



**MERITOR**  
RUN WITH THE BULL



**KALYANI**



# AUTOMOTIVE AXLES LIMITED

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*May 2022*

# SNAPSHOT FY22

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FY22: REVENUE - ₹1495 Cr; EBIDTA - ₹138 Cr (9.3%); PBT - ₹100 Cr (6.7%)



MANUFACTURING LOCATIONS - 4 Manufacturing locations

Mysore, Jamshedpur, Pantnagar, Hosur



EQUITY SHARE: Meritor Inc, USA – 35.5%, Kalyani Group – 35.5%, Public – 29%



WORKFORCE - 2,000+ employees



CUSTOMERS – All major CV, specialty and defense OEMs



PRODUCTS – Axles, brakes and suspension systems



MARKET POSITION - #1 in Axles (independent) & #2 in Brakes

# COVID Update

## Current Status



- Total Vaccination > 99%\* employees vaccinated
- Active Cases – 0
- Booster doses arranged for employees

## Key Initiatives



- Continuous awareness campaigns for sensitising employees and families on Covid appropriate behaviour
- Regular communication from the leadership team to ensure adherence to protocols and keep up employee morale



- Shift / Alternate working pattern initiated
- Continuous sanitization throughout plant & office areas
- Initiated disposable plates, cups, spoons, etc at Canteen & seating arrangements done with social distancing



