



CIN :- L74120MH2011PLC216096



**BEW ENGINEERING LIMITED**

ORIGINAL EQUIPMENT MANUFACTURERS OF PHARMACEUTICAL & CHEMICAL PROCESS MACHINERY.

**Office & Factory Address :**  
FE-10, MIDC, Phase - II, Manpada Road,  
Dombivli (East) 421 204. Dist. Thane  
Maharashtra, India.  
Phone : 91-0251-2873335/36/38  
Website : [www.bewltd.com](http://www.bewltd.com)  
Email : [bifriends@bewltd.com](mailto:bifriends@bewltd.com) /  
[bifriends@bew.net.in](mailto:bifriends@bew.net.in) /  
[bifriendsengg@gmail.com](mailto:bifriendsengg@gmail.com)

Tuesday, May 21, 2024

To,  
**Listing Compliance Department,**  
**National Stock Exchange of India Limited,**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra East, Mumbai – 400051, Maharashtra, India.

Dear Sir/Madam,

NSE Symbol: BEWLTD  
ISIN: INE0HQI01014

**Subject: Transcript of Q4 FY 24 Earnings Conference Call held on May 17, 2024**

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**Ref: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed, the transcript of Q4 FY24 Earnings Conference Call held on May 17, 2024.

The above information will also be made available on the website of the Company at [www.bewltd.com](http://www.bewltd.com)

This is for your information and record.

Thanking you,

Yours truly,

**For BEW Engineering Limited**

**Bhavna Dwarkadas Kukreja**

**Company Secretary and Compliance Officer**

**BEW Engineering Limited**  
**Q4 FY24 Earnings Conference Call**  
**May 17, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the H2 and FY24 Conference Call of BEW Engineering Limited.

This conference call may contain forward looking statements, which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not the guarantees of future performance, and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Prakash Lade, Chairman from BEW Engineering. Thank you and over to you.

**Prakash Lade:** Thank you, ma’am. Very good morning to you all. Welcome to maiden Earnings Conference Call for BEW Engineering Limited for the Second Half and Full Year Concluded on March 31st, 2024. It's a pleasure to have you all here. We appreciate your presence here today. Joining us on this call with me Mr. Rohan Prakash Lade, Managing Director and Mr. Yogesh Darekar, Chief Financial Officer and our Investor Relations team from the Adfactors PR.

Prior to this call, we have uploaded the updated presentation I believe you have had the opportunity to go through it. Being our first concall, let me start by giving a brief introduction about the company. Our company was established in 2011 and has gained its foothold as the leading design manufacturers of process equipment for pharmaceuticals, Speciality Chemical and agro chemical. Today, BEW Engineering Limited manufactures special range of filtration, mixing drying equipment specially used in pharmaceuticals, sterile applications, intermediate compounds, fine chemicals, agro chemical, pesticides, insecticides, dyes and food industries. About the products especially BEW Engineering has total nine product categories, out of which six belongs to dryer category and rest are filters in its portfolio. With each of them having multiple uniquely designed features which are tailor made as per the requirement of our client. We are one of the industry leading manufacturers of this kind of equipment.

Before we delve deep into our financial performance, I would like to take a moment to reflect on the remarkable journey that has brought us to where we stand today. My association with

engineering industry dates back to 1974 when me and my esteemed colleague Mr. Khokrale, laid the foundation of our partnership firm by name Bi-friends Engineering Works. Subsequently in 2011, we graduated to create a BEW Engineering Limited. In 2018 I assumed full control of the company. Subsequently 2016 BEW was officially registered as authorized ASME U&R stamp manufacturers and this credential reforms our dedication to excellence and positions us as a trusted partner for the client worldwide seeking the assurance of ASME certified products. We successfully completed our IPO and listed the NSE SME emerged platform on 2nd September 2021 achieving a humble milestone in our journey. We export our tailor made equipment to Japan, Germany, Israel, Canada, Russia, Brazil, Indonesia and Malaysia, Thailand and Bangladesh. We committed to expand our presence in this emerging vibrant market.

Our recent achievement delivering and installing a state of art Continuous Fluid Bed Dryer machine to remove domestic client underscores of commitment to innovation and meeting client need. In addition to that we successfully deliver a Twist Lock Teeth Bayonet Agitated Nutsche Filter Dryer this we called as ANFD in short form. Machine to prestigious international client in pharmaceutical sector of Silent and Rotary Vacuum Paddle Dryer, RVPD we call it RVPD machine with a capacity of 20 KL to repeat a domestic client base in India. We are proud to announce that we are the largest manufacturer of this complex equipment in the country.

After a thorough audit SABIC, subsidiary of Aramco, approved our facility and an order has already been executed and dispatch the validations of the adherence of these SME code further solidifies our reputation for maintaining the highest standard of the quality and compliances. Additionally, we have secured the substantial order from the Aditya Birla Group in Thailand marking a significant step forward in our global expansion effort. This massive equipment is one of the largest of its kind having a diameter of, 4.5 meter diameter and having a process capacity of 25 kilo liters weighing of 40 tonnes of each. We close FY24 with an order of booking of around 70 crores to be executed over the period of six to maybe max seven months.

Talking about the outlook, the presentation of the process equipment is very low currently. Europe is very costly and never played any role in supplying to India. Government regulations have started for process equipment and surely we will see an uptick in this industry as well. Agrochemical and Speciality Chemical are the real growth drivers is here. We are putting in all the efforts to ride a path of high growth trajectory for the next three to five years and establish ourselves as a formidable design and manufacturers of process equipments on the global platform. At the same time, our working towards to improving our gross margin and EBITDA margin by increasing the portfolio of the product involving customized design and enhancing the niche product basket. Whatever, I have given maybe you people will understand well. And now I will just, so we will just break. I would like to handover to Mr. Yogesh Darekar for the financial performance of the company. Thank you sir.

