

UNYIELDING
RESOLVE.
UNMATCHED
RESILIENCE.



CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. S. RAI

Managing Director

MRS. PAMELA RAI

Director

MR. JUNICHI SUZUKI

Director

MR. A. D. HAROLIKAR

Independent Director

MR. VINAY PANJABI

Independent Director

MR. AJAY NANAVATI

Independent Director

MRS. VEENA MANKAR

Independent Director

STATUTORY AUDITORS

M/S. KIRTANE & PANDIT LLP

GROUP CEO

MR. RAJEEV SIKAND

GROUP CFO

MR. VIMAL GUPTA

BANKERS

STATE BANK OF INDIA
BANK OF MAHARASHTRA
KOTAK MAHINDRA BANK
IDFC FIRST BANK
BAJAJ FINANCE LTD
HDFC BANK
CITI BANK

REGISTERED OFFICE

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CORPORATE IDENTIFICATION NUMBER

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CHINCHWAD, PUNE - 411 019
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NH 8, INDUSTRIAL AREA, VILLAGE - BINOLA,
DISTRICT - GURUGRAM, HARYANA - 122 051
- ILLICHMANN CASTALLOY S.R.O.
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UNYIELDING RESOLVE. **UNMATCHED RESILIENCE.**



Chinchwad Factory

The world is living through a sweeping crisis, the impact of which has been harsh and far-ranging on almost every business and every industry. It has further compounded the challenges for the Indian automotive sector, which was already impacted by the BS-VI transition and slowdown in economic growth.

For Aicon, with our core business dependent on the automotive sector, we are undeniably navigating testing times. Our resolve, however, is unshakeable, and this resolve will help us to emerge stronger from this challenging phase. As Mr. Winston Churchill once said, 'Never let a good crisis go to waste', we are using this crisis as a catalyst to make our Company more customer-centric, agile and lean.

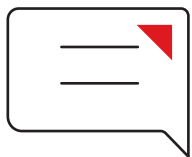
The proliferation of emerging technologies and the expected shifting of global supplier landscape offer exciting prospects. Environment-friendly solutions will also gather momentum as people become increasingly conscious of the vulnerability of our planet, leading to greater demand for our e-mobility solutions. We remain resolute to find these opportunities amidst the challenges and script our success.

Along with our resolve, our resilience led by our innovation capabilities, manufacturing excellence and the strength of our people will enable us to recover faster from the crisis. With an unwavering commitment to act to achieve, we will continue to focus aggressively on growing our product portfolio, customer base, sectoral and geographical footprint.



What we are today reflects our resolve and resilience in the past. What we will become is a manifestation of our resolve and resilience today. By demonstrating unyielding resolve and unmatched resilience, we will succeed in accomplishing our long-term goals.

LETTER FROM THE MANAGING DIRECTOR



Dear Members,

We are currently faced with one of the greatest health crises of our generation, one that has led to enormous human suffering and had an extraordinary impact on the global economy. As I write this year's annual letter, economies across the globe are tentatively emerging from lockdowns. This process will no doubt be challenging as we are faced with uneasy consumers, tricky health protocols and an irregular business rhythm.



 Our total revenue and EBITDA for FY 2019-20 declined by 19.5% and 27.4% respectively when compared with the previous year. Notwithstanding our subdued financial results, I am pleased to share that our operational highlights have been encouraging 

We, at Alicon, took immediate steps to handle the lockdown imposed in the wake of COVID-19, focussing primarily on employee safety and constant communication with our customers. Through this period of economic uncertainty, we remain committed to demonstrating resilience – strengthening our capabilities and setting ourselves on a firmer footing for sustainable value creation.

Entering CY 2019, the global economy was already showing signs of a slowdown in the wake of the US-China trade war and concerns over Brexit. Ongoing efforts to mitigate the slowdown were completely derailed by the COVID-19 virus, which first came to light in China in December 2019 and has since spread to more than 190 countries. These developments resulted in a dismal global growth rate of 0.9% for CY 2019, much lower than the 3.6% growth recorded in CY 2018.

