

May 19, 2021

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: Transcript of Investor Conference Call

We are enclosing herewith the transcript of conference call with analysts, which took place on May 04, 2021 after announcement of the Unaudited Financial Results for quarter ended March 31, 2021. The said transcript is also uploaded on website of the Company.

We request you to kindly take the above information on your record.

Thanking you,
Yours faithfully,
For **Alicon Castalloy Ltd**

A handwritten signature in blue ink, appearing to read 'Swapnal Patane'.

Swapnal Patane
Company Secretary



Alicon Castalloy Limited Q4 FY21 Earnings Conference Call May 04, 2021

Moderator: Ladies and gentlemen, good morning and welcome to the Q4 FY'21 Earnings Conference Call of Alicon Castalloy Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you. And over to you, sir.

Mayank Vaswani: Good Day everyone and thank you for joining us on Alicon Castalloy Limited's Q4 & FY21 Earnings Conference Call. We have with us on the call today Mr. Rajeev Sikand – Group CEO; Mr. Vimal Gupta – Group CFO; Mr. Shekhar Dravid – COO; Mr. Andreas Heim – Managing Director of Illichmann Castalloy and Mr. Rajiv Gupta – Head of Domestic Business of Alicon Castalloy Limited.

Mr Vimal Gupta will start the call and will cover the financial performance for the quarter and year. following which Mr. Dravid will walk us through the operating highlights of the quarter. In order to share a more granular view of initiatives towards both the global and domestic markets, we also have Mr. Andreas Heim and then Mr. Rajiv Gupta to provide insights on these areas Mr Sikand will then cover the business developments following which, we will have the forum open for a Q&A session.

Before we begin, I would like to point out that some of the statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with all of you earlier. I would now like to hand over the floor to Mr. Vimal Gupta for his opening remarks. Over to you sir.

Mr. Vimal Gupta: Good morning to all our investors. I hope that all of you and your near and dear ones are safe and well, given the severity of the second wave. Thank you for taking out time to join our earnings call.

The Alicon team derives immense gratification that despite loss of lockdown induced business volumes in the first half of the year we were able to record growth in the second half that erased the effect of the deep recession in the first half. We ended the full year with healthy contributions from the Indian operations and our European subsidiary.

We have delivered a robust performance this quarter as total revenue from operations, on a consolidated basis, was at Rs. 323 crore in Q4 FY21, higher by 63% YoY. Even on a sequential quarter basis, total revenue from operations grew by 20%. I am pleased to share that this has been the highest-ever revenues reported by Alicon in a quarter. The growth during the period was driven by improved volume growth supported by healthy realizations and richer product mix.

Volumes were driven by strong performance in our domestic auto business, robust pick up in international business and improving contribution from the EV segment. Before this our strongest quarter was Q4 FY19 and we have been able to realign our performance to our longer-term growth objective which is a reflection of all the strategic measures that we have undertaken over the last several years.

Domestic revenues during Q4 FY21 were higher by 66% YoY, while international revenues including those from our European Subsidiary, Illichman grew 56% YoY as OEM customers scaled up their production schedules. In Q4 FY21, Exports and International business accounted for 23% of our revenues while 77% was contributed by domestic revenues. Our auto business contributed to 92% of the total revenues for the quarter and revenues from our non-auto division stood at 8%.

During the quarter, our subsidiary Company, Illichman received a retrospective sales price claim of Rs. 2.5 crore from Customer-related revision in sales price. Having demonstrated the ability to ramp up volumes this customer has given us enhanced supply schedules in the coming months at this higher price. This order puts us in a good position to showcase our technical capabilities to other customers in Europe who are pursuing increasing the share of electric vehicles in their portfolios.

EBITDA for the quarter was at an all-time high of Rs. 49.07 crore growing by 283% on a YoY basis and by 46% on a sequential quarter basis. The EBITDA margin was 15.2% in Q4 FY21, higher by 872 bps YoY. Q4FY20 EBITDA was muted on account of the lockdown announced in March 2020 and 270 bps QoQ. Our savings and cost optimization initiatives, coupled with a richer sales mix and the uptick in sales volumes helped us record this healthy EBITDA margin.

