

**2021-22** ANNUAL  
REPORT  
ALICON CASTALLOY LIMITED



**BUILDING**  
**TRUST**

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## Corporate Information

### BOARD OF DIRECTORS

**Mr. S. Rai**  
Managing Director

**Mrs. Pamela Rai**  
Director

**Mr. Junichi Suzuki**  
Director

**Mr. A. D. Harollikar**  
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

Gat No. 1426, Village - Shikrapur,  
Taluka - Shirur, District Pune - 412 208,  
Maharashtra, India  
Tel: +91 02137 677100  
Email: swapnal.patane@alicongroup.co.in  
Website: www.alicongroup.co.in

### CORPORATE IDENTIFICATION NUMBER

L99999PN1990PLC059487

### SHARE TRANSFER AGENT

M/s. Universal Capital Securities Pvt. Ltd.  
C-101, 247 Park, 1<sup>st</sup> Floor, LBS Road,  
Gandhi Nagar, Vikhroli (West),  
Mumbai – 400 083.  
T: +91 (22) 4918 6178-79 | F: +91 22 4918 6060  
Email: gamare@unisec.in

### WORKS

- Gat No. 1426, Village - Shikrapur, Taluka - Shirur, District Pune - 412 208, Maharashtra, India
- Plot No. 58/59, Block D II, MIDC Chinchwad, Pune - 411 019
- 57-58 KM Milestone, Delhi - Jaipur, NH 8, Industrial Area, Village - Binola, District - Gurugram, Haryana - 122 051
- Illichmann Castalloy s.r.o. Partizanska 81, 966 81, Zarnovica, Slovakia

# BUILDING TRUST

We are living in an era of unparalleled disruption. In these turbulent times, our steadfast focus has been on building trust by demonstrating commitment, courage, capability and confidence, which we have coined as the '4C formula'. We have also encouraged our team to proactively seek direction and support. While creating a sense of togetherness, this emphasis on reaching out has helped us to build a stronger and more cohesive team, multiplying our capabilities for overcoming difficult situations. The automotive industry is steadily pivoting from internal combustion engines to electric propulsion. Keeping pace with this transition, we have increased our focus on delivering components for electric mobility. Our products are also finding growing applications across non-automotive sectors in India.

Commitment is the important Prime step of our 4C formula. Led by our continued commitment to meeting the evolving expectations of our stakeholders, we are motivated to dream bigger and achieve higher. From delivering the most advanced technologies for our customers to ensuring the well-being of our people and communities even in times of adversity, we have never wavered from our commitment to our ecosystem.

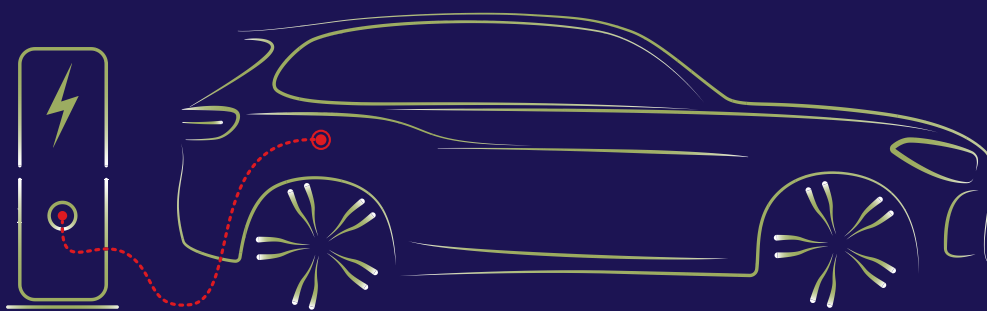
As we set out to explore uncharted territories, building courage is the next step. In these uncertain times, it is our courage that has prodded us to move forward despite all odds. Be it overcoming pandemic-related anxieties with our plants being in high-impact zones to combating headwinds of supply chain disruption and high input prices, our 'can do' belief has kept us going.

Commitment and courage, while imperative, are not sufficient for growth. Bigger futures come from new capabilities. Our continued investments in technology, talent and processes, among others, have made us a future-ready organisation, primed for success.

New capabilities lead to breakthroughs, which creates confidence - the fourth step in our 4C formula. As we increase our confidence at the individual and organisational level, it has given us the motivation and self-belief to make bigger commitments. This leads to restarting the 4C process, which leads to greater success. And greater trust. Over and over again.

