ECONOMY ◆ EXCELLENCE ◆ ETHICS

TRANSFORMING INTERIORS

The Group's contribution to the exchequer (gross) in FY2017-18 was ₹359 Crore

The Group's contribution to CSR and charity in FY 2017-18 was ₹11 Crore

MERINO INDUSTRIES LIMITED | ANNUAL REPORT 2017-18

CONTENTS

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Shri Man Kumar Lohia
1926-2009
Founder Chairman and the inspiration behind
The Merino Group

CORPORATE INFORMATION

Board of Directors
Shri Champa Lal Lohia
Executive Chairman

Shri Rup Chand Lohia
Executive Vice-Chairman

Shri Prakash Lohia
Managing Director

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 Sujitendra Krishna Deb
Independent Director
(Resigned on 18.06.2018)

Shri Sisir Kumar Chakrabarti
Independent Director

Audit Committee
Shri Sisir Kumar Chakrabarti – *Chairman*

Dr. Gautam Bhattacharjee
Shri Prasan Lohia

Stakeholders Relationship Committee
Dr. Gautam Bhattacharjee – Chairman
Shri Prasan Lohia

Nomination and Remuneration Committee
Shri Sisir Kumar Chakrabarti – Chairman
Dr. Gautam Bhattacharjee
Shri Prasan Lohia

Corporate Social Responsibility Committee
Shri Champa Lal Lohia – Chairman
Shri Prakash Lohia
Shri Prasan Lohia
Dr. Gautam Bhattacharjee

Risk Management Committee
Shri Prakash Lohia – Chairman
Miss Ruchira Lohia
Shri Prasan Lohia
Shri Riaz Ahmed – Consultant
Shri Asok Kumar Parui – Chief Financial Officer

Chief Financial Officer
Shri Asok Kumar Parui

Company Secretary
Smt. Sumana Raychaudhuri
(upto 19.05.2018)

Smt. Vinamrata Agrawal
(with effect from 18.06.2018)

Registered Office
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata-700 020
Phone: 2290-1214,
Fax: 91-33-2287-0314,
E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com

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

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

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

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

Auditors
Singhi & Co.
Chartered Accountants

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

Banks
AXIS Bank Limited
Standard Chartered Bank
Kotak Mahindra Bank Limited
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

MERINO INDUSTRIES LIMITED.

Transforming
India's interiors

Enriching
the customer's experience

Investing
in scale to address growing demand

Providing
a widening product range addressing evolving needs

Responding
with a sense of urgency to customer needs

Possessing
a pan-India distribution network

Providing
a world-class product quality

1 Background

The Merino Group was commissioned 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 managed by a team of multi-genre professionals. With more than half a decade of experience, the Company has established its respect and leadership in the country's laminates segment. The Company is headquartered in Kolkata with manufacturing units in Hapur (Uttar Pradesh), Rohad (Haryana), Hosur (Tamil Nadu) and Dahej (Gujarat).

2 Scale

Merino possess India's largest laminates manufacturing capacity of 168 lakh sheets per annum; it is among India's handful laminate players possessing a captive printing unit. The Company possesses three short-cycle lamination facilities that can produce pre-laminated particle and MDF boards: from 2.5 x 6 ft to 9 x 6 ft. The Company invested in a plate polishing and cleaning facility for a uniform surface finish of stainless steel moulds; it is the only high pressure laminates manufacturer in Asia with chroming and de-chroming facilities to chromed stainless steel mould quality (to produce non-directional chromed gloss plates); it is also engaged in the manufacture of captive formaldehyde and resins.

3 Brand

Merino Industries Limited is India's largest laminates brand (from a Group perspective). The Company has an annual brand spending of more than ₹20 crore (2017-18).

4 Quality

Merino's facilities are ISO 9001, ISO 14001 and ISO 18001-certified. The Company is continuously innovating and enhancing product and process quality through a focused Research & Development team.

10 things you need to know about Merino Industries Limited

5 Technologies

The Merino Group possesses three manufacturing units comprising modern technologies. It is one of the only two companies in India to have successfully developed the Double Belt Casting Unit process to produce superior products.

6 Variety

Merino widened its product portfolio over the years. In 2017-18, the Company has added 50 SKUs. The Company's products range provides a wide choice for all types of customers.

7 Reach

Merino is present where customers are. The Company has presence in almost all the States and markets its products in more than 60 countries. The Company's network of more than 4000 dealers (doubled in the last five years) help provide products across more than 2000 outlets.

8 Mooring

Our mission: Universal Weal through Trade & Industry

Our vision: Global competence and global competitiveness in every line of business by synergizing a Western work culture with an Indian ethos.

Our motto: Our endeavor is to maximize 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

9 Products portfolio

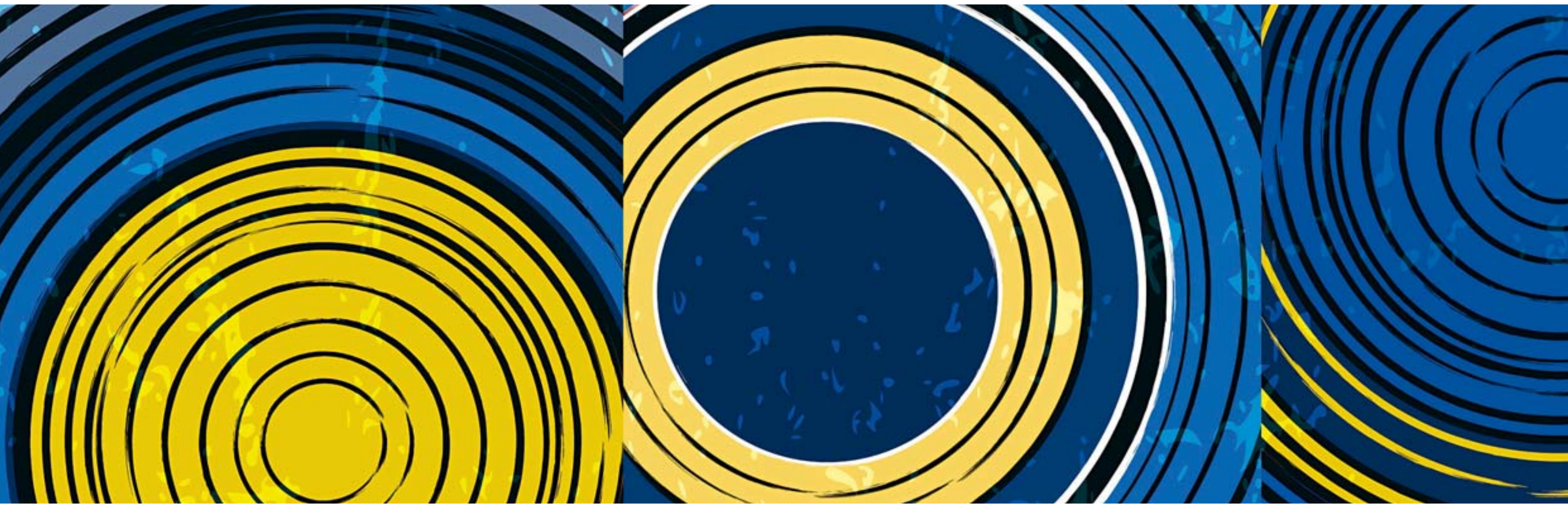
Laminates: The Company is one of the largest manufacturers of laminates in India.

Panel products and furniture division: The Company pioneered the manufacture of panel products like restroom 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 in Hapur (Uttar Pradesh).

10 Awards & certifications

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

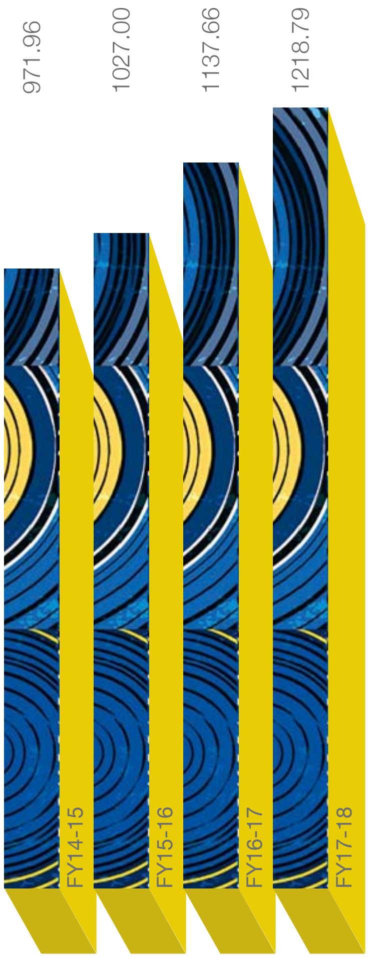


Manufacturing capacities

Company	Location	Products	Capacity
Merino Industries Limited	Hapur (Uttar Pradesh)	Laminates Furniture Formaldehyde Potato flakes	72 lakh sheets 224000 pcs 18250 MT 86 lakh kg
Merino Industries Limited	Hosur (Tamil Nadu)	Prelam boards	18 lakh sqm
Merino Panel Products Limited	Rohad (Haryana)	Laminates Plywood Prelam boards Formaldehyde	72 lakh sheets 8.10 lakh sqm 3.74 lakh pcs 9360 MT
Merino Industries Limited	Dahej (Gujarat)	Laminates	27 lakh sheets

Merino's consistent focus on quality and cost-efficiencies translated into a robust multi-year performance

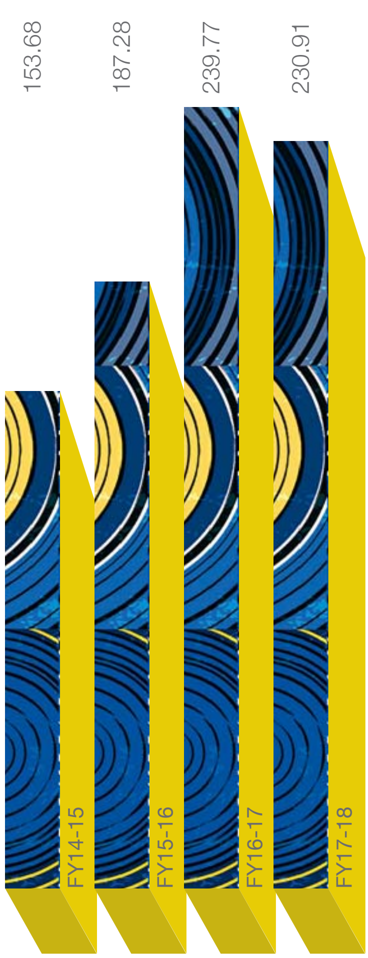
Revenues (₹ crore)



Performance, FY2017-18
Aggregate sales increased 7% to reach ₹1218.79 crore during FY2017-18 following increased demand and realizations.

Value impact
Improved product offtake strengthened the Company's marketplace reputation.

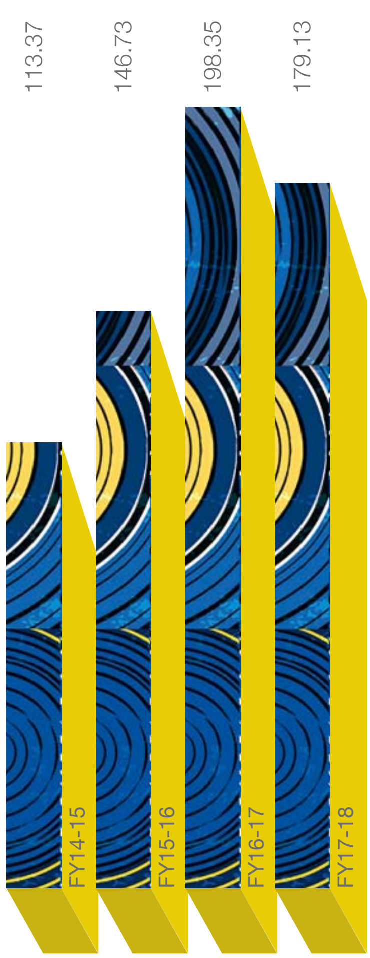
EBITDA (₹ crore)



Performance, FY2017-18
The Company's EBITDA dropped by 3.69% due to increase in raw material costs.

Value impact
A high EBITDA highlights the Company's high operational efficiency and effective cost management.

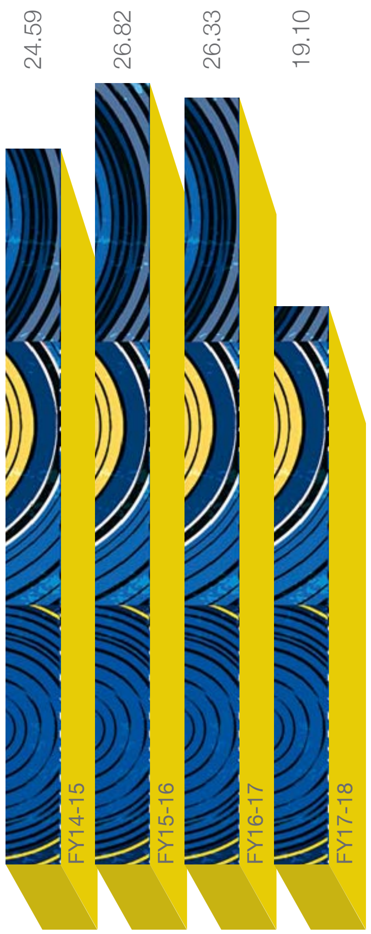
Net profit (PAT) (₹ crore)



Performance, FY2017-18
The Company's PAT decreased 10.73% during the year.

Value impact
An improved PAT ensures that adequate resources are available for reinvestment, sustaining growth .

