May 23, 2025

To	To
The Manager	The Manager
The Department of Corporate Services	The Listing Department
BSE Limited	National Stock Exchange of India Limited
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Dalai Street, Mumbai — 400 001	Bandra (East), Mumbai — 400 051
Scrip Code: 531147	**Scrip Symbol: ALICON**

Dear Sir/ Madam,

Sub: Transcript of Analysts Conference Call

We are enclosing herewith the transcript of the conference call with analysts, which took place on 14th May 2025, after the announcement of the audited Financial Results for quarter and financial year ended March 31, 2025. The said transcript is also uploaded on the website of the Company.

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

Thanking you,

Yours faithfully,

For **Alicon Castalloy Ltd**

VIMAL
KUMAR
GUPTA

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Alicon Castalloy Limited

Q4 & FY25 Earnings Conference Call Transcript

May 14, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Alicon Castalloy Limited Earnings Conference Call.

As a reminder, all participant lines will remain 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 the operator by pressing '*' then '0' on your touch-tone telephone. 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.

Mayank Vaswani: Thank you, Ryan. Good morning everyone and thank you for joining us on Alicon Castalloy Limited's Q4 & FY '25 Earnings Conference Call.

We have with us on the call today, Mr. Vimal Gupta – Group CFO and Mr. Shyam Agarwal – Chief Marketing Officer of Alicon Castalloy Limited.

Mr. Gupta will provide an overview of the operating and financial performance for the quarter and financial year, following which Mr. Agarwal will walk us through the developments in global markets and insights on domestic business. Thereafter, we shall open the call for the 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 documents that have been shared with all of you earlier.

I would now like to hand over the call to Mr. Vimal Gupta for his opening remarks. Over to you, sir.

Vimal Gupta: Good morning, everyone, and welcome to Alicon Castalloy's Quarter 4 and Financial Year '25 Earnings Conference Call. Thank you for taking the time to join our call, and I trust you have reviewed our Financial Performance and Earnings Documents shared earlier.

Following a subdued performance in Quarter 3 of FY '25, I am pleased to report a strong rebound in the 4th Quarter with revenues growing 8%

sequentially to Rs. 426 crore. With this performance, we have returned to our quarterly run rate of over Rs. 400 crore in revenue. That said, we believe the quarter could have been stronger if not for ongoing challenges in our export markets and continued softness in the Commercial Vehicle segment.

The strong recovery in Quarter 4 has enabled us to close the financial year on a solid footing, with the top line growing by 10% year-on-year to Rs. 1,720 crore. Despite a volatile macroeconomic environment and challenging industry conditions, we have successfully delivered double-digit revenue growth. In recognition of this performance, the Board of Directors has recommended an interim dividend of 50% amounting to Rs. 1.5 per share.

Now, turning to the financials:

We reported an improvement in gross margin to 47.5% in Quarter 4, up from 45.8% in Quarter 3, an increase of 170 basis points on sequential basis. This was primarily driven by a higher share of Passenger Vehicle components in the sales mix, which contributed to better value addition.

As shared in the previous quarter, we have made upfront investments in technologically advanced facilities featuring robotics and automation. Increased volume from these production lines have also supported the improvement in gross margin. We are now focused on further scaling these assets to enhance fixed cost absorption and drive additional margin expansion.

EBITDA for Quarter 4 stood at Rs. 48 crore, up 36% from Rs. 35 crore in Quarter 3 of FY '25. EBITDA margin improved significantly rising from 8.9% in Quarter 3 to 11.2% in Quarter 4, an expansion of 230 basis points. This improvement reflects the gain in gross margin as well as better utilization of our new advanced production lines.

During the quarter, we also made a provision of approximately Rs. 4 crore towards receivables written off due to insolvency of one European customer. This one-time impact weighed on the reported EBITDA and excluding this, the improvement would have been even sharper.

Depreciation for Quarter 4 stood at Rs. 22 crore, marginally lower than Rs. 23 crore in Quarter 3, while finance costs were Rs. 12 crore compared to Rs. 11 crore in the previous quarter. These changes in fixed cost effectively offset each other, resulting in a stable aggregate cost base.

