alicon



Challenging the
NOW

Casting the
FUTURE



ALICON CASTALLOY LIMITED

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

23rd Annual Report 2012-13

Contents

FORWARD-LOOKING STATEMENT

Certain Statements made in this Annual Report & the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on, whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions and macroeconomic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the Company does not have any direct control.

Corporate Information

BOARD OF DIRECTORS

Mr. S. Rai
Managing Director

Mr. Junichi Suzuki

Mr. A. D. Harolikar

Mr. Maskatsu Uchiyama
(Alternate to Mr. J. Suzuki)

Mr. Vinay Panjabi

Mr. Asis Ray
(Up to 31st July, 2013)

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.

REGISTERED OFFICE & WORKS

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

M/s. Universal Capital Securities Pvt. Ltd.
21 Shakil Niwas, Opp. Sai Baba Temple,
Mahakali Caves Road, Andheri (E),
Mumbai - 400 093

Everything that we have accomplished during the year was made possible by our team. A team that is committed to constantly challenge the status quo, innovate, and expand their horizons.

Message from MD

The financial year began with industry and national growth at its lowest ebb. Low levels of demand impacted the automobile sector and there was a perceptible slowdown in the operations of our clients. Given the fact that the majority of our sales come from the automobile sector, this was a worrying situation. We could not even contemplate any growth. In fact, sustainability of the business became a matter of serious concern.

These circumstances gave birth to our concept of "**Challenging the NOW**".

What was required was a series of concerted efforts to counter the market conditions and unleash new growth actuators. We began by viewing the stagnancy in our sector as an opportunity rather than as an impediment. While getting increased sales was an issue, we renewed our efforts to increase our efficiencies, reduce our input costs, and increase our productivity.

We renewed our efforts to expand our markets and broadbase our clientele. We leveraged technology inputs for rapid prototyping from our recent acquisition of Illichmann Castalloy, a world class facility in Europe. Rapid prototyping is a key requirement in developing new markets. We redoubled our efforts to produce prototypes which could lead to mass manufacturing in the future.

We adopted the Kaizen methodology to improve our processes and implemented a Break Even Point Management Plan that would extract more efficiency from our operations. These initiatives helped us overcome the bleak market conditions and tap hidden possibilities in our operations.

We clocked a turnover of ₹ 4,314 million during the year representing growth of 13% as compared to previous year.

Profit After Tax for the year ended 31st March, 2013 stood at ₹ 212.37 million as compared to ₹ 220.10 million in the previous year.

These numbers are a testimony of the faith we have in ourselves and in our ability to unleash the true potential within our organisation.

While the sentiment in the automobile industry still remains low and there are no major expectations of improvement for the coming year, the demand and the opportunities for die casting on the whole remains good. Estimates indicate that the Indian industry consumes 0.45 million tons of castings a year, of which 60% or 0.25 million tons is attributed to die casting. We will continue in our efforts to seek new opportunities and we will be targeting the non-auto sector with specific attention to industries like healthcare and energy.

Our ability to develop prototypes, and offer an end-to-end integrated service is a strength that will attract new customers. Our near obsessive concern for quality makes us a partner of choice. We have put in concerted efforts to improve our quality levels and every year we have managed to reduce the ratio of defective parts that we manufacture. This helps us reduce our costs, while providing a boost to the level of confidence our clients place on us.

We believe that R&D plays an important role in laying the foundations of a sustainable business. Over the years, we have invested heavily in creating a robust R&D capability. Our R&D centres include state-of-the-art testing laboratories, a design centre, tooling prototypes and facilities for pilot testing. We have the latest simulation and engineering software. A dedicated team of domain experts and experienced engineers use these technological facilities to develop innovative solutions. We remain committed to sustaining and building on our R&D capabilities and using it as a tool to expand our markets and serve our customers better.

Everything that we have accomplished during the year was made possible by our team. A team that is committed to constantly challenge the status quo, innovate, and expand their horizons. I take this opportunity to thank our team for their efforts and to reaffirm my faith in their abilities.

Even in this tough market situation, your company has declared a record dividend of 40% compared to 27.50% last year. This is in line with our policy of steadily increasing the dividend payout ratio.

I would also like to thank members of our Board and our senior management team for their valuable contributions.

Last but not least, I would like to thank our customers, business associates, bankers and all stakeholders for the trust that they have reposed in the alicon Group.

With a promise to continue on our path of progress by Challenging the NOW, I seek your continued support in the future.

Thank you,

Shailendrajit Rai
Managing Director

Notice

NOTICE is hereby given that the 23rd Annual General Meeting of the members of Alicon Castalloy Limited will be held at 12.30 p.m. on 30th September, 2013 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 Statement of Profit & Loss for the year ended on 31st March, 2013.
2. To declare dividend.
3. To appoint a Director in place of Mr. Junichi Suzuki, who retires by rotation, but being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

ON BEHALF OF THE BOARD OF DIRECTORS
S. Rai
Managing Director

Place: Shikrapur
Date : 31st July, 2013

Registered Office :
Gat No.1426, Village Shikrapur, Taluka Shirur,
Dist. Pune, Maharashtra.

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY OR PROXY(IES) SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Share Transfer Register and Register of Members will be kept closed from 27th September, 2013 to 30th September, 2013 (both days inclusive).

3. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/ unpaid dividend over a period of 7 years have to be transferred by the Company to the Investors Education & Protection Fund constituted by the Central Government under Section 205(A) and 205(D) of the Companies Act, 1956.

   Following are the details of dividend paid by the Company and their respective due dates of transfer to such Fund of the Central Government, which remains unpaid :

Date of Declaration of Dividend	Dividend for the year	Due date of transfer to the Government
30th September, 2006	2005-2006	28th October, 2013
29th September, 2007	2006-2007	27th October, 2014
27th September, 2008	2007-2008	25th October, 2015
29th September, 2010	2009-2010	27th October, 2017
28th September, 2011	2010-2011	26th October, 2018
28th September, 2012	2011-2012	26th October, 2019

   It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956.

   In view of the above, the shareholders are advised to send all the unencashed dividend warrants to the Company's Share Transfer Agents for revalidation and encash them before the due date for transfer to the Investor Education & Protection Fund.

4. As required under Clause 49 of the Listing Agreement, profile of Directors seeking re-appointments are mentioned in Corporate Governance Report.

5. Members desiring any information as regards accounts or operations of the Company are requested to send their queries in writing at least seven days in advance of the date of the meeting so as to enable the management to keep the information ready.

ON BEHALF OF THE BOARD OF DIRECTORS
S. RAI
Managing Director

Place : Shikrapur, Pune
Date : 31st July, 2013

Registered Office :
Gat No. 1426, Village Shikrapur, Taluka Shirur, Dist. Pune, Maharashtra.

Casting for Leadership

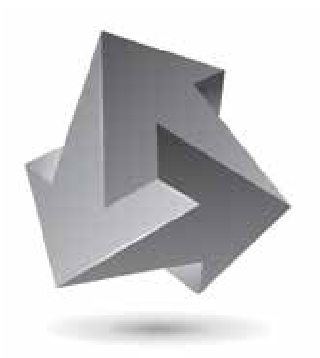
Alicon Castalloy Ltd. is the flagship company of the alicon Group - a global consortium of casting companies with units in India, Austria, and Slovakia. The Group offers advanced engineering solutions to some of the largest automobile OEM's in its respective markets. Alicon Castalloy is one of the largest integrated aluminium casting manufacturing units in India offering end-to-end solutions across the entire value chain, and delivering best-in-class aluminium castings - Gravity, Low Pressure and Sand Casting. The Company is also a pioneer user of the unique Pi system for low pressure casting in India - this system enhances productivity with the minimum utilisation of machines, space and manpower.

Our services include designing, engineering, casting, machining, testing and sub assembly, painting and surface treatment of aluminium castings. Our production facilities are located in Pune (Maharashtra), Gurgaon in North India and Slovakia (Europe). Alicon has the distinction of being a single source supplier of many critical engine parts including cylinder heads for some of India's largest OEM's of two and four wheelers. We also cater to the non auto sector specifically sectors like Agriculture, Aero & Marine, Locomotive, Infrastructure, Energy, Defence, and Medical/Healthcare industries.

Over the past three years, the Company has been growing at a rapid pace and turnover has more than doubled in both the domestic as well as international markets.

> **Don't believe what your eyes are telling you.**
> **All they show is limitation. Look with your understanding.**
> **Find out what you already know and you will see the way to fly.**
>
> \- Richard Bach, Jonathan Livingston Seagull

Challenging the NOW.
Casting the FUTURE.



When we look around us, what we see is merely the circumstance. When we are faced with tough market conditions, we only see difficulties - We miss seeing the potential of unlimited possibilities. Realising our potential requires us to look within ourselves and thereby seek insight into our circumstances. Once we understand this, we relook at our circumstances as something that can be changed by our actions. The possibilities of **NOW** emerge, liberating us from the circumstances and giving wing to our abilities.

We begin recasting the shape and contours of the future in the immediacy of the now.

We began by questioning the status quo, the apparent reality of the “Now” with a series of questions, appended by “**WHAT IF**?”

What if, the stagnancy in the industry was not a limitation but an opportunity?

What if, we could take our abilities and capabilities in our business to an even higher level of competency?

What if, we could refine our way of working and extract more efficiency from our operations and yield more profit despite the circumstances?

With deep introspection, concerted action and continued application, we cast the die for the future.

We emerged stronger, more efficient, cohesive in our efforts and ready to take on any challenge that the future could throw at us.

It resulted in a series of successes that delivered more value and tangible benefits making us a sustainable, profitable and forward seeking entity.

By working in the now, we have changed our future for ever. We are poised to climb even higher peaks in the future and deliver to expectations.

Our possibility has become plausibility.

> Your whole body, from wingtip to wingtip," Jonathan would say, other times, "is nothing more than your thought itself, in a form you can see. Break the chains of your thought, and you break the chains of your body, too."
>
> - Richard Bach, Jonathan Livingston Seagull

Challenging the NOW.
Casting the FUTURE.

The bird is designed for flight. But the first flight always demands self belief. The body of the bird is physically structured to support flight, but flight is always a thought in itself. While the physicality of the bird's body is a reality, it is the thought of flight that gives wings to possibilities.

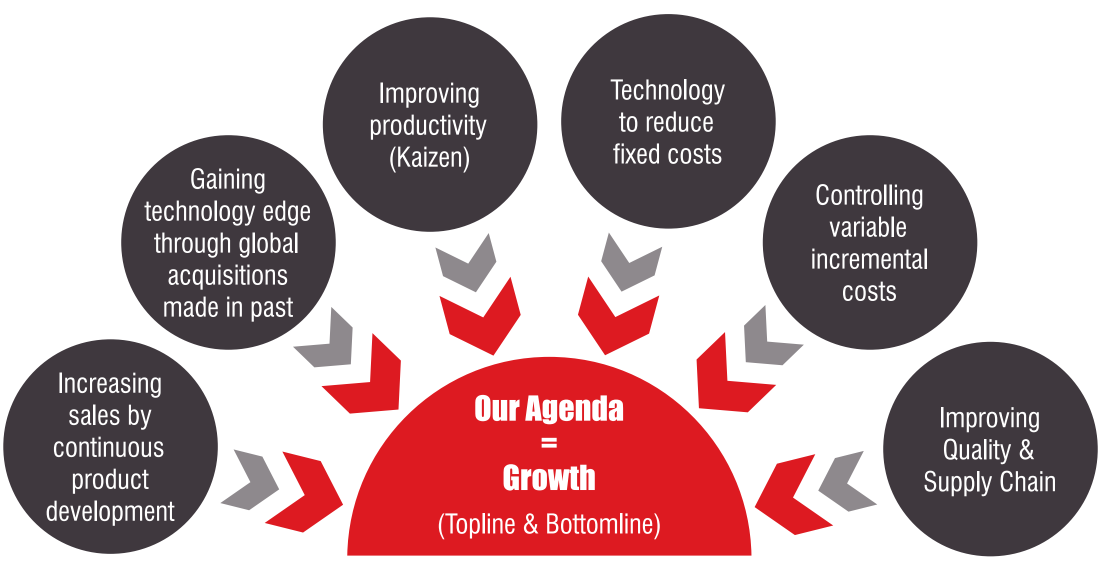
Inspired by our motto of "Together, we make it happen", we took up the challenge to break the shackles of our thought so as to impact our circumstance and grow despite dismal circumstances. It was an act of faith that would give wind to our wings.

Our industry was growing at barely 5% and our main revenue driver, the automobile sector was experiencing its worst downturn in a decade. The business environment was barely conducive to sustainable growth. In these circumstances, even if sales materialised; incremental price was almost impossible to achieve, despite genuine pressure on costs. Yet our goal was to achieve both topline growth and improve profitability.

The key to this growth lay within us. It demanded that we break our chain of thought that was influenced by the circumstance and give wings to our possibilities. We looked deep within. We dove into our thoughts and shifted our focus from limiting circumstances to giving wings to our possibilities.We were committed to create our own circumstances to promote growth.

Year 2012-13 was a busy one as our aim was to achieve growth despite challenging circumstances and we ensured that the Company captures opportunities within by:

- Continuing our efforts to usher innovations in processes and laying even more emphasis on the new product development in order to expand our product bank and to raise sales
- Absorbing global technology which was at our disposal due to international acquisitions made in the past
- Gauging and looking for opportunities to introduce automation and innovation at different levels of the manufacturing processes
- Pushing the parameters of productivity and operational excellence even further
- Ensuring manpower optimisation
- Continuing to consistently add value to customers and to be their partner of choice



Unleashing the Break Even Point (BEP) Management Strategy

BEP focus is essential in a management committed to eliminating waste and maximising the use of resources. By providing our management team with this framework, they are continuously striving to make our operations leaner and more productive. Our constant effort to reduce BEP levels will give us a strong foundation to Cast a better Future.

We emphasised efficient quality management, reducing scrap and optimising work in progress. These initiatives not only increased the value add ratio in our operations but also ushered a new standard of quality for the future.

Break Even Point (BEP) Management

How to increase Bottomline (HIB) Activities

(Increase Value add %, Reduce Fixed Costs, Increase Sales)

Increase Value Added Ratio

Reduce Fixed Costs

Increase Sales

Promote 3B

1. Reduce Reject Ratio
2. Improve Pass through Ratio
3. Reduce Work In Progress

Promote 8R

1. Reduce Labour Costs
2. Reduce Energy Costs
3. Reduce Factory Supplies Costs

Improve Productivity

1. Promote Kaizen
2. Reduce CycleTime
3. Reduce DownTime

34
new customers

212
parts in the past four years

Increasing sales in a slowdown

We were serving an industry that was in the midst of a slowdown. Yet, our ambition was to increase our sales.

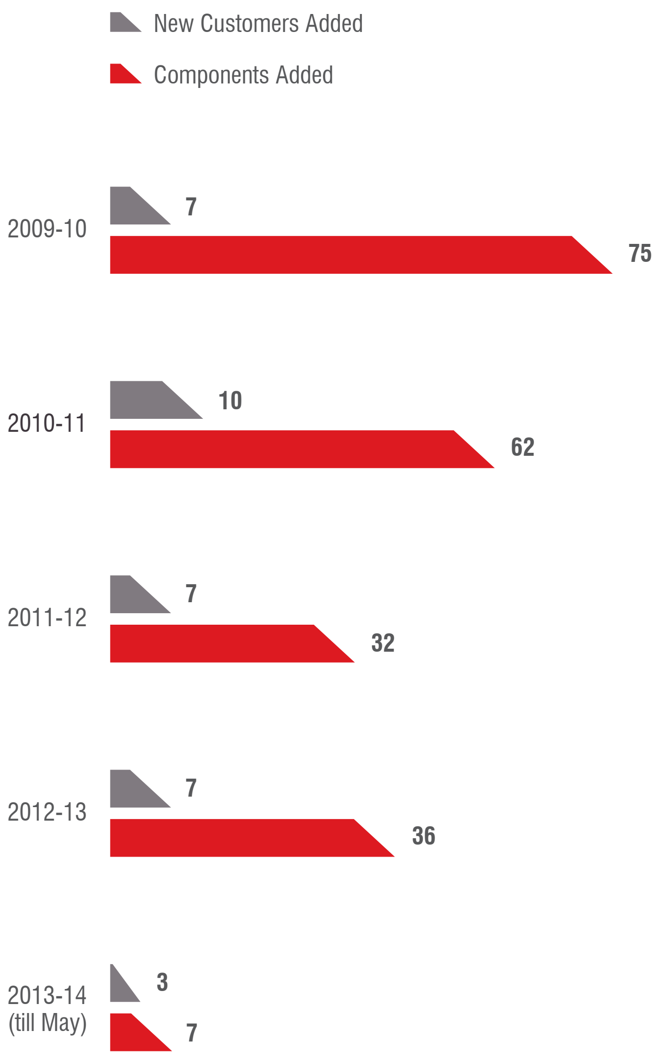
One way to achieve increased sales was by increasing our competency, adding more parts to our repertoire and improving our operational efficiency to squeeze costs and deliver profits.

We began with a segment that provided us with opportunities and continued to hold potential. This included:

- Light Commercial Vehicles in less than one ton bracket to which we supplied Cylinder Heads
- Two wheeler segment
- Small Cars - to which we could supply Cylinder Heads
- Utility vehicles and SCV

Our attempts to achieve increased sales were driven by several initiatives:

- Developing a continuous flow of new products that would convert to sales in a short time
- Improving our customisation capabilities, moving faster in an integrated manner to exert better controls on our activities and emerge more efficient
- Optimising processes and costs by use of better global technologies available with us to manufacture light weight components
- Increasing the prototype development fed by the scenario change in the market that resulted in all car manufacturers aspiring to launch new models in record time
- Capturing opportunities when prototypes developed in the last year moved into commercial production, yielding increased volumes
- Creating and maintaining plants with world class standards, modern technology centres, globally competent tool rooms, quality testing labs and full-fledged machine shops including sub assembly facilities
- Building on the technological edge that we acquired through our association with Enkei Japan
- Leveraging the benefits gained through our recent acquisition of Illichmann Castalloy - a world-class facility in Europe for rapid prototyping - a key requirement to service different industries
- Imbibing knowledge and international standards from key senior management level technical experts from Europe who are now attached to our Indian facilities. Enhancing learning from the experienced, international technical teams that visit our facility to drive technology upgradation



This accelerated growth is a testimony to our ability to adhere to the stringent quality standards of our customers, and our increasing stature in the market place. Our prestigious customers in the automobiles space (4-wheeler segment) include Audi, Honda, Volkswagen, Piaggio, Maruti, Eicher, Fiat, TATA, VOLVO, Mahindra and Ashok Leyland.

Our key customers in the 2-wheeler segment include: BMW, Bajaj Auto Ltd., Hero MotoCorp Ltd., Honda Motorcycle & Scooters India (Pvt.) Ltd., KTM Sportmotorcycle AG, Suzuki Motorcycle India Pvt. Ltd.

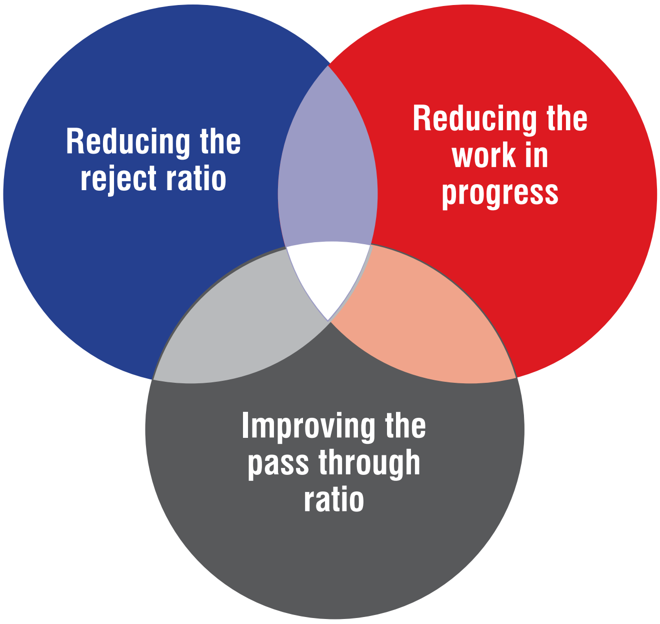
Volume Growth

Even as we added value to our business, our volumes also expanded, thanks to our ability to meet our customer requirements. During the past three years; we have achieved over 100% growth. The total volume of castings has increased from 8,621 tonnes in FY11 to 15,719 tonnes in FY13.

In the future, we plan to add painting to our capabilities so that customers can use painted cast parts directly in their production line. This adds value to our offerings and increases our capability basket.

Increasing the Value Add ratio in our operations

Our efforts to increase the value add in our operations was predicated on three initiatives. These included:



Our focus was on instituting better controls while increasing automation. We also actively sought to imbibe key learnings from our European operations in order to improve our standards of work.

We instituted a Japanese audit of our facilities with an aim to enhance quality and improve productivity. Over the years, we have consistently performed on this parameter, and our rejection ratio has also decreased consistently.

Further, we leveraged the power of Information Technology to improve the efficiencies of our operations.

We are conscious that our efforts to attract global conglomerates to partner with us will translate into meaningful long-term business only if we are able to consistently maintain the global manufacturing standards of our operations. We are committed to ensuring reliability in each of our actions and in every product or service that we render. We continue to strive for continued improvement, with the singular aim of achieving total customer satisfaction.

