

AWL/SEC/SE/2025-26/48

17th October, 2025

BSE LTD.

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1st Floor, Dalal Street,
Fort, Mumbai – 400 023

Company Scrip Code: 517041

NATIONAL STOCK EXCHANGE OF INDIA LTD.

Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051

Company Symbol: ADOR

Dear Sir/Madam,

Sub: **Transcript of the Analysts / Institutional Investors Meet**

Pursuant to Regulation 46(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the **Transcript of the Analysts / Institutional Investors Meet**, which was held on Wednesday, 15th October, 2025, through the electronic medium of video conferencing (Zoom Platform), is attached herewith.

The Transcript is also available on the website of the Company at:

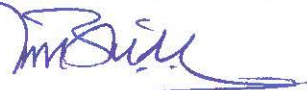
<https://adorwelding.com/events-2/>

We hereby request you to make a note of it and acknowledge its receipt.

Thanking you,

Yours Sincerely,

For **ADOR WELDING LIMITED**



VINAYAK M. BHIDE

COMPANY SECRETARY

Encl: As above



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“Ador Welding Limited

Half Year ended Investor Call for September 2025

October 15, 2025



MANAGEMENT: MR. ADITYA MALKANI – MANAGING DIRECTOR

**MR. V.M. BHIDE – COMPANY SECRETARY, HEAD
COMPLIANCE AND LEGAL**

MR. SURYAKANT SETHIA – CHIEF FINANCIAL OFFICER

**MR. K. SURYANARAYAN – HEAD CORPORATE
STRATEGY**

MR. RISHABH – SENIOR MANAGER - FINANCE

Rishabh:

Good evening everyone and welcome to the Ador's Half Year ended Investor Call for September 2025. Myself Rishabh and today for this call we have Mr. Aditya Malkani, our Managing Director, Mr. V.M. Bhide, Company Secretary, Head Compliance and Legal, Mr. K. Suryanarayan, Head Corporate Strategy, Mr. Suryakant Sethia, our CFO and we'll begin the presentation, we'll first begin with the presentation by the MD and then we'll open the floor for the question and answer.

Aditya Malkani:

Good evening, thank you for taking the time to attend. We'll have a quick presentation just running through and like Rishabh said leave it open for questions after that. As we mentioned this is the opening slide we talk about from a corporate perspective, just to give everyone an overview again the company is approximately 850 employees with five manufacturing facilities, capacities of approximately 90,000 metric tons of welding consumables and 30,000 welding equipment's or power sources.

We are a government of India recognized R&D center, we serve the entire breadth of the country and thus globally we continue to expand and supply to approximately 15 countries. Last year our sales were in the region of approximately INR1,100 crores. Brand Ador just to give everyone an overview of how it works, to just show the scale of where we operate, the global red markets show primarily where we are present either through distribution or our own sales teams and the India market shows our infrastructure set up through sales of this distribution network plus our manufacturing facilities.

Approximately 83% of our sales is India focused, 16%-17% is primarily national from that perspective. An update that we had our board meeting earlier today and I hope you had a chance to see the results. Just to give you a quick overview, sales grew by approximately 5% on a quarterly basis, the gross margins were at 32.7%, there's been a slight improvement over there.

EBITDA at 12.5%, again an improvement of approximately 500 basis points versus a low base. PPT margins ended closer to what we've been talking about as our level that we should be at which is approximately 12.2%. A big highlight internally has also been that we announced an employee stock option plan which got rolled out towards the end of September.

On a half yearly basis revenues have been a little bit soft and keeping in line with what we've seen on steel prices plus actual consumption on the ground accordingly has been in that in line with that. Gross margins at 31%, EBITDA margins at 11% and the PBT at INR58 crores which is approximately 11%. I'm sure most of you had a chance to look at the results, if not it's pretty much self-explanatory from that perspective.

On a quarter or two basis I think this is pretty much in line with what we've been talking about for a few quarters or for some time that this is the steady state level we need to be working ourselves towards with an increased better product mix, better maintenance of margins, improving and demonstrating strength in the welding business which is what we are seeing and

that's being played out luckily and we're very fortunate to that we hope that this is a start of showing these kind of margins going forward continuously.

