and was put into the commercial usage. Down below, we have a rope shovel, 21 cubic meter electric , which is put into the use. We have a dump truck, 35 ton, again electric version, put into the usage. On the connectivity, the high-speed rail facility, the new facility established in Bangalore complex inaugurated by Honorable Union Minister of Railways and production is under progress. On the capacity expansion, we have a new facility of our rolling stock at Bhopal inaugurated by Honorable Union Minister of Defence.

Quick on the BEML. It's a schedule A company established in 1964 under the Administrative Ministry of Defense with a 54.03% holding. Three Major Business verticals and revenue contribution for FY 2026 for D&A 35%, M&C 41% and R&M – 24%.

Skipping process change SBU formation then PAN India presents and Journey of BEML.

Most Exciting in , in FY 2025-26, these are the products, were developed put into the usage. So, we talked about Vande Bharat sleeper train, HMV 12x12, LAMV, 21 cubic rope shovel, 550 HP motor grader, and 35 ton electric dumper.

Shantanu:

Here the 12x12, just go back, the 12x12 is mainly used for strategic forces command and for all major missile systems, radar systems. We were importing the CKD and doing only the assembly.

In 2025, we rolled out our first indigenously manufactured 12x12, which has now undergone extensive testing at our works at VRDE, at DRDO, and finally cleared for bulk production. So all the future 12x12, which will be used for LRSAM, which will be used for Pinaka, any project, Brahmos it will be given indigenously. The LAMV is a light armored multipurpose vehicle which is a 100 % indigenously designed, developed product. We did a lot of blast simulation testing for the belly protection. It has standard level two protection. And we have built the vehicle and it is now undergoing trials since 31st of March. It will undergo extensive trials for a year and then EMI AMC next year around August, September. Once the price is open, then it will be decided. Whichever party, whichever company is the L1, they will get this order.

The 21 cubic meter rope shovel, this was done in a period of three years from scratch, design development and the manufacturing started, the supply started in March 2024. This is a 750 ton

machine which was sent to site in 24 consignments. It got assembled at site, commissioned at site and April 29, it was thrown open for production. And since then, it has April 29, 2025. So it is working seamlessly for more than one year now.

The 550 HP motor grader was supplied to South East Coalfields Limited, again entirely indigenously developed, designed product, which was earlier being imported. 35-ton electric dump truck is our effort at sustainability, providing green solution. And this is the first step towards the EV conversion to EV for all our dump trucks.

So this is the first one, next in line is the 60 ton and 100 ton which we intend to do this year and 190 ton maybe after a couple of years. This 190 ton product has a very good market potential in overseas market like big Mining countries etc.

Akhil:

So under new product development, high speed rail, so I have talked about from the BEML side. LRSAM long range surface to air missile on the platform of HMV 12 x 12, 8 x 8 and 6 x 6. Sir just now talked about 60 ton and 100 ton electric version of dump truck and 8T of tyre handler.

Quick on the fleet size at present in the field. This gives you a little bandwidth on our spares and service businesses, which has a potentially high margin, high growth, and which actually trigger a hub and spoke warehouse model which we are rolling it out in Bilaspur.

On the global reach, we have a population of 1400 plus equipment to 73 countries. If you look at the fleet size, Africa is the largest market, Middle East followed by. Then SAARC being a preferred partner. CIS we have entered and progressing quite well.

We talked about the major achievement, the highest ever order book. We are closing with 15,900 crores, including highest ever export order of \$107 million. Product we have already talked. The below last below two lines may be interest for all of you. BEML rolls out the prototype of New driverless metro trainset for BMRCL's phase2 network.

One of the big milestones in the BEML export, have got the metro rolling stock from the overseas market. On the external awards and accolades that recognizes our leadership, leadership in engineering, leadership in innovation, and the leadership in process improvement and the leadership in governance and the brand. So last year we have a accolades in almost all the vertical well appreciated by the third party.

