

# Global Aspirations Through Local Inspirations





# Global Aspirations...

Wendt (India) Limited has ever since its inception been a customer centric Company by choice. It has been maintaining its leadership position in the Domestic market, thanks to its focus on continuous innovation, adapting to changing trends and more importantly fulfilling the customers' requirements.

Over the years, Wendt not only has enhanced its Super Abrasive range, but also added a range of grinding machines and honing machines catering to niche applications in association with global leaders besides offering precision components to global markets.

While necessity is the mother of invention; Wendt believes that diversity and inclusion inspire innovation and creativity.

By harnessing the power of diversity and inclusion, Wendt redefined the way it works and delivered enhanced value to its customers reflecting the changing needs of the industry.

Constantly adjusting and re-adjusting processes, methods and systems across the value chain in shortest possible time, thus catalyzing responses in terms of products, services and behaviors which is vital to achieving manufacturing excellence and global aspiration.

With this dynamic approach, it was a natural step for Wendt to cross the borders of the domestic market and enter the global arena.

Today it has footprints in over 35 countries, delivering quality and performance that easily match global applications

A simple phrase that explains this evolution at Wendt is.... global aspirations through local inspirations.





BOARD OF DIRECTORS	Chairman	M M MURUGAPPAN
	Director	EDMAR ALLITSCH
	Director	K SRINIVASAN
	Independent Director	SHRINIVAS G SHIRGURKAR
	Independent Director	K S SHETTY
	Alternate Director to (Edmar Allitsch)	PETER VERHOLEN
SENIOR MANAGEMENT	Chief Executive	RAJESH KHANNA
	Unit Head	M S VENKATESH
	AVP - Lean, HR and Management Systems	J H SASTRY
	Business Head - Superabrasives	D K HOTTA
	Business Head - Non-Superabrasives	S SUNDARIYA
	Chief Financial Officer	MUKESH KUMAR HAMIRWASIA
	Head - Technology and R & D	Dr. ANWAY MAITI
COMPANY SECRETARY		AKANKSHA BIJAWAT
BANKERS		STATE BANK OF INDIA
AUDITORS		DELOITTE HASKINS & SELLS Bangalore
REGISTERED OFFICE		No.105, 1st Floor, Cauvery Block, National Games Housing Complex, Koramangala Bangalore - 560047 Ph: 080 - 25701423 Fax: 080 - 25701425 <a href="mailto:akankshab@wendtindia.com">akankshab@wendtindia.com</a> <a href="mailto:investorservices@wendtindia.com">investorservices@wendtindia.com</a>
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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...Total Grinding and Honing Solutions



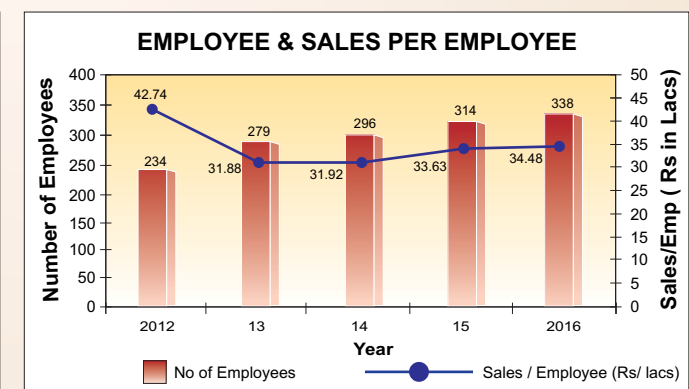
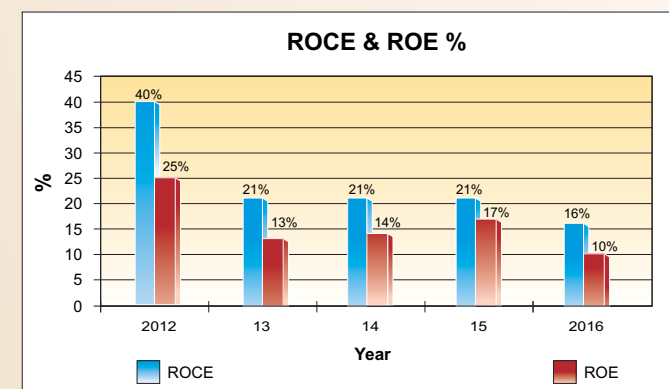
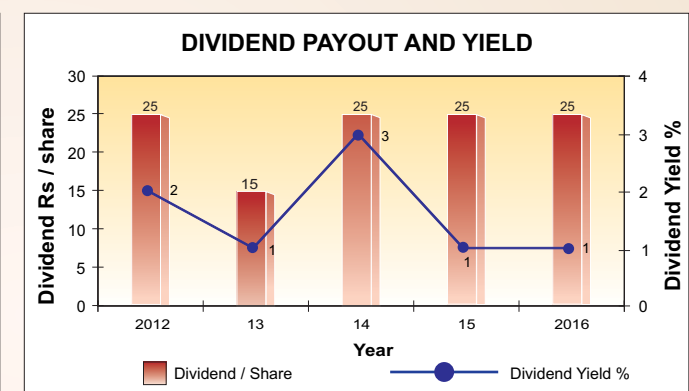
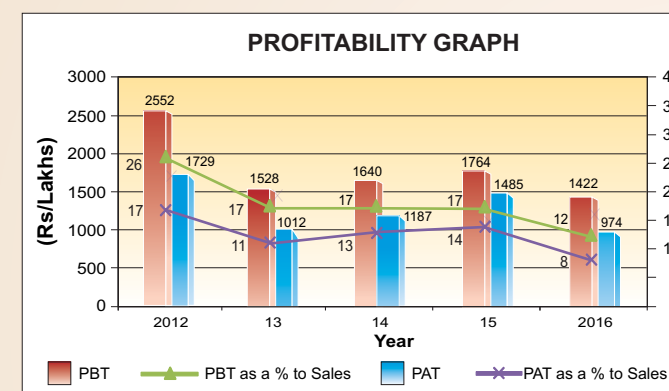
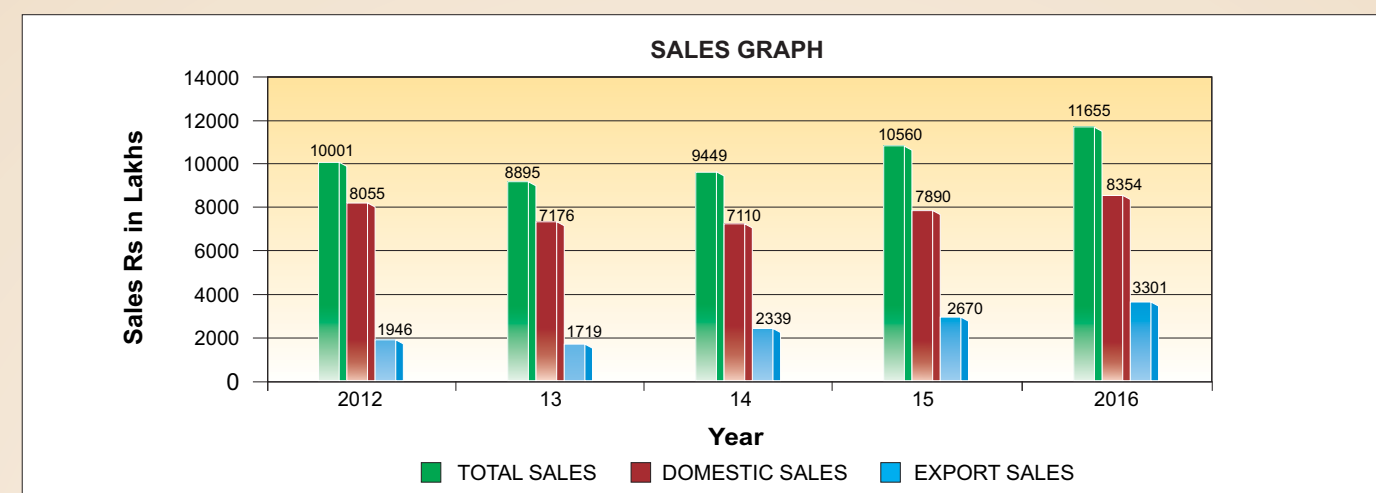
## FINANCIAL TRACK RECORD

Rs.in Lacs

Year ending 31st March	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUE</b>										
Total sales	5074	5405	5136	5609	8173	10001	8895	9449	10560	11655
Domestic sales	3764	3873	3389	4368	6727	8055	7176	7110	7890	8354
Export sales	1310	1532	1747	1241	1446	1946	1719	2339	2670	3301
Other Income	155	185	309	222	299	278	225	611	800	619
<b>PROFITABILITY</b>										
Profit before depreciation	1495	1459	1517	1714	2654	2888	1930	2098	2556	2257
Profit before tax	1310	1255	1297	1455	2356	2552	1528	1640	1764	1422
Profit after tax	871	842	884	983	1595	1729	1012	1187	1485	974
Dividend %	175	200	200	250	250	250	150	250	250	250
EPS (Rs.)	43.56	42.08	44.21	49.12	79.76	86.45	50.59	59.34	74.24	48.70
<b>ASSETS EMPLOYED</b>										
Fixed assets	1911	2085	2610	2950	3264	4363	5027	5510	5608	6051
Investments	1204	1454	1200	1672	2257	1370	1496	1703	1866	1327
Net current assets	807	697	858	413	531	1532*	1485*	1505*	2047*	2525*
Total assets	3922	4236	4668	5035	6052	7265	8008	8718	9521	9903
<b>CAPITAL STRUCTURE</b>										
Paid up share capital	200	200	200	200	200	200	200	200	200	200
Reserves	3438	3787	4203	4602	5614	6762	7425	8031	8790	9162
Loan funds	49	28	36	-	-	-	-	-	-	-
Deferred tax liability	235	221	229	233	238	303	383	487	531	541
Total funds	3922	4236	4668	5035	6052	7265	8008	8718	9521	9903

\* 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

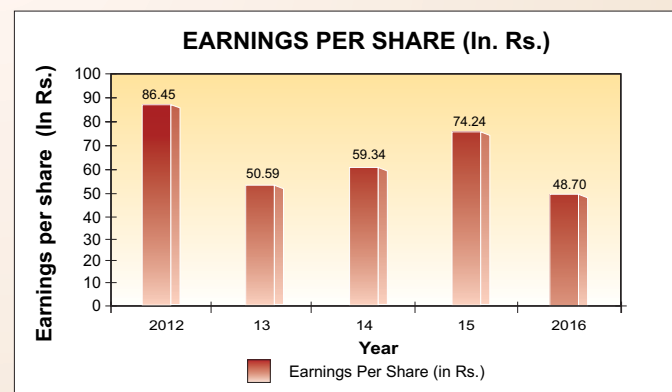
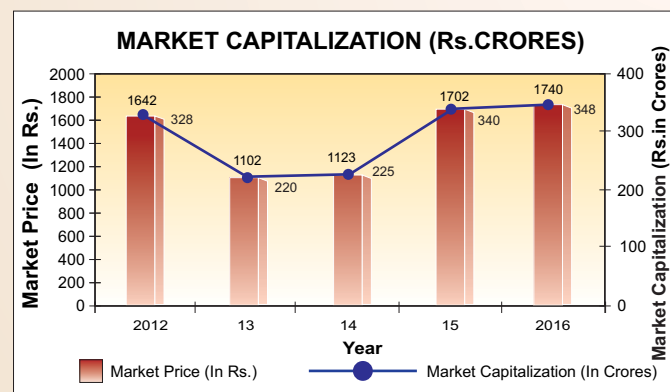
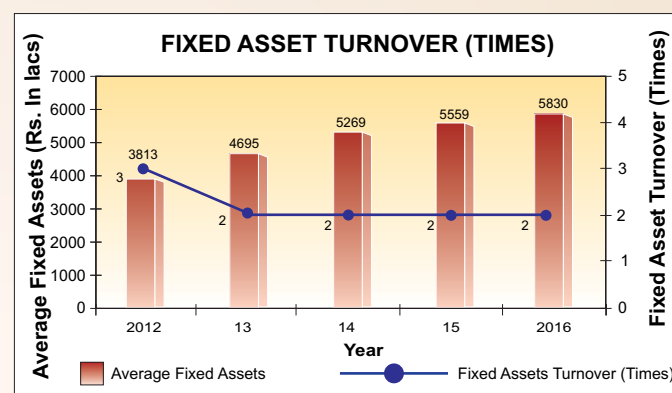
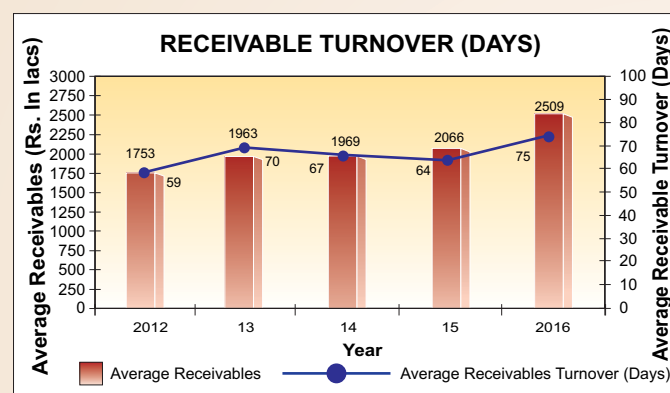
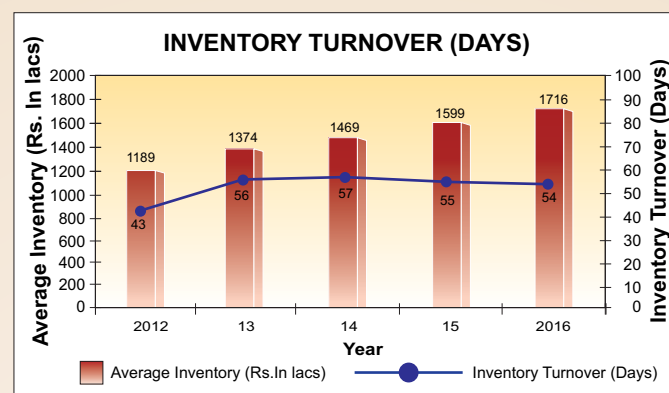
Engineering Flair with Environmental Care...



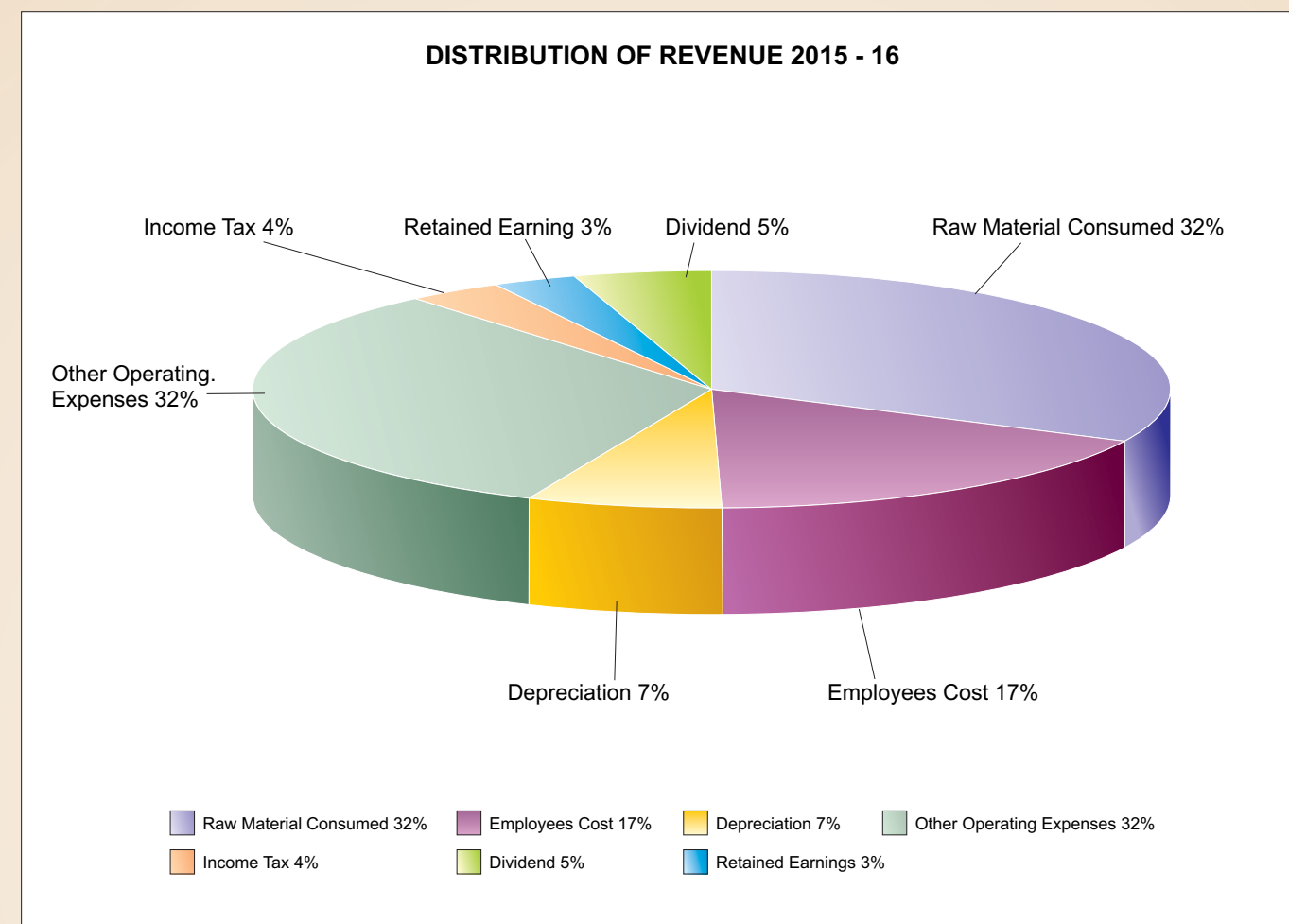
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...Total Grinding and Honing Solutions





## REPORT OF THE DIRECTORS

(Including Management Discussion and Analysis)

The Board of Directors has pleasure in presenting the 34th Annual Report along with the Audited Financial Statements for the year ended 31st March 2016. The Management Discussion & Analysis Report forms part the Directors Report so as to avoid duplication and repetition.



## ECONOMIC OVERVIEW

During the year 2015-16, the Indian economy has experienced an improved growth rate with perceptible revival in domestic demand after going through continued slowdown for last three to four years. Certainly, both Global and Indian economy now seem to be in a much better shape than earlier. Backed by the positive revival and industry sentiment, the growth projection for Indian manufacturing remains positive in coming years mainly because of various growth programmes and initiatives planned by the Government, some of them are already embarked and under implementation.

The Indian economy achieved a moderate growth of around 7.5% during the year, facilitated by expansion in manufacturing activities and experiencing similar growth in previous few quarters. Liberalization of foreign investment rules for defence production, and medical devices as also non-manufacturing sectors such as real estate and insurance have contributed to strengthening the investor sentiments. The automobile sector, overall, ended the year on a good note on account of major new launches despite poor rural demand and higher costs with leading manufacturers reporting sales growth during the year. Other industry segments such as Cutting Tools, Steel, Engineering, Ceramics, Glass, Refractories have also achieved moderate growth over the previous year. On the contrary, India's export continued to be lower than expected to the major markets such as US and European Union during the year on account of volatility and oil crisis in the OPEC region which is going on for quite some time.



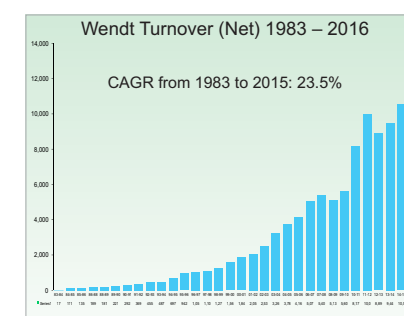
Steel, Engineering, Ceramics, Glass, Refractories have also achieved moderate growth over the previous year. On the contrary, India's export continued to be lower than expected to the major markets such as US and European Union during the year on account of volatility and oil crisis in the OPEC region which is going on for quite some time.

## COMPANY PERFORMANCE OVERVIEW

(Rs in Lacs)

	31st March 2016	31st March 2015
Sales	11,655	10,560
Other Income	619	800
Profit Before Tax	1,422	1,764
Profit After Tax	974	1,485
Earnings per Share - Rs	48.70	74.24

## RESULTS OF OPERATIONS



Your company continued to put its best efforts in both domestic and export market and achieved a Top line of Rs.11655 Lacs during the year under review with a growth of 10% as compared to the previous year. With rather sluggish rise in demand in the domestic market, some of the industry segments such as Engineering, Automobile, Ceramics, Cutting Tools, Steel, Refractory and Glass have positively contributed resulting in a muted growth of 7% over the previous year. On the export front, the overall growth has been 24% over the previous year though some of the advanced countries continued to witness slow growth. Your company's continuing efforts in addressing the challenges in some of the overseas markets such as UAE and South East Asian countries have more than compensated for the uncertainties resulting in the above growth compared to

the previous year.

Your company continues its pursuit to perform its business with a clear focus on **Super abrasives**, **Non-Super abrasives** and **International Business** and achieve growth by taking cognizance of medium and long term perspectives. It also strongly believes that the "Make in India" campaign by the Indian Government, which is designed to facilitate investments, foster innovation, enhance skill development is slowly gaining pace and would provide the much needed impetus for growth. Accordingly, your company continues to make necessary investments in the identified growth areas and resources in order to reach long term business goals. During the year, your company entered into the smart space business – with the shift of Space one business from CUMI to its operations. During the short span of time, the company has started seeing improvements in terms of order inflow, sales and increased market awareness among some of well-known Ecommerce platforms and channel partners. During the year, your company participated in the international exhibition GrindTec 2016 showcasing its products to the international audience in Germany for the first time and has received encouraging responses and enquires.



The **Super abrasive Business** comprising of Diamond/CBN grinding Wheels in various bonding systems, Hones, Dressing Rolls, Segmented products & Stationary Dressers, achieved 8% growth over the previous year against many challenges and stiff competition from both global and domestic fronts. This has been achieved mainly on account of continued efforts and initiatives on product developments & new applications which also includes import substitutions in most cases. During the year under review,

the Company successfully launched some of new products which include Vitrified Products for Auto Component, Dressing Rolls for Bearing and certain other automotive applications, Electroplated products for Engineering and Gear and Braze Diamond Products for Paint industry. In addition, your company successfully concluded the acquisition of **Star Diamond**, Mumbai towards the end of the year - a well-known and established name in Stationary Diamond Dressers space. This is expected to further strengthen your company's position in Diamond Dressers segment in the market. This will also provide an additional brand to your company.

Your company has been strengthening its Research and Development Centre by way of adding capabilities and augmenting the efforts in Bond / Matrix formulations since its establishment & has been working on developments towards building self-reliance on the technological front.







During the year, your company has added new capabilities and competencies in developing some of the new applications / products for various industries. Added to this, your company has entered into the technology transfer agreement with the prestigious BARC (Bhabha Atomic Research Centre) for CMMRF, (Chemo Mechanical Magneto Rheological Finishing). Going forward, this would open up doors for the company for developing Nano Polishing Machines / Technology for Polishing of components in future.

The **Machine Tools & Precision Components** business achieved a growth of 19% over the previous year with Machine sales clocking an impressive growth of 47% growth on the back of good orders from both domestic and export customers. During the year, your company has continued to develop & launch many new models / variants of machines including CNC Rotary Surface Grinding Machines and Honing Machines. The 7 New Machine Models launched in the beginning of the year by your company, have been received well by the customers. This is explicitly evident from the orders, your company received including those from the overseas customers.

The **Precision Components** business, now contributes to more than 10% of the business of your company. It continued to work on enhancing the product basket while increasing its production volume of two new components that were added last year.



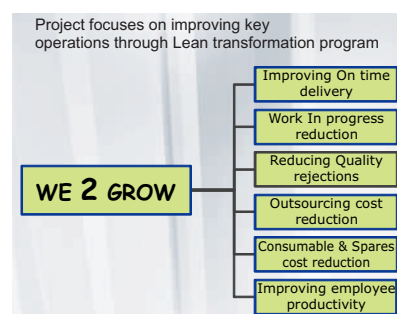
The Precision component sales remained flat reflecting the auto-component market.

During the year, your company has received the prestigious Distance Piece Project contract during the year from Bosch for 3 years which is expected to strengthen the precision component business in the future.

In addition to this, in order that the precision component business is further strengthened, your company is in advanced stage of development and testing of some of the new components with few of potential customers both in India and Overseas.

## FOCUS ON CUSTOMER CENTRICITY

Improved operational efficiency and optimum use of resources in the area of manufacturing continues to be one of the focus areas of your company. Towards this, your company started implementation of **Lean manufacturing** two years back and has found this initiative highly beneficial as this addresses some of the important areas such as process bottlenecks and streamlining encompassing planning, scheduling, production, quality and materials. As a result, your company has started seeing benefits in terms of optimal utilization of resources, machines and equipment through effective planning, besides addressing bottlenecks for driving efficiency, improvement in delivery and waste elimination. As we all know, lean management is a journey which promises to deliver long terms benefits by elimination of non-value added activities, effective utilization of resources and higher level of customer satisfaction. During the year, your company has initiated second phase of implementation by extending it to all the support functions which act as enablers for the final results in the organization.



Some of the major benefits:

- Reduction in lead time for product delivery
- Reduction in rejection levels
- Better Work in Progress
- Effective Raw Material Planning
- Improved employee productivity
- Optimum inventory management

## FUTURE PROSPECTS

In order to achieve improved performance year on year, your company would continue to work on effective alignment of strategies and business objectives based on the market needs and challenges. Your company recognizes that focus on product and process innovation, adoption and



deployment of new technologies and processes are critical in order to achieve its long term objectives. Accordingly, your company works on continually improving product performance by use of technology & superior manufacturing. While the existing products would continue to be offered to the customers, new products, new application developments and Innovation would be the focus for your company. Market penetration to increase the share with existing customers. Developing competitive edge by improving service levels and offering value added services.

Your company continues to accord high level of importance to **Innovation** in areas such as Bond development, new product development and automation.

Special efforts would be given to turn the new opportunities into business through new products and applications.

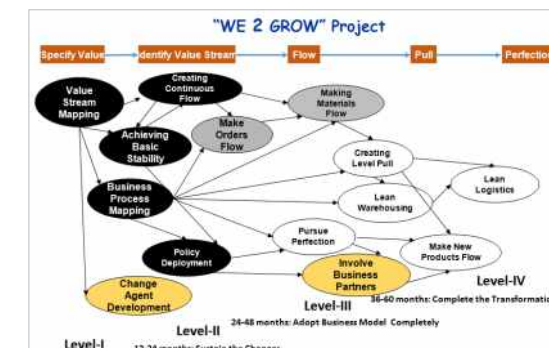
Towards future growth, your company continues to track the **megatrends** and accordingly your company has been working on the emerging opportunities by developing new products for industry segments such as Infrastructure, Construction, Aerospace, Defense and Health care. Your company continues its efforts in this direction of exploring the opportunities that unfolds going forward.

All these efforts by your company in this direction would be supplemented by participation in major national and international exhibitions, trade shows, and presence in leading industry forums, e-commerce initiatives. Your Company harnessing requisite technology on **CRM and knowledge management** and other value added services would enable to address the surfacing Mega trends. Export business has been one of the main focus areas for your company. Towards this, your company will continue to strengthen its global presence in identified countries through strategic alliances and joint



co-operations, management representatives in addition to taking advantage of the CUMI network through joint efforts in the identified countries.

The acquisition of Winterthur Technology Group (WTG) by the US multinational 3M Corporation and resultant indirect acquisition of 40% equity shareholding in your Company continues to be a matter of contention while not being an issue. The matter continues to be under the purview of The Honorable Company Law Board (CLB), Chennai and your company expects the ownership matter to be resolved soon.





SUBSIDIARY COMPANIES

Wendt Grinding Technologies Limited, Thailand

Your company's 100% owned subsidiary Wendt Grinding Technologies Limited, Thailand, has achieved a topline of Thai Baht 864 Lacs (Rs.1620 Lacs) which is in line with the plan and at the same level of previous year despite continued slowdown, political issues and upheaval in the region. The Profit Before Tax was Thai Baht 117 Lacs (Rs.230 Lacs) during the year and the Profit After Tax has been Thai Baht 93 Lacs (Rs. 186 Lacs) marginally lower than previous year.

