



WENDT Ethos in Practice



WENDT (INDIA) LTD

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31st ANNUAL REPORT
2012-2013



OUR Ethos

WENDT (INDIA) LTD

OUR Ethos

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Integrity

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Passion

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Quality

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Respect

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

Responsibility

We believe innovation helps the Company stay ahead. We invest suitably in development of new products and processes to meet ever-changing said and unsaid needs and demands of customers.

Innovation

We take responsibility in preserving Nature surrounding us. We consciously opt for measures like waste water management, rainwater harvesting, energy saving, tree plantations, etc. to conserve natural resources.

Eco-friendly

We practice openness and transparency in our actions be it customers, vendors, employees and all stakeholders.

Transparency



BOARD OF DIRECTORS
Chairman

M M MURUGAPPAN
EDMAR ALLITSCH
SHRINIVAS G SHIRGURKAR
K SRINIVASAN
K S SHETTY
PETER VERHOLEN
(Alternate to Edmar Allitsch)

SENIOR MANAGEMENT

Chief Executive
Head - Technology and R & D
Business Head - Superabrasives
Business Head - Non-Superabrasives
Chief Financial Officer

RAJESH KHANNA
D R KULKARNI
M S VENKATESH
S SUNDARIYA
MUKESH KUMAR HAMIRWASIA

COMPANY SECRETARY

APEKSHA NAGORI (upto 29th April, 2013)
AKANKSHA BIJAWAT (w.e.f. 29th April, 2013)

BANKERS

STATE BANK OF INDIA

AUDITORS

DELOITTE HASKINS & SELLS
Bangalore

COST AUDITORS

M.R. RAJHSHEKAR & CO.
Hosur

REGISTERED OFFICE

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National Games Housing Complex,
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Tamilnadu
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Karvy Computershare (P) Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

Engineering flair with Environmental Care...


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...with a bouquet of flowers from Wendt Garden...

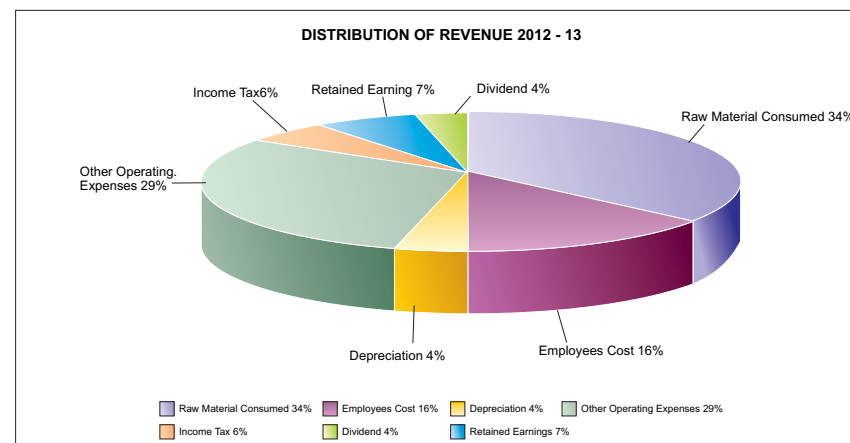
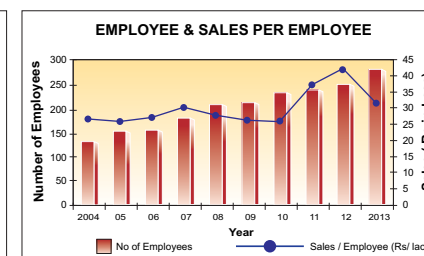
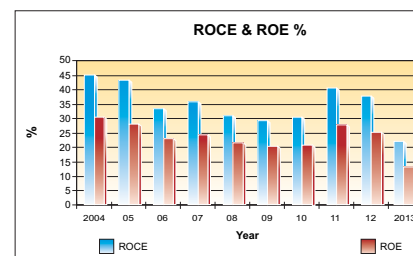
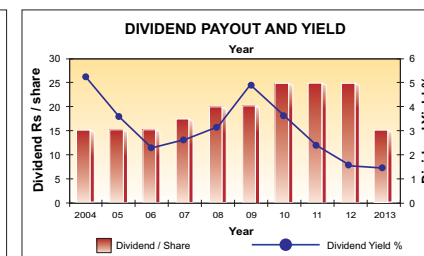
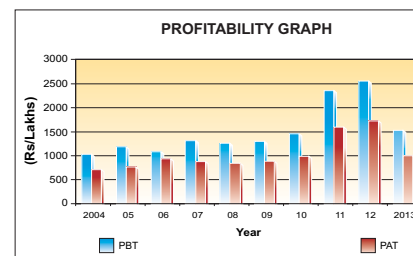
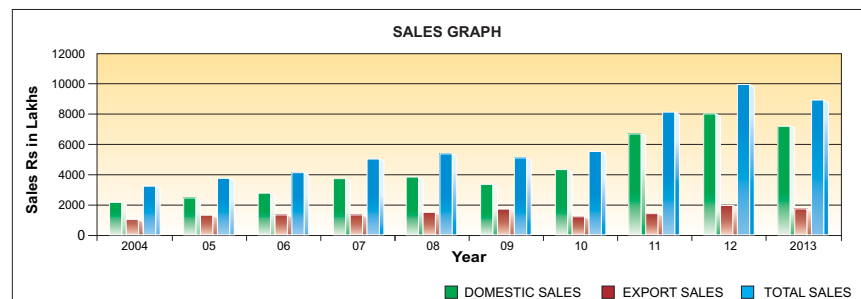


FINANCIAL TRACK RECORD

Rs.in Lacs

Year ending 31st March	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUE										
Net sales	3267	3784	4163	5074	5405	5136	5609	8173	10001	8895
Domestic sales	2194	2483	2801	3764	3873	3389	4368	6727	8055	7176
Export sales	1073	1301	1362	1310	1532	1747	1241	1446	1946	1719
Other Income	124	128	100	155	185	309	222	299	278	225
PROFITABILITY										
Profit before depreciation	1137	1291	1215	1495	1459	1517	1714	2654	2888	1930
Profit before tax	1035	1176	1079	1310	1255	1297	1455	2356	2552	1528
Profit after tax	714	773	716	871	842	884	983	1595	1729	1012
Dividend %	150	150	150	175	200	200	250	250	250	150
EPS (Rs.)	35.71	38.66	35.78	43.56	42.08	44.21	49.12	79.76	86.45	50.59
ASSETS EMPLOYED										
Fixed assets	1152	1280	1629	1911	2085	2610	2950	3264	4363	5027
Investments	1069	1205	1183	1204	1454	1200	1672	2257	1370	1496
Net current assets	392	576	637	807	697	858	413	531	1532*	1485*
Total assets	2613	3061	3449	3922	4236	4668	5035	6052	7265	8008
CAPITAL STRUCTURE										
Paid up share capital	200	200	200	200	200	200	200	200	200	200
Reserves	2172	2603	2977	3438	3787	4203	4602	5614	6762	7425
Loan funds	57	65	66	49	28	36	-	-	-	-
Deferred tax liability	184	193	206	235	221	229	233	238	303	383
Total funds	2613	3061	3449	3922	4236	4668	5035	6052	7265	8008

* Net current assets is arrived after reducing current liabilities, long term liabilities and provisions from current assets(excluding current investments) and long term loans and advances

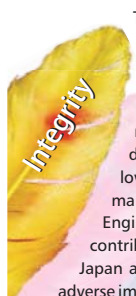


REPORT OF THE DIRECTORS

(Including Management Discussion and Analysis)

Your Directors are pleased to present the 31st Annual Report together with the Audited Financial Statements for the year ended 31st March 2013. The Management Discussion & Analysis Report has been included in the Directors Report so as to avoid duplication and repetition.

ECONOMIC OVERVIEW



The year 2012-13 has been one of the most difficult years with the Indian economy slowing down significantly on account of lowered domestic demand, declining exports, continued high energy prices alongside successive weakening of the Indian Rupee and stalling investments. High inflation rates and spiraling prices of raw materials continued with no respite thereby adding to the deceleration. Execution of high value projects such as Mining, Steel, Coal, Power continued to be mired by regulatory and environmental issues affecting the growth and investments by the downstream projects. Even the bellwether service sector of the Indian economy could clock the lowest-ever growth of just 6% over the last year. The average capacity utilization by the manufacturing sector remained subdued between 60-75% level specifically for Automotive, Engineering and Cutting Tool industries sectors resulting in lowering of the capex plans. The other contributory factors include continued sovereign debt crisis in Euro Zone, successive recessionary trend in Japan and political instability in major oil producing countries fueling rise in oil prices have had their adverse impact on the overall growth of the economy.

The export demand was also hard hit due to continued global slowdown except some of the South East Asian countries such as Thailand, Malaysia, and Indonesia. While industry segments such as Automobile, Auto Components, Cutting Tools, Machine Tools & Refractory are the worst affected due to the deepening of industrial slowdown, segments like Steel, Ceramics, Glass and Defence have demonstrated marginally better results on a comparable basis. While the slow and subdued global scenario has had its share in the growth of Indian economy, in the domestic front it has cut across all the sectors resulting in lowest GDP (Gross Domestic Product) growth in the last decade.

The Industrial Production numbers remained weak on account of poor performance of the manufacturing and mining sectors which recorded a meager 1% growth compared to 3.7% of previous year. The decline in manufacturing numbers has mainly been driven by contraction of orders and investments by capital goods, engineering, consumer goods and allied industry segments. However, the Government with its recent announcement of reforms and policy change measures has demonstrated some encouragement & rekindled the business confidence on recovery.



Exhibiting Trust, Honesty & Desire for achieving our goals in every action...

COMPANY PERFORMANCE OVERVIEW

(Rs in Lacs)

	31st March 2013	31st March 2012
Sales	8895	10001
Other Income	225	278
Profit Before Tax	1528	2552
Provision for Tax	435	759
Provision for Deferred Tax	81	64
Profit After Tax	1012	1729
Earnings per Share- Rs	50.59	86.45

RESULTS OF OPERATIONS

Despite the industry slowdown and sluggish market condition, your Company has put in its best efforts to achieve a Top line of Rs.8895 Lacs during the year which is 11% lower than the previous year. The major contributory industry segments in the domestic business which had their adverse impact on your company's sales of 11% lower than last year are Automobile, Auto component, Cutting Tools, Steel, Refractory and Ceramics. The Export business was also affected by continued volatility and global slowdown with achieving a total sale of 12% lower compared to the previous year.

Your Company continued its efforts on pursuing business in three verticals namely **Superabrasives, Non-Superabrasives and International Business**. The current slowdown being considered temporary and in keeping with your Company's long-term growth, would continue to commit the required investments and resources in identified growth areas.

Superabrasive Business consisting of Diamond/CBN Grinding Wheels & Tools, Precision Dressing Rolls, Hones, Segmented Products & Stationary Dressers achieved a performance level of 91% over the last year which is better than the industry average. This has been possible due to continued focus by your Company on the development of new products and new applications. During the year, your Company successfully introduced some new products including Resin Bond Wheels for Steel and Cutting Tools, Hones for Auto Component, Vitrified CBN Wheels for Paper & Textile and Auto Component, Precision Electroplated CBN Wheels for Engineering, Brazed Diamond Products for Ceramic & Glass and Precision Dressing Rolls for Aerospace and Gear Manufacturing.

During the year, the technical collaboration with its parent company Wendt GmbH got discontinued. Your Company, over the years has gained competency to have its own fully equipped **Research & Development Center**. You will be happy to know that your Company's R&D Center has obtained **Department of Science & Industrial Research (DSIR)** recognition, **Government of India**. This recognition and approval would not only help your Company to carry out research & development work for itself but also provide ample opportunity to jointly work with some of the leading research institutes and laboratories on cutting-edge technologies in future.

Non-Superabrasive Business which comprises of machine tools and precision components could achieve a performance of 83% of the previous year. This lower performance is on account of capex freeze and postponement



of investment decisions by many of the targeted customers. However, during the period, your Company has developed many new models/variants of machines and successfully executed some of the new machines like CNC TC Roll Grinding Machine, CNC Surface Grinding Machine with reciprocating table and Honing Machine. Introduced three years back to the basket, the Delapena range of Honing Machines has been well accepted in the market. Recognizing the need for catering to a wider range of honing applications, your Company has started work on development of 4 new models of Wendt-Delapena Honing Machines.

On the precision components front, during the year, your Company has successfully completed the development of two variants of components for new applications. This is expected to enhance the precision component basket and de-risk from dependency on single customer. In addition, your Company continued to embark on its new initiative of producing Precision Ground and Honed Components by leveraging its competencies in Machines and related Superabrasive Tools. Process establishment, trials and component prove-out have been done. On commercial production, your Company's position would get further strengthened in Precision Component Business while also being a new growth engine.

FOCUS ON CUSTOMER CENTRICITY

In order to enhance the Company's market reach and better visibility for both Superabrasives and Machines in the domestic market, your Company launched the unique nationwide initiative **Wendt-On-Wheels (WOW)** during the year. Through this initiative, your Company could make the customers abreast of the latest products and new launches besides demonstrating your Company's capabilities in the field of Precision Grinding and Honing by going to the Cities and Doorsteps of the customers. In its first six months of journey covering the Western, Northern and parts of Central India, the Company received many appreciations besides generating business opportunities. Having had a good response, this initiative would now be extended to Eastern, South Central and Southern regions of the domestic market. Your Company is confident of generating new business opportunities while developing better understanding of the customers' exacting needs and requirements.

Your Company would be implementing **Customer Relationship Management (CRM)** and is working with SAP for effective implementation. With a comprehensive approach towards customer, this will enable seamless integration of every aspect of process that touches the customer - marketing, sales, customer service and field support by connecting people, process, knowledge and technology. This initiative is aimed at enhancing business relationship, creating new opportunities for engagement and generating long term value for both customer and the company based on **mutual trust, openness and win-win** situation. With this Wendt would be the first tooling company globally which would link the Knowledge Portal and provide real-time technological solutions in Grinding and Honing to its customers while also helping to take commercial decisions promptly.

Some of the major benefits your Company sees from the CRM Application are:

- Extend reach to customers worldwide through offering value proposition and effectively addressing their needs.
- Act as platform of **Solution Knowledge Base** by interfacing with Company's Knowledge Management Portal and helping the team to respond to customers with accuracy and minimum effort
- Better and faster customer service



Perform, Stretch & Win in everything that accelerates Business Growth...

- Enable the Company to gain competitive edge over its peers
- Provide 360 degree view of customer, insightful analytics and reports

FUTURE PROSPECTS

With the business processes aligned with the Strategies and Objectives, your Company strives in its endeavors by focusing on product and process Innovation for delivering superior performances and sustainable growth. Adoption and deployment of appropriate technologies for indigenous Bond development, streamlining processes and introduction of automation in critical areas is the key for the future growth for your Company. The Company thrives to seize new business opportunities in new growing industrial segments which it addresses through New Products for New Markets. Secondly, it continuously explores opportunities for the existing range of products that can find applications in the New Industries and Markets. Accordingly the Company would continue to aggressively pursue business in Construction, Infrastructure, Aerospace, Ceramics, Defense, Railways and Health Care to ensure future growth in both Indian and Global scenario. Thirdly, under key account management, the existing range of products would be aggressively promoted with the existing identified key customers as a part of Market Penetration. Complementing these pursuits would be through active participation in major national and international trade shows, exhibitions, providing customer education and value added services.

The acquisition of Winterthur Technology Group (WTG) by the US Multinational 3M Corporation and resultant indirect acquisition of 40% equity share holding in your Company has been a matter of contention. The impending matter continues to be under the purview of The Honorable Company Law Board (CLB), Chennai and your Company expects the ownership matter to be resolved soon.

SUBSIDIARY COMPANIES

Wendt Grinding Technologies Limited, Thailand

Your Company's wholly owned Subsidiary in Thailand demonstrated yet another year of commendable performance despite the turbulent economic situation and subdued industrial activities. During the year, your Company's Subsidiary achieved a top line sales of Thai Baht 63 Million (Rs.1108 Lacs), 8% growth over last year. The Profit Before Tax was Thai Baht 17.3 Million (Rs.292Lacs) and Profit After Tax was Thai Baht 13 Million (Rs.219Lacs), a growth of 23% over last year.

The improved profit level was possible as a result of various cost reduction initiatives, operational efficiency measures, enhanced product basket as well as market expansion undertaken by the Subsidiary Company during the year.

Your Company's Subsidiary maintained leadership position in re-profiling business in Thailand and achieved highest ever re-profiles for auto industry since inception. While many of the customers in the existing industries operated between 50-60% capacity level during the year, focused approach by your Company's Subsidiary on exploring new business opportunities with industries like Glass, Automobile, Steel, Auto parts, Wood, Furniture and Construction industry, well compensated for the drop. During the year, your Company's Subsidiary added Industrial Ceramic Products into its basket for catering to Power and Cement Industries in Thailand. Initial responses from customers have been encouraging for these products.



Your Company's Subsidiary continued to participate in major Industrial Trade Exhibitions with clear focus on brand building and increasing the market reach. It also conducted Technical Seminars, Sales Meets and organized Plant Tours for its key customers to showcase its capability. Addition of new products to its existing basket helped in generating new opportunities for the Subsidiary.

Wendt Middle East FZE, Sharjah

Your Company's second wholly owned Subsidiary in Sharjah, Wendt Middle East FZE, has demonstrated a turnaround despite all odds. It has achieved an annual sale of AED 19.81Lacs (Rs.293Lacs). During the year, it has undertaken major restructuring and cost control measures which helped the Subsidiary to end the year with PBT of AED 3.72 Lacs (Rs.62 Lacs) against a loss of AED 2.41 Lacs (Rs.27 Lacs) in previous year. As a part of restructuring, the Subsidiary has continued its operations by keeping the employee strength lean and efficient with greater emphasis on multi-tasking apart from maintaining strict control on fixed costs.

During the year, the manufacturing sector in the entire region has been severely impacted due to continued socio-economic and political instability resulting in average capacity utilization of less than 50% with no new investments in sight. Moreover, UAE being a trading economy primarily driven by Oil and Construction, continued fluctuation in the oil prices has resulted in higher inflation compared to previous year.

Despite the many challenges posed by the slowdown, the Subsidiary has worked on many new initiatives such as increased product range, addressing new markets and better service levels in the region. With the renewed focus the Subsidiary is expected to perform even better in coming years.

APPROPRIATIONS

Available for appropriation	(Rs in Lacs)
Profit After Tax	1012
Add: Balance brought forward from previous year	2184
Total	3196
Recommended appropriations	
Transfer to General Reserve	101
Proposed dividend Rs 15/- per share of face value of Rs 10/- each (150%)	300
Dividend Tax	49
Balance carried forward	2746
Total	3196



Taking ownership and pride to meet high standards of Quality and Excellence...

CORPORATE SOCIAL RESPONSIBILITY

As a responsible Corporate, your Company's Corporate Social Responsibility pursuits have always been based on the foundation of ethical behavior in all its business transactions and contributions for economic development of not only the workforce and their families but also extending to the local communities and society at large.

Your Company, befitting its size & operations, makes contributions to various social causes such as education, healthcare, employability and environment preservation. It also places emphasis on tree plantation and afforestation not only in the premises but also adjoining areas by distributing free saplings.

During the year, your Company has established the Skill Development Centre - CUMI CENTRE FOR SKILL DEVELOPMENT (CCSD) by joining hands with its parent company CUMI housed within the factory premises. The objective of this initiative is to provide vocational education, training, employability and create highly skilled & productive workforce for the Company and outside industry in future. Through this, the Company not only ensures livelihood and gainful employment but makes a conscious effort to bring transformation and uplift the lives of young children drawn from poor, underprivileged and back-ward classes of the society. In addition to a monthly stipend, all other expenses such as accommodation, food, books & writing materials etc are provided free of cost to each student during the training period. Apart from this, your Company uses every opportunity to make contributions to the Old Age Homes and to the Weaker Sections of the Society.

During the year, your Company has also got SA8000 certification accredited by the TUV. This is towards social accountability which lays high emphasis on work culture, healthy practices and protection of interests of work force at large.

DIVIDEND

Despite having a tough year impacting the profits and the need to conserve cash for capital expenditure, which as a philosophy has been addressed through its internal accruals, the Board of Directors have recommended a dividend of Rs 15/- per equity share of face value of Rs. 10/- each (150%). The Dividend on approval at the 31st Annual General Meeting will be paid to those shareholders whose names appear on the Register of Members of the Company as on 25th July, 2013.

The Dividend will be tax-free in the hands of the shareholders.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs 101 lacs to the General Reserve. An amount of Rs 2746 lacs is proposed to be retained in the Statement of Profit & Loss.

CONSOLIDATED FINANCIAL RESULTS

The Ministry of Corporate Affairs (MCA) vide its circular no. 2/2011 dated 8th February 2011 has granted general exemption to holding companies from complying with the provisions of Section 212 (8) of the Companies Act, 1956 with regard to attaching the Balance Sheet, Profit and Loss Account and other documents of its Subsidiary



Companies provided such companies publish the Audited Consolidated Financial Statements in their Annual Report. Accordingly, the Annual Report 2012-13 of your Company does not contain the standalone financial statements of the Subsidiaries. The audited annual accounts and related information of the Subsidiaries is available in our website- www.wendtindia.com.

The Consolidated Financial Statements (incorporating the operations of the Company and its two Subsidiaries), in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also form part of this Annual Report. The key financial data for the consolidated operations are as given below:-

KEY CONSOLIDATED FINANCIAL SUMMARY

(Rs in Lacs)

	31st March 2013	31st March 2012
Sales	10059	11056
Other Income	236	246
Profit Before Tax	1874	2849
Profit After Tax	1286	1946
Earnings per share-Rs	64.30	97.29

QUALITY

The products manufactured by your Company have high level of precision and accuracies meeting exacting customer requirements. In Superabrasives, the product range includes Diamond & CBN Grinding Wheels and Special Tools. In Non-Superabrasives, it includes customized CNC Grinding, Notch Milling, Honing Machines and Accessories meeting the international standards and CE certifications. Precision Components which form a part of Non Superabrasives require considerable degree of precision and higher tolerances thus requiring to go through stringent quality checks at every stage.

For your Company, Quality being the cornerstone as well as a differentiator, it ensures that the final output is built through effective quality management, adequate process controls and quality assurance at each stage of operation.

Your Company has ensured that international standards and practices are adopted like Integrated Management System (IMS) focusing on Quality Management and Environment Management and TS 16949 for manufacturing precision components. As a part of driving the quality culture deeper into the organization, your Company continues to prioritize the needs for training on latest trends besides investment in standard equipment, machineries & application software.



Demonstrating respect, dignity and openness. Inspire & provide equal opportunity to progress...

