

23.05.2025

To,  
The Manager - DCS  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 523828**

To,  
The Manager - Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, BandraKurla Complex  
Bandra (East),  
Mumbai- 400051  
**Symbol: MENONBE**

**Subject : Disclosure of Information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Outcome of Schedule of Analyst / Institutional Investor Meeting – Transcript of Earnings Call**

Dear Sir / Ma'am,

Pursuant to the relevant provisions of Regulation 30 (6) read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we would like to inform you that the officials of the Company had an earnings conference call relating to the Audited Standalone & Consolidated Financial Results of the Company for the quarter and financial year ended 31<sup>st</sup> March, 2025 for the Investors/ Analysts (Participants) which was held as per the details below.

Date & Time	Type of Interaction
20 <sup>th</sup> May, 2025 at 2.00 p.m. IST	Earnings Conference Call

The Transcript of the earnings conference call is enclosed herewith and has been uploaded on the website of the Company i.e. [www.menonbearings.in](http://www.menonbearings.in) .

Kindly take the same on your record.

Thanking you,

Yours faithfully,

**For Menon Bearings Limited**

**Siddheshwar Kadane**  
**Company Secretary and Compliance Officer**  
**Membership No : A72775**



# **MENON BEARINGS LIMITED**

**Q4 & FY25**

**POST EARNINGS CONFERENCE CALL**

May 20, 2025

## **Management Team**

Mr. Arun Aradhye - Whole Time Director and CFO

Mr. Aditya Menon - Promoter

Mr. Anshul Menon - Promoter

**Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

**Vinay Pandit:** Ladies and gentlemen, I welcome you all to the Q4 and FY '25 Post Earnings Conference Call of Menon Bearings Limited. Today on the call from the management team we have with us, Mr. Arun Aradhye, Whole Time Director and CFO. To the right of Mr. Aradhye, we have Aditya Menon, a part of the Promoter Group. And to the left of Mr Aradhye, we have Anshul Menon, again part of the Promoter Group.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to detail us about the business and performance highlights for the period ended 31st March 2025, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

**Arun Aradhye:** Hello. Good afternoon, everybody. So we are meeting after first, we have to salute to our Armed Forces because of whom we can have a successful Operation Sindoor, let us salute them first. So now, coming to the performance of our company, on a consolidated basis, total revenue recorded during the year is ₹244 crores as against ₹214 crores last year, that is year-on-year increase of 14% growth.

The PAT is ₹25.28 crores as against ₹24.35 crores last year. That is increase of around 10% plus and that PBT is ₹34 crores, that is 14%. We estimate a growth of around 20% plus this year to reach almost ₹300 crores turnover, followed by year-on-year growth of 19% for the following two years with PAT of average 13% for three years and EBITDA above 22%.

So far as uncertainties in exports are concerned because of tariffs declared by Trump that is by U.S.A. still, we are unable to know exact impact of U.S. tariff on our business, but it seems that we shall be able to pass on burden of duty fully to some customers and partially with some of them. But still, we have not initiated or customers also have not initiated any discussion regarding this.

But according to the pillars that we have got, what I feel that most of the customers will absorb the additional duty that will be levied by the U.S.A. by way of revised tariffs, etc, but still nobody is sure exactly what will happen to the tariff and what will be the rates. That is still uncertain, uncertainty is still prevailing and nobody is able to comment upon that as of now.

And in spite of increasing the business, it had no significant impact on profitability for the year as such because of input prices increase. There is a pre-decided formula with many of the customers depending upon three months' average or six months' average. Considering six months' average of raw material prices, there was a very little impact on the average prices as compared to the last period.

So we could not pass on fully the burden of raw material prices to the customers. So because of that, EBITDA had not changed much and there was little impact on EBITDA as well as on the total profitability of the company. However, this impact can be passed on to the customer after considering the average of raw material prices during the current six years. And I'm sure we should be able to pass on the burden according to the formula that we have already decided with them.

Apart from that, what I see is that you must have gone through the details and results of the company as compared to the corresponding quarter of the last year. The total income increased by almost 20%, PBT by 15.47% and PAT more than 17%. We continue to look forward to see that there will be good amount and significant increase in all total revenue, EBITDA, PBT and PAT as well.

We are very sure considering the development going on, samples approved, the production items to be productionised in the recent future. We are very hopeful about the performance of the company as a whole. Now I request all my colleagues to go ahead with the questions if they are having any.

### **Question-and-Answer Session**

**Moderator:** Sure. All those who wish to ask a question may please use the option of raise hand. Alternatively, if you're not able to do the same, I request you to drop a message in the chat box and we will invite you to ask the question. So the first question in the chat box is, what is the segment wise margin and segment wise revenue potential for the company?

