20.01.2026

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 Unaudited Standalone & Consolidated Financial Results of the Company for the quarter and nine months ended 31st December 2025 for the Investors/Analysts (Participants) which was held as per the details below.

Date & Time	Type of Interaction
16th January, 2026 at 3.00 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 Sunil Kadane
Digitally signed by Siddheshwar Sunil Kadane
DN: c=IN, o=Personal, title=8697, pseudonym=ZwAk28uzRkaYKrhk2ETbBD4qdae5jasp, 2.5.4.20=ac95015e3a4fb388e18c6aaf3d0e08f0352d4fd010f9ba76d1a0fd4053ee950f, postalCode=416012, st=Maharashtra, serialNumber=751d4187aa49176a22fa0435485536b9d9aff08e5ee136f990e944983151040a, cn=Siddheshwar Sunil Kadane
Date: 2026.01.20 14:50:55 +05'30'

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MENON BEARINGS LIMITED

Q3 & 9M FY26

POST EARNINGS CONFERENCE CALL

January 16, 2026

Management Team

Mr. Arun Aradhye - Whole Time Director & CFO
Mr. Aditya Menon - Promoter Group

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q3 and 9M FY 2026 Post Earnings Conference Call of Menon Bearings Limited. Today on the call from the management, we have with us Mr. Arun Aradhye, 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, this is a reminder that this call is being recorded.

I would now request the management to detail us about the business performance highlights for the period ended December 2025, the growth perspective and the vision for the coming years. Post which, we will open the floor for Q&A.

Over to the management team.

Arun Aradhye: Okay. Thank you. So good afternoon, everyone. Wish you all a very Happy and Prosperous New Year. And also thank you for post earnings call to discuss our performance for the third quarter and nine months ended on December 2025. I'm pleased to share Q3 FY 2026 has been a strong quarter for the company, reflecting healthy demand across key segments and continued improvement in profitability.

On a consolidated basis, revenue for the quarter stood at ₹76.9 crores, representing a 32% year-on-year growth. Total income was ₹78.5 crores, also up by 32%. Profitability saw a sharp improvement with profit before tax at ₹12.4 crores, up 69% and PAT at ₹9.3 crores also up 69%. Earnings per share for the quarter increased to ₹1.65 compared to ₹0.98 last year. For the nine months period, consolidated revenue reached ₹206.6 crores, an increase of 18% year-on-year. PAT grew by 34% to ₹24.5 crores, reflecting sustained operating leverage and improved efficiency across our business.

Looking at the business mix. OEM continues to be our largest segment, contributing about 48% of Q3 revenues. Exports accounted for over 36%, underscoring the strength of our international customer base and diversification benefits. The replacement market contributed around 8%, and we continue to see steady improvement in this segment as well.

At the business unit level, Menon Bearings benefited from healthy OEM demand, stable export orders and improved capacity utilisation, which supported margin expansion. Menon Alkop delivered stable performance during the quarter with continued focus on higher volume alloy products and customer qualification initiatives. Menon Brakes, while still at an early stage is progressing as planned, and we expect a gradual ramp-up as customer approvals and volumes increases.

On the cost front, raw material prices, volatility remains an area of close monitoring. However, a combination of partial price pass-through, better product mix and operational efficiencies helped us to protect and improve margins during the quarter.

Apart from that, we have completed installation of 3.8 megawatt rooftop solar installations, covering all plants, which will curtail electricity expenses by about ₹2.25 crores per year. As we move forward, we see a stable demand environment across OEM and export markets. With major CapEx behind us, our focus remains on sweating assets, improving return ratios and driving profitable growth. Our subsidiaries continue to add long-term strategies and value and optionality to the business.

With that, we will now be happy to take your questions. Thank you.

Question-and-Answer Session

Moderator: Thank you. We will start the question-and-answer session. Anybody who wishes to ask a question, please use the option of raise hand. We'll wait for a moment till the question queue assembles. We'll take the first question from Mr. Bhargav Buddhadev. Please go ahead.

Bhargav Buddhadev: Yeah. Good afternoon and congratulations on a good set of numbers.

Arun Aradhye: Yeah. Thank you.

Bhargav Buddhadev: My first question is that, obviously, we've seen a very strong growth in exports. So the share of exports has also now improved to about 36% versus 33%. So if you can spend some time in terms of despite this tariff scenario, how are we managing such a strong growth in exports? If you can just explain that, that would be my first question.

Arun Aradhye: Okay. As I've told you last time also in the earnings call, we have already started additional business with one of the major customers from U.S.A., that is Allison Transmission, and that alone business has added value of more than ₹2.5 crores a month. Apart from that, Federal-Mogul DRiV is also there, and other customers also added in the fold of our company so far as exports are concerned. So we hardly have any impact due to the tariffs imposed by the U.S.A. On the contrary, our exports are poised to grow further in future as well.

