CD Research Pvt Ltd

CHANGING DIMENSIONS

Aug 29, 2025

AIA Engineering Ltd.	
No. of shares (m)	93.32
Mkt cap (Rs crs/$m)	28158/3205.2
Current price (Rs/$)	3017/34.3
Price target (Rs/$)	3574/40.7
52 W H/L (Rs.)	4450/3001
Book Value (Rs/$)	757/8.6
Beta	0.7
Daily volume NSE (avg. monthly)	57740
P/BV (FY26e/27e)	3.6/3.1
EV/EBITDA (FY26e/27e)	15.0/13.3
P/E (FY26e/27e)	24.0/21.1
EPS growth (FY25/26e/27e)	-6.1/11.1/13.7
OPM (FY25/26e/27e)	26.9/27.2/26.5
ROE (FY25/26e/27e)	16.0/16.1/15.9
ROCE (FY25/26e/27e)	15.0/15.1/15.0
D/E ratio (FY25/26e/27e)	0.1/0.1/0.1
BSE Code	532683
NSE Code	AIAENG
Bloomberg	AIAE IN
Reuters	AIAE.NS

Shareholding pattern	%
Promoters	58.5
MFs / Banks / FIs/Others	22.0
FPIs	17.0
Govt. Holding	0.0
Public & Others	2.5
Total	**100.0**

As on June 30, 2025

Recommendation

ACCUMULATE

Analyst

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Quarterly Highlights

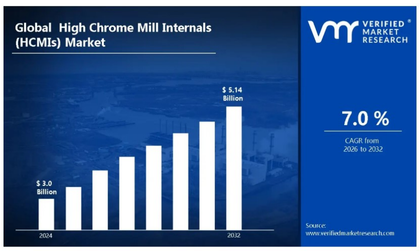
- Driven by lower costs and higher product realizations (largely due to richer product mix), margins improved to hardly sustaining 29.5% in Q1 current fiscal (28.3% in Q1 of previous fiscal) at a time when revenues grew by a meagre 1.9% to Rs 1038.95 crs from Rs 1019.97 crs in the same period a year ago. Volumes flat lined too: 60156 tons Vs 60592; mining tonnage at 36396 tons Vs 36786 tons. Other income surged by over 32% not least due to higher investment income.
- High OPM boosted growth in operating profit to over 6% last quarter while pre-tax earnings rose by 12% and post-tax earnings by 17.5%. High share of JV profit also somewhat boost the bottom line last quarter.
- Land acquisition and approvals are being currently undertaken for setting up plants in China and Ghana with the intention of cutting down delivery times, reducing costs and decreasing response time. Capex of some Rs 100 crs (excluding investments to be made in Ghana and China) is earmarked for the current fiscal; Rs 21 crs incurred in Q1.
- Mill liner business gained momentum last fiscal. AIA continues to expand its focus on copper, gold and iron ore mining with the goal of expanding presence in South America, including Chile and Peru. Lower penetration of high chrome products in these segments - just 25% -presents profitable growth opportunities to manufacturers of high chrome mill internals.
- The stock currently trades at 24x FY26e EPS of Rs 125.71 and 21.1x FY27e EPS of Rs 142.95. Earnings would grow in low double digits in the current fiscal before somewhat gaining momentum next fiscal as volumes expands and risk of trade barriers start to stabilize. Although AIA's cost efficiencies may help soften the blow of rising threats of anti-dumping duty on high chrome media in other overseas markets, acceleration of volumes in light of growing risks of trade wars may be hard to come by. Weighing odds, we assign "accumulate" rating on the stock with revised target price of Rs 3574 (previous target: Rs 3460) based on 25x FY27e EPS of Rs 142.95.

