

The Group's contribution to the exchequer (gross) in FY 2015-16 was Rs 365 Crore; in FY 2016-17 Rs 430 Crore

The Group's contribution to CSR and charity in FY 2015-16 was Rs 14.72 Crore; in FY 2016-17 Rs 17 Crore

THE POWER TO  
CREATE

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(1926–2009)  
**Shri Man Kumar Lohia**  
Founder Chairman and inspiration behind the Merino Group

# Corporate Information

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## Board of Directors

Executive Chairman  
Shri Champa Lal Lohia  
Executive Vice-Chairman  
Shri Rup Chand Lohia  
Managing Director  
Shri Prakash Lohia

## Directors

Miss Ruchira Lohia – Whole-time Director  
Shri Prasan Lohia – Whole-time Director  
Shri Bikash Lohia – Whole-time Director  
Shri Madhusudan Lohia – Whole-time Director  
Shri Nripen Kumar Dugar – Whole-time Director  
Dr. Gautam Bhattacharjee – Independent Director  
Shri Amar Nath Roy – Independent Director  
– Deceased on 12.06.2017  
Shri Sujitendra Krishna Deb – Independent Director  
Shri Sisir Kumar Chakrabarti – Independent Director

## Audit Committee

Shri Sujitendra Krishna Deb – Chairman  
Dr. Gautam Bhattacharjee  
Shri Sisir Kumar Chakrabarti  
Shri Prasan Lohia

## Stakeholders Relationship Committee

Dr. Gautam Bhattacharjee – Chairman  
Shri Prasan Lohia

## Nomination and Remuneration Committee

Shri Sujitendra Krishna Deb – Chairman  
Dr. Gautam Bhattacharjee  
Shri Sisir Kumar Chakrabarti  
Shri Prasan Lohia

## Corporate Social Responsibility Committee

Shri Champa Lal Lohia – Chairman  
Shri Prakash Lohia  
Shri Prasan Lohia  
Dr. Gautam Bhattacharjee

## Chief Financial Officer

Shri Asok Kumar Parui

## Company Secretary

Smt. Sumana Raychaudhuri

## 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

Bhagat & Associates  
Cost Accountants

## Banks

AXIS Bank Limited  
Standard Chartered Bank  
Kotak Mahindra Bank Limited  
IDBI Bank Limited  
Punjab National Bank  
The Hongkong and Shanghai Banking Corporation  
Limited  
DBS Bank Limited  
CITI Bank N.A.

## 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

## The Power to Create

**A**t Merino Industries Limited, we are proud to present our performance for 2016-17.

**I**ndustry observers said it was a challenging year. The real estate sector slowed. The proposed RERA implementation resulted in project postponements. The currency demonetisation affected consumer sentiment.

**A**nd yet, Merino Industries Limited reported its best-ever financial performance in 2016-17.

**R**evenues increased by 11.34% to Rs. 1143 cr; profit after tax strengthened 37.89% to Rs. 133 cr.

**V**alidating the central point that when you possess the power to create across a variety of fronts, the result is one.

**O**utperformance.





At Merino, the  
Power to Create  
represents the  
bottomline of our  
business.

Making it possible to  
address challenges.

Encouraging us to invest  
in initiatives. Empowering  
us to transform realities.

**The power to** create...

**The power to**  
invest in scale.

**The power to**  
effectively brand.

**The power to**  
enhance quality.

**The power to**  
widen variety.

**The power to**  
extend reach.

The result: a robust and  
sustainable business  
model.



### Scale

- India's largest manufacturing capacity of 168 lac sheets per annum; superior economies of scale.
- Three short cycle laminating facilities can produce pre-laminated particle and MDF boards - from 2.5 x 6 ft to 9 x 6 ft
- Among India's handful laminates players to possess a captive printing unit.
- Proactive investment in a plate polishing and cleaning facility for uniform surface finish of stainless steel moulds.
- Only high pressure laminates manufacturer in Asia with chroming and de-chroming facilities comprising chromed stainless steel mould quality (to produce non-directional chromed gloss plates); also manufactures captive formaldehyde and resins.
- Invested in a new manufacturing plant, which will increase Group capacity by more than 15% starting FY18.



### Brand

- India's largest laminates brand (from a Group perspective) with the largest market share.
- Brand spending of more than Rs. 2482.88 lac in 2016-17.
- Investment in ERP to match trends with relevant products.



### Quality

- Merino certified (ISO 9001, ISO 14001 and ISO 18001) for all facilities.
- Research and Development team focuses on continuous innovation and enhanced quality.



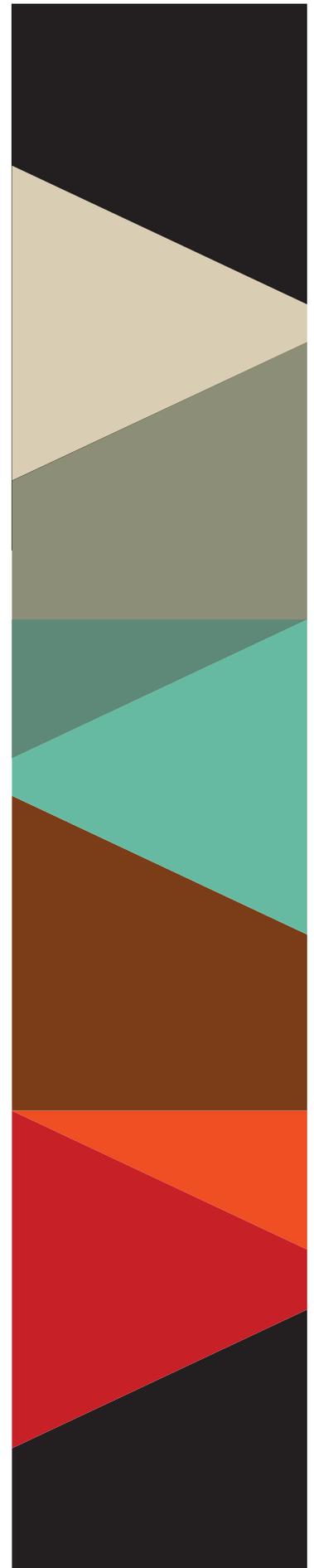
### Variety

- Widened laminates variety to over one lac in the last five years.
- Introduced products based on emerging market trends.



### Reach

- Manufacturing facilities in four locations; offices in more than 10 States.
- Sales presence in more than 50 countries.
- Dealer network of more than 4000 (doubled in five years).
- Multi-regional warehouses for timely product delivery.
- Timely settlement of dealer dues; enhanced dealer loyalty.



CORPORATE IDENTITY

Laminates. Merino  
Industries Limited.  
Virtually synonymous.  
Because Merino is the  
undisputed leader in the  
Indian laminates market.

Widening portfolio  
choice. Outperforming  
market growth.  
Delighting customers.

**Our mission**

Universal Weal through  
Trade & Industry

**Our vision**

Global Competence &  
Global Competitiveness in  
every line of Business by  
Synergising Western Work  
Culture & 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).

**Our inspiration**

Arise, Awake and Stop Not  
till the Goal is Reached -  
Swami Vivekananda

## Our background

The Merino Group was started as a small establishment in 1965 by the late Man Kumar Lohia and his brothers. The Group has since evolved into the largest manufacturer and exporter of laminates in India. The Company is presently an unlisted public limited company.



## Our presence

The Company is head-quartered in Kolkata, West Bengal, with four manufacturing units in Hapur (UP), Rohad (Haryana), Hosur (TN) & Dahej (Gujarat). The Company's dispersed presence makes it possible to address pan-India requirements. Merino products are also marketed in more than 50 countries.

### Manufacturing facilities

Company	Location	Products
Merino Industries Limited	Hapur, Uttar Pradesh	Laminates
		Furniture
		Formaldehyde
		Potato flakes
		Prelam boards
Merino Industries Limited	Hosur, Tamil Nadu	Prelam boards
Merino Industries Limited	Dahej, Gujarat	Laminates
Merino Panel Products Limited	Rohad, Haryana	Laminates
		Plywood
		Prelam boards
		Formaldehyde

## Our products

### Laminates

The Company is one of the largest manufacturers of laminates in India.

### Panel products and furniture division

The Company pioneered the manufacture of panel products like rest-room cubicles that are finding increased applications across public spaces; the furniture division manufactures products like furniture components made out of particle boards, MDF boards and ply boards

### Potato flakes

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

## Our brands

The Company's products are manufactured under the Merino brand. The brand is owned by Merino Industries Limited. The brand stands for trust derived from first-rate quality.

### Awards & certifications

Merino was the first brand in its industry in India to receive the coveted ISO, ISO-9001 and ISO-14001 certifications.

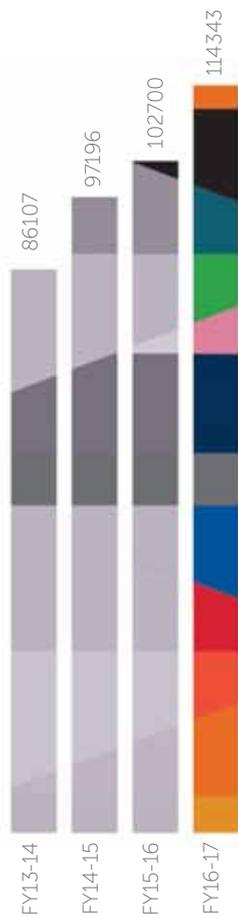
### Merino laminates

- Decorative laminates
- Merinoflex
- Compact laminates
- Speciality laminates
- Merino Edgeit
- Merino Drill and Entry Boards

# Our performance over the years

## Higher revenues

(Rs. lac)



### Definition

Sales growth without deducting excise duties.

### Why we measure

This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

### Performance

Our aggregate sales increased by 11.34% to Rs. 114343 lac in FY 2016-17.

### Value impact

Creates a robust growth engine on which to build profits.

## EBITDA

(Rs. lac)



### Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why we measure

It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

### Performance

The Company's EBITDA grew every single year through the last 4 years. The Company reported a 25.59 % increase in its EBITDA in FY2016-2017 – an outcome of efforts in improving operational efficiency.

## Net Profit (PBT)

(Rs. lac)



### Definition

Profit earned during the year after deducting all expenses and provisions.

### Why we measure

It highlights the strength in the business model in generating value for its shareholders.

### Performance

The Company's net profit grew every single year through the last 4 years. The Company reported a 31.87% increase in its Net Profit in FY2016-17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

### Value impact

Adequate cash pool available for reinvestment, accelerating the growth engine.

## EBITDA margin

(%)



### Definition

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

### Performance

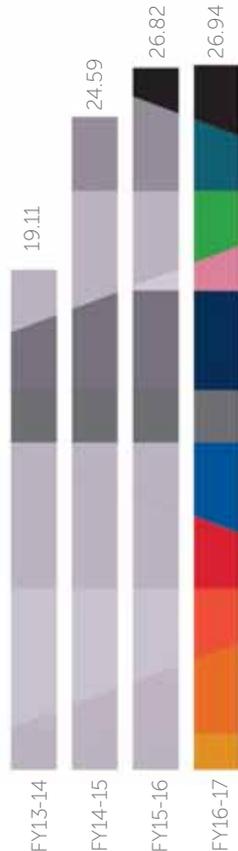
The Company reported a 253 bps increase in EBITDA margin in FY 2016-17.

### Value impact

Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surpluses

## ROCE

(%)



### Definition

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

### Why we measure

ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

### Performance

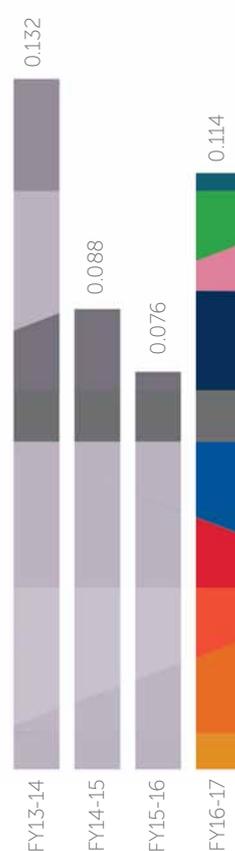
The Company reported a 12 bps increase in ROCE in FY 2016-2017.

### Value impact

Enhanced ROCE can potentially drive valuations and perception (on listing).

## Debt-equity ratio

(%)



### Definition

This is derived through the ratio of debt to net worth (less revaluation reserves).

### Why we measure

This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better).

### Performance

The Company's gearing was 0.114 in FY2016-2017 as against 0.076 in 2015-16.

### Value impact

Enhanced shareholder value by keeping the equity side constant; enhanced flexibility in progressively moderating debt cost.

## Interest cover

(x)



### Definition

This is derived through the division of EBITDA by interest outflow.

### Why we measure

Interest cover indicates the Company's comfort in servicing interest, the highest the better.

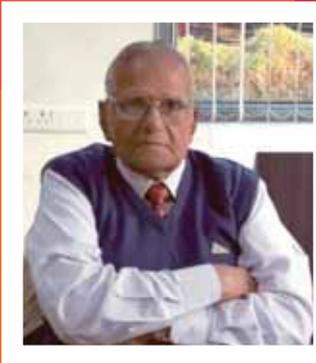
### Performance

The Company strengthened its interest cover (times) from 11.48 in FY2015-16 to 19.42 in FY2016-17.

### Value impact

Enhanced cash flows.

# Executive Chairman's Message



Over the years, Merino has seen substantial and continuous growth, and has made a name as one of the most technologically advanced organisations in India's laminates industry.

*Dear Shareholders*

I am pleased to present before you the highlights of our Company's performance for the financial year 2016-17 alongside the achievements and the initiatives adopted for sustained business growth.

After a sluggish phase in 2016-17 notably in the United States and the Euro Zone, the global economy witnessed a recovery with an increase in global trade. As per the World Bank, structural barriers to growth among commodity exporters

in emerging markets are gradually diminishing, and the activities among commodity importers are moving at an accelerated pace. The recovery in global trade coincides with significant investments in the import sector. Global financing conditions have benefited from improved market expectations around growth prospects. Capital inflows in emerging market and developing economies have been robust in the first half of 2017.

In India, an increase in government spending on capital formation has partially neutralised soft private investment. Despite the decline in remittance inflows, foreign reserves have increased and exchange rates have remained stable with a rise in Foreign Direct Investment.

Globally, the brand "Merino" symbolises quality and reliability in terms of both, its products and services. We focus on all-round development by constantly exploring new opportunities, retaining talent and adhering to good corporate governance practices.

Over the years, Merino has seen substantial and continuous growth in its activities, and has made a name as one of the most technologically advanced organisations in the Indian laminates industry. In the year 2016-17, the Group recorded a revenue of Rs. 114343.21 lac, registering a growth of 11.34% over 2015-16.

# 114,343

(Rs. in lac) Revenue recorded by the Group, growth of 11.34% over 2015-16.



With our new plant at Dahej, Gujarat, our primary focus is to expand the current level of operations. Over the next few years, we plan to make significant investments in our business operations.

While reinforcing the foundations of our business, we need to emphasise that though operational strength has been the key to our significant growth and expansion, our commitment to our large customer base has played an equally important role in our journey. We have conducted several customer-oriented promotion campaigns to acquire new customers and retain existing ones, consciously focusing on customer segmentation to understand their needs better and create product designs that suit their requirements and expectations. Various initiatives adopted by us are yielding rich rewards.

On the product front, the Company showcased several impressive new products at the Big 5-Dubai & Interzum Expo (Germany), with a line-up that included a new range of decorative laminates, to be launched in the coming months with special features such as: Fin guard, Gloss Meister & Harmony. The products have already managed to create significant enthusiasm among potential customers. Our products launched last year, including wall claddings – internal & external – are faring exceptionally well in the market.

Corporate Social Responsibility activities have always been a priority to our Company. Free dispensaries and camps for health, eye and dental check-ups, mobile vans with doctors on service are some of the initiatives under our healthcare and medical programme. Our programme, which is supported by the Government of India and WHO has identified the elimination of tuberculosis as one of its objectives.

Under its Hygiene & Sanitation programme, our Company has constructed several toilets and kitchens; it has provided water in and around Hapur, Uttar Pradesh.

### Contributions to the exchequer

The Group has contributed Rs. 43000 Lac to the exchequer towards various taxes and duties, both direct and indirect, during the year under review.

### Acknowledgements

As we enter our 53rd year of business, I express my heartfelt gratitude to all the shareholders, customers, business partners, banks and financial institutions for their relentless faith in our strength and capabilities. I also thank all our employees for their constant contribution towards achieving our goals.

Jai Hind.

**Champa Lal Lohia**  
*Executive Chairman*

Kolkata, 19th June, 2017

# At Merino, we have created a robust business model.

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## SECTORAL CONTEXT

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	Implementation of GST is expected to create level playing field for the organised players against the unorganised ones.
	Growing focus on affordable housing, lower interest rates and increasing number of nuclear families driving real estate demand
	Ethical business practice has re-defined the business model
	Growing aspirations with increasing per capita income
	Exposure to social media and internet is driving the growth of well-designed interiors
	Increasing application like interiors of furniture to drive demand



# This business model is directed at generating attractive, scalable and sustainable growth.

## ADDRESSING THE SECTORAL REALITIES

	Invested in ERP to access real time data for better decision-making
	ISO certified units ensured stringent quality checks
	Introduced innovative products like rest-room cubicles
	Strong brand respected for quality and reliability
	A balanced mix of promoters and professionals
	Invested in process automation to enhance manufacturing consistency
	Created the largest laminates capacity in India

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## OUR BUSINESS-STRENGTHENING INITIATIVES

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## EFFECTIVENESS OF OUR BUSINESS MODEL

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	Increase in margins: operating margin improved from 12.63% in FY14 to 22.11% in FY17
	Cash on books of Rs. 53.48 crore; a high interest cover of 19.42x
	Rising exports with better margins
	Robust Balance Sheet with a long-term debt-equity ratio of 0.114, indicating adequate cash-richness
	Market leadership with consistent increase in market share over the last five years
	Revenues increased 11.34% in FY17 corresponding to 31.87% growth in PBT



# How we have strengthened Merino over the years

## MERINO HAD SIZABLE DEBT ON ITS BOOKS IN 2012-13

The Company began to redeploy accruals in debt liquidation

Prudential debt management has improved the credit rating by CARE / CRISIL rating agencies to AA-

Decline in interest enhanced liquidity

Long-term debt-equity ratio has strengthened to 0.11 in 2016-17 (peak 0.13 in 2013-14)

## MERINO WAS LARGELY AN INDIA-CENTRIC COMPANY UNTIL 1981

The Company began to manufacture a world-class product quality

The Company widened its export presence to over 50 countries as on 31st March 2017

The Company derived more than 27.47% of revenues from exports in 2016-17

The Company has emerged among the largest laminate exporting companies in India

## MERINO WAS LARGELY A SINGLE-PRODUCT COMPANY FOR A CONSIDERABLE WHILE

The Company widened its product mix into synergistic areas

The Company extended to pre-laminated boards, performance laminates, rest-room enclosures, plywood, post-laminated products and furniture

The Company's revenue broad-basing has helped strengthen de-risking

## MERINO WAS LARGELY A MANUFACTURING-DRIVEN COMPANY

The Company strengthened its marketing

The Company designed schemes to engage dealers and carpenters

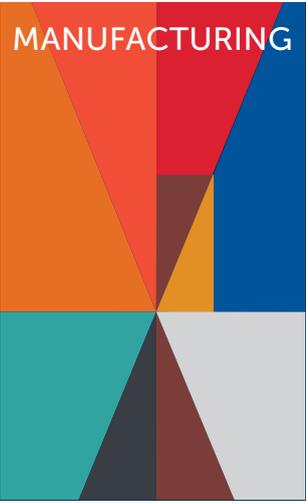
The initiatives strengthened a quicker offtake of value-added laminates

# Our strengths



## BACKGROUND

**Promoter-driven:** The promoters, possessing decades of sectoral experience, are engaged hands-on in the business.



## MANUFACTURING

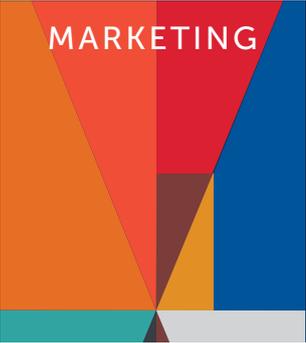
**Scale:** The Merino Group is the largest laminate manufacturer in India, enjoying attractive economies of scale.

**Manufacturing excellence:** The Merino Group possesses deep manufacturing capabilities including the complete absorption of manufacturing technologies (including captive printing).

**Lower capital cost:** The Company's project management competence comprises the ability to commence plants on time with correspondingly low capital cost per tonne.

**Infrastructure:** The Company invested in state-of-the-art equipment – treaters and impregnators from Italy over cheaper equipment available from within the country.

**Clean captive fuel:** Merino's manufacturing operations are sustained by the 3 MW co-generation of rice husk, resulting in an attractive saving over the power been derived from the state electricity grid.



## MARKETING

**Wide product range:** Merino's laminates comprise 35 finishes. Different colours, textures and more than 400 designs, arguably the largest among laminate brands in India.

**Solutions:** The complement of laminates, pre-laminate particle boards and furniture represents an interiors solution for customers.

**Value-addition:** Merino's laminates range addresses varied thicknesses (0.6mm, 0.8mm, 1mm and 1.5mm); the value-added 1 mm variety accounts for 40% of revenues.

**Range:** The Company's products have widely varying price range.

**Network:** The Group works with a distribution network of dealers pan-India; it exports products to more than 50 countries.

**Liquidity:** The Company had Rs. 53.48 cr cash on its books towards the close of 2016-17.

**Quality sales:** The Company had 48 days of receivables and negligible bad debts on its books; the Company drew very low level of sanctioned limit.

## Merino. The power to enrich experiences

When Vishal Pathak visited the rest room at New Delhi's world-class T3 airport, he had a feeling that it somehow reminded him of Changi Airport in Singapore.

Was it the perfumed smell? What is the lighting? Was it the colour of the flooring?

And then it struck him.

It was the rest-room panel. Most Indian airports used heavy block doors that are difficult for children and the aged. This rest-room panel was light enough for any child to move; the locking device was simple enough to be activated with a flick; the grey colour was neutral and soothing; the replacement of thick bricks with partitions enhanced cubicle spaciousness.

At Merino Industries, we pioneered the launch of these rest-room cubicles in India. These are now used across every major airport. Bringing the best global standards to our country.

*Merino's power to create helped enhance the Indian user experience.*

## Merino. The power to wow consumers

Savita Kothari was refurbishing her home.

Among the various things recommended by her interior designers were laminates.

The interior designer ended with a recommendation: 'Buy only Merino'.

Savita was not prepared for the experience when she went to the Merino dealer's outlet.

She was virtually overwhelmed with the laminate varieties on offer.

Multi-colours. Multi-segments. Multi-finishes.

But if there was one laminate variety that she could not take her eyes off from was Gloss Meister.

Laminates with a glossy surface.

She liked them so much that she not only brought them for exterior applications but internal as well.

*Merino's power to create transformed her interest into delight.*

Merino is more than just another laminate brand. It is a pioneer

### Rest-room cubicles

The Company was the first in India to introduce indigenous rest-room cubicles. Ideal for airports and malls. All major Indian airports use Merino rest-room cubicles.

### Gloss Meister

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

### Maintenance

Captive plate polishing capability for stainless steel moulds for laminates manufacturing; perhaps the only player in the country to possessing this cutting-edge technology.

### Co-generation

The Company was the first in the sector to invest in power co-generation (2.75 MW), showcasing its environment commitment.

# India. Merino. Consumer delight

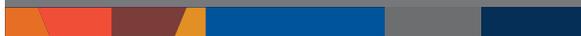
94130

India's per capita income (Rs) in 2015-16

103,219

India's per capita income (Rs) in 2016-17

Increase in per capita income means increased spending on interior infrastructure like laminates



434

The number of Indians living in urban areas in 2015 (million)

600

The number of Indians estimated to live in urban areas by 2031 (million)

The projected increase in India's urban population is likely to enhance the demand for homes and consequently for laminates



1411

Total consumption expenditure in India, 2014 (in USD billion)

3600

Projected total consumption expenditure in India, 2020 (in USD billion)

Increase in consumption expenditure will catalyse the demand for laminates



516

Rural per capita disposable incomes in India, 2015 (in US\$)

631

Projected rural per capita disposable income in India, 2020 (in US\$)

The projected increase in per capita incomes could lead to enhanced consumption, strengthening the offtake for laminates and related products



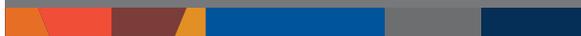
8

Share of elite and affluent households in India's consumption expenditure, 2016 (in %)

16

Projected share of India's elite and affluent households in the country's consumption expenditure, 2025 (in %)

A growth in spending by India's elite and affluent households is likely to strengthen the offtake of laminates



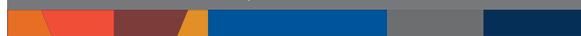
267

India's middle-class population, 2016 (in Million)

547

The size of India's projected middle-class, 2026 (in Million)

A rapid growth in India's middle-class is expected to sustain the growth of interior infrastructure products like laminates



70

Proportion of nuclear families, 2016 (in %)

74

Proportion of nuclear families, 2025 (in %)

The increase in the number of nuclear families could translate into a larger need for homes (and hence, laminates)



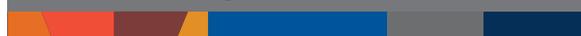
860

Estimated workforce of India, 2016-17 (million)

940

Estimated workforce of India, 2020-21 (million)

A larger working population could translate into enhanced consumption expenditure, driving laminates offtake



# At Merino, the power to distribute wide and deep is derived from the Company's ability to inspire dealer and distributor loyalty



We have been Merino distributors for a quarter of a century. Why we have endured as distributors? Because Merino always makes distributors feel like they are working with them rather than working for them. The Merino brand contributes 65-70% of our company's revenues. Thanks to Merino, our total showroom area increased from 400 sq. ft. to 3800 sq. ft. in the last five years!"

**Shri Gautamraj Talesara,**  
*Vasant Laminates, Pune*



We have been associated with Merino since 1982. Merino made it possible for us to grow our size from 1000 sq ft to 1700 sq ft. in addition to a new showroom being commissioned. The result is that we have already five-folded our revenues in the last five years – and this could be just the beginning."

**Shri Chetan Oswal,**  
*Manikchand Plywood, Pune*



Our Merino relationship is over 35 years old. Merino is to us what blood is to the body. We have marketed for Merino since inception and share a very good bonding. The result is that Merino contributes 50% to our revenues. The reason why Merino has created successful traction is that the brand has improved designs, offering something new for all kinds of customers."

**Shri Bharat Zaveri,**  
*Amber Enterprises, Mumbai*



We have been a Merino dealer and distributor for seven years. We have almost quadrupled our turnover in the last few years. From a network of 300 dealers, I work with more than 1000 dealers today."

**Shri Gajendra**  
*Foresight Impex, Bangalore*



We were a Merino dealer; we are a distributor today. The one thing that we absorbed from Merino was professionalism. The result is that we started with a single shop and now have six shops. The result is that 75% of our revenues are generated from this single brand. If there is one reason why we stayed with Merino, it is because the Company is transparent related to its policies and lives by its values.

**Shri Kamal**  
*Kesaav Ply n Laminates, Chennai*



As a Merino distributor, we work exclusively with the Company. While some would see a risk in this, the reality is that we have grown revenues 4x leading to 2016-17. We have around 200 dealers in our network, this figure growing consistently on account of the Company being able to understand consumer preferences and introducing attractive designs."

**Shri Sanjay**  
*Zillion, Surat*

# Directors' Report

TO THE SHAREHOLDERS

*Dear Shareholders,*

Your directors are pleased to present their Fifty-Second Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2017.

## FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

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

(Rs. Lac)

Particulars	Standalone performance		Consolidated performance	
	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2017	Year ended 31st March 2016
Total Revenue (Net)	72731.45	66234.12	108804.51	97109.30
Profit before taxation	9961.86	8740.82	19350.20	14673.48
Less: Tax Expense	2693.59	2834.70	6082.64	5051.75
Profit before Minority Interest	7268.27	5906.12	13267.56	9621.73
Less: Minority Interest	-	-	1561.44	986.63
<b>Profit after tax</b>	<b>7268.27</b>	<b>5906.12</b>	<b>11706.12</b>	<b>8635.10</b>
Add: Balance Brought Forward from the previous year	17477.38	12566.78	27360.13	20043.00
Balance	24745.65	18472.90	39066.25	28678.10
Appropriations:				
Interim Dividend	362.94	362.94	362.94	362.94
Dividend distribution tax on interim dividend	41.97	41.97	73.88	73.88
General Reserve	726.83	590.61	1186.64	881.15
<b>TOTAL</b>	<b>1131.74</b>	<b>995.52</b>	<b>1623.46</b>	<b>1317.97</b>
Balance Profit Carried Forward	23613.91	17477.38	37442.79	27360.13

## ECONOMIC OVERVIEW

Following a sluggish growth in 2016, the global economic activity is expected to pick up momentum in 2017-18, particularly in emerging market economies. The reason had been the stronger-than-expected growth pace in advanced economies, mostly due to reduced drag from inventories and some recovery in manufacturing output.

Among advanced economies, activity rebounded strongly in the United States after a weak first half of 2016, and the economy is approaching full employment. Output remains below potential in several other advanced economies, particularly in the euro zone.

The status of the emerging market and developing economies remains much more diverse. The growth rate in China was a bit stronger than projected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey,

which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

Geopolitical risks and a range of other non-economic factors continue to weigh on the outlook in various regions.

In those advanced economies where output gaps are still negative and wage pressures muted, the risk of persistent low inflation (or deflation, in some cases) remains.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund. The Government of India forecast that the Indian economy would grow by 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian economy is expected to grow between 6.75 and 7.5 per cent in FY 2017-18.

Over the medium run, the implementation of the Goods and Services Tax (GST), follow-up to demonetisation, and

enacting other structural reforms should take the economy towards its potential real GDP growth of 8 per cent to 10 per cent. The Government of India announced demonetisation of high denomination bank notes of Rs. 1000 and Rs. 500, with effect on November 8, 2016, in order to eliminate black money and the growing menace of fake Indian currency notes, thereby creating opportunities for improvement in economic growth.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like "Make in India" and "Digital India". Shri Narendra Modi, Hon'ble Prime Minister of India, has launched the Make in India initiative with an aim to increase the purchasing power of an average Indian consumer, which would further boost demand, and ultimately, spur development and benefit investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

According to Indian Laminates Manufacturers Association, there is huge growth in Decorative Laminates manufacturing capacity in this country. This boom in capacity has given rise to sub product categories which is an obvious fall out of oversupply. High HPL Capacities is impacting the markets with every day growing competition to increased offerings of thin sheets in various markets. The cheaper offerings for door sized laminates had also fuelled high growth for laminates, providing a foray into rural belts. Decorative laminates market size is estimated to surpass 12 billion square meters by 2023, growing at more than 5.5% CAGR from 2016 to 2023 as quoted in Industry Analysis Report. Rapid industrialisation and increasing trend for customised and attractive interior for homes and offices is anticipated to fuel the demand for laminates worldwide.

