

APPLICATIONS

ENVIRONMENT

INNOVATION

QUALITY

PRACTICES

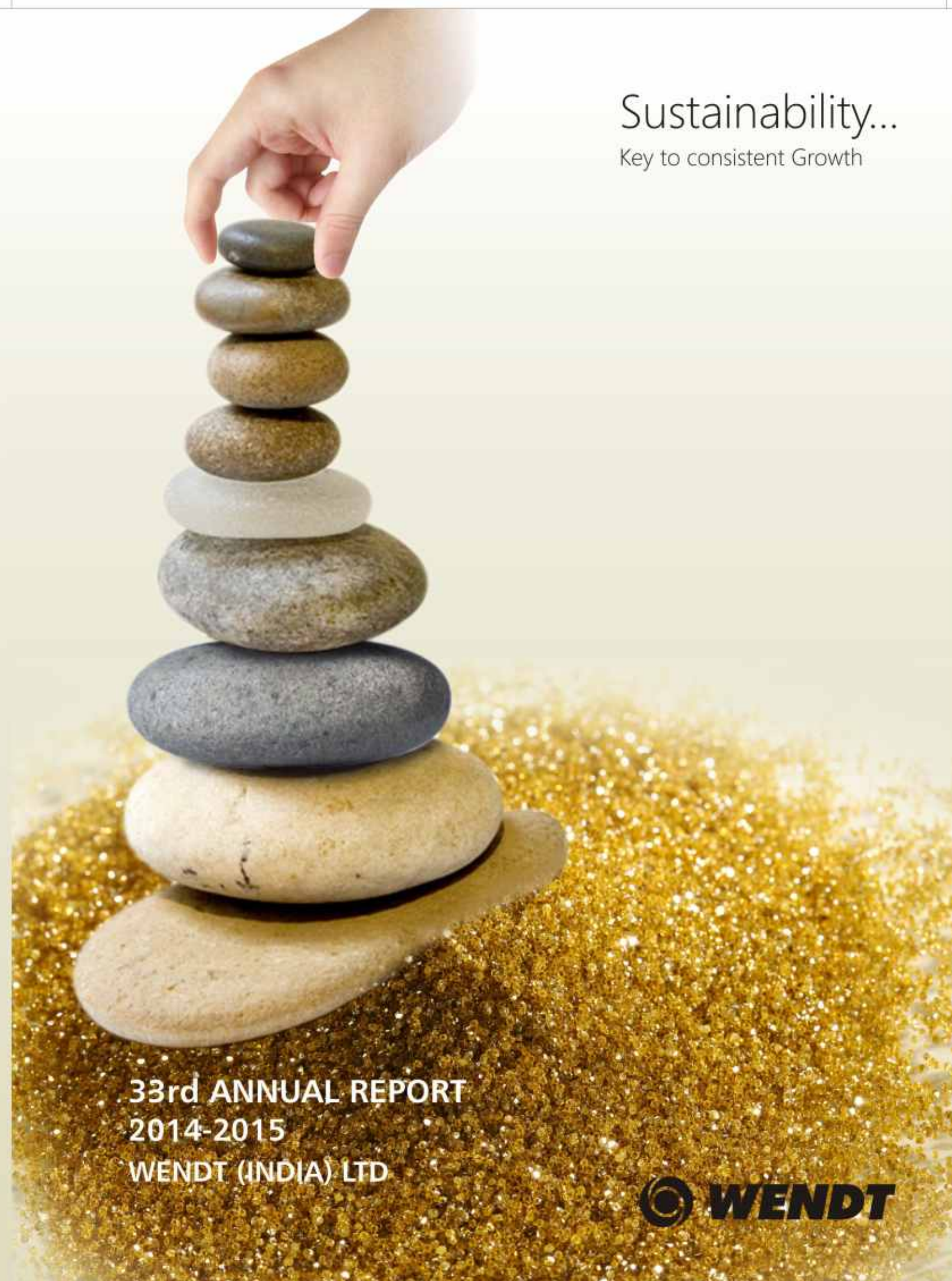
PARTNERSHIP

PRODUCTS

PROCESSES

PEOPLE

Sustainability...
Key to consistent Growth



33rd ANNUAL REPORT
2014-2015

WENDT (INDIA) LTD

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WENDT
WENDT (INDIA) LTD

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WENDT

Sustainability...

Key to consistent Growth

Fierce competition, fluctuating economy, unstable political environment and market uncertainty have become the order of the day, severely affecting the industrial climate. To endure such turbulent times, industries need extremely disciplined work ethos and approach.

At Wendt, we did just that....Got our priorities right. We initiated Lean Manufacturing well supported by strong manufacturing processes, upgraded infrastructure, augmented R & D to give Wendt the flexibility in the manufacture of products to delight our customers globally.

We expanded our overseas footprint. We strengthened our market intelligence and feedback mechanism on the customer requirements in order to ensure as accurate as possible offering by implementing CRM application. This enabled us to channelize our resources in getting optimal outputs without vagaries.

We continued strict quality control measures at critical areas manned by highly qualified professionals. Systems were put in place to ensure that every member on the shop floor contributed in delivering cost effective products.

