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Monday, November 25, 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 H1 FY 25 Earnings Conference Call held on November 21, 2024

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 H1 FY25 Earnings Conference Call held on November 21, 2024.

The above information will also be made available on the website of the Company at https://www.bewltd.com/schedule-of-analyst.html

This is for your information and record.

Thanking you,

Yours truly,

For BEW Engineering Limited

BHAVNA DWARKADAS KUKREJA

Digitally signed by BHAVNA DWARKADAS KUKREJA
Date: 2024.11.25 10:49:27 +05'30'

Bhavna Dwarkadas Kukreja

Company Secretary and Compliance Officer

BEW Engineering Limited

H1 FY25 Earnings Conference Call

November 21, 2024

Moderator: Ladies and gentlemen, good day and welcome to the H1FY25 Earnings 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 on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touch tone phone. Please note that this conference is being recorded.

At this time, I would like to hand the conference over to Mr. Rohan Prakash Lade - Managing Director from BEW Engineering. Thank you and over to you, Sir.

Rohan Prakash Lade: Hello everyone. I welcome to this earning's conference call of BEW Ltd. for the first half concluded on September 30, 2024. It is a pleasure to have you all over here. I appreciate the presence here today, I have Mr. Yogesh, who is our CFO and our Investor Relations team from Adfactors PR, Mr. Rupesh is also there.

Prior to this call, we have uploaded the updated presentation also. I believe you everyone had the opportunity to go through it. So just let me start by giving a brief introduction about our company and the industry and the recent developments what we have done and some outlook in the future as well.

So, BEW has been making significant strides over the past few years and we are being one of the leading designers and the manufacturers of the equipments which are we are extensively using pharmaceuticals, chemicals, specialty chemicals and other industries as well. And our main focus has always been remained on delivering the high quality and innovative solutions to meet the needs of our customers everywhere. Mainly we were established in 2011 and BEW has grown into a recognized leader in the field and we take pride in offering a wide range of products categories including dryers, filters, mixers, blenders and have built a good reputation for excellence over the last 13 years.

In today's time, BEW manufacturers a complete range of filtration, mixing and drying equipments which are used in pharmaceutical applications, in APIs, intermediates, agrochemicals, pesticides, in dyes, food and paddle industry as well. And about the product specifically, I would say we have a total range of around 9 products, out of which 6 belongs to the dryer category and rest of the filters and its portfolio with each of them have their unique features, functions and specialty. And with and with respect to these products, we enjoy market share of 40% overall. Our certification has an ASME U & R stamp manufacturer 2016 underscores our commitment to quality and our 2021 listing on the NSE SME platform marked a major milestone in our growth trajectory.

Today, our global footprint extends to regions such as Japan, Germany, Israel, Thailand, Indonesia, USA, Italy and beyond our success are the results of the unwavering focus on quality, innovation and as well customer satisfaction.

Beginning with the Indian pharmaceutical industry, India has been a significant player in the global manufacturing market recognized as the largest supplier of generic medicines and vaccines. The Indian pharma industry was valued at approximately $50 billion in 23 and is projected to reach one $130 billion by 2030. Notably, India accounts for the 60% of the Global Vaccine productions and holds a 20% share of for global pharmaceutical exports as well.

The Indian chemical industry is also a vital sector of the economy, contributing approximately 7% of the country's gross domestic product and employs around 5 million people as well. As of 2022, India ranks as the 6^{th} largest producer of chemicals globally and the third largest in Asia with a diverse portfolio that includes 80,000 different chemical products. The industry and the composites, various segments such as basic chemicals, specialty chemicals, agrochemicals, petro chemicals and fertilizers. Filters and drying equipments are critical in the pharmaceutical and the chemical sector, where stringent standards demand equipment that ensures product purity, safety as well.

In the Pharmaceutical industry, drying systems are essential in preparing materials that are safe, sterile and contamination free. For chemical and specialty chemicals applications, robust filtering solutions are needed to handle high-capacity processing while maintaining procedure and quality. Even though strict regulatory standards and expanding pharmaceuticals and chemical industry in India, the demand for specialized filters and gases are anticipated to rise substantially. This gives us a significant growth opportunity for BEW as we focus on expanding our product range and catering to the evolving needs of this essential industries.

I am very happy to share that a significant milestone was achieved by our company wherein we manufactured one of the world's largest filter dryer with a drying capacity of having a 32KL, 32,000 liters volume. This ground breaking achievement highlights our engineering excellence and reinforces our position as one of the leaders in designing and manufacturing such advanced equipments. Development of this state of art ANF not only addresses the growing demand for the high-capacity equipment in the chemical and pharma industry but also but also underscores our commitment to the innovation and delivering customized solutions that meet the evolving needs of the customers.

Further on, I would like to say that our company has successfully issued bonus equity shares in the ratio of 3:1. Accordingly, 3 new fully paid-up equity shares of Rupees 10 each have been allotted for everyone existing fully paid off equity share of 10% to eligible members. This bonus issues testament of our commitment to creating value for our shareholders and sharing the company success with our valued stakeholders.

