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15th May, 2025

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Company Scrip Code: 517041

NATIONAL STOCK EXCHANGE OF INDIA LTD.
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Bandra (East), Mumbai - 400 051
Company Symbol: ADOR

Dear Sir/Madam,

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

Pursuant to Regulation 46(2)(oa) 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 Monday, 12th May, 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**

ADOR WELDING LTD. FORT MUMBAI 400 001. REGD. & CORPORATE OFFICE

VINAYAK M. BHIDE
COMPANY SECRETARY
Encl: As above

"Ador Welding's Investor Presentation for March 2025"

May 12, 2025

MANAGEMENT: MR. ADITYA MALKANI – MANAGING DIRECTOR

MR. V. M. BHIDE - COMPANY SECRETARY

MR. K. SURYANARAYAN - HEAD - CORPORATE STRATEGY

MR. SURYAKANT SETHIA – CHIEF FINANCIAL OFFICER

Rishabh: So now we will start. Good evening everyone. Myself Rishabh. I work in the Finance and Accounts Department and welcome to the Ador Welding's Annual Investor Presentation for March '25.

Today I have with me is our MD – Mr. Aditya Malkani; Head (Corporate Strategy) – K. Suryanarayan; CFO – Mr. Suryakant Sethia, Mr. V. M. Bhide – Company Secretary & Head (Compliance, Legal and Admin).

So we will start the Presentation by the MD and then we will jump into the Q&A.

Aditya Malkani: Good afternoon, I hope I am audible. Thank you for taking the time to attend. I will quickly have a run through the presentation and then we will open it up for questions and answers. This was based on the results, the annual results and the Q4 results posted last week.

Standard disclaimers, the management team. We want to highlight the core management team. Besides myself, in the last year in fact we had a few changes. Mr. Lajpat Yadav has joined us as CEO of the Indian Welding Business and Mr. Suryanarayan has joined us as Head of Corporate Strategy. The rest of the team, Mustafa, Suryakant, Mr. Bhide and all have been there for some time.

Our vision, we recently had a relook at our entire strategy planning for the next 3 to 5 years and we are very post-merger, it is very clear that our vision remains to create the best welding experience and remain focused on our core products accordingly. Our mission is to be India's number one welding company, both in terms of within India itself plus supplies from India outward. Our goal, which is newly introduced, the vision and mission you would have heard before in previous meetings, our goal, however, has been newly defined. And that is in terms of as a company to view ourselves more as a mid-cap company, obviously from a valuation basis and also in terms of all of the processes and structures and all of that that come to it. Values as a company remain critical to performance, customer experience and trust.

I will just give you a quick overview of the numbers:

You would have studied them at some point. Revenue growth is approximately 5% for last year. A fairly strong operating cash flow, which has been well done by the finance accounts team. Efficient operation work capital has improved by approximately 18 days, and these numbers will be available to you.

In other highlights, we are pretty much debt-free. The international markets that we are focusing on, USA and Australia, have grown a bit this year and will remain a very big focus going into the coming years. The international business continued to have robust growth at more than 25%. And as you all know, the merger has finally been completed in September, October last year. And most of the integration work, I would say, up to approximately a 98% level has been completed now.

The FY'25 figures, again, this will be available to you. Some highlights are primarily on regard to quarter 4 being a little better than we had seen in previous quarter through the course of last year. A little softer on the margins overall for the entire year than where we would have been. That's primarily due to lags in Q2 and Q3. And we remain hopeful that the base of Q4 will build on from there going forward.

On a segment overview, the primary reason to show this was to give an overview on the M&R business where there were some concerns after Q2 and Q3, however, the margin drops to show you that with certain activities, we are getting that back in line with where we want it to be. The services businesses primarily is our flares and process. But as you know, continues to have a few challenges, especially on a certain project of ours called ONGC Uran, which I am sure there will be many questions about. And we expect over the course of the next 5 or 6 months for most of this to be cleared out. And we will hopefully be in a position to breakeven on that front as we do in that business going ahead and then building profitability from there onwards.

FPED is going to primarily focus on the timely execution of projects, cost optimization as we go ahead and identifying core orders with improved margins. We will focus very clearly on mid-size flares, small to mid-size flares, which is our sweet spot, process equipment and heat exchanger market, which is what we are defined to operate on that can give us the exposures that we are comfortable with plus the potential margins that we are looking at going forward.

In the welding business, the highlights have been and where we continue to make more investments in the flux cored wire space, where we stabilized a new line last year and we expect to make more investments over there as well. Similarly, in stainless steel products, where we see a lot of potential and Ador having a lot more potential than what we currently are capturing and we expect to make further investments there. About a year and a half ago, we started talking about EV versions of welders that were coming out and we created our own product, first go to market product and we decided to see some traction not only in India but in international markets as well. And through this year, we expect to make a few breakthrough orders. We are unofficially also looking at the next version of it, which will be solar powered as well for certain critical markets that we supply to. We remain focused on improving our product mix, a basket with richer products. And that is where high-end welding consumables, whether they are related to nickels and other stainless steels and stuff like that are coming into play, is what we are adding into our basket going forward.

