Operator: Ladies and gentlemen, good day and welcome to the BEML Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harshit Kapadia from Elara Securities. Thank you, and over to you, sir.

Harshit Kapadia – Elara Securities: Thank you, Steve. Good afternoon, everyone. On behalf of Elara Securities, we welcome you all to the BEML Ltd. Q1 FY27 conference call. I take this opportunity to welcome the management of BEML, represented by Mr. Shantanu Roy, Chairman and Managing Director; Mr. Anil Jerath, Director Finance; Mr. Debi Prasad Satapathy, Director Human Resources; Mr. Sanjay Som, Director Mining and Construction; Mr. Rajiv Kumar Gupta, Rail and Metro; and Mr. Sanjay Digade, Director Defence and Aerospace. We will begin the call with a brief overview by the management, followed by a question-and-answer session. I will now hand over the call to Shantanu sir for his opening remarks. Over to you, sir.

Shantanu Roy – Chairman & Managing Director: Good afternoon. Are you able to hear me, Harshit?

Harshit Kapadia – Elara Securities: Yes, sir. We can hear you. Please go ahead.

Shantanu Roy – Chairman & Managing Director: Good afternoon to all our investors. Thank you again for remaining invested. The last quarter was quite an improvement, probably the best first quarter we have had in the last decade or so, with topline growth of 29%. This growth was led by a tremendous turnaround in the Rail and Metro segment, which grew by 178%. Mining was muted and declined by 14%, mainly because the contract finalization for some of the projects where we are already L1 has been deferred. In Defence, overall, we delivered a 25% improvement over the first quarter of the last financial year.

For the first time, probably, we have again achieved positive EBITDA. The overall loss has declined by almost 50%. Inventory and overall working capital have also improved, and the value added per employee has increased by around 8%. I am sure you have already worked out these numbers, so I need not repeat all of them.

We are currently sitting on an order book of around 16,000 crore, a little more than 16,000 crore. We are looking at an opportunity size of 35,000-40,000 crores, mainly led by Metro and Rail and, of course, Defence and Mining. As I mentioned to you, we are currently L1 in tenders worth around 900 crore. We also have a very healthy export order book, currently at around $115 million, and we should end the year with an export order book of around $200 million.

Looking at the performance of the first quarter, I expect similar or better growth in the second quarter and the quarters thereafter. We are now ready to take any questions that you have.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the

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question queue assembles. Our first question comes from the line of Parin Parekh from Sree Capital. Please go ahead.

Parin Parekh – Sree Capital: Good afternoon. Am I audible?

Shantanu Roy – Chairman & Managing Director: Yes, sir. You are audible.

Parin Parekh – Sree Capital: Yes. Good afternoon once again, and thank you for this opportunity. Congratulations on a good set of numbers. I have one simple question. A couple of years back, we demerged surplus assets of our company into a different listed company, and in the previous year, you took around 300 acres of land in Mysuru and around 36 acres of land in Bengaluru back on lease from the same company. Can you please explain the rationale for that, the duration for which we have taken the land, and what kind of plans we have for that asset?

Management: As you rightly said, BEML Land Assets Limited was first carved out as a fully owned subsidiary, and some 3 years back, it was listed as a separate company. The land that we have decided to take on lease will be used for our production activities and for some futuristic and expansion activities as well. For example, we have already started utilizing the land at Bangalore for the current production of LHB coaches for the high-speed train.

We will be utilizing the land at Mysore more for aerospace. Recently, we received an order, just a couple of days back, for the fuselage of the Light Combat Helicopter from HAL. We will be utilizing these lands, which were basically lying unutilized, even though they are part of BLAL. By paying a small lease rental, we will be able to utilize them, produce equipment and systems on these lands, and add to the sales revenue and profitability of the company.

This is currently a 99-year lease, but it will be reviewed after 5 years or even before that, depending on the next course of action that emerges from the current process of BLAL. Since this is a BEML Ltd. earnings call, it is not correct for me to talk about what BLAL is going to do or what BLAL's plans are. However, this is the precise reason we decided to take these lands on lease until at least the time we start our new production unit at Bhopal.