Pre-tax profit for the quarter rose roughly to Rs. 13 crore compared to Rs. 1 crore in Quarter 3 of FY ‘25. Similarly, profit after tax stood at Rs. 9 crore, up significantly from Rs. 1 crore in the previous quarter, underscoring the strong recovery in our operational performance.

For Financial Year '25, total revenue was Rs. 1,724 crore, marking a 10% increase from Rs. 1,563 crore in Financial Year '24. The gross margin for Financial Year '25 was 47.8% compared to 51.5% in the last year. EBITDA for Financial Year '25 was Rs. 198 crore, a 1% decline on a year-on-year basis, while profit after tax stood at Rs. 46 crore compared to Rs. 61 crore in FY ’24.

Capital expenditure for Financial Year '25 stood at approximately Rs. 165 crore to Rs. 170 crore primarily directed towards machinery upgrades and new product development in alignment with our long-term growth strategy. This represents the largest CAPEX outlay by Alicon in the past two decades, a strategic investment focused on developing critical components for both ICE and EV platforms.

Looking ahead, we anticipate a capital expenditure of around Rs. 170 crore in the upcoming financial year, as we continue to build capabilities and support our expanding business pipeline.

At the beginning of Financial Year '25, we had guided for a revenue of Rs. 1,800 crore, targeting 15% year-on-year growth. We have ended the year at Rs. 1,725 crore and I am sure all of you would recall that we were ahead of our annual run rate in the first half of the year. The shortfall is largely attributable to a sharp slowdown in Quarter 3 across key export markets, particularly Europe and the U.S., as well as the sharp decline in volumes in the commercial vehicle and EV segment.

Considering the macroeconomic volatility, geopolitical uncertainties, ongoing discussions around tariffs and certain customer-specific disruptions encountered during FY ‘25, we believe the deviation from our initial target is not alarming. We continue to remain confident in the long-term growth prospects of our industry.

However, in light of recent disruptions, our earlier guidance of Rs. 2,200 crore for FY '26 now appears ambitious. We are recalibrating our outlook and currently expect to achieve revenue in the range of Rs. 1,900 crore to Rs. 1,950 crore in FY '26 translating to a top-line growth of 12% to 14% for the year.

With that, I will now hand over the call to Mr. Shyam Agarwal, who will walk you through the operational highlights for the quarter.

Shyam Agarwal: Thank you, Mr. Vimal. And good morning, everyone.

In Quarter 4, FY '25, the global automotive industry recorded modest year-on-year volume growth of 1% with Europe and North America witnessing declines of 7% and 5%, respectively. In contrast, the Indian automotive industry demonstrated an encouraging performance of 6% volume growth led by the two-wheeler segment. Within the segment, there was a 6% increase in the two-wheeler segment. 5% increase in the Passenger Vehicle segment and 3% growth in the Commercial Vehicle segment during the quarter.

For the Financial Year '24-'25, global automotive production declined marginally by 1% year-on-year, driven by 6% contraction in Europe and 3% decline in North America.

In contrast, the Indian market delivered a robust 9.9% growth in volume, led primarily by the two-wheeler segment with additional support from the Passenger Vehicle segment.

At Alicon, we effectively capitalised on these tailwinds with our two-wheeler segment growing 19% and Passenger Vehicle segment by 17% over the year. However, commercial vehicle volumes declined by over 21% year-on-year, largely due to deferment of the bus supply tender due to election year.

We also saw a decline in Carbon Neutral segment, which partially offset the strong performance in other categories. Taking into account these mixed trends across segments, we closed the year with a consolidated revenue growth of 10%.

On a positive note, our India business continues to demonstrate strong performance. We have successfully ramped up supplies of four-wheeler cylinder heads to a leading Japanese OEM and are proud to have been recognized at their recent supplier meet for our contributions in quality, efficiency, and reliable delivery.

Building on the momentum, we have commenced supply for a follow-up order for an additional cylinder head, which is scheduled to ramp up in the upcoming financial year.

Volumes to the India plant of the European OEM have been consistent, and we are set to deliver increased volume in FY '26. The incremental volumes are largely for supplies to global markets.

