

July 26, 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 Q1 FY2024

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 ended June 30, 2023.

This is for your information and records.

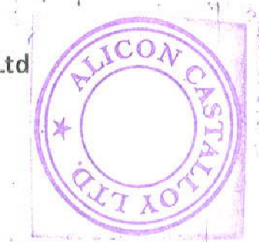
Thanking you,

Yours faithfully,

For Alicon Castalloy Ltd



Veena Vaidya
Company Secretary



Alicon Castalloy Ltd

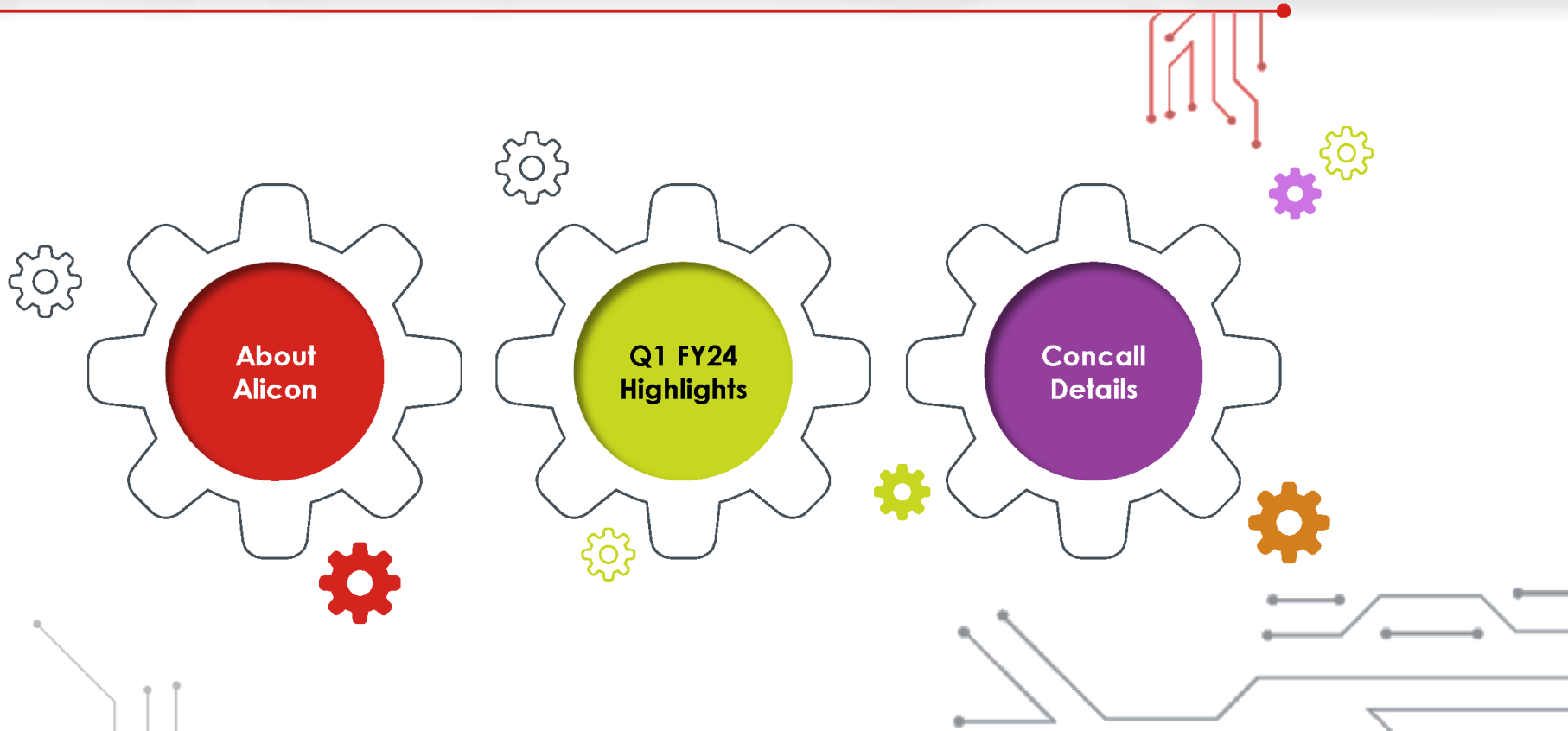
Q1 FY24 Results Presentation

July 26, 2023

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



1,405

INR crore of Total
Income in FY23



157

INR crore of
EBITDA in FY23



95

customers with..