Sustained efforts in every aspect of our business to ensure that we withstand the turbulence and deliver a performance that matches our consistent growth over the last five years.

After all, Sustainability is the key to consistent growth.

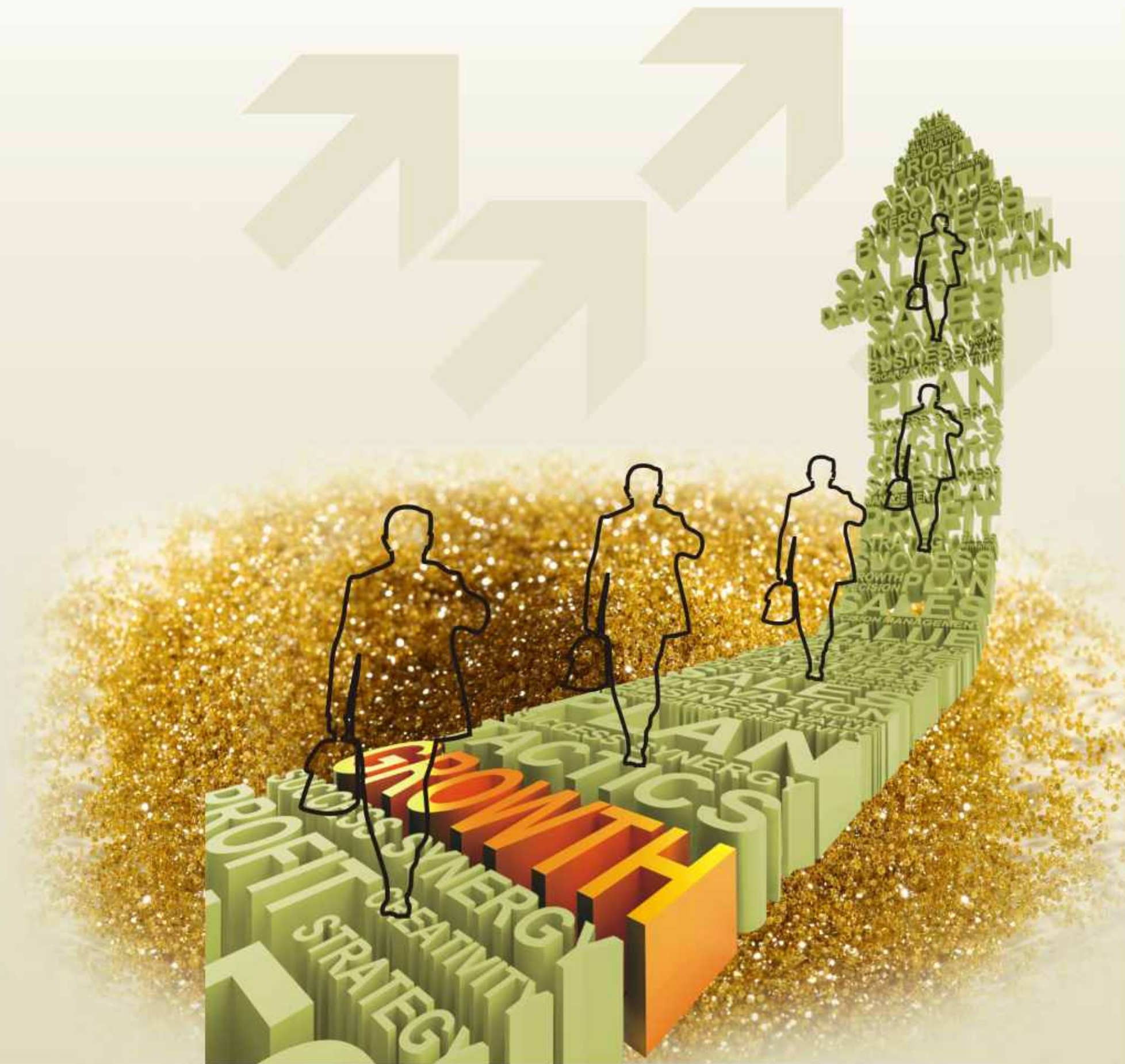
Marching towards an exciting future...

Having weathered the storm of the last few years and having put in place various measures to ensure sustained growth, Wendt is now poised to move into the future with renewed confidence by looking into emerging opportunities. Having established a strong foothold by leveraging its vast technological resources and market updates, Wendt is ready to introduce more innovative products to contribute to the national drive for "Make in India".

As a part of ongoing growth and developing the export market, we will focus on strategic initiatives to further strengthen our presence in the overseas arena with focus on Customer relationship and loyalty.

Leaner management, decisive cost control measures, healthy manufacturing practices and a desire to excel will propel Wendt to a future that looks not just promising but more contributive to the customer demands.

Its going to be a march towards an exciting future with opportunities abound.



