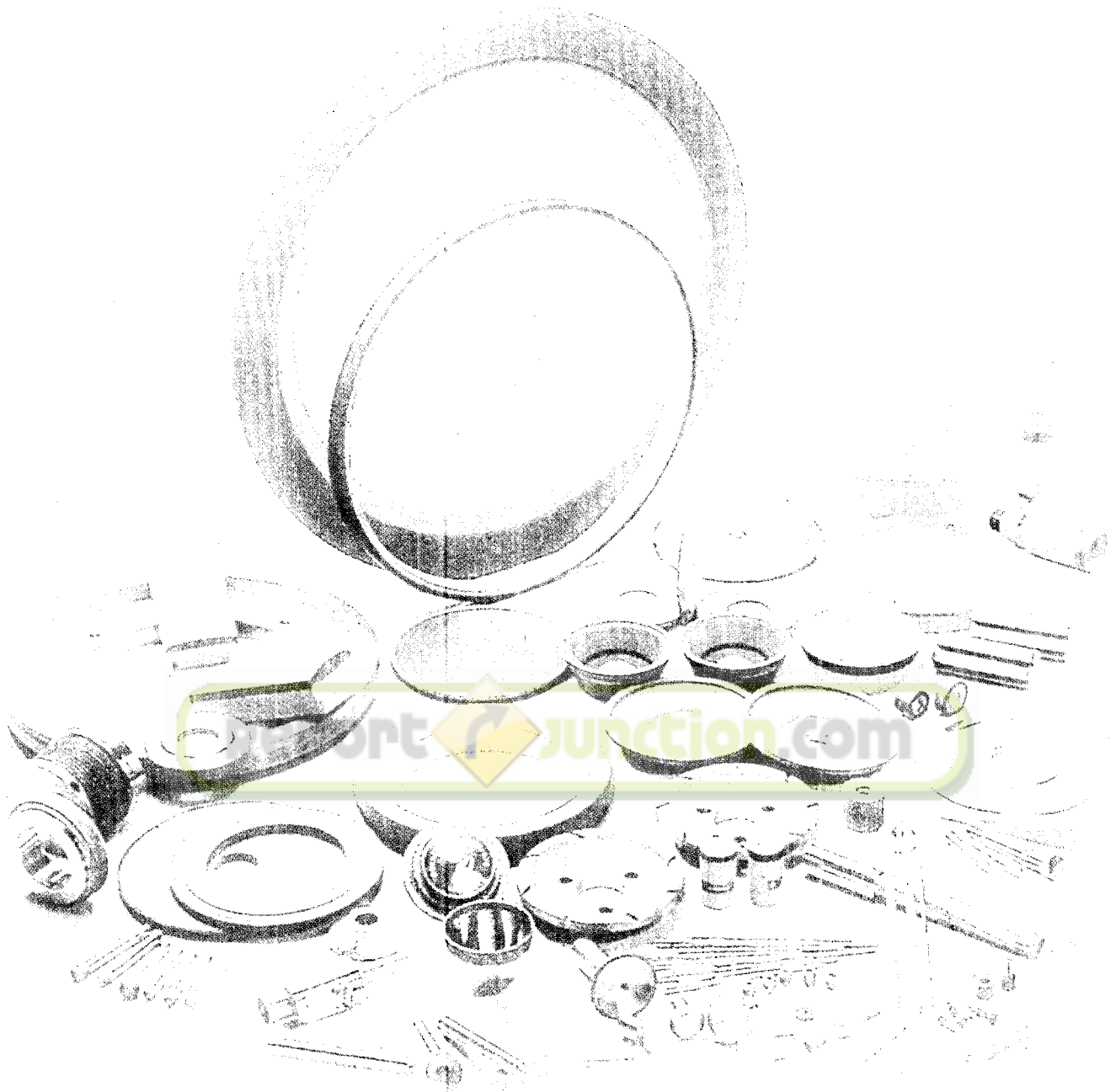


WENDT (INDIA) LIMITED

21ST ANNUAL REPORT 2002-2003

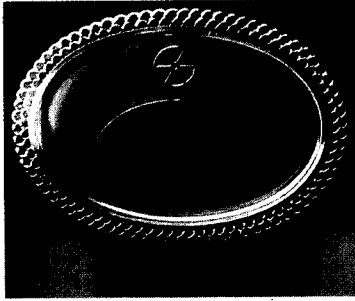


WENDT



Engineering Flair

Customer Recognition



From MICO - Bosch Company

Delegates from AOTS - Egypt



Bench Marking Wendt best practices

I & II Prizes to employees



.... CII Skill Competition

Product Display



International Exhibition





BOARD OF DIRECTORS

M.M. MURUGAPPAN (*Chairman*)
 M.V. WAGLE
 N. LAMERS (*Alternate : D. Hallen*)
 RAMESH AGARWAL
 KIRAN A. SHETH