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Your Company accords top priority for Safety, Health and Environment Management System and ensures that it is efficient and effective. The top management is committed to maintaining highest standards of safety, health and environment fully complying with the applicable statutory requirements as per OHSAS 18001 and ISO 14001 EMS standards.

Your Company considers its employees as the most valuable assets and that the safety and health of each employee is of utmost importance. Employee safety and health is not just another aspect rather a necessity for your Company and treated at par with Quality and Manufacturing.

Against this backdrop, your Company is committed to meet highest level of health, safety and wellness standards by ensuring adherence to safety norms and a work environment free of accidents, incidents, injuries and occupational illness.

Health and Safety being the key performance measurements of your Company, it continuously promotes awareness programs and provides relevant training, workshops to all employees to perform their activities in a safe manner.

During the year, your Company again recorded Zero Accident and had no loss of man days in its operations. Apart from the employees, adherence of Safety, Health and Environmental Practices are also ensured for its guests and visitors.

Through various programs such as Annual Health Check-up Plan, Eye Camp, Physiotherapy, Fitness Center, Blood Donation Camps etc, your Company makes all efforts for its employees and their families to maintain sound health.

RECOGNITIONS AND AWARDS

Your Company continues to maintain its winning streak of Awards, Recognitions and bring Accolades by showcasing its performance, achievements and practices at various platforms. These recognitions and honours raise the morale and motivation levels of employees and the Company as a whole. During the year your Company has received the following major awards

● Engineering Export Promotion Council (EEPC) Award

Your Company has for the ninth consecutive year received the "Silver Shield for Star Performer" under Large Enterprise category for export of Miscellaneous Engineering Goods from Engineering Export Promotion Council (EEPC), India.

● ICAI Award for Excellence in Financial Reporting

Your Company has been conferred with **Plaque for Excellence in Financial Reporting by ICAI** for the year 2011-12 under Manufacturing Sector Category for turnover less than Rs. 500 crores. This is the second consecutive year that your Company has got this recognition for Excellence in Financial Reporting,

Conferred by the apex body, The Institute of Chartered Accountants of India (ICAI), this coveted acknowledgment signifies that the accounting practices & policies followed by your Company are amongst the best in the industry. It also takes into cognizance the review of accounting practices adopted in the preparation of financial statements and the policies for disclosure and presentation of both financial and non-financial information in the Annual Report in



terms of philosophy of transparent disclosures, integrity and reliability.

● Significant Achievement in the CII – EXIM Bank Award for Business Excellence

Second year in the row, your Company achieved another milestone this year by receiving the **Commendation Certificate for Significant Achievement in the CII-Exim Bank Award for Business Excellence**. For Wendt (India) Ltd., it is a journey in pursuit of Business Excellence and this higher level award as compared to earlier year is a testimony of the continuous improvement in the journey towards Business Excellence.

● ECGC – D&B Award

Your Company was adjudged as the winner of “**ECGC–D&B Award for Best Risk Management Practices**” for 2011-12 for exports from Export Credit Guarantee Corporation- Dun & Bradstreet.

● Quality Circle Awards

Your Company's employees continued to exhibit their skills in Quality Circle Competitions and three of the teams were recognized with **Par Excellence/ Excellence Awards**. The teams had won these awards at the national level have been selected for participation at the **International Level Competition** to be held in **Taiwan** at the International Convention for Quality Circle.

National Level organized by NCQC at Kanpur

- “Par Excellence” Award for Kaizen & SGA (Small Group Activity)
- “Excellence” Award for SGA

Regional Level organized by QCFI at Bangalore

- Golden Award for Small Group Activity (SGA) and Kaizen

● Cufest 2012 Awards

Your Company's employees participated in Group-level Quality Competitions “**Cufest 2012**” (**Quality Festival of CUM I**), and won awards for Innovation, Best Practice, 5S, Poster, Idea King & Quality Quiz events.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In the sections that follow, the information required to be given in the **Management Discussion and Analysis Report** have been provided

GENERAL PERFORMANCE REVIEW

In the last two years the Indian economy has been adversely affected by a string of domestic and global upheavals which have negatively impacted the growth. As a result, the Indian economy could achieve growth rate of around 5%, the lowest growth rate since 2002 against earlier projection of over 6%. On the external front, while the slow recovery of global economy and weak environment has been a cause of major concern, in the domestic front continued spiraling commodity prices, high inflation, rise in raw material prices, declining exports, deepening industrial performance, acute power shortage, high interest rates, political instability and policy delays are some of the most noticeable factors responsible for this



Owning responsibility towards all our actions...

low growth rate. The subdued industrial performance is discernable despite the slew of measures and reforms introduced by the Government in order to arrest the downward spiral. This was most visible in segments like Automobile, Auto Component, Engineering, Ceramics, Cutting Tools and some of the other allied industries.

As mentioned earlier, during the year, while the domestic business of your Company achieved a performance level of 89% compared to previous year, the export could finally achieve 88% performance level of previous year. In the domestic business, while the sales of Superabrasive Products to some industry segments like Automotive, Cutting Tools, Machine Tools, Ceramics was lower between 10-15% as compared the previous year, the drop was more pronounced by more than 20% in segments like Steel & Refractory. Despite the depressing situation and looking at long term benefits, your Company continued to put efforts and initiatives towards development of new products and applications, besides working closely with customers in the developmental process of import substitutions.

In the Non-Superabrasive business, the performance level was 83% of last year on account of lesser inflow of machine orders and lower demand of precision components and accessories. Capacity expansion plans and fresh investments on machines have been shelved or postponed by the customers in view of the continued depressed market situation resulting in lesser orders from industry segments like Steel, Engineering, Ceramics, Refractory and Cutting Tools.

Your Company continues to maintain its leadership position in the domestic market on account of its focus on increased service levels and direct marketing efforts well-supported with efforts on new product developments and enhanced customer engagement levels.

In order to ensure sustained growth in both domestic and export market, your Company continually endeavors to enlarge the customer base and provide distinctive prompt services. As mentioned earlier, in the coming year your Company would be implementing CRM (**Customer Relationship Management**) application working with SAP as its implementation partner. This would not only strengthen your Company's existing sales & service network but also would improve market presence and customer reach, providing competitive edge over the competition.

ECONOMIC OUTLOOK

In the backdrop of Global and Indian Economy still remaining weak and shaky despite the efforts of the Government for fiscal consolidation and recent announcement of policy reforms to arrest further deceleration, it is estimated that the Indian GDP would achieve a growth of around 6% in the coming year. Government's focus on sustainable development of agriculture, infrastructure, manufacturing and capital market will bolster the business confidence and reverse the declining trend. This clearly indicates that more focus is towards driving higher domestic consumption and investments.

Some of the major Industry Segments that are expected to benefit from the above measures are Automotive, General Engineering, Steel, Infrastructure, Housing & Construction, Power, Mining and Consumer Durables during 2013-14. Sizeable new investments, capacity creations including execution of large infrastructure projects in Steel, Power, Mining, Engineering and Allied Industries are expected to take advantage of the opportunities in the coming fiscal year.

INDUSTRY STRUCTURE & DEVELOPMENTS

Given the fragmented structure of the Superabrasive Industry, your Company operates in a highly competitive and



regional industry structure characterized by the presence of few organized players such as your Company and many small time and proprietor-driven entities with their regional presence & dominance across the country. As a major supplier of the most comprehensive range of Superabrasive products and **Total Grinding Solution Provider**, your Company enjoys a single-source supplier status with many major customers for a wide spectrum of industry. It's growth continues to be dependent on the performance of these industry segments. As such, major contribution to your Company's top line in the coming year is expected to come from sectors such as Automotive, Engineering, Cutting Tools, Refractory, Aerospace, Defense, Steel, Ceramics and Construction. Consequently, the same positive impact would also be reflected in your Company's performance in the coming year as well.

Your Company would continue to focus on seizing every new opportunity, which unfolds for both Superabrasive Tools and Machine Tool requirements. It would aggressively focus on growth arising out of new Projects and higher demand from existing and new customers. Your Company accordingly has been working on various projects and has added some of the new products to enhance the product basket, while consciously working on reducing dependency on few specific industries e.g Automobile, Engineering & related industries. This has led to development of new products for applications for industries such as Turbine, Gears, Defense, Aerospace, Engineering, Auto Component, Bearing, Healthcare and Construction.

PERFORMANCE OVERVIEW

Key Financial Summary

(Rs in Lacs)

Particulars	2012-13	2011-12	% change
Domestic Sales	7176	8055	(11)
Export Sales	1719	1946	(12)
Total Sales	8895	10001	(11)
Operating Profit	1345	2325	(42)
Capital Employed	7625	6962	10

Innovation

OPPORTUNITIES & THREATS

Opportunities:

Despite the recent announcement of a slew of reforms, policy measures and fiscal consolidation by the Government, the Indian growth is expected to remain modest in the medium term. As for your Company, the confidence levels would continue to be positive because of the spread of its business and not dependent only on few industry segments. It would continue its exploration on new business opportunities in new markets and emerging sectors.

Your Company would continue to leverage upon its vast experience, comprehensive product range, superior



Pursuing innovation for New Products & Process developments to meet customers' demands...

technology and the resultant competitive advantage emerging out of its two complementing business, the Superabrasives and the Precision Grinding / Honing Machines. Precision Component Manufacturing as an extension of this competitive advantage has augured well for your Company in last few years. Your Company would continue to make the most from being the provider of **Total Grinding & Honing Solution** by extending its offering "**from Tools-To- Machines- To-Components**".

Your Company with its initiative **i@wendt** launched couple of years back would continue to work on further widening the Product Basket with more innovative products. New application developments would also be the hallmark of your Company for maintaining sustained competitive edge.

Your Company has already commenced work on some of identified new projects in both Superabrasives and Non Superabrasives. As explained in earlier sections, some more new machine models / ranges have been planned for introduction during the coming year. In the precision component area, in addition to honed components, few more are planned as a part of driving aggressive growth in the Non Superabrasive Business.

This would be achieved with clear focus on being more customer-centric through the implementation of CRM. We expect this new initiative to have seamless association with the customer, effectively addressing key customer requirements, linking with his growth plans, gap identification, addressability as well as value expectation and fulfillment of the complete value chain.

Threats

The Domestic Superabrasive Tool market is characterized by the presence of both organized & unorganized players. At one end we have many unorganized regional proprietary-run entities that are smaller in size and operations. They have presence in only limited range of Superabrasive Products. Many a time, these players try to focus on addressing customer requirements in specific regions / products and compromise with lower priced products. On the other end, there are a few organized and large players from both domestic and global arena. The large global players in particular, heavily rely on Tie-ups with global Grinding / Honing Machine manufacturers as OEMs to establish their presence, adopting a combination of approaches around cost, performance, technology, supplier lock-in with yearly requirements to have their share of business.

In order to counter both the ends arising out of this polarization, your Company continues to evolve an unique approach to improve its market presence and market share and reach both segments. To address the low end competition, it offers innovative low cost products while the high end segment is serviced by developing import substitutes based on price-performance measures and value addition backed by its local strong technological service support.

The key success factors for your Company continue to be Product & Process Innovation. Competitive advantage is sustained by complementing application developments, market development and key account management with the above processes. Your Company constantly harnesses the knowledge base and competency levels of the people in the respective product programs in order to stay ahead of the competition.



BUSINESS OUTLOOK

The Indian Economy is expected to go through another year of muted growth in 2013-14 in view of the rising raw material prices, rising fuel & power cost, inflationary trend, low industrial output, slowing investments in key sectors, high interest rates as well as volatility in some of the developed countries. In this tough business scenario, your Company's efforts will be primarily to retain its leadership position by offering its comprehensive range of products, increased market reach & penetration and adding new products to its basket. In addition to this, your Company would continue to intensify its efforts in improving its market presence not only in domestic but also in global arena to address competition.

In the **Superabrasive Business**, your Company will continue to drive the two key growth engines, *Innovation* and *New Product Development*. In conjunction with accelerating growth in coming years, the focus would be to grab every opportunity that unfolds in the performing industry segments.

The **Non-Superabrasives business** has been gaining strength year on year with its new machine launches. Its new machine models have been accepted well by the market. The increased machine population in the various industry segments has become a good reference base for machine reliability and productivity and helps us in getting the required traction for adding new customers in respective segment. With the completion of the new state of the art facility for machine tools, your Company has planned new launches and developments for the coming year for steel, engineering, automotive and defense industries. Your Company is looking forward for strategic alliances towards strengthening the design capabilities and building machine automation competencies and add-ons as a value proposition to its customers.

The **Precision Component Business** is being strengthened and enhanced by adding new components and new customers. The initial test and approvals have been encouraging & we expect to benefit from this as additional business in coming years. Your Company will accordingly commit the required investments in terms of machinery & equipment to establish growth in this area.

The initiative **Wendt on Wheel (The WOW)** taken last year has ensured increased visibility and as a consequence enhanced your Company's market awareness in especially the Tier II and III industrial hubs. With its positive response in Karnataka, Maharashtra, Gujarat and Northern States, your Company would resume this initiative in the remaining States and is confident of being benefitted with identification of new customers, new opportunities and resultant growth avenues for both Superabrasive and Non Superabrasive Businesses.

Your Company, during the year, while continuing its' focus on **International Business** through the Wendt/Winterthur network would also extend its focus to other global locations with its & CUMI's own direct marketing channels.

It has identified certain new geographies for export which until now were not addressed



Consciously investing in preserving and nurturing the environment surrounding us...

directly by your Company. Your Company will now independently pursue business in these countries or through CUMI (Carborundum Universal) PAPs (Product Availability Points) depending on the cost effectiveness and ease of doing business.

Following the expiry and non-renewal of the technical collaboration with Wendt GmbH, continuance of using Wendt brand by your Company in the International market is likely to pose some confusion. Accordingly, your Company is planning to promote the use of CUMI brand and/or any other alternate brand for its products in those markets.

Your Company's 100% owned Subsidiary, **Wendt Grinding Technologies Ltd, Thailand**, continues to show creditable performance year on year albeit Thailand being affected by slowdown and political disturbances. It demonstrates enough confidence for even better performance in the coming year. Certainly, this has been possible due to continuous efforts in exploring newer opportunities, scanning new industry segments, enhancing product basket as well as delivering superior value propositions to the customers in Thailand and adjoining countries.

You will be pleased to know that your second 100% owned Subsidiary, **Wendt Middle East FZE, Sharjah** has been turned around after three years of its inception and started showing profits despite continued socio-economical issues and depressed market sentiments in the region. Renewed focus and change in strategy from services to more of trading has yielded the desired positive results. Your Subsidiary now operates as a Product Availability Point (PAP) for the entire GCC region by spreading its focus on Oil & Gas, General Engineering, Aerospace, Steel and other allied industries. In the coming year, your Subsidiary is expected to show an even better performance.

RISK & CONCERN

Risks are uncertainties and possible outcomes which can impact a company's performance and future prospects. Your Company follows a well defined and strong risk appraisal, mitigation and management process in the areas of operations, finance, technology and other business functions. The top management of your Company takes the responsibility of mapping the risks arising out of both internal and external environment and comes out with effective plans for mitigation of these risks. Business risk mitigation helps your Company to find ways to manage situations that could adversely impact the financial, physical and human capital of the organization. The risk management and mitigation strategies enable your Company to retain its market leadership position and also improve the operational efficiencies.

The Risk Management Process for your Company includes the following:

- Identification of risks and risk owners
- Evaluation of the risks with respect to the probability of occurrences and related consequences
- Assessment of options for risk mitigation
- Prioritizing the risk management actions
- Development of risk management plans
- Authorization for the implementation of the risk management plans
- Implementation and appraisal of the risk management process

Risk management and mitigation strengthens the robustness of the business of your Company. The Risk Management Committee of your Company addresses opportunities and the associated risks through an



institutionalized approach in line with the Company's objectives. It involves continuous identification, assessment, review, managing and working on the development of the robustness of the system in terms of adequate internal controls and compliances.

Your Company has identified some of the risks associated with the business and the related mitigation plans are given below. However, the risks given below are not exhaustive and the evaluation of risk is based on management's perception.

User Industry Concentration Risk

Why is it considered as a Risk?

- Significant exposure to select few sectors
- Delay in passing of the fluctuations in input costs to the customers
- Effect on Customer Relationship with change in ownership
- Global economic scenario leading to decline in demand
- Cessation of the technology agreement and access to new developments in the Superabrasive sector
- Re-branding of products and the resultant delay in brand establishment

Mitigation Plan / Counter Measure to address

- Widening the customer base/identify new industry segment & De-risk business
- Exploring growth opportunities in Construction, Infrastructure, Steel, Defense, Aerospace, Glass, Ceramics and other industries
- Continuously pursuing new product and application development
- Improved service levels through operational efficiency measures
- Leveraging relationship and Engagement with the customer-WOW initiative & CRM application planned
- In-house DSIR approved R&D center has been set up with the help of external consultant and Carborundum Universal's experience. Also the initiative *i@wendt* - Innovation Process which was launched in Wendt couple of years back for risk mitigation, focuses on Innovation & New Product Development, is now well embraced at Wendt to yield results
- Your Company would be developing and promoting alternative brands—one being well-known—"CUMI".

Competition Risk

Why is it considered as a Risk?

- Fragmented market structure & presence of many unorganized regional players often adopting low price strategy, free samples, higher credit days etc
- Imports- Direct and through OEM route
- New organized players setting up manufacturing base in India

Mitigation Plan / Counter Measure to address

- Provide competitive advantage to customer through operational efficiencies



Transparent and firm in all our actions and dealings...

- Focus on QCD – Superior **Quality**, **Cost Competitive** Products & Reliable **Delivery**
- Internal Efficiency Measures/Process Automation to reduce throughput time
- Entry barriers for competition / exit barriers for customers - Key Account Management
- Innovative products, process and applications
- Enhancing value added services
- Increased focus on New Product Development
- Automation and Robotization to address lower manufacturing cost and enhance competitiveness

Technology Risk

Why is it considered as a Risk?

- Following the expiry & non-renewal of technical collaboration agreement with Wendt GmbH, the Company has to look for alternate technology
- Rapid changes in grinding technology and material science

Mitigation Plan / Counter Measure to address

- Indigenous development of Bonds independently/external consultant
- Collaboration with external consultants
- Establishment of R&D Center
- Associating with external Research Laboratories/Technical Institutes for technological upgradation

INFORMATION TECHNOLOGY

With SAP ERP, the back bone of your Company's business, has been successfully running for many years now including the HR Module. Integration between functions being the key for deriving significant benefits from SAP, during the year, your Company has worked on some of the critical areas such as production planning, material scheduling & planning, stores and receipt, marketing and MIS as a part of productivity improvement and cycle time reduction.

The implementation of IT enabled **Knowledge Management System** is in the testing phase now and the same will be deployed to users during the coming year. Once completed and deployed, this knowledge management portal would help improve productivity in marketing & product management functions, offer timely and accurate technology solutions to the customers. Information Technology as an enabler, your Company has successfully completed the **Bar Code Management System** in the newly set up Wendt R & D Centre encompassing raw material codification, testing, validation and final Bond preparation. On line **Performance Management System** (PMS) is another critical area which your Company has initiated during the year to bring in more transparency and address the ease of performance assessment. This will do away with the existing practices of annual performance reviews. The on-line PMS would be implemented during this year.

As mentioned earlier, your Company has decided to go for implementation of CRM Business Application (Customer Relationship Management) with SAP as its implementing partner towards becoming more customer-centric. In order to give a unique experience of providing technology solution to the customers, the CRM System will not only interface with the Knowledge Management Portal but also seamlessly integrate with your Company's Centralized Drawing Management System helping customer to take quicker and well-informed decisions. The implementation work is expected to start during second half of the ensuing year.



INTERNAL CONTROL SYSTEM & ADEQUACY

Your Company has put in place adequate internal control procedures commensurate with the size and nature of business that are regularly reviewed and updated by incorporating changes in the regulatory provisions. Your Company has deployed a strong system of internal controls to allow optimal usage and protection of assets, facilitate accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and management policies. Checks and balances in the internal control system ensure that all assets are safeguarded and all transactions are authorized, recorded and correctly reported. Material errors and irregularities are detected and prevented in time.

The Company has in place an extensive review & monitoring system whereby the management regularly reviews your Company's daily, weekly, monthly, quarterly, half yearly or yearly performance as per its' relevance for both financial and operational parameters and takes timely measures to address any variances.

Roles and responsibilities across the organization have been properly defined to ensure continuous flow and monitoring. The functional heads are responsible for performing regular internal assurance reviews to ensure the adequacy of the internal control system and adherence to management policies and statutory requirements. These are supplemented by the Internal Audit Function carried out by an independent Chartered Accountant Firm which covers all operational areas and ensures that the revenue is rightly deployed and that there is no wastage/leakage of any resources.

Risk assessment helps in identifying and focusing on all high - risk areas. The reviews cover all the business critical functions, such as revenue assurance, collection, credit and risk, MIS and information technology and network security, procurement and financial reporting. The Audit Committee regularly reviews the audit plans, audit observations of both external and internal audits risk assessment and adequacy of internal controls.

There were no changes in internal control over financial reporting that occurred during the period under review that have materially affected, or are likely to have any financial reporting lapse.

FINANCIAL REVIEW

Earnings

Revenues

During the year, your Company achieved total sales of Rs.8895 Lacs as compared to 2011-12 which was Rs.10001 Lacs. While the domestic sales declined by 11%, the export sales recorded a drop of 12% compared to the previous year. As briefed, this lower performance is due to depressed market conditions and continued economic recession which prevailed during the year.

Profit before Tax

Accordingly, the profit before tax is lower by 40% at Rs.1528 Lacs compared to Rs.2552 Lacs in 2011-12.

Profit after Tax

The profit after tax is lower by 41%, at Rs.1012 Lacs, compared to Rs.1729 Lacs in year 2011-12.

Investments

Your Company's investments as on 31-03-2013 grew from Rs.1370 Lacs to Rs.1496 Lacs. The Investment comprises of trade investment in the two wholly owned Subsidiaries viz. Wendt Grinding Technologies Ltd, Thailand & Wendt Middle East FZE, Sharjah and the balance is in Debt Schemes. The mutual funds investment portfolio increased from Rs.1016 Lacs to Rs.1142 Lacs, a growth of 12% during the year due to prudent investment policies followed by your Company.

Your Company follows the Group norms by investing the surplus generated by the business in liquid debt funds which yield sizeable returns. This ensures safety and liquidity of Company's funds along with reasonable yield as per the prevailing market rates.

The investment in mutual funds ensures meeting the internal fund requirements for capital expenditure purpose, as your Company does not have any borrowing.