**Arun Aradhye:** Segment wise margins as such, if they are talking about EBITDA margins for the year '24-'25, for the last year, EBITDA margins in bearing were 20% plus, then almost 21% in aluminium division, that is Alkop Limited, and in brakes, it was 3%.

**Moderator:** I would request Rohit. Sorry.

- Arun Aradhye:** Potential, I said, if you see, what we see that this year, we'll be recording EBITDA margins of more, about ₹65 crores with profit before tax of around ₹50 crores and net profit around ₹37 crores. This is what is the potential that we see. These are all estimated figures and let us see and fingers crossed.
- Moderator:** We will take the question from Rohit Bahirwani. Rohit, you can go ahead.
- Rohit Bahirwani:** Yeah, thank you for giving me the opportunity. The first question I have is, I was looking at your investor presentation that you have incurred a CapEx of around ₹20 Cr in the bi-metal division, but the capacity is same as last year. Can you explain why is that and how much expansion have we incurred in this bi-metal division?
- Arun Aradhye:** In bi-metal division, what we have done that we have completed the infrastructure facility that is around 45,000 square feet of building that has been completed. And we are having there a lead free plant. Lead free material production is being done there. And along with that, we have increased the capacity of washers now that is by almost 7 lakh of pieces per month. And the capacity of total 5.28 crores of pieces per year is the present capacity now.
- And we have, specifically, in this capacity, in view of the orders that we have received from Allison USA, and Allison USA people are here for sample testing and everything, and that is almost over now. And maybe within a period of one month from now, we will get final results from U.S.A, and thereafter maybe from August what I feel that a business of around 2.5 crores per month will start thereafter, only with U.S.A apart from other items under development.
- Rohit Bahirwani:** Okay. And what is the capacity utilisation in the bi-metal division after this CapEx? And how much potential is there in that segment to increase our revenue?
- Arun Aradhye:** Considering the present context, you see, additional seven lakhs let us keep that aside. Considering apart from the seven lakhs of pieces additional capacity per month we have created, the present utilisation is 85% for this month. And I'm very happy to let you know that during this month, bi-metal division will be recording higher sales in the history of the company with highest ever profit for the month.
- Rohit Bahirwani:** Okay, that's great. Congratulations for that. And considering the CapEx in Alkop division, which is around ₹12.5 Cr, how much capacity will be increased in Alkop division specifically?

- Arun Aradhye:** So I will let you know exactly, the capacity assets of production capacity of metal that is already in place. What we have to do is to further increase the demand from the customers. We have to have another machine matching to the demand of the customers. So we'll be adding the machines and production capacity will remain as it is of metal. Mr. Aditya Menon, wants to talk to you.
- Aditya Menon:** In the aluminium division, there are new shed of 65,000 square feet, which is now operational. So we've already invested in two foundry machinery, 900 tons and 580 tons for production, and we already invested in SKU VMC. So currently, we still have 30% capacity free but as spare capacity. So as we get more orders, we just have to get the VMC machines just for final machining.
- So the main bulk of CapEx we have already done for bi-metal division and aluminium division. So the main CapEx of getting the land, completing the building, getting all the permissions, so all the main critical part is done. Just the additional, whenever the orders are in place, the extra machines are required, that we have to do. So every year, roughly around ₹3 Cr to ₹4 Cr is required for the extra investment, but everything else is in place, which is already been done.
- Rohit Bahirwani:** Okay, got it. I will join back in the queue. Thank you.
- Moderator:** Thank you, Rohit. We'll take the next question from Kunal Tokas. Please go ahead.
- Kunal Tokas:** Okay, first question as you said that there is still some raw material cost increase that you have yet to pass on and that you will pass on in the upcoming year. So what would that amount be?
- Arun Aradhye:** Amount, it is not certain. We have to calculate the revised prices from the date when it will start, maybe from first of October.
- Kunal Tokas:** What do you expect the percentage to be?
- Aditya Menon:** I will tell you how it works. The formula normally, it equals out. So this last six months, we have beared the cost. So next six months, the companies will bear the cost. So normally, over a period of two years, the delta is equal. And this last six months, we have beared the cost.
- Arun Aradhye:** And so far as percentage is concerned, it will be above 10% to 12 %.

**Kunal Tokas:** 10% to 12%.

**Arun Aradhya:** Right.

**Aditya Menon:** But that also depends now on the war situation the prices go up and down. But normally, that is a delta which gets equalised. What is it? Three months is low. So you get at the right equilibrium price.

