

AIA Engineering Ltd.

No. of shares (m)	93.32
Mkt cap (Rs crs/\$m)	36969/3987.0
Current price (Rs/\$)	3962/42.7
Price target (Rs/\$)	4513/48.7
52 W H/L (Rs.)	4206/3001
Book Value (Rs/\$)	817/8.8
Beta	0.8
Daily volume NSE (avg. monthly)	72884
P/BV (FY26e/27e)	4.3/4.1
EV/EBITDA (FY26e/27e)	17.6/17.7
P/E (FY26e/27e)	28.3/28.1
EPS growth (FY25/26e/27e)	-6.1/13.8/9.6
OPM (FY25/26e/27e)	26.9/28.0/27.2
ROE (FY25/26e/27e)	16.0/16.5/15.7
ROCE (FY25/26e/27e)	15.0/15.3/14.4
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	16.8
Govt. Holding	0.0
Public & Others	2.7
Total	100.0

As on Mar 31, 2026

Recommendation

ACCUMULATE

Analyst

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Quarterly Highlights

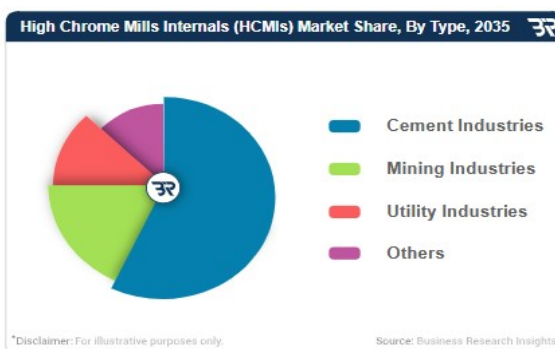
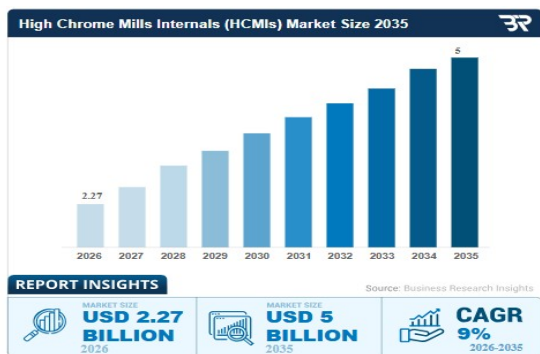
- Subdued volumes from mining segment explains much of the flat lined sales in Q3 with adjusted operating profit growing by 2.5% to Rs 290.44 crs from Rs 283.07 crs in the same period a year ago. Thanks to surge in other income (Rs 135.34 crs Vs Rs 67.32 crs), EBITDA leapt by 21.5% and post-tax earnings (adjusted) by 14.6%.
- With scarcely improving outlook of the mining industry related volumes, AIA's overall volumes have all but flat lined to 1.87 lakh tons in 9MFY26 with mining volumes taking a knock by some 4%. Despite adjusted OPM rising by some 120 bps to 28.3%; operating profit rose by an abysmal 5.4% to Rs 893.69 crs when compared to Rs 947.59 crs in the preceding nine month period.
- Post-tax earnings saved blush not least due to higher other income (surge in other income fueled by foreign exchange gain and higher investment income) and lower tax liability; foreign exchange gain remarkably rose to Rs 105.51 crs in 9MFY26 from Rs 34.06 crs , while investment income ascended to Rs 236.48 crs from Rs 205.37 crs in the preceding nine months.
- With little by way of capacity enhancement, AIA incurred a capex of some 105 crs in 9MFY26; capex for current fiscal is hardly expected to be buoyant not least due to existing surplus installed capacity at AIA's disposal. Volumes of non-mining business have seen some traction for it grew by 8.3% to 72652 tons in 9MFY26 as against 67101 tons in the nine months of the preceding year.
- The stock currently trades at 30.8x FY26e EPS of Rs 128.71 and 28.1x FY27e EPS of Rs 141.03. With recovery in mining volumes still patchy, earning estimates for the current have largely been left unchanged. Thence, post-tax earnings will grow a shade under 10% in the current fiscal on back of 14.9% growth in revenues (moderation in margins explains the abyss). With barely robust earnings growth expected in the current fiscal, return on capital would all but flat line. Weighing odds, we retain our accumulate rating on the stock with revised target of Rs 4513 (previous target: Rs 3574) based on 32x FY27e earnings.

