

AWL/SEC/SE/2026-27/55

27th October, 2026

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)(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 Friday, 23rd October, 2026, through conference call, 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



ADOR WELDING LIMITED

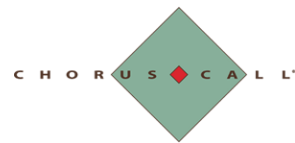
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“Ador Welding Limited
Q2 FY27 Earnings Conference Call”
October 23, 2026



**MANAGEMENT: MR. ADITYA MALKANI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – ADOR WELDING
LIMITED
MR. SURYANARAYAN – CHIEF FINANCIAL OFFICER
AND HEAD OF STRATEGY – ADOR WELDING LIMITED
MR. VINAYAK BHIDE – COMPANY SECRETARY AND
CHIEF COMPLIANCE OFFICER – ADOR WELDING
LIMITED
SGA, INVESTOR RELATIONS ADVISORS – ADOR
WELDING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Ador Welding Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference call over to Mr. Aditya Malkani, Managing Director and CEO of Ador Welding Limited. Thank you, and over to you, sir.

Aditya Malkani: Thank you for attending the call. Good morning and a very warm welcome to everyone present. With me today are Mr. Suryanarayan, our CFO and Head of Strategy; and Mr. Bhide, our Company Secretary and Chief Compliance Officer; as well as SGA, our Investor Relations Advisors. I hope you have received our investor deck.

This year has been special for Ador. In fact, yesterday, we completed 75 years. In 1951, we became the first -- India's first welding manufacturer, and today, we have 5 manufacturing units, more than 850 people, presence in over 15 countries and the government-recognized R&D center. To reward our shareholders for their trust, the Board has declared an interim dividend of INR7.5 per equity share.

Let me start with the headlines. Revenue for the quarter grew about 23% year-on-year to INR345 crores and H1 revenue was also up 23% at INR654 crores. Growth was supported by healthy demand across core end markets, including infrastructure, power, oil & gas, railways, shipbuilding, defense, and heavy fabrication. Strong capital goods activity in India provided a favorable operating environment during the quarter.

We also want to address the margin issue directly. Gross margins for the quarter was 34.2%, with input cost inflation, particularly higher steel and other raw material prices, being one of the key pressures. We have taken calibrated price increases, and we'll continue to do so in a measured manner.

Despite this pressure, EBITDA grew 9% in the quarter and H1 EBITDA margin was 11.2%, slightly higher than last year. Our objective of steadily improving EBITDA margins remains unchanged, although input cost cycles may affect pace of progress in individual quarters.

Three drivers underpinned this growth, expanding our international reach, improving product mix and deepening customer engagement. The first part is exports. The Middle East remains our principal international market served through the Dubai hub. Building on that base, we are expanding our network and evaluating opportunities in Europe to create a broader and more diversified international presence.

Product mix supported by collaborations. Our partnerships enable us to offer higher-end welding power solutions as well as MIG solutions. As Hypertherm's master distributor in India, we

provide advanced plasma cutting systems. In consumables, we continue to introduce specialized high-performance products for demanding applications.

Third is customer engagement. We are strengthening direct relations with key customers while continuing to support and expand our distribution network. Our technical support, training, and application teams connect these channels by helping customers select, deploy and optimize the right solutions.

Automation remains a strategic priority, as rising labor costs and shortages of skilled welders drive customers, large, midsize and small, to invest in productivity. Our partnership with Liburdi Dimetrics brings orbital welding technology to the power, nuclear, oil & gas, shipbuilding sector, helping customers improve consistency, efficiency and weld quality.

On operations, we are investing in new consumables line in line with the capex plan we had shared earlier. These investments will modernize our manufacturing base, support future demand and improve our ability to scale efficiently.

With that, I'll now open the floor for questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Rudraksh Raheja from Ithought Financial Consulting.

Rudraksh Raheja: Thank you for the opportunity sir. I hope I'm audible.

Aditya Malkani: Yes, go ahead.

Rudraksh Raheja: Yes. Sir, I wanted to get more clarity on the gross margin side. I think you've highlighted in your opening commentary as well that raw material pricing pressure was there, but -- and we have taken some price hikes. So how are we thinking on the gross margins line? Because they seem a bit on the lower side. So because of the price hike, should we expect more recovery in the second half?