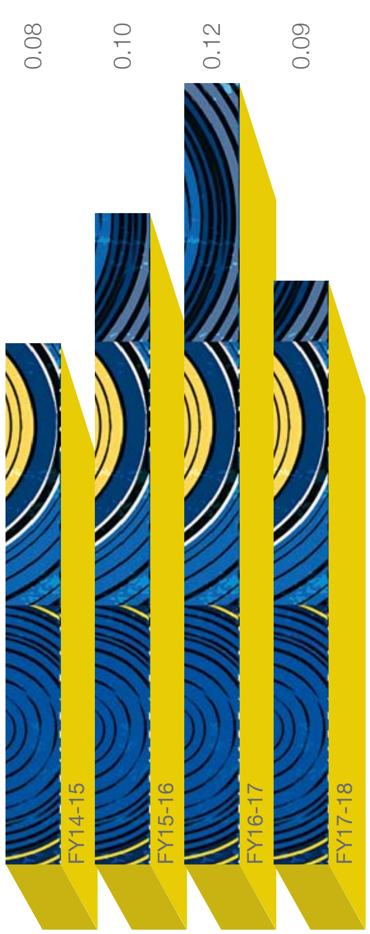
ROCE (%)



Performance, FY2017-18
The ROCE of the Company declined by 723 bps during the year.

Value impact
An enhanced ROCE can potentially drive valuations and visibility.

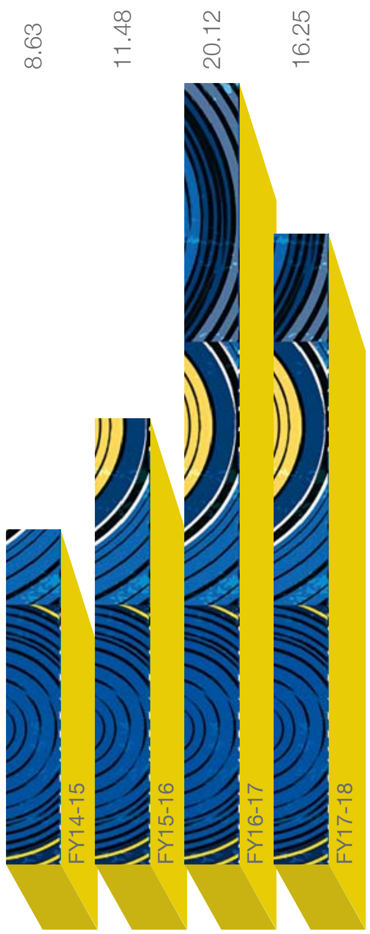
Debt-equity ratio (x)



Performance, FY2017-18
The Company's debt-equity ratio has remained stable during the past 5 years, indicating prudent management.

Value impact
A low debt-equity ratio provides adequate borrowing room to sustain growth.

Interest cover (x)



Performance, FY2017-18
The interest cover of the Company declined by 3.87x due to reduced earnings during the year.

Value impact
A healthy interest cover indicated the Company's ability to seamlessly address debt servicing and repayment obligations.

CHAIRMAN'S OVERVIEW

"Merino is attractively placed. The Company possesses brand visibility, wide distribution network, adequate pan-India manufacturing capacity and an under-borrowed Balance Sheet."

On the face of it, the financial performance of the Company during the year under review reflected moderate growth.

The Company reported a 7 per cent increase in revenues and a 10.73% decline in profit after tax.

Considering that the relatively flattish performance came on the back of a 11.34% increase in revenues and a 31.87% growth in PAT during the previous year (2016-17), the Company's recent performance represented a consolidation.

The big message that we wish to send out is that the Company reinforced its business moat, protected its brand and strengthened its Balance Sheet during the year under review. In doing so, the Company outperformed the sectoral single-digit percentage growth, an index of its long-term competitiveness.

The two principal developments that influenced the Company's performance during the year under review were the implementation of Goods & Services Tax from July 2017 and increase in crude oil prices that resulted in raw material inflation. The impact of the former was a drawing down of prices following a decline in the tax incidence that was passed on to customers. The impact of the latter was cost absorption that translated into a decline in profits by an estimated ₹19.22 crore during the year under review (partly offset by increased prices from January 2018).

The GST game-changer

At Merino, we believe that the implementation of the GST represents a game-changer for the laminates sector in India. For years, the organized laminates sector was consistently under-cut by unorganized manufacturers. The result was a sizable cost differential; since the unorganized players operated outside the purview of the tax bracket, they accounted for a large share of a price-sensitive market while organised players like Merino leveraged the power of their brands, quality and distribution networks.

Following the imposition of GST, the tax incidence has declined from around 27% to 18% for organized manufacturers, while it has increased costs for unorganized players. What used to be a 40 per cent price differential has virtually halved following GST implementation. During the second half of the year under review, we perceived a moving away from unorganised labels towards established brands like Merino. We believe this development to be positive and enduring, providing the organized players with a level playing field.

As a responsive laminates player, Merino invested in greenfield capacity to address the anticipated demand shift. The Company invested in a 400,000 sheets per month capacity at Dahej that was commissioned during the last financial year and scaled from the beginning of the second half. We believe this capacity expansion at a new location will enhance our proximity to the large consuming markets of western India. Correspondingly, we increased our marketing swatches and folders, showcasing our complete 1mm range. Our exports increased during the year under review, strengthening our international presence. In the wake of GST implementation, there were capacity increases by other laminate players as well. As the market widens and competitive pressure declines, we believe that margins will strengthen.

Optimism

At Merino, we continue to be optimistic of the prospects of the laminates sector for a number of reasons. Laminates represent a superior value-for-money proposition over veneers. The product is carpenter-compatible and addresses the need for aesthetic interiors.

Merino is attractively placed to widen its moat. The business is marked by the need to present a wide choice; the Company possesses possibly the widest portfolio within the country's laminate sector. In a business where maintaining a large and wide stock consumes working capital, the Company is attractively under-leveraged. In a business where consumers need to see the impact of laminates on walls, the Company launched an Experience Centre in Delhi and Kolkata, strengthening footfalls. In a business where a majority of the demand is generated when interiors are just being completed, there is a premium on the need to deliver with speed, prompting the Company to institute a focused On Time In Full exercise to service complete and urgent customer needs. During the financial year under review, the Company's credit rating was maintained at AA-, strengthening its prospects to mobilise low-cost debt.

> The big message that we wish to send out is that the company reinforced its business moat, protected its brand and strengthened its Balance Sheet during the year under review.

Overview

The Indian economy appears to be at the cusp of attractive growth.

The formalization of the Indian economy is expected to create a structural foundation for compliance-driven organized players. We believe that these fundamentals represent an attractive platform for such players to leverage the country's demographic dividend, increased incomes, growing interiors-pride and enhanced aspirations.

Besides, inflation has been moderate. A large quantity of completed apartments is on the verge of being handed over to owners. The onset of affordable housing could widen the market for laminates.

Merino is attractively placed to capitalise. The Company possesses brand visibility, wide distribution network, adequate pan-India manufacturing capacity and an under-borrowed Balance Sheet.

In view of these realities, we expect to report better numbers across the foreseeable future, enhancing value for those engaged with our company.

Champa Lal Lohia
Executive Chairman
New Delhi, 18th June, 2018

Merino's star products

High Pressure Laminate

Merino High Pressure Laminate's (HPL) strong bonding makes them resistance to boiling water, stain and provides increased dimensional stability and is ideal for home furniture, oil linings, column claddings, doors, shelves, table tops, etc.

MR+ Tuff Gloss Laminate

Merino MR+ Tuff Gloss is resistant to scuff and mar (light surface damages) abrasions, heat and stain resistance and impact resistance. It has high gloss property, is highly decorative and ideal for kitchens, kid rooms, bar areas, dining rooms, reception areas and restaurants etc.

AB+ Anti-Bacterial Laminate

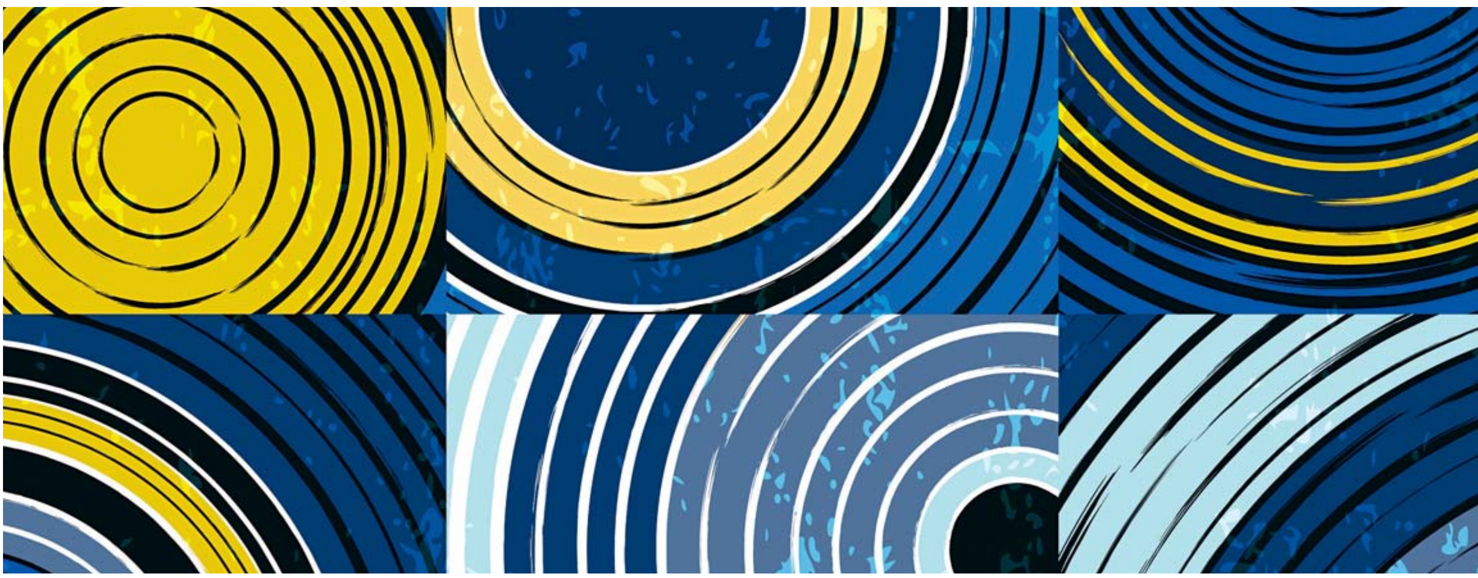
Merino Anti-Bacterial laminate is intended for applications for additional surface protection against bacteria. It provides 99.99% bacteria reduction, longevity and low maintenance.

Chem + (Lab Grade) Laminate

Merino Chemical Resistant laminate is intended for providing chemical resistance. It is free of porosity and durable.

FR+ Fire Retardant Laminate

Merino Fire Retardant laminates are safe, harmless, sturdy and come in exquisite designs and colors. It has Class I Fire Rating and is capable of self-extinguishing, reducing toxic fumes.



ESD + Dissipative Electrostatic Laminate

Merino Electrostatic Dissipative laminates provides a safe environment used in Electrostatic Protected Areas (EPAs). It is a permanent static-dissipative, drains static charges; dust does not stay on the surface.

Post Forming Laminate

Merino Post Forming laminates are required to roll in a simple radius over the edge of a substrate. It provides round edge uniformity, high aesthetic value and no seams over edges etc.

UNI+ Unicolor Laminate

Merino Unicolor laminates provides a unique combination of the highest standards of quality and homogeneous solid color. The core layers provide the laminate with a uniform decorative look. It provides resistance to abrasion and heat; it is mark and stain-resistant.

Digital Printed Laminate

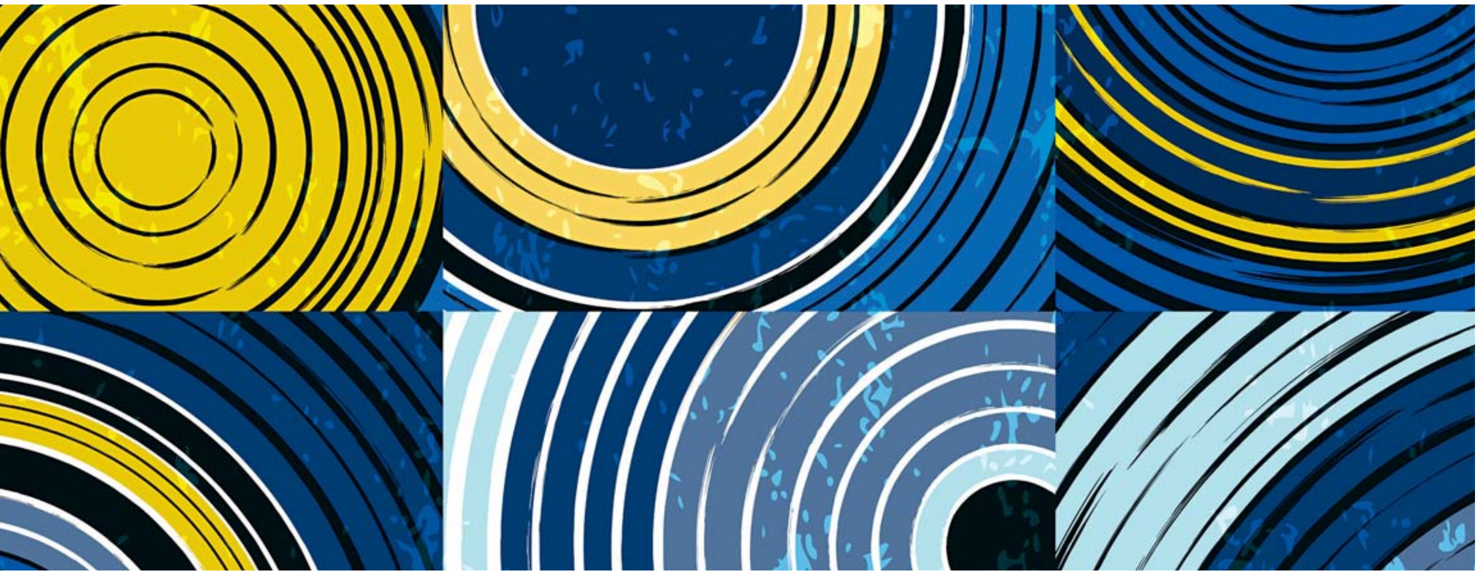
Merino Digital Printed laminates represents a new development in the laminate decorative surface that offers customized printed laminates for interiors. It is highly decorative and ideal for walls and partitions, commercial areas, stands and exhibitions, doors, etc.