With the government's continued focus on low cost housing and infrastructure, demand for laminates and plywood is likely to grow along with it. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism.

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

Your Company recorded a total revenue of Rs. 72731.45 Lac as compared to Rs. 66234.12 Lac in the previous year. There was an increase in profits during the year under review, the profit before tax indicating an increase by Rs. 1221.04 Lac

as compared to previous year's figures. The Company's net profit after taxes stood at Rs. 7268.27 Lac as against Rs.5906.12 Lac last year.

During the year under review, the FOB value of exports of the Company amounted to Rs. 15843.68 Lac as against Rs.15103.50 Lac of last year.

The Consolidated total revenue (net) for Financial Year 2016-17 stood at Rs. 108804.51 Lac as compared with the previous year's figures of Rs. 97109.30 Lac. The consolidated profit before tax was Rs. 19350.20 Lac as against Rs.14673.48 Lac, in the previous year. The consolidated profit after tax and minority interest is Rs. 11706.12 Lac as compared to the previous year's figures of Rs. 8635.10 Lac.

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 Rs. 51813.02 Lac as against Rs.48412.81 Lac, Panel Products Rs. 13324.86 Lac as against Rs. 12106.13 Lac and Potato Flakes Rs. 4790.16 Lac as against Rs. 5154.20 Lac in the previous year. As per Segment Reporting, the Profit before tax for Laminates segment was Rs. 12936.16 Lac (previous year Rs.12037.17 Lac), for Panel Products Rs. 676.10 Lac (previous year Rs.864.51 Lac) and Loss for Potato Flakes Rs. 979.62 Lac (previous year loss of Rs. 925.93 Lac). The results of the Potato Flakes division were affected by some external factors (adverse price movements of potatoes and pollution issues) that have since been addressed.

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

### **Laminates Project at Dahej, Gujarat**

As you are aware, the Company had set up a new Laminates manufacturing unit during the year under review, at Dahej, Gujarat, mainly to cater to West Indian markets. The Company has been successful in establishing a strong marketing network in this region. The factory had since become operative and commenced production on 30.03.2017.

### **DIVIDEND AND RESERVES**

Your Company declared and paid Interim Dividend at the rate of Rs. 3.50 per share for Financial Year 2016-17 duly approved at the Board meeting held on 27.08.2016. 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 Rs. 726.83 Lac to the General Reserve during the year under review, as against Rs. 590.61 Lac in the previous year.

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

The unclaimed and unpaid interim dividends relating to the financial year 2009-2010 were due for transfer on 11.09.2016 and 07.04.2017 respectively, to the Investor Education and Protection Fund established by the Central Government. These were transferred on 05.09.2016 and 31.03.2017, respectively.

#### **SHARE CAPITAL**

The paid-up equity share capital as at 31st March, 2017 stood at Rs. 1047.03 Lac. During the year under review the Company had neither issued any share with differential voting rights nor has 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 2016-17 has been enclosed as Annexure 1.

#### **NUMBER OF BOARD MEETINGS**

During the year under review, five (5) meetings of the Board of Directors of the Company were held i.e. on 08.06.2016, 27.08.2016, 26.09.2016, 21.01.2017 and 25.03.2017.

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

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to Financial Statements.

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

Your Company has formulated a policy on dealing with Related Party Transactions which has 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 Companies Act, 2013. However, the transactions with related parties entered into

during the year under review, are disclosed in the Note 35 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 and during the year under review, its total revenue (gross) from operations increased by Rs. 6198.56 Lac as compared to that of the previous year and the Profit before tax for the year increased to Rs. 9548.58 Lac as against Rs. 6109.09 Lac in the previous year. During the year, the F.O.B. value of its exports amounted to Rs. 13694.29 Lac. 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, better 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 in addressing business risks is comprehensive and includes review of such risks at periodic

intervals and a framework for mitigation of controls and reporting mechanism of such risks. The Company towards accomplishment of its objective for proper implementation and governance of Risk Management Policy and Structure has sketched its Project Objectives, Project Milestones and Project Charter.

A Risk Management Committee has been formed by the Board of Directors comprising Shri Prakash Lohia, Managing Director, Ms. Ruchira Lohia and Shri Prasan Lohia, Whole-Time Directors, Shri Riaz Ahmed, Consultant and Shri Asok Kumar Parui, Chief Financial Officer. Shri Prakash Lohia is the Chairman of the Committee.

The risks can be categorised under the following broad heads:

- **Strategic Risks:** These types of risks are associated with primary long-term goals, objectives and directions of business.
- **Operation Risks:** These types of risks are associated with day-to-day business affairs of the Group.
- **Financial Risks:** These types of risks are associated with the processes, techniques and instruments utilised to manage the finance of the organisation.
- **Compliance Risks:** These types of risks are associated with the inability of the Company to comply with applicable laws, rules and regulations as well as to the legalities of contracts or arrangements.

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.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

It is a matter of great regret that Shri Amar Nath Roy, Director, left for his heavenly abode on 12th June, 2017. Your Directors place on record the 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.

The terms of appointment of Dr. Gautam Bhattacharjee (DIN 00109269) as Independent Director will expire at the ensuing Annual General Meeting of the Company. His re-appointment as Independent Director of the Company is subject to the approval of the Members at the ensuing Annual General Meeting of the Company in accordance with the provisions of the Act and the rules made thereunder. If re-appointed in the capacity of Independent Director, he will hold office from the conclusion of this Annual General

Meeting till the conclusion of the 57th Annual General Meeting of the Company in the calendar year 2022.

With your approval at the last annual general meeting held on 31.08.2016, Shri Prasan Lohia (DIN: 00061111) and Miss Ruchira Lohia (DIN: 00127797) were re-appointed as Whole-time Directors both for a further period of three years, effective 01.10.2016 and 01.04.2017 respectively, Shri Prakash Lohia (DIN: 00063274) was re-appointed as Managing Director for a further period of three years, effective 01.03.2017.

Shri Nripen Kumar Dugar (DIN 00127790) and Shri Madhusudan Lohia (DIN 00063278), Whole-time Directors retire at this Annual General Meeting and being eligible offer themselves for re-election.

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

Your Company maintains apposite systems of internal financial controls for ensuring adequacy and operating effectiveness of financial controls in the Company. Your Company has built up a control framework for ensuring efficient conduct of its business operations. It also ensures safeguard of assets, particularly fixed assets, prevention and detection of frauds and errors and also ensures accuracy and completeness 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 warrant constant identification of control gaps and initiation of remedial actions for mitigation of the gaps by the management.

## DEPOSITS

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

## DECLARATION BY INDEPENDENT DIRECTORS

Shri Amar Nath Roy (DIN 00109280), Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN: 03524764) and Shri Sisir Kumar Chakrabarti (DIN: 02848624), 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), was appointed with your approval at the 50th AGM to hold such office till the conclusion of the 55th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has

recommended for the ratification of the Members for the appointment and fixation of remuneration of M/s. Singhi & Co. for the financial year 2017-18 from the conclusion of the ensuing AGM till the conclusion of the 53rd AGM. Appropriate resolution in respect of the above is appearing in the Notice convening the 52nd AGM of the Company.

### 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. K. Labh & Co., a firm of Company Secretaries in Practice (CP No. 3238) to conduct the secretarial audit of the Company. The secretarial audit report for the Financial Year 2016-17 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 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. Bhagat & Associates, Cost Accountants (FRN: 100195) as Cost Auditor to audit the cost accounts of the Company for the financial year 2016-17. Currently, due to certain difficulties being faced by Shri Ashok Bhagat, Proprietor of M/s. Bhagat & Associates, Cost Accountants in the current financial year (i.e. 2017-18), the firm was unable to discharge its functions effectively. In view of this, the Board appointed the Firm, M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co. (FRN. 000206) as Cost Auditor for the financial year 2017-18. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor for the said period forms part of the Notice convening the Annual General Meeting.

The Cost Audit Report for the financial year 2015-16 was filed in Form CRA-4 with the Ministry of Corporate Affairs on 25.10.2016.

### CORPORATE SOCIAL RESPONSIBILITY

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

Educational and Empowerment Programmes includes within its ambit 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 and Digital Payment Drive.

Your Company has carried out CSR activities and spent the requisite amounts 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.

Erstwhile the Committee comprised Shri Amar Nath Roy (DIN 00109280), Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN 03524764) and Shri Sisir Kumar Chakrabarti (DIN 02848624), Independent Directors, Shri Prasan Lohia (DIN 00061111), Whole-time Director as members of the Committee. Mrs. Sumana Raychaudhuri being the Company Secretary of the Company acts as the Secretary to the Committee. Due to the sudden demise on 12.06.2017 of Shri Amar Nath Roy, the Committee was reconstituted w.e.f. 19.06.2017 with Shri Sujitendra Krishna Deb, Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Prasan Lohia as Members of the Committee.

The Committee actively reviews the adequacy and operating effectiveness of the internal control systems and suggests improvements to strengthen the same. During the fiscal 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, evaluation for selection 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.

Erstwhile the Committee comprised Shri Amar Nath Roy (DIN 00109280), Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN 03524764) and Shri Sisir

Kumar Chakrabarti (DIN 02848624), Independent Directors, Shri Prasan Lohia (DIN 00061111), Whole-time Director as members of the Committee. Mrs. Sumana Raychaudhuri being the Company Secretary of the Company acts as the Secretary to the Committee. Due to the sudden demise on 12.06.2017 of Shri Amar Nath Roy, the Committee was reconstituted w.e.f. 19.06.2017 with Shri Sujitendra Krishna Deb, Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Prasan Lohia as Members of 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.

Erstwhile the Committee comprised Shri Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269), Independent Directors, Shri Prasan Lohia (DIN 00061111), Whole-time Director. Mrs. Sumana Raychaudhuri being the Company Secretary of the Company acts as the Secretary to the Committee. Due to the sudden demise on 12.06.2017 of Shri Amar Nath Roy, the Committee was reconstituted w.e.f. 19.06.2017 with Dr. Gautam Bhattacharjee and Shri Prasan Lohia as Members of 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 an Internal Complaints Committee of your Company was re-constituted on 02.01.2017 to inter-alia, prevent discrimination and sexual harassment against woman at your Company's work place thus ensuring support to the victimised and termination of harassment and

to advise apposite disciplinary action against the offender. 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, the Board of Directors, of your Company to the best of their knowledge and ability, confirm 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 while sincerely acknowledging the significant contributions made by all the employees of the Company.

For and on behalf of the Board of Directors

Kolkata  
19th June, 2017

**Champa Lal Lohia**  
Executive Chairman

**ANNEXURE TO DIRECTORS' REPORT**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2017

[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	71.24
2	Furniture & Panel Products	94036000	18.32

**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 (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Promoter</b>									
<b>1</b>	<b>Indian</b>									
(a)	Individuals/ HUF	6272455	169110	6441565	62.12	6272855	169110	6441965	62.12	0.00
(b)	Central Government									
(c)	State Government(s)									
(d)	Bodies Corporate	642900	2742800	3385700	32.65	642900	2742800	3385700	32.65	0.00
(e)	Bank/Financial Institutions									
(f)	Any Other (specify)									
	<b>Sub Total(A)(1)</b>	<b>6915355</b>	<b>2911910</b>	<b>9827265</b>	<b>94.77</b>	<b>6915755</b>	<b>2911910</b>	<b>9827665</b>	<b>94.77</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>									
(a)	NRIs-Individuals									
(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>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	6915355	2911910	9827265	94.77	6915755	2911910	9827665	94.77	0.00
<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	5600	9700	15300	0.15	3950	12900	16850	0.16	0.01
ii)	Overseas									
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	<b>116487</b>	<b>410548</b>	<b>527035</b>	<b>5.08</b>	<b>121437</b>	<b>403648</b>	<b>525085</b>	<b>5.06</b>	<b>-0.02</b>

Sl No.	Category of Shareholder	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others (specify)									
	<b>Sub-Total (B)(2)</b>	<b>122087</b>	<b>420248</b>	<b>542335</b>	<b>5.23</b>	<b>125387</b>	<b>416548</b>	<b>541935</b>	<b>5.23</b>	<b>0.00</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>122087</b>	<b>420248</b>	<b>542335</b>	<b>5.23</b>	<b>125387</b>	<b>416548</b>	<b>541935</b>	<b>5.23</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>7037442</b>	<b>3332158</b>	<b>10369600</b>	<b>100.00</b>	<b>7041142</b>	<b>3328458</b>	<b>10369600</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total ( C )</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>GRAND TOTAL (A)+(B)+(C)</b>	<b>7037442</b>	<b>3332158</b>	<b>10369600</b>	<b>100.00</b>	<b>7041142</b>	<b>3328458</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 (01-04-2016)			Shareholding at the end of the year (31-03-2017)			% 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	3065700	29.56	0.00	0.00
2	BIKASH LOHIA	640300	6.17	0.00	640400	6.18	0.00	0.00
3	DEEPAK LOHIA	615189	5.93	0.00	615189	5.93	0.00	0.00
4	PRAKASH LOHIA	565720	5.46	0.00	565820	5.46	0.00	0.00
5	RUCHIRA LOHIA	508356	4.90	0.00	508456	4.90	0.00	0.00
6	MAN KUMAR LOHIA	425200	4.10	0.00	425200	4.10	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	296435	2.86	0.00	296435	2.86	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	173070	1.67	0.00	173170	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	100000	0.96	0.00	0.00

Sl No.	Shareholder's Name	Shareholding at the beginning of the year ( 01-04-2016 )			Shareholding at the end of the year (31-03-2017 )			% 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	
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	AMARNATH ROY	3000	0.03	0.00	3000	0.03	0.00	0.00
29	GOVIND MUNDRA	2200	0.02	0.00	2200	0.02	0.00	0.00
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

**(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 (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
				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	01-04-2016	3065700	29.56	3065700	29.56
		At the end of the year	31-03-2017			3065700	29.56
2	Bikash Lohia	At the beginning of the year	01-04-2016	640300	6.17	640300	06.17
		Increase	24-06-2016	100	0.00	640400	06.17
		At the end of the year	31-03-2017			640400	06.17
3	Deepak Lohia	At the beginning of the year	01-04-2016	615189	5.93	615189	05.93
		At the end of the year	31-03-2017			615189	05.93
4	Prakash Lohia	At the beginning of the year	01-04-2016	565720	5.46	565720	05.46
		Increase	24-06-2016	100	0	565820	05.46
		At the end of the year	31-03-2017			565820	05.46
5	Ruchira Lohia	At the beginning of the year	01-04-2016	508356	4.90	508356	04.90
		Increase	24-06-2016	100	0	508456	04.90
		At the end of the year	31-03-2017			508456	04.90
6	Man Kumar Lohia	At the beginning of the year	01-04-2016	425200	4.10	425200	04.10
		At the end of the year	31-03-2017			425200	04.10
7	Champalal Lohia	At the beginning of the year	01-04-2016	368400	3.55	368400	03.55
		At the end of the year	31-03-2017			368400	03.55
8	Merino Services Limited	At the beginning of the year	01-04-2016	320000	3.09	320000	03.09
		At the end of the year	31-03-2017			320000	03.09
9	Neera Lohia	At the beginning of the year	01-04-2016	298750	2.88	298750	02.88
		At the end of the year	31-03-2017			298750	02.88
10	Vandana Lohia	At the beginning of the year	01-04-2016	298300	2.88	298300	02.88
		At the end of the year	31-03-2017			298300	02.88
11	Madhusudan Lohia	At the beginning of the year	01-04-2016	296435	2.86	296435	02.86
		At the end of the year	31-03-2017			296435	02.86
12	Meghna Lohia	At the beginning of the year	01-04-2016	264535	2.55	264535	02.55
		At the end of the year	31-03-2017			264535	02.55
13	Tara Devi Lohia	At the beginning of the year	01-04-2016	241100	2.33	241100	02.33

Sl No.	Name	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year (01-04- 2016 to 31-03-2017)	
				No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
		At the end of the year	31-03-2017			241100	02.33
14	Manoj Lohia	At the beginning of the year	01-04-2016	214200	2.07	214200	02.07
		At the end of the year	31-03-2017			214200	02.07
15	Rup Chand Lohia	At the beginning of the year	01-04-2016	205100	1.98	205100	01.98
		At the end of the year	31-03-2017			205100	01.98
16	Abhiroop Lohia	At the beginning of the year	01-04-2016	200000	1.93	200000	01.93
		At the end of the year	31-03-2017			200000	01.93
17	Praveena Lohia	At the beginning of the year	01-04-2016	179800	1.73	179800	01.73
		At the end of the year	31-03-2017			179800	01.73
18	Prasan Lohia	At the beginning of the year	01-04-2016	173070	1.67	173070	01.67
		Increase	24-06-2016	100	0.00	173170	01.67
		At the end of the year	31-03-2017			173170	01.67
19	Sita Devi Lohia	At the beginning of the year	01-04-2016	163400	1.58	163400	01.58
		At the end of the year	31-03-2017			163400	01.58
20	Usha Lohia (U/G Champalal Lohia)	At the beginning of the year	01-04-2016	160000	1.54	160000	01.54
		At the end of the year	31-03-2017			160000	01.54
21	Sheela Lohia	At the beginning of the year	01-04-2016	117500	1.13	117500	01.13
		At the end of the year	31-03-2017			117500	01.13
22	Sashi Lohia	At the beginning of the year	01-04-2016	100000	0.96	100000	00.96
		At the end of the year	31-03-2017			100000	00.96
23	Pragya Lohia	At the beginning of the year	01-04-2016	84500	0.81	84500	00.81
		At the end of the year	31-03-2017			84500	00.81
24	Nayantara Lohia	At the beginning of the year	01-04-2016	80000	0.77	80000	00.77
		At the end of the year	31-03-2017			80000	00.77
25	Prekshi Lohia	At the beginning of the year	01-04-2016	80000	0.77	80000	00.77
		At the end of the year	31-03-2017			80000	00.77
26	Uma Singi	At the beginning of the year	01-04-2016	80000	0.77	80000	00.77
		At the end of the year	31-03-2017			80000	00.77
27	Anuja Lohia	At the beginning of the year	01-04-2016	50000	0.48	50000	00.48
		At the end of the year	31-03-2017			50000	00.48
28	Madan Mohan Singhi	At the beginning of the year	01-04-2016	25900	0.25	25900	00.25
		At the end of the year	31-03-2017			25900	00.25
29	Amar Nath Roy	At the beginning of the year	01-04-2016	3000	0.03	3000	00.03
		At the end of the year	31-03-2017			3000	00.03
30	Govind Mundra	At the beginning of the year	01-04-2016	2200	0.02	2200	00.02
		At the end of the year	31-03-2017			2200	00.02
31	Nripen Kumar Dugar	At the beginning of the year	01-04-2016	600	0.01	600	00.01
		At the end of the year	31-03-2017			600	00.01

**(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 (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
					No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IN3009511415372	Indra Kumar Bagri	At the begining of the year	01-04-2016	2000	0.02	2000	0.02
			Decrease	08-07-2016	9	0.02	1991	0.02
			Decrease	05-08-2016	5	0.02	1986	0.02
			Increase	19-08-2016	1000	0.01	2986	0.03
			Increase	11-11-2016	2000	0.02	4986	0.05
			Decrease	10-02-2017	610	0.01	4376	0.04
			At the end of the year	31-03-2017			4376	0.04
2	0002792	Indra Kumar Bagri	At the begining of the year	01-04-2016	0	0	0	0
			Increase	20-01-2017	1800	0.02	1800	0.02
			Increase	31-03-2017	2300	0.02	4100	0.04
			At the end of the year	31-03-2017			4100	0.04
3	1204920000049869	Sundeeep Navinchandra Ghael	At the begining of the year	01-04-2016	8000	0.08	8000	0.08
			At the end of the year	31-03-2017			8000	0.08
4	0001010	Sanjay Kumar Jain	At the begining of the year	01-04-2016	6400	0.06	6400	0.06
			At the end of the year	31-03-2017			6400	0.06
5	1203480000029188	Sushila Lakhotia	At the begining of the year	01-04-2016	5000	0.05	5000	0.05
			At the end of the year	31-03-2017			5000	0.05
6	0000067	Carefine Woodworks Pvt Ltd	At the begining of the year	01-04-2016	4000	0.04	4000	0.04
			At the end of the year	31-03-2017			4000	0.04
7	IN30264610092287	Sajjan Bhajanka	At the begining of the year	01-04-2016	4000	0.04	4000	0.04
			At the end of the year	31-03-2017			4000	0.04
8	IN30011810022923	Kostub Investment Limited	At the begining of the year	01-04-2016	4000	0.04	4000	0.04
			Decrease	16-09-2016	4000	0.04	0	0
			At the end of the year	31-03-2017			0	0
9	IN30051312185596	Shashi Karan Sharma	At the begining of the year	01-04-2016	4000	0.04	4000	0.04
			Decrease	13-05-2016	4000	0.04	0	0
			At the end of the year	31-03-2017			0	0
10	IN30051312188598	Bikram Kumar Sharma	At the begining of the year	01-04-2016	4000	0.04	4000	0.04
			Decrease	15-04-2016	4000	0.04	0	0
			At the end of the year	31-03-2017			0	0
11	IN30094010202484	Lalit Kumar Poddar	At the begining of the year	01-04-2016	0		0.00	0.00
			Increase	23-09-2016	4000	0.04	4000	0.04
			At the end of the year	31-03-2017			4000	0.04
12	IN30311611423957	M Divya	At the begining of the year	01-04-2016	0	0	0.00	0
			Increase	20-05-2016	4000	0.04	4000	0.04
			At the end of the year	31-03-2017			4000	0.04

Sl No.	Folio no.	Name - For each of the Top 10 Shareholders	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
					No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
13	IN30084510253737	Jayesh Sanmukhlal Ghael	At the begining of the year	01-04-2016	3200	0.03	3200	0.03
			At the end of the year	31-03-2017			3200	0.03
14	0000857	Hemang P Mehta	At the begining of the year	01-04-2016	2900	0.03	2900	0.03
			At the end of the year	31-03-2017			2900	0.03
15	0002794	3A Financial Services Ltd	At the begining of the year	01-04-2016	0	0	0	0
			Increase	20-01-2017	1800	0.02	1800	0.02
			Increase	31-03-2017	1400	0.01	3200	0.03
			At the end of the year	31-03-2017			3200	0.03

## (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 (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
				No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
1	Shri Champalal Lohia- Executive Chairman	At the begining of the year	01-04-2016	368400	3.55	368400	03.55
		At the end of the year	31-03-2017			368400	03.55
2	Shri Prakash Lohia- Managing Director	At the begining of the year	01-04-2016	565720	5.46	565720	05.46
		Increase	24-06-2016	100	0	565820	05.46
		At the end of the year	31-03-2017			565820	05.46
3	Miss Ruchira Lohia- Whole-Time Director	At the begining of the year	01-04-2016	508356	4.90	508356	04.90
		Increase	24-06-2016	100	0	508456	04.90
		At the end of the year	31-03-2017			508456	04.90
4	Shri Rup Chand Lohia- Executive Vice-Chairman	At the begining of the year	01-04-2016	205100	1.98	205100	01.98
		At the end of the year	31-03-2017			205100	01.98
5	Shri Prasan Lohia- Whole-Time Director	At the begining of the year	01-04-2016	173070	1.67	173070	01.67
		Increase	24-06-2016	100	0	173170	01.67
		At the end of the year	31-03-2017			173170	01.67
6	Shri Bikash Lohia- Whole-Time Director	At the begining of the year	01-04-2016	640300	6.17	640300	06.17
		Increase	24-06-2016	100	0.00	640400	06.17
		At the begining of the year	31-03-2017			640400	06.17
7	Shri Madhusudan Lohia- Whole-Time Director	At the begining of the year	01-04-2016	296435	2.86	296435	02.86
		At the end of the year	31-03-2017			296435	02.86
8	Shri Nripen Kr Dugar- Whole-Time Director	At the begining of the year	01-04-2016	600	0.01	600	00.01
		At the end of the year	31-03-2017			600	00.01
9	Shri Amarnath Roy	At the begining of the year	01-04-2016	3000	0.03	3000	00.03
		At the end of the year	31-03-2017			3000	00.03

Sl No.	Name - For each of the Directors and KMP	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
10	Dr. Gautam Bhattacharjee	At the beginning of the year	01-04-2016	0	0	0	00.00
		At the end of the year	31-03-2017	0	0	0	00.00
11	Shri Sujitendra Krishna Deb	At the beginning of the year	01-04-2016	0	0	0	0
		At the end of the year	31-03-2017	0	0	0	0
12	Shri Sisir Kumar Chakrabarti	At the beginning of the year	01-04-2016	0	0	0	0
		At the end of the year	31-03-2017	0	0	0	0
13	Shri Asok Kumar Parui- Chief Financial Officer	At the beginning of the year	01-04-2016	0	0	0	0
		At the end of the year	31-03-2017	0	0	0	0
14	Mrs. Sumana Raychaudhuri- Company Secretary	At the beginning of the year	01-04-2016	0	0	0	0
		At the end of the year	31-03-2017	0	0	0	0

## V. INDEBTEDNESS

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

(Rs. In lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,220.62	3,400.00	-	15,620.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	32.64	22.27	-	54.91
<b>Total (i+ii+iii)</b>	<b>12,253.26</b>	<b>3,422.27</b>	<b>-</b>	<b>15,675.53</b>
<b>Change in Indebtedness during the financial year</b>				
· Addition		1,081.32	-	1,081.32
· Reduction	-276.03		-	-276.03
<b>Net Change</b>	<b>-276.03</b>	<b>1,081.32</b>	<b>-</b>	<b>805.29</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,955.83	4,500.00	-	16,455.83
ii) Interest due but not paid	-	-	-	0.00
iii) Interest accrued but not due	21.40	3.59	-	24.99
<b>Total (i+ii+iii)</b>	<b>11,977.23</b>	<b>4,503.59</b>	<b>-</b>	<b>16,480.82</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**  
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Executive Chairman	Executive Vice-Chairman	Managing Director	Whole-time Directors					Total Amount (Rs. In lac)	
		Shri Champalal Lohia	Shri Rup Chand Lohia	Shri Prakash Lohia	Shri Prasan Lohia	Shri Bikash Lohia	Miss Ruchira Lohia	Shri Madhusudan Lohia	Shri Niripen Kumar Dugar		
1	Gross salary										
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	103.20	59.04	89.10	73.92	73.92	73.92	67.98	50.26		591.34
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.00	1.00	4745	1.00	1.00	1.00	1.00	0		5345
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0	0	0	0	0		0
2	Stock Option	0	0	0	0	0	0	0	0		0
3	Sweat Equity	0	0	0	0	0	0	0	0		0
4	Commission										
	- as % of profit	0	0	0	0	0	0	0	0		0
	- others, specify...	0	0	0	0	0	0	0	0		0
5	Others, please specify										
	P.F.	12.38	7.08	10.69	8.87	8.87	8.87	8.16	0.22		65.15
	GRATUITY	0.00	0.00	0.00	0.52	0.48	0.52	0.34	0.68		2.55
	LEAVE	0.73	0.42	0.63	0.76	0.79	0.76	0.84	0.28		5.20
	Total (A)	117.31	67.54	147.87	85.07	85.06	85.07	78.31	51.44		717.68
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013									

Remuneration to other directors:

(Rs. In lac)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Amar Nath Roy	Dr. Gautam Bhattacharjee	Shri Sujitendra Krishna Deb	Shri Sisir Kumar Chakrabarti	
1	Independent Directors					
	· Fee for attending board / committee meetings	1.6	1.8	1.2	1.2	5.8
	· Commission					
	· Others, please specify					
	Total (1)	1.6	1.8	1.2	1.2	5.8
2	Other Non-Executive Directors					
	· Fee for attending board / committee meetings					
	· Commission					
	· Others, please specify					
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	1.6	1.8	1.2	1.2	5.8
	Total Managerial Remuneration					723.48
	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 MD/Manager/WTD

(Rs. In lac)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer	Company Secretary	
		Shri Asok Kumar Parui	Mrs. Sumana Raychaudhuri	
1	Gross salary			0.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.46	5.52	22.99
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others, please specify			
	GRATUITY	0.93	0.09	1.02
	LEAVE	0.08	0.07	0.16
	P.F.	1.12	0.26	1.38
	Exgratia	0.17	0.17	0.34
	Total (A)	19.76	6.12	25.88

**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>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					

## ANNEXURE-2

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, 2017

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

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

#### A. Conservation of energy:

- (i) The steps taken or impact on conservation of energy
  - a) Installed 30 Lakh Kcal Hot Water Generator at Dahej Plant
  - b) Installed 50 KWP Solar Power Plant at Hosur (Tamil Nadu) to save unit cost and electricity.
  - c) Installed Total 80 KVA Bio Gas Generator at Hapur Plant.
  - d) Installed 500 KW Solar Plant at Hapur Plant
  - e) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamil Nadu.
  - f) Installed Conversion of conventional Lighting System to LED Lighting System at Hapur Plant, U.P. and Dahej Plant, Gujarat
  - g) Installed 200 & 250 CHM Adiabatic Cooling Tower in Place of Conventional cooling towers.
  - h) Installed IE3 Energy efficient motors.
  - i) Installation of STP at Hosur, Tamil Nadu.
- (ii) The steps taken by the company for utilising alternate sources of energy
  - a) Generate 59000 Unit Electric Energy through biogas generator utilising the waste from potato flakes plant.
  - b) Generate 405739 Unit Electric Energy by Roof top Solar generating station.
  - c) Save 100-150 KL water and 300 Units per day by the Adiabatic cooling Tower instead of conversational cooling tower and PHE system in the CCHCS.
  - d) Usage of LED lights Save 30% electric consumption i.e. 500 Units for Plant Lighting.
  - e) Usage of Energy Efficient Motors (IE3) in the process.
- (iii) The capital investment on energy conservation equipment
  - a) 35 TPH boiler which enhances the Power Generation Capacity
  - b) Hot water based Closed Circuit Heating Cooling System which saves water and maintenance cost and enhances the product quality in Hot Press.
  - c) Upgradation of Power Distribution System with advance energy management system and REC certification.
  - d) 660 CMH Adiabatic Cooling Tower for Co-gen to save Water.
  - e) 100Kwp Solar Plant at Dahej

#### B. Technology absorption:

- (i) The efforts made towards technology absorption
  - a) Development of high gloss coating on LPL and HPL panel
  - b) Development of improved Uni colour laminates
  - c) Development of exterior grade compact panel by introducing new technology of UV coating system
  - d) Development of Matt Meistar (Finger Impression resistant super matt).
- (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 requirement
  - b) Solution to customers for Exterior wall cladding
  - c) Product quality and process improvement
  - d) Acoustic Panel development.
  - e) New aesthetic look of LPL and HPL panel
  - f) Special furniture development for international market.
- (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:** Nil
- b) **The year of import:** N.A.
- c) **Whether the technology been fully absorbed?:** N.A.
- d) **If not fully absorbed, areas where this:** N.A.  
has not taken place, reasons thereof
- (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 carried out by the Company 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. Our 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 in the market, both domestic and overseas by developing different value added products.
- (c) **Future of action:**
- a) CE certification for HPL.
- b) EVC test Certificate
- c) REACH Certification
- d) FSC & IMS certification for Dahej Plant
- e) Modification of Establishment of environment testing lab.
- (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 has continued to maintain focus and avail of export opportunities based on economic considerations.