Bhargav Buddhadev: The second question is that, obviously, in the last one month, we have seen a significant increase in copper prices and also steel prices undergoing some inflation. So in this scenario, how are we poised to basically pass on these to our customers, because copper, in particular, has seen a significant rally. So is it fair to say that despite such an inflation, we will continue to maintain our gross margins or EBITDA margins going forward as well?

Arun Aradhye: Yes, very right question. As you know, there is a tremendous volatility so far as non-ferrous materials are concerned. The prices are increasing like anything, and it will definitely have adverse impact on the margins. But at the same time, what we have done that our contracts typically allow for partial pass-through. We are in the process of passing the increased raw material cost to the customers, and that is a process maybe depending upon three months contract, six months contract for revision of rates. So that is a continuous process that we are following.

Apart from that, we focus on product mix improvement, yield, then yield optimisation and then cost efficiency to mitigate impact. And we are constantly having a vision on the raw material prices and to ensure that through the process improvement and yield improvement our margins will not be affected to the greater extent. Maybe some dent can be there, but it will not have a major impact due to passing off the burden on the customers as well as reduction in the raw material consumption and process improvements.

Aditya Menon: And like you said, prices are volatile. With some customers, we have like three months period of rate increases. As management, we are also sending them every month now because now it's very volatile. Before it used to be like from ₹900 to ₹950, but now it's from ₹900 to ₹1,200 a kilo. So that's a lot of cost which we are bearing. So as management, we are also talking to our customers, and we have relation for 20 years. So customers also, they are also dependent on us. We are also their suppliers. So they are also friendly with us. They have good relation. So they are also what you say, they also try to help us, take the burden from us.

Arun Aradhye: As he said, we are in the process of contacting all the customers to see that instead of looking at whatever contracts we have for three months or six months of revision.

Aditya Menon: Let's do it monthly.

Arun Aradhye: It cannot be like that in future. Considering the volatility in the prices, we cannot avoid by the contract that we have already entered with them. We are already talking with them that it will be on a monthly basis instead of three months or six months.

Aditya Menon: Because now even the Iran situation, Venezuela situation, it could be more volatile. So the customers also are understanding because you do high engineering, it's big business. They are also understanding. We have a good relation with them. So far, the talks are positive, but we still have to finalise it. Maybe by next quarter, we get a better picture on this, but customers are helpful. They are ready to help us on this, pass on the burden because for three to six months, we can't bear the burden of price increase. So they are like we have sent them the e-mails last month, had calls with them in December. Some of them have agreed for in January to pass on the burden. Some are still in chats. But they are reasonable. It's not an unreasonable thing that goes on here.

Bhargav Buddhadev: And lastly, on the Brakes business, is there any development because that business can actually become a large business maybe in the next two to three years. So if there are any updates over there? And that would be my final question.

Aditya Menon: Yes. Actually, now we are almost reaching ₹1 crore every month in Brakes. We are continuously working on our marketing. There are two OEMs. I won't take the names now, but we have gone and had very positive discussions with them. Maybe by next meeting, we can give you more maybe business also might start or we'll give you more positive news on that.

And regarding railway, we're still in the dynamometer like already start ordered the dynamometer, maybe three to four months for the dynamometer. So maybe by next one year, we'll see a more huge growth in Brakes business. Because Brakes we had some, what do you say, some challenges with the dynamometer, we have already entered the two wheeler segment market, where we are doing a big pie chart there already. And after our product quality and everything is going smoothly, we've got a big open order, which we currently are not even doing every month.

So we're getting a new line for two-wheeler segment also. So we are not just waiting for HCV, LCV because there is a little bit break on the railway segment, we are going on and looking at other avenues where we can in the friction material where else we can go. So two-wheeler also has picked up well. Other customers in two-wheeler also are now approaching us. But our still main focus is railway and HCV, LCV. So as management and team, we are focusing on that also currently.

Arun Aradhye: Apart from that, one of the auto giants have already contacted us. So we had a detailed meeting with them. And probably, they will visit to our establishment in the next month by 15th of February, wherein we expect -- we are not very sure, but we may expect that additional business of at least ₹1 crore will start with them per month.

Aditya Menon: Even for the export question you asked for bearings and bush. Now as management, we have taken a decision. We don't do DDP where we do the delivery to U.S. We are trying to get everything ex-works India because tomorrow, some other war happens or any other external factor should not affect our business. Maybe like we might lose some top line here and there because it won't be billing in dollar rate, it will be in rupees. But as management, we are trying to do everything ex-work.

So in the long-term, we are not tomorrow Trump puts 100% tariff or some other issues happen in the world, which are not in our control, should not affect our supplier. So that also we are doing because you asked how export is increasing. Now we have some customers we don't do ex-works India. We do DDP or their delivery terms. So we are trying to get it changed to our convenience. Maybe top line might come down a little bit. But in the long run, this is a much more sustainable way, a safer way for us to carry on our business ahead.

Bhargav Buddhadev: I think your payment cycle will also improve, right? If you do ex-works?

Arun Aradhye: Prices from 180 days, it will come down to 30 days. There is a great amount of saving on account of interest as well as the total turnover of inventory.

