ador
peace of mind™

AWL/SEC/SE/2024-25/23

09th May, 2024

BSE LTD.
Phiroze Jeejeebhoy Towers,
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: ADORWELD

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 Thursday, 02nd May, 2024, 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://www.adorwelding.com/events/

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

Thanking you,

Yours Sincerely,

For **ADOR WELDING LIMITED**

ADOR WELDING LIMITED ★ FORT MUMBAI 400 001. ★ REGD. & CORPORATE OFFICE

VINAYAK M. BHIDE
COMPANY SECRETARY
Encl.: As above

"Ador Welding Limited

Investor Meet Conference Call"

May 02, 2024

MANAGEMENT: **MR. ADITYA MALKANI -- MANAGING DIRECTOR -- ADOR WELDING LIMITED**

Management: Good evening, everyone. Welcome to the investor presentation of Ador Welding Limited. We'll start the investor meet by a small presentation by our MD Aditya, sir, and then we'll take your questions.

Aditya Malkani: Good afternoon. I hope you are able to hear me. I just want to give you a very quick introductory presentation, and then we can go into the question-and-answer section. We had our Board meeting on Tuesday. This is a quick overview of the business, which is all available in results. Ador Welding business contributed approximately INR678 crores domestically from the -- sorry, from the Flares, it was approximately INR35 crores, INR172 crores of the Equipment and Automation space and another INR678 crores from the Consumables space, gross INR884 crores.

Segment-wise margin, we saw all reported in the results itself, the Consumable margins improved with a slight amount. The Equipment margins dipped a bit on account of certain automation hits which again are getting turned around over the course of this year. And the Flares and Process Equipment of course which you know has taken a hit on the account of slightly later than expected execution on the project.

PBT and ROCE figures have due to certain segments having slightly dropping due to a hit especially for the flare and process equipment division overall margins dip down in FY '24 compared to what we were expecting. And the ROCE level remains fairly in line with where we were last year.

Working capital borrowings, especially if you look at the welding business alone has done quite well. Most of that is in line with our expectations and with the way business is moving at the moment should remain as such. The focus areas into this year and a lot of what's spillover from the previous year as follows. We're going to keep on pushing more towards high-end welding equipment also that would also have a make in India tag to it. It'll allow us to give a wider range of offerings to our clientele.

The plasma cutting space is something that's very critical to us as part of our growth plans. We'll definitely be driving that, hopefully, over the next 6 to 8 months, make a larger leap forward with that. The project execution is critical to us, which has been there in the last 2 years, and we need to ensure over this year that the project – the unit project is executed correctly.

We have a lot of investments that we've undertaken last year and will be undertaking over the course of this year as well to keep enhancing our welding consumables product mix to ensure richer product mix into the various markets.

New geographies, product mix for Ador International. There are 3 or 4 critical markets that remain our main at the revenue well, that we'll keep focusing on, and we're adding 2 or 3 new geographies over the course of this year where you already entered them. And the automation division, which had a recent revenue growth last year, but did not have a good bottom line. The main plan is to be able to turn around that to a profitable stage. These are the main focus areas for next year.

The merger, you actually, to be honest, expecting it in the last meeting the NCLT. Unfortunately, it don't happen. And we are very, very hopeful that the next upcoming meeting of the NCLT, this will hopefully happen, which is quite soon, which is why both Ador Welding and Ador Fontech have announced dividends to ensure that the dividend process is very clean cut prior to having merger being done. That's just a quick run through. I'll now request floor to handle the question and answer. t stop sharing the presentation or participants and we leave it open to anybody else.

Moderator: Good evening, everyone. I'm your moderator for today's Q&A session. Our first speaker for today is Mr. Pritesh.

Pritesh: Just an observation, why is the H2 number in performance, slightly weaker in growth rate, where if you look at some other industries in -- whether it's a consuming industry or capital good industry, the growth has been fairly strong there. So any specific reason with us or with our industry where the growth in H2 is relatively weak? That's first question. My second question is in the consumables business.

Aditya Malkani: We lost you. Pritesh we lost you. Can you hear us, we lost you after that you said the consumables business then we can't hear you.

Pritesh: All right. We were expecting the executions to start. So what's the status on this?

Aditya Malkani: Pritesh, we lost you after your initial question, we lost you. Can you go back other than with the consumables.

Pritesh: Volume growth in consumables, the third question on the flares business. We had a INR150 crores order, which we got from ONGC. What is the status of that order and the execution because some of it should have been flowing in '24, right?

Aditya Malkani: Yes.

Pritesh: Okay. So over to you.

Aditya Malkani: Okay. So H2 growth has been fairly much in line with everything, but it's a big part of course, as you all know that steel prices have been dipping down over from October, November onwards, every month you saw a significant trending downwards. And now we see it moving back up, in fact, starting to be improving, started seeing moving a little bit upwards again. As far as volume growth goes, it's been pretty much exactly in line with what the market expectation is. We've been seeing it in the region of 10%, 11%, 12% on the consumers front. So we're quite okay with that front on the volume perspective.

On the consumables were not provide the product mix is something that we are looking at getting richer, and that's going okay. We've helped also by the international market sales of the consumables, which is also picking up. But in general, it seems to be quite okay. We're not too concerned apart from the perspective of volume at the moment.

On the flares front, we are running a bit late. We were expecting to see a much larger quarter of bidding to start from December, Jan, to be honest, which is cut pushed back due to few engineering and execution issues. We're working very closely with ONGC on that front. And we are expecting that from May, June that entire ticker will start moving a lot more aggressively. Yes, what should have been approximately another INR30 crores to INR35 crores of revenue that should have come in last year has got pushed in and will start ticking from now.

Pritesh: So any reason why there is a loss in the flares? The swing in numbers third division is significant this year. It's close to INR5 crores INR6 crores thing so. Any reason why it's happening?

Aditya Malkani: Can you say that again. I lost you -- why is it there is a loss in that main divisioin?

Pritesh: Yes, yes.

Aditya Malkani: It's simple. I think there are two parts to it. The first part is in the cost. There is a slight cost overrun that is also happening. So the gross margin is slightly coming down in that order, which we are accounting for as well. Secondly, we adopted a very conservative accounting method for this entire order. So we've taken a lot of the cost upfront in that perspective.

