



AIA Engineering Ltd.



# **AIA ENGINEERING LIMITED**

## **PRESENTATION TO INVESTORS**

### **EARNINGS : Q4 FY 2017-18**



# Disclaimer/Safe Harbor

## Cautionary statement regarding forward-looking statements

This presentation may contain certain forward-looking statements relating to AIA Engineering Ltd. (“AIA”, or “Company” or “AIAE”) and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

This presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this presentation. This presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this presentation is expressly excluded.

This presentation does not constitute a prospectus, offering circular or offering memorandum or an offer, or a solicitation of any offer, to purchase or sell, any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of company’s securities in any jurisdiction. Neither this presentation nor any other documentation or information (or any part thereof) delivered or supplied under or in relation to the shares shall be deemed to constitute an offer of or an invitation by or on behalf of company. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any of company’s securities.

AIA assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this document, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. AIA may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of AIA.

This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or in part, or disclosed by recipients directly or indirectly to any other person.

# 1. Financial Snap Shot – Consolidated



(Rs. In lacs)

AIA Engineering Ltd.

Particulars	F.Y. 2017-18				F.Y. 2017-18	F.Y. 2016-17				F.Y. 2016-17
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Production (MT)	56,744	56,256	55,516	61,298	229,814	54,272	59,280	58,785	60,785	233,122
Sales (MT)	56,706	54,252	51,392	66,374	228,724	47,572	51,969	56,646	58,290	214,477
<b>1. INCOME</b>										
a) Sales (without excise)	55,484	54,294	55,639	72,057	237,475	46,776	51,479	57,351	60,885	216,491
b) Other operating income (export benefits)	1,513	1,620	1,577	2,328	7,039	1,113	1,467	1,654	3,877	8,111
<b>Total income from operations</b>	<b>56,997</b>	<b>55,915</b>	<b>57,217</b>	<b>74,385</b>	<b>244,513</b>	<b>47,889</b>	<b>52,946</b>	<b>59,005</b>	<b>64,762</b>	<b>224,602</b>
c) Other non operating income	1,850	2,169	3,212	4,951	12,181	3,045	2,683	2,229	2,487	10,436
<b>Total Income</b>	<b>58,847</b>	<b>58,083</b>	<b>60,429</b>	<b>79,336</b>	<b>256,695</b>	<b>50,934</b>	<b>55,629</b>	<b>61,234</b>	<b>67,249</b>	<b>235,038</b>
<b>2. EXPENDITURE</b>										
a) Raw material consumed	24,212	22,798	22,430	29,279	98,719	18,005	20,251	20,875	25,605	84,736
b) Change in inventories of Finished goods, W.I.P. and stock-in-trade	(1,277)	(1,257)	(1,821)	2,071	(2,282)	(3,689)	(5,263)	(923)	(644)	(10,519)
c) Employee benefit expenses	2,738	2,848	2,883	2,846	11,316	2,567	2,672	2,713	2,719	10,671
d) Other expenses	18,338	20,285	21,037	23,531	83,191	17,302	19,991	17,385	21,570	76,248
<b>3. EBIDTA</b>	<b>14,835</b>	<b>13,409</b>	<b>15,899</b>	<b>21,608</b>	<b>65,751</b>	<b>17,012</b>	<b>18,303</b>	<b>20,587</b>	<b>18,000</b>	<b>73,901</b>
<b>4. EBIDTA ( Percentage on income from operation excluding excise)</b>	<b>26.03%</b>	<b>23.98%</b>	<b>27.79%</b>	<b>29.05%</b>	<b>26.89%</b>	<b>35.52%</b>	<b>34.57%</b>	<b>34.89%</b>	<b>27.79%</b>	<b>33.90%</b>
<b>5. Depreciation and amortising expenses</b>	1,776	1,596	1,789	1,398	6,558	1,749	1,705	1,701	2,093	7,248
<b>6. Finance cost</b>	140	158	109	285	693	119	102	85	143	449
<b>7. PBT</b>	<b>12,919</b>	<b>11,655</b>	<b>14,001</b>	<b>19,925</b>	<b>58,501</b>	<b>15,144</b>	<b>16,496</b>	<b>18,801</b>	<b>15,764</b>	<b>66,204</b>
<b>8. Tax</b>	4,049	2,991	2,348	4,750	14,139	4,503	5,577	5,677	4,726	20,483
<b>9. PAT (after Minority Interest)</b>	<b>8,850</b>	<b>8,651</b>	<b>11,617</b>	<b>15,218</b>	<b>44,335</b>	<b>10,637</b>	<b>10,910</b>	<b>13,109</b>	<b>11,024</b>	<b>45,679</b>

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



AIA Engineering Ltd.

