



22nd ANNUAL REPORT 2011 - 2012

DIVERSIFYING. 
DE-RISKING. 
SEIZING OPPORTUNITIES. 

ALICON CASTALLOY LIMITED

■ TS 16949 ■ ISO 9001 ■ ISO 14001 ■ OHSAS 18001 Certified ■

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. S. RAI
MANAGING DIRECTOR

MR. JUNICHI SUZUKI

MR. ASIS RAY

MR. A. D. HAROLIKAR

MR. OSAMU OHASHI (ALTERNATE TO **MR. J. SUZUKI** TILL 30. 05. 2012)

MR. MASKATSU UCHIYAMA (ALTERNATE TO **MR. J. SUZUKI** W.E.F 30. 05. 2012)

MR. VINAY PANJABI

REGISTERED OFFICE & WORKS

Registered Office & works

Gat No. 1426,
Village - Shikrapur, Taluka - Shirur,
District - Pune 412 208
Maharashtra INDIA
T: +91 2137 677100
F: +91 2137 677130
Email: marketing@alicongroup.co.in

Works

57 -58 km. Mile Stone, Delhi Jaipur,
NH 8, Industrial Area, Village - Binola,
District - Gurgaon, Haryana INDIA

AUDITORS

M/s. Asit Mehta & Associates

BANKERS

Bank of Maharashtra,
IFB Branch, Pune

ING Vysya Bank Ltd.,
F. C. Road, Pune.

State Bank of India,
IFB Branch, Pune.

Axis Bank Ltd.,
J. M. Raod, Pune.

SHARE TRANSFER AGENT

M/s. Universal Capital Securities Pvt. Ltd.
21 Shakil Niwas, Opp Sai Baba Temple,
Mahakali Caves Road, Andheri (E),
Mumbai - 400093

CONTENT

CORPORATE OVERVIEW	06
MESSAGE FROM MD	08
NOTICES & NOTES	10
DIVERSIFYING TO EXPAND OUR HORIZON	12
DE-RISKING WITH DIVERSIFIED CLIENTS	16
SEIZING OPPORTUNITIES	18
NUMBERS THAT DEFINE US	20
BEYOND BUSINESS	21
MANAGEMENT DISCUSSION AND ANALYSIS	22
STRENGTH, WEAKNESS, OPPORTUNITIES AND THREATS	26
AWARDS AND ACCOLADES	31
DIRECTOR'S REPORT	32
CORPORATE GOVERNANCE REPORT	40
FINANCIAL STATEMENTS	50
CONSOLIDATED FINANCIAL STATEMENTS	74
PROXY FORM	

DIVERSIFYING. 

DE-RISKING. 