At the same time, just a few days back, you might have read that the Chhattisgarh Cabinet approved the allocation of around 80 acres of land to us near Bilaspur, in a place called Mungeli. It is very well located, around 70 kilometers from Raipur and 50 kilometers from Bilaspur, somewhere in between. It is adjoining the state highway, and the nearest railhead is around 40 kilometers away.

The development of these places will take some time. In the meantime, we will be utilizing land that is already available with BLAL and adjacent to us. That is the thought. Once we get into more projects, for example in aerospace, we are looking at the Advanced Medium Combat Aircraft, for which we will be bidding shortly with our partners. If that happens, we will need more space here.

The Bilaspur plant will be used for our wheeled mining equipment, including trucks, water sprinklers, motor graders, and so on. The idea is that we should be near our customers. Eighty percent of our mining and construction equipment, especially mining equipment, goes to Coal India and its subsidiaries. Bilaspur is accessible to all customers within 24 to 48 hours.

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That is one of the reasons you might have heard earlier, and we have shared this as well, that we are going to create a hub-and-spoke model at Bilaspur. The construction of the hub is already almost ready. It will be used as a central place for spare parts and for servicing all our customers from there, rather than doing so from our units, which are a few thousand kilometers away, and more than 1,000 kilometers away, from our customers.

Parin Parekh – Sree Capital: Understood, sir. I think that is very helpful. Just a supplementary follow-up on that. Both these places, as you have mentioned, will be utilized for production. As you mentioned, you have already initiated production in Bengaluru, and you are planning to start soon in Mysuru. What kind of capex will be involved at both these places, sir?

Management: We are yet to formulate the capex for Mysuru. At Bangalore, as all our esteemed investors saw when you were here last month, production has already started. I think it has been almost a month, and we have made great progress in that one month.

I cannot say what the exact capex is for this particular tract of land. It may be hardly 3-4 crores of capex, not more than that. However, the overall capex that we have invested in Aditya is in the range of around 250 crores. That is for the entire high-speed train complex.

Parin Parekh – Sree Capital: Understood, sir. Thank you so much, and all the very best.

Management: Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one. The next question comes from the line of Pratik Gujar from Intel Sense. Please go ahead.

Pratik Gujar – Intel Sense: Hello, am I audible?

Shantanu Roy – Chairman & Managing Director: Yes.

Pratik Gujar – Intel Sense: Sir, I wanted to ask about the Mumbai Rail Vikas Corporation tender. Has that tender been cancelled, or what is the situation? It has been delayed for so long.

Management: It has been cancelled. That is what has come to us.

Pratik Gujar – Intel Sense: A few days back, I heard you in an interview where you talked about a 40,000 crore bidding pipeline. As per our understanding, MRVC itself was supposed to be 20,000 crores. How are we still expecting a 40,000 crore bidding pipeline? If you could give the breakup of the pipeline, that would be helpful.

Management: You are right. That 40,000 crore opportunity had two components. One was MRVC, and the other was MEMU, which is still alive. Apart from that, we have 6 tenders that are live for Metro. These 6 tenders are Chennai Metro, Delhi Metro RS-20, Delhi Metro RS-21, UP Metro Extension, Maha Metro, which includes Pune and Nagpur, and there is another one at—Kochi Metro is coming. No, Kochi will come. Just give me a second. Yes, MMRDA Line 12, where we have already bid. The ordering is yet to be done. So, there are 6 Metro projects.

Apart from that, the market is very dynamic. We are currently working on export opportunities for the Metro sector. The export opportunity size is around 15,000 crores. We are working on 2 export

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opportunities. I will not be able to share the country, but the opportunity is around 15,000 crores.

Apart from that, as you all know, we have already submitted the bid for 16 train sets for the V28, that is, the 280-kilometer-per-hour high-speed train project. Considering all this, the overall opportunity we discussed for Rail and Metro is 20,000 crore of order inflow. I am talking only about Rail and Metro. So, 20,000 crore is for the entire company, from all the business verticals. Now, Defence.

We are looking at a figure of around 4,000-5,000 crores, which is definitely going to come to us. Apart from that, in Mining and Construction, we are L1 for 900 crores, we are bidding for another 500-600 crores of tenders, and we are bidding for a big export opportunity from West Asia.