 K. SRINIVASAN

SECRETARY

S. VISWANATHAN

BANKERS

STATE BANK OF INDIA

AUDITORS

FRASER & ROSS

REGISTERED OFFICE

4th Floor, Devatha Plaza, Residency Road
 Bangalore - 560 025.
 Ph.: 080 - 2215625, 2240811
 Fax : 080 - 2213020
 E-mail : mn@wendt.co.in

FACTORY

Plot 69/70,
 SIPCOT Industrial Estate,
 Hosur - 635 126.
 Ph.: 04344 - 276851, 276852, 276254
 Fax : 04344 - 276853, 276253



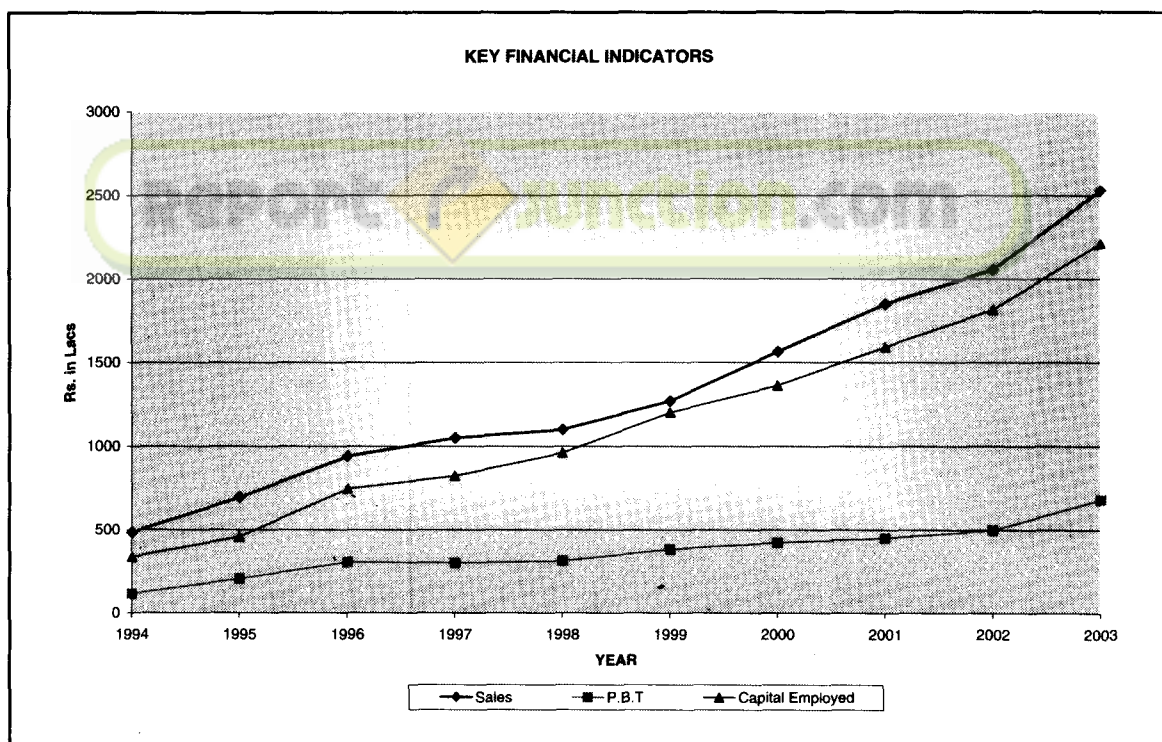
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FINANCIAL TRACK RECORD