Given the significant moderation in economic activity, the Indian economy was expected to experience a slowdown in FY 2020. In an effort to try and recover the economy, the Government of India took several steps - including a substantial direct tax benefit to the corporate sector to boost investment. Unfortunately, even without considering the impact of the pandemic, the latest estimates of GDP and GVA growth released by the CSO on May 29, 2020 reflected significant moderation in growth in FY 2020 - with the GDP growth for April to June 2019 being 5.2%, slowing down further to 4.4% in July to September 2019, 4.1% in October to December 2019 and plummeting to a 3.1% growth January to March 2020. The GDP growth for FY 2020 was 4.2%, the lowest it's been in the past 11 years.

The decline in domestic automobile sales witnessed since the second half of FY 2018-19 continued in

FY 2020, impacted by tepid demand and liquidity constraints faced by automobile financiers. This decline in demand was further accentuated by the muted wholesale demand from automobile manufacturers as they set about clearing inventory of vehicles in the retail ecosystem in order to transition their production of vehicles that complied with BS-VI emission norms (which were scheduled to be implemented with effect from April 01, 2020). Muted global demand also led to a reduction in our overseas business, largely resulting from escalating trade tariffs and the COVID-19 related disruption of manufacturing activities and supply chains towards the end of the fiscal year.

These unprecedented challenges have significantly impacted your Company's financial results, especially since our performance is so closely related to the performance of the automobile industry. Our total revenue and EBITDA for FY 2019-20 declined by 19.5% and 27.4% respectively when compared with the previous year. Notwithstanding our subdued financial results, I am pleased to share that our operational highlights have been encouraging. We have deployed focussed teams working alongside customers and have compressed the timelines of new product development to react more quickly to changing requirements. Our teams are also supporting customers in component design and detailing, raw material selection and navigating new regulatory and technological changes. We have teams focussing on improving our product portfolio to address changing technologies and to cater to the customised requirements of both domestic and global customers.

Alicon Group is driven by an unwavering commitment to quality products and solutions. This commitment is secured by our highly capable workforce, including a team of 200 engineers, who apply their expertise to deliver products of the highest quality. Based on the principles and benchmarks set by our Japanese partners, we work hard to continuously improve and streamline our management and manufacturing processes and systems year after year. Our commitment to ensure component optimisation and the lowest levels of product rejection makes us the partner of choice for leading customers worldwide.

Given the unprecedented economic crisis that the COVID-19 pandemic has caused globally, we expect a challenging FY 2020-21. It remains to be seen if the shuttered economy can be fully restored without risking a major spike in infections. We, however, remain focussed on leveraging our competencies and are confident of the value we bring to our customers, allowing us to strengthen these relationships. We continue to see improved enquiries and leads across markets and industries. The recent orders secured by us from class-leading customers clearly demonstrate that we are able to compete for high value products in the global marketplace. We are also pursuing opportunities in various sectors like Infrastructure, Aeronautics, Defence, Energy and Agriculture. Our non-auto revenues have stabilised at 10% over the last few quarters, proving that we can effectively capitalise on potential opportunities beyond the automobile sector.

Most importantly, we continue to focus on medium to long term objectives even as we work to address near term challenges. Strategic initiatives to pursue global customers, striving for higher share from emerging technologies and driving value accretion continue unabated. On the exponential technology front, we have expanded the use of 3D printing and will be focussed on the use of IoTs for production control and management.

We are also concentrating on talent for future-readiness. During the downturn and lockdown, we are heavily investing in people development and future capabilities. Toward this end, we have put in place a robust talent management and leadership development programme. We have defined leadership competencies to develop leaders that will drive our future. We have assessed and expanded the talent pool for critical roles and enhanced succession coverage. Leveraging technological developments like AI, AVR and Blockchain, we are harnessing technology and the potential of our people to realise our vision.

Challenging periods are the true test of a company's character. Great companies harness these moments and the urgency they create to reaffirm their long-term strategies. We remain committed to ensure that Alicon does the same. With an unwavering resolve, we shall navigate the expected headwinds in the coming months and ensure that we are well-positioned to benefit from the market's eventual recovery.

