Our Guiding Principles

EMPLOYEE CENTRIC

TECHNOLOGY DRIVEN

LEARNING

ADAPTIVE

CUSTOMER INTENSIVE

RESULT ORIENTED

PROACTIVE

TRUST

INNOVATIVE

PERFORMANCE DRIVEN

TRANSPARENT & FAIR

DIVERSE & INCLUSIVE

RESPONSIVE

AGILE

WENDT

WENDT (INDIA) LTD

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Visit us : www.wendtindia.com

Designed by Swekrisha Communications, Blr

WENDT

32nd ANNUAL REPORT
2013-2014

PEOPLE

Driving Excellence

WENDT (INDIA) LTD

Wendt Domestic Business Achieves 99% performance level

the export has achieved a creditable growth of 36% compared to the previous year with a moderate 6% growth on overall basis

...e last three ...utive years the ...n economy has ...severely impacted ...series of domestic ...global disarrays ...owing the business ...vironment out of gear ...nd deceleration and de-...rowth. As a consequence, the Indian economy could achieve a modest growth rate of around 4.5%, the lowest growth in the last several years. Although, some of the developed countries have started seeing a slow recovery, ...

policy delays, all of them in conjunction have taken a toll on the lower growth rate. The downward spiral was most visible and harsh in segments like Automobile, Auto Component, Steel, Heavy Engineering, Ceramics, Cutting Tools and some of the other allied industries.

previous year with a moderate 6% growth on overall basis. In the domestic business, while the sales of Super abrasives products to some of industry segments like Automotive, Cutting Tools, Engineering was between 2% to 6% as compared to previous year, decline was lower was more pronounced in over 15-20% in segments like Steel & Ceramics. Amid these ...

WENDT

Wendt Grinding Technologies Limited, Thailand records 15% growth over last year

Your Company's 100% owned subsidiary in Thailand has yet again achieved a laudable performance amid economic downturn, heavy floods and socio-economic issues and all time low industrial activities, During the year, your company's subsidiary achieved a top line sales of Thai Baht 723.54 Lacs (Rs.1398 Lacs), a 15% growth over last year. The Profit Before Tax was Thai Baht 142.15 Lacs (Rs.261 Lacs) and Profit After Tax was Thai Baht 113.32 Lacs (Rs.206 Lacs), lower by 13% over last year.

The increase in topline has been possible as a result of addition to products to the existing basket as well as new markets and customers during the year.

While many of the customers utilized their capacities around 65% levels for most part of the year, your subsidiary kept its vigil and focus on exploring new business opportunities with industries like Glass, Automobile, Steel, Auto parts, Ceramics, Cement and Engineering which well compensated for the drop. Last year, your subsidiary added Ceramic products mainly for Cement industry to its portfolio as a part of product offering to address the gap from one of the group companies and has seen initial successes and encouraging responses from the customers.

The subsidiary company continued its active participation in major Industrial and Trade

Wendt Middle East FZE, Sharjah records 27% growth over last year

The second subsidiary of your Company's in Sharjah, Wendt Middle East FZE, had turned profitable in FY 12-13 after initial years of hiccups and has done even better in the FY 13-14 despite odds and market volatility. During the year, it has achieved an annual sale of AED 25.22 Lacs (Rs.416 Lacs) a growth of 27% over the previous year. You would note that earlier year it had undertaken a major restructuring and cost control initiative which have tremendously helped the subsidiary to end the year with a PBT of AED 6.61 Lacs (Rs.109.13 Lacs), a growth of 78% over the last year.

continued socio-economic instability and mired by political issues resulting in contraction of average capacity utilization to a 50% below level with hardly any sizable new investments announcement by the Government and Foreign player. The UAE region being primarily an economy driven by Oil, Construction and Tourism, continued fluctuation in these sectors resulted in sharp inflation.

Amid these challenges posed by all round slowdown and adversaries, your subsidiary has strived to focus on new initiatives like increased product range, new markets and improved service levels in ...

Wendt has been using SAP ERP including the HR for many years now. However, a seamless integration between various modules as the key for harnessing the full benefits of the ERP has been identified as one of the priorities by your company during the year. Accordingly it has initiated work on some of the critical business processes such production planning materials management, stores and receipts, financials and controls as a part SAP-CIP integration project towards productivity improvement, prioritization, scheduling and cycle time reduction.

IT enabled Knowledge Management System is another area which your company has embarked on and has been deployed during the year. ...

to the customers, improved response and answering to customer queries and like. In the coming year, your company will be working on interfacing the Knowledge Portal with CRM making it a single technology driven platform for all users to access any time and service the customers globally with insightful technology solutions with least effort and ease.

Wendt Identifies seamless integration between various modules as the key for harnessing the full benefits of the ERP

As mentioned earlier, your company is in middle of implementation of SAP CRM business application (Customer Relationship Management) to become more customer-centric. This initiative is expected to take your company one step closer to the customers in terms of relationship management and interactions, ...

Wendt ensures livelihood and gainful employment opportunities as part of Corporate Social Responsibility

You company sincerely acknowledges the role and responsibility of a good corporate and its Corporate Social responsibility pursuits have always been based on the foundation of ethics and utmost transparency in all its business dealings and as such the contributions your company makes for economic development which are not limited to the workforce alone and their families but extends to the local communities, schools and society at large.

company makes contributions for various social causes like child education, old age, orphanages, 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.

The Skill Development Centre established two years back within the premises by joining hands with its parent company CUMI, has been progressing well with addition of new batch of students. As you may be ...

WENDT received the Certificate of Merit Award for Excellence in Financial Reporting from SAFA

...ndt continues to maintain its record of winning ...ards, Recognitions and Accolades by ...onstrating its achievements, performances and ...ces in various platforms at National and ...ational levels as well. These recognitions and ...raise the motivation levels and morale of the ...ees and the Company as a whole. During the ...r Company has received the following ...ards

...torious Award for Excellence in ... Reporting from South Asian ... of Accountants (SAFA)

...ceived the Certificate of Merit Award ...e in Financial Reporting from SAFA or ...1-12 under Manufacturing Sector ...rnover less than Rs 500 crores.

...ward conferred by the apex body, ...deration of Accountants, is an ...t of the accounting practices, ...nsparency adopted by your ...re not only amongst the best in India, but in the South Asian countries as well. It also recognizes that the review of accounting practices, preparation of financial statements, disclosure policies and presentation of both financial and non-financial information in the Annual Report are based on philosophy of transparent disclosures, integrity and reliability.

- **Quality Circle Awards**

Wendt employees continued to exhibit their skills in Quality Circle competitions and two teams were recognized with Excellence Awards at international level convention in the International Convention of Quality Circle, Taiwan held in Taipei during the year.

National Level organized by NCQC

- "Excellence" Award for Kaizen
- "Excellence" Award for SGA

Regional Level organized by CCQC

- "Golden Award" ...
- "Golden ...

Wendt records Zero accident with no loss of man days

Wendt continues to place high emphasis on aspects such as Safety, Health of not only its workforce but also equal importance on Environment management of your company which is conducive and efficient too. Towards this, the top management stays ever committed for maintaining high standards for safety, health and environment management by being fully compliant to applicable statutory requirements per OHSAS 18001 ...

programs such as annual health c... eye camp, physiotherapy, fitness ... donation camps etc., so that the e... their families maintain good healt... wellness.

Health and Safety being consider... company one of the ...

TIMES

WENDT Launches New Grinders & Honing Machines

The Non-Superabrasive Business comprising of machines and precision components achieved a moderate growth of 4% over the previous year. In an extremely difficult year characterized by deferment/freeze on capex, few project orders, postponement of investment decisions by most customers, this performance has been possible as a result of your company's best efforts against these tough conditions. During the year, your company has developed many new models/variants of machines and successfully executed some of them like CNC Rotary Surface Grinding Machines and notable among them is the launch of TC Ring Grinding Machine for mini steel plants. This machine has received encouraging responses from some of the potential users. Your company also has started development of few new models of Honing Machines with vertical spindle, one of them is scheduled for launch in few months from now. These new models are expected to address to a wider range of industry applications thereby increased customer base in addition to enhancing the existing product basket for your company in future.

On the precision components area, during the year, your company has fully completed the development of two new applications and started the commercial production in small quantities on account of slowdown. By leveraging its knowledge and competencies in Machines and related Superabrasive Tools, your company has also started commercial production of precision ground and honed components for customers. At the same time, you company is in the process of exploring few other opportunities in this area which would not only strengthen the precision component business but also become a new engine for future growth.

WENDT records 36% growth in Exports

Despite the continued slowdown and subdued market situation, your Company has put in its best efforts to achieve a Top line of Rs.9449 Lacs during the year which is 6% higher compared to the industry ... has been primarily possible efforts by your Comp... developments in product ... During the year, your Compa... introduced ... product...

Wendt clearly defines its verticals - Super abrasives, Non-Super abrasives and International Business.

...y continues to pursue business by ...hree clearly defined verticals such ...asives, Non-Super abrasives and ... Business. Your company has ...ance of the current slowdown as ... temporary phenomenon and ...eves in long-term growth of the ... continues to make suitable ...

Diamond Products for Textile a... Dressing Rolls for Bearing and ce... component applications.

During the year, Your Company has au... the Research and Development Ce... pursued indigenous development of ...

WENDT Introduces New Super Abrasives

Super abrasive Business consists of Diamond/CBN grinding Wheels & Tools, precision Dressing Rolls, Hones, Segmented products & Stationary Dressers achieved a growth of 7% over the previous year surpassing the industry average growth. This has been primarily possible due to constant efforts by your Company on new developments in product and applications. During the year, your Company successfully introduced some of new products including **Resin Bond Wheels Rotary Tools, Vitrified CBN Wheels for Auto and ... Component, Precision Electroplated pro... Engineering, Gear and Ceramics, ... Diamond Products for Textile and ... Dressing Rolls for Bearing and cert... component applications.**

During the year, Your Company has augm... Research and Development Centre an... indigenous development of som...

Sluggish Growth affects Domestic Demand, Genera... High Energy Prices, Weakens the Indian Rupee

The slowdown in the Indian economy continued for the year 2013-14, resulting in another tough year of sluggish growth affecting domestic demand, high energy prices, weakening of the Indian Rupee, higher raw material costs, repeated increases in the interest rates and lower investments than expected. Fall in savings without corresponding reduction in aggregate investments in critical areas led to widening of current account deficit. Higher inflation rates particularly in food grains and essential items, have all added up to the successive deceleration. One of the main reasons of stalling growth has been the vicious cycle of regulatory delays, judicial intervention and risk aversion by financial institutions and corporations in the high value projects. With the lack of optimism in manufacturing sector, most companies have resorted to either deferment or significant reduction in their capital expenditures.

One of the main reasons of stalling growth has been the vicious cycle of regulatory delays, judicial intervention and risk aversion by financial institutions and corporations in the high value projects.

The moderation effect by the manufacturing sector has taken toll on the overall growth in addition to having a commensurate impact on the services sector as well during the fiscal which contributes to 60% of the GDP and resultant contraction over previous year. This has been reflected as a common factor of weakness and negative sentiment across automotive and auto component industry as also infrastructure due to lack of new project approvals by the lenders. The average capacity utilization by the manufacturing sector continued to be around 60-70% level specifically for Automotive, Engineering and Cutting Tool industries sectors resulting from overall lower demand. Despite deceleration in the domestic market and paltry recovery in some of the developed nations, India's export showed a gradual pick up partly contributed by rupee depreciation and improving demand in USA and European markets. While industry segments such as Automobile, Auto Components, Steel, Cutting Tools, Machine Tools & ceramics are the worst affected due to heightened industrial slowdown, segments like Refractory, Engineering and Glass have demonstrated a marginally better results compared to the previous year. While the continued slowdown and weak global scenario has had its impact on the Indian economy, in the domestic arena, it has spread to all the sectors resulting in a modest GDP (Gross Domestic Product) growth.

The Industrial Production numbers have continued to be below normal on account of poor performance of core sectors having recorded a meager 1 % growth which is around the same level of last year. The fall in output in manufacturing numbers has been mainly driven by lower inflow of orders, sharp fall in investments by capital goods sector, engineering, consumer goods and allied industry segments. However, in last few months, there has been some positive improvement in business sentiment, improved confidence and expectation of a recovery in growth and decline in inflation expectation, mainly on account of intervention by RBI to check capital outflow and upcoming general elections.

Last few months, has seen some positive improvement in business sentiment

WENDT Implements Customer Relationship Management (CRM)

In order to enhance the reach and build better relationship with the customers, your Company has undertaken the implementation of Customer Relationship Management (CRM) in association with SAP which is progressing well. This comprehensive approach towards customer will help the company with seamless integration of every aspect of marketing and sales process that directly connects the customer both in domestic and export markets. Besides enhancing business relationship, it would create new opportunities for long term value creation for both customer and the company based on win-win situation.

Some of the major benefits your company expects to derive from CRM are:

- Global reach through offering value proposition and effectively addressing customer needs
- Knowledge and solution base platform through integration with company's Knowledge Management helping the team with quick customers with accuracy a... effort
- Better and fa...
- 360 ...

WENDT Embarks on Lean Management System

During the year, your company has embarked on Lean Management System in order to enhance process efficiency, identification and elimination of bottlenecks in manufacturing, smooth integration of key areas in quality, planning and scheduling, production and operations and product delivery ...

methods and tools with a structured ma... better planning. With this initiative, your co... expected to reap long term benefits in a si... manner in terms of process reliability... deliveries and higher customer satisfaction le...

Kellogg Students Visit WENDT

A group of 17 bright MBA students along with their faculty-advisor Prof Kalpana Waikar from Kellogg School of Management, Northwestern University, USA visited Wendt on 25th March as a part of their study tour and research project under "Global Initiative in Management (GIM)" where they meet and interact with leading business houses and governmental organizations- to gain an in-depth understanding of economic, social and political characteristics, learn about key business trends, challenges ...

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Wendt (India) Limited will be held on Thursday, 24th July, 2014 at 04.00 PM at Bharatiya Vidya Bhavan, Race Course Road, Bangalore-560 001 to transact the following business:

ORDINARY BUSINESS

1. **To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2014 and the Balance Sheet as at that date together with the report of Directors and Auditors thereon.**
2. **To declare a dividend**
3. **To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shrinivas G Shirgurkar holding DIN 00173944, Director, who retires by rotation at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company for a term of 5 consecutive years i.e. from the date of the 32nd Annual General Meeting (2014) till the date of the 37th Annual General Meeting of the Company (2019) [both dates inclusive]

4. **To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder, M/s Deloitte Haskins & Sells, Chartered Accountants (Firm registration no. 008072S), be and are hereby re-appointed as Statutory Auditors of the Company to hold office for the period, from the conclusion of 32nd Annual General Meeting until the conclusion of the 34th Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K S Shetty holding DIN 01759936, Director, who retires by rotation at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company for a term of 5 consecutive years i.e. from the date of the 32nd Annual General Meeting (2014) till the date of the 37th Annual General Meeting of the Company (2019) [both dates inclusive]

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy form, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxy form submitted on behalf of the Limited Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.
2. Explanatory Statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item no. 5 of the Notice and further in respect of the Ordinary Business under Item nos. 3 to 4 of the Notice is annexed hereto.
3. Members are requested to bring their copy of the Annual Report to the Annual General Meeting to avoid inconvenience.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th July 2014 to 24th July 2014 (both days inclusive). The dividend on the Equity shares, as recommended by the Board of Directors, subject to the approval of the Members in the Annual General Meeting, will be paid to all the members whose names appear in the Register of Members on 24th July 2014 in respect of Physical shares. In respect of the dematerialized shares, the dividend will be paid to the beneficial owner of the shares whose names appear in the statement of the beneficial ownership, furnished by the NSDL & CDSL.

   The Members desiring to avail the facility of receipt of dividend through Electronic Clearing System (ECS) are requested to fill up the Form ("ELECTRONIC CLEARING SERVICE MANDATE FORM") annexed to this Annual Report and send back as mentioned therein.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
6. Members are requested to note that dividend not encashed or claimed within seven years from the Company's Unpaid Dividend Account, will be transferred, as per Section 205C of the Companies Act, 1956, to the **Investor Education & Protection Fund (IEPF)**. The detail of Unpaid/ Unclaimed dividend which shall be transferred to IEPF during the year 2013-14 is as follows:

Financial Year	Date of declaration of Dividend	Last date of Claiming Dividend	Proposed date for transfer to IEPF
2006-07	23rd July, 2007	20th July, 2014	29th August, 2014

Members who wish to claim dividends, which remain unclaimed are requested to correspond either with the Company Secretary at the Company's registered office or the Company's Registrar and Share Transfer Agent M/s Karvy Computershare Pvt. Limited., Karvy House, Plot No, 17-24, Vitalrao Nagar, Madhapur, Hyderabad-500 081

7. Share holders holding shares in physical form are requested to intimate the following to the Company's Registrar and Share Transfer Agents, M/s Karvy Computershare Private Ltd., Plot Nos 17-24, Vitalrao Nagar, Madhapur, Hyderabad - 500 081
   a) Full bank particulars to enable the same to be incorporated in the dividend warrant
   b) Change, if any, in their address immediately.
   c) Apply for consolidation of folios, if shares are under multiple folios.
   d) Quote ledger folio numbers, in all their correspondence.
   e) Request for nomination forms for making nomination as per amended provisions of the Companies Act, 1956.
8. Members or Proxies should bring the Attendance Slip duly filled in for attending the meeting.
9. Members are requested to quote their registered folio no. or demat account no. and Depository Participant (DP) ID number on all correspondence with the Company.
10. Members are requested to register their email addresses and intimate changes in the email addresses from time to time with the Company/ Registrar & Transfer Agents, so as to enable to serve the documents to the shareholders through electronic mode.
11. Shareholders desiring any information on the accounts are requested to write to the Company at least one week before the meeting date.
12. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
13. Electronic copy of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless

any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

14.Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members, facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by the Central Depository Services (India) Limited (CDSL).
The instructions for e-voting are as under:

(i) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab to cast your votes

(iii) Select the company "WENDT (INDIA) LIMITED" from the drop down menu and click on Submit.

(iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

(v) If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for a voting of any other Company, then your existing login id and password are to be used.

(vi) If you are a first time user follow the steps given below.

Fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	**For Members holding shares in Physical Form**
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

*Only those Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <B123456789> in the PAN field. (Please note the default number of PAN should be of 10 characters, not less or not more than 10 characters)

If the Date of Birth & Bank Account Details both are not updated with the Company/Depository Participant then please enter your User ID in the Bank Account Details

Please enter any one of the details in order to login. Incase either of the details are not recorded with the depository please enter the < B123456789> in the Dividend Bank details field.

(They can choose any one option of the above regarding Date of Birth & Bank Account Details)

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

WENDT

(x) Click on the relevant EVSN on which you choose to vote.

(xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "Resolutions File" link if you wish to view the entire Resolutions.

(xiii) After selecting the resolutions you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

(xvii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves, link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution or POA in favour of the Custodian who they have authorised to vote on their behalf, if any, in PDF format in the system for the scrutinizer to verify the vote.

(xviii) The voting period begins on Sunday, 20th July, 2014 (9.00 a.m.) and ends on Sunday, 20th July, 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th July, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at https://www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(xx) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 19th July, 2014.

(xxi) Mr. S. Viswanathan, Practicing Company Secretary, Bangalore has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(xxii) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(xxiii) The results of the e-voting along with the scrutinizers report shall be placed on the Company's website www.wendtindia.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

By order of the Board
For Wendt (India) Limited

Chennai
16th June 2014

M M Murugappan
Chairman

Note: Company Law Board (CLB), Chennai Bench in its interim order dated 19th January 2011 has advised the Company to take permission from the CLB for convening the Annual General Meeting of the Company. Pursuant to the approval of the CLB on 2nd June, 2014 the notice is being issued to the shareholders.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 102 of the Companies Act, 2013

The resume of Mr. Shrinivas G Shirgurkar and Mr. K S Shetty, directors seeking appointment at the 32nd Annual General Meeting in brief and their other details required to be provided pursuant to Clause 49(IV)(G)of the Listing Agreement, is provided in the explanatory statement to item nos 3 & 5 of the notice for the consideration of the Members.

Item No. 3:

Name	Shrinivas G Shirgurkar
Date of Birth	8th April 1948
Date of Appointment	17th April 2006
Qualification	BE (Mechanical)
Experience in specific functional areas	Mr. Shrinivas G Shirgurkar holds a bachelors degree in mechanical engineering. In 1970 he started his career as a Machine Tool Designer and in 1979 set up Ace Designers as a partnership firm offering Machine Tool Design Consultancy. Mr Shirgurkar was the President of Indian Machine Tool Manufacturers Association during the period 1999-2001. Now he is the Director of Ace Designers Limited which is one of the largest manufacturers of CNC turning machines in India, with a market share of over 40%.
Directorships held in other Companies (public and private) other than Wendt	ACE Designers Limited Ace Manufacturing Systems Limited Ace Multi Axes Systems Limited Auto CNC Machining Limited Micromatic Machine Tools Private Limited Ace Micromatic Manufacturing Intelligence Technologies Private Limited Pragati Transmission Private Limited Micromatic Machine Tools (Shanghai) Private Limited, China
Board Committees (Member/Chairman) other than Wendt	Nil

Mr. Shrinivas G Shirgurkar does not hold any shares or stock options in the Company.

Mr. Shrinivas G Shirgurkar retires by rotation at this annual general meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules thereunder, Mr. Shrinivas G Shirgurkar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 consecutive years i.e. from the date of the ensuing 32nd Annual General Meeting (2014) up to the conclusion of the 37th Annual General Meeting (2019).

In the opinion of the Board, Mr. Shrinivas G Shirgurkar fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. Shrinivas G Shirgurkar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shrinivas G Shirgurkar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shrinivas G Shirgurkar as an Independent Director for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. Shrinivas G Shirgurkar, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the aforesaid Ordinary Resolution.

Item no. 4

Pursuant to Section 139 of the Companies Act, 2013 ("the Act") the Statutory Auditors have to be appointed for a term of five years and such appointment is subject to ratification by the members every year in the annual general meeting. Further, auditors of listed companies need to be necessarily rotated every 10 years in case the audit is done by an audit firm. For the purposes of rotation, the number of years already served as auditors is to be considered. However, a transition period of a maximum 3 years has been given from 1st April, 2014 to effect rotation of auditors, wherever necessary.

Being eligible for appointment, under the provisions of the new Companies Act, 2013, they have furnished their consent to act as the Statutory Auditors, in terms of the second proviso to Section 139 of the Act and also provided a certificate to the effect that their appointment, if made, shall be in accordance with the conditions laid down and that they satisfy the criteria provided under Section 141 of the Act.

Further, Section 142 of the Act requires the remuneration of the auditors to be fixed in the general meeting and the same shall include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to them.

