AIA Engineering Limited

May 28, 2022

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 25, 2022

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 Wednesday, May 25, 2022 to discuss the financial result and performance of the Company for the Quarter and Year ended 31st March, 2022.

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

AHMEDABAD 382410

S. N. Jetheliya
Company Secretary

Encl.: As above

“AIAEngineering LimitedQ4 FY-22Post ResultsConference Call”

May 25, 2022

MANAGEMENT: MR. KUNAL SHAH – AIA ENGINEERING LIMITED
MR. SANJAY MAJMUDAR – AIA ENGINEERING LIMITED

Moderator: Good evening, ladies and gentlemen thank you for standing by. This is Steven your moderator for your call today. Welcome to the Post-Results Conference Call of AIA Engineering Limited. We have with us today the management team of AIA Engineering Limited.At this moment, all participants' are in the listen-only mode, later we will conduct a question-and-answer session. At that time, if you have any question please press '*' and '1'. I would now like to turn the conference over to AIA Engineering management team. Thank you and over to you sir.

Kunal Shah: A very good evening to all of you. Thank you for joining the call. I have Sanjay bhai with here with me. This is Kunal and I hope you all got a chance to look at our numbers but neverthelesswe will give you a quick summary on numbers, share a bit of the update on the market and we will get into Q&A.

We are happy that this will be our, we crossed the 1000 crores mark in a quarter, first time in history and we are very happy about it. We have done Rs.180 crores of revenue in the quarter and that came from about 73, 000 tons of sales and 70,000 tons of production in this quarter. We ended the full year with 260,500 tons that is down from 266,000 tons that we did full year, last year. This volume figure is in light of 40,000 tons that we have approximately lost on account of reduction in sales in Canada and South Africa. So, optically while it looks like a small reduction in real sense, we have added more customers to the tune of about 30,000 tons for the full year and this in a year where shipping cost continue to be a headwindand all other items have gone through a serious inflationary trend as you all know from most of the companies' commentary.

So, in that backdrop, we are happy to report that we have done new customer addition and increase wallet share with our existing customers. So, for the full year from a revenue standpoint, we are at 35,014 crores and that is up from about Rs.28000 crores that we have done full year last year, of course a lot of that is accounted by the increase in selling price. So, the average realization for the full year stands at 134 and which is up from 105 full year last year, and the realization for the last quarter is at 148 so over last 4-5 quarters you have actually seen the whole pass through come along and that was a concern that many people had in terms of how we will be able to pass on our different costs especially raw material and shipping and you will see that our numbers now our realization reflects a lot of that past through come along.

Moving forward,our EBITDA is at Rs.264 crores that is up from Rs.192 crores in the last fourth quarter last year and Rs. 203 crores in the third quarter this year, that is about 24.20% and profit after tax of 194 crores. So, overall, we had a decent quarter in terms of financials some housekeeping numbers our export benefits are restricted to what we earn on our non-grinding media exports and duty drawback for grinding media and non-grinding media. The total is at Rs.13 crores, at least 10 crores is what we have lost on account ofRoDTEP and removal of RoDTEPon grinding media and the reduce rate on non-grinding areas. So, at least Rs.15 crore I would imagine, so there is a full year impact of about 60 crores on account the RoDTEPchanges that came along. Our other income in terms of treasury is at Rs.17.24 crores, full year is at about Rs. 97 crores and that mostly compares to about Rs.100 crores we earned full year last year. Full year last year, we also had gains in terms of some of these bond investments we had, so the Rs. 100 crores also include, fair value gains on some items.

Foreign exchange is at 21 full year is at Rs.58 croresand that compares about Rs.71 crores, last year. A big point is about our increase in working capital, we have added about Rs.600 crores of working capital for the full year and the total working capital days have moved from 170 into about 124.

So, as sales have increased from Rs.2800 to 3500 crores, Rs.700 crores at 120 days, that itself would be about 250 crores and the rest has just come with one-time addition of stock that we have done for various customers, transit stock, raw material stock and our debtor days.

The quarter we see the increase in sales your disproportion increase in that quarter ends debtor days and that gets adjusted for the rest when you look at on a full year basis. So, that is why net cash is Rs.1850 crores and that is down from end of last year we about Rs.200 crores lower than what we were last year. So, we deployed money in working, we have done about 130 crores of CAPEX this year, mostly on mill lining plant.

We have done about Rs.30 crores on some windmill investments and other CAPEX that we have done. So, total is Rs.130 crores full year plus the dividend paid out. So, I was saying that we have moved from about Rs. 12000 crores, 13000 crores of 1229 crores of working capital to about Rs.1834, there is a marginal increase of days from 117 to 124. The rest does reflectthe larger revenue and the downstream investment in stocks, raw materials stores etc., finished goods debtors and so the combination of that led to cash balancereducing from 2200 crores to Rs.1890 crores end of this March,and comparing March last year from March of this year.

From a volume standpoint, we have done about 171,000 tons in mines and about 190,000 tons in non-mining application, the mining bid obviously reflects the reduced after the reduction of volume that we had from Canada and South Africa.

