

November 12, 2021

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 Q2 FY21-22

Dear Sir/ Madam,

Pursuant to the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached investor presentation on the financials for the quarter ended September 30, 2021.

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 horizontal line underneath.

Swapnal Patane
Company Secretary

Alicon Castalloy Ltd

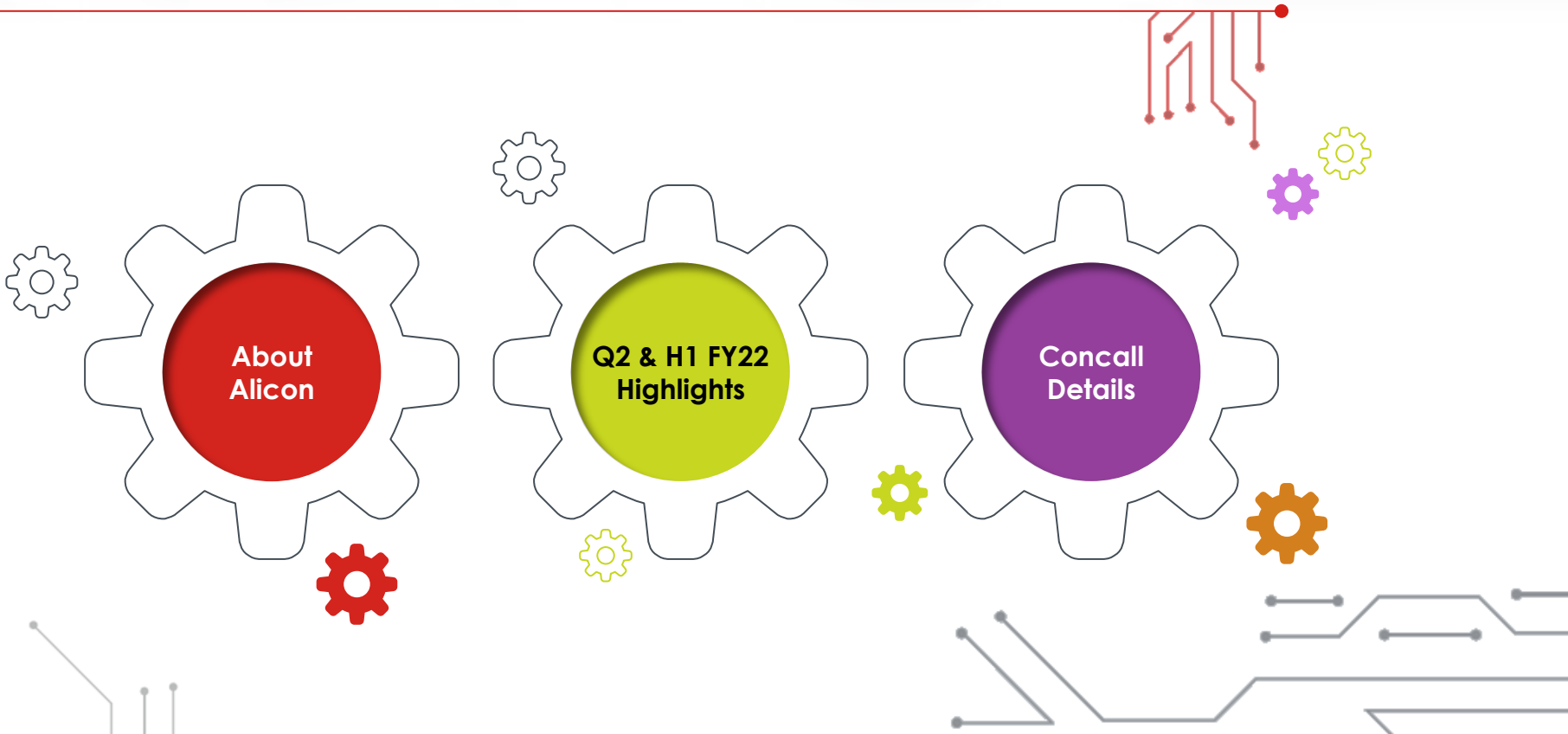
Q2 & H1 FY22 Results Presentation

November 12, 2021

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



851

INR crore of Total
Income in FY21



86

INR crore of
EBITDA in FY21



90

customers with..