Accordingly, the approval of the Members is presently sought by means of an Ordinary Resolution for the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors, to audit the standalone and consolidated financial statements of the Company for the period from the conclusion of the 32nd Annual General Meeting until the conclusion of the 34th Annual General Meeting on the remuneration as per details provided under Item no. 4 of the Notice of the Annual General Meeting.

The Board recommends the re-appointment of the statutory auditors of the Company for approval of the shareholders.

Memorandum of Interest

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the aforesaid Ordinary Resolution.

Item No. 5

Particulars	K S Shetty
Date of Birth	18th March 1948
Date of Appointment	16th April 2009
Qualification	BE (Mechanical)
Experience in specific functional areas	Over 30 years of experience in the below sectors, manufacturing industry for auto components, aerospace, exports development of new import substitution products, design of calibration lab and mobile calibration facilities, exclusively trained in Switzerland in Metrology and non contact measuring machines and equipments by TESA SA, Switzerland and in Robotics by Nachi Japan. Exclusive Business Partner for TESA SA, Switzerland for Metrology Equipments and Nachi Fujikoshi Japan for Nachi Robots
Directorships held in other Companies (public and private) other than Wendt	Tespa Tools Private Limited Tespa India Private Limited Tespa Infotech Private Limited
Board Committees (Member/ Chairman) other than Wendt	Nil

Mr. K S Shetty does not hold any shares or stock options in the Company.

Mr. K S Shetty retires by rotation at this annual general meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules thereunder, Mr. K S Shetty being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of 5 consecutive years i.e. from the date of the ensuing 32nd Annual General Meeting (2014) up to the conclusion of the 37th Annual General Meeting (2019).

In the opinion of the Board, Mr. K S Shetty fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. K S Shetty as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K S Shetty as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K S Shetty as an Independent Director for approval by the shareholders of the Company.

Memorandum of Interest

Except Mr. K S Shetty, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the aforesaid Ordinary Resolution.

WENDT

WENDT (INDIA) LIMITED

ATTENDANCE SLIP

Registered Office: No.105, 1st Floor, Cauvery Block, National Games Housing Complex, Koramangala, Bangalore -560047

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBER OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING. PLEASE NOTE THAT CHILDREN WILL NOT BE ALLOWED INSIDE THE MEETING HALL.

FOLIO NO / CLIENT ID & DP ID NO:
NAME AND ADDRESS

I hereby record my presence at the Thirty Second ANNUAL GENERAL MEETING held at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 at 4.00 PM on Thursday the 24th July 2014.

SIGNATURE OF THE SHARE HOLDER / PROXY *

*** Strike out which ever is not applicable**

WENDT

WENDT (INDIA) LIMITED

PROXY

Registered Office: No.105, 1st Floor, Cauvery Block, National Games Housing Complex, Koramangala, Bangalore-560047

FOLIO NO / CLIENT ID & DP ID NO:

I / we ..... of .....being a member / Members of WENDT (INDIA) LIMITED here by appoint ..... of ..... or failing him/her ..... of _____. as my / our PROXY to attend and vote for me / us and on my / our behalf at the THIRTY SECOND ANNUAL GENERAL MEETING of the Company to be held at 4.00 PM on Thursday the 24th July 2014 and at any adjournment thereof.

Dated this ..... day of ..... of 2014

Rs 1/ Revenue Stamp

Signed by the said .....

NOTE: The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

WENDT

ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

FORMS RECEIVED BY THE REGISTRAR/ DP ON OR BEFORE 19TH JULY 2014 SHALL BE CONSIDERED FOR ECS CREDIT WHILE EFFECTING DIVIDEND PAYMENT FOR THE YEAR 2013-14. IN CASE OF FORMS RECEIVED AFTER 19TH JULY 2014 DIVIDEND SHALL BE PAID THROUGH PHYSICAL WARRANTS FOR THE YEAR 2013-14.

(In case of Physical Holding)	(In case of Electronic Holding)
To **Karvy Computershare Private Ltd** (Unit : Wendt (India) Limited) Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081	To The Depository Participant Concerned

Dear Sirs,

(Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY)

For Shares held in physical Form

Regd. Folio No. .....

For Shares held in electronic Form

DP ID	
CLIENT ID	

Name of First holder	
Bank Name	
Branch Name	
Branch Code	
	(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). ***Please attach a Xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch and code number.***

Account Type	Savings		Current		Cash Credit	

Ledger No./Ledger Folio No.	
A/c No. (as appearing in the cheque book)	
Effective date of this mandate	

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I shall not hold Wendt India Limited or Karvy Computershare Private Ltd responsible.

I further undertake to inform the Company any change in my Bank/ Branch and Account Number.

Name of First holder: _____
Place: _____
Date: _____

Signature of First holder

WENDT (INDIA) LIMITED

CIN: L85110KA1980PLC003913

Members Feedback Form 2013-14

Name:…… e-mail id: ……

Address:……

DP ID:…… Client ID:……

Folio No:……
(In case of physical holding)

No. of equity shares held……

Signature of Member

		Excellent	Very Good	Good	Satisfactory	Unsatisfactory
1. Directors' Report including Management Discussion & Analysis Report	Contents					
	Presentation					
2. Corporate Governance Report	Contents					
	Presentation					
3. Quality of Financial and non - financial information in the Annual Report	Contents					
	Presentation					
4. Information on Company's Website	Contents					
	Presentation					
INVESTOR SERVICES						
1. Turnaround time for response to shareholder query						
2. Quality of Response						
3. Timely Receipt of Annual Report						
4. Conduct of Annual General Meeting						
5. Timely receipt of dividend warrants / payment through ECS						
6. Promptness in confirming demat / remat requests						
7. Overall Rating						

Views/Suggestions for improvement, if any

……

……

……

Members are requested to send this feedback form to the address given overleaf.

BUSINESS REPLY INLAND CARD

POSTAGE
WILL BE
PAID BY
THE
ADDRESSEE

B. R. PERMIT No.:-BR/669/BGE/2014
VIVEKNAGAR POST OFFICE
BANGALORE - 560047

NO
POSTAGE
NECESSARY
IF POSTED
IN INDIA

To,
The Company Secretary
Wendt (India) Limited
Registered Office: Flat No. 105, 1st Floor, Cauvery Block,
National Games Housing Complex, Koramangala,
BANGALORE – 560047

BOARD OF DIRECTORS	Chairman	M M MURUGAPPAN
	Director	EDMAR ALLITSCH
	Director	K SRINIVASAN
	Independent Director	SHRINIVAS G SHIRGURKAR
	Independent Director	K S SHETTY
	Alternate Director to (Edmar Allitsch)	PETER VERHOLEN
SENIOR MANAGEMENT	Chief Executive	RAJESH KHANNA
	Head - Lean & Management Systems	J H SASTRY
	Head - Technology and R & D	D R KULKARNI
	Business Head - Superabrasives	M S VENKATESH
	Business Head - Non-Superabrasives	S SUNDARIYA
	Chief Financial Officer	MUKESH KUMAR HAMIRWASIA
COMPANY SECRETARY		AKANKSHA BIJAWAT
BANKERS		STATE BANK OF INDIA
AUDITORS		DELOITTE HASKINS & SELLS Bangalore
COST AUDITORS		M.R. RAJHSHEKAR & CO. Hosur
REGISTERED OFFICE		No.105, 1st Floor, Cauvery Block, National Games Housing Complex, Koramangala Bangalore - 560047 Ph: 080 - 25701423 Fax: 080 - 25701425 akankshab@wendtindia.com investorservices@wendtindia.com
FACTORY		Plot No: 69/70, SIPCOT Industrial Estate, Hosur - 635 126 Tamilnadu Ph: 04344-276851 / 52,405500 Fax: 04344-405620, 405630
REGISTRAR & SHARE TRANSFER AGENTS		Karvy Computershare (P) Ltd.

Engineering Flair with Environmental Care...

CONTENTS

	Page
Report of the Directors	8
Report on Corporate Governance	33
General Shareholder Information	46
Auditors' Report	54
Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	60
Notes	62
Consolidated Financial Statements	88

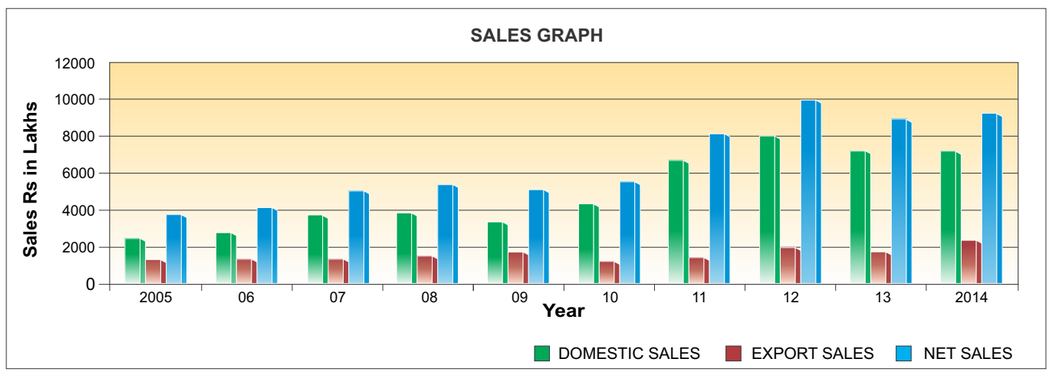
.....With a bouquet of flowers from Wendt

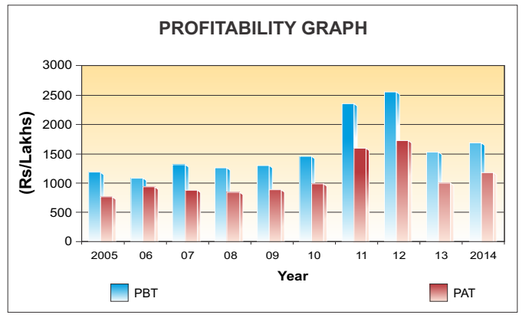
FINANCIAL TRACK RECORD

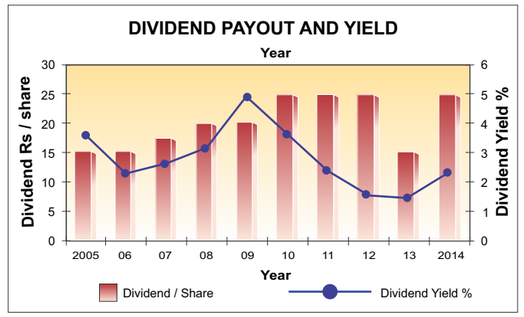
Rs.in Lacs

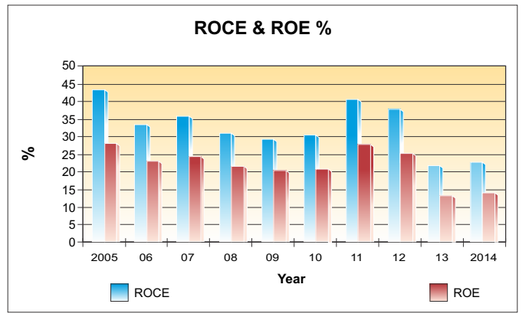
Year ending 31st March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUE										
Net sales	3784	4163	5074	5405	5136	5609	8173	10001	8895	9449
Domestic sales	2483	2801	3764	3873	3389	4368	6727	8055	7176	7110
Export sales	1301	1362	1310	1532	1747	1241	1446	1946	1719	2339
Other Income	128	100	155	185	309	222	299	278	225	611
PROFITABILITY										
Profit before depreciation	1291	1215	1495	1459	1517	1714	2654	2888	1930	2098
Profit before tax	1176	1079	1310	1255	1297	1455	2356	2552	1528	1640
Profit after tax	773	716	871	842	884	983	1595	1729	1012	1187
Dividend %	150	150	175	200	200	250	250	250	150	250
EPS (Rs.)	38.66	35.78	43.56	42.08	44.21	49.12	79.76	86.45	50.59	59.34
ASSETS EMPLOYED										
Fixed assets	1280	1629	1911	2085	2610	2950	3264	4363	5027	5510
Investments	1205	1183	1204	1454	1200	1672	2257	1370	1496	1703
Net current assets	576	637	807	697	858	413	531	1532*	1485*	1505*
Total assets	3061	3449	3922	4236	4668	5035	6052	7265	8008	8718
CAPITAL STRUCTURE										
Paid up share capital	200	200	200	200	200	200	200	200	200	200
Reserves	2603	2977	3438	3787	4203	4602	5614	6762	7425	8031
Loan funds	65	66	49	28	36	-	-	-	-	-
Deferred tax liability	193	206	235	221	229	233	238	303	383	487
Total funds	3061	3449	3922	4236	4668	5035	6052	7265	8008	8718

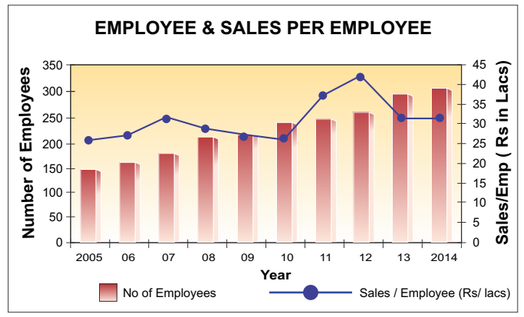
* Net current assets is arriived after reducing current liabilities, long term liabilities and provisions from current assets(excluding current investments) and long term loans and advances

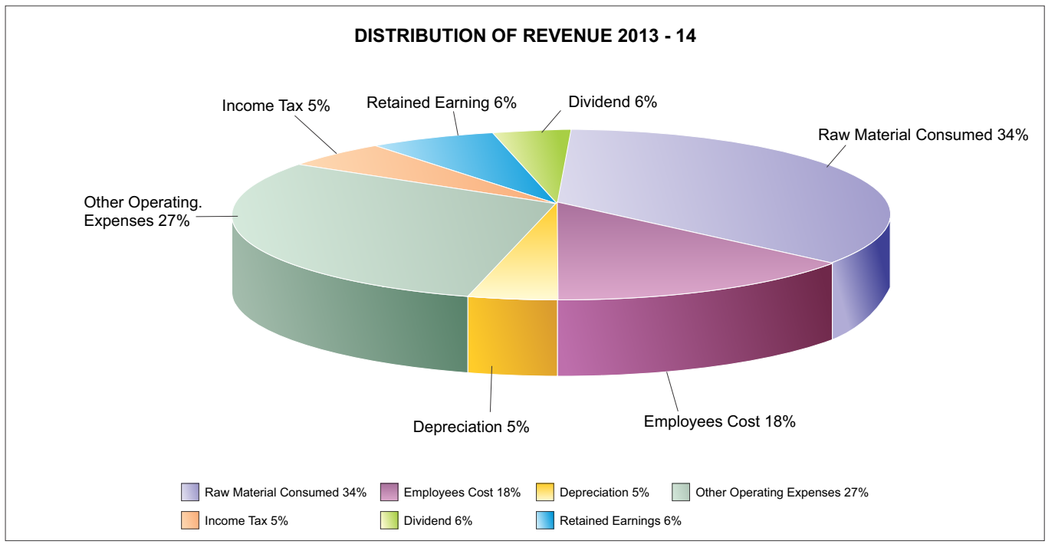












REPORT OF THE DIRECTORS

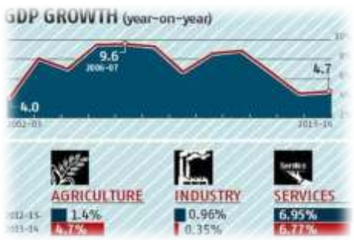
(Including Management Discussion and Analysis)

Your Directors are pleased to present the 32nd Annual Report together with the Audited Financial Statements for the year ended 31st March 2014. The Management Discussion & Analysis Report has been included in the Directors Report so as to avoid duplication and repetition.

ECONOMIC OVERVIEW

The slowdown in the Indian economy continued for the year 2013-14, resulting in another tough year with sluggish growth affecting domestic demand, high energy prices, weakening of the Indian Rupee, higher raw material costs, repeated increases in the interest rates and lower investments than expected. Fall in savings without corresponding reduction in aggregate investments in critical areas led to widening of current account deficit. Higher inflation rates particularly in food grains and essential items, have all added up to the successive deceleration. One of the main reasons of stalling growth has been the vicious cycle of regulatory delays, judicial intervention, risk aversion by financial institutions and corporations in high value projects. With the loss of optimism in manufacturing sector, most companies have resorted to either deferment or significant reduction in their capital expenditures. The moderation effect by the manufacturing sector has taken a toll on the overall growth in addition to having a commensurate impact on the services sector during the year which contributes to 60% of the GDP and the resultant overall contraction over previous year. This has been reflected as a common factor of weakness and negative sentiment across automotive and auto component industry as also infrastructure due to lack of new project approvals by the lenders. The average capacity utilization by the manufacturing sector continued to be around 60-70% level specifically for Automotive, Engineering and Cutting Tool industry sectors resulting from overall lower demand.

Despite deceleration in the domestic market and paltry recovery in some of the developed nations, India's export has shown a gradual pick up partly contributed by rupee depreciation and improving demand in USA and European markets. While industry segments such as Automobile, Auto Components, Steel, Cutting Tools, Machine Tools & ceramics are the worst affected due to heightened industrial slowdown, segments like Refractory, Engineering and Glass have demonstrated marginally better results compared to the previous year. While the continued slowdown and weak global scenario has had its impact on the Indian economy, in the domestic arena, it has spread to all the sectors resulting in a modest GDP (Gross Domestic Product) growth.



The Industrial Production numbers have continued to be below normal on account of poor performance of core sectors having recorded a meagre 1 % growth which is around the same level of last year. The fall in output in manufacturing numbers has been mainly driven by lower inflow of orders, sharp fall in investments by capital goods sector, engineering, consumer goods and allied industry segments. However, in last few months, there

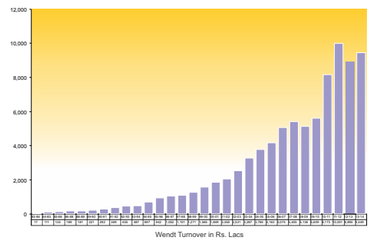
has been some positive improvement in business sentiment, improved confidence and expectation of a recovery in growth and decline in inflation expectation, mainly on account of intervention by RBI to check capital outflow and upcoming general elections.

COMPANY PERFORMANCE OVERVIEW

(Rs in Lacs)

	31st March 2014	31st March 2013
Sales	9,449	8,895
Other Income	611	225
Profit Before Tax	1,640	1,528
Provision for Tax	350	435
Provision for Deferred Tax	103	81
Profit After Tax	1,187	1,012
Earnings per Share - Rs	59.34	50.59

RESULTS OF OPERATIONS



Despite the continued slowdown and subdued market situation, your Company has put in its best efforts to achieve a top line of Rs.9449 Lacs during the year which is 6% higher compared to the previous year. While few industry segments like Refractory, Engineering and Glass have positively contributed in the domestic market, business from other segments such as Automobile, Auto component, Cutting Tools, Steel and Ceramics had adverse impact on your company's sales resulting in 1% lower than last year. On the other hand, the Export business despite continued volatility and slow recovery, has achieved a growth of 36% as compared to the previous year.

Your Company continues to pursue business by focusing on three clearly defined verticals such as **Super abrasives, Non-Super abrasives** and **International Business.** Your company having taken cognizance of the current slowdown as one that is temporary and believing firmly in long-term growth of the company, it continues to make suitable investments and deploy the required resources in identified areas to ensure that the long term growth of your Company is sustained.

Super abrasive Business consisting of Diamond / CBN Grinding Wheels & Tools, Precision Dressing Rolls, Hones, Segmented Products & Stationary Dressers, achieved a growth of 7% over the previous year surpassing the industry average growth. This has been possible primarily due to constant efforts by your Company on new developments in product and applications. During the year, your Company successfully introduced some of new products including Resin Bond Wheels for Rotary Tools, Vitrified CBN Wheels for Auto and Auto Component, Precision Electroplated products for Engineering, Gear and Ceramics, Brazed Diamond Products for Textile and Precision Dressing Rolls for Bearing and certain auto component applications.

During the year, Your Company has augmented the Research and Development Centre and pursued indigenous development of some of the Bonds/Matrix in an effort to gain self-sufficiency in this area following the discontinuance of technical collaboration with its parent company Wendt GmbH. As you may be aware, your Company has gained competency in developing new applications / products for various industries over the years and the **R & D Centre** now complements these efforts well in all future endeavors for the Company. The recognition of the R & D Centre by the **Department of Science and Industrial Research (DSIR)**, also provides an opportunity for your company to engage in jointly carrying out research & development work with other leading research organizations and laboratories on new technology frontiers.

The **Non-Superabrasive Business** comprising of machines and precision components achieved a moderate growth of 4% over the previous year. Despite an extremely difficult year characterized by deferment/freeze on capex, few project orders from the customers, the performance has been a decent one. During the year, your Company has developed many new models/variants of machines and successfully executed orders on CNC Rotary Surface Grinding Machines. The Company also successfully launched TC Ring Grinding Machine for mini steel plants which has received encouraging responses from some of the potential users. Your Company during the year has also started development of few new models of Honing Machines with vertical spindle, one of them is scheduled for launch in few months from now. These new models are expected to address to a wider range of industry applications thereby de-risking from dependence purely on automotive segment while also increasing the customer base and help in enhancing the product basket for your Company.

On the precision components area, during the year, your Company has fully completed the development of two new applications and started the commercial production in small quantities. By leveraging its knowledge and competencies in Machines and related Superabrasive Tools, your Company has also started commercial production of precision ground and honed components for one of the customers. At the same time, the Company is in the process of exploring few other opportunities in this area which would not only strengthen the precision component business but also become a new engine for future growth.

FOCUS ON CUSTOMER CENTRICITY

In order to enhance the reach and build better relationship with the customers, your Company has undertaken implementation of **Customer Relationship Management (CRM)** in association with SAP which is progressing well. This comprehensive approach towards customer will help the company with seamless integration of every aspect of marketing and sales process that directly connects the customer both in domestic and export market. Besides enhancing business relationship, it would create new opportunities for long term value creation for both customers and the company based on win-win situation.

Some of the major benefits your Company expects to derive from CRM are:

- Global reach through offering value proposition and effectively addressing customer needs
- Knowledge and solution base platform through integration with company's Knowledge Management Hub thus helping the team with quick responses to customers with accuracy and minimum effort
- Better, faster and precise customer service and gaining competitive edge over its peers
- 360 degree view of customers and insightful analytics

FOCUS ON PROCESS EFFICIENCY

During the year, your Company has embarked on **Lean Management System** in order to enhance process efficiency. Identification and elimination of bottlenecks, smooth integration of key areas in quality, planning, scheduling, production and operations is envisaged. Optimal utilization of various workstations, equipment and machines through effective planning and proper scheduling of material movement will streamline the process flows and significantly improve efficiency. Thus the implementation of lean management by your Company would ensure elimination of non-value added activities in the process flow touching overall effective utilization of the resources through use of scientific methods and tools. With this initiative, your Company is expected to reap long term benefits in terms of process reliability, better deliveries and higher customer satisfaction.

