



1<sup>st</sup> ANNUAL REPORT  
2009-2010

A large, faint, blue-tinted image of four ENKEI alloy wheels of different designs, arranged in a diagonal line from the bottom left towards the top right, serving as a background for the lower half of the cover.

**ENKEI WHEELS (INDIA) LTD.**

An ISO / TS 16949 Company

Be Innovative & Continue to Change...

# Enkei Wheels (India) Ltd.

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## BOARD OF DIRECTORS

Mr. Osamu Ohashi  
Mr. Junichi Suzuki  
Mr. Tetsuro Mansui  
Mr. S. Rai  
Mr. Vinay H. Panjabi  
Mr. Harish B. Shah  
Mr. Sandeep Shah  
Mr. Dhananjay C. Jhaveri

Managing Director

## BANKERS :

Bank of Tokyo Mitsubishi - UFJ Ltd.      Mumbai  
Export Import Bank of India      Shankarsheth Road, Pune  
Axis Bank Ltd.      Shikrapur Branch, Pune  
Mizuho Corporate Bank Ltd.      Mumbai  
State Bank of India      Koregaon Bhima, Pune

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## AUDITORS :

M/s Asit Mehta & Associates

## REGISTERED OFFICE & WORKS :

### Regd. Office & Works :

Gat No. 1425,  
Village Shikrapur, Taluka Shirur,  
Dist. Pune - 412 208, Maharashtra  
Tel. : (02137) 618700  
Fax : (02137) 618720  
E-mail : finance@enkei.in

## SHARE TRANSFER AGENTS :

Mondkar Computers Pvt. Ltd.  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri, (E) Mumbai.  
Tel.: 022-28257641 / 28369704  
E-mail : mcplrt@bom7.vsnl.net.in

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**PRODUCT PROFILE**

**ALLOY WHEELS 4W**



**ALLOY WHEELS 2W**





**OUR MANAGEMENT TEAM**



**Top Row (L to R)** Dhanajay Khole, Toshihiro Uchiyama, Junichi Asano, Keisuke Fujimaki, Sanjay Mathade, Fumio Sugiyama, Akihiko Usami, Sameer Jadhav, Akihiko Wakuda  
**Bottom Row (L to R)** Masayuki Suzuki, CSK Rao, Sandeep Ohol, Kaushik Manna, Osamu Ohashi, Kazunobu Kuroda, R Jagannathan, Rajendra Gaikwad, Kenichi Imazeki

**NOTICE**

NOTICE is hereby given that the First Annual General Meeting of the members of Enkei Wheels (India) Limited will be held on Wednesday the 29th September, 2010 at Gat No. 1426, Village Shikrapur, Taluka Shirur, District Pune 412208, Maharashtra, at 12.30 p.m. to transact the following business:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit & Loss Account for the period ended on that date, together with Report of Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Shailendrajit Rai, who retires by rotation, and being eligible offers himself for reappointment.
- 3) To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

- 4) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Vinay H. Panjabi, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 5) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Haresh B. Shah, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 6) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Junichi Suzuki, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 7) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Tetsuro Masui, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 8) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Dhananjay Jhaveri, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."



- 9) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT Mr. Sandeep Shah, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 10) To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT Mr. Osamu Ohashi, who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

- 11) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and all other approvals as may be required, the approval of the members be and is hereby accorded to the appointment of Mr. Osamu Ohashi as Managing Director with effect from 11th May, 2010 and payment of remuneration and other terms and conditions as set out in the Agreement dated 30th July 2010 till the completion of the term of 5 years that is upto 10th May 2015. It will be treated as minimum remuneration in the absence or inadequacy of profits.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the Agreement in such manner as may, from time to time, be stipulated by the Central Government or to be in consonance with any revised terms and conditions as may be prescribed by the Central Government in Schedule XIII of the Companies Act or any modification thereto as may be agreed to, by and between the Board and Mr. Osamu Ohashi, the Managing Director.”

**For & On Behalf of the Board of Directors**

(Osamu Ohashi)  
Managing Director

Place: Pune

Date: 4th August'2010

**NOTES**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE AND ATTEND INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER. 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. THE BLANK PROXY FORM IS ENCLOSED.
- 2) An explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
- 3) As required under Clause 49 of the Listing Agreement, profile of Directors seeking appointment/ re-appointment in the Annual General Meeting as proposed in Item No. 2, 4 to 11 of the Notice is mentioned in Corporate Governance Report.
- 4) 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.

**For & On Behalf of the Board of Directors**

(Osamu Ohashi)  
Managing Director

Place: Pune

Date: 4th August'2010

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4**

Mr. Vinay H. Panjabi is a Chartered Accountant with special expertise in Tax and Investment Consulting.

The Board of Directors had appointed Mr. Vinay H. Panjabi as Additional Director on the Board of the Company in its Meeting held on 15th July, 2009 pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Vinay H. Panjabi, as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 4 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Vinay H. Panjabi, being the appointee himself is concerned or interested in the resolution.

**ITEM NO. 5**

Mr. Haresh B. Shah is a Chartered Accountant with special expertise in Mergers and Acquisitions.

The Board of Directors had appointed Mr. Haresh B. Shah as Additional Director on the Board of the Company in its Meeting held on 15th July, 2009 pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Haresh B. Shah, as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 5 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Haresh B. Shah, being the appointee himself is concerned or interested in the resolution.

**ITEM NO. 6**

Mr. Junichi Suzuki is an Engineer by qualification with special expertise in Engineering and Management and having experience in Aluminium automobile parts, especially Wheels. He has successfully made ENKEI to be world's No.1 wheel manufacturing company.

The Board of Directors had appointed Mr. Junichi Suzuki as an Additional Director on the Board of the Company in its Meeting held on 24th March, 2010 pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Junichi Suzuki as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 6 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Junichi Suzuki, being the appointee himself is concerned or interested in the resolution.

**ITEM NO. 7**

Mr. Tetsuro Masui is a Law graduate with special expertise in sales and management. He has long experience in working in aluminium business. Experienced Managing Director of ENKEI THAI, made successful expansion to be the hub factory in the region.





The Board of Directors had appointed Mr. Tetsuro Masui as an Additional Director on the Board of the Company pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956 in its Meeting held on 24th March, 2010.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Tetsuro Masui as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 7 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Tetsuro Masui, being the appointee himself is concerned or interested in the resolution.

#### **ITEM NO. 8**

Mr. Dhananjay Jhaveri is a Chartered Accountant having experience in business of bullion and precious metals, looking after NBFC, investment in shares and securities.

The Board of Directors had appointed Mr. Dhananjay Jhaveri as an Additional Director on the Board of the Company pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956 in its Meeting held on 24th April, 2010.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Dhananjay Jhaveri as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 8 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Dhananjay Jhaveri, being the appointee himself is concerned or interested in the resolution.

#### **ITEM NO. 9**

Mr. Sandeep Shah is a Commerce Graduate having more than 18 years of experience in Financial Services/ Capital Market Industry.

The Board of Directors had appointed Mr. Sandeep Shah as an Additional Director on the Board of the Company pursuant to Article 152 of the Articles of Association of the Company and section 260 of the Companies Act, 1956 in its Meeting held on 24th April, 2010.

The Company has received notice from member of the Company u/s 257 of the Companies Act, 1956, together with requisite deposit, proposing the candidature of Mr. Sandeep Shah as the Director of Company.

The Directors commend the ordinary resolution set forth as Item No. 9 of the Notice for the approval of the shareholders.  
None of the Directors, except Mr. Sandeep Shah, being the appointee himself is concerned or interested in the resolution.

#### **ITEM NO. 10 and 11**

Mr. Osamu Ohashi is an Engineer by qualification with special expertise in Engineering and Management. He has experience of working in Australia, China and India. He has handled overall wheel manufacturing as General Manager in Enkei Wheel Corporation.

Mr. Osamu Ohashi was appointed as additional director and designated as Managing Director of the Company for a period of 5 years commencing from 11th May, 2010 to 10th May 2015.

The remuneration and the perquisites of Mr. Osamu Ohashi are set out in the Agreement referred to in the resolution at item No.11 of the notice and are subject to the approval of the Shareholders of the Company under provisions of Section 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956. The material terms of remuneration of Mr. Osamu Ohashi as Managing Director, as set out in the Agreement are as follows:

As per the agreement.

- i. Salary at the rate of Rs. 74,500 per month.
- ii. The Managing Director shall be entitled to the following perquisites and facilities:
  - ii.1 PERQUISITES:
    - I. Medical Reimbursement:  
Reimbursement of medical expenses as per Company's Rules.
    - II. Housing Accommodation :  
Reasonable apartment accommodation shall be provided by the company.
    - III. Annual Leave:  
30 days annual leave with pay for every completed service of eleven months.
    - IV. Leave Travel Concession:  
For twice a year, round trip air ticket to be provided by the company.
    - V. Provident fund and superannuation:
      - a) Company's contribution to Provident Fund shall be as per Rules framed under the Company's relevant scheme.
      - b) Gratuity at the rate of half month's salary for each completed year of service shall be payable according to the Rules of the Company.
    - VII. Provision of Car:  
One car shall be given by the Company for MD exclusive use.
    - VIII. Telephone:  
Cell phone charge to be provided from the Company.
    - IX. The company shall reimburse actual entertainment and traveling expenses incurred by the managing director in connection with the company's business. All other reimbursements shall be as per Company's rules.  
In the event of inadequacy or absence of profits during the duration of the agreement, the Managing Director shall be entitled to remuneration herein provided but without commission and where applicable the same shall be subject to the approval of the Central Government.