**Kunal Tokas:** Yes. As of now, what you believe is that it will be 10% to 12%?

**Arun Aradhya:** Yes.

**Aditya Menon:** If everything goes smoothly, we should benefit on that.

**Kunal Tokas:** And second question is regarding the ongoing CapEx towards Alkop division. So is it more of a bottlenecking operation or increasing the capacity?

**Aditya Menon:** No. It's just we have a very strong order book, like how Mr. Aradhya said, for the next couple of years. Seeing that in mind, we have gone for a increase in CapEx. So we have already invested the majority of the CapEx already done. So the machines are already installed and in operation. But like I told you, like if some parts come, they require some specialised machining.

So that only few VMCs, according when the order comes, we have to add. But the main CapEx is already done, the whole building, transformer, electrification. The heavy chunk of the CapEx is already being done and is in operation now. So the 65,000 square feet building is already in operation now. So the first phase of machines have already shifted and the operations have begun.

**Kunal Tokas:** All right. And what's the progress with Railways in the brakes segment?

**Aditya Menon:** For the Brakes segment, before we apply for railway we have to get a dynamometer. The equipment that we have in-house for testing, so that is already ordered. That could be here by September. So maybe in one more six to eight months should be a time period till we start getting the brakes business. Because after we have a dynamometer, after they finish the audits, is that there's a testing period from three to six months, depending on the production from the railway side. Only after that gets done, we shall go ahead with the railway orders for the brakes division.

**Kunal Tokas:** Okay, understood. Thank you very much.

**Aditya Menon:** Yeah. Thank you, Kunal.

**Moderator:** Thank you, Kunal. We'll take the next question from Piyush Patel. Please go ahead.

**Piyush Patel:** Thank you for the opportunity. I have a couple of questions. Like, in your bearing business, how do you see the competitive positioning changing? And are you seeing any competition growing in engine bearings business going forward? Or how is the industry faring in context of current rate disruption due to duties and etc?

**Aditya Menon:** See, I would like to add, like, in the organised sector, there are four main players who supply to the OEMs. So, Menon Bearings is one of the four players. So, in 1993, when the company started, we had 0% market share. The other three organised players had the whole market. Today, we are around 18% of the organised market. Organised market, what I mean is OEMs. So the last 25 years, we are keep on increasing our market share. So as such, we are not one of the competition. We are the competition for the three bigger players.

**Arun Aradhye:** And as I told you that what we are estimating considering the items which are under development, which are already developed, considering that, I hope to grow at a rate of 20%, maybe majority will come through exports only. So custom duty without no significant impact on our turnaround.

**Piyush Patel:** And my other question is where do you see your margin sustaining in the bearings business? Like, what are the sustainable margins in Alkop and brakes business, since it looks lower in those business versus bearings?

**Arun Aradhye:** We are talking about, EBITDA margins or PAT margins?

**Piyush Patel:** EBITDA margins.

**Arun Aradhye:** EBITDA margins are more, basically in Alkop that is comparatively more than bi-metal division or it is little more than what we are having in bi-metal division. And since we had just started 1.5 or two years back in the brakes only, the comparative EBITDA margin should be there only after one year from now after getting the business of Railways as well as with OEMs also. After introduction of dynamometer, we will be getting samples approved of both OEM as well as of Railways, because of which our business will be at par with what we are doing in aluminium division as of now. And so only then, it will become comparable.



- Aditya Menon:** Because brakes is a new product. So it's only been two years now. We're not even at full capacity there. So as we start utilising capacity, there will be efficiency. We start getting better margins. So in the next couple of years, even brakes should be at the similar levels of Menon Bearings and Menon Alkop.
- Piyush Patel:** And, it's good to see that next generation now coming forward. Like, how are the rules defined?
- Arun Aradhye:** You see, Mr. Aditya Menon is looking after brakes and aluminium division, and Mr. Anshul, he is looking after bearing now. Of course, both of them know about each other. Of all the companies, we are regularly meeting in Menon Bearing to discuss about the progress and estimates and development, going on in all the three companies. And this is actually a cross functional team that we can call. But the basic focus of them will be Mr. Aditya Menon on Alkop and brakes and Mr. Anshul on bearings.
- Aditya Menon:** And for you to get a better picture, the top management are common in all the factories. So bi-metal division has own GM and whole team. Alkop has own GM and whole team. Brakes has an own GM and whole team.
- Arun Aradhye:** But we are common to all.
- Aditya Menon:** We are common top management, Mr. Aradhye, Mr. Dixit, me, Anshul, my dad, we all are common in all the business.
- Piyush Patel:** Okay. Great. Thank you.
- Moderator:** Thank you, Piyush. We'll take the next question from Arnav Sakhuja. Please go ahead.
- Arnav Sakhuja:** Hi, So, basically, I just wanted to know so we are planning to enter
- Moderator:** I think, Arnav, there is some background noise from your side.
- Arnav Sakhuja:** I'll put in the chat box.
- Moderator:** Okay, Arnav. Meanwhile, we'll take the next question from Rohit Bahirwani. Please go ahead.
- Rohit Bahirwani:** Yeah. Thank you. I had one question on the brake side. I understand that you are exporting around 50% in the brakes division, which you did in FY '25. So could you please tell us where we are exporting in the brakes division? Who is the customer? If you can share anything in that regard?

