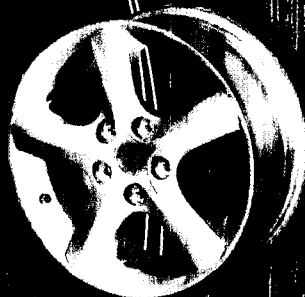
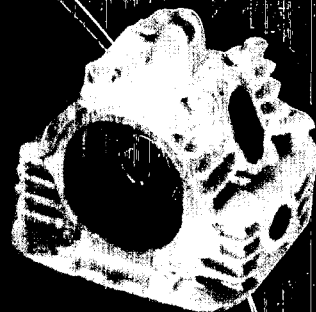
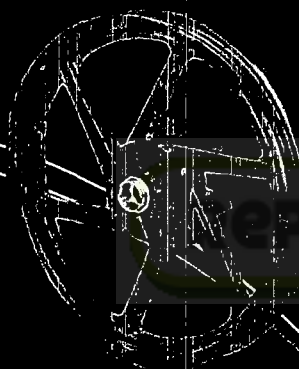


ENKEI

CASTALLOY LTD.

ISO/TS 16949 Company

Casting the future with dedication



**18th ANNUAL
REPORT
2007-08**

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ENKEI CASTALLOY LIMITED**BOARD OF DIRECTORS**

Mr. S. Rai Managing Director
 Mr. Junichi Suzuki
 Mr. Tetsuro Masui
 Mr. Asis Ray
 Mr. A. D. Harollikar
 Mr. S. C. Khanna
 Mr. Vinay Panjabi

BANKERS :

Bank of Maharashtra
 ING Vysya Bank Ltd.
 Mizuho Corporate Bank Ltd.
 Kotak Mahindra Bank Ltd.
 State Bank of India
 Export Import Bank of India,
 Axis Bank Ltd.

AUDITORS :

M/s Asit Mehta & Associates

REGISTERED OFFICE & WORKS :**a) Regd. Office & Works :**

Gat No.1426,
 Village Shikrapur, Taluka Shirur,
 Dist. Pune - 412 208.Maharashtra
 Tel: (02137) 677100
 Fax : (02137) 677130
 E-mail : ecl@enkeicastalloy.co.in

b) Works

57-58Km Stone, Delhi Jaipur NH-8,
 Industrial Area, Village Binola, Haryana

SHARE TRANSFER AGENTS :

MONDKAR COMPUTERS PVT LTD
 21, Shakil Niwas,
 Mahakali Caves Road,
 Andheri, (E) Mumbai.
 Tel. : 022-2825 76 41 / 2836 97 04
 E-mail : mcplrt@bom7.vsnl.net.in

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VISION MISSION AND VALUES

ENKEI CASTALLOY LIMITED

VISION

- To become a globally preferred supplier for Light Alloy Casting Solutions

MISSION

- Provide innovative casting solutions
- Ensure customer satisfaction
- Create value for our stakeholders

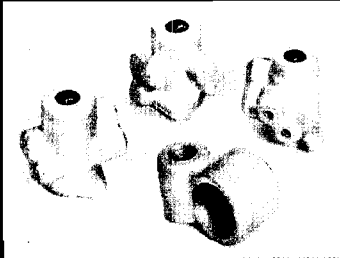
VALUES

- Customer Focus
- Innovation to create value
- Entrepreneurship with focus on Ownership, Decisiveness and Speed
- Integrity
- Respect
- Commitment to environment

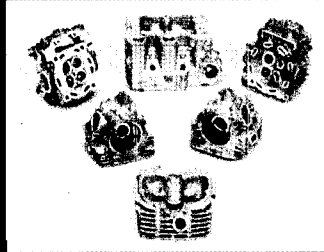
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PRODUCTS PROFILE