Costs

The Fixed Costs have grown by 2% compared to last year. However, due to lower topline, the Fixed Cost as percentage of sales is higher at 32%. Due to higher capital expenditure incurred during the earlier years,

depreciation has grown by 20%. However, your Company believes that this addition to fixed assets will generate additional revenue in future years. Affected by frequent power cuts, the utilities cost has gone up by 26% due to DG Set running for longer periods. Travel, transport expenses has gone up by 40% due to higher travel necessitated by the *Wendt - on - Wheel (WOW)* initiative.

The variable costs have increased during the year due to increase in the raw material cost and bond prices which has put pressure on the margins of the Company. Your Company has initiated price correction from both customers and key suppliers during the current year to improve its bottom line which is expected to yield results in the coming year.

Financial Position

Shareholders Funds

The Shareholders Fund as on 31.03.2013 was Rs.7625 Lacs against Rs.6962 Lacs of previous year, an increase of 10%. Accordingly, the book value of the share stands at Rs.381/- as compared to Rs.348/- during the previous year, an increase of 9%.

Loan Funds

Your Company has a cash credit limit with State Bank of India to bridge the short term fund requirement and only to supplement the temporary mismatches in its cash flow. Your Company does not have any interest bearing term loan.

During current year also, the working capital limits of your Company have been rated by ICRA. ICRA has reaffirmed AA- (pronounced ICRA double A minus) rating assigned to the Rs.2.0 crore Long Term Fund facilities of your Company which signifies low credit risk and stable. The Short Term (Non Fund based) Rating has been reaffirmed as A1+ (pronounced ICRA A one plus). Overall your Company's rating continues to be stable and low credit risk.

ASSETS

FIXED ASSETS

Your Company has been prudent in its capex spend, during the current year in view of the continued economic slowdown. The capital expenditure during the year was contained to Rs.1087 Lacs. The major Capex Spend is on addition of New Plant & Machinery and other identified areas which are critical for the future growth of the Company.

Inventories and Sundry Debtors

The overall inventory levels as on 31st March, 2013 has been largely similar to last year at Rs.1385 Lacs. There was a reduction in the Raw Material Inventory by Rs.23 Lacs and Finished Goods Inventory by Rs.6Lacs. However, the Work-in - Progress machine inventory was higher by Rs.20 Lacs. This was due to delay in dispatch/clearance for some of the items from few customers.

The Sales have decreased by 11%; and hence the Receivables are lesser from Rs.2010 Lacs to Rs.1916 Lacs as on 31st March, 2013. The current slowdown has resulted in working capital pressure and delayed payments by the customers. Your Company adopted an aggressive Receivable Management System including close follow ups and credit control measures through the SAP System to ensure that receivables were kept under control and payments were received in time.

Foreign Exchange Hedging

Your Company continues to follow the policy of natural hedging of foreign exchange earnings and outflow and hence it does not take forward covers. The net forex gain during the year was Rs.39 Lacs.

Financial Performance with respect to Operational Performance

Your Company's Operating Profit and Contribution has been better than the industry average on account of measures taken for improved operational efficiency and better product mix. This was aided by accurate information & customer data, newly implemented centralized drawing management system, better planning & scheduling through SAP ERP System and effective vendor management. Your Company also improved its response time & service levels and was able to supply the right product at the right time with right specifications there by providing value addition to the customer.

HUMAN RESOURCE

Nurturing and development of the Human Capital is accorded high importance by your Company. Accordingly, the HR policies and the practices of your Company are geared towards this objective. The processes for attracting,

retaining and rewarding talent are well laid-down and your Company follows a transparent system to identify and reward performers.

Your Company's Human Resource Policies are constantly reviewed and realigned based on people expectations, making it more employee-friendly thereby creating an engaged workforce which focuses on productivity. It is a constant endeavor for your Company to adopt the industry best practices and aligning them with the strategic directions, goals and objectives in terms of people processes.

In order to meet growth plans set by the Company and to fulfill the ever-changing needs and expectations of the customers, your Company continues to focus on competency building, skill enhancement and overall development so that its people are well prepared to take on the challenges.

Personnel development plans focus on how each individual's strength can be best leveraged to deliver to his/her full potential. Your Company believes that this can be achieved through specialized training programmes and cross functional learning exposure. The Company gives very high importance to enhancing employees' competency and skills through on the job training and external training programmes. Special attention is given to the health and safety of the employees. Training, welfare measures and individual development of employees continue to be high priority area for your Company. This in turn, translates into improved quality and operational efficiency.

Your Company lays special focus to Business Excellence and continual improvement journey (TQM) in its quest to improve the quality of its products, processes and systems. Continuous learning, job enrichment, high engagement levels, conducive work environment and a cordial industrial relationship has been the hallmark of your Company resulting in an attrition rate well below the industry average. Your Company strongly believes that higher Employee Engagement Level is prerequisite for Customer Delight.

Your Company continues to have a smooth and enabling work climate that promotes performance, customer focus and innovative thinking while adhering to the highest standards of quality, integrity and ethics. Your Company continues to enjoy the support of a committed, experienced and satisfied workforce. Compensation package offered by your Company is one of the best in industry.

The manpower strength of confirmed employees of your Company as on 31st March, 2013 was 279.

Employee relations have been smooth and cordial and the work atmosphere remained congenial during the year.

TUV's accreditation to Wendt with SA8000 Certification is a testimony to the importance that your organization gives on health & safety, working hours, child labour as well as employee discrimination.

Directors

Mr. K Srinivasan, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The necessary Resolution is being placed before the shareholders for approval. The Board of Directors of your Company is of the opinion that his continued association with the Board will be beneficial to the Company and recommends his re-election.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274 (1)(g) of the Companies Act, 1956.

Auditors and Auditors' Report

M/s Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of your Company are due for retirement at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their reappointment as Statutory Auditors for the coming year. The Statutory Auditors of your Company have submitted a certificate to the Company that if appointed as the Statutory Auditors for the coming year, such appointment shall be in accordance of the provisions of Section 224 (1B) of the Companies Act, 1956. Further, the Statutory Auditors have also submitted a certificate to the Company that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India.

The notes on accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

COST AUDITOR

In compliance with the Central Government's order F.No.52/26/CAB-2010 dated 24th January 2012, your Board has appointed M/s M.R. Rajshakar & Co, Cost Accountant to carry out the cost audit of two of the products of the company namely, Synthetic Coolants and Grinding Machines, Pump Vanes & Accessories for the financial year 2012-13 to which the Cost Audit Order applies. The Cost Audit Report will be filed with the Central Government as per timeline.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year 2012-13 and as such, there are no outstanding fixed deposits from the public as on 31st March, 2013.

CORPORATE GOVERNANCE

Your Company has inculcated strong culture of values, ethics and integrity living with the **Five Lights – The Spirit of the Murugappa Group**. The Company strives to be a sustainable and trusted organization as sustained governance is the cornerstone for building and maintaining relationships with its stakeholders. The Company's relationship with its investors is an important component of Corporate Governance. It rigorously pursues a policy of 100% compliance with all statutory requirements and has a robust system to review them. The Board fully supports and endorses Corporate Governance Practices in accordance with provisions of Clause 49 of the Listing Agreement. The Report on Corporate Governance along with the Auditors' Certificate regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed hereto and forms part of the Annual Report. Further, as required under Clause 49(V) of the Listing Agreement a certificate from the Chief Executive and the Chief Financial Officer of your Company is being annexed with this Report.

TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956 an amount of Rs. 1.90 lacs being unclaimed dividend was transferred during the year to the Investor Education and Protection Fund established by the Central Government

Directors Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and on the basis of the information furnished to them by the Statutory Auditors and the Management, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and no material departures have been made from the same.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of accounting year and of the profit of the Company for the year ended 31st March, 2013.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

Disclosure of Statutory Particulars

Information required under Section 217 (1) (e) and Section 217 (2A) of the Companies Act 1956 are given in Annexure A and B and forms part of this Report.

APPRECIATION

Your Directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company.

The employees have worked based on principles of honesty, integrity and fair play and this has helped your Company to survive a very difficult year. The Directors also wish to place on record their appreciation to Investors, Bankers, Customers, Suppliers, Auditors, Company's Associates and Subsidiaries for their continued support during the year. Your Directors extend their sincere gratitude to all the regulatory agencies like SEBI, Stock Exchanges, Registrar of Companies and other Central and State Government Authorities/ Agencies, Stakeholders, Suppliers, Vendors and Sub-contracting Partners, Business Associates for their support.

Finally, the Directors also wish to place on record their special appreciation to the valued Shareholders of the Company for their Continued Confidence & Support.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 18th April 2013

M M Murugappan
Chairman

Annexure to the Directors Report

A) Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 and forming part of Director's Report.

a) Conservation of Energy

Your Company does not fall under the category of power intensive industries. However, sustained efforts are being taken to reduce energy consumption. The organization is an ISO 14001 Certified Company which is an International Management System Standard. The Environmental Policy of your Company aims at conservation of natural resources and minimization of pollution. The following energy conservation measures were taken by your Company during the year:

- i) Introduction of light dependent resistance sensor harnessing natural daylight for all outdoor lighting with automatic controls
- ii) Installation of occupancy sensors in washrooms & lavatories
- iii) Replacement of conventional light with CFL/LED light
- iv) Modification in lighting circuit for automatic ON/OFF controls
- v) Optimum utilization of energy through process redesigning as well as maximum utilization of equipment that offers improved energy efficiency.
- vi) Your Company has taken measures to save water whereby 75% of the used water is recycled and reused for gardening.

b) Technology Absorption, Adaptation and Innovation

Your Company thrives on quick absorption of latest technology and its adaptation in both Superabrasive and Non Superabrasive business verticals. As mentioned earlier, the technical collaboration with Wendt GmbH expired during the year and the same was not renewed as per the agreement. Pre-empting this, your Company had already embarked on developing its own technology & process by aggressively pursuing its R&D efforts as also collaborating with renowned Institutes & Laboratories who have gained sufficient knowledge in your Company's product lines. As a result your Company has been able to develop some of the products that are extensively used in wide range of industries like Refractory, Ceramics, Construction, Glass and Composite, Cutting Tools, Steel and Textile & Paper. Your Company has also identified and initiated some more areas for bond development for industries such as Rotary Tools, Ceramics, Bearing, Glass, Automobile etc with the help of a well qualified and experienced external consultant.

Secondly, your Company also draws from the rich experience and utilizes technological knowledge and R&D facility of its Indian Joint Venture Partner, Carborundum Universal who are leaders in the field on conventional abrasive and material science for specific areas.

Needless to say that your Company continuously focuses on process re-engineering and cost economical raw material alternatives for cost effectiveness to improve operational efficiency and waste elimination.

Continuous efforts and initiatives are also taken for value engineering of existing products to deliver better price to performance ratios, new processes for the manufacture of certain products, improvement in products to match evolving requirements of customers.

Based on the need for modern technology and growth opportunity, your Company is looking at strategic acquisitions/collaborations in related areas and is in the process of discussion for few such opportunities, both in Superabrasive and Non Superabrasive fields.

RESEARCH & DEVELOPMENT

Since the advancement of technology is at a greater pace, the grinding technology needs to be constantly updated on an ongoing basis to keep pace with rapid change in material science and machining techniques.

During the year, your Company's R&D Centre was accorded Certificate of Recognition from the Ministry of Science

and Technology, Government of India vide their letter dated 29th January, 2013. This Recognition is valid upto 31st March, 2015.

This will give your Company a major impetus not only to pursue development of new Bonding Systems/Matrix, New Products for itself but also provide opportunities for collaboratively working with external institutes/research laboratories on leading technologies in future. This newly set up R & D venture will help your Company to carry out Bond Development in a major way and help the organization to be ahead of competition with newer products. Your Company's R&D activity is anchored by Head of Technology/R&D who is well-experienced & knowledgeable in this domain.

With the advent of newer difficult-to-machine materials, this recognition becomes even more important for your Company. Your Company's continued investment in research and development has resulted in development of some of the new products with special features for the grinding and finishing applications in the past. Your Company's major objectives of R & D continue to be development of Innovative Products/ New Products.

Your Company's R&D Center is equipped with necessary infrastructure and facilities to meet the above requirements. Apart from Research and Development activities, the Center also collaborates with external Research Labs and renowned Institutes, as well as collaboration with technical consultants for the required technological development and up gradation.

Consequent to the recognition and approval by the Government of India, your Company's R&D Center is eligible for availing Custom Duty exemption, Excise Duty exemption, Tax Break on Expenditure towards Capex and Revenue Expenses incurred on conducting scientific research.

Financial Benefits:

- 200% of the Revenue Expenditure incurred on R&D u/Sec 35(2AB)
- 100% allowance of Capital Expenditure incurred on R&D
- Weighted Tax deduction @ 175% for payments made to approved National Laboratories, Universities and IITs with a specific direction that the said sum will be used for scientific research under a programme.
- Accelerated depreciation allowance for investment in Plant & Machinery, made on the basis of indigenous technology.

Wendt India R&D Plant includes New Technology Development, Technology Up-gradation, and Self Sufficiency in Bond Development.

Launched two years back, *i@wendt*, the innovation drive by your Company has been progressing well with increased participation from employees and ideas flowing in.

During the year Company has filed patents, one Non-Superabrasive and few patents are in pipeline for Superabrasives. Your Company's product portfolio last year has been enhanced with the addition of numerous new products such as - PBS wheels for Ceramic Grinding and Ophthalmic Glass Grinding, Quick Change Wheel for Cutting Tools, Self Lubricated Wheels in Metal Bond for Glass, Vitrified Diamond Wheels for PCD Lapping, Eco Resin Bonded Wheels for Cutting Tools, Super Finishing Honing Sticks for Bearing, Low cost Vit CBN for General Purpose Grinding etc.

During the year, your Company also successfully developed some of the machines such as Power Hone Machine for Injection Moulding Component, ID/OD Grinding Machine for Grinding Conventional Abrasives, Rotary Surface Grinder for Refractory Industry and two models of Honing Machines for Auto Component Industry.

Benefits derived: Your Company has been catering to niche market where majority of customers are OEMs and demand for technologically superior products and consistent performance. With majority of the customers considering your Company as a *One-Stop Shop* for **Complete Grinding and Honing Solutions**, they prefer and look forward to have technologically superior products which can deliver consistent performance. As a consequence of its strong R&D focus and long years of experience in the above areas your Company has been able to address these ever-changing needs and expectations. This helps your Company to retain its dominant position and also enables the

customer to justify the due premium for your product.

(i) Expenditure on R&D

(Rs. In Lacs)

Sl. No	Particulars	2012-13	2011-12
a)	Capital Expenditure	148	124
b)	Recurring (revenue expenditure)	260	295
c)	Total Expenditure	408	419
d)	Total R&D Expenditure as a percentage of turnover	4.59%	4.19%

(ii) Foreign Exchange Earnings and Outgo

(Rs. In Lacs)

Sl. No	Particulars	2012-13	2011-12
a)	Foreign Exchange Used	2658	3178
b)	Foreign Exchange Earned	1753	2011

- B) **Particulars of Employees:** The details of employees drawing remuneration in excess of Rs 5,00,000 per month or Rs. 60,00,000 per annum as required under section 217(2A) of the Companies Act, 1956 revised vide (Notification published in the Gazette of India dated 31st March, 2011) along with Companies (Particulars of Employees Rules) 1975 is as follows:

Name and Age	Designation/ Nature of duties	Gross remuneration paid in 2012-13 Rs	Qualification and experience (Years)	Date of commencement of employment	Previous employment
Rajesh Khanna (52)	Chief Executive	62,03,231/-	B.E (Mech), PGDBA (30 years)	01-10-1982	NIL

Note :

- 1) Remuneration has been calculated in accordance with clarification given by the Department of Company Affairs in their Circular No 23/76(No 8/27) (217A/75-CLV) dated 6th August 1976. Accordingly, perquisite have been valued in terms of actual expenditure incurred by the company in providing benefits to the employees except in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy in such case, a notional amount as per Income Tax Rules has been added.
- 2) The above mentioned employee is not a relative (in terms of the Companies Act 1956) of any Director of the Company.
- 3) The nature of the employment is contractual and terminable with 3 months notice.

By order of the Board
For Wendt (India) Limited

M M Murugappan
Chairman

Place: Chennai
Date: 18th April 2013

Forward looking statements

This communication contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the Company's judgments and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. Your Company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. Further investors are requested to exercise their own judgment in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them as those enumerated in this report are only as perceived by the management.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Corporate Governance refers to the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholder value and discharging social responsibilities. Adopting high standards gives comfort to all existing and potential stakeholders including government and regulatory authorities, customers, suppliers, bankers, employees and shareholders. The essential nature of Corporate Governance is to ethically create wealth and generate long term shareholders' value. It is a continuous journey towards enhancing sustainable value creation. Good governance practices take into account the diverse and varied interests of stakeholders and ensures that the management takes decisions in the best interest of the Company and the Society.

At Wendt (India) Limited, we have assigned the highest importance to elements of good Corporate Governance like transparency, accountability and responsibility in every sphere of management in dealing with various sectors of stakeholders. All procedures, policies and practices followed by your Company are based on sound governance principles. Comprehensive disclosures, structured accountability, commitment in compliance with regulations and statutes in letter as well in spirit have enabled your Company to enhance shareholder value. Your Company will continue to focus on good Corporate Governance which represents the key driver of sustainable corporate growth and long term value creation. Systems, policies and frameworks are periodically reviewed and upgraded to effectively meet the challenges of rapid growth in a dynamic external business environment.

The Board lays down business strategy, sets strategic goals and seeks accountability for their fulfillment. All Directors and employees are bound by a Code of Conduct that sets forth the Company's policies on important issues, including its relationship with stakeholders. Your Company has complied with the requirements of Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

BOARD OF DIRECTORS

a) Size and Composition of the Board

Your Company adopts a balanced Board Structure and has an optimum combination of Executive and Non-Executive Directors in its Board. The Board has 5 Non Executive Directors out of which 2 are Independent Directors as on 31st March, 2013. Independent Directors are Directors, who apart from receiving sitting fee, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in opinion of the Board may affect the independence of judgement of the Directors. All Directors are appointed by the members of the Company.

Pursuant to the retirement of Mr Kiran A Sheth, Independent Director from the Board in the AGM held on 27th July, 2010, an Independent Director was required to be appointed as per Clause 49 of the Listing Agreement. A time frame of 180 days was available to do so and the process of identifying suitable candidates for filling up this position was initiated. In the meantime, consequent to the offer made by 3M (Schweiz) AG for the acquisition of Winterthur's group stake thereby resulting in the indirect acquisition of 40% stake in your Company and the same being challenged by Carborundum Universal Limited, one of the Promoters of the Company, the Company Law Board, Chennai Bench has passed an interim order restraining the alteration of the Board of Directors of the Company. The filling up of the vacancy of the Independent Director would be done subsequent to settling of the above case pending with the Company Law Board.

All the Directors have intimated periodically about their Directorship and Membership in the various Board Committees of other companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance Code. Such declarations are placed at the Board Meeting. The details of the Directors with regard to their outside Directorships, Committee Chairmanships/ memberships of Board Committees as on 31st March 2013 are as furnished below:

Name of the Director	Category	No. of Directorships/ Chairmanships (Excluding Wendt India)	No. of Committee Memberships/ Chairmanships (Excluding Wendt India)
		Public Limited Companies	
M.M Murugappan Chairman DIN: 00170478	Promoter and Non Executive Director (PD)	12 (8 as Chairman)	4 (out of which 3 as Chairman)
Edmar Allitsch (Alternate Director- Peter Verholen)- (AD) DIN: 03073511	Promoter and Non Executive Director (PD)	-	-
K Srinivasan DIN: 00088424	Non Executive Director (NED)	5	1
Shrinivas G.Shirgurkar DIN: 00173944	Non Executive/ Independent Director (ID)	4	-
K S Shetty DIN: 01759936	Non Executive/ Independent Director (ID)	-	-

Note:

- Independent Director means a Director as defined under Clause 49 of the Listing Agreement.
- Number of other Directorships indicated above is exclusive of Directorships on the Board of Private Limited Companies (which are not holding or subsidiaries of Public Companies)/ Foreign Companies/ Alternate Directorship/ Section 25 Companies.
- The details of the Committee Membership/ Chairmanship are in relation to the specified committees viz. Audit Committee and Shareholders' Grievance Committee of Indian Public Limited Companies.
- None of the Directors are related to each other.

b) Information Placed before the Board of Directors

The Board has complete access to all the information with the Company. Agenda and detailed notes on agenda are circulated to the Directors in advance. All material information is incorporated in the agenda papers for facilitating meaningful and focused decisions. However in case of business exigencies, the resolutions are passed by way of circulation.

All the information that is required to be made available, as applicable to the Company, in terms of Clause 49 of the Listing Agreement, is made available to the Board.

Information Placed before the Board:

The following information is regularly provided to the Board, as part of agenda papers for the Board Meetings:

- Annual and Quarterly Financial Results of the Company.
- Annual Accounts.
- Minutes of meetings of the Audit Committee and other Committees of the Board.
- Annual Operating Plans and Budgets and any update thereof.

- Detailed Business Review.
- Operations of the Subsidiary Companies.
- Appointment and Resignation of Directors.
- Short term investment of surplus funds.
- Disclosure of interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Statutory Compliance Report.
- Details of transactions with Related Parties.
- Quarterly list of Shareholders Grievances.
- Materially important showcause, demand, prosecution notices and penalty notices.
- Information on recruitment of senior management just below the Board level including appointment or removal of CFO or Company Secretary.
- Statement of Compliance with the Code of Conduct.

The Board has established procedures to periodically review compliance reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

c) Board Meetings

The meetings of the Board are generally scheduled well in advance. The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board of Directors is assisted by the Senior Management Officials in overseeing the functional matters of the Company.

During the year 2012-13, the Board of Directors of your Company met 5 times and the gap between two meetings did not exceed four months. The necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

26th April, 2012,
13th July, 2012,
26th October, 2012,
24th January, 2013,
18th March, 2013.

The attendance of each Director at the Board Meetings and at the last Annual General Meeting (AGM) is as under:

Name	Category	No. of Board Meetings during the year 12-13		Attended last AGM held on 13.07.2012
		Held	Attended	
M M Murugappan- Chairman	PD	5	3	Yes
Edmar Allitsch	PD	5	-	No
Peter Verholen (Alternate to Edmar Allitsch)	AD	5	-	No
K Srinivasan	NED	5	5	Yes
Shrinivas G Shirgurkar	ID	5	5	Yes
K S Shetty	ID	5	5	Yes

NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURE

Your Company does not pay any commission or remuneration to the Directors apart from sitting fees per meeting of Board or Committee thereof attended. Details of sitting fee paid to the Directors are given in the respective place in the Report.

WENDT (INDIA) CODE OF CONDUCT

The Company has adopted a Code of Business Conduct and Ethics "Code of Conduct" which applies to all its Directors and employees of the Company in terms of Clause 49 of the Listing Agreement. The said code lays the general principles designed to guide all Directors and members of senior management in making ethical decisions. The Code of Conduct is available on your Company's website www.wendtindia.com.