Quick on the shareholding, the government of India with the major stake holding of 54.3 %, MFs and resident individuals almost at par 17.5%

The shareholder returns, although the market cap as on 31-3-26 it was 11,400 crores but today it is around 14,700 crores. So like BEML efforts are always to be consistent giving the return back to

the shareholder. So Company is continuously paying the dividend and of course the addition in the value. Last year on major activity we had in like we have split the equity shares this year of Rs 10 face value into 2 equity shares of Rs 5 face value which has given a good leverage to the small buyer.

On the financials highlights, so revenue is up, improved net worth, improved capital employed., the management is continuing watchful on the performance and trying to leverage the growth and margin expansion. So the year 25-26 if you look at, it's one side there is a growth in the revenue and there is a dip on the margin. Mainly because of the onetime adjustment, the legacy adjustment we have corrected in the balance sheet. But the underlying operation, the matrix shows the positive growth. So, networth high, the revenue from operation is all time high, the capital employed is high, working capital is stable. The capex is all-time high, the R &D expenditure is all-time high.

In year 2025-26 we had mixed reaction on financials a clear split between strong revenue growth and margin pressure due to onetime legacy correction. Just a breakup of the business group by revenue. So M&C, Defense and Rail and Metro. If you see the defense vertical, there is a growth of 1000 crores to 1500 crores. Which shows that there is quite a good opportunity in the defense segment. And of course, the rails and metro with the kind of order we are having, this year big revenue jump in the Rail and Metro and the mining construction being a core for BEML so consistent on the performance side.

The quarter-on-quarter revenue, FY26, we see the quarter fourth is the major jump. After five years we touched around 1800 crores.

Quick on the VOP which is aligned with the sales growth of almost 9 % with respect to previous year. On the profitability, the PBT is around 200 crores which is 51 % down. The PAT is around 148 crores, 50 % down. Of course, the impact of one-time the legacy correction in the balance sheet. EBITDA margin of 328 crores, which is down with 38 % with respect to the previous year.

As I referred, capex and R &D expenditure is all time high which will give a major advantage in coming years to the BEML.

We have closed with the 15,900 crores orderbook. This is the all-time high.

The major excitement for the companies that we had got USD 107 million export order bookings. On the left hand side top you see the break up of the order book which has one of the major order book from West Asia on the mining equipment side and 60-million-dollar order from the rolling stock from the Africa region. CIS continues to be growing with the 10-million-dollar order book in hand.

Even the future pipeline is exciting, West Asia program will be a repeated on almost the same number. And the growth what we see in the export, the rail metro product side, we have MOU in place with SMH rail, which we see probably a good business opportunity from the Malaysia. Tel Aviv Metro, we are going with DMRC, very good opportunity size, around \$250 million. Then Dublin Metrolink with size of around 90 million dollars of Business opportunities.

Collection and the employee cost. Collection in FY26 there is a reduction as compared to previous year. Previous year we had an advance which was a kind of a major gap. And also in Current year is the last quarter's sales and the delay in the collection from the MOD which we have collected in the month of April-May. So April-May collection is the actually compensating of what we have shortfall for in previous year. The employee cost is showing little high as compared to previous year. But actually, wage cost has come down impact of Gratuity has one time provision led to increase.

Quick on the working capital, debtors and inventory. Debtors, as I mentioned, the quarter 4 sales, blocked the money. And inventory, there is a reduction in the inventory and there is a continuous efforts of the management on the inventory. So, there is a check on the inventory.

That's all.

Shantanu:

The floor is open for discussion.

Analyst:

So, just to understand what went wrong in Q4. Because we were of the understanding that the Q4 close with an Order Book would be Rs20000 crores? On the margin front, do you foresee any further one-time adjustments that may come in our books in the futures? This year how would you think? The execution mostly is the critical. With respect to capacity, we have a good order book now we are also having export order for rolling stock, which is also picking up, so how we are planning to execute? Because our Bhopal facility is coming next year. So how are we planning on that?

