

04-08-2025

To,
The Manager - DCS
BSE Limited
PhirozeJeejeebhoy 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 Unaudited Standalone & Consolidated Financial Results of the Company for the quarter ended 30th June, 2025 for the Investors/Analysts (Participants) which was held as per the details below.

Date & Time	Type of Interaction
30 th July, 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 .

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

Q1 FY26

POST EARNINGS CONFERENCE CALL

July 30, 2025

Management Team

Mr. Arun Aradhye - Whole Time Director & CFO

Mr. Aditya Menon – Part of the Promoter Group

Call Coordinator



Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q1 FY '26 Post Earnings Conference Call of Menon Bearings Limited. Today on the call from the management, we have with us Mr. Arun Aradhya, Whole-Time Director and CFO; Mr. Aditya Menon, 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 risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to quickly brief us about the business and performance highlights for the quarter ended, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to you.

Arun Aradhya:

Good afternoon, everyone. On behalf of Menon Bearings Limited, I warmly welcome all participants to our quarter first FY '25-'26 earnings conference call. Thank you for taking the time to join us and for your continued trust and support. Also joining the call from management is Mr. Aditya Menon.

Let me begin by sharing the key financial highlights for the quarter ended 30th June, 2025. Total revenues stood at 67.90 crores marking at 17% year-on-year growth. EBITDA came in at ₹13.60 crores, reflecting a margin of 20%, that is up by 22.19%. Profit before tax was ₹11.06 crores, up from ₹8.23 crores in quarter one for FY '24-'25, that is up by 34.42%. Profit after tax stood at ₹8.43 crores compared to ₹6.16 crores in the same quarter last year, that is up by 36.91%.

Operationally, the first quarter witness a strong recovery in demand from both the automotive and industrial sectors. Our core segments engine bearing, bushings and thrust washers continue to perform well in both domestic and international markets.

Now I will let you know the key updates, which include OEM and Tier 1 customer demand remains strong. We effectively manage commodity cost volatility through improved inventory planning and operational efficiency. Capacity utilisation for the quarter averaged around 78%. We successfully commissioned the CapEx in our wholly-owned subsidiary, Menon Alkop Limited. Our wholly-owned subsidiary, Menon Alkop Limited, which operates in the aluminium die casting segment continues to show strong growth potential. The subsidiary posted quarter one revenue of ₹20.26

crores, driven by increasing demand from the automotive sector. We are optimistic about scaling this business in the coming quarters.

Looking ahead, we expect robust demand, particularly from the export markets. We are actively pursuing customer diversification with automation and cost optimisation being our key focus areas for the rest of FY '26.

In summary, it has been a stable and encouraging start to the year. Our performance reflect the resilience of our business model, the strength of our customer relationships and our ongoing drive for operational excellence. We remain committed to long-term value creation and are confident about sustaining this momentum in the upcoming quarters.

With that, we now open the floor for questions, and we'll be happy to answer. Thank you.

Question-and-Answer Session

Moderator: We'll now open the floor for question-and-answers. Anybody who wishes to ask a question, please use the option of raise hand. We'll take the first question from Bhargav Buddhadev. Please go ahead.

Bhargav Buddhadev: Yeah. Good afternoon. And congratulations for the strong set of numbers.

Arun Aradhye: Thank you, Bhargav.

Bhargav Buddhadev: My first question is that if we go through your presentation, you mentioned that in the Alkop business, you are looking at reaching about ₹120-odd crores of revenue. Is it possible to highlight what is the visibility for this growth? That's my first question.

Arun Aradhye: Basically, what we have shown in the presentation is ₹120 crores for the next year '27 and how it will come Mr. Aditya will let you know about that.

Aditya Menon: Good afternoon. Aditya Menon here. So for the last two years, because we are seeing a demand for aluminium castings because of China Plus One and because of the Ukraine-Russia war, Europe plus one. So the last two years, we've been working very hard developing new parts for our customers. Especially for export, we've done a lot of new development parts. So we developed around maybe 63 parts in the last two years where we have -- what do you say, we have submitted the samples and we're

getting the orders now. So that growth we're going to see in the coming two years. So by end of 2026, we should be reaching ₹120 crores.