The Directors commend the ordinary resolutions set forth as Item No. 10 & 11 of the Notice for the approval of the shareholders.

None of the Directors, except Mr. Osamu Ohashi, being the appointee himself is concerned or interested in the resolution.

**For & On Behalf of the Board of Directors**

(Osamu Ohashi)  
Managing Director

Place: Pune

Date: 4th August'2010

**DIRECTOR'S REPORT**

To,

The Members,

Your Directors are pleased to present their First Annual Report together with the audited statements of accounts for the period ended 31st March, 2010.

**FINANCIAL HIGHLIGHTS**

Particulars	(Rs. in Million)
	For the Year ended March 31, 2010
Gross Sales	1,806.06
Net Sales	1,666.99
Profit / (Loss) before Depreciation, Interest & Tax	127.91
Less: Depreciation	148.01
Less: Financial Expenses	72.01
Profit/(Loss) before Tax	(92.11)
Provisions for Tax	1.88
Profit/(Loss) after Tax	(93.99)

**DIVIDEND**

Due to loss for the period, your directors do not recommend dividend.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
**(A) Industry Structure and Development:**

The Indian auto component industry is one of the emerging industries in India having excellent growth potential. The industry which initially began with providing components to the domestic market alone now has established itself as one of the major auto components hub in Asia and has become a significant player on the global platform too. Original Equipment Manufacturers (OEM) market account for 2/3rd of the total auto component industry (IBEF Report). The industry which reported a turnover of \$19.1 billion in 2008-09, is expected to touch a top line of US\$ 40 billion by 2015-16 as reported by Automotive Component Manufacturers Association of India (ACMA) in its Vision 2015 Report. This makes the Compounded Annual Growth Rate (CAGR) of the auto component industry at 11 per cent for 2008-15. Exports by the Indian auto component industry touched US\$ 3.82 billion in 2008-09. With the Association of South East Asian Nations (ASEAN) Free Trade Agreement (FTA) coming into effect auto component exports are likely to gain momentum in the future.

**(B) Review of Operations:**

The Company acquired the Wheel Business of Enkei Castalloy Limited (ECL) pursuant to the Scheme of Arrangement between Enkei Castalloy Limited and the Company. The results discussed below refer to the Wheel Business of ECL only.

The Company achieved Sales of Rs.1,666.99 millions and incurred a loss of Rs.93.99 millions during the period ended 31st March 2010. As this is the First year of Operation, the comparable figures of Last year are not Applicable.

**(C) Opportunities/Outlook for the Company:**

In Financial Year 2010 both two wheeler and four wheeler industry had growth of in excess of 25%. Indian Economy is on a growing path and likely to grow at a pace of at least 7.5% in Financial Year 2011 and may be at higher rate in subsequent years. With this both two wheeler and four wheeler industry will have double digit growth even in coming years. Further introduction

of high end mopeds will increase use of alloy wheels even at the faster rate. Considering positive micro and macro factors, and willingness to fund expansion program by the promoter, outlooks for the company is positive.

**(D) Expansion and Capital Expenditure:**

The Company during the period ended 31st March'2010 has restarted MAP-1 and also constructed ETP/STP. The Entire expansion was funded from internal accruals and term loans.

**(E) Threats, Risks and Concern of the Management:**

The cyclical nature of the Indian automobile industry might affect demand. Given the fact that Indian economy has set its path on growth coming after the global economic and financial crisis we perceive inflationary scenario in the future. Government policies to contain the same may result into rise in interest rates thus increasing the cost of funds. Restriction in money supply is likely to cause lower off take of automobiles which would affect its domestic sales.

The rise in crude oil prices not in tandem with purchasing power may further result in deferment of purchase decisions by end customers thus reducing the demand for automobiles and finally affect the operations of auto component manufacturing companies.

Also, the increase in raw material cost for wheels aggregates might not be fully compensated by the customers. The Company plans to mitigate this risk through cost reduction initiatives such as value engineering and hedging.

The company imports raw materials and components and on a need basis, imports capital equipments. The company has significant long term borrowings in foreign currency and business transaction in various other countries. This exposes the company to significant foreign exchange fluctuation risk.

**(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 remains committed to maintaining internal controls designed to safeguard the efficiency of operations and security of our assets. Accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of internal controls across the various functional levels, as well as compliance with laid down systems and policies are monitored both by Company's internal control systems on a regular basis. Your Company's Statutory Auditors have, in their report, confirmed the adequacy of the internal control procedures.

**(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 program. The management expects to continue the customized development program 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 of the contribution being made by all the employees.

**(H) Cautionary Statement:**

Statements in Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectation may be "forward looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

**SHARE CAPITAL**

11,000,000 equity shares were allotted to the shareholders of Enkei Castalloy Limited pursuant to Scheme of Arrangement between Enkei Castalloy Limited and the Company. The Company is taking steps to get its equity shares listed with Bombay Stock Exchange.

**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:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956, with respect to Directors' responsibility Statement, it is hereby confirmed as under:

- 1) That in the preparation of the annual accounts for period ending on 31st March 2010; the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) That the Directors had selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding assets of the company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors had prepared the annual accounts for the period ended on 31st March 2010 on a going concern basis.

**DIRECTORS**

To comply with the requirement of the Companies Act, 1956 Mr. Shailendrajit Rai, Director shall retire by rotation and being eligible, offer himself for reappointment.

The Board of Directors had appointed Mr. Vinay H. Panjabi and Mr. Haresh Shah in its Meeting held on 15th July, 2009 as Additional Directors on the Board of the Company, pursuant to Article 152 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Mr. Nitin Gutka and Mr. Niraj Shah resigned from the post of Director of the Company on 22nd July 2009. Board expresses its sincere appreciation for the services rendered by Mr. Nitin Gutka and Mr. Niraj Shah during their tenure as Director of the Company. Also, Mr. Junichi Suzuki and Mr. Tetsuro Masui were appointed as the Additional Directors of the Company by the Board of Directors in its meeting held on 24th March, 2010. Further Mr. Dhananjay Jhaveri and Mr. Sandeep Shah were appointed as the Additional Directors of the Company by the Board of Directors in its meeting held on 24th April 2010.

The Board of Directors in its meeting held on 11th May, 2010 had appointed Mr. Osamu Ohashi as an additional director and designated him as Managing Director of the Company w.e.f. 11th May, 2010 for a period of five years.

Requisite approval for their appointment/reappointment is being sought at the ensuing Annual General Meeting. Details of Directors seeking appointment/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 is set out in the Annexure forming part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO:**

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

**EMPLOYEES**

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not given, as there is no employee covered by the provision.

**AUDITORS REPORT**

Notes to the account give full explanation to the remarks made by auditors in their report.

**AUDITORS**

M/s Asit Mehta & Associates, statutory auditors of the Company shall retire at the forthcoming annual general meeting. The Company has received a letter from Asit Mehta & Associates, Chartered Accountants, confirming that their appointment as statutory auditors if made shall be within the provisions of section 224 of the Companies Act 1956.

Members are requested to appoint Auditors for the current financial year and fix their remuneration.

**ACKNOWLEDGEMENT**

Your Directors wish to convey their appreciation to all the employees for their collective contribution to the Company's performance. Directors also wish to thank Enkei Corporation, our promoters, banks, financial institutions, and customers for their unstinted support and shareholders for their confidence reposed in the management.

**For & On Behalf of the Board of Directors**

S. Rai  
Director

Osamu Ohashi  
Managing Director

Place: Pune

Date: 4th August'2010

**ANNEXURE TO DIRECTORS' REPORT**
**ANNEXURE 'A'**
**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**
**A. CONSERVATION OF ENERGY**

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

- Installation of automatic voltage regulators.
- Utilization of natural light for factory lighting during daytime.

Details of energy consumption: FORM 'A'

Particulars		For the Year ended March 31, 2010*
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
a) Purchased Quantity	Units	
Total amount	Rs.	
Average rate per unit	Rs.	
b) Generated Quantity	Units	
Total amount	Rs.	
Average rate per unit	Rs.	
2. LDO/Furnance Oil		
Quantity	Units	
Total amount	Rs.	
Average rate per unit	Rs.	
<b>B. Consumption per Unit of Production</b>		
1. Electricity	Units	
2. LDO/Furnance Oil	Litre	

\* As the balances have been received from Enkei Castalloy Ltd. as a result of demerger scheme, the separate details of units is not available.

**B. TECHNOLOGY ABSORPTION.**

FORM 'B'

Form for disclosure of particulars with respect to-

**RESEARCH AND DEVELOPMENT**
**Specific area in which Research & Development (R & D) carried out by the Company:**

The Company is continuously working for enhancing research and development capabilities. The innovation team is continuously working for improvement in manufacture of Alloy Wheels.

**Benefit derived as a result of above Research & Development (R & D)**

This has resulted in improved quality of Alloy Wheels and winning new and increased orders from customers.

**Future plan of action**

The company proposes to further strengthen its innovation team and develop the best technology across the globe for manufacture of Alloy Wheels.