As we look ahead, we hope that with improvement in our sales mix our profitability metrics would be sustainable and as we continue our thrust-on export markets and new products. The Value addition which was at 130 per kg in FY18-19 increased to 138 per kg in FY20-21. As activity levels rebound, our margins should continue to be supported by the savings and belt tightening that we have implemented at the cyclical lows.

Profit after Tax for Q4 FY21 stood at Rs. 25.33 crore with a margin of 7.8%. This has improved substantially compared to the loss of Rs. 5.84 crore in Q4 FY20, owing to the lockdown announced in March 2020. We have also reported very strong growth in PAT on a sequential basis as it has more than doubled from Q3 FY21.

Another heartening feature of our performance that I would like to share with you is that our focus on managing our working capital efficiently has paid rich dividends. The fact that we were able to achieve this in this pandemic year which witnessed severe disruptions has been confidence boosting. The slightly higher level of inventory has been offset by the reduction in receivables. We were able to reduce working capital by Rs. 29 crore on a yoy basis. The closing receivables as at March 31, 2021 were marginally lower than March 31, 2020 despite the increase in sales in Q4FY21 by 63% on a yoy basis. This has led to improved cash flow in the backdrop of a highly challenging year.

This efficient management of working capital helped us reduce our overall NET debt by Rs 30 crore. The net debt stood at Rs. 297 crore on March 31, 2021 compared to Rs. 327 crore last year, resulting in a marginal improvement in net debt-equity ratio to 0.94x as against 1.04x in FY20.

On the proposed equity raise, we are in the process of taking this initiative forward and the documentation and application is progressing within the timelines prescribed by the regulators. The funds from these proceeds will support our growth initiatives and will also enhance our liquidity and balance sheet position.

As we look ahead, we are consciously following a measured and calibrated capital allocation strategy. With imminent strong business momentum and solid new wins coming our way, the focus is first to efficiently utilize our current installed capacity of 42,000 MTPA at optimal levels before undertaking any new expansions. In order to optimally utilize our casting capacity, we will also have to appropriately scale up our melting and machining capacities and may have to undertake investments in developing capacities for special purpose equipment and process improvements, depending upon customer requirements. The Company will be consciously rebalancing its existing capacity in a phased manner in the next 3-4 years, so as to achieve optimum output across all focus areas from the present capacities. Our agenda is to emphasize on investments, where there is a healthy value accretion in the longer run. So, while we will continue to pursue all the defined strategic initiatives and growth opportunities, our capex spends will always be within a set financial discipline criteria. In line with this strategy, our capex spend during FY21 stood at Rs. 46 crore as against the earlier envisaged plan of Rs. 57 crore and lower than capex spends in FY20 of Rs. 61 crore.

This will allow us to elevate our return ratios. Back in FY18-19, our Return on Capital Employed and Return on Net Worth were healthy at 19% and 17%, respectively. While absorbing the disruption in recent quarters, our focus continues to be on improving ratios over these levels. As the operating performance rebounds and we accrue the benefits of better product mix, healthy profitability, streamlined working capital cycle and improved balance sheet metrics, we will aspire to take our return ratios above the benchmarks set in FY19. The combination of levers to support the EBITDA margin combined with a more efficient balance sheet sets the course for us to surpass previous highs in Return on Capital Employed and Return on Net Worth.

Unfortunately, as we speak, India is experiencing a second wave of the pandemic which is more virulent than what we saw during the first phase and various states across the country have imposed lockdowns while trying to balance the twin considerations of lives and livelihoods. As the spread of the second wave is contained and the macro-environment in India normalizes, we are positive that our domestic operations will add to the current robust volumes that we see in our overseas business.

On that note, I would like now to hand it over to Mr. Shekhar Dravid who will talk about operating highlights for the quarter.

