AIA Engineering Limited

August 14, 2026

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 August 12, 2026

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 held between the Company and Investors on Wednesday, August 12, 2026 to discuss the Unaudited Financial Results and performance of the Company for the Quarter ended 30th June, 2026.

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

Satyanarayan Chhogalal Jetheliya
Digitally signed by Satyanarayan Chhogalal Jetheliya
Date: 2026.08.14 11:32:42 +05'30'

AIA ENGINEERING LIMITED AHMEDABAD 382415

S. N. Jetheliya
Company Secretary

Encl.: As above

"AIA Engineering Limited
Q1 FY27 Earnings Conference Call"
August 12, 2026

MANAGEMENT: **MR. KUNAL SHAH – EXECUTIVE DIRECTOR (CORPORATE AFFAIRS) – AIA ENGINEERING LIMITED**
MR. SANJAY S. MAJMUDAR – NON-EXECUTIVE – NON-INDEPENDENT DIRECTOR – AIA ENGINEERING LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the AIA Engineering Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the management of AIA Engineering Limited. Thank you, and over to you.

Kunal Shah: Yes. Hi. Thank you so much. Hello, everyone. Good evening. This is Kunal, and as usual, we have Sanjay bhai and I doing this call for the first quarter of fiscal year '27, uneventful quarter where most of the line items and, you know, commentary, I think, reflects all that we have spoken over last few quarters. I will nevertheless sum up the headline figures and numbers and we can get into Q&A after that.

So, we are at about we had 64,644 tons in the first quarter that compares to 60,000 odd that we did in the first quarter last year and translating into sales of INR1,153 crores and EBITDA of INR44 crores, INR24 crores and a profit after tax of INR301 crores. The tax item when you look at sequential numbers, if you recall, the tax amount in the fourth quarter had a refund that we had gotten, which is why that number was a little lower than what we have historically. This time because it's the first quarter tax will normalize, I think it's about 23%. It'll normalize at about 21.5%, 22% overall.

I think the rest of the figures we have a data sheet that we had uploaded. I think numbers remain at par. Operating income which is export benefits at INR14.78 crores, treasury income at INR85.35 crores and foreign exchange currency gain of about INR25 crores leading to a total other income of INR110 crores plus the 14 -- INR124 crores, sorry. I think working capital at par, no major update on tonnages. I think they are broadly the way we have seen.

From a business standpoint, I think what we had explained and spoken about last quarter was about the new generation discharge system. That system, we believe, dramatically influences operating conditions in terms of throughputs and fines and other variables that influence the working conditions at the mine site. It solves for the top three issues at a plant site, most importantly, the falling yield, you know, of gold and copper metal. And that's an intervention that's very unique to us. It's a sum total of everything that the company has done over these many years.

It is a new system, and the trial and commercial implementation, you know, follows a whole life cycle. We've done similar work at cement plants where the mill sizes and the throughputs are significantly lower. So, for example, a typical cement mill for 1 million ton plant would be, let's say, 30 tons an hour and a 20% improvement is 6 tons of improvement, and which is a material improvement at a at a cement plant.

That 30 tons an hour can be as high as 2,000 tons, 3,000 tons an hour in a mining site. And anything that we do as an intervention is now an order of 70, 80 times more, you know, abusive operating condition. And the process knowledge and design implications on such systems are something that, you know, we are learning, we are applying, we are going through iterations.

So when we took this the strategy is to, you know, the mill sizes vary from what we would call a small size to a larger size without getting into the minutiae or the details, I mean that's not beyond a point relevant. The point is that we start with smaller mills, then go to a, you know, medium-sized mills, and then the larger mills.

All three are a pocket of opportunity. We've had successful trials at the smaller sizes. Now we are doing at the medium and the larger sizes. And, you know, this journey of doing a trial, the iteration is uncertain in a way that it could take 3 months, it could take 2 years because every mine site is different, operating conditions are different, and, you know, all of that will lead into an optimized design and optimized system that delivers on the throughput, right?

So, having said that, we continue our work on grinding media, the recovery improvement, the reagent improvement that our portfolio of grinding media. Then there is the, you know, the mill lining and the discharge system now as a solution. And in that, we have, I think, for next three or four quarters our updates may continue to be bland in terms of just saying status quo because some things may perform, some things may need an iteration. And that is an iterative process. I don't think will be able to forecast on what it means.

So, having said that, this quarter has been continues at status quo, all numbers I think there is no large macro events that have impacted us or, you know, we worry about. We will continue to keep doing the same for next, you know, year or more, and hopefully, there are there is good news to share on top of that.

With that caveat, I'll have Sanjay bhai share his, you know, thoughts, and we can go on to Q&A.

Sanjay S. Majmudar: Yes. Hi. Thanks, Kunal. So, good afternoon, everyone. Couple of points from my side. If you would have seen Q4 to Q1, you may observe a decline in the EBITDA percentages, reported at 36% and operating at around 27.8%, 27.9%. So, two, three factors I just want to draw your attention to so that, I mean, sort of preempting certain questions.

So, one is if you compare FX Q4 to Q1, there's a sharp drop. So, the foreign exchange gain which was about INR65 crores in Q4 has come down to about INR25 crores. That's point number one. That's part of the other non-operating income, but then it nevertheless gets reported.

