

May 17, 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 Q4 FY21-22

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 March 31, 2022.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Alicon Castalloy Ltd**

A handwritten signature in blue ink, appearing to read 'Swapnal Patane', with a flourish at the end.

Swapnal Patane
Company Secretary

Alicon Castalloy Ltd

Q4 & FY22 Results Presentation

May 17, 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



90

customers with..

795
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*

Enkei Corporation

*Leading Japanese
motor cycle and
passenger car
wheel
manufacturer*

**70+ years of
experience**

Alicon Castalloy

Largest Foundry in India –
offering frugal engineering
solutions

49 years of track record

Illichmann Castalloy

European subsidiary - improving
Alicon's presence in US and
European markets

**89+ years of proven
global track record**

Silicon Meadows

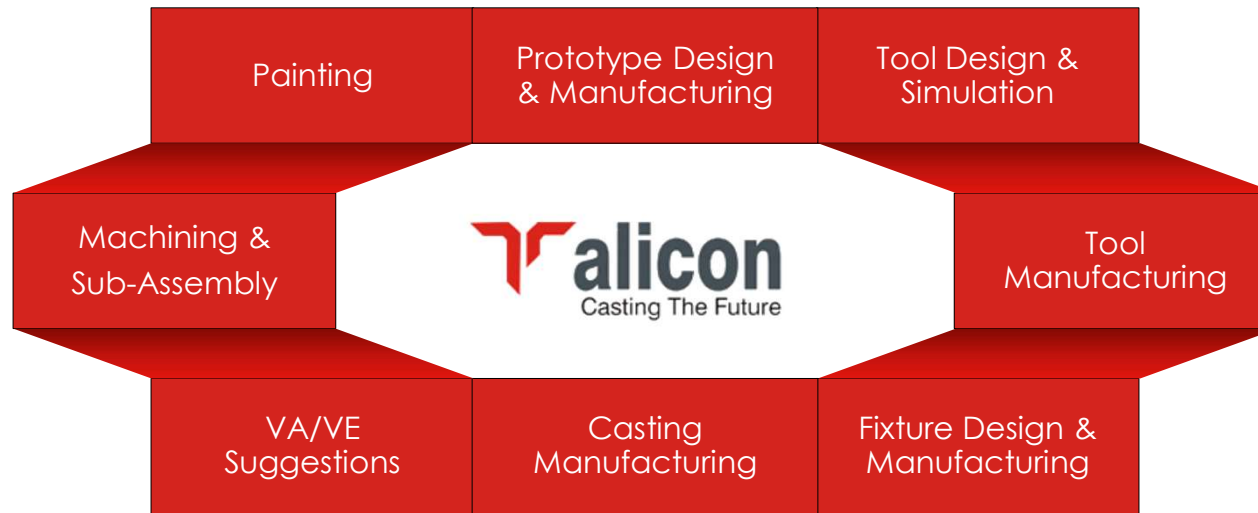
Support in
Engineering, Tool
Design and
manufacturing

**20+ years of
experience**

230+

Years of
Cumulative
Experience

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



FOUR WHEELER OEM



TIER 1 & NON AUTO



AND MANY MORE....

Not reliant on a single 'anchor' customer

None of the customers contribute >15% of turnover



Q4 & FY2022 Operational & Financial Highlights

Q4 & FY22: Overview of Operating Environment

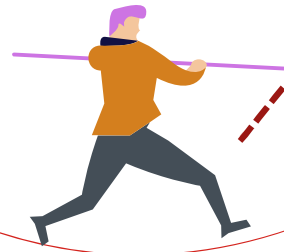
Business & Macro-demand Highlights:

- The quarter saw a slight uptick in demand, especially in MHCV and PV segments. However, price hikes on the back of inflationary pressures and high fuel cost partially affected offtake across other categories
- Revival in construction activities resulted in a stable trajectory for the CV segment
- On the international front, most of the key export geographies in the US and Europe reported healthy auto sales led by steady demand and stable currency
- While the global industry was witnessing improvement in chip availability and semiconductor supplies across markets, the recent geopolitical conflict has upended the supply chain once again



Impact of macro-6Cs on Alicon's business

Alicon faced six key challenges that impacted demand & consumer sentiments in the fiscal year 2022



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

6. Crisis in Supply chain in the global auto industry

- Inventory changes and significant price increases impacting growth of auto industry

Alicon combated these 6Cs 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

Q4 & FY22: Overview of Operating Environment

Key Highlights for the EV industry:

