

Company Presentation

July 2014

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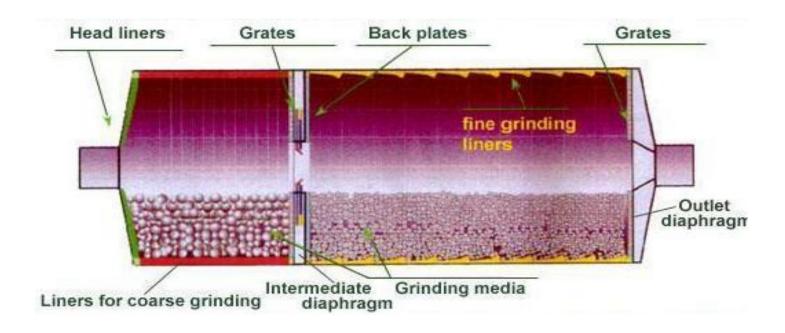


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Industry: Mill Internals





High Chromium wear resistant parts for grinding & crushing equipment

Industry: Mill Internals (cont'd)



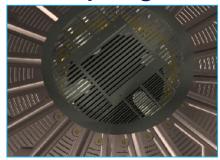
Grinding Media



Liners



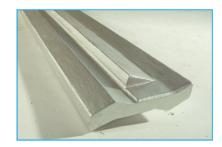
Diaphragm



Rollers & Table liners

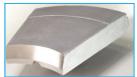


Blow bars / Hammers



Dipping Tubes





Cement & Mining as key end-user industries

Process Critical Input for Grinding

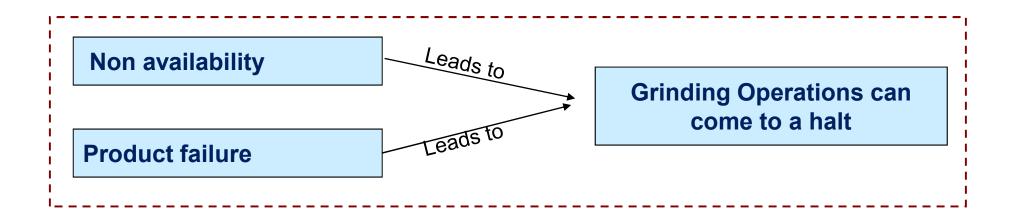


Optimal design for given application



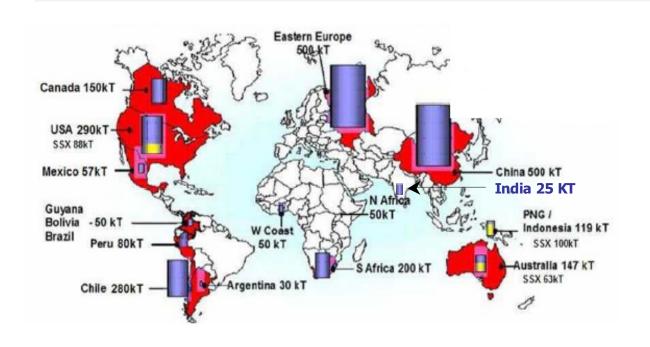
- Consistent end product quality
- Increased production volume
- Reduce process costs

A small component of grinding cost, but essential for continuous production



Industry Size





Mining Sector Demand at 2.4 mn MT

	Estimated Consumable
Estimated Cement production	Wear Parts
(mn MT)	(mn MT)
2500	300,000

Cement Sector Demand at 300,000 MT

Industry Size & Scope



•	Global market for Mill Internals for mining and cement sectors estimated at 3 mn MT (Rs 125 bn) and growing at 4-5% per annum
	☐ Mill internals are consumables in grinding mills
	☐ Their design and properties (abrasion, corrosion, impact resistance) are critical to grinding process efficiency
•	Demand driven by new projects and replacement for wear parts
•	Industry moving from cost of parts to total cost of ownership, driving innovation in product development and total solutions
	☐ Move from forged grinding media to high chrome cast media
	☐ Total solutions include design of parts, metallurgy to meet the specific requirement of the material being ground – varies from plant to plant



2. Introduction

2.1 Introduction



- As an introduction, AIA currently has capacity to manufacture 260,000 MT of high chromium wear parts and is pursuing capacity expansion program to reach 440,000 MT.
- In this presentation we have shared an overview of the industry and AIA Engineering ("AIA") in the following three sections:
 - Company overview
 - Financial snapshot
 - Growth strategy