All the Members of the Board and the Senior Management Officials of your Company have affirmed their compliance with the Code of Conduct for the year ended 31st March 2013. A declaration signed by the Chief Executive has been submitted to the Board.

BOARD COMMITTEES

The Board Committees focus on specific areas and make informed decisions within the authority delegated. The Committees also make specific recommendations to the Board on various matters as required. The minutes of all the committee meetings are placed before the Board for noting/approval.

In compliance with both the mandatory and the non-mandatory requirements under the Listing Agreement, following Committees are constituted by the Board:

- Audit Committee
- Share Transfer and Shareholders/ Investors Grievance Committee

a. AUDIT COMMITTEE

The Board of Directors has entrusted the Audit Committee to supervise the financial reporting process accompanied with the audits and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges. The terms of reference of the Audit Committee read with Section 292A of the Companies Act, 1956 are broadly as under:

Scope of the Audit Committee

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- Reviewing the Company's financial statements and draft audit report including the quarterly / half yearly financial information.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the related party transactions in the Company
- Reviewing compliances as regards to the Company's Whistle Blower policy.
- Reviewing with the management the annual financial statements before submission to the Board focusing primarily on changes, if any, in accounting policies and practices and reasons for the same.
- Qualifications in the draft Audit Report.
- Major accounting entries based on exercise of judgment of management.
- Significant adjustments arising out of Audit.

- Compliances with Accounting Standards.
- Compliances with Stock Exchanges and Legal requirements concerning financial statements.
- Reviewing the adequacy of internal audit function, including the audit charter, the approval of the audit plan and its execution and discussion with the Internal Auditor on any significant findings and follow up thereon.
- Reviewing the financial statements of the subsidiary companies.

Meetings of the Audit Committee

During the year, four Audit Committee meetings were held. The dates on which the said meetings were held are as follows:

26th April, 2012,
13th July, 2012,
26th October, 2012,
24th January, 2013

The necessary quorum was present for all the meetings. The CEO and CFO and the Statutory Auditors are permanent invitees to the Committee and the Internal Auditors and the senior management executives are invited to participate in the meetings of the Audit Committee wherever necessary, as decided by the Committee.

The Chairman of the Audit Committee, Mr Shrinivas G Shirkurkar, was present in the Annual General Meeting held on 13th July 2012.

The Company Secretary officiates as the Secretary of the Committee.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Committee meetings during the year 2012-13	
		Held	Attended
Shrinivas G Shirkurkar (Chairman)	ID	4	4
K S Shetty	ID	4	4
K Srinivasan	NED	4	4

b. SHARE TRANSFER & SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Share Transfer and Shareholders/Investors Grievance Committee is empowered to perform all the functions of the Board in relation to redressal of shareholders' grievances. It primarily focuses on:

- Redressal of investors Complaints/ Queries.
- Review of work done by the Registrar and Transfer Agent (R&TA) and recommends measures for overall improvement in quality of investor services.
- Review of corporate actions related to shareholders issues.

The Share Transfer & Shareholders/Investors Grievance Committee comprises of Mr M M Murugappan as Chairman, with Mr K Srinivasan and Mr K S Shetty as members. Details of share transfers/ transmissions, approved by the Committee are placed before the Board on a regular basis.

During the year, the Share Transfer & Shareholders/Investors Grievance Committee met on 18th March, 2013 and the details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2012-13	
		Held	Attended
M M Murugappan, Chairman	PD	1	1
K Srinivasan	NED	1	1
K S Shetty	ID	1	1

Details of complaints received, and the number of pending complaints are furnished in the "General Shareholder Information" section of this Annual Report.

As per SEBI Circular an exclusive mail id investorservices@wendtindia.com has been created to address the Investor Grievances.

The Board has appointed the Company Secretary of the Company as the Compliance Officer for the purpose of compliance with the requirements of the Listing Agreement.

SUBSIDIARY COMPANIES

Your Company does not have any Indian Subsidiaries. However, your Company has two overseas Wholly Owned Subsidiary Companies namely, Wendt Grinding Technologies Limited, Thailand and Wendt Middle East FZE, Sharjah. Both the Subsidiary Companies are managed with their Board having the rights and obligations to manage such companies. The Board of Directors of the subsidiary companies meet quarterly to review the quarterly performance and subsequently the same are being placed before the Board of Directors of your Company.

Prevention of Insider Trading

In compliance with the SEBI regulation on Prevention of Insider Trading, your Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading. This code is applicable to all Directors and Designated Employees. The code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information. During the year, there has been no violation of the provisions of the said Code.

DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

The details of significant transactions with Related Parties are periodically placed before the Audit Committee. During the year under review, there were no materially significant individual transactions with related parties or other persons which are not in normal course of business or at an arms' length basis that may be perceived to have a potential conflict with the interests of the Company. Refer Note No 28(9) of the Financial Statements for details of related party transactions during the year.

(B) COMPLIANCE OF MATTER RELATING TO CAPITAL MARKET

No penalty or stricture has been imposed on your Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital Markets during the last 3 years.

© DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of Financial Statements, your Company has followed the Accounting Standards notified by the Central Government, as prescribed under Companies (Accounting Standard) Rules, 2006.

(D) GOING CONCERN

The Directors are satisfied that your Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

(E) RISK MANAGEMENT

Your Company has comprehensive Risk Management Policy and the same is periodically reviewed by the Board of Directors. The Risk Management Issues are discussed in the Management Discussion and Analysis Report.

(F) REMUNERATION OF DIRECTORS

Your Company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees for attending Board and Committee Meetings.

All the Directors are Non Executive Directors and the details of the Sitting Fee paid to Directors for the period under review are as follows.

Director	Remuneration	Sitting Fee* (Rs.)
M M Murugappan- Chairman	Nil	35,000
Edmar Allitsch	Nil	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil	Nil
K Srinivasan	Nil	Nil
Shrinivas G Shigurkar	Nil	90,000
K S Shetty	Nil	95,000

* Sitting Fee includes Board, Audit Committee and Share Transfer and Investor Grievance Committee fee.

Details of Shareholding of Directors as on 31st March, 2013 is as below:

Director	No. of Shares (Rs. 10/- Paid up)
M M Murugappan- Chairman	Nil
Edmar Allitsch	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil
K Srinivasan	2,650
Shrinivas G Shigurkar	Nil
K S Shetty	Nil

(G) MANAGEMENT

- In order to avoid duplication and overlap between the Director's Report and a separate Management Discussion and Analysis Report, the information required to be provided has been given in the Directors Report itself as permitted by the Listing Agreement with the Stock Exchanges.
- No material transaction has been entered into by the Company with the promoters, Directors or the Senior Management, their Subsidiaries or Relatives etc. that may have a potential conflict with interest of the Company at large. The declaration to this effect has been submitted by all the senior management.

(H) SHAREHOLDERS

As required under Clause 49 of the Listing Agreement the brief profile of the Director who is retiring by rotation and eligible for re-appointment is as follows:

Name	K Srinivasan
Date of Birth	22nd November 1957
Date of appointment	30th January 2002
Qualification	B Tech(Mechanical)
Experience in Specific functional areas	Mr K Srinivasan holds a bachelors degree in mechanical engineering. He has over 25 years of experience in the machine tools and abrasive industries in sales, technical, production and general management. He was part of the Management Council of the Wendt Group Global. He was a part of the team that turned around the Industrial Ceramics Business of CUMI. He was handling the Marketing and Business Development function at Abrasives before taking over the mantle of President & Wholtime Director of CUMI. Presently, he is the Managing Director of CUMI.

CEO/CFO CERTIFICATION

In accordance with the requirements of clause 49 (V) of the Listing Agreement, Mr Rajesh Khanna, Chief Executive Officer and Mr Mukesh Kumar Hamirvasia, Chief Financial Officer of the Company have certified to the Board regarding the fairness of the financial statements and other matters as required under the above clause.

REPORT ON CORPORATE GOVERNANCE

Along with this report on Corporate Governance, certificate from the Auditor is annexed as required by the listing agreement with the Stock Exchanges.

GENERAL BODY MEETINGS

Details of Annual General Meetings

Location and time, where last three Annual General Meetings held:

Year	Date	Time	Venue
2011-12	13.07.2012	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore
2010-11	27.07.2011	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore
2009-10	27.07.2010	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore

MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:

- Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Financial Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- Publication of Quarterly/Half Yearly/Annual Results:** The Quarterly/ Half Yearly/Annual Financial Results of the Company are published in the prescribed format within 48 hours of the conclusion of the Board Meeting, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of the Company is situated.

The quarterly financial results during the financial year 2012-13 were published as detailed below:

Quarter (F.Y. 2012-13)	Date of Board Meeting	Date of Publication	Name of the newspaper
1st Quarter ended June, 2012	13.07.2012	14.07.2012	Business Standard and Vijayavani
2nd Quarter ended September, 2012	26.10.2012	27.10.2012	Business Standard and Vijayavani
3rd Quarter ended December, 2012	24.01.2013	25.01.2013	Business Standard and Vijayavani

- Website:** The Company's website www.wendtindia.com contains a dedicated section "Investor Relations" where information for shareholders is available. The quarterly/half yearly/Annual Financial Results are promptly and prominently posted on the website. The Annual Reports of the Subsidiary Companies are also posted on the website of the Company. The Quarterly Corporate Governance Report, Shareholding Pattern and other communications made to the Stock Exchanges are also available on the website.
- Annual Report:** Annual Report of the Company containing, inter alia, Audited Standalone and Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to the Members and other entitled thereto. The Management Discussion and Analysis Report (MDAR) forms part of the Annual Report. The Annual Report is also available on the Company's website www.wendtindia.com.
- Reminder to Investors:** Reminders to encash the unclaimed dividend on shares are sent to the shareholders as per records every year.
- Designated email id for investors:** The Company has a designated exclusive email id for investors at investorservices@wendtindia.com.

NON MANDATORY REQUIREMENTS

- Tenure of Independent Directors on the Board**
No specific tenure has been prescribed for Independent Director
- Remuneration Committee**
No separate Remuneration Committee has been constituted.
- Shareholders' Rights**
Annual, Half yearly and other quarterly financial statements are published in newspaper, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of the Company is situated, and posted on the Company's website (www.wendtindia.com).
- Audit qualifications**
During the period under review, the Auditors have not qualified the financial statements of the Company on any matter.

e) Training of Board Members

At the Board/Committee Meetings, detailed presentations are being shared by the management on the business related matters, risks, opportunities, strategy and effect of the regulatory changes etc.

f) Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and in line with the best governance practices, Wendt (India) Limited has established a system through which employees and business associates may report unethical business practices at workplace without fear of reprisal. The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees disclosing in good faith. An Independent person is the Ombudsman for the Company; the reports and complaints submitted to the Company and their resolution status are reported by the Ombudsman to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

This is annexed.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 18th April 2013

M M Murugappan
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF WENDT (INDIA) LIMITED.

1. We have examined the compliance of conditions of Corporate Governance by Wendt (India) Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The Compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.
3. One of the conditions of Clause 49 requires that if the non-executive Chairman is a promoter, at least one-half of the Board of the Company should consist of independent directors and the gap between resignation and appointment of an independent director in his place shall not exceed 180 days. An independent director of the Company ceased to be a director w.e.f July 27, 2010 and no other independent director has been appointed in his place up to the date of this certificate. Accordingly, as at March 31, 2013, the Company has two independent directors as against the requirement of minimum three directors.
4. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management and subject to our comments in Paragraph 3 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(ICAI Registration No. 008072S)

Bangalore
18th April 2013
SS/059/2013

S Sundaresan
Partner
(Membership No. 25776)

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and time : 25th July 2013 at 4.00 P.M
Venue : Bharatiya Vidya Bhavan
Race Course Road,
Bangalore- 560 001, Karnataka

Last date of receipt of Proxy forms: 23rd July 2013 before 4.00 p.m

2. Financial Calendars

The financial year of the Company commences from 1st April every year and ends on 31st March in the succeeding year. Results for the financial year 2013-14 shall be declared as per the following schedule:

Particulars	Quarter	Due date
Unaudited results	30th June 2013	31st July 2013
Unaudited results	30th September 2013	31st October 2013
Unaudited results	31st December 2013	31st January 2014
Audited Results	31st March 2014	31st May 2014

3. Book Closure Date

20th July 2013 to 25th July 2013 (both days inclusive)

4. Dividend Payment Date

The Board of Directors of the Company has proposed a dividend of Rs 15/- per share (150%) on equity shares of Rs. 10/- each. The dividend will be paid on 1st August, 2013 after approval at the Annual General Meeting. The warrants will be posted on 1st August, 2013, in case shareholders have opted for ECS, the dividend would, in the normal course, be credited to the bank account by 2nd August, 2013.

5. Registered Office

Flat No. 105, 1st Floor, Cauvery Block,
National Games Housing Complex,
Kormanagala
Bangalore-560047, Karnataka
Tel: +91 80 25701423/1424
Fax: +91 80 25701425

6. Listing Details & Codes

Bombay Stock Exchange : 505412
National Stock Exchange : WENDT
Listing Fee (FY 12-13) : Paid

7. Corporate Identification Number : L85110KA1980PLC003913

8. NSDL & CDSL (ISIN) : INE274C01019

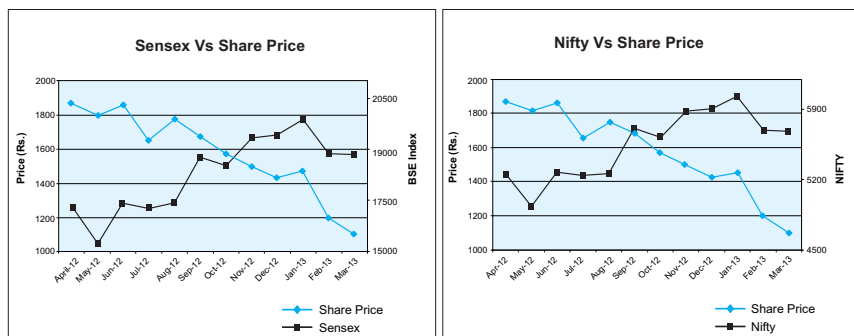
9. Certificate from Practicing Company Secretary:

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis was issued by Mr S Viswanathan, Company Secretary in Practice for due compliance of share transfer formalities by the Company.

10. Share Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2012 APRIL	1940.00	1636.00	1940.00	1632.05
MAY	2029.95	1731.00	2030.00	1700.00
JUNE	1928.95	1700.00	1950.00	1722.05
JULY	1919.00	1633.10	1985.00	1625.00
AUGUST	1888.90	1611.00	1829.80	1640.00
SEPTEMBER	1899.00	1570.05	1794.95	1646.00
OCTOBER	1994.00	1506.05	1785.00	1500.00
NOVEMBER	1585.00	1455.05	1570.00	1433.00
DECEMBER	1586.65	1413.15	1557.00	1421.00
2013 JANUARY	1744.00	1427.00	1698.00	1428.00
FEBRUARY	1509.95	1180.00	1599.00	1180.00
MARCH	1346.90	1060.00	1349.90	1058.00

11. Stock Performances

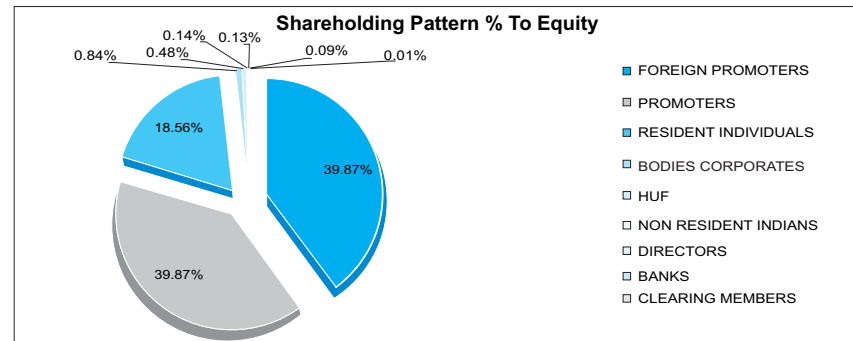


12. Distribution of Shareholding as on 31st March, 2013

Category (Amount) (Rs.)	No. of shareholders	% of shareholders	Total Shares	Amount (Rs.)	% of Amount
1-5,000	4,311	97.47%	2,52,491	25,24,910	12.63%
5,001-10,000	70	1.58%	52,196	5,21,960	2.61%
10,001-20,000	28	0.63%	39,623	3,96,230	1.98%
20,001-30,000	4	0.08%	10,422	1,04,220	0.52%
30,001-40,000	2	0.05%	7,802	78,020	0.39%
40,001-50,000	2	0.05%	8,261	82,610	0.41%
50,001-1,00,000	3	0.07%	22,461	2,24,610	1.12%
1,00,001 & Above	3	0.07%	16,06,744	1,60,67,440	80.34%
TOTAL	4,423	100%	20,00,000	2,00,00,000	100%

13. Shareholding Pattern as on 31st March 2013

Category	No. of shareholders	Total no. of Shares held	% of Share Capital
PROMOTERS (PRO)	1	7,97,352	39.87%
FOREIGN PROMOTERS (FPR)	1	7,97,352	39.87%
RESIDENT INDIVIDUALS (PUB)	4,066	3,71,294	18.57%
BODIES CORPORATE (LTD)	148	16,891	0.84%
HUF	137	9,656	0.48%
DIRECTORS	1	2,650	0.13%
BANKS (BNK)	2	1,850	0.09%
NON RESIDENT INDIANS	57	2,820	0.14%
CLEARING MEMBERS	10	135	0.01%
TOTAL	4,423	20,00,000	100%



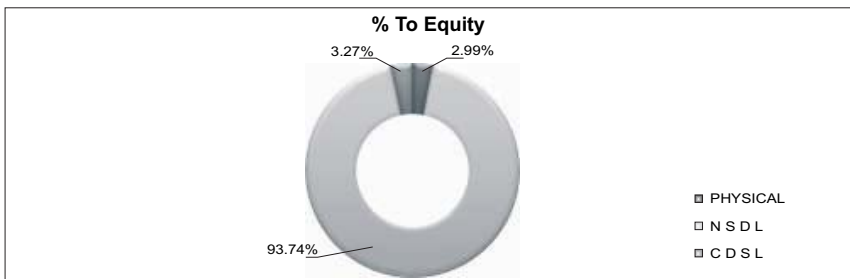
14. Dematerialisation of Shares

Your Company has signed agreements with both National Securities Depositories Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form.

As per SEBI's instruction, the Company's shares can be sold through stock exchanges only in dematerialized form.

As on 31st March 2013, 19,40,136 Shares constituting 97.01 % of the total paid up capital of the Company have been dematerialized.

Shareholding Summary as on 31/03/2013			
Category	No. of share holders	Total no. of Shares	% to share capital
PHYSICAL	521	59,864	2.99%
NSDL	2,847	18,74,841	93.74%
CDSL	1,055	65,295	3.27%
TOTAL	4,423	20,00,000	100.00%



15. Share Transfer Process

The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by Karvy Computershare Private Limited, Company's Registrar & Transfer Agent. Physical Share Transfers are registered and returned generally within a period of 15 days from the date of receipt if all the documents are correct and valid in all respects. The Board has delegated power to approve transfers to the Share Transfer & Investor Grievance Committee.

16. Complaints received during the financial year ended 31st March 2013 by the Company and the Registrar and Transfer Agents of the Company

Nature of Complaints	No. of complaints		
	Received	Resolved	Pending
Non receipt of Dividend Warrants	23	23	Nil
Non receipt of Annual Report	3	3	Nil
Non receipt of securities	6	6	Nil
Total	32	32	Nil

17. Unclaimed Dividend

Section 205 of the Companies Act, 1956, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the **Investor Education and Protection Fund (IEPF)**. In accordance with the following schedule, the dividends for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF. No claim shall lie against the Company for the amounts so transferred nor shall any payment be made in respect of such claims. Shareholders who have not claimed their dividend are requested to approach M/s Karvy Computershare Private Limited, for issue of demand drafts in lieu of the revalidated dividend warrants.

Year	Type of Dividend	Dividend per share (Rs)	Date of declaration	Due date for transfer
2005-06	Final	15.00	21/07/2006	27/08/2013
2006-07	Final	17.50	23/07/2007	29/08/2014
2007-08	Final	20.00	21/07/2008	27/08/2015
2008-09	Interim	10.00	30/03/2009	06/05/2016
2008-09	Final	20.00	27/07/2009	02/09/2016
2009-10	Final	25.00	27/07/2010	02/09/2017
2010-11	Final	25.00	27/07/2011	02/09/2018
2011-12	Final	25.00	13/07/2012	19/08/2019

A separate communication was sent in February 2013 to the shareholders, who have not encashed their dividends for the year 2005-06, providing them details of their uncashed dividends and requesting them to comply with the procedure for seeking payment of the same.

A sum of Rs. 1,89,990/- has been transferred to the Investor Education and Protection Fund during the year 2012 -13 towards unclaimed/unpaid dividend for the year 2004-05.

18. Unclaimed Shares

In accordance with the requirement of Clause 5A (II) of the Listing Agreement entered into with the Stock Exchanges, the Company reports that there are 2 allottees pertaining to a holding of 75 shares which are lying unclaimed. The shares with regard to the same are lying in the Escrow Account.

The voting rights on the shares outstanding in the Escrow account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

19. Company's Recommendation to the Shareholders

Your Company recommends the following to the shareholders to mitigate/avoid risks while dealing with securities and related matters.

i) Dematerialize (Demat) your shares

Shareholders are requested to convert their physical holding to demat/electronic form through any of the Depository Participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in shares. Holding shares in demat form helps investors to get immediate transfer to securities. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

ii) Register your National Electronic Clearing Service (NECS)/Electronic Clearing Service (ECS)

SEBI vide its circular dated 21st March, 2013 has emphasized on the usage of electronic mode for payments to the members for various purposes. To ensure compliance, members are requested to provide an NECS/ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated

particulars of their bank account are available with the Depository Participant (DP) in case of share held in demat form. This would also facilitate in receiving direct credits of dividends etc from companies and avoid postal delays and loss in transit.

iii) Nomination facility

As per the amendment to the Companies Act, 1956, a nomination facility is available to shareholders for which Form 2B duly filled in is required to be sent to Karvy Computershare Private Limited or the Company. The members can approach the Company or Karvy Computershare Private Limited with regard to the same.

iv) Encash your Dividend in time

Please encash your dividends promptly to avoid hassles of revalidation/losing your right of claim owing to transfer of unclaimed dividends beyond seven years to **Investors Education and Protection Fund**.

v) Support the Green Initiative

To support the 'Green Initiative', your Company has proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future vide its letter dated 10th February, 2012 to all the shareholders at their email addresses. It was also requested to inform the Company incase the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report alongwith Notice will be sent to the members in electronic mode at their email addresses.