Working capital, the team has done some good work especially on inventory management and stuff like that and we've been in a position to keep everything in line with our targets and this is the overall picture at the moment. The inventory number of days is at approximately 47 which is a good improvement versus September of last year which is a correct metric to compare with and the rest is pretty much in line with what we were looking at.

ROCE is after the dip that we initially had over there last year is pretty much back in line with where we wanted on 23%. Just to give an overview we have many people reach out to us and talk about what are the changes in terms of product mix and all of that that is going on so we thought this time we'd highlight a few more details.

If you look at the top you'll see on the welding equipment, three different welding equipments that we've been working very hard on with our technical development team to launch. The first on the left hand side is a product that helps data reading, data mapping that can help make the plants, our customers' plants more efficient and can help reduce wastage and loss during weld usage.

The second one is we had an electric battery welder called Rhino E which was launched approximately a year and a half, two years ago. We've now introduced and we've got a little bit of traction over there still very slow as we keep building that up but we've also introduced a complementary solar product to it and I think over time we expect that also to gain a little bit of traction especially in certain middle east markets as we take forward from there.

We also keep talking about improved products and higher end products and that's exactly what the CHAMPTIG AC/DC product works on. On the consumables we are introducing more fluxes that can be used for wind applications and this will play out over the next few months. Drum packaging for MIG is basically where you want higher efficiency, more for the automotive industry, PEB industry, stuff like that where they basically reduce changeover times, higher yields on the manufacturing shop floor and we've just introduced a new line over there.

On stainless steel and area we've been a little bit weak in the last few years. We're talking of introducing new products and a few of those are on the way out as well. Our welding automation division you would have heard of a previous cause we kept talking about the fact that our welding automation division is sort of we are behind the curve and we had to make a lot of changes on that.

We have been spending a lot of time, the teams are a lot of good work off late to not only increase the throughput of our existing products so we are seeing a better order base for our existing products and we are being more aggressive on that but we're also now adding more and more products into the portfolio which is moving more on the cohorts and robotic solutions and stuff

like that where we have started finally getting a few orders over there so we built up the team capability for that and we are now pushing that accordingly.

So a division that we talked about has been lagging on sales and has been breathing is now making that turn and we hope that we keep pushing forward to see that improve a lot because that's definitely a critical part of the future over the next two three years as we go forward.

The Ador brand as we've discussed in many meetings is a Tier 1 welding manufacturer in India and the Middle East which comprises 98% of 97% of our markets. We are probably the only brand that is not linked to an MNC per se so besides the technology and new products that we talk about there's also the brand initiatives that need to continuously be done and we've been very active in terms of pushing that as well.

We recently participated in an exhibition which is the world's largest welding exhibition in Germany and we were very happy with the response and very happy with the brand placement from that perspective and I think that will help us not only continue to help penetrate select international markets but also help us with our partnerships to the Indian market for various technological reasons.

Lastly we'd like to wish all of our investors and shareholders a very, very happy Diwali and all the very best. Now you're open to questions.

Moderator: Thank you very much. Good evening everyone. I'm the moderator for today's Q&A session. Our first speaker for the today is Mr. Pritesh Chheda. Mr. Chheda you are now being placed in the meeting. Please proceed to ask your questions.

Pritesh Chheda: Yes, hi team. My question one on the consumable side of the business. So in the H1 what is the volume growth that you recorded? How do you see the outlook or the year panning out in terms of the volume growth and the value growth considering that steel price it has corrected in quarter 2 and you want to comment whether this margin expansion is linked to that steel price correction or anything else? So this is on the first division.

Aditya Malkani: Okay, sorry that's your first. Okay, go ahead then.

Pritesh Chheda: The second division which is your project space where last quarter you booked a larger loss one time. Now what is your outlook in terms of the project where you had to incur it and how do we see the profitability of this segment panning out as we move towards half-yearly two? Thank you.

Aditya Malkani: All right, thanks. I will answer your question first Pritesh and I hope it's in case it's repetitive for anyone else. So we can take it from that forward. Volumes are fairly flat and they're in line with what we're seeing in the market in terms of consumptions and stuff like that. Volumes have remained a bit flat on the consumables front.

Going forward do we see them getting a little bit better? Potentially yes, because last year H1 was a bit high on the Q1, bit low on the Q2. So potentially going to Q3 and Q4 you could look at volumes slightly moving upwards. Our margin expansion has come not necessarily from steel prices dipping or anything.