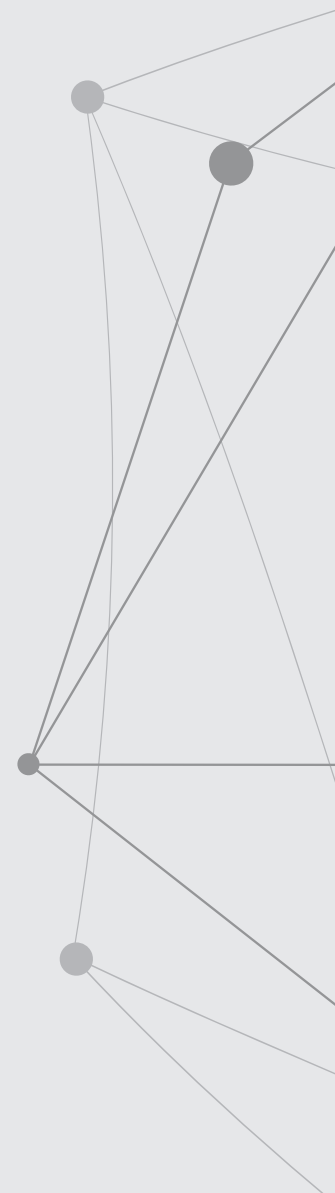
Additionally, as part of our efforts to mitigate challenges, we shall exercise prudence in managing costs and improving cash flow generation. Amidst all the disruption and economic fallout, we also believe that this is an opportunity for India to acquire new overseas markets as companies across the globe look to de-risk and diversify their supply chains or relocate their manufacturing hubs. We shall aggressively scout for such openings to further enhance our resilience and growth.

In order to tackle the "next normal" created by the COVID-19 pandemic, our people are firmly guided by our "3R Mantra's" i.e. Reflection, Resilience and Reimagine. In these challenging times, we have been tested but not defeated. We are determined to come back stronger than before.

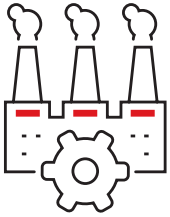
I take this opportunity to extend my gratitude to the Board and the Management team for their counsel and leadership. I would like to thank all members of the Alicon family for their outstanding commitment and performance, particularly during this challenging period. We also thank our customers, business associates, bankers and all stakeholders for their constant support. Together we shall overcome.

Shailendrajit Rai

Managing Director



ABOUT US

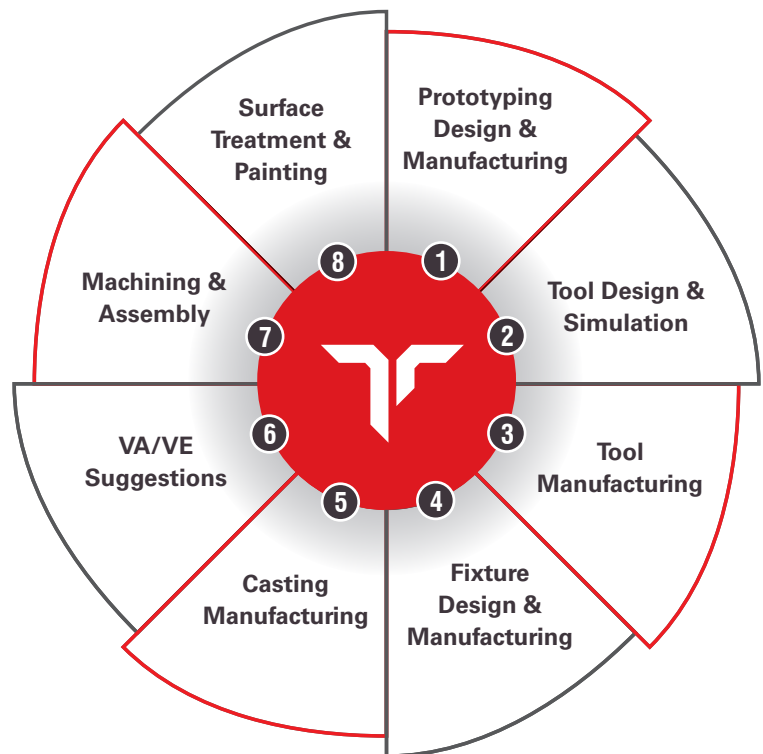


True to the origins of our name (Aluminium + Icon), we are a consortium of companies that meld European engineering, Japanese quality, and Indian innovation to help cast the most iconic lightweight alloy solutions for customers across the world.

