

June 09, 2026

## Wendt (India) Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/CC	2.00	2.00	[ICRA]AA- (Stable); reaffirmed
Long-term – Fund-based/CC (Sub-limit of non-fund based)	(2.00)	(2.00)	[ICRA]AA- (Stable); reaffirmed
Short-term – Non-fund based	19.00	19.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>21.00</b>	<b>21.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings reaffirmation considers Wendt (India) Limited's (WIL/the company) strong business and financial profile, supported by its established presence in the abrasives and machining & accessories space, diversified customer base and robust capital structure and coverage indicators. Further, the company has a strong parentage, with Carborundum Universal Limited (CUMI) holding 37.5% stake in the company and being part of the larger Murugappa Group. WIL's financial profile is strong, marked by healthy profitability, debt-free status and ample liquidity. While it does not require financial support from its parent (CUMI), the company enjoys implicit financial and operational support stemming from its parentage. With no major debt-funded capex plans in the medium term, ICRA expects its debt coverage metrics and liquidity to remain strong going forward as well.

The ratings also factor in the vulnerability of WIL's revenues and earnings to economic activities and capital expenditure (capex) cycles in the end-user industries. In FY2025 and FY2026, the company derived 25-30% of its revenues from the automotive/auto ancillary segment, exposing its revenues to the inherent cyclicity in demand from the sector. While it is focussing on increasing the share of revenues from other industries, the ability to achieve material diversification remains to be seen. Also, the domestic abrasives industry is highly fragmented with a large number of players. Despite its strong market position, WIL faces intense competition from other industry incumbents and imports, thereby restricting pricing flexibility to an extent.

Given the competitive pressures and increased geopolitical uncertainties, the company reported only a modest growth of 0.7% in its consolidated operating income to Rs. 236.3 crore in FY2026. Further, the consolidated operating margin contracted to 13.6% in FY2026 from 23.4% in FY2025, due to competitive pressures, gestation period losses in the newly commenced German subsidiary and an adverse change in geographic mix with moderation in export revenues. The impact of the ongoing West Asia conflict on the company has remained minimal so far, largely limited to import transit delays, mitigated through adequate inventory stocking. It is also actively negotiating with customers and suppliers to manage commodity price volatility.

ICRA notes that Wendt GmbH divested its ownership interest of 37.5% stake in May 2025, following which the company entered into a trademark assignment agreement with Wendt GmbH. As per the agreement, WIL acquired the absolute ownership of the 'Wendt' brand and trademarks with over 60 registrations in 40 countries, owned by Wendt GmbH and/or its affiliates worldwide in accordance with the agreement, for Euro 3.8 million (Rs. 35.1 crore) in Jan 2025, which is expected to enhance its business prospects.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to maintain its credit profile, supported by its strong parentage, established presence, strong capital structure and coverage metrics and absence of debt-funded capex plans, going forward.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** – WIL has a strong parentage in the form of CUMI, which holds 37.5% stake in the company, and being part of the larger Murugappa Group. While it does not currently require financial support from CUMI by virtue of its healthy financial profile and net debt negative position, the company enjoys implicit financial and operational support stemming from its parentage.

**One of the leading players in domestic super-abrasive segment** – WIL is one of the leading players in the domestic super-abrasive industry in India. The company's established presence in the industry as well as its strong research and development (R&D) and technical capabilities enable it to maintain a healthy market position in the industry. WIL's presence in machine tools and precision components also augurs well for the company.

**Diversified customer base** – The company has established relationships with a highly reputed customer base across industries, which support its revenues. The company derived 33.4% of revenues from its top 10 customers in 9M FY2026 and accordingly, the revenues remain well-diversified with limited dependence on a single customer.

**Strong financial profile** – The company's operating and net margins were healthy at 13.6% and 6.2%, respectively for FY2026, despite moderation from 23.4% and 16.8%, respectively, in FY2025. This reduction in margins was on account of initial losses in the newly commenced German subsidiary, discounts extended to original equipment manufacturers (OEMs) in the precision component segment and an adverse change in geographic mix with moderation in export contribution. ICRA also draws comfort from the net debt negative position of the company, primarily aided by healthy cash flow from operations and moderate capex. Consequently, the company has a strong capital structure and coverage metrics. Further, with no major debt-funded capex plans in the medium term as well as anticipated recovery in earnings, WIL's capital structure and debt coverage metrics are expected to remain strong going forward as well.

### Credit challenges

**Inherent volatility in end-user industry** – WIL's revenues are vulnerable to the cyclicity and volatility in performance in end-user industries like auto, steel, ceramics, glass, cutting tools, engineering, etc., where its products find application. Within sectors, it derived 20.0-30.0% of its revenues in FY2025 and 9M FY2026 from the automotive/auto ancillary segment, exposing its revenues to the inherent cyclicity in demand from this sector. While the company is focussing on increasing its share of revenues from other industries, the ability to achieve material diversification remains to be seen.

**High competition** – The domestic abrasives industry is highly fragmented with a large number of players. Despite its strong market position, WIL faces intense competition from other industry incumbents and imports, thereby restricting pricing flexibility to an extent.

### Environmental and social risks

**Environmental considerations** – Even though WIL is not directly exposed to climate transition risks from the likelihood of tightening emission control requirements, its automotive manufacturing customers which drive 20-30% of its revenues, remain exposed to the same. Accordingly, the company's prospects continue to be linked to the ability of its customers to meet tightening emission requirements. Its exposure to litigation/ penalties from issues related to waste and water management remains relatively low.

**Social considerations** – Key social risk that the company faces pertains to product safety and quality, wherein instances of product recalls and high warranty costs may not only result in a financial implication but could also hurt its reputation, creating a long-lasting adverse impact. In this regard, its robust track record in servicing leading manufacturing entities underscores its ability to mitigate these risks to an extent. The company's strong technological capabilities are likely to help it align its products with any change in customer preferences. Akin to most engineering companies, WIL has high dependence on human capital. Retaining human capital, maintaining healthy employee relationships and a safe work environment remain essential for disruption-free operations.

## Liquidity position: Strong

WIL's liquidity profile remains Strong, with free cash and liquid investment of Rs. 68.4 crore at March 31, 2026 and anticipated cash flow from operations of Rs. 30.0–35.0 crore annually. The company has sanctioned fund-based working capital limit of Rs. 4.0 crore, which remained unutilised for the last 12 months. While the company has outlined regular capex of Rs. 15.0-20.0 crore per annum over FY2027 to FY2029 to expand its capacity and cater to new markets, the same would be funded through internal accruals. The company currently does not have any outstanding term loans and associated repayments. ICRA expects the company's liquidity to remain strong, supported by its healthy accruals and effective working capital management.

## Rating sensitivities

**Positive factors** – A substantial scale-up in revenues, driven by an expansion in the geographical footprint and/ or through new product introductions, in conjunction with improvement in consolidated profitability, while maintaining healthy credit metrics and liquidity position on a sustained basis would be the rating upgrade factors.

**Negative factors** – Pressure on WIL's ratings could arise in case of any material deterioration in the credit profile of CUMI, and/or weakening of the linkages between CUMI and the company. Pressure on WIL's ratings could also arise if its financial profile weakens materially on a sustained basis, with a significant increase in debt levels coupled with significant contraction in earnings.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Carborundum Universal Limited (CUMI) holds 37.5% stake in the company. The ratings are based on implicit support from the parent, CUMI.
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the rated entity, which are listed in Annexure-III.

## About the company

Wendt India Limited (Wendt), established in 1980, was originally promoted by Mr. S. C. Khatau and Wendt GmbH of Germany. The company started its operations by setting up a super-abrasives manufacturing facility at Hosur (Tamil Nadu) for grinding wheels and tools with technological support from Wendt GmbH. In 1991, Carborundum Universal Limited (CUMI, a Murugappa Group company), a leading conventional abrasives player in India, acquired a 30% stake in WIL from Mr S. C. Khatau and subsequently an additional ~10% from the open market to expand its presence in the super-abrasives segment. In FY2026, Wendt GmbH sold its entire stake of 37.5% through offer for sale mechanism to retail and non-retail investors and consequently was delisted from the promoter category. As on March 31, 2026, CUMI holds 37.50% stake in the company.

## Key financial indicators (Audited)

Wendt (consolidated)	FY2025	FY2026
Operating income (OI)	234.7	236.3
PAT	39.5	14.6
OPBDIT/OI	23.4%	13.6%
PAT/OI	16.8%	6.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.0	0.0

Wendt (consolidated)	FY2025	FY2026
Interest coverage (times)	94.8	1,068.0

Source: Company, ICRA Research; Note: Amount in Rs. crore; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios in the report are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances.