**Aditya Menon:** To give you a basic idea, we're doing merchant export. We're exporting to the Middle East. So we are exporting to Middle East, UAE, Oman, Qatar. And from there, they are even exporting to Africa, West, and East Africa. So we don't want to do direct business in Africa because of risk involved, payment collections and etc. So through parties in Middle East, we are targeting African markets also where there is high potential for brake pads and disc brakes.

**Rohit Bahirwani:** Okay. And any talks with any other OEM, whether in India or in the abroad for brakes division? Do we have any colours?

**Aditya Menon:** Yes, we are in talks with couple of three, four OEMs to be, I don't want to take names till it clicks, but there are three, four OEMs in pipeline. And like Mr. Aradhye and I mentioned, we've invested in dynamometer, which is a very expensive machine required for testing. So as soon as that comes and we will make sure all the processes go faster. And if even one OEM clicks, we'll have to invest and our capacity will be, we'll have to invest one more line, because we'll be in full capacity. So by this year, OEM, we shall be giving you good news by end of this year for regarding brakes division.

**Rohit Bahirwani:** And one final question on the EV segment. I understand that you are working on a component in the EV segment. So what exactly is that component and whether trials are completed? Are we in commercial production? At what stage are we in the EV side?

**Aditya Menon:** Actually, for EV, from Menon Alkop side, we are supplying to EV. So for the last four years, we're supplying to Tesla Motors through Concentric pumps. So we are a Tier 3 supplier. Like, Concentric pumps is a big company. So we do the manufacturing for them, and they've got a contract from Tesla. So that's one part.

Another part from Eaton Transmission, Porsche E-mobility. So we have developed four parts for Porsche E-mobility, which are already samples are submitted, and the production should start from next month. For last three years, we're working with Porsche E-mobility. And now in the Indian market, we have Tata Motors for their Tata Curvv. We are working with TACO Prestolite. It's a sister concern of Tata Motors. So we have developed two EV parts for them also for electric batteries.

And for the last 1.5 years as a company, as Menon Alkop, we are trying to shift towards little bit, not everything. We're trying to shift towards EV because EV has the latest technology. So that keeps us as a company also

at the, what do you say, what the latest technology in the aluminium casting is. So we are exploring that. And we are successfully making samples, because EV the walls have to be thinner. It's higher technology working with Porsche and Tata. So we are entering into EV also, I would like to say...

**Rohit Bahirwani:** Okay. Thank you.

**Moderator:** Thank you, Rohit. We'll take the next question from Bharat Gupta. Please go ahead.

**Bharat Gupta:** Yeah, a couple of questions from my side. So can you just help me, like quantify the order book position which we have at present and what kind of RFQs we are expecting across both the segments, Alkop and bi-metal during FY '26?

**Arun Aradhya:** Okay. So as of now, if you take this month, the total order book position is ₹23 crores put together on contracted basis. And ₹45 crores of business is in pipeline so far as bi-metal bearing division is concerned. And in aluminium division, we are having a pipeline of ₹60 crores.

**Aditya Menon:** Where we've actually already got the RFQ and POs. So this will take around this year and next year to monetise it. So actually, in our business, how it is, from once you get the RFQ, then we see the feasibility. Then we fix the prices. Then it takes us three to four months to make the dyes. Then we make the first sample, the first batch of 300, 400, which we make, which have high precision testing at our end and at customer end. So the whole process from start to end takes around nine to 10 months.

So we have a strong order booking at present. So, total bi-metal and Alkop, I would say we are around ₹90 crores already confirmed orders, so which we will be executing in the next two financial years. And at the same time, what RFQs do we get now, that will get converted in a little bit more time. So this is confirmed order book which Mr. Aradhya told you right now.

**Bharat Gupta:** Right. My piece of understanding pertains to the fact that we are aiming for 20% kind of a CAGR growth for next three years. So, like, incrementally, we are adding capacity. So, the kind of order book position which we should have ideally, it aligns with that? Or somehow, it depends on the incremental amount of RFQs we'll be getting across newer segments? EV, defence, railways. What's your take on it?

