

February 11, 2023

To

The Manager

The Department of Corporate Services

BSE Limited

Floor 25, P. J. Towers,

Dalai Street, Mumbai — 400 001

**Scrip Code: 531147**

To

The Manager

The Listing Department

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,

Bandra (East), Mumbai — 400 051

**Scrip Symbol: ALICON**

Dear Sir/ Madam,

**Sub: Earnings Presentation on Q3 & 9M FY 2023**

Pursuant to the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the presentation on the financials for the quarter and nine months ended December 31, 2022.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Alicon Castalloy Ltd**

**VEENA** Digitally signed  
by VEENA  
**TUSHAR** TUSHAR VAIDYA  
**VAIDYA** Date: 2023.02.11  
15:31:37 +05'30'

Veena Vaidya  
Company Secretary

# Alicon Castalloy Ltd

Q3 & 9M FY23 Results Presentation

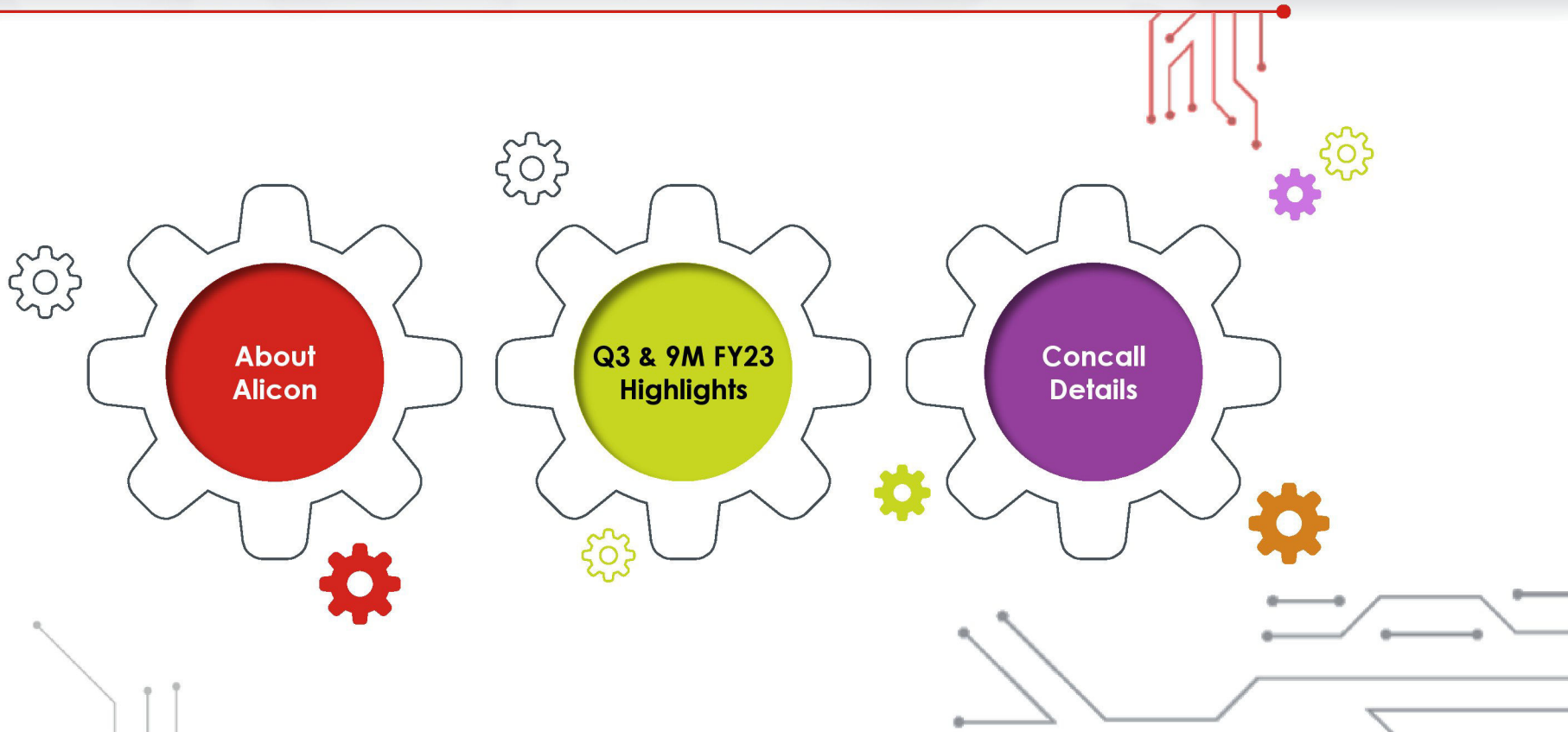
February 11, 2023

# Disclaimer

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Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

# Contents





# About Alicon Castalloy

# Alicon Castalloy - Overview

*Offers end-to-end solutions spanning the entire spectrum of aluminum casting needs across multiple user industries*

Offers - Design, Engineering, Casting, Machining and Assembly, Painting and Surface Treatment of Aluminum Components

Pioneer in India for processes of Low Pressure Die Casting (LPDC) and Gravity Die Casting (GDC)

Operates one of the largest Aluminum foundries in India

Leaders in the development of Pro-Cast and Magma space in India

Diversified marquee Customer base across core sectors in India coupled with steady rise in International presence

Robust track record of 49 years, further enriched by 89 year legacy of Illichmann Castalloy



# Alicon Castalloy - At a Glance



**1,081**

INR crore of Total  
Income in FY22



**116**

INR crore of  
EBITDA in FY22



**93**

customers with..