Metalam (Metal Foil) Laminate

Merino presents Metalam range of High Pressure Metallic laminates designed for vertical interiors or ceilings application. It does not accumulate any dust and highly aesthetic.

Compact Laminate

Merino Compact is a solid grade, load bearing laminate. It has an inner core impregnated with thermosetting resins which are resistant to atmospheric and chemical agents. It provides superior super mechanical properties to impact resistance. It provides water & moisture resistance, scratch & graffiti resistance, fire, burn and stain resistance. It is non-corrosive and has dimensional stability.



Transforming restrooms

Merino Industries Limited is at the right place at the right time with the right products.

In the rapidly transforming realities of the country where people have become more health conscious and hygienic, the Company has capitalized on the opportunity by combining its cost economy and quality with a health focus.

India's fitness market has transformed in the last decade and projected to grow at a CAGR of 9.3% over the next five years.(Source: indianretailer.com)

Merino BESCO Cubicles & Lockers represent the fastest growing division in the Merino Group with over 5,000 projects already executed across India.

Manufactured for the first time in India around international standards of quality, offering a range of restroom cubicles, shower cubicles, urinal panels, locker system, changing rooms etc, the product enjoys an economy of space, load, lower installation time, tidiness, air ventilation and ease in cleaning.

Since one out of every six persons in the world lives in India and given the fact that the average age of the Indian population is 27.6 years makes the opportunity even larger (Source: worldpopulationreview.com).

Through this range of products, Merino is helping transform the interiors of the country.

Transforming walls

With strong economic growth sustainable across an extended period, India's large GDP, exceeding $2 trillion, should report a compounding effect. By 2025, India could possibly be a $5 trillion economy, adding $1 trillion every 18 months. (Source: Edelweiss)

This growth could be most visible in the tourism, healthcare, office, residence and industrial sector amongst others.

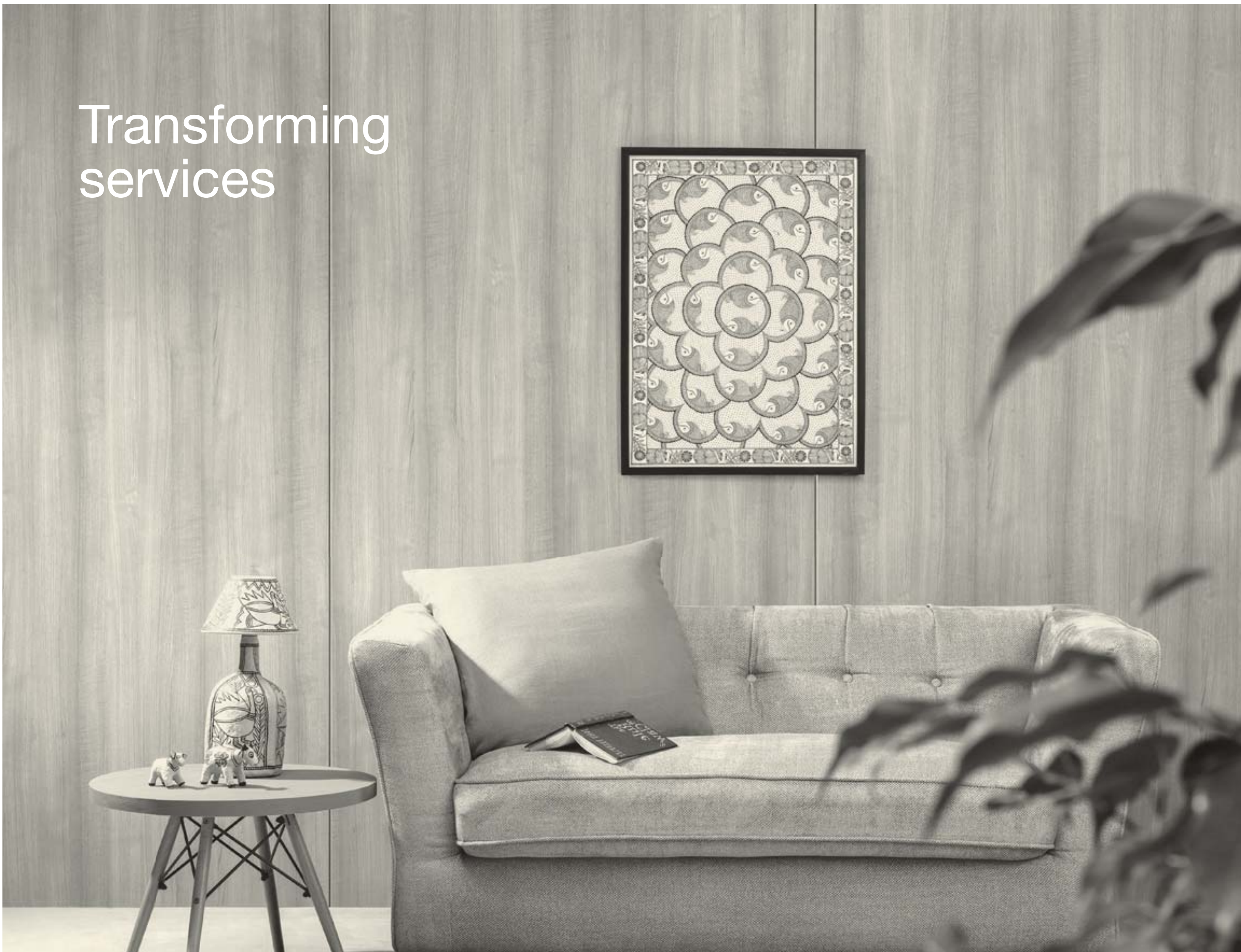
To address the opportunity, the Company introduced Shaurya, a German collaboration with Bren system. This system helps protect walls and corners against damages and soiling through the use of different profiles and compact laminate-based panels.

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

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

Through its extensive range of wall products, Merino is helping transform the country's interiors.

Transforming services



In a country where growth is faster than ever, Merino has selected to go deeper and wider to delight customers with affordable products.

Merino selected to be present proximately to customers.

The Company collaborated with dedicated third party logistics companies in reaching products quicker to markets.

The Company explored markets deeper through the appointment of a distributor in Guwahati; its deeper presence resulted in 30% growth in Bengal in the last few years.

The Company's increased its stock keeping capacity in hubs so that no customer returned empty-handed.

The Company reduced logistics costs by maintaining a high stocking of sheets per truck.

The Company offered same-day delivery and overnight delivery in proximate states.

The logistics expense outgo maintained at 1.67% of revenues in 2016-17 to 1.67% in 2017-18.

By providing quality products at affordable prices, Merino is helping transform the interiors of India.

Transforming experiences

For long, Merino had excellent products but could only showcase them to customers through its limited swatch folder.

This resulted in customers buying products without appraising the entire range of how the product actually was.

Merino countered this reality with an experience center where it is empowered to display all products. The utility of the experience center is that the customer can now get a feel of the Company’s complete range of products.

Merino launched two centers - in Delhi in December 2017 and in Kolkata in January 2018. Merino also launched new products at these centres, attracting the attention of trade partners and consumers.

The centers are equipped with a stocking capacity of approximately 300 laminate varieties, a wide variety for Merino’s customers. Besides, the location of the experience centre close to dealer stores enhanced responsiveness and timely delivery.

By enhancing the customer experience and product appetite, the Company has helped transform the interiors of the country.

Merino. Transforming the sectoral reality

Population

India accounts for the second largest population in the world.

India's population has grown 4x over the last century whereas China's has grown 1.5x.

India's population is more than the cumulative population of approximately 80% countries in the world.

India is adding close to 15 million people every year, the largest accretion in the world.

India will surpass China to become the world's most populous country by 2024.

This safely indicates that the market for Merino's products will continue to grow.

Rising income

India's per capita income grew 8.3% to ₹111,782 in 2017-18.

India's per capita income could more than double by 2027 (according to Morgan Stanley).

India moved up one position to 126 across countries in terms of GDP per capita in 2017.

The number of middle-class households is estimated to increase more than fourfold to 148 million by 2030 from 32 million in 2010.

This indicates a growing aspiration for better interiors, catalyzing the demand for Merino's products.

Downstream sector growth

Total contribution by the travel and tourism sector to India's GDP is expected to increase from ₹15.24 trillion (US$ 234.03 billion) in 2017 to ₹32.05 trillion (US$ 492.21 billion) in 2028.

India's real estate market is expected to grow from US$ 126 billion in 2015 to US$ 180 billion by 2020 at a CAGR of 7.4% over five years.

India's health care sector is expected to grow from ₹4 trillion (US$ 61.79 billion) in 2017 at a Compound Annual Growth Rate (CAGR) of 16-17 per cent to ₹8.6 trillion (US$ 132.84 billion) by 2023.

This is expected to catalyse the demand for Merino's products.

Housing sector boom

The shortage of urban homes in India stands at ~18.78 million.

The shortage of homes in rural India stands at around 43.6 million.

India's announcement of Housing for All is expected to accelerate home building.

The growth in India's buildings infrastructure is expected to drive the offtake of interior products.

This indicates that Merino is positioned at an attractive industry opportunity.

Demographic shift

India is among the youngest countries (median age less than 26).

India is the fastest urbanizing country in the world.

India's urban population is 33.2% in 2018 and expected to reach 36.2% by 2025.

Nuclearization of families is expected to add about 6-7 million households per year.

This indicates a growing consumption base across the foreseeable future.

(Source: The Hindu, IBEF, Economic Times, Statista)

Our robust business model

The context of the sector

Economic growth
India is an enduring success story among major economies. The country emerged as a $ 1 trillion economy for the first time in 2007; the country doubled economic size in only the next seven years and is expected to emerge as a $ 10 trillion economy by 2030, driven by a sustained growth in incomes and discretionary spending. (Source: Financial Express, Economic Times)

Government focus
The Government's Prime Minister Awas Yojana approved the construction of 17,73,052 affordable houses in 30 States and Union Territories entailing an investment of ₹95,660 crore. Increase in the number of houses could catalyse demand for furniture and allied products. (Source: IIFL)

Rise of the 'affluent middle class'
In 2015, a largest Indian consumer set belongs to the 'next billion' income segment, accounting for 45% of the population and 39% of total spending. By 2025, the 'affluent' consumer segment could become the largest, accounting for about 40% of all Indian consumption, up from about 26% in 2015. (Source: Livemint)

Social media
India has a large and growing millennial population - young and tech-savvy consumers - with rising disposable incomes. About 600 million people (more than half of India's population) are under the age of 25. The Indian digital media segment is set for disruption with growth expected to reach ₹200 billion by 2020 with digital ad spend expected to grow at 23-28%. Exposure to social media and internet could drive the growth of well-designed interiors. (Source: Financial Express)

Goods and Services Tax
The implementation of Goods and Services Tax in 2017 has moderated the tax rate on laminates from 28% to 18%, enhancing affordability and catalyzing a shift in demand from unorganized providers to organized brands.

How Merino is addressing the sectoral context

Digital footprint
The Company invested in enhancing its presence in the digital media to cater to a youthful population.

Increasing scale
To cater to the growing demand, the Company invested in a 400,000 sheets per month capacity at Dahej (commissioned in FY2016-17).

Expanding reach
The Company expanded its presence to almost all the states in India to enhance its proximity to customers.

State-of-the-art products
The Company's products are of highest quality and are mar-resistant. Merino's laminate brand MR+ is abrasion, heat and stain and impact resistant with high-gloss and decorative properties.

Creating product appetit
Merino is ahead of the curve by providing a wide product choice and innovative products. The Company implemented ERP to enhance controls, comprehend trends and take informed decisions

Result of our resilient business model

Credit rating
During the financial year under review, the Company's credit rating was maintained at AA-.

Revenues growth
The revenues of the Company improved from ₹1137.66 crore in FY2016-17 to ₹1218.79 crore in FY2017-18.

ROCE
The Company reported a 19.10% ROCE in FY2017-18.

Low debt
The long-term debt of the Company stood at ₹44.17 crore for the year ended FY2017-18.

Exports revenues
The Company's export revenues improved to ₹316.28 in FY2017-18, a 3% increase over the previous year.

Market leadership
The Company retained its market leadership with a consistent increase in market share.

Our competencies

Capacity
The Company possess largest laminates manufacturing capacity in the country resulting in superior economies.

Brand recall
With more than 50 years of being in the business of laminates manufacturing, the Company enjoys a superior brand recall.

Footprint
The Company selected to strengthen its presence across all the states, the regions that are either growing faster than the national consumption average or are expected to witness growth in real estate stock as a result of rising incomes, population and evolving demographics.

Quality
The Company is focused on playing the value game, selling only as much as the brand can bear. The products manufactured are of superior quality, which lasts longer.