Aditya Menon: So as management, we are taking big decisions. But in our industry, how it is, our suppliers are bigger than us and our customers are bigger than us. So it's a challenge to get it done. So Mr. Aradhye is on his best to get this done.

Arun Aradhye: And probably there we are going to conclude in the next week only.

Bhargav Buddhadev: Thank you very much and all the very best.

Aditya Menon: Yeah. Thank you.

Arun Aradhye: Thank you.

Moderator: Thank you, Bhargav. We'll take the next question from Raghav Maheshwari. Please go ahead.

Raghav Maheshwari: Congratulations on a great set of numbers. Sir, my first question would be around the capacity utilisation this quarter.

Aditya Menon: In Menon Bearings, bushing and washers, we are around 90% and in aluminium, aluminium castings we are around 65%. And Brakes, we are around at 60%, 65%. So there is still a lot of room for future expansion. Like we can -- like what numbers we have given for 2027, we don't have to go for a major new capacity.

Raghav Maheshwari: Right. Okay. And building up a question that the last participant had about the tariff on Menon Bearings like on the tariff in India. So, Menon Bearings Products are subjected to the 50% tariff, right?

Aditya Menon: Some products are most now the new law has come for HCV and LCV. That is like trucks, they are waived off the tariffs. So a lot of places, we are not like where the tariff doesn't apply to us. Wherever the other areas the tariff apply to us, majority of the tariff is burned by our customers. We also pay a small count. Our customer also helps us with that.

Arun Aradhye: So I will little clarify about that a little more. So far as our new business, we have started additional business with Allison. Earlier the tariff was 50%, now it has reduced to 25%.

Aditya Menon: And on that 25% also because of good relation and we have supported them during tough times, they share the burden with us.

Raghav Maheshwari: Understood. And margin expansion that we have seen, now we are standing at around 20.5% for this quarter. I wanted to know what drove this margin expansion this quarter?

Arun Aradhye: See, benefited from strong execution, healthy OEM demand and stable export orders. While we may not see the same growth rate every quarter, we believe the current run rate is sustainable. Over the medium term, we expect growth to be in line with industry trends supported by exports, new customer additions and gradual improvement in the replacement market.

While we could maintain and we will be maintaining the similar growth in future as well in terms of volumes as well as in the margins, we have taken proactive steps to see how we can counter volatility in the prices of raw material. A number of actions have been already taken by the management, which will definitely result in reduction in the raw material cost by about ₹60 lakhs to ₹70 lakhs per month which will be actually the burden of raw material prices per month will be around ₹70 lakhs, but this month, we will be able to reduce it due to process improvement by about ₹55 lakh to ₹60 lakh. And from the next month, it will be around ₹75 lakhs to ₹80 lakhs.

All actions have been already taken. And with this, we are sure that we will maintain the same margins, which are sustainable in future as well.

Aditya Menon: And Raghav, to add to this, like if you're following our company or these calls for the last one, two years, we've been telling about a strong order book, and we always said like it will be coming in third and fourth quarter and next year also. So whatever parts we developed for the last two years, we are benefiting those fruits now. Those new orders are coming in now and the SUVs are starting. So from the next quarter, you'll see similar growth for the next one year, one and half years.

Raghav Maheshwari: Yes. Do we have a number on order book?

Arun Aradhye: For this year, what we project that whatever order book position, if we consider that, we may reach up to ₹295 crores and next year, maybe around ₹350 crores and next year, ₹425 crores.

Raghav Maheshwari: That is the order book size, right?

Arun Aradhye: Yes, right.

Raghav Maheshwari: And what is the execution time line for this?

Aditya Menon: Right, like next two years. See, this year, we are going to finish around ₹290 crores. Next year, we're going to do around ₹340 crores.

Arun Aradhye: ₹350 crores.

Aditya Menon: ₹350 crores, a little bit conservative. So when the results come, you guys are a little bit more happy.

Raghav Maheshwari: Okay, thank you so much. That's all from my side. All the best.

Arun Aradhye: Thank you.

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

Arnav Sakhuja: Hi, congrats on a strong set of results. So my first question is, in the PPT, we've mentioned that we're planning to double the Alkop capacity from around 1,440 to 2,880 in the next two years. So I just wanted to understand, would we fulfil these orders in the future by potentially increasing wallet share from existing customers? Or would we try onboarding new customers to fulfil this demand?

Aditya Menon: Yes. Actually, we have already developed around 60 parts. Currently, wallet share from one customer, but it's not like one customer -- there are two customers actually, but we are not only doing India. We are doing their plants in Germany, their plants in USA, their plants in South America. It's like a new customer, but the main brand is like John Deere. We are doing John Deere USA, John Deere Europe, John Deere South America. So that's one place. At the same time, we are doing continuous efforts to get new customers also.

So there are new customers that are coming in because the quality of our product, the criticality, which we are able to achieve. So we are doing both at the same time. But this current growth is from current customers. But when I say current customer means John Deere India is a complete different group with a certain turnover. John Deere Europe is a certain group with like ₹10,000 crore turnover. John Deere U.S. is a huge company again separate. So it's like new customers for us.