BOARD OF DIRECTORS

Chairman	M M MURUGAPPAN
Director	EDMAR ALLITSCH
Director	K SRINIVASAN
Independent Director	SHRINIVAS G SHIRGURKAR
Independent Director	K S SHETTY
Alternate Director to (Edmar Allitsch)	PETER VERHOLEN

SENIOR MANAGEMENT

Chief Executive	RAJESH KHANNA
Head - Lean & Management Systems	J H SASTRY
Business Head - Superabrasives	M S VENKATESH
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

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National Games Housing Complex,
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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



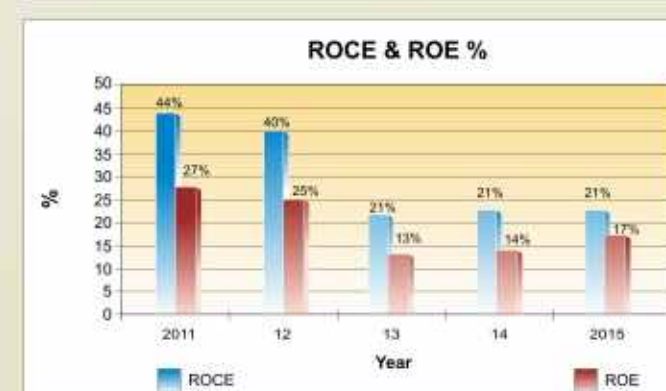
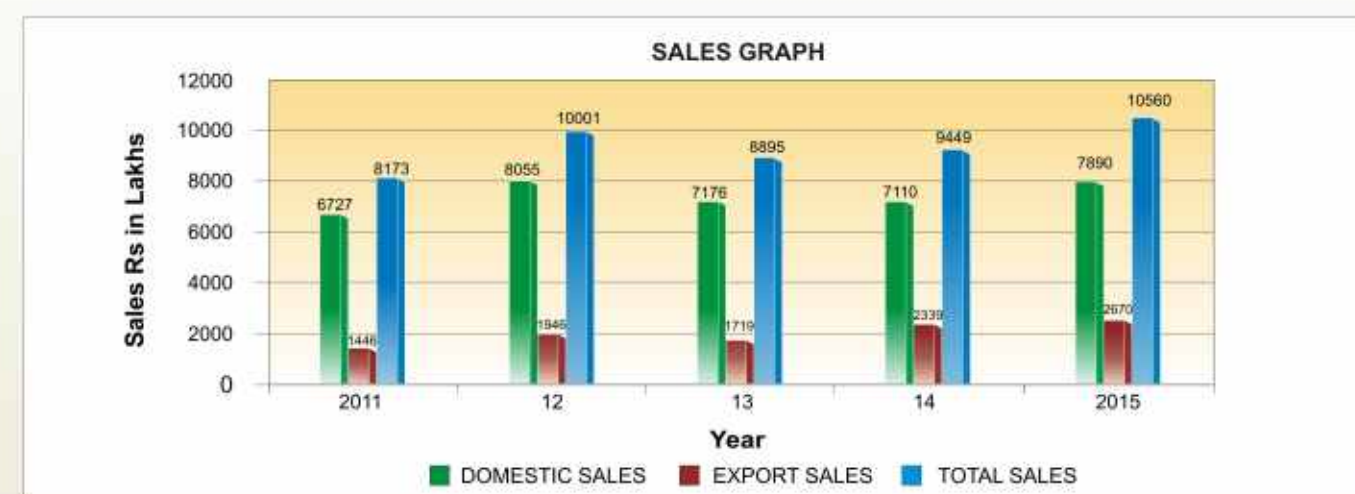
FINANCIAL TRACK RECORD

Rs.in Lacs

Year ending 31st March	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUE										
Net sales	4163	5074	5405	5136	5609	8173	10001	8895	9449	10560
Domestic sales	2801	3764	3873	3389	4368	6727	8055	7176	7110	7890
Export sales	1362	1310	1532	1747	1241	1446	1946	1719	2339	2670
Other Income	100	155	185	309	222	299	278	225	611	800
PROFITABILITY										
Profit before depreciation	1215	1495	1459	1517	1714	2654	2888	1930	2098	2556
Profit before tax	1079	1310	1255	1297	1455	2356	2552	1528	1640	1764
Profit after tax	716	871	842	884	983	1595	1729	1012	1187	1485
Dividend %	150	175	200	200	250	250	250	150	250	250
EPS (Rs.)	35.78	43.56	42.08	44.21	49.12	79.76	86.45	50.59	59.34	74.24
ASSETS EMPLOYED										
Fixed assets	1629	1911	2085	2610	2950	3264	4363	5027	5510	5608
Investments	1183	1204	1454	1200	1672	2257	1370	1496	1703	1866
Net current assets	637	807	697	858	413	531	1532*	1485*	1505*	2047*
Total assets	3449	3922	4236	4668	5035	6052	7265	8008	8718	9521
CAPITAL STRUCTURE										
Paid up share capital	200	200	200	200	200	200	200	200	200	200
Reserves	2977	3438	3787	4203	4602	5614	6762	7425	8031	8790
Loan funds	66	49	28	36	-	-	-	-	-	-
Deferred tax liability	206	235	221	229	233	238	303	383	487	531
Total funds	3449	3922	4236	4668	5035	6052	7265	8008	8718	9521

* 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...