This year, what is going to be very critical for us is ensuring that the approvals we have in place and adding them in the nuclear space, thermal space, and defence space, all the places we expect a reasonable amount of CAPEX stuff to happen and spends to happen over the next coming years to come into play accordingly.

The pillars of our strategy that has been focused by the operational team are on growth, operational excellence, customer focus, and people focus. As we mentioned, we have a plan over the next 3 to 5 years in terms of changing the profile of the organization. And for that to happen, the micro paths that we worked on have been laid out. Volume growth will be a big driver. Initially, we were more structured on a value growth perspective. We are now starting to look at volume growth slightly differently and definitely driving margin across products and business segments.

We are, as I keep saying, a slightly old legacy organization and as we make management changes, we are trying to build in more performance culture into the entire system and we are starting to see the results of that in recent months and I expect over the course of this year, some more tweaking to happen that will fine tune the organization accordingly. Adding new products is of course critical, especially a company like ours where your tier 1 competing against the MNCs across the world. You have to be able to bring in new markets faster and bringing new products faster to market, I apologize. And that is exactly what we will be spending a lot of time and effort and resources on doing.

There's always hope for improving on costs and there are more and more dedicated efforts getting into that this year. We believe that there are certain pockets of what we call inefficiencies that can always be improved upon and that comes to reflect in our margins. We have been working in it for recent years, but we feel in this year we have got 2 or 3 very clear markers that we need to work on. Beyond that, automation will continue to play a drive going forward as do all the important parts related to safety.

The one big change we talked of in previous meetings that I still would like to push on is as an organization, especially in the India welding business, we need to add on a larger framework of key customers that we work with. The team has been working on this and we expect them this year to see some benefit to that. The distribution network remains strength and pillar of the company. However, there are pockets geographically where we can always strengthen and we will keep doing that. Industry segments as we have talked of in many meetings, the growth pattern that we see is obviously very segment-driven specific and therefore we are identifying how to keep strengthening ourselves in segments that we see doing well in coming years.

Lastly, we have discussed this many times with the merger value creation perspective that we had pitched for, we are starting to see some benefits to it. It will take a little more time and I think it's far from over yet. There's more that needs to be done and the benefits of it will, I think, play out continuously over the next 6 to 18 months in that sense. That is pretty much the presentation. We will now leave it open for questions and answers. Thank you.

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

Pritesh Chheda: So my question is first on the products business. If you could tell us what is the volume growth for the year gone by and there was this one line that I show that exports are low 25%. So it would be nice if you could give us the split of growth in FY'25 on domestic market growth for you guys and the export market growth?

Aditya Malkani: So the domestic market has been at the end of the year fairly flat on that account. The export market has obviously had a little volume growth. We have actually had a very good year in the exports front of the equipment on the welding equipment perspective, which has also helped a lot over there. As far as what is the consumables part, I think it has been fairly flat in the India space over the course of the year. On the welding equipment, we saw last 2 quarters or 3 quarters, we saw a dip in India on the CAPEX front, but we started to see that pick up a little bit better since probably March onwards.

Pritesh Chheda: So basically for full year, international business has grown 25% and domestic business has grown zero correct?

Aditya Malkani: Pretty much on that front on a volume basis.

Pritesh Chheda: Okay, this you gave for the volume, okay. So, and the overall volume growth in the business is 5%? That whatever is your revenue growth is the volume growth?

Aditya Malkani: Yes. But you also had declining steel prices, so please keep that in mind. That's why you are going to see that in that.

Pritesh Chheda: Okay, my second question is now on the services portfolio when you have this losses since the last 2 years and a higher number this year. So, how do we see this segment for you in the coming year?

Aditya Malkani: So, since this will come up a bit, I will clarify it sort of soon. The big project that we are dealing with obviously is the Uran project where in the last, we expect by H1 that this will be completely behind us and we would have closed down and commissioned it directly and all of that. We do not feel that there are any significantly large savings significant on the losses front left. It will be fairly flattish as we go through the next 6 months in terms of closing this out on a breakeven kind of level. That is what we expect. After that, we have now started taking on orders that fit into what we believe is our capability level. We need to do approximately in the region of, I would say anywhere in the region of approximately Rs. 50, Rs. 60 crores of business of that type of work, non-large-scale projects to be able to breakeven and then show profitability from there. And we started building up our order book to anywhere around 70%, 80% of that level already. And we remain committed that we will focus on this part and we will be able to grow value from there as of now.

Pritesh Chheda: Okay. So if I interpret you what you mentioned is that beginning H1'26, we see a no loss situation in this division. So whatever is a minus Rs. 16 crore segmental EBIT number that you reported last year, FY'26 number should be closer to breakeven considering that the last project is executed into H1 and delivered and you get that base order. If you get more than the base orders, then you show a higher number but as of now you are pegging that you will get that breakeven value small projects, correct?

Aditya Malkani: That's pretty much what we expect going forward from here.

Management: Also, the EBIT margins are actually better if you compare it to the services.

