

# AUTOMOTIVE AXLES LIMITED

31<sup>st</sup> May 2024

**The BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001  
Scrip Code: 505010

**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G- Block  
Bandra (E)  
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Scrip Code: AUTOAXLES

**Attn: Listing Department**

Dear Sir/Madam,

**Sub: Analyst / Investor Conference Call Transcript.**

In continuation to our earlier intimation dated 21<sup>st</sup> May 2024 regarding Intimation of Analyst / Investor Conference Call and with reference to Regulation 30 read with Schedule III, Part A, Para 15 (b)(ii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosed herewith Transcript of Analyst/Investor Conference Call conducted to discuss on the '**Automotive Axles Limited Q4 FY24 Financial Performance Discussion**' held on Tuesday, 28<sup>th</sup> May 2024 at 11:00 AM (IST).

The Transcription and audio recordings of the same is available on the website of the Company [https://www.autoaxle.com/Analyst\\_Investor\\_Meet.aspx](https://www.autoaxle.com/Analyst_Investor_Meet.aspx)

This is for your information and record.

Thanking you,

Yours Truly,

**For Automotive Axles Limited**

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## Automotive Axles Limited

# “Automotive Axles Limited Q4 FY-24 Earnings Conference Call”

**May 28, 2024**

Automotive Axles Limited



**MANAGEMENT:** **MR. MUTHUKUMAR N – INDIA LEADER, CUMMINS-MERITOR**  
**MR. NAGARAJA GARGESHWARI – PRESIDENT & WHOLE-TIME DIRECTOR, AUTOMOTIVE AXLES LIMITED**  
**MR. RANGANATHAN S – CHIEF FINANCIAL OFFICER, AUTOMOTIVE AXLES LIMITED**

**MODERATOR:** **MR. SAILESH RAJA – BATLIVALA & KARANI SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to Automotive Axles Q4 and FY24 earnings conference call hosted by Batlivala & Karani Securities India Private Limited.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sailesh Raja from Batlivala & Karani Securities. Thank you and over to you sir.

**Sailesh Raja:** Thanks Steve. Good morning and thanks to everyone who have logged into Automotive Axles 4Q and 12 months FY24 Earnings Conference Call.

Let me introduce you to the management participating with us today's call. We have with us Mr. Muthukumar N: – India Leader, Cummins-Meritor, Mr. Nagaraja – President and Whole-Time Director, Automotive Axles and Mr. Ranganathan S – CFO, Automotive Axles Limited.

Now I like to turn the call to Mr. Muthu sir for the opening remarks for the Q&A. Sir you may begin now.

**Muthukumar N:** Thank you Shailesh and good morning, ladies and gentlemen. Thanks for taking the time and really appreciate you all for joining this Investor Call of Automotive Axles Limited. As you all know that Automotive Axles Limited is a joint venture with Kalyani and Meritor earlier and now Cummins has acquired this company, and it has become a joint venture between Kalyani and Cummins-Meritor. As usual I think we have my team members Nagaraja who handles the entire operations space and Mr. Ranganathan, who is our CFO.

I am sure that yesterday we had a very good meeting, and you all know that even though the market is looking little dull at this point of time, the indication is this market is going to be quite good next year, at least flat for this year and going forward it is going to be good. We are going to talk to you about and clarify all your questions what you have. I will give this to Mr. Ranganathan to explain the salient features of the financial, followed by that we will take Q&A sessions and me and Nagarajan, would like to answer all your queries. Over to Mr. Ranga.

**Ranganathan S:** Thank you, Muthu. A very good morning to all of you. Welcome again for the quarterly and also the year ended 2024 earnings call. Overall, for the year if you look at it market this year was close to about 420,000 vehicle level. There's a marginal recovery overall compared to last year to the extent of 3% to 4%. But the larger growth is by and large is in the bus segment mainly with our main customer Ashok Leyland.