Members holding shares in demat form are requested to provide their email id to the depository through their concerned depository participant and members holding shares in physical form are requested to provide email id to the Company at investorservices@wendtindia.com or at cs.wendt@karvy.com and also update the email address as and when there is any change.

vi) Quoting the Folio No./DP Id – Client ID

Members are requested to quote their Folio No. / DP & Client ID Nos., as the case may be, their Contact nos./ Fax nos. and email id in all correspondence with the Company. All correspondences regarding shares of the Company should be addressed to the Company's Registrar, Karvy Computershare Private Limited, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500 081

vii) Specimen Signature

Please maintain a record of your specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.

viii) Updation of details

Members holding shares in physical form are requested to notify promptly any change in address/ pincode and bank account details. Beneficial owners of shares in dematerialized form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by the DPs.

ix) Consolidation of securities

Member(s) of the Company who have multiple accounts in identical name(s) or more than one share certificate in the same name under different ledger folio(s) are requested to apply for the consolidation of such folio(s) and send the relevant share certificates to the Company.

x) Queries at the AGM

Members desiring any information with regard to the accounts are requested to write to the Company atleast a week in advance of the Annual General Meeting date so as to enable the management to keep the information ready. However, the queries relating to operational and financial performance may be raised at the Annual General Meeting.

xi) Lodging investor complaint with SCORES

SEBI has started an online investor grievance redressal forum "SEBI Complaints Redress System-SCORES". Investors, have to first approach the Company/Registrar & Share Transfer Agent for their complaints redressal and in case they are dissatisfied with the response, they can log on to <http://scores.gov.in/> and lodge their complaint by doing one time registration.

20.Plant Location

Wendt (India) Limited
Plot No. 69/70, SIPCOT Industrial Estate
Hosur- 635126, Tamil Nadu
Tel: +91 4344 276851/52, 405500
Fax: +91 4344 405620, 405630

21.Addresses for Communication

(a) Compliance Officer & Company Secretary

Apeksha Nagori
Wendt (India) Limited
Plot No. 69/70, SIPCOT Industrial Estate
Hosur- 635126, Tamil Nadu
Tel: +91 4344 276851/52, 405500
Email: investorservices@wendtindia.com
apekshanagori@wendtindia.com

(b) Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Unit: Wendt (India) Limited
Plot Nos: 17-24, Vitalrao Nagar,
Madhapur, Hyderabad- 500 081
Tel: +91 40 23420815-824
Fax: +91 40 23420814-23420857
Email: mailmanager@karvy.com
Website: www.karvy.com

(c) Toll Free number of Registrar & Share Transfer Agent's exclusive call centre

1-800-3454001

(d) Web based Query redressal system

A new facility has been extended by Registrar & Share Transfer Agent for redressal of shareholders' queries. The shareholder can visit <http://karisma.karvy.com/> and click on "Investors" option for query registration after free identity registration

The above report has been placed before the Board at its meeting held on April 18th, 2013 and the same was approved.

By order of the Board
For Wendt (India) Limited

M M Murugappan
Chairman

Chennai
18th April 2013

INDEPENDENT AUDITORS' REPORT

To the Members of Wendt (India) Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **Wendt (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

Bangalore
18th April 2013
SS/SMG/2013

S Sundaresan
Partner
(Membership No. 25776)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WENDT(INDIA) LIMITED FOR THE YEAR ENDED MARCH 31, 2013.

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / result during the year, clauses 4(iii) (b) to (d), (iii) (f) and (g), 4(v), 4(vi), 4(ix)(b), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has

maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (ix) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) The Company has not given guarantees for loans taken by others from banks and financial institutions. However, the Company has given a letter of comfort against loan taken by a subsidiary from a bank, the terms and conditions of which, in our opinion and according to the information and explanations given to us, are *prima facie*, not prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have *prima facie*, not been used during the year for long-term investment.
- (xii) According to the information and explanations provided to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 0080725)

Bangalore
18th April 2013
SS/SMG/2013

S Sundaresan
Partner
(Membership No. 25776)

Standalone Financial Statements

BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in lacs)

Particulars	Note No.	As at 31.03. 2013	As at 31.03. 2012
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	2	200.00	200.00
(b) Reserves and surplus	3	7,425.35	6,762.19
		7,625.35	6,962.19
(2) Non-current liabilities			
(a) Deferred tax liability (net)	4	383.66	302.97
(b) Other long-term liabilities	5	52.90	42.21
(c) Long-term provisions	6	90.30	91.26
		526.86	436.44
(3) Current liabilities			
(a) Trade payables	7	1,384.93	1,712.49
(b) Other current liabilities	8	554.80	307.27
(c) Short-term provisions	9	353.91	595.47
		2,293.64	2,615.23
Total		10,445.85	10,013.86
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	4,674.01	3,773.24
(ii) Intangible assets	11	89.09	88.16
(iii) Capital work-in-progress		264.26	501.36
		5,027.36	4,362.76
(b) Non-current investments	12	353.99	353.99
(c) Long-term loans and advances	13	200.91	208.18
		5,582.26	4,924.93
(2) Current assets			
(a) Current investments	14	1,142.25	1,015.98
(b) Inventories	15	1,384.78	1,363.27
(c) Trade receivables	16	1,916.22	2,010.17
(d) Cash and cash equivalents and other bank balances	17	83.53	307.39
(e) Short-term loans and advances	18	270.77	332.56
(f) Other current assets	19	66.04	59.56
		4,863.59	5,088.93
Total		10,445.85	10,013.86

SIGNIFICANT ACCOUNTING POLICIES 1B
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 28
 SEE ACCOMPANYING NOTES (1-28) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For DELOITTE HASKINS & SELLS
 Chartered Accountants

S SUNDARESAN
 Partner

Chennai
 18th April 2013

For and on behalf of the Board of Directors

M M MURUGAPPAN
 Chairman

K SRINIVASAN
 Director

SHRINIVAS G SHIRGURKAR
 Director

APEKSHA NAGORI
 Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

Particulars	Note No.	Year ended 31.03.2013	31.03.2012
I. Revenue from operations (Gross)	20	9,744.62	10,836.69
Less: Excise duty		806.67	785.64
Revenue from operations (Net)		8,937.95	10,051.05
II. Other income	21	182.15	227.09
III. Total Revenue (I +II)		9,120.10	10,278.14
IV. Expenses:			
Cost of materials consumed	22	2,950.58	3,110.95
Purchases of stock-in-trade	23	196.60	179.91
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(28.25)	(147.62)
Employee benefits expense	25	1,438.98	1,450.20
Finance costs	26	0.76	11.07
Depreciation and amortization expense	11(a)	402.92	335.42
Other expenses	27	2,630.99	2,785.83
Total Expenses		7,592.58	7,725.76
V Profit before tax (III - IV)		1,527.52	2,552.38
VI Tax expense:			
(1) Current tax		435.00	758.80
(2) Deferred tax		80.69	64.51
		515.69	823.31
VII Profit / (Loss) for the year (V -VI)		1,011.83	1,729.07
VIII Earning per equity share (face value Rs.10/- each):			
Basic and Diluted	28(7)	50.59	86.45

SIGNIFICANT ACCOUNTING POLICIES 1B
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 28
 SEE ACCOMPANYING NOTES (1-28) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For DELOITTE HASKINS & SELLS
 Chartered Accountants

S SUNDARESAN
 Partner

Chennai
 18th April 2013

For and on behalf of the Board of Directors

M M MURUGAPPAN
 Chairman

K SRINIVASAN
 Director

SHRINIVAS G SHIRGURKAR
 Director

APEKSHA NAGORI
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

	31.03.2013	31.03.2012
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	1,527.52	2,552.38
Adjustments for :		
Depreciation and amortisation expense	402.92	335.42
Bad trade receivables Written off (net)	0.80	5.30
Provision for trade receivables (net of reversal)	20.45	(51.87)
Finance costs	0.76	11.07
Interest on bank and other deposits	(2.73)	(1.44)
Interest on loan to subsidiary	(0.90)	(3.91)
Dividend from current investments	(51.13)	(82.27)
Loss on sale / discarding of tangible fixed assets (net)	8.25	15.30
Surplus provision of previous year written back	(8.90)	(1.52)
Provision for diminution in value of investments in subsidiary	-	76.56
Loss / (Profit) on sale of current investments (net)	0.07	(1.20)
Unrealised exchange Loss / (Gain)	0.90	(3.36)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,898.01	2,850.46
CHANGES IN WORKING CAPITAL :		
Inventories	(21.51)	(348.51)
Trade receivables	70.94	(458.21)
Short-term loans and advances	35.45	(182.18)
Other current assets	(5.57)	59.53
Long-term loans and advances	(1.30)	(3.93)
Trade payables	(326.70)	489.44
Other long-term liabilities and provisions	(1.10)	(10.82)
Other current liabilities and provisions	69.51	(108.95)
CASH FLOW FROM OPERATING ACTIVITIES	1,717.73	2,286.83
Direct tax paid (net of refunds)	(427.69)	(924.04)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1,290.04	1,362.79
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(865.35)	(1,444.07)
Purchase of intangible fixed assets	(31.31)	(63.77)
Proceeds from sale of tangible fixed assets	10.80	1.10
Sale / (Purchase) of current Investments (net)	(126.36)	811.98
Interest received on deposits with banks and others	2.73	1.44
Dividend from long term investment in subsidiary	-	67.32
Dividend from current Investments	51.13	82.27
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	498.34	497.41
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(960.02)	(546.32)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

	31.03.2013	31.03.2012
CASH FLOW FROM FINANCING ACTIVITIES		
Loan to subsidiary	-	(70.00)
Recovery of loan from subsidiary	26.33	53.39
Finance costs	(0.76)	(11.07)
Dividend paid (including tax thereon)	(581.11)	(583.04)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(555.54)	(610.72)
NET CASH INFLOW / (OUTFLOW) (A+B+C)	(225.52)	205.75
OPENING CASH AND CASH EQUIVALENTS D	282.75	77.00
CLOSING CASH AND CASH EQUIVALENTS E	57.23	282.75
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (E-D)	(225.52)	205.75
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents and other bank balances as per balance sheet (Refer Note No.17)	83.53	307.39
Less:- Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements		
(i) In deposit accounts (having original maturity of more than 3 months)	0.55	0.55
(ii) In earmarked accounts #		
Dividend account	25.75	24.09
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No.17)	57.23	282.75

The earmarked accounts can be utilised only for the specific identified purposes.

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

S SUNDARESAN
Partner

Chennai
18th April 2013

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

K SRINIVASAN
Director

SHRINIVAS G SHIRGURKAR
Director

APEKSHA NAGORI
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE No.1

A COMPANY OVERVIEW

Wendt (India) Limited was incorporated on August 21st, 1983 under the provisions of the Companies Act, 1956, and is a joint venture between Wendt GmbH, Germany and Carborundum Universal Limited, India. Wendt (India) Limited is a leading manufacturer of Super Abrasives, High precision Grinding, Honing and Special Purpose Machines and High Precision components. The Company's registered office is in Bangalore and factory is situated in Hosur, Tamilnadu.

B SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS:

The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the "Act") and the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules 2006 (as amended), to the extent applicable.

2 USE OF ESTIMATES:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3 INVENTORIES:

- a) Finished Goods and work-in-progress are valued at lower of cost and net realizable value. Cost comprises of materials, labour, and an appropriate proportion of production overheads and excise duty, wherever applicable and excludes interest, selling and distribution expenses. Cost is computed on weighted average basis.
- b) Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost computed on weighted average basis includes freight, taxes and duties net of CENVAT / VAT credit, wherever applicable.

4 CASH FLOW STATEMENT:

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash flows from operating activities are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

5 FIXED ASSETS, DEPRECIATION AND AMORTISATION:

- a) Fixed assets are stated at original cost (net of CENVAT / VAT wherever applicable) including expenses related to acquisition and installation. Borrowing costs are capitalized as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- b) Capital work in progress is stated at the amount expended up to the balance sheet date and includes direct cost and related incidental expenses.
- c) Capital Subsidy relating to projects in backward area is credited to capital subsidy reserve on receipt and Government grants relating to specific assets are deducted from the cost of such assets.
- d) Depreciation is provided, on all depreciable assets, except intangible assets (refer (e) below), on a straight line basis at the rates prescribed under Schedule XIV of the Companies Act, 1956.
Depreciation on assets added/ disposed off during the year is provided on pro-rata basis from the month of addition or up to the month prior to the month of disposal, as applicable.
- e) Intangible Assets are amortized over a period of 5 years or based on the period of usage/ licence, whichever is lower. The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.
- f) Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.

6 REVENUE RECOGNITION:

- a) Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses. Revenue from Sale of goods is recognised on despatch of goods. Sales includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.
- b) Revenue from rendering of services priced on a time and material basis is recognised on rendering of services as per the terms of contracts with customers.
- c) Export Benefits under Advance licence scheme are recognized on accrual basis on completion of export obligation.
- d) Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognised on a time proportion basis considering the underlying interest rate.

7 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year end are translated at the rate of exchange prevailing at the year end and the gain or loss is recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments / realizations and year end restatements are also recognised in the statement of profit and loss.

8 INVESTMENTS:

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution is made in the value of investments, if such diminution is other than of temporary nature.

Current investments are stated at lower of cost or fair value.

9 EMPLOYEE BENEFITS:

SHORT-TERM EMPLOYEE BENEFITS

Short term employee benefits including performance incentive and compensated absences which are expected to occur within 12 months after the end of the period in which the employee renders related service are determined as per Company's policy and recognized as expense based on expected obligation on undiscounted basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

LONG-TERM EMPLOYEE BENEFITS - COMPENSATED ABSENCES

Accumulated Compensated absences which fall due beyond 12 months is provided for in the books on actuarial basis at the year end using projected unit credit method.

DEFINED CONTRIBUTION PLANS

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss on an accrual basis.

The Company also makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

DEFINED BENEFIT PLAN

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the Statement of Profit and Loss at the year end. Actuarial Gains and losses arising during the year are recognised in the Statement of Profit and Loss immediately.

Termination benefits are recognized as an expense as and when incurred.

10 SEGMENT REPORTING:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies:

- Inter-segment revenues for this purpose are reported on the basis of prices charged to external customers.
- Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis are included under "Other un-allocable Expenditure net of un-allocable income".

11 EARNINGS/ (LOSS) PER SHARE:

The basic earnings/ (loss) per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

12 TAXES ON INCOME :

Income tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates or substantively enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be received or settled.

13 RESEARCH AND DEVELOPMENT:

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred. Capital expenditure on Research and Development is included in fixed assets and depreciated in accordance

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

with the depreciation policy of the Company.

14 IMPAIRMENT OF ASSETS:

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole, and the impairment loss is recognised.

15 PROVISIONS AND CONTINGENCIES:

A provision is recognized when an enterprise has a present obligation as a result of past event, that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. When no reliable estimate can be made, a disclosure is made as contingent liability and is disclosed by way of notes. Contingent assets are not recognised in the financial statements.

16 OPERATING CYCLE:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

NOTE 2 - SHARE CAPITAL

(Rs. in lacs)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Authorised: 3,000,000 (Previous year 3,000,000) equity shares of Rs 10/- each	300.00	300.00
Issued: 2,000,000 (Previous year 2,000,000) equity shares of Rs.10/- each	200.00	200.00
Subscribed and Paid up: 2,000,000 (Previous year 2,000,000) equity shares of Rs.10/- each	200.00	200.00
Total	200.00	200.00

NOTE 2 (i)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Rs. in lacs	No of shares	Rs. in lacs
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:				
No of shares outstanding at the beginning of the year	2,000,000	200.00	2,000,000	200.00
Add: Additional shares issued during the year	-	-	-	-
Less: Shares forfeited / Bought back during the year	-	-	-	-
No of shares outstanding at the end of the year	2,000,000	200.00	2,000,000	200.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2 (ii)

Details of Shares held by each Shareholder holding more than 5% Shares in the Company (Rs. in lacs)

Particulars	Number of shares as at 31st March, 2013	Percentage of holding (%)	Number of shares as at 31st March, 2012	Percentage of holding (%)
Equity Shares : (with equal voting rights)				
Wendt GmbH, Germany	797,352	39.87	797,352	39.87
Carborundum Universal Limited, India	797,352	39.87	797,352	39.87

Note 2 (iii)

Rights, Preferences and Restrictions attached to shares

The Company has only one class of equity shares with voting rights (one vote per share). The dividends proposed by the Board of directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only the residual assets of the Company. The distribution of dividend is in the proportion to the number of equity shares held by the shareholders.

NOTE 3 - RESERVES AND SURPLUS

(Rs. in lacs)

Particulars		As at 31st March, 2013	As at 31st March, 2012
Capital Reserve:			
Capital Subsidy		20.98	20.98
		20.98	20.98
General Reserve:			
Opening balance	4,556.85		4,206.85
Add: Transfer from surplus in Statement of Profit and Loss	101.20		350.00
		4,658.05	4,556.85
Surplus in Statement of Profit and Loss :			
Opening balance	2,184.36		1,386.40
Add: Profit/(Loss) for the year	1,011.83		1,729.07
	3,196.19		3,115.47
Less: Appropriations			
Proposed Dividend @ 150% (Rs.15/- Per equity share (previous year Rs.25/- Per equity share))	300.00		500.00
Tax on Proposed Dividend	48.67		81.11
Transfer to General Reserve	101.20		350.00
		2,746.32	2,184.36
Total		7,425.35	6,762.19

NOTE 3(i)

Remittances in foreign currency during the year on account of dividend

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Year to which dividend relates	2011-12	2010-11
(b) Total number of non-resident shareholders to whom remittance was made	1	1
(c) Total number of shares held by them on which dividend was due	797,352	797,352
(d) Amount remitted (Rs. in lacs)	199.34	199.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Tax effect of items constituting deferred tax liability		
Fiscal allowance on fixed assets	438.79	358.65
Tax effect of items constituting deferred tax liability	438.79	358.65
Tax effect of items constituting deferred tax asset		
Provision for compensated absences	(24.14)	(33.77)
Provision for doubtful trade receivables	(15.43)	(8.72)
Others	(15.56)	(13.19)
Tax effect of items constituting deferred tax asset	(55.13)	(55.68)
Deferred tax liability (net)	383.66	302.97

NOTE 5 - OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Towards miscellaneous taxes	52.90	42.21
Total	52.90	42.21

NOTE 6 - LONG- TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for compensated absences (Refer note 28(10)(II)(b))	65.78	77.57
Tax provisions (net of payments of Rs.1,846.37 lacs; Previous year: Rs 1425.73 lacs)	23.98	13.15
Fringe benefit tax provisions (net of payments of Rs.5.96 lacs; Previous year: Rs 5.96 lacs)	0.54	0.54
Total	90.30	91.26

NOTE 7 - TRADE PAYABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables (see note below)	1,384.93	1,712.49
Total	1,384.93	1,712.49

NOTE

(a) Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2013 is Rs.32.94 lacs (Previous year - Rs 29.85 lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

(b) There are no dues to Micro and Small Enterprises as per The Micro, Small and Medium Enterprises Development Act 2006, which are outstanding for more than 45 days during the year and as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unclaimed dividends (refer note below)	25.75	24.09
Other payables		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT)	103.15	103.34
Retention and Security Deposits	37.02	16.60
Advance received from customers	179.50	131.29
Payable on purchase of fixed assets	204.45	26.63
Employees' contractual obligations	4.93	5.32
Total	554.80	307.27

Note

The unclaimed dividend of Rs. 25.75 lacs represents those relating to the years 2005-06 to 2011-12 and no part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring transfer to the Investor Education and Protection Fund.