We've intentionally been very, very conservative on that account. Like I said, I wanted to be very conservative on that order. So we've kind of accordingly like that. So that's basically it. And obviously, because our revenue has been low, the high overheads that you have in the division obviously have not been amortized over the course of last year. So that basically adds up to that.

Pritesh: Okay. Just last, what will be the flares business revenue next year considering this ONGC project execution as well?

Aditya Malkani: It should be anywhere in the ratio of 2.5x to 3x of what it was this year. Looking at somewhere the ratio approximately, let's say, 90 to 10 is what where we as of now booking at or working at.

Pritesh: And at what margin?

Aditya Malkani: Very similar margin to what you had expected earlier. I'd say a slight dip because there are a few small cost overruns and stuff that they need to be looked at.

Moderator: Our next speaker for today is Mr. Ankit Gupta.

Ankit Gupta: I have 3 questions each on the 3 segments that we have. So starting from the consumables segment. So if you look at it, we have registered a growth of around 10% in our revenues throughout the year. As you were saying, the volume growth also has been in line with the revenue growth, last year. So when all your -- the major industry that you cater to, whether it is shipping, whether it is manufacturing, whether it is defense, all the sectors in the entire CapEx cycle is growing through a very good time. Despite that, the -- our comments on the growth front on the consumables has been relatively on the muted front. So if you can talk about why the end segments which we serve to are doing exceptionally well despite that, our performance hasn't been that great?

Aditya Malkani: On the consumables?

Ankit Gupta: Yes. This is particularly on the consumable front yes.

Aditya Malkani: Well, I think on the consumables, I don't necessarily, as I mentioned, you have to keep in mind that the steel prices are very closely related to our product pricing. And if you look at the volume growth that we've kind of had last year, I would say -- I wouldn't say it's been a good year. I wouldn't say it's been a bad year either. I'd say it's been a fairly average year from that perspective.

And you have varying segments. You have segments that we developed in Q1, Q2 and the segment starting to pick up now. But I think it's fairly on par what we were expecting across the industry basis, the changes that are happening in consumables. I don't feel it's -- I don't think it's exuberantly great. I would agree with you on that. But I don't feel it's below bar as to what we are seeing with the rest of our peers probably.

Ankit Gupta: But some of your customer industries or the consumer industry that we serve to, have been doing exceptionally well. Do you think our growth rate for next year should up from what we have done last year?

Aditya Malkani: I think it should pick up. I would agree with you as it should pick up. But I think if I actually look at the welding industry per se, I think whatever data we get and whatever our market studies we run, we are pretty much in line with the volume growth that the industry is having. I would have -- like I said, I would agree with you that we did not outgrow in the market. I would completely agree with you on that. And that remains something that we are focusing.

Ankit Gupta: Sure. My second question was on the equipment front. We have seen a very good growth on the equipment front on the revenue side. But, our margins have, been pretty subdued and they have reduced quarter-on-quarter for the past, four quarters. And, earlier we used to talk that when we used to hold phone calls two, three years back that are when this business scales up to, let's say, INR150 crores plus kind of top nine, our margins in this business should at least match the consumable margins. But, last year we saw very good growth, but margins have been very, have in fact, come down significantly compared to last year. There was no benefit of operating leverage. And earlier there used to be some challenges on the supply chain front, but I think those have been…?

Aditya Malkani: Yes, we've got most of those kind of sorted out slightly better. Yes, you're right. So, we have two issues that I think primarily have, that they did could not help, but we, we do want to go into it. First is, I would say, the product mix issue. And that played a role. We had a slightly, I would say, not as rich a product mix as we would have liked.

And that has a lot to do with the demand for oil and gas and pipelines and stuff like that. That leads to a little bit more. In fact, whatever forecast we're seeing should be fairly a little bit better than it was last year. A little bit better than it was last year on that front. That's number one. Number two, like I said, on our welding and cutting automation, which is part of our welding equipment, it all comes under the same name.

We, in fact, increased, our loss went up over there. Even though our sales went up, our loss went up on account of some models that were poorly executed. We are in the midst of that turnaround happening, and you will definitely see a lot of benefit to that over the next 12 months. You can look at margins going up for scope, if we can, as long as we hit these metrics correctly. I don't mean that we have hit the global level yet, but I definitely think there's a lot of scope for improvement. You're very right about that.

Ankit Gupta: Will it be possible to reach double-digit kind of margins in the equipment business next year?

Aditya Malkani: It will be a bit of a push, but we can get close to it. We can get close.

Ankit Gupta: Sure, sure. My third question was on the flare side. We had incurred a big loss in the flares segments during 2018 to 2021 on our Middle East business, and then we adopted a calibrated approach towards this segment. We had recruited some top management professionals from very good companies, and we were hoping that this segment will also report 10-11 % some kind of margins over the long run, and we will scale this business in a judicial manner. But as you were saying, there have been some cost overrun on the ONGC project. So how do you see this segment shaping out for us? And given the cost overrun in the ONGC projects, do you still think we can do 10, 11, some kind of EBITDA margins in the segment?

Aditya Malkani: Yes, I think it's a very important question [inaudible 0:14:56]. I think where we are right now is just to keep our head down and execute this project correctly as per our commitment and as per our prior achieved margins we had planned to. And I think at that time, which is another six, eight months from now, to reassess exactly the question you asked whether this makes sense as a long-term play in a large capacity or not.

But I think we are... I'm not in a position to answer that question today. I definitely will not say yes or no either way. I just need a few more months to get this executed, this order executed to have that planned. But you're very right. It's a very relevant question. It's been discussed at board level it's been discussed at senior management level. It's not like we are adamant on any position. But right now, our thing is that we must correctly execute this work. But your question is very important.

Ankit Gupta: Just last question on the Fontech front. Last year has been flat for us on the Fontech front. So how do you see this business shaping out for us for next year?

Aditya Malkani: Fairly Fontech front is going to be driven by [0:16:02 two or three things]. It's going to be driven by what we have is our maintenance and repair product line and then we have our maintenance and repair service line. The maintenance and the product line has a growth opportunity which is fairly in line with like I would say sort of an IIP type of number. You're not going to see it exponentially grow. Where you can see exponentially growth comes from the services part. We are starting to see better and better numbers coming from there and a better order book coming from there. I think you'll see a little bit of growth in line with welding's type of growth plan for next year and then the ability to push that a little more over another two years.

Ankit Gupta: Thank you and wish you all the best.