Your company is continuing to focus on all the revenue optimization with all our customers. This year we ended with a revenue of 2,244 or 2,245 crores with an EBITDA of 11.7% and with a PBT of 223 which is close to 10%. All of you know, in the earlier calls also we have been

emphasized, our focus is basically improving the revenue with the customers, cost optimization through our strategic initiatives and preserve cash is the main focus of our organization that is pursued this year. Though as I said the market has grown about close to 4% and we are marginally lower than the market growth. By and large there are two reasons, one is about, the growth largely has come in the bus segment, one of our major customers and more probably we can take it up during the Q&A. But also, we have accommodated the commodity price settlement with the customers which is also close to about 0.5% for the financial year. In spite of that our approach on the cost optimization and which has improved overall margin though by about 0.4%. Though the revenue was lowered by 0.3%-0.4%. And during the year, your company has generated about close to 196 crores of cash and we have no borrowings at this moment of time and all the balance sheet parameters are quite strong. With this introduction probably I may leave it to the question-and-answer session.

**Moderator:** Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of from. The first question is from the line of Amit Hiranandani from SMIFS Limited.

**Amit Hiranandani:** My first question is, wanted to understand what is the exports growth in this quarter on Q-on-Q basis and how the brakes business performed in Q4 on a Q-on-Q and any gains in the market share in the brakes division?

**Ranganathan S:** If you really see the export business overall for the year has grown on value terms is close to about 4% to 5%. And of course, there's a little bit of dip in the brakes business for the Q4. So overall basis it's purely based on the OE's requirements.

**Amit Hiranandani:** Exports on Q4, is it grown on a Q-on-Q basis?

**Ranganathan S:** Yes.

**Amit Hiranandani:** My next question, the MHCV production on Q-on-Q basis has increased by about 8% and our key customers volume has grown by 15% on a Q-on-Q but Automotive Axles revenue was just increased by 5.6%, so what is the reason for this?

**Muthukumar N:** I think if you look at the quarter growth like what you have indicated, the commercial vehicle market has definitely grown up and our key customers have grown. Unfortunately, the growth is more on the ICV segment and bus segment where our preference is little less because of the competitiveness, I think the team is developing a new product and because of that segment where we are not present which is substantially gone up in the last quarter because of the government orders that has come from them, mainly from the STUs, we lost little on that segment. But the team has done a good job in terms of penetrating more in exports, Defence and other businesses and aftermarket to compensate this drop actually, I think that's the main reason. But if you look at the competition revenue, it is 15% have grown in volume and I think it's not on value. Our key customers is on value not on volume. We have also realized more in terms of revenue because of higher value-added products that the team has launched it and this year the team is

launching two new products. I think Nagaraj can touch about this where the per axle revenue is going to substantially go up which is going to be used for above 49 tons vehicle of haulage or the new tipper that is going to get launched. If that answers your base question, I will leave it to Mr. Nagaraj to talk about the new product that is going to be launched to take up our per axle revenue.

**Nagaraja Gargeshwari:** So, we are planning for two new axles which will be appicated for 49 tons and above. Like what Muthu mentioned, this not only increases the value for us but also it helps us in consolidating our share of business in the growing segment. Apart from that we did talk about our last presence in the bus axle. We are at this point of time mainly present in the 12-meter buses. So, we have a new product coming in which is optimized specifically for a 9-meter bus which we'll be launching this year. And also, we are getting into launching dia 325 and 360 brakes with one of our key OEM. All these product launches should help us to not only improve our product line but also help us in growing the revenue in future. Whenever there is a bus segment growth is there. We should be able to actively participate in it and make the best advantage of it.

**Moderator:** The next question is from the line of Radha.

**Radha:** My first question was in our current revenue, what is the contribution of bus segment and what is the contribution of LCV-ICV segment?