**Expenditure on R & D for the period ended 31st March, 2010**

The details are not given since the expenditure on Research & Development is negligible to the total revenue of the Company,

**Technology absorption, adoption and innovation**

The Company has successfully absorbed technology obtained from the ENKEI group companies for manufacture of Alloy Wheels.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total foreign exchange earned : Nil

Total foreign exchange used : Rs. 371.73 million

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

**For & On Behalf of the Board of Directors**

S. Rai  
Director

Osamu Ohashi  
Managing Director

Place: Pune

Date: 4th August'2010





## 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

##### 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 Attended	Attendance at the last AGM
Mr. Shailendrajit Rai	Non Executive	8	Not Applicable
Mr. Nitin Gutka	Independent	2	Not Applicable
Mr. Niraj Shah	Independent	2	Not Applicable
Mr. Vinay Panjabi	Independent	3	Not Applicable
Mr. Haresh Shah	Independent	6	Not Applicable
Mr. Junichi Suzuki	Non Executive	0	Not Applicable
Mr. Tetsuro Masui	Non Executive	0	Not Applicable

##### Number of 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 31.03.2010
	Public	Private		
Mr. Shailendrajit Rai	5	9	1	NIL
Mr. Nitin Gutka	0	1	0	NIL
Mr. Niraj Shah	0	4	0	NIL
Mr. Vinay Panjabi	1	7	1	NIL
Mr. Haresh Shah	0	4	0	NIL
Mr. Junichi Suzuki	1	0	0	NIL
Mr. Tetsuro Masui	1	0	0	NIL

Excluding Directorship in Foreign Companies and Section 25 of the Companies Act, 1956, no Director is related to any other Director on the Board in terms of the provisions of Companies Act, 1956.

Eight Board Meetings were held during the financial year on 01/04/2009, 15/07/2009, 22/07/2009, 30/07/2009, 30/08/2009, 31/12/2009, 22/03/2010 and 24/03/2010.

##### b) Board Procedure

All the Directors on the Board are informed the date and venue of the each Board Meeting atleast seven days in advance alongwith 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 appraises the Board the overall

performance of the Company. The Board reviewed the strategy, business plan, annual operating and capital expenditure budgets, projections, compliance reports 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 the Compliance Officer.

### 3. Audit Committee

The Audit Committee comprises of Mr. Haresh Shah, Chairman of the Committee and Mr. Dhananjay Jhaveri, both being Independent Directors and Mr. Osamu Ohashi, Managing Director. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement and Section 292A of the Companies Act, 1956.

### 4. Remuneration Committee

The Remuneration Committee comprises of Mr. Haresh Shah, Chairman of the Committee, Mr. Dhananjay Jhaveri and Mr. Sandeep Shah, all being Independent Directors. The terms of reference of this Committee are :

- a. Recommending remuneration payable to Managing Director and other Directors as and when necessity arises.
- b. Reviewing sitting fees payable to Directors for attending Board Meetings, Committee Meetings, etc

#### A. Details of remuneration paid to Managing Director-

During the period ended 31.03.2010, the remuneration paid to the Managing Director is nil.

#### B. Details of sitting Fees paid to the Non-Executive Directors for attending the Board and Committee Meetings during the period ended 31.03.2010.

During the period ended 31.03.2010 no sitting fee has been paid since, the company has obtained the business from Enkei Castalloy Ltd. on the effective date (31.03.2010) after the High court approval.

### 5. Investors Grievance Committee

The Investors Grievance Committee comprises of Mr. Dhananjay Jhaveri, Chairman of the Committee, Mr. Haresh Shah and Mr. Osamu Ohashi as members to look into redressal of investors' complaints on various issues. The Compliance Officer is Mr Chaganti Srinivas Kameswar Rao, Chief Finance Officer.

There were NIL complaints received from the shareholders during the period ended 31.03.2010.

### 6. Share Transfer Committee

The Share Transfer Committee comprises of Mr. Sandeep Shah, Chairman of the Committee, Mr. Haresh Shah, and Mr. Osamu Ohashi as members. The Compliance Officer is Mr Chaganti Srinivas Kameswar Rao, Chief Finance Officer. The terms of reference of this Committee are to approve the share transfers.

There were no share transfers during the period ended 31.03.2010.

The Company being operational since 31st March, 2010 i.e. after the effect of Scheme of Arrangement with Enkei Castalloy Limited, the committees were formed on 24th April 2010 and 11th May 2010 and yet to hold its first meeting.

### 7. General Body Meetings

Statutory Meeting of the Company was held on 25/09/09. One Ex Ordinary General Meeting was held during the period ended 31st March, 2010.



Date	Venue	Time	No. of special resolutions passed
25/09/2009	Gat No. 1426 Village Shikrapur, Taluka Shirur, Pune-412 208	11 a.m.	0
24/03/2010	Gat No. 1425 Village Shikrapur, Taluka Shirur, Pune-412 208	11 a.m.	1

**8. Notes on Directors seeking appointment/re-appointment**
**Mr. Shailendrajit Rai**

Date of Birth	:	01/02/1956
Date of Appointment	:	30/03/2009
Qualification	:	Chartered Accountant
Special Expertise	:	Finance
Other Directorship (Public Ltd.)	:	Enkei Castalloy Limited Atlas Automotive Components Limited Chemetall-Rai India Limited Silicon Meadows Design Ltd. Silicon Meadows Engineering Services Ltd.
Chairman/Member of Committee of other Companies	:	Member of Investors Greivance Committee of Enkei Castalloy Limited

**Mr. Vinay Panjabi**

Date of Birth	:	19/01/1966
Date of Appointment	:	15/07/2009
Qualification	:	Chartered Accountant
Special Expertise	:	Tax and Investment Consultant
Other Directorship (Public Ltd.)	:	Enkei Castalloy Limited
Chairman/Member of Committee of other Companies	:	Member of Audit Committee of Enkei Castalloy Limited

**Mr. Haresh Shah**

Date of Birth	:	06/05/1957
Date of Appointment	:	15/07/2009
Qualification	:	Chartered Accountant, Phd in Mergers and Acquisitions
Special Expertise	:	Mergers and Acquisitions
Other Directorship (Public Ltd.)	:	Nil
Chairman/Member of Committee of other Companies	:	Nil

**Mr. Junichi Suzuki**

Date of Birth : 25/01/1948  
Date of Appointment : 24/03/2010  
Qualification : Engineer  
Special Expertise : Engineering & Management  
Other Directorship (Public Ltd.) : Enkei Castalloy Limited  
Chairman/Member of Committee of other Companies : Nil

**Mr. Tetsuro Masui**

Date of Birth : 25/01/1948  
Date of Appointment : 24/03/2010  
Qualification : Law Graduate  
Special Expertise : Sales and Management  
Other Directorship (Public Ltd.) : Enkei Castalloy Limited  
Chairman/Member of Committee of other Companies : Nil

**Mr. Dhananjay Jhaveri**

Date of Birth : 22/07/1958  
Date of Appointment : 24/04/2010  
Qualification : Chartered Accountant  
Special Expertise : Finance  
Other Directorship (Public Ltd.) : Nil  
Chairman/Member of Committee of other Companies : Nil

**Mr. Sandeep Shah**

Date of Birth : 19/10/1972  
Date of Appointment : 24/04/2010  
Qualification : Commerce Graduate  
Special Expertise : Capital market and financial services  
Other Directorship (Public Ltd.) : SPS Capital Limited  
Chairman/Member of Committee of other Companies : Nil

**Mr. Osamu Ohashi**

Date of Birth : 06/06/1960  
Date of Appointment : 11/05/2010  
Qualification : Engineer  
Special Expertise : Engineering & Management  
Other Directorship (Public Ltd.) : Nil  
Chairman/Member of Committee of other Companies : Nil

**9. Disclosures**

- a) CEO & CFO Certificate: The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause 49 sub clause V of the Listing Agreement and the same was placed before the Board.
- b) No related party transactions entered till 31.03.2010. The company was unit of Enkei Castalloy Limited and demerged w.e.f. 31.03.2010. 11,000,000 equity shares were allotted to the shareholders of Enkei Castalloy Limited pursuant to Scheme of Arrangement between Enkei Castalloy Limited and the Company on 24/04/2010.



- c) All pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company have been disclosed in item no 4B of this report. The Company has only one Managing Director whose appointment, remuneration has been fixed by the Board and placed for the approval of the members in the ensuing Annual General meeting.

**10. 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 : Not applicable  
iii) Any website where displayed : No  
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

**11. General Shareholder Information****(i) Annual General Meeting**

This is the first annual report and first annual general meeting is yet to be held.

**(ii) Financial Calendar: 30th March 2009 to 31st March 2010**

The Financial Calendar is not applicable for the above period as Company has received the balances on the effective date (31st March'2010) from Enkei Castalloy Ltd. as a result of Demerger.

**(iii) Date of Book closure** : NIL

**(iv) Dividend payment date** : NIL

**(v) Listing on Stock Exchange** : The company is taking steps to get the equity shares listed on Bombay Stock Exchange Ltd., Mumbai

**(vi) Stock Code** : The Bombay Stock Exchange Ltd. Demat ISIN No. for NSDL and CDSL : INE130L01014

**(vii) Registrars and share transfer agents**

M/s. Mondkar Computers Pvt. Limited  
21 Shakil Niwas, Opp Sai Baba Temple,  
Mahakali Caves Road, Andheri (E), Mumbai - 400093

**(viii) Share Transfer System**

Transfers of shares are processed by the Share Transfer Agent and approved by the Share Transfer Committee which meets at frequent intervals. Share transfers are registered and returned generally within 30 days from the date of receipt if the relevant documents are complete in all respects.