Aditya Malkani: Thank you

Moderator: Our next speaker for the day is Mr. Dhwanil Desai. Mr. Desai, you are now being placed in the meeting.

Dhwanil Desai: Hi. Good afternoon, Aditya and team. So Aditya, a lot of the questions have been asked. Just one thing I wanted to understand. So what is the revenue from export this year? If you can spell out that number.

Aditya Malkani: Anyway, I can tell you. We managed to actually have a very good year on the export front. We managed to double the growth. Double the number versus last year again. So it was close to approximately INR120 crores of our welding business being exported only.

Dhwanil Desai: So my question is that, if I look at the numbers, we have delta of around INR60 odd crores between last year and this year in terms of consumable. And I assume that a large part of our export is consumables.

Aditya Malkani: So [0:17:44 inaudible] right assumption. We have a very healthy product mix in the exports. It is actually 70%, consumable 30% equipment.

Dhwanil Desai: Okay. But still the domestic part, the volume growth domestic part is still lower than what we are indicating. Is that a right way to look at it?

Aditya Malkani: The volume growth on the domestic part is, yes, yes, you are not wrong. It is pretty much in line with what we see the market growth rate happening in terms of the other market. We do a market assessment study and we get a sense of what is the volume growth that is happening in the industry is pretty much in line with that.

I think what is important is, look, in the welding industry, you have got to understand the sectors you cater to. How it does. If you look at our general infrastructure that we cater to, heavy engineering sector we cater to, we are seeing good volume growth over there. You see our auto, we are not seeing volume growth.

You see our railways, we had the first six months, nine months, we had good volume growth happening over there. You have to look at it sector by sector. I know you guys would love to operate a brush. India is doing so well and every sector is doing so well and then grows to be so much. It is not, it is very sector oriented. So, I actually am very happy with certain key sectors having done well and the overall revenue mix and product mix that we are moving towards, especially if you want to keep pushing the margins up, which we are able to start doing decently in the consumers. So, I have this, like I keep saying, it is not so simple an answer, but it is fairly okay. It is not great. It is not bad. It is somewhere. It is okay. It is okay.

Dhwanil Desai: So, no, the one, the reason I am asking all this is because I wanted to understand as a management, there were low hanging fruit in export we have been talking about that. So, you have been phenomenally well on that side. So, when you set expectation for a year or two, three years, do you set out expectation separately that okay, domestically, categorically, cyclically, so this is how we want to grow and export, this is where we want to take it?

Aditya Malkani: Yes. Yes. Yes. Yes. That is completely separately. We deal with them fairly separate.

Dhwanil Desai: Got it. And a second question is on equipment. I think we have done.

Aditya Malkani: I want to Dhwanil, sorry, I want to add one point because you raised it. I want [0:20:05 inaudible] one point because it pertains to you. Just keep in mind that Adore is a very distributor facing in terms of its sale, right. So, we have approximately 65% of our consumers, 70% of our consumers going through the distribution market, where there's a lot of stock in trade and stuff like that, that also happens, besides the end-user base.

Just keep in mind that if you have the last six months where prices were moving a little bit downward rather than looking upward, you always have a more conservative stock position happening in the market. So that's something of a reality we have to also give you a bit. But it's not a big deal. I'm just giving you an overview. It's not a big deal. It's manageable.

Dhwanil Desai: Yes. Sure. Second question on equipment, I think, we have done very well on the top line side of it. So if one, if you can elaborate on what is driving such strong growth. And given that now we are at a base of a much larger INR150-odd crores growth, how do you look at in terms of your growth aspirations from here on, on the equipment side?

Aditya Malkani: Equipment seems to be, I think we're getting advantages on two, three fronts. One is, is the product, is the product vis-a-vis the imports, the gap is reduced a lot. I think the preference for domestic product has [0:21:26 increasing] is also there. I think our serviceability, all of that is there. We have select large customers who like working with us in bulk, which helps a lot. I think it's a question of us just being smart about, cutting off the fat in the manufacturing, turning around the equipment, the automation part of it, and automatically we should see a big, big jump happening. I tend to think that the fundamentals are in place for another good year on that front. We, but we do have to improve our margins first of all. Yes. We do.

Dhwanil Desai: Last question. I think you, in your focus area, you talked about two things. One is plasma and second is better product mix on the consumable side. So if you can talk a bit about, contribution currently, where do we want to take it, impact on gross margins, why are we doing all these things and why those are the focus areas, if you can talk a bit about that.

Aditya Malkani: So, I can't really correlate it back, because I can't correlate it back into a margin over here. But what I can tell you is that, look, at the end of the year, the net margin that we ended up with has been, even if you see remove the flare impact, the net margin is, it has scope for further improvement. That scope for further improvement will not come purely by large volume.

It will come by more specialized metals in the consumer space, higher grade steels that we work on, stuff like that. So, that is where that will end up coming from. And on the plasma cutting front and stuff, there's a lot of scope for just, you're moving into higher end applications, all of that. So, that's where we want to keep moving towards that, getting the brand to have more upper tier significance and all of that, and a larger per unit price on many different orders. So, that's where we're trying to move it towards. And I think that will definitely help us as well.

Dhwanil Desai: So, just to follow up, is do we have that capability in-house or are we building it or…?

Aditya Malkani: Its a mix**.** Some parts are in-house, we have a large technical development center, but the truth is also that there are times we lean on foreign collaborations and stuff like that. So, it's a mix.

Dhwanil Desai: Okay. Thank you. That's it from my side. All the best.

Aditya Malkani: Thank you.

Moderator: Our next speaker for the day is Mr. Nisar Parekh. Mr. Parekh, you're now being placed in the meeting.

Nisar Parekh: Hi, Aditya Thanks for taking the question. First is on, volume growth you mentioned. Can you give Q4 volume growth in consumables for us?

Aditya Malkani: Compared to Q4 of last year we had approximately 1% or 2% volume growth quarter-on-quarter for Q4 and versus the previous Q3 we had plus 14% growth.

Nisar Parekh: So, on Q4 that's the question 2% volume growth, is the industry in Q4 just growing at 2% or are we losing market share?

Aditya Malkani: So, as per my assessment, I've been quite clear on the fact that I don't think we're losing market share. I'm quite clear on that front. I don't think we are at the moment unless that happen to see another 3 months, 4 months, 5 months of something that doesn't take then maybe we are losing a bit.