**Muthukumar N:** While we normally don't give the setup of segment wise sale. But I can tell you one general thing. In terms of commercial vehicle medium and heavy, in terms of tipper all of this our presence is 100%. But if you look at bus, I am talking in terms of the models our presence will be around 50%-55%. Nagaraj, please correct me if I am wrong. But in terms of value, the 9 meter and smaller buses our presence is less. Is that right Nagaraj or you want to add anything? It's a segment you are introducing a new product, right on the queue.

**Nagaraja Gargeshwari:** Yes, it's a 9-meter segment which is a high-volume segment, high volume low margin kind of a segment. Also, it is a little bit cyclical like you mentioned in your opening remarks. It's based on the government orders. So that's where we are going to introduce a new product so that we can take the best advantage of it.

**Radha:** Sorry your voice was breaking. If I heard it correctly, you mentioned that you are present in 50%-55% of the models in the LCV-ICV segment of the industry. And in the bus currently it is in 12 meter and you are entering into 9 meter which is more cyclical?

**Nagaraja Gargeshwari:** Yes.

**Radha:** Secondly you mentioned two new product launches, dia 325 and 360. How do you see a revenue mix change, product mix change because of these two launches in the next 2 to 3 years? And what could be the margin scenario because of changing product mix?

**Nagaraja Gargeshwari:** Sometimes, probably Muthu can answer it better. But what we are focusing on is in our presence in all the segment, so that during the quarter or during the year one particular segment grows or another segment stagnates or degrows, we should be able to still protect our revenue and share of business. Just to give you a kind of a rough numbers, with the addition of these new products, potentially we will be able to address another 5% to 10% of the market which currently we are not present in or those markets which are going to grow.

**Muthukumar N:** Thank you Nagaraj for that clarification. Radha, I think you ask the question of how much we are present in different segments. What happens with this market, there is a dynamic situation of changing depending on the government order, government bid, international export orders and it keeps changing. Currently if you look at overall, our presence in the commercial vehicle segment of 7.5 tons and above will be around 65% to 70% of the largest customer. What Nagaraj is trying to say, in fact the smallest commercial vehicles like those are **(Inaudible) (14.40)**. By introducing this new product what Mr. Nagaraj was saying that the 9-meter bus our coverage will go up by 8% to 10% which means we'll be going up to coverage of about 75% to 80%. However, still there will be some segments which we may not be present but please do understand that there presence also will be very less because we supply 100% in most of any commercial vehicles 18 tons and above and our presence is very strong there. So, just to make sure that when the market changes this vehicle model for the end customer depending on the different situation like government order or construction equipment or infrastructure, we are trying to gear up to present a product across 100%. That's our wish. But in reality, what happens is we are not able to present 100% because of competitiveness because of various things and the team is working to launch a product. Every product that we launch should be competitive. I think the team has identified a 9-meter bus product now which is going to be competitive and going to bring the value for what we are looking at in this conference at the same time meet the customers aspiration of reliability. So, at this point in time like what he said we will be touching up to 75% to 80% now and then further we may have to go further to 100% at some point of time.

**Moderator:** Sorry to interrupt sir but the current participant has been disconnected. We will move to the next question. It's from the line of Amit Hiranandani from SMIFS Limited.

**Amit Hiranandani:** Sorry my line earlier got dropped. My question is, can you just give me broad revenue breakup for axles, brakes, exports and others?

**Ranganathan S:** Amit, generally we don't give revenue breakdown and as we have mentioned in the previous calls also but definitely the axles sales play a significant portion of the total revenue size.

**Amit Hiranandani:** And the current capacity utilization for axles and brakes and what would be your annual CAPEX plan for the next 2 years?

**Ranganathan S:** As we have mentioned in the earlier calls also, the investment basically apart from the sustenance CAPEX what we do it, we are consciously working on improving our productivity as well as capacity as we introduce new products as well as in terms of automizing the plant towards

efficiency and all the stuff. So probably these areas we are currently positioning towards the investment the next 2 years kind of about 50 to 60 crores level. But apart from sustenance CAPEX, the specific automation projects, new product development and all this stuff.