On the update for the business standpoint, the boards today announced a dividend of Rs.9 per share and that will lead to out go of about Rs.84 crores for the year. We are very happy to also report there has concern around tonnages in the guidance for the period coming up are concerns around higher shipping costs continue it is about our inability to, when you are moving from a oressolution to chrome solution, there is a large conversation on costs and the extra shipping cost is creating a headwind in terms of growth but like the added 30,000 tons of customers last year, you know our sales team has projected a growth of 30,000-40,000 tons this year and next year, that is the guidance as far as our teams are going out and approaching customers, looking at conversions, looking at bigger wallet share and this includes grinding media and mill linings both. So, we are happy that with the travel that has opened up the conversations that we are having with our customers lead us to and what we have done last year in a very difficult year, the customers that we added gives us this confidence that we should now get back on to our growth trajectory and with that we are very happy to inform that we got back the Brownfield expansion for grinding media from the cold storage we had paused it after the COVID linked, slow down that was there in calendar 2020. So, we are now looking to add 80,000 ton of capacity and doing it with around Rs.200 crores, between Rs.200-Rs.220 crores of outlay and its lower than our normal CAPEX for this type of addition is because it's a Brownfield expansion and we should be able to commission that in calendar 2024, basically between 18 and 24 months from now so that is a good development in terms of giving that visibility andin terms of capacity.

I am also happy to report that the mill lining plant is nearly ready to commission we are in the trail phase right now and sometime in June we should be announcing the start of that plant. So, with that we are 390 tons with the mill lining we will be at 440 tons and with the 80,000 tons of grinding media, will be at 520,000 tons, a half million tons of capacity for high grown products. So, that is a great number in milestone that we look forward to putting in place and working towards that and so the CAPEXplan the outlay for the coming year is Rs.300 crores for FY2022-2023 that includes Rs.130 crores towards the balance part of mill lining and the grinding media plant about 90 crores for captive power generation that is hybrid and wind and we had about Rs.90 crores towards that and about 60 crores of other CAPEX. So, total of Rs.300 crores is the guidance for our capital spend in FY2022-FY2023 and another 100-120 crores in FY2023-2024 which will be the balancing for the grinding media plant. I think those are key updates for this quarter.

From a business standpoint, raw material continues to be at a elevated level, shipping with what happen to China and the interruption that came in because of the pots and the third and fourth effects of interruption with shipping because of China still haunt us. There is uncertainty around the cost of containers etc. I think as a business we are moving on saying if it reduced great but this looks to be the near-term reality and how do we adopt and work towards that and our ability to travel allows us to continue having more conversions and hopefully getting back to growth board from this year onwards.

I request Sanjay Bhai to share a brief from the board meeting today.

Sanjay: Thank you very much. Thanks Kunal for detail briefing and I think while Kunal has covered most of the points, 2-3 very important key takeaways that we have even at a cost of being slightly repetitive, one demonstration of the ability to pass on,almost on 100% basis all the cost increases that has been further continued and strongly established by the fact that there is a significant improvement in the realization both the cost of raw materials plus the cost of weight has been nearly 100% pass on and that processes of passing on continues. So, which is good sign and therefore there is a significant reflection in reasonably strong profit numbers that the company has posted in the quarter and the year ended March 2022 that is point number.

Resumption of the CAPEX plan at a slightly elevated capacity of about 80,000 tons Brownfield expansion for the grinding media as announced in the board and therefore as discussed by Kunal at a outlay of close to Rs.200 crores to be completed over next couple of years i.e. 2022-2023 and 2023-2024 and reasonable surety given by the sales teams and then therefore based on which Kunal has declared and we have discussed in the board and it has been declared that we should be able to do conservatively any where between 30k-40k this year as well as going forward even in next year but as we progress as we actually start achieving the number we will talk more about it.

With this I request the moderator to throw the house open for Q&A.

Moderator: Thank you very much Sir.We will now begin the question-and-answer session. The first question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: My first question is with respect to overall activity in mining with commodity prices especially copper etc., continuing to remain on a higher side. How is the activity across the globe if you can touch upon whether there is an increase in plants in terms of output across the miners and is there any more mines being opened. So, if you can give your thought process on that will be great Sir.

Kunal Shah: Sure. I think nothing more to add than what you read in the newspaper, I do not think there is any specific insight about it but clearly they are all doing well when ore prices good, I am not saying high, when they are good. Everyone wants as much tonnage to be produced and sold, right? So, everybody is operating at a high utilization levels side now for sure. They want to take fewer downtimes as much possible. So, anything that helps with them is clearly on the table for discussion. New plant lot of people are announcing, they are setting a capacity but it takes time, it is not going to be new capacity for it to come up which would have been announced recently that is a longer rely time. But overall, it is a good place where our customers are doing well, generally, right? Nothing specific that applies that will change our fortune dramatically but clearly customers are keen for a good vendor having the quality of the product that we have. India is a great place to produce these products and we got power, we got skill labor, all of that and we are not new players coming in large numbers to be participate in this industry. And West as you know, they are getting people for even simple things like delivery, for finding people for working on the shop floor. Everything that has happened last years only makes our model even stronger to stand the test of time.

Ravi Swaminathan: Got it Sir and my second question much amount of volumes related to Canada, South Africa and Brazil might be still sitting in our volumes of 2,60,000 tons

Kunal Shah: This year we did about 10,000 tons in Brazil versus what we had done about 6000 tons the previous year.

Ravi Swaminathan: So, actually, it has climbed that you are saying in spite of the duty.