Business sustainability and consistent performance has been the key for success of your subsidiary company. While continuously looking for new opportunities apart from increasing the product basket would help the subsidiary to churn out better performance in the coming year as well. New customer additions and enhanced product basket have compensated for the sharp decline arising out of lower automobile production & corresponding related industries.

Your subsidiary company continues to take part in some of the important Industrial and Trade Exhibitions for exploring new businesses, strengthening networking with industry leaders for promotions and plant visits for customers.



Wendt Middle East FZE, Sharjah

Wendt Middle East FZE, Sharjah, the second wholly owned subsidiary of your company has achieved a reasonable performance for the year under review by taking into account the on going oil crisis, stalling of new projects and political uncertainty in the region. During the year, your subsidiary has achieved an annual sale of AED 32 Lacs (Rs.561 Lacs) which is marginally lower than the previous year. However, the Profits have been AED 7 Lacs (Rs.132 Lacs) which is similar to last year level on account of judicious control on costs and balanced product mix.

Needless to say that the whole manufacturing scenario in the region including the neighbouring countries has been under increasing pressure due to on-going socio-economic instability, rising inflation and political disturbances resulting in sharp reduction in capacity utilization to around 50% level with only few new investments by the Government and Foreign inflows.

Your subsidiary has put its best efforts to address these challenges and adversaries, by way of new initiatives and addition of new customers and industries to its fold, increased service levels besides expansion of product basket to achieve the above results during the year.

APPROPRIATIONS

Available for appropriation	(Rs in Lacs)
Profit After Tax	974
Add: Balance brought forward from previous year	3592
Total	4566
Recommended appropriations	
Transfer to General Reserve	400
Dividend	
-Interim Rs 10/-per share	200
-Final (Proposed dividend Rs 15/- per share of face value of Rs 10/- each)	300
Dividend Tax	
-Interim	41
-Final (Proposed)	61
Balance carried forward	3564
Total	4566

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility for your company has been in the core of the business along with transparency in all dealings. The contributions made by your company extends outside and beyond the company, to the communities in the vicinity, local schools and the society. This is based on your company's firm belief that an organization's true value lies beyond its business and is reflected by the services it extends to the society as a whole.

Befitting its size, your company continues to make contributions



to various social causes such as education for underprivileged school children, old age homes, orphanages including providing sanitation facility. Your company also gives importance to green environment and tree plantation in the nearby communities by distributing free saplings every year.

Your company's initiative on running the Skill Development Centre over last four years has been beneficial to the purpose of providing vocational and technical training in five trades for uplifting the lives of young children drawn from poor and deprived background. Not only does this initiative help continuance of formal educations for these children, will also help them with gainful employment upon successful completion of the courses.



With the enactment of the CSR provisions in the Companies Act 2013, the Company has put in place a CSR policy incorporating the requirements therein which is also available on the Company's website at the following link.

<http://www.wendtindia.com/pdf/csrpolicy.pdf>

As per the provisions of the Companies Act, 2013, the Company is required to make a spend of Rs 35.27 Lacs and the Company has spent Rs 38.45 Lacs towards CSR activities during the year 2015-16.

The Annual Report on CSR activities in the prescribed format is annexed herewith as ANNEXURE II.

DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs 15/- per equity share of face value Rs 10/- each (150%) for the year ended 31st March 2016. This is in addition to the Interim Dividend of Rs 10/- per equity share of face value of Rs 10/- each paid on 22nd February 2016.

The Final Dividend, subject to approval of members at the 34th Annual General Meeting will be paid to those shareholders whose names appear on the register of members of the company as on 3rd August 2016. If approved, the total Dividend for the financial year, including the interim dividend, amounts to Rs 25/- per equity share and will absorb Rs 602 lacs including dividend distribution tax of Rs 102 Lacs.





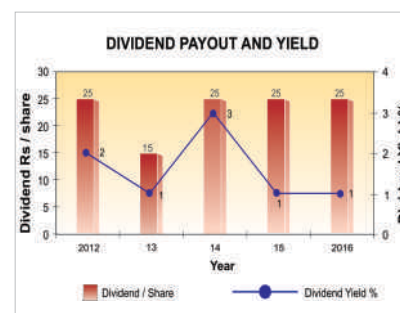


## TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 400 lacs to the General Reserve. An amount of Rs. 3564 Lacs is proposed to be retained in the Statement of Profit & Loss.

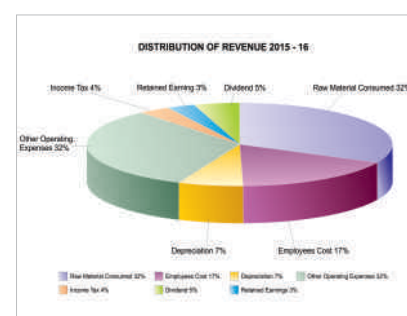
## FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year 2015-16 and as such, there are no outstanding



fixed deposits from the public as on 31st March 2016.

## INVESTMENTS



Details of investments covered under section 186 of the Companies Act 2013 are given in the notes no 13 to the financial statements.

## TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND

Pursuant to the provision of Section 124 of the Companies Act, 2013, your Company has transferred an amount of Rs. 2.57 lacs being unclaimed dividend during the year to the Investor Education and Protection Fund (IEPF) established by the Central Government after sending due reminders to the shareholders.

## CONSOLIDATED FINANCIAL RESULTS

The Consolidated Financial Statements of the company (incorporating the operations of the Company and its two wholly owned overseas subsidiaries), for the financial year 2015-16 are prepared in compliance with the applicable provisions of the Act, Accounting Standards as prescribed by the Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Consolidated Financial Statements have been prepared on the basis of the audited financial statements of the company, its subsidiaries, as approved by their respective Board of Directors.

Pursuant to provisions of Section 136 of the Act, the Financial Statements of the Company, the Consolidated Financial Statements, along with the relevant documents and the Auditors' Report thereon form part of this Annual Report. A statement of summarized financials of all subsidiaries of your company including capital, reserves, total assets, total liabilities, details of investment, turnover etc pursuant to General Circular issued by MCA forms part of this report. The audited annual accounts and related information of the subsidiaries is available in our website- [www.wendtindia.com](http://www.wendtindia.com).

The key financial data for the consolidated operations are as given below:-

olidated operations are as given below:-

## KEY CONSOLIDATED FINANCIAL SUMMARY

	(Rs in Lacs)	
	31st March 2016	31st March 2015
Sales	13,335	12,274
Other Income	352	324
Profit Before Tax	1,503	1,686
Profit After Tax	1,011	1,354
Earnings per share-Rs.	50.53	67.70

## QUALITY

As regards quality, the most critical aspects for your company's products are high level of precision, accuracy and assurance in terms of meeting the exacting standards of the products as per customers' requirements and application specifications. Your company's Super abrasives product range comprises of Diamond & CBN grinding wheels and Tools in various bonding systems. The Machine Tools & Precision Components business include a range of machines, often customized, such as Rotary Surface Grinding, Notch Milling, TC Ring Grinding, Honing Machines, Cylindrical grinding machine and Tool and Cutter grinding machines as also accessories which are fully



compliant with the International standards and CE certification norms. Precision Components which is part of Non Super abrasives business, requires very high level of precision as well as tolerance limits necessitating utmost care and high level of adherence to quality standards and process controls. In order to ensure that your company's products meet these requirements, your company has put in place the necessary Management standards such as ISO 9001, ISO 14001, TS 16949, OHSAS and SA8000. Apart from this, in order to comply with the safety norms and requirements of overseas customers, your company has also successfully implemented EN 13236 Standards during the year.

Superior quality and consistent product performance are the main differentiators for your company's product and services. And effective deployment of quality management standards and practice & process robustness is ensured at each stage of flow by your company. As you may be aware, your company endeavors to build quality and consistency in every aspect of its business on a continuous basis. As such, it continues to place high importance on training on newer technologies to its employees in the respective areas besides making investments on machines, equipment as well as application software solutions.

## SAFETY, HEALTH AND ENVIRONMENT (SHE)

The company continues its commitment towards good health and workplace safety for its employees. Towards this, the company makes sure that the workforce adheres to safety standards and practices so that the work place is free of accidents, injuries, incidents and occupational related hazards.

Environment Management is another area which your company is committed to and gives equal importance, not just within the company but its neighborhood as well. The senior management makes all effort to keep a close watch on maintaining high safety standards and protection of environment through deployment of relevant processes and guidelines in line with ISO 14001 and OHSAS 18001 standards.



Needless to say that the employees are the most valuable assets for your company and that good health and safety of each one of them is very important. On a regular basis, your company continues to take various initiatives and programs such as annual health check-up, eye camp, cardio test, fitness and physiotherapy etc including awareness training so as to ensure good health and wellness of the employees and their families.





You will be pleased to know that your company has again recorded Zero accident with no loss of man days in its operations during the year.

## RECOGNITIONS AND AWARDS

During the year under review, Your Company received many awards and recognitions from many organizations and apex bodies for superior achievements in different areas. These recognitions and accolades enhance the enthusiasm and optimism of the employees and is a morale booster for the Company as a whole. Your company has received the following



major awards during the year.

- **Quality Circle Awards**  
Your Company's employees continued to exhibit their skills in various Quality Circle competitions as below
- **International Level** organized by ICQC, Korea
  - "Silver Star Illumination" Award for Kaizen- 2 teams
  - "Silver Star Illumination" Award for SGA- 1 team
- **Regional Level** organized by CCQC - "Golden Award" – SGA & Kaizen: 4 teams - "Silver Award" - Kaizen: 2 teams
- **CII Exim Bank Award for Business Excellence**



Your company has received the Commendation Certificate for **Strong Commitment to Excel** on the journey towards Business Excellence: CII-EXIM Bank Award for Business Excellence 2015 under large category.

- **"ICAI SMEs Excellence Award 2015- ASSOCHAM**

Your company received the ICAI Excellence Award from ASSOCHAM under SME category for CSR Activities for 2015.

- **Pride of Murugappa Group-Best Practice**

Your company's employees have won the **2nd Runner Up Award** on Cost Reduction Category in the Pride of Murugappa Group – Best Practice. The annual best practice competition at the group level involving a large number of initiatives and best practices among all group companies.

- **MGTC Cricket Tournament**

Your company's employees participated in the Group Level Cricket tournament and won the **"Runners Up"** Trophy during the year.

- **Cufest 2015 Awards**

Your Company's employees participated in Group-level Quality competitions **"Cufest 2015"** (Quality Festival of CUMI), and won awards for 5S, Poster, Idea King and Slogan.



## 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 has started to see gradual uptick resulting in moderate growth in some industry



segments although manufacturing activities are yet to experience any appreciable development. As we all see the pace of recovery has been slower than expected, but certainly there seems to be lot of optimism and positive sentiment across segments. Consequently, the Indian economy has achieved a modest growth of around 7.6%, highest growth in the last few years. Assisted by revival in the economy in some of the developed countries such as US and gradual rise in domestic demand as well as inflation being well under control in addition to increased manufacturing activities, have complemented well in rise in demand for products and services. All this has resulted in

better performance of industry segments like Engineering, Refractory, Cutting Tools, Ceramics, Automotive and Steel compared to previous year although some sectors Construction, and Infrastructure etc are yet to see any rise in demand and hence growth.

During the year, while your company's domestic business has achieved a growth of 7% the export business has achieved a growth of 24% compared to the previous year with an overall 11% growth for the year. The Super abrasives products sales in the domestic market to industry segments like Automotive, Cutting Tools, Engineering, Ceramics, Refractories and Glass has achieved better performance over the previous year

reflecting the industry trend. In order to maintain its leadership position, your company continued to put its best efforts and new initiatives for new product developments and applications in addition to working as closely as possible with customers for new opportunities including import substitutions and technology solutions.

As mentioned above, for the Machine Tools & Precision Components business, the performance level has been 19% higher than last year mainly on account increased machine orders and projects resulting in a growth of 48%. This year also saw some good machine orders from overseas customers which is a testimony to the quality and global standards of your company's machines. The precision component sales remained flat on account of lower offtake which has resonated with the auto component performance. Sales of newly developed components has seen higher volume offtake compared to previous year both in domestic and export front.





## ECONOMIC OUTLOOK

As per the estimate by various agencies, the Indian economy is expected to achieve a growth rate in excess of 8% in the coming year and is expected to overtake China in next two years as per several macro-economic indicators. India is now placed 6th among the world's top 10 manufacturing countries as per UNIDO's recent announcement. Several indicators including index of industrial production (IIP) has also shown positive movement in last several quarters. In the past two years, the government has embarked upon a slew of initiatives towards ease of doing business including the much talked Make in India campaign. These initiatives are expected to enhance the purchasing power of people, rise in demand while also speed up developmental work. As we all know, the SMEs form the backbone of the manufacturing industry contributing to more than 90% in India.

The industry sector that are expected to derive benefit from the above initiatives are Automotive, Engineering, construction, Aerospace, Defense, Ports and Mining, Shipping, Steel, Power, Consumer durables, Electronics during the coming year.

## INDUSTRY STRUCTURE & DEVELOPMENTS

With its comprehensive product range and long years of experience, your company continues to be a preferred supplier for many major customers for a wide range of industry segments for Super Abrasive products, and is considered as Total Grinding & Honing Solution Provider. As we know, the Indian Super abrasive tooling market continues to remain fragmented and functions in very competitive environment, often dominated by the presence of few organized players such as your Company and many owner- driven small companies with strong regional focus. Major contribution to your Company's topline continues to come from sectors such as Automotive, Engineering, Cutting Tools, Refractory, Ceramics, Steel, Aerospace and Defence and few others.

As mentioned earlier, your company constantly puts efforts and focus on exploring new opportunities, new projects, new customers and new industrial segments. Accordingly, it has initiated its work on many new projects and continues to add new products every year to the product basket. On the other hand, in order to minimize dependency on few industry segments, your company is relentlessly working on developing products for other industry segments which have long term growth prospects. As a result of these efforts, your company has been able to develop and offer many new products for industries like Aerospace, Gears, Defence, Construction, Painting and Auto components.

## PERFORMANCE OVERVIEW

### Key Financial Summary

Particulars	2015-16 (Rs in Lacs)	2014-15 (Rs in Lacs)	% change
Domestic Sales	8,354	7,890	6
Export Sales	3,301	2,670	24
Total Sales	11,655	10,560	10
Operating Profit before Finance costs	965	1,108	-13
Capital Employed	9,362	8,990	8

## OPPORTUNITIES & THREATS

### Opportunities:

While your company recognizes the importance of economic growth and its influence on your company's overall performance, it would continue its quest of achieving higher growth rate with ample confidence on account of the industry spread and the business opportunities exists for the company in those industries. Secondly, the wide basket and comprehensiveness of the same provides ample scope for growth. Thirdly, as always, your company would continue to be on constant look out for new opportunities in both exiting and untapped markets as well as countries. Developing products and aligning the business in line with the strong signals of Mega trends would be another area of focus for your company going forward.



Long experience of providing products and services with its superior offering has been the backbone of success for your company. Contemporary technology has played an important role in this for both Super abrasive tooling and The Precision Grinding/Honing machines. The same also been extended and well integrated with precision component manufacturing as well in last few years. Your company would continue to leverage this unique advantage and derive maximum benefits from being the provider of Total Grinding & Honing Solutions which only few can aspire to have.

As a part of continuous journey, your Company would continue to work on the identified new projects in both Super abrasive tooling, Machines Tools and precision components that are lined up. It has planned some new machine models for manufacturing, development and introduction during the coming year. As regards precision components and growing it into a separate business vertical, your company has been working on some of the new developments having large upside and expect to start the projects soon.

### Threats

As is well known, the Super abrasive tooling market in the domestic front is heavily populated with the presence of few organized players such as your company and many small and unorganized players. The market structure characterized by unorganized, small timers and proprietary-driven companies in one end with strong regional focus and on the other end, few organized players. The small companies, focus on specific markets and addressing customer requirements with lower prices as a matter of survival and continue to service to a section of customers with a limited range of products. On the contrary, the large organized players from both domestic and global arena focus on technology and application engineering. The OEM tie ups arrangements with machine manufacturer for the global players have almost always, benefitted them in terms of ready access to the business right from the beginning.

This has been a unique challenge for your company. To address this, your company continues to adopt its distinctive method of offering low cost and innovative products for the low end competition, and for





the high end segment, it focuses on technology solutions and offering import substitutes and value additions.

## BUSINESS OUTLOOK

In the still volatile and fragile business environment, your Company's main focus would continue to maintain its leadership position in the domestic arena. Increased market reach & penetration as well as addition of new products to its basket apart from working closely with customers are some of



the things your company would pursue with utmost seriousness. Enhancing global presence and depth in the identified countries in the global market is another area for driving growth in the export business. Improving customer engagement levels and effective promotion of its products and services will be ensured through initiatives towards improving awareness levels, brand recall and active participation in both domestic and international exhibitions and trade fairs.

In the **Super abrasive business**, your Company will continue to drive the growth through New Product Development, Indigenization Efforts and Focus products.

While this would give stability to the business, it will also focus on capitalizing on new opportunities in industry segments with high growth potential in conjunction to ensure future growth. The company has planned several new initiatives for the year in this direction so as to achieve the planned growth. The newly acquired **Star business** is being smoothly integrated into the company which is expected to complement the growth projection.

**Machine Tools & Precision Components** vertical has been consolidating and is expected to bring greater benefits in the coming years. Like previous years, your company has already planned development of few new machines and launches in the coming year for engineering, defense and aerospace and auto component industries.

As mentioned above, the precision component business is being strengthened with addition of new components and new customers. It is already seeing steady increase in volume and still higher volumes are expected in the coming year. Your company has planned addition of few more precision components to the basket going forward and the discussions and deliberations are ongoing with the potential customers. Accordingly, suitable investments would be planned by your company for the physical infrastructure, capacity, machineries, equipment etc so that the long term objectives are met.



Your company continues its focus on pursuing & growing the **International Business** through the established Wendt / 3M channel. In addition, for enhancing market reach and penetration, your company works with CUMI's overseas marketing channels as well as other Strategic partners / Alliances operating in some of the countries. Accordingly, your company has started promoting its products under CUMI & Neutral Brand as well, thereby opening up new business opportunities.

Your 100% owned subsidiary **Wendt Grinding Technologies Ltd**, in Thailand would continue to achieve better results year

on year despite the region being affected by global slowdown, shrinking demand and also continued labor and political unrest. As is evident in the past, the subsidiary shows ample resolve and confidence for a better performance in the coming year as well. Your company's subsidiary will continue to embark on new opportunities, addition of new industry segments and markets with improved service levels, while increasing its product basket.

The second fully owned subsidiary, **Wendt Middle East FZE**, Sharjah has been delivering consistent performance over last few years after initial years of struggle. As mentioned earlier, it operates in an environment that is known for market volatility and political upheavals, continuously falling oil prices, socio-economic crisis and declined investments in the region. However, despite these turbulence and uncertainties, change in Business Strategy and refocusing efforts on certain markets and industries have started yielding good results in past few years. Your subsidiary would continue to operate as the Product Availability Point (PAP) for the entire GCC region with focus on General Engineering, Aerospace, Steel, Ceramics, Auto component, Oil and Gas and associated industry segments & is expected to better its performance in the coming year also.

## RISK & CONCERN

Risks are uncertainties and possible outcomes from the environment which can impact a company's performance and future prospects. Your company adopts a comprehensive and robust risk appraisal, mitigation and management process in the areas of operations, financial, technology 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 to find ways to manage situations that could adversely 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 with the associated risk owners
- Evaluation of the risks as to the likelihood of occurrences and related consequences
- Assessment of options for risk mitigation
- Prioritizing the risk management actions
- Development of risk management plans
- Authorization for the execution of the risk management plans
- Implementation and review of the risk management process

Risk management strengthens the robustness of the business. The Senior Management of your company takes the overall responsibility of total risk management processes in the organization. Through its pursuit of anticipation and identifying risks before risks control 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 or discontinued from the product portfolio etc. to mitigate the risks.

Your Company continuously seeks to identify, assesses, review, manage and work on developing







the robustness of the system in terms of adequate internal controls and compliances. The business risks of your company are managed through cross functional Team involvement and communications. Some of the risks associated with the business and the related mitigation plans are given below. However, the risks given below are not exhaustive and the assessment of risk is based on management's perception.

### User Industry Concentration Risk

*Why is it considered as a Risk?*

- Significant exposure to select sectors.
- Time lag in passing of the price correction / variations in

input costs to the customers.

- Effect on Customer Relationship with change in ownership.
- Global economic scenario leading to decline in demand.
- Cessation of the technology agreement and access to new developments in the super abrasive field.
- Rebranding of products and the resultant delay in brand establishment.
- Disruptive innovation & process changes.

*Mitigation Plan / Counter Measure to address*

- De risking the business with widening the customer base/ new industry segment & new geographies.



- Exploring growth opportunities in Construction, Infrastructure, Steel, Defense, Aerospace, Glass, Ceramics and other industries.
- Continuously pursuing product innovation and new application development for diverse sectors.
- Improving the on time delivery levels through operational efficiency measures like Lean addressing the sustained competitive advantage.
- Leveraging relationship and Engagement with the customer-WOW initiative / Exhibitions like IMTEX, participation in international exhibitions like GRINDTECH, MAC, CRM & knowledge management application.



- Setting up of the In-house DSIR approved R&D center. Also the innovation focusing on New Product Development, is now well embraced at Wendt to yield results.
- Developing and promoting alternative brands—one being well-known—"CUMI".
- Entering new geographies globally

### Competition Risk

*Why is it considered as a Risk?*

- Presence of too many unorganized regional players often adopting Low pricing strategy, free samples, higher credit days etc.



- Cheaper Imports from China.
- Imports Direct and through OEM route.
- New Organized Players entry - Setting up manufacturing base in India consequent to Make in India Drive.

*Mitigation Plan / Counter Measure to address*

- Offer sustained competitive advantage to customer through operational efficiencies
- Focus on Lean & Address QCD – Superior **Quality**, **Cost** competitive products & **Reliable**, **Consistent Delivery**
- Internal Efficiency Measures/ process automation/ Reduce throughput time



- Creating entry barriers for competition / exit barriers for customers - key account management
- Continued drive on Innovation on products, process and applications
- Enhancing value added services
- Increasing the product basket & offerings
- Increased focus on New product development
- Central Monitoring System
- Building agile Supply chain
- Drive E-Commerce and online sales
- Automation and Robotization to address Lower manufacturing cost and enhance Competitiveness

### Technology Risk

*Why is it considered as a Risk?*

- The rapid changes taking place in the fields of grinding technology and material science.
- Adoption of Disruptive technologies like 3D printing.
- Access to New Alternate technology following the expiry & Non-renewal of technical collaboration agreement with Wendt GmbH post Sept 2012.

*Mitigation Plan / Counter Measure to address*

- Indigenous development of Bonds independently /external consultant



- Collaboration with external consultants
- Established DSIR approved R&D center and build on self-sufficiency in technology & new products
- Association with external Research laboratories / Technical institutes for technological upgradation.
- Product and Process Innovations

### Online Data & Information Security Risk

*Why is it considered as a Risk?*

- Data breach leading to loss and critical information infrastructure breakdown





#### Mitigation Plan / Counter Measure to address

- Policy in place for Technical Controls
- Business Continuity Plan and Disaster Recovery Strategy in place.
- Security operations center under process
- Authorized access to the Data center
- Crisis Management Group in Place.

## INFORMATION TECHNOLOGY

Use of technology and SAP ERP system and harnessing the benefits for smooth functioning of the business has been one of the key success factors for your company. Accordingly, your company continues to work on some of the critical business processes such as production planning, materials management and scheduling, stores and receipts, financials and controls as part of seamless integration towards driving productivity improvement and work prioritization.

Started last year, the IT enabled Knowledge Management System which your company has been working on is expected to further facilitate the company's application engineering capabilities and offering technology solutions to the customers. This initiative once completed and fully integrated with SAP CRM would take your company one step closer to the customers in terms of real time interactions, better understanding of their requirements and addressing them with precise technology solutions.

## INTERNAL CONTROL SYSTEM & ADEQUACY

Your Company has in place well-defined and adequate internal control system commensurate with the size of the Company and the nature of its business. These measures are regularly reviewed and updated by incorporating changes in the regulatory provisions. These are regularly tested for their effectiveness by Statutory as well as Internal auditors. The internal control system have been built to ensure that all assets are safeguarded and all transactions are authorized, recorded and correctly reported. Material errors and irregularities are detected and prevented in time. Your company is committed in its endeavor & ensures an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance.

Capital and revenue expenditures are monitored and controlled with reference to approved budgets. Budget overrides, if any is brought to the notice of the Board and suitable actions is taken to control the expenditure.

The Company has well established, time tested, robust internal processes in place to ensure smooth functioning of the operations. This is ensured by well documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedure specific to the respective business. This is enhanced by an extensive review & monitoring system whereby the management regularly reviews your company's performance periodically as per its' relevance for both financial and operational parameters and takes timely measures to address variances, if any.

The internal audit function is carried by external independent Chartered Accountant firm which covers all operational areas and ensures that the revenue has been correctly deployed and that there is no wastage/ leakage of any resources. The Internal Audit firm reports to the Chairman of the Audit committee. The scope of the Internal Audit is firmed up with inputs from the Audit Committee, Board of Directors, Statutory auditors and the Company management so that all the critical areas are covered. Significant audit observations and corrective and preventive actions thereon are presented to the Audit Committee.

During the year there were no changes in internal control over financial reporting that have materially affected, or are likely to have any financial reporting lapse.

The company continues its efforts to align all its processes and controls with best global practices.

## Internal Controls Over Financial Reporting (ICFR)

Your Company has in place adequate internal financial controls commensurate with its size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design and operations were observed. The company has policies and procedures in place for ensuring proper and efficient

conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company has a robust financial closure, certification mechanism for certifying adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

## FINANCIAL REVIEW

### Earnings

#### Revenues

During the year, your company achieved total sales of Rs.11655 Lacs, higher by 10% as compared to 2014-15. While the domestic sales is 6% higher than last year at Rs. 8354 Lacs, the export sales recorded a robust growth of 24% compared to the previous year at Rs 3301 Lacs. As briefed earlier, the major industry segments which contributed to the growth of domestic business are auto, auto component, engineering, cutting tool, ceramics, steel, glass, refractories etc. The improved performance in export is contributed by the higher exports to countries like UK, USA, UAE, Spain, Belgium, Austria, Australia etc. during the year.

### Profit before Tax

The profit before tax is lower by 19% at Rs.1422 Lacs compared to Rs.1764 Lacs in 2014-15. The reason for the drop in profitability is the difference in product mix as well as rise in the cost.

### Profit after Tax

The profit after tax is lower by 34%, at Rs.974 Lacs, compared to Rs.1485 Lacs in 2014-15. This is due to lower R&D capex, hence lower tax benefit during the year.

## Liquidity and Cash Equivalents

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

The objective of cash management at Wendt India is to :

- Conserve sufficient cash as reserves that will aid the company in seizing meaningful business opportunities that unfolds during the year.
- Use cash to provide sufficient working capital to address business objectives of the company & to add value to all stakeholders by continued enhancement.
- Prudently Invest surplus funds that the business generates in debt schemes of mutual funds as per Group norms. This ensures availability, safety and liquidity of Company's funds while allowing reasonable yield as per the prevailing market rates.

During the year your company's investment in mutual funds decreased from Rs.1436 Lacs to Rs.897 Lacs in 2015-16. This is on account of acquisition of Star Diamond Tools Pvt. Ltd., and other Capex spent made during the year.

As the earnings are ploughed back, the capital expenditure need of your company for the year was met entirely from the mutual funds investment.

## Costs

The Fixed costs excluding depreciation has grown by 18% compared to last year. However, fixed cost as percentage of sales controlled at 34% against 32% of last year.



The variable costs have been controlled during the year through indigenization of raw material and other input costs which has helped marginally in improving the margins of the company. The Lean Management Initiative undertaken by your company has also helped in significant savings during the year. Your company's price correction initiative from both customers and key suppliers during the current year is expected to improve its profitability in the coming year.

## Financial Position

### Share Capital

The paid up equity share capital as on March 31, 2016 was Rs. 200 Lacs. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

### Shareholders Funds

The shareholders fund as on 31.03.2016 was Rs.9362 Lacs against Rs.8990 Lacs of previous year, an increase of 4%. Accordingly, the book value of the share stands at Rs.468/- as compared to Rs.450/- during the previous year.

### 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 interest bearing term loan.

During current year also, the working capital limits of your Company continues to be rated by ICRA as 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 also continued to be reaffirmed as A1+ (pronounced ICRA A one plus). Overall your Company's rating continues to be stable and low credit risk.

## ASSETS

### FIXED ASSETS

Your company continues with the policy of being prudent in its capex spend. During the current year, the capital expenditure was Rs.1285 Lacs. The major capex spent was on addition of new plant & machinery towards capability building in fast growing products and new products capacity enhancements, which are critical for the future growth of the company. Company continued to adopt policy of funding all the capex through the internal accruals.

### Inventories and Sundry Debtors

The overall inventory levels as on 31st Mar'2016 is Rs. 1787 Lacs, an increase by 9% over the last year. There was an increase in the stores & spares inventory by Rs.40 Lacs, and the trading inventory by Rs. 21 Lacs. This was due to delay in dispatch / clearance for from few customers. The higher inventory was also strategically necessary for addressing the On-call supplies.

Receivables as on 31st March'2016, were higher at Rs. 2907 Lacs from last year of Rs.2111 Lacs, mirroring sales growth of 10%. However, the average credit days have gone up from 64 days to 75 days due to the tight liquidity position. Your Company's aggressive receivable management system including close follow ups and credit lock through the SAP system will ensure that receivables are kept under control and payments received in time.

### Foreign Exchange Hedging

Your Company, being a net exporter, follows the policy of natural hedging of foreign exchange earnings and outflow and hence it does not take any forward covers. The net forex gain during the year has been Rs.49 Lacs.

### Enhancing Shareholder Value

Your Company firmly believes that its success in the marketplace and good reputation are among the primary determinants of value to the shareholder. The organizational vision is founded on the principles of good governance

and by the resolve to be a customer centric organization which motivates the company's management to be aligned to deliver highly customized products with dependable after sales services.

Your Company is committed on creating and maximizing long-term value for shareholders and essentially follows a four pronged approach to achieve this end.

- by increasing all round operational efficiencies
- by identifying strategies that enhance its competitive advantage
- by managing risks and pursuing opportunities for profitable growth, and
- by building relationship with other important stakeholder groups through meaningful engagement processes and mutually rewarding associations that enable it to create positive impacts on the economic, societal and environmental dimensions of the **Triple Bottom Line**

Underlying this is also a dedication to value friendly financial reporting that assures the shareholder and investor of receiving transparent and unfettered information on the Company's performance.

## Financial Performance with respect to Operational Performance

Despite the tough Business Scenario, your Company strives to keep its Operating profit and Contribution better than the industry average and record reasonable growth. This is on account of stringent control measures taken for improved operational efficiency led by the Lean Initiative undertaken by your company and also the better product mix. This was aided by accurate information & customer data, centralized drawing management system, better planning & scheduling through SAP ERP System and effective vendor management. Your Company's improved MIS reporting and ability to respond to customer with real time information helped in giving rich experience to the customers there by providing value addition to the customer.

## INSURANCE

Your company continued its adequate care on providing required insurance cover for your company's asset buildings, plant and machinery including inventories, and for liabilities under legislative enactments.

## HUMAN RESOURCE

The people policies and practices of your company are effectively aligned to the organizational goals and objectives. Your company has in place well-established human resource processes for attracting, retaining and nurturing talent by adopting a transparent system of performance evaluation and rewarding performers. This has been evident from the fact that your company's employees have longer average tenure and low attrition rate. Individual KRAs are derived from the annual BSC (Balanced Score Card) and carefully deployed at all level and are reviewed periodically.

In order to sustain its leadership position in India, your company finds it pertinent to remain customer-focused, performance-driven and future-capable. Your Company's Human Resource Development strategy seeks to fulfill this mandate through careful selection and effective implementation of a range of innovative programmes and interventions. Needless to mention that the human resource policies of your company ensure motivation to the employees to give their best and remain committed to achieve the overall objective of the company. It is a constant endeavor for your company to adopt some of the industry best practices and aligning them with the strategic directions, goals and objectives in terms of people processes.

Your Company's Human Resource policies are continuously reviewed and realigned based on people expectations, making it more employee-friendly thereby creating an engaged workforce which focuses on productivity.

Every employee of your company is considered as an appreciating asset, thus the personal development plans focus on how each individual's strength can be best leveraged to deliver to his/her full potential. To this effect, your company provides specific training programmes and cross functional learning opportunities. The company attains high degree importance to enhancing employees' competency and skills through on the job training and external training programmes. Special attention is given on improving the health and safety of the employees.

Your company focuses on Business Excellence and continual improvement journey (TQM) in its quest to improve the quality of products, processes and systems. All this requires ongoing learning, job enrichment, aligning rewards and recognition with performance, high engagement levels, conducive work environment and a cordial industrial



relationship. Your company continues to have a smooth and enabling work climate that promotes performance, customer focus and innovative thinking while adhering to the highest standard of integrity, trust and ethical behavior. Your Company continues to enjoy the support of a committed, experienced and satisfied workforce. To this effect, your company offers a compensation package which is one of the best in industry.

Employee relations continue to be smooth and cordial and the work atmosphere remained congenial throughout the year. The manpower strength of confirmed employees of your company as on 31st March 2016 was 338.

## RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions made by the Company with the Promoters, Directors, key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party Transactions that were entered into during the financial year were on *arm's length basis* and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for their approval on quarterly basis

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

## GOVERNANCE

### BOARD OF DIRECTORS

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

All the Directors of the company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013. All the independent Directors have given a declaration under section 149(6) of the Companies Act 2013, confirming their independence.

### MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year, five Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### BOARD EVALUATION

Pursuant to the provision of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Stakeholder Relationship, CSR and Nomination & Remuneration Committees. The manner in which evaluation has been carried out has been explained in the Corporate Governance Report.

### REMUNERATION POLICY

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration policy is stated in the Corporate Governance Report.

## AUDITORS AND AUDITORS' REPORT

M/s Deloitte Haskins & Sells, Chartered Accountants, (FR No.008072S), the statutory auditors of the Company, Bangalore hold office until the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for appointment, by shareholders at the Annual General Meeting. The auditors of your Company have submitted a certificate of their eligibility for appointment under Section 139 of the Companies Act, 2013. Your company has ensured that the auditors are subject to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer review Board of the ICAI. The statutory auditors have confirmed their compliance with the relevant provisions.

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

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, and the Rules framed thereunder, the Company has appointed M/s Apeksha Nagori, practicing Company Secretary to undertake the secretarial audit for the financial year 2015-16. The Report of the Secretarial Auditor confirming compliance with the applicable provisions of the Companies Act 2013 and other rules and regulations issued by SEBI/other regulatory authorities forms part of the Annual Report.

The explanation to the observations of the Secretarial Audit Report by the Secretarial Auditor has been furnished in the respective sections of the Corporate Governance Report.

## KEY MANAGERIAL PERSONNEL

Mr. Rajesh Khanna, Chief Executive, Mr. Mukesh Kumar Hamirwasia, Chief Financial Officer and Ms. Akanksha Bijawat, Company Secretary are the Key Managerial Personnel of the Company pursuant to Section 2 (51) and Section 203 of the Companies Act 2013.

None of the Key Managerial Personnel have resigned during the year under review.

## CORPORATE GOVERNANCE

Your Company strives to maintain high standards of Corporate Governance in all its interactions with various stakeholders. The company continues to be a sustainable and trusted organization as sustained governance is the cornerstone in building and maintaining relationship with all its stakeholders. It has embedded into its system the strong culture of values, ethics and integrity living with the **Five Lights – The Spirit of the Murugappa Group**. It rigorously pursues a policy of 100% compliance with all statutory requirements and has a robust review system in place. The Board fully supports and endorses Corporate Governance practices in accordance with provisions of Regulation 27 of the SEBI (LODR) Regulations 2015. The Report on Corporate Governance along-with the Auditors' Certificate regarding compliance of the conditions of Corporate Governance pursuant to Regulation 27 of the Listing Regulations is annexed hereto and forms part of the Annual Report. Further, as required under Regulation 17 (8) of the SEBI (LODR) Regulations 2015, a certificate from the Chief Executive and the Chief Financial Officer of your Company is being annexed with this Report.

## VIGIL MECHANISM UNDER WHISTLE BLOWER POLICY

The Company has a vigil mechanism under Whistleblower Policy to provide necessary safeguards for protection of Directors, employees from reprisals or victimization. The details of the policy are explained in the Corporate Governance Report and also posted on the website of the Company.

## Extract of Annual Return

The extract of the Annual Return in form MGT 9 as required under Section 92(3) of the Act and the Rules framed thereafter is annexed to and forms part of this report. (FORMAT IN ANNEXURE I)

## RATIO OF REMUNERATION TO EACH DIRECTOR:

Details / Disclosures of Ratio of Remuneration paid to each Director to the median employee's remuneration as ANNEXURE – III



## Directors Responsibility Statement

To the best of their knowledge and belief and according to the information furnished and explanations obtained by them, your Directors confirm the following in terms of Section 134 of the Act:

- In the preparation of the annual accounts for the financial year ended 31st March 2016 and the Balance Sheet as at that date ("Financial Statements"), the applicable accounting standards have been followed and no material departures have been made from the same.
- The Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of accounting year and of the profit of the Company for the year ended 31st March'2016.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.
- The Directors have laid down proper internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Disclosure of Statutory Particulars

- The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with Rules 8(3) of The Companies (Accounts) Rules 2014 are set out in Annexure A which forms part of this report.
- The information required under Section 197(12) of The Companies Act'2013 read with Rules 5(2) & (3) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 and forming part of Directors report for the year ended 31st March'2015 is annexed in Annexure B.

## ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to investors, bankers, customers, suppliers, business associates, shareholders, auditors and other statutory authorities who have extended their precious continued support and encouragement to your company 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, vendors and sub-contracting partners for their support.

Your Directors also place on record their appreciation and thanks to all employees for their dedicated services and the high degree of professionalism, commitment rendered at various levels of the company without whose contribution, could not have achieved the company's performance for the year and are also looking forward to their continued involvement and support.

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

By order of the Board  
For Wendt (India) Limited

Place: Chennai  
Date: 28th April 2016

M M Murugappan  
Chairman

## Annexure to the Directors Report

A) Information under section 134(3)(m) of the Companies Act, 2013, read with Rules 8(3) of The Companies (Accounts) Rules 2014 and forming part of Director's Report.

### a) Conservation of Energy

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

- Installation of energy efficient lamps in new installations. Existing energy inefficient lamps are gradually replaced with energy efficient lamps.
- Introduction of light dependent resistance sensor harnessing natural daylight for all outdoor lighting with automatic controls
- Time switches installed at various places for automatic control of street lights.
- Installation of occupancy sensors in washrooms & lavatories
- Power capacitors added/ replaced wherever necessary to improve power factor.
- Modification in lighting circuit for automatic ON/OFF controls
- Optimum utilization of energy through process redesigning as well as maximum utilization of equipment that offers improved energy efficiency.
- Your company has taken measures to save water whereby 100% of the domestic effluent and the trade effluent are treated and used for gardening and electroplating processes (Zero discharge). is recycled and reused for gardening.
- Periodic Energy Audit being conducted to improve the energy conservation measures further.
- Various energy conservation measures are taken and general awareness is propagated among all concerned for efficient use of energy.

### b) Technology Absorption, Adaptation and Innovation

Your company thrives on quick absorption of latest technology and its adaptation in both Super abrasive and Non Super abrasive business verticals. As mentioned earlier, the expiry of the technical collaboration with Wendt GmbH happened four years back. Pre-empting this, your company had already embarked on developing its own technology & appended process by aggressively pursuing its R&D efforts through the establishment of R&D Centre and also collaborating with renowned institutes & Laboratories who have gained sufficient knowledge in your company's product lines. As a result, your company has been able to develop some of the products that are extensively used in wide range of industries like Refractory, Ceramics, Construction, Glass and Composite, Cutting Tools, Steel and Textile & Paper. Your Company has also identified and initiated some more areas for bond development for industries such as Rotary Tools, Ceramics, Bearing, Glass, Automobile etc with the help of a well qualified and experienced external consultant.

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

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

Your Company makes efforts 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 your company's needs for modern technology and growth opportunity, strategic acquisitions/collaborations in related areas are being explored.

## RESEARCH & DEVELOPMENT

In line with its strategic intent, your Company seeks to become significant global player in offering customized functionally superior products to maintain its competitive edge and retain its market leadership position. Since the advancement of technology is at a greater pace, the grinding technology needs to be constantly updated on an ongoing basis to keep pace with rapid change in material science and machining techniques. As an acknowledgement of this important aspect, your company has a well-established R&D centre which is anchored by R&D head who is well experienced and knowledgeable in his domain. Apart from research and development activities, he also collaborates with external research labs and renowned institutes & collaboration with technical consultants for the required technological up gradation.

As you may be aware, your Company's R&D Centre was accorded Certificate of recognition from the Ministry of Science and Technology, Government of India, valid upto 31st March'15. During the year your Company had applied and received the R&D Renewal Recognition Certificate valid from 1st April'2015 to 31st March'2018.

The recognition of the R&D centre by DSIR gives your company a major impetus not only to pursue development of new Bond / Matrix, new products for itself but also provide opportunities for collaboratively working with external institutes / research laboratories on leading technologies in future. In order to grab the opportunity of collaborative work with research laboratory, your company's R&D center has undergone a technology transfer agreement with Bhabha Atomic Research center (BARC-Mumbai) for development of futuristic nano finishing machine.

This R & D venture continues to carry out indigenous Bond development in a major way and help the organization to be ahead of competition with launch of newer products.

Your company has a state of art R&D facility with all ultra-modern equipment's and facilities supported by well qualified and dedicated R&D team which is involved round the clock in various R&D projects and activities in order to develop new products with new features for the grinding and finishing applications, improve the existing one, develop new methods, technology up-gradation etc. State of the art condition monitoring grinding machines have been established & commissioned in your company R&D for qualifying the bonds in-house, which is a major breakthrough in terms of validation process.

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

Continuous efforts are made towards value engineering of existing products to deliver better price to performance ratios, new processes for the manufacture of certain products, improvement in products to match evolving requirements of customer.

Your R&D centre has a dedicated team to work on various Research concepts for bringing cutting edge technology solutions for offering to the customers. During the year 2015-16 our Research center has added high end scientific instruments Rheometer (for testing the powder flow), High resolution metallurgical microscope (for analysis of microstructure of the bonds), as well as Charpy impact tester (for analysis of bonds impact strength) along with supportive infrastructure to strengthen the development activities.

### Our R&D Department focus areas are on:

- State-of-the-art new futuristic machine for internal validation
- Development of new bonds for glass grinding applications
- Development of next generation grinding wheel body material for high speed grinding
- Development of vitrified fine grinding wheel for lapping application
- Development of special bond for the carbide insert grinding Application
- Development of special vitrified bond for carbide flute grinding application

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

### Specific areas in which R & D is carried out by the Company

#### **Following are the areas in which R&D is carried out by the Company**

- Development of integral body thin wheels for slicing operation
- Development of light-weight-high-strength composite body material of grinding wheel
- Development of new bonding system for glass grinding application
- Development of a new state of the art ultra-surface finishing machine with collaboration of BARC-Mumbai
- Development of special bond for the carbide insert grinding Application
- Development of special vitrified bond for carbide flute grinding application
- Development of new Bonding System for Super abrasive grinding wheels Vitrified, Metal and Resin bond
- Development of vitrified super finishing sticks for honing/lapping application
- Study and analysis of grinding process with condition monitoring system for optimizing the process
- Development of new manufacturing methods by using resistance heating technique
- Establishing the network with academic institutes/PSUs for any opportunities relevant to the company's activities.

### Benefits derived as a result of the above R & D

Business organization gain considerable benefit through investing in research and development. Furthermore, ongoing research in Wendt R&D brings new opportunities in the market. Following are the benefits of R&D

- Development of bonds for self sufficiency
- Indigenisation of Bonding Materials for super abrasives as an import Substitute.
- Grinding Solutions for New application
- Upgrading Manufacturing Technologies with current Needs
- Development of Futuristic products in the area of super abrasives
- Development of new body materials for our products machine parts & components
- Since the company's R&D facility has got the recognition and approval from DSIR, tax benefit can be availed on the R&D capital & revenue expenditure.

Your Company's continued investment in research and development has resulted in development of some of the new products with special features for the grinding and finishing applications in the previous year.

Some of the new products developed by your company last year are –

- Brazed wheels for steel grinding, ceramic, ophthalmic and composite
- Indigenized Vitrified diamond wheel for PCD/PCBN lapping applications
- Vitrified super finishing honing sticks for bearing and textile
- Integral thin wheels by using resistance heating methods
- Vitrified fine grinding wheels
- Vitrified CBN ID grinding wheel for fuel pumps

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

During the year Company has filed patents, one Non-Super abrasive and few patents are in pipeline for Super abrasives.

During the year, your company also successfully developed 7 new machines such as Vertical Single & Double spindle Honing machines, Angular Head Grinding machine and Surface Grinding Machine.



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

**(i) Expenditure on R&D**

(Rs. In Lacs)

Sl. No	Particulars	2015-16	2014-15
a)	Capital Expenditure	8	432
b)	Recurring (revenue expenditure)	238	263
c)	Total Expenditure	246	695
d)	Total R&D Expenditure as a percentage of turnover	2.11%	6.58%

**(ii) Foreign Exchange Earnings and Outgo**

(Rs. In Lacs)

Sl. No	Particulars	2015-16	2014-15
a)	Foreign Exchange Used	3519	2985
b)	Foreign Exchange Earned	3656	3214

**B) Particulars of Employees:** The details of employees drawing remuneration in excess of Rs 5,00,000 per month or Rs. 60,00,000 per annum as required under Section 197(12) of The Companies Act 2013 read with Rules 5(2) & (3) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 is as follows:

Name and Age	Designation/ Nature of duties	Gross remuneration paid in 2015-16 Rs	Qualification and experience (Years)	Date of commencement of employment	Previous employment
Rajesh Khanna (55)	Chief Executive Officer	87,92,392/-	B.E (Mech), PGDBA (33 years)	01-10-1982	NIL

**Note :**

- 1) Accordingly, perquisite have been valued in terms of actual expenditure incurred by the company in providing benefits to the employees except in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy in such case, a notional amount as per Income Tax Rules has been added.
- 2) The above mentioned employee is not a relative (in terms of the Companies Act 2013) of any Director of the Company.
- 3) The nature of the employment is contractual and terminable with 3 months notice.

By order of the Board  
For Wendt (India) Limited

M M Murugappan  
Chairman

Place: Chennai  
Date: 28th April 2016

**Forward looking statements**

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

**ANNEXURE I**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended 31/03/2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

**Form No. MGT - 9**

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L85110KA1980PLC003913
Registration Date	21/08/1980
Name of the Company	Wendt (India) Limited
Category / Sub -Category of the Company	Company having Share Capital
Address of the Registered office and contact details	105, 1st Floor, Cauvery Block, National Games Housing Complex, Kormangala, Bangalore - 560047 Telephone No.: 080 25701423
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 40 67162222-1510-1512 Fax: +91 40 23001153

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.No	Name and Description of main products / services	NIC Code of the Product	% to total turnover of the Company
1	Grinding Wheels and Abrasives	23993	48.67
2	Grinding, Dressing, Lapping, Honing & Polishing	3574	23.05
3	Special Purpose Machine, Components & Accessories	3590	13.29
4	Machine Tools & Accessories	3570	14.11

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Wendt Middle East FZE, UAE Warehouse No. W3 - 8 PO Box No.50732, Hamriyah Free Zone - Sharjah, United Arab Emirates	Foreign Company UIN: BGWAZ20080859	Subsidiary	100%	2 (46)
2	Wendt Grinding Technologies Limited, Thailand 109/21 Moo.4 Tambon Pluakdaeng Aumpur Pluakdaeng Rayong 21140	Foreign Company UIN: BGWAZ20060179	Subsidiary	99.99 %	2 (46)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(2) Foreign									
(a) NRIs - Individuals	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	15,94,704	-	15,94,704	79.74	15,94,704	-	15,94,704	79.74	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	1850	-	1850	0.09	1850	-	1850	0.09	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	1850	-	1850	0.09	1850	-	1850	0.09	-

<b>(2) Non- Institutions</b>									
(a) Bodies Corp	15435	200	15635	0.78	17714	200	17914	0.90	0.12
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) individuals									
i. Individual shareholders holding nominal share capital up to Rs. 2 lakh	328664	52525	381189	19.06	330109	49875	379984	19.00	-0.06
ii. Individual shareholders holding nominal share capital in excess of Rs 2 lakh	-	-	-	-	-	-	-	-	-
<b>(C) Others (Specify)</b>									
i) Trust	-	-	-	-	300	-	300	0.02	0.02
ii) Clearing Members	312	-	312	0.02	120	-	120	0.01	0.01
iii) Non Resident Indians	3660	-	3660	0.18	5128	-	5128	0.26	0.08
<b>Sub-Total (B)(2)</b>	<b>350721</b>	<b>52725</b>	<b>403446</b>	<b>20.17</b>	<b>355221</b>	<b>50075</b>	<b>405296</b>	<b>20.26</b>	<b>-</b>
<b>Total Public Shareholding = (B) (1) + (B) (2)</b>	<b>352571</b>	<b>52725</b>	<b>405296</b>	<b>20.26</b>	<b>355221</b>	<b>50075</b>	<b>405296</b>	<b>20.26</b>	<b>-</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>1947275</b>	<b>52725</b>	<b>2000000</b>	<b>100</b>	<b>1949925</b>	<b>50075</b>	<b>2000000</b>	<b>100</b>	<b>-</b>

##### (ii) Shareholding of Promoters:

S.No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Carborundum Universal Limited	7,97,352	39.87	-	7,97,352	39.87	-	-
2	Wendt Gmbh	7,97,352	39.87	-	7,97,352	39.87	-	-
<b>Total</b>		<b>15,94,704</b>	<b>79.74</b>	<b>-</b>	<b>15,94,704</b>	<b>79.74</b>	<b>-</b>	<b>-</b>

##### (iii) Change in Promoters' Shareholding (please specify, if there is no change):

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No change during the year			
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	No change during the year			
At the End of the year	No change during the year			



(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RAM KRISHAN KHANDELWAL	14075	0.70	14075	0.70
2	TARA CHAND JAIN	4775	0.29	4775	0.29
3	BHUMESH KUMAR GAUR	4016	0.20	4016	0.20
4	RAM KRISHAN KHANDELWAL	4000	0.20	4000	0.20
5	ANITA KHANDELWAL	3289	0.16	3523	0.16
6	KIRIT MODI	2818	0.14	2818	0.14
7	PRITHVI FINMART PRIVATE LIMITED	-	-	2767	0.14
8	RAJEN ANIL SHAH	2489	0.12	2489	0.12
9	SHAILESH BHAGVATI PRASAD DAVE	-	-	2000	0.10
10	IRMGARD VELAGAPUDI	2000	0.10	2000	0.10

(v) *Shareholding of Directors and Key Managerial Personnel:*

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Directors				
1.	Mr. M M Murugappan				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
2.	Mr. Edmar Allitsch				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transf er / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

3.	<b>Mr. Shrinivas G Shirgurkar</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
4.	<b>Mr. K S Shetty</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
5.	<b>Mr. K Srinivasan</b>				
	At the beginning of the year	2650	0.13	2650	0.13
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the beginning of the year	2650	0.13	2650	0.13
6.	<b>Mr. Peter Verholen</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>KMP</b>					
1.	<b>Mr. Rajesh Khanna, Chief Executive</b>				
	At the beginning of the year	240	0.01	240	0.01
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the beginning of the year	240	0.01	240	0.01



S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	<b>Mr. Mukesh Kumar Hamirwasia, Chief Financial Officer</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
3.	<b>Ms. Akanksha Bijawat, Company Secretary</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

#### V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		None	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	NIL	
(b)	Value of perquisites u/s 17(2) Income - tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income - tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		
5	Others, please specify		
Total (A)			
Ceiling as per the Act			

##### B. Remuneration to other Directors:

###### 1. Independent Directors

S.No	Particulars of Remuneration	Name of Directors		Total Amount (Rs. In Lacs)
		Mr. Shrinivas G Shirgurkar	Mr. K S Shetty	
	Fee for attending board / committee meetings	2.10	2.20	4.30
	Commission	-	-	-
	Others, please specify	-	-	-
<b>Total B (1)</b>				<b>4.30</b>

###### 2. Non-Executive Directors

S.No	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lacs)
		Mr. M M Murguppan	Mr. Edmar Allitsch	Mr. K Srinivasan	
	Fee for attending board / committee meetings	1.10	-	-	1.10
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
<b>Total B (2)</b>					<b>1.10</b>
<b>Total (B) = (1)+(2)</b>					<b>5.40</b>



**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTG:**

S.No	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Rajesh Khanna, CEO	Mr. Mukesh Kumar Hamirwasia, CFO	Ms. Akanksha Bijawat, CS	
(a)	Salary as per provisions contained in section 17(1) of the Income -tax Act, 1961	67,69,871	24,91,935	5,82,318	98,44,124
(b)	Value of perquisites u/s 17(2) Income -tax Act, 1961	11,07,935	21,600	-	11,29,535
(c)	Profits in lieu of salary under section 17(3) Income -tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify -Retirals benefit	9,14,586	2,77,924	71,037	12,63,547
<b>Total (C)</b>		<b>87,92,392</b>	<b>27,91,459</b>	<b>6,53,355</b>	<b>1,22,37,206</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

**ANNEXURE II**

**ANNUAL REPORT ON COROPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects / programs	Refer Section Corporate Social Responsibility
2.	Website link where the CSR policy is uploaded <a href="http://www.wendtindia.com/pdf/csrapolicy.pdf">http://www.wendtindia.com/pdf/csrapolicy.pdf</a>	
3.	The Composition of the CSR Committee Mr. K S Shetty, Chairman (Independent Director) Mr. Shrinivas G Shirgurkar, Member (Independent Director) Mr. K Srinivasan, Member (Non-Executive Director)	
4.	Average net profit of the company for last three financial years	Rs. 1655.45 Lacs
5.	Prescribed CSR Expenditure (two per cent of the amount as in item 4 above)	Rs. 33.11 Lacs
6.	Amount not spent last year, spent this year	Rs. 2.16 Lacs
7.	Details of CSR spent during the financial year (a) Total amount spent for the financial year (b) Amount unspent, if any	Rs. 38.45 Lacs -

(c) Manner in which the amount spent during the financial year is detailed below (Rs. in Lacs)

Sl No	CSR project or activity identified.	Sector	Location	Amount outlay (budget) project or wise	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting Education including special education and employment enhancing vocation skills	Promoting Literacy among children	Local Area. Hosur, Tamilnadu	32.00	32.00	32.00	Direct
2	Research & Development in the areas of food and sustainable agriculture, environment management and renewable energy to create livelihood opportunities in rural India.	Rural Development Projects	Chennai, Tamilnadu	2.00	2.00	2.00	AMM Research
3	Promoting healthcare by supporting Support for Heart Surgeries - Gift of Life Project	Promoting preventive health care	Bangalore, Karnataka	3.50	3.50	3.50	Rotary Club, Bangalore
4	Community development programs- Renovation work at school.	Education	Local Area. Hosur, Tamilnadu	0.95	0.95	0.95	Direct
<b>TOTAL</b>				<b>38.45</b>	<b>38.45</b>	<b>38.45</b>	

8. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: N.A.

9. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

K S Shetty  
Chairman of CSR Committee

K Srinivasan  
Director

Place: Chennai

Date: 28th April 2016



### ANNEXURE III

The details of remuneration during the year 2015-16 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	N.A. The directors are paid only sitting fees for attending Board and Committee Meetings.			
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year.	Director: N.A. CEO:10.88% CFO: 11.02% CS: 14.16%			
(iii) the percentage increase in the median remuneration of employees in the financial year.	12.71%			
(iv) the number of permanent employees on the rolls of company.	338			
(v) the explanation on the relationship between average increase in remuneration and company performance	(a) average increase in remuneration: 12.71% (b) company performance (% increase in PBT): (19.16)% (c) Explanation on relationship: The increase in remuneration of employees is based on the individual KRAs and Balance Score Card of the Company.			
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Designation	% increase in Remuneration	% increase in Sales	% increase in PAT
	CEO	10.88	10.37	(34.28)
	CFO	11.02	10.37	(34.28)
	CS	14.16	10.37	(34.28)
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year.		31.03.2015	31.03.2016	
	Market Capitalisation (in Rs. Crores)	340.45	348.00	
	Closing Price at the Bombay Stock Exchange Ltd. (in Rs.)	1702.25	1740.00	
	PE Ratio	22.93	35.66	
(viii) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	The last public offer was in the year 1983 and the data is incomparable.			
(ix) (a) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: N.A. The directors are paid only sitting fees for attending Board and Committee Meetings. (b) Percentile increase in the managerial remuneration: N.A. (c) Comparison of the above and justification thereof: N.A. (d) Point out if there are any exceptional circumstances for increase in the managerial remuneration: None				
(x) the key parameters for any variable component of remuneration availed by the directors.	N.A. The directors are paid only sitting fees for attending Board and Committee Meetings.			
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	N.A. The directors are paid only sitting fees for attending Board and Committee Meetings.			
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	The Company is in compliance with its Remuneration Policy.			

### FORM No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules 2014)

To The Members

#### Wendt (India) Limited

I have conducted the secretarial audit of the compliance of applicable statutory provision and the adherence to the good corporate practices by **Wendt (India) Limited**, (Corporate Identity no. L85110KA1980PLC003913 (**herein after called "the Company"**)). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinions thereon.

Based on my verification of the **Wendt (India) Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- I. The Companies Act, 2013(the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. During the year under review the Company has complied with the provision of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowings during the year under review;
- V. The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, as amended from time to time;
  - b) The Securities and Exchange Board of India Prohibition of Indian Trading Regulations, as a ended from time to time;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, as amended from time to time, regarding the Companies Act and dealing with Client;
  - d) During the year the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, as amended from time to time: and
  - e) During the year under review, the Company has not delisted its securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Securities) Regulations, as amended from time to time is not applicable

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:

1. Factories Act, 1948
2. Labour Laws and other incidental laws related to labour and employees appointed by the Company including



those on contractual basis relating to the wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation, etc.;

3. Industries (Development & Regulation) Act, 1991;
4. Acts and Rules prescribed under prevention and control of pollution;
5. Acts relating to protection of IPR;

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange.
- iii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December 2015);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations

- i) **As per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 there should be a minimum public shareholding of 25% of the paid up capital of the Company. As on March 31, 2016 the Promoters' shareholding is 79.74% of the total paid up share capital whereas the Public holds the balance 20.26% of the paid up share capital of the Company.**

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors subject to the following observations

- i) **One of the conditions of the Regulation 17(1b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the resignation and appointment of a new independent director should not exceed 90 days. An Independent Director of the Company ceased to be a director w.e.f. 27th July, 2010 and no other director has been appointed in his place upto the date of this certificate. As on March 31, 2016, the Company has two independent directors as against the requirement of minimum three directors.**
- ii) **One of the conditions of the Regulation 17(1a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires that the Board of the directors of the Company should consist of one woman director. As on March 31, 2016 and upto the date of this certificate, no Woman Director has been appointed by the Company.**

Adequate notice is given to all the Directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of records and minutes, the decisions were carried out with the consent of majority of Board of Directors/Committee Members and there were no dissenting members' views recorded in the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the Company, with the approval of the Board, has entered into agreement with M/s Star Diamond Tools Private Limited for acquisition of their Diamond Dresser Tool business on slump sale basis.

Place: Bangalore  
Date: 28th April, 2016

Apeksha Nagori  
ACS No. A21952  
C.P. No. A13639

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a set of policies, process and practices by which a Company conducts its affairs in pursuit of its business goals. Responsible corporate conduct is integral to the way we do our business. In order to ensure sustainable returns to all stakeholders of the business, it is imperative, to adopt and follow certain policies, procedures and processes, which together constitute a 'Code of Corporate Governance'. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a Company.

Both in India as well as globally, Corporate Governance is increasingly being recognized as a key component in the efficient functioning of every business. Good Corporate Governance practices are *sine qua non* for a sustainable business organisation that aims at generating long term value for all its stakeholders. It mainly involves the establishment of structures and processes, with appropriate checks and balances, that enable the Board to discharge its responsibilities accordingly.

## Company's Philosophy on Corporate Governance

The Governance Philosophy of your Company is firmed up on a bedrock of ethical values and professionalism which in excess of 3 decades of the Company's existence has become a part of its culture. Wendt (India) Limited, looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long-term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn, these resources are leveraged to maximize long-term stakeholder value, while preserving the interests of multiple stakeholders, including the society at large. Accordingly, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the company is an important part of corporate governance. This improves understanding of the structure, activities and policies of the organization by investors and public. Consequently, the organization is able to attract and retain investors, and enhance the trust and confidence of the stakeholders.





Your Company endeavors to improve upon aspects like transparency, professionalism, accountability and fair disclosures, on an ongoing basis and takes necessary steps towards growth and enhancing value for its shareholders. This is guided by the 5 lights of the Murugappa Group.

While conducting business and its dealings, your Company abides by the principles of honesty, openness and doing what is right and fair. Your Company is committed to doing things the right way which means taking prudent business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. These principles guide our behavior at all times.

Wendt practices the highest standards of corporate behavior towards everyone it works with, be it the communities or the environment. This is the path to a responsible, sustainable and profitable growth while creating long term value for your Company's stakeholders, people and our business partners and society at large.

### Wendt's core values consist of the following:

- Adequate disclosures and effective decision making to achieve corporate objectives;
- Transparency and high degree of disclosure levels in business transactions;
- Ensuring compliance with applicable laws;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business.

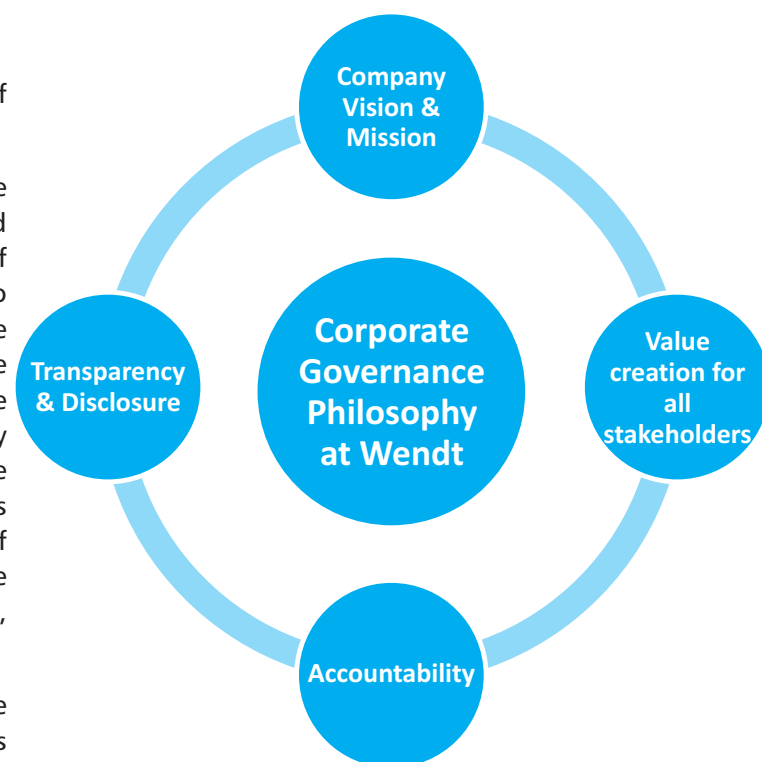
These are the foundation blocks on which the framework of the Corporate Governance is based to make Wendt a socially responsible citizen of business Community. At Wendt, our endeavor is to follow good governance in spirit than mere compliance with the code on Corporate Governance. We recognize that having a simple and transparent corporate structure driven solely by business needs will certainly bring in more transparency and will in turn satisfy the mandates of Corporate Governance. The driving force of Corporate Governance at Wendt are its core values, belief in people, entrepreneurship, customer satisfaction and pursuit of excellence.

Your Company has complied with the requirements of Corporate Governance code as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

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

### BOARD OF DIRECTORS

At Wendt, we believe that sound Corporate Governance is critical to enhance and retain investor trust. Our Board exercises its fiduciary responsibilities in its true spirit. The primary role of the Board is that of trusteeship to protect and enhance stakeholders' value through strategic supervision of the Company and its subsidiaries. Our Company is headed by an effective Board that exercises leadership, integrity and judgment in directing so as to achieve



continuing prosperity and to act in the best interest of the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in our governance practices, under which we strive to maintain an active and informed Board.

### a) Attributes of a Board

It is important to consider a variety of personal attributes among the Board incumbents including intellect, judgment, openness, honesty and the ability to develop trust. A Board requires Directors who have the intellectual capability to question status quo and debate any new policy / strategy as also offer suggestions and alternatives.

### b) Size and Composition of the Board

Your Company's board consists of Directors, with varied and diverse professional background. The composition of the Board represents a finest blend of professionals from various backgrounds which enables the Board to discharge its responsibilities more efficiently and provide effective leadership by taking the Company's business to achieve greater heights. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance from business management.

As of March 31, 2016, the Board at Wendt (India) comprises of 5 Non-Executive Directors out of which 2 are Independent Directors. Independent Directors apart from receiving sitting fee, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, so as to avoid any influence & ensure independence of judgment on any decision. The Independent Directors, with their diverse knowledge and expertise provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence.

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 the Regulation 17 of the SEBI (LODR) Regulations, 2015. A time frame of 180 days was available to do so and the process of identifying suitable candidates for filling up this position was initiated. In the meantime, consequent to the offer made by 3M (Schweiz) AG for the acquisition of Winterthur's group stake thereby resulting in the indirect acquisition of 40% stake in your Company, and the same being challenged by Carborundum Universal Limited, one of the Promoters of the Company, the Company Law Board, Chennai Bench has passed an interim order restraining the alteration of the Board of Directors of the Company. The filling up of the vacancy of the Independent Director and compliance of the Regulation 17 of the SEBI (LODR) Regulations, 2015 could be done subsequent to settling of the above case pending with the Company Law Board.

As per requirement of Regulation 17 (1) (b) of the SEBI (LODR) Regulations, 2015 with regard to the appointment of Woman Director by 31st March 2015. There was a petition filed by Carborundum Universal Limited, the Co-promoter of the Company against Wendt GmbH (other co-promoter), Winterthur Technologies AG, 3M Schweiz (AG) and others, the Company Law Board (CLB), Chennai bench has passed an interim order dated 19th January 2011 restraining the alteration of the composition of the Board of Directors of the Company till the matter is pending. The litigation is ongoing and there is no subsequent order passed by Company Law Board, Chennai Bench in this regard. The Woman Director can be appointed based on the development on the ongoing litigation.

### Directorships and Committee Memberships:

The total number of Directorships held by the Directors and the position of Membership / Chairmanship on Committees as on 31st March 2016 is given below. All the Directors are compliant with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and "SEBI Regulations" in this regard.

Such declarations are placed at the Board meeting.



Name of the Director	Category	No. of Directorships/ Chairmanships (Excluding Wendt India)	No. of Committee Memberships/ Chairmanships (Excluding Wendt India)
		Public Limited Companies	
M.M Murugappan Chairman DIN: 00170478	Promoter and Non Executive Director (PD)	9 (4 as Chairman)	8 (out of which 3 as Chairman)
Edmar Allitsch (Alternate Director- Peter Verholen)- (AD) DIN: 03073511	Promoter and Non Executive Director (PD)	-	-
K Srinivasan DIN: 00088424	Non Executive Director (NED)	3	1
Shrinivas G.Shirgurkar DIN: 00173944	Non Executive/ Independent Director (ID)	3	1
K S Shetty DIN: 01759936	Non Executive/ Independent Director (ID)	-	-

**Note:**

- Independent Director means a Director as defined under SEBI (LODR) Regulations, 2015.
- Number of other Directorships indicated above is exclusive of Directorships on the Board of Private Limited Companies (which are not holding or subsidiaries of Public Companies)/ Foreign Companies/ Alternate Directorship/ Section 8 Companies.
- The details of the Committee membership/ Chairmanship are in relation to the specified committees viz. Audit Committee & Stakeholder Relationship Committee (SRC) of Indian Public Limited Companies.
- None of the Directors are related to each other.

### c) Diversity in Board

The Wendt Board represents diversity in terms of all the parameters. The Company recognises and embraces the benefits of having a diverse Board. Diversity, in all its aspects, ensure an optimum composition of the Board such that the talent of all members of the Board blends together to be effective. A truly diverse Board comprising of appropriately qualified people with a broad range of experience relevant to the business of the Company, is integral to its success and is also an essential element in maintaining a competitive advantage on a sustainable basis. The Board is balanced by members having complementary knowledge, expertise and skills in areas such as business strategy, finance, legal, marketing, engineering, technology and such other areas that the Board considers desirable.

### d) Board Meetings

The Board meets atleast once in a quarter to discuss and decide business policies/strategies and review the Financial Performance of the Company and its Subsidiaries. Apart from the above, additional Board meetings will be convened to address specific needs, if any, of the Company otherwise the Board's approval will be taken by passing resolution by circulation, as permitted by law, which will be approved in the immediate next Meeting of the Board held.

The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board. The Board Meetings are governed by a structured Agenda. Agenda for each meeting along with the explanatory notes are drafted and distributed well in advance to the Directors. Presentations are made by the CEO and the Senior Management Team on the Company's performance, operations, plans and other matters of importance on quarterly

basis. The Board has complete access to any information within your Company and they are updated about their roles and responsibilities in the Company.

During the year 2015-16, the Board of Directors of your Company met 5 times and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

21st April 2015,  
23rd July 2015,  
23rd October 2015,  
25th January 2016,  
21st March 2016.

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

Name	Category	No. of Board Meetings during the year 15-16		Attended last AGM held on 23.07.2015
		Held	Attended	
M M Murugappan- Chairman	PD	5	5	Yes
Edmar Allitsch	PD	5	-	No
Peter Verholen (Alternate to Edmar Allitsch)	AD	5	-	No
K Srinivasan	NED	5	5	Yes
Shrinivas G Shirgurkar	ID	5	5	Yes
K S Shetty	ID	5	5	Yes

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

### Independent Directors

Independent Directors play an important role in the governance processes of the Board. The Independent Directors of the Company provide an annual certificate of independence in accordance with Companies Act, 2013 and the SEBI Regulations, to the Company which is taken on record by the Board. All the board members including Independent Directors have the opportunity and access to interact with the management.

### Appointment and Tenure

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- Wendt Board has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013.
- The Independent Directors will serve a maximum of two terms of five years each.
- None of the Independent Directors serve as "Independent Directors" in more than seven listed companies.
- In the process of transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years.



## Board Evaluation

Pursuant to the provisions of the Act and the SEBI Regulations, the Board of Directors (Board) has carried out an annual evaluation of its own performance, and that of its committees and individual directors. A structured questionnaire has been prepared covering various aspects of the Board's and Committee's functioning. The performance of the Board was evaluated based on criteria that includes aspects like Composition and structure of the Board, effectiveness of the Board processes, information and functioning of the Board etc., Evaluation of the Committee's performance was based on the criteria like composition, its terms of reference and effectiveness of committee meetings etc., Individual Directors' performance evaluation is based on their preparedness on the issues to be discussed, meaningful and constructive discussions and their contribution to the Board and Committee meetings. The Chairperson was evaluated mainly on key aspects of his role. These performance exercises were conducted seeking inputs from all the Directors / committee members wherever applicable.

## Board Familiarization Process

The Members of the Board are provided with many opportunities to familiarize themselves with the Company, its management and its operations. The Company familiarizes its Independent Directors on their appointment as such on the Board with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc. through familiarization programme. The Company also conducts orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis. The familiarization programme enables the Directors to understand more about the Company, its businesses and processes in the dynamic regulatory framework thus enabling him / her to effectively fulfill their role as a Director of the Company.

The familiarization programme for Independent Directors is disclosed on the Company's website [www.wendtindia.com](http://www.wendtindia.com)

## e) Information supplied to the Board of Directors

All the information that is required to be made available, as applicable to the Company, in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015, is made available to the Board.

### Information Placed before the Board:

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Quarterly details of investments by the Company in liquid mutual funds and returns thereon.
- Quarterly update on wholly owned subsidiaries.
- Update on order book position.
- Updates on R & D, Lean manufacturing and major sales initiatives taken by Company.

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

## NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURE

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

## BOARD COMMITTEES

The Committees constituted by the Board play a very important role in the governance structure of the Company. The terms of reference of these Committees are approved by the Board and are in line with the requirements of Companies Act, 2013 and the SEBI Regulations. The minutes of Committee meetings are tabled at the Board meetings for its review and the Chairperson of each Committee briefs the members of the Board on the important deliberations and decisions of the respective Committees. The minutes of the proceedings of the Committee Meetings are captured in the same manner as the Board Meetings and in accordance with the provisions of the Companies Act, 2013. All Committees have formally established terms of reference/ charter, subject to revision/amendment as and when required.

The following committees of the Board are in existence during the year 2015-16.

- a) Audit Committee
- b) Stakeholder Relationship Committee
- c) Corporate Social Responsibility Committee
- d) Nomination & Remuneration Committee

### a. AUDIT COMMITTEE

The Primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process and to ensure accurate, timely and proper disclosures and transparency and quality of financial reporting. Its role includes oversight of the financial reporting process, the audit process, the adequacy of internal controls, transactions with related parties and compliance with applicable laws and regulations. The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors.

The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Act and SEBI Regulations. The functions performed by the Committee are broadly as under:

#### Terms of Reference/Charter of the Audit Committee

##### A. The role of the audit committee shall include the following:

1. Overseeing listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

**B. The audit committee shall mandatorily review the following information:**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**Meetings of the Audit Committee**

The Audit Committee met four times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory four months. The dates on which the said meetings were held are as follows:

21st April 2015,  
23rd July 2015,  
23rd October 2015,  
25th January 2016.

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

The Chairman of the Audit committee was present at the last Annual General Meeting held on 23rd July 2015.

The Company Secretary officiates as the Secretary of the Committee.

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

Name	Category	No. of Committee meetings during the year 2015-16	
		Held	Attended
Shrinivas G Shirgurkar (Chairman)	ID	4	4
K S Shetty	ID	4	4
K Srinivasan	NED	4	4

**b. STAKEHOLDER RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee of the Board of Directors primarily focuses on shareholder grievances, share transfers and transmissions and reviews all matters connected with servicing the investors and to redress the grievances of the Investors. The terms of reference of the Committee includes enquiring into and redressing complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends of shareholders. The Committee also oversees the performances of the Registrar and Share Transfer Agents and recommends measures for overall quality improvement of investor services.

The Stakeholders Relationship Committee comprises of Mr M M Murugappan as Chairman, Mr K Srinivasan and Mr K S Shetty as members. The Committee meets as often as required to discharge its function. Details of share transfers/transmissions, approved by the Committee are placed before the Board on a regular basis.

During the year, the Stakeholder Relationship Committee met on 21st March 2016 and the details of the attendance by the Committee members are as follows:



Name	Category	No. of Committee Meetings during the year 2015-16	
		Held	Attended
M M Murugappan, Chairman	PD	1	1
K Srinivasan	NED	1	1
K S Shetty	ID	1	1

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

As per SEBI Circular an exclusive mail id [investorservices@wendtindia.com](mailto:investorservices@wendtindia.com) has been created to address the Investor Grievances.

The Company Secretary acts as the Secretary to the Committee.

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

### c. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee's responsibility is to assist the Board in undertaking CSR Activities by way of formulating and monitoring spending on CSR Activities by the Company. The composition of the CSR Committee is in line with provisions of Section 135 of the Companies Act, 2013. The Board has approved a CSR policy formulated and recommended by the Committee which is uploaded and available on the Company's website [www.wendtindia.com](http://www.wendtindia.com).

The CSR Committee comprises of Mr. K S Shetty as Chairman, Mr. Shrinivas G Shirgurkar and Mr. K Srinivasan as members.

#### Terms of Reference/Charter of the Corporate Social Responsibility Committee

The responsibilities of the Corporate Social Responsibility Committee is to:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Review and recommend the amount of expenditure to be incurred on the activities referred to above.
- To monitor the implementation of the CSR Policy of the Company from time to time.
- Institute a transparent monitoring mechanism for implementation of the CSR activities.
- Review the performance of the Company in the area of Corporate Social Responsibility.
- Carry out any other function or activity as may be considered for ensuring corporate social responsibility objectives are met.

#### Meetings of the Corporate Social Responsibility Committee

During the year, two Corporate Social Responsibility Committee meetings were held on 23rd October 2015 and 21st March 2016. The details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2015-16	
		Held	Attended
K S Shetty, Chairman	ID	2	2
Shrinivas G Shirgurkar	ID	2	2
K Srinivasan	NED	2	2

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

### d. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee broadly plays a dual role of determining the composition of the Board based on need and requirements of the Company from time to time and determines the overall compensation framework and policy for Directors, senior management and employees. It is governed by a Charter in compliance with Section 178 of the Companies Act, 2013 and SEBI Regulations.

The Nomination & Remuneration Committee comprises of Mr. K Srinivasan as Chairman, Mr. Shrinivas G Shirgurkar and Mr K S Shetty as members.

#### Terms of Reference/Charter of the Nomination & Remuneration (N & R) Committee

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year, the Nomination & Remuneration Committee met on 21st March 2016 and the details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2015-16	
		Held	Attended
K Srinivasan, Chairman	NED	1	1
Shrinivas G Shirgurkar	ID	1	1
K S Shetty	ID	1	1

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

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination & Remuneration (N & R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO and their remuneration. This Policy is accordingly derived from the said charter.

#### 1. Criteria for Selection & Remuneration of Non-Executive Directors

- The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with directors having expertise in the field of manufacturing, marketing, finance, governance and general management.
- In case of appointment of Independent Directors, the N & R Committee shall certify itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.
- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

- d. The Non-Executive Directors ("NEDs") are paid remuneration by way of Sitting Fees. The Sitting Fees is paid on the basis of their attendance in Board Meeting, Audit Committee Meeting, Stakeholder's Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting and Nomination and Remuneration Committee Meeting.

## 2. Criteria for Selection & Remuneration of Key Management Personnel / Senior Executives

- a. The Company's total compensation for Key Management Personnel / Senior Executives consists of:
- o Fixed compensation
  - o Variable compensation in the form of annual incentive
  - o Benefits
  - o Work related facilities and perquisites
- b. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.
- c. The Annual Incentive (variable pay) of senior executives is linked directly to the performance of the Business Unit and the Company through a Balanced Score Card in accordance with the Employees Incentive Scheme of the Company. The Balanced Score Card comprises goals under four perspectives – Financial, Customer, Internal Process and Learning and Growth Perspective. The objective is to reward current performance as reflected in the financial perspective as well as to focus on initiatives to secure the longer term health of the Company as encapsulated in the other three Perspectives.
- d. A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual executives.
- e. Overall compensation is subject to periodic reviews which take into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

A copy of Remuneration Policy is made available on the website of the Company [www.wendtindia.com](http://www.wendtindia.com)

## DISCLOSURES

### (A) WENDT (INDIA) CODE OF CONDUCT

Your Company has adopted a Code of Conduct which applies to all its Directors and employees of the Company in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015. The Code of Conduct is an annual declaration that helps to maintain high standards of ethical business conduct for the Company. The Code lays down the standard of conduct which is expected to be followed by the Directors and by the employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management Personnel of your Company have affirmed their compliance with the Code of Conduct for the year ended 31st March 2016. A declaration signed by the Chief Executive has been submitted to the Board.

A copy of the Code of Conduct is made available on the website of the Company [www.wendtindia.com](http://www.wendtindia.com).

### (B) PREVENTION OF INSIDER TRADING

The Company has formulated and adopted a new Code for Prevention of Insider Trading pursuant to SEBI (Prohibition of Insider Trading) Regulation, 2015 which came into effect from May 15, 2015. The Board of Directors at its meeting held on 21st April 2015 approved the 'Wendt (India) Limited - Code of Conduct to Regulate, Monitor and Report Trading by Insiders' in line with SEBI (Prohibition of Insider Trading) Regulation, 2015. The Board at its aforesaid meeting also approved the 'Wendt (India) Limited - Code for Fair Disclosure'. The same can be accessed from the Company's website [www.wendtindia.com](http://www.wendtindia.com).

Wendt (India)'s Code of Conduct for Prevention of Insider Trading covers all the Directors, senior management personnel, persons forming part of promoter(s)/promoter group(s) and such other designated employees of the

Company, who are expected to have access to unpublished price sensitive information relating to the Company. All the designated employees are restricted in purchasing, selling and dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company. They are also prohibited from dealing in the shares of the Company during the trading window closure periods announced by the Company, from time to time. During the year, there has been no violation of the provisions of the said Code.

### (C) WHISTLE BLOWER POLICY

Your Company has adopted a Whistle Blower Policy under Vigil mechanism. It has established the necessary mechanism in line with the requirements under the Companies Act, 2013 and SEBI Regulations. It is a mechanism for employees and directors to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy and to ensure that adequate safeguards shall be provided to the whistle blowers against any victimization or vindictive practices like retaliation, threat or any adverse (direct or indirect) action on their employment. The Policy also ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Board of Directors has appointed the Chairman of the Audit Committee as the Whistle Blower Administrator for directors and for employees, an Independent person is the Ombudsman for the Company. The policy also provides for direct access to the Chairman of the Audit Committee.

A copy of Whistle Blower Policy is made available on the website of the Company [www.wendtindia.com](http://www.wendtindia.com)

### (D) SUBSIDIARY COMPANIES

Your Company does not have any material non-listed Indian subsidiary Company, whose turnover or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth of the Company. Both the subsidiary companies are managed with their Board having the rights and obligations to manage such companies. The Board of Directors of the subsidiary companies meet quarterly to review the quarterly performance and subsequently the same are being placed before the Board of Directors of your Company.

A copy of Policy for determining Material Subsidiaries is made available on the website of the Company [www.wendtindia.com](http://www.wendtindia.com)

### (E) RELATED PARTY TRANSACTIONS

All Transactions with related parties during the year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

All related party transactions were done with prior approval of the Audit Committee. Statements of transactions in summary form with related parties in the ordinary course of business are placed at Audit Committee meetings and reviewed by the Committee. Details of all transactions entered into by the Company with the related parties have been disclosed under "Related Party Transactions" in the Notes to Accounts, refer Note No. 27 (12) of the Financial Statements of the Company which form part of this Annual Report.

A copy of Policy on Related Party Transactions is made available on the website of the Company [www.wendtindia.com](http://www.wendtindia.com)

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

Your Company has complied with all requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the past three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.

### (G) ADHERENCE TO ACCOUNTING STANDARDS

Your Company follows the mandatory Accounting Standards notified under the Companies Act, 2013 and prescribed by The Institute of Chartered Accountants of India and to the best of its knowledge, there are no deviations in the accounting treatment that require specific disclosure.

### (H) 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.

## (I) RISK MANAGEMENT

The Company has been addressing various risks impacting the Company. The 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.

## (J) 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	1,10,000
Edmar Allitsch	Nil	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil	Nil
K Srinivasan	Nil	Nil
Shrinivas G Shirgurkar	Nil	2,10,000
K S Shetty	Nil	2,20,000

\* Sitting Fee includes Board, Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination & Remuneration Committee fees.

Details of Shareholding of Directors as on 31st March 2016 is as below:

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

## (K) MANAGEMENT

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

## (L) SHAREHOLDERS

As required under the SEBI Regulations and as per the Companies Act, 2013, the brief profile of the Director who is retiring by rotation and eligible for re-appointment is as follows:

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

## (K) SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Audit for the year 2015-16 which, inter alia, includes audit of compliance with the Companies Act, 2013, and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report forms part of this Report.

## CEO/CFO CERTIFICATION

In accordance with the requirements of Regulation 17(8) of the SEBI Regulations, 2015, Mr Rajesh Khanna, Chief Executive and Mr Mukesh Kumar Hamirwasia, Chief Financial Officer of the Company have certified to the Board regarding the fairness of the financial statements and other matters as required under the above regulation.

## REPORT ON CORPORATE GOVERNANCE

Along with this report on Corporate Governance, certificate from the Auditor is annexed as required by the SEBI Regulations.

## GENERAL BODY MEETINGS

### Details of Annual General Meetings

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

Year	Date	Time	Venue	Ordinary Resolution
2014-15	23.07.2015	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	<ul style="list-style-type: none"> <li>Adoption of Annual Accounts for the year ended March 31, 2015.</li> <li>Re-appointment of Mr. K Srinivasan as Director.</li> <li>Ratification of Appointment of M/s Deloitte Haskins &amp; Sells as the Statutory Auditors of the Company for the year 2015-16.</li> <li>Declaration of Dividend on equity shares.</li> </ul>
2013-14	24.07.2014	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	<ul style="list-style-type: none"> <li>Adoption of Annual Accounts for the year ended March 31, 2014.</li> <li>Re-appointment of Mr. Shrinivas G Shirgurkar as an Independent Director of the Company for a term of 5 consecutive years.</li> <li>Re-appointment of Mr. K S Shetty as an Independent Director of the Company for a term of 5 consecutive years.</li> <li>Appointment of M/s Deloitte Haskins &amp; Sells as the Statutory Auditors of the Company for a term of 2 years.</li> <li>Declaration of Dividend on equity shares.</li> </ul>
2012-13	25.07.2013	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	<ul style="list-style-type: none"> <li>Adoption of Annual Accounts for the year ended March 31, 2013.</li> <li>Re-appointment of Mr. K Srinivasan as Director.</li> <li>Appointment of M/s Deloitte Haskins &amp; Sells as the Statutory Auditors.</li> <li>Declaration of Dividend on equity shares.</li> </ul>

No postal ballot was conducted by the Company during the last three financial years.

## MEANS OF COMMUNICATION

Your Company from time to time and as may be required, communicates to the investors about the financial results and other information of the Company through multiple channel of communications. The quarterly, half yearly and annual financial results are published in one national and one regional daily newspaper and are posted on the Company's website ([www.wendtindia.com](http://www.wendtindia.com)) under (Investors) Section. Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:

a) **Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Financial Results of Your Company are sent to the Stock Exchanges immediately after they are approved by the Board.

a) **NEAPS (NSE Electronic Application Processing System):** NEAPS is a web-based application designed by NSE

for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

b) **BSE Corporate Compliance & Listing Centre:** BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements, amongst others are also filed electronically on the Listing Centre.

c) **Publication of Quarterly/Half Yearly/Annual Results:** The Quarterly/ Half Yearly/Annual Financial Results of the Company are published in the prescribed format within 48 hours of the conclusion of the Board Meeting, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of your Company is situated.

The quarterly financial results during the financial year 2015-16 were published as detailed below:

Quarter (F.Y. 2015-16)	Date of Board Meeting	Date of Publication	Name of the newspaper
1st Quarter ended June, 2015	23.07.2015	24.07.2015	Business Standard and Vijay Karnataka
2nd Quarter ended September, 2015	23.10.2015	24.10.2015 & 25.10.2015	Business Standard and Vijay Karnataka
3rd Quarter ended December, 2015	25.01.2016	26.01.2016	Business Standard and Vijay Karnataka

e) **Website:** Your Company's website [www.wendtindia.com](http://www.wendtindia.com) contains a dedicated section "Investor Relations" where information for shareholders is available. The quarterly/half yearly/Annual Financial Results are promptly and prominently posted on the website. The Annual Reports of the subsidiary companies are also posted on the website of the Company. The Quarterly Corporate Governance Report, Shareholding Pattern, Policies, status of unclaimed dividend and other communications made to the Stock Exchanges are also available on the website. This results in prompt information disposal to the shareholders and also contributes in saving paper thus saving trees and helps in making the planet greener.

f) **Annual Report:** Annual Report of Your Company containing, inter alia, Audited Standalone and Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to all the Members and other entitled thereto. The Management Discussion and Analysis Report (MDAR) forms part of the Annual Report. The Annual Report is also available on the Company's website [www.wendtindia.com](http://www.wendtindia.com) in downloadable pdf format for ease of use.

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

h) **Designated email id for investors:** Your Company has a designated exclusive email id for investors at [investorservices@wendtindia.com](mailto:investorservices@wendtindia.com).

## NON MANDATORY REQUIREMENTS

### a) Shareholders' Rights

Annual, Half yearly and other quarterly financial statements are published in newspaper, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of the Company is situated, and posted on Your Company's website ([www.wendtindia.com](http://www.wendtindia.com)).

### b) Audit qualifications

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

### c) Training of Board Members

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



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

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

The Chairman provides the necessary guidance and support to the CEO, and both have regular and structured access to the executive and management team. CEO is in overall operational control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various committees.

**e) Social Accountability Policy**

Your Company recognizes the need and is committed to provide a safe, healthy and respectable work environment to all its employees. Your Company strives to provide an environment, which is free of discrimination, intimidation and abuse. Your Company has put in place SA 8000 System & Social Accountability Policy. As per the policy, the Company will not engage, support or tolerate the use of Child Labour, Forced or Compulsory Labour, Discrimination based on Race, National or Social origin, Caste, Birth, Religion, Disability, Gender etc., Corporal punishment, Mental or Physical coercion, verbal abuse, harsh or inhumane treatment of personnel and will comply with all the requirements as outlined by applicable Law.

**GENERAL SHAREHOLDER INFORMATION**

This is annexed.

By order of the Board  
For Wendt (India) Limited

Chennai  
28th April 2016

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 (" the Company"), for the year ended on March 31, 2016 as stipulated in:
  - Clause 49 (excluding clause 49 (VII) (E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
  - Regulation 23(4) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 2, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4) and clauses (b) to (i) of regulation 46(2) and para C, D, and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. One of the conditions of Clause 49 of the Listing Agreement / Regulation 17 (1) (b) of the Listing Regulations 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. An independent Director of the Company ceased to be a director w.e.f. July 27, 2010 and no other independent director has been appointed in his place up to the date of this certificate. Accordingly, as at March 31, 2016, the Company has two independent directors as against the requirement of minimum three directors.
5. One of the conditions of the Clause 49(IIA) of the Listing Agreement / Regulation 17(1)(a) of the Listing Regulations requires that the Board of the Directors of the Company should consist of one woman director. As on March 31, 2016, no woman director has been appointed.
6. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management and subject to our comments in Paragraph 4 and 5 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of the regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Bangalore  
28th April 2016

S Sundaresan  
Partner  
(Membership No. 25776)

## GENERAL SHAREHOLDER INFORMATION

### 1. Date of Incorporation: 21st August, 1980

### 2. Annual General Meeting

Date and time : 26th July 2016 at 2.30 P.M

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

Last date of receipt of Proxy forms: 24th July 2016 before 2.30 p.m.

### 3. Financial Calendar

The financial year of the Company commences from 1st April every year and ends on 31st March in the succeeding year. Results for the financial year 2016-17 shall be declared as per the following schedule:

Particulars	Quarter	Due date
Unaudited results	30th June 2016	15th August 2016
Unaudited results	30th September 2016	15th November 2016
Unaudited results	31st December 2016	15th February 2017
Audited Results	31st March 2017	31st May 2017

### 4. Book Closure Date

16th July 2016 to 26th July 2016 (both days inclusive)

### 5. Dividend Payment Date

The Company declared an interim dividend of Rs. 10/- per share in its Board Meeting held on 25th January 2016 for the financial year 2015-16 to those members whose names were appearing in the Register of Members on 10th February 2016. The Board of Directors of the Company have proposed a dividend of Rs. 15/- per share (150%) on equity shares of Rs. 10/- each. The dividend will be paid on 3rd August 2016 after approval at the Annual General Meeting.

### 6. 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

### 7. Listing Details & Codes

Bombay Stock Exchange : 505412  
National Stock Exchange : WENDT  
Listing Fee (FY 15-16) : Paid

### 8. Corporate Identification Number: L85110KA1980PLC003913

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

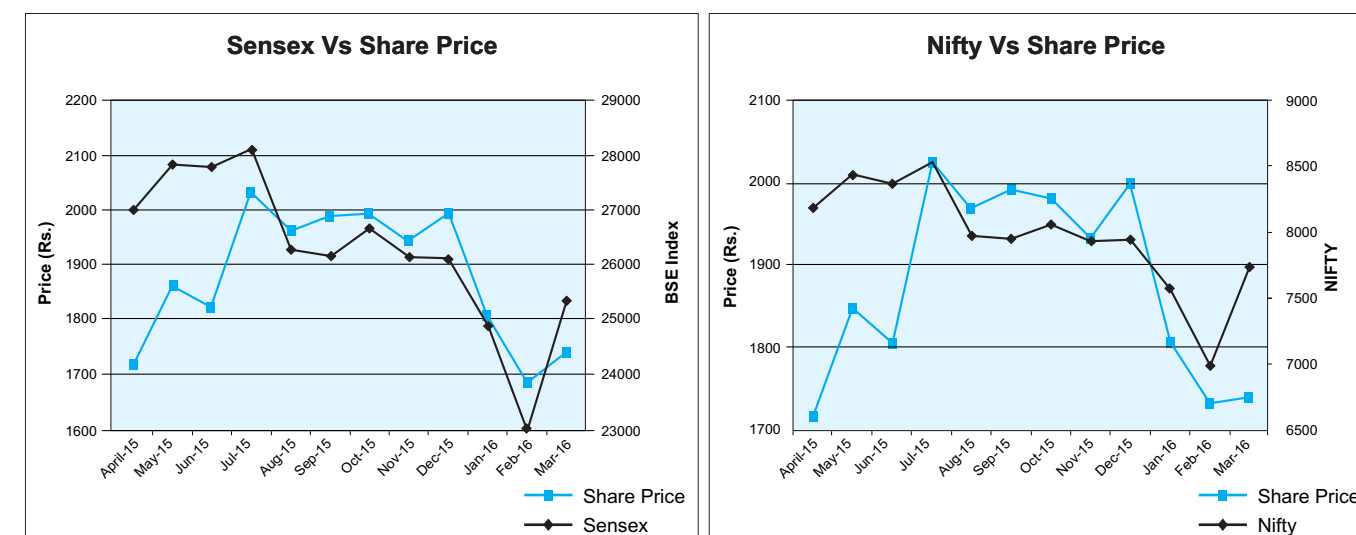
## 10. Certificate from Practicing Company Secretary:

Pursuant to Regulation 7(3) of the SEBI Regulations, 2015, certificate on half yearly basis was issued by Mr S Viswanathan, Company Secretary in Practice for due compliance of share transfer formalities by the Company.

## 11. Share Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2015 APRIL	1878.00	1691.50	1880.00	1681.40
MAY	1911.00	1665.00	1915.00	1650.05
JUNE	1975.25	1675.00	1910.05	1668.00
JULY	2312.75	1780.25	2356.00	1800.00
AUGUST	2410.00	1810.00	2429.95	1821.00
SEPTEMBER	1995.00	1809.00	2000.00	1810.05
OCTOBER	2090.00	1972.25	2097.95	1966.10
NOVEMBER	1986.00	1800.00	2000.00	1776.00
DECEMBER	2014.00	1883.00	2024.95	1820.00
2016 JANUARY	2080.00	1780.00	2150.00	1782.00
FEBRUARY	1898.00	1627.00	1849.95	1626.00
MARCH	1969.75	1685.25	1949.95	1682.15

## 12. Stock Performances



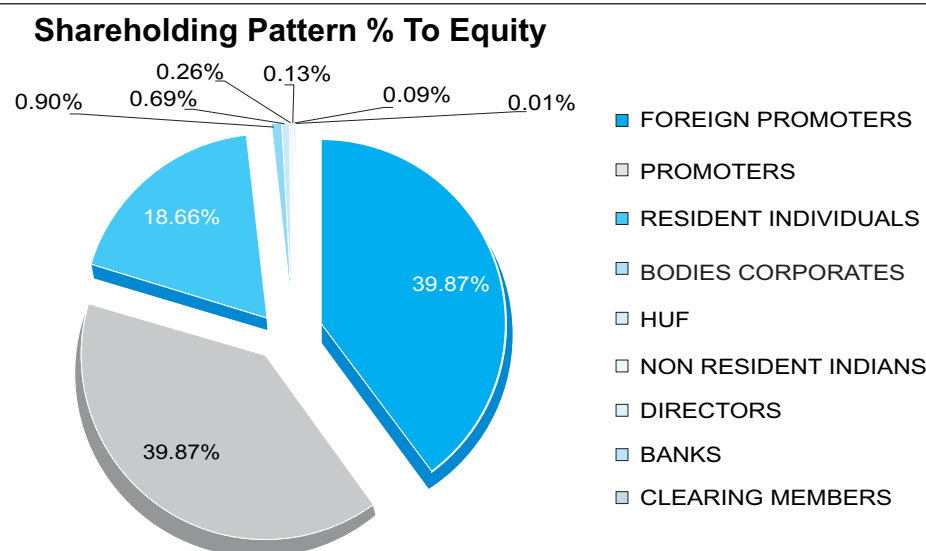


### 13. Distribution of Shareholding as on 31st March, 2016

Category (Amount) (Rs.)	No. of shareholders	% of shareholders	Total Shares	Amount (Rs.)	% of Amount
1-5,000	5,077	97.73%	2,62,331	26,23,310	13.12%
5,001-10,000	72	1.39%	53,628	5,36,280	2.68%
10,001-20,000	35	0.67%	48,494	4,84,940	2.42%
20,001-30,000	4	0.08%	10,724	1,07,240	0.54%
30,001-40,000	2	0.04%	7,253	72,530	0.36%
40,001-50,000	2	0.04%	8,791	87,910	0.44%
50,001-1,00,000	-	-	-	-	-
1,00,001 & Above	3	0.05%	16,08,779	1,60,87,790	80.44%
<b>TOTAL</b>	<b>5,195</b>	<b>100%</b>	<b>20,00,000</b>	<b>2,00,00,000</b>	<b>100%</b>

### 14. Shareholding Pattern as on 31st March 2016

Category	No. of shareholders	Total no. of Shares held	% of Share Capital
PPROMOTERS (PRO)	1	7,97,352	39.87%
FOREIGN PROMOTERS (FPR)	1	7,97,352	39.87%
RESIDENT INDIVIDUALS (PUB)	4,761	3,63,495	18.17%
BODIES CORPORATE (LTD)	149	17,914	0.90%
HUF	205	13,839	0.69%
DIRECTORS	1	2,650	0.13%
BANKS (BNK)	2	1,850	0.09%
NON RESIDENT INDIANS	66	5,128	0.26%
CLEARING MEMBERS	8	120	0.01%
Trust	1	300	0.01%
<b>TOTAL</b>	<b>5,195</b>	<b>20,00,000</b>	<b>100%</b>



### 15. Dematerialisation of Shares

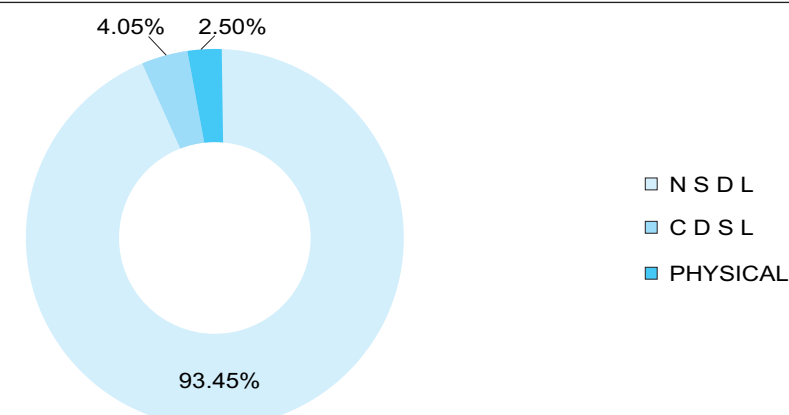
Your Company has signed agreements with both National Securities Depositories Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form.

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

As on 31st March 2016, 19,49,925 Shares constituting 97.50 % of the total paid up capital of the company have been dematerialized.

Shareholding Summary as on 31/03/2016			
Category	No. of share holders	Total no. of Shares	% to share capital
PHYSICAL	435	50,075	2.50
NSDL	3,278	1,868,987	93.45
CDSL	1,482	80,938	4.05
<b>TOTAL</b>	<b>5,195</b>	<b>2,000,000</b>	<b>100.00</b>

#### % To Equity



### 16. Share Transfer Process

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

### 17. Complaints received during the financial year ended 31st March 2016 by the Company and the Registrar and Transfer Agents of the Company.

Nature of Complaints	No. of complaints		
	Received	Resolved	Pending
Non receipt of Dividend Warrants	22	22	Nil
Non receipt of Share Certificates	16	16	Nil
Non receipt of Annual Report	23	23	Nil
<b>Total</b>	<b>61</b>	<b>61</b>	<b>Nil</b>

## 18. Unclaimed Dividend

Section 124 of the Companies Act, 2013, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the **Investor Education and Protection Fund (IEPF)**. In accordance with the following schedule, the dividends for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF. No claim shall lie against the Company for the amounts so transferred nor shall any payment be made in respect of such claims. Shareholders who have not claimed their dividend are requested to approach M/s Karvy Computershare Private Limited, for issue of demand drafts in lieu of the revalidated dividend warrants.

Year	Type of Dividend	Dividend per share (Rs)	Date of declaration	Due date for transfer
2008-09	Interim	10.00	30/03/2009	20/05/2016
2008-09	Final	10.00	27/07/2009	27/09/2016
2009-10	Final	25.00	27/07/2010	27/09/2017
2010-11	Final	25.00	27/07/2011	27/09/2018
2011-12	Final	25.00	13/07/2012	13/09/2019
2012-13	Final	15.00	25/07/2013	25/09/2020
2013-14	Interim	10.00	22/01/2014	22/03/2021
2013-14	Final	15.00	24/07/2014	24/09/2021
2014-15	Interim	10.00	27/01/2015	27/03/2022
2014-15	Final	15.00	23/07/2015	23/09/2022
2015-16	Interim	10.00	25/01/2016	25/03/2023

A separate communication was sent in February 2016 to the shareholders, who have not encashed their dividends for the year 2008-09, providing them details of their uncashed dividends and requesting them to comply with the procedure for seeking payment of the same.

A sum of Rs. 2,57,900/- has been transferred to the Investor Education and Protection Fund during the year 2015 -16 towards unclaimed/unpaid dividend for the year 2007-08.

## 19. Unclaimed Shares

In accordance with the requirement of SEBI Regulations, the Company reports that there are 2 allottees pertaining to a holding of 75 shares which are lying unclaimed. The shares with regard to the same are lying in the Escrow Account.

The voting rights on the shares outstanding in the Escrow account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

## 20. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditor's Certificate in regard to the same is submitted to BSE Limited and NSE Limited and is also placed before the Board of Directors.

## 21. Company's Recommendation to the Shareholders

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

### i) Dematerialize (Demat) your shares

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

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

SEBI vide its circular dated 21st March 2013 has emphasized on the usage of electronic mode for payments to the members for various purposes. To ensure compliance, members are requested to provide an NECS/ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the depository participant (DP) in case of share held in demat form. This would also facilitate in receiving direct credits of dividends etc from companies and avoiding postal delays and loss in transit.

### iii) Nomination facility

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form from the RTA of the Company, Karvy Computershare Private Limited. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard. The members can approach the Company or Karvy Computershare Private Limited with regard to the same.

### iv) Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferees, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transmission and issue of duplicate share certificates.

### v) Encash your Dividend in time

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

### vi) Support the Green Initiative

To support the 'Green Initiative', your Company has proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future vide its letter dated 9th June 2014 and 10th February 2012 to all the shareholders at their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report along with Notice will be sent to the members in electronic mode at their email addresses.

Members holding shares in demat form are requested to provide their email id to the depository through their concerned depository participant and members holding shares in physical form are requested to provide email id to the Company at [investorservices@wendtindia.com](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.

### vii) 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, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

### viii) Specimen Signature

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



#### ix) Updation of details

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

#### x) Consolidation of securities

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

#### xi) Queries at the AGM

Members 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.

#### xii) 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.

## 22. 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

## 23. SUBSIDIARIES

#### Wendt Grinding Technologies Limited, Thailand

109/21, Moo.4, Tambon Pluakdaeng,  
Aumpur Pluakdaeng,  
Rayong 21140  
Thailand

#### Wendt Middle East FZE, Sharjah

Warehouse No. W3-8  
PO Box No.50732  
Hamriyah Free Zone - Sharjah  
United Arab Emirates

## 24. Addresses for Communication

#### (a) Compliance Officer & Company Secretary

##### Akanksha Bijawat

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

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

#### (b) Registrar and Share Transfer Agent

##### Karvy Computershare Private Limited

Unit: Wendt (India) Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad - 500 032  
Tel: +91 40 67162222-1510-1512  
Fax: +91 40 23001153  
Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)

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

1-800-3454001

#### (d) Web based Query redressal system

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

The above report has been placed before the Board at its meeting held on April 28th, 2016 and the same was approved.

By order of the Board  
For Wendt (India) Limited

Chennai  
28th April 2016

M M Murugappan  
Chairman

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF WENDT (INDIA) LIMITED.

#### 1.0 Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Wendt (India) Limited** (the "Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2.0 Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in the Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3.0 Auditors' Responsibility

- 3.1 Our responsibility is to express an opinion on these standalone financial statements based on our audit.
- 3.2 We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of Act and the Rules made there under and the Order under Section 143(11) of the Act.
- 3.3 We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
- 3.4 An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 3.5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### 4.0 Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit/loss and its cash flow for the year ended on that date.

#### 5.0 Report on Other Legal and Regulatory Requirements

- 5.1 As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this

Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note – 27 (1A) to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

5.2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement of the matters specified in paragraphs 3 and 4 of the Order.

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

**Bangalore**  
28th April 2016

**S Sundaresan**  
Partner  
(Membership No. 25776)

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

### (Referred to in paragraph 5.1 (f) under "Report on Other Legal and Regulatory Requirements' of our report of even date)

#### 1.0 Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Wendt (India) Limited ("the Company") as of 31st March 2016 in conjunction with our audit of standalone financial statements of the Company for the year ended on that date.

#### 2.0 Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



### 3.0 Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to be obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of the internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### 4.0 Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### 5.0 Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### 6.0 Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**S Sundaresan**  
Partner  
(Membership No. 25776)

Bangalore  
28th April, 2016

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 5.2 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

- (i) 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 are 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 explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under Clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause (viii) of CARO 2016 is not applicable to the Company.
- (x) 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 by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us, the Company has not paid any managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions with the related parties have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under Clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45 - I of the Reserve Bank of India Act, 1934.

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

**S Sundaresan**  
Partner  
(Membership No. 25776)

**Bangalore**  
28th April, 2016

# Standalone Financial Statements



## BALANCE SHEET AS AT 31ST MARCH, 2016

(Rs. in lacs)

Particulars	Note No.	As at 31.03. 2016	As at 31.03. 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders Funds</b>			
(a) Share Capital	2	200.00	200.00
(b) Reserves and Surplus	3	9,162.16	8,789.98
		<b>9,362.16</b>	8,989.98
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liability (Net)	27(15)	541.47	531.29
(b) Other Long-term liabilities	4	38.92	42.69
(c) Long-term provisions	5	342.55	257.12
		<b>922.94</b>	831.10
<b>(3) Current Liabilities</b>			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	6	34.51	45.60
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	6	1,796.81	1,498.03
(b) Other current liabilities	7	563.55	379.15
(c) Short-term provisions	8	438.43	429.25
		<b>2,833.30</b>	2,352.03
<b>Total</b>		<b>13,118.40</b>	12,173.11
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	5,389.25	5,209.37
(ii) Intangible assets	10	120.96	149.38
(iii) Capital work-in-progress	10 (b)	541.22	249.22
		6,051.43	5,607.97
(b) Non-current investments	11	430.55	430.55
(c) Long-term loans and advances	12	478.99	471.87
		<b>6,960.97</b>	6,510.39
<b>(2) Current assets</b>			
(a) Current investments	13	896.91	1,435.97
(b) Inventories	14	1,787.36	1,643.90
(c) Trade receivables	15	2,907.18	2,110.54
(d) Cash and Cash Equivalents	16	55.90	69.90
(e) Short-term loans and advances	17	482.40	379.26
(f) Other current assets	18	27.68	23.15
		<b>6,157.43</b>	5,662.72
<b>Total</b>		<b>13,118.40</b>	12,173.11

SIGNIFICANT ACCOUNTING POLICIES 1B  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 27  
 SEE ACCOMPANYING NOTES (1-27) FORMING PART OF THE FINANCIAL STATEMENTS

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

For and on behalf of the Board of Directors

S SUNDARESAN  
 Partner

M M MURUGAPPAN  
 Chairman

SHRINIVAS G SHIRGURKAR  
 Director

K SRINIVASAN  
 Director

Bangalore  
 28th April, 2016

Chennai  
 28th April, 2016

MUKESH KUMAR HAMIRWASIA  
 Chief Financial Officer

AKANKSHA BIJAWAT  
 Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

Particulars	Note No.	Year ended 31.03.2016	31.03.2015
<b>I. Revenue from operations (Gross)</b>	19	<b>12,777.57</b>	11,554.11
Less: Excise duty	19	<b>960.54</b>	857.63
Revenue from operations (Net)		<b>11,817.03</b>	10,696.48
<b>II. Other Income</b>	20	<b>457.41</b>	663.53
<b>III. Total Revenue (I +II)</b>		<b>12,274.44</b>	11,360.01
<b>IV. Expenses:</b>			
Cost of materials consumed	21	<b>3,673.13</b>	3,375.54
Purchases of stock-in-trade	22	<b>289.31</b>	247.27
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	<b>(12.76)</b>	(84.00)
Employee benefits expense	24	<b>2,124.98</b>	1,811.67
Finance costs	25	<b>0.62</b>	7.61
Depreciation and amortization expense	10(a)	<b>835.24</b>	792.50
Other expenses	26	<b>3,941.66</b>	3,445.73
<b>Total Expenses</b>		<b>10,852.18</b>	9,596.32
<b>V Profit before tax (III - IV)</b>		<b>1,422.26</b>	1,763.69
<b>VI Tax expense:</b>			
(1) Current tax		<b>409.39</b>	334.67
Less:- MAT Credit entitlement		<b>-</b>	(164.97)
(2) Current tax for earlier years		<b>28.72</b>	-
(3) Deferred tax		<b>10.18</b>	109.22
		<b>448.29</b>	278.92
<b>VII Profit for the year (V -VI)</b>		<b>973.97</b>	1,484.77
<b>VIII Earning per equity share (face value Rs.10/- each):</b>			
Basic and Diluted	27(14)	<b>48.70</b>	74.24

SIGNIFICANT ACCOUNTING POLICIES 1B  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 27  
 SEE ACCOMPANYING NOTES (1-27) FORMING PART OF THE FINANCIAL STATEMENTS

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

For and on behalf of the Board of Directors

S SUNDARESAN  
 Partner

M M MURUGAPPAN  
 Chairman

SHRINIVAS G SHIRGURKAR  
 Director

K SRINIVASAN  
 Director

Bangalore  
 28th April, 2016

Chennai  
 28th April, 2016

MUKESH KUMAR HAMIRWASIA  
 Chief Financial Officer

AKANKSHA BIJAWAT  
 Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

	31.03.2016	31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>1,422.26</b>	<b>1,763.69</b>
<b>Adjustments for :</b>		
Depreciation and Amortisation expense	835.24	792.50
Provision for trade receivables (net of reversal)	10.77	15.85
Finance costs	0.62	7.61
Interest on Bank and other Deposits	(4.16)	(5.30)
Dividend from Current investments	(50.68)	(71.72)
Dividend from Long term Investments in subsidiary	(268.71)	(486.65)
Loss / (Profit) on sale / discarding of tangible fixed assets (net)	(0.19)	0.57
Liabilities / Provisions no longer required, written back	(9.81)	(1.36)
Loss / (Profit) on sale of current investments (net)	(1.89)	(0.24)
Unrealised exchange Loss / (Gain)	3.43	2.66
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,936.88</b>	<b>2,017.61</b>
<b>CHANGES IN WORKING CAPITAL :</b>		
Inventories	(143.46)	(89.74)
Trade Receivables	(816.12)	(108.21)
Short Term Loans and advances	(103.14)	(71.47)
Other current assets	(4.53)	(4.44)
Long Term Loans and advances	(1.89)	(5.93)
Trade Payables	292.98	(52.66)
Other Long term Liabilities and Provisions	53.58	(89.68)
Other current liabilities and Provisions	224.79	3.66
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,439.09</b>	<b>1,599.14</b>
Direct Tax Paid (net of refunds)	(446.60)	(238.56)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>992.49</b>	<b>1,360.58</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on tangible fixed assets, including capital advances	(1,255.37)	(1,082.68)
Capital expenditure on intangible fixed assets, including capital advances	(20.52)	(73.43)
Proceeds from Sale of Tangible Fixed Assets	6.23	1.13
Sale / (Purchase) of current Investments (net)	540.95	(163.23)
Interest Received on deposits with banks and others	4.16	5.30
Dividend from long term investment in subsidiary	268.71	486.65
Dividend from current Investments	50.68	71.72
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	512.00	498.16
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(393.16)</b>	<b>(756.38)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

	31.03.2016	31.03.2015
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance costs	(0.62)	(7.61)
Dividend Paid (including tax thereon)	(600.71)	(588.66)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES (C)</b>	<b>(601.33)</b>	<b>(596.27)</b>
<b>NET CASH INFLOW / (OUTFLOW) (A+B+C)</b>	<b>(2.00)</b>	<b>7.93</b>
<b>OPENING CASH AND CASH EQUIVALENTS D</b>	<b>29.24</b>	<b>21.31</b>
<b>CLOSING CASH AND CASH EQUIVALENTS E</b>	<b>27.24</b>	<b>29.24</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (E-D)</b>	<b>(2.00)</b>	<b>7.93</b>
<b>Reconciliation of cash and cash equivalents with the balance sheet</b>		
Cash and Cash equivalents and other bank balances as per Balance Sheet (Refer Note No.16)	55.90	69.90
Less:- Bank Balances not considered as Cash and Cash equivalents as defined in AS 3 Cash Flow Statements		
(i) In deposit accounts (having original maturity of more than 3 months)	0.55	10.52
(ii) In earmarked accounts # Dividend account	28.11	30.14
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No.16 )	27.24	29.24

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

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

S SUNDARESAN  
Partner

Bangalore  
28th April, 2016

For and on behalf of the Board of Directors

M M MURUGAPPAN  
Chairman

Chennai  
28th April, 2016

SHRINIVAS G SHIRGURKAR  
Director

MUKESH KUMAR HAMIRWASIA  
Chief Financial Officer

K SRINIVASAN  
Director

AKANKSHA BIJAWAT  
Company Secretary



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE No.1

#### A COMPANY OVERVIEW

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

#### B SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 2 USE OF ESTIMATES:

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

##### 3 INVENTORIES:

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

##### 4 CASH FLOW STATEMENT:

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

##### 5 FIXED ASSETS, DEPRECIATION AND AMORTIZATION:

Fixed assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalized and depreciation thereon is included in the project cost till the project is ready for its intended use. Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately.

##### Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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.

Intangible Assets are amortized over a period of 5 years or based on the period of usage / licence, whichever is lower. The estimated useful life of intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

##### **Depreciation and amortization**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the used / Second hand machines & process bath equipments, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

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.

##### 6 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 is recognized on despatch of goods. Sales includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.
- Revenue from rendering of services priced on a time and material basis is recognized on rendering 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 recognized on a time proportion basis considering the underlying interest rate.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 7 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION :

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

Exchange differences arising on actual payments / realizations and year end restatements are also recognised in the Statement of Profit and Loss.

### 8 INVESTMENTS:

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

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

### 9 EMPLOYEE BENEFITS:

#### SHORT-TERM EMPLOYEE BENEFITS

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

#### LONG-TERM EMPLOYEE BENEFITS - COMPENSATED ABSENCES

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

#### DEFINED CONTRIBUTION PLANS

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

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

#### DEFINED BENEFIT PLAN

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

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

### 10 SEGMENT REPORTING:

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

- Inter-segment revenues for this purpose are reported on the basis of prices charged to external customers.

## NOTES FORMING PART OF THE 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".

### 11 EARNINGS / (LOSS) PER SHARE:

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

### 12 TAXES ON INCOME :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 13 RESEARCH AND DEVELOPMENT:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

### 14 IMPAIRMENT OF ASSETS:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 15 PROVISIONS AND CONTINGENCIES:

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

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

### 16 OPERATING CYCLE:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

### NOTE 2 - SHARE CAPITAL

(Rs. in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<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, 2016		As at 31st March, 2015	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
<b>Reconciliation of the number of shares and amount 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 FORMING PART OF THE FINANCIAL STATEMENTS

### 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, 2016	Percentage of holding	Number of shares as at 31st March, 2015	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 ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only the residual assets of the Company. The distribution of dividend is in the proportion to the number of equity shares held by the shareholders.

### NOTE 3 - RESERVES AND SURPLUS

(Rs. in lacs)

Particulars		As at 31st March, 2016	As at 31st March, 2015
<b>Capital Reserve:</b>			
Capital Subsidy		20.98	20.98
		20.98	20.98
<b>General Reserve:</b>			
Opening balance	5,176.75		4,776.75
Add: Transfer from surplus in Statement of Profit and Loss	400.00		400.00
		5,576.75	5,176.75
<b>Surplus in Statement of Profit and Loss :</b>			
Opening balance	3,592.25		3,233.31
Add: Profit/(Loss) for the year	973.97		1,484.77
	4,566.22		4,718.08
Less:- Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-		125.85
Less: Appropriations			
Interim Dividend @ 100% (Rs.10/- Per equity share (previous year Rs.10/- each))	200.00		200.00
Tax on Interim Dividend	40.72		39.99
Proposed Final Dividend @ 150% (Rs.15/- Per equity share (previous year Rs. 15/- each))	300.00		300.00
Tax on Proposed Final Dividend	61.07		59.99
Transfer to General Reserve	400.00		400.00
		3,564.43	3,592.25
<b>Total</b>		<b>9,162.16</b>	<b>8,789.98</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 4 -OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Towards miscellaneous taxes	38.92	42.69
<b>Total</b>	<b>38.92</b>	<b>42.69</b>

### NOTE 5 - LONG- TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Compensated absences(Refer note 27(10)(II)(B))	65.36	60.13
Provision for Gratuity	59.62	7.50
Tax provisions (net of payments of Rs.2392.52 lacs (Previous year: Rs.2016.07 lacs)	217.03	188.95
Fringe benefit tax provisions (net of payments of Rs.5.96 lacs; Previous year: Rs 5.96 lacs)	0.54	0.54
<b>Total</b>	<b>342.55</b>	<b>257.12</b>

### NOTE 6 - TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 27 (3))	34.51	45.60
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,796.81	1,498.03
<b>Total</b>	<b>1,831.32</b>	<b>1,543.63</b>

### NOTE 7 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Unclaimed dividends (Refer note (a) below)	28.11	30.14
Book Overdraft	48.66	-
<b>Other payables</b>		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT )	90.49	68.53
Retention and Security Deposits	16.08	15.90
Advance received from customers	279.56	141.05
Payable on purchase of fixed assets	92.19	114.68
Employees' contractual obligations	8.46	8.85
<b>Total</b>	<b>563.55</b>	<b>379.15</b>

#### NOTE

(a) The unclaimed dividend of Rs. 28.11 lacs represents those relating to the years 2008-09 to 2014-2015 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 8 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for compensated absences (Refer note 27(10)(II)(B))	77.36	69.26
Provision for Proposed Equity Dividend	300.00	300.00
Provision for Tax on proposed dividend	61.07	59.99
<b>Total</b>	<b>438.43</b>	<b>429.25</b>

### NOTE 9 - FIXED ASSETS (TANGIBLE)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2015	Additions during the year	Disposals / Deductions during the year	As at 31st March, 2016	Upto 31st March, 2015	For the Year	On Disposals/ Deductions during the year	Transition adjustment recorded against Surplus balance in the Statement of Profit and Loss
<b>TANGIBLE ASSETS (OWNED)</b>								
Land	3.66 (3.66)	-	-	3.66 (3.66)	-	-	-	-
Buildings	1,554.63 (1,463.92)	3.11 (90.71)	-	1,557.74 (1,554.63)	315.84 (268.08)	49.52 (47.74)	-	-
Plant and Equipment	6,468.57 (5,616.46)	770.25 (856.61)	46.44 (4.50)	7,192.38 (6,468.57)	2,936.33 (2,255.17)	582.90 (555.31)	41.77 (3.07)	-
Furniture and Fixtures	224.49 (208.76)	22.85 (15.73)	-	247.34 (224.49)	95.58 (67.70)	20.33 (22.77)	-	-
Vehicles	96.83 (94.83)	7.05 (2.00)	10.03 -	93.85 (96.83)	37.37 (24.89)	12.40 (12.21)	9.39 -	-
Office Equipment	610.94 (547.01)	168.97 (68.50)	55.49 (4.58)	724.42 (610.93)	364.64 (205.91)	121.16 (106.69)	54.77 (4.31)	-
<b>Total</b>	<b>8,959.12 (7,934.64)</b>	<b>972.23 (1,033.55)</b>	<b>111.96 (9.08)</b>	<b>9,819.39 (8,959.11)</b>	<b>3,749.76 (2,821.75)</b>	<b>786.31 (744.72)</b>	<b>105.93 (7.38)</b>	<b>- (190.65)</b>
<b>Previous year</b>					<b>4,430.14 (3,749.74)</b>		<b>5,389.25</b>	<b>(5,209.37)</b>

Note: Figures in brackets pertain to previous year.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 10 - FIXED ASSETS (INTANGIBLE ASSETS)

(Rs. in lacs)

Particulars	Gross Block			Accumulated Amortization			Net Block	
	As at 1st April 2015	Additions during the Year	Disposals / Deductions during the Year	As at 31st March, 2016	Upto 31st March, 2015	For the year ending 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b>INTANGIBLE ASSETS</b> (Other than internally generated)								
Computer Software	210.33 (189.67)	6.81 (20.66)	- -	217.14 (210.33)	127.46 (104.01)	25.21 (23.45)	152.67 (127.46)	64.47 (82.87)
Technical Know how	188.55 (135.79)	13.71 (52.77)	- -	202.26 (188.56)	122.05 (97.72)	23.72 (24.33)	145.77 (122.05)	56.49 (66.51)
<b>Total</b>	<b>398.88</b> <b>(325.46)</b>	<b>20.52</b> <b>(73.43)</b>	<b>-</b> <b>-</b>	<b>419.40</b> <b>(398.89)</b>	<b>249.51</b> <b>(201.73)</b>	<b>48.93</b> <b>(47.78)</b>	<b>298.44</b> <b>(249.51)</b>	<b>120.96</b> <b>(149.38)</b>
<b>Previous year</b>								

Figures in brackets pertain to previous year.

### NOTE 10 (a)

(Rs. in lacs)

#### Depreciation and amortisation expense

Particulars	Year ended	
	31st March, 2016	31st March, 2015
On Fixed Assets (Tangible Assets) (refer note 9)	786.31	744.72
On Fixed Assets (Intangible Assets) (refer note 10)	48.93	47.78
<b>Total</b>	<b>835.24</b>	<b>792.50</b>

### NOTE 10 (b)

(Rs. in lacs)

Particulars	31st March, 2016	31st March, 2015
Capital work-in-progress	541.22	249.22

Capital Work in Progress as on 31st March, 2016 includes intangible assets amounting to about Rs. 120 lacs which are acquired as part of the business transfer agreement with M/s. Star Diamond Tools Private Limited and are in the process of being transferred / registered in the name of the company.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 11 - NON - CURRENT INVESTMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<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 face value of AED 150,000 each (previous year 8) fully paid up)	153.16	153.16
<b>Total</b>	<b>430.55</b>	<b>430.55</b>
Aggregate amount of unquoted investments	430.55	430.55

### NOTE 12 - LONG - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Capital Advances	9.05	40.39
Security deposits	29.92	28.03
Advance Income tax (net of provisions Rs.4,033.84 lacs (Previous year Rs.3,657.39 lacs))	392.95	236.38
MAT Credit Entitlement	44.97	164.97
Fringe Benefit Taxes paid (net of provisions Rs.22.00 lacs (Previous year Rs.22.00 lacs))	2.10	2.10
<b>Total</b>	<b>478.99</b>	<b>471.87</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2016		As at March 31, 2015	
			Units (Nos)	Amount	Units (Nos)	Amount
	Investments in Mutual Funds					
	(Quoted-Non Trade, at lower of cost and fair value)					
1	ICICI Prudential Money Market Fund-Regular Plan-Daily Dividend	100.13	-	-	101,160	101.29
2	ICICI Prudential Flexible Income -Regular Plan - Daily Dividend	105.74	-	-	109,339	115.61
3	ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10.07	1,078,739	108.67	1,020,017	102.75
4	ICICI Prudential Savings Fund -Regular Plan-Daily Dividend	100.74	-	-	21,019	21.19
5	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	100.06	30,003	30.01	118,725	118.58
6	Reliance Liquid Fund Cash Plan-Direct Growth Plan	2254.23	-	-	1,793	40.00
7	IDFC Cash Fund - Daily Dividend -(Regular Plan)	1001.08	3,000	30.01	-	-
8	TATA Money Market Fund Plan A-Daily Dividend	1001.52	-	-	3,073	30.78
9	TATA Short Term Bond Fund Plan A - Growth	28.16	295,555	75.00	295,555	75.00
10	TATA Short Term Bond Fund Direct Plan - Growth	28.77	186,618	49.00	186,618	49.00
11	Baroda Pioneer Credit Opportunities Fund -Plan A Monthly Dividend -Reinvestment	10.52	2,475,765	256.91	500,000	50.00
12	Baroda Pioneer Credit Opportunities Fund -Plan A Growth	11.24	963,308	100.00	-	-
13	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend -Reinvestment	1027.49	2,925	30.05	6,420	65.81
14	Baroda Pioneer Short Term Bond Fund-Plan A Dividend-Reinvestment	10.07	-	-	2,044,663	206.10
15	Baroda Pioneer Short Term Bond Fund-Plan A Growth	15.70	569,063	82.50	341,337	49.50
16	Franklin India Ultra Short Bond Fund Super Institutional Plan -Daily Dividend Reinvestment	10.08	-	-	491,307	49.47
17	Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct Daily Dividend Reinvestment	10.06	-	-	308,065	31.00
18	Franklin India Treasury Management A/c Super Institutional Plan -Daily Dividend Reinvestment	1000.72	-	-	32,965	329.89
19	Religare Invesco Credit Opportunities Fund -Daily Dividend	1000.29	4,974	49.76	-	-
20	Religare Invesco Medium Term Bond Fund-Growth	1525.30	5,668	85.00	-	-
	Total			896.91		1,435.97

Notes:-

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

896.91 1,435.97  
929.84 1,440.16

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 14 - INVENTORIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 120.89 lacs, Previous year Rs. 63.17 lacs)	911.21	821.08
Work - in - Progress (refer note below)	487.48	506.35
Finished Goods	111.60	101.11
Stock-in- trade (in respect of goods acquired for trading)	92.22	71.08
Stores and spares	184.85	144.28
<b>Total</b>	<b>1,787.36</b>	<b>1,643.90</b>

Note:

Particulars	As at 31st March, 2016	As at 31st March, 2015
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	318.47	330.23
Machine, Accessories and components	148.59	167.47
Others	20.42	8.65
<b>Total</b>	<b>487.48</b>	<b>506.35</b>

### NOTE 15 -TRADE RECEIVABLES

Particulars		As at 31st March, 2016	As at 31st March, 2015
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	54.15		4.69
Considered doubtful	60.98		61.16
		115.13	65.85
2) Other Trade receivables			
Considered good	2,853.03		2,105.85
Considered doubtful	-		-
		2,853.03	2,105.85
Less: Provision for doubtful trade receivables		60.98	61.16
<b>Total</b>		<b>2,907.18</b>	<b>2,110.54</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 16 - CASH AND CASH EQUIVALENTS

Particulars		As at 31st March, 2016	As at 31st March, 2015
Cash on hand		0.72	0.55
Cheques on hand		25.57	9.92
Balances with banks			
(i) In current accounts	0.95		18.77
(ii) In deposit accounts (refer note below)	0.55		10.52
(iii) In earmarked accounts			
(a) Dividend Accounts	28.11		30.14
		29.61	59.43
<b>Total</b>		<b>55.90</b>	<b>69.90</b>
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is:		27.24	29.24
<i>{Refer Cash Flow statement for the items forming part of the cash and cash equivalents as per AS-3}</i>			

Note :- Balance with banks includes Rs.0.55 lacs as deposits with remaining maturity of more than 12 months from the balance sheet date.

### NOTE 17 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good )		
Prepaid expenses	82.02	72.73
Advance to vendors	67.67	29.98
Employees' loans and advances	81.05	58.01
Security and Earnest Money Deposits	5.14	4.22
Other loans and advances	43.43	26.80
Balances with Government Authorities.		
- CENVAT credit receivable	91.27	65.23
- VAT credit receivable	17.39	25.45
- Service tax credit receivable	94.43	96.84
<b>Total</b>	<b>482.40</b>	<b>379.26</b>

### NOTE 18 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Receivables from subsidiaries [Refer note 27(12)]	20.80	20.90
Rent receivable	6.88	2.25
<b>Total</b>	<b>27.68</b>	<b>23.15</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 19 - REVENUE FROM OPERATIONS

	Particulars	Year Ended	
		31st March, 2016	31st March, 2015
a)	Sale of products (refer note (i) below)	12,439.68	11,182.10
b)	Sale of services (refer note (ii) below)	176.36	235.52
c)	Other operating income (refer note (iii) below)	161.53	136.49
	Revenue from operations (Gross)	12,777.57	11,554.11
	Less:Excise Duty	960.54	857.63
	<b>Total</b>	<b>11,817.03</b>	<b>10,696.48</b>

### Note

	Particulars	Year Ended	
		31st March, 2016	31st March, 2015
(i)	<b>Sale of products comprises (net of excise duty)</b>		
	<b>Manufactured Goods</b>		
	Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	7,645.58	6,993.63
	Machine, Accessories and components	3,154.51	2,763.74
	Others	304.68	261.70
	Total - Sale of manufactured goods	11,104.77	10,019.07
	<b>Traded goods</b>		
	Polishing films	198.54	156.38
	Dressers	39.87	-
	Others	135.96	149.02
	Total - Sale of Traded goods	374.37	305.40
	Total - Sale of Products	11,479.14	10,324.47
(ii)	<b>Sale of Services comprises</b>		
	Machining charges	176.36	235.52
	Total - Sale of Services	176.36	235.52
(iii)	<b>Other Operating income comprises</b>		
	Sale of Scrap	31.48	43.39
	Service charges	38.74	37.19
	Commission	50.93	20.04
	Management fee and other charges received from subsidiaries	35.28	35.87
	Export Incentive received	5.10	-
	Total - Other Operating income	161.53	136.49

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 20 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Interest on bank and other deposits (Gross)	4.16	5.30
Dividend income on long -term investments (from subsidiaries) [Refer note 27(12)]	268.71	486.65
Dividend income from current investments - mutual funds	50.68	71.72
Profit on sale of current investments	1.89	0.24
Profit on sale of asset	0.19	-
Net gain on foreign currency transactions and translations	48.56	35.39
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	31.17	29.70
For other expenses	9.81	1.36
Miscellaneous income	29.04	20.97
Rent received	13.20	12.20
<b>Total</b>	<b>457.41</b>	<b>663.53</b>

### NOTE 21 - COST OF MATERIALS CONSUMED

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Opening stock	821.08	843.08
Add: Purchases	3,763.26	3,353.54
	4,584.34	4,196.62
Less: Closing stock	911.21	821.08
<b>Cost of materials consumed</b>	<b>3,673.13</b>	<b>3,375.54</b>
Material consumed comprises:		
Industrial and Synthetic Diamonds and Cubic Boron Nitride	1,499.87	1,439.35
Bonding Mixture and Matrix Powder	345.53	358.94
Steel	249.58	272.77
Other items	1,578.15	1,304.48
<b>Total</b>	<b>3,673.13</b>	<b>3,375.54</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 22 - PURCHASES OF STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Polishing Films	126.35	145.09
Dressing Sticks	5.61	12.33
Floking Filter System	7.65	33.63
Dressers	76.50	-
Others	73.20	56.22
<b>Total</b>	<b>289.31</b>	<b>247.27</b>

### NOTE 23 - CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
<b>Opening stock</b>		
Work - in - progress	506.35	447.79
Finished goods	101.11	100.13
Stock-in- trade	71.08	46.62
	<u>678.54</u>	<u>594.54</u>
<b>Closing stock</b>		
Work - in - progress	487.48	506.35
Finished goods	111.60	101.11
Stock-in- trade	92.22	71.08
	<u>691.30</u>	<u>678.54</u>
<b>Net (increase) / decrease</b>	<b>(12.76)</b>	<b>(84.00)</b>

### NOTE 24 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Salaries,wages and bonus	1,668.31	1,452.57
Contribution to provident and other funds (Refer Note. 27(10))	207.48	130.16
Staff welfare expenses	249.19	228.94
<b>Total</b>	<b>2,124.98</b>	<b>1,811.67</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 25 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Interest on deferred payment of Income tax and service tax	0.61	0.13
Others	0.01	7.48
<b>Total</b>	<b>0.62</b>	<b>7.61</b>

### NOTE 26 - OTHER EXPENSES

Particulars	Year ended	
	31st March, 2016	31st March, 2015
Consumption of Stores and Spares	656.52	610.65
Contract labour	102.26	92.41
Power and Fuel	291.61	289.83
Rent	14.10	12.00
Increase / (decrease) of excise duty on inventory (refer note (i) below)	1.17	0.22
Rates and Taxes	87.47	52.71
Insurance	17.07	18.40
Repairs to:		
Building	98.91	49.08
Machinery	115.44	103.94
Other Assets	145.81	96.30
Processing Charges	558.67	538.90
Directors' Sitting Fees	5.40	4.70
Payment to auditors		
- Statutory Auditors		
Audit Fees (including limited reviews)	8.24	8.24
Tax Audit Fees	1.00	1.00
Other Services	1.00	2.00
Reimbursement of Expenses	4.02	3.06
Bank Charges	51.24	32.40
Service Fee	166.57	150.29
Travel and Conveyance	443.66	329.45
Freight outward and packing Charges (net)	163.07	130.43
Selling Commission	78.21	24.61
Communication Expenses	26.47	23.98
Bad Trade receivables written off	12.49	7.33
Less: Transferred from Provision	10.95	3.45
	1.54	3.88
Provision for doubtful trade receivables	41.94	45.55
Legal and Professional charges	270.96	219.04
Sales & other expenses	296.11	317.90
Loss on sale / disposal of fixed assets (net)	-	0.57
Contribution to Research Institution	2.00	2.00
Expenditure on Corporate Social Responsibility	32.95	34.24
Donation	3.51	1.19
Miscellaneous Expenses	254.74	246.76
<b>Total</b>	<b>3,941.66</b>	<b>3,445.73</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### Note (i)

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

### Note - 27

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

27(1) Contingent Liability and commitments to the extent not provided for:

	31.03.2016	31.03.2015
(1A) Contingent Liabilities		
a) Claims against the Company not acknowledged as debt: Disputed income tax demands under appeal	59.32	59.32
The Company has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Company has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT-A order is yet to be received by the Company. The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.		
(1B) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs.9.05 lacs; previous year Rs.40.39 lacs)	634.66	319.83
b) Other Commitments	-	-

27(2) The Company has a working capital limit with State Bank of India, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Company has not utilized the said facility during the current / previous year.

27(3) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31.03.2016	31.03.2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	34.51	45.60
(ii) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

27(4) Foreign Currency Exposure as at March 31, 2016, that have not been hedged by a derivative instrument or other wise

Particulars	31st March, 2016		31st March, 2015		Currency
	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	Amount (Rs in lacs)	Amount (Foreign Currency in lacs)	
<b>Due to</b>					
- Creditors against Import of goods, capital items and Services	397.55	5.94	394.30	6.24	USD
	125.30	1.65	88.83	1.30	EUR
	17.02	0.18	26.92	0.29	GBP
	7.95	13.30	-	-	JPY
<b>Due from</b>					
- Trade and other receivables	528.37	8.02	345.32	5.55	USD
	155.04	2.09	124.99	1.87	EUR
	129.09	1.37	46.18	0.50	GBP

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

### 27(5) Value of imports on CIF basis:

Particulars	31st March, 2016	31st March, 2015
Raw Materials	2,194.34	2,093.21
Traded goods	147.67	182.84
Stores and Spare parts	82.28	88.96
Capital Goods	607.20	257.05

### 27(6) Expenditure in Foreign Currency

Technical consultancy fee	94.32	59.05
Travel	87.74	77.01
Others	105.72	27.95

### 27(7) Details of consumption of imported and indigenous items

Particulars	For the year ended March 31, 2016	
	Rs. in lacs	%
<b>Imported</b>		
Raw Material	2,317.17	63
	(2,118.82)	(63)
Stores and Spare Parts	83.01	13
	(114.94)	(19)
	2,400.18	55
	(2,233.76)	(58)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Particulars	For the year ended March 31, 2016	
	Rs. in lacs	%
<b>Indigenous</b>		
Raw Material	1,355.96	37
	(1,256.72)	(37)
Stores and Spare Parts	573.51	87
	(495.71)	(81)
	1,929.47	45
	(1,752.43)	(42)

Figures in brackets relate to previous year.

### 27(8) Earnings in Foreign exchange :

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
i) F.O.B.Value of goods exported	3,301.01	2,670.12
ii) Others.	354.92	543.79

### 27(9) Remittances in foreign currency during the year on account of dividend

Particulars	31st March, 2016	31st March, 2015
(a) Year to which dividend relates	2014-15 & 2015-16 (Interim)	2013-14 & 2014-15 (Interim)
(b) Total number of non-resident shareholders to whom remittance was made	1	1
(c) Total number of shares held by them on which dividend was due	797,352	797,352
(d) Amount remitted (Rs. in lacs)	199.34	199.34

### 27(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	31st March, 2016	31st March, 2015
Employers' Contribution to Provident Fund *	57.63	47.90
Employers' Contribution to Superannuation Fund *	48.38	41.92
Employers' Contribution to Employee's State Insurance #	8.25	9.72
Employers' Contribution to Employee's Pension Scheme 1995 *	23.06	25.15

\* Included in Contribution to provident and other funds (Refer note 24)

# Included in staff welfare expenses (Refer note 24)

#### II Defined Benefit Plan

##### A) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31st March, 2016	31st March, 2015
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a	5.00% p.a

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### A) Change in Present Value of Obligation :-

Particulars	31.03.2016	31.03.2015
Present Value of Obligation as at beginning of the year	249.03	220.45
Current Service Cost	31.41	17.78
Interest cost	19.36	17.41
Benefits Paid	(14.05)	(5.67)
Net Actuarial Losses / (Gains) Recognized in the Year	49.71	(0.94)
Past Service Cost	-	-
Losses / (Gains) on "Curtailements & Settlements"	-	-
<b>Closing Present Value of Obligations</b>	<b>335.46</b>	<b>249.03</b>

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

Particulars	31.03.2016	31.03.2015
Opening Fair Value of Plan Assets	241.53	208.18
Expected Return on Plan Assets	20.69	17.99
Actuarial Gains / (Losses)	1.38	1.08
Assets Distributed on Settlements	-	-
Contributions by Employer	26.29	19.95
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(14.05)	(5.67)
<b>Closing Fair Value of Plan Assets</b>	<b>275.84</b>	<b>241.53</b>

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

Particulars	31.03.2016	31.03.2015
Closing Present Value of Funded Obligations	335.46	249.03
Closing Fair Value of Plan Assets	275.84	241.53
Closing Funded Status	(59.62)	(7.50)
Unrecognized Actuarial (gains) / losses	Nil	Nil
<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(59.62)</b>	<b>(7.50)</b>

### D) Amount recognized in the Balance Sheet

Particulars	31.03.2016	31.03.2015
Closing Present value of obligations	335.46	249.03
Closing Fair Value of plan assets	275.84	241.53
<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(59.62)</b>	<b>(7.50)</b>

### E) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2016	31.03.2015
Current Service Cost	31.41	17.78
Past Service Cost	-	-
Interest Cost	19.36	17.41
Expected Return on Plan Assets	(20.69)	(17.99)
Actuarial Losses / (Gain)	48.33	(2.02)
Losses / (Gains) on "Curtailements and Settlements"	-	-
Total Expense	78.41	15.18
<b>Net expenses recognized in the statement of Profit and Loss.</b>	<b>78.41</b>	<b>15.18</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

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

Particulars	31.03.2016	31.03.2015
Others (insurer managed funds *)	100%	100%

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

### b) Compensated absences

#### Assumptions at the Valuation Date:

Particulars	31.03.2016	31.03.2015
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

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

Description	31.03.2016	31.03.2015
Charge / (credit) in the statement of profit and loss	19.80	(31.92)
Liability as at the year end	142.72	129.39
- Short- term (Refer Note 8)	77.36	69.26
- Long- term (Refer Note 5)	65.36	60.13

### 27(11) 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. The Company has identified business segments as its primary segments.

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

Particulars	31.03.2016	31.03.2015
<b>1. Segment Revenue (including sale of services)</b>		
a) Super Abrasives (Net of excise duty)	8,397.01	7,796.25
b) Machines, Accessories and Components	3,258.49	2,763.74
<b>Total</b>	<b>11,655.50</b>	<b>10,559.99</b>
Less:- Inter Segment Revenue	-	-
<b>Net sales/Income From Operations</b>	<b>11,655.50</b>	<b>10,559.99</b>
<b>2. Segment Results Profit before tax and interest.</b>		
a) Super Abrasives	1,221.84	1,189.15
b) Machines, Accessories and Components	597.65	704.60
<b>Total</b>	<b>1,819.49</b>	<b>1,893.75</b>
Less: (i) Finance costs	0.62	7.61
(ii) Other un-allocable Expenditure net of un-allocable income of Rs. 618.94 lacs (P.Y. Rs. 800.02 lacs)	396.61	122.45
(iii) Tax expense	448.29	278.92
<b>Profit for the year</b>	<b>973.97</b>	<b>1,484.77</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### B) SECONDARY SEGMENT INFORMATION

#### Revenue by Geographical market

Particulars	31.03.2016	31.03.2015
India	8,354.49	7,889.87
Europe	1,285.95	1,174.72
Others	2,015.06	1,495.40
Total Revenues	11,655.50	10,559.99

27(12) In accordance with Accounting Standard 18 'Related Party Disclosures', the Company has compiled the required information as detailed below.

#### 1) List of Related parties

##### i) Party with whom control exists -Subsidiaries

- (a) Wendt Grinding Technologies Ltd, Thailand
- (b) Wendt Middle East FZE

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

- (a) Carborundum Universal Limited (CUMI)
- (b) Wendt GmbH Germany

##### iii) Company in which director is a director

- (a) Ace Designers Ltd
- (b) Pragati Transmission P Ltd
- (c) Tespa Tools Pvt Ltd

##### iv) Key Management Personnel

Mr. Rajesh Khanna, Chief Executive

##### v) Relatives of Key Management Personnel

Mrs. Preethi Khanna - Wife of Mr. Rajesh Khanna

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### Transaction with related parties

Particulars	Subsidiaries		Joint venturers		Director's Company		Key Management Personnel		Total	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
<b>Purchase of Capital Goods</b>										
Wendt GmbH Germany	-	-	13.30	0.17	-	-	-	-	13.30	0.17
Carborundum Universal Limited (CUMI)	-	-	0.30	0.33	-	-	-	-	0.30	0.33
<b>Other Purchases</b>										
Wendt GmbH, Germany	-	-	424.96	425.72	-	-	-	-	424.96	425.72
Carborundum Universal Limited (CUMI)	-	-	87.12	62.76	-	-	-	-	87.12	62.76
Tespa Tools Pvt Ltd	-	-	-	-	12.33	0.29	-	-	12.33	0.29
<b>Sale of Goods and Services</b>										
Wendt GmbH Germany	-	-	407.53	461.35	-	-	-	-	407.53	461.35
Carborundum Universal Limited (CUMI)	-	-	433.57	316.40	-	-	-	-	433.57	316.40
Wendt Grinding Technologies Ltd Thailand	178.98	174.72	-	-	-	-	-	-	178.98	174.72
Wendt Middle East FZE	337.10	375.65	-	-	-	-	-	-	337.10	375.65
Ace Designers Ltd	-	-	-	-	-	0.17	-	-	-	0.17
Pragati Transmission P Ltd	-	-	-	-	0.25	-	-	-	0.25	-
<b>Payment of Rent</b>										
Rajesh Khanna	-	-	-	-	-	-	7.05	6.00	7.05	6.00
Preethi Khanna	-	-	-	-	-	-	7.05	6.00	7.05	6.00
<b>Receipt of Dividend</b>										
Wendt Middle East FZE	107.95	-	-	-	-	-	-	-	107.95	-
Wendt Grinding Technologies Ltd Thailand	160.75	486.65	-	-	-	-	-	-	160.75	486.65
<b>Payment of Service Fee and Commission</b>										
Carborundum Universal Limited (CUMI)	-	-	194.47	150.29	-	-	-	-	194.47	150.29
Wendt Middle East FZE	38.64	-	-	-	-	-	-	-	38.64	-
<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, Service charges, Commission, Rent and Accounting charges</b>										
Wendt GmbH Germany	-	-	50.92	15.14	-	-	-	-	50.92	15.14
Carborundum Universal Limited (CUMI)	-	-	13.20	12.20	-	-	-	-	13.20	12.20
Wendt Grinding Technologies Ltd Thailand	24.29	24.58	-	-	-	-	-	-	24.29	24.58
Wendt Middle East FZE	10.98	11.28	-	-	-	-	-	-	10.98	11.28
<b>Reimbursement of Expenses - Paid</b>										
Carborundum Universal Limited (CUMI)	-	-	17.12	68.94	-	-	-	-	17.12	68.94
<b>Reimbursement of Expenses - Received</b>										
Wendt GmbH Germany	-	-	0.19	0.30	-	-	-	-	0.19	0.30
Carborundum Universal Limited (CUMI)	-	-	31.51	18.39	-	-	-	-	31.51	18.39
Wendt Grinding Technologies Ltd Thailand	2.88	6.20	-	-	-	-	-	-	2.88	6.20
Wendt Middle East FZE	1.61	11.73	-	-	-	-	-	-	1.61	11.73
<b>Amount due From</b>										
Wendt GmbH Germany	-	-	62.79	58.46	-	-	-	-	62.79	58.46
Carborundum Universal Limited (CUMI)	-	-	149.64	102.29	-	-	-	-	149.64	102.29
Wendt Grinding Technologies Ltd Thailand	50.50	56.52	-	-	-	-	-	-	50.50	56.52
Ace Designers Ltd	-	-	-	-	-	0.17	-	-	-	0.17
<b>Amount due to</b>										
Wendt GmbH Germany	-	-	93.85	46.76	-	-	-	-	93.85	46.76
Wendt Middle East FZE	174.33	21.25	-	-	-	-	-	-	174.33	21.25
Carborundum Universal Limited (CUMI)	-	-	253.64	156.35	-	-	-	-	253.64	156.35

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 FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### 27(13) Operating leases

- a) 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. 14.10 lacs. (Previous year: Rs 12.00 lacs).

There are no sub-lease payments received/receivable recognised in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.

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

The lease agreement is for a period of 24 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

Particulars	Rs. In lacs
Gross carrying amount	1,557.74
Less: Accumulated Depreciation	365.36
<b>Net carrying amount</b>	<b>1,192.38</b>

The depreciation recognized in respect of the factory building for the year is Rs. 49.52 lacs.

There are no contingent rents receivable.

### 27(14) Earning per share (EPS) is calculated as under

Particulars	31st March, 2016	31st March, 2015
a) Numerator -		
Profit for the year	973.97	1,484.77
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
<b>Earnings per share (in rupees) -</b>		
Basic and diluted	48.70	74.24

### 27(15) Deferred Tax Liability (Net)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b><u>Tax effect of items constituting deferred tax liability</u></b>		
Fiscal allowance on fixed assets	622.28	607.26
Tax effect of items constituting deferred tax liability	622.28	607.26
<b><u>Tax effect of items constituting deferred tax asset</u></b>		
Employee benefits	(49.39)	(43.98)
Provision for doubtful trade receivables	(21.10)	(20.79)
Others	(10.32)	(11.20)
Tax effect of items constituting deferred tax assets	(80.81)	(75.97)
<b>Deferred tax liability (net)</b>	<b>541.47</b>	<b>531.29</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

### 27(16) Research and Development Expenditure

Research and Development expenditure incurred during the year aggregates to Rs. 246.26 lacs (Previous year Rs. 694.76 lacs) as detailed below:

Particulars	31st March, 2016	31st March, 2015
- Revenue expenditure (refer note below)	238.49	262.77
- Capital expenditure (including capital work in progress)	7.77	431.99
<b>Total</b>	<b>246.26</b>	<b>694.76</b>

Note:- Revenue expenditure shown above includes Depreciation on R&D assets of Rs. 48.08 lacs (Previous year Rs. 34.92 lacs), Consultancy Services of Rs. 78.59 lacs (Previous year Rs. 81.15 lacs), Consultancy travel expenditure of Rs. 14.99 lacs (Previous year Rs. 19.56 lacs) & Contract manpower of Rs. 1.41 lacs (Previous year Rs. 4.54 lacs).

### 27(17) CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent by the company during the year:- Rs. 35.27 lacs (Previous Year Rs. 38.49 lacs)

(b) Amount spent by the company during the year on :- Rs. 38.45 lacs (Previous Year Rs. 36.33 lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	34.82 (34.28)	3.63 (2.05)	38.45 (36.33)

### 27(18) DETAILS OF ACQUISITION OF BUSINESS DURING THE YEAR

The Company has acquired the "Diamond Tool" business from Star Diamond Tools Private Limited at a consideration of Rs. 250 lacs, under slump sale on 29th March, 2016. The business transfer agreement excluded the immovable property, fixtures & fittings located at the factory, vehicles, cash and bank balance and computers and software of the seller company. Pending installation of the tangible assets and registration of the intangible assets as on March 31, 2016, the company has classified the assets under the head "Capital Work-in-Progress". The inventories have been included under current assets.

27(19) 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 27

For and on behalf of the Board of Directors

M M MURUGAPPAN  
Chairman

SHRINIVAS G SHIRGURKAR  
Director

K SRINIVASAN  
Director

Chennai  
28th April, 2016

MUKESH KUMAR HAMIRWASIA  
Chief Financial Officer

AKANKSHA BIJAWAT  
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

Statement of Holding Company's Interest in Subsidiary Company

1	Name of the Company	Wendt Grinding Technologies Ltd	Wendt Middle East FZE
2	The Financial year of the Subsidiary ended on	31st March 2016	31st March 2016
3			
a	i) Number of ordinary shares held by Wendt India Ltd in the Subsidiary Company on the above date	1,02,99,993	8
		Face Value      Paid up value	Face Value      Paid up value
	ii) Face value and paid up value per share	Thai Baht 10 - Thai Baht 2.50	AED 150,000    AED 150,000
	iii) Interest of Wendt India Ltd	100%	100%
b	i) Number of Preference shares held by Wendt India Ltd in the Subsidiary Company on the above date	---	---
	ii) Face value and paid up value per share	----	----
	iii) Interest of Wendt India Ltd	----	----
		Rs in lacs	Rs in lacs
4	The Net aggregate profit/loss of subsidiary Company so far as it concerns the holding Company		
	i) Not dealt with in the accounts of Wendt India Ltd		
	a) For the Subsidiary 's Financial year ended 31st March, 2016 *	175.66	133.96
	b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	1395.55	91.84
	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, 2016	160.76	107.95
	b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	876.96	—

\* Computed based on the exchange rates as on 31st March 2016 (Thai Baht Rs. 1.882 and AED Rs. 18.035)

For and on behalf of the Board of Directors

M M MURUGAPPAN  
Chairman

SHRINIVAS G SHIRGURKAR  
Director

K SRINIVASAN  
Director

Chennai  
28th April, 2016

MUKESH KUMAR HAMIRWASIA  
Chief Financial Officer

AKANKSHA BIJAWAT  
Company Secretary

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# Consolidated Financial Statements

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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Wendt (India) Limited (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2016;
- 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
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs.1,689 lakhs as at 31st March, 2016, total revenues of Rs.2,181 lakhs and net cash inflow amounting to Rs.53 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

S. SUNDARESAN  
Partner  
(Membership No. 25776)  
Bangalore  
28th April, 2016

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(Rs. in lacs)

Particulars	Note No.	As at	
		31.03.2016	31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders funds</b>			
(a) Share capital	2	200.00	200.00
(b) Reserves and surplus	3	10,116.34	9,758.67
		10,316.34	9,958.67
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liability (net)	24(9)	541.47	531.29
(b) Other long-term liabilities	4	38.92	42.69
(c) Long-term provisions	5	346.71	277.63
		927.10	851.61
<b>(3) Current liabilities</b>			
(a) Trade payables	6	2,072.19	1,763.22
(b) Other current liabilities	7	548.86	471.04
(c) Short-term provisions	8	458.13	455.06
		3,079.18	2,689.32
<b>Total</b>		<b>14,322.62</b>	<b>13,499.60</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	5,652.42	5,515.74
(ii) Intangible assets	10	121.31	149.58
(iii) Capital work-in-progress	10(b)	541.22	249.22
		6,314.95	5,914.54
(b) Long-term loans and advances	11	483.33	476.70
		6,798.28	6,391.24
<b>(2) Current assets</b>			
(a) Current investments	12	1,354.70	2,076.85
(b) Inventories	13	2,042.98	1,875.50
(c) Trade receivables	14	3,141.78	2,316.15
(d) Cash and Cash Equivalents	15	475.37	436.28
(e) Short-term loans and advances	16	502.63	401.33
(f) Other current assets	17	6.88	2.25
		7,524.34	7,108.36
<b>Total</b>		<b>14,322.62</b>	<b>13,499.60</b>

SIGNIFICANT ACCOUNTING POLICIES 1B  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 24  
 SEE ACCOMPANYING NOTES (1-24) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached For and on behalf of the Board of Directors  
 For DELOITTE HASKINS & SELLS  
 Chartered Accountants

S SUNDARESAN Partner	M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Bangalore 28th April, 2016	Chennai 28th April, 2016	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

Particulars	Note No.	Year Ended	
		31.03.2016	31.03.2015
I. Revenue from operations (Gross)	18	14,440.75	13,262.97
Less: Excise duty	18	960.54	857.63
Revenue from operations (Net)		13,480.21	12,405.34
II. Other income	19	206.84	192.69
III. <b>Total Revenue (I +II)</b>		<b>13,687.05</b>	<b>12,598.03</b>
IV. <b>Expenses:</b>			
Cost of materials consumed	20a	3,673.13	3,375.54
Purchases of stock-in-trade		1,259.74	1,189.24
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.b	(36.91)	(108.69)
Employee benefits expense	21	2,282.69	1,988.67
Finance costs	22	0.62	7.61
Depreciation and amortization expense	10(a)	870.30	829.93
Other expenses	23	4,134.95	3,630.12
<b>Total Expenses</b>		<b>12,184.52</b>	<b>10,912.42</b>
V Profit before tax (III - IV)		1,502.53	1,685.61
VI Tax expense:			
(1) Current tax		453.08	387.39
Less:- MAT Credit entitlement		-	(164.97)
(2) Current tax for earlier years		28.72	-
(3) Deferred tax		10.18	109.22
		491.98	331.64
VII Profit for the year (V -VI)		1,010.55	1,353.97
VIII Earning per equity share (face value Rs.10/- each):			
Basic and Diluted	24(8)	50.53	67.70

SIGNIFICANT ACCOUNTING POLICIES 1B  
 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS 24  
 SEE ACCOMPANYING NOTES (1-24) FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached For and on behalf of the Board of Directors  
 For DELOITTE HASKINS & SELLS  
 Chartered Accountants

S SUNDARESAN Partner	M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Bangalore 28th April, 2016	Chennai 28th April, 2016	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

	31.03.2016	31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>1,502.53</b>	<b>1,685.61</b>
<b>Adjustments for :</b>		
Depreciation and amortisation expense	870.30	829.93
Provision for trade receivables (net of reversal)	9.40	15.04
Finance costs	0.62	7.61
Interest on bank and other deposits	(11.41)	(17.72)
Dividend from current investments	(50.68)	(71.72)
Loss / (Profit) on sale / discarding of tangible fixed assets (net)	(0.19)	0.57
Liabilities / Provisions no longer required, written back	(27.80)	(1.74)
Profit on sale of current investments (net)	(1.89)	(0.24)
Unrealised exchange loss	3.43	2.66
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2,294.31</b>	<b>2,450.00</b>
<b>CHANGES IN WORKING CAPITAL :</b>		
Inventories	(167.48)	(112.35)
Trade receivables	(843.74)	(166.04)
Short term loans and advances	(101.30)	(67.67)
Other current assets	(4.63)	(1.34)
Long term loans and advances	(1.35)	(12.60)
Trade payables	314.25	(123.56)
Other long term liabilities and provisions	37.24	(87.54)
Other current liabilities and provisions	136.18	70.36
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,663.48</b>	<b>1,949.26</b>
Direct tax paid (net of refunds)	(496.45)	(280.91)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,167.03</b>	<b>1,668.35</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on tangible fixed assets, including capital advances	(1,247.12)	(1,166.34)
Capital expenditure on intangible fixed assets, including capital advances	(20.76)	(73.68)
Proceeds from sale of tangible fixed assets	6.23	1.13
Sale / (purchase) of current investments (net)	724.04	(203.96)
Interest received on deposits with banks and others	11.41	17.72
Dividend from current investments	50.68	71.72
Bank balances not considered as cash and cash equivalents		
- Placed	(500.00)	(500.00)
- Matured / encashed	512.00	498.16
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(463.52)</b>	<b>(1,355.25)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in lacs)

	31.03.2016	31.03.2015
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance costs	(0.62)	(7.61)
Dividend paid (including tax thereon)	(600.71)	(588.66)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES (C)</b>	<b>(601.33)</b>	<b>(596.27)</b>
Translation adjustment	(D) <b>(51.09)</b>	<b>115.85</b>
<b>NET CASH INFLOW/(OUTFLOW) (A+B+C+D)</b>	<b>51.09</b>	<b>(167.32)</b>
<b>OPENING CASH AND CASH EQUIVALENTS E</b>	<b>395.62</b>	<b>562.94</b>
<b>CLOSING CASH AND CASH EQUIVALENTS F</b>	<b>446.71</b>	<b>395.62</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (F-E)</b>	<b>51.09</b>	<b>(167.32)</b>

### Reconciliation of cash and cash equivalents with the balance sheet

Cash and Cash equivalents as per Balance Sheet (Refer Note No.15)	475.37	436.28
Less:- Bank Balances not considered as Cash and Cash equivalent as defined in AS 3 Cash Flow Statements		
(i) In deposit accounts (having original maturity of more than 3 months)	0.55	10.52
(ii) In earmarked accounts #		
Dividend account	28.11	30.14
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements - Refer Note No.15)	446.71	395.62

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

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

S SUNDARESAN  
Partner

Bangalore  
28th April, 2016

For and on behalf of the Board of Directors

M M MURUGAPPAN  
Chairman

Chennai  
28th April, 2016

SHRINIVAS G SHIRGURKAR  
Director

MUKESH KUMAR HAMIRWASIA  
Chief Financial Officer

K SRINIVASAN  
Director

AKANKSHA BIJAWAT  
Company Secretary

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1

#### A GROUP OVERVIEW

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

#### B SIGNIFICANT ACCOUNTING POLICIES

##### 1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS:

The Consolidated financial statements comprise the financial statements of Wendt (India) Ltd (the Holding Company) and its subsidiaries. Together, the companies constitute the "Group". The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / the Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 2 PRINCIPLES OF CONSOLIDATION

- The financial statements of the subsidiary companies are drawn upto the same reporting date as that of the Company i.e., 31 March, 2016.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- Following subsidiary companies have been included in Consolidation:-

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Proportion	
			31.03.2016	31.03.2015
1	<b>Wendt Grinding Technologies Limited</b> (Incorporated on 19th July 2005)	Thailand	100%	100%
2	<b>Wendt Middle East FZE</b> (Incorporated on 24th September 2008)	Sharjah (UAE)	100%	100%

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 3 USE OF ESTIMATES

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

### 4 INVENTORIES:

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

### 5 CASH FLOW STATEMENT:

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

### 6 FIXED ASSETS, DEPRECIATION AND AMORTISATION:

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use. Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

#### Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Intangible Assets are amortized over a period of 5 years or based on the period of usage / licence, whichever is lower. The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the used / Second hand machines & process bath equipments, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

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.

**A) In the case of Wendt Grinding Technologies Ltd, the depreciation is provided on Straight line basis on the estimated useful life of the assets as follows.**

	No. of years
i) Building	20
ii) Machine and equipment, Tools, Furniture and Fixture, Vehicles	5

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

	No. of years
i) Plant and Machinery	4
ii) Lease hold improvements	4
iii) Furniture and Fixtures	3
iv) Computers	3

## 7 REVENUE RECOGNITION:

- Revenues are recognized and expenses are accounted on their accrual with necessary provisions for all known liabilities and losses. Revenue from Sale of goods is recognised on despatch of goods. Sales includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.
- Revenue from rendering of services priced on a time and material basis is recognised on rendering of services as per the terms of contracts with customers.
- 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 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION :

- Company: Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the year end are translated at the rate of exchange prevailing at the year end and the gain or loss is recognized in the Statement of profit and loss.
- Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- Company: Exchange differences arising on actual payments / realizations and year end restatements are also recognised in the Statement of profit and loss.
- Non-integral foreign operations: The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a "Translation adjustment reserve" until disposal of the operation, in which case the accumulated balance in "Translation adjustment reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

## 9 INVESTMENTS:

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

## 10 EMPLOYEE BENEFITS:

### SHORT TERM EMPLOYEE BENEFITS

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

### LONG TERM EMPLOYEE BENEFITS - COMPENSATED ABSENCES

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

### DEFINED CONTRIBUTION PLANS

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees.

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

### DEFINED BENEFIT PLAN

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

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

## 11 SEGMENT REPORTING:

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

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

- 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

of the segment. Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis are included under "Other un-allocable Expenditure net of un-allocable income".

### 12 EARNINGS / (LOSS) PER SHARE:

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

### 13 TAXES ON INCOME :

Current tax is determined on the basis of taxable income and tax credits, where applicable, computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 14 RESEARCH AND DEVELOPMENT:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

### 15 IMPAIRMENT OF ASSETS:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 16 PROVISIONS AND CONTINGENCIES:

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

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

### 17 OPERATING CYCLE:

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

### NOTE 2 - SHARE CAPITAL

Particulars	As at 31st March, 2016	As at 31st March, 2015
<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, 2016		As at 31st March, 2015	
	No of shares	Rs. in lacs	No of shares	Rs. in lacs
<b>Reconciliation of the number of shares and amount 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, 2016	Percentage of holding	Number of shares as at 31st March, 2015	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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### Note 2 (iii)

#### Rights, Preferences and Restrictions attached to shares

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

### NOTE 3 - RESERVES AND SURPLUS

Particulars		As at 31st March, 2016	As at 31st March, 2015
<b>Capital reserve:</b>			
Capital subsidy		20.98	20.98
		20.98	20.98
<b>General reserve:</b>			
Opening balance	5,176.75		4,776.75
Add: Transfer from Surplus in statement of Profit and Loss	400.00		400.00
		5,576.75	5,176.75
<b>Translation adjustment reserve:</b>			
Opening balance	407.93		292.08
Add/(less): Effect of exchange fluctuations during the year	(51.09)		115.85
		356.84	407.93
<b>Statutory Reserve</b>			
Opening balance	24.91		10.79
Add/(Less): Transfer from Surplus in statement of Profit and Loss	15.36		14.12
Closing balance (Refer note 1 below)		40.27	24.91
<b>Surplus in Statement of Profit and Loss :</b>			
Opening balance	4,128.10		3,914.08
Add: Profit/(Loss) for the year	1,010.55		1,353.97
	5,138.65		5,268.05
Less:- Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-		125.85
Less: Appropriations			
Interim Dividend @ 100% (Rs.10/- Per equity share (previous year Rs. 10/- each))	200.00		200.00
Tax on Interim Dividend	40.72		39.99
Proposed Final Dividend @ 150% (Rs. 15/- Per equity share (previous year Rs. 15/- Per equity share))	300.00		300.00
Tax on proposed final dividend	61.07		59.99
Transfer to Statutory Reserve	15.36		14.12
Transfer to General Reserve	400.00		400.00
		4,121.50	4,128.10
<b>Total</b>		<b>10,116.34</b>	<b>9,758.67</b>

Note 1: The subsidiary, Wendt Middle East FZE, in accordance with Article 192 of the U.A.E. Commercial Company Law of 1984, as amended, has set aside 10% of net profit during the year amounting to Rs. 15.36 lacs (Previous Year Rs. 14.12 lacs) as Statutory reserve which shall remain indivisible until dissolution and liquidation. The appropriation to this reserve has been limited to 50% of the capital of the subsidiary.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 4 - OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Towards miscellaneous taxes	38.92	42.69
<b>Total</b>	<b>38.92</b>	<b>42.69</b>

### NOTE 5 - LONG-TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for compensated absences (Refer note 24 (4)(II)(B))	65.89	68.50
Provision for Gratuity	63.25	19.64
Tax provisions less payments (current tax)	217.03	188.95
Tax provisions less payments (fringe benefit tax)	0.54	0.54
<b>Total</b>	<b>346.71</b>	<b>277.63</b>

### NOTE 6 - TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables	2,072.19	1,763.22
<b>Total</b>	<b>2,072.19</b>	<b>1,763.22</b>

### NOTE 7 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Unclaimed dividends (refer note below)	28.11	30.14
Book Overdraft	48.66	-
<b>Other payables</b>		
Statutory dues (Contribution to PF and ESIC, Withholding taxes, Excise duty and VAT)	92.73	95.39
Retention and security deposits	16.08	15.90
Advance received from customers	262.63	206.08
Payable on purchase of fixed assets	92.19	114.68
Employees' contractual obligations	8.46	8.85
<b>Total</b>	<b>548.86</b>	<b>471.04</b>

#### NOTE

The unclaimed dividend of Rs.28.11 lacs represents those relating to the years 2008-09 to 2014-2015 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 8 - SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Tax provisions (net of tax payment)	19.70	25.81
Provision for compensated absences (Refer note 24(4)(II)(B))	77.36	69.26
Provision for Proposed Equity Dividend	300.00	300.00
Provision for Tax on Proposed Dividend	61.07	59.99
<b>Total</b>	<b>458.13</b>	<b>455.06</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 9 - FIXED ASSETS (TANGIBLE)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2015	Additions during the year	Disposals/ Deductions during the year	Translation adjustment	As at 31st March, 2016	Upto 31st March, 2015	For the year	Upto 31st March, 2016
<b>TANGIBLE ASSETS (OWNED)</b>								
Land	107.13 (102.21)	-	-	(3.38) (4.92)	103.75 (107.13)	-	-	103.75 (107.13)
Improvements to Leasehold Premises	3.58 (3.58)	-	-	-	3.58 (3.58)	-	-	-
Buildings	1,854.05 (1,747.65)	14.63 (95.83)	-	(14.84) (10.57)	1,853.84 (1,854.05)	450.25 (385.20)	63.93 (62.63)	1,343.06 (1,403.80)
Plant and Equipment	6,621.10 (5,758.39)	770.26 (857.34)	46.44 (4.50)	(5.48) (9.87)	7,339.44 (6,621.10)	3,091.12 (2,427.64)	582.91 (555.66)	3,714.92 (3,529.98)
Furniture and Fixtures	227.24 (210.74)	22.85 (16.50)	-	-	250.09 (227.24)	97.46 (69.45)	20.67 (22.89)	131.97 (129.78)
Vehicles	172.61 (168.10)	7.05 (14.52)	10.03 (11.80)	(3.18) (1.79)	166.45 (172.61)	84.59 (79.92)	25.01 (25.48)	62.04 (88.02)
Office Equipment	661.01 (588.44)	169.13 (75.23)	55.49 (4.58)	(7.61) (1.92)	767.04 (661.01)	403.98 (240.33)	128.75 (115.46)	296.68 (257.03)
<b>Total</b>	<b>9,646.72</b>	<b>983.92</b>	<b>111.96</b>	<b>(34.49)</b>	<b>10,484.19</b>	<b>4,130.98</b>	<b>821.27</b>	<b>5,652.42</b>
<b>Previous year</b>	<b>(8,579.11)</b>	<b>(1,059.42)</b>	<b>(20.88)</b>	<b>(29.07)</b>	<b>(9,646.72)</b>	<b>(3,206.12)</b>	<b>(782.12)</b>	<b>(5,515.74)</b>

Figures in brackets pertain to previous year.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - FIXED ASSETS (INTANGIBLE)

Particulars	Gross Block		Accumulated Amortization				Net Block	
	As at 1st April, 2015	Additions during the year	Disposals/ Deductions during the year	As at 31st March, 2016	Upto 31st March, 2015	For the year ending 31st March, 2016	Translation adjustment 31st March, 2016	Upto 31st March, 2016
INTANGIBLE ASSETS (Other than internally generated)								
Computer software	210.97 (190.06)	7.05 (20.91)	-	218.02 (210.97)	132.05 (108.50)	25.31 (23.48)	(4.16) (0.07)	153.20 (132.05)
Technical know how	188.55 (135.78)	13.71 (52.77)	-	202.26 (188.55)	117.89 (93.56)	23.72 (24.33)	4.16 (70.66)	145.77 (117.89)
Total	399.52 (325.84)	20.76 (73.68)	-	420.28 (399.52)	249.94 (202.06)	49.03 (47.81)	- (0.07)	298.97 (249.94)
Previous year								

Figures in brackets pertain to previous year.