Our group companies comprising Alicon Castalloy, Atlas Castalloy, Silicon Meadows & Illichmann Castalloy (GmbH & S.R.O.), work together seamlessly, blending their capabilities to forge long-lasting customer relationships and consistently increase shareholder value. Today, we are one of the largest integrated aluminium casting manufacturers offering full-system-solutions across the entire value chain.

TRIED, TESTED AND TRUSTED

Alicon Castalloy is part of the Alicon Group, a global consortium of companies engaged in Rapid Prototyping, Designing, In-house Tool Manufacturing, Engineering, Die Casting, Machining and Assembly, Painting and Surface Treatment of Aluminium Components. Leveraging its core competencies, the Group is one of the largest integrated aluminium casting manufacturers globally. At Alicon, we have distilled our extensive experience into an 8-step process that lets us wield our expertise at every stage of component development. From conception to delivery, we deliver to the exacting standards that helps build relationships with Customer customers.



Chinchwad Plant

WHOM DO WE SERVE

We are the preferred manufacturer for all the major local and many international OEMs in the automotive sector. We also serve clients in Europe and the US through our European subsidiary Illichmann Castalloy. By providing tailored solutions that help our customers to achieve functional cost efficiencies, we have earned the status of being a valued partner. We are now leveraging our expertise of over five decades in the automotive sector to deliver innovative solutions to a diverse range of industries.



Our Vision

Become the globally preferred supplier for Light Alloy Casting Solutions.



Our Values

- Quality, Integrity and Respect
- Encourage Entrepreneurship
- Ownership and Accountability
- Commitment to the Environment and Community



Our Mission

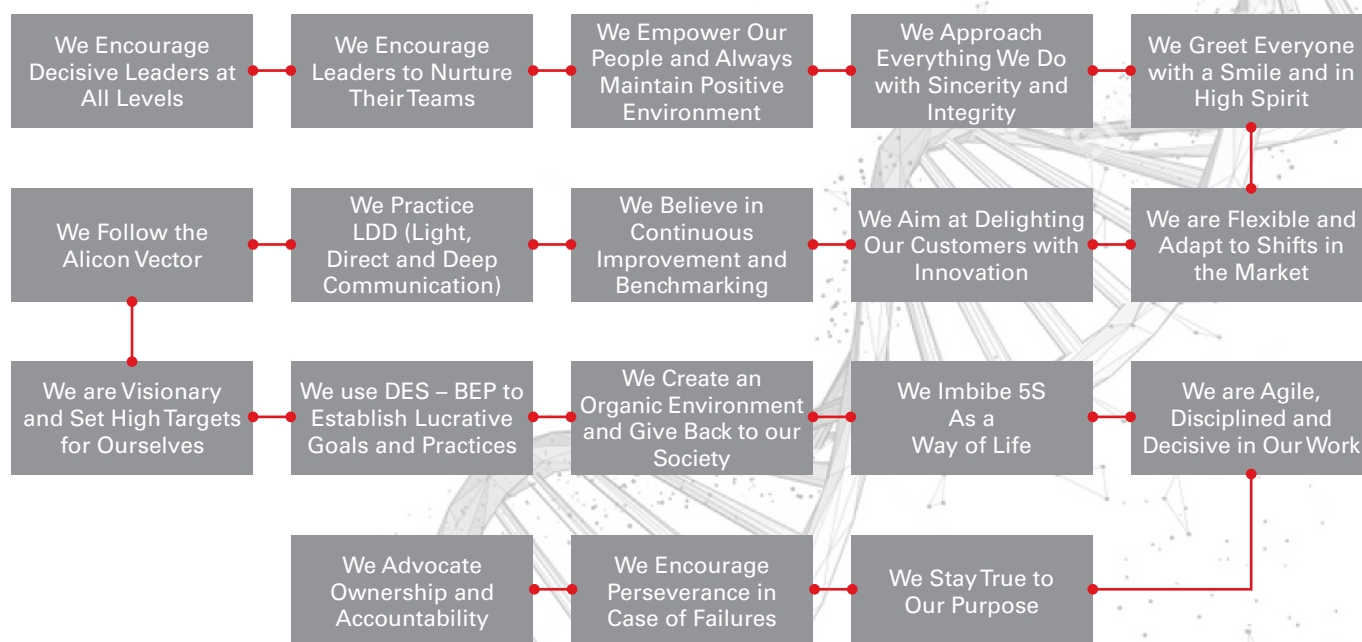
- Grow the employees, associates and suppliers
- Ensure total customer satisfaction
- Increase shareholder value