I am delighted to share 2 significant milestones in our journey of growth and update, BEW has also secured an order worth rupees 25 crores from Maharashtra based emerging company Harman Finochem which is a globally renowned company and we are proud to announce another major achievement as an export order from Italy as well. These are the testament to our robust capabilities and delivering cutting edge customized solutions that meet the highest standards of quality and precision. Our collaborating with an estimated client like Harman and expanding our footprint in the European market reforms our reputation as a trusted partner in the industry. These accomplishments add considerable strengths to our order book and we are confident that we will pave the way for further opportunities and sustain the growth in the future.

BEW is a remarkable milestone with the successful delivery of ASME U stamp certified 100% filter to the USA. This achievement symbolizes a decade of adherence to the rigorous standards set by the ASME, reflecting our steady, fast commitment to engineering excellence by consistently delivering safe, reliable and high-quality pressure equipments, we continue to strengthen our presence in global market and demonstrate our ability to meet the highest industry benchmarks as well.

Further along, I would like to address the consistently higher inventory levels in our operations. The specialized nature of our equipment requires raw materials of exceptional quality, many of which are imported to meet the stringent global standards, such as those required for the ASME certified products. These materials often have a very lengthy long delivery periods, lead times, making it essential for us to maintain a sufficient and good inventory to ensure uninterrupted production and timely delivery of some of the complex orders which we get. Without this strategy stockpiling critical raw materials, we will be unable to execute or accept certain high value orders. While these approaches impact our inventory levels, it is a deliberate strategy to uphold our commitment to quality and reliability and customer satisfaction.

In the terms of capacity expansion, yes, we are making significant progress with our new facility, which we expect to be operational in the next two or two months from now on. This expanded capacity will not only enhance our product capabilities, but also allow us to reduce the delivery timelines. Currently our delivery cycles are around close to 9 to 10 months and we're committed to reducing this to approximately 5 to 6 months in the coming year.

Our current order books stands strong at 90 CR and we anticipate this to grow to rupee 150 CR by the end of FY25. Order book composition reflects our strength and customer demand with filter dryers accounting for 70%, paddle and protocol dryers to 20% and the remaining of the equipments to 10% like mixers, blenders and some other products. These are the key growth areas where BEW continues to innovate and meet higher standards of quality and efficiency.

And further to the export market, we are seeing a strong traction especially in the African region where we expect the significant growth, roughly 40% of the revenue is derived from repeat customers. A clear indicator of our products reliability and the value we provide. Our customer includes well known pharmaceuticals and chemical industry such as Lupin, Piramal, SRF, UPL, Rallis to name a few, and this validates from established industry plus reflects our commitment to delivering best in class solutions.

Further looking into the future, we anticipate continued growth and expansion. We are targeting an EBITDA margin of 20-22 percent with the commissioning of the new facility and focusing strategy on reducing the inventory cycles. We are confident that our operational efficiency will continue to improve by FY27 and we are targeting a revenue of rupees 300 crores a goal which we are confident in achieving given our current momentum and market opportunities.

And now coming to the half yearly financial performance, the revenue from the half year was around Rupees 51.1 CR in the FY25 as against of rupees 65 Crs in the H1 FY24. Yes, a decrease of 22% was there due to the delayed deliveries caused by extreme rainfalls across key chemical industry regions in India and although production remained on par with the last year and additionally in lines of policy to avoid sales on credit, sales were down by approximately 20 CR in September 2024. EBITA was at rupees 10.6 CR in H1FY25 and as against of rupees 8.19 in H1 FY24. So, there you can see increase of around 21.39% primarily due to the improved raw material procurement enabled by the equity funding to source material at more favorable price.

EBITDA margin was at 20.75 as against our 12.5 again, you either you can see an increase of 825 BPS and profit after tax stood at around rupees 6.02 CR in H1FY25 compared to 4.18 in H1FY24, so that also an increase of 40-44% is there and the PAT margin was at 11.79% as against of 6.37% so, here also increase of around 532 BPS. So, earnings per share stood at around rupees 18.43 in FY25 compared to 14.34 so there you can see increase of 28.52 as well.

So that's it from my end and now I'm happy to open the floor for any questions you may have. Thank you.

Moderator: Thank you very much. The first question is from the line of Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari: Thank you so much for the opportunity. I had some specific questions that were in terms of the new plant update you said it will be operational next two months. What exactly revenue are we expecting from that plant?

Rohan Prakash Lade: They're exactly the same revenue you're expecting, which is generated from the current facilities so current facility will be able to achieve close to around 150 with the new facility coming in in another by 27 we expect to double it up.

Rishi Kothari: OK, so our next another 150 would be from the new additional facility?

Rohan Prakash Lade: Yes.

Rishi Kothari: OK. And in terms of margin, if you say in terms of that, we expected 9 crores of PAT to be reported, but we reported just 6 crores of PAT. What was the reason behind that? Of course, the top line decreased by 22% and because of the late in delivery. So, any other reason for that?

Rohan Prakash Lade: Yeah, I think we told you that I just spoke the same that because of the mainly there was extreme rainfall with the key chemical industry. So the CapEx got delayed and because of that some or many of the equipments were not picked up by them. So, that was the reason there was a decrease in the of our current six months. And also, we have kept a heavy inventory with respect to the future orders, but somehow that are also not been there in the current 6 current six months. So that's why the little bit you can see here that the decrease in that revenue.