**Yogesh Darekar:** Good morning to everyone. Coming to our half yearly financial performance. The revenue from operations for the half year was Rs.55.20 crores in H2 FY24 as against Rs.57.90 crores in half year financial year 23. EBITA excluding other income was at Rs.15.72 crores in H2 FY24 as against Rs.7.09 in H2 FY23. We saw an increase of 121.69% year-over-year basis. EBITDA margin was at 28.48% as against 12.24%, year-over-year increase of 1624 bps. Profit after tax stood at Rs.9.38 crores in H2 FY24 compared to Rs.3.67 crores in H2 FY23, year-on-year increase of 155.42%. PAT margin was at 17% as against 6.34%, year-on-year basis increase of 1066 bps. Earnings per share stood at Rs.32.22 in H2 FY24 compared to Rs.14.24 in H2 FY23, year-on-year basis increase of 126.26%.

Coming to our full year financial performance. Revenue from operations for the year ended was Rs.120.76 crores in FY24 as against Rs.105.61 crores in FY23, a year-over-year increase of 14.35%. EBITDA excluding other income was at Rs.23.91 crores in FY24 as against Rs.14.53 crores in FY23. Increase of 64.56% year-over-year basis. EBITDA margin was at 19.80% as against 13.76% year-over-year increase of 604 bps. Profit after tax was Rs.13.56 crores in FY24 compared to Rs.7.32 crores in FY23, year-over-year increase of 85.14%. PAT margin was 11.23% as against 6.94% year-over-year increase of 429 bps. Earnings per share stood at Rs.46.56 in F24 compared to Rs.28.38 in FY23. Now, I am happy to open the floor for any questions you may have. Thank you for your attention.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Ajay Kumar Surya from Niveshaay. Please go ahead.

**Ajay Kumar Surya:** Sir, my question is, can you provide me the reason for such a rapid, huge expansion of gross margin, what led to this rapid expansion of gross margin, what were the possible drivers for this?

**Management:** Can you just repeat the question?

**Ajay Kumar Surya:** My question is on the gross margins and in last H1 FY23 our gross margins were 20% but now it has moved up to 40%. So whatever the reason for this expansion of gross margin?

**Management:** I will tell you see, we have got certain jobs where more the technical involvement is there and design. And there we have to charge more for that and that is why you feel that margin has been increased.

**Ajay Kumar Surya:** So, sir going forward these margins are sustainable or whatever are the possible sustainable margins in our business?

**Management:** Yes, of course there is no doubt about it then.

**Ajay Kumar Surya:** So, sir going forward will we be able to achieve 40% kind of gross margin and convertibly?

**Management:** Yes, of course. Right now we are holding very good jobs, we are having more design involvement, we are getting very good price of that. And of course, this margin is going to get increase. This BEW is basically a design based company where the maximum kind of design has been taken care of for the client requirement. That is why we are getting the big, big orders where we are having good price, we can able to quote and people are ready to pay that much price to us.

**Ajay Kumar Surya:** Sir, next question is on, can you provide me with your current order book and how much time will it take to execute and how much we are.

**Management:** I will just ask Mr. Rohan to answer on this.

**Rohan Lade:** Yes.

**Management:** Just answer these questions.

**Rohan Lade:** Yes, can you repeat it.

**Ajay Kumar Surya:** Can you provide me the current order book, the timeline for its execution and how much order are we going to book in for this current year any expectation on that?

**Rohan Lade:** Current order book, whatever we have right now the 70 crores and that execution time is of around six to seven months for that particular 70 crores orders. And going ahead, we are expecting another at least minimum of 75 to 80 crores orders going to come up in the future for this current financial year.

**Ajay Kumar Surya:** Sir, so are we having any order pipeline currently?

**Rohan Lade:** Yes, there are many orders under pipeline right now and many other discussion stage and negotiation stages. So, definitely, we are looking to book more and more orders now.

**Ajay Kumar Surya:** These orders are from domestic market or from export market also?

**Rohan Lade:** I would say around 78% to 80% are from the domestic market and somewhere around 20% or 30% would be from the international market, export market.

**Ajay Kumar Surya:** Got it. And sir one last question, you mentioned that orders have been completed and new orders are dispatch orders. Sir, can you just provide me the order which we have on the hand and the order number type of equipment and going forward how you would, revenue are we expecting from Aramco itself?

**Rohan Lade:** Okay, the SABIC you are saying correct?

**Ajay Kumar Surya:** Yes.

**Rohan Lade:** So, you want to know the value of the order which we dispatched?

**Ajay Kumar Surya:** Yes, correct.

**Rohan Lade:** The value which we dispatch, basically it was for R&D plant in India. So, it was having a small value of 1 crore not big value though, but it was manufactured in exotic material. So, even though the value was a 1 crore, but the equipments were very, very small size, I would say it was a kilo lab equipments. So, that helps Aramco to start a few products over here, do the R&D on those products and then further of going ahead, they will be scaling up those products for which they have already taken a lot offers from us for the commercial models, which are very big in size. So, that we are expected to come up maybe in the second half of this year.

**Ajay Kumar Surya:** Any quantum on the size that we are executing 10 crores, 20 crores, 50 crore kind of number from Aramco SABIC?

**Rohan Lade:** See whatever right now we are, we are in discussion with them, that will be roughly valued around 4 to 5 crore. At least for what is in the requirement going on, but we are registered as a global vendor to them. So we are expecting that we will be getting a lot of requirements from their other regions also, from the other plants also worldwide.

**Moderator:** Thank you. We will take our next question from the line of Ayush Agarwal from Mittal Analytics. Please go ahead.

**Ayush Agarwal:** Sir my first question is that, in the last one year we have raised close to 100 crores. So, if you can help us understand that how we have already used and plan to use this 100 crores and how it will benefit the company that is my first question.