Aditya Malkani: Yes. So let's analyze for Q2 is. And if you ask me, approximately 80% of the reason that you're seeing a gross margin dip has to do with quite severe inflation in costs across the board, and I think which is -- a lot of people are feeling it across the board in many ways. I'd say 80% of it stems from there.

About 15%-20% stems from an aggressive strategy in terms of the growth plan that we have, which is okay. It does not impact margins very, very heavily at all. I think -- going forward, you will definitely see the recovery. We are very confident.

As far as our long-term goal goes for the next 3-4 years that we have laid out as far as our plan goes from this year that we have laid out, we don't see Q2 as hurting us too badly from that perspective.

We would have liked it to have been a little bit better. But look, the supply chain/inflationary and cost input pressures are quite severe. And we've been able now to settle it down and we're quite confident we'll be able to recover that as we go forward.

Rudraksh Raheja: Makes sense, sir. Sir, but what would be the sustainable number? I'm assuming there will be some quarterly dips here and there. And once we will bounce back and will be on the higher side as well, but on a sustainable level, what we could pencil in going forward.

Aditya Malkani: It has to be between 12%-13% level. I keep saying that, I've no problem in saying that. It has to be between the 12%-13% level. Our job is to get it to between that 12% to 13% level and then push upwards from there. And there's it's possible. We just have to be a little patient through the quarterly global issues that are there, but between that level, it's very possible.

Rudraksh Raheja: Makes sense, sir. Sir, I mean the gross margins, the 12%-13% would be our EBITDA levels, right?

Aditya Malkani: EBITDA level on the 12%-13%. Basically, we're looking at the gross margin level at being approximately in the region of at least 36% -38% is what we're looking at ideally is what we should be in a position to do, and we see that recovery possible, it should not be a problem.

Rudraksh Raheja: Understood. And sir, this 20% plus growth that we are witnessing, is there a visibility on this going forward?

Aditya Malkani: There's a certain amount of it, I would say, just to break it down, there's a certain amount of it that's obviously inflationary, but we are seeing growth to be in the plus 10% double-digit region we are seeing as far as volumes go as well. So kind of happy with that. We are seeing the international market provide even north of that, sorry, opportunity. I think it's sustainable.

It seems to be a lot of things clicking that seem to be okay. And I hope that, that remains in there. It's a little bit better than we expected it to be in terms of demand. And like you said, the margins are what we have to prioritize and meet that demand accordingly. But yes, it seems to be okay.

Rudraksh Raheja: Understood, sir. Sir, what was our export share in H1 FY27? And what's the visibility here?

Aditya Malkani: Anywhere in the region of 15% to 20% with it in H1 being slightly more -- being slightly in the higher part of that.

Rudraksh Raheja: Okay. And going forward, sir, are we expecting some major delta here? Or should...

Aditya Malkani: I think we spread it out in our long-term strategy, where Ador wants it to be as a brand, where Ador wants to be placed globally. Exports is a very, very important part of that. So we are going to continue to be aggressive over there. That does mean at times the product mix is slightly different to an ideal margin mix. But that's okay.

I think that's part of the strategy of where we want to be in 3-4 years as a brand. So we'll keep taking that on. And that's all right. It's still margin accretive and beneficial to the Ador. So I'm okay with that. But we intend to try to grow that.

Rudraksh Raheja: Got it. Got it, sir. Sir, any EBITDA losses on the flare segment in H1?

Aditya Malkani: Any EBITDA, sorry, say that again?

Rudraksh Raheja: Did we make any losses at EBITDA level in the flare segment?

Aditya Malkani: No, no, no. The flare segment is pretty much done for now. There's nothing major that's there. We have a few product lines that are not massive at all that are small and there's no losses over there. No, nothing.

Rudraksh Raheja: Sir, what was the revenue contribution from that segment in H1?

Aditya Malkani: It's insignificant. It's insignificant. It has no -- it has literally no bearing at all on anything anymore. It's...

Rudraksh Raheja: And sir, apart from the raw material cost pressure, are we seeing any other one-offs in H1 numbers?

Aditya Malkani: Yes. I won't say one-offs, but I think if you talk to a lot of companies which you guys will have done the research, there's a lot of increasing inflationary costs of incoming logistics. There's a lot of stuff that we've been dealing with.