Network
The Company achieved retail penetration across all the states. The Company's distribution comprises a large dealer and distributor network; a high 70% of sales was derived from trade channels in 2017-18.

People-driven
The Company is a combination of process and people. The senior management comprises professionals. Merino's employee strength stood at 2,042 as on 31 March 2018.

Range
Merino's laminates comprise more than 400 designs and 35 finishes, making it possibly the only company with the widest range in the Country.

Technologies
The Company invested in cutting-edge technologies to drive operating efficiencies, product quality, development and applications.

Largest, lowest cost
Over the years, the Company has graduated to being the largest laminates manufacturer with lowest cost in the country.

Modest gearing
The Company has selected to grow its business without compromising the integrity of its Balance Sheet. The long-term debt of the Company stood at ₹44.17 crore for the year ended FY2017-18 with interest coverage ratio of 16.25x

Ethical player
The Company has established itself as an ethical player, running its business in complete compliance with the laws of the land. This has helped create a corresponding eco-system that also does the same, resulting in complete strategic alignment.

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.

Risk management

Risks are integral part for a business to grow. However, an effective risk management framework helps the organisation in mitigating the risks effectively and ensures business sustainability. Effective risk management comprises reducing the element of surprise, improve services, ensure proactive change management, source resources efficiently, optimise utilisation levels, prevent leakages and reduce wastages. Merino has an efficient risk management process in place and the same is periodically reviewed by the Board for measuring their effectiveness. The process evaluates each risk associated with various business transactions and undertakes effective mitigation strategies to minimise impact.

Economy risk

Slowdown in the economy may impact the industry

Mitigation: With the impact of demonetisation and teething issues of GST implementation fading away, the Indian economy is poised for strong growth. The IMF predicts that Indian economy will grow at a rate of 7.4% in FY19, compared to 6.7% in FY2018 and accelerate further to 7.8% in FY2020.

Competition risk

High competition may impact profitability

Mitigation: Though the unorganized segment of the market represents a core risk, the implementation of the GST is a game-changer for the laminates industry as it will enable a shift to organized constituents of the market. In this scenario, Merino enjoys an entrenched brand recall, unparalleled distribution network and a wide bouquet of products across laminates and veneers categories that will enable it to ride the favorable regulations.

Industry slump risk

slowdown in downstream sectors could impact product offtake

Mitigation: With the real estate sector gradually recovering, the demand for laminates, veneers and panel products is all set to grow. The ‘Housing for All’ Scheme is expected to drive the demand for panel products. Growing per capita incomes coupled with increasing private consumption levels bode well for the industry. On the other hand, increasing office space demand is expected to drive offtake of decorative laminates in the country.

Raw material risk

Inability to source raw materials may dampen operations

Mitigation: Merino's laminate manufacturing units are proximate to sources of raw material resources and it procures raw materials directly from farmers and manufacturers. Merino enters supply contracts with manufacturers to hedge against raw material price hikes and protects the bottomline.

Logistical challenges

Lack of distribution reach could result in loss of sales

Mitigation: Merino has a large network of dealers and distributors across the country. The Company's products are available across all the major cities. The effectiveness of distribution system has resulted in moderating the logistical costs.

Product risk

The Company's products may not be accepted by the market

Mitigation: The Company's superior product quality ensures steady offtake. The result is that the Company enjoys market leadership in the laminates segment. Merino introduced new varieties of laminates during the year resulting in enhanced revenues during the year.

Finance risk

Inability to fund expansions at a cost competitive rate could jeopardise financial stability

Mitigation: The Company is financially stable and had ₹77.33 crore as cash balance in FY2017-18. Merino has negligible debt on its books making it financially stronger. Further the interest coverage ratio of the Company stood at 16.25x for the year ended March 31, 2018, hedging the Company appropriately against the risk.

Directors' Report

Dear Shareholders,

Your directors are pleased to present their Fifty-Third Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

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

(₹ Lakh)

	Standalone performance		Consolidated performance	
	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2018	Year ended 31st March 2017
Total Revenue (Net)	82399.43	77827.95	123908.86	116401.63
Profit before taxation	9484.02	10338.96	17912.88	19835.40
Less: Tax Expense	2732.97	2807.92	5859.49	6233.18
Profit for the year	6751.05	7531.04	12053.39	13602.22
Add: Other comprehensive income (net of tax)	301.20	326.42	308.66	315.79
Less: Total comprehensive income attributed to non-controlling interest			1376.38	1576.66
Add: Balance Brought Forward from the previous year	24193.48	17797.38	38086.89	27698.62
Balance	30944.53	25328.42	48765.79	39721.49
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	675.11	726.83	1079.86	1186.64
TOTAL	1080.02	1131.74	1516.68	1623.46
Add: Other comprehensive income / (expense)	22.05	(3.20)	27.62	(11.14)
Balance Profit Carried Forward	29886.56	24193.48	47276.73	38086.89

ECONOMIC OVERVIEW

The global economy remains trapped in a prolonged period of slow economic growth and dwindling international trade growth. Conditions for investment have generally improved, amid low financial volatility, reduced banking sector fragilities, recovery in some commodity sectors and a more solid global macroeconomic outlook. Financing costs generally remain low, and spreads have narrowed in many emerging markets, reflecting a decline in risk premia. This has supported rising capital flows to emerging markets, including a rise in cross-border lending, and stronger credit growth in both developed and developing economies.

The factors underlying the protracted economic slowdown have a tendency to reinforce one another, through the close linkages between demand, investment, trade and productivity. Firms are unlikely to invest in new projects and expand production when demand is weak or expected profits are low. Economic and political uncertainties have also weighed on investment demand in many countries, while the nexus between profits and investment has weakened in both developed and developing countries. The declining demand for capital goods associated with weak investment restrains global trade, which in turn curtails investment further. Meanwhile, the extended period of weak investment is a driving factor behind the more medium-term phenomenon of a slowdown in productivity growth. Labour market indicators continued to improve in a broad spectrum of countries, and roughly two-thirds of countries worldwide experienced stronger growth in 2017 than in the previous year.

Global economic prospects remain subject to significant downside risks including the possibility of financial stress, natural disasters, increased protectionism, and rising geopolitical tensions, with the potential to obstruct the modest acceleration in growth that is currently forecast for 2017- 2018. Considerable uncertainty shrouds both the path and impact of monetary policy actions in major developed economies.

India's economic success in recent years has helped to ensure that South Asia is the fastest-growing region in the world – but it faces significant challenges alongside its opportunities for further growth. This was primarily attributable to the economic activity being hit by the twin blows of demonetization and implementation-related issues of the goods and services tax (GST).

While demonetization of high-value banknotes in November 2016 was expected to have disrupted supply chains in the informal economy, the complex filing procedures of GST and delay in refund of input credits have impacted exporters and small and medium enterprises, forcing companies to pare production and stocks, leading to a decline in manufacturing activity.

The decorative laminates market is driven by its low maintenance and installation cost coupled with the increasing growth of the construction industry. In terms of volume, the global decorative laminates market was pegged at 10,814 Mn Sq. Meters in 2017 and is expected to reach 15,645 Mn Sq. Meters by 2025 end.

The demand for decorative laminates is relatively high in developing countries such as India and China in the Asia Pacific region. One of the major reasons behind the growth of the market in these two countries is a rapid increase in the population accompanied by expansion of the economy that ultimately results in increase in per capita income. Owing to an upsurge in the utilization of ready-to-assemble floorings as well as furniture and cabinets, the demand for high pressure laminates is likely to increase at a stable pace during the assessed period. Moreover, advanced functional properties such as scratch resistance, chemical resistance, anti-microbial and anti-fingerprint are further leading to an increase in the demand for high pressure laminates.

The total market size in India for laminates and decorative veneer is around ₹6,000 crores with an unorganized market forming approximately 30% in 2015 as compared to 40% in 2013, reflecting a clear and gradual shift towards the organized market. Industry experts say that unorganised market has grown in single digits, whereas organized players have expanded between 10%-20% over the past few years.

Laminates attract rate of 18 per cent in GST. In the pre-GST era, total tax was 28 per cent. The escalation in cost of chemicals has pushed prices of products higher. Demand for laminates due to a lower plywood demand and overall slump in real estate has also been impacted.

Analysts say that with the government's continued focus on infrastructure and low-cost housing, demand for laminates is expected to remain strong.

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

Your Company recorded a total revenue of ₹82399.43 Lakh as compared to ₹77827.95 Lakh in the previous year. There was a decrease in profits during the year under review, the profit before tax indicating a decrease by ₹854.94 Lakh as compared to previous year's figures. The Company's net profit after taxes stood at ₹6751.05 Lakh as against ₹7531.04 Lakh last year.

During the year under review, the FOB value of exports of the Company amounted to ₹16217.92 Lakh as against ₹15843.68 Lakh of last year.

The Consolidated total revenue (net) for the Financial Year 2017–18 stood at ₹123908.86 Lakh as compared with the previous year's figures of ₹116401.63 Lakh. The consolidated profit before tax was ₹17912.88 Lakh as against ₹19835.40 Lakh, in the previous year. The consolidated profit after tax and minority interest is ₹12053.39 Lakh as compared to the previous year's figures of ₹13602.22 Lakh.

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

During the fiscal under review, revenue (including inter–segment transfer) generated from Laminates Segment was ₹58552.37 Lakh as against ₹55521.15 Lakh, Panel Products ₹15478.63 Lakh as against ₹14700.28 Lakh and Potato Flakes ₹5262.45 Lakh as against ₹4803.11 Lakh, all compared with data for the previous year. As per Segment Reporting, the Profit before tax for Laminates segment reduced to ₹11510.22 Lakh (previous year ₹13286.67 Lakh), for Panel Products ₹874.87 Lakh (previous year ₹676.10 Lakh) and Loss for Potato Flakes ₹71.86 Lakh (previous year loss of ₹979.62 Lakh). The results of the Potato Flakes division were affected by some external factors.

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 at Dahej, Gujarat, mainly to cater to West Indian markets. The Company has been successful in establishing a strong marketing network in this region.

DIVIDEND AND RESERVES

Your Company declared and paid Interim Dividend at the rate of ₹3.50 per share for Financial Year 2017–18 approved by the Board at its meeting held on 25.09.2017. 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 ₹675.11 Lakh to the General Reserve during the year under review, as against ₹726.83 Lakh in the previous year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The unclaimed and unpaid interim dividend amounts relating to the financial year 2010-2011 are due for transfer on 28.06.2018, to the Investor Education and Protection Fund established by the Central Government.

SHARE CAPITAL

The paid-up equity share capital as at 31st March, 2018 stood at ₹1047.03 Lakh. 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 2017–18 has been enclosed as Annexure 1.

NUMBER OF BOARD MEETINGS

During the year under review, four (4) meetings of the Board of Directors of the Company were held i.e. on 19.06.2017, 25.09.2017, 29.11.2017 and 28.03.2018.

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 have been approved by the Audit Committee as well as by the Board of Directors. All transactions entered into with Related Parties as defined under Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Act. However, the transactions with related parties entered into during the year under review, are disclosed in the Note 50 of the Notes to the Financial Statements of your Company.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

DETAILS AND PERFORMANCE OF SUBSIDIARY

The Company has one subsidiary, Merino Panel Products Limited. During the year under review, its total revenue (gross) from operations increased by ₹2978.81 Lakh as compared to that of the previous year and the Profit before tax for the year decreased to ₹8528.97 Lakh as against ₹9656.64 Lakh in the previous year. During the year, the F.O.B. value of its exports amounted to ₹13924.98 Lakh. The Company's share holding in the subsidiary's equity continues to be 14,93,000 equity shares out of its total paid–up equity share capital consisting of 20,00,000 shares.

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

RISK MANAGEMENT POLICY

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

The Company's attitude towards addressing business risks is comprehensive and includes review of such risks at periodic intervals and a framework for mitigation and reporting mechanism of such risks. 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, Ms. Ruchira Lohia, Directors and Shri Deepak Lohia, Whole-Time Director, Shri Asok Kumar Parui Director & Company Secretary and Shri Riaz Ahmed, Consultant. Shri Prakash Lohia is the Chairman of the Committee.

Preparation of Statements of Risk Identification and Risk Prioritization as well as Risk Library for entity-wide risks has been completed. Mitigation plans are being developed for prioritized risks.

On review of the status of the implementation of Enterprise Risk Management framework in the Company, two risks have been primarily identified;

1. Sales and marketing (laminates) risk, and
2. Information technology risk

Your Company has been regularly reviewing the performance of the initiatives taken to address the risks on sales and marketing (laminates). The initiatives taken were "Humrahi" and "Project Chetak".

Humrahi Project resulted an increase in primary sales by about 29% when compared on year over year basis and it was further noted that with nine months of full-fledged operations, there had been a substantial increase in number of active carpenters / contractors and 2857 active dealers. The contribution in territory sales was 42% sell out by the Humrahi programme from September 2107 till 31st May 2018.

Project Chetak, resulted an increase in efficient inventory level. There was about a 45% increase in Inventory Turnover Ratio at individual company level which excluded Factory stocks. There was a decrease in stock cover by 3%. The Chetak project achieved 90% product availability at distributor level and there was a 10% increase in secondary sales with reduction in inefficient inventory at distributor.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Sujitendra Krishna Deb, an Independent Director in the Board, resigned due to his ill health with effect from June 18, 2018. The Directors place on record their appreciation of the valuable advice, contribution and guidance given by him while he was a Director of the Company.

Dr. Gautam Bhattacharjee (DIN 00109269), Independent Director was re-appointed as Independent Director at the last Annual General Meeting of the company held on 31.08.2017 pursuant to the provisions of the Act and the rules made thereunder to hold office up to the 57th Annual General Meeting of the Company in the calendar year 2022.