Standalone (Rs crs)	FY23	FY24	FY25	FY26e	FY27e
Income from operations	4908.77	4853.76	4287.44	4544.34	5189.92
Other Income	234.54	281.40	331.63	385.28	455.46
EBITDA (other income included)	1479.91	1620.21	1485.40	1620.58	1830.79
Net Profit after EO	1055.80	1136.68	1060.71	1173.11	1334.06
EPS (Rs)	111.94	120.51	113.14	125.71	142.95
EPS growth (%)	70.3	7.7	-6.1	11.1	13.7

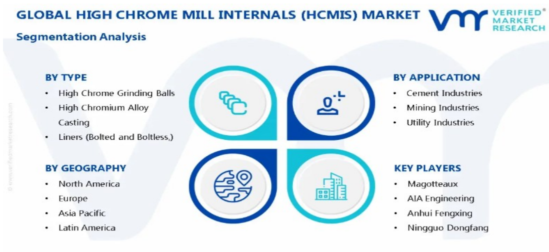
High Chrome Mill Internals – Outlook

According to a report by Verified Market Research, global high chrome mill internals sis projected to grow at a CAGR of 7% during 2026-32 period largely driven by significant growth in global mining activities across emerging and developed economies. Expansion of mineral processing facilities coupled with enhanced operational efficiency in grinding applications would all but boost of take of high performance mill internals. Further, increasing urbanization, which seemingly is propelling demand for construction material and cement, has a notable role to play in driving demand.

Increasing performance characteristics and cost effectiveness are being achieved through metallurgical techniques and quality control measures would prompt mining companies to embrace cost effective solutions. In addition, regulators are imposing rigorous operational standards and safety regulations across the mining industry which has pushed the need to mandate premium - grade mill internals for ensuring consistent performance, reduced down time and compliance with environmental regulations. With mining operators becoming increasingly cost focused, long lasting high chrome mill internals are preferred due to their ability to reduce replacement frequency.



Source: verifiedmarketresearch.com

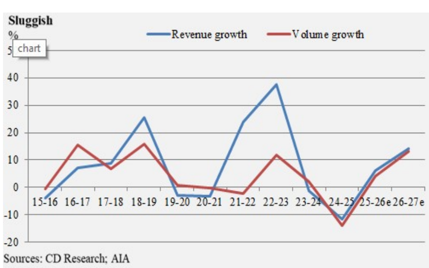


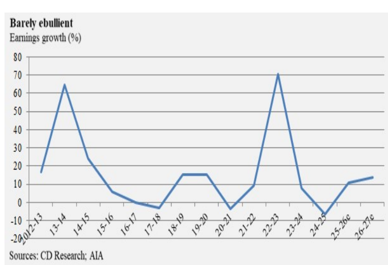
Source: verifiedmarketresearch.com

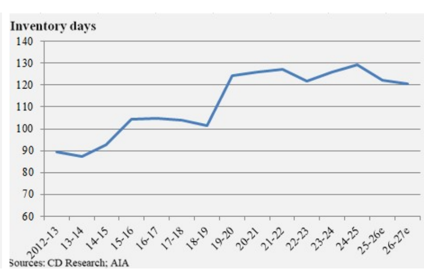
Yet costs pose no small challenges for smaller mining operators, thus limiting their ability to invest in premium grinding solutions. Volatility in chrome ore and other raw material prices creates pricing instability in final product markets, thus affecting procurement decisions and long term planning strategies, the report contends. As per some other report, the market faces restraints due to notable reliance on refurbished mill internals in certain regions. In 2023, approximately 35% of mills, particularly in developing markets, continued to utilize refurbished high chrome internals to control costs.

Financials & Valuation

To corner a greater market share, AIA appears hell-bent on boosting conversions to high chrome grinding media through greater client engagements, product enlargement with mill liners, local manufacturing in China for catering Latin American markets and cost optimization. Export diversification has helped too with US accounting for some 10% of the total volumes. Yet AIA's international manufacturing plans of setting up 50000 mtpa units each in both Ghana and China may proceed slowly starting with a satellite facility in China.