Arun Aradhye: You can treat it as a new customer.

Aditya Menon: Because we get vendor code different for John Deere Europe, John Deere USA, John Deere in South America, in Brazil. It's like a new customer, but the brand name is same, but we get a vendor code different for all locations. So it's a mix of both. I don't know how to explain that. But yes.

Arnav Sakhuja: Okay. Thanks. I kind of got your point. So my next question is, in the PPT, you mentioned a couple of strategic investments that the company is undertaking for cost saving, one of which you mentioned in the opening statement as well, which is a ₹2.55 crores cost saving because of the solar installation. So what would be the total cost saving if you add all the various ventures that you are undertaking?

Arun Aradhye: See, one thing is electricity charges or power charges for one year, we are 100% sure that we should be able to curtail the expenditure on electricity by ₹2.25 crores per year. Apart from that, due to the process improvements improved yield in the raw material, we should be able to save at least ₹8 crores per year.

Aditya Menon: And at the same time, we're doing a lot of technical innovation and investments where we are not dependent on that much manpower. As going forward, manpower is going to get scarce, like also the PF like the salaries are getting increased like month by month, which is given to us by like the customers.

Arun Aradhye: We cannot pass on that.

Aditya Menon: So we are doing a lot of technical innovations to try to reduce manpower in the future. So which benefits will come by next year -- next to next year. So that's all the different things which we are doing, like technological innovation where we are not dependent on manpower too much.

Arun Aradhye: Wherever automation is possible to avoid rejection as well as improve the productivity. That is definitely going to help us so far as productivity is concerned and which in turn will result in the reduced cost per item or per component…

Aditya Menon: In the long run.

Arnav Sakhuja: Okay, thanks a lot for answering my questions. And congrats again on strong set of results.

Arun Aradhye: Thank you Arnav.

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

Disha: So just a couple of questions. Firstly, what is the total amount of CapEx we've incurred till now for this year? And what are we planning for the Q4 and for FY 2027?

Arun Aradhye: You see, so far as this year is concerned, we have already completed CapEx of around ₹15 crores. Additionally, for next two years what we have envisaged is around ₹20 crores.

Disha: Next two years you're saying, ₹20 crores, right?

Arun Aradhye: ₹20 crores.

Aditya Menon: And last two years, we have done around -- like Mr. Aradhye said, last year, ₹15 crores, before that we did ₹15 crores. So the major CapEx of building, land acquisition, all that has been completed. This ₹20 crore is just more technology, machine, more value addition what we can do to our products.

Arun Aradhye: What we have to do now is to sweat the assets.

Aditya Menon: Yes. So the main investment has been like we have done it. Yeah, somewhere.

Disha: All right. And you mentioned so like the Brake segment, we are seeing a lot of growth potential. So I think the current revenue mix around Bimetal is around 74%, 22% from Alkop and 3% from the braking system, right, for this quarter. So how do you see this product mix or the revenue mix changing going ahead?

Arun Aradhye: You see across all the segments, what we foresee that for this year, it will remain more or less constant. But next year, it will change. Maybe it can be about 65% to 68% in Bimetal, about 25% to 28% in Alkop and remaining in Brakes.

Aditya Menon: Bimetal is a parent company. It's been there from 1993 and Alkop is from 2008, 2010. And Brakes is two -- this is a baby company, two years old. So that's why the pie also looks similar. But we are doing efforts where Menon Brakes and Alkop will contribute more to the total pie chart.

Disha: All right. And what's the margin split between all these three sectors?

Arun Aradhye: See margin so far as EBITDA margins are similar in Alkop. In Aluminium as well as in Bearings it is similar. So far as Brakes is concerned, it is less because we have just started and recovery that is in process as soon as we increase the volumes, what we foresee what we have given for the next year is comparatively a conservative figure. But from about 12% to 13%, it may go up to 18% next year.

Disha: For the Brakes segment?

Arun Aradhye: Yes.

Disha: And what is the overall margin guidance for the next year?

Arun Aradhye: Next year margin is around 21% to 22%. Maybe next year, it is 21%. And next to next in 2028, it should be 22%.

Disha: And where do we see for this year on a consol basis?

Arun Aradhye: It is 20%.

Disha: 20% margins for an overall consol basis?

Arun Aradhye: Yes.

Disha: Okay, all right. That's it from my side. Thank you.

Arun Aradhye: Thank you.

Moderator: Thank you. We'll take the next question from Sucrit Patil. Please go ahead.

Sucrit Patil: Good afternoon to the team. My name is Sucrit Patil from Eyesight Fintrade Private Limited. I have two questions. My first question is as global auto and industrial demands shift towards electrification and lightweight components, how do you see Menon Bearings evolving its product portfolio to stay ahead of the competition? Could you share your vision for how the company plans to integrate new technologies and expand into emerging markets over the next, say, one to two years? This is my first question. I'll ask my second question after this. Thank you.

