



AIA Engineering Limited

May 28, 2025

To,
The Manager (Listing),
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Script Code: 532683

To,
The Manager (Listing),
National Stock Exchange of India Limited
"Exchange Plaza", C-1 , Block – G,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051
Script Code: AIAENG

Dear Sir/Madam,

Sub: Transcript of the Investors' Conference Call held on May 23, 2025

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Conference Call between the Company and Investors on Friday, May 23, 2025 to discuss the Audited Financial Results and performance of the Company for the Quarter/Year ended 31st March, 2025.

The aforesaid transcript is also being hosted on the website of the Company, www.aiaengineering.com in accordance with the Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on record.

Thanking you.

Yours faithfully,
For AIA Engineering Limited

S. N. Jetheliya
Company Secretary



Encl.: As above

CIN : L29259GJ1991PLC015182

An ISO 9001 Certified Company

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**“AIA Engineering Limited
Q4 FY25 Earning Conference Call”
May 23, 2025**

**MANAGEMENT: MR. SANJAY MAJMUDAR – NON-EXECUTIVE, NON-
INDEPENDENT DIRECTOR – AIA ENGINEERING LIMITED**

**MR. KUNAL SHAH – EXECUTIVE DIRECTOR –
CORPORATE AFFAIRS – AIA ENGINEERING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 AIA Engineering Limited Earnings Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the management of AIA Engineering. Thank you, and over to you, sir.

Kunal Shah:

Yes. Thank you so much, operator, and we can start the call. A very good evening to everyone, and thank you for joining the call. I have Sanjay bhai. This is Kunal. There is Sanjay bhai and I who are going to interface with you today for the post quarterly results for AIA Engineering for the fourth quarter for fiscal year '24-'25.

I think the year has been pretty dramatic in terms of a lot of global upheaval. You've got macro events from wars to shipping issues, to geopolitical issues through the tariff measures that have been put along and a lot of assumptions that generally we apply when we are doing long-range planning, I think, stand in question. And with that, we are happy to take the call.

Our business has seen some adjustment in these macro events, which are applicable to us. And we've shared commentary on our world view on it. I will do a quick summary of numbers. And then I'll have Sanjay bhai share a business update, and then we can get on to Q&A.

But broadly, none of our macro directions, conversations change. I think we remain confident about the power of the solution that we have and the disproportionate consequence it will have -- it has for our customers. There are challenges in terms of the conversion -- the whole conversion project that we have, which is from going from forged to chrome and the mill liner and all of that.

But all of these are just the learning parts of this whole growth journey where every country is different, every culture has its own way of going about risk or governance or change management, implications on costs, starting costs, all of that. And I think each day, there is learning and all feeding into something that we believe are further deeper moats into the business.

So with that caveat, let me do a quick summary of the financial snapshot. We sold 68,741 tons this quarter, and that brought our full year sales to 255,000 tons, which translates up to INR4,200 crores of sales and INR1,141 crores for the quarter, INR4,200 crores for the whole year and INR1,141 crores for this quarter, translating into EBITDA of INR399.52 crores and PBT of INR363 crores and profit after tax of INR285 crores, taking the profit for the whole year or EBITDA for the whole year at INR1,492 crores and profit after tax at INR1,060 crores.

Our other income reflecting largely the drawback and the RoDTEP, the small amount that is available, that reflects the other operating income. The nonoperating bit has our treasury and some bit of foreign exchange gain coming from the weakening of the Indian rupee. The total other income, including the operating, nonoperating bits being at INR92 crores for the quarter.

Our working capital continues in sync, no dramatic changes there. Revenue is -- the tonnages are mostly comparable between second and third quarter -- sorry, third and fourth quarter. We did about 66,000 in the third quarter and 68,000-odd tons in the fourth quarter. So generally comparable between third and the fourth quarter.

Our current capacity, just to reaffirm, stands at 460,000 tons. And we've announced plants at two locations, one in China and one in Ghana. We're looking at 50,000 tons each. Both these are new locations for us. We are excited about the strategic intent behind doing it, and we are working -- both projects are at different stages in terms of -- from conceptualization to land acquisition to all sorts of approvals.

I think the China plant should be up and about in some form, hopefully in the next 12 months. And as we go ahead, because it's our first time, we don't want to put firm dates because there are a lot of learnings that are built into that.

