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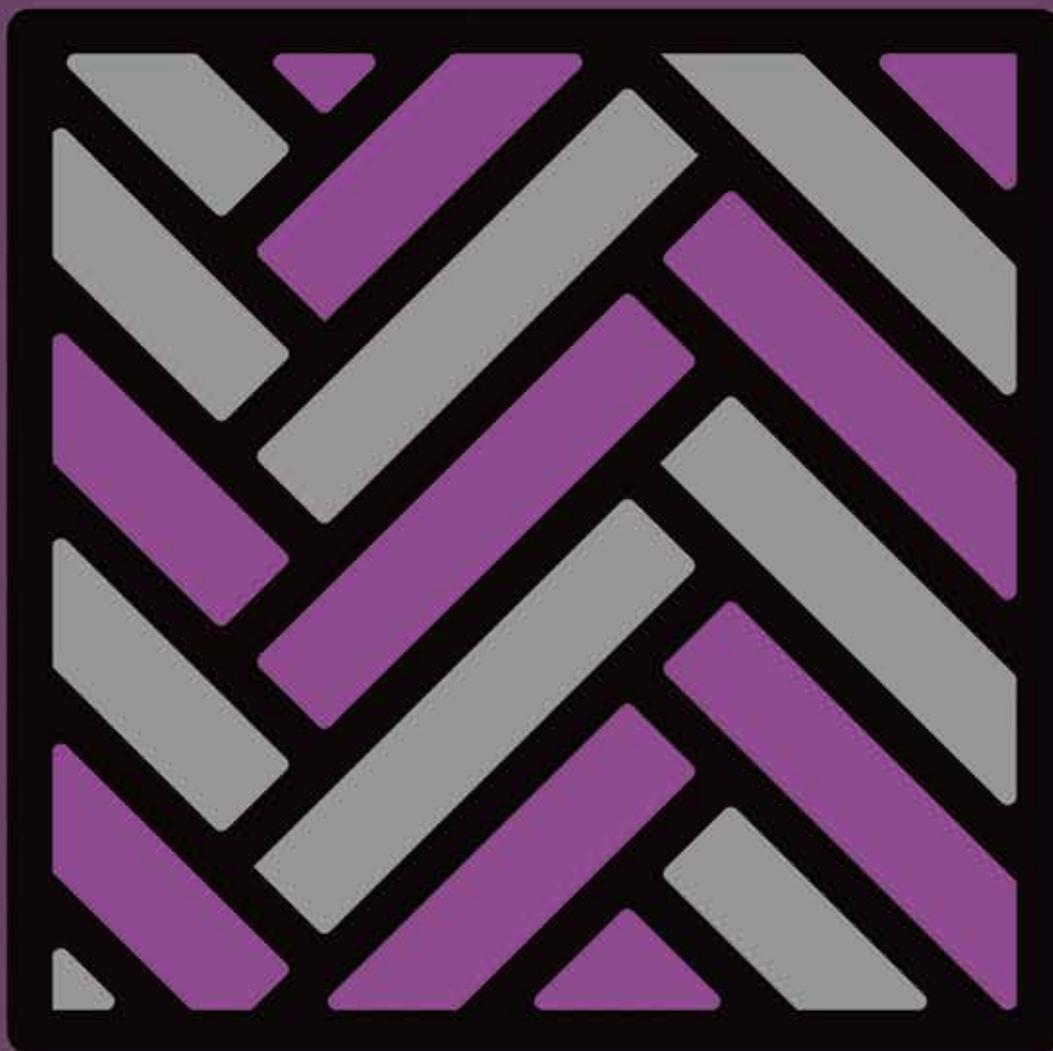
The Group's contribution to the exchequer (gross) in 2019-20 was ₹393 Crore; in 2018-19, it was ₹487 Crore

MERINO INDUSTRIES LIMITED  
ANNUAL REPORT 2019-20

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The Group's contribution to CSR and charity in 2019-20 was ₹6 Crore; in 2018-19, it was ₹9 Crore

# DESIGNS ON THE FUTURE



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## Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions.

This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



MR. MAN KUMAR LOHIA

1926-2009

Founder Chairman and inspiration  
behind the Merino Group



MR. CHAMPA LAL LOHIA

1934-2020

Immediate past Executive Chairman

# MERINO INDUSTRIES LIMITED

(CIN: U51909WB1965PLC026556)

## CORPORATE INFORMATION

### Board of Directors (As on 31st March, 2020)

#### Executive Chairman

Mr. Champa Lal Lohia (Deceased on 3rd April, 2020)

Mr. Rup Chand Lohia (Appointed on 1st July, 2020)

#### Managing Director

Mr. Prakash Lohia

### Directors

Miss Ruchira Lohia  
– Wholetime Director

Mr. Prasan Lohia  
– Wholetime Director

Mr. Bikash Lohia  
– Wholetime Director

Mr. Madhusudan Lohia  
– Wholetime Director

Mr. Nripen Kumar Dugar  
– Wholetime Director

Dr. Gautam Bhattacharjee  
– Independent Director

Mr. Sisir Kumar Chakrabarti  
– Independent Director

Mr. Bama Prasad Mukhopadhyay  
– Independent Director

### Audit Committee

Mr. Sisir Kumar Chakrabarti  
– Chairman

Dr. Gautam Bhattacharjee

Mr. Bama Prasad Mukhopadhyay

Mr. Prasan Lohia

Ms. Vinamrata Agrawal  
– Secretary to the Committee

### Stakeholders Relationship Committee

Dr. Gautam Bhattacharjee  
– Chairman

Mr. Prasan Lohia

Ms. Vinamrata Agrawal  
– Secretary to the Committee

### Nomination and Remuneration Committee

Dr. Gautam Bhattacharjee  
– Chairman

Mr. Sisir Kumar Chakrabarti

Mr. Bama Prasad Mukhopadhyay

Ms. Vinamrata Agrawal  
– Secretary to the Committee

### Corporate Social Responsibility Committee

Mr. Prakash Lohia

Mr. Prasan Lohia

Dr. Gautam Bhattacharjee

### Chief Financial Officer

Mr. Asok Kumar Parui (Resigned on 30th September, 2019)

Mr. Sanjay Banka (Appointed on 1st October, 2019 & Resigned & Released on 15th July, 2020)

### Company Secretary

Ms. Vinamrata Agrawal

### Registered Office

5, Alexandra Court, 60/1,  
Chowringhee Road, Kolkata-700  
020

Phone: 2290-1214, Fax: 91-33-2287-  
0314,

E-mail: merinokol@merinoindia.  
com

Website: www.merinoindia.com

### Plants

Delhi-Hapur Road, Vill. Achheja,  
P.O. Hapur-245 101, Dist. Hapur,  
Uttar Pradesh

Bagalur Road,  
Vill. Kalahasthipuram, Hosur - 635  
103, Dist. Krishnagiri, Tamil Nadu

Plot No. D-2/CH/36, Dahej-2  
Industrial Estate, Dist. Bharuch  
PIN: 392 130, Gujrat

### Branches

Ahmedabad, Bangalore,  
Bhubaneswar, Chandigarh,  
Chennai, Coimbatore, Delhi,  
Ernakulam, Hyderabad,  
Indore, Jaipur, Mumbai, Nagpur,  
Pune, Rohad, Vijaywada

### Auditors

Singhi & Co.

Chartered Accountants

### Cost Auditors

Basu, Banerjee, Chakraborty,  
Chattopadhyay & Co.  
Cost Accountants

### Banks:

AXIS Bank Limited

Standard Chartered Bank

Kotak Mahindra Bank Limited

Punjab National Bank

The Hongkong and Shanghai  
Banking Corporation Limited

DBS Bank Limited

CITI Bank N.A.

YES Bank Limited

### Registrars & Share Transfer Agents

C.B Management Services (P) Ltd.

P-22, Bondel Road, Kolkata-700 019

Phone Nos.: (033) 4011 6700, 2280

6692 – 94 Fax: (033) 2287 0263;

Email: rta@cbmsl.com



# DESIGNS ON THE FUTURE

There is a bigger premium today on attractiveness and visual elegance than ever.

The world does not need a product for functional needs; it needs products to excite and impress as well.

At Merino, we have invested in the launch of future-facing laminate catalogues that enhance the elegance of interiors and add to owner pride.

### Our mission

Universal weal through trade and industry

### Our vision

Global competence and global competitiveness in every line of business by synergising a western work culture and Indian ethos

### Our motto

Our endeavour is to maximise the product value (excellence), maintain affordability (economy) and deal fairly and transparently in all our relationships (ethics)

### Rich experience

Established in 1965 by the late Man Kumar Lohia, Merino Industries Limited is one of the world's leading manufacturers and exporters of decorative laminates for interior applications. The Group is managed by a team of multi-genre professionals. The Group is headquartered in Kolkata, West Bengal. With a presence in over 80 countries across five continents, the Merino Group reported an annual turnover of over ₹1473.72 Crore in 2019-20.

### Extensive scale

The Group possesses India's largest manufacturing laminates capacity of 215 Lakh sheets per annum. The Group is among India's handful laminate players possessing a captive printing unit and three short-cycle lamination facilities that can produce pre-laminated particle and MDF boards: from 2.5x6 ft to 9x6 ft. The Group invested in a plate polishing and cleaning facility for a uniform surface finish of stainless steel moulds; it is the only high pressure laminates manufacturer in Asia with chroming and de-chroming facilities to deliver chromed stainless steel mould quality (to produce non-directional chromed gloss plates); it is also engaged in the manufacture of formaldehyde and resins.

### Our inspiration

'ARISE, AWAKE, AND STOP NOT TILL THE GOAL IS REACHED.'

- SWAMI VIVEKANANDA



THE EXCITING WORLD OF  
MERINO INDUSTRIES LIMITED

## Manufacturing capacities

Company	Location	Products	Capacity
Merino Industries Limited	Hapur, Uttar Pradesh	Laminates	72 Lakh sheets
		Furniture	2.24 Lakh pieces
		Formaldehyde	18,250 MT
		Potato flakes	86 Lakh kg
		Prelam boards (including Gloss Miester)	10.50 Lakh pieces
Merino Industries Limited	Hosur, Tamil Nadu	Prelam boards	18 Lakh sqm
Merino Industries Limited	Dahej, Gujarat	Laminates	47.25 Lakh sheets
Merino Panel Products	Rohad, Haryana	Laminates	96 Lakh sheets
		Plywood	8.10 Lakh sqm
		Prelam boards	3.74 Lakh pieces
		Formaldehyde	9,360 MT

### Diversified range

#### Laminates

The Group is one of the largest manufacturers of laminates in India with more than 10,000 SKUs across varied designs, colours and finishes.

#### Panel products and furniture division

The Group pioneered the manufacture of panel products such as restroom cubicles; the furniture division manufactures products such as furniture components made of particle boards, MDF boards and ply boards.

#### Potato flakes

The Group invested in the manufacture of potato flakes with a manufacturing facility in Hapur, Uttar Pradesh.

### Cutting edge technology

The Group possesses three manufacturing units comprising state-of-the-art equipment. Merino is one of two companies in India to have successfully developed the Double Belt Casting Unit process to produce a superior quality of laminates.

The Group has also integrated operations through ERP, enhancing transparency and providing real-time information to customers and service providers.

### Resolute compliance

The Group's manufacturing facilities have been accredited with ISO 9001, ISO 14001 and ISO 18001 certifications. The Group has a dedicated research and development team to ensure continuous innovation with enhancing product and process quality.

### Awards and certifications

The Group was the first in its industry in India to receive the coveted ISI, ISO-9001 and ISO-14001 certifications.

### Presence

The Group is headquartered in Kolkata and has a presence in all the major States in India and exports products to 65 countries across five continents. The Group's network of more than 1080 dealers (doubled in the last five years) provides products across 10,000 pan-India outlets.

# HOW WE HAVE GROWN ACROSS THE YEARS



Established a potato  
cold storage plant

1969

1978

**1973:** Started manufacturing plywood  
**1978:** Established a laminate  
manufacturing unit in Hapur

1981-  
1998

**1981:** Capacity of 500 laminate sheets per day  
**1994:** Recognised as the highest exporter of laminates  
**1995:** Established a manufacturing unit in Rohad, Haryana  
**1998:** Launched Flex post-forming laminates

**2003:** Established a unit to manufacture low pressure laminates  
**2004:** Commenced the delivery of restroom cubicle system  
**2005:** Launched Vegit, a nationally leading brand, making  
potato flakes and instant snack mixes  
**2006:** Established a manufacturing unit in Hosur, Tamil Nadu,  
for Prelam boards  
**2007:** Launched an IT firm named Merino Services Limited  
**2010:** Launched MR+ laminates under the flagship brand of  
Merino Laminates

2003-  
2010



# 2014

Launched internal and external wall cladding products

# 2016

Launched Gloss Meister brand for melamine-faced particle board, MDF board and post-formed panels

# 2015

Launched Stoven, a stone veneer sheet brand

Established a manufacturing unit in Achheja, Uttar Pradesh, for laminates, furniture formaldehyde and potato flakes

# 2017

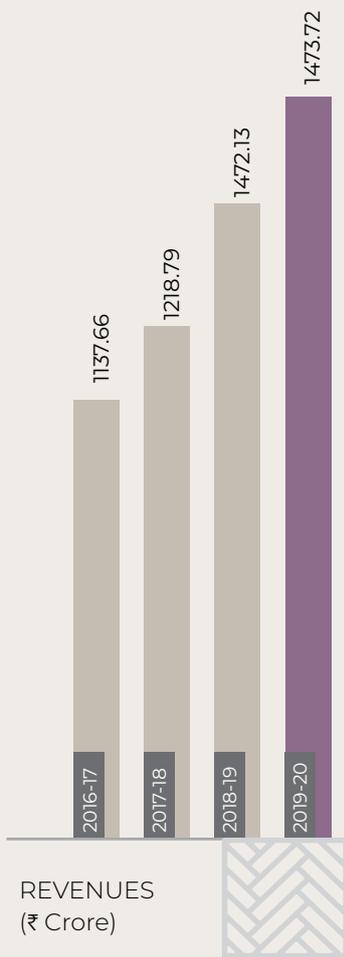
Established a manufacturing unit in Dahej, Gujarat

Launched Finguard and Harmony brands of coordinated surfaces

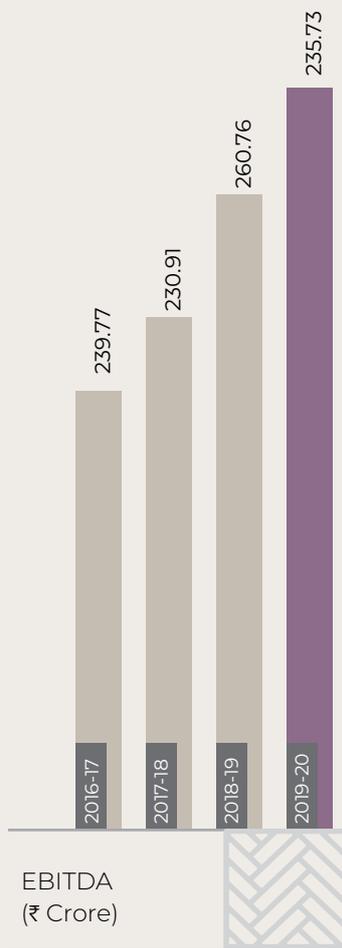
# 2018

Launched the Imagino, Matt Meister and Laminature series of laminates

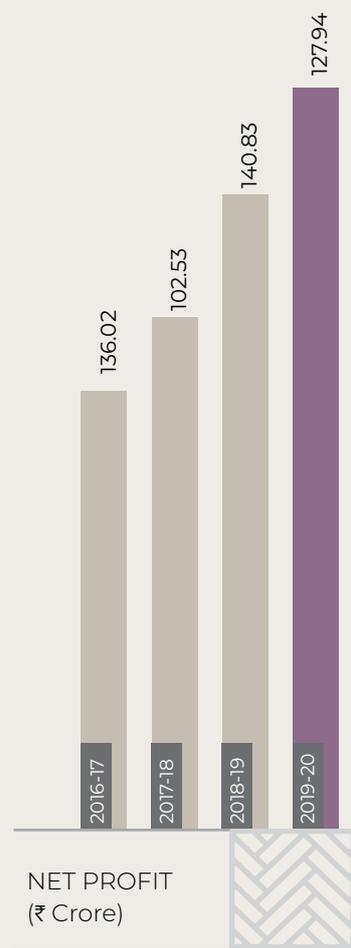
# HOW WE HAVE CONSISTENTLY GROWN OUR BUSINESS IN THE LAST FEW YEARS



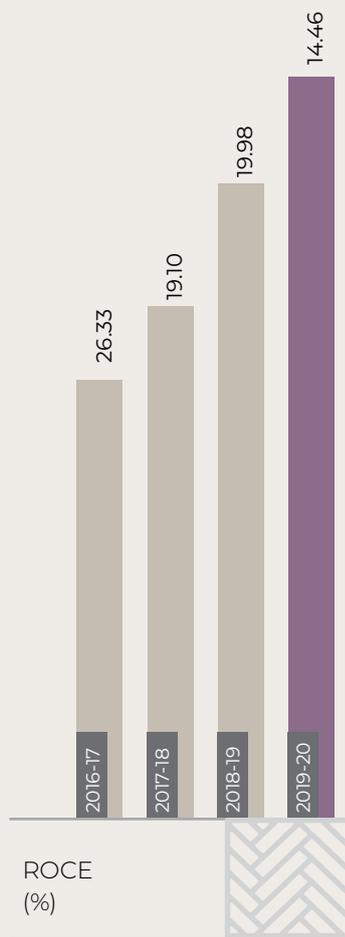
**Performance, 2019-20**  
Aggregate sales increased 0.11% to ₹1473.72 Crore during 2019-20 compared to ₹1472.13 Crore in 2018-19.



**Performance, 2019-20**  
The Group's EBITDA declined 10% on account of market sluggishness and the pandemic impact.

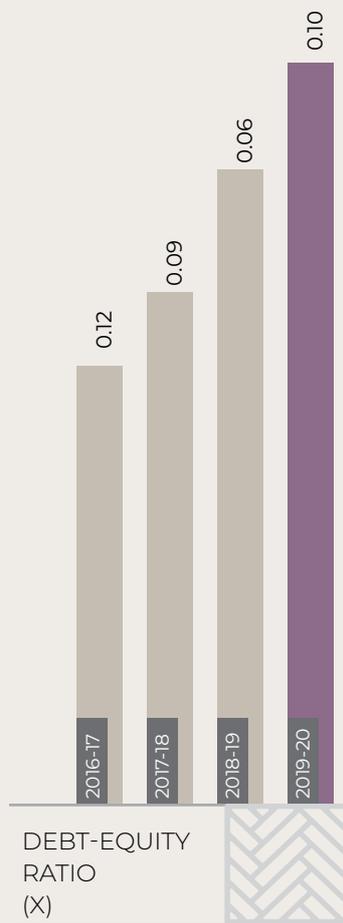


**Performance, 2019-20**  
The Group's PAT declined 9% over the previous year due to sales loss during the last 10 days of March, 2020 on account of the COVID-19 impact.



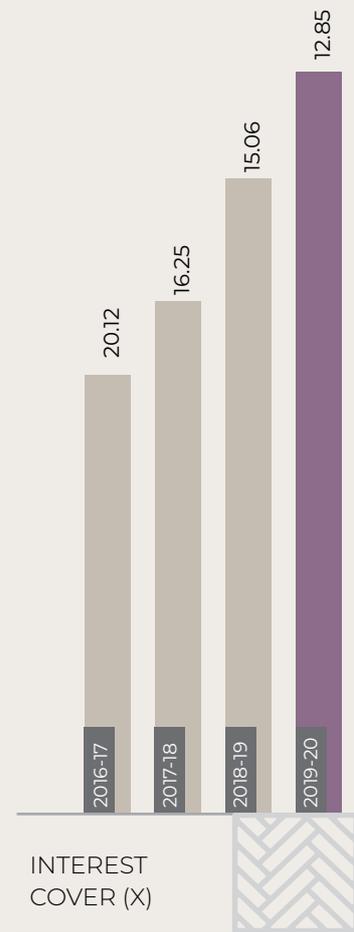
#### Performance, 2019-20

The ROCE of the Group declined 552 bps due to the incurrence of non-repetitive marketing expenses coupled with unfavourable marketing and economic conditions.



#### Performance, 2019-20

The Group's debt-equity ratio stood at 0.10x in 2019-20.



#### Performance, 2019-20

The interest cover of the Group stood at 12.85x in 2019-20.

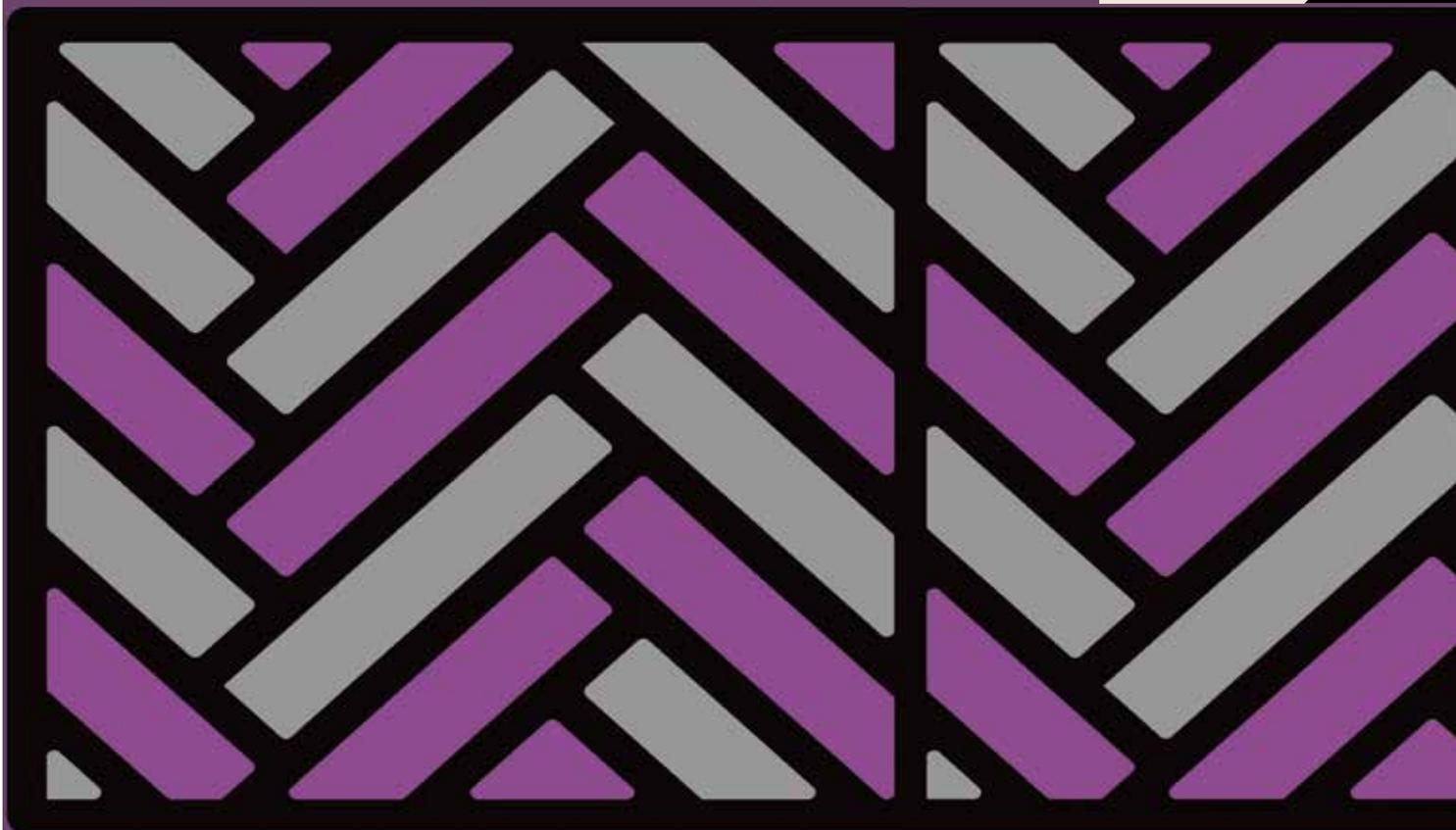


# MERINO'S DESIGNS ON THE FUTURE

A collection of laminates that extend  
beyond the functional and conventional

## High pressure laminates

High pressure laminates possess strong bonding features that make them resistance to boiling water and stains while enhancing dimensional stability. They are ideal for use in home furniture, oil linings, column claddings, doors, shelves and table tops, among others.



**AB+ anti-bacterial laminates**

AB+ anti-bacterial laminates are used for protecting surfaces against bacteria. The laminate inhibits growth and spread of bacteria by 99.99% within 24 hours and provides longevity and warrants low maintenance. They are ideal for domestic bathrooms and kitchens, public buildings, toilets, catering facilities, nursing homes and gyms, among others.

**Chem + (Lab Grade) laminates**

Chemical resistant laminates provide chemical resistance and durability (free of porosity). They are ideal for sinks, counters, lab benches, chemicals and scientific pathogenic laboratories.

**FR+ fire retardant laminates**

FR+ fire-retardant laminates are safe, durable and attractive. They possess Class I fire rating; they are self-extinguishing and reduce toxic fumes, making them ideal for train compartments, kitchen cabinets, wall panels and shopping malls, among others.

**ESD + electrostatic dissipative laminates**

Electrostatic dissipative laminates provide safety in electrostatic protected areas (EPAs). They are permanent static dissipative, drain static charges and do not allow dust to stick to the surface. Considered ideal for IT offices, call centres, electronic industries and pharmaceutical laboratories, among others.

**Post forming laminates**

Post forming laminates are required to roll in a simple radius over substrate edges. They provide round-edge uniformity and comprise no seams over the edges. Considered ideal for shutters, countertops, executive tables and modular office systems, among others.

**UNI+ unicolor laminates**

UNI+ unicolor laminates combine the highest standards of quality and benefits of homogeneous solid colours. The core layers provide laminates with a uniform decorative look. They provide resistance to abrasion, stain and heat and are ideal for table-tops, counter-tops, children's rooms, desks and drawers.

**Digital printed laminates**

Digital printed laminates customise printed laminates for interiors. They are decorative and ideal for walls and partitions, commercial areas, stands, exhibitions and doors, among others.

**Metalam (metal foil) laminates**

The Metalam range of high pressure metallic laminates are designed for vertical interiors and ceilings. They do not accumulate dust and are aesthetic. Ideal for hospitals, gaming, entertainment, cruise and furniture applications.

**Compact laminates**

Compact laminates are solid grade, load bearing laminates with inner impregnated core comprising thermosetting resins resistant to atmospheric and chemical agents. They provide water and moisture resistance, scratch and graffiti resistance, fire, burn and stain resistance. They are non-corrosive with dimensional stability. Ideal for kitchen-tops, doors, table-tops, wall and floor decoration materials.



MERINO IS SECURELY  
POSITIONED TO PROTECT  
ITS ECO-SYSTEM AND  
OUTPERFORM SECTORAL  
GROWTH AS SOON AS  
CONDITIONS IMPROVE.



CHAIRMAN'S  
MESSAGE

*Dear shareholders,*

The world is passing through unprecedented times. The Novel Corona virus has created easily the largest pandemic in the recorded history of the world, affecting most countries and companies.

The abruptness of the virus incidence, the speed of its spread and the extent of its impact represent a watershed in the history of humankind.

At Merino, we were not affected as much by the virus impact during the financial year under review as much as we were during the first quarter of the current financial year. As a business that is a part of the national and sectoral eco-system, the spread of this virus and the lockdown that transpired thereafter have only reinforced our conviction that for businesses that expect to endure there needs to be a distinct strategic clarity.

An unpredictable environment as the one that we are passing through puts a premium on strategic de-risking and the need for managed growth. This is a time when we believe that the truly sustainable companies will effectively resist a sharp revenue, profits and margins downside while the going is difficult and be quicker off the blocks once conditions revive.

**So what companies are expected to endure?**

At Merino, we believe that companies that are in existence to address a specific purpose – in our case, interior infrastructure solutions - will find it easier to protect their brand recall during such challenging periods.

We believe that companies that have extended beyond a generic positioning and address specific market

segments – like Merino is positioned - stand a better chance of competitiveness across market cycles.

We believe that companies that are faithfully aligned in terms of overarching strategy and organisational structure – like we have attempted – will be better equipped to survive the downturn and recover fastest when sentiment revives.

We believe that there is a greater priority in being low on long-term debt than ever before. We have been managing our growth from the annual surplus generation and the cash sitting on our books while drawing down debt, a reality that we believe is sustainable from a long-term perspective.

And lastly, we believe that companies like Merino, that are able to retain their stakeholders and generate superior productivity, will be better equipped to provide effective solutions that transform the business health of their trade partners and customers.

The principal message then that I wish to convey to our shareholders is that Merino is securely positioned to protect its eco-system on the one hand and outperform sectoral growth as soon as conditions improve on the others.

**Rup Chand Lohia**  
Executive Chairman

One of India's  
largest  
laminated  
manufacturers

Extension  
into synergic  
interior  
infrastructure  
products and  
solutions

## WHAT WE ARE

Focused on  
strengthening  
terms of trade

Focused on  
strengthening its  
credit-rating

Frozen capital  
expenditure  
(except  
maintenance)

## WHAT WE WISH TO BE

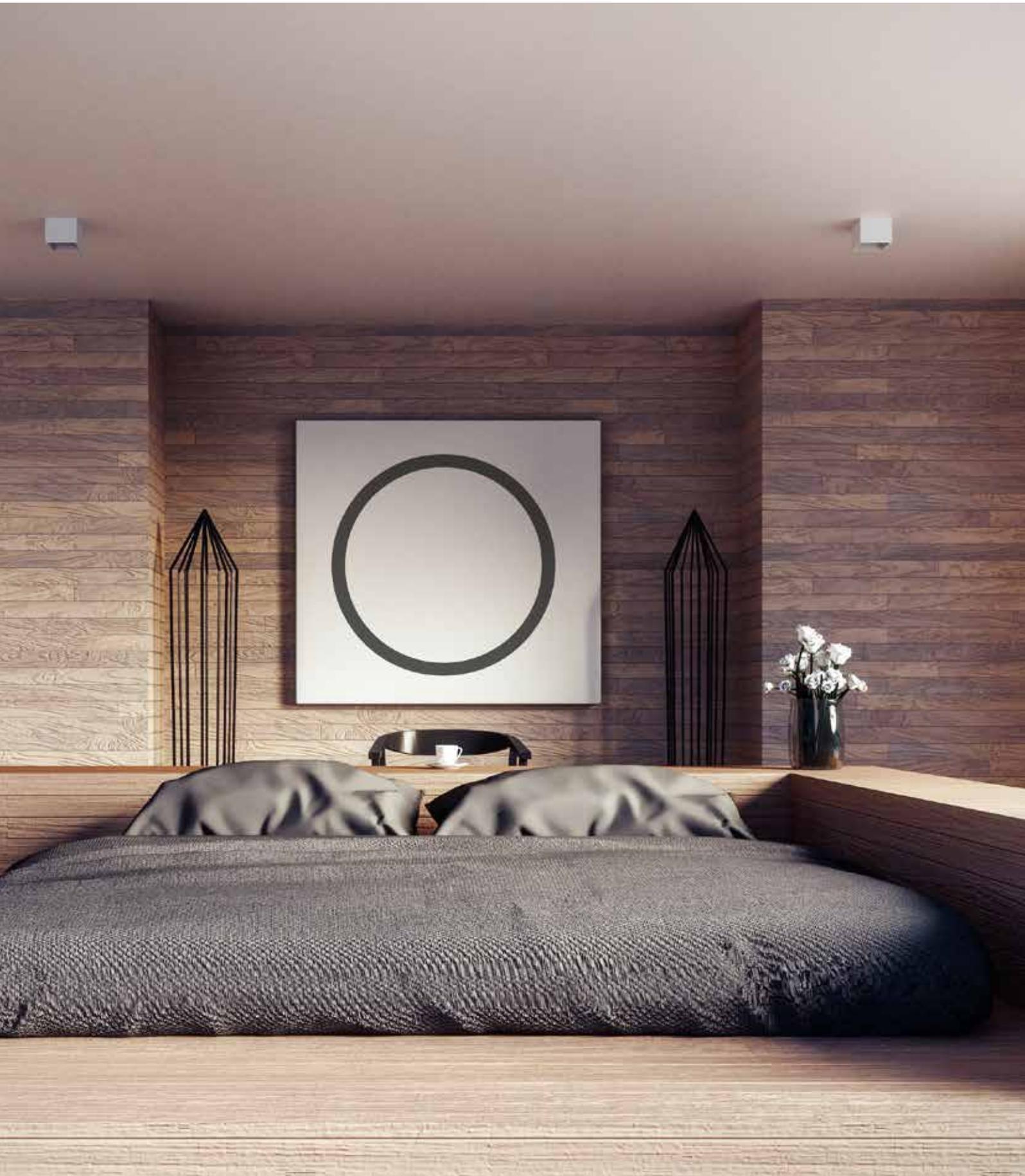
Repay / prepay  
debt; become  
debt-free  
across the  
foreseeable  
future

Generate  
multi-year  
EBIDTA  
visibility

Report  
EBIDTA / unit  
of output  
considerably  
higher than  
the sectoral  
average

Strengthen  
credit-rating  
by a few  
notches

Become  
synonymous  
for innovative  
products and  
solutions



# HOW WE INTEND TO ENHANCE SHAREHOLDER VALUE

## INITIATIVES

### Broad-based geographic footprint

Increase in export sales to offset weaker domestic demand

### Balance Sheet right-sizing

Focus on Balance Sheet deleveraging  
Goal to emerge zero debt across the foreseeable future

### Leverage portfolio flexibility

Flexibility to sell laminates and furniture

### Capital efficiency

Utilise relatively lower working capital

### Increase throughput

Increase production though de-bottlenecking  
Selective expansion accompanied by short project payback

### Moderate fixed costs

Work with a relatively smaller Balance Sheet

## DESIRED OUTCOMES

Cost leadership



Enhanced niche presence



Higher liquidity (interest cover)



Maximised free cash flows



Enhanced RoCE and RoE



# MERINO'S DESIGNS. TOUCHING MORE LIVES DEEPER THAN YOU KNOW

There is more of Merino in your life than you would know. Some of the most prestigious locations in India have turned to Merino for their visual and convenience requirements – for laminates or restroom cubicles.



Merino has pioneered products and initiatives.  
Making it a game-changer

## Restroom cubicles

The Group was the first in India to introduce indigenous restroom cubicles. Ideal for airports and malls. All major Indian airports use Merino restroom cubicles.

## Gloss meister

The Group introduced panels with a glossy surface that are extensively used in exterior and interior applications.

## Maintenance

The Group was the first to invest in captive plate polishing capability for stainless steel moulds used in laminates manufacturing; it is perhaps the only player in the country to possess this cutting-edge technology.

## Cogeneration

The Group was the first in its sector to invest in power cogeneration (2.75 MW), showcasing its environment commitment.



## MERINO AT GOLDEN TEMPLE, AMRITSAR

One of Nimrat Kaur's worries when visiting the revered Golden Temple in Amritsar was whether the rest room infrastructure would be comfortable for her aged mother.

She asked around as soon as she reached Amritsar.

*'Koi problem hi nahi hai,'* she was told.

Being a concerned daughter, she worried nevertheless.

However, when she reached the precincts of Golden Temple, one of the first things she did was to go and inspect the restroom facilities.

She was in for a pleasant surprise.

The facilities were not only squeaky clean but easy to use. No heavy block doors for restroom enclosures; Merino's restroom panels were light enough for any aged or child to negotiate; they were fitted with a simple and accessible locking device.

When Nimrat saw this, she was relieved. She could now meditate and pray in peace.

---

Merino BESCO Cubicles & Lockers is the fastest growing division in the Merino Group.

---



## MERINO AT HILTON HOTELS, JAIPUR

When one of the most prominent global hospitality brands needed to present world-class interiors, it turned to Merino.

The client's requirements: world-class design, product endurance and superior price-value proposition.

There has been an extensive use of Merino laminates across the property's interiors.

The result is an alignment between the hospitality brand's global standards and that of its standards in Jaipur.

Making it possible for visitors coming from abroad to not notice any significant difference.

---

The Group introduced Armour External Cladding, a solid exterior grade Compact High Pressure laminate that is easy to install, maintain and replace. The product provides weather resistance and UV resistance.

The Group's Gloss Meister Panel enhances product finish, preventing cracks and delaminating with no yellowing effect.

---



## MERINO AT DELHI METRO RAILWAY CORPORATION

One of the biggest challenges that most commuters on Delhi's Metro lifeline face is the untimely need to visit the restroom.

This in itself is the challenge: the unspoken fear of poor hygiene and odour that is usual in most public restrooms across the country.

Except when one is visiting the DMRC restrooms.

Clean. Silent. Functional.

A part of the superior experience at these restrooms is derived from Merino's restroom cubicle.

One, it reminds the user of the superior airport experience.

Two, it is easy to use and clean, which translates into a differentiated experience.

Three, there is a certain spaciousness around the experience that makes it functional for those who use or clean.

Graduating an Indian public restroom to the level one usually encounters in a developed country.

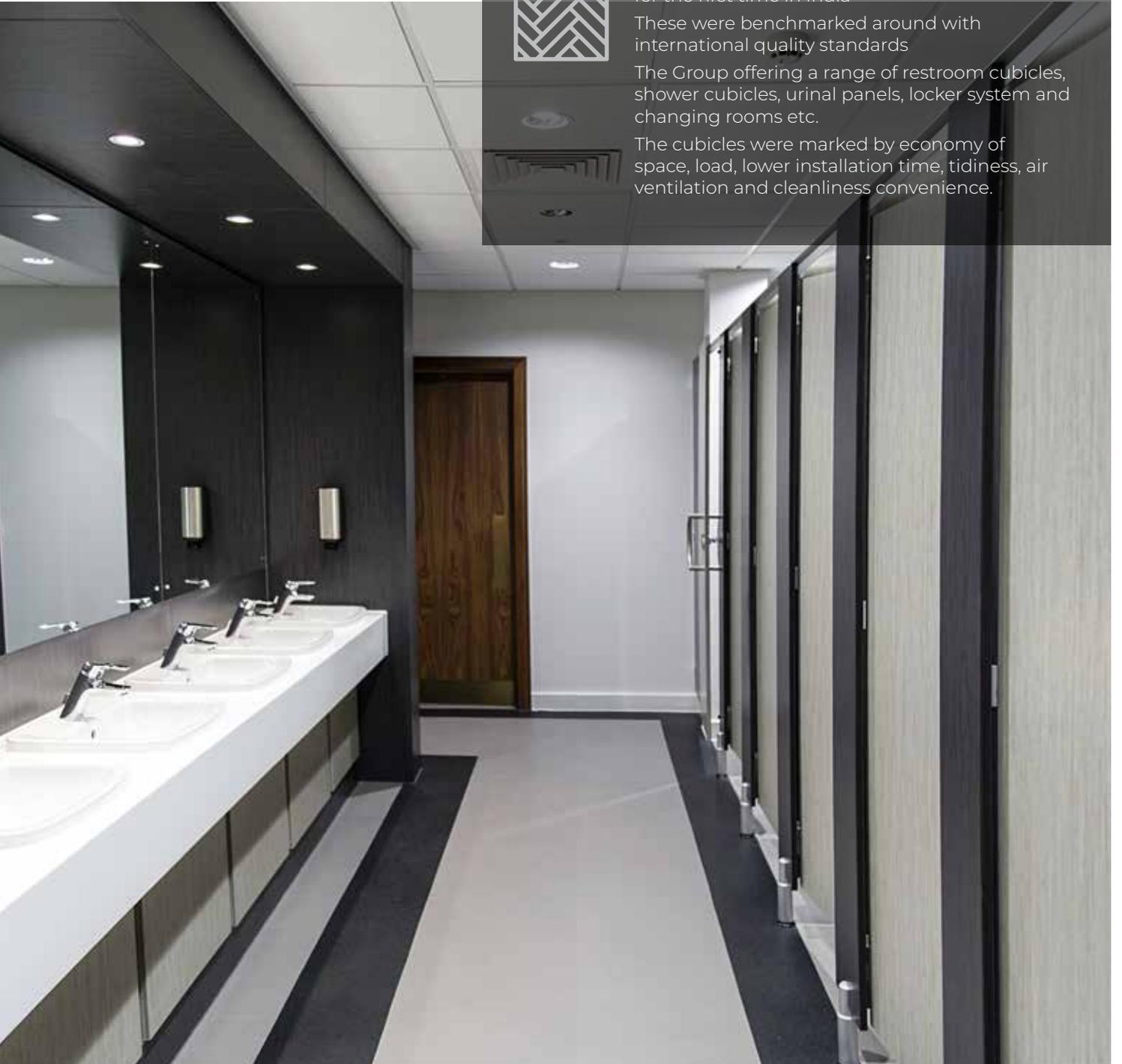


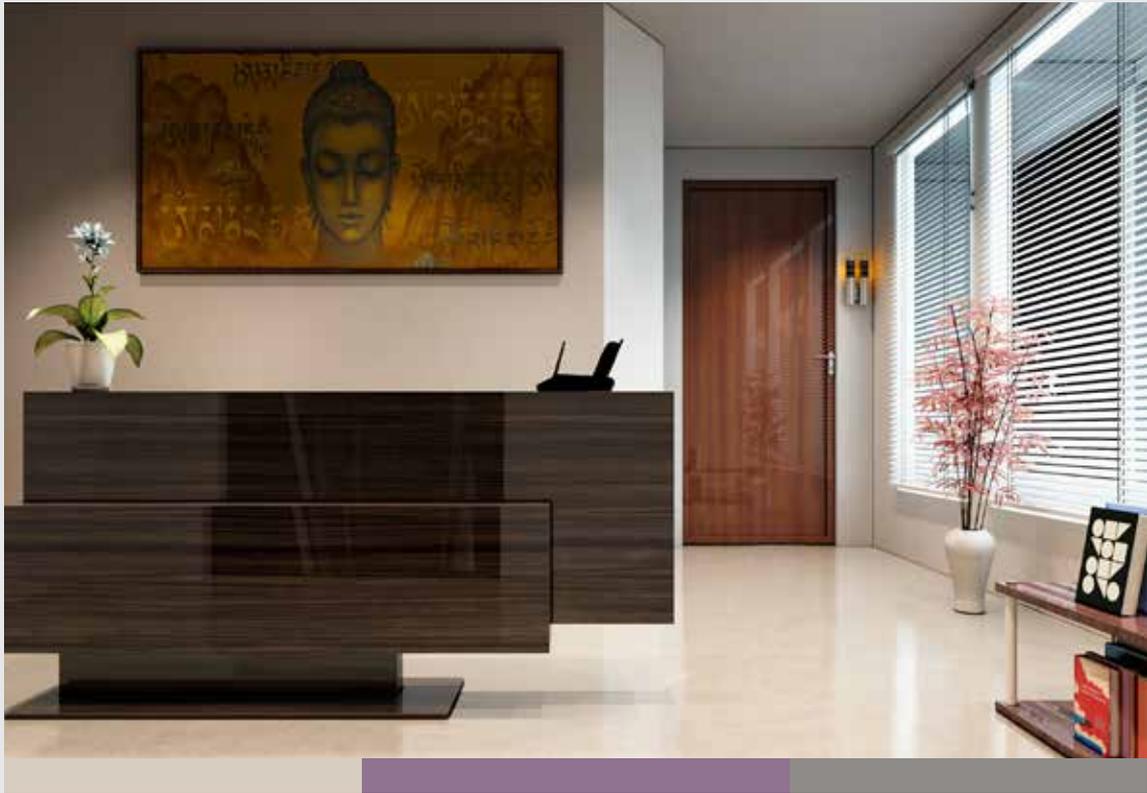
Merino's restroom cubicles were manufactured for the first time in India

These were benchmarked around with international quality standards

The Group offering a range of restroom cubicles, shower cubicles, urinal panels, locker system and changing rooms etc.

The cubicles were marked by economy of space, load, lower installation time, tidiness, air ventilation and cleanliness convenience.





MERINO  
AT MARUTI  
SUZUKI,  
GURUGRAM

When India's largest automobile manufacturer needed to make its interiors more attractive it turned to India's most trusted laminates brand.

Merino.

Merino presented its vast swatch for the benefit of one of India's most iconic automobile brands.

The result is a showpiece interior that raises eyebrows – in the positive sense.

Marrying aesthetics with durability with maintenance ease.

The best of all worlds.

---

The Group introduced Shaurya a few years ago

This was derived from a collaboration with the German Bren system

This system helps protect walls and corners against damages and soiling

The system uses different profiles and compact laminate-based panels.

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## MERINO: TRUSTED BY MARQUEE BRANDS ACROSS INDIA

Supreme Court of India	BJP Office, Dhanbad
Eden Gardens, Kolkata	IIT, Kharagpur
Statue of Unity, Gujarat	IBM, Kolkata
DS Group, Noida	IILS, Siliguri
GD Goenka School, Lucknow	Bagdogra Airport, Kolkata
Honda Cars, Gr. Noida	KIMS Hospital, Bhubaneswar
Hotel Hayat Palace, Jaipur	Bandhan Bank, Kolkata
Gaur City Mall, Noida	Impression Hotel, Patna
DPS, Gr. Noida	DPS, Kolkata
IIT Jammu, Ropar	Tinsukia Railway Station, Tinsukia
Sonalika Tractors, Mohali	Nirma University, Ahmedabad
Jaipur Metro, Jaipur	Inorbit Mall, Mumbai
Flipkart Allcargo, Jhajjar	IIM, Ahmedabad
Exxon Mobil, Gurugram	Parle Biscuits, Chittoor
American Express, Gurugram	Chhatrapati Shivaji Airport, Mumbai
Hero Motocorp, New Delhi	Times of India
KPMG, Gurugram	Motera Stadium, Gujarat
Airtel Office, Gurugram	E&Y, Ahmedabad
Apollo Tyres, Gurugram	RBI, Mumbai,
Amity International School , New Delhi	HUL, Indore
Google, Gurugram	Hitachi, Mehsana
Ericsson, Gurugram	Tata Motors, Pune
AMRI Hospital, Kolkata	
Emami City, Kolkata	



## HOW WE HAVE STRENGTHENED MERINO OVER THE YEARS

### 1 Merino had ₹39.05 Crore of debt on its books in 2015-16

- The Group began to redeploy accruals in debt liquidation
- The Group repaid ₹77 Crore of long-term debt in five years ending 2019-20
- Long-term debt-equity ratio has strengthened to 0.10 in 2019-20 (peak 0.12 in 2016-17)
- Cash accruals have helped moderate working capital utilisation to 76% of limits

### 2 Merino was once an India-focused company

- The Group began to manufacture a world-class product quality
- The Group widened its export presence to 65 countries as on 31st March, 2020
- The Group derived more than 27% of revenues from exports in 2019-20
- The Group has emerged among the largest laminate exporting companies in India



### 3 Merino was once a single-product interior infra company

- The Group widened its product mix into synergic areas
- The Group extended to the manufacture of pre-laminated boards, performance laminates, restroom enclosures, plywood, post-laminated products and furniture
- The proportion of non-laminate revenues accounted for 26% of turnover, 2019-20
- The Group's revenue broadbasing has helped strengthen de-risking

### 4 Merino was once a manufacturing-driven company

- The Group strengthened its marketing
- The Group invested 3.52% of annual revenues in brand building
- The Group designed schemes to engage dealers and carpenters
- The initiative strengthened a quicker offtake of value-added laminates

# OUR ROBUST BUSINESS MODEL

Merino's business model is focused on enhancing long-term value for the Group and stakeholders through the achievement of goals relating to profitability, efficiency, operational excellence and mitigation of business risks.



## WHAT WE ARE

**Scale:** Manufacturing capacity of 215 Lakh laminate sheets per annum, one of the largest in India.

---

**Wide laminate range:** More than 10,000 designs, textures, colours and finishes.

---

**Governance commitment:** Complete alignment with certification and compliance needs, customer interests and statutory obligations.

---

**Technology edge:** Investment in Double Belt Casting Unit process moderated cost of manufacture and enhanced quality.

---

**Presence:** Presence across 1080 + dealer network to deliver products across more than 10,000 outlets.

## WHAT WE ARE CAPITALISING ON

**Rising population:** India is the second-most populous country with a population of around 1.36 bn in 2019 and growing at >1% per year.

**Increasing incomes:** The nominal per capita net national income during 2019-20 rose 7% to ₹134, 226.

**Rapid urbanisation:** By 2030, 40% of the India could be urban (34% today), creating an additional demand for 25 mn affordable housing units.

**Increasing office space:** India's office space increased 22% (gross absorption 57.72 mn sq ft) in 2019.

**Affluent middle-class:** Affluent households have more than doubled since 2008, from 10 mn to 24 mn. Aspirers have jumped from 31 mn households to 57 mn. Elite households, comprising those that earn upwards of ₹20 Lakh per year, have grown from 3 mn to 9 mn.

**Favourable demographics:** Approximately 66% of India's population is below 35, indicating a large economically productive population.

**Social media:** The data traffic in India increased 47% in 2019 following 4G absorption, enhancing visibility for well-designed interiors.

**Organised market share:** Following GST implementation, the price difference between organised and unorganised products narrowed from 25-30% to 10-15%, strengthening offtake for the former.

## OUTCOMES OF OUR RESILIENT BUSINESS MODEL

Increased revenues by 0.11% from ₹1472.13 Crore in 2018-19 to ₹1473.72 Crore in 2019-20.

Increased revenues from exports by 4.53% to ₹392.79 Crore.

EBITDA stood at ₹235.73 in 2019-20.

Maintained credit rating at AA- in 2019-20.

Long term debt stood at ₹94.68 Crore.

Reported 14.46% RoCE in 2019-20.

(Source: India Today, Economic Times, Statista, Live Mint)

# MERINO. STRENGTHENING PROSPECTS BY DEEPENING OUR NETWORK

## Overview

Distribution is the function that connects the Group to its customers. Merino's extensive distribution network helped the Group evolve and address the growing needs of customers. Following the COVID-19 pandemic, sales and distribution as a function became critical owing to a need of last-mile engagement with consumers.

## Strengths

**Wide range:** Merino possesses a wide range of laminates comprising more than 10,000 designs, textures, colours and finishes, possibly the widest in its sector in the country.

**Deeper reach:** Merino added channel partners in Central and Western India, strengthening offtake.

**Liquidity:** Merino maintained receivables at 44 days of sales equivalent, the result of a high cash-and-carry approach.

**Brand recall:** The Group enjoys a strong brand recall reflected in one word – Trust – leading to a consumer's peace of mind.

**Robust distribution network:** The Group possesses 1,080 distributors network, ensuring product availability and accessibility.

## Highlights, 2019-20

- The Group's influencer engagement program - Merino Humrahi – engaged 75,000 carpenters in enhancing awareness related to laminate fabrication and allied surfaces.
- The Group launched a channel financing programme with a back-to-back arrangement with commercial banks.
- The Group collected sales data of consumer buying patterns from channel partners for identifying gaps.
- The Group launched an Architect Connect Program, an online platform to connect with architects across India.
- The Group associated with 500 small and medium interior designers, strengthening its product visibility.
- The Group generated ₹393 Crore from exports.
- The Group integrated the distributor's stock database into its supply chain management, strengthening inventory management.