**(ix) Distribution and Shareholding Pattern as on 31st March, 2010**

As on 31/03/2010 entire share capital of 2, 00,000 equity shares of Rs. 5/- each was held by Enkei Castalloy Limited. These shares were in physical form.

**(x) Dematerialisation of shares and liquidity**

Post 31/03/2010 the equity shares of the Company were dematerialized with NSDL and CDSL as follows:

Particulars	No. of records (allottees)	No. of shares (Quantity)
(a) Electronic form - NSDL	1305	6122071
(b) Electronic form - CDSL	521	648676
(c) Physical form	428	4229253
Total	2254	11000000

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

Post 31.03.2010 Compulsorily Convertible preference shares were issued with a coupon rate of 3% p.a. The preference shares will be locked in for a period of 18 months from the date of allotment. At the end of 18 months they shall be converted into Equity Shares of the Company.

**(xii) Plant Location**

GAT No. 1425, Village Shikrapur, Tal Shirur, Pune- 412 208.

**(xiii) Address for correspondence**

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

M/s. Mondkar Computers Pvt. Limited  
21, Shakil Niwas, Opp. Sai Baba Temple, Mahakali  
Caves Road, Andheri (E), Mumbai - 400093.

(ii) 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 shall publish quarterly/half yearly results in English and Marathi newspapers having wide circulation the same shall not be sent to shareholders household.

**2 Postal Ballot : Nil**

**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 experienced professionals.

**4 Whistle Blower Policy:**

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

**Place: Shikrapur**

**Date: 4th August'2010**

**AUDITORS' REPORT**

To,  
**The Members,**  
**Enkei Wheels (India) Limited.**

1. We have audited the attached Balance Sheet of Enkei Wheels (India) Limited (the Company) as at 31st March, 2010 and the Profit and Loss Account for the period ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Pursuant to the Scheme of Arrangement (de-merger) sanctioned by the Hon'ble High Court of Bombay, the Wheel Division of Enkei Castalloy Limited (ECL) was de-merged into Enkei Wheels (India) Limited (EWIL) with effect from end of the day of 31st March 2010. However, since the Scheme had provided for transfer and vesting of all assets and liabilities of the Wheel Division of ECL to EWIL w.e.f. the appointed date and which is 01.04.2009, the balances as of 01.04.2009, as identified and mutually agreed by the managements of the respective companies have been carried forward in the accounts of the respective companies.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended by DCA Notification G.S.R. 766(E), dated November 25, 2004) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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 purposes of our audit unless stated otherwise;
  - 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 such books unless stated otherwise;
  - c) The Balance Sheet, the Profit & Loss Account 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 and the Profit & Loss Account dealt with by this report comply in all material respects with the Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, unless stated otherwise in notes to accounts;
  - e) On the basis of written representations received from the directors as at 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors was disqualified as at 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with and subject to notes thereon, 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:



**AUDITORS' REPORT CONTD.**

- (I) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and  
(ii) In the case of the Profit and Loss Account, of the loss for the period ended on that date

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

Sanjay S. Rane  
**(Partner)**  
Membership No. 100374

Place: Shikhrapur,  
Date : 04.08.2010



**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

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 details and situation of fixed assets. However, asset numbering exercise is stated to be under compilation. Pending completion of legalities, the assets of the demerged undertaking have been transferred to the Company at the values which were appearing in the books of the demerged Company as on the appointed date, i.e. 01.04.2009.
- (b) As informed to us, fixed assets (more appropriately listed in Schedule A of the Scheme of Arrangement (de-merger)) have been verified by the management during the year. However, in our opinion, the Company needs to undertake a comprehensive programme of physical verification by which book values could be reconciled with physical tangible assets.
- (c) A substantial part of the fixed assets has not been disposed off during the year.
- (ii) (a) The inventories comprising semi-finished goods, raw materials, stores and spares etc. have been physically verified by the management at the end the period covered by the audit.
- (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 which needs to be further strengthened to quickly identify slow/non moving inventories, stock held by others etc. if any.
- (c) The Company needs to improve its inventory records so as to contain all details of each transaction and for each item of the stock. 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 period, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties that would require to be listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, during the period, the Company has taken unsecured loan from its foreign collaborator shareholder of JPY 200 mio equivalent to Rs. 900.69 lakhs. The same along with loan taken in earlier year has remained outstanding at the end of the year, where the aggregate amount involved is Rs. 2363.50 lakhs. Other than this, the Company has not taken any loans secured or unsecured, from companies, firms or other parties that would require to be listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us, there exists internal control procedures commensurate with the size of Company and the nature of its business. with regard to purchase of inventory, fixed assets and for the sale of goods. However, in our opinion, the existing system needs to be strengthened particularly in respect of documentation and record keeping. However, no major weakness was noticed in internal control system during the period.
- (v) (a) According to information and explanations given to us, among others, the Company is in the process of entering the particulars of contracts or arrangements in the register required to be maintained under section 301 of the Companies Act, 1956 and thus could not be made available to us for our verification.

**ANNEXURE TO THE AUDITOR'S REPORT CONTD.**

- (b) According to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements 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 that such comparative prices are available.
- (vi) The Company has not accepted any deposits from the public during the period.
- (vii) Post-demerger, the financial year.2009-10, has only been the first year of operations of the Company, it did not have full-fledged internal audit system.
- (viii) According to the information and explanations given to us and on verification of records, the Company has initiated the exercise of maintaining the cost records required to be maintained under section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) Based on verification of records and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of statutory dues including Provident Fund, Workmen Compensation, Income tax, Value Added Tax, Custom Duty, Excise Duty and Service Tax.
- (b) According to the information and explanations given to us, there are no dues payable by the Company under the Employees State Insurance Scheme and Investor Education and Protection Fund.
- (c) According to the information and explanation given to us, no undisputed materials amounts payable in respect of the statutory dues referred above were in arrears as at 31st March 2010 for the period more than six months from the date they became payable.
- (d) According to the information and explanations given to us, there are no dues, to the extent applicable, of Sales-tax,/ Income-tax//Customs Duty/ Wealth Tax / Excise Duty /Cess, which have not been deposited on account of any dispute.
- (x) The Company has accumulated losses as at the end of the financial period under audit. However, the Company has not incurred cash losses during the period covered by our audit.
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to the banks. 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 chit/nidhi/mutual benefit fund/society and therefore provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that, the term loans have been applied for the purpose for which they were obtained.

**ANNEXURE TO THE AUDITOR'S REPORT CONTD.**

- (xvii) According to the information and explanation given to us, management representations and on overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have prima facie been used for long-term investment.
- (xviii) During the period 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 Act. However, during the current financial year, the Company has allotted convertible preference shares to its foreign collaborator shareholder which was pending for allotment on the balance-sheet date.
- (xix) The Company did not have any outstanding debentures at the end the period under audit.
- (xx) The Company has not raised any money by public issues during the period under audit.
- (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 material fraud 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**  
Firm Regn No. 100733W

Sanjay S. Rane  
**(Partner)**  
Membership No. 100374

Place: Shikhrapur,  
Date : 04.08.2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

		(Amount in Rupees)	
Particulars	Schedule		As at 31.03.2010
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	55,000,000	
Share Application Money (Preference Shares Pending for allotment)		131,652,000	
Reserves and Surplus	2	46,204,198	<b>232,856,198</b>
<b>Foreign Currency Monetary Item Translation Difference Account</b>			<b>2,241,781</b>
<b>Loan Funds</b>			
Secured Loans	3	266,666,668	
Unsecured Loans	4	607,864,254	<b>874,530,922</b>
<b>Deferred Tax Liability (Net)</b>			<b>1,880,419</b>
	<b>Total</b>		<b>1,111,509,320</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,696,799,860	
Less : Depreciation		380,691,360	
Net Block		1,316,108,500	
Capital Work-in-progress		30,586,996	<b>1,346,695,496</b>
<b>Investments</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	103,094,074	
Sundry Debtors	7	296,870,999	
Cash and Bank Balances	8	215,190,932	
Loans & Advances	9	63,931,779	
		<b>679,087,784</b>	
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	10	1,003,901,630	
Provisions	11	4,369,654	
		<b>1,008,271,284</b>	
<b>Net Current Assets</b>			<b>(329,183,500)</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>			-
<b>Profit &amp; Loss Account</b>			93,997,324
	<b>Total</b>		<b>1,111,509,320</b>
Significant Policies and Notes forming part of Accounts	20		-