	Rs. in Lacs									
Year ending 31st March	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
REVENUE										
NET SALES	487	697	942	1052	1100	1270	1565	1849	2055	2531
DOMESTIC	402	610	787	879	872	1026	1304	1434	1444	1630
EXPORT	85	87	155	173	229	244	261	415	611	901
OTHER INCOME	25	34	62	60	63	65	69	41	55	71
PROFITABILITY										
Profit before depreciation	144	238	351	345	364	441	489	530	587	773
Profit before tax	116	206	306	302	313	383	423	451	498	682
Profit after tax	76	136	206	212	233	283	308	323	356	464
Dividend %	30	40	50	50	60	75	90	100	125	100
EPS (Rs.)	15.12	27.15	41.30	21.25	23.26	28.32	30.83	32.26	35.56	46.42
ASSETS EMPLOYED										
Fixed Assets	148	274	379	492	577	616	749	867	915	1015
Investments	31	51	25	73	63	156	287	218	406	626
Net Current Assets	158	133	342	259	322	429	326	507	494	570
Total Assets	337	458	746	824	962	1201	1362	1592	1815	2211
CAPITAL STRUCTURE										
Paid up share capital	50	50	50	100	100	100	100	100	100	100
Reserves	207	323	505	612	785	985	1192	1404	1503	1896
Loan Funds	80	85	191	112	77	116	70	88	67	49
Deferred Tax Liability	-	-	-	-	-	-	-	-	145	166
Total Funds	337	458	746	824	962	1201	1362	1592	1815	2211





Regd. Office : 4th Floor, Devatha Plaza, Residency Road, Bangalore - 560 025.

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty first Annual General Meeting of the Members of Wendt (India) Limited, Bangalore, will be held on Thursday, 24th July 2003 at 4.30 p.m. at Hotel Windsor Manor Sheraton and Towers, 25, Sankey Road, Bangalore – 560 052 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, audited Profit and Loss Account for the financial year ended 31st March 2003 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend
3. To elect a Director in place of Mr. M V Wagle who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. Kiran A Sheth who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if deemed fit, to pass with or without modification, the following as a Special Resolution.

"RESOLVED that pursuant to the provisions of Section 163 of the Companies Act, 1956, the approval of the Company be and is hereby given for keeping the Register of Members and the Index of Members and copies of Annual Returns prepared under Section 159 of the Companies Act together with the copies of Certificates and documents required to be annexed thereto, under Section 161 of the Act at the Company's Registrar and Transfer Agents, Messrs. Karvy Consultants Limited, No. 51/2 TKN Complex, Vani Vilas Road, Opposite National College, Basavangudi, Bangalore – 560004, in addition to hard copies thereof being kept at the Registered Office of the Company."