Pratik Gujar - Intel Sense: I hope the numbers tally correctly?

Management: Yes, sir.

Pratik Gujar - Intel Sense: Can I ask one more question? It is regarding HMM. NMDC has a large capex plan going forward, and a large component of that is going to be heavy earth-moving machinery. Are we receiving any inquiries on that front for HMM?

Management: HMM is an area where we are already bidding wherever there are opportunities for us. It is not only NMDC; it is also Singareni Collieries, Coal India, and its subsidiaries. Recently, this month itself, we received 2 orders from Coal India and its subsidiaries for some mining equipment.

We are also looking at some export orders for HMM in the next 2-3 months, apart from the tender in which we are going to participate shortly. The export opportunity I am talking about is from the Middle East, and it is apart from the tender in which we are participating in West Asia.

Pratik Gujar - Intel Sense: In the near to medium term, is there anything expected regarding the Goliath crane or cutter suction dredgers? Is anything expected on the marine side in the medium term?

Management: These are all developmental projects. Let me give you a picture. For a tunnel boring machine, the design itself will take 1-1.5 years, followed by the development phase and manufacturing. It will take us at least 3 years to develop a tunnel boring machine, after which it will go into bulk production.

As far as the Goliath crane is concerned, more than the Goliath crane, we are focusing on STS, that is, a ship-to-shore crane. Again, the entire cycle and process will take us at least 3-4 years. So, I would say there is nothing in the short term, but there is an opportunity in the medium to long term.

I am taking the medium term as 3 years, and the long term as 5-6 years. Once development happens and we go for bulk production, we can expect something sizeable to come in 3-5 years from these 2 segments.

Pratik Gujar - Intel Sense: And is there anything regarding dredgers, sir? We had entered into a tie-up for cutter suction dredgers last time.

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Management: We have already submitted our offer for a few cutter suction dredgers, and we expect the ordering to be done in the coming 2-3 months. It should be done.

Pratik Gujar - Intel Sense: Thank you, sir. Thank you so much.

Operator: Thank you. The next question comes from the line of Jyoti Gupta with Ashika Broking. Please go ahead.

Jyoti Gupta - Ashika Broking: Good evening, sir. Thank you for the opportunity. First, I have one request. If you could publish the corporate presentation, quarterly presentation, or whatever information can be provided, that would be helpful.

Second, I wanted to know about the outlook for FY27. We had flat margins in the first quarter, so what is your estimated revenue growth for the full year, and what EBITDA margin are you expecting for the full year? Also, what about the devaluation reserves? We had a major impact in the fourth quarter last year. Do you still think there could be some impact because a lot of our exports are locked in? Could foreign currency fluctuations impact these financials going forward? Please provide some clarity on that.

Management: Yes, we will put up our presentation on a quarterly basis. We will do that. In any case, the next time we have this call, it will probably be a physical meeting with all our esteemed investors.

Regarding the numbers, as I mentioned, the first quarter delivered around 29% growth, and I expect similar growth in every quarter. Overall CAGR for this year should be in the high 20s if all goes well, and it should go well because we now have executable orders.

All the orders we had have reached the stage of bulk production. For example, the LHB and the Vande Sleeper, which we are going to complete shortly. We will also start delivering the high-speed train during this financial year. The Bangalore Metro has already undergone the CRS inspection as of yesterday, and very shortly it will be put into commercial use. This year, we should expect at least 20-25 trains for Bangalore.

In addition, we are already L1 in many tenders for HMM, and Defence has a continuous pipeline. With that, I am quite bullish about the revenue this year.

As far as EBITDA is concerned, in FY24-25, we achieved around 13-13.3%. Last year, because of a one-off correction, it went down, but this year my expectation is that we will again get back to at least 13% EBITDA.

Regarding the impact that we had in the last quarter, whatever impact was there, we have considered it. This year, when we start realizing the sales, I think I mentioned this in one of our earlier discussions as well: since these contracts are in foreign currency, and one is a deemed export, when we took the contract and now when we are executing it and the sales are realized, there is at least a 50-60% improvement in exchange rate variation.

