

August 12, 2022

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalai Street, Mumbai — 400 001

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai — 400 051

Scrip Code: 531147

Scrip Symbol: ALICON

Sub: Earnings Presentation on Q1 FY22-23

Dear Sir/ Madam,

Pursuant to the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith investor presentation on the financials for the quarter ended June 30, 2022.

This is for your information and records.

Thanking you,

Yours faithfully,

For Alicon Castalloy Limited



Vimal Gupta
Chief Finance Officer

Alicon Castalloy Ltd

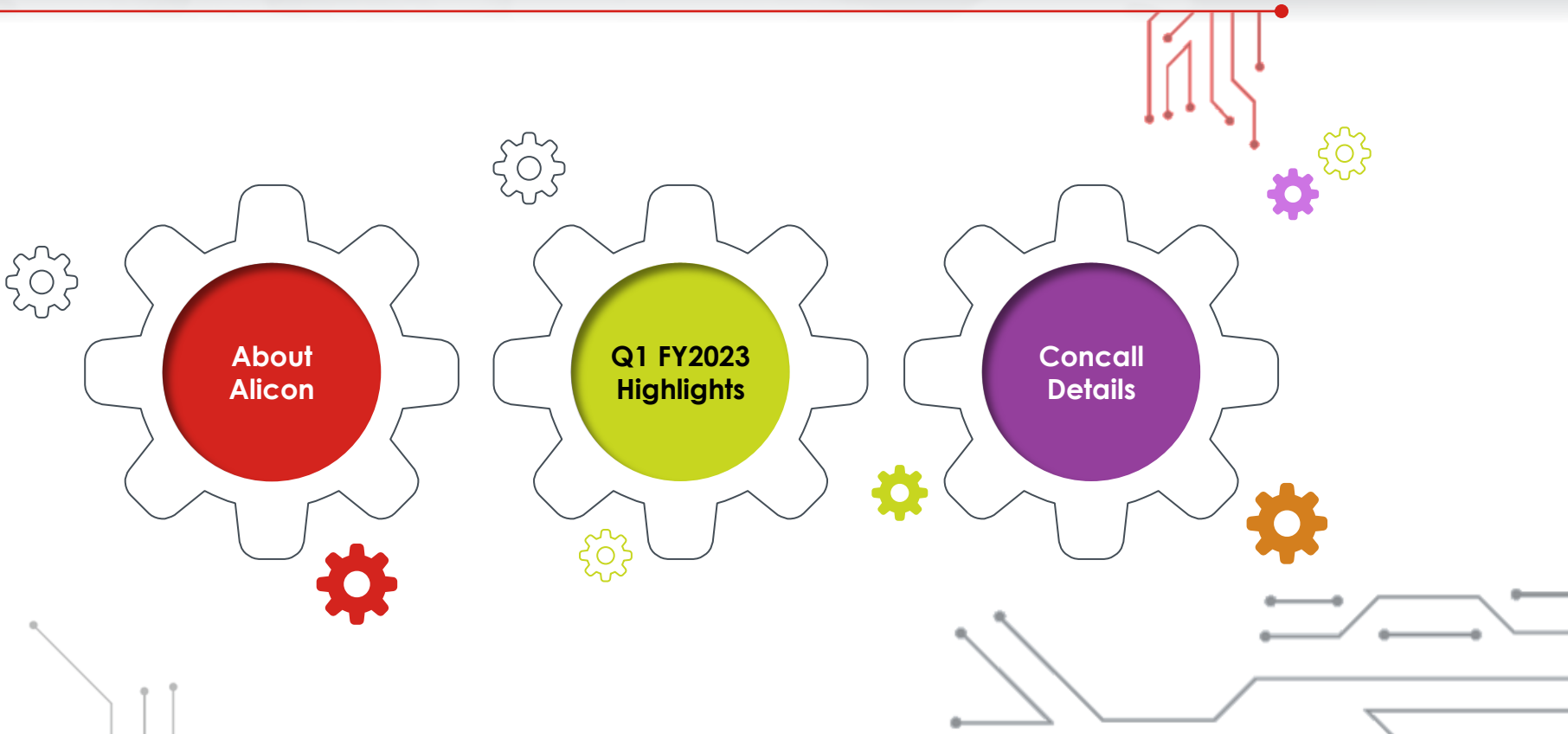
Q1 FY23 Results Presentation

August 12, 2022

Disclaimer

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



92

customers with..