Our Business Philosophy

FEWER, BIGGER & BOLDER

THE ALICON DNA



UNMATCHED RESILIENCE THROUGH DIVERSIFICATION



Customer Diversification

Within the automotive sector, we work with several auto majors and almost every vehicle type, which reinforces our business resilience. Our integrated, in-house capabilities power our full system solutions - from prototype and design engineering to all the way. Our broad customer base has ensured making our business more resilient and value-accretive.

PRESENCE IN THE AUTOMOTIVE SEGMENT



Two-Wheelers



Three-Wheelers



Passenger Cars



Multi-Utility Vehicles



Multi-Purpose Vehicles



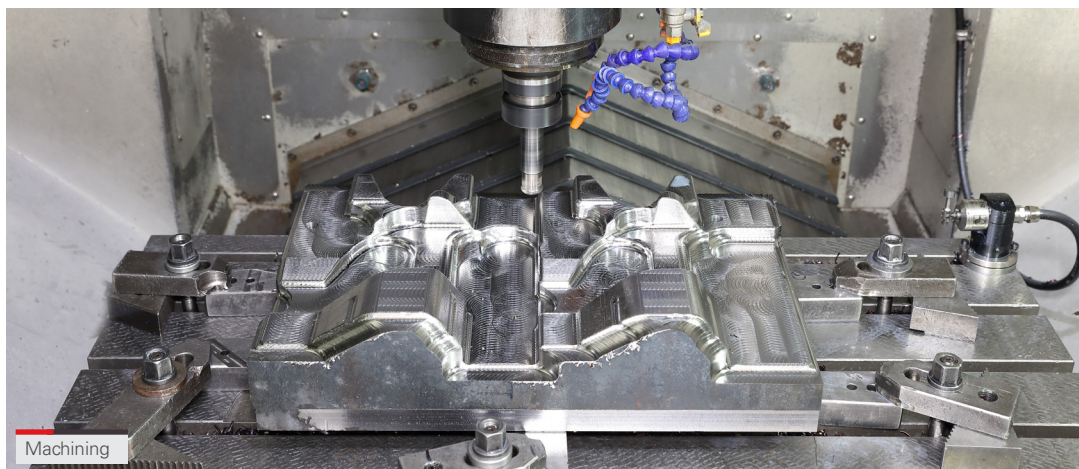
Small Commercial Vehicles



Light Commercial Vehicles



Medium & Heavy Commercial Vehicles



Machining

SECTORAL DIVERSIFICATION

Our broad portfolio enables us to meet the aluminium casting requirements of a diverse range of sectors beyond automotive, thereby making us more resilient to survive and thrive in a range

of potential futures. Staying at the forefront of new industry trends and technologies, we have also forayed into the emerging e-mobility segment to capture new growth opportunities.

PRESENCE IN THE NON-AUTOMOTIVE SEGMENT



Agriculture



Energy



Medical & Health



Defence



Infrastructure



Locomotive



Aero & Marine

E-MOBILITY SEGMENT



Two-Wheelers



Passenger Cars



Medium and Heavy Commercial Vehicles