But as of now, whatever we are engaging and we are assessing, we are not losing market share. I think you have to keep in mind the points I'm talking about when you talk about price correction happening and the industries that they're working on. And I think keeping all of that in mind, I think we are fairly stagnant at the moment. There is not a loss of market share. As of now whatever I've seen I would not tend to believe so.

Nisar Parekh: Okay. So, maybe not in organized market share, but then are we seeing unorganized players trying to get more? Is there anything of that because the underlying industries, I think a couple of people asked that question, but underlying industries are so strong it's very difficult to believe that or not understand how 2% in the end market growth?

Aditya Malkani: Yes I understand where you're coming from on that front. But I think if you look at it on the overall year basis, it's still looking at approximately 10% volume growth or 10%, 11% volume growth. So, you have to keep slightly longer segment in mind on that front. Like I can't, I have to give a slightly longer window to study that data and that's where it is. I think you have sectors like auto and all which are they're not as exuberant in certain fronts that you would think that then maybe in terms of volume that is happening. So, it depends where we play into the segment and stuff like that.

But in general, yes as of now I feel fairly confident that we're in line, but in 3 months if I see something different then maybe I'll have to reassess that. As of now, I feel we're in line.

Nisar Parekh: Got it, got it. Next question still you had spoken about automation and autonomous vending and all that. So, in that are we making any progress and what percentage today would be either in equipment or consumables would be the automation part?

Aditya Malkani: Automation is just a tiny process. Anywhere in the region approximately 12% or 13% of our equipment revenue, but the contribution to the loss is quite significant on that front. We expect it to jump to anywhere this year at least 20% of our sorry, one minute, let me get my math right, it'll be approximately 25%, 30% of our revenue for this year on our welding equipment front. And it should be in a position to positively contribute at a good net margin, better than the equipment line if we do it correctly.

Nisar Parekh: Got it. I think, does it only mean newer equipments that we are launching or can you give some integration?

Aditya Malkani: It's a lot to do with integration basically when you do for any automation of a line basically you're picking up your welding or cutting and then you're integrating it into any distribution from that perspective.

Nisar Parekh: Okay. Got it. And lastly, on the BIS case?

Aditya Malkani: Still, there is no movement it will stay in high quarter range it's good which is fair , which is fair and it remains on that front. There's absolutely no traction in either which way of that movement.

Nisar Parekh: And if I can just squeeze in one…just last year when we look at our fixed assets, our gross blocks are obviously very high when we compare it to some of our peers. So, one, is there what kind of utilization we are at? And from a capex perspective is it fair to assume we don't need to do any more capex for the next couple of years?

Aditya Malkani: No. So, capex we have done a fair amount of capex last year. We have a little bit of capex, not a little bit we have. I would say 70% of the capex plan we did last year, we will have this year as well. We do have new lines, refurbishment, all of that taking place, new product lines getting entered in. We have to change a few old lines all of that. I think you have to keep in mind that look you are a legacy company. How many are sitting on a few gross blocks like that that's perhaps why it seems like that. But no, it will change. We will see, but at least another 18 months of capex will remain there.

Nisar Parekh: One more thing, if you are comparing with our peers they are having the 30%, 40%t trading balance.

Aditya Malkani: It's very different in that regard.

Nisar Parekh: They don't have the trading balance. Okay. Got it. Thank you so much.

Moderator: Our next speaker for today is Mr. Viraj Mehta. Mr. Mehta, you are now being placed in the meeting.

Viraj Mehta: Yeah. Hi. Thank you, Aditya. Aditya, my first question is on the players division. We basically when we took up this project in a couple of interactions, public interactions that you mentioned that the margins in this should be at, I mean, high single-digit or low double-digit kind of level for us.

Now, my question is that if we actually include INR8 crores loss that we have done because we have done losses, I mean, we have incurred cost for this year then shouldn't the margins next year should be temporarily much higher than only at a project level over a two-year period? It will make sense of 10% margin, right?

Aditya Malkani: Yeah, you are right. Like I said firstly we are running late on this project. And secondly, we have a few cost holders in this project. So, we started off on exactly the right number that you mentioned. And we sort of worked our way down a little bit. We sort of watered that down a bit and we got to make sure we execute correctly.So, I think you will see, I mean, we should get a better result obviously than this year, but no, you will not see an exponential massive jump happen on the bottom line. No, it will not be exponentially large.

Viraj Mehta: Am I fair to assume that I see a significant difference in your tone regarding this division and how you think about the prospects of this division?

Aditya Malkani: I will be very open on that part. I think it is not about my tone or not or anything like that. I think I was very clear take a look, I am going to take this on to see if we are well suited to be in this space. I kept saying, okay, we are going to take on this. We had problems that we had in the past. And we cleaned up those problems and we came back and said, okay, is this company well set up to go and execute these play orders or not?

We are very well placed in the welding space, blah, blah, blah, all that. I think what I am learning over time is that there are many, many challenges in terms of how you run it versus the conventional welding business and there are slight differences that are there. And right now my focus is just, our team's focus is just on execute this correctly and then we will see strategically is this the right fit or not.

Viraj Mehta: Right. And my last question is on the exports front. What kind of growth on a very small base in exports do you see over this year and next year?

Aditya Malkani: So, the base has gone up. We were 2 years ago we were INR32 crores and the base has gone up to INR120 crores. So, what is your, obviously, you have a base. Having said that, there is a lot more potential out there.There is a lot of real story of the India front and many other things that will give you a push. I would like to be able to push. I do not think it is realistic to expect them to do 100% year-on-year throughout, but I definitely think that in the region of 35%, 40% is something that you can definitely put in.

Viraj Mehta: Right. And if I just take out the exports growth that we have had this year, then on the domestic side it makes the picture even more worse off. As in, it will be like single digit, low single digit growth for our domestic business.

Aditya Malkani: On a value basis correct.

Viraj Mehta: And on the volume basis, how much is it?

Aditya Malkani: On the volume basis, you are somewhere in the region of approximately, I would say 7% 8% or something like that about 7% on the consumer's part, but on the equipment front, you have to look here in the domestic front.

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

Moderator: Our next speaker for the day is Mr. Santosh. Mr. Santosh, you are now being placed in the meeting.

Santosh: Thank you for the opportunity, sir. I missed the initial commentary. So, I might ask some based on the questions what I understand is that I think can you please help me understand what has been the overall industry growth of the welding consumables industry in FY24? And what would be the mix from the end user point of view something on the lines which we had shared in the FY June 21 presentation that we had shared. If you could just give some color on that front?