- (ii) Total foreign exchange used and earned (2016-17)

(Rs. In Lac)

<b>Earnings:</b>	
Foreign Exchange earned (F.O.B. Value of exports)	15,843.68
<b>Outgo:</b>	
<b>CIF Value of Imports</b>	
a) Raw materials	18,141.05
b) Components and Spare Parts (including Stores)	287.35
c) Capital Goods	1,197.48
<b>Expenditure in foreign currency</b>	
a) Commission	32.06
b) Travelling	24.38
c) Professional fees	20.74
d) Export Promotion	37.21
e) Royalty / Fees and Subscription	56.78
f) Interest	51.86
g) Purchase of Traded Goods	2042.37
h) Others	36.73
i) Foreign branch office expenses	268.78

### ANNEXURE TO DIRECTORS' REPORT SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 – 700 020  
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Merino Industries Limited having its Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata – 700 020, West Bengal (hereinafter called 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 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 secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2017 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.

#### **Auditors' Responsibility**

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding 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.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Board during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2017 according to the provisions of:

- (i) **The Companies Act, 2013 (the Act) and the rules made there under;**
- (ii) **Secretarial Standards (SS-1 and SS-2) as issued by The Institute of Company Secretaries of India;**

(iii) **The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;**

(iv) **Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.**

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

**Food, Safety and Standards Act, 2006**

to the extent of their applicability to the Company during the financial year ended 31.03.2017 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. 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.

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

The shares of the Company are not listed on any Stock Exchange.

We further report that :

(a) **The Board of Directors of the Company is 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, if any, during the period under review were carried out in compliance with the provisions of the Act.**

(b) **Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.**

(c) **Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.**

(d) **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 **A. K. LABH & Co.**  
*Company Secretaries*

**(CS A. K. LABH)**  
*Practicing Company Secretary*  
FCS – 4848 / CP No.- 3238

Place : Kolkata  
Dated : 19.06.2017

## ANNEXURE-4

### ANNEXURE TO DIRECTORS' REPORT

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, 2017

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

Name	Age (in years)	Designation/ Nature of duties	Gross Remuneration (Rs. in lac)	Qualifications	Experience (Years)	Date of Commencement of Employment	% of Share holding	Previous Employment/ Position held
Shri Champa Lal Lohia	83	Executive Chairman- Policy Decision making and new projects.	117.31	B. Com.	61	01.05.1985	3.55	First employment
Shri Prakash Lohia	65	Managing Director –Management of the business and affairs of the Company as a whole	147.87	B. Tech. (Chem) – IIT Delhi, M.E.P (IIM-Ahmedabad)	40	01.05.1985	5.46	First employment
Shri Rup Chand Lohia	77	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	67.54	B.M.E. (Mech)	55	01.01.2002	1.98	Whole-time Director in Merino Exports Pvt. Ltd.
Shri Prasan Lohia	48	Whole-time Director-Overseeing Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region	85.07	AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA)	25	01.10.2004	1.67	Vice-President (Global Operations) in Merino Industries Ltd.
Ms. Ruchira Lohia	49	Whole-time Director-Public Relations and Overseeing Export and Import functions and marketing of food products	85.07	B.A., M.E.P (IIM-Ahmedabad)	23	01.04.2000	4.90	Vice-President (Delhi Operations) in Merino Industries Ltd.
Shri Bikash Lohia	47	Whole-time Director-Overseeing factory operations and overall management, and addressing Information Technology related issues	85.06	Privately Educated & M.E.P (IIM-Ahmedabad)	25	01.10.2006	6.18	Whole-time Director in Merino Panel Products Ltd.

Name	Age (in years)	Designation/ Nature of duties	Gross Remuneration (Rs. in lac)	Qualifications	Experience (Years)	Date of Commencement of Employment	% of Share holding	Previous Employment/ Position held
Shri Madhusudan Lohia	37	Whole-time Director- Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction	78.31	Graduate in Business Process Management, (Operations & International Business) - Indiana University, U.S.A, Masters in Manufacturing Management, MBA, - Pennsylvania State University, USA.	15	01.10.2006	2.86	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.
Shri Rohit Kaul	48	General Manager - Marketing (South America & Canada)	112.48*	B.E. (Mechanical)	24	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 Rs.60,00,000/- per annum : None**

Note: 1. Gross Remuneration comprises Salary, Gratuity, Leave Encashment and Company's contribution to Provident Fund.

2. The appointments are contractual. Other terms and conditions are as per Company's Rules.

3. Shri Prakash Lohia is a relative of Shri Madhusudan Lohia, Whole-time Director. Shri Champalal 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 Champalal 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 Champalal Lohia, Executive Chairman and Shri Madhusudan Lohia is a relative of Shri Prakash Lohia, Managing Director.

\*4. Net of reimbursement for cost of services from subsidiary Company.

For and on behalf of the Board of Directors

Kolkata  
19th June, 2017

**Champa Lal Lohia**  
Executive Chairman

## ANNEXURE-5

### ANNEXURE 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 Champalal Lohia (Chairman of the Committee)	Executive Chairman	Promoter –Executive
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.

Average net profit of the company for last three financial years: Rs. 6307.67 Lac

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 126.15 Lac

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: Rs. 126.15 Lac

(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. 2013-14, 2014-15 & 2015-16)	Allocated CSR Budget	Actual CSR spent in FY. 2016-17	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, Furniture, Cubicles, Potato Flakes, etc.	Rs. 126.15 Lac	Rs.126.15 lac	Rs.126.15 lac	NIL	N.A.	Project – 1	Mid-day meal program in schools	Promoting education	(1) Local area and (2) Dist. Hapur, Uttar Pradesh, India	Uttar Pradesh	Hapur	Rs.7.54 lac	Rs.7.54 lac	Directly and Through Sri Hara Kasturi Memorial Trust and Sri Hara Kasturi Trust	Sri Hara Kasturi Memorial Trust and Sri Hara Kasturi Trust both are 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 vide the provisions of the Act and the group CSR policy
							Project – 3(a)	Free Health check-up camps	Preventive Health care	(1) Local area, (2) Dist. Hapur, Uttar Pradesh, (3) Dist. Jhajjar, Haryana and (4) Kolkata, West Bengal	Uttar Pradesh, Haryana & West Bengal	Hapur, Jhajjar & Kolkata	Rs.60.61 lac	Rs.60.61 lac	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trust 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 vide the provisions of the Act and the group CSR policy
							Project – 3(b)	Assistance to Ramakrishna Mission Hospital at Vrindaban	Preventive Health care	Vrindaban, Uttar Pradesh,	Uttar Pradesh	Vrindaban	Rs.41.00 lac	Rs.41.00 lac	Directly and Through Sri Hara Kasturi Memorial Trust and Sri Hara Kasturi Trust	Sri Hara Kasturi Memorial Trust and Sri Hara Kasturi Trust both are 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 vide the provisions of the Act and the group CSR policy
							Project-4	Corpus Donation	Corpus Donation	Amount of utilization yet to be finalized by the Trust	Amount of utilization yet to be finalized by the Trust	Amount of utilization yet to be finalized by the trust	Rs. 17.00 lac	Rs. 17.00 lac	Directly and Through Sri Man Kumar Lohia Memorial Trust	Sri Man Kumar Lohia Memorial Trust is the group managed registered trust having regd. office at 5, Alexandra Court, Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and 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

Dr. Gautam Bhattacharjee  
Director

Champalal Lohia  
Chairman, CSR Committee

Date: 19.06.2017

# Corporate Social Responsibility (CSR) Practices of Merino Group

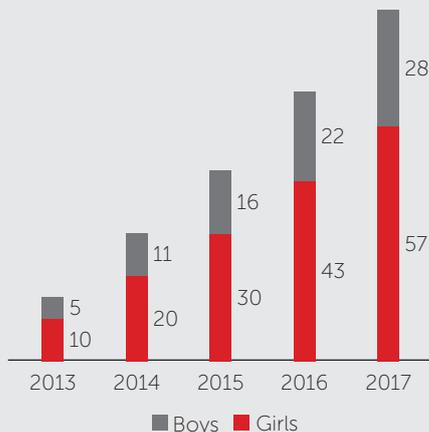


“We want the education by which character is formed, strength of mind is increased, the intellect is expanded, and by which one can stand on one’s own feet.”

Swami Vivekananda



Number of students in SVAV



## I. Educational & Empowerment Programmes

### I.1 Education through Swami Vivekananda Arunoday Vidyalay (SVAV)

Sri Hara Kasturi Memorial Trust (herein after referred to as “the Trust”) runs a primary day school named Swami Vivekananda Arunoday Vidyalaya (SVAV) situated at Hapur, Uttar Pradesh, a coeducational institution established in April 2013 predominantly for girl students. This has made the access to better schooling facilities possible amongst the children of underprivileged or poorest households living in the vicinity of Merino establishments.

Presently the School has students upto class-V comprising eighty-five (85) students - 28 boys and 57 girls, fifteen (15) teaching and fourteen (14) non-teaching staff. The current

teacher to pupil ratio facilitates in effective learning through availability of sufficient staff and modern classroom facilities, viz. modern classrooms with activities-rooms, music centre, computer rooms. Apart from these, provisions for nutritious meals and clothing are also taken care of by the School.

The School Campus has arrangements for all kinds of games and sports facilities. The teaching and non-teaching-staff are actively involved in organizing and ensuring the active participation of all students in cleanliness drives at school, nearby areas and also their homes. These help them to imbibe better attitudes towards activities like care for sanitation, plantation, management of wastes, etc. Students get opportunities to enjoy and learn about contemporary events, cultural heritage and places of historical and cultural importance in the country through various study tours. The School imparts the knowledge of Vedic cultures and practice thereof in initial stages of a student's life.

Methodical approach is adopted by way of imparting adequate teachings, trainings and instructions to the students to prepare themselves for the purpose of getting admission in Class VI in schools of repute once they complete their schooling at SVAV. Depending on their aptitude and proficiency, the School plans to provide necessary counselling and guidance so as to enable the students to select suitable stream after the final examination of Class XII.

SVAV nurtures its students to attain the kind of education that helps build a strong mind and character through intellectual development and self-sufficiency. The School aims at endowing them with skills so that they can prove themselves as an effective medium to uplift their families, the society, and ultimately the nation.

In the prevalent social conditions of Hapur, the provision of free and better education with all other facilities like food and clothing for children of poor households brings multiple positive impact. As of now, the students of the School and their families are direct beneficiaries. This initiative in the long run will enable the benefitted families to save on their resources (howsoever little for a poor family). Thus, this works with a multiplier effect to bring more children under this value based and comprehensive education system making the child an important member of its family. They share better messages inter alia about cleanliness, sanitation, principles of honesty and social character, healthy and holistic living style.

The educational programme through SVAV works as catalyst for spreading the education, useful skills, thus improving the social habits and conditions of the people. The school has generated employment for 29 persons directly and for many others indirectly.

The total expenditure incurred in running the school during the year under review amounted to Rs.75.72 lac

### **I.2 Other support to strengthen Educational Programmes**

- Scholarships are provided to eligible students by the Trust.
- Arrangement is made by the Trust to impart private tuition in SVAV campus for the students coming from needy and poor family.

### **I.3 Mid –day Meal Programme:**



A kitchen with modern cooking facilities operates in the SVAV campus at Hapur. Meals of high nutritional value are cooked following the best of standards of hygiene and then delivered by vehicle(s) to various schools at Hapur.

The Mid-day Meal Programme not only ensures enrolments and attendance, in particular of girl-children, but also acts as a source of supply of nutrition and further aids in better psychosomatic development of children coming from economically weak background.

The Trust arranges for mid-day meals to around 500 students with a plan to increase this to about 750 students daily. In addition to this, Mid-day Meals are also provided to physically challenged children at Jhajjar, Haryana for which a sum of Rs. 0.36 Lac was spent during year under report

The total amount spent during the year under report on Mid-day Meal Programme amounted to Rs.22.82 Lac.

#### I.4 Women Empowerment Programme

##### 'Learn to Earn' at Smt. Kasturi Bai Memorial Sewing Centre

Merino Group strongly believes that businesses and



communities can benefit from the implementation of women empowerment programmes. Imparting training to women provides them with several avenues to earn their livelihood. Hence the Group promotes women empowerment initiative through a programme called "Learn to Earn" at Hapur. The activities are being implemented by "Smt. Kasturi Bai Memorial Sewing Centre" under aegis of the Trust since April 2014. Women coming from poor and needy families and willing to work and earn after trainings are considered as eligible candidates for training under 'Learn to Earn' programme.

The project has three categories of trainees, viz., learners, apprentices and earners:

**Learners-** a vocational training for sewing and stitching is provided to adult women. Three-months training is provided so that they can stitch/sew finished cloths/garments.

**Apprentices-** there is provision for one month apprenticeship after successful completion of three- month training course. that helps learners to improve their skills and start earning with their work. After completion of their apprenticeship women start earning.

**Earners-** The training centre monitors and facilitates in earning of regular income through some arrangements with job-work providers in garment making or cloth stitching.

The Centre has provided training to 23 women in last one year. All of them have now started earning for their family. Currently, facilities at training centre are being expanded to serve training and skill needs for 45 women annually.

Average annual income generated by a woman trained at this Centre is in the range of Rs. 40,000 – 75,000. This helps

women to supplement their family income. As number of skilled women through training increases every year, the cumulative number of earners would go up in the community. For example-Total annual income that was earned by 22 women was around Rs. 10,00,000 during the financial year 2015-16. This nearly got doubled with the addition of 23 new trained women in the financial year 2016-17. In this way, the programme has a large cumulative effect in overall earnings for a particular community / local area. Skill and earning status make a woman confident to fulfill many aspirations of better living conditions, provide better food and education to children and ultimately create a positive impact on the socio-economic conditions.

The total amount spent during the year under report on this programme was Rs.1.52 Lac.

## II. Healthcare & Holistic Living Programmes

### II.1 Healthcare facilities through 'Shri Prem Chand Lohia Health Centre'

On finding that prevalence of Tuberculosis (TB) in and around Hapur is a daunting burden on health conditions than anything else especially amongst the poor, many of whom lack accessibility to caring and better healthcare facilities, the



Trust has taken a modest step to provide general OPD along with complete treatment of TB through 'Shri Prem Chand Lohia Health Centre' at Hapur. This initiative accelerates the eradication of the dreaded disease of TB in about 72 villages in and around Hapur in collaboration with the Department of Tuberculosis, Govt. of India.

The health centre has three units of dispensaries with doctors and supporting medical staff located at Achheja, Garhmukteshwar and Hapur towns. These cater to the healthcare needs of the poor by providing for general OPD for patients and the treatment of TB as well.

With the help of mobile vans manned by qualified doctors, the Trust provides medical facilities to the needy patients in and around the establishments of Merino Group at Hapur. Under this initiative, nearly 105 of such trips were undertaken during the year under report.

Ayurveda medicine being a cost-effective mode of healthcare, the centre apart from providing allopathy based treatment facilities, also provides Ayurveda practice of medicine for treatment of patients. Moreover, it promotes healthy and holistic living practices through learning of Yoga-Asanas and knowledge of Ayurveda.

A total number of 5,176 patients received Ayurvedic treatment during the year under reference

During the year under report, a total no. of 23,277 patients availed the facility of allopathic treatment. Further, 199 patients have been undergoing the treatment of T.B as on 31st March, 2017.

In 2016-17, the Trust took the initiative in organizing over 50 yoga camps and classes for training for improvement in

the state of health of the people availing the services of the Yoga Instructors. Promotion of yogic practices helps to build strong body and mind and works for betterment of all-round social well-being

Free services for prevention of diseases among the poor and for their well-being are some steps taken towards building a healthy society. Treatment of more than 28,000 people in a year has benefitted the poor households. Savings for these households is estimated to be around Rs.56 Lac annually. Better health has a multiplier effect on the socio-economic conditions particularly of the poor people.

The total amount spent during the year under report on healthcare programmes by the Trust amounted to Rs.66.64 Lac.

### III. Activities under national mission programmes

#### III.1 Swachh Bharat Mission (SBM)

In addition to the cleanliness drives in and around establishments of Merino, the Trust has taken initiatives to provide sanitation facilities like toilets, kitchens and drinking water in poor households.

Under this initiative, construction of seventeen (17) toilets, three (03) kitchens and facilities for drinking water was made for poor households for improvement in health and hygienic conditions of these families and also for protection against water-borne diseases.

During the year under report, the total amount spent on Sanitation facilities under SBM by the Trust amounted to Rs.4.69 Lac.



### III.2 Digital Payments Drive

Aligning itself with national priority to make digital drive as an initiative for people working in Merino, the Group has envisioned "Vittiya Saksharata Abhiyan of Merino (VSAM)". Key objectives of the VSAM programme are to empower people to use the modern banking facilities, prefer digital transactions and adoption of "Less Cash" living style.

Digital transactions being the need of the hour for nation building and individual's conveniences, this initiative by the Group to empower people in terms of awareness, knowledge and operational skills is a step towards inspiring people to practise and utilise digital payments system. Easy accessibility to modern banking facilities and digital payment systems therefore motivates the employees to adopt for digital transactions.

As on 31 March 2017, 510 employees of the Group have been trained to utilise digital transactions system as a move towards cash-less transactions. Merino establishments have

facilities to accept digital payments in canteens or mess or against any sales order. Merchants and service providers are being persuaded to accept digital payments so that a complete digital eco-system exist in the vicinity of all establishments of Merino at Hapur.

Around 1600 employees, not having digital devices like smartphone or internet etc. have been sensitised about the benefits and easier options to learn and adopt the digital transactions. These employees are expected to have digital payment bank facilities where they can operate through their simple (keypad) mobile phone and also started learning to use Aadhaar Enabled Payment Systems or options available with their bank accounts.

Once all the employees in the Group acquire necessary knowledge on operation of the digital payment system, the practice of operating digital transaction system will spread among others making the digital drive a people's initiative in true sense of the term.

# Standalone Financial Section

# Independent Auditor's Report

TO THE MEMBERS OF  
MERINO INDUSTRIES LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Merino Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## 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 Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

## Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

## 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, to the extent applicable.

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 and proper returns adequate for the purpose of our audit have been received from branches/depots not visited by us.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from other branches/depots not visited by us.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
  - e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - 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, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 20 (a) to the Financial Statements;
- ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts;
- iii. The Company has not delayed in transferring amount, required to be transferred to the Investor Education & Protection Fund by the company; and
- iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 42 to the standalone financial statements.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**B.L. Choraria**  
Partner  
Membership No. 22973

Place: Kolkata  
Date: 19th June, 2017

# Annexure – A to the Auditors' Report

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements

Re: Merino Industries limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the company has a phased programme of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Management has physically verified fixed assets during the year and as informed to us, no material discrepancies were noticed as compared to books of accounts.
- c. According to the information and explanations given to us and 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) As explained to us, inventories (except stock lying with third parties and in-transit) were physically verified during the year by the management. In respect of inventory lying 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 Act. Therefore, the provisions of this clause are not applicable to the company.
- (iv) According to the information and explanation given to us, the Company has not given any loans, made investments, given guarantee or securities during the year under the provisions of sections 185 and 186 of the Act. Therefore, the provision of this clause is not applicable to the company.
- (v) In our opinion and according to the information and explanations given to us, 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 regular in depositing material undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There was no undisputed outstanding statutory dues as at the year-end for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us and records of the Company, 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 on account of disputes as stated below:

Nature of Dues	Amount Involved (Rs in Lacs)	Amount paid under Protest (Rs in Lakhs)	Forum where the dispute is pending	Period
Income Tax including Interest	365.93	-	Commissioner of Income Tax (Appeal)	A.Y 2012-13
	271.22	-	Commissioner of Income Tax (Appeal)	A.Y 2013-14
	1831.18	-	Commissioner of Income Tax (Appeal)	A.Y 2014-15
Sales Tax (Value Added Tax) excluding penalty and interest)	1.5	1.5	CTO, Bengaluru	2009-10 & 2013-14
	34.78	-	Supreme Court of India	1997-98
	76.46	7.76	Deputy Commissioner	2007-14
Central Sales tax excluding penalty and interest	224.04	190.69	Additional Commissioner	2011-12 To 2013-14
	6.79	-	High Court	1997-98
Entry Tax excluding Penalty	31.9	31.9	High Court	2001-02 & 2002-03
	3.03	3.03	Additional Commissioner	2012-13 & 2013-14
Service Tax excluding penalty and interest	10.61	-	CESTAT	2004 To 2008
	30.88	2.32	Commissioner	2010-15
	4.54	-	Assistant Commissioner	2004-07
Service Tax including penalty	5.43	-	Assistant Commissioner	2004 to 2015
	6.93	0.37	CESTAT	2004-05 to 2009-10
	20.12	0.39	Dy. Commissioner	2011-16
	56.68	-	Commissioner (Appeal)	2010-15
	14.32	5	CESTAT	2002-03
Custom Duty excluding penalty and interest	1.45	-	Assistant Commissioner	2012-13
	243.68	76.6	CESTAT	1993-94 to 2010-11
Excise duty excluding penalty and interest	6.41	-	Additional Commissioner	1988-89 to 2009-10
	22.57	0	Assistant Commissioner	1999-00 to 2014-15
	3445.31	136.08	CESTAT	2002-03 to 2014-15
	137.18	110.81	Commissioner	2015-16
Excise duty including penalty	358.17	-	Commissioner (Appeal)	2010-11 to 2014-15
	18.84	0.11	Assistant Commissioner	2003-04 to 2015-16
	21.53	-	Dy. Commissioner	2013-14 to 2015-16

- viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institutions, banks and government. Company has not issued any debenture.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company for the purpose for which loans were obtained. 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 on the Company by its officers/employees, has been noticed or reported during the year.
- (xi) Based on our examination of the books and records of the Company and according to the information and explanations given to us, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of this clause are 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 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 review. Therefore, the 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, the 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, the provisions of this clause are not applicable to the company.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**B.L. Choraria**  
Partner  
Membership No. 22973

Place: Kolkata  
Date: 19th June, 2017

# Annexure – B to the Auditors' Report

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Merino Industries Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management 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 (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 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 Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by 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 over financial reporting were 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 over financial reporting.

### 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 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.

### **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 Company has, 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 2017, 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 ICAI.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

Place: Kolkata  
Date: 19th June, 2017

**B.L. Choraria**  
Partner  
Membership No. 22973

# Balance Sheet

as at 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	Note No.	31st March, 2017	31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	1047.03	1047.03
(b) Reserves and Surplus	4	28962.19	22539.30
		<b>30009.22</b>	<b>23586.33</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term Borrowings	5	5012.67	2383.28
(b) Deferred Tax Liabilities (net)	6	1792.52	1354.21
(c) Other Long-Term Liabilities	7	783.01	522.29
		<b>7588.20</b>	<b>4259.78</b>
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	8	10072.55	11799.79
(b) Trade Payables	9		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises		6.75	1.88
(B) Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises		7279.60	5647.94
(c) Other Current Liabilities	10	4679.15	4005.38
(d) Short-term Provisions	11	224.39	536.68
		<b>22262.44</b>	<b>21991.67</b>
<b>TOTAL</b>		<b>59859.86</b>	<b>49837.78</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment			
(i) Tangible Assets	12A	24891.35	18455.98
(ii) Intangible Assets	12B	212.51	52.82
(iii) Capital Work-in-Progress	12C	1599.78	1729.36
(iv) Intangible assets under Development		-	59.33
		26703.64	20297.49
(b) Non Current Investments	13	152.82	152.82
(c) Long-term Loans and Advances	14	1867.55	1107.39
		<b>28724.01</b>	<b>21557.70</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	15	18986.45	17276.55
(b) Trade Receivables	16	8892.55	8240.04
(c) Cash and Bank Balances	17	862.61	1158.82
(d) Short-term Loans and Advances	18	1875.91	1314.61
(e) Other Current Assets	19	518.33	290.06
		<b>31135.85</b>	<b>28280.08</b>
<b>TOTAL</b>		<b>59859.86</b>	<b>49837.78</b>

This is the Balance Sheet referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants  
Firm Registration Number : 302049E

**B.L.Choraria**

Partner  
Membership Number - 022973

**Champa Lal Lohia**

Chairman

**Rup Chand Lohia**

Vice Chairman

**Prakash Lohia**

Managing Director

Place : Kolkata

Date : 19th June, 2017

The notes numbered 1 to 43 are an integral part of the financial statements.

**For and on behalf of Board of Directors**

**A.K. Parui**

Chief Financial Officer

**S. Raychaudhuri**

Company Secretary

# Statement of Profit and Loss

for the year ended 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	Note No.	2016-17	2015-16
I. Revenue from operations (Net)	22	71041.99	65007.18
II. Other Income	23	1689.46	1226.94
<b>III. Total Revenue (I+II)</b>		<b>72731.45</b>	<b>66234.12</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	24	30064.38	29210.64
Purchases of stock-in-trade	37	5445.93	3419.71
Changes in inventories of finished goods, work-in-progress and stock in trade	25	(302.37)	(520.54)
Employee benefits expense	26	7787.54	6798.16
Finance costs	27	1063.89	1437.99
Depreciation and amortisation expense	28	2048.67	1673.38
Other expenses	29	16661.55	15473.96
<b>Total Expenses</b>		<b>62769.59</b>	<b>57493.30</b>
<b>V. Profit before tax (III - IV)</b>		<b>9961.86</b>	<b>8740.82</b>
<b>VI. Tax Expense:</b>			
Current tax		2265.00	2730.79
Short /(Excess) provision of current tax in respect of earlier years made / written back		(9.72)	(128.63)
Deferred tax		438.31	232.54
		<b>2693.59</b>	<b>2834.70</b>
<b>VII. Profit for the year (V - VI)</b>		<b>7268.27</b>	<b>5906.12</b>
<b>VIII. Earnings per equity share</b>			
[Nominal Value per share: Rs 10/- (2015-16 : Rs 10/-)]			
Basic and Diluted	31	70.09	56.96

This is the Statement of Profit and Loss referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L.Choraria**

Partner

Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

**Champa Lal Lohia**

Chairman

**Rup Chand Lohia**

Vice Chairman

**A.K. Parui**

Chief Financial Officer

**Prakash Lohia**

Managing Director

**S. Raychaudhuri**

Company Secretary

The notes numbered 1 to 43 are an integral part of the financial statements.

**For and on behalf of Board of Directors**

# Cash Flow Statement

for the year ended 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	2016-17	2015-16
<b>A. Cash Flow From Operating Activities :</b>		
Net Profit Before Tax	9961.86	8740.82
<b>Adjustment for :</b>		
Depreciation and amortisation expense	2048.67	1673.38
Provision for Doubtful Debts / Advances	26.35	11.83
Unrealised gain on foreign currency translation (Net)	(140.21)	(9.28)
Finance Costs	1063.89	1437.99
Loss on Sale/Disposal of Tangible Assets (net)	2.34	71.77
Interest Income	(18.78)	(48.69)
Provisions/Liabilities no longer required written back	(116.62)	(165.67)
Dividend Income from Long Term Investments	(156.76)	2708.88
	(156.93)	2814.40
<b>Operating Profit before Working Capital Changes</b>	<b>12670.74</b>	<b>11555.22</b>
<b>Adjustments for :</b>		
Trade and Other receivables	(1547.93)	618.66
Inventories	(1709.90)	(899.07)
Trade and Other Payables	2436.42	(821.41)
	707.44	427.03
<b>Cash Generated From Operations</b>	<b>11849.33</b>	<b>11982.25</b>
Net Direct Taxes Paid	(2637.06)	(2881.73)
<b>Net Cash from Operating Activities</b>	<b>9212.27</b>	<b>9100.52</b>
<b>B. Cash Flow From Investing Activities :</b>		
Purchase of Tangible Assets	(8994.02)	(6267.58)
Purchase of Intangible Assets	(188.72)	(115.58)
Proceeds from Sale of Tangible Assets	29.14	124.22
Interest Received	22.85	43.63
Dividend Received	156.76	156.93
<b>Net Cash used in Investing Activities</b>	<b>(8973.99)</b>	<b>(6058.38)</b>

# Cash Flow Statement

for the year ended 31st March, 2017 (contd.)

(Figure in Rs. lakhs, unless otherwise stated)

	2016-17		2015-16	
<b>C. Cash Flow From Financing Activities :</b>				
Proceeds from Long-Term Borrowings		4000.00		1754.87
Repayment of Long Term Borrowings		(1330.64)		(1360.50)
Proceeds from Short-Term Loans from Banks		4500.00		3400.00
Repayment of Short-Term Loans from Banks		(3400.00)		(3000.00)
Proceeds from Demand Loan from Body Corporates		4980.00		2000.00
Repayment of Demand Loan from Body Corporates		(4980.00)		(3883.01)
Increase/ (Decrease) in Cash Credit/Working Capital facilities (net)		(2827.24)		334.55
Interest paid		(1073.40)		(1599.98)
Dividend paid		(362.04)		(358.25)
Dividend Distribution Tax paid		(41.97)		(41.97)
<b>Net Cash from Financing Activities</b>		<b>(535.29)</b>		<b>(2754.29)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(297.01)</b>		<b>287.85</b>
Cash and Cash Equivalents (Opening)	1120.95		833.10	
Cash and Cash Equivalents (Closing)	823.94	(297.01)	1120.95	287.85
(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3 on Cash Flow Statements.				
(b) Cash and Cash Equivalents comprise (Refer Note 17):				
		<b>As at 31st March, 2017</b>		<b>As at 31st March, 2016</b>
<b>Cash and cash equivalents:</b>				
Cash on hand [including stamps in hand Rs.0.43 (31st March, 2016 - Rs. 0.49)]		14.04		35.67
Foreign Currency on hand		14.06		6.28
Cheques and Drafts on hand		4.25		11.73
Remittances in transit		53.40		99.98
<b>Bank Balances:</b>				
On Current Accounts		714.08		967.29
On Cash Credit Account		24.11		-
		<b>823.94</b>		<b>1120.95</b>

Also refer Note 43.

