

June 29, 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 Q4 & FY2020**

Dear Sir/ Madam,


Pursuant to the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the press release and presentation on the financials for the quarter and full year ended March 31, 2020.

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 FY20 Results Presentation**

**June 29, 2020**

# Disclaimer

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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



**86**  
customers with..  
**716**  
Live Parts



**4**

Manufacturing  
Units



**120**

No. of product  
innovations during FY20



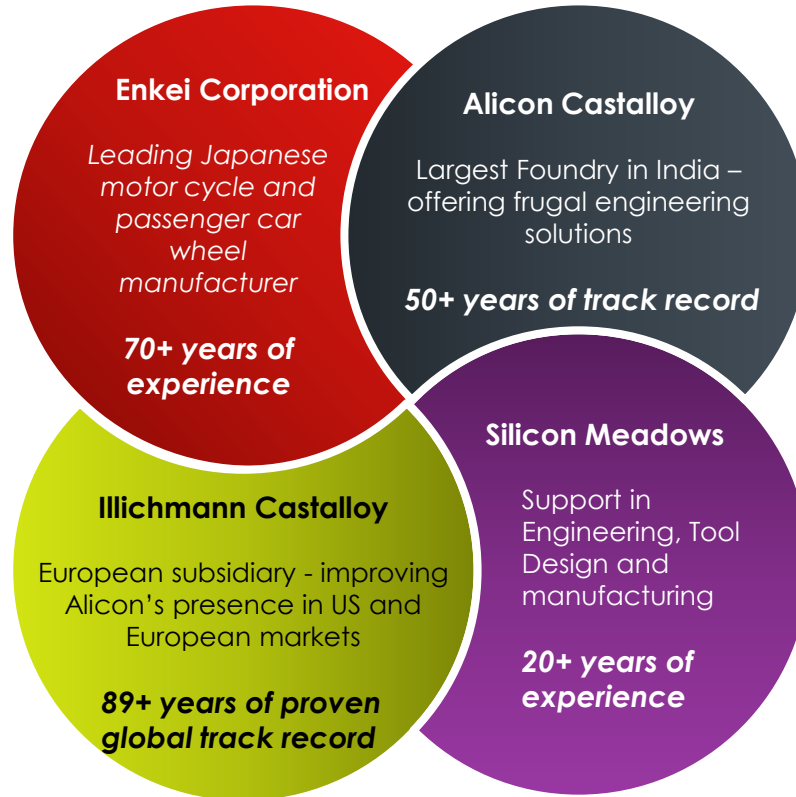
Presence in  
**18**  
countries



**1,039**  
No. of permanent  
employees

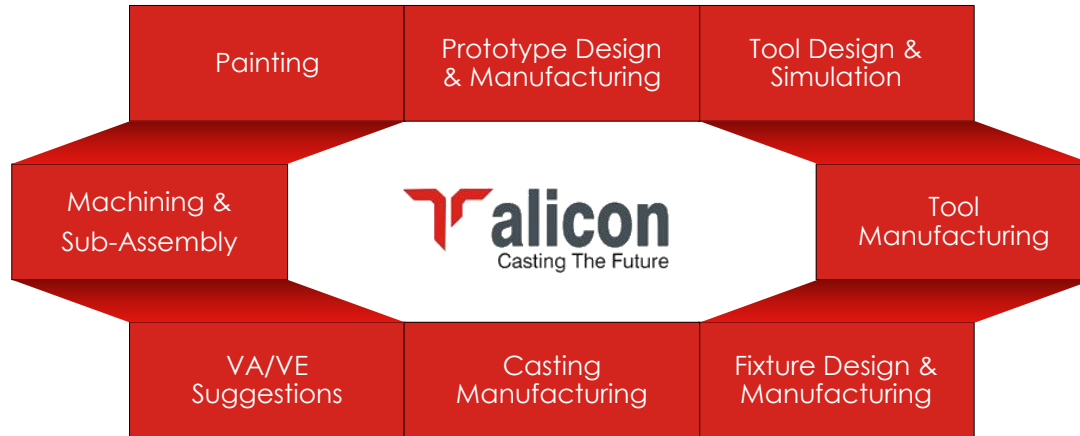
# Alicon Castalloy – Blending the best attributes

*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....