Shantanu: First let me talk about the order book. We ended the year with the order book of 15,896 crores. There was a good executable order spillover to April because of the certain reasons. One was an export order, the other from MOD. In fact, one of the order which we have got was signed on 27th of March.. Then there were some projects in the heavy earth moving

machinery. There the ordering got delayed. Although we became L1 in some projects in the month of February and March. Those orders are still to be finalized.. So, these were the two major reasons.

Third we were expecting, you're expecting more than 20 in fact. The high speed train orders, 16 more. which was definitely tendered out in March, end of February, March. Already everything is completed. So now final formalities are going on. So these were the three major reasons. If I would say that, yes, we expected to reach 20,000, but we fell short by almost 4,000 crores. That is number one.

Number two, as far as the top line is concerned. So top line, If you look at the performance vertical wise, mining vertical which is the heavy moving machinery as I mentioned, generally what happens is the order comes in third quarter, fourth quarter. So last year was extremely difficult, extremely difficult because of the unusually long and shifted monsoons because of which Coal India ordering did not happen, the revenue also not converted and that had a cascading impact on the overall working capital. Working capital was more impacted because of the record sales in the last quarter. Because of the skewed sales in the last quarter, there is always a pressure on the working capital, the debtor goes up. Even though inventory has gone down, but the debtor has gone up . So these were the three reasons. Now as far as the bottom line is concerned, There was a direct impact of around Rs. 250 crores on account of the one time correction in two projects plus there was a one time impact of provision which had to be created for the gratuity because of the new labor codes and all. So because of these one time challenges the desired result could not come.

Otherwise, we would have last year's number by quite a significant margin. Nevertheless, the silver lining is that the two projects where we have one time correction, one time cleaning of the books, they are in foreign currency. And just to highlight , one order we took in 2018, when the dollar was 60, the euro was 65, now the dollar is past 95, euros is more than 105 or so. So as per the accounting policy, when we start realizing the sales, then only we can take the benefit of the exchange rate variation. And this coupled with the PVC clause that one of the projects has, it will mitigate the total hit by at least to the extent of 30%. That is my views.

And in the meantime, if the dollar continues to rise, this gap, this mitigation will be further taken care of by at least 10 to 15%. So that is how it is. The current year, we started with the 5,500 crore order book executable order for the year. First time in the history of the company, we are at this situation.

Now, if you look at the performance, generally first quarter 10%, second quarter 20%, third quarter 30%, fourth quarter 40%, even 45% in some cases. This is mainly because of our over-

dependence on mining, the heavy earth moving machinery, because the ordering itself takes place in the third quarter and fourth quarter. So year after year, that is the cycle.

Order book on Rail, metro and defense, Rail metro currently accounts for around 65 percent of the order book. Defense currently accounts for 25 percent of the order book, 4 percent is from M&C and 6 percent is from exports. With this kind of order pipeline, where the major commuter rail projects, now Vande Bharat, once it was inaugurated for commercial service in January. And the proto was cleared, the design was cleared. And now there is a continuous supply of the balance Racks

Number two, the LHB, the LHB orders 600 coaches. Again, we have to take a design clearance for the first two trains. Now we have got the clearance for dispatching the trains and this month the dispatch will start. Third is the high speed train. High speed train as you all know, it's a very, very complex clean sheet design and we have commenced the production of the train starting with the underframe components and as I talked to you the sidewall is under manufacturing.

We expected that the first car body will be out by August, the car body shell and we are trying to get the first train at the beginning of the next year, next calendar year. So that it will then go to the Surat Depot and after that it will undergo extensive testing. Before going there itself, will undergo extensive testing at our works and then Depot testing at Surat and then testing on the main line. So that it will go for four, five, six months. All the tests are already identified.