7. To consider and, if deemed fit, to pass with or without modification, the following as a Special Resolution :

"RESOLVED THAT

- a) In accordance with the Guidelines of Securities and Exchange Board of India and subject to the consents of the Financial Institutions/Banks, and the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999, for allotment of shares to non-resident shareholders and subject to such other approvals as may be necessary, a sum of Rs.100,00,000/- (Rs. One Crore Only) being a part of the amount standing to the credit of the General Reserve of the Company as on 31st March 2003 **be capitalized** in pursuance of the recommendation of the Board of Directors under Clause (a) of Article 175 of the Articles of Association of the Company and accordingly, the said amount be set free for distribution amongst the holders of the existing 10,00,000 equity shares of Rs.10/- each of the Company, whose names appear on the Register of Members on such date as may be fixed by the Board of Directors, in consultations with the Stock Exchanges, on condition that the same be not paid in cash but be applied in paying up in full, at par, 10,00,000 equity shares of Rs.10/- each to be distributed, credited and allotted as fully paid bonus equity shares to and amongst the said holders of the equity shares in the ratio of one new equity share for every equity share held by them on that date.
- b) the bonus shares so distributed shall be treated for all purposes as an increase in the nominal amount of the capital of the Company held by each such member and not as income.
- c) The said 10,00,000 bonus equity shares shall be allotted subject to the Memorandum and Articles of Association of the Company, shall rank paripassu in all respect with the existing equity shares of the Company and shall be entitled to full dividend, if any, declared/paid for the financial years commencing 01.04.2003 or later irrespective of the fact that the said bonus equity shares were allotted and were in existence only for a part of the period for which the said dividend is declared.



- d) The allotment of bonus equity shares to non-resident shareholders of the Company shall be subject to the approval of the Reserve Bank of India under Foreign Exchange Management Act, 1999.
 - e) No letters of allotment shall be issued in respect of the said bonus equity shares and the certificates relating to the bonus equity shares to be allotted be delivered within three months from the date of allotment, in the case of shareholders who opt for share certificates in physical form.
 - f) For the purpose of giving effect to the Resolution, the Board of Directors of the Company be and is hereby authorized :
 - i) to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or expedient and to give such directions as may be necessary and to settle any questions or doubt that may arise in regard to the issue, distribution and allotment of bonus equity shares and
 - ii) to agree to and/or accept any change, modifications, alterations or any other directions as to the amount to be capitalized or the ratio in which the bonus equity shares are to be allotted, having regard to the existing holding or the basis and/or the terms and conditions (including the entitlement in respect thereof as to the dividend) attached to the proposed issue of bonus equity shares as may be required and / or prescribed by the Financial Institutions / Banks and the Reserve Bank of India.
- By Order of the Board
for WENDT (INDIA) LIMITED
- CHENNAI
9TH MAY 2003
- M M MURUGAPPAN
CHAIRMAN
2. Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be valid, must be received by the Company not less than 48 hours before the Meeting.
 3. Explanatory Statement under Section 173 of the Companies Act, 1956 is annexed.
 4. Dividend, when declared, will be paid to those members whose names appear on the Register of Members as on 24th July, 2003.
 5. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
 6. Members / proxies should bring the Attendance Slip duly filled in for attending the meeting.
 7. Shareholders desiring any information on the accounts are requested to write to the Company at least one week before the meeting date.
 8. Members holding shares in physical form are requested to intimate the following to the Registrar & Share Transfer Agents M/s. Karvy Consultants Limited, 51/2, T K N Complex, Opp. National College, Vanivilas Road, Basavangudi, Bangalore – 560004. Phone : 080-6621192/93.
 - a) Full bank particulars to enable the same to be incorporated in the dividend warrant.
 - b) Change if any, in their address immediately.
 - c) Apply for consolidation of folios, if shareholdings are under multiple folios.
 - d) Quote ledger folio numbers, in all their correspondence.
 - e) Request for nomination forms for making nomination as per amended provisions of the Companies Act, 1956.

NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 11th July, 2003 to Thursday, the 24th July, 2003 (both days inclusive).

Members holding shares in the dematerialised (electronic) form are requested to intimate the aforesaid particulars directly to their Depository Participant (DP).



9. Consequent upon amendment to Section 205 A of the Companies Act 1956 and introduction of Section 205C by the Companies (Amendment) Act 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrants for the year ended 31st March 1996 and / or any subsequent dividend payments are requested to make their claim to the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act.

Item No. 6:

Under Section 163 of the Companies Act, certain statutory Registers and documents such as Register of Members, Index of Members, Register and Index of Debenture holders, and copies of Annual Returns with enclosures, are required to be kept at the Registered Office of the Company and such documents are open for inspection by the shareholders and general public. The said Section also permits keeping such Registers and documents at any other place within the City in which the Registered Office is situated, if:

1. such other place has been approved for this purpose by a Special Resolution passed by the Company in a General Meeting and
2. the Registrar has been given in advance a copy of the proposed Special Resolution.