So I think just a bit of that and then sort of sorting that out as you pass it forward. Like I said, product mix is something that has played a role in Q2, a little more heavier than we would have thought. But that's okay. I think that we're kind of okay with that.

Rudraksh Raheja: Got it, sir. Got it. And sir, I think in the last call, you have mentioned that we are still...

Moderator: I'm sorry to interrupt. I'm really sorry to interrupt Mr. Rudraksh, can you please rejoin the queue? Next question is from the line of Suraj Malu from Catamaran Ventures.

Suraj Malu: First question is like what is the volume growth in this quarter?

Aditya Malkani: It's in the approximate high, I would say, teens somewhere I'll just put it there because I don't want to get into too much more of that, but we're approximately in the mid-teen level.

Suraj Malu: Right. Got it. And sir, in terms of raw material, you addressed the point, but can you give, like, understanding of like what would be the breakup of raw materials? Like, if INR100 is the raw material required, like 50%, 60% would be mild steel, what would be those components and which of them have increased so much that has increased the raw material cost further?

- Aditya Malkani:** It varies. I can't go into excess detail on it. I can tell you that, I mean, these are things that now are publicly available if you were to read about it. But steel plays very, very large segment, there are a lot of chemicals that come into play as well. So our consumable business on the equipment side, there's a lot of electronics.
- There's a lot of PCBs. There's a lot of other stuff like that, which is also -- which has an import factor as well that goes into it. So there's a mix of all of those things that go into from that as well, the core metals.
- Suraj Malu:** So all of these have increased, like be it steel or those powder for electronics, I understand?
- Aditya Malkani:** Everything, I think, everything across the board, everywhere it's going up. I don't think it's only particular to us. But I think everywhere across the board, copper, we've seen fluctuating quite a bit. I think that's the reality that we're all dealing with right now. So you're managing that supply chain process and you're managing how passing forward accordingly.
- I think we just have to be a little bit patient that when it's very rapid, like it suddenly happens in June, July, August, bah, blah, you have to manage it through. But I think it's okay. The market readjusted. So I'm not stressed about will the market now readjust. No, the market readjusted already.
- Suraj Malu:** And sir, like how do you see this -- like the teens volume growth continuing like going forward? Is that possible?
- Aditya Malkani:** We see it fairly decent going forward. We expect it to be going ahead. I think we are being aggressive. We continue to be aggressive going forward into H2. We continue giving our sales teams quite aggressive targets on that. So I think we'll remain aggressive on that.
- Moderator:** Next question is from the line of Bhavya Gandhi from Bajaj Alternate Investment Management Limited.
- Bhavya Gandhi:** My first question is regarding Ador WelDoS. What exactly are we doing over there? Also the digital welding management initiatives that you've taken, what is the vision for that? You're looking out for some acquisition as well. So if you can throw some light on that as well?
- Aditya Malkani:** WelDoS is a technical add-on product that gives welder data back to the customer to see efficiency of welding. It's step by step to be accepted in the field. It's not going to be a game changer in any way, it's part of a technology upgradation and more data available to the user customer. So that's what WelDoS does. But that's one part of the puzzle of exactly the digitization and automation kind of pie that Ador is looking at.
- So automation has a lot of drivers for that. We are looking at more high-end strategic machines that give more information as well. We have tie-ups accordingly. We're looking at -- we are starting to flood the market a little bit more aggressively with that. So that plays into that story.

Do you see impact come in a quarter? No, these impacts won't come in a quarter. They take a little bit longer to come, but it's very much a part of moving up the value chain.

Bhavya Gandhi: Okay. Fair enough. And on the acquisition front, are we looking for acquisition on the robotics side or I mean, if you can provide some clarity on that, the one that you mentioned in PPT?

Aditya Malkani: We're exploring options that would be -- I think it's very early that nothing is going to happen because the ecosystem you're dealing in is very tiny. So it's not like a very large industry. So it's a tiny ecosystem. So I don't want to jump the gun on anything. We're exploring what options are there that add value from an automation perspective from that.

Bhavya Gandhi: Got it. And without even specifying the margins, if you can at least give the pecking order between the segments, which gives us the highest margins because we have industrial M&R, welding, automation, equipment, and consumables. So if you can just quickly...