Arun Aradhye: Okay. Basically, so far as Bimetal division is concerned, it will not have any impact on this industry, our industry because we are not into Car segment. And whatever EV is coming, that is in the segment of passenger vehicles more, not in heavy vehicles or off-road vehicles, where we are very strong and we don't have any stake so far as passenger vehicles are concerned. So it will not have any impact on us. So far as EV is concerned and emerging market, so we are concentrating more on that through Menon Alkop, our subsidiary company, which will be explained better by Mr. Aditya to you.

Aditya Menon: Yes. So like Mr. Aradhye said, in engine bearing also, we are not in passenger cars. We are in HCV, LCV, tractors, transmission, earth moving equipment, our parts go to these kinds of vehicles where electrification won't come in the next five, 10 years because it's high power, high HP required. So in that way, we are very good. Also, like we make bushes. So we are trying to get PTFE bushes, not only for engine application, but other applications also like air conditioning, fridges, other areas.

And like Mr. Aradhye said, even electrification is coming and electric vehicles are coming through our Menon Alkop division, we are already developing parts for different electric companies that Tier 2 supplier to Tesla through Concentric Pumps. We do some parts for Porsche E-Mobility through Eaton Transmission. We even do electric parts for TACO Prestolite. It's a Tata Motors company, subsidiary company. So that goes to Tata Punch and Curvv. We do electric motor covers for them. So, we are also through Menon Alkop entering the electric -- joining the electrification. So that's our answer.

Arun Aradhye: So apart from that we are in the process of engaging one of the major customers for PTFE bushes, which are required for EVs. And the business volumes are to the tune of almost ₹1.25 crores a month. We have not finalised. The samples are under process, and we'll see what happens with. That will be in the interest of the company as well. And we are very sure that we should get that business, which will come in from the next year.

Sucrit Patil: Thank you. My second question is regards to finance and margins. With rising raw material cost and currency fluctuations impacting exports, what forward-looking steps are you taking to sustain margin expansion while continuing to invest in capacity and R&D. Specifically, how do you see operating leverage and cost efficiency playing out in the next coming quarters?

Arun Aradhye: See, as I already told you that so far as electricity charges are concerned, we should be able to bring it down by ₹2.25 crores per year. Apart from that, whatever initiatives that we have taken proactive measures that we have taken so far as process improvement and raw material yield is concerned, which again will save us around ₹8 crores to ₹9 crores per year. Apart from that, whatever automation that we are going to do, that will definitely help us in reducing rejection further so that more and more quantity is available for sale, that will again help in reduction in the total cost of the company.

With this and with the increased volumes so far as exports are likely to grow further. As I already told you that we are in the meeting with one of the major customers for business of bush. The volumes are likely to grow, which will definitely help in recovering the overheads. So more and more overheads will be absorbed by taking the measures to curtail the expenditure on raw material, electricity and to curb the expenditures which are wasteful. The steps have been already taken. And with this, we are very sure that we should be able to not only sustain the margins, but we are looking forward to see how we can improve the margins further.

Sucrit Patil: That's a good guidance from your part. And I wish the team best of luck for the next quarter. Thank you.

Aditya Menon: Thank you.

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

Himanshu Upadhyay: Yeah. Hi, good afternoon.

Arun Aradhye: Good afternoon, Himanshu.

Himanshu Upadhyay: Congrats on good numbers. I had two questions. In the previous quarter, we had spoken about potential business from a competitor for U.S. aftermarket where they had sent some 800 parts if I am not mistaken. You said that management will take some time to decide on that business, whether we'll go forward or not. Any thoughts have you made on that business? And what are your thoughts now post this quarter?

Arun Aradhye: Okay. We are in the process of verifying the feasibility of all these parts. We cannot go ahead with 800 parts at the same time. But at the same time, we are verifying which are having the more volumes with better pricing and which will add better number to our total numbers. We are selecting those items only. But at the same time, we have to understand that we can develop not more than four to five items or parts per month. So considering that, we are concentrating on the parts which are having more value addition with more volumes. And one by one, we are going to have this productionised over a period of time.

Aditya Menon: And there is a constant like, when they are given 800 parts, some parts are lucrative with high volumes and good margins. At the same time, some parts are more critical, less volume. So there's a back and forth discussion with the customer also. They want us to take some bad parts also. At the same time, we only want the good parts, which are high profitable. So it's still going in, what do you say? We are still in discussion. So it's not gone forward ahead, like we are waiting for the right what do you say...

Arun Aradhye: Partly, we have gone forward and probably after having report from them so far as the testing is concerned, we may start a business so far as out of 800 parts, some of the parts have been already developed and samples have been approved. And we are likely to get another business of ₹1 crores per month from April or May onwards.

Himanshu Upadhyay: Okay. And second was, if we look Alkop's numbers for the quarter and nine months, it seems domestic business has fallen, okay? So for last nine months, it was domestic, it's from 69% has come down to 62% of the revenue for Alkop. Any specific reason for that? Why would it have? Because we are seeing automotive, which has done pretty well, even engineering is doing well. So what would be the reason for domestic business coming down in Alkop?