Some of the major benefits your Company expects are

- Reduction in lead time for product delivery
- Reduction in rejection levels
- Better control on Work in Progress and Raw Material Planning
- Reduction in outsourcing cost
- Improved employee productivity
- Cost effective products to customers

FUTURE PROSPECTS

Your Company has aligned the Business processes with the Strategies and Objectives and constantly strives to achieve superior performances year on year by focusing on products and process Innovation on a sustainable basis. To do this, deployment of appropriate technologies and processes are paramount in areas such as indigenous Bond development, process automation and effective utilization of machines and equipment. Your Company makes special effort to capitalize on the emerging opportunities in growing industrial segments through New Products for New Markets. Your Company continuously explores opportunities for its existing range of products for the New Industry segments.

Accordingly, the company continues to strengthen its presence in Construction, Infrastructure, Aerospace, Ceramics, Defense and Railways to ensure future growth. While doing so, its key account management and increase of share of business with large customers for existing products would be pursued as a part of Market Penetration. These pursuits would be well supported by active participation in major national and international trade shows, exhibitions, providing customer education and value added services. Riding on the good export performance for the year, presence in export market and enhancing the global foot print would be focused by the company.

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 continues to be a matter of contention while not being an issue. The matter still 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 100% owned subsidiary in Thailand has yet again achieved a laudable performance amid economic downturn, heavy floods and socio-economic issues and all time low industrial activities. During the year, your Company's subsidiary achieved a top line sales of Thai Baht 723.54 Lacs (Rs.1398 Lacs), a 15% growth over last year. The Profit Before Tax was Thai Baht 142.15 Lacs (Rs.261 Lacs) and Profit After Tax was Thai Baht 113.32 Lacs (Rs.206 Lacs), lower by 13% over last year.

The increase in topline has been possible as a result of addition of products to the existing basket as well as new markets and customers during the year.

While many of the customers utilized their capacities around 65% levels for most part of the year, your subsidiary kept its vigil and focus on exploring new business opportunities with industries like Glass, Automobile, Steel, Auto parts, Ceramics, Cement and Engineering which well compensated for the drop. Last year, your subsidiary added Ceramic products mainly for Cement industry to its portfolio as a part of product offering to address the gap from one of the group companies and has seen initial successes and encouraging responses from the customers.

The subsidiary company continued its active participation in major Industrial and Trade Exhibitions with a clear focus on brand building, networking and seizing new business opportunities. It also organized many technical seminars at customer places, organized plant tours for its key customers to showcase its capability which are expected to benefit the subsidiary in the near future.

Wendt Middle East FZE, Sharjah

The second subsidiary of your Company in Sharjah, Wendt Middle East FZE, had turned profitable in FY 12-13 after initial years of hiccups and has done even better in the FY 13-14 despite odds and market volatility. During the year, it has achieved an annual sale of AED 25.22 Lacs (Rs.416 Lacs) a growth of 27% over the previous year. You would note that earlier year it had undertaken a major restructuring and cost control initiative which have tremendously helped the subsidiary to end the year with a PBT of AED 6.61 Lacs (Rs.109.13 Lacs), a growth of 78% over the last year.

As you may be aware, the manufacturing scenarios in the entire region including the neighboring countries has been severely affected on account of continued socio-economic instability and mired by political issues resulting in contraction of average capacity utilization to below 50% level

with hardly any sizable new investments announcement by the Government and Foreign player. The UAE region being primarily an economy driven by Oil, Construction and Tourism, continuous fluctuation in these sectors has resulted in sharp rise of inflation.

Amid these challenges posed by all round slowdown and adversaries, your subsidiary has strived to focus on new initiatives like increased product range, new markets and improved service levels in the region to churn out a better than expected performance during the year.

APPROPRIATIONS

Available for appropriation	(Rs in Lacs)
Profit After Tax	1187
Add: Balance brought forward from previous year	2746
Total	3933
Recommended appropriations	
Transfer to General Reserve	119
Dividend	
-Interim Rs 10/-per share	200
-Final (Proposed dividend Rs 15/- per share of face value of Rs 10/- each)	300
Dividend Tax	
-Interim	32
-Final (Proposed)	49
Balance carried forward	3233
Total	3933

CORPORATE SOCIAL RESPONSIBILITY

Your Company sincerely acknowledges the role and responsibility of a good corporate and its Corporate Social responsibility pursuits have always been based on the foundation of ethics and utmost transparency in all its business dealings and as such the contributions your company makes for economic development which are not limited to the workforce alone and their families but extends to the local communities, schools and society at large.

Thus, befitting the company's size & operations, your Company makes contributions for various social causes like child education, old age, orphanages, 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.

The Skill Development Centre established two years back within the premises by joining hands with its parent company CUMI, has been progressing well with addition of new batch of students. As you may be aware, the objective of this initiative is to provide vocational training - a platform for continuance of formal education, employability opportunities and create highly skilled & productive workforce for the company and outside industry in future. By doing this, your Company not only ensures livelihood and gainful employment it also 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.

DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs 15/- per equity share of face value Rs 10/- each (150%) for the year ended 31st March'2014. This is in addition to the Interim Dividend of Rs 10/- per equity share of face value of Rs 10/- each paid on 15th February 2014.

The Final Dividend, subject to approval of members at the 32nd Annual General Meeting will be paid to those shareholders whose names appear on the register of members of the company as on 24th July, 2014. If approved, the total Dividend for the financial year, including the interim dividend, amounts to Rs 25/- per equity share and will absorb Rs.581 Lacs including dividend distribution tax of Rs 81 Lacs.

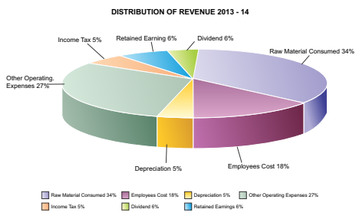
The Dividend will be tax-free in the hands of the shareholders.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 119 Lacs to the General Reserve. An amount of Rs. 3233 Lacs is proposed to be retained in the Statement of Profit & Loss.

CONSOLIDATED FINANCIAL RESULTS

As per General Circular No. 2/2011 dated 8th February 2011 issued by The Ministry of Corporate Affairs (MCA), Government of India, a general exemption was provided to Companies for attaching the Directors Report, balance sheet, profit and loss account of all subsidiary companies to its Annual Report, subject to fulfilling certain conditions as stipulated in the circular. Your Company complies with those conditions and therefore the financial statements of the subsidiaries are not attached in its Annual Report. 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. A statement of summarized financials of all subsidiaries of your company including capital, reserves, total assets, total liabilities, details of investment, turnover etc pursuant to General Circular issued by MCA forms part of this report. The key financial data for the consolidated operations are as given below:-

KEY CONSOLIDATED FINANCIAL SUMMARY

(Rs in Lacs)

	31st March 2014	31st March 2013
Sales	10,890	
10,059		
Other Income	304	236
Profit Before Tax	1,675	1,874
Profit After Tax	1,166	1,286
Earnings per share-Rs.	58.30	64.30

QUALITY

Your Company manufactures products that embed a high level of precision and accuracy as demanded by the customers and various industry segments. While the Super Abrasives Product range consists of Diamond & CBN Grinding Wheels and Special Tools, the Non Super Abrasives includes customized range of high precision machines such as CNC Grinding, Notch Milling, TC Ring Grinding, Honing and Accessories which fulfil the international standards and CE certifications. Precision Components which is part of Non Super Abrasives require significant degree of precision and very close tolerances necessitating them to passing through the stringent quality standards and measurements through the production process. With all the Quality Management standards such as ISO 9001, ISO 14001, TS 16949, OHSAS & SA8000 in place, during the year your Company has initiated the work for obtaining Certification for EN 13236 Product Safety Standards to address product safety requirements of overseas markets.

As you may be aware, Quality being the keystone as well as a major differentiator for your Company since inception, it strives hard to ensure that final product quality is built by deployment and embracing effective quality management, process robustness, quality assurance and discipline at every stage of material flow.

Your Company has ensured that international standards and systems like Integrated Management System (IMS) focusing on quality management and environment management and TS 16949 for manufacturing precision components are deployed and followed in strict adherence throughout. It has been a constant endeavor for your Company to drive quality deeper in every aspect and in order to ensure this, your Company continues to place higher emphasis on training in latest trends besides investment in high-end equipment, machineries & application software and modern tools.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Your Company continues to place high emphasis on aspects such as Safety, Health of not only its workforce but also equal importance on Environment management of your company which is conducive and efficient too. Towards this, the top management stays ever committed for maintaining high standards for safety, health and environment management by being fully compliant to applicable statutory requirements as per OHSAS 18001 and ISO 14001 EMS standards and guidelines.

Recognizing that the employees are the most valuable assets of your Company and that the safety and health of each employee is of utmost importance, their safety and health does not become just a mundane necessity but is at par with Quality and Manufacturing by your Company. In order to ensure this, your Company continues to take initiatives and various programs such as annual health check-up plan, eye camp, physiotherapy, fitness center, blood donation camps etc., so that the employees and their families maintain good health and overall wellness.

Health and Safety being considered as one of the important performance measurements by your Company, it continuously provides awareness

training programmes and makes efforts to encourage the workforce to actively participate in relevant training programmes, workshops to perform their activities in a safe manner.

Your Company has always been committed to meet high level of health, safety and wellness standards by ensuring adherence to safety standards and practices so as to keep the work areas free of accidents, injuries, incidents and occupational related hazards for all.

You will be pleased to know that your Company has again recorded Zero accident with no loss of man days in its operations during the year. Apart from the employees, adherence to Safety, Health and Environmental practices are also ensured for its guests and visitors.

RECOGNITIONS AND AWARDS

Your Company continues to maintain its record of winning Awards, Recognitions and Accolades by demonstrating its achievements, performances and practices in various platforms at National and International levels as well. These recognitions and honors raise the motivation levels and morale of the employees and the Company as a whole. During the year your Company has received the following major awards.

- **Meritorious Award for Best Presented Accounts from South Asian Federation of Accountants (SAFA).**

  Your Company has received the Certificate of Merit Award for **Best Presented Accounts from SAFA** for the year 2011-12 under Manufacturing Sector Category.

  This coveted award conferred by South Asian Federation of Accountants, is an acknowledgment of the accounting practices, policies and transparency adopted by your Company which are not only amongst the best in India, but in the South Asian countries as well. The **Best Presented Annual Report Award of SAFA** is considered to be the most prestigious accolade for financial reporting in the region and represents SAFA's recognitions for organizations which have achieved excellence in presentation and disclosure of high quality, relevant, realistic and objectively comparable financial statements, being in line with the International Accounting Financial Reporting standards.

- **Quality Circle Awards**

  Your Company's employees continued to exhibit their skills in Quality Circle competitions and two teams were recognized with **Excellence Awards** at international level convention in the **International Convention of Quality Circle, Taiwan** held in Taipei during the year.

National Level organized by NCQC
- "Excellence" Award for Kaizen
- "Excellence" Award for SGA

Regional Level organized by CCQC
- "Golden Award" - SGA & Kaizen:2 teams
- "Golden Award"- Kaizen: 2 teams

- **Environment, Health & Safety (EHS) Award**

  Your Company has received the **4 Star** category Award from CII, Southern Region in recognition of its "Excellent Commitment in Environment Health and Safety" in manufacturing industry category for environment, health and safety standards at the workplace.

- **5S Model Company Award**

  Your Company has been conferred with the **Successive Model Company Award for 5S** by the ABK-AOTS, a Japanese international body reputed for acknowledging innovative 5S practices and setting standards around the world.

- **Cufest 2013 Awards**

  Your Company's employees participated in Group-level Quality competitions **Cufest 2013 (Quality Festival of CUMI)**, and won awards for Best Practices, 5S, Poster, Idea King, Quality Quiz events during the year.

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 three consecutive years the Indian economy has been severely impacted by a series of domestic and global disarrays throwing the business environment out of gear and deceleration and de-growth. As a consequence, the Indian economy could achieve a modest growth rate of around 4.5%, the lowest growth in the last several years. Although, some of the developed countries have started seeing a slow recovery, in the domestic front the optimism and sentiments largely remained weak as a result of continued rise in commodity prices, inflation, raw material prices, power disruptions, sub optimal industrial performance, repeated rise in interest rates, added to this the political instability and policy delays, all of them in conjunction have taken a toll on the lower growth rate. The downward spiral was most visible and harsh in segments like Automobile, Auto Component, Steel, Heavy Engineering, Ceramics, Cutting Tools and some of the other allied industries.

As earlier explained, your Company achieved a domestic business performance level of 99% compared to previous year and on the contrary, the export has achieved a creditable growth of 36% compared to the previous year with a moderate 6% growth on overall basis. In the domestic business, while the sales of Super Abrasives Products to some of industry segments like Automotive, Cutting Tools, Engineering was between 2% to 6% as compared to the previous year, the decline was lower and more pronounced with over 15-20% in segments like Steel & Ceramics. Amid these unusually challenging circumstances, your Company continued its best efforts and new initiatives for new developments of products and applications in addition to working closely with customers to explore some of the new opportunities for its products which could serve as import substitutions.

The performance level of Non-Super Abrasive business was 4% higher than last year on account of orders for existing machines and some of the new machines. However, the demand for Precision Components and Accessories continued to be lower than the previous year reflecting the

weak performance in the Automotive sector. As you may be aware, new capacity additions, expansion projects and fresh investments have been either dropped or suspended by customers in view of the continued slowdown, resulting in fewer orders for machines from industry segments like Engineering, Refractory, Steel and Automobile.

With all the above in place, your Company has been consistently maintaining its leadership position in the domestic market.

ECONOMIC OUTLOOK

While the world economy continues its slow recovery from global financial crisis, the main impetus however, lies with the advanced countries. In the backdrop of this, though the outlook for Indian economy has improved marginally in past few months with some positive sentiments and improved business confidence, the expectation of a high growth rate still remains a question mark. It is estimated that the Indian GDP would achieve a growth of around 6% in the coming year on account of unclogging of domestic policy deadlocks and improved global demand aiding exports to lift growth. With elections around the corner in India, there are high hopes that the change in the political leadership will lead to better growth. This positivity is evident in the financial markets which are at a high amidst the expectation of a good recovery and improved investment prospects. When the new and stable Government takes office in a few months, its focus is expected on development of agriculture, fast tracking of stalling infrastructure projects, manufacturing and capital market to encourage 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, Construction, Infrastructure, Mining, General Engineering, Steel, Power, Food, Services and Consumer durables during 2014-15. New investments, capacity expansions and creations including implementation of infrastructure, construction, Steel, Power, Mining, Engineering, Machine Tools and allied industries are expected to take advantage of the opportunities in the coming year.

INDUSTRY STRUCTURE & DEVELOPMENTS

The Indian Super Abrasive Tooling Market largely remains fragmented in nature and operates in a highly competitive environment often characterized by the presence of few organized players such as your Company and many small time and proprietor-driven organizations with strong focus on regional presence & dominance across the country. Your Company remains as a major supplier of Super Abrasive Products with its comprehensive range and regarded as **Total Grinding & Honing Solution Provider**, thus enjoys a preferred supplier status, oftentimes a single-source tier-II supplier for many major customers for a wide spectrum of industry. As a result, your Company's growth continues to be dependent mainly on the performance of these customers. A major contribution to your Company's topline in the coming year is expected to come from sectors such as Automotive, Engineering, Cutting Tools, Refractory, Aerospace, Defence, Steel, Ceramics and Construction. Therefore, your Company's performance will also be in congruence with the performance levels of these industries in the coming year.

As always, your Company will strive to focus on exploring every new opportunity, which would open up in both Super Abrasive Tools and Machine Tool areas. Also, your company would focus on growth prospects coming out of new Projects and higher demand from existing and new customers. Accordingly, it has been working on various projects and has added some new products to enhance the product basket especially in the Precision Grinding areas. At the same time it is also consciously working on progressively minimizing dependency on few specific industries e.g Automobile and its related industries. The effect of this endeavor is evident from the fact that your Company has developed many new products for precision applications for industries like Aerospace, Turbine, Gears, Defence, Textile, Ceramics, Bearing, Construction, Infrastructure, Healthcare and Paper & Printing.

PERFORMANCE OVERVIEW

Key Financial Summary

(Rs in Lacs)

Particulars	2013-14	2012-13	% change
Domestic Sales	7,110	7,176	(1)
Export Sales	2,339	1,719	36
Total Sales	9.449	8,895	6
Operating Profit	1,147	1,379	(17)
Capital Employed	8,231	7,625	8

OPPORTUNITIES & THREATS

Opportunities:

In the backdrop of the continued slowdown, policy logjam and unclear agenda till at least the new stable government is in place, the Indian growth is expected to remain modest in the medium term. However, your Company would continue to be having high confidence levels on account of the spread and widening of the business canvas. The wider canvas and comprehensiveness of its products would act as compensators. Your Company would continue to be on constant search for potential business opportunities in new industries and markets.

The biggest competitive advantage for your Company has been its long experience in this industry which is complemented well by its exhaustive product range practically for every industry and its superior technology for manufacturing Super Abrasive Tooling and Precision Grinding / Honing Machines. Extension of this advantage to Precision Component Manufacturing in last few years has only been a natural choice for your Company where your Company uses "own machines, own tooling and own processes". Your Company would strive to leverage the maximum and derive benefits from being the provider of **Total Grinding & Honing Solution** by extending its offerings from **Tools - To - Machines - To - Components**.

Innovation at your Company has been gaining momentum as a process for development of new products and processes. It has been progressing well with new application / product developments in last two years. It would continue to work on this pursuit for adding more number of innovative products to the existing basket.

As mentioned in earlier sections, your Company has already started working on some of the identified new projects in both Super abrasive tooling and Machines Tools. It has planned some more new machine models / ranges for introduction during the coming year. As a part of driving aggressive growth in the Non Super Abrasive business, your Company has also been working on some new projects and components in the Precision Component Area which would further strengthen the business.

Threats

In India, the Super Abrasive Tooling market is populated by the presence of few organized players like your Company and many unorganized players. Due to the polarized nature of the market, in one end there are unorganized, small time many proprietary-driven companies often with strong regional focus. And, by virtue of their size and scale of operations, these small companies cater to a small section of customers and industries with a limited range of products. Focus on specific regions and addressing customer requirements with lower prices has been one of their forte. On the other end, there are few large and organized players from both domestic and global arena. These global players almost always rely on Tie- ups with established Grinding / Honing machine manufacturers as OEMs, leveraging the parental backgrounds, for establishing their presence right in the beginning stages, with a mixture of methods involving performance, cost and technology, service lock-ins and warranty clauses.

Your Company tries to address this divergence by adopting its unique approach to improve the market presence and market share and reach both segments. While the low cost and innovative products are offered to address the low end competition, for the high end segment, it focuses on developing import substitutes based on approaches like price-to-performance measures and value addition backed by regional technical supports and hand-holding and better service levels.

The key success factor for your Company has been **Product & Process Innovation**. Competitive advantage is derived from sustained efforts in application developments, market development and key account management. In order to stay ahead of competition, your Company makes all attempts to constantly harness the knowledge base and competency levels of the people in the respective product verticals.

BUSINESS OUTLOOK

Though many agencies forecast a moderate growth for the Indian economy in the FY 2014-15, yet much of it depends on how quickly the new government settles and its stability to address continued rise in raw material prices, fuel & power cost, food inflation, repeated hikes in interest rates as well as slow recovery in some developed countries. Amidst these uncertainties and challenging times, your Company's primary focus would be to retain its leadership position in the domestic market by continuing to

offering its wide range of products, increased market reach & penetration as well as addition of new products to its basket. Besides this, your company would continue its endeavor of strengthening its presence both in domestic and export regions.

In the **Super Abrasive Business**, your Company will continue to drive the three chosen growth drivers, the Innovation, New Product Development and Indigenization Efforts. While this would give stability to your company, it will also focus on capitalizing on new opportunities in industry segments with high growth potential in conjunction to ensure future growth.

The **Non-Super Abrasives Business** has been gaining strength year on year and in the consolidation phase with new machine launches every year. Increased population of machines supplied by your company has been a point of good reference base in the industry and translates into gaining good traction in the machine tool business. As you may be aware, your Company has completed the new state-of-the-art facility for machine tools last year. It has planned few new machine launches and developments in the coming year especially for steel, refractory, engineering, auto components and automobile industries. In order to strengthen the design capabilities and automation competencies, your Company in the meantime, has forged a strategic partnership with one of local leading companies well-known for their capability in design, automation, prototyping and controls. The precision component business also is being strengthened with addition of new components and new accounts for long term sustainability. Commercial supply of course in limited volume has been started for two new types of components and ramped up volumes are expected in the coming year. Simultaneously, your Company is actively considering adding few more precision components to its offering in near future and accordingly will make suitable investments in creating the physical infrastructure, capacity, machineries, equipment, and human resources in this area.

Your Company will continue its focus on growing the **International Business**, in the coming year. While it will continue to pursue business through the established Wendt/3M network, extending the market reach through use of CUMI's overseas marketing channels, CUMI PAPS and strategic alliances in various countries will be the key for success and export growth.

Secondly, your Company has identified certain new countries with high potential for exports and business in these countries will be independently pursued by the company depending on factors like ease of doing business, effectiveness and future growth prospects.

Following the expiry and non-renewal of the technical collaboration agreement with Wendt GmbH two years back, using Wendt as a brand by your Company in the International Markets has caused some resentment and confusion in certain geographies. In order to address this, your Company has decided to promote its products by using CUMI brand and / or any other alternate brand in those markets and will continue to do so.

Your 100% owned subsidiary in Thailand, **Wendt Grinding Technologies Ltd**, continues to achieve superior results year on year despite the region being repeatedly affected by global slowdown, falling demand, floods and shifting of base by many Japanese companies as well as labor and political

disturbances. It shows enough confidence and resolve for a better performance in the coming year too. All this has been possible due to continuous pursuing of more opportunities, better service levels, new industry segments, new markets and industries and increased product range.

Your second 100% owned subsidiary, **Wendt Middle East FZE, Sharjah** has turned around after struggle in initial few years and has become profitable. Here again, it operates in an environment that is affected by prolonged slowdown, market volatility, socio-economic issues and declined investments in key areas in the region. However, change in strategy and focus from earlier services to trading has started delivering positive results. This subsidiary will continue to function as the Product Availability Point (PAP) for the entire GCC region with focus on General Engineering, Aerospace, Steel, Ceramics, Auto component, Oil and Gas and associated industry segments. As such, your subsidiary is expected to deliver a better performance in the coming year.

RISK & CONCERN

Risks are uncertainties and possible outcomes from the environment 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 total risk management process by 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 encompasses the following sequence:

- 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 strengthens the robustness of your Company's business. The Risk Management Committee of your Company addresses opportunities and the associated risks through an institutionalized approach in line with the company's objectives.