Consolidated (Rs crs)	FY23	FY24	FY25	FY26e	FY27e
Income from operations	4908.77	4853.76	4287.44	4308.60	4952.60
Other Income	234.54	281.40	331.63	483.61	503.32
EBITDA (other income included)	1479.91	1620.21	1485.40	1689.15	1850.42
Net Profit after EO	1055.80	1136.68	1060.71	1201.08	1316.12
EPS (Rs)	111.94	120.51	113.14	128.71	141.03
EPS growth (%)	70.3	7.7	-6.1	13.8	9.6

High Chrome Mill Internals – Outlook

According to a report by Business Research Insights, global high chrome mill internals (HCMI) market is anticipated to grow at a CAGR of 9% during 2026 to 2035 driven by rising demand for excellent building materials and energy resources. The demand will also get a leg up from rising offtake of steel, aluminum, and other materials from industries. Safety during extraction process in mining is enhanced by its longer shelf life and great properties.

According to International Mining Association Statistics, mining sector has reported that ~60% of mineral extraction efficiency improvements are attributed to use of high chrome mill internals, which reduces processing, time and resource wastage. As per Central Electricity Authority of India, high chrome mill internals are extensively used to crush coal efficiently, improving power output.



Source: Business Research Insights

Source: Business Research Insights

The report further cites that Asia-Pacific is projected to dominate the high chrome mill internals (HCMI) market share because of its increasing demand from the construction sector. Rapid urbanization, increasing population, and infrastructure development are expected to bolster the demand for high-quality products and services. The emergence of several cement manufacturers and significant investments in the creation of renewable energy is expected to increase high chrome mill internals (HCMI) demand. In North America, rapid development and significant investments in infrastructure development are expected to boost product demand.

As per a report by Intelmarket Research, Asia Pacific's leadership in HCMI is fundamentally linked to its powerful mining sector. Extraction of base metals, precious metals, and industrial minerals requires ball mills and SAG mills equipped with robust internals. High wear rates in these applications create a continuous replacement cycle, sustaining strong market demand for high-quality HCMI components from local and international suppliers.



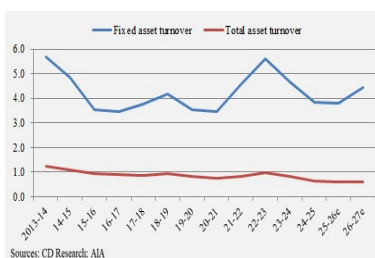
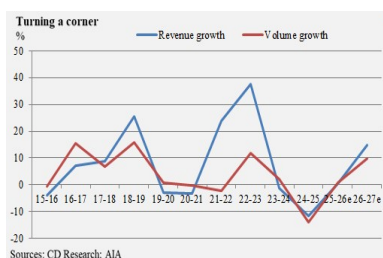
Source: verifiedmarketresearch.com

Further, foundries in China and India have produced a significant share of the global supply of HCMI. Local production ensures cost competitiveness and shorter supply chains for end-users. Concurrently, regional manufacturers are focusing on technological innovations to develop next-generation HCMI with superior chromium content and microstructures for extended service life.

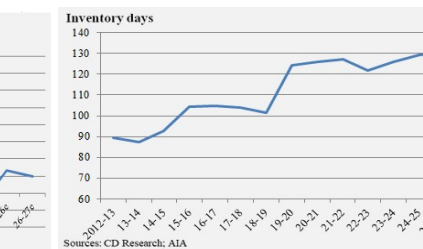
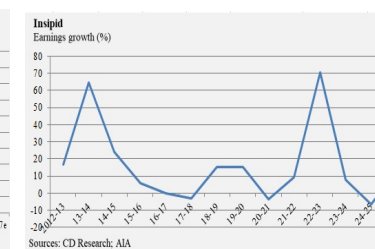
Financials & Valuation

With focus on scaling on mining volumes by higher conversion, AIA is pulling out all stops to offer integrated package solutions that combine mill liners with grinding media as against selling individual products. Aimed at enhancing mine throughput and efficiency and mitigating risks associated with anti-dumping investigations and trade barriers, this focus has wider effect in terms of competitive positioning, market share gains and conversion rates.

With AIA's mining volumes under weather, aggressive mining trials across regions coupled with order wins would help buoy volumes in the current fiscal. Execution of \$33 mn order bagged by AIA' step down subsidiary, Vega Industries Chile SpA, Chile, for supply of hi chrome grinding media to a copper mine in Chile would help cash registers ringing. Yet current order of some Rs 950 crs is barely indicative of potential revenue recognition not least due to greater "velocity" of order inflows.



After flat lining in FY26, AIA's overall volumes is estimate to grow by well-nigh 10%; though disruption in trade due to ongoing war (demand slowdown; rising freight) could worsen matters. With barely waning energy and freight costs, sustaining margins will be onerous (to say the least). Advantages of product differentiation in wake of global risks would start to diminish if Iran - US war prolongs or the movement of traffic through Persian Gulf remains disrupted.