We have instituted stringent process control measures at the casting and machining stage and today our defect rate at customer end is at benchmark level. Our quality standards and processes match International standards through TS 16949:2009, ISO 9001:2008, ISO 14001:2004 & BS OHSAS 18001:2007. The Group consortium is working closely through the principles of PQCDDMSE (Productivity, Quality Cost, Delivery, Development, Management, Safety and Environment) to serve our customers better.

Reducing costs involved in our manufacturing and other operations
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We consistently seek to reduce our fixed and variable costs through a variety of processes, without compromising on the stringent quality standards associated with our products. Our efforts in this direction received a boost from our Japanese collaborators and European subsidiaries who shared their best practices in reducing costs.

Maximum output - doing more with what is available

Our productive inputs are electricity, power and machine time. Using them in different combinations is what enhances our productivity. We initiated steps to increase productivity while maintaining the same level of inputs. This enhanced productivity enabled both cost saving and increased our efficiency. The mantra was - same inputs, enhanced outputs.

Cost saving - from power trading

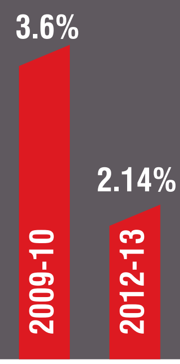
We commenced buying electricity from private operators at fixed price which is lower than MSEB rates. It contributes in reduction of energy cost per unit consumed.

Improving productivity and efficiency by applying Kaizen principles

We introduced the practice of Kaizen to increase our productivity and improve our efficiency. We introduced audits by Japanese Kaizen experts who offered ongoing training in which several employees participated. The programme was centred around the theme of "Kaizen Karo, IPL Jao" - aimed at motivating employees to adapt to the new paradigm shift in working and reward them for their participation.

Interest

as a percentage of sales



Saving interest costs as a percentage to Net Sales

Opportunities arise when one views circumstances as something that can be changed. During the year, we faced with the circumstance of a slowing economy and increasing interest rates. Against this dismal scenario, we mounted a bid to reduce our interest costs as a percentage to net sales. Powered by our incisive thinking, concerted action in cost management and improving internal efficiencies in the use of capital, we managed to bring down our interest costs successfully.

In absolute terms our efficient management of working capital and control over new investments ensured reduction in interest outflow. Our interest as a percentage of sales decreased from a high of 3.6% in 2009-10 to 2.14% in 2012-13.

The measures we undertook to achieve this seemingly impossible task led to improved Internal Ratings by our Bankers. We also maintained our CRISIL credit rating at the same level despite the economic slowdown.

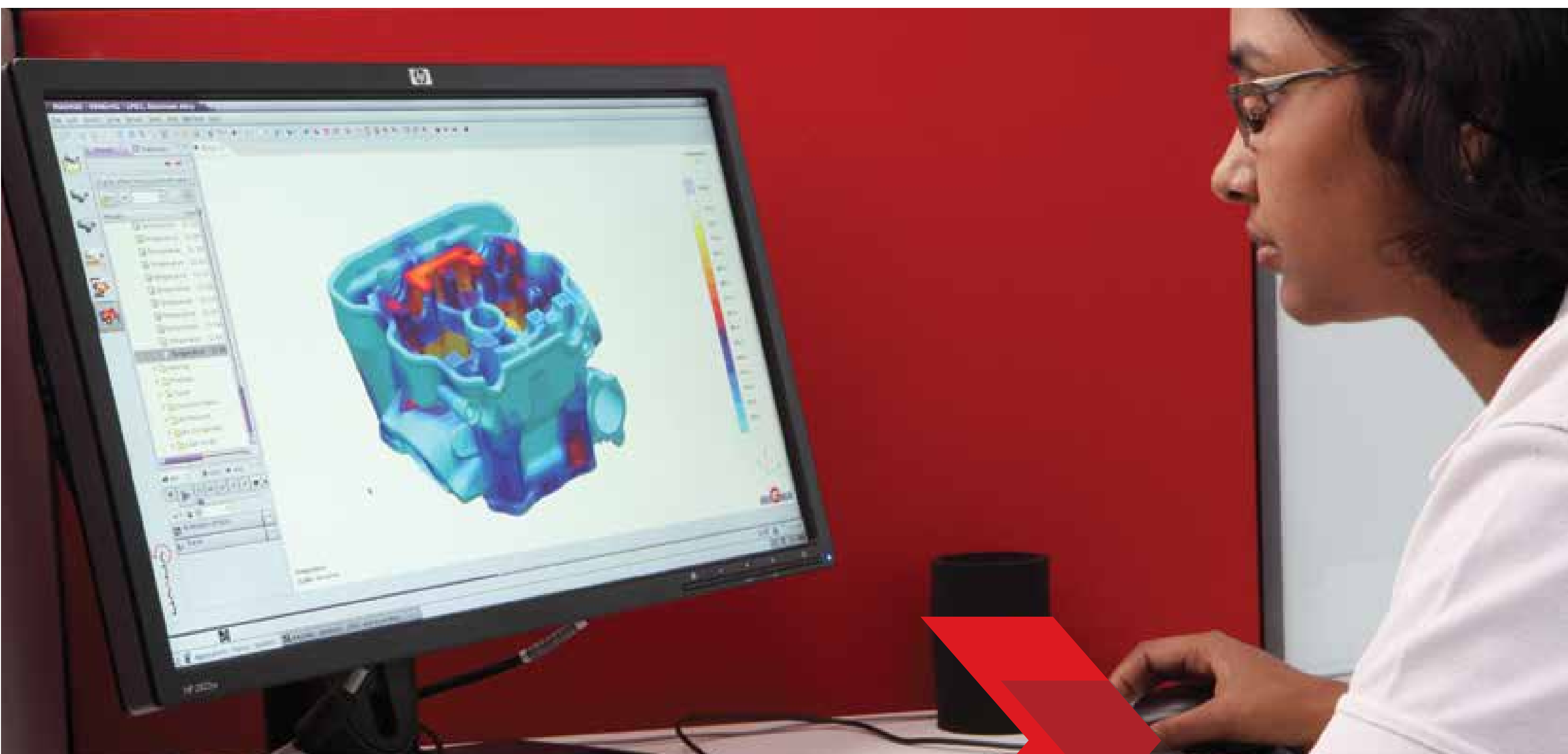
All of which strengthened our negotiation power with Banks.

Moving from the Now to the Future

Our focus on challenging the now is focussed on casting the future. We are currently undertaking several initiatives that will help us build a healthier future.

These include:

- Institutionalising the ability to add new products and target new OEMs
- Developing new offerings that promote fuel efficiency and has immense demand potential
- Entering into specialised segments which are expected to generate consistent future demand and are less competitive, leading to premium pricing
- Investing in dedicated infrastructure to achieve these new benchmarks
- Reinforcing the focus on de-risking and entering into the non-auto segments
- Continual investment in infrastructure to remain ahead of the requirement of the market. We are making additional investments in increasing our production capacity at Pune and Gurgaon. The new infrastructure we are building include new CNC facility, a new facility for liquid metal at Shikarpur and the Binola facility. Also a brand new facility for 4W cylinder head.
- Immigrating to SAP - wherein we underwent four iterations in discussions with the SAP team to finalise scoping
- Instituting an accurate costing base and consolidation capability in the marketing and finance functions



With a clear roadmap and vision to achieve scale and accelerated growth, we are casting the future.

People bonding together in the now

A strong people-oriented culture permeates the Company. We believe that people are the cornerstones of our ambitious plans and it is they who actually implement and enable our achievements. We believe in strong mentorship to enhance our people capabilities and to help people grow. We conduct regular learning sessions to improve our knowledge base and outlook. These programmes, which range from community service to ecology, contribute to substantially increasing the cohesiveness of our teams.

Challenging the Now with People support

Challenging the Now is a people-oriented mission. It is people who take on challenges, innovate, deliver perceptible efficiencies, improve productivity, reduce wastage and continued Kaizen-based improvements in our work processes. We are proud of our team and acknowledge their outstanding contributions in making our mission to Challenge the Now a resounding success.

CSR - Contributing to the society we operate in

For every member of the alicon Group, contributing positively to the society is an integral aspect of our business and lives. We contribute to the well-being of our employees, the local communities and the society at large.The Group's CSR activities are focussed in four areas:

1 Sahjeevan (Children)

Our CSR activities in this important area revolve around engaging with and empowering various influencers of child development who influence children outside of mainstream education.

Some of the activities conducted in this domain during the year included:

- Working with the teachers and trustees of Sevadham's residential school which caters to children from remote tribal regions in the Malegaon area
- Successfully conducting workshop programmes with staff and trustees
- Pilot workshop with children

Looking at the success of these initiatives, more programmes and workshops are planned in the future. New toilet infrastructure and hygiene/environmental education project planned with German Collaboration.

As a part of our earn and learn programme, we have selected students from various drought-prone areas, and imparted training to them to make them employable. The training included a mix of classroom training and on the job work experience. The impact was the building of employability skills, making these students potential employees with a gainful occupation.

2 Sthree (Women)

The Group is specially focussed on empowering women and promoting their economic self reliance through income generating activities which also contributes to their food and social security. The Alicon Group collaborates with the Bansuri Foundation, which works closely with another NGO Ashta No Kai (For a Better Tomorrow), and together we remain committed to transforming lives in rural India.

The Company also extended its support to Maher Care Homes and developed workshop programmes for them besides refurbishment one of their kitchen facilities at one of their Homes.

We are also in the process of organising training sessions for the women in livestock management and fodder cultivation and supporting the community by organising visits by a qualified veterinary doctor.

3 Swasthya (Healthcare)

Our aim in this segment is on improving access to healthcare by supporting less privileged families overcoming financial barriers to healthcare.

In this context, the Company has supported the redevelopment of the paediatric malnourishment ward at the Sassoon Hospital, Pune. It is also addressing the root issues and raising awareness about healthy lifestyles and providing effective nutrition in resource-poor communities.

In the future, we plan for an interactive programme with parents of the admitted children in the paediatric ward of Sassoon Hospital to increase awareness about healthy nutrition.

As a part of voluntary employee-led initiative, blood donation camps are regularly held at the Group's various facilities.

4 Ved (Education)

We are focussed on supporting educational institutions that provide quality education to poor or marginalised children. Different training programmes and workshops are arranged for school teachers and one such workshop was aimed at promoting Non-Violent Communication aimed at promoting discussion, peaceful dialogue and harmonising the vision for the future of schools.

For every member of the Alicon Group, contributing positively to the society is an integral aspect of our business and lives. We contribute to the well-being of our local communities and the society at large.

Awards and Accolades

Our efforts in Challenging the Now and Casting the Future have found appreciation within and awards and accolades from our customers and trade. We believe that each award is a motivator that egg us on to further efforts and further achievements.

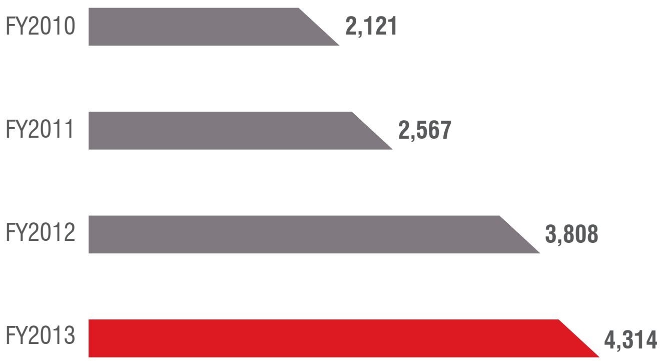
JBC Appreciation Award

New Product Development Award from Suzuki Motorcycle India Pvt. Ltd.

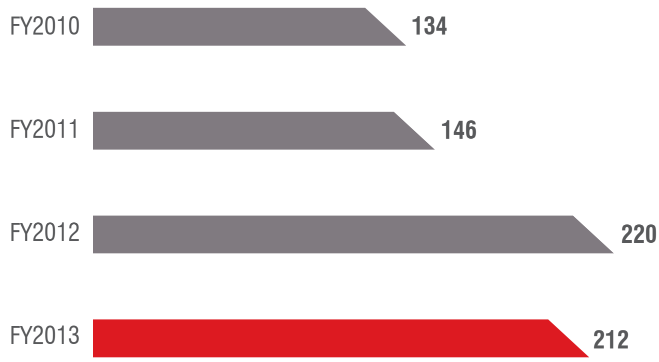
Award for Valuable Support and Contribution from Honda Motorcycle and Scooter India, Private Limited (HMSI)

Financial Highlights

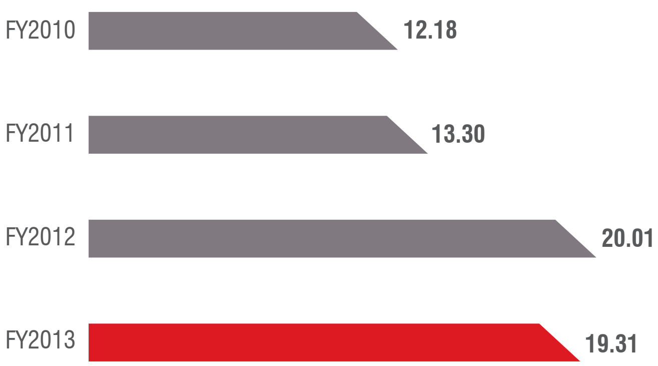
Net Sales (₹ in Million)



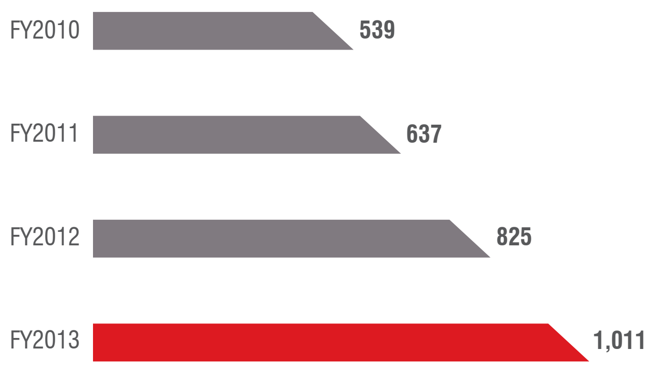
Profit After Tax (₹ in Million)



Earning Per Share (Amount in ₹)

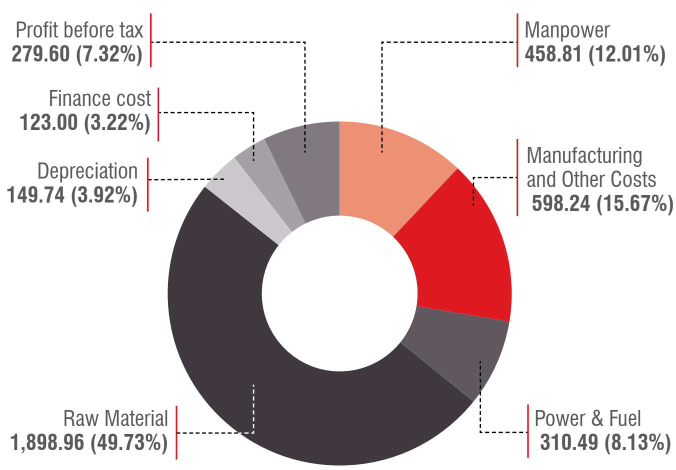


Net Worth (₹ in Million)

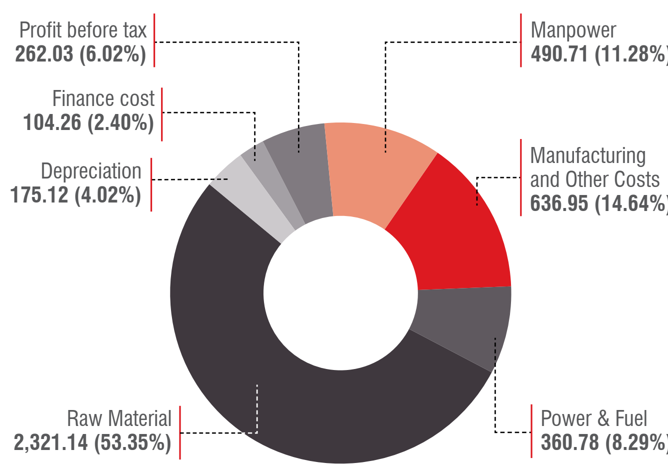


Cost & Profit as a Percentage of Total Income (₹ in Million)

2011-12



2012-13



Management Discussion & Analysis

Economic Overview

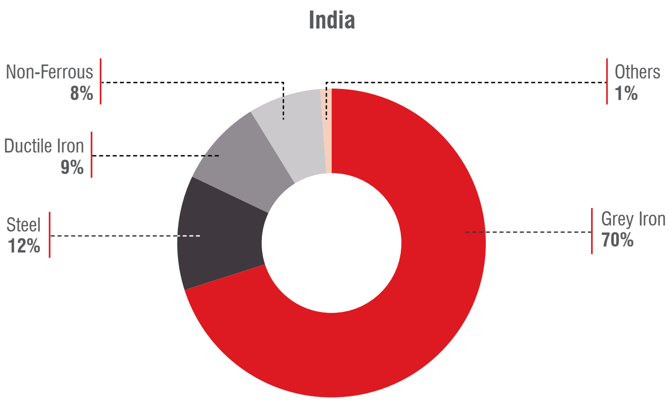
The Indian economy experienced poor growth during 2012-13 for a range of reasons. A high fiscal deficit and a deteriorating current account deficit resulted in growing inflation and rising interest rates, which in turn led to a poor investment rate and a GDP growth of merely 5%, the lowest in the past decade. The industrial sector, which comprises the mining and quarrying, manufacturing, electricity, gas and water supply and construction, grew at 3.1% in 2012-13 after a marginally better rate of 3.5% in 2011-12. The service sector also grew at a subdued 6.6% and due to 'lower-than-normal rainfall' between June and July 2012, the agriculture sector clocked weak growth. Indian exports also performed poorly as the global economy continued to struggle with a slowdown.

Looking ahead, the Indian economy's growth is expected to pick up during the year 2014 as the economic climate appears to be turning around. The Government has started taking measures to boost investment and lower the fiscal deficit. Also the RBI is now in fray to mobilise the funds in the market and provide adequate liquidity. These policy measures coupled with predictions of a normal monsoon this year, which will spur demand, could drive India's GDP growth upwards. With all these measures, there looks to be improvement in the market around April-May 2014 and should be stabilised by September-October 2014 with the upward trends. The year 2014, will be the year of "General Elections", which should boost economic growth further.

Industry Overview

The metal casting (foundry) industry has come a long way from the days when it was predominantly used for die-casting in the automobile industry and a few electronic goods. Today it is a base industry on which the country's industrial growth hinges. A wide spectrum of industries including automobiles, aeronautics, railways, construction, mining and earth-moving equipment, pumps, compressors and valves, diesel engines, cement/electrical/textile machinery, steel plants and farm equipment and sanitary pipes and fittings, amongst others, are downstream industries for the castings industry.

The industry comprises of approximately 400 die cast companies with 4,500 units, of which 85% can be classified as small scale units, 10% as medium and only 5% as large scale units. Of these units, only around 800 have International Quality Accreditation. Being labour intensive, the industry employs around 6.5 lakh people directly and indirectly.

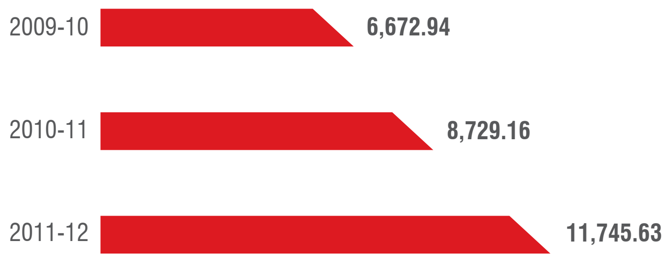


During 2011-12, the industry produced an estimated 10 million MT of various grades of castings, which conformed to international standards. There are various types of casting produced in India such as ferrous, non ferrous, aluminium alloy, graded cast iron, ductile iron, steel, etc., Casting exports have been increasing at a steady rate of 25-30% per annum for the past few years although they slowed down in 2012-13 due to weak demand from Europe, one of India's main export markets.

Production in Million Tonnes			
Type of Castings	**2009-10**	**2010-11**	**2011-12**
Grey Iron	5.05	6.18	6.79
SG Iron	0.80	0.98	1.09
Malleable	0.06	0.07	0.07
Steel	0.88	1.07	1.14
Non-Ferrous	0.65	0.75	0.90
Total	**7.44**	**9.05**	**9.99**

As per the World Census of Castings by Modern Castings, USA, India ranks as the 2nd largest foundry-based casting producer in the world, after China which leads with a production of 39.6 million MT. In terms of proportion of the world casting industry, India's share has increased to over 10% in 2012 and this is likely to grow as over the last decade, India's production capacities grew at a CAGR of 12%, while the world average grew at 3.6% during the same period.

Export of Castings - 50 HS Codes - ₹ Crore



The industry has weathered economic upturns and downturns and still grown at a faster rate than the overall economy. While India's GDP has been increasing at between 5-8% during the past few years, the foundry industry has posted a growth of 13% to 14% since 2001, except for 2008-09 when it clocked 12% due to poor demand on the back of a global recession. In fact, according to a study by the World Foundry Organization (WFO), while worldwide casting production increased 13.7% in 2010, India's industry grew 22%. This sterling performance has been largely due to the consistent demand for vehicles from tier II and tier III cities around the country and new industrial projects which led to an increase in local demand. A spokesperson of the WFO stated that although foundries in India have started investing to increase their productivity and capacity, the Indian foundry industry can look forward to accelerated growth for many years to come as the total domestic requirement of castings is about 20 million MT per year and there is a large demand-supply gap.