Mr. Shekhar Dravid:

Thank you, Vimal. Greetings to all. I trust all of you are well and staying safe.

I will share with you some of the trends witnessed during the fourth quarter. On the domestic auto front, during the quarter, sales across OEMs witnessed a rebound from a low base with strong demand emanating from pandemic-driven preference for personal mobility and new launches. Passenger vehicles and two-wheeler sales continued to report healthy improvement in sales on a month-over-month basis. Commercial Vehicles also saw increased sales on the back of improved sentiments, steadier freight rates and improving demand from road construction and mining. The major pain point has been higher fuel costs. On the international front, most of our key export geographies in the US and Europe reported healthy

auto sales despite lockdown constraints in some parts of Europe during the quarter due to concerns surrounding the second and third wave of Covid cases.

We are quite encouraged to have reported a strong performance in the fourth quarter. There has been a lot of effort undertaken over the last few quarters and years to position ourselves well to capitalize on growth trends in the global auto industry. The results that we see this quarter and the momentum for the quarters ahead has been contributed by our five key strategic growth pillars -

The first being our Auto business – this segment witnessed improved volumes during the quarter, with healthy client engagements coming in from domestic and export regions. During the period, we added 8 parts from Dana in domestic and 13 parts from OEMs Titanx, Ashwood, Mahle, Eaton in exports. So overall in FY21, we added 39 parts from 13 existing customers in domestic and 42 parts added from 9 existing customers in exports. These order wins amount to lifetime sales value of Rs. 190.8 crore, with an average yearly sales Rs. 39.2 crore.

Amidst the pandemic, personal transportation in the domestic markets has gained considerable importance, with two wheelers being the preferred mode of transportation, especially in the rural and semi-urban areas. On the urban area side, we are witnessing improved sales across both two-wheeler and four wheeler categories. Additionally, we are also seeing some supportive reforms. Favorable policies announced such as performance-linked Incentive Scheme and Vehicle Scrappage Policy will usher in long-term benefits and growth opportunities for the industry, which will further create demand for new vehicles, thus boding well for the Indian auto industry.

Coming now to the second of our growth pillars which is the Electric vehicle division. The continuous global focus on climate change has ensured that all mainstream automobile players have focused their energies on the EV space. Technological improvements have narrowed the cost of ownership between ICE vehicles and EVs.

In the international markets of US & Europe, we have seen growing production and adoption of electric vehicles, especially in the last 2-3 years. Closer home too, we are steadily witnessing a pick-up in consumption of e-mobility. Several auto-components, which, in present combustion engines, are in cast iron or steel fabrication or similar composite material, we believe, will get converted into aluminium or other low-density material like aluminium such as magnesium alloys in the electric vehicle. Aluminium and other low-density materials enable a weight reduction of the component as much as 46% enabling EV efficiencies. We are already supplying battery housing to Samsung who supply onward to JLR in the EV space. This is one of the examples where we have capitalised on the opportunity provided in this space. We believe our experience in aluminium castings will provide us an opportunity to become one of the frontrunners in the EV space.

Recently, we also provided OEMs with thermal engineering solutions for the e-mobility sector. Let me provide a brief overview of the applicability of these solutions. EV components like motors and batteries generate lot of heat during operation, which impacts the end-product performance. In order to alleviate this impact, through our European Subsidiary, we prepared ourselves to cater to this segment and devised a technological solution for electric vehicles. This thermal engineering solution is a value-add and preimmunized offering, which gives us competitive technical know-how. We have already partnered with Bosch and Samsung for these thermal-management solutions and have gained significant exposure in the European markets. We are leveraging our IP and are now partnering with Dana to develop products embedded with ready-to-use technology.

Few years ago, we were ramping up our processes and R&D capabilities and now we have successfully demonstrated a niche solution offering and look forward to capitalizing on more such opportunities from other customers in the EV space.