I think it's come from a sense of discipline which I've been talking about for a long time that needed to be built into our management of India pricing and we are seeing that and a lot of new management team is working on a lot of those that we are seeing benefit to. One, it is in my eyes a steady state level that we should be working on and it is definitely feasible.

So I think that's there the product mix is improving so that's definitely helping as well and that's part of what we keep talking about in terms of new products being pushed eventually. It's not about only new product introduction, it's about the product that we have. Is it filling the basket more and more? So we are seeing that happen.

So quite happy on that front. I think we can maintain it. We expect to introduce more share of our basket should be with higher margin products or higher better products as we keep going forward but it's a month-on-month process that we keep seeing improve. The project status has not changed much since the last 3 or 4 months, since last board meeting. We are on track to complete it in this quarter which is where we were expecting it to be.

We took the onerous loss at that point in time. We're going to make maximum efforts to try to ensure that this is the end of it all within the next few months and it seems to be on track from there. As far as the division is concerned, there is, like I said earlier, there's no change from the annual call.

We will not take on large exposure products at all, large exposure projects at all. We will remain very focused on key segments for some time and ensure that it remains within a manageable portion until the end of this year and then we'll keep re-evaluating it. In fact, the board is discussing today the importance to re-evaluate and look at it in the next few months once we have greater clarity but we will not be taking on large exposure projects. I hope that answers your question.

Pritesh Chheda: The margin number for the first division, was it also linked to drop in skill price? Did you benefit from it or it's just value mix playing out this quarter?

Aditya Malkani: No, I think it's just a question of the pricing being corrected. I kept talking about the fact that we were letting our prices go for some time and we've just been a little more particular about holding it. So I think the current pricing structure on that front is now pretty much falling in line a little stronger.

Pritesh Chheda: What now this 15%, 16% margin that we see in the division one that sustains through considering the pricing correction that you were talking about at the brand level that you're taking?

- Aditya Malkani:** I think whatever margin level you're seeing this quarter is sustainable throughout.
- Pritesh Chheda:** Okay, you see a better H2 over H1 in general business outlook?
- Aditya Malkani:** It's very hard with this. It's very hard right now. There are so many factors domestic and international. It's very hard. I am encouraged by a few order books that we are seeing. I'm especially on the equipment front. There are a few encouraging order books, but the spread of it across every sector is still hard to assert it.
- Pritesh Chheda:** Okay. Thank you and all the best to your team.
- Aditya Malkani:** Thank you.
- Moderator:** Thank you. Our next speaker is Mr. Rajas Joshi. Mr. Joshi, you are now being placed in the meeting. Please proceed to ask your questions.
- Rajas Joshi:** Yes, thank you for the opportunity. So my first question is regarding new products and new segments. So could you please share an update on new products in gas cutting and our entry into segments such as defense and nuclear, which you had spoken about earlier in the preceding calls? Could you please share an update regarding these initiatives?
- Aditya Malkani:** So we still remain very, very focused on that. On the gas cutting front, there are many products that our distribution system can take on more, which we are doing, and we are introducing those and coming, but the impact of that is not yet felt. It'll keep being felt step-by-step over the months and the quarters. And that's primarily using the distribution network more effectively from that perspective. And we are seeing that coming today with using products and stuff.
- On the new segments, we're doing a lot more work on being aggressive on the ground with defense, on the shipbuilding front, a few of the DSUs that work in that space, they seem to be having very interesting order book positions. We seem to be doing a lot more approvals. We're doing a lot of all of that. So we're seeing some results.
- I don't think you've seen the results or the benefit of the orders for a little bit of time. Some orders have come. We expect a few more to come over time. But we remain very aggressive on the sectors we believe have had the opportunity to do well; shipbuilding, defense. Nuclear is a long game, but it's doing some approvals. So we continue doing the approvals. We put some approvals in the thermal space as well. So I think primarily that's the focus going right now. But yes, legs on the ground for sure on these things.
- Rajas Joshi:** Got it. Secondly, in terms of growth. So this quarter, as you said, volume growth was largely flattish. So I mean, when can we expect that growth to kind of pick up and what will really be driving that growth in new sectors? Is it new customers? What exactly will be driving growth for us going ahead?