Second is you would have seen major contributor is the product mix. So, in the past, we have said that in a given quarter, if the product mix is extremely favorable in terms of bigger castings going more, then the needle will move into a much better margin. So, in this quarter, that product mix has not been that great in terms of the value-added products that have gone, so that is second major contributor.

Third is on the other expenses front, there is we have sort of, you know, the ongoing trials and other expenses also are booked to the revenue, so that is additional other expenses plus additional freight because of the movement of freight. So, these are the three main factors why Q4 to Q1 appear to be on the lower side.

Other than that, Kunal has already explained. So, let us open the house for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ronak Agarwal from Ithought PMS. Please go ahead.

Ronak Agarwal: Yes. Hi, Sanjay bhai, Kunal bhai. Good evening and thanks for the opportunity. I have two questions. My first question is on the South America mining conversion. Last quarter, you did mention that the second mine trial was ongoing and you were expecting the you were expecting an outcome in couple of months, and that the client has also immediately placed an order for second mill conversion after the first trial. Could you please give us an update, has that has the second trial concluded, and what was the customer what was the outcome?

Kunal Shah: Nothing. Like I said, we will refrain from sharing specific inputs because that does not feed into, ultimately, the question is on sustainable growth and tonnages. So, idea is that we're doing trials, most trials go to an iterative phase, right? So, to carve out one and say it has worked well, again, does not feed into it. So, I think allow us to take the time to go through that, and we'll keep sharing.

I think the material input was that here is a solution that we envisage is a game changer for the mining companies, and trials, risk aversion, you know, the conservative nature, the supply chain, the pricing, all sorts of hoops that you have to jump and cross for ultimate sale to happen. I think we are in stage one today, which is trials. -- And, yes, that is ongoing. Nothing to share that ultimately helps give more clarity.

Sanjay S. Majmudar: Update is it's still work in progress, and we will wait for the final outcomes. It might take a little longer than anticipated because of certain technicalities, but it is work in progress. That's the short answer.

Ronak Agarwal: Okay. Sir, another question is this quarter, if we see, the mining volumes are down by 5,400 tons Q-o-Q. So, is this decline purely due to timing issue or what's the issue if you can?

Sanjay S. Majmudar: No, sir. As I said, see, we don't have a quarterly run rate kind of a tracking. It's annual. So, it's more of a timing issue, a product mix issue, an order execution cycle issue.

Ronak Agarwal: Sir, my second question is on the competition from China. Are you seeing any Chinese player undercutting us on the pricing and posing a real threat to the conversion, especially in the market where we don't currently have antidumping duty protection…

Kunal Shah: Not really. Not really. Chinese are Chinese today have made a dramatic entry into the forged space where, you know, as much as the top two mines, I think, in Chile today use Chinese forged media. So, you know, China has become the largest producer of forged and a very important and there are like 20 forging companies, you know, now in the fray supplying to all sorts of mines across the world.

So forged product has seen a dramatic, you know, presence of forged presence in the in the market. As far as chrome is concerned, because there is an see, forged is one product, one grade, one material, and then it's a distribution business, while in our case, this is a custom business, right? So, each mine site needs a custom solution. One needs to engage. There's an iterative process behind it.

So, to that extent, I don't think Chinese presence in high chrome is there today. I mean we don't we don't see Chinese coming on board. Now that may change in the future. All of these are questions of conjecture, so to answer your question, as we speak today, I think chrome continues to be with limited companies who built this front-end solution engineering capability.

Ronak Agarwal: Okay. That's it from my side. Thank you, sir.

Sanjay S. Majmudar: Thank you.

Moderator: Thank you. The next question is from the line of Varun Jain from Dolat Capital. Please go ahead.

Varun Jain: Yes. Hi. Good evening, Kunal bhai. Good evening, Sanjay bhai.

Kunal Shah: Good evening.

Varun Jain: So, I have a couple of questions. So, firstly, on this NGDS, can you, sir, explain a little bit on the economics of this product, sir? Like how is what is the replacement cycle, and is the revenue driven by, you know, volume like mill liner is sold by kg, how is this sold, how is it priced?

Kunal Shah: Happy to do that. In See, ultimately, the idea is our goal is to sell to become a meaningful player, not just become a meaningful player, but offer an intervention in terms of, you know, benefits out of the solution, you know, wherein AIA becomes the go-to sticky partner for, you know, customers in the mining space, right? That's been our current business.

That's what we are building out for the future. So, the NGD purpose is it's not a new product that gets sold differently, right? It will continue to be a per-kilo because kilogram is a metric. A product is not like a iPhone is not sold in grams, right? iPhone is sold in units or numbers.

In our case, our metric continues to be unit of measure continues to be, you know, weight, which is kilograms. But -- the idea is to sell it as a solution. So, we are not going to be selling a the discharge system as a sole product, right? The trial phase, we have elements where you're doing, you know, because grinding media, there's other liners, and then there is the discharge system, so there are two or three moving parts, and we are working with the clients because the risk appetite is different for every customer, right?

The ideal solution is where the whole package comes from us. If they implement this, then there are there could be possible changes in operating conditions inside the mill requiring a different grade alloy, you know, of grinding media. And which is where, you know, we'll be selling the full set.

So, if this comes along, the product mix category and profile may not be very different. Like today what we are doing, let's say, 30%, example I'm saying, let's say, 25% of my volume is 75% is grinding media and 25% is castings. I think the because that also is, you know, comes from cement, which is a solution, which is grinding media and liners.