**Nagaraja Gargeshwari:** Just to add to what Ranga as mentioned, we are really focusing on a lot of automation, digitization so that we can not only meet the new product quality requirement but also help us in optimizing our capacity utilization. So next 2 years the investment will be coming in our housing line and gear manufacturing and then overall assembly areas.

**Ranganathan S:** We are basically doing this to make sure that we are ready when the market demand goes up. And this investment really helps us in terms of meeting the market demands.

**Amit Hiranandani:** Also, we were supposed to come out with a midterm growth strategy. So, any update on this front?

**Nagaraja Gargeshwari:** Some of these new products what we are already talking about in fact, last call Muthu did mention 60% of our last year's revenue has come from the new products. And as we mentioned during this call, we are introducing 4 more new products. So, this is a plan what we are having to not only probably try to be present in all 7.5 tons above in all the segments but again we are also kind of looking at how we can bring in the value for our end customer. So there are a lot of new products that is being developed in terms of nice sensitive gearing, quite right gearing for bus and coaches and the largest axle which is called MS 185 with a 500 crown wheel diameter for a 49 tons and above. So those should really help us not only in the domestic market but also make us competitive for the potential export opportunities as and when both North America and European markets come back.

**Amit Hiranandani:** My next question is, annually if we look at, we have already crossed the previous peak revenue in FY24 and despite increase in the exports of having Defence business, our annual EBITDA margin excluding other income is hovering around 11% level. The earlier peak margin of around 12% was achieved at a lower top line in FY19. So, what is the reason for this and what steps the team is taking to cross its previous peak level margin of 12%?

**Muthukumar N:** then I think Ranga will be the right person to answer on profitability. If you look at our volumes of FY19 which was the previous peak, the industry did about 467 K and it is about 8.7 million tons because it's not only the number of vehicles but also the capacity of the tonnage that we have produced. Last year the year, which is passed away, FY24 we ended up with 423 K which is about 9.2 million tons. So, in fact in looking at the number of vehicles we are 10% less when compared to there. But we are slightly above in terms of tonnage. So, I just wanted to bring it to the fact that we have not come. So, at that time our revenue was about 1,700 or 1,800 crores, now it is about 2,300 crores. Which means we have grown in other segments. Even though we have taken the commodity, commodity went up came down and of course it has only about 2% impact, not more than that between that time and now. So that is the reason from the market volume under tonnage wise. Having said that, the company continues to improve cost reduction. We have improved the reliability of the product and we have also enhanced the value of the

product thereby our per axle realization has gone up. Of course, the plant did a tremendous job in terms of cutting down the cost. I think Covid gave us a lot of insights post 2019 peak to find out how we can enhance our operational capability. Those things have really helped us to grow and almost the same margin, even though the volumes is quite less on this particular segment. Of course, we spend a lot of money on CAPEX on Defence. But the real realization of Defence is still not started. The government is giving order little here and there, but it gets a long-term investment. With that I leave it to Ranga to answer specifically on the profitability comparison between 2019 and now.