# DIVERSE End Markets and Major Customers

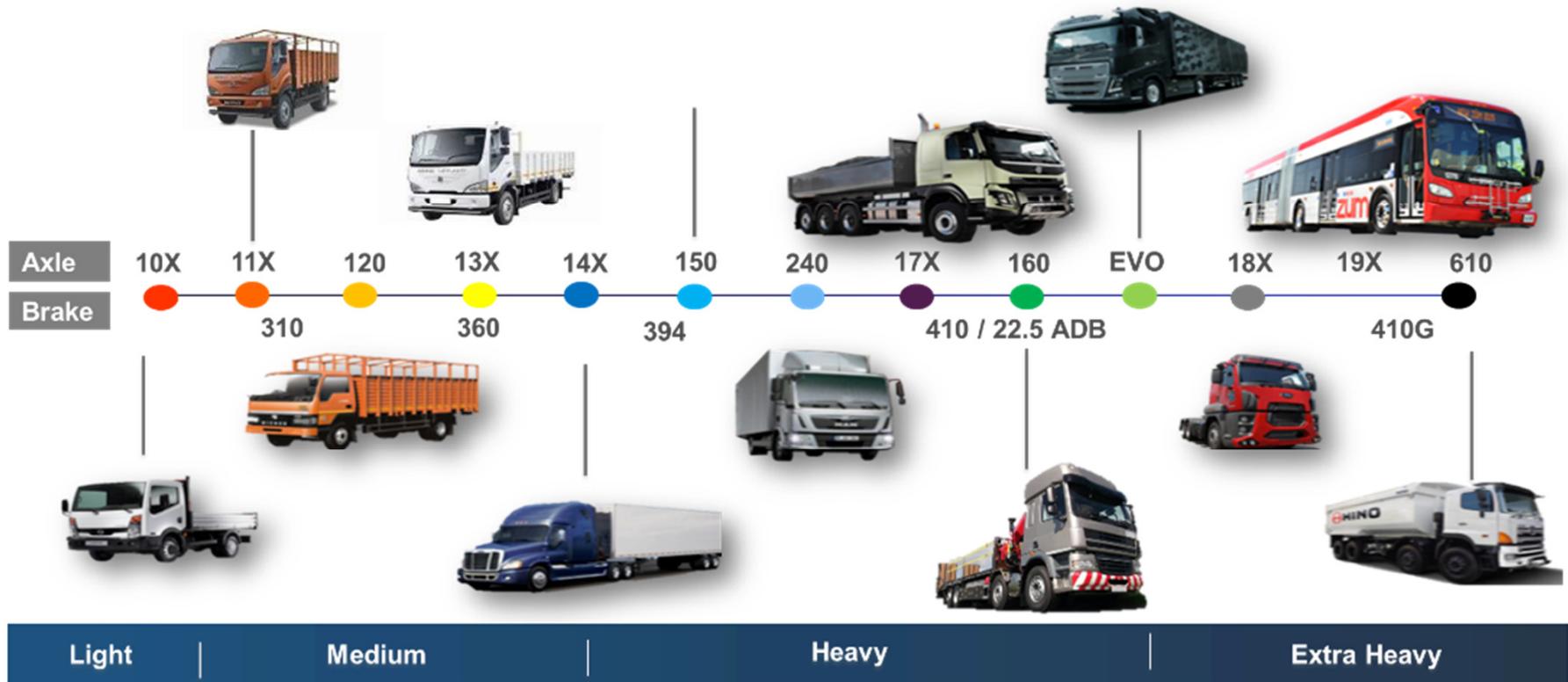
## Diverse End Markets



## Major Customers



# MOST COMPREHENSIVE Axle & Brake Offerings



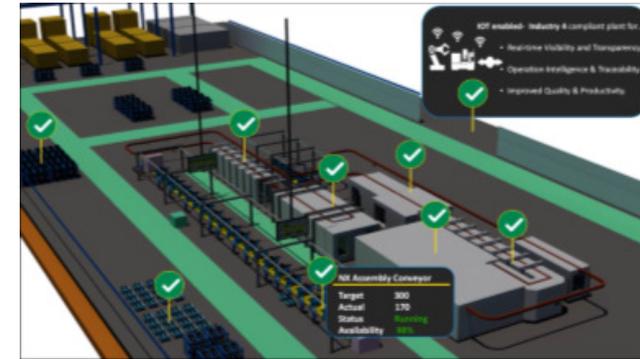
# NEW AXLE ASSEMBLY PLANT ~ Industry V4.0 Enabled

## Axle Assembly Plant

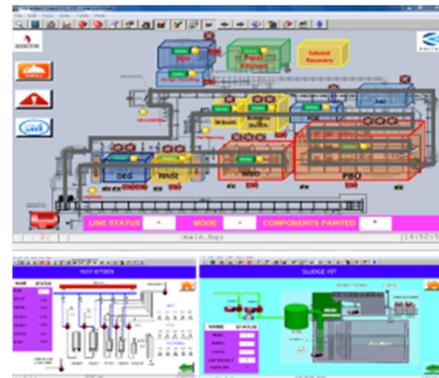
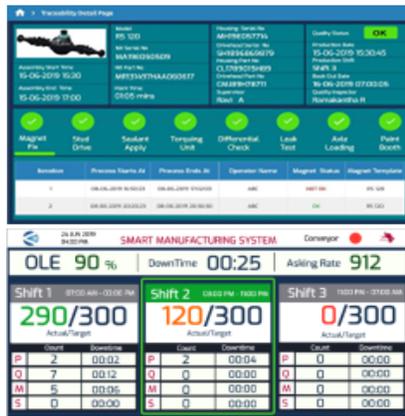


- Axle assembly plant with robotic paint shop & Industry 4.0 Enabled
- Total Area – 4734 Sqm
- Axle Assembly – 20K/ Month

## Industry 4.0

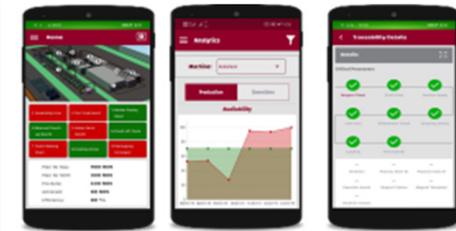


## Traceability & Real Time Monitoring



SCADA Enabled

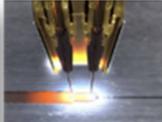
## Digital MIS



Machine Wise Overview Real-time Analytics Product Traceability

# TECHNOLOGY Initiatives

## Welding



Tandem wire



TAST



Auto torch Cleaning

- Touch Sensing
- Adaptive Welding
- TAST
- Tandem wire weld
- Automated Torch Cleaning System

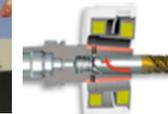
## Machining



Multi Spindle



Twin turret



Shrink Fit Tooling



High Speed cutting

- Multi Spindles
- Simultaneous Machining
- Twin turret
- High Speed Cutting

## Gear



Inspect



Set



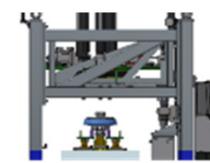
Cut

- Spiron II cutting System
- Close Loop Manufacturing
- Handing automation
- Turbo testing and Lapping
- Quiet Ride