Arun Aradhya: We will be reaching about ₹85 crores to ₹90 crores and next year, we'll be reaching ₹120 crores.

Aditya Menon: Yeah. So in the next two years, we should -- because the order starts with a small quantity because we have to -- either we are doing a new engine or we are replacing existing customer. So when we are replacing existing customer, they start small with us to make sure the transition period is right. So they don't even disturb the current supply chain. So that's the process happening. So we have already started getting new orders, which are orders in the new quarter. So the next -- the foreseeable future looks promising. So that's the main growth driving factor for Alkop.

Arun Aradhya: And considering the sample that we already developed and which have been approved by the customers and according to their schedule, they are receiving the orders. And within this year and next year we'll be completing all the orders of which the samples have been already approved. And considering that we are very much sure that we should be able to reach ₹120 crores.

Bhargav Buddhadev: Secondly, in the brakes division you have guided for reaching ₹100 odd crores. So my question is that is it subject to the railway approval that we are seeking or it is irrespective of the railways approval?

Arun Aradhya: That is subject to railway approval that is in process, along with that we'll be getting orders from one of the prominent customers, which is catering to OEMs and that is pending just because of testing equipment that is dynamometer, which costs around ₹3 crores, which is under process and we'll get that dynamometer by the end of September, after which railway people will again come, will inspect and will approve as a supplier for railways.

Similarly, other OEM customers, he will also approve as soon as we send them the samples tested on dynamometer and this business is expected to come out of that asset.

Bhargav Buddhadev: And lastly in the bi-metal business, we mentioned that the U.S. part of the exports can see a ramp up. So if you can sort of highlight key drivers for this it would be very useful? And that would be my last question.

Arun Aradhya: Okay. That business is coming, and they already approved all the samples. And production will start from the next month.

Bhargav Buddhadev: Great. Thank you very much for your details. And all the very best.

Arun Aradhye: The orders that we are getting from that customer is around ₹30 crores per year.

Bhargav Buddhadev: Okay. Great. Thank you.

Moderator: We'll take the next question from Arnav Sakhuja. Please go ahead.

Arnav Sakhuja: Hi, thanks for taking my question. So I just wanted to ask basically in the previous con call, you had mentioned that within the Alkop segment, the average price is around ₹200 across the segment and whereas Menon's average is around ₹750 due to various value additions. So I just wanted to get a bit more of an understanding on this. Is this realisation sustainable? Or are there any risks to the realisation falling in the future?

Arun Aradhye: We have been sustaining these kind of realisations per kg for last so many years. And just because the items which we are selecting and accepting for production are very, very critical with nobody easily can produce in their machine shops or their production facilities. That is the only reason why our realisation rate is higher as compared to others.

Arnav Sakhuja: Right. And on the flip side, is there a potential for the realisation to improve even further from ₹750 or will it stay at around this level?

Arun Aradhye: That will stay around ₹700 to ₹800 between ₹700 to ₹800.

Arnav Sakhuja: Right. Just moving on to my next question. So we had also mentioned in the previous con call that we were not able to pass on some of the raw material burden to customers, which had impacted the EBITDA. So in this quarter, were we able to pass on some of this burden?

Arun Aradhye: You see, some of the customers we are already passed on that burden of raw material increase, that you can see in the results also. You can see the improvement in the EBITDA as well and some of the customers that will be passed on after September because of the pre-decided formula that the prices for the April to September will be reviewed by the customers and accordingly they will give the increase.

Aditya Menon: So there is different delta -- there's a delta in the whole year. So six months we enjoy, six months the customer enjoys. So with different customers is different times. So it's a cycle that goes on a year or two years. It's a cycle that keeps going.