And the Ghana plant, so in the next 12 months, we have -- in the next 3 or 4 quarters, a lot of that approval work will be done and then it will go into the execution and then the commissioning. So allow us maybe 2 more quarters to give a little better sense on what's happening with those projects.

Outside of these two projects, we're looking at about INR120 crores, INR130 crores of capex, which is largely some amount of renewable power, balance capex for work that we have done in our plants in India, some amount of maintenance capex and some land. So these are all -- all can be rolled up as a maintenance capex for this year. So around INR100 crores, INR120 crores, INR130 crores for that. And plus we will be spending over the next 2, 2.5 years on the two plants in -- one in China and one in Ghana.

That apart, one macro development, before Sanjay bhai talks about our business, is around the antidumping bit. And so more specifically about the antidumping bit in the U.S. and the larger duty tariffs that have been applied by U.S. on many products across the world.

So our lawyers have advised us to be a little muted about what's happening, how it's going because some of these are sub-judice. In some jurisdictions, we are defending our positions. And a lot of what we say here is actually being used as transcripts, as inputs.

And so which is where all we will say right now is that -- so for U.S., there is a dumping duty now applicable at 9.6%, including CVD. There's the ADD and CVD both put together at 9% plus. And there is a tariff. Our product falls under the Section 232 tariffs. So there is a duty that's under that.

As we speak, our business continues, our customers are paying that duty like a lot of U.S. companies are for a lot of products. I know there will be lots of questions. We have very few answers. We can't crystal gaze into what's happening because there is a lot of policy shift in regards to the U.S.

As I understand, India is in active bilateral conversation, and we are hoping that we get back to business as usual or a duty structure that allows long-term contracts. So we will not be able to speak more than this. But as we speak, our business continues, the customers are paying the extra duty cost.

So there is -- we don't currently have a material change in our U.S. exposure as far as sales are concerned. Of course, there is routine plus and minus that happens. This may change going forward. But as it stands right now, it looks okay, and there is no basis for us to say what will be the impact in 3 or 4 quarters.

So I would like, with everything else, please allow for the duty -- the tariff structures to stabilize once the 90-day hiatus goes, the bilateral pacts comes in place. So maybe a quarter or 2, allow us the liberty to deal with it in best possible means.

As far as the duty protection structures at the rest of the world is concerned, you've seen the protectionist measures in broadly are coming in our favor. It may come in at a certain level, but a lot of these countries realize that the dumping -- the nature of a dumping duty is when a company tries to sell below cost, below a fair price, et cetera. And our margins do not suggest we are engaging in that kind of competitive behavior.

So -- but obviously, there is a local manufacturer and it says -- and they will do what they need to protect their business. And we have to do what we have to do. So in Brazil, we have seen that what used to be 12% plus, antidumping has been terminated. One of the rare cases in Brazil where our duty got terminated. That's a strong vindication of our pricing practices, right?

One may optically present it whichever way one wishes to but -- in terms of our competition. But the reality is we are putting up -- we are not giving up an inch. We are making sure fair and accurate presentation is done for our situation. And we are here for the long haul. Maybe things change for a year or 2 or 3. But even if it means an inch, we are putting in all our efforts.

So some of that success that we are proud of is that the dumping duty rightfully got terminated because there wasn't a fair case for it. And the CVD portion, which is at 6% plus, it's in the process of being revisited. We'll have the outcome of that soon.

But we would like to assure everyone on this call that as far as AIA is concerned and with margins that are already publicly available, dumping is a far way away as far as our pricing practices are concerned, right? So there is a lot of other geopolitical and other considerations and which we are learning to navigate as we move forward, becoming sharper as far as navigating that condition is concerned.

So with that said, I will ask -- request Sanjay bhai to share his bit, and we go on to Q&A.

Sanjay Majmudar:

Thanks, Kunal, and good evening to all of you. So as Kunal explained quite a bit, and I'm happy to say that as we had anticipated that we should definitely do around 250,000 tons of sales this year. We have done about 255,000 tons as clearly indicated and guided over our Q3 call.

A little more heartening and gratifying fact is that while there is a top line degrowth of about 14% as compared to last year, the profit degrowth is only about 6.5%, which means our margins have not only remained intact, but rather they have little bit improved and they have remained quite robust at the reported EBITDA of about 34%, 35%. And if you knock off the other income, treasury income part, we are still at about 28%. So that is very gratifying.