One train we have to give in the current financial year. So when we calculated 5500 crores order book, all these orders were in place and all are executable. That in the heavy moving machinery, currently we have a sure shot order of around 350 crores that has come from the export order. The contract has a provision of repeat order of 100 percent plus the spares. The sustenance is not yet covered in that. There is a five percent mandatory spares which can increase up to 12 percent. That order is already there. Plus we have emerged L1 in three big opportunities which valued at around Rs. 600 crores.

. So as of now, we have a visibility of around 950 crores from the HMV at the beginning of the year. So that has never happened. I've never seen that. So this is over and above because it's 350 crores also export already came in April. So it is not accounted in current year 15,896 crore order book

Plus the 16 train of high speed it is yet to be finalized. So that will further add to our kitty. If you look at the orderbook pipeline, this year we have an opportunity size of, I mean, minus this high speed and other things, we have opportunity size of around 40,000 crore, which mainly consists of 70% from the rail and metro, 20% from the defense, 5% from mining, 5% from exports.

In the rail and metro there are six tenders currently which have been floated. Six different tenders totaling around 554 cars and we also have the MRVC tender, 2856 cars. The total opportunity size

is roughly around 35,000 to 40,000 crores and we also have several defence orders in the pipeline. For example, the Armoured Recovery Vehicle overall 230 numbers already DAC has cleared. Self-propelled mine burier we are the sole bidder and another 2-3 months we should have the order. The Sarvatra bridging system 47 bridges which should be roughly around 1500 crores.

The AoN is already there and you have to give a proto because there is a change in the material. Apart from that the MMME which will be completing the current order There is an order pipeline of 120 numbers roughly around 600. So several orders are in the pipeline plus of course the QRSAM. The QRSAM around 500-600 HMVs. We should be getting this here LRSAM. If you have seen, we have emerged L1 for the ground support system. So three types of HMVs we have and to be required. And once the proto is established, there is asure sort order of around 900 HMVs.

So that is the kind of pipeline we are looking at. Also, we have been, we are one of the three shortlisted bidders for the AMCA project. As you all know, we have partnered Bharat Forge and Data Patterns and we have to bid for it. Maybe another two, three months it will be decided what they'll want. And it's the ticket size is 15,000 crores, the five proto we have to build and give.

And the facility of ADA will be used and the testing facility is being created at Puttuparthi. So where the extensive testing will take place. So no CAPEX is involved there. It's only OPEX on our part. So that is a flavor of the entire thing. In the meantime, I would like to have a look at the export slide. So in the export slide, it was a very, very long aspiration that we should have at least one order the rolling stock which we have got. Now we are targeting two more rolling stock metro opportunities, one in Tel Aviv and the other is in Dublin. And we have a very potent combination with Delhi Metro. In fact, Delhi Metro has a fully owned subsidiary of International Business that is DMIL. So we have entered into an agreement with them. They will do the operation and maintenance and we do the rolling stock supply.

Apart from that, there are several MMME opportunities in the pipeline for us. So in totality, we will look at adding the numbers in the order book, the numbers at which we ended last year. We ended at 15,900 order book, so the same number we would like to add in the current year as well. and if you are able to execute maybe some 6000 crore then we end up the year at around 24000 crore. Why this is important is that for us to have a executable order pipeline year on year. Then only we will be able to open the year with executable orderbook of say 7000-8000 crore then we can aspire to at least achieve that much revenue from day one and we can do it equitably across all the quarters. That is the idea. So year on year if you are able to add 10,000, 12,000 cores in the order book, it will keep on adding. And as a thumb rule, whatever is the order book size, one third of it generally is executable So following that thumb rule, important thing is to book the orders also, execute also, develop the capability and the capacity. So we are doing in all front.

Analyst:

How are going to execute? Last time we discussed our current capacity for rolling coaches was around 250 so...

