

WENDT (INDIA) LTD.

22nd Annual Report

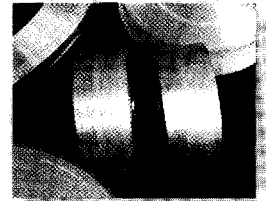
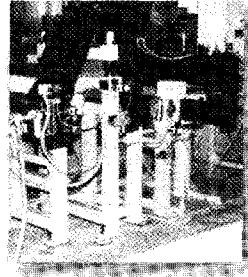
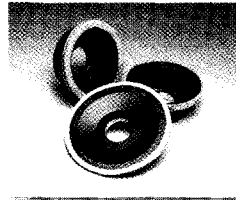
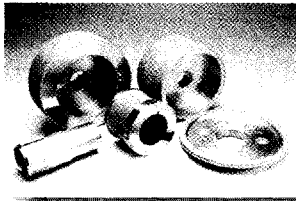
2003 - 2004



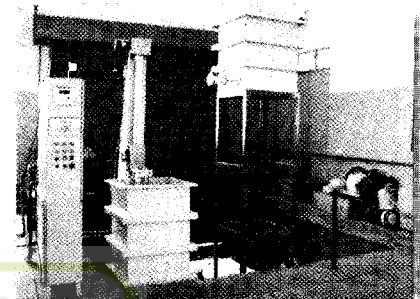
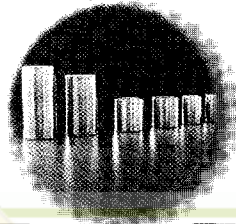
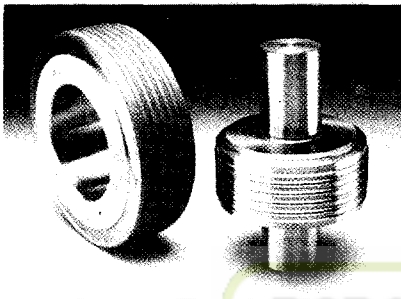
Engineering Flair with Environmental Care...



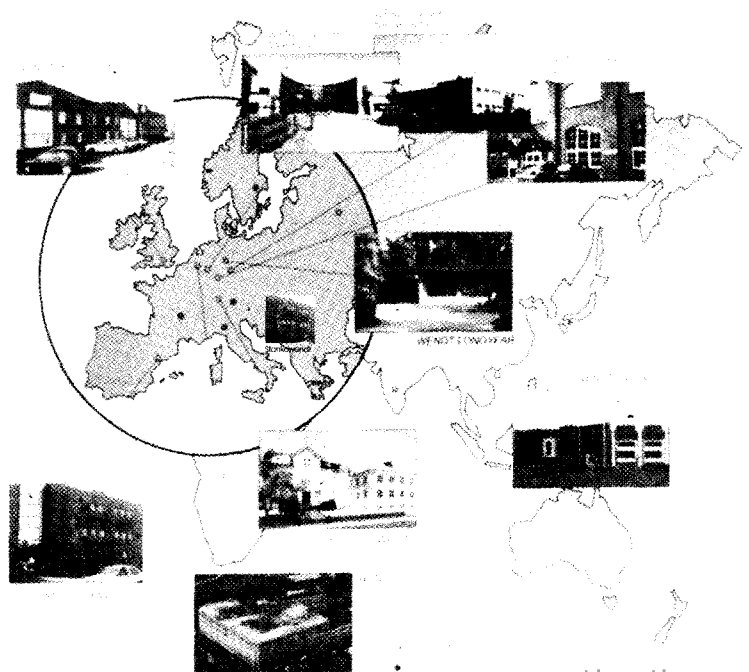
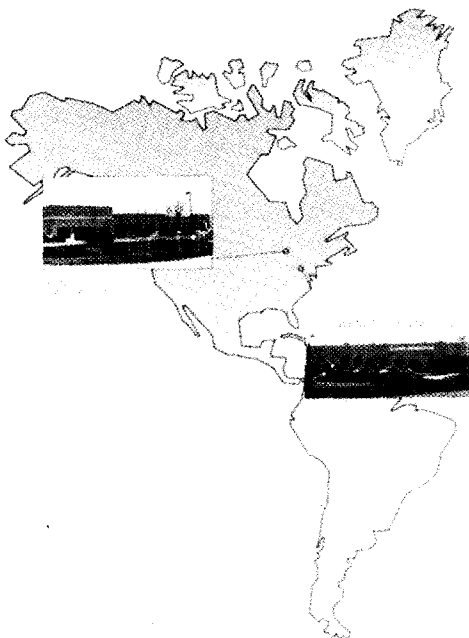
...Through new products



