

COMMIT TO ACHIEVE YOUR

GOALS



WHAT'S INSIDE

01-09

Corporate Overview

- 01 Introduction to Theme
 - 02 Company Overview
 - 04 Managing Director's Message
 - 06 Key Performance Indicators
 - 08 Committed to Transform Lives
 - 09 Corporate Information
-

10-55

Statutory Reports

- 10 Notice
 - 21 Board's Report
 - 37 Management Discussion and Analysis
 - 41 Corporate Governance Report
-

56-128

Financial Statements

- 56 Auditor's Report
- 68 Balance Sheet
- 69 Statement of Profit and Loss
- 70 Cash Flow Statement
- 85 Notes to Accounts



View or download this report at
www.enkei.in

Company Overview



Managing Director's Message



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.

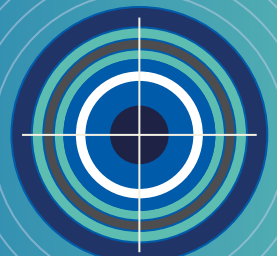


As an automotive component manufacturer in India, being committed to achieving goals is instrumental in ensuring success in an ever-evolving industry. Our commitment to achieving goals is centred on setting clear objectives, implementing effective strategies, and staying focussed on meeting the needs and expectations of our customers.

Towards our commitment to stay committed to environment sustainability, we have not only been focussing on energy and resource conservation, but also on water conservation. During the fiscal, we have undertaken continuous efforts towards improving operational efficiencies, minimising consumption of natural resources, energy and carbon emissions, while maximising production volumes.

On the operational front, we have undertaken several debottlenecking measures during the fiscal to improve operational efficiencies and service our customers with superior quality products, which validates our commitment to customers. Our commitment towards creating a safe and conducive working environment for our employees have been constantly reinforced through our employee-centric policies, employee engagement measures and learning and development initiatives.

COMMIT TO ACHIEVE YOUR GOALS



Company Overview

A BRAND RECALL RESONATING PERSEVERANCE

Enkei Wheels (India) Limited is one of the renowned manufacturers of aluminium alloy wheels for two-wheelers and four-wheelers in India. Leveraging our rich experience, manufacturing finesse and capable team, we have been able to position ourselves as a name in the automotive sector which is synonymous with trust.

What defines us



Legacy

We are a part of the prestigious Enkei Group, which has a legacy dating back more than 7 decades. Leveraging this rich experience, the Group is a global leader in manufacturing aluminium alloy wheels in the automotive sector. This strong legacy has helped us carve a strong market share in India.



Manufacturing process

We have a world-class manufacturing unit located in Pune, equipped with modern and cutting-edge technologies used by the Enkei Group. The culmination of our manufacturing excellence coupled with the modern technologies reflects in quality of products manufactured by us and a robust control of manufacturing efficiencies and operational cost. We had a strong production capacity of 120,000 wheels per month in 2W and 110,000 wheels per month in 4W as on December 31, 2022.



Quality and design capabilities

Quality forms the bedrock of customer-centricity and profitability. We are in constant endeavour to service our customers with superior quality and one-of-its-kind designed products, which would in turn help them differentiate themselves from their peers. In order to achieve the same, we not only have an efficient quality management process in place, but also a highly skilled design team.



Robust clientele

By maintaining enduring and longstanding relationships with our customers, we have created a robust and marquee clientele in the two-wheeler and four-wheeler automotive segment.



Two-wheeler



Four-wheeler



Listing

We are listed on the Bombay Stock Exchange (BSE), with a strong market capitalisation of ₹ 10,405 Million as on December 31, 2022.



Community-centricity

Being an organisation with strong value systems and a constant strive to uplift the communities we operate in; we strive to undertake specific corporate social measures under the spheres of health and hygiene and safety awareness.

Managing Director's Message

COMMITTED TO OUTPERFORM THE SECTOR



Post recovery from the slowdown in the Indian domestic automotive market in FY 2019, and subsequently the spread of COVID-19 in FY 2020 and FY 2021, our long-cherished dream of having a state-of-the-art production facility was realised, and production has begun. This was an epoch-making project for Enkei Wheels (India) Limited (EWIL). However, this is the first step for our Company to catch up, and we will continue on our constant strive to promote this trend in 2023, leading to a stable management and further development.