Some factors that will continue to drive demand are the government of India's focus on increasing the share of manufacturing in GDP; the New Manufacturing Policy which is aimed at enhancing the creation of new jobs; the Automotive Mission Plan 2016; various infrastructure development initiatives and power projects in the 12th Plan (2012-17) and the gradual shift of global OEM operations to India.

The Indian casting industry is projected to grow to $19.2 billion by 2016.

Business Overview

As an industry leader, Alicon offers its client full system solutions including prototype design and manufacturing, tool design and simulation, tool manufacturing, fixture design and manufacturing, casting manufacturing, VA/VE suggestions, machine sub-assembly and even painting. With one of the largest aluminium foundries in India and a global footprint in the form of manufacturing facilities in Slovakia, Joint Venture with Enkei Corporation (Japan), the Company offers its domestic and global clients a single point for engineering solutions in the automotives, locomotives, medicals, energy and agricultural segments.

During the year 2012-13, the Company's sales tonnage increased due to a healthy combination of existing sales and new business. Alicon added a total of seven new customers to its base. In keeping with the Company's philosophy of diversification, these new clients comprised some from the automobile sector, Tata Cummins, Honda-UK, BEML (Mysore) and Triumph and non auto sector such as New Holland and Tatsuno India.

Alicon manufactured 36 new components for both its automobile sector and non auto sector. These have been appreciated for their energy and investment savings in addition to their appropriate and creative designs.

As in the past, Alicon continued to maintain its performance momentum by displaying sound sales growth alongside cost reductions on various fronts. Initiatives to reduce costs included the use of liquid metal and power trading. The benefits of these endeavours will become apparent in the future.

Where non-manufacturing costs were concerned, the Company achieved a reduction in interest costs through effective working capital management, improved Banks Internal ratings, maintaining same level of CRISIL rating despite the ongoing economic slowdown and better negotiations with banks. The Company has also met its target of maintaining its investments below the depreciation level.

Overall, during the year, the Company achieved an improvement in its value-added ratio, with support from Enkei Corporation, Japan. As a result, Alicon Group rejections in 2012-13 have reduced consistently and improved efficiency in packaging, productivity and products. This in turn enhanced sales.

During the year, the Company also undertook construction and creation of various new infrastructure projects both to enhance sales and productivity and increase employee delight.

Financial Review

The Company's Total Income for 2012-13 stood at as ₹ 4351.00 million against ₹ 3841.75 million in 2011-12 registering a growth of 11.70%. This increase was driven by an increase in our market share and development of new products.

During the year, the Company embarked on a drive to cut costs and improve efficiency at all levels. Manpower cost as a percentage of total income fell from 12.01% in 2011-12 to 11.28% in 2012-13. In real terms, it increased by ₹ 31.91 million during the year ended 31st March, 2013. Power and fuel cost increased from 8.13% to 8.29% as percentage of total income in spite of major increase in electricity and petroleum product rates. In real terms, power and fuel costs increased to ₹ 360.78 million in 2012-13 from ₹ 310.49 million in the previous year.

With a combination of more effective working capital management, better ratings and better negotiations with bankers, the Company's interest costs fell from ₹ 123 million in 2011-12 to ₹ 104.26 million for the year ended 31st March, 2013.

Due to a change in the sales mix, there was significant increase in the raw material cost, which rose by 4% to 53.35% of total income. This had major impact on our profit margins.

The Earnings Before Interest Depreciation Tax and Amortization (EBITDA) decreased to ₹ 541.41 million from ₹ 552.35 million during 2011-12, a marginal decline of less than 2%. Profit Before Tax (PBT) amounted to ₹ 262.02 million as against ₹ 279.6 million during previous year. The Net Profit was ₹ 212.37 million as compared to ₹ 220 million in the previous fiscal. The Earnings Per Share also marginally declined to ₹ 19.31 in 2012-13 from ₹ 20.01 in 2011-12.

During the year, the Company's net worth increased 22.16% to ₹ 1.01 billion from ₹ 824.81 million bringing the book value per share to ₹ 91.94 from ₹ 74.89 during the previous fiscal year.

The Company declared a record dividend of 40% for the current fiscal year compared to 27.5% during the previous year.

Strengths

As the die-cast industry forms the basis for various manufacturing, infrastructure and engineering projects, a boost to these nation building activities automatically translates into a fillip to growth of the casting sector. As things stand, there are a series of growth triggers lined up not just for the coming financial year but for the foreseeable future too in the form of an impetus to boosting the share of manufacturing in GDP by the government; the New Manufacturing Policy which is targeted at the creation of new jobs; the Automotive Mission Plan 2016; numerous infrastructure development initiatives in the power and other sectors in the 12th Plan (2012-17) and the increasing migration of global OEM operations to India.

As Alicon is a leader in the casting industry both in terms of size and quality of output, it stands to gain from any tailwinds that the industry benefits from. Further, in order to consolidate its position within the industry, the Company is constantly initiating efficiency drives, in terms of value-added products that are more cost effective, and implementing Kaizen.

Weaknesses

While the domestic casting industry appears large in numbers, it is comprised of a number of small units which lack international accreditation and the ability to deliver economies of scale. Alicon is insulated from such drawbacks due to its size, ability to handle both low and high volumes, backward and forward integration and global tie-ups.

Opportunities

The fortunes of the casting industry are closely tied to those of downstream sectors and industries from which demand arises. While Alicon follows the policy of diversification, currently, the three most relevant sectors for its progress are:

AUTOMOBILES

Today, India is one of the world's fastest growing passenger car markets and the second largest producer of two-wheelers. It is also the origin for the world's largest motorcycle manufacturer and the fifth largest commercial vehicle producer and second largest market for commercial vehicles. Nevertheless, this sector is still evolving. It has become an attractive production destination for SUV manufacturers due to cost competitive production processes and low labour costs.

During 2012-13, according to an ICRA report, volumes in the utility vehicle segment increased 52% and that of domestic two-wheelers was up 2.9%. The three-wheeler (passenger) segment, which benefited from fresh permits, also posted a growth of 8.5%. The commercial vehicle segment and passenger car segment, however, were affected by economic slowdown and volumes in these two segments fell 6.7% and 2%, respectively.

Looking ahead, in the short run, the demand for automobiles and auto parts is dependent on economic growth and purchasing power. However, over the long run, India is perceived to be not only a large potential market for automobiles and components, due to the low level of penetration at 8 vehicles per 1000 people, but a fast growing manufacturing hub for global and domestic players as well. This bodes well for the casting industry.

POWER

Power has been officially recognised as a prerequisite for growth of the Indian economy. Although India currently has the fifth largest power generating capacity in the world, the power deficit of 8.5% (peak demand deficit of over 10% in 2010-11) is unlikely to fall in the near future due to a low per capita power consumption rate at 90 watts per person compared to a world average of 313 watts per person and 1402, 395 and 688 in the US, China and European Union, respectively (The World Fact book - ISSN 1553-8133).

The government has initiated various progressive proposals to augment the country's power generation capacity such as rural electrification programmes, ultra mega power projects and allowing of FDI of up to 100% through the automatic route into power. Most importantly, a total investment of ₹ 13,72,580 crore (US$ 253.6 billion) has been slated for the Indian power sector during the 12th Five Year Plan according to the Working Group on Power. With this colossal impetus to the power sector, domestic OEM manufacturers and companies manufacturing equipment for the power sector, which meet the mark, are presented with a huge opportunity.

HEALTH CARE

The healthcare sector in India is growing by leaps and bounds. It is currently one of India's largest sectors not merely in terms of revenue but employment as well. According to a report by the rating agency Fitch, the healthcare sector in India is expected to grow to US$ 100 billion by 2015, marking a 20% increase y-o-y, and US$ 280 billion by 2020. This is based on the perceived increase in demand for specialised and quality healthcare facilities from an ever-increasing middle class in India.

Speciality equipment plays a crucial role in the healthcare industry and reliance on top quality machines will continue to increase. As things stand, a bulk of such equipment is imported. Domestic substitution for such equipment or components thereof will give rise to one more stream of demand for casting industry majors with sound international accreditation.

Threats & Concerns

Although the casting industry has been growing at a faster rate than the economy in general, it is eventually dependent on the business sentiment that prevails in the economy. Consecutive years of inadequate growth coupled with a sluggish global environment could impact business sentiment, which in turn could result in cutbacks in investment. This could dampen the growth momentum of the casting industry.

Other threats and concern to the industry that may have to be confronted include:

- Competition from international OEM manufacturers - Indian companies could face stiff competition from international competitors, such as China, which offer faster delivery schedules and lower costs.
- The prices of metals and other inputs which form a bulk of the industry's cost could become volatile. This would result in reigning in of growth or an erosion of cost efficiencies.
- Any increase in the import duties on input costs could lead to losses for the industry.
- A casual approach towards R&D could lead to dependence on technology from abroad which could impinge on competitiveness.
- Fuel is the prime contributor of the costing of the foundries. Due to present uncertain situation of the currency, the cost of the fuel will be the big concern.
- Effective pricing in foundries in some of the European countries, the price benefit gap is reduced drastically which is concern for the Export.

Business Outlook

The Alicon Group is constantly one step ahead of the industry, plotting its future course and steering its activities towards success. Investing in R&D is considered a crucial activity and this has shown results time and again. Acquiring new clients from diverse sectors and creating new products which contribute tangibly to client's efficiency are also an integral part of Alicon growth strategy.

At the same time, the Company is conscious about its duty to offer comprehensive solutions at the most cost effective prices. Accordingly, financial restructuring without impinging efficiency or morale is also a pillar of Alicon business strategy.

With firm commitment to these goals, and inherent strengths in terms of size, abilities and quality assurance, the Company is set to weather economic storms with just as much fortitude as it is ready to ride economic booms.

Risks & Challenges

- Competition from other OEMs

  RISK MITIGATION

  The Alicon Group with a strong R&D in place, constantly focuses on the development of new casting solutions, in order to keep pace with developments offered by other OEMs. Being a total solutions provider with backward and forward integration under one roof provides an advantage in terms of the Company's ability to offer integrated castings solutions at a rapid rate.

  Technical tie-ups with international majors and acquisitions of European units enable access to modern technology, which in turn allows faster and more customised development of casting solutions.

  These aspects of the Company's structure and values ensure that Alicon remains confident of delivering world class casting solutions while accelerating the production of new castings to achieve customer satisfaction.

- Attracting and retaining suitable talent

  RISK MITIGATION

  Realising that a company in the casting industry is only as good as its human capital, the Alicon Group focusses on attracting the right talent at all levels - right from R&D to shop floor management and foundry operations. The Company is committed to making its manufacturing facilities people-friendly and simultaneously ensure safety, cleanliness and greenery. The Company's concept of "Green Foundry" encompasses ensuring greenery at the surrounding facilities and ensuring well maintained ambient air quality, reducing pollution and wastes. The Alicon Group has received certifications such as OHSAS 18001 & ISO 14001 for its Safety, Health & Environmental management systems and standards.

  The Company also believes in positive incentivisation of employees. This motivational tool ensures a feeling of belonging and goes a long way towards retaining talent.

- Meeting stringent emission control norms

  RISK MITIGATION

  The Alicon Group is working towards meeting the Euro VI and the BS notification beyond BS IV. Towards this end, the Company has been utilising in-house expertise and if required partnering with the appropriate organisations to ensure its products are compliant with required norms.

Human Resource

The Alicon Group has always believed in the philosophy of 'people involvement'. Towards enhancing the skill and knowledge sets of employees, the Company conducts regular training and workshops wherein leaders from amongst the employees themselves take on the responsibility of teaching and fostering colleagues. The themes of such workshops are wide and varied, ranging from building leadership skills to the essentials of melting and respect for products. It was found that these endeavours had a direct and positive impact on productivity.

Other activities organised by the Company which resulted in increased productivity included group trips and outings during which employees and management found the time to bond during morning walks and evening entertainment in addition to formal sessions and planned team building exercises.

The Company's commitment to the well-being of its employees extends to their families as well. The Alicon Group organised family get-togethers at picnic spots, family visits to the plants and units and home visits to nurture a feeling of belonging not just among the employees but their families as well.

With a dual purpose of employee involvement and CSR promotion, the Company organised a tree plantation drive and blood donation camp during the year. These were well attended by enthusiastic participants.

As on 31st March, 2013, the number of employees in the Company was 831.

Internal Control Systems

Alicon Group maintains internal control systems in proportion to its size and keeping in mind the nature of business and legal compliance requirements. This ensures adequate protection to the Company's resources and allows it to focus on optimising operations and minimising costs.

Using the services of audit and review professionals, the Company undertakes regular reviews of various relevant business operations and submits these reports to the Internal Audit Committee. The Audit Committee analytically reviews these reports and recommends processes and measures which assist in improving the efficiency and levels of corporate governance.

The alicon Group's advanced ERP System also acts as a back check on the Internal Controls by plying the audit committee with inputs which can be used to make more insightful recommendations.

Directors' Report

Your Directors have pleasure in presenting their Twenty-third Annual Report together with the audited Statements of Accounts for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

(₹ in Millions)

Particulars	Standalone Year ended 31.3.2013	Standalone Year ended 31.3.2012	Consolidated Year ended 31.3.2013
Gross Sales	4,856.25	4,216.33	5,788.23
Net Sales	4,314.31	3,808.24	5,246.29
Profit before Depreciation, Interest & Tax	541.41	552.34	532.01
Less: Depreciation & Prior Period adjustments	175.12	149.74	199.93
Less: Interest	104.26	123.00	113.04
Profit before Tax	262.03	279.60	219.04
Provision for Tax	49.66	59.51	50.26
Profit after Tax	212.37	220.09	168.78
Add: Balance brought forward	519.48	332.02	451.89
Net Profit Available for appropriation	731.85	552.12	620.67

DIVIDEND:

Your Directors are pleased to recommend a higher dividend of 40% (₹ 2/- per share of ₹ 5/- each) as against 27.5% paid for the previous year. The total payout on account of dividend including tax thereon will be ₹ 25.74 million. Dividend if declared will be free of tax in the hands of the shareholders.

YEAR UNDER RETROSPECT

While during the year global economy remained dis-appointing, sovereign debt crisis in Euro zone, political turmoil in Middle East and volatile crude prices further weakened the growth prospect. In India inflation remained high for most of the year. It is pertinent to note that whereas agriculture and service sectors continued to perform well, it was the manufacturing sector that mostly attributed to economic slow down. Rising cost of credit and activist monetary policy to check inflation further worsened the investment climate.

Even in odd economic situation, your Company turned out one more year of record achievements. On a standalone basis, though the net sales and total income were higher by 13%, due to increased employee cost and higher depreciation, the pre-tax profit was marginally lower compared to previous year. The Company recorded a net sale of ₹ 4,314.31 million as against ₹ 3,808.24 million in the previous year. The total income including other income for the year under review was ₹ 4,351.00 million as against ₹ 3,841.75 million a year ago. Pre-tax profit was ₹ 262.03 million as against ₹ 279.60 million in the last year.

Your Directors are pleased to report that the consolidation of overseas operations as reported in the last year has commenced giving positive results. On consolidated basis (inclusive of working of the overseas subsidiaries), the net sales for the year was ₹ 5,237.94 million as against ₹ 4,687.19 million in the previous year. The pre-tax profit also increased by 8% at ₹ 219.04 millions as against ₹ 202.93 million a year ago.

FINANCE

During the year, the Company spent ₹ 170.00 million towards addition in fixed assets including plant and machinery and capital work in progress. The entire capital expenditure was funded from the internal accruals.

FUTURE PROSPECTS

Your Directors are hopeful that initiatives taken by the Reserve Bank of India will fructify to combat the inflation. So far as Indian is concerned there is rise in income of individuals and there is constant change in consumption pattern. This will definitely lead to improvement in GDP. The

Company is continuously developing new products for other engineering and infra related industries. This will enable the Company to sustain the growth in years to come.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed review of the industrial growth vis-à-vis the growth of the Company and the future outlook is given under the head Management Discussion and Analysis Report, which forms part of this report.

SUBSIDIARY COMPANIES:

Your Directors are pleased to report that the exercise undertaken for consolidating operations of overseas subsidiaries as reported in the previous year's Directors' Report was completed during the year. Accordingly, the entire manufacturing operation in Austria was shifted to Slovakia. This exercise has fructified and has resulted in improved overseas operation both in terms of sales and profit.

Consolidated Financial Statement pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, are annexed.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts.

In terms of the general exemption granted by the Ministry of Corporate Affairs vide circular No. 02/2011 dated 8th February, 2011 for not attaching the annual accounts of subsidiaries and in compliance with the conditions enlisted therein, the report and annual accounts of the subsidiary companies for the financial year ended 31st March, 2013 have not been attached to the Company's Accounts.

The annual accounts of the subsidiary companies and the related information are kept open for inspection by any shareholders at the Registered Office of the Company and of the concerned Subsidiary Company. Any shareholder, who wishes to obtain a copy of the said documents of any of the subsidiary companies, may send a request in writing at the Registered Office of the Company.

LISTING OF EQUITY SHARES

The Company's Equity Shares are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

CORPORATE GOVERNANCE

Your Company is committed to adhere to Corporate Governance guidelines set out by SEBI and has complied with all the mandatory provisions of Clause 49 of the Listing Agreement. A separate section on Corporate Governance together with Certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to information and explanations provided to them, your Directors make the following statement, pursuant to Section 217(2AA) of the Companies Act, 1956 that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed and that no material departure have been made from the same;
2. Appropriate accounting policies have been selected and applied them consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year March 31, 2013 and of the profit of the Company for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing, detecting fraud and other irregularities;
4. The annual accounts have been prepared on a 'going concern' basis.

DIRECTORS

Mr. Asis Ray resigned as Director on 31st July, 2013. Your Directors wish to place on record their appreciation for valued guidance and services rendered by Mr. Asis Ray during his tenure as Director of the Company.

To comply with the requirement of the Companies Act, 1956 Mr. Junichi Suzuki shall retire by rotation and being eligible, offers himself for re-appointment. Details of Director seeking re-appointment are included in the Corporate Governance Report.

EMPLOYEES:

Relations between the management and the employees remains cordial throughout the year. Information as required in pursuance of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is annexed and forms part of this report.

CONSERVATION OF ENERGY, ETC:

Information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 217(1(e) of the Companies Act, 1956 is set out in the Annexure forming part of this report.

AUDITORS:

The observations made in the Auditors' Report and details provided in Notes to the Accounts are self-explanatory and therefore, do not call for any further comments under the Companies Act, 1956.

Asit Mehta & Associates, Statutory Auditors of the Company shall retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to appoint Auditors for the current financial year and fix their remuneration.

COST AUDITORS

Pursuant to the various circulars issued by the Ministry of Corporate Affairs, the Company is required to maintain cost records and get the same audited by cost auditor. Mr. Francis Xavier Nelson Leo, a qualified Cost Accountant, has been appointed to conduct the cost audit and submit his report.

ACKNOWLEDGEMENT

YOUR DIRECTORS WISH TO THANK ENKEI CORPORATION, JAPAN, OUR TECHNICAL COLLABORATOR, FOR THEIR VALUED SUPPORT AND GUIDANCE FOR DEVELOPMENT OF NEW PARTS. YOUR DIRECTORS ALSO WISH TO PLACE ON RECORD THEIR DEEP APPRECIATION FOR EXEMPLARY CONTRIBUTION MADE BY EMPLOYEES AT ALL LEVELS. YOUR DIRECTORS TAKE THIS OPPORTUNITY TO EXPRESS THEIR GRATITUDE FOR UNSTINTED SUPPORT EXTENDED BY CUSTOMERS, SUPPLIERS, BANKERS AND OTHER BUSINESS ASSOCIATES, AND AT LAST BUT NOT LEAST THE SHAREHOLDERS FOR THE CONFIDENCE REPOSED IN THE MANAGEMENT.

On behalf of the Board of Directors

(S. Rai)
Managing Director

(A.D. Harolikar)
Director

Place: Shikrapur, Pune
Date: 31st July, 2013

Annexure 'A'

PARTICULARS REQUIRED UNDER THE COMPANIES ACT (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BAORD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

During the year ISO 14001-2004, surveillance Audit was carried out by / TUV Reinland and auditors recommended continuation of the ISO 14001 for the year.