Rishi Kothari: And we are expecting 300 crore top line by FY27, right? And in terms of margin EBITDA and PAT margin would be how much are we expecting?

Rohan Prakash Lade: PAT margin, I told you it is not 11.79% as it was last year, it was around 6.3%. So, you can see an increase there as well.

Rishi Kothari: But on a two to three years guidance around 7.5%, right?

Rohan Prakash Lade: Yeah, yeah.

Rishi Kothari: And about EBITDA margin?

Rohan Prakash Lade: That will pretty much stay nearby, only like currently it is on 20.75, so maybe 21-22 you can go.

Rishi Kothari: 21 to 22%?

Rohan Prakash Lade: Yeah, yeah.

Rishi Kothari: OK. And what about the QIP raised? What exactly was the utility of that?

Rohan Prakash Lade: See as whatever the money was raised, so some part of it major part of it went to pay off the creditors. So, if you see the last year there was a huge creditors list which was off around cost around 35 CR. So that has been now come down to 10 CR and also, we are now buying all the raw material on very on immediate basis like earlier we used to go on credit terms we used to buy it on some 90 to 100 days delivery terms payment terms but now we're immediately paying them off so the so the money which has come in has gone there also. And some of some part of it, little bit part of it has gone into the CapEx also. But majorly it has gone to pay off the creditors and to buy the buy the raw material. As I told we have, we have maintained the good stock of the Hastelloy, the nickel alloy material. So, some part of has also gone there also.

Rishi Kothari: OK, but little bit was also gone to the new plant that you have set up?

Rohan Prakash Lade: Yeah, little bit, little bit, not too much.

Rishi Kothari: But in terms of the full days, so after two months or when the new plant will be you know operational it will be run at a full capacity, we are looking?

Rohan Prakash Lade: Not completely full capacity, but right now we are constructing some three bays over there, so at least one bay will be operational. And the second bay also will be operational by another 3-4 months. So maybe I think in another 6 to 8 months, it will be fully operational.

Rishi Kothari: And on a yearly basis, we are expecting if at all it is fully operational, we are expecting 150 crores of revenue from that account?

Rohan Prakash Lade: By FY27, yes.

Rishi Kothari: OK. Great. Thank you so much.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Rishi Kothari: Yeah. Good evening and thank you for the opportunity. So, can you explain why our inventory level is more than our yearly top line run rate?

Rohan Prakash Lade: See, as I spoke earlier also, mainly the inventories are higher because some of our orders were not delivered also by September end due to heavy rainfall in the some of the regions and the chemical industry. So, a lot of equipments not able to delivered and also, we are maintaining a used stock of some high-grade nickel alloys. As we were expecting a lot of orders also, but due to and to cater those orders we require those stocks so that stock has also we'll see those stock in the inventory as well and further we're expecting a good amount of orders from Bangladesh, but unfortunately whatever happened there, so that has been currently been held up there now. So as of now, I don't see it kicking off that fast in that region. So there also we had class because it almost under approval stage but what had happened so that has been now. been kept on hold at that part. So, because of that also we had piled up a little bit good inventory so that we wouldn't position to cater those orders. So, mainly due to the what are the issues with the rainfall and had the chemical sector and commits were not picked up and as I told you with respect to the Bangladesh region, whatever we so that are the two reasons the inventory has gone up a little bit higher and also our delivery lines were on the higher side. So that was the reason the delivery the inventories on the on the higher side.

Rishi Kothari: So, can you bifurcate the inventory in respect to raw material, work in progress and finished good for the September ending?

Rohan Prakash Lade: Exactly, I don't have the figures in front of me right now. But later on, if you wish part, I can let you know. But morely, if you say, I think just to give a rough idea, I think that the inventory is there, 60% is, I would say the 60 to 70% is the raw materials which are there, which is the inventory and then some of part is the products which are almost on the verge of completion and some are complete like that.

Rishi Kothari: OK, so for FY24 ending our raw materials in inventory were at 15 crore. So at that time inventory was something around 100 crore, 90 crores. Yeah, so it was something around. 15-20% which is which has risen to 60-70%. Is that understanding, correct?

Rohan Prakash Lade: Yeah. Yeah, at that time it was like that, yes.

Rishi Kothari: OK, so currently our raw material inventory is something around 75 to 80 crores.

Rohan Prakash Lade: Yeah, as I told the inventory we had piled up the raw material with respect to some orders coming in. And as I told you about the Bangladesh also, but unfortunately that has not come in, but anyway this material is something like it is it can be used for the coming orders. So, it is not that it is going to go or it is going to be wasted like that. So definitely the nickel orders will be coming in from other customers as well. So that will help us to later on reduce the inventory by the end of end of FY26.

Rishi Kothari: Yes, Sir, I understood that. So, what I'm understanding is out of 133 crore of inventory, 70-80 crore is raw material and the if I assume the rest is semi-finished good. So, it is almost lesser than our FY24 ending semi-finished inventory which was 90 crs.