My estimate is that the losses we have already booked will be mitigated by at least 20-25% in this financial year, and perhaps more in the coming years. So, there will not be any negative impact.

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There will be a positive impact once we start realizing the sales for the projects that are in foreign currency.

Jyoti Gupta – Ashika Broking: One last question. What is the status of the groundbreaking ceremony that took place in Bhopal? We were expecting the plant to be commissioned and start production within 18 months. What is the status of that Bhopal project?

Management: The 18 months is from the start of construction, correct? Construction is yet to start. We have already completed the boundary wall. We have tendered out the civil work, and we will be finalizing it, I think, in the next 2–3 months. At the same time, we are working on arranging debt finance for this project.

From the day construction begins, we will be able to roll out the first equipment after 18 months. The total time required to complete this project will be around 24 months.

If I give you the example of Aditya, we conducted the groundbreaking on September 1, and the plant was inaugurated on April 25. It was ready. Bhopal will be completed much faster than that.

Jyoti Gupta – Ashika Broking: Could you also give me the segment-wise breakup of revenue? At the consolidated level, I believe Defence was 35%, Rail and Metro was 24%, and Mining and Construction was 41%. Is that correct, or are my numbers slightly skewed?

Management: I think your numbers are correct. I can only give you the growth on a vertical-wise basis. Rail and Metro grew by 178%, Defence grew by 25%, and Mining and Construction, that is, the HMM segment, declined by 14%.

Jyoti Gupta – Ashika Broking: Is the proportion likely to remain—

Operator: Sorry to interrupt, Jyoti ma'am. Can you please come back into the queue for further questions?

Jyoti Gupta – Ashika Broking: Thank you.

Operator: Thank you. The next question comes from the line of Basant Kumar Bansal with NBG Investments. Please go ahead.

Basant Kumar Bansal – NBG Investments: Good afternoon, sir. My question was on the segmental breakup of revenue, which my previous participant asked about. May I make one request? Why don't you regularize these 3 verticals as segments and report them as segments under segment reporting? That would be very helpful in terms of revenue and margins.

My second question is: how do you see this mix 5 years down the line?

Management: We are exempted from segmental reporting, that is number one. Number two, I would be happy if, instead of these 3 verticals, they were hived off as 3 separate companies and BEML Ltd. became a holding company. That would make it easier for us, right? I hope you will agree.

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Regarding the mix 5 years down the line, the trend is already visible from this year itself, from FY25-26 itself. HMM's average contribution to the topline has been 45%. The highest was in FY2016-17, when it contributed 61% to the topline. In FY25-26, it declined to 40%. The contribution from Defence and Rail and Metro was 60%.

The trend will continue and, in my opinion, based on the order book opportunities and our aspiration to grow, it should be around 65-70% for Rail and Metro and Defence, and 30% for HMM. In the current order book, 65% is from Rail and Metro alone. I think that tells the story.

Basant Kumar Bansal - NBG Investments: Can Defence go up to 50% or more?

Management: I do not want to speculate, but as of now, I do not see that happening. It is better that we discuss Rail and Metro and Defence together; they will account for around 65-70%. Within that, Defence may go up to 50% and Rail may decline to 20%, but I do not see that possibility immediately, considering the opportunity size in Rail.

Basant Kumar Bansal - NBG Investments: One last thing from my side: which vertical has the highest margin potential?

Management: All verticals have high margin potential. Again, if you look at the biggest margin contributors, the first is sustenance, that is, spare parts and services. The second-highest contributor to margin is exports.

Basant Kumar Bansal - NBG Investments: Not in terms of Defence, Rail, or Mining and Construction?

Management: It is applicable to all of them. Sustenance has the highest margin, and exports follow it very closely.

Basant Kumar Bansal - NBG Investments: Thank you. I think this is very helpful.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question comes from the line of Sagar Gandhi with Invesco Mutual Fund. Please go ahead.

Sagar Gandhi - Invesco Mutual Fund: Good afternoon, sir. Am I audible?

Management: Yes, yes, go ahead. You are very much audible.

