



MERITOR
RUN WITH THE BULL



KALYANI



AUTOMOTIVE AXLES LIMITED

February 2022

SNAPSHOT FY21



FY21: REVENUE - ₹913 Cr; EBIDTA - ₹73 Cr (8.0%); PBT - ₹30 Cr (3.3%)



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 – 3 [all are in home quarantine]

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

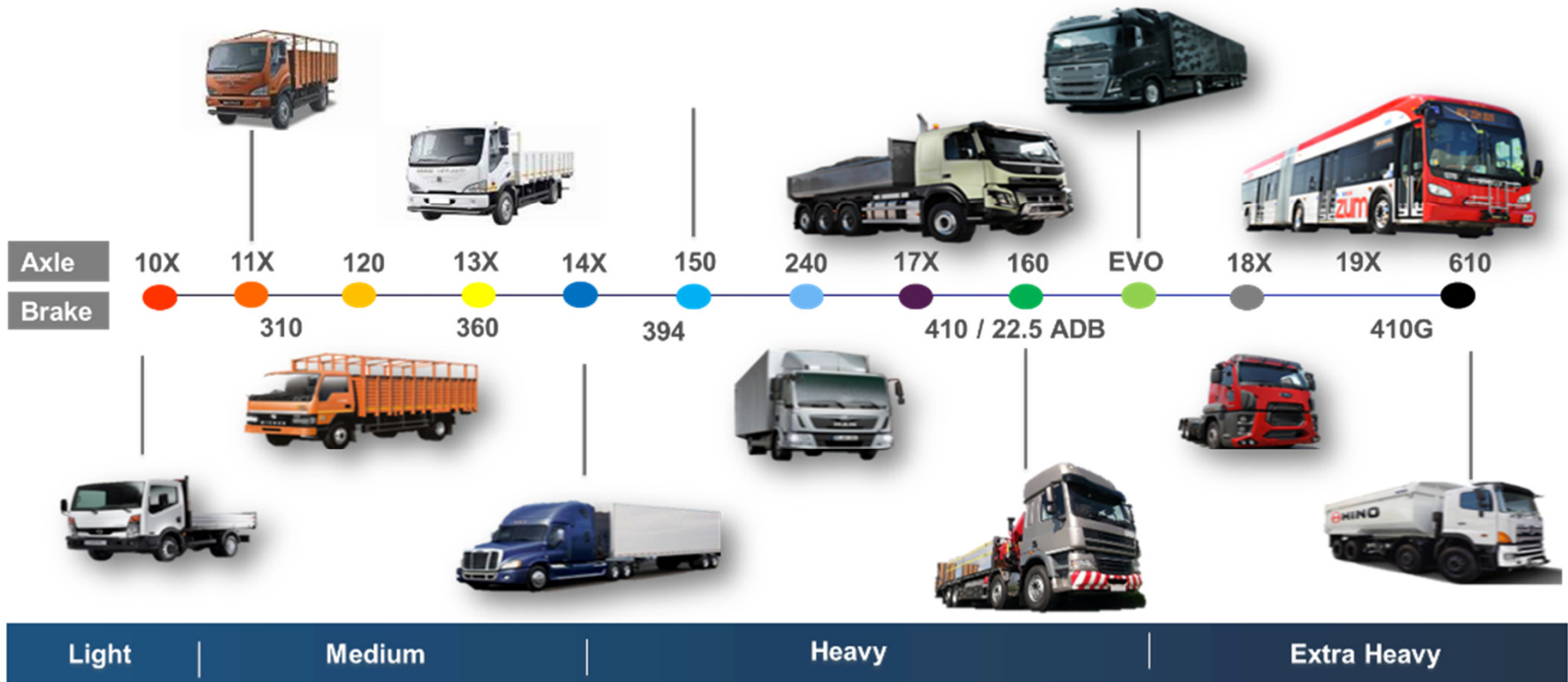
Diverse End Markets



Major Customers



MOST COMPREHENSIVE Axle & Brake Offerings



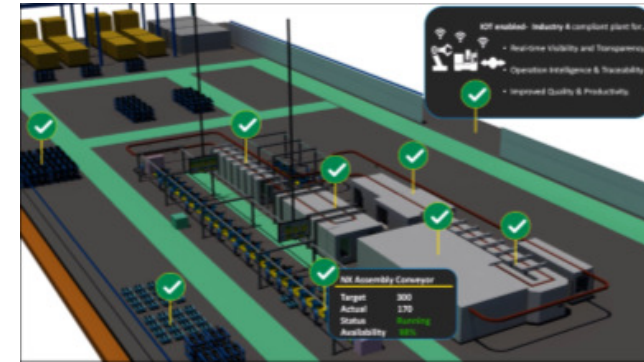
NEW AXLE ASSEMBLY PLANT ~ Industry V4.0 Enabled