Kunal Shah: So, we have added 4000 tons in Brazil and for Canada and South Africa, we would have lost about between 35,000-40,000 tons.

Ravi Swaminathan: Okay, we would have lost that much but what kind of volumes we still doing in those two geographies any standardize?

Kunal Shah: We would have done about very small cement quantity in Canada nothing with the mining side.

Ravi Swaminathan: Okay, and South Africa also it will be very small quantity as of now?

Kunal Shah: Yes, very small size 6000-7000 tons.

Ravi Swaminathan: Okay sir got it and how is our traction in newer geographies like Chile and Peru etc., any sense on that?

Kunal Shah: Quite nice but like you said,travel has begun now and that is highest focus as far as grinding media is concerned we are making all efforts. We hope, we have good news to share in next 2-3 quarters there on that account.

Ravi Swaminathan: And my final question is with respect to mill liner, so basically have we already started engaging with our customers for sale o mill liner given that the plant is going to start in the next 2-3 months what kind of volumes we can move.

Kunal Shah: No, the plant is starting this month in the next 30 days and we started the work. Now that the plant has clear path to commissioning and travel has started. We are not going to let the plant sit idle and we are hoping that we get traction in year itself.

Ravi Swaminathan: And what kind of volumes we can expect this year or probably next yearany steady set volume number that you have in mind.

Kunal Shah: It will not help that overall. Overall, we are doing 30,000-40,000 tons which is both put together additional.

Ravi Swaminathan: Additional, you are talking about additional mill liner volume from this plant to 30,000-40,000 tons in next months.

Kunal Shah: The plant can produce at 90% utilization 80%-90% between 40,000-45,000 which we hope to fully utilize it in next 3-4 years.

Ravi Swaminathan: Next 3-4 years, okay got it sir and what kind of realization Sir.So, basically, with all the price increases that has happen will it be a ballpark around Rs.200 to the kg. so that kind of realization is possible?

Kunal Shah: Like we always explain there is grinding media and non-grinding media portion in our current sales with what we are trying to do in mining liner that mix will continue to prevail. So, it will not be skewed towards onthe lower side. I think you should project anupside with the realization on mining liner.

Moderator: Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: Firstly, on this guidance to 30,000-40,000 tons of extra volumes, so generally in our business we would have probably done the trails and also, you must be fairly concurrentof these volumes from new mines right?

Kunal Shah: Yes, that is efforts that they have done. We did this in last year but unfortunately that duties stuff came up and we had to lose volumes or this would have been a growth year for us. And the concern was shipping, and we were hesitant to say we can grow despite high shipping, but we spend the year with high shipping rate more than a year, right? And the change in mindset is that we cannot live, hoping that rate goes down and we will grow there after that is the mindset change that has happened over last quarter or two. Assume that this prevails what does life look like, what can we achieve keeping that in mind and that is why we are saying, okay it looks like we should be able to continue to grow despite those challenges in high rate cost.

Ashutosh Tiwari: And generally,these new volumes will come from which minerals any color on that is it more gold or copper or any color you can provide over there?

Kunal Shah: All three minerals, I do not think it is fair to segment this at this stage. This is more a directional. For last 2-1/2 years, right? We have been discussing all sorts of problems. I think here is where we are turning the leaf, turning the page and seeing, we looking to grow now. Travel was a problem, COVID-related travel restriction was a problem. High shipping rate cost, plenty thing went wrong last 3-4 years, if you slice that now all that is behind us, the teams are in place all efforts we have done in last two years are ready. So, it is a directional conversion seeing it looks like that we should be able to grow. It will not be fair to go into further dicing on how and where all that is done but allow us to deliver on it at this time and we will keep sharing what we have done.

Ashutosh Tiwari: On the Brazil side where we have done 10,000 you mentioned was last year. This is despite the duty of 10%-12% which is there on the product over there. So, is it like the earlier, are new customers coming back to us or there something else?

Kunal Shah: No also we are doing, it a combination of things.

Ashutosh Tiwari: Okay but it is the same customers which was in that market.

Kunal Shah: We have done, we have added the customer also over there but it also the other customer that we had before. I do not think we will be able to share too much because it is information related to customer but whether this year 10, is going to become 20, we do not know, I think but may be steady state for Brazil this year.

Ashutosh Tiwari: There was a mine that was closed, I do not recall the name Samara or something which was supposed to come up.

Kunal Shah: No. The volume is expected to materialize as an opportunity not here I do not think that is converted or is in the process of discussions.

Ashutosh Tiwari: And lastly whatever increase which happened at the customer level in terms of stocks that is now donebeyond this there will not be any further addition, unless and until they add a new customer in terms of inventory at the warehouses.

Kunal Shah: That is a tough one. See the thing is we always explain that a high shipping cost is a cost issue but is also reflective of the turbulence in the ocean freight market, right? Then if I am customer, and if I am waiting to on a critical product that can stop my plant and if I am buying that overseas then I am depending on that supply chain that I have no control on, right? And if the shipping rates are higher by three times or four times is the symbolic of the stress and the problem that is there in that supply chain. So, that is where it comes from. So, the easiest way to tell the customer is that I will put more stock on the ground I will put more stock in transit so that even if there is a problem, your plants will not get shut and that is all Ash, right?

Ashutosh Tiwari: Though I get that, I think that was logic what I am just saying that now that process is largely done.

