



AIA ENGINEERING LIMITED

PRESENTATION TO INVESTORS

EARNINGS : Q2 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. 2016-17					
	Q1	Q2	HALF YEAR	Q1	Q2	HALF YEAR	Q3	Q4	F.Y. 2016-17
Production (MT)	56,744	56,256	113,000	54,272	59,280	113,552	58,785	60,785	233,122
Sales (MT)	55,680	54,573	110,253	47,572	51,969	99,541	56,646	58,290	214,477
1. INCOME									
a) Sales	55,484	54,294	109,779	46,776	51,479	98,255	57,351	60,885	216,491
b) Other operating income (export benefits)	1,513	1,620	3,133	1,113	1,467	2,580	1,654	1,655	5,889
Total income from operations	56,997	55,915	112,912	47,889	52,946	100,835	59,005	62,540	222,380
c) Other non operating income	1,850	2,169	4,019	3,045	2,683	5,728	2,229	4,709	12,666
Total Income	58,847	58,083	116,931	50,934	55,629	106,563	61,234	67,249	235,046
2. EXPENDITURE									
a) Raw material consumed	24,212	22,798	47,010	17,742	19,926	37,668	20,426	25,117	83,211
b) Change in inventories of Finished goods, W.I.P. and stock-in-trade	(1,277)	(1,257)	(2,533)	(3,689)	(5,263)	(8,953)	(923)	(644)	(10,519)
c) Employee benefit expenses	2,738	2,848	5,586	2,567	2,672	5,239	2,713	2,719	10,671
d) Other expenses	18,338	20,285	38,623	17,039	19,666	36,705	19,507	21,570	77,782
3. EBIDTA	14,835	13,409	28,245	17,275	18,628	35,903	19,511	18,487	73,901
4. EBIDTA (Percentage on income from operation)	26.03%	23.98%	25.01%	36.07%	35.18%	35.62%	33.07%	29.56%	33.23%
5. Depreciation and amortising expenses	1,776	1,596	3,371	1,749	1,705	3,454	1,701	2,093	7,248
6. Finance cost	140	158.18	298.54	119	102	221	85	143	449
7. PBT	12,919	11,655	24,575	15,407	16,821	32,228	17,725	16,251	66,204
8. Tax	4,049	2,991	7,040	4,503	5,577	10,080	5,677	4,726	20,483
9. PAT (after Minority Interest)	8,850	8,651	17,501	10,900	11,235	22,135	12,033	11,511	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	HALF YEAR	Q1	Q2	HALF YEAR	Q3	Q4	2016-17
1. Other Operating Income									
a) Export benefits	1,513	1,620	3,133	1,113	1,467	2,580	1,654	1,655	5,889
2. Other income									
a) Dividend / profit on sale of MF / Interest income	127	203	330	229	234	463	144	116	723
b) Foreign exchange gain	358	303	661	467	641	1,108	262	1,030	2,400
c) Others (including fair value of Investments)	1,365	1,663	3,028	2,349	1,808	4,157	1,824	3,563	9,543
Total	1,850	2,169	4,019	3,045	2,683	5,728	2,229	4,709	12,666

3. Working Capital – Consolidated

(Rs. In lacs)

Particulars	2017-18			2016-17					
	Q1	Q2	HALF YEAR	Q1	Q2	HALF YEAR	Q3	Q4	2016-17
1. Inventories									
a) Raw material – Amount	11,006	9,974	9,974	8,452	7,684	7,684	9,806	8,838	8,838
No. of days	38	37	37	38	35	35	43	37	37
b) WIP & FG – Amount	37,982	39,238	39,238	29,929	35,061	35,061	36,029	36,364	36,364
No. of days	62	64	64	58	62	62	61	61	61
2. Receivables – Amount	51,417	48,038	48,038	39,283	34,913	34,913	44,675	49,606	49,606
No. of days	84	78	78	76	62	62	76	84	84

4. Segmental Sales (in MT) – Consolidated

Particulars	F.Y. 2017-18			F.Y. 2016-17					
	Q1	Q2	HALF YEAR	Q1	Q2	HALF YEAR	Q3	Q4	2016-17
i) Mining	34,083	34,017	68,100	29,187	31,858	61,045	35,854	29,580	126,479
ii) Others	21,597	20,556	42,153	18,385	20,111	38,496	20,792	28,710	87,998
Total	55,680	54,573	110,253	47,572	51,969	99,541	56,646	58,290	214,477

5. CAPEX/PROJECTS IN PIPELINE

- a) The Present Installed Capacity 3,40,000 TPA.
- b) GIDC Kerala, Phase-II Greenfield expected to be commissioned in two phases. First phase will add 50,000 TPA capacity in F.Y. 2017-18 while Second phase will add another 50,000 TPA capacity in F.Y. 2018-19. Taking installed capacity to 4,40,000 TPA; total Capex of Rs. 500 crores.
- c) Capex incurred during HALF FY-2018: Rs. 61 crores.
- d) Capex estimated to be incurred in FY 2017-18: Rs. 185 crores.

6. 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.

7. 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 October 2017: Rs. 656 Crores.
- D. Outstanding foreign currency forward contracts (sales contracts) as of 30th September-2017: US \$ 19.25 MIO, EURO 7.00 MIO, ZAR 45.00 MIO.