Aditya Malkani: I think we expected the volume growth in the market to be anywhere in the region of 8% to 10% and I think we are somewhere in that band at the moment. This is what we saw last year. That is our assessment of it. We break that band into many different industries that you operate in and depending on like you said where you are heavier that can move. For us general engineering, heavy engineering, pressure vessels that kind of stuff has still been a big road driver. We expect shipbuilding to be a big road driver coming into this year because a lot of stuff is starting to traction on that.

Railways was good, especially in the first 6 months to 9 months of the year and we expect that to continue to be good going into this year. Oil and gas has started picking up a little bit also. We have seen a lot of investments going to cement infrastructure increases, stuff like that where we also expect it to be better. I hope that helps. I don't think I can give you much more detailed clarity than that that helps in some way.

Santosh: This is helpful, sir. Just to follow up to this if one way to understand my understanding is that after us the next, the third largest, fourth largest like that, the top seven players after the top two. I think, have a very small market share and they are very industry specific and their growth has been coming from very limited number of industries. They are more focused? So I just want to understand what are the industries where the number three to number seven player has grown and has impacted anyways our market share. And what are those industries, please? Also, what industries we have gained market share where we have seen some competitive intensity increasing?

Aditya Malkani: I keep going back to what I just keep calling general engineering, heavy engineering that type of construction sort of stuff. I think we are doing kind of okay over there. I think that is doing fairly well.I. think we are doing okay there. I would say we may have dropped out a bit on certain, we are not very strong on, for example, the renewable energy sector, the wind energy sector, stuff like that. That is fairly good.

I think there is also stuff on thermal power and all, which we are getting into a little more. We are a little bit behind on that front. But otherwise, maybe the auto segment, lower and lower price deals happening in certain places where we may not be seeing that much traction as the rest. We have done okay on the construction equipment front. We are quite happy with the construction equipment. That is doing fairly well. So it is a bit of a mix like that. It is a mix like that.

Santosh: On the same lines, any specific industries where we have made very significant inroads, sir? When I say in FY '20, let us say FY '19, pre-COVID, if one, let us say shipbuilding was contributing very small percentage on absolute number basis, that would have grown 4x, 3x, something like that has happened within our end user industry mix from '19 to as of today, sir, this year?

Aditya Malkani: I think you would see that little bit over the course of this year that you can see 2x, 3x, 4x stuff. You can end up seeing a little bit of all of that. I am trying to think of where you would specifically see it. By railways, I mean. Railways is giving simply the demand where it is. So that is a completely different game. I would definitely lean on, like if you take back to the pressure vessel market, in general infrastructure market, more on that also. Yeah, for sure.

Santosh: And lastly, sir, if one has to look at the overall industry geographically, like east, west, north, south, if my understanding is right, west and central or west would be the larger geographies. What would be the industry mix and how are we mapped to the industry? If you could give some color on that front.

Aditya Malkani: So we are well placed. So we basically end up having west first, west, central, north, south, eastern, basically the way in which we are our sales hierarchy goes.

Santosh: What would be the mix, sir? If you could.

Aditya Malkani: I just expected it to be like that. West will be strong, then we will come to the central part, then you go to the south part and then east. Okay.

Moderator: Our next speaker for the day is Mr. Saket. Mr. Saket, you are now being placed in the meeting.

Saket: So one of my question was that, when you consider the welding consumer market, and the size and the growth of it, do you also include, say, the consumable that goes into all those welding robots?

Aditya Malkani: Yes, yes. The consumable that is used in the welding robots. Yes, very much so.

Saket: So my question was, is it like -- because you just mentioned that maybe on the automation side, you might be slightly, say, behind the curve. Now in sectors like auto where there's a bigger trend of say, welding automation through robots rather than standalone welding machines like yours or ESABs. So is that market growing slightly at a rapid rate? That is why that is not getting reflected in our numbers. Is that a safe assumption?

Aditya Malkani: It does not affect the consumers. Can the consumers get very affected by it? And we are doing okay on that front. Where we do lose our resources on automation totality of the solution part of it, but not in the consumables, no.

Saket: Okay. So when you mentioned say 13% automation, is it like 13% of your consumers go towards automated...

Aditya Malkani: No, it's the solution to the welding equipment part. The solution part, it's part of the welding.

Saket: Okay. And if we say -- have the same breakup for consumers, say how much goes into automated and how much goes into say the welding person operated stand-alone machines? How would that mix be?

Aditya Malkani: Sure, it is almost -- I would say, my estimation is 90% to 93% to 94% would still happen through the -- 90% would still happen through a very conventional mix.

Saket: Okay. And does that tally with the, say, the overall India landscape in automated versus...

Aditya Malkani: Fairly even.

Saket: Okay. Now I joined a couple of minutes late. So is there any update on the Fontech amalgamation, if you can just...

Aditya Malkani: Yes. We are, you know, it is still on. We are looking at it. At the last NCRT meeting, we were hoping it would go through. We were very close to it. It is now listed, expected to be on the 7th of May listed high and we hope the NCRT is in a position to pass it through.

Saket: Thanks for the update. Now, my next question would be that, you know, there is some bit of, you know, I think the price, especially of these metals like copper, aluminium are on the rise. So, do you see that impacting our margins in the consumer space or anything on that front, if you can guide us?

Aditya Malkani: I don't see that having any negative impact. I think we should be smart about how we handle it. We've gone through a fair amount of learning curve on this and we need to be smart and implement what we got in place. I don't think it's going to be a...

Saket: And any view on the channel -- say, inventory right now, is it manageable or on the higher side?

Aditya Malkani: No, I mean, if you ask me personally, I was telling everyone earlier, because steel prices have been going down over the last 3-4 months. I mean, now it is moving back up. I feel the channel inventory is slightly low in that.

Moderator: Our next speaker for today is Mr. Vandit Dharamshi. Mr. Vandit, you are now being placed in the meeting.

Vandit Dharamshi: Hi, thank you for the opportunity. I just have some bookkeeping questions. If you can just give absolute volume number and metric terms, say, for consumables and then exports?

Aditya Malkani: I am sorry, Vandit, I cannot give you absolute numbers. You do not do it. And to be honest with you, my competitors only give segmented results. So, I personally, just so I know, I am sorry, I cannot give you absolute numbers. That is right. We can give a rough estimate or something if you want. I can always give you a rough estimate.