Miss Ruchira Lohia (DIN 00127797) and Shri Prasan Lohia (DIN 00061111), Whole-time Directors retire at this Annual General Meeting and being eligible offer themselves for re-election.

The Board accepted the resignation of Mrs. Sumana Raychaudhuri as Company Secretary with effect from 20.05.2018 and appointed Mrs. Vinamrata Agrawal as Company Secretary with effect from 18.06.2018.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company maintains apposite system of internal financial controls for ensuring adequacy and operative effectiveness of financial controls in the Company. It also ensures safeguard of assets, particularly fixed assets, prevention and detection of frauds and errors and also ensures accuracy 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 identify control gaps and initiation of remedial actions for mitigation of the gaps so indentified, by the management.

DEPOSITS

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

DECLARATION BY INDEPENDENT DIRECTORS

Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN: 03524764) and Shri Sisir Kumar Chakrabarti (DIN: 02848624), Independent Directors of the Company have submitted declarations of their independence to the Board regarding their fulfillment 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), appointed with your approval at the 50th AGM to hold such office till the conclusion of the 55th AGM.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Act and the Rules framed thereunder, the Company 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 2017–18 is included as Annexure 3 and forms an integral part of this report.

EXPLANATIONS TO AUDITORS' REMARKS

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

COST AUDIT

In accordance with the requirements stipulated by the Central Government and pursuant to section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors on the recommendation of Audit Committee had appointed M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co. Cost Accountants (FRN:000206) as Cost Auditor to audit the cost accounts of the Company for the financial year 2018–19. 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 2016–17 was filed in Form CRA–4 with the Ministry of Corporate Affairs by 24.10.2017.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

AUDIT COMMITTEE

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

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269), Shri 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 (since resigned) acted as the Secretary to the Committee. Due to the resignation of Shri Sujitendra Krishna Deb on 18.06.2018 on health ground, the Committee stood reconstituted w.e.f. 18.06.2018 with Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Prasan Lohia as Members of the Committee. Due to the resignation of Mrs. Sumana Raychaudhuri on 20.05.2018 Mrs. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has framed a policy which enshrines a framework in relation to remuneration of Directors and Key Managerial Personnel of the Company by laying down criteria, selection, evaluation and appointment of the same.

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

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269), 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 (since resigned) acted as the Secretary to the Committee. Due to the resignation of Shri Sujitendra Krishna Deb on 18.06.2018, the Committee was reconstituted w.e.f. 18.06.2018 with Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Prasan Lohia as Members of the Committee. Due to the resignation of Mrs. Sumana Raychaudhuri on 20.05.2018 Mrs. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269), Independent Director and Shri Prasan Lohia (DIN 00061111), Whole–time Director. Due to the resignation of Mrs. Sumana Raychaudhuri on 20.05.2018 Mrs. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee..

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

VIGIL MECHANISM

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

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

INTERNAL COMPLAINTS COMMITTEE

Pursuant to the stipulations as set out under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013 as notified by Government of India the Internal Complaints Committee of the Company was re-constituted on 18th June, 2018 to, inter-alia, prevent discrimination and sexual harassment against women at the Company's workplace, ensuring support to the victimized and termination of harassment. The Committee recommends appropriate disciplinary action against the guilty party. During the year under review, no complaints were reported to the Committee.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such Accounting Policies which were adapted to make prudent and reasonable judgments so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. Proper and sufficient care was given for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. Annual Accounts were prepared on a going concern basis;

v. Structured Systems were laid down to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Kolkata	Rup Chand Lohia	Prakash Lohia
18th June, 2018	Executive Vice-Chairman	Managing Director

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Adminstration) 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	72
2	Furniture & Panel Products	94036000	18

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 (01.04.2017)				No.of shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoter									
1	Indian									
(a)	Individuals/ HUF	6272855	169110	6441965	62.12	6276055	162910	6438965	62.09	-0.03
(b)	Central government									
(c)	State government(s)									
(d)	Bodies corporate	642900	2742800	3385700	32.65	3385700	0	3385700	32.65	0.00
(e)	Bank/financial Institutions									
(f)	Any other (specify)									
	Sub Total(A)(1)	6915755	2911910	9827665	94.77	9661755	162910	9824665	94.74	-0.03
2	Foreign									
(a)	NRIs-Individuals									
(b)	Other-Individuals									
(c)	Bodies corporate									
(d)	Bank/Financial Institutions									
(e)	Any Other (specify)									
	Sub Total(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of promoter and promoter group (A)= (A)(1)+(A)(2)	6915755	2911910	9827665	94.77	9661755	162910	9824665	94.74	-0.03
(B)	Public shareholding									
1	Institutions									
(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									
	Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
B 2	Non-institutions									
(a)	Bodies corporate									
i)	Indian	3950	12900	16850	0.16	14448	9600	24048	0.23	0.07
ii)	Overseas									
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹1 lakh	121437	403648	525085	5.06	185679	293308	478987	4.62	-0.44
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00

Sl No.	Category of shareholder	No.of shares held at the beginning of the year (01.04.2017)				No.of shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(c)	Others (specify)									
(i)	IEPF	0	0	0	0.00	41900	0	41900	0.40	0.40
	Sub-Total (B)(2)	125387	416548	541935	5.23	242027	302908	544935	5.26	0.03
(B)	Total public shareholding (B)= (B)(1)+(B)(2)	125387	416548	541935	5.23	242027	302908	544935	5.26	0.03
	TOTAL (A)+(B)	7041142	3328458	10369600	100.00	9903782	465818	10369600	100.00	0.00
(C)	Shares held by custodians for GDRs & ADRs									
	Sub-Total (C)									
	GRAND TOTAL (A)+(B)+(C)	7041142	3328458	10369600	100.00	9903782	465818	10369600	100.00	0.00

(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (31.03.2017)			Shareholding at the end of the year (31.03.2018)			% 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	640400	6.18	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	565820	5.46	0.00	991020	9.56	0.00	4.10
5	RUCHIRA LOHIA	508456	4.90	0.00	508456	4.90	0.00	0.00
6	LATE MAN KUMAR LOHIA	425200	4.10	0.00	0	0.00	0.00	-4.10
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	173170	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

(ii) Shareholding of Promoters (contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (31.03.2017)			Shareholding at the end of the year (31.03.2018)			% 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	
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	AMAR NATH ROY	3000	0.03	0.00	0	0.00	0.00	-0.03
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

(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 (01.04.2017)		Cumulative shareholding during the year (01.04.2017 to 31.03.2018)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	MERINO EXPORTS PVT LTD	At the begining of the year	01-Apr-2017	2422800	23.36	2422800	23.36
		*Decrease	25-Sep-2017	2422800	23.36	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
2	MERINO EXPORTS PRIVATE LIMITED	At the begining of the year	01-Apr-2017	642900	6.20	642900	6.20
		*Increase	29-Sep-2017	2422800	23.36	3065700	29.56
		At the end of the year	31-Mar-2018			3065700	29.56
3	BIKASH LOHIA	At the begining of the year	01-Apr-2017	639400	6.17	639400	6.17
		Increase	28-Jul-2017	1000	0.01	640400	6.18
		At the end of the year	31-Mar-2018			640400	6.18
4	DEEPAK LOHIA	At the begining of the year	01-Apr-2017	615189	5.93	615189	5.93
		At the end of the year	31-Mar-2018			615189	5.93
5	PRAKASH LOHIA	At the begining of the year	01-Apr-2017	564920	5.45	564920	5.45
		Increase	28-Jul-2017	900	0.01	565820	5.46
		Increase	27-Oct-2017	425200	4.10	991020	9.56
		At the end of the year	31-Mar-2018			991020	9.56
6	RUCHIRA LOHIA	At the begining of the year	01-Apr-2017	508056	4.90	508056	4.90
		Increase	28-Jul-2017	400	0.00	508456	4.90
		At the end of the year	31-Mar-2018			508456	4.90
7	MAN KUMAR LOHIA	At the begining of the year	01-Apr-2017	425200	4.10	425200	4.10
		Decrease	20-Oct-2017	425200	4.10	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
8	CHAMPALAL LOHIA	At the begining of the year	01-Apr-2017	368400	3.55	368400	3.55
		At the end of the year	31-Mar-2018			368400	3.55
9	MERINO SERVICES LIMITED	At the begining of the year	01-Apr-2017	320000	3.09	320000	3.09
		Decrease	25-Sep-2017	320000	3.09	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
10	MERINO SERVICES LIMITED	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
		Increase	29-Sep-2017	320000	3.09	320000	3.09
		At the end of the year	31-Mar-2018			320000	3.09

*Changes due to dematerialisation of shares.

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

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2017)		Cumulative shareholding during the year (01.04.2017 to 31.03.2018)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
11	NEERA LOHIA	At the begining of the year	01-Apr-2017	298750	2.88	298750	2.88
		At the end of the year	31-Mar-2018			298750	2.88
12	VANDANA LOHIA	At the begining of the year	01-Apr-2017	298300	2.88	298300	2.88
		At the end of the year	31-Mar-2018			298300	2.88
13	MADHUSUDAN LOHIA	At the begining of the year	01-Apr-2017	296435	2.86	296435	2.86
		At the end of the year	31-Mar-2018			296435	2.86
14	MEGHNA LOHIA	At the begining of the year	01-Apr-2017	264535	2.55	264535	2.55
		At the end of the year	31-Mar-2018			264535	2.55
15	TARA DEVI LOHIA	At the begining of the year	01-Apr-2017	241100	2.33	241100	2.33
		At the end of the year	31-Mar-2018			241100	2.33
16	MANOJ LOHIA	At the begining of the year	01-Apr-2017	214200	2.07	214200	2.07
		At the end of the year	31-Mar-2018			214200	2.07
17	RUP CHAND LOHIA	At the begining of the year	01-Apr-2017	205100	1.98	205100	1.98
		At the end of the year	31-Mar-2018			205100	1.98
18	ABHIROOP LOHIA	At the begining of the year	01-Apr-2017	200000	1.93	200000	1.93
		At the end of the year	31-Mar-2018			200000	1.93
19	PRAVEENA LOHIA	At the begining of the year	01-Apr-2017	179800	1.73	179800	1.73
		At the end of the year	31-Mar-2018			179800	1.73
20	PRASAN LOHIA	At the begining of the year	01-Apr-2017	172270	1.66	172270	1.66
		Increase	28-Jul-2017	900	0.01	173170	1.67
		At the end of the year	31-Mar-2018			173170	1.67
21	SITA DEVI LOHIA	At the begining of the year	01-Apr-2017	163400	1.58	163400	1.58
		At the end of the year	31-Mar-2018			163400	1.58
22	USHA LOHIA (U/G CHAMPALAL LOHIA)	At the begining of the year	01-Apr-2017	160000	1.54	160000	1.54
		At the end of the year	31-Mar-2018			160000	1.54
23	SHEELA LOHIA	At the begining of the year	01-Apr-2017	117500	1.13	117500	1.13
		At the end of the year	31-Mar-2018			117500	1.13
24	SASHI LOHIA	At the begining of the year	01-Apr-2017	100000	0.96	100000	0.96
		At the end of the year	31-Mar-2018			100000	0.96
25	PRAGYA LOHIA	At the begining of the year	01-Apr-2017	84500	0.81	84500	0.81
		At the end of the year	31-Mar-2018			84500	0.81
26	NAYANTARA LOHIA	At the begining of the year	01-Apr-2017	80000	0.77	80000	0.77
		At the end of the year	31-Mar-2018			80000	0.77
27	UMA SINGI	At the begining of the year	01-Apr-2017	80000	0.77	80000	0.77
		At the end of the year	31-Mar-2018			80000	0.77
29	ANUJA LOHIA	At the begining of the year	01-Apr-2017	50000	0.48	50000	0.48
		At the end of the year	31-Mar-2018			50000	0.48
30	MADAN MOHAN SINGI	At the begining of the year	01-Apr-2017	25800	0.25	25800	0.25
		At the end of the year	31-Mar-2018			25800	0.25
31	AMAR NATH ROY	At the begining of the year	01-Apr-2017	3000	0.03	3000	0.03
		Demise	12-Jun-2017	3000	0.03	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
32	GOVIND MUNDRA	At the begining of the year	01-Apr-2017	2200	0.02	2200	0.02
		At the end of the year	31-Mar-2018			2200	0.02

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

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2017)		Cumulative shareholding during the year (01.04.2017 to 31.03.2018)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
33	BIKASH LOHIA	At the begining of the year	01-Apr-2017	1000	0.01	1000	0.01
		Decrease	21-Jul-2017	1000	0.01	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
34	PRASAN LOHIA	At the begining of the year	01-Apr-2017	900	0.01	900	0.01
		Decrease	21-Jul-2017	900	0.01	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
35	PRAKASH LOHIA	At the begining of the year	01-Apr-2017	900	0.01	900	0.01
		Decrease	21-Jul-2017	900	0.01	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
36	NRIPEN KR DUGAR	At the begining of the year	01-Apr-2017	600	0.01	600	0.01
		At the end of the year	31-Mar-2018			600	0.01
37	RUCHIRA LOHIA	At the begining of the year	01-Apr-2017	400	0.00	400	0.00
		Decrease	21-Jul-2017	400	0.00	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
38	MADAN MOHAN SINGI	At the begining of the year	01-Apr-2017	100	0.00	100	0.00
		At the end of the year	31-Mar-2018			100	0.00