This is the Cash Flow Statement referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants  
Firm Registration Number : 302049E

**B.L.Choraria**

Partner  
Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

**Champa Lal Lohia**

Chairman

**Rup Chand Lohia**

Vice Chairman

**A.K. Parui**

Chief Financial Officer

**Prakash Lohia**

Managing Director

**S. Raychaudhuri**

Company Secretary

The notes to the financial statements form an integral part of the Cash Flow Statement.

**For and on behalf of Board of Directors**

# Notes to the 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 Indian Companies Act, 1956. The Company is a multiproduct and multi location company.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Act, to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

### 2.2 Property, Plant and Equipment and Depreciation

- (a) Property, plant and equipments are stated at cost, being inclusive of resultant write ups, net of accumulated depreciation and net accumulated impairment losses, if any. Revaluation surplus in case of certain items of Land, Buildings and Plant and Machinery has been adjusted with corresponding credit to the Revaluation Reserve Account for adopting cost model during the year, as per transitional provision of AS-10. Cost of Property, Plant and Equipment includes purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- (b) Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (c) Capital work in progress is stated at cost and inclusive of pre-operative expenses, project development expenses, etc.
- (d) In case the cost of part of a property, plant and equipment is significant to the total cost of the assets 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 component best represent the period over which the management expects to use those components.
- (e) The spare parts that hitherto were being treated as inventory under AS -2, are now capitalized only when the carrying value of individual item exceeds Rs. 1.00 Lakh in terms of the requirement of AS -10.

### 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 five years from the date of capitalisation as prescribed in Accounting Standard 26 (Intangible Assets).

### 2.4 Impairment Loss

An impairment loss, if any, is recognised whenever the carrying amount of the property, plant and equipments (tangible or intangible) exceeds the recoverable amount i.e. the higher of the assets net selling price of the assets and value in use.

### 2.5 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.

# Notes to the Financial Statements

All other borrowing costs are recognised as expenses in Statement of Profit and Loss in the period in which they are incurred.

## 2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

## 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

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.

Generally the Company enters into forward exchange contracts etc. to hedge its risk associated with foreign currency fluctuations relating to the underlying transactions and firm commitments. In respect of Forward Exchange contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense/income over life of the contract.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation of derivative instruments are recognised as income or expenses for the period.

Exchange differences are recognised in the Statement of Profit and Loss.

## 2.9 Revenue Recognition

Sale of goods:

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyers as per the terms of the contract and are recognised net of trade discounts/allowances, sales return and sales taxes/value added taxes but including excise duties.

Sale of services:

Sales are recognised upon the rendering of services and are recognised net of service tax.

Other items are recognised on accrual basis.

## 2.10 Other Income

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

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

Other items are recognised on accrual basis.

# Notes to the Financial Statements

## 2.11 Employee Benefits

(a) Short-term Employee Benefits :

The undiscounted amount 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 at 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 funded. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(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.

## 2.12 Taxation

Current tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversed in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

Current tax assets and current tax liabilities are offset where there is legally enforceable right to set off the recognised amount, and there is an intention to settle the assets and the liabilities on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets and liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## 2.13 Government Grants

Grants related to specific fixed assets are deducted from gross value of related assets. Other grants of capital nature are credited to Capital Reserve. Grant related to revenue are recognised in the Statement of Profit and Loss on a systematic basis to match them with their related costs.

## 2.14 Lease

Leases in which a significant portion of the risk and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss.

## 2.15 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.

## 2.16 Earnings Per Share

Basic earnings per share 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. Earnings considered in ascertaining the Company's earnings per share is the net profit/(loss) for the period. The weighted average number of equity shares

# Notes to the Financial Statements

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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.17 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 the 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.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 3. SHARE CAPITAL

	31st March, 2017	31st March, 2016
<b>AUTHORISED</b>		
1,70,00,000 (31st March, 2016:1,70,00,000) Equity Shares of Rs. 10/- each	1700.00	1700.00
<b>ISSUED</b>		
1,05,66,100 (31st March, 2016:1,05,66,100) Equity Shares of Rs 10/- each	1056.61	1056.61
<b>SUBSCRIBED AND PAID-UP</b>		
1,03,69,600 (31st March, 2016:1,03,69,600) Equity Shares of Rs 10/- each fully paid up	1036.96	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31st March, 2016 : 1,96,500) Equity Shares	10.07	10.07
	<b>1047.03</b>	<b>1047.03</b>

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

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

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. 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 the proportion to their shareholdings.

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

	31st March, 2017		31st March, 2016	
	No. of shares	% held	No. of shares	% held
1. Merino Exports Private Limited	30,65,700	29.56	30,65,700	29.56
2. Mr Bikash Lohia	6,40,400	6.18	6,40,300	6.18
3. Mr Prakash Lohia	5,65,820	5.46	5,65,720	5.46
4. Mr Deepak Lohia	6,15,189	5.93	6,15,189	5.93
	<b>48,87,109</b>	<b>47.13</b>	<b>48,86,909</b>	<b>47.13</b>

## 4. RESERVES AND SURPLUS

	31st March, 2017	31st March, 2016
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	<b>1.46</b>	<b>1.46</b>
<b>Revaluation Reserve (Refer Note 12A)</b>		
Balance as at the beginning of the year	441.87	442.05
Less: Adjustment for additional depreciation charge on revalued tangible assets transferred to Statement of Profit and Loss	-	0.18
Less : Adjustment as per AS-10(transitional provision for adopting cost model) (Also refer to note no. 12A(b))	441.87	-
Balance as at the end of the year	-	<b>441.87</b>
<b>Securities Premium Reserve</b>		
Balance as per last Balance Sheet	<b>87.48</b>	<b>87.48</b>
<b>General Reserve [Refer (a) below]</b>		
Balance as at the beginning of the year	4531.11	3940.50
Add : Adjustment on account of Property, Plant and Equipment	1.40	-
Add: Transferred from surplus in Statement of Profit and Loss	726.83	590.61
Balance as at the end of the year	<b>5259.34</b>	<b>4531.11</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	17477.38	12566.78
Add: Profit for the year	7268.27	5906.12

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 4. RESERVES AND SURPLUS (contd.)

	31st March, 2017	31st March, 2016
Amount available for appropriation	24745.65	18472.90
Less : Appropriations:		
Interim dividend on Equity Shares for the year	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	41.97	41.97
Transfer to General Reserve	726.83	590.61
<b>Total appropriations</b>	<b>1131.74</b>	<b>995.52</b>
<b>Balance as at the end of the year</b>	<b>23613.91</b>	<b>17477.38</b>
	<b>28962.19</b>	<b>22539.30</b>

## 5. LONG-TERM BORROWINGS

	31st March, 2017	31st March, 2016
<b>Secured</b>		
<b>Term Loans</b>		
<b>From Banks</b>		
Indian Rupee Loans [Refer (a) and (b) below]	5412.69	2005.70
Foreign Currency Loan [Refer (c) below]	970.59	1689.07
<b>From Others:</b>		
Indian Rupee Loans [Refer (d) below]	-	126.06
	<b>6383.28</b>	<b>3820.83</b>
Less : Current maturities (Payable within 1 year)		
<b>From Banks:</b>		
Indian Rupee Loans [Refer (a) and (b) below]	1093.30	593.01
Foreign Currency Loan [Refer (c) below]	277.31	718.48
<b>From Others:</b>		
Indian Rupee Loans [Refer (d) below]	-	126.06
	<b>1370.61</b>	<b>1437.55</b>
	<b>5012.67</b>	<b>2383.28</b>

(a) Vehicle Loans are secured by way of hypothecation of the related assets. These are repayable in maximum sixty equal monthly instalments, repayment period thereof varying from June, 2013 ending in July, 2020, bearing interest rate varying from 10.00% p.a to 10.50% p.a.

### b. Repayment terms and nature of securities given for Indian Rupee Loans from Banks:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	340.00	500.00	First <i>pari passu</i> charge on the entire fixed assets 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 twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 10.50 % p.a. The balance amount of the loan of Rs.240 and Rs.100 are repayable in eight equal quarterly instalments of Rs.30 each and ten quarterly instalments of Rs.10 each respectively. Last instalment is due on 11th August, 2019.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## b. Repayment terms and nature of securities given for Indian Rupee Loans from Banks: (contd.)

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	640.00	853.33	First <i>pari passu</i> charge on the entire fixed assets 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 twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 9.90% p.a. The balance amount of the loan of Rs.240 and Rs.400 are repayable in twelve equal quarterly instalments of Rs.20 each and twelve quarterly instalments of Rs.33.33 each respectively. Last instalment is due on 25th February, 2020.
The Hong Kong and Shanghai Banking Corporation Limited	4000.00	-	Exclusive charge on movable and immovable fixed assets 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 @ 8.50 % p.a. The balance amount of the loan of Rs.4000 is repayable in sixteen equal quarterly instalments of Rs.250 each. Last instalment is due on 22nd September, 2021.
DBS Bank Limited	400.00	600.00	First <i>pari passu</i> charge on the entire fixed assets 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 with moratorium period of one year. Interest is payable monthly @ 10.55 % p.a. The balance amount of the loan of Rs.400 is repayable in eight equal quarterly instalments of Rs.50 each. Last instalment is due on 16th December, 2018.
	<b>5380.00</b>	<b>1953.33</b>		

## c. Repayment terms and nature of securities given for Foreign Currency Term Loan from bank:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	-	579.82	First and exclusive charge on the assets purchased out of this loan.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. Last instalment was due on 2nd March, 2017.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## c. Repayment terms and nature of securities given for Foreign Currency Term Loan from bank: (contd.)

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	970.59	1109.25	First <i>pari passu</i> charge on the entire fixed assets 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 Rs.970.59 is repayable in fourteen equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment is due on 21st August, 2020.
	<b>970.59</b>	<b>1689.07</b>		

## d. Repayment terms and nature of securities given for Indian Rupee Term Loans:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
EXPORT-IMPORT Bank of India	-	126.06	First <i>pari passu</i> charge on the entire fixed assets 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 commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. Last instalment was due on 1st October, 2016.
	-	126.06		

e. Outstanding balances of loans as indicated in (a), (b), (c) and (d) above are inclusive of current maturities of such loans as disclosed in Note 10.

## 6. DEFERRED TAX LIABILITIES (NET)

	31st March, 2017	31st March, 2016
<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 fixed assets	1879.30	1418.81
	<b>1879.30</b>	<b>1418.81</b>
<b>Deferred Tax Assets</b>		
Disallowance allowable for tax purpose on payment	86.78	64.60
	<b>86.78</b>	<b>64.60</b>
	<b>1792.52</b>	<b>1354.21</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 7. OTHER LONG-TERM LIABILITIES

	31st March, 2017	31st March, 2016
Deposits from Customers and Suppliers	481.87	252.75
Liabilities under litigation	301.14	269.54
	<b>783.01</b>	<b>522.29</b>

## 8. SHORT - TERM BORROWINGS

	31st March, 2017	31st March, 2016
<b>Secured</b> (Refer (a) below)		
<b>Working Capital Loan</b>		
<b>From Banks:</b>		
Overdraft / Cash credit	2472.55	2459.79
Working Capital Demand Loan	-	2000.00
Rupee Packing Credit Loan	3100.00	3940.00
	<b>5572.55</b>	<b>8399.79</b>
<b>Unsecured</b>		
<b>Working Capital Loan</b>		
<b>Short-Term Loan</b>		
<b>From Banks:</b>		
Indian Rupee Loan	3000.00	1900.00
Foreign Currency Loan	1500.00	1500.00
	4500.00	3400.00
	<b>10072.55</b>	<b>11799.79</b>

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

- i) Primary Security: Hypothecation of the entire current assets of the Company on *Pari Passu* basis, both present and future.
- ii) Collateral Security: Second Charge on the entire fixed assets of the Company except assets charged exclusively to Banks, both present and future, on *Pari Passu* basis, with other consortium members.

## 9. TRADE PAYABLES

	31st March, 2017	31st March, 2016
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 34)	6.75	1.88
Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises (Refer (a) below)	7279.60	5647.94
	<b>7286.35</b>	<b>5649.82</b>

- a. Includes Rs.289.46 (31st March, 2016: Nil ) payable to a related party (Refer Note 35), being a subsidiary company.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 10. OTHER CURRENT LIABILITIES

	31st March, 2017	31st March, 2016
Current maturities of long-term debt (Refer Note 5)	1370.61	1437.55
Interest accrued but not due on borrowings	24.99	54.91
Unpaid dividends [Refer (a) below]	21.08	20.18
<b>Other payables:</b>		
Advances from customers	516.47	432.66
Statutory dues	731.10	593.81
Liability for purchases of capital assets (Refer Note 9 (a))	789.98	208.08
Employee Benefits payable	519.23	475.63
Premium on forward and other derivative contracts	-	1.42
Other payables	705.69	781.14
	<b>4679.15</b>	<b>4005.38</b>

- a. 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.

## 11. SHORT-TERM PROVISIONS

	31st March, 2017	31st March, 2016
Provision for employee benefits	224.39	175.31
Other Provisions :		
Provision for income tax [net of advance tax Rs.Nil; (31st March, 2016: Rs 2404.62)]	-	361.37
	<b>224.39</b>	<b>536.68</b>

## 12A. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 31st March, 2016	Additions during the year	Sales / adjustment during the year	As at 31st March, 2017	As at 31st March, 2016	Depriciation for the year	Sales/ Adjustment during the year	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	
<b>Land :</b>											
Leasehold [Refer (a) below]	746.28	364.29	-	1110.57	17.44	9.37	-	26.81	1083.76	728.84	
Freehold	3516.35	106.77	440.63	3182.49	-	-	-	-	3182.49	3516.35	
<b>Buildings:</b>											
On Leasehold land	165.43	2212.83		2378.26	18.87	39.81		58.68	2319.58	146.56	
On Freehold land	4248.30	994.81	226.20	5016.91	1449.19	150.65	224.97	1374.87	3642.04	2799.11	
Culverts	11.79	12.57		24.36	0.14	0.64		0.78	23.58	11.65	
Roads	278.18	17.33		295.51	101.77	46.84		148.61	146.90	176.41	
Plant and Equipment	18682.78	4194.76	199.30	22678.24	8795.13	1423.65	188.53	10030.25	12647.99	9887.65	
Furniture and Fixtures	391.86	143.32	2.93	532.25	208.03	32.13	2.72	237.44	294.81	183.83	
Office Equipment	306.45	132.24	10.84	427.85	190.28	53.81	9.97	234.12	193.73	116.17	
Computers and data processing units	497.28	80.54	11.55	566.27	351.88	69.86	11.18	410.56	155.71	145.40	
Laboratory Equipment	64.25	9.41	2.86	70.80	29.23	6.35	2.69	32.89	37.91	35.02	
Electrical Instalation and Equipment	551.30	367.75	5.58	913.47	270.98	43.78	5.58	309.18	604.29	280.32	
Vehicles	760.99	232.41	53.47	939.93	332.32	83.42	34.37	381.37	558.56	428.67	
<b>TOTAL</b>	<b>30221.24</b>	<b>8869.03</b>	<b>953.36</b>	<b>38136.91</b>	<b>11765.26</b>	<b>1960.31</b>	<b>480.01</b>	<b>13245.56</b>	<b>24891.35</b>	<b>18455.98</b>	
<b>31st March, 2016</b>	<b>25733.79</b>	<b>5434.84</b>	<b>947.39</b>	<b>30221.24</b>	<b>10868.29</b>	<b>1648.84</b>	<b>751.87</b>	<b>11765.26</b>	<b>18455.98</b>		

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

- (a) Leasehold Land includes Rs.49.98 (31st March, 2016 : Rs.49.98) acquired on 31st October, 2006 under a lease of 90 years and Rs.696.30 (31st March, 2016 : Rs.696.30) acquired on 30th June, 2014 under a lease of 99 years with a renewal option, which is being amortised over the period of lease.
- (b) The entire revaluation surplus as on 1st April, 2016 of Rs.441.87 (Previous Year Nil) has been adjusted with respective items of the Company's Property, Plant and Equipment as per AS-10 (Also refer Note 2.2).
- (c) Immovable properties with a carrying value of Rs.143.98 (Previous Year Rs.143.98) been pledged for availing term loans and other working capital facilities from different banks under consortium.
- (d) Borrowing cost of Rs.176.28 (Previous Year Nil) has been capitalized under Property, Plant and Equipment.
- (e) Additions to Property, Plant and Equipment of Rs.4807.36 (Previous Year Rs.818.81) relating to new production facility of Laminates at Dahej, Gujarat. Employee benefit expense of Rs.36.82 (Previous year Nil) have been recognised in the carrying amount of Property, Plant and Equipment in the course of construction of the said project.

## 12B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				AMORTISATION				NET BLOCK	
	As at 31st March, 2016	Additions during the year	Sales during the year	As at 31st March, 2017	As at 31st March, 2016	Depriciation for the year	Sales during the year	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Computer Software (Acquired items)	292.56	248.05	6.06	534.55	239.74	88.36	6.06	322.04	212.51	52.82
<b>Total</b>	<b>292.56</b>	<b>248.05</b>	<b>6.06</b>	<b>534.55</b>	<b>239.74</b>	<b>88.36</b>	<b>6.06</b>	<b>322.04</b>	<b>212.51</b>	<b>52.82</b>
31st March, 2016	238.74	56.25	2.43	292.56	204.67	37.03	1.96	239.74	52.82	

12C. Capital work-in-progress includes capital goods in-transit of Rs.22.32 (Previous Year 14.99).

## 13. NON CURRENT INVESTMENTS

	31st March, 2017	31st March, 2016
(valued at cost less provision for diminution other than temporary one)		
<b>Long Term-Other Than Trade Investment</b>		
<b>Investment in Equity Instruments of Subsidiary Company (Fully paid up)</b>		
<b>-Unquoted</b>		
Merino Panel Products Limited		
14,93,000 (31st March, 2016:14,93,000) equity shares of Rs 10 each fully paid up	149.30	149.30
<b>Investment in Equity Instruments of Other Companies (Fully paid up)</b>		
<b>-Unquoted</b>		
Merino Services Limited		
6,000 (31st March, 2016: 6,000) equity shares of Rs 10 each fully paid up	2.07	2.07
Merino Exports Private Limited		
6,000 (31st March, 2016: 6,000) equity shares of Rs 10 each fully paid up	0.60	0.60
Merinoply and Chemicals Limited		
82,003 (31st March, 2016: 82,003) equity shares of Rs 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		
5,000 (31st March, 2016: 5000) equity shares of Rs.2 each fully paid up	0.85	0.85
	<b>152.82</b>	<b>152.82</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 13. NON CURRENT INVESTMENTS (contd.)

	31st March, 2017	31st March, 2016
(a) Aggregate amount of quoted investments	0.85	0.85
(b) Aggregate amount of unquoted investments	151.97	151.97
(c) Aggregate provision for diminution in value of investments	5.19	5.19
(d) Aggregate market value of quoted investments	8.65	7.35

## 14. LONG-TERM LOANS AND ADVANCES

	31st March, 2017	31st March, 2016
<b>Unsecured, considered good unless stated otherwise</b>		
Capital Advances	1224.84	386.97
Security Deposits [Refer (a) below]	249.68	242.17
Other loans and advances		
Loans to employees	91.89	101.80
Advance with statutory authorities against disputed dues	301.14	269.54
Receivables relating to forward contracts	-	106.91
	<b>1867.55</b>	<b>1107.39</b>

(a) Includes Rs 50.40 (31st March, 2016: Rs 50.40 ) to a related party (Refer Note 35), being a partnership firm in which some of the directors of the Company are partners.

## 15. INVENTORIES [Refer Note 2.7]

	31st March 2017	31st March 2016
Raw materials [includes materials-in-transit Rs.1247.77 (31st March 2016 : Rs.1448.03)]	9567.07	8545.61
Work-in-progress [Refer (a) below]	441.94	329.87
Stock-in-trade (includes materials-in-transit Rs.Nil (31st March 2016 : Rs.35.68) [Refer (b) below]	1105.48	1302.23
Finished goods [Refer (c) overleaf] [include materials-in-transit Rs.527.69 (31st March 2016 : 326.58)]	6138.29	5751.24
Stores and spares [include materials-in-transit Rs.39.78 (31st March 2016 : Rs.26.00)]	1733.67	1347.60
	<b>18986.45</b>	<b>17276.55</b>
<b>(a) Details of work-in-progress</b>		
Decorative Laminates	311.15	220.29
Other panel products	46.86	55.04
Potato Flakes and Ready Mix	1.11	3.31
Furniture	82.82	51.23
	<b>441.94</b>	<b>329.87</b>
<b>(b) Details of stock-in-trade</b>		
Acrylic Solid Surface and Adhesive	1076.84	1292.83
Other Panel Products	7.29	7.17
Stone Veneer	21.35	2.23
	<b>1105.48</b>	<b>1302.23</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 15. INVENTORIES [Refer Note 2.7] (contd.)

	31st March 2017	31st March 2016
<b>(c) Details of finished goods:</b>		
Decorative laminates	3120.06	2677.35
Other Panel Products	315.92	167.28
Furniture	54.93	244.36
Gloss Meister	248.33	-
Formaldehyde	19.34	19.14
Potato Flakes and Ready Mix	455.32	1009.49
Potato Seeds	1691.75	1534.49
Potato	159.52	56.96
Others	73.12	42.17
	<b>6138.29</b>	<b>5751.24</b>

## 16. TRADE RECEIVABLES

	31st March, 2017	31st March, 2016
Outstanding for a period exceeding six months from the date they are due for payment:		
Unsecured - Considered good	608.41	280.46
Less : Provision for doubtful debts	26.35	-
	582.06	280.46
Other debts:		
Secured - Considered good	324.92	206.00
Unsecured - Considered good [Refer (a) below]	7985.57	7753.58
	<b>8310.49</b>	<b>7959.58</b>
	<b>8892.55</b>	<b>8240.04</b>

(a) Includes Rs. Nil (31st March, 2016: Rs. 30.42) receivable from a related party (Refer Note 35), being a Subsidiary Company.

## 17. CASH AND BANK BALANCES

	31st March, 2017	31st March, 2016
<b>Cash and Cash equivalents:</b>		
Cash on hand [including stamps on hand Rs.0.43 (31st March, 2016 - Rs. 0.49)]	14.04	35.67
Foreign Currency on hand	14.06	6.28
Cheques and Drafts on hand	4.25	11.73
Remittances in transit	53.40	99.98
<b>Bank Balances:</b>		
On Current Accounts	714.08	967.29
On Cash Credit Accounts	24.11	-
	<b>823.94</b>	<b>1120.95</b>
<b>Other Bank Balances</b>		
Margin Money Deposit	17.59	17.59
On Unpaid Dividend Accounts [Refer (a) below]	21.08	20.28
	<b>38.67</b>	<b>37.87</b>
	<b>862.61</b>	<b>1158.82</b>

(a) Earmarked for payment of unclaimed dividends.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 18. SHORT-TERM LOANS AND ADVANCES

	31st March, 2017	31st March, 2016
(Unsecured, considered good unless stated otherwise)		
Security Deposits	19.33	14.04
Advances recoverable in cash or kind	42.63	24.78
<b>Other loans and advances :</b>		
Advances to suppliers	102.53	278.46
Doubtful Advances to suppliers	11.48	11.83
Less : Provision for Doubtful Advances	11.48	11.83
Prepaid expenses	208.29	148.42
Loans to employees	63.82	72.65
Advance to Life Insurance Corporation of India against Retirement Benefits	100.29	-
Balance with statutory/government authorities	1253.23	776.26
Advance Income Tax (net of provision of Rs.2285.41; 31st March, 2016 : Nil)	85.79	-
	<b>1875.91</b>	<b>1314.61</b>

## 19. OTHER CURRENT ASSETS

	31st March, 2017	31st March, 2016
(Unsecured, considered good unless stated otherwise)		
Export Incentive Receivable	239.30	64.54
Insurance claim receivable	2.93	0.40
Interest accrued on deposits	11.72	15.79
Others [Refer (a) below]	264.38	209.33
	<b>518.33</b>	<b>290.06</b>

(a) Includes Rs.261.69 (31st March, 2016: Rs 206.75 ) recoverable from Subsidiary Company (Refer Note 35).

## 20. CONTINGENT LIABILITIES

	31st March, 2017	31st March, 2016
<b>(a) Claims against the Company not acknowledged as debt</b>		
Disputed Tax and Duty (Net of Deposits)		
Demand for Sales Tax (Deposit under protest Rs.228.18; 31st March, 2016 Rs.193.24)	81.60	155.91
Demand for Excise, Custom Duty, Service tax (Deposit under protest Rs.331.68; 31st March, 2016 Rs.294.21)	3943.13	3641.58
Demand for Income Tax (Deposit under protest Rs.5.27; 31st March, 2016 Rs.5.27))	2493.50	637.15
Differential Bonus for 2014-15	151.52	151.52
Others	141.55	139.74
<b>(b) Guarantees</b>		
Bank Guarantees [include Rs.118.46 (31st March, 2016 Rs.86.36) and Rs.140.81 (31st March, 2016 Rs.Nil) issued to Sales Tax Authority and Excise Authority respectively]	415.03	443.00
<b>(c) First loss default guarantee to IDBI Bank Limited for Channel Financing Facility</b>	125.00	125.00
<b>(d) First loss default guarantee to DBS Bank Limited for Channel Financing Facility</b>	125.00	125.00

(e) In respect of the contingent liabilities mentioned in Note 20(a) 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 Note 20(b) 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.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 21. COMMITMENTS

	31st March, 2017	31st March, 2016
<b>(a) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	313.43	1284.25
<b>(b) Other Commitments</b>		
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 fulfillment of Rs.2379.25 (31st March, 2016 - Rs.3,418.14) is yet to be received.	671.89	616.64
Obligation against Advance Licenses	-	1024.44
Outstanding Letters of Credit for materials yet to be received	965.19	1088.29

## 22. REVENUE FROM OPERATIONS

	2016-17	2015-16
<b>(i) Sale of products [Refer (a) below]</b>		
Domestic sales	59126.62	53613.91
Export sales	16374.70	15674.00
	75501.32	69287.91
<b>(ii) Sale of services</b>		
Income from job works	165.45	137.02
<b>(iii) Other operating revenues</b>		
Export incentives	397.96	112.92
Scrap sales	382.18	404.87
	780.14	517.79
Revenue from operations (Gross)	76446.91	69942.72
Less: Excise duty	5404.92	4935.54
<b>Revenue from operations (Net)</b>	<b>71041.99</b>	<b>65007.18</b>
<b>(a) Particulars in respect of sales of products :</b>		
<b>Manufactured :</b>		
Decorative laminates	48021.07	45781.75
Other Panel Products	5351.53	3823.87
Furniture	8710.15	9108.72
Formaldehyde	58.43	67.20
Potato Flakes and Ready Mix	4431.64	4855.78
Potato / Potato Seeds	1695.95	591.08
Others	657.61	795.63
	<b>68926.38</b>	<b>65024.03</b>
<b>Traded :</b>		
Decorative laminates	1784.23	756.38
Other Panel Products	281.99	99.03
Furniture	29.83	3.46
Chemicals	21.72	9.31
Paper	506.17	339.08
Potato Flakes	-	95.08
Potato / Potato Seeds	241.44	120.25
Acrylic Solid Surface and Adhesive	3673.04	2803.56
Stone Veneer	36.52	37.73
	<b>6574.94</b>	<b>4263.88</b>
	<b>75501.32</b>	<b>69287.91</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 23. OTHER INCOME

	2016-17	2015-16
(i) Interest Income		
- On bank and other deposits	2.24	31.50
- On loans to others	16.54	17.19
(ii) Dividend income from long term investments (Includes Rs.156.76, Previous Year Rs.156.76 from Subsidiary Company)	156.76	156.93
(iii) Claims from insurance companies [Refer (a) below]	95.02	137.97
(iv) Provisions / Liabilities no longer required written back	116.62	165.67
(v) Profit on sale of tangible assets	12.10	19.08
(vi) Recovery of Bad Debts	42.35	98.14
(vii) Discount Received	254.18	218.09
(viii) Net gain on foreign currency transactions and translations	874.61	314.16
(ix) Miscellaneous Income	119.04	68.21
	<b>1689.46</b>	<b>1226.94</b>

(a) Due to the uncertainties in realisation, insurance claims are accounted for on settlement / realisation basis.

## 24. COST OF MATERIALS CONSUMED

	2016-17	2015-16
Raw Materials Consumed [Refer (a) and (b) below]		
Opening Stock	8545.61	8583.25
Purchase and Incidental expenses	31886.09	29663.71
	<b>40431.70</b>	<b>38246.96</b>
Less: Cost of raw materials sold	800.25	490.71
	39631.45	37756.25
Less: Closing Stock	9567.07	8545.61
	<b>30064.38</b>	<b>29210.64</b>

### (a) Particulars of cost of materials consumed :

	2016-17	2015-16
Paper	14740.59	14177.20
Chemicals including formaldehyde	8642.82	7952.09
Panel products and hardware	4725.93	4096.64
Potato	1635.41	2664.29
Others	319.63	320.42
	<b>30064.38</b>	<b>29210.64</b>

### (b) Value of Imported and Indigenous Raw Materials consumed :

	2016-17		2015-16	
	Value	%	Value	%
Imported	18994.89	63.18	17225.18	58.97
Indigenous	11069.49	36.82	11985.46	41.03
	<b>30064.38</b>	<b>100.00</b>	<b>29210.64</b>	<b>100.00</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	2016-17	2015-16
<b>Opening Stock</b>		
- Work-in-progress	329.87	406.32
- Finished Goods	5751.24	4689.95
- Stock in Trade	1302.23	1766.53
	<b>7383.34</b>	<b>6862.80</b>
<b>Less: Closing Stock</b>		
- Work-in-progress	441.94	329.87
- Finished Goods	6138.29	5751.24
- Stock in Trade	1105.48	1302.23
	<b>7685.71</b>	<b>7383.34</b>
	<b>(302.37)</b>	<b>(520.54)</b>

## 26. EMPLOYEE BENEFITS EXPENSE

	2016-17	2015-16
Salaries, Wages, Bonus etc.	6937.26	6027.77
Contribution to Provident and Other Funds [Refer (a) below]	635.98	598.34
Workmen and Staff Welfare	214.30	172.05
	<b>7787.54</b>	<b>6798.16</b>

### (a) Gratuity

The Company 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 Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.11)

	2016-17	2015-16
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	759.32	609.82
(b) Current Service Cost	108.58	91.11
(c) Interest Cost	54.39	47.72
(d) Actuarial Loss / (Gain)	18.33	37.33
(e) (Benefits Paid)	(68.11)	(26.66)
(f) Present Value of Obligation at the end of the year	<b>872.51</b>	<b>759.32</b>
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	732.63	643.94
(b) Expected Return on Plan Assets	57.29	53.77
(c) Actuarial Gain / (Loss)	11.09	3.37
(d) Contributions by employer	182.90	58.21
(e) (Benefits Paid)	(68.11)	(26.66)
(f) Fair Value of Plan Assets as at the end of the year	<b>915.80</b>	<b>732.63</b>
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>		
(a) Present Value of Obligations as at the end of the year	872.51	759.32
(b) Fair Value of Plan Assets as at the end of the year	915.80	732.63
(c) Assets/(Liabilities) recognised in the Balance Sheet	<b>43.29</b>	<b>(26.69)</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 26. EMPLOYEE BENEFITS EXPENSE (contd.)