## Proportion of sales derived from India (%)

2015-16

70

2016-17

71

2017-18

74

2018-19

74

2019-20

73

## Proportion of sales derived from exports (%)

2015-16

30

2016-17

29

2017-18

26

2018-19

26

2019-20

27

## BUSINESS ENABLER#2

# MERINO. STRENGTHENING PROSPECTS THROUGH CONSISTENT BRAND INVESTMENT

## Overview

Merino is a leader in the country's laminate segment by capacity, quality and recall. The brand is respected for its wide and deep portfolio, choice across price points, aesthetics, best-in-class quality and innovation in products and services. The Group enhanced visibility across more than 10,000 retail outlets through printed collateral, product display at points of sale and engagement meets with channel partners.

## Product launches, 2019-20

**Name of the brand:** Ply Meister

**Year of launch:** 2019-20

**Nature of product:** PU+ acrylic coated birch plywood in super gloss and super matt finish

**Tagline:** Elegant and Sturdy

**Name of the brand:** Infusio

**Year of launch:** 2019-20

**Nature of product:** Incorporating dimensional materials into the paper like sparkles, dusk etc.

**Tagline:** The Third Dimension

**Name of the brand:** Impreza

**Year of launch:** 2019-20

**Nature of product:** Compact with matching design and core layers

**Tagline:** Unicolor Core

## New initiatives, 2019-20

**Investment:** The Group channelised 3.52% revenues towards branding.

**New channel:** The Group launched a new website for Merino Laminates.

**Campaign:** The Group introduced a TV and digital media campaign in Q4 2019-20, strengthening visibility.

**Merino Humrahi:** The Group launched an influencer engagement program called Merino Humrahi across 14 States and 2 Union Territories in India, connecting more than 75,000 carpenters.

**Architect programme:** The Group launched an architect programme in January 2020.

**E-catalogue:** The Group launched a new e-catalogue (35 + designs) in January 2020 inspired by various countries; the folder (with a QR code) facilitates access to digital versions.

**Digital marketing:** The Group leverages Youtube, Twitter and other social media platforms to enhance recall.

### Brand spending (₹ Crore)

2016-17

25

2017-18

20

2018-19

27

2019-20

52

### Revenue per rupee of brand spending (₹)

2016-17

42

2017-18

60

2018-19

55

2019-20

28

# HOW WE MANAGE RISKS IN OUR BUSINESS

## Background

At Merino, the effectiveness of our risk management practice is derived from the knowledge and hands-on engagement of our promoters. The Group recognises that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner.

## Risk management organisation, roles and responsibilities

At Merino, the navigation of our corporate policy (and in effect our ability to manage organisational risk) cascades from our Board of Directors. Our Board comprises professionals with rich industry experience. Their hands-on understanding of the prevailing economic and corporate realities governs on-going appraisal and recalibration of corporate strategy whenever necessary.

The Board of Directors is also responsible for our governance principles, including our overall risk tolerance. Our Board is assisted by

various committees with specific functions like Audit Committee, Stakeholders' Relationship Committee & Nomination and Remuneration Committee, which usually comprise Board member (s) and report their findings to the Board of Directors.

As a governance initiative, we ensure that members within our risk management structure are informed of our risk strategy and processes, ensuring a complete organisational alignment on the one hand and the ability to manage risks at the day-to-day transactional level on the other.

Our risk governance fosters the development and maintenance of an effective risk and control culture.

## Strategic implementation and the risk management cycle

At Merino, there is always a rationale behind what we describe as acceptable (and unacceptable) risk. The risk appetite, defined by our Board of Directors, is reflected in our business plans and

integrated into our operations. This appetite rests on a fine balance of risks and settlements, which ensures profits without affecting our viability.

Our risk acceptance is an expression of the extent to which our Board of Directors has authorised our management to assume risk within the constraints imposed by its capital resources, strategy, risk appetite and regulatory environment

Our risk acceptance and risk appetite – the amount of risk we seek to take – are enunciated and translated into a consistent limit framework across all risk categories.

The effective implementation of our risk management at the operational level embraces risk identification, measurement, analysis and assessment; our risk reporting, limitation (reduction to a level we have defined as appropriate) and monitoring makes it possible for us to closely follow all significant risks.

Identification

Measurement

Analysis and assessment

### IMPLEMENTATION OF RISK MANAGEMENT STRATEGY

Risk reporting

Limitation

Monitoring

**Risk identification**

At Merino, we identify risks through appropriate systems and indicators (quantitative component). Besides, our inbuilt reporting protocol makes it possible for our executives to report risks as and when they perceive.

**Risk measurement**

We continuously strengthen our risk measurement tools pertaining to each business function. We compare the results produced by our risk model with those recommended by supervisory authorities, prevailing industry standards.

**Analysis and assessment**

At Merino, it is important that our competence in the area of risk management translates into a superior financial performance. In view of this, our financial performance serves to validate the effectiveness of our risk management and operating model in an unambiguous way.

**Risk reporting**

At Merino, we periodically report the effectiveness of our risk management to our Management Committee covering categorise wise risk and the overall risks. We recognise that this can potentially generate early alerts that make it possible to engage proactively in initiatives to counter the risks.

**OUR RISKS AND MITIGATION****Raw material risk**

Inability to source raw materials may dampen operations

**Mitigation**

The Group's laminate manufacturing units are proximate to sources of raw material; it also procures raw materials directly from farmers and manufacturers at competitive prices.

**Product risk**

The Group's product may not be accepted by the market

**Mitigation**

The Group enjoys market leadership in the laminates segment, ensuring steady offtake. The Group continuously upgrades and adds new designs in line with changing market trends and consumer preferences.

**Finance risk**

Inability to fund expansion at a competitive rate would affect business

**Mitigation**

The Group has negligible debt on its books, making it financially stronger. The interest coverage ratio of the Group stood at 12.85x in 2019-20.

**Competition risk**

High competition from competitors may impact profitability

**Mitigation**

The reducing price gap between organised and unorganised players in the market provides an edge to the Group. The Group possesses extensive scale, innovative products, strong brand recall and operational efficiency, enabling it to emerge as a strong competitor.

# Directors Report

*Dear Shareholders,*

Your directors are pleased to present their Fifty-Fifth Annual Report on the business and operations of the company together with the audited financial statements for the year ended 31st March, 2020.

## FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

During the year under review, performance of your company is as under:

(₹ Lakh)

Particulars	Standalone performance		Consolidated performance	
	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2020	Year ended 31st March, 2019
Total Revenue (Net)	100939.70	98997.81	148891.57	149175.78
Profit before taxation	8458.69	11659.28	15761.89	20109.89
Less: Tax Expense	1414.92	3070.61	2967.99	6026.95
Profit for the year	7043.77	8588.67	12793.90	14082.94
Add: Other comprehensive income (net of tax)	588.29	1936.60	599.35	1949.53
Less: Total comprehensive income attributed to non-controlling interest	-	-	1534.08	1438.54
Add: Balance brought forward from the previous year	37201.00	29886.56	58200.70	47276.73
Balance	44244.77	38475.23	69460.52	59921.13
Appropriations:				
Interim Dividend	725.87	362.94	725.86	362.94
Dividend distribution tax on interim dividend	84.76	42.38	149.21	74.61
General Reserve	704.38	858.87	1156.13	1282.49
TOTAL	1515.01	1264.19	2031.20	1720.04
Add: Other comprehensive income	(51.15)	(10.04)	(42.89)	(0.39)
Balance Profit Carried Forward	42678.61	37201.00	67386.43	58200.70

## ECONOMIC OVERVIEW

India emerged as the fifth largest world economy in 2019-20 and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. But a closer look reveals that Indian economy slowed to 4.2% in FY 2019-20, compared to 6.1 in FY 2018-19, reason being slow GDP growth contributing to an increase in fiscal deficit mainly on account of lower aggregate demand, lower fiscal revenue, lower economic activity and higher fiscal expenditure on account of the measures to address the economic slowdown. The Indian currency came under intensified and sustained depreciation pressures beginning mid-January 2020, reflecting a generalised weakening of emerging market currencies amidst flights to safety.

The global decorative laminates market is estimated to reach USD 7.97 Billion by at a CAGR of over 5.0% during the forecast period, 2019–2025. The growth of the global market is primarily driven by the increasing application of decorative laminates in the construction industry. In addition, the low maintenance and installation costs of decorative laminates are also expected to fuel the global market growth. Furthermore, the technological advancements in printing

techniques and manufacturing environmentally-friendly laminates are likely to offer immense growth opportunities for the market players. However, the volatile raw materials prices are expected to hamper the growth of the global decorative laminates market in the coming years.

The decorative laminates market in India has witnessed significant growth in recent years. Decorative laminates, due to their excellent properties, such as water resistance, huge variety, durability, microbe-resistant, and ease of maintenance are used in a wide range of applications such as cabinets, furniture, countertops, and wall panels. The main types of decorative laminates are general purpose, post forming, backer, and special products. Based on type, the general purpose segment led the decorative laminates market in 2016, due to the use of general purpose decorative laminates in several applications. The demand for general purpose decorative laminates is high in all regions due to its easy availability and high disposable income of consumers.

Decorative laminates are used in various end-use sectors such as residential, non-residential, and transportation. Based on end-use sector, the non-residential segment is projected to lead the

decorative laminates market during the forecast period. This is mainly due to high volume consumption of decorative laminates in non-residential buildings as compared to residential buildings.

The increasing focus of the government for low cost housing and infrastructure development, coupled with the growth in the construction and furniture industry in the country is believed to benefit the expansion of the India plywood and laminates market. Additionally, increasing demand for laminates in various end user industries, such as furniture industry, real estate industry, coupled with the rapid urbanisation in the country are some of the factors anticipated to promote towards the growth of the Indian laminates market. Moreover, recent changes being made in the goods and service tax in the country have resulted in lowering the price difference of plywood and laminates sector between organised and unorganised sector, which is also anticipated to be one of the major key factors contributing towards the growth of the India plywood and laminates market.

### COVID-19 PANDEMIC

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lockdown of production facilities etc. On March 24, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till May 3, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Further, during March 2020 / April 2020, there has been significant volatility in oil prices, resulting in uncertainty and reduction in oil prices.

In assessing the recoverability of Company's assets such as investments, loans, intangible assets, Goodwill, Trade receivable etc. the Company has considered internal and external information.

In enforcing social distancing to contain the spread of the disease, the Company's offices and client offices all over the world have been operating with minimal or no staff for extended periods of time. To effectively respond to and manage the Company's operations through this crisis, the Company triggered its business continuity management program. In keeping with its employee-safety-first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being.

The Company's teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Proactive preparations were done at the Company's work locations during this transition to ensure the offices were safe. Majority of the production workforce were enabled in a rapid manner to work remotely and securely, thus ensuring that client commitments were not materially compromised.

### STATE OF COMPANY'S AFFAIRS, SEGMENT-WISE PERFORMANCE AND FUTURE OUTLOOK

Your Company recorded a total revenue of ₹ 100939.70 Lakh as compared to ₹ 98997.81 Lakh in the previous year. The profit before tax was ₹ 8458.69 Lakh as compared to ₹ 11659.28 Lakh in the previous year. The Company's net profit after taxes stood at ₹ 7043.77 Lakh as against ₹ 8588.67 Lakh last year.

During the year under review, the CIF value of exports of the Company amounted to ₹ 23097.59 Lakh as against ₹ 20600.59 Lakh of last year.

The Consolidated total revenue (net) during the year under review stood at ₹ 148891.57 Lakh as compared with the previous year's figures of ₹ 149175.78 Lakh. The consolidated profit before tax was ₹ 15761.89 Lakh as compared to ₹ 20109.89 Lakh in the previous year. The consolidated profit after tax is ₹ 12793.90 Lakh as compared to the previous year's figures of ₹ 14082.94 Lakh.

Your Company operates mainly in three segments, namely, manufacturing of Laminates, Potato Flakes and Panel Products & Furniture though business activities of your Company also involve trading in similar and allied products including Acrylic solid surface, with the laminates segment being the most dominant one both in terms of profit and revenue. Increase in profits in laminates can be attributed to the growth in exports and domestic sales.

During the fiscal under review, revenue (including inter-segment transfer) generated from Laminates Segment was ₹ 75314.33 Lakh as against ₹ 73452.42 Lakh, Panel Products ₹ 21416.06 Lakh as against ₹ 19889.12 Lakh and Potato Flakes ₹ 6098.70 Lakh as against ₹ 6795.41 Lakh, all compared with data for the previous year. As per Segment Reporting, the Profit before tax for Laminates segment was ₹ 12629.63 Lakh (previous year ₹ 13836.03 Lakh), for Panel Products ₹ 1497.69 Lakh (previous year ₹ 1124.64 Lakh) and profit for Potato Flakes ₹ 80.90 Lakh (previous year ₹ 392.71 Lakh).

The Directors and Management of your Company expect steady growth and progressive results in the coming years.

### DIVIDEND AND RESERVES

Your Company declared and paid 1st Interim Dividend and 2nd Interim Dividend both at the rate of ₹ 3.50 per share for Financial Year 2019-20 approved by the Board at its meetings held on 23.09.2019 and 23.03.2020 respectively. In view of the same and to

conserve liquidity, your Directors have not recommended any final dividend for the year.

The Company transferred a sum of ₹ 704.38 Lakh to the General Reserve during the year under review, as against ₹ 858.87 Lakh in the previous year.

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The unclaimed and unpaid interim dividend relating to the financial year 2012-2013 were due for transfer on 06.10.2019 to the Investor Education and Protection Fund established by the Central Government. This was transferred on 15.10.2019 on finalisation of the mode of payment/deposit.

Further, the unclaimed and unpaid interim dividend amounts relating to the financial year 2013-2014 are due for transfer on 17.12.2020 to the Investor Education and Protection Fund established by the Central Government.

### **SHARE CAPITAL**

The paid-up equity share capital as at 31st March, 2020 stood at ₹ 1047.03 Lakh. During the year under review the Company neither issued any share with differential voting rights nor granted any stock option or sweat equity.

### **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 ("the Act") read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in form no. MGT-9, for the Financial Year 2019-20 has been given with this Report as Annexure 1.

### **NUMBER OF BOARD MEETINGS**

During the year under review, seven (7) meetings of the Board of Directors of the Company were held i.e. on 21.06.2019, 26.07.2019, 20.08.2019, 23.09.2019, 16.12.2019, 06.01.2020 and 23.03.2020.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY**

During the Financial Year 2019-20 your company has neither taken any Loans nor given any Guarantees or made any Investments covered under the provisions of Section 186 of the Companies Act, 2013.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Your Company has a policy on dealing with Related Party Transactions which have been approved by the Audit Committee as well as by the Board of Directors. All transactions entered into with Related Parties as defined under Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, during the financial year were in the ordinary

course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. However, the transactions with related parties entered into during the year under review, are disclosed in the Note 48 of the Notes to the Financial Statements of your Company.

### **MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There were neither any material changes affecting the financial position of the Company occurring between the end of the financial year to which these financial statements relate and the date of this report, nor any significant or material orders were passed by regulators or authorities impacting the going concern status and the Company's operations in future.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 2 and is attached to this report.

### **DETAILS AND PERFORMANCE OF SUBSIDIARY**

The Company has one subsidiary, Merino Panel Products Limited. During the year under review, its total revenue (gross) was ₹ 52422.53 Lakh as compared to ₹ 54027.19 Lakh in the previous year. Profit before tax for the year was ₹ 7600.58 Lakh as compared to ₹ 8643.80 Lakh in the previous year. During the year, the CIF value of its exports amounted to ₹ 16181.22 Lakh. The Company's share holding in the subsidiary's equity continues to be 14,93,000 equity shares out of its total paid-up equity share capital consisting of 20,00,000 shares.

Pursuant to the provisions of Section 129(3) of the Act a statement containing salient features of the above said subsidiary company, in Form AOC-1 is attached to the Accounts. The separate audited financial statements in respect of the subsidiary company shall be kept open for inspection by the members of the company at the ensuing annual general meeting.

### **RISK MANAGEMENT POLICY**

Risk Management being an integral part of the Company's operating agenda, the prime objectives of risk management framework of Merino Group is to ensure better understanding of the risk profile, efficient management of the contingencies and identify and pursue sound business opportunities without any exposure to unacceptable risk. The risk management framework of Merino group comprises Risk Management Process and Risk Management Structure.

The Company's attitude towards addressing business risks is

comprehensive and includes review of such risks at periodic intervals and a framework for mitigation and reporting mechanism of such risks. Towards accomplishment of its objective for proper implementation and governance of Risk Management Policy and structure, the Company has sketched its Project Objectives, Project Milestones and Project Charter.

Appropriate Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits.

Preparation of Statements of Risk Identification and Risk Prioritisation as well as Risk Library for entity-wide risks have been completed. Mitigation plans are being developed for prioritised risks.

The Company regularly reviews the implementation of Enterprise Risk Management framework.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

It is a matter of great regret that the Executive Chairman of the Company, venerable Shri Champa Lal Lohia (DIN: 00154019) left for his heavenly abode on 3rd April, 2020. The late Shri Lohia had been a Director since 1968 and subsequently, held the post of Executive Chairman of the Board of the Company and also Director of its subsidiary, M/s Merino Panel Products Ltd. He had vast knowledge, expertise and experience in overall Business Development, Administration and Strategic Planning, being the main guiding light of Merino Group.

Your Directors place on record appreciation for his invaluable guidance and stewardship and note that such a great soul who created a landmark by his contributions to the Company and the Group, would always remain irreplaceable.

Consequent to his sad demise, his post had become vacant and the shareholders by way of Postal Ballot declared on 31st July 2020 had appointed Shri Rup Chand Lohia (DIN: 00063290) as Executive Chairman in his place, all the other terms and conditions of the agreement executed on 15th September 2018 between the Company and Shri Lohia remaining unaltered.

With your approval at the last annual general meeting held on 23.09.2019, Shri Prasan Lohia (DIN: 00061111) was re-appointed as Whole-time Director for a further period of three years, effective 01.10.2019. Further, with your approval at the extra-ordinary general meeting held on 28.02.2020, Shri Prakash Lohia (DIN: 00063274) was re-appointed as Managing Director for a further period of three years, effective 01.03.2020 and Ms. Ruchira Lohia (DIN: 00127797) was re-appointed as Whole-time Director for a further period of three years, effective 01.04.2020.

Shri Nripen Dugar (DIN: 00127790), Shri Madhusudan Lohia (DIN: 00063278) and Ms. Ruchira Lohia (DIN: 00127797), Whole-time Directors retire at this Annual General Meeting and being eligible

offer themselves for re-election.

The Board accepted the resignation of Shri Asok Kumar Parui as the Chief Financial Officer on 30.09.2019 and noted the valuable contributions made him during his tenure as Chief Financial Officer. The Board appointed Shri Sanjay Banka as Chief Financial Officer on 01.10.2019.

Further, the Board accepted the resignation of Shri Sanjay Banka and released him as Chief Financial Officer on 15.07.2020. The Company has been taking initiatives to fill in the position of Chief Financial Officer.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

Your Company maintains apposite system of internal financial controls for ensuring adequacy and operating effectiveness of financial controls in the Company. It also ensures safeguard of assets, particularly fixed assets, prevention and detection of frauds and errors and also ensures accuracy completeness, and timely preparation of the of the accounting records. Your Company has developed Entity Level Controls as well as Process Level Controls framework for monitoring of overall control indicators for Merino Group.

Internal Financial controls are monitored continuously to identify control gaps and initiation of remedial actions for mitigation of the gaps so identified by the management.

### **DEPOSITS**

Your Company has neither accepted nor renewed any deposits during the year under review.

### **DECLARATION BY INDEPENDENT DIRECTORS**

Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sisir Kumar Chakrabarti (DIN: 02848624) and Shri Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors of the Company have submitted declarations of their independence to the Board regarding their fulfilment of all the requirements as stipulated in Section 149(6) of the Act and the relevant rules.

### **STATUTORY AUDITORS**

M/s. Singhi & Company, Chartered Accountants (FRN 302049E), Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment as Auditors, if made, would be within the permissible limits under Section 139 of the Companies Act, 2013. They are eligible for re-appointment for a further period of two years.

### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Act and the

Rules framed thereunder, the Company has appointed M/s. A L & Associates, a firm of Company Secretaries in Practice (FRN: 037000) to conduct the secretarial audit of the Company. The secretarial audit report for the Financial Year 2019–20 is included as Annexure 3 and forms an integral part of this report.

### **EXPLANATIONS TO AUDITORS' REMARKS**

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their reports and the Practising Company Secretary in their respective reports, requiring explanations of the Board.

### **COST AUDIT**

In accordance with the requirements stipulated by the Central Government and pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors on the recommendation of Audit Committee had appointed M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co. Cost Accountants (FRN: 000206) as Cost Auditor to audit the cost accounts of the Company for the financial year 2020–21. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor for the said period forms a part of the Notice convening the Annual General Meeting.

The Cost Audit Report for the financial year 2018–19 was filed in Form CRA-4 with the Ministry of Corporate Affairs on 30.12.2019.

### **COMPOSITE SCHEME OF ARRANGEMENT (PURSUANT TO SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013)**

A petition for approval of Composite Scheme of arrangement under sections 230 to 232 read with Section 234 and other applicable provisions of the Companies Act 2013, amongst your Company, its subsidiary Merino Panel Products Limited (MPPL), Merino Exports Private Ltd. (MEXPL) and Merino Services Ltd. (MSL) was filed with National Company Law Tribunal (NCLT) on 4th October 2019 after approval of the respective Board of Directors of the Company on 20th August 2019. The scheme was approved, among others, by the shareholders of your company on 20th February 2020. The petition awaits approval of NCLT.

The Scheme provides for, among others, the appointed date as 1st April 2019, merger of MPPL with your company, transfer of certain undertakings of MEXPL and MSL to your company and the transfer of the real estate undertaking of MEXPL and IT and Software Development undertaking of MSL to Merino Properties Private Limited and Merino Consulting Services Limited respectively, discharge of the consideration for transfer of undertakings by issuance of equity shares of the transferee companies to the existing shareholders of the transferor companies at approved ratios and transfer of assets and liabilities of the transferor company

and undertaking of the related company, to the related transferee company.

Pending approval of the petition and consequent finalisation of the effective date no adjustment in the account of the company has been made.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility (CSR) activities undertaken by your Company can be broadly categorised into three areas, viz., Educational & Empowerment Programme, Healthcare & Holistic Living Programme and Activities under National Mission Programme.

Educational and Empowerment Programme include Education, Mid-day meal, Women empowerment. Under the Healthcare & Holistic Living Programme healthcare facilities are provided to the poor families. The activities under the National Mission Programme include Swachh Bharat Mission.

Your Company has carried out CSR activities and spent the requisite amount as required by law through group managed registered trusts, authorised to carry out such activities as stipulated vide the provisions of Section 135 read with Schedule VII to the Act and the group CSR policy.

The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is furnished in Annexure 5 and attached to this report.

### **AUDIT COMMITTEE**

Your Company has an Audit Committee at the Board level with terms of reference specified by the Board and with the powers and the role that are in accordance with Section 177 of the Act read with Rule 6(ii) of the Companies (Meetings of Board and its Powers) Rules 2014.

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sisir Kumar Chakrabarti (DIN 02848624) (Chairman of the committee) and Shri Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors, Shri Prasan Lohia (DIN 00061111), Whole-time Director as members of the Committee. Ms. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

The Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same, overseeing the performance of the internal auditors. During the under review, there has been no instance of non-acceptance of any recommendations of the Committee by the Board of Directors.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Board of Directors has framed a policy which enshrines a framework in relation to remuneration of Directors and Key

Managerial Personnel of the Company by laying down criteria, selection, evaluation and appointment of the same.

Your Company has a Nomination and Remuneration Committee in accordance with Section 178 of the Act read with Rule 6(ii) of the Companies (Meetings of Board and its Powers) Rules 2014.

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269) (Chairman of the committee), Shri Sisir Kumar Chakrabarti (DIN 02848624) and Shri Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors as members of the Committee. Ms. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a Stakeholders Relationship Committee to oversee, monitor and approve transfer of securities and resolve grievances of the shareholders.

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269) (Chairman of the committee), Independent Director and Shri Prasan Lohia (DIN 00061111), Whole-time Director. Ms. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

No grievance was reported to the Committee during the year under review.

### VIGIL MECHANISM

As per provisions of Section 177 of the Act and Rules framed thereunder your Company has formulated and established a vigil mechanism to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

This policy is to establish the said mechanism for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and is displayed on your Company's website.

### INTERNAL COMPLAINTS COMMITTEE

Pursuant to the stipulations as set out under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013 as notified by Government of India the Internal Complaints Committee of your Company was re-constituted on 22nd May, 2019 to, inter-alia, prevent discrimination and sexual harassment against women at the Company's work place ensuring support to the victimised and termination of harassment. The Committee recommends appropriate disciplinary action against the guilty party.

During the year under review, no complaints were reported to the Committee.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of Section 197 of the Act read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 a statement showing disclosures pertaining to Remuneration and other details of employees drawing remuneration in excess of the limits is furnished in Annexure 4 forming part of the Directors' Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, Your Directors confirm to the best of their knowledge and belief that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. They have selected such Accounting Policies which were adapted to make prudent and reasonable judgments so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. Proper and sufficient care was given for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. Annual Accounts were prepared on a going concern basis;
- v. Structured Systems were laid down to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENTS

Your Company feels honoured to state that the brand "Merino" signifies excellence and reliability of products and services in Indian as well as overseas markets and place on record its sincere gratitude to all stakeholders for their continued association over the years towards the successful journey of the Company.

The Directors wish to place on record their appreciation to the Company's Shareholders, Business Associates, Bankers, Financial Institution and all Government Authorities for their co-operation and support. They sincerely acknowledge the significant contributions made by all the employees of the Company.

For and on behalf of the Board of Directors

Place: Bangalore  
Date: 25th August, 2020

Rup Chand Lohia  
Executive Chairman

## Annexure-1 to Directors' Report

### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U51909WB1965PLC026556
ii)	Registration Date	29-07-1965
iii)	Name of the Company	Merino Industries Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-government Company
v)	Address of the Registered Office & Contact details	5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal Tel: 033-22901214, Fax: 033-22870314, E-mail: merinokol@merinoindia.com Website: www.merinoindia.com
vi)	Whether listed company	No.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	C B Management Services (P) Limited, P-22, Bondel Road, Kolkata- 700019, Tel : 033-2280-6692/93/94, 033-40116700/11/16/18/23/28; Fax : 91-033-40116739; E-mail : rta@cbmsl.com CIN : U74140WB1994PTC062959

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Decorative Laminates	4823-90-19	74.61
2	Furniture & Panel Products	94036000	21.22

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Merino Panel Products Limited, 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal	U20299WB1994PLC064386	Subsidiary	74.65	2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total equity)

(i) Category-wise Share holding

Sl No.	Category of shareholder	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	<b>Promoter</b>									
1	<b>Indian</b>									
(a)	Individuals/ HUF	6281855	160700	6442555	62.13	6446655	700	6447355	62.18	0.05
(b)	Central Government									
(c)	State Government(s)									
(d)	Bodies Corporate	3385700	0	3385700	32.65	3387100	0	3387100	32.66	0.01
(e)	Bank/Financial Institutions									
(f)	Any Other (specify)									
	<b>Sub Total(A)(1)</b>	<b>9667555</b>	<b>160700</b>	<b>9828255</b>	<b>94.78</b>	<b>9833755</b>	<b>700</b>	<b>9834455</b>	<b>94.84</b>	<b>0.06</b>

Sl No.	Category of shareholder	No.of shares held at the beginning of the year (01.04.2019)				No.of shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>2</b>	<b>Foreign</b>									
(a)	NRIs-Individuals					17	0	17	0.00	0.00
(b)	Other-Individuals									
(c)	Bodies Corporate									
(d)	Bank/Financial Institutions									
(e)	Any Other (specify)									
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>17</b>	<b>0</b>	<b>17</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>9667555</b>	<b>160700</b>	<b>9828255</b>	<b>94.78</b>	<b>9833772</b>	<b>700</b>	<b>9834472</b>	<b>94.84</b>	<b>0.06</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds									
(b)	Bank/Financial Institutions									
(c)	Central Govt									
(d)	State Govt(s)									
(e)	Venture Capital Funds									
(f)	Insurance Companies									
(g)	Foreign Institutional Investors (FII)									
(h)	Foreign Venture Capital Funds									
(i)	Others (specify)									
(i-i)	UTI									
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate									
i)	Indian	24122	4000	28122	0.27	28191	500	28691	0.28	0.01
ii)	Overseas									
(b)	Individuals									
i.	Individual shareholders holding nominal share capital up to ₹1 lakh	292408	179715	472123	4.55	319223	148014	467237	4.51	-0.05
ii.	Individual shareholders holding nominal share capital in excess of ₹1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others (specify)									
(i)	IEPF	41100	0	41100	0.40	39200	0	39200	0.38	-0.02
	<b>Sub-Total (B)(2)</b>	<b>357630</b>	<b>183715</b>	<b>541345</b>	<b>5.22</b>	<b>386614</b>	<b>148514</b>	<b>535128</b>	<b>5.16</b>	<b>-0.06</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>357630</b>	<b>183715</b>	<b>541345</b>	<b>5.22</b>	<b>386614</b>	<b>148514</b>	<b>535128</b>	<b>5.16</b>	<b>-0.06</b>
	<b>TOTAL (A)+(B)</b>	<b>10025185</b>	<b>344415</b>	<b>10369600</b>	<b>100.00</b>	<b>10220386</b>	<b>149214</b>	<b>10369600</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>									
	<b>Sub-Total (C)</b>									
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>10025185</b>	<b>344415</b>	<b>10369600</b>	<b>100.00</b>	<b>10220386</b>	<b>149214</b>	<b>10369600</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (31.03.2019)			Shareholding at the end of the year (31.03.2020)			% change in shareholding during the year
		No of shares	% of total shares of Company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of Company	% of shares pledged/ encumbered to total shares	
1	MERINO EXPORTS PRIVATE LIMITED	3065700	29.56	0.00	3067100	29.58	0.00	0.01
2	BIKASH LOHIA	640400	6.18	0.00	240600	2.32	0.00	-3.86
3	DEEPAK LOHIA	615189	5.93	0.00	535189	5.16	0.00	-0.77
4	PRAKASH LOHIA	566020	5.46	0.00	566020	5.46	0.00	0.00
5	RUCHIRA LOHIA	508456	4.90	0.00	508456	4.90	0.00	0.00
7	CHAMPALAL LOHIA	368400	3.55	0.00	368400	3.55	0.00	0.00
8	MERINO SERVICES LIMITED	320000	3.09	0.00	320000	3.09	0.00	0.00
9	NEERA LOHIA	298750	2.88	0.00	298750	2.88	0.00	0.00
10	VANDANA LOHIA	298300	2.88	0.00	298300	2.88	0.00	0.00
11	MADHUSUDAN LOHIA	721635	6.96	0.00	721635	6.96	0.00	0.00
12	MEGHNA LOHIA	264535	2.55	0.00	264535	2.55	0.00	0.00
13	TARA DEVI LOHIA	241100	2.33	0.00	241100	2.33	0.00	0.00
14	MANOJ LOHIA	214200	2.07	0.00	214200	2.07	0.00	0.00
15	RUP CHAND LOHIA	205100	1.98	0.00	205100	1.98	0.00	0.00
16	ABHIROOP LOHIA	200000	1.93	0.00	200000	1.93	0.00	0.00
17	PRAVEENA LOHIA	179800	1.73	0.00	179800	1.73	0.00	0.00
18	PRASAN LOHIA	173370	1.67	0.00	173370	1.67	0.00	0.00
19	SITA DEVI LOHIA	163400	1.58	0.00	163400	1.58	0.00	0.00
20	USHA LOHIA (U/G CHAMPALAL LOHIA)	160000	1.54	0.00	160000	1.54	0.00	0.00
21	SHEELA LOHIA	117500	1.13	0.00	117500	1.13	0.00	0.00
22	SASHI LOHIA	100000	0.96	0.00	0	0.00	0.00	-0.96
23	PRAGYA LOHIA	84500	0.81	0.00	84500	0.81	0.00	0.00
24	NAYANTARA LOHIA	80000	0.77	0.00	80000	0.77	0.00	0.00
25	UMA SINGI	80000	0.77	0.00	80000	0.77	0.00	0.00
26	ANUJA LOHIA	50000	0.48	0.00	50000	0.48	0.00	0.00
27	MADAN MOHAN SINGHI	25900	0.25	0.00	25900	0.25	0.00	0.00
28	GOVIND MUNDRA/Asha Mundhra	2200	0.02	0.00	2200	0.02	0.00	0.00
29	GOVIND MUNDRA	3000	0.03	0.00	7800	0.08	0.00	0.05
30	NRIPEN KR DUGAR	600	0.01	0.00	600	0.01	0.00	0.00
31	PREKSHI LOHIA	80000	0.77	0.00	80000	0.77	0.00	0.00
32	ASHA MUNDHRA	0	0.00	0.00	80000	0.77	0.00	0.77
33	RADHIKA LOHIA	0	0.00	0.00	200000	1.93	0.00	1.93
34	ANURAG LOHIA	0	0.00	0.00	300000	2.89	0.00	2.89

## (iii) Change in Promoter's Shareholding (please specify if there is no change)

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2019)		Cumulative shareholding during the year (01.04.2019 to 31.03.2020)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	MERINO EXPORTS PRIVATE LIMITED	At the beginning of the year	01-04-19	3065700	29.56	3065700	29.56
		Increase	20-09-19	1000	0.01	3066700	29.57
		Increase	06-12-19	400	0	3067100	29.58
		At the end of the year	31-03-20			3067100	29.58
2	MADHUSUDAN LOHIA	At the beginning of the year	01-04-19	721635	6.96	721635	6.96
		At the end of the year	31-03-20			721635	6.96
3	BIKASH LOHIA	At the beginning of the year	01-04-19	640600	6.18	640600	6.18
		Decrease	08-11-19	400000	3.86	240600	2.32
		At the end of the year	31-03-20			240600	2.32
4	DEEPAK LOHIA	At the beginning of the year	01-04-19	615189	5.93	615189	5.93
		Decrease	22-11-19	80000	0.77	535189	5.16
		At the end of the year	31-03-20			535189	5.16
5	PRAKASH LOHIA	At the beginning of the year	01-04-19	566020	5.46	566020	5.46
		At the end of the year	31-03-20			566020	5.46
6	RUCHIRA LOHIA	At the beginning of the year	01-04-19	508456	4.9	508456	4.9
		At the end of the year	31-03-20			508456	4.9
7	CHAMPALAL LOHIA	At the beginning of the year	01-04-19	368400	3.55	368400	3.55
		At the end of the year	31-03-20			368400	3.55
8	MERINO SERVICES LIMITED	At the beginning of the year	01-04-19	320000	3.09	320000	3.09
		At the end of the year	31-03-20			320000	3.09
9	NEERA LOHIA	At the beginning of the year	01-04-19	298750	2.88	298750	2.88
		At the end of the year	31-03-20			298750	2.88
10	VANDANA LOHIA	At the beginning of the year	01-04-19	298300	2.88	298300	2.88
		At the end of the year	31-03-20			298300	2.88
11	MEGHNA LOHIA	At the beginning of the year	01-04-19	264535	2.55	264535	2.55
		At the end of the year	31-03-20			264535	2.55
12	TARA DEVI LOHIA	At the beginning of the year	01-04-19	241100	2.33	241100	2.33
		At the end of the year	31-03-20			241100	2.33
13	MANOJ LOHIA	At the beginning of the year	01-04-19	214200	2.07	214200	2.07
		At the end of the year	31-03-20			214200	2.07
14	RUP CHAND LOHIA	At the beginning of the year	01-04-19	205100	1.98	205100	1.98
		At the end of the year	31-03-20			205100	1.98
15	ABHIROOP LOHIA	At the beginning of the year	01-04-19	200000	1.93	200000	1.93
		At the end of the year	31-03-20			200000	1.93
16	PRAVEENA LOHIA	At the beginning of the year	01-04-19	179800	1.73	179800	1.73
		At the end of the year	31-03-20			179800	1.73
17	PRASAN LOHIA	At the beginning of the year	01-04-19	173370	1.67	173370	1.67
		At the end of the year	31-03-20			173370	1.67
18	SITA DEVI LOHIA	At the beginning of the year	01-04-19	163400	1.58	163400	1.58
		At the end of the year	31-03-20			163400	1.58

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2019)		Cumulative shareholding during the year (01.04.2019 to 31.03.2020)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
19	USHA LOHIA (U/G CHAMPALAL LOHIA)	At the beginning of the year	01-04-19	160000	1.54	160000	1.54
		At the end of the year	31-03-20			160000	1.54
20	SHEELA LOHIA	At the beginning of the year	01-04-19	117500	1.13	117500	1.13
		At the end of the year	31-03-20			117500	1.13
21	SASHI LOHIA	At the beginning of the year	01-04-19	0	0	0	0
		Increase	05-04-19	100000	0.96	100000	0.96
		Decrease	20-02-20	100000	0.96	0	0
		At the end of the year	31-03-20	0	0	0	0
22	PRAGYA LOHIA	At the beginning of the year	01-04-19	84500	0.81	84500	0.81
		At the end of the year	31-03-20			84500	0.81
23	NAYANTARA LOHIA	At the beginning of the year	01-04-19	80000	0.77	80000	0.77
		At the end of the year	31-03-20			80000	0.77
24	PREKSHI LOHIA	At the beginning of the year	01-04-19	80000	0.77	80000	0.77
		At the end of the year	31-03-20			80000	0.77
25	ANUJA LOHIA	At the beginning of the year	01-04-19	50000	0.48	50000	0.48
		At the end of the year	31-03-20			50000	0.48
26	MADAN MOHAN SINGI	At the beginning of the year	01-04-19	25900	0.25	25900	0.25
		At the end of the year	31-03-20			25900	0
27	GOVIND MUNDRA	At the beginning of the year	01-04-19	3000	0.03	3000	0.03
		Increase	18-10-19	4800	0.05	7800	0.08
		At the end of the year	31-03-20			7800	0.08
28	NRIPEN KR DUGAR	At the beginning of the year	01-04-19	600	0.01	600	0.01
		At the end of the year	31-03-20			600	0.01
29	GOVIND MUNDRA	At the beginning of the year	01-04-19	2200	0.02	2200	0.02
		At the end of the year	31-03-20			2200	0.02
30	ASHA MUNDRA	At the beginning of the year	01-04-19	0	0	0	0
		Increase	22-11-19	80000	0.77	80000	0.77
		At the end of the year	31-03-20			80000	0.77
31	UMA SINGI	At the beginning of the year	01-04-19	0	0	0	0
		Increase	01-11-19	80000	0.77	80000	0.77
		At the end of the year	31-03-20			80000	0.77
32	RADHIKA LOHIA	At the beginning of the year	01-04-19	0	0	0	0
		Increase	08-11-19	150000	1.45	150000	1.45
		Increase	06-03-20	50000	0.48	200000	1.93
		At the end of the year	31-03-20			200000	1.93
33	ANURAG LOHIA	At the beginning of the year	01-04-19	0	0	0	0
		Increase	25-11-19	250000	2.41	250000	2.41
		Increase	06-03-20	50000	0.48	300000	2.89
		At the end of the year	31-03-20			300000	2.89

\* Changes due to dematerialisation of shares.

## (iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRS)

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2019)		Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	IN30236511244239	SHRI PARASRAM HOLDINGS PVT LTD	At the begining of the year	01/04/19	10000	0.10	10000	0.10
			Decrease	03/01/20	10000	0.10	0	0.00
			At the end of the year	31/03/20			0	0.00
2	1201090008288552	SUNDEEP NAVINCHANDRA GHAE L .	At the begining of the year	01/04/19	8000	0.08	8000	0.08
			At the end of the year	31/03/20			8000	0.08
3	IN30042510106936	VENILAL BALUBHAI GHAYAL	At the begining of the year	01/04/19	6000	0.06	6000	0.06
			At the end of the year	31/03/20			6000	0.06
4	IN30302850067684	MANISH KUMAR SOMANI	At the begining of the year	01/04/19	5705	0.06	5705	0.06
			At the end of the year	31/03/20			5705	0.06
5	IN30009511415372	INDRA KUMAR BAGRI	At the begining of the year	01/04/19	5461	0.05	5461	0.05
			Decrease	26/04/19	100	0.00	5361	0.05
			Decrease	15/11/19	10	0.00	5351	0.05
			Decrease	06/12/19	100	0.00	5251	0.05
			Decrease	06/03/20	375	0.00	4876	0.05
6	1203480000029188	SUSHILA LAKHOTIA	At the begining of the year	01/04/19	5000	0.05	5000	0.05
			At the end of the year	31/03/20			5000	0.05
7	IN30002011729093	JAY PRAFUL SHAH	At the begining of the year	01/04/19	4848	0.05	4848	0.05
			Increase	05/04/19	2100	0.02	6948	0.07
			Increase	07/02/20	600	0.01	7548	0.07
			At the end of the year	31/03/20			7548	0.07
8	IN30310810116596	KIRAN GOYAL	At the begining of the year	01/04/19	4500	0.04	4500	0.04
			Decrease	31/05/19	700	0.01	3800	0.04
			At the end of the year	31/03/20			3800	0.04
9	IN30109810767356	GOBINDSINGH DHAWDA	At the begining of the year	01/04/19	4400	0.04	4400	0.04
			At the end of the year	31/03/20			4400	0.04
10	1301240004612783	MAYNA H SHAH	At the begining of the year	01/04/19	4000	0.04	4000	0.04
			Increase	15/11/19	2	0.00	4002	0.04
			Decrease	24/01/20	1	0.00	4001	0.04
			At the end of the year	31/03/20			4001	0.04
11	IN30236510096345	ASTHA FOILS PVT LTD	At the begining of the year	01/04/19	0	0.00	0	0.00
			Increase	10/01/20	10000	0.10	10000	0.10
			At the end of the year	31/03/20			10000	0.10
12	IN30046810078788	PRABODH GUPTA	At the begining of the year	01/04/19	2900	0.03	2900	0.03
			Increase	03/05/19	200	0.00	3100	0.03
			Increase	28/06/19	1000	0.01	4100	0.04
			Increase	06/09/19	600	0.01	4700	0.05
			Increase	20/09/19	600	0.01	5300	0.05
			Increase	25/10/19	1000	0.01	6300	0.06
			Increase	03/01/20	1000	0.01	7300	0.07
At the end of the year	31/03/20			7300	0.07			

(v) Shareholding Pattern of Directors and Key Managerial Personnel

Sl No.	Name - For each of the Directors and KMP	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2019)		Cumulative shareholding during the year (01.04.2019 to 31.03.2020)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	MADHUSUDAN LOHIA	At the beginning of the year	01/04/19	721635	6.96	721635	6.96
		At the end of the year	31/03/20			721635	6.96
2	BIKASH LOHIA	At the beginning of the year	01/04/19	640600	6.18	640600	6.18
		Decrease	08/11/19	400000	3.86	240600	2.32
		At the end of the year	31/03/20			240600	2.32
3	PRAKASH LOHIA	At the beginning of the year	01/04/19	566020	5.46	566020	5.46
		At the end of the year	31/03/20			566020	5.46
4	RUCHIRA LOHIA	At the beginning of the year	01/04/19	508456	4.9	508456	4.9
		At the end of the year	31/03/20			508456	4.9
5	CHAMPALAL LOHIA	At the beginning of the year	01/04/19	368400	3.55	368400	3.55
		At the end of the year	31/03/20			368400	3.55
6	RUP CHAND LOHIA	At the beginning of the year	01/04/19	205100	1.98	205100	1.98
		At the end of the year	31/03/20			205100	1.98
7	PRASAN LOHIA	At the beginning of the year	01/04/19	173370	1.67	173370	1.67
		At the end of the year	31/03/20			173370	1.67
8	NRIPEN KR DUGAR	At the beginning of the year	01/04/19	600	0.01	600	0.01
		At the end of the year	31/03/20			600	0.01
9	DR. GAUTAM BHATTACHARYA	At the beginning of the year	01/04/19	0	0.00	0	0.00
		At the end of the year	31/03/20			0	0.00
10	SISIR KUMAR CHAKRABARTI	At the beginning of the year	01/04/19	0	0.00	0	0.00
		At the end of the year	31/03/20			0	0.00
11	BAMA PRASAD MUKHOPADHAY	At the beginning of the year	01/04/19	0	0.00	0	0.00
		At the end of the year	31/03/20			0	0.00
12	SANJAY BANKA	At the beginning of the year	01/04/19	0	0.00	0	0.00
		At the end of the year	31/03/20			0	0.00
13	VINAMRATA AGRAWAL	At the beginning of the year	01/04/19	0	0.00	0	0.00
		At the end of the year	31/03/20			0	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	10,084.78	7,000.00		17,084.78
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	24.01			24.01
<b>Total (i+ii+iii)</b>	<b>10,108.79</b>	<b>7,000.00</b>	<b>0.00</b>	<b>17,108.79</b>
<b>Change in Indebtedness during the financial year</b>				
· Addition	3,766.67			3,766.67
· Reduction		-2,500.00		-2,500.00
<b>Net Change</b>	<b>3,766.67</b>	<b>-2,500.00</b>	<b>0.00</b>	<b>1,266.67</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	13,777.16	4,500.00		18,277.16
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	98.30			98.30
<b>Total (i+ii+iii)</b>	<b>13,875.46</b>	<b>4,500.00</b>	<b>0.00</b>	<b>18,375.46</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Executive Chairman	Executive Vice-Chairman	Managing Director	Whole-time Directors					Total Amount
		Shri Champalal Lohia	Shri Rup Chand Lohia	Shri Prakash Lohia	Shri Prasan Lohia	Shri Bikash Lohia	Miss Ruchira Lohia	Shri Madhusudan Lohia	Shri Nripen Kumar Dugar	
1	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	144.12	95.16	143.28	118.92	108.00	118.92	118.92	53.98	901.30
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	7.00
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	0	0	0	0	0	0	0	0	-
2	Stock Option	0	0	0	0	0	0	0	0	-
3	Sweat equity	0	0	0	0	0	0	0	0	-
4	Commission									
	- as % of profit	0	0	0	0	0	0	0	0	-
	- others, specify...	0	0	0	0	0	0	0	0	-
5	Others, please specify									
	P.F.	17.30	11.42	17.19	14.27	12.96	14.27	14.27	0.22	101.90
	GRATUITY	0.00	0.00	0.00	1.55	1.52	1.55	1.24	1.41	7.27
	LEAVE	6.00	3.96	8.30	5.75	5.41	5.75	6.88	1.85	43.90
	MEDICAL REIMBURSEMENT	14.90	9.23	8.52	8.22	8.21	18.76	6.37	0.00	
	<b>Total (A)</b>	<b>183.32</b>	<b>120.77</b>	<b>178.29</b>	<b>149.71</b>	<b>137.10</b>	<b>160.25</b>	<b>148.68</b>	<b>58.46</b>	<b>1136.58</b>
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013								

### B. Remuneration to other directors:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Dr. Gautam Bhattacharjee	Shri Sisir Kumar Chakrabarti	Shri Bama Prasad Mukhopadhyay	
1	<b>Independent Directors</b>				
	· Fee for attending board / committee meetings	2.40	1.70	1.70	5.80
	· Commission	0	0	0	0
	· Others, please specify	0	0	0	0
	<b>Total (1)</b>	<b>2.40</b>	<b>1.70</b>	<b>1.70</b>	<b>5.80</b>
2	<b>Other Non-Executive Directors</b>				
	· Fee for attending board / committee meetings	0	0	0	0
	· Commission	0	0	0	0
	· Others, please specify	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)=(1+2)</b>	<b>2.40</b>	<b>1.70</b>	<b>1.70</b>	<b>5.80</b>
	<b>Total Managerial Remuneration</b>				<b>1142.38</b>
	Overall Ceiling as per the Act	Paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013			

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director**

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer		Company Secretary	
		Shri Asok Kumar Parui	Shri Sanjay Banka	Ms. Vinamrata Agrawal	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.66	43.37	5.37	63.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit				
	- others, specify...				
5	Others, please specify				
	GRATUITY	0.00	0.79	0.15	0.94
	LEAVE	3.14	0.44	0.16	3.74
	P.F.	0.13	0.11	0.22	0.46
	Exgratia	0.00	0.00	0.21	0.21
	<b>Total</b>	<b>17.93</b>	<b>44.71</b>	<b>6.11</b>	<b>68.75</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## Annexure-2 to Directors' Report

### Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2020.

The details of conservation of energy & water, technology absorption, foreign exchange earnings and outgo are as follows:

#### A. Conservation of energy:

##### I. The steps taken or impact on conservation of energy & water

##### I.1. Application/Installations of new equipment, electricals, appliances etc at Hapur Units

- a) The Real Time Power Factor Correction System at MIL Hapur unit-2 to improve power factor & reduce the energy demand.
- b) The Variable Frequency Drive (VFD) in Sanding machine to reduce load fluctuation & energy saving.
- c) 4 feet new sanding machine which consume less energy & improve productivity.
- d) The adiabatic cooling tower for one of Hot press which not only improve the quality of product but also reduce the water consumption & over all energy consumption.
- e) New seasoning chamber utilising the waste steam from formaldehyde plant to treat the packing pallets to utilise wasted heat energy.
- f) IE3 motor for turbine in co-generation plant to save energy and improve efficiency.
- g) Replaced the metallic fan blade of cooling tower by FRP fan blades to save energy.
- h) Replacement of conventional luminaries by LED which save approximately 30% energy saving on plant lighting in Hapur.
- i) Purchased new battery-operated forklifts for material movement inside the factory to save diesel consumption & carbon emission. These forklifts are charged by the biomass fired co-generation plant.
- j) Arrested the air ingress in the Air Pre-Heater in Steam boiler & Thermic fluid heater and system develop to close monitor it to save heat energy.
- k) Relayed the compressed air line & reduced the pressure in air compressor. System was developed for monitoring of leakages in shop floor which impact around 1200-1400 units saving per day.
- l) Used the adiabatic cooler in the close loop circuit for cooling of press eliminating secondary cooling circuit to get high cooling efficiency and reduce the electrical demand.
- m) Implemented OTIF project to minimise the material movement in factory premises & reduce the dispatch container loading time, thereby reducing the total energy consumption by different material handling equipments.
- n) Saved 6500 KL raw water per year by implementing Adiabatic cooling tower & strict monitoring of water distribution in daily basis.
- o) Recycle 12600 KL water per year in UF - RO recycling plant & reused it in process.
- p) Treated 21300 KL water from ETP per year through silica removal plant which removes silica to use the water in cleaning of toilets, gardening, civil construction works.