(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 (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	1204920000049869	SUNDEEP NAVINCHANDRA GHAEL	At the begining of the year	01-Apr-2017	8000	0.08	8000	0.08
			Decrease	03-Nov-2017	8000	0.08	0	0.00
			At the end of the year	31-Mar-2018			0	0.00
2	0001010	SANJAY KUMAR JAIN	At the begining of the year	01-Apr-2017	6400	0.06	6400	0.06
			Decrease	04-Aug-2017	6400	0.06	0	0.00
			At the end of the year	31-Mar-2018			0	0.00
3	1203480000029188	SUSHILA LAKHOTIA	At the begining of the year	01-Apr-2017	5000	0.05	5000	0.05
			At the end of the year	31-Mar-2018			5000	0.05

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRS) **(contd.)**

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
4	IN30009511415372	Indra Kumar Bagri	At the begining of the year	01-Apr-2017	4376	0.04	4376	0.04
			Increase	14-Apr-2017	200	0.00	4576	0.04
			Increase	12-May-2017	700	0.01	5276	0.05
			Increase	14-Jul-2017	500	0.00	5776	0.06
			Increase	11-Aug-2017	500	0.00	6276	0.06
			Decrease	08-Sep-2017	200	0.00	6076	0.06
			Decrease	22-Sep-2017	1	0.00	6075	0.06
			Decrease	27-Oct-2017	300	0.00	5775	0.06
			Increase	03-Nov-2017	800	0.01	6575	0.06
			Decrease	17-Nov-2017	300	0.00	6275	0.06
			Decrease	08-Dec-2017	455	0.00	5820	0.06
			Increase	15-Dec-2017	200	0.00	6020	0.06
			Increase	12-Jan-2018	300	0.00	6320	0.06
			Increase	16-Feb-2018	200	0.00	6520	0.06
			At the end of the year	31-Mar-2018			6520	0.06
5	0002792	INDRA KUMAR BAGRI	At the begining of the year	01-Apr-2017	4100	0.04	4100	0.04
			Decrease	19-May-2017	200	0.00	3900	0.04
			Decrease	16-Jun-2017	3000	0.03	900	0.01
			Decrease	28-Jul-2017	500	0.00	400	0.00
			Increase	11-Aug-2017	300	0.00	700	0.01
			Increase	25-Sep-2017	2500	0.02	3200	0.03
			Increase	10-Nov-2017	700	0.01	3900	0.04
			Decrease	05-Jan-2018	700	0.01	3200	0.03
			At the end of the year	31-Mar-2018			3200	0.03
6	0000067	CAREFINE WOODWORKS PVT LTD	At the begining of the year	01-Apr-2017	4000	0.04	4000	0.04
			At the end of the year	31-Mar-2018			4000	0.04
7	IN30094010202484	LALIT KUMAR PODDAR	At the begining of the year	01-Apr-2017	4000	0.04	4000	0.04
			At the end of the year	31-Mar-2018			4000	0.04
8	IN30264610092287	SAJJAN BHAJANKA	At the begining of the year	01-Apr-2017	4000	0.04	4000	0.04
			At the end of the year	31-Mar-2018			4000	0.04

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

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
9	IN30311611423957	M DIVYA	At the begining of the year	01-Apr-2017	4000	0.04	4000	0.04
			At the end of the year	31-Mar-2018			4000	0.04
10	0002794	3A FINANCIAL SERVICES LTD	At the begining of the year	01-Apr-2017	3200	0.03	3200	0.03
			Decrease	21-Apr-2017	3200	0.03	0	0.00
			At the end of the year	31-Mar-2018			0	0.00
11	1201090008288552	SUNDEEP NAVINCHANDRA GHAEL .	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
			Increase	10-Nov-2017	8000	0.08	8000	0.08
			At the end of the year	31-Mar-2018			8000	0.08
12	IN30236510229012	SHRI PARASRAM INDUSTRIES PVT. LTD.	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
			Increase	19-Jan-2018	700	0.01	700	0.01
			Increase	16-Mar-2018	3600	0.03	4300	0.04
			Increase	30-Mar-2018	2000	0.02	6300	0.06
			At the end of the year	31-Mar-2018			6300	0.06
13	IN30310810173881	SHAMMI GOEL	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
			Increase	27-Oct-2017	300	0.00	300	0.00
			Increase	17-Nov-2017	400	0.00	700	0.01
			Increase	01-Dec-2017	400	0.00	1100	0.01
			Increase	08-Dec-2017	950	0.01	2050	0.02
			Increase	22-Dec-2017	800	0.01	2850	0.03
			Increase	16-Feb-2018	1333	0.01	4183	0.04
			At the end of the year	31-Mar-2018			4183	0.04
14	0002848	SATISH KUMAR MISHRA	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
			Increase	23-Feb-2018	1000	0.01	1000	0.01
			Increase	30-Mar-2018	3100	0.03	4100	0.04
			At the end of the year	31-Mar-2018			4100	0.04
15	1301240004612783	MAYNA H SHAH	At the begining of the year	01-Apr-2017	0	0.00	0	0.00
			Increase	16-Feb-2018	4200	0.04	4200	0.04
			Decrease	09-Mar-2018	200	0.00	4000	0.04
			At the end of the year	31-Mar-2018			4000	0.04

(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 (01-04-2017)		Cumulative shareholding during the year (01.04.2017 to 31.03.2018)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	CHAMPALAL LOHIA	At the begining of the year	01-Apr-2017	368400	3.55	368400	3.55
		At the end of the year	31-Mar-2018			368400	3.55
2	PRAKASH LOHIA	At the begining of the year	1-Apr-2017	564920	5.45	564920	5.45
		Increase	28-Jul-2017	900	0.01	565820	5.46
		Increase	27-Oct-2017	425200	4.10	991020	9.56
		At the end of the year	31-Mar-2018			991020	9.56
3	RUCHIRA LOHIA	At the begining of the year	1-Apr-2017	508056	4.90	508056	4.90
		Increase	28-Jul-2017	400	0.00	508456	4.90
		At the end of the year	31-Mar-2018			508456	4.90
4	RUP CHAND LOHIA	At the begining of the year	1-Apr-2017	205100	1.98	205100	1.98
		At the end of the year	31-Mar-2018			205100	1.98
5	PRASAN LOHIA	At the begining of the year	1-Apr-2017	172270	1.66	172270	1.66
		Increase	28-Jul-2017	900	0.01	173170	1.67
		At the end of the year	31-Mar-2018			173170	1.67
6	NRIPEN KR DUGAR	At the begining of the year	1-Apr-2017	600	0.01	600	0.01
		At the end of the year	31-Mar-2018			600	0.01
7	AMAR NATH ROY	At the begining of the year	01-Apr-2017	3000	0.03	3000	0.03
		Demise	12-Jun-2017	3000	0.03	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
8	DR. GAUTAM BHATTACHARYA	At the begining of the year	1-Apr-2017	0	0.00	0	0.00
		At the end of the year	31-Mar-2018			0	0.00
9	BIKASH LOHIA	At the begining of the year	1-Apr-2017	639400	6.17	639400	6.17
		Increase	28-Jul-2017	1000	0.01	640400	6.18
		At the end of the year	31-Mar-2018			640400	6.18
10	MADHUSUDAN LOHIA	At the begining of the year	1-Apr-2017	296435	2.86	296435	2.86
		At the end of the year	31-Mar-2018			296435	2.86
11	SUJITENDRA KRISHNA DEB	At the begining of the year	1-Apr-2017	0	0.00	0	0.00
		At the end of the year	31-Mar-2018	0	0.00	0	0.00
12	SISIR KUMAR CHAKRABARTI	At the begining of the year	1-Apr-2017	0	0.00	0	0.00
		At the end of the year	31-Mar-2018				
13	ASOK KUMAR PARUI	At the begining of the year	1-Apr-2017	0	0.00	0	0.00
		At the end of the year	31-Mar-2018	0	0.00	0	0.00
14	SUMANA RAYCHAUDHURI	At the begining of the year	1-Apr-2017	0	0.00	0	0.00
		At the end of the year	31-Mar-2018	0	0.00	0	0.00

V. INDEBTEDNESS

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

(₹ In lakh)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	12,187.06	4,500.00	-	16,687.06
ii) Interest due but not paid	-	-	-	0.00
iii) Interest accrued but not due	24.99	-	-	24.99
Total (i+ii+iii)	12,212.05	4,500.00	-	16,712.05
Change in Indebtedness during the financial year				
· Addition	1,096.75	-	-	1,096.75
· Reduction	-	500.00	-	500.00
Net Change	1,096.75	500.00	0.00	596.75
Indebtedness at the end of the financial year				
i) Principal amount	13,291.93	4,000.00	-	17,291.93
ii) Interest due but not paid	-	-	-	0.00
iii) Interest accrued but not due	16.87		-	16.87
Total (i+ii+iii)	13,308.80	4,000.00	-	17,308.80

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakh)

Sl. No.	Particulars of Remuneration	Executive Chairman	Executive Vice-Chairman	Managing Director	Whole-time Directors					Total Amount
		Shri Champalal Lohia	Shri Rup Chand Lohia	Shri Prakash Lohia	Shri Prasan Lohia	Shri Bikash Lohia	Miss Ruchira Lohia	Shri Madhusudan Lohia	Shri Nripen Kumar Dugar	
1	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	113.52	64.92	98.04	81.36	81.36	81.36	74.76	53.56	648.88
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0	7.00
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	0	0	0	0	0	0	0	0	-
2	Stock Option	0	0	0	0	0	0	0	0	-
3	Sweat equity	0	0	0	0	0	0	0	0	-
4	Commission									
	- as % of profit	0	0	0	0	0	0	0	0	-
	- others, specify…	0	0	0	0	0	0	0	0	-
5	Others, please specify									
	P.F.	13.62	7.79	11.76	9.76	9.76	9.76	8.97	0.22	71.65
	GRATUITY	0.00	0.00	0.00	5.56	4.86	5.56	2.48	9.19	27.65
	LEAVE	3.10	1.78	2.68	2.04	1.99	2.04	1.61	1.39	16.63
	Total (A)	131.24	75.49	113.49	99.72	98.98	99.72	88.82	64.36	771.81
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of section 197 read with schedule V of Companies Act, 2013								

B. Remuneration to other directors:

(₹ In lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Amar Nath Roy	Dr. Gautam Bhattacharjee	Shri Sujitendra Krishna Deb	Shri Sisir Kumar Chakrabarti	
1	Independent Directors					
	· Fee for attending board / committee meetings	0.1	2.2	0.3	1	3.6
	· Commission					
	· Others, please specify					
	Total (1)	0.1	2.2	0.3	1	3.6
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)	0.1	2.2	0.3	1	3.6
	Total Managerial Remuneration					775.41
	Overall Ceiling as per the Act	Paid in accordance with the provisions of section 197 read with schedule V of Companies Act, 2013				

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

(₹ In lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Company Secretary	
		Shri Asok Kumar Parui	Mrs. Sumana Raychaudhuri	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.51	6.34	26.84
	(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	0.09	0.14	0.23
	LEAVE	1.09	0.21	1.30
	P.F.	0.37	0.22	0.59
	Exgratia	0.12	0.12	0.24
	Total	22.18	7.03	29.20

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)
A. COMPANY	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2018

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 360 KWp Solar Power Plant at Dahej (Gujrat) to reduce unit cost and electricity.

b) Installed 50 KWP Solar Power Plant at Hosur (Tamil Nadu) to reduce unit cost and electricity.

c) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamil Nadu.

d) Installation of STP at Hosur, Tamil Nadu.

e) Installation of Rain Water Harvesting system at Hosur, Tamil Nadu.

(ii) The steps taken by the company for utilizing alternate sources of energy

a) Generate 180000 Unit Electric Energy through biogas generator utilizing the waste from potato flakes plant.

b) Generate 2377300 Unit Electric Energy by Roof top Solar generating station.

c) Save 80-100 KL water per day by the Adiabatic cooling Tower instead of conventional cooling tower.

d) Usage of LED lights saves electric consumption i.e. 75000 Units for Plant Lighting in Dahej and 100000 Units in Hapur Plant.

e) Usage of Energy Efficient Motors (IE3) in the process.

f) Generate 72209 Unit Electric Energy by Roof top Solar generating station.

(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 reduces water and maintenance cost and enhances the product quality in Hot Press.

c) Upgradation of Power Distribution System with advanced energy management system.

d) 350 CMH & 450 CMH Adiabatic Cooling Tower for Chemical Plant and Hot Press cooling.

e) 500Kwp Roof Top Solar Plant at MIL Hapur to reduce unit cost and electricity.

f) 1500KWp Ground Mounted Solar Plant for MIL Hapur to reduce unit cost and electricity

B. Technology absorption:

(i) The efforts made towards technology absorption

a) Total revamping and modernization of melamine, formaldehyde, impregnator papers storage facilities and PLC controlled storage and retrieval system.

b) Scrubbing technology for phenol, formaldehyde impregnator exhaust to clean the gas as well as recover phenol and phenolic resin vapour

c) Reduction in total water consumption in the process by recycling the effluent stream through several treatments including Soil Based Bacterial Technology developed by IIT, Bombay.

d) Installation of continuous Stack Monitoring System in the Boiler exhaust.

e) Installation of Digital Printing facility to offer customized design to the clients.

f) Addition of liquid chromatographic machine to help better process control and saving chemical raw material.

g) Induction of an acclaimed technologist as advisor and recruitment of research scientists in the R&D section.

(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 :

i. Super Gloss Plate Polishing

ii. Tolerance Grinding

iii. State of the Art VITS make Melamine Impregnator

iv. Acrylic Coating Technology for exterior grade compact and also for anti-fingure impression Panels..

b) The year of import : 2017-18

c) Whether the technology been fully absorbed? : YES

d) If not fully absorbed, areas where this has not taken place, reasons thereof : N.A.

(iv) The expenditure incurred on Research and Development

(a) Specific areas in which R & D carried out by the Company:

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

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

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

(c) Future plan of action:

a) CE certification for HPL.

b) EVC test Certification

c) REACH Certification

d) Modification 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 continues to maintain focus on, and avail, of export opportunities based on economic considerations.

(ii) Total foreign exchange used and earned (2017-18)

	(₹ In Lakh)
Earnings:	
Foreign exchange earned (F.O.B. value of exports)	16217.92
Outgo:	
CIF Value of Imports	
a) Raw materials	19446.11
b) Components and spare parts (including stores)	244.04
c) Capital goods	527.36
Expenditure in foreign currency	
a) Commission	43.02
b) Travelling	54.28
c) Professional fees	31.33
d) Export promotion	37.18
e) Royalty / fees and subscription	75.67
f) Interest	161.75
g) Purchase of Acrylic Solid Surface	2725.00
h) Others	38.39
i) Foreign branch office expenses	327.56

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 authorized 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 31.03.2018 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 with 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 31.03.2018 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 31.03.2018 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 : 18.06.2018

DISCLOSURES OF REMUNERATION

Disclosures pertaining to Remuneration and other details as required under section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2018

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

Name	Age (in years)	Designation/ nature of duties	Gross remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Share holding	Previous employment/ position held
Shri Champa Lal Lohia	84	Executive Chairman- Policy Decision making and new projects.	131.24	B. Com.	62	01.05.1985	3.55	First employment
Shri Rup Chand Lohia	78	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	75.49	B.M.E. (Mech)	56	01.01.2002	1.98	Whole-time Director in Merino Exports Pvt. Ltd.
Shri Prakash Lohia	66	Managing Director –Management of the business and affairs of the Company as a whole	113.49	B. Tech. (Chem) – IIT Delhi M.E.P (IIM-Ahmedabad)	41	01.05.1985	9.56	First employment
Shri Prasan Lohia	49	Whole-time Director- Overseeing Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region	99.72	AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA)	26	01.10.2004	1.67	Vice-President (Global Operations) in Merino Industries Ltd.
Ms. Ruchira Lohia	50	Whole-time Director- Public Relations and Overseeing Export and Import functions and marketing of food products	99.72	B.A., M.E.P (IIM-Ahmedabad)	24	01.04.2000	4.90	Vice-President (Delhi Operations) in Merino Industries Ltd.
Shri Bikash Lohia	48	Whole-time Director- Overseeing factory operations and overall management, and addressing Information Technology related issues	98.98	Privately Educated & M.E.P (IIM-Ahmedabad)	26	01.10.2006	6.18	Whole-time Director in Merino Panel Products Ltd.

Name	Age (in years)	Designation/ nature of duties	Gross remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Share holding	Previous employment/ position held
Shri Madhusudan Lohia	38	Whole-time Director-Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction	88.82	Graduate in Business Process management, (Operations & International Business) - Indiana University, U.S.A, Masters in Manufacturing Management, MBA, - Pennsylvania State University, USA.	16	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)	111.34	B.E. (Mechanical)	25	01.03.2010	Nil	Vice-President in Greenply Industries Limited

B. Employed for a part of the year and in receipt of remuneration which in the aggregate was not less than ₹60,00,000/- per annum : None

Note:

1. Gross Remuneration comprises Salary, perquisites, 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 Champa Lal Lohia is a relative of Shri Rup Chand Lohia, Executive Vice-Chairman and Shri Bikash Lohia, Whole-time Director. Shri Rup Chand Lohia is a relative of Shri 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. Including reimbursement for cost of services from subsidiary Company.

For and on behalf of the Board of Directors

Kolkata
18th June, 2018

Rup Chand Lohia
Executive Vice-Chairman

Prakash Lohia
Managing Director

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 children 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.

3. Average net profit of the company for last three financial years: ₹8465.24 Lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹169.30 Lakh

5. Details of CSR spent during the financial year.

   (a) Total amount spent for the financial year: ₹171.42 Lakh

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year is detailed in the table on the following page.

(1) Address of Registered Office	(2) Main Business activity of the Company	(3) Prescribed CSR Budget (2% of Average Net Profit for F.Y. 2014-15, 2015-16 & 2016-17)	(4) Allocated CSR Budget	(5) Actual CSR spent in F.Y. 2016-17	(6) Administrative overhead expenditure	(7) Reasons for under spending/ not spending (if any)	(8) Details of CSR Programmes / Projects / Activities	(9) Project description	(10) Sector(s) covered within Schedule VII	(11) Geographical areas where project was implemented	(12) States where undertaken	(13) Districts where undertaken	(14) Outlay (programme/ Project wise)	(15) Expenditure on Programme or Project	(16) Mode of implementation (Direct or through implementing agencies	(17) Details of implementing agencies
5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-20 West Bengal	Manufacturer and Exporter of Decorative Laminates, Panel Boards, etc.	₹169.30 Lakh	₹171.42 Lakh	₹138.50 Lakh	NIL	N.A.	Project – 1	Medical relief programme	Promoting medical checkup	Kolkata, West Bengal	Uttar Pradesh and West Bnegal	Kolkata and Hapur	₹64.16 Lakh	₹64.16 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy
							Project - 2	Education relief programme	Promoting education	(1) Local area, (2) Dist. Hapur, Uttar Pradesh	Uttar Pradesh	Hapur	₹9.87 Lakh	₹9.87 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy
							Project - 3	Mid day Meal	Assistance to Schools	(1) Local area, (2) Dist. Hapur, Uttar Pradesh	Uttar Pradesh	Hapur	₹16.87 Lakh	₹16.87 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy
							Project - 4	Women empowerment	Enhancing earning of Women	(1) Local area, (2) Dist. Hapur, Uttar Pradesh	Uttar Pradesh	Hapur	₹10.27 Lakh	₹10.27 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy
							Project - 5	Corpus Donation	Corpus Donation	Amount of utilisation yet to be finalised	Amount of utilisation yet to be finalised	Amount of utilisation yet to be finalised	₹70.25 Lakh	₹70.25 Lakh	Directly and Through Sri Hara Kasturi Memorial Trust	Sri Hara Kasturi Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy

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

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

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

Prakash Lohia
Managing Director

Champa Lal Lohia
Chairman, CSR Committee

Dr. Gautam Bhattacharjee
Director

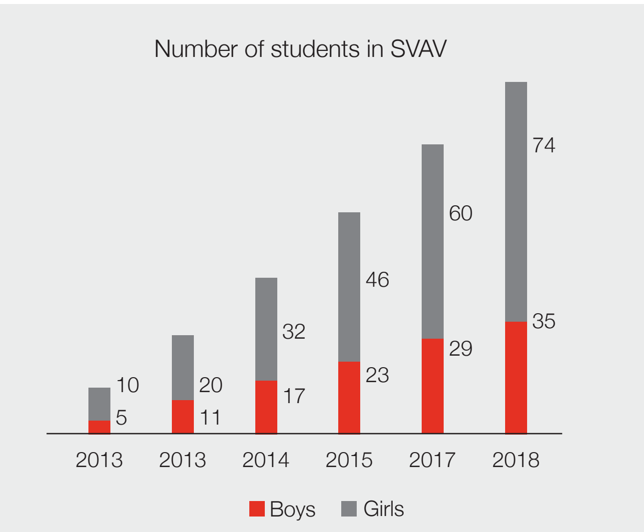
Date: 18.06.2018

ECONOMY • EXCELLENCE • ETHICS

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



1. Education & related programs

1.1 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, wholly funded by Merino Group. SVAV is a co-educational school established in April 2013, but predominantly for girl students. This has made possible to access better education system for the children of underprivileged or poorest households living in the vicinity of Merino establishments.

The School-SVAV has enrolled students upto class-VI. This is comprised seventy-seven (77) girls and thrirty-six (36) boys' students. There are thirteen (13) teaching and fourteen (14) non-teaching staff. This teacher to pupil ratio (around 1:8) facilitates effective teaching and learning process for young minds. There is sufficient staff strength and abundant facilities in terms of spacious classrooms equipped with all teaching aids, activities-rooms, music room, computer rooms etc. The school campus has arrangements for all kinds of games and sports facilities. Apart from these, provisions for nutritious meals and good clothing are also provided to all students.

The teaching and non-teaching-staff are actively involved in organizing and ensuring 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. SVAV imparts the knowledge of Vedic culture and practices thereof at the initial stages of a student's life.

In a very methodical way, adequate teachings, trainings and instructions are being imparted to students so that, after completing their schooling they can easily compete in getting admission in various professional or academic institutes. SVAV has plans to provide help and assistance to them till completion of their studies up to class XII. Depending upon their aptitude and proficiency, necessary counselling and guidance are planned to be provided in future in the selection of stream, post the final examination of class XII.

SVAV nurtures its students to attain that kind of education which helps in building a strong mind and character through intellectual development and self-sufficiency. SVAV focuses on 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 at Hapur (UP), the provision of free and better education with all other facilities like good food and clothing for children of poor households brings multiple positive impact. As of now the students of SVAV and families are direct beneficiaries. The resources saved on the child by provision of free schooling, food and other needs (howsoever little for a poor family) have empowered the family to provide education to another child also. This works with a multiplier effect to bring more children under education system, making the children an important member of their family. Thus, it is bringing fundamental changes in around 113 households through educational and related support system. All students of SVAV share better messages, inter alia, about cleanliness, sanitation, principles of honesty and social character, healthy and holistic living style.

The education programme through SVAV works as catalyst for spreading the education, empowering the poorest household and thus improving the social habits and conditions of the people. SVAV has provided employment to 19 persons directly and for many others indirectly.

The total expenditure incurred in running the school during 2017-18 amounted to approximately ₹112.68 lakh.

1.2 Other support to strengthen Educational Programs

- Scholarships are provided to eligible students by the Trust. During the year under review it granted and disbursed scholarships amounting to ₹9.87 Lakh to 45 students.
- Arrangement is made by the Trust for private tuition in SVAV campus for the students coming from needy and poor family. During the year under review, 22 such students were imparted coaching.

1.3 Mid –day Meal Program:

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 are then delivered by vehicle 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 meal to 500 students with a plan to increase the number to 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 ₹0.83 Lakh was spent during year under report

The total amount spent during the year under report on Mid-day Meal Programme amounted to ₹25.02 Lakh.

2. Women Empowerment Program

'Learn to Earn' at Smt. Kasturi Bai Memorial Sewing Centre (SKBMSC)

Merino group believes that businesses and communities at large can be immensely benefited from the women empowerment. If skill is imparted to the women, it would give them more avenues to earn their living. Active learning process is a crucial step to gain useful skills for gainful earnings. Hence, the group has developed and sponsored an initiative for the "Learn to Earn" (LTE) at Hapur (UP) for women empowerment.

LTE initiative is being carried out through an establishment -"Smt. Kasturi Bai Memorial Sewing Centre" (SKBMSC) under aegis of the Trust since April 2014. The entire cost is being funded by HKMT. The whole learning process is structured as activities to gain requisite skill sets for sewing/stitching works in clothing for adult women. SKBMSC is located at teacher's colony at Surya Vihar, Hapur (UP). It has elaborate facilities to identify, motivate & keep the records about candidates, provide effective learning & training, development of the working attitude & desired skill set, apprenticeship. Ultimately the trainees become earners. Following are some of important facilities:

- o SKBMSC has two full time master trainers, 15 machines, 3 Jhuggi Machine, 1 Sixthread Machine, 1 Over Lock Machine and elaborate working and sitting facilities.
- o Presently, SKBMSC has capacity to enroll 20 candidates in one batch and to complete the full training in 4-month time period including one month apprenticeship. Thus, around 45 women through three different batches can be trained every year.
- o The training activities run for whole day, that is, 9 AM – 5 PM and for six-days in a week.
- o Counselling cell for any guidance is available.

Major components of Learn To Earn (LTE) Initiative

LTE initiative has mainly three components to ensure that women after learning become earners with the desired skills in sewing/stitching of clothes. These are:

1. Learner: Learnings are imparted teaching of vocational courses and trainings modules. These modules are completed within or three month time period. The training include the designing, cutting and sewing or stitching of clothes such as T-shirts, Shirts, Trousers, and Pullovers etc.

2. Apprenticeship- After successful completion of three month training and gaining of skills in sewing/stitching of clothes, there is a provision for one month apprenticeship. During this period, learners improve their skills and also start earning some income with their work as apprentices at the center.

3. Earners- It is ensured that a learner becomes earners after completion of apprenticeship under the LTE initiative. The training monitors and ensures a regular income for earners through some assistance, guidance or arranges for job-works in garment making or clothing. The trainings are designed to motivate them to take own initiatives to keep earning through their skills.

Outcome and Impact

SKBMSC has provided training and skill development in sewing/stitching of clothing to 60 women during 2017-18. The trained women have become earners. They are working from their homes or having small boutique individually owned/ as a group or in liaising with some clothing establishments. Some of women use their sewing skills for their own domestic clothing needs. However, each of trained women are having earnings in range of ₹4000 – ₹15000 per month. Individual earnings depend upon how much time one spends towards her work, getting orders in stitching works, work affiliations with organized or unorganized centers and their quality of work.

The earnings help women to supplement their family income. As number of skilled women through trainings increase every year, the cumulative number of working and earnings women will go up in the society. This improves socio-economic conditions and helps to bring economic prosperity in the local area. Training to 58 girls/ladies enable them to earn around 7 lakh rupees during 2016-17. Further 60 women were trained in year 2017-18. Now cumulative earnings of all of them crossed 36 lakh rupees annually. In this way, the initiative would create a large cumulative effect in overall earnings in local area through active participation of working women. 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 feedback loop for better economic and social conditions.

The total amount spent during the year under report on this program was approximately ₹9.3 lakh.