Aditya Malkani: I think if you look back historically, you'll be able to get a lot of that data out simply by looking with pre-merger days, you'll get a lot of that data and to give segments. So I think if you look at the trend, it follows a lot of that. So M&R tends to be smaller as the size of the industry with slightly higher margins. Consumables tend to have great returns, tend to be more -- it depends on the product mix.

That's exactly the product mix plays a role. Equipment can be fairly in line with that. It depends upon how you're sourcing and manufacturing. We tend to be slightly heavier simply because of our India heavy manufacturing versus sourcing from other countries, but that's part of it. And the automation will take time to build up to that similar level as the equipment and the consumables.

Moderator: Next question is from the line of Dhrumil Wani from Girik Capital.

Dhrumil Wani: I just wanted to understand the inventory part. Is there any one-off this time or is it on the build-up on the back of good visibility that we have?

Aditya Malkani: No, it's on the back of -- it's a mix, I would say, again, the slightly higher inventory levels, slightly higher payables or the payables being down from that perspective. I would say are 2 parts. One is order back. So that's, I would say, 75%-80% of the reason. Another 15%-20% of the reason is availability of steel in the market was a concern.

So we had to be a little bit aggressive in terms of what we needed to do. And that sometimes doesn't make a number on 30th September look as great as it should, but it will even out through the year.

Dhrumil Wani: Okay. And that drop in payables you said is, on back of due to this all macro instability? Or is it that we are able to pay quickly and get bulk discounts?

- Aditya Malkani:** No, it's a mix of availability. It's a mix of what the conditions are demanding. It's a mix of our growth reasons that we have in certain segments and product mix. So I think it's from that perspective, it will stabilize. I don't think you need to over analyze it at all.
- I'm not upset about it over the coming months in terms of how it plays out. No. I think you have to look at it as in what the situation -- macroeconomic situation is at that moment in time. I don't think it's a trend from that aspect.
- Moderator:** We'll take the next question from the line of Prasenjit Paul from Paul Asset.
- Prasenjit Paul:** Sir, my question is, last year, you had shared an aspiration of reaching INR2,000 crores of revenue by FY29. So can you tell me like are we on track? And second, does the existing capacity can do up to INR2,000 crores revenue?
- Aditya Malkani:** So we're not very far off track. We're fairly on track, I would say. This year, the last 6, 8, 9 months have shown that opportunities are there and the market is moving in a certain direction. If it continues, the underlying continues wider opportunity, I think we're on track. We obviously have a lot of ifs and buts along the way in terms of global strategy, in terms of automation, all of that. But we're on a certain path that's encouraging.
- Capex, no. There's a certain amount of capex that we will have to. I think there is a certain amount of capex in the next 2-3 years. I discussed this in previous meetings. Over the next 2-3 years, we will have to lay out a little bit of capex, but it's nothing extraordinary.
- If you look at it, our normal average capex is anywhere in the region of about INR35 crores to INR40 crores a year. I think there will be 1 or 2 years, we might pick that up a little bit, take it up to INR60 crores, INR70 crores for 2 years. Beyond that, nothing very significant.
- Prasenjit Paul:** Okay. So for that capex, do you think any major debt requirement is there or equity dilution will be there?
- Aditya Malkani:** No, I don't think so. I think we're quite well. Our balance sheet is quite strong to be able to take that on. So I don't think that's part of the plan at the moment.
- Prasenjit Paul:** Okay. And sir, last question is you have already addressed the commodity inflation, some sort of price hike. So can we assume that the gross margin that you witnessed in Q2 that will be on the lowest level or the pressure or the pain will continue in Q3, Q4 or can we assume that...
- Aditya Malkani:** I can only tell you exactly what we've discussed internally, which is very hard that Q2 was a bigger dip than we are okay with. And it was done due to certain market pressures, and we're not okay with that. And we will push back accordingly, and we do not want that to be the norm at all. That will not be the norm. So we have to recover from that and get back in the trend that we are okay with.