## Assembly



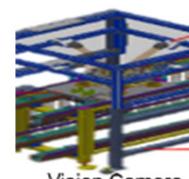
Robotic Painting



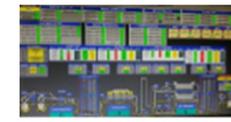
Auto Torquing



Barcode/ RFID



Vision Camera



SCADA

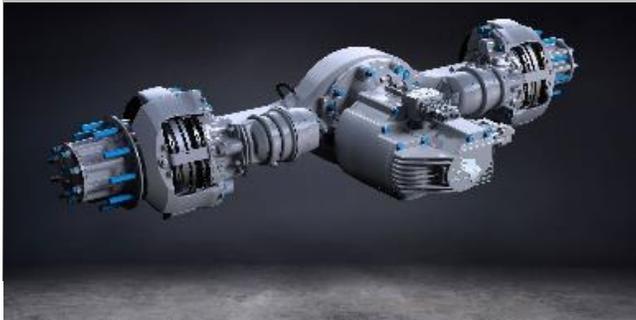


- Industry 4.0
- Poka Yoke
- Visualization
- Data acquisition
- Traceability

# KEY ACTIONS to Manage Business Successfully

## Business Growth Strategy

- New Business wins and opportunities in pipeline
- Improve operational performance & Increase share of business with OE
- Product Development – Launch of New products
- Drive e-mobility business
- Digitalization – Implementation of Industry 4.0
- Geared up with capacity to cater to rising market demand



## Cost Measures

- Cost reduction measures at organization and plant level
- Significant savings expected through M2022 timeframe
- Further cost measures in place for Conversion, Material and Manpower cost control



## Safety Practices

- Focus on safety of employees continues though COVID pressure is low
- Vaccination Booster dose for employees & families in progress
- ESG strategy & implementation in progress



# SUSTAINABILITY Road Map - Mission 2028

## Meritor India - Sustainability Road Map

### Excellence in Sustainability

- Achieving ISO 26000 for CSR assurance
- Projects for sustenance of all initiatives
- Deming Certification

2028

### Sustainability Certifications

- ISO 14067 standard (Carbon footprint) Certification
- Achieving ISO 14021 & 14024 (Green Product certification)

2026

### Sustainability Maturity

- Achieving ISO 50001:2011 Energy Management Systems
- JIPM award

2024

### Improving Sustainable Parameters

- Achieving 70% reduction in CO2 Emissions
- Journey towards Carbon Neutral Status
- Achieving HSPPD certification

2022

### Sustainability initialization

- Road Map for Sustainability
- Strategic Goals & Objectives
- Developing Sustainability Manual

2020

- Clean water & sanitation
- Greenery development-Trees plantation
- Rainwater harvesting & Reuse

2018

### Carbon Neutral

- ISO 14067 standard (Carbon footprint) Certification
- Achieving ISO 14021 & 14024 ( Green Product certification )
- Achieving ISO 26000 for CSR assurance
- DEMING Excellence award

2027

### Sustainability Excellence

- ISO 14067 standard (Carbon footprint) Certification
- Water Positive ISO 46001 Certification

2025

### Green Manufacturing

- Achieving HSPPD certification
- Water Positive Status
- Innovating and developing Eco-friendly products

2023

### Initiatives for Basic Sustainability

- Achieving 70% Water Positive
- 30% Energy Efficient from current levels
- Solid Waste Reduction by 25% from current levels

2021

- 15% Energy saving projects
- Raw materials optimization
- Logistica –localization & optimization

2019

- Green energy introduction – 20% Solar
- Zero discharge Plant initiatives
- Water conservation programs

2017

## SUSTAINABILITY SIX PILLAR MODEL

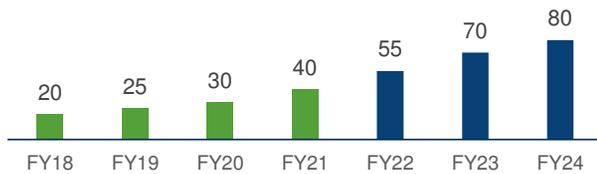


# SUSTAINABILITY Key Actions

FY Oct- Sep

## A. Spare a Watt, Save a Lot

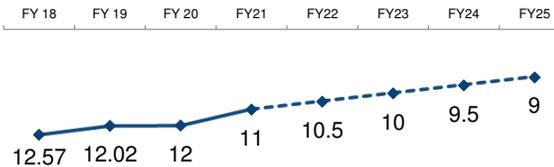
Energy from Renewable Source in %



- Energy from Captive solar (12 MW/yr) - Sep 22
- 20% Consumption reduction - FY27
- Replace LPG with PNG – Dec 22