**Rohan Lade:** See, the first raise which we did was of around 21 crore. So, that has helped us majorly to help in our working capital and also to have a CAPEX of around 10 crore for that. So, that first 21 crore went over there. And the second round which has come up right now, of 55 crore that is the basically, will be helping us to clear off the creditors also. And it will help us in setting up the new manufacturing unit which we have taken up right now, and also in helping us in bringing down the cost of our purchases. So, all this whatever the funds are raised is going to help us in all these things.

**Ayush Agarwal:** Okay. And we did another round right, the third round?

**Rohan Lade:** Yes, in third round also 15 crore, sorry it was second round, third round was of 55 crore. Second round was of 15 crore but that has not completely come to us from that only 3.7 crore has come to us till now.

**Ayush Agarwal:** Okay. So, sir what I wanted to understand is that, given we wanted to manage our working capital better and we already expanded our manufacturing facility. So, I wanted to understand that how will our inventory stake, inventory be like going ahead because one major thing in our business is that, we have to store a lot of products because of our manufacturing downtime and we take longer lead times to manufacture one single equipment, which we wanted to bring down. So, given this fundraise and expansion that we have done, how can our inventory look like going ahead with growth?

**Rohan Lade:** Definitely, with whatever has come up right now, the inventory will go down right now, it is much on the higher side. And the reason you very well know, as you know only told the cycles are on the higher side and also last year whatever revenue we did last year, in that 50% revenue has just come from exotic metal equipments and for exotic metal equipment is something like those exotic metal is not manufactured anywhere in India. So, we have to import those metal and not just import we have to book that material at least prior five to six months. So, to book that, so it creates a huge inventory at our end, when you are working for those particular exotic metal equipments. So that's why the inventory you will find it on the higher side. But going ahead yes, it will come down because of the cycles because earlier our production cycles were up around eight to nine months. So the inventory was getting held up for too long. But now with the new facility coming in, and the kind of funding enter, and funding coming in the purchase is going to get streamlined, earlier purchase also was not getting streamlined because there was fund shortage was there. So, that is going to get streamlined now and also with the new facility coming the production cycles are going to come down to four to five months now. So, automatically the inventory ratios will come down slowly in this year.

**Ayush Agarwal:** Understood. And sir given the new facility like the adjoining land that we have taken and expanded there, what will be the top end potential now and with the funds raised also after the expansion and how many years do we plan to achieve that?

**Rohan Lade:** See what are the expansion as we have taken up right now, that manufacturing unit will take up, will be ready mostly at the second half of this year. So currently, because it is right now under construction no work is going on over there. So whatever revenue that will come from that unit that will be the next current financial year, that impact will show the next financial year only.

**Ayush Agarwal:** Okay. And until that time, I am guessing our manufacturing cycle will not come down as much as well?

**Rohan Lade:** No, that is going to keep up running as it right now. That won't come down.

**Ayush Agarwal:** Okay. And sir next question is, on the export opportunity and growth, what kind of opportunity do you see in export and what numbers do we plan to target in the next two three years from the export markets only?

**Rohan Lade:** Export, last year we did a pretty good exports this year also we are having a very good order from Aditya Birla Group, Thailand. So, they have already placed us a order value of around 12 crore this year. So, we will be in the first half of the financial year we will be delivering all these equipments and also we are currently in discussion with Aramco and also we executed one of the orders for Evonik in India, and we have some requirements going up for the Singapore plant as well right now. And another few discussions are going in some part of the Canada region also so, from there also we are expecting a business of at least around eight to 10 crores in next half of the financial year. So going idea and also Bangladesh is also we are expecting to maybe in the next half of financial year to start the expansion for the new plants as well.

**Ayush Agarwal:** Okay. Because we were very bullish on Bangladesh and any updates there that why are we not pushing sales over there right now?

**Rohan Lade:** No, we are pushing over there, but what are the expansions they are going to take up is more related with the government. So they need to have their approvals from the government and once they get those, then only those projects will go on the floor. So that is, and little bit of what I see is that Bangladesh is a little bit slow in the process, as I would whatever I compared with India. So it does because last year also when we executed the Bangladesh order for that order we had literally waiting almost around one to two years. So it took time for them to bring on the expansion, and then place the orders to the manufacturers. So, this time also maybe next half of the financial or maybe in the next complex financial year, I'm expecting it to happen.

**Ayush Agarwal:** Understood. Final question from my end then I will come back in the queue, is on the order book. So, you mentioned that 70 crores order book you will take six, seven months to execute. And sir this year we did around 120 crores. So, are we not looking at the 25%, 30% growth or if can tell us how are we thinking about growth for the next two years given that in the next six months we will do only about 70 crores?

**Rohan Lade:** Next six months, whatever right now order book is for six to seven months. But nevertheless, we are also expecting more and more orders because a lot of discussions are on the pipeline, a lot of negotiations are going on going on currently. So that will definitely help us to increase our order book. And we are expecting somewhere to reach nearby 150 by the end of this financial year.

**Moderator:** Thank you. We will take our next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

**Deepak Poddar:** Sir, just a clarification what you just mentioned 150 crores is the execution we are expecting in FY25 or is the order book, year-end order book status that you want by FY25?

**Rohan Lade:** We are expecting the execution near to that.



**Deepak Poddar:** So 150 crores of execution we are expecting and by year end what is the order book we are expecting to stand, the starting order book for FY26?

**Rohan Lade:** It should be somewhat around the 50 crore to start with.

**Deepak Poddar:** 50 crore order book because you mentioned currently we have about 70 crores order book an order inflows of about 75 to 80 crores so that is 150 crores of execution. So, then you need more order inflow to have that order book by year end right?