Shantanu:

So with Aditya being commissioned, I would say, if it is high speed train only, so we can do 6 to 8 coaches per month for high speed. If it is metro, we can do more. We can do probably 12 coaches per month. So it adds to our capacity by at least 100. 100 for metro if it is high speed it will be around 50 to 70 per year. Now coming to other facility that is the BRAHMA the investment that we have envisaged there once the plant is fully operational there the capacity will be further 300-350 coaches per annum, but that is going to take time. another two and a half years, three years it may take. And for example, the MRVC project, it will take another six months for it to be finalized. That is a very optimistic timeline I'm giving. After that, it has a time cycle of around Two and a half years to three years for the proto, and then the bulk production. So we will have ample time.

By that time the Bhopal facility will be in place. In the meantime, if we are able to get some more metro orders also. So first it will start to take care of metro for the western part of the country, northern part of the country. For example, two tenders project for DMRC, one tender for Mumbai. So we will shift to Bhopal because that is the time which will be required for the project to start. And we can keep on doing the LHB, if not the LHB, then uh the track machines at Bangalore. Any further Vande Bharat sleeper order, maybe two, three more trains can come. Amrit Bharat version four, MEMU. MEMU is something which is very much required in the country. So we'll try to get some Memo orders. So all these will keep the order of pipeline also healthy and also ensure that capacity is utilized. Plus the high speed train, if these two trains, two proto plus 16 more which is in the pipeline, plus the seven corridors which have been announced. So seven corridors, it will all be 350 KMph aluminum. So we have already started preparing for aluminum almost for a year we are preparing for it. And that will give us a potential. That is a huge potential for us. That is how, you know, we are quite a beat on the transportation business, the diversification to aerospace. In the heavy earth moving machinery, the major strategy is to go for more and more exports and to diversify into surface minor and new product development. For example, the EV trucks, they will open a big market for us in the exports, the dump trucks. And foreign to new products like the tunnel boring machine and the ship to shore cranes.

That is how the outlook is. That is how the study and the vision is.

Analyst:

Sir is the revenue mix will undergo change this year because the order mix has changed?

Shantanu:

revenue mix has already undergone a change last year. If you see, mining has come down to 40-41%. Defence and Rail and Metro have contributed around to 59%. So my guess is this year, defence and Rail and Metro should again be in that range, 57-58%. So I guess in M&C this year, is expected to do phenomenally well as compared to last year. But that is again cyclical. So if we look at the medium to long term perspective, rail metro and defense put together, would say rail metro should account for very shortly 40%, 45%. Once we start firing all cylinders. And rail metro and defense put together should do somewhere around 65 to 70%. It should contribute. Mining, obviously, it will provide us a baseline maybe 30-35%. Mining is, I mean, they're very distinct. All three are very distinct. Mining is a fast turnaround product and gives us quick cash. Whereas defense, it's a long gestation period. Time cycles are very long from the Design in the stage to finally clearance from the FOPM. It takes three to four years minimum. But that way faster is R&M. But there again there is a gestation period of the proto. Proto is usually takes two years to two and a half years. So there has to be continuous order book of rail and metro and defense to give us the numbers, the big numbers and for the baseline mining construction with focus on exports.

Analyst:

Sir, when will the mining orders start coming?

Shantanu:

No, no, mining this year fortunately we have already a visibility. Pipeline also is there, visibility is also there. . It should pick up from the second quarter itself rather than going to the last quarter. But that cannot be guaranteed every year. So we have to focus more and more on exports. So this year itself we have to book more orders for mining for next year. Or next to next year.

Analyst:

Sir what is the orderbook now

Shantanu:

Order book is 16700 crores currently.

Analyst:

Can you give some colour on the provisions? That we made in last 2 quarters? Are they going to recur in future?