## B. Caring Mother Earth

Ground Water Level in Summer (depth in m)



- Water positive by FY23-24
- Carbon Neutral by FY26-27
  - 20,000 Tree Plantation around Chamundi hills

## C. Sustainable Manufacturing

Truck Loading Efficiency



- Internal Material movement reduction by 50%
- Yield Improvement by 20%
- Zero Discharge & Zero Solid waste by 2027

## D. Digitalization

Industry 4.0 compliant Plant

- NX Line Completed
- Housing one line in progress
- Drive Head Assy and Speciality axle by 2022

Administrative & Transactional process Automation

- Supplier Portal
- 2 Bin system
- SAP enabled MIS
- Paper-less office by 2025

## E. Social Connect

Initiative / No. of projects	2021-24	2025-28
Environment & Road Safety	15,000	30,000
Education to underprivileged	250	500
Health Care infrastructure	300	600

ISO 26000 Certification for CSR assurance

## F. Corporate Governance

Initiative	FY22	FY24	FY26	FY28
Attrition Rate	8%	6%	4%	3%
Gender Equality Ratio	5%	15%	25%	35%
Employee Engagement Score	80%	85%	90%	95%

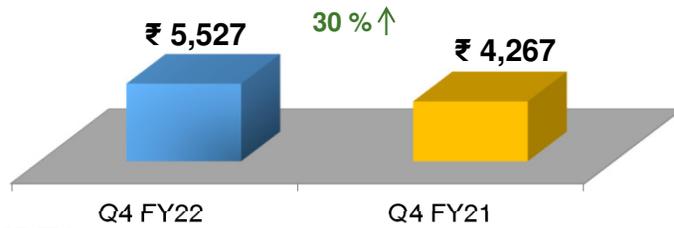
Excellence in Corporate Governance

# FINANCIAL Results

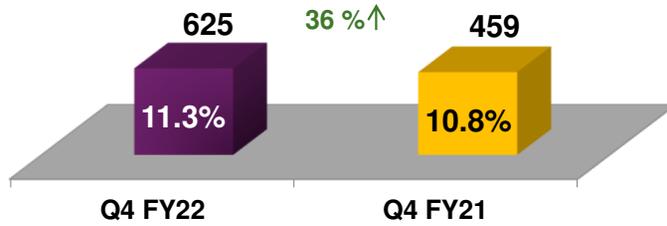
Values in INR Mn

## Q4 Performance

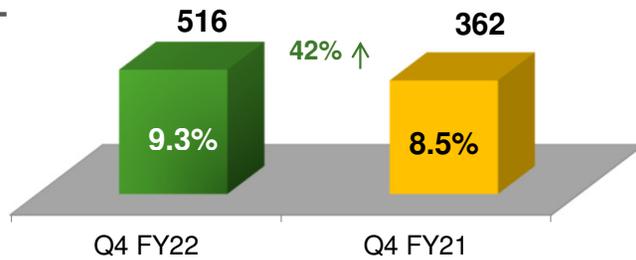
### Sales



### EBIDTA

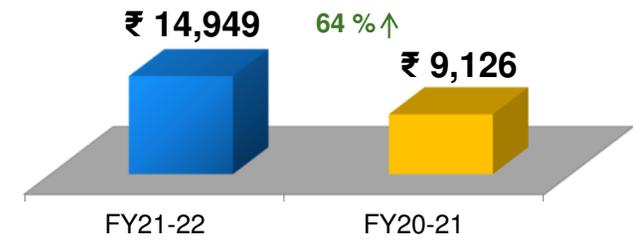


### PBT

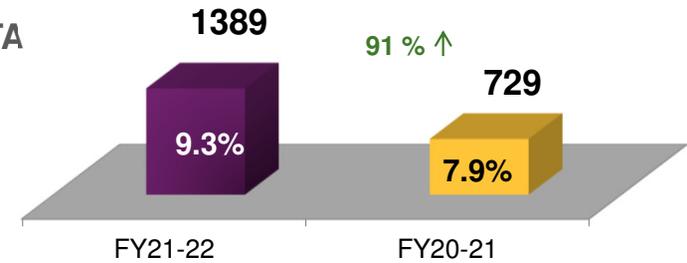