**813**

Live Parts



**4**

Manufacturing  
Units



**131**

No. of product  
innovations FY20-22



**18**

Presence in  
countries

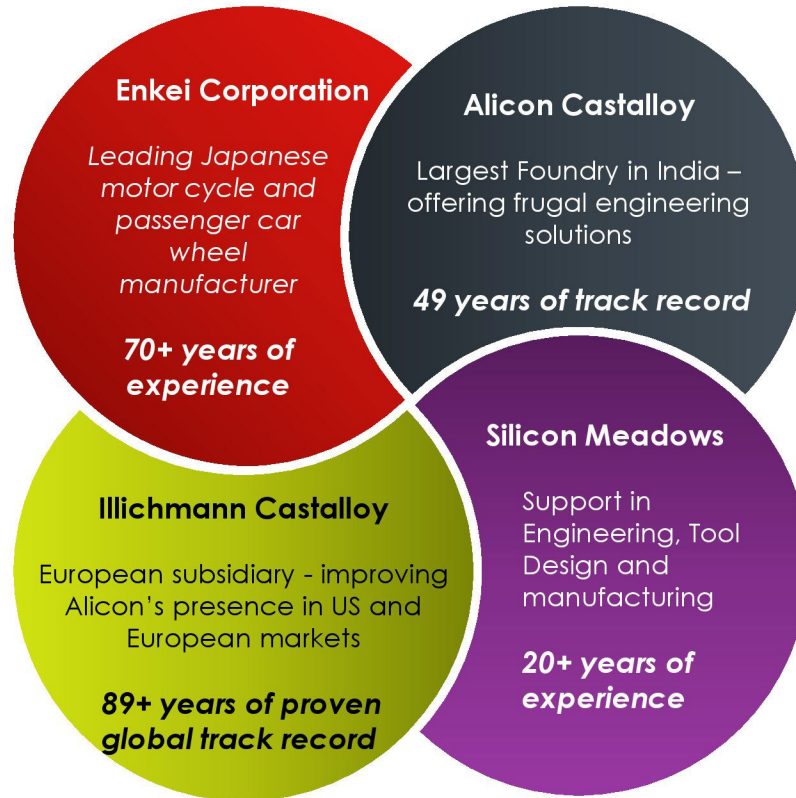


**999**

No. of permanent  
employees

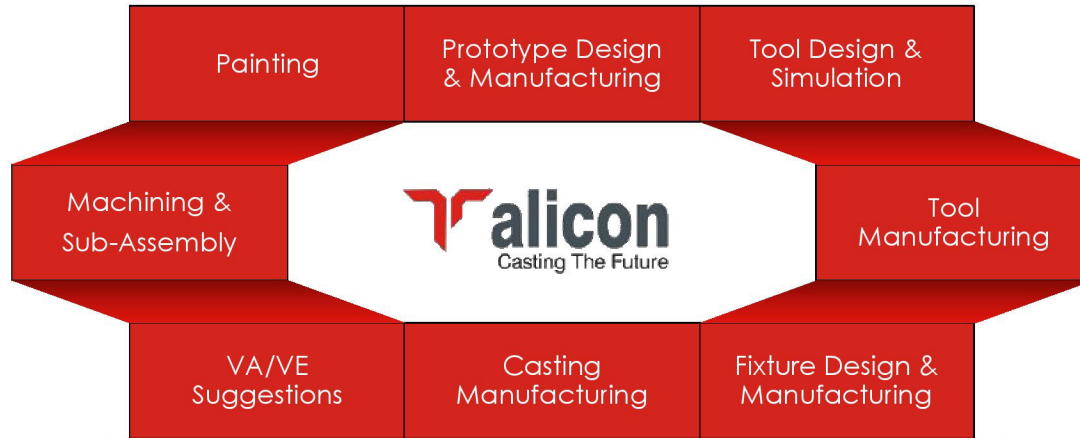
# Alicon Castalloy – Blending the best attributes

*A blend of  
European  
engineering skills,  
Japanese quality  
and inherent  
Indian ingenuity  
and frugality*





# One-stop shop for all engineering solutions related to aluminum alloy castings



Catering to key sectors of the Indian economy



Automobile



Infrastructure



Aerospace



Medical



Energy



Agriculture

# Global Presence : Close-to-Demand

Strategic locations enable shorter time-to-market and enhanced cost optimization



4 modern plants  
(1 international)

High-end machines

Advanced Technology Centre

Globally competent Tool  
Rooms (20 tools/ a month)

Full-edged Machine Shop  
(including assembly facility)

**USA**  
Marketing Franchise

**France**  
Marketing Franchise

**Austria**  
International Marketing  
Office

**Slovakia**  
\* Manufacturing Plant  
\* Tool Room  
\* Product Validation Lab

**Chinchwad, Pune  
Maharashtra**  
\* Manufacturing Plant  
\* Tool Room  
\* Product Validation Lab  
\* Machine Shop

**Shikrapur, Pune  
Maharashtra**  
\* Manufacturing Plant  
\* Technology Centre  
\* Product Validation Lab  
\* Machine Shop

**Binola,  
Haryana**  
\* Manufacturing Plant  
\* Product Validation Lab