- Prasenjit Paul:** Okay. So I can expect Q3 onwards the gross margin will be recovered?
- Aditya Malkani:** We see that right now. It's early days in Q3, but we see that and we are only -- we're working towards that very hard, yes.
- Prasenjit Paul:** Okay. And how much -- like whatever the growth we are planning, let's say, INR2,000 crores. So how much you are thinking about the change in product mix, higher realization or like how much will come from the volume growth? So which you are preferring, whether you are preferring purely volume growth or like more on to the higher realization led growth, product mix change growth?
- Aditya Malkani:** If I have to estimate, I'd say 60%-70% of that growth will come from product mix, which doesn't necessarily mean that it can't be at the right margin level. It's a question of the right product mix going into the right customers across India as well as international markets.
- But I'd say 60%-70% of it has to come from product mix, such as the nature of the industry and one-third of it will come out of the innovations we might do in welding equipment, the partnerships we might do, the automation we might do. All of those things can help drive a lot of, I'd say, 20%-25% of it maybe.
- Prasenjit Paul:** Okay. Sir, one last question. I was checking many of our peers, like one of the smaller peers like Diffusion Engineers, they are saying that welding consumable market is not expanding that big. So they are moving towards engineering service, project management type of service, the same division that you have exited.
- So if we talk about your segment, welding consumables, so do you think that the industry is growing? I mean, whatever the growth you are planning, INR2,000 crores revenue. So do you think there is enough scope to grow within the market or like you must need to venture internationally to reach that growth or the domestic market is big enough for that?
- Aditya Malkani:** So I won't comment on anyone else. I will tell you that definitely, the welding consumable market does provide adequate growth opportunities. That's what we do. That's where we are placed. And there is adequate growth and the growth you're seeing in this H1 is a lot driven by that.
- And it's simply related to steel consumption. So it's about steel consumption data. If you see growth happening there, you believe that steel will continue to be consumed at good levels in various industries, and there's no reason welding consumables should not.
- Moderator:** Next question is from the line of Dharmendra Grover from Helios Capital.
- Dharmendra Grover:** Just a couple of questions. One, on the raw material side, has the prices been increasing primarily because of the freight or is it other reasons? And secondly...

- Aditya Malkani:** It's a lot to do with input costs that stem from steel and other raw material components. Freight is a small part of it, but it's definitely a relevant part of it, especially in the imports. But no, I'd say steel, if you guys are watching steel, you'll see, what's happening there. There are tremendous increases. So that's a large, very significant part of it.
- Dharmendra Grover:** But do you think this is temporary? And is this something that will settle down?
- Aditya Malkani:** I can't comment on steel prices. I can only say, I hope the more flattened out and even they are, they help everyone in the industry, but I can't comment on that. I don't see them softening anytime soon. I don't think they're going to be as rapidly increased either, but that's my perspective on it right now. I mean we're not big enough. The steel guys are the big guys who will decide that. So we have to follow a little bit of that. And there are many global factors that...
- Dharmendra Grover:** And your purchase agreements are primarily on a spot basis, is it?
- Aditya Malkani:** We do a little bit of strategic as well, which is what you are seeing in the balance sheet for 30th September. We do a little bit of strategic as well, but I think the nature of the type of steel that we buy, you can't do excessive strategic. It doesn't work like that.
- Dharmendra Grover:** And in terms of -- on the final finished product side, how much of it has got passed through? And what do you think...
- Aditya Malkani:** All of it will get passed through -- always it got passed through a bit later than I would have liked. In Q2, it happened a bit later. Now it's getting done now. It's all coming through because that's the nature of the market. And if you're growing as aggressively as we are trying to grow, you take on certain things in a certain way.
- So -- but most of it gets passed through very, very quickly. I think in Q2, we've been a little bit slow on a few things, which is okay. As I think I said, it's a temporary blip in the journey. So I think it's okay...
- Dharmendra Grover:** Yes, I can understand because consumables will not be so much of the price sensitivity in terms of demand will not be so high compared to the other products?
- Aditya Malkani:** It varies, right? It varies sector to sector, it varies as you have India's growth story play out, you have very large customers, large commitments, stuff like that. So you have to do it step by step. You can't be, welding's a more competitive field than some other industries. So you can't just -- you can't do everything tomorrow morning. It takes a little bit of a journey, but it's getting there.
- And I think we've been -- most of the time have been able to pass through. We have to keep in mind the last 3-4 months have been very unprecedentedly sporadic in terms of the rise. So you have to manage that process. But I'm not concerned about it from a long-term basis at all.