- The domestic two wheelers' EV monthly volumes have been surging post second wave of COVID. It increased to ~50,000 in the month of March. Similarly, passenger vehicles EV volumes have seen a sharp increase in the last few months
- India has registered overall 162% growth in the sales of electric vehicles this year as per data from Gol
- 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



Alicon approved as a PLI Scheme beneficiary

- In 2021, the Govt approved the 'Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry with a budgetary outlay of INR 259.38 billion to boost domestic manufacturing capacity and attract investments to the automotive manufacturing value chain
- On March 15, 2022, 75 companies secured PLI approval under the Component Champion Incentive Scheme.
- Alicon Castalloy was one of the companies approved under Component Champion Incentive Scheme.
- The Component Champion Incentive scheme is a 'sales value linked' scheme, applicable on Advanced Automotive Technology components of vehicles
- This PLI Scheme for automotive sector along with the already launched PLI scheme for Advanced Chemistry Cell and Faster Adaption of Manufacturing of Electric Vehicles(FAME) is aimed at fast-tracking India's transport system into an environmentally cleaner, sustainable and advanced system



FY22 - Operational Resilience

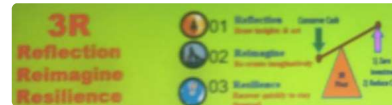
- Lower fixed expenses
- Lean and Agile manufacturing processes
- Focus on reducing overheads
- Program to reduce interest cost

- Manufacturing facilities operating at utilization levels of 60-65%
- 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 21-22: 3R



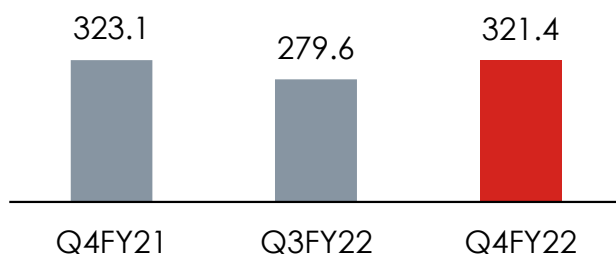
Manufacturing processes

Future Ready

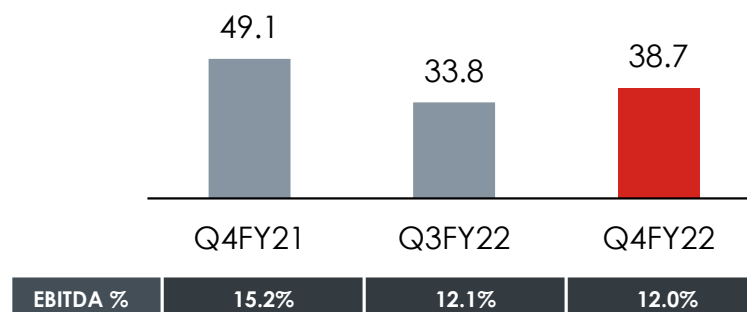
- In FY22, the Company has booked 81 parts
- New logo wins added in the EV segment – 2
- New logo added in ICE – 1
- Alicon, as an organization is Future Ready to tap opportunities arising from:
 - Shift to personal mobility catalysed by pandemic
 - Preference for green vehicles such as hybrid and electric vehicles
 - Staggered introduction of vehicle scrappage policy
 - Thrust on higher fuel efficiency
 - Cost-optimisation & light-weighting of products