During the quarter, we have received orders from Dana Corporation, that is TM4, Mahindra & Mahindra, Graziano, and Ashwood for their e-mobility platforms. These order wins amount to lifetime sales value of Rs. 26.3 crore, with an average yearly sales Rs. 5.3 crore. EV as a segment is now looking more promising than was initially anticipated. Our target is now to clock upwards of 25% from the electric vehicle division on a growing revenue base by FY2025-26. With these trends in the EV space, our target is to increase the contribution of EV in its portfolio.

Now onto our third growth pillar, being technology agnostic platforms – We are steadily adding to the proportion of parts we offer that are required in each vehicle irrespective of the technology platform. Various aspects of the vehicle remain common across both ICE and EV platforms and would remain relevant should there be emergence of any alternative technology too. Our aim is to ensure that we gain relevance in interesting and accretive niches around these products by leveraging our core competencies. For example, previously, components such as the chassis and suspension components in combustion engines were in forged steel but with increasing focus towards light-weighting driven by electric mobility, these components are now changing over to aluminum. This brings in another growth opportunity for Alicon. In addition, we are also getting increased enquiries from other OEMs for development of frames and control arms following successful completion of order with JLR for the same product basket. I am happy to share that we have also received RFQ for the new generation vehicle of JLR.

On the non-auto segment, we are witnessing healthy growth in demand across sectors such as Defense, Aerospace, agriculture and Energy and we expect this momentum to strengthen in the quarters ahead. During the quarter, we have received orders from Honeywell Automation India and ABB India as they expand their businesses in the domestic and export markets. We have also got a repeat business win from Ingersoll Rand for supplying their products in the China market. We are also expecting an order from BEML for supplying cylinder heads for the 10,000 TATRA trucks. This is also indigenously designed & developed and is now in a ramp-up phase.

The fifth growth pillar is our focus on increasing customer wallet share. We, at Alicon have positioned ourselves as a solutions provider to our customers. This is amply demonstrated by our recent thermal engineering solutions to our existing customers in the E-mobility space. This will enable us to be the preferred partner of choice for our customers across their ICE and EV initiatives.

We are also diversifying and expanding our product portfolio to include several niche and value-enhancing offerings. We are working towards increasing the proportion of machined components too. Overall, VA per Kg has improved by 6% during the year.

All our strategic growth initiatives position us to capitalize on the opportunities that the economic revival will provide. As already shared by Mr. Gupta, we are witnessing a second-wave of the pandemic in India and I would like to share with you the steps we are taking to counter the localized lockdowns. In accordance with the 'Break the Chain' guidelines shared by the Maharashtra government earlier, our offices and plants, in the month of April, were operating with scaled-down levels of manning to meet requirements of our customers. While in Q4 we returned to optimum levels of operations, the ongoing lockdowns and restrictions may impact operational efficiency in Q1 FY21. However, with actions undertaken by the

government, we are hopeful the second wave will be controlled. Across the company, we remain committed to employee safety, and continue to follow strict adherence to social distancing, hygiene protocols and safety.

On that note, I would like now to hand it over to Mr. Andreas Heim to throw light on our global businesses.

Andreas Heim:

Thank you, Mr. Dravid. A warm welcome to all of you, I will briefly cover the developments on our International business.

This quarter, Illichman Castalloy has enhanced its contribution to the Group's Financial Performance. Those of you who are familiar with the Alicon story would know that Illichman merged into the Alicon Group in May 2010. Illichman was originally founded in 1929 in Austria and has a plant in Slovakia from where it serves marquee clients across Europe.

Since the European markets have been more readily accepting of Electric Vehicles, the development in these markets has witnessed a headstart. There is greater acceptance of EVs and better infrastructure at present. The Illichman facility is catering to demand for Samsung, Bosch and Meritor which has helped scale up the volumes this quarter. Further, some of the leading OEMs like JLR have been fairly aggressive in EV adoption and the stated target to be 100% electric by 2024-25 is likely to unlock more opportunities for Illichman in the coming months. This will be a key contributor to the vision of the Group to increase the contribution of the EV in its portfolio.