# Impact of COVID-19 and Alicon's Response



# Encouraging start to Q4 FY20 was disrupted

- Alicon started the quarter anticipating increased demand due to following reasons:
  - The transition from BSIV to BSVI
  - New product development and SOP
  - Normal demand from all OEMs for achieving their targets
- Q4 operations were hit by the spread of COVID19 in USA and Europe
- Because of the spread of the epidemic in China, global OEMs looked to reduce their schedules as supply from China was affected
  - This affected Alicon's exports and domestic targets
- The epidemic started spreading in India during the start of February
- OEMs postponed the launches of BSVI vehicles as the stocks of BSIV were not completely consumed
- A lock-down was imposed on 22<sup>nd</sup> March by the Government which disrupted the market
- Following imposition of the lockdown the Company shut its plants across India which halted production. Further, due to restrictions imposed on movement of vehicles and closure of port operations even export sales were impacted
  - As per the Company's assessment, the revenue impact on account of the disruption led by COVID-19 was ~Rs.59 crore and BSIV to BSVI transition was Rs. 17 Cr in Q4FY20.



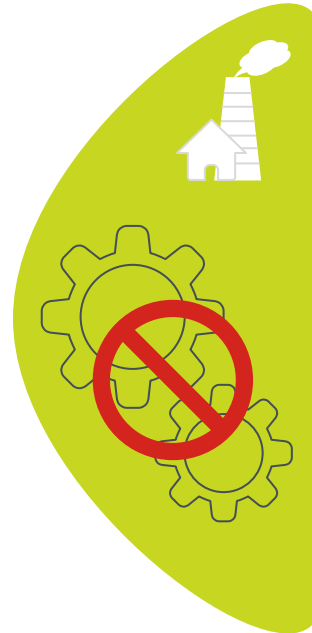
# Impact of COVID-19 on Business Operations

## Manufacturing operations:

- In compliance with the directives of the Central Government, the Company temporarily closed operations across its manufacturing plants in Shikrapur and Binola in India from March 22, 2020 to May 11, 2020
  - Currently, these units are operating at a 33% capacity utilization level with a 60% efficiency rate
- The manufacturing plant at Chinchwad, Pune was under the containment zone and resumed operations only on 8th June, 2020
- The Company is undertaking 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

## Internal Rewiring:

- Built a Groupwide Cross-Functional Foundry Team which is working on multiple strategic projects by leveraging on technology.
- Created a Division of Business Excellence for continuous process and operational excellence to drive savings in Direct, Indirect and Administrative costs.
- Focus towards Cash conservation and ensuring accretive Cash Flows through capex rationalisation and wastage elimination, thereby enabling us to be Lean and Agile in our business functions.



# Impact of COVID-19 on Business Operations

## Impact of COVID-19 pandemic and Lockdown measures on Business Operations

### Administrative:

- The Company's administrative offices in India and Austria swiftly implemented Work from Home from March onwards
- Mock drills were conducted to ensure critical activities can be carried from home
- Active engagement with employees with special focus towards skill development and training via online platforms, thereby ensuring an improved skillset and learning curve during this period

### Customer Support & Supply Chain:

- Strengthened customer connect – our teams have constantly been in touch with customers and worked with them on many RFQs and are geared up to hit the ground running as the situation normalizes
- Extended support to our Tier II suppliers in multiple ways to enable them to withstand the impact



# Focus Areas

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- As an organization, Alicon remain solid and stable, and its long-term strategic approach remains towards increasing market share in India and global markets as well as elevating the product portfolio catering to non-auto sectors
- Once the situation stabilizes, the Company aims to upscale production levels across plants and stabilise supply chain systems
- On the order book front, the contract wins with JLR, Mahle, Behr and Daimler USA (*aggregating Rs. 810 crore over the lives of the contracts*), which were announced in October 2019, are tracking steady progress
  - While the Company has submitted samples to customers, due to the present situation, there would be certain delays in receiving customer approvals.
  - However, Alicon remains confident of commencing production in FY2023, as per targeted schedules
- On the operational front, Alicon has instituted many cost rationalization initiatives and undertaken optimum working capital measures to conserve cash flows and ensure steady profitability
  - Net Debt position as on March 31, 2020 at Rs. 327.6 crore
  - Net Debt to Equity steady at 1.0



