

# Menon Bearings Limited

Investor Presentation

Q2 & H1FY24



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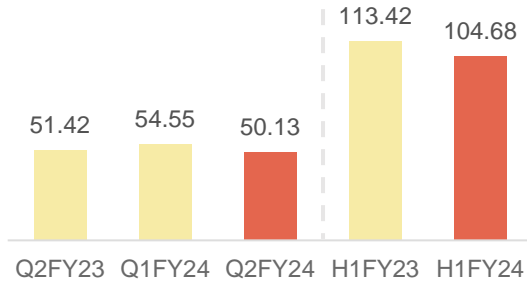
**01**

**Key  
Performance  
Highlights**

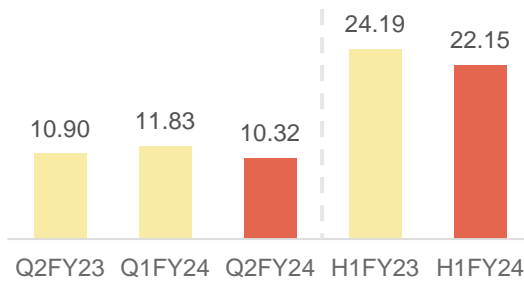


# Key Performance Highlights

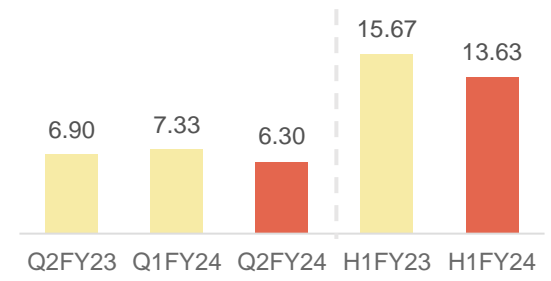
Revenue (Rs. in Crs)



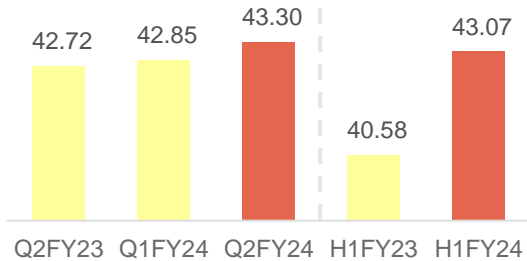
EBITDA (Rs. in Crs)



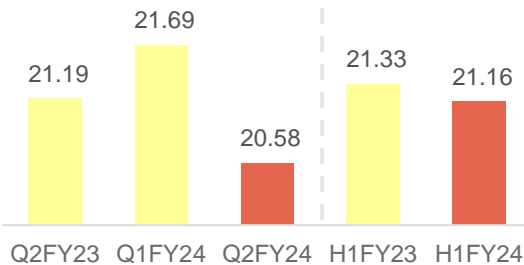
PAT (Rs. in Crs)



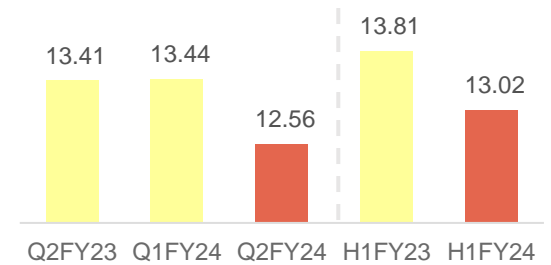
Gross Profit Margin (%)



EBITDA Margin (%)



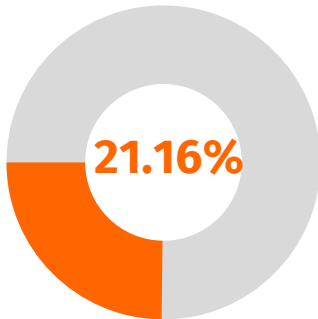
PAT Margin (%)