- Arun Aradhye:** So we are not depending upon the other component which we have already issued the RFQs, which samples have been submitted, which have been already tested, validated and which will be productionised as Mr. Aditya told you that it will be productionised in this year and next year. Within two years, all this will be completed so that we can achieve year-on-year growth of 20% easily.
- Aditya Menon:** And for just better understanding, these are not some new EV customer or something. These are already our current suppliers. We are just doing more for them in the export category, because like we mentioned before, global manufacturing or people in India who are preferred suppliers are benefiting from this because all those big MNCs want China Plus One, plus Europe Plus One supplier. Thus, we are seeing this growth.
- Arun Aradhye:** So that growth is mostly coming from exports.
- Bharat Gupta:** And in terms of our cost competitiveness, how we rate across the other three suppliers? Because you mentioned in bi-metals, there are four players. So, in terms of cost, how are we placed?
- Arun Aradhye:** You see, so far as bi-metal division is concerned, we are single source to John Deere for more than 25 years from now. We are single source today. So far as international tractors is concerned, we are 80%. We are having SOP of 80%. In Tata Motors, we are having SOP of 60%. So in TAFE, we are having SOP of 85%. So they must be considering the prices as well. As compared to the competitors, our prices are little lesser. But if you see the results of all these companies who are our competitor clients, Bimetal, Federal Mogul, and KSPG, our profitability and EBITDA margins are far more better than them.
- Aditya Menon:** I would like to give you one more side to this. In our industry, it's not only price sensitive. Here, we have to have strict quality checking because our products are extremely technologically sensitive. Even if one bearing fails, the whole engine ceases. So quality is a big factor for customers while choosing a supplier, and also time to delivery. So all our customers are MNC and there are high strict quality and time delivery factors which we are gained on. So price is one factor, but all the other technology readiness, all the other things also play a key factor for a customer, while choosing a supplier.
- Arun Aradhye:** And we are getting zero PPM certificate from many of these customers. So, zero PPM means zero rejected part per million.

- Aditya Menon:** Parts per in million. So in million part, there will be zero rejected parts. So that kind of quality and precision, we are working with here.
- Bharat Gupta:** Just a question. In regard to the exports only because of the tariffs, so have we seen any kind of a deferment by the customers in placing the orders or in giving us RFQs? Or we are seeing the demand to be in traction, and customer support is always with us?
- Aditya Menon:** See, just for a basic understanding, I'll just tell you. Right now, we give a part for John Deere, for example. My bearing is hardly ₹35 or ₹100. That tractor is for lakhs. So this big MNCs bear the main duty or duty tariffs. So they normally absorb it. They don't pass it on to smaller players like me. And if they pass it down also, it's shared or it's as a supplier, we never get the whole brunt of it. The big players will sell the whole tractor, they seize us. For them, the duty is what you say?
- Arun Aradhye:** Our final product.
- Aditya Menon:** Final product. So till it gets passed down to us, it will take time. Till now, we haven't seen from any customer. We do 35% of our total business export, we haven't seen any duty increase or any pressure from our customers yet.
- Bharat Gupta:** Right. Just a confirmation, like, in terms of your opening remarks, you highlighted on EBITDA of ₹65 odd crores and PAT of ₹37 crores. That guidance remains for FY '26?
- Arun Aradhye:** It is for '26, right.
- Aditya Menon:** Yes.
- Bharat Gupta:** And just a final update, like, if you can share across the Brakes India segment, like we were working in getting a tie-up with them for I think Brakes segment. Any update you can share with them?
- Arun Aradhye:** You see, just now, Mr. Aditya told you that after the receipt of dynamometer, it will be applicable for both railways as well as for this Brakes India as well. So simultaneously, we will get into business of both railways as well as OEMs and that probably this business will be by the end of this year.
- Aditya Menon:** Just to get a better explanation, a dynamometer comes from anywhere from ₹4 crores to ₹10 crores. And currently, for Brakes India, they have multiple dynamometers. So when we give our product, they have to have

free testing beds because, see, they already have existing customers. Because we are a supplier of bearing and bushes to Brakes India, they have what do you say? Because of a good relation for the last 25 years, they have accepted us.

So we have to do according to their timing, their testing. And this all testing takes three months, four months, because it's critical in the safety product. Because braking goes in a safety product, there's more stricter testing going on with that. So as we have invested in a dynamometer ourselves, so this process will get faster, and we shall give you, good news soon.

**Bharat Gupta:** That's it from my side. Thank you.

**Aditya Menon:** Thank you.

**Moderator:** Thank you, Bharat. We'll take a question from chat from Arnav Sakhuja, who asks, we are planning to enter the EV segment for Alkop's supply of components to Porsche, but Porsche has announced that at a global level, it is reducing its focus on the EV business. Is this likely to impact us in any way?