##### I.2. Application/Installations of new equipment, electricals, appliances etc at Dahej Unit

- a) The active harmonics filters and APFC 500 KVAR in SEB line and 300 x 2 KVAR capacitor panels to improve plant power factor at unity. These respectively will do power saving and bring necessary improvements in power factor.
- b) DG synchronisation with SEB power for saving power cut deviation.
- c) The VFD in sanding machine and Hot water circulation pumps which will save approximately 10-15% energy saving.
- d) The VFD for Closed circuit heating cooling system & in compressor leading to lesser power consumption.
- e) Modification in lighting scheme with the LED luminaries throughout the plant to control & save power.
- f) Replacement of low efficiency centrifugal pumps with high efficiency pumps.
- g) Reduction of pneumatic pressure set point from 7 kg/cm<sup>2</sup> to 6 kg/cm<sup>2</sup> and installation of VFD, reduce power consumption of compressor & save approximately INR 14 lakh per year.
- h) Detection and rectification of air leakages in plant

to reduce wastage and power saving by decreasing compressor usage.

- i) PLC based automation for cooling tower pumps for energy saving.

**I.3. Application/Installations of new equipment, electricals, appliances etc at Hosur unit**

- a) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamil Nadu.
- b) VFD has been installed in boiler & pump house area to save electrical energy.
- c) Capacitor bank has been maintained to keep power factor of the plant at 0.999.
- d) Installation of Rainwater Harvesting system & STP at Hosur, Tamil Nadu.
- e) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamil Nadu.

**II. The steps taken by the company for utilising alternate sources of energy.**

- Generated 15.62 GWH electricity utilising biomass as fuel in Hapur unit 1 &2.
- Generated 1.85 GWH electricity from roof top solar plant in Hapur unit 1 2.
- Generated 160.42 MWH electricity from biogas generator. Biogas was produced from the wastewater & peel of potato from flex manufacturing plant in Hapur.
- Utilised 34300 cubic meter biogas in canteen & mess for cooking purpose which save approximately 950 commercial LPG cylinders per year.
- Installed 359.9 KWP Solar Power Plant to reduce unit cost and electricity. Generated 5.9 lakh unit energy by roof top solar generating station in Dahej unit.
- Installed 50 KWP Solar Power Plant at Hosur (Tamil Nadu) to reduce unit cost and electricity. Generate 66,667 units Electric energy by Roof top solar generating station at Hosur plant.

**III. The capital investment on energy conservation equipment.**

- a) Capital invested of INR 9 lakh for better luminaries system of LED which expected to save approximately 30% energy saving in plant lighting in Hapur.
- b) Investment of ₹ 6 Lakhs for harmonic filter and 300 x 2 KVAR capacitor panels to improve plant power factor at unity and power saving in Dahej Unit.

- c) Capital investment of ₹ 2 Lakh for installation of VFD in Kundig 8x4 Sanding Machine in Dahej unit.
- d) Capital investment of ₹ 200 Lakhs for installation of 359.9 KWp solar plant in Dahej unit.
- e) Incorporation of addition RO system to reuse ETP discharge in Hapur.

**B. Technology absorption:**

**(i) The efforts made towards technology absorption**

- a. Installation of digital printing facility to offer customised design to the clients
- b. Capacity improvement of effluent treatment system
- c. Online continuous monitoring of waste effluent discharge system
- d. Reduction in toxic effluent generation by process improvement
- e. New product developed like Matt meister and Ply meister
- f. Nitrogen based oxidising system for matt meister

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution**

- a. Introduction of new value added laminates in market as per customer's requirement
- b. Solution to customers for digital laminate and mirror foil laminates
- c. Product quality and process improvement
- d. Special furniture development for international market
- e. Reduction in environmental load by reduction in toxic effluent generation
- f. Two new products developed, Matt meister and Ply meister
- g. Reduction in cost by eliminating waste effluent evaporation process and change in chemical concentration

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

a)	The details of Technology imported:	
	i. OMMA peel coating machine	
	ii. Sanding machine	
b)	The year of import	2019-20
c)	Whether the technology been fully absorbed?	YES
d)	If not fully absorbed, areas where this has not taken place, reasons thereof	N.A.

**(iv) The expenditure incurred on Research and Development****(a) Specific areas in which R & D carried out by the Company:**

Research and Development work cover the areas of replacement of costly and hazardous chemicals, introduction of new design, production of high value items, process improvement, reduction in energy costs, maintenance and betterment of product quality etc. The Company's laboratory is equipped to perform all the major tests required for raw materials and finished goods as per national and international standards.

**(b) Benefits derived as a result of above R & D:**

In spite of competition, the company could sustain and even increase its sales, both domestic and overseas markets by developing different value added products.

**(c) Future of action:**

- a. AEO T-2 certification for MIL Hapur, MIL Hosur and MIL Dahej
- b. Upgradation of BS OHSAS 18001 to ISO 45001: 2018 for MIL Hapur, MIL Hosur and MIL Dahej
- c. Upgradation of FSSC 4.0 to FSSC 4.1 certification of Vegit division
- d. Upgradation of ISO 22000: 2005 to ISO 22000: 2018 of Vegit division
- e. Online stack monitoring system for Thermic Fluid Heater

**(d) Expenditure on R & D:**

Research and development expenditure is not identified separately. However, the recurring expenses are booked

as revenue expenses under proper heads of expenditure.

**C. Foreign Exchange Earnings and Outgo****(i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:**

The Company continues to maintain focus on, and avail, of export opportunities based on economic considerations.

**(ii) Total foreign exchange used and earned (2019-20)****(₹ In lakh)**

<b>Earnings:</b>	
Foreign Exchange earned (CIF Value of exports)	23097.59
<b>Outgo:</b>	
<b>CIF Value of Imports</b>	
a) Raw materials	20501.14
b) Components & Spare Parts (including Stores)	248.77
c) Capital Goods	1827.13
<b>Expenditure in foreign currency</b>	
a) Commission	36.16
b) Travelling	81.10
c) Professional fees	51.84
d) Export Promotion	27.14
e) Royalty / Fees and Subscription	79.91
f) Interest	138.60
g) Purchase of Acrylic solid surface	2652.00
h) Purchase of PVC Floor Tiles	51.72
h) Others	31.18
i) Foreign branch office expenses	512.90
j) Job Work Charges	-

## SECRETARIAL AUDIT REPORT EXTRACT OF ANNUAL RETURN

for the financial year ended on 31.03.2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

**Merino Industries Limited**

5, Alexandra Court,  
60/1 Chowringhee Road,  
Kolkata-700020

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Merino Industries Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; not applicable
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period);

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the Audit Period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period);
- g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
- h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);
- vi. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above..

#### **We further report that**

During the period under review, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For AL & Associates**  
Company Secretaries  
(FRN: 037000)

**Priti Agarwal**  
Partner

Place: Kolkata

Date: 25th August, 2020

ACS 26513; C.P.No. 9937  
UDIN:A026513B000612340

***This Report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.***

## **Annexure A'**

To

*The Members*

**Merino Industries Limited**

5, Alexandra Court, 60/1 Chowringhee Road, Kolkata-700020

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For AL & Associates**  
Company Secretaries  
(FRN: 037000)

**Priti Agarwal**  
Partner

Place: Kolkata

Date: 25th August, 2020

ACS 26513; C.P.No. 9937  
UDIN:A026513B000612340

## Annexure-4 to Directors' Report

### DISCLOSURES OF REMUNERATION

Disclosures pertaining to Remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2020

A. Employed throughout the year and in receipt of remuneration which in the aggregate was not less than ₹60,00,000/- per annum

Name	Age (in years)	Designation/ Nature of employment	Remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Equity Share held	Last Employment/ Position held
Shri Champa Lal Lohia	86	Executive Chairman- Policy Decision making and new projects.	183.32	B. Com.	64	01.05.1985	3.55	First employment
Shri Rup Chand Lohia	80	Executive Vice-Chairman- Supervise Technical Affairs and Implementation of New Projects and oversee the operations of the Company's plant at Hosur in the State of Tamil Nadu	120.77	B.M.E. (Mech)	58	01.01.2002	1.98	Whole-time Director in Merino Exports Pvt. Ltd.
Shri Prakash Lohia	65	Managing Director –Management of the business and affairs of the Company as a whole	178.29	B.Tech. (Chem) – IIT Delhi M.E.P (IIM- Ahmedabad)	43	01.05.1985	5.46	First employment
Shri Prasan Lohia	52	Whole-time Director-Overseeing Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region	149.71	AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA)	28	01.10.2004	1.67	Vice-President (Global Operations) in Merino Industries Ltd.
Ms. Ruchira Lohia	52	Whole-time Director-Public Relations and Overseeing Export and Import functions and marketing of food products	160.25	B.A., M.E.P (IIM- Ahmedabad)	26	01.04.2000	4.90	Vice-President (Delhi Operations) in Merino Industries Ltd.
Shri Bikash Lohia	50	Whole-time Director-Overseeing factory operations and overall management, and addressing Information Technology related issues	137.10	Privately Educated & M.E.P (IIM- Ahmedabad)	28	01.10.2006	2.32	Whole-time Director in Merino Panel Products Ltd.

Name	Age (in years)	Designation/ Nature of employment	Remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Equity Share held	Last Employment/ Position held
Shri Madhusudan Lohia	40	Whole-time Director- Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction	148.68	Graduate in Business Process anagement, (Operations & International Business) - Indiana University, U.S.A, Masters in Manufacturing Management, MBA, - Pennsylvania State University, USA.	18	01.10.2006	6.96	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.
Shri Rohit Kaul	49	General Manager – Marketing (South America & Canada)	*129.07	B.E. (Mechanical)	27	01.03.2010	Nil	Vice-President in Greenply Industries Limited

B. Employed for a part of the year and in receipt of remuneration which in the aggregate was not less than ₹60,00,000/- per annum

Name	Age (in years)	Designation/ Nature of employment	Remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Equity Share held	Last Employment/ Position held
Shri Sanjay Banka	51	Chief Financial Officer	44.71	B.Com. (Hons.), FCA & FCS	24	01.10.2019	NIL	Chief Financial Officer at Bharat Road Network Ltd.

**Note:**

- Gross Remuneration comprises Salary, Perquisites, Gratuity, Leave Encashment and Company's contribution to Provident Fund.
- The appointments are contractual. Other terms and conditions are as per Company's Rules.
- Shri Prakash Lohia is a relative of Shri Madhusudan Lohia, Whole-time Director. Shri Champa Lal Lohia is a relative of Shri Rup Chand Lohia, Executive Vice-Chairman and Shri Bikash Lohia, Whole-time Director. Shri Rup Chand Lohia is a relative of Shri Champa Lal Lohia, Executive Chairman and Shri Prasan Lohia, Whole-time Director. Shri Prasan Lohia is a relative of Shri Rup Chand Lohia, Executive Vice-Chairman. Shri Bikash Lohia is a relative of Shri Champa Lal Lohia, Executive Chairman and Shri Madhusudan Lohia is a relative of Shri Prakash Lohia, Managing Director.
- \*4. The sum is inclusive of amount reimbursed from subsidiary Company by way of recovery of part cost of services.

For and on behalf of the Board of Directors

Date: 25th August, 2020

**Rup Chand Lohia**  
Executive Chairman  
Bangalore

## Annexure-5 to Directors' Report

### Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR Policy is to serve the cause for creating a healthy and enlightened life for the needy while fulfilling the responsibility of conservation of scarce natural resources. As a concerned corporate citizen, it is felt as a duty to give back some support to the weaker sections of society through sustained projects. The focus was on programs to promote Education targeted towards the underprivileged girl child including adult education, Healthcare & Medical initiatives and distribution of Mid-day Meal to students.

A web link of the same projecting the CSR policy, projects or programs is <http://www.merinoindia.com>

2. The Composition of the CSR Committee:

Name	Designation	Category
Shri Prakash Lohia	Managing Director	Promoter –Executive
Shri Prasan Lohia	Whole-time Director	Promoter – Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive

The Company Secretary acts as the Secretary to the Committee.

3. Average net profit of the company for last three financial years: ₹ 1055.00 Lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 211.00 Lakh
5. Details of CSR spent during the financial year.
  - (a) Total amount spent for the financial year: ₹213.00 lakh
  - (b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Address of Registered Office	Main Business activity of the Company	Prescribed CSR Budget (2% of Average Net Profit for FY. 2016-17, 2017-18 & 2018-19)	Allocated CSR Budget	Actual CSR spent in FY. 2019-20	Administrative overhead expenditure	Reasons for under spending/ not spending (if any)	Details of CSR Programmes / Projects / Activities	Project description	Sector(s) covered within Schedule VII	Geographical areas where project was implemented	States where undertaken	Districts where undertaken	Outlay (programme/ Project wise)	Expenditure on Programme or Project	Mode of implementation (Direct or through implementing agencies)	Details of implementing agencies
5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal	Manufacturer and Exporter of Decorative Laminates, Panel Boards, etc.	₹211.00 Lakh	₹211.00 Lakh	₹213.00 Lakh	NIL	N.A.	Project-1	Education relief programme	Promoting education	(1) Dist. Hapur, Uttar Pradesh, (2) Kolkata, West Bengal	Uttar Pradesh & West Bengal	Hapur & Kolkata	₹207.22 Lakh	₹207.22 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy
							Project-2	Mid-day meal	Assistance to schools	(1) Local area, (2) Dist. Hapur, Uttar Pradesh	Uttar Pradesh	Hapur	₹5.30 Lakh	₹5.30 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy

6 In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. – NA

7. Responsibility statement: The Responsibility statement of the CSR Committee is reproduced below:

‘The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

**Prakash Lohia**  
Managing Director  
Place: New Delhi

**Prasan Lohia**  
Director  
Place: Kolkata

**Dr. Gautam Bhattacharjee**  
Director  
Place: Kolkata

Date: 25th August, 2020

# Corporate Social Responsibility (CSR) Practices of Merino Group

Students with teachers of SVAV in Surya Vihar, Hapur, Uttar Pradesh



“Empowering minds, empowering the society.”

Swami Vivekananda Arunoday Vidyalay (SVAV)

## I. Swami Vivekananda Arunoday Vidyalay (SVAV)

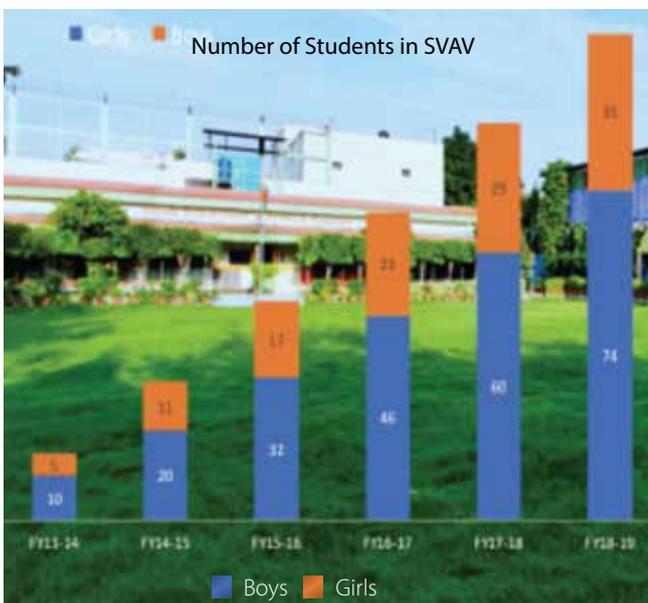
“Raise them slowly up, raise them to equality”. Spoken way back in 1897 by Swami Vivekananda during an interview, these words resonate with relevance even today. As new India gets ready to take on the world, education and education alone can bring about equal opportunity to its citizens. Embarking on a journey to make education accessible to even the poorest households of the society, Merino through Sri Hara Kasturi Memorial Trust laid the foundation of Swami Vivekananda Arunoday Vidyalaya (SVAV) at Hapur, Uttar Pradesh.

Established in 2013 predominantly for girl students, this co-educational school opened new avenues of learning for the children of underprivileged and economically weaker families living in the vicinity of Merino establishments.

Started with just 15 students in its maiden year, the school now enrolls students upto class VI and has a current strength of 107 students. The school provides an impressive teacher to student ratio of around 1:8 with its team of 13 teachers and 5 non-teaching staff. The table-1 below exhibits the ratio of boy and girl students at SVAV since its inception.

The table beside explains the ratio of boy and girl students at SVAV since its inception

Education here, is not just about books but offers a holistic learning experience through an all-inclusive development curriculum. Spacious classrooms equipped with smart teaching aids, activity-rooms for all round development, a music room and a computer centre ensure students get access to updated modern education.



The school campus also has infrastructure to support various kinds of games and sports facilities. The school takes a step beyond just education with provision of nutritious meals and good clothing for all its students.



SVAV classroom

Students at SVAV are introduced to the habit of cleanliness and hygiene at a very young age. All students actively take part in regular cleanliness drives organised on regular basis in the school, nearby areas and at their homes. Focused efforts of the teaching and non-teaching staff ensure that all the students inculcate the value and importance of sanitation, plantation and management of waste.

Merino's focus on the environment is reflected in SVAV campus too. The school is steadily moving towards its goal of becoming a green school. The use of Solar panels for energy efficiency, water conservation, reuse of wastewater and minimising waste are a few constructive steps towards realising this. To provide a firsthand experience, students take part in daily activities to monitor consumption of resources like water, electricity and waste generation. The students also take part in plantation of trees and take care of plants to learn about environmental care practices and their benefits at a very young age.

Vedic knowledge is the foundation of modern Indian education system. At SVAV, we introduce our students to Vedic culture and its



SVAV students with their teachers

practice at a very young age. Students at SVAV get an opportunity to explore the rich cultural heritage of our nation, visit places of cultural and historical importance through various study tours organised by the school.

Laying the foundation of quality education, SVAV strives to provide holistic knowledge to all its students through methodical teaching techniques that focus on the importance of training and instructions so that once the student completes his/her school, he/she is ready to compete for any professional or academic institution for higher education or skill development.

The school has plans to provide help and assistance to students for secondary and higher secondary education (up to class XII). Depending upon their aptitude and proficiency, necessary counselling and guidance may be provided in future for the selection of stream (post class XII education).

Re-emphasising on our belief of providing equal opportunity through education, SVAV nurtures its students to develop a strong character through intellectual development and self-sufficiency. The school system focuses on skill development so that the students can support and effectively uplift their families, society, and ultimately the nation.

Free and quality education was a distant dream for many economically deprived families in the prevalent social conditions of Hapur. Further with the provision of other facilities like good food and clothing for the children, SVAV has managed to achieve a positive impact in the region. The foremost beneficiaries are the students of SVAV and their families who have immensely benefited from this project. Access to free education and the savings from this have empowered families to educate another child also. This has a multiplier effect to bring more children under the umbrella of education and support the poor households.

The dedicated approach to holistic education and related support system has brought a transformation in and around 107 households (students' families). These over 100 representatives of change are key influencers in their region, advocating the values of cleanliness, health & sanitation, principles of honesty and strong character.

The education program through SVAV works as a catalyst in spreading the message of education and empowering the poorest household, thus improving the social habits and conditions of the people. The parents of these children are mostly daily wage earners or street vendors or domestic help providers. The school has generated employment for 28 persons directly and for many others indirectly.

The total expenditure incurred in running the school during 2019-20 amounted to ₹1,39,87,457/-

## II. The Mid-day Meal Program: A healthy mind resides in a healthy body

Malnutrition in India is a serious concern. Lack of hygiene, poor nutrition and poverty have made this worse. As a socially responsible



organisation, we initiated a project to provide mid-day meals to children of various schools. A kitchen with modern cooking facilities is operational at our SVAV campus at Hapur. Utmost care is taken to maintain optimum level of hygiene standards while the menu is carefully selected to provide high nutrition value to all the children. This food is then delivered to various schools at Hapur.



Pakshala (food preparation house) at SVAV

The Mid-Day Meal Program has several key benefits. First, this meal is an important source of nutrition for many children who come from financially deprived families. Secondly this food aids better psychological and physical development of these children. Thirdly mid-day meals ensure regular attendance in the schools where it is served. The above benefits are particularly effective in the case of girl - children.



Food preparation in Pakshala at SVAV

The SVAV kitchen serves mid-day meals to around 503 students every day with a plan to increase this to 750 students around daily at Hapur (UP) and its surrounding areas. The total amount spent during the year under report on Mid-day Meal Program amounted to ₹14.66 Lakh.

The Merino factory located at Rohad provides Mid-day Meal to around 76 physically challenged children studying at Saveria School, Jhajjar, Haryana, while mid-day meal for 16 children and 12 adults on a daily basis is sent to Bal Garh, Bahadurgrah, Haryana. A sum of ₹ 1.7 lakh was spent during the year under report.



Students of SVAV taking their meals

### III. Supporting the deserving through Educational & Learning Programs

Our education initiative is not just limited to SVAV school. Deserving students are provided scholarships by the trust. Additionally, the trust arranges for private tuition at SVAV campus for students from economically weaker section of the society. During the year under review, 12 such students were imparted coaching. 11 girls and 5 boys have also been provided with all financial support and guidance to continue their education in well-established private secondary schools outside SVAV. During the year under review, it granted and disbursed scholarships amounting to ₹10.4 Lakh to 28 students.

At Rohad village, near Merino campus, 16 girls are undergoing vocational training and an apparel stitching course through a Silalai Centre. The MPPL factory at Rohad is developing a facility to impart computer training to 20 girl children.

### IV. Scholarships to poor but bright students under "Yogakshemam"

Sri Harakasturi Memorial Trust has taken another initiative to help the poor and disadvantaged but meritorious students resident of Kolkata and its Suburbs under the name and style "Yogakshemam". It was started in October 2018. This has inspirations from our Revered Swamiji's words, "The most truthful way to serve God is to serve the poorest man. The gist of all worship to be pure and to good to others".

The Mission- Yogakshemama is for helping the students who are deprived of the facilities but are meritorious. It is a very humble attempt to help them with monetary aids for continuation of their studies and will be continued till they appear in Higher Secondary Examination i.e in the month of February/March 2020. For the said

purpose it has been decided that they will receive a stipend of ₹ 4000/- per month which will help them not only to mitigate the expenditures on education, like payment of fees of special coaching, purchase of books/stationeries but also to some extent to procure their daily breads. Our main objective of this project is to be like a little lamp with limited oil and provide light to our pupils to find out their paths.

During 2019-20, total scholarship money of ₹ 14.44 lakhs was disbursed among 38 students identified under 'Yogakshemama' project.

### V. Caring for lives through healthcare programs.

Medical care facilities are being provided through 'Shri Prem Chand Lohia Health Centre (SPCLHC)'.



Patients outside SPCL Health Centre of Merino

Tuberculosis is one of the most dreadful diseases in India with Global TB report 2017 giving an estimated incidence figure of 2.8 million cases of TB in India accounting for about a quarter of the world's TB cases. On finding that tuberculosis is prevalent at Hapur, Merino undertook a modest effort to address this issue through Shri Prem Chand Lohia Health Centre. Situated at Hapur, the centre provides general OPD along with complete treatment of TB. This is truly beneficial as there is a considerable economic burden associated with TB, specially for the economically weaker section which lack access to quality healthcare facilities. In collaboration with the Dept. of Tuberculosis, govt. of India, the health centre provides TB treatment in about 72 villages in the district of Hapur, Uttar Pradesh.



Doctor appointed by Merino with patient at SPCLHC in Hapur

At present, the health center has three units of dispensaries with doctors and supporting medical staff to provide general OPD for patients and for treatment of TB in particular. These are located around Achheja, Garhmukteshwar and Hapur town respectively and serve the healthcare needs of the underprivileged in nearby localities.

The Trust also provides medical facilities to the needy patients in and around the establishments of Merino group at Hapur through mobile vans manned by qualified doctors. During the year under report, 286 such trips were undertaken.

In addition to allopathy-based healthcare facilities, the centre also provides Ayurvedic treatment to patients. A total no. of 19,490 patients availed the facility of allopathic treatment during 2019-20, while 4,267 financially deprived TB patients went through a complete treatment at 3 centers. 229 out of 236 new patients successfully completed their TB treatment under Merino's TB centres during 2019-20. During treatment, 30 patients from extremely poor households were provided complete meal along with medicine for the whole year. Further, 283 patients have been undergoing the treatment of TB as on 31-3-2020. Ayurveda has proved to be a very cost-effective mode of healthcare. A total number of 2,444 patients received Ayurvedic treatment during the year under review.

### Holistic Living Program through yoga training and related service

#### Yoga - India's gift to the world

Continuing the good work in healthcare, the trust also aims at overall wellness through yoga. This is done through training modules that promote practising yoga and knowledge of Ayurveda for holistic and healthy living. During the year under report, over a dozen yoga camps and classes for training were organised. This initiative is aimed at improving the state of health of the people availing the services of the Yoga Instructor.

### Social Impact of Healthcare facilities by Merino

In the scenario of rising medical costs, charitable healthcare programs for disease prevention among the financially deprived households is an important step towards building a healthy society. Through our various initiatives, the trust has been instrumental in transforming the lives of over 20,000 patients who were previously deprived of quality healthcare. Conservative estimate of ₹ 300 per patient translates into healthcare savings of over ₹ 60,00,000 for these households.

Better health has far reaching effect on long term earning capacity and living conditions of people, thus bringing about a positive impact in the society. And along with Vedic practices like yoga, it lays the foundation of a stronger and healthier India.

# 'Nirmal' – Merino's enterprise - wide Sustainability & Environmental initiative Performance report 2019-2020



Don't be afraid of a small beginning, great things come afterwards. Be courageous!

- Swami Vivekananda.

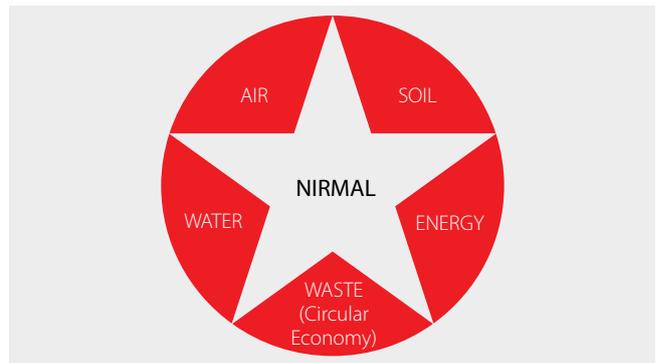
## Nirmal Way of Sustainability in Merino

The understanding and working culture in the Merino is inspired by - Parasparam Bhavayantah (परस्परं भावयन्तः). That is, Nurture each other. As per our ancient wisdom, the Living World or the Nature is made up of Five Great Elements, which are

- o Bhumi meaning Earth (भूमि)
- o Apah meaning Water (अप)
- o Analah meaning Fire/Energy (अग्नि)
- o Vayuh meaning Air (वायु)
- o Khah meaning Space (आकाश)

These five Great Elements encompass the total Eco System. Our conscious and sincere efforts to keep the Nature pure and clean by taking care of these Five Great Elements in all our operations and it will help us in fulfilling our Mission. That is, our Mission of "Universal Weal through Trade & Industry". Merino being a Business Organisation, Trade and Industry are its means to create wealth for its Stakeholders. The word Universal stands for the entire World-the gamut of Stakeholders in our case. The word "Weal" ensures that the wealth is created without harming any part of the World. As we keep this clean, and saved from impurities, Nature will be bountiful for all in this World. This is also our understandings about the sustainability. We call it as Nirmal Way. That is, the word Nirmal means Devoid of Impurities, or Pure. Hence, the sustainability in Merino is driven by our mission and embedded in "Nirmal" way of doing all operations / activities.

Merino group believes that the sustainable actions and outcomes create long term values by achieving a balance between economic, environmental and social performances. In this context Merino has embarked upon a program called "Nirmal", which focuses on integrated, multi-dimensional and holistic transformation broadly covering five areas which are shown alongside:



Merino leadership strongly believes that the environment encircles the social and economic well-being. So, the factors sustaining environment have profound impact on business and society. This has inspired Merino group to follow the policy of Environment first.



Micro bio - diversity eco system inside factory premises at Merino Hapur

Merino over the period of time has expanded its manufacturing facilities beyond its existing set up at Hapur (Uttar Pradesh) and Rohad (Haryana) to Hosur (Tamil Nadu) and Dahej (Gujarat). It has made efforts to make campuses Green and focuses on improving Indoor Air Quality too by having selected indoor plants as it is also evident from the pictures on the next page.



Administrative Block at Factory- MIL Hapur



Workstation with Indoor Plants at MIL Hapur

Since manufacturing involves usage of various resources like raw materials, water, fuel for power and heat generation etc. during the process there are corresponding generations of ecological footprints of carbon, water, emissions and waste etc. However, Merino is making a continuous improvement by focusing on optimisation of resource usages and reductions in ecological footprints in terms of carbon, water, emissions and any kind of wastes. Merino has engaged external agencies and subject matter experts in addition to its in-house Centre for excellency in planning, implementation and monitoring the projects which are considered positive intervention to bring about necessary impacts.

For the year under review, Merino retained The Energy and Resource Institute (TERI) and Visvesvaraya National Institute of Technology (VNIT, Nagpur) to assist and complement Merino's in-house expertise and experience to assess carbon and water footprint and to adopt best practices in energy management, water management, creating value out of any process scraps/wastes, greenhouse gas (GHG) management and soil management.

Merino has been making sustained efforts to adopt concepts, practices and principles of circular economy to bring necessary reductions and reuse/recycling of any kind of wastes. Towards this too, many initiatives have been taken including collaboration with

Academia. The report further elaborates on each of the identified areas by bringing out overview, key initiatives undertaken and the outcomes of these initiatives in following categories.

1. Energy
2. Water
3. Waste Management under Circular Economy principles
4. Air including care for emission & air quality
5. Soil Care through resilient agricultural practices & green activities

## I. Energy management in Merino

Conventional resources based on fossil fuels are one of the prime carbon footprint contributors. Merino has energy mission objectives to minimise Carbon Footprint of the Company to Ensure Universal Weal & Sustainability. There must be additional element to decrease the energy cost as well. At Merino, we believe that the future lies in renewable energy - one that fulfils our objectives of ecological sustenance and indigenous source of energy availability. To achieve this, Merino has formulated a three-pronged approach to the effective energy management.

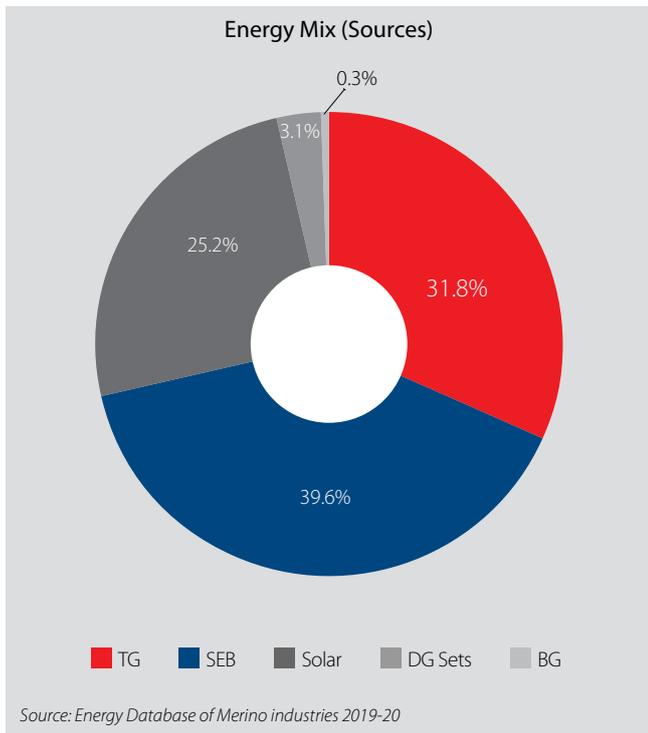
- 1) Energy Sources- Increase the share of renewable energy in Merino's total energy requirement. Here major focus is on solar energy and in-house energy production by using biogenic fuel (carbon neutral) like biomass and biogas.
- 2) Energy Efficiency- Constant efficiency upgradation through upgraded electrical appliances, machineries or improved technology in production, utilities and lightening systems.
- 3) Energy Conservation- Promoting an environmental friendly work culture & conservation of energy i.e. provision of natural light in all establishments, saving electricity through automation and humane responsibilities.

### I.1 Energy Sources at Merino

At present, Merino fulfils its total energy requirement through a combination of both conventional sources of energy like fossil-based Diesel-Generators (DG Sets), State Electricity Boards (SEBs) and renewable /alternate energy resources namely, Solar, Biomass based turbines (TG) and Biogas plants (BG). These five energy sources are used to power the various factories and establishments of the group.

### Renewable sources constitute around 58 % of Total energy requirements of Merino

Constant engagement is the key attribute of sustainable practices. Merino now fulfils about 58% of its total energy requirement from renewable and green energy sources through its years of proactive efforts. Powering this feat, there are biomass technology turbines (TG) and biogas plants (BG) that contribute about 32% of the total energy requirement while solar power (Solar) accounts for around 26%.



### I.1.A. Biomass and biogas Power - The Green fuel

Reiterating its stand of environment first, Merino has taken several key steps that have reduced dependency on traditional power from fossil fuels-based DG-Sets or power from SEBs. The group has increased the installation and usage of alternative source of energy mainly solar. Also, the in-house energy production by using biogenic fuel (carbon neutral) like biomass and biogas.

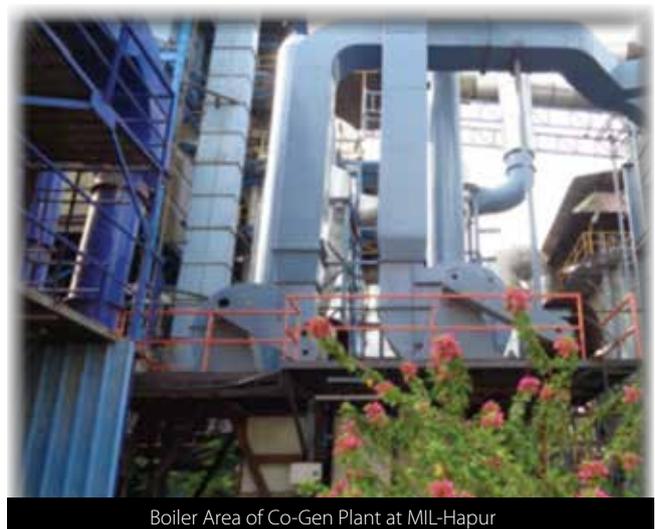
Biomass has emerged as an important fuel source in the fight against climate change. It is amongst the lowest carbon emission fuel amongst fuel-based technology for production of heat and power. In fact, energy experts agree when one combines the economic and environmental character of energy sources, biomass tops the list as one of the best energy sources.

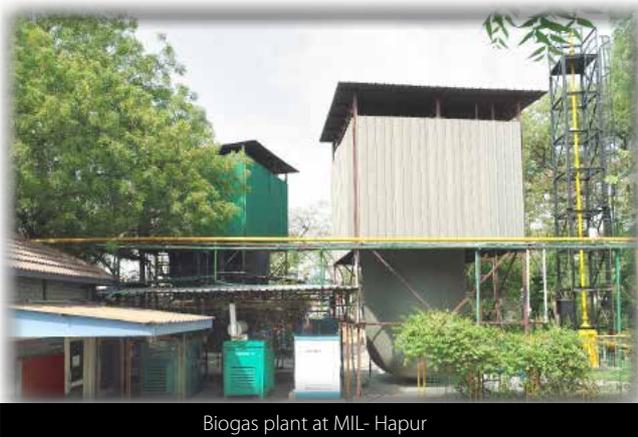


Merino uses agro-based industrial residues like rice husks and wood or wood product wastes produced in industrial operations like sawdust as major biomass fuel to generate heat and power. This not only helps in reducing carbon footprint but also creates sustainable livelihood options for people who manage these wastes in around 100KM perimeter of the Merino Factory at Hapur.

Biomass, being the green fuel is our key fuel source at the Merino manufacturing units at Hapur. The power generated through the biomass turbines accounted for around 74 percent of total energy requirement of the two manufacturing units. Merino harnessed around 15.77 million kWh of electrical energy annually from biomass during 2019-20.

Combustible agricultural materials such as rice husk and biomass such as sawdust are used to generate heat in furnaces. This heat produces steam and power through turbines. This has created substantial value as energy harnessed from biomass is inexpensive as compared to coal and oil, costing about 33% less than fossil fuels.





Biogas plant at MIL- Hapur

Gases obtained from effluent treatment plants and organic decomposition of wastes in biogas plants are also used in power generation. The organisation generates approximately 1,60,000 kWh unit of electrical energy through biogas generator thus utilising the waste from potato flakes plant at Hapur.

#### I.1.B. Solar Power: Natural & low carbon footprint energy source

Solar power is the key to a clean energy in future. At Merino, we have constantly emphasised on this by implementing installations of various solar systems/plants to power the group's growing power requirement. The group has installed around 9.43 MW solar system/plants that helps to generate 12.36 million kWh units of electrical energy during 2019-20 for production, utilities and lighting needs of four factories of Merino. This makes up for around 25.2% of the total energy requirement of all plants of the group.



Solar Panels on rooftops of factory at Hapur



Merino's ground mounted solar panels at Hissar

Merino has installed 1.98 MW solar system (rooftop) in Merino Panel Products (MPPL) manufacturing unit at Rohad plant and another 5.5 MW ground mounted solar system with tracker in Budak, Hissar (Haryana). These together take care of around 49% of the energy needs therein.

The manufacturing unit at Dahej accounts for around 9% of energy needs from solar system installed in the campus. Hapur has two manufacturing units. Unit-1 got about 7% energy requirements from rooftop solar system while Unit-2 got about 19% during 2019-20. Solar energy provides for around 4% of energy requirement at the manufacturing unit in Hosur from solar rooftop panels at factory premises. Solar as source of energy requirements in various plants of Merino as given in the table 1.

**Table-1 Share of Solar energy in total energy requirements in various plants of Merino**

Factory-Site	Share of Solar Energy (Approx.)
Hapur Unit-1	7%
Hapur Unit-2	19%
Rohad	49%
Dahej	9%
Hosur	4%

Source : Energy Database of Merino Industries, 2019-20

#### I.2 Energy Efficiency: Constant upgradation in appliances, electricals, tools, technology etc.

Energy efficiency is mainly done in Merino through upgradation or installations of new electrical appliances, machineries or improved technology in production, utilities and lightening systems.

Merino has installed Variable Frequency Drive (VFD) across the machines, boilers, pumps, compressors etc. to control the load fluctuations, save the electrical inputs and gain overall efficiencies of these equipment/systems. Installations of Real Time Power Factor Correction System at required places has improved the power factor & reduced the demand. Installations of active harmonics filters for the required electrical fittings has also improved the power factor and helps us save the electrical demands.

Emphasis has been given on the installation of energy efficient (IE3) motors in production and other facilities at all establishments of Merino. The replacement of low efficiency centrifugal pumps with high efficiency pumps are done in many places to gain in operating efficiencies.

Merino's Hosur factory has 100 % IE3 motors while the Dahej unit has around 86 %. Other production units at Rohad and Hapur have also installed around 76% and 60 % IE3 motors respectively.

Merino is constantly working towards achieving our objective of gradually replacing the entire motoring capacity with 100 per cent IE3 motors.

**Replacements & Installations of Energy Efficient Motors (IE3 or above) as on 31st March 2020**

Factory-Site	Share in all working motors
Hapur	60%
Rohad	76%
Dahej	86%
Hosur	100%

Source : Engineering Database of Merino Industries, 2019-20

Expansion in economic activities calls for an increase in lighting requirements for better and safe working environment at all Merino establishments. Therefore, the group has ensured optimal lighting system in all factories. However, it is being done with a gradual shift towards installation of LED lights by phasing out conventional Tube Lights/ Sodium/Mercury Halogen lights. LEDs now have replaced around 78% of conventional lighting and its usage has brought about an approximately 30% saving in electrical consumption.

Our factories at Hosur, Rohad and Dahej have installed almost 100% LED lighting at their respective locations and working towards replicating the same at the rest of our units across India.

**1.3 Energy Conservation or direct savings in heat & electrical energy**

Merino, always focuses on energy savings at first place. That is, through automation and humane responsibilities. This is done through a continuous awareness about an environmental friendly work culture & conservation of energy possibilities. However, there are plenty of tangible processes and improvements measures which are helping the organisation in the conservation of energy.

During the last one year, OTIF projects were implemented, which minimise the material movement at factory premises & reduce the dispatch container loading time, thereby reducing the total energy consumption by different material handling equipment's. Following are the other measures worth highlighting under these endeavors:

- Engineers have arrested the air ingress in the Air Pre-Heater in Steam boiler & Thermic fluid heater and system develop to closely monitor it. This is to save heat energy.
- Used the adiabatic cooler in the close loop circuit for cooling of press eliminating secondary cooling circuit by PHE and another

water circulation pump. Such circuit help us to get high cooling efficiency and reduce the electrical demand.

- PLC based automation for cooling tower pumps for energy saving is in place.
- We keep power factor of the plant at 0.999, which allows to conserve the energy.

We understand the source of energy, gain in efficiencies and conservation practices ultimately determine and help us in reduced carbon footprint. The use of biomass and solar energy as fuel sources have helped in lowering carbon footprints. This has ensured Merino to have low carbon footprint in the product manufacturing. The study conducted by Visvesvaraya National Institute of Technology (VNIT), Nagpur for assessment of carbon and water footprint of industrial activities of Merino at Hapur using ISO 14044:2006 methodology for Life Cycle Assessment (LCA) & compliance to ISO 14064:2006 for Green House Gas (GHG) evaluation, shows that 4.34 kg CO2 equivalent to per laminate sheet production and 1.05 kg CO2 equivalent to per kilogram of potato flakes production are GHG emissions at Hapur production facilities.

**II. Water management**

Ground water is the prime source of water supply at all the Merino establishments. A holistic approach had been undertaken for water management in and around the units with focus on conservation of ground water. These constructive conservation efforts can be classified into three key actionable implementations

- 1) Focused practices to reduce water consumption,
- 2) Recycle and reuse of water,
- 3) Replenishing and restoration of water sources.

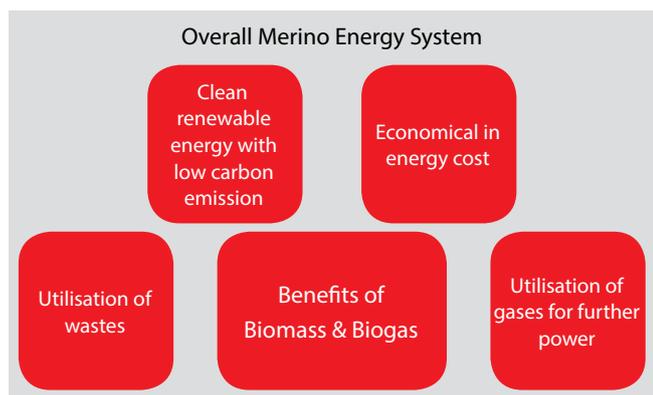
The above principle also called 5R, that are, Reduce, Recycle, Reuse, Replenish and Restore.

**II.1 Water Conservation/Reduced Water Consumption**

Saving water is the call of the hour. Maximise the use of every drop of water and also save every drop wherever possible are the twin concept, Merino has adopted across all operations at its manufacturing units across India.

The group has installed 200 and 250 CHM Adiabatic Cooling Towers at Hapur plants. Replacing the conventional cooling tower with the upgraded Adiabatic Cooling Tower has helped us in saving more than 25,000 KL annually at Hapur plant. Our flash steam recovery system further helps us to save around 15 per cent of water used in steams.

All the manufacturing units of our group have moderated water consumption per unit of laminate produced. This is possible through increase in water efficiency by use of upgraded technology and better water management.



## II.2 Recycle and Reuse of Water through ETP and STP

Another key aspect of our water management efforts is recycling of waste and unused water discharged from our manufacturing units. This is diligently implemented at all our manufacturing facilities using ETPs (Effluent Treatment Plants) and STPs (Sewerage Treatment Plants). The capacity of ETP and STP are of 250 and 70 KLD respectively at Hapur plants. These help to treat and recycling of over 100,000 KL of water annually at Hapur premises.



RO plant for water filtration & recycling at MIL, Hapur

The Rohad plant has installed capacity of ETP and STP of 50 and 100 KL per day respectively. It helps to make over 50,000 KL of reusable water annually from waste/used water in the premises.

Similarly, with the use of STPs in the manufacturing premises of Hosur and Dahej, the company reuses over 10,000 KL of water annually.

## II.3. Replenishing and restoration of water sources: marching towards Zero discharge and double recharge



The Raghunathpur pond constructed & maintained by Merino for ground-water table recharge through rainwater

Merino has taken several initiatives to replenish and restore the ground water by setting up rainwater harvest systems at all establishments of the group. The rainwater harvest system is an effective way to naturally restore and replenish the ground water tables. Merino has installed rainwater harvest system with reservoir capacity of over 1,00,000 liters at Hosur.



The Achheja Gaon pond constructed and Maintained by Merino for ground-water recharge

The group has built reservoirs and installed ground water recharge system in and around the factory premises. Three such ponds have been developed to recharge ground water at Hapur. These are effective to restore nearly 5,53,815 KL of water cumulatively in a year.

Constant engagement and a holistic water conservation plan means that Merino is on track to achieve its twin goals of zero discharge system and double recharge (recharging double of what we consume in our premises).

## III. Waste Management with the principle of circular economy

A close look at nature reveals that nothing goes waste. Incorporating this philosophy, Merino has focused on reducing waste generation and further reusing these wastes through adoption of innovative ways to create value. Updating to technologically advanced machineries and implementation of raw material conservation practices has brought about a paradigm shift in waste management as the group moves steadily towards its long-term goal of zero waste. Infact, Merino is working to have Waste Recycle Positive Status means 'Creating positive value out of wastes.

Merino Group has adopted many innovative methods to reuse wastes. To start with, there is a system in place to collect all wastes and segregate them into various categories like hazardous (non-recyclable), non-hazardous (recyclable), organic, non-organic, liquid and solid. This helps to properly plan the reuse of recyclable wastes and carefully dispose the hazardous ones.

Combustible process wastes from manufacturing like residue of paper materials, laminates, panel products etc., are used in furnaces to generate heat used for drying the biomass (key source of energy at Hapur unit of Merino).

Ash generated from boilers and incinerators along with ash from NTPC power plant are used for manufacturing bricks and tiles. These are used for internal pavements inside the premises.

Organic wastes from processes and canteens as well are converted into manures through bio-conversion processes like use of bacteria or other micro-organisms. The manures obtained from organic wastes are used for plants/plantations at Merino establishments.

### III.1. Treatment and reuse of wastes of potato flakes plant at Merino

The potato flakes plant (PFP) is no different from the other facilities in waste management implementation. Wastes produced in different forms like liquids, semi solids are properly segregated, treated and reused. Liquid waste and sludge are processed in the effluent treatment plant (ETP). In ETP, the waste goes through USABR anaerobic decomposition process to produce biogases which are then channelled for electricity generation or is used for cooking purpose directly. This is further treated with aerobic decomposition process. Post this treatment, the released water is used for plantation, washing potatoes and flushing systems. Thus, this whole process helps in recycling of water and energy generation.

The decomposed (mineralised) slurry from the bio-gas plants is used as fertiliser in gardens, crops or plantation fields. Solid waste from potato peels and unused potatoes is collected and converted into compost. This compost is an effective manure for enrichment of soil in agricultural land. The annual production of compost from the potato flakes plant is around 50 metric tons.

### III.2. Valuable Chemicals from Potato peel

The VEGIT plant of Merino produces a myriad of potato ready mix products which generates a significant amount of peel waste. A novel process developed by VNIT uses the potato peel waste (PPW) to make valuable products. A green method is devised to separate clean peel and residual starch slurry. The peel is used to extract valuable products like polyphenols and dietary fibers thus creating wealth from waste. The starch slurry is used to generate energy by anaerobic digestion thus resulting into ZERO waste.

### III.3. Paddy Straw Digestion System

The alarming situation caused by stubble burning in the Northern India due to recalcitrant nature of rice straw needs immediate attention. Being a lignocellulosic waste, it is difficult to decompose. In-Situ fast degradation by anaerobic digestion of rice straw is a suitable alternative option to produce a soil enriching compost. Recently joint collaboration of Merino and VNIT, a potential microbial culture is developed named paddy digesting culture (PDC) which is cost-effective and can efficiently work in the extreme climatic conditions of northern India. Two-stage solid-state digestion (dry anaerobic fermentation) followed by aerobic digestion of rice-straw without addition of water is conducted. Bioreactor volume is equivalent to that of wet rice straw and no post separation operation is required. Each stage is continued for 20 days, total digestion time being 1.5 months. The experiments are conducted for 500 grams of rice straw at lab scale and scaled up to 1 tons of rice straw at pilot scale at Merino Hapur factory. The rice straw is finally reduced to a high quality brown compact value-added composted biofertiliser with 10-11 C: N ratio.

## IV. Care for emission and air quality

Reiterating the group's engagement in sustainable practices, all the

manufacturing units at Merino diligently adhere to maintain lower emission than stipulated under manufacturing activities to bring about a positive and real change.

A major part of Merino's cooling needs is addressed by VAM chillers that use waste heat instead of the conventional compressor run on refrigerant gases. Wet scrubbers installed in our laminates plants at Hapur, Rohad and Dahej help to control air pollution.

Along with this there are electrostatic precipitators and bag filters in manufacturing units to control emission. The chillers in the production units for process and comfort cooling operate on the latest technology and are more environmentally friendly than the conventional cooling system.

An important aspect of industrial emission is ozone depleting gases (ODG) that get released in the atmosphere. At Merino, we have addressed to mitigate this through proper knowledge, training and technological upgradation.



Chlorinated Fluorocarbon (CFC) refrigerants have been replaced by the technologically advanced hydrofluorocarbons (eg R-410A) refrigerant in over 376 tons of refrigeration (TR) systems annually. This has helped to mitigate equivalent amount of ODG from the environment. Merino's plants at Hosur and Dahej have complete refrigeration facilities based on Non-CFC refrigerants.

Based on our sustainable practices, waste at our facilities is directly converted into useful gases and composts without greenhouse gas emission into the environment. This has significantly improved the air quality in and around our establishments. Further use of biomass and solar energy as fuel sources have helped in lowering carbon footprints.

The transformation of biomass (and its embodied "biogenic" carbon) into products has brought about effective carbon sequestration as these products effectively stores CO<sub>2</sub> over a period of time. Thus, the use of biomass contributes to reduction in CO<sub>2</sub> level in the atmosphere and addresses the key issue of global warming.

## V. Sustainable agriculture, Care for Soil & Green Activities

### V.1. Sustainable agriculture

Sustainable farming and soil conservation form the ethos of our agricultural division at Merino. Leveraging the domain knowledge of national agricultural institutes like ICAR and State Universities experts, we have implemented a host of projects to develop SAP (Standardised Agronomic Practices) for our catchment area.

The primary goal of these initiatives has been to promote locally adaptable farm practices, need based usage of agricultural inputs to sustain soil health and crop ecology and also to increase income of huge number of farmers associated with Merino group.

Innovative methods adopted for nutrient management based on soil test values and Integrated pest management have transformed the farm practices. Not only has the usage of pesticides and fertilisers reduced by around 49% and 20% respectively, the targeted yield and quality have also improved significantly. The SAP have been implemented in potato, maize and paddy crops covering 1400 acres of land during last years.



Crop fields of Merino



Vermicompost made by Merino for soil organic care

This exemplary practices of Merino is rated as one of the best examples of public private association by Dr. Ashok Dalwai, Chairman "Doubling farmers income by 2022 mission committee" & Additional secretary, Ministry of Agriculture Cooperation and Farmers Welfare, Government of India, during a seminar organised by National Horticultural Research and Development Foundation, Delhi on 12th of March, 2019.

