

Investing in People. Building our Future.

Annual Report
FY 2019



ENKEI WHEELS (INDIA) LIMITED

AN IATF 16949:2016, ISO 14001:2015, ISO 45001:2018

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Forward-looking statements

In this Annual Report, we have disclosed forward-looking information. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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At Enkei Wheels, we continue to resonate with our motto of 'Investing in People. Building our Future'.

We have emerged as one of the largest Indian manufacturers of aluminium wheels for the automotive industry. Our strength lies in the ability to keep developing new technologies that are used to create value-added, top-quality products for our customers. Technology, Innovation, Customers and Employees - together these four pillars are what galvanises us. We have constantly striven to create an environment that allows technology to flourish and employees to thrive.

We are now moving aggressively into the future, as we gear up to kickstart the next level of growth and expansion.

We are



Investing in people practices and talent development to create an empowering culture



Expanding business by growing our capacities



Developing differentiated products to meet customers' demands



Enhancing operational efficiency through innovation and cost optimisation

Simply put, from machinery to manpower and from technology to talent, we are prepping ourselves for the future to serve the unique requirements of our customers and sustain growth.

Enkei Wheels (India) Limited at a Glance

Who we are

Enkei Wheels (India) Limited is India's leading manufacturer and supplier of aluminium wheels. We are part of the Enkei Group, a globally renowned Japanese multinational conglomerate with more than six decades of experience in manufacturing aluminium wheels. Having commenced operations in Pune in 2009, we have come a long way in a decade. Today, we are recognised as one of the most preferred aluminium wheel brands in the Indian automotive industry.

What we do

We are engaged in the business of manufacturing and supplying aluminium wheels to the leading two-wheeler and four-wheeler manufacturers in India. Our rich domain expertise, pioneering design and manufacturing capabilities, and unwavering focus on quality and excellence underpin our operations. Backed by state-of-the-art Japanese technology, we offer finest, high-quality products suited to customer requirements.

Our manufacturing capabilities

Our state-of-the-art manufacturing unit in Pune has a production capacity of 2 W 1,20,000 and 4 W 90,000 pieces per month. Equipped with advanced machinery and equipment, this facility enables us to produce the highest quality products as per customer requirements.

Our CSR Initiative

During the year, the Company spent ₹ 2.94 million towards CSR activities. Major initiatives included promotion of rural development projects. During year, the Company had spent on road development under its rural development initiative. This initiative led to betterment of lives of the people of Shikrapur village as well as of the employees working in the surrounding factories.



Before CSR initiative



After CSR initiatives

Our Marquee Clientele

Four-Wheeler



Two-Wheeler



What sets us apart



Rich industry
experience



Technology
edge



Economies of
scale



Quality
consciousness



Dedicated and
skilled team



Enduring
relationships



**Our
Strengths**

Financial Performance

We constantly strive to drive value-creation for our stakeholders, maintain strong financials and maximise shareholders' return. Our intent is to sustain profitable growth and deliver improved financial performance each year. Our cost competitiveness, flexible production, and technology-led approach give us a distinct edge.

Net Sales ₹ in Million

FY 2019*	2,667.6
FY 2018-19	4,744.8
FY 2017-18	4,785.2
FY 2016-17	4,588.8
FY 2015-16	3,854.9

Other Income ₹ in Million

FY 2019*	320.2
FY 2018-19	147.2
FY 2017-18	57.0
FY 2016-17	2.0
FY 2015-16	3.6

Material Cost ₹ in Million

FY 2019*	1,404.6
FY 2018-19	2,633.3
FY 2017-18	2,574.1
FY 2016-17	2,221.4
FY 2015-16	2,057.2

Other Expenses ₹ in Million

FY 2019*	1,863.42
FY 2018-19	1,853.3
FY 2017-18	1,794.3
FY 2016-17	2,030.8
FY 2015-16	1,521.9

Interest ₹ in Million

FY 2019*	44.8
FY 2018-19	45.22
FY 2017-18	47.5
FY 2016-17	47.1
FY 2015-16	51.5

Depreciation ₹ in Million

FY 2019*	177.6
FY 2018-19	213.4
FY 2017-18	233.0
FY 2016-17	217.3
FY 2015-16	256.5

Profit before Tax ₹ in Million

FY 2019*	51.4
FY 2018-19	136.7
FY 2017-18	193.3
FY 2016-17	74.2
FY 2015-16	(28.6)

Income Tax Provision ₹ in Million

FY 2019*	24.2
FY 2018-19	9.4
FY 2017-18	85.5
FY 2016-17	46.9
FY 2015-16	26.1

Net Profit after Tax
₹ in Million

FY 2019#	27.3
FY 2018-19	127.3
FY 2017-18	107.8
FY 2016-17	27.3
FY 2015-16	(54.7)