**Aditya Menon:** When I say I'm developing parts of Porsche, I'm not developing 100 parts. I'm doing four parts for them. And whatever quantity they have given us is what do you say. It's a new, it's a part which can go in EV segment also. It can go in EC engine also. So it's a good business, four parts. I don't know if I'm allowed to tell how much only four parts business is. It's a good, good amount, I would say. And, yeah, so it's a positive business for us.

And for us, what one more important thing is working with Porsche and Eaton. It pushes our technological limits. We are working with thinner fins, thinner valve sizes, more efficiency, more technology. So as a company, we are more capable to adapt to more, what do you say, we get accustomed to make more difficult parts or more value addition as such.

**Arun Aradhye:** Apart from that, whatever orders that we are receiving from our major customer, John Deere, now, which are to the tune of more than ₹55 crores. So as compared to John Deere, this Porsche segment is comparatively not significant you can say. It will not have any impact on the total revenue whatever we have estimated so far.

**Moderator:** Thank you. We'll take the next question from Ashwin Taparia. Please go ahead.

- Ashwin Taparia:** Thank you for the opportunity. Good afternoon. A couple of questions. Firstly, Arun Sir stated that initially he laid down remarks about the vision for the next three years. I just want to understand because currently the promoter holding is at approximately 64.8%. So for the next vision, are there any plans going forward to dilute the stakes? And how are we shaping up for the next few years?
- Arun Aradhya:** See, if you are able to give me the pricing of ₹175 per share, we are ready to dilute to some extent. Are you ready?
- Ashwin Taparia:** All right. I got it.
- Aditya Menon:** Nothing like concrete like, we want to dilute or anything. It's just last 25 years' family has put so much effort. It's just wealth creation. If there's good value. If it's not, the company is doing well, there's no hurry or rush.
- Arun Aradhya:** We are not into rush, anything like that. But whenever there is a possible, we can unlock the value, but not from a major extent. We will not go. Maybe, it can be to the tune of 2%, 3%, 4%, and that's all. And we are not going any time in the future, we will not be having a stake less than 60%.
- Ashwin Taparia:** Got it. And just a follow-up on this. So since we are seeing that we are exploring opportunity for export market, export is doing well. We have also seen news coming around European market that the manufacturing plant of one of the companies, Japanese maker, they have stated that jobs would be cut down. So just wanted to understand your perspective since you are supplying to Porsche through Eaton. So how is it shaping the European market overall? Are we seeing any demand trends over there? And how is it going to shape in future for us in terms of export?
- Aditya Menon:** See, I would like to explain. See, now, like India has also gone through a war now. But before this escalation happened, all MNCs have shifted their global sourcing to India because they want a China Plus One solution for sure. And after Russia and Ukraine war also, energy prices in Europe increased tremendously. So they couldn't sustain it for a long time. So even European companies are shifting towards India or we are seeing a bigger number of RFQs coming now.
- Five, six years ago, I remember Mr. Aradhya and me had just joined business. We used to go to Europe, U.S., going to door to door, giving a company presentation, what our strengths are. But today, the situation has come like they are sending RFQs.
- Arun Aradhya:** They are approaching.

- Aditya Menon:** They are approaching us. Like once if the rate is final, they want to come, start manufacturing in India. But this is only for companies who are doing well, who focus on quality and not only Menon Bearings but other companies also who have good quality, good financial strength, they will also be having the same scenario where they are getting RFQs from abroad, from Europe and U.S.A.
- Ashwin Taparia:** Got it. All right. And just one or two more questions. You stated about this dynamometer, it will be bought by September, I guess. So just wanted to understand has the approval started? Have we got approval from RDSO, the Railway department or?
- Aditya Menon:** Yeah, we've already done our initial registration and everything.
- Arun Aradhya:** We've already done registration. I mean, it is pending. Final certification is pending for dynamometer.
- Ashwin Taparia:** And what would be the incremental revenue we will achieve through this?
- Arun Aradhya:** Incremental revenue will be around ₹2.5 crores per month.
- Ashwin Taparia:** Got it. All right. And just wanted to understand how much cash are we sitting on in the balance sheet?
- Arun Aradhya:** It's almost, I think ₹21 crores.
- Ashwin Taparia:** Got it. Thank you. All right. And so last question from my end. So just wanted to understand, since you brought down the vision for the next three years, so we are still concentrated in Maharashtra itself and that too in Kolhapur. So just wanted to understand if we are bringing to north or maybe down south, are we going throughout the country or maybe how are we shaping up?
- Arun Aradhya:** No. We have no plans to expand beyond Kolhapur because you see, there are certain benefits if you are having all your infrastructure under one roof. Like we are having three plants in Kolhapur, so far as bi-metal bearing is concerned, all these plants are within a 100 meter radius.
- Aditya Menon:** And Menon Alkop also is 10 minutes away. So that is why what we see, we are cost competitive. We are more efficient. That is why our margins are better than our competitors. Our top line is not very heavy. We all share responsibilities. So that's what you see. That's our USP as the company.