**Rohan Lade:** Yes this year end as I told you, we are almost so we are half stage there right now. And as I told there are many orders, many discussions are going on, many orders are in the negotiation. So, I am expecting more and more orders coming as the months go by. So that that why I am able to say that figure to your 150 crore, because I am seeing the market is there, the market is growing right now. And I can see those orders coming in, in the coming months.

**Deepak Poddar:** And what EBITDA margin we are looking at in this year FY25?

**Rohan Lade:** Whatever last year we did, we would be similarly to that percentage we will be looking to actually EBITDA margin.

**Management:** The EBITDA was the one which stood right now, so this we are having around.

**Deepak Poddar:** 19.8% for the entire year.

**Management:** Yes.

**Deepak Poddar:** So, with the 20% EBITDA margin we are looking at FY25?

**Rohan Lade:** Yes. So we will be looking at the same margin in this year as well.

**Deepak Poddar:** Okay. So, that means the second half EBITDA margin that we have seen at 28.5%. So we will see a decline and even we will see a decline would largely be led by gross margin?

**Rohan Lade:** Yes. Mainly, whatever you saw the 28% EBITDA in the second half last year was because of the funding which came in the later part of the year. So that helped us to book more and more orders. And to streamline our purchases also which was not there in the first half of the last year. So, that has helped us to increase our margins. That's why the EBITDA was much higher in the second half of the last year.

**Deepak Poddar:** But ideally, that funding will still be available for you in FY25 also?

**Rohan Lade:** Yes, it will be. But, I don't want to just hide the figure right now, we can end up to that figure also, what we have done, what you said 28% but, I would like to keep it to 20% as of now, we

might go 22% somewhere nearby, nearby 28% also. But just to stay on record, I will try to keep it 20%.

**Deepak Poddar:** So, 20% to 22% might be a, can work with right?

**Rohan Lade:** Yes.

**Deepak Poddar:** And just one last thing. In your opening statement, you mentioned that we expect a very high growth trajectory for the next three to five years. So, do we have any kind of CAGR growth that we are looking at or any vision of reaching a certain top line level in three to five years?

**Rohan Lade:** Sorry, I didn't hear your question, can you repeat?

**Deepak Poddar:** Yes, so, I was just trying to ask that you mentioned we expect a high growth trajectory for the next three to five years. So we have any kind of CAGR growth we might look at over next three to five years or any top line vision or aspirational revenue that you want to reach in three to five years?

**Rohan Lade:** See currently what was the, currently the issue was we were short on space, short on funds. So, we were not concentrating much on the other products also, we have a very good product range of our equipments what we are doing, if you compare us with other competitors also we have very good product margin. So, we were not concentrating on other products also on that much because of the space issue and the funds issue also. But now all this is coming in the space, coming in, we have started to concentrate on the other products also more-and-more and we have started to grab those orders for those other equipments also right now, and not only that, we have started approaching a lot of customers on a turnkey basis also, see given our core products are filters and dryers, but, still there are many other equipments which are there in the line, which are required with lot many customers. So, that process like also we are trying to get at our end also so that, that helps us to increase our revenue also by much, much higher. And also looking at the exports also, we are trying to expand our export market also, we are trying to penetrate right now the African region. So, we will be visiting one of the person is visiting from there end and then coming months at our plant. So, we are trying to because we are expecting a growth from that figure also coming in. So looking at export also it is going good and also we are into the development of some of our new products like the Continuous Dryer, or Continuous Filtering System. So that will also open up few more other equipments for us. So that is definitely going to help us to achieve going ahead three, four years will help us to achieve those targets. So, down the line if you say by maybe by FY27 we are looking to target at least around 300 crore.

**Deepak Poddar:** At least 300 crore. Okay, that's fine. And just one last thing, who would be your key players?

**Rohan Lade:** Sorry who?

**Deepak Poddar:** Who would be key competitors for us?

**Rohan Lade:** Key competitor is HLE Glasscoat and GMM Pfaudler.

**Deepak Poddar:** I missed it, your voice was not audible, and can you just repeat sir.

**Rohan Lade:** its HLE Glasscoat and GMM Pfaudler.

**Moderator:** Thank you. We will take our next question from the line of Keshav Harlalka from BHH Securities. Please go ahead.

**Keshav Harlalka:** Sir, our revenues are flat for the last three years for FY21-22 our revenue was to 99.41 crore for FY22-23 our revenue was 106.29 crores and for FY23-24 our revenue was 121 crores. So are we guiding on 150 crores for the current year as revenue as what we could achieve. And I have already got the EBITDA margins 20% to 28% in the vicinity. So, are we guiding on 150 crores and what could we look at for FY25-26?

**Rohan Lade:** Yes currently we are looking to target 150 crore only this year. And going ahead, yes as I told in the last answer only, but by FY27 we are hoping to target around 300 crore.

**Keshav Harlalka:** Got it, thank you. Now, I want to understand why the cost of materials dramatically come down in the second half has. Is it because we have got the funding and we are buying directly from manufacturer versus buying from a third person earlier. And the production cycle has also come down from six, seven months to four or five months so, can you comment on that please?

**Rohan Lade:** Can you repeat, sorry.

**Keshav Harlalka:** My first question is, why is the cost of materials come down in the second half of this year last year ended was 31st March versus the cost of materials, since our cost of material is 80% versus 89% for the earlier years, so why has the cost of materials come down and what is the progress on capacity expansion?

**Rohan Lade:** See, the cost of material has come down because earlier we were purchasing the raw material mostly on credit basis. And our delivery production cycle were also on the higher side. So the inventories were pretty much on the higher side. But right now, all the funding coming in, all the new space coming in, we are purchasing, we are streamline our purchases and we are directly approaching the manufacturers for the purchases. So, that has brought down the cost of our purchases and also that has helped us to bring down our production cycles also with the new place also coming in, so that has streamlined our production cycle. So, the inventories have also gone down, it is going to go down slowly, slowly. So, that has helped us to increase our margins and also as I told last year, 50% of exotic metal work, this year also we are targeting the same way. And for that we have already went on ahead and booked a lot of exotic metals,

and that too at a very, very low cost. So, that will be, that low cost will be showing up in our margins right now.