And, of course, the rest of mining work where we sell grinding media and liners, but today, they're being sold separately. Going forward, it will be part of a solution. So, I don't think our pricing or unit of measure or a different metric to look at us will change.

Varun Jain: Okay, sir. I think this was helpful, but just double clicking on it a little bit. So, just want to understand like, NGDS, like, how what is the revenue driver? Like, if it's like run for 3 months, this much revenue will accrue, or, if the mine is saving 25 million, so then they'll pay 20% of that as revenue. Like, what is exactly how will it determine that how much revenue we can get? Like, in mill liner, we know or in line…

Kunal Shah: I am saying that only. You separate two parts to it. What -- are you saying is I'm selling a car and a car is getting me, 1 lakh of selling price per car, and I'm earning X percent of operating margin, those two will not change once this solution comes in. Are you with me?

Varun Jain: Okay.

Kunal Shah: The purpose of having an -- so now what does it So, that is the pricing part that you are saying, right? Ultimately, what part, what volume, what percentage will come to us, at the end of it will translate to a selling price and a margin, correct? Both these figures will be in line with where we are, that's what I'm trying to tell you, because it's still a combination of grinding media and lining, which is non-grinding media portion from my current business.

So, that profile does not change. The other question that you ask is, which is -- what is the benefit, and how does the customer look at it? The idea is not, that today I am getting 20% operating margin getting, tomorrow I want 80%. We are not an immediate in that sense. The point is that it brings along a stickiness because this is a unique combination of -- today, he's buying linings from a different company.

There is no discharge system conversation, and grinding media comes from a third company. They are all consumables being consumed without, any consequence on operating conditions in his own plant. We are a unique company, which is what we're doing for the rest of the business, also, where we are taking ownership of the operating condition.

We are going to be selling all of these three as a solution. In return, what does AIA get? It gets that stickiness that comes along with such a business, right? It's a recurring consumption product, and that brings stability and allows us to then build on it. So, that does not necessarily translate into a very different margin profile, is all I'm trying to tell you.

Varun Jain: Okay, sir. And sir, my understanding is that NGDS can be sold in mills where the grinding media and mill liner is from other suppliers also. So, if I can understand, sir, what is the standalone TAM for NGDS, like revenue TAM and…

Kunal Shah: There should not be Standalone. NGDS is not something I can stand sell on its own. NGDS is part of the lining conversation, and that I cannot sell without grinding media. All of it will become like a solution. I'll be selling the whole package.

You understand? There is no standalone TAM. I don't want to sell NGDS. That is, first of all, technically, I can't sell it alone. I need grinding media as part of that solution for the whole benefit to accrue to the customer.

Varun Jain: And liner?

Kunal Shah: And liner. Grinding media, liner, and NGDS together forms a package that gets sold to the customer.

Varun Jain: Okay, sir. I'll take it offline, sir. I'll just take move on to my other question. So, in Q1 FY27, so Sanjay bhai mentioned that the product mix was not as favorable, but I think when I calculated, the realization was highest ever, I think 180 plus. So, and also, like for the past two quarters and past couple of years, I think realization has been very high, but companies still guide for 165. So, would you like to revise upward the, realization guidance?

Kunal Shah: Will you tell me, what will be the dollar next year? What will be the cost of ferrochrome? What will be the cost of scrap? How much competition will I have? You give me those four things, I can calculate and give you. That's the point is 160 is an indicative it's -- what will be the shipping price? My selling price is influenced by six parameters, one of the most important being a product mix. And product mix also changes because the customer's operating conditions change, his buying cycle change, right?

So, there's a product mix conversation, product timing conversation, my cost conversation, currency input, shipping price. So, if it has become 180, we are not stripping it out to say that INR10 came from more shipping, INR2 came from extra foreign exchange, right? The idea of 160 to 165 was what we had shared a year and a half ago based on operating conditions and variable costs that we had -- that existed at that time, right?

I mean, yes, we can change it to 180, but that does not serve. I think today the conversation in front of us is where does growth come from? What are we doing to build out that growth, and once we have a little better visibility, hopefully, these are easier questions to solve for, right?

Varun Jain: Okay, sir. And sir, for FY27, will we hit 280,000 to 290,000 metric tons of volume and the outcome of the other two trials which were going on, Peru copper and Ghana gold? That's all.

Sanjay S. Majmudar: So, as I said in the beginning of the call, as Kunal also said, the trials are going on, and we were very clear even in the first -- last quarter's conversation when we had with the investors. That we are going to give our growth guidance, once we have that perfect clarity of how things are going to come. So, at this point in time, we are not giving any guidance.

What we are saying is, trials are going on, it is work in progress. We are getting decent responses, but there are technicalities which entail our team to engage more, give some more solutions. That process is going on. It may take a little longer time than what we had anticipated, so we have to ask you to maybe wait for one more quarter before which we will give you any exact guidance.

Of course, our target is a much bigger growth that we are anticipating. We want conversions to happen faster. That process is work in progress, and that is the reason why, we are maintaining status quo at this point in time. I can't give you an exact specific number about the tonnages, but of course target is to see whether to what extent we can increase the volume.

Varun Jain: Sure, sir. But any indicative like are you confident of crossing 280,000, like some color?

Sanjay S. Majmudar: I have I have, frankly, no specific answer to give on this.