...Total Grinding and Honing Solutions

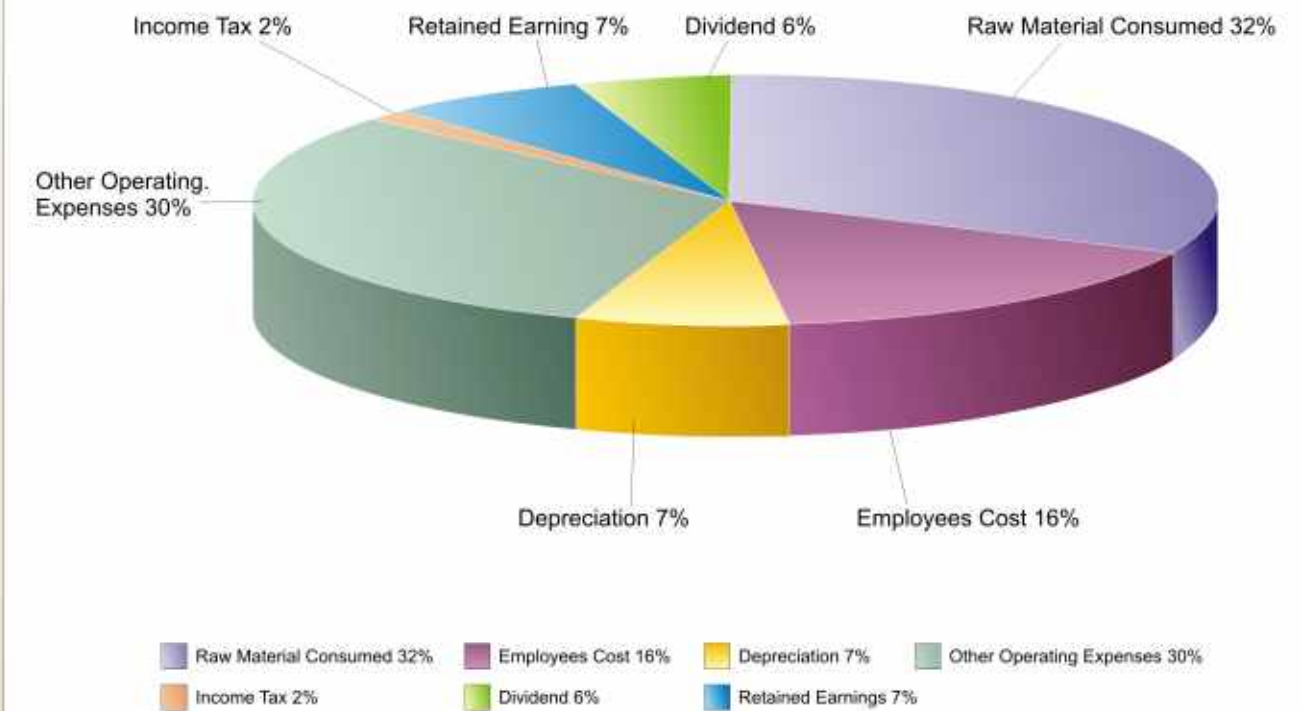




Engineering Flair with Environmental Care...



DISTRIBUTION OF REVENUE 2014 - 15



...Total Grinding and Honing Solutions



REPORT OF THE DIRECTORS

(Including Management Discussion and Analysis)

The Board of Directors has pleasure in presenting the 33rd Annual Report together with the Audited Financial Statements for the year ended 31st March 2015. The Management Discussion & Analysis Report has been included in the Directors Report so as to avoid duplication and repetition.

ECONOMIC OVERVIEW



The Indian economy has been experiencing slow revival with gradual pick-up in domestic demand after continued slowdown for last three years. Undoubtedly, both Indian & Global economy appear to be in a better shape now than by gone years. Growth projection for India in coming year remains positive, mainly due to the new Government at helm and its various growth oriented programmes being planned towards boosting the demand.

During the year, the Indian industry achieved a moderate growth of around 6% helped by positive expansion in manufacturing which witnessed similar growth in last few quarters although there is still some amount of reluctance and caution when it comes to capital investments for expansions and new projects. Negative sentiments that were affecting the Domestic consumer demand is now

tapering. The performance of basic goods, intermediate goods and consumer durables has also improved mildly in last few quarters. Improved coal production and higher electricity generation during the year has helped raise the overall output for mining, cement, fertilizer, agriculture and other core industries. The automobile sector, except the commercial vehicle segment, closed the year on a positive note despite interest costs with major companies reporting sales growth during the fiscal. While other industry segments such as



Cutting Tools, Engineering, Ceramics, Glass, Refractories have achieved moderate growth over the previous year, segments like Steel have continued to be affected due to prolonged slowdown and weak global demand. India's export continued to be positive in major export markets such as US and European countries excepting the OPEC economies which are facing Oil crisis for some time now.

The improvement in industrial output in last two quarters has signalled positive trend and has an overall favourable effect on the GDP. Although the CPI inflation is experiencing sharp rise mainly driven by higher food inflation, the edging down of core inflation has more than offset the same which has resulted in a

comfortable headline inflation of around 6% - much lower than 9.5% in 2013-14.