The various steps taken for energy conservation during the year were:

- Installation of capacitor banks to improve power factor
- Installation of automatic voltage regulators
- Energy efficient compressor system
- Utilization of natural light for factory lighting during day time
- Details of energy consumption : Form 'A'

A) POWER AND FUEL CONSUMPTION :

1. ELECTRICITY		For the year ended 31.03.2013	For the year ended 31.03.2012
a) Purchased Quantity	Units	28,529,292	25,814,066
Total Amount	₹	192,500,932	155,955,886
Average rate per unit	₹	6.75	6.04
b) Generated Quantity	Units	2,986,092	2,929,524
Total Amount	₹	35,117,869	35,156,961
Average rate per unit	₹	11.76	12.00
2. LDO/ FURNACE OIL			
Quantity	Litre	2,418,000	2,514,574
Total Amount	₹	104,486,516	100,531,792
Average rate per unit	₹	43.21	39.98
B) CONSUMPTION PER UNIT OF PRODUCTION			
1. Electricity	Units	3.52	3.21
2. LDO/ Furnace Oil	Litre	0.27	0.28

B. TECHNOLOGY ABSORPTION

FORM 'B', Form for disclosure of particulars with respect to –

RESEARCH AND DEVELOPMENT

Expenditure on R&D for the year ended 31st March, 2013

	2012-13	2011-12
A. Capital Expenditure	124.68	157.76
B. Recurring Expenditure	356.59	450.89
Total	**481.27**	**608.65**
Total R&D expenditure as a percentage of total income	1.11%	1.59%

Technology absorption, adoption and innovation

The Company has successfully absorbed technology obtained from the foreign collaborators for aluminum die castings.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Total foregin exchange earned :	₹ 262.60 Million
Total foreign exchange used :	₹ 304.48 Million

Detailed information on foreign exchange earnings and outgo is also furnished in the notes to accounts.

Annexure ‘A’

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES

(PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTOR’S REPORT FOR THE YEAR ENDED 31.03.2013.

Sr.No.	Name	Remuneration Gross (₹ Million)	Designation	Qualification	Date of Employment	Total Experience (Years)	Age in Years	Particulars of Last Employment	Last Designation
1	Mr. Rajeev Sikand	8.09	Group C.E.O.	MBA	03.12.2005	31 Yrs	52 Yrs.	Mother son Sumi Systems Ltd.	Head International Business

NOTES:

- Employment in the Company is non-contractual.
- Remuneration includes salary, allowances and value of perquisites.
- Employee mentioned above does not hold (by himself or along with his spouse & dependent children) more than two percent of equity shares of the Company.
- The employee mentioned above is not related to any of the directors of the Company.

Corporate Governance Report

**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT,
A REPORT ON CORPORATE GOVERNANCE IS GIVEN BELOW:**

A) MANDATORY REQUIREMENTS

1 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance shareholders' value. In this pursuit, the Company is committed to conducting business in accordance with the highest legal and ethical standards, superior product quality and services to its customers. The Company has adhered to such superior product policies to fulfill its corporate responsibilities and achieve its financial objectives.

2 BOARD OF DIRECTORS

The names and categories of the Directors on the Board, their attendance at Board Meeting during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other Companies are given below:

a) Composition, Status, Attendance at the Board Meetings & the last AGM :

Name of Director	Status i.e. Executive/ Non-Executive/Independent	No. of Board Meetings Attendend	Attendance at the last AGM
Mr. S. Rai	Managing Director	5	Yes
Mr. A.D. Harolikar	Independent	5	Yes
Mr. J. Suzuki	Non-Executive	0	No
Mr. Asis Ray	Non-Executive	3	No
Mr. Vinay Panjabi	Independent	2	No
Mr. Masakatsu Uchiyama*	Alternate Director	3	Yes

Number of Public Limited Companies or Committees in which the Director is a Director/Chairman

Name of Director	No. of other Directorship held#	No. of Committees of other Companies in which member/ chairman	No. of Shares held in the Company as at 31.03.2013
Mr. S. Rai	5	0	280,000
Mr. A.D. Harolikar	0	0	200
Mr. J. Suzuki	1	0	0
Mr. Asis Ray *	1	0	0
Mr.Vinay Panjabi	0	0	0
Mr. Masakatsu Uchiyama* *	1	0	0

Note:
Excluding Directorship in Foreign Companies and Companies under Section 25 of the Companies Act,1956.
* Mr. Asis Ray, Ceased as a Director, from the Board w.e.f. 31/07/2013
* * Mr. Masakatsu Uchiyama was appointed as an Alternate Director to Mr. Junichi Suzuki, Director w.e.f. 30/05/2012.

No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956.

During the year ended March 31, 2013 five Meetings of the Board of Directors were held namely on 30/05/2012, 10/07/2012, 30/07/2012, 30/10/2012 and 30/01/2013.

b) Board Procedure

All the Directors on the Board are informed the date and venue of each Board Meeting at least fifteen days in advance along with Agenda. Detailed Agenda folder is sent to each Director in advance of the Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director and Chief Financial Officer appraises the Board the overall performance of the Company, followed by the presentation by Chief Executive Officer. The Board reviews the strategy, business plan, annual operating and capital expenditure budgets, projections, compliances of all laws applicable to the Company as well as the steps taken to rectify instances of non-compliances, taking on record of unaudited quarterly/half yearly/annual results, minutes of the meetings of the Audit and other Committees of the Board and information on recruitment of officers just below the Board level including that of the Compliance Officer.

c) **Code of Conduct**

The Board has laid down Codes of Conduct for the Board Members and other senior management and employees of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Codes of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report. In addition to this, a separate code of conduct for dealing in equity shares of the Company is also in place.

3 AUDIT COMMITTEE

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd..

The Audit Committee comprises of Mr. A.D. Harolikar, Chairman of the Committee, Mr. Vinay Panjabi, both being Independent Directors and Mr. Asis Ray, Non-Executive Director. Mr. Asis Ray, ceased to be a Member of the Committee w.e.f. 31/07/2013

The Chief Financial Officer, CEO, Internal Auditors and the partner of Asit Mehta & Associates, the statutory Auditors are the permanent invitees to the Audit Committee meetings.

During the year ended March 31, 2013 four meetings of the Audit Committee were held namely 30/05/2012, 30/07/2012, 30/10/2012 and 30/01/2013.

While Mr. A. D. Harolikar and Mr. Asis Ray attended all meetings, Mr. Vinay Panjabi attended one meeting only.

4 REMUNERATION COMMITTEE

The Remuneration Committee comprises of three Directors. Mr. A. D. Harolikar (Chairman of the Committee), Mr. Vinay Panjabi, Independent Director and Mr. Asis Ray, Non-Executive Director.

Mr. Asis Ray, ceased as a member of the Committee w.e.f. 31/07/2013 During the year under review no meeting was held. The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and retirement benefits.

The Company has no pecuniary relationship for transaction with its Non-Executive Directors except payment of sitting fees for attending the Board and Committee Meetings.

Remuneration Policy :

The Remuneration of the Managing Director is recommended by the Remuneration Committee based on responsibilities shouldered, performance/track record, macroeconomic review on remuneration packages of heads of other organizations and is decided by the Board of Directors.

a) **Details of remuneration paid to Managing Director:**

Name	Salary	Perquisites	Commission	Total
Mr. S. Rai	19,60,596	-	14,02,679	33,63,275

b) **Details of sitting Fees paid to the Non-Executive Directors for attending the Board and Committee Meetings during the financial year 2012-2013:**

S/No:	Name of Directors	Sitting fees paid (₹)
1)	Mr. A.D. Harolikar	₹ 42,000/-
2)	Mr. Asis Ray	₹ 32,000/-
3)	Mr. Vinay Panjabi	₹ 13,000/-
4)	Mr. Masakatsu Uchiyama	₹ 15,000/-

5 INVESTORS/SHAREHOLDERS' GRIEVANCE COMMITTEE

The Committee functions under the Chairmanship of Mr. A.D. Harolikar, an Independent Director, Mr. S. Rai and Mr. Vinay Panjabi.

The Compliance Officer is Mr.Vimal Gupta, Chief Financial Officer.

There were three complaints received from the shareholders during the year pertaining to non receipt of Dividend and all the three complaints have been duly addressed.

All valid share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2013.

6 GENERAL BODY MEETINGS

The location and time of the Annual General Meetings held during the last three years are as below:

Date	Venue	Time	No. of special Resolutions passed
28/09/2012	Gat No.1426, Village Shikrapur, Tal. Shirur, Dist. Pune	12.30 p.m.	Nil
28/09/2011	Gat No.1426, Village Shikrapur, Tal. Shirur, Dist. Pune	12.30 p.m.	Nil
29/09/2010	Gat No.1426, Village Shikrapur, Tal. Shirur, Dist. Pune	10.30 a.m.	One
09/01/2010 (Court convened Meeting)	Gat No.1426, Village Shikrapur, Tal. Shirur, Dist. Pune	11.30 a. m.	One

7 NOTES ON DIRECTOR SEEKING APPOINTMENT/ RE-APPOINTMENT ARE GIVEN BELOW:

Mr. Junichi Suzuki	
Name of Director	: Mr. Junichi Suzuki
Date of Birth	: 25/01/1948
Date of Appointment	: 29/10/2002
Qualification	: Engineer
Special Expertise	: Engineering & Management
Other Directorship (Public Ltd.)	: Enkei Wheels (India) Ltd.
Chairman/Member of Committee of other Companies	: Nil

8 DISCLOSURES

a) CEO & CFO Certificate: The Managing Director and Chief Finance Officer have given certificate to the Board as contemplated in Clause 49 of the Listing Agreement and the same was placed before the Board.

b) Transaction with related parties are disclosed under Clause no. 12 of section 27 forming part of the Accounts. All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may have a potential conflict with the interest of the Company. The register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval.

c) All accounting standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

d) All pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company have been disclosed in item no: 4(b) of this report.

e) In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive code of conduct for prevention of insider trading for its designated employees. The code lays down the guidelines, which advise them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company and caution them of consequences of violations.

f) During the last three years, there were no strictures or penalties imposed by either the Securities Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

9 MEANS OF COMMUNICATION

i) Half yearly report sent to each household of shareholders/ Quarterly Results	No
ii) Newspapers in which results are normally published in	The Economic Times (English), The Free Press Journal, Business Standard, (English) Nav Shakti, Marathi Daily.
iii) Any website where displayed	www.alicongroup.co.in
iv) Presentation made to institutional investors or to Analyst	No
v) Whether Management Discussion and Analysis Report is a part of Annual Report or not	Yes

10 GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting	
Date	30th September, 2013
Time	12.30 p.m.
Venue	Gat No. 1426, Village Shikrapur Taluka Shirur, Dist. Pune, Maharashtra

(ii) Financial Calendar	**April 2013 to March 2014**
(a) First Quarter results	Fourth week July, 2013
(b) Second Quarter results	Fourth week October, 2013
(c) Third Quarter results	Fourth week January, 2014
(d) Results for year ending March 2014	July, 2014

(iii) Date of Book closure	**27/09/2013 to 30/09/2013 (both days Inclusive)**

(iv) Dividend payment date	11/10/2013

(v) Listing on Stock Exchange
The Bombay Stock Exchange Ltd., Mumbai
The National Stock Exchange of India Ltd.
Listing Fees has been paid to the Stock Exchange for the financial year 2013-2014.

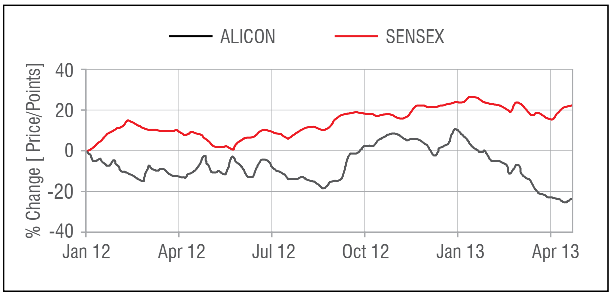
(vi) Stock Code:	
BSE Limited	531147
National Stock Exchange of India Ltd.	ALICON
Demat ISIN No. for NSDL and CDSL	INE062D01024

(vii) Market Price Data

Monthly High and Low of Market Price in the Company's shares traded for the period April 2012 to March 2013 on BSE Limited, Mumbai (High / Low in ₹)

Month	High ₹	Low ₹	Month	High ₹	Low ₹
April, 2012	67.75	57.30	October, 2012	83.60	66.40
May, 2012	76.40	59.75	November, 2012	80.60	69.00
June, 2012	70.00	58.15	December, 2012	76.95	65.15
July, 2012	67.95	59.05	January, 2013	77.95	67.10
August, 2012	62.45	55.65	February, 2013	71.95	59.15
September, 2012	69.80	55.25	March, 2013	65.10	48.20

Stock Price Performance – Alicon Vs BSE Sensex, year 2012-13
Index Comparison



(viii) Registrars and share transfer agents

M/s. Universal Capital Securities Pvt. Ltd.
(Formerly Known as: Mondkar Computers Pvt. Ltd.)
21 Shakil Niwas, Opp Sai Baba Temple,
Mahakali Caves Road, Andheri (E),Mumbai – 400093

(ix) Share Transfer system

Transfers of shares are processed by the Share Transfer Agent and approved by the Share Transfer Committee called as 'Investors / Shareholders Grievance Committee', which meets at frequent intervals. Share transfers are registered and returned generally within 30 days (15 days w.e.f. 01/10/2012) from the date of receipt if the relevant documents are complete in all respects.

(x) Distribution and Shareholding Pattern as on 31st March, 2013

No. of Equity Shares	No. of Folios	%	No. of Shares	% of Shareholding
01-500	2,139	79.05	349,664	3.18
501-1000	229	8.46	187,099	1.70
1001-2000	138	5.10	224,953	2.04
2001-3000	52	1.92	131,491	1.20
3001-4000	26	0.96	92,067	0.84
4001-5000	19	0.70	88,094	0.80
5001-10000	50	1.85	372,011	3.38
10001 and above	53	1.96	9,554,621	86.86
TOTAL	**2,706**	**100.00**	**11,000,000**	**100.00**
In Physical Mode				1.30%
In Electronic Mode				98.70%

Shareholding Pattern as on 31st March, 2013

Category	No. of Shares	% of Shareholding
Indian Promoters	68,90,880	62.64
Foreign Collaborators	11,00,000	10.00
Mutual Funds & UTI	0	0
Private Corporate Bodies	4,08,570	3.72
Indian Public	24,53,806	22.31
Directors & Relatives (other than Promoter Directors)	200	0.00
N.R.Is. / OCB's	1,46,544	1.33
FIIs	NIL	0.00
Total	**11,000,000**	**100.00**

(xi) Dematerialisation shares and liquidity

The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). As on March 31, 2013, 1,08,56,938 Equity Shares of the Company, forming 98.70% of total shareholding stands dematerialized. As on 31/03/2013, the promoter's and promoter's group holding of 68,90,880 shares (100%) are held in dematerialized form.

(xii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity.

Not issued

(xiii) Plant Location

a) Gat No. 1426, Village Shikrapur,
Taluka Shirur, Dist. Pune,
Maharashtra

b) 57-58 Km Stone, Delhi –Jaipur, NH-8,
Industrial Area, Village Binola,
Haryana.

(xiv) Address for correspondence :

For transfer/dematerialization of shares, change of address of members and other queries relating to the shares of the Company:

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

Shareholders holding shares in Electronic Mode should address all their correspondence to their respective depository participant.

B NON-MANDATORY REQUIREMENTS

1 SHAREHOLDERS RIGHTS

As the Company's quarterly/half-yearly results are published in English and Marathi newspaper having wide circulation the same is not being sent to the shareholders household.

2 POSTAL BALLOT

No Resolution was passed by the Company through Postal Ballot.

3 TRAINING OF BOARD MEMBERS :

There is no formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experience professional persons.

4 WHISTLE BLOWER POLICY:

The Company has not established any formal whistle blower policy. However, the Company has set up an internal union of the workers and employees, whose representatives are regularly invited by the management for discussion, on their grievances.

Place: Shikrapur, Pune
Date: 31st July, 2013

ANNEXURE - I

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
Alicon Castalloy Limited
Gat No. 1426, Village Shikrapur,
Taluka Shirur, Dist. Pune,
Maharashtra

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I, Shailendrajit Rai, Managing Director of Alicon Castalloy Limited hereby confirm that, all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct.

S. Rai
Managing Director

Place: Shikrapur
Date: April 30th, 2013

Auditors' Certificate regarding compliance of conditions of Corporate Governance under clause 49 of the Listing Agreement (s)

To the Members,
Alicon Castalloy Limited

We have examined the compliance of conditions of Corporate Governance by Alicon Castalloy Ltd. (the Company) for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement(s) (as amended from time to time) entered with the stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations to given to us and based on the management representations, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Asit Mehta & Associates**
Chartered Accounts
Firm Regn. No. 100733W

Sanjay Rane
Partner
Membership No. 100374

Place: Shikrapur
Date: April 30th, 2013

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We certify that –

We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief :

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated effectiveness of the internal control system of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

Significant changes in internal control over financial reporting during the year;

Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

S. Rai
Managing Director

Vimal Gupta
Chief Financial Officer

Place: Shikrapur
Date: April 30th, 2013

Independent Auditors' Report

To,
The Members of,
Alicon Castalloy Limited.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Alicon Castalloy Limited ('the Company') which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

1) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

2) (a) We draw attention to footnote under Note 8 of the financial statements: The Company has no dues to suppliers covered under 'MSMED Act', 2006. We have relied upon management confirmations in respect of the same.

(b) We draw attention to footnote under Note 15 of the financial statements: The management of the Company has confirmed that all trade receivables are good and realisable in the ordinary course of its business and thus no provision is called for doubtful debts. We have relied upon management confirmationin the absence customer confirmations at large.

Our opinion is not qualified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

3) As required by the Companies (Auditor's Report) Order, 2003, (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act;

(e) On the basis of written representations received from the directors, as on March 31,2013 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31,2013 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Act.

(f) Since the Central Government has not issued any notification as to the rate at which cess is to be paid under section 441A of the Companies Act, 1956 nor it has issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Asit Mehta & Associates**
Chartered Accountants
Registration No.100733W

Sanjay S. Rane
Partner
Membership No.100374

Place: Pune
Date : April 30th, 2013

Annexure to Independent Auditors' Report

(Referred to in Paragraph 3 under the heading 'Report on Other Legal and Regulatory Requirements of our report of even date on the financial statements of **Alicon Castalloy Limited** ('the Company') for the year ended March 31, 2013).

On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we state that:

(i) (a) The Company is maintaining records showing quantitative details and situation of fixed assets. However, asset numbering exercise has remained to be completed.

(b) As informed to us, substantial part of the fixed assets has been physically verified by the management during the year. We are informed that the discrepancies noticed on physical verification of the fixed assets have been properly dealt with in the books of account.

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

(ii) (a) The inventories comprising semi-finished goods, raw materials, stores and spares etc. have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained inventory records. However, the closing inventory is established on the basis of year-end physical verification.

(iii) (a) In our opinion and according to the information and explanations given to us, during the year, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of clause (iii) (a) (b) (c) (d) of paragraph 4 of the Order are not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, during the year, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of clause (iii) (e), (f) & (g) of paragraph 4 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there exists internal control system commensurate with the size of Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

(v) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been entered.

(b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, to the extent information available with the Company.

(vi) The Company has not accepted any deposits from the public. Therefore, the provisions of clause (vi) of Paragraph 4 of the Order is not applicable to the Company.

(vii) The Company has internal audit system commensurate with its size and nature of its business.

(viii) In our opinion and according to the information and explanations given to us, the cost records required to be maintained under section 209(1)(d) of the Companies Act, 1956 have been made and maintained. We, however, have not made detailed examination of the records.

(ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed amount of statutory dues including Provident Fund, Investor Education and Protection Fund, Profession Tax, Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues as applicable to it.

(b) According to the records of the Company and according to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears and outstanding as at March 31, 2013 for a period of more than six months from the date those became payable.

(c) According to the information and explanations given to us, there are no dues, to the extent applicable, of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and cess which have not been deposited on account of any dispute except those given in the table below.

Name of the Statue	Nature of the Dues	Amount (₹)	Forum where dispute is pending
MVAT Act, 2005	Assessment dues for the year 2007-08	80,94,557/-	The Joint Commissioner of Sales Tax (Appeals-F-002), Pune

(x) The Company does not have any accumulated losses as at the end of the financial year under audit. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceeding financial year.

(xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed money in the form of debentures.

(xii) Based on our examination of records and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chitfund or nidhi/mutual benefit fund/ society and therefore provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of paragraph 4 of the Order are not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us and on overall examination of the Balance Sheet read with notes thereon of the Company, the term loans have prima-facie been applied for the purposes for which they were obtained.

(xvii) In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet read with notes thereon of the Company, no funds raised on short-term basis have prima facie been used for long-term investment.