Varun Jain: Okay, sir. Okay. No problem. I'll fall back in the queue. Thank you.

Sanjay S. Majmudar: Sure. Sure.

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

Priyank Biswas: Yes, good evening, sir. So my first question…

Sanjay S. Majmudar: Good evening, Priyank.

Priyank Biswas: Yes. Good evening, sir, to both of you. So my first question is see we have always discussed a lot about conversions in Latin America. But recently what we are seeing is that at least on some of your pages on Vega and those that we are also making some inroads, it seems, in Philippines, Middle East as well. So could you -- yes. So could you just elaborate because since you guys have discussed LatAm so much, like could you elaborate on the other geographies whether we are making some meaningful progress, whether we are seeing some traction and potentially what is the competition that we face in these geographies?

Sanjay S. Majmudar: So, Priyank, two things. One, why LatAm? Because we are taking trials with very large mines there, point number one. Point number two, it itself is a huge market. We're talking of more than 500,000 tons of grinding media consumption, plus the whole gamut of all products that go into one concentrated market. Therefore, we talk a lot of LatAm. But you're right. Other markets are important.

If you look at the whole world, then of course Philippines and other markets are quite important, but they are much smaller than the LatAm America that we are talking about. So when we say that between the three ores that we are talking about the opportunity at least 1, 1.5 million tons, if 30%, 40% of that is coming from only one geography, naturally all our concentration will be on that geography.

Having said that, other markets are important, and we will continue working in all other markets. It is not like, we won't work in other geography.

Priyank Biswas: Because what I recall is like in other big markets, even Australia used to be also quite a large market at one point in time. So is there some headway we are seeing in let's say the countries like Australia, Indonesia, and even Africa for that matter which are key geographies?

Kunal Shah: Yes. Yes. So, Australia is an iron ore and a gold market, and we've done, we, you know, we've got a reasonable presence over there. I think as a company, the work that we're doing in South America, which is almost a 1 million-ton market, okay, in a in a geography where there is a extraordinary problem of falling yield, right? And there is a solution that nobody else is offering allowing us for a sticky proposition with reasonable margins and a sustainable growth for a few years is what we're trying to solve for, correct?

Now while we are doing that 50,000, 60,000, 1 lakh tons if coming from other geography, we are very happy for other business to come along, but that does not move the needle, right? So we'll work on all of that. I don't have meaningful updates to share on all of that because all of that Australia total market maybe another 20,000 I can do, right? Or Brazil and Canada where already there are, you know, duty actions and an incumbent who's, you know, using the global tariff situation to their advantage, right? There is a global macro, geopolitical, shipping, macro uncertainty environment.

In that case, we feel -- we continue to believe that the strategy to focus on South America, which can become a 300,000, 400,000-ton market for us, 300,000, 400,000-ton market for us, and solve for a few things at the same time is something that excites us. The rest of the world will continue, and hopefully, we'll have some progress to share, but it will it may still not be needle moving beyond a point.

Priyank Biswas: Okay. That's very clear. So what I understand is like if your strategy with the NGC and the others are to work out, so in the long term, let's say 5 to 10 years, then probably we could even see let's say, the volumes doubling from current levels, like as you said it's a it can be a 300, 400 KT market. So is that the right way to think?

Kunal Shah: That that's where -- if I'm getting a concentrated opportunity solving all of this, that requires, you know, a serious and a deep effort. That that requires us to now choose the amount of bandwidth we have and where we apply ourselves. That's where, disproportionately now applying ourselves that. That does not take away the opportunity elsewhere.

And now that the trials are on pace and we put that train in motion, hopefully, the rest of the strategies and geographies and other things that we're putting in place will show some progress, you know, but nothing to report at this time, Priyank.

I think the opportunity has not changed. There is a large opportunity in front of us. We have the solution. We have the bandwidth. We have the network. We have the balance sheet. Hopefully, a few things will come together.

Beyond that, for us to now, I think, we will share more once that volume comes along. It's not appropriate to keep speaking saying I will do this tomorrow and that day after. I think we'll just need to get the space and time to go work and come back and deliver on sustainable growth.

Priyank Biswas: Okay, just one more question if I can squeeze in. So parallel to this NGC, you had also developed a full suite of mill liners is what I understand capabilities like both steel, composite, ceramics, all of this. So how would you compare let's say with your competitors who are predominantly focused on let's say, a composite and also let's say because of this new technology, what sort of cross-sell opportunities you are seeing particularly for the mill liner area?

Kunal Shah: So, Priyank, structurally, one needs to understand that one is a material conversation; the other is a solution conversation. I don't think comparing the two is the right way to look at it. So if I'm a -- when I when I make a metal liner, or if I make a rubber liner, or if I make a composite liner, right, so now the choice of material is determined by the operating condition, right? That there is one material that serves that, the nature of operating condition.

So for example, SAG mills is predominantly a metal liner, the smaller mills are rubber liner, and then you've got composite on both spectrums, where that's a better material. If I'm a metal liner player, or if I'm a rubber liner player, my -- or a composite for example rubber and composite or metal and composite, I can only bring intervention and innovation on the material and squeeze in a little more then it's a cost question. I am taking a 1 million, 2 million liner is being purchased, I will sell it at 1.8 -- 10% lower price, correct? By definition, the material itself does not have any magic to add to the solution.

