

Automotive Axles Limited

44th Annual General Meeting call transcript

12th August 2025

(3.00 PM- 3.55PM PM IST)

Debadas Panda (Company Secretary):

Ladies & Gentlemen, Good afternoon.

I, Debadas Panda, Company Secretary of Automotive Axles Limited, welcome you all to the 44th Annual General Meeting of the Company.

Now I will introduce our dignitaries who have joined this meeting today:

1. Dr. B N Kalyani, Chairman of the Meeting & Chairman of the Stakeholders Relationship Committee.
2. Mr. Girish Dinanath Nadkarni, Independent Director & Chairman of Audit Committee and Risk management Committee.
3. Ms. Bijal Ajinkya, Independent Director & member of Nomination and Remuneration Committee.
4. Mr. Nagaraja Gargeshwari, President & Whole Time Director
5. Mr. Ranganathan S., Chief Financial Officer
6. Mr. Pradip Agarwal, Representative-Statutory Auditors – S.R. Batliboi & Associates LLP.
7. Ms. Pracheta M, Secretarial Auditor & Scrutinizer of this meeting.
8. Mr. Harish K, Representative from Integrated Registry Management Services (RTA)

I request Dr. B. N. Kalyani, Chairman of the Company to occupy the Chair.

As per the Companies Act, 2013 and SEBI Listing Regulations, the Company had provided remote e-voting facility to the Members, whose shareholding are recorded as on cut-off date of 5th August 2025, to enable them to cast their votes electronically on all the AGM agenda items between 9th August, 2025 (9:00 am) to 11th August, 2025 (5:00 pm).

Facility of e-voting is also provided to Members present in the meeting and who have not yet cast their votes. Such Members may please go to voting page of NSDL e-voting website and can now exercise their votes, while at the same time watching the proceedings of AGM.

Ms. Pracheta M., Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the votes cast at the meeting and through remote e-voting. The Scrutinizer will submit her report in the prescribed manner to the Chairman or his authorized representative within 2 working days of the conclusion of the meeting.

Since the AGM has been convened through Video Conferencing and Other Audio-Visual Means and facility of e-voting has been provided, there will be no vote by show of hands or no proposing and seconding of resolutions.

Now I request our CFO Mr. Ranganathan to make few necessary announcements.

Over to you Ranganathan.

Mr. Ranganathan (Chief Financial Officer):

Thank you Debadas

Good afternoon everyone! I am Ranganathan S, Chief Financial Officer of the Company, attending this meeting from Bharatpur, Rajasthan.

For the convenience of Members, I would now like to brief on certain points regarding participation by Members and speakers at this meeting.

Facility of participation by Members in this AGM through NSDL e-voting platform is provided on first come first serve basis. All Members present at this meeting are by default put on mute by the Moderator in order to avoid any disturbances arising out of background noise and towards smooth and seam-less conduct of the meeting.

Members may please note that, on receipt of requests from certain shareholders, Company has registered them as Speaker Shareholders at this AGM.

Once the Chairman opens the floor for questions and answers, the name of the registered members will be announced one by one. Upon announcement the respective speaker(s) audio shall be unmuted by the Company's Moderator. We request speakers to use earphones for undisturbed listening and further ensure that undisturbed and reliable internet bandwidth connection is in place to have good video and audio experience. If there is any connectivity or internet problem at speakers end and speakers could not effectively communicate their questions, Company may allow other registered speakers to ask their questions. Once all other registered speaker Shareholders complete their turn, the opportunity shall be given at the end to those speakers who were not be able to speak in their allotted turn.

Further we will share few important points for Speaker shareholders attention:

All the registered Speaker Members are requested to mention his/her name, Folio no. and place from where they are joining.

All the questions from the registered Speakers should be precise and short, relevant and should not be forward looking or personal.

Speaker members may please note that in order to avoid repetition, answers will be given by the Chairman or us, as directed by him at the end after receipt of the all queries from the members.