Aditya Malkani: Growth is very related to steel consumption, right? At the end of the day, I think the core sector industries will have to grow accordingly. And we'll be able to see that growth. But like we keep saying for us, we're an undersold -- internally, we keep saying we're undersold, which doesn't mean you take necessarily a market share strategy only, but you also just be more aggressive in reaching certain customers and all that to get some benefit.

I don't have a number to give you. I can't -- it's increasingly hard to see beyond five, six months at a time. Right now, we just feel that it's okay. It's all right, right now. Nothing's robust and nothing's bad. It's all right at the moment, you know, from that perspective.

Rajas Joshi: Understood. And lastly, in terms of geography, so please give some color on how the domestic market has performed? And within exports across US, Middle East, Australia, how are we doing there?

Aditya Malkani: So domestic has actually done well. We, for reasons everyone knows, with the base effect, the US market was small for us. We invested a lot over the last two years, and we expected it this year to sort of go up quite significantly. Tariffs are tariffs. There's nothing I can do about it. We're hoping it settles soon.

And we remain on the ground close to certain customers and distributors that we feel as soon as it settles, we'll see a benefit to it. Saudi's been a little odd, which is a big market for us. The last few months have been a little tight. I think there's a lot of project [pre-jigging 0:17:00] that's happened is what we've seen.

So we've definitely not seen the same trajectory, which was an amazing trajectory for us. We've not seen that in the first six months, and I think it'll take a little bit of time to see that level of kick in come. But we're very happy with our home markets in the UAE. We're very happy with some growth stuff that we're pushing in Oman. We're trying to expand a little bit into Indonesia, a little bit in the South America. We're seeing some traction.

We're trying to push Russia also a little bit, because we feel that's a natural market that we should be reaching out to more. So we're doing a little bit of all that. I think exports will be a little more flattish than the past years because of these things that have happened on these two key markets for us. But our margins are okay, things are all right, and we expect the second half to be a little better.

Rajas Joshi: Understood. This was very helpful. Thanks a lot.

Moderator: Thank you. Our next speaker is Mr. Devang Shah. Mr. Devang, you are now being placed in the meeting. Please proceed to ask your questions.

Devang Shah: Yes. Hi. Good evening, sir. Congratulations for a good set of numbers. My first question is that whatever the provisions kind of thing that's been provided by us in the last couple of quarters,

that is exceptional losses and certain -- at the time we made a merger of Ador Fontech, also certain provisions we have taken into the books. So can we say all this particular thing related to provision now gets over and we may see no further any kind of provision that is provided in the coming quarters? That is my first question. So according to you, do you feel it's been now over?

Aditya Malkani:

I think most of it is over. As I keep saying, our philosophy has been to try to take the pain up front. So we took a few slaps up front on our face in Q1 and a few during the merger. But when we do it, we evaluate it very thoroughly at that time.

And the team spends a lot of time and effort understanding what is -- for that particular provision, whatever it might be, understanding what is the worst case scenario and we try to take that into consideration and do it. So that's why you've seen a little bit of pain on these things in previous quarters. At the moment, I am fairly confident that there is no surprise that I can see at the moment.

Devang Shah:

So we may not see any kind of exceptional, you know, that's what we have seen in the last couple of quarters?

Aditya Malkani:

I don't think there's room for much of that.

Devang Shah:

And only one provision that has not been provided, that has been mentioned in this particular quarterly update in which, you know, you filed a written petition on for that. So can you throw some more light on that?

Aditya Malkani:

So the matter goes to, this is a High Court matter that we have basically on BIS, right, you are talking about. So that matter is basically under -- we filed a written petition, it goes back into the court proceedings. I think we have a very strong case that the penalty that was given to us was absolutely absurd.

At some point in time, and soon enough, I presume that that case will come up for hearing and we'll have to argue it out, but keep appealing and follow different recourses because the penalty itself was just so ludicrous. So I think we have some strength there. I don't think anything major should come of it immediately. But yes, like we have mentioned that is going on.

Devang Shah:

But are you optimistic on that or something?

Aditya Malkani:

I think it's hard to -- I would say fairly optimistic on the basis that it's such a ludicrous penalty that I would have to, yes, I would say I am fairly optimistic that yes, we can contest that to be a fair result.

