





# 30 Year Journey of Consistent Growth...

- Start of Commercial Production
- Relocation of all Business activities at Hosur



1983-87

- First time Company sees profit on a sale of Rs.236 Lacs
- CUMI takes over WENDT
- Shri. M V Murugappan joins the Board as Chairman.



1988-92

- Wendt gets ISO 9001 certification
- Construction of TQM Shrine
- Start of Machine building activities
- Manufacture of High Precision Electroplated Products



1993-97

- Commencement of TQM journey
- Millennium Block for Electroplated Products
- Hermann Staender Block for Marketing



1998-2002



- Start of Environmental Management System activity
- Manufacture of WRS series Rotary Surface Grinding Machines
- Set up of 1st 100% owned subsidiary WGTL at Thailand
- SAP ERP implementation
- Wendt receives IMEA Gold Award - Frost and Sullivan

## ... and the Journey Continues

2003-07



2008-12



- Refurbishing of WAM Machines
- Begins manufacture of Precision Components
- Introduces Certification Training Programme on Grinding
- Set up of 2nd 100% owned subsidiary Wendt Middle East at Sharjah
- Technology tie-up with Delapena UK for Honing Machines
- Launch of Innovation *i@wendt*
- Commendation Certificate for Strong Commitment to Excel by CII -EXIM Bank for Business Excellence
- ICAI Award for Excellence in Financial Reporting
- Launch of Wendt on Wheels "WOW"



## BOARD OF DIRECTORS

### Chairman

M M MURUGAPPAN  
EDMAR ALLITSCH  
SHRINIVAS G SHIRGURKAR  
K SRINIVASAN  
K S SHETTY

## SENIOR MANAGEMENT

CEO  
Marketing  
Technical  
Manufacturing  
CFO

PETER VERHOLEN

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

## COMPANY SECRETARY

APEKSHA NAGORI

## BANKERS

STATE BANK OF INDIA

## AUDITORS

DELOITTE HASKINS & SELLS  
BANGALORE

## REGISTERED OFFICE

No.105, 1st Floor, Cauvery Block,  
National Housing Complex,  
Koramangala  
Bangalore - 560047  
Ph: 080 - 25701423  
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[apekshanagori@wendtindia.com](mailto:apekshanagori@wendtindia.com)  
[investorservices@wendtindia.com](mailto: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...*



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

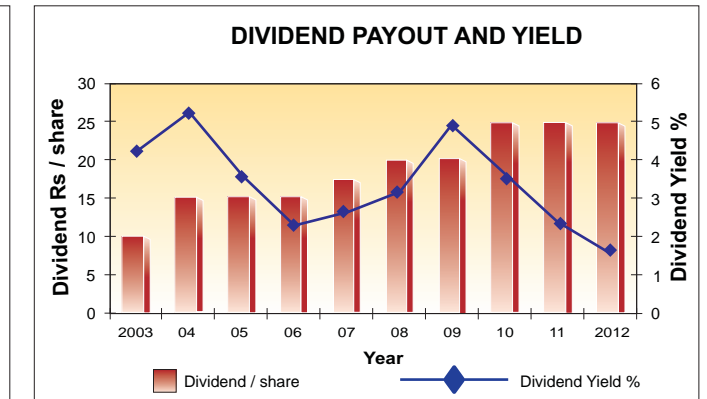
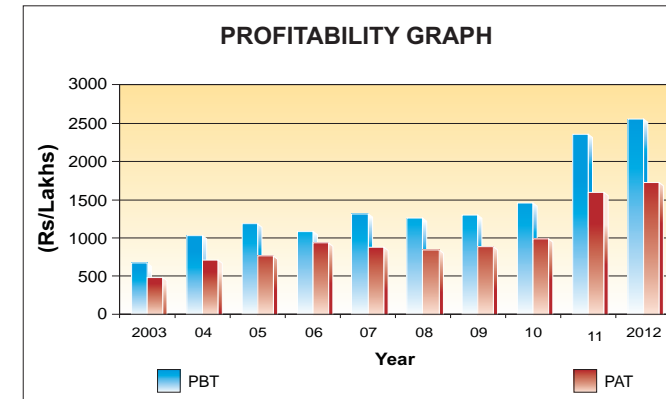
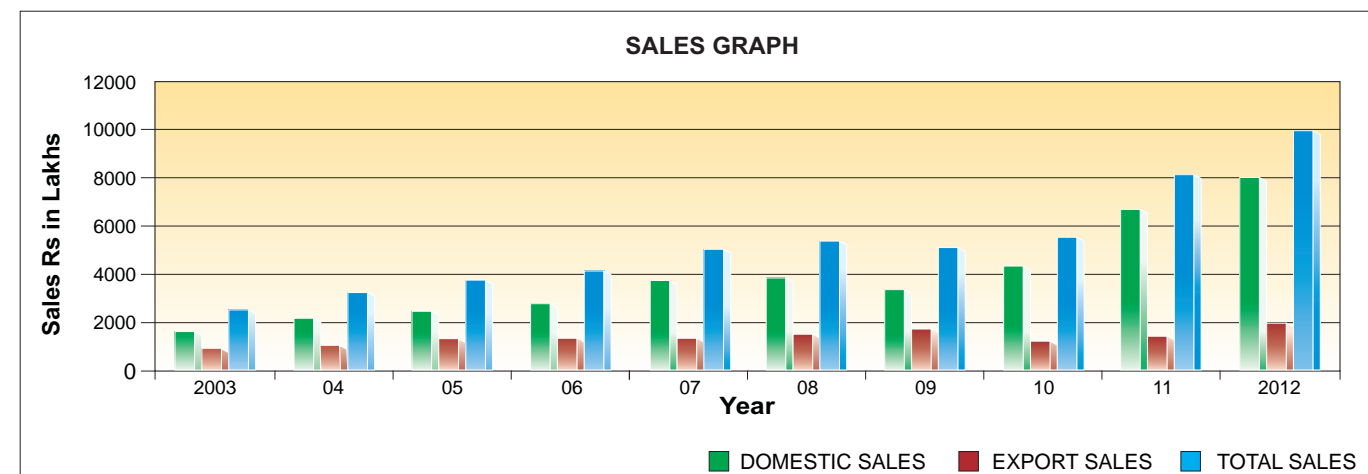


## FINANCIAL TRACK RECORD

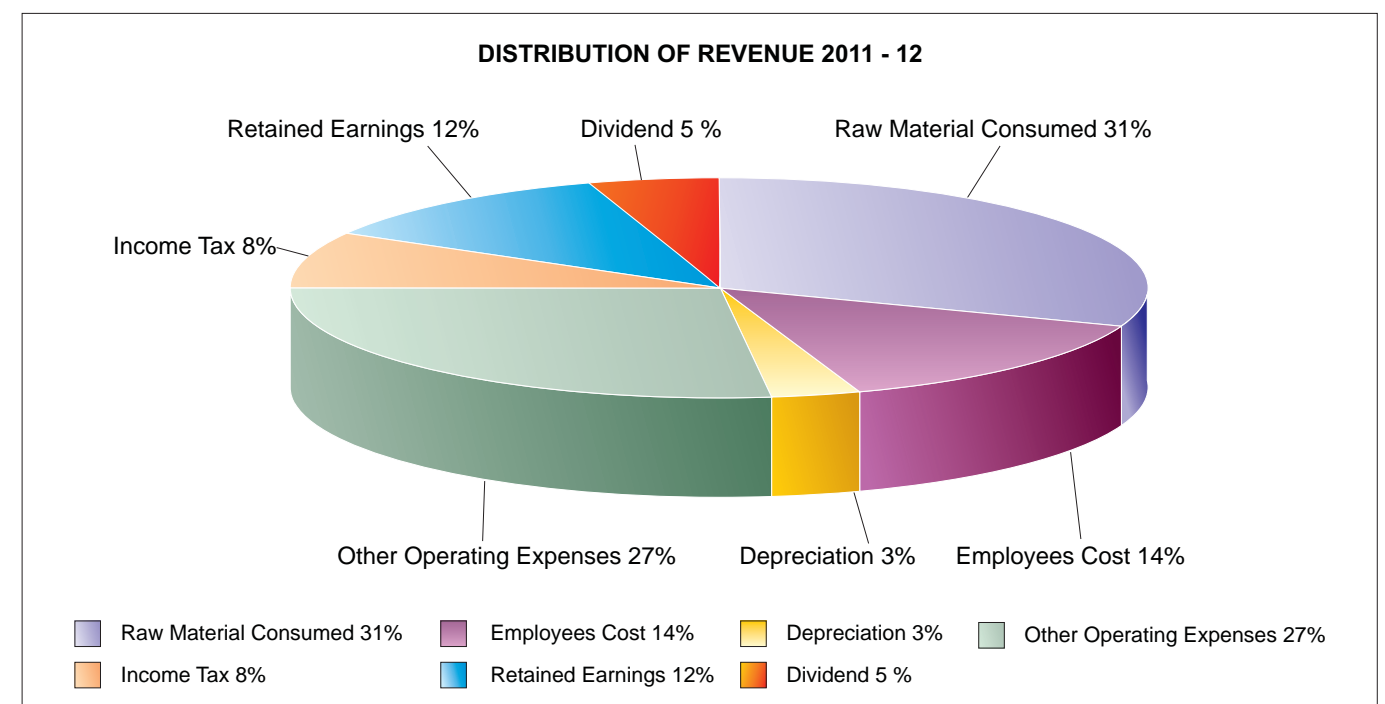
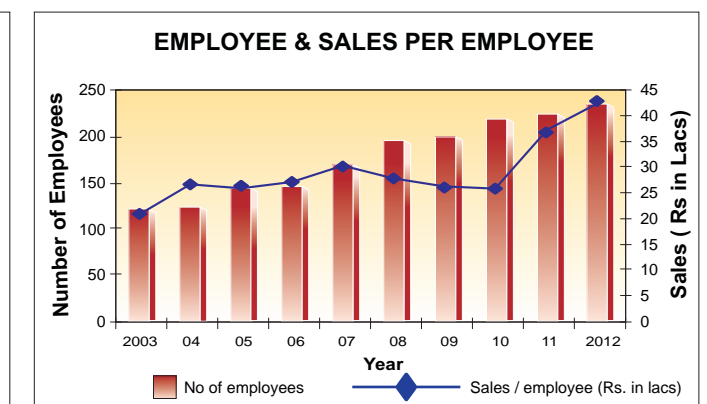
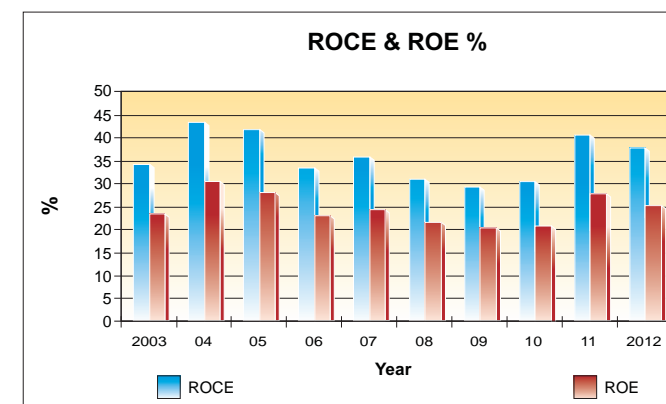
Rs.in Lacs

Year ending 31st March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUE</b>										
NET SALES	2540	3267	3784	4163	5074	5405	5136	5609	8173	10001
DOMESTIC	1639	2194	2483	2801	3764	3873	3389	4368	6727	8055
EXPORT	901	1073	1301	1362	1310	1532	1747	1241	1446	1946
OTHER INCOME	59	124	128	100	155	185	309	222	299	278
<b>PROFITABILITY</b>										
Profit before depreciation	773	1137	1291	1215	1495	1459	1517	1714	2654	2888
Profit before tax	682	1035	1176	1079	1310	1255	1297	1455	2356	2552
Profit after tax	464	714	773	716	871	842	884	983	1595	1729
Dividend %	100	150	150	150	175	200	200	250	250	250
EPS (Rs.)	46.42	35.71	38.66	35.78	43.56	42.08	44.21	49.12	79.76	86.45
<b>ASSETS EMPLOYED</b>										
Fixed Assets	1015	1152	1280	1629	1911	2085	2610	2950	3264	4363
Investments	626	1069	1205	1183	1204	1454	1200	1672	2257	1370
Net Current Assets	570	392	576	637	807	697	858	413	531	1532*
Total Assets	2211	2613	3061	3449	3922	4236	4668	5035	6052	7265
<b>CAPITAL STRUCTURE</b>										
Paid up share capital	100	200	200	200	200	200	200	200	200	200
Reserves	1896	2172	2603	2977	3438	3787	4203	4602	5614	6762
Loan Funds	49	57	65	66	49	28	36	-	-	-
Deferred Tax Liability	166	184	193	206	235	221	229	233	238	303
Total Funds	2211	2613	3061	3449	3922	4236	4668	5035	6052	7265

\* Net Current Assets is arrived after reducing Current Liabilities, Long Term Liabilities and provisions from Current assets(excluding Current investments) and long term loans and advances



2012 Rs 25 per share Dividend proposed.





## REPORT OF THE DIRECTORS

(Including Management Discussion and Analysis)

Your Directors are pleased to present the 30th Annual Report together with the Audited Financial Statements for the year ended 31st March 2012. The Management Discussion & Analysis Report, which is required to be furnished as per the requirement of Stock Exchanges, has been included in the Directors Report so as to avoid duplication and repetition.

## ECONOMIC OVERVIEW

During the year, the Indian economy achieved a moderate growth reflecting a dampening of business sentiments, hit by headline inflation, high energy prices and a successive weakening of the Indian Rupee for most part of the year. High interest rates and spiraling prices of raw materials added to the woes. Regulatory issues with respect to environment clearances and land acquisitions slowing the pace of execution of high value projects and sector specific factors like coal and iron ore supply affecting the power, steel and related industries. While agriculture and services sector continued to perform well, this lower than expected growth can be attributed to weakening of industrial growth. The manufacturing sector grew by 2.7% and 0.4% during the second & third quarter respectively. Similarly, Index of Industrial Production (IIP) for first nine months recorded a growth of only 3.6% compared to 8.2% in the previous year. Other contributory factors include the fragile situation in Euro Zone and the spiraling oil prices have had adverse impact on the overall growth of the economy.

While all these factors had their influence on the tepid growth of the Indian economy, it still achieved a higher growth rate than many other emerging economies thereby providing ample evidence of financial prudence and resilience in the country's fiscal policy.

Contrary to the apprehensions, the export sector provided the silver lining by retaining its growth momentum. Industrial sectors like Automobile, Auto Components, Cutting Tools, General Engineering, Machine Tools, Ceramics, Glass and Defence demonstrated better results. While sectors like Aviation, Mining, Construction and Steel experienced lower than projected growth during the year. This anomaly contributed to India's modest GDP (Gross Domestic Product) rate.

With the IIP numbers showing an upward movement from the last quarter of the year, indicates a positive trend after a temporary slowdown. The Government is determined to continue with its fiscal measures to ensure a reversal of the economy to the growth trajectory. In fact, India has the advantage of a huge internal domestic market for goods and services which can generate demand and accelerate growth.

At the global level, we have seen steady flow of good news from the US with respect to improved employment and increased consumer spending. Japan and adjoining countries are likely to pull out of recession after being severely hit by earth quake and floods, post announcement of fiscal stimulus for reconstruction.

## COMPANY PERFORMANCE OVERVIEW

(Rs in Lacs)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Sales	10001	8173
Other Income	278	299
Profit Before Tax	2552	2356
Provision for Tax	759	755
Provision for Deferred Tax	64	6
Profit After Tax	1729	1595
Earnings per Share-Rs.	86.45	79.76



Manufacturing Plants

## RESULTS OF OPERATIONS

Despite a moderate economic growth, your Company during the year achieved a mile stone by crossing Top line of Rs 100 Crores translating into a growth of 22% over the previous year. Reflecting on better performance of many industrial segments which the company addresses, the domestic turnover recorded a growth of 20% over the previous year. The major contributory industry segments in the domestic business which helped your company's above growth are Automotive, Engineering, Cutting Tools and Steel. The Export sales achieved even better results by recording an impressive 35% growth during 2011-12 - albeit the continued slow industrial recovery in many of the developed markets.

Your Company's continued efforts on aggressively growing the three business verticals namely **Super Abrasives, Non-Super Abrasives and International Business** has yielded encouraging results once again. In order that your company achieves accelerated growth year on year, it would continue to commit the required investments and resources.

**Non-Superabrasive Business** which comprises of machine tools and precision components registered a growth of 21%. During the year, your company has successfully built and executed some of the new machines like Notch Milling Machine with branding feature Wencut405, CNC TC Roll Grinding Machine WGM35S, CNC Surface Grinding Machine WHS310V with reciprocating table, Delapena Honing Machines and Profile Grinding & Dressing Machine with Video Vision WDM 15V.

**Super Abrasive Business** which comprises of Diamond/CBN grinding Wheels & Tools, precision Dressing Rolls, Hones, Segmented products & Stationary Dressers achieved a growth of 23% over the last year. This has been possible due to continued

focus by your Company on the development of new products and new applications. Your Company successfully introduced many new products including Resin Bond Wheels for Rotary Tool reconditioning, Vittrified CBN Wheels for Paper & Textile and Auto Component, Precision Electroplated CBN Wheels for Engineering & Auto component applications, Brazed Diamond Products for Ceramic & Glass, Precision Dressing Rolls for Turbine and Aerospace and Vittrified Diamond Products for Lapidary industry.

In order to have better visibility and enhance the company's market reach for not only Super abrasives but also Machines in the domestic arena, your Company has launched a new nationwide initiative **Wendt-On-Wheels (WOW)**. Through this unique initiative, your Company would make the customers abreast of the new launches, show case the latest cost competitive, value-added Products & Services in the field of Precision Grinding and Honing, by going to the Cities and Doorsteps of the customers. Your Company is confident that this initiative would open new avenues for better understanding of the customer's exacting needs and addressing the requirements.

Your Company plans to leverage its competencies in Machines and related Superabrasive Tools by embarking on precision ground and honed components. This move would further strengthen its position in the machines and precision component business besides serving as new growth engine for your Company. On the super abrasive side, its two new innovative projects namely Eco Resin Bond wheels and Vittrified Diamond Products initiated last year, are progressing well and in the final stage of validation & testing in the market.

During the year, your Company has successfully implemented OHSAS 18001 and SA8000 standards. You will be pleased to know that Wendt India is one of



Manufacturing Plants



the few companies in the country to have implemented SA8000 standards which lays high emphasis on Corporate Social Responsibility and protects the interests of workforce at large.

With this, your company now has the following International Management Systems in place

- **Integrated Management System (IMS)**- integration of **ISO 9001** for Quality Management System and **ISO 14001** for Environment Management System
- **ISO/TS 16949** for Manufacture of Precision Machined Components
- **OHSAS 18001** focusing on Occupational Health and Safety
- **SA8000** for Social Accountability focusing on health & social accountable work culture

## FUTURE PROSPECTS

In line with the Mission, Vision, Strategies and Business Objectives, your Company's continued endeavor would be focusing on product and process Innovation for delivering superior performances and ensuring growth year on year. These efforts would be well supported through deployment of latest technologies and processes besides introduction of automation in critical areas. Your Company is constantly on the lookout for new opportunities in other growing industrial segments and exploring newer avenues in the existing industries it caters to. Your Company would intensively pursue business in Construction, Infrastructure, Defense, Aerospace, Ceramics, Railways and Health care for future growth. To augment this pursuit it will continue to participate in trade shows, exhibitions, customer education and other value added services.

The acquisition of Winterthur Technology Group (WTG) by the US multinational 3M Corporation and

resultant indirect acquisition of 40% equity share holding in your Company has been a matter of contention. The impending matter continues to be under the purview of The Honorable Company Law Board (CLB), Chennai and your company expects the ownership matter to be resolved soon.

## SUBSIDIARY COMPANIES

### Wendt Grinding Technologies Limited, Thailand

During the year, the devastating flood in Thailand and Tsunami coupled with political and economic turmoil severely impacted the business of your Company's wholly owned subsidiary situated there. Despite this, the subsidiary presented a commendable performance maintaining the top line at Thai Baht 65 Million (Rs.1028 Lacs). The Profit Before Tax was Thai Baht 17.1 Million (Rs.259Lacs) and Profit After Tax was Thai Baht 12 Million (Rs.178Lacs).

In order to improve its brand awareness and create increased recall, your Subsidiary Company participated in major Industrial Trade exhibitions with clear focus on brand building and increasing market reach. It also focused on industry specific product advertising, conducted technical seminars and organized sales meets.

Your Subsidiary maintained leadership position in re-profiling market segment in Thailand. However, completion of solar glass project running for 18 months coupled with floods resulted in significant drop in profiling business. To compensate the reduction in sales & profit, the subsidiary undertook a number of new initiatives aimed at expanding the product basket and ensuring profitable sustained operation. Your Subsidiary has put in place clear processes and business process improvement plans



Facilities

with strict cost controls. Your Subsidiary during the year enhanced understanding of market/region and focus on high contribution products.

### Wendt Middle East FZE, Sharjah

Your Company's second wholly owned Subsidiary in Sharjah, Wendt Middle East FZE, achieved an annual sale of AED 2180 (000's) (Rs.283Lacs) during the year which is 150% higher over last year. This higher sales was despite continued economic slowdown and social unrest experienced in the region it operates. The volatility in the primary economic drivers such as Construction, Trading and Oil in the Middle East region was a dampener in our achieving the planned business. Even the re-profiling services did not gain momentum as anticipated due to slowdown which impacted the performance of the Subsidiary.

Your Subsidiary has embarked on new initiatives to consolidate and grow business. It expects to be profitable from the coming financial year.

## APPROPRIATIONS

Available for appropriation	(Rs in Lacs)
Profit after Tax	1729
Add: Balance brought forward from previous year	1386
Total	3115
<b>Recommended appropriations</b>	
Transfer to General Reserve	350
Proposed dividend Rs 25/- per share of face value of Rs 10/- each (250 %)	500
Dividend tax	81
Balance carried forward	2184
Total	3115

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of local communities and society at large.

Befitting the size, your Company contributes to various social causes in the field of education, healthcare and environment preservation. Your Company places great emphasis on tree planting measures and afforestation not only in the premises but also adjoining localities. Besides, your Company has been contributing to the old age homes and to the weaker sections of the society. Your Company also celebrated the Environmental Day where employees were handed over tree saplings to plant trees in their locality.

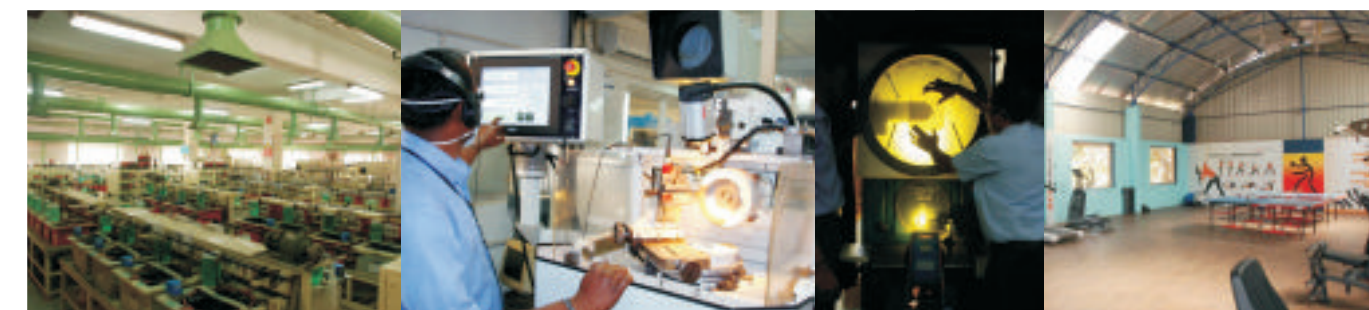
## DIVIDEND

Your Company has taken an aggressive plan for the next year including higher capital expenditure to fuel the required growth. This needs to be financed through its internal accruals and debt.

The Board of Directors have recommended a dividend of Rs.25/- per equity share of face value of Rs.10/- each (250%) and the same will be paid after the approval at the forthcoming Annual General Meeting. The dividend warrants will be posted after 20th July, 2012.

## CONSOLIDATED FINANCIAL RESULTS

As per Section 212 of the Companies Act, 1956, it is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the Subsidiaries to your Company's Annual Report. The Ministry of Corporate Affairs vide its circular No. 2/2011 dated 8th February 2011 has granted general exemption to companies



Facilities



from complying with the provisions of Section 212 (8) of the Companies Act, 1956 provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2011-12 does not contain the financial statements of the Subsidiaries. The audited annual accounts and related information of the Subsidiaries is available in our website - [www.wendtindia.com](http://www.wendtindia.com). The Ministry has further vide its letter dated 14th February 2011 informed the Company that approval of the Ministry is further not required.

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

## KEY CONSOLIDATED FINANCIAL SUMMARY

(Rs in Lacs)

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Sales	11056	9129
Other Income	246	197
Profit Before Tax	2849	2551
Profit After Tax	1946	1684
Earnings per share-Rs	97.29	84.18

## QUALITY

Your Company manufactures products that require high level of precision meeting exacting customer standards and tolerances. The product range includes

Super Abrasive (Diamond / CBN) Grinding Wheels and Special Tools. Customized CNC Grinding / Honing Machines are manufactured to meet the international standards. Precision Components which require high degree of precision and tolerances go through stringent quality checks. Quality being one of the overriding attributes and differentiators, effective quality management, adequate process controls and quality assurance at each stage of operation are vital for final output to fulfill the customer requirement.

Recognizing this, your Company has put in place the required international standards such as Integrated Management System (IMS) focusing on quality management and environment management and TS 16949 for manufacturing precision machined components. As a part of driving the quality culture deeper into the organization, your Company continues to lay greater emphasis on training on latest trends. In order that the product quality meets the standards, your Company continues to earmark adequate investments on latest equipments, machineries etc.

## SAFETY, HEALTH AND ENVIRONMENT (SHE)

The Safety, Health and Environment Management System of your Company is top driven, efficient, effective and vibrant. The top management of your Company is committed for maintaining highest standards of safety, health and environment protection and fulfills the applicable statutory requirements.

Your Company considers its employees as the most valuable assets. Your Company believes that the safety and health of its employees are of paramount importance. Apart from adherence to all safety norms to ensure that the environment is free of accidents,

incidents, injuries and occupational illness during the working hours and your Company is committed to meet high level of health, safety and wellness standards.

Health and Safety continues to be key performance indicators of your Company and it firmly believes that safe and healthy conditions at the workplace are as necessary and as important as production and quality. Your Company provides the necessary information, promotes awareness and provides training to all employees to carry out their tasks in a safe manner.

Attesting these efforts, during the year, your Company has achieved the certification for the OHSAS 18001 focusing on Occupational Health & Safety of people

During the year, your Company again recorded Zero Accident and has not lost any man days of production. Apart from the employees, adherence of Safety, Health and Environmental practices are also ensured for its guests and visitors by maintaining the highest level of standards across the organization.

Regular training on Safety, Fire hazards mock drills are conducted to ensure safety all round the year. Specialized Standard Personnel Protection Equipments are being provided to the operating personnel for use in their respective work areas.

Employee health & physical fitness is a paramount consideration for your Company. Employees are required to undergo annual medical check-ups for timely diagnosis of their health condition. Your Company has a visiting doctor at the factory regularly to help the employees and their families to maintain sound health.

## RECOGNITIONS AND AWARDS

Your Company continues to win Awards,

Recognitions and bring Accolades by showcasing its performance, achievements and practices at various platforms. These recognitions and honours raise the morale and motivation levels of employees and your Company as a whole for achieving higher results. During the year your Company has received the following major awards

### ● Engineering Export Promotion Council (EEPC) Award

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

### ● ICAI Award for Excellence in Financial Reporting

Your Company has been conferred with Silver Shield for Excellence in Financial Reporting by ICAI for the year 2010-11 under Manufacturing Sector Category for turnover less than Rs 500 crores.

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



Manufacturing Processes



Manufacturing Processes



- **Commendation Certificate for CII -EXIM Bank Award for Business Excellence**

Your Company achieved another milestone by receiving the **Commendation Certificate for Strong Commitment to Excel in the CII-Exim Bank Award for Business Excellence**. For Wendt India, it is a journey in pursuit of Business Excellence and this award is a testimony of its continuous journey towards Business Excellence.

- **Quality Circle Awards**

Your Company's employees exhibited their skills in Quality Circle competitions and were recognized at both national and regional level

**National Level** organized by NCQC at Hyderabad

- Distinguished Award for SGA

- Par Excellence Award for Kaizen.

**Regional Level** organized by QCFI at Bangalore

- Awards for Small Group Activities (SGA), Kaizen, Quality Quiz and 5S

- **5S Model Company Award from ABK-AOTS DOSOKAI**

Your Company received special appreciation and highest level of recognition for practicing 5S and was conferred with **5S Model Company Award by ABK-AOTS**. This recognizes the efforts your Company continues to take in Japanese Management Practices such as Total Employee Engagement, 5S, Kaizen, TPM etc for the past many years.

- **Cufest 2011 Awards**

Your Company's employees participated in Group-level Quality Competitions "**Cufest 2011**" (Quality

Festival of CUMI), and won awards for Poster & Idea King & Quality Quiz events.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## GENERAL PERFORMANCE REVIEW

The Indian economy continued to show a modest growth rate of around 6.9% down from earlier projection of 7.3% for the year 2011-12, in the midst of spiraling commodity prices, headline inflation till about third quarter, power shortage, all time high interest rates, political maneuvering and policy logjam besides some of the most noticeable international crisis situations in Europe, China and Japan. Despite these difficult circumstances, economy was still not out of the growth path mainly on account of the domestic demand, internal strength backed by financial prudence. This was visible in segments like Automobile, Auto Component, Engineering, Ceramics, Cutting Tools and some of the other allied industries.

As mentioned in the beginning, during the year, while the domestic business of Wendt (India) Limited grew by 20 %, the export achieved a commendable growth of 35 % over the previous year. With respect to the segmental growth, the Super Abrasive Business grew by 23%. This growth in the Domestic Business has come as a result of increased focus on some of the growing industries such as Automobile, Steel, Engineering, Ceramics, Cutting Tools and Refractories. Your Company's continued efforts and initiatives towards new product and application development in addition to working closely with

customers in the developmental process of import substitutions helped achieving the growth.

The Non-Super abrasive business constituting of machines, precision components and accessories achieved 21% growth over last year. This was possible on account of sustained demand for special machines arising out of capacity expansions and new projects in the Steel sector, better performance by Engineering, Ceramics and Cutting Tool industries.

A steady demand for precision components has also contributed to your company's growth.

Your Company's continued focus on better service levels and direct marketing efforts well-supported with efforts on new product developments, enhancing customer engagement levels has helped to protect its leadership position in the domestic market.

In order to ensure sustained growth in the domestic market, your Company continually endeavors to enlarge the customer base and provide prompt services. Accordingly, during the year, additional two regions were added to its existing 20 regions in the domestic market. This is expected to strengthen your Company's existing network, market presence and have competitive edge over others.

## ECONOMIC OUTLOOK

In the back of global economy still remaining volatile and fragile, with the continued fiscal expansion efforts by the Government and recent announcement of rate cut to bolster growth, it is expected that the Indian GDP is likely to achieve a growth of around 7.5 % in the coming year. The targets for expenditure growth and reduction in subsidies set out by the Government seem optimistic and help increase in domestic demand. Better credit availability will set the floor for growth and slowly regain business

confidence. This clearly indicates that more focus is towards driving higher domestic consumption and investments. Also the likely fall in exchange rate will help Indian exporters to gain market share even in the depressed international economic scenario.

Some of the major Industry segments that are expected to sustain the above growth projections are Automobile, Auto-component, General Engineering, Steel, Infrastructure, Housing & Construction, Fertilizer and Cement during 2012-13. Sizeable new investments, capacity expansions including reinstating some of stalled projects, Steel, Automobile, Auto-component, Engineering and Allied industries are certainly expected to take advantage of the opportunities in the coming fiscal year.

## INDUSTRY STRUCTURE & DEVELOPMENTS

Given the fragmented structure, the Super abrasive tooling industry is characterized by the presence of few organized players such as your Company and many small time often proprietor-driven companies in the country. Your Company being a major supplier of Super abrasive products enjoys single-source supplier status with many major customers for a wide spectrum of industry. Its growth continues to be dependent on the performance of the various industry segments it addresses. Accordingly, major contribution to your Company's topline in the coming year is expected to come from sectors such as Defence, Aerospace, Automobile, Auto Components, Engineering, Cutting Tools, Steel and Ceramics. Apparently, the same positive impact would be also mirrored in your Company's performance in the coming year as well.

Following the revival of industrial activities in the domestic arena resulting in higher demand for Super



New products



New machines of the year



Abrasive Tooling and in turn the potential growth, your Company would continue to focus on seizing the opportunities in pursuit of higher growth. Accordingly, it has been working on various projects to enhance the product offering besides working on reducing dependency on few specific industries. This has led to development of products for newer applications for many industries and applications namely Aeronautical, Turbine, Defence, Healthcare, Construction, Paper and Printing.

## PERFORMANCE OVERVIEW

### Key Financial Summary

(Rs in lacs)

Particulars	2010-11	2011-12	% change
Domestic Sales	6727	8055	20
Export Sales	1446	1946	35
Total Sales	8173	10001	22
Operating Profit	2096	2325	11
Capital Employed	6052	7265	20

## OPPORTUNITIES & THREATS

### Opportunities:

Given the various measures, initiatives and fiscal consolidation process being undertaken by the Government, the Indian growth scenario remains optimistic in the medium to long term basis and it is expected to regain some momentum in the coming year. For most part of the year, the overall sentiment and confidence levels remained positive for your Company as the business is not just dependent on few of the industries but addresses a wide spectrum of the industries. It would continue its approach of exploring new business opportunities in new markets and diverse sectors.

Clearly, this would be done by taking into account your Company's vast experience, knowledge base, comprehensive product range, superior technology and the competitive advantage that emerges from the complimenting combination of Super Abrasive Tools and High Precision Grinding & Honing Machines. Your Company would continue to take advantage of being the provider of **Total Grinding & Honing Solution** by strengthening its approach "from Tools-to- Machines".

Your Company would continue to work on further consolidation of Product Management with more emphasis on end-to-end solution through innovative products, application developmental initiatives and maintaining sustained competitive edge. This is being done by being customer-centric, taking into account the customer requirements, its growth potential, addressability, identifying current gaps and value expectations from the customers.

Your Company has already commenced the initial work on some of the identified new projects. Delapena range of Honing Machines was added to the machine tool basket two years back and your Company has started seeing positive results. As mentioned above, some more new machine models have been planned for introduction during the coming years. In the Precision Component Segment, honing competency would also be considered to further strengthen the Non Super Abrasive Business.

### Threats

The Indian Super Abrasive Tool market on one end is populated by many small often unorganized players, proprietary-run concerns. These small players try to capture customers by concentrating in specific regions/products by offering lower prices. On the other end, there are few organized and large players from both domestic and global arena. The large

global suppliers heavily rely on tying up with global OEMs for establishing their entry.

In order to maneuver both the ends, your Company continues to adopt unique approach to improve its market presence. While the low end competition is addressed by innovative low cost products, the high end segment is serviced by developing import substitutes based on price-performance measure and value addition.

For your Company, the key success factors continue to be Product & Process Innovation, Application Developments and Market Development for ensuring sustained competitive advantage. Accordingly, in order to stay ahead of the competition and address the market dynamics, your Company constantly harnesses the competency levels and knowledge base of the people in the respective product programs it operates. These efforts are strengthened through offering improved levels of value added services along with paid customer education programs on grinding technology.

## BUSINESS OUTLOOK

The Indian Economy is expected to go through period of slow reversal till about the first half of the year 2012-13 in view of the continued inflationary trend, rise in commodity prices and increasing raw material prices as well as continued volatility in some of the developed economies. By taking this into consideration, your Company's efforts will be to retain its leadership position in the domestic market offering its comprehensive range of products, strengthening the network and better market reach and penetration. Needless to say, your Company will continue to intensify its efforts for further improvement in its market presence to address competition posed from both domestic and overseas players.

In the **Super Abrasive Business**, your Company will

lay higher emphasis on product innovation and new product development. In addition it will enlarge industry segments for sustaining growth in the coming year.

The **Non-Super Abrasives Business** has been doing well as a result of better focus on new introductions, new models, product extensions etc. In addition to putting the state of the art new facility for machine tools, several new launches have been planned for the coming year such as new models for steel, engineering, automotive and defense industries.

Your Company is also enhancing the Precision Component Business by adding new customers & new products. Your Company will support the above plans through adequate investments in infrastructure, machinery and equipment.

Your Company's new initiative **Wendt on Wheel (WOW)** will ensure better visibility and enhance your Company's market reach in the domestic market. This unique nationwide journey would make the customers abreast of its new launches, show case the latest cost competitive, value-added Products & Services in the field of Precision Grinding and Honing. Your Company is confident that this initiative will enhance the customer engagement levels while opening up new avenues for better understanding of the customers' exacting needs and requirements

Your Company will continue to focus on **International Business** by aggressively pursuing new business opportunities in the Wendt / Winterthur network and other global locations for the growth in the coming year.

Your 100% Subsidiary Company, **Wendt Grinding Technologies Ltd, Thailand**, continues to show commendable performance despite Thailand being hit by devastating floods. It shows resolve for even better performance in the coming year. Undoubtedly,



Engines of Growth



Engines of Growth



this has been possible due to tireless efforts on exploring new markets, opportunities, increased focus, enhanced product offering and higher value propositions to the customers in Thailand and adjoining countries.

The second 100% owned subsidiary, **Wendt Middle East FZE, Sharjah** has started showing improved results despite the continued socio-economical disturbances in the region. It has renewed its focus and strategy towards achieving business from trading activity and services in the UAE. Your subsidiary would now act as Product Availability Point (PAP) for its associated companies for the entire GCC nations by spreading its focus on Oil & Gas and General Engineering industry. With this change, your Company expects to show much better performance in the coming year.

## RISK & CONCERN

Your Company adopts a comprehensive and robust risk appraisal, mitigation and management process in the areas of operations, financial and other business risk. The Senior Management of your Company is involved in mapping the risks arising out of both internal and external environment and effective plans to mitigate the same. Business risk mitigation helps your Company to find ways to manage situations that could negatively impact the financial, physical and human capital of the organization. Your company would continue to build strategies to retain its leadership position while at the same time improving operational efficiencies would insulate it from various risks.

The Risk management process for your Company encompasses the following sequence:

- Identification of risks and risk owners
- Evaluation of the risks, as to likelihood of occurrences and related consequences

- Assessment of options for mitigation
- Prioritizing the risk management actions
- Development of risk management plans
- Authorization for the implementation of the risk management plans
- Implementation and review of the risk management efforts

Risk management strengthens the robustness of the business. The top management takes the responsibility of total risk management process in the organization. Through its pursuit of anticipation and identifying risks before risks controls your Company's actions, the Risk Management Committee of your Company analyses the potential areas of risks and on the current business portfolio and decides which business should receive more focus, where to invest, what needs to be added/discontinued from the product portfolio, etc, to mitigate the risks.

Your Company continually seeks to identify, assess, review, manage and works on developing the robustness of the system in terms of adequate internal controls, compliance. The business risks of your Company are managed through the cross functional involvement and communications. Some of the risks associated with the business and the related mitigation plans are given below. 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 few sectors
- 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

*Mitigation Plan / Counter Measure to address*

- De-risking the business with widening the customer/industry base
- 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 service levels through operational efficiency measures
- Leveraging relationship and Engagement with the customer-WOW initiative planned

## Competition Risk

*Why is it considered as a Risk?*

- Presence of too many unorganized regional players often adopting Low price strategy
- 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 & Reliable products, Consistent **Delivery**
- Internal Efficiency Measures
- Creating entry barriers for competition/ exit barriers for customers
- Innovate on products, process and applications
- Enhancing value added services
- Increasing the product basket

## INFORMATION TECHNOLOGY

Your Company's business has been running successfully on **SAP ERP** for last many years now with integration of all the core functions & operations including HR. In order to derive the full benefit of the **SAP** system, your Company is in the process of continual improved planning process in certain areas such as Scheduling, Planning, Controlling, Materials Management, Marketing as well as Management Information System and will work on the same to ensuring resources optimization in the coming year.

In addition to the above, your Company has also initiated work on implementing IT enabled **Knowledge Management System** during the year. It would help improve productivity in marketing & product management functions besides serving as a repository of product application highlights and offering prompt and effective technical solutions to the customers.

## INTERNAL CONTROL SYSTEM & ADEQUACY

Your Company has a well defined and documented internal control system which is adequately monitored. Checks and balances and internal control systems have been established to ensure that all assets are safeguarded and protected and that all transactions are authorized, recorded and reported correctly and that material errors and irregularities are prevented or detected within time.

Capital and revenue expenditures are monitored and controlled with reference to approved budgets.

There is a proper definition of roles and responsibilities across the organization to ensure continuous flow and monitoring. These are



Events during the year



Events during the year



supplemented by Internal Audit function carried out by an independent Chartered Accountants firm. The Internal Audit covers all operational areas and ensures that the revenue is rightly deployed and there is no wastage of resources.

Your Company has an Audit Committee which regularly reviews the Internal Audit Reports, Statutory Audit Reports, the Quarterly and Annual Financial Statements and discusses all significant audit observations and follow up actions arising from them.

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

## FINANCIAL REVIEW

### Earnings

### Revenues

During the year, the revenue recorded overall growth of 22% up from Rs.8173Lacs for the year 2010-11 to Rs.10001 Lacs. The domestic sales achieved a growth of 20 % while export sales recorded a growth of 35 % compared to the previous year.

### Profit before Tax

The profit before tax is higher by 8%, up from Rs.2356 Lacs to Rs.2552 Lacs

### Profit after Tax

The profit after tax is higher by 8%, up from Rs.1595 Lacs to Rs.1729 Lacs

## Investments

Your Company's investments as on 31-03-2012 have reduced from Rs.2257Lacs to Rs.1370Lacs. The Investment comprises of trade investment in the two wholly owned subsidiaries viz. Wendt Grinding Technologies Ltd, Thailand & Wendt Middle East FZE, Sharjah and the balance is in Debt schemes. During the year your Company has made a provision for diminution in the investment of Sharjah subsidiary of Rs.77 Lacs. The mutual funds investment portfolio declined from Rs.1827 Lacs to Rs1016 Lacs during the year due to higher capital expenditure spent by your Company.

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

As we plough back the earnings, the capital expenditure need of your Company is met entirely from the mutual funds investments.

## Costs

The Fixed costs have grown 34 % compared to last year. Due to higher capital expenditure during the year, depreciation has grown by 13%. Repairs and maintenance expenses (excluding building repairs) grew by 25 % on account of major repair & refurbishing work undertaken on machines for improving the process capability and required building maintenance. The sales expenses have grown by 46% on account of sales promotion activities and new initiatives such as Exhibitions, Seminar etc. The Salaries and wages including contract labour have grown by 37 % due to additional recruitment and

conversion of casual workers to permanent labour and provisioning done as per the revised accounting standard AS 15.

The variable cost has come down due to better product mix and improved operational efficiency resulting into higher operating profit margin.

## Financial Position

### Shareholders Funds

The shareholders fund as on 31.03.2012 was Rs.6962 Lacs against Rs.5814 Lacs of previous year, an increase of 20%. Accordingly, the book value of the share stands at Rs.348/- as compared to Rs.291/- during the previous year, an increase of 20%.

### Loan Funds

Your Company continues to utilize its cash credit limit with State Bank of India to bridge the short term fund requirement and for meeting the temporary mismatches in its cash flow. Your Company does not have any 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

The capital expenditure during the year was Rs.1451

Lacs against Rs.628 Lacs spent in the previous year. The net fixed asset accordingly stood at Rs.4363 Lacs compared to Rs.3264 Lacs of previous year. The higher capex spent is on addition of new plant & machinery, expansion/modernization of the existing product lines and on research & development which is expected to yield results in coming years.

## Inventories and Sundry Debtors

There has been an increase in overall inventory by Rs.349 Lacs compared to previous year, mainly due to increase in raw material inventory by Rs.160 Lacs and Work-in Progress machine inventory by 52Lacs. This was due to delay in despatch clearance from few customers. The raw material inventory level was strategically kept up for ensuring prompt delivery to the customers & addressing on-call supplies to key customers.

The sales have increased by 22%; and hence the Receivables have been up at Rs.514 Lacs. However, the average credit days have been maintained at last year level of 59 days. This was possible due to adoption of credit lock, more aggressive receivable management drive supported by SAP ERP system.

## Foreign Exchange Hedging

Your Company follows 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.52 Lacs.

## Financial Performance with respect to Operational Performance

Your Company's Operating profit and Contribution has recorded reasonable growth due to improved operational efficiency and better product mix. Thanks



People, Recognitions & Celebrations



People, Recognitions & Celebrations



to the availability of reliable information and effective customer data, Knowledge Management such as drawings, specification, data sheet through the SAP ERP System, your Company improved its response time and service levels and was able to supply the right product at the right time with right specifications there by providing value addition to the customer.

## HUMAN RESOURCE

Human Resource strategy of your Company revolves around managing talent, developing leadership and managerial competencies, managing employee performance and enhancing employee engagement. Your Company's philosophy has been to create an open and transparent culture, focused on people and their competencies for delivering superior performance. Welfare and training at all levels of our employees continue to be areas of major focus for the Company. Your Company is putting continuous efforts to employ and retain professionally qualified personnel. At present human capital at Wendt is 234 personnel who are committed towards the growth of your Company.

During the year an Employee Engagement and Satisfaction survey was conducted which revealed that there is a noticeable improvement in the satisfaction level compared to the earlier survey. Further, it has yielded many insights into our employees' expectations and has provided useful information for senior management to increase employee engagement.

During the year, we have established a fully integrated Employees Information Portal, "ESS", which acts as a multipurpose utility application for employees.

Your Company has a favourable work environment that motivates performance, customer focus and innovation while adhering to the highest standards of

quality and integrity. Industrial relations were harmonious throughout the organization. Safety, welfare and training at all employee levels continues to be areas of major focus for your Company

Your Company enjoys the support of committed and well satisfied workforce. Compensation package offered by your Company is one of the best in industry. Your Company follows well-structured methods of recruitment, training, motivation and performance appraisal, attracting and retaining the best in talent. These practices enable your Company to keep the attrition rate below the industry average.

## Directors

Mr. K S Shetty, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The necessary Resolution is being placed before the shareholders for approval.

## Auditors and Auditors' Report

M/s Deloitte Haskins & Sells, Chartered Accountants, the statutory auditors of your Company hold office, until the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment, subject to the approval of the shareholders at the Annual General Meeting. Your Directors recommend their reappointment as Statutory Auditors for the coming year.

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

## Fixed Deposits

Your Company has not accepted any fixed deposits during the year 2011-12 and as such, there are no

outstanding fixed deposits from the public as on 31st March 2012.

## CORPORATE GOVERNANCE

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 form part of the Annual Report. The Chief Executive and the Chief Financial Officer of the Company have submitted a certificate endorsing to the Board the correctness of the Financial Statements and other matters as required under clause 49 V of the listing agreement.

## Transfer to the Investor Education & Protection Fund

In terms of Section 205C of the Companies Act, 1956 an amount of Rs. 1.21 lacs being unclaimed dividend was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

## Directors Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and on the basis of the information furnished to them by the statutory auditors and the management, your Directors state that:

- In the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards have been followed and there are no material departures.
- They have selected such accounting policies and applied them consistently and made judgments

and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at the end of accounting year and of the profit of your Company for the year.

- They 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 your Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.

## Disclosure of Statutory Particulars

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

## APPRECIATION

Your Directors would like to express their sincere appreciation to investors, bankers, customers, suppliers, auditors, company's associates and subsidiaries for their continued support during the year. Your Directors extend their sincere gratitude to all the regulatory agencies like SEBI, Stock Exchanges, Registrar of Companies and other Central and State Government authorities/ agencies, Stakeholders, Suppliers, Vendors and Sub contracting partners, Business associates for their support.

Your Directors also place on record their appreciation and thanks to all employees for their dedicated services rendered at various levels, without whose contribution, could not have achieved the year's performance and are looking forward to their continued support in the future as well.



Activities beyond WENDT



Activities beyond WENDT



Finally, the Directors also wish to place on record their special appreciation to the valued shareholders of your Company for their support.

By order of the Board  
For Wendt (India) Limited

Chennai  
26th April 2012

M M Murugappan  
Chairman

## ANNEXURE TO THE DIRECTORS REPORT

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

### a) Conservation of Energy

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

- Introduction of light dependent resistance sensor at Security Main Gate and Street Lights which automatically senses the natural daylight and switches on and off the pathway and streetlights.
- Pursuing solar power plant for entire plant lighting which will result in significant savings for your company.
- Energy savings lamp in Conference room
- Introduction of magnetic induction lamp for power saving.

### b) Technology Absorption, Adaptation and Innovation

In keeping with the technology agreement, the collaborators Wendt GmbH continue to provide

technical assistance and bonds necessary for manufacture of your Company's products. Technology updates and sharing of technical knowledge between both the companies also takes place through frequent bilateral visits of personnel responsible for respective product management programs.

Your Company also banks on the rich experience, knowledge pool and R&D facility of it's Indian Joint venture partner Carborundum Universal, the leader in the field on conventional abrasive & material science, for some of the application developments for domestic markets.

Through its independent endeavors to strengthen the technology base and R & D activities, your Company has had close association with one of the renowned research institutes based in Europe for in-house development and manufacture of Brazed products. These products find application in wide range of industries like Refractory, Ceramics, Construction, Glass and Composite. Your Company has also identified and initiated working on two new technologies for development of Low cost resin bond wheels and Vitrified Bonded products with the help of a well qualified and experienced external consultant.

Your Company continuously focuses towards the re-engineering of processes and works on cost economical raw material alternatives for its products in order to improve efficiency and reduce costs.

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 in related areas and is in active discussions for few such opportunities, both in Superabrasive and Non Superabrasive fields.

## RESEARCH & DEVELOPMENT

In line with the 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. Since the technology is advancing so rapidly, the grinding technology needs to be constantly updated on an ongoing basis to keep pace with rapid change in material science and machining techniques. In order to address this, your Company's R&D activity is anchored by General Manager (Technology/R&D) who is well-experienced & knowledgeable in this domain. Apart from Research and Development activities, he also collaborates with external Research labs and renowned Institutes & collaboration with technical consultants for the required technological upgradation.

Your Company had launched last year *i@wendt*, an Innovation initiative and drive to bring the innovation culture among all employees for future growth and to develop innovative products. This continues to be a growth engine for your Company's growth.

During the year Company has filed two patents, one each in the field of Super abrasives and Non-Super abrasives. Your Company's product portfolio last year has been enhanced with the addition of numerous new products such as - Electroplated Diamond wheels for health care, energy sector and aerospace applications, Brazed Diamond & CBN wheels for steel grinding, ceramic grinding, Ophthalmic glass grinding and for construction, Vitrified Diamond wheels for PCD lapping and for Diamond polishing. The Eco Resin bonded wheels with indigenized technology for rotary tools grinding applications. Your Company also successfully launched the following machines, CNC Surface Rotary Grinding with rotary table of 1200mm Diameter, CNC Roll Grinder WGM 35, 6-axis CNC Notch Milling & branding Machine and Profile Grinding Machine with Video Vision system WDM 8V.

Benefits derived: Your Company mainly caters to niche market and majority of customers are OEMs and look for technologically superior product with superior and reliable performance. Majority of the customers consider your Company as a One-Stop Shop for **Complete Grinding and Honing Solutions**, and look forward to have technologically advanced products with superior and consistent performance. Your Company is able to address these ever-changing

needs & expectations of the Customers, by virtue of its strong R&D efforts 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	2011-12	2010-11
a)	Recurring (revenue expenditure)	265	227
b)	Total R&D Expenditure as a percentage of turnover	2.65%	2.78%

### (ii) Foreign Exchange Earnings and Outgo

(Rs. In Lacs)			
Sl. No	Particulars	2011-12	2010-11
a)	Foreign Exchange Used	3178	2388
b)	Foreign Exchange Earned	2011	1590

**B) Particulars of Employees :** During the financial year 2011-12, your Company did not have any employee who received remuneration in excess of Rs 5,00,000 per month or Rs. 60,00,000 per annum. Therefore, the disclosure pursuant to provisions 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 has not been made.

By order of the Board  
For Wendt (India) Limited

Chennai  
26th April 2012

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 your 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 your 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

### Governance Philosophy

Corporate Governance encompasses not only regulatory and legal requirements but also voluntary practices developed and followed by the Company to protect the best interests of all stakeholders. A good Corporate Governance framework incorporates a system of robust checks and balances between key players; namely, the Board, the Management, Auditors and various stakeholders.

Wendt (India) continues to pursue long term corporate goals based on the values of financial discipline, high ethical standards, transparency and complete trust. Your Company considers good Corporate Governance a prerequisite for meeting the needs and aspirations of its shareholders and other stakeholders in your Company and firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standard of regulatory compliance. These Corporate Governance practices are also essential for a sustainable business model for generating long term value for all its stakeholders. Our pursuit towards achieving good governance is an ongoing process. Your Company strives to uphold and nurture these core values in all aspects of its operations.

The Board of Directors of your Company continues to lay greater emphasis on the broad principles of Corporate Governance. 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 customers, shareholders and Government. In addition to adherence to its policies, your Company conforms to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges stipulating Corporate Governance mechanisms.

## BOARD OF DIRECTORS

### a) Composition

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have balanced Board structure. The Board has 5 Non Executive Directors out of which 2 are Independent Directors as on 31st March 2012. Independent Directors are Directors, who apart from receiving sitting fee, do not have any other material pecuniary relationship or transactions with your Company, its promoters, its management or its subsidiaries, which in opinion of the Board may affect the independence of judgement of the Directors. All Directors are appointed by the members of your 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 your Company, the Company Law Board, Chennai Bench has passed an interim order restraining the alteration of the Board of Directors of the Company. The filling up of the vacancy of the Independent Director would be done subsequent to settling of the above case pending with the Company Law Board.

All the members of the Board of Directors of your Company possess the required expertise, skill and experience to effectively manage and direct your Company so that it can attain organizational goals. All the Directors have intimated periodically about their Directorship and Membership in the various Board Committees of other companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance code. The details of the Directors with regard to their outside Directorships, Committee positions as on 31st March 2012 are as furnished below:

Name	Category	No. of Directorships / Chairmanships (Excluding Wendt India)	No. of Committee Memberships/ Chairmanships (Excluding Wendt India)
		Public Limited Companies	
M M Murugappan Chairman	Promoter & Non Executive Director (PD)	9(out of which 6 as Chairman)	4(out of which 3 as Chairman)
Edmar Allitsch (Alternate Director- Peter Verholen) (AD)	Promoter & Non Executive Director (PD)	-	-
K Srinivasan	Non Executive Director (NED)	5	1
Shrinivas G Shurgurkar	Non Executive/ Independent Director (ID)	4	-
K S Shetty	Non Executive/ Independent Director (ID)	-	-

### Notes:-

- 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 Ltd. Cos (which are not holding or subsidiaries of Public Cos)/ Foreign Cos/ Alternate Directorship/ Section 25 Companies.
- The details of the Committee membership/ Chairmanship are in relation to the specified committees viz. Audit Committee and Shareholders' Grievance Committee of Indian Public Limited Companies.
- None of the Directors are related to each other.

### b) Information Placed before the Board of Directors

The Board Members are given agenda papers along with all the necessary documents in advance of each meeting of the Board and its committees. However in case of business exigencies, the resolutions are passed

by way of circulation. Regular updates provided to the Board include:

- Annual Operating Plans and Budgets, Capital Budgets updates.
- Annual Accounts.
- Minutes of meetings of the Committees of the Board.
- Quarterly and half yearly financial results of the Company.
- Operations of the Subsidiary Companies.
- Operational activities of the Company.
- Investments, formation of subsidiaries etc.
- Disclosure of interest by Directors about directorship and committee positions occupied by them in other companies.
- Short term investment of surplus funds.
- Highlights of important events from last meeting to the current meeting.
- Appointment and Resignation of Directors.
- Reconstitution of Board Committees.
- Information on recruitment of senior



management just below the Board level including appointment or removal of CFO or Company Secretary.

- Quarterly Statutory Compliance Report.
- Quarterly list of Shareholders Grievances.

### c) Board Meetings

The meetings of the Board are generally scheduled well in advance. The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long term interests of the shareholders are being served. The Board of Directors is assisted by the Senior Management Officials in overseeing the functional matters of the Company.

During the year 2011-12, the Board of Directors of your Company met 5 times on 29<sup>th</sup> April 2011, 27<sup>th</sup> July 2011, 28<sup>th</sup> October 2011, 20<sup>th</sup> January 2012 and 21<sup>st</sup> March 2012. 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		Attended AGM
		Held	Attended	
M M Murugappan-Chairman	PD	5	4	Yes
Edmar Allitsch	PD	5	-	No
Peter Verholen (Alternate to Edmar Allitsch)	AD	5	-	No
K Srinivasan	NED	5	5	Yes
Shrinivas G Shurgurkar	ID	5	5	Yes
K S Shetty	ID	5	5	Yes

### NON EXECUTIVE DIRECTOR'S 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 them are given elsewhere in the Report.

### WENDT (INDIA) CODE OF CONDUCT

The Board of Directors of your Company has prescribed a Code of Conduct for all members of the Board and the Senior Management of your 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](http://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 2012. A declaration signed by the Chief Executive has been submitted to the Board.

### BOARD COMMITTEES

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees of the Directors set up for the purpose. These specialist committees prepare the ground work for decision making and report at the subsequent Board Meetings. In compliance with both the mandatory and the non mandatory requirements under the Listing Agreement, following committees are constituted by the Board:

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

#### a. AUDIT COMMITTEE

The composition, procedures, powers and role/functions of the Audit Committee constituted by the Board comply with the requirements of Clause 49 of the Listing Agreement.

#### Scope of the Audit Committee

- Supervise the financial reporting process to ensure financial statements are correct, sufficient and credible.

- Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements.
- Recommending to the Board the fixation of audit fee.
- Recommendation to the Board for the payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters to be included in the Director Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Compliance with legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
  - Compliance with accounting standards and with listing requirements.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- Reviewing, with the management, the adequacy of the internal controls in the Company, including the plan, scope and performance of the Internal Auditors.
- Discussion with the internal auditor any significant findings and follow up thereon.
- Reviewing the functioning of Whistle Blower mechanism.
- Reviewing the related party transactions in the Company.
- Reviewing the financial statements of the subsidiary companies.

### Meetings of the Audit Committee

During the year, the Audit Committee met 4 times on 29th April 2011, 27th July 2011, 28th October 2011 and 20th January 2012 to monitor and review on various matters. The CEO and CFO are permanent invitees to the Committee and the Statutory Auditor and the Internal Auditor and the senior management executives are invited to participate in the meetings of

the Audit Committee wherever necessary, as decided by the Committee.

The Company Secretary officiates as the Secretary of the Committee.

Name	Category	No of Committee Meetings	
		Held	Attended
Shrinivas G Shurgurkar (Chairman)	ID	4	4
K S Shetty	ID	4	4
K Srinivasan	NED	4	4

### b. SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE

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

- Review of investor complaints and their redressal.
- Review of queries received from the investors.
- Review of work done by the Registrar and Transfer Agent (R&TA) and recommends measures for overall improvement in quality of investor services.
- Review of corporate actions related to shareholders issues.

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

During the year, the Share Transfer & Investor Grievance Committee met on 21st March 2012 and the details of the attendance by the Committee members are as follows:

Name	Category	No of Committee Meetings	
		Held	Attended
M M Murugappan, (Chairman)	ID	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](mailto:investorservices@wendtindia.com) has been created to address the Investor Grievances.

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

### SUBSIDIARY COMPANIES

Your Company does not have any non listed Indian subsidiary Company. 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 is being placed before the holding Company's Board Meeting.

### INSIDER TRADING CODE

In pursuance to Regulation 12(1) of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, your Company has adopted "WENDT CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING" with the objective of preventing purchase and/or sale of the shares of the Company by an insider on the basis of the unpublished price sensitive information. Under this Code, Insiders (Officers, Designated Employees) are prevented to deal in the Company's shares during the closure of the Trading Window.

All Directors and Designated Officers of the Company have disclosed details of their shareholding, dealings in shares of the Company and any changes thereof, during the financial year and at the end of the financial year in compliance of the provisions of the said code. 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. Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Refer Note No 28.9 of the Financial Statements for details of related party transactions during the year.

#### (B) COMPLIANCE OF MATTER RELATING TO CAPITAL MARKET

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

#### (C) DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of Financial Statements, your Company has followed the Accounting Standards notified by the Central Government, as prescribed under Companies (Accounting Standard) Rules, 2006. The financial statements have been prepared in accordance with the Revised Schedule VI which has become applicable to all the Companies for financial statements to be prepared for financial year on or after 1st April 2011.

#### (D) GOING CONCERN

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

#### (E) RISK MANAGEMENT

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

#### (F) REMUNERATION OF DIRECTORS

Your Company has no pecuniary relationship or transaction with its non-executive Directors other

than payment of sitting fees for attending Board and Committee Meetings.

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

Director	Remuneration	Sitting Fee* (Rs.)
M M Murugappan Chairman	Nil	45,000
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 2012 is as below:

Director	No of Shares (Rs10/- 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 your Company with the promoters Directors or the senior management, their subsidiaries or relatives etc. that may have a potential conflict with interest of your Company at large. The declaration to this effect has been submitted by all the senior management.

#### (H) SHAREHOLDERS

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

Name	K 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 Officer 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
2010-11	27.07.2011	04:00 PM	Bharathiya Vidya Bhavan, Race Course Road, Bangalore
2009-10	27.07.2010	04:00 PM	Bharathiya Vidya Bhavan, Race Course Road, Bangalore
2008-09	27.07.2009	04:00 PM	Bharathiya Vidya Bhavan, Race Course Road, Bangalore

### SPECIAL RESOLUTION PASSED DURING THE LAST THREE YEARS AS FOLLOWS:

During the last three years, one special resolution was

passed to amend the Articles of Association at the AGM held on 27.07.2009 as follows:

- Special resolution for alteration of Article 170 of Articles of Association of Company for complying with all the provisions of unclaimed or unpaid dividend as defined under Section 205A of the Companies Act, 1956.
- Special resolution for alteration of Article 172 of Articles of Association of Company for complying with the provisions relating to transfer of unpaid/unclaimed dividend to special account in a scheduled bank within 7 days after the expiry of 30 days from the date of declaration of dividend.
- Special resolution for alteration of Article 173 of Articles of Association of Company for complying with the provisions relating to the transfer of unclaimed dividend to Investor Education and Protection Fund as per Section 205 C (1) of the Companies Act, 1956.

## MEANS OF COMMUNICATION

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

- Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- Publication of Quarterly / Half Yearly / Annual Results:** The Quarterly/ Half Yearly/Annual 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 2011-12 were published as detailed below:

Quarter (F.Y. 2011-12)	Date of Board Meeting	Date of Publication	Name of the newspaper
1st	27.07.2011	28.07.2011	Business Standard & Udayavani
2nd	28.10.2011	29.10.2011	Business Standard & Udayavani
3rd	20.01.2012	21.01.2012	Business Standard & Udayavani

- Website:** The Company's website [www.wendtindia.com](http://www.wendtindia.com) contains a separate dedicated section "Investor Relations" where information for shareholders is available. The quarterly/half yearly/Annual Results are simultaneously posted on the website. The Annual Reports of the Subsidiary Companies are also posted on the website of the Company.
- Annual Report:** Annual Report containing, inter alia, Audited Annual Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the Members and other entitled thereto. The Management Discussion and Analysis Report (MDAR) forms part of the Annual Report. The Annual Report is also available on the Company's website.

office of the Company is situated, and posted on your Company's website ([www.wendtindia.com](http://www.wendtindia.com)).

### d) Audit qualifications

During the period under review, there is no audit qualification on the financial statements.

### e) Training of Board Members

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

### f) Whistle Blower Policy

Your Company has put in place a Whistle Blower policy. Your Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees disclosing in good faith. The employees are free to communicate their concern/report, unethical happenings to the Ombudsman of the Whistle Blower Policy.

## 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

## GENERAL SHAREHOLDER INFORMATION

This is annexed.

By order of the Board  
For Wendt (India) Limited

Chennai  
26th April 2012

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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. One of the conditions of Clause 49 requires that if the non-executive Chairman is a promoter, at least one-half of the Board of the Company should consist of independent directors and the gap between resignation and appointment of an independent director in his place shall not exceed 180 days. An independent director of the Company ceased to be a director w.e.f. July 27, 2010 and no other independent director has been appointed in his place upto the date of this

certificate. Accordingly, as at March 31, 2012, the Company has two independent directors as against the requirement of minimum three directors.

4. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management and subject to our comments in Paragraph 3 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Bangalore  
6th June, 2012

S. SUNDARESAN  
Partner  
(Membership No. 25776)

## GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting

Date and time : 13th July 2012 at 4 P.M  
Venue : Bharatiya Vidya Bhavan  
Race Course Road,  
Bangalore- 560 001, Karnataka  
Last date of receipt of Proxy forms: 11th July 2012 before 4 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.

- Unaudited results for the quarter ending June 30, 2012: On or before July 31, 2012
- Unaudited results for the quarter ending September 30, 2012: On or before October 31, 2012
- Unaudited results for the quarter ending December 31, 2012: On or before January 31, 2013
- Audited results for the year ending March 31, 2013: On or before May 31, 2013

### 3. Book Closure Date

9th July 2012 to 13th July 2012 (both days inclusive)

### 4. Dividend Payment Date

The Board of Directors of the Company has proposed a dividend of Rs 25/- per share (250%) on equity shares of Rs. 10/- each. The dividend will be paid on 20th July 2012 after approval at the Annual General Meeting. The warrants will be posted on 20th July 2012, in case shareholders have opted for ECS, the dividend would, in the normal course, be credited to the accounts by 23rd July 2012.

### 5. Registered Office

Flat No. 105, 1st Floor, Cauvery Block,  
National Games Housing Complex,  
Koramangala

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 : Paid

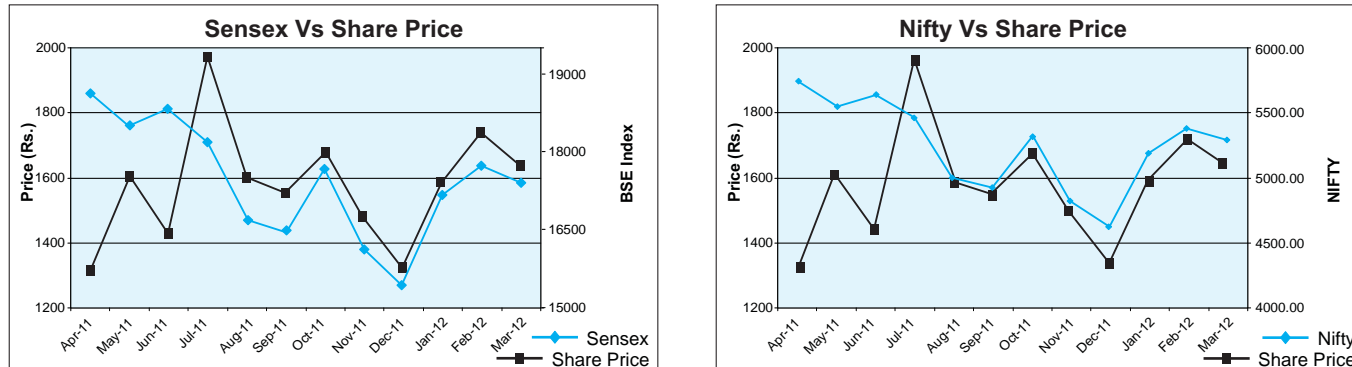
### 7. NSDL & CDSL (ISIN) : INE274C01019

### 8. Share Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2011	1359.00	1041.20	1389.00	1027.10
May 2011	1681.00	1176.00	1665.30	1175.60
June 2011	1639.00	1376.15	1643.90	1380.00
July 2011	2062.10	1433.00	2065.00	1411.00
August 2011	2023.00	1518.00	1988.00	1505.50
September 2011	1790.00	1551.00	1724.90	1550.50
October 2011	1734.84	1501.00	1739.90	1501.00
November 2011	1710.00	1450.00	1734.50	1450.10
December 2011	1590.00	1278.50	1630.00	1260.00
January 2012	1760.00	1306.10	1978.00	1311.00
February 2012	1864.45	1569.95	1864.00	1570.00
March 2012	1914.00	1605.00	1912.95	1600.05



## 9. Stock Performances

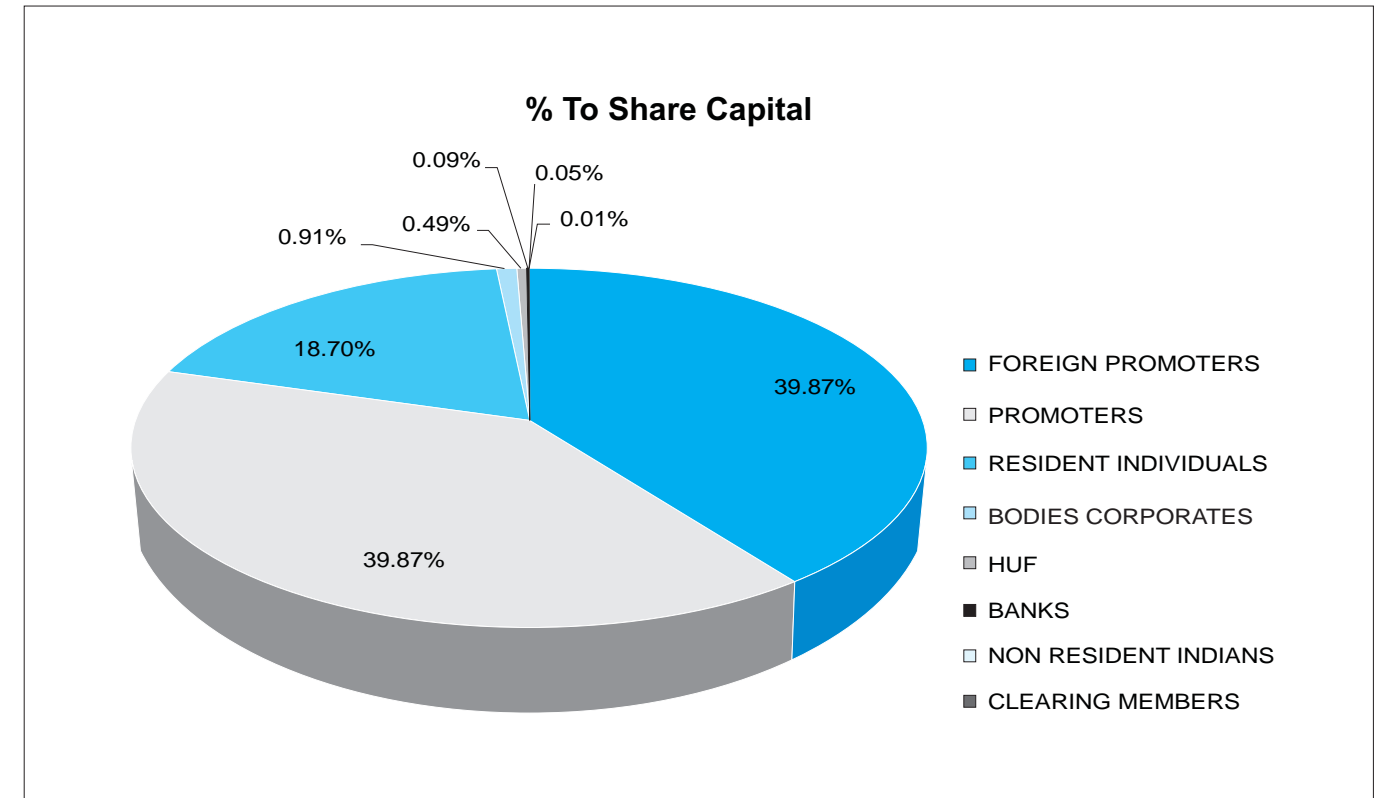


## 10. Distribution of Shareholding as on 31st March, 2012

Category (Amount) (Rs.)	No. of Cases shareholders	% of Cases shareholders	Total Shares	Amount (Rs.)	% of Amount
1 - 5000	3,907	97.34	247,817	2,478,170	12.39
5001 - 10000	65	1.62	49,466	464,660	2.47
10001 - 20000	23	0.57	31,915	319,150	1.60
20001 - 30000	6	0.15	15,822	158,220	0.79
30001 - 40000	5	0.12	18,558	185,580	0.93
40001 - 50000	2	0.05	8,761	87,610	0.44
50001 - 100000	3	0.08	22,461	224,610	1.12
100001 & Above	3	0.07	1,605,200	16,052,000	80.26
<b>TOTAL</b>	<b>4,014</b>	<b>100</b>	<b>2,000,000</b>	<b>20,000,000</b>	<b>100</b>

## 11. Share holding Pattern as on 31st March, 2012

Category	No. of shareholders	Total no. of Shares held	% of Share Capital
PROMOTERS (PRO)	1	797,352	39.87
FOREIGN PROMOTERS (FPR)	1	797,352	39.87
RESIDENT INDIVIDUALS (PUB)	3,699	371,408	18.57
BODIES CORPORATES (LTD)	142	18,293	0.92
HUF	116	9,889	0.49
DIRECTORS	1	2,650	0.13
BANKS (BNK)	2	1,850	0.09
NON RESIDENT INDIANS	41	1,089	0.05
CLEARING MEMBERS	11	117	0.01
<b>TOTAL</b>	<b>4,014</b>	<b>2,000,000</b>	<b>100</b>

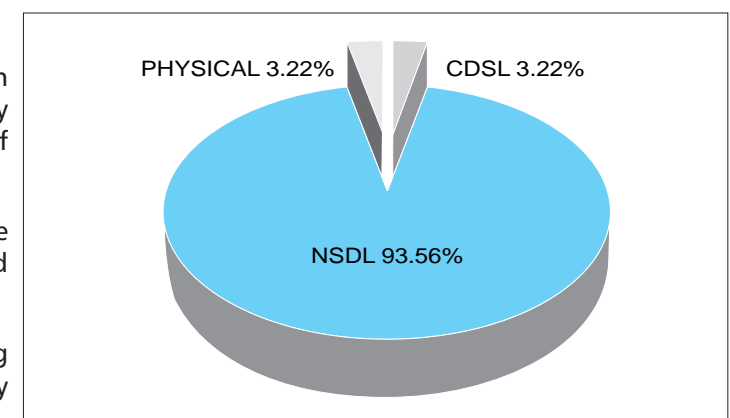


## 12. Dematerialisation of Shares

Your Company has signed agreements with both National Securities (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 2012, 19,35,636 Shares constituting 96.78 % of the total paid up capital of the company have been dematerialized.



### Share holding Summary as on 31/03/2012

Category	No. of share holders	Total no. of Shares	% to share capital
PHYSICAL	547	64,364	3.22
NSDL	2560	18,71,238	93.56
CDSL	907	64,398	3.22
<b>TOTAL</b>	<b>4014</b>	<b>20,00,000</b>	<b>100</b>



### 13. Share Transfer Process

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

### 14. Complaints received during the financial year ended 31st March 2012 by the Company and the Registrar and Transfer Agents of the Company

Nature of Complaints	No. of complaints	
	Received	Resolved
Non receipt of Dividend Warrants	22	22
Non receipt of Annual Report	9	9
Non receipt of securities	7	7
<b>Total</b>	<b>38</b>	<b>38</b>

### 15. 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

Year	Type of Dividend	Dividend per share (Rs.)	Date of declaration	Due date for transfer
2005	Final	15.00	25/07/2005	30/08/2012
2006	Final	15.00	21/07/2006	26/08/2013
2007	Final	17.50	23/07/2007	28/08/2014
2008	Final	20.00	21/07/2008	26/08/2015
2009	Interim	10.00	30/03/2009	05/05/2016
2009	Final	20.00	27/07/2009	01/09/2016
2010	Final	25.00	27/07/2010	01/09/2017
2011	Final	25.00	27/07/2011	01/09/2018

following schedule, the dividends for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF. Shareholders who have not claimed their dividends are, therefore, requested to do so before they are statutorily transferred to Investor Education & Protection Fund. Shareholders who have not encashed their dividend warrants relating to the years specified below, are requested to immediately approach M/s Karvy Computershare Private Limited, for issue of demand drafts in lieu of the revalidated dividend warrants.

### 16. Unclaimed Shares

As per the provisions of Clause 5A of the Listing Agreement, the unclaimed share lying in the escrow account shall be transferred to demat suspense account if there is no response even after sending three reminder notices to the persons concerned. As on March 31, 2012, there is 1 allottee pertaining to 25 unclaimed equity shares of the Company and the same are lying in the Escrow Account.

### 17. Company's Recommendation to the Shareholders

The following are the Company's recommendations to 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)

Shareholders should 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 facilitate in receiving direct credits of dividends etc from companies and avoiding postal delays and loss in transit.

#### iii) 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 Investor Education and Protection Fund.

#### iv) Support the Green Initiative

To support the 'Green Initiative', 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](mailto:investorservices@wendtindia.com) or at [cs.wendt@karvy.com](mailto:cs.wendt@karvy.com) and also update the email address as and when there is any change.

#### v) 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

#### vi) 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.

#### vii) Queries at the AGM

Shareholders desiring any information with regard to the accounts are requested to write to the Company at least 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.

#### viii) 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.

### 18. 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

### 19. Addresses for Communication

#### Compliance Officer & Company Secretary

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

Email: [Investorservices@wendtindia.com](mailto:Investorservices@wendtindia.com)  
[apekshanagori@wendtindia.com](mailto:apekshanagori@wendtindia.com)

#### Registrar and Share Transfer Agent

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



**Toll Free number of Registrar & Share Transfer Agent's exclusive call centre**

1-800-3454001

**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 26th, 2012 and the same was approved.

By order of the Board  
For Wendt (India) Limited

Chennai  
26th April 2012

M M Murugappan  
Chairman

**AUDITORS' REPORT**

**TO THE MEMBERS OF WENDT (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of **WENDT (INDIA) LIMITED** (the "Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as

evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (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 the 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (ii) in the case of the Statement of Profit and

Loss, of the profit of the Company for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director under Section 274 (1)(g) of the Companies Act, 1956.

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

Chennai  
26th April, 2012

S. SUNDARESAN  
Partner  
(Membership No. 25776)

**ANNEXURE TO THE AUDITORS' REPORT  
TO THE MEMBERS OF WENDT (INDIA)  
LIMITED ON THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2012**

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4 (iii) (b) to (d), (iii)(f) and (g), 4(v), 4(vi), 4(ix)(b), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance

with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties 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 firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as

at 31st March, 2012 for a period of more than six months from the date they became payable.

(ix) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the current year or in the immediately preceding financial year.

(x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xii) According to the information and explanations provided to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

S. SUNDARESAN  
Chennai Partner  
26th April, 2012 (Membership No. 25776)

# Standalone Financial Statements



## BALANCE SHEET AS AT 31ST MARCH 2012

(Rs. in lacs)

Particulars	Note No.	As at 31.03. 2012	As at 31.03. 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	200.00	200.00
(b) Reserves and Surplus	3	6,762.19	5,614.23
		<b>6,962.19</b>	5,814.23
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liability (Net)	4	302.97	238.46
(b) Other Long term liabilities	5	42.21	29.30
(c) Long term provisions	6	91.26	114.98
		<b>436.44</b>	382.74
<b>(3) Current Liabilities</b>			
(a) Trade payables	7	1,712.49	1,216.87
(b) Other current liabilities	8	307.27	457.84
(c) Short-term provisions	9	595.47	699.58
		<b>2,615.23</b>	2,374.29
<b>Total</b>		<b>10,013.86</b>	8,571.26
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	3,773.24	3,040.46
(ii) Intangible assets	11	88.16	43.57
(iii) Capital work-in-progress		501.36	179.90
		4,362.76	3,263.93
(b) Non-current investments	12	353.99	430.55
(c) Long term loans and advances	13	208.18	124.10
		<b>4,924.93</b>	3,818.58
<b>(2) Current assets</b>			
(a) Current investments	14	1,015.98	1,826.76
(b) Inventories	15	1,363.27	1,014.76
(c) Trade receivables	16	2,010.17	1,495.85
(d) Cash and Cash Equivalents and other bank balances	17	307.39	99.05
(e) Short-term loans and advances	18	338.85	207.37
(f) Other current assets	19	53.27	108.89
		<b>5,088.93</b>	4,752.68
<b>Total</b>		<b>10,013.86</b>	8,571.26

SIGNIFICANT ACCOUNTING POLICIES 1  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 28  
 SEE ACCOMPANYING NOTES 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

S SUNDARESAN  
 Partner

M M MURUGAPPAN  
 Chairman

SHRINIVAS G SHIRGURKAR  
 Director

Chennai  
 26th April 2012

K SRINIVASAN  
 Director

APEKSHA NAGORI  
 Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lacs)

Particulars	Note No.	Year Ended 31.03.2012	31.03.2011
<b>I Revenue from operations (Gross)</b>	20	<b>10,836.69</b>	8,882.67
Less: Excise duty		<b>785.64</b>	670.61
Revenue from operations (Net)		<b>10,051.05</b>	8,212.06
<b>II Other Income</b>	21	<b>227.09</b>	260.06
<b>III Total Revenue (I +II)</b>		<b>10,278.14</b>	8,472.12
<b>IV Expenses:</b>			
Cost of materials consumed	22	<b>3,110.95</b>	2,458.86
Purchase of Stock-in-Trade	23	<b>179.91</b>	132.65
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	<b>(147.62)</b>	(77.68)
Employee benefits expense	25	<b>1,450.20</b>	964.93
Finance costs	26	<b>11.07</b>	6.19
Depreciation and amortization expense	11	<b>335.42</b>	297.81
Other expenses	27	<b>2,785.83</b>	2,333.60
<b>Total Expenses</b>		<b>7,725.76</b>	6,116.36
<b>V Profit before tax (III - IV)</b>		<b>2,552.38</b>	2,355.76
<b>VI Tax expense:</b>			
(1) Current tax		<b>758.80</b>	755.00
(2) Deferred tax		<b>64.51</b>	5.67
		<b>823.31</b>	760.67
<b>VII Profit / (Loss) for the year (V -VI)</b>		<b>1,729.07</b>	1,595.09
<b>VIII Earnings per equity share (face value Rs.10/- each):</b>			
Basic and Diluted	28(7)	<b>86.45</b>	79.76

SIGNIFICANT ACCOUNTING POLICIES 1  
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In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
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 Director

Chennai  
 26th April 2012

K SRINIVASAN  
 Director

APEKSHA NAGORI  
 Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lacs)

	31.03.2012	31.03.2011
<b>OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>2,552.38</b>	<b>2,355.76</b>
<b>ADJUSTMENT FOR :</b>		
Depreciation and Amortisation expense	335.42	297.81
Bad Debts Written off (net)	5.30	0.47
Provision for trade receivables (net of reversal)	(51.87)	28.48
Finance costs	11.07	6.19
Interest on Bank and other Deposits	(1.44)	(0.57)
Interest on loan to subsidiary	(3.91)	(5.25)
Dividend from Current investments	(82.27)	(58.70)
Dividend from Long term Investments in subsidiary	-	(74.47)
Loss on sale / discarding of Tangible Fixed assets	15.30	7.82
Surplus provision of previous year written back	(1.52)	(0.74)
Provision for diminution in value of investments in subsidiary	76.56	-
Profit on sale of current investments	(1.20)	(2.01)
Unrealised exchange Loss / (Gain)	(3.36)	2.37
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2,850.46</b>	<b>2,557.16</b>
<b>ADJUSTMENTS FOR CHANGES IN :</b>		
Inventories	(348.51)	(310.43)
Trade Receivables	(458.21)	(353.53)
Short Term Loans and advances	(182.18)	(77.49)
Other current assets	59.53	30.35
Long Term Loans and advances	(3.93)	13.78
Trade Payables	489.44	241.06
Other Long term Liabilities and Provisions	(10.82)	3.27
Other current liabilities and Provisions	(108.95)	295.39
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,286.83</b>	<b>2,399.56</b>
Direct Tax Paid (net of refunds)	(924.04)	(701.50)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,362.79</b>	<b>1,698.06</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Tangible Fixed Assets	(1,444.07)	(629.38)
Purchase of Intangible Fixed Assets	(63.77)	(14.80)
Proceeds from Sale of Tangible Fixed Assets	1.10	9.04
Purchase of current Investments	(6,020.29)	(4,361.93)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lacs)

	31.03.2012	31.03.2011
Sale / Redemption of current Investments	6,832.27	3,815.22
Interest Received on deposits with banks and others	1.44	0.57
Dividend from long term investment in subsidiary	67.32	-
Dividend from current Investments	82.27	65.86
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(543.73)</b>	<b>(1,115.42)</b>
<b>FINANCING ACTIVITIES</b>		
Loan to Subsidiary	(70.00)	(25.00)
Recovery of Loan from subsidiary	53.39	-
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	497.41	496.66
Finance costs	(11.07)	(6.19)
Dividend Paid (including tax thereon)	(583.04)	(583.04)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(613.31)</b>	<b>(617.57)</b>
<b>NET CASH INFLOW / (OUTFLOW) (A+B+C)</b>	<b>205.75</b>	<b>(34.93)</b>
<b>OPENING CASH AND CASH EQUIVALENTS D</b>	<b>77.00</b>	<b>111.93</b>
<b>CLOSING CASH AND CASH EQUIVALENTS E</b>	<b>282.75</b>	<b>77.00</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (E-D)</b>	<b>205.75</b>	<b>(34.93)</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and Cash equivalents and other bank balances as per Balance Sheet (Refer Note No.17)	307.39	99.05
Less:- Bank Balances not considered as Cash and Cash equivalent as defined in AS 3 Cash Flow statement		
(i) In deposit accounts (having original maturity of more than 12 months)	0.55	0.55
(ii) In earmarked accounts		
(a). Dividend account	24.09	21.20
(b). Margin money	-	0.30
Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	282.75	77.00

Previous year's figures have been reclassified / regrouped wherever necessary to facilitate comparison with those for the current year.

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

S SUNDARESAN  
Partner

Chennai  
26th April 2012

For and on behalf of the Board

M M MURUGAPPAN  
Chairman

K SRINIVASAN  
Director

SHRINIVAS G SHIRGURKAR  
Director

APEKSHA NAGORI  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS

### NOTE No.1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1 ACCOUNTING CONVENTION:

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

##### 2 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Differences, if any, between the actual results and the estimates are recognised in the period in which the results are known / materialised.

##### 3 FIXED ASSETS, DEPRECIATION AND AMORTISATION:

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

##### 4 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).

## NOTES TO FINANCIAL STATEMENTS

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.

##### 5 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.

##### 6 INVENTORIES:

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

##### 7 REVENUE RECOGNITION:

- Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses. Revenue from Sale of goods are recognised on despatch of goods. Sales are accounted net of sales tax / VAT, discounts and returns as applicable.
- Revenue from rendering of services is recognised on completion of services, as per the terms of contracts with customers.
- Export Benefits under Advance licence scheme are recognized on accrual basis on completion of export obligation.
- 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 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 COMPENSATED ABSENCES

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

###### DEFINED CONTRIBUTION PLANS

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

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

## NOTES TO FINANCIAL STATEMENTS

### 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 profit and loss account 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.

### 9 INCOME TAX:

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 expected to apply to taxable income in the years in which the timing differences are expected to be received or settled. The effect on deferred tax assets and liabilities arising from change in tax rates is recognized in the income statement in the period of enactment of the change.

### 10 FOREIGN CURRENCY TRANSACTIONS:

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.

### 11 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.

### 12 PROVISIONS AND CONTINGENT LIABILITIES:

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 to accounts.

### 13 SEGMENT REPORTING:

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

- Inter-segment revenues are accounted on the basis of prices charged to external customers.

## NOTES TO FINANCIAL STATEMENTS

- 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".

### 14 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.

### 15 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.

### NOTE 2 - SHARE CAPITAL

(Rs. in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised:</b> 3,000,000 (Previous year 3,000,000 ) equity shares of Rs 10/- each	300.00	300.00
<b>Issued:</b> 2,000,000 (Previous year 2,000,000 ) equity shares of Rs.10/- each	200.00	200.00
<b>Subscribed and Paid up:</b> 2,000,000 (Previous year 2,000,000 ) equity shares of Rs.10/- each	200.00	200.00
<b>Total</b>	200.00	200.00

#### Note 2 (i)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No of shares	Rs. in lacs	No of shares	Rs. in lacs
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the year:</b>				
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 TO FINANCIAL STATEMENTS

### Note 2 (ii)

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

Particulars	Number of shares as at 31st March, 2012	Percentage of holding	Number of shares as at 31st March, 2011	Percentage of holding
<b>Equity Shares : (with equal voting rights)</b>				
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 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 are in the proportion to the number of equity shares held by the shareholders.

### NOTE 3 - RESERVES AND SURPLUS

(Rs. in lacs)

Particulars		As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserves:</b>			
Capital Subsidy		20.98	20.98
		20.98	20.98
<b>General Reserve:</b>			
As per last Balance Sheet	4,206.85		3,856.85
Add: Transfer from surplus in Statement of Profit and Loss	350.00		350.00
		4,556.85	4,206.85
<b>Surplus in statement of Profit and Loss :</b>			
As per last Balance Sheet	1,386.40		724.32
Add: Profit/(Loss) for the year	1,729.07		1,595.12
	3,115.47		2,319.44
Less: Appropriations			
Proposed Dividend @ 250% (Rs.25/- Per equity share (previous year Rs.25/- each))	500.00		500.00
Tax on Proposed Dividend	81.11		83.04
Transfer to General Reserve	350.00		350.00
		2,184.36	1,386.40
<b>Total</b>		<b>6,762.19</b>	<b>5,614.23</b>

### NOTE 3(i)

Remittances in foreign currency on account of dividend

Particulars	Paid in Current year	Paid in Previous Year
(a) Year to which dividend relates	2010-11	2009-10
(b) Number of non-resident shareholders to whom remittance was made	1	1
(c) Number of shares on which remittance was made	797,352	797,352
(d) Amount remitted (Rs. in lacs)	199.34	199.34

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Tax effect of items constituting deferred tax liability</b>		
Fiscal allowance on fixed assets	358.65	309.31
Tax effect of items constituting deferred tax liability	358.65	309.31
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for Leave salaries	(33.77)	(34.57)
Provision for doubtful trade receivables	(8.72)	(29.02)
Others	(13.19)	(7.26)
Tax effect of items constituting deferred tax assets	(55.68)	(70.85)
<b>Net deferred tax liability / (asset)</b>	<b>302.97</b>	<b>238.46</b>

### NOTE 5 -OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Towards miscellaneous taxes	42.21	29.30
<b>Total</b>	<b>42.21</b>	<b>29.30</b>

### NOTE 6 - LONG- TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for Leave salaries	77.57	101.29
Tax provisions less payments (current tax)	13.15	13.15
Tax provisions less payments (fringe benefit tax)	0.54	0.54
<b>Total</b>	<b>91.26</b>	<b>114.98</b>

### NOTE 7 - TRADE PAYABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables (see note below)	1,712.49	1,216.87
<b>Total</b>	<b>1,712.49</b>	<b>1,216.87</b>

#### 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, 2012 is Rs.29.85 lacs (Previous year - Rs 36.84 lacs)

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

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

### NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unpaid dividends (refer note below)	24.09	21.20
<b>Other payables</b>		
Statutory dues	103.34	76.20
Retention and security deposits	16.60	9.75
Advance received from customers	131.29	279.82
Creditors for capital goods	26.63	65.17
Employees' contractual obligations	5.32	5.70
<b>Total</b>	<b>307.27</b>	<b>457.84</b>

Note

The unclaimed dividend of Rs. 24.09 lacs represents those relating to the years 2005 to 2011 and no part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring transfer to the Investor Education and Protection Fund.

### NOTE 9 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Tax provision less payments (Current tax)	-	103.74
Provision for Leave salaries	14.36	12.80
Proposed Dividend	500.00	500.00
Tax on proposed dividend	81.11	83.04
<b>Total</b>	<b>595.47</b>	<b>699.58</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 - FIXED ASSETS (TANGIBLE)

(Rs. in lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	Upto 31st March, 2011	For the year	On Deductions	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
TANGIBLE ASSETS (OWNED)										
Land	3.66	-	-	3.66	-	-	-	-	3.66	3.66
Buildings	692.44	117.18	-	809.62	172.83	23.65	-	196.48	613.14	519.61
Plant and Equipment	3,675.60	890.01	40.58	4,525.03	1,411.98	256.21	27.67	1,640.52	2,884.51	2,263.62
Furniture and Fixtures	99.27	11.73	-	111.00	48.19	5.06	-	53.25	57.75	51.08
Vehicles	81.29	7.26	5.12	83.43	23.80	7.51	2.31	29.00	54.43	57.49
Office Equipment	284.33	39.24	4.20	319.37	139.33	23.81	3.52	159.62	159.75	145.00
Total	4,836.59	1,065.42	49.90	5,852.11	1,796.13	316.24	33.50	2,078.87	3,773.24	3,040.46
Previous year	4,288.85	605.60	57.86	4,836.59	1,566.69	270.44	41.00	1,796.13	3,040.46	

### NOTE 11 - FIXED ASSETS (INTANGIBLE ASSETS)

(Rs. in lacs)

Particulars	Gross Block			Amortization				Net Block		
	As at 1st April 2011	Additions during the Year	Deductions during the Year	As at 31st March, 2012	Upto 31st March, 2011	For the year	On Deductions	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
INTANGIBLE ASSETS (OWNED)										
Computer Software	92.39	5.86	-	98.25	72.75	4.94	-	77.69	20.56	19.64
Technical Know how	71.08	57.91	-	128.99	47.15	14.24	-	61.39	67.60	23.93
Total	163.47	63.77	-	227.24	119.90	19.18	-	139.08	88.16	43.57
Previous year	148.67	14.80	-	163.47	92.53	27.37	-	119.90	43.57	

### Depreciation and amortisation expense

Particulars	Year ended	
	31st March, 2012	31st March, 2011
On Fixed Assets (Tangible Assets) (refer note 10)	316.24	270.44
On Fixed Assets (Intangible Assets) (refer note 11)	19.18	27.37
<b>Total</b>	<b>335.42</b>	<b>297.81</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 12 - NON CURRENT INVESTMENTS

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>NON CURRENT INVESTMENTS (Unquoted-Trade- at cost)</b>		
<b>Investments in Equity Instruments of Subsidiary Companies</b>		
i WENDT GRINDING TECHNOLOGIES LTD, THAILAND (10,299,993 equity shares of face value Baht 10/- each (previous year 10,299,993), partly paid up @ 2.5 Baht per share	277.39	277.39
ii WENDT MIDDLE EAST FZE, SHARJAH (8 equity shares of AED 150,000 each (previous year 8) fully paid up )	153.16	153.16
Less:		
Provision for diminution in value of investments	430.55	430.55
	76.56	-
<b>Total</b>	<b>353.99</b>	<b>430.55</b>
Aggregate value of unquoted investments	430.55	430.55

### NOTE 13 - LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good)		
Capital Advances	48.06	29.41
Security deposits	16.74	12.81
Taxes paid less provisions (current tax)	141.28	79.78
Taxes paid less provisions (fringe benefit tax)	2.10	2.10
<b>Total</b>	<b>208.18</b>	<b>124.10</b>

## NOTES TO FINANCIAL STATEMENTS

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2012		As at March 31, 2011	
			Units (Nos)	Amount	Units (Nos)	Amount
1	CURRENT INVESTMENTS					
2	Investments in Mutual Funds					
3	(Quoted-Non Trade, at lower of cost and fair value)					
4	ICICI Pru -Flexible Income Plan Dividend -daily	100	-	-	252,321	266.84
5	ICICI Pru -Interval Fund -Qtrly Interval Plan I-Institutional Dividend	10	-	-	312,231	31.22
6	ICICI Prudential Fund II Quarterly Interval Plan -Institutional Dividend	10	-	-	859,595	85.96
7	ICICI Prudential Interval Fund II Quarterly Interval Plan	10	-	-	916,331	91.63
8	F -Institutional Dividend					
9	ICICI Prudential Interval Fund II Quarterly Interval Plan	10	899,973	90.00	-	-
10	C-Institutional Dividend					
11	ICICI Prudential Fund Interval Fund III Quarterly Interval Plan -Institutional Dividend	10	490,000	49.00	-	-
12	Birla Sun Life Floating Rate Fund- Retail-Long Term-Weekly Dividend	10	-	-	305,959	30.62
13	Birla Sun Life Ultra Short Term Fund- Institutional-Daily div-Reinvestment	10	-	-	2,054,259	205.54
14	BSL Interval Income Fund-INSTL-Qtrly-Series 1- Dividend-Payout	10	-	-	1,268,159	126.82
15	Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan	10	-	-	2,678,422	267.93
16	Reliance Interval Fund-Quarterly Plan-Series I-Retail Dividend Plan	10	-	-	499,466	50.00
17	Reliance Monthly Interval Fund-Series II-Retail Growth Plan	10	-	-	461,716	60.00
18	Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	996,423	100.00	-	-
19	IDFC Ultra Short Term Fund Monthly Dividend	10	-	-	1,694,209	171.96
20	IDFC Fixed Maturity 100 Days Series-1 Dividend	10	-	-	306,006	30.60
21	IDFC Money Manager Fund-Treasury Plan A-Daily Dividend	10	-	-	505,101	50.86
22	IDFC Fixed Maturity Quarterly Series 69 Dividend	10	836,147	83.61	-	-
23	IDFC Fixed Maturity Quarterly Series 72 Dividend	10	300,000	30.00	-	-
24	IDFC Savings Advantage Fund-Plan A-Daily Dividend Plan	1,000	-	-	3,073	30.74
25	(Unquoted-Non Trade, at lower of cost and fair value)					
26	ICICI Pru Blended Plan B Institutional-Daily Dividend-Option II	10	-	-	2,321,523	232.33
27	ICICI Prudential Banking and PSU Debt Fund Premium Daily Dividend	10	489,967	49.04	-	-
28	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renvestment	100	286,955	287.01	-	-
29	Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	1,000	-	-	2,211	22.14
30	Reliance Liquid Fund- Treasury Plan-Institutional Option-Daily Dividend Option	10	1,976,702	302.19	-	-
31	L&T FMP -III (MAR 90 D B)- Dividend	10	-	-	700,000	71.57
32	TATA Liquidity Management Fund-Daily Dividend	1,000	2,506	25.13	-	-
33	<b>Total A+B</b>			<b>1,015.98</b>		<b>1,826.76</b>

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

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 15 - INVENTORIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 71.82 lacs, Previous year Rs. NIL)	632.01	472.08
Work - in - Progress	447.25	395.20
Finished Goods	110.41	63.01
Stock-in- trade (in respect of goods acquired for trading)	65.95	17.78
Stores and spares	107.65	66.69
<b>Total</b>	<b>1,363.27</b>	<b>1,014.76</b>

### NOTE 16 -TRADE RECEIVABLES

Particulars		As at 31st March, 2012	As at 31st March, 2011
(Unsecured)			
1) Trade receivables due for a period exceeding six months (from the date they were due for payment)			
Considered Good	21.91		45.31
Considered Doubtful	26.87		78.74
		48.78	124.05
2) Other Trade receivables			
Considered Good	1,988.26		1,450.54
Considered Doubtful	-		-
		1,988.26	1,450.54
Less: Provision for Doubtful Trade receivables		26.87	78.74
<b>Total</b>		<b>2,010.17</b>	<b>1,495.85</b>

### NOTE 17 - CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

Particulars		As at 31st March, 2012	As at 31st March, 2011
Cash on hand		0.23	0.41
Cheques, drafts on hand		34.44	16.95
Balances with banks			
(i) In current accounts	248.08		59.64
(ii) In deposit accounts (refer note below)	0.55		0.55
(iii) In earmarked accounts			
(a). Dividend account	24.09		21.20
(b). Margin money (refer note below)	-		0.30
		272.72	81.69
<b>Total</b>		<b>307.39</b>	<b>99.05</b>

Note:- Deposits amounting to Rs. 0.55 lacs (previous year Rs.0.55 lacs) and margin money amounting to Rs.Nil (previous year Rs.0.30 lacs) have an original maturity of more than 12 months.

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 18 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good )		
Loans and Advances to related parties [refer note 28(3)]	26.33	11.51
Others		
Prepaid expenses	72.25	53.00
Advance paid to vendors	52.10	17.19
Employees' loans and advance	25.16	15.79
Security and Earnest Money Deposits	13.32	13.42
Other loans and advances	14.59	14.03
Balances with Central Excise, Customs, Port trust, etc.	135.10	82.43
<b>Total</b>	<b>338.85</b>	<b>207.37</b>

### NOTE 19 -OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Receivables from Subsidiaries [refer note 28(9)]	53.27	108.89
<b>Total</b>	<b>53.27</b>	<b>108.89</b>

### NOTE 20 - REVENUE FROM OPERATIONS

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
a.) Gross Sale of products	10,751.24	8,821.57
Less: Excise Duty	785.64	670.61
Net Sale of products (refer note (i) below)	9,965.60	8,150.96
b ) Sale of services (refer note (ii) below)	35.02	22.21
c ) Other operating income (refer note (iii) below)	50.43	38.89
<b>Total</b>	<b>10,051.05</b>	<b>8,212.06</b>

Note	Particulars	31st March, 2012	31st March, 2011
(i)	Sale of products comprises		
	<b>Manufactured Goods</b>		
	Resin, Metal and Electroplated Diamond / CBN Wheels,	6,962.32	5,565.87
	Hones, Pellets, Dressing tools etc	2,733.76	2,266.83
	Machine, Accessories and components	77.10	134.16
	Others		
	<b>Total - Sale of manufactured goods</b>	<b>9,773.18</b>	<b>7,966.86</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 20 - REVENUE FROM OPERATIONS (Cont.)

Note	Particulars	31st March, 2012	31st March, 2011
	<b>Traded goods</b>		
	Polishing films	165.84	164.62
	Others	26.58	19.48
	Total - Sale of Traded goods	192.42	184.10
	Total - Sale of Products	9,965.60	8,150.96
(ii)	<b>Sale of Services comprises</b>		
	Machining charges	35.02	22.21
	Total - Sale of Services	35.02	22.21
(iii)	<b>Other Operating income comprises</b>		
	Sale of Scrap	27.90	21.48
	Service charges	15.40	10.79
	Technical services	7.13	6.62
	Total - Other Operating income	50.43	38.89

### NOTE 21 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Interest on bank and other deposits (Gross)	1.44	0.57
Interest on loan to subsidiary	3.91	5.25
Dividend income from current investments - mutual funds	82.27	58.71
Dividend from long term investments in subsidiary (refer note below)	-	74.47
Profit on sale of current investments (current)	1.20	2.01
Net gain on foreign currency transactions and translations	52.30	40.33
Sundry provisions and credit balances no longer required, written back		
For doubtful trade receivables	21.05	8.06
For other expenses	1.52	0.74
Commission	27.93	34.22
Bad debts recovered	-	0.46
Management fee from subsidiary	32.39	30.44
Miscellaneous income	3.08	4.80
<b>Total</b>	<b>227.09</b>	<b>260.06</b>

Note: In the previous year, dividend income from subsidiary was recognised as income based on such declaration by the subsidiary company even though the same was declared after the balance sheet date as per requirements of old schedule VI. In the current year, such dividend income is recognised only when the right to receive the same on or before the balance sheet date is established. This method of recognition has resulted in a change in accounting policy. However, there is no impact on the current year profits on account of such change.

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 22 - COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Opening stock	472.08	269.32
Add: Purchases	3,270.88	2,661.62
	3,742.96	2,930.94
Less: Closing stock	632.01	472.08
<b>Cost of materials consumed</b>	<b>3,110.95</b>	<b>2,458.86</b>
Material consumed comprises:		
Industrial and Synthetic Diamonds and Cubic Boron Nitride	1,276.67	963.15
Bonding Mixture and Matrix Powder	391.94	282.67
Steel	289.16	276.93
Other items	1,153.18	936.11
<b>Total</b>	<b>3,110.95</b>	<b>2,458.86</b>

Of the above	%	Rs. in lacs
Imported	63	1,963.25
	(66)	(1,628.04)
Indigenous	37	1,147.70
	(34)	(830.82)
	100	3,110.95
	(100)	(2,458.86)

Figures in brackets relate to previous year.

### NOTE 23 - PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Polishing Films	121.83	53.73
Dressing Sticks	12.25	16.27
Floking Filter System	5.14	2.76
Others	40.69	59.89
<b>Total</b>	<b>179.91</b>	<b>132.65</b>

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 24 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE \*

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
<b>Opening stock</b>		
Work - in - progress	395.20	315.97
Finished goods	63.01	66.85
Stock-in- trade	17.78	15.49
	<u>475.99</u>	<u>398.31</u>
<b>Closing stock</b>		
Work - in - progress	447.25	395.20
Finished goods	110.41	63.01
Stock-in- trade	65.95	17.78
	<u>623.61</u>	<u>475.99</u>
<b>Net (increase) / decrease</b>	<b>(147.62)</b>	<b>(77.68)</b>

\* Includes Excise Duty Differential (refer note below) (6.26) 0.36

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 25 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Salaries,wages and bonus	1,172.92	769.71
Contribution to provident and other funds	89.65	63.16
Staff welfare expenses	187.63	132.06
<b>Total</b>	<u>1,450.20</u>	<u>964.93</u>

### NOTE 26 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Interest on deferred payment of Income Tax and Service Tax	10.51	6.13
Others	0.56	0.06
<b>Total</b>	<u>11.07</u>	<u>6.19</u>

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 27 - OTHER EXPENSES

Particulars	Year ended	
	31st March, 2012	31st March, 2011
Consumption of Stores and Spares (refer note below)	459.83	372.41
Contract labour	53.22	130.25
Power and Fuel	219.77	171.69
Rent	6.09	5.32
Rates and Taxes	70.31	49.28
Insurance	16.51	14.44
Repairs to:		
Building	48.22	51.46
Machinery	110.69	93.80
Other Assets	36.62	24.63
Royalty	195.46	164.71
Processing Charges	493.21	457.85
Directors' Sitting Fees	2.30	2.60
Auditors' Remuneration (net of service tax credit availed)		
Audit Fees	6.00	6.00
Tax Audit Fees	1.00	1.00
For Other Services	3.62	1.00
For Reimbursement of Expenses	0.79	1.43
Bank Charges	29.28	22.94
Service Fee	146.60	119.50
Travel and Conveyance	221.65	158.33
Freight outward and packing Charges	109.86	89.91
Selling Commission	14.87	29.26
Communication Expenses	22.26	21.77
Bad debts written off	60.32	1.78
Less: Transferred from Provision	55.02	1.31
	<u>5.30</u>	<u>0.47</u>
Provision for doubtful trade receivables	24.20	37.85
Professional charges	48.48	28.03
Publicity	9.93	10.67
Sales expenses	135.15	89.09
Office and General Expenses	9.12	12.43
R & D Expenses	69.67	61.92
Contribution to Research Institution	2.00	2.00
Provision for diminution in value of investment in subsidiary	76.56	-
Miscellaneous Expenses	137.26	101.56
<b>Total</b>	<b>2,785.83</b>	<b>2,333.60</b>

Note:

#### CONSUMPTION OF STORES AND SPARE PARTS

	%	Rs. in lacs
Imported	21	95.89
	(21)	(76.39)
Indigenous	79	363.94
	(79)	(296.02)
	<u>100</u>	<u>459.83</u>
	<u>(100)</u>	<u>(372.41)</u>

Figures in brackets relate to previous year.



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### Note - 28

#### ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

	31.03. 2012	31.03.2011
1 Contingent Liability and commitments not provided for:		
a) Disputed income tax demands under appeal	59.32	59.32
The company has received favourable orders from the Commissioner of Income Tax (Appeals) (CIT-A) in respect of two assessment years, however the department is in appeal with the Income Tax Appellate Tribunal. In respect of one assessment year, the Company has received a favourable order from CIT-A but the order giving effect to the CIT -A order is yet to be received by the Company.		
The said amounts has been arrived at based on the assessment order received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.		
b) Guarantees given by Company's Bankers	-	75.00
c) Bills Discounted	46.99	90.65
d) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs.48.05 lacs (previous year Rs.29.41 lacs)	618.51	760.21
e) Other commitments (in respect of goods and services) (net of advances of Rs.47.86 lacs (previous year Rs.16.34 lacs)	180.98	22.94
2 The Company is having 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.		
3 SEBI Disclosure requirement (as required under Clause 32 of the Listing Agreement)		
Additional information to comply with SEBI disclosure requirement.		
Loans and advances in the nature of loans to subsidiary		
Wendt Middle East FZE, Sharjah		
(Maximum amount outstanding Rs.81.51 lacs (previous year Rs.49.16 lacs))		
	26.33	11.51
4 Value of imports on CIF basis:		
Raw Materials and Components	1,914.22	1,628.49
Traded goods	116.93	79.55
Stores and Spare parts	157.80	120.15
Capital Goods	562.94	167.13
5 Expenditure in Foreign Currency		
Royalty	195.46	164.71
Travel	27.93	25.86
Commission	1.62	-
Others	1.67	2.43

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

	31.03. 2012	31.03.2011
6 Earnings in Foreign exchange :		
i) F.O.B.Value of goods exported	1,946.43	1,446.02
ii) Others.	64.23	144.39
7 Earnings per share (EPS) is calculated as under		
a) Numerator -		
Net profit for the year	1,729.07	1,595.09
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	86.45	79.76
8 Operating leases		
The Company is obligated under cancelable operating leases towards residential accommodation, which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and Loss under cancelable operating leases amounts to Rs.6.09 lacs (Previous year: Rs 5.32 lacs).		
There are no sub-lease payments received/receivable recognized in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.		
9 In accordance with Accounting Standard 18 'Related Party Disclosures', the Company has compiled the required information as detailed below.		
1) List of Related parties		
i) <u>Party with whom control exists -Subsidiaries</u>		
a Wendt Grinding Technologies Ltd, Thailand		
b Wendt Middle East FZE, Sharjah		
ii) <u>Venturers to the joint venture with whom transactions have taken place during the year</u>		
a Carborundum Universal Limited (CUMI)		
b Wendt GmbH, Germany		

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### Transaction with related parties

Particulars	Subsidiaries		Joint venturers		Total	
	11-12	10-11	11-12	10-11	11-12	10-11
<b>Purchase of Capital Goods</b>						
Wendt GmbH, Germany	-	-	212.23	103.60	212.23	103.60
Wendt Middle East FZE, Sharjah	5.06	-	-	-	5.06	-
<b>Other Purchases</b>						
Wendt GmbH, Germany	-	-	619.84	519.74	619.84	519.74
Carborundum Universal Limited (CUMI)	-	-	69.14	56.55	69.14	56.55
Wendt Grinding Technologies Ltd, Thailand	0.25	0.63	-	-	0.25	0.63
<b>Sale of Goods</b>						
Wendt GmbH, Germany	-	-	574.26	521.86	574.26	521.86
Carborundum Universal Limited (CUMI)	-	-	331.66	192.35	331.66	192.35
Wendt Grinding Technologies Ltd, Thailand	97.26	121.40	-	-	97.26	121.40
Wendt Middle East FZE, Sharjah	168.77	64.25	-	-	168.77	64.25
<b>Investment made / conversion of loan to equity</b>						
Wendt Middle East FZE, Sharjah	-	36.84	-	-	-	36.84
<b>Loan given</b>						
Wendt Middle East FZE, Sharjah	70.00	25.00	-	-	70.00	25.00
<b>Loan recovered</b>						
Wendt Middle East FZE, Sharjah	53.39	-	-	-	53.39	-
<b>Payment of Service Fee and Commission</b>						
Carborundum Universal Limited (CUMI)	-	-	147.89	120.27	147.89	120.27
<b>Payment of Royalty</b>						
Wendt GmbH, Germany	-	-	195.46	159.34	195.46	159.34
<b>Payment of Dividend</b>						
Carborundum Universal Limited (CUMI)	-	-	199.34	199.34	199.34	199.34
Wendt GmbH, Germany	-	-	199.34	199.34	199.34	199.34
<b>Management fee, Commission and Interest receipts</b>						
Wendt GmbH, Germany	-	-	27.93	34.22	27.93	34.22
Wendt Grinding Technologies Ltd, Thailand	32.39	30.44	-	-	32.39	30.44
Wendt Middle East FZE, Sharjah	3.91	5.25	-	-	3.91	5.25
<b>Dividend received</b>						
Wendt Grinding Technologies Ltd, Thailand	-	74.47	-	-	-	74.47
<b>Reimbursement of Expenses - Paid</b>						
Carborundum Universal Limited (CUMI)	-	-	5.23	6.34	5.23	6.34
<b>Reimbursement of Expenses - Received</b>						
Wendt GmbH, Germany	-	-	0.35	1.80	0.35	1.80
Carborundum Universal Limited (CUMI)	-	-	0.51	2.37	0.51	2.37
Wendt Grinding Technologies Ltd, Thailand	1.64	1.25	-	-	1.64	1.25
Wendt Middle East FZE, Sharjah	3.12	11.46	-	-	3.12	11.46
<b>Amount due From</b>						
Wendt GmbH, Germany	-	-	41.28	79.26	41.28	79.26
Carborundum Universal Limited (CUMI)	-	-	67.23	19.86	67.23	19.86
Wendt Grinding Technologies Ltd, Thailand	50.65	111.68	-	-	50.65	111.68
Wendt Middle East FZE, Sharjah	132.21	51.99	-	-	132.21	51.99
<b>Amount due to</b>						
Wendt GmbH, Germany	-	-	282.83	281.81	282.83	281.81
Carborundum Universal Limited (CUMI)	-	-	173.04	153.70	173.04	153.70

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

## NOTES TO 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	31.03.2012	31.03.2011
Employers' Contribution to Provident Fund *	28.54	20.30
Employers' Contribution to Superannuation Fund *	28.59	24.19
Employers' Contribution to Employee's State Insurance	10.53	4.19
Employers' Contribution to Employee's Pension Scheme 1995 *	20.95	12.22

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

#### II Defined Benefit Plan

##### a) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31.03.2012	31.03.2011
Discount Rate	8% p.a.	8% p.a.
Salary Escalation Rate	6.5% p.a.	8% 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	31.03.2012	31.03.2011
Present Value of Obligation as at beginning of the year	141.55	129.42
Current Service Cost	11.06	9.95
Interest cost	11.32	10.35
Benefits Paid	(2.52)	(7.24)
Net Actuarial Losses / (Gains) Recognized in the Year	4.01	(0.93)
Past Service Cost	-	-
Losses / (Gains) on "Curtailements & Settlements"	-	-
<b>Closing Present Value of Obligations</b>	<b>165.42</b>	<b>141.55</b>

##### B) Change in the Fair Value of Assets

Particulars	31.03.2012	31.03.2011
<b>Opening Fair Value of Plan Assets</b>	<b>149.18</b>	<b>139.85</b>
Expected Return on Plan Assets	14.60	12.64
Actuarial Gains / (Losses)	-	-
Assets Distributed on Settlements	-	-
Contributions by Employer	10.45	3.93
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(2.52)	(7.24)
<b>Closing Fair Value of Plan Assets</b>	<b>171.71</b>	<b>149.18</b>



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

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

Particulars	31.03.2012	31.03.2011
Closing Present Value of Funded Obligations	165.42	141.55
Closing Fair Value of Plan Assets	171.71	149.18
Closing Funded Status	6.29	7.63
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) recognized in Balance Sheet	6.29	7.63

### D) Amount recognized in the Balance Sheet

Particulars	31.03.2012	31.03.2011
Closing Present value of obligations	165.42	141.55
Closing Fair Value of plan assets	171.71	149.18
Net Asset / (Liability) recognized in Balance Sheet	6.29	7.63

### E) Expense recognized in the statement of profit and loss

Particulars	31.03.2012	31.03.2011
Current Service Cost	11.06	9.95
Past Service Cost	-	-
Interest Cost	11.32	10.35
Expected Return on Plan Assets	(14.60)	(12.64)
Actuarial Losses / (Gain)	4.01	(0.93)
Losses / (Gains) on "Curtailements and Settlements"	-	-
Total Expense	11.79	6.73
Less:Reimbursement received from a Subsidiary	(0.22)	(0.28)
Net expenses recognized in the statement of Profit and Loss.	11.57	6.45

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

Particulars	31.03.2012	31.03.2011
Others (insurer managed funds *)	100%	100%

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

### b) Long Term Benefit Plan (Leave Salary)

#### Assumptions at the Valuation Date:

Particulars	31.03.2012	31.03.2011
Discount Rate	8.50% p.a.	8.05% p.a.
Salary Escalation Rate	8.00% p.a.	8.00% p.a.

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

Description	31.03.2012	31.03.2011
Charge / (credit) in the statement of profit and loss	(22.17)	12.50
Liability as at the year end	91.92	114.09

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

### 11 Foreign Currency Exposure as at March 31, 2012, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2012		31.03.2011		Currency
	Amount	Amount (Foreign Currency)	Amount	Amount (Foreign Currency)	
<b>Due to</b>					
-Creditors against Import of goods,capital items and Services	374.67	7.26	249.81	5.52	USD
	326.34	4.72	319.84	4.99	EUR
	11.80	0.14	11.75	0.16	GBP
	0.15	-	-	-	CHF
<b>Due from</b>					
- Debtors (includes Loan)	213.57	4.21	185.14	4.19	USD
	107.83	1.60	128.06	2.05	EUR
	51.81	3.83	27.50	2.33	AED
	43.78	0.54	40.70	0.57	GBP

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

### 12 SEGMENT DISCLOSURE

#### A) PRIMARY SEGMENT INFORMATION

##### Notes on Segment Information

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

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

The above segments have been identified taking into account the organization structure as well as the differing risks and returns of these segments.

2) Segment Assets, Segment Liabilities and Fixed Assets used in Company's business have not been identified to any reportable segment, as these are used interchangeably between segments and hence segment disclosure related to total carrying amount of segment assets, liabilities and fixed assets have not been given.

## NOTES TO FINANCIAL STATEMENTS

(Rs. in lacs)

Particulars	31.03.2012	31.03.2011
<b>1. Segment Revenue</b>		
a) Super Abrasives (Net of excise duty)	7,266.86	5,906.34
b) Machines, Accessories and Components	2,733.76	2,266.83
Total	10,000.62	8,173.17
Less:- Inter Segment Revenue	-	-
<b>Net sales/Income From Operations</b>	10,000.62	8,173.17
<b>2. Segment Results Profit (+)/ Loss (-) before tax and interest.</b>		
a) Super Abrasives	1,865.56	1,649.09
b) Machines, Accessories and Components	853.23	733.04
<b>Total</b>	2,718.79	2,382.13
Less: (i) Finance costs	11.07	6.19
(ii) Other un-allocable Expenditure net of un-allocable income of Rs.277.52 lacs (31.3.2011 Rs.298.95 lacs)	155.34	20.18
(iii) Income tax	823.31	760.67
<b>Profit after Tax</b>	1,729.07	1,595.09

### B) SECONDARY SEGMENT INFORMATION

#### Revenue by Geographical market

Particulars	31.3.2012	31.3.2011
India	8,054.19	6,727.15
Europe	1,072.76	890.07
Others	873.67	555.95
<b>Total Revenues</b>	10,000.62	8,173.17

13. The Revised Schedule VI has become effective from 1st April 2011 for the preparation and presentation of the financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. 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

M M MURUGAPPAN  
Chairman

K SRINIVASAN  
Director

SHRINIVAS G SHIRGURKAR  
Director

APEKSHA NAGORI  
Company Secretary

Chennai  
26th April 2012

## 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 2012	31 st March 2012
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	----	----
	<b>Rs in lacs</b>	<b>Rs in lacs</b>
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, 2012 *	198.54	(33.57)
b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	527.55	(178.72)
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, 2012	----	----
b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	146.34	----

\* Computed based on the exchange rates as on 31st March 2012 (Thai Baht Rs.1.651 and AED Rs.13.911)

M M MURUGAPPAN  
Chairman

K SRINIVASAN  
Director

Chennai  
26th April 2012

SHRINIVAS G SHIRGURKAR  
Director

APEKSHA NAGORI  
Company Secretary



# Consolidated Financial Statements

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WENDT (INDIA) LIMITED

1. We have audited the attached Consolidated Balance Sheet of WENDT (INDIA) LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs.1341.02 lakhs as at March 31, 2012, total revenues of Rs. 1311.75 lakhs and net cash inflows amounting to Rs. 121.36 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 and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
  4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
  5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us and read with our comments in paragraph 3 above regarding financial statements audited by other auditors, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
    - (ii) 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
    - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.
- For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No.008072S)
- S. SUNDARESAN  
Partner  
(Membership No. 25776)
- Chennai  
26th April, 2012

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in lacs)

Particulars	Note No.	As at	
		31.03.2012	31.03.2011
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	200.00	200.00
(b) Reserves and Surplus	3	7,369.27	5,904.62
		7,569.27	6,104.62
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liability (Net)	4	302.97	238.46
(b) Other Long term liabilities	5	42.21	28.25
(c) Long term provisions	6	91.26	114.98
		436.44	381.69
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	-	66.91
(b) Trade payables	8	1,858.69	1,296.80
(c) Other current liabilities	9	307.27	463.48
(d) Short-term provisions	10	709.06	858.91
		2,875.02	2,686.10
<b>Total</b>		10,880.73	9,172.41
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	4,076.36	3,356.95
(ii) Intangible assets	12	88.21	43.75
(iii) Capital work-in-progress		501.37	180.94
		4,665.94	3,581.64
(b) Long term loans and advances	13	284.98	221.22
		4,950.92	3,802.86
<b>(2) Current assets</b>			
(a) Current investments	14	1,206.24	1,918.53
(b) Inventories	15	1,464.43	1,094.51
(c) Trade receivables	16	2,037.90	1,582.87
(d) Cash and Cash Equivalents and other bank balances	17	904.76	575.06
(e) Short-term loans and advances	18	316.48	198.58
		5,929.81	5,369.55
<b>Total</b>		10,880.73	9,172.41

SIGNIFICANT ACCOUNTING POLICIES 1  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 25  
 SEE ACCOMPANYING NOTES 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

S SUNDARESAN  
 Partner

M M MURUGAPPAN  
 Chairman

SHRINIVAS G SHIRGURKAR  
 Director

Chennai  
 26th April 2012

K SRINIVASAN  
 Director

APEKSHA NAGORI  
 Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in lacs)

Particulars	Note No.	Year Ended	
		31.03.2012	31.03.2011
I. Revenue from operations (Gross)	19	11,891.78	9,839.31
Less: Excise duty		785.64	670.61
Revenue from operations (Net)		11,106.14	9,168.70
II. Other Income	20	194.97	157.12
		11,301.11	9,325.82
<b>III. Total Revenue (I +II)</b>			
IV. Expenses:			
Cost of materials consumed		3,110.95	2,459.60
Purchase of Stock-in-Trade		644.16	451.41
Changes in inventories of finished goods, work-in-progress and			
Stock-in-Trade	21	(168.70)	(75.28)
Employee benefits expense	22	1,601.64	1,114.11
Finance costs	23	14.19	6.96
Depreciation and amortization expense	12	399.05	357.10
Other expenses	24	2,850.69	2,461.10
<b>Total Expenses</b>		8,451.98	6,775.00
V Profit before tax (III - IV)		2,849.13	2,550.82
VI Tax expense:			
(1) Current tax		838.82	861.60
(2) Deferred tax		64.50	5.67
		903.32	867.27
VII Profit / (Loss) for the year (V -VI)		1,945.81	1,683.55
VIII Earnings per equity share (face value Rs.10/- each):			
Basic and Diluted	25(3)	97.29	84.18

SIGNIFICANT ACCOUNTING POLICIES 1  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 25  
 SEE ACCOMPANYING NOTES 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

S SUNDARESAN  
 Partner

M M MURUGAPPAN  
 Chairman

SHRINIVAS G SHIRGURKAR  
 Director

Chennai  
 26th April 2012

K SRINIVASAN  
 Director

APEKSHA NAGORI  
 Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lacs)

	31.03.2012	31.03.2011
<b>OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>2,849.13</b>	<b>2,550.82</b>
<b>ADJUSTMENT FOR :</b>		
Depreciation and Amortisation expense	399.05	357.10
Bad Debts written off (net)	6.24	0.47
Provision for trade receivables (net of reversal)	(52.11)	28.72
Finance costs	14.19	6.96
Interest on Bank and other Deposits	(7.99)	(2.64)
Dividend from Current investments	(82.27)	(58.71)
Loss on sale / discarding of Tangible Fixed assets	15.40	8.59
Surplus provision of previous year written back	(1.52)	(0.74)
Profit on sale of current investments	(1.20)	(2.01)
Unrealised exchange Loss / (Gain)	(3.36)	2.37
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,135.56</b>	<b>2,890.93</b>
<b>ADJUSTMENTS FOR CHANGES IN :</b>		
Inventories	(369.92)	(291.98)
Trade Receivables	(399.62)	(396.14)
Short Term Loans and advances	(117.88)	(14.29)
Long Term Loans and advances	(4.11)	(4.52)
Trade Payables	555.71	126.14
Other Long term Liabilities and Provisions	(9.76)	161.60
Other current Liabilities and Provisions	(114.60)	253.95
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,675.38</b>	<b>2,725.69</b>
Direct Tax Paid (net of refunds)	(1,029.31)	(756.43)
<b>NET CASH FLOW (A)</b>	<b>1,646.07</b>	<b>1,969.26</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Tangible Fixed Assets	(1,495.89)	(659.46)
Purchase of Intangible Fixed Assets	(63.77)	(14.80)
Proceeds from Sale of Fixed Assets	3.73	8.88
Purchase of current Investments.	(6,118.78)	(4,367.90)
Sale / Redemption of current Investments	6,832.27	3,815.22
Interest Received on deposits with banks and others	7.99	2.64
Dividend from Current Investments	82.27	58.71
<b>NET CASH FLOW (B)</b>	<b>(752.18)</b>	<b>(1,156.71)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lacs)

	31.03.2012	31.03.2011
<b>FINANCING ACTIVITIES</b>		
Borrowing / (Repayment) of Loan	(66.91)	66.91
Finance costs	(14.19)	(6.96)
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	497.41	496.61
Dividend Paid (including tax thereon)	(583.04)	(583.04)
<b>NET CASH FLOW (C)</b>	<b>(666.73)</b>	<b>(526.48)</b>
Translation Adjustment	(D) <b>99.95</b>	<b>12.96</b>
<b>NET CASH INFLOW/(OUTFLOW) (A+B+C+D)</b>	<b>327.11</b>	<b>299.03</b>
<b>OPENING CASH AND CASH EQUIVALENTS E</b>	<b>553.01</b>	<b>253.98</b>
<b>CLOSING CASH AND CASH EQUIVALENTS F</b>	<b>880.12</b>	<b>553.01</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (F-E)</b>	<b>327.11</b>	<b>299.03</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and Cash equivalents and other bank balances as per Balance Sheet (Refer Note No.17)	904.76	575.06
Less:- Bank Balances not considered as Cash and Cash equivalent as defined in AS3 Cash Flow statement		
(i) In deposit accounts (having original maturity of more than 12 months)	0.55	0.55
(ii) In earmarked accounts		
(a). Dividend account	24.09	21.20
(b). Margin money	-	0.30
Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	880.12	553.01
Previous year's figures have been reclassified / regrouped wherever necessary to facilitate comparison with those for the current year.		
In terms of our report attached <b>For DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants	For and on behalf of the Board	
S SUNDARESAN Partner	M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director
Chennai 26th April 2012	K SRINIVASAN Director	APEKSHA NAGORI Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF CONSOLIDATION:

###### a Preparation of Accounts

The consolidated financial statements are prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules 2006.

###### b Principles of Consolidation

The Consolidated financial statements comprise the financial statements of Wendt (India) Ltd (the Holding Company) and its Subsidiaries. Together, these companies constitute the "Group". The financial statements of all the Companies are in accordance with the Generally Accepted Accounting Principles in India. The effects of inter-Company transactions are eliminated on consolidation.

###### c Companies included in Consolidation

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Proportion	
			31.03.2012	31.03.2011
1	<b>Wendt Grinding Technologies Limited</b> (Incorporated on 19 th July 2005)	Thailand	100%	100%
2	<b>Wendt Middle East FZE</b> (Incorporated on 24 th September 2008)	Sharjah (UAE)	100%	100%

##### 2 ACCOUNTING CONVENTION:

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

##### 3 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Differences, if any, between the actual results and the estimates are recognised in the period in which the results are known / materialised.

##### 4 FIXED ASSETS:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

- b Capital work in progress is stated at the amount expended up to the balance sheet date.
- 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, 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.
- 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

##### 5 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.

##### 6 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 .

##### 7 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 excludes interest, selling and distribution expenses. Material 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 8 REVENUE RECOGNITION:

- Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses. Revenue from Sale of goods are recognised on despatch of goods. Sales are accounted net of sales tax / VAT, discounts and returns as applicable.
- Revenue from rendering of services is recognised on completion of services, as per the terms of contracts with customers.
- Export Benefits under Advance licence scheme are recognized on accrual basis on completion of export obligation.
- 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.

### 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 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.

#### LONG TERM EMPLOYEE BENEFITS:

##### Defined Contribution Plans

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

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

##### Defined Benefit Plan

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the profit and loss account 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 INCOME TAX:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 expected to apply to taxable income in the years in which the timing differences are expected to be received or settled. The effect on deferred tax assets and liabilities arising from change in tax rates is recognized in the income statement in the period of enactment of the change.

### 11 FOREIGN CURRENCY TRANSACTIONS:

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.

### 12 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.

### 13 PROVISIONS AND CONTINGENT LIABILITIES:

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 to accounts.

### 14 SEGMENT REPORTING

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

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

### 15 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 16 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.

### NOTE 2 - SHARE CAPITAL

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised:</b> 3,000,000 (Previous year 3,000,000 ) equity shares of Rs 10/- each.	300.00	300.00
<b>Issued:</b> 2,000,000 (Previous year 2,000,000 ) equity shares of Rs.10/- each.	200.00	200.00
<b>Subscribed and Paid up:</b> 2,000,000 (Previous year 2,000,000 ) equity shares of Rs.10/- each fully paid up.	200.00	200.00
<b>Total</b>	<b>200.00</b>	<b>200.00</b>

#### Note 2 (i)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No of shares	Rs. in lacs	No of shares	Rs. in lacs
<b>Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:</b>				
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, 2012	Percentage of holding	Number of shares as at 31st March, 2011	Percentage of holding
<b>Equity Shares : (with equal voting rights)</b>				
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 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 are in the proportion to the number of equity shares held by the shareholders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 3 - RESERVES AND SURPLUS

Particulars		As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserves:</b>			
Capital Subsidy		20.98	20.98
		20.98	20.98
<b>General Reserve:</b>			
As per last Balance Sheet	4,206.85		3,856.85
Add: Transfer from surplus in statement of Profit and Loss	350.00		350.00
		4,556.85	4,206.85
<b>Translation Adjustment Reserve:</b>			
As per last Balance Sheet	69.00		79.07
Add/(less): Effect of exchange fluctuations during the year	99.95		(10.07)
		168.95	69.00
<b>Surplus in statement of Profit and Loss :</b>			
As per last Balance Sheet	1,607.79		857.28
Add: Profit/(Loss) for the year	1,945.81		1,683.55
	3,553.60		2,540.83
Less: Appropriations			
Proposed Dividend @ 250% (Rs. 25/- Per equity share (previous year Rs.25/-))	500.00		500.00
Tax on Proposed Dividend	81.11		83.04
Transfer to General Reserve	350.00		350.00
		2,622.49	1,607.79
<b>Total</b>		<b>7,369.27</b>	<b>5,904.62</b>

### NOTE 4 - DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Tax effect of items constituting deferred tax liability</b>		
Fiscal allowance on fixed assets	358.65	309.31
Tax effect of items constituting deferred tax liability	358.65	309.31
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for Leave salaries	(33.77)	(34.57)
Provision for doubtful trade receivables	(8.72)	(29.02)
Others	(13.19)	(7.26)
Tax effect of items constituting deferred tax assets	(55.68)	(70.85)
<b>Net deferred tax liability / (asset)</b>	<b>302.97</b>	<b>238.46</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 5 - OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Towards miscellaneous taxes	42.21	28.25
<b>Total</b>	<b>42.21</b>	<b>28.25</b>

### NOTE 6 - LONG- TERM PROVISIONS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for Leave salaries	77.57	101.29
Tax provisions less payments (current tax)	13.15	13.15
Tax provisions less payments (fringe benefit tax)	0.54	0.54
<b>Total</b>	<b>91.26</b>	<b>114.98</b>

### NOTE 7 - SHORT TERM BORROWINGS

Particulars	As at 31st March, 2012	As at 31st March, 2011
Loans repayable on demand from bank - (Unsecured)	-	66.91
<b>Total</b>	<b>-</b>	<b>66.91</b>

### NOTE 8 - TRADE PAYABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables (refer note below)	1,858.69	1,296.80
<b>Total</b>	<b>1,858.69</b>	<b>1,296.80</b>

#### 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, 2012 is Rs.29.85 lacs (Previous year - Rs 36.84 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 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 TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 9 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2012	As at 31st March 2011
Unpaid dividends (refer note below)	24.09	21.20
<b>Other payables</b>		
Statutory dues	103.34	86.52
Retention and security deposits	16.60	9.75
Advance received from customers	131.29	275.18
Creditors for capital goods	26.63	65.17
Employees' contractual obligations	5.32	5.66
<b>Total</b>	<b>307.27</b>	<b>463.48</b>

#### NOTE

The unclaimed dividend of Rs.24.09 lacs represents those relating to the years 2005 to 2011 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, 2012	As at 31st March, 2011
Tax provision less payments (Current tax)	113.59	263.07
Provision for Leave salaries	14.36	12.80
Proposed Dividend	500.00	500.00
Tax on proposed dividend	81.11	83.04
<b>Total</b>	<b>709.06</b>	<b>858.91</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 11 - FIXED ASSETS (TANGIBLE)

Particulars	Gross Block			Depreciation			Net Block	
	As at 1st April, 2011	Additions during the year	Deductions during the year	Translation adjustment	As at 31st March, 2012	Upto 31st March, 2011	For the year	Upto 31st March, 2012
<b>TANGIBLE ASSETS (OWNED)</b>								
Land	82.03	-	-	9.83	91.86	-	-	-
Improvements to Leasehold Premises	3.58	-	-	-	3.58	1.57	0.90	2.47
Buildings	913.70	118.02	-	27.75	1,059.47	233.18	36.10	276.85
Plant and Equipment	3,836.96	888.84	46.67	12.50	4,691.63	1,514.14	293.55	1,784.46
Furniture and Fixtures	101.19	11.73	-	-	112.92	49.25	5.70	54.95
Vehicles	110.99	18.31	5.12	3.72	127.90	46.89	14.15	61.70
Office Equipment	306.10	42.90	4.61	4.90	349.29	152.57	29.34	179.86
<b>Total</b>	<b>5,354.55</b>	<b>1,079.80</b>	<b>56.40</b>	<b>58.70</b>	<b>6,436.65</b>	<b>1,997.60</b>	<b>379.74</b>	<b>2,360.29</b>
<b>Previous year</b>	<b>4,778.39</b>	<b>610.57</b>	<b>58.48</b>	<b>24.07</b>	<b>5,354.55</b>	<b>1,701.81</b>	<b>329.62</b>	<b>1,997.60</b>

### NOTE 12 - FIXED ASSETS (INTANGIBLE)

Particulars	Gross Block			Amortization			Net Block	
	As at 1st April, 2011	Additions during the year	Deductions during the year	Translation adjustment	As at 31st March, 2012	Upto 31st March, 2011	For the year	Upto 31st March, 2012
<b>INTANGIBLE ASSETS (OWNED)</b>								
Computer Software	92.78	5.86	-	-	98.64	72.95	5.06	78.01
Technical Know how	71.07	57.91	-	-	128.98	47.15	14.25	61.40
<b>Total</b>	<b>163.85</b>	<b>63.77</b>	<b>-</b>	<b>-</b>	<b>227.62</b>	<b>120.10</b>	<b>19.31</b>	<b>139.41</b>
<b>Previous year</b>	<b>149.05</b>	<b>14.80</b>	<b>-</b>	<b>-</b>	<b>163.85</b>	<b>92.62</b>	<b>27.48</b>	<b>120.10</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### Depreciation and amortisation expense

Particulars	Year ended	
	31st March, 2012	31st March, 2011
On Fixed Assets (Tangible Assets) (refer note 11)	19.31	27.48
On Fixed Assets (Intangible Assets) (refer note 12)	379.74	329.62
<b>Total</b>	<b>399.05</b>	<b>357.10</b>