Are you getting me? The material can only go so far. The magic comes from the design conversation that we are having. The design intervention only happens if you understand the process. And none of the incumbents across the spectrum deal with process. When I go to a cement plant and I tell them, you have a 50-ton per hour mill, and I'm going to improve that by 20%, that requires me to take ownership of the whole grinding process itself, right?

So we are when we think of ourselves, we are grinding experts and design experts and metallurgists and that combination comes to design a solution. So someone may make a forged ball, which is an indistinct product. It is a question of distribution now. There is nothing else you are adding to a consumer.

If I'm a conventional liner maker, I'm just a vendor. Now some, you know, today in India, you have two telephony providers, that does not make them better than maybe telephony in China. It's a CD, it's a GSM technology or whatever technology is being used. The question is the money they could pour, or the distribution, these are other elements where some people have an advantage in a market or with a customer. We are in a very different offering altogether.

So liner is at best a liner life conversation or a cost conversation, which is limiting. Liner life is 6 month, you can extent to 7 month because you've got better material. That's it. It's an insignificant intervention as a customer there. Or if I'm a forged ball maker, I have an insignificant influence at the customer's operating conditions. He will buy from another vendor or a third vendor or one of 30 forged players in China making the product. If there is a plant next to us, if we are getting the business, it is great, but there is nothing beyond that, right?

So what -- when you shift that and go and say I'm a copper producer, I've gotten grinding mills where I'm grinding 2,000 tons per hour, can you help me improve throughput by 10%, reduce power by 10%, improve recovery by 2% or 3% or 5%? Now these are hard problems that we are solving with the customer. This is exactly our legacy is not a part manufacturer, legacy is a solution provider because this is exactly what we did in cement is, what we started with mining at. If somebody comes -- someone asks what is NGDS's TAM? I don't want to sell a NGDS. I'm not a part supplier.

If I'm not talking with the customer on how do I make your life extraordinarily better or a plant manager's performance extraordinarily better, I should not exist. Understand, Priyank? So the liner is in sync with grinding media, and together that becomes a solution is what we are attempting to go to the customer with and offer and discuss the throughput, power, recovery improvements at his mine site.

Priyank Biswas: So, Kunal bhai, if I understand this correctly, so this is a complete solutions approach. Pardon?

Kunal Shah: Yes.

Priyank Biswas: So just to clarify that I'm understanding it right. So this is a fully solutions approach that you are offering. Of course, the design is the key strength among other things. But since a mine has several variables to look at, so how do you like go ahead with because the computations would be significantly complex, so require a lot of compute. How have you solved that problem then?

Kunal Shah: Well, that's what we have been solving for last 30 years, that's my business. Can I solve that for a smaller mill and a smaller operating condition at a cement mine site, cement mill size is exactly what I'm dealing with. There is complex simulation that we work upon. There is a lot of process flow, fluid flow dynamics that we work upon, right? There is metallurgy, there is process. So the intervention, sorry, is not just design. Intervention is also process, the grinding itself, that independent of process, and then there is material.

So there is material science, right, there is design, and then there is process, understanding the grinding to say, for this set of operating conditions, let me try this design and this alloy or this material for it to then deliver on the benefits that we speak about, and in that mix, we've now introduced the NGDS.

Absolutely a solution approach compared with every other incumbent who's talking about a product. They are a vendor to a to their customer, and there is a tender and there's a RFQ and they're supplying a price and they're winning some and losing some. If not one, then the second or the third or the fourth person gets the business.

I don't think AIA exists in that, and which is where, unfortunately, I'm not able to provide a lot of these standard modeling questions. If I have to make 10% margin, I may be in a very different space where I could have continued to grow back on the back of distribution, for example, but that's not where I exist.

AIA does not exist in that plain vanilla commodity product or a product-led sales, it's a solution-led sales, and that requires us to solve these harder problems. But with that comes this beautiful bit about the business where the customer partners with us because I make them look good, right, because we are solving for things that possibly they on their own are not able to do.

Priyank Biswas: Okay, understood. Understood.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Yes. Hi, Kunal bhai. Hi, Sanjay bhai. Thanks for the opportunity. First question on Sanjay bhai, your initial comment wherein you said that on a relative basis, you know, the quarter's volumes were there were slightly inferior product mix. Were you referring to a quarter-on-quarter or was it year-on-year?

And second related question here, the realization increase that we have seen, is this a function of the product mix change or is it RM inflation pass-through and hence, you know, the higher growth there?

Sanjay S. Majmudar: So first, I was talking Q-o-Q, so sequential basis Q4 versus Q1, correct. And the product mix change was also there, but as Kunal explained, as the freight goes up, as the raw material prices go up, as we do the pass-through, the realizations will go up, other expenses will also go up, correct.

So it's a function of product mix, it's a function of the pass-through mechanism that we built on the freight, ocean freight, sea freight, and all other costs that have shot up in the current quarter, and plus, of course, the raw material pass-through effect and the product mix, so it's a multiple functions where, you know, you might have seen that the realizations have actually gone up. But then if you see carefully, my other expenses would have also gone up.

Ankur Periwal: Correct. So yes, so that was the second question. The increase in other expenses, you know, you mentioned freight cost being one of the factor. So basically, your realization increased because of higher freight and similarly, it is showing in the in the cost line item. Is that a right way to put it?

Sanjay S. Majmudar: Correct.