Management: Yes, also I think Pritesh, you should see that your EBIT margins on the services business, which was at about 24% in FY'24 has actually improved to a, still a negative, but has improved to a 19%. And I think what we will see it breakeven will be more in post H1. And that is where we will see taking in more better margin projects which will be smaller ticket size but focused on higher margins compared to what we were doing in the past.

Pritesh Chheda: Okay and my last question is on the division which came with Ador Fontech. Yes. So I think that division you guys call it as...

Aditya Malkani: It's right now called M&R.

Pritesh Chheda: So in the Fontech base and now, why is there a significant drop in the size and the absolute profit of that business? It used to be a very stable business for a long period. So how do we read or look at the future of this business?

Aditya Malkani: So there are 2 elements to it, Pritesh. The way I see it, there are 2 elements. The first is that keep in mind that you looked at an economic period post-merger which has been slightly difficult. However, having said that, the stability of the business and the stability of the product going forward should be fairly okay. Second part is keep in mind that their main customers are cement, steel more of that, the last 6-8 months in terms of usability have been a little softer than we expected earlier. Third thing is that we have taken certain products out of that product range and moved them into our key products business because it is better suited for growth and scalability over there. And right now we are sort of establishing everything on that front. We do not expect on our gross or net margin level on a product-to-product basis, it will be any different to when it was part of the Ador Fontech growth. In fact, as we scale up, of course, we will take on a little more price aggressiveness, but as far as margins go on an overall basis, we should see it being pretty much in line with that.

Pritesh Chheda: So this you gave an assessment of why it has dropped between pre-merger and now? What will be the forecast or what will be the future of this division next year?

Aditya Malkani: I can't give you a number per se. All I can tell you is that on a gross margin level, there should be absolutely no difference to what we were used to. That's what we will work back towards on that level.

Pritesh Chheda: And on the business piece which was Rs. 200 crores before a merger and Rs. 160 crores now, there is a 25% drop in one year. So, how should we read that?

Aditya Malkani: That's absolutely on account of what the economic situation is part of it. The second part of it is on account of key segments and products that we moved out into the products business from there, most of it is absolutely okay otherwise on that front.

Pritesh Chheda: But how much of the drop is to do with the exit of the production, 25% drop is only to do with...

Aditya Malkani: About 15% or so will be on account of that. The balance will be on account of we have been a little soft in terms of our numbers this year, that is it.

Pritesh Chheda: Okay, thank you. I will come back.

Moderator: Thank you, Mr. Chheda. Our next speaker for today is Mr. Viraj Mehta. Mr. Mehta, you are now being placed in the meeting. Please unmute your audio, start your video and ask your questions.

Viraj Mehta: Yes, hi, Aditya. Thanks a lot. My first question is regarding your EPC business, flares business. I mean, pardon me, but we have had repeated commentary over the last one and a half years saying that next 6 months will be profitable. And this is not the first time, right? We have done this business after having already had one round of massive write-offs and we are again going through the same learning curve again. I mean, I am just, it's just very difficult as an investor to understand. Are we repeating the same mistakes? I mean, what exactly happened here?

Aditya Malkani: So, okay, so fair enough. It's a fair question, but there is a slight difference and I will just clarify it with you, Viraj. It's a slight difference. The write-off that happened pre 2020 or 2020 and 2021 was related to a slightly different project. And at that time, then for a year or two, I was very clear that I did not want to take on a large scale project. Then in 2022, we started looking at the future of the business and evaluating what sort of projects can we take on to move further out in the technology space of flare. And I very consciously took a decision to take on a fairly large order of ONGC Uran at that time, which was my responsibility to take it on to see if we could upgrade our technological skills with larger and larger jobs to see how it would move. That job is still going on. I have not taken another job after that. That job is still going on. And that is the one that we have been saying is getting into slight delays, execution issues, all of these. Like you said, typically PC stuff that really should not be where we should be focused on very likely. But that is the same thing that we are working on closing out. What I have been saying actually in previous calls is not 6 months to turn to profit. It's 6, 8 months away from closing the project in its entirety, which has gone through a few minor delays on that front. Now, I am very clearly saying that yes, you are right, that there are lessons learned from you very correctly. And the way we see this division is not an EPC division at all. We see it as a fabrication division which will work on flares of a smaller size and capability that fits into our sweet spot. Plus heat exchangers, pressure vessels and all of that that come out of our shop floor based on where we are approved. So we expect the margins to be better. So I do not think that, sum and substance is I don't expect profitability to be 6 months away. I expect the large orders and the problems to be a lot behind us. And then it's a question of stabilizing it as we go forward and not taking on much exposure. I hope that clarifies it to some level. I understand it's frustrating, but just bear with us as we get through this entire part.

Viraj Mehta: Sure. No, it's just that like, so in future, will we take such large projects?

Aditya Malkani: We will not take on such large projects at all. We will only take on projects where the design and scope is within a limited understanding of us. Most of our order book will be very limited to up to about Rs. 15, Rs. 20 crores. There are 1 or 2 things that we are looking at which are slightly bigger. But the scope or exposure of work is nowhere near this. So it is much smaller than that. So there is a massive learning on that account.