During the AGM, if a member faces any technical issue, he/she may contact the helpline number mentioned in the Notice of AGM.

I take this opportunity once again to thank all the shareholders, directors and invitees for joining this meeting and for your unconditional support and confidence reposed on us.

Now I ask our Company Secretary to take this meeting's proceeding forward.

Debadas Panda (Company Secretary):

Thank you Ranganathan.

I hereby declare that the requisite quorum is present for this meeting, and I request the Chairman to proceed for conducting the Meeting.

Over to you Sir.

Dr. B. N. Kalyani (Chairman):

Ladies & Gentlemen, Good afternoon.

I, Dr. B N Kalyani, Chairman of the meeting, participating in this Annual General Meeting from Pune and extend a warm welcome to all of you at this 44th Annual General Meeting. I pray that you all, your family and all your loved ones are keeping safe and staying healthy.

As the requisite quorum is present and the meeting is validly convened, I will now call the meeting to order.

Before proceeding further, I would like to request Directors to introduce themselves one by one.

1. Mr. Girish Nadkarni

Good afternoon, everyone! I am Girish Dinanath Nadkarni, Independent Director and also Audit Committee Chairman.

2. Ms. Bijal Ajinkya

Good afternoon, everyone! I am Bijal Ajinkya, Independent Director - Joining from Mumbai.

3. Mr. Nagaraja Gargeshwari, President & Whole time Director

Good afternoon everyone! I am Nagaraja Gargeshwari, President & Whole Time Director of Automotive Axles Limited- Attending from my office at Mysuru. Thank You!

Mr. Kenneth James Hogan and Dr. P V Murthy are unable to attend this meeting due to their existing business exigency.

We also have our Statutory Auditors, Secretarial Auditors, Chief Financial Officer and Company Secretary participating in this AGM through Video Conferencing from their respective locations.

I would like to thank all Directors and Members for joining this meeting.

We are conducting this meeting through Video Conferencing or Other Audio-Visual Means in compliance with the directions issued by Ministry of Corporate Affairs and SEBI. Live streaming of this AGM is also webcasted through NSDL website.

Since this AGM is being held pursuant to the MCA Circulars through Video Conferencing without physical attendance of Members, the requirement of appointing proxies by the Members is not applicable.

Statutory Registers, as required under Companies Act, 2013, are open to the Members for inspection. Members who want to inspect these registers may kindly send their request to email id provided on Company's website under the Investors Service Center.

It gives me great pleasure to welcome you to the 44th Annual General Meeting of the Company. On behalf of the Board of Directors, thank you for your continued trust and support. FY 2024 – 25 was a satisfactory year for the Company: we achieved notable gains in plant efficiency through process optimizations and real-time quality monitoring, deepened our OEM partnerships via collaborative development programs, and launched our next-generation axle series with enhanced durability and performance. These accomplishments have strengthened our market leadership and laid a solid foundation for sustained growth and innovation.

Your Company continued to build on its core strengths in axle and braking systems, supported by sustained demand in the domestic commercial vehicle segment and encouraging traction in exports. However, what stands out is the progress made toward becoming a future-ready organization—defined by sharper customer focus, expanded digitalization, and consistent investments in people, processes, and sustainable practices.

Economic Environment

The global economic environment in FY 2024–25 remained volatile, with moderate growth, policy realignments, and geopolitical tensions affecting global trade and capital flows. Structural shifts, protectionist measures, and energy price fluctuations created ripple effects across industries and geographies. Inflationary pressure remained elevated, and monetary tightening in developed markets added to uncertainty. In this landscape, policy coherence and regional resilience became critical to supporting growth momentum.

India, in contrast, stood out as one of the fastest-growing large economies. Supported by structural reforms, robust domestic consumption, infrastructure push, and proactive monetary policy, India continued to offer a relatively stable macroeconomic foundation. This economic confidence translated into investor interest, corporate capital expenditure, and broader industrial growth—providing a strong demand environment for your Company's offerings.