NOTE 9 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for compensated absences (Refer note 28(10)(II)(b))	5.24	14.36
Proposed dividend on equity shares	300.00	500.00
Tax on proposed dividend on equity shares	48.67	81.11
Total	353.91	595.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10 - FIXED ASSETS (TANGIBLE)

(Rs. in lacs)

Particulars	Gross Block		Accumulated Depreciation		Net Block	
	As at 1st April, 2012	Additions during the year	Disposals/ Deductions during the year	Upto 31st March, 2012	Upto 31st March, 2013	As at 31st March, 2012
TANGIBLE ASSETS (OWNED)						
Land	3.66 (3.66)	-	-	-	-	3.66 (3.66)
Buildings	809.62 (692.44)	584.16 (117.18)	-	196.48 (172.83)	27.42 (23.65)	1,169.88 (613.14)
Plant and Equipment	4,525.03 (3,675.60)	619.33 (890.01)	21.47 (40.58)	1,640.52 (1,411.98)	308.17 (256.21)	2,884.51 (2,263.62)
Furniture and Fixtures	111.00 (99.27)	37.78 (11.73)	0.02 -	53.25 (48.19)	5.75 (5.06)	89.77 (51.08)
Vehicles	83.43 (81.29)	7.02 (7.26)	5.72 (5.12)	29.00 (23.80)	7.68 (7.51)	52.16 (54.43)
Office Equipment	319.37 (284.33)	44.07 (39.24)	3.25 (4.20)	159.62 (139.33)	23.52 (23.81)	179.05 (159.75)
Total	5,852.11	1,292.36	30.46	2,078.87	372.54	4,674.01
Previous year	(4,836.59)	(1,065.42)	(49.90)	(1,796.13)	(316.24)	(3,773.24)

NOTE 11 - FIXED ASSETS (INTANGIBLE ASSETS)

(Rs. in lacs)

Particulars	Gross Block		Accumulated Amortization		Net Block	
	As at 1st April, 2012	Additions during the Year	Disposals/ Deductions during the Year	Upto 31st March, 2012	Upto 31st March, 2013	As at 31st March, 2012
INTANGIBLE ASSETS						
Computer Software	98.25 (92.39)	31.31 (5.86)	-	77.69 (72.75)	12.27 (4.94)	39.60 (20.56)
Technical Know how	128.99 (71.08)	-	-	61.39 (47.15)	18.11 (14.24)	79.50 (61.39)
Total	227.24	31.31	-	139.08	30.38	89.09
Previous year	(163.47)	(63.77)	-	(119.90)	(19.16)	(88.16)

Figures in brackets pertain to previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 11 (a)

Depreciation and amortisation expense

Particulars	Year ended	
	31st March, 2013	31st March, 2012
On Fixed Assets (Tangible Assets) (refer note 10)	372.54	316.24
On Fixed Assets (Intangible Assets) (refer note 11)	30.38	19.18
Total	402.92	335.42

NOTE 12 - NON - CURRENT INVESTMENTS

Particulars	As at 31st March, 2013	As at 31st March, 2012
NON CURRENT INVESTMENTS (Unquoted-Trade- at cost)		
Investments in Equity Instruments of Subsidiary Companies		
i WENDT GRINDING TECHNOLOGIES LTD, THAILAND (10,299,993 equity shares of face value Baht 10/- each (previous year 10,299,993), partly paid up @ 2.5 Baht per share	277.39	277.39
ii WENDT MIDDLE EAST FZE, SHARJAH (8 equity shares of AED 150,000 each (previous year 8) fully paid up)	153.16	153.16
Less: Provision for diminution in value of investments	430.55 76.56	430.55 76.56
Total	353.99	353.99

Aggregate amount of unquoted investments 430.55 430.55

NOTE 13 - LONG - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(Unsecured, considered good)		
Capital Advances	35.97	48.06
Security deposits	18.04	16.74
Tax payments (net of provisions Rs. 3,469.87 lacs (Previous year Rs.3,466.34 lacs))	144.80	141.28
Fringe benefit taxes paid (net of provisions Rs.22.00 lacs (Previous year Rs.22.00 lacs))	2.10	2.10
Total	200.91	208.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price (Rs.)	As at March 31, 2013		As at March 31, 2012	
			Units (Nos)	Amount	Units (Nos)	Amount
	Investments in Mutual Funds					
	(Quoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Interval Fund II Quarterly Interval Plan C - Institutional Dividend	10	-	-	899,973	90.00
2	ICICI Prudential Fund Interval Fund III Quarterly Interval Plan - Institutional Dividend	10	-	-	490,000	49.00
3	Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	-	-	996,423	100.00
4	Reliance Medium Term Fund-Daily Dividend Plan	17	480,682	82.18	-	-
5	Reliance Liquid Fund Treasury Plan-Daily Dividend Plan	1,529	29,742	454.68	-	-
6	IDFC Money Manager Fund-Investment Plan-Daily Dividend-(Regular Plan)	10	250,201	25.20	-	-
7	IDFC Fixed Maturity Quarterly Series 69 Dividend	10	-	-	836,147	83.61
8	IDFC Fixed Maturity Quarterly Series 72 Dividend	(A)	-	562.06	300,000	30.00
						352.61
	(Unquoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Banking and PSU Debt Fund Premium Daily Dividend	10	-	-	489,967	49.04
2	ICICI Prudential Ultra Short Term-Regular Plan - Daily Dividend	10	498,771	50.17	-	-
3	ICICI Prudential Money Market Fund-Cash Option Daily Dividend	100	107,998	108.00	-	-
4	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	100	396,822	396.89	286,955	287.01
5	Reliance Liquid Fund- Treasury Plan-Institutional Option - Daily Dividend Option	10	-	-	1,976,702	302.19
6	TATA Liquidity Management Fund-Daily Dividend	1,000	-	-	2,506	25.13
7	TATA Money Market Fund Plan A- Daily Dividend	10	250,895	25.13	-	-
		(B)		580.19		663.37
		(A)+(B)		1,142.25		1,015.98

Notes:- 1) Aggregate amount of quoted investments 562.06
2) Aggregate market value of quoted investments 562.06
3) Aggregate amount of unquoted investments 580.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 15 - INVENTORIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 38.64 lacs, Previous year Rs. 71.82 lacs)	609.04	632.01
Work - in - progress (refer note below)	467.64	447.25
Finished Goods	104.05	110.41
Stock-in- trade (in respect of goods acquired for trading)	80.17	65.95
Stores and spares	123.88	107.65
Total	1,384.78	1,363.27

Note:

Particulars	As at 31st March, 2013	As at 31st March, 2012
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	334.82	296.74
Machine, accessories and components	122.39	131.28
Others	10.43	19.23
Total	467.64	447.25

NOTE 16 -TRADE RECEIVABLES

Particulars		As at 31st March, 2013	As at 31st March, 2012
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	92.35		21.91
Considered doubtful	45.40		26.87
		137.75	48.78
2) Other Trade receivables			
Considered good	1,823.87		1,988.26
Considered doubtful	-		-
		1,823.87	1,988.26
Less: Provision for doubtful trade receivables		45.40	26.87
Total		1,916.22	2,010.17

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 17 - CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

Particulars		As at 31st March, 2013	As at 31st March, 2012
Cash on hand		0.48	0.23
Cheques on hand		30.17	34.44
Balances with banks			
(i) In current accounts	26.58		248.08
(ii) In deposit accounts (refer note below)	0.55		0.55
(iii) In earmarked accounts			
(a). Dividend account	25.75		24.09
		52.88	272.72
Total		83.53	307.39
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is:		57.23	282.75

Note:- Deposits amounting to Rs. 0.55 lacs (previous year Rs.0.55 lacs) have an original maturity of more than 3 months.

NOTE 18 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(Unsecured, considered good)		
Loans and Advances to related parties [refer note 28(3)]	-	26.33
Others		
Prepaid expenses	91.76	65.96
Advance paid to vendors	24.50	52.10
Employees' loans and advances	33.22	25.16
Security and earnest money deposits	13.54	13.32
Other loans and advances	6.41	6.54
Balances with government authorities.		
- CENVAT credit receivable	39.75	77.50
- VAT credit receivable	7.08	8.05
- Service tax credit receivable	54.51	57.60
Total	270.77	332.56

NOTE 19 -OTHER CURRENT ASSETS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Receivables from subsidiaries [Refer note 28(9)]	26.38	53.27
Excess of fair value of plan assets over present value of gratuity liability	24.39	6.29
Insurance claim receivable	15.27	-
Total	66.04	59.56

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 20 - REVENUE FROM OPERATIONS

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
a.) Sale of products (refer note (i) below) (Sale of products net of excise duty is Rs.8,846.37 lacs ; previous year : Rs.9,965.60 lacs	9,653.04	10,751.24
b.) Sale of services (refer note (ii) below)	48.41	35.02
c.) Other operating income (refer note (iii) below)	43.17	50.43
Revenue from operations (Gross)	9,744.62	10,836.69
Less: Excise duty	806.67	785.64
Revenue from operations (Net)	8,937.95	10,051.05

Note (i)

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
(i) Sale of products comprises		
Manufactured goods		
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	6,260.38	6,962.32
Machine, accessories and components	2,264.21	2,733.76
Others	74.20	77.10
Total - Sale of manufactured goods	8,598.79	9,773.18
Traded goods		
Polishing films	139.93	165.84
Others	107.65	26.58
Total - Sale of traded goods	247.58	192.42
Total - Sale of products (net of excise duty)	8,846.37	9,965.60
(ii) Sale of services comprises		
Machining charges	48.41	35.02
Total - Sale of services	48.41	35.02
(iii) Other operating income comprises		
Sale of scrap	23.62	27.90
Service charges	18.36	15.40
Technical services fee	1.19	7.13
Total - Other operating income	43.17	50.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 21 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Interest on bank and other deposits (Gross)	2.73	1.44
Interest on loan to subsidiary	0.90	3.91
Dividend income from current investments - mutual funds	51.13	82.27
Profit on sale of current investments	-	1.20
Net gain on foreign currency transactions and translations	38.63	52.30
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	9.16	21.05
For other expenses	8.90	1.52
Commission	15.23	27.93
Bad trade receivables recovered	21.78	-
Management fee and other charges received from subsidiaries	17.33	32.39
Miscellaneous income	16.36	3.08
Total	182.15	227.09

NOTE 22 - COST OF MATERIALS CONSUMED

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Opening stock	632.01	472.08
Add: Purchases	2,927.61	3,270.88
	3,559.62	3,742.96
Less: Closing stock	609.04	632.01
Cost of materials consumed	2,950.58	3,110.95
Material consumed comprises:		
Industrial and synthetic diamonds and cubic boron nitride	1,220.67	1,276.67
Bonding mixture and matrix powder	401.57	391.94
Steel	235.49	289.16
Other items	1,092.85	1,153.18
Total	2,950.58	3,110.95
Of the above	%	Rs. in lacs
Imported	66	1,954.13
	(63)	(1,963.25)
Indigenous	34	996.45
	(37)	(1,147.70)
	100	2,950.58
	(100)	(3,110.95)

Figures in brackets relate to previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 23 - PURCHASES OF STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Polishing Films	125.72	121.83
Dressing Sticks	10.97	12.25
Floking Filter System	26.45	5.14
Others	33.46	40.69
Total	196.60	179.91

NOTE 24 - CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Opening stock		
Work - in - progress	447.25	395.20
Finished goods	110.41	63.01
Stock-in- trade	65.95	17.78
	<u>623.61</u>	<u>475.99</u>
Closing stock		
Work - in - progress	467.64	447.25
Finished goods	104.05	110.41
Stock-in- trade	80.17	65.95
	<u>651.86</u>	<u>623.61</u>
Net (increase) / decrease	(28.25)	(147.62)

NOTE 25 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Salaries, wages and bonus	1,159.44	1,172.92
Contribution to provident and other funds	77.79	89.65
Staff welfare expenses	201.75	187.63
Total	1,438.98	1,450.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 26 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Interest on deferred payment of Income tax and service tax	0.75	10.51
Others	0.01	0.56
Total	0.76	11.07

NOTE 27 - OTHER EXPENSES

Particulars	Year ended	
	31st March, 2013	31st March, 2012
Consumption of stores and spares parts (refer note (i) below)	421.05	459.83
Contract labour	74.87	53.22
Power and fuel	277.92	219.77
Rent	6.00	6.09
Excise duty on stock differential (refer note (ii) below)	(0.70)	6.26
Rates and taxes	50.97	81.94
Insurance	26.24	16.51
Repairs to:		
Building	37.77	48.22
Machinery	56.51	110.69
Other assets	64.90	36.62
Royalty	77.90	195.46
Processing charges	459.13	493.21
Directors' sitting fees	2.20	2.30
Auditors' remuneration (net of service tax credit availed)		
- Statutory auditors		
Audit fees (including limited reviews)	6.90	6.00
Tax audit fees	1.50	1.00
Taxation matters	1.75	3.62
Reimbursement of expenses	0.79	0.79
- Cost auditors		
Cost audit fees	0.50	-
Bank charges	35.35	29.28
Service fee	128.98	146.60
Travel and conveyance	269.54	221.65
Freight outward and packing Charges (net)	113.42	109.86
Selling commission	30.91	14.87
Communication expenses	25.07	22.26
Bad trade receivables written off	2.72	60.32
Less: Transferred from provision	1.92	55.02
	0.80	5.30
Provision for doubtful trade receivables	29.61	24.20
Legal and professional charges	118.80	50.83
Publicity expenses	8.25	9.93
Sales & other expenses	136.42	178.53
Office and general expenses	9.59	9.12
Loss on sale/disposal of fixed assets (net)	8.25	15.30
R & D expenses	9.54	14.66
Contribution to research institution	2.00	2.00
Provision for diminution in value of investment in subsidiary	-	76.56
Miscellaneous expenses	138.26	113.35
Total	2,630.99	2,785.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Note: (i)

CONSUMPTION OF STORES AND SPARE PARTS

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
	%	Rs. in lacs
Imported	20	82.71
	(21)	(95.89)
Indigenous	80	338.34
	(79)	(363.94)
	100	421.05
	(100)	(459.83)

Figures in brackets relate to previous year.

Note (ii)

The above excise duty relates to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in the Statement of Profit and Loss represents excise duty on sales during the year.

Note - 28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
1 Contingent Liability and commitments to the extent not provided for:		
1A Contingent Liabilities		
a) Claims against the Company not acknowledged as debt: Disputed income tax demands under appeal	59.32	59.32
The Company has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Company has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT -A order is yet to be received by the Company.		
The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.		
b) Bills Discounted	-	46.99
1B Commitments		
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs. 35.97 lacs; previous year Rs.48.06 lacs)	565.11	618.51
b) Other Commitments	75.00	-
2 The Company has a working capital limit with State Bank of India, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Company has not utilized the said facility during the current / previous year.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

	31.03.2013	31.03.2012
3 SEBI Disclosure requirement (as required under Clause 32 of the Listing Agreement with the stock exchanges) Loans and advances in the nature of loans to subsidiary Wendt Middle East FZE (Maximum amount outstanding during the year Rs. 26.33 lacs (previous year Rs.81.51 lacs))	-	26.33
4 Value of imports on CIF basis:		
Raw Materials	1930.35	1914.22
Traded goods	119.28	116.93
Stores and Spare parts	81.92	157.80
Capital Goods	153.14	562.94
5 Expenditure in Foreign Currency		
Royalty	77.90	195.46
Technical consultancy fee	24.07	-
Travel	38.93	27.93
Commission	8.31	1.62
Others	24.35	1.67
6 Earnings in Foreign exchange :		
i) F.O.B. Value of goods exported	1718.99	1,946.43
ii) Others.	34.14	64.23
7 Earning per share (EPS) is calculated as under		
a) Numerator - Profit for the year	1,011.83	1,729.07
b) Denominator - weighted average number of equity shares Basic and diluted	2,000,000	2,000,000
c) Nominal value of shares (in rupees) Earnings per share (in rupees) Basic and diluted	10 50.59	10 86.45
8 Operating leases		
The Company is obligated under cancelable operating leases towards residential accommodation, which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and Loss under cancelable operating leases amounts to Rs.6.00 lacs (Previous year: Rs 6.09 lacs).		
There are no sub-lease payments received/receivable recognised in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.		
9 In accordance with Accounting Standard 18 'Related Party Disclosures', the Company has compiled the required information as detailed below.		
1) List of Related parties		
i) Party with whom control exists -Subsidiaries		
a Wendt Grinding Technologies Ltd, Thailand		
b Wendt Middle East FZE, Sharjah		
ii) Venturers to the joint venture with whom transactions have taken place during the year		
a Carborundum Universal Limited (CUMI)		
b Wendt GmbH Germany		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Transaction with related parties

Particulars	Subsidiaries		Joint venturers		Total	
	12-13	11-12	12-13	11-12	12-13	11-12
Purchase of Capital Goods						
Wendt GmbH, Germany	-	-	1.68	212.23	1.68	212.23
Wendt Middle East FZE, Sharjah	5.76	5.06	-	-	5.76	5.06
Carborundum Universal Limited (CUMI)	-	-	2.87	-	2.87	-
Other Purchases						
Wendt GmbH, Germany	-	-	560.91	619.84	560.91	619.84
Carborundum Universal Limited (CUMI)	-	-	57.24	69.14	57.24	69.14
Wendt Grinding Technologies Ltd, Thailand	0.38	0.25	-	-	0.38	0.25
Wendt Middle East FZE, Sharjah	2.57	-	-	-	2.57	-
Sale of Goods and Services						
Wendt GmbH, Germany	-	-	418.61	574.26	418.61	574.26
Carborundum Universal Limited (CUMI)	-	-	249.66	331.66	249.66	331.66
Wendt Grinding Technologies Ltd, Thailand	103.41	97.26	-	-	103.41	97.26
Wendt Middle East FZE, Sharjah	142.37	168.77	-	-	142.37	168.77
Loan given						
Wendt Middle East FZE, Sharjah	-	70.00	-	-	-	70.00
Loan recovered						
Wendt Middle East FZE, Sharjah	26.33	53.39	-	-	26.33	53.39
Payment of Service Fee and Commission						
Carborundum Universal Limited (CUMI)	-	-	128.98	147.89	128.98	147.89
Payment of Royalty						
Wendt GmbH, Germany	-	-	77.90	195.46	77.90	195.46
Payment of Dividend						
Carborundum Universal Limited (CUMI)	-	-	199.34	199.34	199.34	199.34
Wendt GmbH, Germany	-	-	199.34	199.34	199.34	199.34
Management fee, Service charges, Commission and Interest receipts						
Wendt GmbH, Germany	-	-	13.51	27.93	13.51	27.93
Wendt Grinding Technologies Ltd, Thailand	16.47	32.39	-	-	16.47	32.39
Wendt Middle East FZE, Sharjah	1.76	3.91	-	-	1.76	3.91
Reimbursement of Expenses - Paid						
Carborundum Universal Limited (CUMI)	-	-	23.50	5.23	23.50	5.23
Wendt Middle East FZE, Sharjah	0.08	-	-	-	0.08	-
Reimbursement of Expenses - Received						
Wendt GmbH, Germany	-	-	0.04	0.35	0.04	0.35
Carborundum Universal Limited (CUMI)	-	-	23.82	0.51	23.82	0.51
Wendt Grinding Technologies Ltd, Thailand	4.38	1.64	-	-	4.38	1.64
Wendt Middle East FZE, Sharjah	1.54	3.12	-	-	1.54	3.12
Amount due From						
Wendt GmbH, Germany	-	-	61.01	41.28	61.01	41.28
Carborundum Universal Limited (CUMI)	-	-	26.16	67.23	26.16	67.23
Wendt Grinding Technologies Ltd, Thailand	34.44	50.65	-	-	34.44	50.65
Wendt Middle East FZE, Sharjah	55.26	132.21	-	-	55.26	132.21
Amount due to						
Wendt Middle East FZE, Sharjah	8.33	-	-	-	8.33	-
Wendt GmbH, Germany	-	-	161.61	282.83	161.61	282.83
Carborundum Universal Limited (CUMI)	-	-	152.54	173.04	152.54	173.04

- a) The related party relationships are as identified by the Company, on the basis of information available with the Company and relied upon by the auditors.
b) No amounts in respect of related parties have been written off / back other than any amount included above during the year.
c) An amount of Rs.NIL (previous year Rs.76.56 lacs) has been provided for in respect of diminution in value of investments in Wendt Middle East FZE, Sharjah

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

10. Employee Benefits

I Defined Contribution Plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss -

Particulars	31.03.2013	31.03.2012
Employers' Contribution to Provident Fund *	35.51	28.54
Employers' Contribution to Superannuation Fund *	30.17	28.59
Employers' Contribution to Employee's State Insurance #	9.19	10.53
Employers' Contribution to Employee's Pension Scheme 1995 *	23.01	20.95

* Included in Contribution to provident and other funds (Refer note 25)

Included in staff welfare expenses (Refer note 25)

II Defined Benefit Plan

a) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31.03.2013	31.03.2012
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	6.50% p.a.

The estimate of future salary increases, considered in actuarial valuation, is in respect of salary on which gratuity is payable and takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A) Change in Present Value of Obligation :-

Particulars	31.03.2013	31.03.2012
Present Value of Obligation as at beginning of the year	165.42	141.55
Current Service Cost	17.78	11.06
Interest cost	13.07	11.32
Benefits Paid	(3.98)	(2.52)
Net Actuarial Losses / (Gains) Recognized in the Year	(18.81)	4.01
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	173.48	165.42

B) Change in the Fair Value of Assets

Particulars	31.03.2013	31.03.2012
Opening Fair Value of Plan Assets	171.71	149.18
Expected Return on Plan Assets	14.78	14.60
Actuarial Gains / (Losses)	1.88	-
Assets Distributed on Settlements	-	-
Contributions by Employer	13.47	10.45
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(3.98)	(2.52)
Closing Fair Value of Plan Assets	197.86	171.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of plan assets

Particulars	31.03.2013	31.03.2012
Closing Present Value of Funded Obligations	173.48	165.42
Closing Fair Value of Plan Assets	197.86	171.71
Closing Funded Status	24.38	6.29
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) recognized in Balance Sheet	24.38	6.29

D) Amount recognized in the Balance Sheet

Particulars	31.03.2013	31.03.2012
Closing Present value of obligations	173.48	165.42
Closing Fair Value of plan assets	197.86	171.71
Net Asset / (Liability) recognized in Balance Sheet	24.38	6.29

E) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2013	31.03.2012
Current Service Cost	17.78	11.06
Past Service Cost	(6.28)	-
Interest Cost	13.07	11.32
Expected Return on Plan Assets	(14.78)	(14.60)
Actuarial Losses / (Gain)	(20.69)	4.01
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expense	(10.90)	11.79
Less: Reimbursement received from a Subsidiary	-	(0.22)
Net expenses recognized in the Statement of Profit and Loss.	(10.90)	11.57

F) Major categories of plan assets as a percentage of total plan assets

Particulars	31.03.2013	31.03.2012
Others (insurer managed funds *)	100%	100%

* The details with respect to the composition of investments in the plan assets have not been disclosed in the absence of the aforesaid information. Further, details of experience adjustments have not been disclosed in the absence of relevant information from the actuary.

b) Long Term Benefit Plan (Leave Salary)

Assumptions at the Valuation Date:

Particulars	31.03.2013	31.03.2012
Discount Rate	8.00% p.a.	8.05% p.a.
Salary Escalation Rate	5.00% p.a.	8.00% p.a.

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Description	31.03.2013	31.03.2012
Charge / (credit) in the Statement of Profit and Loss	(20.91)	(22.17)
Liability as at the year end	71.02	91.93
- Short- term (Refer Note 9)	5.24	14.36
- Long- term (Refer Note 6)	65.78	77.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

11 Foreign Currency Exposure as at March 31, 2013, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2013		31.03.2012		Currency
	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	
Due to					
-Creditors against Import of goods, capital items and Services	265.29	4.82	374.67	7.26	USD
	220.39	3.11	326.34	4.72	EUR
	5.98	0.07	11.80	0.14	GBP
	-	-	0.15	-	CHF
Due from					
- Trade and other receivables	191.79	3.55	213.57	4.21	USD
	89.00	1.29	107.83	1.60	EUR
	12.05	0.83	51.81	3.83	AED
	29.00	0.35	43.78	0.54	GBP

There are no outstanding derivative instruments as at the end of the year (previous year Rs.Nil)

12 SEGMENT DISCLOSURE

A) PRIMARY SEGMENT INFORMATION

Notes on Segment Information

1) The company is organized into two main business segments, namely :

a) Super Abrasives and b) Machines, Accessories and Components.

The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The Company has identified business segments as its primary segments.

2) Segment Assets and Segment Liabilities of the Company's business have not been identified to any reportable segment, as these are used interchangeably between segments and hence segment disclosure relating to capital employed has not been given.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Particulars	31.03.2013	31.03.2012
1. Segment Revenue (net of excise duty)		
a) Super Abrasives	6,630.57	7,266.86
b) Machines, Accessories and Components	2,264.21	2,733.76
Total	8,894.78	10,000.62
Less:- Inter Segment Revenue	-	-
Net sales/Income From Operations	8,894.78	10,000.62
2. Segment Results (Profit before tax and interest)		
a) Super Abrasives	1,378.44	1,929.51
b) Machines, Accessories and Components	398.32	864.15
Total	1,776.76	2,793.66
Less: (i) Finance costs	0.76	11.07
(ii) Other un-allocable Expenditure net of un-allocable income of Rs.225.32 lacs (31.3.2012 Rs.277.52 lacs)	248.48	230.21
(iii) Tax expense	515.69	823.31
Profit for the year	1,011.83	1,729.07

B) SECONDARY SEGMENT INFORMATION

Revenue by Geographical market

Particulars	31.03.2013	31.03.2012
India	7,175.79	8,054.19
Europe	881.09	1,072.76
Others	837.90	873.67
Total Revenues	8,894.78	10,000.62

13. Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year's classification / disclosure.