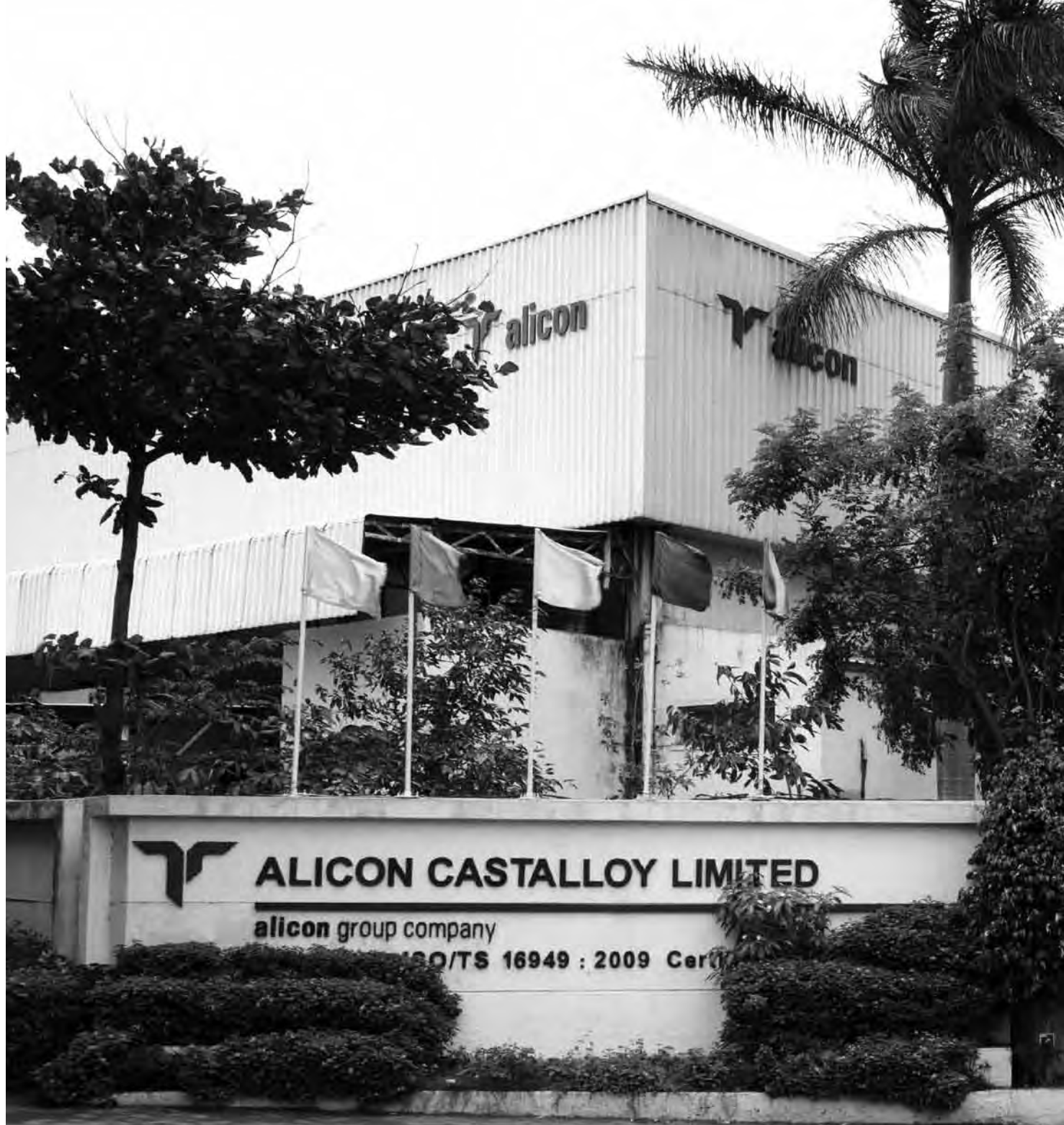
**SEIZING
OPPORTUNITIES.** 

THE THREE WORDS THAT SUM UP THE CORE OF OUR WELL-PLANNED HOLISTIC BUSINESS STRATEGY.

A STRATEGY THAT WILL ENABLE US TO EMBRACE THE WORLD OF HUMUNGOUS OPPORTUNITIES SPREAD ACROSS DIVERSE INDUSTRIES USING OUR CORE STRENGTHS.

OPPORTUNITIES THAT ENABLE US TO DE-RISK OUR BUSINESS FROM CYCLICALITY OF ANY ONE SECTOR AND IS IN LINE WITH OUR VISION TO EMERGE AS A PREFERRED SUPPLIER FOR LIGHT ALLOY CASTING SOLUTIONS AROUND THE GLOBE.

A STRATEGY THAT PROMISES TO USHER A PARADIGM SHIFT IN OUR STATURE FROM AN ENTITY DELIVERING VOLUME BASED TO VALUE-BASED SOLUTIONS ACROSS DIVERSE INDUSTRIES, A MOVE THAT WILL ULTIMATELY OPTIMISE RETURNS FOR ALL OUR STAKEHOLDERS.



ALICON CASTALLOY LIMITED IS THE FLAGSHIP COMPANY OF THE ALICON GROUP



ALICON CASTALLOY LTD.
ATLAS CASTALLOY LTD.
SILICON MEADOWS DESIGN LTD.
SILICON MEADOWS ENGINEERING SERVICES LTD.



ILLICHMANN CASTALLOY GmbH, AUSTRIA
ILLICHMANN CASTALLOY s.r.o. SLOVAKIA

A GLOBAL CONSORTIUM OF COMPANIES, ALICON GROUP IS AN INTEGRATED ALUMINIUM CASTING GROUP WITH THE LARGEST ALUMINIUM FOUNDRY IN INDIA, AUSTRIA AND SLOVAKIA OFFERING FRUGAL ENGINEERING SOLUTIONS.

BY VIRTUE OF THEIR SYNERGISTIC CAPABILITIES, THE ALICON GROUP OFFERS END-TO-END INTEGRATED SOLUTIONS ACROSS THE VALUE CHAIN RIGHT FROM DESIGNING, ENGINEERING, CASTING TO MACHINING, TESTING AND SUB-ASSEMBLY, PAINTING AND SURFACE TREATMENT OF ALUMINIUM CASTINGS.

ALICON DNA

- We Create Decisive Leaders At All Levels.
- We Encourage Leaders To Nurture Their Teams.
- We Empower Our People And Always Maintain A Positive Environment.
- We Approach Everything We Do With Sincerity And Integrity.
- We Greet Everyone With Smile And In High Spirit.
- We Follow The Alicon Vector.
- We Practice LDD (Light, Direct And Deep Communication)
- We Believe In Continuous Improvement And Benchmarking.
- We Aim At Delighting Our Customers With Innovation.
- We Are Flexible And Adapt To Shifts In The Market.
- We Are Visionary And Set High Targets For Ourselves.
- We Use DIS – BEP To Establish Lucrative Goals And Practices.
- We Create An Organic Environment And Give Back To Our Society.
- We Imbibe 5S As A Way Of Life.
- We Are Agile, Disciplined And Decisive In Our Work.
- We Advocate Ownership And Accountability.
- We Encourage Perseverance In Case Of Failures.
- We Stay True To Our Purpose.

MESSAGE FROM MD



The net revenue for the year under review touched an all-time high of ₹ 3818.85 million, an increase of over 48% year-on-year.

