



**WENDT GRINDING TECHNOLOGIES LIMITED**

**DIRECTORS REPORT**

The Directors are pleased to present the eleventh Annual Report and Audited Accounts for the year ended March 31st 2016.

**Key Financial Summary -:**

	(INR in lacs)	
	<b>31/03/2015</b>	<b>31/03/2016</b>
Sales & Service Income	1620	1620
Other Income	19	8
Total Income	1638	1628
Profit Before Tax (PBT)	274	230
PBT%	17%	14%
Profit after tax (PAT)	222	186
PAT %	11%	14%

**Business Operations.-:**

Our wholly-owned subsidiary, has once again delivered consistent results ensuring sustainable & profitable growth despite various odds & tough challenges. This exemplary **performance** has been despite continued slowdown, political issues and upheaval in the region.

Today WGTL is above Rs.160 Million Company delivering consistent results year-on-year for last 10 years despite ever increasing challenges!

During this challenging year, your Company faced numerous challenges especially currency depreciation of around 8% directly affecting our variable cost push by 5% for trading products ( however, benefiting our group companies being only source of traded goods). Also, Auto industry business continue to decline over 18-20% coupled with existing competition resorting to price war to retain market share & new competitors especially from Korea & China putting best endeavors to penetrate this market.

Auto industry continued sliding down & have directly affected the automotive glass production with Asahi glass production declined by around 24%. Further, Samsung TV decision to move production to Vietnam directly affected 50% decline in Eurokera production levels as well. However your SBU has worked closely with this industry to regain dominant market share through 15% increase in market share over last year. Your Company maintained leadership position in reprofiling market segment in Thailand.



## WENDT GRINDING TECHNOLOGIES LIMITED

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Besides Auto & auto ancillary, many customers could not regain especially in electronic segment & white good appliances, while various other customers operated much lower production levels, due to contracting exports, coupled with economic & political challenges in Thailand. Overall GDP growth was less than 2.8% levels during the year!

Clear focus on increasing product & customer basket for traded products yielded very good results besides de-risking the business. Your company generated additional business to compensate 23% drop in our largest dealer, 6% drop in tube sales, 14% drop in ceramic product & almost 50% drop in raw material sales through new product & new customer sales

Over all, your Company ensure sustainable profitable growth during the most challenging financial year

Your company also focused to grow export business to Vietnam & Japan with a clear focus on existing Japan group companies & strong products. Your company has achieved 12% growth in export business during the year sustaining 16% growth achieved last year!

Further Your Company continues striving hard with a clear focus on the businesses with industries like Glass, Automobile, Steel, Auto parts, Wood, Furniture and construction industry. At the same time, your Company is increasing product basket to existing customers from above industries to optimize efforts/opportunity available and improve net realization.

Your Company is embarking on building and nurturing, business partners and customers to build this business with a long term prospective. At the same time, continue to explore opportunities to extrapolate/extendour business/product sales to other ASEAN countries as well.

Working towards becoming a proffered Supplier, attaining the leadership position in field of grinding solutions!

Your Company also participated in one exhibitions in Thailand with a clear focus on improving brand image, building customer trust & increasing market reach. Your Company also developed local advertising materials & further conduced technical seminars with identified customers & channel partners and organized sales meets to build product awareness, customer trust & brand image.

As mentioned above, currency depreciation resulting in 5% increase in trading cost plus drop in other income due to lower reserves etc. Through clear & focused strategy along with various Business process improvements to ensure sustainable & profitable growth, your company had taken various proactive actions to counter the costs like efforts required to keep a fine balance between employee cost/fixed costs, marketing cost etc. Manpower cost contained at last year levels & other fixed expenses reduced by 13% level over last year despite achieving highest trading sales.



**WENDT GRINDING TECHNOLOGIES LIMITED**

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Once again, your company paid dividend worth USD 222,156 during the year as well!

Delivering persistent results year-on-year has been the hallmark for your company in Thailand & team steadfastness to repeat the same in the coming year as well!

Your Company has also identified projects for future expansion as well. Company would make further survey necessary along with feasibility study to finalize during the next financial year to keep up the growth path.

During the year, your Company received strong recommendations for complete involvement & commitment from top management to excel during "ISO9001-2008" audit from "TUV NORD"

**HUMAN RESOURCE -:**

Your Company focused on its Employee motivation & Total involvement, through series of training programs and brain storming sessions. This was done to build a cohesive, lean and effective team. Multi skilling of employees was promoted and encouraged to enhance individual as well as organizational value. Company continues to focus on recruit personnel with relevant adequate talent & positive attitude and focus on developing required skills with proper job orientation&on job training program.

During the year Company have maintained modest strength of 11 employees and plans to increase strength marginally to meet next year business plan & future growth.

**DIRECTORS -:**

As per law and Company's Articles of Association one third of the Directors will retire by rotation at its Annual General Meeting. During the eleventh Annual General Meeting Mr. J H Sastry, retires by rotation and being eligible offers himself for re-appointment.

**AUDITORS -:**

Mr. Varanon Trathong was appointed as our Auditor of the Company and shall retire at the conclusion of the Annual General Meeting. Since he is being eligible for appointment, he offers himself for reappointment.

**ACKNOWLEDGMENT -:**

The Board of Directors record their appreciation for the excellent work done by the WGTL team and for the co-operation and guidance extended by Wendt India Ltd and it's Associates and group Companies. The Board of Directors also thanks the Government Departments, IEAT, United Overseas Bank (formerly Bank of Asia) M/s Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Customers, Suppliers and Employees for the Continued Support and Co-operation.

**Bangkok  
19<sup>th</sup> April 2016**

  
**RAJESH KHANNA  
AUTHORISED DIRECTOR**



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## INDEPENDENT AUDITOR'S REPORT

To Shareholders of WENDT GRINDING TECHNOLOGIES LIMITED

I have audited the accompanying financial statements of WENDT GRINDING TECHNOLOGIES LIMITED, which comprise the statement of financial position as at March 31, 2016, and the statement of income and statement of changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities (NPAEs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of WENDT GRINDING TECHNOLOGIES LIMITED as at March 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities (NPAEs).

(Varanon Trathong)  
Certified Public Accountant (Thailand)  
Registration No. 6886

April 19, 2016  
Bangkok

**WENDT GRINDING TECHNOLOGIES LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016 AND 2015**

		<u>Unit : Baht</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	2	25,750,000.00	25,750,000.00
Reserve and surplus	3	36,161,680.38	35,827,723.42
Total shareholders' equity		61,911,680.38	61,577,723.42
<b>LIABILITIES</b>			
Current liabilities			
Trade payables	4	13,040,132.16	12,569,925.89
Other current liabilities	5	1,377,366.90	2,362,897.94
Short term provisions	6	1,041,855.91	1,321,028.52
Total current liabilities		15,459,354.97	16,253,852.35
Total liabilities		15,459,354.97	16,253,852.35
Total liabilities and shareholders' equity		77,371,035.35	77,831,575.77

Significant accounting policies 1

Additional information to financial statements 23

See accompanying notes forming part of the financial statements

Bangkok, Thailand

April 19, 2016

**WENDT GRINDING TECHNOLOGIES LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016 AND 2015**

		<u>Unit : Baht</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Non - current assets			
Fixed assets			
Tangible assets	7	15,693,176.29	16,835,039.46
Intangible assets	8	12,066.07	1.00
Other non current asset	9	100,000.00	100,000.00
Total non - current assets		<u>15,805,242.36</u>	<u>16,935,040.46</u>
Current assets			
Current investments	10	24,432,536.36	33,088,003.59
Inventories	11	10,861,208.87	10,432,734.99
Trade receivables	12	7,541,733.77	7,412,207.94
Cash and cash equivalents	13	18,271,395.22	9,500,257.63
Short term loans and advances	14	357,176.09	427,310.65
Other current assets	15	101,742.68	36,020.51
Total current assets		<u>61,565,792.99</u>	<u>60,896,535.31</u>
Total assets		<u>77,371,035.35</u>	<u>77,831,575.77</u>