Signatures to Notes 1 to 28

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
18th April 2013

K SRINIVASAN
Director

APEKSHA NAGORI
Company Secretary

Statement of Holding Company's Interest in Subsidiary Company (Pursuant to Section 212(1) (e) and (f) of the Companies Act 1956)

1 Name of the Company	Wendt Grinding Technologies Ltd	Wendt Middle East FZE
2 The Financial year of the Subsidiary ended on	31 st March 2013	31 st March 2013
3		
a i) Number of ordinary shares held by Wendt India Ltd in the Subsidiary Company on the above date	1,02,99,993	8
	Face Value Paid up value	Face Value Paid up value
ii) Face value and paid up value per share	Thai Baht 10 - Thai Baht 2.50	AED 150,000 AED 150,000
iii) Interest of Wendt India Ltd	100%	100%
b i) Number of Preference shares held by Wendt India Ltd in the Subsidiary Company on the above date	---	---
ii) Face value and paid up value per share	---	---
iii) Interest of Wendt India Ltd	---	---
	Rs in lacs	Rs in lacs
4 The Net aggregate profit/loss of subsidiary Company so far as it concerns the holding Company		
i) Not dealt with in the accounts of Wendt India Ltd		
a) For the Subsidiary 's Financial year ended 31st March, 2013 *	243.19	55.00
b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	726.09	(212.29)
ii) Dealt with in the accounts of Wendt India Ltd, by way of Dividends on the shares held in the subsidiary		
a) For the Subsidiary 's Financial year ended 31 st March, 2013	----	----
b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	146.34	----

* Computed based on the exchange rates as on 31st March 2013 (Thai Baht Rs.1.847 and AED Rs.14.790)

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
18th April 2013

K SRINIVASAN
Director

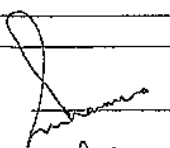
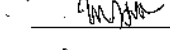
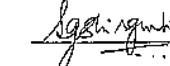
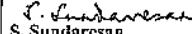

APEKSHA NAGORI
Company Secretary

WENDT (INDIA) LIMITED

Audit for the year ended March 31, 2013

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Wendt (India) Limited
2.	Annual separate financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A. (as the report is unqualified)
5.	To be signed by-	
	Mr. Rajesh Khanna Chief Executive	
	Mr. Mukesh Kumar Hamirvasia Chief Financial Officer	
	Shrinivas G Shirgurkar Audit Committee Chairman	
	Place: Hosur Date: June 10, 2013	
	Refer our Audit Report dated April 18, 2013 on the Separate Financial Statements of the Company.	
	For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S)  S. Sundaresan (Partner) (Membership No. 25776) Place: Bangalore Date: June 10, 2013	

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Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **WENDT (INDIA) LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
 - (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

6. We did not audit the financial statements of the 2 subsidiaries, whose financial statements reflect total assets (net) of Rs.1,622.34 lakhs as at 31st March 2013, total revenues of Rs. 1,400.42 lakhs and net cash inflows amounting to Rs.141.52 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.
- Our report is not qualified in respect of this matter.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No.0080725)

Bangalore
18th April, 2013
SS/SMG/2013

S. SUNDARESAN
Partner
(Membership No. 25776)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in lacs)

Particulars	Note No.	As at	
		31.03.2013	31.03.2012
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	2	200.00	200.00
(b) Reserves and surplus	3	8,442.18	7,369.27
		8,642.18	7,569.27
(2) Non-current liabilities			
(a) Deferred tax liability (net)	4	383.66	302.97
(b) Other long-term liabilities	5	52.90	42.21
(c) Long-term provisions	6	90.30	91.26
		526.86	436.44
(3) Current liabilities			
(a) Short-term borrowings	7	24.28	-
(b) Trade payables	8	1,542.04	1,858.69
(c) Other current liabilities	9	577.80	307.27
(d) Short-term provisions	10	386.54	709.06
		2,530.66	2,875.02
Total		11,699.70	10,880.73
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	4,950.09	4,076.36
(ii) Intangible assets	12	89.14	88.21
(iii) Capital work-in-progress		261.04	501.37
		5,300.27	4,665.94
(b) Long-term loans and advances	13	200.29	284.98
		5,500.56	4,950.92
(2) Current assets			
(a) Current investments	14	1,546.90	1,206.24
(b) Inventories	15	1,479.76	1,464.43
(c) Trade receivables	16	2,029.20	2,037.90
(d) Cash and cash equivalents and other bank balances	17	822.40	904.76
(e) Short-term loans and advances	18	281.23	310.19
(f) Other current assets	19	39.65	6.29
		6,199.14	5,929.81
Total		11,699.70	10,880.73

SIGNIFICANT ACCOUNTING POLICIES 1B

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 26

SEE ACCOMPANYING NOTES (1-28) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S SUNDARESAN
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
18th April 2013

K SRINIVASAN
Director

APEKSHA NAGORI
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

Particulars	Note No.	Year Ended	
		31.03.2013	31.03.2012
I. Revenue from operations (Gross)	20	10,907.97	11,891.78
Less: Excise duty		806.67	785.64
Revenue from operations (Net)		10,101.30	11,106.14
II. Other income	21	193.64	194.97
III. Total Revenue (I +II)		10,294.94	11,301.11
IV. Expenses:			
Cost of materials consumed	22.a	2,950.58	3,110.95
Purchases of stock-in-trade		670.51	644.16
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(25.14)	(168.70)
Employee benefits expense	23	1,587.43	1,601.64
Finance costs	24	3.32	14.19
Depreciation and amortization expense	12(a)	473.83	399.05
Other expenses	25	2,760.40	2,850.69
Total Expenses		8,420.93	8,451.98
V Profit before tax (III - IV)		1,874.01	2,849.13
VI Tax expense:			
(1) Current tax		507.35	838.82
(2) Deferred tax		80.69	64.50
		588.04	903.32
VII Profit / (Loss) for the year (V -VI)		1,285.97	1,945.81
VIII Earning per equity share (face value Rs.10/- each):			
Basic and Diluted	26(3)	64.30	97.29

SIGNIFICANT ACCOUNTING POLICIES 1B

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 26

SEE ACCOMPANYING NOTES (1-28) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S SUNDARESAN
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
18th April 2013

K SRINIVASAN
Director

APEKSHA NAGORI
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

	31.03.2013	31.03.2012
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	1,874.01	2,849.13
Adjustments for :		
Depreciation and amortisation expense	473.83	399.05
Bad trade receivables written off (net)	1.43	6.24
Provision for trade receivables (net of reversal)	21.19	(52.11)
Finance costs	3.32	14.19
Interest on bank and other deposits	(12.76)	(7.99)
Dividend from current investments	(51.13)	(82.27)
Loss on sale / discarding of tangible fixed assets (net)	8.03	15.40
Surplus provision of previous year written back	(8.90)	(1.52)
Loss / (profit) on sale of current investments (net)	0.07	(1.20)
Unrealised exchange loss / (gain)	0.90	(3.36)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,309.99	3,135.56
CHANGES IN WORKING CAPITAL :		
Inventories	(15.33)	(369.92)
Trade receivables	(15.68)	(399.62)
Short term loans and advances	28.97	(117.88)
Other current assets	(33.36)	-
Long term loans and advances	(1.51)	(4.11)
Trade payables	(315.79)	555.71
Other long term liabilities and provisions	(1.10)	(9.76)
Other current liabilities and provisions	92.51	(114.60)
CASH FLOW FROM OPERATING ACTIVITIES	2,048.70	2,675.38
Direct tax paid (net of refunds)	(503.38)	(1,029.31)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1,545.32	1,646.07
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(909.59)	(1,495.89)
Purchase of Intangible fixed assets	(31.31)	(63.77)
Proceeds from sale of tangible fixed assets	14.62	3.73
Sale / (purchase) of current investments (net)	(340.75)	713.49
Interest received on deposits with banks and others	12.76	7.99
Dividend from current investments	51.13	82.27
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	498.34	497.41
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(1,204.80)	(754.77)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lacs)

	31.03.2013	31.03.2012
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing / (repayment) of loan (net)	24.28	(66.91)
Finance costs	(3.32)	(14.19)
Dividend paid (including tax thereon)	(581.11)	(583.04)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(560.15)	(664.14)
Translation adjustment	(D) 135.61	99.95
NET CASH INFLOW/(OUTFLOW) (A+B+C+D)	(84.02)	327.11
OPENING CASH AND CASH EQUIVALENTS E	880.12	553.01
CLOSING CASH AND CASH EQUIVALENTS F	796.10	880.12
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (F-E)	(84.02)	327.11

(1) Reconciliation of cash and cash equivalents with the balance sheet

Cash and Cash equivalents and other bank balances as per Balance Sheet (Refer Note No.17) 822.40 904.76

Less:- Bank Balances not considered as Cash and Cash equivalent as defined in AS 3 Cash Flow Statements

(i) In deposit accounts (having original maturity of more than 3 months) 0.55 0.55

(ii) In earmarked accounts # 25.75 24.09

Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No. 17) 796.10 880.12

The earmarked accounts can be utilised only for the specific identified purposes.

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

S SUNDARESAN
Partner

Chennai
18th April 2013

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

K SRINIVASAN
Director

SHRINIVAS G SHIRGURKAR
Director

APEKSHA NAGORI
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

A GROUP OVERVIEW

Wendt (India) Limited was incorporated on August 21st, 1983 under the provisions of the Companies Act, 1956, and is a joint venture between Wendt GmbH, Germany and Carborundum Universal Limited, India. Wendt (India) Limited is a leading manufacturer of Super Abrasives, High precision Grinding, Honing and Special Purpose Machines and High Precision components. The Company's registered office is in Bangalore and factory is situated in Hosur, Tamilnadu. The Company has 2 subsidiaries viz. Wendt Grinding Technologies Limited, Thailand and Wendt Middle East FZE, UAE.

B SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS:

The Consolidated financial statements comprise the financial statements of Wendt (India) Ltd (the Holding Company) and its subsidiaries. Together, these companies constitute the "Group". The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the "Act") and the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules 2006 (as amended), to the extent applicable.

b PRINCIPLES OF CONSOLIDATION

- The financial statements of the subsidiary companies are drawn upto the same reporting date as that of the Company i.e., 31 March, 2013.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Following subsidiary companies have been included in Consolidation

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Proportion	
			31.03.2013	31.03.2012
1	Wendt Grinding Technologies Limited (Incorporated on 19 th July 2005)	Thailand	100%	100%
2	Wendt Middle East FZE (Incorporated on 24 th September 2008)	Sharjah (UAE)	100%	100%

3 USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

4 INVENTORIES:

- Finished Goods and work-in-progress are valued at lower of cost and net realizable value. Cost comprises of materials, labour, and an appropriate proportion of production overheads and excise duty, wherever applicable and excludes interest, selling and distribution expenses. Cost is computed on weighted average basis.
- Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost computed on weighted average basis includes freight, taxes and duties net of CENVAT / VAT credit, wherever applicable.

5 CASH FLOW STATEMENT:

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash flows from operating activities are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

6 FIXED ASSETS, DEPRECIATION AND AMORTISATION:

- Fixed assets are stated at original cost (net of CENVAT / VAT wherever applicable) including expenses related to acquisition and installation. Borrowing costs are capitalized as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.
- Capital work in progress is stated at the amount expended up to the balance sheet date and includes direct cost and related incidental expenses.
- Capital Subsidy relating to projects in backward area is credited to capital subsidy reserve on receipt and Government grants relating to specific assets are deducted from the cost of such assets.
- Depreciation is provided, on all depreciable assets, except intangible assets (refer (e) below), on a straight line basis at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on assets added/ disposed off during the year is provided on pro-rata basis from the month of addition or up to the month prior to the month of disposal, as applicable.
- Intangible Assets are amortized over a period of 5 years or based on the period of usage/ licence, whichever is lower. The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.
- Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.
- A) In the case of Wendt Grinding Technologies Ltd, the depreciation is provided on Straight line basis on the estimated useful life of the assets as follows.

No. of years

- Building 20
- Machine and equipment, Tools, Furniture and Fixture, Vehicles 5

B) In the case of Wendt Middle East FZE, the depreciation is provided on Straight line basis on the estimated useful life of the assets as follows.

No. of years

- Plant and Machinery 4
- Lease hold improvements 4
- Furniture and Fixtures 3
- Computers 3

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

7 REVENUE RECOGNITION:

- a Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses. Revenue from Sale of goods is recognised on despatch of goods. Sales includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.
- b Revenue from rendering of services priced on a time and material basis is recognised on rendering of services as per the terms of contracts with customers.
- c Export Benefits under Advance licence scheme are recognized on accrual basis on completion of export obligation.
- d Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognised on a time proportion basis considering the underlying interest rate.

8 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION :

- a Company: Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions . Monetary assets and liabilities outstanding at the year end are translated at the rate of exchange prevailing at the year end and the gain or loss is recognized in the Statement of Profit and Loss .
- b Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. All assets and liabilities of non-integral foreign operations are translated at the year-end rates.
- c Company: Exchange differences arising on actual payments / realizations and year end restatements are also recognised in the Statement of Profit and Loss.
- d Non-integral foreign operations: The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a Translation adjustment reserve until disposal of the operation, in which case the accumulated balance in Translation adjustment reserve is recognised as income/ expense in the same period in which the gain or loss on disposal is recognised.

9 INVESTMENTS:

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution is made in the value of investments, if such diminution is other than of temporary nature.

10 EMPLOYEE BENEFITS:

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits including performance incentive and compensated absences which are expected to occur within 12 months after the end of the period in which the employee renders related service are determined as per Company's policy and recognized as expense based on expected obligation on undiscounted basis.

LONG TERM EMPLOYEE BENEFITS - COMPENSATED ABSENCES

Accumulated Compensated absences which fall due beyond 12 months is provided for in the books on actuarial basis at the year end using projected unit credit method.

DEFINED CONTRIBUTION PLANS

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss on an accrual basis. The

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Company also makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

DEFINED BENEFIT PLAN

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the Statement of Profit and Loss at the year end. Actuarial Gains and losses arising during the year are recognised in the Statement of Profit and Loss immediately.

Termination benefits are recognized as an expense as and when incurred.

11 SEGMENT REPORTING:

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group with the following additional policies:

- a Inter-segment revenues are accounted on the basis of prices charged to external customers.
- b Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis are included under "Other un-allocable Expenditure net of un-allocable income".

12 EARNINGS / (LOSS) PER SHARE:

The basic earnings/ (loss) per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

13 TAXES ON INCOME :

Current tax is determined on the basis of taxable income and tax credits, where applicable, computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located. Income tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates or substantively enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be received or settled.

14 RESEARCH AND DEVELOPMENT:

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred. Capital expenditure on Research and Development is included in fixed assets and depreciated in accordance with the depreciation policy of the company.

15 IMPAIRMENT OF ASSETS:

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole, and the impairment loss is recognised.

16 PROVISIONS AND CONTINGENCIES:

A provision is recognized when the Group has a present obligation as a result of past event, that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. When no reliable estimate can be made, a disclosure is made as contingent liability and is disclosed by way of notes. Contingent assets are not recognised in the financial statements.

17 OPERATING CYCLE:

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

NOTE 2 - SHARE CAPITAL

Particulars	As at 31st March, 2013	As at 31st March, 2012
Authorised: 3,000,000 (Previous year 3,000,000) equity shares of Rs 10/- each.	300.00	300.00
Issued: 2,000,000 (Previous year 2,000,000) equity shares of Rs.10/- each.	200.00	200.00
Subscribed and Paid up: 2,000,000 (Previous year 2,000,000) equity shares of Rs.10/- each fully paid up.	200.00	200.00
Total	200.00	200.00

Note 2 (i)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Rs. in lacs	No of shares	Rs. in lacs
Reconciliation of the no. of shares and amount outstanding at the beginning and at the end of the year:				
No of shares outstanding at the beginning of the year	2,000,000	200.00	2,000,000	200.00
Add: Additional shares issued during the year	-	-	-	-
Less: Shares forfeited/Bought back during the year	-	-	-	-
No of shares outstanding at the end of the year	2,000,000	200.00	2,000,000	200.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Note 2 (ii)

Details of shares held by each shareholder holding more than 5% shares in the Company:

Particulars	Number of shares as at 31st March, 2013	Percentage of holding	Number of shares as at 31st March, 2012	Percentage of holding
Equity Shares : (with equal voting rights)				
Wendt GmbH Germany	797,352	39.87	797,352	39.87
Carborundum Universal Limited	797,352	39.87	797,352	39.87

Note 2 (iii)

Rights, Preferences and Restrictions attached to shares

The Company has only one class of equity shares with voting rights (one vote per share). The dividends proposed by the Board of directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only the residual assets of the company. The distribution of dividend is in the proportion to the number of equity shares held by the shareholders.

NOTE 3 - RESERVES AND SURPLUS

Particulars		As at 31st March, 2013	As at 31st March, 2012
Capital Reserve:			
Capital Subsidy		20.98	20.98
		20.98	20.98
General Reserve:			
Opening balance	4,556.85		4,206.85
Add: Transfer from surplus in Statement of Profit and Loss	101.20		350.00
		4,658.05	4,556.85
Translation Adjustment Reserve:			
Opening balance	168.95		69.00
Add/(less): Effect of exchange fluctuations during the year	135.61		99.95
		304.56	168.95
Surplus in statement of Profit and Loss :			
Opening balance	2,622.49		1,607.79
Add: Profit/(Loss) for the year	1,285.97		1,945.81
	3,908.46		3,553.60
Less: Appropriations			
Proposed Dividend @ 150% (Rs.15/- Per equity share (previous year Rs. 25/- Per equity share))	300.00		500.00
Tax on Proposed Dividend	48.67		81.11
Transfer to General Reserve	101.20		350.00
		3,458.59	2,622.49
Total		8,442.18	7,369.27

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Tax effect of items constituting deferred tax liability		
Fiscal allowance on fixed assets	438.79	358.65
Tax effect of items constituting deferred tax liability	438.79	358.65
Tax effect of items constituting deferred tax asset		
Provision for compensated absences	(24.14)	(33.77)
Provision for doubtful trade receivables	(15.43)	(8.72)
Others	(15.56)	(13.19)
Tax effect of items constituting deferred tax assets	(55.13)	(55.68)
Deferred tax liability (net)	383.66	302.97

NOTE 5 - OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Towards miscellaneous taxes	52.90	42.21
Total	52.90	42.21

NOTE 6 - LONG-TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for compensated absences (Refer note 26 (6)(II)(b))	65.78	77.57
Tax provisions less payments (current tax)	23.98	13.15
Tax provisions less payments (fringe benefit tax)	0.54	0.54
Total	90.30	91.26

NOTE 7 - SHORT-TERM BORROWINGS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Loans repayable on demand from bank - (Unsecured)	24.28	-
Total	24.28	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 8 - TRADE PAYABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables	1,542.04	1,858.69
Total	1,542.04	1,858.69

NOTE 9 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unclaimed dividends (refer note below)	25.75	24.09
Other payables		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT)	103.15	103.34
Retention and security deposits	37.02	16.60
Advance received from customers	202.50	131.29
Payable on purchase of fixed assets	204.45	26.63
Employees' contractual obligations	4.93	5.32
Total	577.80	307.27

NOTE

The unclaimed dividend of Rs. 25.75 lacs represents those relating to the years 2005-06 to 2011-2012 and no part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring transfer to the Investor Education and Protection Fund.