(Rs. In lacs)

Particulars	F.Y. 2017-18					F.Y. 2016-17				
	Q1	Q2	Q3	Q4	2017-18	Q1	Q2	Q3	Q4	2016-17
<b>1. Other Operating Income</b>										
a) Export benefits & others	1,513	1,620	1,577	2,328	7,038	1,113	1,467	1,654	3,877	<b>8,111</b>
<b>2. Other income</b>										
a) Dividend / profit on sale of MF / Interest income	127	203	252	165	747	229	234	144	116	<b>723</b>
b) Foreign exchange gain	358	303	1,584	1,399	3,644	467	641	262	1,030	<b>2,400</b>
c) Others (including fair value of Investments)	1,365	1,663	1,376	3,386	7,790	2,349	1,808	1,824	1,341	<b>7321</b>
<b>Total</b>	<b>1,850</b>	<b>2,169</b>	<b>3,212</b>	<b>4,951</b>	<b>12,181</b>	<b>3,045</b>	<b>2,683</b>	<b>2,229</b>	<b>2,487</b>	<b>10,444</b>

### 3. Working Capital – Consolidated

(Rs. In lacs)

Particulars	2017-18					2016-17				
	Q1	Q2	Q3	Q4	2017-18	Q1	Q2	Q3	Q4	2016-17
<b>1. Inventories</b>										
a) Raw material – Amount	11,006	9,974	9,225	7,367	7,367	8,452	7,684	9,806	8,838	<b>8,838</b>
No. of days	38	37	36	28	28	38	35	43	37	<b>37</b>
b) WIP & FG – Amount	37,982	39,238	41,059	38,987	38,987	29,929	35,061	36,029	36,364	<b>36,364</b>
No. of days	62	64	63	57	57	58	62	61	61	<b>61</b>
<b>2. Receivables – Amount</b>	51,417	49,466	49,950	60,136	60,136	39,283	34,913	44,675	49,606	<b>49,606</b>
No. of days	84	78	80	84	84	76	62	76	84	<b>84</b>

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

Particulars	F.Y. 2017-18					F.Y. 2016-17				
	Q1	Q2	Q3	Q4	2017-18	Q1	Q2	Q3	Q4	2016-17
i) Mining	34,659	33,803	32,346	37,591	138,398	29,187	31,858	35,854	29,580	126,479
ii) Others	22,047	20,449	19,046	28,784	90,326	18,385	20,111	20,792	28,710	87,998
<b>Total</b>	<b>56,706</b>	<b>54,252</b>	<b>51,392</b>	<b>66,375</b>	<b>228,724</b>	<b>47,572</b>	<b>51,969</b>	<b>56,646</b>	<b>58,290</b>	<b>214,477</b>

## 5. Business Update

- a) The company has approved the Technical Collaboration Agreement with EE Mill Solutions LLP, USA (EEMS).
- 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 proposed to set up a dedicated plant for manufacturing the above products.

## 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. First phase will add 50,000 TPA capacity in F.Y. 2018-19 while Second phase will add another 50,000 TPA capacity in F.Y. 2019-20. Taking installed capacity to 4,40,000 TPA.
- Mining Liners Project:
  - The company has planned capex of Rs. 250 crore for manufacturing mining mill optimization products which shall be commissioned in F.Y. 2019-2020.
  - Further, 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 ordered 2 WTGs of 2.1 MW each at cost of INR 26 crore. Based on performance review of these 2 WTGS, we intended to buy additional 6 WTGs of 2.1 MW each amounting to INR 78 crore.
- Capex incurred till Q4-FY 2018(YTD): Rs. 138 crores.
- Total capital outlay for Grinding Media, Mill Liners and Wind Turbine will be INR 800 crore in which INR 500 crore during FY 2018-19 & INR 300 crore during FY 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. Mining Sector sales increased on account of continued business penetration efforts in the sector.
  
- B. New long term order from BARRICK GROUP of 18,000 MT per year.
  
- C. Order book as at 1<sup>st</sup> April 2018: Rs. 744 Crores.
  
- D. Outstanding foreign currency forward contracts (sales contracts) as of 31<sup>st</sup> March-2018: US \$ 19.75 MIO, EURO 2.50 MIO, ZAR 64.50 MIO.