Kunal Shah: But claiming that it can go up. It can go up but it can go but a few hundred croresplus and minus. You are not going to be putting Rs.2000 crores more into working capital, right? So, as it will be stock against orders. My only simple point is that even if increases a little, it will be against a confirmed order that the customer is going to pick up if he wants us to be towing on the ground. So, Ashutosh, in terms of number of days if say, the probability of number of days reducing is not there but we should be able to maintain this same or similar level in terms of 75-80 days of WIP and finished goods about 20-30 days of raw materials then about 75 odd days of debtors. But the point is that we want to grow, and if it needs so as the sales grow, obviously the absolute terms the holding can go up because you will have to stock, we will have to maintain finished goods, mainly finished goods at various warehouses. But this is proportionate to the increase in sale so that way in terms of number of days absolute term, I think it should be more or less. It may not be able to reduce, it will not increase also dramatically in terms of number of day sale.

Ashutosh Tiwari: Lastly on the realization of US dollar/INR what was the rate that we realized in the quarter and what should be going ahead?

Kunal Shah: For the year it was about 7450 for the quarter is it should be about 75-76, I do not have the numbers on top of our heads but between 75-76.

Ashutosh Tiwari: Should improve going ahead.

Kunal Shah: Yes.

Moderator: Thank you. The next question is from the line of Ritesh Chedda from Lucky Investment. Please go ahead.

Ritesh Chedda: Sir, I have two questions, one on your mill lining plant, so this facility in the sales cycle for this, what would be the strategy and how easy is it considering the fact that in this we are seeing customer adoption towards the rubber plus metal bases mill lining. So, some comments there if we were gainer on ferro to high chrome here are we slightly at a tougher situation?

Kunal Shah: So, the mill lining business selling tool is an application which is generally mutually explicit to rubber because rubber exist on the secondary and tertiary side the metal exits on the larger mills called SAGmills or primary mills, generally that is occupied by a metal which is where our product exist where rubber is concern the moving to rubber to rubber and metal, okay. I do not think in those larger mills with high impact there is a migration from metal to metal rubber, we will not come across such incidences. We are talking of a market where we competing with other metal lining producers and the strategy is convert them into our design versus what is the incumbent's design and that all play in the market. There are 3-4 players all of them are developed except on everyone else is a developed country producers with a different cost structure, right. So, first we are competing with a efficient structure and second is more important we are in the business because we can dramatically change operating parameters for a customer using our design linings and that is where we exists. So, when you move from, when we were introducing alloys it was a wear cost advantage, a person moving from hypothetically a rubber to rubber metal is wear cost and the life of the liningconversion here in our case the whole conversionis improve through put by 15-20% reduce power consumption by the extent so the benefits are several times of the cost of our part. So, the benefit that one would achieve with a changing the alloy or improving weightsare far smaller than the realm of what we are discussing right now in our mill liner strategy.

Ritesh Chedda: And what is the market size of this and the four players?

Kunal Shah: 300,000- 350,000 tons annual consumption.

Ritesh Chedda: And the size of those four players and is it the same customer to whom you have to sell or you two developer completely new customer.

Kunal Shah: No, same customer, they are all similar ores consumers.

Ritesh Chedda: So, you will also go through, because the plant is coming now, so you will go through your own sale cycle in this product.

Kunal Shah: We are already selling 20,000 of these parts to the mining customer from our existing plant it is not a new product for us. We do equivalent size or little less size; we are already doing mill lining for cement business for last 30 years. It is not a new business for us. It was a mining application which is the grinding is mining end, is something that is catch up for us as far as the process is concern or the mining application is concern and that is where we are have invested the time for the last 3-4 years because we were setting up the plant that is something that we spend time on and we believe now we are ready to take advantage of that.

Ritesh Chedda: My second question is Sir, on your GP and freight cost. So, what we see your gross profit per kg has continuously increased which has to the entire extent taken care of the freight cost increase and yet we are a net gainer when we look at your EBITDA as per kg. since the last 3-4 quarters that we are seeing despite, your raw material price rise and freight cost rise.Should we assume this absolute EBITDA per kg to sustain or there has been a fair bit of volatility in your business we were at 20 plus per kg some years. Then we at a 25-26, we started the year at 25, we are ending the year at 31. So, what would be your best guess in terms of the profitability per kg?

Sanjay Majmudar: So, I am Sanjay here first at the outset I want to clarify that internally the yard stick of measurability is not per kg we have been clarifying this on a few earlier occasions as well for the very simple reason that we work with a very divert product mix compressing of casting and within family several products like cementmill liner, VSMs, our mining liner and variety of different products and then there is whole vast gamut of different types grinding media balls ranging and tailorize and customize for various types of requirements. So, there is not a standard product and therefore EBITDA or realization per kg is generally not the right yard stick. So, we look at more as a percentage of operating EBITDA. That is point number 1. Point number 2, the function of increase in realization is not merely the freight cost but also the capability for passing of the raw material increase and so effectively what happen is the sales volumes and realization goes up fixed over a cement and the absolute term profitability improves but if you look at percentage of operating EBITDA it has actually gone down a little bit. This is because the freight cost is passed on an actual reimbursement basis and there is no profit element there, as you will appreciate. On the raw materials we do not share our detail costing but there are generally yard sticks or benchmark agreed based on which we keep on discussing quarter-over-quarter the price increases. So, I think more or less if I may want to make a statement that at a pure operating EBITDA level of around 20%-21% I think we should be able to maintain that going forward with significant increase in volume as guided by us and we should be able to improve it also gradually as we move forward but at this point in time, we are not giving any guidance about improvement in EBITDA or operating profit margins. Again, on the GP per kg therefore with the same logic we would rather want to restrict ourselves to the EBITDA percentage to sales as the most reliable yard stick and that is where therefore I have to request you to kindly look at from that angle.