Significant accounting policies 1

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Bangkok, Thailand

April 19, 2016

**WENDT GRINDING TECHNOLOGIES LIMITED**  
**STATEMENT OF INCOME**  
**FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

		Unit : Baht	
	Note	2016	2015
<b>REVENUES</b>			
Revenue from operations	16	86,372,126.73	85,788,268.90
Other income	17	437,793.10	981,504.64
Total revenues		86,809,919.83	86,769,773.54
<b>EXPENSES</b>			
Purchase of stock in trade and supplies	18	59,442,617.94	55,999,291.46
Changes in stock in trade and supplies	19	127,423.74	2,123,536.87
Loss on foreign currency transaction on trading products		641,559.39	-
Employee benefit expenses	20	7,934,896.06	7,852,712.40
Finance costs	21	131,270.68	132,672.71
Depreciation and amortization	7&8	1,764,308.34	1,807,504.92
Other expenses	22	5,083,549.22	4,914,047.28
Total expenses		75,125,625.37	72,829,765.64
Profit before income tax expense		11,684,294.46	13,940,007.90
Current income tax expense		2,350,530.50	2,819,926.90
Net profit for the year		9,333,763.96	11,120,081.00

Basic earnings per share 0.91 1.08  
(Face value Baht 10 each)

Significant accounting policies 1

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Bangkok, Thailand

April 19, 2016

**WENDT GRINDING TECHNOLOGIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
	Unit : Baht	
<b>Cash flows from operating activities</b>		
Net profit	9,333,763.96	11,120,081.00
Adjustment to reconcile net profit to net cash provided by (used in) operating activities		
Depreciation and amortization	1,764,308.34	1,807,504.92
Provision for diminution in value of inventory	16,997.78	-
Unrealized exchange loss (gain)	(59,980.00)	5,832.12
Net profit from operating before changes of operating assets and liabilities	11,055,090.08	12,933,418.04
<b>Operating assets (increase) decrease</b>		
Inventories	(445,471.66)	1,585,348.92
Trade receivables	(112,938.07)	(1,790,759.91)
Short term loans and advances	70,134.56	(64,687.76)
Other current assets	(65,722.17)	193,340.05
<b>Operating liabilities increase (decrease)</b>		
Trade payable	513,598.51	(4,814,842.47)
Other current liabilities	(985,531.04)	1,308,685.34
Short term provision	(279,172.61)	461,550.29
Net cash provided by operating activities	9,749,987.60	9,812,052.50
<b>Cash flows from investing activities</b>		
Invest in current investment	8,655,467.23	(557,606.37)
Purchase of tangible assets	(621,311.17)	(1,305,787.47)
Purchase of intangible assets	(13,199.07)	-
Sales of tangible assets	-	1.00
Net cash used in investing activities	8,020,956.99	(1,863,392.84)
<b>Cash flows from financing activities</b>		
Dividend payment	(8,999,807.00)	(25,707,959.00)
Net cash provided by financing activities	(8,999,807.00)	(25,707,959.00)
<b>Net increase (decrease) in cash and cash equivalent</b>	8,771,137.59	(17,759,299.34)
<b>Cash and cash equivalent at the beginning of the period</b>	9,500,257.63	27,259,556.97
<b>Cash and cash equivalent at the ended of the period</b>	18,271,395.22	9,500,257.63
<b>Cash paid during the period</b>		
Income tax	2,629,703.10	2,358,376.61

Significant accounting policies

Note 1

Additional information to financial statements

Note 23

See accompanying notes forming part of the financial statements