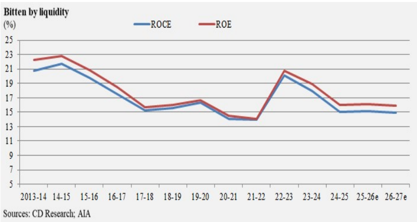


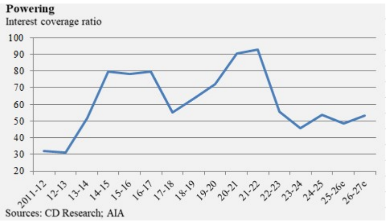




AIA foresees significant market growth opportunities for gold, copper and iron ore in Latin America where penetration of high chrome products, by some estimate, stands at a paltry 25%. Yet intensifying trade wars and interdependence of economies globally could present complexities of no small proportion in months to some. Rising freight could also become a flash point for export deals with hostilities barely waning in Gaza and Ukraine.

With AIA's seeming competitive advantage in operational efficiencies and distribution network, pronounced loss in volumes from US could barely make a dent in overall volumes - although AIA's overall mining volumes is estimated to grow by just 5% in the current fiscal. Yet the company continues to face threat of anti-dumping duties in several countries with supplies to Mexico and US already facing detrimental taxes. Favorable reviews are hard to come by, Brazil's Department of Trade Defense, however, reduced countervailing duty from 6.5% to 2.9% on certain types of grinding media exported from India sometime in the current quarter.





The stock currently trades at 24x FY26e EPS of Rs 125.71 and 21.1x FY27e EPS of Rs 142.95. With uncertainty posed by rising trade barriers globally, AIA's overall volumes may rise by a meagre 4.3% in the current fiscal before accelerating to over 13% next fiscal - volumes declined by over 14% last fiscal. Unsustainability of current margins of 29.5% (OPMs estimated to decline to 26.5% in FY27) would moderate post tax earnings growth by some 14% next fiscal. With cash reserves rising, ROE would be stymied by low return on these assets. Weighing odds, we assign "accumulate" rating on the stock with revised target price of Rs 3574 (previous target: Rs 3460) based on 25x FY27e EPS of Rs 142.95. For more info, refer to our May 2024 report.

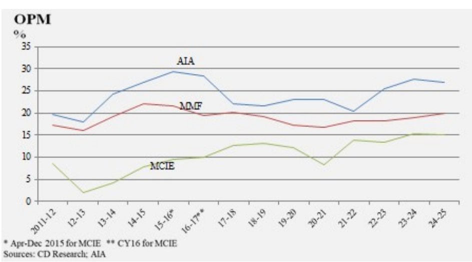
Cross Sectional Analysis

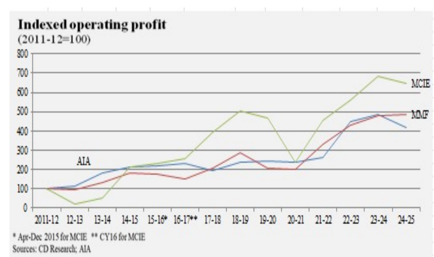
Company	Equity (Rs crs)	CMP (Rs)	Mcap* (Rs crs)	Sales (Rs crs)	NP (Rs crs)	OPM (%)	NPM (%)	Int. cov	ROE (%)	Mcap/sales	P/E	P/BV
AIA Engg.	19	3017	28158	4306	1106	27.2	25.3	53.8	16.0	6.5	25.5	4.0
CIE Auto.	379	389	14742	8886	783	14.7	8.8	22.2	21.3	1.7	18.8	3.7
MM Forgings	48	319	1541	1457	126	19.6	8.7	3.6	14.1	1.1	12.2	1.6

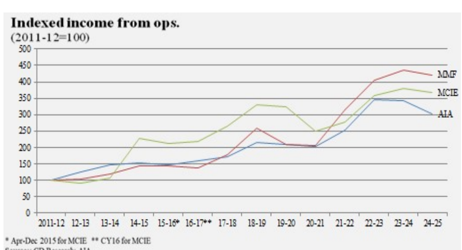
*figures in crores; calculations on ttm basis; standalone or consolidated data as available

CIE Automotive reckons that European automotive industry is facing several operational challenges including rising costs, transition to EVs and competition from China which has led to plant closures in Europe. In India, the company will continue to target M&A to fill strategic gas in products, customers, technology or skills portfolio. Aluminum die casting and forgings plant at Hosur gave been identified to improve margins, while capacity will be expanded to fill in new orders. Margin protection and focus on EV components development have been cornerstones of CIE's European market growth strategy.