I write this letter in the backdrop of a difficult year for the economy which was weighed down by high interest rates at home and uncertainty on several accounts around the globe. The challenging economic scenario in our country was further aggravated by the policy logjam and deficient rainfall. Several leading research houses expect the pace of economic growth in the forthcoming fiscal year to be less than 6%, the worst in a decade. Both industrial output and exports have already fallen from the earlier levels in three out of the last four months.

I AM PLEASED TO SAY THAT DESPITE THIS SCENARIO OF GLOOM, THE YEAR 2011-12 HAD BEEN A BUSY ONE AT ALCON. THE NET REVENUE FOR THE YEAR UNDER REVIEW TOUCHED AN ALL-TIME HIGH OF ₹ 3808.24 MILLION, A PHENOMENAL INCREASE OF OVER 48% YEAR-ON YEAR. PROFIT AFTER TAX FOR THE YEAR ENDED 31ST MARCH, 2012 TOUCHED 220.09 MILLION AS AGAINST ₹ 146.31 MILLION IN THE SAME PERIOD OF THE PREVIOUS YEAR.

These positive numbers are a clear indication of the strength of our business model and the value-proposition we bring to the table. We continue to serve various industry stalwarts from the automobile sector and beyond. Our ability to offer complete integrated solutions, international quality standards, along with the excellent long-term relations that we have nurtured, played a key role in this performance. Our capabilities enabled us to keep pace with the new product developments for several new vehicles launched during the year.

Our revenue from the automotive sector currently accounts for nearly 95% of our Total Revenue. However, our focussed de-risking policy has ensured that no single customer accounts for more than 20% of our Total Revenue.

As a part of our strategic business plan, we aspire to steadily expand our offerings to a diverse mix of sectors beyond automobiles. The opportunity present for the aluminium casting sector is large.

Estimates indicate that the Indian industry consumes around 0.45 million tons of castings of which 60% (0.25 million tons) is attributed to die casting. Within this large opportunity basket, we continue to aggressively target the healthcare and energy sector. In fact, endorsing our value proposition in these sectors is our ability to service reputed customers like Philips Medical, GE Medical, Areva, Enercon Services, Siemens & Crompton Greaves. We have made inroads into several distinguished OEMs in the country and we are confident of steadily achieving a broader range of diverse customers in the next five years.

Quality and speed plays a critical role in servicing new industries. Our ability to provide a faster turnaround of prototypes, designs and offer end-to-end integrated solutions across the value chain provides us an edge and gives us the confidence to expand our customer portfolio.

Integration of technology and process excellence from our European subsidiary Illichmann Castalloy continued during the year, adding to our strength in servicing our customers and giving us the required impetus in our strategic push into the non-auto sector.

To infuse higher operational efficiencies and as a measure of prudence, we chose to consolidate our overseas operations into the more cost-efficient Slovakian facilities. Austria will continue to provide the required marketing support as we explore opportunities to expand our global footprint in the future. Our overseas acquisition provides us with a well-established customer base and we will capitalise on this advantage in the years to come.

I would like to touch on our Research & Development activities, which is a key initiative for us. Over the years, we have invested in building our R&D infrastructure that includes state-of-the-art testing laboratories, design centre, tooling prototypes, and facilities for pilot testing. These centres are well-equipped with modern equipment and the latest simulation and engineering softwares. We also have a dedicated team of domain experts and experienced engineers for developing innovative solutions here. This centre of excellence has now been recognised by the Government of India and we have received the coveted certificate of recognition during this financial year. We remain committed to sustaining and building further on our R&D strengths.

In addition to the ability to maintain quality and reliability, we believe that a strong customer focus plays an invaluable role in our business. It is our endeavour to successfully establish and nurture relationships with our valued customers. This is only possible thanks to the excellent support we receive from our employees, who share our passion for excellence. I take this opportunity to thank all of them for their dedication and commitment.

I would also like to take this opportunity to thank all members of the Board and our senior management team for their valuable industry insights. The management team has developed a new vision, and charted a course to build a strong and diversified company. We have achieved much in the past, and I am confident that in the next five years we can scale even greater heights.

BEFORE I CONCLUDE, I SPECIFICALLY WOULD LIKE TO EXPRESS MY GRATITUDE TO ALL OUR CUSTOMERS, BUSINESS ASSOCIATES, BANKERS AND ALL STAKEHOLDERS FOR THE TRUST REPOSED IN THE ALICON GROUP. I SOLICIT YOUR CONTINUED SUPPORT IN THE YEARS TO COME.

Thank you,



Shailendrajit Rai
Managing Director

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of Aicon Castalloy Limited will be held at 12.30 p.m. on Friday, the 28th September, 2012 at Gat No. 1426, Taluka Shirur, District Pune 412 208, Maharashtra, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2012.
2. To consider and declare dividend.
3. To appoint a Director in place of Mr. A. D. Haroliker, who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinay Panjabi, who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

ON BEHALF OF THE BOARD OF DIRECTORS

Shailendrajit Rai
Managing Director

Place: Shikrapur

Date: 30th July, 2012

Registered Office:

Gat No.1426, Village - Shikrapur, Taluka - Shirur, District - Pune, Maharashtra.