# Human Resources & CSR Initiatives

- **For Society** - Alicon team took decisive action to support individuals and families by distributing food ration kits which included essential food items to sustain affected people for 2 to 4 weeks. Over the last 3 months, we have distributed 4,250 food ration kits in Binola, Chinchwad, Shikrapur, Ratnagiri and parts of Pune city to families and individuals.
- **For Our Employees** - Formed an Ecosystem consisting of Apex and Execution Teams which has set up SOPs through manuals and training to ensure Safety and Health of all employees and implementation of procedures and protocols at all plants and facilities. Created a Guardian system where each designated Guardian act as a caretaker for 15 to 20 associates during the lockdown period by ensuring the basic needs of ration or supporting in case of medical needs, thereby strengthening bond of trust.

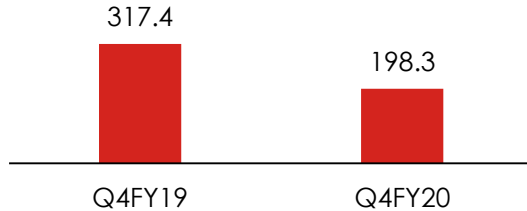




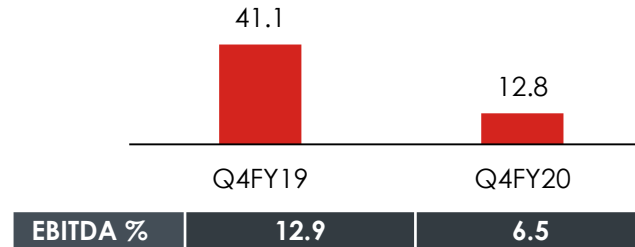
# Q4 & FY2020 Financial Performance

# Q4 FY20 Highlights – Consolidated

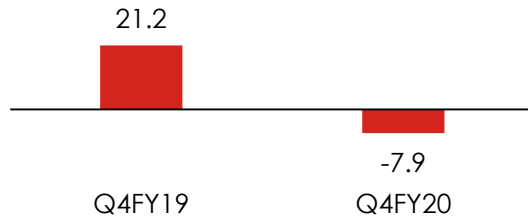
## Total Income



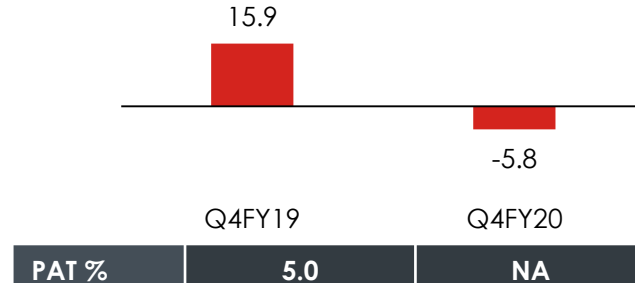
## EBITDA



## PBT



## PAT

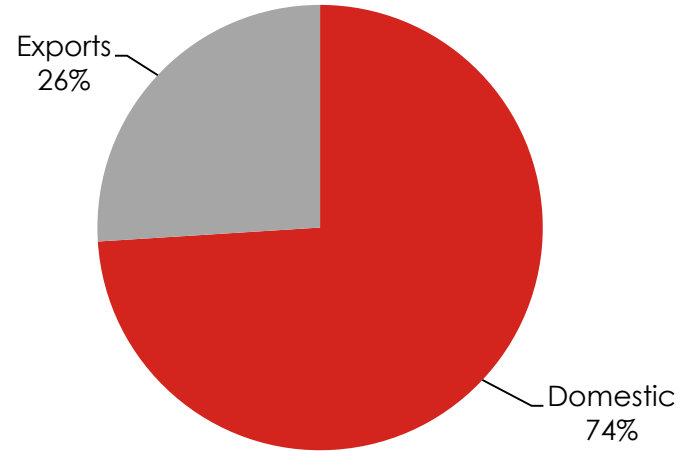
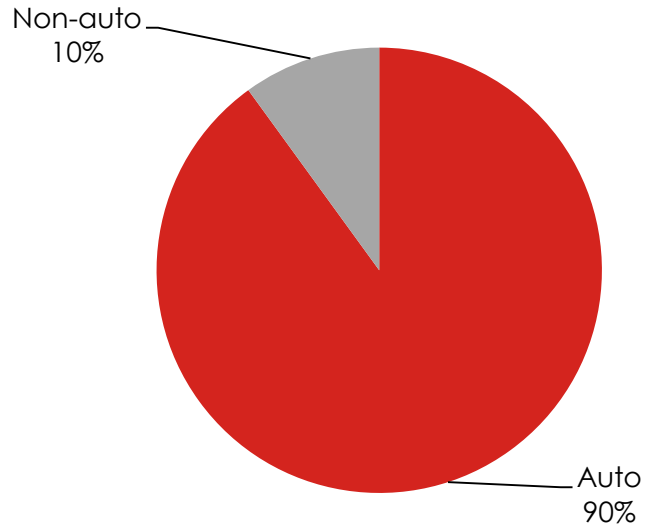