(xviii) During the year under audit, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has not issued debentures during the year. The Company also did not have any debentures outstanding as at the end the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud of material amount on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Asit Mehta & Associates**
Chartered Accountants
Registration No.100733W

Sanjay S. Rane
Partner
Membership No.100374

Place: Pune
Date : April 30th, 2013

Balance Sheet

(Amount in ₹)

			Note No.	As at March 31, 2013	As at March 31, 2012
I.	**EQUITY AND LIABILITIES**				
	1	**Shareholders' funds**			
		(a) Share capital	1	55,000,000	55,000,000
		(b) Reserves and surplus	2	956,308,179	769,811,034
		(c) Money received against share warrants		-	-
	2	**Share application money pending allotment**		-	-
	3	**Non-current liabilities**			
		(a) Long-term borrowings	3	52,500,000	235,674,138
		(b) Deferred tax liabilities (net)	4	25,913,460	28,692,573
		(c) Other Long term liabilities	5	66,142,110	68,579,068
		(d) Long-term provisions	6	7,923,321	9,918,036
	4	**Current liabilities**			
		(a) Short-term borrowings	7	609,301,187	576,234,501
		(b) Trade payables (Refer note 27 (4))	8	600,818,545	560,056,209
		(c) Other current liabilities	9	406,010,939	425,433,324
		(d) Short-term provisions	10	82,768,077	75,664,467
TOTAL				**2,862,685,818**	**2,805,063,350**
II.	**ASSETS**				
1	**Non-current assets**				
	(a)	Fixed assets	11		
		(i) Tangible assets	11 (a)	1,278,153,716	1,283,927,960
		(ii) Intangible assets	11 (b)	6,077,095	6,244,004
		(iii) Capital work-in-progress	11 (c)	10,143,373	6,556,177
		(iv) Intangible assets under development		-	-
	(b)	Non-current investments	12	106,249,200	106,249,200
	(c)	Deferred tax assets (net)		-	-
	(d)	Long-term loans and advances	13	97,481,408	105,084,664
	(e)	Other non-current assets		-	-
2	**Current assets**				
	(a)	Current investments		-	-
	(b)	Inventories	14	269,366,473	195,952,412
	(c)	Trade receivables	15	856,044,635	861,143,193
	(d)	Cash and bank balances	16	117,061,605	108,181,830
	(e)	Short-term loans and advances	17	118,092,952	129,901,483
	(f)	Other current assets	18	4,015,361	1,822,427
TOTAL				**2,862,685,818**	**2,805,063,350**
Significant accounting policies & other disclosures			27		
Notes on Financial Statements			1 to 27		
The notes are an integral part of these financial statements					

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Statement of Profit and Loss

(Amount in ₹)

		Notes	For the year ended March, 31 2013	For the year ended March 31, 2012
I.	**Revenue from operations (gross)**	19	4,856,253,007	4,216,333,372
	Less: Excise Duty		541,946,652	408,091,848
	Revenue from operations (net)		**4,314,306,355**	**3,808,241,524**
II.	**Other income**	20	36,693,621	33,510,775
III.	**Total Revenue (I + II)**		**4,350,999,976**	**3,841,752,299**
IV.	**Expenses:**			
	(a) Cost of materials consumed	21	2,356,172,106	1,899,375,047
	(b) Purchases of stock-in-trade		-	-
	(c) Changes in inventories of finished goods, semi-finished goods & stock-in-trade	22	(35,035,873)	(412,216)
	(d) Employee benefits expense	23	490,714,231	458,805,185
	(e) Finance costs	24	104,262,813	123,002,853
	(f) Depreciation and amortization expense	25	175,118,995	149,739,955
	(g) Other expenses	26	997,738,410	931,639,728
	Total expenses		**4,088,970,682**	**3,562,150,550**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**262,029,294**	**279,601,749**
VI.	**Exceptional items**		-	-
VII.	**Profit before extraordinary items and tax (V - VI)**		**262,029,294**	**279,601,749**
VIII.	**Extraordinary Items**		-	-
IX.	**Profit before tax (VII-VIII)**		**262,029,294**	**279,601,749**
X.	**Tax expense:**			
	(1) Current tax		52,436,870	55,942,408
	(2) Deferred tax /(credit)		(2,779,113)	3,565,258
	Total tax expense		**49,657,757**	**59,507,666**
XI.	**Profit for the period (IX-X)**		**212,371,537**	**220,094,083**
XII.	**Earnings per equity share of face value of ₹ 5/- each.**			
	Basic and Diluted (₹ 5/-)		19.31	20.01
	Significant accounting policies & other disclosures	27		
	Notes on Financial Statements	1 to 27		
	The notes are an integral part of these financial statements			

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Cash Flow Statement

(Amount in ₹)

		For the year ended 31 March 2013	For the year ended 31 March 2012
A.	**Cash Flow from Operating Activities**		
	Profit before taxation	262,029,294	279,601,749
	Adjustments for:		
	Depreciation & Amortisation	175,118,995	149,739,955
	Loss on sale of tangible assets (net)	334,120	-
	Interest and dividend received	(7,100,120)	(2,011,971)
	Finance costs	104,262,813	123,002,853
	Unrealised foreign currency losses	(608,695)	(4,292,379)
	Sample sales written off	402,964	14,708
	Operating profit before working capital changes	**534,439,372**	**546,054,913**
	Changes in Working Capital:		
	Increase / (Decrease) in trade payables	40,762,336	218,496,572
	Increase / (Decrease) in other liabilities	(191,976,776)	(81,398,773)
	(Increase) / Decrease in trade receivables	5,098,559	(393,647,279)
	(Increase) / Decrease in inventories	(73,414,062)	(33,281,105)
	(Increase) / Decrease in advances & other assets	44,932,541	(48,625,414)
	Cash Generated from Operations	**359,841,969**	**207,598,914**
	Taxes paid (net of refunds)	(68,253,392)	(45,612,009)
	Net cash generated from operations before extraordinary items	**291,588,578**	**161,986,905**
	Extraordinary items	-	-
	Net cash from Operating Activities (A)	**291,588,578**	**161,986,905**
B.	**Cash flow from Investing Activities:**		
	Additions to fixed assets	(177,182,027)	(363,057,885)
	Investment in subsidiaries	-	-
	Interest and dividend received	7,100,120	2,011,971
	Margin money deposits	(27,159,871)	(15,847,257)
	Net cash from Investing Activities (B)	**(197,241,778)**	**(376,893,171)**
C.	**Cash flow from Financing Activities**		
	Dividends paid	(14,887,937)	(10,692,763)
	Dividend Distribution Tax	(2,463,714)	(1,826,963)
	Finance costs	(114,857,670)	(125,384,853)
	Repayment of long term borrowings (Net of proceeds)	(13,348,768)	93,183,389
	Proceeds from short term borrowings (Net of repayment)	33,066,686	299,572,595
	Write-off Assets and Expenses post de-merger (net of exp)	(135,492)	(15,324,443)
	Proceeds from share allotment under Employee Stock Option Schemes	-	-
	Net cash used in Financing Activities (C)	**(112,626,896)**	**239,526,963**
	Net increase in cash and cash equivalents (A+B+C)	**(18,280,095)**	**24,620,698**
	Cash and Cash equivalents at the beginning of the year	**68,327,297**	**43,706,599**
	Cash and Cash equivalents at the end of the year	**50,047,201**	**68,327,297**

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Notes forming part of the financial statements

1 SHARE CAPITAL

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 5/- each	11,000,000	55,000,000	11,000,000	55,000,000
Issued, subscribed and paid-up capital				
Equity shares of ₹ 5/- each, fully paid	11,000,000	55,000,000	11,000,000	55,000,000
Total	**11,000,000**	**55,000,000**	**11,000,000**	**55,000,000**

Notes

(a) Reconciliation of number of shares				
Shares outstanding at the beginning of the year	11,000,000	55,000,000	11,000,000	55,000,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**11,000,000**	**55,000,000**	**11,000,000**	**55,000,000**

(b) Rights, preferences and restrictions attached to shares

Equity Shares of ₹ 5/- each:

The Company has one class of equity shares having a par value of ₹ 5/- per share. Each shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Sl. No.		As at March 31, 2013		As at March 31, 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Nastic Trading LLP (formerly Nastic Trading Private Limited)	5,970,000	54.27	5,970,000	54.27
2	Enkei Corporation	1,100,000	10.00	1,100,000	10.00

2 RESERVES AND SURPLUS

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Securities Premium Account		
Balance as at the beginning of the year	200,200,000	199,200,000
(+) Additions	-	1,000,000
Balance as at the end of the year	**200,200,000**	**200,200,000**
Business Reconstruction Reserve		
Balance as at the beginning of the year	135,492	15,459,935
(-) Expenses written off	135,492	15,324,443
Balance as at the end of the year	**(0)**	**135,492**
General Reserve		
Balance as at the beginning of the year	50,000,000	35,000,000
(+) Transferred from Surplus in Statement of Profit and Loss during the year"	29,000,000	15,000,000
Balance as at the end of the year	**79,000,000**	**50,000,000**
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	519,475,542	332,025,173

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
(+) Net Profit/(Net Loss) For the current year	212,371,537	220,094,083
(-) Proposed Dividends	22,000,000	15,180,000
(Dividend per Share ₹ 2/-(PY ₹ 1.38))		
(-) Tax on Dividend	3,738,900	2,463,714
(-) Transfer to General Reserves	29,000,000	15,000,000
Balance as at the end of the year	**677,108,179**	**519,475,542**
Total	**956,308,179**	**769,811,034**

3 LONG-TERM BORROWINGS

Secured		
Term loans		
From Banks (Refer Note [a] below)	177,464,208	298,547,288
Less: Current maturity of long term borrowings	124,964,208	123,514,788
	52,500,000	**175,032,500**
Unsecured		
Term loans		
From Financial Institutions (Refer Note [b] below)	44,556,073	94,293,912
Less: Current maturity of long term borrowings	44,556,073	33,652,274
	-	**60,641,638**
Total	**52,500,000**	**235,674,138**

Notes

(a) Long-term borrowings includes secured term loans at floating interest rates from Axis Bank and State Bank of India which are repayable through monthly/quarterly instalments. These loans are secured by a first parri-passu charge by way of equitable mortgage on the existing fixed assets. Of these, ₹ 124,964,208/- (PY ₹ 123,514,788/-) are classified as current liabilities being repayable before March 31, 2014.

Total number of installments = 66 EMI

Number of installments outstanding as at March 31, 2013 = 24 (PY = 44)

(b) Long-term borrowings include unsecured term loans obtained from Bajaj Finance Limited repayable through monthly instalments. Of these , two loans are borrowed at fixed interest rates of 12.50% and another is at at a floating interest rate. Of these, ₹ 44,556,073/- (PY ₹ 33,652,274/-) are classified as current liabilities being repayable before March 31, 2014.

Total number of installments = 36 EMI

Number of installments due outstanding as at March 31, 2013 = 20 (PY = 32)

4 DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability		
Fixed Assets /Depreciation	28,692,573	31,307,415
Deferred Tax Assets		
Disallowances under the Income Tax Act,1961 & Others	(2,779,113)	(2,614,842)
Total	**25,913,460**	**28,692,573**

Note

Deferred Tax Liabilities and Deferred Tax Assets have been offset as they relate to the same governing taxation laws.

5 OTHER LONG TERM LIABILITIES

Trade payables to related parties for purchase of goods	-	-
Royalty payable	66,142,110	68,579,068
Total	**66,142,110**	**68,579,068**

Notes forming part of the financial statements

6 LONG-TERM PROVISIONS

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Employee benefits		
Gratuity (Funded)	1,647,344	4,904,960
Leave Encashment (Unfunded)	6,275,977	5,013,076
Total	**7,923,321**	**9,918,036**

7 SHORT-TERM BORROWINGS

Secured		
Cash credit from banks	605,250,512	558,204,484
[Refer note (a) below]		
Unsecured		
Term loans		
From Banks	4,050,675	18,030,017
[Refer note (b) below]		
Total	**609,301,187**	**576,234,501**

Notes

(a) Short-term borrowings includes cash credit facilities availed from State Bank of India, ING Vysya Bank and Bank of Maharashtra. These loans are secured in favour of all the aforementioned banks by a first parri-passu charge by way of hypothecation of all stocks and receivables and a second parri-passu charge by joint Deed of Hypothecation on all fixed assets of the Company.

(b) Unsecured term loans from banks includes loans obtained from Kotak Mahindra Bank for funding purchase orders. These loans, obtained at floating interest rates, are repayable through weekly instalments.

Total number of installments = 4 Installments

Number of installments outstanding as at March 31, 2013 = 2 (PY = 5)

8 TRADE PAYABLES {REFER NOTE 27 (4)}

Acceptances	1,790,826	123,842,827
Sundry Creditors	599,027,719	436,213,382
[Includes amounts payable to related parties ₹ 4,73,56,929/- (PY: ₹ 3,10,20,483)]		
Total	**600,818,545**	**560,056,209**

Note :

i) The Company has no dues to suppliers covered under Micro,Small and Medium Enterprises Development Act, 2006 ('MSMED Act')

9 OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (Refer note below)	169,825,370	157,167,062
Unclaimed dividend	292,063	307,237
Employee dues & retentions	25,989,988	24,752,925
Other liabilities	76,037,691	61,779,449
Royalty payable to related parties	2,969,752	7,005,008
Statutory remittances	21,404,066	19,007,155
Advances from customers	30,566,523	35,098,590
Creditors for capital goods	78,925,487	120,315,898
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 (IEPF) not due	-	-
Total	**406,010,939**	**425,433,324**

Notes forming part of the financial statements

10 SHORT-TERM PROVISIONS

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Employee benefits		
Leave Encashment (Unfunded)	534,700	225,664
Gratuity (Funded)	4,057,607	-
Proposed Dividend	22,000,000	15,180,000
Tax on Dividend	3,738,900	2,463,714
Current Tax	52,436,870	57,795,089
Total	**82,768,077**	**75,664,467**

11 Fixed assets

(Amount in ₹)

	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at April 1, 2012	Additions/ (Disposals)	Balance as at March 31, 2013	Balance as at April 1, 2012	Depreciation charge for the year	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
Owned Assets:								
(a) Tangible Assets								
Freehold Land	177,901,895	-	177,901,895	-	-	-	177,901,895	177,901,895
Building	260,492,324	12,800,227	273,292,551	47,049,779	8,951,557	56,001,336	217,291,216	213,442,545
Factory Equipments	107,765,871	6,571,125	114,336,996	29,903,733	11,480,373	41,384,106	72,952,890	77,862,138
Plant and Machinery	1,142,020,009	116,279,912	1,258,299,921	548,957,777	107,849,650	656,807,427	601,492,494	593,062,232
Electrical Installations	97,155,670	-	97,155,670	49,088,550	8,938,930	58,027,480	39,128,190	48,067,119
Furniture and Fixtures	36,112,762	80,105	36,192,867	12,392,958	2,224,817	14,617,775	21,575,091	23,719,803
Computers	22,102,689	460,216	22,562,904	14,601,232	2,480,549	17,081,782	5,481,123	7,501,457
Office Equipments	20,736,467	(22,238)	20,714,228	5,290,785	1,193,377	6,484,162	14,230,066	15,445,682
Quality Control Equipments	20,710,694	3,479,706	24,190,400	9,910,026	1,829,858	11,739,884	12,450,516	10,800,668
Motor Vehicle	12,327,818	-	12,327,818	6,279,809	1,053,107	7,332,916	4,994,902	6,048,010
Dies and Patterns	195,093,198	25,523,040	220,616,238	107,847,201	22,552,370	130,399,571	90,216,667	87,245,998
Assets under lease	-	-	-	-	-	-	-	-
Assets given on lease								
Plant and Machinery	23,131,016	-	23,131,016	300,602	2,391,747	2,692,349	20,438,667	22,830,414
Total	**2,115,550,411**	**165,172,092**	**2,280,722,504**	**831,622,453**	**170,946,335**	**1,002,568,788**	**1,278,153,716**	**1,283,927,960**
(b) Intangible Assets								
Software	8,528,873	1,240,342	9,769,215	2,284,869	1,407,251	3,692,119	6,077,095	6,244,004
Total	**8,528,873**	**1,240,342**	**9,769,215**	**2,284,869**	**1,407,251**	**3,692,119**	**6,077,095**	**6,244,004**
(c) Capital Work In Progress	6,556,177	3,587,196	10,143,373				10,143,373	6,556,177
Total	**2,130,635,461**	**169,999,631**	**2,300,635,091**	**833,907,321**	**172,353,586**	**1,006,260,907**	**1,294,374,184**	**1,296,728,141**
Total Previous Year	**1,802,299,580**	**321,779,704**	**2,124,079,284**	**684,167,376**	**149,739,944**	**833,907,320**	**1,296,728,140**	**1,122,020,033**

Note :

The Company has not taken any assets on lease.

Notes forming part of the financial statements

12 NON-CURRENT INVESTMENTS

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Trade Investments		
Unquoted		
Investment in subsidiaries - 1 [PY: 1] equity share of Euro 35,000/- each held in Alicon Holding GmbH	106,178,900	106,178,900
Total (A)	**106,178,900**	**106,178,900**
Other than Trade Investments		
Quoted		
Investment in Equity instruments - Bank of Maharashtra	20,300	20,300
900 equity shares [PY: 900 equity shares] of ₹ 22.56 each held in Bank of Maharashtra		
Unquoted		
Investment in Equity instruments - Shamrao Vithal Co. Op. Bank	50,000	50,000
2,000 equity shares [PY: 2,000 equity shares] of ₹ 25/- each		
Total (B)	**70,300**	**70,300**
Grand Total (A + B)	**106,249,200**	**106,249,200**
Less : Provision for dimunition in the value of Investments	-	-
Total	**106,249,200**	**106,249,200**
Aggregate amount of quoted investments	20,300	20,300
Market Value of quoted investments	45,810	49,095
Aggregate amount of unquoted investments	50,000	50,000
Aggregate provision for diminution in value of investments	-	-

13 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good		
Advance Income Tax (net of provisions)	66,333,945	56,833,850
Capital Advances	22,604,791	40,991,833
Security Deposits	8,542,671	7,258,981
Total	**97,481,408**	**105,084,664**

14 INVENTORIES

Raw Materials and components	89,090,299	63,147,487
Consumables	31,691,419	29,950,521
Semi-finished goods	85,225,571	50,189,698
(includes goods-in-transit ₹ 1,70,917/- (PY ₹ 3,057,568/-)		
Packing Material	322,301	371,611
Dies under Development	60,650,510	49,280,168
Furnace Oil	2,386,374	3,012,926
Total	**269,366,473**	**195,952,412**
Note		
(i) Details of Semi-finished goods		
Semi-finished casting made from aluminum alloys	85,225,571	50,189,698

Notes forming part of the financial statements

15 TRADE RECEIVABLES

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Debts outstanding for a period more than six months from the due date of payment		
- From related parties	223,090	453,687
- From others	3,701,569	970,076
Others		
- From related parties	119,316,256	25,227,942
- From others	732,803,719	834,491,488
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Total	**856,044,635**	**861,143,193**

* Trade receivables reported above are from the invoice dates, since credit period offered has varied from customer to customer and are not stated in some cases. Further, the year-end balances have remained to be confirmed by the customers.

** The management of the Company has confirmed that all trade receivables are good and realisable in the ordinary course of its business and thus no provision is called for doubtful debts.

16 CASH AND BANK BALANCES

Cash and cash equivalents		
Current accounts with banks	44,192,374	67,402,947
Cash on hand	5,854,827	924,350
	50,047,201	**68,327,297**
Other Bank Balances		
Term deposits	3,014,404	2,500,000
Margin money deposits	64,000,000	37,354,533
	67,014,404	**39,854,533**
Total	**117,061,605**	**108,181,830**

Note: The Company has deposits of ₹ 1,20,14,404/ with maturity period exceeding 12 months.

17 SHORT-TERM LOANS AND ADVANCES

Other Loans and Advances		
Advance income tax (net of provisions)	12,728,004	11,783,005
Balance with government authorities	97,107,190	111,761,570
Prepaid expenses	2,718,346	2,593,501
Other advances	5,539,412	3,763,407
Total	**118,092,952**	**129,901,483**

18 OTHER CURRENT ASSETS

Interest accured on term deposits	4,015,361	1,822,427
Total	**4,015,361**	**1,822,427**

19 REVENUE FROM OPERATIONS (GROSS)

Sale of products		
- Finished goods	4,834,915,370	4,188,687,808
Other operating revenues		
- Scrap sale	21,337,637	27,645,564
	4,856,253,007	**4,216,333,372**

(Amount in ₹)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Less:		
Excise duty	541,946,652	408,091,848
Total	**4,314,306,355**	**3,808,241,524**

Note

Details of manufactured goods sold (net)		
Castings made from aluminum alloys	3,574,192,309	3,397,230,963
Conversion Income -(Job work)	481,185,143	254,056,734
Dies	237,591,266	129,308,263
Total	**4,292,968,718**	**3,780,595,960**

20 OTHER INCOME

Interest received (gross)	7,098,140	2,004,171
Dividend on long-term investments	1,980	7,800
Rent received (net of rent paid)	20,572,081	7,946,685
Miscellaneous income	-	645,740
Gain on foreign currency fluctuations	9,021,420	22,906,379
Total	**36,693,621**	**33,510,775**

21 COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	112,427,655	80,208,804
Add: Purchases	2,393,485,259	1,931,593,898
	2,505,912,914	**2,011,802,702**
Less: Inventory at the end of the year	149,740,809	112,427,655
Cost of materials consumed	**2,356,172,106**	**1,899,375,047**
Note: Additional Details		
(i) Details of raw material and components consumed		
Aluminium / alloys	2,214,296,941	1,794,733,283
Dies & Fixtures	141,875,164	104,641,764
Total	**2,356,172,106**	**1,899,375,047**

Material consumed includes material on conversion account as certified by the management. The figures of consumption have been arrived by deducting the closing stock from the quantity/value of opening stock as increased by the purchases during the year.