Q4 FY22 Highlights – Consolidated

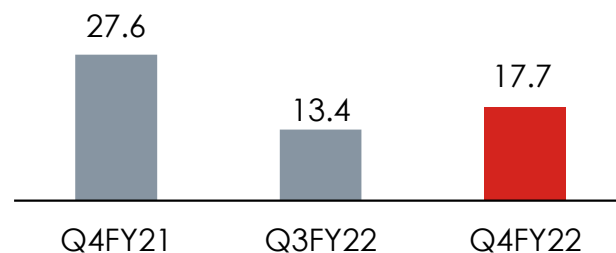
Total Income



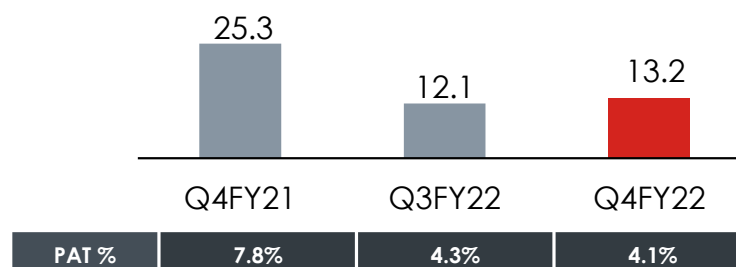
EBITDA



PBT



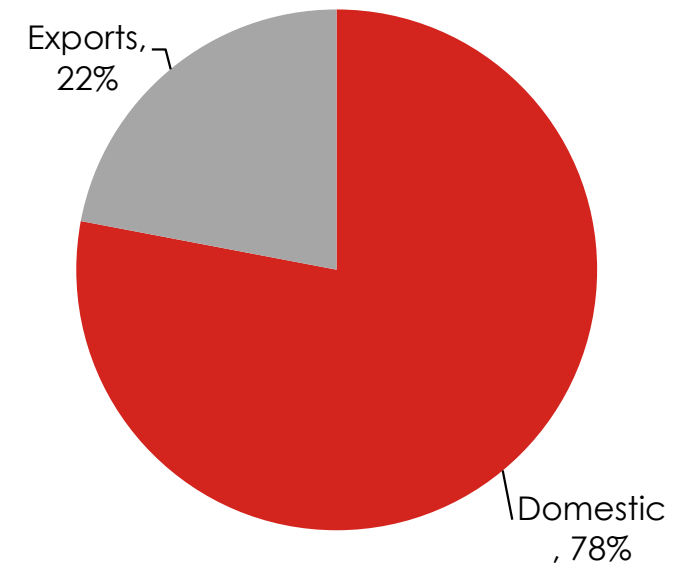
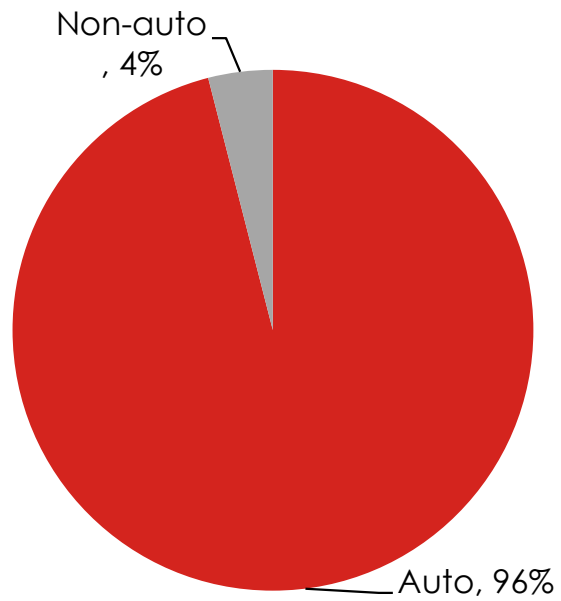
PAT



- In Q4, total Income was flat on a YoY basis. The Company has done well to match the high base.
- Alicon reported a healthy uptick in sales on a QoQ basis
- Other income stood at Rs. 0.81 crore
- Global RM inflation impacted profitability performance during the quarter. However, improved product mix and cost-optimisation measures resulted in stable margins on a QoQ basis
- Gross profit stood at Rs. 161.7 crore, with margins at 50.4%
- EBITDA margin at 12.0%
- Reported PAT of Rs. 13.2 crore