Devang Shah:

Okay. And then, you know, sir, we have seen a very good year as far as FY '24 is concerned. So can we see it is some kind of beginning from here on, we can see some kind of that show as far

as your earning is concerned and the momentum and we may further achieve that kind of level as far as your profitability is concerned.

Aditya Malkani: I think you're very right from the perspective of improving the margins of improving the product mix to get to the right gross margin and other metric percentages. I think from a growth perspective, it's hard for me to give you that answer to say that the top line growth can be at that level also because there are challenges around probably on that front. But I think from a margin perspective, yes, we have the option to grow that, to show a good result at the bottom. Definitely.

Devang Shah: Okay. So, can we say at the end, conclusion at least in a single digit kind of thing, higher single digit, somewhere close to 10% kind of thing, at least we can sustain at least for this year and next year as far as top line is concerned?

Aditya Malkani: Top line. Top line, I think is going to be, I don't know whether I'm in a position to give you that number. I wish I could. It's really tough right now. It's, tight still in the market. It's a little bit tight. Because margin expansion and see where it goes. And it's hard, it's hard to tell you that 10% is possible. But I think growth over last year HY2 is something that we are definitely working hard to do. And we will see growth over that point.

Devang Shah: Because, in last con call also I mentioned based on your product and innovation that we were very confident and you were also saying you also aspire, your aspiration to be also like that only. And now you are also mentioning you are also into shipbuilding and defense, all the verticals in which the government focuses that. So, by considering these all the facts, and you are ready for that, all with your products, that's what, you may know better than us, because you have an order book and everything in front of it.

Aditya Malkani: The opportunity is there. I just, I'm just by nature tend to be a little conservative in terms of giving a number to you right now like that. But by all means, that's what the team is working very hard to be able to do that.

Devang Shah: Yes, thank you so much, sir. And wishing you all the best.

Moderator: Thank you. Our next speaker is Mr. Dhaval Shah. Mr. Dhaval, you are now being placed in the meeting, please proceed to ask your questions.

Dhaval Shah: Yes. Hi, thank you for the opportunity. So, one of the PSU shipbuilders I met, so he was worried about the shortage of welders. And they said it's a problem in the industry right now. So what is your comment on it? How Ador being one of the large player in the industry is helping to solve this problem and along meeting along with the customer, help you grow the industry. Because he was really worried about this point that we train the welders and then go and they get a little higher salary and then they go to their place. So that's one point.

Second is this entire opportunity basket, which is there in front of us, as you mentioned about shipbuilding and so. So how does this convert for us into an opportunity? Where do you, when do you think it can it really start for Ador because like a flat volume growth for a manufacturing focus company like us where steel is the main raw material. So we have seen the other manufacturing industries growing, but by the volume growth has not come in age one.

So, where am I lacking in my understanding? If you can just help us, help me to understand. Yes, these are the two questions. Thank you.

Aditya Malkani:

Sure. So, welders is a shortage of, skilled welders being a shortage is a local, sectoral and global problem. Any customer distributor I meet, the reality of life is this, simply because there are not enough people who want to be welders and stuff like that. And there are many, many existential reasons that we have.

So there are two parts to what we can do here. One is we do training and stuff like that, which is not really a business vertical is just a focus for certain customers to train welders. And we certify welders and all that we do that. But the second part that is more important is automation is going to keep coming in more and more. And that's a reality, which is why I showed you things like the cohorts and stuff like that, which is what we have to work on.

So even the greatest of India's greatest of companies in the infrastructure space have vendor shortages. It's just the reality of how it works. And yes, we have to keep improving on that. So that's how we support it. Our volumes have been fairly flat as an oil company perspective. As I said, if you look at the domestic versus international mix, you will see that there is a slight momentum upwards in the domestic volumes at the moment. So that's a little more encouraging if you look at it from a split data perspective, the domestic volumes are a little bit up.

I think I'm not right. But for me, I said, yes, we're probably looking at approximately on the international front, we are slightly different in terms of that. That's why we evened out pretty much on a flat basis. I think that's what we can see going ahead.

Dhaval Shah:

Okay. So domestic volume growth, H1 was 4%-5%?

Aditya Malkani:

Approximately 4%-5%.

Dhaval Shah:

Okay. Yes. And just on one thing in the way segmental reporting is done. So the welding segment equals our consumables products plus M&R, correct?

Aditya Malkani:

Correct. Everything that's basically core to the business, which is exactly what you said is what comes into the welding segment.