Your Company continuously identifies, assesses, reviews, manages and works on developing a robust system in terms of adequate internal controls and compliances. The business risks of your company are managed through cross functional involvement and communications. 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 like auto.
- Time lag 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 super abrasive
- Rebranding of products and the resultant delay in brand establishment

Mitigation Plan / Counter Measure to address

- De risking the business with widening the customer base and identify new industry segment.
- Exploring growth opportunities in Construction, Infrastructure, Steel, Defense, Aerospace, Glass, Ceramics and other industries
- Continuously pursuing new product and application development for varied sectors.
- Improving the service levels through operational efficiency measures
- Leveraging relationship and Engagement with the customer-WOW initiative/ Exhibitions & CRM application planned
- Setting up of the In-house DSIR approved R&D center. Also the innovation focusing on New Product Development, is now well embraced at Wendt to yield results
- Developing and promoting alternative brands-one being well-known- "CUMI".

Competition Risk

Why is it considered as a Risk?

- Presence of too 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

- Offer sustained competitive advantage to customer through operational efficiencies
- Focus on QCD - Superior **Quality**, **Cost** Competitive Products & Reliable, Consistent **Delivery**
- Internal Efficiency Measures / Process Automation / Lean to reduce throughput time
- Entry barriers for competition / exit barriers for customers - key account management
- Innovative products, process and applications
  - Enhancing value added services
  - Enhance the product basket
  - 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?

- The rapid changes taking place in the fields of grinding technology and material science.

- The Company's search for alternate technology following the expiry & Non renewal of technical collaboration agreement with Wendt GmbH post Sept 2012.

Mitigation Plan / Counter Measure to address

- Indigenous development of Bonds independently /external consultant
- Collaboration with external consultants
- Establishment of R&D centre and developing self sufficiency in technology & new products
- Association with external Research laboratories / Technical institutes for technological upgradation

INFORMATION TECHNOLOGY

Your Company has been using **SAP ERP** including the HR for many years now. However, a seamless integration between various modules as the key for harnessing the full benefits of the ERP has been identified as one of the priorities by your Company during the year. Accordingly it has initiated work on some of the critical business processes such production planning materials management, stores and receipts, financials and controls as a part **SAP-CIP (SAP Continuous Improvement Plan)** integration project towards productivity improvement, prioritization, scheduling and cycle time reduction.

IT enabled **Knowledge Management System** is another area which your Company has embarked on and has been deployed during the year. The aim of this portal to help the marketing & product management functions for timely and accurate technology solutions to the customers, improved response time and answering to customer queries and the like. In the coming year, your Company will be working on interfacing the **Knowledge Portal with CRM** making it a single technology driven platform for all users to access any time and service the customers globally with insightful technology solutions with least effort and ease.

As mentioned earlier, your Company is in middle of implementation of **SAP CRM Business Application** (Customer Relationship Management) to become more customer-centric. This initiative is expected to take your company one step closer to the customers in terms of relationship management and interactions, better understanding of their requirements and addressing them with accurate technology solutions besides giving a unique experience.

INTERNAL CONTROL SYSTEM & ADEQUACY

Your Company maintains adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. These procedures are regularly reviewed and updated by incorporating changes in the regulatory provisions. These are regularly tested for their effectiveness by Statutory as well as Internal auditors. Your company remains committed in its endeavor to ensure an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance and security of company's assets. The 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 well established and robust internal processes in place to ensure smooth functioning of the operations. The control mechanism involves well documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedure specific to the respective business. This is supplemented by an extensive review & monitoring system whereby the management regularly reviews your Company's performance periodically as per its' relevance for both financial and operational parameters and takes timely measures to address any variances.

The internal audit function is carried by external 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. Your Company has taken corrective measures wherever necessary based on the findings of Board, Audit Committee and the Management Review and the recommendations of the Internal Audit.

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.

During the year there were no changes in internal control over financial reporting 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.9449 Lacs, higher by 6% as compared to 2012-13. While the domestic sales is similar to last years' level, the export sales recorded a growth of 36% compared to the previous year. As briefed earlier, this better performance in export is due to higher sales to Indonesia, Malaysia, US, UK, Germany, Singapore etc. during the year.

Profit before Tax

Accordingly, the profit before tax is higher by 7% at Rs.1640 Lacs compared to Rs.1528 Lacs in 2012-13.

Profit after Tax

The profit after tax is higher by 17%, at Rs.1187 Lacs, compared to Rs.1012 Lacs in year 2012-13.

Liquidity and Cash Equivalents

Your Company continues to retain its status of debt free company and maintains sufficient cash and cash equivalents to meet its futuristic strategic initiatives. Your Company has been conservative in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enable the company to completely eliminate short and medium term liquidity risks.

The goal of cash management at Wendt India is to :

a. Maintain sufficient cash as reserves that will aid the company in capturing meaningful business opportunities.
b. Use cash to provide sufficient working capital to manage business operations of the company to be able to add value to all stakeholders and continuously enhance the same.
c. Invest surplus funds generated by the business in debt schemes of mutual funds as per Group norms yielding reasonable returns as per prevailing market rates.

The mutual funds investment portfolio increased from Rs.1142 Lacs to Rs.1272 Lacs in 2013-14, a growth of 11% during the year due to prudent investment policies followed by your Company.

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 18% compared to last year. However, fixed cost as percentage of sales is higher at 36%. Due to higher capital expenditure incurred during the earlier years, depreciation has grown by 14%. However, your Company believes that this addition to fixed assets will generate additional revenue in future years.

The variable costs have increased during the year due to increase in the raw material and other input costs which has put pressure on the margins of the company. During the year your Company has initiated **Lean Management** which will yield significant savings in times to come. Your Company's price correction initiative from both customers and key suppliers during the current year is further expected to improve its bottom line which will yield better results in the coming year.

Financial Position

Shareholders Funds

The shareholders fund as on 31.03.2014 was Rs.8231 Lacs against Rs.7625 Lacs of previous year, an increase of 8%. Accordingly, the book value of the share stands at Rs.412/- as compared to Rs.381/- during the previous year, an increase of 8%.

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 follows a policy of being 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.976 Lacs. The major capex spent is on addition of new plant & machinery, and other identified areas which are critical for the future growth of the company. As per the company policy, all the capex funding has been made through the internal accruals of the company.

Inventories and Sundry Debtors

The overall inventory levels as on 31st March, 2014 is Rs. 1554 Lacs, an increase by 12% over the last year. There was a reduction in the work in progress inventory by Rs.20 Lacs and stores and spares inventory by Rs.7 Lacs. However, the raw material inventory was higher by Rs.234 Lacs and the Finished Goods inventory by Rs. 43 Lacs. This was due to delay in dispatch/clearance for some of the items from few customers. The higher raw materials inventory was also necessary because of the business requirements.

The sales have increased by 6%; and hence the Receivables are higher from Rs.1916 Lacs to Rs. 2021 Lacs as on 31st March, 2014. However, the average credit days has come down from 70 days to 67 days in 2013-14. 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.47 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.

INSURANCE

All the insurable interests of your company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

HUMAN RESOURCE

Your Company continues to provide a congenial work environment for its employees which has been built over the years on the backdrop of trust and transparency in all its communication. The human resource policies of your company motivate the employees to give their best and remain committed to achieve the overall objective of the company. Nurturing and development of the Human Capital is accorded high importance. Accordingly, special attention is given to employees' safety, training and welfare measures.

The HR policies and practices of your company are aligned to the organizational goals and objectives. Your Company has well-laid processes for attracting, retaining and rewarding talent and follows a transparent system to identify and reward performers. Individual KRAs (Key Result Areas) are derived from the organization BSC (Balance Score Card) parameters and are reviewed on a quarterly, half yearly and annual basis.

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.

During the year your Company has undertaken the initiative to review employees job description, competency mapping which will lead to identification of gaps or areas for development and bridging the gaps in key areas through structured training programmes, skill enhancement and multi-tasking. This would also ensure that the company finds the **right talent for the right job** thereby improving employee's productivity and long term individual developmental plans.

Personnel development plans focus on how each individual's strength can be best leveraged to deliver to his/her full potential. To this effect your Company provides 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 focuses on **Business Excellence** and continual improvement journey **(TQM)** in its quest to improve the quality of its products, processes and systems. Ongoing learning, job enrichment, aligning rewards and recognition with performance, high engagement levels, conducive work environment and a cordial industrial relationship has been the hallmark of your Company resulting in a very low attrition rate which is well below industry average.

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. To this effect, your Company offers a compensation package which is one of the best in industry.

The manpower strength of confirmed employees of your Company as on 31st March, 2014 was 296.

Employee relations has been smooth and cordial and the work atmosphere remained congenial throughout the year.

Your Company strongly believes that employee engagement is of prime importance for the customer engagement and a must for the organization growth.

Directors

The Directors, Mr. Shrinivas G Shirgurkar and Mr. K S Shetty, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves 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 their continued association with the Board will be beneficial to the company and recommend their re-election.

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

Auditors and Auditors' Report

The statutory auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The retiring auditors of your Company have submitted a certificate of their eligibility for reappointment under Section 224 (1B) of the Companies Act, 1956 and indicated their willingness to continue. Your Directors recommend their reappointment as Statutory Auditors for the coming year. As per the relevant provisions of Listing Agreement, your Company has ensured that the auditors are subject to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI. The statutory auditors have confirmed their compliance with the relevant provisions.

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 6th November 2012, your Board has appointed M/s M.R. Rajshekhar & Co, Cost Accountant to carry out the audit of cost records of the company for the financial year 2013-14 . The Cost Audit Report will be filed with the Central Government within 6 months from the end of the Financial Year ended 31st March, 2014.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year 2013-14 and as such, there are no outstanding fixed deposits from the public as on 31st March 2014.

CORPORATE GOVERNANCE

Your Company strives to maintain high standards of Corporate Governance in all its interactions with various stakeholders. The company continues its endeavor to be a sustainable and trusted organization as sustained governance is the cornerstone in building and maintaining relationship with all its stakeholders. It has embedded into its system the strong culture of values, ethics and integrity living with the **Five Lights - The Spirit of The Murugappa Group**. It rigorously pursues a policy of 100% compliance with all statutory requirements and has a robust review system in place. 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

Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, your Company has transferred an amount of Rs. 2.36 lacs being unclaimed dividend during the year to the Investor Education and Protection Fund (IEPF) 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 2014 and the Balance Sheet as at that date ("Financial Statements"), the applicable accounting standards have been followed and no material departures have been made from the same.
- The Directors have selected appropriate 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, 2014.
- 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.
- Proper systems were in place to ensure compliance of all applicable laws to the company.

Disclosure of Statutory Particulars

- The particulars as prescribed under subsection (1) (e) of Section 217 of the Companies Act ,1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules ,1988 are set out in Annexure A which forms part of this report.
- The information required under Section 217 (2A) of The Companies Act'1956 read with Companies (Particulars of Employees) Rules,1975, and forming part of Directors report for the year ended 31st March, 2014 is annexed in Annexure B.

ACKNOWLEDGEMENTS

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels of the company.

The Directors sincerely convey 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 continued support.

Finally, the Directors also wish to place on record their gratitude to the members of the Company for their continued Support & Confidence.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 19th April 2014

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 qualify under the category of power intensive industries. However, your company adopts sustained efforts 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 leading to less power consumption.
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 100% of the domestic effluent and the trade effluent are treated and used for gardening and electroplating processes (Zero discharge). is recycled and reused for gardening.
vii) Getting periodic Energy Audit conducted to improve the energy conservation measures further.

b) Technology Absorption, Adaptation and Innovation

Your Company thrives on quick absorption of latest technology and its adaptation in both Super Abrasive and Non Super Abrasive Business Verticals. As mentioned earlier, with the expiry of the technical collaboration with Wendt GmbH during last year, pre-empting this, your Company had already embarked on developing its own technology & process by aggressively pursuing its R&D efforts through the establishment of R&D Centre and 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.

Your Company also banks on the rich experience and utilizes technological knowledge pool and R&D facility of its Indian Joint venture partner Carborundum Universal who are leaders in the field on conventional abrasive & material science for some of the application developments for specific areas.

Your Company continuously focuses towards the re-engineering of processes and works on developing cost economical raw material alternatives like raw materials for improving operational efficiency, reducing costs and waste elimination.

Continuous efforts are made towards 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 and development of capability to manufacture products addressing specific market niches.

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 active discussion for few such opportunities, both in Superabrasive and Non Superabrasive fields.

RESEARCH & DEVELOPMENT

In line with its strategic intent, your Company seeks to become a significant global player in offering customized functionally superior products to maintain its competitive edge and retain its market leadership position. Since the

technology is advancing at a rapid pace, the grinding technology needs to be constantly updated on a continual basis to match with the rapid change in material science and machining techniques. As an acknowledgment of this important aspect, your Company has a well-established R&D Centre which is anchored by R&D head who is well experienced and knowledgeable in his domain.

As you may be aware, during the previous year, your Company's **R&D Center** 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.

In the present year your **R&D Center** got the **Certificate of Approval in Form 3CM** from the DSIR, Government of India for FY 2013-14 for obtaining Income tax Exemption under Section 35(2ab) of the Income Tax Act. This approval is valid upto 31st March, 2015.

This will give your Company a major impetus not only to pursue development of new Bond / Matrix, new products for itself but also provide opportunities for collaboratively working with external institutes / research laboratories on leading technologies in future. This R & D venture continues to carry out indigenous Bond development in a major way and help the organization to be ahead of competition with newer products.

Your **R&D Center** has a dedicated team to work on various Research concepts for bringing cutting edge technology solutions for offering to the customers. During the year 2013-14 your Research Center has added high end scientific instruments along with supportive infrastructure to strengthen the development activities.

Your R&D Department focus areas are on:

- Developing Self Sufficiency in wide range of Bonding Materials for Grinding application.
- New Process and Design for precision Honing Applications
- Products for Cutting & Grinding of New Materials
- Building customized Products for local and global markets
- Working not just as product development partners but also as Go-To - Market partners with customers

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 previous year.

Your Company's **R&D Center** is equipped with necessary infrastructure and facilities to meet the above requirements. The centre also actively collaborates with external Research labs and Institutes, as well as collaboration with technical consultants for the required technological development & up-gradation.

Wendt India R&D plant includes inter alia, New Technology Development, Technology upgradation, and Self Sufficiency in Bond Development.

During the year Company has filed patents, one in Non-Super Abrasive and few patents are in pipeline for Super Abrasives. 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, 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 and Textile and low cost Vit CBN for general purpose grinding etc.

During the year, your Company also successfully developed some of the machines such as TC Ring Grinding Machine for mini steel plants, Honing Machine with Vertical Spindle for Auto and Engineering Sectors, ID/OD Grinding Machine for Abrasive industry, Rotary Surface Grinder for Refractory Industry.

Benefits derived: Your Company mainly caters to niche market where majority of customers are OEMs and look for technologically superior products and reliable performance. With majority of the customers considering your Company as a One-Stop Shop for **Complete Grinding and Honing Solutions**, they look forward to have technologically advanced products with superior and consistent performance. Your Company is able to address these ever changing needs and expectations of the customers, by virtue of its strong R&D focus and long years of experience. This facilitates your Company to retain its dominant position and also enable the customer to justify the due premium for its product reflecting on your Company's profitability.

(i) Expenditure on R&D **(Rs. In Lacs)**

Sl. No	Particulars	2013-14	2012-13
a)	Capital Expenditure	105	148
b)	Recurring (revenue expenditure)	272	260
c)	Total Expenditure	377	408
d)	Total R&D Expenditure as a percentage of turnover	3.99%	4.59%

(ii) Foreign Exchange Earnings and Outgo **(Rs. In Lacs)**

Sl. No	Particulars	2013-14	2012-13
a)	Foreign Exchange Used	3069	2664
b)	Foreign Exchange Earned	2636	1753

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 2013-14 Rs	Qualification and experience (Years)	Date of commencement of employment	Previous employment
Rajesh Khanna (53)	Chief Executive	69,95,720/-	B.E (Mech), PGDBA (31 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

Place: Chennai
Date: 19th April 2014

M M Murugappan
Chairman

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

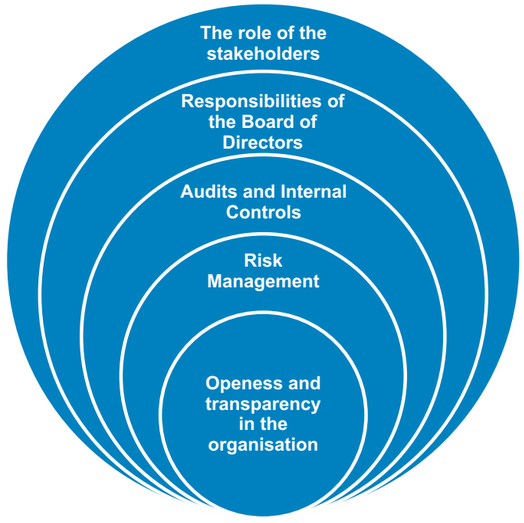
Company's Philosophy on Corporate Governance

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders would include everyone ranging from the board of directors, management, shareholders to customers, bankers, employees and society. Corporate governance is globally recognised as a key component for superior long term performance of every corporate entity. Better governance practices enables to introduce more effective internal controls suitable to the changing nature of business operations, improve performance and also provide an opportunity to increase stakeholders understanding of the key activities and policies of the organisation.

Wendt recognizes that transparency, disclosure, financial control, accountability and fairness are the pillars supporting the foundation of good system of corporate governance. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes complied by the company, not only in letter but as well as spirit have enabled the Company to enhance shareholder value. The Company believes that corporate governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders i.e. investors, customers, vendors, Government, employees, associates and society. It is a voluntary code of self-discipline to ensure transparency, accountability and integrity.

The Board of Directors (the Board) is committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. 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.

The Company's Corporate Governance approach is based on the following:



BOARD OF DIRECTORS

a) Size and Composition of the Board

Wendt (India) Limited ("Wendt (India)") believes that the key role of the Board of Directors is to:

(a) Provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risks to be assessed and managed.

(b) Develop and promote collective vision of the Company's purpose, its culture and values it wishes to promote in conducting the Company's business.

The Board of Directors of the Company has an optimum combination of Executive and Non- Executive Directors. An ideal Board should ensure an appropriate balance of power, independence and authority. The Board at Wendt (India) has 5 Non Executive Directors out of which 2 are Independent Directors as on 31st March, 2014. 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 with their diverse knowledge and expertise provide valuable contributions in the decision of the Board. All the 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.

The Board of Directors periodically intimate 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 2014 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)	11 (7 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) Diversity in Board

The size and diversity of a Board help in making it effective and deliver value. Such diversity may be with regard to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality and age. The Wendt Board represents diversity in terms of all these parameters.

c) Separation of the Office of Chairman and the Chief Executive Officer (CEO)

At Wendt, the role and office of the Chairman and Chief Executive Officer (CEO) are separate. This promotes the right balance and prevents unfettered decision making power with a single individual. For greater efficiency, there is also a clear demarcation of the role and responsibilities of the Chairman and the CEO.

The Chairman provides the necessary guidance and support to the CEO, and both have regular and structured access to the executive and management team. CEO is the principal executive of the Company and is accountable for the management and operations of the Company and implementation of business policies and strategies agreed to by the Board of Directors in a manner that is consistent with best business practices. CEO leads internally, with the Chairman adding value in strategy and structure, and ensuring that the Company is represented with integrity to institutions, investors, analysts and other stakeholders.

d) 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. Information and data for understanding the business of the Company in general and related matters are placed for discussion at the meeting. Members of the Board are free to suggest any item to be included in the agenda, in addition to bring up the matters for discussion at the meeting with the permission of the Chairman. 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 operating plans and budgets, with updates, if any.
- Capital budgets and updates, if any.
- Quarterly financial results of the Company and its segmental results.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Information on recruitment, remuneration and removal of senior officers just below the Board level, including Chief Financial Officer and Company Secretary.
- Quarterly Statutory Compliance Report.
- Short term investment of surplus funds
- Detailed Business Review.
- Operating Performance of the Subsidiary Companies.
- Appointment and Resignation of Directors.

- Quarterly list of Shareholders Grievances.
- Details of transactions with Related Parties.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Statement of Compliance with the Code of Conduct.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if any.
- Report on compliances under "Code of Insider Trading" of the Company.

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.

e) 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 2013-14, 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:

18th April 2013,
25th July 2013,
25th October 2013,
22nd January 2014,
20th March 2014.

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 13-14		Attended last AGM held on 25.07.2013
		Held	Attended	
M M Murugappan- Chairman	PD	5	5	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

- 4 Board meetings are scheduled in advance for the entire year to be held after the end of each financial quarter. Additional Board meetings are convened by giving appropriate notice. In addition, for any business exigencies, the resolutions are passed by circulation, and later placed in the ensuing Board meeting.
- Committees of the Board meet whenever required.

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 2014. A declaration signed by the Chief Executive has been submitted to the Board.

BOARD COMMITTEES

The Board Committees consisting of Executive and Non-Executive / Independent Directors, performs the Board functions and help in improving Board effectiveness by focusing 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:

a) Audit Committee
b) Share Transfer and Shareholders/ Investors Grievance Committee
c) Corporate Social Responsibility Committee

a. AUDIT COMMITTEE

The Board of Directors has entrusted the Audit Committee for ensuring prudent financial and accounting practices, 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. In terms of better financial reporting and greater effectiveness of internal controls, it is essential that Boards, Management, Internal Auditors, External Auditors and Audit Committees work with a common purpose to ensure that the Company obtains the benefits of the Audit Committee.

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

- Consider and review with the Internal Auditor and Statutory Auditor, and with the Management:
  a) significant findings during the quarters and the year, including the status of previous audit recommendations.
  b) any difficulties encountered in the course of the audit work including any issues with regard to access to required information, and
  c) any changes required in the planned scope of the internal audit plan.
- Chairman of the Committee to be present at the AGM to answer shareholders' queries.
- Mandatorily perform the following functions as stipulated under Clause 49 of the Listing Agreement:
  a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
     i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

ii. Changes, if any, in accounting policies and practices and reasons for the same.
iii. Major accounting entries involving estimates based on the exercise of judgment by Management.
iv. Significant adjustments made in the financial statements arising out of audit findings.
v. Compliance with listing and other legal requirements relating to financial statements.
vi. Disclosure of any related party transactions.
vii. Qualifications in the draft audit report.

e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
f) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
g) Discussion with internal auditors any significant findings and follow up there on.
h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
i) To review the functioning of the Whistle Blower mechanism.
j) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
k) Reviewing compliance of legal and regulatory requirements;

- The Audit Committee is further empowered to do the following:
  i. To investigate any activity within terms of reference;
  ii. To seek information from any employee;
  iii. To obtain outside legal professional advice; and
  iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

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:

18th April 2013,
25th July 2013,
25th October 2013,
22nd January 2014,

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 Shirgurkar, was present in the Annual General Meeting held on 25th July 2013.