Ankur Periwal: Fair enough. And one more clarification on the ongoing trial expenses, you mentioned…

Sanjay S. Majmudar: They are also part of other expenses. They are also part of other expenses plus raw material.

Ankur Periwal: Sure, but these trial expenses should be there in last quarter as well, right, and probably will continue or was there some significant jump this quarter?

Sanjay S. Majmudar: Yes, but, you know, the intensity and the volume and the other things might change. It will go as per the requirement of the customer, as per the outcome at a particular stage, whatever is required, we have to immediately air lift, you know, this is a continuous process.

Ankur Periwal: Sure, sir. So, you know, keeping the freight rate pass-through aside and, you know, this ongoing trial expenses also aside, on a on a pure product-by-product basis, you know, let's say a contribution or a gross margin the way you look at it, there will be a reasonable uptick there on an year-on-year basis, quarter-on-quarter there is a dip, is that a right understanding?

Sanjay S. Majmudar: Gross margins…

Ankur Periwal: I'm looking at I'm looking at more on contribution or gross margin, whichever way you look at.

Sanjay S. Majmudar: Yes, yes, general in the range of around, you know, 60%, 61%, that is our consistent kind of a gross margin scenario. But, whether there should be an improvement or not, let us see. Let us wait and watch. We don't see, as you know, I don't give any guidance on the margin front. That part is very, very clear.

Our whole focus is on making sure that our solutions eventually are accepted, and we keep on working on those. So, see, at the end of the day, a 36% appears to be lower than 39, but from an operating standpoint, a 27 or a 29 is not very far.

But, you know, I would always say, please look at it on a year-over-year basis rather than a quarterly comparison, it's very difficult for me to make a yardstick because I don't do standard products. I do multiple combinations of product mixes, which can definitely, you know, make the picture a little different.

Ankur Periwal: Sure, Sanjay bhai, fair enough. And just last bit on the renewable power, you know, investment, the INR30-odd crores capex that we were doing, by when should we see the benefit of that coming in?

Sanjay S. Majmudar: It is already implemented, I would believe. It has just become operational very recently, so I think in coming quarters, you should see.

Ankur Periwal: Okay, that's fair. Thank you for all the answers, and all the best.

Sanjay S. Majmudar: Thanks.

Moderator: Thank you. The next question is from the line of Chirag Muchhala from Centrum Broking. Please go ahead.

Chirag Muchhala: Yes, thank you, and good evening, sir. Sir, first question

Sanjay S. Majmudar: Good evening, Chirag.

Chirag Muchhala: Yes, good evening, sir. Sir, first question is on our overseas manufacturing plants. So, sir, for Ghana and China, have we, I mean, finalized the timelines and the capex amount? And the second question related to one of the earlier discussions that our core focus is on scaling up LATAM because the opportunity size is largest there. So, would a plant in that region in Chile or some other larger countries like Peru, would that not fast track our scale up potential there?

Kunal Shah: No, today the problem is not that is the supply chain conversation is surely a friction point in terms of, you know, the time it takes, etcetera, and the shipping uncertainty, Red Sea, all of that. Today the phase we are at is for getting customer to say, yes, I have a problem, I love your solution, let's do a trial, what's the pathway for the trial, allow for those iterations, to say I think we are good to go, let's discuss commercials now, the pricing, the delivery, the risk on supply chain.

I don't think we've come till to that point now, so I set up a factory, and the customer is saying I don't want to use your product because I think it'll fail, what do I do then, right? So, we it may come as a logical consideration. Now when you consider manufacturing in South America, manufacturing of our type of products requires a local ecosystem. I can't be one foundry of 10 in the whole country, right, and everything needs to be imported from India, it does not work.

So, I think, by and large, for now, we're not jumping the gun. We do believe that India remains a very, very attractive location for our type of products, which means reasonable cost, adequate manpower with the technical skills, the engineers, the diploma, all of that that we need to actually offer the solutions that we, you know, that we discuss, and we are we continue to, you know, believe that we'll stay put with that. Today, that does not seem to be the it is one of the issues that we need to solve, may not be the only one.

And just adding on to that, we discussed Ghana and China, both the intent was to see that longer duration, shipping, how do we is there a way to solve for that. For different reasons, both are remote countries, they have their own, you know, local conditions that we need to understand, solve for, competitors, all put together, I think, while the intent continues, I don't have meaningful progress to report on it, you know, for different reasons.

So, we'll keep sharing where we are, but I think we are still at the national stage, you know, of that of the of our considerations for manufacturing outside of India. So, for now, we continue to be, you know, based out of India for all practical considerations going forward.

Chirag Muchhala: Okay. So, we may or may not proceed with those plants, is that

Sanjay S. Majmudar: No. That that is not the point. See, for example, in Ghana, we've identified the location, we are now in dialogue with the government to make sure that all what we understand and what we need is available. In China, we have set up a small lab kind of a facility, we are now exploring the possibilities of what kind of, you know, infrastructure or investment we should make in a phase. So, we have not shelved those plans. It is currently in a slow mode.

Chirag Muchhala: Okay. Okay, sir. And, sir, on second question on the Chile order that we had received for high-chrome grinding media, I think, in October last year, if I'm not wrong, around INR300 crores. So, how are supplies going for that project, and is it fair to assume that on a quarterly basis, 3, 4,000 metric tons kind of an incremental volume would be coming from that that order?