TO OUR SHAREHOLDERS

I would like to share with our shareholders the overall performance results and the latest developments of Enkei Wheels (India) Limited (EWIL) for FY 2022 as detailed below. We also express our gratitude to all of you, for your continued support.

PRODUCTION AND SALES OF AUTOMOBILES AND MOTORCYCLES IN 2022

According to data published by SIAM (Society of Indian Automobile Manufacturers), the number of automobiles sold in India in the year 2022 (January to December) was recorded at 4.72 Million, surpassing Japan's 4.2 Million, and ranking third in the world after China and the United States. While other countries' automobile markets were sluggish due to the global

shortage of semiconductors, India's 4.72 Million units were up by 27.5% compared to the same period last year, and the rapid recovery of the domestic market in India stood out. This is believed to be in part due to the recovery in consumption after the COVID-19 infection spread subsided, and also in part due to the fact that India's best-selling cars do not require a lot of semiconductors. In any case, India is expected to surpass China to become the world's most populous country by 2023, and with the rate of passenger car ownership per household still being low (approximately 8.5%), further market expansion is expected, and therefore automakers are expanding their production capacity to achieve this purpose. Meanwhile, also according to SIAM reports, the sale of motorcycles in India in 2022 was 15.6 Million units, up by 7.5% from the previous year. While the Indian market for electric vehicles (EVs) is still small, the Indian Government is encouraging the wider usage of EVs through subsidies and other policies, against the backdrop of serious air pollution problems. Therefore, EVs are expected to be a potential growth market in the future. In fact, the number of EVs registered in 2022 is estimated to exceed 1 Million, of which 62.4% will be two-wheelers, and 33.6% three-wheelers, and 4.0% four-wheelers. It should be noted at this time that two-wheeler EVs account for only 4% of the annual motorcycle sales. Therefore, it is assumed that electric scooters will continue to dominate the EV market for the time being, and the expansion of EVs among four-wheelers will depend on the expansion of infrastructure, such as charging facilities.

ORDERS AND PRODUCTION STATUS IN FY 2022

The number of orders for EWIL in FY 2022 increased to 150.6% for 2W and to 104.1% for 4W, compared to the previous year. Among 2W, the number of orders received varied widely throughout the year, from a minimum of 68,000 units per month to a maximum of 145,000 units per month, leading to adjustments required in the production lines and personnel which was tedious. For 4W, production of the new MAC5 line started in May, but due to the shortage of semiconductors on the customer side, we were unable to increase orders, and the order level remained at approximately 75,000 units/month throughout the year. Before the new MAC5 line's production started, the existing line was operating at 100% capacity, and orders received were almost equal to production capacity. However, post the starting of MAC5, there was a surplus. MAC5 has gradually improved its productivity since it commenced operations, and has now improved to the point where it seems that the achievement of



130% of the existing line and the target of 140% is within the range. In terms of 3B (3 Basics of manufacturing) improvement, which is an important aspect along with productivity, the fact that the ENKEI Group standard could not be achieved is one of the biggest points for our reconsideration. (Reject ratio, pass-through ratio, reduce work-in-process).

FY 2022 PROFITABILITY

In order to secure profits in FY 2022, even under circumstances where the orders were inconsistent, we continued to strive towards continuous cost reductions. Triggered by Ukraine-Russia geopolitical problems, the price of all purchased goods, not only raw materials and energy, but also secondary materials and other purchased items price rose, putting pressure on profits. Further, in terms of exchange rates, the dollar to Indian rupee has been depreciating, while the yen to the rupee has been appreciating in rupee's favour. Energy costs, in particular, are one of the expenses that account for 7-10% of net sales. However, compared to the beginning of FY 2022, the unit price of electricity, LPG, and CBFS fluctuated up and down by 21.4%, 47.5%, and 59.0%, respectively, resulting in being a major obstacle to fixed cost reduction activities. Additionally, noteworthy in FY 2022 is the significant increase in energy consumption and depreciation costs accompanied with the commencement of MAC5 operations. As mentioned above, the domestic automotive and two-wheeler market in India has emerged from the COVID-19 pandemic, and although it is still affected by the shortage of semiconductors and the newly emerging geopolitical issues, our profitability in FY 2022 has resulted in higher revenues and lower profits when compared to FY 2021.