Another aspect I want to highlight is that this is indeed a year where we have actually put ourselves into a very different strategic mindset. The long-term philosophy and the long-term opportunity remains absolutely intact in terms of 1 million, 1.5 million ton opportunity.

What we have done is we have revisited the drawing book and now we are at a stage where we have already started implementing our new strategy of spreading our wings and also simultaneously from India working on all those opportunities which are there in Latin America, in Africa, in CIS, in a lot of other parts of the world with a very clear shift on grinding efficiencies or the kind of solutions which we believe nobody else in the world is capable of offering.

But as Kunal said, these are the years of -- these are the times of extreme volatility. We are implementing, as we speak, apart from the new locations where we have started our work, quite a few other opportunities, contracts, projects on which we are working. And we should be in a position to come back with a more firm indication about how the current year will look like.

But at this point in time, we believe that we don't want to give any guidance about the volume growth for at least this year with a clear indication that our endeavor is to definitely achieve a reasonable level of growth. But I think it's a bit early for us to give you or quantify the same with any clarity at this point in time.

On the capex side, Kunal has already explained the progress on both the locations is reasonably good, and we expect China to be on ground and start getting at least the first phase operational by the end of this fiscal. That is our target as we speak. And over the next few quarters, we should be able to share some good further developments with you. With this, I request the moderator to open the house for the Q&A.

Moderator:

The first question is from the line of Bhoomika from DAM Capital.

Bhoomika Nair:

Sir, my first question is on the U.S. antidumping duty, which has been levied. So the total duty is 9.16%. Is there anything apart from that in terms of base duties or anything else?

- Kunal Shah:** Yes, yes. So there is an overall duty that Trump has applied, right? There's a baseline duty, there's a section, there are several things going on. There's a duty on aluminum and steel, which is a different chapter. So there is a base duty that is there under the...
- Sanjay Majmudar:** Which is universally applicable.
- Kunal Shah:** Yes.
- Bhoomika Nair:** Absolutely, yes, yes.
- Sanjay Majmudar:** And this is apart from that.
- Bhoomika Nair:** Okay. And so post this tariff -- post this duty, which came up and the tariffs which came up, one is, can you outline or call out what was the FY '25 sales to the U.S. geography in million tons? And how are we seeing -- I know you said that there hasn't been any drop in the volume so far. But if you can just get the FY '25 volume numbers for U.S. geography?
- Kunal Shah:** Bhoomika, there is -- like I said, there's a lot more curiosity besides the investment fraternity about this information. U.S. is an important market, but it is not -- it is less than, I would say, 8%, 10% of the total volume, broadly, I'm saying, okay? So the materiality is there or not there, right, either whichever way you look at it.
- And for now, the nature of the product is such that there is capability, there is extent, there's capacity, there are several things linked to it, right? So I mean, except for one or two other countries where we have seen a different buying behavior, U.S. is a little different from that standpoint.
- Like I said, today, the business continues. If it's continued today, we look -- we have visibility for a quarter or 2 ahead because everyone in the U.S., forget a buyer of high chrome grinding media or liners or other products, even someone importing grains has confusion of what's going to happen.
- So that's what I said that rather than nitpicking and unpacking what's happening, just -- let's just ride out next 2 quarters, and we'll get exact clarity on what it is. It will be a little bit more imaginative and speculative on left or right and trying to unpack it into smaller numbers. As long as business continues, we should be okay for now, right?
- Sanjay Majmudar:** And I will just add, our endeavor is to ensure our teams, everyone, we ensure that, I mean, there is nothing materially lost in U.S. We still continue with more or less the same volumes. Bhoomika? Moderator?
- Moderator:** Bhoomika line got dropped. We'll move to the next. The next question is from the line of Chirag from Centrum Broking.