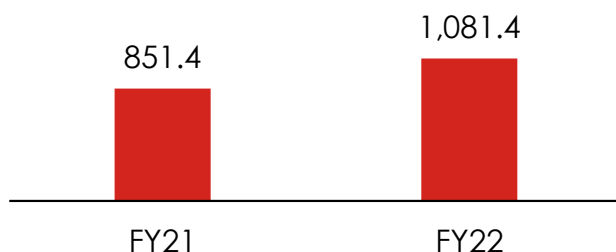
Figures in Rs. Crore

Revenue Mix – Q4FY22

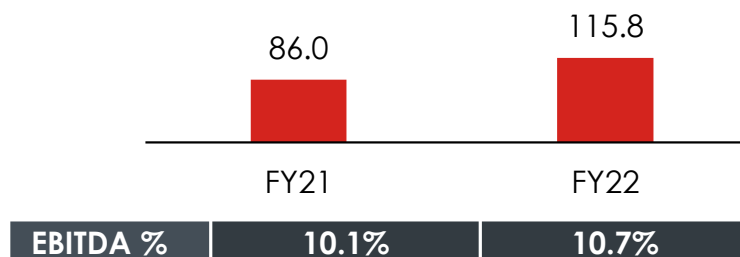


FY22 Highlights – Consolidated

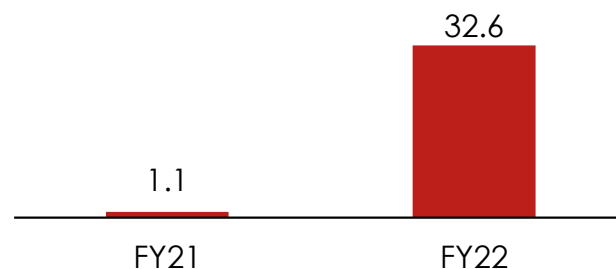
Total Income



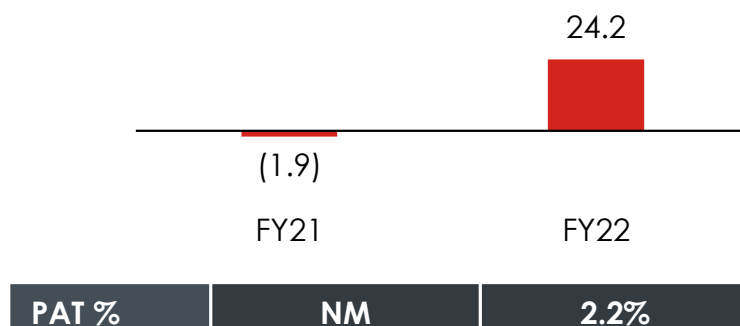
EBITDA



PBT



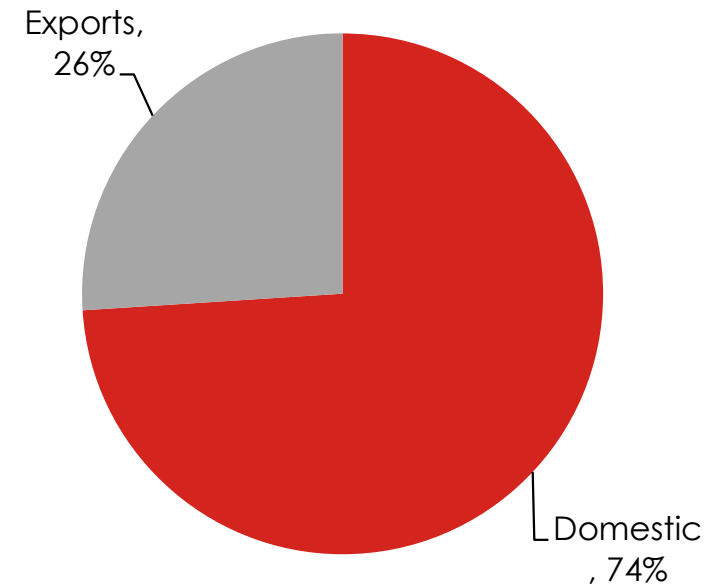
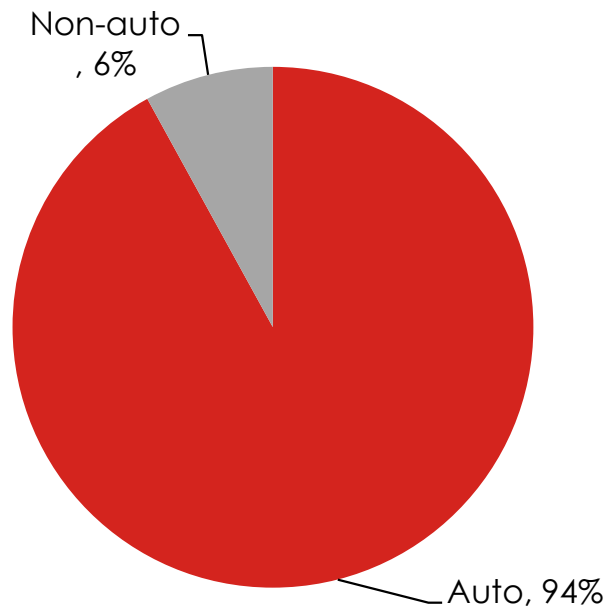
PAT