Sagar Gandhi - Invesco Mutual Fund: Thank you so much, sir. Could you highlight the size of the opportunity that we can capitalize on specifically from the High Speed Rail project, which is the Mumbai-Ahmedabad bullet train project? If my understanding is correct, you are the prime rolling stock manufacturer for this program. Given that the government is very keen to operationalize this project over the next year or so, how large an opportunity can it open up for us?

Management: The number of trains for the Mumbai-Ahmedabad corridor is already fixed. We are mandated to build 2 trains of 280 kilometers per hour. After that, what has been disclosed in the public domain is that we have submitted an offer for 16 trains.

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When it happens and how much it happens, only time will tell. However, once we deliver these 2 trains and they undergo all the tests, it will open up a huge opportunity for us for the upcoming 7 corridors. In my opinion, the upcoming 7 corridors will require at least 600 trains, and those 600 trains can open up around 50% of that market for us because I do not think any single company will be able to cater to this number of trains.

There will be at least 2 companies supplying rolling stock for the forthcoming high-speed train projects. However, this is in the next 10 years; it is a 10-year pipeline, or a 10-15-year pipeline. It is a huge opportunity.

It is not only about the 7 domestic high-speed train corridors; it also opens up the export market. Wherever there is a high-speed train requirement, at least we can tie up with somebody, and BEML Ltd. as a company will be at a different level. That is the biggest gain from manufacturing, designing, and developing the rolling stock entirely here in the country.

Sagar Gandhi – Invesco Mutual Fund: Regarding the 2 train sets that you are already building, the first prototype, where is it in the execution stage? Is it complete? Is it certified? Where exactly is it?

Management: How can it be certified so quickly? We have just started production. I guess you were not there when the other esteemed investors visited. We started production sometime in April, and when our investors visited in June and July, we had started building some modules and so on.

Now we have reached the stage of the complete shell, what we call the car body shell. Every stage has a lot of checks and balances, design validation, and tests that have to be carried out. Once we deliver the train, which we expect to do in 4-5 months from now, perhaps 5 months from now for the first train, it will have to undergo extensive testing at the depot and on the main line.

Before the train leaves our factory, it will also undergo extensive testing at the car level, at the basic unit level, and at the complete rake or train level. A basic unit consists of 4 cars. Only after this testing is completed, which may take until this time next year, can we say that the train is ready. It is too early. It is too early in the day. However, we are quite confident that we are on the right path.

Sagar Gandhi – Invesco Mutual Fund: Thank you so much, sir. Thank you.

Operator: Thank you. Participants who wish to ask a question may press star and one. The next question comes from the line of Amit Anwani with PL Capital. Please go ahead.

Amit Anwani – PL Capital: Hi, sir. Good afternoon.

Management: Good afternoon.

Amit Anwani – PL Capital: My first question is again a follow-up on high-speed rail. We said that probably by next year we will be done with the testing. I wanted to understand the per-coach cost of production and our scope in that. Once the testing is done, if I take a 2-3-year view, what kind of HSR order could come to us? You highlighted the long pipeline, but is there anything we expect in the near term, since a lot of corridors and DPRs are being prepared?

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Management: I just mentioned that for the Mumbai–Ahmedabad corridor, we have submitted our offer for 16 train sets, and a decision will be taken based on which we will execute further trains.

As far as the other corridors are concerned, it is too early for me to speculate. It would be speculation and wild speculation. What is important is that we will be ready. We have already started working on the 350 KMPH level, which I expect will be the next level for the new corridors.

As far as the cost of production is concerned, this is a development stage, and we ourselves do not yet know. Once the train is manufactured and tested, I will probably be able to comment on the cost of production.

As to how much of it is ours, it is 100% ours. It is 100% Indian, including the IP. The intellectual property is Indian intellectual property. It is 100% ours.

Amit Anwani – PL Capital: Even the propulsion systems are locally sourced, along with everything else?

Management: Propulsion is locally sourced, sir.

Amit Anwani – PL Capital: Understood. Compared with 180 KMPH trains such as Vande Bharat, would the HSR have 1.5 times or 2 times the cost?

Management: It would not be correct for me to give you a ballpark figure because it is not the case that if 160 KMPH is X, then 280 KMPH will be 280 minus 160 divided by something, some percentage, and that much X. It does not work like that. It is essentially exponential. As the speed increases, the cost increases exponentially.