...Technology



Support from Wendt - international connections...



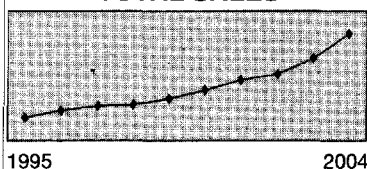


FINANCIAL TRACK RECORD

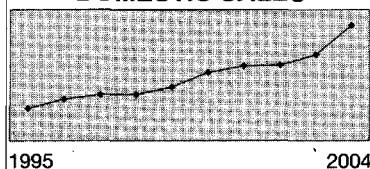
Rs. in Lacs

Year ending 31st March	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
REVENUE										
NET SALES	697	942	1052	1100	1270	1565	1849	2055	2540	3267
DOMESTIC	610	787	879	872	1026	1304	1434	1444	1639	2194
EXPORT	87	155	173	229	244	261	415	611	901	1073
OTHER INCOME	34	62	60	63	65	69	41	55	59	124
PROFITABILITY										
Profit before depreciation	238	351	345	364	441	489	530	587	773	1137
Profit before tax	206	306	302	313	383	423	451	498	682	1035
Profit after tax	136	206	212	233	283	308	323	356	464	714
Dividend %	40	50	50	60	75	90	100	125	100	150
EPS (Rs.)	27.15	41.30	21.25	23.26	28.32	30.83	32.26	35.56	46.42	35.71
ASSETS EMPLOYED										
Fixed Assets	274	379	492	577	616	749	867	915	1015	1152
Investments	51	25	73	63	156	287	218	406	626	1069
Net Current Assets	133	342	259	322	429	326	507	494	570	392
Total Assets	458	746	824	962	1201	1362	1592	1815	2211	2613
CAPITAL STRUCTURE										
Paid up share capital	50	50	100	100	100	100	100	100	100	200
Reserves	323	505	612	785	985	1192	1404	1503	1896	2172
Loan funds	85	191	112	77	116	70	88	67	49	57
Deferred Tax Liability	-	-	-	-	-	-	-	145	166	184
Total funds	458	746	824	962	1201	1362	1592	1815	2211	2613

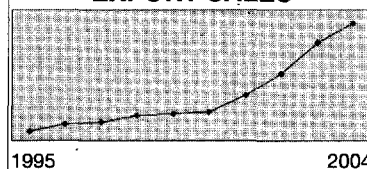
TOTAL SALES



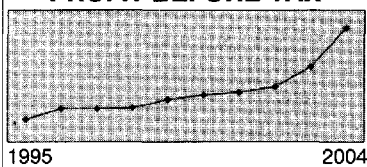
DOMESTIC SALES



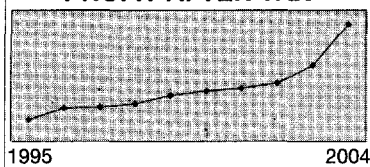
EXPORT SALES



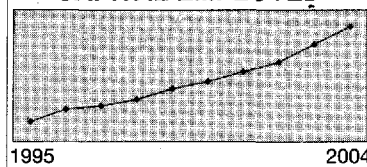
PROFIT BEFORE TAX



PROFIT AFTER TAX



CAPITAL EMPLOYED





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

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty-second Annual General Meeting of the Members of Wendt (India) Limited, Bangalore, will be held on Friday, 30th July 2004 at 4.00 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 2004 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. Ramesh Agarwal who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. K. Srinivasan who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration.