Another leading Japanese OEM has fully resumed production at its plant. We are delivering volumes at full utilization on this production line and are actively exploring productivity improvement measures to further enhance our volumes. As previously mentioned, we expect monthly supplies of cylinder heads to the customer will increase.

For another key customer, a leading European OEM, we successfully completed the initial volumes from our Europe plant with production now transitioned to our India operations. We are pleased to report that production has commenced at our India domestic plant and the capacity is fully operational. Shipment to the customer's facility has already begun. The strong outlook for production from these customers comprising two Japanese OEMs and two European OEMs provide robust visibility for ramp-up of the PV business.

Further coming to business wins, encouragingly, our new engagement with prestigious European OEM for structural part marks both a new customer and new product entry in Europe, one that we believe could unlock further opportunity in the premium segment. We have also added four parts in India business mainly for the ICE vehicle.

Regarding our European operation, the gas and energy environment remains stable, and we have seen slight easing in aluminum prices. Our sustainability efforts continue to yield results, with nearly 30% of our electricity consumption now being met through solar power.

On the back of challenges in Quarter 3, we have witnessed a strong recovery in Quarter 4. We are looking to build on it further in FY '26. However, the noise around the U.S. tariffs is proving to be a deterrent. There is heightened uncertainty given the fast pace of development and news flow around these tariffs and counter tariffs being proposed. Given the sharp rise in uncertainty, customers understandably prefer to pause their decisions and commitments towards production schedules and are choosing to be more flexible in their approach.

Adding to this is the expectation around a probable recession in the USA in the second half of the year. The U.S. economy reported negative GDP growth in the first quarter of 2025, reporting a decline in real GDP at an annual rate of minus 0.3% in Quarter 1, 2025, marking the first contraction since early 2022.

This downturn was primarily driven by a significant surge in imports as businesses accelerate purchases ahead of anticipated tariffs as well as a decline in government spending. These factors outweighed gains in consumer spending, export and business investment. Despite this contraction, economists anticipate a rebound in the second quarter with a projection of 2% annualized growth as the effect of front-load imports will diminish.

On this note, we can open the floor for the questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Raghunandhan from Nuvama Research. Please go ahead.

Raghunandhan: Thank you, sir, for the opportunity and it's heartening to see the improvement on a Q-o-Q basis. Sir, firstly, understanding the mix of the revenue for FY

'25, 6% is non-auto, remaining 94% is auto. Can you break it down into CV, PV, two-wheeler three-wheeler?

Shyam Agarwal: Thank you, Raghu, for the question. For the two-wheelers, the sales contribution is 35%. Passenger vehicle is 39% and commercial vehicle is 21%.

Raghunandhan: I would require the same in FY '24 if you have that handy.

Shyam Agarwal: This is for '24-'25, I have told you, Raghu.

Raghunandhan: Can you share for the previous year as well?

Shyam Agarwal: Yes, Raghu, just one minute. So, for '23-'24, two-wheeler has 40%, which has come down to 35%. And Passenger Vehicle, it was 33%, which has increased to 39%. And Commercial Vehicle, which was 19%, it has increased to 21%.

Raghunandhan: Can you please talk about the pending order book and how the order book is more skewed towards PV and CV, and how you see the share of this higher value addition segments increasing in revenue in the coming years, and how you see the two-wheeler segment going down as percentage of revenue as we go forward?

Shyam Agarwal: Yes. So, Raghu, currently our order book is around Rs. 9,000 crore. And here what we are seeing, the major increase which we are seeing is from the passenger vehicle and the commercial vehicle. And if I bifurcate, so passenger vehicle contributes 50% and commercial vehicle 32%. So, in totality, four-wheeler will be around 82% of our order book.

So, here, if you see over the year, we have focused more on the Passenger Vehicle segment. And primary focus initially was on our cylinder head. And apart from cylinder head also, we have developed lots of parts for the hybrid vehicles and pure EV. So, we are moving from low margin products to high margin products with respect to the change from two-wheeler to passenger vehicles.