Viraj Mehta: That's right. My second question is regarding Ador Fontech. And you did explain to Pritesh about how we saw a significant decline in the topline in Fontech. But if I look at 10-year history, this just seems a very unusually large drop in and in the past also we have had tepid years now and for capital goods put together or even for M&RNA services, this put together was not such a bad year that we will see such a massive drop in topline.

Aditya Malkani: Sorry, there is a side issue here. Part of their business line has moved into the products group.

Viraj Mehta: Right.

Aditya Malkani: So you are not seeing that separately in the M&R space right now. That's why.

Viraj Mehta: Okay, so you are saying..

Aditya Malkani: You cannot compare revenue as 1:1, profitability as 1:1.

Viraj Mehta: So can you clarify? I understand you have moved the product, some products from Fontech to the product division of welding. So clarify, can you please clarify on a like-to-like basis how much revenue for Fontech would have fallen?

Aditya Malkani: So on a like-to-like basis, if I look at it over the last 6 to 8 months, on the CAPEX products that Fontech used to do which is our hyperthermal range of products where we do plasma cutting plus our tornado range of products which is the welding equipment, both of which have seen a weak capital cycle in the last year that is probably accounted for anywhere in the region of approximately like I was telling you there is only 15% or something like that. On the products that encompass M&R that are in the M&R group 1:1, on that front we would have seen in the last 6 months anywhere between a 5% to 8% drop on certain restructurings that we are going on. That's basically it.

Viraj Mehta: Right. Thank you so much and best of luck.

Moderator: Thank you. Our next speaker for today is Mr. Jason. Mr. Jason, you are now being placed in the meeting. Please unmute your audio, start your video and ask your questions.

Jason: Yes, thank you so much for taking my question. So just to start with, just wanted to understand first off that steel prices, they have recovered from 48,000 HRC per ton to now 52-odd with the safeguard duty etc. coming up as well. So, I just wanted to know, how do you see, I mean, of course, steel prices are very important in the critical element of our realizations. So how do you see demand recovery coming up in the next couple of years? I understand lot of micro uncertainties are still on the horizon. But just you know if you could provide some color on '26, '27 how do you expect it to be after a sort of a tepid 25?

Aditya Malkani: Yes, good. Look we remain optimistic. We always remain and anyone in our industries and stuff like that, Indian entrepreneurs in general will always remain optimistic on that front. But you get visibility, to be honest with you, over about 3, 4 months with a high level of confidence. Then you look at, and you can see what is happening with steel, you can see some demand factors and all of that playing out. And right now, things are not bad on that front at all. They were very, they were much rougher if you ask me in August, September, till December, Jan, when you were seeing steel prices getting squeezed and demand getting squeezed, which left us in a very tight position. So I feel much more optimistic than that at the moment. Whether that cycle changes every 3 or 4 months, I am not in a position to comment. So I would not. We do believe sectors such as railways, thermal, defense, general infra, heavy engineering to remain on a fairly robust growth path going forward from here. So I don't think you can expect any irrational type of growth at all. I think it's something you are going to come out of COVID and things like that. I think you are going to have to feel a little more tempered in that. But the review goes to be fairly optimistic.

Jason: Thanks for that sir. My next question is actually from more of a strategic point of view. Now I can see that the past one, one and a half year, you have done some top level strategic hires as well. So one thing is just from that perspective also, I just wanted to ask you, when you look at welding, there is of course you will have a lot of unorganized competition as well. Probably you are not catering to that, but there is still unorganized competition in the market. Local brands and a lot of things are done. So I just wanted to understand you have done some top level hirings, just wanted to understand where is the strategy. What are we doing different in terms of the competition? How are we moving higher up the value chain? Just some color on how we can probably grow higher and much at a much rapid, at a much faster pace going up in the next 1 to 2 years?

Aditya Malkani: Good, that's a lot of what we do. I will be more than happy to touch on it. I think we must start off with where do we view ourselves. As Ador, we view ourselves simply as India's tier 1 welding player and probably the only one that is not an MNC. So which means you do not have the external support that an MNC would on certain technologies or products and stuff like that. And I think that's something that in many conversations with many investors and analysts always come up and it has been something on my mind in terms of how do we keep working around that. So I think we are very clear that I think over the last year and a half, 2 years, we have been talking about how do we overcome this correctly going forward for the next 5 years, 10 years and all of that. And talent was a very big part of getting the right talent to come on board to help us taking forward in that sense. And that is what we spent a lot of time in the last year and a half doing and identifying very good talent and being very fortunate that good talent is willing to join us and be part of this journey going forward. So that is part one. And we are starting to see the benefits of that and I expect over the next year or 2 to see even more benefits of it. That's part one. And part two, where do we want to go? We have got a mandate internally that we would like to be able to double our revenue over the next 4 years. And that means outperforming the market growth rate, of course. So we needed the team to be able to do it. It's not about the plan in place to try and do it. Now we have to go out there and implement it through this entire process. We saw a very good success story in the international business by trying it. Obviously, you had a low base effect. And we have got a lot of benefits of trying it. And the brand is doing well in the markets we are operating and trying to enter into. You can't take that same story you put in India because you obviously have a much higher base effect than a different competitive playing field. But you can definitely make changes to the way you look at the business. The way I look at the business versus the others, do how they report them in and how they take it. So I think it would be quite interesting to see how it plays out. But yes, we are investing very much so, and we have invested a lot to get the right people on board to help make these changes going forward.

Jason: Sure, yes sir. Looking at a market cap and looking at valuations, you have done sort of strategic hires. I believe things fall into place and the drag on the profitability from the services business starts to reduce. We should be much, much higher, better than what we're doing, so that's what we are looking for.

Aditya Malkani: I hope so too. It's been a bit of a tough year, year and a half because of certain drags that we have done. And the merger itself dragged a little bit longer than we would have liked and all of that, but I think a lot more of the pillars are a little more in place today than they were earlier. And I am hoping that will help. I think it will. I am quite confident it will help.

Jason: And sir just wanted to understand one thing as well. I understand of course, when we are compared, we are compared to the market leader. So just correct me if I am wrong. Of course, when you look at equipment and consumables, I believe in consumables, we must be almost neck to neck. But in equipment, the market leader has a big advantage, going to various advantages which you have spoken before in terms of network, technology, MNC etc. So just wanted to, if you could touch base on certain aspects which we are doing to basically reduce the, basically improve our product portfolio there in the equipment space or the consumer space if you want to highlight on that aspect as well.

Aditya Malkani: I'll only comment on Ador. I won't talk about anyone else. But from Ador, what we are doing is we are spending a lot of time and effort, especially recent months we have been back up till. So on welding equipment front, we started launching more and more high spec products, basically more technologically advanced products where you are filtering a bit late, but you have the other advantages. So we are trying to break in that mold and a few results are starting to come out. The results to be of scale will take a little more time, but we are seeing that. We have got some homegrown products, which we are also seeing some benefit to, which we develop like the Rhino Ease and all of that, where the benefit to revenue and margin will come in probably over the course of the next 6 to 18 months. We have seen a lot of benefit in the international market with some of our technologically advanced products. There are some very interesting products that go into the salary market and all of that where we take on the MNCs over there and that seems to be working well. On the consumables, the stabilization of the flux core line was something that was very critical to us and has taken a little bit of time like it would for anyone and very happy with the products that coming out. Now we need to scale that up. Similarly, the nickels and all of those specials, high temperature kind of products as they go into thermal more and more, we will see a little bit benefit on that as well. So I think across the board we are working on it step by step. I am sure we will be in a position to do better than we did earlier.

Jason: Okay, sure sir. And sir, you did a CAPEX of around Rs. 40 crores in '25. Any CAPEX guidance for the '26-'27 if you...?

Aditya Malkani: Sure, I think we will be within the region of that up down minus 15%, 20% as far as it goes. It should be about 15%-20% up down from that because there are still upgradations that we have to do looking at the long term plans, looking at the new lines we want to add and stuff like that. So we will remain quite strong as strategic CAPEX, but it won't go much beyond that figure at all, that's just out the limit figure.

Jason: Okay, okay. And sir, just finally want to ask you of course we have spoken about the projects division. Now we have done a revenue of around Rs. 84 crores this year. Okay. Now just wanted to understand how much of this project, ONGC mega project is remaining. I believe it was a Rs. 123 crore odd product net of GST. So how much execution is remaining right now? And also and of course there is your base FPD, the heat exchangers etc. that will clock in probably Rs. 30 crores each year. Is that a fair assumption? And probably this much..

Aditya Malkani: It's a fair assumption. We have to push a little bit more than that number that you said, but it's a fair assumption at least for this year. I definitely need to get more than that to come out of it to be able to breakeven, which we can do. We can see it. We have got the order book building in accordingly for that. As far as UNGC order goes, I think on the ground, I would say we are close to about 80% of the project being done. As far as revenue goes, about 70% revenue down, 80% on the ground, 80%-85% going through this period of quick commissioning over the next 3-4 months.

Jason: Those were all my questions. Thank you so much for answering.

Moderator: Thank you. Our next speaker for today is Mr. Devang Shah. Mr. Shah, you are now being placed in the meeting. Kindly unmute your audio and ask your question.

Devang Shah: Yes, hi. Good evening, sir. As you explained about certain challenging times in the M&R division and service division, we have seen some kind of 5% topline growth in this particular financial year that is we can have some kind of lower end of the range. So my question is that we have seen earlier a compounded annual growth rate of last 3 to 5 years somewhere 10% to 15% kind of range historically we have seen. So just to get your input by all the calculation about project division after Ador Fontech, you did a merger also and made a streamline of the product that certain product has been transferred to Ador Fontech as well. Just I want to understand some ballpark number. Will we return to somewhere double digit in the range of 10% to 15% kind of topline growth over next 2 years perspective, sir? That is my first question.