Moderator: Thank you. The next question is from the line of Bhoomika Nair from DAM Capital. Please go head.

Bhoomika Nair: Sir, my first thing is that I wanted to clarify, you said 6000-7000 tons FY2022 from Canada and South Africa, this is in FY2022 totally or was it only in fourth quarter?

Kunal Shah: Sorry. what was your question. Canada. Whole year.

Bhoomika Nair: Whole year.

Kunal Shah: Yes.

Bhoomika Nair: this quarterit is very minimal volume. Okay the other thing was Brazil has done around 10,000, the number is short, it used to do something like 20,000. So, are we seeing that kind of scaling up in the next two years from Brazil as well.

Kunal Shah: The Brazil answer was just an indicative. Like I said we cannot keep slicing at the time, we had lost 16000 or 18000 tons because there was a material event, right. we keep losing and getting customers at time because of different condition. I do not think 10,000 tons in the scale if adding 16,000-18,000 tons in the next two years, if I had 320-30000 tons a 10000 tons volume again becomes non material, right? We may do more, we may do less but given that there is one customer that has a higher volume, we would prefer not keep specifically talking about a volume over there. We may get 5000 tons or we may not, right? But the material rate now is not there anymore. In our growth plan we are not counting on it to come back.

Bhoomika Nair: Sir, the other thing was when we had started with the EEMS solutions, we were talking to 10-12 customers on trial basis etc. purely there was a lot of saving and from a client perspective where we were quite positive on. So, if you can just give us status on how things are today, what kind of volumes are coming from EEMS part of the business and where this can possibly scale up to given now that the mill lining plant will be operational.

Kunal Shah: At the time, we had discussed and talked about EEMS simply because we had signed an agreement with them. Our mill lining strategy is very independent of that. Yes, is not contingent on what that collaboration is going to bring to the table. Our strategy is to bring value to the customer in addition to the wear rates and other benefits that we bring right and there are moving parts in that strategy. One of that is what comes to the table from that EEMS collaboration but if you are going to add 40,000 tons in next three years in the mill lining space, it will be the combination of many other things that we are doing. EEMS will be one part of that but there is a lot internal competency exist along with other partners for offering those value-add benefits, design of liner is one, metallurgic solution is another, so on and so far.

Moderator: Thank you. The next question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: I have two questions, the first one on the stingy order book, so if I see order book it seems to be on lower side. Is it a function of price or volume.

Kunal Shah: Because we have now moved to rate contracts with a large of customers and they place monthly orders, quarterly orders for deliveries in the near future, right? So, as a practice we are not adding contract orders under the order book and that is why this figure looks, I do not think that is a material figure now.

Amit Dixit: Okay the second question is the stingy on your growth plan, so if I look at global major miners like the Vale, Glencore and I will not go into specific because you will not go into specific. So, their guidance is rather state, it is very static guidance, we talk off any metal players for FY2020. So, just wanted to and the number that you are targeting 30,000-40,000 in terms of raw material. Just wanted to get that what gives you this confidence of actually even these kinds of numbers and the guidance from the miners itself is very placid.

Sanjay Majmudar: A target conversion from ores to high chrome use. So, we are talking of the huge headroom that exist today the level of penetration that we have done in the three core ores on which we are concentrated upon that is gold, copper and iron ore where we believe that the combined market of conversion from the present conventional ores to our high chrome use is most conservatively anywhere between just around 1.5 to 2 million tons per year between these three ores main ores. As against that the penetration is about 15% between us and our competitor which means we are focused on converting those who are existing and already operating with some other alternate product that is ores, media or some different type of liners into out high chrome specific grinding media or liner. Therefore, we agnostic let us assume the industry does not grow for next five years, does not matter we want to increase our market share or wallet share by conversion and therefore we are dependent upon the growth and that is why our confidence because there is a tremendous effort that goes on our sales and our project development teams when they start interacting with mine, they demonstrate, we give them trials. Then there are mutual interaction we go back and forth the process goes on for one or one- and-half years. So, it is this process which as Kunal explained in the initial part of the call was disrupted due to COVID but which is now over the last six months really gained traction which makes our sales team give us a confidence that now we are in a position to commit that years there is a lot of developmental effort which is now gaining traction and therefore based on that we should see this much volume additional volume coming incrementally at least year-over-year and this all from conversion and not dependent on the growth cycle or increase CAPEX requirements etc., of miner.

Moderator: Thank you. The next question is from the line of Bhavan Vithlani from SBI Mutual Funds. Please go ahead.