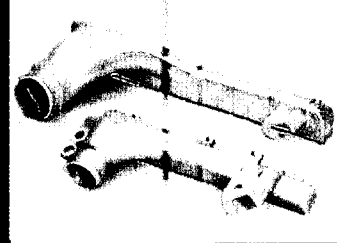
VALVE HOUSING



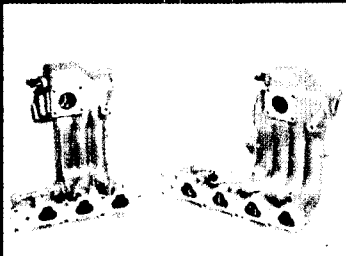
CYLINDER HEADS



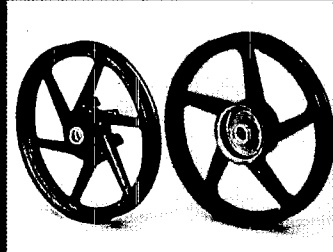
CHARGE AIR COOLER



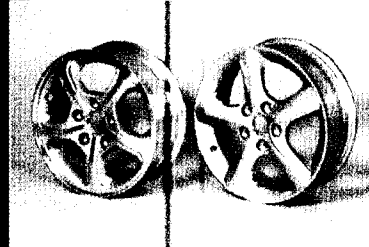
INTAKE MANIFOLDS



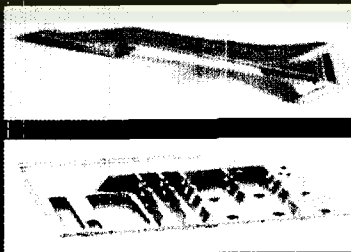
ALLOY WHEELS 2W



ALLOY WHEELS 4W



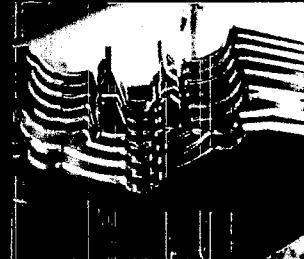
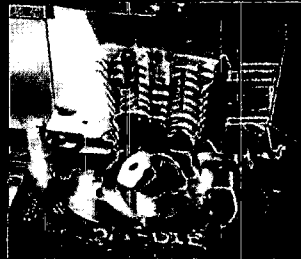
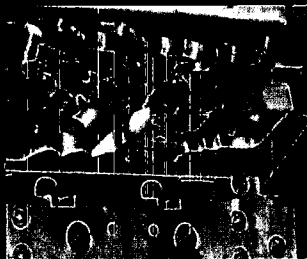
MEDICAL EQUIPMENT



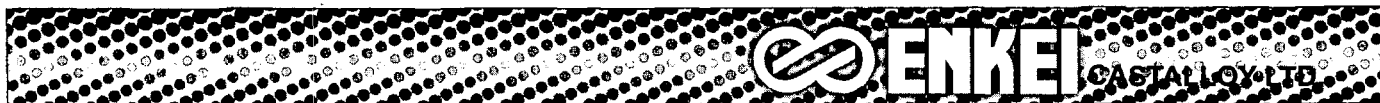
ENGINE SUPPORT BRACKETS



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NOTICE NOTES

NOTICE is hereby given that the 18th Annual General Meeting of the members of Enkei Castalloy Limited will be held at 12.30 p.m. on Saturday 27th September, 2008 at Gat No. 1426, Shikrapur, Taluka Shirur, District Pune 412208, Maharashtra, to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2008.
- 2) To consider and declare dividend.
- 3) To appoint a Director in place of Mr. Tetsuro Masui, who retires by rotation, but being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Asis Ray, who retires by rotation, but being eligible offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

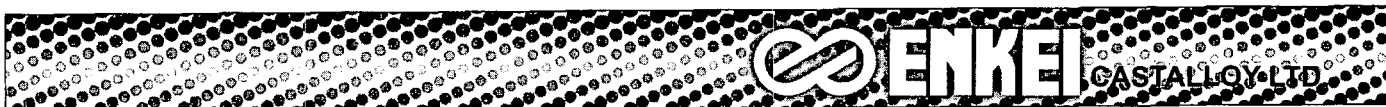


By order of the Board of Directors

Place: Shikrapur
Date: June 30, 2008

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

Sd/
(S. Rai)
 Managing Director



NOTES CONTD.