Trust is the foundation of our business. It is our intangible asset - one that helps us grow and also navigate difficult times. By staying focused on building trust through commitment, courage, capability and confidence, we are determined to create better value for our stakeholders.

The macro-environment remained turbulent, the Global Automotive Industry continued to make further progress on adoption of new technologies and the evolution towards more sustainable mobility. This added further degrees of complexity to our business. In the face of these unprecedented challenges and heightened business complexity, our Company's performance has been remarkably resilient. Not only have we grown over the prior year and regained our watermarks from the pre-pandemic years, but we have managed to put in place some of the key building blocks towards Building Trust.



# Letter from the Chairman & Managing Director



“I am happy to share with you that Alicon has been approved as one of the beneficiaries of the PLI scheme for automotive components under the Component Champion Incentive Scheme, which is a sales value link scheme applicable to advanced automotive technology components of vehicles. It is aimed at fast-tracking the development of a green mobility ecosystem in India.”

## DEAR SHAREHOLDERS,

The start of the financial year 2021-22 (FY 2022) was once again overshadowed with waves of infection sweeping across the world. The impact of the second wave was felt in early 2021 as the 'Delta' variant devastated lives across India. Although the disruption to economic activity was less severe than in the first quarter of financial year 2020-21 (FY 2021), the Delta variant had a woeful impact on lives. After a slow start, the vaccine immunisation programme of the Government of India accelerated and was executed seamlessly. It saved thousands of lives and livelihoods.

The third wave of the pandemic with the 'Omicron' variant spread rapidly across the world. Fortunately, while highly transmissible, it was not as lethal as the 'Delta' variant and the fear of further disruptions to lives and livelihoods soon receded.

The Indian economy had started to recover in the second half of FY2021. Despite the disruptions caused by the 'Delta' wave it was expected that GDP in FY 2022 would surpass the pre-pandemic level of the financial year 2019-20. While, this did happen, it was a marginal increase over the pre-pandemic year. Despite the overall increase, there were many sectoral imbalances. The COVID-19

pandemic eventually did result in the country, and we at Alicon, losing two years of growth.

More importantly, through these disruptions over the last two fiscal years, we continued to prioritise the health and welfare of our people across locations and ensured adherence to protocols and guidelines across all aspects of operations. We firmly lived up to our responsibilities towards our employees and their families, vendors, business associates and the communities within which we function. I had shared with you in my previous years' message, that the Indian auto industry was facing a deep structural slowdown even before the pandemic. The impact of the pandemic induced lockdowns were further accentuated in FY 2022 with several challenges that impacted demand and consumer sentiment. We termed them as the '6C' challenges: (i) COVID-19-induced disruptions leading to a slowdown across domestic and international markets; (ii) chip (semiconductor) shortages impacting the production schedules of Original Equipment Manufacturers (OEMs) and resulting in a loss of volumes for the auto industry; (iii) cost-based inflation leading to a sharp rise in vehicle prices by OEMs and affecting consumer purchasing power; (iv) cost of new product development increasing with the demand for complex

products for electric vehicles; (v) disruptions in global auto supply chains impacting production levels and (vi) conflict between Russia and Ukraine leading to a chaos in global commodity prices which had a severe impact of global inflation which was already a cause of concern.

The impact of these challenges was felt in the domestic auto industry. While the passenger vehicle, commercial vehicle, and three-wheeler segments registered an improved performance on a year-on-year basis, the sales volume of two-wheelers saw a significant de-growth amid rising vehicle and fuel costs. Further, though the demand and uptake of the commercial vehicles and the passenger vehicle segments remained strong throughout the year, supply-side constraints limited the upside. Overall, domestic automobile sales saw a decline of 6% in FY 2021-22. Globally, the 2021 global auto production was moderately higher by 1.8% year-on-year, driven by US and China numbers, while Europe witnessed a decline.

Effectively manoeuvring through these challenges, Alicon delivered an encouraging performance for the full year. Our total revenue increased by 27% from the previous year. This creditable growth was driven by (i) addition of new customers, (ii) addition of new parts from the existing customers, (iii) increasing penetration of four-wheelers in our overall revenue mix, (iv) increased contribution from the electric vehicle segment, and (v) strong exports. Alicon's global auto sales marked a strong increase of 63% from the previous year on the back of recovering supplies to global customers and deliveries to the new order pipeline.