Bhavan Vithlani: Sir, you mentioned that while you lost some 40,000 tons because of Canada and South Africa, you gained about 30,000 odd ton from new customers, could you give some flavor of who these new customers are and where are we getting these new customer

Sanjay Majmudar: Difficult as such we are not actually sharing the names of the customer as a matter policy but just to give a little flavor the key geographies where we are very bullish and we see a lot of traction is the Central America, the Latin America part i.e., the entire Latin America, then the entire African Region, Australia, CIS, these are the regions where a lot of traction we are seeing, lot of additional incremental customers we have gained in the core three ores that we are talking about that is gold, copper and iron.

Bhavan Vithlani: The second question is on your opting of the guidance on the capital expenditure side from 50,000 tons to the 18,000 tons, could you just help us understand why is it going to take two years because this facility was actually under the expansion move for sometime and a few machines only were being held on. So, why is it going to take two years because this expansion process.

Kunal Shah: 18-24 months right, because equipment leap time is there, it would be at least 12 leap time for the, today your car takes 8-10 months in a waiting year, right? The equipment that we have ordering is at least 12 months of delivery time.So, 18months we will have to create balancing infrastructure also. You are there at the plant, there is this the civil works needs to be done but within the plant. So, what do we say, we have to make land acquisition, we do not have to apply for pollution environmental clearance, power is there, the substation is there with the capacity to enhance. Those things take away now today in India any where between 12 and 15 months that portion is eliminated but from the day we start to get go, ground break for the Brownfield, you know it is minimum 18 months just because of the delivery time, the installation, the commissioning all that put together. So, 18-24 months, I do not think it can be lower than that.

Bhavan Vithlani: Sure, so it is just that the equipment leap time has gone up.

Kunal Shah: Exactly.

Bhavan Vithlani: Lastly, could you give us just flavor, you have talked about it extensively but on the new mill liner expansion that we are targeting do we have any case study or where we have customer and we have already installed some of the trail units and then we are confident of scaling that up on a 3-4 years basis.

Kunal Shah: Absolutely, more than a few now. Absolutely, we have done that and see this is not new for us, right? In the cement side, that's a day job, every single non grinding media part that we install with a vertical mill part and tube mill part, every single casting goes to every single solution we offer it has gone through that, right? So, in that sense it is not a new thing that we are doing, it is just that knowledge for the mining application is the variable that is new for us, everything else is something that we have done, right? The DNA is still the same. In mining we are anyway doing and the solution more than a few case study now. We are doing 20,000 tons a year, alreadyso this is having another 40,000-45,000 from 20,000 is not even a very ambitious figure, right? It is easily doable in the scheme of things now.

Bhavan Vithlani: Last question, from the non-mining volumes what would be cement and because we have seen some growth in the non-mining side. So, is it largely driven by cement?

Kunal Shah: All of that growth is cement, most of the growth is cement.

Bhavan Vithlani: And of the non-mining what percentage would be cement roughly?

Kunal Shah: 90%. 85%-90%.

Moderator: Thank you. The next question is from the line of Amar Maurya from Alfaccurate Advisors. Please go ahead.

Amar Maurya: Thanks a lot Sir, my question has been answered. Thank you.

Moderator: Thank you. The next question is from the line of Priyankar Biwas from Nomoura Securities. Please go ahead.

Priyankar Biwas: My first question is let say hypothetically if there were not much of PAT disruption let say on the container availability and those. So, how much extra volumes you could have done in FY2022 rough estimate.

Sanjay Majmudar: Hypothetically answering your question, you when at the beginning of COVID, we were all geared up for similar kind of volumes coming from FY2021. At that point in time,we were talking of 25,000-30,000 tons per annum. So, I think as a hypothetical answer you can take it 25000-30000 tons a year which we have now clearly say and we were very conservative in even not giving any guidance till we saw it happening with confidence coming from our sales team and that is why this time while we had already indicated earlier, we are talking of anywhere between 30,000-40,000 should come based on the development that are ongoing number of mines that are under development there response that we receiving from the customers the timeline that we are anticipating and all those things factored into as the part of the careful budgeting exercise which is elaborately carried out by our business development and sales teams.

Priyankar Biwas: Sir, similarly on this line, so now you are saying that probably you will do 30,000-40,000 KT over FY2023-FY2024 each year. Now I would guess that since you were speaking of mill liners included in these volumes as Kunal was saying like in four years may be you will have 80% utilization. So, is it fair to assume that within this 30,000-40,000 tons at least 10,000-20,000 tons at the minimum level be mill liners or could it be even higher?

Sanjay Majmudar: Out of this 40,000 tons you can say that every year may be around 8000-10,000 tons incremental could be mill liner.

Priyankar Biwas: So, the rest will be your grinding media so broadly like 25,000-30,000 KT grinding media is here roughly.

Sanjay Majmudar: Right.

Priyankar Biwas: And Sir, one more question, so were great action in like in Canada, South Africa were especiallyMagotteaux was the local manufacturer. Now what I observe is that among significant geographies only in USA Magotteauxhas local manufacturing presence. So, what do you think any possibility of trade actions in USA, is there already some kind of import duty that we face in USA like what is your take on that any possibility about disruptions in USA?

Kunal Shah: That will involve some amount of speculation on our part to say, what the odds and the likelihood. First of all, and the speaking about MagotteauxI think is not appropriate for us to specifically talk about their plans and what they are working on. As a philosophy, freight was a problem last four quarters we are now seeing we will still let fate do whatever it has to do, right? Our business contingent on a duty, on a freight structure, on price increase, on different things, right? So, a duty comes or a duty does not come, we are back at 10,000 tons in Brazil. At peak we were 16,000, right? Does that demonstrate there is business model and strategy in place, that is far above incidental events that can come across, right? So,it may come or it may not come. The point is that, that is not going stop us from growing, Priyankar.