Performance in FY 2024–25

Despite a subdued demand environment during the first half of the year, your Company recorded a strong recovery in the second half, underpinned by improved product mix, volume recovery,

and operational efficiency. The launch of the MS185 axle platform was a notable milestone during the year, enabling better capacity utilization and market coverage.

Your Company reported total revenue of ₹21,048 million, compared to ₹22,449 million in FY 2023–24. EBITDA for the year stood at ₹2,472 million a year-on-year improvement of 11.8%. Our EBITDA margin stood at 11.9%. Our Profit after tax stood at ₹1,555 million, supported by a disciplined cost structure and improved operating leverage. These results reflect your Company's sharp execution, pricing discipline, and a well-calibrated response to commodity price fluctuations.

In a major development, your Company entered into a services agreement with Meritor HVS (India) Limited (MHVSIL), enabling direct sales to OEMs. This step marks a strategic evolution in customer alignment and strengthens long-term market access. Your Company will continue to benefit from MHVSIL's technical, product development, and testing support.

Sustainability and Governance

Sustainability continues to be at the core of your Company's strategy. For the year 2024-25 approximately 97% of power consumption comes from Renewable sources. Further, your company also made progress in rainwater harvesting, waste minimization, and biodiversity protection. Certifications such as ISO 14001 and ISO 45001 were maintained across locations, reinforcing a strong compliance culture. Towards our digitization journey we have standardized and digitized all our key processes towards our drive of paperless office and improving employee productivity and enhancing morale and job satisfaction. Together, these initiatives underscore our commitment to responsible growth, operational excellence, and a people-first workplace.

Governance remained a key focus. Your Company enhanced Board independence, strengthened internal controls, and deepened engagement on ESG matters. The governance framework now increasingly reflects stakeholder-centricity, responsible business conduct, and long-term value creation.

People and Culture

Your Company continued to invest in a workplace that nurtures performance, collaboration, and inclusion. Structured learning programs, safety digitization, and DEI initiatives helped enhance engagement and workplace effectiveness. Your Company's approach to employee well-being—spanning healthcare, flexibility, career development, and recognition—has contributed to a more resilient and future-ready workforce.

Acknowledgement

I would like to take this opportunity to express my sincere gratitude to all employees, customers, suppliers, partners, and shareholders of your Company. I also wish to acknowledge the support of the Government and regulatory bodies, whose guidance has been instrumental in our journey.

As we look ahead, with focused investments, customer-centricity, digitalization, and a commitment to sustainable governance and innovation, your Company is well positioned to enter its next phase of growth. We remain dedicated to creating long-term value through quality, reliability, and responsible leadership.

Thank you for your belief in your Company. I look forward to your support as we build on our legacy and scale new heights together.

Dr. B N Kalyani (Chairman):

Reading of the Notice convening the meeting, Agenda & Conduct of meeting.

Since Notice convening 44th Annual General Meeting was already circulated, I request the Members present to take the Notice of the AGM together with the Financial Statements and Board's Report as read.

The Company has taken requisite steps and provided facilities to enable Members to participate and vote electronically on all four Agenda items of the Notice of this AGM.

Members who have not voted earlier through remote e-voting can cast their vote during the course of the meeting through NSDL e-voting facility.

The Auditors' Report on the Financial Statements of the Company for the year ended 31st March 2025 and Secretarial Audit doesn't have any qualifications, observations or comments on financial statements (which have any adverse effect on the functioning of the Company). Accordingly, as per section 145 of the Companies Act, 2013, with the concurrence of the Members the Auditors' Report to be taken as read.

We now take up agenda items as set forth in the Notice, namely:

Item No. 1 – Adoption of Audited Standalone Financial Statements.

Item No. 2 – Declaration of Final Dividend.

To declare final dividend on equity shares of Rs. 30.50 per equity share of Rs. 10/- each for the financial year 2024-25.

Item No. 3 – Re-appointment of a Director.

Item No. 4 – Appointment of Secretarial Auditors of the Company for a term of five consecutive financial years commencing from April 1, 2025, till March 31, 2030.