**Ranganathan S:**

Thank you, Muthu. Just wanted to take your point. Amit, if you really see 2018-19 was a peak in terms of the market. That year we did about 1,940 crores. If my memory goes right. As of today, if you look at it, our revenue is closed about 2,100 or 2,200 crores now. Between 2018-19 to then and now this is more than about the commodities change is quite huge. So that is one of the significant aspects in value terms which is got an impact on the revenue perspective. And that's one of the reasons probably it is showing up or showing low. Last 2 years you see the significant commodity reductions have happened in '18-19 to close to '20-21 is only an increase after the last 2 years is commodities in a declining stage. So as Muthu said, the revenue the overall market is down by about 10% to 12% compared to '18-19 peak. Still, we are not reached to that. Maybe broadly in terms of tonnage we may be closer to that. So, though the per axle revenues improved but realistically if you look at it, the overall revenue is still much lower than the 2018 to '19 volume. If market come closer to that you can really see the same 1,900 level with our market percents with all customers with all initiatives we have taken with all the customers in terms of improving a share of business with them. The introduction of new product gaps what you have and what are the new products we introduced recently; we definitely will be not less than another about 400 to 500 crores will be added as compared to the 2019 level. So very comfortably we'll be reaching around 2,500 to 2,600 crores with the current presence if the market reaches '18-19. So that's a perspective all of you understand because one thing we really see is a value comparison. But in terms of the commodities plays a significant role and today we're able to show up the revenue up is only because of our active presence with our customers in terms of the share that comes to purely based on our delivery and quality performance and also our new product introduction to fill the gaps on the customer requirements. As far as the margin perspective is concerned, though the market still not reached the 2018-19 you touch the point about 12%, percentage is really one piece of it. If you really look at the absolute value you really credit the absolute value in terms of the real measurement you look at it EPS and EPS is significantly grown compared to '18-19 to now.

**Amit Hiranandani:**

Are you indicating more juice left on the volumes and margin side for automotive actions?

**Ranganathan S:**

Margin by default will come through our initiatives. There is no doubt about. I told you very clearly, we are really working on the initiatives, we have our internal mission qualified initiatives and we really drive our performance on the cost and year-on-year, especially on the material and conversion costs. We have taken a significant effort in terms of bringing the value in terms of the metal cost optimization as well as the conversion cost optimization. That effort will continue. Year-on-year we stretch ourselves to find new avenues to bring value to the financials and



definitely juice left out, our pursuit is there to improve the margins. As the market grows with the current efficiency, we will be doing much better. That's the point I am trying to drive here.

**Muthukumar N:** Absolutely you can take it with confidence market drive the volume previously. I think whatever the indication that we have given in terms of top line and bottom line will certainly happen. But the team is working hard to make sure even before such a volume drives market how we can enhance our profitability. I think that's the challenge the team is working on.

**Ranganathan S:** Amit, sorry to intervene just to give a data for your confirmation. If you really see our EPS in '18-19, the peak volume is at Rs. 80 and with a 10% to 12% reduction our EPS is about Rs. 109 per share. So, this is one of the parameters internally if you see, are we really increasing the value, your question. So just an indication to you. That's it.

**Moderator:** The next question is from the line of Pratik Kothari from unique PMS.

**Pratik Kothari:** Just one question. It's been about 2 years since Cummins acquired Meritor and we had highlighted in the past about kind of getting some new products, new orders from this. If you can highlight anything which has happened in the past 6-9-12 months?

**Muthukumar N:** Exactly saying, with this August it is going to be 2 years. I think 2<sup>nd</sup> of August is what we announced the actual acquisition. Even though we have communicated about February '22, on 22<sup>nd</sup> of February 2022 we announced it. A significant amount of work is happening. You all talked about penetrating into another OEM where Cummins is strongly present and at the end of the day when somebody has a capacity in their own plant replacing their axle with our axle. So, the team is working with the customer and along with Cummins support to see that how we can penetrate into other OEMs where Automotive Axles does not have good share today. So, we are trying to work with the combination to make sure that how we can get the real efficiency. Good amount of activities have been done in the last one year and we are coming into some stages but we are not in a position to announce anything that yes, we made a big win at this point in time. But I know this type of acquisition that bringing a lot of synergy, first and foremost is bringing a lot of good systems into the company in terms of whether it is a talent management, in terms of the launches and we are improving with the synergy coming in between both the best practices, it is breaking into a good to great company. So, we are working on this. But at this point in time, we are not in a position to announce that we have made this business win, we have made this. But definitely a lot amount of progress is happening both in off highway business as well as in the regular business.

**Pratik Kothari:** So, this you highlighted it is helping us penetrating other OEMs. This is largely off highway that the focus is or even EV is globally.