**Keshav Harlalka:** Got it. Sir, can you comment on the progress on capacity expansion and are we going to also have a CAPEX two going forward because you are looking at 300 crores of sales in the next two, three years. So, this is capacity one which is coming on stream in the second half of current year. So can you comment CAPEX one and CAPEX two?

**Rohan Lade:** Yes, the facility coming in definitely that will help us to achieve that 300 crore revenue for going ahead in the coming two, three years definitely. And definitely yes CAPEX one is only planned right now, CAPEX two as of now we are not planned anything going ahead we will see what are the needs comes in we will plan for that then.

**Keshav Harlalka:** Got it. Now, sir I just want your comment on process equipment versus glass lined reactor, because we are into process equipment and our nearest competitor HLE Glasscoat is into process equipment and glass lined reactor. So why are we choosing only to be in process equipment and not be in glass lined reactors and what are your thoughts on this, can you comment on this please. Also comment on our unique product offerings which our competitors are not offering like your cutting mixer dryer, anything like that which is unique to BEW Engineering.

**Rohan Lade:** See, I should not be commenting about GLR because we don't compete on those products with HLE and GMM. We are mainly competing with them for the process equipments only. So, I would like to speak on the process equipment part only, with them whenever it comes to the process equipments. We have a very, very big product range if you compare us HLE and GMM for the process equipments. HLE, GMM hardly manufacturing one or two type of dryers whereas we have a range of around eight to 10 filters and dryers. So, because of that, we are able to generate more business process equipments as compared to HLE with only two equipments. And we have more scope also with other equipments, so definitely that is what makes us different from them. So, as a special equipment company we are related to introduce many equipments which were industry first for India. Because we could achieve this, because of our in-house present capabilities also. And most of our equipments comes with a very, very value-added benefits also.

**Keshav Harlalka:** Got it. Now my question is that of our equity capital after we have warrants where we have got 3.75 crores and the balance 11.25 crores is yet to come in. So, post the warrant money coming in, our equity capital would be around 3.35 crores. And we qualify to go into the main board from September 2024 onwards because minimum three years is needed to be in the SME segment. So, post the warrant money coming in, we need to increase our, we need a 10 crore capital to qualify to migrate to mainboard. So, will we be looking at a bonus issue of two bonus shares for one share post the warrant money coming in can you comment on this, please?

**Rohan Lade:** I won't be able to comment on this main board at this time, maybe later one-on-one we can have a discussion on this, later on.

**Moderator:** Thank you. We will take our next question from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:** So, my first question is regarding the international market. So, do we see any Chinese competition in the international markets?

**Rohan Lade:** International market yes competition is there but again, if you compare the Indian equipments with the European manufacturers the cost is huge for them. So practically, they are not able to compete with us because their margins are different and what we work with them, so they are not able to compete. Just to give an example, De Diatarsis **(Inaudible) 41:46** is there in India from past many, many years, but still they are not able to grab those sorts of business what we are able to do it. And same with the exports also, because the margins are so huge so if you go in other parts of the world, like the South African region or other Asian parts those regions are more intended to buy the equipment either from India or from China, but again whatever has happened post COVID it is more they are incline towards India only.

**Pradeep Rawat:** Okay, fair enough. And my other question is regarding our raw materials. So, what are our raw materials like in proportionate terms?

**Rohan Lade:** Basically what we need in stainless steel and exotic metals, we work in this two particular series only and we almost, we are doing 50%, 50% for both of these metals right now.

**Pradeep Rawat:** So, in value term what is the proportion of stainless steel?

**Rohan Lade:** Value wise it's very difficult to put in, but to just give you a rough idea like if you purchase a stainless steel metal, it will cost you somewhat around Rs.300 per kg like that. Whereas, if you go for exotic metal it will cost you somewhat around Rs.400 per kg, that's the difference.

**Pradeep Rawat:** So, I was just asking like, in our raw material mix what is the proportion of stainless steel and exotic materials.

**Rohan Lade:** Like, if you say in equipment, whenever we built the equipment, so that equipment the project wise the steel part, like either it will be a stainless steel equipment or it will be a exotic metal equipment like that. So, if you go the raw metal part is mainly 30% of our pricing, 70% is on steel prices is there in that equipment.

**Pradeep Rawat:** Okay, so we see a decline in raw material prices in last one year?

**Rohan Lade:** Yes.

**Pradeep Rawat:** So, what was the proportion benefit from raw material like decrease in our margin, can you give in a basis point?

**Rohan Lade:** I don't think so, the order the market has gone down, the raw material prices have gone down but that doesn't help us increasing our margins because customers are also well aware of those decline in the prices. So they also expect similarly to bring down our price also. What helps us to increase our margins is immediate buying, like earlier, as I told you buy on credit terms. So buying price was higher, and right now we are buying on cash terms. So the pricing goes down for us. So that helps us, steel prices going down doesn't help us much. Because it is fluctuating a lot, some day it will go down, again it will increase, it will go down and again increase. So it's all depends on the nickel, it all depends on if the nickel is up it will go up, now it comes down. And anyways we are working on so big size so we have to keep a lot of stock also. We just can't do on order to order terms and take the material, process the raw material. So we maintain some stock also and we try to judge the market, how the market is right now trending, whether it is going to go up or it is going to come down, if it is going to come down we will try to purchase more, if it is going to go up we will hold our purchases.

**Pradeep Rawat:** As you said you are maintaining inventory. So, you might have get some inventory gains or losses based on prices moving up and down. So what was that figure can you please give it?