- Arun Aradhye:** And we can have a better, exercise, better control. That's why you can see that the results and our EBITDA margins and the PAT margins are comparatively better in the auto industry. That's it.
- Ashwin Taparia:** Got it. Thank you. I'll join back in queue for few other questions.
- Moderator:** Thank you, Ashwin. We'll take the next question from Harshil Solanki. Please go ahead.
- Harshil Solanki:** Hi, team. Good afternoon. So I have one question on the EV charger side of the business. So we had planned to get into the segment. So have we progressed on those lines if you can throw some light on this?
- Arun Aradhye:** If there is no progress, our enquiries in the U.S.A are going on. We have not got specific and suitable manufacturer who can have a tie up with us so far as manufacturing of EV chargers are concerned. Only after we are fully satisfied with the other side, we will not go ahead.
- Aditya Menon:** And Harshil, I'd like to add, it's not only about EV charging. EV charging one of the prospects we're looking at. We're still looking at similar products where we can share the same number of EBITDA, same number of profit margins. So we have two, three options in our head which we are studying on. So as soon as we lock on something, all of you all will come to know. But it's just a new, just keeping us open-minded.
- Arun Aradhye:** There are certain products which are contributing upon that and developing. So inside query, we cannot tell at this moment of time because it's a business secret. As soon as we get to know exactly what is the market, what is the potential and considering all that, we will go ahead and develop that item over a period of time, which may take another couple of years also.
- Aditya Menon:** The main reason behind it was, we don't want to miss any opportunity. We want to be ready if there is any opportunity in the market.
- Harshil Solanki:** Got it. And this would be under your Menon new ventures subsidiary, right?
- Aditya Menon:** Yes. Yes.
- Harshil Solanki:** Okay. Got it. Thank you for answering the questions.

- Moderator:** Thank you, Harshil. We'll take the follow-up question from Rohit Bahirwani. Please go ahead.
- Rohit Bahirwani:** Yeah, thanks again. Could you please explain us what kind of income is getting crores in the operating income and why it is not clubbed under revenues? It is around ₹3 crores, I guess, for the whole year.
- Arun Aradhye:** It has to be actually should have been clubbed into the regular sales, but it has been shown as other income right from the beginning. So we have not changed.
- Rohit Bahirwani:** Could you share what kind of income is that?
- Arun Aradhye:** This is majority that come from the sale of scrap.
- Rohit Bahirwani:** Sale of scrap. Okay. Got it. Thank you. That's it.
- Moderator:** Thank you, Rohit. Anybody who wishes to ask a question, please use the option of raise hand. We'll take the follow-up question from Piyush Patel. Please go ahead.
- Piyush Patel:** I have a follow-up question. You're working as a critical supplier to several large companies and products. Also, you are doing work where there are not many people, and hence your business is not like a commoditised product. But somehow the same does not show up in your growth. When do you see the recovery in a consistent manner and on a sustainable basis? And what will lead to this revival in stronger growth rates, and versus what we have seen in the last two years?
- Arun Aradhye:** You see, there are certain other customers in Aluminium segment also. There are so many other competitors who have seen that in spite of having a turnover of ₹500 crores or ₹1,000 crores or so. The margins are just 3%, 4% PAT margin. We don't want to grow like that. We are satisfied with what we are doing with EBITDA margins of more than 20%, and PAT margins of more than 10%, and we are satisfied with that. Instead of doing a business of ₹500 crores and making a profit of ₹25 crores, let us do a business of ₹250 crores and make a similar profit. That is good.
- Aditya Menon:** Just for Piyush, for you to understand, I would like to explain in easier words. Today, we have around 1,000 employees, and we're doing so much profit. If I have to do, if I'm going with all the added increases. So I have another friend in Kolhapur who's turnover is ₹1,000 crores, but he makes profit as much as me. He's electric bill is 5x mine. He has 3x the labour of mine. The loan must be even higher. So all headaches, stress, and how he

sleeps at night is different. So it depends on how you want to run your company.

**Arun Aradhya:** There are certain people who are going on telling that there is tremendous unemployment. But what we see that there is a dearth of skilled workers maybe at Kolhapur as well, maybe in Kolhapur only, I don't know. But there is no issue of unemployment as such. At the same time, we are facing a shortage of employees. This is the situation.