Rohan Prakash Lade: Yeah. In the in the last year, basically there was a lot of backlog which we had. So that also was the reason if you see the difference is you will be able to see the difference. But this year go coming in this year there was not a huge backlog of orders. But we had piled up the inventories basically. And inventories means that is the raw material, I'm saying.

Rishi Kothari: OK, OK. So, I'll move to the next question. So we are doing a CapEx for 2700 square meter facility and our current facilities of 4500 square meter. So I just wanted to understand that given the fact that our current facility has larger build area than our new facility, how can we able to generate similar amount of top line on the?

Rohan Prakash Lade: No, it's not a larger area. It's pretty much equivalent, I would say. But the current area is a little bit bigger that is a little bit small if you compare it. It's not that bigger and what did you ask further on? Sorry.

Rishi Kothari: So, in our presentation there is written that our main facility is of 4500 square meters and our new facility is of 27 square meters. So I just want you to understand that you are saying that our current facility can generate 150 crore of top line and you would generate the similar amount of top line. So just wanted to understand how are we

Rohan Prakash Lade: But it will be by 2027 not by the next year.

Rishi Kothari: Yeah. So, I just wanted to know how are we doing much more from our new facility?

Rohan Prakash Lade: Right now, we are having higher delivered. So, we had to let go lot of orders also because of the deliveries, many of the orders we were not able to grab those orders. So once that comes down, we will be in position to grab more and more orders with respect to our products and not only just our products but now we are approaching to customers in a very different manner. Basically, earlier whenever we used to approach to the customers, we used to target only few sets of equipments like the filters or dryers but now like suppose there are there is a complete project is going on and there are multiple equipments which are very small and which are very small in volumes like small in prices but it helps to get your good package. So, we have started approaching customers to give us a complete package. So that will help us to generate more and more revenue. Like earlier we were not targeting reactors and all these things, but now we have started getting orders from those also even mixers, blenders we were doing it very less. So that also now we are starting to get more and more orders. So, considering all this, that will help us to achieve that revenue. And also, we are doing we have we have made some developments like we are trying to do some continuous development equipments also so wherein last year we supplied 1 Cantilever dryer also to one agro based customer. So that is under trials and we are now currently developing one more continuous dryer for the pharma company. So, all these developments including and as I told other equipments like reactor, mixes, blenders so as a totality, yes, that will help us to achieve that revenues.

Rishi Kothari: OK, understood. I'll join back the queue. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Siddharth from Dash Capital. Please go ahead.

Siddharth: Hi Sir. Good evening. Thank you for the opportunity. Earlier we mentioned that we will not be building up inventory anymore because we've raised funds and from those funds, we'll buy them venturing when we get the order. So, I fail to understand why are we building up inventory again?

Rohan Prakash Lade: See, there are some types of raw materials. I will just explain you like there is stainless steel then and then there is nickel alloys. Stainless steel, we are not piling on the inventory, we only keep the inventor with respect to order book only because it is easily available also and also the raw material prices fluctuation is not that huge which we can easily manage out. But when it comes to nickel alloy, it is something which is not manufactured in India anywhere that we have to import it. And whenever we have the chance to grab those orders, so we have to be very competitive in pricing because our competitors are also doing the same. They're also stocking of the inventory to get a good price from the mill and because of that, they're able to grab those orders. So, suppose if you are not able to do that. We won't be L1 when in in front of the customer when it comes to the pricing. So, to get those orders, we had to pile up some of the nickel alloy, hastelloy especially, nickel alloy inventory. So, which is which we have to import by paying completely 100% advance. So that is something and to pile up that inventory, it almost takes six months like once I place the order, it will take six months to come to us. So if I have that raw material with me, I can grab those orders and not only that, just to have an idea like a simple equipment. if a stainless equipment is costing you 50 lacs the similar equipment, when I'm manufacturing a nickel alloy it will cost you 2 CR. So, you just see the difference. So what does Nicholas equipment does? It will not only generate a good revenue, but also a better margin because you are buying the raw material from directly from the mill. So that helps us to get a good margin also. But to in doing all this, we have to maintain a stock. Because if we maintain a stock, then only we are in position to be able to give a good price to the customer and then he will be interested to place this order. That's why the inventories are something which you have to maintain.

Siddharth: OK. So, then what will be your plan going forward as to in FY26 and 27?

Rohan Prakash Lade: That definitely we are targeting some sort of equipments some sort of materials where and means this is the raw material, this is the raw metal nickel alloy. So, nickel alloy can be used any type of equipment whether it is a reactor, it's a mixer, blender or a filter or a dryer. Any of this or simple equipment like tanks, vessels, anything. So right now, we are approaching all our customers to get this all sort of equipment from us and to how we are doing it. Yes, we are doing it by giving them a good price, very attractive price. So then only they will be they will show the interest to us and also, we have to show them the capacity. So that, yes, we even though you keep you place a big order, we are in position to cater those orders so that because of new places also coming in. So that will help us to grab those more orders, right now with the order, the one which I told you in my speech, Harman Finochem Ok, we took a big order from him, so because we were able to cater that order and we weren't able to produce that order with whatever capacity we have, that's why we got orders for reactors, for filters, for dryers in complete. So that is how we are approaching a lot of our customers now.

Siddharth: So, what is the quantum then of the Hastelloy inventory on the books?