3. Company overview

3.1 Company description



Niche player with world wide presence

Description

- Core Competence: Design, develop, manufacture and service impact, abrasion and corrosion resistant castings
- Focus:
 - Metallurgy
 - New Product Development
 - Grinding Process Technology
- Metallurgical Solutions:
 - Steels and Irons having upto 32% Chrome
 - Ceramic composites with steel or chrome iron base
- **Products**: grinding media, mill liners, diaphragms, vertical mill parts and crusher parts
- **Customers**: Cement, Mining, Thermal Power Plants and Aggregates in more than 90 countries
- Global Presence: offices, warehouses, sales network
- **Supply contracts**: global Mining and Cement majors such as Anglo, Rio Tinto, Vale, Arcelor Mittal, Barrick Gold, Holcim, Lafarge, Cemex, etc.
- **OEM supplies**: FLS, ThyssenKrupp, Outotec, Losche, Pfeiffer, etc

Financials				
US\$ m	FY11	FY12	FY13	FY14
Sales	256	266	311	336
growth %	4	4	17	8
EBIDTA	62	56	61	84
margin %	24	21	20	25

Milestones	
2001	Exit from JV : Capacity 20,000 Mt
2008	Commissioned 100,000 Mt Grinding Media Plant
2009	Started supply to Mining Companies
2011	Enhanced Capacity to 200,000 Mt
2013	100,000 Mt annual sales to Mining Companies

3.2 Business Approach : DIFFERENTIATION





Application	 Understanding size reduction parameters of the crushing/milling equipment in view of optimization of grinding process and maintenance costs
Design	■ Right design for the right application
Alloy Selection	 Taking into consideration the three wear mechanisms – impact, corrosion and abrasion and design
Supervising Installation	■ The installation of the wear parts supplied by the company is done under the supervision of AIA technicians
Optimizing of grinding system	 Visits to plants to conduct mill studies to study and control operating parameters Fine tuning of operations

3.3 Growth Strategy



Increased R&D focus to further strengthen total solutions capabilities To develop solutions of improved wear parts for crushing and grinding equipment (Crushers - SAG mills to Regrind mills)

Continue to build on predominant position in cement globally with strategic focus on emerging markets and China



To capitalize on the potential opportunity in wear parts in the Mining space

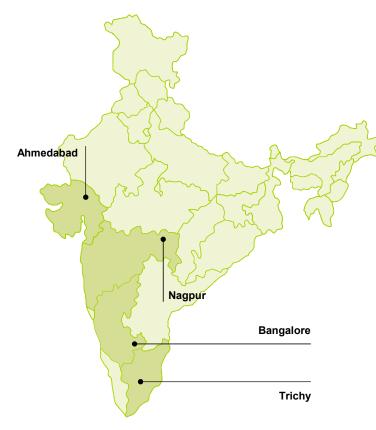


Focus on strategic partnerships

3.4 Production capacity



Plant locations



Capacity (Mt)

Current installed capacity	Proposed addition (Greenfield)	Total capacity post addition
260,000	180,000	440,000



4. Financial snapshot

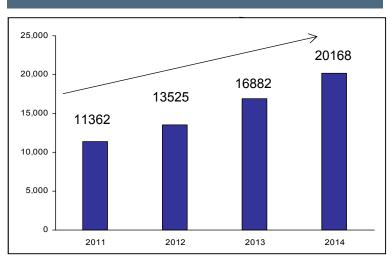
4.1 Financial overview



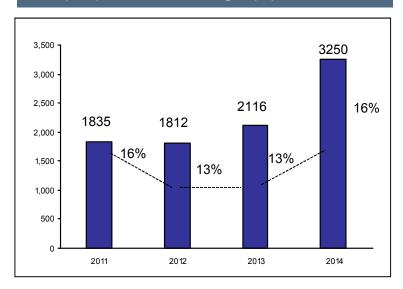
Select performance Indicators

AIA has grown at a CAGR of c. 22% over last 3 years, and consistently maintained ROCE of c.20%

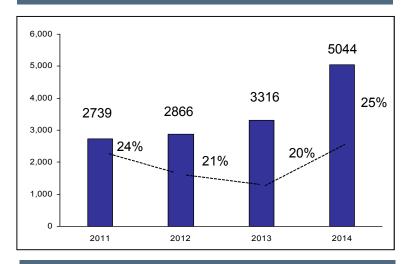
Sales Growth (INR) m



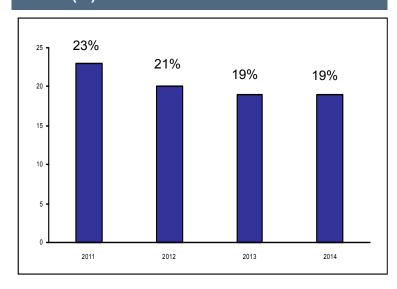
PAT (INR) m and PAT margin (%)



EBIDTA (INR) m and EBIDTA margin (%)



ROCE (%)



Thank you