By Order of the Board
For Wendt (India) Limited

CHENNAI
7TH MAY 2004

M M MURUGAPPAN
CHAIRMAN

NOTES :

1. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23rd July, 2004 to Friday, the 30th July, 2004 (both days inclusive).
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. Dividend, when declared, will be paid to those members whose names appear on the Register of Members as on 30th July, 2004.
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
5. Members / proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. Shareholders desiring any information on the accounts are requested to write to the Company at least one week before the meeting date.
7. Members holding shares in physical form are requested to intimate the following to the Registrar & Share Transfer Agents M/s. Karvy Computershare Private Limited, 51/2, T K N Complex, Opp. National College, Vanivilas Road, Basavangudi, Bangalore - 560 004. Phone :080-26621192/93
 - 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.

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



8. 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 1997 and / or any subsequent dividend payments are requested to make their claim to the Company.**

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2004.

FINANCIAL RESULTS

Rs. in lacs

	31.03.2004	31.03.2003
Sales*	3267	2540
Other Income	124	59
Profit before tax	1035	682
Provision for current tax	303	198
Provision for deferred tax	18	21
Profit after tax	714	464
Earning per share (Rs.) **	35.71	46.42

* including machining charges /job works

** 03-04 EPS after 1:1 Bonus Issue during the year.

SHARE CAPITAL

The paid up share capital of the Company increased from Rs. 1 Crore to Rs. 2 Crore during the year consequent to issue and allotment of Bonus Equity Shares in the ratio of One Bonus Equity Share for every Equity share held.

OPERATIONS

Your Directors are glad to report that your Company has achieved significantly improved performance during the year under review. Sales recorded a growth of 29 % with domestic sales achieving a growth of 34% and Export sales recording a growth of 19 %. Profit before tax and Profit after tax increased by 52 % and 54 % respectively.

The various pro-active steps initiated by the Company, aided by the up trend in the Indian economy specially in the Automobile, Engineering, Steel and Ceramics Industries have resulted in the commendable performance of your Company.

The special focus has been on the product development to meet the changing demands & expectation of the Customers. Your Company during the year invested on Capital Equipments both for Research & Development and for ensuring quicker response to customers.

Your Company has embarked on cost reduction, increase in productivity by continual process improvement, better sourcing, inventory control and focused marketing efforts. Emphasis was on significant improvement on overall efficiency while growing both Domestic & Export Business.

In the Domestic market, new applications were developed for Automotive, ceramic, tiling plants, glass grinding, industrial applications and new customers were added.

The Company is focusing on Exports, by leveraging its international connections and working closely with its Foreign Collaborators, M/s. Wendt GmbH, Germany for Technology Transfer and manufacture of various market specific products. Supply to M/s. Wendt Boart, U.K started for Hones and Resin Bonded Wheel as part of a new Technology Transfer. Your Company has entered into an agreement with M/s. GU Stankowendt, GmbH, Moscow for manufacture of WRS-30 , Rotary surface grinding Machines.



QUALITY / SAFETY, HEALTH AND ENVIRONMENT(SHE) ACTIVITIES / INITIATIVES

The Company's continuous journey to achieve Business Excellence through Total Quality Movement (TQM) is progressing well. It has brought the associated benefits of improved customer satisfaction, process improvements, waste elimination, faster deliveries and appreciable improvement in key performance ratios.

Environment protection and conservation of natural resources is of high priority for the Company to ensure its social contribution towards pollution free world. The Company has put in place many systems and programmes to ensure the achievement of its above objectives.

Your Company attaches very high importance for safety and health of its Employees. In order to make a completely safe work place, your Company has implemented various safety programmes and formed a Safety Committee. Equal importance is given to the employees' Health. Yearly check-ups, regular visits by a Doctor to the Company, conducting health awareness programmes, are some of the steps taken by the Company to ensure the fitness of its employees. Employees are motivated to take up meditation & yoga for equipping them to take up the challenges of the growing organization.