Aditya Malkani: I will separate the question in 2 parts. The first part is, as you would have seen, you know much better than me, is that the growth rates of the economy and the IIP figures and all of that in the last 6, 9 months have not been as encouraging as we had all made plans for. So I think I cannot escape that reality that's part of what the world with the ecosystem is surviving. So we have to keep that in mind. Is it looking a little better than it was? It is definitely seeming a little better going forward. So we hope that that will be a little more robust. As far as our numbers goes, yes, very much so in that line is what we should be looking at and as we do that line on the top as we do that, this is on the topline. Incremental effect at the bottomline should be quite significant. I mean, that's the way we are set up We should start seeing an incremental benefit on the bottomline accordingly.

Devang Shah: Because why I am saying you because in the September quarter, you mentioned that you were having a some kind of operating margin close to 7% and you were saying this is some kind of a worse phase in this particular quarter and eventually you came out and this particular quarter once again we bounce back as far as operating margin is concerned. That's why sir my question is that the way we made some kind of bounce back that can be possibility and one more thing adding over here also our operating margin now sir, we are going to remain in some kind of close to 10% kind of range we are going to maintain that's what something because we have seen the worst phase.

Aditya Malkani: It's a bare minimum as far as I am concerned is 10%. It has to be little bit better than that and there will be no how to make it better than that. It's a question of executing.

Devang Shah: Okay. And sir as far as you know, steel prices metrics are concerned, just to get an idea sir, to get an idea, if you know, we may see some kind of tariff related aspect is going on right now and incrementally, we may see some kind of uptake in HRC steel price as well in the future. Sir, how we can deal that particular situation, we will be able to pass on and will is going to affect our margin?

Aditya Malkani: Yes sir, I think there is one, look, I don't know that I can't predict steel prices, so I won't get into that but I think one thing that we are learning and this is part of the new management team that is coming on and the stuff that they are taking on and their experience and their stuff is I think we are just going to be a lot more brutal about passing things on a lot faster and having the strength to do that and I think that is exactly where the management changes are coming and I am seeing that that they are doing it effectively. So I think I am not too stressed about large movements either way on steel prices at the moment. I think I was a little more worried in terms of how we dealt with it. I think now I'm a little more comfortable if the team has the ability to deal with it much faster.

Devang Shah: Okay, so we can get, there is not to worry on that particular as..

Aditya Malkani: I am not worried. I am not worried on that front.

Devang Shah: Because sir, last year what we have seen, you were having a, because of that merger, only the September quarter was actually made an entire year as far as your total EPS is concerned. Otherwise, if you would exclude that particular thing, at least you would have some kind of flattest kind of growth. So that has actually dented entire year. That's what we perceive as far as our analysis is concerned. So if we exclude that particular element, I feel eventually we will not have such kind of thing and we may have as you have mentioned close to aspiration to be a double digit growth as far as topline is concerned because margin is going to be steady. So I don't think so worse as far as company performance looks like over that's what we can make it out so.

Aditya Malkani: Yes, we are all on the same page. We are all on the same page. I don't give any guidance. We are all on the same page. That's all I can tell you.

Devang Shah: Because one thing we understood as far as positioning as you already explained in your presentation, the way you are having positioning in thermal, defence and the way the economy also, we are perceiving as far as our economy is concerned and you did also well in this particular export, international market in this particular financial year as well. So we feel that it continue to be a some kind of as far as your business is going to be a some kind of push that we are going to get. So not much doubt as far as positioning. And sir last question, as far as international market is concerned, we may see some kind of, you know, the good show in this particular year. We may see us, you know, what's your means target as far as growth opportunities concerned?

Aditya Malkani: As a base effect keeps going up, it's always hard to keep expecting that level of growth. However, our core markets are well-placed. Our core markets are at the moment in terms of revenue out of the Middle East, Saudi, UAE, Oman, stuff like that, you may seem to be well placed. So I am very hopeful that a fair level of growth will come from there. However, it is our job that to get that other growth, we need additional markets, which is what we have identified the US as being a very big market potential for that. The teams are an excellent job of identifying the network to start getting into parts of that market. It is a huge ocean. Obviously, there are different parts and we are getting in there with our brand, which is something that is very important to us, which means that the story of the play out takes a little bit longer. You also get in not with the high margin products, you get in with slightly lower, but as you keep building the pillars step by step, you start to, I think, feel that that can give us something good going forward. I think a similar, the Ador International business has the ability to deliver on that. I have been happy with the margins that they have been helping out on. So I think, yes, very much so. We have invested in the team accordingly. So let's play it out.

Devang Shah: Thank you so much and wishing you all the best, sir.

Moderator: We have a follow-up question from Mr. Pritesh. Mr. Pritesh, you are now being placed in the meeting. Kindly unmute your audio and ask your questions.

Pritesh Chheda: My question was one on the steel price side. So this year, we had a lower steel price. Usually in the past calls, you had said that lower steel price does benefit your margin. I was just wondering why it did not play out this year. And now you guys..

Aditya Malkani: There has not been drop, there was a massive demand squeeze, it is not only that. So you had an inventory squeeze that happened and accordingly that this is not a long inventory squeeze, it's a one month inventory squeeze but it's the sharpness of the drop in demand and the prices, there's only so much you can bear on that amount.