And in India and globally, if you see the traction for the hybrid is increasing, and in India you must have seen Toyota vehicle, Suzuki vehicle, especially the hybrid, they are doing good. And you know we are the single source for the cylinder head.

Raghunandhan: Very helpful, sir. Thank you. And for the Rs. 9,000 crore order book, this is to be executed over which year, sir?

Shyam Agarwal: Sir, this is up to 2028-29.

Raghunandhan: And starting from?

Shyam Agarwal: Starting from '23-'24.

Raghunandhan: Okay, '24 to '29. Got it, sir. And you spoke about EVs. How would be the share of EV in FY '25 versus FY '24 in revenue?

Shyam Agarwal: Yes. Just one minute, Raghu.

Raghunandhan: Just in the meantime, going forward, number one, we have a strong order book. There are two Japanese OEMs where we are seeing a ramp up of order execution and there are two European OEMs where also we are seeing an increase in the execution of the previously received orders. So, this would be the four main customers who will drive the growth for FY '26.

Shyam Agarwal: Yes, absolutely right. So, the two Japanese OEMs and two European OEMs you rightly said, that will be the key drivers for our top line as well as for the bottom line.

Raghunandhan: And within our export, what would be the share of U.S.?

Shyam Agarwal: U.S. is around 8%.

Raghunandhan: So, 8% of overall revenue in the U.S. And this falls under Section 232 tariffs for us.

Shyam Agarwal: Currently, Raghu, on our part, we are in aluminum die casting. So, current duty on our part before the Trump tariff was 2.8%. And now they have put a 10% tariff on our parts. But whatever agreement we are having, so duties are not paid by Alicon. All the duties are paid by the OEMs who import the parts from Alicon.

Raghunandhan: Got it, sir. And would we have the EV share numbers in the revenue?

Shyam Agarwal: Sorry, we missed your voice, Raghu, if you can repeat your question.

Raghunandhan: The EV share in revenue, sir, for FY ‘25 and '24.

Shyam Agarwal: So, EV sales if we see in FY ’24, it was 12% and for FY '25, it is 19%.

Raghunandhan: And this includes even the hybrid?

Shyam Agarwal: Yes, it includes the hybrid.

Raghunandhan: Please continue, sir. You are talking about ICE.

Shyam Agarwal: Yes, so EV segment we are increasing from 12% to 19%, while the ICE segment contribution will come down from 73% to 69%.

Raghunandhan: Very, very helpful. Just a last question before I fall back to the queue. Adjusting for the Rs. 4 crore receivable written off, we are around 12% margin for Q4. And going forward, expressing a sequential improvement in exports. And also, you spoke about the focus on value addition, automation, and ramp up of the newly added asset. All that will also add to the margin of the company. So, broadly, what range can we expect the margins to be for FY '26? Can it be between 12 to 12.5%?

Vimal Gupta: Raghu, definitely what Shyam is explaining the change of the sales mix coming up in the current year. So, in Quarter 1, you know that the global issues are going on, the tariff issues, all these things. So, we see like a flat, Quarter 1 is flat. May be further improvement from Quarter 2 and for the full year, we are expecting near about around 13% in the margins, Raghunandhan.

Moderator: The next question comes from the line of Yash Dalal from Sushil Finance. Please go ahead.

Yash Dalal: Hi. Firstly, good afternoon to the management. So, I have a few questions. First one, despite flat revenues, EBITDA margins have seen a drop Y-o-Y. So, how much of this is due to your raw material prices going up that has not been passed on and how much is due to the product mix?

Vimal Gupta: No, it is 100% due to the product mix. There is nothing like that price is not passed on. So, every 100% there is a pass on.

Yash Dalal: And in your cash flow statement, it shows Rs. 165 crore CAPEX for FY '25 which is higher than the original guided figure. So, what are the reasons for the same? And any major capacity additions done during FY '25?

Vimal Gupta: Yes, we are always explaining, Yash, for the new projects what we are coming up, because these are the very critical and big parts. So, we need good quality and bigger machines. So, for that, we are putting up the capacities. So, that is going on and this previous year of '24-'25, we have made a lot of investment for the new projects like what we were talking about JLR or the Daimler or PSA. So many projects we have done. And another site is around Rs. 20 crore or Rs. 30 crore for the improvement site the maintenance CAPEX we had and the automations we are doing. So, those are the main areas and maybe Shyam can add.