- Chirag:** Sir, some updates. So last quarter, you had mentioned that we are working on some couple of large mines and possibly if they can convert, there could be 30,000, 40,000 metric ton addition. So any update on that front, sir?
- Sanjay Majmudar:** We are working on several mines and our endeavor continues.
- Chirag:** Okay. So in last quarter, we had mentioned that on the revised base of FY '25, we could again start looking at 25,000 to 30,000 metric ton addition per annum. And now in the opening remarks, you mentioned that you would not like to give any volume outlook for FY '26. So is it just U.S. uncertainty? Or do you still see the momentum of conversion from forged to grinding media not recovering that fast?
- Sanjay Majmudar:** I would not want to pinpoint any particular reason. But one, let me assure you one thing that we are not going back on that target. That is point number one. But what we thought that as we speak as compared to last quarter, again, so many things have happened in this world and things continue to happen. You agree with me? Correct?
- Chirag:** Yes, correct, yes.
- Sanjay Majmudar:** So while we are working on several fronts and our endeavor is to ensure that our medium- to long-term growth strategies remain intact and we become a predominant player in this industry, we felt that let us wait for a quarter or 2 and see how few things are unfolding without -- before giving a specific growth target. But I'm very clear. I'm not going back on what I said last quarter. There should not be any other inference.
- Chirag:** Okay. And sir, last question on our mill liner business, sir. So just wanted to know how in FY '25 that business fared and the outlook for the next 1 to 2 years? And any change in strategy in terms of ramping up of that business?
- Sanjay Majmudar:** No, I think it has been doing very well. A lot of focus, a lot of investment is going in that business, and we remain very bullish on that. As you are aware, we have already made some further expansions in that particular business and investment in that facilities. So we are working very hard on approaching this business on multiple fronts. As we speak, we have also increased our stake in that Australian company to 59%.
- Chirag:** Correct. So sir, has that business started contributing in double digits to our total annual volumes? Is it possible to share any volume broad ballpark outlook for this business?
- Sanjay Majmudar:** We don't share specific volumes, but of course, it is double digit, of course.
- Chirag:** And that business is currently outgrowing the grinding media business in terms of volume growth?
- Sanjay Majmudar:** No, no, no. So listen, grinding media still becomes a predominant volume driver. It can't outgrow the grinding media but it is growing. It is growing. Definitely, it is growing.

Moderator: The next question is from the line of Bhavin Vithlani from SBI Mutual Fund.

Bhavin Vithlani: So could you outline the thought process of investments in China and Ghana because this is pivoting from a strategy of being in India in a single location?

Kunal Shah: So idea was that we have seen last 3 years, we've made -- we have furthered our solutions in terms of the ability of our consequences. We've been hamstrung by a few things. One of the things has been freight, right? There's a large implication on the transit time. For example, when you're going to South America, it's almost a 80-day, 90-day transit time.

On top of that, with the whole Red Sea thing that's been on for the last 2 years, in between the China, U.S. container thing, there is a little bit of freight anxiety that sometimes customers express saying the freight is going on from 1x to 3x, containers are unavailable at times or the shipping time that it takes, what if there is a global event and where supply does not come in.

So these are just conversations. These are not showstopper, but these were regularly coming up to us. So there are -- we have taken -- we are trying to do things to see how can we fasten or fasten our acceptance with the customer, right? So we are making small bets. We are not going with a whole monolithic plant. We are going to do it in a modular fashion. We're going to do with a small capacity, see how that goes. So it is our attempt to see.

So for our plant in China, for example, our transit times are half to everywhere in the world than what it is from India. okay? And these are -- and most of our customers are mining customers where China already has a shipping corridor set up, right? So these are efficient shipping corridors to sail from at a cost that is generally half than what we see from India and half the shipping time.

So that was one of the considerations to say what else can we do so that our fortunes are not linked to this one variable that has been -- which we thought after COVID. So 2 years of freight issues post COVID, then we saw about a year that things normalize, again when what happened with the Red Sea issues, the freight volatility came in.

So this is one of our attempts to say making a small bet to see whether it changes the whole approach and the game to say now I've got the capacity which can deliver and offer a better supply chain visibility, predictability, cost from a shipping standpoint, et cetera. I think it is only from that standpoint. India continues to be the location.

So this is for our ability to break into a customer, give them the comfort. We'll see what happens from there, correct? The idea is that I've got a super normal solution, which can bring all these benefits to the customer. And it's taking a little more time. Could this be weighing on the customer's mind? Would this help facilitate a faster, quicker conversion? This is our attempt to in that direction, and we are not betting the house for it. So that is the context.

Bhavin Vithlani: I'm sorry to harp here. I mean where -- when I look through this investment decision, it is in a country which has little or probably no respect to...