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 2013-14	
		Held	Attended
Shrinivas G Shirgurkar (Chairman)	ID	4	4
K S Shetty	ID	4	4
K Srinivasan	NED	4	4

All the members of the Audit Committee have sound knowledge of financial management, audit and accounts.

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.
- Approve share transfer, share transmission, remat and name deletion of equity shares of the Company.
- Address all matter pertaining to demat of shares of the Company.
- 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.
- Attend to any other responsibility as may be entrusted by the Board within terms of reference.

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. The Committee meets as often as required to discharge its function. 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 20th March 2014 and the details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2013-14	
		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 Company Secretary acts as the Secretary to the Committee.

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.

c. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors at their meeting held on 20th March 2014, constituted the Corporate Social Responsibility Committee, in compliance with the Section 135 and Schedule VII of the Companies Act 2013.

The Corporate Social Responsibility Committee comprises of Mr K S Shetty as Chairman, with Mr. Shrinivas G Shirgurkar and Mr K Srinivasan as members. The Chairman of the Committee is an Independent Director.

The Company Secretary of the Company officiates as the Secretary of the Committee.

The role of Corporate Social Responsibility (CSR) Committee shall be to:

a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
b) recommend the amount of expenditure to be incurred on the activities referred to above.
c) monitor the CSR Policy of the Company from time to time.
d) institute a transparent monitoring mechanism for implementing of the CSR activities.

e) reviewing the performance of the company in the area of Corporate Social Responsibility.
f) carry out any other function or activity as may be considered for ensuring corporate social responsibility objectives are met.

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 (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, 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 and helps to maintain high standards of ethics. 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(8), 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.

(C) DISCLOSURE OF ACCOUNTING TREATMENT

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(D) GOING CONCERN

The Directors are satisfied that your Company has adequate resources to continue its business for the forseeable 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	55,000
Edmar Allitsch	Nil	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil	Nil
K Srinivasan	Nil	Nil
Shrinivas G Shirgurkar	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, 2014 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 Shirgurkar	Nil
K S Shetty	Nil

(G) MANAGEMENT

(i) 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.

(ii) 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 and as per the Companies Act, 2013, the brief profile of

the Director who is retiring by rotation and eligible for re-appointment is as follows:

Name	Shrinivas G Shirgurkar
Date of Birth	8th April 1948
Date of appointment	17th April 2006
Qualification	BE (Mechanical)
Experience in Specific functional areas	Mr. Shrinivas G Shirgurkar holds a bachelors degree in mechanical engineering. In 1970 he started his career as a Machine Tool Designer and in 1979 set up Ace Designers as a partnership firm offering Machine Tool Design Consultancy. Mr Shirgurkar was the President of Indian Machine Tool Manufacturers Association during the period 1999-2001. Now he is the Director of Ace Designers Limited which is one of the largest manufacturers of CNC turning machines in India, with a market share of over 40%.

Name	K S Shetty
Date of Birth	18th March 1948
Date of appointment	16th April 2009
Qualification	BE (Mechanical)
Experience in Specific functional areas	Over 30 years of experience in the below sectors, manufacturing industry for auto components, aerospace, exports development of new import substitution products, design of calibration lab and mobile calibration facilities, exclusively trained in Switzerland in Metrology and non contact measuring machines and equipments by TESA SA, Switzerland and in Robotics by Nachi Japan, Exclusive Business Partner for TESA SA, Switzerland for Metrology Equipments and Nachi Fujikoshi Japan for Nachi Robots

CEO/CFO CERTIFICATION

In accordance with the requirements of clause 49 (V) of the Listing Agreement, Mr Rajesh Khanna, Chief Executive and Mr Mukesh Kumar Hamirwasia, 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	Ordinary Resolution
2012-13	25.07.2013	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2013. • Re-appointment of Mr. K Srinivasan as Director. • Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors. • Declaration of Dividend on equity shares.
2011-12	13.07.2012	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2012. • Re-appointment of Mr. K S Shetty as Director. • Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors. • Declaration of Dividend on equity shares.
2010-11	27.07.2011	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2011. • Re-appointment of Mr. Shrinivas G Shirgurkar as Director. • Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors. • Declaration of Dividend on equity shares.

No postal ballot was conducted by the Company during the last three financial years. There was no Special Resolution passed in the last three Annual General Meetings.

MEANS OF COMMUNICATION

The Company constantly communicates to the investors about the financial results of the Company. The quarterly, half yearly and annual financial results are published in one national and one regional daily newspaper and are posted on the Company's website (www.wendtindia.com) under (Investors) Section. Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:

a) **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.

b) **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 2013-14 were published as detailed below:

Quarter (F.Y. 2013-14)	Date of Board Meeting	Date of Publication	Name of the newspaper
1st Quarter ended June, 2013	25.07.2013	26.07.2013	Business Standard and Vijayavani
2nd Quarter ended September, 2013	25.10.2013	26.10.2013	Business Standard and Vijayavani
3rd Quarter ended December, 2013	22.01.2014	23.01.2014	Business Standard and Vijayavani

c) **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. This results in prompt information disposal to the shareholders and also contributes in saving paper thus saving trees and helps in making the planet greener.

d) **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 all 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 in downloadable pdf format for ease of use.

e) **Reminder to Investors:** Reminders to encash the unclaimed dividend on shares are sent to the shareholders as per records every year.

f) **Designated email id for investors:** The Company has a designated exclusive email id for investors at investorservices@wendtindia.com.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs (MCA), released in December 2009, the Voluntary Guidelines on Corporate Governance. The Company is compliant with most of the recommendations of these Guidelines.

NON MANDATORY REQUIREMENTS

a) **Tenure of Independent Directors on the Board**

No specific tenure has been prescribed for Independent Director

b) **Remuneration Committee**

No separate Remuneration Committee has been constituted.

c) **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).

d) **Audit qualifications**

During the year under audit, there is no audit qualification.

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 in accordance with the applicable laws,

rules and regulations, 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 on a quarterly basis.

g) **Social Accountability Policy**

The Company recognizes the need and is committed to provide a safe, healthy and respectable work environment to all its employees. The Company strives to provide an environment, which is free of discrimination, intimidation and abuse. The Company has put in place Social Accountability Policy. As per the policy, the Company will not engage, support or tolerate the use of Child Labour, Forced or Compulsory Labour, Discrimination based on Race, National or Social origin, Caste, Birth, Religion, Disability, Gender etc., Corporal punishment, Mental or Physical coercion, verbal abuse, harsh or inhumane treatment of personnel and will comply with all the requirements as outlined by applicable Law. This policy is reviewed and followed regularly in all the dealings of the company.

GENERAL SHAREHOLDER INFORMATION

This is annexed.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 19th April 2014

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, 2014, 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 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 upto the date of this certificate. Accordingly, as at March 31, 2014, 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 their 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 affaires of the Company.

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

Bangalore
19th April, 2014
SS/SMG/2014

S Sundaresan
Partner
(Membership No. 25776)

GENERAL SHAREHOLDER INFORMATION

1. Date of Incorporation: 21st August, 1980

2. Annual General Meeting

Date and time : 24th July 2014 at 4.00 P.M

Venue : Bharatiya Vidya Bhavan
Race Course Road,
Bangalore- 560 001, Karnataka

Last date of receipt of Proxy forms: 22nd July 2014 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 2014-15 shall be declared as per the following schedule:

Particulars	Quarter	Due date
Unaudited results	30th June 2014	31st July 2014
Unaudited results	30th September 2014	31st October 2014
Unaudited results	31st December 2014	31st January 2015
Audited Results	31st March 2015	31st May 2015

3. Book Closure Date

19th July 2014 to 24th July 2014 (both days inclusive)

4. Dividend Payment Date

The Company declared an interim dividend of Rs. 10/- per share in its Board Meeting held on 22nd January 2014 for the financial year 2013-14 to those members whose names were appearing in the Register of Members on 4th February 2014. 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 2014 after approval at the Annual General Meeting.

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 13-14) : Paid

7. Corporate Identification Number : L85110KA1980PLC003913

8. NSDL & CDSL (ISIN) : INE274C01019

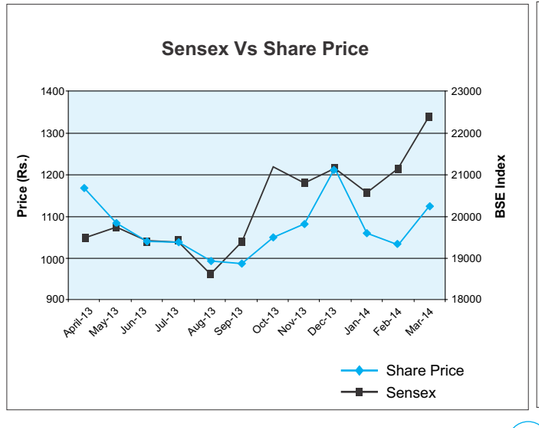
9. Certificate from Practicing Company Secretary:

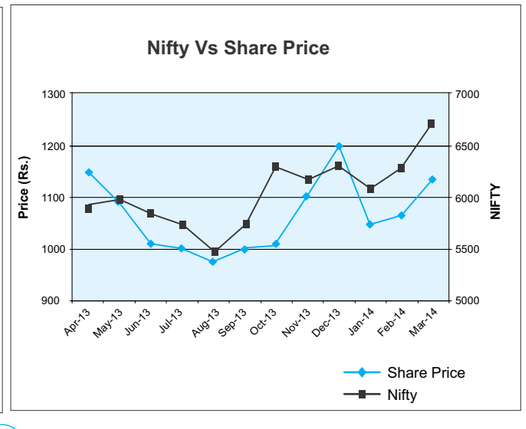
Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis was issued by Mr S Viswanathan, Company Secretary in Practice for due compliance of share transfer formalities by the Company.

10. Share Price Data

Month		Bombay Stock Exchange		National Stock Exchange	
		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2013	APRIL	1,219.75	1,063.80	1,215.00	1,057.50
	MAY	1,199.95	1,048.50	1,180.00	1,060.00
	JUNE	1,100.00	980.00	1,092.00	991.05
	JULY	1,200.00	988.10	1,144.00	970.00
	AUGUST	1,010.00	922.00	1,099.00	950.00
	SEPTEMBER	1,095.00	941.00	1,094.00	950.05
	OCTOBER	1,050.00	930.80	1,094.00	915.00
	NOVEMBER	1,080.00	1,002.40	1,142.00	1,002.35
	DECEMBER	1,210.00	1,035.00	1,206.40	1,045.00
2014	JANUARY	1,350.00	1,050.00	1,349.85	1,048.75
	FEBRUARY	1,120.00	1,019.00	1,092.95	1,014.00
	MARCH	1,125.00	1,027.00	1,148.00	1,000.05

11. Stock Performances



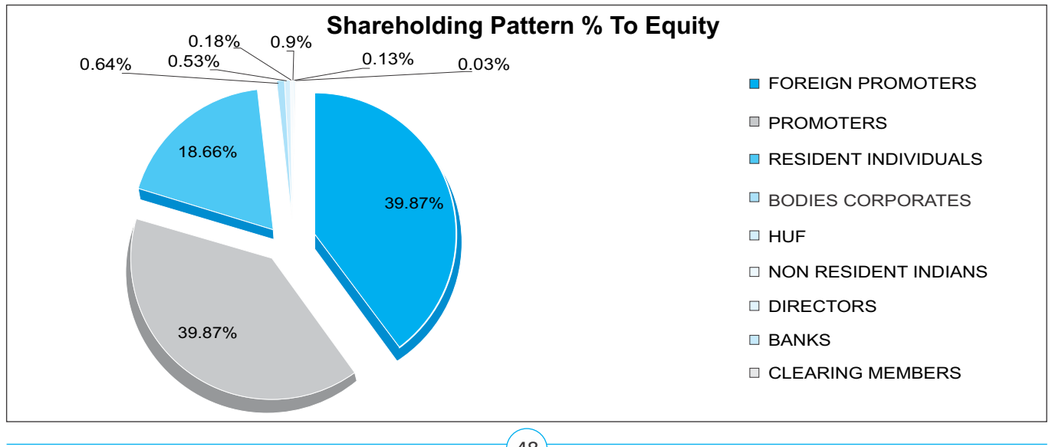


12. Distribution of Shareholding as on 31st March, 2014

Category (Amount) (Rs.)	No. of shareholders	% of shareholders	Total Shares	Amount (Rs.)	% of Amount
1-5,000	4,327	97.47%	2,50,889	25,08,890	12.54%
5,001-10,000	69	1.55%	51,566	5,15,660	2.58%
10,001-20,000	27	0.61%	38,444	3,84,440	1.92%
20,001-30,000	7	0.16%	17,744	1,77,440	0.90%
30,001-40,000	2	0.05%	7,877	78,770	0.39%
40,001-50,000	1	0.02%	4,016	40,160	0.20%
50,001-1,00,000	3	0.07%	21,231	2,12,310	1.06%
1,00,001 & Above	3	0.07%	16,08,233	1,60,82,330	80.41%
TOTAL	**4,439**	**100%**	**20,00,000**	**2,00,00,000**	**100%**

13. Shareholding Pattern as on 31st March 2014

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)	4,099	3,73,220	18.66%
BODIES CORPORATE (LTD)	116	12,808	0.64%
HUF	145	10,605	0.53%
DIRECTORS	1	2,650	0.13%
BANKS (BNK)	2	1,850	0.09%
NON RESIDENT INDIANS	56	3,597	0.18%
CLEARING MEMBERS	18	566	0.03%
TOTAL	**4,439**	**20,00,000**	**100%**



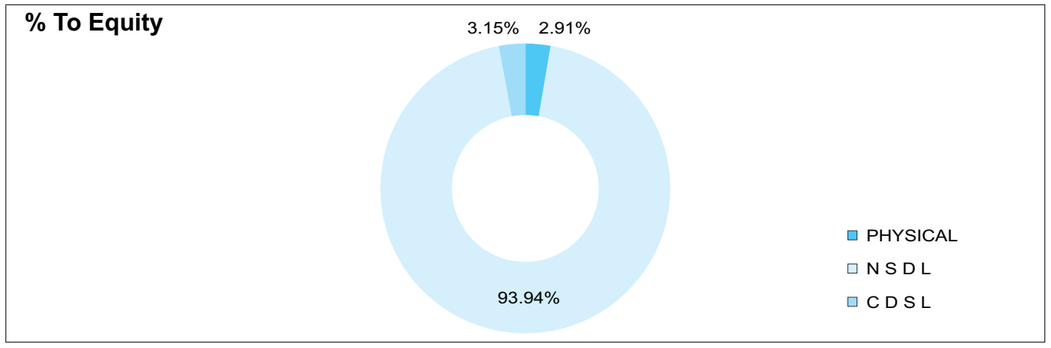
14. Dematerialisation of Shares

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 2014, 19,41,898 Shares constituting 97.09 % of the total paid up capital of the company have been dematerialized.

Shareholding Summary as on 31/03/2014			
Category	**No. of share holders**	**Total no. of Shares**	**% to share capital**
PHYSICAL	503	58,102	2.91
NSDL	2,881	18,78,778	93.94
CDSL	1,055	63,120	3.15
TOTAL	**4,439**	**20,00,000**	**100.00**



15. Share Transfer Process

The Company has Share Transfer & Investor Grievance Committee represented by the Board of Directors. The Board has delegated power to approve transfers to the Share Transfer & Investor Grievance Committee and the status on share transfer is reported to the Board on regular basis. 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.

16. Complaints received during the financial year ended 31st March 2014 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	5	5	Nil
Non receipt of securities	7	7	Nil
SEBI SCORES	1	1	Nil
Total	**36**	**36**	**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
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	10.00	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
2012-13	Final	15.00	25/07/2013	02/09/2020
2013-14	Interim	10.00	22/01/2014	15/02/2021

A separate communication was sent in February 2014 to the shareholders, who have not encashed their dividends for the year 2006-07, 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. 2,36,220/- has been transferred to the Investor Education and Protection Fund during the year 2013 -14 towards unclaimed/unpaid dividend for the year 2005-06.

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, 2014 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 avoiding 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 along with 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. SUBSIDIARIES

Wendt Grinding Technologies Limited, Thailand
109/21, Moo.4, Tambon Pluakdaeng,
Aumpur Pluakdaeng,
Rayong 21140
Thailand

Wendt Middle East FZE, Sharjah
Warehouse No. W3-8
PO Box No.50732
Hamriyah Free Zone - Sharjah
United Arab Emirates

22. Addresses for Communication

(a) Compliance Officer & Company Secretary

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

Email: Investorservices@wendtindia.com
akankshab@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" options for query registration after free identity registration

The above report has been placed before the Board at its meeting held on April 19th, 2014 and the same was approved.

By order of the Board
For Wendt (India) Limited

Chennai
19th April 2014

M M Murugappan
Chairman

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, 2014, 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 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and 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 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 misstatement.

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 judgement, including the assessment of risks of material misstatement 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, 2014

(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 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 the 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 purpose 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).

(e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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
19th April 2014
SS/SMG/2014

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 31st March, 2014

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

(I) Having regard to the nature of the Company's business/activities/result, clauses 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 explanations 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 listed 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 an external agency 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, 2014 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 and 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.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, 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 material fraud on the Company has been noticed or reported during the year.

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

Bangalore
19th April, 2014
SS/SMG/2014

S Sundaresan
Partner
(Membership No. 25776)

Standalone Financial Statements

BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. in lacs)

Particulars	Note No.		As at 31.03. 2014	As at 31.03. 2013
I EQUITY AND LIABILITIES				
(1) Shareholder's funds				
(a) Share capital	2	200.00		200.00
(b) Reserves and surplus	3	8,031.04		7,425.35
			8,231.04	7,625.35
(2) Non-current liabilities				
(a) Deferred tax liability (net)	4	486.87		383.66
(b) Other long-term liabilities	5	41.09		52.90
(c) Long-term provisions	6	183.44		90.30
			711.40	526.86
(3) Current liabilities				
(a) Trade payables	7	1,596.34		1,384.93
(b) Other current liabilities	8	476.00		554.80
(c) Short-term provisions	9	370.40		353.91
			2,442.74	2,293.64
Total			**11,385.18**	10,445.85
II ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	10	5,112.89		4,674.01
(ii) Intangible assets	11	123.73		89.09
(iii) Capital work-in-progress		273.36		264.26
		5,509.98		5,027.36
(b) Non-current investments	12	430.55		353.99
(c) Long-term loans and advances	13	210.47		205.12
			6,151.00	5,586.47
(2) Current assets				
(a) Current investments	14	1,272.47		1,142.25
(b) Inventories	15	1,554.16		1,384.78
(c) Trade receivables	16	2,020.90		1,916.22
(d) Cash and cash equivalents	17	60.13		83.53
(e) Short-term loans and advances	18	307.80		266.56
(f) Other current assets	19	18.72		66.04
			5,234.18	4,859.38
Total			**11,385.18**	10,445.85

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

For and on behalf of the Board of Directors

S SUNDARESAN
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I. Revenue from operations (Gross)	20	**10,359.12**	9,777.18
Less: Excise duty		**794.19**	806.67
Revenue from operations (Net)		**9,564.93**	8,970.51
II. Other income	21	**495.09**	149.59
III. Total Revenue (I +II)		**10,060.02**	**9,120.10**
IV. Expenses:			
Cost of materials consumed	22	**3,243.11**	2,950.58
Purchases of stock-in-trade	23	**151.70**	196.60
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	**57.32**	(28.25)
Employee benefits expense	25	**1,767.72**	1,438.98
Finance costs	26	**2.20**	0.76
Depreciation and amortization expense	11(a)	**458.16**	402.92
Other expenses	27	**2,739.79**	2,630.99
Total Expenses		**8,420.00**	**7,592.58**
V Profit before tax (III - IV)		**1,640.02**	**1,527.52**
VI Tax expense:			
(1) Current tax		**350.00**	435.00
(2) Deferred tax		**103.21**	80.69
		453.21	**515.69**
VII Profit for the year (V -VI)		**1,186.81**	1,011.83
VIII Earning per equity share (face value Rs.10/- each):			
Basic and Diluted	28(6)	**59.34**	**50.59**

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

For and on behalf of the Board of Directors

S SUNDARESAN
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

		31.03.2014	31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		**1,640.02**	**1,527.52**
Adjustments for :			
Depreciation and Amortisation expense		458.16	402.92
Bad Trade receivables Written off (net)		1.09	0.80
Provision for trade receivables (net of reversal)		8.19	20.45
Finance costs		2.20	0.76
Interest on Bank and other Deposits		(2.27)	(2.73)
Interest on loan to subsidiary		-	(0.90)
Dividend from Current investments		(69.73)	(51.13)
Dividend from Long term Investments in subsidiary		(243.97)	-
Loss on sale / discarding of Tangible Fixed assets (net)		14.09	8.25
Surplus provision of previous year written back		(7.92)	(8.90)
Provision reversal for diminution in value of investments in subsidiary		(76.56)	-
Loss / (Profit) on sale of current investments (net)		(1.22)	0.07
Unrealised exchange Loss / (Gain)		0.54	0.90
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**1,722.62**	**1,898.01**
CHANGES IN WORKING CAPITAL :			
Inventories		(169.38)	(21.51)
Trade Receivables		(130.64)	70.94
Short Term Loans and advances		(41.24)	35.45
Other current assets		47.32	(5.57)
Long Term Loans and advances		0.15	(1.30)
Trade Payables		227.55	(326.70)
Other Long term Liabilities and Provisions		81.33	(1.10)
Other current liabilities and Provisions		(16.25)	69.51
CASH FLOW FROM OPERATING ACTIVITIES		**1,721.46**	**1,717.73**
Direct Tax Paid (net of refunds)		(372.72)	(427.69)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(A)**	**1,348.74**	**1,290.04**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Tangible Fixed Assets		(917.57)	(865.35)
Purchase of Intangible Fixed Assets		(66.91)	(31.31)
Proceeds from Sale of Tangible Fixed Assets		8.69	10.80
Sale / (Purchase) of current Investments (net)		(129.00)	(126.36)
Interest Received on deposits with banks and others		2.27	2.73
Dividend from long term Investment in subsidiary		243.97	-
Dividend from current Investments		69.73	51.13
Bank balances not considered as cash and cash equivalents			
- Placed		(509.97)	(500.00)
- Matured / encashed		497.45	498.34
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(B)**	**(801.34)**	**(960.02)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

		31.03.2014	31.03.2013
CASH FLOW FROM FINANCING ACTIVITIES			
Recovery of Loan from subsidiary		-	26.33
Finance costs		(2.20)	(0.76)
Dividend paid (including tax thereon)		(581.12)	(581.11)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(C)**	**(583.32)**	**(555.54)**
NET CASH INFLOW / (OUTFLOW)	**(A+B+C)**	**(35.92)**	**(225.52)**
OPENING CASH AND CASH EQUIVALENTS	**D**	**57.23**	**282.75**
CLOSING CASH AND CASH EQUIVALENTS	**E**	**21.31**	**57.23**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(E-D)**	**(35.92)**	**(225.52)**
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)		60.13	83.53
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)		10.52	0.55
(ii) In earmarked accounts #			
Dividend account		28.30	25.75
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No.17)		21.31	57.23

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
19th April 2014

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

K SRINIVASAN
Director

SHRINIVAS G SHIRGURKAR
Director

AKANKSHA BIJAWAT
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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (''the 1956 Act'') (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (''the 2013 Act'') in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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 exicise 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.