Shyam Agarwal: Yes, Yash, we are seeing these investments for our next growth driver for FY '25-'26 and FY'26-'27, because these are very customer specific investments which we are doing. And these are for the bigger and bolder parts and the high-volume parts. Like Mr. Vimal explained the JLR for which we are developing the eAxle.

So, this is a very unique product which we have developed. And for the ramping up the volume, we have made the investment. And once we demonstrate to JLR, like we can produce these parts in India, then it will open the door for many global OEMs as well as for the domestic OEMs. So, these investments are very strategic in nature, and we see good revenue growth in the coming future out of this investment.

Moderator: The next question comes from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: Thank you, sir, for the opportunity and also congratulations for this quarter's better execution. Sir, my question is on the revenue guidance side, like this time we have guided Rs. 1,900 to Rs. 1,950 for '26, though earlier we were a bit high, and also we failed to meet our guidance in this year. So, just trying to understand, I know overall macro concern is there, but still we are serving lot on the domestic side.

And also, like we are working on the eAxle part for JLR. And apart from eAxle, which are the other product that we are working for the JLR? And when we are seeing conversion on the order book side, like as per earlier quarter, we were having more than 9,000 crore. So, how much is the current order book, and how is the conversion part is going on, if you can explain on that side, please.

Shyam Agarwal: Yes. Jyoti, thanks for your question, and we appreciate that you recall what the guidelines we had given for the revenue in the earlier Con Call, but in the last Con Call, if you see, considering the global environment, we have corrected our guideline. And if you see globally, the automobile market has not done good in the last year. The global automotive market was down by 1%. And especially if you see the Eurozone, that was down by 6%. And North America was down by 3%. So, we have not seen the growth while we were anticipating that the global market will grow by 2%. So that was the first reason.

Second thing, we have invested a lot on the development of the EV parts, and if you see last year, the growth of the EV was not as all the market experts, they have anticipated. And we have also seen the impact of the election. Because of the election year, lots of tenders were canceled. So, we were not able to make those sales. And you know, our products are the derived sales. We are supplying to the OEMs, and they are selling the vehicles. So, the vehicle sale was also down for the EV. Because of that, we have cut down the guidance. However, we have done the sales growth of 10% in the challenging environment also.

Next year, why we have given this guideline, because you have seen the issues in the USA because of the Trump tariff issues, which we are seeing, and also the latest research report, which we are seeing from the global companies, they are still showing the 9% reduction in the volume in the USA and 6% in the Europe. So, still this year, the guidance from all the research companies are on the negative side.

Still, we are giving guidance for Alicon for the higher sales because we have the new businesses which are in hand. We have done the investment. We are seeing those volumes ramping up. And in India, we are seeing that we are increasing our share of business, especially in the passenger vehicle segment with the Japanese OEMs, which we have mentioned in our speech.

So, this is the reason we are seeing some growth will be there. And once we will get more clarity on the global issues like tariff and other, I think in the next Con Call, we will be in a better situation to give you further guidance on our next year volumes.

Jyoti Singh: And also, sir, I asked about JLR product that we are working on eAxle housing. Apart from any other product that we are working and also on the order book, if you can update?

Shyam Agarwal: Yes, Jyoti, JLR is our strategic customer, and they also consider us as a very important supplier, and we also got the award from JLR which is a very prestigious award, JLRQ that we have got from JLR. So, apart from eAxle, we are supplying lots of products which are in series production and which we are supplying for the last 4-5 years. And we are seeing the replacement volumes are coming for those. Replacement orders are coming. And also we are working on the battery housing which we are supplying from our European location to them. So, if you see like we are supplying around 10 to 12 products to Jaguar Land Rover.

Jyoti Singh: And also, sir, are we planning to shift any plant from Europe and other locations to India?

Shyam Agarwal: Jyoti, the plant what we are in Europe, that is a strategic plant. And customers also would like to see the production is near to their production facility. So, we are very happy with our European plant that is at a very strategic location. So, there is no plan to shift any plant from Europe to India because in India we are already having three plants.

Moderator: The next question comes from the line of Jaimin Desai from Emkay Global. Please go ahead.

Jaimin Desai: Hi, good afternoon, team. Congrats on the decent performance in a tough quarter, and thanks for taking my questions. My first question is on the underlying demand outlook. So, this year we closed at about 10% overall top-line growth and for FY '26 now we are looking at about 12% to 14% with a good amount of ramp up seen in the European and Japanese OEM orders.

Reading between the lines, it appears that domestic ramp up could be a bit muted compared to exports. Is this understanding, correct? How are you looking at customer schedules from the domestic clients as of now?

Shyam Agarwal: No, Mr. Desai. When we say the Japanese OEMs, it doesn't mean we will export to Japan. We are saying the Japanese OEMs who are present in India, and we are ramping up their volumes. So, we are seeing a decent growth in India. However, we are seeing okay growth in U.S., in Europe. The overall volume will not be increased, but the new orders which we have got from this customer, because of that we will get growth.

Jaimin Desai: Understood. Thanks for the clarification. Secondly, sir, the press release mentions about global industrial demand possibly having bottomed out. Can you throw some more color in this?

Shyam Agarwal: So, Mr. Desai, I tell you, like, we visited the USA two weeks before myself and Mr. Gupta. Still, all the OEMs, they are also not very certain about the volumes in this year because the tariffs issues are still not very clear. So, we will have to wait for one or two months until this tariff situation will settle down. We have seen U.S. and UK have made a good progress. So, at least we can see the JLR volume will increase. But for the other OEMs and the customers, we will have to again wait for one or two months until this tariff situation will be clear.

Jaimin Desai: Understood. Sir, coming to the incremental revenues that we are seeing in FY '26 versus last year, possible to share how much would be the contribution from ramp up of order wins that we have seen? And how much would be the like-to-like growth on the existing platforms?

Shyam Agarwal: So, from the new order win, around 5% growth will be from the new order wins and remaining from the natural growth of the existing part. So, because, you know, last year also we have done the SOP of the many parts, which has already come into production. So, that will contribute.

Jaimin Desai: And for Q4, we were sitting at the capacity utilization of about 75%. What would be the capacity on full-year basis for FY '25? And given that we are looking to spend almost similar amount of CAPEX in FY '26 as we did in FY '25, what would be the targeted utilization levels for next year? And what would be the peak revenues that we can clock from the two-year CAPEX that we are undertaking?

Shyam Agarwal: Yes, Mr. Desai, we are seeing in the next year and year after, we will be having the capacity utilization of around 80%. And as you rightly mentioned, we have already made the CAPEX. So, that is also increasing our capacity of the plant. That is there. And apart from this, our operations team, we also do lots of improvements to increase the capacity. Like for example, many a parts which we run for like one cavity dies. So, we tried to make it into two cavities.

Moderator: We move on to our next question from the line of Preet from InCred AMC. Please go ahead.

Preet: Hello. Thanks for the opportunity. I would like to ask about the working capital. I can see that in Financial Year '25, creditor days, debtor days as well as inventory days have drastically gone down. So, if you could just elaborate on this and tell about the future outlook for the same?

Vimal Gupta: We are taking a lot of actions for the improvement of the working capital cycle, especially on the inventory side as well as on our receivables. So, the first action you have already seen in the previous year of ‘24-‘25, and definitely a lot of actions you will find in the current year also, '25-'26. So, working capital improvement, that is a continuous process that we have to follow.

Preet: And regarding the debt outlook, what will be your debt outlook in coming year? As you have mentioned about Rs. 170 crore of CAPEX, so it will be entirely funded through internal accruals or are we planning to increase debt?

Vimal Gupta: So, maximum will be from the internal accruals, but I think there will be a small increase in the debt, but not a major increase from this CAPEX because some money we will realize from this improvement in the working capital cycle.