# Diversified base of marquee customers

Diversity across markets and industries provides a natural hedge

## TWO WHEELER OEM



Not reliant on a single 'anchor' customer

None of the customers contribute >15% of turnover

## FOUR WHEELER OEM



## TIER 1 & NON AUTO



AND MANY MORE....



**Q3 & 9M FY2023  
Operational & Financial  
Highlights**

# Q3 & 9M FY23: Overview of Operating Environment (1/2)

## Business & Macro-demand Highlights:

- In Q3, the domestic PV industry witnessed robust growth of 21% YoY, due to a strong order book and increased production. The domestic CV sector grew by 12% YoY, driven by improved freight availability, higher infra spend and demand for replacements.
- The domestic 2W market was flat due to introduction of onboard diagnostics (OBD) norms by the Government which are scheduled to take effect from April 1, 2023. Due to this, OEMs have slightly moderated their production schedules as they are implementing the changeover.
- 2W sales are expected to improve in CY2023 which will aid growth rate of domestic auto industry
- International markets other than Europe have witnessed improved growth. Markets of USA, Japan, South-east Asia have reported increase in growth rates in Q3. Europe remains constrained by high energy costs and inflationary impact on consumer spend.
- Despite the ongoing challenge of constrained chip availability, domestic and international OEMs anticipate the supply limitations to gradually ease.