Arun Aradhye: You see in some of the components where we were not having a good amount of value addition, we have taken a conscious decision to part away with those components. And at the same time, we are in the process of developing almost eight parts for domestic companies. And that business is likely to grow further and the mix-up of the business of export and domestic will remain same. The pie will remain same over a period of time.

Himanshu Upadhyay: And any new customers we would have added means on the domestic Alkop side?

Arun Aradhye: As Aditya already told you, so the John Deere is one customer as such, maybe domestic, but they are having different, different divisions, maybe in U.S.A. like Germany, U.S.A. and then South America, North America, some of the establishments in India as well. So we are developing that for John Deere as well as we are increasing the wallet share so far as Concentric Pumps and Eaton is also concerned.

Aditya Menon: We are exploring new customers also. But it takes like I told you, it takes three months, six months, new customer, they have to have belief in our technology, there are audits that are happening. So in continuous process of that. And also, like Mr. Aradhye said, we are looking more at export like done a lot of export stuff because we are getting better margins and better rates for export. That's why a little bit focus is on that side. Like what you meant by saying why domestic has fallen a little bit, some parts where while doing the casting, fettling brings value addition, the margin is not that high.

So as management, we are taking decision. Should we do this, it's not donkey works. Should we do this for such low margin just because we are having a relation for 10, 15 years? Or should we go for a more lucrative or more attractive business. So we are taking some of those calls also now. So that will be over by this quarter. By next quarter, next two quarters, you will see a better pie chart between export and domestic.

Arun Aradhye: Further, we are in discussion with other four customers, a very big customers, so that is in pipeline, and it will be successful. What I feel that it will take another five to six months.

Himanshu Upadhyay: We have not lost any customer on Alkop. It is just we are restructuring the business already...

Arun Aradhye: Correct. Absolutely.

Aditya Menon: Just making the product mix better, so we get better value. Making the product mix more efficient, so our margins are better.

Himanshu Upadhyay: Okay. Thank you. I'll join back in the queue.

Moderator: Thank you. We'll take the next question from Shubham Jain. Please go ahead.

Shubham Jain: Pretty much all of my questions are answered, but I have some specific questions. On the railway front, what's exactly the issue with dynamometer, why it's getting delayed and such?

Arun Aradhye: You see, we have already given the order for dynamometers and another two, when we ordered last time to one of the manufacturers of dynamometers, but unfortunately since he had to leave the country and go to U.S.A., he could not complete that. Because of that, it is delayed. We have now given to another manufacturer and he has given the assurance that it will be completed within a period of four months from now.

Since the registration with railways is always -- already completed, and we are likely to get that along with quality checking for not only railway, for OEMs as well. So fingers crossed, that is the key for railway business as well as OEMs.

Aditya Menon: Yes. And it's dynamometers are very clear, like it just sounds simple, but it's a very critical equipment. So we have gone and like done our audits and seen who's capable of doing it or not. Finally, found this party in Pune, who is ready to do it. And according to our specs, we want to do it in a higher capacity and also next five, 10 years, we don't have to invest another dynamometer. So the old guy couldn't do it, and there are other XYZ reasons, which we had to pull out also. We didn't want to get stuck there. So this is a new person we have after a lot of inspection and final audits, we have finalised him.

So after this dynamometer comes in the next four, five months, we should be good to go for railway. We finished all the other paperwork, other registrations for railway. But the main thing is that you should have a dynamometer in-house. So we had a few discussions with them, if we could do third party for the first few months and all, but they were very persistent on having an in-house dynamometer. So as management, we finally found the right candidate to get a dynamometer done according to our special specifications. So for the next four, five years, we don't have to go for another dynamometer or another changes in that.

Shubham Jain: Right. And on the CapEx side, we have ₹20 crores of CapEx left to be incurred, right?

Arun Aradhye: Yeah. So that is over a period of two years.

Aditya Menon: Two years, yeah.

Shubham Jain: Right. So 10 each, I guess, next two years? Okay.

Aditya Menon: Roughly, depending how order book comes.

Arun Aradhye: Maybe in the remaining period in this quarter, we may be incurring expenditure to the tune of around ₹3 crores and rest ₹17 crores consolidated basis, we have to incur during next two years.

Aditya Menon: And it is like how we have already submitted all the samples and all. As soon as the samples are approved, production have start, we just have to order the required machinery. We don't want to do it too early or too late to have a good cash flow or not use our funds in a wrong way.

Arun Aradhye: So I can give you the tentative details. So for Alkop is concerned, we will have to incur CapEx of around ₹7 crores in the next two years in Bearing about ₹7 crores and in Brakes around ₹6 crores.

Aditya Menon: This is a roughly breakup.

Shubham Jain: And on the Alkop side, as you have mentioned, John Deere, right? It should be based I mean, analysed as if it's five different companies as such. So where is the major growth coming in from a geographical point of view?

Aditya Menon: I would say more of exports.

Shubham Jain: No, I mean from which geography of the world.