With CV industry contributing some four-fifths of MM Forgings revenue and export contribution to revenues hardly insubstantial, the company faces headwinds in overseas markets buffeted by geopolitical tensions, trade tariff pressures and weakish outlook for Class 8 trucks in North America, which declined by some 6% last fiscal. To counter slowdown, the company plans to introduce new products, leapfrogging on the forging capacities created in the last few years. Generating growth in established products and diversifying in EV segment will continue to remain areas of focus.







Financials

Quarterly Results

Figures in Rs crs

	Q1FY26	Q1FY25	% chg.	FY25	FY24	% chg.
Income from operations	**1038.95**	**1019.97**	**1.9**	**4287.44**	**4853.76**	**-11.7**
Other Income	108.31	82.01	32.1	331.63	281.40	17.8
Total Income	**1147.26**	**1101.98**	**4.1**	**4619.07**	**5135.16**	**-10.1**
Total Expenditure	732.58	731.11	0.2	3133.67	3514.95	-10.8
EBIDTA (other income incl.)	**414.68**	**370.87**	**11.8**	**1485.40**	**1620.21**	**-8.3**
Interest	7.20	6.38	12.8	25.65	33.43	-23.3
Depreciation	27.70	25.36	9.2	103.07	100.27	2.8
PBT	**379.79**	**339.13**	**12.0**	**1356.68**	**1486.51**	**-8.7**
Tax	80.33	81.16	-1.0	308.36	351.03	-12.2
Net Profit	**299.46**	**257.97**	**16.1**	**1048.32**	**1135.48**	**-7.7**
MI	0.15	-0.18	-182.5	-0.66	1.42	-146.7
Share of JV	5.71	1.44	296.2	11.75	1.51	677.0
Profit after MI	**305.02**	**259.58**	**17.5**	**1060.74**	**1135.57**	**-6.6**
Extraordinary Item	-	-	-	0.03	-1.11	-102.6
Adjusted Net Profit	**305.02**	**259.58**	**17.5**	**1060.71**	**1136.68**	**-6.7**
EPS	32.69	27.52	18.8	113.14	120.51	-6.1

Consolidated Income Statement

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Income from operations	**4908.77**	**4853.76**	**4287.44**	**4544.34**	**5189.92**
Growth (%)	37.6	-1.1	-11.7	6.0	14.2
Other Income	234.54	281.40	331.63	385.28	455.46
Total Income	**5143.31**	**5135.16**	**4619.07**	**4929.62**	**5645.39**
Total Expenditure	3663.40	3514.95	3133.67	3309.04	3814.59
EBIDTA (other income incl.)	**1479.91**	**1620.21**	**1485.40**	**1620.58**	**1830.79**
Interest	24.84	33.43	25.65	30.96	31.99
EBDT	**1455.08**	**1586.78**	**1459.75**	**1589.62**	**1798.81**
Depreciation	93.04	100.27	103.07	113.58	121.98
PBT	**1362.04**	**1486.51**	**1356.68**	**1476.04**	**1676.83**
Tax	305.54	351.03	308.36	324.73	368.90
Net Profit	**1056.50**	**1135.48**	**1048.32**	**1151.31**	**1307.93**
MI	**0.5714**	1.42	-0.66	0.60	0.75
JV Profit	**-**	1.51	11.75	22.40	26.88
Profit after MI	**1055.93**	**1135.57**	**1060.74**	**1173.11**	**1334.06**
Extraordinary Item	0.13	-1.11	0.03	-	-
Adjusted Net Profit	**1055.80**	**1136.68**	**1060.71**	**1173.11**	**1334.06**
EPS	111.94	120.51	113.14	125.71	142.95