Priyankar Biwas: So, right now there no duty or is there some duty?

Kunal Shah: There is 2% or 3% custom duty from India into US.

Priyankar Biwas: Sir, the last question from my side, recently you had put out of the exchange regarding some fraudulent activity by some employee regarding on the technology front or something. So, exactly happened, is there any risk?

Kunal Shah: I think it is again subjudice, there are things going on and it is what we have reported. I do not think we will be able to speak more, nothing that has material implication that I can speak about right now. But it was important for us because it can material consequence. It is a sub judice matter, if we are not alert about it, right? Just to add there is no financial implication as of now.

Moderator: Thank you. The next question is from the line of Sandeep from JM Financial. Please go ahead.

Sandeep: First question is pertaining if you could share the metal wise split broadly for last year between the three major ores just to get some sense of what contributes how much on historical basis not forward looking.

Kunal Shah: Of all three represent growth opportunity for us. We are agnostic to gold and copper we were able to add down process benefit which is increase in recovery etc., those are ores of interest to us but iron ore also is one very large market and that continues to our an important in the application for us.

Sandeep: In terms of percentage contribution, to total volumes, how much would be each?

Kunal Shah: It will be difficult, it is not something we track because our financial do not change based on that, right we are agnostic to what ore type so with it, it is not something that we would really like to share at this time that level of detail.

Sandeep: Second question is on the price pass through, you did mention that for raw material price increase is entirely taken care of with the price hike but on logistics cost to what quantumhas it pass to and what still remains with us.

Kunal Shah: Sorry your voice broke can you repeat.

Sandeep: So, in case of price pass through we have passed with the entire raw material price hike but in terms of logistic cost increase you mentioned its largely pass through but we will still bearing some of that increases in our cost so what would that quantum be?

Kunal Shah: Again, a directional answer, I do not think you should look into detail beyond that concept is that we are passing through, right? We thought that is going to be a challenge but we are passing through that depends by the time you pass through cost go down and we have to refrain from holding it. So. I think we will have an exact number saying we passed through 60% and 40% we are in the process of but there is some portion that has to still come along but there are many variables linked to it.

Sandeep: Alright and one question is on the mill liners business you did highlight that in terms of 40,000 additional volumes 8,000-10,000 can come from mill liners which should nearly one-fourth of the new volumes. So, in terms of proportion because you are doing only 20,000 tons in liners as of now. So, would not that lead to higher realization.

Kunal Shah: But we already have in our current 260,000 also non-grinding media and a grinding media bit, right? So, when we go from 260,000-300,000, that additional 10,000 is also not going to move the need significantly, right? So, to just keep the current mix going.

Sandeep: And lastly on the succession plan would you want to make any comments over there what is the board thinking about it.

Sanjay Majmudar: So, you know we have very consciously over the last couple of years, the board as well the top management has been taking action, so first the search is actually on for a Global CEOand that is going on in very serious earnest and second personally speaking Mr. Bhadresh Shah in his individual capacity now practically not involved in most of the key operations, so he hardly ever visits any plant, does not take any direct sales calls. Everything is done independently by professional teams across the globe for business development, then marketing that part also is practically is on hands off sort of a position, obviously finance or procurement etc.is absolutely not been taken so the only function he plays is more on a very wider strategic role. And I think going forward, we should ensure that there is very seamless succession plan which has been put in place. So, we are already working in all seriousness, we are working on that.

Sandeep: Okay so instead of a family member we will have a professional global CEO who will be dealing company forward.

Sanjay Majmudar: Exactly.

Moderator: Thank you. The next question is from the line of Aditya from SIMPL. Please go ahead.

Aditya: Just wanted to understandrecently India and Australia signed a free trade agreement and since Australia is the key market for us, is there any benefit which will accrue to AI because of this agreement.

Sanjay Majmudar: Well actually this free trade agreement is an additional feature, we are in the process of examining it but the development that we do with our client is actually agnostic to any further benefit that we may get out of an FTA. So, very honestly, we have not really considered weighing those benefits but there would be some incremental benefit but the point I am trying to make is that we are agnostic to FTA whether there is anFTA or not that benefit itself can be translated on a one-to-one bilateral basis. Like Australia for example, it goes the duty at 4, it goes to 0 in 4 years. So, there is some benefit at least for the Australia FTA for others it is a work in progress.

Aditya: My next question is our power cost they used to be around 10%-11% of sales they have come down to 9% this year. so just wanted to understand is the one-off and should we not look more into it or are we seeing some benefit from the windmills that we have developed over the years.

Sanjay Majmudar: Yes, so basically what is happening is you are looking at the net power cost. So, we have been progressively installing more and more wind mills. You can consider 9% it is the benefit of the captives renewable that we have.

Aditya: Yes, so that should the rate going forward or we can expect some more from it?

Sanjay Majmudar: I consider this for now around 9%.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL. Please go ahead.