**Muthukumar N:** No, even in on highways or even in on highway where we are not present like Tata Motor is one of the questions is asked Cummins has a very good leverage with them, so we are working. So, we as Cummins-Meritor is working with all the customers on Automotive Axles, working with all the customers to see that where we can penetrate. I think the team is working extensively,

working with all these vehicles that are coming up. So everywhere the team is making sure that we try to penetrate. A lot of new players are coming in the EV segment where it is not an E Axle segment but remote mounted segment where also this company is continuing to win the business is to start supplying for them.

**Pratik Kothari:** 2-3 years back we had an aspiration that once the volume comes back and we are at scale we should be seeing some early teen margin, 13%-14%-15%, does that still hold?

**Ranganathan S:** Absolutely. We have already mentioned that our continuous pursuit of every initiative what we are taking is about to be present in the market and dominant player in the market and keep the customers happy. And apparently, see how to bring value to the organization. That is continuous focus, still holds good and there is absolutely no doubt about it. That's the reason Nagaraj was explaining the automation process is to make the operations more efficient. And more quicker deliveries can be made to the customers and all the stuff. Definitely we are committed to grow in terms of the bottom line and every initiative is taken is towards that only. As you said market it goes up. Definitely margin will go much higher than what we are having it today. But whether it is 13 or 14 depends on the product mix and various things. But definitely you will see a significant growth in the margins.

**Moderator:** The next question is from the line of Deep Shah from Yes Securities

**Deep Shah:** So, couple of clarifications, since voice was not very clear. So, in the opening remarks you had said a price hike of about 0.5% with the end customers. So, can you elaborate? Is this over and above the RM inflation pass through or what it is exactly?

**Ranganathan S:** No, this is not over and above. I said the commodity settlement which has lowered the revenue by 0.5% which is a commodity which you accommodated in the year 2023-24 ISA. There is nothing impacted to the P&L. Whatever the customer settlement the same supply settlement, so your P&L is well protected.

**Deep Shah:** And the second, the new launches especially on the Axles side that you just mentioned, are those for FY25 or it will come in FY26 also?

**Muthukumar N:** So, these are all the ones, in fact as we speak, we are launching these products. So, like we keep on iterating that what Automotive Axles the value what it brings in is, along with our partners Cummins-Meritor we develop the product and then be ready well ahead of time even before the market is ready for it. So, our MS 185 Axle is already launched with one of the customers. It's going pretty well with a 55 tons tractor and the product has been updated and then being launched with our key customer. So that is going to happen this year. So, both the bus axle and our largest axle MS 185 and then the brakes, all of them will be launched this year. And we'll be realizing some revenue out of this new product launches.

**Deep Shah:** I missed the number you had shared. So, the share of revenues from the new products was at about 16 or 60?