# Key highlights for H1FY24

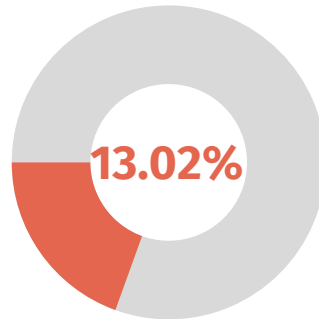
1

**EBITDA Margins**



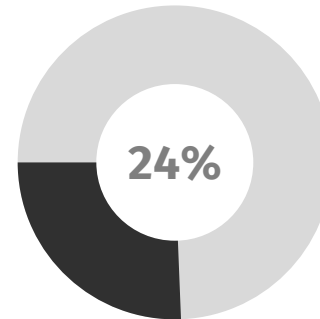
2

**PAT Margin**



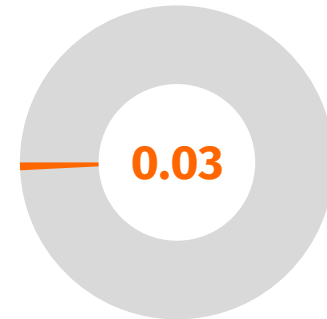
3

**ROE (TTM\*)**



4

**Net Debt to Equity**



\*TTM – Trailing Twelve Months

# Standalone Income Statement – Q2FY24

| Particulars (Rs. in Crs)       | Q2FY24       | Q1FY24       | Q2FY23       | YoY (%)           | QoQ (%)            | H1FY24        | H1FY23        | YoY (%)           |
|--------------------------------|--------------|--------------|--------------|-------------------|--------------------|---------------|---------------|-------------------|
| <b>Revenue from Operations</b> | <b>50.13</b> | <b>54.55</b> | <b>51.42</b> | <b>-2.52</b>      | <b>-8.11</b>       | <b>104.68</b> | <b>113.42</b> | <b>-7.70</b>      |
| Operating Expenses             | 28.43        | 31.18        | 29.46        | -3.49             | -8.82              | 59.60         | 67.39         | -11.56            |
| <b>Gross Profit</b>            | <b>21.71</b> | <b>23.38</b> | <b>21.97</b> | <b>-1.20</b>      | <b>-7.15</b>       | <b>45.08</b>  | <b>46.03</b>  | <b>-2.06</b>      |
| <b>Gross Profit Margin (%)</b> | <b>43.30</b> | <b>42.85</b> | <b>42.72</b> | <b>57.56 bps</b>  | <b>44.48 bps</b>   | <b>43.07</b>  | <b>40.58</b>  | <b>248.14 bps</b> |
| Employee Cost                  | 8.79         | 8.74         | 8.22         | 6.88              | 0.57               | 17.52         | 16.26         | 7.77              |
| Other Expenses                 | 2.60         | 2.81         | 2.85         | -8.83             | -7.36              | 5.40          | 5.58          | -3.12             |
| <b>EBITDA</b>                  | <b>10.32</b> | <b>11.83</b> | <b>10.90</b> | <b>-5.30</b>      | <b>-12.80</b>      | <b>22.15</b>  | <b>24.19</b>  | <b>-8.42</b>      |
| <b>EBITDA Margin (%)</b>       | <b>20.58</b> | <b>21.69</b> | <b>21.19</b> | <b>-60.58 bps</b> | <b>-110.90 bps</b> | <b>21.16</b>  | <b>21.33</b>  | <b>-16.67 bps</b> |
| Other Income                   | 0.98         | 0.61         | 1.07         | -8.44             | 61.78              | 1.59          | 2.05          | -22.40            |
| Depreciation                   | 2.08         | 2.05         | 2.01         | 3.73              | 1.33               | 4.13          | 3.97          | 4.20              |
| <b>EBIT</b>                    | <b>9.22</b>  | <b>10.39</b> | <b>9.96</b>  | <b>-7.46</b>      | <b>-11.24</b>      | <b>19.61</b>  | <b>22.27</b>  | <b>-11.96</b>     |
| Finance Cost                   | 0.88         | 0.58         | 0.81         | 7.82              | 50.69              | 1.46          | 1.43          | 1.81              |
| <b>Profit before Tax</b>       | <b>8.34</b>  | <b>9.81</b>  | <b>9.15</b>  | <b>-8.82</b>      | <b>-14.91</b>      | <b>18.15</b>  | <b>20.84</b>  | <b>-12.90</b>     |
| Tax                            | 2.05         | 2.48         | 2.25         | -9.11             | -17.23             | 4.52          | 5.17          | -12.53            |
| <b>Profit After Tax</b>        | <b>6.30</b>  | <b>7.33</b>  | <b>6.90</b>  | <b>-8.72</b>      | <b>-14.13</b>      | <b>13.63</b>  | <b>15.67</b>  | <b>-13.03</b>     |
| <b>PAT Margin (%)</b>          | <b>12.56</b> | <b>13.44</b> | <b>13.41</b> | <b>-85.38 bps</b> | <b>-88.09 bps</b>  | <b>13.02</b>  | <b>13.81</b>  | <b>-79.71 bps</b> |
| <b>EPS</b>                     | <b>1.12</b>  | <b>1.31</b>  | <b>1.23</b>  | <b>-8.72</b>      | <b>-14.13</b>      | <b>2.43</b>   | <b>2.80</b>   | <b>-13.03</b>     |