- Kunal Shah:** What I'll say is I don't think there is a debate on this beyond this. This is our strategy. This is what we are moving forward with, making a small bet. I think it will be not good use of everyone's time to now discuss a personal view. There is -- and I would love to take this offline, and I'm very happy to share and we can go through this one-on-one after that.
- Bhavin Vithlani:** Fine. And the second thing is, if you could just help us understand how are the realization different for grinding media and mill liners? If you could give us a little ballpark in terms of indication, that would be helpful for us.
- Kunal Shah:** So realization for -- so the way we look at it is we've got grinding media as one category of products and non-grinding media is another category, right? So mill liners are part of the non-grinding media category. We've got vertical mill parts, we do quarry parts. We do castings for cement mills, right?
- So there is about 12, 13 suite of products that we do under the non-grinding media. And that overall is about 30% of the volume, broadly, I'm saying. 25% by volume comes over there. The cost of making these parts is also very different. So if I -- if you ask me about the margin, my both categories are comparable. But if you ask me about my realization, my non-grinding media could be from INR130, INR140, it can go right up to INR230, INR250, okay?
- So now the weighted average now keeps changing depending on what I have done more, what has required machining, what is a 25% chrome versus 11%, 12% chrome. There's -- all those variables come in, where do I need much heavier patterns versus smaller, easier patterns, right? There's a whole cost investment that goes into the costing and the pricing part of it.
- Some parts take up to 4 months from the receipt of the order. Our design itself takes a month, our pattern making takes another 1.5 month, 2 months, then there is production, sample casting. Post production, there is a month-long machining exercise, almost a 5, 6 months start to finish. So -- and then the pricing then is commensurate with that.
- All that cost that gets applied, accrued for that product and hence, from a margin standpoint, largely may not be very different. But from a cost and hence, the selling price, there is a little bit -- there is a level of where it's not comparable. These products are strictly not comparable. But I would say between INR140, INR150, they go right up to INR250. I'm saying realization per kilo.
- Bhavin Vithlani:** Great. And just last question. About a year back or so, we had green shoots from getting into the South America territory, especially Chile. That's an area considering the production of copper that country has and our sales, we were significantly under-indexed. So if you could give us some color on where we are because that is a geography which can give us significant volume delta going forward.
- Kunal Shah:** Yes, yes. That could be a material game changer for us. And it will be -- it will sound repetitive to say that, but we are very hopeful that we get a breakthrough soon, but we'll just

have to wait for it, right? It's been a long chase and effort. We've gone through quite a bit of macro events in between.

We hope that we are building on that momentum, and I'm hoping in the next 2 quarters, there is some breakthrough that we would get to share. But we've been in that a quarter away and not cross the line at least 3 times in the last maybe 1.5 years. So with that caveat, I'm hoping that we have something good to share soon.

Bhavin Vithlani: Sure. Just one more question I had because I remember we speaking about there are certain customers which had to do inventory correction due to internal challenges. Could you just give us an update on -- I mean, what kind -- what percentage of volume would have been lost because of that? And where are we in that?

Kunal Shah: We lost about 8,000 to 10,000 with 2 customers, 2 or 3 customers last year over 12 months. So rolling basis, that volume should come back. I think the one which was a larger customer, I think in another max 1 quarter gets back to original consumption pattern. I think that's 1 quarter away. The other 2, I mean, either are in the process. I think, let's say, in a quarter's time, at least that volume on a rolling 12-month basis, we are hopeful will reset about 8,000 to 10,000 tons.

Bhavin Vithlani: Okay. So is it fair to say that the drop in the volume that we have seen is none of the cases where we have lost a customer? It's mainly to do with the idiosyncrasies of the customers and their inventory issues, et cetera.

Kunal Shah: So that was one part of it. We did lose volume. I think we did lose volume to the competition, I think for one large customer that went back, that went to the competition. But I think other than that, nothing has changed in that -- and that was a rare event over the last 20 years that we've been competing, maybe 5 handful events where customer is -- that's where it is.

And some part of that may be linked to the duty structure and the uncertainty and all of that. So we are hopeful that we can correct that. Hopefully, we can correct that event also.

And I will -- we can speak offline for the whole -- once more on the logic about the China, Ghana. Yes.

Moderator: Thank you, a remainder to all participants, you may press star and one to ask question.

Kunal Shah: Operator, I think if this is done, we can wind this up.

Moderator: Okay. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Kunal Shah: Thank you. Thanks, everyone, for staying on the call and hearing us. And as usual, Sanjay bhai and I continue to remain available for any questions offline. Thank you.

Sanjay Majmudar: Thank you very much. Have a good evening.



AIA Engineering Limited
May 23, 2025

Moderator:

Thank you. On behalf of AIA Engineering Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.