- Muthukumar N:** Again, it is a little bit of challenge, it's a SOP. Also depends on what customers our OEs are realizing from the market. So, our focus is from somewhere around 65% where we are present, we'll take it all the way up to 80% with the launch of these products. So that's the coverage we are going to have for all the 7.5 tons and above trucks and tractors applicated in the market.
- Deep Shah:** Last question on the industry outlook itself. So, when we hear the commentary of the OEMs themselves, Tata Motors and Leyland both, they would have a divergent view in terms of FY25 outlook, especially the M&HCV segment. While one is saying kind of growth, and the other is saying kind of a muted and maybe a mixed commentary one from the other ancillary. So, as per your view what is the overall outlook for FY25 in terms of the volumes that the industry can achieve? Because in last call you had mentioned it was something close to the flattish volumes for FY25 if I am not wrong. So, what is that today?
- Muthukumar N:** You are right. When compared to FY24 to 25, we are projecting flat or about 4% to 5% less. If you see the start of the quarter, the first quarter is not going that going good. And most of the activities needs to be picked up. And they are talking about the reasons could be many, they are talking about elections. After elections we will start. We are also likely to get an average or above average rainfall which means we don't see any interference in that side. On the infrastructure push from the government continues to be good. That's what the government is committing. But we need to wait for the new government to come back. We as a component supplier if you look at it, we're going with the OEMs preparations. The OEMs are something even though they are predicting the visual target is less. But they're talking about an aggressive target that yes, we will grow. Everybody wants to grow and expand the margin. We as a company like what Nagaraj presented the market could be (-5%) or it can even go up to 7% or something. Because even though we are losing over the next three quarters can run well. One good thing is the inventory has come down substantially in the last quarter. Even though the last quarter production is less things have been the inventory has come down. I am sure that this year we have a positive outlook, when I say positive outlook, it will be single digit growth would be still there. The company's internally we are preparing for whatever the number changes from the customer whether it goes up or comes down, the organization drive efficiency convert it very positively to make sure that every bit of opportunity that we get should convert in the top line and every opportunity that we have to cut down the cost we should add it up to the bottom line. I think that's the team in the Automotive Axles team continues to work. But industry outlook at this point of time looking at the industry inventory, the government spend, the push for passenger buses, everything if you look at it I am positive about it.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, this will be our last question for today's call. It's from the line of Chirag Jain from Emkay Global.
- Chirag Jain:** Just couple of clarifications. Do we supply to the Defence space from this entity?
- Muthukumar N:** Yes, we supply to the Defence entity, I think not directly to the Defence. We used to sell it to VFJ. But now VFJ has started making axles Tata. So, our supplies are going to Ashok Leyland

or to the other customer through which is reaching Defence. But we are supplying Defence axles from this entity. You are right.

**Chirag Jain:** And in terms of future, a product pipeline, E Axle, would that be part of this listed entity or could be potentially part of the group but may not be in this company, any thoughts on that?

**Muthukumar N:** At this point of time, yes, the segment.

**Ranganathan S:** The thing is we still have a capacity to manufacture some of the key components required for the E Axle. So, at this point of time, E Axle is basically part of Cummins-Meritor. But we supply them the parts wherever it is required and the volumes at this point of time, it is too early for us to tell how this overall E Axle business is going to develop. Having said that we are already supplying to key customers the E or battery vehicles, our special axle which is being applied on that. Most of the OEs at this point of time preferring to remote mount type design which is the cost effective at this point of time. So just to confirm that E Axle still requires quite a lot of components which we are producing which we have a capacity for that I am sure that we will be a part of any future E Axle production in one way or the other.

**Moderator:** Ladies and gentlemen that was the last question for today's conference call. I now hand the conference over to Mr. Sailesh Raja for closing comments.

**Sailesh Raja:** Thank you all for attending this session. We especially thank the Automotive Axles team for their time. Muthu sir, would you like to make any comments?

**Muthukumar N:** Thank you Sailesh. Once again ladies and gentlemen thank you very much for your time. Rest assured. On top of I think whatever we spoke I also wanted to congratulate your team. They have got the JIPM TPM award. Last year Nagaraja team did a wonderful job of last 3-4 years on the journey of TPM and they've been now awarded by the JIPM TPM. I think the team went to Japan and got the award. This gives confidence on the ability of the flexibility that we have created in the plant to increase customer varied demands. The team is continuing to put the effects in terms of new product launch in terms of improving the reliability, at the same time increasing the flexibility in the plan to make sure that multiple models and deliver it at the shortest time. We'll continue to put the efforts and look forward to. I think my team is there in the next 2 days in the conference Mumbai. I think they'll be available in person to meet you, talk to you and give you all the commitment. Though I am not able to come but that session that the organization on will put everything make sure that the value for the stakeholders. Once again thank you very much for taking time to join today. And thanks, Nagaraja and Ranga for taking the call. Thanks, Sailesh for coordinating this and really appreciate every one of your time. Thank you very much.

**Moderator:** On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.