LONG -TERM EMPLOYEE BENEFITS - COMPENSATED ABSENCES

Accumulated Compensated absences which fall due beyond 12 months is provided for in the books on actuarial valuation 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 based on the amount of contribution required to be made and when services are rendered by the employees.

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:

a) Inter-segment revenues for this purpose are reported 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".

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 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, 2014	As at 31st March, 2013
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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 2 (i)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	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

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, 2014	Percentage of holding (%)	Number of shares as at 31st March, 2013	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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 3 - RESERVES AND SURPLUS

Particulars		As at 31st March, 2014	As at 31st March, 2013
Capital Reserve:			
Capital Subsidy		20.98	20.98
		20.98	20.98
General Reserve:			
Opening balance	4,658.05		4,556.85
Add: Transfer from surplus in Statement of Profit and Loss	118.70		101.20
		4,776.75	4,658.05
Surplus in Statement of Profit and Loss :			
Opening balance	2,746.32		2,184.36
Add: Profit/(Loss) for the year	1,186.81		1,011.83
	3,933.13		3,196.19
Less: Appropriations			
Interim Dividend @ 100% (Rs.10/- Per equity share (previous year Rs. NIL each))	200.00		-
Tax on Interim Dividend	32.45		-
Proposed Final Dividend @ 150% (Rs.15/- Per equity share (previous year Rs. 15/- each))	300.00		300.00
Tax on Proposed Final Dividend	48.67		48.67
Transfer to General Reserve	118.70		101.20
		3,233.31	2,746.32
Total		**8,031.04**	**7,425.35**

NOTE 3(i)

Remittances in foreign currency during the year on account of dividend

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
(a) Year to which dividend relates	2012-13 & 2013-14 (Interim)	2011-12
(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

NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Tax effect of items constituting deferred tax liability		
Fiscal allowance on fixed assets	563.14	438.79
Tax effect of items constituting deferred tax liability	563.14	438.79
Tax effect of items constituting deferred tax asset		
Employee benefits	(47.56)	(24.14)
Provision for doubtful trade receivables	(16.57)	(15.43)
Others	(12.14)	(15.56)
Tax effect of items constituting deferred tax asset	(76.27)	(55.13)
Deferred Tax Liability (net)	486.87	383.66

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 5 -OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Towards miscellaneous taxes	41.09	52.90
Total	41.09	52.90

NOTE 6 - LONG- TERM PROVISIONS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for compensated absences (Refer note 28(9)(II)(b))	146.65	65.78
Provision for Gratuity	12.27	-
Tax provisions (net of payments of Rs.1,846.37 lacs; Previous year: Rs 1846.37 lacs)	23.98	23.98
Fringe benefit tax provisions (net of payments of Rs.5.96 lacs; Previous year: Rs 5.96 lacs)	0.54	0.54
Total	183.44	90.30

NOTE 7 - TRADE PAYABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables (see note below)	1,596.34	1,384.93
Total	1,596.34	1,384.93

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, 2014 is Rs.43.22 lacs (Previous year - Rs 32.94 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unclaimed dividends (refer note (a) below)	28.30	25.75
Book Overdraft	58.45	-
Other payables		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT)	95.81	103.15
Retention and Security Deposits	35.84	37.02
Advance received from customers	83.67	179.50
Payable on purchase of fixed assets (refer note (b) below)	166.31	204.45
Employees' contractual obligations	7.62	4.93
Total	476.00	554.80

NOTE

(a) The unclaimed dividend of Rs. 28.30 lacs represents those relating to the years 2006-07 to 2012-2013 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.

(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 9 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for compensated absences (Refer note 28(9)(II)(b))	21.73	5.24
Proposed Dividend on Equity shares	300.00	300.00
Tax on proposed dividend on Equity shares	48.67	48.67
Total	370.40	353.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 10 - FIXED ASSETS (TANGIBLE)

(Rs. in lacs)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2013	Additions during the year	Disposals/ Deductions during the year	As at 31st March, 2014	Upto 31st March, 2013	For the year	Disposals/ Deductions during the year	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
TANGIBLE ASSETS (OWNED)										
Land	3.66 *(3.66)*	-	-	3.66 *(3.66)*	-	-	-	-	3.66 *(3.66)*	3.66 *(3.66)*
Buildings	1,393.78 *(809.62)*	70.14 *(584.16)*	-	1,463.92 *(1,393.78)*	223.90 *(196.48)*	44.18 *(27.42)*	-	268.08 *(223.90)*	1,195.84 *(1,169.88)*	1,169.88 *(613.14)*
Plant and Equipment	5,122.89 *(4,525.03)*	515.65 *(619.33)*	22.08 *(21.47)*	5,616.46 *(5,122.89)*	1,943.40 *(1,640.52)*	331.31 *(308.17)*	19.54 *(5.29)*	2,255.17 *(1,943.40)*	3,361.29 *(3,179.49)*	3,179.49 *(2,884.51)*
Furniture and Fixtures	148.76 *(111.00)*	60.05 *(37.78)*	0.05 *(0.02)*	208.76 *(148.76)*	58.99 *(53.25)*	8.76 *(5.75)*	0.05 *(0.01)*	67.70 *(58.99)*	141.06 *(89.77)*	89.77 *(57.75)*
Vehicles	84.73 *(83.43)*	41.76 *(7.02)*	31.66 *(5.72)*	94.83 *(84.73)*	32.57 *(29.00)*	8.77 *(7.68)*	16.45 *(4.11)*	24.89 *(32.57)*	69.94 *(52.16)*	52.16 *(54.43)*
Office Equipment	360.19 *(319.37)*	199.95 *(44.07)*	13.13 *(3.25)*	547.01 *(360.19)*	181.14 *(159.62)*	32.87 *(23.52)*	8.10 *(2.00)*	205.91 *(181.14)*	341.10 *(179.05)*	179.05 *(159.75)*
Total	7,114.01	887.55	66.92	7,934.64	2,440.00	425.89	44.14	2,821.75	5,112.89	4,674.01
Previous year	*(5,852.11)*	*(1,292.36)*	*(30.46)*	*(7,114.01)*	*(2,078.87)*	*(372.54)*	*(11.41)*	*(2,440.00)*	*(4,674.01)*	

Figures in brackets pertain to previous year.

NOTE 11 - FIXED ASSETS (INTANGIBLE ASSETS)

(Rs. in lacs)

Particulars	Gross Block				Accumulated Amortization				Net Block	
	As at 1st April 2013	Additions during the Year	Disposals/ Deductions during the Year	As at 31st March, 2014	Upto 31st March, 2013	For the year	Disposals/ Deductions during the Year	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
INTANGIBLE ASSETS (Other than internally generated)										
Computer Software	129.56 *(98.25)*	60.11 *(31.31)*	-	189.67 *(129.56)*	89.96 *(77.69)*	14.05 *(12.27)*	-	104.01 *(89.96)*	85.66 *(39.60)*	39.60 *(20.56)*
Technical Know how	128.99 *(128.99)*	6.80 -	-	135.79 *(128.99)*	79.50 *(61.39)*	18.22 *(18.11)*	-	97.72 *(79.50)*	38.07 *(49.49)*	49.49 *(67.60)*
Total	**258.55**	**66.91**	**-**	**325.46**	**169.46**	**32.27**	**-**	**201.73**	**123.73**	**89.09**
Previous year	*(227.24)*	*(31.31)*		*(258.55)*	*(139.08)*	*(30.38)*		*(169.46)*	*(89.09)*	

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, 2014	31st March, 2013
On Fixed Assets (Tangible Assets) (refer note 10)	425.89	372.54
On Fixed Assets (InTangible Assets) (refer note 11)	32.27	30.38
Total	**458.16**	**402.92**

NOTE 12 - NON - CURRENT INVESTMENTS

Particulars	As at 31st March, 2014	As at 31st March, 2013
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 face value of AED 150,000 each (previous year 8) fully paid up)	153.16	153.16
	430.55	430.55
Less:		
Provision for diminution in value of investments	-	76.56
Total	430.55	353.99
Aggregate amount of unquoted investments	430.55	430.55

NOTE 13 - LONG - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Capital Advances	18.75	35.97
Security Deposits	22.10	22.25
Tax payments (net of provisions Rs. 3,487.69 lacs (Previous year Rs.3,469.87 lacs))	167.52	144.80
Fringe Benefit Taxes paid (net of provisions Rs.22.00 lacs (Previous year Rs.22.00 lacs))	2.10	2.10
Total	210.47	205.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 14 -CURRENT INVESTMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2014 Units (Nos)	As at March 31, 2014 Amount	As at March 31, 2013 Units (Nos)	As at March 31, 2013 Amount
	Investments in Mutual Funds					
	(Quoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Interval Fund II Quarterly Interval Plan B-Regular Plan-Dividend	10.10	450,000	45.00	-	-
2	ICICI Prudential Money Market Fund-Regular Plan-Daily Dividend	100.13	1,705,333	170.75	-	-
3	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renivestment	100.17	311,755	311.66	-	-
4	Reliance Fixed Horizon Fund-XXV-Series 29 - Dividend Plan	10.05	650,000	65.00	-	-
5	Reliance Medium Term Fund-Daily Dividend Plan	17.10	-	-	480,682	82.18
6	Reliance Liquid Fund Treasury Plan-Daily Dividend Plan	1528.74	8,023	122.65	29,742	454.68
7	Reliance Liquid Fund Cash Plan-Daily Dividend Option	1114.15	9,021	100.51	-	-
8	Reliance Money Manager Fund-Daily Dividend Plan	1002.09	14,769	147.89	-	-
9	IDFC Money Manager Fund-Investment Plan-Daily Dividend-(Regular Plan)	10.07	-	-	250,201	25.20
10	IDFC Money Manager Fund-Treasury Plan-Daily Dividend (Regular Plan)	10.08	249,672	25.14	-	-
11	TATA Money Market Fund Plan A-Daily Dividend (Face Value Changed on 01.02.14)	1001.52	17,841	178.68	-	-
12	Baroda Pioneer PSU Bond Fund -Plan A Monthly Dividend -Payout	10.28	485,778	50.00	-	-
13	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend - Reinvestment	1025.79	5,392	55.19	-	-
				1,272.47		562.06
	(Unquoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Ultra Short Term-Regular Plan-Daily Dividend	10.07	-	-	498,771	50.17
2	ICICI Prudential Money Market Fund-Cash Option Daily Dividend	100.09	-	-	107,998	108.00
3	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	100.17	-	-	396,822	396.89
4	TATA Money Market Fund Plan A- Daily Dividend	10.02	-	-	250,895	25.13
				-		580.19
				1,272.47		1,142.25

Notes:-

1) Aggregate amount of quoted investments 1,272.47 562.06
2) Aggregate market value of quoted investments 1,274.06 562.06
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, 2014	As at 31st March, 2013
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 70.30 lacs, Previous year Rs. 38.64 lacs)	843.08	609.04
Work - in - progress (refer note below)	447.79	467.64
Finished Goods	100.13	104.05
Stock-in- trade (in respect of goods acquired for trading)	46.62	80.17
Stores and spares	116.54	123.88
Total	1,554.16	1,384.78

Note:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	331.82	334.82
Machine, accessories and components	98.79	122.39
Others	17.18	10.43
Total	447.79	467.64

NOTE 16 -TRADE RECEIVABLES

Particulars		As at 31st March, 2014	As at 31st March, 2013
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	27.24		92.35
Considered doubtful	48.76		45.40
		76.00	137.75
2) Other Trade receivables			
Considered good	1,993.66		1,823.87
Considered doubtful	-		-
		1,993.66	1,823.87
Less: Provision for doubtful trade receivables		48.76	45.40
Total		2,020.90	1,916.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 17 - CASH AND CASH EQUIVALENTS

Particulars		As at 31st March, 2014	As at 31st March, 2013
Cash on hand		0.95	0.48
Cheques on hand		19.39	30.17
Balances with banks			
(i) In current accounts	0.97		26.58
(ii) In deposit accounts (refer note below)	10.52		0.55
(iii) In earmarked accounts			
(a). Dividend account	28.30		25.75
		39.79	52.88
Total		60.13	83.53
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is:		21.31	57.23

Note:- Deposits amounting to Rs. 10.52 lacs (previous year Rs.0.55 lacs) have an original maturity of more than 3 months. All the above deposits are under lien.

NOTE 18 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Prepaid expenses	73.04	91.76
Advance to vendors	45.62	24.50
Employees' loans and advances	41.35	33.22
Security and Earnest Money Deposits	3.42	9.33
Other loans and advances	14.28	6.41
Balances with Government Authorities.		
- CENVAT credit receivable	60.00	39.75
- VAT credit receivable	6.17	7.08
- Service tax credit receivable	63.92	54.51
Total	307.80	266.56

NOTE 19 -OTHER CURRENT ASSETS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Receivables from subsidiaries [Refer note 28(8)]	17.82	26.38
Excess of fair value of plan assets over present value of gratuity liability	-	24.39
Insurance claim receivable	-	15.27
Rent receivable	0.90	-
Total	18.72	66.04

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 20 - REVENUE FROM OPERATIONS

	Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
a.)	Sale of products (refer note (i) below)	10,094.17	9,653.04
	Less: Excise duty	794.19	806.67
		9,299.98	8,846.37
b.)	Sale of services (refer note (ii) below)	148.54	48.41
c.)	Other operating income (refer note (iii) below)	116.41	75.73
	Revenue from operations (Net)	9,564.93	8,970.51

Note

	Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(i)	**Sale of products comprises (net of excise duty)**		
	Manufactured Goods		
	Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	6,657.18	6,260.38
	Machine, Accessories and components	2,190.82	2,264.21
	Others	196.57	74.20
	Total - Sale of manufactured goods	9,044.57	8,598.79
	Traded goods		
	Polishing films	165.78	139.93
	Others	89.63	107.65
	Total - Sale of Traded goods	255.41	247.58
	Total - Sale of Products	9,299.98	8,846.37
(ii)	**Sale of Services comprises**		
	Machining charges	148.54	48.41
	Total - Sale of Services	148.54	48.41
(iii)	**Other Operating income comprises**		
	Sale of Scrap	22.39	23.62
	Service charges	38.18	18.36
	Commission	31.09	15.23
	Management fee and other charges received from subsidiaries	22.94	17.33
	Technical services fee	1.81	1.19
	Total - Other Operating income	116.41	75.73

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 21 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
Interest on bank and other deposits (Gross)	2.27	2.73
Interest on loan to subsidiary	-	0.90
Dividend income on long -term investments (from subsidiary)	243.97	-
Dividend income from current investments - mutual funds	69.73	51.13
Profit on sale of current investments	1.22	-
Net gain on foreign currency transactions and translations	46.87	38.63
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	24.42	9.16
For other expenses	7.92	8.90
Provision for diminution in value of investment in subsidiary no longer required written back	76.56	-
Bad Trade receivables recovered	-	21.78
Miscellaneous income	9.13	16.36
Rent received	13.00	-
Total	495.09	149.59

NOTE 22 - COST OF MATERIALS CONSUMED

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
Opening stock	609.04	632.01
Add: Purchases	3,477.15	2,927.61
	4,086.19	3,559.62
Less: Closing stock	843.08	609.04
Cost of materials consumed	3,243.11	2,950.58
Material consumed comprises:		
Industrial and Synthetic Diamonds and Cubic Boron Nitride	1,341.14	1,220.67
Bonding Mixture and Matrix Powder	417.60	401.57
Steel	267.67	235.49
Other items	1,216.70	1,092.85
Total	3,243.11	2,950.58
Of the above	%	Rs. in lacs
Imported	69	2,231.33
	(66)	(1,954.13)
Indigenous	31	1,011.78
	(34)	(996.45)
	100	3,243.11
	(100)	(2,950.58)

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, 2014	31st March, 2013
Polishing Films	108.39	125.72
Dressing Sticks	7.64	10.97
Floking Filter System	23.21	26.45
Others	12.46	33.46
Total	151.70	196.60

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

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
Opening stock		
Work - in - progress	467.64	447.25
Finished goods	104.05	110.41
Stock-in- trade	80.17	65.95
	651.86	623.61
Closing stock		
Work - in - progress	447.79	467.64
Finished goods	100.13	104.05
Stock-in- trade	46.62	80.17
	594.54	651.86
Net (increase) / decrease	57.32	(28.25)

NOTE 25 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
Salaries,wages and bonus	1,392.54	1,159.44
Contribution to provident and other funds	153.84	77.79
Staff welfare expenses	221.34	201.75
Total	1,767.72	1,438.98

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 26 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
Interest on deferred payment of Income tax and service tax	0.72	0.75
Others	1.48	0.01
Total	2.20	0.76

NOTE 27 - OTHER EXPENSES

Particulars		Year ended		
		31st March, 2014		31st March, 2013
Consumption of Stores and Spares (refer note (i) below)		478.41		421.05
Contract labour		78.39		74.87
Power and Fuel		268.85		277.92
Rent		9.50		6.00
Increase / (decrease) of excise duty on inventory (refer note (ii) below)		(0.43)		(0.70)
Rates and Taxes		61.22		50.97
Insurance		19.88		26.24
Repairs to:				
Building		38.88		37.77
Machinery		56.36		56.51
Other Assets		98.07		64.90
Royalty		-		77.90
Processing Charges		466.84		459.13
Directors' Sitting Fees		2.40		2.20
Auditors' Remuneration (net of service tax credit availed)				
- Statutory Auditors				
Audit Fees (including limited reviews)		7.40		7.40
Tax Audit Fees		1.00		1.00
Taxation matters		-		1.75
Reimbursement of Expenses		3.85		0.79
- Cost Auditors				
Cost Audit Fees		0.75		0.50
Bank Charges		39.56		35.35
Service Fee		135.67		128.98
Travel and Conveyance		295.33		269.54
Freight outward and packing Charges (net)		118.09		113.42
Selling Commission		9.64		30.91
Communication Expenses		25.40		25.07
Bad Trade receivables written off	5.92		2.72	
Less: Transferred from Provision	4.83		1.92	
		1.09		0.80
Provision for doubtful trade receivables		32.61		29.61
Legal and Professional charges		167.36		118.80
Sales & other expenses		132.61		136.42
Loss on sale/disposal of fixed assets (net)		14.09		8.25
Contribution to Research Institution		2.00		2.00
Miscellaneous Expenses		174.97		165.64
Total		2,739.79		2,630.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Note: (i)

CONSUMPTION OF STORES AND SPARE PARTS

Particulars	Year Ended	
	31st March, 2014	31st March, 2013
	%	Rs. in lacs
Imported	22	107.51
	(20)	(82.71)
Indigenous	78	370.90
	(80)	(338.34)
	100	478.41
	(100)	(421.05)

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 FINANCIAL STATEMENTS

	31.03.2014	31.03.2013
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.		
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.18.74 lacs; previous year Rs.35.97 lacs)	437.35	565.11
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)

	31.03.2014	31.03.2013
3 Value of imports on CIF basis:		
Raw Materials	2,262.15	1,930.35
Traded goods	102.26	119.28
Stores and Spare parts	86.47	81.92
Capital Goods	267.88	153.14
4 Expenditure in Foreign Currency		
Royalty	-	77.90
Technical consultancy fee	91.15	30.09
Travel	36.28	38.93
Commission	-	8.31
Others	22.42	24.35
5 Earnings in Foreign exchange :		
i) F.O.B.Value of goods exported	2,338.29	1,718.99
ii) Others.	298.00	34.14
6 Earning per share (EPS) is calculated as under		
a) Numerator -		
Profit for the year	1,186.81	1,011.83
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	59.34	50.59

7 **Operating leases**

a) The Company is obligated under cancelable operating leases towards residential accomodation, 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. 9.50 lacs. (Previous year: Rs 6.00 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.

b) The Company has leased out a portion of its factory building to a related party.

The lease agreement is for a period of 11 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

Gross carrying amount	1,463.92
Less: Accumulated Depreciation	268.08
Net carrying amount	1,195.84

The depreciation recognized in respect of the factory building for the year is Rs. 44.18 lacs.
There are no contingent rents receivable.

8 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

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	
	13-14	12-13	13-14	12-13	13-14	12-13
Purchase of Capital Goods						
Wendt GmbH Germany	-	-	23.92	1.68	23.92	1.68
Wendt Middle East FZE	-	5.76	-	-	-	5.76
Carborundum Universal Limited (CUMI)	-	-	4.41	2.87	4.41	2.87
Other Purchases						
Wendt Gmbh, Germany	-	-	687.45	560.91	687.45	560.91
Carborundum Universal Limited (CUMI)	-	-	59.55	57.24	59.55	57.24
Wendt Grinding Technologies Ltd Thailand	-	0.38	-	-	-	0.38
Wendt Middle East FZE	1.26	2.57	-	-	1.26	2.57
Sale of Goods and Services						
Wendt GmbH Germany	-	-	474.08	418.61	474.08	418.61
Carborundum Universal Limited (CUMI)	-	-	231.99	249.66	231.99	249.66
Wendt Grinding Technologies Ltd Thailand	165.08	103.41	-	-	165.08	103.41
Wendt Middle East FZE	219.51	142.37	-	-	219.51	142.37
Receipt of Dividend						
Wendt Grinding Technologies Ltd Thailand	243.97	-	-	-	243.97	-
Loan recovered						
Wendt Middle East FZE	-	26.33	-	-	-	26.33
Payment of Service Fee and Commission						
Carborundum Universal Limited (CUMI)	-	-	135.67	128.98	135.67	128.98
Payment of Royalty						
Wendt GmbH Germany	-	-	-	77.90	-	77.90
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, Rent, Accounting charges and Interest receipts						
Wendt GmbH Germany	-	-	31.09	13.51	31.09	13.51
Carborundum Universal Limited (CUMI)	-	-	13.00	-	13.00	-
Wendt Grinding Technologies Ltd Thailand	20.96	16.47	-	-	20.96	16.47
Wendt Middle East FZE	1.97	1.76	-	-	1.97	1.76
Reimbursement of Expenses - Paid						
Carborundum Universal Limited (CUMI)	-	-	18.73	23.50	18.73	23.50
Wendt Middle East FZE	-	0.08	-	-	-	0.08
Reimbursement of Expenses - Received						
Wendt GmbH Germany	-	-	0.89	0.04	0.89	0.04
Carborundum Universal Limited (CUMI)	-	-	3.88	23.82	3.88	23.82
Wendt Grinding Technologies Ltd Thailand	3.62	4.38	-	-	3.62	4.38
Wendt Middle East FZE	0.72	1.54	-	-	0.72	1.54
Amount due From						
Wendt GmbH Germany	-	-	73.63	61.01	73.63	61.01
Carborundum Universal Limited (CUMI)	-	-	40.22	26.16	40.22	26.16
Wendt Grinding Technologies Ltd Thailand	65.95	34.44	-	-	65.95	34.44
Wendt Middle East FZE	23.16	55.26	-	-	23.16	55.26
Amount due to						
Wendt Middle East FZE	-	8.33	-	-	-	8.33
Wendt GmbH Germany	-	-	167.65	161.61	167.65	161.61
Carborundum Universal Limited (CUMI)	-	-	171.88	152.54	171.88	152.54

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) Provision for diminution in value of investments in Wendt Middle East FZE of Rs.76.56 lacs (previous year Rs.NIL) has been written back during the year.