Shantanu:

No, the three major points that I have explained that I have communicated, they are one time. Apart from that, you know, there may be some provisions being created for regular accruals on account of the gratuity. regular provision will always be there. will not be one time. It will be recurring. Not which comes to my mind, at this moment we will need to see but it should not have that big impact. We need to see the provision which has been created. Not in the current projects that we are doing for metro or for rail. Even the current defense projects are all going on time. We will work it out.

Analyst:

As company has projection of 5000 crore revenue in now maritime cranes and ship to building crane, so at what time it will contribute to your topline?

Shantanu:

As I mentioned, we are at a very nascent stage of the product development. It will be at least 5 years before a tunnel boring machine and STS crane, it starts giving revenue. Because that is the development period.

Analyst:

Once the capacity is ramped up, will it contribute 5,000 crores per annum.

Shantanu:

It should, because the tunnel boring machine requirement is huge. We are currently going only with a 6.5 meter. And later on, we will gradually move towards a 13 meter, 15 meter dia . There is a challenge in the country for machining of any tunnel boring machine beyond 12 meter. That is number one. The shift to shore crane, manufactures in the country. So once it stabilizes, the port operators, we are banking on the maritime vision as per the maritime vision of India, 12 mega ports and 200 minor ports. So every one of these ports will require a ship to shore crane. And average, what we looking at is around 80 to 100 ship to shore cranes. And plus for big ship building, Goliath cranes ranging from 400 tons to 1,200 tons also. Goliath Crane will come in the next phase but first phase will be ship to shore.

Analyst:

We understand that this year we had some because of couple of one-off we had margin impacted but going forward what kind of sustainable margins we can expect given that our mix is also being changed and how sensitive is your margin because of raw material prices?

Shantanu:

So I will take your second question first. So RM prices, we will feel the pinch maybe in some time because the effects of this conflict yet to sync in totally. That is definitely going to impact us. Only thing is that since the contracts that we are doing especially for metro and the commuter rail also, there is a price variation clause so it will be taken care to some extent. That is number one. Number two is If you look at the sustainable margins, in my opinion, anything around 16 % of EBITDA should be sustainable. We should be able to sustain. Because what happens is that we have a certain threshold number. Any sales revenue we do above that number, it results in exponential contribution to the bottom line.

Analyst:

What is that number sir?

Shantanu:

Break even now it's somewhere near Rs. 4000 crores. Based on considering all increase in price and other thing above that contribution will increase.

Anil Jerath:

So with this increase in turnover and contribution definitely it will have marked. So that's why what CMD said around 16 % EBITDA.

Analyst:

Despite of your saying margins will impact because of prominent prices. Can you give the break up in each of these segments?

Shantanu:

It is very difficult to give. Depends on the product mix. I'll give you a sense of that. Exports will be the best for us and we can only hope that the US dollar will grow further stronger. Number two is the sustenance. And don't ask me how much margin, okay? I cannot tell you. Then it is followed by the high-end heavy earth moving machinery and the commuter rail. So these three are the margin drivers.

Analyst:

Also can you please speak on the working capital as it has been impacted in last 2 quarters. What is the sustainable working capital that we can expect.

Shantanu:

We are looking at reduction in working capital by at least 20 % this year. That is what we are trying. And for that, inventory is one part. Second is the debtor and collection and followed by cash flow. And if we are able to deliver in every quarter, then definitely the cash flow will improve. Rather than skewing it up in the last two quarters.

Analyst:

How to start to bring.. (inaudible) because our revenue is skewed towards Q4 and same scenario may....

Shantanu:

So is what we are trying. With the order book, executable order book of a certain number at the beginning of the year, we stand a better chance to improve it. So maybe instead of only 15-20 percent in the first half, if you're able to ramp it up to 30-35 percent in the first half.

Analyst:

Out of this 15000cr orderbook, you mentioned that 65% is from R&M. So last year we executed around 1000cr. So how are we looking at execution this year?

Shantanu:

So this year we are expecting an execution from Rail Metro of at least 2000 crores and as I said if you look at order inflow of around 15,000 crore in 26-27 Rail and Metro should be around 70 % of that so it should be roughly again 10,000 crore.