Dhaval Shah:

Okay. And then the intersegment is adjusted from the welding, the intersegment revenue.

Aditya Malkani:

Yes

- Dhaval Shah:** And this FPED division will have your equipment and projects plus?
- Aditya Malkani:** No, not equipment, just projects just the projects.
- Dhaval Shah:** Okay. And this unallocable expenditure number is a bit, so what is it? Is it all the corporate overheads or the number is higher. So for this quarter, INR7 crores for the quarter and it was INR12 crores for the H1?
- Management:** Yes, so we participated in the conference.
- Aditya Malkani:** Some special overheads that would have come in one time and stuff like that, that may be a little bit higher for a certain quarter that would come.
- Management:** These numbers are also net of the other income.
- Dhaval Shah:** Net of other income.
- Management:** Yes. So it depends on your forex gain loss, how it is moving.
- Dhaval Shah:** Okay. And is this the first quarter where our EBIT margin of the consumer division are now almost in line with the, with our peer or we've done such performance in the past as well?
- Aditya Malkani:** In the realistic part, we've been coming closer and closer. It's in line with, like I said, I don't want to talk about anyone else. I can only talk about the fact it should be in line with what we should be doing and I think it's in line with that.
- Dhaval Shah:** All right. Okay, great. Thank you very much.
- Aditya Malkani:** Thank you.
- Moderator:** Thank you. Our next speaker is Mr. Anubhav Mukherjee. Mr. Mukherjee, you are now being placed in the meeting. Please proceed to ask your questions.
- Anubhav Mukherjee:** So in Q2, was the volume growth flat year-on-year, is my understanding correct on that?
- Aditya Malkani:** In Q2, you would have a growth in volume. In H1, you would not have too much of a growth, just a little bit of a growth because Q1 last year had a high base, Q2 last year had a low base. So that's why we looked over H1 to see if it could come out of that 4%, 5% on a domestic basis, but on Q2 basis, if you look independently versus Q2 last year, you will have a slight increase in volumes, definitely higher than that.
- Anubhav Mukherjee:** And was there any, like, realization growth?
- Aditya Malkani:** Yes, you have realization growth as well on a net margin basis.

- Anubhav Mukherjee:** So was that driven by a better product mix or did we like take price hikes?
- Aditya Malkani:** We've not taken price hikes per se. We've sort of just maintained our pricing is what I would order from that perspective. And there's a certain product mix element both.
- Anubhav Mukherjee:** Okay. And compared to ESOP, like in both consumable and like equipment, have we like caught up or like, are there still, like, some gaps?
- Aditya Malkani:** I prefer not to comment on them or ask anything. I can only talk about our own expectations and results. And I think given the current state of everything we're dealing with, this is in line with what we were looking at, what we in fact keep seeing going forward. And we're very clear that we would like to continue to be in a very strong position. So I think it's in line with that.
- Anubhav Mukherjee:** Okay. And last question is, like, even in terms of pricing, are we, like, comparable for like-to-like products or there still exists some, like...
- Aditya Malkani:** We are a Tier 1 welding company, which means that you are, in my head when I say Tier 1, you're somewhere between a Tier 1, Tier 2 would be kind of right depending on the products. There are some products Global MNCs will always have an advantage on and we have to respect that. There are some products where we are very, very strong. So I think overall, if you look at it, honest to one, it's not too different.
- Anubhav Mukherjee:** And how has been the performance of, like, erstwhile Ador Fontech business?
- Aditya Malkani:** So it's going well post-merger. In fact, it's good you asked that question. I think I'm getting a lot more comfort in terms of finally the merger integration. We've had a lot of changes, in fact, in that division and we're very encouraged by the results we've had over the last four, five months. It's definitely on the right path. So the right path, it's exactly what we were in my head, what we explained to the board, the reasons for the merger are now starting to come in.
- Anubhav Mukherjee:** And does the, like, services business help the consumable and equipment as well?
- Aditya Malkani:** Very tiny part. It's very tiny impact.
- Anubhav Mukherjee:** That's all from my side.
- Aditya Malkani:** Thank you very much.
- Moderator:** Thank you. We have a follow-up questions from Mr. Rajas Joshi. Mr. Joshi, you are now being placed in the meeting. Please proceed to ask your questions.
- Rajas Joshi:** Yes. Thank you for the follow-up opportunity. So, I mean, historically, we were a bit under-indexed on wind and auto sectors. So in terms of those two sectors, have we done anything and are we seeing some traction there?