	2016-17	2015-16
<b>IV. Expense charged to the Statement of Profit and Loss</b>		
(a) Current Service Cost	108.58	91.11
(b) Interest Cost	54.39	47.72
(c) (Expected Return on Plan Assets)	(57.29)	(53.77)
(d) Actuarial (Gain)/Loss	7.24	33.96
(e) Total expense charged to the Statement of Profit and Loss (included under Contribution to Provident and Other Fund)	<b>112.92</b>	<b>119.02</b>

## V. Amount recognised in current year and previous four years

	2016-17	2015-16	2014-15	2013-14	2012-13
(a) Present Value of Obligation as at the end of the year	872.51	759.32	609.82	489.07	416.42
(b) Fair Value of Plan Assets as at the end of the year	915.80	732.63	643.94	581.93	490.73
(c) Assets / (Liability) recognised in the Balance Sheet	43.29	(26.69)	34.12	92.86	74.71
(d) Experience (Gain) /Loss adjustment on plan obligation	(22.81)	(26.69)	3.50	15.71	17.18
(e) Experience Gain/(Loss) adjustment on plan assets	14.97	7.57	(0.20)	1.64	7.87

	2016-17	2015-16
<b>VI. Category of Plan Assets</b>		
Fund with Life Insurance Corporation of India	915.80	732.63
<b>VII. Actual Return on Plan Assets</b>	68.38	57.15
<b>VIII. Principal Actuarial Assumptions</b>	31st March, 2017	31st March, 2016
(a) Discount Rate (per annum)	7.50%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	7.82%	8.35%
(c) Salary Escalation	7.00%	7.00%
(d) Inflation Rate	7.00%	7.00%
(e) Method used	Projected Unit Credit Method	Projected Unit Credit Method
(f) Remaining life of employees (in years)	17	17

The estimate of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is determined after taking historical results of the return on the Plan Assets.

## 27. FINANCE COSTS

	2016-17	2015-16
Interest expense	963.08	1304.54
Interest on shortfall in payment of advance tax	20.41	35.31
Other borrowing costs	80.40	98.14
	<b>1063.89</b>	<b>1437.99</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 28. DEPRECIATION AND AMORTISATION EXPENSE

	2016-17	2015-16
Depreciation and Amortisation on Tangible Assets	1960.31	1648.84
Amortisation of Intangible assets	88.36	37.03
	2048.67	1685.87
Less : Transfer from revaluation of fixed assets	-	0.18
Less : Amortisation of Lease Hold Land (Dahej) transferred to Capital-Work-In-Progress	-	12.31
	<b>2048.67</b>	<b>1673.38</b>

## 29. OTHER EXPENSES

	2016-17	2015-16
Consumption of Stores and Spare Parts [Refer (c) overleaf]	1532.45	1259.86
Power and Fuel	2003.25	2409.37
Jobwork charges	173.52	179.68
Rent [includes Rs.2.78 (Previous Year : Rs.2.47) relating to previous year]	1225.00	1058.35
Rates and Taxes	193.50	265.40
Repairs to :		
Buildings	116.36	128.46
Plant and Machinery [include Rs.2.40 (Previous Year : Rs.25) relating to previous year]	173.11	242.18
Others	441.95	319.63
Legal and Professional Charges [include Rs.Nil (Previous Year Rs.2.09) relating to previous year]	639.69	629.95
Vehicle Upkeep	304.22	266.06
Carriage Outward	2187.32	1955.58
Packing and Forwarding	1431.51	1234.27
Insurance Charges	162.50	168.45
Commission Charges	449.00	394.86
Printing and Stationery	62.36	58.92
Postage and Courier	71.68	67.35
Advertisement, Publicity and Sales Promotion	1791.43	1382.10
Travel Expenses	722.74	643.98
Communication Expenses	188.39	151.21
Excise Duty [refer (a) below]	25.41	22.02
Bad Debts /Advances Written Off	103.84	234.03
Provision for Doubtful Debts / Advances	26.35	11.83
Payments to the Auditors [Refer (b) overleaf]	23.79	25.00
Bank Charges and Commission	87.25	106.65
Royalty	47.31	42.86
Donations	793.21	694.61
CSR Expenditure (Refer note 41)	126.15	84.75
Loss on Sale/Disposal of Tangible Assets	14.44	90.85
Miscellaneous Expenses	1543.82	1345.70
	<b>16661.55</b>	<b>15473.96</b>

(a) Represents excise duty related to the difference between the closing stock and opening stock

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 29. OTHER EXPENSES (contd.)

	2016-17	2015-16
(b) Amount paid / payable to the auditors		
<b>As Statutory Auditors<sup>a</sup> :</b>		
Statutory Audit Fees	14.50	14.50
Tax Audit Fees	4.00	1.50
Other matters (include Rs. Nil (Previous Year : Rs.3 ) relating to earlier year)	3.25	6.50
Reimbursement of Expenses	0.84	0.48
	<b>22.59</b>	<b>22.98</b>
<b>As Cost Auditors :</b>		
Audit Fees	0.45	0.45
Reimbursement of Expenses	-	0.07
	<b>0.45</b>	<b>0.52</b>
<b>As Secretarial Auditors :</b>		
Audit Fees (includes Rs. Nil (Previous Year : Rs.75 ) relating to earlier year)	0.75	1.50
	<b>0.75</b>	<b>1.50</b>

<sup>a</sup> Excluding Service Tax Rs.3.20 (2015-16 : Rs.2.02)

## (c) Value of Imported and Indigenous Stores, Spares and Components consumed :

	2016-17		2015-16	
	Value	%	Value	%
Imported	182.61	11.92	43.60	3.46
Indigenous	1349.84	88.08	1216.26	96.54
	<b>1532.45</b>	<b>100.00</b>	<b>1259.86</b>	<b>100.00</b>

Profit/loss on sale of Stores and Components remains adjusted in the respective head.

## 30. EXPENDITURE IN FOREIGN CURRENCY:

	2016-17	2015-16
Commission	32.06	37.44
Travelling Expenses	24.38	14.01
Professional fees	20.74	49.49
Export Promotion	37.21	38.59
Royalty / Fees and Subscription	56.78	53.72
Interest	51.86	62.71
Purchase of Traded Goods	2042.37	1384.05
Foreign Office Expenses	268.78	247.63
Others	36.73	28.83

## 31. EARNINGS PER EQUITY SHARE

	2016-17	2015-16
(i) Number of Equity shares outstanding during the year	1,03,69,600	1,03,69,600
(ii) Face value of each equity share (Rs.)	10.00	10.00
(iii) Profit after Tax and Extraordinary Item (Rs.)	7268.27	5906.12
(iv) Basic and Dilutive Earning per Equity Share on Profit after Tax [(iii)/(i)]	70.09	56.96

## 32. Earnings in Foreign Exchange

	2016-17	2015-16
Exports calculated on F.O.B basis	15843.68	15103.50

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 33. C.I.F value of Imports :

	2016-17	2015-16
Raw Materials	18141.05	14273.73
Components and Spare Parts (including stores)	287.35	106.50
Capital Goods	1197.48	1775.72

34. 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:

	31st March, 2017	31st March, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	6.75	1.88
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.11	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	3.18	-
Interest paid, other than 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	0.05	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 35. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES'

### i) Related Parties :

SN	Name	Relationship
<b>a) 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
	Mr. Sumantra Sinha	Company Secretary (Up-to 31.08.2015)
	Mrs. Sumana Roychowdhury	Company Secretary

<b>c) Relatives of KMP</b>		<b>Relationship</b>	<b>Relatives of KMP</b>		<b>Relationship</b>
Mrs. Tara Devi Lohia	Wife of Mr Champa Lal Lohia		Mrs. Neera Lohia	Wife of Mr Prakash Lohia	
Mr. Deepak Lohia	Son of Mr Champa Lal Lohia		Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia	
Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia		Mrs. Praveena Lohia	Wife of Mr Rup Chand Lohia	
Mrs. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia		Mrs. Meghna Lohia	Wife of Mr Prasan Lohia	
Mrs. Asha Mundhra	Daughter of Mr Champa Lal Lohia		Mr. Manoj Lohia	Son of Mr Rup Chand Lohia	
The estate of Late Man Kumar Lohia	Late Man Kumar Lohia was father of Mr Prakash Lohia		Mr. Abhiroop Lohia	Son of Mr Prasan Lohia	
Mrs. Sita Devi Lohia	Mother of Mr Prakash Lohia		Ms. Anuja Lohia (minor)	Daughter of Mr Prasan Lohia	
Mrs. Uma Singhi	Sister of Mr Prakash Lohia		Mrs. Sashi Lohia	Wife of Mr Bikash Lohia	
Mrs. Kiran Maheswari	Sister of Mr Prakash Lohia		Mrs. Vandana Lohia	Wife of Mr Manoj Lohia	

### d) Entities over which Key Management Personnel together with their relatives have significant influence:

Merino Exports Private Limited  
 Merino Services Ltd.  
 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

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

**35. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES'** (contd.)**ii) Particulars of transactions during the year ended 31 March, 2017**

Particulars	Subsidiary Company	Key Management Personnel	Relatives of Key Management Personnels	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Sale of products / materials / services	2310.54 (2105.43)	- -	- -	10.94 (19.82)	2321.48 (2125.25)
Sale of Tangible and Intangible Assets	- (9.54)	- -	- -	- -	- (9.54)
Purchase of Tangible and Intangible Assets	7.91 -	- -	- -	191.69 (0.52)	199.60 (0.52)
Purchase of goods / materials / services	2361.41 (1403.66)	- -	- -	112.54 (155.89)	2473.95 (1559.55)
Royalty on trade mark received	0.57 (0.57)	- -	- -	0.29 (0.29)	0.86 (0.86)
Rent, other charges and reimbursement paid	2.69 (8.04)	- -	22.33 (12.90)	1093.00 (917.44)	1118.02 (938.38)
Rent, other charges and reimbursement received	282.02 (262.35)	- -	- -	0.23 (6.13)	282.25 (268.48)
Marketing Service Provider Fees	- -	- -	- -	21.22 (18.85)	21.22 (18.85)
Dividend paid / payable	- -	96.54 (96.43)	123.07 (123.05)	118.50 (118.50)	338.11 (337.98)
Dividend received / receivable	156.77 (156.77)	- -	- -	- -	156.77 (156.77)
Interest paid on loans	- -	- -	- -	220.08 (265.07)	220.08 (265.07)
Donation paid (including CSR Contribution)	- -	- -	- -	864.00 (755.05)	864.00 (755.05)
Loans taken	- -	- -	- -	4980.00 (2000.00)	4980.00 (2000.00)
Loans repaid	- -	- -	- -	4980.00 (4087.14)	4980.00 (4087.14)
Salary / benefits to Key Managerial Personnel	- -	25.88 (23.96)	- -	- -	25.88 (23.96)
Directors' Remuneration	- -	717.67 (628.66)	- -	- -	717.67 (628.66)
<b>Balance outstanding at the year end:</b>					
Trade receivables	- (30.42)	- -	- -	1.94 (48.65)	1.94 (79.07)
Loans and Advances / Other Current Assets	261.69 (206.75)	- -	- -	50.40 (50.40)	312.09 (257.15)
Trade and other payables	289.46 -	- -	- -	591.51 (464.02)	880.97 (464.02)
Investment in Shares (Other than trade) (Net of diminution)	149.30 (149.30)	- -	- -	2.67 (2.67)	151.97 (151.97)

Figures in bracket relates to previous year.

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 35. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

iii) Details of transactions with Key Management Personnel [included under column "Key Management Personnel" in (ii)]

Nature of Transactions	Name of Key Management Personnel	2016-17	2015-16
1) Directors' Remuneration / Benefits	Shri Champa Lal Lohia	117.31	107.87
	Shri Rupchand Lohia	67.54	70.14
	Shri Prakash Lohia	147.87	93.18
	Shri Prasan Lohia	85.07	88.77
	Ms. Ruchira Lohia	85.07	78.09
	Shri Bikash Lohia	85.06	78.07
	Shri Madhusudan Lohia	78.31	71.69
	Shri Nripen Dugar	51.44	40.85
	2) Dividend paid / payable	Shri Champa Lal Lohia	12.89
Shri Rupchand Lohia		7.18	7.18
Shri Prakash Lohia		19.80	19.77
Shri Prasan Lohia		6.06	6.03
Ms. Ruchira Lohia		17.80	17.78
Shri Bikash Lohia		22.41	22.38
Shri Madhusudan Lohia		10.38	10.38
Shri Nripen Dugar		0.02	0.02
3) Salary to Key Managerial Personnel		Mr. Asok Kumar Parui	19.76
	Mr. Sumantra Sinha	-	2.71
	Mrs. Sumana Roychowdhury	6.12	2.65

iv) Details of transactions with Relatives of Key Management Personnel [included under column "Relatives of Key Management Personnel" in (ii)]

Nature of Transactions	Relatives of Management Personnel	2016-17	2015-16
1) Dividend paid / payable	Mrs. Tara Devi Lohia	8.44	8.44
	Mr. Deepak Lohia	21.53	21.53
	Ms. Usha Lohia	5.60	5.60
	Mrs. Nayantara Agarwal	2.80	2.80
	Mrs. Asha Mundhra	0.08	0.08
	The estate of Late Man Kumar Lohia	14.88	14.88
	Mrs. Sita Devi Lohia	5.72	5.72
	Mrs. Uma Singhi	3.71	3.69
	Mrs. Neera Lohia	10.46	10.46
	Mrs. Sheela Lohia	4.11	4.11
	Mrs. Praveena Lohia	6.29	6.29
	Mrs. Meghna Lohia	9.26	9.26
	Mr. Manoj Lohia	7.50	7.50
	Mr. Abhiroop Lohia	7.00	7.00
	Ms. Anuja Lohia (minor)	1.75	1.75
	Mrs. Vandana Lohia	10.44	10.44
	Mrs. Sashi Lohia	3.50	3.50

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

**35. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES'** (contd.)

Nature of Transactions	Relatives of Management Personnel	2016-17	2015-16
2) Land rent paid / payable	Mr. Deepak Lohia	2.60	2.60
	Mrs. Asha Mundhra	2.11	2.11
	Mrs. Nayantara Agarwal	2.74	2.74
	Mrs. Kiran Maheswari	2.74	2.74
	Mrs. Uma Singhi	2.71	2.71
	Mrs. Neera Lohia	4.71	-
	Mrs. Mita Lohia	4.72	-

- v) Details of transactions with Entities over which Key Management Personnel together with relatives have significant influence [Included under column "Entities over which Key Management Personnel together with relatives have significant influence" in (ii)]

Nature of Transactions	Name of Entities	2016-17	2015-16
Sale of Products / Stores / Services	Merino Services Limited	-	2.14
	Sri Harakasturi Memorial Trust	2.62	11.17
	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	3.69	4.64
	Usha Agro Farm	0.81	0.29
	Merino Exports Private Limited	1.12	1.58
	Anupriya Marketing Limited	2.70	-
	Purchase of Goods/Services	Merino Services Limited	108.91
Usha Agro Farm		3.63	7.73
Kasturi Bai Gopi Babu Cold Storage Pvt Limited		-	2.06
Royalty on trade mark received	Merino Services Limited	0.29	0.29
Purchase of tangible / intangible Assets	Merino Services Limited	191.69	0.52
Rent, other charges and reimbursement paid	Merino Exports Pvt Ltd	129.81	135.10
	Mankumar Lohia and Brothers	80.08	76.28
	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	549.82	486.07
	Usha Agro Farm	25.41	25.76
	Sri Harakasturi Memorial Trust	0.08	0.01
	Merino Services Limited	307.80	194.22
	Rent, other charges and reimbursement received	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	-
Sri Harakasturi Memorial Trust		0.01	0.87
Merino Services Limited		0.22	4.85
Marketing Service Provider Fees	Anupriya Marketing Limited	21.22	18.85
Dividends paid / payable	Merino Exports Pvt Ltd	107.30	107.30
	Merino Services Limited	11.20	11.20
Interest Paid on loans	Merino Exports Pvt Ltd	220.08	265.07
Donation Paid	Sri Harakasturi Memorial Trust *	664.00	84.75
	Sri Hara Kasturi Trust	-	0.30
	Sri Man Kumar Lohia Memorial Trust **	200.00	670.00
Loan Taken	Merino Exports Pvt Ltd	4980.00	2000.00
Loan Repaid	Merino Exports Pvt Ltd	4980.00	4087.14

\* For CSR Activities Rs.64 (Previous Year Rs.84.75). (Also refer Note 41).

\*\* For CSR Activities Rs.17(Previous Year Nil). (Also refer Note 41).

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 35. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

Nature of Transactions	Name of Entities	2016-17	2015-16
<b>Balance outstanding at the year end:</b>			
Trade Receivables	Merino Exports Pvt Ltd	0.04	0.73
	Kasturi Bai Gopi Babu Cold Storage Pvt Ltd	0.02	45.50
	Sri Harakasturi Memorial Trust	1.07	2.42
	Usha Agro Farm	0.81	-
Loans and Advances /Other current assets	Mankumar Lohia and Brothers	50.40	50.40
Trade and other payables	Merino Services Limited	88.68	-
	Merino Exports Pvt Ltd	2.30	-
	Mankumar Lohia and Brothers	1.20	0.86
	Kasturi Bai Gopi Babu Cold Storage Pvt Ltd	495.65	452.47
	Usha Agro Farm	3.63	3.02
	Anupriya Marketing Limited	0.05	7.67
Investment in Shares (Other than trade)	Merino Services Limited	2.07	2.07
	Merino Exports Pvt Ltd	0.60	0.60
	Merinopoly and Chemicals Ltd	5.19	-
	Less: Diminution in book value	5.19	-

## 36 INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 17 ON 'SEGMENT REPORTING'

- a) The Company has identified three reportable business segments : -
- i) Laminates:
    - Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption), Adhesive and trading of Papers and Chemicals.
  - ii) Panel Products and Furniture:
    - Comprises manufacturing and selling of Furnitures, Panel Boards, Plywoods and related products.
  - iii) Potato Flakes :
    - Potato Flakes comprises manufacturing and sale of Potato Flakes and Ready Mix.
- b) Others represent all un- allocable items not included in segments.
- c) Geographical segments considered for disclosure are
- Sales within India
  - Sales outside India

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 36 INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 17 ON 'SEGMENT REPORTING' (contd.)

### Primary Segment Information (Business Segments) :

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Revenue External (Net Sales and other income)	48853.06 (45179.28)	13324.86 (12106.13)	4790.16 (5154.20)	5763.37 (3794.51)		
Inter-Segment Sales	2959.96 (3233.53)	- -	- -	- -		
Total revenue (net Sales and other Income)	51813.02 (48412.81)	13324.86 (12106.13)	4790.16 (5154.20)	5763.37 (3794.51)	-2959.96 (-3233.53)	72731.45 (66234.12)
Profit (+) / Loss (-) before tax	+12936.16 (+12037.17)	+676.10 (+864.51)	-979.62 (-925.93)	-2670.78 (-3234.93)		9961.86 (+8740.82)
Depreciation and Amortisation	1261.18 (951.00)	381.71 (293.49)	314.13 (324.09)	91.65 (104.80)		2048.67 (1673.38)
Non Cash expenses other than Depreciation and Amortisation	42.92 (87.84)	77.65 (156.39)	0.13 (1.43)	9.49 (0.20)		130.19 (245.86)
Assets	33076.52 (27048.79)	13122.65 (9617.35)	4175.61 (4615.19)	9485.09 (8556.45)		59859.87 (49837.78)
Liabilities (Excluding Shareholders' fund)	6923.88 (5272.19)	1712.90 (1329.83)	708.14 (507.88)	20505.73 (19141.55)		29850.65 (26251.45)
Capital Expenditure	8141.81 (2804.80)	1065.71 (3161.99)	400.30 (271.27)	158.22 (133.89)		9766.04 (6371.95)

### Secondary Segment Information (Geographical Segments) :

Particulars	Segment Revenue External	Carrying Amount of Segment Asset	Segment Capital Expenditure
Within India	50593.38 (46765.61)	48517.57 (39058.82)	9607.82 (6238.06)
Outside India	16374.70 (15674.00)	1857.21* (2222.51*)	- -

\* Represents Trade Receivables and Fixed Assets  
Figures in bracket represent previous year's figures.

## 37. PURCHASES OF STOCK-IN-TRADE

	2016-17	2015-16
Decorative laminates	1699.27	720.36
Other Panel Products	275.61	99.63
Furniture / Furniture Hardware	20.47	2.63
Chemicals	22.65	8.07
Paper	345.03	220.17
Potato Flakes / Ready Mix	0.26	77.70
Potato / Potato Seeds	203.37	219.61
Acrylic Solid Surface and Adhesive	2839.97	2051.19
Stone Veneer	39.30	20.35
	<b>5445.93</b>	<b>3419.71</b>

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 38. LEASES

### Operating Lease:

#### As a lessee:

The Company has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, godown etc. The tenure of leases generally varies between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental aggregating Rs.656.37 (31st March, 2016 : Rs.528.74) has been debited to the Statement of Profit and Loss.

#### As a lessor:

The Company has given a machinery on operating lease to Merino Panel Products Limited, subsidiary company for a period of five years with both the parties having an option to renew the agreement on such terms and conditions as may be mutually agreed thereon.

	31st March, 2017	31st March, 2016
Gross carrying amount as on Balance Sheet date	10.24	10.24
Accumulated depreciation amount as on Balance Sheet date	3.24	2.52
Net carrying amount as on Balance Sheet date	7.00	7.72
Depreciation recognised in Statement of Profit and Loss	0.72	0.72
Rental income credited to the Statement of Profit and Loss (included under Other Income)	1.20	1.20

The Company has given one or more godown spaces on operating lease and the tenure of leases generally varies between 1 and 5 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental income aggregating Rs.5.26 (31st March, 2016 : Rs.5.57) has been credited to the Statement of Profit and Loss.

## 39. DIVIDEND

During the year, the Board of Directors has declared interim dividend of Rs.3.50/- (2015-16 : Rs.3.50/-) per Equity Share amounting to Rs.362.94 (2015-16 ; Rs.362.94).

## 40. HEDGING CONTRACTS

The Company uses foreign exchange forward contracts and currency swaps to hedge its exposure to movements in foreign exchange rates. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

The Company has identified certain derivative contracts entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions as hedge instruments that qualify as effective cash flow hedges.

### a) Derivative instruments outstanding:

#### i) Forward exchange contracts:

Details	31st March, 2017		31st March, 2016	
	Purchase	Sale	Purchase	Sale
Foreign currency value(USD in lakhs)	4.62	34.00	6.51	38.00
Foreign currency value(EURO in lakhs)	2.08	-	1.03	-
<b>ii) Principal swap contracts:</b>				
Principal amount (USD in lakhs) outstanding	37.99	-	45.65	-

### b) Un-hedged foreign currency exposures:

Details	31st March 2017	31st March 2016
<b>Loan liabilities and Payables:</b>		
(USD in lakhs)	27.06	25.95
(EUR in lakhs)	16.99	12.57
(YEN in lakhs)	352.15	186.76
(SGD in lakhs)	0.03	0.11

# Notes to the Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 40. HEDGING CONTRACTS (contd.)

Details	31st March 2017	31st March 2016
<b>Receivables:</b>		
(USD in lakhs)	30.04	33.81
(GBP in lakhs)	0.33	0.68
(EUR in lakhs)	-	0.63

## 41. 'CSR' EXPENDITURE

The Company undertook Corporate Social Responsibility ('CSR') programme and activities through Group Trusts' ( Shree Hara Kasturi Memorial Trust and Sri Man Kumar Lohia Memorial Trust) registered under the Income Tax Act and through donation to Ramakrishna Mission:

	2016-17	2015-16
(a) Gross Amount required to be spent by the company during the year	126.15	84.75
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any assets	-	8.52
On purpose other than above	126.15	76.23

## 42. DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the Company had Specified Bank Notes(SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March, 30, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Figure in Rs.)

Particulars	SBNs (*)	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	28,87,500.00	4,01,420.74	32,88,920.74
Add : Permitted receipts	-	99,47,424.34	99,47,424.34
Less : Permitted payments	36,500.00	93,38,751.96	93,75,251.96
Less : Amount deposited in banks	28,51,000.00	1,61,710.00	30,12,710.00
Closing cash in hand as on December 30, 2016	-	8,48,383.12	8,48,383.12

\* For the purpose of this clause, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407 ( E ), dated November 8, 2016.

## 43. PREVIOUS YEAR FIGURES

The previous year's figures have also been reclassified and regrouped to conform to this year's classification and grouping.

### For Singhi & Co.

Chartered Accountants  
Firm Registration Number : 302049E

### B.L.Choraria

Partner  
Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

### For and on behalf of Board of Directors

### Champa Lal Lohia

Chairman

### Rup Chand Lohia

Vice Chairman

### Prakash Lohia

Managing Director

### A.K. Parui

Chief Financial Officer

### S. Raychaudhuri

Company Secretary

# Ten Years at a Glance

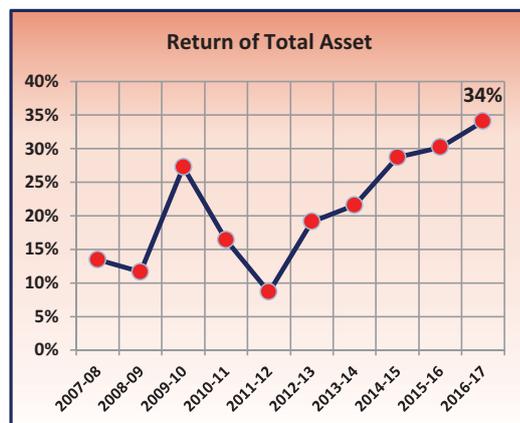
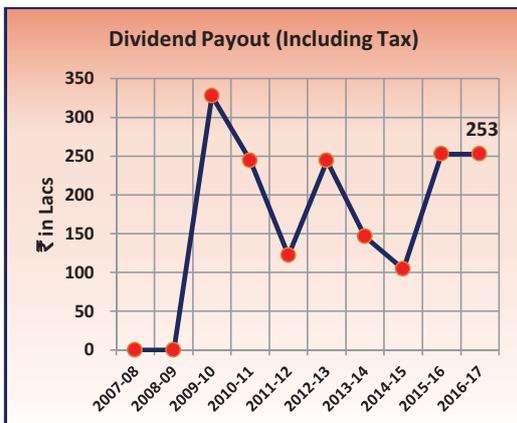
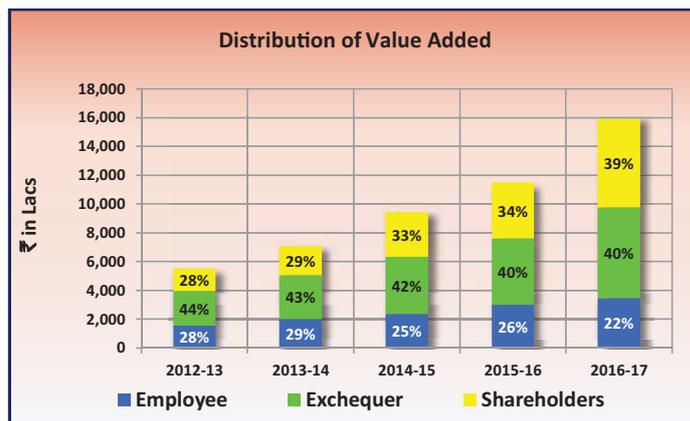
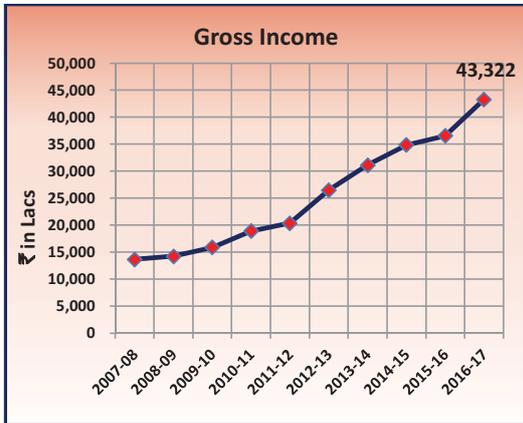
## OPERATING RESULTS FOR TEN YEARS AT A GLANCE (Rs. lakhs)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Gross income	27394.53	31522.85	35499.27	41073.52	44718.85	51108.91	60467.90	68550.14	71169.66	78136.37
Gross expenditure	24218.50	29063.34	29901.95	37133.90	40449.17	45524.11	54190.59	58942.25	59415.61	65142.35
Interest	849.74	1230.57	856.61	916.09	1176.24	1399.33	1293.50	1365.19	1339.85	983.49
<b>Operating profit</b>	<b>2326.29</b>	<b>1228.94</b>	<b>4740.71</b>	<b>3023.53</b>	<b>3093.44</b>	<b>4185.47</b>	<b>4983.81</b>	<b>8242.70</b>	<b>10414.20</b>	<b>12010.53</b>
Depreciation	761.46	852.80	921.15	977.80	1091.92	1360.55	1458.24	1605.20	1673.38	2048.67
<b>Profit before tax and extraordinary item</b>	<b>1564.83</b>	<b>376.14</b>	<b>3819.56</b>	<b>2045.73</b>	<b>2001.52</b>	<b>2824.92</b>	<b>3525.57</b>	<b>6637.50</b>	<b>8740.82</b>	<b>9961.86</b>
Extraordinary Item	-	-	1741.36	(1521.19)	-	-	-	-	-	-
Tax - Current tax	371.84	250.00	625.00	1133.27	621.20	715.00	1234.61	2080.19	2602.16	2255.28
-Fringe Benefit Tax	29.00	41.50	5.76	3.44	(9.30)	-	-	-	-	-
-Deferred Tax Charge / (Credit)	113.49	(58.62)	1.26	50.89	(38.72)	113.80	96.02	283.36	232.54	438.31
Profit after tax	1050.50	143.26	1446.18	2379.32	1428.34	1996.12	2194.94	4273.95	5906.12	7268.27
Dividend (including tax)	303.30	-	492.22	155.54	228.32	155.54	166.12	170.68	404.91	404.91
<b>Retained Profits</b>	<b>747.20</b>	<b>143.26</b>	<b>953.96</b>	<b>2223.78</b>	<b>1200.02</b>	<b>1840.58</b>	<b>2028.82</b>	<b>4103.27</b>	<b>5501.21</b>	<b>6863.36</b>
Earnings per share (Rs.)	<b>10.13</b>	<b>1.38</b>	<b>13.95</b>	<b>22.94</b>	<b>13.77</b>	<b>19.25</b>	<b>21.17</b>	<b>41.22</b>	<b>56.96</b>	<b>70.09</b>