Rohan Prakash Lade: This year, it is a bit like. If you say last year, last year I think it was almost 50-50 I would say last year where the 50% revenue came from Hastelloy. This year, it has a little bit little bit dipped down in this in six months. But yes, we are expecting to go it up in the coming months.

Siddharth: No, Sir. I mean, I was trying to ask you about the 133 crore inventory that we have, how much of it is Hastelloy currently?

Rohan Prakash Lade: Hastelloy, I'm going to check exactly the figure wise. Normally I keep it in mind with respect to the volumes which I have. Maybe somewhat Guess. 60 to 70 or I think 70 CR must be Hastelloy. Yeah, yeah. Because if you keep that, then only you're able to go get those orders also 50% has to be of that.

Siddharth: And in terms of our top line, since you're mentioning that deliveries have picked up, so what kind of growth are we projecting for this year and FY26, FY27, you mentioned a 300 crore number. This year second-half and FY26, what kind of revenues are you projecting?

Rohan Prakash Lade: Revenues see it will be pretty much the same with the turnover will increase. But again, this products I have a have a fixed margin like beyond 20 per percent you can't go. Yeah, in exports you have little bit higher margins but in domestic market this is what the highest margin you can get, maybe in some products. I can get a better margin where there the competition is less, but products like filter dryer, paddle dryer, they will have a pretty much the same margins.

Siddharth: So, one last question. Since you mentioned that you're paying off your creditors and now buying with cash, instead of taking raw material credit. So why hasn't our gross margin improved further from second-half of last year and the first half of this year? Are we not getting the pricing benefits because it has again come down?

Rohan Prakash Lade: Yeah, yeah, yeah. Yeah, see those price benefits are not that big that it can show you a good difference. It is a little because as I told you, stainless steel products we are buying earlier we used to buy on credit term. So, it is not that costly raw material so but yes, keep buying it on the immediate terms helps us to little bit margin little bit, not too not too much, but again we are piled up the inventory also. So that happens that and so that is also because again that is attracting some interest for us the inventory. So that is also not you will be able to see that big jump in the margin.

Siddharth: So long term sustainable inventory levels should be close to in terms of days if you could tell us for FY26?

Rohan Prakash Lade: Once our delivery lines come down like we are trying to bring it down more further like say four to five months. So obviously the inventory cycles should not be more than I think 120 days should not be.

Siddharth: 120 so currently because they're extremely high, OK.

Rohan Prakash Lade: Sir. Yeah, yeah, yeah. Yeah, but once we bring down the deliveries, then obviously that inventory is going to rotate all the year. Right now, what is happening we are hardly able to rotate it twice a year. Hardly. Hardly. Not even twice. Just 1.5 times a year, but with the lines coming in will be able to rotate it at least thrice a year, so that will bring down the inventory cycles.

Moderator: Thank you. The next question is from the line of Yogesh from Mittal Analytics. Please go ahead.

Yogesh: Couple of questions. So, you did touch upon the usage of fundraise, but if you could also just help us understand, given the size of the fund raise was quite big and some of it is used in increasing the raw material that Hastelloy as you mentioned. But what are the other aspects to this fundraise that we have, you know, done at our company level in terms of maybe capacity building, capability building that will help us, you know, grow the business with the 300 crore top line that we are anticipating for FY27?

Rohan Prakash Lade: Yeah, the fund raise, which came in the mainly as I told earlier also, we did pay off the creditors majorly, earlier it was in the range of somewhere around 35 now it is come down under 10 CR. So yeah, so major part has gone over there mainly so and also some part has gone into the CapEx also and again further we are trying to see how fast we can improve our deliveries by so the CapEx which we are trying to do is by bringing in some automation also like automation in our manufacturing, like automation in cutting, welding which will help us to improve quality also and to bring down the delivery production time also. So there also the CapEx will go on and with the growth which we are targeting, again we would have we would have to increase our team also simultaneously so that we able to cater those orders and we'll be able to deliver on time as well.

Yogesh: Got it. So, I think most of the money has come in only now the warrant money is left some few 10-15 crore I think so with that money will you also you know again used for some inventory or will that be completely used in CapEx and capability?

Rohan Prakash Lade: No, that mostly will be used in CapEx and capabilities, not inventories. For inventories we have the incoming payments from our customers from there we can do that.

Yogesh: OK. That makes sense. So, Sir, on the margin front, if we see this quarter, the margins have been quite good despite de-growth we did increase in margins and that you were explaining is because of the better RM sourcing that we could do help us break this benefit in margin in two parts. 1 is how much of that margin improvement is because of the better credit terms that we are buying at and how much of it is due to inventory gain. Because like you said, Hastelloy order placement and fulfillment takes six months. So, I'm quite sure there might be some of inventory gains in this commodity as well. So, is there a ballpark?

Rohan Prakash Lade: Because of the Hastelloy inventory because the pricing comes down very, very, very, very much down when you when you stock Hastelloy inventory and obviously a little bit and the other percentage would be from the credit buying to immediate buying, but because the Hastelloy why I told because like earlier when we used to buy Hastelloy, it was costing somewhere around ₹5000 per KG and now when we stock it up it is almost 50% down. So that helps us a lot to improve the margins also.