- Aditya Malkani:** Yes. So if you saw the presentation, I don't know if you had a chance to upload it, there were two products over there. One is a submerged arc wire and flux, which is used in wind tower fabrication, which has now been launched by us. We have been historically way behind the curve on that also with our competitors. So now we'll spend the next few months being a little more aggressive on that. And we do see an opportunity there.
- On the automotive front, I think about market reach. And also if you saw there's a product there that had higher productive efficiency called a MIGPAC drum at 500 kgs, both of those for not only automotive, but for PEB, heavy construction equipment, that kind of stuff definitely should have a benefit. And we are seeing a little bit.
- Rajas Joshi:** Understood. Understood. Secondly, on the project's business, we saw, I mean, this quarter had about a INR2.5 crores loss -- operating loss in that segment. Going ahead, what level of revenues should be enough for us to kind of breakeven in this? Because I mean, at a console level, it does affect the overall number, right?
- Aditya Malkani:** That's fair enough. We're going to see next quarter, you're going to see a slight bump up because we're going to close out that project. So you will see a slight bump up for that project. Obviously, the margins are what they ask. You're not going to see any major impact at the bottom over there.
- Then after you would require anywhere in the region of approximately INR15 crores-INR20 crores of revenue to be able to breakeven on that business or just about have your head above water. We'll have to get back to you with greater details on that front. But our fixed costs and all of that are very much under control once the project comes on it.
- Rajas Joshi:** Understood. And with regard to the merger, any synergies that you were expecting to realize there in terms of cost efficiency and on the revenue side as well, would you -- would it be fair to say that all of them are flown in or is there still some juice left on that front?
- Aditya Malkani:** The path has started. We are seeing the benefits of it. We're seeing the benefits of it coming in in terms of the management structures that we are putting. We're seeing the benefits coming in in terms of a few distribution perspectives, a little bit on the cost front. There's still room to go.
- But at the end of the day, you're not going to suddenly see a massive margin shift because of it. You're going to just see it step by step. But I think what we're, like I said, for the reasons why we wanted to do the merger in the last 3, 4 months, at least I am getting comfort that now we're on that path. And yes, we will see better.
- Rajas Joshi:** Got it. And lastly, on the European market, how are we seeing things there and how big of an opportunity can it really be?
- Aditya Malkani:** Not very [down to earth 0:34:56] in Europe. We don't invest too much in Europe. It's not really something for us on an outward basis. Maybe some inward technology stuff, a little bit on that.

For me, the Middle East, once things settle on tariffs, a few other Indonesia, South America is a little more interesting because you have to understand how we work in these markets. We work with feet on the ground. We work on customer approvals. We work on a long development cycle. And I think those markets are a little more interesting for us.

Rajas Joshi: Thank you. Thank you. All the best and wishing you a happy Diwali.

Aditya Malkani: You too. Thank you.

Moderator: Thank you. Our next speaker is Mr. Bhavya Nahar. Mr. Nahar, you are now being placed in the meeting. Please proceed to ask your questions. Mr. Nahar?

Aditya Malkani: So, we shall go to the next person.

Moderator: We have a next speaker, Mr. Dhavan Shah.

Bhavya Nahar: Hello. Sorry. Can I go with the question now?

Aditya Malkani: Yes, Yes. Go ahead. Go ahead. No problem.

Bhavya Nahar: Yes. So, you mentioned that our sales from the electric battery welder is still slow. Is the issue in the demand for the product?

Aditya Malkani: No, no, no. It's an issue. You have to -- it's a long -- look, it's a completely new product for the industry. And they only select industries. I'm going to do it to see the green benefit, carbon benefit, all of that. So, you have to reach out to them. You have to do testing, product approval.

So, we've got a few things in the railway front, a few things in the cement front, all of that. So, step by step, it's not going to be a revolutionary product from the perspective of general usage. So, you just have to keep playing it out and build it from there and take it forward.

Bhavya Nahar: Got it. And in the Automation segment, do we have any products in the orbital welding side?