**As per our Report of even date attached**
**On behalf of the Board Of Directors**

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

Sanjay S Rane  
**Partner**  
 Membership No 100374

Osamu Ohashi  
**Managing Director**

S. Rai  
**Director**

Place: Shikrapur  
 Date :- 4th August'2010

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010**

Particulars	Schedule	(Amount in Rupees) For the period Ended 31.3.2010
<b>INCOME</b>		
Income from Operations (Gross)		1,806,057,781
Less: Excise Duty		139,071,929
Income from Operations (Net )	<b>12</b>	1,666,985,852
Other Income	<b>13</b>	4,461,242
		<b>1,671,447,094</b>
<b>EXPENDITURE</b>		
Materials & Finished Goods	<b>14</b>	920,438,426
Manufacturing Expenses	<b>15</b>	428,861,463
Personnel Expenses	<b>16</b>	89,678,780
Administration & Other Expenses	<b>17</b>	79,745,915
Financial Expenses	<b>18</b>	72,010,921
Royalty		24,814,761
Depreciation	<b>5</b>	148,009,653
Demerger Expenses /Assets written off	<b>19</b>	-
		<b>1,763,559,919</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		(92,112,825)
<b>Provision for Taxes</b>		
Current Tax		4,080
Deferred Tax		1,880,419
<b>Sub Total</b>		<b>1,884,499</b>
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(93,997,324)</b>
<b>PROFIT /(LOSS) AVAILABLE FOR APPROPRIATION</b>		<b>(93,997,324)</b>
<b>APPROPRIATION</b>		
General Reserve		-
Proposed Dividend		-
Tax on Dividend		-
<b>Sub Total</b>		-
<b>PROFIT /(LOSS) CARRIED TO BALANCE SHEET</b>		<b>(93,997,324)</b>
<b>Earning Per Share (Face Value Rs.5)</b>		<b>(8.55)</b>
Significant Policies and Notes forming part of Accounts	<b>20</b>	

**As per our Report of even date attached**
**On behalf of the Board Of Directors**

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

Sanjay S Rane  
**Partner**  
 Membership No 100374

Osamu Ohashi  
**Managing Director**

S. Rai  
**Director**

Place: Shikrapur  
 Date :- 4th August'2010

**Schedules to the Balance Sheet as on 31.03.2010****(Amount in Rupees)**

<b>Particulars</b>	<b>As at 31.03.2010</b>
<b>SCHEDULE 1</b>	
<b>SHARE CAPITAL</b>	
<b>Authorised</b>	
1,20,00,000 Equity Shares of Rs 5/- each	60,000,000
1,40,00,000 Preference Shares of Rs 10/- each	140,000,000
	<b>200,000,000</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>	
1,10,00,000 Equity Shares of Rs 5/- each fully paid-up	55,000,000
	<b>55,000,000</b>
<b>SCHEDULE 2</b>	
<b>RESERVES &amp; SURPLUS</b>	
<b>Securities Premium account</b>	
Excess of assets over liabilities received from Enkei Castalloy Ltd. on demerger net of issue of equity shares as above	35,892,308
<b>Business Reconstruction Reserve</b>	152,144,414
Less: Write-off of Demerger Expenses/Assets	141,832,524
	<b>46,204,198</b>
<b>SCHEDULE 3</b>	
<b>SECURED LOANS</b>	
Term Loans from Banks and Institutions	266,666,668
Secured By:	<b>266,666,668</b>
* First Parri-Passu Charge by way of Equitable Mortgage on the existing Fixed Assets in favour of Export Import Bank of India and Bank of Tokyo Mitsubishi UFJ Ltd. (Repayable next one year Rs.83,333,332/-)	
<b>SCHEDULE 4</b>	
<b>UNSECURED LOANS</b>	
Short Term Loans from Banks & Institutions	330,000,000
Preshipment Working Capital	33,641,200
External Commercial Borrowings (Repayable next one year Rs.97,520,969/-)* * as per the old agreement.	243,624,375
However, the new agreement has been executed by which repayment has been deferred subject to RBI approval which has been applied for and is pending .	
Vehicle Loans	598,679
	<b>607,864,254</b>



**SCHEDULE 5 - attached to and forming part of the Balance Sheet as on 31.03.2010**  
**FIXED ASSET** (Amount in Rupees)

D E S C R I P T I O N	Depn Rate %	GROSS BLOCK				D E P R E C I A T I O N				NET BLOCK	
		Value as received from Enkei Castalloy Ltd on Demerger	Additions	Deletions	Closing Balance	Value as received from Enkei Castalloy Ltd on Demerger	Additions	Deletions	Closing Balance	AS AT	31/Mar/2010
LAND	0.00%	110,726,136	152,144,414	-	262,870,550	-	-	-	-	-	262,870,550
BUILDING	3.34%	134,173,164	3,453,266	-	137,626,430	8,060,561	4,531,547	12,592,108	125,034,322	125,034,322	
FACTORY EQUIPMENT	10.34%	69,252,241	14,344,840	-	83,597,081	8,654,582	7,766,140	16,420,722	67,176,359	67,176,359	
PLANT & MACHINERY	10.34%	977,879,532	7,637,957	11,725,040	973,792,449	172,442,908	101,501,020	272,242,668	701,549,781	701,549,781	
ELECTRICAL INSTALLATION	10.34%	43,556,656	2,768,484	-	46,325,140	10,547,762	4,630,298	15,178,060	31,147,080	31,147,080	
FURNITURE & FIXTURES	6.33%	12,959,424	662,341	-	13,621,765	1,214,325	837,099	2,051,424	11,570,341	11,570,341	
COMPUTERS/SOFTWARES	16.21%	3,159,026	1,701,633	-	4,860,659	870,788	612,069	1,482,857	3,377,802	3,377,802	
OFFICE EQUIPMENTS	6.33%	6,206,837	668,813	-	6,875,650	563,386	415,638	979,024	5,896,626	5,896,626	
QUALITY CONTROL EQUIPMENTS	10.34%	3,527,628	-	-	3,527,628	557,944	364,757	922,701	2,604,927	2,604,927	
MOTOR VEHICLES	9.50%	5,834,266	-	-	5,834,266	592,933	554,255	1,147,188	4,687,078	4,687,078	
DIES AND PATTERNS	25.00%	110,694,669	47,188,132	14,560	157,888,241	30,877,778	26,796,830	57,674,608	100,193,633	100,193,633	
		<b>1,477,969,579</b>	<b>230,569,880</b>	<b>11,739,600</b>	<b>1,696,799,859</b>	<b>234,382,967</b>	<b>148,009,653</b>	<b>1,701,260</b>	<b>380,691,360</b>	<b>1,316,108,500</b>	
Capital Work In Progress (Including Advances on Capital Account)		30,144,113	30,586,996	30,144,113	30,586,996				30,586,996	30,586,996	
<b>TOTAL (A)</b>		<b>1,508,113,692</b>	<b>261,156,876</b>	<b>41,883,713</b>	<b>1,727,386,855</b>	<b>234,382,967</b>	<b>148,009,653</b>	<b>1,701,260</b>	<b>380,691,360</b>	<b>1,346,695,496</b>	
B) INTANGIBLE ASSETS		133,868,838	-	133,868,838	-	33,467,205		33,467,205	-	-	
<b>TOTAL (B)</b>		<b>133,868,838</b>	<b>-</b>	<b>133,868,838</b>	<b>-</b>	<b>33,467,205</b>	<b>-</b>	<b>33,467,205</b>	<b>-</b>	<b>-</b>	
<b>TOTAL CURRENT YEAR (A+B)</b>		<b>1,641,982,530</b>	<b>261,156,876</b>	<b>175,752,551</b>	<b>1,727,386,855</b>	<b>267,850,172</b>	<b>148,009,653</b>	<b>35,168,465</b>	<b>380,691,360</b>	<b>1,346,695,495</b>	

**Schedules to the Balance Sheet as on 31.03.2010**

Particulars	(Amount in Rupees)	
	As at 31.03.2010	
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
<b>(as physically verified by the management)</b>		
Raw Materials & Bought out Components	38,465,914	
Stores, Spares and Consumables	35,220,231	
Work-in-Progress	29,407,929	<b>103,094,074</b>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured, Considered Good)</b>		
Ousting for a period exceeding six months		-
Others		296,870,999
		<b>296,870,999</b>
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand & its equivalents		551,896
With Scheduled Banks in Current Accounts		164,639,036
With Scheduled Banks in Deposit Accounts		50,000,000
		<b>215,190,932</b>
<b>SCHEDULE 9</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Advances recoverable in cash or in kind for value to be received		12,226,580
Balances with Excise & Other Authorities		49,066,371
Deposits		1,900,000
Prepaid Expenses		738,828
		<b>63,931,779</b>
<b>SCHEDULE 10</b>		
<b>CURRENT LIABILITIES</b>		
Trade Creditors for goods (including group creditors of Rs.769,509,541/-)		945,165,358
Trade Creditors for Expenses		20,680,024
Dues to Micro & Small Enterprises		4,619,950
Creditors for Capital Goods		3,140,938
Duties & Taxes Payable		1,486,397
Royalty Payable		22,225,355
Advance from Customers		6,583,608
		<b>1,003,901,630</b>
<b>SCHEDULE 11</b>		
<b>PROVISIONS</b>		
Defined Benefit Obligation (Gratuity)		2,760,958
Defined Benefit Obligation (Leave Encashment)		1,604,616
Provision for Wealth Tax		4,080
		<b>4,369,654</b>