- Dharmendra Grover:** Yes. So I can understand. So which means that in the medium term, we'll come back to the same kind of margin trail that we have been?
- Aditya Malkani:** Like I said very openly, I'm going to get to between the 12% to 13% level is what I have to get to. So we have to make that happen.
- Moderator:** Next question is from the line of Mahesh Attal from Dhairya Investment Advisors.
- Mahesh Attal:** Sir, we see that the demand in this electrode segment has actually kind of going up. Actually, it's going up because of the manufacturing thing happening on a lower MSME scale. So how exactly are we catering to that market, consumable market? Because when we see as we go on to the ground, there are a lot of unorganized players who are actually taking up the shelf over there. So how is the management looking at that?
- Aditya Malkani:** So welding consumable at the end of the day is an engineering product and an engineering product that has different approval structures and stuff like that. So just to give you a very quick overview, the welding consumables consists of -- we have probably a couple of thousand SKUs in it. In those couple of thousand SKUs you have Tier 1, Tier 2, Tier 3 types of companies that compete against those SKUs as well. Then you have customers who have Tier 1, Tier 2, Tier 3 types of approvals and requirements that they have for their process.
- So an unorganized product is never really -- a customer of an unorganized product is not really my customer at all. Ours is very engineering-centric. We work in oil & gas. We work on shipbuilding. We work in all of these specialized sectors where quality of an engineered product matters a great deal.
- So I think everything has a place in the market. And I don't get stressed about the unorganized sector too much. I care about within the organized competitive sector that we play in, how is our market share going from that angle. And that's what we track.
- Mahesh Attal:** And sir, on the margins front, our gross margins have gone down because of, as you explained to the previous participant that the steel prices rose to a level which even the management did not anticipate. And so when do you see like this tapering off? I mean, are there any...
- Aditya Malkani:** It's already -- when you say tapering off, you mean in terms of the margins -- the steel prices or you mean in terms of who do you pass it through?
- Mahesh Attal:** No, I'm talking about the steel prices because...
- Aditya Malkani:** Steel prices, I can't comment. Like I told someone, I unfortunately can't comment. It does not seem like they are softening. It does not seem like they are softening, but I don't think I have much more reading than that. They seem to be okay. But my pass-through is happening much better now than it was for a brief period in time in Q2. That's what happened.

- Mahesh Attal:** And sir, what was the price increase you have taken compared to the price increase in the steel? If you can just quantify that.
- Aditya Malkani:** No, in line with it. But basically, it's about the time lag that sometimes kicks in, it's about certain contracts that you are tied into. It's about all of those different, different factors that play in. We have to factor in, we can't absorb anything on that front, right? So you play it accordingly.
- Mahesh Attal:** So do you think that the pass on in the next quarter or so would suffice our raw material increase or inflation there?
- Aditya Malkani:** Yes. That's how we can get back to our targeted margin levels. That's the only way. There is no other answer.
- Mahesh Attal:** If I may ask, sir, what was the percentage increase in the steel quarter-on-quarter?
- Aditya Malkani:** Percentage increase in steel Q2 versus Q1 must be anywhere in the region of 7%, 8%.
- Mahesh Attal:** Okay. And steel constitutes what percentage of our raw material?
- Aditya Malkani:** Sorry?
- Mahesh Attal:** Steel constitutes what percentage of the raw material, sir?
- Aditya Malkani:** It varies. I can't go into excess detail on that. It varies. And these are things that you can find out online. I'd rather not get into excess detail. And please understand the reason, I don't is simply because at the end of the day, I have to manage a competitor profile as well. So I think these things online, you will find.
- Mahesh Attal:** All right, sir. All right. And sir, when you say that you are trying to move to the high-value segment, and what areas are you looking at when you say that? I mean...
- Aditya Malkani:** Within welding space, there's 2-3 high-value segments that you look at. So in consumables, you talk of moving to more highly specialized steels. That's part one. Two is better and stronger approvals. For example, we might work on an approval in the shipbuilding sector and oil & gas sector that puts us in a higher playing sphere with a Tier 1 sort of play.
- The third thing is better technology welding equipment with newer generation technology, stuff like that. And the last is on an automation basis. So we have all of these that come into the world of welding and cutting, which we play in.
- Mahesh Attal:** And sir, I also see that there we are also looking for inorganic growth. Are there anything in the pipeline that you are considering?