799

Live Parts



4

Manufacturing
Units



131

No. of product
innovations FY20-22



Presence in

18

countries

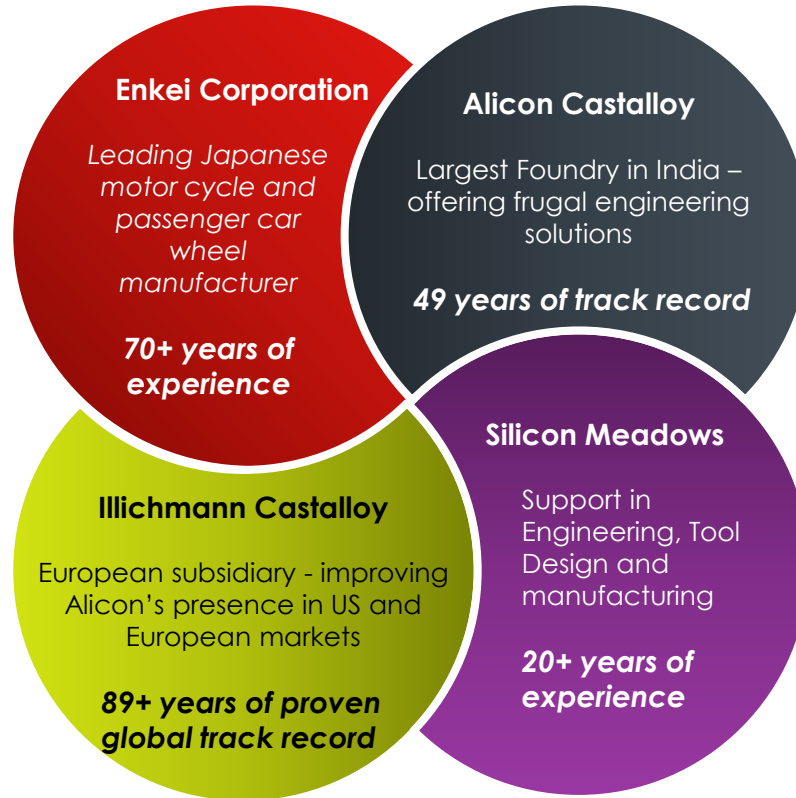


997

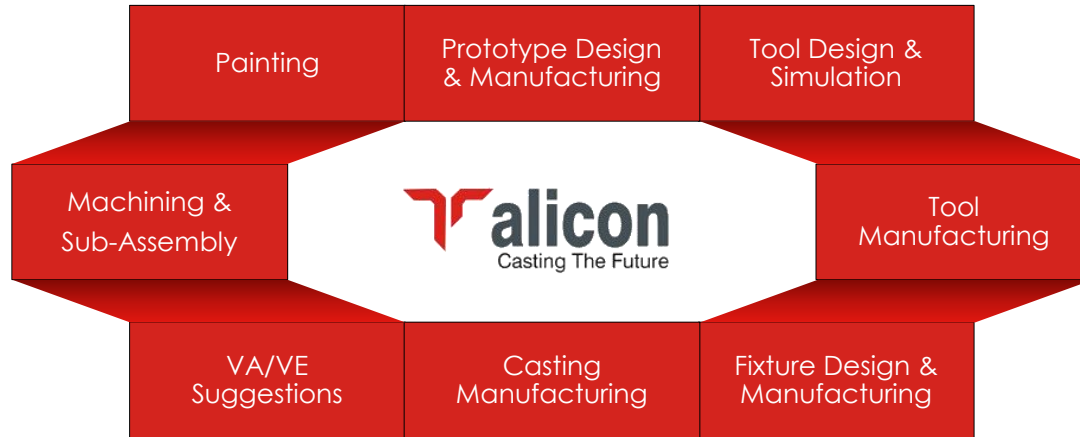
No. of permanent
employees

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...