**Rohan Lade:** Figure for what exactly?

**Pradeep Rawat:** Like in basic terms with respect to margins?

**Rohan Lade:** No, as I told, it doesn't affect much not really.

**Moderator:** Thank you. We will take our next question from the line of Yogesh Bhatia from Sequent Investment. Please go ahead.

**Yogesh Bhatia:** Sir, you explained the opportunity size in the export market can you throw some light on the opportunity size in the domestic market. And who are our main competitors?

**Rohan Lade:** Yes, the domestic market is also sort of going pretty well mainly the pharma sector and otherwise the speciality sector, these are the main sectors for us from where our business comes in and those sectors are color Industry, tile industry so there our equipments are quite used in good numbers also. Whatever the market is right now it is going pretty good, I have seen an equal growth in the pharma sector and the agro chemical sector both are, pharma was supposed to be on the higher side. Yes, I would say it is little bit on the downside but still it has pretty good, both are doing ahead and agro was a little bit unexpected, agro was slow but still they are doing pretty okay I would say, that what we expected it will go much down but still they are doing pretty okay, not that now because generally our customers are very big

corporates like if you go in agro we work for SRF and we work PI. So these are big giants in agro and in pharma also, Speciality also they are growing quite strongly now.

**Yogesh Bhatia:** Okay. And sir if I heard you right, you said that our total revenue could be 300 crores from the existing capacity that we have built?

**Rohan Lade:** Yes, with the new facility which we are building right now, yes.

**Yogesh Bhatia:** Okay.

**Rohan Lade:** In simple your answer is like, the current facility itself generate a revenue of around 124, close to 125 crore. And if you see our current facility, that current facility can hardly generate up to 50 to 60 crore only, but still with all the problems we are faced whatever we have, we are doing we have achieved that revenue what we have done right now. So with this new facility coming in, definitely we can have a capacity close to 300 crore.

**Yogesh Bhatia:** Okay. And sir one last question, what is usually the size of orders that we get different customers. So like, is it usually a couple of dryers or how does that work?

**Rohan Lade:** So, it depends like suppose if it's a completely Greenfield project, then it's a complete big expansion. So, the value will go hugely, and again as I told you, there are two metals which we work in stainless steel and exotic metals, exotic metal is very costly. So, suppose we get exotic metal orders then order value will be very, very huge. And as I told you if it's a greenfield project it will be again huge, so right now we are executing two good orders one for a company in Aurangabad region, Harman Finocem so they have placed an order of around 15 crore. So, it is for the expansion and for the existing project also and from Biocon also we have got a good order of around 4 to 5 crore for two of their clients.

**Yogesh Bhatia:** So, you have written multiple dryers is it?

**Rohan Lade:** Yes, multiple equipments, not just one equipment multiple equipment like somewhere it is around 20 equipments, dryer is around eight equipments, it's a combination of stainless steel and exotic metal equipments like that. And other than that, there are many, many small, small, players, small, smaller customers who keeps on placing one or two orders only.

**Yogesh Bhatia:** So, design is a very critical component in this?

**Rohan Lade:** Yes definitely, design is the most critical part in our equipment. So, that is what our Chairman told earlier, that we are proud off. Design is our backbone, because of that only we are able to reach to so many customers and that customers have shown that faith in us and that's why they have kept on coming back to us again and again and kept on pressing us orders.

**Moderator:** Thank you. We will take our next question from the line of Gurjil Singh Anand an Individual Investor. Please go ahead.

**Gurjil Singh Anand:** Sir, just have one question the amount of funding which we have taken, what percentage of the funding will go for your CAPEX and what percentage is going for your inventory buildup?

**Rohan Lade:** CAPEX, so it will be going only around 10 crore, rest of it will be going for only our future purchases only.

**Moderator:** Thank you. We will take our next question from the line of Yogansh Jeshwani from Mittal Analytics. Please go ahead.

**Yogansh Jeshwani:** A couple of questions on the order book that you mentioned about 70 crore order book. So, is it possible to share the phases of offer is it for equipments CFBD order Twist Lock the RVPD, which as per our understanding are higher value and higher margins on us?

**Rohan Lade:** Yes, the order book which is 70 crore right now, more or late it will be ANFD only filter dryers, I would say another 70 crore, 50 crore would be filter dryers.

**Yogansh Jeshwani:** Sorry, you are saying 15 crore would be filter dryers?

**Rohan Lade:** 50.

**Yogansh Jeshwani:** 50 would be your normally ANFD?

**Rohan Lade:** Yes, filter dryers, filter dyers combining of stainless steel and exotic metal.

**Yogansh Jeshwani:** You just sell in the Bayonet arrangement?

**Rohan Lade:** Yes, ANFD is having Bayonet arrangement definitely. And currently I having more of Bayonet orders. Currently just to give a number, right now the shop floor we are executing Bayonet orders of 15 numbers of Harman Finochem. And eight numbers from Biocon those are also Bayonet and two of them are going to Aditya Birla Chemical and those are one of the world's biggest largest Bayonet manufactured with a 4.5 meter dia.

**Yogansh Jeshwani:** Okay. Sir given that we have the order book of such good equipment, so other than the fact that we have paid down our vendors and we are getting a better deal. So, other than the fact will our margins improve because of these orders getting into execution in coming year?

**Rohan Lade:** Yes, definitely. Definitely our margins, see whatever EBITDA right now we have achieved. So similar to that range only we will be achieving. So, that is going to, that EBITDA will be achieved by bits of this margins coming in right now.



**Yogansh Jeshwani:** Okay. So, mean to say the run rate that we saw of 28% kind of EBITDA margin that is sustainable for the FY25?

**Rohan Lade:** Not exact, 28 was the second half of the financial year last year, but if you see average it was 20. So, to that level, 25 to 20 we will be trying to maintain it will be constant.