Yogesh: OK. But in terms of the spot prices of has to know how has that trend been for last one year?

Rohan Prakash Lade: Last year it was very good. Last year, the prices were on the higher side. Now it has got a little bit dip, but because of that so. Because when the last year it was higher, we had talked a very good raw material at a little bit lower price. So now whatever last year we saw with respect to the for that forecast, we went on for this year buying also and we and we are stocked it up. But this year has that has a little bit dip because of the less projects are going on the floor. But as I told it, we are seeing a bit a bit slowly rise back now as well.

Yogesh: OK. OK. But you're confident of maintaining your 20% EBITDA margin?

Rohan Prakash Lade: Yes, yes. See we are more targeting now good orders also like we are not trying to work on in very extremely low margins as well like we are sometimes we are letting off very low margin orders as well.

Moderator: Sorry to interrupt you, Sir. I would request you to rejoin the queue for your follow up question. Thank you. The next question is from the line of Keshav from BHH Securities Private Limited. Please go ahead.

Keshav: Hi, thank you so much for giving me the opportunity to ask questions. So, my first question is why is there slackness in execution of new plant setup? We've raised 27 crores in July 2023 with a further raise of 3.75 crores in October 2023. So why has there been so much of slackness? You're still executing or setting up the new plant? So, it's been 15 months since the first company, so why you're still setting it up? I was expecting that within six months of the fund raise, the new plant would be up and running.

Rohan Prakash Lade: See earlier when we did buy the new land so, it's a neighboring land. We have a common wall between the neighboring land and the existing plant. So, we were trying to Amal gate both the plants so that it will help us to have a very bigger space for working. So, some of the months went over there. Unfortunately, we were, but we were not able to get that going from the MIDC and we are not able to get those approvals and it was going costing us usually higher on the higher side. So, we dropped that idea. So, but in that 2-3 months were went off. And later on, then we started the construction over there. But again, after that after few months as you see the rainy season came in. So, because of the rainy season, we are hardly able to do the work because during this and you are not able to work over there because the shed was not constructed, the flooring was going on, the main pillar work was going on. So, during this season, obviously no one can work on that part. So hardly what are the workforce was there, it was hardly operating to 20-30% only. So and now, just even now also, if you see like till last month there was there was there was there was rain was going on. So still you're not able to do the proper work because of all that, these delays have taken place for starting the new plant.

Keshav: Got it, Sir. When can you commit to us that the when will the new plant will be fully up and ready, Sir?

Rohan Prakash Lade: Next month, at least first day we are planning to start up next month. And I think as I told you in another 5-6 months, we should say it completely 100% running.

Keshav: So, we should be able to get the full benefit of the plant expansion and you'll be in a position to take new orders for FY 25-26, is that a safe statement to?

Rohan Prakash Lade: Yes, yes, yes, yes, yes.

Keshav: Got it. Now for the current year, what kind of top line are you projecting versus what we did last year?

Rohan Prakash Lade: I would say pretty much the same we are expecting to do.

Keshav: You're not expecting a growth because Lade sir has guided us on a growth of 20 to 30% on top line.

Rohan Prakash Lade: No 20 to 22%. You can go. See, these products are not having that big bigger margins. See he was saying that because he was expecting a very big order from Bangladesh when he had said that last year but whatever because he was the one who was in touch with the with all of Bangladesh customers. And that Bangladesh, it was a completely government project and it and it was a very big, very big project. But what has happened because of that, it has now we can't think of that as it as of now at least. So, because of that he might have said at that time but currently with whatever orders we are seeing in future and whatever water projects we are seeing in future, I would say it will be 22% only.

Keshav: Got it. Now my second question is so our results came out on 14th of November and 15th November was a bank holiday, 16th November was the Saturday 17th November was a Sunday 18th November after at 4:30 PM we came out with the investor presentation. So why is there a gap of four days between giving results and giving us the investor presentation, because of the drop of 30% in top line on Monday when the investor presentation came out at 4:30 PM, the price had collapsed by 20%. So, 270 BEW is 217 only seller lower circuit because we have not bothered to give the investor presentation. We should have explained to the investors there is firefighting which needs to be done that the deliveries have got delayed by one month because of rain. This statement has come out in the investor presentation only on Monday evening. So why is there a gap of four days in giving the investor presentation when you have come out with the earnings on 14th November, don't you think the investor presentation should be released to all the investors on the same day as your releasing earnings?

Rohan Prakash Lade: See 15-16-17, it's a weekend. 15th was a holiday; it was Guru Nanak Jayanti so we were not working. 16th-17th was the weekend so generally, on weekends our CFO's and other things they are not here. So unfortunately, we are not in position to declare other thing on the same day itself. So that's why it was on Monday.

Moderator: Sorry to interrupt, Mr. Keshav. I would request you to rejoin the queue for your follow up question. Thank you. The next question is from the line of Harsh Shah from Sumaria International LLP. Please go ahead.

Harsh Shah: Yeah. Thank you for the opportunity. So, what I wanted to understand is that in the last quarter, there is the steel prices are very volatile. So, I wanted to know, like, do we face any impact when like stainless steel prices or like they crash so much like when 10-20% in a quarter, what is the impact do we face and like, is there an advantage that we have or how is it?