Consolidated Balance Sheet

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
SOURCES OF FUNDS					
Share Capital	18.86	18.86	18.66	18.66	18.66
Reserves	5672.46	6638.88	6908.33	7932.13	9116.88
Total Shareholders Funds	**5691.33**	**6657.74**	**6927.00**	**7950.80**	**9135.54**
Minority interest	8.94	10.29	10.08	10.68	11.43
Long term debt	3.00	3.41	2.00	2.00	1.00
Total Liabilities	**5703.26**	**6671.44**	**6939.08**	**7963.48**	**9147.97**
APPLICATION OF FUNDS					
Gross Block	1655.97	1856.76	2015.08	2149.48	2274.48
Less: Accumulated Depreciation	653.22	746.47	839.98	953.56	1075.53
Net Block	**1002.75**	**1110.29**	**1175.10**	**1195.92**	**1198.95**
Capital Work in Progress	107.44	92.1699	76.95	67.55	72.55
Investments	2254.32	3043.1071	3918.54	5265.87	5892.75
Current Assets, Loans & Advances					
Inventory	1218.02	1204.66	1016.80	1199.83	1319.81
Sundry Debtors	860.84	880.31	826.38	867.70	911.08
Cash and Bank	805.99	553.60	437.54	44.64	477.92
Loans and Advances	174.10	383.43	329.15	215.02	235.06
Total CA & LA	**3058.94**	**3022.00**	**2609.87**	**2327.19**	**2943.87**
Current Liabilities	866.91	741.37	778.86	823.25	876.46
Provisions	8.08	7.21	9.02	9.93	10.92
Total Current Liabilities	**874.99**	**748.57**	**787.88**	**833.17**	**887.37**
Net Current Assets	2183.95	2273.43	1821.99	1494.02	2056.50
Net Deferred Tax	-39.13	-57.10	-95.68	-105.68	-120.68
Other Assets (Net Of Liabilities)	193.93	209.53	42.18	45.80	47.91
Total Assets	**5703.26**	**6671.44**	**6939.08**	**7963.48**	**9147.97**

Key Financial Ratios

	FY23	FY24	FY25	FY26e	FY27e
Growth Ratios (%)					
Revenue	37.6	-1.1	-11.7	6.0	14.2
EBIDTA	67.8	9.6	-8.4	9.1	13.0
Net Profit	70.3	7.7	-6.7	10.6	13.7
EPS	70.3	7.7	-6.1	11.1	13.7
Margins (%)					
Operating Profit Margin	25.4	27.6	26.9	27.2	26.5
Gross Profit Margin	29.6	32.7	34.0	35.0	34.7
Net Profit Margin	21.5	23.4	24.5	25.3	25.2
Return (%)					
ROCE	20.1	17.9	15.0	15.1	15.0
ROE	20.8	18.9	16.0	16.1	15.9
Valuations					
Market Cap / Sales	5.6	7.6	7.3	6.2	5.4
EV/EBIDTA	16.8	20.7	18.5	15.0	13.3
P/E	25.9	32.5	29.6	24.0	21.1
P/BV	5.0	5.7	4.6	3.6	3.1
Other Ratios					
Interest Coverage	55.8	45.5	53.9	48.7	53.4
Debt-Equity Ratio	0.1	0.1	0.1	0.1	0.1
Current Ratio[a]	5.2	6.7	6.9	7.6	8.4
Turnover Ratios					
Fixed Asset Turnover	5.6	4.7	3.8	3.9	4.4
Total Asset Turnover	1.0	0.8	0.6	0.6	0.7
Debtors Turnover	5.9	5.6	5.0	5.4	5.8
Inventory Turnover	3.0	2.9	2.8	3.0	3.0
Creditors Turnover	16.0	16.0	16.7	16.0	16.8
WC Ratios					
Debtor days	61.8	65.5	72.6	68.0	62.5
Inventory days	121.8	125.8	129.4	122.3	120.5
Creditor days	22.8	22.9	21.9	22.8	21.7
Cash conversion cycle	160.7	168.5	180.2	167.5	161.4