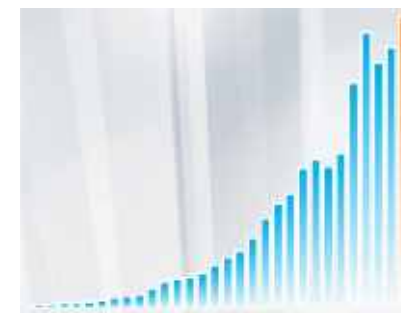
COMPANY PERFORMANCE OVERVIEW

(Rs in Lacs)

	31st March 2015	31st March 2014
Sales	10,560	9,449
Other Income	800	611
Profit Before Tax	1,764	1,640
Provision for Tax	279	453
Profit After Tax	1,485	1,187
Earnings per Share - Rs	74.24	59.34



RESULTS OF OPERATIONS



Amidst slow pace of recovery in the domestic market and weak global demand, your company continued to put its best efforts to achieve a Top line of Rs.10560 Lacs during the year under review with a growth of 12% as compared to the previous year. With the gradual pick-up in demand in the domestic market, some of the industry segments such as Automobile, Ceramics, Cutting Tools, Engineering, Refractory and Glass have positively contributed resulting in 11% growth over the previous year. On the export front, while some of the advanced countries witnessed a moderate growth, in the developing nations especially in the South East Asian region, the demand continued to remain weak due to persistent negative forces. However, your company's good efforts in addressing some of these challenges have more than offset the uncertainties resulting in a

14% growth compared to the previous year.

In the pursuit of growth and taking cognizance of medium and long term perspective, your company continues its business by focusing on three verticals- **Super abrasives**, **Non-Super abrasives** and **International Business**. Your company also strongly believes that the "Make in India" initiative by the Indian Government, which is slowly gaining momentum, would provide the much needed impetus for growth. Accordingly, your company continues to make necessary investments in the identified growth areas and deploy resources in order to sustain long term business growth.



Super abrasive Business comprises of Diamond/CBN grinding Wheels in various bonding systems, Hones, Diamond Dressing Rolls, Segmented products & Stationary Dressers, achieved a growth of 9% over the previous year against stiff competition from both global and local. This above average industry growth achieved mainly on account of continued focused initiatives on new product developments & new application Areas including some of the import substitutions. During the year under review, your Company successfully launched some of new products which include Resinoid Wheels for Cutting Tools, Vitrified Products for Auto Component, Electroplated products for Engineering, Gear and Ceramics, Brazed Diamond Products for Textile and Precision Dressing Rolls for Defence, Gears and Bearing and certain other automotive applications.



Three years back your company established its Research and Development Centre and since then, it has been strengthening its capabilities and continued augmenting the efforts in Bond / Matrix formulations & development 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. As you may be aware, your company's R & D Centre being recognized by **Department of Science and Industrial Research (DSIR)**, Government of India also provided ample opportunity for jointly taking up research work and projects along with other well-established research laboratories on emerging technologies and new developments.

The **Machine Tools & Precision Components** business achieved a growth of 18% over the previous year. It has been another difficult year for the Machine Tool business due to continued capex-hold / deferment of investments on projects by the targeted customers. Despite these difficulties, the performance has rather been a decent one. 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 Company has launched 7 new machines during the year which includes Vertical Single & Double spindle





Honing machines, Angular Head Grinding machine and Surface Grinding Machine. These new models are expected to cater to a wider range of applications areas, while also increasing the customer and reference base, enhancing also the product basket. Your company has participated in IMTEX - 2015 exhibition held at Bangalore and showcased its growing strength & Focus on Machine Tools along with Precision Super Abrasive products.

On the **Precision Components** front, your company, during the year has enhanced the volume of production of two new components which got added to its basket last year. Your company is constantly exploring opportunities, where it can deploy its core competency - Expertise, Experience and Knowledge

on Machines & Super Abrasive Tools for producing related precision components. Your company focuses on providing Sustained competitive advantage to its customers. Consequently your company is in advanced stage of discussion with some of the prospective customers to further strengthen the precision component business and to eventually roll it out as a separate vertical for growth, going forward.

FOCUS ON CUSTOMER CENTRICITY

Your Company has completed implementation of Customer Relationship Management (CRM) application in association with SAP. This Initiative would benefit your company in enhancing the reach and building better relationships with the customers spread not just in India but across the Globe. The CRM system will enhance the company's approach towards customer along with seamless integration of all the minute facet of marketing and sales process, which directly influence customers both in domestic and export market. Besides enhancing business relationship, it would create new opportunities for long term value creation for both customers as well as the company.