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.
2. 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.
3. The Share Transfer Register and Register of Members will be kept closed from 25th September, 2008 to 27th September, 2008 (both days inclusive).
4. 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 declared & paid by the Company. Also given are the respective due dates for transfer of unclaimed dividend to the Investor Education & Protection Fund for corresponding financial year

Date of Declaration of dividend	Divided for the year	Due date of transfer to the Government
28th September, 2001	2000-2001	26th October, 2008
30th September, 2002	2001-2002	28th October, 2009
29th September, 2003	2002-2003	27th October, 2010
29th September, 2004	2003-2004	27th October, 2011
30th September, 2005	2004-2005	28th October, 2012
30th September, 2006	2005-2006	28th October, 2013
29th September, 2007	2006-2007	27th October, 2014

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.

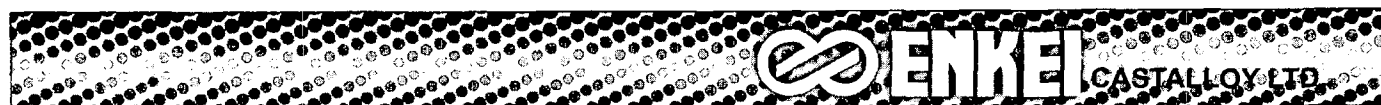
5. As required under Clause 49 of the Listing Agreement, profile of Directors being re-appointed is mentioned in Corporate Governance Report.
6. Members desiring any information as regards accounts or operations of the Company are requested to send their queries in writing at least seven days in advance of the date of the meeting so as to enable the management to keep the information ready.

By order of the Board of Directors

Place: Shikrapur
Date: June 30, 2008

Sd/
(S. Rai)
Managing Director

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



DIRECTOR'S REPORT

To,
The Members,

Your Directors are pleased to present their 18th Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

Particulars	For the year ended March 31, 2008	(Rs. In Millions) For the year ended March 31, 2007
Gross Sale	3761.37	2692.30
Net Sales	3240.53	2296.88
Profit before Depreciation, Interest & Tax	341.48	322.63
Less: Depreciation & Prior Period adjustments	148.04	105.61
Less: Interest	129.00	77.27
Profit before Tax	64.44	139.75
Provision for Tax	0.96	21.69
Profit after Tax	63.48	118.06
Add : Balance brought forward	271.18	163.16
Net Profit Available for appropriation	334.66	281.22

APPROPRIATIONS

General Reserves	2.00	2.00
Proposed Dividend	6.88	6.88
Corporate Dividend Tax	1.16	1.16
Balance Carried Forward	324.62	271.18

DIVIDEND

Your Directors have recommended a dividend of 12.50% for the financial year 2007-2008. The dividend if declared, will be free of tax in the hands of Shareholders. The total outgo on this score shall be Rs 8.04 million.

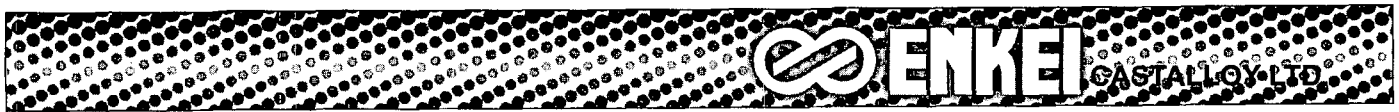
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry Structure and Development :

The Company is engaged in manufacturing of aluminium alloy castings used extensively in the automobile industry, which inter alia includes Engine Parts and Wheels, both for two & four wheelers and in truck segments. The casting industry in India can be divided into two segments – organized and unorganized sectors. The organized sector caters to the original equipment manufacturers (OEM). The unorganized sector mainly caters to the replacement market and serves to the very low end market.

The global economic outlook remained positive throughout the year. The world economy grew by 3.5% in the year 2007 as against 4.9% in the previous year. The slow down was led by the US economy, emerging inflationary pressure because of rising fuel, primary food prices and the proposed change in world emission norms. Much of the decline was direct fall out of the sub prime crises.