Preet: One more thing. I can see that in Financial Year '25, the number of live parts as well as customer has been reduced. So, this is because of foregone of customer or we have not supplied to them in the current year.

Shyam Agarwal: Yes, there are two actions what we have taken. We have reduced the noise customers where the volumes were very, very less. So, those customers we have reduced so that we can free our capacity for the strategic customer. This is the reason that we have reduced the number of active parts.

Moderator: The next question comes from the line of Devang Shah from Asit C Mehta Investment. Please go ahead.

Devang Shah: Hi, good afternoon. Sir, my first question, the way we have seen last year the headwinds and that has impacted our Q3 and even our run rate of entire particular FY '25, do you feel, we all know that tariff and other related issues as far as global headwind is concerned. But if things stabilize, then, sir, we can achieve in the way whatever we guided, 14% kind of revenue growth with a 13% kind of operating margin, correct me if I am wrong. We can do better than that as well because the way you now strategizing yourself with some kind of customer specific requirement and with a margin lucrative product. So, can you throw some more light, any kind of headwind or furthermore, if we stabilize, then we can achieve.

Shyam Agarwal: Devang, thanks for the good question. We also all hope that we exceed what we are saying. But you know, right now if we see the guidance of our customers also, they have also given very cautious guidelines. And also, the EDI which we are getting, that also reflecting a very mild growth in their number. So, we made our forecast based on the current EDI schedules which we are having and the guidance which OEMs have given. Once we will see the guidance from our OEMs, the customer will improve, then again, we will come up with the new guidance or the new number. But right now we are following the market and the guidance of our customers as we are in the derived demand.

Devang Shah: So, can we, in other words, that I can understood that concurrent basis you will review and you can get an idea about the demand environment. But at least we can say the worst side looks bottoming out as you already mentioned in your presentation as well. That's what you are optimistic, sir, that worst is bottoming out as far as the numbers and the performance are concerned?

Shyam Agarwal: Yes Devang, you rightly said, Quarter 3 we all feel was the worst quarter for us, and now we have made the recovery. And we are seeing the further recovery in the coming quarter. That you are absolutely right.

Moderator: We do have a follow-up question from Preet from InCred AMC. Please go ahead.

Preet: I would like to ask about the order book breakup customer wise or the product wise, if you can give, what percentage would be from the JLR and what percentage will be from the other?

Shyam Agarwal: Preet, generally we do not share our order book by customer or the product line. So maybe in one-to-one discussion, we can discuss, but officially we don't disclose.

Preet: Okay, no problem. Last question from my side. I would like to ask about the gross margin. Despite the increase in the PV segment this year, we can see that if we compare from Financial Year '24, our gross margin has fallen down. What would be the reason? And what gross margin can we expect in the coming years?

Vimal Gupta: So, mainly, the gross margins, one is that the sales mix is there. But like when we are talking about the PV, PV has increased. But when we are supplying, because it depends on what kind of product we are supplying to them. Suppose for the PV, we are not supplying the fully finished parts. On the margin side, it looks higher when we talk about the EBITDA margin or the net margin, but on the other side of the gross margin, because we are not doing the 100% processes. We are doing maybe 50% or 60% process. So, that's why on the gross margin it is on the lower side.

Moderator: We take the next question from the line of Sai Ganesh from Square 64 Capital Advisors. Please go ahead.

Sai Ganesh: Thank you for the opportunity. I just wanted to know the total revenue potential from all the three-year CAPEX, total of Rs. 420 around crore? What will be the incremental revenue potential?

Vimal Gupta: So, for when you are talking about the potential for the revenue, so generally we look for the asset turnover more than 2. But it is very difficult to gauge them right now because it is a continuous process we are having. Like whatever we have put the investments in '24-'25, so the revenues will be realizing maybe some part in '25-'26 and some part more realization will happen in the '26-'27. So, year-on-year growth happens, but we have to put the investments initially.

Sai Ganesh: And if I see the order book, the order book seems to be flat from FY '24 and '25 at Rs. 9,000 crore. Do we have new order wins?