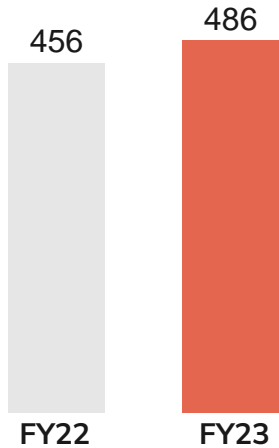
02

# Way Forward

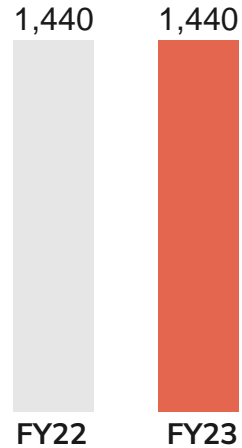


# Current Capacities & Capex Plan

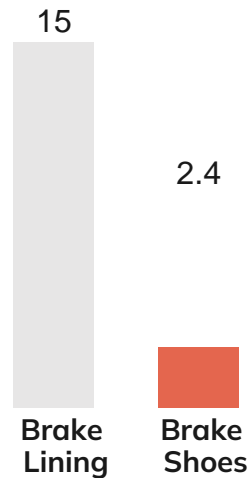
Bi-Metals Capacity  
(in lakhs)



Alkop Capacity  
(in MT)



Brake Capacity (lac pcs)  
(FY24 onwards)



Planned capex ₹ 30 Cr  
till FY25

Bi-Metal  
Division

40%

to cater to  
increased  
market  
demand

Alkop  
Division

60%

to be allocated  
to higher  
margin Alkop  
division

Capacity Utilisation

|     |     |     |     |
|-----|-----|-----|-----|
| 70% | 68% | 70% | 70% |
|-----|-----|-----|-----|



# Way Forward

## Expand Capacities

Planned a capex of ₹ 30 Cr till FY25 on Plant & Machinery of which 40% (Bi-Metal Division) and 60% (Alkop Division)

## New Products

Manufacturing of eco-antifriction (asbestos free) products used in braking systems like brake lining, brake shoes etc

## Capitalise on strong network

Leveraging the existing supply network and a strong relationship with the OEMs for the brake segment products

## Focus on high margin products

No Capacity Constraint - Land parcel available for future growth expansion in newer products segments to capture market growth

## Target growth in export markets

With growth in Exports at more than 25% per annum, plans afoot to add Africa & Latin America through large distributor network



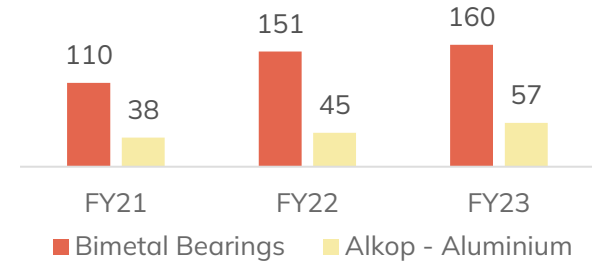
03

# About Us

# About Us

- ❑ India's Leading Engine Bearing Manufacturer
- ❑ Operates in 3 key business areas
  1. **Bimetal Products**
  2. **Alkop** (Aluminium Die Casting)
  3. **Braking Systems** (Brake Lining & Brake Shoes)
- ❑ Catering to industries not impacted by advent of EVs
  1. Light & Heavy Commercial Vehicle Engines
  2. OTRs & Tractor Engines
  3. Industrial Engines
  4. Compressors for Refrigerators
  5. Pumps, Braking Systems, Axles etc.
- ❑ **Market Leader** in the engine bearings segment and a dominant source for top auto OEMs across the world
- ❑ Manufacturers of **highly critical moving engine components** that operate in high temperature, RPM & pressure, inside engines with high payloads
- ❑ Strong **Brand Equity** and Network
- ❑ Strongly positioned in India and globally with **exports to over 24 countries**
- ❑ **Fully integrated** manufacturing facilities **under one roof**

Revenue Breakup (in ₹ Crs)