NOTE 10 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Tax provisions (net of tax payment)	32.63	113.59
Provision for compensated absences (Refer note 26(6)(II)(b))	5.24	14.36
Proposed dividend on equity shares	300.00	500.00
Tax on proposed dividend on equity shares	48.67	81.11
Total	386.54	709.06

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - FIXED ASSETS (TANGIBLE)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2012	Additions during the year	Disposals/ Deductions during the year	Translation adjustment	As at 31st March, 2013	Upto 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
TANGIBLE ASSETS (OWNED)								
Land	91.86 (82.03)	-	-	6.90 (9.63)	98.76 (91.66)	-	98.76 (91.66)	91.86 (82.03)
Improvements to Leasehold Premises	3.58 (3.58)	-	-	-	3.58 (3.58)	2.47 (1.57)	0.22 (1.11)	1.11 (2.01)
Buildings	1,059.47 (913.70)	584.16 (118.02)	0.23	29.69 (27.75)	1,673.09 (1,059.47)	276.85 (233.18)	327.06 (276.85)	1,346.03 (782.62)
Plant and Equipment	4,691.63 (3,656.96)	619.32 (868.84)	75.15 (46.67)	19.13 (12.50)	5,254.93 (4,691.63)	347.36 (293.35)	13.10 (7.90)	3,185.56 (2,907.17)
Furniture and Fixtures	112.92 (101.19)	37.78 (11.73)	0.02	-	150.68 (112.92)	54.95 (49.25)	0.01	60.87 (57.97)
Vehicles	127.90 (110.99)	7.02 (18.31)	5.72 (5.12)	5.28 (3.72)	134.48 (127.90)	61.70 (46.89)	4.11 (2.97)	58.53 (64.70)
Office Equipment	349.29 (306.10)	50.97 (42.90)	5.04 (4.61)	3.56 (4.30)	398.78 (349.29)	179.86 (152.57)	3.79 (1.78)	181.18 (153.53)
Total	6,436.65 (5,354.55)	1,299.25 (1,079.80)	86.16 (56.40)	64.56 (58.70)	7,714.30 (6,436.65)	2,360.29 (1,997.60)	23.98 (37.27)	4,950.09 (4,076.36)
Previous year								

NOTE 12 - FIXED ASSETS (INTANGIBLE)

Particulars	Gross Block			Accumulated Amortization			Net Block	
	As at 1st April, 2012	Additions during the year	Disposals/ Deductions during the year	Translation adjustment	As at 31st March, 2013	Upto 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
INTANGIBLE ASSETS								
Computer Software	98.64 (92.78)	31.31 (5.86)	-	-	129.95 (98.64)	78.01 (72.95)	90.28 (78.01)	20.63 (19.83)
Technical Know how	128.98 (71.07)	- (97.91)	-	-	128.98 (128.98)	61.40 (47.15)	79.51 (61.40)	67.58 (23.92)
Total	227.62 (163.85)	31.31 (63.77)	-	-	258.93 (227.62)	139.41 (120.10)	169.79 (139.41)	88.21 (88.21)
Previous year								

Figures in brackets pertain to previous year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 12 (a)

Depreciation and amortization expense

Particulars	Year ended	
	31st March, 2013	31st March, 2012
On fixed assets (tangible assets) (refer note 11)	443.45	379.74
On fixed assets (intangible assets) (refer note 12)	30.38	19.31
Total	473.83	399.05

NOTE 13 - LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(Unsecured, considered good)		
Capital Advances	35.97	48.06
Security deposits	19.89	18.38
Tax payments (net of provisions)	142.33	216.44
Fringe benefit tax payments net of provisions	2.10	2.10
Total	200.29	284.98

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2013		As at March 31, 2012	
			Units (Nos)	Amount	Units (Nos)	Amount
	Investments in Mutual Funds (Quoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Interval Fund II Quarterly Interval Plan C - Institutional Dividend	10	-	-	899,973	90.00
2	ICICI Prudential Interval Fund III Quarterly Interval Plan - Institutional Dividend	10	-	-	490,000	49.00
3	Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	-	-	996,423	100.00
4	Reliance Medium Term Fund-Daily Dividend Plan	17	480,682	82.18	-	-
5	Reliance Liquid Fund Treasury Plan - Daily Dividend Plan	1529	29,742	454.68	-	-
6	IDFC Money Manager Fund-Investment Plan-Daily Dividend - (Regular Plan)	10	250,201	25.20	-	-
7	IDFC Fixed Maturity Quarterly Series 69 Dividend	10	-	-	836,147	83.61
8	IDFC Fixed Maturity Quarterly Series 72 Dividend	10	-	-	300,000	30.00
	(Unquoted-Non Trade, at lower of cost and fair value)	(A)		562.06		352.61
1	ICICI Prudential Banking and PSU Debt Fund Premium Daily Dividend	10	-	-	489,967	49.04
2	ICICI Prudential Ultra Short Term - Regular Plan - Daily Dividend	10	498,771	50.17	-	-
3	ICICI Prudential Money Market Fund-Cash Option Daily Dividend	100	107,998	108.00	-	-
4	Birla Sun Life Floating Rate Fund-STP - IP - Daily Dividend Reinvestment	100	396,822	396.89	286,955	287.01
5	Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	10	-	-	1,976,702	302.19
6	TATA Liquidity Management Fund - Daily Dividend	1000	-	-	2,506	25.13
7	TATA Money Market Fund Plan A - Daily Dividend	10	250,895	25.13	-	-
8	UOB Asset Management	(B)		404.65		190.26
	Total	(A)+(B)		984.84		853.63
				1,546.90		1,206.24

Notes:-

- 1) Aggregate amount of quoted investments
- 2) Aggregate market value of quoted investments
- 3) Aggregate amount of unquoted investments

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 15 - INVENTORIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 38.64 lacs, Previous year Rs. 71.82 lacs)	609.04	632.01
Work - in - progress (refer note below)	467.64	447.25
Finished goods	104.05	110.41
Stock-in- trade (in respect of goods acquired for trading)	166.89	155.78
Stores and spares	132.14	118.98
Total	1,479.76	1,464.43

Note:

Particulars	As at 31st March, 2013	As at 31st March, 2012
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	334.82	296.74
Machine, accessories and components	122.39	131.28
Others	10.43	19.23
Total	467.64	447.25

NOTE 16 -TRADE RECEIVABLES

Particulars		As at 31st March, 2013	As at 31st March, 2012
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	98.33		32.90
Considered doubtful	46.14		26.87
		144.47	59.77
2) Other Trade receivables			
Considered good	1,930.87		2,005.00
Considered doubtful	-		-
		1,930.87	2,005.00
Less: Provision for doubtful trade receivables		46.14	26.87
Total		2,029.20	2,037.90

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 17 - CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

Particulars		As at 31st March, 2013	As at 31st March, 2012
Cash on hand		0.78	3.23
Cheques, on hand		31.11	41.22
Balances with banks			
(i) In current accounts	764.21		835.67
(ii) In deposit accounts (refer note below)	0.55		0.55
(iii) In earmarked accounts			
(a) Dividend account	25.75		24.09
		790.51	860.31
Total		822.40	904.76
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is:		796.10	880.12

Note:- Deposits amounting to Rs. 0.55 lacs (previous year Rs.0.55 lacs) have an original maturity of more than 3 months.

NOTE 18 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013	As at 31st March, 2012
(Unsecured, considered good)		
Others		
Prepaid expenses	94.27	67.95
Advance paid to vendors	28.57	52.83
Employees' loans and advances	36.81	26.26
Security and earnest money deposits	13.55	13.32
Other loans and advances	6.41	6.53
Balances with government authorities.		
- CENVAT credit receivable	39.75	77.50
- VAT credit receivable	7.37	8.20
- Service tax credit receivable	54.50	57.60
Total	281.23	310.19

NOTE 19 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Excess of fair value of plan assets over present value of gratuity liability	24.38	6.29
Insurance claim receivable	15.27	-
Total	39.65	6.29

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 20 - REVENUE FROM OPERATIONS

Sl. No.	Particulars	Year Ended As at 31st March, 2013	As at 31st March, 2012
a.)	Sale of products (refer note (i) below) (Sale of products net of excise duty is Rs.9,727.29 lacs ; previous year : Rs.10,750.34 lacs)	10,533.96	11,535.98
b.)	Sale of services (refer note (ii) below)	331.38	305.27
c.)	Other operating income (refer note (iii) below)	42.63	50.53
	Revenue from operations (Gross)	10,907.97	11,891.78
	Less: Excise duty	806.67	785.64
	Revenue from Operations (Net)	10,101.30	11,106.14

Note:

Sl. No.	Particulars	Year Ended As at 31st March, 2013	As at 31st March, 2012
(i)	Sale of products comprises		
	Manufactured goods	8,362.27	9,516.42
	Traded goods	1,365.02	1,233.92
	Total - Sale of products (net of excise duty)	9,727.29	10,750.34
(ii)	Sale of services comprises		
	Machining charges	331.38	305.27
	Total - Sale of services	331.38	305.27
(iii)	Other operating income comprises		
	Sale of scrap	23.77	28.01
	Service charges	17.67	15.39
	Technical services fee	1.19	7.13
	Total - Other operating income	42.63	50.53

NOTE 21 - OTHER INCOME

Particulars	Year Ended 31st March, 2013	31st March, 2012
Interest on bank and other deposits (Gross)	12.76	7.99
Dividend income from current investments - mutual funds	51.13	82.27
Profit on sale of current investments	-	1.20
Net gain on foreign currency transactions and translations	45.01	47.97
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	9.16	21.05
For other expenses	8.90	1.52
Bad trade receivables recovered	21.78	-
Commission	15.23	27.93
Miscellaneous income	29.67	5.04
Total	193.64	194.97

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Note 22.a - COST OF MATERIALS CONSUMED

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Opening stock	632.01	472.08
Add: Purchases	2,927.61	3,270.88
	3,559.62	3,742.96
Less: Closing stock	609.04	632.01
Cost of materials consumed	2,950.58	3,110.95

Note 22.b - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Opening stock		
Work - in - progress	447.25	395.20
Finished goods	110.41	63.01
Stock-in- trade	155.78	86.53
	713.44	544.74
Closing stock		
Work - in - progress	467.64	447.25
Finished goods	104.05	110.41
Stock-in- trade	166.89	155.78
	738.58	713.44
Net (increase) / decrease	(25.14)	(168.70)

NOTE 23 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Salaries,wages and bonus	1,306.93	1,321.92
Contribution to provident and other funds	78.75	92.09
Staff welfare expenses	201.75	187.63
Total	1,587.43	1,601.64

NOTE 24 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Interest on deferred payment of Income tax and Service tax	0.75	10.50
Interest on short term borrowings	2.56	3.13
Others	0.01	0.56
Total	3.32	14.19

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 25 - OTHER EXPENSES

Particulars	Year Ended	
	31st March, 2013	31st March, 2012
Consumption of stores and spares parts	421.43	460.43
Contract labour	74.87	53.22
Power and fuel	277.92	219.77
Rent	21.52	19.07
Excise duty on stock differential (refer note (i) below)	(0.70)	6.26
Rates and taxes	53.59	85.42
Insurance	27.93	19.21
Repairs to:		
Building	38.20	50.66
Machinery	62.23	114.28
Other assets	64.90	36.62
Royalty	77.90	195.46
Processing charges	459.13	516.92
Directors' sitting fees	2.20	2.30
Auditors' remuneration (net of service tax credit availed)		
- Statutory auditors		
Audit fees (including limited reviews)	11.28	9.79
Tax audit fees	1.50	1.00
Taxation matters	1.75	3.62
Reimbursement of expenses	0.79	0.79
- Cost auditors		
Cost audit fees	0.50	-
Bank charges	39.62	31.38
Service fee	128.98	146.60
Travel and conveyance	292.68	251.31
Freight outward and packing charges (net)	113.42	109.86
Selling commission	56.59	31.99
Communication expenses	34.52	32.50
Bad trade receivables written off	3.35	61.26
Less: Transferred from provision	1.92	55.02
Provision for doubtful trade receivables	30.35	23.96
Legal and professional charges	118.80	50.83
Publicity	11.72	18.12
Sales & other expenses	136.42	178.53
Office and general expenses	32.24	22.71
Loss on sale/disposal of fixed assets (net)	8.03	15.40
R & D expenses	9.54	14.66
Contribution to research institution	2.00	2.00
Miscellaneous expenses	147.12	119.78
Total	2,760.40	2,850.69

Note (i) The above excise duty relates to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in the Statement of Profit and Loss represents excise duty on sales during the year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 26 - ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
1 Contingent Liability and commitments to the extent not provided for:		
a) Claims against the Group not acknowledged as debt: Disputed income tax demands under appeal	59.32	59.32
The Group has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Group has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT -A order is yet to be received by the Group.		
The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Group's rights for further appeal before the Judiciary.		
b) Bills discounted	-	46.99
1A Commitments		
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs. 35.97 lacs - previous year Rs. 48.06 lacs)	565.11	252.80
b) Other commitments	75.00	-
2 The Group has a working capital limit with State Bank of India, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Group has not utilized the said facility during the current / previous year.		
3 Earning per share (EPS) is calculated as under		
a) Numerator -		
Profit for the year	1,285.97	1,945.81
b) Denominator - weighted average number of equity shares		
Basic and diluted	2,000,000	2,000,000
c) Nominal value of shares (in rupees)	10	10
Earnings per share (in rupees)		
Basic and diluted	64.30	97.29
4 Operating leases		
The Group is obligated under cancellable operating leases towards residential accommodation, office premises and ware house which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and loss under cancellable operating leases amounts to Rs.21.52 lacs (Previous year: Rs 19.07 lacs).		
There are no sub-lease payments received/receivable recognised in the Statement of Profit and Loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

5 In accordance with Accounting Standard 18 'Related Party Disclosures', the Group has compiled the required information as detailed below.

1) List of Related parties

i) Venturers to the joint venture with whom transactions have taken place during the year

a Carborundum Universal Limited (CUMI)

b Wendt GmbH, Germany

Transaction with related parties

Particulars	Joint Venturers	
	2012-13	2011-12
Purchase of Capital Goods		
Wendt GmbH, Germany	1.68	212.23
Carborundum Universal Limited (CUMI)	2.87	-
Other Purchases		
Wendt GmbH, Germany	561.02	620.55
Carborundum Universal Limited (CUMI)	439.47	430.28
Sale of Goods		
Wendt GmbH, Germany	418.61	574.26
Carborundum Universal Limited (CUMI)	249.66	331.66
Payment of Service Fee & Commission		
Carborundum Universal Limited (CUMI)	128.98	147.89
Payment of Royalty & Technical Fee		
Wendt GmbH, Germany	77.90	195.46
Payment of Dividend		
Carborundum Universal Limited (CUMI)	199.34	199.34
Wendt GmbH, Germany	199.34	199.34
Service Charges, Commission & Interest receipts		
Wendt GmbH, Germany	13.51	27.93
Reimbursement of Expenses Paid		
Wendt GmbH, Germany	-	-
Carborundum Universal Limited (CUMI)	23.50	5.23
Reimbursement of Expenses Received		
Wendt GmbH, Germany	0.04	0.35
Carborundum Universal Limited (CUMI)	23.82	0.51
Amount due From		
Wendt GmbH, Germany	61.01	41.28
Carborundum Universal Limited (CUMI)	26.16	67.23
Amount due to		
Wendt GmbH, Germany	161.61	282.83
Carborundum Universal Limited (CUMI)	242.31	249.54

a) The related party relationships are as identified by the Group, on the basis of information available with the Group and relied upon by the auditors.

b) No amounts in respect of related parties have been written off / back during the year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

6. EMPLOYEE BENEFITS

I Defined Contribution Plans

During the year, the Group has recognized the following amounts in the Profit and Loss Account:-

Particulars	31.03.2013	31.03.2012
Employers' Contribution to Provident Fund *	35.51	28.54
Employers' Contribution to Superannuation Fund *	30.17	28.59
Employers' Contribution to Employee's State Insurance	9.19	10.53
Employers' Contribution to Employee's Pension Scheme 1995 *	23.01	20.95
Social Security Contributions in respect of subsidiaries *	0.96	2.44

* Included in Contribution to provident and other funds (Refer note 23)

II Defined Benefit Plan

a) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31.03.2013	31.03.2012
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	6.50% p.a.

The estimate of future salary increases, considered in actuarial valuation, is in respect of salary on which gratuity is payable and takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A) Change in Present Value of Obligation :-

Particulars	31.03.2013	31.03.2012
Present Value of Obligation as at beginning of the year	165.42	141.55
Current Service Cost	17.78	11.06
Interest cost	13.07	11.32
Benefits Paid	(3.98)	(2.52)
Net Actuarial Losses / (Gains) Recognized in the Year	(18.81)	4.01
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	173.48	165.42

B) Change in the Fair Value of Assets

Particulars	31.03.2013	31.03.2012
Opening Fair Value of Plan Assets	171.71	149.18
Expected Return on Plan Assets	14.78	14.60
Actuarial Gains / (Losses)	1.88	-
Assets Distributed on Settlements	-	-
Contributions by Employer	13.47	10.45
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(3.98)	(2.52)
Closing Fair Value of Plan Assets	197.86	171.71

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Plan Assets

Particulars	31.03.2013	31.03.2012
Closing Present Value of Funded Obligations	173.48	165.42
Closing Fair Value of Plan Assets	197.86	171.71
Closing Funded Status	24.38	6.29
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) recognized in Balance Sheet (Refer Note 19)	24.38	6.29

D) Amount recognized in the Balance Sheet

Particulars	31.03.2013	31.03.2012
Closing Present value of obligations	173.48	165.42
Closing Fair Value of Plan Assets	197.86	171.71
Net Asset / (Liability) recognized in Balance Sheet	24.38	6.29

E) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2013	31.03.2012
Current Service Cost	17.78	11.06
Past Service Cost	(6.28)	-
Interest Cost	13.07	11.32
Expected Return on Plan Assets	(14.78)	(14.60)
Actuarial Losses / (Gain)	(20.69)	4.01
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expense	(10.90)	11.79
Less: Reimbursement received from a Subsidiary	-	(0.22)
Net expenses recognized in the Statement of Profit and Loss	(10.90)	11.57

F) Major categories of plan assets as a percentage of total plan assets

Particulars	31.03.2013	31.03.2012
Others (insurer managed funds *)	100%	100%

* The details with respect to the composition of investments in the plan assets have not been disclosed in the absence of the aforesaid information. Further, details of experience adjustments have not been disclosed in the absence of relevant information from the actuary.

b) Long Term Benefit Plan (Leave Salary)

Assumptions at the Valuation Date:

Particulars	31.03.2013	31.03.2012
Discount Rate	8.00% p.a.	8.50% p.a.
Salary Escalation Rate	5.00% p.a.	8.00% p.a.

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Description	31.03.2013	31.03.2012
Charge / (credit) in the Statement of Profit and Loss	(20.91)	(22.17)
Liability as at the year end	71.02	91.93
- Short- term (Refer Note 10)	5.24	14.36
- Long- term (Refer Note 6)	65.78	77.57

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

7 Foreign Currency Exposure as at March 31, 2013, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2013				31.03.2012				Currency
	Amount AED	Amount Thai Baht	Amount INR	Amount (Foreign Currency)	Amount AED	Amount Thai Baht	Amount INR	Amount (Foreign Currency)	
Due to									
- Creditors against Import of goods and Services			256.95	4.67		374.43	7.26		USD
	3.76	83.51	155.68	-	5.49	91.80	152.97	-	USD
			55.64	-			76.29	-	USD
			220.39	3.11			326.34	4.72	EUR
			5.98	0.07			11.80	0.14	GBP
			-	-			0.15	-	CHF
Due from									
-Trade and other receivables			114.13	2.11		82.52	1.63		USD
			89.00	1.29		107.83	1.60		EUR
			29.00	0.35		43.78	0.54		GBP

8 SEGMENT DISCLOSURE

A) PRIMARY SEGMENT INFORMATION

Notes on Segment Information

- The Group is organised into three business segments, namely :
 - Super Abrasives
 - Machines, Accessories and Components and
 - Others
 The "other" segment includes other trading products
 The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The Group has identified business segments as its primary segments.
- Segment Assets and Segment Liabilities of the Company's business have not been identified to any of the reportable segments, as these are used interchangeably between segments and hence segment disclosure relating to capital employed has not been given.

	31.03.2013	31.03.2012
1. Segment Revenue		
a) Super Abrasives	6,884.21	7,464.62
b) Machines, Accessories and Components	2,264.21	2,733.76
c) Others	910.25	857.23
Total	10,058.67	11,055.61
Less:- Inter Segment Revenue	-	-
Net sales/Income From Operations	10,058.67	11,055.61
2. Segment Results (Profit before tax and interest)		
a) Super Abrasives	1,476.80	2,005.74
b) Machines, Accessories and Components	398.32	864.15
c) Others	239.56	208.44
Total	2,114.68	3,078.33
Less: (i) Interest	3.32	14.19
(ii) Other Un-allocable Expenditure net off Un-allocable income of Rs.236.27 lacs (31.3.2012 Rs.245.50 lacs)	237.35	215.01
(iii) Tax expense	588.04	903.32
Profit for the year	1,285.97	1,945.81

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

B) SECONDARY SEGMENT INFORMATION

Revenue by Geographical market

Particulars	31.03.2013	31.03.2012
India	7,175.79	8,054.20
Europe	881.09	1,072.76
Others	2,001.79	1,928.65
Total Revenues	10,058.67	11,055.61

9 Disclosure of Information Relating to Subsidiary Companies (Vide General Circular No 2/2011 dated 08.02.2011 issued by Ministry of Corporate Affairs) in compliance with section 212 of the Companies Act, 1956

	Wendt Grinding Technologies Ltd (WGTL), Thailand		Wendt Middle East FZE (WME), Sharjah	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Share capital	480.05	429.10	177.42	166.90
Reserves and surplus	723.05	445.93	(251.04)	(202.59)
Total liabilities *	1,628.96	1,252.13	113.88	95.70
Total assets**	1,224.33	1,061.87	113.88	95.70
Details of current and non-current investments (except investment in subsidiary)	404.63	190.26	-	-
Turnover (net)	1,107.74	1,028.36	292.67	283.39
Profit before taxation	291.83	258.43	61.63	(27.25)
Provision for taxation	72.36	80.02	-	-
Profit after taxation	219.47	178.41	61.63	(27.25)
Proposed dividend (including dividend tax)	-	-	-	-

* Total Liabilities include : Share capital of subsidiary + Non current liabilities + current liabilities + Deferred tax liability (net)

** Total Assets include: Non Current Assets and Current Assets. (excluding current and non-current investments)

The exchange rates used are as below:

Currency	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012
THB (WGTL)	1.847	1.651	1.764	1.563
AED (WME)	14.790	13.911	14.775	13.001

- Notes: a) The Consolidated financial statements are in compliance with the applicable Accounting Standards in India.
 b) In compliance with the requirements of Clause 32 of the Listing Agreements, the consolidated financial statements are duly audited by the auditors.
 c) Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request, same will be made available to the shareholders of the holding Company and subsidiary companies.
- 10 The figures relating to subsidiaries have been reclassified wherever necessary to conform with the presentation of the holding company financial statements.
- 11 Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year's classification / disclosure.

Signatures to Notes 1 to 26

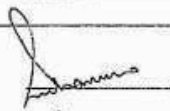
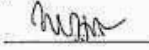
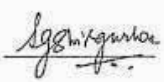
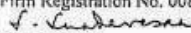

	For and on behalf of the Board of Directors			
Chennai 18th April 2013	M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director	APEKSHA NAGORI Company Secretary

WENDT (INDIA) LIMITED

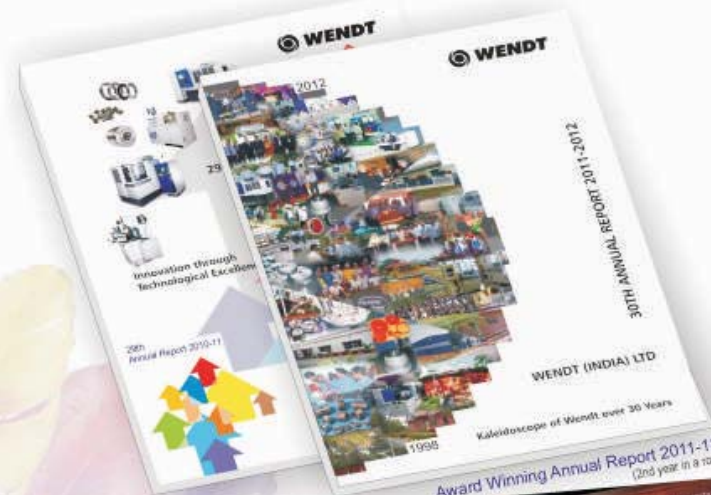
Audit for the year ended March 31, 2013

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Wendt (India) Limited
2.	Annual consolidated financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A. (as the report is unqualified)
5.	To be signed by-	
	Mr. Rajesh Khanna Chief Executive	
	Mr. Mukesh Kumar Hamirwasia Chief Financial Officer	
	Shrinivas G Shirgurkar Audit Committee Chairman	
	Place: Hosur Date: June 10, 2013	
Refer our Audit Report dated April 18, 2013 on the Consolidated Financial Statements of the Company.		
For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S)  S. Sundaresan (Partner) (Membership No. 25776) Place: Bangalore Date: June 10, 2013		

Prestigious Awards & Recognitions!



Award Winning Annual Report 2011-12
(2nd year in a row)



Certificate for Significant Achievement in CII - EXIM Bank Award for Business Excellence
(2nd year in a row)



ICAI Award for Excellence in Financial Reporting
(2nd year in a row)



National Level "Par Excellence" Award for SGA & Kaizen by OQPI



Star Performer Award for Export of Engineering Goods by EEPG, India
(3th year in a row)

Major Events of the Year...



Inauguration of
New Machine Tool Block



Inauguration of
CUMI Centre for Skill Development



CUFEST 2012 @ Wendt
Quality Festival Celebrations



Inauguration of
R&D Block



DSIR Certificate