In Q4 FY21, we added 13 new parts from 4 global customers such as Titanx, Ashwood, Mahle, Eaton. And in FY21, we added 42 new parts with 9 global customers, with 3 new logo additions from Flextronics, Ashwood and Mercedes(s). International business, including sales from Illichman, contributed to about 23% of our total revenues in Q4 FY21.

Appointment of a global representatives in US and European market namely TBS in US and Gifavi in Europe has helped Alicon penetrate in global business more effectively and now has started showing results as the tractions in business wins in these regions is gaining pace in line with our global business strategy. Having these teams in close proximity to customers has elevated connectivity with existing customers and opened up opportunities to mine new customers for future business.

Apart from the increased penetration with European customers, the entry into global supply chains enhances the prospects for proximate markets. We are working on partnering with PSA in US, entering the markets in Mexico and Brazil as well as leveraging our entry into the Japanese market with Flextronic. Further, our engagement with players like Titanix and Eaton has led to developmental programs for the India business. In addition, there are niche opportunities emerging in the Middle East, China and South Korea to significantly elevate the global footprint for the group.

On this note, I would like to now hand it over to Mr. Rajiv Gupta, who will cover developments in the domestic business for the quarter.

Rajiv Gupta:

Thank You, Andreas. Good day everyone.

The domestic auto industry saw a sharp rebound with sales volumes increasing 27% YoY in Q4 FY21. Across the industry, most OEMs are now operating at near-normal utilization levels despite raw material inflation. From an industry perspective, sales of tractors, two-wheelers, passenger vehicles and commercial vehicles remained strong during the quarter.

Now, coming to our performance, the overall positive momentum in the domestic auto industry has had a favorable impact on the domestic volume offtake. Alicon was able to grow domestic sales by 66% yoy in Q4 FY21, outpacing the growth of domestic industry. We have made good progress in building up volume sales to CV and 3Wheeler customers in addition to our strongholds of 2W and 4W.

During Q4, we added 8 new parts from a leading domestic customer. And in FY21, we added 39 new parts with 12 domestic customers, with 3 new logo additions. So, on the whole, we have reported an encouraging growth in the domestic auto segment during the quarter led by improving demand on account of pent-up sales, festive push and higher preference towards personal mobility.

We are witnessing a good level of enquiries and bookings in the market and are hopeful that improving macros will further support this momentum. The scrappage policy, PLI-linked scheme and improved allocation towards road infrastructure augur well for the auto sector and will help boost consumption, going forward.

On this note, I would now request our Group CEO, Mr. Rajeev Sikand, to share with you in perspective on Alicon performance.

Rajeev Sikand:

Thank you. I welcome all our investors - thank you for joining the call. I hope you and your family members are well and safe.

My colleagues have shared with you the details of our performance and perspectives on the operating environment. I would just like to add here that apart from the impact of the second wave, we are very confident of our growth potential and the opportunities across the auto, non-auto and e-mobility space in the near to medium term. There are improved signs of sustained revival in demand and enquiries across markets driven by augmented consumer sentiments, improvement in finance availability, and a gradual pickup in business and economic activities. Better macros along with a stabilized raw material environment should help build further momentum and boost consumption. I would also like to say deep thank you to my own team – Alicon, who have stood at this juncture when the situation in March 2020 was of sheer desperation. Our team at Alicon showed resilience and led all of us to an inspired journey to cross the new milestone in 31st March, 2021.

At the Company level, our impetus has been on encouraging the adoption of the '3R Mindset', which stands for Reflection, Resilience and Reimagination, across our organization. This approach, even in a difficult year, has enabled us as an organization to adapt to the new normal. In this year, despite unprecedented challenges, all of us at Alicon, within our own growth areas, continued on this cumulative journey to build and create a stronger company, undertaking strategically significant initiatives to solidify the trajectory of growth.