PROGRESS OF PRODUCTION CAPACITY EXPANSION PLAN

The 'Vision 2020' project to expand production capacity to an adjacent site, which was originally targeted to start operation in 2020, had to undergo a major change of plan due to delays in construction permits, among others. Hence, the project name was changed to 'Preparations For our Future (PFF)' and was restarted at the beginning of 2020, including the conversion of the existing 4W line (MAP2/MAP3) to MAT. However, shortly thereafter, the COVID-19 pandemic struck, and the entire project was again delayed significantly. The project gradually resumed with the gradual end of the COVID-19 pandemic, and last year, in May 2022, the long-awaited PFF 1st phase, MAC5, was completed, and production began. The productivity of this production line has a maximum potential of 1.4 times of the existing line, and has been steadily growing since the start of operations. The 2nd phase of the PFF project consists of three projects that are scheduled for 2023. The following three projects are underway simultaneously: (1) new paint shop; (2) the conversion of MAP3 (existing line) to MAT; (3) machine shop (reprocessing of the line, addition of the Helium leaks test/consolidation, and the installation of equipment and the start-up of production are being promoted simultaneously). The 3rd phase of the PFF project is to restart the MAT conversion of MAP2 (existing line, which has now

been removed) in 2024. With the completion of the 3rd phase, the currently planned PFF project is expected to be completed. (Plan as of December 2022).

MEDIUM- TO LONG-TERM ORDER RECEIPT STRATEGY

As mentioned above, we are on track in our drive to expand our 4W capacity from 2022 to 2024. While it is clear that the Indian domestic market for automobiles and motorcycles will continue to expand after 2023, it is undeniable that the speed of our production capacity expansion will be seen objectively as slow, but we will steadily move forward with our feet on the ground while ensuring profitability. Therefore, for the time being, we will continue to accept orders in line with our production capacity. Moreover, it cannot be said with certainty that the sudden turn of events experienced in the past four years will not occur again. Therefore, while expanding our production capacity, our Company will promote a flexible structure that can withstand unforeseen circumstances and yet focus on building a solid foundation to support this structure. The key issues are the development of human resources and the establishment of a system, and it is important to have a management system that can maintain stable production after expanding production capacity.

IN CONCLUSION

The ENKEI Group's action guideline for FY 2023 is to 'Commit to achieve your goals' and EWIL has set the launch of the new painting plant, MAP3 MAT line, and machine shop as its primary goals. Following the start of the new MAC5 production line last year, the Company plans to undergo major changes and evolutions in 2023, and this is a very important project that will affect the most recent orders. In addition, the activity policy for EWIL 2023 is 'Realise further improvement of productivity and stable operation'. While moving forward on the project to increase production capacity, the Company will also focus on improving the productivity of existing production lines and stabilising production to strengthen the foundation as a manufacturing industry and establishing a system that can generate stable profits by integrating the manufacturing and internal divisions. To this end, each individual in-charge, and each department will set high goals and continue on the strive to achieve them.

We also aim to become a company that can survive in perpetuity through a sound, reliable, and stable management structure, a working environment based on 'safety', 'health', and 'environment', improvement of employee welfare benefits, and contributions to the local community through CSR activities. We would like to express our deepest gratitude to our stakeholders, shareholders, customers, suppliers, employees, unions and EK Group companies for their understanding and cooperation, and sincerely hope that we can continue to count on your continued support.