(ii) Details of inventory of raw material and components		
Aluminium / alloys	149,740,809	112,427,655

22 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS & STOCK-IN-TRADE

Semi-finished goods		
Inventory at the beginning of the year	50,189,698	49,777,482
Less : Inventory at the end of the year	85,225,571	50,189,698
Increase in stock of Semi-finished goods	**(35,035,873)**	**(412,216)**

23 EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus	430,661,368	402,086,268
Contributions to Provident and other funds	15,800,849	13,763,713
Leave encashment	4,798,120	4,209,308
Employee welfare expenses	39,453,894	38,745,896
Total	**490,714,231**	**458,805,185**

Notes forming part of the financial statements

24 FINANCE COSTS

(Amount in ₹)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest on borrowings	92,309,588	113,040,303
Other borrowing costs	11,953,225	9,962,550
Total	**104,262,813**	**123,002,853**

25 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation on Tangible assets	173,711,744	148,414,075
Amortisation on Intangible assets	1,407,251	1,325,880
Total	**175,118,995**	**149,739,955**

26 OTHER EXPENSES

Manufacturing Expenses		
Consumption of stores and spares	306,239,361	282,866,842
Power and fuel	360,784,901	310,489,780
Processing charges	102,809,833	113,191,296
Repairs to machinery	30,631,312	59,321,549
Other manufacturing expenses	27,039,516	28,586,616
	827,504,924	**794,456,083**
Administrative Expenses		
Legal and Professional Charges	25,352,919	23,135,988
Other administrative expenses	60,216,472	54,422,331
	85,569,391	**77,558,319**
Selling and Distribution Expenses		
Selling and Distribution Expenses	84,664,095	59,625,326
Total	**997,738,410**	**931,639,728**

27 OTHER DISCLOSURE

PART A

1. Raw materials and Stores and Spares consumed

	2012-13		2011-12	
	₹ in Lacs	Percentage	₹ in Lacs	Percentage
1. Raw materials				
a) Imported	1,111.58	4.72	2,421.59	12.75
b) Indigenous	22,450.14	95.28	16,572.16	87.25
Total	**2,3561.72**	**100.00**	**18,993.75**	**100.00**
2. Value of Stores and Spares consumed				
a) Imported	96.61	3.15	193.17	6.83
b) Indigenous	2,965.78	96.85	2,635.50	93.17
	3,062.39	**100.00**	**2,828.67**	**100.00**

The figures of consumption have been arrived by deducting the closing stock from the quantity/value of opening stock as increased by the purchases during the year.

Notes forming part of the financial statements

2. Imports on CIF Basis

(₹ in Lacs)

	2012-13	2011-12
Capital Goods	0.00	239.53
Components and Spares Parts	1,041.07	2,614.76
Total	**1,041.07**	**2,854.29**

3. Expenditure in foreign currency

Foreign Travel	82.09	108.37
Royalty	159.49	232.65
Commission on Sales	1.84	3.96
Repair & Maintenance	39.26	0.00
Legal & Professional Expenses	122.73	123.36
Freight Inward	0.52	0.19
Postage & telegram	0.00	4.46
Welfare Expenses	22.07	19.62
Training Expenses	30.72	31.49
Total	**458.71**	**524.09**

4. Remittance in foreign currencies for dividends

i) Number of non-resident shareholders	1	1
ii) Number of Equity shares	1,100,000	3,800,000
iii) Gross amount of dividends (₹)	1,518,000	3,800,000

5. Earning in Foreign Exchange

Export of goods	3,155.68	4,071.14
Includes deemed export of ₹Nil Lacs (PY ₹ 181.04 Lacs)		

6. Employee Benefits

The Company has adopted Accounting Standard 15 “Employee Benefits”. The disclosures required by the Standard are given below:

Defined Contribution Plan

The contributions recognised as expenses for the year are as under:

Employer’s Contribution to Provident Fund	131.82	110.40

Defined Benefit Plan

Disclosures of Defined Benefit Plans in respect of Gratuity and Leave Entitlements, as per actuarial valuations by an independent valuer are given below.

(₹ in Lacs)

	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Present value of obligation as at the beginning of year	52.39	147.03	36.83	126.33
Interest Cost	3.46	11.47	3.04	10.74
Current Service Cost	33.39	33.55	25.45	26.64
Benefits Paid	-23.38	-24.29	-26.54	-21.40
Actuarial(gain) / loss on obligations	2.25	24.84	13.61	4.72
Present value of obligation as at the end of year	**68.11**	**192.60**	**52.39**	**147.03**

Notes forming part of the financial statements

(₹ in Lacs)

	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2011-12
Table showing changes in the fair value of plan assets				
Fair value of plan assets at beginning of year	0.00	97.98	0.00	81.40
Expected return on plan assets	0.00	9.52	0.00	7.33
Contributions	0.00	40.00	0.00	27.93
Benefits Paid	0.00	-11.95	0.00	-21.40
Actuarial gain/(loss) on plan assets	0.00	0.00	0.00	-0.55
Adjustment to Funds	0.00	0.00	0.00	3.26
Fair value of plan assets at the end of year	**0.00**	**135.55**	**0.00**	**97.98**
The amounts to be recognized in the balance sheet and statements of profit and loss				
Present value of obligations as at the end of year	68.11	192.60	52.39	147.03
Fair value of plan assets as at the end of the year	0.00	135.55	0.00	97.98
Unfunded status asset/ (liability)	68.11	-57.05	52.39	-49.05
Net asset / (liability) recognized in balance sheet	**68.11**	**-57.05**	**52.39**	**-49.05**
Expenses Recognized in statement of Profit and loss				
Current Service cost	33.39	33.55	25.45	26.64
Interest Cost	3.46	11.47	3.04	10.74
Expected return on plan assets	0.00	-9.52	0.00	-7.33
Net Actuarial (gain) / loss recognized in the year	2.25	24.84	13.61	5.26
Expenses recognized in statement of Profit and Loss	**39.10**	**60.34**	**42.09**	**35.31**
Actuarial Assumptions				
Assumption Discount Rate	8.20%	8.20%	8.50%	8.50%
Salary Escalation	6.00%	6.00%	6.00%	6.00%
Expected rate of return on plan assets	0.00%	8.50%	0.00%	8.50%

LIC Mortality Table: LIC (1994-96) published table of martality rates

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

7. Auditor's Remuneration

(₹ in Lacs)

	2012-13	2011-12
Statutory Audit	7.50	7.50
Limited Review	1.50	0.75
Out of pocket expenses	0.25	0.28
Total	**9.25**	**8.53**

8. Commitment and Contingent Liabilities

Commitments		
Estimated amount of contracts remaining to be executed on capital	152.21	336.09
Contingent Liabilities		
a) Letters of Credit issued by the bank against purchase of goods	282.82	1,401.16
b) Performance and Financial Guarantees issued by the banks	344.40	296.62
c) Customs and related duties for non fulfillment of Export Obligation	418.52	744.20

Notes forming part of the financial statements

(₹ in Lacs)

	2012-13	2011-12
d) Pending Case in local Civil Court	349.67	353.63
Total	**1,395.41**	**2,795.61**

9. Foreign Currency Exposures (not hedged by derivative instruments):-

Foreign Currency Liabilities:-		
a) Trade payables	1,572.18	1,154.42
b) Payables for fixed Assets	12.04	317.48
Foreign Currency Assets:-		
a) Trade Receivables	723.96	1,179.09

10. Earning per share as computed in accordance with Accounting Standard 20

i) Net Profit & Earnings /(Loss) after tax	212,371,537	220,094,083
ii) Weighted average no. of Equity shares of ₹ 5 each (Amount in ₹)	11,000,000	11,000,000
iii) Basic Earning per Share (₹)	19.31	20.01
iv) Diluted Earning per Share (₹)	19.31	20.01

11. Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

(Amount in ₹)

Name of the party	Relationship	Amount outstanding as at 31 March, 2013	Relationship	Amount outstanding as at 31 March, 2012
Alicon Holding,GmbH	Wholly Owned Subsidaries	0.00	Wholly Owned Subsidaries	0.00

12. Related Party Disclosure

Wholly Owned Subsidiaries	Associate Companies
Alicon Holding - GmbH	Atlas Castalloy Ltd.
Illichmann Castalloy - GmbH	Silicon Meadows Designs Ltd.
Illichmann Castalloy - sro	Silicon Meadows Engineering Ltd.
	Chemetall Rai Ltd.
	Nastic Trading LLP
	Pamela Trading LLP
	Mithras Trading LLP

Key Managerial Personnel

Shailendrajit Rai - Managing Director

Rajeev Sikand - Group Chief Executive Officer

(₹ in Lacs)

	2012-13	2011-12
Details of transactions during the year with Related parties		
Sales	1,108.80	448.28
Purchases	1,743.09	2,014.47
Expenses Charged to Company	24.76	154.11
Expenses Charged by Company	80.36	24.50
Foreign Currency monetary item	-0.04	0.04
Balance of investment in subsidiary	1,061.79	1,061.79
Amount Receiveble at the year end	1,492.89	80.02
Amount Payable at the year end	473.57	310.20
Fixed assets purchased or sold	222.02	85.11

Notes forming part of the financial statements

(Amount in ₹)

	2012-13	2011-12
Details of transactions during the year with key managerial personnel		
Remuneration		
Managing Director -		
Salary, Allowances & Perquisites	18.71	19.91
Contribution to P.F., Gratuity and other funds	0.90	0.90
Commission	14.03	9.34
Total	**33.64**	**30.15**
Group Chief Executive Officer		
Salary,Allowances & Perquisites	34.71	38.55
Contribution to P.F., Gratuity and other funds	3.39	2.40
Commission	42.81	40.00
Total	**80.91**	**80.95**

13. Proposed Dividend

On Equity Shares of ₹ 5 each		
Amount of dividend proposed	22,000,000	15,180,000
Dividend per Equity Share	2.00	1.38

13. The Company has operating leases in respect of plants, guest houses etc. Further, lease rentals payable in respect of the same which are non-cancellable are as follows.

(₹ in Lacs)

	2012-13	2011-12
Not later than one year	15.17	16.97
Later than one year but not later than five years		
Later than five years		

PART B

1. Segment Reporting

The Company has single business segment viz. that of aluminium castings. Accordingly, disclosure requirements as per Accounting Standard 17 “Segment Reporting” specified in the Companies (Accounting Standard) Rules 2006 are not strictly not applicable to the Company so far as standalone financial statements of the Company are concerned. However, in accordance with paragraph 4 of Accounting Standard 17 (Segment Reporting), details of segment report have been included in Consolidated Financial Statements.

2. Excise Duty

Excise Duty being recovered from the customers through sales invoices raised on them during the year, have been reported separately as a deduction from ‘Income from Operations’ in the statement of Profit and Loss.

3. Borrowing Cost

Of total borrowing cost of ₹ 1,042.63 Lacs (PY ₹ 1,230.03 Lacs) incurred during the year, ₹ 106.71 Lacs (PY ₹ 23.82) have been capitalized, as identified/relatable to the particular qualifying assets.

4. Sundry Creditors

Sundry Creditors include a sum of ₹ 1,645.40 Lacs (PY ₹ 1,675.75 Lacs) as payables which are not expected to be settled in medium term. During the year, the Company was able to procure confirmation from some of its suppliers for goods and services as to their status and classification for each of them under the Micro, Small and Medium Enterprises Act, 2006. The principal amount remaining unpaid to the suppliers covered under the Act as at the end of the year have been, to the extent information available, shown and classified separately under schedule 9 of Current Liabilities. Also, disclosed below are the amount due to the suppliers beyond the appointed date and amount of interest accrued and remaining unpaid as at the end of the year.

Notes forming part of the financial statements

(₹ in Lacs)

	2012-13	2011-12
Principal Amount Due	NIL	NIL
Principal Amount Paid	NIL	NIL
Principal Amount Unpaid Beyond The Appointed Date	NIL	NIL
Interest Accrued And Remaining Unpaid	NIL	NIL

5. All current assets, loans and advances are stated at values realisable in the ordinary course of business and all known liabilities are adequately provided for in the opinion of the board.

6. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Statement of Significant Accounting Policies

attached to the financial statements for the year ended 31.03.2013

CORPORATE INFORMATION

Alicon Castalloy Limited (the Company) is listed on the Bombay Stock Exchange and National Stock Exchange. It is engaged in the manufacturing and selling of aluminium die castings.

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of financial statements

a) The financial statements are prepared under the historical cost convention, on accrual basis and are in accordance with the generally accepted accounting principles (GAAP) in India (Indian GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards ("AS") notified under Companies (Accounting Standard), Rules, 2006 as amended from time to time unless otherwise stated below.

b) The accounting policies adopted in the preparation of financial statements are consistent with those of previous year/s) unless otherwise stated.

2. Use of Estimates

Estimates and assumptions used in the preparation of the financial statements and reporting of amounts of assets and liabilities (including contingent liabilities) and the income and expenses during the year are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

3. Revenue Recognition

a) Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection based upon negotiations with the customers for price escalations and settlements.

b) Sales are recognised on despatch of goods by the Company from its factory premises and are reflected in the accounts net of excise duty, sales tax, and other levies.

c) The Company, besides manufacturing its products from raw materials purchased directly by it, also converts raw material/(s) supplied by the customer/(s) and thus accounts for gross receipts as 'Conversion Income'.

d) Sales return is accounted for only upon physical receipt of the rejected goods at the Company's factory premises.

4. Other Income

i Dividend income is accounted once it is received or right to receive the dividend is established.

ii Interest income is recognised on time proportion basis taking into account the amount of deposits held and applicable rate.

5. Tangible Fixed Assets & Capital Work-In-Progress

i. Fixed Assets except land are stated at cost less accumulated depreciation and impairment losses, if any. The cost represents purchase price (net of recoverable taxes) and all other direct expenses including financing cost in respect of acquisition or construction of fixed assets incurred for the period up to the date the asset is ready for its intended use or for the period till commencement of commercial production respectively.

ii. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.

iii. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iv. In case of new production facilities, the project costs incurred are capitalised from the date, the facilities are commenced and trial production is obtained successfully. The project cost including attributable borrowing cost incurred in respect of facilities not commenced/expanded has been accounted as 'Capital Work-In-Progress', unless the project takes substantial period to commence and where assets are separately identifiable

6. Intangible Assets

i Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

ii The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and impairment losses if any. The cost of an intangible asset comprises its purchase price (net of recoverable of taxes) and any directly attributable expenditure on making the asset ready for its intended use.

7. Depreciation and Amortisation

i Tangible Fixed Assets other than Dies and Moulds are depreciated on Straight Line

Method at the rates prescribed in schedule XIV to the Companies Act, 1956.

ii Dies and Moulds are depreciated at Written Down Value at the rates prescribed in schedule XIV to the Companies Act, 1956.

iii Depreciation on additions during the year is provided on pro-rata basis from the middle of the quarter in which capitalisation takes place.

iv Where CENVAT is claimed on capital goods, the relevant excise duty under CENVAT has been deducted from the value of the asset for claiming depreciation.

v In case where specific arrangement exists with a customer for amortisation of capital equipment, depreciation provided equals such agreed amortisation. In such cases, cumulative depreciation at least equals the minimum prescribed under Schedule XIV of the Companies Act,1956.

vi Intangible assets in the nature of computer & functional software are amortised over a period of six years.

vii The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and if there is a significant change in the expected pattern of economic benefits from the asset, the amortisation method is revised to reflect the changed/ actual pattern.

8. Impairment of Assets

An asset is treated as impaired when identified and when the carrying amount of the asset exceeds it recoverable amount. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

9. Investments

Long-term investments, which are unquoted, are stated at cost. Cost includes costs incidental to acquisition such as legal costs etc, Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

Current investments are stated at lower of the cost and fair market value.

10. Inventories

i. Raw Materials

Inventory of raw materials is valued at cost. Cost represents purchase price, net of recoverable taxes and is determined on weighted average basis of last purchases.

ii. Semi-Finished goods

Inventory of semi-finished goods is valued at lower of cost or net realisable value. Cost comprises of material cost and conversion cost.

Conversion cost includes cost of consumables, direct labour, and variable overheads in proportion to direct labour and fixed cost in respect of production facilities.

iii. Consumables, Stores and Spares

Consumables, stores and spares are valued at cost. Cost represents purchase price, net of recoverable taxes, and is determined on First in First out basis.

iv. Dies and Moulds

i. The expenditure on development of dies and moulds commissioned for and on behalf of the customers is carried in the books at the appropriate cost of development, under ''Current Assets'', subject to such cost not exceeding the maximum value contracted to be paid by the customer. Income from development and development cost of such dies is accounted for in the year in which they are completed and invoiced.

ii. The unfunded cost of such dies, if any, is written off to revenue in the event of their commercial obsolescence.

11. Cash and cash equivalents

Cash and cash equivalents comprise of balance with the banks and cash in hand. The Company considers all highly liquid investments with an original maturity of three months or less from the date of purchase, to be cash equivalents.

12. Transactions in Foreign Currencies

(i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction except sales which are recorded at a rate notified for a month, by the customs, for invoice purposes.

(ii) Monetary items denominated in foreign currencies at the year-end are re-instated at the year-end rates.

(iii) Non monetary foreign currency items are carried at cost.

(iv) All exchange differences arising on settlement and re-instatement of year-end foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

13. Derivative Instruments

In respect of derivative contracts, premium paid gain/loss on settlement and provision for losses on re-instatement are recognized along with the underlying transactions and charged to the statement of profit and loss.

14. Taxes on income

(i) Income tax expense comprises current tax and deferred tax charge / (credit).

(ii) Current tax is the amount of tax due on the taxable income for the year determined in accordance with the relevant provisions of the Income Tax act, 1961.

(iii) Deferred tax is recognised subject to the consideration of prudence, on timing difference between accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent periods.

(iv) Deferred tax assets, if any, are recognised, only when there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Statement of Significant Accounting Policies

attached to the financial statements for the year ended 31.03.2013

(v) Deferred tax assets/liabilities are not extensively reviewed on a cumulative basis.

15. Employee Benefits

Employee benefits include provident fund, pension fund, gratuity fund, compensated absences and medical benefits.

Defined contribution plans

Contributions to defined contribution approved Provident Fund and Pension Fund, defined contribution schemes, are made at pre-determined rates and charged to the statement of profit and loss, as and when incurred.

Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions using Projected Unit Credit Method, with actuarial valuations being carried out by an independent valuer. Actuarial gains and losses have been recognised in full in the statement of profit and loss for the year. Past service cost has also been recognised to the extent that the benefits are already vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid leave, performance incentives, bonus, ex-gratia etc.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarial liability determined by an independent valuer being the present value of the defined benefit obligation at the balance sheet date.

The liability towards Workmen Compensation is also funded with New India Insurance and contribution made towards this is charged to the statement of profit and loss of the year.

16. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. All other borrowing costs incurred and which are not identified to the particular qualifying assets is charged to revenue.

17. Leases

<u>Operating Leases</u>: In respect of assets acquired on leases, rentals are charged to the statement of profit and loss on accrual basis and with reference to lease terms and other considerations. Assets leased out under operating leases are capitalised. Rental income is recognized on accrual basis over the lease term.

<u>Financial Leases</u>: In respect of the assets acquired under leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as fixed assets with corresponding amount shown as a lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the statement of profit and loss.

18. Research and Development Costs

a) Research costs are expensed as and when incurred.

b) Development costs are as and when incurred, unless the technical and commercial feasibility of the project is demonstrated, future economic benefits are probable and the costs can be measured reliably.

c) Research and development expenditure of a capital nature is included in the cost of relevant fixed assets.

19. Provisions, Contingencies and Commitments

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Statement pursuant to
Section 212 of the Companies Act, 1956 relating to subsidiary companies

	Name of the subsidiary		
	Alicon Holding GmbH	Illichman Castalloy GmbH - Austria (Note 2)	Illichman Castalloy S.R.O. - Slovakia (Note 1)
The Financial Year of the Subsidiary ended on	31-Mar-13	31-Mar-13	31-Mar-13
Number of shares of the subsidiary held	1	1	1
Total Number of Shares	1	1	1
Extent of holding	100%	100%	100%
Face Value (In Euro)	35,000	35,000	5,000
The Net Aggregate of profits/ (losses) of the subsidiary company for its current financial year so far as they concern the members of Alicon Castalloy Limited			
a) Dealt with in the accounts of Alicon Castalloy Limited for the Year ended March 31, 2013	-	-	-
b) Not dealt with in the accounts of Alicon Castalloy Limited for the Year ended March 31, 2013 (Amount in Rupees)	(832,729)	(3,125,247)	(39,032,840)
The Net Aggregate of profits/ (losses) of the subsidiary Company for its previous financial year so far as they concern the members of Alicon Castalloy Limited			
a) Dealth with in the accounts of Alicon Castalloy Limited for the Year ended March 31, 2012	-	-	-
b) Not dealt with in the accounts of Alicon Castalloy Limited upto year ended March 31, 2012 (Amount in Rupees)	(1,683,027)	(64,353,116)	(1,548,200)

Notes:
1) The shares in Illichman Castalloy S.R.O. are held by Alicon Holding GmbH.
2) The shares in Illichman Castalloy GmbH are held by Illichman Castalloy S.R.O.

Statement pursuant to

under Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies

(Amount in ₹)

Name of Company	Country of Incorporation	Number of shares of the subsidiary held	Reporting dates used for Consolidation	Reporting Currency	Exchange Rate as on 31st March, 2013 in INR-closing rate	Share Capital (In Euro)	Reserves and Surplus	Total Liabilities	Net Fixed Assets	Investments	Total Assets	Sales	Profit/(Loss) before tax	Taxation	Profit after Tax
Alicon Holding GmbH	Austria	100%	31-Mar-13	Rupees	69.54	35,000	16,074,834	122,989,007	-	119,951,735	122,989,007	-	(832,729)	-	(832,729)
Illichman Castalloy GmbH (Note 2)	Austria	100%	31-Mar-13	Rupees	69.54	35,000	(51,955,569)	208,233,407	8,209,519	-	208,233,407	851,943,183	(3,125,247)	605,395	(3,730,642)
Illichman Castalloy S.R.O (Note 1)	Slovakia	100%	31-Mar-13	Rupees	69.54	5,000	(31,114,858)	388,928,120	124,477,852	51,168,000	388,928,120	500,509,461	(39,032,840)	-	(39,032,840)

Notes:

1) The shares in Illichman Castalloy S.R.O. are held by Alicon Holding GmbH.