- Arun Aradhye:** It's continuous.
- Aditya Menon:** So sometimes we get it, but it average out period of two years, one year, it averages out. So sometimes you see a drop in EBITDA, sometimes you see increase. That averages out over out a span of one or two years.
- Arnav Sakhuja:** Right. Thanks for that answer. I just ask one last question, if that's fine. So is there any update to our guidance for FY '26 of ₹300 crores of revenue and 22% EBITDA margin? Or are we sticking with this guidance?
- Arun Aradhye:** You see, what we feel that we should be able to reach almost ₹300 crores this year what considering the order book position. And maybe for the next year we'll be reaching almost ₹350 crores this is what is considering the development that have taken place and better potential or very good potential in Alkop we can see and we are sure that after the business of railways and other OE customers in progress also we should be easily reaching that particular figure what we forecast now. We are very much optimistic about that.
- Arnav Sakhuja:** Okay. Thank you for answering.
- Arun Aradhye:** And what I feel that year-on-year we should be able to grow at a rate between 18% to 20%.
- Arnav Sakhuja:** All right. Thank you for answering my questions. Congratulations and best of luck.
- Arun Aradhye:** Thank you.
- Aditya Menon:** Yeah, thank you.
- Moderator:** Thank you, Arnav. We'll take the next question from Kunal Tokas. Please go ahead.
- Kunal Tokas:** Okay. First question about the brake segment, you say your target was ₹100 crore and you have been handicapped by the unavailability of the dynamometer. So how soon will this target be met after you receive that equipment?
- Arun Aradhye:** By the end of this year, we should be able to figure up almost ₹3 crores to ₹4 crores per month.
- Kunal Tokas:** ₹3 crores to ₹4 crores by the end of the year?

Arun Aradhye: Yes.

Kunal Tokas: And of your ₹350 crores target for FY '27, how much do you expect the brake segment to be?

Arun Aradhye: Brake segment what we are forecasting is almost ₹100 crore.

Kunal Tokas: ₹100 crore. So the ramp up will be quite fast after you receive this abruptly. ₹100 crores, right?

Arun Aradhye: Yeah.

Kunal Tokas: Okay. And of your -- the current order book position that you have mentioned in the PPT of ₹90 crore, how does that break up between bi-metal and Alkop?

Arun Aradhye: It is 60-30.

Kunal Tokas: 60-30?

Arun Aradhye: Correct. Bi-metal 60 and 30 Alkop.

Kunal Tokas: Okay. And of your ₹120 crore target for Alkop, how much -- what breakup do you expect between domestic and export?

Arun Aradhye: Export will be almost at 35% to 40%.

Kunal Tokas: All right. And just last question on Menon Ventures. Are there any concrete updates on what kind of businesses you are looking at?

Arun Aradhye: So we have received one proposal from one of our investors as well. He's helping us to get recharge.

Aditya Menon: EV recharge.

Arun Aradhye: EV recharge. We are working on that. We are not concluded on that as yet, but we are studying the proposal and we'll see how best we can take it on, actually as a project.

Aditya Menon: We're exploring few parts in the EV recharge as the whole charging system. So it's a still ongoing project. Our technical team is seeing the feasibility, but that's one project that's come up. It's not sure, we're going to go ahead or no. We're still in the visual processing the whole thing, but

that's kind of avenues we are looking at, because EV sector also is growing and it's something because we are manufacturing experts. So we can do a few parts in that of the whole system. So we're doing -- our project team is still working on it. So nothing concrete yet, but that's the direction we are heading in.

Kunal Tokas: Whatever business you eventually decide to go into, have you decided on a sort of capital ceiling that you commit to the maximum amount of capital you commit to any such venture?

Arun Aradhya: No, no, we are not consider any such thing as of now.