Our multi-pronged focus towards strengthening our existing customer base, adding new clients across markets and ramping up of our product basket continued to drive business momentum. We also expanded our bouquet of products towards high-margin and value-add categories to serve the needs of our customers both in the domestic and export markets. During the year, we announced significant order

wins with multiple OEMS, which provide us with a healthy growth visibility for years to come. Our business fundamentals are strong and intact, and we are proactively engaging with customers to ensure, we fast-track and scale-up performance, going forward. We are also ensuring that all our people - all our blue collar, white collar are well taken care of in this extremely challenging environment. We have deep communication with them on a virtual daily basis.

As we look ahead in the promising and opportunistic future, our objective at Alicon will always be towards making ourselves Future-Ready, while also being a consistent, trustworthy and reliable partner to our strong and growing customer base. We strive to achieve this by efficiently leveraging upon our comprehensive product portfolio, strong innovation & R&D capabilities, agile manufacturing abilities and a strong reference base, both in the domestic and global markets.

On this note, we would be happy to take your questions now.

Moderator: Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Saurabh Jain from Sushil Finance. Please go ahead.

Saurabh Jain: I have a few questions, sir. First is looking at the results, Illichmann has done quite well this quarter; the top line of almost Rs.40 crore and EBITDA margin above 18%. This is probably the first time we saw that number as against a little over 11% in the previous quarter. So what made us reach this level both on top line and margin and is there any one-off in this? How much of that is sustainable going forward?

Vimal Gupta: Thank you, sir. So about Illichmann, first of all, this was a special quarter when we started the major supplies for the EV segment. And there was initial higher level demand from the customers. So that has given us improved top line as well as the bottom line. So, going forward, volumes are increasing, and we are hoping that in the coming year FY21-22, we will see improved top line levels as well as on the bottom line. Definitely, this was a special quarter, that in our notes also we have explained special price given by a customer around Rs.2.5 crore, which has impacted the results for Q4. But overall, when we see improvement in the topline of Illichmann, so there is improvement in the bottom line, in the margins also. And if you see the previous years of Illichmann performance, up to that level, they were almost at breakeven. So after that when volumes grow, so there is a good improvement that we see in the bottom line and margins.

Saurabh Jain: So how much of this Rs.43-44 crore of the revenue came from EV?

Vimal Gupta: Approximately 40% is from the EV segment.

Saurabh Jain: Sir, the same is true for the standalone business as well, we recorded highest ever margins. Can we assume that we can sustain these 15% kind of margin for the full year and perhaps improve next year from this level?

Vimal Gupta: Yes, definitely, if you remember that in our earlier call also, we were explaining that we are moving towards the new businesses where margins are high, so that has started now from the Q4FY2021. So definitely there will be improvement in the margins in the coming quarters that we will see, when we have normalcy in the business.

Moderator: Thank you. The next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

- Rohit Ohri:** Two questions which are related to the developments at property at Khed. If you can just highlight as to what exactly is happening there?
- Vimal Gupta:** At this moment, we have kept on hold because now we are more focused towards utilizing our existing facilities. Because you also know that when we go to a new location, we have a lot of fixed costs and investments towards land and building, etc. So, in the current year we are more focused towards utilizing the existing facilities and improving the output from the present facilities.
- Rohit Ohri:** So you feel that your current plant and the current capacity utilization is ample enough for you to not go to Khed and go and explore that property?
- Vimal Gupta:** At this moment, yes.
- Rohit Ohri:** What is the current capacity utilization that you have?
- Shekhar Dravid:** Our current capacity utilization is around 70% in FY2021, but looking at the capacity utilization for the plant, we will reach 80% by next financial year.
- Rohit Ohri:** Your presentation speaks about a program to reduce the interest cost. So, can you elaborate what exactly are you trying to do or what is on your scribble pad that you have chalked out to get the margins slightly higher from here despite the new product launches that you have done?
- Vimal Gupta:** Yes, to reduce the interest cost, our main focus is on the investment side how to optimize our existing facilities and secondly you have seen that in the last year how we are more focused to reduce the working capital. So now furthermore pressure we are putting to renegotiate our payment terms with the customers where money is stuck. So further we will see improvement in the working capital cycle as well as on the investment side. Second is now the interest rates. We are renegotiating with the lenders to reduce our interest rates. So, wherever the opportunities are there, we are putting up all efforts.
- Rohit Ohri:** Are you looking at any fund raising plan to kind of boost the operations of the four plants or maybe the property at Khed as well?
- Vimal Gupta:** For the property at Khed that we have already explained, it will take a little bit time, but this fundraising is in the plan and you know that already we had an AGM and the QIP, so that is in progress.
- Rohit Ohri:** This property at Khed is in the books of Alicon and you are the owners?
- Vimal Gupta:** Yes.
- Moderator:** Thank you. The next question is from the line of Pritesh Chedda from Lucky Investment Managers. Please go ahead.
- Pritesh Chedda:** The utilization numbers which you gave for FY21 at about 70%, does it mean that Q4 was actually 100% utilization for us?
- Shekhar Dravid:** It was not. Basically, as you know last time also we had discussed that any point of time we are working with 80% to 85% of our capacity. And our utilization has improved because of multiple things what we have undertaken last year - using the multi-cavity tools the output per machine has been increased. So, all these have given us output from the existing capacity. So still I will maintain that in Q4 also it was within the range of 70%-72%.