Aditya Menon: Germany, export, Europe and U.S.A. Those are the two driving more big exports. At the same time, John Deere is there, at the same time, talking to Brakes India; GPP, Ghaziabad Precision. Then there's the Allison, Miyakawa. So there are different, but I want to. In this meeting, I want to tell you 100% concrete. The other ones are 70%, 80% done. They will get converted. So when they get converted, I'll take those names also. I don't want to give you a false hope or wrong names. So maybe next meeting, I can, when the order is confirmed, when I have PO in my hand, I can give you those names.

Arun Aradhye: So those are in the pipeline.

Aditya Menon: Yeah.

Shubham Jain: Thank you. That's it for me.

Moderator: Thank you. We take the next question from Raghav Maheshwari. Please go ahead.

Raghav Maheshwari: So I just wanted to understand more on the ex-work revenue booking that you were talking about with the previous participant. So what impact will it get us on our cash conversion cycle on a consolidated basis?

Arun Aradhye: On a consolidated basis, the cash conversion, whatever you are telling you, it will drop down from 180 days to almost 30 days. That is amazing we can save much -- so far as interest is concerned on working capital. At the same time, while we will be saving huge costs on account of interest, because of ex works, we will have to shell with some of the margins so far as shipment costs are concerned, tariff is concerned, then interest is concerned.

So maybe around some of the business will be impacted by 15% probably. But at the same time, margins will remain same because we will be reducing the cost by about 20%. On the contrary, 5% margin will be increased.

Aditya Menon: And again, as management, we have safety, like we are doing ex works. There's no pressure of third external factors affecting us. So maybe margin here and there might be affected marginally. But at the same time, we have peace of mind and everything is in our hand. We have less external factors affecting our business.

Raghav Maheshwari: And are we planning to do this for the entire business or just the export or like what?

Aditya Menon: This only happens for exports. So we are trying to get it done for all our U.S. exports.

Raghav Maheshwari: Okay, all U.S. exports.

Aditya Menon: But I can't promise you it will happen for all. It's in customers' hand. So it's a negotiation, it's a dialogue to have with the customers. So wherever it can happen, it's good for us. Wherever not, we'll try to minimise the risk as much as possible.

Arun Aradhye: But we are sure that almost 90% of the exports will be covered under ex works.

Aditya Menon: That gives peace of mind in the long run.

Raghav Maheshwari: So this 130 days to 30 days, this will happen once the 90% of exports are converted into ex works, right?

Aditya Menon: Already actually 60% to 70% of exports are ex works even currently.

Raghav Maheshwari: Okay, got it. Thank you.

Moderator: Yeah, thank you, Raghav. We'll take the next question from Keshav Kumar. Please go ahead.

Keshav Kumar: On the Bimetal front, would you be able to tell how much of our exports come from EU and U.S., if you could give a split between the two?

Arun Aradhye: See majority of the exports are to the U.S.A. Almost 60% to 65% export is to U.S.A.

Keshav Kumar: Okay. And if this EU FTA happens, then how difficult or easy would it be to scale the EU business considering the business is sticky, and therefore, it's difficult to dislodge the competitors.

Arun Aradhye: We don't see any issues. So far as you see, recently, in the last week only, one of the major customers, John Deere, they have visited our factory Bimetal for global sourcing for all the plants across the globe. And especially for Europe and specifically for Germany.

Aditya Menon: I think if quality and technology, if your delivery is on time, other factors are workable. There are not loopholes. You can work around. If your product is strong, if your communication with them is strong, technologically, you are achieving the quality, delivery is on time. The other factors are 10%, 20% in the challenge of the 100% business.

Arun Aradhye: And what we learned from the discussion we had with them that China Plus One policy is getting further momentum now.

Aditya Menon: Yeah. They're implementing that even more.

Arun Aradhye: And they are looking at India as a major source.

Aditya Menon: Yes.

Keshav Kumar: So say, this FTA happens, is the EU opportunity size equally big? Or would U.S. be the bigger focus for us, say, for the next five to seven years?

Arun Aradhye: U.S.A. will be the major focus.

Aditya Menon: Yes. U.S.A is still our -- we've been exporting there for the last 30 years. So we have a good base there, good customer relation also. And if EU gets better, there's no harm in exploring EU also. We can't say which is focused, whichever is more lucrative and if EU also grows at that rate, both will have equal priorities, not like one has less priority or another has less priority.

Arun Aradhye: So far tariffs have not impacted our business.

Keshav Kumar: I was asking about the opportunity size, not the, I mean, priority. But just like arithmetically, if I can get some sense.

Aditya Menon: Currently, U.S. is like bigger size-wise for us, either markets. Yes. But in EU comes, we are making good like good size of business there, why not? I don't know what to give you answer here, but like currently, U.S. is our big export goes there. We have a warehouse there, team there.

Arun Aradhye: Then again, we have tapped the South African market as well. That is a business of around ₹6 crores to ₹7 crores per year that we have already backed. There we export. We are already catering to the African market through distributor in Dubai.