Amit Anwani – PL Capital: Understood. My second question is on capex. What capex has been outlined? You have highlighted that we are increasing capacities on the Rail and Metro side. What are the segment-wise capex expectations for this year and next year? For Rail and Metro, we were talking about increasing capacity from around 250 units to 350–400 units. Has there been any change in those numbers, since we are now also preparing for HSR over the next 3–4 years?

Management: There is no change in those numbers. Since Aditya is now fully operational, we will first focus on HSR, and then we will also go for bulk production of HSR as and when it comes. We are also utilizing the HSR facilities that are available for our other projects.

As far as capex is concerned, as I mentioned, we have infused around 250 crores in Aditya. The overall capex spend last year was around 379 crore, which was the highest, probably, in the last 15 or 20 years. We would have to check that data.

This year, we have planned around 600 crores. Once BrahMos starts, there will be another approximately 900 crores or so. However, that will not happen this year. The spending will move to the next year and perhaps the year after that; it will be spread over those years.

In addition, land has recently been allocated to us for the new unit in Chhattisgarh. It is a very good tract of land and very suitable for heavy earth-moving machinery. We are working out the capex there, and perhaps in the next 3–4 months we will determine what kind of capex we would like to

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infuse there. Essentially, that will constitute the total capex plan for the next 4 years or so, or 4-5 years, I believe.

Amit Anwani – PL Capital: Lastly, could you share the segment-wise breakup of the order book or order balance as of today, along with the full-year order inflow expectation for this year?

Management: Currently, 65% of the order book is from Rail, 25% from Defence, 4% from Mining, and 6% from Exports.

This year, the order infusion has been {? 1,181 ?} till now. Defence has contributed 50%, Mining has contributed around 25%, and around 35% has come from Exports.

For overall order inflow this year, my expectation is that 65-70% will come from Rail and Metro, some 20-odd percent should come from Defence, around 5% from international business, and another 5-6% from Mining. However, whatever comes from Mining also goes out. That is how it will be.

Amit Anwani – PL Capital: What is the expected absolute number for order inflow this year?

Management: The order inflow expectation is 20,000 crore, sir. We will try for 20,000 crore. We expect that, with around a 40% probability, we should have around 20,000 crores of order inflow.

Amit Anwani – PL Capital: Understood, sir. Thank you so much. All the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sachin Maniyar with 3P Investment Managers. Please go ahead.

Sachin Maniyar – 3P Investment Managers: Hello. Good afternoon, sir. Can you hear me?

Management: Yes. Good afternoon.

Sachin Maniyar – 3P Investment Managers: On the recent order from HAL for the Light Combat Helicopter fuselage, can you help me understand how many units it is for? HAL is making almost 156 units over 4-5 years. Should we expect repeat orders from the same program?

Management: I do not think there will be a repeat order, but let us see. We have received 60% of the total 156 units, correct? So, that is around 90-92 units. I am sure you know that the fuselage is essentially the complete helicopter shell.

Sachin Maniyar – 3P Investment Managers: This would be spread out over 4-5 years, correct? This order would be—

Management: I think it is for 3 years. The exact quantity is 48 units.

Sachin Maniyar – 3P Investment Managers: Forty-eight units. Understood. What would be the expected R&D spend this year? Last year, you increased your spending to 251 crores. What are you expecting for this year?

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Management: As a percentage of the topline, it should be around 7%. If we achieve 25% growth, it should be more than 300 crores.

Sachin Maniyar – 3P Investment Managers: Thank you. That is all from me. Thank you, sir.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Basant Kumar with NBG Investments. Please go ahead.

Basant Kumar – NBG Investments: Sir, I have 2 questions. The first is from the Metro perspective: what are the concerns and challenges that keep you worried?

Management: The concern and challenge that keeps me worried is how to maximize shareholder wealth.

Basant Kumar – NBG Investments: From a business perspective.

Basant Kumar – NBG Investments: No, from a business perspective.

Management: From a business perspective, the first objective is to grow consistently at a CAGR of 20%. The second is to have a healthy EBITDA margin of at least 17–18%. The third is to reduce working capital, reduce our debtors, and reduce our inventory.