Axle Assembly Plant

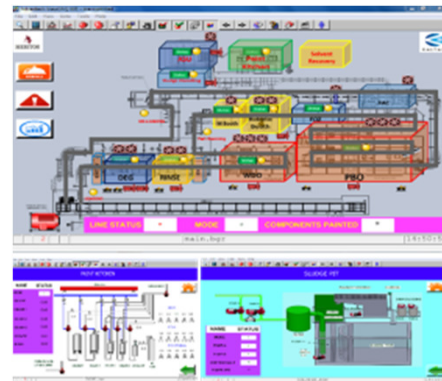


- Axle assembly plant with robotic paint shop & Industry 4.0 Enabled
- Total Area – 4734 Sqm
- Axle Assembly – 20K/ Month

Industry 4.0



Traceability & Real Time Monitoring



SCADA Enabled

Digital MIS



Machine Wise Overview Real-time Analytics Product Traceability

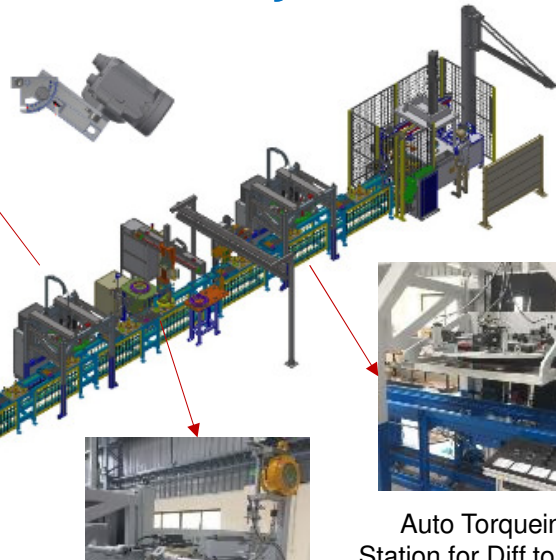
DIGITAL Assembly Line



Diffcase Assly Line



Vision Camera for Thrust washer - Pokayoke



Auto Torqueing Station for Diff to case & Gear to case

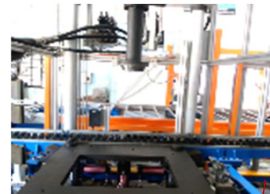


Rotation Checking Station

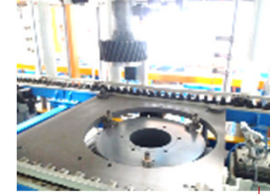


Assembly Conveyor

Pinion Assembly Line



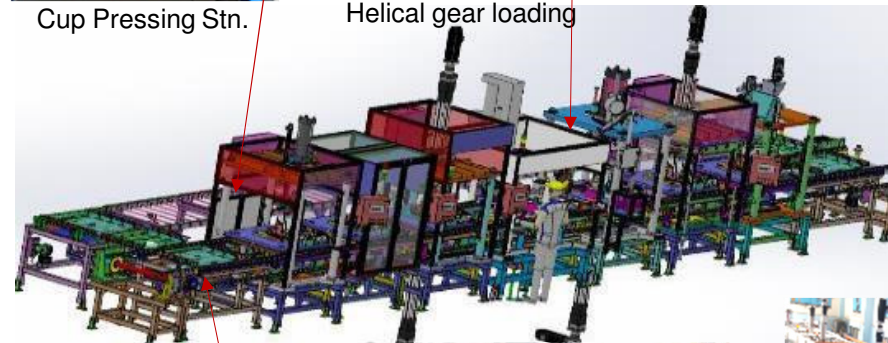
Cup Pressing Stn.