Share Capital
₹ in Million

FY 2019#	85.4
FY 2018-19	81.1
FY 2017-18	77.1
FY 2016-17	74.4
FY 2015-16	70.7

Reserves
₹ in Million

FY 2019#	1,746.67
FY 2018-19	1,209.7
FY 2017-18	729.1
FY 2016-17	358.7
FY 2015-16	190.6

Net Worth
₹ in Million

FY 2019#	1,832.0
FY 2018-19	1,290.8
FY 2017-18	806.2
FY 2016-17	433.1
FY 2015-16	261.2

Basic Earnings per Share (₹) (Face Value of ₹ 5/-) before extraordinary Income / Expense

FY 2019#	1.6
FY 2018-19	7.9
FY 2017-18	7.1
FY 2016-17	1.9
FY 2015-16	(4.0)

Basic Earnings per Share (₹) (Face Value of ₹ 5/-) After extraordinary Income/ Expense

FY 2019#	1.6
FY 2018-19	7.9
FY 2017-18	7.1
FY 2016-17	1.9
FY 2015-16	(4.0)

Book Value per Share*

FY 2019#	107.26
FY 2018-19	79.6
FY 2017-18	52.3
FY 2016-17	29.1
FY 2015-16	18.5

Debt Equity Ratio

FY 2019#	0.55
FY 2018-19	0.42
FY 2017-18	0.65
FY 2016-17	1.42
FY 2015-16	2.40

Note : *Figures of book value per share are calculated for all the reported periods above after considering the subdivision of equity share ₹ 10/- each to share of ₹ 5/- also calculated considering the Compulsory convertible preference shares of ₹ 10/-.

#Figures are not comparable, as current Financial year of the Company ended on 31st December 2019 covering a period of Nine months from 1st April 2019 to 31st December 2019 and previous period of Twelve Months from 1st April 2018 to 31st March 2019.

Managing Director's Message



We have a proactive approach towards the future, despite of experiencing such difficult situations. We analyse our accomplishments in detail and come up with strategies for the future. We shall build a foundation for the management and production systems that is not affected by external factors. We shall continue to execute the production capacity expansion projects in the near future, and this will help us to overcome the difficult times and create greater opportunities.

Dear shareholders,

We, hereby, share the comprehensive performance results of the financial year 2019 and latest information of Enkei Wheels (India) Limited (hereinafter referred to as EKIN). We thank you all for your continued patronage.

Change in the Financial Year

We report that, for the purpose of consolidated financial statements and keeping in line with the closing term of the ENKEI Group, we have closed the Annual Report of FY 2019 for 9 (nine) months (April to December). Next year onwards, we will move to a 12-month financial period from January to December.

Summary of performance for FY 2019

According to the SIAM (Society of Indian Automobile Manufacturers) statistics, the number of automobile units (passenger cars + commercial vehicles) sold in FY 2019 was 3.81 million units, a 13% decrease from the previous year. This is the first time in the last five years that it was lower than the previous year. The number of vehicles manufacturing in 2019 also decreased by 16% from the previous year. As for motorcycles, the number of two-wheeler sold from April to December 2019 was 13.9 million units, a decrease of 15.8% in comparison with the same period of the previous year, and the number of two-wheeler manufactured also declined by 12.8%. This was primarily due to the factors such as slowdown of the Indian economy from the latter half of 2018, tightening of bank loans for purchase of vehicles, increased cost of vehicle insurance, soaring fuel prices and the reluctance in purchase of vehicles that were manufactured before the transition from BS-IV to BS-VI emission regulations. While these factors have been continuing since FY 2018, in the year FY 2019, the market reacted strongly to these factors, and our Company also recorded a sharp decline in orders. Until July, the order numbers were the same as in the second half of the previous year, but the number of orders suddenly dropped from August, and the production line saw a sharp decline until the end of the year. We have aggressively focussed on reducing, fixed cost and cash outflow, however it couldn't make up for it with a reduction in fixed cost as sales in declined too much in current situation, and we continued to incur losses from August to December 2019. The combined sales volume of two-wheeler and four-wheeler segment was 1.36 million units, which was a significant decrease of 21% compared to the 1.72 million units sold in the same period of the previous year. EKIN's sales volumes decreased by 21% (65% in four-wheeler and 90% in two-wheeler), although the decrease in automobile and motorcycle

production was only 15%. We realise that this is a major issue, and clearing out these factors, the strategies that need to be applied will be based on the lessons learnt from the results of the year. The significant decline in orders during the year has been highlighted as a major issue to be incorporated into the medium to long-term strategy for the future. Further, forex fluctuations continues to have impact on the operating results.