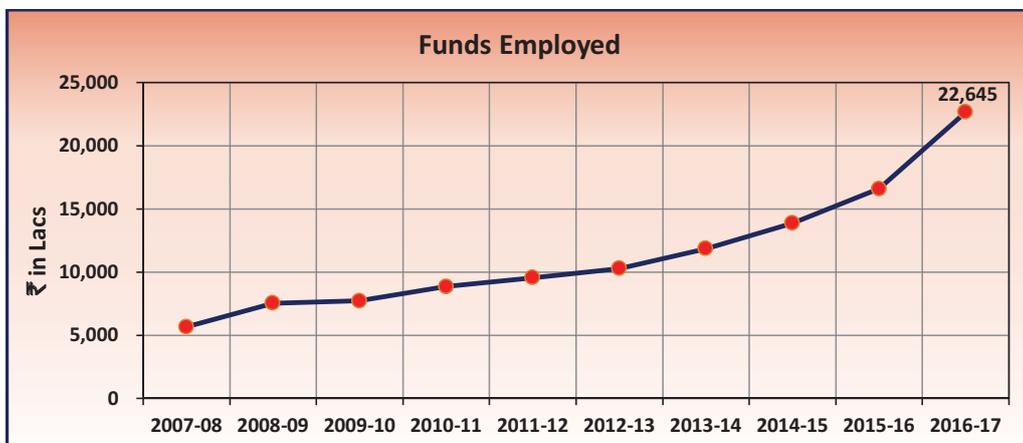
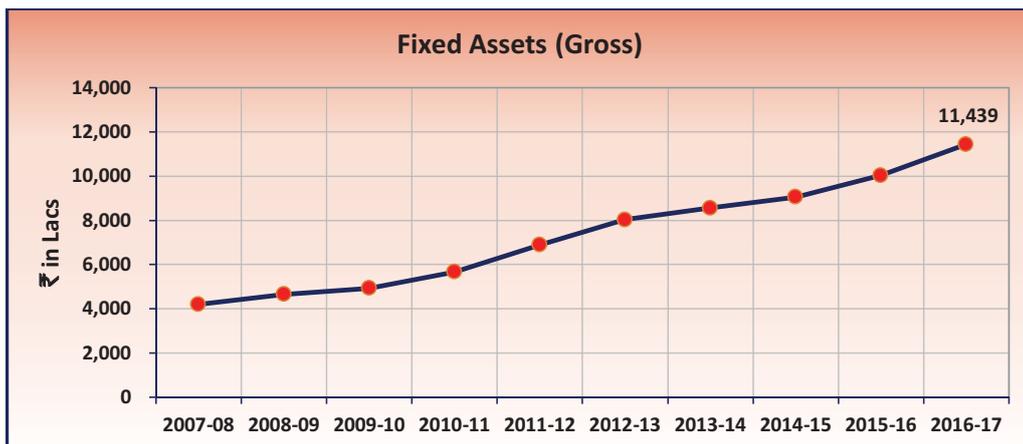
## YEAR-END FINANCIAL POSITION FOR TEN YEARS AT A GLANCE (Rs. lakhs)

	31.03.2008	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017
<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	4631.34	4759.04	5707.54	7926.40	9121.95	10958.42	12983.45	17038.27	22539.30	28962.19
Shareholder's fund	5678.37	5806.07	6754.57	8973.43	10168.98	12005.45	14030.48	18085.30	23586.33	30009.22
<b>Long term loan</b>	<b>2622.49</b>	<b>2923.28</b>	<b>1971.82</b>	<b>714.71</b>	<b>2881.22</b>	<b>2309.14</b>	<b>2741.09</b>	<b>2116.00</b>	<b>2383.28</b>	<b>5012.67</b>
Bank borrowings	7889.15	8967.38	6959.70	8875.23	8867.04	7732.26	6511.37	8065.24	8399.79	5572.55
Short term loan	401.09	1706.50	2332.38	1899.97	3077.63	3678.93	4095.07	4883.01	3400.00	4500.00
Loan funds	10912.73	13597.16	11263.90	11489.91	14825.89	13720.33	13347.53	15064.25	14183.07	15085.22
Deferred tax liability (net)	673.69	615.07	616.33	667.22	628.50	742.30	838.32	1121.67	1354.21	1792.52
<b>Funds available</b>	<b>17264.79</b>	<b>20018.30</b>	<b>18634.80</b>	<b>21130.56</b>	<b>25623.37</b>	<b>26468.08</b>	<b>28216.33</b>	<b>34271.22</b>	<b>39123.61</b>	<b>46886.96</b>
<b>APPLICATION OF FUNDS:</b>										
Fixed assets	11150.69	12835.74	14698.84	16448.72	19592.96	21726.63	22874.12	26993.74	32302.49	40271.24
Depreciation	3809.55	4628.24	5321.74	6263.14	7350.71	8565.22	9837.35	11072.96	12005.00	13567.60
Fixed assets (net)	7341.14	8207.50	9377.10	10185.58	12242.25	13161.41	13036.77	15920.78	20297.49	26703.64
Investments	152.92	152.92	152.82	152.82	152.82	152.82	152.82	152.82	152.82	152.82
<b>Net current assets</b>	<b>9770.73</b>	<b>11657.88</b>	<b>9104.88</b>	<b>10792.16</b>	<b>13228.30</b>	<b>13153.85</b>	<b>15026.74</b>	<b>18197.62</b>	<b>18673.30</b>	<b>20030.50</b>
<b>Funds employed</b>	<b>17264.79</b>	<b>20018.30</b>	<b>18634.80</b>	<b>21130.56</b>	<b>25623.37</b>	<b>26468.08</b>	<b>28216.33</b>	<b>34271.22</b>	<b>39123.61</b>	<b>46886.96</b>

# Financial Highlights



# Financial Highlights

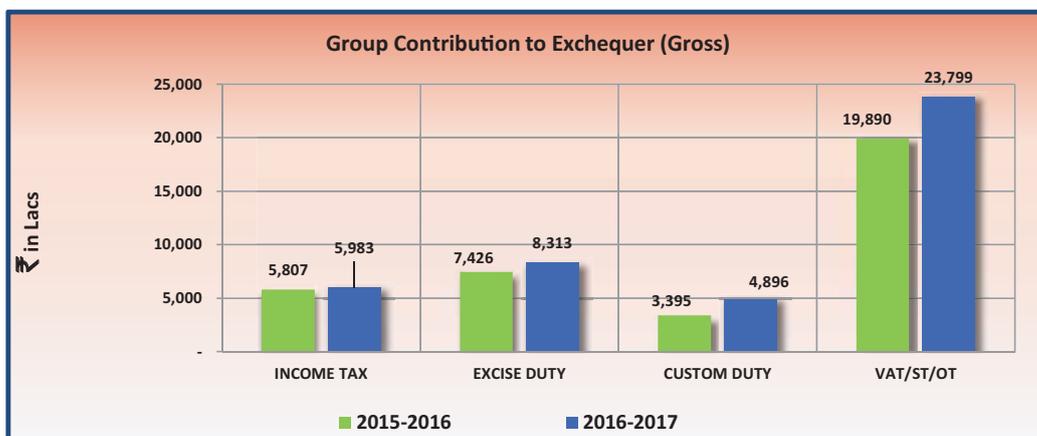


# Financial Highlights

## Standalone



## Consolidated



## 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 Rs. In lakhs)

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	20993.57
7. Total assets	28273.80
8. Total Liabilities	7080.23
9. Investments	601.14
10. Turnover	39498.22
11. Profit before taxation	9548.58
12. Provision for taxation	3389.05
13. Profit after taxation	6159.53
14. Proposed Dividend	-
15. % of shareholding	74.65

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations	NIL
2. 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

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	N.A.	N.A.	N.A.
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	N.A.	N.A.	N.A.
i. Considered in Consolidation	N.A.	N.A.	N.A.
ii. Not Considered in Consolidation	N.A.	N.A.	N.A.

- |   |     |
|---|-----|
| 1. Names of associates or joint ventures which are yet to commence operations               | Nil |
| 2. Names of associates or joint ventures which have been liquidated or sold during the year | Nil |

# Consolidated Financial Section

# Independent Auditor's Report

TO THE MEMBERS OF  
MERINO INDUSTRIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Merino Industries Limited ("the Holding Company"), and its subsidiary (the holding Company and its subsidiary together referred to as "the Company or the group") which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company are in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Board of Directors of the company are responsible for 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; the 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 the 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the

provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date; and

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report 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 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, and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Boards of Directors of the Holding Company and the subsidiary company, none of the directors is disqualified as on 31st March, 2017 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statement has disclosed the impact of pending litigations on the consolidated financial position of the group – Refer Note No. 21 (a) to the Consolidated Financial Statements;

ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts;

iii. There were no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary company.

iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 41 to the standalone financial statements.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**B.L. Choraria**  
Partner

Place: Kolkata  
Date: 19th June, 2017

Membership No. 22973

# Annexure – A to the Auditors' Report

## 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 the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of Merino Industries Limited ("the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its Subsidiary Company, which are companies incorporated in India, are 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 (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 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 Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by 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 Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 over financial reporting.

### 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 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.

#### **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, which are companies incorporated in India,

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 2017, 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 ICAI.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**B.L. Choraria**  
Partner  
Membership No. 22973

Place: Kolkata  
Date: 19th June, 2017

# Consolidated Balance Sheet

as at 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	Note No.	31st March, 2017	31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	1047.03	1047.03
(b) Reserves and Surplus	4	44498.90	33670.07
		<b>45545.93</b>	<b>34717.10</b>
<b>(2) MINORITY INTEREST</b>	5	<b>5372.56</b>	<b>3875.19</b>
<b>(3) NON-CURRENT LIABILITIES</b>			
(a) Long-term Borrowings	6	5014.62	2406.85
(b) Deferred Tax Liabilities (net)	7	2452.43	1837.26
(c) Other Long-Term Liabilities	8	825.37	560.50
		<b>8292.42</b>	<b>4804.61</b>
<b>(4) CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	9	10862.55	12593.82
(b) Trade Payables	10		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises, and		6.75	1.88
(B) Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises		10788.98	7844.51
(c) Other Current Liabilities	11	5894.80	5281.95
(d) Short-term Provisions	12	534.22	693.19
		<b>28087.30</b>	<b>26415.35</b>
<b>TOTAL</b>		<b>87298.21</b>	<b>69812.25</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment			
(i) Tangible Assets	13A	31767.53	23771.95
(ii) Intangible Assets	13B	329.52	114.05
(iii) Capital Work-in-Progress	13C	1734.25	1960.69
(iv) Intangible assets under Development		72.82	146.38
		<b>33904.12</b>	<b>25993.07</b>
(b) Non Current Investments	14	604.66	103.67
(c) Long-term Loans and Advances	15	2118.22	1431.66
		<b>36627.00</b>	<b>27528.40</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	16	26779.69	23164.25
(b) Trade Receivables	17	15743.85	14219.00
(c) Cash and Bank Balances	18	5347.77	3008.64
(d) Short-term Loans and Advances	19	2213.41	1743.80
(e) Other Current Assets	20	586.49	148.16
		<b>50671.21</b>	<b>42283.85</b>
<b>TOTAL</b>		<b>87298.21</b>	<b>69812.25</b>

This is the Consolidated Balance Sheet referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants  
Firm Registration Number : 302049E

**B.L.Choraria**  
Partner  
Membership Number - 022973

**Champa Lal Lohia**  
Chairman

**Rup Chand Lohia**  
Vice Chairman

**Prakash Lohia**  
Managing Director

Place : Kolkata  
Date : 19th June, 2017

**A.K. Parui**  
Chief Financial Officer

**S. Raychaudhuri**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	Note No.	2016-17	2015-16
I. Revenue from operations (Net)	23	106362.71	95617.32
II. Other Income	24	2441.80	1491.98
<b>III. Total Revenue (I+II)</b>		<b>108804.51</b>	<b>97109.30</b>
<b>IV. Expenses:-</b>			
Cost of materials consumed	25	46563.68	44453.67
Purchases of stock-in-trade	35	4279.63	3395.52
Changes in inventories of finished goods, work-in-progress and stock in trade	26	(59.10)	(749.33)
Employee benefits expense	27	11434.16	9941.17
Finance costs	28	1180.45	1562.67
Depreciation and amortisation expense	29	2943.71	2452.90
Other expenses	30	23111.78	21379.22
<b>Total Expenses</b>		<b>89454.31</b>	<b>82435.82</b>
<b>V. Profit before tax (III - IV)</b>		<b>19350.20</b>	<b>14673.48</b>
<b>VI. Tax Expense:</b>			
Current tax		5469.35	4842.94
Short /(Excess) provision of current tax in respect of earlier years adjusted		(1.89)	(141.99)
Deferred tax		615.18	350.80
		<b>6082.64</b>	<b>5051.75</b>
<b>Profit for the year before The Minority Interest</b>		<b>13267.56</b>	<b>9621.73</b>
Minority Interest		<b>1561.44</b>	<b>986.63</b>
<b>VII. Profit for the year</b>		<b>11706.12</b>	<b>8635.10</b>
<b>VIII. Earnings per equity share</b>	31		
[Nominal Value per share: Rs 10/- (2015-16 : Rs 10/-)]			
Basic and Diluted		112.89	83.27

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L.Choraria**

Partner

Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

**Champa Lal Lohia**

Chairman

**Rup Chand Lohia**

Vice Chairman

**A.K. Parui**

Chief Financial Officer

**Prakash Lohia**

Managing Director

**S. Raychaudhuri**

Company Secretary

The notes numbered 1 to 42 are an integral part of the Consolidated Financial Statements.

**For and on behalf of Board of Directors**

# Consolidated Cash Flow Statement

for the year ended 31st March, 2017

(Figure in Rs. lakhs, unless otherwise stated)

	2016-17	2015-16
<b>A. Cash Flow From Operating Activities :</b>		
Net Profit Before Tax	19350.20	14673.48
<b>Adjustment for :</b>		
Depreciation and amortisation	2943.71	2452.90
Provision for Doubtful Debts	26.35	11.37
Unrealised gain on foreign currency translations (Net)	(73.68)	71.68
Finance Cost	1180.45	1562.67
Loss / (Profit) on Sale/Disposal of Tangible Assets	13.39	75.83
Loss / (Profit) on Sale of Investment (Net)	(0.99)	-
Interest Income	(306.03)	(117.03)
Liabilities / Provision no longer required written back	(199.23)	(194.20)
Dividend Income	-	3863.06
<b>Operating Profit before Working Capital Changes</b>	<b>22934.17</b>	<b>18536.54</b>
<b>Adjustments for :</b>		
Trade and Other receivables	(3025.35)	(151.44)
Inventories	(3615.44)	(1090.98)
Trade and Other Payables	4430.84	1626.51
<b>Cash Generated From Operations</b>	<b>20724.22</b>	<b>18920.63</b>
Net Direct Taxes Paid	(5763.65)	(5394.32)
<b>Net Cash from Operating Activities</b>	<b>14960.57</b>	<b>13526.31</b>
<b>B. Cash Flow From Investing Activities :</b>		
Purchase of Tangible Assets	(11332.04)	(7753.26)
Purchase of Intangible Assets	(255.40)	(242.98)
Proceeds from sale of Tangible Assets	54.39	134.89
Purchase of Investment	(550.00)	(100.15)
Proceeds from Sale of Investment	50.00	-
Interest Received	200.13	91.14
Dividend Received	-	0.16
Investment in fixed deposits	(2594.00)	(1548.00)
<b>Net Cash used in Investing Activities</b>	<b>(14426.92)</b>	<b>(9418.20)</b>

# Consolidated Cash Flow Statement

for the year ended 31st March, 2017 (contd.)

(Figure in Rs. lakhs, unless otherwise stated)

	2016-17		2015-16	
<b>C. Cash Flow From Financing Activities :</b>				
Proceeds from Long-Term Borrowings		4000.00		1779.60
Repayment of Long Term Borrowings		(1391.57)		(1446.53)
Proceeds from Short-Term Loans from Banks		4500.00		3400.00
Repayment of Short-Term Loans from Banks		(3400.00)		(3000.00)
Proceeds from Demand Loan from Body Corporates		4980.00		2000.00
Repayment of Demand Loan from Body Corporates		(4980.00)		(3883.01)
Decrease in Cash Credit/Working Capital facilities (net)		(2831.27)		(653.38)
Interest paid		(1166.49)		(1696.96)
Dividend paid		(415.27)		(411.48)
Dividend Distribution Tax paid		(84.72)		(84.72)
<b>Net Cash from Financing Activities</b>		<b>(789.32)</b>		<b>(3996.48)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(255.67)</b>		<b>111.63</b>
Cash and Cash Equivalents (Opening)	1422.77		1311.14	
Cash and Cash Equivalents (Closing)	1167.10	(255.67)	1422.77	111.63
(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3 on Cash Flow Statements.				
(b) Cash and Cash Equivalents comprise (Refer Note 18):				
		<b>31st March, 2017</b>		<b>31st March, 2016</b>
<b>Cash and cash equivalents:</b>				
Cash on hand [including stamps in hand Rs.0.53 (31st March, 2016 - Rs. 0.49)]		18.90		42.03
Foreign Currency on hand		14.13		7.60
Cheques and Drafts on hand		4.25		11.73
Remittances in transit		53.40		99.98
<b>Bank Balances:</b>				
On Current Accounts		958.17		1222.41
On Cash Credit Account		118.25		39.02
		<b>1167.10</b>		<b>1422.77</b>
(c) Also refer Note 42.				

This is the Consolidated Cash Flow Statement referred to in our report of even date.

**For Singhi & Co.**

Chartered Accountants

Firm Registration Number : 302049E

**B.L.Choraria**

Partner

Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

**Champa Lal Lohia**

Chairman

**Rup Chand Lohia**

Vice Chairman

**A.K. Parui**

Chief Financial Officer

**Prakash Lohia**

Managing Director

**S. Raychaudhuri**

Company Secretary

The notes to the Consolidated Financial Statement form an integral part of the Consolidated Cash Flow Statement

**For and on behalf of Board of Directors**

# 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 Indian Companies Act, 1956. The Company is a multiproduct and multi location company.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Act, to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

### 2.2 Property, Plant and Equipment and Depreciation

- (a) Property, plant and equipment are stated at cost, being inclusive of resultant write ups, net of accumulated depreciation and net accumulated impairment losses, if any. Revaluation surplus in case of certain items of Land, Buildings and Plant and Machinery has been adjusted with corresponding credit to the Revaluation Reserve Account for adopting cost model during the year, as per transitional provision of AS-10. Cost of Property, Plant and Equipment includes purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- (b) Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (c) Capital work in progress is stated at cost and is inclusive of pre-operative expenses, project development expenses, etc.
- (d) In case the cost of part of a property, plant and equipment is significant to the total cost of the assets 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 component best represent the period over which the management expects to use those components.
- (e) The spare parts that hitherto were being treated as inventory under AS -2, are now capitalized only when the carrying value of individual item exceeds Rs. 1.00 Lakh in terms of the requirement of AS -10.

### 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 five years from the date of capitalisation as prescribed in Accounting Standard 26 (Intangible Assets).

### 2.4 Impairment Loss

An impairment loss, if any, is recognised whenever the carrying amount of the property, plant and equipments (tangible or intangible) exceeds the recoverable amount i.e. the higher of the assets net selling price and value in use.

### 2.5 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.

# Notes to the Consolidated Financial Statements

## 2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary one, in the value of the investments, such reduction being determined and made for each investment individually.

## 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

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.

Generally the Company enters into forward exchange contracts etc. to hedge its risk associated with foreign currency fluctuations relating to the underlying transactions and firm commitments. In respect of Forward Exchange contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense / income over life of the contract.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation of derivative instruments are recognised as income or expenses for the period.

Exchange differences are recognised in the Statement of Profit and Loss.

## 2.9 Revenue Recognition

### Sale of goods

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyers as per the terms of the contract and are recognised net of trade discounts/allowances, sales return and sales taxes/value added taxes but including excise duties.

### Sale of services

Sales are recognised upon the rendering of services and are recognised net of service tax.

Other items are recognised on accrual basis.

## 2.10 Other Income

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

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

Other items are recognised on accrual basis.

# Notes to the Consolidated Financial Statements

## 2.11 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 at 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 funded. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge in Statement of Profit and Loss in the year in which they arise.

### (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.

## 2.12 Taxation

Current tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversed in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

Current tax assets and current tax liabilities are offset where there is legally enforceable right to set off the recognised amount, and there is an intention to settle the assets and the liabilities on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets and liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## 2.13 Government Grants

Grants related to specific fixed assets are deducted from gross value of related assets. Other grants of capital nature are credited to Capital Reserve. Grant related to revenue are recognised in the Statement of Profit and Loss on a systematic basis to match them with their related costs.

## 2.14 Lease

Leases in which a significant portion of the risk and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss.

## 2.15 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.

## 2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders

# Notes to the Consolidated Financial Statements

by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share are 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.17 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 the 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.

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 3. SHARE CAPITAL

	31st March, 2017	31st March, 2016
<b>AUTHORISED</b>		
1,70,00,000 (31st March, 2016:1,70,00,000) Equity Shares of Rs. 10/- each	1700.00	1700.00
<b>ISSUED</b>		
1,05,66,100 (31st March, 2016:1,05,66,100) Equity Shares of Rs 10/- each	1056.61	1056.61
<b>SUBSCRIBED AND PAID-UP</b>		
1,03,69,600 (31st March, 2016:1,03,69,600) Equity Shares of Rs 10/- each fully paid up	1036.96	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31st March, 2016 : 1,96,500) Equity Shares	10.07	10.07
	<b>1047.03</b>	<b>1047.03</b>

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

The Company has only one class of equity shares having a par value of Rs 10/- each. Each equity shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. 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 the proportion to their shareholdings.

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

Name of the Shareholders	31st March, 2017		31st March, 2016	
	No. of shares	% held	No. of shares	% held
1. Merino Exports Private Limited	30,65,700	29.56	30,65,700	29.56
2. Mr Bikash Lohia	6,40,400	6.18	6,40,300	6.18
3. Mr Prakash Lohia	5,65,820	5.46	5,65,720	5.46
4. Mr Deepak Lohia	6,15,189	5.93	6,15,189	5.93
	<b>48,87,109</b>	<b>47.13</b>	<b>48,86,909</b>	<b>47.13</b>

## 4. RESERVES AND SURPLUS

	31st March, 2017	31st March, 2016
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	1.46	1.46
<b>Revaluation Reserve (Refer Note 13A)</b>		
Balance as at the beginning of the year	441.87	442.05
Less: Adjustment for additional depreciation charge on revalued tangible assets transferred to Statement of Profit and Loss	-	0.18
Less : Adjustment as per AS-10(transitional provision for adopting cost model) (Also refer to note no. 13A(b))	441.87	-
Balance as at the end of the year	-	<b>441.87</b>
<b>Securities Premium Reserve</b>		
Balance as per last Balance Sheet	<b>311.43</b>	<b>311.43</b>
<b>General Reserve</b>		
Balance as at the beginning of the year	5555.18	4674.03
Add: Transfer from surplus in the Statement of Profit and Loss	1186.64	881.15
Add : Adjustment on account of Property, Plant and Equipment	1.40	-
Balance as at the end of the year	<b>6743.22</b>	<b>5555.18</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	27360.13	20043.00
Add: Profit for the year	11706.12	8635.10

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 4. RESERVES AND SURPLUS (contd.)

	31st March, 2017	31st March, 2016
Amount available for appropriation	39066.25	28678.10
Less : Appropriations:		
Interim dividend on Equity Shares for the year	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	73.88	73.88
Transfer to General Reserve	1186.64	881.15
Total appropriations	<b>1623.46</b>	<b>1317.97</b>
Balance as at the close of the year	<b>37442.79</b>	<b>27360.13</b>
	<b>44498.90</b>	<b>33670.07</b>

## 5. MINORITY INTEREST

	31st March, 2017	31st March, 2016
Share Capital	50.70	50.70
Securities Premium	76.05	76.05
Balance in General Reserve	503.89	347.75
<b>Balance in Statement of Profit &amp; loss</b>		
Opening Balance	3400.69	2576.80
Add: Profit for the current year	1561.44	986.63
Less: Dividend	53.24	53.24
Dividend distribution tax	10.84	10.84
Amount transfer to General Reserve	156.14	4741.91
	<b>5372.56</b>	<b>3875.19</b>

## 6. LONG-TERM BORROWINGS

	31st March, 2017	31st March, 2016
<b>Secured</b>		
<b>Term Loans</b>		
From Banks		
Indian Rupee Loans [Refer (a) and (b) below]	5436.26	2090.20
Foreign Currency Loan [Refer (c) below]	970.59	1689.07
From Others:		
Indian Rupee Loans [Refer (d) below]	-	126.06
	<b>6406.85</b>	<b>3905.33</b>
<b>Less : Current maturities (Payable within 1 year)</b>		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	1114.92	653.94
Foreign Currency Loan [Refer (c) below]	277.31	718.48
From Others:		
Indian Rupee Loans [Refer (d) below]	-	126.06
	<b>1392.23</b>	<b>1498.48</b>
	<b>5014.62</b>	<b>2406.85</b>

- a. Vehicle Loans are secured by way of hypothecation of the related assets. These are repayable in maximum sixty equal monthly instalments, repayment period thereof varying from June, 2012 ending in July, 2020, bearing interest rate varying from 9.45% p.a to 11.91% p.a.

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## b. Repayment terms and nature of securities given for Indian Rupee Loans from Banks:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	340.00	500.00	First <i>pari passu</i> charge on the entire fixed assets 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 twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 10.50 % p.a. The balance amount of the loan of Rs.240 and Rs.100 are repayable in eight equal quarterly instalments of Rs.30 each and ten quarterly instalments of Rs.10 each respectively. Last instalment is due on 11th August, 2019.
The Hong Kong and Shanghai Banking Corporation Limited	640.00	853.33	First <i>pari passu</i> charge on the entire fixed assets 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 twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 9.90% p.a. The balance amount of the loan of Rs.240 and Rs.400 are repayable in twelve equal quarterly instalments of Rs.20 each and twelve quarterly instalments of Rs.33.33 each respectively. Last instalment is due on 25th February, 2020.
The Hong Kong and Shanghai Banking Corporation Limited	4000.00	-	Exclusive charge on movable and immovable fixed assets 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 @ 8.50 % p.a. The balance amount of the loan of Rs.4000 is repayable in sixteen equal quarterly instalments of Rs.250 each. Last instalment is due on 22nd September, 2021.
DBS Bank Limited	400.00	600.00	First <i>pari passu</i> charge on the entire fixed assets 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 with moratorium period of one year. Interest is payable monthly @ 10.55 % p.a. The balance amount of the loan of Rs.400 is repayable in eight equal quarterly instalments of Rs.50 each. Last instalment is due on 16th December, 2018.
	<b>5380.00</b>	<b>1953.33</b>		

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## c. Repayment terms and nature of securities given for Foreign Currency Term Loan from bank:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	-	579.82	First and exclusive charge on the assets purchased out of this loan.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. Last instalment was due on 2nd March, 2017.
Standard Chartered Bank Limited	970.59	1109.25	First <i>pari passu</i> charge on the entire fixed assets 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 Rs.970.59 is repayable in fourteen equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment is due on 21st August, 2020.
	<b>970.59</b>	<b>1689.07</b>		

## d. Repayment terms and nature of securities given for Indian Rupee Term Loans:

Bank	31st March, 2017	31st March, 2016	Nature of Securities	Repayment Terms
EXPORT-IMPORT Bank of India	-	126.06	First <i>pari passu</i> charge on the entire fixed assets 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 commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. Last instalment was due on 1st October, 2016.
	-	126.06		

e. Outstanding balances of loans as indicated in (a), (b), (c) and (d) above are inclusive of current maturities of such loans as disclosed in Note 11.

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 7. DEFERRED TAX LIABILITIES (NET)

	31st March, 2017	31st March, 2016
<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 fixed assets	2583.83	1937.86
<b>Deferred Tax Assets</b>		
Disallowance allowable for tax purpose on payment	131.40	100.60
	<b>2452.43</b>	<b>1837.26</b>

## 8. OTHER LONG-TERM LIABILITIES

	31st March, 2017	31st March, 2016
Deposits from Customers and Suppliers	481.87	252.75
Liabilities under litigation	326.54	293.17
Other Liabilities	16.96	14.58
	<b>825.37</b>	<b>560.50</b>

## 9. SHORT - TERM BORROWINGS

	31st March, 2017	31st March, 2016
<b>Secured (Refer (a) below)</b>		
<b>Working Capital Loan</b>		
<b>From Banks:</b>		
Overdraft / Cash credit	2472.55	2463.82
Working Capital Demand Loan	-	2000.00
Rupee Packing Credit Loan	3890.00	4730.00
	<b>6362.55</b>	<b>9193.82</b>
<b>Unsecured</b>		
<b>Working Capital Loan</b>		
<b>Short-Term Loan</b>		
<b>From Banks:</b>		
Indian Rupee Loan	3000.00	1900.00
Foreign Currency Loan	1500.00	1500.00
	4500.00	3400.00
	<b>10862.55</b>	<b>12593.82</b>

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

- Primary Security: Hypothecation of the entire current assets of the Company on *Pari Passu* basis, both present and future.
- Collateral Security: Second Charge on the entire fixed assets of the Company except assets charged exclusively to Banks, both present and future, on *Pari Passu* basis, with other consortium members.

## 10. TRADE PAYABLES

	31st March, 2017	31st March, 2016
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 34)	6.75	1.88
Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises	10788.98	7844.51
	<b>10795.73</b>	<b>7846.39</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 11. OTHER CURRENT LIABILITIES

	31st March, 2017	31st March, 2016
Current maturities of long-term debt (Refer Note 6)	1392.23	1498.48
Interest accrued but not due on borrowings	25.34	55.53
Unpaid dividends [Refer (a) below]	21.08	20.18
<b>Other payables</b>		
Advances from customers	674.37	692.92
Statutory dues	1071.39	877.39
Liability for purchases of capital assets	850.08	310.08
Employee Benefits payable	966.70	834.07
Premium on forward and other derivative contracts	-	1.42
Other payables	893.61	991.88
	<b>5894.80</b>	<b>5281.95</b>

- a. 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.