### V.2. Enriching soils with natural composts/manures

Taking a constructive step towards soil biological health and its conservation, Merino is engaged in enriching carbon content of soil using bio manures and desired soil health management practice. The group produces quality vermicompost around 200,000 kg annually. The vermicompost besides enriching soil health also minimises dependence on the chemical fertilisers on around 80 hectare of farming lands. Overall, the ecofriendly farming practices at Merino help in achieving the carbon sequestration of around 12,000 kilo tons of CO2 equivalent annually as environmental care along with sustaining the soil health.

### V.3. Afforestation/Agroforestry by Merino

We at Merino, depend on trees/plants for our survival, from the air we breathe to the wood we use. Besides providing habitats for animals and livelihoods for humans, these also offer watershed protection, prevent soil erosion and mitigate climate change.



A clean & green lane inside the factory of Merino, Hapur

Merino has brought afforestation and also the expansion of agroforestry under its centerstage of green dive activities. All establishments of Merino are taking targets to increase green cover inside and outside its premises. In year 2019-20, over 7000 trees sampling are paced into its two factory premises of Hapur. Under its agroforestry, more than 2000 poplar trees and bamboos over 5 acres of land are grown up.

These green activities like plantations, farming and agroforestry do the carbon sink or carbon sequestration. Together around 14,000 tons of CO2 equivalent GHG has been effectively removed through Merino's green initiatives during 2019-20.



Merino's Agroforestry and along farm fields



Vermicompost bed in Bamboo forestry by Merino

#### V.4. Soil Care

There is the need of hour to bring improvements in soil health using organic inputs. Commonly available compost lacks the crop/soil specific nutrients and bio agents. Also there is the need to minimise the dependence on inorganic fertilisers and saving forex and contributing to NMSA (National Mission for Sustainable Agriculture).

Therefore, the development of soil crop/soil specific and cost-effective organic manure customised with major and micro-nutrients and bio agents/catalysts are under progress by Merino with collaboration with VNIT. This shall be as per the quality standards defined under FCO, Govt of India for improving and sustaining physical, chemical and biological health of soil.

#### V.5. Gau Shala

Merino has taken initiative to establish the economic and ecological sustainability of a small dairy farm with scientific but traditional wisdom as well. It has focused on to utilise the existing herds and establish the contribution of retired animals, those have served their productive life cycle. Along the improved milk yield, the economic utilisation of Cow dung and Gomutra are work in progress.

#### V.6. Miyawaki in Merino

Merino has taken many of positive initiatives to have afforestation inside all its establishments. Adoption of 'Miyawaki Method' to grow forests at fast pace inside the manufacturing campus at Hapur is one of such endeavors.

In Miyawaki method more saplings close by support each other are placed to grow the plants fast. This also blocks sunlight from reaching ground which prevents weeds from growing and also keeps the soil moist. Also, the only direction from which sunlight is available is top, so saplings move upwards to get sunlight instead of growing sideways. This makes the saplings grow taller in very short time.

We have followed the expert advisory to grow 'Miyawaki Jungle' while placing the 600 saplings into area of 320 square yards (240\*12 feet), in a narrow lane between two large work-shades in the furniture factory of Merino at Hapur. Plenty of native species with variations in varieties are chosen to ensure the natural survival and ecological development in this Jungle/forest. This will also ensure the multilayers of plants, that are, canopy layer, tree layer, sub-tree layer and shrub layer would be formed in mature stage of this forest.

#### Composition of Varieties/Species of Samplings in Miyawaki at Merino

	Varieties	Number of Plants	Share
Fruit Bearing Trees	12	378	63%
Timber Trees	22	66	11%
Deciduous (Soil Enriching)	8	48	8%
Evergreen Medicinal Plants	9	54	9%
Evergreen Flowering Plants	18	54	9%

Source : Energy Database of Merino Industries, 2019-20

12 varieties of Fruit bearing trees such as Indian gooseberry, pomegranate, plum, Guava, jackfruit, custard apple etc. are paced. These constitute about 63% of the total trees in this forest. 22 varieties of Timber (large) Trees species like Teak, Sheesham, Arjun, sacred fig etc. are constituting 11% of the total trees in the forest. 8 varieties of deciduous plants like chebulic myrobalan, tamarind, Jungle Jalebi, Thor etc. are around 8% of total trees in this forest. 9 varieties of Evergreen Medicinal plants like curry leaves, Neem, Putranjiva, Semur, Tuma etc. and 18 varieties of flowering plants like cassia fistula, plumeria, royal poinciana, night jasmine, bauhinia variegata, Kanak, Mualsari, Mulberry etc. are being grown in this forest.



### Sampling done on 24 December 2018 at MIL unit 2, Hapur

#### Miyawaki Methodology

- One-meter-deep pit dug and 3-4 native saplings per square meter are planted.
- In soil preparation or mulching organic manure like vermicompost are used.
- Support sticks inside the soil are placed to ensure plants don't bend.
- Paddy straws used to cover the soil to maintain its moisture & contain the weeds growth.
- Different species of plants are next to each other.



### Trees in 'Miyawaki' forests after 18 months from sampling time

Multilayers of plants, that are, canopy layer, tree layer, sub-tree layer and shrub layer are being formed within very short span of time in the picture taken from above. It is expected to give the forest different species of plants like shrub layer (6 feet), sub-tree layer (6-12 feet), tree layer (20-40 feet) and canopy layer (above 40 feet).



### The Picture shows the Miyawaki forest between two upcoming large work-shades in Merino

# Independent Auditor's Report

To the Members of  
Merino Industries Limited

## Report on the Standalone Financial Statements Opinion

We have audited the accompanying standalone financial statements of **Merino Industries Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Information other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the standalone financial statements and our auditor's report thereon.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2013;
  - e) On the basis of the written representations received from

the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 37 (b) to the standalone financial statements;
  - b. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses if any, on long term contracts including derivative contracts; and

- c. There has been no substantial delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- 3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For Singhi & Co.**

*Chartered Accountants*  
Firm Reg. No. 302049E

**B.L. Choraria**

*Partner*

Place: Noida (Delhi NCR)

Dated: 25th August, 2020

Membership No.: 022973

UDIN: 20022973AAAAAB6108

## Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Merino Industries Limited of even date)

- i. In respect of the Company's Property, Plant & equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant & equipment.
  - The company has a phased programme of physical verification of its property, plant and equipment, which in our opinion, is reasonable having regard to the size of the company and the nature of its property, plant and equipment. Management has physically verified certain property, plant and equipment during the year and as informed to us, no material discrepancies were noticed as compared to books of account.
  - On the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. Inventories (except stock stored in cold storage with third parties and stock in-transit) were physically verified during the year by the management. In respect of inventory stored with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable, and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act' 2013. Therefore, provisions of this clause are not applicable to the company.
- iv. The company has not given loans, made Investments, given guarantee or securities during the year under the provisions of section 185 and 186 of the Act. Therefore, the provisions of this clause are not applicable to the company.
- v. The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and hence provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the company.
- vi. The company is required to maintain cost records pursuant to the rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii. a) According to the records of the Company, the Company is generally regular in depositing material undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, Goods and Service Tax, custom duty, Income tax, Cess and other statutory dues applicable to it with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year – end for a period more than six months from the date they became payable
- b) There are dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax and entry tax on account of disputes as stated below:

Nature of Dues	Amount involved (₹ in Lakh)	Amount paid under protest (₹ in Lakh)	Forum where the dispute is pending	Period
Income Tax excluding Interest Post Order	365.93	73.18	Commissioner of Income Tax (Appeals)	A.Y 2012-13
	772.22	154.44	Commissioner of Income Tax (Appeals)	A.Y 2013-14
	1831.18	78.00	Income Tax Appellate Tribunal	A.Y 2014-15
	208.62	41.72	Commissioner of Income Tax (Appeals)	A.Y 2015-16
Central Sales tax excluding penalty and interest	26.01	13.00	Additional Commissioner	2014-15
	186.19	25.00	Deputy Commissioner	2015-18
	26.07	28.64	Appellate Tribunal	2011-12
Sales Tax excluding penalty and interest	24.33	9.50	Deputy Commissioner	2007-09, 2015-18
	13.19	-	Joint Commissioner	2015-16
	23.57	7.07	Tribunal	2009-12
Entry Tax excluding penalty and interest	0.76	-	Deputy Commissioner	2015-18
	15.51	25.20	High Court	2001-02, 2002-03
Service Tax excluding penalty and interest	1.80	-	Assistant Commissioner	2004-07

Nature of Dues	Amount involved (₹ in Lakh)	Amount paid under protest (₹ in Lakh)	Forum where the dispute is pending	Period
Service Tax including penalty, excluding interest	31.94	-	Assistant Commissioner	2005-06, 2015-17
	2.63	0.44	CESTAT	2009-10, 2015-17
	3.71	-	Commissioner (Appeals)	2015-16
Excise duty excluding penalty and interest	6.41	-	Additional Commissioner	1988-89, 2009-10
	68.93	13.46	Assistant Commissioner	2000-07, 2012-13, 2014-15
Excise duty including penalty, excluding interest	14.92	-	Assistant Commissioner	2003-12
	86.80	-	Additional Commissioner	2005-06
	661.10	-	Commissioner	2015-17
	899.62	10.00	CESTAT	2005-11
	137.19	-	High Court	2015-16
	2562.57	-	Supreme Court	2010-16, 2004-06
Custom Duty excluding penalty and interest	1.45	-	Assistant Commissioner	2012-13
	14.32	5.00	CESTAT	2002-03

- viii. The Company has not defaulted in repayment of dues to bank and financial institution. The Company did not have any borrowing from the Government and dues to debenture holders.
- ix. The company has taken term loan during the year & the same was applied for the purpose for which it was raised. The company has not raised any moneys by way of Public issue/ Follow-on offer.
- x. Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers/ employees, has been noticed or reported during the year.
- xi. Based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the provision of section 197 read with schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. Based on our examination of the books and records of the Company, all transactions with related parties are in compliance with sections 177 and 188 of the Act where

applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore, provisions of this clause are not applicable to the company.
- xv. To the best of our knowledge and belief and according to the information and explanations given to us, the company hasn't entered into any non-cash transactions with directors or persons connected with him. Therefore, provisions of this clause are not applicable to the company.
- xvi. Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, therefore provisions of this clause are not applicable to the company.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.L. Choraria**  
Partner

Place: Noida (Delhi NCR)  
Dated: 25th August, 2020

Membership No.: 022973  
UDIN: 20022973AAAABB6108

## Annexure 'B' to the Independent Auditor's Report

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of **Merino Industries Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Singhi & Co.**

*Chartered Accountants*  
Firm Reg. No. 302049E

**B.L. Choraria**

*Partner*

Place: Noida (Delhi NCR)

Dated: 25th August, 2020

Membership No.: 022973

UDIN: 20022973AAAABB6108

# Standalone Balance Sheet

as at 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	(Rupees in Lakh, unless otherwise stated)	
		As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3(a)	38,185.79	32,785.09
(b) Right of use assets	3(a)	1,251.14	-
(c) Capital work-in-progress	3(b)	1,858.15	1,986.91
(d) Other intangible assets	3(c)	74.19	105.49
(e) Financial assets			
(i) Investments	4	5,558.13	4,724.49
(ii) Loans	5	224.65	155.83
(f) Other non-current assets	6	222.33	556.28
<b>Total non-current assets</b>		<b>47,374.38</b>	<b>40,314.09</b>
<b>(2) Current assets</b>			
(a) Inventories	7	32,521.34	29,088.00
(b) Biological assets other than bearer plants	8	658.21	679.86
(c) Financial assets			
(i) Trade receivables	9	10,903.79	11,431.57
(ii) Cash and cash equivalents	10	1,744.43	225.76
(iii) Other bank balances	11	396.40	42.82
(iv) Loans	12	213.13	208.34
(v) Other financial assets	13	624.15	453.21
(d) Current tax assets (net)	14	1,770.67	992.57
(e) Other current assets	15	2,325.64	2,040.16
<b>Total current assets</b>		<b>51,157.76</b>	<b>45,162.29</b>
<b>Total assets</b>		<b>98,532.14</b>	<b>85,476.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,047.03	1,047.03
(b) Other equity	17	54,408.64	47,587.21
<b>Total equity</b>		<b>55,455.67</b>	<b>48,634.24</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	5,725.61	1,648.11
(ii) Lease liabilities		861.41	-
(b) Deferred tax liabilities (net)	19	2,674.60	3,286.65
(c) Other non-current liabilities	20	90.40	96.49
<b>Total non-current liabilities</b>		<b>9,352.02</b>	<b>5,031.25</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	10,183.71	14,139.53
(ii) Trade payables:	22		
Total outstanding dues of micro enterprises and small enterprises		108.05	105.98
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,457.30	11,771.76
(iii) Other financial liabilities	23	7,218.20	4,334.68
(iv) Lease liabilities		463.72	-
(b) Other current liabilities	24	1,636.11	1,142.15
(c) Provisions	25	645.11	316.79
(d) Current tax liabilities (Net)	26	12.25	-
<b>Total current liabilities</b>		<b>33,724.45</b>	<b>31,810.89</b>
<b>Total liabilities</b>		<b>43,076.47</b>	<b>36,842.14</b>
<b>Total equity and liabilities</b>		<b>98,532.14</b>	<b>85,476.38</b>

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 52 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	2019-20	2018-19
<b>INCOME</b>			
Revenue from operations	27	99,989.99	97,797.08
Other income	28	949.71	1,200.73
<b>TOTAL INCOME</b>		<b>1,00,939.70</b>	<b>98,997.81</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	45,119.06	47,643.46
Purchases of stock-in-trade		5,773.48	4,305.21
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	30	(1,062.39)	(1,429.41)
Employee benefits expense	31	13,039.72	10,803.77
Finance costs	32	1,549.83	1,467.95
Depreciation and amortisation expense	33	4,167.71	2,927.95
Other expenses	34	23,893.60	21,619.60
<b>TOTAL EXPENSES</b>		<b>92,481.01</b>	<b>87,338.53</b>
<b>Profit before Tax</b>		<b>8,458.69</b>	<b>11,659.28</b>
<b>Tax expenses</b>	35		
- Current tax		2,203.97	3,246.64
- Deferred tax		(789.05)	(176.03)
<b>Total tax expenses</b>		<b>1,414.92</b>	<b>3,070.61</b>
<b>Profit for the year from continuing operations</b>		<b>7,043.77</b>	<b>8,588.67</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(68.35)	(15.44)
Changes in fair value of FVOCI equity instruments		833.64	2,539.49
Deferred tax relating to these items		(177.00)	(587.45)
<b>Total Other Comprehensive Income for the year, net of tax</b>		<b>588.29</b>	<b>1,936.60</b>
<b>Total Comprehensive Income for the year</b>		<b>7,632.06</b>	<b>10,525.27</b>
<b>Earnings per equity share of face value of ₹10 each</b>			
Basic	36	67.93	82.83
Diluted		67.93	82.83

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 52 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Standalone Statement of Cash Flows for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax as per statement of Profit and Loss:	8,458.69	11,659.28
Adjustments for :		
Depreciation and amortisation expense	4,167.71	2,927.95
Loss allowance for expected credit losses on trade receivables	106.89	61.71
Bad debts and advances written off	12.52	49.03
Recovery of bad debts	(3.54)	(12.96)
Unrealised (gain) / loss on foreign Exchange (Net)	418.57	(13.74)
Finance costs	1,549.83	1,467.95
Loss on sale/Disposal of property, plant and equipment (net)	55.76	87.56
Fair value (gain)/loss on derivatives	64.55	(78.08)
Income due to amortisation of government grants	(6.09)	(6.09)
Interest Income	(155.24)	(19.46)
Provisions/Liabilities no longer required written back	(131.23)	(197.24)
Dividend income from long term investments measured at cost	(313.53)	(156.76)
<b>Operating Profit before Working Capital Changes</b>	<b>14,224.89</b>	<b>15,769.15</b>
Adjustments for :		
Trade receivables	630.68	(919.60)
Non-Current/Current financial and other assets	(708.58)	176.56
Inventories	(3,433.34)	(4,345.86)
Biological assets other than bearer plants	21.65	(198.02)
Trade payables	1,565.10	2,294.43
Non-Current/Current financial and other liabilities/provisions	1,583.19	841.42
<b>Cash Generated from Operations</b>	<b>13,883.59</b>	<b>13,618.08</b>
Net Direct Taxes Paid	(2,969.82)	(3,834.47)
<b>Net Cash from Operating Activities</b>	<b>10,913.77</b>	<b>9,783.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of property, plant and equipment	(8,203.41)	(8,246.60)
Purchase of Intangible Assets	(29.28)	(9.13)
Proceeds from sale of property, plant and equipment	34.87	16.38
Interest Income	149.28	17.84
Dividend income from long term investments measured at cost	313.53	156.76
<b>Net Cash Flow used in Investing Activities</b>	<b>(7,735.01)</b>	<b>(8,064.75)</b>

## Standalone Statement of Cash Flows for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Long Term Borrowings from Banks	5,912.60	-
Repayment of Long Term Bank Borrowings	(1,280.52)	(1,477.39)
Proceeds from Short-Term Borrowings from Banks	4,500.00	7,000.00
Repayment of Short-Term Borrowings from Banks	(7,000.00)	(4,000.00)
Proceeds from Demand Loan from Body Corporate	4,009.72	3,383.00
Repayment of Demand Loan from Body Corporate	(4,009.72)	(3,383.00)
Increase/ (Decrease) in Cash Credit/Working Capital Borrowings (net)	(1,455.82)	(1,754.69)
Payments against lease liability	(409.12)	-
Finance costs	(1,475.54)	(1,455.07)
Interim dividend on Equity Shares for the year	(366.93)	(362.52)
Dividend distribution tax on interim dividend on Equity Shares	(84.76)	(42.38)
<b>Net Cash Flow used in Financing Activities</b>	<b>(1,660.09)</b>	<b>(2,092.05)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents ( A+B+C)</b>	<b>1,518.67</b>	<b>(373.19)</b>
Cash and Cash Equivalents (opening)	225.76	598.95
Cash and Cash Equivalents (closing)	1744.43	225.76

### Disclosure requirement as per Ind AS 7:

Change in Liability arising from financing activities	31st March 2019	Cash Flow	Non Cash Changes		31st March, 2020
			Others	Foreign Exchange	
Long-Term Borrowings	2,945.25	4,607.15	-	541.05	8,093.45
Short-Term Borrowings	14,139.53	(3,955.82)	-	-	10,183.71
Lease liability	-	(409.12)	1,734.25	-	1,325.13

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 52 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Standalone Statement of Changes in Equity for the year ended 31st March, 2020

### A. Equity share capital

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	Amount
As at 1 April 2018		1,047.03
Changes in equity share capital during the year 2018-19	16	-
As at 31 March 2019		1,047.03
Changes in equity share capital during the year 2019-20	16	-
As at 31 March 2020		1,047.03

### B. Other equity

Particulars	Notes	Securities Premium	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1 April 2018	17	87.48	5,933.05	1,560.17	29,886.56	37,467.26
Profit for the year		-	-	-	8,588.67	8,588.67
Other comprehensive income/(expense) (net of tax)		-	-	1,946.64	(10.04)	1,936.60
Total comprehensive income for the year		-	-	1,946.64	8,578.63	10,525.27
Interim dividend on Equity Shares for the year		-	-	-	(362.94)	(362.94)
Dividend distribution tax on interim dividend on Equity Shares		-	-	-	(42.38)	(42.38)
Transfer to/(from) general reserve/(retained earnings)		-	858.87	-	(858.87)	-
Balance as at 31 March 2019	17	87.48	6,791.92	3,506.81	37,201.00	47,587.21

Particulars	Notes	Securities Premium	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1 April 2019	17	87.48	6,791.92	3,506.81	37,201.00	47,587.21
Profit for the year		-	-	-	7,043.77	7,043.77
Other comprehensive income/(expense) (net of tax)		-	-	639.44	(51.15)	588.29
Total comprehensive income for the year		-	-	639.44	6,992.62	7,632.06
Dividend		-	-	-	(725.87)	(725.87)
Tax on dividend		-	-	-	(84.76)	(84.76)
Transfer to/(from) general reserve/(retained earnings)		-	704.38	-	(704.38)	-
Balance as at 31 March 2020	17	87.48	7,496.30	4,146.25	42,678.61	54,408.64

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 52 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Notes to the Standalone Financial Statements

### 1. General Information

Merino Industries Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020, India. The Company is engaged in manufacturing and marketing of Decorative Laminates, Prelam Boards, Furniture, Potato Flakes, Acrylic Solid Surface and Agricultural Produce.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

##### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rule, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules 2016, other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

##### (ii) Historical cost convention

The financial statements have been prepared as a going concern on accrual basis and under the historical cost convention except for the following assets and liabilities which have been measured at their fair value or revalued amounts:

- Certain financial assets and liabilities measured at their fair value (refer note no. 2.5 accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at their fair value.
- Biological assets other than bearer plants.

#### 2.2 Property, Plant and Equipment and Depreciation

- (a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- (b) Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.  
  
Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.
- (c) Capital work in progress is stated at cost and includes pre-operative expenses, project development expenses, etc.
- (d) The Company depreciates property, plant and equipment over their useful lives as prescribed by schedule II of the Act. In case the cost of a part of a property, plant and equipment is significant to the total cost of the asset, and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those components.
- (e) Leasehold land is amortised over the period of lease. Cost of improvements on leasehold land is amortised over the remaining period of lease or estimated useful life, whichever is lower.
- (f) Machinery spares having useful life of more than one year and the carrying value of which exceeds ₹ 1 lakh, are capitalised and depreciated over the lives of the spares/related asset.

#### 2.3 Intangible Assets and Amortisation

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and net accumulated impairment losses, if any.

Intangible Assets are amortised on a straight line basis over a period of three to five years from the date of capitalisation.

#### 2.4 Impairment Loss

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to

## Notes to the Standalone Financial Statements

determine whether there is any indication that the carrying value of those assets may not be recoverable through their continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

### 2.5 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to, or deducted from, the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

#### Financial assets

##### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present any change in fair value of equity investments (other than in subsidiary), which are not held for trading, in other comprehensive income. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments. Investment in subsidiary is valued at cost.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVTPL).

##### Impairment of financial assets

The Company assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Company recognises loss allowance for ECL on financial asset.

The Company applies, for trade receivables only, the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Notes to the Standalone Financial Statements

### Financial liabilities and equity instruments

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

#### De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### Derivative financial instruments

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks that arise from its exposure to foreign exchange and interest rate fluctuations.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

#### Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.6 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in Statement of Profit and Loss in the period in which they are incurred.

### 2.7 Inventories

Inventories are stated at lower of cost and estimated net realisable value. Cost is determined on moving weighted average basis in case of raw materials, stores and spares and stock-in-trade and generally on annual weighted average basis in other cases. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.8 Foreign Currency Transactions

#### Functional and presentation currency

The financial statements of the Company are presented in Indian rupees (INR), which is the functional currency of the Company and the presentation currency for the financial statements.

#### Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rates prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on settlement of transactions and / or restatement are dealt with in the Statement of Profit and Loss.

## Notes to the Standalone Financial Statements

### 2.9 Biological assets

On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested. Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and loss in the period in which they arise.

### 2.10 Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### Sale of goods and services

Revenue from sale of goods/services is recognised at the point in time when control of the asset is transferred or services rendered to the customer, generally on delivery of the goods or rendering of services.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration.

#### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at the inception of the contract and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers, volume rebates. Volume rebates give rise to variable consideration.

#### (ii) Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

#### Loyalty points programme

The Company has a loyalty points programme, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. The Company's role is only to arrange for another entity to provide the goods and hence, records revenue at the net amount.

When estimating the standalone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

#### Contract balances

##### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.5 Financial instruments – initial recognition and subsequent measurement.

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or

## Notes to the Standalone Financial Statements

renders its obligations for services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### 2.11 Revenue Recognition - Other Items

**Interest:** Interest income is generally recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable when there is a reasonable certainty to realisation.

**Dividend:** Dividend income is recognised when the right to receive the dividend is established.

**Insurance Claim:** Insurance claims are accounted for on settlement / realisation basis by considering uncertainties in realisation.

Other items are recognised on accrual basis.

### 2.12 Employee Benefits

#### (a) Short-term Employee Benefits :

The undiscounted amounts of short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee renders the service.

#### (b) Post Employment Benefit Plan:

**Provident Fund:** Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity:** The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is actuarially determined on the basis of year-end actuarial valuation (using the Projected Unit Credit Method) and is funded. Re-measurement gains and losses of the net defined benefit liability / (asset) are recognised immediately in other comprehensive income.

#### (c) Other Long-term Employment Benefits (unfunded):

Other long-term employee benefits are actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### 2.13 Taxation

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

### 2.14 Government Grants

(i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

## Notes to the Standalone Financial Statements

- (ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- (iii) Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

### 2.15 Leases

The Company adopted Ind As 116-Leases, effective from 1st April, 2019, using the modified retrospective method.

The Company applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

#### Where the Company is a lessee

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. At the inception of a contract, the Company makes an assessment as to whether a contract is a lease. A contract is, or contains, a lease when it conveys the right to control the usage of an asset covered by the contract for a time period in exchange for consideration. To evaluate as to whether a contract provides the right to control the usage of an asset covered in the contract, the Company evaluates as to whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU" assets) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value. Lease rentals for short-term leases and all leases of low value assets, having annual rental payments up to Rupees Six Lakhs are considered on accrual basis as an expense in profit or loss.

The ROU-assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU-assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets/ investment property. Lease income on an operating lease is recognised in the Statement of Profit and Loss on accrual basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### 2.16 Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments, if any, with original maturities of three months or less.

### 2.17 Earnings Per Share (EPS)

Basic EPS amount is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the Company's EPS is the net profit/(loss) for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. Diluted EPS amounts are computed by dividing the net profit attributable to the equity share holders by the weighted average number of equity shares outstanding during the year, and the weighted average number of equity shares that would be issued to give effect to the dilutive potential.

## Notes to the Standalone Financial Statements

### 2.18 Provisions and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets:** Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting made to the chief operating decision maker.

The board of directors of the Company has been identified as the chief operating decision maker. Refer note 47 for segment information presented.

### 2.20 Dividends

The final dividend on shares is recorded as liability on the date of approval by the shareholders and interim dividend is recorded as liability on the date of declaration by the Company's Board of Directors.

### 2.21 Royalty Income

Royalty income is accounted for as per the terms of the agreement entered into with the parties involved.

### 2.22 Rounding off of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh of rupees as per the requirement of Schedule III, to the Act, unless otherwise stated.

### 2.23 Amendment to standards:

The following amendments are applicable to the Company from 1st April, 2020. The impacts of these are currently expected to be immaterial:

Reference	Brief
Ind AS 103, 107, 109 & 116	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.
Ind AS 1, 8, 10, 34, 37	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.

### 2.24 Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed.

#### (i) Estimation of defined benefit obligation

Refer note 43 for details of critical estimates in computation of defined benefit obligation.

#### (ii) Estimated fair value of unlisted securities

Refer note 2.5 for details of critical estimates in estimation of fair value of unlisted securities.

#### (iii) Estimated useful life of tangible assets

Refer note 2.2 for details of critical estimates in useful life of tangible assets.

#### (iv) Estimation of contingent liabilities

Refer note 37 for details of critical estimates of contingent liabilities.

## Notes to the Standalone Financial Statements

### Note 3 (a): Property, Plant and Equipment

(Rupees in Lakh, unless otherwise stated)

PARTICULARS	Land		Buildings on leasehold land [Refer (i) below]	Buildings on Freehold Land [Refer (iv) below]	Culverts	Roads	Plant and machinery	Electrical fittings	Laboratory equipment	Furniture and fittings	Computers & Data Processing Units	Office equipment	Vehicles	Total	Right of use- land and build- ings [Refer note 39]	Total
	Lease- hold [Refer (i) below]	Freehold														
Balance as at 31st March, 2018	1,134.49	3,623.12	2,989.02	4,265.65	28.91	495.52	16,024.16	714.22	75.21	484.68	364.82	300.40	788.89	31,289.09	-	31,289.09
Additions during the year	1,482.56	819.04	433.70	248.06	36.02	113.40	4,874.12	450.38	34.83	154.02	104.95	96.62	131.94	8,979.64	-	8,979.64
Disposals	-	-	-	47.49	-	-	47.31	1.55	0.09	4.95	6.09	8.14	31.04	146.66	-	146.66
Balance as at 31st March, 2019	2,617.05	4,442.16	3,422.72	4,466.22	64.93	608.92	20,850.97	1,163.05	109.95	633.75	463.68	388.88	889.79	40,122.07	-	40,122.07
Additions during the year	-	166.52	45.16	658.34	-	106.64	7,213.03	278.17	26.53	289.01	92.45	92.34	107.35	9,075.54	1,734.26	10,809.80
Disposals	-	-	-	0.25	-	-	69.25	9.09	-	4.79	4.47	5.20	40.73	133.78	-	133.78
Balance as at 31st March, 2020	2,617.05	4,608.68	3,467.88	5,124.31	64.93	715.56	27,994.75	1,432.13	136.48	917.97	551.66	476.02	956.41	49,063.83	1,734.26	50,798.09
Accumulated Depreciation																
As at 31st March 2018	20.99	-	156.83	312.61	1.57	102.40	3,310.70	98.78	14.23	75.17	150.02	109.10	164.18	4,516.58	-	4,516.58
Charge for the year	15.36	-	143.60	175.18	1.57	87.74	2,000.43	81.64	10.49	57.21	107.25	71.38	111.27	2,863.12	-	2,863.12
Disposals	-	-	-	6.52	-	-	7.37	1.06	0.02	1.65	5.77	5.74	14.59	42.72	-	42.72
As at 31st March 2019	36.35	-	300.43	481.27	3.14	190.14	5,303.76	179.36	24.70	130.73	251.50	174.74	260.86	7,336.98	-	7,336.98
Charge for the year	26.67	-	186.35	192.93	2.17	98.92	2,584.67	129.28	13.70	72.01	119.47	78.04	119.80	3,624.01	483.12	4,107.13
Disposals	-	-	-	0.25	-	-	45.23	8.59	-	1.82	4.39	3.06	19.61	82.95	-	82.95
As at 31st March 2020	63.02	-	486.78	673.95	5.31	289.06	7,843.20	300.05	38.40	200.92	366.58	249.72	361.05	10,878.04	483.12	11,361.16
Net carrying amount																
As at 31st March, 2019	2,580.70	4,442.16	3,122.29	3,984.95	61.79	418.78	15,547.21	983.69	85.25	503.02	212.18	214.14	628.93	32,785.09	-	32,785.09
As at 31st March, 2020	2,554.03	4,608.68	2,981.10	4,450.36	59.62	426.50	20,151.55	1,132.08	98.08	717.05	185.08	226.30	595.36	38,185.79	1,251.14	39,436.93

(i) Leasehold Land includes ₹49.98 (31st March, 2019 : ₹49.98) acquired on 31st October, 2006 under a lease for 90 years, ₹696.30 (31st March, 2019 : ₹696.30) acquired on 30th June, 2014 and ₹1169.96 acquired on 19th April, 2017 under a lease of 99 years with a renewal option, which is being amortised over the period of lease.

(ii) Leasehold land with acquisition value of ₹1101.95 (31st March, 2019 : ₹1101.95) have been mortgaged for availing term loans from HSBC Limited and freehold land with carrying value of ₹588.11 (31st March, 2019 : ₹588.11) have been mortgaged for availing term loan from Standard Chartered Bank and working capital loan from Axis Bank Consortium.

(iii) Property Plant and Equipment given as security for borrowings (Refer Note No 40)

(iv) A portion of buildings on a freehold land has been given on cancellable operating lease for a period of eleven / sixty months.

**3 (b) Capital work-in-progress as on 31st March, 2020 ₹ 1858.15 (includes capital goods-in-transit of ₹355.95) [(₹ 1986.91 as on 31st March, 2019 (includes Capital goods-in - transit ₹243.10). (Refer Note No 40)**

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### 3 (c) Other intangible assets

Particulars	Computer software (aquired item)	Total
Balance as at 31st March, 2018	311.83	311.83
Additions during the year	9.13	9.13
<b>Balance as at 31st March, 2019</b>	<b>320.96</b>	<b>320.96</b>
Additions during the year	29.28	29.28
<b>Balance as at 31st March, 2020</b>	<b>350.24</b>	<b>350.24</b>
<b>Accumulated Depreciation</b>		
As at 31st March 2018	150.64	150.64
Charge for the year	64.83	64.83
<b>As at 31st March 2019</b>	<b>215.47</b>	<b>215.47</b>
Charge for the year	60.58	60.58
<b>As at 31st March 2020</b>	<b>276.05</b>	<b>276.05</b>
<b>Net carrying amount</b>		
As at 31st March, 2019	105.49	105.49
As at 31st March, 2020	74.19	74.19

### Note 4: Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Equity Instruments - Subsidiary Company (measured at Cost)</b>		
<b>Unquoted</b>		
Merino Panel Products Limited		
31 March 2020: 14,93,000 (31 March 2019: 14,93,000) equity shares of ₹ 10 each fully paid up	149.30	149.30
<b>Investments in Equity Instruments measured at FVOCI</b>		
<b>Unquoted</b>		
Merino Services Limited		
31 March 2020 : 6,000 (31 March 2019 : 6,000 ) equity shares of ₹ 10 each fully paid up	357.15	279.06
Merino Exports Private Limited		
31 March 2020 : 6,000 (31 March 2019 : 6,000 ) equity shares of ₹ 10 each fully paid up	5,049.00	4,289.70
Merinopoly and Chemicals Limited*		
31 March 2020 : 82,003 (31 March 2019: 82,003) equity shares of ₹ 10 each fully paid up	5.19	5.19
Less: Provision for diminution in book value of investments	(5.19)	(5.19)
<b>Quoted</b>		
Bank of Baroda		
31 March 2020 : 5,000 (31 March 2019 : 5,000) equity shares of ₹2 each fully paid up	2.68	6.43
	<b>5,558.13</b>	<b>4,724.49</b>
(a) Aggregate amount of unquoted investments	5,560.64	4,723.25
(b) Aggregate amount of impairment in value of investments*	5.19	5.19

#### Note-

\* Merinopoly and Chemicals Limited went into liquidation. Investment is carried at NIL value. Cost of investment was ₹ 5.19 Lakhs.

### Note 5: Loans-non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Considered good - unsecured)		
Security Deposits	190.77	103.76
Loans to employees	33.88	52.07
	<b>224.65</b>	<b>155.83</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 6: Other non-current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Considered good - unsecured)		
Capital advances	218.15	554.09
Security deposits	4.18	2.19
	<b>222.33</b>	<b>556.28</b>

### Note 7: Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
(At lower of cost and net realisable value)		
Raw materials [include materials-in-transit 31st March 2020 ₹3473.39 (31st March 2019 ₹3031.53)]	19,163.56	16,864.42
Work-in-progress [include WIP in transit 31st March, 2020 ₹60.72 (31st March 2019 ₹15.97)]	1,096.86	844.01
Stock-in-trade [include materials-in-transit 31st March 2020 ₹97.61 (31st March 2019 ₹28.41)]	1,300.89	1,006.35
Finished goods [include materials-in-transit 31st March 2020 ₹697.77 (31st March 2019 ₹1701.46)]	8,865.72	8,329.07
Stores and spares [include materials-in-transit 31 March 2020 ₹39.79 (31st March 2019 ₹95.61)]	2,094.31	2,044.15
	<b>32,521.34</b>	<b>29,088.00</b>

(a) Inventories are hypothecated to secure short-term and long-term borrowings (Refer Note No 40)

(b) Write down of inventories to net realisable value relating to stores and spares amounted to ₹231.91 (31st March, 2019 ₹237.77)

### Note 8: Biological assets other than bearer plants

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Potato seeds</b>		
Opening value of biological assets	669.40	441.50
Cost incurred during the year	652.33	669.40
Harvested potatoes transferred to inventories and sold during the year	(669.40)	(441.50)
Closing value of biological assets - Potato Seed	652.33	669.40
<b>Crops</b>		
Opening value of biological assets	10.46	40.34
Cost incurred during the year	19.19	96.65
Purchases	3.03	1.67
Harvested crops transferred to inventories and sold during the year	(19.72)	(123.35)
Harvested crops transferred to inventories	(7.08)	(4.85)
Closing value of biological assets - Crops	5.88	10.46
	<b>658.21</b>	<b>679.86</b>

(a) The Company has two category of biological assets i.e. potato seeds and annual crops.

The potato seeds upto the stage of G3 are considered as biological assets by the Company. These biological assets take few months for further biological transformation post which it is stored in cold storage till the next generation cycle. As on balance sheet date, there is insignificant biological transformation. Hence those biological assets of the Company are valued at cost.

The company determines the fair values of its products when they significantly achieve the attributes of intended biological transformation. When the biological assets attain the stage - ready for consumption (agriculture produce) it is considered as inventory at fair value on that date. Agricultural produce is the harvested product of the entity's biological assets.

The quantity of potato seed stock (biological assets) as at 31 March 2020 was 31.63 M.Tons (31 March 2019 : 41.41 M.Tons).

The annual crops were insignificant to the Company's operations.

(b) Inventories are hypothecated to secure short-term and long-term borrowings (Refer Note No 40)

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 9: Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, Considered good [Refer (a) below]	10,534.97	10,716.59
Credit impaired	195.73	89.36
	10,730.70	10,805.95
Less : Impairment allowance	195.73	89.36
	10,534.97	10,716.59
Secured, considered good	368.82	714.98
	368.82	714.98
	<b>10,903.79</b>	<b>11,431.57</b>

(a) Includes receivable from related parties - 31 March 2020: ₹145.18 (31 March 2019 : ₹97.96). (Refer Note 48 ).

(b) Trade receivables are hypothecated to secure short term and long term borrowings (Refer Note No 40)

(c) Movement in impairment allowance is as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening	89.36	30.73
Addition during the year	108.30	60.64
Written back during the year	(1.93)	(2.01)
Closing	195.73	89.36

These are carried at amortised cost.

### Note 10: Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks		
On current accounts	129.30	177.58
On cash credit accounts	1.10	0.25
Cheques and drafts on hand	-	25.81
Cash on hand	5.57	14.16
Short term deposit with CITI Bank having maturity period of less than three months	1,600.00	-
Foreign currency on hand	8.46	7.96
	<b>1,744.43</b>	<b>225.76</b>

### Note 11: Other bank balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Margin money deposit [Refer (a) below]	12.23	17.59
Unpaid dividend accounts [Refer (b) below]	384.17	25.23
	<b>396.40</b>	<b>42.82</b>

(a) Margin money given towards bank guarantee ( Refer note 40)

(b) Earmarked for payment of unclaimed dividends.

### Note 12: Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
Security deposits	155.76	142.09
Loans to employees	57.37	66.25
	<b>213.13</b>	<b>208.34</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 13: Other financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Others		
Interest accrued on deposits	20.44	14.48
Derivative assets	268.83	99.07
Receivable from statutory/government authorities	3.82	31.19
Other receivables [Refer (a) below]	331.06	308.47
	<b>624.15</b>	<b>453.21</b>

(a) Include 31 March 2020 : ₹328.99 (31 March 2019 : ₹308.47) recoverable from the subsidiary company (Refer Note 48).

### Note 14: Current tax assets (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (net of provision of ₹2274.80, 31st March 2019 : ₹3335.20) [includes deposit under protest ₹347.35 (31st March, 2019-₹40.70)]	1,770.67	992.57
	<b>1,770.67</b>	<b>992.57</b>

### Note 15: Other current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Export incentives receivable	326.34	247.21
Other incentives receivable	-	49.42
Advances recoverable in cash or in kind	24.27	19.42
Advances to suppliers	655.79	98.26
Advances to suppliers - credit impaired	-	8.84
Less : Impairment allowances	-	(8.84)
Prepaid expenses	270.87	296.42
Balances with statutory/government authorities	909.85	1,174.30
Advances with statutory authorities against disputed dues	137.87	93.19
Stamps on hand	0.65	0.53
Advance with LIC for defined benefit plan	-	61.41
	<b>2,325.64</b>	<b>2,040.16</b>

### Note 16: Equity share capital

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>AUTHORISED</b>		
1,70,00,000 (31 March 2019 : 1,70,00,000) Equity Shares of ₹ 10/- each	1,700.00	1,700.00
<b>ISSUED</b>		
1,05,66,100 (31 March 2019 : 1,05,66,100) Equity Shares of ₹ 10/- each	1,056.61	1,056.61
<b>SUBSCRIBED AND PAID-UP</b>		
1,03,69,600 (31 March 2019 : 1,03,69,600) Equity Shares of ₹ 10/- each fully paid up	1,036.96	1,036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31 March 2019 : 1,96,500) Equity Shares	10.07	10.07
	<b>1,047.03</b>	<b>1,047.03</b>

#### (a) Rights, preferences and restrictions attached to shares issued:

The Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share held.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 16: Equity share capital (contd...)

#### (b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

SN.	Names of the shareholders	As at 31st March, 2020		As at 31st March, 2019	
		No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	30,67,100	29.58	30,65,700	29.56
2	Mr Madhusudan Lohia	7,21,635	6.96	7,21,635	6.96
3	Mr Prakash Lohia	5,66,020	5.46	5,66,020	5.46
4	Mr Deepak Lohia	5,35,189	5.16	6,15,189	5.93
5	Mr Bikash Lohia	-	-	6,40,600	6.18
		<b>48,89,944</b>	<b>47.16</b>	<b>56,09,144</b>	<b>54.09</b>

#### (c) Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance outstanding at the beginning of the year	1,03,69,600	1,03,69,600
Balance outstanding at the end of the year	1,03,69,600	1,03,69,600

### Note 17: Other equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Reserves and surplus:</b>		
<b>Securities premium</b>		
Balance as at the beginning of the year	87.48	87.48
Addition during the year	-	-
Balance as at the end of the year	<b>87.48</b>	<b>87.48</b>
<b>General reserve</b>		
Balance as at the beginning of the year	6,791.92	5,933.05
Add : Transferred from surplus in statement of profit and loss	704.38	858.87
Balance as at the end of the year	<b>7,496.30</b>	<b>6,791.92</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	37,201.00	29,886.56
Add: Profit for the year	7,043.77	8,588.67
Amount available for appropriation	44,244.77	38,475.23
Less : Appropriations:		
Interim dividend on Equity Shares for the year	725.87	362.94
Dividend distribution tax on interim dividend on Equity Shares	84.76	42.38
Transfer to General Reserve	704.38	858.87
	1,515.01	1,264.19
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	(51.15)	(10.04)
<b>Balance as at the end of the year</b>	<b>42,678.61</b>	<b>37,201.00</b>
<b>Total (I)</b>	<b>50,262.39</b>	<b>44,080.40</b>

# Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

## Note 17: Other equity (contd...)

### Other reserves

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Equity Instruments through Other Comprehensive Income</b>		
Opening balance	3,506.81	1,560.17
Change in fair value of FVOCI equity instruments	833.64	2,539.49
Deferred tax	(194.20)	(592.85)
<b>Total (II)</b>	<b>4,146.25</b>	<b>3,506.81</b>
<b>Total Other Equity ( I + II )</b>	<b>54,408.64</b>	<b>47,587.21</b>

### Nature and purpose of other reserves

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of the Act.

#### General reserve

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc and represents free reserve.

#### FVOCI equity investments

The Company elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments through other reserve under equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Note 18: Borrowings - non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<b>Term Loans</b>		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	1,501.14	2,504.35
Foreign Currency Loan [Refer (c) below]	6,592.31	440.90
	8,093.45	2,945.25
<b>Less : Current maturities (payable within one year)</b>		
Indian Rupee Loans [Refer (a) and (b) below]	1,001.14	1,003.21
Foreign Currency Loan [Refer (c) below]	1,366.70	293.93
	2,367.84	1,297.14
	<b>5,725.61</b>	<b>1,648.11</b>

### Note:-

- (a) Vehicle loan of ₹1.14 (31st March, 2019 ₹4.35) is secured by way of hypothecation of the related vehicle. The loan is repayable in sixty equal monthly instalments and last instalment falls due on 5th July, 2020, bearing interest rate @ 10.00% p.a.
- (b) Repayment terms and nature of securities given for Indian Rupee Loans from bank:

Bank	31st March, 2020	31st March, 2019	Nature of Securities	Repayment terms
The Hong Kong and Shanghai Banking Corporation Limited	1,500.00	2,500.00	Exclusive charge on movable and immovable Property, plant and equipment of the Dahej Project. Second <i>pari passu</i> charge on entire current assets of the Company both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 7.99 % p.a. The balance amount of the loan of ₹1500 is repayable in six equal quarterly instalments of ₹250 each. Last instalment will be due on 22nd September, 2021.
	1,500.00	2,500.00		

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 18: Borrowings - non current (contd...)

(c) Repayment terms and nature of securities given for Foreign Currency Term Loan from banks:

Bank	31st March, 2020	31st March, 2019	Nature of Securities	Repayment terms
Standard Chartered Bank Limited	160.79	440.90	First <i>pari passu</i> charge on the entire Property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of ₹160.79 is repayable in two equal quarterly instalments of ₹80.40 each on fully hedged basis. Last instalment falls due on 21st August, 2020.
Citibank N . A	6431.52	-	Exclusive charge on specific fixed assets of Project 2 at Dahej, Gujarat. <i>Pari passu</i> charge on land and buildings and other movable fixed assets at Dahej. Second <i>pari passu</i> charge on the entire current assets of the Company.	Repayable in sixteen equal quarterly instalments starting from 23rd July, 2020. Interest is payable in every three months at 8.04% p.a on fully hedged basis. The balance amount of the loan of ₹6431.52 is repayable in sixteen equal quarterly instalments of ₹401.97 each on fully hedged basis. Last instalment will be due on 23rd April, 2024.
	<b>6,592.31</b>	<b>440.90</b>		

(d) Outstanding balances of loans as indicated in (b) and (c) above are inclusive of current maturities of such loans as disclosed in Note 23.

### Note 19: Deferred tax liabilities (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred Tax Liabilities</b>		
Difference between written down value of block of assets as per income tax laws and book written down value of the property, plant and equipment	1,743.66	2,382.12
Investment in Equity shares	1,259.22	1,064.86
Derivative liability	-	23.79
	<b>3,002.88</b>	<b>3,470.77</b>
<b>Deferred Tax Assets</b>		
Disallowance of expense allowable for tax purpose on payment basis	211.62	145.01
Derivative assets	42.18	-
Others	74.48	39.11
	<b>328.28</b>	<b>184.12</b>
	<b>2,674.60</b>	<b>3,286.65</b>

### Movement in deferred tax liabilities

Particulars	Property, plant and equipment	Borrowings	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Disallow-ance	Others	Total
<b>As at 31st March, 2018</b>	2,541.47	(4.71)	3.46	472.01	(101.13)	(35.87)	2,875.23
Charged / (Credited):							
to profit and loss	(159.35)	4.71	20.33	-	(43.88)	2.16	(176.03)
to other comprehensive income	-	-	-	587.45	-	-	587.45
<b>As at 31st March, 2019</b>	<b>2,382.12</b>	<b>-</b>	<b>23.79</b>	<b>1,059.46</b>	<b>(145.01)</b>	<b>(33.71)</b>	<b>3,286.65</b>
Charged / (Credited):							
to profit and loss	(638.46)	-	(65.97)	-	(66.61)	(18.01)	(789.05)
to other comprehensive income	-	-	-	177.00	-	-	177.00
<b>As at 31st March, 2020</b>	<b>1,743.66</b>	<b>-</b>	<b>(42.18)</b>	<b>1,236.46</b>	<b>(211.62)</b>	<b>(51.72)</b>	<b>2,674.60</b>

### Note 20: Other non-current liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred government grants	90.40	96.49
	<b>90.40</b>	<b>96.49</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 21: Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured (Refer (a) below)</b>		
Working Capital Loans		
<b>From Banks:</b>		
Overdraft / Cash Credit	1,058.72	689.53
Working Capital Demand Loan	1,924.99	2,000.00
Rupee Packing Credit Loan	2,300.00	4,200.00
<b>Others</b>		
Bills discounted with banks (Refer (b) below)	400.00	250.00
	<b>5,683.71</b>	<b>7,139.53</b>
<b>Unsecured</b>		
Working Capital Loans		
<b>From Banks:</b>		
Working Capital Demand Loan	3,000.00	7,000.00
Rupee Packing Credit Loan	1,500.00	-
	<b>4,500.00</b>	<b>7,000.00</b>
	<b>10,183.71</b>	<b>14,139.53</b>

(a) Working Capital Loans are secured by way of:

- i) Primary Security : Hypothecation of the trade receivables and inventories of the Company on *Pari Passu* basis, both present and future.
- ii) Collateral Security: Second Charge on the entire property, plant and equipment of the Company except those assets charged exclusively to other banks, both present and future, on *Pari Passu* basis, with other consortium banks.

(b) Bills discounting facility is secured by first loss default guarantee issued by the Company in favour of respective banks up to a ceiling of 5% of the sanctioned limits.

### Note 22: Trade payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	108.05	105.98
Total outstanding dues of creditors other than those due to micro enterprises and small enterprises	13,457.30	11,771.76
	<b>13,565.35</b>	<b>11,877.74</b>

### Note 23: Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term borrowings ( refer note 18)	2,367.84	1,297.14
Interest accrued but not due on borrowings	98.30	24.01
Unpaid / unclaimed dividends *	384.17	25.23
Deposits from customers and suppliers	807.79	848.77
Employee benefits payable	881.44	789.32
Liability for purchases of capital assets	970.61	523.38
Derivative liability	234.31	-
Contract liability against loyalty points and others	456.77	170.78
Refund liability against periodical schemes	220.98	265.88
Other payables	795.99	390.17
	<b>7,218.20</b>	<b>4,334.68</b>

\*There is no amount due and outstanding as at year end to be remitted to Investor Education and Protection Fund under Sub-section 5 of Section 124 of the Act.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 24: Other current liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Liabilities under litigation	134.41	96.80
Contract liabilities / advances from customers (Refer (a) below)	1,147.90	793.70
Statutory dues	353.80	251.65
	<b>1,636.11</b>	<b>1,142.15</b>

(a) Include advance to related parties - 31 March 2020: ₹0.26 (31 March 2019 : Nil). (Refer Note 48).