Aditya Menon: So it depends from project-to-project, but it will be a calculated risk, right? So we don't keep like a set amount. We're going to do this. A certain project requires so much, so we have to do that. But depending on the project, the capital and other things. So that all the -- what you say, risk mitigation. So we have to -- all that is going on currently. So it depends how big the project is, how many years. So there are many factors that are going into this. But this is one project we are considering. It has passed what you say, first round of what you say. If you go for interview outposts, that's round one. So it's past round one.

Arun Aradhya: But raising of the fund from whatever project that we feel okay should not be a problem.

Kunal Tokas: Okay. Thank you very much and have a good day.

Aditya Menon: Thank you.

Arun Aradhya: Thank you.

Moderator: Thank you, Kunal. We'll take the next question from Mumuksh Mandlesha. Please go ahead.

Mumuksh Mandlesha: Yeah, hi, Arun, Aditya.

Arun Aradhya: Hi, Mumuksh. How are you?

Mumuksh Mandlesha: All good. How are you?

Arun Aradhya: I'm fine.

Mumuksh Mandlesha: Just, first one, this quarter Q1, how was the domestic and exports growth for the quarter?

Arun Aradhya: Export growth was from, 28%, we are now reached to almost 30%, and export is increasing. And you will see it will grow from 30% to 35% by the end of this year.

Mumuksh Mandlesha: Got it. And which orders would drive the growth -- this export?

Arun Aradhya: So export that we already discussed that was published in the paper, and we have uploaded on the website as well that we have secured one order of ₹30 crores from one of the prominent customers from USA, and that production is going to be started from next month. We actually started the production, but the dispatch is when you start from the next month.

Mumuksh Mandlesha: Right. And any improvement in Japanese export orders numbers?

Arun Aradhya: No, no, Japanese, we are not working with Japanese so far. We are receiving very small orders from them because either they are diverted to somebody else, but what we learned from them that because of environmental problems, the [indiscernible] [0:18:59] etc., have been banned there in Japan. And that's why that export has been halted.

Mumuksh Mandlesha: Got it. And coming to braking system, now there's a regulation coming up for the EV system in the two wheelers. Just want to understand if the market shifts towards disc brake and EV system, how do you see our demand for the product? How it changes there?

Arun Aradhya: We already developed brake pads and we are exporting them to the South African, African countries through distributor in Dubai. And we have started circulation in the Indian market as well. So that should not be a problem. We already started supplying brake pads to Endurance Technologies in Aurangabad and they are catering to the demand from Bajaj.

Aditya Menon: So just for example, if this comes, this technology affects the main motorcycles like Bajaj or Suzuki. And they give us a drawing and we make it. So we have the capacity of making whatever design of products they want us to make. So the design and the main changes affects the two wheeler manufacturers. And also -- that's one point. The other point is there's such a huge aftermarket for two wheelers and like main brakes market is aftermarket, because it's a consumer product. So there are n numbers of two wheelers, trucks, LCVs in the market, which overnight won't adopt the new technology. So there's a huge number of people for the next five, 10 years will still use the current braking system also. So that doesn't look like a big threat as such.

Mumuksh Mandlesha: Got it. And would be mainly CV sites, right? The drum brakes -- drum pads.

Aditya Menon: Yeah, that HCV, LCV drum brake pads. But we are doing disc brakes also, which go to the European lorries. Like Mr. Aradhye said, we are already, what do you say, merchant exporting to Dubai, which use like Volvo, Scania, so European rollies, what they require, we are already for the aftermarket, we are giving it to Asian and Middle Eastern countries. So we are even exploring options in Europe, but there are a lot of safety trials which have to be approved by European bodies. So that is very cost effective and time consuming. So in the future, we are trying to explore that as well. But currently, we want to do brake pads, disc brakes for Indian lorries and HCV, LCV systems.

Mumuksh Mandlesha: Got it. And great results. Thank you so much for the opportunity.

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

Piyush Patel: Hello. Thank you for the opportunity. What is the segment-wise margin and segment-wise revenue potential for the company?