- Pritesh Chedda:** So, the annual cannot be 70% right?
- Rajeev Sikand:** Yes, other quarters were not normal.
- Pritesh Chedda:** So when you are referring to the utilization number, you are referring to Q4 utilization?
- Vimal Gupta:** Yes.
- Pritesh Chedda:** Whatever order wins we have announced so far, there were different orders; there was Toyotas and there was Titanx and a lot of orders and there is a lifetime value of those orders and you would have got something in Q4 also. I just wanted to know how much of those new orders in terms of annual execution is slated in FY'22 and FY23 by value?
- Rajiv Gupta:** In FY21-22 with these new businesses what we have bagged, we are projecting a sale of Rs.382 crore. In FY22-23, this will realize to Rs.605 crore.
- Pritesh Chedda:** So you are saying you would execute Rs.400 crore of incremental business in FY22 and you will execute Rs.600 crore of business incrementally in FY23?
- Rajiv Gupta:** Yes.
- Pritesh Chedda:** Sir, this number differs from what it was let's say during the call which was done on 18th December, where it was mentioned that out of the total orders that we have got, Rs.80 crore is executable in FY22 and Rs.160 crore is executable in FY23. I am asking for the annual execution of new order sir, I am not asking for the lifetime values. So whatever orders were not there in FY21 becomes a new order, right?
- Shekhar Dravid:** The projections which we talked in the December call, those were based on the plans which customer has given at that time. But as and when the situation has changed, the projects previously which we have developed and which were in ramp up and got delayed, the customer has ramped up in this year and hence we are seeing a growth of this value from that point of view. Also, the new businesses what we added, those businesses are also going into a ramp up in FY22-23 for the business we will take up in FY21-22. So that is why this total of Rs.380 crore what we are looking into. So these are the total overall businesses which we have captured it in last two years and that has gone up into development and ramp-up.
- Pritesh Chedda:** So I should add this Rs.400 crore of new business on Rs.800 crore of revenue that you have done in FY21, right, so you can do about Rs.1200 crore of revenue in FY22 and then it goes to something like Rs.1,400, 1,500 crore of revenue in FY23?
- Rajeev Sikand:** Of course, all this will depend on what will be the localized lockdown which we are now seeing. So Rajiv is giving a figure which basically would be a normal business year. So that much only will be differential.
- Pritesh Chedda:** On the Q4 outpacing of the vehicle growth, we are exposed to two wheeler and CV to a larger extent. So what explains this outpacing of the industry growth, any specific comments that you have when we look at the auto growth and when we look at your revenue growth QoQ or YoY whichever way, it is completely different?
- Rajiv Gupta:** Yes, if we talk about the Q4 performance, as rightly said, we were above the industry growth, the industry has witnessed a growth of 27% and we were at 54%. And the reason we were able to perform better from the industry was the new

business what we have added. And this has helped us to grow the momentum and regain our business.

