

Strong order book; Softer Q1FY26

CMP: INR 734

Rating: Buy

Target Price: INR 922

Stock Info

BSE 531147

NSE ALICON

Bloomberg ALIC IN

Sector Automobile & Ancillaries

Face Value (INR) 5

Equity Capital (INR Mn) 80.6

Mkt Cap (INR Mn) 11,985

52w H/L (INR) 1,541/776

Avg Yearly Vol (in 000') 19.5

Shareholding Pattern %

(As on Dec, 2025)

Promoters 54.1

DIIs 11.59

FIIs 0.46

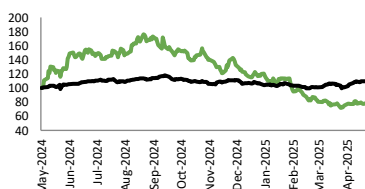
Others 33.76

Stock Performance (%) 1m 3m 12m

ACL 13.6 -10.2 -14.5

Nifty 0.7 7.5 11.02

ACL Vs Nifty



— Alicon — NIFTY_50

Alicon Castalloy Ltd (ACL) reported beat estimate in Q4FY25. Consolidated revenue stood at INR 4245 Mn, above our estimate of INR 3,743 Mn registering a growth of up 1.2% YoY/ up 8.3% QoQ. EBITDA stood at INR 467 Mn, above our estimate of INR 337 Mn, up 36.2% QoQ/down 19% YoY. On the margins front, the EBITDA margin has been down to 275bps YoY/ up 225bps QoQ to 10.99%, above our estimate of a 9%. Employee cost reduce by 9.3% YoY/-1.1% QoQ. PAT up by 1108%QoQ/down 54.1% YoY to INR 94.3 Mn above our estimate of INR 30.5 Mn. EPS stood at INR 5.8 in Q4FY25 against INR 0.48 in Q3FY25. Declared interim dividend of INR 2.5/share. 75,000 equity shares allotted to employees under ESOP 2022, helping retain and motivate staff.

Investment Rationale

Export Challenges Weigh on Outlook: Alicon faced export headwinds in Europe and the US, leading to a revenue shortfall for FY25. Q3 saw a sharp slowdown in exports, with global auto production down 1% Europe dropping 6% and the US 3%, which makes up 8% of Alicon's revenue. Uncertainty around US tariffs has delayed OEM decisions and affected production plans. The company expects a flat Q1FY26, with possible improvement from Q2. Research predicts a 9% volume drop in the US and 6% in Europe. While new business wins with European OEMs offer some relief, overall volumes remain subdued. Clarity on tariffs is expected in 1–2 months. Export markets (Europe and USA) account for 24% of revenue. The company faced headwinds in these markets, impacting overall sales growth.

Robust Order Book with Strategic Shift Towards High-Margin Segments

Alicon's current order book stands at around INR 9,000 cr, to be executed over FY24 to FY29, with a strong focus on the four-wheeler segment passenger vehicles contributing 50% and commercial vehicles 32%. The company is strategically shifting from low-margin to higher-margin products, particularly in the passenger vehicle space. Growth in FY26 is expected to be driven by ramping orders from two Japanese and two European OEMs. The order pipeline includes critical components for both ICE and EV platforms, with a notable emphasis on hybrid and pure EV parts. This positions Alicon to capitalize on evolving industry trends and strengthen its profitability.

Outlook and valuation

We believe strong demand will continue from domestic OEMs, but issues in the European market led to a sharp drop in the commercial vehicle segment in Q3FY25 with global auto production down 1% Europe dropping 6% and the US 3%, which makes up 8% of Alicon's revenue. Expects a flat Q1FY26, with possible improvement from Q2. FY26 revenue guidance has been revised to INR 1,900–1,950 cr due to global uncertainties. Gross margins improved to 47.5% in Q4, driven by higher passenger vehicle component share and better production line utilization. The order book stands at INR 9,000 crores till FY29, with 50% from PV. Growth is led by two Japanese and two European OEMs ramping up orders. **We have used a DCF Model to value ACL, it has healthy and consistent cash flow generation over the forecasted period and we value consolidated business at EV/EBITDA multiple of 5.4x to FY28E EBITDA of INR 2,635 Mn to FY28E EPS of INR 52.8. We maintain our "BUY" rating on the stock with the TP INR 922 per share based on DCF.**