**Yogansh Jeshwani:** Okay, understood. And sir secondly, coming down to your working capital, because that has been a bigger challenge in terms of technology and the product quality we have always been superior, but our challenge in the past has always been managing the working capital requirements. If we look at our inventory levels, last one or two years, it has gone to +300 days, while it used to be somewhere around 200, 250 days. So, now when we have such good capital raised and we have good order books wherein we are getting orders of equipments that we are making or higher value equipments. So getting forward how are we thinking of managing these inventory levels probably getting some money from our clients up front and how do we overall plan to manage this number, because if we are trying to do 150 crore and then 200 crore subsequently, if we don't manage our inventory levels and again we will be back stuck in the same vicious cycle of working capital limitations. So, then how are we tackling it?

**Rohan Lade:** Yes, earlier what you told is correct with the inventory cycles were huge. But right now, all the funding coming in, the new space coming in. So we will be bringing down our production cycles, earlier our production cycles were of around seven to eight months close to nine months also. So now production cycles will be of around four to five months only. So, that is going to rotate our inventory, earlier used to rotate our inventory only one time or maximum 1.5 times only. Now, inventories will be getting rotated around three times. So that is going to build our inventory ratios also. And also, because of the funding coming in, earlier we used to, we were purchasing all the raw materials, all the bought outs on credit terms basis so. So that's why the prices are a little bit on the higher side. So now all the funding coming in, all the purchase will be on immediate cash term basis so that the price also will come down for the purpose of purchasing. So all these things are definitely going to help us to bring down our inventories. And just to give you a figure the inventories will come down to at least less than 200 days in this year.

**Yogansh Jeshwani:** Okay, wonderful. And another problem that we have seen historically, for example in our Bangladesh order that we got a big order, we started executing and then the client started to delay the pickup on those orders. And we were stuck with those inventories and that created a lot of pressure. Going forward, how do we plan to mitigate such risks, or is it part of the business and you can't do anything about it?

**Rohan Lade:** I would say it is the part of the business, because those orders even though they delayed, but those were sure shot orders and we are not worried about whether we will get the payment on time because, all those orders were against LC. And all the LCs were of Standard Chartered Bank, so we were least worried that whether we will get the payments back or not, the delays

were there because of their plants were not yet ready in that condition to take the deliveries. So that was the only reason it got delayed, but other than that, payment wise we are not worried about that. And every year we see three to four customers doing like that. So it has become a trend I would say, and you can't expect. Because we have always seen that, maybe a export customer or domestic customers will do that because they also don't want to do it. But again, they also face some problems that's why it happens.

**Yogansh Jeshwani:** Fair enough. And sir once again, on your working capital one last question, so if we see despite fund raise our short term borrowings have increased significantly, why was that the case sir, was it a timing issue and it has come back to normal levels or it's still the same as?

**Rohan Lade:** Sorry short term what?

**Yogansh Jeshwani:** Short term borrowing sir. On the balance sheet, we have short term borrowings of 53 crore, around 30 crores last year?

**Rohan Lade:** No, now it will be not a problem because right now we are almost we are debt free now.

**Management:** Yes, debt free.

**Yogansh Jeshwani:** Okay. And sir on CAPEX like you mentioned the second half it will be coming on stream, but the first round of fundraise was for CAPEX primarily. So why is that getting delayed is land acquisition becoming a problem or is some equipment setting up becoming a problem what is the main?

**Rohan Lade:** So, earlier it was a little bit, it little bit took more time in land acquisition, but it's done now. And because we are in the area of MIDC, so because of that the acquisition got a little bit delayed because the process was a little bit slow from their end . We are trying to push it but still again, you know how they work. So because of that only the acquisition got a little bit delayed.

**Yogansh Jeshwani:** Understood sir. But now we hope everything is in place.

**Rohan Lade:** Yes, it's already done now in fact the construction work has started now over there.

**Yogansh Jeshwani:** Great, sir. Sir one last question and then I will get back in the queue. So we are seeing a lot of pressure in the chemical space be it agro chem or the API of the world. So are we seeing some kind of slowdown in your order inquiries and order booking as well or at the moment you see descent enough inquiries?

**Rohan Lade:** No, I would say we are getting a decent bit of inquiries from most of all the customers, whether it is agro or pharma, we have not seen that a big dip in that, it's going pretty good. I am saying because every other day, I see at least minimum 10 requirements coming up. And just by mail

on the mailbox. Not even my sales team they have to travel over although any customer that's on the mailbox, I'm getting those requirements.

**Moderator:** Thank you. We will take our next question from the line of Suresh Jain from SJ Investment. Please go ahead.

**Suresh Jain:** Sir my question is regarding your CAPEX, based on our last interaction you had mentioned that it is expected to commission by June now, it has got delayed further any particular reasons for that?

**Rohan Lade:** I just right now told it is mainly because of the acquisition.

**Suresh Jain:** I know so after the acquisition was completed, in fact you were supposed to commission by December or so, you had mentioned in March it should be ready by June but now it has got postponed. Are you confident that it would be ready by the end of H1?

**Rohan Lade:** Yes. In fact, as I told the construction work have started over there, you are invited, you can anytime come and see that with your own eyes. So that you can get that confidence. So it is right now going on, the construction work is going on so definitely by this second half of this financial year, it will be ready.

**Suresh Jain:** Okay. Because of this delay in this CAPEX, that's why our turnover during FY24 was got limited to 120 crores or so is that understanding is correct?

**Rohan Lade:** Yes, little bit I would say.

**Suresh Jain:** Okay. But now that this new CAPEX coming in, new shed so you are saying that both the existing and the new one should be able to take you up to 300 crores correct?