Status of the production capacity expansion plan

With respect to the expansion of production capacity at the adjoining land, the first phase of construction was planned to be completed by the end of FY 2019, and the operations were planned to commence in the first quarter of FY 2020, however, it became clear that the safety and environment-related approvals from the Government would take longer than expected. Therefore, plans for the first term MAC-1 operations have been rescheduled to the end of the year 2020, and the new paint shop will start operation after second quarter of 2021. In addition, the plan for the existing line's upgradation to Enkei standardisation for four-wheeler was to complete the remodelling of MAP-1, which was completed in FY 2019. The remaining two lines are included in the investment plan after the next year. The two-wheeler production capacity expansion is continuing to shorten the production cycle time of the existing lines without having to make a significant investment. Although the sales of vehicles and motorcycles in India have been witnessing a slump, we are confident that it will recover in the near future and there will be a huge market. Therefore, we must continue to prepare (invest) for it.

Outlook for the automobile and motorcycle market

Going forward, the nationwide lockdown aimed at preventing the spread of the COVID-19 virus in India has impacted not just the production and sales of vehicles and motorcycles but the activities of the entire economy has become stagnant and be restricted. The damage due to this state of emergency that has engulfed the whole world, wherein an end is not visible, and which could not have been predicted at the beginning of the year FY 2020, is immeasurable. The sales trend of automobiles and motorcycles in FY 2020 due to the trends before and after the switch from BS-IV to BS-VI in India had been gaining prominence, however, it doesn't been feel any influence from the switching the regulations during the lockdown situation. The business plan for the first quarter of FY 2020 was at the same level as the second half of FY 2019, and upward from the second quarter on, and overall the plan was to change for the better in FY 2020 from FY 2019, However, currently, there is no choice but to make major downward revisions.

Outlook and challenges for FY 2020

In FY 2019, we started with the slogan "Keep changing, evolving and growing", however, on account of slump in the economy, we were unable to achieve our goals. In FY 2020, the global economic growth is expected to contract sharply due to the COVID-19 pandemic. Consequently, the Indian economy is also predicted to slow down in the in FY 2020. The number of automobiles and motorcycles sold in India is also expected to decline due to subdued consumer sentiment. Even under such difficult circumstances, we will turn the pinch into opportunity, and in parallel, build the foundation and prepare for the future, based on a credible strategy.

In conclusion

FY 2020's slogan is "Building Foundation for Tomorrow" and "Preparation for our Future", and for overcoming the difficult situation that we are in now. EKIN will build and establish a foundation, while expanding the production capacity and preparing for the future increase in orders.

To that end, the human resource development is an important challenge and is the key to success for all the projects. This year, the action guideline for the entire Enkei Group is "Investing in People. Building our Future." In addition to the in-house education, we also aim to actively participate in Enkei Group training programmes as well as external training programmes to improve the capabilities of our employees. Finally, we will become a company that aims to create a sound, stable and reliable management structure, a work environment based on "safety", "health" and "environment", and maximum welfare by contributing to local communities through CSR activities.

We would like to extend our deepest gratitude to our stakeholders, shareholders, clients, suppliers, employees, unions, workers, and everyone at the Enkei Group. We look forward to your continued support in the future.

Kazuo Suzuki
Managing Director

Corporate Information

Board of Directors

Mr. Kazuo Suzuki

Managing Director

Mr. Junichi Suzuki

Non-Executive Director

Dr. Haresh Shah

Independent & Non-Executive Director

Mr. Shailendrajit Rai

Non-Executive Director

Mr. Satyavara Prasad Garimella

Independent & Non-Executive Director

Ms. Shilpa Dixit

Independent & Non-Executive Director

Chief Financial Officer

Mr. Jitendra Parmar

Company Secretary

Mr. Shrikant Joshi

Bankers

MUFG Bank Ltd.
Mumbai

Mizuho Bank Ltd.
Mumbai

Sumitomo Mitsui Banking Corporation
Delhi

Axis Bank Ltd.
Pune

Kotak Mahindra Bank Ltd.
Pune

State Bank of India
Pune

Auditors

Kirtane & Pandit LLP
Chartered Accountants
Pune

Registered Office

Enkei Wheels (India) Limited
CIN: L34300PN2009PLC133702
Gat No. 1425, Village Shikrapur,
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Email: secretarial@enkei.in
Website: www.enkei.in

Registrar & Share Transfer Agents

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Email: info@unisec.in