Rajeev Sikand: Secondly, the increase in our SOB in this quarter, so mostly we have a single source, we worked on flexibility and enabled this by providing this flexibility to our customers.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: I just wanted to understand what is the capacity utilization you are targeting in FY'22?

Rajeev Sikand: It is below 75%.

Deepak Poddar: In Q4, our capacity utilization was 70% if I heard it correctly, right?

Rajeev Sikand: 72%.

Moderator: Thank you. The next question is from the line of Raghunandhan NL from Emkay Global. Please go ahead.

Raghunandhan NL: Just a couple of questions. Firstly, on sales to EV customers, how much is the share of revenue currently for EVs and if you can give some color on what is the pending order book, just wanted to better understand how you see the contribution rising in FY'22, FY'23 now that we have set a target of 25% over the next few years?

Rajiv Gupta: Talking about the EV, the last year the contribution was 8%, this year we are targeting 9% and eventually it is going to be increased over the years. Particularly, if you talk about volumes, in India, in EV the contribution is very low. We have built our momentum but European subsidiary, wherein JLR has picked up very well. Very closely we are watching how the trend is changing in EV and ICE. As per the research, what we know is that the EV contribution is 13% now and by FY2025 it will reach up to 30%. Last year also we have done quite well in the EV space, we were getting a lot of business in this particular space. Yes, we have defined and we have revisited our target, because we have noticed that a lot of traction is coming up and in EV we are getting high value addition. As we mentioned about the thermal engineering solutions, this will help us to grab our share in this particular space.

Raghunandhan NL: My second question was on working capital. Receivables have been reduced but receivables still stand at about 139 days. What is the comfortable level and what is the expected target for the Company? I remember you had indicated that you are working towards a few pending settlements with customers and can also use discounting as an option to reduce the working capital level. So Vimal sir, if you can comment a little on that?

Vimal Gupta: Definitely, because now we are more focused on this but on the other side we have to see the challenge. We are growing in the export market where always the payment terms are longer but definitely at least for this year we are targeting maybe in the range of 110 to 115-days.

Moderator: Thank you. The next question is from the line of Aditya Makharia from HDFC Securities. Please go ahead.

- Aditya Makharia:** You did mention that use of aluminum in two-wheeler EVs will go up from 5 Kgs to something like 12 to 13 Kgs. Now I wanted to know will the realization come now because the aluminum weight will go up so much?
- Shekhar Dravid:** As you know that we are working with Ather where this is realized, we are supplying around 17 Kgs for the vehicle now. And looking forward at this moment whatever the orders we have captured, the percentage of that, we are in a growth stage where we are acquiring more and more components. So, it will be very difficult from the point of view to quantify at this moment for other sectors. But definitely we are working on and this will increase the aluminum content in EV and that gives an opportunity for Alicon.
- Aditya Makharia:** No-no, I get that, obviously you are getting to get more orders, but the per kg realization, will it be lower in the case of EV as compared to ICE because if you are supplying 5 Kgs of aluminum component that goes mainly to engine for ICE vehicle, but perhaps for an EV, the aluminum content maybe used for chassis and other products so the realization will come down?
- Rajeev Sikand:** These parts will qualify in a certain segment which we have defined inside our group and these are the value-additions as Vimal had explained earlier, the value addition per kg is moving up and this comes in kind of basket, where the movement will be slightly up year-on-year.
- Aditya Makharia:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.
- Rajeev Sikand:** I thank everyone once again for joining us today and wish you all are safe, your families are safe and let us hope the whole pandemic intensity reduces; we are seeing in Maharashtra over the last three weeks it has reduced and hopefully other states will show a reduced trend sooner or later. And I wish you all the very best for the day. Thank you very much.
- Vimal Gupta:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Alicon Castalloy Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

Disclaimer - The following transcript has been edited for language and grammar and may not be a verbatim representation of the call.