



AIA ENGINEERING LIMITED

PRESENTATION TO INVESTORS

EARNINGS : Q4 FY 2017-18



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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
1. INCOME										
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
Total income from operations	56,997	55,915	57,217	74,385	244,513	47,889	52,946	59,005	64,762	224,602
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
Total Income	58,847	58,083	60,429	79,336	256,695	50,934	55,629	61,234	67,249	235,038
2. EXPENDITURE										
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
3. EBIDTA	14,835	13,409	15,899	21,608	65,751	17,012	18,303	20,587	18,000	73,901
4. EBIDTA (Percentage on income from operation excluding excise)	26.03%	23.98%	27.79%	29.05%	26.89%	35.52%	34.57%	34.89%	27.79%	33.90%
5. Depreciation and amortising expenses	1,776	1,596	1,789	1,398	6,558	1,749	1,705	1,701	2,093	7,248
6. Finance cost	140	158	109	285	693	119	102	85	143	449
7. PBT	12,919	11,655	14,001	19,925	58,501	15,144	16,496	18,801	15,764	66,204
8. Tax	4,049	2,991	2,348	4,750	14,139	4,503	5,577	5,677	4,726	20,483
9. PAT (after Minority Interest)	8,850	8,651	11,617	15,218	44,335	10,637	10,910	13,109	11,024	45,679

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
1. Other Operating Income										
a) Export benefits & others	1,513	1,620	1,577	2,328	7,038	1,113	1,467	1,654	3,877	8,111
2. Other income										
a) Dividend / profit on sale of MF / Interest income	127	203	252	165	747	229	234	144	116	723
b) Foreign exchange gain	358	303	1,584	1,399	3,644	467	641	262	1,030	2,400
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	7321
Total	1,850	2,169	3,212	4,951	12,181	3,045	2,683	2,229	2,487	10,444

3. Working Capital – Consolidated

(Rs. In lacs)

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

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
Total	56,706	54,252	51,392	66,375	228,724	47,572	51,969	56,646	58,290	214,477

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 1st April 2018: Rs. 744 Crores.
- D. Outstanding foreign currency forward contracts (sales contracts) as of 31st March-2018: US \$ 19.75 MIO, EURO 2.50 MIO, ZAR 64.50 MIO.