The Indian economy exhibited substantial growth and greater resilience to the economic upheavals resulted from US slow down and rising oil prices. The pace of economic development also improved during Xth plan period. The real GDP growth estimated at 8.7% with moderation in growth in all the three sectors viz. agriculture, industry and services. While ensuring higher growth during 2008-2009, the Indian economy would have challenges of soaring global oil prices, higher interest rates, primary food prices, power shortage, infrastructure and apprehension of slow down in all the major sectors compared to previous year. However the Automobile sector expected to remain flat this year.



DIRECTOR'S REPORT CONTD

(b) Review of Operations:

During the year the Company completed expansion programme both for castings and aluminium wheels. This has resulted in substantial increase in interest and financial cost and higher provision for depreciation. This has affected the bottom line of the Company. However, the top line has shown another year of healthy growth. The sales turnover was at all time high at Rs. 3240.53 million as against Rs. 2296.88 million in the last year, a quantum jump of 41%. However, due to reasons mentioned above, the pre-tax profit was Rs.64.44 million as against Rs. 139.75 million last year. The cash profit of Rs. 211.52 million (after tax) and Earning per share (EPS) for the year is Rs.5.77.

The export turnover for the year under review is almost equal to the year 2006-07. The Company recorded the exports of Rs. 345.38 million as against Rs. 365.04 million in the previous year. The main market of exports were to U.S.A. and Europe. Efforts are being made to develop European markets.

The Company is operating in one business segment, viz. manufacturing Alloy Castings which are mainly used in Auto Industry.

(c) Opportunities / Outlook for the Company

India is fast emerging as a global hub for auto and auto ancillary components. The Indian Government looks at the automotive industry as the "locomotive" for growth. In consultation with ACMA and SIAM, the Government rolled out the Automotive Mission Plan 2006-2016 to boost the auto sector. India is primary destination for the design and manufacture of automobiles and auto components with the output touching at US \$ 145 billion, accounting more than 10% of GDP and providing employment to 25 million people by 2016. The automobile industry will be a plethora of at least 60 types of cars to be launched in 2008 alone. Also the investment by Global Auto mobile manufacturers, spreads in all the four zones and Maharashtra leads the same followed by Tamilnadu.

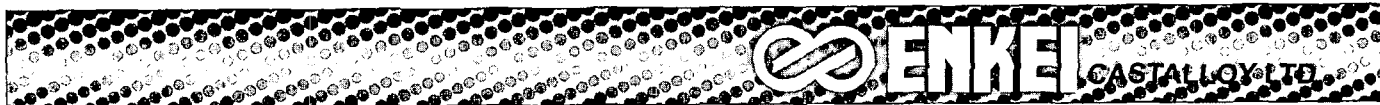
The demand for the castings and wheels is derived from automotive sector. The Company is well geared to take the advantage. The Company has completed expansion of its casting manufacturing which meets international standards.

Interest rate, inflation and high commodity prices which has shown a steep increase might impact the growth of industry in the near future. The automobile industry especially 4 wheeler is highly dependent on availability of cheap finance.

95% of commercial vehicle, 75% of cars and more than 60% of two wheelers are financed. However, since RBI's tight monetary measures may affect the auto sector. Declining sales and sliding margin are compelling two wheeler makers to delay the launch of their new manufacturing facilities. Slow down in US market likely to impact exports.