Analyst:

So you are saying that we will end up with around 18,000 crore stand up closing order book from Railway this year?

Shantanu:

Yes.

Analyst:

And the major orders would be from the metro itself or railways, would you approach it?

Shantanu:

I would say both.

Analyst:

And for defense, I think we are not seeing that kind of momentum this year.

Shantanu:

No, defense we are definitely, as I mentioned, mean, some orders are sure shot, like the QRSAM, the self-propelled mine barrier. Then we have this ARV armoured artillery vehicle overhauling I, of them. These are short orders for us.

Analyst:

So roughly we are having roughly 3,000 crore of orderbook from the defence? And how much execution are we expecting in that segment?

Shantanu:

We are expecting somewhere between 1500-2000 crore execution.

Analyst:

In railway we are still sure that we will be making margins. Is there any clause to pass on any commodity price? Because these orders were taken two years back and we have these orders. And then we have seen the commodity inflation. So...

Shantanu:

Basically you see whatever orders we have currently, whether it's a LHB or whether it's a high speed, whether it's the Vande Bharat sleeper, ordering is already done. Those kinds of commodity pressure will not be there. The pressure will be on the future orders that we get either for Metro or for Rail. So there the pressure will be there. But at the same time, these days all Metro projects have the PVC clause. So it will mitigate to a certain extent. Earlier order you know Bangalore starting only with the Mumbai one which was a very old order that doesn't have a PVC every other project has a PVC.

Analyst:

So out of the 9-10 thousand crore metro backlog, how much will be Mumbai?

Shantanu:

Mumbai is 2000.

Analyst:

And the execution will also be done this year?

Shantanu:

No, it will start this year, provided Mandali Depot is ready.

Analyst:

And next year, orders, you mentioned, 10,000 to 12,000 crores from the railway, this will be largely from which side?

Shantanu:

Currently we have 6 tenders and the value is roughly around 8000 crores. The commuter rail tenders that are expected this year should be somewhere around 35-40 thousand crore. 60-40 if it is given so our share will be accordingly divided since the propulsion supplier is the lead bidder so if we consider 10,000 crore, so 10,000 should have 70 % coming from commuter rail and 30 % from the metro.

Analyst:

In terms of exports, Africa, historically we have seen that country is exposed to payment delays, execution challenges, political challenges. How do you see that? Do you see any risk related to that?

Shantanu:

There is always a risk in international market, in international business. Whether it is Africa, whether it is Far East, whether it is CIS, Middle East, everywhere it's a risk. You see, before February of this year, who would have never thought that the GCC region will be exposed to so much risk? No one could have imagined, right? We had just executed a contract in Oman, and I was expecting a repeat order from Oman, but that is on hold now, right? So risk is always there more in the international business as compared to the domestic.

Analyst:

Who are the key clients in exports?

Shantanu:

Key clients for my export market are, you know, one metro corporation in Africa. I won't name them. Then there is the government in one country in the West Asia from where we have got the major order.

As far as CIS is concerned, there is a big industrial house, mining house in Goldmines who have already taken 10 bulldozers from us. They have been recently commissioned. Apart from that, there is another big corporation in the CIS region who have already purchased our bulldozers. For the goldmine, we expect that we'll have more orders. Then in the North Africa region, there is a government entity with whom they have been doing business for the last 30, 40 odd years. And we have supplied a lot of Mining equipment. There is already a tender. The total value of the tender is around 110 million euros, out of which the equipment that we are looking for is in the range of 20, 25 million euros. So in a nutshell, This is what we are looking at.

Analyst:

What extent is funded by multilateral agencies?

Shantanu:

None of these projects are funded. Only one project is funded by the multilateral agency. That is North Africa. North Africa project is funded by multilateral agency. Otherwise, every other project is being funded from their own resources.