Shyam Agarwal: Yes, we have received the new order. If you see like in '24-'25, what orders we have got, it will fetch us the revenue of Rs. 1,600 crore in the next 5 years. But what happened is some of the orders which we have got for electric vehicles, the EV vehicles, so that we have reduced based on the new guidelines from the customers. Otherwise, the addition of the new order is consistent and quite healthy.

Moderator: We take the next question from the line of Sathis Kumar, an individual investor. Please go ahead.

Sathis Kumar: So, how the Aluminum price fluctuation will affect our company profit margin?

Vimal Gupta: So, actually this is 100% passed on to the customer. So, there is no impact on the margins.

Moderator: The next question comes from the line of Manas Jain from JAS Enterprise. Please go ahead.

Manas Jain: I wanted to understand in FY '26 you are expecting to do, I think, a peak revenue from Jaguar. So, I wanted to understand if this Jaguar business scaled down or is it deferred to the next year, or I just wanted to understand the progress on that.

Shyam Agarwal: Yes, Mr. Jain. So, Jaguar and Land Rover is our strategic customer, and we are supplying for the last five to six years. So, we keep on adding the products to them, and those products come into the SOP, and we start delivering. This eAxle project which we have said, this is quite a large volume and a very heavy part. That's why we strategically mentioned it. Otherwise, it's our strategic customer, and we keep on getting the revenues from them. And just to add, we have a fairly balanced portfolio, and we don't rely on any one of the customers more than 15%. So, we have a very balanced portfolio for the risk mitigation side.

Manas Jain: So, I just wanted to understand because we had a guidance of Rs. 2,200 crore. I understand there have been issues in the export. So, I just wanted to understand the difference of the guidance with the earlier, is it because of the new orders coming down like Jaguar which you had to ramp up or it is a combination of the existing orders also?

Shyam Agarwal: Both if you see. Like we are getting around 24% of our revenue from the Europe and the USA market. Okay. And there we have seen a decline in sales while we were expecting there will be an increase of 2% in the volumes. So, this is the reason we are seeing the decline in our revenue also. And same way in India also we are seeing the sales of the EV vehicles especially on the bus and trucks. So, there the revenue has not gone up, what projections we got from the customer. So, this is the reason that our sales have come down against our guidance. But still we have delivered 10% growth in our top line.

Moderator: Ladies and gentlemen, we take the last question from the line of Raghunandhan from Nuvama Research. Please go ahead.

Raghunandhan: Sir, on the export side, which is 22% of revenue, 8% is U.S., the remaining would be Europe, or would there be even other markets which would have a small portion of our exports?

Shyam Agarwal: Mainly it's to Europe and UK, and some of the portion is for the other part of the world, but it is very negligible.

Raghunandhan: And broadly, what would be the breakup between CV, PV, and two-wheeler in exports, approximately?

Shyam Agarwal: In export, you know, in Europe and USA, the two-wheeler is very negligible. So, it will be less than 5% of the total. And mainly it is the PV and the CV, Raghu, the four-wheelers.

Raghunandhan: Would it be something like 60-40, sir, between PV and CV?

Shyam Agarwal: Yes, mainly 60% you can say it's a CV and 40% will be the PV.

Raghunandhan: And just last question to Vimal, sir. FY '25, how much was the total ESOP cost, which was part of employee cost? And whether FY '26, will there be any further cost?

Vimal Gupta: So, in the last year it was around Rs. 4 crore. And this year, let's see that because in this year we have not at this moment given any ESOP. So, if we give, then definitely we will update you. **Raghunandhan**

Moderator: Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Vimal Gupta: Thank you. In Q3, we indicated an improved performance on a sequential quarter basis, and we are now pleased to have delivered a strong rebound. We remain cautiously optimistic as after significant volatility and uncertainty in FY '25. We believe that FY '26 will witness enhanced momentum as a conclusion around tariffs coupled with an improved and enhanced demand environment in export markets as well as our home market will catalyze growth. This will ensure that our improved revenue and margin trajectory this quarter will continue further into FY '26.

Should you need any further clarifications or would like to know more about the company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call, and we will look forward to interacting next quarter. Thank you very much.

Moderator: Thank you. On behalf of Alicon Castalloy Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines