



AIA Engineering Ltd.



# **AIA ENGINEERING LIMITED**

## **PRESENTATION TO INVESTORS**

### **EARNINGS : Q3 FY 2018-19**



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# 1. Financial Snap Shot – Consolidated



(Rs. In lacs)

AIA Engineering Ltd.

Particulars	F.Y. 2018-19				F.Y. 2017-18					F.Y. 2017-18
	Q1	Q2	Q3	Up to Dec-18	Q1	Q2	Q3	Up to Dec-17	Q4	
Production (MT)	69,843	72,262	74,619	<b>216,724</b>	56,744	56,256	55,516	<b>168,516</b>	61,298	<b>229,814</b>
Sales (MT)	64,211	61,695	59,235	<b>185,141</b>	56,706	54,252	51,392	<b>162,350</b>	66,374	<b>228,724</b>
<b>1. INCOME</b>										
a) Sales (without excise)	69,094	71,527	70,021	<b>210,643</b>	55,484	54,294	55,639	<b>165,417</b>	72,057	<b>237,475</b>
b) Other operating income (export benefits)	2,429	2,534	2,623	<b>7,585</b>	1,513	1,620	1,577	<b>4,710</b>	2,328	<b>7,039</b>
<b>Total income from operations</b>	<b>71,523</b>	<b>74,061</b>	<b>72,644</b>	<b>218,228</b>	<b>56,997</b>	<b>55,915</b>	<b>57,217</b>	<b>170,128</b>	<b>74,385</b>	<b>244,513</b>
c) Other non operating income	2,017	4,820	2,892	<b>9,729</b>	1,850	2,169	3,212	<b>7,231</b>	4,951	<b>12,181</b>
<b>Total Income</b>	<b>73,539</b>	<b>78,881</b>	<b>75,536</b>	<b>227,956</b>	<b>58,847</b>	<b>58,083</b>	<b>60,429</b>	<b>177,359</b>	<b>79,336</b>	<b>256,695</b>
<b>2. EXPENDITURE</b>										
a) Raw material consumed	33,438	35,438	36,616	<b>105,491</b>	24,784	23,042	22,912	<b>70,738</b>	27,981	<b>98,719</b>
b) Change in inventories of Finished goods, W.I.P. and stock-in-trade	(4,785)	(4,669)	(11,270)	<b>(20,724)</b>	(1,277)	(1,257)	(1,821)	<b>(4,354)</b>	2,071	<b>(2,282)</b>
c) Employee benefit expenses	3,083	3,097	3,226	<b>9,406</b>	2,738	2,848	2,883	<b>8,470</b>	2,846	<b>11,316</b>
d) Other expenses	24,229	25,415	27,549	<b>77,193</b>	17,766	20,041	20,555	<b>58,363</b>	24,829	<b>83,191</b>
<b>3. EBIDTA</b>	<b>17,575</b>	<b>19,601</b>	<b>19,416</b>	<b>56,591</b>	<b>14,835</b>	<b>13,409</b>	<b>15,899</b>	<b>44,143</b>	<b>21,608</b>	<b>65,751</b>
<b>4. EBIDTA ( Percentage on income from operation excluding excise)</b>	<b>24.57%</b>	<b>26.47%</b>	<b>26.73%</b>	<b>25.93%</b>	<b>26.03%</b>	<b>23.98%</b>	<b>27.79%</b>	<b>25.94%</b>	<b>29.05%</b>	<b>26.89%</b>
<b>5. Depreciation and amortising expenses</b>	1,655	1,805	2,159	<b>5,619</b>	1,776	1,596	1,789	<b>5,160</b>	1,398	<b>6,558</b>
<b>6. Finance cost</b>	183	170	203	<b>557</b>	140	158	109	<b>407</b>	285	<b>693</b>
<b>7. PBT</b>	<b>15,737</b>	<b>17,625</b>	<b>17,053</b>	<b>50,415</b>	<b>12,919</b>	<b>11,655</b>	<b>14,001</b>	<b>38,575</b>	<b>19,925</b>	<b>58,501</b>
<b>8. Tax</b>	5,255	5,474	4,131	<b>14,861</b>	4,049	2,991	2,348	<b>9,389</b>	4,750	<b>14,139</b>
<b>9. PAT (after Minority Interest)</b>	<b>10,505</b>	<b>12,102</b>	<b>12,896</b>	<b>35,503</b>	<b>8,850</b>	<b>8,651</b>	<b>11,617</b>	<b>29,118</b>	<b>15,218</b>	<b>44,335</b>

## 2. Break-up of Certain Key Items – Consolidated



AIA Engineering Ltd.