Arun Aradhye: You see, if you are talking about EBITDA margins, for bi-metal, it is more than 21%. For aluminium, that is, Alkop, it is 23% plus. And for brakes, it is 12% plus.

Piyush Patel: Okay. And what is the revenue potential from the EV and railway segments?

Arun Aradhye: EV and Railway segment, that is almost ₹3 crores to ₹4 crores per month.

Piyush Patel: Okay. And about railway?

Arun Aradhye: That is put together. OEM and railways.

Piyush Patel: Okay. And is the company planning to enter any new segments?

Arun Aradhye: No, that is we have already entered into two wheelers. HCV, LCV is already there.

Aditya Menon: For aluminium, we have done EV and we are doing some parts for TACO for the new curve. So we're doing some aluminium castings for them. So we are doing some aluminium casting for each transmission that goes in

Porsche. We are doing some aluminium castings for Concentric that goes to Tesla. So we have entered the EV segment also because that keeps us ahead of technology. The wall thickness, the castings are more like someone asked why value addition?

So when you do more critical parts, you also know what is happening in the industry. So you keep up with the industrial norms, the latest technology. At the same time, when you keep up with the latest technology and doing more critical parts, no competitor can easily replace you. That's why we always aim at a higher realisation rate. That's one of the things when someone asked us why realisation was important to us. So this was the reason for realisation also.

Piyush Patel: Okay. When do you see the brake line-in and brake shoe segment picking up since growth is looking flat for last few quarters?

Arun Aradhya: As we already told you know that as soon as we receive a dynamometer, that is a testing equipment, we will be receiving by the end of September. After that, railway people and OEM people will come and inspect and will give a certification and we'll start the business with them. First, we will get an approval of the samples from railways as well as that OEM customer and that business will start at the end of this year. And that is around ₹3 crores to ₹4 crores that we feel that we should get.

Aditya Menon: And currently for braking system, we are doing aftermarket and merchant export. So we have gone through many OEMs which we supply our parent company Menon Bearings we supply bushes, washers. So we have very good relationship with them. So our samples are submitted. But for even OEM and for railway, for railway also we have done the registration process. We have initial audits been done.

But for both of these companies, because braking system is such a safety product, they need an in-house dynamometer. So this dynamometer cost, like Mr. Aradhya said, ₹3 crores. So as Brakes is a new company, it's been two years now. So independently on his own feet, we ordered the dynamometer. So till then, it's a new product for us. So the last 1.5, 2 years, we are confident with our product. Because it's working in aftermarket, we have a good brand name with it. Merchant export orders are coming again and again where we are competing with the world.

Competing with Chinese players, other players from other countries. So at this stage, we also have confidence in our product. So as soon as the dynamometer comes, more avenues for revenue should open up. So in the next six months, we will have a different picture in the braking system.

Piyush Patel: Okay. And how do you see the Alkop and Bi-metal segment scaling up from here? Since for the last two quarters, we have good revival in growth rates. And what is driving this revival?

Arun Aradhya: You see, for this year, Bi-metal will grow at a rate of 16% to 17% and Aluminium division, Alkop at a rate of 25%.

Aditya Menon: The main growth is new development. Because like I told you, global leaders are shifting from China Plus One to India policy plus Europe is shifting to India. So which company has good quality, good brand name, who are doing more critical parts. We have been getting lot of RFQs, lot of inquiries. So this is driving growth. And for Alkop, we have developed around 53 parts in the last year. We have submitted them.

So now as the part is submitted, it's in testing at the customer end. In the new engines, it's getting replaced. So as soon as the trial is successful, the start-up business starts. So the growth is on that. So in the next two years, like Mr. Aradhya said, we will reach the numbers which we are positive, which we are very confident about.

So this is all guaranteed growth because we have submitted the samples. So as soon as they pass the trials and their production starts, all our customer production starts, we shall start seeing better growth than this year.

Piyush Patel: Okay. Thank you. All the best for the future quarters.

Arun Aradhya: Yes, thank you.