Pritesh Chheda: Okay, so now when in the H2 when the steel prices have gone up, does it negatively influence your margin by itself?

Aditya Malkani: No, no doesn't negatively influence our margin and the difference with this is compared to earlier is if you remember I always talk about a certain lag in terms of what input to output prices being passed on. Depending on which part of the cycle you're on, you see an upward downward and the difference is now I feel with the management team the additions we have made and them driving this is that that smartness of how to deal with it is slightly being improved. That's it. So we should see a benefit to it if anything. Minor benefits.

Pritesh Chheda: And I missed out your comment. Where did you spend this Rs. 41 crores of CAPEX into?

Aditya Malkani: Rs. 40 crores of CAPEX primarily went in new consumables additions or new lines to be done like I said stabilizing a little bit of all that. I think most of it was on that account. Most of it is on the consumable lines plants. Most of it is in plants in Silvassa, in Raipur. We have a little bit going forward Bangalore this year, has many plants.

Pritesh Chheda: Is it new products or is it new products or?

Aditya Malkani: It is new product lines. It is new product lines that will be manufactured at scale now, larger scale stuff like that.

Pritesh Chheda: New product lines or it is, I can understand the new product lines. Is it definitely new product or existing product?

Aditya Malkani: No, it is not a new product. It is a product that primarily the Indian market depended on imports for where the production is coming and in that, we have scaled up the production we used to do a tiny bit of production earlier and we have scaled up the production on that, so it's a new I would say import substitution line, let's put that.

Pritesh Chheda: And when will it start operational?

Aditya Malkani: It started operational, it started operational.

Pritesh Chheda: Okay, so last year it was available to..

Aditya Malkani: Q4 onwards, it started moving quite stable.

Pritesh Chheda: Okay and my last question is on that large order in the services business. So you have booked out the cost related to that order until now? So that's how the accounting principles, so you have booked out the cost, is it? Or there can be any surprises there?

Management: So Pritesh, to the extent that we have invoiced on the work done, we have booked out all the cost. And as Aditya said, we are almost done about 75% to 80% of the work that's completed and almost a similar percentage for the billing done. And we are at the fag end of closure of that project.

Aditya Malkani: But Pritesh, on that account just to let you know is that we have as you can understand a few cost overruns and stuff like that. So you understand that overall is a margin that project is not holding up what we talked of a year or two ago. So that's all coming down. It's not like you are going to see some big kick up coming in this 6 months. You are basically seeing 1:1 on that little number and then take it from there. That's where it's coming.

Moderator: Our next speaker for today is Mr. Ram Kumar. Mr. Ram Kumar, are now being placed in the meeting. Kindly unmute your audio and ask your question.

Ram Kumar: Yes, hi. Thank you for the opportunity. I just had one question on the margins. So we have seen stellar growth on the exports front, close to 25%. And, but however on the margins for the products division is kind of flat and I think you had previously in the further I mean when you're applying to a previous speaker, you just you stating that initially we are selling lower margin products in our export market. So probably that contributed, but I was just wondering how do margins compare?

Aditya Malkani: There is a slight difference I want to clarify. As we enter new developed markets like the US now, we will be entering with slightly lower margin products to build up volume and brand and then build from there. Not what happened in the last year or two.

Ram Kumar: Okay. Got it. So just want to understand, how do margins compare with respect to your export markets and when you compare that to India, is it pretty much the same or do you make higher margin?

Aditya Malkani: Pretty much in line and as long as the dollar doesn't shift down too much and remains where it does or moves up over CCI benefit, but pretty much in line with India. We are not concerned with the margins being anything.

Ram Kumar: Okay, got it. And I think predominantly the export growth so far has been from the Middle East. What is so if you guys talk about, how big the market could be or what are the strategies there for the medium term and how we are targeting other markets as well that would be helpful. Thank you.

Aditya Malkani: Middle East continuing to have fairly good demand. Again we do not have the base effect, that is obviously moved up. You cannot expect that level of growth coming, but we expect that there would be a very decent demand going forward to the next year or two as long as spends that are happening in oil and gas and all other stuff continues in those markets. As a division and as a company, we would like to see more robust growth in that and we would like to enter different markets which is why about a year ago, we started making the investments to enter weekly the US and the Australian market are quite interesting. The US more so as its larger scale and especially given the global dynamics that are shifting. So we started doing a lot of that. We started to see results. It is still tiny as an overall percentage of small, but we expect that if we keep doing those steps directly and the acceptability of the product seems to be good in the regions we are trying to break in. We expect that to be a kicker to give you that level of growth continuously for another year or two.

Pritesh Chheda: Got it, thank you and just one last question. So I mean it looks like exports has helped us plug the decline in Indian revenues over the last year, so I mean have you seen any loss in market share over the last 1 year or how do you view?

Aditya Malkani: I don't view that we've lost any market share or I think the Indian market has been very tough.

Pritesh Chheda: Okay because you said there has been some products from the M&R division have been shifted to the products division and that is approximately like Rs. 20 crores. So roughly the core business is flat for the full year.

