

Dear Friends,

I am writing to share with you that we remain in a stable position and all our employees and partners are doing their best to ensure continuity in operations with minimum disruption. We are proud to be associated with several of the leading names in the Auto Industry, both locally and globally, all of whom remain committed to their development programs and in ensuring that suppliers like us are constantly encouraged to provide products with superior technology adhering to the highest standards.

However, considering these are overwhelming and uncharted times, we do foresee some impact on revenues and profitability until the circumstances normalise. Our efforts to deepen our engagement with customers, align our objective more closely with theirs and to invest early in pursuing opportunities in electric mobility have made us more resilient and we expect to recover rapidly as the economic activity revives.

The COVID-19 pandemic has led to unprecedented disruption not only to the global economy, but also to the lives of people all around the world. As people adjust to the circumstances and governments race to contain the impact while working to steady economic activities, all sectors and industries will need to stand up and take responsibility to support this revival.

To navigate safely through this pandemic, our key priority has been to maintain and secure our Company's operations, while also ensuring safety and well-being of our employees and business partners. We meticulously executed business plans and undertook requisite measures to secure our operations with the objective of preparing ourselves for the 'New Normal'.

At Alicon, our aim has always been towards making ourselves 'FUTURE READY' by consciously engaging with all our employees and adopting the 3R policy, which is Reflection, Resilience and Reimagined thinking as a way of life. We believe, this will enable us to pick-up momentum in business operations and manufacturing processes, once the broader macro-environment normalizes. Our 3R policy has yielded many positive leads and results, which are as under:

INTERNAL REWIRING

1. Built a Groupwide Cross-Functional Foundry Team which is working on multiple strategic projects by leveraging on technology.
2. Created a Division of Business Excellence for continuous process and operational excellence to drive savings in Direct, Indirect and Administrative costs.
3. Focus towards Cash conservation and ensuring accretive Cash Flows through capex rationalisation and wastage elimination, thereby enabling us to be Lean and Agile in our business functions.

PROSPERITY OF STAKEHOLDER ECOSYSTEM

1. Formed an Ecosystem consisting of Apex and Execution Teams which has set up SOPs through manuals and training to ensure Safety and Health of all employees and implementation of procedures and protocols at all plants and facilities.
2. Created a Guardian system where each designated Guardian act as a caretaker for 15 to 20 associates during the lockdown period by ensuring the basic needs of ration or supporting in case of medical needs, thereby strengthening bond of trust.
3. Strengthened customer connect – our teams have constantly been in touch with customers and worked with them on many RFQs and are geared up to hit the ground running as the situation normalizes
4. Extended support to our Tier II suppliers in multiple ways to enable them to withstand the impact

ROBUST HORIZON

1. AIPR 10X Journey that propels every Aliconite. At Alicon, we aim to deliver what we commit.
2. Coming to the present situation - on the operational front, pursuant to requisite government approvals, we resumed operations at our plants at Shikrapur, Maharashtra and Binola, Gurugram from May 11, 2020. These units are currently operating at a 33% capacity utilization level with a 60% efficiency rate. Our manufacturing plant at Chinchwad, Pune was under the containment zone and received necessary approvals only on 31st May, 2020. We expect to resume operations at this plant by 8th June, 2020.
3. While all our units are currently operating at lower capacity, the Company is undertaking utmost precaution and deploying the highest safety standards as advised by the Government Authorities across all its manufacturing units. With regard to international operations, the manufacturing plant in Slovakia continues to be fully operational albeit with adherence to elevated safety standards and precautions.
4. On the order book front, we are pleased to share that our contract wins with JLR, Mahle, Behr and Daimler USA (aggregating Rs. 810 crore over the lives of the contracts), which were announced in October 2019, are tracking a steady progress. I am glad to share with you that the developments on all these projects are in-line and as per our target schedule. While we have submitted samples to our customers, due to the present situation, we anticipate that there would be certain delays in receiving customer approvals. However, we remain confident of commencing production in FY2023, as per targeted schedules.



Furthermore, we are also encouraged that despite this challenging operating environment, our teams are in the process of winning large prestigious orders with global OEMs and the official nominations from these customers are currently awaited and will be shared in due course.

As an organization, we remain solid and stable. The current uncertainty is common to every economic activity and we remain confident in our fundamentally strong business model and our growth prospects and truly believe we will emerge from these challenges as a stronger enterprise with deeper alliances across our ecosystem of customers, partners, suppliers and vendors.

On behalf of the Board of Directors and the management of the Company, we would like to reassure you that we are intensely and proactively steering ourselves through the current situation with a focus on stability even as our appetite for growth in the future remains undiminished.

Before I end my note, I would also like to thank all of you, our shareholders, for your continued support, motivation and participation in the Aicon equity story.

Humans are a very progressive race. I am sure we will all overcome current circumstances with greater determination to advance further. At Aicon we remain committed to creation of sustainable value for all our stakeholders and I look forward to your continued support in the future.

Trust you, your families and your communities are safe. Take care and stay healthy.

Warm regards,

Yours sincerely,

**Sd/-
RAJEEV SIKAND
Group CEO**

Note: This letter is an update for stakeholders on impact on the Company's business due to COVID-19 pandemic and related developments affecting the business environment. No attempt is intended by the Company to make any forward looking statements and the Company does not undertake to solicit any investment. The Company has no obligation to update any of the statements herein based on future events or for any other reason whatsoever.