Anupam: Sir, just one question, you said two things on freight firstly on the existing operations you have been able to pass it on to customer on a very regular basis and it is reflecting in margin and secondly for new customers you are saying this was a hampering factor for conversion, so let's say when you talk about 30-40 KT of new volumes next year. Should we assume that to start off with you will have discounts to cover the freight just to ensure conversions and then later on you will be able to pass it on to customers and margins recoup for the new customers specifically.

Kunal Shah: No, I do not think so. See what has happened that as you mature and as your position becomes more and more consolidated this kind of very fine maths. Yes, it is a very simplistic question, real life there will be may other variables that may be beyond just the freight cost, right? We are saying that high freight is a reality for the medium term, near-medium. We have created a model around it and we have been able to pass it own with a lag. Ever concept saying using pricing is not a preferred right rather focus on value addition and then demonstrate and that and work harder on it. product makes many factors.

Moderator: Thank you. The next question is from the line of Sujith Jain from ASK Investment. Please go ahead.

Sujith Jain: Sanjay Bhai and Kunal Bhai congratulations, very good set of numbers. Just on to the previous question when eventually the shipping issues resolved in the medium term. Then this, 25,000-30,000 tons that could have happen that could be additional. Is that the correct understanding?

Kunal Shah: It comes with that metrics, right? This is again a directional answer right, Sujith Bhai. We are finally going from saying, we are worried, this that COVID to say it looks like the back to growth. Allow us a few we will have much more direct clarity as we are going, right? 30-40 is a good number to start with the target and we hope we do more but idea is to keep doing that for a longer period and that is what the focus is right now. We do 10,000 tons or 20,000 does not change the needle because we want to become half a million tons in next five years for example, right? That is the direction, not in 20,000 tons early or platter will not change the directional answer.

Sujith Jain: Okay and the current mill lining sale is at 20,000 tons, what is the capacity?

Kunal Shah: 50,000tons, the new plant. The total support 70,000 including existing plants.

Sujith Jain: Okay and you said Australia has a current duty 4% and it will go down to nil in 4 years due to the FTA.

Kunal Shah: Correct.

Sujith Jain: And then there is one question on the balance sheet, your other non-current assets are showing 119 crores. There is a rise there, if you can explain?

Kunal Shah: Okay I will come to that question. Non-current assets can I take that offline with you. I do not have answer immediately with me.

Sujith Jain: And you just said I just wanted to confirm the power cost would now be in the range of about 9% of sales.

Kunal Shah: 9%-10% again we are doing power trading, we are doing renewables, right? Renewables also has a cycle. It is not all to in one. Wind is concentrated in 2-3, again 9%-10% and we will leave it at that. It is not an exact number, it will be this much.

Moderator: Thank you. The next question is from the line of Amit Anwani, from Prabhudas Lilladher. Please go ahead.

Amit Anwani: Sir my first question is on the mill liner side as you mentioned here you must be adding 50,000 capacity. Just wanted to understand how big this market is what is the competitiveness and who are the leaders now and where does AIA would be aiming to 3-4 years in this space?

Sanjay Majmudar: So, the total additional capacity that we are creating is about 50,000 tons and the market as we have already explained earlier of mill liners could be anywhere in the region of 300,000 tons, we are already doing about 20,000 tons. So, we should find a detail traction going forward based on whatever indication we are getting from the sale.

Amit Anwani: So, how much would be the current market share or any competency in this space?

Sanjay Majmudar: So, there are major global players who are already active in this. They are all key global players with whom we are competing but we are pitching on unique design platform based on our technology tie-up with the American company plus our own research that we are doing and therefore that way we believe we are in a competitively better position. So, we should be able to get a decent market share. More importantly there is also an element of cross-selling, which is always there because while we sell mill liners, we also push grinding media and vice versa and so that helps us in increasing our where with all to approach a customer with a comprehensive solution.

Amit Anwani: Next question on the base volume, so for this year the existing base volume of 230,000 tons how much of this volume where we are immediately competing with Magotteauxor Magotteauxas a plantthey are also supplying to the several customers.

Kunal Shah: I do not think that is an answer that we will be able to share. We compete with the forged guys where we convert into chrome and obviously, we compete with Magotteauxon the chrome side. so, whatever is chrome theoretically there are in the same market.

Amit Anwani: So, basically, what we trying to understand is how much of this volume could again be at risk of the duties which have been facing for 12-18 months.

Sanjay Majmudar: No, I think there is mix up here. First let's understand this, the current year sales is about 260,000 tons that includes hardly a few thousand tons of 6000-7000 tons of sales which has come from Canada where there was a due and ended up. No total between 8000-10000 tons that has come from South Africa and Canada.

Amit Anwani: No sir my question was out of 260,000 tons, 30000 is from the new customers, right?

Sanjay Majmudar: Correct.

Amit Anwani: And after the loss we have 230 basis volumes.

Sanjay Majmudar: Yes.

Amit Anwani: So, out of this 230, I just wanted to understand is there any volume which is at risk of competing with Magotteaux or coming under any such duties in future.

Kunal Shah: Not really.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to AIA Engineering management team.

Kunal Shah: Alright thank you everyone for joining the call as usual Sanjay Bhai and I remain available for any offline questions that one may have. Thank you so much and have a good evening.

Moderator: Thank you. Ladies and gentleman this concludes your conference for today. We thank you for your participation and for using Chorus Call Conferencing Services. You may now disconnect your lines. Thank you, have a good evening.