Kunal Shah: Yes. Yes. Yes. So, that that supply is going well. I think that is good fair point to remind that. I think that's going well. That is adding to I think about 3,000 tons. And as we speak, because there's a whole supply chain and invoicing, but between 3000 tons and 4,000 tons, 3,000, 3,500 tons -- per quarter. And that looks to be something that will continue going forward.

Chirag Muchhala: Okay. And, sir, based on this project and our supplies, because those market, you know, have not used high-chrome grinding media before, so based on our supplies for past two, three quarters, have we been able to get more inquiries from adjacent mines, etcetera?

Kunal Shah: I think we'll continue to report on it. I don't think this does not help. Like I said, I'm just drawing everyone's attention for you and for others who have similar questions. There's a lot of details I wish I could share. Many of those I myself, we don't have clarity also beyond the point.

Yes, I if I say I've got more queries does not help you with the larger question of that converting into sales, but optically it's the only chrome presence, right, that statement itself has value, and we are hoping that that converts into. But that listen, the point is, it's not just grinding media, we have to sell a solution, right? So, in the scheme of things, it's a great progress. On its own, what does it mean? Does it mean 100,000 tons more, or when? I don't know. So, I mean, we'll keep sharing more information.

Sanjay S. Majmudar: Obviously, it is well accepted.

Kunal Shah: It is well accepted and…

Sanjay S. Majmudar: It will make an impact, yes.

Kunal Shah: And brings comfort if nothing else, that now there is a customer who's tried, who's seen progress, who's seen benefits accrue from all that we've spoken about, right? Unfortunately, I don't have the answer to the next question, which would be what does it mean in terms of tonnages and timelines, so I think having said that, yes, I think it is a material progress milestone for us.

Chirag Muchhala: Okay, sir. Thanks, thanks a lot.

Kunal Shah: Thank you.

Moderator: Thank you. The next question is from the line of Raman KV from Sequent. Please go ahead.

Raman KV: Hello?

Sanjay S. Majmudar: Yes.

Raman KV: Yes. Can you hear me, sir?

Sanjay S. Majmudar: Yes.

Raman KV: Yes. Sir, I just have two questions. One with respect to realization. I'm looking at it on Y-o-Y basis and I'm only taking sales into consideration, not the export benefit. I think there is a decline on Y-o-Y basis the realization. So, what led to the decline of that realization?

And just to add on this, you said the margins are -- margins had an impact because of the elevated shipping cost and elevated raw material, of course. So, how long will it take for us to pass this high-cost inventory or high-cost product, high-cost inventory to our customers?

Kunal Shah: I think our guidance continues at 20%. I don't think we're going doing a bridge for any margin that we do above that. 20% to 22% is our operating margin. I believe this quarter continues to remain above that. Any bridge to do above why, I don't think is something that we would want to get into. As far as realization is concerned, I'll repeat what I spoke to another gentleman before. It's a sum total of other things, and we're not stripping out saying why did 160 become 170 because it it's a sum total of other things.

Higher realization does not mean higher margin. It's a product with the cost at that point in time, with shipping, with foreign currency, all of that, right? So, there is, for example, rupee going from $85 to $95, will see some realization going up. In our memory, it is at par or higher than last quarter, but every quarter, if you go, there is no one trend under underneath that, so I don't think there is a forensic, I can come up with to say, this is what it means. It is the sum total of things today.

Raman KV: Okay, understood. And sir, my last question is with respect to the new product, the new gen discharge system which you are working on. I just want to understand two things out here. One is the product, how big is the market opportunity for this product, and second one is from the customer point of view, how will this help the end user, why will they switch to this new product?

Sanjay S. Majmudar: Okay. So, I think as Kunal explained in an earlier question, I will put it a very a little differently for you to understand. The market opportunity of conversion of the consumable wear parts that we are focusing on remains the same. This particular system has been recently designed, and it is under trial in large mines as a part of the total package solution that we are talking about, aiming at improving recoveries, saving costs, etcetera.

Now, we will, as he explained, we will never sell that NDT alone. So, it's a part of the overflow ball mills or SAG mills kind of a mechanism where we try to work on a theory which radically changes the way these equipment's operate for that grinding and crushing cycle. So, we sell as a part of liners plus this, plus we want to push our own grinding media to give optimum results.

So, the TAM technically remains the same, maybe you will consider 1, 1.5 million tons, because it is not sold as a product on a standalone basis, no mine will allow you to walk in and say, okay, you just sell. We have to demonstrate, we have to take trials, we have to take pains of solving multiple technical issues that may arise in the process. We have to ensure that the customer is happy at every stage and whatever we profess we are able to demonstrate.

So, I think there's no separate discussion on a separate standalone TAM for a particular product like a, but yes, broadly speaking, 2-2.5-million-tons total opportunity. If you narrow it down between gold, copper, and iron at maybe 1, 1.5 million tons, it includes grinding media, it includes liner, it will include some tons of this particular product also for mines that we are able to convert. But it's a part of the lining system, you can put it like that.

Raman KV: Am I audible? Am I clear?

Moderator: Yes, yes. Thank you, thank you, sir.

Sanjay S. Majmudar: Thank you.

Moderator: Thank you. The next question is from the line of Devang Shah, an Individual Investor. Please go ahead.

Devang Shah: Hi, thanks for the mic. Am I audible, sir?

Sanjay S. Majmudar: Yes, yes.