# Q3 & 9M FY23: Overview of Operating Environment (2/2)

## Union Budget 2023 – Key Highlights for the EV industry:

- The Government announced the Union Budget 2023 in February. One of the key themes was faster transition towards green mobility
- The subsidy under the FAME scheme for fiscal 2024 is estimated to rise to Rs 5,172 crore as compared to Rs 2,897 crore in the current year
- The Budget 2023 provides Rs 35,000 crore for priority capital investments towards energy transition and net zero objectives
  - To steer the economy on the sustainable development path, Battery Energy Storage Systems, with capacity of 4,000 MWH, will be supported with Viability Gap Funding
- There has been an extension of the favorable tax treatment for import of capital goods and machinery required for manufacture of lithium-ion batteries
- There has also been a decrease in basic customs duty on goods, other than textiles and agriculture, from 21% to 13%. This will lead to changes in duties, cesses and surcharges pertaining to automobiles.
- The vehicle scrapping policy mentioned in the Budget 2021-22, is getting further impetus with further allocation of funds.



# Q3 & 9M FY23: Update on EV / Carbon Neutral Trends

## Key Highlights for the EV industry:

- Global EV Sales remained strong with a total of 10.5 million new BEVs and PHEVs delivered during CY2022, an increase of 55% compared to CY2021.
- Global light vehicle sales for CY2022 were 81 Million units, still 0.5% lower than CY2021 and 15% below pre-COVID levels. EV Sales (BEV + PHEV) represented 13% of overall light vehicle sales.
- In India, The transition is slower in the segment due to lack of FAME subsidy for private usage and lack of products in the mass market segment
- In India, number of EVs sold increased from 3.2 lakh in CY2021 to around 10 lakh vehicles in CY2022, an increase of over 200%. While 1.8% of all vehicles sold in 2021 were EVs, in CY2022 that number increased to 4.7%
- Electric 2 wheeler (E2W) sales crossed 75,000 units for the first time in Oct 2022 at 75,294 and in Nov 2022 increased further to 76,148 units.
- Number of manufacturers has increased and there were over 30 pure EV manufacturers exhibiting products in Auto Expo 2023.

Source: Ministry of Road Transport and Highways – Vahan, [ev-vehicles.com](https://ev-vehicles.com)



# Q3 & 9M FY23 - Operational Resilience

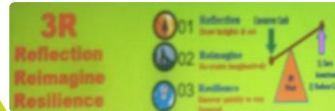
- Lower fixed expenses
- Lean and Agile manufacturing processes
- Focus on reducing overheads
- Program to reduce interest cost
- Plan to diversify energy mix

- Manufacturing facilities operated at utilization levels of 65-70%
- After delay due to congestion and onset of Russia-Ukraine conflict, the overseas transit times for exports have begun to normalise. As a result, overseas customers are now witnessing build up of inventory and compressing their immediate term production schedules.

**Sustainable Cost-optimisation**

**New Business Wins:**

**Key Motto for FY 23: 3R**



**Manufacturing processes**

**Future Ready**

- In Q3 FY23, the Company has booked 4 new parts from 3 customers
- This includes 1 part for PV and 3 part for 2W
- Of these 4 parts, 1 part are added in the EV / Carbon Neutral segment and 3 in ICE
- 1 part is for international business and 3 parts are for domestic business
- Alicon, as an organization is Future Ready to tap opportunities arising from:
  - Preference for Carbon Neutral tech such as hybrid, EV, fuel cells and hydrogen cells
  - Staggered introduction of vehicle scrappage policy
  - Thrust on higher fuel efficiency
  - Cost-optimisation & light-weighting of products



# Alicon combating the 7Cs

Auto Industry is faced with seven key challenges impacting demand & consumer sentiments