Rohan Prakash Lade: See, the stainless steel prices, I would say even though they are volatile, the fluctuation is not that much on the downside like to the fluctuation will be somewhat around ₹10 to ₹15 only. So, when it comes to stainless steel, we always consider that much of that much of fluctuation whenever we do our costings. So that doesn't create a big create a big issue for us. But yes, whenever we go for Hastelloy orders, we have to be sure that because the Hastelloy fluctuation is very huge. So saying that, that is the reason we are we are stalled the raw material because we are expecting that there will be pricing issue, the pricing issue. When the prices will go down. So that's why when we saw the prices are going down, we that time itself, we booked the raw material expecting that like that there is a graph which we see for Astro raw metal because over the years we have seen how much low it has gone and how much high it has gone. So, with respect to that, whenever feel that yes, it is on the pretty much on the lower side, that is the time we go to stock up the inventory so that even though in further it like with that pricing we expect that it won't go further down and even it goes it will be little bit but it if it rises we'll be on the we'll be on the plus side for us because we have a good stock inventory at lower prices.

Harsh Shah: Right. OK, OK. So, my second question is related to the revenue for this year. So, Sir, in your investor presentation it was mentioned that and you also mentioned right now that 20 crores of orders were delayed in the month of September. So, are we seeing deliveries for like, have you already delivered those 20 crores worth orders in October and November now.

Rohan Prakash Lade: Yeah, almost. Some are delivered. I think around 10 to 15 are delivered. Some are pending because some of the customers, some are set up. So, they are not still picked.

Harsh Shah: Right, OK. And so we had like a on 30th September, we had an order book of 90 crores, right? So, what is the percentage of execution that we can see from this unexecuted order book in the second half of the year?

Rohan Prakash Lade: See, we are targeting somewhere to reach nearby to 150 by the end of March.

Harsh Shah: OK. OK. So, like despite the delay and the Bangladesh issue, are we still confident of reaching 150?

Rohan Prakash Lade: Yeah, because we have the order book and we are, we are seeing that we can reach to that position mostly by March.

Harsh Shah: OK. OK. Thank you, Sir. Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Sahil Chopra from KIFS Trade Capital. Please go ahead.

Sahil Chopra: Yeah. Hi. So, my question has been answered. Yeah, thank you.

Moderator: Thank you. The next question is from the line of Nitin Gandhi from Tejal Nitin Gandhi. Please go ahead.

Nitin Gandhi: Yeah, Hastelloy, how much is percentage of inventory in March 24 out of 107 crore stock?

Rohan Prakash Lade: That time. The figures exactly, I don't remember the figures from March 24. But percentage wise I would say it was a little bit less as what it is now. Maybe somewhat I think it was 35 to 40% at that time.

Nitin Gandhi: OK. Generally what percentage of RM is Hastelloy?

Rohan Prakash Lade: Total raw material, it's not like that. See, we make equipments in stainless also and we make equipments in Hastelloy also so, as I told last year it was 50-50 because we had we had a good set of orders of Hastelloy last year, but now, in these six months, it is a little bit less. So, this in these six months what we did is I think it is around 70-30. Like 70 was stainless steel and 30 was Hastelloy.

Nitin Gandhi: No, no, that's OK. I'm saying within 50% of the sale, when you use Hastelloy, what is the total percentage of RM consumed in that order? That's what I'm trying to understand.

Rohan Prakash Lade: Means any, any equipment you are saying any manufacturer?

Nitin Gandhi: The equipment where you it was a Hastelloy.

Rohan Prakash Lade: Means percentage of Hastelloy it will be used you are saying in the in the in the industry. In the industry, Hastelloy is like generally used where lot of corrosive products are there in the industry. So even in pharma or in chemical sector you will see that this Hastelloy is being used because earlier there was there are different solutions. instead of doing Hastelloy like people used to like customers used to go with different sort of coatings and all these things but now FDI forms are getting more and more stringent, so all those things are not accepted and. So FDI has put a certain timeline for the equipments like to give example. Once the four or five years have gone by for equipment, FDI does not accept that equipment, so they will ask us to again revamp the equipment or go for the new one. So, the Hastelloy has also has also got an equally good share as you compare it with the with the stainless steel raw materials.

Nitin Gandhi: Considering the order book, how much time it will take next one year or little more? Because per month consumption will be some around 7 to 10 crore only, right?

Rohan Prakash Lade: By March, we are targeting close to 150. So, and we have a good order book in hand also.

Nitin Gandhi: So, out of 150, 30% is Hastelloy.

Rohan Prakash Lade: Not out of 150, till now for is 30% it can go up. It can become 50-50 also by the end of March.

Nitin Gandhi: OK, so even if it's a 75 order, how much Hastelloy will be consuming out of 70 crore existing with us?

Rohan Prakash Lade: It's very difficult to say because again, it depends on customer requirements, if the more orders are coming up as so like it can be completely consumed, if it is less, it will be less. So, to put it in the percent is very difficult right now, but I would say 50-50 I would say, right now.