## 12. SHORT-TERM PROVISIONS

	31st March, 2017	31st March, 2016
Provision for employee benefits	379.52	286.45
Other Provisions :		
Provision for income tax [net of advance tax Rs. 3069.60 ; (31st March, 2016: Rs 4488.76)]	154.70	406.74
	<b>534.22</b>	<b>693.19</b>

## 13A. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST / VALUATION				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2016	Additions during the year	Sales during the year	As at 31st March, 2017	As at 31st March, 2016	Depreciation for the year	Sales/ Adjustment during the year	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
<b>Land :</b>										
Leasehold [Refer (a) below]	769.73	364.29	-	1134.02	36.94	9.77	-	46.71	1087.31	732.79
Freehold	3903.33	1027.17	440.63	4489.87	-	-	-	-	4489.87	3903.33
<b>Buildings:</b>										
On Leasehold land	1476.36	2273.05	3.38	3746.03	450.24	79.69	1.08	528.85	3217.18	1026.12
On Freehold land	4248.30	994.81	226.20	5016.91	1449.19	150.65	224.97	1374.87	3642.04	2799.11
Culverts	11.79	12.57	-	24.36	0.14	0.64	-	0.78	23.58	11.65
Roads	363.41	34.51	-	397.92	163.57	57.44	-	221.01	176.91	199.84
Plant and Machinery	26069.07	5394.84	242.10	31221.81	13017.57	2033.55	213.41	14837.71	16384.10	13051.50
Furniture and Fixtures	483.87	200.72	4.14	680.45	256.74	43.08	3.82	296.00	384.45	227.13
Office Equipment	447.83	161.77	20.90	588.70	277.89	75.54	17.25	336.18	252.52	169.94
Computers and data processing units	1075.55	177.61	16.09	1237.07	592.95	155.75	15.69	733.01	504.06	482.60
Laboratory Equipment	72.32	9.95	2.86	79.41	36.88	6.43	2.69	40.62	38.79	35.44
Electrical Instalation and Equipment	943.60	418.05	108.81	1252.84	545.03	74.54	96.70	522.87	729.97	398.57
Vehicles	1233.20	266.14	67.69	1431.65	499.27	143.15	47.52	594.90	836.75	733.93
<b>TOTAL</b>	<b>41098.36</b>	<b>11335.48</b>	<b>1132.80</b>	<b>51301.04</b>	<b>17326.41</b>	<b>2830.23</b>	<b>623.13</b>	<b>19533.51</b>	<b>31767.53</b>	<b>23771.95</b>
<b>31st March, 2016</b>	<b>35519.93</b>	<b>6675.04</b>	<b>1096.61</b>	<b>41098.36</b>	<b>15803.14</b>	<b>2410.98</b>	<b>887.71</b>	<b>17326.41</b>	<b>23771.95</b>	

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

- (a) Leasehold Land includes Rs.49.98 (31st March, 2016 : Rs.49.98) acquired on 31st October, 2006 under a lease of 90 years and Rs.696.30 (31st March, 2016 : 696.30) acquired on 30th June, 2014 under a lease of 99 years with a renewal option, which is being amortised over the period of lease. Lease deed of Rs.696.30 in respect of land acquired at Dahej, Gujarat from GIDC is yet to be executed in the name of the Company.
- (b) Development expenditure of Rs.23.45 (31st March, 2016 : Rs.23.45) on leasehold land taken on 13th December 1994 under a lease of 30 years is being amortised over the period of Lease. Remaining life of the leasehold land is 10 years.
- (c) The entire revaluation surplus as on 1st April, 2016 of Rs.441.87 (Previous Year Nil) has been adjusted with respective items of the Company's Property, Plant and Equipment as per AS-10 (Also refer Note 2.2).
- (d) Immovable properties with a carrying value of Rs.149.77 (Previous Year Rs.149.77) been pledged for availing term loan and working capital loan from different banks under consortium.
- (e) Borrowing cost of Rs.176.28 (Previous year Nil) has been capitalized under Property, Plant and Equipment.
- (f) Additions to Property, Plant and Equipment of Rs.4807.36 (Previous Year Rs.818.81) relating to new production facility of Laminates at Dahej, Gujarat. Employee benefit expense of Rs.36.82 (Previous year Nil) have been recognised in the carrying amount of Property, Plant and Equipment in the course of construction of the said project.

## 13B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST			AMORTISATION				NET BLOCK	
	As at 31st March, 2016	Additions during the year	Sales during the year	As at 31st March, 2017	As at 31st March, 2016	Depreciation for the year	Sales during the year	As at 31st March, 2017	As at 31st March, 2016
Computer Software (Acquired items)	465.27	328.95	6.06	788.16	351.22	113.48	6.06	458.64	329.52
<b>Total</b>	<b>465.27</b>	<b>328.95</b>	<b>6.06</b>	<b>788.16</b>	<b>351.22</b>	<b>113.48</b>	<b>6.06</b>	<b>458.64</b>	<b>329.52</b>
31st March, 2016	389.49	96.61	20.83	465.27	315.82	54.41	19.01	351.22	114.05

13C. Capital work-in-progress includes capital goods in-transit of Rs. 62.55 (Previous Year: Rs. 96.92).

## 14. NON CURRENT INVESTMENTS

	31st March, 2017	31st March, 2016
(valued at cost less provision for diminution other than temporary one)		
<b>Long Term-Other Than Trade Investment</b>		
Investment in Equity Instruments of Other Companies (Fully paid up)		
<b>-Unquoted</b>		
Merino Services Limited		
6,000 (31st March, 2016: 6,000) equity shares of Rs 10 each fully paid up	2.07	2.07
Merino Exports Private Limited		
6,000 (31st March, 2016: 6,000) equity shares of Rs 10 each fully paid up	0.60	0.60
Merinopoly and Chemicals Limited		
82,003 (31st March, 2016: 82,003) equity shares of Rs 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		
5,000 (31st March, 2016: 5000) equity shares of Rs.2 each fully paid up	0.85	0.85
Principal Debt Opportunities Fund, Conservative Plan - 44.288 Units (As on 31.03.2016 2136.451 units)	1.04	50.05

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 14. NON CURRENT INVESTMENTS (contd.)

	31st March, 2017	31st March, 2016
Birla Sun Life Cash Manager Growth Regular Plan - 14017.964 units	50.10	50.10
Birla Sunlife Short Term Opportunities Fund - 188388.487 units	50.00	-
IDFC Corporate Bond Fund - 921234.454 units	100.00	-
ICICI Prudential Income Opportunities Fund - 444818.092 units	100.00	-
ICICI Prudential Corporate Bond Fund - 406502.413 units	100.00	-
IDFC Super Saver Income Fund-Medium Term - 372510.235 units	100.00	-
Birla Sun Life Medium Term Plan - 251457.194 units	50.00	-
Principal Arbitrage Fund - Regular Plan - 500000 Units	50.00	-
	<b>604.66</b>	<b>103.67</b>

	31st March, 2017	31st March, 2016
(a) Aggregate amount of quoted investments	601.99	101.00
(b) Aggregate amount of unquoted investments	2.67	2.67
(c) Aggregate provision for diminution in value of investments	5.19	5.19
(d) Aggregate market value of quoted investments	631.45	109.10

## 15. LONG-TERM LOANS AND ADVANCES

	31st March, 2017	31st March, 2016
<b>Unsecured, considered good unless stated otherwise</b>		
Capital Advances	1281.27	516.87
Security Deposits [Refer (a) below]	414.22	403.20
Other loans and advances:		
Loans to employees	95.19	110.50
Advance with statutory authorities against disputed dues	326.54	293.18
Fixed Deposit with maturity of more than one year [Refer (b) below]	1.00	1.00
Receivables relating to forward contracts	-	106.91
	<b>2118.22</b>	<b>1431.66</b>

(a) Includes Rs 75.60 (31st March, 2016: Rs 75.60) to a related party (Refer Note 33), being a partnership firm in which some of the directors of the Group are partners.

(b) Fixed deposit of Rs.1.00 Lakhs (Previous Year Rs. 1.00 Lakhs) stands pledged with Custom & Excise authority.

## 16. INVENTORIES [Refer Note 2.7]

	31st March, 2017	31st March, 2016
Raw materials [includes Goods-in-transit Rs.2541.25 (31st March, 2016: Rs.1717.16)]	14811.33	11676.42
Work-in-progress [Refer (a) overleaf]	503.80	415.33
Stock-in-trade [Refer (b) overleaf] [includes Goods-in-transit Rs.2.06 (31st March, 2016: Rs.60.13)]	1510.19	1826.79
Finished goods [Refer (c) overleaf] [include Goods-in-transit Rs.527.69 (31st March, 2016: Rs.326.58)]	7933.29	7646.05
Stores and spares [include Goods-in-transit Rs.47.51 (31st March, 2016: Rs.28.92)]	2021.08	1599.66
	<b>26779.69</b>	<b>23164.25</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

**16. INVENTORIES [Refer Note 2.7] (contd.)**

	31st March, 2017	31st March, 2016
<b>(a) Details of work-in-progress</b>		
Decorative Laminates	371.80	305.75
Other panel products	48.07	55.04
Potato Flakes and Ready Mix	1.11	3.31
Furniture	82.82	51.23
	<b>503.80</b>	<b>415.33</b>
<b>(b) Details of stock-in-trade</b>		
Acrylic Solid Surface and Adhesive	1471.52	1801.38
Plywood	7.29	6.37
Others	2.93	6.08
Stone Veneer	28.45	12.96
	<b>1510.19</b>	<b>1826.79</b>
<b>(c) Details of finished goods:</b>		
Decorative laminates	4740.20	4427.37
Other Panel Products	490.77	312.07
Furniture	54.93	244.36
Gloss Meister	248.33	-
Formaldehyde	19.34	19.14
Potato Flakes and Ready Mix	455.32	1009.49
Potato Seeds	1691.75	1591.45
Potato	159.52	-
Others	73.12	42.17
	<b>7933.28</b>	<b>7646.05</b>

**17. TRADE RECEIVABLES**

	31st March, 2017	31st March, 2016
Outstanding for a period exceeding six months from the date they are due for payment:		
Unsecured - Considered good	624.22	290.00
Less : Provision for doubtful debts	26.35	-
	597.87	290.00
Other debts:		
Secured - Considered good	324.92	206.00
Unsecured - Considered good	14821.06	13723.00
	<b>15145.98</b>	<b>13929.00</b>
	<b>15743.85</b>	<b>14219.00</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 18. CASH AND BANK BALANCES

	31st March, 2017	31st March, 2016
<b>Cash and Cash equivalents:</b>		
Cash on hand [including stamps in hand Rs.0.53 (31st March, 2016 - Rs. 0.49)]	18.90	42.03
Foreign Currency on hand	14.13	7.60
Cheques and Drafts on hand	4.25	11.73
Remittances in transit	53.40	99.98
<b>Bank Balances:</b>		
On Current Accounts	958.17	1222.41
On Cash Credit Accounts	118.25	39.02
	<b>1167.10</b>	<b>1422.77</b>
<b>Other Bank Balances</b>		
Margin Money Deposit	17.59	17.59
On Unpaid Dividend Accounts [Refer (a) below]	21.08	20.28
Fixed Deposit for less than one year	240.00	1248.00
Fixed Deposit for more than one year	3902.00	300.00
	<b>4180.67</b>	<b>1585.87</b>
	<b>5347.77</b>	<b>3008.64</b>

(a) Earmarked for payment of unclaimed dividends.

## 19. SHORT-TERM LOANS AND ADVANCES

	31st March, 2017	31st March, 2016
(Unsecured, considered good unless stated otherwise)		
Security Deposits	36.36	24.63
Advances recoverable in cash or kind	49.69	31.87
<b>Other loans and advances :</b>		
Advances to suppliers	170.86	553.28
Doubtful Advances to suppliers	11.48	11.83
Less : Provision for Doubtful Advances	11.48	-
Prepaid expenses	285.53	220.06
Loans to employees	71.09	94.47
Advance to Life Insurance Corporation of India against Retirement Benefits	100.29	-
Balance with statutory/government authorities	1413.80	819.49
Advance Income Tax (net of provision of Rs.2285.41; 31st March, 2016 : Nil)	85.79	-
	<b>2213.41</b>	<b>1743.80</b>

## 20. OTHER CURRENT ASSETS

	31st March, 2017	31st March, 2016
(Unsecured, considered good unless stated otherwise)		
Export Incentive Receivable	434.94	100.89
Insurance claim receivable	2.93	4.90
Interest accrued on deposits	142.78	36.89
Others	5.84	5.48
	<b>586.49</b>	<b>148.16</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 21. CONTINGENT LIABILITIES

	31st March, 2017	31st March, 2016
<b>(a) Claims against the Group not acknowledged as debt</b>		
Disputed Tax and Duty (Net of Deposits)		
Demand for Sales Tax (Deposit under protest Rs.228.18; 31st March, 2016 Rs.193.24)	90.79	161.21
Demand for Excise, Custom Duty, Service tax (Deposit under protest Rs.357.08; 31st March, 2016 Rs.317.85)	4528.71	4180.13
Demand for Income Tax (Deposit under protest Rs.5.27; 31st March, 2016 Rs.5.27))	3277.13	1384.42
Differential Bonus for 2014-15	151.52	151.52
Others	141.55	139.74
<b>(b) Guarantees</b>		
Bank Guarantees [include Rs.118.46 (31st March, 2016 Rs.86.36) and Rs.140.81 (31st March, 2016 Rs.Nil) issued to Sales Tax Authority and Excise Authority respectively]	415.03	443.00
<b>(c) First loss default guarantee to IDBI Bank Limited for Channel Financing Facility</b>	200.00	200.00
<b>(d) First loss default guarantee to DBS Bank Limited for Channel Financing Facility</b>	125.00	125.00

(e) In respect of the contingent liabilities mentioned in Note 21(a) 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 Note 21(b) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Group does not expect any reimbursements in respect of the above contingent liabilities.

## 22. COMMITMENTS

	31st March, 2017	31st March, 2016
<b>(a) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	626.83	1812.02
<b>(b) Other Commitments</b>		
The Group 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 five years. Certificate for fulfillment of Rs. 2887.45 (31st March, 2016 - Rs.3947.31) is yet to be received.	1253.10	1342.50
Obligation against Advance Licenses	263.30	2552.48
Outstanding Letters of Credit for materials yet to be received	2071.83	1992.68

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 23. REVENUE FROM OPERATIONS

	2016-17	2015-16
<b>(i) Sale of products [Refer (a) below]</b>		
Domestic sales	82338.59	73099.40
Export sales	30675.48	28801.00
	<b>113014.07</b>	<b>101900.40</b>
<b>(ii) Sale of services</b>		
Income from job works	77.35	35.42
<b>(iii) Other operating revenues</b>		
Export incentives	735.68	201.46
Scrap sales	516.11	563.08
	<b>1251.79</b>	<b>764.54</b>
Revenue from operations (Gross)	114343.21	102700.36
Less: Excise duty	7980.50	7083.04
<b>Revenue from operations (Net)</b>	<b>106362.71</b>	<b>95617.32</b>
<b>(a) Particulars in respect of sales of products :</b>		
<b>Manufactured :</b>		
Decorative laminates	84047.40	76162.10
Other Panel Products	8419.24	6644.79
Furniture	8677.57	9071.18
Formaldehyde	53.49	59.28
Potato Flakes and Ready Mix	4431.64	4848.35
Potato / Potato Seeds	1695.50	591.00
Others	126.65	238.09
	<b>107451.49</b>	<b>97614.79</b>
<b>Traded :</b>		
Decorative laminates	326.72	184.77
Other Panel Products	235.13	86.35
Furniture	29.44	3.46
Chemicals	259.97	276.55
Paper	23.96	3.68
Potato Flakes	-	95.08
Potato / Potato Seeds	241.44	120.25
Acrylic Solid Surface and Adhesive	4378.01	3433.66
Stone Veneer	50.68	72.09
Others	17.23	9.72
	<b>5562.58</b>	<b>4285.61</b>
	<b>113014.07</b>	<b>101900.40</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 24. OTHER INCOME

	2016-17	2015-16
(i) Interest Income		
- On bank and other deposits	287.75	97.76
- On loans to others	18.28	19.27
(ii) Dividend income from long term investments	-	0.16
(iii) Claims from insurance companies [Refer (a) below]	117.64	149.83
(iv) Provisions / Liabilities no longer required written back	199.23	194.20
(v) Profit on sale of tangible assets	20.35	22.74
(vi) Recovery of Bad Debts	43.62	113.51
(vii) Discount Received	254.18	218.09
(viii) Net gain on foreign currency transactions and translations	1368.36	616.54
(ix) Miscellaneous Income	131.40	59.88
(x) Profit on sale of investment	0.99	-
	<b>2441.80</b>	<b>1491.98</b>

(a) Due to the uncertainties in realisation, insurance claims are accounted for on settlement / realisation basis.

## 25. COST OF MATERIALS CONSUMED

	2016-17	2015-16
Raw Materials Consumed [Refer (a) below]		
Opening Stock	11676.42	11753.24
Purchase and Incidental expenses	50177.50	44800.44
	<b>61853.92</b>	<b>56553.68</b>
Less: Cost of raw materials sold	478.91	423.59
	61375.01	56130.09
Less: Closing Stock	14811.33	11676.42
	<b>46563.68</b>	<b>44453.67</b>

### (a) Particulars of cost of materials consumed :

	2016-17	2015-16
Paper	24425.13	23110.07
Chemicals including formaldehyde	14161.54	12615.34
Panel products and hardware	6021.99	4735.81
Potato	1635.41	2664.29
Others	319.61	1328.16
	<b>46563.68</b>	<b>44453.67</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	2016-17	2015-16
<b>Opening Stock</b>		
- Work-in-progress	415.33	440.01
- Finished Goods	7646.05	6485.93
- Stock in Trade	1826.79	2212.90
	<b>9888.17</b>	<b>9138.84</b>
<b>Less: Closing Stock</b>		
- Work-in-progress	503.80	415.33
- Finished Goods	7933.28	7646.05
- Stock in Trade	1510.19	1826.79
	<b>9947.27</b>	<b>9888.17</b>
	<b>(59.10)</b>	<b>(749.33)</b>

## 27. EMPLOYEE BENEFITS EXPENSE

	2016-17	2015-16
Salaries, Wages, Bonus etc.	10212.03	8833.23
Contribution to Provident and Other Funds [Refer (a) below]	917.26	825.42
Workmen and Staff Welfare	304.87	282.52
	<b>11434.16</b>	<b>9941.17</b>

### (a) Gratuity

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 five years of continuous service. (Also refer Note 2.11)

	2016-17	2015-16
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	959.58	742.72
(b) Current Service Cost	159.30	131.32
(c) Interest Cost	68.81	58.02
(d) Actuarial Loss / (Gain)	38.39	62.54
(e) (Benefits Paid)	(84.23)	(35.02)
(f) Present Value of Obligation at the end of the year	<b>1141.85</b>	<b>959.58</b>
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	879.52	757.94
(b) Expected Return on Plan Assets	68.62	63.23
(c) Actuarial Gain / (Loss)	14.58	6.21
(d) Contributions by employer	225.09	87.16
(e) (Benefits Paid)	(84.23)	(35.02)
(f) Fair Value of Plan Assets as at the end of the year	<b>1103.58</b>	<b>879.52</b>
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>		
(a) Present Value of Obligations as at the end of the year	1141.85	959.58
(b) Fair Value of Plan Assets as at the end of the year	1103.58	879.52
(c) Liabilities recognised in the Balance Sheet	(38.27)	(80.06)

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

**27. EMPLOYEE BENEFITS EXPENSE** (contd.)

	2016-17	2015-16
<b>IV. Expense charged to the Statement of Profit and Loss</b>		
(a) Current Service Cost	159.30	131.32
(b) Interest Cost	68.81	58.02
(c) (Expected Return on Plan Assets)	(68.62)	(63.23)
(d) Actuarial (Gain)/Loss	23.81	56.33
(e) Total expense charged to the Statement of Profit and Loss (included under Contribution to Provident and Other Fund)	<b>183.30</b>	<b>182.44</b>

**V. Amount recognised in current year and previous four years**

	2016-17	2015-16	2014-15	2013-14	2012-13
(a) Present Value of Obligation as at the end of the year	1141.85	959.58	742.72	585.41	493.16
(b) Fair Value of Plan Assets as at the end of the year	1103.58	879.52	757.94	678.62	569.51
(c) Assets / (Liability) recognised in the Balance Sheet	(38.27)	(80.06)	15.22	93.21	76.75
(d) Experience (Gain) /Loss adjustment on plan obligation	(22.27)	26.79	5.21	13.62	23.68
(e) Experience Gain/(Loss) adjustment on plan assets	19.13	3.70	0.62	2.13	6.52

	2016-17	2015-16
<b>VI. Category of Plan Assets</b>		
Fund with Life Insurance Corporation of India	1103.58	879.52
<b>VII. Actual Return on Plan Assets</b>	83.20	69.45
<b>VIII. Principal Actuarial Assumptions</b>	31st March, 2017	31st March, 2016
(a) Discount Rate (per annum)	7.50%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	7.82%	8.35%
(c) Salary Escalation	7.00%	7.00%
(d) Inflation Rate	7.00%	7.00%
(e) Method used	Projected Unit Credit Method	Projected Unit Credit Method
(f) Remaining life of employees (in years)	21	22

The estimate of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is determined after taking historical results of the return on the Plan Assets.

**28. FINANCE COSTS**

	2016-17	2015-16
Interest expense	1014.78	1350.80
Interest on shortfall in payment of advance tax	44.15	66.01
Other borrowing costs	121.52	145.86
	<b>1180.45</b>	<b>1562.67</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 29. DEPRECIATION AND AMORTISATION EXPENSE

	2016-17	2015-16
Depreciation and Amortisation on Tangible Assets	2830.23	2410.98
Amortisation of Intangible assets	113.48	54.41
	2943.71	2465.39
Less : Transfer from revaluation of fixed assets	-	0.18
Less : Amortisation of Leasehold Land (For Dahej project transferred to Capital-Work-In-Progress)	-	12.31
	<b>2943.71</b>	<b>2452.90</b>

## 30. OTHER EXPENSES

	2016-17	2015-16
Consumption of Stores and Spare Parts	2021.63	1796.33
Power and Fuel	3376.28	3662.34
Jobwork charges	133.81	133.00
Rent [includes Rs.2.78 (Previous Year : Rs.2.47) relating to previous year]	1399.48	1216.38
Rates and Taxes	441.07	359.76
Repairs to :		
Buildings	138.63	163.40
Plant and Machinery [includes Rs.2.40 (Previous Year : Rs.25) relating to previous year]	248.56	431.52
Others	526.85	423.93
Legal and Professional Charges [include Rs.Nil (Previous Year Rs.2.09) relating to previous year]	801.29	785.97
Vehicle Upkeep	530.62	444.49
Carriage Outward	2861.08	2561.38
Packing and Forwarding	1971.53	1657.30
Insurance Charges	260.54	283.67
Commission Charges	709.88	631.50
Printing and Stationery	79.42	76.33
Postage and Courier	89.61	82.33
Advertisement, Publicity and Sales Promotion	2482.88	2145.88
Travel Expenses	878.71	786.61
Communication Expenses	237.51	184.45
Excise Duty [refer (a) below]	17.87	42.61
Bad Debts /Advances Written Off	110.95	238.61
Provision for Doubtful Debts / Advances	26.35	11.83
Payments to the Auditors [Refer (b) overleaf]	40.60	39.82
Bank Charges and Commission	121.68	139.90
Royalty	47.31	42.86
Donations	1479.96	1295.88
CSR Expenditure (Refer note 39)	220.46	153.75
Loss on Sale/Disposal of Tangible Assets	33.74	98.57
Miscellaneous Expenses	1823.48	1488.82
	<b>23111.78</b>	<b>21379.22</b>

(a) Represents excise duty related to the difference between the closing stock and opening stock

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

**30. OTHER EXPENSES** (contd.)

	2016-17	2015-16
(b) Amount paid / payable to the auditors		
<b>As Statutory Auditors @:</b>		
Statutory Audit Fees	25.85	25.85
Tax Audit Fees	8.00	3.00
Other matters (include Rs. Nil (Previous Year : Rs.3 ) relating to earlier year)	3.58	6.90
Reimbursement of Expenses	1.17	0.69
	<b>38.60</b>	<b>36.44</b>
<b>As Cost Auditors :</b>		
Audit Fees	0.75	0.75
Reimbursement of Expenses	-	0.13
	<b>0.75</b>	<b>0.88</b>
<b>As Secretarial Auditors :</b>		
Audit Fees (includes Rs. Nil (Previous Year : Rs 0.75 ) relating to earlier year)	1.25	2.50
	<b>1.25</b>	<b>2.50</b>

@ Excluding Service Tax Rs.5.38 (2015-16 : Rs3.37)

**31. EARNINGS PER EQUITY SHARE**

	2016-17	2015-16
(i) Number of Equity shares outstanding during the year	1,03,69,600	1,03,69,600
(ii) Face value of each equity share (Rs.)	10.00	10.00
(iii) Profit after Tax and Extraordinary Item (Rs.)	11706.12	8635.10
(iv) Basic and Dilutive Earning per Equity Share on Profit after Tax [(iii)/(i)] - (Rs)	112.89	83.27

**32.** 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:

	2016-17	2015-16
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	6.75	1.88
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.11	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	3.18	-
Interest paid, other than 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	0.05	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

# Notes to the Consolidated Financial Statements

## 33. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES'

### i) Related Parties :

#### a) Key Management Personnel(KMP)

Mr. Champa Lal Lohia	Executive Chairman	Mr. Nripen Dugar	Whole-time Director
Mr. Rup Chand Lohia	Executive Vice Chairman	Mr. Bikash Lohia	Whole-time Director
Mr. Prakash Lohia	Managing Director	Mr. Madhusudan Lohia	Whole-time Director
Mr. Prasan Lohia	Whole-time Director	Mr. Asok Kumar Parui	Chief Financial Officer
Ms. Ruchira Lohia	Whole-time Director	Mr. Sumantra Sinha	Company Secretary (Up-to 31.08.2015)
Ms. Sumana Roychowdhuri	Company Secretary		

#### b) Relatives of KMP

	Relationship	Relatives of KMP	Relationship
Mrs. Tara Devi Lohia	Wife of Mr Champa Lal Lohia	Mrs. Neera Lohia	Wife of Mr Prakash Lohia
Mr. Deepak Lohia	Son of Mr Champa Lal Lohia	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia	Mrs. Praveena Lohia	Wife of Mr Rup Chand Lohia
Mrs. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia	Mrs. Meghna Lohia	Wife of Mr Prasan Lohia
Mrs. Asha Mundhra	Daughter of Mr Champa Lal Lohia	Mr. Manoj Lohia	Son of Mr Rup Chand Lohia
The Estate of Late Man Kumar Lohia	Late Man Kumar Lohia was father of Mr Prakash Lohia	Mr. Abhiroop Lohia	Son of Mr Prasan Lohia
Mrs. Sita Devi Lohia	Mother of Mr Prakash Lohia	Ms. Anuja Lohia (minor)	Daughter of Mr Prasan Lohia
Mrs. Uma Singhi	Sister of Mr Prakash Lohia	Mrs. Sashi Lohia	Wife of Mr Bikash Lohia
Mrs. Vandana Lohia	Wife of Mr. Manoj Lohia	Mrs. Mita Lohia	Wife of Mr Madhusudan Lohia
Mrs. Kiran Maheswari	Sister of Mr Prakash Lohia		

#### c) Entities over which Key Management Personnel together with their relatives have significant influence:

Merino Exports Private Limited	Usha Agro Farm
Merino Services Ltd.	Anupriya Marketing Limited
Kasturi Bai Gopi Babu Cold Storage Private Limited	Sri Hara Kasturi Trust
Sri Harakasturi Memorial Trust	Sri Man Kumar Lohia Memorial Trust
Man Kumar Lohia and Brothers	Sri Prem Chand Lohia Memorial Trust

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 33. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

### ii) Particulars of transactions during the year ended 31 March, 2017

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Sale of products / materials / services	-	-	13.39	13.39
	-	-	(19.82)	(19.82)
Purchase of Tangible and Intangible Assets	-	-	289.79	289.79
	-	-	(0.52)	(0.52)
Purchase of goods / materials / services	-	-	236.53	236.53
	-	-	(275.26)	(275.26)
Royalty on trade mark received	-	-	0.29	0.29
	-	-	-	-
Rent, other charges and reimbursement paid	-	24.01	1176.95	1200.96
	-	(14.58)	(998.80)	(1013.38)
Rent, other charges and reimbursement received	-	-	1.20	1.20
	-	-	(7.13)	(7.13)
Marketing Service Provider Fees	-	-	264.29	264.29
	-	-	(226.35)	(226.35)
Dividend paid / payable	97.78	123.62	169.95	391.35
	(97.67)	(123.59)	(169.95)	(391.21)
Interest paid on loans	-	-	220.08	220.08
	-	-	(265.07)	(265.07)
Donation paid	-	-	1265.00	1265.00
	-	-	(1250.75)	(1250.75)
Loans taken	-	-	4980.00	4980.00
	-	-	(2000.00)	(2000.00)
Loans repaid	-	-	4980.00	4980.00
	-	-	(4087.14)	(4087.14)
Salary / benefits to Key Managerial Personnel	25.88	-	-	25.88
	(23.96)	-	-	(23.96)
Directors' Remuneration	717.67	170.11	-	887.78
	(628.66)	(156.10)	-	(784.76)
<b>Balance outstanding at the year end:</b>				
Trade receivables	-	-	1.94	1.94
	-	-	(48.65)	(48.65)
Loans and Advances / Other Current Assets	-	-	75.60	75.60
	-	-	(75.60)	(75.60)
Trade and other payables	-	-	646.66	646.66
	-	-	(487.07)	(487.07)
Investment in Shares (Other than trade)	-	-	2.67	2.67
(Net of diminution)	-	-	(2.67)	(2.67)

Figures in bracket relate to previous year.