Aditya Malkani: No, we don't have. There are a few companies we used to represent a long time ago. Not right now, we're not in it. But that's not to say that we're not exploring further potential on it. We're trying to identify where we can create the right value addition, where we can create the right solution selling. Orbital is fairly well structured by the current orbital players. I don't know if that's really going to fit in, but we'll see. It's not a focus area at the moment.

Bhavya Nahar: Okay. Thank you.

Moderator: Thank you. Our next speaker is Mr. Dhavan Shah. Mr. Dhavan, you are now being placed in the meeting. Please proceed to ask your questions.

- Dhavan Shah:** Yes. Thanks, sir, for the opportunity. My question is on the welding side. Do we have the technology available for the shipping welding?
- Aditya Malkani:** I would say up to approximately 90% of the requirement or 95% of the requirement, yes.
- Dhavan Shah:** Okay. For what size of the ship can we do the welding? I mean, is this the entire solution available if there is, you know, the big ship is also going to be constructed then?
- Aditya Malkani:** I wouldn't be, I'm not the right technical person to answer that. But I can tell you that wherever there is general consumption of welding that goes on and all of that kind of stuff, we're in a position to do it. We do it for large, yes.
- We do it for defense. We do it for large ship stuff. We work with the largest shipyards in India. So Yes, given our customer base in the large shipyards in India, I presume we can cover quite a lot of the bases.
- Dhavan Shah:** And right now, is there any revenue coming from the shipping side of the business?
- Aditya Malkani:** Yes. There is.
- Dhavan Shah:** How much it would be in terms of the percentage contribution?
- Aditya Malkani:** It's still small. Without giving you a number, I can just tell you it's still small.
- Dhavan Shah:** Understood.
- Aditya Malkani:** But yes, there will be more activity to come.
- Dhavan Shah:** Understood. Understood. Yes. Thank you. That's all.
- Aditya Malkani:** Thank you.
- Moderator:** Thank you. We have a next speaker, Mr. Samarth. Mr. Samarth, you are now being placed in the meeting. Please proceed to ask your questions.
- Samarth:** Sir, from June 2023, including the one-off item, we have cumulatively lost INR63 crores in the flares business.
- Aditya Malkani:** How much?
- Samarth:** INR63 crores.
- Aditya Malkani:** Yes. Yes. Yes.

- Samarth:** So why do we, means you have said a couple of times that you won't do large orders, we'll focus on small orders only. So why do we want to continue this business when, right, it requires a completely different skill set. And rather than spending the management bandwidth in this, we can use the resources for some other business like exports and all, where we have a better right to win. So...
- Aditya Malkani:** It's a fair question. I think it's a very fair question and then it's something that we keep working on. I think let's just get there step-by-step. Let's execute the unit project first. I think our issue is the losses that we have had are around larger projects always. In fact, we still do. It's just that it's not visible to you guys, but we still do small projects that are continuing and we are making money in those projects. We may not be making margins in line with the welding business, but we're definitely not losing money per se.
- Now the question becomes strategically which way should we be oriented? I think give us a few months to get that right, but please keep in mind that we do do orders, which is in a sweet spot up to about INR10 crores, INR15 crores where we have the margins in line with what we want. It's just that we unfortunately have mismanaging larger orders.
- And you're right, it's a different skill set. I completely agree with you. I don't want to even build up that skill set. But that doesn't mean that the benefit of what we have set up on the smaller cannot be done and without impacting the welding results.
- Samarth:** The last question, we were focusing on two geographies, which was Brazil and Mexico in export markets also.
- Aditya Malkani:** Little bit. Yes.
- Samarth:** Two years back, we had considerable supplies to Brazil and all. So how do you see the sales gaining traction over here?
- Aditya Malkani:** Brazil didn't really take off in a big way. And I think that has a lot to do with transit, sort of the way the economy is set up and stuff. And we never really pushed very aggressively there. Mexico does well. Mexico continues to do well for us. And that's more a focus area. I think Brazil is more just being present and stuff like that. And we have a few small inquiries that go on. I would say Mexico is a lot more interesting and has been for us.
- Moderator:** That was the last speaker for today's Q&A session. Now over to Aditya sir for the closing remarks.
- Aditya Malkani:** Okay. No. Nothing to say except wish you all a very Happy Diwali and thank you very much. Take care. Thanks a lot. Well done. Thank you, guys.