**Schedules to Profit and Loss account for the period ended 31.03.2010**

Particulars	(Amount in Rupees)	
	Period Ended 31.3.2010	
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Domestic Sales	1,665,590,435	
Sales-Scrap	1,395,417	<b>1,666,985,852</b>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Interest Received (Gross including TDS of Rs.34,168/-)		150,788
Discount Earned		35,047
Foreign Exchange Fluctuation Gain- Others		1,557,257
Miscellaneous Income		2,718,150
		<b>4,461,242</b>
<b>SCHEDULE 14</b>		
<b>MATERIALS AND SEMI-FINISHED GOODS</b>		
Raw Materials Consumed:		
Opening Stock	26,260,334	
Add: Purchases	881,981,491	
Less: Closing Stock	38,465,914	
Boughtout Components	22,066,119	<b>891,842,030</b>
(Net of foreign exchange fluctuation gain of Rs.16,274,759/-.)		
(Increase)/Decrease in stock of Semi-Finished Goods:		
Closing stock of Semi - Finished goods	29,407,929	
Opening stock of Semi - Finished goods	58,004,325	<b>28,596,396</b>
		<b>920,438,426</b>
<b>SCHEDULE 15</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumption- Stores and Spares		263,803,875
Freight Inward		5,933,239
Power and Fuel		64,067,749
Water Charges		1,193,481
Leasing & Rental Charges-Machineries		5,441,039
Repairs and Maintenance		10,314,800
Processing Charges		72,578,692
Testing Expenses		5,528,588
		<b>428,861,463</b>
<b>SCHEDULE 16</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries & Wages		75,014,881
Gratuity & Leave Encashment		2,208,429
Contribution to Provident and other Funds		3,752,719
Welfare Expenses		
Canteen Expenses	2,663,310	
Medical Expenses	137,812	
Other Staff Welfare Exp	2,880,804	
Transportation Facilities	3,020,825	8,702,751
		<b>89,678,780</b>

**Schedules to Profit and Loss account for the period ended 31.03.2010**

Particulars	(Amount in Rupees)	
		Period Ended 31.3.2010
<b>SCHEDULE 17</b>		
<b>ADMINISTRATION &amp; SELLING EXPENSES</b>		
<b>Administrative Expenses</b>		
Communication	1,358,650	
Books & Periodicals	56,016	
Travel-Foreign	2,315,356	
Travel-Domestic	2,998,226	
Vehicle Maintenance Expenses	2,269,136	
Rates and Taxes	486,781	
Insurance	1,292,373	
Conveyance	335,707	
Audit Fees	734,342	
Membership & Subscription	28,667	
Legal and Professional Fees	6,397,401	
Printing and Stationery	534,806	
Recruitment Expenses	338,084	
Leasing & Rental Charges-Others	722,512	
Miscellaneous Expenses	10,505	
Office Expenses	660,960	
Guest House Rent	2,704,002	
Guest House Expenses	3,099,220	
Security Expenses	1,520,731	
Loss on Sale of Assets	1,274,241	<b>29,137,716</b>
<b>Selling &amp; Distribution Expenses</b>		
Freight Outward	36,331,930	
Sample Sales written off	198,162	
Warehouse Charges	9,927,604	
Cash Discounts	2,385,843	
Sales Promotion Expenses	487,398	
Warranty Claims	1,277,262	<b>50,608,199</b>
		<b>79,745,915</b>
<b>SCHEDULE 18</b>		
<b>Financial Expenses</b>		
Interest on Term Loan	36,093,517	
Interest on Working Capital	30,020,546	
Interest on External Commercial Borrowings	4,692,145	
Other Finance charges	1,204,713	<b>72,010,921</b>
<b>SCHEDULE 19</b>		
<b>Demerger expenses (Assets) written off</b>		
Demerger Expenses	5,131,641	
Bad & Doubtfuls Debts - not recoverable	22,393,172	
Advances to Suppliers - not recoverable	13,906,078	
Intangible Assets written off	100,401,633	<b>141,832,524</b>
Less:		
Written off to Business Reconstruction reserve		<b>141,832,524</b>
Net Balance transferred to Profit & Loss account		-


**SCHEDULE 20**
**NOTES TO ACCOUNTS**
**Notes Forming Part of Accounts for the period ended 31.03.2010.**
**Part B**
**1. Additional information pursuant to the provisions of Para 3 (i)(a) and (ii), 4C and 4D of Part II of Schedule VI to the Companies Act,1956**

A. Class of goods manufactured	2009-10	
	Installed Capacity -per annum (Nos.)	Actual Production -per annum (Nos.)
Description Alloy Wheels	1,512,000	1,311,658

**Notes :**

1) The Company has made fresh applications for Licenced Capacity of 15,84,000 No.s of Alloy Wheels post de-merger. The approval is awaited.

2) The production data reported above is for three shifts, as certified by the management

B. Stock of goods Class of goods	As at 31.03.10	
	No's	Rs.(In lacs)
Semi-Finished Alloy Wheels -(W.I.P.)	23,846	294.08

C. Sales Class of goods	2009-10	
	No's	Rs.(In lacs)
Finished Alloy Wheels	1,311,658	16,655.90

D. Raw materials/Components consumed Class of goods	2009-10	
	MT	Rs.(In lacs)
Aluminium Alloy/ Wheel Components	7,975.63	8,918.42

**Note :**

The consumption in quantity &amp; value has been worked out on the basis of opening stock plus purchases less closing stock and thus the same are subject to quantitative reconciliations on physical count.

E. Value of Raw materials consumed	2009-10	
	Rs. (In Lacs)	Percentage
a) Imported	8,918.42	100%
b) Indigenous	-	0%
<b>Total</b>	<b>8,918.42</b>	<b>100%</b>

F. Value of Stores and Spares consumed	2009-10	
	Rs. (In Lacs)	Percentage
a) Imported	324.63	12.31%
b) Indigenous	2313.41	87.69%
<b>Total</b>	<b>2638.04</b>	<b>100%</b>

**Note :**

1) The consumption in quantity &amp; value has been worked out on the basis of opening stock plus purchases less closing stock and thus are subject to quantitative reconciliations on physical count.

2) Stores &amp; Spares imported have assumed to be consumed during the year in the absence of data duly reconciled.

G. Imports on CIF Basis Particulars	2009-10	
	Rs. (In Lacs)	
Capital Goods	91.32	
Raw Materials/Bought out Components	8,819.81	
Stores and Spares	324.63	
<b>Total</b>	<b>9,399.76</b>	

**NOTES TO ACCOUNTS CONTD.**

<b>H. Expenditure in Foreign Currency *</b>	<b>2009-10</b>
<b>Particulars</b>	<b>Rs. (In Lacs)</b>
Foreign Travel	1.83
Royalty	248.15
Computer Hire Charges	7.07
Interest on Foreign Currency Loans	52.10
Legal & Professional Expenses	24.00
Testing Expenses	38.58
<b>Total</b>	<b>371.73</b>

\* on accrual basis

**I. Remittance in foreign currencies for dividends**

<b>Particulars</b>	<b>2009-10</b>
	<b>Rs. (In Lacs)</b>
i) Number of non-resident shareholders	-
ii) Number of Equity shares	-
iii) Gross amount of dividends	-
iv) TDS deducted	-

**J. Earnings in Foreign Exchange\***

<b>Particulars</b>	<b>2009-10</b>
	<b>Rs. (In Lacs)</b>
Export of goods	-
* on accrual basis	-

**Other Disclosures**
**2. 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:

<b>Particulars</b>	<b>2009-10</b>
	<b>Rs. (In Lacs)</b>
Employer's Contribution to Provident Fund	37.53

**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.



NOTES TO ACCOUNTS CONTD.

Particulars	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)
	2009-10	2009-10
	Rs. (In Lacs)	Rs. (In Lacs)
Present value of obligation as at the beginning of year	14.83	6.68
Interest Cost	1.22	1.01
Current Service Cost	7.70	11.10
Benefits Paid	0.00	(5.48)
Actuarial(gain) / loss on obligations	3.86	2.74
Present value of obligation as at the end of year	<b>27.61</b>	<b>16.05</b>
<b>Table showing changes in the fair value of plan assets as on 31/03/2010</b>		
Particulars	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)
	2009-10	2009-10
	Rs. (In Lacs)	Rs. (In Lacs)
Fair value of plan assets at beginning of year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial gain/(loss) on plan assets	-	-
<b>Fair value of plan assets at the end of year</b>	<b>-</b>	<b>-</b>
<b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)
	2009-10	2009-10
	Rs. (In Lacs)	Rs. (In Lacs)
Present value of obligations as at the end of year	27.61	16.05
Fair value of plan assets as at the end of the year	-	-
Funded status asset/ (liability)	(27.61)	(16.05)
<b>Net asset / (liability) recognized in balance sheet</b>	<b>(27.61)</b>	<b>(16.05)</b>
<b>Expenses Recognised in statement of Profit and loss</b>		
	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)
	2009-10	2009-10
	Rs. (In Lacs)	Rs. (In Lacs)
Current Service cost	7.70	11.10
Interest Cost	1.22	1.01
Expected return on plan assets	-	-
Net Actuarial (gain) / loss recognized in the year	3.86	2.74
<b>Expenses recognized in statement of Profit and Loss</b>	<b>12.78</b>	<b>14.85</b>
<b>Actuarial Assumptions</b>		
	Gratuity	Leave Encashment
		2009-10
Assumption Discount Rate		8.25%
Salary Escalation		6.00%

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.