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 33. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

iii) Details of transactions with Key Management Personnel [included under column "Key Management Personnel" in (ii) above]

Nature of Transactions	Name of Key Management Personnel	2016-17	2015-16
1) Directors' Remuneration	Shri Champa Lal Lohia	117.31	107.87
	Shri Prakash Lohia	147.87	93.18
	Shri Prasan Lohia	85.07	88.77
	Ms. Ruchira Lohia	85.07	78.09
	Shri Bikash Lohia	85.06	78.07
	Shri Madhusudan Lohia	78.31	71.69
	Shri Nripen Dugar	51.44	40.85
	Shri Rup Chand Lohia	67.54	70.14
	2) Dividend paid / payable	Shri Champa Lal Lohia	13.00
Shri Prakash Lohia		19.90	19.87
Shri Prasan Lohia		6.26	6.23
Ms. Ruchira Lohia		17.98	17.96
Shri Bikash Lohia		22.67	22.64
Shri Madhusudan Lohia		10.67	10.67
Shri Nripen Dugar		0.02	0.02
Shri Rup Chand Lohia		7.28	7.28
3) Salary to Key Managerial Personnel	Sri A K Parui(Chief Financial Officer)	19.76	18.60
	Sri Sumantra Sinha (Company Seretary)	-	2.71
	Ms. Sumana Roychowdhury (Company Secretary)	6.12	2.65

iv) Details of transactions with Relatives of Key Management Personnel [included under column "Relatives of Key Management Personnel" in (ii)]

Nature of Transactions	Name of Key Management Personnel	2016-17	2015-16
1) Dividend paid / payable	Mrs. Tara Devi Lohia	8.44	8.44
	Mr. Deepak Lohia	21.77	21.77
	Ms. Usha Lohia	5.60	5.60
	Mrs. Nayantara Agarwal	2.80	2.80
	Mrs. Asha Mundhra	0.08	0.08
	The estate of Late Man Kumar Lohia	14.99	14.99
	Mrs. Sita Devi Lohia	5.72	5.72
	Mrs. Uma Singhi	3.71	3.69
	Mrs. Neera Lohia	10.46	10.46
	Mrs. Sheela Lohia	4.11	4.11
	Mrs. Praveena Lohia	6.29	6.29
	Mrs. Meghna Lohia	9.26	9.26
	Mr. Manoj Lohia	7.70	7.70
	Mr. Abhiroop Lohia	7.00	7.00
	Ms. Anuja Lohia (minor)	1.75	1.75
	Mrs. Vandana Lohia	10.44	10.44
	Mrs. Sashi Lohia	3.50	3.50

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 33. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

Nature of Transactions	Name of Key Management Personnel	2016-17	2015-16
2) Directors' Remuneration	Sri Manoj Lohia	85.06	78.06
	Sri Deepak Lohia	85.05	78.04
3) Land / Guest House rent paid / payable	Mr. Deepak Lohia	2.60	2.60
	Mrs. Asha Mundhra	2.11	2.11
	Mrs. Nayantara Agarwal	2.74	2.74
	Mrs. Kiran Maheswari	2.74	2.74
	Mrs. Uma Singhi	2.71	2.71
	Mrs. Neera Lohia	4.71	-
	Mrs. Mita Lohia	4.72	-
	Mrs. Shashi Lohia	1.68	1.68
4) Balance outstanding at the year end			
Trade Payables	Mrs. Nayantara Agarwal	2.74	2.74

- v) Details of transactions with Entities over which Key Management Personnel together with relatives have significant influence [included under column "Entities over which Key Management Personnel together with relatives have significant influence" in (ii) above]

Nature of Transactions	Name of Entities	2016-17	2015-16
Sale of Products / Stores / Services	Merino Services Limited	-	2.14
	Sri Harakasturi Memorial Trust	3.59	11.17
	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	3.69	4.64
	Merino Exports Private Limited	2.60	1.58
	Anupriya Marketing Limited	2.70	-
	Usha Agro Farm	0.81	0.29
Purchase of Goods/Services	Merino Services Limited	232.90	265.47
	Usha Agro Farm	3.63	7.73
	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	-	2.06
Royalty on trade mark received	Merino Services Limited	0.29	0.29
Purchase of tangible / intangible Assets	Merino Services Limited	289.79	0.52
Rent and other charges paid	Merino Exports Pvt Ltd	175.21	179.67
	Mankumar Lohia and Brothers	118.63	113.07
	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	549.82	486.07
	Usha Agro Farm	25.41	25.76
	Sri Harakasturi Memorial Trust	0.08	0.01
	Merino Services Limited	307.80	194.22
	Merino Services Limited	307.80	194.22
Rent and other charges received	Kasturi Bai Gopi Babu Cold Storage Pvt Limited	-	0.41
	Sri Harakasturi Memorial Trust	0.01	0.87
	Merino Services Limited	1.19	5.85
Marketing Service Provider Fees	Anupriya Marketing Limited	264.29	226.35

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 33. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 18 ON 'RELATED PARTY DISCLOSURES' (contd.)

Nature of Transactions	Name of Entities	2016-17	2015-16
Dividends paid / payable	Merino Exports Pvt Ltd	158.75	158.75
	Merino Services Limited	11.20	11.20
Interest Paid on loans	Merino Exports Pvt Ltd	220.08	265.07
Donation Paid	Sri Harakasturi Memorial Trust	965.00	153.75
	Sri Prem Chand Lohia Memorial Trust	100.00	426.10
	Sri Hara Kasturi Trust	-	0.30
	Sri Man Kumar Lohia Memorial Trust	200.00	670.60
Loan Taken	Merino Exports Pvt Ltd	4980.00	2000.00
Loan Repaid	Merino Exports Pvt Ltd	4980.00	4087.14
<b>Balance outstanding at the year end:</b>			
Trade Receivables	Merino Services Limited	-	45.50
	Merino Exports Pvt Ltd	0.04	0.73
	Kasturi Bai Gopi Babu Cold Storage Pvt Ltd	0.02	-
	Usha Agro Farm	0.81	-
	Sri Harakasturi Memorial Trust	1.07	2.42
Loans and Advances /Other current assets	Mankumar Lohia and Brothers	75.60	75.60
Trade and other payables	Merino Exports Pvt Ltd	2.30	-
	Merino Services Limited	90.91	13.54
	Mankumar Lohia and Brothers	1.50	1.29
	Anupriya Marketing Ltd.	52.67	16.75
	Kasturi Bai Gopi Babu Cold Storage Pvt Ltd	495.65	452.47
	Usha Agro Farm	3.63	3.02
Investment in Shares (Other than trade)	Merino Services Limited	2.07	2.07
	Merino Exports Pvt Ltd	0.60	0.60
	Merinoply and Chemicals Ltd	5.19	-
	Less: Diminution in book value	5.19	-

## 34. INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 17 ON 'SEGMENT REPORTING'

- a) The Group has identified three reportable business segments :-
- 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, Plywoods and related products.
  - Potato Flakes :**
    - Potato Flakes comprises manufacturing and sale of Potato Flakes and Ready Mix.
- b) Others represent all un- allocable items not included in segments.
- c) Geographical segments considered for disclosure are
- Sales within India
  - Sales outside India

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 34 INFORMATION IN ACCORDANCE WITH ACCOUNTING STANDARD - 17 ON 'SEGMENT REPORTING' (contd.)

### Primary Segment Information (Business Segments) :

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Revenue External (Net Sales and other income)	<b>81396.48</b> (73034.81)	<b>15955.40</b> (14563.42)	<b>4789.27</b> (5146.58)	<b>6663.36</b> (4364.49)		<b>108804.51</b> (97109.30)
Inter-Segment Sales	<b>3203.97</b> (3391.95)	- -	- -	- -		
Total revenue (net Sales and other Income)	<b>84600.45</b> (76426.76)	<b>15955.40</b> (14563.42)	<b>4789.27</b> (5146.58)	<b>6663.36</b> (4364.49)	<b>-3203.97</b> (-3391.95)	<b>108804.51</b> (97109.30)
Profit (+) / Loss (-) before tax	<b>23142.75</b> (19065.82)	<b>1202.01</b> (1159.56)	<b>-975.85</b> (-932.86)	<b>-4018.71</b> (-4619.04)		<b>19350.20</b> (14673.48)
Depreciation and Amortisation	<b>2111.55</b> (1694.83)	<b>424.36</b> (328.99)	<b>314.13</b> (324.09)	<b>93.67</b> (104.99)		<b>2943.71</b> (2452.90)
Non Cash expenses other than Depreciation and Amortisation	<b>49.61</b> (92.42)	<b>78.07</b> (156.39)	<b>0.13</b> (1.43)	<b>9.49</b> (0.20)		<b>137.30</b> (250.44)
Assets	<b>53135.64</b> (41522.05)	<b>14668.47</b> (10826.82)	<b>4175.61</b> (4615.81)	<b>15318.49</b> (12847.57)		<b>87298.21</b> (69812.25)
Liabilities (Excluding Shareholders' fund)	<b>11086.92</b> (8569.65)	<b>1960.21</b> (1384.33)	<b>707.47</b> (507.88)	<b>22625.12</b> (20758.10)		<b>36379.72</b> (31219.96)
Capital Expenditure	<b>10557.05</b> (3939.17)	<b>1091.74</b> (3171.71)	<b>400.30</b> (271.27)	<b>158.22</b> (565.28)		<b>12207.31</b> (7947.43)

### Secondary Segment Information (Geographical Segments) :

Particulars	Segment Revenue External	Carrying Amount of Segment Asset	Segment Capital Expenditure
Within India	<b>71465.67</b> (63945.80)	<b>67656.52</b> (52475.18)	<b>12049.09</b> (7382.15)
Outside India	<b>30675.48</b> (28801.01)	<b>4323.20*</b> (4489.47*)	- -

\*represents Trade Receivables and Fixed Assets  
Figures in brackets represent previous year's figures.

## 35. PURCHASE OF STOCK-IN-TRADE

	2016-17	2015-16
Decorative Laminates	311.17	175.97
Other Panel Products	173.96	82.24
Furniture / Furniture Hardware	22.01	3.99
Chemicals	179.65	172.86
Paper	33.44	2.59
Potato Flakes / Ready Mix	0.26	77.70
Potato / Potato Seeds	203.37	219.61
Acrylic Solid Surface and Adhesive	3304.83	2600.83
Stone Veneers	50.94	53.47
Others	-	6.26
	<b>4279.63</b>	<b>3395.52</b>

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 36. LEASES

### Operating Lease:

#### As a lessee:

The Group has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, godown etc. The tenure of leases generally varies between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and for cancellation. Related lease rental aggregating Rs 826 (31st March, 2016 : Rs.683.41) has been debited to the Statement of Profit and Loss.

#### As a lessor:

The Group has given godown spaces on operating leases and the tenure of leases generally varies between 1 and 5 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental income aggregating Rs.6.67 (31st March, 2016 : Rs.5.57) has been credited to the Statement of Profit and Loss.

## 37. DIVIDEND

During the year, the Board has declared interim dividend of Rs.3.50/- (2015-16 : Rs.3.50/-) per Equity Share amounting to Rs.362.94 (2015-16; Rs.362.94).

## 38. HEDGING CONTRACTS

The Group uses foreign exchange forward contracts, and currency swaps to hedge its exposure to movements in foreign exchange rates. The Group does not use the foreign exchange forward contracts for trading or speculation purposes.

The Group has identified certain derivative contracts entered into to hedge foreign currency risk of firm commitments and highly probable forecast transactions as hedge instruments that qualify as effective cash flow hedges.

### a) Derivative instruments outstanding:

#### i) Forward exchange contracts:

Details	31st March, 2017		31st March, 2016	
	Purchase	Sale	Purchase	Sale
Foreign currency value (USD in lakhs)	9.73	59.50	10.58	66.50
Foreign currency value (EURO in lakhs)	3.85	-	1.84	-
<b>ii) Principal swap contracts:</b>				
Principal amount (USD in lakhs) outstanding	37.99	-	45.65	-

### b) Un-hedged foreign currency exposures:

Details	31st March 2017	31st March 2016
<b>Loan liabilities and Payables:</b>		
(USD in Lakhs)	45.94	27.90
(EUR in Lakhs)	27.27	23.07
(YEN in Lakhs)	516.84	298.58
(SGD in Lakhs)	0.03	0.11
<b>Receivables:</b>		
(USD in Lakhs)	63.96	63.14
(GBP in Lakhs)	2.01	2.26
(EUR in Lakhs)	1.11	0.63

## 39. 'CSR' EXPENDITURE

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 through donation to other charitable organisations:

# Notes to the Consolidated Financial Statements

(Figure in Rs. lakhs, unless otherwise stated)

## 39 'CSR' EXPENDITURE (contd.)

	2016-17	2015-16
(a) Gross Amount required to be spent by the Group during the year	220.46	153.75
(b) Amount Spent by the Group through these trusts:		
Construction / acquisition of any assets	-	8.52
On purpose other than above	220.46	145.23

## 40. GROUP CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

Name of the Company	Country of Incorporation	Holding As on 31-03-2017	Financial Year ends on
Merino Panel Products Limited	India	74.65%	31/03/2017

Name of the Entity	Net Asset, i.e., total Asset Minus total Liabilities		Share In Net Profit or Loss	
	% on Consolidated Net Profit	Amount Rs In Lakhs	% on Consolidated Net Profit	Amount Rs In Lakhs
Merino Panel Products Limited	31.80%	16190.05	36.61%	4857.82
Minority Interest	10.55%	5372.56	11.77%	1561.44

## 41. DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308E, dated March, 30, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Figure in Rs.)

Particulars	SBNs (*)	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	37,27,000	5,66,060	42,93,060
Add : Permitted receipts	-	1,29,07,358	1,29,07,358
Less : Permitted payments	36,500	1,17,39,204	1,17,75,704
Less : Amount deposited in banks	36,90,500	2,28,560	39,19,060
Closing cash in hand as on December 30, 2016	-	15,05,654	15,05,654

\* For the purpose of this clause, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407 ( E ), dated November 8, 2016.

## 42. PREVIOUS YEAR FIGURES

The previous year figures have also been reclassified and regrouped to conform to this year's classification and grouping.

### For Singhi & Co.

Chartered Accountants  
Firm Registration Number : 302049E

### B.L.Choraria

Partner  
Membership Number - 022973

Place : Kolkata

Date : 19th June, 2017

### For and on behalf of Board of Directors

### Champa Lal Lohia

Chairman

### Rup Chand Lohia

Vice Chairman

### Prakash Lohia

Managing Director

### A.K. Parui

Chief Financial Officer

### S. Raychaudhuri

Company Secretary



## 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 52nd Annual General Meeting of the members of Merino Industries Limited will be held at the Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata-700071 on Thursday, the 31st day of August, 2017 at 3-00 p.m. 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, 2017 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, 2017;
3. To confirm the declaration and payment of Interim Dividend on equity shares for the financial year ended 31st March, 2017;
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 ratify the appointment of the Auditors and to fix their remuneration and in this regard to consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the appointment of M/s. Singhi & Company, Chartered Accountants (Firm Registration No.302049E) as Auditors of the Company pursuant to provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as approved by the members of the Company at the 50th Annual General Meeting (AGM) held on 31.08.2015 for a period upto the conclusion of the 55th AGM to be held in the year 2020, the Company hereby ratifies the said appointment at this AGM for a period till the conclusion of the 53rd AGM of the Company to be held in the year 2018 at such remuneration plus service tax, out-of-pocket and other expenses in connection with the Company's audit, as may be mutually agreed between the Board of Directors of the Company and the said M/s. Singhi & Company."

#### AS SPECIAL BUSINESS:

7. To re-appoint Dr. Gautam Bhattacharjee (DIN 00109269) as an Independent Director 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 Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014, Dr. Gautam Bhattacharjee (DIN 00109269), who was appointed as an Independent Director in the 49th Annual General Meeting of the Company held on 31.07.2014 and who holds office upto the conclusion of this Annual General Meeting and being eligible for re-appointment, and in respect of whom the Company has received a notice in writing under Section 160

of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office up to the 57th Annual General Meeting in the calendar year 2022."

8. To approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2018 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, Shibhala 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, 2018, be paid a remuneration of Rs. 75,000/- 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 and to the projects having approval under Section 35AC of the Income Tax Act, 1961, including any contribution towards Corporate Social Responsibility (CSR) activities in terms of Section 135 read with Schedule VII and related Rules framed thereto upto the limit of Rs.15,00,00,000/- (Rupees fifteen crore only) during the financial year 2017-2018 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**

**Sumana Raychaudhuri**  
*Company Secretary*

19th June, 2017

Registered Office:

5, Alexandra Court,

60/1, Chowringhee Road,

Kolkata: 700 020

CIN: U51909WB1965PLC026556

Phone: 033 2290-1214

Fax: 2287-0314

E-mail: merinokol@merinoindia.com

Website: www.merinoindia.com

**NOTES:**

1. ***A member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and to vote on a poll instead of himself / herself and such a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member or shareholder.***
2. ***The instrument of proxy, in order to be valid and effective, must be delivered at the registered office of the company not later than forty-eight hours (48 hours) before the commencement of the meeting. Attendance slip and proxy form are enclosed.***
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25th August, 2017 to 31st August, 2017 (both days inclusive).
5. 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.
6. 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, Aadhar Card, Electric / Telephone (BSNL) Bill or Driving License or Passport. In case the mailing address mentioned on this annual report is without the Pin code number, members are requested to kindly inform their Pin code number and Bank Account details to Messrs. C B Management Services (P) Limited, the Registrar and Share Transfer Agent of the Company.
7. 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.
8. 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.
9. Members holding shares in dematerialized 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 24th August, 2017. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
10. 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. Members are also requested to bring their copies of Annual Report while attending the Annual General Meeting.
11. All the documents referred to in the Notice will be available for inspection by the members at the Registered Office of the Company during office hours on all working days from the date hereof upto the date of the Meeting.
12. 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 dematerialization list with ISIN No. INE662B01017.
13. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Rules framed thereunder the dividend for the year 2009-2010, which remained unpaid or unclaimed for a period of 7 years, have been transferred to the Investor Education and Protection Fund established by the Central Government. Any unpaid or unclaimed dividend for the year 2010-2011 onwards will be deposited with the Investor Education and Protection Fund established by the Central Government as per the table given hereunder. The members who have not encashed the dividend warrants are requested to immediately forward the same along with relevant Folio No. or DP ID and Client ID, duly discharged, to the Company's Registrar and Share Transfer Agent to facilitate payment of the dividend.

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
2010-2011	24.05.2011	29.06.2011	28.05.2018	28.06.2018
2011-2012	16.03.2012	22.04.2012	21.03.2019	21.04.2019
2012-2013	31.08.2012	07.10.2012	06.09.2019	06.10.2019
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

14. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification at the meeting.
15. 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).
16. 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. Recognizing 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.

17. 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 28th August, 2017 (9:00 a.m.) and ends on 30th August, 2017 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 24th August, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
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> <li>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.</li> </ul>
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> <p>* 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 (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xii) Click on the EVSN for the relevant MERINO INDUSTRIES LIMITED on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) 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: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 scrutinizer to verify the same.
- (xx) 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).
18. The e-voting period commences on 28th August, 2017 (9:00 a.m.) and ends on 30th August, 2017 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their vote electronically.
  19. 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 24th August, 2017.
  20. Shri Atul Kumar Labh, Practicing Company Secretary (FCS – 4848 / CP – 3238) has been appointed as the Scrutinizer to scrutinize the e-voting process including the remote e-voting in a fair and transparent manner.
  21. The Scrutinizer 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 atleast two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and forward to the Chairman of the Meeting.
  22. 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.
  23. The consolidated Results declared along with the Scrutinizer'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.
  24. The route map to the venue for the convenience of the members to attend the meeting is separately attached.

## **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**

Dr. Gautam Bhattacharjee (DIN 00109269) is an Independent Director of the Company. He joined the Board of Directors on 01.08.1997 and was appointed as an Independent Director in the 49th Annual General Meeting held on 31.07.2014. The term as an Independent Director of Dr. Bhattacharjee expires at this Annual General Meeting in accordance with the provisions of the Companies Act, 2013. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. Bhattacharjee, being eligible and seeking re-appointment, is proposed to be re-appointed as an Independent Director for a term of five years i.e. up to the 57th Annual General Meeting in the calendar year 2022. As required by Section 160 of the Act, a notice had been received from a member signifying his intention to propose his candidature for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

The Company has received from Dr. Bhattacharjee, among other forms pursuant to Companies (Appointment & Qualification of Directors) Rules 2014, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr. Gautam Bhattacharjee as an Independent Director of the Company for a term of five years i.e. up to the 57th Annual General Meeting in the calendar year 2022 as per Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder.

Dr. Bhattacharjee will not be liable to retire by rotation and in the opinion of the Board of Directors, he fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Dr. Bhattacharjee as an Independent Director setting out the terms and conditions is available for inspection by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr. Gautam Bhattacharjee, eminent Medical Practitioner & Administrator, as an Independent Director.

No director, key managerial personnel or their relatives, except Dr. Gautam Bhattacharjee, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 7 for the approval of the members.

### **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, Shibtala 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, 2018 at a remuneration of Rs. 75,000/- 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, 2018.

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 had been authorized 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 spend upto a maximum limit of Rs.15,00,00,000/- (Rupees fifteen crore only) during the Financial Year 2017-18, which exceeds the above limit. The expenditure would be channelized mainly towards corpus contributions to group managed Trust(s) and also to such other Trust(s) as the Board may deem fit. The primary objectives of the Trust(s) are 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. and also various other public charitable activities which constitutes part of its contribution towards Corporate Social Responsibility (CSR) activities as stipulated vide the provisions of Section 135 read with Schedule VII of the Act and also to projects having approval under Section 35AC of the Income Tax Act, 1961.

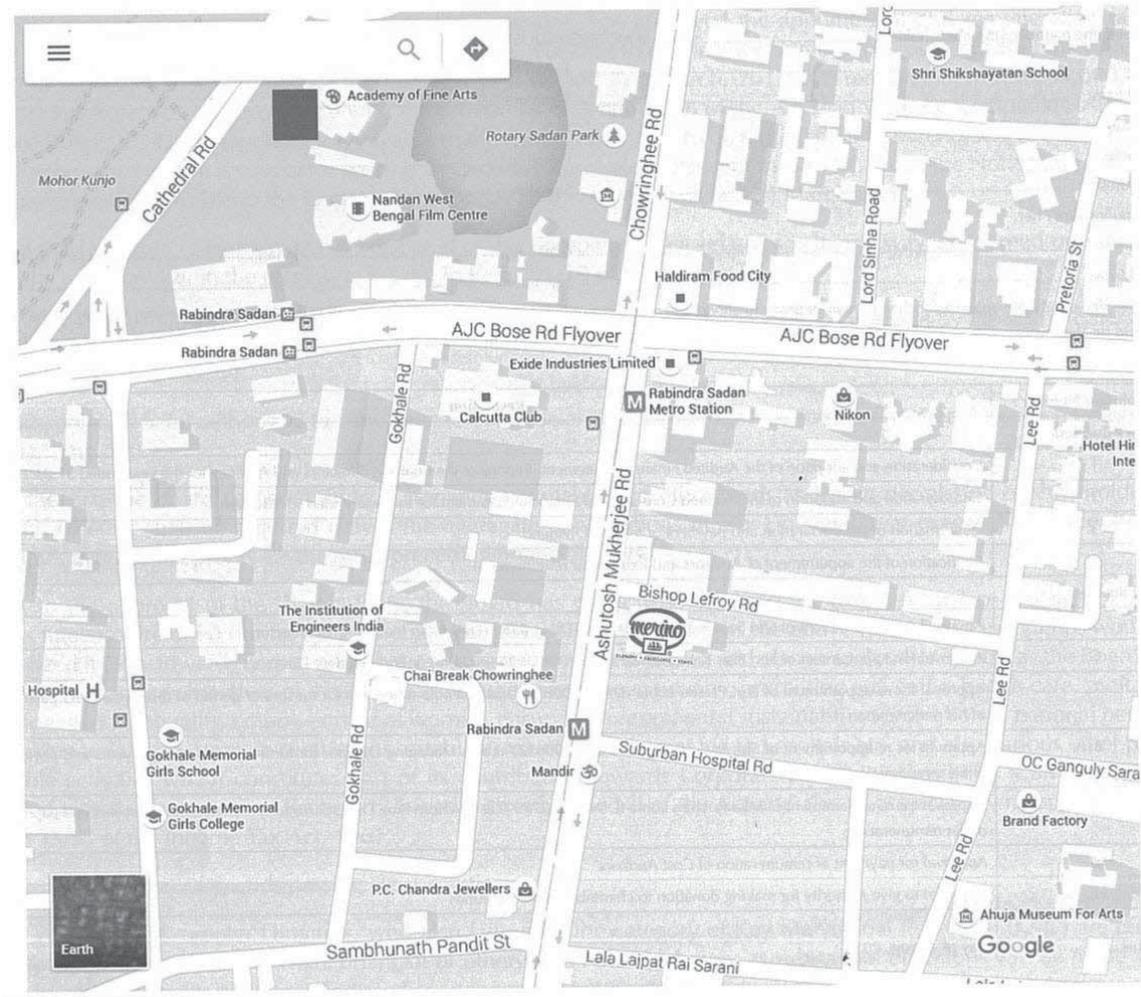
As such, the Board recommends passing the resolution.

All the Whole-time Promoter Directors, who also fall under the category of Key Managerial Personnel (KMP) are directly or indirectly interested or concerned, financial 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, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, 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 TO THE VENUE OF AGM







## 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

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):			
Registered Address:			
Master Folio No.		E-mail ID:	
*Client ID:		*DP ID:	

I / We being the member / members holding ..... shares of MERINO INDUSTRIES LIMITED, hereby appoint:

- 1) Name:..... E-mail Id: .....  
Address:..... Signature: ..... or failing him / her
- 2) Name:..... E-mail Id: .....  
Address:..... Signature: ..... or failing him / her
- 3) Name:..... E-mail Id: .....  
Address:..... Signature: .....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual General Meeting of the Company being held on Thursday, the 31st day of August, 2017 at 3-00 p.m. at Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata-700071 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution
<b>Ordinary Business</b>	
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31.03.2017
2.	Consideration and adoption of the Audited Consolidated Financial Statement for the year ended 31.03.2017
3.	Confirmation of the declaration and payment of Interim Dividend for the financial year 2016-17
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.	Ratification of the appointment of Auditors and fixing their remuneration
<b>Special Business</b>	
7.	Approval for Re-appointment of Dr. Gautam Bhattacharjee (DIN 00109269) as an Independent Director
8.	Approval for payment of remuneration of Cost Auditors
9.	Approval to give authority for making donation to charitable and other funds

Signed this .....day of August, 2017

Signature of the Shareholder

Affix  
Revenue  
Stamp

Signature of Proxy/Authorised Representative

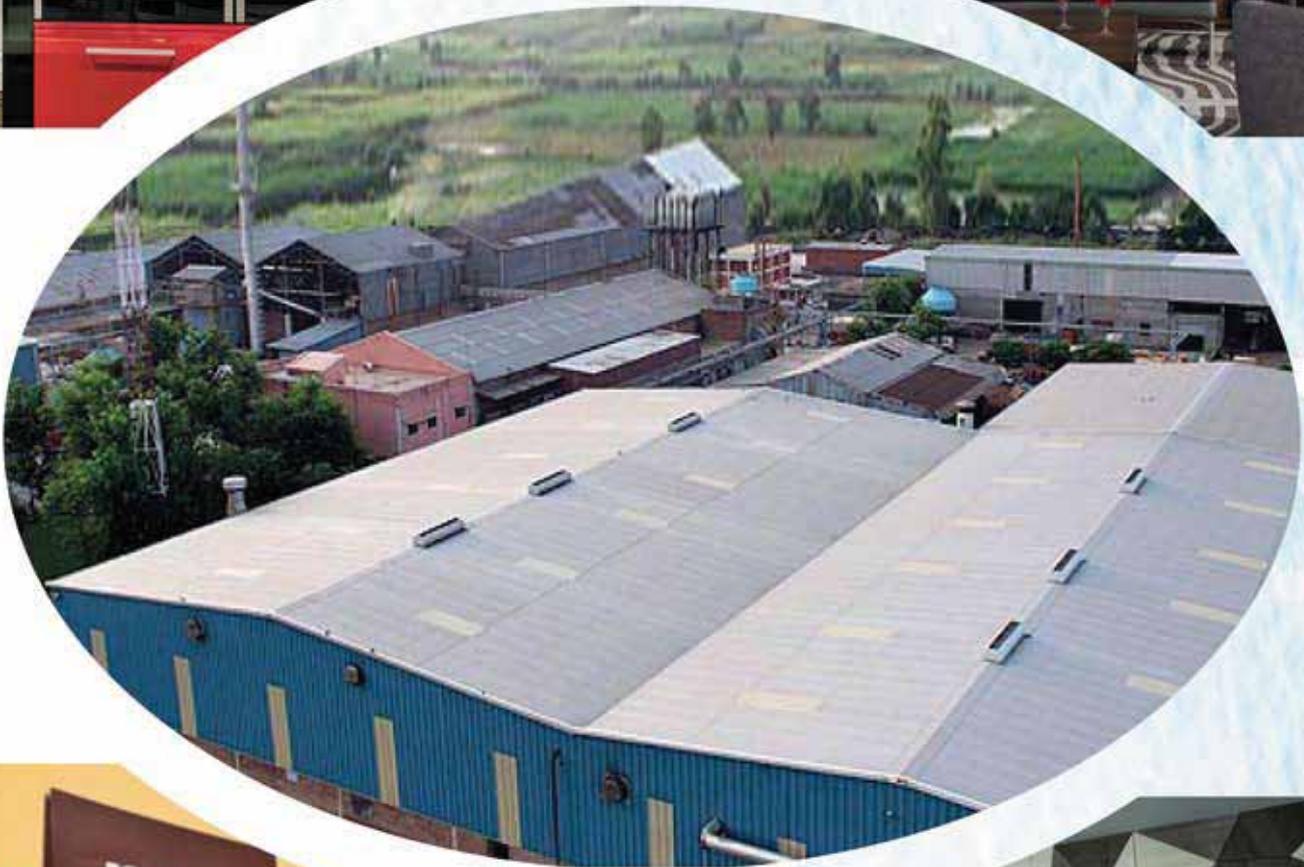
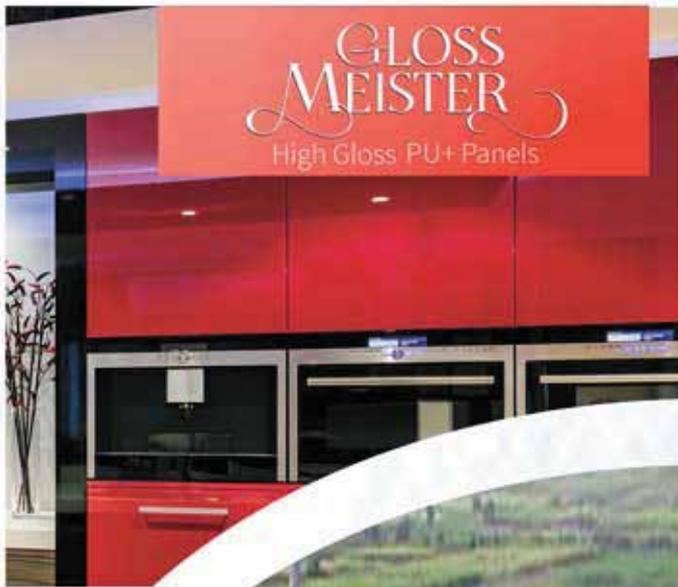
\* Applicable for investors holding shares in electronic form

#### Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.







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