774

Live Parts



4

Manufacturing
Units



131

No. of product
innovations during FY20



18

Presence in
countries

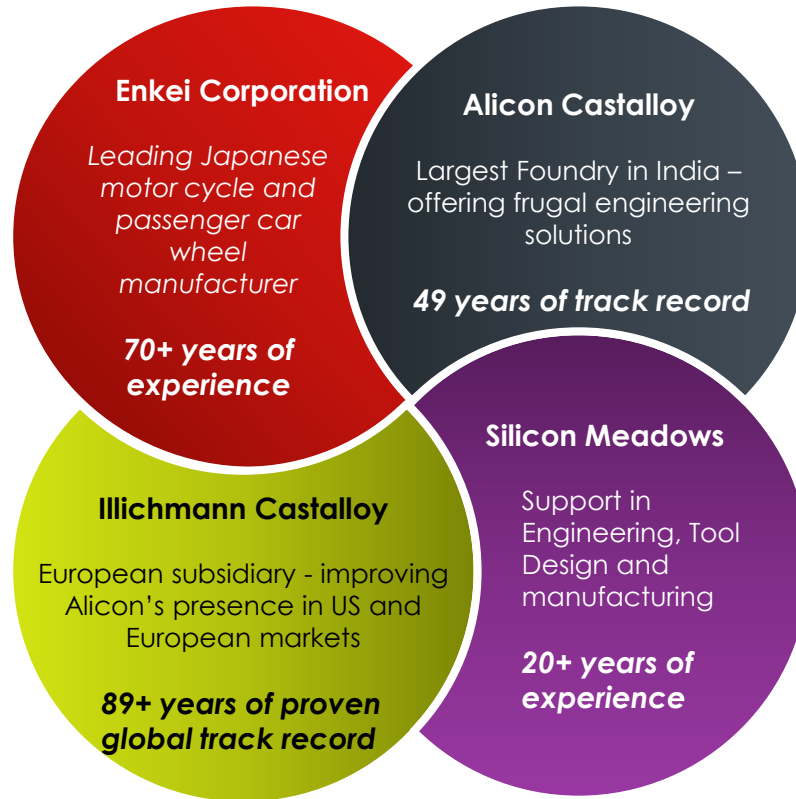


997

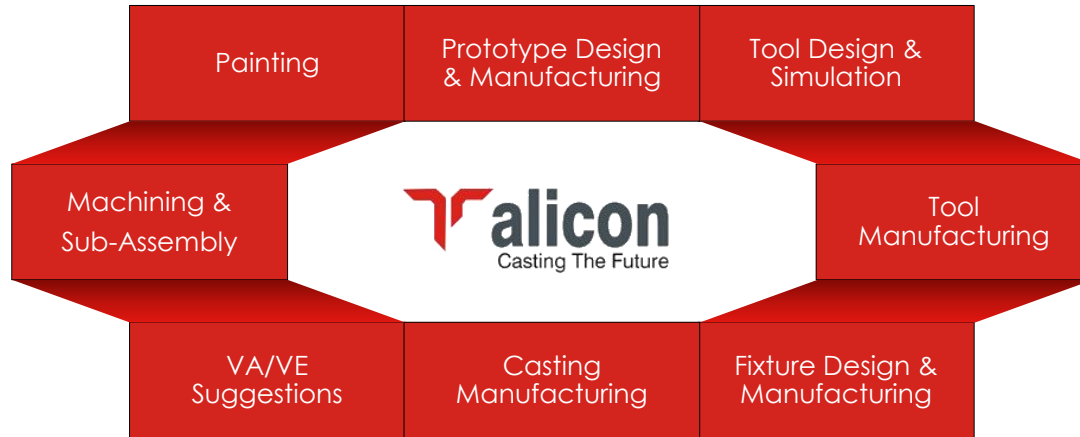
No. of permanent
employees

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...

The background is split into a red lower-left section and a white upper-right section. The white section contains a faint, light gray circuit board pattern. A dark gray triangle is located in the bottom right corner.

Q2 & H1 FY2022 Operational & Financial Highlights

Q2 & H1 FY22: Overview of Operating Environment

Business & Macro-demand Highlights:

- The domestic auto segment during the quarter saw mixed signals of recovery
- Demand across the domestic markets has been on an uptrend driven by increase in spending and consumption, especially post lockdowns, a shift towards new high-tech vehicles, personal mobility preference among other factors
- While demand and bookings across vehicle segments remained robust, supply side issues due to chip shortages and volatile input prices weighed down the pace of growth
- 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 in key markets



Q2 & H1 FY22: Overview of Operating Environment

Electric Mobility seeing strong traction in India:

- In the domestic markets, the Government has announced supportive regulations and policies for faster adoption of electric vehicles
- In September 2021, EV sales for the first time ever crossed the 30,000 units mark in India
- These registrations are mainly driven by electric 2-wheeler and passenger-type electric three-wheeler, which together account for more than 90% of total registrations
- In September 2021, the Center announced the PLI scheme for automobiles, auto component and drone industry with an outlay of Rs. 26,058 crore
 - This scheme is additional to the already launched PLI for Advanced Chemistry Cell, which is of Rs. 181 billion and Faster Adaption of Manufacturing of Electric Vehicles scheme of Rs 100 billion to boost manufacturing of electric vehicles in India
- The cumulative incentives across the three schemes target both the demand and supply side



Q2 FY22 - Operational Resilience

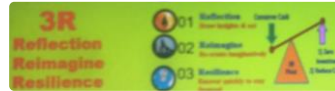
- Lower fixed expenses
- Lean and Agile manufacturing processes
- Improved gross margins
- Focus on reducing overheads
- Program to reduce interest cost

- 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 Q2 FY22, the Company has booked 17 parts from 8 customers
 - 4 parts from domestic customers – HMSI, Piaggio and Dana
 - 13 parts from export customers - JLR, MAHLE, Renault, Tata Autocomp, Dana, with new logo addition - Scania

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

Balance Sheet & Capex Outlook

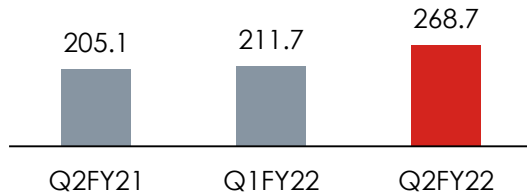
- Net Debt at Rs. 235.5 crore with a net debt to equity ratio of 0.55x
- Cash and cash balances at Rs. 11.0 crore
- The conclusion of equity raise through QIP and preferential issue has strengthened the liquidity position of the Company
- Order book healthy at ~Rs. 3,150 crore over 5 years
- The Company continues to undertake conscious investments towards servicing these new order wins
- However, given the uncertainty due to the second wave of the pandemic and even due to ongoing global RM crisis, Alicon is altering its capex spends for FY22
 - While it had envisaged Rs. 90 crore at the start of the fiscal, the Company is expecting capex spends to be around Rs. 65-70 crore in FY22, with the rest deferred to next fiscal year
- Overall, the focus remains on a disciplined capital allocation framework at all times



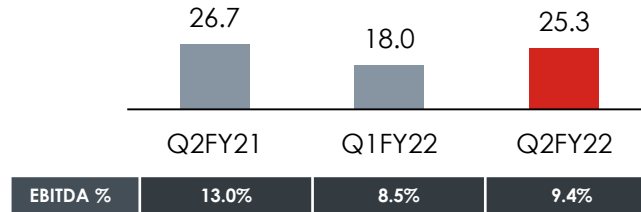
All figures in Rs. Crore as on September 30, 2021

Q2 FY22 Highlights – Consolidated

Total Income



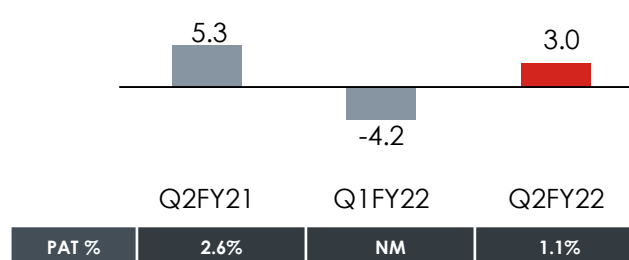
EBITDA



PBT



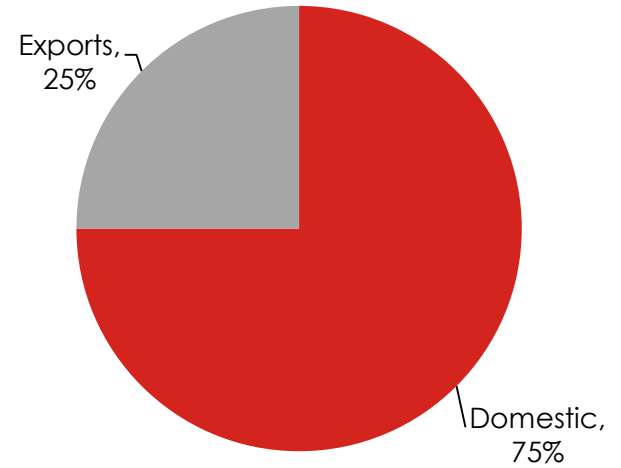
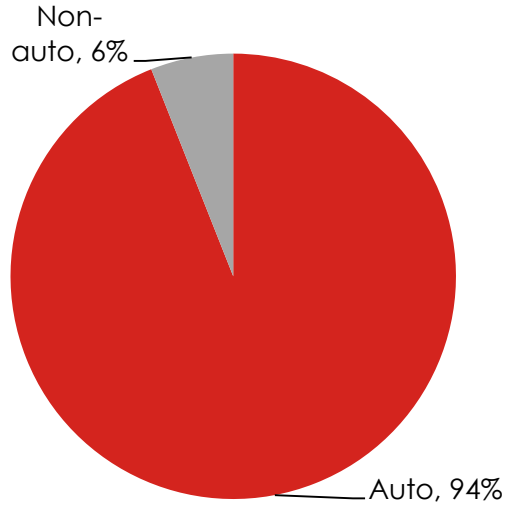
PAT



- Reported a recovery in volumes during the quarter, which assisted topline performance
- Topline growth has been aided by the increase in input prices which are passed through to customers.
- In Q2, total Income was higher by 31% YoY
- Other income of Rs. 0.9 crore
- Gross profit stood at Rs. 127.0 crore, with gross margin at 47.4%
- EBITDA margin at 9.4% has been impacted by higher base due to sharp increase in RM prices – this has led to optical compression in margin
- Reported PAT of Rs. 3.0 crore in Q2

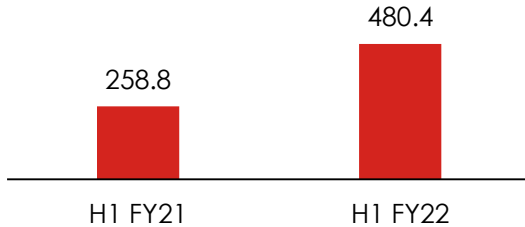
Figures in Rs. Crore

Revenue Mix – Q2FY22

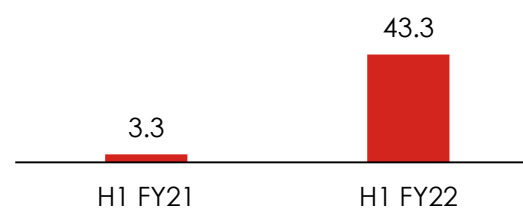


H1 FY22 Highlights – Consolidated

Total Income



EBITDA



EBITDA %	H1 FY21	H1 FY22
	1.3	9.0

PBT



PAT

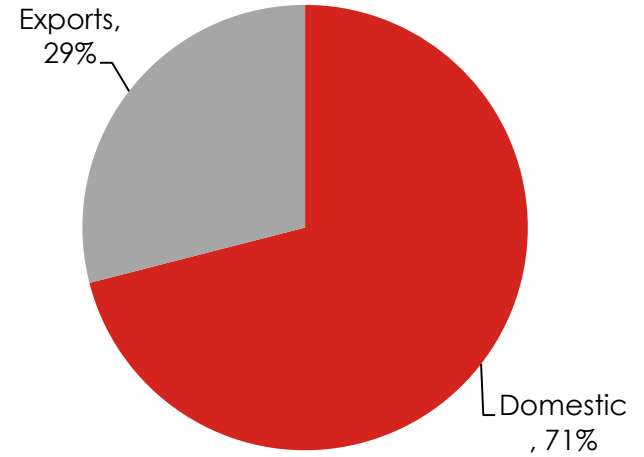
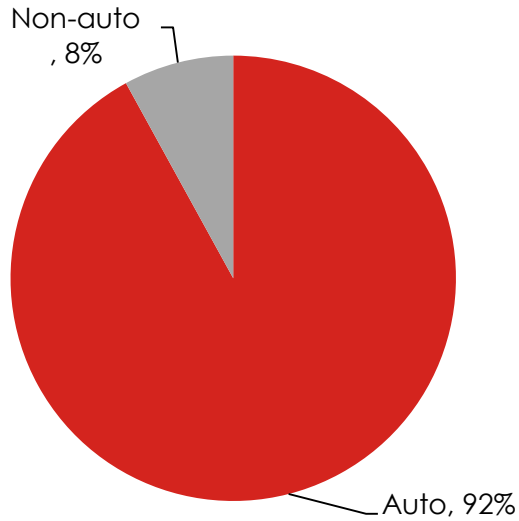


PAT %	H1 FY21	H1 FY22
	NM	NM

- Reported a healthy performance, despite operating challenges owing to the second wave of Covid-19
- Performance supported by improved contribution from international subsidiary – Illichman
- Gross profit stood at Rs. 232.7 crore, with margins at 48.6%
- EBITDA margin at 9.0% - Sharp increase in input prices has increased the base. While increase will be passed on to customers there is optical effect of margin compression as both RM prices and topline are elevated by higher RM prices.
- Q2 PAT has nearly recouped the loss in Q1 due to impact of second wave. PAT in H1 is near breakeven.

Figures in Rs. Crore

Revenue Mix – H1 FY22



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q2FY22	Q2FY21	Y-o-Y Shift	H1 FY22	H1 FY21	Y-o-Y Shift
Net Revenue from Operations	267.80	204.59	31%	478.55	257.57	86%
Other Income	0.93	0.56	67%	1.87	1.24	51%
Total Income	268.73	205.15	31%	480.41	258.81	86%
Total Expenditure	243.47	178.44	36%	437.12	255.51	71%
Raw Material expenses	140.84	98.22	43%	245.86	123.96	98%
Employee benefits expense	31.86	29.34	9%	63.87	59.10	8%
Other expenses	70.76	50.87	39%	127.39	72.46	76%
EBITDA	25.26	26.71	-5%	43.30	3.30	1214%
EBITDA margin (%)	9%	13%	-362 Bps	9.0%	1%	+774 Bps
Finance Costs	7.48	9.19	-19%	16.05	18.08	-11%
Depreciation and Amortization	13.12	11.91	10%	25.81	24.33	6%
PBT	4.66	5.61	-17%	1.44	(39.11)	-104%
Tax Expenses	1.64	0.33	394%	2.61	(0.41)	-744%
PAT	3.02	5.28	-43%	(1.17)	(38.71)	-97%
PAT Margin (%)	1%	3%	-145 Bps	NM	NM	NA

Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on September 30, 2021	As on March 31, 2021
a) Shareholders' Funds	424.52	316.98
b) Non-current Liabilities (NCL)	162.44	186.54
- Long-term Borrowings	125.36	148.21
- Other NCL	37.07	38.34
c) Current Liabilities (CL)	329.44	403.47
- Short-term Borrowings	121.14	168.50
- Trade Payables	156.22	156.41
- Other CL	52.08	78.58
Total	916.40	906.99

Assets (Rs. Crore)	As on September 30, 2021	As on March 31, 2021
a) Non-current Assets	427.86	420.18
a) Current Assets	488.54	486.82
- Inventories	113.40	125.5
- Trade Receivables	336.08	323.3
- Cash & Bank balance	11.05	19.73
- Others	28.01	18.28
Total	916.40	906.99

Management Message

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

“In Q2, we witnessed a recovery in demand in the domestic markets on the back of improved economic activity, which translated to higher overall volumes during the quarter. This could have been better but for the shortage of semi-conductors which has constrained production schedules for our customers. There was also an element of higher pricing of alloys during the period. The combination of these factors has enabled us to report consolidated revenues of Rs. 268.7 crore during the quarter, higher by 31% YoY and 27% QoQ.

Increased volumes and the resultant operating leverage have enabled us to deliver improved profitability. However, the compression in margin is optical due to the higher base driven by increase in input prices. Our contracts with our customers enable a 100% pass-through and we are actively engaging with them to shorten the lag. This will enable more rapid transmission of input prices, thereby protecting our working capital and cash flow position to a considerable extent. In this quarter, we have announced several order wins with multiple existing and new OEMs, which further strengthen the growth visibility in the years ahead. We are encouraged to share that incremental orders to be executed over the next 5 years now aggregate over Rs. 3,000 crore. Further, we have built a portfolio of over 65 live parts in the EV business. We are confident that EV revenues will contribute 25% of overall revenues by FY2025-26.

While there are supply-side constraints in the shorter-term, from a longer run perspective, we are seeing very exciting times in the domestic auto industry. The recently announced PLI scheme along with the scrappage policy and FAME scheme work in favour of the domestic auto and auto components sectors in multiple ways. Even on the supply side, our ongoing interactions with our partners indicate that the RM issues are beginning to ease and with continual retail enquiries and the upcoming festive season, we remain positive that the volumes will see a steady uptick in the quarters ahead.”



Concall Details

Conference Call Details

Alicon Castalloy's Q2 FY22 Earnings Conference Call

Time & Date

- 11.30 AM IST on Friday, November 12, 2021
-

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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CDR, India

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shikha@cdr-india.com

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