## 1. COVID pandemic-related disruptions

- Demand slowdown and weak sentiments due to lockdowns, job losses, reduced household income impacted auto sales

## 3. Cost-based inflation

- Increase in costs of vehicle fuels, aluminium, elements, energy, logistic and other logistic costs resulted in higher production expenses. This, in addition to higher selling price of vehicles impacted demand

## 5. Conflict between Russia and Ukraine

- Production and sales stop in Russia in addition to shortages of RMs and subcomponents will impact Europe auto production

## 7. Recessionary Conditions in key Customer Markets

- Combination of high inflation, interest rate hikes by Central Banks and widespread news of layoffs is expected to impact GDP growth rate and consumer spend in key global markets

## 2. Chip (semiconductor) shortages

- Chip shortages due to lockdowns impacted production across OEMs, resulting in loss in sales volumes and loss in customer schedules

## 4. Cost of new product development

- Increase NPD cycle due to complex parts led by EV evolution. Also, more trials required for reaching normal efficiency and rejection levels

## 6. Supply Chain Crisis in Global Auto Industry

- Constraints in container availability and congestion at ports led to extended transit times. Customers are shifting to larger inventory days in response.

Alicon combated these 7Cs through:

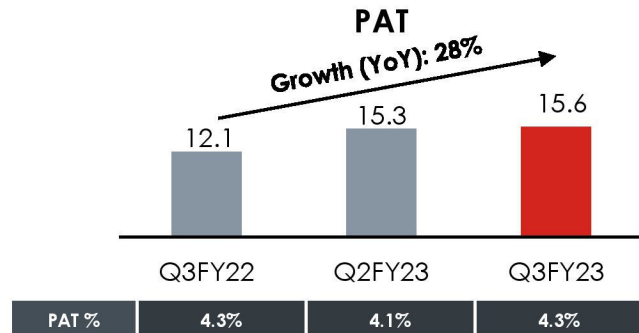
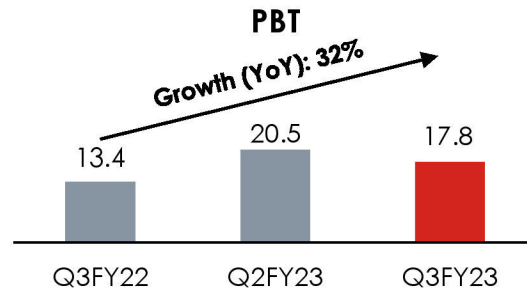
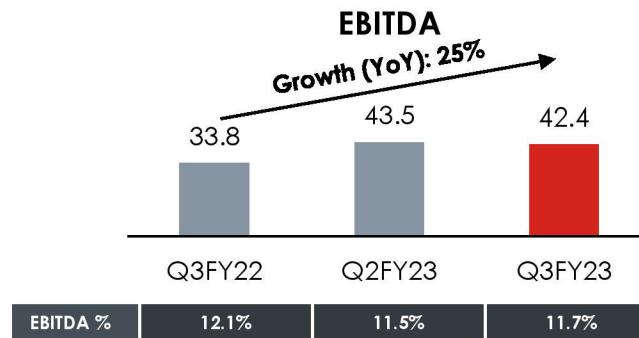
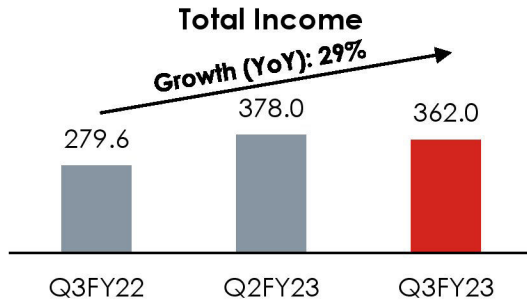
Focus on enriched product mix and driving improved volumes of higher margin products

Collaboratively working with customers to undertake price hikes

Sustained cost reduction initiatives using Kaizen principles that enabled cost reduction at a micro-level across operations