The stock currently trades at 30.8x FY26e EPS of Rs 128.71 and 28.1x FY27e EPS of Rs 141.03. No degree of revival in earnings would help camouflage glaring inefficiency in capital allocation witnessed over the last few years - ROE to decline to 15.7% by FY27 from 16% in FY25. Yet no meagre opportunities exist for conversion to higher efficient products globally. Earnings would rise by some 10% in the current fiscal on back of some 15% growth in revenues. Balancing odds, we retain our accumulate rating on the stock with revised target of Rs 4513 (previous target: Rs 3574) based on 32x FY27e earnings. For more info refer to our August 29 report.

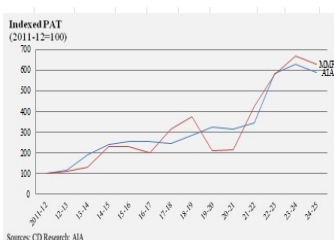
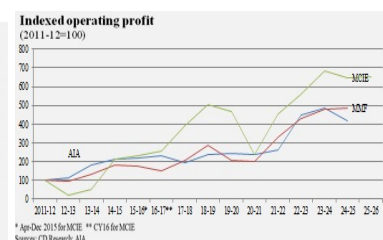
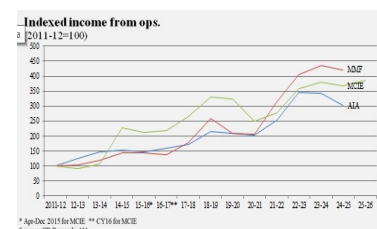
Cross Sectional Analysis

	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	3962	36969	4311	1165	27.8	26.7	34.5	16.3	8.6	31.7	4.8
CIE Automotive	379	490	18596	9406	823	14.5	8.7	41.7	21.5	2.0	22.6	4.5
MM Forgings	48	464	2241	1487	102	18.1	6.9	2.8	10.6	1.5	22.0	2.2

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

CIE focus in India lies on strengthening its customer portfolio, prioritizing high-volume value-added parts and developing a product portfolio for EVs. Efficiency in Indian plants is being achieved through a combination of automation & robotisation, machine upgradation, capacity debottlenecking, yield improvement & asset optimization. Its Bengaluru forgings is seeing development of low pressure fabricated fuel rails for petrol & CNG vehicles as well as large fully finished precision forgings for the vehicle drivelines. The aluminium business is developing competencies for different housings that will be used by e2Ws and e4Ws and is also planning to develop capabilities in high tonnage machined castings. However, the company continues to be afflicted by stagnating light vehicle sales in Europe and by slower than expected EV penetration. To deal with it the company restructured workforce to optimize cost.

MMFL is currently navigating a pivotal strategic transition, evolving from a traditional forgings manufacturer into a high precision machine The CV segment plays a significant role for MMF in 9MFY26 with overall sales of ~76% and 80% in FY25. US Class 8 truck market is poised to show a strong rebound beginning Q1FY27, this recovery is driven by depletion of customer inventories and a wave of early pre-buying ahead of new US emission norms. Abhinava Rizel, the EV subsidiary, remains critical for MMFL to move up the value-chain though the transition has been hampered by supply-chain disruption as China restricted export of heavy rare earth magnets to India. OEMs remain hesitant to award contracts to Rizel because of lack of pedigree and fear of product recall.



Financials

Quarterly Results

Figures in Rs crs

	Q3FY26	Q3FY25	% chg.	9MFY26	9MFY25	% chg.
Income from operations	1066.89	1066.23	0.1	3153.60	3130.40	0.7
Other Income	135.34	67.32	101.0	341.99	239.43	42.8
Total Income	1202.23	1133.54	6.1	3495.59	3369.83	3.7
Total Expenditure	779.73	783.15	-0.4	2263.19	2282.81	-0.9
EBIDTA (other income incl.)	422.49	350.39	20.6	1232.40	1087.03	13.4
Interest	16.23	0.99	1539.1	31.13	12.64	146.3
Depreciation	28.21	26.19	7.7	83.85	75.13	11.6
PBT	378.06	323.21	17.0	1117.42	999.26	11.8
Tax	84.91	68.50	23.9	247.73	230.58	7.4
Net Profit	293.15	254.71	15.1	869.69	768.6766	13.1
MI	-1.47	-0.32	352.7	-1.29	-0.79	62.1
Share of JV	-0.20	4.18	-104.7	5.91	6.05	-2.3
Profit after MI	294.42	259.21	13.6	876.88	775.52	13.1
Extraordinary Item	-2.54	0.00	#DIV/0!	-2.54	0.00	#DIV/0!
Adjusted Net Profit	296.97	259.21	14.6	879.43	775.52	13.4
EPS	31.82	27.78	14.6	94.24	83.10	13.4