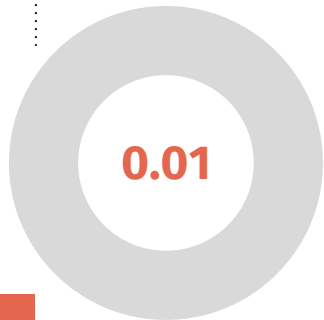


# Key Financial Highlights

1

## Net Debt / Equity

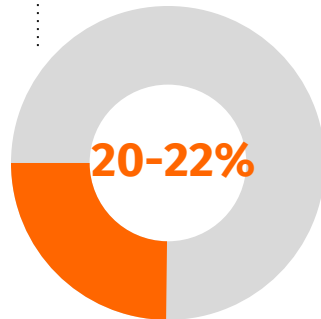
Aiming to become NIL in FY24



2

## EBITDA Margins

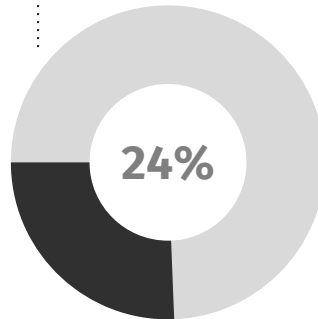
Our Minimum Target EBITDA Margins expected from our key businesses



3

## ROE

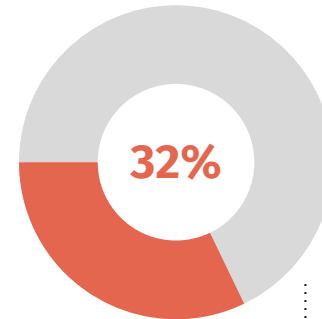
Last 8 years Avg. ROE



4

## ROCE

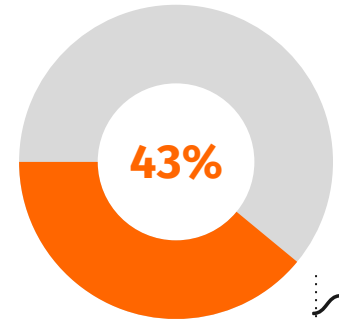
Last 8 years Average ROCE



5

## Dividend Payout

Average Dividend Payout for last 10 years



# Key Business Highlights

## 4 Units

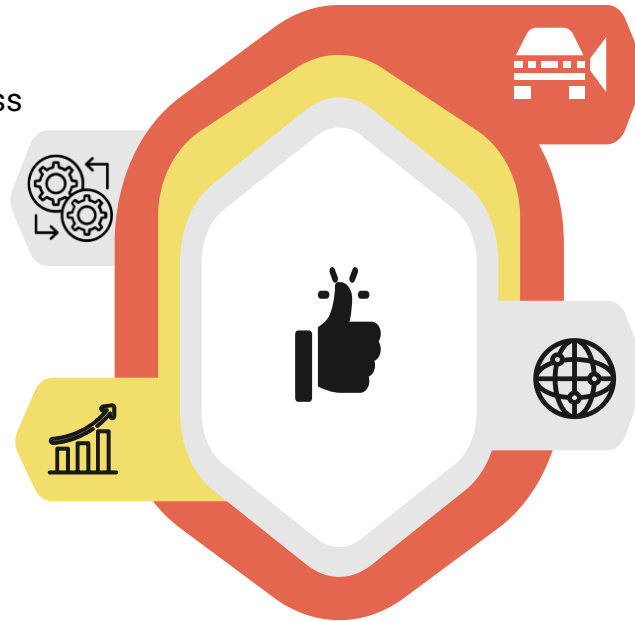
3 Plants in Kolhapur, India across 27 acres.

1 Office & Warehouse in Indianapolis, USA.

## Oligopoly

Operating in a 4 Player market in India.

Only Indian Company in the Engine Bearings Segment.



## M&HCV , OTR ,Tractor, Industrial

Segments where we are operating. Catering to Industries & Applications which will have low impact from shift to Electric Vehicles

## 24+ Countries / 30% Revenue

Exporting to over 24 countries including USA, Brazil, Mexico, Netherlands, Africa, Japan

Competes against Global players

# Board of Directors



**Nitin Menon**  
Executive Chairman

Mr. Nitin Menon is an industrialist and has rich and varied experience in Automobile Sector. Associated with the Company since inception and lead the setup of 3 operational plants at Kolhapur



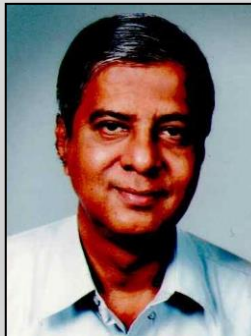
**R. D. Dixit**  
Managing Director

Mr. Dixit has worked with the Menon Group for more than 54 years and is engaged in day-to-day activities of the company and is responsible for overall management of the company. He is a B.E. (Mechanical)



**Arun Aradhya**  
Whole Time Director & CFO

Mr. Aradhya is associated with the company for more than 11 years. He is responsible for finance, corporate administration, corporate image and relationships. He has a vast experience of more than 41 years in fields like Engineering, Auto, Manufacturing, Industry etc



**M. L. Shinde**  
Independent Director

Mr. Mukund Laxman Rao Shinde has vast experience of more than 40 years in the fields of Finance, Accounts, Corporate Laws, Taxation, etc.