Driving higher operational efficiencies across business model

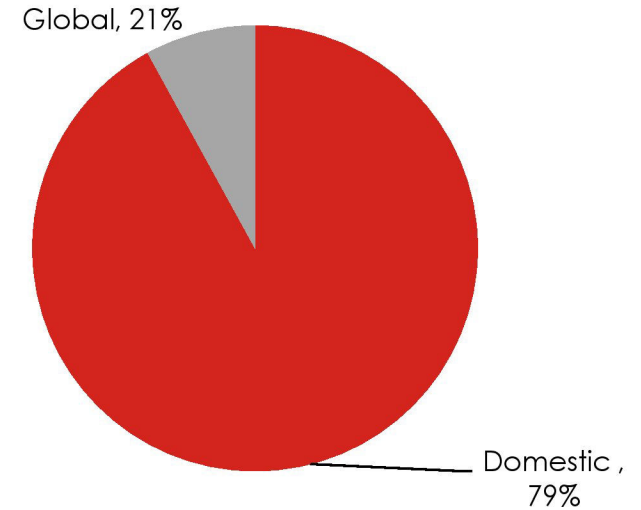
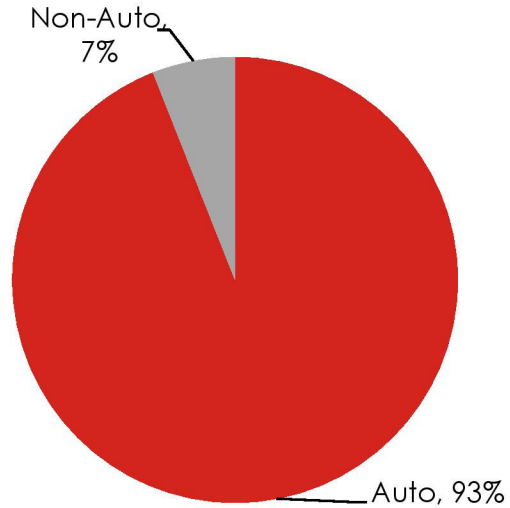
# Q3 FY23 Highlights – Consolidated



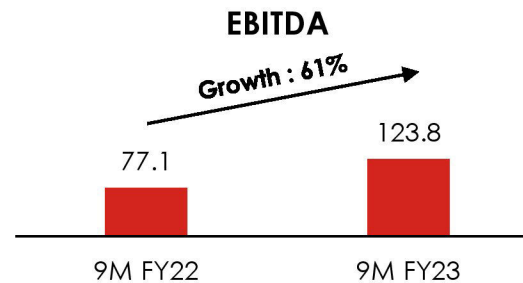
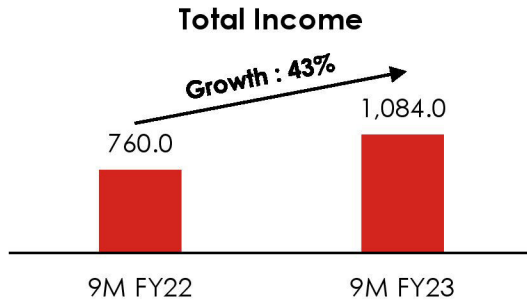
- In Q3, Aicon delivered strong growth with total Income higher by 29% on a YoY basis led by start of production on new orders and improved production schedules of OEM customers
- Other income stood at Rs. 0.7 crore
- Gross profit was Rs. 178.0 crore, with the gross margin at 49%. This is marginally lower than 50% in Q3 last year as material prices remain at elevated levels compared to prior period.
- EBITDA margin was resilient at 11.7%. Despite the compression of 1% YoY in gross margin, EBITDA margin compression is 0.4% due to focus on higher value parts, cost cutting measures and operating leverage
- Reported PAT of Rs. 15.6 crore, which is higher by 28% on a YoY basis and by 2% on a QoQ basis