(Rs. In lacs)

Particulars	F.Y. 2018-19				F.Y. 2017-18					
	Q1	Q2	Q3	Up to Dec-18	Q1	Q2	Q3	Up to Dec-17	Q4	2017-18
<b>1. Other Operating Income</b>										
a) Export benefits & others	2,429	2,534	2,623	7,586	1,513	1,620	1,577	4,710	2,328	<b>7,038</b>
<b>2. Other income</b>										
a) Dividend / profit on sale of MF / Interest income	284	579	211	1,074	127	203	252	582	165	<b>747</b>
b) Foreign exchange gain	172	2,570	417	3,159	358	303	1,584	2,245	1,399	<b>3,644</b>
c) Others (including fair value of Investments)	1,561	1,671	2,265	5,497	1,365	1,663	1,376	4,404	3,386	<b>7,790</b>
<b>Total of Other Income</b>	<b>2,017</b>	<b>4,820</b>	<b>2,892</b>	<b>9,729</b>	<b>1,850</b>	<b>2,169</b>	<b>3,212</b>	<b>7,231</b>	<b>4,951</b>	<b>12,181</b>

### 3. Working Capital – Consolidated

(Rs. In lacs)

Particulars	F.Y. 2018-19				F.Y. 2017-18					
	Q1	Q2	Q3	Up to Dec-18	Q1	Q2	Q3	Up to Dec-17	Q4	2017-18
<b>1. Inventories</b>										
a) Raw material – Amount	10,793	13,079	18,285	18,285	11,006	9,974	9,225	9,225	7,367	<b>7,367</b>
No. of days	27	32	43	43	38	37	36	36	28	<b>28</b>
b) WIP & FG – Amount	43,772	48,441	59,711	59,711	37,982	39,238	41,059	41,059	38,987	<b>38,987</b>
No. of days	58	62	78	78	62	64	63	63	57	<b>57</b>
<b>2. Receivables – Amount</b>	63,495	71,408	54,417	54,417	51,417	49,466	49,950	49,950	60,136	<b>60,136</b>
No. of days	84	92	71	71	84	78	80	80	84	<b>84</b>

#### 4. Segmental Sales (in MT) – Consolidated

Particulars	F.Y. 2018-19				F.Y. 2017-18					
	Q1	Q2	Q3	Up to Dec-18	Q1	Q2	Q3	Up to Dec-17	Q4	2017-18
i) Mining	39,726	40,007	40,084	<b>119,817</b>	34,659	33,803	32,346	<b>1,00,808</b>	37,591	<b>138,398</b>
ii) Others	24,485	21,688	19,151	<b>65,324</b>	22,047	20,449	19,046	<b>61,542</b>	28,784	<b>90,326</b>
<b>Total</b>	<b>64,211</b>	<b>61,695</b>	<b>59,235</b>	<b>185,141</b>	<b>56,706</b>	<b>54,252</b>	<b>51,392</b>	<b>1,62,350</b>	<b>66,375</b>	<b>228,724</b>

## 5. Business Update

- a) Post entering into technical collaboration agreement with EE Mill Solutions LLP, USA (EEMS), the company has started market development activity relating to the mining liners based on the technical know-how and inputs obtained from EEMS and the initial results are quite encouraging.
- b) EEMS has special knowledge of optimizing energy efficiency and output of grinding equipment (“Know How”) like AG/SAG/Ball Mills in wet & dry grinding industries through re-designing of mill internals viz. Head & shell liners, grate liners, pulp lifters (“the products”).
- c) The company has also firmed up plans for setting up of a dedicated plant for manufacturing the above products. Till the dedicated plant is set up the above products are being manufactured in the existing plants of the company.

## 6. CAPEX/PROJECTS IN PIPELINE

- The Present Installed Capacity 3,40,000 TPA.

### Kerala GIDC Projects:

- GIDC Kerala, Phase-II Greenfield expected to be commissioned in two phases. The First phase will add 50,000 TPA capacity which we expect to be commissioned by June-2019 while the Second phase will add another 50,000 TPA capacity which is expected to be commissioned in twelve to fifteen months thereafter; taking installed capacity to 4,40,000 TPA.

### Mining Liner Projects:

- The company has planned to set up manufacturing plant of Mining Liner with estimated capex of Rs. 250 crore which will add liner capacity of 50,000 MT per year & to be commissioned in F.Y. 2019-2020.



## 6. Continued.....

- To hedge power cost, we have bought & installed 4 WTGs of 2.1 MW each at cost of Rs. 52 crore. Based on performance review of these four WTGS, we have ordered additional 4 WTGs of 2.1 MW each amounting to Rs.52 crore.
- Capex incurred till nine months-FY 2019: Rs. 156 crores.
- Total capital outlay for Grinding Media, Mill Liners and Wind Turbine will be Rs. 800 crore in which Rs. 336 crore during F.Y. 2018-19 & remaining during F.Y. 2019-20.

## 7. Strategy

- a. The opportunity landscape over medium to long term horizon remaining unchanged with the total addressable annual mining replacement market estimated at around 3 million TPA coupled with a very low penetration of high chrome consumable wear parts in mining. Bulk of future growth is expected to come from outside India and that too mainly in mining segment.
- b. Apart from significant cost reduction due to much lower wear rates, high chrome solutions also bring about benefits like improved process efficiencies, reduction in other consumables (other than high chrome consumables), improved environmental benefits, etc. which are other key growth drivers.
- c. Incremental volume growth in Mining estimated to be in the range of 40,000-50,000 MT per year from FY 2018-19 onwards.

## 8. Key Highlights/Developments

- A. Order book as at 1<sup>st</sup> January 2019: Rs. 668 Crores.
  
- B. Outstanding foreign currency forward contracts (sales contracts) as of 31<sup>st</sup> December-2018: US\$ 36.25 MIO, ZAR 41.00 MIO & option contracts of US\$ 6.00 MIO during October to March.