Moderator: Thank you, Piyush. We'll take the next question from Harsheel Shah. Please go ahead.

Harsheel Shah: Thank you for the opportunity. Is the company planning any joint ventures, acquisitions or vertical backward or forward integration?

Arun Aradhya: Not really as of now. We have received one proposal from a Chinese company. But due to diplomatic relations that we have or we are having with the Chinese counterpart. So what the Board felt that we should not go ahead with that proposal. So as of now, there is no plan.

Aditya Menon: And we always keep our ears open. There are many proposals that come. So we always have an open mind regarding forward backward integration, some other product which we can go for. But nothing concrete as such.

Like Mr. Aradhye said, there is an offer from a Chinese company. But because of the whole geopolitical situation, the board decided that's not a wise decision to go ahead.

Arun Aradhye: Apart from that, we already told you that so far as electric vehicle charging is concerned, we are exploring that proposal.

Harsheel Shah: Okay. Got it. So what are the capacity and capacity utilisation rates of new and existing plants?

Arun Aradhye: Capacity utilisation as such, we are having ₹5 crores of parts, components per year in bi-metal division. And capacity utilisation is 78%. Similarly, in Alkop aluminium division, we are having a capacity of melting 1,440 tonnes, whereas the utilisation is almost 60%. So brakes, that is 110,000 parts or brake lagging per year and the utilisation is 40%.

Harsheel Shah: Got it. And when will be the new Alkop plant expansion be completed?

Aditya Menon: It's actually already completed. We already started shifting the machine. The new plant is getting commissioned. So now I think by the next month, we'll have the whole plant ready. Already have the plant because it's shifting. Machine shifting is happening from one plant to another. But you can say the electric commissioning over the OC is being got. So it's already operational. We're already using the new plant.

Arun Aradhye: So you are all requested to visit that plant next month.

Harsheel Shah: Sure. And post completion, where does it take the capacity of Alkop division? And what sectors are we targeting with this expansion?

Arun Aradhye: You see, we're already having a melting capacity of 1,440 tonnes, which is more than enough. But at the same time, when there are orders from various customers and RFP that we're receiving and considering the order that those will be productionised over a period of two years. We only have to add certain machines, CNC, VNCs, etc. That is the only issue. And we are going to add those machines as and when those are required.

Aditya Menon: And like if you are asking which customers, what is this, currently, we have around 50 customers, OEMs. So we are preferred supplier for them. For the past so many years, we are in Tier 1. Our customers rate us, it's like an exam. Quality on time, there's PPM, there are so many different metrics to judge on us. So we are Tier A supplier.

So these customers, only because of our performance, we get new orders from them. And we've developed around 55 new different parts in automotive, engine, oil, oil pipe, gas line, all these different sectors, EV now. So these are the different sectors which we are already present in, but we're doing more variety of parts in the sectors in aluminium. So that's where we are driving our growth from.

Harsheel Shah: Okay. Thank you and all the best for coming quarters.

Aditya Menon: Yeah, thank you.

Moderator: Thank you, Harsheel. We'll take the next question from Himanshu Upadhyay. Please go ahead.

Himanshu Upadhyay: Yeah, hi. Good afternoon.

Arun Aradhye: Hi, Himanshu. How are you?

Himanshu Upadhyay: I'm fine. So one question was in the brakes business where the aftermarket is quite large, okay. And we have been or we started with aftermarkets business. And domestic, if we still see for the quarter, it is less than ₹1 crore, okay. And initial thought was that aftermarket can be a sizable business over a period of time. So why is that business still or has not catch up that what we initially expected? Okay. And what are we doing to get the growth? What we were estimating in the aftermarkets when we initially entered this business?

Arun Aradhye: You See, to initially entered into the market and create our brand image. So far as brake lining is concerned, we entered into aftermarket where there is a steep competition from Rane, Sundaram, etc. There is steep competition so far as rates are concerned and the settled market of all these people having very good reputation also.