Figures in Rs. Crore

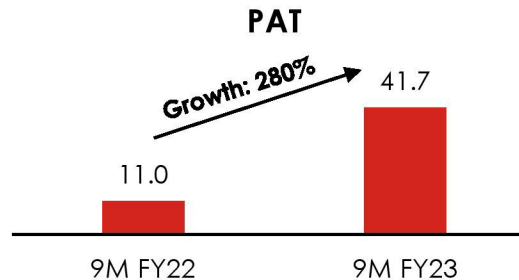
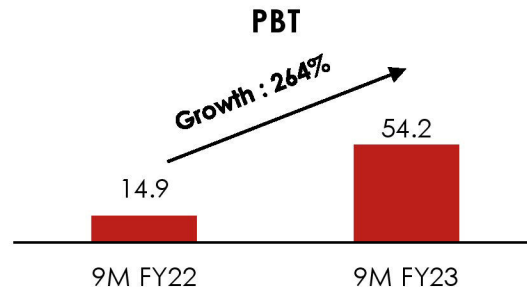
# Revenue Mix – Q3FY23



# 9M FY23 Highlights – Consolidated



EBITDA %	10.1%	11.4%
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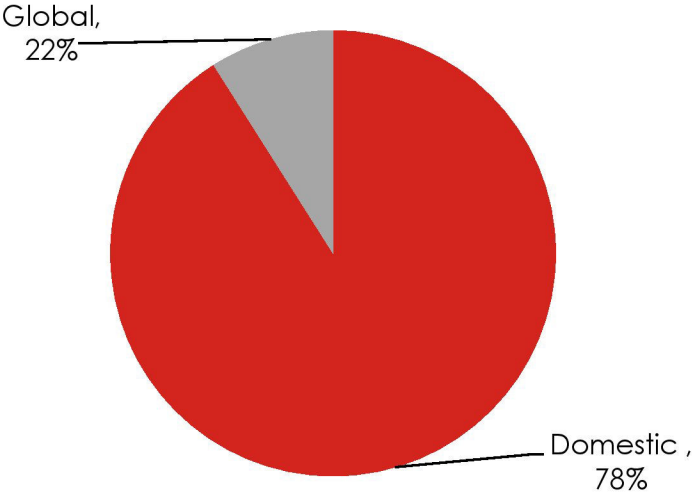
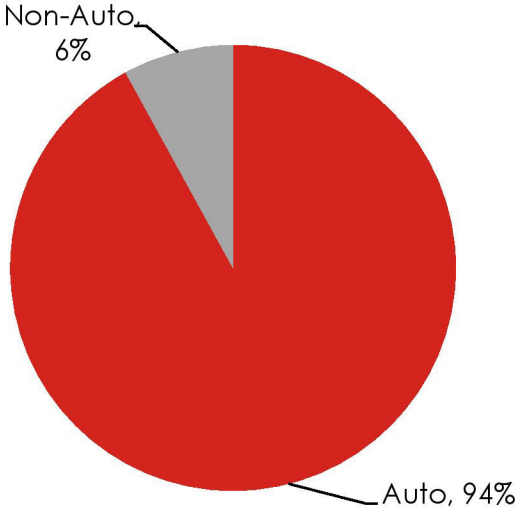


PAT %	1.4%	3.8%
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- Alicon outperformed the industry with robust revenue growth of 43% YoY in 9MFY23.
- Start of Production of large orders awarded in recent quarters has driven this performance. Further supported by improved contribution from international subsidiary – Illichman
- Gross profit of Rs. 524.5 crore, with margin at 48.5% in 9MFY23 compared to 49.2% in 9MFY22. Gross margin has compressed by only 0.7% despite sharp rise in input prices on a YoY basis.
- Reported an EBITDA margin of 11% in 9MFY23, higher by 128 basis points YoY. New parts added with higher value addition have contributed to structurally improved EBITDA margin
- PBT and PAT improved manifold on a YoY basis