Despite sustained inflationary pressures, our improved product mix and cost optimisation measures helped improve our EBITDA margin to 10.7% as against 10.1% in the previous year. We also maintained our focus on our leverage and our net debt ratio remains comfortable at 0.58x.

I am also happy to share with you that Alicon has been approved as one of the beneficiaries of the PLI scheme for automotive components under the Component Champion Incentive Scheme, which is a sales value link scheme applicable to advanced automotive technology components of vehicles. It is aimed at fast-tracking the development of a green mobility ecosystem in India.

Our endeavours over the last few years to capitalize on our R & D capabilities and positioning ourselves as providers of end-to-end solutions to our customers have borne fruits. We also bagged significant order wins for our auto division and non-auto division with higher value additions.

Further, we are seeing a strong response from the customers for light-weighting of the products in the auto and electric vehicle (EV) space and remain upbeat about converting these enquiries into sales. We have won several contracts from multiple existing and new OEMs during the year for electric mobility. The share of revenues from EVs standing at 7% of total revenues in FY 2022

The demand momentum in domestic and international markets is steadily picking up. Global supply chains are showing some signs of stabilisation. However, a long-drawn conflict between Russia and Ukraine may exacerbate the situation as both these countries are key suppliers of components used in semiconductor manufacturing. Further lockdowns in China could also trigger shortages of crucial manufacturing components. Meanwhile, domestic auto OEMs have commenced sourcing semiconductors from alternate vendors, enabling them to mitigate cost pressures to some extent and keep their production going. This provides some cheer for the industry as a whole.

In June 2021, the Indian government announced financial incentives for EV manufacturers under the FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) Phase II scheme. The government is also accelerating the installation of electric charging facilities across the country. In the Union Budget 2022, a battery swapping policy with inter-operability standards was announced for easier charging of EVs. All these initiatives are expected to speed up EV adoption in the country. A report by India Energy Storage Alliance estimated that the EV market in India is likely to increase at a CAGR of 36% until 2026. We have achieved strong growth in our EV division in just three years. Our focus remains on capitalising on the unfolding opportunities and scaling up the contribution of our EV division.

On the macro front, The Government of India has announced a growth oriented and expansionary budget for FY 2023 with a strong push on investments to lift economic growth. The compounded annual growth rate for capital expenditure of FY 2023 over FY 2020 is projected at 28% while revenue expenditure is contained at 12%. It is expected that this capex-led policy would take India on a growth path.

The developments on the macro front and the emerging trends in the Automobile sector augur well for Alicon to capitalize on the opportunities that present themselves. We have a growing customer base, an excellent product suite, strong innovation capabilities, world-class manufacturing facilities, an experienced leadership team, and a robust balance sheet. While inflationary headwinds persist, we expect these conditions to steadily ease over the medium term.

I would like to take this opportunity to express my sincere appreciation to my fellow Board members and the Management team for their constant support and guidance. I would also like to extend my heartfelt gratitude to the Alicon team for their continued commitment and hard work. Finally, my thanks to our customers, business associates, bankers, and all stakeholders for reposing their trust in our business. With your steadfast support, the future journey holds considerable promise and optimism for our Company.

**S. Rai**

Chairman & Managing Director

# About Us

Alicon Castalloy is a leading provider of end-to-end solutions spanning the entire spectrum of aluminium casting needs across multiple user industries. Our high-quality solutions and vast industry experience have made us the preferred partners to a marquee customer base, primarily comprising original equipment manufacturers (“OEMs”) of vehicles in India and internationally.

The automotive industry is steadily pivoting from internal combustion engines to electric propulsion. Keeping pace with this transition, we have increased our focus on delivering components for electric mobility. Our products are also finding growing applications across non-automotive sectors in India.

We are part of the Alicon Group, a global consortium of companies and one of the largest integrated aluminium casting manufacturers globally. The Alicon Group amalgamates European engineering, Japanese quality and Indian innovation to deliver iconic lightweight alloy solutions.