### Note 25: Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
For leave obligations	511.10	316.79
For defined benefit obligations (gratuity)	134.01	-
	<b>645.11</b>	<b>316.79</b>

### Note 26: Current tax liabilities (Net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for income tax (Net)	12.25	-
	<b>12.25</b>	<b>-</b>

### Note 27: Revenue from operations

Particulars	2019-20	2018-19
<b>(i) Sale of products</b>		
Domestic	75,151.64	75,651.50
Export	23,097.59	20,600.59
	<b>98,249.23</b>	<b>96,252.09</b>
<b>(ii) Sale of services</b>		
Income from job work (including inter-unit services)	342.07	302.06
<b>(iii) Other operating revenue</b>		
Export incentives	758.89	637.65
Scrap sales	639.80	605.28
	<b>1,398.69</b>	<b>1,242.93</b>
<b>Revenue from operations</b>	<b>99,989.99</b>	<b>97,797.08</b>

### Note 27.1: Disclosure as per Ind As 115

1. Revenue from contracts with customers:

1.1. Disaggregated revenue information:

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment:	2019-20				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
<b>Type of goods or service</b>					
Sale of goods	66,108.63	20,899.74	5,828.42	5,412.44	98,249.23
Sale of services (including inter-unit services)	298.99	43.08	-	-	342.07
Sale of scrap	465.60	134.56	39.64	-	639.80
<b>Total revenue from contracts with customers</b>	<b>66,873.22</b>	<b>21,077.38</b>	<b>5,868.06</b>	<b>5,412.44</b>	<b>99,231.10</b>
India	48,692.79	18,338.96	3,746.35	5,355.41	76,133.51
Outside India	18,199.56	2,742.20	2,121.71	34.12	23,097.59
<b>Total revenue from contracts with customers</b>	<b>66,892.35</b>	<b>21,081.16</b>	<b>5,868.06</b>	<b>5,389.53</b>	<b>99,231.10</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	66,574.23	21,034.30	5,868.06	5,412.44	98,889.03
Services rendered over time	298.99	43.08	-	-	342.07
<b>Total revenue from contracts with customers</b>	<b>66,873.22</b>	<b>21,077.38</b>	<b>5,868.06</b>	<b>5,412.44</b>	<b>99,231.10</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 27.1: Disclosure as per Ind As 115 (contd...)

Segment:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
<b>Type of goods or service</b>					
Sale of goods	63,208.38	19,548.09	6,217.20	7,278.42	96,252.09
Sale of services (including inter-unit services)	287.26	14.80			302.06
Others				605.28	605.28
<b>Total revenue from contracts with customers</b>	<b>63,495.64</b>	<b>19,562.89</b>	<b>6,217.20</b>	<b>7,883.70</b>	<b>97,159.43</b>
India	45,913.83	17,675.17	5,123.15	7,846.69	76,558.84
Outside India	17,581.81	1,887.72	1,094.05	37.01	20,600.59
<b>Total revenue from contracts with customers</b>	<b>63,495.64</b>	<b>19,562.89</b>	<b>6,217.20</b>	<b>7,883.70</b>	<b>97,159.43</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	63,208.38	19,548.09	6,217.20	7,883.70	96,857.37
Services rendered over time	287.26	14.80	-	-	302.06
<b>Total revenue from contracts with customers</b>	<b>63,495.64</b>	<b>19,562.89</b>	<b>6,217.20</b>	<b>7,883.70</b>	<b>97,159.43</b>

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 47):

Segment revenue:	2019-20				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	68,135.23	21,416.06	6,098.70	5,289.71	1,00,939.70
Inter-segment	7,179.10	-	-	-	7,179.10
	<b>75,314.33</b>	<b>21,416.06</b>	<b>6,098.70</b>	<b>5,289.71</b>	<b>1,08,118.80</b>
Inter-segment adjustment and elimination	(8,441.11)	(338.68)	(230.64)	122.73	(8,887.70)
<b>Total revenue from contracts with customers</b>	<b>66,873.22</b>	<b>21,077.38</b>	<b>5,868.06</b>	<b>5,412.44</b>	<b>99,231.10</b>

Segment revenue:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	66,483.40	19,889.12	6,795.41	5,829.88	98,997.81
Inter-segment	6,969.02	-	-	-	6,969.02
	<b>73,452.42</b>	<b>19,889.12</b>	<b>6,795.41</b>	<b>5,829.88</b>	<b>1,05,966.83</b>
Inter-segment adjustment and elimination	(9,956.78)	(326.23)	(578.21)	2,053.82	(8,807.40)
<b>Total revenue from contracts with customers</b>	<b>63,495.64</b>	<b>19,562.89</b>	<b>6,217.20</b>	<b>7,883.70</b>	<b>97,159.43</b>

### 1.2 Contract balances

Particulars	31st March, 2020	31st March, 2019
Trade receivable	10,903.79	11,431.57
Contract liabilities - advance from customer	1,147.90	793.70
Contract liability against loyalty points and others	456.77	170.78
Refund liability against periodical schemes	220.98	265.88
<b>Trade receivables are non-interest bearing and normal credit period is up to 90 days.</b>		
Contract liabilities include short-term advances received from customers against future supply of goods.		
<b>Set out below is the amount of revenue recognised from:</b>		
Amounts included in contract liabilities at the beginning of the year	742.16	512.74

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 27.1: Disclosure as per Ind As 115 (contd...)

#### 1.3: Reconciliation of the amount of revenue recognised in the statement of Profit and Loss with contracted price:

Particulars	31st March, 2020	31st March, 2019
Revenue as per contracted price	1,01,469.74	99,156.57
<b>Adjustments:</b>		
Discounts, rebates and schemes	1,853.91	1,787.62
Loyalty points	384.73	209.52
<b>Revenue from contract with customers</b>	<b>99,231.10</b>	<b>97,159.43</b>

#### 1.4: Performance obligation

##### Information about the Company's performance obligation:

The performance obligation is satisfied upon delivery/confirmation of the product and services and payment is generally due within 90 days from delivery.

### Note 28: Other income

Particulars	2019-20	2018-19
(i) Interest Income on financial assets measured at amortised cost		
- On bank and other deposits	150.49	11.12
- On loans to others	4.75	8.34
(ii) Dividend income from long term investments measured at cost	313.53	156.76
(iii) Claims from insurance companies	90.98	38.04
(iv) Provisions / Liabilities no longer required written back	131.23	197.24
(v) Profit on sale of property, plant and equipment	7.63	10.95
(vi) Recovery of bad debts	3.54	12.96
(vii) Net gain on foreign currency transactions and translation	185.87	556.98
(viii) Fair value gain/(loss) on derivatives	(64.55)	78.08
(ix) Miscellaneous Income [Refer (a) below]	126.24	130.26
	<b>949.71</b>	<b>1,200.73</b>

(a) Includes ₹Nil (Previous Year ₹ 19.80) towards electricity subsidy from Dakshin Gujarat Viji Company Limited.

### Note 29: Cost of materials consumed

Particulars	2019-20	2018-19
<b>Raw Materials Consumed</b>		
Opening Stock	16,864.42	14,016.88
Purchases and Incidental expenses	49,220.29	51,675.10
	<b>66,084.71</b>	<b>65,691.98</b>
Less: Cost of raw materials sold	1,802.09	1,184.10
	<b>64,282.62</b>	<b>64,507.88</b>
Less: Closing Stock	19,163.56	16,864.42
	<b>45,119.06</b>	<b>47,643.46</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 30: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets

Particulars	2019-20	2018-19
<b>Opening Stock</b>		
- Finished Goods*	8,329.07	7,127.65
- Stock-in-Trade	1,006.35	1,187.81
- Work-in-progress	844.01	632.58
- Biological assets	679.86	481.84
	<b>10,859.29</b>	<b>9,429.88</b>
<b>Less: Closing Stock</b>		
- Finished Goods*	8,865.72	8,329.07
- Stock-in-Trade	1,300.89	1,006.35
- Work-in-progress	1,096.86	844.01
- Biological assets	658.21	679.86
	<b>11,921.68</b>	<b>10,859.29</b>
	<b>(1,062.39)</b>	<b>(1,429.41)</b>

\* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to ₹235.05 (31 March 2019 - ₹ 334.10).

### Note 31: Employee benefits expense

Particulars	2019-20	2018-19
Salaries, Wages, Bonus etc.	11,819.48	9,767.62
Contribution to Provident and Other Funds	848.05	738.93
Workmen and Staff Welfare	372.19	297.22
	<b>13,039.72</b>	<b>10,803.77</b>

The Company has recognised an expense of ₹572.87 (31 March 2019 - ₹476.11) towards the defined contribution plans.

### Note 32: Finance costs

Particulars	2019-20	2018-19
Interest expense	1,526.09	1,403.90
Interest on shortfall in payment of advance tax	-	5.74
Other borrowing costs	23.74	58.31
	<b>1,549.83</b>	<b>1,467.95</b>

### Note 33: Depreciation and amortisation expense

Particulars	2019-20	2018-19
Depreciation and amortisation on property, plant and equipment (including leasehold land)	3,624.01	2,863.12
Amortisation of Intangible assets	60.58	64.83
Amortisation of Right of use assets	483.12	-
	<b>4,167.71</b>	<b>2,927.95</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 34: Other expenses

Particulars	2019-20	2018-19
Consumption of stores and spare parts	2,291.32	2,159.69
Power and fuel [refer (a) below]	4,209.60	3,896.81
Jobwork charges	203.83	242.75
Installation charges	315.15	331.47
Short-term and low value lease rentals (Refer Note 39)	848.90	1,412.82
Rates and taxes	117.91	73.53
Repairs and maintenance :		
Buildings	54.68	72.11
Plant and machinery	349.78	285.81
Others	652.45	473.75
Legal and professional	1,016.66	884.95
Vehicle upkeep	399.37	420.15
Carriage outward	3,164.46	3,086.07
Packing and forwarding	1,985.49	1,966.23
Insurance charges	284.11	210.53
Commission	626.51	650.75
Printing and stationery	68.66	66.79
Postage and Courier	98.57	97.29
Advertisement, publicity and sales promotion	3,297.45	1,677.59
Travel and conveyance expenses	981.78	805.93
Communication expense	173.22	160.08
Bad Debts and advances written off	12.52	49.03
Loss allowance for expected credit losses on trade receivable	106.89	61.71
Payments to the auditors [Refer ( b) below]	30.75	25.41
Bank charges and commission	62.71	55.02
Royalty	66.16	78.65
Donations	155.24	296.42
CSR expenditure (Refer note 42)	215.75	205.64
Loss on sale/Disposal of property, plant and equipment	63.39	98.51
Agricultural Expenses	971.36	913.39
Miscellaneous expenses	1,068.93	860.72
	<b>23,893.60</b>	<b>21,619.60</b>

(a) Net of ₹52.10 (Previous Year ₹ 29.62) towards electricity subsidy from Dakshin Gujarat Vij Company Limited.

(b) Amount paid / payable to the auditors (excluding GST)

Particulars	2019-20	2018-19
<b>As Statutory Auditors:</b>		
Statutory audit fees	16.25	16.25
Tax audit fees	2.75	2.75
Other matters	9.00	3.95
Reimbursement of expenses	1.65	1.36
	<b>29.65</b>	<b>24.31</b>
<b>As Cost Auditors :</b>		
Audit fees	0.75	0.75
	<b>0.75</b>	<b>0.75</b>
<b>As Secretarial Auditors :</b>		
Audit fees	0.35	0.35
	<b>0.35</b>	<b>0.35</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note 35: Tax expenses

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

#### (a) Income tax expense

Particulars	2019-20	2018-19
<b>Current tax</b>		
Current tax on profits for the year	2,203.97	3,246.64
<b>Total current tax expense</b>	<b>2,203.97</b>	<b>3,246.64</b>
Deferred tax	(789.05)	(176.03)
<b>Total deferred tax expense/(benefit)</b>	<b>(789.05)</b>	<b>(176.03)</b>
<b>Income tax expense</b>	<b>1,414.92</b>	<b>3,070.61</b>

#### (b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	2019-20	2018-19
Profit before tax	8,458.69	11,659.28
<b>Tax at the rate of 25.168% (2018-19 – 34.944%)</b>	<b>2,128.88</b>	<b>4,074.22</b>
Reasons for differences are indicated below		
Expenses disallowed under tax laws	63.58	29.87
Income not considered for tax laws	(87.01)	(85.07)
Agricultural (income) / loss	(68.15)	(144.26)
80IA deduction	-	(345.95)
Weighted deduction	45.44	90.42
Items on which tax applicable at differential rates	-	0.16
Excess provision for income tax adjusted	(70.83)	(82.82)
Impact due to applicability of lower rate	(535.94)	-
Others	(61.05)	(465.96)
<b>Total income tax expense</b>	<b>1,414.92</b>	<b>3,070.61</b>

### Note: 36 Earnings per share

Particulars	2019-20	2018-19
<b>(i) Basic</b>		
Number of equity shares at the beginning of the year	1,03,69,600	1,03,69,600
Number of equity shares at the end of the year	1,03,69,600	1,03,69,600
Weighted average number of equity shares outstanding during the year (A)	1,03,69,600	1,03,69,600
Nominal value of each equity Share (₹)	10	10
Profit / (Loss) for the year (₹ In lakhs) (B)	7,043.77	8,588.67
Earnings per share (Basic) (₹) (B/A)	67.93	82.83
<b>(ii) Diluted</b>		
Weighted average number of equity shares outstanding during the year	1,03,69,600	1,03,69,600
Earnings per share (Diluted) (₹)	67.93	82.83

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note: 37 Contingent liabilities

Particulars	2019-20	2018-19
(a) Guarantees given -		
Non Financial Bank Guarantees	47.52	59.09
(b) Claims against the Company not acknowledged as debts :		
Demands for Sales Tax and Entry Tax excluding interest [Deposit under protest ₹108.42 (31 March 2019 - ₹59.99)]	220.35	189.34
Demands for Excise, Custom Duty, Service tax excluding interest [Deposit under protest ₹28.90 (31 March 2019 - ₹32.72)]	4,464.51	3,703.68
Demand for Goods and Service tax excluding interest [(31st March, 2019 - Deposit under protest ₹1.76)]	-	1.76
Demands for Income Tax excluding interest [Deposit under protest ₹347.35 (31st March, 2019-₹40.70)]	3,228.44	3,217.29
The Assessing Officer has issued draft assessment order for the Assessment Year 16-17 u/s 144C of the Income Tax Act,1961 making total addition of ₹ 4640.46 lacs and the objection is filed by the company against the draft assessment order before the Dispute Resolution Panel. The necessary adjustment/disclosure in the accounts will be made as and when the assessment is completed.		
Miscellaneous claims by suppliers and customers etc. against the Company	209.65	272.05
(c) Differential Bonus for 2014-15	151.52	151.52
	<b>8,321.99</b>	<b>7,594.73</b>

#### Notes:-

- (i) In respect of the contingent liabilities mentioned in (b) above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any. In respect of matter mentioned in (a) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Company does not expect any reimbursement in respect of the above contingent liabilities.

### Note: 38 Capital and other commitments

Particulars	31st March, 2020	31st March, 2019
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,431.50	2,254.20
(b) Other Commitments		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty with an undertaking to fulfil quantified export within six years. Certificate for fulfilment of ₹5812.58 (31 March 2019 - ₹3752.47) is yet to be received.	4,008.72	1,806.31
Obligations under Advance Licences	7,033.90	3,128.08
Outstanding Letters of Credit for materials yet to be received	1,222.40	932.53
<b>TOTAL</b>	<b>13,696.52</b>	<b>8,121.12</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note: 39 Leases

Effective from 1st April, 2019, the Company adopted IND AS 116 "Leases" using modified retrospective approach and accordingly comparative figures are not restated and there is no impact on retained earning as on April 01,2019.

#### As a lessee

##### 1) Cost, Accumulated Depreciaton and Carrying amount

Particulars	Right of use Land	Right of use Buildings	Total
<b>Cost</b>			
Balance at 1st April, 2019	-	-	-
Additions	88.38	1,645.88	1,734.26
<b>Balance as at 31st March, 2020</b>	<b>88.38</b>	<b>1,645.88</b>	<b>1,734.26</b>
<b>Accumulated depreciation and impairment</b>			
Balance at 1st April, 2019	-	-	-
Depreciation during the year	44.71	438.41	483.12
<b>Balance at 31st March, 2020</b>	<b>44.71</b>	<b>438.41</b>	<b>483.12</b>
<b>Carrying amounts</b>			
As at 1st April, 2019	-	-	-
<b>Balance at 31st March, 2020</b>	<b>43.67</b>	<b>1,207.47</b>	<b>1,251.14</b>

##### 2) Breakdown of lease expenses

Particulars	31st March, 2020
Short-term lease expenses	497.09
Low Value lease expenses	351.81
<b>Total Lease expenses</b>	<b>848.90</b>

##### 3) Cashflow impact on leases

The operating Cash flow of the company increased by ₹ 503.51 and Financing cash flow of the company decreased by ₹ 503.51 .

##### 4) Practical expedients applied on initial application date i.e. April 1, 2019

- The Company has utilised exemption provided for short term leases and leases for which the underlying asset is of low value on a lease-by-lease basis.
- The Company used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The weighted average of company's incremental borrowing rate applied to lease liabilities at date of initial application i.e. April 1, 2019 was 8.00%.
- The Company used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as the date of initial application.

#### As lessor:

The company has given certain assets on operating lease to Merino Panel Products Limited and Mohak Laminates for a period of sixty / eleven months. The annual lease payment received by the the Company during the year is ₹45.95.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note: 40 Assets given as security

The carrying amounts of assets given as security for current and non-current borrowings are:

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
<b>Financial assets</b>		
Trade receivables	10,903.79	11,431.57
Fixed deposit	12.23	17.59
<b>Non-financial assets</b>		
Inventories	32,521.34	29,088.00
Biological assets	658.21	679.86
<b>Total current assets given as security</b>	<b>44,095.57</b>	<b>41,217.02</b>
<b>Non- Current</b>		
Property, Plant and Equipment	38,185.79	32,785.09
Capital work-in-progress	1,858.15	1,986.91
<b>Total non-current assets given as security</b>	<b>40,043.94</b>	<b>34,772.00</b>
<b>Total assets given as security</b>	<b>84,139.51</b>	<b>75,989.02</b>

### Note: 41 Details relating to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	108.05	105.98
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.04	0.22
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	82.88	4.49
Interest paid during the year, other than that under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day	-	-
Interest paid during the year under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.12	0.07
Further interest remaining due and payable for earlier years	0.29	-

The above information regarding Micro, small and medium enterprises has been disclosed to the extent such parties have been identified on the basis of information available with the Company.

### Note: 42 CSR Expenditure

The Company undertook Corporate Social Responsibility ('CSR') programme and activities through Group Trusts ( Sri Hara Kasturi Memorial Trust, Sri Man Kumar Lohia Memorial Trust and Sri Prem Chand Lohia Memorial Trust ) registered under the Income Tax Act and also through direct donation to Ramakrishna Sarada Mission Matri Bhawan:

Particulars	31st March, 2020	31st March, 2019
(a) Gross Amount required to be spent by the company during the year	210.54	190.76
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any asset	-	-
On purpose other than the above	215.75	205.64

### Note : 43 - Employee benefit obligations

#### (1) Leave obligations

The leave obligations cover the Company's liability for earned leave. As the Company does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current.

#### (2) Post-employment obligations

##### (i) Provident Fund

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 43 - Employee benefit obligations (contd...)

benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

#### (ii) Other Long-term Employment Benefits (unfunded)

Other long term employee benefits are actuarially determined (using the Projected Unit Credit Method) at the end of each year.

#### (iii) Gratuity

The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is actuarially determined on the basis of year end actuarial valuation (using the Projected Unit Credit Method) and is funded.

The Company operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every eligible employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after a continuous service, for five years.

#### (a) Balance sheet recognition

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1st April 2018</b>	1,006.88	1,008.90	(2.02)
Current service cost	133.17	-	133.17
Interest expense/(income)	73.43	76.88	(3.45)
<b>Total amount recognised in profit or loss</b>	<b>206.60</b>	<b>76.88</b>	<b>129.72</b>
<b>Remeasurement</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	8.03	(8.03)
Actuarial (gain) / loss from change in financial assumptions	8.25	-	8.25
Actuarial (gain) / loss from unexpected experience	15.22	-	15.22
<b>Total amount recognised in other comprehensive income</b>	<b>23.47</b>	<b>8.03</b>	<b>15.44</b>
Employer contributions / premium paid	-	204.56	(204.56)
Benefit payments	86.58	86.58	-
<b>31st March 2019</b>	<b>1,150.37</b>	<b>1,211.79</b>	<b>(61.42)</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1st April 2019</b>	1,150.37	1,211.79	(61.42)
Current service cost	184.39	-	184.39
Interest expense/(income)	73.04	80.46	(7.42)
<b>Total amount recognised in profit or loss</b>	<b>257.43</b>	<b>80.46</b>	<b>176.97</b>
<b>Remeasurement</b>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	2.13	(2.13)
Actuarial (gain) / loss from change in financial assumptions	120.73	-	120.73
Actuarial (gain) / loss from unexpected experience	(50.25)	-	(50.25)
<b>Total amount recognised in other comprehensive income</b>	<b>70.48</b>	<b>2.13</b>	<b>68.35</b>
Employer's contributions / premium paid	-	49.89	49.89
Benefit payments	100.58	100.58	-
<b>31st March 2020</b>	<b>1,377.70</b>	<b>1,243.69</b>	<b>134.01</b>

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 43 - Employee benefit obligations (contd...)

#### (b) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.64%	7.62%
Expected return on plan asset	6.64%	7.62%
Salary growth rate	7.00%	7.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

#### (c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Particulars	Impact on defined benefit obligation			
	As at 31st March, 2020		As at 31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,313.56	1,447.79	1,100.59	1,204.49
% change compared to base due to sensitivity	-4.66%	5.09%	-4.33%	4.71%
Salary growth rate (-/+ 0.5%)	1,443.26	1,317.20	1,200.89	1,103.37
% change compared to base due to sensitivity	4.76%	-4.39%	4.39%	-4.09%
Attrition rate (-/+ 0.5%)	1,377.21	1,378.20	1,150.15	1,150.59
% change compared to base due to sensitivity	-0.04%	0.04%	-0.02%	0.02%
Life expectancy/ mortality rate (-/+ 10%)	1,377.49	1,377.93	1,150.48	1,150.25
% change compared to base due to sensitivity	-0.02%	0.02%	0.01%	-0.01%

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### (d) The major categories of plan assets

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to the insurance company. Thus the composition of each major category of plan assets has not been disclosed.

#### (e) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

##### Investment risk:

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to the insurance company.

The present value of the defined benefit plan liability is calculated using a discount rate determined with reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

##### Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

##### Life expectancy:

The present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

##### Salary growth risk

The present value of the defined benefit plan liability is calculated with reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 43 - Employee benefit obligations (contd...)

#### (f) Defined benefit liability and employer's contributions

Expected contribution to post-employment benefit plan for the year ending 31 March 2021 is ₹ 181.24.

The weighted average duration of the defined benefit obligation is 14 years (31 March 2019 – 15 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
<b>31 March 2020</b>			
Defined benefit obligation (gratuity)	226.88	395.21	2,585.01
<b>Total</b>	<b>226.88</b>	<b>395.21</b>	<b>2,585.01</b>
<b>31 March 2019</b>			
Defined benefit obligation (gratuity)	182.61	343.18	2,401.17
<b>Total</b>	<b>182.61</b>	<b>343.18</b>	<b>2,401.17</b>

### Note : 44 - Capital management

#### (a) Risk management

The company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long-term borrowings and short-term borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence, and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, to adjust its capital structure, wherever required.

The amount mentioned under total equity in the balance sheet is considered as capital and debt includes long-term borrowings including current maturities. The debt-equity ratio of the Company is as follows:

Particulars	31st March, 2020	31st March, 2019
Debt equity ratio	0.15	0.06

#### (b) Dividend

Particulars	31st March, 2020	31st March, 2019
(i) Equity shares		
Interim dividend for the year ended 31 March 2020 of ₹ 7.00 (31 March 2019 – ₹ 3.50) per fully paid share	725.87	362.94
Dividend distribution tax on interim dividend on Equity Shares	84.76	42.38

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 45 - Fair value measurements

This note gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 2 to the financial statements.

#### Financial instruments by category

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments	-	5,408.83	-	-	4,575.19	-
Loans to employees	-	-	91.25	-	-	118.32
Security deposits	-	-	346.53	-	-	245.85
Trade receivables	-	-	10,903.79	-	-	11,431.57
Cash and cash equivalents	-	-	1,744.43	-	-	225.76
Other bank balances	-	-	396.40	-	-	42.82
Derivative assets	268.83	-	-	99.07	-	-
Others	-	-	355.32	-	-	354.14
<b>Total financial assets</b>	<b>268.83</b>	<b>5,408.83</b>	<b>13,837.72</b>	<b>99.07</b>	<b>4,575.19</b>	<b>12,418.46</b>
<b>Financial liabilities</b>						
Borrowings and interest	-	-	18,375.46	-	-	17,108.79
Trade payables	-	-	13,565.35	-	-	11,877.74
Derivative liability	234.31	-	-	-	-	-
Unpaid dividends	-	-	384.17	-	-	25.23
Deposits from customers and suppliers	-	-	807.79	-	-	848.77
Employee benefits payable	-	-	881.44	-	-	789.32
Liability for purchases of capital assets	-	-	970.61	-	-	523.38
Contract liability against loyalty points	-	-	456.77	-	-	170.78
Refund liability against periodical schemes	-	-	220.98	-	-	265.88
Other payables	-	-	795.99	-	-	390.17
<b>Total financial liabilities</b>	<b>234.31</b>	<b>-</b>	<b>36,458.56</b>	<b>-</b>	<b>-</b>	<b>32,000.06</b>

#### (i) Fair value hierarchy

The table in the note provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category consists of derivatives taken by the Company like forward contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investment in equity shares which are unquoted or for which quoted prices are not available on the reporting dates.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 45 - Fair value measurements (contd...)

#### (ii) Valuation technique used to determine fair value of financial assets and liabilities:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer-quotes for similar instruments.
- derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information's where applicable.
- the fair value of the financial instruments is determined using adjusted net worth method and discounted cash flow method.

#### (iii) Fair value of financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	31st March, 2020			31st March, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets:</b>						
Investments	2.68	-	5,406.15	6.43	-	4,568.76
Derivative financial assets	-	268.83	-	-	99.07	-
	<b>2.68</b>	<b>268.83</b>	<b>5,406.15</b>	<b>6.43</b>	<b>99.07</b>	<b>4,568.76</b>
<b>Financial liabilities:</b>						
Derivative financial liabilities	-	234.31	-	-	-	-
	-	<b>234.31</b>	-	-	-	-

#### (iv) Financial liabilities not measured at fair value but in respect of which fair value is as follows:

Particulars	31st March, 2020		31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities:</b>				
Borrowings	8,093.45	7,464.21	2,945.25	2,859.19
	<b>8,093.45</b>	<b>7,464.21</b>	<b>2,945.25</b>	<b>2,859.19</b>

#### (v) Valuation technique used to determine fair value of non-current financial assets and liabilities:

- Non-current financial assets represent security deposits which do not have a fixed maturity period. These are primarily in the nature of utility deposits and hence carrying value is considered as fair values on the reporting period.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of loans to employees are considered to be approximately equal to the fair value.
- The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

#### (vi) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

### Note : 46 - Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk, liquidity risk and other risk.

#### (A) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments carried at amortised cost.

Financial instruments that are subjected to credit risk and concentration thereof principally consist trade receivables, loans receivables, investments, cash and cash equivalents and derivatives held by the Company. None of the financial instruments of the Company results in material concentration of credit risk.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 46 - Financial risk management (contd...)

#### i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying up to 90 days' credit terms. The Company has a detailed review mechanism of overdue trade receivables at various levels within the organisation to ensure proper attention and focus for realisation, and recognises provision on trade receivables which it believes to be doubtful of recovery. Further the Company receives security deposits and letters of credit on selected basis from its customers which mitigate the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

#### Ageing of trade receivables

Particulars	Not due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st March, 2020	4,216.68	6,080.34	655.05	147.45	195.73	10,903.79
Trade receivables as at 31st March, 2019	5,639.67	5,414.70	405.43	61.13	89.36	11,431.57

#### ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's management on a periodical basis, and are updated subject to the approval of the management. The limits are set to minimise the concentration of risks and, therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

The Company's maximum exposure to credit risk for the components of the balance sheet as at 31st March, 2020 and 31st March, 2019 is the carrying amounts as indicated in Note 46(B).

### (B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by ensuring availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities indicated below) and cash and cash equivalents on the basis of expected cash flows.

#### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities, cash and cash equivalents at the end of the reporting period:

Particulars	As at 31st March, 2020	As at 31st March, 2019
- Expiring within one year (bank overdraft and other facilities)	5,216.29	3,610.47
- Cash and cash equivalents	1,744.43	225.76
	<b>6,960.72</b>	<b>3,836.23</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 46 - Financial risk management (contd...)

#### (ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings	12,551.55	5,356.07	369.54	-	18,277.16
Trade Payables	13,565.35	-	-	-	13,565.35
Interest on borrowings	626.26	617.99	-	-	1,244.25
Unpaid / Unclaimed dividends	384.17	-	-	-	384.17
Deposits from Customers and Suppliers	807.79	-	-	-	807.79
Employee Benefits payable	881.44	-	-	-	881.44
Liabilities for purchases of capital assets	970.61	-	-	-	970.61
Derivative liabilities	234.31	-	-	-	234.31
Contract liability against loyalty points and others	456.77	-	-	-	456.77
Refund liability against periodical schemes	220.98	-	-	-	220.98
Other payables	795.99	-	-	-	795.99
Lease liabilities	463.72	393.39	163.85	304.17	1,325.13
<b>Total financial liabilities</b>	<b>31,958.94</b>	<b>6,367.45</b>	<b>533.39</b>	<b>304.17</b>	<b>39,163.95</b>

Contractual maturities of financial liabilities 31st March 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings	15,436.67	1,648.11	-	-	17,084.78
Trade Payables	11,877.74	-	-	-	11,877.74
Interest on borrowings	196.27	105.71	-	-	301.98
Unpaid dividends	25.23	-	-	-	25.23
Deposits from Customers and Suppliers	848.77	-	-	-	848.77
Employee Benefits payable	789.32	-	-	-	789.32
Liabilities for purchases of capital assets	523.38	-	-	-	523.38
Contract liability against loyalty points and others	170.78	-	-	-	170.78
Refund liability against periodical schemes	265.88	-	-	-	265.88
Other payables	390.17	-	-	-	390.17
<b>Total financial liabilities</b>	<b>30,524.21</b>	<b>1,753.82</b>	<b>-</b>	<b>-</b>	<b>32,278.03</b>

#### (C) Market risk

The Company's business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices.

##### (i) Foreign currency risk

The Company deals with foreign currency loan, trade receivables, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and a portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company also enters into forward contracts for managing its exposure to such foreign currency risk. The Company manages the exposure of foreign exchange fluctuation in borrowings by entering into derivatives contracts.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 46 - Financial risk management (contd...)

#### Foreign currency risk exposure

The company's exposures to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate) are as follows:-

Particulars	31st March, 2020					31st March, 2019				
	GBP	USD	EUR	THB	YEN	SGD	USD	EUR	SEK	YEN
<b>Financial assets</b>										
Receivables	244.40	3,097.44	3.03	1.62	-	-	2,687.03	21.76	-	-
Derivatives (including those on future exports)	-	(5,360.16)	-	-	-	-	(2,524.34)	-	-	-
<b>Financial liabilities</b>										
Long term borrowings	-	6,592.31	-	-	-	-	440.96	-	-	-
Payables	-	5,003.70	1,948.20	-	187.03	1.42	3,537.65	1,744.26	97.61	218.80
Derivatives	-	(7,076.60)	(84.86)	-	-	-	(872.70)	(189.30)	-	-
<b>Net exposure to foreign currency risk against receivables / (payables)</b>	<b>244.40</b>	<b>(6,782.13)</b>	<b>(1,860.31)</b>	<b>1.62</b>	<b>(187.03)</b>	<b>(1.42)</b>	<b>(2,943.22)</b>	<b>(1,533.20)</b>	<b>(97.61)</b>	<b>(218.80)</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>USD sensitivity</b>				
INR depreciates by 5% (31 March 2019 - 5%)*	(225.97)	(147.16)	(169.10)	(95.74)
INR appreciates by 5% (31 March 2019 - 5%)*	225.97	147.16	169.10	95.74
<b>EURO sensitivity</b>				
INR depreciates by 3% (31 March 2019 - 3%)*	(55.81)	(46.00)	(41.76)	(29.93)
INR appreciates by 3% (31 March 2019 - 3%)*	55.81	46.00	41.76	29.93
<b>GBP sensitivity</b>				
INR depreciates by 3% (31 March 2019 - 3%)*	7.33	-	5.49	-
INR appreciates by 3% (31 March 2019 - 3%)*	(7.33)	-	(5.49)	-
<b>Yen sensitivity</b>				
INR depreciates by 3% (31 March 2019 - 3%)*	(5.61)	(6.56)	(4.20)	(4.27)
INR appreciates by 3% (31 March 2019 - 3%)*	5.61	6.56	4.20	4.27
<b>SEK sensitivity</b>				
INR depreciates by 3% *	-	(2.93)	-	(1.91)
INR appreciates by 3% *	-	2.93	-	1.91
<b>SGD sensitivity</b>				
INR depreciates by 3% *	-	(0.04)	-	(0.03)
INR appreciates by 3% *	-	0.04	-	0.03
<b>THB sensitivity</b>				
INR depreciates by 3% *	0.05	-	0.04	-
INR appreciates by 3% *	(0.05)	-	(0.04)	-

\* Assuming all other variables to be constant

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March 2020 and 31st March 2019, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 46 - Financial risk management (contd...)

#### (a) Interest rate risk exposure

##### On financial liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2020	31st March, 2019
Variable rate borrowings	1,458.72	939.53
Fixed rate borrowings	16,818.44	16,145.25
<b>Total borrowings</b>	<b>18,277.16</b>	<b>17,084.78</b>

#### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Interest expense rates – increase by 50 basis points (50 bps)*	(7.29)	(4.70)	(5.46)	(3.06)
Interest expense rates – decrease by 50 basis points (50 bps)*	7.29	4.70	5.46	3.06

\* Assuming all other variables to be constant

#### (iii) Price risk

##### (a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The Company's Board of Directors reviews and approves all investment decisions.

##### (b) Sensitivity

The table below summarises the impact of increases/decreases of the share prices on the Company's equity.

Particulars	Impact on other components of equity (before tax)	
	31st March, 2020	31st March, 2019
Share price - Increase 5%(5%)*	270.44	228.76
Share price - Decrease 5%(5%)*	(270.44)	(228.76)

\* Assuming all other variables to be constant

#### (iv) Agricultural Risk

Cultivation of potato seeds and standing crops being an agricultural activity, there are certain specific financial risks. These financial risks arise mainly due to adverse weather conditions, logistic problems inherent to remote areas, and fluctuation of selling price of finished goods (potato seeds and standing crops) due to increase in supply/availability.

The Company manages the above financial risks in the following manner:

- Sufficient inventory levels of agro chemicals, fertilisers and other inputs are maintained so that timely corrective action can be taken in case of adverse weather conditions.
- The Company manages this risk by aligning its production to anticipated demand and taking early corrective steps to recognise and dispose excess stocks.

### Note : 47 - Segment reporting

The Company's operating segments are organised and managed through the respective business managers, according to the nature of products manufactured and sold with each segment representing a strategic business unit. These business units' performances are reviewed by the board of directors of the Company.

The reporting segments of the Company are as below:

- Laminates: Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption), and trading of Papers and Chemicals.
- Panel Products and Furniture - Comprises manufacturing and selling of Furnitures, Panel Boards and related products.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 46 - Financial risk management (contd...)

(iii) Potato Flakes - This segment comprises manufacturing and sale of Potato Flakes and Ready Mixes.

Summary of the segmental information for the year ended/as at, 31st March 2020 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
<b>Segment Revenue</b>						
Revenue	68,135.23	21,416.06	6,098.70	5,289.71		1,00,939.70
Inter segment sales	7,179.10				(7,179.10)	-
	<b>75,314.33</b>	<b>21,416.06</b>	<b>6,098.70</b>	<b>5,289.71</b>	<b>(7,179.10)</b>	<b>1,00,939.70</b>
<b>Segment results before finance cost and tax</b>	12,629.63	1,497.69	80.90	(4,199.70)		10,008.52
Less : Finance Cost				1,549.83		1,549.83
<b>Profit/(Loss) Before Tax</b>	<b>12,629.63</b>	<b>1,497.69</b>	<b>80.90</b>	<b>(5,749.53)</b>	-	<b>8,458.69</b>
Less : Current Tax				2,203.97		2,203.97
Less : Deferred Tax				(789.05)		(789.05)
<b>Profit after tax</b>				<b>(7,164.45)</b>		<b>7,043.77</b>
Segment Assets	48,819.10	17,933.33	6,206.80	25,572.91		98,532.14
Segment Liabilities	6,201.34	2,443.61	2,186.14	32,245.38		43,076.47
Segment Capital Expenditure	6,135.23	1,989.97	119.83	859.79		9,104.82
Segment Depreciation and amortisation	3,052.97	674.96	312.03	127.75		4,167.71

Summary of the segmental information for the year ended/as at, 31st March 2019 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
<b>Segment Revenue</b>						
Revenue	66,483.40	19,889.12	6,795.41	5,829.88		98,997.81
Inter segment sales	6,969.02				(6,969.02)	-
	<b>73,452.42</b>	<b>19,889.12</b>	<b>6,795.41</b>	<b>5,829.88</b>	<b>(6,969.02)</b>	<b>98,997.81</b>
<b>Segment results before finance cost and tax</b>	13,836.03	1,124.64	392.71	(2,226.15)	-	13,127.23
Less : Finance Cost				1,467.95		1,467.95
<b>Profit/(Loss) Before Tax</b>	<b>13,836.03</b>	<b>1,124.64</b>	<b>392.71</b>	<b>(3,694.10)</b>		<b>11,659.28</b>
Less : Current Tax				3,246.64		3,246.64
Less : Deferred Tax				(176.03)		(176.03)
<b>Profit after tax</b>	<b>13,836.03</b>	<b>1,124.64</b>	<b>392.71</b>	<b>(6,764.71)</b>		<b>8,588.67</b>
Segment Assets	46,384.35	15,918.10	4,088.52	19,085.41		85,476.38
Segment Liabilities	9,627.63	2,070.11	664.88	24,479.52		36,842.14
Segment Capital Expenditure	1,806.87	1.98	-	178.06		1,986.91
Segment Depreciation and amortisation	1,879.69	599.30	328.72	120.24		2,927.95

### Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
India	72,552.40	72,567.34
Outside India	23,097.59	20,600.59
	<b>95,649.99</b>	<b>93,167.93</b>

(b) Carrying Amount of Segment Assets:

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	69,800.73	63,775.24
Outside India	3,158.50	2,615.73
	<b>72,959.23</b>	<b>66,390.97</b>

### Entity wide disclosures

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March 2020 and 31st March 2019.

No material property, plant and equipment of the Company (excluding financial assets) are located outside India.

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 48 - Related parties disclosure

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

i) List of related parties where control exists and also other related parties with whom transactions have taken place and their relationship:

SN	Name	Relationship
a)	<b>Where Control exists :</b>	
	Merino Panel Products Limited	Subsidiary Company
b)	<b>Key Management Personnel(KMP)</b>	
	Mr. Champa Lal Lohia	Executive Chairman
	Mr. Rup Chand Lohia	Executive Vice Chairman
	Mr. Prakash Lohia	Managing Director
	Mr. Prasan Lohia	Whole-time Director
	Ms. Ruchira Lohia	Whole-time Director
	Mr. Nripen Dugar	Whole-time Director
	Mr. Bikash Lohia	Whole-time Director
	Mr. Madhusudan Lohia	Whole-time Director
	Mr. Asok Kumar Parui	Chief Financial Officer (resigned w.e.f. 30-09-2019)
	Mr. Sanjay Banka	Chief Financial Officer (appointed on 01-10-2019)
	Mrs. Sumana Roychowdhury	Company Secretary ( resigned w.e.f. 20-05-2018)
	Mrs. Vinamrata Agrawal	Company Secretary ( appointed on 18-06-2018)
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Sujitendra Krishna Deb	Independent Director (resigned from 18-06-2018)
	Mr. Bama Prasad Mukhopadhyaya	Independent Director (appointed from 14-09-2018)
c)	<b>Relatives of KMP</b>	
	Mrs. Tara Devi Lohia	Wife of Mr Champa Lal Lohia
	Mr. Deepak Lohia	Son of Mr Champa Lal Lohia
	Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia
	Mrs. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia
	Mrs. Asha Mundhra	Daughter of Mr Champa Lal Lohia
	Mrs. Sita Devi Lohia	Mother of Mr Prakash Lohia
	Mrs. Uma Singi	Sister of Mr Prakash Lohia
	Mrs. Kiran Maheswari	Sister of Mr Prakash Lohia
	Mrs. Neera Lohia	Wife of Mr Prakash Lohia
	Mrs. Mita Lohia	Wife of Mr Madhusudan Lohia
	Mr. Govind Mundhra	Son in law of Late Chanpa Lal Lohia
	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Mrs. Praveena Lohia	Wife of Mr Rup Chand Lohia
	Mrs. Meghna Lohia	Wife of Mr Prasan Lohia
	Mr. Manoj Lohia	Son of Mr Rup Chand Lohia
	Mr. Abhiroop Lohia	Son of Mr Prasan Lohia
	Ms. Anuja Lohia	Daughter of Mr Prasan Lohia
	Mrs. Sashi Lohia	Wife of Mr Bikash Lohia
	Mrs. Vandana Lohia	Wife of Mr Manoj Lohia
	Mr. Anurag Lohia	Son of Mr Bikash Lohia
	Ms. Radhika Lohia	Daughter of Mr Bikash Lohia
d)	<b>Entities over which KMP together with their relatives have significant influence :</b>	
		Merino Exports Private Limited
		Merino Services Limited
		Kasturi Bai Gopi Babu Cold Storage Private Limited
		Sri Harakasturi Memorial Trust
		Man Kumar Lohia and Brothers
		Usha Agro Farm
		Anupriya Marketing Limited
		Sri Hara Kasturi Trust
		Sri Prem Chand Lohia Memorial Trust
		Sri Man Kumar Lohia Memorial Trust

## Notes to the Standalone Financial Statements

### Note : 48 - Related parties disclosure (contd...)

#### ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
1	Merino Panel Products Limited	Subsidiary	129.07	86.67	Trade Receivables (net of advance)	Revenue from Operations	2,832.60	2,331.51
			-	-	-	Sale of Tangible Assets and Intangible Assets	31.01	20.19
			-	-	-	Purchase of Tangible Assets and Intangible Assets	0.37	36.20
			-	-	-	Purchases / Material Consumed	2,017.91	1,985.48
			-	-	-	Royalty on Trade Mark Received	0.59	0.59
			-	-	-	Rent paid	-	0.23
			-	-	-	Miscellaneous expenses reimbursed	-	1.26
			-	-	-	Rent received	47.50	47.54
			328.99	308.48	Other Financial Assets	Miscellaneous reimbursement received	335.60	355.46
2	Merino Exports Private Limited	Entities over which KMP together with their relatives have significant influence	149.30	149.30	Investment	Dividend Received	313.53	156.76
			11.67	11.56	Trade Payables	Rent paid	124.83	117.47
			5,049.00	4,289.70	Investment	Miscellaneous expenses reimbursed	4.76	7.92
			-	-	-	Dividend Paid / Payable	214.68	107.30
			-	-	-	Interest paid on loan	84.87	95.97
			-	-	-	Loan Taken	4,009.72	3,383.00
			-	-	-	Loan Repaid	4,009.72	3,383.00
3	Merino Services Limited	Entities over which KMP together with their relatives have significant influence	(23.71)	103.58	Trade Payables	Software related expense	239.82	382.93
			0.47	1.32	Trade Receivables	Royalty on Trade Mark Received	0.29	0.29
			-	-	-	Revenue from Operations	-	1.14
			-	-	-	Purchase of Tangible Assets and Intangible Assets	21.40	0.57
			-	-	-	Manpower expenses paid	9.95	154.25
			357.15	279.06	Investment	Dividend Paid / Payable	22.40	11.20
			13.54	0.77	Trade Receivables	Revenue from Operations	9.13	24.93
4	Kasturibai Gopi Babu Cold Storage Private Limited	Entities over which KMP together with their relatives have significant influence	-	-	-	Sale of Tangible Assets	9.94	-
			-	-	-	Purchases / Material Consumed	5.02	3.40
			532.90	661.60	Trade Payables	Rent paid	540.60	691.54
			-	-	-	Miscellaneous expenses reimbursed	12.82	12.70
			-	-	-	Miscellaneous reimbursement received	0.78	0.05

## Notes to the Standalone Financial Statements

### Note : 48 - Related parties disclosure (contd...)

#### ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
5	Man Kumar Lohia and Brothers	Entities over which KMP together with their relatives have significant influence	-	1.32	Trade Payables	Rent paid	83.33	79.34
			-	-	-	Power and fuel	7.19	7.19
			-	-	-	Repair - others	2.48	3.08
			-	-	-	Communication expenses	0.02	0.02
			-	-	Security Deposit	Refund of Security Deposit	-	36.80
6	Usha Agro Farm	Entities over which KMP together with their relatives have significant influence	1.02	3.59	Trade Payables	Purchases / Material Consumed	1.02	3.71
			-	-	Trade Payables	Rent paid	31.76	28.87
7	Sri Hara Kasturi Memorial Trust	Entities over which KMP together with their relatives have significant influence	1.84	9.20	Trade Receivables	Revenue from Operations	14.55	16.86
			-	-	-	Miscellaneous reimbursement received	0.58	-
			-	-	-	Donation for Corporate Social Responsibility Expenditure	215.75	127.57
			-	-	-	Donation made	66.60	284.26
8	Sri Man Kumar Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-	Donation for Corporate Social Responsibility Expenditure	-	51.00
			-	-	-	Donation made	20.45	-
9	Sri Prem chand Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-	Donation for Corporate Social Responsibility Expenditure	-	0.50
			-	-	-	Revenue from operations	0.01	-
			-	-	-	Miscellaneous reimbursement received	0.29	-
			-	-	-	Donation made	37.25	-
10	Sri Hara Kasturi Trust	Entities over which KMP together with their relatives have significant influence	-	-	-	Donation made	-	0.50
11	Anupriya Marketing	Entities over which KMP together with their relatives have significant influence	7.80	1.83	Trade Payables	Marketing Service Provider Fees	33.73	32.88
12	Mr. Champa Lal lohia	KMP	-	-	-	Director's Remuneration	183.32	151.75
			-	-	-	Dividend Paid / Payable	25.79	12.89
13	Mr. Rup Chand Lohia	KMP	-	-	-	Director Remuneration	120.77	93.06
			-	-	-	Dividend Paid / Payable	14.36	7.18

## Notes to the Standalone Financial Statements

Note : 48 - Related parties disclosure (contd...)

ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
14	Mr. Prakash Lohia	KMP	-	-	-	Director Remuneration	178.29	133.71
						Dividend Paid / Payable	39.62	34.69
15	Mr. Bikash Lohia	KMP	-	-	-	Director Remuneration	137.10	112.42
						Dividend Paid / Payable	30.84	22.42
			0.70	-	-	Rent paid	9.63	7.04
16	Mr. Prasan Lohia	KMP	-	-	-	Director Remuneration	149.71	120.15
						Dividend Paid / Payable	12.14	6.07
17	Ms. Ruchira Lohia	KMP	-	-	-	Director Remuneration	160.25	123.40
						Dividend Paid / Payable	35.59	17.80
18	Mr. Madhusudan Lohia	KMP	-	-	-	Director Remuneration	148.68	99.81
						Revenue from Operations	9.14	-
			0.54	-	-	Rent paid	7.15	5.21
						Dividend Paid / Payable	50.51	10.38
19	Mr. Nirpen Dugar	KMP	-	-	-	Director Remuneration	58.46	60.49
						Dividend Paid / Payable	0.04	0.02
20	Mr. Asok Kumar Parui	Chief Financial Officer	-	-	-	Salary	17.93	27.19
21	Mr. Sanjay Banka	Chief Financial Officer	-	-	-	Salary	44.71	-
22	Mrs. Sumana Roychowdhury	KMP	-	-	-	Salary	-	0.89
23	Mrs. Vinamrata Agrawal	KMP	-	-	-	Salary	6.11	4.74
24	Mr. Gautam Bhattacharjee	Independent Director	-	-	-	Sitting Fees	2.30	2.20
25	Mr. Sisir Kumar Chakrabarti	Independent Director	-	-	-	Sitting Fees	1.70	1.00
26	Mr. Bama Prasad Mukhopadhyaya	Independent Director	-	-	-	Sitting Fees	1.70	0.70
27	Mrs. Tara Devi Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	16.88	8.44
28	Mr. Deepak Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	40.26	21.53
			0.70	-	Trade Payables	Rent paid	12.61	9.75

## Notes to the Standalone Financial Statements

### Note : 48 - Related parties disclosure (contd...)

#### ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
29	Mrs. Sashi Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	3.50	3.50
30	Ms. Usha Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	11.20	5.60
31	Mrs. Nayanbara Agarwal	Relative of KMP	-	-	-	Dividend Paid / Payable	5.60	2.80
32	Mrs. Asha Mundhra	Relative of KMP	-	-	-	Rent paid	3.43	3.12
33	Mr. Anurag Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	2.95	0.08
34	Mrs. Sita Devi Lohia	Relative of KMP	-	-	-	Rent paid	2.63	2.39
35	Mrs. Uma Singhi	Relative of KMP	-	-	-	Rent paid	1.59	1.45
36	Mrs. Kiran Maheswari	Relative of KMP	0.54	-	-	Dividend Paid / Payable	10.50	-
37	Mrs. Neera Lohia	Relative of KMP	-	-	Trade Payables	Dividend Paid / Payable	11.44	5.72
38	Ms. Radhika Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	7.41	3.71
39	Mrs. Mita Lohia	Relative of KMP	-	-	-	Rent paid	3.39	3.08
40	Mrs. Sheela Lohia	Relative of KMP	-	-	Trade Payables	Rent paid	9.43	3.12
41	Mrs. Praveena Lohia	Relative of KMP	-	-	-	Electricity charges paid	0.43	-
42	Mrs. Meghna Lohia	Relative of KMP	0.52	-	Trade Payables	Dividend Paid / Payable	20.91	10.46
43	Mr. Manoj Lohia	Relative of KMP	-	-	-	Rent paid	6.92	6.89
44	Mr. Abhiroop Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	7.00	-
45	Ms. Anuja Lohia	Relative of KMP	-	-	Trade Payables	Rent paid	14.09	12.12
46	Mrs. Vandana Lohia	Relative of KMP	-	-	-	Dividend Paid / Payable	8.22	4.11
						Dividend Paid / Payable	12.59	6.29
						Dividend Paid / Payable	18.52	9.26
						Dividend Paid / Payable	14.99	7.50
						Dividend Paid / Payable	14.00	7.00
						Dividend Paid / Payable	3.50	1.75
						Dividend Paid / Payable	20.88	10.44

## Notes to the Standalone Financial Statements

(Rupees in Lakh, unless otherwise stated)

### Note : 48 - Related parties disclosure (contd...)

#### Compensation to KMP other than independent Directors

Particulars	31st March, 2020	31st March, 2019
Short-term employee benefits	1,197.12	922.09
Post-employment benefits	8.21	5.52
<b>Total compensation</b>	<b>1,205.33</b>	<b>927.61</b>

\* Transactions are inclusive of GST, where ever applicable.

### Note : 49 - Composite scheme of Arrangement

A petition for approval of a Composite Scheme of arrangement under sections 230 to 232 of the Companies Act 2013, amongst the Company, its subsidiary Merino Panel Products Limited (MPPL), Merino Exports (Private) Ltd (MEXPL) and Merino Services Ltd (MSL) was filed with National Company Law Tribunal (NCLT) on 4th October 2019 after approval of the respective Board of Directors of the company on 20th August 2019. The scheme was approved, among others, by the shareholders of the company on 20th February 2020. The petition awaits approval of NCLT.