Cumulative Financial Data

	FY16-18	FY19-21	FY22-24	FY25-27e
Income from operations	6790	8932	13329	14022
Operating profit	1792	2010	3311	3764
EBIT	1915	2174	3698	4598
PBT	1888	2145	3631	4510
PAT	1357	1669	2812	3568
Production (mt)	652385	823909	862187	816295
Sale volumes (mt)	628989	798705	849156	823538
Mining volumes (mt)	365561	528342	566871	546148
Cement volumes (mt)	263428	270363	282285	277390
OPM (%)	26.4	22.5	24.8	26.8
NPM (%)	20.0	18.7	21.1	25.0
Interest coverage	69.5	74.0	55.4	51.9
ROE (%)	17.9	15.6	17.6	15.4
ROCE (%)	17.3	15.1	16.9	14.5
Fixed asset turnover	3.8	4.1	4.7	4.1
Debtors turnover	4.6	4.8	5.9	5.2
Inventory turnover	3.3	3.5	3.4	2.7
Creditors turnover	12.0	14.3	19.4	16.4
Debtors days	80.2	75.9	62.4	69.9
Inventory days	111.0	103.5	107.1	134.7
Creditor days	30.3	25.6	18.8	22.2
Cash conversion cycle	160.8	153.8	150.6	182.5

FY16-18 implies three year period ending fiscal 18
*as on terminal year
**includes CDT if applicable

With sudden slowdown in dispatches of mining products last fiscal, cumulative volumes (cement segment included) would all but flat line (decline of 3% estimated) during FY25-27 period (three year ending FY27). With cumulative revenues barely showing traction (up by a measly 5.2%), benefit of higher margins (OPM: 26.8% in FY25-27 Vs 24.8%) would be well-nigh meagre. With other income "punching above its weight" cumulative post tax earnings would advance by some 27% to Rs 3568 cs as against Rs 2812 crs in the preceding three year period (see table).

With raging concerns of intensifying trade wars influencing of take of AIA's US supplies (30000 tons by some measure), moderation in overall volumes would not be an unexpected casualty in the current fiscal. With growing stock of liquid investments (read: cash & cash equivalents) scarcely boosting capital efficiency, ROE would struggle to strengthen - estimated to drop by over 200 bps to 15.4% in FY25-27 period from 17.6% in the preceding three period. Inventory turnover ratio may worsen, resulting in lengthening of cash conversion cycle in the forecasted period (see table).

Financial Summary- US Dollar denominated

million $	FY23	FY24	FY25	FY26e	FY27e
Equity capital	2.3	2.3	2.2	2.1	2.1
Equity shareholders' funds	671.5	778.1	789.6	885.8	1020.6
Total debt	60.7	54.9	56.9	57.1	59.9
Net fixed assets (incl CWIP)	132.6	141.8	144.0	141.6	142.5
Investments	274.2	365.0	457.9	599.4	670.8
Net current assets	247.3	254.6	195.4	153.1	217.1
Total assets	672.9	779.7	791.0	887.2	788.0
Revenues	610.6	586.3	507.0	517.3	590.8
EBITDA	184.1	195.9	175.6	184.5	208.4
EBDT	181.0	191.8	172.6	180.9	204.8
PBT	169.4	179.7	160.4	168.0	190.9
PAT	131.3	137.3	125.4	133.5	151.9
EPS($)	1.39	1.46	1.34	1.43	1.63
Book value ($)	7.12	8.25	8.46	9.49	10.94

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 87.85/$).
All dollar denominated figures are adjusted for extraordinary items.

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buy: >20%	accumulate: >10% to ≤20%	hold: ≥-10% to ≤10%	reduce: ≥-20% to <-10%	sell: <-20%

Rs/$	FY21	FY22	FY23	FY24	FY25
Average	74.20	74.51	80.39	82.79	84.57
Year end	73.50	75.81	82.22	83.37	85.58

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate.