



TAMBOLI CAPITAL LIMITED

Annual Report 2022-23

Holding Company of Tamboli Castings Limited



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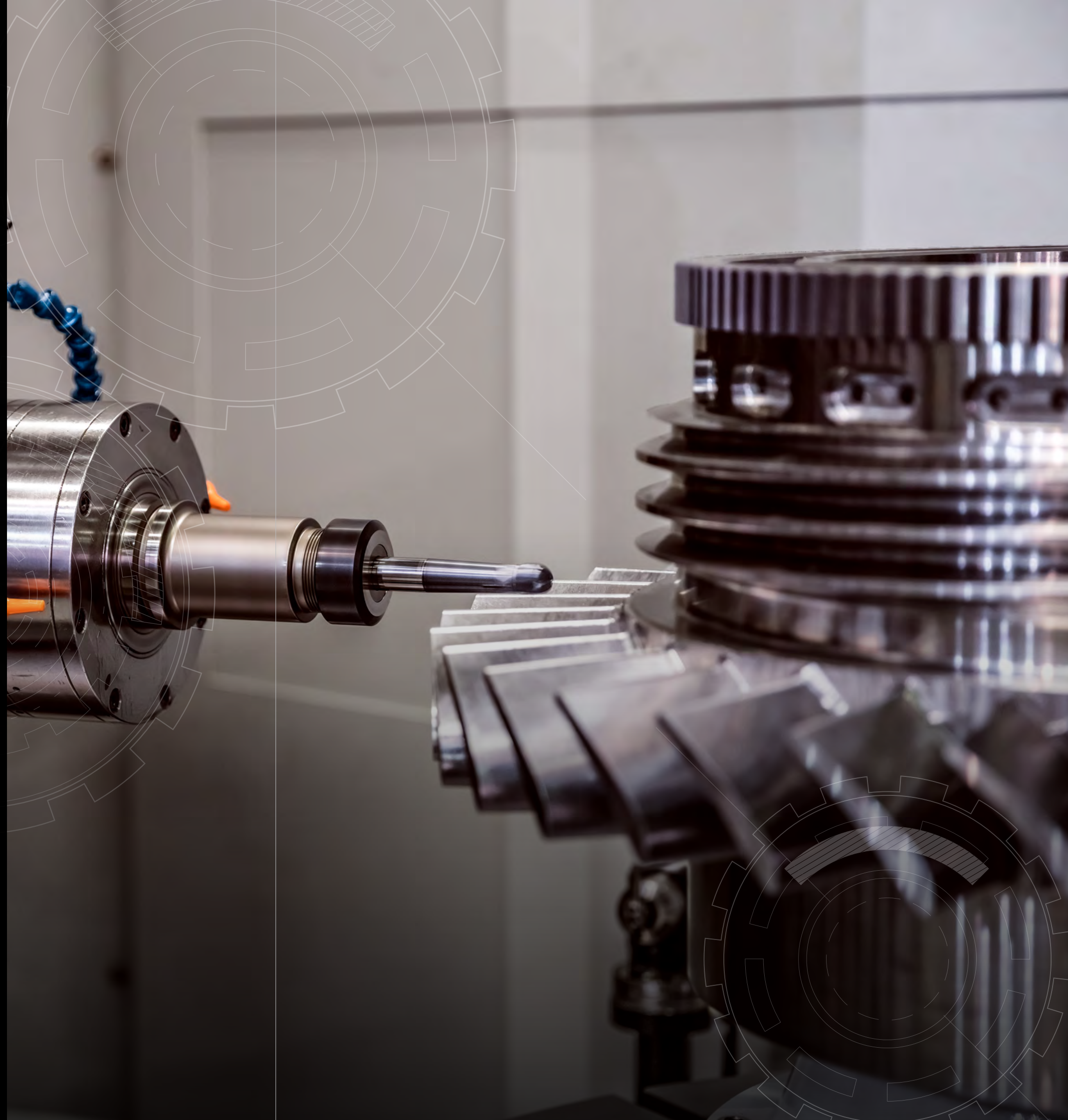
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Forward Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and make informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



About Tamboli Capital

Pioneers in Investment Casting Excellence.

Tamboli Capital Limited (TCAP) is the premier holding company and driving force behind Tamboli Castings Limited (TCL) - an investment casting Company in India manufacturing lost wax (Feinguss) components.

Quality First Culture

Our dedication to quality is reflected in the world-class certifications TCL has obtained from TÜV NORD, Germany, including:

Revered Industry Credentials

- 01

Five decades of knowledge capital in manufacturing niche, precision casting components

 - Preferred supplier to Fortune 500 companies
 - Versatility in manufacturing components from numerous alloys
 - Government recognized Star Export House
- 02

An unmatched team & knowledge base

 - 400+ talented employees
 - 40+ engineers
- 03

World-class infrastructure at TCL

 - Highly automated and integrated manufacturing plant
 - Benchmarked to international standards for automation, quality and safety



Well-connected
through nearby ports and airports



Wide range
of castings ranging from 10 grams to 100 kilograms for a variety of applications



Committed
to protect and preserve the planet

Manufacturing Facility at TCL

Unlocking Potential. Maximising Value.

Our state-of-the-art investment casting facility at Bhavnagar, Gujarat, is setting new standards in precision and quality, empowering customers to create products with unmatched quality and efficiency.

Manufacturing
Capacity

**600
Tonnes**

Facility Spread
Across

**10
Acres**

Our capabilities include



Industry 4.0

Embracing the cutting-edge Industry 4.0, TCL has equipped its facilities with world-class SCADA, Monitoring and surveillance systems to control operations with unprecedented precision, also empowers us to keep a continuous track of machines and key parameters in real-time, facilitating smarter and faster decision-making for the entire operations. Implementing Industry 4.0 has enabled us to manage production, processes, and efficiency at the highest levels of optimisation.



Research and Development

Our approach to research and development is focused toward continuous improvement. This is reflected in:

- **Continuous process improvement**
To be achieved at all levels in the company, and is ensured through process study and evaluation to optimise parameters and cover all the processes
- **New product development**
It is of great importance to expand our capabilities to product development, new industry segments, new material specifications, weights and complexities. Considerable time and money is saved by providing 3D-printed prototype parts offered by us.



Process Capability

With the technology developed and refined over a period of time, we are front runner in ability to produce castings with very close tolerance and surface finish in line with international standards.

- **Drawing specification**
From concept to finished product, TCL's engineers are ready to assist customers at all stages of casting design, including suggestions & guidance regarding tolerances and design details, alloy selection and approximate optimisation.
- **Material specification**
TCL pours over 150 different alloys according to internationally accepted standards such as ASTM, DIN, JIS, IS and BS. Our broad selection of alloys allow us to cater several industry sectors and meet their performance requirements.

Applications

Diversified Applications.

TCL offers innovative and versatile investment casting solutions for every unique need of our clients. These components find applications in a variety of industries. With exposure to multiple industries, divisions, and geographies, we have strategically diversified our business, insulating us from fluctuations of any particular application industry.

Some of the application industries include:



Pneumatic and Automation



Pharmaceutical and Food Processing



Engineering



Aerospace



Automotive



Instrumentation



Pumps and Valves



Locomotives and Mass Transit



Architectural Components

Revenue Mix: Industrial Application (FY23)

(In %)

01%

Aerospace

18%

Automotive

26%

Pneumatic and Automation

20%

Pumps, Valves & Turbo Parts

35%

General Engineering

Diversification via Exposure to Multiple Divisions, Industries, and Geographies within a few select large Clients (MNC Conglomerates)

Revenue Mix: Geography (FY23)

(In %)

12%

United States

07%

South America

02%

Others

11%

India

04%

China

63%

Europe

Global Revenue Stream

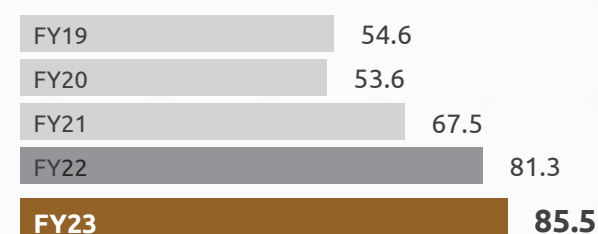
Key Performance Indicators

Endurance and Resilient Performance.

Despite the macroeconomic challenges in FY23, we depicted resilience in our performance across all Key Performance Indicators. With a focus on the long-term, we utilised the year to enhance our infrastructure and prepare for upcoming growth opportunities that will ultimately create value for the Company.

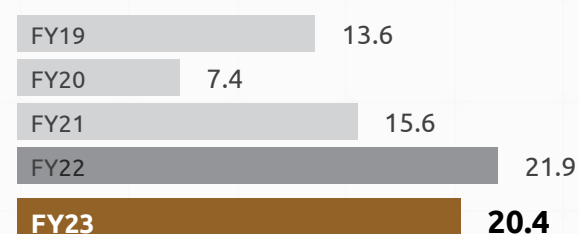
Revenue From Operations

(₹ in Crore)



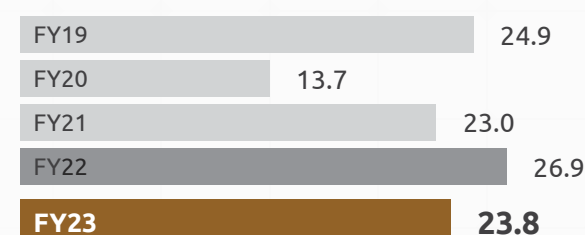
EBITDA

(₹ in Crore)



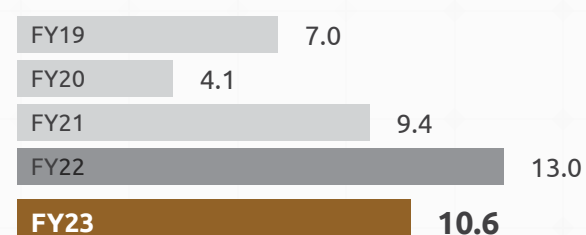
EBITDA Margin

(in %)



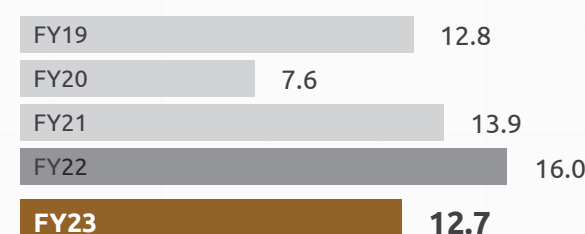
PAT

(₹ in Crore)



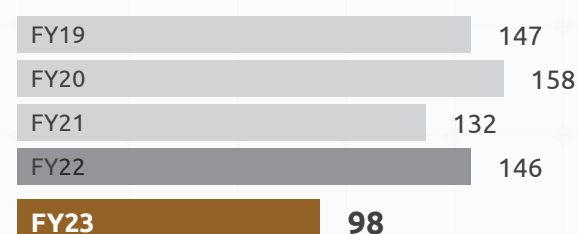
PAT Margin

(in %)



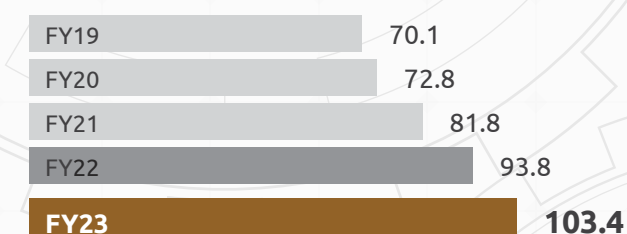
Operating Working Capital Cycle

(in Days)



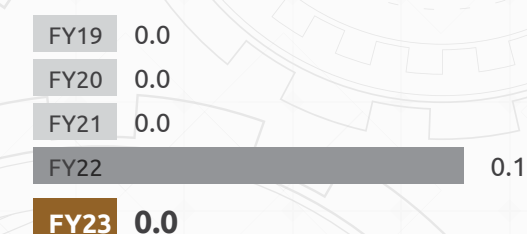
Equity

(₹ in Crore)



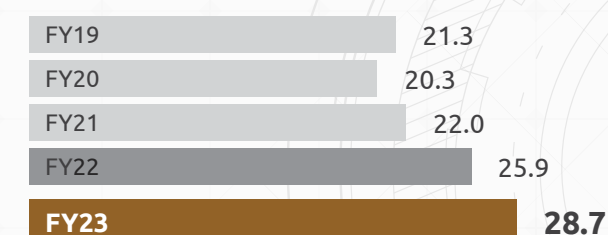
Debt to Equity

(in Times)



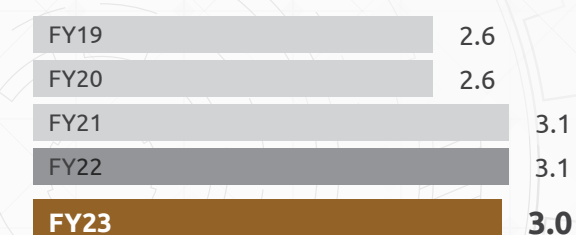
Average Fixed Assets

(₹ in Crore)



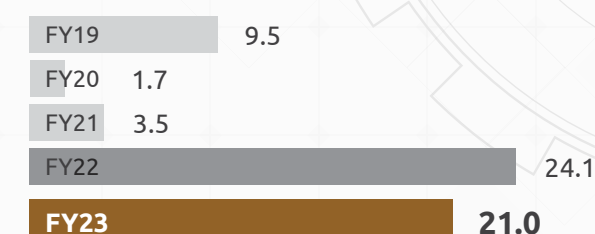
Fixed Asset Turns

(in Times)



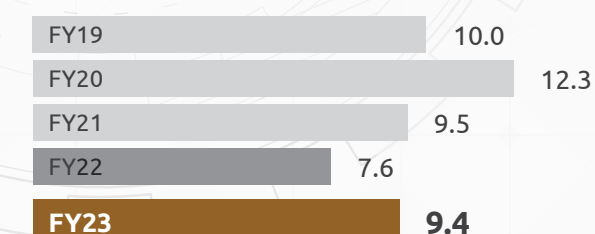
Cash Flow From Operations

(₹ in Crore)



Dividend Payout Ratio

(in %)



Board of Directors

Leading with
Conviction.



According to seating position from
left to right:

01. Mr. Vipul Pathak
WHOLE TIME DIRECTOR AND CFO
02. Mr. Anand B. Shah
INDEPENDENT DIRECTOR
03. Mr. Vaibhav B. Tamboli
CHAIRMAN AND MANAGING
DIRECTOR
04. Mrs. Neha R. Gada
INDEPENDENT DIRECTOR
05. Mr. Suketu N. Shah
INDEPENDENT DIRECTOR

MD & A

Management Discussion and Analysis

Global Economy

The global economic landscape is expected to experience a measured trajectory in the coming years. Projections indicate a modest slowdown, with growth estimated to decline from 3.4% in 2022 to 2.9% in 2023. However, a gradual recovery is anticipated, with growth projected to rebound in 2024. Various factors contribute to this outlook, including central bank rate hikes aimed at curbing inflation and geopolitical tensions such as the Russia-Ukraine conflict. These elements continue to exert influence over global economic activity.

Inflation, a crucial factor shaping the economic landscape, is expected to follow a downward trajectory. Global inflation rates are projected to decrease from 8.8% in 2022 to 6.6% in 2023, further declining to 4.3% in 2024. These shifts provide a more favorable environment for economic activities and investment.

While there are encouraging signs, risks persist, including escalating geopolitical tensions in regions like Ukraine, and the potential impact of tighter global financing conditions. On the other hand, there are upside possibilities such as a more substantial boost from pent-up demand in various economies and a faster decline in inflation, which could fuel economic growth and stability.

Source: IMF

Indian Economy

Following an impressive growth rate of 8.7% in FY22, the Indian economy is poised for continued expansion, with a projected real growth rate of 7% for FY23. This robust growth has been primarily driven by private consumption and capital formation, resulting in increased employment opportunities and a decrease in the urban unemployment rate.

Looking ahead, India is expected to witness GDP growth ranging from 6.0% to 6.8% in FY24. The anticipated robust credit disbursement and capital investment cycle will unfold as the corporate and banking sectors strengthen their balance sheets. Furthermore, the expansion of public digital platforms and the implementation of path-breaking measures such as PM GatiShakti, the National Logistics Policy, and Production-Linked Incentive schemes will enhance manufacturing output, providing additional support to economic growth.

Source: Ministry of Finance, Government of India

Global Industry Overview

The global investment casting market size was valued at USD 16.55 billion in 2022 and is expected to grow at a compounded annual growth rate (CAGR) of 5.0% from 2023 to 2030.

Increase in the production of new commercial aircrafts on account of growing air passenger traffic, increasing defence budgets, development of the automotive sector, mostly in India, Taiwan, and China, and many more such developments are fuelling the growth of the investment casting industry.

Geographically, North America dominated the market and accounted for the highest revenue share of over 37% in 2022. This is due to the widespread use of investment casting for producing high-value-added parts for various industries such as aerospace & defense, oil & gas, and medical industries. Asia Pacific held a share of over 35% in terms of revenue, of the global market. The region is one of the largest suppliers of investment cast products owing to the presence of numerous small-scale and medium-scale manufacturers.

Another notable industry trend is automation integration in the investment casting process, which is anticipated to enable manufacturers to optimize efficiency and minimize lead time. Multiple robotic arms are increasingly being used by manufacturers for tasks in investment castings industry. Manufacturers are expected to increase capacity utilization and efficiency because of the shift toward automation.

Source: Grand View Research, Investment Casting Market Share Analysis, Industry Report, 2023-2030

The global investment casting
market size (2022)
(USD in Billion)

16.55

MD & A

Company Overview

Tamboli Capital Limited is the holding Company of Tamboli Castings Limited - a specialist in investment casting technology (Feinguss), delivering fully machined precision components for Pneumatic & Automation, Pumps, Valves & Turbo Parts, General Engineering, Automobile and Aerospace applications. The company is operating in three segments:

- 1. Manufacturing of Investment Castings and Precision Components, undertaken through the Wholly Owned Subsidiary – Tamboli Castings Limited (TCL)
- 2. Investments
- 3. Trading

Manufacturing is the core business segment of the company and contributes to 99% to the Total Income of the company.

Strengths Amplified.
Success Achieved.

Our strengths provide us with an edge and are the bedrock of our success in the investment casting industry.

Promoters of the Company have five decades of experience & generational knowledge capital in the

investment casting technology. Manufacturing high value-added precision components, reflected in our operating metrics like average realisation and profitability. Leads to globalised business offerings - 'Make in India, Make for the World'. Global quality certifications, lean lead times, and established supply chain reliability positioning us as a preferred supplier. Committed to protecting and preserving the planet, with policies in place to reduce emissions (carbon neutral approach) and increase resource efficiency. From 550 to 600 TPA, ensuring increased ability to meet client needs. Virtually debt-free balance sheet coupled with a robust liquidity position. Healthy cash flows, and no major financial liabilities ensuring self-sufficiency in investing in the company's growth. In manufacturing components from numerous alloys including stainless steel, high-alloy steel, low-alloy steel, aluminium, and other non-ferrous alloys. Wide range of castings, ranging from 10 grams to 100 kilograms, for a variety of application industries.

Enhancing Capabilities.
Embracing Sustainability.

This has been an eventful year for us, marked with challenges as well as opportunities, and we are proud to say that we have emerged stronger and more resilient than ever before.

Resilient Performance Amidst
Economic Challenges.

At the macro level, the global economy has been facing a range of challenges, geopolitical tensions, energy crisis in Europe leading to lower industrial output and tepid industry sentiment. Despite all of these challenges, we have continued to show resilience by focusing on our core customer-centric philosophy and delivering the best to our clients. Our Revenue from Operations for the year stood at ₹85.5 Crore as compared to ₹81.3 Crore in FY22, representing a modest 5% year-on-year growth.

However, our EBITDA for the year was slightly down by 7%, from ₹21.9 Crore in FY22 to ₹20.4 Crore in FY23, with margins falling from 27% to 24%. This was due to several factors, including a slowdown in demand in certain geographies as a result of the war between Russia and Ukraine and product mix. Nonetheless, this is a temporary phenomenon, and the fundamental standing of our Company remains robust. Especially in the context of the current industry developments, where demand for cutting-edge components remains steadfast. With the advent of new technologies in automation, mass transit systems and environmental conservation systems, there is a growing need for our company's products that are not only reliable and precise, but also highly efficient and adaptable.



Our engineering department is currently working on several innovative projects for different industry segments which can deliver promising results in the years to come.

We would also like to mention that despite macro headwinds, we have kept up with our business development efforts, working to secure new customer accounts and increase business from existing accounts. The number of projects for business development has increased over the past year, and we currently have the highest ever number of customer projects under pipeline. We are confident that these projects will bear fruit in the coming years.

Furthermore, we successfully concluded debottlenecking exercises which augmented our manufacturing capacity from 550 tonnes to 600 tonnes during the year. This capacity expansion will allow us to better serve our customers and meet the growing demand for our products.

At the same time, we remain committed to sustainability and constantly seek new ways to minimise our environmental impact. We recently achieved an important accreditation, ISAE 3410 (GHGs), ISO 14064-1 making us the first foundry in South Asia to receive this certification. Additionally, we are implementing new automation projects to further improve efficiency and optimize operations at our plant. As we continue to enhance our capacity, we will do so in a sustainable manner that aligns with our commitment to environmental stewardship.

All in all, we continue to maintain a solid balance sheet & with ample liquidity and healthy cash flows, to comfortably finance our growth initiatives.

FY23 Revenue from Operations
(₹ in Crore)

85.5

MD & A

Performance Discussion & Outlook

FY23 was marked with macro challenges. These included a slowdown in demand in certain geographies as a result of the war between Russia and Ukraine, which led to an energy crisis in Europe and dampened overall industry sentiment. Despite these factors the company demonstrated resilience in its performance.

Looking ahead, we remain focussed on our growth strategy, which includes increasing our business from existing accounts, developing new customer accounts, entering new application domains, and investing in technology and automation to improve efficiency and optimize costs.

The company continues to maintain a solid Balance Sheet and cash position, coupled with healthy cash flows and no major financial liabilities.

The process of increasing further capacity is also planned for the financial year 2023-24. This will enable the company to cater to growing market demands. Looking forward, the company anticipates that the rising demand of its products, good business pipeline, addition of new business categories will lead to long term and sustainable growth of the company.

Financial Highlights

Some of the key financial metrics for the year ended March 31st 2023 are graphically displayed below:

Revenue from Operations
(₹ in Crore)

FY23	85.5	5% Y-o-Y Growth
FY22	81.3	

EBITDA
(₹ in Crore)

FY23	20.4	7% Y-o-Y Growth
FY22	21.9	

EBITDA Margins
(In %)

FY23	24%	7% Y-o-Y Growth
FY22	27%	

PAT
(₹ in Crore)

FY23	10.6	19% Y-o-Y Growth
FY22	13.1	

PAT Margins
(In %)

FY23	12%	19% Y-o-Y Growth
FY22	16%	

- Revenue from Operations for FY23 stood at ₹85.5 Crore as compared to ₹81.3 Crore in FY22, an increase of 5% year on year.
- EBITDA for the year FY23 stood at ₹20.4 Crore as compared to ₹21.9 Crore in FY22, registering a decrease of 7% year on year. Subsequently, EBITDA Margin for the year stood at 24% as compared to 27% in FY22.
- Net Profit for the year stood at ₹10.6 Crore as compared to ₹13.1 Crore in FY22, registering a decrease of 19% year on year. Subsequently, PAT Margin for FY23 stood at 12% as compared to 16% in FY22.



Financial Ratios

Ratios	FY23	FY22	% Change	Remarks
Current Ratio (in times)	2.96	2.58	14.89	Decrease in current liabilities
Debt-Equity Ratio (in times)	0.02	0.19	100.00	Increase in debt
Debt Service Coverage Ratio (in times)	8.04	3.24	148.46	Decrease in debt
Return on Equity Ratio(in %)	19.26	18.16	6.05	-
Inventory Turnover Ratio (in days)	71.39	68.02	4.95	-
Trade Receivables Turnover Ratio (in days)	65.05	80.32	(19.01)	-
Trade Payables Turnover Ratio (in days)	39.39	42.06	(6.34)	-
Net Capital Turnover Ratio (in times)	2.10	2.26	28.18	-
Net Profit Ratio (in %)	14.56	16.99	(14.32)	-
Return on Capital Employed (in %)	18.60	20.58	(9.59)	-
Return on Investments (in %)	-	-	-	Not Applicable

Internal Control System and Their Adequacy

The company has a system of Internal Control which is reviewed by the Management. The Management evaluates the functioning and quality of the internal controls and provides assurance through periodical reporting. The Management reviews the Internal Audit Reports and the adequacy of internal control on a regular basis which is also minimizing any possible risk in the operations of the company.

Human Resources

The company recognizes human capital as its most valuable resource, playing an important role in ensuring business sustainability and driving growth. In order to attract and retain top talent, the company implements a range of initiatives that not only enhance its visibility and recognition but also strengthen its brand in the talent markets.

These initiatives encompass various aspects, including providing fundamental benefits such as complimentary lunch meals for all our 400+ employees at our facility, and more advanced initiatives for middle and senior level managers.



The company organizes dedicated employee engagement activities, learning and development programs, and managerial training conducted by professional business coaches specifically tailored for middle and senior level managers. One notable initiative was the Leadership Program conducted in 2023, designed to foster leadership skills and promote team building. This engaging event comprised a series of interactive sessions, group discussions, and team-building exercises, creating a stimulating environment for participants.

Providing complimentary lunch meals for all our

400+ employees

Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, change in the Government regulations, Tax Laws and other statutes and incidental factors.