The Scheme provides for, among others, the appointed date as 1st April 2019, merger of MPPL with the company, transfer of certain undertakings of MEXPL and MSL to the company and the transfer of the real estate undertaking of MEXPL and IT and Software Development undertaking of MSL to Merino Properties (Private) Ltd and Merino Consulting Services Limited respectively, discharge of the consideration for transfer of undertakings by issuance equity shares of the transferee companies to the existing shareholders of the transferor companies at approved ratios and transfer of assets and liabilities of the transferor company and undertaking of the related company, to the related transferee company.

Pending approval of the petition and consequent finalisation of the effective date no adjustment in the account of the company has been made.

### Note : 50 - Covid-19

The spread of Covid-19 pandemic from mid March, 20 continues to have an unprecedented impact on people and economy. The company has taken prompt action to extend support to all of the stakeholders and maintain operations through the crisis. There is no significant impact on operations and results for the year ended March 31, 2020.

The Company has considered the possible effects that may have resulted from the pandemic relating to Covid-19 on the carrying amounts of trade receivables, tangible assets, intangible assets and investments. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on current estimate the Company expects the carrying amount of these assets will be recovered.

### Note : 51

In absence of Chief Financial Officer (CFO) on the date of approval of the financial statements, these statements do not bear the signatures of CFO. The position of CFO is being filled as per Law.

### Note : 52 - Previous year's figures

The previous year's figures have been reclassified and regrouped to conform to this year's classification and grouping.

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

# Independent Auditor's Report

To the Members of  
Merino Industries Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated financial statements of **Merino Industries Limited** ("hereinafter referred to as the "Holding company") and its subsidiary "Merino Panel Products Limited" (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated statement of changes in equity for the year then ended and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the group as at 31 March 2020, and of its consolidated profit or loss including other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirement that are relevant to our audit of Consolidated financial statements in India in terms of Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI), relevant provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information other than the Financial Statements and Auditor's Report Thereon

The Holding company's Board of Directors is responsible for the other information. The other information comprises the information

included in the Company's Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accompanying consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial

statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the Consolidated financial reporting process of each company.

### **Auditor's Responsibilities for the audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e. On the basis of the written representations received from the directors of the holding company and its subsidiary as on 31st March, 2020 and taken on record by the Board of Directors of the respective companies, none of the directors of the group is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure-A".
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31st March 2020 on the consolidated financial position of the group – Refer Note No. 40 (b) to the consolidated financial statements.
- ii. The Group has made provision, as required under the applicable law or Ind AS, for material foreseeable losses if any, on long term contracts including derivative contracts; and
- iii. There has been no substantial delay in transferring amounts, wherever required to be transferred, to the Investor Education and Protection Fund by the Group.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**B.L. Choraria**  
Partner

Place: Noida (Delhi NCR)  
Date: 25th August, 2020

Membership No.: 022973  
UDIN: 20022973AAAABC4723

## Annexure – "A" to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of **Merino Industries Limited** ("the Holding Company") as of 31 March 2020, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiary.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding company and its subsidiary, considering the essential components of internal control stated in the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective entity’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system with reference to financial statements of the Holding Company and its subsidiary company.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial

control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the holding company and its subsidiary company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Singhi & Co.**

Chartered Accountants

Firm Reg. No. 302049E

**B.L. Choraria**

Partner

Membership No.: 022973

UDIN: 20022973AAAABC4723

Place: Noida (Delhi NCR)

Date: 25th August, 2020

# Consolidated Balance Sheet as at 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3(a)	51,464.08	45,570.28
(b) Right of use assets	3(a)	1,702.82	-
(c) Capital work-in-progress	3(b)	1,986.26	2,662.27
(d) Other intangible assets	3(c)	163.27	234.34
(e) Financial assets			
(i) Investments	4	16,295.80	10,382.50
(ii) Loans	5	365.41	299.51
(iii) Other financial assets	6	2.26	2.26
(f) Other non-current assets	7	307.97	607.05
<b>Total non-current assets</b>		<b>72,287.87</b>	<b>59,758.21</b>
<b>(2) Current assets</b>			
(a) Inventories	8	43,932.13	39,355.45
(b) Biological assets other than bearer plants	9	658.21	679.86
(c) Financial assets			
(i) Investments	10	1,736.48	2,647.91
(ii) Trade receivables	11	17,746.13	19,624.63
(iii) Cash and cash equivalents	12	2,130.99	1,162.30
(iv) Other bank balances	13	2,135.90	42.82
(v) Loans	14	356.79	289.31
(vi) Other financial assets	15	826.42	558.09
(d) Current tax assets (net)	16	2,278.73	1,090.62
(e) Other current assets	17	3,377.27	3,191.09
<b>Total current assets</b>		<b>75,179.05</b>	<b>68,642.08</b>
<b>Total assets</b>		<b>1,47,466.92</b>	<b>1,28,400.29</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	18	1,047.03	1,047.03
(b) Other equity	19	82,104.39	71,123.09
<b>Equity attributable to Owners of Merino Industries Limited</b>		<b>83,151.42</b>	<b>72,170.12</b>
(c) Non controlling interest		9,492.53	8,084.00
<b>Total equity</b>		<b>92,643.95</b>	<b>80,254.12</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	6,600.61	3,023.11
(ii) Other financial liabilities	21	15.83	14.81
(iii) Lease liabilities		1,130.02	-
(b) Deferred tax liabilities (net)	22	3,647.26	4,670.44
(c) Other non-current liabilities	23	90.40	96.49
<b>Total non-current liabilities</b>		<b>11,484.12</b>	<b>7,804.85</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	11,444.96	15,439.36
(ii) Trade payables:	25		
Total outstanding dues of micro enterprises and small enterprises		157.55	122.94
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,954.26	16,802.75
(iii) Other financial liabilities	26	9,122.94	5,605.74
(iv) Lease liabilities		668.68	-
(b) Other current liabilities	27	2,084.71	1,536.98
(c) Provisions	28	892.00	494.35
(d) Current tax liabilities (Net)	29	13.75	339.20
<b>Total current liabilities</b>		<b>43,338.85</b>	<b>40,341.32</b>
<b>Total liabilities</b>		<b>54,822.97</b>	<b>48,146.17</b>
<b>Total equity and liabilities</b>		<b>1,47,466.92</b>	<b>1,28,400.29</b>

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 56 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	2019-20	2018-19
<b>INCOME</b>			
Revenue from operations	30	1,47,372.22	1,47,212.68
Other income	31	1,519.35	1,963.10
<b>TOTAL INCOME</b>		<b>1,48,891.57</b>	<b>1,49,175.78</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	68,515.92	73,083.23
Purchases of stock-in-trade		6,832.86	6,046.51
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	33	(1,248.71)	(1,991.60)
Employee benefits expense	34	18,508.52	15,980.55
Finance costs	35	1,834.19	1,731.16
Depreciation and amortisation expense	36	5,976.49	4,235.38
Other expenses	37	32,710.41	29,980.66
<b>TOTAL EXPENSES</b>		<b>1,33,129.68</b>	<b>1,29,065.89</b>
<b>Profit before Tax</b>		<b>15,761.89</b>	<b>20,109.89</b>
<b>Tax expenses</b>	38		
- Current tax		4,171.89	5,828.52
- Deferred tax		(1,203.90)	198.43
<b>Total tax expenses</b>		<b>2,967.99</b>	<b>6,026.95</b>
<b>Profit for the year from continuing operations</b>		<b>12,793.90</b>	<b>14,082.94</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		(53.57)	4.43
Changes in fair value of FVOCI equity instruments		833.64	2,539.49
Deferred tax relating to these items		(180.72)	(594.39)
<b>Total Other Comprehensive Income for the year, net of tax</b>		<b>599.35</b>	<b>1,949.53</b>
<b>Total comprehensive income for the year</b>		<b>13,393.25</b>	<b>16,032.47</b>
<b>Profit attributable to :</b>			
Owners of the company		11,259.82	12,644.40
Non-controlling interests		1,534.08	1,438.54
<b>Profit for the year</b>		<b>12,793.90</b>	<b>14,082.94</b>
<b>Other comprehensive income attributable to:</b>			
Owners of the company		596.55	1,946.25
Non-controlling interests		2.80	3.28
<b>Other comprehensive income</b>		<b>599.35</b>	<b>1,949.53</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		11,856.37	14,590.65
Non-controlling interests		1,536.88	1,441.82
<b>Total comprehensive income for the year</b>		<b>13,393.25</b>	<b>16,032.47</b>
<b>Earnings per equity share</b>			
	39		
Basic earnings per share		108.58	121.94
Diluted earnings per share		108.58	121.94

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 56 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax as per statement of Profit and Loss:	15,761.89	20,109.89
Adjustments for :		
Depreciation and amortisation expense	5,976.49	4,235.38
Bad Debts / Advances written off	28.19	56.67
Loss allowance for expected credit losses on trade receivables	116.45	132.48
Unrealised (gain) / loss on foreign currency translation (net)	438.85	13.91
Finance costs	1,834.19	1,731.16
Loss on sale/disposal of property, plant and equipment (net)	60.50	111.27
Loss / (profit) on sale of investment (net)	(3.69)	7.96
Loss / (Profit) on sale of Biological assets	-	1.03
Loss/ (profit) on fair valuation of derivatives measured at FVTPL	267.62	(100.33)
Fair value changes of financial assets measured at FVTPL	(30.39)	(173.07)
Income due to amortisation of government grants	(6.09)	(6.09)
Interest Income from financial asset at amortised cost	(662.63)	(277.52)
Provisions/liabilities no longer required written back	(149.27)	(279.73)
Dividend income	(15.74)	(1.98)
Recovery of Bad Debts	(17.60)	(14.48)
<b>Operating Profit before Working Capital Changes</b>	<b>23,598.77</b>	<b>25,546.55</b>
Adjustments for :		
Trade receivables	2,121.83	(1,788.80)
Non-current/current financial and other assets	(2,364.47)	50.94
Inventories	(4,576.68)	(6,378.69)
Biological assets other than bearer plants	21.65	(198.02)
Trade payables	1,891.73	3,079.74
Non-current/current financial and other liabilities/provisions	2,021.68	1,127.96
<b>Cash Generated from Operations</b>	<b>22,714.51</b>	<b>21,439.68</b>
Net Direct Taxes Paid	(5,685.45)	(6,153.16)
<b>Net Cash from Operating Activities</b>	<b>17,029.06</b>	<b>15,286.52</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of property, plant and equipment	(10,006.16)	(12,656.96)
Purchase of intangible assets	(36.63)	(9.13)
Proceeds from sale of property, plant and equipment	109.11	67.81
Sale of biological assets other than bearer plants	-	0.50
Purchases of investment	(4,081.47)	(2,502.95)
Proceeds from sale of investment	1,877.05	1,140.72
Interest Income	637.49	224.82
Investment in fixed deposits	(2,050.60)	(104.51)
Dividend Income	15.74	1.98
<b>Net Cash Flow used in Investing Activities</b>	<b>(13,535.47)</b>	<b>(13,837.72)</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long-term borrowings	5,912.60	-
Repayment of long-term borrowings	(1,405.52)	(1,477.39)
Proceeds from short-term loans from banks	4,500.00	7,000.00
Repayment of short-term loans from banks	(7,000.00)	(4,000.00)
Proceeds from demand loan from body corporate	4,009.72	3,383.00
Repayment of demand loan from body corporate	(4,009.72)	(3,383.00)
Increase/ (decrease) in cash credit/working capital facilities (net)	(1,494.40)	(546.36)
Payments against lease liability	(633.25)	-
Interest paid	(1,759.85)	(1,717.68)
Dividend paid	(473.39)	(415.76)
Dividend distribution tax paid	(171.09)	(85.55)
<b>Net Cash Flow used in Financing Activities</b>	<b>(2,524.90)</b>	<b>(1,242.74)</b>
<b>Net Increase/(decrease) in cash and cash equivalents ( A+B+C)</b>	<b>968.69</b>	<b>206.06</b>
Cash and Cash Equivalents (opening)	1,162.30	956.24
Cash and Cash Equivalents (closing)	2,130.99	1,162.30

### Disclosure requirement as per Ind AS 7:

Change in Liability arising from financing activities	31st March 2019	Cash Flow	Non Cash Changes		31st March, 2020
			Others	Foreign Exchange	
Long-Term Borrowings	4,445.25	4,482.15	-	541.05	9,468.45
Short-Term Borrowings	15,439.36	(3,994.40)	-	-	11,444.96
Lease liability	-	(633.25)	2,431.95	-	1,798.70

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 56 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

### A. Equity share capital

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	Amount
As at 1 April 2018		1,047.03
Changes in equity share capital during the year 2018-19	18	-
As at 31 March 2019		1,047.03
Changes in equity share capital during the year 2019-20	18	-
As at 31 March 2020		1,047.03

### B. Other equity

Particulars	Notes	Securities Premium Reserve	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity	Non controlling interest
Balance as at 1st April 2018	19	311.43	7821.67	1560.16	47276.73	56,969.99	6,706.35
Profit for the year		-	-	-	12,644.40	12,644.40	1,438.54
Other comprehensive income/(Expenses) (net of tax)		-	-	1,946.64	(0.39)	1,946.25	3.29
<b>Total comprehensive income for the year</b>		-	-	<b>1,946.64</b>	<b>12,644.01</b>	<b>14590.65</b>	<b>1441.83</b>
Interim dividend on Equity Shares for the year		-	-	-	(362.94)	(362.94)	(53.24)
Dividend distribution tax on interim dividend on Equity Shares		-	-	-	(74.61)	(74.61)	(10.94)
Transfer to/(from) general reserve/(retained earnings)		-	1,282.49	-	(1,282.49)	-	-
Balance as at 31st March 2019	19	311.43	9,104.16	3,506.80	58,200.70	71123.09	8084.00

Particulars	Notes	Securities Premium Reserve	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity	Non controlling interest
Balance as at 1st April 2019	19	311.43	9,104.16	3,506.80	58,200.70	71,123.09	8,084.00
Profit for the year		-	-	-	11,259.82	11,259.82	1,534.08
Other comprehensive income/(Expenses) (net of tax)		-	-	639.44	(42.89)	596.55	2.80
<b>Total comprehensive income for the year</b>		-	-	<b>639.44</b>	<b>11,216.93</b>	<b>11,856.37</b>	<b>1536.88</b>
Dividend		-	-	-	(725.86)	(725.86)	(106.47)
Tax on dividend		-	-	-	(149.21)	(149.21)	(21.88)
Transfer to/(from) general reserve/(retained earnings)		-	1,156.13	-	(1,156.13)	-	-
Balance as at 31st March 2020	19	311.43	10,260.29	4,146.24	67,386.43	82,104.39	9492.53

General information and significant accounting policies are given in notes numbered 1 and 2.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

The accompanying notes numbered 1 to 56 are an integral part of the financial statements.

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Notes to the Consolidated financial statements

### 1. General Information

Merino Industries Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020, India. The Company and its subsidiary (collectively called as "Group") are engaged in manufacturing and marketing of Decorative Laminates, Prelam Boards, Furniture, Potato Flakes, Acrylic Solid Surface, Agricultural Produce and Plywood.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

##### (i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rule, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules 2016, other relevant provisions of the Act and other accounting principals generally accepted in India. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

##### (ii) Historical cost convention

The Consolidated financial statements have been prepared as going concern on accrual basis and under the historical cost convention except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer 2.5 accounting policy regarding financial instruments);
- Defined benefit plan – plan assets measured at fair value.
- Biological assets other than bearer plants.

##### (iii) Basis of Consolidation

The Company consolidate entity which it owns and controls. The consolidated financial statements comprise the financial statements of the company and its subsidiary company "Merino Panel Products Limited". Control exists when parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give ability to direct relevant activities, that significantly affect the entity's returns. Subsidiary is consolidated from the date control commences until the date control ceases.

The financial statements of the Group are consolidated on line by line basis and intra group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. This financial statements are prepared by applying uniform accounting policy in use at the Group. Non controlling interest which represent part of the net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the company, are excluded.

#### 2.2 Property, Plant and Equipment and Depreciation

- (a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Historical Cost includes expenditure that is directly attributable to the acquisition of the items.
- (b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.  
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.
- (c) Capital-work-in-progress is stated at cost and includes pre-operative expenses, project development expenses, etc.
- (d) The Group depreciates property, plant and equipment over their useful life as prescribed by schedule II of the Act. In case the cost of part of a property, plant and equipment is significant to the total cost of the asset and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those components.
- (e) Leasehold land is amortised over the period of lease. Improvements on leasehold land are amortised over the remaining period of lease or estimated useful life, whichever is lower.
- (f) Machinery spares having useful life of more than one year and the carrying value of which exceeds ₹ 1 lakh, are capitalised and depreciated over the life of the spares/related assets.

## Notes to the Consolidated financial statements

### 2.3 Intangible assets and amortisation

Intangible assets are stated at acquisition cost, net of accumulated amortisation and net accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over a period of three to five years from the date of capitalisation.

### 2.4 Impairment loss

At each balance sheet date, the Group reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

### 2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to, or deducted from, the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

#### Financial assets

##### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI), if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group, in respect of equity investments which are not held for trading, has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVTPL).

##### Impairment of financial assets

The Group assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Group recognises loss allowance for expected credit losses on financial asset.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

## Notes to the Consolidated financial statements

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Financial liabilities and equity instruments

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

#### De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

#### Derivative financial instruments

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

#### Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### 2.6 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in statement of profit and loss in the period in which they are incurred.

### 2.7 Inventories

Inventories are stated at lower of cost and estimated net realisable value. Cost is determined on moving weighted average basis in case of raw materials, stores and spares and stock-in-trade and generally on annual weighted average basis in other cases. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.8 Foreign currency transactions

#### Functional and presentation currency

The Consolidated financial statements of the Group are presented in Indian Rupees (INR), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

#### Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rates prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on settlement of transactions and / or restatement are dealt with in the Statement of Profit and Loss.

## Notes to the Consolidated financial statements

### 2.9 Biological assets

On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested. Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of profit and loss in the period in which they arise.

### 2.10 Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### Sale of goods and services

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred or service rendered to the customer, generally on delivery of the goods or rendering of services.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the group considers the effects of variable consideration.

#### (i) Variable consideration

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers, volume rebates. Volume rebates give rise to variable consideration.

#### ii) Volume rebates

The group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

#### Loyalty points programme

The group has a loyalty points programme, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. The group's role is only to arrange for another entity to provide the goods and hence, records revenue at the net amount.

When estimating the standalone selling price of the loyalty points, the group considers the likelihood that the customer will redeem the points. The group updates its estimates of the points that will be redeemed on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

#### Contract balances

##### Trade receivables

A receivable represents the group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.5 Financial instruments – initial recognition and subsequent measurement.

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs under the contract

## Notes to the Consolidated financial statements

### Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the group ultimately expects it will have to return to the customer. The group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### 2.11 Revenue Recognition - Other Items

**Interest:** Interest income is generally recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable when there is a reasonable certainty to realisation.

**Dividend:** Dividend income is recognised when the right to receive the dividend is established.

**Insurance Claim:** Insurance claims are accounted for on settlement / realisation basis by considering uncertainties in realisation.

Other items are recognised on accrual basis.

### 2.12 Employee benefits

#### (a) Short-term employee benefits :

The undiscounted amounts of short-term employee benefits (i.e. benefits payable within one year) are recognised in the period in which employee renders the service.

#### (b) Post employment benefit plan:

**Provident fund:** Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity:** The Group provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Group's liability is actuarially determined on the basis of year-end actuarial valuation (using the Projected Unit Credit Method) and is funded. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income.

#### (c) Other long-term employment benefits (unfunded):

Other long term employee benefits are actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

### 2.13 Taxation

Taxes on income comprise current taxes and deferred taxes. Current tax in the statement of profit and loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

### 2.14 Government grants

- (i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
- (ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- (iii) Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

## Notes to the Consolidated financial statements

### 2.15 Lease

The Company adopted Ind As 116-Leases, effective from 1st April, 2019, using the modified retrospective method.

The Company applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

#### Where the Company is a lessee

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. At the inception of a contract, the Company makes an assessment as to whether a contract is a lease. A contract is, or contains, a lease when it conveys the right to control the usage of an asset covered by the contract for a time period in exchange for consideration. To evaluate as to whether a contract provides the right to control the usage of an asset covered in the contract, the Company evaluates as to whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU" assets) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value. Lease rentals for short-term leases and all leases of low value assets, having annual rental payments up to Rupees Six Lakhs are considered on accrual basis as an expense in profit or loss.

The ROU-assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets/ investment property. Lease income on an operating lease is recognised in the Statement of Profit and Loss on accrual basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### 2.16 Cash and cash equivalents

In the Cash flow statement, cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments, if any, with original maturities of three months or less.

### 2.17 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the Group's EPS is the net profit/ (loss) for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity share holders by the weighted average number of equity shares outstanding during the year, and the weighted average number of equity shares that would be issued to give effect to the dilutive potential.

### 2.18 Provisions, contingent liabilities and assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of

## Notes to the Consolidated financial statements

resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are discounted to its present value.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent assets:** Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting made to the chief operating decision maker.

The boards of directors of the companies in the Group have been identified as the chief operating decision maker. Refer note 51 for segment information presented.

### 2.20 Dividends

The final dividend on shares is recorded as liability on the date of approval by the shareholders and interim dividend is recorded as liability on the date of declaration by the Boards of Directors of the companies in the Group.

### 2.21 Royalty income

Royalty income is accounted for as per the terms of the agreement entered into with the parties involved.

### 2.22 Rounding off of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakh of rupees as per the requirement of Schedule III to the Act, unless otherwise stated.

### 2.23 Standards issued but not yet made effective by the Ministry of Corporate Affairs

The following amendments are applicable to the Company from 1st April, 2020. The impacts of these are currently expected to be immaterial:

Reference	Brief
Ind AS 103, 107, 109 & 116	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.
Ind AS 1, 8, 10, 34, 37	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.

### 2.24 Critical estimates and judgments

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed."

#### (i) Estimation of defined benefit obligation

Refer note 47 for details of critical estimates in computation of defined benefit obligation.

#### (ii) Estimated fair value of unlisted securities

Refer note 2.5 for details of critical estimates in estimation of fair value of unlisted securities.

#### (iii) Estimated useful life of tangible assets

Refer note 2.2 for details of critical estimates in useful life of tangible assets.

#### (iv) Estimation of contingent liabilities

Refer note 40 for details of critical estimates of contingent liabilities.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 3 (a): Property, Plant and Equipment

PARTICULARS	Land		Buildings (includes on leasehold land)[Refer (iv) below]	Culverts	Roads	Plant and machinery	Electrical fittings	Laboratory equipment	Furniture and fittings	Computers and data processing units	Office equipment	Vehicles	Total	Right of use Land and Buildings (Refer Note 42)	Total
	Leasehold [Refer (i) below]	Freehold													
<b>Balance as at 31st March, 2018</b>	<b>1,138.44</b>	<b>5,356.52</b>	<b>8,271.64</b>	<b>28.91</b>	<b>541.65</b>	<b>24,193.41</b>	<b>1,034.70</b>	<b>78.00</b>	<b>626.88</b>	<b>879.63</b>	<b>433.20</b>	<b>1,203.30</b>	<b>43,786.28</b>	-	<b>43,786.28</b>
Additions	1,482.56	1,335.94	1,370.07	36.02	175.45	6,624.79	669.09	34.83	168.85	173.42	138.60	199.69	12,409.31	-	12,409.31
Disposals	-	-	50.25	-	-	89.42	41.73	0.09	7.11	16.46	9.48	53.73	268.27	-	268.27
<b>Balance as at 31st March, 2019</b>	<b>2,621.00</b>	<b>6,692.46</b>	<b>9,591.46</b>	<b>64.93</b>	<b>717.10</b>	<b>30,728.78</b>	<b>1,662.06</b>	<b>112.74</b>	<b>788.62</b>	<b>1,036.59</b>	<b>562.32</b>	<b>1,349.26</b>	<b>55,927.32</b>	-	<b>55,927.32</b>
Additions	-	185.17	1,163.98	-	193.07	8,573.65	278.17	28.96	294.61	138.55	115.50	191.61	11,163.27	2,431.95	13,595.22
Disposals	-	-	6.48	-	-	148.69	9.20	-	4.79	11.79	8.33	68.77	258.05	-	258.05
<b>Balance as at 31st March, 2020</b>	<b>2,621.00</b>	<b>6,877.63</b>	<b>10,748.96</b>	<b>64.93</b>	<b>910.17</b>	<b>39,153.74</b>	<b>1,931.03</b>	<b>141.70</b>	<b>1,078.44</b>	<b>1,163.35</b>	<b>669.49</b>	<b>1,472.10</b>	<b>66,832.54</b>	<b>2,431.95</b>	<b>69,264.49</b>
<b>As at 31st March 2018</b>	<b>21.79</b>	-	<b>552.85</b>	<b>1.57</b>	<b>119.25</b>	<b>4,590.47</b>	<b>146.57</b>	<b>14.47</b>	<b>99.50</b>	<b>341.62</b>	<b>155.28</b>	<b>279.94</b>	<b>6,323.31</b>	-	<b>6,323.31</b>
Charge for the year	15.76	-	366.36	1.57	93.62	2,935.85	116.32	10.79	73.63	228.50	101.93	178.59	4,122.92	-	4,122.92
Disposals	-	-	6.80	-	-	20.24	11.22	0.02	2.51	15.67	6.63	26.10	89.19	-	89.19
<b>As at 31st March 2019</b>	<b>37.55</b>	-	<b>912.41</b>	<b>3.14</b>	<b>212.87</b>	<b>7,506.08</b>	<b>251.67</b>	<b>25.24</b>	<b>170.62</b>	<b>554.45</b>	<b>250.58</b>	<b>432.43</b>	<b>10,357.04</b>	-	<b>10,357.04</b>
Charge for the year	27.07	-	449.02	2.17	112.30	3,718.56	181.65	14.14	89.28	245.75	111.19	188.53	5,139.66	729.13	5,868.79
Disposals	-	-	1.19	-	-	62.22	8.70	-	1.82	11.47	5.95	36.89	128.24	-	128.24
<b>As at 31st March 2020</b>	<b>64.62</b>	-	<b>1,360.24</b>	<b>5.31</b>	<b>325.17</b>	<b>11,162.42</b>	<b>424.62</b>	<b>39.38</b>	<b>258.08</b>	<b>788.73</b>	<b>355.82</b>	<b>584.07</b>	<b>15,368.46</b>	<b>729.13</b>	<b>16,097.59</b>
<b>Net carrying amount</b>															
<b>As at 31st March, 2019</b>	<b>2,583.45</b>	<b>6,692.46</b>	<b>8,679.05</b>	<b>61.79</b>	<b>504.23</b>	<b>23,222.70</b>	<b>1,410.39</b>	<b>87.50</b>	<b>618.00</b>	<b>482.14</b>	<b>311.74</b>	<b>916.83</b>	<b>45,570.28</b>	-	<b>45,570.28</b>
<b>As at 31st March, 2020</b>	<b>2,556.38</b>	<b>6,877.63</b>	<b>9,388.72</b>	<b>59.62</b>	<b>585.00</b>	<b>27,991.32</b>	<b>1,506.41</b>	<b>102.32</b>	<b>820.36</b>	<b>374.62</b>	<b>313.67</b>	<b>888.03</b>	<b>51,464.08</b>	<b>1,702.82</b>	<b>53,166.90</b>

(i) Leasehold Land includes ₹49.98 (31st March, 2019: ₹49.98) acquired on 31st October, 2006 under a lease for 90 years, ₹696.30 (31st March, 2019: ₹696.30) acquired on 30th June, 2014 and ₹1169.96 acquired on 19th April, 2017 under a lease of 99 years with a renewal option, which is being amortised over the period of lease.

(ii) Development expenditure of ₹23.45 (31st March, 2018: ₹23.45) on leasehold land taken on 13th December 1994 under a lease of 30 years has been amortised over the period of Lease. Remaining life of the leasehold land is 6 years.

(iii) Leasehold land with acquisition value of ₹1101.95 (31st March, 2019: ₹1101.95) have been mortgaged for availing term loans from HSBC Limited and freehold land with carrying value of ₹593.90 (31st March, 2019: ₹593.90) have been mortgaged for availing term loan from Standard Chartered Bank and working capital loan from Axis Bank Consortium.

(iv) A portion of buildings on a freehold land has been given on cancellable operating lease for a period of eleven months.

(v) Property Plant and Equipment given as security for borrowings (Refer Note No 43)

**3 (b) Capital work-in-progress as on 31st March, 2020 ₹1986.26 (includes capital goods-in-transit of ₹355.95) [(₹31st March 2019 ₹2662.27 (includes capital goods-in-transit of ₹243.10)). (Refer Note. 43)**

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### 3 (c) Other intangible assets

Particulars	Computer software (acquired item)	Total
Balance as at 31st March, 2018	555.21	555.21
Additions	9.13	9.13
Disposals	0.31	0.31
Balance as at 31st March, 2019	564.03	564.03
Additions	36.63	36.63
Disposals	12.33	12.33
Balance as at 31st March, 2020	588.33	588.33
<b>Accumulated Depreciation</b>		
As at 31st March 2018	217.54	217.54
Charge for the year	112.46	112.46
Disposals	0.31	0.31
As at 31st March 2019	329.69	329.69
Charge for the year	107.70	107.70
Disposals	12.33	12.33
As at 31st March 2020	425.06	425.06
<b>Net Carrying amount</b>		
As at 31st March, 2019	234.34	234.34
As at 31st March, 2020	163.27	163.27

### Note 4: Investments-non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Investments in Equity Instruments measured at FVOCI</b>		
<b>Unquoted</b>		
<b>Merino Services Limited</b>		
31 March 2020 : 6,000 (31 March 2019 : 6,000 ) equity shares of ₹ 10 each fully paid up	357.15	279.06
<b>Merino Exports Private Limited</b>		
31 March 2020 : 6,000 (31 March 2019 : 6,000 ) equity shares of ₹ 10 each fully paid up	5,049.00	4,289.70
<b>Merinopoly and Chemicals Limited [Refer (a) below]</b>		
31 March 2020 : 82,003 (31 March 2019: 82,003) equity shares of ₹ 10 each fully paid up	5.19	5.19
Less: Provision for diminution in book value of investments	(5.19)	(5.19)
<b>Quoted</b>		
<b>Bank of Baroda</b>		
31 March 2020 : 5,000 (31 March 2019 : 5,000) equity shares of ₹2 each fully paid up	2.68	6.43
<b>Investment in mutual fund measured at FVTPL</b>		
<b>-Quoted</b>		
<b>Investment in mutual fund measured at FVTPL</b>		
<b>Birla Sunlife Short Term Opportunities Fund</b>	62.50	58.24
31 March 2020: 188388.487 (31 March 2019: 188388.487) units		
<b>IDFC Corporate Bond Fund [Refer (b) below]</b>	126.96	117.29
31 March 2020: 921234.454 (31 March 2019: 921234.454) units		
<b>ICICI Prudential Bond Fund-Growth</b>	127.24	114.56
(Formerly known as ICICI Prudential Income Opportunities Fund upto 27.05.18)		
31 March 2020: 444818.092 (31 March 2019: 444818.092) units		
<b>ICICI Prudential Medium Term Bond Fund [Refer (b) below]</b>	127.31	115.65
(Formerly known as ICICI Prudential Corporate Bond Fund upto 27.05.18)		
31 March 2020: 406502.413 (31 March 2019: 406502.413) units		

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 4: Investments-non current (contd...)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>IDFC Bond Fund-Medium Term Plan-Growth</b> (Formerly known as IDFC Super Saver Income Fund-Medium Term upto 29.04.18) 31 March 2020: 372510.235 (31 March 2019: 372510.235) units	127.19	116.32
<b>Birla Sun Life Medium Term Plan</b> 31 March 2020: Nil (31 March 2019: 251457.194) units	-	57.30
<b>IDFC Credit Risk Fund-Regular Plan</b> (Formerly known as IDFC Credit Opp Fund-Reg(G) upto 13.05.18) 31 March 2020: Nil (31 March 2019: 242525.368) units	-	27.49
<b>Aditya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth</b> 31 March 2020: 2528427.468 (31 March 2019: 2500000) units	373.14	268.50
<b>L&amp;T Credit Risk Fund-Growth</b> (Formerly known as L&T Income Opportunity Fund upto 13.05.18) 31 March 2020: Nil (31 March 2019: 1259890.138) units	-	265.70
<b>HSBC FTS Growth Tenure</b> 31 March 2020: 2500000 (31 March 2019: 2500000) units	285.01	267.47
<b>BOI AXA Credit Risk Fund - Regular Plan (CSRGG)</b> 31 March 2020: Nil (31 March 2019: 1877567.574) units	-	248.53
<b>ICICI Prudential Fixed Maturity Plan Series 82</b> 31 March 2020: 2500000 (31 March 2019: 2500000) units	288.24	266.69
<b>ICICI Prudential Credit Risk Fund-Growth</b> (Formerly known as ICICI Prudential Mutual fund Regular Fund upto 27.05.18) 31 March 2020: Nil (31 March 2019: 673328.126) units	-	133.78
<b>IDFC Banking and PSU Debt Fund-REG(G)</b> 31 March 2020: 3171396.781 (31 March 2019: 986705.784) units	562.70	158.65
<b>Axis Banking and PSU Debt Fund</b> 31 March 2020: 24228.967 (31 March 2019: 7223.62) units	463.10	126.25
<b>UTI Credit Risk fund-Regular Growth Plan</b> 31 March 2020: Nil (31 March 2019: 945322.544) units	-	158.12
<b>AXIS FOCUSED 25 FUND GROWTH(AFGPG)</b> 31 March 2020: 185597.624 (31 March 2019: 185597.624) units	43.41	50.30
<b>MOTILAL OSWAL MULTICAP 35 FUND REGULAR GROWTH</b> 31 March 2020: Nil (31 March 2019: 185281.944) units	-	48.13
<b>FRANKLIN INDIA PRIMA PLUS- GROWTH</b> 31 March 2020: Nil (31 March 2019: 8600.155) units	-	51.83
<b>KOTAK INDIA GROWTH FUND SERIES 5-GROWTH (REGULAR PLAN)</b> 31 March 2020: 1002523 (31 March 2019: 1002523) units	71.12	97.22
<b>AXIS FTP SERIES 97- 1116 DAYS-GROWTH(WIGPG)</b> 31 March 2020: 1000000 (31 March 2019: 1000000) units	107.92	104.49
<b>HDFC FMP 1372 Days, September 2018 (1)-REGULAR-GROWTH</b> 31 March 2020: 1500000 (31 March 2019: 1500000) units	175.41	160.08
<b>ICICI Pru Liquid Fund-Growth</b> 31 March 2020: 9490.097 (31 March 2019: 25334.546) units	27.76	69.78
<b>ICICI Pru – Equity Savings Fund</b> 31 March 2020: 124585.344 (31 March 2019: 18630.94) units	15.83	2.57
<b>ICICI Pru – Multicap Fund</b> 31 March 2020: 6143.277 (31 March 2019: 895.05) units	12.66	2.65
<b>ICICI Pru – Balanced Advantage Fund</b> 31 March 2020: 48668.738 (31 March 2019: 7273.84) units	14.88	2.57

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 4: Investments-non current (contd...)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>L &amp; T TRIPLE ACE BOND FUND</b>	224.95	-
31 March 2020: 425920.681 (31 March 2019: Nil) units		
<b>ICICI PRUDENTIAL COMPACT FUND</b>	127.80	-
31 March 2020: 150015.505 (31 March 2019: Nil) units		
<b>TATA Capital Healthcare Fund II</b>	19.60	-
31 March 2020:195965.8 (31 March 2019: Nil) units		
<b>IDFC ARBITRAGE FUND-MONTHLY DIVIDEND</b>	403.78	-
31 March 2020: 3131483.148 (31 March 2019: Nil) units		
<b>Mirae Asset Cash Management fund</b>	123.13	-
31 March 2020: 5948.341 (31 March 2019: Nil) units		
<b>MIRAE ASSET LARGE CAP FUND- REGULAR GROWTH PLAN</b>	141.63	-
31 March 2020: 371471.137 (31 March 2019: Nil) units		
<b>Mirae Asset Focussed Equity Fund(STP)</b>	45.13	-
31 March 2020: 535518.417 (31 March 2019: Nil) units		
<b>Edelweiss Liquid Fund</b>	103.52	-
31 March 2020: 4083.55 (31 March 2019: Nil) units		
<b>Edelweiss Multi Cap Fund (STP)</b>	76.19	-
31 March 2020: 686952.747 (31 March 2019: Nil) units		
<b>ICICI Prudential Ultra Short Term Fund</b>	566.33	-
31 March 2020: 2780765.382 (31 March 2019: Nil) units		
<b>ADITYA BIRLA SUNLIFE EQUITY FUND-GROWTH-REGULAR PLAN</b>	8.25	-
31 March 2020: 1532.356 (31 March 2019: Nil) units		
<b>KOTAK EMERGING EQUITY FUND-GROWTH(REGULAR PLAN)</b>	8.11	-
31 March 2020: 27465.736 (31 March 2019: Nil) units		
<b>SC CREDIT TRUST-SC CREDIT FUND</b>	279.75	-
31 March 2020: 24.868 (31 March 2019: Nil) units		
<b>KOTAK LIQUID REGULAR PLAN GROW</b>	155.88	-
31 March 2020: 3896.435 (31 March 2019: Nil) units		
<b>KOTAK STANDARD MULTICAP FUND-GROWTH(REGULAR PLAN)</b>	84.85	-
31 March 2020: 314140.62 (31 March 2019: Nil) units		
<b>AXIS LIQUID FUND-GROWTH</b>	65.87	-
31 March 2020: 3001.985 (31 March 2019: Nil) units		
<b>AXIS FOCUSED 25 FUND - REGULAR GROWTH</b>	28.08	-
31 March 2020: 120047.484 (31 March 2019: Nil) units		
<b>-Unquoted</b>		
<b>-Investment in Alternative Investment fund measured at FVTPL</b>		
<b>Aventus Absolute Return Fund-Class A6</b>	548.76	528.23
31 March 2020: 50055.4291 (31 March 2019: 50055.4291) units		
<b>Aventus Enhanced Return Fund-Class A1-9Th Closure</b>	38.72	205.63
31 March 2020: 4316.71 (31 March 2019: 17913.4871) units		
<b>Aventus Enhanced Return Fund-Class A1-13Th Closure</b>	121.11	155.36
31 March 2020: 13529.294 (31 March 2019: 13534.4715) units		
<b>-Investment in Liquid Mutual fund measured at Amortised cost</b>		
<b>India Real Estate Investment Fund</b>	78.06	44.00
<b>-Investment in Non Convertible debenture measured at Amortised cost (Secured)</b>		
<b>10.25% Aspire Home Finance Corporation Limited</b>	100.75	100.75
31 March 2020: 10 (31 March 2019: 10) units of face value 10,00,000 each ,Redemption date 30 April 2021		

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 4: Investments-non current (contd...)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>8.87% Kotak Mahindra Prime Limited (Transferred to current investment)</b>	-	103.01
31 March 2020: 10 (31 March 2019: 10 ) units of face value 10,00,000 each ,Redemption date 17 July 2020		
<b>Investments in fixed deposit measured at amortised cost</b>		
Fixed deposit [Refer (c) below]	4,308.00	1,508.00
Interest accrued on fixed deposits [Refer (c) below]	216.34	72.17
	<b>16,295.80</b>	<b>10,382.50</b>
(a) Aggregate amount of quoted investments	5,414.42	2,723.58
(b) Aggregate amount of unquoted investments	10,886.57	7,664.11
(c) Aggregate amount of impairment in value of investments	5.19	5.19

#### Note-

- (a) Merinoply and Chemicals limited has gone into liquidation. Investment is considered at nil value. Cost of investment was ₹ 5.19.
- (b) Investment in Mutual Funds amounting ₹ 291.18 Lakhs as on 31st March 2019 were given as security against long term borrowing. (Refer Note 43)
- (c) Fixed Deposit amounting ₹ 210 Lakhs along with interest accrued thereon is placed against long term borrowing. (Refer Note 43).

### Note 5: Loans-non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise Stated)		
Security Deposits	323.17	235.70
Loans to employees	42.24	63.81
	<b>365.41</b>	<b>299.51</b>

### Note 6: Other financial assets-Non Current

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
Fixed deposit having maturity more than one year pledged with custom and excise authority	2.26	2.26
	<b>2.26</b>	<b>2.26</b>

### Note 7: Other non-current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
Capital advances	283.27	582.93
Security deposits	4.18	2.19
Prepaid Expenses	20.52	21.93
	<b>307.97</b>	<b>607.05</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 8: Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
(At lower of cost and net realisable value)		
Raw materials [includes materials-in-transit 31st March 2020: ₹4903.99 (31st March 2019: ₹4701.24)]	27,357.93	24,180.27
Work-in-progress [includes work-in-progress-in-transit 31st March 2020: ₹ 60.72 (31st March 2019: ₹ 15.97)]	1,197.57	952.97
Stock-in-trade [includes materials-in-transit 31st March 2020: ₹108.71 (31st March 2019: ₹28.48)]	1,885.19	1,509.75
Finished goods [includes materials-in-transit 31st March 2020: ₹ 982.86 (31st March 2019: ₹2097.16)]	10,978.85	10,328.55
Stores and spares [includes materials-in-transit 31st March 2020: ₹44.56 (31st March 2019: ₹96.04)]	2,512.59	2,383.91
	<b>43,932.13</b>	<b>39,355.45</b>

(a) Inventories are hypothecated to secure short-term and long-term borrowings (Refer Note No 43)

(b) Write down of inventories to net realisable value relating to stores and spares amounted to ₹ 289.45 (31st March, 2019 ₹289.04).

### Note 9: Biological assets other than bearer plants

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Potato Seeds</b>		
Opening value of biological assets	669.40	441.50
Cost incurred during the year	652.33	669.40
Harvested potato transferred to inventories and sold during the year	(669.40)	(441.50)
Closing value of biological assets - Potato Seeds	652.33	669.40
<b>Crops</b>		
Opening value of biological assets	10.46	40.34
Cost incurred during the year	19.19	96.65
Purchase	3.03	1.67
Harvested potatoes transferred to inventories and sold during the year	(19.72)	(123.35)
Harvested potatoes transferred to inventories	(7.08)	(4.85)
Closing value of biological assets - Crops	5.88	10.46
	<b>658.21</b>	<b>679.86</b>

(a) The Group has two categories of biological assets i.e. potato seeds and annual crops.

The potato seeds upto the stage of G3 are considered as biological assets by the Company. These biological assets take few months for further biological transformation post which it is stored in cold storage till the next generation cycle. As on balance sheet date, there is insignificant biological transformation. Hence those biological assets of the Company are valued at cost.

The company determines the fair values of its products when they significantly achieve the attributes of intended biological transformation. When the biological assets attain the stage - ready for consumption (agriculture produce) it is considered as inventory at fair value on that date. Agricultural produce is the harvested product of the entity's biological assets.

The quantity of potato seed stock (biological assets) as at 31 March 2020 was 31.63 M.Tons (31 March 2019 : 41.41 M.Tons).

The annual crops were insignificant to the Company's operations.

(b) Inventories are hypothecated to secure short term and long term borrowings (Refer Note No 43).

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 10: Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>-Unquoted</b>		
<b>Investment in Non Convertible debenture measured at Amortised cost (Secured)</b>		
8.87% Kotak Mahindra Prime Limited (Transferred from Non Current investment refer Note 4)	103.01	-
31 March 2020: 10 (31 March 2019: 10 ) units of face value 10,00,000 each ,Redemption date 17 July 2020		
<b>Investments in fixed deposit measured at amortised cost</b>		
Fixed deposit	1,585.60	2,335.00
Interest accrued on deposits	47.87	312.91
	<b>1,736.48</b>	<b>2,647.91</b>
Aggregate amount of unquoted investments	1,736.48	2,647.91

### Note 11: Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured</b>		
Considered good	17,370.31	18,902.65
Considered doubtful (including dues under litigation)	276.06	160.13
	17,646.37	19,062.78
Less: Loss allowance for expected credit losses on trade receivable	276.06	160.13
	17,370.31	18,902.65
<b>Secured</b>		
Considered good	375.82	721.98
	<b>375.82</b>	<b>721.98</b>
	<b>17,746.13</b>	<b>19,624.63</b>

(a) Trade receivables are hypothecated to secure short term and long term borrowings (Refer Note No 43)

(b) Includes receivable from related parties - 31 March 2020: ₹15.85 (31 March 2019 : ₹11.29). (Refer Note 52).

(c) Movement in Impairment Allowance is as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening	160.13	30.73
Addition during the year	147.14	131.41
Deletion during the year	(31.21)	(2.01)
Closing	276.06	160.13

These are carried at amortised cost.

### Note 12: Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Balances with banks</b>		
On current accounts	260.50	387.02
On cash credit accounts	251.83	63.46
Fixed Deposit having maturity less than 3 months	-	660.00
Short term deposit with CITI Bank having maturity period of less than three months	1,600.00	-
Cheques and drafts on hand	-	25.81
Cash on hand	9.51	17.99
Foreign currency on hand	9.15	8.02
	<b>2,130.99</b>	<b>1,162.30</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 13: Other bank balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Margin money deposit [refer (a) below]	12.23	17.59
Unpaid dividend accounts [refer (b) below]	384.17	25.23
Deposits with original maturity for more than 3 months but less than 12 months	1,739.50	-
	<b>2,135.90</b>	<b>42.82</b>

(a) Margin money given towards bank guarantee ( Refer note no 43).

(b) Earmarked for payment of unpaid / unclaimed dividends.

### Note 14: Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
Security deposits	270.69	185.10
Loans to employees	86.10	104.21
	<b>356.79</b>	<b>289.31</b>

### Note 15: Other financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest accrued on deposits and others	174.78	28.77
Derivative assets	268.83	136.32
Receivable from statutory/government authorities	3.82	31.19
Other receivables	378.99	361.81
	<b>826.42</b>	<b>558.09</b>

### Note 16: Current tax assets (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (net of provision of ₹4246.57; 31 March 2019 : ₹5988.58) [includes deposit under protest ₹438.17 (31st March, 2019-₹45.22)]	2,278.73	1,090.62
	<b>2,278.73</b>	<b>1,090.62</b>

### Note 17: Other current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Export incentives receivable	622.02	668.04
Others incentives receivable	-	49.42
Advances recoverable in cash or kind	36.97	24.74
Advances to suppliers	966.40	119.68
Advances to suppliers - credit impaired	-	8.84
Less : Impairment Allowance	-	(8.84)
Prepaid expenses	422.08	499.09
Balance with statutory/government authorities	1,190.98	1,674.92
Advance with statutory authorities against disputed dues	137.87	93.19
Stamp on hand	0.95	0.60
Advance with LIC for defined benefit plan	-	61.41
	<b>3,377.27</b>	<b>3,191.09</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 18: Equity share capital

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>AUTHORISED</b>		
1,70,00,000 (31 March 2019 : 1,70,00,000) Equity Shares of ₹ 10/- each	1,700.00	1,700.00
<b>ISSUED</b>		
1,05,66,100 (31 March 2019 : 1,05,66,100) Equity Shares of ₹ 10/- each	1,056.61	1,056.61
<b>SUBSCRIBED AND PAID-UP</b>		
1,03,69,600 (31 March 2019 : 1,03,69,600) Equity Shares of ₹ 10/- each fully paid up	1,036.96	1,036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31 March 2019 : 1,96,500) Equity Shares	10.07	10.07
	<b>1,047.03</b>	<b>1,047.03</b>

(a) **Rights, preferences and restrictions attached to shares issued:**

The Parent company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share held.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Parent Company after distribution of all preferential amounts, in proportion to their shareholdings.

(b) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

SN.	Names of the shareholders	As at 31st March, 2020		As at 31st March, 2019	
		No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	30,67,100	29.58	30,65,700	29.56
2	Mr Madhusudan Lohia	7,21,635	6.96	7,21,635	6.96
3	Mr Prakash Lohia	5,66,020	5.46	5,66,020	5.46
4	Mr Deepak Lohia	5,35,189	5.16	6,15,189	5.93
5	Mr Bikash Lohia	-	-	6,40,600	6.18
		<b>48,89,944</b>	<b>47.16</b>	<b>56,09,144</b>	<b>54.09</b>

(c) **Reconciliation of the number of shares outstanding is set out below:**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance outstanding at the beginning of the year	1,03,69,600	1,03,69,600
Balance outstanding at the end of the year	1,03,69,600	1,03,69,600

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 19: Other equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Reserves and surplus:</b>		
<b>Securities premium</b>		
Balance as at the beginning of the year	311.43	311.43
Addition during the year	-	-
Balance as at the end of the year	<b>311.43</b>	<b>311.43</b>
<b>General reserve</b>		
Balance as at the beginning of the year	9,104.16	7,821.67
Add: Transferred from surplus in statement of profit and loss	1,156.13	1,282.49
Balance as at the end of the year	<b>10,260.29</b>	<b>9,104.16</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	58,200.70	47,276.73
Add: Profit for the year after tax	11,259.82	12,644.40
Amount available for appropriation	<b>69,460.52</b>	<b>59,921.13</b>
Less : Appropriations:		
Interim dividend on Equity Shares for the year	725.86	362.94
Dividend distribution tax on interim dividend on Equity Shares	149.21	74.61
Transfer to general reserve	1,156.13	1,282.49
	<b>2,031.20</b>	<b>1,720.04</b>
<b>Other comprehensive income</b>		
Remeasurements of post-employment benefit obligations (net of tax)	(42.89)	(0.39)
Balance as at the end of the year	67,386.43	58,200.70
<b>Total (I)</b>	<b>77,958.15</b>	<b>67,616.29</b>
<b>Other reserves</b>		
<b>Equity Instruments through Other Comprehensive Income</b>		
Opening balance	3,506.80	1,560.16
Change in fair value of FVOCI equity instruments	833.64	2,539.49
Deferred tax	(194.20)	(592.85)
<b>Total (II)</b>	<b>4,146.24</b>	<b>3,506.80</b>
<b>Total Other Equity (I+II)</b>	<b>82,104.39</b>	<b>71,123.09</b>

#### Nature and purpose of other reserves

##### *Securities premium reserve*

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of the Act.

##### *General reserve*

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc and represents free reserve.

##### *FVOCI equity investments*

The Group has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments through other reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 20: Borrowings - non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<b>Term Loans</b>		
<i>From banks:</i>		
Indian Rupee Loans [Refer (a) and (b) below]	2,876.14	4,004.35
Foreign Currency Loan [Refer (c) below]	6,592.31	440.90
	<b>9,468.45</b>	<b>4,445.25</b>
<b>Less : current maturities (payable within 1 year)</b>		
<i>From banks:</i>		
Indian Rupee Loans [Refer (a) and (b) below]	1,501.14	1,128.21
Foreign Currency Loan [Refer (c) below]	1,366.70	293.93
	<b>2,867.84</b>	<b>1,422.14</b>
	<b>6,600.61</b>	<b>3,023.11</b>

#### Note:-

(a) Vehicle loan of ₹1.14 (31st March, 2019 ₹4.35) is secured by way of hypothecation of the related vehicle. The loan is repayable in sixty equal monthly instalments and last instalment falls due on 5th July, 2020, bearing interest rate @ 10.00% p.a.

(b) Repayment terms and nature of securities given for Indian rupee loans from banks:

Bank	As at 31st March, 2020	As at 31st March, 2019	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	1,375.00	1,500.00	Exclusive Charge on the Solar Plant Situated at Budak Village Distt. Hissar Haryana and additionally secured by fixed deposits placed with HSBC from time to time including any interest accrued thereon and any renewals thereof from time to time upto an aggregate of INR 210.	Repayable in twelve equal quarterly instalments of ₹125 with two year moratorium period, starting from 21st Feb 2020 and ending on 21st November, 2020. Interest is payable monthly varying between 7.08 - 7.75 % p.a.
The Hong Kong and Shanghai Banking Corporation Limited	1,500.00	2,500.00	Exclusive charge on movable and immovable property, plant and equipment of the Dahej project of the Parent company. Second <i>pari passu</i> charge on entire current assets of the Parent Company both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 7.99 % p.a. The balance amount of the loan of ₹1500 is repayable in six equal quarterly instalments of ₹250 each. Last instalment falls due on 22nd September, 2021.
	<b>2,875.00</b>	<b>4,000.00</b>		

(c) Repayment terms and nature of securities given for foreign currency term loan from banks:

Bank	As at 31st March, 2020	As at 31st March, 2019	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	160.79	440.90	First <i>pari passu</i> charge on the entire property, plant and equipment of the Parent Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Parent Company, both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of ₹160.79 is repayable in two equal quarterly instalments of ₹80.40 each on fully hedged basis. Last instalment falls be due on 21st August, 2020.
Citibank N . A	6431.52	-	Exclusive charge on specific fixed assets of Project 2 at Dahej, Gujarat. <i>Pari passu</i> charge on land and buildings and other movable fixed assets at Dahej. Second <i>pari passu</i> charge on the entire current assets of the Parent Company.	Repayable in sixteen equal quarterly instalments starting from 23rd July, 2020. Interest is payable in every three months at 8.04% p.a on fully hedged basis. The balance amount of the loan of ₹6431.52 is repayable in sixteen equal quarterly instalments of ₹401.97 each on fully hedged basis. Last instalment will be due on 23rd April, 2024.
	<b>6,592.31</b>	<b>440.90</b>		

(d) Outstanding balances of loans as indicated in (b) and (c) above are inclusive of current maturities of such loans as disclosed in Note 26.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 21: Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Employee benefits payable	15.83	14.81
	<b>15.83</b>	<b>14.81</b>

### Note 22: Deferred tax liabilities (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred tax liabilities</b>		
Difference between written down value of block of assets as per income tax laws and book written down value of the property, plant and equipment	2,755.52	3,745.92
Investment in equity shares	1,259.22	1,064.86
Investment in mutual funds	53.57	77.97
Others	9.75	5.68
Derivative liabilities	-	33.91
	<b>4,078.06</b>	<b>4,928.34</b>
<b>Deferred tax assets</b>		
Disallowance of expense allowable for tax purpose on payment basis	284.13	218.79
Derivative assets	72.20	-
Others	74.47	39.11
	<b>430.80</b>	<b>257.90</b>
	<b>3,647.26</b>	<b>4,670.44</b>

### Movement in deferred tax liabilities

Particulars	Property, plant and equipment	Borrowings	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Disallow- ance	Others	Total
<b>As at 31st March, 2018</b>	3,548.55	(4.71)	35.05	472.01	(155.82)	(17.45)	3,877.63
Charged / (Credited):							
to profit and loss	197.37	4.71	76.83	-	(62.97)	(17.52)	198.42
to other comprehensive income	-	-	-	592.85	-	1.54	594.39
<b>As at 31st March, 2019</b>	<b>3,745.92</b>	<b>(0.00)</b>	<b>111.88</b>	<b>1,064.86</b>	<b>(218.79)</b>	<b>(33.43)</b>	<b>4,670.44</b>
Charged / (Credited):							
to profit and loss	(990.39)	-	(130.51)	-	(69.06)	(13.94)	(1,203.90)
to other comprehensive income	-	-	-	177.00	3.72	-	180.72
<b>As at 31st March, 2020</b>	<b>2,755.53</b>	<b>(0.00)</b>	<b>(18.63)</b>	<b>1,241.86</b>	<b>(284.13)</b>	<b>(47.37)</b>	<b>3,647.26</b>

### Note 23: Other non-current liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred government grants	90.40	96.49
	<b>90.40</b>	<b>96.49</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 24: Borrowings - current

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured (Refer (a) below)</b>		
Working capital Loans		
<b>From banks:</b>		
Overdraft / Cash credit	1,060.18	710.10
Working capital demand loan	1,924.99	2,000.00
Rupee packing credit loan	3,530.00	5,430.00
<b>Others:</b>		
Bills discounted with banks (Refer (b) below)	429.79	299.26
	<b>6,944.96</b>	<b>8,439.36</b>
<b>Unsecured</b>		
Working capital loans		
<b>From banks:</b>		
Working capital demand loan	3,000.00	7,000.00
Rupee packing credit loan	1,500.00	
	<b>4,500.00</b>	<b>7,000.00</b>
	<b>11,444.96</b>	<b>15,439.36</b>

(a) Working capital loans are secured by way of:

- i) Primary security : Hypothecation of the trade receivables and inventories of the Group on Pari Passu basis, both present and future.
- ii) Collateral security: Second Charge on the entire property, plant and equipment of the Group except assets charged exclusively to other banks, both present and future, on Pari Passu basis, with other consortium banks.

(b) Bills discounting facility is secured by first loss default guarantee to the respective banks upto a ceiling of 5% of the sanctioned limits.

### Note 25: Trade payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	157.55	122.94
Total outstanding dues of creditors other than those due to micro enterprises and small enterprises	18,954.26	16,802.75
	<b>19,111.81</b>	<b>16,925.69</b>

### Note 26: Other financial liabilities - current

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term borrowings ( refer note 20)	2,867.84	1,422.14
Interest accrued but not due on borrowings	99.25	24.91
Unpaid / unclaimed dividends *	384.17	25.23
Deposits from Customers and Suppliers	815.54	858.27
Employee benefits payable	1,404.94	1,313.50
Liability for purchases of capital assets	1,027.71	806.46
Derivative liabilities	400.13	-
Contract liability against loyalty points and others	689.82	373.29
Refund liability against periodical schemes	387.54	297.79
Other payables	1,046.00	484.15
	<b>9,122.94</b>	<b>5,605.74</b>

\*There is no amount due and outstanding as at year end to be credited to Investor Education and Protection Fund under Sub-section 5 of Section 124 of the Act.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 27: Other current liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Liabilities under litigations	134.41	96.80
Contract liabilities / advances from customers	1,450.15	1,081.30
Statutory dues	500.15	358.88
	<b>2,084.71</b>	<b>1,536.98</b>

### Note 28: Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
For leave obligations	696.99	442.35
For defined benefit obligations (gratuity)	195.01	52.00
	<b>892.00</b>	<b>494.35</b>

### Note 29: Current tax liabilities (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for income tax (Net)	13.75	339.20
	<b>13.75</b>	<b>339.20</b>

### Note 30: Revenue from operations

Particulars	2019-20	2018-19
<b>(i) Sale of products</b>		
Domestic	1,05,767.19	1,07,492.76
Export	39,278.81	37,576.09
	<b>1,45,046.00</b>	<b>1,45,068.85</b>
<b>(ii) Sale of services</b>		
Income from job work (including inter-unit services)	299.44	253.96
<b>(iii) Other operating revenue</b>		
Export incentives	1,218.40	1,121.22
Scrap sales	780.93	768.65
Others	27.45	-
	<b>2,026.78</b>	<b>1,889.87</b>
<b>Revenue from operations</b>	<b>1,47,372.22</b>	<b>1,47,212.68</b>

### Note 30.1: Disclosure as per Ind As 115

#### 1. Revenue from contracts with customers:

##### 1.1: Disaggregated revenue information:

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segment:	2019-20				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
<b>Type of goods or service</b>					
Sale of goods	1,04,746.97	25,458.35	5,828.23	9,012.45	1,45,046.00
Sale of services (including inter-unit services)	260.92	38.52	-	-	299.44
Others	465.60	134.56	39.15	169.07	808.38
<b>Total revenue from contracts with customers</b>	<b>1,05,473.49</b>	<b>25,631.43</b>	<b>5,867.38</b>	<b>9,181.52</b>	<b>1,46,153.82</b>
India	71,169.98	22,884.40	3,745.67	9,074.96	1,06,875.01
Outside India	34,322.63	2,750.81	2,121.71	83.66	39,278.81
<b>Total revenue from contracts with customers</b>	<b>1,05,492.61</b>	<b>25,635.21</b>	<b>5,867.38</b>	<b>9,158.62</b>	<b>1,46,153.82</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	1,05,212.57	25,592.91	5,867.38	9,181.52	1,45,854.38
Services transferred over time	260.92	38.52	-	-	299.44
<b>Total revenue from contracts with customers</b>	<b>1,05,473.49</b>	<b>25,631.43</b>	<b>5,867.38</b>	<b>9,181.52</b>	<b>1,46,153.82</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 30.1: Disclosure as per Ind As 115 (contd...)

Segment:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
<b>Type of goods or service</b>					
Sale of goods	1,05,607.20	23,915.73	6,213.10	9,332.82	1,45,068.85
Sale of services (including inter-unit services)	243.89	10.07	-	-	253.96
Others	-	-	-	768.65	768.65
<b>Total revenue from contracts with customers</b>	<b>1,05,851.09</b>	<b>23,925.80</b>	<b>6,213.10</b>	<b>10,101.47</b>	<b>1,46,091.46</b>
India	71,358.44	22,022.64	5,119.05	10,015.24	1,08,515.37
Outside India	34,492.65	1,903.16	1,094.05	86.23	37,576.09
<b>Total revenue from contracts with customers</b>	<b>1,05,851.09</b>	<b>23,925.80</b>	<b>6,213.10</b>	<b>10,101.47</b>	<b>1,46,091.46</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	1,05,607.20	23,915.73	6,213.10	10,101.47	1,45,837.50
Services transferred over time	243.89	10.07	-	-	253.96
<b>Total revenue from contracts with customers</b>	<b>1,05,851.09</b>	<b>23,925.80</b>	<b>6,213.10</b>	<b>10,101.47</b>	<b>1,46,091.46</b>

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 51):

Segment revenue:	2019-20				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	1,10,573.34	26,012.68	6,098.02	6,207.53	1,48,891.57
Inter-segment	7,608.57	-	-	-	7,608.57
	<b>1,18,181.91</b>	<b>26,012.68</b>	<b>6,098.02</b>	<b>6,207.53</b>	<b>1,56,500.14</b>
Inter-segment adjustment and elimination	(12,708.42)	(381.25)	(230.64)	2,973.99	(10,346.32)
<b>Total revenue from contracts with customers</b>	<b>1,05,473.49</b>	<b>25,631.43</b>	<b>5,867.38</b>	<b>9,181.52</b>	<b>1,46,153.82</b>

Segment revenue:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	1,11,158.97	24,248.44	6,793.88	6,974.49	1,49,175.78
Inter-segment	7,462.60	-	-	-	7,462.60
	<b>1,18,621.57</b>	<b>24,248.44</b>	<b>6,793.88</b>	<b>6,974.49</b>	<b>1,56,638.38</b>
Inter-segment adjustment and elimination	(12,770.48)	(322.64)	(580.78)	3,126.98	(10,546.92)
<b>Total revenue from contracts with customers</b>	<b>1,05,851.09</b>	<b>23,925.80</b>	<b>6,213.10</b>	<b>10,101.47</b>	<b>1,46,091.46</b>

### 1.2 Contract balances

Particulars	31st March, 2020	31st March, 2019
Trade receivable	17,746.13	19,624.63
Contract liabilities / Advance from customer	1,450.15	1,081.30
Contract liability against loyalty points	689.82	373.29
Refund liability against periodical schemes	387.54	297.79
Trade receivables are non-interest bearing and normal credit period is up to 90 days.		
Contract liabilities include short-term advances recived from customers against future supply of goods.		
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	1,025.71	697.42

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 30.1: Disclosure as per Ind As 115 (contd...)

#### 1.3: Reconciliation of the amount of revenue recognised in the statement of Profit and Loss with contracted price:

Particulars	31st March, 2020	31st March, 2019
Revenue as per contracted price	1,50,316.35	1,50,325.49
<b>Adjustments:</b>		
Discounts, Rebates and Schemes	3,560.12	3,748.34
Loyalty points	602.41	485.69
<b>Revenue from contract with customers</b>	<b>1,46,153.82</b>	<b>1,46,091.46</b>

#### 1.4: Performance obligation

Information about the group's performance obligations are:

The performance obligation is satisfied upon delivery/confirmation of the product & services and payment is generally due within 90 days from delivery.

### Note 31: Other income

Particulars	2019-20	2018-19
(i) Interest income on financial assets measured at amortised cost		
On bank and other deposits	638.68	262.54
On loans to others	4.83	8.80
On Non Convertible debenture	19.12	6.18
(ii) Dividend income from long term investments measured at FVTPL	15.74	1.98
(iii) Claims from insurance companies	148.01	50.09
(iv) Provisions / Liabilities no longer required written back	149.27	279.73
(v) Profit on sale of property, plant and equipment	19.81	14.66
(vi) Recovery of bad debts	17.60	14.48
(vii) Refund of tax paid under protest	8.96	-
(viii) Net gain on foreign currency transactions and translation	613.82	938.29
(ix) Fair value changes of financial assets measured at FVTPL	30.39	173.07
(x) Fair value gain/(loss) on derivatives	(267.62)	100.33
(xi) Profit on sale of investment measured at FVTPL	3.69	(7.96)
(xii) Miscellaneous income [Refer (a) below]	117.05	120.91
	<b>1,519.35</b>	<b>1,963.10</b>

(a) Includes ₹ Nil (Previous Year ₹ 19.80) towards electricity subsidy from Dakshin Gujarat Vij Company Limited.

### Note 32: Cost of materials consumed

Particulars	2019-20	2018-19
<b>Raw materials consumed</b>		
Opening stock	24,180.27	19,856.06
Purchases and incidental expenses	74,615.25	80,275.42
	<b>98,795.52</b>	<b>1,00,131.48</b>
Less: Cost of raw materials sold	2,921.67	2,867.98
	<b>95,873.85</b>	<b>97,263.50</b>
Less: Closing stock	27,357.93	24,180.27
	<b>68,515.92</b>	<b>73,083.23</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 33: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets

Particulars	2019-20	2018-19
<b>Opening stock</b>		
Finished goods	10,328.54	8,674.41
Stock-in-trade	1,509.75	1,609.67
Work-in-progress	952.97	713.60
Biological assets*	679.86	481.84
	<b>13,471.12</b>	<b>11,479.52</b>
<b>Less: Closing stock</b>		
Finished goods	10,978.85	10,328.54
Stock-in-trade	1,885.20	1,509.75
Work-in-progress	1,197.57	952.97
Biological assets*	658.21	679.86
	<b>14,719.83</b>	<b>13,471.12</b>
	<b>(1,248.71)</b>	<b>(1,991.60)</b>

\* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to ₹235.05 (31 March 2019 - ₹ 334.10).

### Note 34: Employee benefits expense

Particulars	2019-20	2018-19
Salaries, wages, bonus etc.	16,839.93	14,489.94
Contribution to provident and other funds *	1,161.95	1,033.72
Workmen and staff welfare	506.64	456.89
	<b>18,508.52</b>	<b>15,980.55</b>

\* The Group has recognised an expense of ₹765.82 (31st March 2019 - ₹645.10) towards the defined contribution plans.

### Note 35: Finance costs

Particulars	2019-20	2018-19
Interest expense	1,751.51	1,624.44
Interest on shortfall in payment of advance tax	19.38	14.82
Other borrowing costs	63.30	91.90
	<b>1,834.19</b>	<b>1,731.16</b>

### Note 36: Depreciation and amortisation expense

Particulars	2019-20	2018-19
Depreciation and amortisation of property, plant and equipment ( including leasehold land)	5,146.08	4,129.99
Amortisation of intangible assets	101.28	105.39
Amortisation of right to use asset	729.13	-
	<b>5,976.49</b>	<b>4,235.38</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 37: Other expenses

Particulars	2019-20	2018-19
Consumption of stores and spare parts	3,025.43	2,901.64
Power and fuel [refer (a) below]	6,309.45	6,137.17
Job work charges	173.05	242.75
Installation Charges	315.15	331.47
Short-term and low value lease rentals (Refer Note 42)	851.01	1,651.91
Rates and taxes	217.32	152.14
Repairs to :		
Buildings	132.60	120.55
Plant and machinery	462.86	367.86
Others	752.02	528.14
Legal and professional charges	1,166.18	1,034.61
Vehicle upkeep	690.57	701.94
Carriage outward	4,161.29	4,038.01
Packing & forwarding	2,630.05	2,613.99
Insurance charges	426.13	333.17
Commission	958.16	976.65
Printing and stationery	91.68	94.85
Postage and courier	129.69	119.11
Advertisement, publicity and sales promotion	5,186.26	2,669.60
Travel and conveyance expenses	1,262.70	1,048.53
Communication expense	254.44	242.79
Bad debts and advances written off	28.19	56.67
Loss allowance for expected credit losses on trade receivables	116.45	132.48
Payments to the auditors [refer (b) below]	46.99	41.47
Bank charges and commission	90.14	82.38
Royalty	66.16	78.65
Donations	214.46	495.49
CSR expenditure (refer note 45)	400.35	370.49
Loss on sale/Disposal of property, plant and equipment	80.31	126.96
Agricultural expenses	971.36	913.39
Miscellaneous expenses	1,499.96	1,375.80
	<b>32,710.41</b>	<b>29,980.66</b>

(a) Net of ₹52.10 (Previous Year ₹ 29.62) towards electricity subsidy from Dakshin Gujarat Vij Company Limited.

(b) Amount paid / payable to the auditors (excluding GST)

Particulars	2019-20	2018-19
<b>As statutory auditors:</b>		
Statutory audit fees	28.10	28.10
Tax audit fees	5.50	5.50
Other matters	10.05	4.05
Reimbursement of expenses	1.69	2.13
	<b>45.34</b>	<b>39.78</b>
<b>As cost auditors :</b>		
Audit fees	0.95	0.95
Reimbursement of expenses	-	0.04
	<b>0.95</b>	<b>0.99</b>
<b>As secretarial auditors :</b>		
Audit fees	0.70	0.70
	<b>0.70</b>	<b>0.70</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note 38: Tax expense

This note provides an analysis of the Group's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

#### (a) Income tax expense

Particulars	2019-20	2018-19
Current tax		
Current tax on profits for the year	4,171.89	5,828.52
<b>Total current tax expense</b>	<b>4,171.89</b>	<b>5,828.52</b>
Deferred tax	(1,203.90)	198.43
<b>Total deferred tax expense</b>	<b>(1,203.90)</b>	<b>198.43</b>
<b>Income tax expense</b>	<b>2,967.99</b>	<b>6,026.95</b>

#### (b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	2019-20	2018-19
Profit before tax	15,761.89	20,109.89
<b>Tax at the rate of 25.168% (2018-19 – 34.944%)</b>	<b>3,966.95</b>	<b>7,027.20</b>
Reasons for differences are indicated below:		
Expenses disallowed under tax laws	63.63	42.80
Income not considered for tax laws	(12.05)	(30.98)
Agricultural (income)/loss	(68.15)	(144.26)
Weighted deduction	76.13	153.96
80IA deduction	-	(345.95)
Items on which tax applicable at differential rates	-	0.16
Excess provision for income tax adjusted	(74.68)	(154.32)
Change in Tax Rate	(921.48)	-
Others	(62.36)	(521.66)
<b>Total income tax expense</b>	<b>2,967.99</b>	<b>6,026.95</b>

### Note: 39 Earnings per share

Particulars	2019-20	2018-19
<b>(i) Basic</b>		
Number of equity shares at the beginning of the year	1,03,69,600	1,03,69,600
Number of equity shares at the end of the year	1,03,69,600	1,03,69,600
Weighted average number of equity shares outstanding during the year (A)	1,03,69,600	1,03,69,600
Nominal value of each equity Share (₹)	10.00	10.00
Profit for the year (₹ In lakhs) (B)	11,259.82	12,644.40
Earnings per share (Basic) (₹) (B/A)	108.58	121.94
<b>(ii) Diluted</b>		
Weighted average number of equity shares outstanding during the year	1,03,69,600	1,03,69,600
Earnings per share (Diluted) (₹)	108.58	121.94

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note: 40 Contingent liabilities

Particulars	31st March, 2020	31st March, 2019
(a) Guarantees given -		
Non financial bank guarantees	51.52	63.09
(b) Claims against the Group not acknowledged as debts :		
Demands for sales tax and entry tax excluding interest (Deposit under protest ₹ 108.42 (31st March 2019 - ₹59.99))	347.62	370.62
Demands for Excise, Custom Duty, Service tax excluding interest (Deposit under protest ₹32.40 (31st March 2019 - ₹36.22))	5,027.92	3,713.23
Demand for Goods and Service Act excluding interest (Deposit under protest ₹ Nil (31st March 2019 - ₹1.76))	-	1.76
Demands for Income Tax (Deposit under protest ₹ 438.17 (31st March 2019- ₹45.22 )	3,763.92	3,513.86
The Assessing Officer has issued draft assessment order for the Assessment Year 16-17 u/s 144C of the Income Tax Act,1961 making total addition of ₹ 4640.46 lacs and the objection is filed by the company against the draft assessment order before the Dispute Resolution Panel. The necessary adjustment/disclosure in the accounts will be made as and when the assessment is completed.		
Miscellaneous claims by suppliers and customers etc. against the Company	209.65	272.05
(c) Differential Bonus for 2014-15	151.52	151.52
	<b>9,552.15</b>	<b>8,086.13</b>

#### Notes:-

- (i) In respect of the contingent liabilities mentioned in (b) above, pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any. In respect of matter mentioned in (a) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Group does not expect any reimbursement in respect of the above contingent liabilities.

### Note: 41 Capital and other commitments

Particulars	31st March, 2020	31st March, 2019
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,608.13	2,509.82
(b) Other commitments		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty with an undertaking to fulfill quantified export within six years. Certificate for fulfilment of ₹6813.98 (31 March 2019 - ₹4467.67) is yet to be received.	4,033.39	1,887.62
Obligations against advance licences	8,387.17	6,668.72
Outstanding letters of credit for materials yet to be received	2,686.02	1,317.30
	<b>16,714.71</b>	<b>12,383.46</b>

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note: 42 Leases

Effective from 1st April, 2019 the Company has adopted IND AS 116 - Leases, using modified retrospective approach.

#### As a lessee

##### 1) Cost, Accumulated Depreciation and Carrying amount

Particulars	Right to use Land	Right to use Buildings	Total
<b>Cost</b>			
Balance as at 1st April, 2019	-	-	-
Additions	173.20	2,258.75	2,431.95
Disposals	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>173.20</b>	<b>2,258.75</b>	<b>2,431.95</b>
<b>Accumulated depreciation and impairment</b>			
Balance as at 1st April, 2019	-	-	-
Depreciation during the year	51.73	677.40	729.13
Eliminated on disposals of assets	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>51.73</b>	<b>677.40</b>	<b>729.13</b>
<b>Carrying amounts</b>			
As at 1st April, 2019	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>121.47</b>	<b>1,581.35</b>	<b>1,702.82</b>

##### 2) Breakdown of lease expenses

Particulars	31st March, 2020
Short-term lease expenses	491.16
Low Value lease expenses	359.85
<b>Total Lease expenses</b>	<b>851.01</b>

##### 3) Cashflow impact on leases

The operating Cash flow of the company increased by ₹ 768.16 and Financing cash flow of the company decreased by ₹ 768.16.

##### 4) Practical expedients applied on initial application date i.e. April 1, 2019

- The Group has utilised exemption provided for short term leases and leases for which the underlying asset is of low value on a lease-by-lease basis.
- The Group used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The weighted average of Group's incremental borrowing rate applied to lease liabilities at date of initial application i.e. April 1, 2019 was 8.00%.
- The Group has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as the date of initial application.

#### As lessor:

The Group has given certain assets on operating lease to Mohak Laminates for a period of eleven months. The annual lease payment received by the the Company during the year is ₹5.63.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note: 43 Assets given as security

The carrying amounts of assets given as security for current and non-current borrowings are:

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
<b>Financial assets</b>		
Trade receivables	17,746.13	19,624.63
Fixed Deposit	12.23	17.59
<b>Non-financial assets</b>		
Inventories	43,932.13	39,355.45
Biological assets	658.21	679.86
<b>Total current assets given as security</b>	<b>62,348.70</b>	<b>59,677.53</b>
<b>Non- Current</b>		
<b>Financial assets</b>		
Investments	210.00	291.18
Property, Plant and Equipment	51,464.08	45,570.28
Capital work-in-progress	1,986.26	2,662.27
<b>Total non current assets given as security</b>	<b>53,660.34</b>	<b>48,523.73</b>
<b>Total assets given as security</b>	<b>1,16,009.04</b>	<b>1,08,201.26</b>

### Note: 44 Disclosure relating to Micro, Small and Medium Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	157.55	122.94
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.48	0.27
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	143.93	5.98
Interest paid, other than that under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.48	0.12
Further interest remaining due and payable for earlier years	0.34	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

### Note: 45 CSR Expenditure

The Group undertook Corporate Social Responsibility ('CSR') programme and activities through Group Trusts ( Shree Hara Kasturi Memorial Trust, Sri Man Kumar Lohia Memorial Trust and Sri Prem Chand Lohia Memorial Trust) registered under the Income Tax Act and also through direct donation to Ramakrishna Sarada Mission Matri Bhawan, Ramakrishna Mission Sevashram Vrindaban and Bharat Lok Siksha Parisad:

Particulars	2019-20	2018-19
(a) Gross Amount required to be spent by the company during the year	391.19	354.51
(b) Amount spent by the Group through these trusts / direct donation:		
Construction / acquisition of any asset	-	-
On purpose other than the above	400.35	370.49

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

**Note: 46 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:**

(a) As at and for the year ended on 31st March, 2020

Name of the entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount
<b>Parent</b>								
Merino Industries Limited	59.58%	55197.99	52.70%	6742.32	98.15%	588.30	54.73%	7330.61
<b>Subsidiary</b>								
Merino Panel Products limited	30.17%	27953.41	35.31%	4517.50	1.38%	8.26	33.79%	4525.76
Non-Controlling Interest in the subsidiary	10.25%	9492.55	11.99%	1534.08	0.47%	2.80	11.48%	1536.88
<b>Total</b>	<b>100.00%</b>	<b>92643.95</b>	<b>100.00%</b>	<b>12793.9</b>	<b>100.00%</b>	<b>599.35</b>	<b>100.00%</b>	<b>13393.25</b>

(b) As at and for the year ended on 31st March, 2019

Name of the entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount
<b>Parent</b>								
Merino Industries Limited	60.26%	48364.47	59.70%	8408.21	99.34%	1936.6	64.52%	10344.81
<b>Subsidiary</b>								
Merino Panel Products limited	29.66%	23805.65	30.08%	4236.19	0.49%	9.65	26.48%	4245.84
Non-Controlling Interest in the subsidiary	10.07%	8084.00	10.21%	1438.54	0.17%	3.28	8.99%	1441.82
<b>Total</b>	<b>100.00%</b>	<b>80254.12</b>	<b>100.00%</b>	<b>14082.94</b>	<b>100.00%</b>	<b>1949.53</b>	<b>100.00%</b>	<b>16032.47</b>

(a) **Subsidiary**

The information relating to the subsidiary of the company is tabled below. The subsidiary has share capital consisting solely of equity shares that are held directly by the company, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business/ country of incorporation	Ownership interest held by the parent company		Ownership interest held by non-controlling interests		Principal activities
		31st March 2020	31st March 2019	31st March 2020	31st March 2019	
		%	%	%	%	
MERINO PANEL PRODUCTS LIMITED	INDIA	74.65%	74.65%	25.35%	25.35%	Manufacturing of Laminate, Prelam and plywood.

**Note: 46 Additional information** (contd..)**(b) Non-controlling interests (NCI)**

Set out below is summarised financial information for the subsidiary that has non-controlling interests and that are material to the group. The amounts disclosed for the subsidiary is before inter-company eliminations.

Summarised statement of Assets and Liabilities	MERINO PANEL PRODUCTS LIMITED	
	As at 31st March, 2020	As at 31st March, 2019
Current assets	24550.82	23956.15
Current liabilities	10072.47	8925.58
<b>Net current assets</b>	<b>14478.35</b>	<b>15030.57</b>
Non-current assets	25089.96	19627.00
Non-current liabilities	2122.35	2767.92
<b>Net non-current assets</b>	<b>22967.61</b>	<b>16859.08</b>
<b>Net assets</b>	<b>37445.96</b>	<b>31889.65</b>
<b>Accumulated NCI</b>	<b>9492.55</b>	<b>8084.03</b>

Summarised statement of profit and loss	MERINO PANEL PRODUCTS LIMITED	
	2019-20	2018-19
Total Revenue	52422.53	54027.19
Profit for the year	6051.58	5674.73
Other comprehensive income	11.06	12.93
Total comprehensive income	6062.64	5687.66
<b>Profit allocated to NCI</b>	<b>1536.88</b>	<b>1441.82</b>
<b>Dividends paid to NCI</b>	<b>106.47</b>	<b>53.24</b>

**Note : 47 - Employee benefit obligations****1. Leave obligations**

The leave obligations cover the Group's liability for sick and earned leave. As the Group does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current.

**2. Post-employment obligations****(i) Provident Fund**

Contribution towards provident fund is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

**(ii) Other Long-term Employment Benefits (unfunded)**

Other long term employee benefits are actuarially determined (using the Projected Unit Credit Method) at the end of each year.

**(iii) Gratuity**

The Group provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Group's liability is actuarially determined on the basis of year end actuarial valuation (using the Projected Unit Credit Method) and is funded.

The Group operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after a continuous service, for five years.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 47 - Employee benefit obligations (contd...)

#### (a) Balance sheet recognition

The amounts recognised in the balance sheet and the movement in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1st April 2018</b>	1,358.70	1,254.51	104.19
Current service cost	196.95	-	196.95
Interest expense/(income)	99.47	95.60	3.87
Past service cost	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>296.42</b>	<b>95.60</b>	<b>200.82</b>
<b>Remeasurement</b>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	9.22	(9.22)
Actuarial (gain)/loss from change in financial assumptions	12.77	-	12.77
Actuarial (gain)/loss from unexpected experience	(7.97)	-	(7.97)
<b>Total amount recognised in other comprehensive income</b>	<b>4.80</b>	<b>9.22</b>	<b>(4.42)</b>
Employers' contributions/ premium paid	-	310.01	(310.01)
Benefit payments	106.86	106.86	-
<b>31st March 2019</b>	<b>1,553.06</b>	<b>1,562.48</b>	<b>(9.42)</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1st April 2019</b>	1,553.06	1,562.48	(9.42)
Current service cost	257.48	-	257.48
Interest expense/(income)	99.42	103.89	(4.47)
Past service cost	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>356.90</b>	<b>103.89</b>	<b>253.01</b>
<b>Remeasurement</b>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	2.41	(2.41)
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	175.55	-	175.55
Actuarial (gain)/loss from unexpected experience	(119.55)	-	(119.55)
<b>Total amount recognised in other comprehensive income</b>	<b>56.00</b>	<b>2.41</b>	<b>53.59</b>
Employers' contributions/ premium paid	-	102.17	(102.17)
Benefit payments	115.98	115.98	-
Settlement Cost	-	-	-
<b>31st March 2020</b>	<b>1,849.98</b>	<b>1,654.97</b>	<b>195.01</b>

#### (b) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.64%	7.62%
Expected return on plan asset	6.64%	7.62%
Salary growth rate	7.00%	7.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 Ultimate	IALM 2006-2008 ULTIMATE

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 47 - Employee benefit obligations (contd...)

#### (c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Particulars	Impact on defined benefit obligation			
	As at 31st March, 2020		As at 31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1,755.45	1,953.53	1,476.16	1,637.08
% change compared to base due to sensitivity	-4.66%	5.09%	-4.33%	4.71%
Salary growth rate (-/+ 0.5%)	1,947.38	1,760.29	1,632.26	1,479.68
% change compared to base due to sensitivity	4.76%	-4.39%	4.39%	-4.09%
Attrition rate (-/+ 0.5%)	1,850.38	1,849.56	1,552.74	1,553.35
% change compared to base due to sensitivity	-0.04%	0.04%	-0.02%	0.02%
Life expectancy/ mortality rate (-/+ 10%)	1,852.88	1,847.07	1,553.24	1,552.85
% change compared to base due to sensitivity	-0.02%	0.02%	0.01%	-0.01%

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### (d) The major categories of plan assets

The defined benefit plans are funded with an insurance company in India. The Group does not have any liberty to manage the funds provided to the insurance company. Thus the composition of each major category of plan assets has not been disclosed.

#### (e) Risk exposure

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

##### Investment risk:

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to insurance company.

The present value of the defined benefit plan liability is calculated using a discount rate determined with reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

##### Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

##### Life expectancy:

The present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

##### Salary growth risk

The present value of the defined benefit plan liability is calculated with reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 47 - Employee benefit obligations (contd...)

#### (f) Defined benefit liability and employer contributions

Expected contribution to post-employment benefits plans for the year ending 31st March, 2020 is ₹ 726.15.

The weighted average duration of the defined benefit obligation is 21 years (31 March 2019 : 21 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
<b>31st March 2020</b>			
Defined benefit obligation (gratuity)	262.20	471.65	3,883.04
<b>Total</b>	<b>262.20</b>	<b>471.65</b>	<b>3,883.04</b>
<b>31st March 2019</b>			
Defined benefit obligation (gratuity)	189.94	421.92	3,824.59
<b>Total</b>	<b>189.94</b>	<b>421.92</b>	<b>3,824.59</b>

### Note : 48 - Capital management

#### (a) Risk management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary, adjust its capital structure, wherever required.

The amount mentioned under total equity in the balance sheet is considered as capital and debt includes long-term borrowings including current maturities. The debt-equity ratio of the Group is as follows:

Particulars	31st March, 2020	31st March, 2019
Debt equity ratio	0.10	0.06

#### (b) Dividend

Particulars	31st March, 2020	31st March, 2019
(i) Equity shares		
Interim dividend for the year ended 31 March 2020 of ₹ 7.00 (31 March 2019 – ₹ 3.50) per fully paid share	725.86	362.94
Dividend distribution tax on interim dividend on Equity Shares	149.21	74.61

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 49 - Fair value measurements

This note gives an overview of the significance of financial instruments for the Group and provides additional information on the balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 2 to the financial statements.

#### Financial instruments by category

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments	6,183.82	5,408.83	4,806.16	3,979.38	4,575.19	247.76
Loans to employees	-	-	128.34	-	-	168.02
Security deposits	-	-	593.86	-	-	420.80
Fixed deposits	-	-	1,635.73	-	-	4,230.34
Trade receivables	-	-	17,746.13	-	-	19,624.63
Cash and cash equivalent	-	-	2,130.99	-	-	1,162.30
Bank balances other than above	-	-	2,135.90	-	-	42.82
Derivative assets	268.83	-	-	136.32	-	-
Others	-	-	557.59	-	-	421.77
<b>Total financial assets</b>	<b>6,452.65</b>	<b>5,408.83</b>	<b>29,734.70</b>	<b>4,115.70</b>	<b>4,575.19</b>	<b>26,318.44</b>
<b>Financial liabilities</b>						
Borrowings and interest	-	-	21,012.66	-	-	19,909.52
Trade payables	-	-	19,111.81	-	-	16,925.69
Unpaid / Unclaimed dividends	-	-	384.17	-	-	25.23
Deposits from customers and suppliers	-	-	815.54	-	-	858.27
Employee benefits payable	-	-	1,420.77	-	-	1,328.31
Liability for purchases of capital assets	-	-	1,027.71	-	-	806.46
Derivative liabilities	234.31	-	165.82	-	-	-
Contract liability against loyalty points	-	-	689.82	-	-	373.29
Refund liability against periodical schemes	-	-	387.54	-	-	297.79
Other payables	-	-	1,046.01	-	-	484.15
<b>Total financial liabilities</b>	<b>234.31</b>	<b>-</b>	<b>46,061.85</b>	<b>-</b>	<b>-</b>	<b>41,008.71</b>

#### (i) Fair value hierarchy

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual funds.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category consists of derivatives taken by the Group like forward contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Group's investment in equity shares which are unquoted or for which quoted prices are not available on the reporting dates.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 49 - Fair value measurements (contd...)

#### (ii) Valuation technique used to determine fair value of financial assets and liabilities:

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer-quotes for similar instruments
- derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- the fair value of the financial instruments is determined using adjusted net worth method and discounted cash flow method.

#### (iii) Fair value of financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	31st March, 2020			31st March, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets:</b>						
Investments	5,477.91	708.59	5,406.15	3,096.59	889.22	4,568.76
Derivative financial assets	-	268.83	-	-	136.32	-
	<b>5,477.91</b>	<b>977.42</b>	<b>5,406.15</b>	<b>3,096.59</b>	<b>1,025.54</b>	<b>4,568.76</b>
<b>Financial liabilities:</b>						
Derivative financial liabilities	-	400.13	-	-	-	-
	-	<b>400.13</b>	-	-	-	-

#### (iv) Financial liabilities not measured at fair value but in respect of which fair value is as follows:

Particulars	31st March, 2020		31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities:</b>				
Borrowings	9,468.45	8,838.10	4,445.25	4,271.43
<b>Total financial liabilities</b>	<b>9,468.45</b>	<b>8,838.10</b>	<b>4,445.25</b>	<b>4,271.43</b>

#### (v) Valuation technique used to determine fair value of non-current financial assets and liabilities:

- Non-current financial assets represent security deposits which do not have a fixed maturity period and these are primarily in the nature of utility deposits. Hence these are considered to be at their respective fair values at the reporting period.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of loans to employees are considered to be approximately equal to the fair value.
- The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

#### (vi) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

### Note : 50 - Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

#### (A) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments carried at amortised cost.

Financial instruments that are subjected to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents and derivatives held by the Group. None of the financial instruments of the Group result in material concentration of credit risk.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 50 - Financial risk management (contd...)

#### i) Trade and other receivables

Customer credit risk is managed by the Group through established policy and procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying up to 90 days' credit terms. The Group has a detailed review mechanism of overdue trade receivables at various levels within the organisation to ensure proper attention and focus for realisation, and recognises provision on trade receivables which it believes to be doubtful of recovery. Further the Group receives security deposits and letters of credit on selected basis from its customers which mitigate the credit risk. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

#### Ageing of trade receivables

Particulars	Not due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st Mar 2020	8,372.22	8,785.76	716.76	147.45	276.06	17,746.13
Trade receivables as at 31st Mar 2019	11,550.29	7,683.45	489.89	61.13	160.13	19,624.63

#### ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Boards of the companies in the Group on a periodical basis, and are updated subject to approval of management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

The Group's maximum exposure to credit risk for the components of the balance sheet as at 31 March, 2020 and 31 March, 2019 is the carrying amounts as illustrated in Note 50(B).

#### (B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Due to the dynamic nature of the underlying businesses, Group maintains flexibility in funding by ensuring availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities indicated below) and cash and cash equivalents on the basis of expected cash flows.

#### (i) Financing arrangements

The Group had access to the following undrawn borrowing facilities, cash and cash equivalents at the end of the reporting period:

Particulars	As at 31st March, 2020	As at 31st March, 2019
- Expiring within one year (bank overdraft and other facilities)	7,435.04	5,590.64
- Cash and cash equivalents	2,130.99	1,162.30
	<b>9,566.03</b>	<b>6,752.94</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 50 - Financial risk management (contd...)

#### (ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings	13,812.80	6,731.07	369.54	-	20,913.41
Lease liabilities	668.68	603.38	177.37	349.26	1,798.70
Trade Payables	19,111.81	-	-	-	19,111.81
Interest on borrowings	709.42	674.60	-	-	1,384.02
Unpaid / Unclaimed dividends	384.17	-	-	-	384.17
Deposits from customers and suppliers	815.54	-	-	-	815.54
Employee benefits payable	1,404.94	15.83	-	-	1,420.77
Liabilities for purchases of capital assets	1,027.71	-	-	-	1,027.71
Derivative liabilities	400.13	-	-	-	400.13
Contract liability against loyalty points	689.82	-	-	-	689.82
Refund liability against periodical schemes	387.54	-	-	-	387.54
Other payables	1,046.01	-	-	-	1,046.01
<b>Total financial liabilities</b>	<b>40,458.57</b>	<b>8,024.88</b>	<b>546.91</b>	<b>349.26</b>	<b>49,379.63</b>

Contractual maturities of financial liabilities 31st March 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	16,861.50	2,648.11	375.00	-	19,884.61
Trade payables	16,925.69	-	-	-	16,925.69
Interest on borrowings	305.25	244.53	-	-	549.78
Unclaimed dividends	25.23	-	-	-	25.23
Deposits from customers and suppliers	858.27	-	-	-	858.27
Employee benefits payable	1,313.50	14.81	-	-	1,328.31
Liabilities for purchases of capital assets	806.46	-	-	-	806.46
Contract liability against loyalty points	373.29	-	-	-	373.29
Refund liability against periodical schemes	297.79	-	-	-	297.79
Other payables	484.15	-	-	-	484.15
<b>Total financial liabilities</b>	<b>38,251.13</b>	<b>2,907.45</b>	<b>375.00</b>	<b>-</b>	<b>41,533.58</b>

#### (C) Market risk

The Group's business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices.

##### (i) Foreign currency risk

The Group deals with foreign currency loan, trade receivables, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Group operates internationally and a portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas market and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Group also enters into forward contracts for managing its exposure to such foreign currency risk. The Group manages the exposure of foreign exchange fluctuation in borrowings by entering into derivatives contracts.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 50 - Financial risk management (contd...)

#### Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

Particulars	31st March, 2020						31st March, 2019				
	GBP	USD	EUR	THB	SEK	Yen	SGD	USD	EUR	SEK	Yen
<b>Financial assets</b>											
Trade Receivables	244.40	4,956.51	3.39	1.62	-	-	-	4,922.16	114.86	-	-
Derivatives (including those on future exports)	-	(9,161.82)	-	-	-	-	-	(4,011.17)	-	-	-
<b>Financial liabilities</b>											
Long term borrowings	-	6,592.31	-	-	-	-	-	440.96	-	-	-
Short term borrowings	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	-	7,620.90	2,929.76	-	12.70	336.15	1.42	4,405.74	3,164.16	97.61	355.27
Derivatives	-	(7,410.11)	(153.76)	-	-	-	-	(909.30)	(276.78)	-	-
<b>Net exposure to foreign currency risk against receivables / (payables)</b>	<b>244.40</b>	<b>(6,803.09)</b>	<b>(2,772.61)</b>	<b>1.62</b>	<b>(12.70)</b>	<b>(336.15)</b>	<b>(1.42)</b>	<b>(3,026.42)</b>	<b>(2,772.52)</b>	<b>(97.61)</b>	<b>(355.27)</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>SGD sensitivity</b>				
INR depreciates by 3%	-	(0.04)	-	(0.03)
INR appreciates by 3%	-	0.04	-	0.03
<b>USD sensitivity</b>				
INR depreciates by 5% (31st March 2019 - 5%)*	(340.15)	(151.32)	(254.54)	(98.44)
INR depreciates by 5% (31st March 2019 - 5%)*	340.15	151.32	254.54	98.44
<b>EURO sensitivity</b>				
INR depreciates by 3% (31st March 2019 - 3%)*	(83.18)	(83.18)	(62.25)	(54.11)
INR appreciates by 3% (31st March 2019 - 3%)*	83.18	83.18	62.25	54.11
<b>SEK sensitivity</b>				
INR depreciates by 3%	(0.38)	(2.93)	(0.28)	(1.91)
INR appreciates by 3%	0.38	2.93	0.28	1.91
<b>GBP sensitivity</b>				
INR depreciates by 3% (31st March 2019 - 3%)*	7.33	-	5.49	-
INR appreciates by 3% (31st March 2019 - 3%)*	(7.33)	-	(5.49)	-
<b>THB sensitivity</b>				
INR depreciates by 3% (31st March 2019 - 3%)*	0.05	-	0.04	-
INR appreciates by 3% (31st March 2019 - 3%)*	(0.05)	-	(0.04)	-
<b>Yen sensitivity</b>				
INR depreciates by 3% (31st March 2019 - 3%)*	(10.08)	(10.66)	(7.54)	(6.93)
INR appreciates by 3% (31st March 2019 - 3%)*	10.08	10.66	7.54	6.93

\* Assuming all other variables to be constant

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31st March 2019 and 31st March 2018, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 50 - Financial risk management (contd...)

#### (a) Interest rate risk exposure

##### On financial liabilities:

The exposure of the Group's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2020	31st March, 2019
Variable rate borrowings	2,719.97	2,239.36
Fixed rate borrowings	18,193.44	17,645.25
<b>Total borrowings</b>	<b>20,913.41</b>	<b>19,884.61</b>

#### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Interest expense rates – increase by 50 basis points (50 bps)*	(13.60)	(11.20)	(10.18)	(7.28)
Interest expense rates – decrease by 50 basis points (50 bps)*	13.60	11.20	10.18	7.28

\* Assuming all other variables to be constant

#### (iii) Price risk

##### (a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Boards of Directors of the Companies in the Group periodically reviews and approves all investment decisions.

##### (b) Sensitivity

(a) The table below summarises the impact of increases/decreases of the share prices on the Group's equity.

Particulars	Impact on other components of equity (before tax)	
	31st March, 2020	31st March, 2019
Share price - Increase 5%*	270.44	228.76
Share price - Decrease 5%*	(270.44)	(228.76)

\* Assuming all other variables to be constant

(b) The table below summarises the impact of increases/decreases of the mutual fund prices on the Group's equity.

Particulars	Impact on profit before tax	
	31st March, 2020	31st March, 2019
Mutual fund value - Increase 5% (7%)*	313.09	281.64
Mutual fund value - Decrease 7% (7%)*	(438.33)	(281.64)

\* Assuming all other variables to be constant

#### (iv) Agricultural Risk

Cultivation of potato seeds and standing crops being an agricultural activity, there are certain specific financial risks. These financial risks arise mainly due to adverse weather conditions, logistic problems inherent to remote areas, and fluctuation of selling price of finished goods (potato seeds and standing crops) due to increase in supply/availability.

The Group manages the above financial risks in the following manner:

- Sufficient inventory levels of agro chemicals, fertilisers and other inputs are maintained so that timely corrective action can be taken in case of adverse weather conditions.
- The Group manages this risk by aligning its production to anticipated demand and taking early corrective steps to recognise and dispose excess stocks.

### Note : 51 - Segment reporting

The Group's operating segments are organised and managed through the respective business managers, according to the nature of products manufactured and sold with each segment representing a strategic business unit. These business units' performances are reviewed by the boards of the companies in the Group (Chief Operating Decision Maker - 'CODM').

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 51 - Segment reporting (contd...)

The reporting segments of the Group are as below:

- Laminates: Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption), Adhesive and trading of Papers and Chemicals.
- Panel Products and Furniture - Comprises manufacturing and selling of Furnitures, Panel Boards and related products.
- Potato Flakes - This segment comprises manufacturing and sale of Potato Flakes and Ready Mixes.

Summary of the segmental information for the year ended / as at, 31st March 2020 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
<b>Segment revenue</b>						
Revenue	1,10,573.34	26,012.68	6,098.02	6,207.53	-	1,48,891.57
Inter segment sales	7,608.57	-	-	-	(7,608.57)	-
	<b>1,18,181.91</b>	<b>26,012.68</b>	<b>6,098.02</b>	<b>6,207.53</b>	<b>(7,608.57)</b>	<b>1,48,891.57</b>
Segment results [Profit/(Loss) before finance cost and tax]	21,800.34	1,826.29	80.22	(6,110.77)	-	17,596.08
Finance cost	225.23	0.12	-	1,608.84	-	1,834.19
<b>Profit/(Loss) before tax</b>	<b>21,575.11</b>	<b>1,826.17</b>	<b>80.22</b>	<b>(7,719.61)</b>	<b>-</b>	<b>15,761.89</b>
Less : Current Tax	-	-	-	4,171.89	-	4,171.89
Less : Deferred Tax	-	-	-	(1,203.90)	-	(1,203.90)
<b>Profit after tax</b>	<b>21,575.11</b>	<b>1,826.17</b>	<b>80.22</b>	<b>(10,687.60)</b>	<b>-</b>	<b>12,793.90</b>
Segment assets	78,155.55	19,923.41	6,206.80	43,181.16	-	1,47,466.92
Segment liabilities	11,669.09	2,729.12	2,186.14	38,238.62	-	54,822.97
Segment capital expenditure	7,645.87	2,221.76	119.83	1,212.44	-	11,199.90
Segment depreciation and amortisation	4,715.86	767.78	312.03	180.82	-	5,976.49

Summary of the segmental information for the year ended/as at, 31st March 2019 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
<b>Segment revenue</b>						
Revenue	1,11,158.97	24,248.44	6,793.88	6,974.49	-	1,49,175.78
Inter segment sales	7,462.60	-	-	-	(7,462.60)	-
	<b>1,18,621.57</b>	<b>24,248.44</b>	<b>6,793.88</b>	<b>6,974.49</b>	<b>(7,462.60)</b>	<b>1,49,175.78</b>
Segment results [Profit/(Loss) before finance cost and tax]	22,904.56	1,589.85	394.07	(3,047.43)	-	21,841.05
Finance cost	220.29	0.17	-	1,510.70	-	1,731.16
Exceptional items	-	-	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>22,684.27</b>	<b>1,589.68</b>	<b>394.07</b>	<b>(4,558.13)</b>	<b>-</b>	<b>20,109.89</b>
Less : Current Tax	-	-	-	5,828.52	-	5,828.52
Less : Deferred Tax	-	-	-	198.43	-	198.43
<b>Profit after tax</b>	<b>22,684.27</b>	<b>1,589.68</b>	<b>394.07</b>	<b>(10,585.08)</b>	<b>-</b>	<b>14,082.94</b>
Segment assets	68,011.85	17,290.52	4,088.52	39,009.40	-	1,28,400.29
Segment liabilities	14,920.71	2,326.47	664.88	30,234.11	-	48,146.17
Segment capital expenditure	5,163.13	75.39	-	178.06	-	5,416.58
Segment depreciation and amortisation	3,124.78	656.15	328.72	125.73	-	4,235.38

### Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
India	1,03,405.23	1,04,625.20
Outside India	39,278.81	37,576.09
	<b>1,42,684.04</b>	<b>1,42,201.29</b>

(b) Carrying Amount of Segment Assets:

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	99,261.26	84,446.91
Outside India	5,024.50	4,943.98
	<b>1,04,285.76</b>	<b>89,390.89</b>

### Entity wide disclosures

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March 2020 and 31st March 2019.