- Aditya Malkani:** They're exploring. It's still early days of exploring. Like I said, the ecosystem isn't very large. I can't really get into excess detail, unfortunately, until we have more clarity, but it's going on. It's part of our job to keep looking at it.
- Moderator:** Next question is from the line of Rohit from ithought PMS.
- Rohit:** So I think in the opening remarks, you alluded to 3 things which is sort of your focus area. One was exports, the other was product mix and the other was going deeper with your customers. So can you talk a bit about the last 2, the product mix and going deeper with your existing customer in terms of gaining wallet share? So if you can maybe talk a bit about that in more detail, like we've been -- as you said -- yes?
- Aditya Malkani:** So I'll talk about the latter first. I'll talk a little bit about that. Ador has a benefit of being -- and very thankful for having a very strong distribution network across the country. And -- but one of the things that we find that we are not strong enough at is being in front of some very, very large customers directly who want to deal directly.
- We have a few very good relationships, but there are many more that can be done and developed accordingly that we may not be supplying to -- or if we are supplying to, we aren't supplying a large enough share of wallet.
- So if you look at -- if you go and research about us, you would have seen certain hirings you would have done, you would have seen certain strategies you would have done, which is basically gearing ourselves and look, there is a larger growth opportunity sitting over there or we are less represented over there.
- So we talk of the top 50, top 100 consumers in the country, we feel we should be more aggressive sitting in front of them. That takes time. It doesn't happen overnight, but the entire organization is working hard towards that. And that's basically where that stems from.
- Now the second part leads into that a little bit because what happens is the product mix sitting with these top 50, top 100 customers tends to be a little more on products like continuous products and stuff like that, where you need to be a little more aggressive in terms of making an entry. So it leads into that a little bit.
- Rohit:** Right. And to an earlier question, you said that 60%-70% of the growth would be driven by product mix and then the remaining...
- Aditya Malkani:** The incremental growth.
- Rohit:** Yes, incremental growth, correct.
- Aditya Malkani:** I didn't mean the overall pie. I mean the incremental growth.

Rohit: Yes, yes, yes. So what do you mean by that in the sense that -- I mean, is it like there were some products which we -- there were gaps in our portfolio...

Aditya Malkani: Yes. We were not as aggressive. It's not only product gaps, it's like product gap is one part. It's about sales gaps. It's about being part of a customer gap, right? It's stuff like that, that you may be selling, like I said, the welding world has 1,000 -- 5,000 SKUs. You may be selling some not selling the others. So we have several products that are now we have plugged a lot of those gaps.

We have plugged many, many gaps over the last 2, 3 years. Now we have to be aggressive in positioning that in front of the customers and doing all of that. So I'm not stressed about do we have a product gap? No, I'm not really worried about that anymore. I was more worried about that 2, 3 years ago. Now it's about seeing the benefit of playing that out in revenue and margins with customers.

Rohit: Got it. Just a couple of more questions. So one was -- so of course, we merged Fontech. And back of the envelope, it seems Fontech has been around that INR220 -INR230 crores for the time -- since the time -- even prior to the merger, they were around that time, plus/minus, and we're still around there. So is it fair or I mean, are we trying to also grow that segment? There were some gaps there as well earlier or...

Aditya Malkani: We're trying to grow that. So one is, look, what happens with the merger is Fontech also had products that were related to what I would call fabrication industry. So we have now taken those out and put it into the larger welding atmosphere. So you're seeing better growth opportunities come for that. So you go down to Fontech being very M&R core.

And in the M&R core, there are definitely opportunities. You won't see a natural growth rate at the levels you will see in the other markets. But there is products that can be added on complementary products that can be added, transplant of services can be done. So you can see that.

You can't get, I mean, you can't suddenly say I'm going to grow 20% over there tomorrow morning, but you can grow 8%, 10%, 12%. But there's a lot of work that we have to keep doing step by step to get there. That's going on here very much. It's a very important part of the business. It's a very important part of our margins. It matters a lot.

Rohit: And last question, I think we've hired a lot of people in the last probably 12 to 18 months or probably 24 months. In terms of incentivizing them or in terms of the whole plan, maybe there is an ESOP plan, etc., if you can maybe articulate that as well?

Aditya Malkani: Yes. We have ESOP plan for approximately 50 people in the company are part of our ESOP plan with senior management, obviously having a larger chunk of that. We introduced ESOP plan probably a year and just a little bit over a year ago. So that's part of it. We have incentive plans that are laid out.