**Kailash A. Nevagi**  
Independent Director

Kailash Nevagi leads a team of lawyers as a Partner & Director at Abhay Nevagi and Associates and has wide experience of more than 30 years



**Dr. Santosh Prabhu**  
Independent Director

Mr. Santosh Prabhu is a renowned Neurological and Spinal Surgeon. He is a member of many international bodies like World Federation of Neurosurgeon

# Diversified Marquee Clientele across Industries

Industry diversified revenue thereby **reducing dependency** on any Industry

## Engine & Commercial Vehicle (HCVs & LCVs)



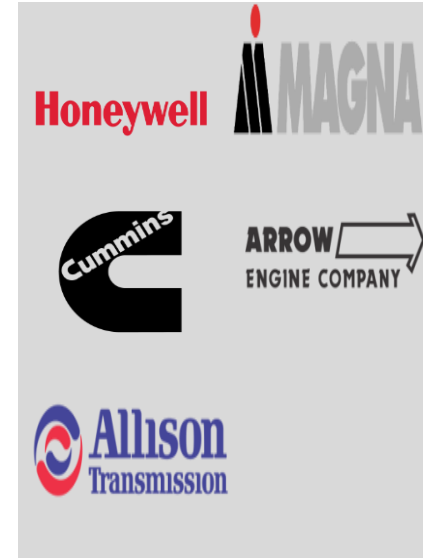
## Tractors



## Electrical & Industrial Applications



## Exports



No single customer contributes more than **10-12%** of business

The Brand Names mentioned are the property of their respective owners and are used here for identification purposes only





# State of the Art Manufacturing Facilities

## 3 Plants in Kolhapur

Strategically located manufacturing facilities in Kolhapur, Maharashtra, spread over an area of **27 acres**



## Warehouse & an Office

in Indianapolis, USA.



### In-House

Design & Development Facilities

Alloy Powder Manufacturing

Strip Manufacturing

Machining PTFE Coating

Among the few companies to have facilities to produce next generation parts through lead-free material to ensure the future emission norms



# 1. Bi-Metal Products

## Bearings

- Bearings for Connecting Rods
- Bearings for Crank shafts
- Flanged Bearings
- Trimetal Bearings



30 to 175 mm dia

## Bushes

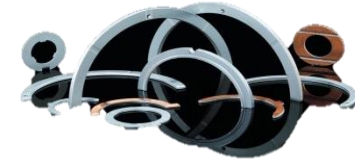
- Truncated Bushes for Connecting Rods
- Ball Indented Bushes
- Bushes for Connecting Rods
- Cam Shafts, Rock Shafts
- Rocker Arms



15 to 130 mm dia

## Thrust Washers

- Washers with Thrust Face Contours
- Ring Type Thrust Washers



40 to 225 mm dia

## Applications



**Automotive Engines**



**Compressors**



**Generators**



**Stationery Engines**



**Earth Movers**



**Marine Engines**

# 2. Alkop (Aluminium Die Casting)

Aluminum Products with wide range of applications

High Pressure Aluminum Die Cast & Machined Component



Gravity/ Tilt Gravity Aluminum Die Cast & Machined Components



## Applications



Automotive Engines



Compressors



2W/3W



Oil & Gas



Pumps



Safety Equipment

# 3. Braking Systems (new products)

New Product Line in eco-antifriction (asbestos free) materials and products like Brake Lining, Brake Shoes

**Asbestos Free – Environment friendly**  
Eco-friendly brake friction materials are formulated without asbestos, copper, lead, tin, antimony trisulfide to minimize their potential negative environmental impacts

**Non-Asbestos Organic (NAO) Brake Lining** is made from organic materials like rubber, glass etc

**Focus on M&HCV Segment; Aftermarket**  
Company continues to focus on its strong customers segment in M&HCV segments and mainly the Aftermarket segment owing to its strong dealer network across India