2) The shares in Illichman Castalloy GmbH are held by Illichman Castalloy S.R.O.

Consolidated Financial Statements

Independent Auditors' Report

To,
The Board of Directors,
Alicon Castalloy Limited

We have audited the accompanying consolidated financial statements of **Alicon Castalloy Limited** ('the Company') and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors on the financial statements of subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31 2013;

(ii) in the case of the Consolidated Statement of Profit and Loss of the Profit of the Group for the year ended on that date; and

(iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

EMPHASIS OF MATTER

(a) We draw attention to footnote under Note 9 of the financial statements: The Company has no dues to suppliers covered under 'MSMED Act', 2006. We have relied upon management confirmations in respect of the same. .

(b) We draw attention to footnote under Note 15 of the financial statements: The management of the Company has confirmed that all trade receivables are good and realisable in the ordinary course of its business and thus no provision is called for doubtful debts. We have relied upon management confirmation in the absence customer confirmations at large.

Our opinion is not qualified in respect of these matters.

OTHER MATTERS

1. We did not audit the financial statements of overseas subsidiaries, whose financial statements made available to us reflect total assets of ₹ 720,150,534/- as at March 31, 2013, total revenues of ₹ 1,384,960,542/- and net cash outflows of ₹ 16,28,476/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the report of other auditors. Our opinion is not qualified in respect of these matters.

2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules, 2006.

For **Asit Mehta & Associates**
Chartered Accountants
Firm Registration No. 100733W

Sanjay S. Rane
Partner
Membership No.: 100374

Place: Pune
Date : April 30th, 2013

Consolidated Balance Sheet

(Amount in ₹)

	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	55,000,000	55,000,000
(b) Reserves and surplus	2	860,031,571	716,448,837
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	3	52,500,000	235,674,138
(b) Deferred tax liabilities (Net)	4	25,913,460	28,692,573
(c) Other Long term liabilities	5	66,142,110	68,579,068
(d) Long-term provisions	6	7,923,321	9,918,036
4 Current liabilities			
(a) Short-term borrowings	7	829,092,358	732,591,324
(b) Trade payables	8	684,419,360	677,642,711
(c) Other current liabilities	9	491,860,800	507,370,175
(d) Short-term provisions	10	99,108,384	81,752,096
TOTAL		**3,171,991,364**	**3,113,668,958**
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets	11 (a)	1,407,514,878	1,369,674,872
(ii) Intangible assets	11 (b)	8,824,731	8,219,478
(iii) Capital work-in-progress	11 (c)	10,721,946	21,668,948
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	70,300	70,300
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	13	99,367,523	110,840,601
(e) Other non-current assets		-	-
2 Current assets			
(a) Current investments		-	-
(b) Inventories	14	361,417,336	336,883,489
(c) Trade receivables	15	994,863,453	953,222,131
(d) Cash and bank balances	16	136,043,796	128,792,497
(e) Short-term loans and advances	17	143,687,743	182,474,216
(f) Other current assets	18	5,879,658	1,822,427
TOTAL		**3,171,991,364**	**3,113,668,958**
Significant accounting policies	27		
Notes on Financial Statements	1 to 27		
The notes are an integral part of these financial statements			

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Consolidated Statement of Profit and Loss Account

(Amount in ₹)

		Notes	For the year ended March, 31 2013	For the year ended March 31, 2012
I.	Revenue from operations (gross)	19	5,788,234,490	5,095,285,001
	Less: Excise Duty		541,946,652	408,091,848
	Revenue from operations (net)		**5,246,287,838**	**4,687,193,153**
II.	Other income	20	69,201,518	45,150,226
III.	Total Revenue (I + II)		**5,315,489,356**	**4,732,343,380**
IV.	Expenses:			
	(a) Cost of materials consumed	21	2,604,561,342	2,143,058,965
	(b) Changes in inventories of finished goods, work-in-progress & Stock-in-Trade	22	(12,142,418)	(34,387,691)
	(c) Employee benefits expense	23	779,917,522	811,215,926
	(d) Finance costs	24	113,041,053	128,907,311
	(e) Depreciation and amortization expense	25	199,926,428	170,764,196
	(f) Other Expenses	26	1,411,146,952	1,309,852,898
	Total expenses		**5,096,450,878**	**4,529,411,604**
V.	Profit before exceptional and extraordinary items and tax (III-IV)		**219,038,478**	**202,931,776**
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		**219,038,478**	**202,931,776**
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		**219,038,478**	**202,931,776**
X.	Tax expense:			
	(1) Current tax		53,042,265	56,566,424
	(2) Deferred tax /(credit)		(2,779,113)	2,207,352
	Total tax expense		**50,263,152**	**58,773,775**
XI.	Profit (Loss) for the period (IX + X)		**168,775,326**	**144,158,000**
XII.	Earnings per equity share of face value of ₹ 5/- each.			
	Basic and Diluted (₹ 5/-)		15.34	13.11
	Significant accounting policies	27		
	Notes on Financial Statements	1 to 27		
	The notes are an integral part of these financial statements			

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Consolidated Statement of Cash Flow

(Amount in ₹)

		For the year ended 31 March 2013	For the year ended 31 March 2012
A.	**Cash Flow from Operating Activities**		
	Profit before taxation	219,038,478	202,931,776
	Adjustments for:		
	Depreciation & Amortisation	199,926,428	170,764,196
	Loss on sale of tangible assets (net)	189,367	-
	Interest & dividend received	(8,879,067)	(3,575,595)
	Interest Expenditure	113,041,053	128,907,311
	Unrealised foreign currency losses	(608,695)	(4,292,379)
	Sample sales written off	402,964	14,709
	Foreign currency translation	9,854,990	(3,999,292)
	Provision for doubtful debts and advances	3,372,653	240,720
	Operating profit before working capital changes	**536,338,170**	**490,991,446**
	Changes in Working Capital:		
	Increase / (Decrease) in trade payables	6,776,647	270,181,001
	Increase / (Decrease) in short-term provisions		
	Increase / (Decrease) in other current liabilities	(30,589,466)	115,889,134
	(Increase) / Decrease in trade receivables	(48,613,975)	(401,858,450)
	(Increase) / Decrease in inventories	(24,533,847)	(73,348,565)
	(Increase) / Decrease in long term loans and advances	37,762,614	(47,870,375)
	Cash Generated from Operations	**477,140,144**	**353,984,191**
	Taxes paid (net of refunds)	(68,858,787)	(46,236,025)
	Net cash generated from operations before extraordinary items	**408,281,358**	**307,748,166**
	Extraordinary items	-	-
	Net cash from Operating Activities (A)	**408,281,358**	**307,748,166**
B.	**Cash flow from Investing Activities:**		
	Purchase of fixed assets (net of disposals)	(194,771,275)	(395,398,976)
	Interest and dividend received	8,879,067	3,575,595
	Margin money deposits	(27,159,871)	(15,847,257)
	Net cash from Investing Activities (B)	**(213,052,079)**	**(407,670,638)**
C.	**Cash flow from Financing Activities**		
	Dividends paid	(14,887,937)	(10,692,763)
	Dividend Distribution Tax	(2,463,714)	(1,826,963)
	Finance costs	(123,635,910)	(131,289,311)
	Repayment of long term borrowings (net of proceeds)	(170,515,830)	(127,689,693)
	Proceeds from short term borrowings (net of repayment)	96,501,034	414,831,014
	Write-off Assets and Expenses post de-merger (net of exp)	(135,492)	(15,324,443)
	Net cash used in Financing Activities (C)	**(215,137,848)**	**128,007,842**
	Net increase in cash and cash equivalents (A+B+C)	**(19,908,570)**	**28,085,370**
	Cash and Cash equivalents at the beginning of the year	**88,937,963**	**60,852,594**
	Cash and Cash equivalents at the end of the year	**69,029,392**	**88,937,963**

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Notes forming part of the consolidated financial statements

1 SHARE CAPITAL

(Amount in ₹)

	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Authorised share capital				
Equity Shares of ₹ 5/- each	**11,000,000**	**55,000,000**	**11,000,000**	**55,000,000**
Issued, subscribed and paid-up capital				
Alicon Castalloy Ltd:				
Equity Shares of ₹ 5/- each, fully paid	11,000,000	55,000,000	11,000,000	55,000,000
Total	**11,000,000**	**55,000,000**	**11,000,000**	**55,000,000**
Notes				
(a) Reconciliation of number of shares				
Shares outstanding at the beginning of the year	11,000,000	55,000,000	11,000,000	55,000,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**11,000,000**	**55,000,000**	**11,000,000**	**55,000,000**

(b) Rights, preferences and restrictions attached to shares

Equity Shares of ₹ 5/-each:

The Company has one class of equity shares having a par value of ₹ 5/-per share. Each shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Sl. No.		As at March 31, 2013		As at March 31, 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Nastic Trading LLP (formerly Nastic Trading Private Limited)	5,970,000	54.27	5,970,000	54.27
2	Enkei Corporation	1,100,000	10.00	1,100,000	10.00

2 RESERVES AND SURPLUS

(Amount in ₹)

	As at March 31, 2013 Amount	As at March 31, 2012 Amount
Securities Premium Account	-	-
Balance as at the beginning of the year	200,200,000	199,200,000
(+) Additions	-	1,000,000
Balance as at the end of the year	**200,200,000**	**200,200,000**
Business Reconstruction Reserve		
Balance as at the beginning of the year	135,492	15,459,935
(-) Expenses Written Off	135,492	15,324,443
Balance as at the end of the year	-	**135,492**
General Reserve		
Balance as at the beginning of the year	50,000,000	35,000,000
(+) Transferred from Surplus in Statement of Profit and Loss during the year	29,000,000	15,000,000
Balance as at the end of the year	**79,000,000**	**50,000,000**

Notes forming part of the consolidated financial statements

(Amount in ₹)

	As at March 31, 2013 Amount	As at March 31, 2012 Amount
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	14,222,146	8,046,936
Add :Transactions during the year	681,800	6,175,210
Balance as at the end of the year	**14,903,946**	**14,222,146**
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	451,891,199	340,376,914
(+) Net Profit/(Loss) for the current year	168,775,326	144,158,000
(-) Proposed Dividends	22,000,000	15,180,000
(Dividend per Share ₹ 2/-(PY ₹ 1.38))		
(-) Tax on Dividend	3,738,900	2,463,714
(-) Transfer to General Reserves	29,000,000	15,000,000
Balance as at the end of the year	**565,927,625**	**451,891,200**
Total	**860,031,571**	**716,448,837**

3 LONG-TERM BORROWINGS

Secured		
Term loans		
From Banks (Refer Notes [a] below)	177,464,208	298,547,288
Less:Current maturity of long term borrowings	124,964,208	123,514,788
	52,500,000	**175,032,500**
Unsecured		
Term loans		
From Financial Institutions (Refer Note [b] below)	44,556,072.60	94,293,912
Less:Current maturity of long term borrowings	44,556,072.60	33,652,274
Loans and advances from related parties(Illichmann SK)	-	-
	-	60,641,638
Total	**52,500,000**	**235,674,138**

Notes

(a) Long-term borrowings include secured term loans at floating interest rates from Axis Bank and State Bank of India which are repayable through monthly/ quarterly instalments. These loans are secured by a first parri-passu charge by way of equitable mortgage on the existing fixed assets. Of these, ₹ 124,964,208/- (PY ₹ 123,514,788/-) are classified as current liabilities being repayable before March 31, 2014.

Total number of installments = 66

Number of installments outstanding as at March 31, 2013 = 24 (PY = 44)

(b) Long-term borrowings include unsecured term loans obtained from Bajaj Finance Limited repayable through monthly instalments. Of these, two loans are borrowed at fixed interest rates of 12.50% and another is at at a floating interest rate. Of these, ₹ 44,556,073/- (PY ₹ 33,652,274/-) are classified as current liabilities being repayable before March 31, 2014.

Total number of installments = 36 EMI

Number of installments due outstanding as at March 31, 2013 = 20 (PY = 32)

Notes forming part of the consolidated financial statements

4 DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Fixed Assets /Depreciation	28,692,573	31,307,415
Deferred Tax Assets		
Disallowances under the Income Tax Act,1961 & Others	(2,779,113)	(2,614,842)
Total	**25,913,460**	**28,692,573**

Note: Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

5 OTHER LONG TERM LIABILITIES

Non-refundable contribution	-	-
Royalty payable	66,142,110	68,579,068
Total	**66,142,110**	**68,579,068**

6 LONG-TERM PROVISIONS

Employee benefits		
Gratuity (Funded)	1,647,344	4,904,960
Leave Encashment (Unfunded)	6,275,977	5,013,076
Total	**7,923,321**	**9,918,036**

7 SHORT-TERM BORROWINGS

Secured		
Cash credit from banks	825,041,683	714,561,306
[Refer Note (a) below]	-	-
	825,041,683	**714,561,306**
Unsecured		
Term loans		
From Banks	4,050,675	18,030,017
[Refer note (b) below]		
	4,050,675	**18,030,017**
Total	**829,092,358**	**732,591,324**

Notes

(a) Short-term borrowings includes cash credit facilities availed from State Bank of India, ING Vysya Bank and Bank of Maharashtra. These loans are secured in favour of all the aforementioned banks by a first parri-passu charge by way of hypothecation of all stocks and receivables and a second parri-passu charge by joint Deed of Hypothecation on all fixed assets of the Company.

(b) Unsecured term loans from banks includes loans obtained from Kotak Mahindra Bank for funding purchase orders. These loans, obtained at floating interest rates, are repayable through weekly instalments.

Total number of installments = 4 Installments

Number of installments outstanding as at March 31, 2013 = 2 (PY = 5)

8 TRADE PAYABLES

Acceptances	1,790,826	123,842,826
Sundry Creditors	682,628,534	553,799,885
Total	**684,419,360**	**677,642,711**

Note :

i) The Company has no dues to suppliers registered under Micro,Small and Medium Enterprises Development Act,2006 ('MSMED Act')

9 OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at March 31, 2013 Amount	As at March 31, 2012 Amount
Current maturities of long-term debt	169,825,370	157,167,062
Interest accrued and due on borrowings	24,551,338	896,077
Unclaimed dividend	292,063	307,237
Employee dues & retentions	33,913,781	38,181,275
Other liabilities	100,550,371	103,344,318
Royalty payable	2,969,752	7,005,008
Statutory remittances	48,878,543	45,054,710
Advance from customers	30,566,523	35,098,590
Creditors for Capital Goods	78,925,487	120,315,898
Expenses payable	1,387,575	-
Liability towards Investors Education and Protection Fund	-	-
Total	**491,860,800**	**507,370,175**

10 SHORT-TERM PROVISIONS

Other Provisions	3,792,216	-
Provision for gratuity (Funded)	-	-
Employee benefits Leave Encashment (Unfunded)	6,841,307	6,220,761
Employee benefits - Gratuity (Funded)	4,057,608	-
Proposed Dividend	22,000,000	15,180,000
Tax on Proposed Dividend	3,738,900	2,463,714
Salary & Bonus	5,773,008	-
Current Tax	52,905,345	57,887,621
Total	**99,108,384**	**81,752,096**

Notes forming part of the consolidated financial statements

11 Fixed assets

(Amount in ₹)

	Gross Block							Accumulated Depreciation				Net Block	
	Balance as at 1 April 2012	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2013	Translation Adjustment	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Translation Adjustment	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 31 March 2012
(a) Owned Assets:													
Tangible Assets													
Freehold Land	177,901,895	-	-	-	177,901,895	-	177,901,895	-	-	-	-	177,901,895	177,901,895
Building	260,688,413	15,003,303	-	-	275,691,716	7,759	275,699,476	47,052,189	8,982,675	(11,075)	56,023,790	219,675,686	213,630,968
Factory Equipments	122,783,145	7,684,319	-	-	130,467,464	(733,727)	129,733,737	37,458,890	17,234,050	(3,242,633)	51,450,308	78,283,430	85,255,376
Plant and Machinery	1,242,583,785	115,456,851	-	-	1,358,040,635	(3,056,039)	1,354,984,597	570,670,212	119,470,734	(8,045,405)	682,095,541	672,889,055	665,959,702
Electrical Installations	97,155,670	-	-	-	97,155,670	-	97,155,670	49,088,550	8,938,930	-	58,027,480	39,128,189	48,067,119
Furniture and Fixtures	36,344,065	(89,667)	-	-	36,254,398	418,489	36,672,887	12,392,958	2,224,817	159,322	14,777,098	21,895,789	24,224,717
Computers	23,058,920	952,625	-	-	24,011,545	2,906,258	26,917,803	14,601,232	2,480,549	1,390,752	18,472,533	8,445,269	10,597,968
Office Equipments	22,884,948	(3,255,747)	-	-	19,629,200	1,085,028	20,714,228	5,290,785	1,193,377	-	6,484,162	14,230,066	15,476,653
Quality Control Equipments	20,710,694	3,479,706	-	-	24,190,399	-	24,190,399	9,910,026	1,829,858	-	11,739,884	12,450,515	10,800,668
Motor Vehicle	15,575,942	6,040,533	-	-	21,616,475	295,393	21,911,868	7,557,531	2,585,239	(527,790)	9,614,980	12,296,888	7,631,700
Dies and Patterns	195,333,298	25,527,256	-	-	220,860,553	-	220,860,553	108,035,605	22,605,375	-	130,640,980	90,219,574	87,297,693
Assets under lease		44,484,976	-	-	44,484,976	-	44,484,976	-	4,825,121	-	4,825,121	39,659,855	-
Assets given on lease to related parties													
Plant and Machinery	23,131,016	-	-	-	23,131,016	-	23,131,016	300,602	2,391,747	-	2,692,349	20,438,667	22,830,414
Total	**2,238,151,788**	**215,284,154**	**-**	**-**	**2,453,435,943**	**923,161**	**2,454,359,104**	**862,358,581**	**194,762,473**	**(10,276,828)**	**1,046,844,226**	**1,407,514,878**	**1,369,674,872**
(b) Intangible Assets													
Software	11,272,351	2,936,253	-	-	14,208,604	161,422	14,370,026	3,133,361	2,392,880	19,055	5,545,296	8,824,731	8,219,478
Total	**11,272,351**	**2,936,253**	**-**	**-**	**14,208,604**	**161,422**	**14,370,026**	**3,133,361**	**2,392,880**	**19,055**	**5,545,296**	**8,824,731**	**8,219,478**
(c) Capital Work In Progress												10,721,946	21,668,948
Total	**2,249,424,140**	**218,220,407**	**-**	**-**	**2,467,644,547**	**1,084,583**	**2,468,729,130**	**865,491,942**	**197,155,353**	**(10,257,774)**	**1,052,389,522**	**1,427,061,554**	**1,399,563,298**
Total Previous Year	**1,908,284,827**	**358,823,082**	**-**	**-**	**2,220,845,877**	**9,152,570**	**2,276,260,478**	**703,003,918**	**169,706,574**	**2,825,223**	**875,535,715**	**1,399,563,299**	**1,211,569,297**

Note:

The Company has not taken any assets on lease.

Notes forming part of the consolidated financial statements

12 NON-CURRENT INVESTMENTS

(Amount in ₹)

	As at March 31, 2013 Amount	As at March 31, 2012 Amount
Trade Investments		
Unqouted		
Investment in subsidiaries	-	-
Total (A)	**-**	**-**
Other than Trade Investments		
Quoted		
Investment in Equity instruments - Bank of Maharashtra	20,300	20,300
900 equity shares [PY: 900 shares] of ₹ 22.56 each held in Bank of Maharashtra		
Unquoted		
Investment in Equity instruments - Shamrao Vithal Co. Op. Bank	50,000	50,000
2,000 equity shares [PY: 2,000 shares] of ₹ 25 each held in Shamrao Vithal Co. Op. Bank		
Total (B)	**70,300**	**70,300**
Grand Total (A + B)	**70,300**	**70,300**
Less : Provision for dimunition in the value of Investments	-	-
Total	**70,300**	**70,300**
Aggregate amount of quoted investments	20,300	20,300
Market Value of quoted investments	45,810	49,095
Aggregate amount of unquoted investments	50,000	50,000
"Aggregate provision for diminution in value of investments"	-	-

13 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good		
Advance Income Tax (net of provisions)	66,333,945	56,833,850
Capital Advances	22,604,791	46,406,070
Security Deposits	9,431,392	7,600,681
Others	997,394	-
Total	**99,367,523**	**110,840,601**

14 INVENTORIES

Raw Materials and components	103,273,243	78,956,771
Consumables	33,661,536	34,707,775
Semi-finished goods	113,995,668	170,531,564
(includes goods-in-transit ₹ 1,70,917/- (PY ₹ 3,057,568/-)		
Stock of traded goods	47,085,658	-
Packing Material	364,349	394,285
Dies under Development	60,650,510	49,280,168
Furnace Oil	2,386,374	3,012,926
Total	**361,417,336**	**336,883,489**

Notes forming part of the consolidated financial statements

15 TRADE RECEIVABLES

(Amount in ₹)

	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
Debts outstanding for more than six months from the due date of payment		
- From related parties	223,090	626,010
- From others	3,701,569	970,076
Others	-	-
- From related parties	118,063,935	22,018,578
- From others	880,530,911	930,290,867
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts**	4,056,053	683,400
Total	**998,463,453**	**953,222,131**

* Trade receivables reported above are from the invoice dates, since credit period offered has varied from customer to customer and are not stated in some cases. Further, the year-end balances have remained to be confirmed by the customers.