We are very, very incentivized relating to profitability across the company, and we keep enhancing that. So yes, we do that a lot. And we've got a good bunch of good senior talent now, and they have a lot of responsibilities in front of them, but they're moving in the right path. So it's going well.

Moderator: Next question is from the line of Yash Patil from Dalal & Broacha.

Yash Patil: So short-term bank borrowing goes to around INR28 crores from negligible around INR0.27 crores at FY26. Is this temporary seasonal leverage to fund the working capital cycle or the short-term borrowing will remain elevated to FY27?

Aditya Malkani: So most of it -- so just to explain, a lot of it has got to do with LCs and BGs and stuff like that as we go. So a fair amount of it is from that angle. We have a little bit of the working capital perspective, very controllable levels. And it's just a question of managing it, like I said, due to some strategic purchases, strategic stock due to a few decisions we take as we go to 20%. I would not read too much into the H1 data from that perspective at all as far as the trend goes.

Yash Patil: Got it. On the capex point of view, this INR30 crores to INR35 crores is sufficient to support the company's growth aspirations or with additional investment in...

Aditya Malkani: This year will be approximately INR30 -INR35 crores, which if you see the trend for the last 2 years is similar. But we do have capex planned which will be in the -- for the next 2 financial years, it will be in the region of INR60-INR65 crores to INR70 crores because we do have to invest towards where we want to go each year. So for 2 years, FY27, '28, you will see a slight jump up in that and then it will kind of reduce to this normal level. But there's nothing exceptionally large. That's what I meant.

Yash Patil: Just last question. So how big is the opportunity in shipbuilding? And what is the current order book, you can see in be shipbuilding, ideoence, andnuclear and wind...

Aditya Malkani: Look, I don't want to give you the data on what our current order book is. I'm sorry, but that's kind of confidential data. But I will tell you that shipbuilding, as you can see, has a lot of opportunity. There's a lot of work going on in India in shipbuilding. There's a lot of opportunity that's there.

We are seeing some benefit to it, but there's a lot more that can be done continuously. We definitely believe it can be an incremental growth -- play a very significant incremental growth for the welding industry.

Yash Patil: Are we getting orders or any inquiry regarding shipbuilding...

Aditya Malkani: Sorry, sorry, say that again, sir?

Yash Patil: Are we getting orders or getting any inquiries regarding the shipbuilding.

- Aditya Malkani:** Yes, that was definitely close.
- Moderator:** Next question is from the line of Naysar Parikh from Native Investment.
- Naysar Parikh:** I think you spoke about it earlier, but if you can just touch a bit in terms of -- you mentioned on tapping the top 40-50 consumers of steel and how do we do that. But from a revenue perspective, we're obviously not seeing that kind of movement. So how are you looking at it? Because it's been around a year since we have been kind of talking about that and hiring people. So any...
- Aditya Malkani:** In my opinion, you're seeing it. I mean we've grown 20-plus percent for H1. So you're seeing parts of it. I don't think that's the average growth rate of the industry at all. We are definitely outperforming that. There's a part of that, that's export related part of that's India related. You're seeing it incrementally play out. It will keep having a larger and larger role. But I think in the last 6-8 months, the data I see, I think I am seeing some benefit to that definitely.
- Naysar Parikh:** Okay. And secondly, on the export side, other than Middle East, is there any other geography that we have...
- Aditya Malkani:** We are present in U.S. We are present in parts of Africa. We are present in parts of -- now in 2 different markets in Europe, we're entering a third one as well. So yes, we do. But the Middle East is about 80%-85% of the export sales. But we expect that the other markets will grow and these FTAs and all of that, that are coming in, we're seeing greater push, greater pull -- not push, we're seeing greater pull. So the time the market is getting a little bit faster. But yes, we expect these other markets to play a good role as well.
- Moderator:** Ladies and gentlemen, due to time constraint, we take that as the last question for today. I would now like to hand it back to the management for closing comments.
- Aditya Malkani:** Okay. Thank you, everyone, for joining us. I hope we've been able to answer the queries. We look forward to such interactions in the future and hope to meet your expectations in the future as well. In case you require any further details, you may contact us or SGA, our Investor Relations Partner. Thank you very much.
- Moderator:** Thank you. On behalf of Ador Welding Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.