**Installed capacity**

- 15 lakh units/annum for Brake Lines
- 2.4 lakh units/annum for Brake Shoes



## Applications



LCV



LCV



HCV



HCV

# In-House Engineering & Development



01

## In house Machine Building Capability

Engineering Department to Design SPM, Tooling, Gauges & Fixtures using Solid Works & Auto CAD which ensures First Time Right Samples & minimum development time

02

## In-House Tool Room for faster Development

In-house Tool Room consist of Turning m/c, Boring m/c, Bench Grinders, Center less Grinders etc. for faster and precise tooling development

03

## Dedicated team of Experienced Engineers

Dedicated team of Experienced Engineers having expertise in various engineering applications & problem-solving skills to provide total Engineering Solutions to our customers



Significant savings in Cost due to in-house development of machines & tooling capabilities offer us competitive advantage over peers

# Quality Assurance



## Inspection and Testing

- ❑ Quality is an online & continuous activity integrating people, communication, process controls, designing, engineering, production & inspection departments
- ❑ Usage of sophisticated equipment's in inspection
- ❑ Testing technology calibrated to world standards



## Quality Flow

- ❑ Quality flows from our people through our processes to our product
- ❑ Precision machines ensuring speedy & high quality of Tooling
- ❑ Data driven continuous quality improvement systems are implemented by means of Lean/Six Sigma Tools



# Formidable Reach & Brand Equity in the After-Market

Retail field relationships build & nurtured for over 2 decades



Products present at 10,000+ retail outlets across India



Robust network of 1,000 dealers & distributors



Our aftersales network serves a national community of 30,000+ mechanics & reborders



Strong marketing team of 40 executives across India, trained to provide technical support services to mechanics



# Key Competitive Advantages

## High Entry Barrier

Higher gestation in product approval cycle among suppliers due to technical nature of the products

## In-house Machine Building Capacity

We build our own Tools and Machines which gives us an edge to make competitive priced products

## Diversified Product Portfolio

Capabilities of manufacturing wide range of products and entering into new supplementary products segments



## No Capacity Constraint

Land parcel available for future growth expansion in newer products segments to capture market growth

## Wide end User Industry

Wide product portfolio catering to multiple sector, thereby de-risking the cyclical nature of any industry

## Long Standing Relationship

Long standing relationships with customers with approvals in place

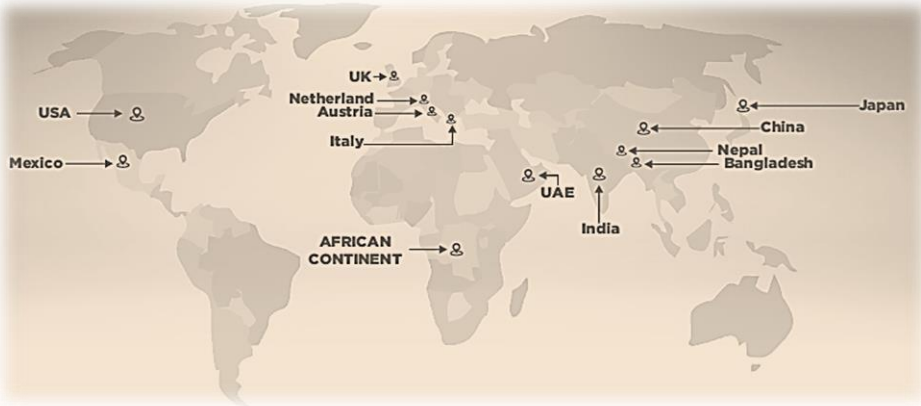


# Market Size & Opportunity

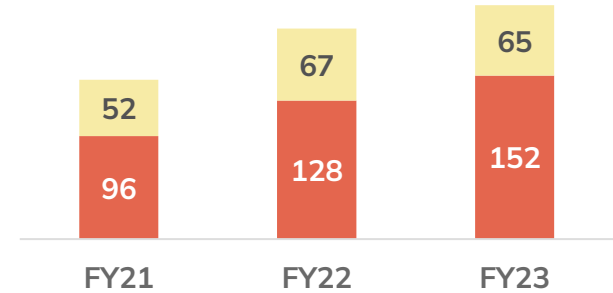
## Domestic market size per annum

- ❑ Engine bearings ~Rs 1,000 crores
- ❑ Aluminium casting products ~Rs 6,000 crores
- ❑ Brake segment ~Rs 2,000 crores