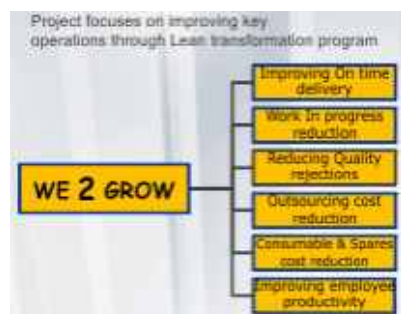
Some of the major benefits:

- Global reach through offering value proposition and effectively addressing customer needs
- Effective Knowledge Management & one-stop solution platform through integration with company's Knowledge Portal, helping the team with faster responses, real time accurate information against queries and higher productivity
- Faster and better service levels thereby strengthening company's competitive position

- 360 degree view of customers and insightful customer analysis through dashboards

FOCUS ON PROCESS EFFICIENCY

Your Company continues to invest on its journey of Lean Management in order to enhance operational efficiency and optimum use of resource in the area of manufacturing. During the year, your company has found this initiative extremely meaningful, this addresses some of the key operational areas such as process bottlenecks, process integration in quality, planning, scheduling, and production. Your company has started realising benefits by optimal utilization of machines and equipment through proper planning and scheduling of material movement besides streamlining the process in order to drive efficiency, improvement in on time delivery and waste elimination. Overall, the implementation of lean management system in your company would ensure elimination of non-value added activities, process streamlining, effective utilization of resources and higher level of customer satisfaction.



Some of the major benefits are

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

FUTURE PROSPECTS

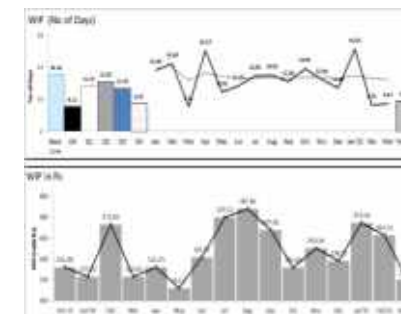
Your Company continuously strives to align its Strategies and Business Objectives with the market in order to achieve better performance on a sustainable basis. Your company recognizes that focus on product and process innovation, adoption and deployment of new technologies and processes are



critical in order to achieve its long term objectives. Accordingly, your company continues to accord high level of importance in areas such as Bond development, new product development and automation. Special efforts would be accorded to encash on the new and emerging opportunities through New Products and Applications. It will continue to expand its business in New Markets by offering Existing range of products and applications through marketing initiatives. Based on the Mega trends, in the past few years, your company has been strengthening its presence by developing new products for industry segments such as Infrastructure, Construction, Aerospace, Defense, Railways and Health care to ensure future growth and would continue its efforts in this direction to explore new

opportunities in other emerging industries. All these pursuits and efforts by your company in the 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. On the export front, your company will continue to enhance its global presence in identified countries through strategic alliances and tie-ups, exclusive Industry wise Management Representatives and continue to take advantage of the CUMI network in certain geographies enhancing global market presence.

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

Wendt Grinding Technologies Limited, Thailand, your company's 100% owned subsidiary has once again delivered superior performance. During the year, it has achieved a top line of Thai Baht 858Lacs (Rs. 1620 Lacs) 19% growth over last year. The Profit Before Tax was Thai Baht 139 Lacs (Rs. 274 Lacs) 5% higher and the Profit After Tax has been Thai Baht 112 Lacs (Rs. 222 Lacs) 8% higher than last year. This better performance has been achieved despite continued slowdown, political issues and upheaval in the region.



Delivering consistent results year-on-year has been the hallmark for your subsidiary company and its steadfastness to repeat the same in the coming year as well. New customer additions, enhancing product basket and exploring new business opportunities have made up for the drop that arose as a result of decline in automobile production, lower export as well as shifting of some of the Japanese businesses out of Thailand.

During the year, your subsidiary company continued its focus on participation in many Industrial and Trade Exhibitions for networking and promotions besides organizing plant visits for some of the key customers. These efforts are expected to yield long term benefits for your subsidiary.

Wendt Middle East FZE, Sharjah



The second wholly owned subsidiary of your Company, Wendt Middle East FZE, Sharjah has churned out another superior performance for the year under review. During the year, it has achieved an annual sale of AED 38 lacs (Rs.627 Lacs) a commendable growth of 51% over the previous year. The Profits have been AED 8 Lacs (Rs.139 Lacs) which is 28% higher when compared to previous year.

As you may be aware, the manufacturing scenario in the entire region including the neighbouring countries has been severely impacted on account of continued socio-economic instability and mired by political issues resulting in contraction of average capacity utilization

to around 50% level with hardly any sizeable new investments announcement by the Government and Foreign players. The UAE region being a primarily an economy driven by Oil, Construction and Tourism, continuous fluctuation in these sectors has resulted in sharp rise in inflation.

Despite these challenges and continued slowdown and adversaries, your subsidiary has put its best efforts and focused on many initiatives like addition of new markets and customers, better service levels addition to enhancing product basket in the region to churn out a better than expected results.



APPROPRIATIONS

Available for appropriation	(Rs in Lacs)
Profit After Tax	1485
Add: Balance brought forward from previous year	3233
Total	4718
Less : Depreciation on transition to Schedule II of Companies Act 2013 on tangible fixed assets with nil remaining useful life	126
	4592
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	40
-Final (Proposed)	60
Balance carried forward	3592
Total	4592

CORPORATE SOCIAL RESPONSIBILITY

Your Company firmly believes that an organization's true worth lies beyond its business and is best reflected by the service it renders to the community and the society. For your company, Corporate Social responsibility has always been based on the core values and transparency in all its business dealings and as such the contributions your company makes for economic development which is not limited to the workforce and their families alone but extends to the local communities, schools and society at large.