832

Live Parts



4

Manufacturing
Units



133

No. of product
innovations FY20-23



18

Presence in
countries

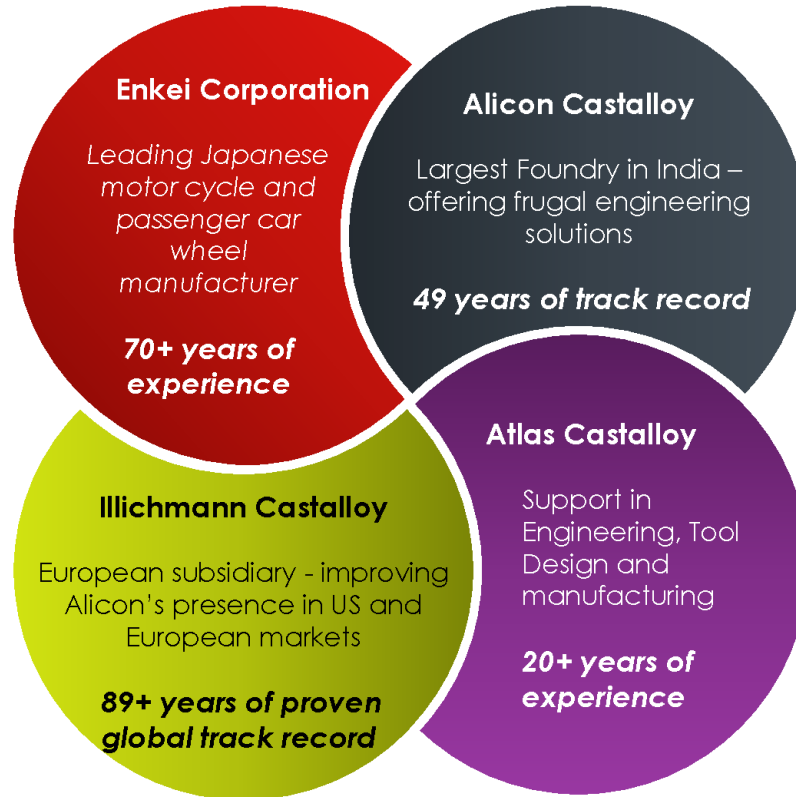


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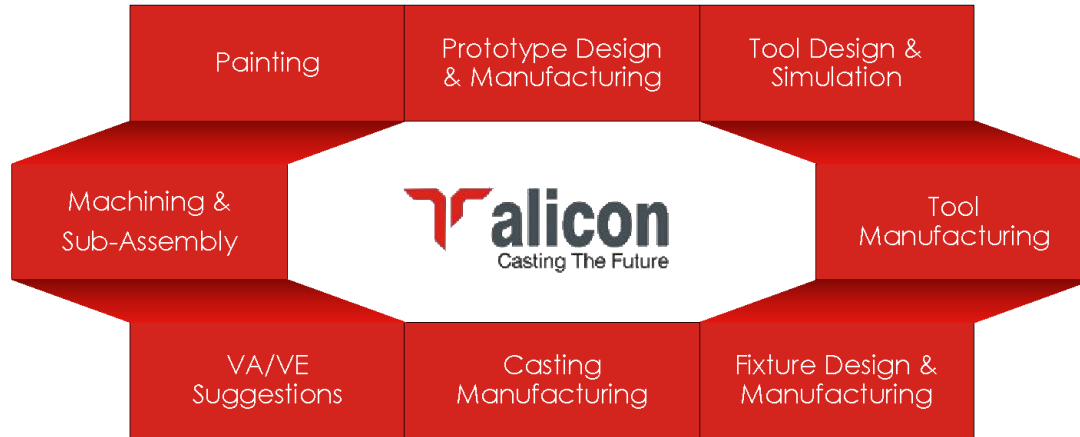
No. of permanent
employees

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 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)

Austria

International Marketing
Office

Slovakia

- * Manufacturing Plant
- * Tool Room
- * Product Validation Lab

Chinchwad, Pune Maharashtra, India

- * Manufacturing Plant
- * Tool Room
- * Product Validation Lab
- * Machine Shop

Shikrapur, Pune Maharashtra, India

- * Manufacturing Plant
- * Technology Centre
- * Product Validation Lab
- * Machine Shop

Binola, Haryana, India

- * 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 FY2024
Operational & Financial
Highlights**

Q1 FY24: Overview of Operating Environment (1/2)

Business & Macro-demand Highlights:

- In Q1FY24, domestic automobile market witnessed 3% growth on a yoy basis, driven by
 - 7% growth in PV segment on a yoy basis
 - 1% growth in 2W segment on a yoy basis
 - 2% decline in CV segment on a yoy basis
- The domestic PV industry's volumes grew by ~7% YoY in Q1 amid ramp-up in production and continuing interest in SUVs
- The domestic 2W industry was expected to benefit from spillover in demand from Q4FY23 due to impact of OBD regulations. However, there was only marginal increase in volumes due to supply chain issues with few vendors. Further, 2W exports also remained weak on a YoY basis.
- The domestic CV industry's volumes declined by ~2% YoY; the sequential decline was sharper due to usual seasonality and some pre-ponement of demand in Q4FY23 because of RDE/OBD2 norms coming into effect from Apr-23.
- Improved growth rates witnessed in international markets as Global LV Production increased 12% yoy during April-June 2023
- The outlook for global demand is cautious due to persistent inflation as well as concerns around sustainability of demand in China



Q1 FY24 - 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 around 65%
- 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 FY23-24: 3R



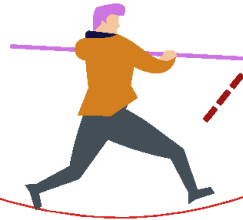
Manufacturing processes

Future Ready

- In Q1 FY24, the Company has booked 17 new parts from 11 customers including 2 new customers
- This includes 3 parts from EV, 6 parts from ICE, 3 parts from Non Auto and 5 parts from structural segment
- 10 parts are for international business and 7 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

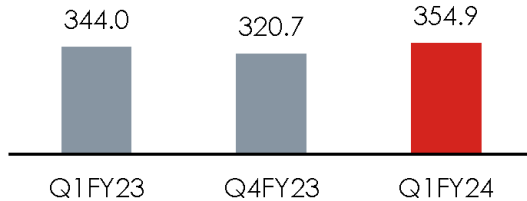
Collaboratively working with customers to undertake price hikes

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

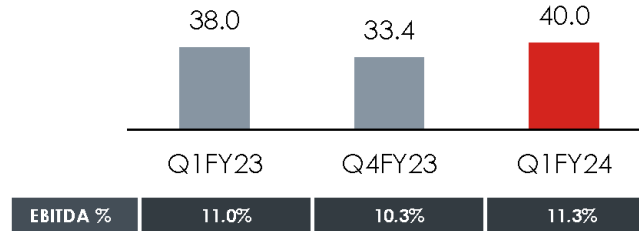
Driving higher operational efficiencies across business model

Q1 FY24 Highlights – Consolidated

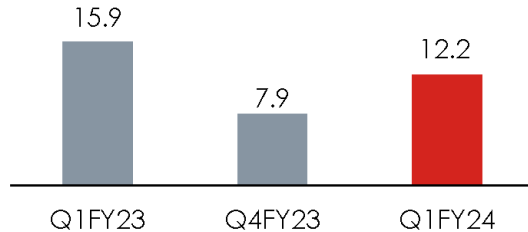
Total Income



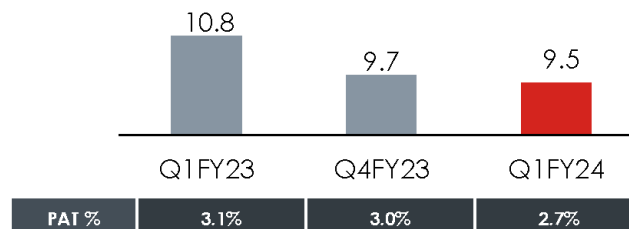
EBITDA



PBT



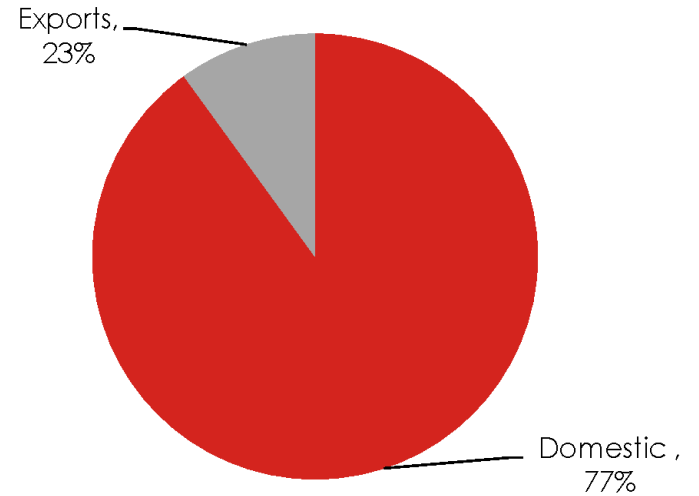
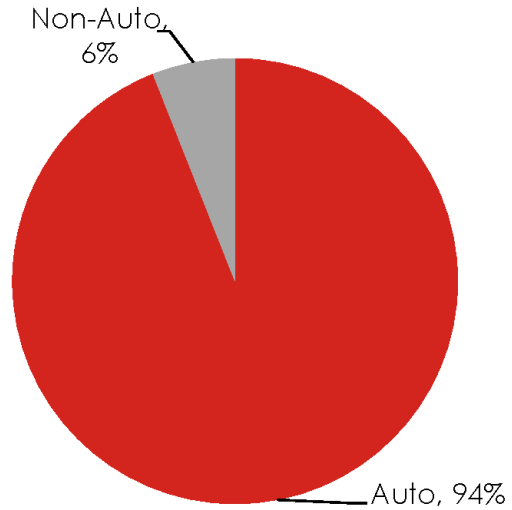
PAT



- In Q1, Alicon delivered **Revenue Growth of 3% on a yoy basis and of 11% on a qoq basis**. This was driven by commencement of supplies for new parts and new logos.
- Gross profit was Rs. 178.5 crore, with the gross margin at 50.4%. **Gross Margin has improved by 294 Bps on a yoy basis** due to richer product mix and softening input prices.
- EBITDA stood at Rs. 40.0 crore, higher by 5% on a yoy basis and 21% on a qoq basis, **EBITDA margin improved to 11.3%**. This is after accounting for non-cash charge of Rs. 3.3 crore on account of ESOP Scheme, adjusting for which EBITDA margin would be 12.2%.
- Profit after tax of Rs. 9.5 crore in Q1 was lower by 12% YoY. This was impacted by the increase in depreciation and finance costs.

Figures in Rs. Crore

Revenue Mix – Q1FY24



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q1FY24	Q1FY23	Y-o-Y Shift
Net Revenue from Operations	354.06	343.34	3%
Other Income	0.80	0.66	20%
Total Income	354.86	344.00	3%
Total Expenditure	314.83	306.05	3%
Raw Material expenses	175.54	180.32	-3%
Employee benefits expense	47.32	39.52	20%
Other expenses	91.97	86.21	7%
EBITDA	40.03	37.95	5%
EBITDA margin (%)	11.3%	11.0%	+25 Bps
Finance Costs	9.46	7.09	33%
Depreciation and Amortization	18.37	14.96	23%
PBT	12.20	15.91	-23%
Tax Expenses	2.71	5.14	-47%
PAT	9.49	10.77	-12%
PAT Margin (%)	2.7%	4.1%	-142 Bps

Management Message

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

"We are delighted to commence Fiscal Year 2023-24 on a positive note with a consolidated total income of Rs. 354.9 crore, higher by 11% compared to the immediately preceding quarter. Despite several challenges across the landscape, we have added several new parts as well as new customers which has helped to drive this momentum. Additionally, some of our existing customers witnessed improved traction during the quarter leading to higher volumes.

We had indicated that we are well poised to improve profitability and the initial results are visible in the Q1 FY24 performance. The EBITDA margin of 11.3%, has improved both on a Q-o-Q basis as well as a Y-o-Y basis, owing to a better product mix and cost optimization initiatives. The ESOP Scheme announced this quarter has contributed to a sharp rise of around 20% in employee costs both Q-o-Q and Y-o-Y. Excluding this non-cash charge, the EBITDA margin performance is even stronger indicating that steps to enhance margin performance have yielded benefits.

We have undertaken significant efforts to revamp our business model, positioning us as an agile and diversified entity that capitalizes on inherent strengths in design excellence, value engineering and consistent execution. Our global teams have actively fostered deeper customer engagements and the efforts of last few years have resulted in an enhanced track record leading to an increasing number of references and opening doors to marquee, global customers.

We firmly believe that we have the necessary levers in place to achieve sustainable growth and are cautiously optimistic about our prospects, amidst a backdrop of demand volatility across the global auto industry that is likely to sustain in the near term. The Board has recommended a final dividend of Rs. 3.75 per share which, along with interim dividend declared earlier, takes the total dividend for FY22-23 to Rs. 6.25 per share, substantially higher than prior years reiterating our focus on shareholder value creation."



Concall Details

Conference Call Details

Alicon Castalloy's Q1 FY24 Earnings Conference Call

Time & Date

- 11:30 am IST on Thursday, July 27, 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

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