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	31.03.2014	31.03.2013
Employers' Contribution to Provident Fund *	41.75	35.51
Employers' Contribution to Superannuation Fund *	36.79	30.17
Employers' Contribution to Employee's State Insurance #	8.74	9.19
Employers' Contribution to Employee's Pension Scheme 1995 *	23.42	23.01

* 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	31.03.2014	31.03.2013
Discount Rate	9.35% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a	5.00% 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	31.03.2014	31.03.2013
Present Value of Obligation as at beginning of the year	173.48	165.42
Current Service Cost	14.92	17.78
Interest cost	14.55	13.07
Benefits Paid	(19.02)	(3.98)
Net Actuarial Losses / (Gains) Recognized in the Year	36.52	(18.81)
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	**220.45**	**173.48**

B) Change in the Fair Value of Assets

Particulars	31.03.2014	31.03.2013
Opening Fair Value of Plan Assets	197.86	171.71
Expected Return on Plan Assets	15.31	14.78
Actuarial Gains / (Losses)	(1.19)	1.88
Assets Distributed on Settlements	-	-
Contributions by Employer	15.22	13.47
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(19.02)	(3.98)
Closing Fair Value of Plan Assets	**208.18**	**197.86**

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	31.03.2014	31.03.2013
Closing Present Value of Funded Obligations	220.45	173.48
Closing Fair Value of Plan Assets	208.18	197.86
Closing Funded Status	(12.27)	24.38
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) recognized in Balance Sheet	(12.27)	24.38

D) Amount recognized in the Balance Sheet

Particulars	31.03.2014	31.03.2013
Closing Present value of obligations	220.45	173.48
Closing Fair Value of plan assets	208.18	197.86
Net Asset / (Liability) recognized in Balance Sheet	(12.27)	24.38

E) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2014	31.03.2013
Current Service Cost	14.92	17.78
Past Service Cost	-	(6.28)
Interest Cost	14.55	13.07
Expected Return on Plan Assets	(15.31)	(14.78)
Actuarial Losses / (Gain)	37.72	(20.69)
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expense	51.88	(10.90)
Less:Reimbursement received from a Subsidiary	-	-
Net expenses recognized in the Statement of Profit and Loss.	51.88	(10.90)

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

Particulars	31.03.2014	31.03.2013
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) Compensated absences

Assumptions at the Valuation Date:

Particulars	31.03.2014	31.03.2013
Discount Rate	9.35% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% 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	31.03.2014	31.03.2013
Charge / (credit) in the Statement of Profit and Loss	97.36	(20.91)
Liability as at the year end	168.38	71.02
- Short- term (Refer Note 9)	21.73	5.24
- Long- term (Refer Note 6)	146.65	65.78

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

10 Foreign Currency Exposure as at March 31, 2014, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2014		31.03.2013		
	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	Currency
Due to					
-Creditors against Import of goods, capital items and Services	369.11	6.09	265.29	4.82	USD
	234.96	2.81	220.39	3.11	EUR
	12.19	0.12	5.98	0.07	GBP
Due from					
- Trade and other receivables	289.50	4.88	191.79	3.55	USD
	189.29	2.33	89.00	1.29	EUR
	-	-	12.05	0.83	AED
	54.45	0.55	29.00	0.35	GBP

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

11 **SEGMENT DISCLOSURE**

A) PRIMARY SEGMENT INFORMATION

Notes on Segment Information

1) The Company is organised 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.

Particulars	31.03.2014	31.03.2013
1. Segment Revenue (including sale of services)		
a) Super Abrasives (Net of excise duty)	7,168.19	6,630.57
b) Machines, Accessories and Components	2,280.33	2,264.21
Total	9,448.52	8,894.78
Less:- Inter Segment Revenue	-	-
Net sales/Income From Operations	9,448.52	8,894.78
2. Segment Results Profit before tax and interest.		
a) Super Abrasives	1,118.61	1,378.44
b) Machines, Accessories and Components	469.42	398.32
Total	1,588.03	1,776.76
Less: (i) Finance costs	2.20	0.76
(ii) Other un-allocable Expenditure net of un-allocable income of Rs.611.50 lacs (31.3.2013 Rs.225.32 lacs)	(54.19)	248.48
(iii) Tax expense	453.21	515.69
Profit for the year	1,186.81	1,011.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

B) SECONDARY SEGMENT INFORMATION

Revenue by Geographical market

Particulars	31.03.2014	31.03.2013
India	7,110.23	7,175.79
Europe	1,128.42	881.09
Others	1,209.87	837.90
Total Revenues	9,448.52	8,894.78

12 Research and Development expenditure incurred during the year aggregates to Rs.377.09 lacs (Previous year Rs.407.89 lacs) as detailed below:

Particulars	31.03.2014	31.03.2013
- Revenue expenditure (refer note below)	272.15	259.97
- Capital expenditure (including capital work in progress)	104.94	147.92
Total	377.09	407.89

Note:- Revenue expenditure shown above includes Depreciation on R&D assets of Rs. 20.74 lacs (Previous year Rs. 10.15 lacs) & Overseas Consultancy Services of Rs. 91.15 lacs (Previous year Rs. 30.09 lacs).

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
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

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 2014	31 st March 2014
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, 2014 *	209.98	107.93
b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	969.28	(157.29)
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, 2014	243.97	----
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 31 st March 2014 (Thai Baht Rs. 1.853 and AED Rs. 16.340)

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

WENDT (INDIA) LIMITED

Audit for the year ended March 31, 2014

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, 2014
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: APRIL 29th, 2014	
	Refer our Audit Report dated April 19, 2014 on the Separate Financial Statements of the Company. **For Deloitte Haskins & Sells** Chartered Accountants (Firm Registration No. 008072S) S. Sundaresan **S. Sundaresan** (Partner) (Membership No. 25776) Place: Bangalore Date: 12th May 2014	

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF WENDT (INDIA) LIMITED

Report on the Consolidated Financial Statements

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, 2014, 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

The Company's Management is responsible for the preparation of 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

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 internal control 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

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, referred to below in the Other Matter paragraph, 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, 2014

(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

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs.1,856.89 lakhs as at 31st March, 2014, total revenues of Rs.1,813.75 lakhs and net cash outflows amounting to Rs.197.24 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 opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No.008072S)

Bangalore
19th April, 2014
SS/SMG/2014

S. SUNDARESAN
Partner
(Membership No. 25776)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. in lacs)

Particulars	Note No.		As at 31.03.2014	As at 31.03.2013
I EQUITY AND LIABILITIES				
(1) Shareholders funds				
(a) Share capital	2	200.00		200.00
(b) Reserves and surplus	3	9,014.68		8,442.18
			9,214.68	8,642.18
(2) Non-current liabilities				
(a) Deferred tax liability (net)	4	486.87		383.66
(b) Other long-term liabilities	5	41.09		52.90
(c) Long-term provisions	6	201.80		98.92
			729.76	535.48
(3) Current liabilities				
(a) Short-term borrowings	7	-		24.28
(b) Trade payables	8	1,886.87		1,533.42
(c) Other current liabilities	9	501.58		577.80
(d) Short-term provisions	10	386.38		386.54
			2,774.83	2,522.04
Total			12,719.27	11,699.70
II ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	11	5,372.99		4,950.09
(ii) Intangible assets	12	123.78		89.14
(iii) Capital work-in-progress		273.36		261.04
		5,770.13		5,300.27
(b) Long-term loans and advances	13	209.18		204.50
			5,979.31	5,504.77
(2) Current assets				
(a) Current investments	14	1,872.63		1,546.90
(b) Inventories	15	1,763.15		1,479.76
(c) Trade receivables	16	2,167.87		2,029.20
(d) Cash and Cash Equivalents	17	601.76		822.40
(e) Short-term loans and advances	18	333.65		277.02
(f) Other current assets	19	0.90		39.65
			6,739.96	6,194.93
Total			12,719.27	11,699.70

SIGNIFICANT ACCOUNTING POLICIES 1B
ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 26
SEE ACCOMPANYING NOTES (1-26) 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
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

	Particulars	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
I.	Revenue from operations (Gross)	20	11,803.14	10,923.20
	Less: Excise duty		794.19	806.67
	Revenue from operations (Net)		11,008.95	10,116.53
II.	Other income	21	184.75	178.41
III.	**Total Revenue (I +II)**		11,193.70	10,294.94
IV.	**Expenses:**			
	Cost of materials consumed	22.a	3,243.10	2,950.58
	Purchases of stock-in-trade		951.12	670.51
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(56.08)	(25.14)
	Employee benefits expense	23	1,940.22	1,587.43
	Finance costs	24	3.25	3.32
	Depreciation and amortization expense	12(a)	518.49	473.83
	Other expenses	25	2,919.06	2,760.40
	Total Expenses		9,519.16	8,420.93
V	Profit before tax (III - IV)		1,674.54	1,874.01
VI	Tax expense:			
	(1) Current tax		405.23	507.35
	(2) Deferred tax		103.21	80.69
			508.44	588.04
VII	Profit for the year (V -VI)		1,166.10	1,285.97
VIII	Earning per equity share (face value Rs.10/- each):			
	Basic and Diluted	26(3)	58.30	64.30

SIGNIFICANT ACCOUNTING POLICIES 1B
ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 26
SEE ACCOMPANYING NOTES (1-26) 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
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

		31.03.2014	31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		**1,674.54**	**1,874.01**
Adjustments for :			
Depreciation and amortisation expense		518.49	473.83
Bad trade receivables written off (net)		1.09	1.43
Provision for trade receivables (net of reversal)		14.22	21.19
Finance costs		3.25	3.32
Interest on bank and other deposits		(18.00)	(12.76)
Dividend from current investments		(69.73)	(51.13)
Loss on sale / discarding of tangible fixed assets (net)		14.05	8.03
Surplus provision of previous year written back		(8.38)	(8.90)
Loss / (profit) on sale of current investments (net)		(1.22)	0.07
Unrealised exchange loss / (gain)		0.54	0.90
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**2,128.85**	**2,309.99**
CHANGES IN WORKING CAPITAL :			
Inventories		(283.39)	(15.33)
Trade receivables		(170.66)	(15.68)
Short term loans and advances		(56.63)	28.97
Other current assets		38.75	(33.36)
Long term loans and advances		0.15	(1.51)
Trade payables		369.59	(315.79)
Other long term liabilities and provisions		91.07	(1.10)
Other current liabilities and provisions		(13.21)	92.51
CASH FLOW FROM OPERATING ACTIVITIES		**2,104.52**	**2,048.70**
Direct tax paid (net of refunds)		(443.93)	(503.38)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(A)**	**1,660.59**	**1,545.32**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(965.14)	(909.59)
Purchase of Intangible fixed assets		(66.91)	(31.31)
Proceeds from sale of tangible fixed assets		8.73	14.62
Sale / (purchase) of current investments (net)		(324.51)	(340.75)
Interest received on deposits with banks and others		18.00	12.76
Dividend from current investments		69.73	51.13
Bank balances not considered as cash and cash equivalents			
- Placed		(509.97)	(500.00)
- Matured / encashed		497.45	498.34
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(B)**	**(1,272.62)**	**(1,204.80)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. in lacs)

		31.03.2014	31.03.2013
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing / (repayment) of loan (net)		(24.28)	24.28
Finance costs		(3.25)	(3.32)
Dividend paid (including tax thereon)		(581.12)	(581.11)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(C)**	**(608.65)**	**(560.15)**
Translation adjustment	**(D)**	**(12.48)**	**135.61**
NET CASH INFLOW/(OUTFLOW)	**(A+B+C+D)**	**(233.16)**	**(84.02)**
OPENING CASH AND CASH EQUIVALENTS	**E**	**796.10**	**880.12**
CLOSING CASH AND CASH EQUIVALENTS	**F**	**562.94**	**796.10**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(F-E)**	**(233.16)**	**(84.02)**

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

Cash and Cash equivalents as per Balance Sheet (Refer Note No.17)	601.76	822.40
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)	10.52	0.55
(ii) In earmarked accounts #		
Dividend account	28.30	25.75
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No. 17)	562.94	796.10

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
19th April 2014

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

K SRINIVASAN
Director

SHRINIVAS G SHIRGURKAR
Director

AKANKSHA BIJAWAT
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, the companies constitute the "Group". The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2 PRINCIPLES OF CONSOLIDATION

(i) The financial statements of the subsidiary companies are drawn upto the same reporting date as that of the Company i.e., 31 March, 2014.

(ii) 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.

(iii) 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.

(iv) Following subsidiary companies have been included in Consolidation:-

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Proportion	
			31.03.2014	31.03.2013
1	**Wendt Grinding Technologies Limited** (Incorporated on 19th July 2005)	Thailand	100%	100%
2	**Wendt Middle East FZE** (Incorporated on 24th September 2008)	Sharjah (UAE)	100%	100%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

3 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.

4 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.

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:

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.

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.

g 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
i) Building	20
ii) 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
I) Plant and Machinery	4
ii) Lease hold improvements	4
iii) Furniture and Fixtures	3
iv) Computers	3

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 exicise 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 based on the amount of contribution required to be made as and when services are rendered by the employees. 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.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

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 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, 2014	As at 31st March, 2013
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, 2014		As at 31st March, 2013	
	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 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, 2014	Percentage of holding	Number of shares as at 31st March, 2013	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, 2014	As at 31st March, 2013
Capital Reserve:			
Capital subsidy		20.98	20.98
		20.98	20.98
General Reserve:			
Opening balance	4,658.05		4,556.85
Add: Transfer from Surplus in statement of Profit and Loss	118.70		101.20
		4,776.75	4,658.05
Translation Adjustment Reserve:			
Opening balance	304.56		168.95
Add/(less): Effect of exchange fluctuations during the year	(12.48)		135.61
		292.08	304.56
Statutory Reserve			
Opening balance	-		
Add/(Less): Transfer from Surplus in statement of Profit and Loss	10.79		
Closing balance (Refer note 1 below)		10.79	-
Surplus in Statement of Profit and Loss :			
Opening balance	3,458.59		2,622.49
Add: Profit/(Loss) for the year	1,166.10		1,285.97
	4,624.69		3,908.46
Less: Appropriations			
Interim Dividend @ 100% (Rs.10/- Per equity share (previous year Rs. NIL each))	200.00		-
Tax on Interim Dividend	32.45		-
Proposed Final Dividend @ 150% (Rs.15/- Per equity share (previous year Rs. 15/- Per equity share))	300.00		300.00
Tax on proposed final dividend	48.67		48.67
Transfer to Statutory Reserve	10.79		
Transfer to General Reserve	118.70		101.20
		3,914.08	3,458.59
Total		**9,014.68**	**8,442.18**

Note 1: The subsidiary, Wendt Middle East FZE, in accordance with Article 192 of the U.A.E. Commercial Company Law of 1984, as amended, has set aside 10% of net profit as Statutory reserve which shall remain indivisible until dissolution and liquidation. The appropriation to this reserve has been limited to 50% of the capital of the subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Tax effect of items constituting deferred tax liability		
Fiscal allowance on fixed assets	563.14	438.79
Tax effect of items constituting deferred tax liability	563.14	438.79
Tax effect of items constituting deferred tax asset		
Employee benefits	(47.56)	(24.14)
Provision for doubtful trade receivables	(16.57)	(15.43)
Others	(12.14)	(15.56)
Tax effect of items constituting deferred tax assets	(76.27)	(55.13)
Deferred tax liability (net)	486.87	383.66

NOTE 5 - OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Towards miscellaneous taxes	41.09	52.90
Total	41.09	52.90

NOTE 6 - LONG-TERM PROVISIONS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for compensated absences (Refer note 26 (6)(II)(b))	154.35	65.78
Provision for Gratuity	22.93	8.62
Tax provisions less payments (current tax)	23.98	23.98
Tax provisions less payments (fringe benefit tax)	0.54	0.54
Total	201.80	98.92

NOTE 7 - SHORT-TERM BORROWINGS

Particulars	As at 31st March, 2014	As at 31st March, 2013
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, 2014	As at 31st March, 2013
Trade payables	1,886.87	1,533.42
Total	1,886.87	1,533.42

NOTE 9 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unclaimed dividends (refer note below)	28.30	25.75
Book Overdraft	58.45	-
Other payables		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT)	98.10	103.15
Retention and security deposits	35.84	37.02
Advance received from customers	106.96	202.50
Payable on purchase of fixed assets	166.31	204.45
Employees' contractual obligations	7.62	4.93
Total	501.58	577.80

NOTE

The unclaimed dividend of Rs. 28.30 lacs represents those relating to the years 2006-07 to 2012-2013 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, 2014	As at 31st March, 2013
Tax provisions (net of tax payment)	15.98	32.63
Provision for compensated absences (Refer note 26(6)(II)(b))	21.73	5.24
Proposed dividend on equity shares	300.00	300.00
Tax on proposed dividend on equity shares	48.67	48.67
Total	386.38	386.54

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 11 - FIXED ASSETS (TANGIBLE)

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	As at 1st April, 2013	Additions during the year	Disposals/ Deductions during the year	Translation adjustment	As at 31st March, 2014	Upto 31st March, 2013	For the year	On Disposals/ Deductions	Translation adjustment	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
TANGIBLE ASSETS (OWNED)												
Land	98.76	-	-	3.45	102.21	-	-	-	-	-	102.21	98.76
	(91.86)	-	-	*(6.90)*	*(98.76)*	-	-	-	-	-	*(98.76)*	*(91.86)*
Improvements to Leasehold Premises	3.58	-	-	-	3.58	3.36	0.22	-	-	3.58	-	0.22
	(3.58)	-	-	-	*(3.58)*	*(2.47)*	*(0.89)*	-	-	*(3.36)*	*(0.22)*	*(1.11)*
Buildings	1,673.09	74.94	-	(0.38)	1,747.65	327.06	58.13	-	0.01	385.20	1,362.45	1,346.03
	(1,059.47)	*(584.16)*	*(0.23)*	*(29.69)*	*(1,673.09)*	*(276.85)*	*(41.39)*	*(0.05)*	*(8.87)*	*(327.06)*	*(1,346.03)*	*(782.62)*
Plant and Equipment	5,254.93	529.28	22.08	(3.74)	5,758.39	2,089.37	357.81	19.54	-	2,427.64	3,330.75	3,165.56
	(4,691.63)	*(619.32)*	*(75.15)*	*(19.13)*	*(5,254.93)*	*(1,784.46)*	*(347.36)*	*(55.55)*	*(13.10)*	*(2,089.37)*	*(3,165.56)*	*(2,907.17)*
Furniture and Fixtures	150.68	60.30	0.23	(0.01)	210.74	60.87	8.81	0.23	-	69.45	141.29	89.81
	(112.92)	*(37.78)*	*(0.02)*	-	*(150.68)*	*(54.95)*	*(5.93)*	*(0.01)*	-	*(60.87)*	*(89.81)*	*(57.97)*
Vehicles	134.48	65.34	31.66	(0.06)	168.10	75.95	20.44	16.45	(0.02)	79.92	88.18	58.53
	(127.90)	*(7.02)*	*(5.72)*	*(5.28)*	*(134.48)*	*(61.70)*	*(17.58)*	*(4.11)*	*(0.78)*	*(75.95)*	*(58.53)*	*(66.20)*
Office Equipment	398.78	202.67	13.13	0.12	588.44	207.60	40.81	8.10	0.02	240.33	348.11	191.18
	(349.29)	*(50.97)*	*(5.04)*	*(3.56)*	*(398.78)*	*(179.86)*	*(30.30)*	*(3.79)*	*(1.23)*	*(207.60)*	*(191.18)*	*(169.43)*
Total	**7,714.30**	**932.53**	**67.10**	**(0.62)**	**8,579.11**	**2,764.21**	**486.22**	**44.32**	**0.01**	**3,206.12**	**5,372.99**	**4,950.09**
Previous year	*(6,436.65)*	*(1,299.25)*	*(86.16)*	*(64.56)*	*(7,714.30)*	*(2,360.29)*	*(443.45)*	*(63.51)*	*(23.98)*	*(2,764.21)*	*(4,950.09)*	

Figures in brackets pertain to previous year.