Consolidated Income Statement

Figures in Rs crs

	FY23	FY24	FY25	FY26e	FY27e
Income from operations	4908.77	4853.76	4287.44	4308.60	4952.60
Growth (%)	37.6	-1.1	-11.7	0.5	14.9
Other Income	234.54	281.40	331.63	483.61	503.32
Total Income	5143.31	5135.16	4619.07	4792.21	5455.92
Total Expenditure	3663.40	3514.95	3133.67	3103.06	3605.50
EBIDTA (other income incl.)	1479.91	1620.21	1485.40	1689.15	1850.42
Interest	24.84	33.43	25.65	46.65	62.16
EBDT	1455.08	1586.78	1459.75	1642.51	1788.27
Depreciation	93.04	100.27	103.07	110.91	115.81
PBT	1362.04	1486.51	1356.68	1531.60	1672.46
Tax	305.54	351.03	308.36	340.01	367.94
Net Profit	1056.50	1135.48	1048.32	1191.58	1304.52
MI	0.5714	1.42	-0.66	-1.50	-1.60
JV Profit	0.0000	1.51	11.75	8.00	10.00
Profit after MI	1055.93	1135.57	1060.74	1201.08	1316.12
Extraordinary Item	0.13	-1.11	0.03	-	-
Adjusted Net Profit	1055.80	1136.68	1060.71	1201.08	1316.12
EPS	111.94	120.51	113.14	128.71	141.03

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	7960.10	9126.91
Total Shareholders Funds	5691.33	6657.74	6927.00	7978.77	9145.57
Minority interest	8.94	10.29	10.08	8.58	6.98
Long term debt	3.00	3.41	2.00	2.00	1.00
Total Liabilities	5703.26	6671.44	6939.08	7989.35	9153.55
APPLICATION OF FUNDS					
Gross Block	1655.97	1856.76	2015.08	2090.08	2190.08
Less: Accumulated Depreciation	653.22	746.47	839.98	950.89	1066.70
Net Block	1002.75	1110.29	1175.10	1139.19	1123.38
Capital Work in Progress	107.44	92.1699	76.95	125.00	100.00
Investments	2254.32	3043.1071	3918.54	4901.47	6286.47
Current Assets, Loans & Advances					
Inventory	1218.02	1204.66	1016.80	1199.83	1319.81
Sundry Debtors	860.84	880.31	826.38	785.06	863.57
Cash and Bank	805.99	553.60	437.54	923.51	592.89
Loans and Advances	174.10	383.43	329.15	283.41	303.45
Total CA & LA	3058.94	3022.00	2609.87	3191.81	3079.72
Current Liabilities	866.91	741.37	778.86	1313.71	1379.30
Provisions	8.08	7.21	9.02	6.50	7.00
Total Current Liabilities	874.99	748.57	787.88	1320.21	1386.30
Net Current Assets	2183.95	2273.43	1821.99	1871.60	1693.42
Net Deferred Tax	-39.13	-57.10	-95.68	-91.91	-93.91
Other Assets (Net Of Liabilities)	193.93	209.53	42.18	44.00	44.19
Total Assets	5703.26	6671.44	6939.08	7989.35	9153.55

Key Financial Ratios

	FY23	FY24	FY25	FY26e	FY27e
Growth Ratios (%)					
Revenue	37.6	-1.1	-11.7	0.5	14.9
EBIDTA	67.8	9.6	-8.4	13.7	9.5
Net Profit	70.3	7.7	-6.7	13.2	9.6
EPS	70.3	7.7	-6.1	13.8	9.6
Margins (%)					
Operating Profit Margin	25.4	27.6	26.9	28.0	27.2
Gross Profit Margin	29.6	32.7	34.0	38.1	36.1
Net Profit Margin	21.5	23.4	24.5	27.7	26.3
Return (%)					
ROCE	20.1	17.9	15.0	15.3	14.4
ROE	20.8	18.9	16.0	16.5	15.7
Valuations					
Market Cap / Sales	5.6	7.6	7.3	7.9	7.5
EV/EBIDTA	16.8	20.7	18.5	17.6	17.7
P/E	25.9	32.5	29.6	28.3	28.1
P/BV	5.0	5.7	4.6	4.3	4.1
Other Ratios					
Interest Coverage	55.8	45.5	53.9	33.8	27.9
Debt-Equity Ratio	0.1	0.1	0.1	0.1	0.1
Current Ratio ^a	5.2	6.7	6.9	5.4	6.0
Turnover Ratios					
Fixed Asset Turnover	5.6	4.7	3.8	3.8	4.5
Total Asset Turnover	1.0	0.8	0.6	0.6	0.6
Debtors Turnover	5.9	5.6	5.0	5.3	6.0
Inventory Turnover	3.0	2.9	2.8	2.8	2.9
Creditors Turnover	16.0	16.0	16.7	15.4	17.0
WC Ratios					
Debtor days	61.8	65.5	72.6	68.3	60.8
Inventory days	121.8	125.8	129.4	130.4	127.5
Creditor days	22.8	22.9	21.9	23.7	21.4
Cash conversion cycle	160.7	168.5	180.2	174.9	166.9