Your Company makes regular contributions to various social causes like education of underprivileged school children, old age homes, orphanages and

basic sanitation and toilet facility. In addition, your company lays special emphasis on tree plantation and green environment not only within its premises but also the surrounding communities by distributing free saplings.

Your Company has been successfully running the Government Approved Skill Development Centre for last four years now with sole objective of providing formal vocational training in five industrial trades for uplifting the lives of young children drawn from poor, underprivileged and back-ward classes of the society. This initiative not only serves continuance of formal educations for these children but also helps them to seek gainful employment in various industries in future.



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 spend Rs 38.49 Lacs out of which the Company has already spent Rs 36.33 Lacs towards CSR activities during the year 2014-15.

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

DIVIDEND

Your Directors are pleased a recommend a Final Dividend of Rs 15/- per equity share of face value Rs 10/- each (150%) for the year ended 31st March 2015. This is in addition to the Interim Dividend of Rs 10/- per equity share of face value of

Rs 10/- each, which was paid on 23rd February 2015.

The Final Dividend, subject to approval of members at the 33rd Annual General Meeting will be paid to those shareholders whose names appear on the register of members of the company as on 23rd July'2015. If approved, the total Dividend for the financial year, including the interim dividend, amounts to Rs 25/- per equity share and will absorb Rs . 600 lacs including dividend distribution tax of Rs 100 Lacs.

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

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 400 lacs to the General Reserve. An amount of Rs. 3592 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 2014-15 and as such, there are no outstanding fixed deposits from the public as on 31st March 2015.

INVESTMENTS

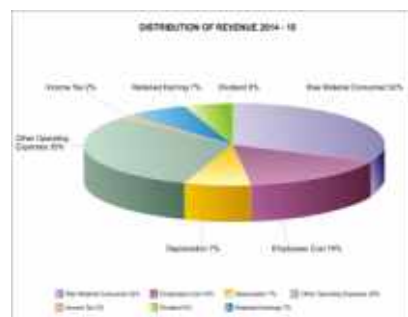
Details of investments covered under section 186 of the Companies Act 2013 are given in the notes no 13 to the financial statements.

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. 2.45 lacs being unclaimed dividend during the year to the Investor Education and Protection Fund (IEPF) established by the Central Government.

CONSOLIDATED FINANCIAL RESULTS

The Consolidated Financial Statements (incorporating the operations of the Company and its two wholly owned overseas subsidiaries), in terms of Clause 32



of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 & also as per Sec 129 of the Companies Act'2013 , 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.

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

KEY CONSOLIDATED FINANCIAL SUMMARY

	(Rs in Lacs)	
	31st March 2015	31st March 2014
Sales	12,274	10,890
Other Income	324	304
Profit Before Tax	1,686	1,675
Profit After Tax	1,354	1,166
Earnings per share-Rs.	67.70	58.30

QUALITY

High level of precision, accuracy and engineering are the most critical aspects for your company's products which in turn calls for meeting the exacting quality standards demanded by the customers across the range of industry segments. The Super Abrasives product range for your company comprises of Diamond & CBN grinding wheels and Tools in various bonding systems. The Machine Tools & Precision Components vertical include a range of precision machines, often customized, like Rotary Surface Grinding, Notch Milling, TC Ring Grinding, Honing Machines and accessories complying with the international standards and CE certifications in terms of their safety and operations.

Precision Components which is again falling under Non Super abrasives require very high level of precision as well as tolerance limits requiring strict adherence to quality standards and process controls and measurements. In order to ensure these requirements, your company has put in place all the Management standards such as ISO 9001, ISO 14001, TS 16949, OHSAS and SA8000. In addition, in order to fulfill the safety features and requirements of overseas customers, your company has successfully implemented and obtained the coveted EN 13236 Standards during the year.



For your company, superior product Quality and consistent performance have been the main differentiators. Towards this, your company ensures that deployment of quality management standards, process robustness and practicing the standards and norms at every stage of flow is strictly adhered to by all.



In order to avoid overlapping and process duplication in line with the international best practices, your company has implemented Integrated Management System (IMS). As you may be aware, your company constantly endeavors to build quality and consistency in every aspect of its business. As a result, it continues to accord high importance on training its employees on emerging technologies, makes investments on equipment and high-end machines besides application softwares such as CAD/CAM, ERP, Inspection Tools, Automation and Applications.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Your Company is ever committed towards Safety and Health of its workforce and also places equal importance on Environment management not just within the company premises but its neighborhood as well. In order to ensure this, the senior management of the company keeps vigil on maintaining high safety standards, health and environment protection by fully complying and deploying appropriate processes and underlying guidelines as per OHSAS 18001 and ISO 14001 EMS standards.