Analyst:

Sustainable number for R &D spend is % of sales and also FY expenses.

Shantanu:

Sustainable number for R &D spend should be around 7%, we already reached 6.25 % of the revenue in last year. Even if the revenue goes up, we'll keep it at around 7%. We have already some 40 odd products lined up in coming year.

Employee expense, you know, has gone down as a percentage of revenue this year, slightly. But we have to, you know, the catch is to maintain the absolute number in the expenditure or maybe it can marginally go up but the top line has to go up substantially. Then the employee cost as a percentage of revenue should come down to around 17% which is again not an easy task. It's not an easy task considering that now the floor wages and other things which have come up so definitely it will be a challenge.

The new labor codes that has come into picture, that will have little bit changes in the payout for the outpost employees. That will be one of the concerns. But same thing, but we are mindful of hiring people, we are trying to minimize the number of laborers engaged and trying to prune down wherever it is not required. So these are the exercises on. We try to improve our top line. So the top line, it goes up automatically, it should come down to 17.

Analyst:

How much is the difference in exports and domestic in terms of EBITDA? In terms of revenue, what will be the mix of exports in the next 2 years in the revenue?

Shantanu:

To be honest, we have not done a specific analysis. But again, you know, it all depends. Suppose we plan for a EBITDA of around 20 % for exports, but if the dollar further goes up, it will go up to 25 % also. At the time of bidding, generally we have an EBITDA in higher double digits.

Analyst:

As compared to domestic markets, if the bidding at 15%, how will that difference be?

Shantanu:

You see, it all depends on the strategy, on the competition. It all depends on the competition. But in exports, we definitely ensure that adequate margins are there. I cannot give a number because it's a part of the strategy. So finally, what result comes out, that is important for us. Cost is reality pricing is strategy.

Analyst:

In these three segments, where do we see actual improvement in terms of working capital and receivables is coming down? what in these three segments, where are we actually seeing improvement?

Shantanu:

Receivables will come down drastically to start with in the M&C segment because generally IN is the last quarter is from the M&C s of now. So that is the first correction that will happen. Second is the rail, commuter rail and metro, Suppose we do a sale in the month of June, I dispatch a train for example. So generally the cycle is around two months, right? So if I am able to do majority of the work in the first three quarters, my chances of getting the cash by the end of the last quarter are much, much higher. Third in defense, sometimes things are beyond our control. Last time even though we had supplied and our bills were also submitted. Normally in defence we don't face this kind of problem. the last two months there is a huge monitoring on defence expenditure and everything is cleared. But this time because of certain reasons it could not happen. Maybe because we had done more than what we had projected earlier. That may have been one of the reasons. Sometimes it is not good to do more also. So we realized that so now the projection that we give is a bit on the higher side, better to give on the higher side so that then we improve upon our performance. Like we improved by almost 40 % in the last year. So

there are no challenges as far as the fund availability is concerned. But anyhow, whatever we could not get by end of March, we have already got in the first two months.

Analyst:

Is it fair to say that from the current order book of say Rs. 2000 crores, only 2000 crores of Mumbai Metro is a fixed cost order book. Rest of the entire order book can have the price variation clause?

Shantanu:

No, no. I didn't say. I only said that amongst the Metro orders currently, only Mumbai has a fixed cost. It's a fixed cost contract. The other two Metro projects have a PVC.

Analyst:

Out of the total orderbook, how much time is fixed order book? How much is PVC?

Shantanu: You see it is important when we got a project. If it's a product like mining, it's not important because the turnaround time is very fast. So, there cannot be any PVC in that. So every mining project is a fixed cost contract. And the sustenance part which is a 9 year or 12 year there again there is a escalation and every year basically what happens is Coal India and we sit together and we decide on the escalation in the spare parts prices right for the cost cap contracts for the mark contracts and also the escalation in built so only the sustenance is part there is a escalation but not in the product part.