## Full Year Performance

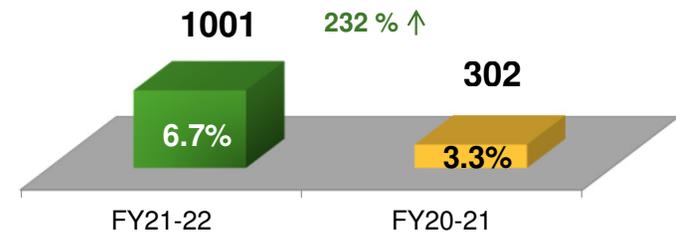
### Sales



### EBIDTA



### PBT



# Q4 Financial Highlights

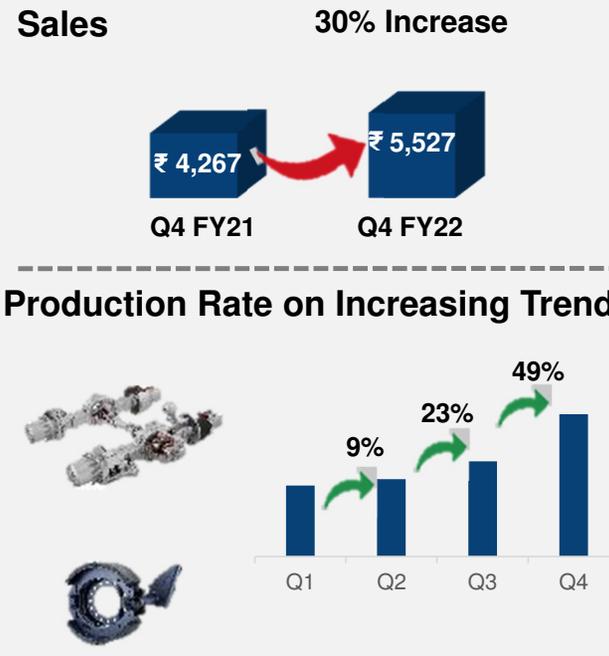
## Q4 FY2022 Results

REVENUE  
₹5527 Mn

EBITDA  
₹625 Mn      11.3%

PBT  
₹516 Mn      9.3%

## Impact of Pandemic & Recovery Trend



## Key Highlights

### Revenue:

- FY22 Q4 revenue has grown by 30% as compared to FY21 Q4.
- FY23 Q1 demand is estimated slightly lower than FY22 Q4

### EBITDA:

- Commodity price increase
- Protect and grow EBITDA
- Continuous focus on revenue improvement, cost reduction and new product development as part of Mission 25 Strategy

### PBT:

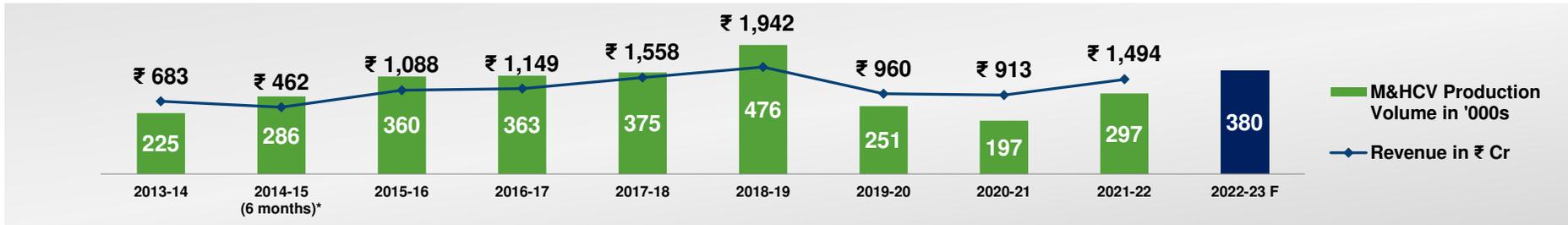
- No working capital borrowing

### Continuous focus on Cost Control and Process Improvement

Commodity price increase – pressure on margin continues

# GROWTH through Mission 25 Strategy

## AAL Vs MHCV Market Growth



Mission 25 Focus	Status
Grow Revenue	On Track
Enhance Profitability	On Track
New Business Wins	On Track
Operations Excellence	On Track
Customer Value	On Track

# EMPLOYEE Engagement Initiatives

## ■ Technical Trainings



## ■ Festival Celebrations



## ■ Women's Day Celebration



# REWARDS & Recognition Initiatives

## ▪ Intranet Website Launch Event



## ▪ Superannuation Event



## ▪ Kaizen Awards



## ▪ Spot Awards





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