Nitin Gandhi: So see, I'm just doing a reverse mathematics. Even if it's assuming 75 crore revenue where 20% is EBITDA, so 60 crore is the maximum consumption which can come and obviously 100% is not Hastelloy, right, so in best case scenario you won't be able to use more than 35-40.

Rohan Prakash Lade: Yes, yes.

Nitin Gandhi: Right. So obviously this will extend till at least September 25.

Rohan Prakash Lade: Yes.

Nitin Gandhi: Right. OK. So that's what we are just trying to understand how much time we will need to digest that. OK, now coming to the second question, when you raise this QIP, obviously you would have seen new stage of application of funds. Can you share that when you raised last 55 crore, so what were the application of funds which were provided at that time in QIP?

Rohan Prakash Lade: That last 55, when your present is 55, you're saying, yeah. I think they did that last year, and as I told you, some part like we the land purchase was done for the neighboring land. So, I think 50% was paid 50% land acquisition was done through the 55 CR which we came in. So, some part was used there also and some little bit part was to pay off the creditors till the March end period.

Nitin Gandhi: Ok. And what's going to be the usage of funds for warrants now? Are there any other issues which you are going to use this 11,00, 00,000 which are yet to come from the warrant.

Rohan Prakash Lade: Mostly what are the points are there, they will be using for the Capex only it's not for the creditors or for the inventory pilings.

Nitin Gandhi: What is the short-term borrowing cost and long term borrowing cost?

Rohan Prakash Lade: Short term, that is very difficult to put in a figure, right now to me exactly.

Nitin Gandhi: Or around 12% or 9% or?

Rohan Prakash Lade: No. It will be close to 9 percent, 9 to 10% in between that.

Nitin Gandhi: And how is it it's coming from the banks? How is it? Who is the lender? Is it from banks or it's private promoters?

Rohan Prakash Lade: Mostly from bank.

Nitin Gandhi: Ok. All the best. Thank you very much.

Moderator: Thank you. The next follow up question is from the line of Rishi Kothari from Pi Square Investments. Please go ahead.

Rishi Kothari: Yeah. Hi. Thank you so much for the opportunity again, what exactly was this Bangladesh situation that you were going to add to orders or cancel sort of thing, can you explain more on that one?

Rohan Prakash Lade: Yeah, it was a completely government project because if you know was putting a complete farmers own in one of their pharma cities. So even given government has had also invested heavily but whatever has happened so because of that, nothing went on ahead with that. But it's also very great coming out because we were in touch with one of the consultants over there and in fact, my father had also visited two or three times over there for that particular government project as well. And it was going to go on for full at least complete two years. But unfortunately, that has not taken up for now.

Rishi Kothari: So, we are for next year or so, we are not experiencing from that front the more or less the project.

Rohan Prakash Lade: Not at least from that region.

Rishi Kothari: Got it. OK. And but still we are expecting FY27?

Rohan Prakash Lade: Yeah. Yeah. Because we are targeting other geographies now like as I told, the Africa has got a good scope to have some exports over there and not only that but also some neighboring Asian countries like Malaysia, Thailand and also some also some this as well. So, we are expecting to have a good set of orders from all these other regions

Rishi Kothari: Got it. That’s all from my side.

Moderator: Thank you. The next follow up question is from the line of Harsh Shah from Sumaria International LLP. Please go ahead.

Harsh Shah: I wanted to actually visit the plant. So, is it possible? Who do I contact? You and how can I?

Rohan Prakash Lade: No problem. You can just drop down a mail. Later on. Ok and then we will let you know when it will be possible for us.

Harsh Shah: OK, Sir.

Moderator: Thank you. The next follow up question is from the line of Keshav from BHH Securities Private Limited. Please go ahead.

Keshav: Hi. Thank you so much for giving me the opportunity to ask my follow up question. So, I understand that you are a 130 crore net worth company as per balance sheet which was 10 crores at the time of IPO. So, 30 lakhs growth in net worth is very, very commendable out of which hundred crores was raised for doing better business. I really appreciate that. So, what I'm saying is we are right now 130 core net worth company as per balance sheet and I'm just comparing your numbers with actually HLE Glascoat which is our nearest competitor. So HLE had a 462 crore turnover for the half year and a PAT of 19.84 crores and our turnover of 51 crores and we had a part of 6.1 crores. So, their actually PAT margin is 6.01% and our PAT margin is 11%. So, which is very, very good. So, what you have guided is a 150 crore turnover for the current year and a similar PAT margin can you expect that for the full year?

Rohan Prakash Lade: Yeah, pretty much in that range only.

Keshav: My second request is that can we have the results earnings release and the investor presentation on the same day itself versus investors waiting for four days to get the investor presentation?

Rohan Prakash Lade: Next time onwards, we will try to do it as fast as possible.

Keshav: OK, at this point in time, we are available at 15 times earnings at 300 crores market cap versus HLE which is quoting at 57 times earnings. That's all I need to add. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Rohan Prakash Lade - Managing Director from BEW Engineering, for closing comments.

Rohan Prakash Lade: Yes, I would like to thank everyone for taking out their time and attending these calls. I'm also thankful to the each and every member of BEW and as well as our clients, creditors, bankers and all the financial institutions and all our stakeholders and for any other queries, you can please get in touch with our investors relations team.

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