- In the beginning of the fourth quarter, the Company was anticipating a healthy increase in demand for supplies of BS-VI components
- However, the outbreak of the Covid-19 pandemic followed by a nation-wide lockdown announced by the central government in mid-March severely impacted Company's domestic volumes in Q4 FY20. Further, due to restrictions imposed on movement of vehicles and closure of port operations, export sales were impacted in the last 10 days of March
- A weak demand environment for the Auto industry combined with the unprecedented situation due to COVID resulted in a subdued performance in Q4 FY20
- In Q4, Total Income stood at Rs. 198.3 crore
- Other income stood at Rs. 0.6 crore
- EBITDA stood at Rs. 12.8 crore
  - EBITDA margins at 6.5%
- At PAT level, losses stood at Rs. 5.8 cr

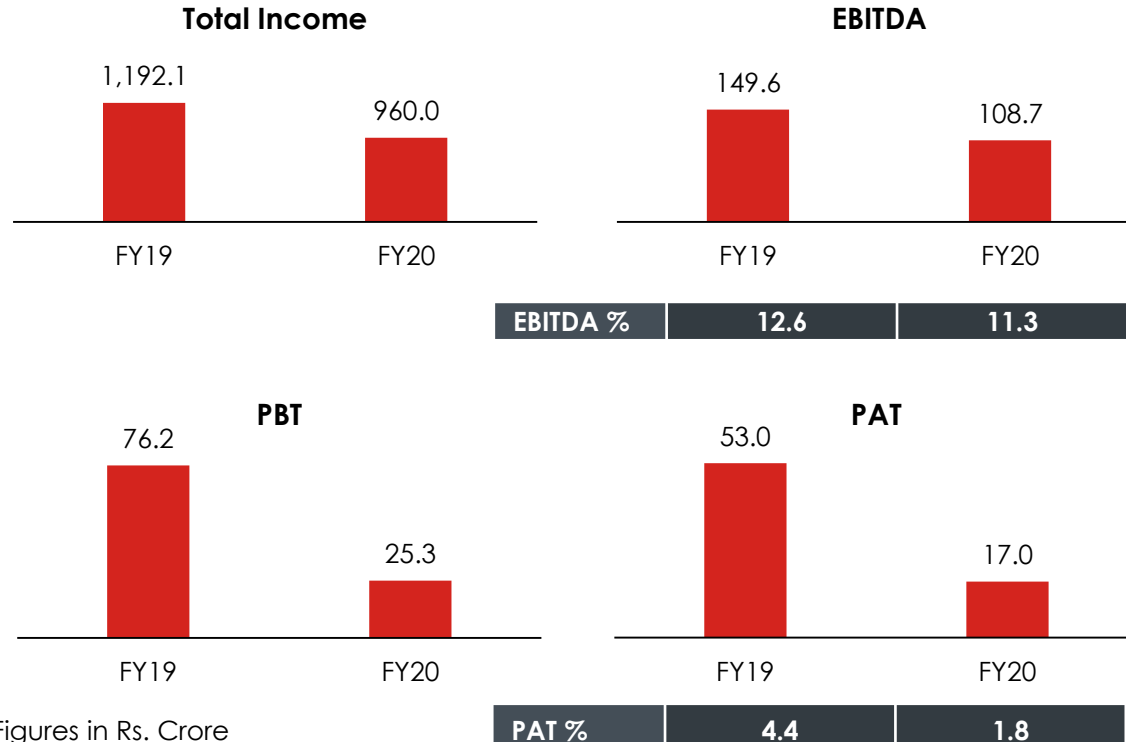
*Note: Performance during Q4FY20 is not strictly comparable to corresponding period due to BS-VI transition and unprecedented COVID-19 impact on business operations*