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 09, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	2.00	[ICRA]AA-(Stable)	Apr 15, 2025	[ICRA]AA-(Stable)	Apr 05, 2024	[ICRA]AA-(Stable)	-	-
Interchangeable limits – Cash credit	Long term	(2.00)	[ICRA]AA-(Stable)	Apr 15, 2025	[ICRA]AA-(Stable)	Apr 05, 2024	[ICRA]AA-(Stable)	-	-
Non-fund based – Others	Short term	19.00	[ICRA]A1+	Apr 15, 2025	[ICRA]A1+	Apr 05, 2024	[ICRA]A1+	-	-

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based/CC	Simple
Long-term – Fund-based/CC (Sub-limit of non-fund based)	Simple
Short-term – Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

### Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based/CC	NA	NA	NA	2.00	[ICRA]AA- (Stable)
NA	Long-term – Fund-based/CC (Sub-limit of non-fund based)	NA	NA	NA	(2.00)	[ICRA]AA- (Stable)
NA	Short-term – Non-fund based	NA	NA	NA	19.00	[ICRA]A1+

Source: Company

### Annexure III: List of entities considered for consolidated analysis

Company name	WIL ownership	Consolidation approach
Wendt Grinding Technologies, Thailand	100.00%	Full consolidation
Wendt Gmbh, Germany	100.00%	Full consolidation

Source: WIL audited results Q4 FY2026

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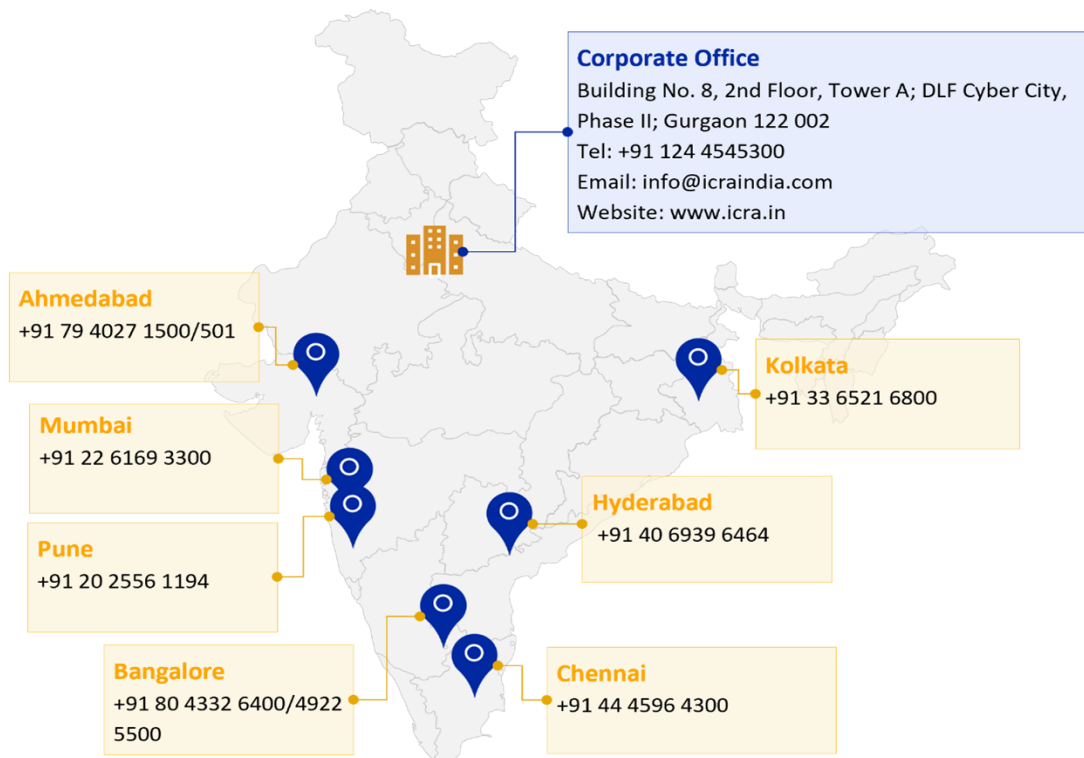
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