Now I would like to open the floor of questions and answers and take up the questions from Members, who are already registered as Speakers through mail.

Members may please note that in order to avoid repetition, answers will be given at the end after completion of queries by all speakers.

One by one speakers will then be activated and unmuted by the Company.

Proceedings of the call:

Debadas Panda (Company Secretary):

Hello Mr. Kacharia.

Mr. Viraj Kacharia (Speaker Shareholder):

Hello, Am I Audible?

Debadas Panda (Company Secretary):

Yes, please ask your question.

Mr. Viraj Kacharia (Speaker Shareholder):

Good afternoon, thank you for this opportunity. I've sent my questions in detail, can you confirm the same?

Dr. B N Kalyani (Chairman):

Mr. Panda, have you received the questionnaire from Mr. Kacharia by mail?

Debadas Panda (Company Secretary):

Hello Mr. Kacharia. I have not yet received, anyway I will look into it if you've sent.

Mr. Viraj Kacharia (Speaker Shareholder):

I request you to provide detailed answers to each of these queries or else I would like to meet the management in person to get the answers to my questions.

Debadas Panda (Company Secretary):

Ok.

Mr. Viraj Kacharia (Speaker Shareholder):

Secondly, Sir, other than this I have 3-4 specific questions for the Board. Sir firstly, Mr. Kalyani, we have seen significant scale in various Kalyani companies in last several decades. You have taken several initiatives in the interest of minority shareholders and there are benchmarks in the Corporate Governance Practices. However, Sir, our acquisition of the American Axles, we are not able to understand the reason of doing it, as we already have presence through Automotive Axles Limited. So, I understand that CCI has given as the in the proposal. Can you give me some clarity? Will there be a No-Compete Agreement between American Axles and Automotive Axles Limited?

And if not, then how the interest of Automotive Axles Limited is protected? Sir secondly, why not have a simple structure and merge the two entities, given that they operate in the same industry. So, these are my questions on acquisition of American Axles.

Next was sir, post acquisition by Cummins on Meritor, how do you see Automotive Axles Limited? What rate will it play, especially to grow the company. So, post recent tariff announcements, how do you see the competitiveness of Automotive Axles Limited verses other locations of Cummins? Secondly, in which business segment will it add value?

Lastly Sir, is there any thought process adding new products in both brakes and axles to Automotive Axles Limited? If you could elaborate on that it would be helpful.

And the last question from my side is if you could help us to understand service fee charges now, in the new arrangement. So as a percentage of sales, what will the service fee we have to pay to the private entity, especially for the Domestic OEMs?

Thank you sir, it will be helpful if you could answer all these questions.

Debadas Panda (Company Secretary):

Thank you Mr. Viraj.

Debadas Panda (Company Secretary):

Hello Mr. Saketh Kapoor.

Mr. Saketh Kapoor (Speaker Shareholder):

Namaskar Sir, my name is Saketh Kapoor and I'm joining from Kolkata. I would like to second Viraj's view on the acquisition part and dealing with the Con-Call also, these questions were asked to the professional management, headed by Mr. Nagaraja and our CFO. Somehow, the answers to it were not addressed. So, Mr. Kalyani, if you would, like to hear it from you. What is exactly the thought process? Because, as we very well know that you are always helping the minority shareholder and creating minority shareholder's value, which has been a great thing.

And my second question is about to second Viraj Ji, is about the reason why we as the entity are getting lower multiples? I think that if EPS say it is Rs.100, market value is at 15-16 times, whereas the product profile and the cashflow which were made along with it, some companies are getting higher multiples. And the point is, under your leadership, what can minority shareholders like us and Viraj Ji and others who will join can expect from you in terms of value creation exercise for the Companies like Automotive Axles Limited.

What is left unturned from your side, that is not meeting to this creation and whether this Meritor and conduction now, will it be turning point for us in terms of the Agreement, which we will be directly selling to the OEMs. But I think we need to pay the same charges and to elaborate on how this thing would work, going ahead.