## ALICON CASTALLOY - BLENDING THE BEST ATTRIBUTES

### Enkei Corporation

Leading Japanese motorcycle and passenger car wheel manufacturer 70+ years of experience

### Alicon Castalloy

Offering innovative, cost-effective engineering solutions for aluminium casting 49 years of track record

### Illichmann Castalloy

European subsidiary improving Alicon’s presence in the US and European markets 89+ years of proven global track record

### Atlas Castalloy

Support in engineering, tool design and manufacturing 20+ years of experience

## OUR STORY IN FACTS

- One-stop shop for all solutions related to aluminium alloy castings
- Pioneer in India for processes of Low Pressure Die Casting (LPDC) and Gravity Die Casting (GDC)
- Operating one of the largest aluminium foundries in India, in proximity to major automotive clusters
- Leaders in the development of Pro-Cast and Magma space in India
- Diversified marquee customer base across core sectors in India and a growing global presence
- Expertise enriched by the experience of Group companies

## OUR STORY IN FIGURES

4

World-class manufacturing facilities

49

Years of experience

90

Customers

18

Export countries

795

Live parts

131

Product innovations over the past two years

967

employees including 200 researchers

₹1,081 Crore

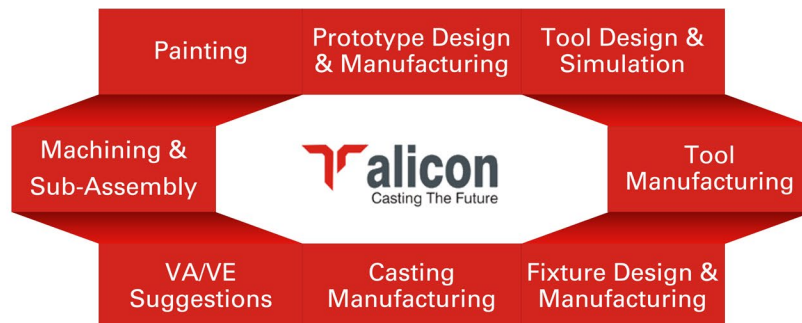
Total income in FY 2021-22

₹ 116 Crore

EBITDA in FY 2021-22

#Numbers are as of March 31, 2022, unless otherwise mentioned

## ONE-STOP SHOP FOR ALL ENGINEERING SOLUTIONS RELATED TO ALUMINIUM ALLOY CASTINGS



Catering to key sectors of the Indian economy



## CERTIFICATION AND COMPLIANCES

- TS 16949:2009 (International Quality Management System specification for the automotive industry)
- ISO 9001:2008 (International standard for Quality Management Systems)
- ISO 14001:2004 (International standard for Environmental Management Systems)
- BS OHSAS 18001:2007
- ISO 45001:2018 (International standard for Health and Safety at Work)



### OUR VISION

Become the globally preferred supplier for Light Alloy Casting Solutions.



### OUR MISSION

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



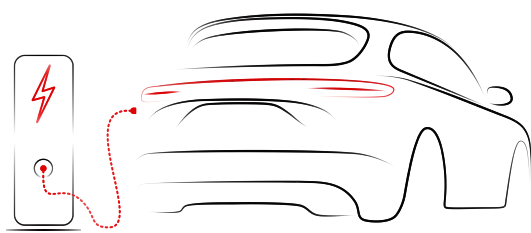
### OUR VALUES

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



### OUR BUSINESS PHILOSOPHY

Fewer, Bigger & Bolder



### THE ALICON DNA

- We Encourage Decisive Leaders at All Levels
- We Encourage Leaders to Nurture Their Teams
- We Empower Our People and Always Maintain Positive Environment
- We Approach Everything We Do with Sincerity and Integrity
- We Greet Everyone with a 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 DES – 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

# About Us (Contd)

## GLOBAL PRESENCE

Strategic locations enabling shorter time-to-market and cost optimisation

- 4 modern plants (1 international)
- High-end machines
- Advanced Technology Centre
- Globally Competent Tool Rooms (20 tools/a month)
- Full-edged Machine Shop (including assembly facility)

### Austria

- International Marketing Office

### Slovakia

- Manufacturing Plant
- Tool Room
- Product Validation Lab

### Binola, Haryana

- Manufacturing Plant
- Product Validation Lab

### France

- Marketing Franchise

### USA

- Marketing Franchise

### Chinchwad, Pune Maharashtra

- Manufacturing Plant
- Tool Room
- Product Validation Lab
- Machine Shop

### Shikrapur, Pune Maharashtra

- Manufacturing Plant
- Technology Centre
- Product Validation Lab
- Machine Shop

Map not to scale. For illustrative purposes only.

## DIVERSIFIED BASE OF MARQUEE CUSTOMERS

Diversity across markets and industries provides a natural hedge



## MULTIPLE SECTORS

Leveraging our expertise in aluminium casting to serve several sectors