Q1 FY2023 Operational & Financial Highlights

Q1 FY23: Overview of Auto Operating Environment

Business & Macro-demand Highlights:

- The quarter witnessed a strong pick-up in demand, especially in PV and MHCV segments
- The PV industry, in the last two consecutive quarters, has been delivering robust volumes, breaching 900K mark each quarter
 - This is a new benchmark for the Indian automobile industry, reflecting the conducive demand environment
- On the international front, key export geographies of US and Europe reported healthy auto sales led by steady demand
- However, price hikes on the back of inflationary pressures, high fuel costs, high inflation, increasing interest rates and the ongoing global conflict continue to provide headwinds



Q1 FY23: Overview of EV Operating Environment

Key Highlights for the EV industry:

- The domestic EV industry has recorded solid growth in the quarter across all four segments – 2Ws, 3Ws, PVs, and CVs.
- Cumulative EV sales across four segments soared ~7x YoY in Q1 FY23
- Going forward, by 2030, 80% of two and three-wheelers, 40% of buses, and 30 to 70% of cars in India will be electric vehicles, says the NITI Aayog
- The Government has taken positive initiatives towards boosting EV consumption in the country
 - A tax exemption of Rs 1.5 lakh is given for people buying electric cars on loan
 - Plan to install 22,000 EV charging stations by OMCs
 - In the 2022 budget, a battery swapping policy was announced as an easier way to charge EVs



Q1 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 operating at utilization levels of 65-70%
- The Company continues to undertake all the mandatory protocols and safety measures for all its employees across plants as per the guidelines stipulated by the Ministry of Home Affairs of the Government of India

Sustainable Cost-optimisation

New Business Wins:

Key Motto for FY 23: 3R



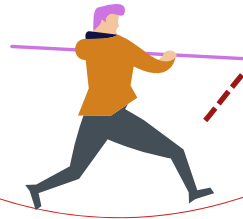
Manufacturing processes

Future Ready

- In Q1 FY23, the Company has booked 4 parts
- New logo wins added in the EV / Carbon Neutral segment – 1
- New logo added in Tech Agnostic – 1
- Alicon, as an organization is Future Ready to tap opportunities arising from:
 - Shift to personal mobility catalysed by pandemic
 - 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 continues to combat the 5Cs

Alicon has been facing five 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

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

Alicon combated these 5Cs through:

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

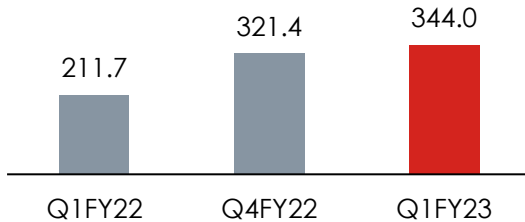
Collaboratively working with customers to undertake price hikes

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

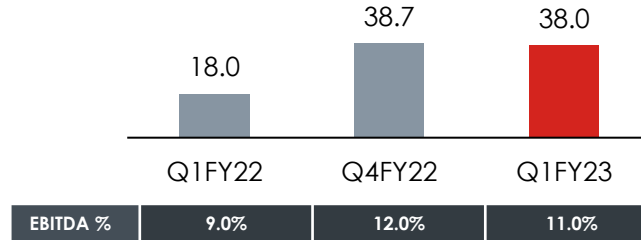
Driving higher operational efficiencies across business model

Q1 FY23 Highlights – Consolidated

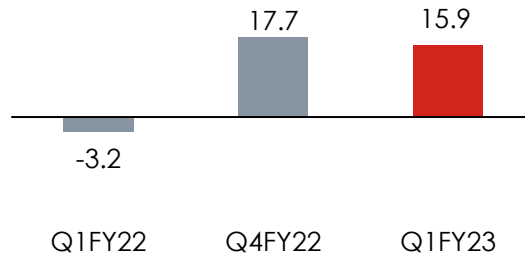
Total Income



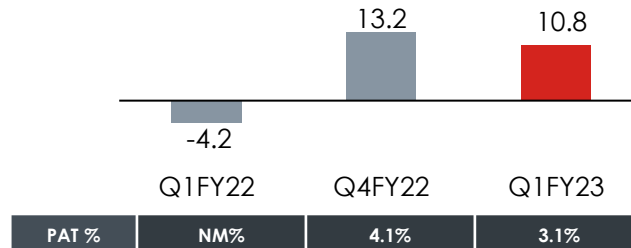
EBITDA



PBT



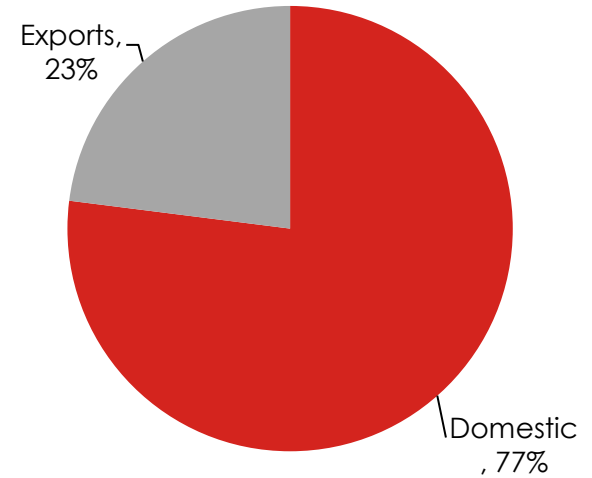
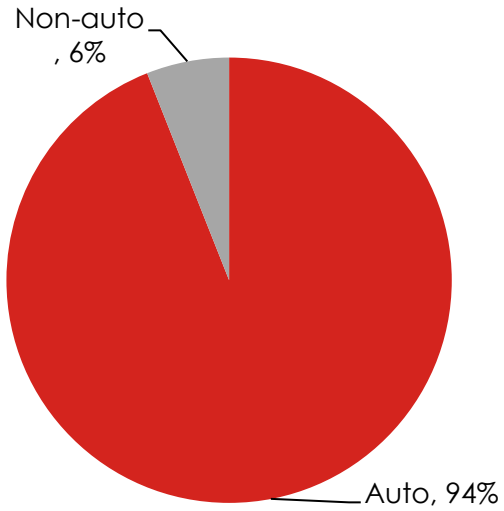
PAT



- In Q1, total Income was higher by 63% on a YoY basis led by healthy volumes across auto, non-auto and tech agnostic segments
- Other income stood at Rs. 0.66 crore
- Global RM inflation impacted profitability during the quarter. However, improved product mix and cost-optimisation measures restricted the impact on margins
- Gross profit was Rs. 163.02 crore, with the gross margin at 47.5%
- EBITDA margin stood at 11.0%
- Reported PAT of Rs. 10.77 crore

Figures in Rs. Crore

Revenue Mix – Q1FY23



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q1FY23	Q1FY22	Y-o-Y Shift
Net Revenue from Operations	343.34	210.75	63%
Other Income	0.66	0.94	-29%
Total Income	344.00	211.68	63%
Total Expenditure	306.05	193.65	58%
Raw Material expenses	180.32	105.01	72%
Employee benefits expense	39.52	32.01	23%
Other expenses	86.21	56.63	52%
EBITDA	37.95	18.03	110%
EBITDA margin (%)	11.0%	8.5%	+ 251 Bps
Finance Costs	7.09	8.57	-17%
Depreciation and Amortization	14.96	12.69	18%
PBT	15.91	(3.22)	NA
Tax Expenses	5.14	0.98	427%
PAT	10.77	(4.20)	NA
PAT Margin (%)	3.1%	NM	NA

Management Message

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

“We have started the new fiscal strongly, reporting our best ever Q1 in terms of revenues. Strong uptick in activity in the domestic markets translated to healthy sales. Although multiple headwinds remain, we witnessed improved traction during the quarter. Our international business has performed well too, with the addition of new logos aided by the enhanced technology footprint. Our consolidated total income stood at Rs. 344 crore, higher by 63% YoY, substantially outperforming industry growth.

On the profitability front, our EBITDA margins were stable at 11% on the back of enhanced product mix and pricing actions. Operationally, we have been undertaking continuous cost optimisation across our business and have brought in enhanced efficiencies enabling us to meaningfully protect gross margin despite the severe inflationary environment. As we look ahead, in a normalised environment, we are well positioned to deliver healthy profitability.

On the demand front, we are witnessing a strong uptick across domestic and international markets. For domestic OEMs, we are seeing ramping up of product levels and an improved order book, which bodes well for the industry. Amidst the ongoing global conflict and inflationary input environment, we are seeing signs of stabilisation in supply-chains across markets. On the whole, we remain optimistic of delivering strong and sustainable growth as the broader macro-environment normalizes”



Concall Details

Conference Call Details

Alicon Castalloy's Q1 FY23 Earnings Conference Call

Time & Date

- 11:30 AM IST on Friday, August 12, 2022
-

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:

Gaurav Agrawal

Alicon Castalloy Ltd

Tel: +91 95119 11290

E-mail: gaurav.agrawal@alicongroup.co.in

Mayank Vaswani / Mit Shah

CDR, India

Tel: +91 22 98209 40953 / 99201 68314

Email: mayank@cdr-india.com

mit@cdr-india.com

For more information, visit www.alicongroup.co.in