Keshav Kumar: Understood. Thank you. That's it all from my side. All the best.

Moderator: Thank you, Keshav. We'll take the next question from Darshan Gala. Please go ahead.

Darshan Gala: Good afternoon. I would just like to know when you say that now we have to sweat our assets. So what is the asset turns in peak level we can achieve from the capacity which we have currently and the CapEx which we might do...

Arun Aradhye: It will be almost 2.5.

Aditya Menon: Yes, 2 to 2.5.

Darshan Gala: All right, that's it from my side.

Moderator: Thank you, Darshan. We'll take the last question from Madhur Rathi. Please go ahead.

Madhur Rathi: Thank you for the opportunity. I wanted to understand, you mentioned that in the Brakes segment, our margins are currently in the 12%, 13% range, and that could go to 17%, 18%. So what would lead to this such huge margin increase? Is it that the dynamometer when it caters to railway, our margin profile will increase significantly or is something else other than this?

Aditya Menon: Actually, like you said, that also is one point. Currently, we are only 60% utilisation. So 40% utilisation currently we are not doing. So automatically, when you go out to 80%, 90% utilisation, your margins get better. So currently, we are only at 60% utilisation of the whole plant. So second shift is half running, third shift is not running.

Arun Aradhye: So you are in the finance, you also know how we can recover and absorb the overheads. So as the volumes grow which will set the margins.

Madhur Rathi: So I'm just looking at our competitors, Rane Brake and Sundaram Brake Linings, these guys do very little margins versus what we are targeting, so is our product profile different from them? Or I'm not trying to understand how can a big large OEM give us margins when our competitors are making so little margins?

Arun Aradhye: You see, they are concentrating more on aftermarket, where the value addition is definitely very less because we have to have a total network throughout India and the cost of establishment and selling and distribution is always higher. But at the same time, when a big giant, automotive giant is coming and visiting our factory in the next month, and we are absolutely sure that we may get additional business of ₹1 crores to ₹1.5 crores a month, where the cost involved is definitely almost 0 so far as marketing is concerned. That is definitely going to add to the margins.

Aditya Menon: And I don't want to compare with competitors then for Bimetal also, you check all our competitors. Bimetal Bearings, Federal-Mogul KSPG, you check their margin 6%, 7%. Then you'll ask how can I do 18%, 20%. That is our manufacturing capabilities, and that's why we're doing well for the last 20 years.

Madhur Rathi: Right. So that's very good to hear. Just a final question from my end. If I look at our aluminium casting business, we are just based on the 60%, 65% utilisation that we are doing currently, I am getting that we do close to ₹2 lakhs to ₹2.2 lakhs per metric ton realisation, whereas some of the larger players do ₹4 lakhs, ₹4.5 lakhs. So how do we plan to bridge this gap by either doing more complex products or doing the 38 products that you mentioned that are in the pipeline. So how do we plan to bridge this gap?

Arun Aradhye: You see, when we look at the total part, we have developed for exports and for domestic. So the total is 51 parts. And the total volumes that are looking at is almost ₹30 crores over a period of 1.5 years, the items which are already developed, which have been approved since for one or the other reason in European countries, some of the projects have been postponed by that customer.

And that's why we were looking at this business to start our productionised by the end of this year last quarter. It is postponed to some extent and maybe that will be productionised during the entire next year. So all those items will be productionised one by one, one by one. So that per year impact maybe if we consider half of the year for the next year, ₹15 more crores of new business will be added during the next year and another ₹15 crores of business in the next year.

Aditya Menon: This is confirmed numbers.

Arun Aradhye: Confirmed.

Madhur Rathi: Got it. And in your investor presentation, you have given that we expect to generate ₹50 crores to ₹60 crores incremental revenue within two years. So where will this rest of ₹45 crores come in from?

Arun Aradhye: See, we have already increased our wallet share with the existing customers as well. Then addition of new customers, what we discussed just now, that is in the pipeline. And we are sure that we will be able to grab that business as well so that there will be addition of ₹50 crores, ₹60 crores during the next two years, 100%.

Madhur Rathi: Got it, that was from my side. Thank you so much and all the best.

Arun Aradhye: Thank you.

Moderator: Thank you, Madhur. Since that was the last question. Would you like to give any closing comments?

Arun Aradhye: So we are very much thankful for the investor community as well as to our all stakeholders and our customers, bankers, everybody, including Menon Kaptify. You see, Kaptify our IR. They're excellently doing well. They are having very well coordination with all the investor community. And I look forward for more and more investors to come here and see the facilities so that they can appreciate and spread a word of appreciation amongst all the community across the country.

So I will be very thankful if they come and visit the factories. I request Kaptify to arrange such visits in the future as well as during this quarter as well. So that we'll be very happy to welcome all of you. Thank you very much again, and wish you again a very happy and prosperous New Year.

Moderator: Thank you. Thank you to the management team. And thank you to all the participants for joining on this call. This brings us to the end of this conference call. Thank you.

Arun Aradhye: Thank you.

Aditya Menon: Thank you.