Future Markets

- i) Due to Current hike in petroleum products, there will be lower demand for passenger cars, the Market size will be similar to last year. However, we expect growth in two wheeler sales.
- ii) In future, we expect higher sales for 1 to 1.3 ltr fuel-efficient passenger cars.
- iii) Enkei group is growing world wide now to a capacity of 24 Million Wheels per annum in 15 Locations in Japan and 14 locations outside Japan with manpower of over 6000 nos.
- iv) The confidence of our customer is increasing day by day due to
 - Technology support from Enkei Group
 - Ability to offer value added services and high volumes
 - Quality in PPM



DIRECTOR'S REPORT CONTD.

v) Our company has a great potential to grow faster due to

- Increase in content of Aluminum in Automobile
- Major expansion of four wheeler industry in India in next 5 Years
- Global focus on India for sourcing Auto components

vi) Our Major focus for future growth and Market leadership

- Foundry division: Power train components such as Cylinder Heads Intake Manifolds, Engine support brackets and Compressor Housings
- Wheel division: Alloy wheels for four wheelers from new domestic platforms European exports and after markets

vii) The critical factors for success:

- Continuous Quality Improvement
- Continuous cost reduction
- Consistently Reliable Delivery
- Value Creation
- Emphasis / Focus on International Customers / OEMs.

(d) Expansion and Capital Expenditure

The Company completed the expansion of its foundry grade castings and wheels for four wheelers. Considering the recent slow down the Company has deferred its decision of setting up a unit for manufacturing Cylinder Heads at Pantnagar, Uttarakhand.

During the year the Company made capital expenses of Rs. 700 million, in expansion of both, castings and wheel division. The entire expansion was funded from the internal accruals and term loan.

(e) Threats, risks and concern of the management

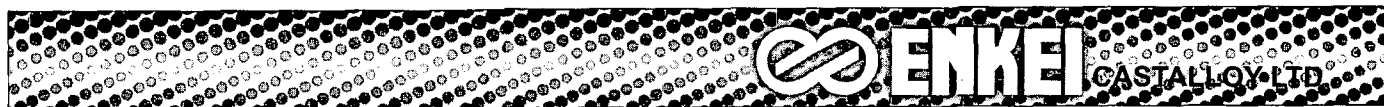
- The rise in crude prices and increase in bank rates may slow down the demand for automobiles;
- Increased competition from China & other Indian competitors particularly in wheel segment may affect the profit margin, market share and volume;
- The price of aluminium, one of the key inputs is highly volatile;
- Any slackness in implementation of infrastructure projects may slow down the demand for automobiles.

(f) Internal Control System

The Company has an adequate system of internal controls commensurate with its size and nature of business to ensure adequate protection of Company's resources, efficiency of operations, check on cost structure and compliance with the legal obligations and the Company's policies and procedures.

The Company has engaged the services of M/s. Phoenix Consulting Group, who are continuously conducting audit of each segment of operations and reports to the Internal Audit Committee. The Audit Committee makes analytical review of the reports submitted by the Internal Auditors and also makes the follow up of implementation of recommendations made by the Audit Committee to further improve the efficiency.

The Company is setting up high level of ERP System which will further improve the Internal Control System.



DIRECTOR'S REPORT CONTD.

(g) Human Resource Development

The Company is giving utmost importance to human resource development. In this direction, the Company is providing intensive training in India and overseas to employees of all levels for improving competence, production, enhancing safety and social values. Achieving high morale and motivation is the ultimate goal of each training programme. The management expects to continue the customized development programme of employees during the current year also.

The management of the Company enjoys cordial relations with its employees at all levels. The Board of Directors wish to place on record its highest appreciation for the contribution made by all the employees in achieving the excellent growth during the year.

(h) Cautionary Statement

The Management Discussion and Analysis Report is a forward looking statement based on the Company's projections, estimates and perceptions. These statement reflect the Company's current views with respect to future events and are subject to risk and uncertainties. Actual results may vary materially from those projected here.

RISK MANAGEMENT

The management is accountable for the integration of risk management practice into the day to-day activities. The risk assessment and minimization procedures being followed by the management and steps taken by it to mitigate these risks are periodically placed before the Board and Audit Committee along with findings of the internal auditors. All the assets of the Company are adequately insured.

DIRECTOR'S 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, 2008 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

To comply with the requirement of the Companies Act, 1956 Mr. Tetsuro Masui and Mr. Asis Ray, Directors, shall retire by rotation and being eligible, they offer themselves for reappointment. Details of Directors seeking re-appointment are included in the Corporate Governance Report.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the stock exchanges, 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.