Cumulative Financial Data

	FY16-18	FY19-21	FY22-24	FY25-27e
Income from operations	6790	8932	13329	13549
Operating profit	1792	2010	3311	3706
EBIT	1915	2174	3698	4695
PBT	1888	2145	3631	4561
PAT	1357	1669	2812	3578
Production (mt)	652385	823909	862187	789070
Sale volumes (mt)	628989	798705	849156	796313
Mining volumes (mt)	365561	528342	566871	514271
Cement volumes (mt)	263428	270363	282285	282042
OPM (%)	26.4	22.5	24.8	27.4
NPM (%)	20.0	18.7	21.1	26.2
Interest coverage	69.5	74.0	55.4	34.9
ROE (%)	17.9	15.6	17.6	15.4
ROCE (%)	17.3	15.1	16.9	14.3
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	2.6
Creditors turnover	12.0	14.3	19.4	16.6
Debtors days	80.2	75.9	62.4	70.5
Inventory days	111.0	103.5	107.1	140.4
Creditor days	30.3	25.6	18.8	22.0
Cash conversion cycle	160.8	153.8	150.6	188.9

FY16-18 implies three year period ending fiscal 18

*as on terminal year

**includes CDT if applicable

Frailty in AIA's mining volumes in the last few quarters explains much of the 6.2% (projected) drop in total cumulative volumes for FY25-27 period. Cumulative mining volumes are estimated to drop by 9.3% to 5.14 lakh tons during FY25-27 period when compared with 5.67 lakh tons during the preceding three year period (see table). With the company reporting above par margins for last few quarters, OPM for FY25-27 period would scale to 27.4% from 24.8%, thus precipitating 27.2% rise in cumulative post tax earnings - benign when compared with 68.5% growth reported in the preceding year.

Barely exhausting pile of cash has made ROE reading look dreadful - estimated to further decline to 15.4% from 17.6% in FY22-24. Slowdown in earnings would barely help matters. With little by way of acquisitions or capacity expansion, deployment of surplus liquidity in high yielding assets is hard to come by. Worsening of inventory turnover would do little to buoy cash conversion cycle in FY25-27 period - cash conversion cycle to rise to ~ 189 days from some 151 days (see table).

Financial Summary- US Dollar denominated

million \$	FY23	FY24	FY25	FY26e	FY27e
Equity capital	2.3	2.3	2.2	2.0	2.0
Equity shareholders' funds	671.5	778.1	789.6	825.1	967.1
Total debt	60.7	54.9	56.9	105.9	113.3
Net fixed assets (incl CWIP)	132.6	141.8	144.0	131.5	129.8
Investments	274.2	365.0	457.9	517.8	678.0
Net current assets	247.3	254.6	195.4	182.0	165.5
Total assets	672.9	779.7	791.0	826.2	967.9
Revenues	610.6	586.3	507.0	487.9	534.1
EBITDA	184.1	195.9	175.6	191.3	199.6
EBDT	181.0	191.8	172.6	186.0	192.9
PBT	169.4	179.7	160.4	173.4	180.4
PAT	131.3	137.3	125.4	136.0	141.9
EPS(\$)	1.39	1.46	1.34	1.46	1.52
Book value (\$)	7.12	8.25	8.46	8.84	10.36

Income statement figures translated at average rates; balance sheet at year end rates; FY27 at current rates (Rs 92.7235/\$).
All dollar denominated figures are adjusted for extraordinary items.

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Website: www.cdresearch.in; Email: research@cdresearch.in

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

Rs/\$	FY22	FY23	FY24	FY25	FY26
Average	74.51	80.39	82.79	84.57	88.31
Year end	75.81	82.22	83.37	85.58	94.65

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.