Helical gear loading



Pinion cone pressing



Assembly Conveyor



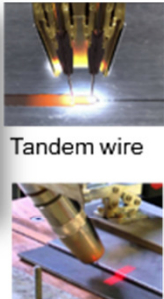
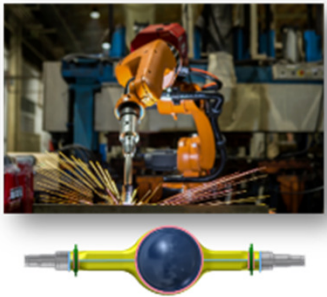
Pinion preloading



Defect Free Product Line

TECHNOLOGY Initiatives

Welding



Tandem wire



TAST



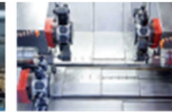
Auto torch Cleaning

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

Machining



Multi Spindle



Twin turret



Shrink Fit Tooling



High Speed cutting

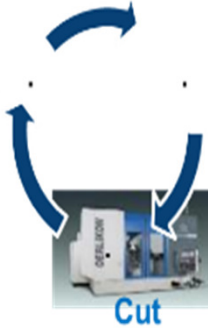


- Multi Spindles
- Simultaneous Machining
- Twin turret
- High Speed Cutting

Gear



Inspect



Set



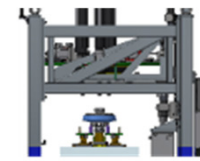
Cut

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

Assembly



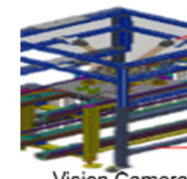
Robotic Painting



Auto Torquing



Barcode/ RFID



Vision Camera

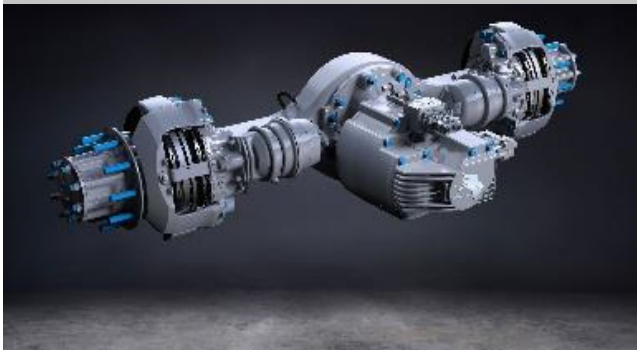


- Industry 4.0
- Poka Yoke
- Visualization
- Data acquisition
- Traceability

KEY ACTIONS to Manage Business Successfully

Business Growth Strategy

- New Business wins and opportunities in pipeline
- Product Development – Launch of New products
- Drive eMobility business
- Digitalization – Implementation of Industry 4.0
- Geared up with capacity to cater to rising market demand



Cost Measures

- Cost control measures in place for Conversion, Material and Manpower cost control
- Commodity price increases gives continuous pressure in reflecting the true cost reduction in the financials
- Continuing our focus on overall cost optimization and Significant savings expected through M2022 timeframe



Safety Practices

- Regular and continuous audits led by the Management Team to ensure safety protocols
- Multi-shift operations continue across locations
- 99% staff vaccinated and we are continuing COVID protocols and safety measures.

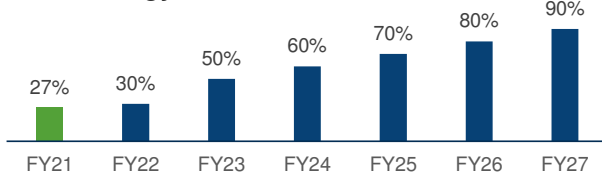


SUSTAINABILITY Key Actions

FY Oct- Sep

A. Spare a Watt, Save a Lot

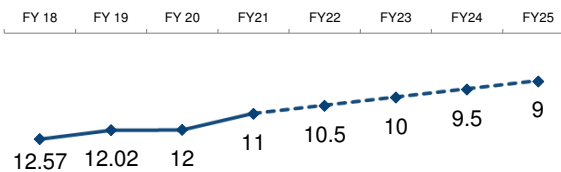
Energy from Renewable Source



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

B. Caring Mother Earth

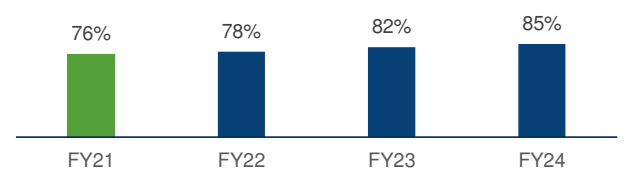
Ground Water Level in Summer (depth in m)



- 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 30%
- Yield Improvement by 20%
- ISO 14021 & 14024 (Green certification by 2024)