We should admit that. Considering that, we are focusing more and more on railways and OEM and export, merchant export, what we feel. And gradually we are increasing our presence into the aftermarket as well. And we are here to cover all the territories of India. Some of the territories has remained to be still untapped. We are tapping them and eventually, we will be reaching the target that we are having in our mind.

Aditya Menon: And aftermarket, we are focusing, we are working on our aftermarket team, a marketing team. And like Mr. Aradhye said, we actually have a lot of orders also from aftermarket. But what is happening as it is only aftermarket focus, money recovery and all is an operational issue. So we

are strengthening our team, working on a more robust business model. So that also should come in track in coming time.

Himanshu Upadhyay: And one more thing, all aftermarket players who are distributing our bearings business, okay, are we present across all those players for Brake Lining and Brake segment?

Arun Aradhya: No, no, those are totally different. Those are not the same. And that's why we are having an entirely separate, we are creating separate team for aftermarket of brake lining. And that market is also different.

Aditya Menon: See, engine parts are different. Like, it's a different ballgame. And brake parts are different ballgame. Like when you go to an aftermarket place, like you go to a dealer distributor, they do different parts. Not everyone does, one distributor doesn't do all the parts.

Arun Aradhya: But the only advantage is that people know Menon.

Aditya Menon: We have a strong brand name in this field. So that is boosting this ₹1 crore growth. So without any extra marketing cost as such.

Himanshu Upadhyay: Currently, how many distributors would be there? And any target over next two years, this many distributors we want to have on the aftermarkets and brake lining?

Arun Aradhya: As of now, we are having 35 distributors. And our projection for the next year is almost 150.

Aditya Menon: But like this year numbers, every month we have a target of getting quality distributors. There are some distributors who join and then they go after two, three months. So our focus is to have at least two or three distributors, like, confirm quality guys who do good work.

Arun Aradhya: Again, there are problems such as recovery of our outstanding as well. That is in the aftermarket, it is delayed to some extent, about 90 days also. So we are locking such kind of customers, distributors. And that's why temporarily there is a setback for this one or two months. That will be again restored within a period of one month from now. And that will again pick up.

Himanshu Upadhyay: And the exports seems to be doing much better in the aftermarket business means for Brakes segment because the share has increased for the exports in the segment itself. Are these things settled down in terms of the payment terms and the distribution?

Arun Aradhye: As far as export is concerned, there is no issue at all.

Aditya Menon: All export payment is on an advance basis. It's not an issue as such. After 60 days, we have locked. So there are many orders, many distributors who still have orders. But as a management decision, we have taken a, what do you say, informed decision to keep this a policy. Otherwise, it's a bad practice of the company. If one thing starts getting bad, there are many, it's a vicious cycle. So as just to show growth, it's not what we want. We want sustained quality growth over a period of time.

So that's why as a company, we have taken such some policies. It might be harsh in the start, but we want like a sustainable growth. We don't want just namesake growth. If you understand like what we're trying to do.

Himanshu Upadhyay: Yeah, I appreciate that. And that is the reason for which we appreciate the company and have been for a pretty long period of time. One final question. The Eaton, are we starting? Have we started supplying to Eaton or it is still some time away?

Aditya Menon: No, we have done the initial orders. Now, there's a P-PAP batch called sample batch. So 300 sets we have gone. So it starts like that. So we have already started the process. So around 300 parts we are sending this month. So that will go in trials and then the next order comes out. So Eaton also is going ahead. Yes.

Himanshu Upadhyay: And any CapEx plan for this year and next year or what we have done, we are thinking?

Aditya Menon: No major CapEx as such.

Arun Aradhye: But only additional capacity that we have to create. Just like I told you that some of the machines will have to be added. And that will be to the extent of almost ₹8 crores to ₹10 crores considering both aluminium and bi-metal. So that is not a major CapEx.