Exhibit 1 : Financial Performance

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	RoCE (%)	P/E (x)
FY24	15,594	1,953	613	37.7	12.53%	9.57%	22.2
FY25	17,204	1,945	461	28.1	11.30%	7.97%	29.8
FY26E	19,080	2,213	588	36.1	11.60%	8.93%	23.2
FY27E	19,510	2,341	705	43.4	12.00%	9.40%	19.3
FY28E	21,423	2,635	851	453.3	12.30%	9.68%	16.0

Source: Arihant Research, Company Filings

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Exhibit 2 : Q4FY25 - Quarterly Performance (Consolidated)

Quarterly Results					
Consolidated (INRm)	Q4FY25	Q3FY25	Q4FY24	QoQ%	YoY%
Net Sales	4,245	3,921	4,193	8.3%	1.2%
Cost of material consumed	2,005	2,106	2,028	-4.8%	-1.1%
Changes in inventories	212	38	(102)	459.2%	-307.6%
COGS	2,228	2,125	1,926	4.9%	15.7%
GP	2,017	1,796	2,267	12.3%	-11.0%
Employees benefits expense	485	490	534	-1.1%	-9.3%
Other expenditure	1,066	964	1,156	10.6%	-7.8%
EBITDA	467	343	576	36.2%	-19.0%
Depreciation	223	235	208	-5.0%	7.1%
EBIT	243	108	368	126.1%	-33.8%
Other Income	10.8	8.3	14.7	29.4%	-26.6%
Finance costs	123	105	108	17.0%	13.8%
PBT	131	11	274	1144.6%	-52.3%
Current Tax	34	18	76	86.1%	-54.9%
Deferred tax	0	(17)	(7)	-100.8%	-101.9%
Tax	34	2	68	1921.6%	-49.9%
Adjusted PAT	96	9	205	994.7%	-53.1%
Non-controlling interests	-	-	-		
Reported PAT	94.3	7.8	205.4	1107.8%	-54.1%
EPS	5.8	0.5	12.75	1108.3%	-54.5%
Margins	Q4FY25	Q3FY25	Q4FY24	QoQ%	YoY%
Gross margins	52.5%	54.2%	45.9%	-171Bps	654Bps
EBITDA	10.99%	8.74%	13.74%	225Bps	-275Bps
Adjusted PAT	2.27%	0.22%	4.90%	205Bps	-263Bps
Tax Rate	26.27%	16.17%	25.00%	1010Bps	127Bps
Effective Tax Rate	26.27%	16.17%	25.00%	1010Bps	127Bps
Cost Analysis					
RM/Net Sales	47.24%	53.70%	48.38%	-646Bps	-114Bps
Other Exp/Net Sales	25.11%	24.59%	27.58%	53Bps	-246Bps
Staff cost/Net sales	11.42%	12.49%	12.75%	-108Bps	-133Bps

Source: Arihant Research, Company Filings

Exhibit 3: DCF Valuation

Valuation Assumptions	
g (World Economic Growth)	4%
Rf	7%
Rm	13%
Beta (2 Yr)	1.0
CMP (INR)	734

Valuation Data		WACC	
Total Debt (long term borrowings) (2025)	1,182	We	91.0%
Cash & Cash Equivalents (2025)	123	Wd	9.0%
Number of Diluted Shares (2025)	16	Ke	12.4%
Tax Rate (2026)	3.08%	Kd	29.3%
Interest Expense Rate (2026)	30.3%	WACC	13.97%
MV of Equity	11,943		
Total Debt	1,182		
Total Capital	13,125		