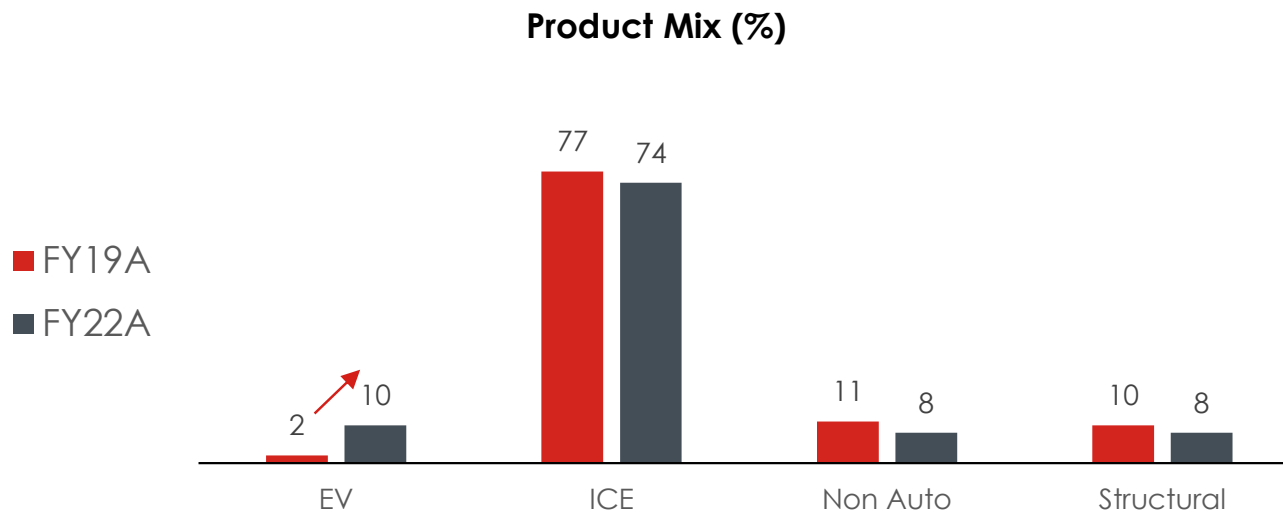
- Despite facing 6C challenges in the year, the Company reported a healthy performance
- Revenues grew higher by 27%
- Gross profit stood at Rs. 534.2 crore, with margins at 49.5%
- Alicon's focus on cost-optimisation and collaborative price increases has enabled it to mitigate cost pressures and protect margins during the period, despite RM pressures
- EBITDA margin stood at 10.7%, despite severe RM inflationary pressures
- PAT at Rs. 24.2 crore

Figures in Rs. Crore

Revenue Mix – FY22



Progression in Revenue Mix

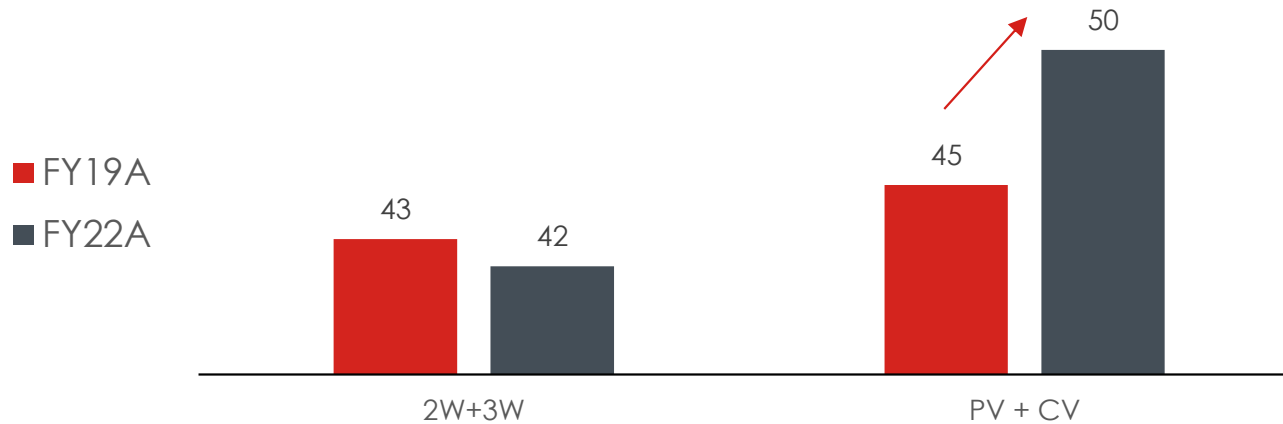


- Recorded an enhanced growth in contribution from the EV segment over the last 3 years
- Going forward, incremental sales would be a function of the value-add EV segment and other value-added components from ICE, Structural and non-auto segments
- Revenues from other categories expected to remain steady

Focus on strengthening sales of value-added components to improve revenue mix

Progression in Product Mix

Alicon's Product Mix (%)



- Value-addition a key strategic vector driving multi-growth synergies for Alicon
- Improved contribution from higher value components in the PV and CV segments driving augmented brand value and enhanced sales
- 2W share remains steady

Focus on improving auto product mix through increased sale of value-added products in PV+CV segments

Abridged P&L – Consolidated

Particulars (Rs. crore)	Q4FY22	Q4FY21	Y-o-Y Shift	FY22	FY21	Y-o-Y Shift
Net Revenue from Operations	320.56	322.57	-1%	1,078.05	848.57	27%
Other Income	0.81	0.51	57%	3.32	2.86	16%
Total Income	321.37	323.08	-1%	1,081.37	851.43	27%
Total Expenditure	282.65	274.01	3%	965.57	765.41	26%
Raw Material expenses	158.91	154.58	3%	543.89	385.76	41%
Employee benefits expense	40.63	39.12	4%	138.10	135.04	2%
Other expenses	83.11	80.31	3%	283.59	244.62	16%
EBITDA	38.72	49.07	-21%	115.79	86.01	35%
EBITDA margin (%)	12.0%	15.2%	-314 Bps	10.7%	10.1%	+61 Bps
Finance Costs	7.14	9.23	-23%	30.12	36.14	-17%
Depreciation and Amortization	13.87	12.24	13%	53.09	48.79	9%
PBT	17.70	27.60	-36%	32.58	1.08	2913%
Tax Expenses	4.49	2.26	98%	8.40	3.01	179%
PAT	13.21	25.33	-48%	24.18	(1.93)	NA
PAT Margin (%)	4.1%	7.84%	-373 Bps	2.2%	NM	NA

Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on March 31, 2022	As on March 31, 2021
a) Shareholders' Funds	449.07	317.00
b) Non-current Liabilities (NCL)	152.15	191.12
- Long-term Borrowings	114.90	152.79
- Other NCL	37.25	38.33
c) Current Liabilities (CL)	401.14	398.82
- Short-term Borrowings	146.17	195.61
- Trade Payables	211.73	156.33
- Other CL	43.24	46.88
Total	1,002.36	906.94

Assets (Rs. Crore)	As on March 31, 2022	As on March 31, 2021
a) Non-current Assets	441.98	420.18
a) Current Assets	560.38	486.76
- Inventories	131.00	125.50
- Trade Receivables	396.33	323.30
- Cash & Bank balance	15.52	18.87
- Others	17.53	19.09
Total	1,002.36	906.94

Management Message

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

“We have closed the year on an encouraging note, reporting strong performance despite several macro-challenges. The 6C challenges defined by Covid-induced disruptions, Chip shortages, Cost-based inflation, Cost of new product development, Conflict between Russia and Ukraine and Crisis in supply chain impacted demand environment and consumer sentiments during the year. Against this backdrop, Aicon has recorded healthy performance during the year. Overall, we reported consolidated total income of Rs. 1,081.4 crore during the year, higher by 27%. On the profitability front, we are encouraged with how our team has managed to navigate through the volatile input cost pressures in the industry. In the year, our margins improved to 10.7%, higher by 60 bps. Price hikes in collaboration with our customers along with an enhanced product mix with higher share of value-added products enabled us to sustain margins.

In a key development, we are pleased to share that Aicon has been approved as one of the beneficiaries of the PLI scheme for automotive components under the Component Champion Incentive Scheme. We look forward to contributing to the development of green mobility eco-system in India. I am also happy to share that we have won several contracts from multiple existing and new OEMs during the year for electric mobility. Order wins for our auto division and non-auto division continues to be on a strong footing. Overall, the outlook for all our three verticals of Auto, non-auto and EV looks solid.

As we look ahead, the demand momentum in domestic and international markets is picking up momentum. In addition, we are seeing some early signs of stabilisation in supply-chains across markets. This emanates positive signal for the industry as a whole. Overall, we remain optimistic of delivering strong and sustainable growth in business operations as the broader macro-environment normalizes”



Concall Details

Conference Call Details

Alicon Castalloy's Q4 FY22 Earnings Conference Call

Time & Date	<ul style="list-style-type: none">• 11:30 AM IST on Tuesday, May 17, 2022
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Local dial-in numbers	<ul style="list-style-type: none">• +91 22 6280 1141• +91 22 7115 8042
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International Toll Free Number	<ul style="list-style-type: none">• Hong Kong: 800 964 448• Singapore: 800 101 2045• UK: 0 808 101 1573• USA: 1 866 746 2133
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Thank You

For further information, please contact:

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