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	2021-23	2023-25
Environment & Road Safety	10	20
Education to underprivileged	250	500
Health Care infrastructure	5	10
Clean water & Lake renovation	2	3

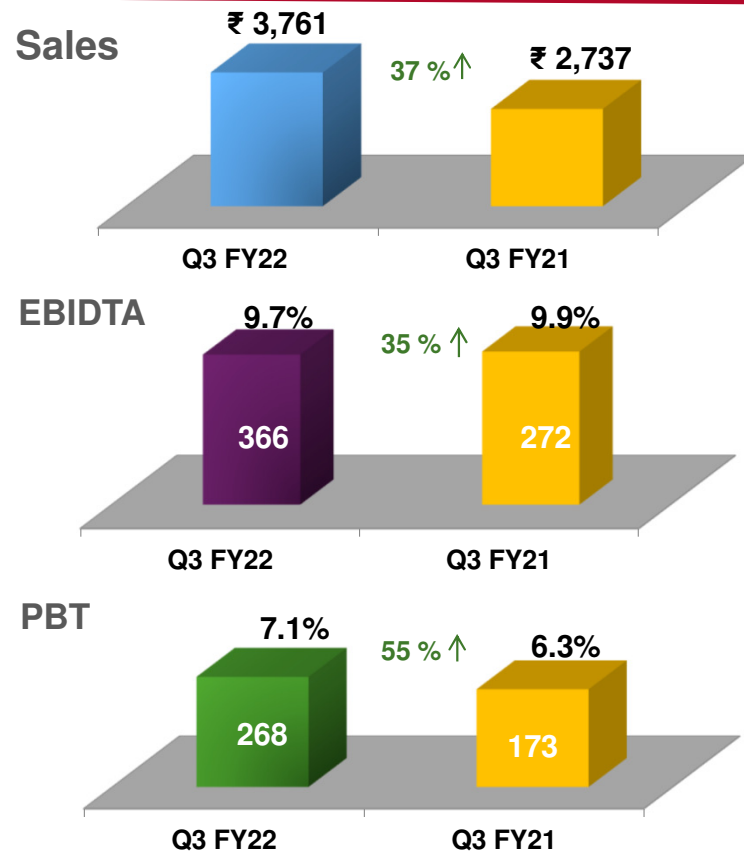
- ISO 26000 Certification for CSR assurance

F. Corporate Governance



FINANCIAL Results

FY2022 Q3 Performance



Values in INR Mn

Key Highlights

Revenue :

- FY22 Q3 revenue has grown by 37% as compared to FY21 Q3

EBITDA :

- EBITDA 2021 ~ 2022 (Close to LY level)
- Performance drivers: commodity increases & cost normalisation
- Continuous focus on SOB improvement, cost reduction, offset the commodity / cost normalisation impacts in Q3

PBT :

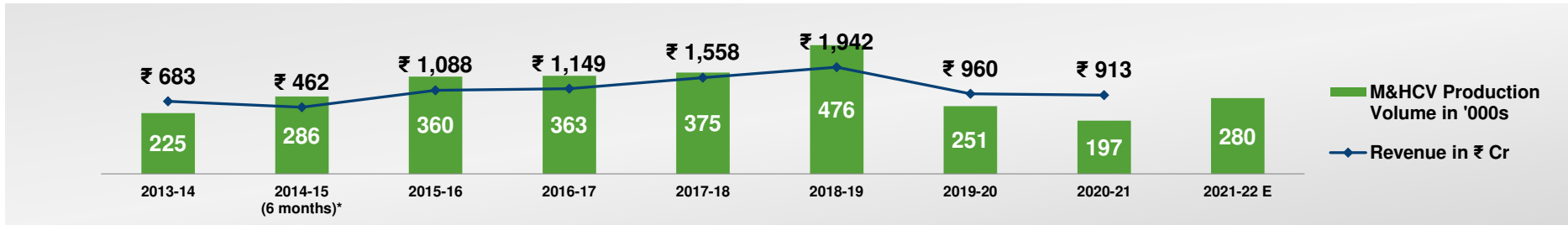
- No working capital borrowing

Cash Flow :

- Cash flow positive for the quarter and for 9 months ended Dec'21
- Continuous focus on working capital improvement and inventory optimisation
- Continuous focus on revenue improvement, NPD, operational excellence & cost optimisation as part of Mission 25 Strategy

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



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