** The management of the Company has confirmed that all trade receivables are good and realisable in the ordinary course of its business and thus no provision is called for doubtful debts.

16 CASH AND BANK BALANCES

Cash and cash equivalents		
Current accounts with banks	62,890,146	87,907,460
Cash on hand	6,139,246	1,030,504
	69,029,392	**88,937,963**
Other Bank Balances		
* Margin money deposits	64,000,000	37,354,533
** Term deposits	3,014,404	2,500,000
	67,014,404	**39,854,533**
Total	**136,043,796**	**128,792,497**

* Includes term deposits of ₹ 90,00,000/- (PY ₹ NIL./-) which have an original maturity of more than 12 months.

** Includes term deposits of ₹ 30,14,404/- (PY ₹ 25,00,000/-) which have an original maturity of more than 12 months.

17 SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good		
Advance income tax (Net of provisions)	12,728,004	11,783,005
Balance with government authorities	113,966,976	127,374,185
Prepaid expenses	6,399,963	4,056,541
Other advances	10,592,800	39,260,485
Total	**143,687,743**	**182,474,216**

18 OTHER CURRENT ASSETS

Insurance claim receivable	610,353	-
Interest accured on deposits	4,074,747	1,822,427
Lease rental Deposit	1,194,558	-
Total	**5,879,658**	**1,822,427**

Notes forming part of the consolidated financial statements

19 REVENUE FROM OPERATIONS (GROSS)

(Amount in ₹)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Sale of products		
- Finished goods	5,142,434,744	5,043,317,314
- Traded goods	607,484,268	-
Sale of services	2,765,060	13,670,377
Other operating revenues	106,798	-
- Scrap sale	3,5443,619	38,297,310
	5,788,234,490	**5,095,285,001**
Less:		
Excise duty	541,946,652	408,091,848
Total	**5,246,287,838**	**4,687,193,153**

20 OTHER INCOME

Interest received (gross)		
- Term Deposits with Banks	7,098,140	-
Interest received (gross)	1,778,947	3,567,795
Dividend on long-term investments	1,980	7,800
Gain on foreign currency fluctuations	9,021,420	22,906,379
Rent received (net of rent paid)	20,572,081	7,946,685
Miscellaneous income	30,728,950	10,721,567
Total	**69,201,518**	**45,150,226**

21 COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	126,482,279	89,599,207
Add: Purchases	2,642,110,911	2,181,696,697
Less: Inventory at the end of the year	164,031,848	128,236,939
Total	**2,604,561,342**	**2,143,058,965**

22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE

Semi-finished goods		
- Traded Goods (CI)		
Inventory at the end of the year	161,305,230	124,430,296
Inventory at the beginning of the year	149,162,812	90,042,604
(Increase) in stock of Semi-finished goods and traded goods	**(12,142,418)**	**(34,387,691)**

23 EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus	636,165,088	682,111,423
Contributions to Provident and other funds	58,178,441	41,935,587
Leave encashment	25,837,188	1,184,118
Employee welfare expenses	59,736,804	85,984,797
Total	**779,917,522**	**811,215,926**

24 FINANCE COSTS

Interest on borrowings	99,253,903	117,297,814
Other borrowing costs	13,787,150	11,609,497
Total	**113,041,053**	**128,907,311**

Notes forming part of the consolidated financial statements

25 DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in ₹)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Depreciation on Tangible assets	197,537,725	168,740,851
Amortisation on Intangible assets	2,388,702	2,023,345
Total	**199,926,428**	**170,764,196**

26 OTHER EXPENSES

Manufacturing Expenses		
Consumption of stores and spare parts	336,660,544	306,372,890
Power and fuel	422,731,153	381,780,679
Processing charges	287,783,369	275,591,948
Repairs to machinery	44,623,034	74,304,770
Other Manufacturing Expenses	34,477,988	33,890,154
	1,126,276,088	**1,071,940,440**
Administrative Expenses		
Legal and Professional Charges	36,223,976	31,034,074
Other administrative expenses	131,720,146	128,097,520
	167,944,122	**159,131,594**
Selling and Distribution Expenses		
(Gain)/ Loss on foreign currency fluctuations	11	482
Selling and Distribution Expenses	116,926,731	78,780,381
	116,926,742	**78,780,864**
Total	**1,411,146,952**	**1,309,852,898**

27 OTHER DISCLOSURES

1) Segment Reporting

The Company has a single business segment viz. that of aluminium castings. Accordingly, disclosure requirements as per Accounting Standard 17 "Segment Reporting" specified in the Companies (Accounting Standard) Rules 2006 are not applicable to the standalone financial statements of the Company. However, in accordance with paragraph 4 of Accounting Standard 17 (Segment Reporting), information about its geographical segments is given below.

(Amount in ₹)

	Domestic	Overseas	Total
Segment Revenue	4,314,306,355	931,981,483	5,246,287,838
Segment Assets	1,218,878,891	265,937,289	1,484,816,180
Segment Liabilities	1,597,054,590	352,532,210	1,949,586,800
Capital Expenditure	2,300,635,091	178,815,985	2,479,451,076

2) Commitments & Contingent Liabilities

(₹ In Lacs)

	2012-13	2011-12
Commitments		
a) Estimated amount of contracts remaining to be executed on capital accounts	152.21	336.09
Contingent Liabilities		
a) Letters of Credit issued by the bank against imports	282.82	1,401.16
b) Performance and Financial Guarantees issued by the banks	344.40	296.62
c) Customs and related duties (including interest) for non-fulfillment of export obligations	418.52	744.20
d) Legal Cases and Claims filed by third parties (to the extent where finanical impact is known)	349.67	353.63
Total	**1,395.41**	**2,795.61**

3) Foreign Currency Exposures (not hedged by derivative instruments):-

(₹ In Lacs)

Foreign Currency Laibilities :-		
a) Trade payables	1,572.18	1,154.42
b) Payables for fixed Assets	12.04	317.48
Foreign Currency Assets:-		
a) Trade Receivables	723.96	1,179.09

4) Earning per share as computed in accordance with Accounting Standard 20 notified under the Companies (Accounting Standard) Rules, 2006:-

i) Net Profit after Tax	1,687.75	1,441.58
ii) Weighted average no. of Equity shares of ₹ 5/- each	11,000,000	11,000,000
iii) Basic Earning per Share (₹)	15.34	13.11
iv) Diluted Earning per Share (₹)	15.34	13.11

Notes forming part of the consolidated financial statements

5) Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

(Amount in ₹)

Name of the party	Relationship	Amount outstanding as at 31 March, 2013	Relationship	Amount outstanding as at March 31, 2012
Alicon Holding GmbH, Illichmann Castalloy s.r.o., Illichmann Castalloy GmbH	Wholly Owned Subsidaries	-	Wholly Owned Subsidaries	-

6) Related Party Disclosures in accordance with Accounting Standard 18 notified under the Companies (Accounting Standard) Rules, 2006

Wholly owned subsidiaries (directly and indirectly)	Associate Companies
Alicon Holding GmbH	Atlas Castalloy Ltd.
Illichmann Castalloy s.r.o.	Silicon Meadows Designs Ltd.
Illichmann Castalloy GmbH	Silicon Meadows Engineering Ltd.
	Chemetall Rai Ltd.
	Nastik Trading LLP
	Pamela Trading LLP
	Mithras Trading LLP

Key Managerial Personnel

Shailendrajit Rai - Managing Director

Rajeev Sikand - Group Chief Executive Officer

Detail of transactions during the year with related parties

(₹ In Lacs)

Transactions with subsidiaries and associate companies	2012-13	2011-12
Sales	1,108.80	560.05
Purchases	1,965.29	2,050.76
Expenses charged to the Company	24.76	267.76
Expenses charged by the Company	80.36	217.32
Foreign currency monetary item	(0.04)	0.60
Fixed assets purchased or sold	-	85.11
Balance of investment in subsidiary	1,061.79	1,061.79
Amount receivable at the year end	1,965.76	171.71
Amount payable at the year end	473.57	2,124.51
Transactions with key managerial personnel		
Remuneration - Shailendrajit Rai		
Salary, Allowances & Perquisites	18.71	19.91
Contribution to P.F., Gratuity and other funds	0.90	0.90
Commission	14.03	9.34
Total	**33.64**	**30.15**
Remuneration - Rajeev Sikand		
Salary, Allowances & Perquisites	34.71	38.55
Contribution to P.F., Gratuity and other funds	3.39	2.40
Commission	42.81	40.00
Total	**80.91**	**80.95**

Notes forming part of the consolidated financial statements

7) Disclosure in respect of Leases in accordance with Accounting Standard 19 notified under the Companies (Accounting Standard) Rules, 2006

The Company has operating leases in respect of plants, guest houses etc. Further, lease rentals payable in respect of the same which are non-cancellable are as follows.

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Not later than one year	15.17	16.97
Later than one year but not later than five years	0.00	0.00
Later than five years	0.00	0.00

The Company has given on operating leases equipment (one set of horizontal machining centre) which is non-cancellable for a period of 72 months. The lease rentals receivable from its associate company (lessee) are as follows.

Not later than one year	48.18	48.18
Later than one year but not later than five years	180.67	228.84
Later than five years	0.00	0.00

Financial lease in case of WOS

As per our report of even date attached

For **Asit Mehta & Associates**
Chartered Accountants
Firm Regn No. 100733W

Sanjay Rane
Partner
Membership No: 100374

Place: Pune
Dated: April 30, 2013

On behalf of the Board of Directors

S. Rai
Managing Director

A. D. Harolikar
Director

P. S. Rao
Company Secretary

Statement of Significant Accounting Policies

forming part of the Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of Alicon Castalloy Limited (the 'Parent Company') and its subsidiaries (collectively referred to as 'the Group'), have been prepared and presented under the historical cost convention, on the accrual basis and are in accordance with the generally accepted accounting principles (GAAP) in India, the provisions of the Companies Act, 1956 and comply with the Accounting Standards ("AS") notified under Companies (Accounting Standard), Rules, 2006 as amended from time to time unless otherwise stated below.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year/s) unless otherwise stated.

1.2 Use of estimates

Estimates and assumptions used in the preparation of the financial statements and reporting of amounts of assets and liabilities (including contingent liabilities) and the income and expenses during the year are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

1.3 Principles / Basis of consolidation

The consolidated financial statements include the financial statements of Alicon Castalloy Limited and its subsidiaries. The subsidiaries, whose financial statements have been consolidated, are as below:

A. Direct subsidiaries:

Name of the subsidiary	Country of incorporation	% shareholding in equity shares	Accounting period
Alicon Holding GmbH	Austria	100%	Year ended 31 March

B. Indirect subsidiaries:

Wholly owned subsidiary of Alicon Holding GmbH

Name of the subsidiary	Country of incorporation	% shareholding in equity shares	Accounting period
Illichmann Castalloy s.r.o.	Slovakia	100%	Year ended 31 March

Wholly owned subsidiary of Illichmann Castalloy s.r.o:

Name of the subsidiary	Country of incorporation	% shareholding in equity shares	Accounting period
Illichmann Castalloy GmbH	Austria	100%	Year ended 31 March

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed in Accounting Standard 21-"Consolidated Financial Statements" ('AS-21'). The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealized profits.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements.

The financial statements of the subsidiaries used in the preparation of consolidated financial statements have been drawn upto 31 March 2013, .i.e same date as that of the Parent Company.

1.4 Revenue Recognition

i. Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection based upon negotiations with the customers for price escalations and settlements.

ii. Sales are recognised on despatch of goods by the Company from its factory premises and are reflected in the accounts net of excise duty, sales tax, and other levies.

iii. The Company, besides manufacturing its products from raw materials purchased directly by it, also converts raw materials supplied by the customers and thus accounts gross receipts as 'Conversion Income'.

iv. Sales return is accounted for only upon physical receipt of the rejected goods at the Company's factory premises.

1.5 Other Income

i Dividend income is accounted once it is received or right to receive the dividend is established.

ii Interest income is recognised on time proportion basis taking into account the amount of deposits held and applicable rate.

1.6 Tangible Fixed Assets & Capital Work-In-Progress

i. Fixed Assets except land are stated at cost less accumulated depreciation and impairment losses, if any. The cost represents purchase price (net of recoverable taxes) and all other direct expenses including financing cost in respect of acquisition or construction of fixed assets incurred for the period up to the date the asset is ready for its intended use or for the period till commencement of commerical production respectively.

ii. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.

iii. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iv. In case of new production facilities, the project costs incurred are capitalised from the date the facilities are commenced and trial production is obtained successfully. The project cost including attributable borrowing cost incurred in respect of facilities not commenced/expanded has been accounted as 'Capital Work-In-Progress', unless the project takes substantial period to commence and where assets are separately identifiable.

1.7 Intangible Assets

i Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

Ii Intangible assets are recorded at cost and are carried at cost less accumulated amortisation and impairment losses if any. The cost of an intangible asset comprises its purchase price (net of recoverable of taxes) and any directly attributable expenditure on making the asset ready for its intended use.

1.8 Depreciation and Amortisation

i Tangible Fixed Assets other than Dies and Moulds are depreciated on Straight Line Method at the rates prescribed in schedule XIV to the Companies Act, 1956.

ii Dies and Moulds are depreciated at Written Down Value at the rates prescribed in schedule XIV to the Companies Act, 1956.

iii Depreciation on additions during the year is provided on pro-rata basis from the middle of the quarter in which capitalisation takes place.

iv Where CENVAT is claimed on capital goods, the relevant excise duty under CENVAT has been deducted from the value of the asset for claiming depreciation.

v In case where specific arrangement exists with a customer for amortisation of capital equipment, depreciation provided equals such agreed amortisation. In such cases, cumulative depreciation at least equals the minimum prescribed under Schedule XI of the Companies Act,1956.

vi Intangible assets in the nature of computer & functional software are amortised over a period of six years.

vii The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and if there is a significant change in the expected pattern of economic benefits from the asset, the amortisation method is revised to reflect the changed/ actual pattern.

1.9 Impairment of Assets

An asset is treated as impaired when identified and when the carrying amount of the asset exceeds it recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.10 Investments

Long-term investments, which are unquoted, are stated at cost. Cost includes costs incidental to acquisition such as legal costs etc, Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

Current investments are stated at lower of the cost and fair market value.

1.11 Inventories

i. Raw Materials

Inventory of Raw materials is valued at cost. Cost represents purchase price, net of recoverable taxes and is determined on weighted average basis of last purchases.

ii. Semi-Finished goods

Inventory of Semi-finished goods is valued at lower of cost of net realisable value. Cost comprises of material cost and conversion cost.

Conversion cost includes cost of consumables, direct labour, and variable overheads in proportion to direct labour and fixed cost in respect of production facilities.

iii. Consumables, Stores and Spares

Consumables Stores and Spares are valued at cost. Cost represents purchase price, net of recoverable taxes, and is determined on FIFO basis.

iv. Dies and Moulds

a) The expenditure on development of Dies and Moulds commissioned on behalf of the customers is carried in the books at the appropriate cost of development, as Current Assets, subject to such cost not exceeding the maximum value contracted to be paid by the customer. Income from development and development cost of such dies is accounted for in the year in which they are completed and invoiced.

Statement of Significant Accounting Policies

forming part of the Consolidated Financial Statements

b) The unfunded cost of such dies, if any, is written off to the revenue in the event of their commercial obsolescence.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise of balance with the banks and cash in hand. The Company considers all highly liquid investments with an original maturity of three months or less from the date of purchase, to be cash equivalents.

1.13 Transactions and in Foreign Currencies and Translation Differences

(i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction except sales which are recorded at a rate notified for a month, by the customs, for invoice purposes.

(ii) Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates.

(iii) Non monetary foreign currency items are carried at cost.

(iv) All exchange differences arising on settlement and restatement of year-end foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

(v) In respect the wholly owned subsidiaries overseas, all assets and liabilities, both monetary and non-monetary, are translated at closing exchange rate, while all income and expenses are translated at average exchange rate for the year. The resulting exchange differences are accumulated and shown as 'Foreign Currency Translation Reserve' under the note 'Reserves & Surplus'.

1.14 Derivative instruments

In respect of derivative contracts, premium paid gain/loss on settlement and provision for losses on restatement are recognized along with the underlying transactions and charged to the statement of profit and loss.

1.15 Taxes on income

Income tax expense comprises current tax and deferred tax charge / (credit).

Current tax is the amount of tax due on the taxable income for the year determined in accordance with the relevant provisions of the Income Tax act, 1961.

Deferred tax is recognised subject to the consideration of prudence, on timing differences between accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets, if any, are recognised, only when there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets/liabilities are not extensively reviewed on a cumulative basis.

1.16 Employee Benefits

Employee benefits include provident fund, pension fund, gratuity fund, compensated absences and medical benefits

Defined contribution plans

Contributions to defined contribution approved Provident Fund and Pension Fund, defined contribution schemes, are made at pre-determined rates and charged to the statement of profit and loss, as incurred.

Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions using Projected Unit Credit Method, with actuarial valuations being carried out by an independent valuer. Actuarial gains and losses have been recognised in full in the statement of profit and loss for the year. Past service cost has also been recognised to the extent that the benefits are already vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid leave, performance incentives, bonus, ex-gratia etc.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarial liability determined by an independent valuer being the present value of the defined benefit obligation at the balance sheet date.

The liability towards Workmen Compensation is also funded with New India Insurance and contribution made towards this is charged to the statement of profit and loss.

1.17 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. All other borrowing costs incurred and which are not identified to the particular qualifying assets is charged to revenue.

1.18 Leases

Operating Leases: In respect of assets acquired on leases, rentals are charged to the statement of profit and loss on accrual basis and with reference to lease terms and other considerations. Assets leased out under operating leases are capitalised. Rental income is recognized on accrual basis over the lease term

Finance Leases: In respect of the assets acquired under leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as fixed assets with corresponding amount shown as a lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the statement of profit and loss.

1.19 Research and Development Costs

a) Research costs are expensed as and when incurred.

b) Development costs are as and when incurred, unless the technical and commercial feasibility of the project is demonstrated, future economic benefits are probable and the costs can be measured reliably.

c) Research and development expenditure of a capital nature in include in the cost of relevant fixed assets.

1.20 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

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ALICON CASTALLOY LIMITED

REGISTERED OFFICE: GAT NO. VILLAGE- SHIRKRAPUR, TALUKA - SHIRUR, DISTRICT - PUNE - 412208

23RD ANNUAL GENERAL MEETING ON 30TH SEPTEMBER 2013

PROXY FORM

I/WE --

OF --

IN THE DISTRICT OF --

OF ALICON CASTALLOY LIMITED HERE BY APPOINT --

OF -- IN THE --

DISTRICT OF -- OR FAILING HIM/HER --

-- OF --

IN THE DISTRICT OF --

AS MY/OUR PROXY TO VOTE FOR ME/US ON MY/ OUR BEHALF AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON MONDAY THE 30TH SEPTEMBER, 2013 AT 12.30 PM AT MY ADJOURNMENT THEREOF.

SIGNED THIS ------------------------------ DAY OF ------------------------------ 2013 ------------------------------

SIGNATURE

ADDRESS

Notes: A member entitled to attend and vote at the meeting, is entitled one more proxy (ies) to attend and vote instead of himself/herself and the proxy need not be a member for the company. The proxies form duly signed across revenue stamp should reach the company's office at least forty eight before the time of the meeting.

ALICON CASTALLOY LIMITED

REGISTERED OFFICE: GAT NO. VILLAGE - SHIRKRAPUR, TALUKA - SHIRUR, DISTRICT - PUNE - 412208

23RD ANNUAL GENERAL MEETING ON 30TH SEPTEMBER 2013

ATTENDANCE SLIP

REG. FOLIO NO. --

I CERTIFY THAT I AM REGISTERED SHAREHOLDER / PROXY FRO THE REGISTERED SHAREHOLDEROF THE COMPANY.

I HEREBY RECORD MY PRESENCE AT THE ANNUAL GENERAL MEETING OF THE ABOVE COMPANY AT THE GAT NO. 1426, VILLAGE - SHIRAKPUR, TALUKA - SHIRUR, DISTRICT - PUNE - 412208

MEMBERS / PROXY'S NAME IN BLOCK LETTERS ------------------------------ MEMBERS/ PROXY'S SIGNATURE NOTE: PLEASE ------------------------------

Note: Fill in the attendance slip and hand it over at the Entrance of The Meeting Hall.

COMPANY HAS ARRANGED THE VEHICLE FROM PUNE RAILWAY STATION TO COMPANY AND VEHICLE WILL LEAVE LATEST BY 11:00 AM.

Notes

Notes

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ALICON CASTALLOY LIMITED

Registered Office:
Gat No. 1426, Village Shikrapur,
Taluka - Shirur, District Pune - 412 208

A WYATT SOLUTION (info@wyatt.co.in)

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Casting the Future

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	ALICON CASTALLOY LIMITED
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified, Matter of Emphasis
4.	Frequency of observation	These have been appeared first time in the auditors' report under para 'Emphasis of Matter' as per the new format of the auditors' report. These are of clarficatory in nature.
5.	To be signed • Managing Director • CFO • Auditor of the company • Audit Committee Chairman	