Figures in Rs. Crore

# Revenue Mix – 9M FY23



# Abridged P&L – Consolidated

Particulars (Rs. crore)	Q3 FY23	Q3 FY22	Y-o-Y Shift	9M FY23	9M FY22	Y-o-Y Shift
Net Revenue from Operations	361.31	278.94	30%	1,081.90	757.49	43%
Other Income	0.72	0.64	12%	2.08	2.51	-17%
<b>Total Income</b>	<b>362.03</b>	<b>279.58</b>	<b>29%</b>	<b>1,083.98</b>	<b>760.00</b>	<b>43%</b>
<b>Total Expenditure</b>	<b>319.67</b>	<b>245.80</b>	<b>30%</b>	<b>960.22</b>	<b>682.92</b>	<b>41%</b>
Raw Material expenses	183.32	139.12	32%	557.38	384.98	45%
Employee benefits expense	43.39	33.60	29%	124.83	97.47	28%
Other expenses	92.95	73.08	27%	278.01	200.47	39%
<b>EBITDA</b>	<b>42.35</b>	<b>33.78</b>	<b>25%</b>	<b>123.77</b>	<b>77.08</b>	<b>61%</b>
<b>EBITDA margin (%)</b>	<b>11.7%</b>	<b>12.1%</b>	<b>-38 Bps</b>	<b>11.4%</b>	<b>10.1%</b>	<b>+128 Bps</b>
Finance Costs	8.26	6.92	19%	22.68	22.98	-1%
Depreciation and Amortization	16.28	13.41	21%	46.87	39.22	20%
<b>PBT</b>	<b>17.81</b>	<b>13.44</b>	<b>32%</b>	<b>54.22</b>	<b>14.88</b>	<b>264%</b>
Tax Expenses	2.20	1.30	69%	12.50	3.91	220%
<b>PAT</b>	<b>15.61</b>	<b>12.14</b>	<b>28%</b>	<b>41.72</b>	<b>10.97</b>	<b>280%</b>
<b>PAT Margin (%)</b>	<b>4.3%</b>	<b>4.3%</b>	<b>-3 Bps</b>	<b>3.8%</b>	<b>1.4%</b>	<b>+241 Bps</b>

# Management Message

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**Commenting on the performance, Mr. Rajeev Sikand, Group CEO , Aicon Castalloy said,**

*"We are delighted to report a strong set of results in Q3 with consolidated total income of Rs. 362.03 Crore, higher by 29% YoY. Our transformation initiatives built on our 5 pillar strategy continue to underscore our position as a preferred partner with domestic and global customers.*

*Profit after tax was Rs. 15.61 Crore, higher by 28% YoY and by 2% QoQ. Higher volumes including from new parts and customers added, increased value addition and cost optimisation measures are enabling us to deliver accelerated growth in profitability.*

*We have invested significant effort in transforming our business model to emerge as a more agile and diversified entity capitalising on our core strengths. Our global teams have been engaging customers in deeper conversations to leverage capabilities around design, Research & Development and value engineering while our track record validates the strength of our process and our reliability as a supplier. This is vindicated by the sustained rise in our order backlog and addition of marquee logos to our customer set. We remain cautiously optimistic about the outlook for the business and will strive to sustain value creation for all stakeholders."*



# Concall Details



# Conference Call Details

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## Alicon Castalloy's Q3 & 9M FY23 Earnings Conference Call

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**Time & Date**

- 12:00 PM IST on Monday, February 13, 2023
- 

**Local dial-in numbers**

- +91 22 6280 1141
  - +91 22 7115 8042
- 

**International Toll Free Number**

- Hong Kong: 800 964 448
  - Singapore: 800 101 2045
  - UK: 0 808 101 1573
  - USA: 1 866 746 2133
-



# Thank You

For further information, please contact:

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E-mail: [gaurav.agrawal@alicongroup.co.in](mailto:gaurav.agrawal@alicongroup.co.in)

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**CDR, India**

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For more information, visit [www.alicongroup.co.in](http://www.alicongroup.co.in)