FCFF & Target Price													
FCFF & Target Price		Explicit Forecast Period						Linear Decline Phase				Terminal Yr	
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Year													
EBIT * (1-Tax Rate)		820	718	867	964	1,094	1,310	1,410	1,500	1,578	1,641	1,687	1,755
Dep		775	913	968	957	1,063	1,188	1,377	2,175	2,525	2,626	2,700	2,808
Purchase of Assets		951	960	1,700	1,600	1,600	1,700	705	600	473	492	506	526
Changes in Working Capital		(386)	237	345	203	69	(399)	35	38	39	41	42	44
FCFF		1,029	434	(210)	117	488	1,197	2,047	3,038	3,590	3,734	3,839	3,992
% Growth in Post Tax EBIT			-12.4%	20.6%	11.2%	10.0%	8.8%	7.6%	6.4%	5.2%	4.0%	2.8%	4.0%
As % of Post Tax EBIT													
Dep		94.6%	127.1%	111.7%	99.3%	97.2%	98.2%	97.7%	145.0%	160.0%	160.0%	160.0%	160.0%
Purchase of Assets		116.0%	133.6%	196.2%	166.0%	146.2%	156.1%	50.0%	40.0%	30.0%	30.0%	30.0%	30.0%
Changes in Working Capital		-47.0%	33.0%	39.8%	21.1%	6.3%	13.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
FCFF		1,029	434	(210)	117	488	1,197	2,047	3,038	3,590	3,734	3,839	3,992
Terminal Value													40,058
Total Cash Flow		1,029	434	(210)	117	488	1,197	2,047	3,038	3,590	3,734	3,839	44,050

Enterprise Value (EV)	16,057
Less: Debt	1,182
Add: Cash	123
Equity Value	14,999
Equity Value per share (INR)	922
% Returns	25.58%
Rating	Accumulate

g(%)									
922	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%
12.95%	979	1002	1027	1053	1080	1109	1139	1172	1206
13.20%	943	965	988	1012	1038	1065	1093	1123	1155
13.45%	909	930	951	974	998	1023	1049	1077	1107
13.70%	877	896	916	938	960	984	1008	1034	1062
13.95%	846	864	884	904	925	947	970	994	1020
14.20%	817	834	852	871	891	911	933	956	980
14.45%	789	806	823	840	859	878	899	920	942
14.70%	763	778	794	811	829	847	866	886	907
14.95%	738	752	768	783	800	817	835	854	874

Source: Arihant Research, Company Filings

Alicon Castolly – Q4FY25 Concall KTAs

Guidance: FY26 revenue guidance of 1900-1950 cr, 12-14% growth, lower than previous guidance due to global uncertainties and tariff issues.

Order book stands at 9000 cr to be executed till FY29, with PV contributing 50% and CV 32%. 4W now account for 82% of the order book.

Demand: The company is seeing growth from four key customers - two Japanese OEMs and two European OEMs - and is ramping up supplies for new orders, especially in the passenger vehicle segment.

Gross margin improved to 47.5% in Q4, up 170 bps sequentially, driven by a higher share of PV components and improved utilization of new production lines.

JLR is considered a strategic customer for Alicon. Also received a prestigious JLRQ award from JLR and 10-12 different products to Jaguar and Land Rover. e-Axle housing, Battery housing (supplied from European location), Several products in series production for 4-5 years

Replacement: Company is seeing replacement orders coming in for existing JLR products. Company is working on developing new EV-related parts for JLR.

Export : 22% revenue from US and Europe (Europe & UK) and out of that US is 8%. Export <5% 2w and mainly PV and CV its 60% CV and 40% PV.

Revenue Mix: In FY25, 2W contributed 35% (vs 40% in FY24), PV rose to 39% (vs 33%), CV to 21% (vs 19%), EV jumped to 19% (vs 12%), while ICE dropped to 69% (vs 73%).

ESOP: 4 cr last year and this year not issue any esop as of now

Tariff: 2.8% to 10% on parts agreement duty paid by OEMs.

Working days: lot of action to improvement and it will be visible in FY25-26.

Capex: 170cr capex mostly internal accrual and small increase in debt but not major. It include, for JLR, Daimler, PSA projects and around 20-30 cr for improvements and maintenance capex

Q4: 75% capacity utilization in this quarter and target of 80-90% and already added the capex and lot of improvement to increase the part.

Hybrid vehicles are included in the company's EV sales figures, which increased from 12% of revenue in FY24 to 19% in FY25.

In India specifically, hybrid vehicles from Toyota and Suzuki are doing well in the market.

Export markets (Europe and USA) account for about 24% of revenue. The company faced headwinds in these markets, impacting overall sales growth.