Vandit Dharamshi: Yes, even rough estimate will work.

Aditya Malkani: All right. So what do you want?

Vandit Dharamshi: What would be the volume mix maybe in terms of percentage when it comes to exports and domestic consumables?

Aditya Malkani: Volume mix of export and domestic will be at least I presume 85% - 80% to 85% would be domestic.

Vandit Dharamshi: Okay. And maybe number of units in equipments business that we would have sold, say, year-on-year? If you can give percentage growth or absolute number, whatever works?

Aditya Malkani: We have grown by about 25%-30% this year of the equipment numbers. I do not want to give you those numbers because that is a little sensitive, especially because all of my competitors import their data, import their stuff. But it is about 25%-30%. We have seen 20% plus volume growth.

Vandit Dharamshi: Okay. Thank you so much.

Aditya Malkani: Thanks. Sorry. I hope you understand. I just, I will be really careful on that. Thank you.

Moderator: Our next speaker for the day is Ms. Harini Dedhia. Ms. Harini, you are now being placed in the meeting.

Harini: Hi, Aditya. A question on the consumables front on the domestic side. You said you're working on a few things to see if we can possibly eke out a little more growth than the market this time around in FY '25. Would that be more product offering led or that is something that we...

Aditya Malkani: Product offering-led. You just implement one or two new lines, so it will be product offering-led. Very correct.

Harini: Okay. And our mix versus our competitors, are we 85%, 90% there in the same basket now or?

Aditya Malkani: The product mix front, you are very close to being there. I would say 85%, at least 95-90%. It is a little more. Look, there are... I keep... I do not want to comment on that. I do not comment on anyone else's business, but I can just tell you that there is an element of, like I keep saying, knowledge process outsourcing on the non-product front. We do not play a role. And on the second front, there is obviously the MNC ability to outsource exotic materials in a different sector than I do. And so we, but that does not mean that we do not have the offerings. We have 85% of the offerings. It is a question of implementing that offering correctly. That we need to learn.

Harini: Got it. The second point is on consumables margins. It is domestically when we ask around the listed prices seem to be very similar versus your competitors now. So trying to understand why they report sort of better on gross margins than us? So is it -- because it's not pricing-led anymore, right? We are pretty much...

Aditya Malkani: It is slightly, maybe 2%-3%, 1%-2% would be pricing led, you are right. It is not a massive difference. So, I think product mix is, the market, in the market of sales, the amount of exotic that is there is still a higher mixture mix than it is in mine. So, that is where we keep seeing that. We have to keep pushing that. That does not mean we do not have the offerings. We built up the offerings. We are building it up more and more. But that does not mean we are selling the offerings adequately. So, we have to keep pushing that. So, both ways it works.

Moderator: Our next speaker for the day is Mr. Devansh. Mr. Devansh, you are now being placed in the meeting.

Devansh: Sir, any commentary if you can share on competition from imports? Do you see that going higher this year or any...

Aditya Malkani: As told, I don't comment much on competitors. It would be [indiscernible].

Devansh: Yeah. So, thanks for the opportunity. Sir, any commentary if you can share on competition from imports? Do you see that going higher this year or any...

Aditya Malkani: No. I do not comment much on competitors. I think I am in the right position. So, I rather retain from that.

Devansh: Okay. And, sir, any outlook you can share for Ador Fontech? Where do you see the business for next 2-3 years?

Aditya Malkani: I think, look, the business is now as we consolidate and as we get into the merger front, it will get ticked off quite soon. What else is happening is you have Ador Fontech. Basically, we have M&R, maintenance and return products. You have maintenance and return services and then you have capital ranges. Capital ranges combine very few with the other ones. That all goes into one basket of the equipment and cutting front.

Then what you are left with is the M&R products and services. The M&R products have been in place for a long time. They keep pushing. A few competitors are going to push it to the distribution network. If you are looking at an e-waste, you can hit, depending on how high it is, you can hit between 8%, 10%, 12% growth on that. I think kind of well in the value mix of that going forward.

On the services front, where you can take on more and more jobs and more and more competitive partner solutions, there is potential to do that exponentially if executed correctly. But again, you have to execute correctly. So, that's where we aim to push over the next 2-3 years.

Devansh: And in terms of any internal targets we have in terms of what is the kind of sales profile we are looking at for Fontech for next 2, 3 years?

Aditya Malkani: Like I said, I don't want to give an exact number, but it's pretty much like an IOU forecast. It's pretty much in line with what we were saying on the IIB front in terms of what their top line is. It should be, I mean, at the lower level….

Devansh: And I mean, any reason why sort of like the business has been kind of consolidating for the last 3 years, like in terms of -- and actually for an even longer time? So where do you see the change will come that can change the trajectory for sales growth profile...

Aditya Malkani: Of the M&R services. Of the M&R services, we have to do that. Okay, thank you. Capital equipment, the capital equipment front, once it jams into the wedding thing, it will automatically CSI pick up as well. It's been a little subdued, because we've been focusing a lot more in the last year or two on the M&R front, especially on the products front, rather than the capital equipment, because we knew the merger was happening. So that's how we sort of laid it out a little bit for that.

Moderator: Our next speaker for today is Mr. Rahul Jain.

Rahul Jain: Sir, my first question is with regards to the equipment side. So typically, say, not just about the next year, but overall, in next 2, 3 years, what kind of margins do we feel our equipment business can do on a longer-term basis?

Aditya Malkani: Like I said earlier, I think we should be in a position to at least increase it by 60%, 70% compared to where it is today at least. We should do few basics correctly and a few things to turn around and then we should be able to move some facts from the process, and I think we should be able to do it easily.

Rahul Jain: And sir, with regards to the Flare business, you mentioned there are cost overruns in that project, which could probably lower our margins. So typically, those margins will be somewhere, say, in the region of mid-single digit or what kind of -- maybe not the exact number, but what kind of range it could be next year?

Aditya Malkani: Like I indicated earlier, we are always looking at 9%-10% type of level. I think we have to take that down a little bit, so somewhere there. So, we have to take it down a little bit.

Rahul Jain: And sir, with regards to domestic business on the consumer side, can we expect double-digit growth going ahead? Or what can drive that double-digit growth?

Aditya Malkani: I would assume -- elections apart and everything else apart, just regular movement of the economy the way it is, I would assume so that we would be in a position to do that, yes.

Rahul Jain: Sorry, I missed the last 2, 3 lines.

Aditya Malkani: I said, I assume so. There is no reason we should not be in a position to do that, yes.

Moderator: Our next speaker for today is Mr. Ram Prasad.

Ram Prasad: My question is regarding your subsidiary, 3D printing technologies. It has been making continuous losses. So what is the outlook for that subsidiary?

Aditya Malkani: So, we've been, it's actually a subsidiary, I don't want to talk about the subject, it's okay, we can discuss it later on. We, the market around, basically the subsidiary works on the dental market, it serves the dental market with clear aligners. And the market around us has changed a bit and there's a lot of funding that's happened to larger organizations that have been burning a lot.

So, we've been sort of making clear that we want to stick to our core philosophy, keep driving at it, and by doing it, keeping our growth completely in control, we've managed to reduce our losses quite significantly year-on-year. We've managed to reduce our burn quite significantly year-on-year. Just work on the core philosophy of what we want.

I think in the next 6-8 months, we'll see that industry also go through some changes and then we'll make a call on which way it should move. But I think it's very simply like, we keep saying, you know, what is the core business and then what are the other ancillaries and then we've got to figure out how to house those correctly.

Ram Prasad: But does it have any synergy to our core operations of welding?

Aditya Malkani: It does not have any synergy to the core operations at the moment. It does not have any synergy, let's be clear about that. That's the reality. So we have to figure out how to do something where we created some value correctly. We'll get there. But right now, it's a very small subset of the entire thing, but you're right, it has to be figured out correctly.

Ram Prasad: Okay. And then my next question is on the -- how are the imports for the consumables in the welding consumables, please? Can you throw some light?

Aditya Malkani: No. So, in the welding consumables, there is nothing major. When you see the imports now becoming more and more prominent is that you move more into the exotic metals, you move more into doing more higher-end type of steel work, then automatically the imports come. Again, those become more Europe-related, Western market-related kind of imports. So, again, we are trying to work on how we have better products or we have better offering over that. That's where it is. I'm not too concerned about the middle-down segment part of imports.

Ram Prasad: Is it not eating into our quantities, I just wanted to know?

Aditya Malkani: No, I don't think that is. I'm not stressed about that part.

Moderator: We have a follow-up question from Mr. Ankit Gupta.

Ankit Gupta: My question was on -- I had 2 questions basically. One was on the dividend payout front. So last year, we saw 40% kind of dividend payout. And a year before that also, we had given the same -- like the dividend payout was around the same percentage. So with the capex that you are planning to do for next year also, so our dividend payout will remain the same? Or do you think there is a scope of improving the dividend payout, let's say, will remain the same??

Aditya Malkani: I think the idea is that we keep the payout ratio where it is today for the last three years as a benchmark. And as soon as the opportunity arises, we will be able to go above that benchmark. I just want to commit to it at the moment.

Ankit Gupta: Sure, sure. And on the consumable front, you did highlight about the challenges that we faced in the second half of this year of last year. But I was just going through Q2 or H1 on-call transcript, where we had -- that our volume growth in the consumer front in H1 was around 22%. So it seemed that second half has been pretty challenging for us. So is that...

Aditya Malkani: Keep in mind, like I was discussing that year or so, the Q1 of the previous year, the base effect had gone for a toss because of that Russia war and all that thing that happened. So, your base effect growth that happened over H1 last year was very high compared to the previous year. And that sort of streamlined a bit. But yes, you're right. In Q3, Q4, it's a little more subdued than you would have seen in H1 on that front. Yes.

Ankit Gupta: Okay. So given the kind of base that we have for next year, like do you think the kind of growth we are targeting at least in double digits will be possible?

Aditya Malkani: Yes, I just stand by the fact that I think it is possible, and I stand by the fact that it is definitely possible.

Moderator: Our next speaker for the day is Mr. Kiran D.

Kiran D: Just one question, sir. I need a slightly broader commentary rather than any specific numbers. So we have seen across capital goods, and I'm not just referring to your competition, but generally broader capital goods where every player has reported great numbers, every player is talking of growth, capex and so on and so forth.

So if you could help me understand, and I've been part of the shareholder of the company for about 5 years, help me understand at what part of the cycle will we be able to see growth because we had the low part of the capex and all the maintenance -- including Fontech as well, as well as welding. So the maintenance part of the business, the operations part of the business, the consumer part of the business. So we had the lower part of the capex for about 7, 8 years. And then we have had the last 1 to 2 years or at least 18 months where there's been tremendous growth in almost all capital goods.

So if you could just tell me how -- where does Ador Welding especially fit in because we were neither part of the growth previously when the capex was down, now we are not part of the growth in the last 18 months. So where do we fit in and how does our...?

Aditya Malkani: I'm sorry. I have to go with you a little bit over here. You've been a shareholder for the last five years. You've not seen growth is something I find a little odd. I'm talking about Q4 mainly where there's a 1% sort of growth only. I never talked about the last 18 months of the capex cycle. Let me be clear. If you see my results, you see that there's not the same inline growth you're seeing.

Our volume growth and our top-line growth has been very much in line or outperforming the market before that. I'm talking about the last three, four months. So, let's not mistake my commentary for outdoor welding's inability to catch on to the capex cycle. I'm talking about the last three, four months. I don't know if you have seen the last three, four months data on the welding industry front or not from any other competitor, but you will not see anything very differently to this in the last three, four months.

Kiran D: That's the reason that I wanted to...

Aditya Malkani: So, let's be clear on that, right? Let's be a little clear on the timelines we're talking about. Right? Our numbers in terms of volumes altogether have pretty much doubled in the last three years. So, there's a huge difference on that front, what you're saying and what I'm saying. So, let's be clear on that.

Now, you're talking about the last three or four months. I'm saying the last three or four months. We have had a fairly subdued thing because I feel the industry has also been a little subdued on the welding perspective due to product mixes and due to industry picking up. The railways in the last three months has not been exuberant.

The railways in the last 12 months is exuberant. There is a slight difference that is happening over there. So, you need to understand that. Is it going to be exuberant going forward? It should be. Whatever we can see on the spending front, it should be fairly good on that front. So, you have to understand the timelines we're talking about, the scenarios we're talking about. The welding industry, per se, on our equipment front, we're seeing good numbers. We're seeing all of that take off as well. So, we have to be clear on that perspective.

Moderator: We have another follow-up question from Mr. Santosh.

Santosh: I just wanted to understand what would the approximate revenue mix of the consumables -- FY'24 consumable revenues between stick electrodes, solid wires, flux cored wires and soft flux?

Aditya Malkani: So probably, basically, we stick electrodes is one segment and you take all the other wires and flux in another segment. Electrodes are probably be approximately 60%, 65% or something, 58.2% is what we are looking at.

Santosh: Okay. Sir, also one more from a business point of view. I think, is it fair to assume that the project-based business tends to have lesser gross margins than the dealers and distributor-based business? Can you please help me understand the difference?

Aditya Malkani: It's slightly lower depending on the product mix, slightly lower, yes. And also the fact that you're extending a larger payment term credit cycle also. So yes, Slightly.

Santosh: If I have to understand the differential in -- margin differential at the gross margin, is it fair to say 100 to 150 bps kind of difference could be seen in these 2 models of doing business? And on the collection cycle, what would be the collection cycle for these 2?

Aditya Malkani: Average collection cycle will be somewhere in the range of 60 to 75 days when you're talking about direct on the large end users and you're talking of end users with our own distribution, it will be somewhere in the region of 20 to 30 days. On the basis points difference that you see would be maybe about 100 basis points. That's fair enough.

Santosh: Okay. And sir, what all end user industries in India are currently seeing increased adoption of robotics and automation within the welding industry? Are we strong in those end user industries from a equipment side?

Aditya Malkani: Yes. So you see automation happen where there's obviously going to be large scale happening a little more. So you're going to see it happening a little bit more. Auto is always one at the forefront of that. You'll have a high automation also happening on -- we're seeing more and more in the fabrication also coming in. So when you have large scale fabrication, we have a little more automation coming in over there as well. So you have a certain mix of all of that happening.

Santosh: Sir, if you say that auto industry sees large automation, scope for automation is there. If my understanding is right, the 6310 cities is the most used in auto industry, where I think it's more of a commoditized area. I think where, again, we see a lot of imports happening in that side. Do you see that it is going to change this automation and increase adoption of automation?

Aditya Malkani: Slightly. It's a slight up there. So let me clarify that. You had mentioned 6310, which I presume you're actually in 6013.

Santosh: 6013, I'm sorry, 6013. My apologies.

Aditya Malkani: Yes, 6013 is a type of stick electrode which is the base commodity usage for mild steel fabrication. That is an electrode that does not come into automation, that comes under standard fabrication. So actually, auto industry, those who automate will not be using it that much. They'll be using what we call, wires -- mid wires and stuff like that continuous where the higher rate of deposition happens. So it's slightly different on that front.

So 6013, I would compare with the automation perspective at all, it's completely separate. 6013 plays a role in heavy fabrication, general fabrication, stuff like that altogether. Wires -- though the imports are not a major concern on that front in terms of the material supply, in terms of the automation there might be a fair...

Santosh: And sir, lastly, if I may, who are the top 5 players in the industry level when it comes to the reclamation welding market, sir?

Aditya Malkani: There aren't really 5 key players, I would say, EWAC which is one of five players in the industry is definitely the leader, then Ador Fontech comes in second and then we have 2 or 3 other players that come in slightly after that and maybe be part of imports and some domestic use.

Moderator: The next speaker for the day is Mr. Sriram R. You are now being placed in the meeting.

Sriram R: Thanks for the opportunity. I just have one question. Can you give the sector-wise revenue for FY '24? Like, how much would be from steel railways, etc.?

Aditya Malkani: Just give me one second. I'll give you the broad numbers. It would be about 18%, 20% will be construction against [inaudible 1:04:33] especially with the cement expansion business.

Management: [inaudible 1:04:50] 20%, construction is about 14%, railway 9%, shipbuilding is 4% and all others is 20%.

Sriram R: And how much would be cement?

Aditya Malkani: Cement would have come into any engineering primarily this year. So, it will come into that aspect of it all. But cement seems to be having an even larger expansion for going over the next few years. So, it should still be good in that.

Sriram R: Yes, but what would be the -- in terms of percentage, how much would that be?

Aditya Malkani: Must be somewhere in the region of 7%, 8%.

Moderator: Our next speaker for the day is Mr. Nitish Rege. Mr. Rege you are now being placed in the meeting.

Nitish Rege: So my question was mainly on the merger. So are we seeing any cost revenue synergies, which we've identified -- the management has identified from this merger? Are there any low-hanging fruits when it comes to cost synergies?

Aditya Malkani: We did see that and did that at the time of valuation of the merger as well. We've been doing it now also. We have these projects that run basically -- and we do have it. I don't want to put a number to it, but we definitely do have it from that perspective. And we do see definite amount of synergies that will come in primarily on some back-end services, on management, on certain production benefits and import benefits scaling up production. Yes, that's all there are.

Nitish Rege: And on the overall margins, our peers have EBITDA margins above 18%, while our FY '24 margin is 10.2%. What kind of margin should we assume going forward? Is the scope of reaching EBITDA margin reaching close to 14%?

Aditya Malkani: I think I've been saying this for some time and we've had quarters where we've been able to come much closer to it and we've had a quarter now. If you would remove the impact of flares and stuff like that, you should that see we are much closer to that number and at least halfway to that number. There's no reason why we should not be moving up towards it. And I think we seem to reorganize and recalculate everything together.

Nitish Rege: Okay. And just on the equipment business, margins have been quite volatile, FY '24 margin at 4.6% versus 6.7% in FY '23, while 4Q margin is even lower at 2.5%. So why is there such volatility in these margins? And what should be the steady-state margin going ahead?

Aditya Malkani: The steady-state margin is little higher than that. It's basically on account of, like I mentioned earlier, some of the losses that we had, which are getting on down and should not be a factor leading into this. So steady-state margin should be a little better than that. It should be closer to about 7%, 8%, 9%.

Nitish Rege: There is no one-off setting there in FY '24, right, in revenue on the equipment side?

Aditya Malkani: There is no major one-off. It's just that we had some higher cost overruns on the automation side. That's it. But that we can turn around. It's not something of major loss. [inaudible 1:08:15] oneoffs.

Nitish Rege: No, I was mentioning more on the equipment revenue growth, which we've seen in the year and during the quarter. Can we say this INR175 crores is like the new base when it comes to equipment