NOTE 12 - FIXED ASSETS (INTANGIBLE)

Particulars	Gross Block				Accumulated Amortization				Net Block	
	As at 1st April, 2013	Additions during the year	Disposals/ Deductions during the year	As at 31st March, 2014	Upto 31st March, 2013	For the year	On Disposals / Deductions	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
INTANGIBLE ASSETS (Other than internally generated)										
Computer Software	129.95	60.11	-	190.06	90.28	18.22	-	108.50	81.56	39.67
	(98.64)	*(31.31)*	-	*(129.95)*	*(78.01)*	*(12.27)*	-	*(90.28)*	*(39.67)*	*(20.63)*
Technical Know how	128.98	6.80	-	135.78	79.51	14.05	-	93.56	42.22	49.47
	(128.98)	-	-	*(128.98)*	*(61.40)*	*(18.11)*	-	*(79.51)*	*(49.47)*	*(67.58)*
Total	**258.93**	**66.91**	**-**	**325.84**	**169.79**	**32.27**	**-**	**202.06**	**123.78**	**89.14**
Previous year	*(227.62)*	*(31.31)*	-	*(258.93)*	*(139.41)*	*(30.38)*	-	*(169.79)*	*(89.14)*	

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, 2014	Year ended 31st March, 2013
On fixed assets (tangible assets) (refer note 11)	486.22	443.45
On fixed assets (intangible assets) (refer note 12)	32.27	30.38
Total	**518.49**	**473.83**

NOTE 13 - LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Capital Advances	18.75	35.97
Security deposits	23.95	24.10
Tax payments (net of provisions)	164.38	142.33
Fringe benefit tax payments net of provisions	2.10	2.10
Total	209.18	204.50

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 14 -CURRENT INVESTMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2014 Units (Nos)	As at March 31, 2014 Amount	As at March 31, 2013 Units (Nos)	As at March 31, 2013 Amount
	Investments in Mutual Funds					
	(Quoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Interval Fund II Quarterly Interval Plan B-Regular Plan-Dividend	10.10	450,000	45.00	-	-
2	ICICI Prudential Money Market Fund-Regular Plan-Daily Dividend	100.13	1,705,333	170.75	-	-
3	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renivestment	100.17	311,755	311.66	-	-
4	Reliance Fixed Horizon Fund-XXV-Series 29 - Dividend Plan	10.05	650,000	65.00	-	-
5	Reliance Medium Term Fund-Daily Dividend Plan	17.10	-	-	480,682	82.18
6	Reliance Liquid Fund Treasury Plan-Daily Dividend Plan	1528.74	8,023	122.65	29,742	454.68
7	Reliance Liquid Fund Cash Plan-Daily Dividend Option	1114.15	9,021	100.51	-	-
8	Reliance Money Manager Fund-Daily Dividend Plan	1002.09	14,769	147.89	-	-
9	IDFC Money Manager Fund-Investment Plan-Daily Dividend - (Regular Plan)	10.07	-	-	250,201	25.20
10	IDFC Money Manager Fund-Treasury Plan-Daily Dividend (Regular Plan)	10.08	249,672	25.14	-	-
11	TATA Money Market Fund Plan A-Daily Dividend (Face Value Changed on 01.02.14)	1001.52	17,841	178.68	-	-
12	Baroda Pioneer PSU Bond Fund -Plan A Monthly Dividend -Payout	10.28	485,778	50.00	-	-
13	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend - Reinvestment	1025.79	5,392	55.19	-	-
				1,272.47		562.06
	(Unquoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Ultra Short Term-Regular Plan-Daily Dividend	10.07	-	-	498,771	50.17
2	ICICI Prudential Money Market Fund-Cash Option Daily Dividend	100.09	-	-	107,998	108.00
3	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renivestment	100.17	-	-	396,822	396.89
4	TATA Money Market Fund Plan A- Daily Dividend	10.02			250,895	25.13
5	UOB Asset Management			600.16		404.65
				600.16		984.84
				1,872.63		1,546.90

Aggregate amount of quoted investments	1,272.47	562.06
Aggregate market value of quoted investments	1,274.06	562.06
Aggregate amount of unquoted investments	600.16	984.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 15 - INVENTORIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 70.30 lacs, Previous year Rs. 38.64 lacs)	843.08	609.04
Work - in - progress (refer note below)	447.79	467.64
Finished goods	100.13	104.05
Stock-in- trade (in respect of goods acquired for trading)	246.74	166.89
Stores and spares	125.41	132.14
Total	1,763.15	1,479.76

Note:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	331.82	334.82
Machine, accessories and components	98.79	122.39
Others	17.18	10.43
Total	447.79	467.64

NOTE 16 -TRADE RECEIVABLES

Particulars		As at 31st March, 2014	As at 31st March, 2013
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	27.91		98.33
Considered doubtful	55.53		46.14
		83.44	144.47
2) Other Trade receivables			
Considered good	2,139.96		1,930.87
Considered doubtful	-		-
		2,139.96	1,930.87
Less: Provision for doubtful trade receivables		55.53	46.14
Total		2,167.87	2,029.20

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 17 - CASH AND CASH EQUIVALENTS

Particulars		As at 31st March, 2014	As at 31st March, 2013
Cash on hand		1.28	0.78
Cheques, on hand		19.39	31.11
Balances with banks			
(i) In current accounts	542.27		764.21
(ii) In deposit accounts (refer note below)	10.52		0.55
(iii) In earmarked accounts			
(a) Dividend account	28.30		25.75
		581.09	790.51
Total		601.76	822.40
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is:		562.94	796.10

Note:- Deposits amounting to Rs. 10.52 lacs (previous year Rs.0.55 lacs) have an original maturity of more than 3 months. All the above deposits are under lien.

NOTE 18 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good)		
Others		
Prepaid expenses	83.34	94.27
Advance paid to vendors	45.62	28.57
Employees' loans and advances	45.18	36.81
Security and earnest money deposits	10.91	9.34
Other loans and advances	14.28	6.41
Balances with government authorities.		
- CENVAT credit receivable	60.00	39.75
- VAT credit receivable	10.40	7.37
- Service tax credit receivable	63.92	54.50
Total	333.65	277.02

NOTE 19 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2014	As at 31st March, 2013
Excess of fair value of plan assets over present value of gratuity liability	-	24.38
Insurance claim receivable	-	15.27
Rent receivable	0.90	-
Total	0.90	39.65

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, 2014	Year Ended As at 31st March, 2013
a.)	Sale of products (refer note (i) below)	11,296.01	10,533.96
	Less: Excise duty	794.19	806.67
		10,501.82	9,727.29
b.)	Sale of services (refer note (ii) below)	388.16	331.38
c.)	Other operating income (refer note (iii) below)	118.97	57.86
	Revenue from operations (Net)	11,008.95	10,116.53

Note:

Sl. No.	Particulars	Year Ended As at 31st March, 2014	Year Ended As at 31st March, 2013
(i)	**Sale of products comprises**		
	Manufactured goods	8,672.28	8,362.27
	Traded goods	1,829.54	1,365.02
	Total - Sale of products (net of excise duty)	**10,501.82**	**9,727.29**
(ii)	**Sale of services comprises**		
	Machining charges	388.16	331.38
	Total - Sale of services	**388.16**	**331.38**
(iii)	**Other operating income comprises**		
	Sale of scrap	22.47	23.77
	Service charges	63.60	17.67
	Technical services fee	1.81	1.19
	Commission	31.09	15.23
	Total - Other operating income	**118.97**	**57.86**

NOTE 21 - OTHER INCOME

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest on bank and other deposits (Gross)	18.00	12.76
Dividend income from current investments - mutual funds	69.73	51.13
Profit on sale of current investments	1.22	-
Net gain on foreign currency transactions and translations	39.69	45.01
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	25.60	9.16
For other expenses	8.38	8.90
Bad trade receivables recovered	-	21.78
Miscellaneous income	9.13	29.67
Rent received	13.00	-
Total	184.75	178.41

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Note 22.a - COST OF MATERIALS CONSUMED

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Opening stock	609.04	632.01
Add: Purchases	3,477.14	2,927.61
	4,086.18	3,559.62
Less: Closing stock	843.08	609.04
Cost of materials consumed	3,243.10	2,950.58

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

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Opening 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
Closing stock		
Work - in - progress	447.79	467.64
Finished goods	100.13	104.05
Stock-in- trade	246.74	166.89
	794.66	738.58
Net (increase) / decrease	(56.08)	(25.14)

NOTE 23 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Salaries,wages and bonus	1,562.36	1,306.93
Contribution to provident and other funds	154.10	77.80
Gratuity expenses	1.15	0.95
Staff welfare expenses	222.61	201.75
Total	1,940.22	1,587.43

NOTE 24 - FINANCE COSTS

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest on deferred payment of Income tax and Service tax	0.72	0.75
Interest on short term borrowings	1.05	2.56
Others	1.48	0.01
Total	3.25	3.32

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

NOTE 25 - OTHER EXPENSES

Particulars		Year Ended 31st March, 2014		Year Ended 31st March, 2013
Consumption of stores and spares parts		479.03		421.43
Contract labour		78.39		74.87
Power and fuel		268.85		277.92
Rent		25.54		21.52
Increase / (decrease) of excise duty on inventory (refer note (i) below)		(0.43)		(0.70)
Rates and taxes		65.14		53.59
Insurance		21.60		27.93
Repairs to:				
Building		40.56		38.20
Machinery		60.86		62.23
Other assets		98.07		64.90
Royalty		-		77.90
Processing charges		503.74		459.13
Directors' sitting fees		2.40		2.20
Auditors' remuneration (net of service tax credit availed)				
- Statutory auditors				
Audit fees (including limited reviews)		12.10		11.78
Tax audit fees		1.00		1.00
Taxation matters		-		1.75
Reimbursement of expenses		3.85		0.79
- Cost auditors				
Cost audit fees		0.75		0.50
Bank charges		45.18		39.62
Service fee		135.67		128.98
Travel and conveyance		332.71		292.68
Freight outward and packing charges (net)		118.09		113.42
Selling commission		30.61		56.59
Communication expenses		34.88		34.52
Bad trade receivables written off	5.92		3.35	
Less: Transferred from provision	4.83	1.09	1.92	1.43
Provision for doubtful trade receivables		39.82		30.35
Legal and professional charges		168.75		118.80
Sales & other expenses		135.81		136.42
Loss on sale/disposal of fixed assets (net)		14.05		8.03
Contribution to research institution		2.00		2.00
Miscellaneous expenses		198.95		200.62
Total		2,919.06		2,760.40

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

	31.03.2014	31.03.2013
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.		
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. 18.74 lacs -previous year Rs. 35.97 lacs)	437.35	565.11
b) Other commitments	-	75
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	1,166.10	1,285.97
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	58.30	64.30
4 Operating leases		

a) The Group is obligated under cancellable operating leases towards residential accomodation, 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.25.54 lacs (Previous year: Rs 21.52 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.

b) The Company has leased out a portion of its factory building to a related party.

The lease agreement is for a period of 11 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

	Rs. in lacs
Gross carrying amount	1,463.92
Less: Accumulated Depreciation	268.08
Net carrying amount	1,195.84

The depreciation recognized in respect of the factory building for the year is Rs. 44.18 lacs.

There are no contingent rents receivable.

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	
	2013-14	2012-13
Purchase of Capital Goods		
Wendt Gmbh	23.92	1.68
Carborundum Universal Limited (CUMI)	4.41	2.87
Other Purchases		
Wendt Gmbh	692.39	561.02
Carborundum Universal Limited (CUMI)	579.43	439.47
Sale of Goods		
Wendt Gmbh	474.08	418.61
Carborundum Universal Limited (CUMI)	231.99	249.66
Payment of Service Fee & Commission		
Carborundum Universal Limited (CUMI)	135.67	128.98
Payment of Royalty & Technical Fee		
Wendt Gmbh	-	77.90
Payment of Dividend		
Carborundum Universal Limited (CUMI)	199.34	199.34
Wendt GmbH Germany	199.34	199.34
Service Charges, Commission & Rent receipts		
Wendt Gmbh	31.09	13.51
Carborundum Universal Limited (CUMI)	13.00	-
Reimbursement of Expenses Paid		
Wendt Gmbh	-	-
Carborundum Universal Limited (CUMI)	18.73	23.50
Reimbursement of Expenses Received		
Wendt Gmbh	0.89	0.04
Carborundum Universal Limited (CUMI)	3.88	23.82
Amount due From		
Wendt Gmbh	73.63	61.01
Carborundum Universal Limited (CUMI)	40.22	26.16
Amount due to		
Wendt Gmbh	167.65	161.61
Carborundum Universal Limited (CUMI)	379.74	242.31

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 other than any amount included above 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	31.03.2014	31.03.2013
Employers' Contribution to Provident Fund *	41.75	35.51
Employers' Contribution to Superannuation Fund *	36.79	30.17
Employers' Contribution to Employee's State Insurance	8.74	9.19
Employers' Contribution to Employee's Pension Scheme 1995 *	23.42	23.01
Social Security Contributions in respect of subsidiaries *	1.40	0.96

* 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	31.03.2014	31.03.2013
Discount Rate	9.35% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% 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	31.03.2014	31.03.2013
Present Value of Obligation as at beginning of the year	173.48	165.42
Current Service Cost	14.92	17.78
Interest cost	14.55	13.07
Benefits Paid	(19.02)	(3.98)
Net Actuarial Losses / (Gains) Recognized in the Year	36.52	(18.81)
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	**220.45**	**173.48**

B) Change in the Fair Value of Assets

Particulars	31.03.2014	31.03.2013
Opening Fair Value of Plan Assets	197.86	171.71
Expected Return on Plan Assets	15.31	14.78
Actuarial Gains / (Losses)	(1.19)	1.88
Assets Distributed on Settlements	-	-
Contributions by Employer	15.22	13.47
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(19.02)	(3.98)
Closing Fair Value of Plan Assets	**208.18**	**197.86**

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	31.03.2014	31.03.2013
Closing Present Value of Funded Obligations	220.45	173.48
Closing Fair Value of Plan Assets	208.18	197.86
Closing Funded Status	(12.27)	24.38
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) recognized in Balance Sheet (Refer Note 19)	(12.27)	24.38

D) Amount recognized in the Balance Sheet

Particulars	31.03.2014	31.03.2013
Closing Present value of obligations	220.45	173.48
Closing Fair Value of Plan Assets	208.18	197.86
Net Asset / (Liability) recognized in Balance Sheet	(12.27)	24.38

E) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2014	31.03.2013
Current Service Cost	14.92	17.78
Past Service Cost	-	(6.28)
Interest Cost	14.55	13.07
Expected Return on Plan Assets	(15.31)	(14.78)
Actuarial Losses / (Gain)	37.72	(20.69)
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expense	51.88	(10.90)
Less:Reimbursement received from a Subsidiary	-	-
Net expenses recognized in the Statement of Profit and Loss	51.88	(10.90)

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

Particulars	31.03.2014	31.03.2013
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) Compensated Absences

Assumptions at the Valuation Date:

Particulars	31.03.2014	31.03.2013
Discount Rate	9.35% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

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

Description	31.03.2014	31.03.2013
Charge / (credit) in the Statement of Profit and Loss	97.36	(20.91)
Liability as at the year end	168.38	71.02
- Short- term (Refer Note 10)	21.73	5.24
- Long- term (Refer Note 6)*	146.65	65.78

* Provision for compensated absences shown under Note 6 - Long-Term Provisions includes Rs. 7.70 lacs (Previous year NIL) pertains to one of the subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

7 Foreign Currency Exposure as at March 31, 2014, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2014				31.03.2013				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	--	--	369.11	6.09	--	--	256.95	4.67	USD
	--	111.74	207.85	--	--	83.51	155.68	--	USD
	--	--	--	--	3.76		55.64	--	USD
	--	--	234.96	2.81	--	--	220.39	3.11	EUR
	--	1.48	2.76		--	--			EUR
	--	--	12.19	0.12	--	--	5.98	0.07	GBP
Due from									
-Trade and other receivables	--	--	200.39	3.38	--	--	114.13	2.11	USD
	--	--	189.29	2.33	--	--	89.00	1.29	EUR
	--	--	54.45	0.55	--	--	29.00	0.35	GBP

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

8 SEGMENT DISCLOSURE

A) PRIMARY SEGMENT INFORMATION

Notes on Segment Information

1) The Group is organised into three business segments, namely :

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

2) 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.

1. Segment Revenue (including sale of services)	**31.03.2014**	**31.03.2013**
a) Super Abrasives	7,480.50	6,884.21
b) Machines, Accessories and Components	2,280.33	2,264.21
c) Others	1,129.15	910.25
Total	10,889.98	10,058.67
Less:- Inter Segment Revenue	-	-
Net sales/Income From Operations	10,889.98	10,058.67
2. Segment Results (Profit before tax and interest)		
a) Super Abrasives	1,247.84	1,476.80
b) Machines, Accessories and Components	469.42	398.32
c) Others	206.69	239.56
Total	1,923.95	2,114.68
Less: (i) Interest	3.25	3.32
(ii) Other Un-allocable Expenditure net off Un-allocable income of Rs.303.72 lacs (31.3.2013 Rs.236.27 lacs)	246.16	237.35
(iii) Tax expense	508.44	588.04
Profit for the year	**1,166.10**	**1,285.97**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

B) SECONDARY SEGMENT INFORMATION

Revenue by Geographical market

Particulars	31.03.2014	31.03.2013
India	7,110.23	7,175.79
Europe	1,128.42	881.09
Others	2,651.33	2,001.79
Total Revenues	10,889.98	10,058.67

9 The figures relating to subsidiaries have been reclassified wherever necessary to conform with the presentation of the holding company's financial statements.

10 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

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

Chennai
19th April 2014

K SRINIVASAN
Director

AKANKSHA BIJAWAT
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

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)		Wendt Middle East FZE (WME)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Share capital	478.97	480.05	196.05	177.42
Reserves and surplus	932.93	723.05	(107.52)	(251.04)
Total liabilities *	1,770.77	1,628.96	173.22	113.88
Total assets**	1,170.61	1,224.33	173.22	113.88
Details of current and non-current investments (except investment in subsidiary)	600.16	404.63	-	-
Turnover (net)	1,398.25	1,107.74	415.50	292.67
Profit before taxation	261.19	291.83	109.13	61.63
Provision for taxation	55.24	72.36	-	-
Profit after taxation	205.95	219.47	109.13	61.63
Proposed dividend (including dividend tax)	-	-	-	-

* Total Liabilities include : Share capital of subsidiary + Non current liabilities + current liabilities + Defered 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)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
THB (WGTL)	1.853	1.847	1.924	1.764
AED (WME)	16.340	14.790	16.479	14.775

Notes:

a) The Consolidated financial statements are in compliance with 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 shareholders of the holding Company and subsidiary companies.

WENDT (INDIA) LIMITED

Audit for the year ended March 31, 2014

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, 2014
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: APRIL 29th, 2014	
	Refer our Audit Report dated April 19, 2014 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: 12th May 2014	

WENDT

Notes ....

Product Launches

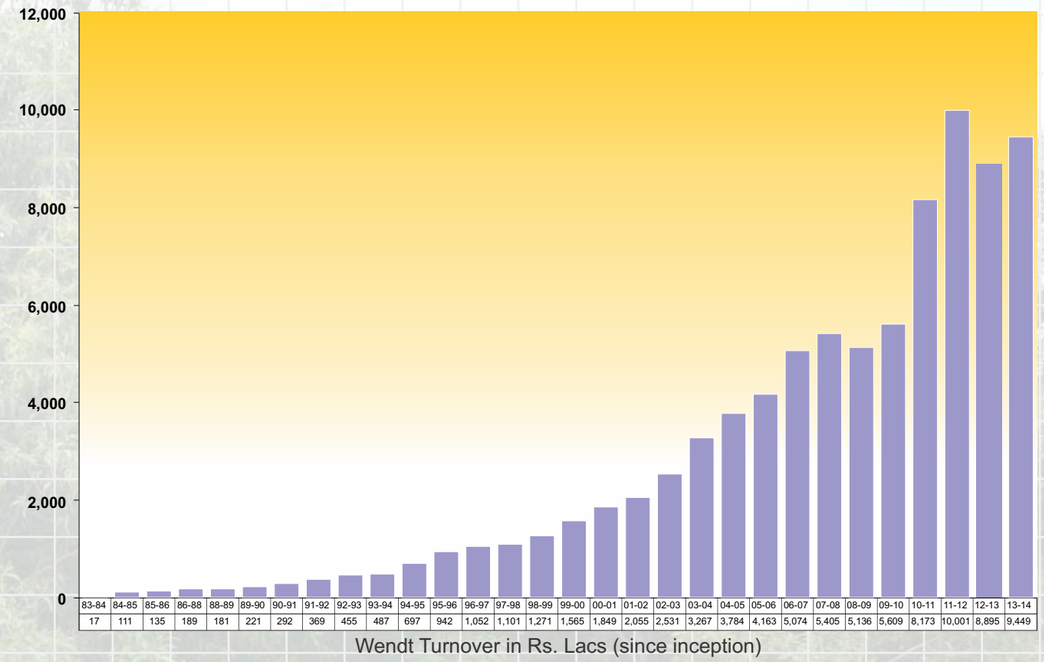
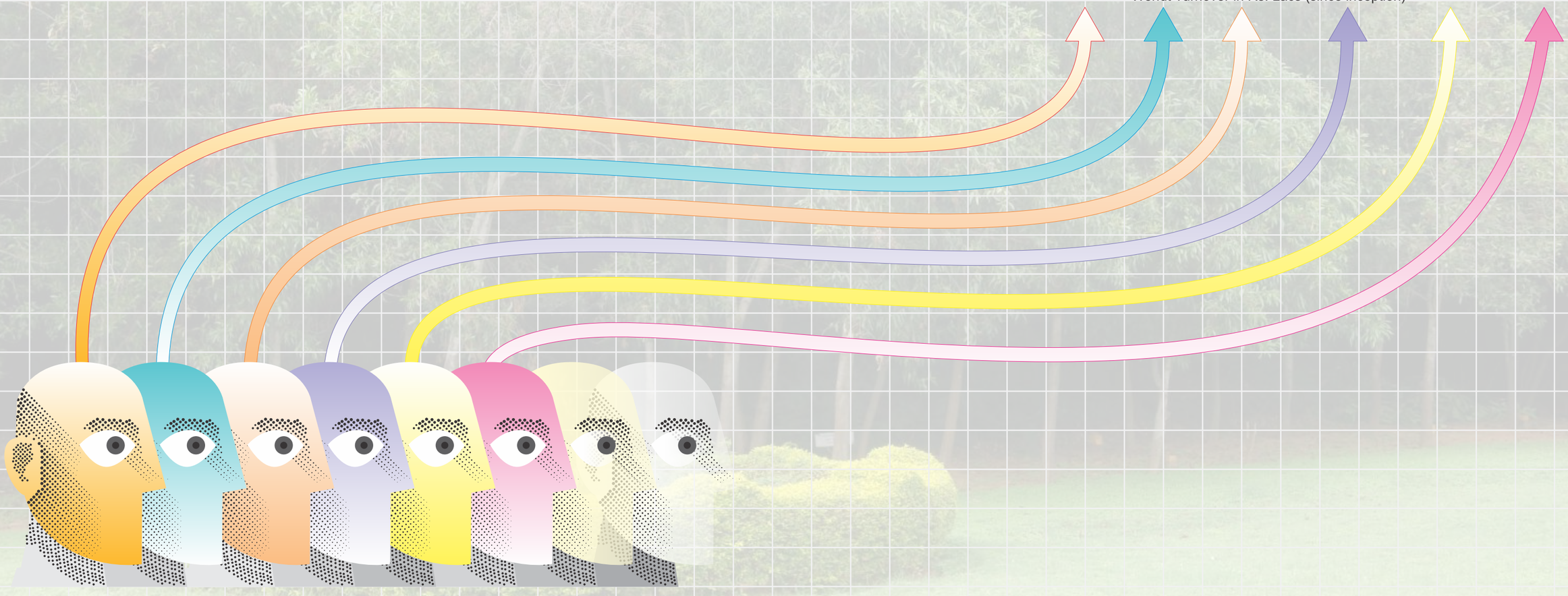
Vertical Honing Machine, Model - E3500S

TC Ring Grinding Machine, Model - WTC Ecoline

People are the real assets of any organization.

People lead and manage the organization to accomplish the shared goals and vision. They are responsible for controlling and overseeing the entire organization by developing goals, plans, company policies and above all giving direction to the business. They play a significant role in the mobilization of resources and are accountable to shareholders and the general public. High performance of the company is achieved by guiding, inspiring and motivating the People.

The true human element of an organization is known by its Employees who act as the backbone providing the hands that do the work.

The identity of any organization, its effectiveness in achieving its purpose and even its continued existence, all depend entirely on the People that it has.

After all … everything about a company is organized taking into account the importance of People.