These are the 3 major challenges. Once we do that, our operating ratios, inventory ratios, and efficiency ratios will all be in order, which will enhance shareholder wealth and add more value.

Basant Kumar – NBG Investments: My second question was about working capital. As you rightly said, this is one of your areas of concern. What steps are you taking to improve the working capital cycle? What can help you improve it?

Management: Working capital has 2 components. One is inventory, and the other is debtors. One of the major reasons for the debtor balance is that, if you look at our revenue spread from quarter to quarter, it is generally 10% in the first quarter, 20% in the second quarter, 30% in the third quarter, and 40% in the fourth quarter. In fact, last year the fourth quarter was almost 45%.

When so much revenue is skewed toward the last quarter, debtors increase substantially, correct?

Inventory also keeps piling up until the end. We carry inventory so that we can make some sales in the last quarter. We have targeted 2 things, which will probably help us this year.

We should start the year with a healthy executable order pipeline. By executable, I mean that the orders are ready for bulk production. Fortunately, we opened the year with such a pipeline. The main idea is to have a sustainable pipeline, so that next year also we open the year in the same way.

Once we do that, by the second quarter, if we are able to achieve even 35% of the total revenue planned, it will help us in a big way. If we are able to achieve around 70% by the third quarter, we will be left with only 30% in the final quarter. This will help bring debtors under control to a great extent and will also help keep inventory under control.

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Inventory consists of raw materials, semi-finished goods, and finished goods. These are the steps we are taking: tighter inventory control management, a more focused approach, and planning inventory in such a way that long-lead items are available with us while also increasing our value of production.

Enhancing the value of production goes a long way toward improving our margins. These are the steps we are taking.

Basant Kumar – NBG Investments: Understood, sir. This is very helpful.

Operator: Thank you. The next question comes from the line of Rakesh Roy with Boiling AMC. Please go ahead.

Rakesh Roy – Boiling AMC: Sir, my first question is regarding the marine engine program. Could you shed some light on it?

Shantanu Roy – Chairman & Managing Director: We are not doing anything in marine engines currently. We are exploring the area, but nothing concrete has happened so far. We are focusing on land-system engines for Defence applications, where we are working with and exploring various partners to determine what type is needed. Currently, we do not have any concrete marine engine project.

Rakesh Roy – Boiling AMC: Also, as you mentioned, you are looking at 4-5 orders in the Defence segment. Does this include orders after Pinaka or QRSAM, and does it include the supporting vehicle?

Shantanu Roy – Chairman & Managing Director: No, we have not considered Pinaka. We have some orders in the pipeline. One is the ARV, for which you are already aware that the DAC has cleared 130 units. Then we have the command post vehicle, the self-propelled carrier, and some tank transporters. We also have the high-armored multipurpose vehicle, for which we fielded the vehicle. It has successfully cleared the winter trial and will now go for the summer trial. These are the expected orders.

Rakesh Roy – Boiling AMC: Hello?

Shantanu Roy – Chairman & Managing Director: Yes.

Rakesh Roy – Boiling AMC: My question is regarding QRSAM. BEL is expecting an order of nearly 30,000 crores this year. How much of the QRSAM order will come to BEML Ltd. for the supporting vehicle?

Shantanu Roy – Chairman & Managing Director: Something in the range of 600-700 crores.

Rakesh Roy – Boiling AMC: Is that for one regiment or the full order?

Shantanu Roy – Chairman & Managing Director: This is for the full order.

Rakesh Roy – Boiling AMC: Thank you, sir.

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Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Harshit Kapadia for his closing comments.

Harshit Kapadia – Elara Securities: Thanks, Steve. We would like to thank the management of BEML Ltd. for giving us this opportunity to host this call. We would also like to thank all investors and analysts for joining the call. Shantanu sir, would you like to share any closing remarks with the investors?

Shantanu Roy – Chairman & Managing Director: I think we are very fortunate to have such knowledgeable investors who have continued investing in the company and have asked very interesting questions and raised very interesting queries. My only request is that you remain invested in the company, and we will try to create as much value as we can for all our investors and shareholders. Thank you very much.

Operator: Thank you. On behalf of BEML Ltd., that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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