Sir, in your opening remarks, it was mentioned that MS 185, being the Flagship Product was introduced this year, we would like to understand what the potential of this product is. What are we eyeing compared in terms of sales going ahead.

Sir, I would like to congratulate you on the addressing of the investor queries in every Con-Call for the members and we look forward for the continuity of the same. And we look forward to hearing from you Sir, to get an opportunity to speak to you. Please do spare some time and share your view with the investors what I think. I'm sure you will definitely create value for your shareholders along with you being the majority shareholder.

My best wishes to the entire team and best of health for everybody. That's all from me. Thank you. Namaskar!

Debadas Panda (Company Secretary):

Thank you, Mr. Saketh Kapoor.

Debadas Panda (Company Secretary):

Mr. Manjith Singh. Please ask your question.

Mr. Manjith Singh (Speaker Shareholder):

I welcome Automotive Axles Limited's Management Team and my Co-Shareholders. Good afternoon Sir, Mr. Kalyani. The way our company has been performing, please proceed to do as per that and I pray to God for that. One quarter has already been passed, and what is the growth plan for the next three quarters, and we expect the increase in EPS and what are we doing for that. Please explain regarding that.

During last year, the Employee benefit expenses were Rs.130 crores and this year it is Rs.138 crores, which shows how much the company is thinking and caring for its employees. Sir, whether we have recruited any new employees, can you explain on that? So that we will be informed about the Company.

Reserves & Surplus have become Rs.960 crores against Rs.860 cores in the previous year. So, in future also we would like to maintain the same. What is the arrangement between Automotive Axles Limited and Meritor Heavy Vehicles Systems India Limited? And how the business will grow, what will be the margin and how the EPS will increase? Please Explain.

Our company is running since 1983 at the face value of Rs.10, we have some corporate actions for which Board has to think in the coming future and we are also waiting for the Bonus shares which the Board has to think about it and it will be beneficial to the shareholders. Our company is listed on BSE and NSE and our BSE code is 505010 and AUTOAXLE is the symbol at NSE. By respecting these codes and symbols, the way the Secretarial Department has connected both the Shareholders and the Management, we are thankful for them. Thanking the secretarial department for preparing the Balance sheet. With your directions Sir, the way the Secretarial

Department is working, we expect the company will grow 3-4 times, which we expect the same. Thanking the management team and the secretarial team. Thank you Kalyani Sir.

Debadas Panda (Company Secretary):

Thank you Mr. Manjith Singh.

And with this we have received all the questions now.

Dr. B N Kalyani (Chairman):

Ok, I would suggest that Mr. Nagaraja, you provide the answers for the shareholders questions as to why is the company not growing? And what are the new areas you are going to grow in and Mr. Ranga, you provide the answers for the financial side, and I will then provide the answer for the general questionnaires.

Mr. Nagaraja Gargeshwari (President & Whole time Director):

Good afternoon, you can see especially that in this particular year, 2024-2025, the 1st half, as the Chairman mentioned, it was a little bit slow and soft, 2nd half, we are able to make up for some of the share of the business, what we have lost in the 1st half.

We introduced MS185, which is the largest axle with 500mm crown wheel, which is basically used for 4/2 tractors and high end 4/2 tippers and also 10/2 tractors and these are also contributing to nearly 60% of the M&HCV segment, this particular product will be used. Last year we have also introduced to one of our key OEMs and we are also able to ramp up these numbers.

So going forward, as it is a bigger axle and the content is more, our topline should grow and at the same time it should have a positive impact on the bottom line. Apart from that we have also introduced the bus axle, traditionally where we had product gap. And now we have developed a new product and is currently under testing and this we are able to address a particular segment, which is 13.5 liters, which will also help us in increasing our share of business.