No material property, plant and equipment of the Company (excluding financial assets) are located outside India.

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 52 - Related parties disclosure

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

- i) List of related parties where control exists and also other related parties with whom transactions have taken place and their relationship:

SN	Name	Relationship
a)	<b>Key Management Personnel(KMP)</b>	
	Mr. Champa Lal Lohia	Executive Chairman
	Mr. Rup Chand Lohia	Executive Vice Chairman
	Mr. Prakash Lohia	Managing Director
	Mr. Prasan Lohia	Whole-time Director
	Ms. Ruchira Lohia	Whole-time Director
	Mr. Nripen Dugar	Whole-time Director
	Mr. Bikash Lohia	Whole-time Director
	Mr. Madhusudan Lohia	Whole-time Director
	Mr. Deepak Lohia	Whole-time Director of the Subsidiary Company
	Mr. Manoj Lohia	Whole-time Director of the Subsidiary Company
	Mr. Anurag Lohia	Whole-time Director of the Subsidiary Company (appointed with effect from 04-01-2019)
	Mr. Anil Jajoo	Director of the Subsidiary Company
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Sujitendra Krishna Dev	Independent Director (resigned w.e.f. 18-06-2018)
	Mr. Bama Prasad Mukhopadhaya	Independent Director (appointed w.e.f. 14-09-2018)
	Mr. Sanjay Banka	Chief Financial Officer (appointed w.e.f. 01-10-2019)
	Mr. Asok Kumar Parui	Chief Financial Officer (resigned w.e.f. 30-09-2019)
	Mr. Asok Kumar Parui	Director & Company Secretary of the Subsidiary Company
	Mrs. Sumana Roychowdhury	Company Secretary (resigned w.e.f. 20-05-2018)
	Mrs. Vinamrata Agrawal	Company Secretary (appointed w.e.f. 18-06-2018)
b)	<b>Relatives of KMP</b>	
	Mrs. Tara Devi Lohia	Wife of Mr Champa Lal Lohia
	Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia
	Mrs. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia
	Mrs. Asha Mundhra	Daughter of Mr Champa Lal Lohia
	Mrs. Sita Devi Lohia	Mother of Mr Prakash Lohia
	Mrs. Uma Singhi	Sister of Mr Prakash Lohia
	Mrs. Kiran Maheswari	Sister of Mr Prakash Lohia
	Mrs. Neera Lohia	Wife of Mr Prakash Lohia
	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Mrs. Praveena Lohia	Wife of Mr Rup Chand Lohia
	Mrs. Meghna Lohia	Wife of Mr Prasan Lohia
	Mr. Abhiroop Lohia	Son of Mr Prasan Lohia
	Ms. Anuja Lohia	Daughter of Mr Prasan Lohia
	Mrs. Shashi Lohia	Wife of Mr Bikash Lohia
	Mrs. Vandana Lohia	Wife of Mr Manoj Lohia
	Mrs. Mita Lohia	Wife of Mr Madhusudan Lohia
	Ms. Radhika Lohia	Daughter of Mr Bikash Lohia
	Mr. Govind Mundhra	Son in law of Mr Chanpa Lal Lohia
c)	<b>Entities over which KMP together with their relatives have significant influence :</b>	
		Merino Exports Private Limited
		Merino Services Limited
		Kasturi Bai Gopi Babu Cold Storage Private Limited
		Sri Harakasturi Memorial Trust
		Man Kumar Lohia and Brothers
		Usha Agro Farm
		Anupriya Marketing Limited
		Sri Hara Kasturi Trust
		Sri Man Kumar Lohia Memorial Trust
		Sri Prem Chand Lohia Memorial Trust

## Notes to the Consolidated financial statements

### Note : 52 - Related parties disclosure (contd...)

#### ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
1	Merino Exports Private Limited	Entities over which KMP together with their relatives have significant influence	11.67	11.56	Trade receivables	Revenue from operations	-	-
			5,049.00	4,289.70	Trade payables	Rent, other charges and reimbursement paid	178.33	179.43
			-	-	Investment	Dividend paid/payable	317.58	158.75
			-	-		Interest paid on loan	84.87	95.97
			-	-		Loan taken	4,009.72	3,383.00
			-	-		Loan repaid	4,009.72	3,383.00
2	Merino Services Limited	Entities over which KMP together with their relatives have significant influence	-23.71	103.58	Trade payables	Software / Professional charges	576.95	712.97
			105.54	-	Other Current Asset	Royalty on trade mark received	0.29	0.29
			-	-		Purchase of tangible assets and intangible assets	21.40	0.62
			-	-		Rent, other charges and reimbursement paid	9.95	157.02
			0.47	1.32	Trade receivables	Revenue from operations	1.62	5.22
			357.15	279.06	Investment	Dividend paid/payable	22.40	11.20
3	Kasturibai Gopi Babu Cold Storage Private Limited	Entities over which KMP together with their relatives have significant influence	13.54	0.77	Trade receivables	Revenue from operations	9.13	24.93
			-	-		Sale of tangible assets	9.94	-
			-	-		Purchases / Material consumed	5.02	3.63
			532.90	661.60	Trade payables	Rent, other charges and reimbursement paid	553.42	704.24
			-	-		Rent, other charges and reimbursement received	0.78	0.05
4	Man Kumar Lohia and Brothers	Entities over which KMP together with their relatives have significant influence	-	1.64	Trade Payables	Rent, other charges and reimbursement paid	137.21	132.24
			-	-	Security Deposit	Refund of security deposit	-	49.40
5	Usha Agro Farm	Entities over which KMP together with their relatives have significant influence	1.02	3.59	Trade payables	Purchases / Material consumed	1.02	3.71
			-	-		Rent, other charges and reimbursement paid	31.76	28.87
6	Sri Hara Kasturi Memorial Trust	Entities over which KMP together with their relatives have significant influence	1.84	9.20	Trade receivables	Revenue from operations	14.55	16.86
			-	-		Sale of live stock	-	0.50
			-	-		Rent, other charges and reimbursement received	0.58	-
			-	-		Donation for corporate social responsibility expenses	215.75	163.42
			-	-		Donation made	67.10	286.69

## Notes to the Consolidated financial statements

Note : 52 - Related parties disclosure (contd...)

ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
7	Sri Man Kumar Lohia Memorial trust	Entities over which KMP together with their relatives have significant influence	-	-		Donation made	20.45	-
			-	-		Donation for corporate social responsibility expenses	-	51.00
8	Sri Premchand Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-		Donation made	41.25	-
			-	-		Revenue from operations	0.01	-
			-	-		Miscellaneous reimbursement received	0.29	-
			-	-		Donation for corporate social responsibility expenses	-	114.50
9	Sri Hara Kasturi Trust	Entities over which KMP together with their relatives have significant influence	-	-		Donation made	-	0.50
10	Anupriya Marketing Limited	Entities over which KMP together with their relatives have significant influence	148.16	1.83	Trade payables	Revenue from operations	-	-
			-	-		Marketing service provider fees	354.60	356.08
11	Shri Champa Lal lohia	KMP	-	-		Directors' remuneration	183.32	151.75
			-	-		Dividend paid/payable	26.00	13.00
12	Shri Rup Chand Lohia	KMP	-	-		Directors' remuneration	120.77	93.06
			-	-		Dividend paid/payable	14.57	7.29
13	Shri Prakash Lohia	KMP	-	-		Directors' remuneration	178.29	133.71
			-	-		Dividend paid/payable	39.83	34.80
14	Shri Bikash Lohia	KMP	-	-		Directors' remuneration	137.10	112.42
			-	-		Dividend paid/payable	31.36	22.68
			0.70	-	Trade payables	Rent Paid	9.63	7.04
15	Shri Prasan Lohia	KMP	-	-		Directors' remuneration	149.71	120.15
			-	-		Dividend paid/payable	12.54	6.27
16	Ms. Ruchira Lohia	KMP	-	-		Directors' remuneration	160.25	123.40
			-	-		Dividend paid/payable	35.95	17.98
17	Shri Madhusudan Lohia	KMP	-	-		Directors' remuneration	148.68	99.81
			-	-		Dividend paid/payable	51.30	10.77
			0.54	-	Trade payables	Rent Paid	7.15	5.21
			-	-		Revenue from Operations	9.14	-

## Notes to the Consolidated financial statements

Note : 52 - Related parties disclosure (contd...)

ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
18	Shri Nripen Dugar	KMP	-	-		Directors' remuneration	58.46	60.49
						Dividend paid/payable	0.04	0.02
19	Shri Asok Kumar Parui	Chief Financial Officer in Holding Company and Director & Company Secretary of the Subsidiary Company	-	-		Salary	17.93	27.19
20	Shri Sanjay Banka	CFO	-	-		Salary	44.71	-
21	Mrs. Sumana Roychowdhury	KMP	-	-		Salary	-	0.89
22	Ms. Vinamrata Agrawal	KMP	-	-		Salary	6.11	4.74
23	Ms. Tara Devi Lohia	Relatives of KMP	-	-		Dividend paid/payable	16.88	8.44
				1.61	Trade payables	Rent, other charges and reimbursement paid	2.10	1.61
24	Shri Deepak Lohia	Whole-time Director of the Subsidiary Company	-	-		Dividend paid/payable	40.74	21.77
				-		Directors' remuneration / benefits	140.99	126.78
			0.70	1.76	Trade payables	Rent paid	14.71	11.51
25	Ms. Shashi Lohia	Relatives of KMP	-	-		Dividend paid/payable	3.50	3.50
				-		Rent, other charges and reimbursement paid	1.68	1.68
26	Ms. Usha Lohia	Relatives of KMP	-	-		Dividend paid/payable	11.20	5.60
27	Ms. Nayantara Agarwal	Relatives of KMP	-	-		Dividend paid/payable	5.60	2.80
				-		Rent paid	3.43	3.12
28	Ms. Asha Mundhra	Relatives of KMP	-	-		Dividend paid/payable	2.95	0.08
				-		Rent paid	2.63	2.39
29	Shri Anurag Lohia	Whole-time Director of the Subsidiary Company	-	-		Rent paid	1.59	1.45
				-		Directors' remuneration / benefits	57.22	-
				-		Dividend Paid	10.50	-
30	Ms. Sita Devi Lohia	Relatives of KMP	-	-		Dividend paid/payable	11.44	5.72
31	Ms. Uma Singhi	Relatives of KMP	-	-		Dividend paid/payable	7.41	3.71
				-		Rent paid	3.39	3.08

## Notes to the Consolidated financial statements

### Note : 52 - Related parties disclosure (contd...)

#### ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
32	Mrs. Kiran Maheswari	Relatives of KMP	0.54	-	Trade Payables	Rent, other charges and reimbursement paid	9.86	3.12
33	Ms. Neera Lohia	Relatives of KMP	-	-		Dividend paid/payable	20.91	10.46
34	Ms. Mita Lohia	Relatives of KMP	0.52	-	Trade Payables	Rent paid	6.92	6.89
35	Ms. Sheela Lohia	Relatives of KMP	1.06	-	Trade Payables	Rent paid	14.09	12.12
36	Ms. Praveena Lohia	Relatives of KMP	-	-		Dividend paid/payable	8.22	4.11
37	Ms. Meghna Lohia	Relatives of KMP	-	-		Dividend paid/payable	12.59	6.29
38	Shri Manoj Lohia	Whole-time Director of the Subsidiary Company	-	-		Dividend paid/payable	18.52	9.26
39	Shri Abhiroop Lohia	Relatives of KMP	-	-		Dividend paid/payable	15.38	7.70
40	Ms. Anuja Lohia	Relatives of KMP	-	-		Directors' Remuneration / benefits	156.80	114.01
41	Ms. Vandana Lohia	Relatives of KMP	-	-		Dividend paid/payable	14.00	7.00
42	Ms. Radhika Lohia	Relatives of KMP	-	-		Dividend paid/payable	7.00	-
43	Mr. Gautam Bhattacharjee	Independent Director	-	-		Sitting Fees	3.80	3.60
44	Mr. Sisir Kumar Chakrabarti	Independent Director	-	-		Sitting Fees	3.10	2.00
45	Mr. Bama Prasad Mukhopadhyaya	Independent Director	-	-		Sitting Fees	3.10	1.40

## Notes to the Consolidated financial statements

(Rupees in Lakh, unless otherwise stated)

### Note : 52 - Related parties disclosure (contd..)

#### Key management personnel compensation

Particulars	31st March, 2020	31st March, 2019
Short-term employee benefits	1,532.10	1,149.13
Post-employment benefits *	28.24	19.27
<b>Total compensation</b>	<b>1,560.34</b>	<b>1,168.40</b>

\* transactions are inclusive of GST, wherever applicable

### Note : 53 - Composite scheme of Arrangement

A petition for approval of a Composite Scheme of arrangement under sections 230 to 232 of the Companies Act 2013, amongst the Holding Company, its subsidiary Merino Panel Products Limited (MPPL), Merino Exports (Private) Ltd (MEXPL) and Merino Services Ltd (MSL) was filed with National Company Law Tribunal (NCLT) on 4th October 2019 after approval of the respective Board of Directors of the company on 20th August 2019. The scheme was approved, among others, by the shareholders of this company on 20th February 2020. The petition awaits approval of NCLT.

The Scheme provides for, among others, the appointed date as 1st April 2019, merger of MPPL with the holding company, transfer of certain undertakings of MEXPL and MSL to the holding company and the transfer of the real estate undertaking of MEXPL and IT and Software Development undertaking of MSL to Merino Properties (Private) Ltd and Merino Consulting Services Limited respectively, discharge of the consideration for transfer of undertakings by issuance equity shares of the transferee companies to the existing shareholders of the transferor companies at approved ratios and transfer of assets and liabilities of the transferor company and undertaking of the related company, to the related transferee company.

Pending approval of the petition and consequent finalisation of the effective date no adjustment in the account of the company has been made.

### Note : 54 - Covid-19

The spread of Covid-19 pandemic from mid March, 20 continues to have an unprecedented impact on people and economy. The Group taken prompt action to extend support to all of our stakeholders and maintain our operations through the crisis. There is no significant impact in its Group operations and results for the year ended March 31, 2020.

The Group has considered the possible effects that may have resulted from the pandemic relating to Covid-19 on the carrying amounts of trade receivables, tangible assets, intangible assets and investments. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information. Based on current estimate the Group expects the carrying amount of these assets will be recovered.

### Note : 55

In absence of Chief Financial Officer (CFO) on the date of approval of the financial statements, these statements do not bear the signatures of CFO. The position of CFO is being filled as per Law.

### Note : 56 - Previous year's figures

The previous year's figures have been reclassified and regrouped to conform to this year's classification and grouping.

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L. Choraria**

Partner

Membership Number - 022973

Place : Noida (Delhi-NCR)

For and on behalf of the Board of Directors

**Rup Chand Lohia**

Executive Chairman

Place : Bangalore

**Prakash Lohia**

Managing Director

Place : Hapur (U.P)

**Vinamrata Agrawal**

Company Secretary

Place : Kolkata

Date : 25th August, 2020

## Annexure

**Form AOC-I***(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)*

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹ In lakh)

1	Sl. No.	
2	Name of the subsidiary	Merino Panel Products Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NO
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
5	Share capital	200.00
6	Reserves & surplus	37,245.96
7	Total assets	49,640.78
8	Total Liabilities	12,194.82
9	Investments	12,623.45
10	Turnover	51,491.20
11	Profit before taxation	7,600.58
12	Provision for taxation	1,549.00
13	Profit after taxation	6,051.58
14	Proposed Dividend	-
15	% of shareholding	74.65

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations. NIL
- Names of subsidiaries which have been liquidated or sold during the year. NIL

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S.N.	Name of Associates/Joint Ventures	Name 1	Name 2	Name 3
1	Latest audited Balance Sheet Date	N.A.	N.A.	N.A.
2	Shares of Associate/Joint Ventures held by the company on the year end			
	No.	N.A.	N.A.	N.A.
	Amount of Investment in Associates/Joint Venture	N.A.	N.A.	N.A.
	Extend of Holding %	N.A.	N.A.	N.A.
3	Description of how there is significant influence	N.A.	N.A.	N.A.
4	Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.
5	Networth attributable to Shareholding as per latest audited Balance Sheet	N.A.	N.A.	N.A.
6	Profit / Loss for the year			
	i. Considered in Consolidation	N.A.	N.A.	N.A.
	ii. Not Considered in Consolidation	N.A.	N.A.	N.A.

- Names of associates or joint ventures which are yet to commence operations. NIL
- Names of associates or joint ventures which have been liquidated or sold during the year. NIL

**Vinamrata Agrawal**

Company Secretary

Place: Kolkata

**Rup Chand Lohia**

Executive Chairman

Place: Bangalore

**Prakash Lohia**

Managing Director

Place: Hapur (U.P)

Date: 25th August, 2020

## OPERATING RESULTS FOR TEN YEARS AT A GLANCE

(₹ lakh)

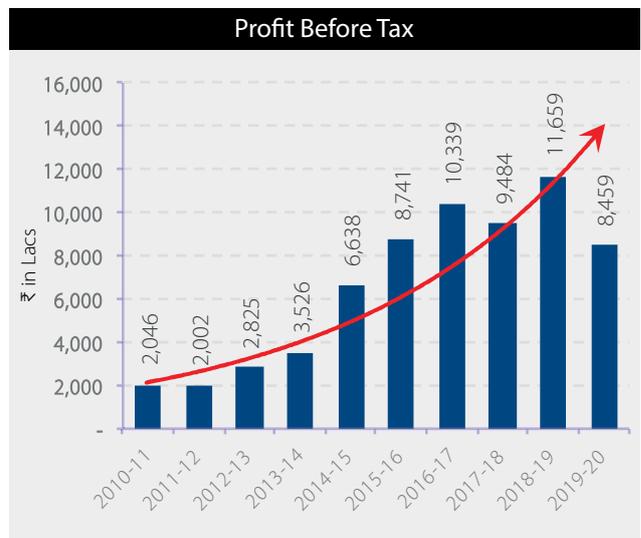
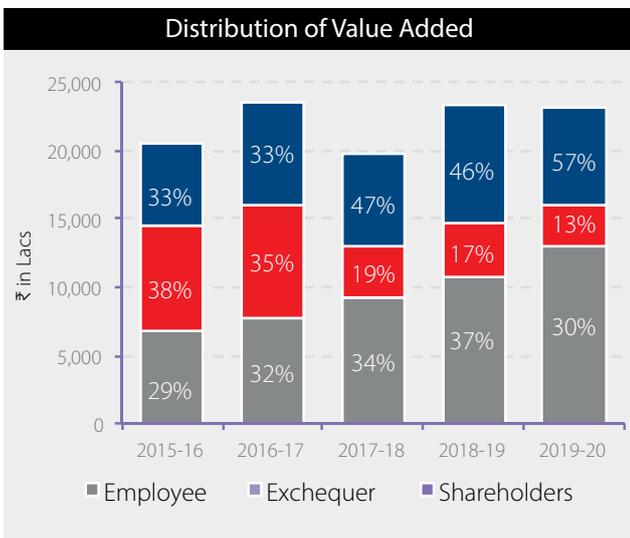
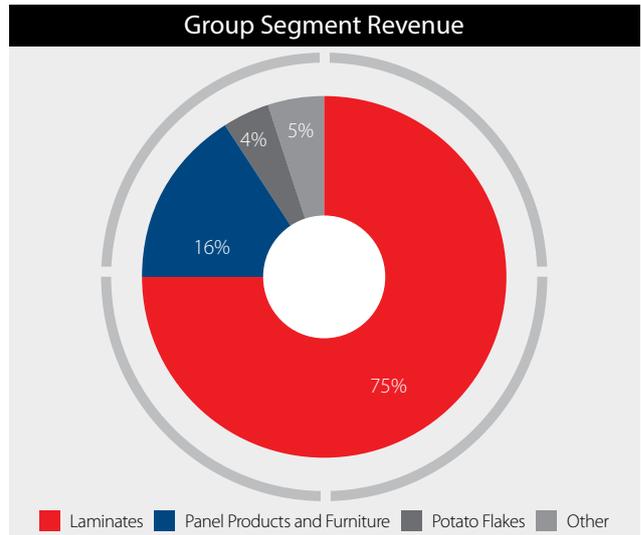
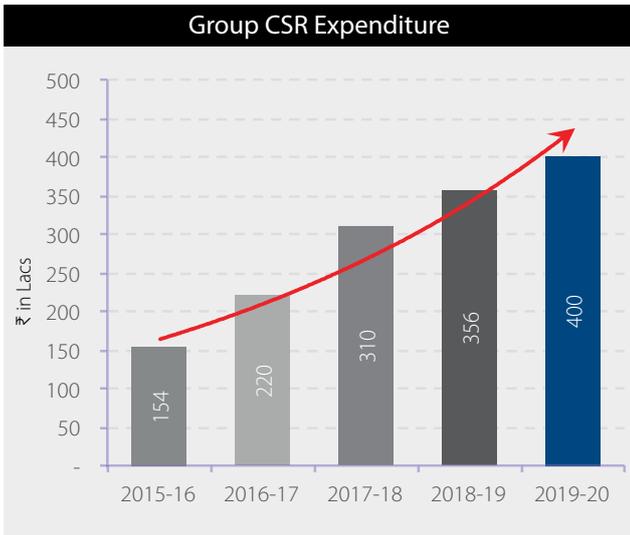
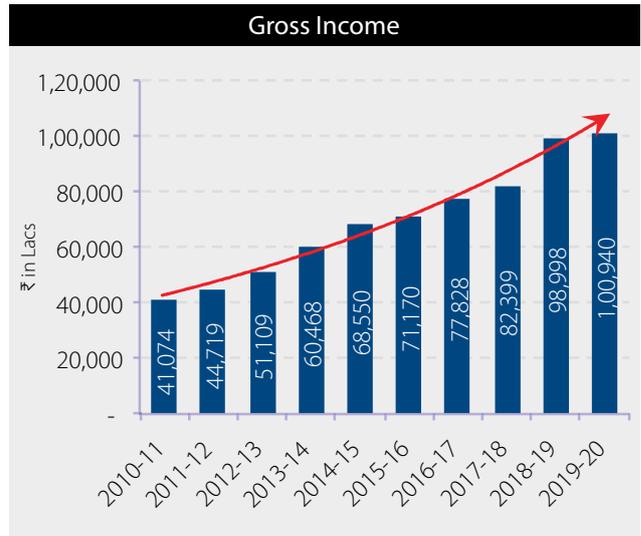
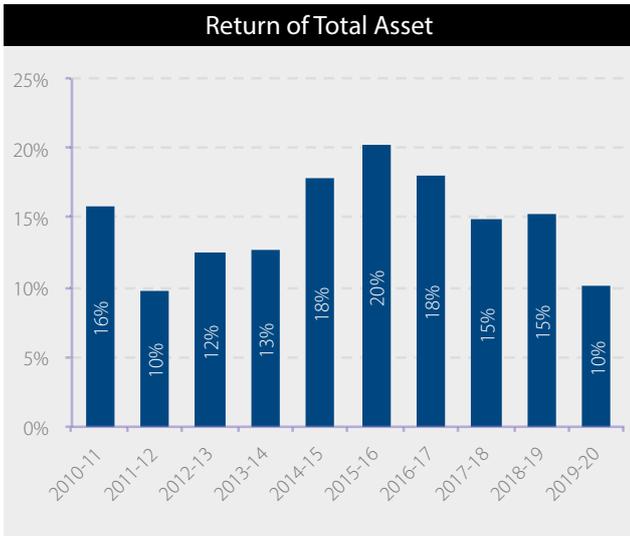
	As per previous GAAP							As per Ind As		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross income	41073.52	44718.85	51108.91	60467.90	68550.14	71169.66	77827.95	82399.43	98997.81	100939.70
Gross expenditure	37133.90	40449.17	45524.11	54190.59	58942.25	59415.61	64359.37	68792.26	82942.63	86763.47
Finance Costs	916.09	1176.24	1399.33	1293.50	1365.19	1339.85	1074.86	1368.76	1467.95	1549.83
Operating profit	3023.53	3093.44	4185.47	4983.81	8242.70	10414.20	12393.72	12238.41	14587.23	12626.40
Depreciation	977.80	1091.92	1360.55	1458.24	1605.20	1673.38	2054.76	2754.39	2927.95	4167.71
Profit before tax and extraordinary item	2045.73	2001.52	2824.92	3525.57	6637.50	8740.82	10338.96	9484.02	11659.28	8458.69
Extraordinary Item	(1521.19)	-	-	-	-	-	-	-	-	-
Tax - Current tax	1133.27	621.20	715.00	1234.61	2080.19	2602.16	2255.28	2260.93	3246.64	2203.97
-Fringe Benefit Tax	3.44	(9.30)	-	-	-	-	-	-	-	-
-Deferred Tax Charge / (Credit)	50.89	(38.72)	113.80	96.02	283.36	232.54	552.64	472.04	(176.03)	(789.05)
Profit after tax	2379.32	1428.34	1996.12	2194.94	4273.95	5906.12	7531.04	6751.05	8588.67	7043.77
Dividend (including tax)	155.54	228.32	155.54	166.12	170.68	404.91	404.91	404.91	405.32	810.63
Retained Profits	2223.78	1200.02	1840.58	2028.82	4103.27	5501.21	7126.13	6346.14	8183.35	6233.14
Earnings per share (₹)	22.94	13.77	19.25	21.17	41.22	56.96	72.63	65.10	82.83	67.93

## YEAR-END FINANCIAL POSITION FOR TEN YEARS AT A GLANCE

(₹ lakh)

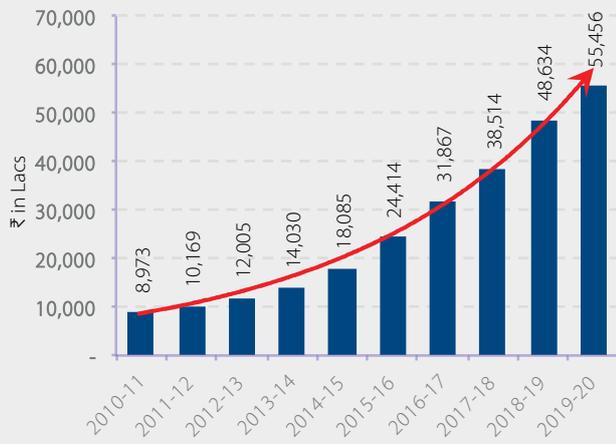
	As per previous GAAP							As per Ind As		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>SOURCES OF FUNDS</b>										
Share capital	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03
Reserves and surplus	7926.40	9121.95	10958.42	12983.45	17038.27	23367.37	30819.92	37467.26	47587.21	54408.64
Shareholder's fund	8973.43	10168.98	12005.45	14030.48	18085.30	24414.40	31866.95	38514.29	48634.24	55455.67
Long term loan	714.71	2881.22	2309.14	2741.09	2116.00	2372.38	4995.56	2916.69	1648.11	5725.61
Bank borrowings	8875.23	8867.04	7732.26	6511.37	8065.24	8399.79	5822.55	8894.22	7139.53	5683.71
Short term loan from banks	1899.97	3077.63	3678.93	4095.07	4883.01	3400.00	4500.00	4000.00	7000.00	4500.00
Loan funds	11489.91	14825.89	13720.33	13347.53	15064.25	14172.17	15318.11	15810.91	15787.64	15909.32
Deferred tax liability(net)	667.22	628.50	742.30	838.32	1121.67	1650.16	2299.47	2875.23	3286.65	2674.60
Funds available	21130.56	25623.37	26468.08	28216.33	34271.22	40236.73	49484.53	57200.43	67708.53	74039.59
<b>APPLICATION OF FUNDS</b>										
Fixed assets	16448.72	19592.96	21726.63	22874.12	26993.74	20412.25	29303.84	34668.47	42429.94	53006.48
Depreciation	6263.14	7350.71	8565.22	9837.35	11072.96	-	2049.66	4667.22	7552.45	11637.21
Fixed asstes ( net )	10185.58	12242.25	13161.41	13036.77	15920.78	20412.25	27254.18	30001.25	34877.49	41369.27
Investments	152.82	152.82	152.82	152.82	152.82	1385.97	1813.96	2185.00	4724.49	5558.13
Other Assets (Net)	10792.16	13228.30	13153.85	15026.74	18197.62	18438.51	20416.39	25014.18	28106.55	27112.19
Funds employed	21130.56	25623.37	26468.08	28216.33	34271.22	40236.73	49484.53	57200.43	67708.53	74039.59

# Financial Highlights



## Financial Highlights

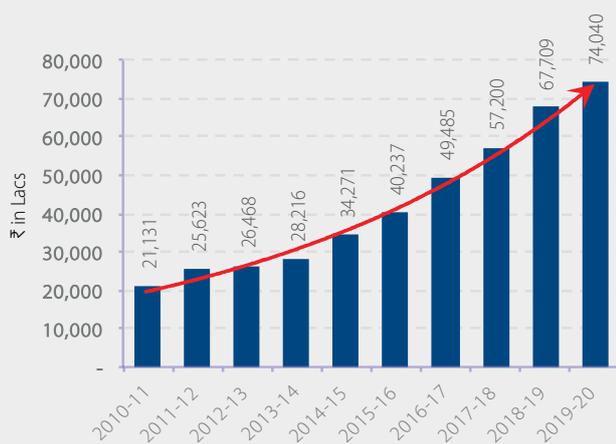
### Shareholders' Equity



### Property, Plant & Equipment



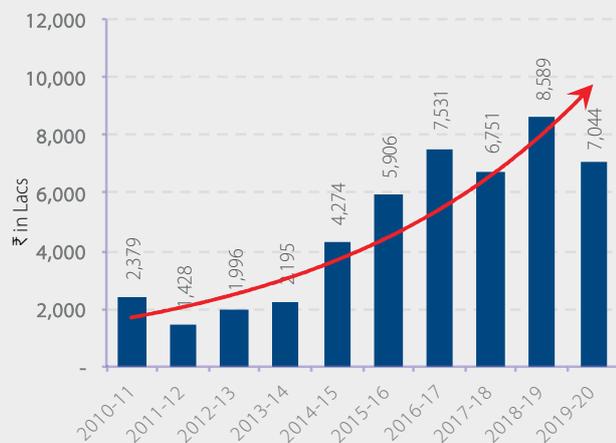
### Net Funds Employed



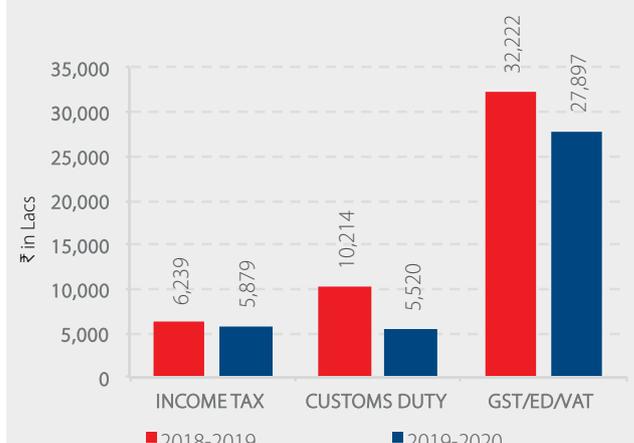
### Net Current Assets



### Profit After Tax



### Group Contribution to Exchequer (Gross)





ECONOMY • EXCELLENCE • ETHICS

## Merino Industries Limited

CIN: U51909WB1965PLC026556

Registered Office: 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata: 700 020

Phone: 033-2290-1214, Fax: 91-33-2287-0314, E-mail: merinokol@merinoindia.com Website: www.merinoindia.com

### NOTICE

#### *To the Members,*

NOTICE is hereby given that the 55th Annual General Meeting of the members of Merino Industries Limited will be held on Wednesday, the 30th day of September, 2020 at 11-30 a.m. through Video Conference (VC) / Other Audio Visual Means (OAVM) facility at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 to transact the following items of business:

#### **AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon;
2. To receive, consider and adopt the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020;
3. To confirm the declaration and payment of first and second Interim Dividend on equity shares for the financial year ended 31st March, 2020;
4. To appoint a Director in place of Shri Nripen Kumar Dugar (DIN: 00127790), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Madhusudan Lohia (DIN: 00063278), who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Ms. Ruchira Lohia (DIN: 00127797), who retires by rotation and being eligible, offers herself for re-appointment.
7. To appoint Auditors and to fix their remuneration and in this regard to consider and pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder as amended from time to time M/s. Singhi & Company, Chartered Accountants (Firm Registration No. 302049E), be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 57th AGM of the Company to be held in the year 2022, at such remuneration plus service tax and out-of-pocket expenses etc. as may be agreed between the Board of Directors of the Company and the Auditors."

#### **AS SPECIAL BUSINESS:**

8. To approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2021 and in this regard to consider and, if thought fit, to pass the following resolution as

an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, Shibtala Street, P.O. Uttarpara, Dist. Hooghly, PIN: 712258 appointed by the Board of Directors to conduct the audit of the cost records relating to the applicable products of the Company for the financial year ending on 31st March, 2021, be paid a remuneration of ₹ 82,500/- plus out of pocket expenses and the Board of Directors be and is hereby authorised to do all acts and take all steps as may be necessary to ensure due compliance to the enactments in this regard for the time being in force to give effect to this resolution."

9. To give authority to the Board of Directors for making donation to charitable and other funds not directly related to the business of the Company and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, authority be and is hereby given to the Board of Directors of the Company to contribute to bonafide and charitable funds (including corpus) upto the limit of ₹10,00,00,000/- (Rupees Ten Crore only) during the financial year 2020-2021 notwithstanding that such amount in the financial year may exceed five percent of the average net profits for the three preceding financial years of the Company."

By order of the Board  
For Merino Industries Limited

Vinamrata Agrawal

Company Secretary

Membership No: ACS 28125

Place: Kolkata

25th August, 2020

#### **Registered Office:**

MERINO INDUSTRIES LIMITED

CIN: U51909WB1965PLC026556

5, Alexandra Court, 60/1, Chowringhee Road,

Kolkata - 700020

Phone: 033 2290-1214

Fax: 2287-0314

E-mail: merinokol@merinoindia.com

Website: www.merinoindia.com

**NOTES:**

1. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, physical attendance of the Members at the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC/OAVM.
3. Those Shareholders having their shares in physical mode and whose email IDs are not registered, are requested to register their email ID with Messrs. C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, the Registrar and Share Transfer Agent (R&STA) of the Company at rta@cbmsl.com, by providing their Name as registered with the R&STA, Address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them. The shareholders having their shares in DEMAT mode are requested to update their email ids with their DP.
4. Central Depository Services (India) Limited (“CDSL”) will be providing facility for voting through remote e-Voting, for participation in the 55th AGM through VC/OAVM Facility and e-Voting during the 55th AGM.
5. Members may join the 55th AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 11-00 a.m. IST i.e. 30 minutes before the time scheduled to start the 55th AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 55th AGM.
6. Members may note that the VC/OAVM Facility, provided by CDSL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 55th AGM without any restriction on account of first-come- first-served principle.
7. The attendance of the Members attending the 55th AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. The statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 concerning the items of special business as per the agenda items to be transacted at this Annual General Meeting is annexed hereto.
9. The notice convening this Annual General Meeting circulated to the members of the Company is made available on the Company’s website at [www.merinoindia.com](http://www.merinoindia.com). All documents referred to in the Notice calling the AGM and the Explanatory Statement are also available on the website of the Company for inspection by the Members.
10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 30th September, 2020. Members seeking to inspect such documents can send an email to [vinamrataagrawal@merinoindia.com](mailto:vinamrataagrawal@merinoindia.com).
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by CDSL.
12. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM together with annual report has been uploaded on the website of the Company at [www.merinoindia.com](http://www.merinoindia.com). The Notice of AGM together with annual report is also available on the website of CDSL (agency for providing the Remote Voting facility) i.e. [www.evotingindia.com](http://www.evotingindia.com).
13. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020.
14. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2020 to 30th September, 2020 (both days inclusive).

15. Members are requested to make all correspondences in connection with shares held by them by addressing letters quoting their folio numbers directly to Messrs. C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, the Registrar and Share Transfer Agent of the Company.
16. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic share accounts, or to the Registrar and Share Transfer Agent of the Company in respect of their physical share folios quoting their Folio Number(s) with a self-attested copy of address proof, i.e. Voter Identity Card, Aadhaar Card, Electric / Telephone (BSNL) Bill or Driving License or Passport. Members are also requested to kindly inform their Bank Account details to Messrs. C B Management Services (P) Limited, the Registrar and Share Transfer Agent of the Company.
17. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
18. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
19. Members holding shares in dematerialised mode are requested to intimate the changes pertaining to their bank account details, NECS mandates, email addresses, nominations, change of addresses, change of names etc. if any, to their Depository Participant (DP) only before 4th September, 2020. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
20. Members are requested to intimate beforehand to the Company their queries, if any, regarding the accounts/notice at least ten days before the meeting to enable the management to keep the information required readily available at the meeting.
21. The Equity Shares of the Company are in the depository set up by the National Securities Depository Limited and Central Depository Services (India) Limited. The shares of the Company are in the dematerialisation list with ISIN No. INE662B01017.
22. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Rules framed thereunder the dividend for the year 2012-2013, which remained unpaid or unclaimed for a period of 7 years, transferred to the Investor Education and Protection Fund established by the Central Government. Any unpaid or unclaimed dividend for the year 2013-2014 onwards

will be deposited with the Investor Education and Protection Fund established by the Central Government as per the table given hereunder:

Financial Year	Date of declaration of Dividend	Due date of transfer to Unpaid Dividend Account	Due date of lodging claim with the Company	Due date for transfer to Investor Education & Protection Fund
2013-2014	11.11.2013	18.12.2013	17.11.2020	17.12.2020
2014-2015	08.08.2014	15.09.2014	14.08.2021	14.09.2021
2015-2016	07.08.2015	14.09.2015	13.08.2022	13.09.2022
2016-2017	27.08.2016	04.10.2016	03.09.2023	03.10.2023
2017-2018	25.09.2017	02.11.2017	01.10.2024	01.11.2024
2018-2019	14.09.2018	22.10.2018	21.09.2025	21.10.2025
2019-2020	23.09.2019	30.10.2019	29.09.2026	29.10.2026
	23.03.2020	29.04.2020	28.03.2027	28.04.2027

Details of the unpaid/unclaimed dividend are also uploaded on the website of the Company at [www.merinoindia.com](http://www.merinoindia.com). Members who have not encashed Interim Dividend 2013 or any subsequent dividend declared by the Company, are advised to write to the Company immediately along with relevant Folio No. or DP ID and Client ID, duly discharged or to the Company's Registrar and Share Transfer Agent to facilitate payment of the dividend.

23. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend does not exceed ₹5000/-. In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address for updation at [merinokol@merinoindia.com](mailto:merinokol@merinoindia.com).
24. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants.
25. Further, in order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending

scanned copy of the following details/documents by email to reach the Company's email address merinokol@merinoindia.com.

- a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received :
  - i) Name and Branch of Bank and Bank Account type;
  - ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
  - iii) 11 digit IFSC Code;
- b. self attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. self attested scanned copy of the PAN Card; and
- d. self attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

26. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, at the earliest once the normalcy is restored.
27. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to the shareholders electronically as a part of its green initiatives in corporate governance. Recognising the spirit of the circular issued by the MCA, the Notice convening the General Meeting will be sent to the e-mail addresses as provided by the shareholders, recorded with their depositories.

**28. Voting through electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at this Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September, 2020 (9:00 a.m.) and ends on 29th September, 2020 (5:00 p.m.). During

this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 23rd September, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter and once the votes on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (ii) The facility for voting will also be made available during the meeting, and those shareholders present in the meeting through VC facility, who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system at the meeting.
- (iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iv) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (v) Click on Shareholders.
- (vi) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> </ul> <p>* In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>

	<b>For Members holding shares in Demat Form and Physical Form</b>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records for the said demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (vi).</li> </ul>

- (x) After entering these details appropriately, click on "SUBMIT" tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xiii) Click on the EVSN for the relevant MERINO INDUSTRIES LIMITED on which you choose to vote.
- (xiv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xvi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xix) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com). You may also contact Mr. Arghya Majumder, Assistant Manager – Business Development, Central Depository Services (India) Limited, Unit No. A-1(II) & (III), Block-A, 1st Floor, 22, Abanindranath Thakur Sarani, Kolkata-700016 or at Toll Free No. 1800-22-5533

29. The e-voting period commences on 27th September, 2020 (9:00 a.m.) and ends on 29th September, 2020 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form may cast their vote electronically.
30. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2020.
31. Ms. Priti Agarwal, Partner of M/s A L & Associates, Practicing Company Secretary (Membership No. ACS 26513 and Certificate of practice No. 9937) has been appointed as the Scrutiniser to scrutinise the e-voting process including the remote e-voting in a fair and transparent manner.

32. The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes cast through remote e-voting, after counting the votes cast at the Annual General Meeting in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutiniser's Report of the votes cast in favour or against, if any and forward to the Chairman of the Meeting.
33. The Results on Resolutions shall be declared after the Annual General Meeting of the Company and the Resolutions will be deemed to be passed on the date of the Annual General Meeting subject to receipt of the requisite number of the votes in favour of the Resolutions.
34. The consolidated Results declared along with the Scrutiniser's Report shall be placed on the Company's website [www.merinoindia.com](http://www.merinoindia.com) and on the website of CDSL within three (3) days of passing of the resolutions at the Annual General Meeting of the Company.

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM (VENUE VOTING) ARE AS UNDER:**

1. The procedure for Venue Voting is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote E-Voting and are otherwise not barred from doing so, shall be eligible to vote through E Voting system in the AGM.
3. Members who have voted through Remote E-Voting will be eligible to attend the AGM and participate thereat. However, they will not be eligible to vote at the AGM. In case any Member who had voted through Remote E-voting, casts his vote again at the Venue Voting, then the Votes cast at the venue voting shall be considered as Invalid.
4. Members are requested to follow the instructions, if any, provided during the currency of the AGM for Venue Voting.
5. The details of the person who may be contacted for any grievances connected with the facility for e-voting (venue voting) shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

**(VENUE VOTING TO BE HELD ON 30TH SEPTEMBER, 2020)**

1. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at [vinamrataagrawal@merinoindia.com](mailto:vinamrataagrawal@merinoindia.com) or at [merinokol@merinoindia.com](mailto:merinokol@merinoindia.com) requesting for participation in the

AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.

2. The facility of joining the AGM through VC/OAVM will be opened 30 minutes before the scheduled start time of the AGM and will be available for members on a first come first served basis.
3. Members who are desirous of attending the AGM through VC/OAVM and whose email IDs are not registered with the company, may get their email IDs registered with the Registrar and Share Transfer Agent by sending an email to [rta@cbmsl.com](mailto:rta@cbmsl.com), with the following credentials:
  - i. Name registered as per the records of the company
  - ii. DPID-Client ID/ Folio Number
  - iii. Email ID to be registered for attending the Meeting.
4. Members may send the above mentioned request at point no (3) latest by Wednesday, 23rd September, 2020. In case of joint holding, the credentials of the first named holder shall be accepted.
5. Members who are desirous of attending the AGM may send their request by 23rd September, 2020. On successful registration with the Company, the invitation to join the AGM will be sent to the Members on their registered email IDs latest by 23rd September, 2020. This will be done on first come first served basis, of at least 1000 members.
6. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above – Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.
7. In case of Android/iPhone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.
8. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.
9. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable

Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

10. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.
11. Institutional Shareholders are encouraged to participate at the AGM through VC/OAVM and vote thereat.

#### OTHER INFORMATION:

- (A) Only those shareholders of the Company who are holding shares either in physical form or in dematerialised form, as on the cut-off date (i.e. Wednesday, 23rd September, 2020), shall be entitled to cast their vote either through remote e- voting or through venue voting through VC/OAVM at the AGM, as the case may be. Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- (B) The remote e-voting period begins on Sunday, 27th September, 2020 at 9:00 A.M. (IST) and ends on Tuesday, 29th September, 2020 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (C) The Members who have cast their vote by remote-evoting prior to the AGM may also attend and participate in the proceedings of the AGM through VC/OAVM but shall not be entitled to cast their votes again.
- (D) The shareholders can opt for only one mode of voting i.e. remote e-voting or venue voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting through VC/OAVM at AGM will not be considered.
- (E) The Board of Directors has appointed Ms. Priti Agarwal, Partner of M/s A L & Associates, Practicing Company Secretary (Membership No. ACS 26513 and Certificate of practice No. 9937), as Scrutiniser to scrutinise the remote e-voting and e-voting at the AGM in a fair and transparent manner and to submit report thereon.
- (F) The results declared along with the Scrutiniser's Report shall be placed on the Company's website at [www.merinoindia.com](http://www.merinoindia.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) immediately and on the Notice Board of the Company at its registered office after the result is declared.
- (G) The Members holding equity shares in physical form are requested to intimate to the Registrar and Share Transfer Agents (R&STA), Messrs. C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, regarding change of address, if any, at the earliest, quoting their registered folio number. Change of address in respect of shares held in dematerialised form is required to be intimated to the concerned Depository Participant.
- (H) Members holding shares in more than one folio in identical order of names are requested to write to Registrar & Share Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
- (I) As per the MCA General Circular 17/2020 dated April 13, 2020, the Notice of the AGM has been sent through electronic mode to only those Members whose email IDs are registered with the Company/ Depository participant. Further, updation if any, will be provided on the website of the Company at [www.merinoindia.com](http://www.merinoindia.com).

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## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 RELATING TO SPECIAL BUSINESS SET OUT IN THE ANNEXED NOTICE

#### RELATING TO ITEM NO. 7

M/s. Singhi & Company, Chartered Accountants (Firm Registration No. 302049E), are the statutory auditors of the Company since 2012-13, appointed at the Annual General Meeting (AGM) of the Company held on 29.09.2012 for a term of 3 (three) years and further re-appointed at the AGM held in 2015 for another term of 5 years and they will complete the said term of their appointment in 2020. Further As per the provisions of section 139 of the Companies Act, 2013 and Rules framed thereunder, it is required to appoint or re-appoint an audit firm as auditors for not more than 2 (two) terms

of 5 (five) consecutive years. The Rules of rotation applies to your company based on the paid-up capital criteria.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors, has at its meeting held on 25th August, 2020, proposed the appointment of M/s. Singhi & Company, being eligible for such appointment, as the statutory auditors of the Company for a further period of 2 (two) years to hold office from the conclusion of the 55th AGM till the conclusion of the 57th AGM of the Company to be held in the year 2022.

None of the Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

#### RELATING TO ITEM NO. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, Shibhala Street, P.O. Uttarpara, Dist. Hooghly, PIN: 712258 to conduct the audit of the cost records of the Company relating to the applicable products for the financial year ending 31st March, 2021 at a remuneration of ₹ 82,500/- plus out of pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be fixed by the shareholders of the Company. Accordingly, their consent is sought for passing an Ordinary Resolution as set out in Item No. 8 of the Notice for fixation of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 8 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

#### RELATING TO ITEM NO. 9

The Company is authorised to contribute to bonafide and charitable funds in terms of Section 181 of the Companies Act, 2013 (the Act).

As per the Act, the Board can contribute to bonafide charitable and other funds and prior permission of shareholders in a general meeting shall be required only if the aggregate contributions in any

Financial Year exceed five percent of the Company's average net profits for the three preceding financial years.

Subject to the approval of the shareholders, the Board has plans to donate upto a maximum limit of ₹10,00,00,000/- (Rupees Ten Crore only) during the Financial Year 2020-21, which exceeds the above limit. The donation would be channelised mainly towards contributions (including corpus) to group managed / other Trust(s) and also to such other Trust(s) as the Board would deem fit. The primary objectives of donations would include eradicating hunger, poverty, promoting preventive health care, sanitation, education, gender equality, empowerment of women, ensuring environmental sustainability, protection of national heritage, undertaking training to promote rural sports, establish, maintain and grant aid to hospitals etc., prime minister's national relief fund or PM CARES Fund and also various other public charitable activities.

As such, the Board recommends passing the resolution.

All the Whole-time Promoter Directors, who also fall under the category of KMP are directly or indirectly interested or concerned, financially or otherwise in the resolution, as substantial donations will be made to the Trust(s) in which they are directly or indirectly concerned and interested to the extent the contribution made to these trusts.

However, none of Shri Nripen Kumar Dugar, Whole-time Director and KMP and Ms. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Bama Prasad Mukhopadhyay, Independent Directors, including their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 9 of the Notice.

The above item of special business to be transacted at this meeting of the company does not relate to or affect any other company.

## Route Map and Prominent Landmark of AGM Venue and Attendance Slip.

In view of the extraordinary circumstances due to COVID-19 pandemic prevailing in the country, MCA vide its Circular No. 14/2020 had clarified that social distancing is a pre-requisite in the current scenario and in reference to clarifications/ Guidance on applicability of Secretarial Standards on General Meetings (SS-2) dated April 15, 2020, the Company will hold the AGM through VC/OAVM, without the physical presence of the Members at the Registered Office of the Company at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020. In view of the directions from MCA, the Meeting is being convened through VC/OAVM and physical presence of the Members are not required at the venue and that the proceedings of the AGM conducted shall be deemed to be made at this venue.





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## Merino Industries Limited

CIN: U51909WB1965PLC026556

Registered Office: 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata: 700 020

Phone: 033-2290-1214, Fax: 91-33-2287-0314, E-mail: merinokol@merinoindia.com Website: www.merinoindia.com

### Ballot Form

Registered Folio No.	DP ID No.	Client ID No.	No. of shares held

Name and address of the sole/

First named shareholder .....

Joint Holder's Name (if any) .....

I/We hereby exercise my/our vote in respect of the Resolutions to be passed in the AGM for the businesses stated in the Notice of the Company dated 25th August, 2020 by sending my/our assent or dissent to the said resolutions by placing a tick (√) mark in the appropriate box below:

Item No.	Description	No. of shares Held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31st March, 2020			
2.	Consideration and adoption of the Audited Consolidated Financial Statement for the year ended 31st March, 2020			
3.	Confirmation of the declaration and payment of first and second Interim Dividend on equity shares for the financial year ended 31st March, 2020			
4.	Approval for re-appointment of Shri Nripen Kumar Dugar (DIN: 00127790) who retires by rotation			
5.	Approval for re-appointment of Shri Madhusudan Lohia (DIN: 00063278) who retires by rotation			
6.	Approval for re-appointment of Ms. Ruchira Lohia (DIN: 00127797) who retires by rotation			
7.	Approval for appointment of Auditors and to fix their remuneration			
8.	Approval for payment of the remuneration of the Cost Auditors for the financial year ending on 31st March, 2021			
9.	Approval to give authority for making donation to charitable and other funds not directly related to the business of the Company			

Place :

Date:

Signature of the Shareholder

**Note:**

- Please read the instructions carefully before exercising your vote.
- The remote e-voting particulars are set out below:

**REMOTE E-VOTING PARTICULARS**

Commencement of remote e-voting	End of remote e-voting
Sunday, 27th September, 2020 at 9:00 A.M.	Tuesday, 29th September, 2020 at 5:00 P.M.

EVSN (E-voting Sequence No.)	USER ID	PAN / SEQUENCE NO.
200826062		

Please read the instructions mentioned in the Notice dated 25th August, 2020 before availing remote e-voting facilities.







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