**Rohan Lade:** Yes, by FY27.

**Suresh Jain:** The timing I am not asking, but what I am saying is, is capacity can provide so much?

**Rohan Lade:** Yes, it can. These two facilities can generate that much of revenue yes.

**Suresh Jain:** Okay. So now, you have so much of time left another two and a half years or so. But I'm just asking, since you already have a target of reaching 300 crores what is next after that, have you started looking for any new land nearby or how you want to take up further after reaching 300 crores?

**Rohan Lade:** We have not started looking into any new land as of now, we will see in coming two years how the market is going on. How the expansions are going on and based on that we will take our

next call. Right now, we are just focusing how to improve our margins more and more, that is our main target right now.

**Rohan Lade:** Okay. Sir my second question is on the margin, you have mentioned that one of the reason is improvement in the buying pattern and using your production cycle and all that, what I want to know is this market, you also think that more design components being involved. Now see the first two now you have streamlined this having more of design and turnkey projects getting in the order system. So what I'm asking is, will the coming order whatever the new orders that are coming. So you are keeping that in mind, you are giving us the target of 20% to 22% EBITDA margin for FY25 is that understanding is correct?

**Rohan Lade:** Yes, we are.

**Suresh Jain:** Okay. And sir lastly, I know you have mentioned in spite of whatever we are seeing some slowdown in API market as well as agrochemical. You said you are getting good inflow of orders. Are you mean to say this, the result of the current general election will not hamper our whatever 150 crore turnover target you have, I hope that will not affect our is there a chance of that is getting?

**Rohan Lade:** No, it has not affected us.

**Suresh Jain:** No way it is going to affect us.

**Rohan Lade:** No.

**Moderator:** Thank you. We will take our next question from the line of Shri Ram Raja Ram an Individual Investor. Please go ahead.

**Shri Ram Raja Ram:** Sir earlier participant had the question regarding your products and you had mentioned that your product range is like much higher than GMM or HLE with respect to dryers and filters is that correct?

**Rohan Lade:** Yes.

**Shri Ram Raja Ram:** So, you are saying that a company like GMM or HLE has a lesser range, like you mentioned that two or three and you have eight or 10 filters, so can you elaborate more on this because, obviously a company like GMM which is also making a glass lined.

**Rohan Lade:** I am saying that GMM and HLE they are more of the class and equipment manufacturer. So there most of the revenue if you see it comes from those with glass lined equipments only and not from process equipments. So that's why, they are not more into the service equipments whereas we are not into glass lined so we have more focus on process equipments. That is a

reason we have a good range of products as compared to them. Many of other dryers comes with a lot of value added benefits.

**Shri Ram Raja Ram:** Okay. Sir can you name few applications that they are not present, I'm just trying to understand like?

**Rohan Lade:** Like there is an equipment called Plough Shear Mixer Dryer, that is not manufactured by GMM or HLE, Spherical Dryer, GMM is there but GMM has to completely import those particular dryers from their mother company. So, the cost is huge for them, HLE has not yet started those kinds of equipments in India. Then there is one more equipment Chronical Mixer Dryer or ROTA Dryer you can say, that is also not manufactured by GMM or HLE . Then there is Cantilever Rotocone Vacuum Dryer, that is originally manufactured by us they don't manufacture those equipments. So, these are few equipments which we are getting orders for. And there are many other equipments like lot of blenders also we manufacturer which they don't do. As I told they are more concentrating in the glass lined business, they are heavily occupied with those business mainly. And also recently what we started was a Contiguous Dryer that has till date no one has been able to manufacture that equipment in India.

**Shri Ram Raja Ram:** Okay. And sir you didn't mention Kilburn as your competitor I'm just wondering?

**Rohan Lade:** No, Kilburn is into completely different kind of equipment, whatever dryers which we mentioned are all batch dryers it's a batch system. Whereas Kilburn, Kilburn is into continues drying systems. So right now we have manufactured continuous dryer, but again the industry is different.

**Shri Ram Raja Ram:** Okay. So Kilburn you are saying is into continuous dryer?

**Rohan Lade:** Yes, they are into continuous equipment, yes continuous dryer.

**Shri Ram Raja Ram:** And you are into?

**Rohan Lade:** We are into batch equipment, these are all batch dyers. The industry is completely different. So, we don't compete with them anywhere.

**Moderator:** Thank you. We will take our next question from the line of Abhay Jain from HEM Securities. Please go ahead.

**Abhay Jain:** I have just one question sorry if I missed anything, what is the situation on debt as of now. Are we a debt free company?

**Rohan Lade:** Yes, we are now a debt free company yes.

**Abhay Jain:** Okay, you are a debt free company right?

**Rohan Lade:** Yes.

**Abhay Jain:** And sir, I have another question regarding the CAPEX part, when are we expecting this CAPEX to kick in?

**Rohan Lade:** Right now, we only have, you are doing the CAPEX of only 10 crore which will kick in mostly right now we are in May, probably by August.

**Moderator:** Thank you. Ladies and gentlemen we will take that as the last question for today. I now hand the conference over to Mr. Prakash Lade, Chairman from BEW Engineering for closing comments. Over to you sir.

**Prakash Lade:** Thank you so much. And all the questions given by all you people and Rohan has answered well and I am really happy that Rohan has very elaborated very nicely. And to your all questions, and I'm very proud of him also, because the way he has explained and I still one more thing and to add in that, see we are basically a design based manufacturing company it is very, very important. We are basically a design manufacturing company; we know ins and outs of this drying and the filtration system very well. So we know what is the required design purpose and all. So, that is why my clients are coming more and more taking their own problems are coming to us to solve their problem by way of equipment. And we designed for that. So once again I'll really thank you to you. I would like to thank you all for taking the time out and attending this call. I am also thankful to each member of our BEW Engineering, as well as our clients, creators, bank, financial institution and other stakeholders. For any further queries or information, please get in touch with us. Our Investor Relations team, thank you so much. Once again I thank you all. Thank you.

**Moderator:** Thank you, sir. On behalf of BEW Engineering Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.