**NOTES TO ACCOUNTS CONTD.**

<b>3.Computation of Profit u/s 198 read with Sec. 309 of the Companies Act, 1956</b>	<b>2009-10</b>
<b>Particulars</b>	<b>Rs. (In Lacs)</b>
Profit/(Loss) Before Tax and Exceptional Item	(908.39)
Less - Exceptional Item	
- Profit on sale of investments/assets (net)	
Add - Directors' remuneration & commission	-
-Directors sitting fees	-
- Provision for doubtful debts	-
- Amortisations	-
- Loss on Sale of Assets (net)	(12.74)
<b>Net profit u/s 198/309 of the Cos. Act, 1956</b>	<b>(921.13)</b>
<b>4. Payment to the Directors</b>	
<b>Particulars</b>	<b>2009-10</b>
	Rs. (In Lacs)
Managing Director	
Salary, Allowances &quisites	-
Contribution to P.F., Gratuity and other funds	-
Commission	-
<b>Total</b>	<b>-</b>
<b>Other Directors</b>	
Directors Sitting Fees	0.03
<b>5. Auditor's Remuneration, includes</b>	
<b>Particulars</b>	<b>2009-10</b>
	Rs. (In Lacs)
Audit Fees	6.00
Other Services	0.75
Out of pocket expenses	0.58
<b>Total</b>	<b>7.33</b>
<b>6. Contingent Liabilities</b>	
<b>Particulars</b>	<b>2009-10</b>
	Rs. (In Lacs)
a) Estimated amount of contracts remaining to be executed on capital accounts	512.15
b) Guarantees issued by Bank	-
c) L/C issued by the bank for the import of Machinery & Goods	22.99
	-
	-
<b>Total</b>	<b>535.14</b>
<b>7. Earning per share as computed in accordance with Accounting Standard 20</b>	
<b>Particulars</b>	<b>2009-10</b>
	Rs. (In Lacs)
i) Net profit /(Loos) after tax	(939.97)
ii) Weighted average no. of Equity shares of Rs. 5/- each	11,000,000
	-
iii) Basic earning per share (Rs.)	(8.55)
iv) Diluted earning per share (Rs.)	(8.55)



**NOTES TO ACCOUNTS CONTD.**

**8. Related Party Disclosure**

**Associate Companies**

Enkei Corporation, Japan  
 Enkei Thai Co. Ltd.  
 Enkei Thai Moulding Co. Ltd.  
 Asian Enkei Trading Co. Limited  
 Enkei Audit & Computer Ltd.  
 Silicon Meadows Designs Ltd.

Chemetall Rai India Ltd.  
 PT. Enkei Indonesia  
 Enkei Alluminium Product (China) Co. Ltd.  
 Enkei Moulding (Kushan) Co. Ltd.  
 Enkei Wheel Corporation, Japan  
 Enkei Cast alloy Ltd

**Key Managerial Personnel**

Kaushik Manna

	<b>2009-10</b>
	Rs. (In Lacs)
<b>Details of transactions during the year with Related parties</b>	
<b>Particulars</b>	
Sales	-
Purchases	165.05
Expenses Charged to Company	-
Expenses Charged by Company	-
Loan Taken	973.43
Loan Given	-
Loan Squared Off	-
Advances	-
Dividend Paid	-
Amount Receivable at the year end	80.38
Amount Payable at the year end	-
Fixed assets purchased or sold	163.87
Gaurantees given / taken	-
Royalty paid	248.15

**Details of transactions during the year with key managerial personnel**

	<b>2009-10</b>
	Rs. (In Lacs)
Remuneration	
Kaushik Manna	15.35

**9. Major components of Deferred Tax Liability**

	<b>2009-10</b>
<b>Particulars</b>	
Intangible Assets/Others	80.73
Tangible Fixed Assets/Depreciation	(61.93)
<b>Total</b>	<b>18.80</b>

As per our Report of even date attached

On behalf of the Board Of Directors

For **Asit Mehta & Associates**

**Chartered Accountants**

Firm Reg. No. 100733W

Sanjay S Rane

**Partner**

Membership No 100374

Osamu Ohashi  
**Managing Director**

S. Rai  
**Director**

Place: Shikrapur

Date :- 4th August'2010

## NOTES TO ACCOUNTS

## SCHEDULE 20 : NOTES

1. Enkei Wheels (India) Ltd. was incorporated on 30.03.2009 under the Companies Act, 1956. The entire share capital of the Company was held by Enkei Castalloy Ltd. However, since there was no single business activity during the year ended 31.03.2009, the accounts were not prepared and filed. Hence, the present accounts are for the period beginning with 30.03.2009 and ending with 31.03.2010. This being the first accounting period of the Company, figures of the previous year/period are not applicable. On the same footing, the requirement of preparation of cash flow statement is not applicable to the Company.
2. Pursuant to the Scheme of Arrangement (de-merger) sanctioned by the Hon'ble High Court of Bombay, the Wheel Division of Enkei Castalloy Limited (ECL/ Demerged Company) was de-merged into Enkei Wheels (India) Limited ('EWIL/ Resulting Company') with effect from end of the day of 31st March 2010.

The Scheme had provided that 'though it shall become effective from the Effective Date, i.e. the date on which the certified copy of the order of High Court of Bombay under sections 391 and 394 of the Companies Act, 1956, sanctioning the scheme is filed with the Registrar of Companies, Pune and which is end of the day of 31st March 2010, the provisions of the Scheme shall be applicable and come into operation from the Appointed Date, which means the 1<sup>st</sup> day of April 2009 or such other date as may be approved by the High Court of Bombay'.

Now, since the High Court of Bombay has sanctioned the Scheme of de-merger and the Appointed Date being as defined in the Scheme, all assets and liabilities in respect of the Wheel Division of ECL/Demerged Company, as appearing in the books of ECL/ Demerged Company as on 1<sup>st</sup> April 2009, i.e. the Appointed Date as defined in the Scheme, were transferred to and vested with EWIL/Resulting Company'.

In the light of the above and the clause 4 of the Scheme which provides that "upon the coming into effect of this Scheme and on and from the Appointed Date entire business of the 'Wheel Division' of ECL/ Demerged Company shall, without any further act, instrument or deed, subject to other provisions of the Scheme and pursuant to sections 391 & 394(2) and other relevant provisions of the Act, be transferred to and vested in or be deemed to have been demerged from ECL/ Demerged Company and be transferred to and vested in EWIL/Resulting Company, as a going concern." the old shareholding of ECL/ Demerged Company in EWIL/Resulting Company stood automatically cancelled and EWIL/ Resulting Company have ceased to be a wholly owned subsidiary of ECL/Demerged Company as an integral part of the Scheme, pending the allotment of shares by EWIL/ Resulting Company to the existing shareholders of ECL/Demerged Company and completion of all necessary legal formalities including payment of stamp duty, incidental to the demerger by EWIL/ Resulting Company. Pending adjudication of stamp duty on immovable properties received from ECL/ Demerged Company on demerger, EWIL/ Resulting Company has not provided for the necessary expense in the accounts.

As a result of all the above, accounting entries pursuant to PART-IV of the Scheme have been made in the books of the EWIL/Resulting Company retrospectively from the Appointed Date, i.e. 1<sup>st</sup> April 2009 and which are summarised below.

- a) Book value of Assets net of Liabilities transferred from ECL/ Demerged Company recorded on 01.04.2009.....Rs. 9,08,92,308/-
- b) Credit to Share Capital Account ..... Rs. 5,50,00,000/-  
(aggregate face value of Equity Shares issued to the shareholders of ECL/ Demerged Company pursuant to clause 12.1.1 of Part II of the Scheme, pending receipt of statutory approvals and completion of legalities as of the Balance sheet Date.)
- c) Credit to Securities Premium Account.....Rs. 3,58,92,308/-  
(Excess of book value of Assets net of Liabilities received from ECL/ Demerged Company over face value of Equity Shares – (a-b))




**NOTES TO ACCOUNTS CONTD.**

3. In pursuance of Part IV of the Scheme, post demerger and as identified by the Board of directors, EWIL/ Resulting Company has valued its immovable properties at their fair value based on the valuation report from an independent registered valuer and the excess of such value over the book value has been credited to 'Business Reconstruction Reserve.'

In accordance with Part IV of the Scheme, EWIL/the Resulting Company has written off the below-listed expenses against the balance available in 'Business Reconstruction Reserve'

- Diminution in value of various assets (including advances)	Rs. 13,67,00,883/-
- Expenses incurred for the demerger	Rs. 51,31,641/-
Total	<u>Rs. 14,18,32,524/-</u>

**PART A. Significant Accounting Policies:**
**1. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, on accrual basis and are in accordance with the Indian Generally Accepted Accounting Principals ('GAAP'), the provisions of the Companies Act, 1956 and the Accounting Standards notified under Companies (Accounting Standard), Rules, 2006 as amended from time to time except as otherwise stated.

However, post-demerger, the Company has revalued its land forming part of its fixed assets not intended for sale during the ordinary course of its business activities. The excess of fair market value over cost of the land has been credited to 'Business Construction Reserve' in the books of the Company

**2. Use of Estimates**

Estimates and Assumptions used in the preparation of the financial statements 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**

- i. All material items of revenue and expenditure are recognised on accrual basis except as otherwise stated.
- ii. Sales are recognised on despatch of goods by the Company from its factory premises The Sales are reflected in the accounts net of excise duty, sales tax, and other levies.
- iii. Sales returns are accounted for only upon physical receipts of the rejected goods at the factory premises.

**4. Price Escalation Claims/Negotiations**

The effect of price amendments is accounted for on the basis of agreement with the customers from time to time. However, escalation and other claims, which are not ascertainable/ acknowledged by customers, are not taken into account.

**5. Purchases**

All purchases of raw materials, stores and spares are accounted in the system once Goods Received Note (GRN) is prepared. GRN is prepared only after goods are inspected and tested for qualities after the receipt at the factory gate.