**Piyush Patel:** Okay. And I wanted to understand your view on revenue growth. Where do you see it sustaining, and where do you see yourself in three to five years? Or in other words, by when do you expect to hit ₹500 crores revenue?

**Arun Aradhya:** You see, you can calculate if we are growing at a rate of 20%. You can calculate by which time we will be able to reach almost ₹500 crores, maybe within three years from now.

**Piyush Patel:** Okay. Great. Thank you.

**Moderator:** We have a question from Ashwin Taparia. You can go ahead.

**Ashwin Taparia:** All right. Just one or two more questions. I just wanted to understand, you stated about TACO. So there was an ongoing auto inspection, has the inspection completed. Have you onboarded them as a customer? Can you confirm it?

**Aditya Menon:** Yeah, we've onboarded them as customers. We are even giving the first kind of, what do you say samples to them, but we haven't heard about any enquiry as such.

**Ashwin Taparia:** Okay. So as in it's not reflecting in the revenue, not yet the production has started, like is it?

**Aditya Menon:** This financial year you'll see. TACO Prestolite, we developed two or three components for them, for the electric vehicles.

**Ashwin Taparia:** Okay. And what about Bajaj Auto?

**Arun Aradhya:** Bajaj Auto, finally, there are certain changes in their model. So because of that, few more samples have been submitted to them. And probably, that will be completed within a period of couple of months from now and that startup production will be there thereafter.

- Ashwin Taparia:** Okay. So even for this production is yet to start, right?
- Arun Aradhya:** Yeah.
- Ashwin Taparia:** Okay. And just wanted to understand the land that we have, I think it was 15 acres, if I'm not wrong, 9 acres have been utilised.
- Aditya Menon:** Yes, you meant Alkop division.
- Ashwin Taparia:** Right.
- Aditya Menon:** Yes, around, 15 acres, where 9 acres have been utilised now. We still have 6 acres for future development. So we can have even around four to five 65,000 square feet sheds there. So we have a lot of land for expansion which we have already invested in the past and kept. That's a very positive sign from the company's end.
- Ashwin Taparia:** Okay. And I just wanted to understand, since all the three divisions of the product Alkop, bi-metal, and brake, how are we shaping up as in the market share that we have? Because I understand, maybe previously you have mentioned that brake segment, we have a heavy competition even in other segments, but brake we have heavy competition because you have recently ventured into this platform.
- Arun Aradhya:** You see, bi-metal as such we are having a share of 18%, which may go up to 20% domestically. So far as brake line is concerned, as you also know that there is a good amount of competition into that. We cannot quantify at this moment of time. Similarly, in aluminium, there'll be huge...
- Aditya Menon:** I will tell. Aluminium, sky is the limit. We are only doing ₹80 crores, ₹68 crores turnover. TACO Prestolite alone buys around ₹3,000 crores of aluminium castings. So aluminium, there is what you say, application in oil fields, not only engines. So now, currently in the Alkop, we are doing airport lightings, we are doing oil and pipe, oil and gas applications, we are doing water pumps, we are doing engine parts, we are doing two wheeler shock absorbers.
- So, aluminium their application is unlimited. So the aluminium industry must be huge. So there is no market share as such. There are a few aluminium companies whose turnover is ₹3,000 crores, ₹4,000 crores. So aluminium industry, the size is an ocean. So you can't say that. In that we're highest value addition. Like you said why aren't you growing at a higher rate? If you see my competition in aluminium, all big companies, that's the realisation rate.

So this is for basic understanding. Aluminium in the market average price is ₹200. And our selling price after doing all the different value additions is ₹750. So our competitor is ₹500 to ₹550, roughly. So that's why our margins are better. We are trying to focus on more value addition and more technology products. So as a company, we also are at the highest level of technology and we are not replaceable easily. If I do any average part, then tomorrow competitor will tell me, give me a price reduction, and change me with someone else.

**Arun Aradhye:** When you come to see the factory and our facilities, many of you must have already visited our factories, and you will come to know how critical part we have developed in aluminium division. And then only you will come to know as to why there is a better value addition.

And now, I hope this is the last question. And hence, I request all of you to come again and see the factories. You are kindly requested anytime to come here and visit. We'll be delighted to receive you, and you can see the hospitality that we offer to you. So kindly come. Thank you.

**Moderator:** Thank you. And thank you to all the participants for joining on the call. And thank you to the management team again. This brings us to the end of the today's conference. You may also disconnect now. Thank you.

**Arun Aradhye:** Okay. Thank you.