Figures in Rs. Crore

# Revenue Mix – Q4FY20



# FY20 Highlights – Consolidated



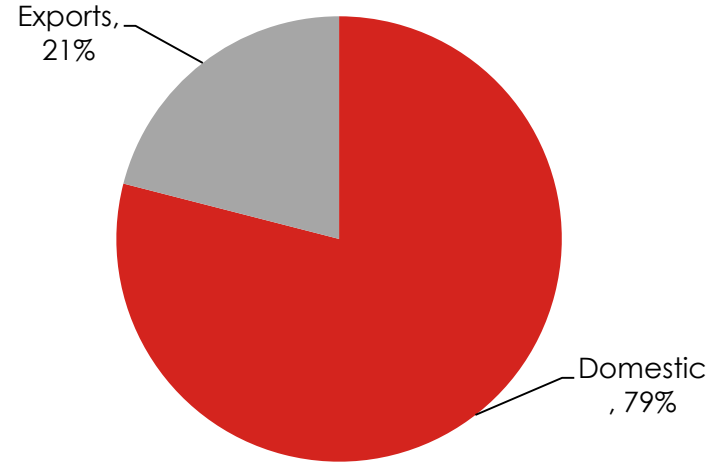
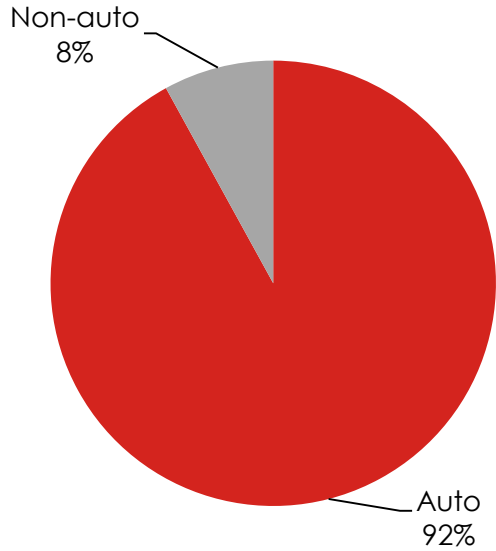
Figures in Rs. Crore

- FY2020 was a challenging year for the auto industry
- The slowdown witnessed in the second half of FY2019 continued and was further complicated with the transition to BS-IV norms. In addition, the outbreak of the pandemic and subsequent lockdowns caused disruption in the operating environment and affected sales for Auto and auto-component companies
- Total Income stood at Rs. 960.0 crore as against Rs. 1,192.1 crore in FY19
  - Domestic Revenues were lower by 16% YoY
  - Export\* segment reported de-growth of 20% YoY
- Other income stood at Rs. 2.8 crore
- EBITDA stood at Rs. 108.7 crore
- PAT stood at Rs. 17.0 crore

*Note: Performance during the year is not comparable to last year due to the BS-VI transition and unprecedented COVID-19 impact on business*

\*Exports (incl. overseas business)