**6. Fixed Assets & Depreciation**

- i. Fixed Assets are stated at cost less accumulated depreciation and impairment loss 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 till commencement of commercial production.
- ii. 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.

**NOTES TO ACCOUNTS CONTD.**

- iii. Dies and Moulds are depreciated at Written Down Value at the rates prescribed in schedule XIV to the Companies Act, 1956.
- iv. Depreciation on additions during the year is provided on pro-rata basis from the middle of the quarter in which capitalisation takes place.
- v. 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.
- vi. 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 costs incurred till year-end and relatable/identified to/for particular project/production facilities are debited to individual fixed asset. The project cost incurred in respect of facilities not commenced/expanded and/or which has not been identified/allocated to individual fixed assets have been accounted under 'Capital Work-in-Process'.

**7. Intangible Assets**

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. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**8. Impairment of Assets**

An asset is treated as impaired when the carrying amount of the asset exceeds its 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.

During the year, the management of the Company has reviewed the recoverability of its intangible assets received from ECL/ Demerged Company on demerger. In the opinion of management, the assets are impaired and there is no value in use to EWIL/Resulting Company. Accordingly, post-demerger and in accordance with Part IV of the Scheme of demerger, intangible assets with book value of Rs.1004.02 lakhs have been written off to 'Business Reconstruction Reserve'

**9. Investments**

All Long-term investments, which are unquoted, are stated at cost.

**10. Inventories****i. Raw Materials and Bought-out Components**

Inventory of Raw materials are valued at cost. Cost represents purchase price, net of recoverable taxes, determined with reference to last purchases.

**ii. Semi-Finished goods-**

Inventory of Semi-finished goods are valued at lesser 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 FIFO basis.

**iv. Inter-division Transfers**

Interdivisional transfers are valued, either at ex-factory cost of the transfer or unit/division, net of recoverable taxes and are recorded on physical receipt.

**11. Transaction in Foreign Currencies**

Foreign currency transactions are recorded at the exchange rate prevailing as at the date of transaction.

**NOTES TO ACCOUNTS CONTD.**

The exchange differences arising on restatement of long term foreign currency monetary items in so far as the relate to acquisition depreciable capital assets are adjusted to the cost of such assets to be depreciated over the balance life of the fixed assets.

The exchange differences arising on restatement of long term foreign currency monetary items other than depreciable capital assets are adjusted and accumulated to 'Foreign Currency Monetary Item Translation Difference Account' for being amortised over the balance period of such long term asset/liability but not beyond March 31, 2011.

All exchange differences arising on restatement of all other monetary foreign currency assets and liabilities (other than above) are credited or debited, as the case may be, to the Profit and Loss Account.

**12. Taxes on income**

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

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the 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 realized.

**13. Employee 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 Profit and Loss Account, 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 profit and loss account 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 Profit and Loss Account.

**NOTES TO ACCOUNTS CONTD.****14. 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.

**15. Leases**

The Company's significant leasing arrangements are in respect of operating leases for guest-house premises and computers. The arrangements in respect of use of guest-house premises normally range between eleven months to twenty-two months renewable by mutual consent on agreed terms. The arrangements in respect of use of computers are long term and continue to remain in force till the period foreign specialists continues to remain deployed.

**16. 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.

**As per our Report of even date attached**

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

**On behalf of the Board of Directors**

Sanjay S. Rane  
**(Partner)**  
Membership No. 100374

Osamu Ohashi  
**Managing Director**

S. Rai  
**Director**

Place: Shikhrapur,  
Date : 04.08.2010


**NOTES TO ACCOUNTS CONTD.**
**SCHEDULE 20**

PART C. Explanatory Notes Forming Part of Accounts for the period ended 31.03.2010

**1. Segment Reporting**

The Company has single business segment viz. that of automotive castings of Alloy Wheels. Accordingly, disclosure requirements as per Accounting Standard 17 "Segment Reporting" specified in the Companies (Accounting Standard) Rules 2006 are not applicable to the Company.

**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 Profit and Loss account".

**3. Fixed Assets**

Book values of Fixed Assets as recorded in the books of the Company on 01.04.2009 are the same received from demerged company. However, legal formalities including payment of stamp duty, offering those to the banks/institutions for fresh charges, registrations etc. are pending.

**4. Borrowing Cost**

Of total borrowing cost of Rs.5.17 lakhs incurred during the year has been debited to Capital Work in progress.

**5. Bank Balances**

Maximum Balance outstanding in current accounts with the scheduled and foreign banks is as under:

Bank	Maximum Balance outstanding (Rs. in Lakhs)
Axis Bank	980.89
Bank of Tokyo Mitsubishi UFJ Ltd.	1600.70
Kotak Mahindra Bank Ltd.	25.00
Mizuho Corporate Bank Ltd.	40.66

**6. Confirmation under Micro, Small and Medium Enterprises Act, 2006**

During the year, the Company initiated the process of obtaining the confirmation from its suppliers as regard to their status under Micro, Small and Medium Enterprises Act, 2006 (Act), but was able to obtain only for some enterprises. On the basis of information available, the principal amount remaining unpaid to Micro and Small Enterprises covered under the Act as at the end of the year have been shown and classified separately under schedule 10 for Current Liabilities.

The amount due to Micro and Small Enterprises beyond the appointed date, amount of interest accrued and remaining unpaid etc as at the end of the year, i.e. 31.03.2010, are given below.

	Rs. in lakhs
Principal amount due	46.20
Principal amount unpaid beyond the appointed date	12.29
Interest accrued and remaining unpaid	0.60

7. Year-end balances the receivables, advances and payables are subject to confirmation and reconciliations. However, post demerger and in accordance with Part IV of the Scheme, old debtors of Rs.223.93 lakhs and old supplier advances of Rs.139.06 lakhs, have been identified by the board as irrecoverable and thus have been written off to 'Business Reconstruction Reserve'.



**NOTES TO ACCOUNTS CONTD.**

The closing balances in respect of 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.

**As per our Report of even date attached**

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

Sanjay S. Rane  
**(Partner)**  
Membership No. 100374

Place: Shikhrapur,  
Date : 04.08.2010

**On behalf of the Board of Directors**

Osamu Ohashi  
**Managing Director**

S. Rai  
**Director**


**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

Balance Sheet abstract and Company's General Business Profile

**I Registration Details**

 Registration No.  State Code  Balance Sheet Date 
**II Capital Raised During the Year (Rs.000)**

Public Issue	Right Issue	Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

\* Share application money pending for allotment.

**III Position of Mobilisation and Deployment of Funds (Rs. 000)**

Total Liabilities	Total Assets
<input type="text" value="1111509"/>	<input type="text" value="1111509"/>

Sources of Funds: (Rs. 000)

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="186652"/>	<input type="text" value="46204"/>	<input type="text" value="266666"/>	<input type="text" value="607804"/>

Deferred Tax (net)

Application of funds (Rs. 000)

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
<input type="text" value="1346695"/>	<input type="text" value="NIL"/>	<input type="text" value="-329183"/>	<input type="text" value="NIL"/>

**IV Performance of the Company (Rs. 000)**

Turn over	Total Expenditure	Profit Before Tax	Profit After Tax
<input type="text" value="1810519"/>	<input type="text" value="1902632"/>	<input type="text" value="-92113"/>	<input type="text" value="-93997"/>

Earning Per Share in Rs. Dividend Rate (%)

<input type="text" value="-8.55"/>	<input type="text" value="NIL"/>
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**V) Generic Name of Principal Product of the Company (as per monetary terms)**

Item Code No. (ITC Code)	Products Description
<input type="text" value="8708"/>	<input type="text" value="PARTS AND ACCESSORIES OF MOTOR VEHICLE"/>

**ENKEI WHEELS (INDIA) LIMITED**

Registered Office : Gat No.1425, Village Shirkrapur, Taluka Shirur Dist. Pune - 412 208

**1<sup>st</sup> Annual General Meeting on 29<sup>th</sup> September 2010**

**Proxy Form**

I/We, \_\_\_\_\_

of \_\_\_\_\_

In the district of \_\_\_\_\_

of Enkei Wheels (India) Limited here by appoint \_\_\_\_\_

of \_\_\_\_\_ in the

district of \_\_\_\_\_ or failing him /her

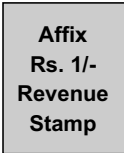
\_\_\_\_\_ of \_\_\_\_\_

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 Wednesday, the 29<sup>th</sup> September, 2010 at 12.30 p.m. at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.



Signature \_\_\_\_\_

Address \_\_\_\_\_

**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 / herself and the proxy need not be a member of the Company.**
- 2. **The proxies form duly signed across revenue stamp should reached the Company's registered office at least forty eight hours before the time of the meeting.**

**ENKEI WHEELS (INDIA) LIMITED**

Registered Office : Gat No. 1425, Village Shirkrapur, Taluka Shirur Dist. Pune - 412 208

**1<sup>st</sup> Annual General Meeting on 29<sup>th</sup> September 2009**

**ATTENDANCE SLIP**

Reg. Folio No. \_\_\_\_\_

I certify that I am registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the above Company at Gat No. 1426, Village Shikrapur, Taluka Shirur, Dist. Pune - 412 208.

\_\_\_\_\_  
Member's / Proxy's name in Block Letters

\_\_\_\_\_  
Member's / Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.