

October 27, 2020

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 & H1 FY2021


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 half year ended September 30, 2020.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Alicon Castalloy Ltd**



Swapnal Patane
Company Secretary

Alicon Castalloy Ltd

Q2 & H1 FY21 Results Presentation

October 27, 2020

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 44 years, further enriched by 89 year legacy of Illichmann Castalloy



Alicon Castalloy - At a Glance



960.0

INR crore of Total
Income in FY20



108.7

INR crore of
EBITDA in FY20



88

customers with..

719

Live Parts



4

Manufacturing
Units



131

No. of product
innovations during FY20



18

Presence in
countries

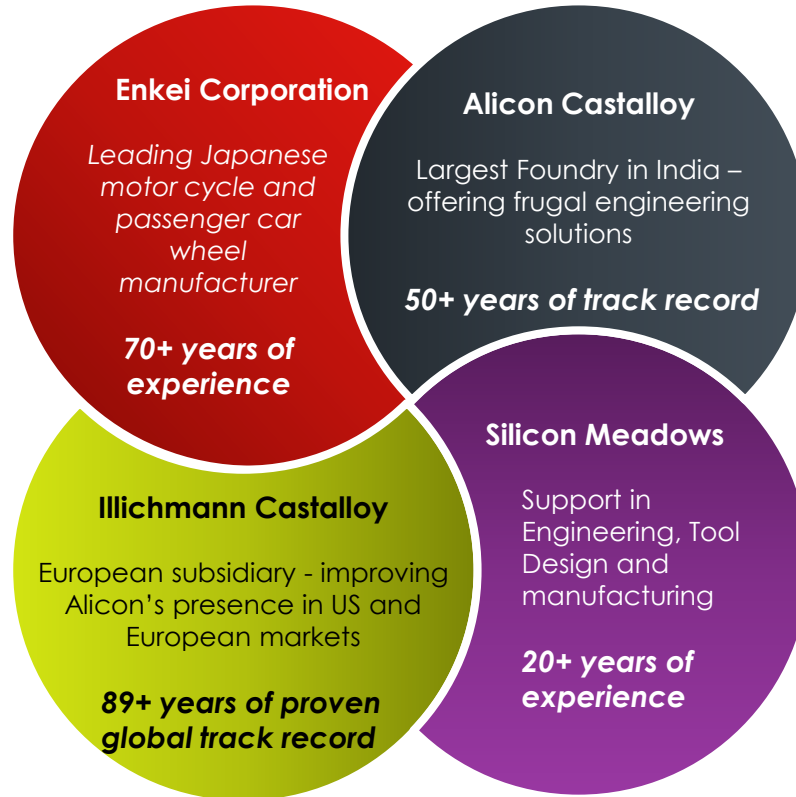


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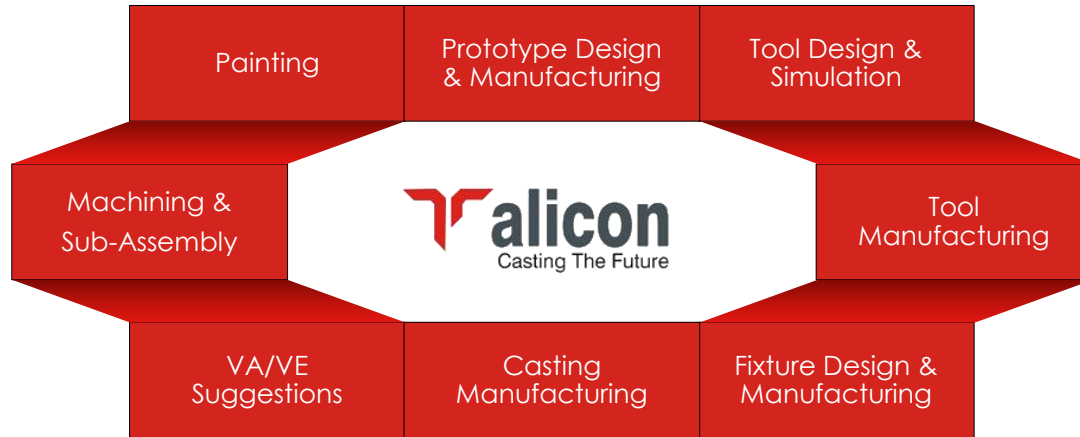
No. of permanent
employees

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 better speed-to-market and increased 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 two main sections. The top right section is white and contains a faint, light grey graphic of a circuit board with various lines and dots. The bottom left section is a solid dark red color. The two sections meet at a diagonal line that runs from the top left towards the bottom right.

Q2 & H1 FY2021 Operational & Financial Highlights

Q2 FY21: Overview of Operating Environment

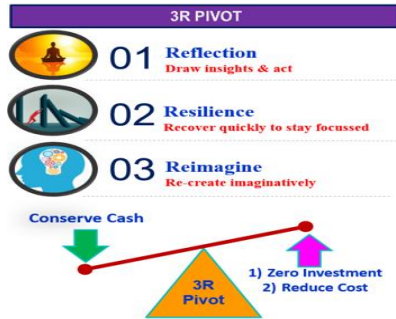
Business & Macro-demand Highlights:

- Alicon delivered an encouraging uptick in performance on a sequential basis, led by improved demand during the quarter
- As the country moved to the un-lockdown phase, the domestic industry witnessed initial recovery in auto sales due to pent-up demand
- The demand environment further gained momentum with the onset of the festive season in September
- Robust uptick in rural demand buoyed by a healthy monsoon season and harvesting has aided recovery for vehicle demand
- Post COVID the personal commutation is being preferred to ensure safety which brought a demand in 2W and PV segment
- Better loan financing options and decade-low auto loan interest rates are indicating a sustained recovery of demand over the medium term



Q2 FY21: Operational Resilience

- Lower fixed expenses
- Lean and Agile manufacturing processes
- Improved gross margins on a YoY basis
- Key Motto for FY 20-21 : 3R



- Manufacturing facilities operating at near-normal utilization levels
- 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:

- In Quarter 2 FY21 we have booked 14 parts
- This includes 7 parts in the Domestic business from existing Customers - M&M, REML & JCB
- 7 parts in international business including 1 from existing customer and 6 parts from new customers including - Flextronics , Ashwood , Mercedes Benz and Eaton

Operational Highlights:

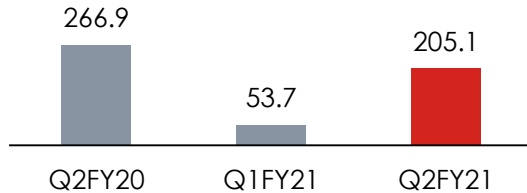
Manufacturing processes

Future Ready

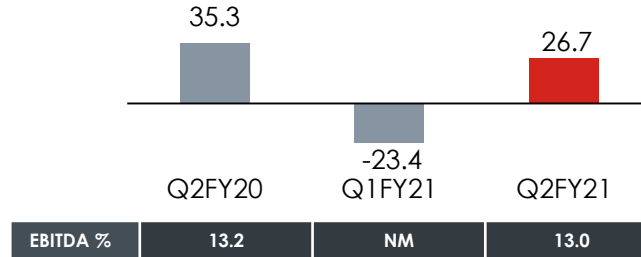
- Alicon, as an organization is Future Ready to tap opportunities arising from,
- Shift to personal mobility in this pandemic
 - Increased traction and demand for green energy vehicles incl. electric vehicles
 - Higher fuel efficiency of vehicles
 - Cost-optimisation and light-weighting of products

Q2 FY21 Highlights – Consolidated

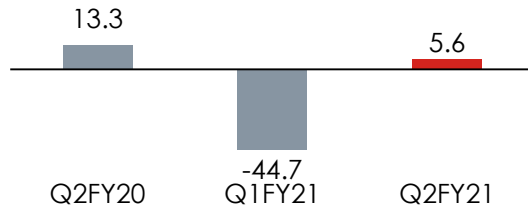
Total Income



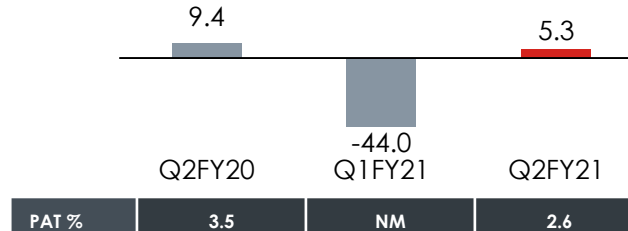
EBITDA



PBT



PAT

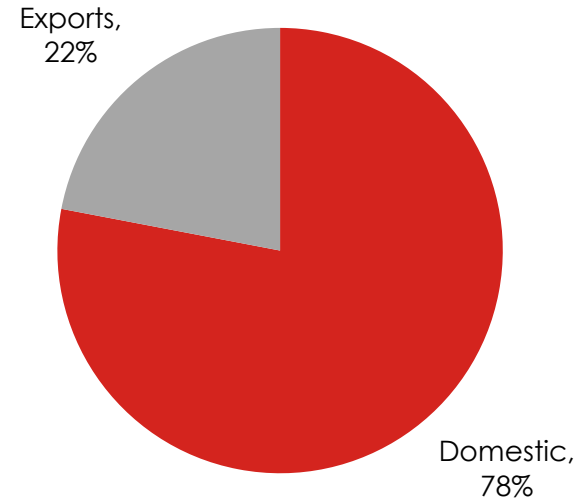
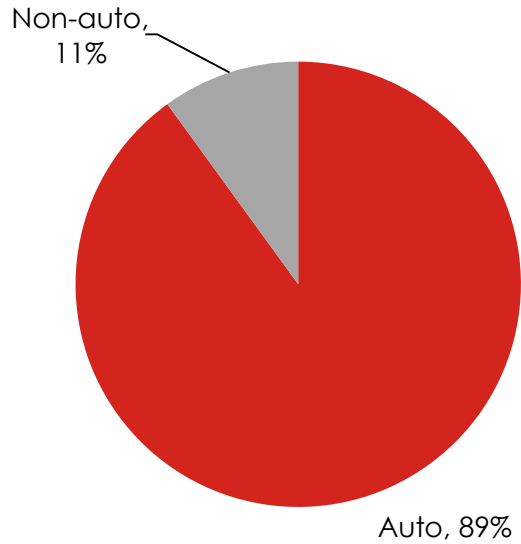


- The Company reported a rebound in performance on a sequential quarter basis
- In Q2, Total Income was Rs. 205.1 crore. This was in a sharp contrast to the immediately preceding quarter revenues, which were impacted due to the lockdown for most part of the quarter
- Other income stood at Rs. 0.6 crore
- Gross profit of Rs. 106.4 crore, with gross margin improving 446 bps YoY to 52.0%
- Profitability improved on a sequential quarter basis due to operating leverage

Note: Performance during the quarter and first half is not comparable to corresponding period last year due to the unprecedented impact of COVID-19 impact on economic activity.

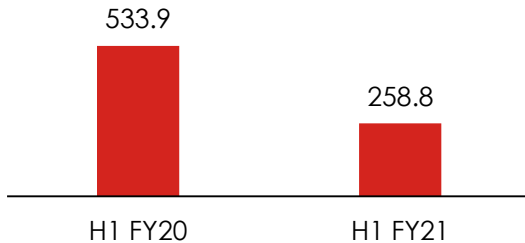
Figures in Rs. Crore

Revenue Mix – Q2FY21

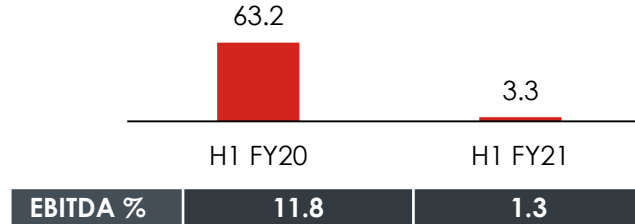


H1 FY21 Highlights – Consolidated

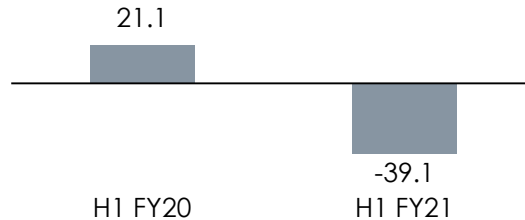
Total Income



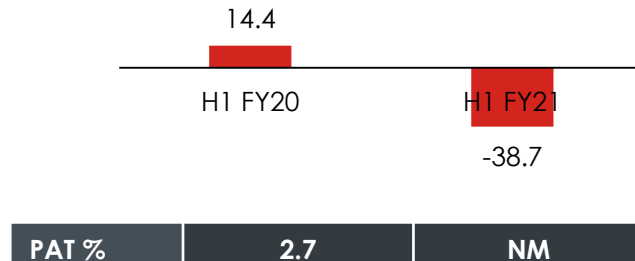
EBITDA



PBT



PAT

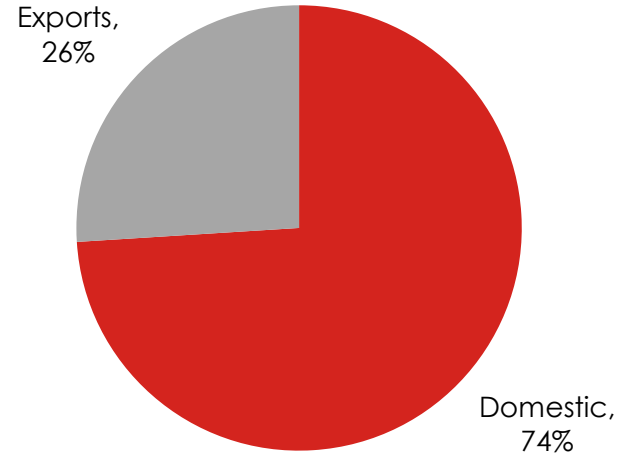
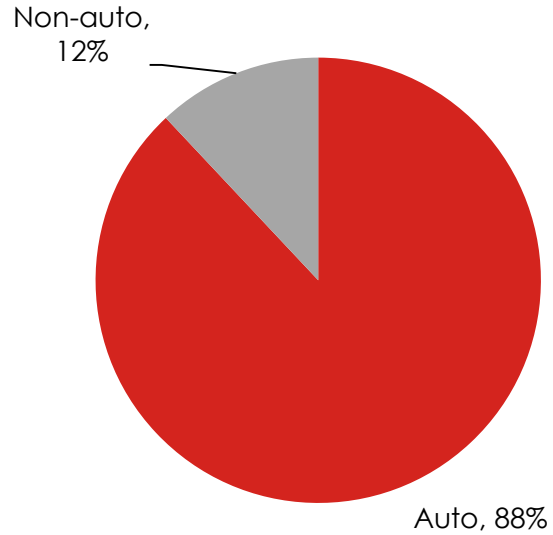


- Total Income was Rs. 258.8 crore as against Rs. 533.9 crore in H1 FY20
- Other income stood at Rs. 1.2 crore, lower by 5%
- Gross margins improved by 405 bps to 51.9% on account of cost-optimisation measures
- EBITDA of Rs. 3.3 crore in H1FY21
- *Note: Performance during the half-year period is not comparable to corresponding period last year due to the unprecedented COVID-19 impact on economic activity.*

Figures in Rs. Crore

*Exports (incl. overseas business)

Revenue Mix – H1 FY21



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q2FY21	Q2FY20	Y-o-Y Shift	H1 FY21	H1FY20	Y-o-Y Shift
Net Revenue from Operations	204.59	266.21	-23%	257.57	532.60	-52%
Other Income	0.56	0.64	-13%	1.24	1.30	-5%
Total Income	205.15	266.86	-23%	258.81	533.90	-52%
Total Expenditure	178.44	231.51	-23%	255.51	470.71	-46%
Raw Material expenses	98.22	139.68	-30%	123.96	277.89	-55%
Employee benefits expense	29.34	35.02	-16%	59.10	72.31	-18%
Other expenses	50.87	56.81	-10%	72.46	120.51	-40%
EBITDA	26.71	35.35	-24%	3.30	63.19	-95%
EBITDA margin (%)	13.02%	13.25%	-23 bps	1.27%	11.84%	-1056 bps
Finance Costs	9.19	10.56	-13%	24.33	21.73	12%
Depreciation and Amortization	11.91	11.48	4%	18.08	20.40	-11%
PBT	5.61	13.30	-58%	-39.11	21.06	-286%
Tax Expenses	0.33	3.95	-92%	-0.41	6.62	-106%
PAT	5.28	9.36	-44%	-38.71	14.44	-368%
PAT Margin (%)	2.57%	3.51%	-93 bps	-14.96%	2.70%	-1766 bps

Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on September 30, 2020	As on March 31, 2020
a) Shareholders' Funds	278.64	314.93
b) Non-current Liabilities (NCL)	160.74	161.84
- Long-term Borrowings	122.27	122.18
- Other NCL	38.47	39.66
c) Current Liabilities (CL)	408.60	424.64
- Short-term Borrowings	210.23	213.49
- Trade Payables	122.94	151.86
- Other CL	75.43	59.30
Total	847.99	901.41

Assets (Rs. Crore)	As on September 30, 2020	As on March 31, 2020
a) Non-current Assets	409.22	417.08
a) Current Assets	438.77	484.33
- Inventories	109.46	105.97
- Trade Receivables	299.52	338.27
- Cash & Bank balance	11.28	9.16
- Others	18.50	30.93
Total	847.99	901.41

Q2 FY21 Highlights – Consolidated

Balance sheet & Cash Flow Update:

- Net debt stood at Rs. 321.2 crore as against Rs. 326.5 crore as on March 31, 2020
- For the half year ended September 30, 2020, the Company generated net cash from operations of Rs. 37.9 crore
- On the capex front, the Company is estimating approximately Rs. 40 to 45 crore for this year, which includes capex for new order wins as well as maintenance capex
- Over the medium term, the focus remains on sustainable improvement in cash flow and return ratios



Management's Message

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

"We have delivered an encouraging performance during the quarter led by improved demand across the domestic and international markets. Following an unprecedented first quarter, our customers have witnessed a steady revival in auto sales leading to ramp up in production schedules. On the international front, the sharp rebound has led to healthy export sales during the quarter. As a result, there is a meaningful improvement both in terms of revenues and profitability, on a sequential quarter basis.

Improved traction across categories of Auto and Electric Vehicles during the quarter with robust demand for two wheelers, both conventional and electric, has led to scale up in customer orders and broadening of our product offerings. On the operational front, our manufacturing facilities are now operating at near-normal utilization levels and we will work towards sustaining the cost-efficiencies realised over the last six months. Overall, our financial position and cashflow remains robust.

Looking ahead, the pent-up demand, improved rural economy and ongoing festive season supported by supportive government intervention and decade-low interest rates should provide impetus for the entire auto industry over the medium term. We are also making progress on large order wins and are set to scale up production aligned to customer schedules. We are confident that further stabilisation of the macro-economic environment will lead to stronger and sustainable growth in the quarters ahead."



Concall Details

Conference Call Details

Alicon Castalloy's Q2 & H1 FY21 Earnings Conference Call

Time & Date

- 2 PM IST on Wednesday, October 28, 2020
-

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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