Your Company always considers its employees as the most valuable assets for the company and that the safety and health of each employee is of utmost importance and is not just a mundane necessity to ensure quality in every aspect of the business. In order to ensure this, your company continues to take various initiatives and programs such as annual health check-up plan, eye camp, physiotherapy, fitness center, blood donation camps etc., so that the employees and their families maintain good health and overall wellness. In addition, Your company continuously provides awareness training programmes and makes efforts to encourage the workforce to actively participate in relevant training programmes, workshops to perform their activities in a safe manner.



Your Company continues its commitment towards sound health and workplace safety of its employees. And for this, the company ensures following and practicing safety standards and practices by all by keeping the work places free of accidents, injuries, incidents and occupational related hazards.

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. Adherence to Safety, Health and Environmental practices are also ensured for its guests and visitors.

RECOGNITIONS AND AWARDS

During the year under review, Your Company received many awards and felicitations conferred by respectable 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
- **National Level organized by NCQC**
 - "Par Excellence" Award for Kaizen- 2 teams
 - "Par Excellence" Award for SGA- 1 team
- **Regional Level organized by CCQC**
 - "Golden Award" - SGA & Kaizen: 3 teams
 - "Silver Award" - Kaizen: 1 team

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

Your Company has received the "4 Star" Award from CII, Southern Region in recognition of its "Excellent Commitment in Environment Health and Safety". Also received "Sectorial Award" under manufacturing sector and "Excellence Award" in Medium Scale category.

- **Preferred Supplier Certificate**

Your Company has received the "Preferred Supplier Certificate" from Bosch Group. With this recognition, your company now becomes one among three preferred suppliers in India and among twenty one worldwide. This prestigious certification enables the company to become a supplier to the Bosch Group globally for supply of precision components.

- **Green Manufacturing Award**

Your Company has received "Silver Medal" for Green Manufacturing from International Research Institute for Manufacturing, India (IRIM) for Environmental Care and Eco friendliness. This prestigious award focuses on assessment of four critical aspects of the organization such as Human element, Quality of input materials Operational efficiencies and Environmental friendly products

- **Cufest 2014 Awards**

Your Company's employees participated in Group-level Quality competitions "Cufest 2014" (Quality Festival of CUMI), and won awards for 5S, Poster, Idea King and Quality Quiz events during the year.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

GENERAL PERFORMANCE REVIEW

After three consecutive years of down turn and global disarray marked by muted growth, the Indian economy is finally seeing some signals of gradual pick up in the activities and positive growth trend. Although the pace of recovery has been



slow, there seems to be some optimism backed by positive sentiments across all segments. Thanks to the new government and its announcements of various pro-growth programmes and fiscal measures since it came into power with absolute majority one year back. As a consequence, the Indian economy could achieve a moderate growth rate of around 5.9%, highest growth in the last four years. Backed by revival in the economy in some of the developed countries such as US, slow rise in demand in the domestic market and inflation being in comfortable zone as well as expansion of manufacturing activities, all this supplement the positivity thereby boosting demand. This has resulted in better performance of industry segments like Automobile, Auto Component, Engineering, Ceramics, Refractory and Cutting Tools compared to previous year although sectors like Steel, Construction, and Infrastructure etc are yet to return to positive zone.

As mentioned in earlier section, your company's domestic business achieved a growth of 11% and the export has achieved a growth of 14% compared to the previous year with an overall 12% growth for the year on overall basis. In the domestic business, the Super abrasives products sales to industry segments like Automotive, Cutting Tools, Engineering, Ceramics, Refractories and Glass has achieved better performance over the previous year, sales to Steel and Machine tools has been lower with few project orders. During the year, your company continued to put its best efforts and new initiatives for new developments of products and applications besides working closely with customers to explore new opportunities for its products which could serve as import substitutions.

For the Machine Tools & Precision Components, on the other hand, the performance level was 18% higher than last year mainly on account higher volume offtake of precision components and improved order inflow for machines during the second half of the year which as a whole helped to company to achieve the above respectable growth compared to previous year. As you may be aware, for most of the year, the customers continued their reluctance towards new capacity additions, expansions and fresh capital investments resulting in fewer machine orders from Engineering, Refractory, Steel and Automobile customers.



ECONOMIC OUTLOOK

The Indian economy is expected to achieve a growth rate around 6.5% in the coming year and according to the latest predictions by IMF, India growth rate will overtake China in next two years. India has become a promising investment destination for many of the foreign Companies looking forward to do business here following the launch of 'Make in India' initiative by the Government. This initiative is expected to increase the purchasing power of the common man, boost demand, and hence spur development, in addition to benefiting investors. Some of the policy measures focusing on development of agriculture, fast tracking of infrastructure projects, special emphasis on manufacturing and capital markets are expected to result in building business confidence in the coming year.

The major Industry segments which are expected to benefit from the above measures are Automotive, Construction, Infrastructure, Mining, General Engineering, Steel, Defense and Aerospace, Power, Food, Services and Consumer durables during 2015-16. New investments, capacity expansions and implementation of projects in Infrastructure and Construction, Power, Engineering and allied industries are expected to take advantage of the opportunities in the coming year.