### NOTE 13 - LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good)		
Capital Advances	48.05	29.41
Security deposits	18.39	14.28
Taxes paid less provisions (current tax)	216.44	175.43
Taxes paid less provisions (fringe benefit tax)	2.10	2.10
<b>Total</b>	<b>284.98</b>	<b>221.22</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2012		As at March 31, 2011	
			Units (Nos)	Amount	Units (Nos)	Amount
1	CURRENT INVESTMENTS					
2	Investments in Mutual Funds					
3	Quoted-Non Trade, at lower of cost and fair value)					
4	ICICI Pru -Flexible Income Plan Dividend -daily	100	-	-	252,321	266.84
5	ICICI Pru -Interval Fund -Qtrly Interval Plan I-Institutional Dividend	10	-	-	312,231	31.22
6	ICICI Prudential Fund II Quarterly Interval Plan -Institutional Dividend	10	-	-	859,595	85.96
7	ICICI Prudential Interval Fund II Quarterly Interval Plan	10	-	-	916,331	91.63
8	F -Institutional Dividend					
9	ICICI Prudential Interval Fund II Quarterly Interval Plan	10	899,973	90.00	-	-
10	C-Institutional Dividend					
11	ICICI Prudential Fund Interval Fund III Quarterly Interval Plan - Institutional Dividend	10	490,000	49.00	-	-
12	Birla Sun Life Floating Rate Fund- Retail-Long Term-Weekly Dividend	10	-	-	305,959	30.62
13	Birla Sun Life Ultra Short Term Fund- Institutional-Daily div-Reinvestment	10	-	-	2,054,259	205.54
14	BSL Interval Income Fund-INSTL-Qtrly-Series 1- Dividend-Payout	10	-	-	1,268,159	126.82
15	Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan	10	-	-	2,678,422	267.93
16	Reliance Interval Fund-Quarterly Plan-Series I-Retail Dividend Plan	10	-	-	499,466	50.00
17	Reliance Monthly Interval Fund-Series II-Retail Growth Plan	10	-	-	461,716	60.00
18	Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	996,423	100.00	-	-
19	IDFC Ultra Short Term Fund Monthly Dividend	10	-	-	1,694,209	171.96
20	IDFC Fixed Maturity 100 Days Series-1 Dividend	10	-	-	306,006	30.60
21	IDFC Money Manager Fund-Treasury Plan A-Daily Dividend	10	-	-	505,101	50.86
22	IDFC Fixed Maturity Quarterly Series 69 Dividend	10	836,147	83.61	-	-
23	IDFC Fixed Maturity Quarterly Series 72 Dividend	10	300,000	30.00	-	-
24	IDFC Savings Advantage Fund-Plan A-Daily Dividend Plan	1,000	-	-	3,073	30.74
25	(Unquoted-Non Trade, at lower of cost and fair value)					
26	ICICI Pru Blended Plan B Institutional-Daily Dividend-Option II	10	-	-	2,321,523	232.33
27	ICICI Prudential Banking and PSU Debt Fund Premium Daily Dividend	10	489,967	49.04	-	-
28	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	100	286,955	287.01	-	-
29	Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	1,000	-	-	2,211	22.14
30	Reliance Liquid Fund- Treasury Plan-Institutional Option-Daily Dividend Option	10	1,976,702	302.19	-	-
31	L&T FMP -III (MAR 90 D B)- Dividend	10	-	-	700,000	71.57
32	TATA Liquidity Management Fund-Daily Dividend	1,000	2,506	25.13	-	-
33	UOB Asset Management					
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 18 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good ) Others		
Prepaid expenses	74.24	54.82
Advance paid to vendors	52.83	17.83
Employees' loans and advance	26.26	15.91
Security and Earnest Money Deposits	13.32	13.42
Other loans and advances	14.73	14.17
Balances with Central Excise, Customs, Port trust, etc.	135.10	82.43
<b>Total</b>	<b>316.48</b>	<b>198.58</b>

### NOTE 19 - REVENUE FROM OPERATIONS

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
a.) Gross Sale of products	11,535.98	9,380.67
Less:		
Excise duty	785.64	670.61
Net Sale of products	10,750.34	8,710.06
b ) Sale of services	305.27	418.99
c ) Other operating income (see note below)	50.53	39.65
<b>Total</b>	<b>11,106.14</b>	<b>9,168.70</b>

Note:

<b>Other Operating income comprises</b>		
Sale of Scrap	28.01	22.24
Service charges	15.39	10.79
Technical services	7.13	6.62
<b>Total - Other Operating income</b>	<b>50.53</b>	<b>39.65</b>

### NOTE 20 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Interest on bank and other deposits (Gross)	7.99	2.64
Dividend income from current investments - mutual funds	82.27	58.71
Profit on sale of current investments	1.20	2.01
Net gain on foreign currency transactions and translations	47.97	45.48
Sundry provisions and credit balances no longer required, written back		
For doubtful trade receivables	21.05	8.06
For other expenses	1.52	0.74
Bad debts recovered	-	0.46
Commission	27.93	34.22
Miscellaneous income	5.04	4.80
<b>Total</b>	<b>194.97</b>	<b>157.12</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 21- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE \*

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
<b>Opening stock</b>		
Work - in - progress	395.20	315.97
Finished goods	63.01	66.85
Stock-in- trade	86.53	86.64
	<u>544.74</u>	<u>469.46</u>
<b>Closing stock</b>		
Work - in - progress	447.25	395.20
Finished goods	110.41	63.01
Stock-in- trade	155.78	86.53
	<u>713.44</u>	<u>544.74</u>
<b>Net (increase) / decrease</b>	<b>(168.70)</b>	<b>(75.28)</b>

\* Includes Excise Duty Differential (refer note below) (6.26) 0.36

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 22 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Salaries,wages and bonus	1,321.92	918.63
Contribution to provident and other funds	102.62	67.61
Staff welfare expenses	177.10	127.87
<b>Total</b>	<b>1,601.64</b>	<b>1,114.11</b>

### NOTE 23 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Interest on deferred payment of Income Tax and Service Tax	10.50	6.13
Interest on short term borrowings	3.13	0.83
Others	0.56	-
<b>Total</b>	<b>14.19</b>	<b>6.96</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 24 - OTHER EXPENSES

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
Consumption of Stores and Spares	460.43	372.78
Contract labour	53.22	130.24
Power and Fuel	219.77	171.69
Rent	19.07	15.72
Rates and Taxes	73.79	51.88
Insurance	19.21	18.39
Repairs to:		
Building	50.66	52.35
Machinery	114.28	99.98
Other Assets	36.62	24.63
Royalty	195.46	164.71
Processing Charges	516.92	483.52
Directors' Sitting Fees	2.30	2.60
Auditors' Remuneration (net of service tax credit availed)		
Audit Fees	9.79	8.72
Tax Audit Fees	1.00	1.00
For Other Services	3.62	1.00
For Reimbursement of Expenses	0.79	1.43
Bank Charges	31.38	26.23
Service Fee	146.60	119.50
Travel and Conveyance	251.31	185.81
Freight outward and packing Charges(Net)	109.86	89.92
Selling Commission	31.99	31.77
Communication Expenses	32.50	29.84
Bad debts written off	61.26	1.78
Less: Transferred from Provision	55.02	1.31
Provision for doubtful trade receivables	23.96	38.09
Professional charges	48.48	28.03
Publicity	18.12	22.26
Sales expenses	135.15	89.09
Office and General Expenses	22.71	27.73
R & D Expenses	69.67	61.92
Contribution to Research Institution	2.00	2.00
Miscellaneous Expenses	143.79	107.80
<b>Total</b>	<b>2,850.69</b>	<b>2,461.10</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 25 - ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

	31.03.2012	31.03.2012
1 Contingent Liability and commitments not provided for:		
a) Disputed income tax demands under appeal	59.32	59.32
The company has received favourable orders from the Commissioner of Income Tax (Appeals) (CIT-A) in respect of two assessment years, however the department is in appeal with the Income Tax Appellate Tribunal. In respect of one assessment year, the Company has received a favourable order from CIT-A but the order giving effect to the CIT -A order is yet to be received by the Company.		
The said amounts has been arrived at based on the assessment order received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.		
b) Guarantees given by Company's Bankers	-	75.00
c) Bills Discounted	46.99	90.65
d) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 2,941(000's) -previous year Rs. 1,377(000's))	252.80	22.94
e) Other commitments (in respect of goods and services) (net of advances of Rs.47.86 lacs (previous year Rs.16.34 lacs)	281.30	78.31
2 The Company is having 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.		
3 Earnings per share (EPS) is calculated as under		
a) Numerator -	1,945.81	1,683.55
Net profit for the year		
b) Denominator - weighted average number of equity shares	2,000.000	2,000.000
Basic and diluted		
c) Nominal value of shares (in rupees)	10	10
Earnings per share (in rupees)		
Basic and diluted	97.29	84.18
4 Operating leases		
The Group is obligated under cancellable operating leases towards residential accommodation, office premises and ware house which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and loss under cancellable operating leases amounts to Rs.19.07 lacs (Previous year: Rs 15.72 lacs).		
There are no sub-lease payments received/receivable recognized in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

5 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) 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	
	2011-12	2010-11
<b>Purchase of Capital Goods</b>		
Wendt GmbH, Germany	212.23	103.60
<b>Other Purchases</b>		
Wendt GmbH, Germany	620.55	526.68
Carborundum Universal Limited	430.28	85.30
<b>Sale of Goods</b>		
Wendt GmbH, Germany	574.26	521.86
Carborundum Universal Limited	331.66	192.35
<b>Payment of Service Fee &amp; Commission</b>		
Carborundum Universal Limited	147.89	120.27
<b>Payment of Royalty &amp; Technical Fee</b>		
Wendt GmbH, Germany	195.46	159.34
<b>Payment of Dividend</b>		
Carborundum Universal Limited (CUMI)	199.34	199.34
Wendt GmbH, Germany	199.34	199.34
<b>Service Charges, Commission &amp; Interest receipts</b>		
Wendt GmbH, Germany	27.93	34.22
<b>Reimbursement of Expenses Paid</b>		
Wendt GmbH, Germany	-	-
Carborundum Universal Limited	5.23	6.34
<b>Reimbursement of Expenses Received</b>		
Wendt GmbH, Germany	0.35	1.80
Carborundum Universal Limited	0.51	2.37
<b>Amount due From</b>		
Wendt GmbH, Germany	41.28	79.26
Carborundum Universal Limited	67.23	19.86
<b>Amount due to</b>		
Wendt GmbH, Germany	282.83	281.81
Carborundum Universal Limited	249.54	182.45

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 6. EMPLOYEE BENEFITS

#### I Defined Contribution Plans

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

Particulars	31.3.2012	31.3.2011
Employers' Contribution to Provident Fund *	28.54	20.30
Employers' Contribution to Superannuation Fund *	28.59	24.19
Employers' Contribution to Employee's State Insurance	10.53	4.19
Employers' Contribution to Employee's Pension Scheme 1995 *	20.95	12.22

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

#### II Defined Benefit Plan

##### a) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31.03.2012	31.03.2011
Discount Rate	8% p.a.	8% p.a.
Salary Escalation Rate	6.5% p.a.	8% 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	31.03.2012	31.03.2011
Present Value of Obligation as at beginning of the year	141.55	129.42
Current Service Cost	11.06	9.95
Interest cost	11.32	10.35
Benefits Paid	(2.52)	(7.24)
Net Actuarial Losses / (Gains) Recognized in the Year	4.01	(0.93)
Past Service Cost	-	-
Losses / (Gains) on "Curtailements & Settlements"	-	-
<b>Closing Present Value of Obligations</b>	<b>165.42</b>	<b>141.55</b>

##### B) Change in the Fair Value of Assets

Particulars	31.03.2012	31.03.2011
<b>Opening Fair Value of Plan Assets</b>	<b>149.18</b>	<b>139.85</b>
Expected Return on Plan Assets	14.60	12.64
Actuarial Gains / (Losses)	-	-
Assets Distributed on Settlements	-	-
Contributions by Employer	10.45	3.93
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(2.52)	(7.24)
<b>Closing Fair Value of Plan Assets</b>	<b>171.71</b>	<b>149.18</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

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

Particulars	31.03.2012	31.03.2011
Closing Present Value of Funded Obligations	165.42	141.55
Closing Fair Value of Plan Assets	171.71	149.18
Closing Funded Status	6.29	7.63
Unrecognized Actuarial (gains) / losses	Nil	-
Net Asset / (Liability) recognized in Balance Sheet	6.29	7.63

### D) Amount recognized in the Balance Sheet

Particulars	31.03.2012	31.03.2011
Closing Present value of obligations	165.42	141.55
Closing Fair Value of plan assets	171.71	149.18
Net Asset / (Liability) recognized in Balance Sheet	6.29	7.63

### E) Expense recognized in the statement of profit and loss

Particulars	31.03.2012	31.03.2011
Current Service Cost	11.06	9.95
Past Service Cost	-	-
Interest Cost	11.32	10.35
Expected Return on Plan Assets	(14.60)	(12.64)
Actuarial Losses / (Gain)	4.01	(0.93)
Losses / (Gains) on "Curtailements and Settlements"	-	-
Total Expense	11.79	6.73
Less: Reimbursement received from a Subsidiary	(0.22)	(0.28)
Net expenses recognized in the statement of Profit and Loss.	11.57	6.45

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

Particulars	31.03.2012	31.03.2011
Others (insurer managed funds *)	100%	100%

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

### b) Long Term Benefit Plan (Leave Salary)

#### Assumptions at the Valuation Date:

Particulars	31.03.2012	31.03.2011
Discount Rate	8.50% p.a.	8.05% p.a.
Salary Escalation Rate	8.00% p.a.	8.00% p.a.

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

Description	31.03.2012	31.03.2011
Charge / (credit) in the statement of profit and loss	(22.17)	12.50
Liability as at the year end	91.92	114.09

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

7 Foreign Currency Exposure as at March 31, 2012, that have not been hedged by a derivative instrument or other wise

Particulars	31.03.2012				31.03.2011				Currency
	Amount AED	Amount Thai Baht	Amount INR	Amount Foreign Currency	Amount AED	Amount Thai Baht	Amount INR	Amount Foreign Currency	
<b>Due to</b>									
- Creditors against Import of goods and Services			374.43	7.26			249.81	5.52	USD
		91.80	152.97	-		131.06	194.00	-	USD
	5.49		76.29	-	3.97		48.13	-	USD
			326.34	4.72			319.84	4.99	EUR
	--	--	11.80	0.14	--	--	11.75	0.16	GBP
			0.15		--	--	-	-	CHF
<b>Due from</b>									
- Debtors (includes Loan)			82.52	1.63			116.00	2.62	USD
			107.83	1.60			128.06	2.05	EUR
			43.78	0.54			40.70	0.57	GBP

## 8 SEGMENT DISCLOSURE

### A) PRIMARY SEGMENT INFORMATION

#### Notes on Segment Information

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

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

The other segments includes conventional abrasives and other trading products

The above segments have been identified taking into account the organization structure as well as the differing risks and returns of these segments.

2) Segment assets, Segment liabilities and Fixed Assets used in 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 related to total carrying amount of segment assets, liabilities and fixed assets have not been given.

	2011-12	2010-11
<b>1. Segment Revenue</b>		
a) Super Abrasives	7,464.62	6,044.62
b) Machines, Accessories and Components	2,733.76	2,266.83
c) Others	857.23	817.60
Total	11,055.61	9,129.05
Less:- Inter Segment Revenue	-	-
<b>Net sales/Income From Operations</b>	<b>11,055.61</b>	<b>9,129.05</b>
<b>2. Segment Results Profit (+)/ Loss (-) before tax and interest.</b>		
a) Super Abrasives	1,942.66	1,629.75
b) Machines, Accessories and Components	852.23	733.04
c) Others	208.44	287.25
Total	3,003.33	2,650.04
Less: (i) Interest	14.19	6.96
(ii) Other Un-allocable Expenditure net off Un-allocable income of Rs.245.50 lacs (31.3.2011 Rs.196.77 lacs)	140.01	92.26
(iii) Income tax	903.32	867.27
<b>Profit After Tax</b>	<b>1,945.81</b>	<b>1,683.55</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### B) SECONDARY SEGMENT INFORMATION

#### Revenue by Geographical market

Particulars	31.3.2012	31.3.2011
India	8,054.20	6,727.15
Europe	1,072.76	890.07
Others	1,928.65	1,511.83
Total Revenues	11,055.61	9,129.05

9 Disclosure of Information Relating to Subsidiary Companies (Vide General Circular No 2/2011 dated 08.02.2011 issued by Ministry of Corporate Affairs).

	Wendt Grinding Technologies Ltd		Wendt Middle East FZE	
	31-3-2012	31-3-2011	31-3-2012	31-3-2011
Capital	429.10	381.15	166.90	145.64
Reserves and Surplus	445.93	401.77	(202.59)	(175.51)
Total Liabilities **	1,252.13	1,028.59	95.70	106.50
Total Assets***	1,252.13	1,028.59	95.70	106.50
Details of Investments	190.26	91.77	-	-
Turnover	1,028.36	1,016.82	283.39	113.46
Profit before Taxation	258.43	365.33	(27.25)	(89.64)
Provision for Taxation	80.02	106.60	-	-
Profit After Tax	178.41	258.73	(27.25)	(89.64)
Proposed Dividend	-	75.78	-	-

\*\* Total Liabilities include : Non Current Liabilities and Current Liabilities.

\*\*\* Total Assets include: Non Current Assets and Current Assets.

The exchange rates used as on the closing day of the financial year are as below:

	31-3-2012 (Rs.)	31-3-2011 (Rs.)
THB	1.651	1.467
AED	13.911	12.140

The above information is given pursuant to the requirement of granting exemption under sub section (8) of Section 212 of the Companies Act, 1956.

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

11 The format of the consolidated financial statements has been revised to the extent relevant in line with the stand-alone financials statements of the holding company which have been prepared and presented as per revised Schedule VI, which has significantly impacted the disclosure and presentation made in the financial statements. Previous years figures have been regrouped/reclassified wherever necessary to make them comparable with the current years classification/disclosure.

Signatures to Notes 1 to 25

For and on behalf of the Board

Chennai  
26th April 2012

M M MURUGAPPAN  
Chairman

SHRINIVAS G SHIRGURKAR  
Director

K SRINIVASAN  
Director

APEKSHA NAGORI  
Company Secretary

## Prestigious Awards & Recognitions!



ICAI Award for Excellence in Financial Reporting 2011



Commendation Certificate for Strong Commitment to Excel by CII - EXIM Bank Award for Business Excellence





30 Year Journey of Product Innovation...

... and the Innovation Continues



1983-87



1988-92



1993-97



1998-2002



2003-07



2008-12







Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Wendt (India) Limited will be held on Friday, 13th July, 2012 at 04.00 PM at Bharatiya Vidya Bhawan, 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 2012 and the Balance Sheet as at that date together with the report of Directors and Auditors thereon.
2. To declare dividend
3. To elect a Director in place of Mr K S Shetty who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to fix their remuneration.

### NOTES

1. As per Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume, functional expertise of the Directors proposed for re-appointment/ appointment are furnished below along with details of Companies in which they are Directors and the Committees of which they are Members.

Name	K S Shetty
Date of Birth	18 <sup>th</sup> March 1948
Date of Appointment	16 <sup>th</sup> 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 companies (public and private) other than Wendt	Tespa Tools Private Limited Tespa India Private Limited
Board Committees (Member/ Chairman) other than Wendt	Nil

2. 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.
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 9th July 2012 to 13th July 2012 (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 13th July 2012 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 205A 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 2012-13 is as follows:

Financial Year	Date of declaration of Dividend	Last date of Claiming Dividend	Proposed date for transfer to IEPF
2004-05	25th July 2005	20th July 2012	30th August 2012

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.

By order of the Board  
For Wendt (India) Limited

Chennai  
13th June 2012

M M Murugappan  
Chairman

Note: Company Law Board (CLB), Chennai Bench in its interim order dated 18th 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 12th June 2012 the notice is being issued to the shareholders.





## 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 Thirtieth ANNUAL GENERAL MEETING held at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 at 4.00 PM on Friday the 13th July 2012.

SIGNATURE OF THE SHARE HOLDER / PROXY \*

\* Strike out which ever is not applicable



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 THIRTIETH ANNUAL GENERAL MEETING of the company to be held at 4.00 PM on Friday the 13th July 2012 and at any adjournment thereof.

Dated this ..... day of ..... of 2012

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.



## ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

FORMS RECEIVED BY THE REGISTRAR/ DP ON OR BEFORE 9TH JULY 2012 SHALL BE CONSIDERED FOR ECS CREDIT WHILE EFFECTING DIVIDEND PAYMENT FOR THE YEAR 2011-12. IN CASE OF FORMS RECEIVED AFTER 9TH JULY 2012 DIVIDEND SHALL BE PAID THROUGH PHYSICAL WARRANTS FOR THE YEAR 2011-12.

(In case of Physical Holding)

To  
Karvy Computershare Private Ltd  
(Unit : Wendt (India) Limited )  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad 500 081

(In case of Electronic Holding )

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