Pursuant to the directives recently issued by the Securities and Exchange Board of India, the Company was required to appoint Messrs. Karvy Consultants Limited as the common Agency for handling the work relating to Registry, Transfer of Shares, etc. in respect of the Company's shares both in demat and physical form. Since the Register of Members and Index of Members will be maintained by Messrs. Karvy Consultants Limited at their Premises, approval of the Shareholders is being sought in terms of Section 163 of the Companies Act. Hard copies of the required Registers and documents will continue to be kept at the Registered Office.

None of the Directors is interested in the above Resolution.

Item No. 7:

Considering the satisfactory position of the Company's free reserves and other relevant facts, the Board of

Directors of your Company in terms of the provisions of Article 175 of the Articles of Association of the Company recommend that a sum of Rs.100,00,000/- (Rs. One Crore) being a part of the amount standing to the credit of the General Reserve of the Company as on 31st March 2003 be capitalized and that it be utilized as Capital equity Bonus and be satisfied by the issue of 10,00,000 Equity Shares of Rs.10/- each credited as fully paid to the members whose names appear on the Register of Members on a date to be determined by the Board of Directors in consultation with Stock Exchanges, in the ratio of one new equity share for every equity share held by the member and on the terms and conditions contained in the Resolutions set out in the Notice.

The proposal for the issue of bonus equity shares is subject to the Guidelines of Securities and Exchange Board of India and consents of the financial institutions / banks, if any. The proposal is also subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for allotment of bonus equity shares to non-resident shareholders.

The bonus shares will be allotted subject to the Memorandum and Articles of Association and they will rank paripassu in all respects with the existing equity shares and shall be entitled to participate in any dividend that may be declared/paid after their allotment.

Accordingly, the Resolutions set out in the Notice are submitted to the meeting for approval.

The Directors may be deemed to be interested in this item of business to the extent of their respective shareholdings.

By Order of the Board
for WENDT (INDIA) LIMITED

CHENNAI
9TH MAY 2003

M M MURUGAPPAN
CHAIRMAN



REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2003.

FINANCIAL RESULTS

Rs. in Lacs

	31.03.2003	31.03.2002
Sales *	2531	2055
Other Income	71	55
Profit before tax	682	498
Provision for current tax	198	129
Provision for deferred tax	21	13
Profit after tax	464	356
Earning per share Rs.	46.42	35.56

* Including machining charges.

OPERATIONS

The Company's sales for the year has grown by 23% and the profit before tax increased by 37%. During the year Engineering, Auto, and Steel industries grew by around 11%, consequently demand for abrasives grew. Your Company's domestic sale grew by 13 %.

In exports, re-organization of products in the Wendt Group and access to newer markets helped your Company to grow by about 48 %.

The Company has addressed the changing demands of the market by developing products to customer & market specific requirements. The special focus was on continuous product development.

The distribution channel has been strengthened by appointing new dealers in various strategic locations. Specific products were developed to address this segment of the market. The range of Ecoline products, which were launched last year, was further extended.

The Software Division of the Company, launched last year the Central Excise Management Package-CENTRAC. There was good market response for the product. Three models in the package been worked out to suit different customer requirement. During the year, the Division has also started legacy drawing conversion to CAD drawings.

This services are being offered presently to the Wendt sub group only.

EXPORTS

Export registered an impressive growth of 48% from Rs. 611 lacs in the previous year to Rs.901 lacs. The Company is taking various steps to grow its export business more vigorously in the coming years, leveraging its international connections. Towards achieving this accelerated growth, your Company is working closely with M/s. Wendt GmbH to bring in various market specific products for manufacture in India. The Company has set up a Standards Room equipped with world class measuring equipments for better quality assurance.