Regards,

KAZUO SUZUKI
Managing Director

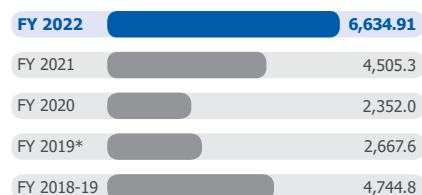
Key Performance Indicators

RESOLVE REFLECTED IN RESULTS

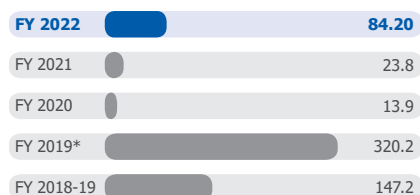
We strive to generate superior value for our stakeholders by leveraging our inherent strengths, sharpening our focus on our strategic priorities and strengthening our business model.

PROFIT AND LOSS INDICATORS

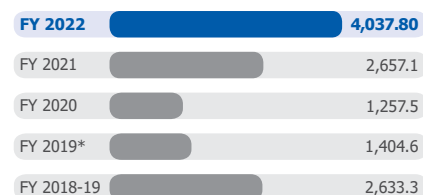
Net Sales ₹ in Million



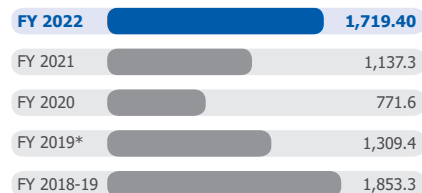
Other Income ₹ in Million



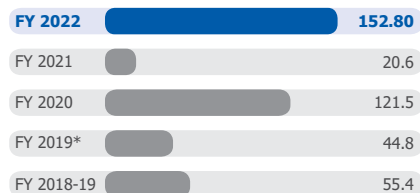
Material Cost ₹ in Million



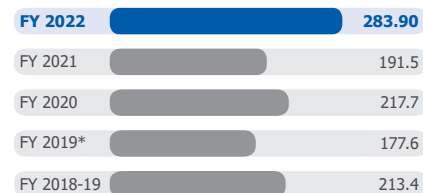
Other Expenses ₹ in Million



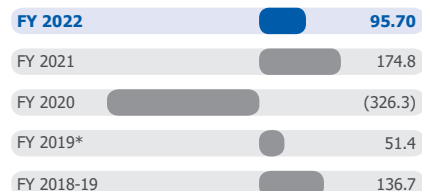
Interest ₹ in Million



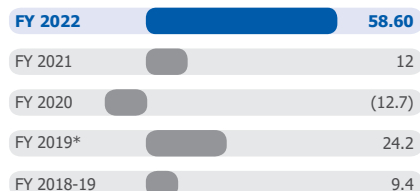
Depreciation ₹ in Million



Profit Before Tax ₹ in Million



Income Tax Provision ₹ in Million



*Figures shown in FY 2019 are of 9 (Nine) months period.



Net Profit After Tax
₹ in Million

FY 2022	37.11
FY 2021	162.8
FY 2020	(313.6)
FY 2019*	27.3
FY 2018-19	127.3



**Basic Earnings Per Share
(Face Value of ₹ 5/-)
Before Extraordinary
Income/Expense**
(₹)

FY 2022	2.10
FY 2021	9.1
FY 2020	(17.9)
FY 2019*	1.6
FY 2018-19	7.9



**Basic Earnings Per Share
(Face Value of ₹ 5/-)
After Extraordinary
Income/Expense**
(₹)

FY 2022	2.10
FY 2021	9.1
FY 2020	(17.9)
FY 2019*	1.6
FY 2018-19	7.9



Book Value Per Share
(₹)

FY 2022	118.10
FY 2021	115.5
FY 2020	106.1
FY 2019*	107.3
FY 2018-19	79.6

BALANCE SHEET INDICATORS



Reserves
₹ in Million

FY 2022	2,122.40
FY 2021	1,986.4
FY 2020	1,817.1
FY 2019*	1,746.67
FY 2018-19	1,209.7



Net Worth
₹ in Million

FY 2022	2,212.30
FY 2021	2,076.3
FY 2020	1,906.9
FY 2019*	1,832.0
FY 2018-19	1,290.8



Debt Equity Ratio
(x)

FY 2022	0.60
FY 2021	0.71
FY 2020	0.80
FY 2019*	0.55
FY 2018-19	0.40

*Figures shown in FY 2019 are of 9 (Nine) months period.

COMMITTED TO TRANSFORM LIVES

