

## This PSU stock has zoomed 111% thus far in 2021, up 31% in the last 6 days

**Brickwork Ratings said it will continue to monitor the strategic disinvestment process of BEML and take appropriate rating action as and when necessary**

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Shares of BEML hit a new high of Rs 2,041, on rallying 10 per cent on the BSE in Thursday's intra-day trade amid heavy volumes after Brickwork Ratings India assigned BWR AA ratings to the company's bank loan facilities with stable outlook.

In the past six trading days, the stock of state-owned commercial vehicles company has surged 31 per cent. Thus far in the calendar year 2021, the stock price of BEML has zoomed 111 per cent, as compared to 21.8 per cent rise in the S&P BSE Sensex.

At 01:46 pm; BEML was trading 9 per cent higher at Rs 2,013.75, against 0.79 per cent gain in the benchmark index. The trading volumes on the counter more-than-doubled with a combined 2.8 million equity shares changing hands on the NSE and BSE.

BEML is a strategically important Public Sector Undertaking (PSU) (GoI stake 54.03 per cent) serving the mining and construction, defence, and rail and metro segments; professional and experienced management; established track record and diversified revenue mix.

Brickwork Ratings (BWR) believes the strategic importance of the company's operations, government support, new business plans and strong order book position fuelled a revival in the company's business from the Covid-19 impact during FY21 and H1FY22.

The government of India (GoI) had given approval for strategic disinvestment in BEML during FY17 and proposes to disinvest 26 per cent equity out of its shareholding by way of strategic disinvestment to investor(s), along with the transfer of management control. As per public disclosures made by the company, an advertisement for the global invitation of Expression of Interest (Eoi) with regard to the strategic disinvestment of the company was published in newspapers.

In July 2021, the company incorporated a Wholly owned Subsidiary (WoS) in the name and style of BEML Land Assets Limited for the demerger of surplus land and assets as a part of the disinvestment process. The company filed the scheme of arrangement for the demerger with MCA for approval in October 2021. BWR will continue to monitor the strategic disinvestment process and take appropriate rating action as and when necessary, the rating agency said in rating action/outlook.

The rating outlook may be revised to Positive in the case of sustained significant growth in revenues with an improvement in the profitability and working capital management, thereby strengthening its credit risk profile. Replenishing the order book with higher margins and advance backed orders would also be a credit positive, it said.