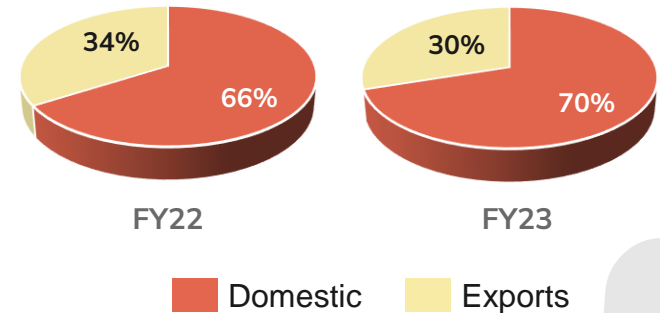
Exporting to 24+ Countries & plans to reach Africa & Latin America through large distributor network



## Revenue (Rs. In Crs)



## Revenue (%)




# Industry Growth Drivers



## Growing per capita income driving demand

Uptrend in per-capita income and breach of \$2,450 level by FY23 will trigger auto demand. Middle class segment to constitute ~62% of India's population by FY25 and drive consumption.

## Growing investments in Manufacturing




India cementing its position as a global automotive R&D hub, with many MNC's setting manufacturing and R&D base. Ample availability of a low-cost and skilled workforce. Automobile sector to attract USD 8-10 bn in local and foreign investments by 2023



## Domestic demand and indigenization by MNC's

Indigenization levels for most major domestic and foreign OEMs have been on the rise. Premiumization in demand is spawning domestic ancillary base. Explosive demand in entry level segment also giving impetus to cost effective manufacturing.

## Policy initiatives to drive manufacturing



PLI schemes in auto and auto-component sector with financial outlay of INR 57,042 Crores. GOI to spend \$1.4 trillion on infrastructure by 2025. GOI's vehicle scrappage policy to boost replacement demand



04

# Annual Financials

# Standalone Income Statement

| Particulars (Rs. in Crs)           | FY21          | FY22          | FY23          |
|------------------------------------|---------------|---------------|---------------|
| <b>Revenue from Operations</b>     | <b>147.87</b> | <b>195.40</b> | <b>216.94</b> |
| Operating Expenses                 | 79.42         | 116.22        | 122.85        |
| <b>Gross Profit</b>                | <b>68.45</b>  | <b>79.17</b>  | <b>94.1</b>   |
| <b>Gross Profit Margin (%)</b>     | <b>46.29%</b> | <b>40.52%</b> | <b>43.37%</b> |
| Employee Cost                      | 25.18         | 28.81         | 32.10         |
| Other Expenses                     | 10.38         | 10.28         | 11.46         |
| <b>EBITDA</b>                      | <b>32.89</b>  | <b>40.08</b>  | <b>50.53</b>  |
| <b>EBITDA Margin (%)</b>           | <b>22.24%</b> | <b>20.51%</b> | <b>23.29%</b> |
| Other Income                       | 3.03          | 2.61          | 2.92          |
| Depreciation                       | 7.48          | 7.75          | 7.92          |
| <b>EBIT</b>                        | <b>28.44</b>  | <b>34.94</b>  | <b>45.54</b>  |
| Finance Cost                       | 3.57          | 2.59          | 2.91          |
| <b>Profit before Tax</b>           | <b>24.87</b>  | <b>32.35</b>  | <b>42.63</b>  |
| Tax                                | 6.07          | 7.82          | 9.91          |
| <b>Profit After Tax</b>            | <b>18.80</b>  | <b>24.53</b>  | <b>32.72</b>  |
| <b>Profit After Tax Margin (%)</b> | <b>12.71%</b> | <b>12.56%</b> | <b>15.08%</b> |
| <b>EPS</b>                         | <b>3.35</b>   | <b>4.38</b>   | <b>5.84</b>   |

# Standalone Balance Sheet

| Equity & Liabilities(Rs. in Crs)      | FY21          | FY22          | FY23          |
|---------------------------------------|---------------|---------------|---------------|
| Share Capital                         | 5.60          | 5.60          | 5.60          |
| Reserves & Surplus                    | 93.11         | 106.38        | 127.83        |
| <b>Total Equity</b>                   | <b>98.72</b>  | <b>111.98</b> | <b>133.44</b> |
| Financial Liabilities                 |               |               |               |
| (i) Borrowings                        | 12.97         | 6.64          | 5.79          |
| Deferred Tax Liabilities              | 4.34          | 4.28          | 3.67          |
| <b>Non-Current Liabilities</b>        | <b>17.30</b>  | <b>10.93</b>  | <b>9.46</b>   |
| Financial Liabilities                 |               |               |               |
| (i) Borrowings                        | 16.21         | 16.64         | 8.85          |
| (ii) Trade Payables                   | 12.61         | 13.19         | 12.56         |
| (iii) Other Financial Liabilities     | 8.76          | 8.94          | 7.35          |
| Other Current Liabilities             | 1.19          | 1.65          | 10.12         |
| <b>Current Liabilities</b>            | <b>38.77</b>  | <b>40.42</b>  | <b>38.89</b>  |
| <b>Total Equity &amp; Liabilities</b> | <b>154.79</b> | <b>163.33</b> | <b>181.79</b> |