And finally, we are also investing in our manufacturing capabilities and capacities, especially in bringing in more automation and the latest equipment for the gear production and this should help us in becoming more competitive for the export market. And as all of you are probably aware, currently the Europe and the US markets are very soft and when these markets come back, hopefully there will be no big impact with respect to the tariff, to improve our exports to the rest of our Cummins & Meritor.

I hope I have addressed to these questions. Mr. Ranga over to you.

Dr. B N Kalyani (Chairman):

You have any plans for new products other than this?

Mr. Nagaraja Gargeshwari (President & Whole time Director):

Right now, there are multiple brakes products, we are looking of them at this point of time, the three major products what we said is, MS185, MT160 which is the bigger tandem axle, which is again requested by couple of OEMs. We have completed testing. Once the field testing will be completed, then probably introducing should happen next year.

Dr. B N Kalyani (Chairman):

Alright, Ranga can you answer the questions on the financial side?

Mr. Ranganathan S. (Chief Financial Officer):

Yes there are couple of questions, one is about the technical fee, under the new agreement what we need to pay and under the new model what type of improvements we can see in the Financials. These are the two questions.

On the technical fee side, the technical fee has been arrived at as per arm's length basis and as per Indian regulatory systems and the technical fee may effectively float between to the overall P&L 4-4.5% and the overall net improvements in the EBITDA margin 0.3-0.4%. So that's the overall perspective on the financial side. Definitely in 2025-2026, as Mr. Nagaraja was saying, it depends on the market and also the product reaches the margin and potentially it may go up or moderate, depends on the market changes, which we need to wait and watch.

Nevertheless, our efforts have gone up and our cost optimization will be definitely tried to protect and improve our bottom-line. That's all from my side.

Dr. B N Kalyani (Chairman):

The new agreement has not yet been finalized. Am I right?

Mr. Ranganathan S. (Chief Financial Officer):

Agreement is put to place for the first 12 months and the long-term agreement is in place. Its in work in progress Sir.

Dr. B N Kalyani (Chairman):

Ok, I will answer to the questions relating to acquisition of American Axles by Bharath Forge Limited. This is a question asked by two shareholders and in terms of the general issues relating to exports etc. First of all, I think, American Axles is a company that normally doesn't compete with any of the product line of Automotive Axles Limited, except in some cases where it is doing contract manufacturing. It largely is the company that produces axles for light vehicles, such as light trucks and SUVs. So, I think there is no competitiveness between these two companies. But as per the CCI order, we have to operate with these Companies separately, and they are being operated separately, with separate management structures for American Axles and for Automotive Axles Limited.

In terms of exports, right now as you all are aware, there is a direct barrier of almost 50% imposed by the US President on India for export to United States. And if the company is making 11-12% margin, it is not possible for a company to absorb any of these tariffs so therefore, ability to export is becoming almost impossible. We have to wait till the issues are sorted out by the leadership of both countries through a process and only then the picture will be little clear in terms of what should be the strategy that one company should adapt going forward. And that I think is the case in most of the companies, going for export business, we need to get lot more clarity in terms of understanding what tariffs are going to be and how they will be paid. Normally the customer is going to pay 50% tariff. They will look for alternative sources. We will see what happens and hopefully, in the next few weeks, will be some amicable settlement and life will come back to normal.

So that is largely the answers to the questions asked by all three of you. I hope I was able to answer those questions and if any other questions are left? The 1st shareholder said that he has sent an email for certain questions which we have not received yet, so as soon as possible that email is received, Mr. Panda will address and send you the answer to your questions.

I will now authorize Mr. Debadas Panda, Company Secretary, to conduct the voting procedure and conclude the meeting.

E-voting facility will be open on NSDL site for next 15 minutes to enable those Members who have not cast their votes and would like to cast their votes at this AGM.

Results of the votes would be announced to stock exchanges at the earliest and the same would also be available on the website of the Company and NSDL.

With your consent, I and other Board Members would like to leave the meeting and wish all stakeholders a safe and healthy future.

Thank you very much.

Debadas Panda (Company Secretary):

Thank you everyone for joining this meeting and you may leave the meeting.