Key Financials

Income Statement (INR Mn)					
Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Revenues	15,594	17,204	19,080	19,510	21,423
Change (%)	11.3%	10.3%	10.9%	2.3%	9.8%
Cost of Goods Sold (COGS)	7,559	8,978	8,777	8,975	9,491
Gross Profit	8,035	8,226	10,303	10,535	11,933
Employee costs	2,000	2,032	2,480	2,439	2,614
Other expenses	4,082	4,250	5,610	5,755	6,684
Total Expenses	13,641	15,259	16,867	17,169	18,788
EBITDA	1,953	1,945	2,213	2,341	2,635
EBITDA Margin	12.53%	11.30%	11.60%	12.00%	12.30%
Depreciation	775	913	968	957	1,063
EBIT	1178	1032	1245	1385	1572
Interest	407	445	513	514	514
Other Income	38	34	41	58	61
PBT	809	621	773	928	1,119
Exceptional Items	-	-	-	-	-
PBT after exceptional Items	809	621	773	928	1,119
Tax	196	161	186	223	269
Rate (%)	3.9%	2.7%	3.1%	3.6%	4.0%
PAT	613	461	588	705	851
PAT Margin (%)	3.9%	2.7%	3.1%	3.6%	4.0%

Balance Sheet (INR Mn)					
Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Share Capital	80.6	81.3	81.3	81.3	81.3
Reserves & Surplus	5,471	5,851	6,585	7,290	8,141
Net Worth	5,552	5,933	6,666	7,371	8,222
Loan Funds	3,058	3,463	3,109	3,109	3,109
MI, Deferred Tax & other Liabilities	139	88	88	88	88
Capital Employed	12,302	12,951	13,944	14,732	16,243
Application of Funds					
Gross Block	8,522	9,482	11,182	12,782	14,382
Less: Depreciation	4,534	5,234	6,060	7,004	8,065
Net Block	3,988	4,248	5,122	5,778	6,316
CWIP	117	540	540	540	540
Other Non-current Assets	221	142	142	142	142
Other Current Assets	186.6	246.8	246.8	246.8	246.8
Net Fixed Assets	4,513	5,176	6,050	6,707	7,245
Investments	19.37	48.68	48.68	48.68	48.68
Debtors	5,231	4,978	5,459	5,311	5,832
Inventories	1,359	1,340	1,202	1,229	1,300
Cash & Bank Balance	111	114	151	217	421
Loans & Advances & other CA	78	75	75	75	75
Total Current Assets	6,977	6,763	7,134	7,079	7,874
Current Liabilities	5,148	5,561	5,817	5,899	6,560
Provisions	91	95	95	95	95
Net Current Assets	1,828	1,202	1,317	1,180	1,315
Total Assets	12,302	12,951	13,944	14,732	16,243

Source: Arianth Research, Company Filings

Key Financials

Cash Flow Statement (INR Mn)					
Year End-March	FY24	FY25	FY26E	FY27E	FY28E
PBT	809	621	773	928	1,119
Cash From Operating Activities	1,830	2,283	2,600	2,602	2,765
Tax	(253)	(232)	(186)	(223)	(269)
Net Cash From Operations	1,577	2,051	2,414	2,379	2,496
Capex	(925)	(1,649)	(1,700)	(1,600)	(1,600)
Cash From Investing	(1,070)	(1,827)	(1,866)	(1,799)	(1,779)
Borrowings	3,058	3,463	3,109	3,109	3,109
Interest Income	(3.85)	(3.03)	-	-	-
Cash From Financing	(515)	(222)	(511)	(514)	(514)
Net Increase/ Decrease in Cash	-7	3	37	66	204
Cash at the beginning of the year	118	111	114	151	217
Cash at the end of the year	111	114	151	217	421

Key Ratios					
Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Per share (INR)					
EPS	37.7	28.1	36.1	43.4	52.3
BVPS	345	365	410	453	506
Valuation (x)					
P/E	22.2	29.8	23.2	19.3	16.0
P/BV	2.4	2.3	2.0	1.8	1.7
EV/EBITDA	6.5	6.5	6.6	6.2	5.4
Return ratio (%)					
EBIDTA Margin	12.53%	11.30%	11.60%	12.00%	12.30%
PAT Margin	3.93%	2.68%	3.08%	3.61%	3.97%
ROE	11.04%	7.76%	8.82%	9.57%	10.35%
ROCE	9.57%	7.97%	8.93%	9.40%	9.68%
Leverage Ratio (%)					
Total D/E	0.2	0.2	0.2	0.2	0.1
Turnover Ratios					
Asset Turnover (x)	2.2	2.5	2.7	2.8	2.7
Inventory Days	1359	1340	1202	1229	1300
Receivable Days	122	106	103	98	98
Payable days	65	64	70	70	75

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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