# Revenue Mix – FY20



# Abridged P&L – Consolidated

Particulars (Rs. crore)	Q4FY20	Q4FY19	Y-o-Y Shift	FY20	FY19	Y-o-Y Shift
Net Revenue from Operations	197.72	316.55	-38%	957.19	1,188.90	-19%
Other Income	0.61	0.86	-29%	2.79	3.16	-12%
<b>Total Income</b>	<b>198.33</b>	<b>317.41</b>	<b>-38%</b>	959.98	1,192.05	-19%
<b>Total Expenditure</b>	<b>185.51</b>	<b>276.31</b>	<b>-33%</b>	851.29	1042.44	-18%
Raw Material expenses	97.15	155.51	-38%	487.66	599.50	-19%
Employee benefits expense	37.50	39.12	-4%	143.04	165.04	-13%
Other expenses	50.86	81.68	-38%	220.60	277.90	-21%
<b>EBITDA</b>	<b>12.82</b>	<b>41.10</b>	<b>-69%</b>	<b>108.69</b>	<b>149.61</b>	<b>-27%</b>
<b>EBITDA margin (%)</b>	<b>6.5%</b>	<b>12.9%</b>	<b>-649 Bps</b>	<b>11.3%</b>	<b>12.6%</b>	<b>-123 Bps</b>
Finance Costs	9.33	9.77	-4%	39.34	35.34	11%
Depreciation and Amortization	11.37	10.15	12%	44.03	38.09	16%
<b>PBT</b>	<b>-7.89</b>	<b>21.18</b>	-	25.32	76.19	-67%
Tax Expenses	-2.05	5.29	-	8.28	23.24	-64%
<b>PAT</b>	<b>-5.84</b>	<b>15.89</b>	-	<b>17.03</b>	<b>52.95</b>	<b>-68%</b>
<b>PAT Margin (%)</b>	<b>NA</b>	<b>5.0%</b>	-	<b>1.8%</b>	<b>4.4%</b>	<b>-267 Bps</b>

# Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on March 31, 2020	As on March 31, 2019	Assets (Rs. Crore)	As on March 31, 2020	As on March 31, 2019
<b>a) Shareholders' Funds</b>	<b>314.93</b>	<b>308.26</b>	<b>a) Non-current Assets</b>	<b>417.08</b>	<b>380.73</b>
<b>b) Non-current Liabilities (NCL)</b>	<b>161.84</b>	<b>99.53</b>	<b>a) Current Assets</b>	<b>484.33</b>	<b>498.57</b>
- Long-term Borrowings	122.18	70.10	- Inventories	105.97	119.67
- Other NCL	39.66	29.43	- Trade Receivables	338.27	342.65
<b>c) Current Liabilities (CL)</b>	<b>424.64</b>	<b>471.51</b>	- Cash & Bank balance	9.16	12.44
- Short-term Borrowings	213.49	210.50	- Others	30.93	23.82
- Trade Payables	151.86	184.69	<b>Total</b>	<b>901.41</b>	<b>879.30</b>
- Other CL	59.30	76.32			
<b>Total</b>	<b>901.41</b>	<b>879.30</b>			



# Management's Message

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

*"FY20 has been a challenging year for the Auto Industry which now has to further contend the unprecedented disruption caused by the COVID-19 pandemic. The impact on mobility has been more pronounced and the pandemic, while negative for the Auto Industry in the short term, is expected to drive behavioural changes that will be beneficial for sustained demand over the medium to long term.*

*I am pleased to share that Alicon has rapidly resumed operations post lockdown and all our employees and partners have risen to the occasion to ensure continuity in operations with minimum disruption. We have elevated our safety protocols for our associates and are making every effort to ensure sustained and stable supplies to support our customers. Our confidence stems from our customers who have demonstrated continued commitment to their development programs. Large contract wins over the last 1 year have progressed well and we expect to recoup the delay on account of recent events enabling us to meet the targeted schedules for commencement of production.*

*We are Future Ready and are actively seeking opportunities of which we see several encouraging signs. The one-time transition to BS-VI standards is largely complete and we expect to witness a steady recovery in volumes from OEMs in the months ahead. The global pandemic is likely to accelerate mega-trends such as electrification, automation and personalised mobility, all of which, are focus areas for Alicon. We believe, this will enable us to pick-up momentum in business operations as the broader macro-environment normalizes. While the current emphasis is on stability of operations, our appetite for growth in the future remains undiminished."*



# Concall Details

# Conference Call Details

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## Alicon Castalloy's Q4 FY20 Earnings Conference Call

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**Time & Date**

- 2 PM on Monday, June 29, 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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**Mayank Vaswani / Shikha Kshirsagar / Mit Shah**

**CDR India**

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