Devang Shah: Yes. So, my two questions are there. Is there any plan like we ramp up our production utilization? It's if I'm not wrong, that's around 65%, 70% only, and like 60, 000 tons, 65,000 tons we are getting it every quarterly. So, any plans for that?

Sanjay S. Majmudar: So, Devang, we have created significant capacity for two, three reasons because this A, capacity creation itself takes time, though brownfield can do faster. So, we are today about a 430, 000 tons -440,000 odd tons. Why? Because we have to make sure that as and when conversion happen, and when a customer is ready to place orders, I cannot run and say that I will set up a plant and then you come. So, we need a surplus additional planning that we continuously do. That is point number one.

Point number two, you are right. There is a current sort of a flat run rate of 60, 000, 65,000 tons a month, I mean a quarter. Having said that, we are working very hard to have radically different solutions which can significantly help us increase our overall production and off-take, and sales to the customer as a combination of multiple products forming part of package.

So, we have to be ready for additional surplus capacity. Technically, we can go up to 70%, 75% easily. So, on these current capacities, I can easily do, maybe up to 3, 3.5 lakh tons. But I will keep on adding capacities to make sure that the market is huge, as and when I start getting these conversions, I should have capacity available.

Devang Shah: Okay. And the other question is any timeline like it's last, it's almost three quarters, we are hearing like the cash on books is so much high.

Sanjay S. Majmudar: So, Devang, you're right. We have in the past we have So we're total at INR4.5 crores to maybe INR5,000 crores. But as we've explained, we are in midst of something very, very remarkable. We require a lot of focus on that. Currently at the board level, therefore, we believe that once we start getting the traction and reach the optimum and then some opportunity may come our way.

So we are holding on to a little higher cash, I would say at least for a few more quarters, then we will definitely look at maybe what are the other options, what we should do, how do we should distribute, etcetera.

Devang Shah: Okay, because I think so that company tried it's very small Welcast is there, it's only INR70 crores -INR80 crores. So tried to buy back the whole shares, but it didn't got fruitfully there. And now in the case of AIA,

Sanjay S. Majmudar: So, as I said, we are not contemplating it in near future, but we are very conscious of it, and we will take a call at an appropriate time, surely.

Devang Shah: That's fine. That's fine. That's all from my side. Thank you very much, sir.

Sanjay S. Majmudar: Thank you, Devang.

Moderator: Thank you. The next question is from the line of Varun Jain from Dolat Capital. Please go ahead.

Varun Jain: Yes, sir, just two quick questions. Sir, this Q1 capex of INR50 crores, sir, where was this spent? And FY27 capex guidance was INR130 crores, I guess. So, is it the same for '27 and where will this amount be spent over the year?

Sanjay S. Majmudar: I think we spent this capex in Q1, I think, about INR30-odd crores on our hybrid solar wind project and then balance INR20-odd crores on multiple maintenance including some debottlenecking, etcetera. This year, we are in fact -- we had discussed this at the board level, we are upping or increasing our capex guidance to now almost over about INR350 crores to INR400 crores because we've just recently contracted for a dedicated plot of land for our corporate house for which we will be able to -- we will be spending about INR170 crores to INR200 crores over this year mainly and something over next year, that is an additional part.

Secondly, we will as in the previous question, now we are completely -- we will be looking at some additional capex for further land that we might need for our additional brownfield or greenfield expansion. So, adding all this, I think we are working on it. We will give the exact figure in Q2, but it will be minimum close to INR350 crores to INR400 crores this year.

Varun Jain: Okay, sir. So, just for clarity, so out of this INR350 crores, INR400 crores, INR200 crores will go towards the land and building of the new corporate house, INR50 crores, so…

Sanjay S. Majmudar: INR170 crores plus will be new corporate house this year. Another INR50 crores to INR100 crores might go for extra land that I will procure for further expansion. We have already started that process. We will come to know in next couple of months about the availability, etcetera.

Varun Jain: Got it, sir. And just the last one, sir, how has the freight situation been in July and till now in August, and right now how is it?

Sanjay S. Majmudar: Freight in terms of what are you trying to say.

Varun Jain: Freight?

Sanjay S. Majmudar: Freight is around $8,000 to $9,000 a container currently.

Kunal Shah: No, no, that depends on locations. Freight is still elevated levels, but dropping rather than going high. So, we believe it has started to come down a little bit, but it all depends. The war has been extended further, and regarding Iran has said that, they will put a stop to it now. See, currently, we have a problem on transshipment ports getting lock jammed, actually. So, availability of container and freight both is slightly an issue right now as we speak.

Varun Jain: Okay, sir. And RM wise, there is no issue, right, ferrochrome and steel scrap and all the other?

Sanjay S. Majmudar: No, it is a little elevated, but we are passing through, so we are not actually worried about it, but, yes, it is fairly elevated right now. Even ferrochrome is on the higher side currently.

Varun Jain: Okay, sir, got it. That's all from me. Thank you and all the best.

Kunal Shah: Thanks, Varun.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Kunal Shah: Yes, thank you, and thank you for joining us. We look forward to connecting again next quarter. and Sanjay and I remain available offline for any further questions. Take care have a good evening.

Sanjay S. Majmudar: Thank you.

Moderator: Thank you. On behalf of AIA Engineering Limited that concludes this conference thank you for joining us, and you may now disconnect your lines.