Aditya Menon: Yes, next two years. So we are already placing orders on machines. Like someone asked, are you going to do more value addition? So if we invest in an Xray machine, the value addition increases. So we are exploring all these options, how we can do more value addition also. And around, like Mr. Aradhye said, around ₹8 crores of CapEx in the next two years. But that's not like a major CapEx like what we did in the last two years, where we got the land, we have a new building, all the permissions, everything.

Himanshu Upadhyay: Thank you. I appreciate your replies.

Arun Aradhye: Thank you.

Moderator: Thank you, Himanshu. We'll take the next question from Kunal Tokas. Please go ahead.

Kunal Tokas: Just two clarificatory questions. First is, will you not be needing any additional CapEx on the brakes division to reach the ₹100 crores target by next year?

Arun Aradhye: For brakes, we will have to add certain machines, definitely. We will have to add about, that will be CapEx of around ₹7 crores to ₹8 crores, that will be additional requirement. And that we can have from the next year.

Kunal Tokas: ₹7 crores to ₹8 crores. And what amount have you already invested in this business?

Arun Aradhye: It is already, it is ₹8.5 crores we already invested.

Aditya Menon: Machinery and allequipment.

Kunal Tokas: Did you say ₹18.5 crores or?

Arun Aradhye: ₹8.5 crores.

Aditya Menon: ₹8.5 crores.

Kunal Tokas: And another clarification for FY'27, your target top line is ₹350 crores, of which ₹120 crores from Alkop, ₹100 crores from Brakes.

Arun Aradhye: Right.

Kunal Tokas: Does that leave ₹130 crores for bi-metal?

Arun Aradhye: It is ₹120 crores from Alkop, bi-metal will be almost ₹250 crores.

Kunal Tokas: ₹120 crores from Alkop, ₹250 crores from bi-metal and ₹100 crores from brakes.

Arun Aradhye: Right.

Kunal Tokas: Okay. And just a last question, will your foray into supplying to EVs be a gateway to do more business in the PV segment, ICE PV?

- Arun Aradhya:** We could not get you. Please repeat.
- Kunal Tokas:** A few years ago, you used to say that you would not enter the PV segment. You restrict yourself to the CV segment. But you are now catering to EVs.
- Aditya Menon:** EV as main, like the bi-metal segment is not going.
- Arun Aradhya:** In bi-metal, we are not going with passenger vehicle. In aluminium division, Alkop, we are going with this passenger vehicle.
- Aditya Menon:** Passenger vehicle. In aluminium, we are not only doing engine. We are doing oil and pipe, gas line, two wheelers, tractors, trucks. Wherever aluminium is used, we are getting the right product. It is critical. Good value addition is there. We are developing those parts.
- Arun Aradhya:** Not in bi-metal.
- Aditya Menon:** Bi-metal, we are not including EVs. So, aluminium, we have potential. So, like I told you, Tata Punch, we are doing some aluminium casing. So, if there is an opportunity there, we are doing it. Because if you are getting good rate, good price, good quantity, good volume. But our main bi-metal, our parent plant, we are not entering this segment. Now, because the business is diversified, we are even, what do you say, attracted to EV as such.
- Kunal Tokas:** All right, all right. Got it. Thank you and have a good day.
- Aditya Menon:** Yeah, thank you.
- Moderator:** Thank you, Kunal. Anybody who wishes to ask the question please use the option of raise hand. Since there are no further questions, would you like to give any closing comments?
- Arun Aradhya:** So, thank you very much, everybody who have participated in this conference call. We cordially invite, in the next month, please inform us in advance, so that we can arrange a factory visit of new Alkop plant as well as our new Washer plant also. So, these are of international standard plants, you can see. And you will be enjoying the visit to our facilities. You are kindly requested to come and let Mr. Mohsin know when you will be coming and visiting our facilities. You are welcome. And thank you for your support as always.

Moderator: Thank you. And thank you to all the participants for joining on this call. This brings us to the end of this conference call. You may all log off now. Thank you.

Arun Aradhye: Thank you very much.

Moderator: Thank you.