During the year, the export market has been broadened with addition of new customers and by entering into new markets. The Company is gearing up for major growth in exports and is strengthening the Export team with additional manpower.

QUALITY INITIATIVES

The Company continues to pursue its TQM journey. Various quality related programmes were conducted during the year. Your Company participated in various events at state and national levels conducted by CII Quality Forum and won several prizes. Was adjudged the best 5S practicing Company in Hosur by Hosur Industries Association. TQM practice is well integrated with every operation in the Company and this has greatly helped in achieving all round improvement.

The Company launched Jishu Hozen (Autonomous Maintenance) which is one of the pillars of TPM. (Total Productive Management) as a step towards TPM practice.

During the year, a host of leading Indian Companies visited Wendt for sharing the Best Practices. The Company also had international visitors namely AOTS Egypt.

The Company has now been certified under ISO-9001: 2000 (standards) by TUV during the year. The Company gives due importance to the environment and the society and is now gearing up for ISO 14000 certification. With most of the requirements in place, Company is set to be certified during this financial year.

Your Company has been acknowledged as "Best in Class" in Superabrasive Toolings by MICO, a Bosch Company and was given an "Award of Excellence".



HUMAN RESOURCE MANAGEMENT

Your Company has been placing great emphasis on development and nurturing of its human resources. A structured need based training calendar is followed to achieve over 8 man-days training per employee each year. Training continues to be the focus area of the Company for improving the employees effectiveness to meet the international quality standards. In addition 6 of Company's employees been sent to various Wendt plants for training. As an on going process, the Company encourages participation in national level competitions. Two of Company's workmen have been adjudged the 1st and 2nd in CII Skill competition at the regional level.

Employee relations continue to be exemplary and often referred to as an example for best practices.

Your Directors appreciate the dedicated efforts of all the employees who contributed to the Company's commendable growth during the year.

APPROPRIATIONS

Rs in lacs

Profit after tax	464.19
Add:- Surplus on account of change in method of depreciation	42.34
Add: Balance brought forward from previous year	164.48
Total available for appropriation	<u>671.01</u>
Recommended Appropriations	
Transfer to General Reserve	215.00
Dividend on Equity Shares	
Dividend @ 100% (proposed)	100.00
Dividend Tax @ 12.81%	12.81
Balance carried forward	343.20
	<u>671.01</u>

DIVIDEND

Your Directors are pleased to recommend a dividend of 100 % (Rs. 10/- per equity share of Rs. 10/- each) for the financial year ended 31.03.2003.

DIRECTORS

Mr. M V Wagle and Mr. Kiran A Sheth, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DISCLOSURE OF STATUTORY PARTICULARS

Information required under Section 217 (1) (e) of the Companies Act, 1956 are given in Annexures A and form part of this Report. None of the employees of the Company are covered under Section 217 (2A) of the Companies Act 1956.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

The Directors' responsibility statement regarding compliance with the accounting and financial reporting requirements prescribed under Section 217 (2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act 2000 in respect of the financial statements is annexed to this Report as Annexure B.

SECRETARIAL COMPLIANCE CERTIFICATE

Section 383A of the Companies Act, 1956 and the Rules framed thereunder were recently amended to provide that companies with a paid up capital of less than Rs.2 crores shall annex to their Directors' Report a Secretarial Compliance Certificate from a Practicing Company Secretary and file a copy of the said Certificate with the Registrar of Companies. Accordingly the services of a practicing Company Secretary was engaged and his Compliance Certificate is enclosed as Annexure C and forms part of this Report.

AUDITORS' REPORT

The clarification given in Note A .1 Notes on Accounts and referred to in para 5 of Auditors' Report is self-explanatory.

AUDITORS

Messrs. Fraser & Ross statutory auditors of the Company, retire at the conclusion of the 21st Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

INVESTOR SERVICE AND CORPORATE GOVERNANCE PRACTICES

In compliance of the provisions of the listing agreement with Stock Exchanges and the directives issued by the Securities and Exchange Board of India (SEBI) :