Your Company continues to be a benchmark Company for many activities towards Quality, Environment, Safety and Health.

HUMAN RESOURCE MANAGEMENT

In its continuous focus on Human Resource Development, your Company gives high importance for training of its employees at all levels. Both internal and external training programmes on specific subjects and for training on specific skills is provided.

Information sharing both horizontally and vertically is practiced in the Company to keep the employees abreast with the changing business scenario & align

themselves to the operational efficiency and achieve overall organizational mission.

Your Company's Total Employee Involvement (TEI) is extremely high. Each and every employee contribute by actively participating in various Quality / Environment / Safety / Health initiatives. Your Company continues to be a benchmark Company by host of engineering units for its 5S & HR Practices.

Your Company conducts Employee Satisfaction surveys at regular intervals and the recent survey conducted during the year on Employee Satisfaction and Engagement indicated continuous improvement in various aspects.

Employee relations continue to be cordial and exemplary. 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	714.13
Add: Balance brought forward from previous year	343.20
Total available for appropriation	<u>1057.33</u>

Recommended appropriations

Transfer to General Reserve	350.00
Dividend on Equity Shares	
a) i) Interim Dividend @ 50% (already paid)	100.00
ii) Dividend Tax	12.81
b) i) Final Dividend @ 100% (proposed)	200.00
ii) Dividend Tax	25.62
Balance carried forward	<u>368.90</u>
	<u>1057.33</u>

DIVIDEND

An interim dividend of 50% (Rs 5/- per equity share of Rs 10/- each) has been already paid on the enhanced capital of Rs.2 Crores consequent to the 1:1 bonus issue during the year. Your Directors are



pleased to recommend a final dividend of 100% (Rs.10/-per equity share of Rs.10/- each) for the financial year ended 31.03.2004 making the total dividend for the year 150% (Rs.15/- per equity share of Rs.10/- each)

DIRECTORS

Mr. Ramesh Agrawal and Mr. K Srinivasan, 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.

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 22nd Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

ACKNOWLEDGEMENTS

The Directors record their appreciation for the support, co-operation and guidance extended by Messrs. Wendt GmbH, Germany, the Company's foreign collaborators and its Associates and Subsidiaries. The Board also thanks the Government Departments, SIPCOT, Banks, shareholders, customers, suppliers and employees for their continued support and co-operation.

On behalf of the Board

CHENNAI
7TH MAY 2004

M M MURUGAPPAN
CHAIRMAN

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information under Section-217 (1) (e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forming part of Directors' Report.

A) CONSERVATION OF ENERGY:

Not applicable for the Company

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to get major technological up-gradation through their technical collaborator namely M/s.Wendt GmbH, Germany, who have centralized R&D facility catering to their various manufacturing plants located at various part of the world. However the Company also addresses the ever changing technical requirements of its Customers through the in-house R&D facility which focuses on :-



- i) New Product development.
- ii) Import substitution.
- iii) Better value added products.

RESEARCH AND DEVELOPMENT

Efforts in Brief:- The Company developed new products for dressing applications using PCD for Automobile & bearing industries, Electroplated products for brake liner industry and space wheels for glass grinding applications.

Benefits derived:- With continuous new product development, the Company is able to develop cost effective grinding solutions to its customers and address new market while increasing its current market share.

Expenditure on R&D(Rs. In Lacs)

- a) Revenue 15.93
- b) Capital 29.42
- c) Total R&D Expenditure as a percentage of turnover 1.39

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Lacs)

Foreign Exchange used 885.02

Foreign Exchange earned 1019.82

ANNEXURE 'B' TO THE DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge

and belief confirm that in the preparation of the Profit & Loss Account for the financial year ended 31st March 2004 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed

- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period.

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.

- the financial statements have been prepared on a going concern basis

On behalf of the Board

CHENNAI
7TH MAY 2004

M M MURUGAPPAN
CHAIRMAN