| Assets (Rs. in Crs)                       | FY21          | FY22          | FY23          |
|---|---------------|---------------|---------------|
| Property Plant & Equipment's              | 80.08         | 78.71         | 76.45         |
| Capital Work in Progress                  | 1.11          | 0.00          | 8.30          |
| Investments                               | 1.21          | -             | 9.54          |
| Loans                                     | 1.04          | 1.06          | 1.20          |
| <b>Non - Current Assets</b>               | <b>83.44</b>  | <b>79.77</b>  | <b>95.49</b>  |
| Inventories                               | 16.48         | 21.22         | 21.64         |
| Financial Assets                          |               |               |               |
| (i) Trade receivables                     | 44.33         | 50.97         | 49.71         |
| (ii) Cash and cash equivalents            | 6.08          | 7.02          | 11.38         |
| (iii) Bank balances other than (ii) above | 1.67          | 1.76          | 1.79          |
| (iv) Loans                                | 2.13          | 1.64          | 1.08          |
| Other Current Assets                      | 0.68          | 0.94          | 0.70          |
| <b>Current Assets</b>                     | <b>71.36</b>  | <b>83.56</b>  | <b>86.30</b>  |
| <b>Total Assets</b>                       | <b>154.79</b> | <b>163.33</b> | <b>181.79</b> |



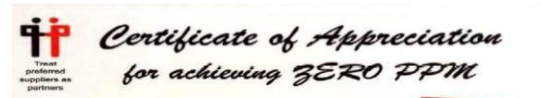
05

# Annexure

# Customer Recognitions, Awards & Accolades



**M/s. MENON BEARINGS LIMITED**  
As 'Best Amongst the Best Suppliers'



## 感謝状

MENON BEARINGS LTD.殿

貴社は、Mayekawa India Pvt. Ltd.へのコンプレッサー主要部品供給を品質第一で多年にわたり尽力され、当社の世界販売に多大なる貢献をされました。ここにその実績を高く評価し感謝の意を表します。

令和四年四月一日

前川製作所 社長  
前川 英



## Certificate of Appreciation

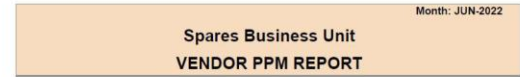
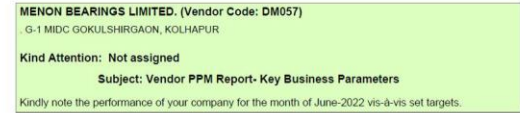
MENON BEARINGS LTD.

Your company has been committed for supplying major compressor parts to Mayekawa India Pvt. Ltd. for many years with quality and has made a great contribution to our global sales. We would like to express gratitude and appreciation to you for our achievements.

Date : 01 Apr.,2022

MAYEKAWA MFG.CO.,LTD Tokyo,Japan  
PRESIDENT Shin Mackawa

**Mahindra**  
Rise.



| Rating Element | Unit | Target | Level of Performance | Performance Category |
|----------------|------|--------|----------------------|----------------------|
| SBU Vendor PPM | PPM  | 500    | 0                    | ●                    |

# CSR & ESG Initiatives

## Constructed an Auditorium at Gokul Shirgaon MIDC

For promoting education & employment and enhancing vocational skills among children, working professionals & women



## Financial Assistance provided

For promotion of rural sports & development of traditional arts & crafts



## Future Emission Norms

Facilities to produce next generation LEAD FREE materials to cater to Future Emission Norms



## For COVID Relief:

- Distributed masks, medicines and sanitizers to public
- Donated a Multipurpose ICU Ventilator to Government Hospital





# Thank You

## Menon Bearings Limited

CIN: L2913OPN1991PLCO62352

Mr. Arun Aradhya - WTD & CFO

[admin@menonbearings.in](mailto:admin@menonbearings.in)

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