NOTE 10 (a)

Depreciation and amortization expense

Particulars	Year ended	
	31st March, 2016	31st March, 2015
On fixed assets (tangible assets) (refer note 9)	821.27	782.12
On fixed assets (intangible assets) (refer note 10)	49.03	47.81
Total	870.30	829.93

NOTE 10 (b)

Particulars	31st March, 2016	31st March, 2015
Capital work-in-progress	541.22	249.22

Capital Work in Progress as on 31st March, 2016 includes intangible assets amounting to about Rs. 120 lacs which are acquired as part of the business transfer agreement with M/s. Star Diamond Tools Private Limited and are in the process of being transferred/registered in the name of the company.

NOTE 11 - LONG-TERM LOANS AND ADVANCES

(Rs. in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Capital advances	9.05	40.39
Security deposits	37.90	36.55
Tax payments (net of provisions)	389.31	232.69
MAT Credit Entitlement	44.97	164.97
Fringe benefit tax payments net of provisions	2.10	2.10
Total	483.33	476.70

NOTE 12 -CURRENT INVESTMENTS

(Rs. in lacs)

Sl. No.	Name of Investment	Unit price(Rs.)	As at March 31, 2016 Units (Nos)	As at March 31, 2016 Amount	As at March 31, 2015 Units (Nos)	As at March 31, 2015 Amount
Investments in Mutual Funds (Quoted-Non Trade, at lower of cost and fair value)						
1	ICICI Prudential Money Market Fund-Regular Plan-Daily Dividend	100.13	-	-	101,160	101.29
2	ICICI Prudential Flexible Income -Regular Plan - Daily Dividend	105.74	-	-	109,339	115.61
3	ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10.07	1,078,739	108.67	1,020,017	102.75
4	ICICI Prudential Savings Fund -Regular Plan-Daily Dividend	100.74	-	-	21,019	21.19
5	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	100.02	30,003	30.01	118,725	118.58
6	Reliance Liquid Fund Cash Plan-Direct Growth Plan	2254.23	-	-	1,793	40.00
7	IDFC Cash Fund - Daily Dividend -(Regular Plan)	1001.08	3,000	30.01	-	-
8	TATA Money Market Fund Plan A -Daily Dividend	1001.52	-	-	3,073	30.78
9	TATA Short Term Bond Fund Plan A - Growth	25.13	295,555	75.00	295,555	75.00
10	TATA Short Term Bond Direct Plan - Growth	26.26	186,618	49.00	186,618	49.00
11	Baroda Pioneer Credit Opportunities Fund -Plan A Monthly Dividend-Reinvestment	10.46	2,475,765	256.91	500,000	50.00
12	Baroda Pioneer Credit Opportunities Fund -Plan A Growth	11.24	963,308	100.00	-	-
13	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend -Reinvestment	1027.49	2,925	30.05	6,420	65.81
14	Baroda Pioneer Short Term Bond Fund-Plan A Dividend-Re investment	10.07	-	-	2,044,663	206.10
15	Baroda Pioneer Short Term Bond Fund-Plan A Growth	14.50	569,063	82.50	341,337	49.50
16	Franklin India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	10.08	-	-	491,307	49.47
17	Franklin India Ultra Short Bond Fund Super Institutional Plan- Direct Daily Dividend Reinvestment	10.06	-	-	308,065	31.00
18	Franklin India Treasury Management A/c Super Institutional Plan-Daily Dividend Reinvestment	1000.72	-	-	32,965	329.89
19	Religare Invesco Credit Opportunities Fund -Daily Dividend	1000.29	4,974	49.76	-	-
20	Religare Invesco Medium Term Bond Fund-Growth	1525.30	5,668	85.00	-	-
				896.91		1,435.97
				457.79		640.88
				457.79		640.88
				1,354.70		2,076.85
Total						

Notes:-

- 1) Aggregate amount of quoted investments 896.91
- 2) Aggregate market value of quoted investments 1,435.97
- 3) Aggregate amount of unquoted investments 929.84

457.79

640.88

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 13 - INVENTORIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(At lower of cost and net realisable value)		
Raw materials (including Goods in Transit Rs. 120.89 lacs, Previous year Rs. 63.17 lacs)	911.21	821.08
Work - in - progress (refer note below)	487.48	506.35
Finished goods	111.60	101.11
Stock-in- trade (in respect of goods acquired for trading) (including Goods in Transit Rs.116.92 lacs, Previous year Rs. 26.08 lacs)	341.18	295.89
Stores and spares	191.51	151.07
<b>Total</b>	<b>2,042.98</b>	<b>1,875.50</b>

#### Note:

Particulars	As at 31st March, 2016	As at 31st March, 2015
Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	318.47	330.23
Machine, accessories and components	148.59	167.47
Others	20.42	8.65
<b>Total</b>	<b>487.48</b>	<b>506.35</b>

### NOTE 14 - TRADE RECEIVABLES

Particulars		As at 31st March, 2016	As at 31st March, 2015
(Unsecured)			
1) Trade receivables outstanding for a period exceeding six months (from the date they were due for payment)			
Considered good	89.37		9.57
Considered doubtful	65.57		67.12
		154.94	76.69
2) Other trade receivables			
Considered good	3,052.41		2,306.58
Considered doubtful	-		-
		3,052.41	2,306.58
Less: Provision for doubtful trade receivables		65.57	67.12
<b>Total</b>		<b>3,141.78</b>	<b>2,316.15</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 15 - CASH AND CASH EQUIVALENTS

Particulars		As at 31st March, 2016	As at 31st March, 2015
Cash on hand		0.86	0.73
Cheques on hand		25.57	9.92
Balances with banks			
(i) In current accounts	420.28		384.97
(ii) In deposit accounts (refer note below)	0.55		10.52
(iii) In earmarked accounts			
(a) Dividend accounts	28.11		30.14
		448.94	425.63
<b>Total</b>		<b>475.37</b>	<b>436.28</b>
Of the above, the balance that meets the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is: (Refer Cash Flow for the items forming part of cash and cash equivalents as per AS 3)		446.71	395.62

Notes:- (i) Balance with banks includes Rs.0.55 lacs as deposits with remaining maturity of more than 12 months from the balance sheet date.

### NOTE 16 - SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Prepaid expenses	98.56	87.53
Advance paid to vendors	67.67	29.98
Employees' loans and advances	82.82	64.98
Security and earnest money deposits	5.14	4.22
Other loans and advances	43.43	26.80
Balances with government authorities.		
- CENVAT credit receivable	91.27	65.23
- VAT credit receivable	19.31	25.75
- Service tax credit receivable	94.43	96.84
<b>Total</b>	<b>502.63</b>	<b>401.33</b>

### NOTE 17 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Rent receivable	6.88	2.25
<b>Total</b>	<b>6.88</b>	<b>2.25</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 18 - REVENUE FROM OPERATIONS

Sl. No.	Particulars	Year Ended	
		31st March, 2016	31st March, 2015
a)	Sale of products (refer note (i) below)	14,021.63	12,802.32
b)	Sale of services (refer note (ii) below)	273.98	329.60
c)	Other operating income (refer note (iii) below)	145.14	131.05
	Revenue from operations (Gross)	14,440.75	13,262.97
	Less: Excise duty	960.54	857.63
	<b>Total</b>	<b>13,480.21</b>	<b>12,405.34</b>

Note:

Sl. No.	Particulars	Year Ended	
		31st March, 2016	31st March, 2015
(i)	<b>Sale of products comprises</b>		
	Manufactured goods	10,603.71	9,486.71
	Traded goods	2,457.38	2,457.98
	<b>Total - Sale of products (net of excise duty)</b>	<b>13,061.09</b>	<b>11,944.69</b>
(ii)	<b>Sale of services comprises</b>		
	Machining charges	273.98	329.60
	<b>Total - Sale of services</b>	<b>273.98</b>	<b>329.60</b>
(iii)	<b>Other operating income comprises</b>		
	Sale of scrap	31.55	46.26
	Service charges	57.56	64.75
	Technical services fee	-	-
	Commission	50.93	20.04
	Export Incentive received	5.10	-
	<b>Total - Other operating income</b>	<b>145.14</b>	<b>131.05</b>

### NOTE 19 - OTHER INCOME

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Interest on bank and other deposits (Gross)	11.41	17.72
Dividend income from current investments - mutual funds	50.68	71.72
Profit on sale of current investments	1.89	0.24
Profit on sale of asset	0.19	-
Net gain on foreign currency transactions and translations	35.52	37.62
Provisions and credit balances no longer required, written back		
For doubtful trade receivables	36.20	30.26
For other expenses	27.80	1.74
Miscellaneous income	29.95	21.19
Rent received	13.20	12.20
<b>Total</b>	<b>206.84</b>	<b>192.69</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### Note 20.a - COST OF MATERIALS CONSUMED

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Opening stock	821.08	843.08
Add: Purchases	3,763.26	3,353.54
	<u>4,584.34</u>	<u>4,196.62</u>
Less: Closing stock	911.21	821.08
<b>Cost of materials consumed</b>	<b>3,673.13</b>	<b>3,375.54</b>

### Note 20.b - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
<b>Opening stock</b>		
Work - in - progress	506.35	447.79
Finished goods	101.11	100.13
Stock-in- trade	295.89	246.74
	<u>903.35</u>	<u>794.66</u>
<b>Closing stock</b>		
Work - in - progress	487.48	506.35
Finished goods	111.60	101.11
Stock-in- trade	341.18	295.89
	<u>940.26</u>	<u>903.35</u>
<b>Net (increase) / decrease</b>	<b>(36.91)</b>	<b>(108.69)</b>

### NOTE 21 - EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Salaries,wages and bonus	1,820.91	1,621.55
Contribution to provident and other funds	207.49	130.41
Gratuity expenses	-	1.01
Staff welfare expenses	254.29	235.70
<b>Total</b>	<b>2,282.69</b>	<b>1,988.67</b>

### NOTE 22 - FINANCE COSTS

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Interest on deferred payment of Income tax and Service tax	0.61	0.13
Others	0.01	7.48
<b>Total</b>	<b>0.62</b>	<b>7.61</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 23 - OTHER EXPENSES

Particulars	Year Ended	
	31st March, 2016	31st March, 2015
Consumption of stores and spares parts	669.69	610.98
Contract labour	102.81	92.44
Power and fuel	293.60	292.16
Rent	40.63	31.99
Increase / (decrease) of excise duty on inventory (refer note (i) below)	1.17	0.22
Rates and taxes	92.25	57.98
Insurance	19.35	20.55
Repairs to:		
Building	101.25	51.68
Machinery	119.28	107.92
Other assets	145.81	96.30
Processing charges	558.67	541.34
Directors' sitting fees	5.40	4.70
Payment to auditors		
- Statutory auditors		
Audit fees (including limited reviews)	13.28	12.38
Tax audit fees	1.00	1.00
Other Services	1.00	2.00
Reimbursement of expenses	4.02	3.06
Bank charges	55.17	36.91
Service fee	166.57	150.29
Travel and conveyance	501.28	378.63
Freight outward and packing charges (net)	163.07	131.05
Selling commission	87.13	56.83
Communication expenses	36.08	35.32
Bad trade receivables written off	12.49	7.33
Less: Transferred from provision	10.95	3.45
Provision for doubtful trade receivables	45.25	45.55
Legal and professional charges	275.03	221.38
Sales & other expenses	320.38	338.75
Loss on sale/disposal of fixed assets (net)	-	0.57
Contribution to research institution	2.00	2.00
Expenditure on Corporate Social Responsibility	32.95	34.24
Donation	3.51	1.19
Miscellaneous expenses	275.78	266.83
<b>Total</b>	<b>4,134.95</b>	<b>3,630.12</b>

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### NOTE 24 - ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

24(1) Contingent Liability and commitments to the extent not provided for:

#### (1A) Contingent Liabilities

Particulars	31.03.2016	31.03.2015
a) Claims against the Group not acknowledged as debt: Disputed income tax demands under appeal	59.32	59.32
The Group has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Group has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT - A order is yet to be received by the Group.		
The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Group's rights for further appeal before the Judiciary.		
(1B) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs. 9.05 lacs (previous year Rs. 40.39 lacs)	634.66	319.83
b) Other commitments	-	-

24(2) The Group has a working capital limit with state bank of india, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Group has not utilized the said facility during the current / previous year.

24(3) Foreign Currency Exposure as at March 31, 2016, that have not been hedged by a derivative instrument or other wise

Particulars	31.3.2016				31.3.2015				Currency
	Amount AED (in lacs)	Amount Thai Baht (in lacs)	Amount INR	Amount (Foreign Currency) (in lacs)	Amount AED (in lacs)	Amount Thai Baht (in lacs)	Amount INR	Amount (Foreign Currency) (in lacs)	
<b>Due to</b>									
- Creditors against Import of goods, capital items and Services	-	-	397.55	5.94	-	-	394.30	6.09	USD
	-	85.72	162.11	-	-	60.04	117.32	-	USD
	0.76	-	13.68	-	-	-	-	-	USD
	-	-	125.30	1.65	-	-	88.83	1.30	EUR
	-	5.26	9.95	-	-	2.17	4.24	-	EUR
	-	-	17.02	0.18	-	-	26.92	0.29	GBP
	-	-	7.95	13.30	-	-	-	-	JPY
<b>Due from</b>									
-Trade and other receivables	-	-	478.02	7.26	-	-	288.80	4.64	USD
	-	-	155.04	2.09	-	-	124.99	1.87	EUR
	-	-	129.09	1.37	-	-	46.18	0.50	GBP

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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 24(4) EMPLOYEE BENEFITS

#### I Defined Contribution Plans

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

Particulars	31.03.2016	31.03.2015
Employers Contribution to Provident Fund *	57.63	47.90
Employers' Contribution to Superannuation Fund *	48.38	41.92
Employers' Contribution to Employee's State Insurance	8.25	9.72
Employers' Contribution to Employee's Pension Scheme 1995 *	23.06	25.15
Social security contributions in respect of a subsidiaries *	0.02	1.27

\* Included in Contribution to provident and other funds (Refer note 21)

#### II Defined Benefit Plan

##### A) Contribution to Gratuity Fund :

Assumptions at the valuation date :

Particulars	31.03.2016	31.03.2015
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

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

#### a) Change in Present Value of Obligation :-

Particulars	31.03.2016	31.03.2015
Present Value of Obligation as at beginning of the year	249.03	220.45
Current Service Cost	31.41	17.78
Interest cost	19.36	17.41
Benefits Paid	(14.05)	(5.67)
Net Actuarial Losses / (Gains) Recognized in the Year	49.71	(0.94)
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
<b>Closing Present Value of Obligations</b>	<b>335.46</b>	<b>249.03</b>

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

Particulars	31.03.2016	31.03.2015
<b>Opening Fair Value of Plan Assets</b>	<b>241.53</b>	<b>208.18</b>
Expected Return on Plan Assets	20.69	17.99
Actuarial Gains / (Losses)	1.38	1.08
Assets Distributed on Settlements	-	-
Contributions by Employer	26.29	19.95
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(14.05)	(5.67)
<b>Closing Fair Value of Plan Assets</b>	<b>275.84</b>	<b>241.53</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

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

Particulars	31.03.2016	31.03.2015
Closing Present Value of Funded Obligations	335.46	249.03
Closing Fair Value of Plan Assets	275.84	241.53
Closing Funded Status	(59.62)	(7.50)
Unrecognized Actuarial (gains) / losses	-	-
<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(59.62)</b>	<b>(7.50)</b>

### d) Amount recognized in the Balance Sheet

Particulars	31.03.2016	31.03.2015
Closing Present value of obligations	335.46	249.03
Closing Fair Value of plan assets	275.84	241.53
<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(59.62)</b>	<b>(7.50)</b>

### e) Expense recognized in the Statement of Profit and Loss

Particulars	31.03.2016	31.03.2015
Current Service Cost	31.41	17.78
Past Service Cost	-	-
Interest Cost	19.36	17.41
Expected Return on Plan Assets	(20.69)	(17.99)
Actuarial Losses / (Gain)	48.33	(2.02)
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expense	78.41	15.18
Less:Reimbursement received from a Subsidiary	-	-
<b>Net expenses recognized in the Statement of profit and loss</b>	<b>78.41</b>	<b>15.18</b>

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

Particulars	31.03.2016	31.03.2015
Others (insurer managed funds *)	100%	100%

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

### B) Compensated Absences

Assumptions at the Valuation Date:

Particulars	31.03.2016	31.03.2015
Discount Rate	8.00% p.a.	8.00% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

Description	31.03.2016	31.03.2015
Charge / (credit) in the Statement of Profit and Loss	19.80	(31.92)
Liability as at the year end	142.72	129.39
- Short- term (Refer Note 8)	77.36	69.26
- Long- term (Refer Note 5)*	65.36	60.13

\* Provision for compensated absences shown under Note 5 - Long-Term Provisions includes Rs. 0.53 lacs (Previous year Rs. 8.37 lacs) pertains to one of the subsidiary.

### 24(5) SEGMENT DISCLOSURE

#### A) PRIMARY SEGMENT INFORMATION

##### Notes on Segment Information

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

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

The "other" segment includes other trading products

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

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

Particulars	31.03.2016	31.03.2015
<b>1. Segment Revenue (including sale of services)</b>		
a) Super Abrasives (Net of excise duty)	8,760.46	8,192.33
b) Machines, Accessories and Components	3,258.49	2,763.74
c) Others	1,316.12	1,318.22
Total	13,335.07	12,274.29
Less:- Inter Segment Revenue	-	-
<b>Net sales/Income From Operations</b>	13,335.07	12,274.29
<b>2. Segment Results (Profit before tax and interest)</b>		
a) Super Abrasives	1,328.96	1,359.16
b) Machines, Accessories and Components	628.33	704.60
c) Others	209.44	227.34
Total	2,166.73	2,291.10
Less: (i) Finance costs	0.62	7.61
(ii) Other Un-allocable Expenditure net of Un-allocable income of Rs.351.98 lacs (31st March, 2015 Rs.323.74 lacs)	663.58	597.88
(iii) Tax expense	491.98	331.64
<b>Profit for the year</b>	<b>1,010.55</b>	<b>1,353.97</b>

#### B) SECONDARY SEGMENT INFORMATION

##### Revenue by Geographical market

Particulars	31.3.2016	31.3.2015
India	8,354.49	7,889.87
Europe	1,285.95	1,174.72
Others	3,694.63	3,209.70
Total Revenues	13,335.07	12,274.29

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

24(6) In accordance with Accounting Standard 18 'Related Party Disclosures', the Group has compiled the required information as detailed below.

1) List of Related parties

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

(a) Carborundum Universal Limited (CUMI)

(b) Wendt GmbH Germany

ii) **Company in which director is a director**

(a) Ace Designers Ltd

(b) Pragati Transmission P Ltd

(c) Tespa Tools Pvt Ltd

iii) **Key Management Personnel**

Mr. Rajesh Khanna, Chief Executive

iv) **Relatives of Key Management Personnel**

Mrs. Preethi Khanna - Wife of Mr. Rajesh Khanna

#### Transaction with related parties

Particulars	Joint Venturers		Director's Company		Key Management Personnel		Total	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
<b>Purchase of Capital Goods</b>								
Wendt GmbH	13.30	0.17	-	-	-	-	13.30	0.17
Carborundum Universal Limited (CUMI)	0.30	0.33	-	-	-	-	0.30	0.33
<b>Other Purchases</b>								
Wendt GmbH	424.96	425.72	-	-	-	-	424.96	425.72
Carborundum Universal Limited (CUMI)	707.91	684.10	-	-	-	-	707.91	684.10
Tespa Tools Pvt Ltd	-	-	12.33	0.29	-	-	12.33	0.29
<b>Sale of Goods</b>								
Wendt GmbH	407.53	461.35	-	-	-	-	407.53	461.35
Carborundum Universal Limited (CUMI)	433.57	316.40	-	-	-	-	433.57	316.40
Ace Designers Limited	-	-	-	0.17	-	-	-	0.17
Pragati Transmission P Ltd	-	-	0.25	-	-	-	0.25	-
<b>Payment of Rent</b>								
Rajesh Khanna	-	-	-	-	7.05	6.00	7.05	6.00
Preethi Khanna	-	-	-	-	7.05	6.00	7.05	6.00
<b>Payment of Service Fee &amp; Commission</b>								
Carborundum Universal Limited (CUMI)	194.47	150.29	-	-	-	-	194.47	150.29
<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>Service Charges, Commission &amp; Rent receipts</b>								
Wendt GmbH	50.92	15.14	-	-	-	-	50.92	15.14
Carborundum Universal Limited (CUMI)	13.20	12.20	-	-	-	-	13.20	12.20
<b>Reimbursement of Expenses Paid</b>								
Carborundum Universal Limited (CUMI)	17.12	68.94	-	-	-	-	17.12	68.94
<b>Reimbursement of Expenses Received</b>								
Wendt GmbH	0.19	0.30	-	-	-	-	0.19	0.30
Carborundum Universal Limited (CUMI)	31.51	18.39	-	-	-	-	31.51	18.39
<b>Amount due From</b>								
Wendt GmbH	62.79	58.46	-	-	-	-	62.79	58.46
Carborundum Universal Limited (CUMI)	149.64	102.29	-	-	-	-	149.64	102.29
Ace Designers Limited	-	-	-	0.17	-	-	-	0.17
<b>Amount due to</b>								
Wendt GmbH	93.85	46.76	-	-	-	-	93.85	46.76
Carborundum Universal Limited (CUMI)	392.50	263.67	-	-	-	-	392.50	263.67

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

b) No amounts in respect of related parties have been written off / back during the year other than any amount included above during the year.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 24(7) Operating leases

- (a) 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.40.63 lacs (Previous year: Rs 31.99 lacs).

There are no sub-lease payments received/receivable recognised in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.

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

The lease agreement is for a period of 24 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

Particulars	Rs. In lacs
Gross carrying amount	1,557.74
Less: Accumulated Depreciation	365.36
Net carrying amount	1,192.38

The depreciation recognized in respect of the factory building for the year is Rs. 49.52 lacs.

There are no contingent rents receivable.

### 24(8) Earning per share (EPS) is calculated as under

Particulars	31.03.2016	31.03.2015
a) Numerator - Profit for the year	1,010.55	1,353.97
b) Denominator - weighted average number of equity shares Basic and diluted	2,000,000	2,000,000
c) Nominal value of shares (in rupees)	10	10
Earnings per share (in rupees)- Basic and diluted	50.53	67.70

### 24(9) DEFERRED TAX LIABILITY (NET)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Tax effect of items constituting deferred tax</b>		
Fiscal allowance on fixed assets	622.28	607.26
Tax effect of items constituting deferred tax liability	622.28	607.26
<b>Tax effect of items constituting deferred tax asset</b>		
Employee benefits	(49.39)	(43.98)
Provision for doubtful trade receivables	(21.10)	(20.79)
Others	(10.32)	(11.20)
Tax effect of items constituting deferred tax assets	(80.81)	(75.97)
<b>Deferred tax liability (net)</b>	<b>541.47</b>	<b>531.29</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### 24(10) CORPORATE SOCIAL RESPONSIBILITY

- (a) Gross amount required to be spent by the company during the year :-Rs. 35.27 lacs (Previous Year Rs. 38.49 lacs)

- (b) Amount spent by the company during the year on :-Rs. 38.45 lacs (Previous Year Rs. 36.33 lacs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	34.82 (34.28)	3.63 (2.05)	38.45 (36.33)

### 24(11) DETAILS OF ACQUISITION OF BUSINESS DURING THE YEAR

The Company has acquired the "Diamond Tool" business from Star Diamond Tools Private Limited at a consideration of Rs. 250 lacs, under slump sale on 29th March, 2016. The business transfer agreement excluded the immovable property, fixtures & fittings located at the factory, vehicles, cash and bank balance and computers and software of the seller company. Pending installation of the tangible assets and registration of the intangible assets as on March 31, 2016, the company has classified the assets under the head "Capital Work-in-Progress". The inventories have been included under current assets.

24(12) The figures relating to subsidiaries have been reclassified wherever necessary to conform with the presentation of the holding company financial statements.

24(13) Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year's classification / disclosure.

Signatures to Notes 1 to 24

For and on behalf of the Board of Directors

M M MURUGAPPAN  
Chairman

SHRINIVAS G SHIRGURKAR  
Director

K SRINIVASAN  
Director

Chennai  
28th April, 2016

MUKESH KUMAR HAMIRWASIA  
Chief Financial Officer

AKANKSHA BIJAWAT  
Company Secretary

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lacs)

### Form AOC - 1

Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries

	Wendt Grinding Technologies Ltd (WGTL)		Wendt Middle East FZE (WME)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Share capital	486.96	503.13	216.39	204.18
Reserves and surplus	693.58	703.93	52.53	24.66
Total liabilities *	1,468.22	1,523.62	460.76	356.45
Total assets**	1,010.43	882.74	460.76	356.45
Details of current and non-current investments (except investment in subsidiary)	457.79	640.88	-	-
Turnover (net)	1,619.67	1,619.70	560.94	626.97
Profit before taxation	229.93	273.88	132.09	137.91
Provision for taxation	43.69	52.72	-	-
Profit after taxation	186.24	221.16	132.09	137.91
Proposed dividend (including dividend tax)	-	-	-	-
% of Shareholding	100	100	100	100

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

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

The exchange rates used are as below:

Currency	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
THB (WGTL)	1.882	1.945	1.867	1.879
AED (WME)	18.035	17.018	17.798	16.624

Notes:

- The Consolidated financial statements are in compliance with applicable Accounting Standards in India.
- In compliance with the requirements of Clause 32 of the Listing Agreements, the consolidated financial statements are duly audited by the auditors.
- Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request, same will be made available to shareholders of the holding Company and subsidiary companies.

## Awards during the Year



Business Excellence – CII – EXIM Bank Award for Business Excellence 2015



Engineering Export Award from EEPC India



ASSOCHAM – ICAI SMEs Excellence Award 2015 for CSR



SILVER STAR ILLUMINATION AWARD for SGA & KAIZEN from ICQC Korea



Pride of Murugappa for Best Practices



Golden Awards for SGA & KAIZEN from QCFI



Events & Exhibitions during the Year



Acquisition of  
Star Diamond Tools



Business Partnership Meet 2015



Murugappa Energy Hour

Events & Exhibitions during the Year



Butech 2015 Exhibition at Busan, Korea



MTT Expo 2015 Exhibition - Indonesia



GrindTec 2016 Exhibition at  
Augsburg, Germany



Intec 2015 Exhibition at Coimbatore



Engimach 2015 Exhibition – Gandhinagar, Gujarat