Aditya Malkani: Pretty much flat for the year. I said, volumes is flat, stuff is pretty much flat. From the steel prices given, variations month on month last year which are quite sharp. I am not concerned about market share from last year's perspective. No, I think this year you have to push a little bit of the system to build that up.

Pritesh Chheda: Was there any decline in sales of certain products because of some environmental regulations with respect to the diesel engine?

Aditya Malkani: No, no, the diesel engines are doing very, very well in fact abroad and we expect them to do well this year. We have upgraded them so what you have to do is simply you upgrade them like car scenario, goes to the export, all of the standards change. In fact, last year there was a standard change that had a small impact for the Indian market. But in fact, we sell 75% of those products go in the international market where it does not have an impact. And that's actually been good and hopefully will remain good this year.

Pritesh Chheda: Okay, and sorry, what about the Indian market with respect to this product?

Aditya Malkani: Should we build this year? We were expecting whatever I have seen in terms of the order potential for this year seems to be more aggressive than last year on that front.

Pritesh Chheda: Sure. Got it. Thank you and all the best.

Moderator: Thank you. Our next speaker for today is Mr. Samarth. Mr. Samarth, you are now being placed in the meeting. Kindly unmute your audio and ask your question.

Samarth: Sir, we have like the erstwhile Ador Fontech had two plants in Bangalore and Nagpur. While is there any rationalization that we can do because we earlier had plans of rationalizing plants once merger is completed?

Aditya Malkani: We are not rationalizing anything at the moment. In fact, what we are doing is looking at products that can move from different plants to have a benefit in terms of scale and quality and stuff like that. All of that but there is no rationalization at the moment. We have done a full detailed review of it and we actually feel that certain investments in these plants can also benefit the entire company. We are looking at it from that perspective.

Samarth: Earlier you were not exporting any products which Fontech did and in the last call also you had mentioned there were low hanging export opportunities. Can you talk about that?

Aditya Malkani: We started doing a little bit. It's still small, so you are not seeing it on an overall revenue basis, but we are starting to push a few more M&R products out of there. So we will start to see over the next year or two, especially the Middle East market primarily. I think that will come in. It's not going to be a game-changing effect in terms of numbers, but it will definitely help in terms of the margins for them going forward. No, I think that is the pretty much most of it.

Samarth: As far as the erstwhile means the Ador Welding business was concerned, we were slightly lagging behind in the automation products. So any success on that side?

Aditya Malkani: If you ask me very candidly, still lagging behind on the automation and that's not something that's going to change tomorrow morning. We will lag for a little bit of time, but what we are actively doing is ensuring that we keep pushing our product portfolio to be very clear in terms of what we want to do and how we can make money doing it in that, which is what this year is going to be a lot about. In fact, a lot of the new talent that's coming is focused on that. We also are figuring out ways to be able to jump that a little faster. If there is some good opportunity that comes up, we will definitely look at that as well. No, we have still not turned the corner on automation. It's very much a part of what we are focusing on trying to do.

Samarth: Okay. And my last question, 3D technologies. Do we want to continue or we'll...

Aditya Malkani: I don't think it's feasible to invest long term in that business. And right now, I am not going to say anything more than that right now. I am just going to keep that with me. I don't think it's feasible. We have been through a lot of it. We figured a lot of it out. I think the dynamics changed too much around us. I don't think it's a long term sustainable investment from the Ador Group.

Samarth: Okay. Thank you, sir.

Moderator: Thank you. We have another follow up question from Mr. Jason. Mr. Jason, you are now being placed in the meeting. Kindly unmute your audio and proceed to ask your questions.

Jason: Yes, thanks for taking my follow up questions. I just wanted to ask, we have spoken about exports, it is being a body of exports. Now just if possible, could you give me the absolute numbers for '24, '25 and any guidance you would like to give for '26 or not guidance also just..?

Aditya Malkani: Wait for the annual report, so Jason I can't give you anything. I can just tell you without telling you too much that like I said about 20%-25% growth on last year's numbers and we are looking at growth going forward. A little more muted and that may not be on the 20%-25%, maybe little more muted in that but in that time, it is for sure.

Jason: So the '24 annual report says exports is around Rs. 122 crores, so probably 25% on that I should take, okay sure. And also, I think there is just one thing I wanted to ask about, you know, Ador Fontech used to clock in around Rs. 200 crores of topline. Now you said some products have been transferred to the products division. Can I get a rough estimate of how much has been transferred to the products division?

Aditya Malkani: I would say, I think in the region of approximately 20% to 25% of their sales is now moving into the products division that does not make you see 20%-25% of that series in Q4 because those products have also gone through a slow CAPEX cycle. So keep that in mind. But as far as the product portfolio goes, it would be anywhere in region of 15% to 20% of that portfolio has been.

Jason: So 15% to 20% of around Rs. 200 crores has been sort of rejigged into the products division.

Aditya Malkani: Rejigged into products to grow that. And hopefully this series will support it.

Jason: Got it. Yes, sure. Those were all my questions. Thank you so much.

Moderator: Thank you. That was last speaker for today. Now over to Mr. Aditya sir for the closing remarks.

Aditya Malkani: Thank you.