3. Healthcare Programs

3.1 Medical care facilities through 'Shri Prem Chand Lohia Health Centre' (SPCLHC)

On finding that prevalence of Tuberculosis (TB) in Hapur and considering it as 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 the complete treatment of TB through SPCLHC at Hapur. It is working to fight against the dreaded disease of TB in about 72 villages at Hapur district of Uttar Pradesh in collaboration with the Department of Tuberculosis, Govt. of India.

Presently, the heath center has three units of dispensaries with doctors and supporting medical staffs to provide general OPD for patients and for treatment of TB in particular. These are located in Achheja, Garhmukteshwar and Hapur town areas of SPCLHC. The healthcare serves need of poor people in nearby localities.

The Trust also provides medical facilities to the needy patients in and around establishments of Merino group at Hapur through mobile vans manned by qualified doctors. During the year under report 110 trips were undertaken.

In addition to provision for allopathy based healthcare facilities, SPCLHC also provides Ayurveda practice of medicine for treatment of patients. A total no. of 21,420 patients availed of the facility of allopathic treatment during 2017-18. Further, 217 patients have been undergoing the treatment of T.B as on 31-3-2018.

Ayurveda practice of medicine for treatment of patients has been proved to be a cost-effective mode of healthcare. A total number of 3,789 patients received Ayurvedic treatment during the year under reference.

3.2 Holistic Living Program by driving the yoga training and related services

In view of promotion of healthy and holistic livings, the trust also promotes learnings of Yoga-Aasans and knowledge of Ayurveda.

During the year under report, over a dozen of yoga camps and classes for training were organised. This initiative is aimed at improving the state of health of the people availing the services of the Yoga Instructors.

The free services prevention of diseases among the poor and needy and for their well-being is one of the steps taken towards building up a healthy society. The treatment of more than 25,000 people has benefitted in saving more than ₹75,00,000 annually amongst the poor households. Better health has multiplier effect on earning and living conditions of people in general primarily among the poor. Promotion of yogic practices helps to build strong body and mind and work for betterment of all-round social well-being.

The total amount spent during the year 2017-18 on healthcare programs by trust is approximately ₹48.53 lakh.

4. Swachh Bharat Mission (SBM)

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

Construction of six (6) toilets, one (1) room, kitchen and boundary wall and facilities for drinking water was made for poor households. This improved the health and hygienic conditions of these families and also protects them from water borne diseases.

The total amount spent during the year 2017-18 on Sanitation facilities under SBM by trust is ₹2.91 lakh.

Merino's concern for environment sustainability

Introduction

Merino Group believes that only environment friendly activities are sustainable for society and economy over time. In fact, care for environment is necessary for survival on this planet. Consequently, the group has been pursuing many tasks to ensure the activities strictly adhering to environmental norms and beyond compliances to improve ecological conditions. The group has manufacturing facilities at Hapur (Uttar Pradesh), Rohad (Haryana), Hosur (Tamil Nadu) and Dahej (Gujarat). Merino has focused approaches to conservation of energy, water, air quality, soil and all kinds of resources. The principal tasks taken by the group towards environmental responsibilities are energy management; water management; waste management and care for emissions, air quality and soil management.

Conservation of Energy and Energy management

Merino gives paramount importance to conservation of the energy. For this the group has adopted broadly two categories of measures under its energy management system. Firstly, to have high focus on increase in energy efficiency with implementation of upgraded electrical appliances, machinery or technology in manufacturing processes. There is an earnest endeavor by Merino to increase output per unit of energy and by optimal use of electrical energy in entire facilities for plants and establishments. Secondly, it also includes increase in utilization of alternate source of energy, mainly, non-fossil fuel energy through bio-gas plants and solar panels.

Use of energy efficient motors and LED lights

Merino considers the technological upgradation as necessary measure to gain energy efficiency in all processes and production. It has given emphasis on the installation of energy efficient (IE3) motors in production and facilities in all factory premises. Merino's Hosur factory has 100% IE3 motors while Dahej factory has around 83%. Other production units at Hapur and Rohad have also installed around 45% IE3 motors out of total capacity. There is a goal to gradually replace entire capacity with 100% IE3 motors.

There is an increasing need for lighting with continuous increase in economic activities, for better working conditions and safety concerns at all of Merino establishments. Therefore, the group is ensuring optimal lighting system at all factories with a gradual shift towards installation of LED lights by phasing out conventional Tube Lights/ Sodium/Mercury Halogen lights. Merino has now achieved around 65% of total lighting need with LED lights. Notably, use of LED lights saves almost 30% of electric consumption.

Merino's factory at Hosur has installed LED lighting facilities for around 94% of total lighting need while factories at Rohad and Dahej have covered upto 80%. The LED lights constitutes around 43% of total lighting need for both plants at Hapur. Here also increasing attention is provided to gradually phase out conventional lighting facilities with LED or other energy efficient systems.

Utilization of alternate source of energy

Merino fulfills total energy requirement from various sources in its different factories and establishments. These are mainly from Bio-gas plants, DG-sets, State Electricity Boards (SEBs), Solar and Turbines. Out of energy sources, the group is reducing the dependency of power from DG-Sets and SEBs and increasing the electricity supply from Turbines, Solar and Bio-gas plants. Merino has increased the installation and usage of alternative source of energy, mainly solar and bio-gas. This step has been considered an environment friendly one.

Solar Power

The solar energy is catering the increasing energy need of Merino Group. It has installed 7780 KWP based on solar system. This helps to generate around 10.7 million KWH (10,736,400 kwh) units of electrical energy annually for Merino's production activities. Rohad manufacturing facilities satisfy almost 13% of energy need from solar powers. In fact, Merino Group has commissioned the 5.5 MW Slolar Tracker Power Plant at Hissar for use at its Rohad manufacturing unit. This is ground mounted auto tracker type plant in remote village of Burak, Hissar. It has capacity to generate 18 lakh KWH unit of power annually.

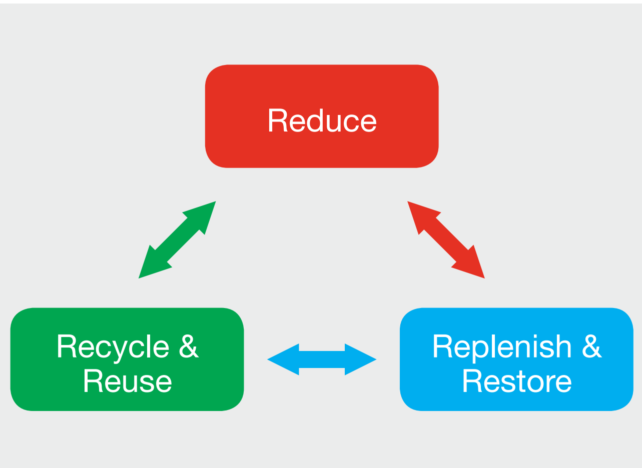
One of the plants of the group at Hapur has implemented the process to generate energy from agricultural wastes. Rice husk and saw dust are mainly utilized here. The combustible agricultural materials or wastes are being used to generate heat in furnaces. The heat produces the steam and power through turbines. Power generation through turbines satisfies around 95 percent of total energy needs of the manufacturing unit at Hapur.

Gases obtained from effluent treatment plants and organic decomposition of wastes generated by Bio-gas plants are also used in power generation. Merino is generating around 59,000 unit per annum of electric energy through bio gas generator utilizing the waste from potato flake plant through its plant at Hapur.

Water Conservation and water management

Merino has adopted a holistic approach for water conservation and water management in and around its establishments. The ground water is the main source for water consumption. So main considerations are for the conservation of ground water. This is possible through focused practices for reduction in the consumption; recycling and reusage of water; and further replenishment, restoration and augmentation of water sources.

The primary focus in operations for all manufacturing units of Merino is on saving water through every possible measure and reduction in consumption. Merino has installed 200 and 250 CHM Adiabatic Cooling Towers at Hapur plants. The adoption of Adiabatic Colling Tower over conversational cooling tower in manufacturing units saves more than 22,000 KLs annually. There is a flash steam recovery system which further helps to save around 15% of water use in steams. All manufacturing units of the group have moderated water consumption per unit of laminate produced by more than 20%. This is possible through increase in water efficiency by use of upgraded technology and better management.



Recycle and Reuse of Water through ETP, SBT and STP

Recycling of waste and unused water coming out of manufacturing units are done diligently at all establishments of Merino. It has been using ETPs (Effluent Treatment Plants), SBT (Soil Biotechnology) technology and STPs (Sewerage Treatment Plants) at its various manufacturing premises.

All three water treatment systems of ETP, SBT and STP are available in the premises of Merino at Hapur to extract maximum water for recycling and reusage out of waste or unused water of factories or facilities. The capacity of ETP and SBT are 100 and 150 Kilo Litre (KL) per day respectively. Both together help to recycle over 60,000 KLs water for reusage in its premises annually. Waste water coming out of effluent treatment plants (ETPs) are treated under Soil Biotechnology (SBT) which has an environment friendly bio-conversion process. The STP has the capacity of 74 KLs per day at Hapur factory. This helps to make another 13,000 KLs water reusable annually.

Use of SBT (Soil Biotechnology) in Merino

Merino has installed Soil Biotechnology (SBT) system as a bio-conversion process where soil based bacteria helps to produce recyclable water out of used industrial water. This is a patented technology of Indian Institute of Technology (IIT) Mumbai now available for industrial use. In SBT technology, the reduction of COD (Carbon Oxygen Demand) and BOD (Biological Oxygen Demand) are made through use of bacteria thereby energy saving is substantial in this water treatment system. The capacity of SBT is 150 KLs per day. Hence, it treats and makes reusable water around 40,000 KLs per year in Merino's establishments at Hapur. The water discharged from SBT is of river quality and recycled for use at Merino establishments after purifications through RO plants.

Merino's Rohad plant has installed capacity of ETP and STP of 50 KLs and 100 KLs per day respectively. It helps to make reusable water over 40,000 KLs annually out of wastes or used water at the premises. Similarly, with the use of STPs at the manufacturing premises of Hosur and Dahej, the group makes reuse of the water over 15,000 KLs annually.

Replenishment and Restoration of the Water through Rain Water Harvesting System

Merino has taken initiatives to replenish and restore the ground water by putting the system for rain water harvesting and building reservoirs or installing ground water recharge system in and around the factory premises.

The rain water harvesting system is a very effective way to naturally restore and replenish the ground water tables. Rain water harvesting system is installed at all premises of Merino at Hapur. Merino has installed rain water harvesting system with reservoir capacity of over 1,00,000 liters at its Hosur plant.

Three ponds have been developed to recharge the ground water at Hapur. These are effective to restore 5,53,815 KLs of water cumulatively in a year. Adhering to all steps in conservation of water, the Group is in process to bringing a zero discharge system and progressing towards the recharge in double quantities than the quantity of water withdrawn.

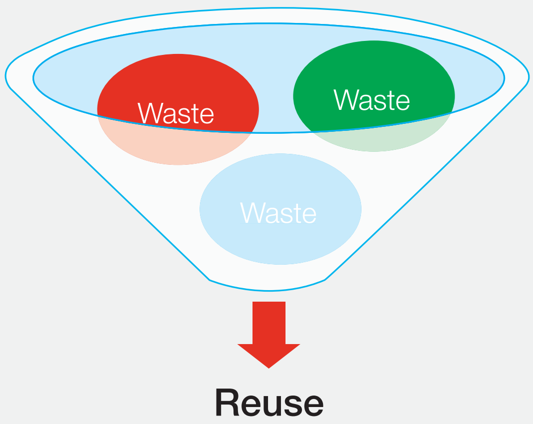
Waste Management

Merino considers the reduction in waste generation and reusage of wastes are effective way for waste management.

The Group has implemented many innovative methods in reuse of wastes. There is a system in place to collect all wastes and segregate them into various categories like hazardous (non-recyclable), non-hazardous (recyclable), organic, non-organic, liquid and solid. This helps to plan the reuse of recyclable wastes and carefully dispose of hazardous items.

Combustible wastes, from agriculture like rice husks, sawdust and from manufacturing activities like scraps of paper materials, laminates, panel products etc., used in to generate heat in furnaces. This heat is used for steam and power generation through turbine.

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



Collect, Segregate and Reuse of recyclable

An innovative way for reusage of wastes of potato flake plant of Merino Industries

Potato flake plant (PFP) produces wastes in liquid, semi-solid or solid states. Liquid wastes are collected and considered for treatment into effluent treatment plants (ETPs). In ETPs, the effluents, under USABR anaerobic decomposition process, produces bio-gases which are channeled for

Co-generation plants produce power from agricultural wastes & combustible wastes coming out of manufacturing activity

electricity generation or for cooking purposes directly. After anaerobic treatment, the discharged liquids found to be with substantially reduced COD (Carbon Oxygen Demand) and BOD (Biological Oxygen Demand), are further treated through aerobic decomposition process and bio-conversion processes. The Group uses Soil Biotechnology (SBT) as a bio-conversion process where soil based bacteria helps to produce recyclable water. The water discharged from SBT is of river quality and recycled for use in the Group after purifications through RO plants. This whole process ultimately helps to get back considerable amount of water for reusage.

Semi-solid or organic wastes of PFP are brought into bio-gas plants. The decomposition of wastes produces gases, which are channeled into use for cooking or are used as power source for electricity or heat generation. The decomposed (mineralized) slurry out of bio-gas plants is taken out for fertilizer making, useful for gardens, crop or plantation fields. Potato peels or unused part of potatoes as solid wastes are collected and converted into composts. These composts are used on agricultural lands as manures for enrichment of soil. The quantum of composts generated out of wastes of potato flake plant is around 50 metric tons annually.

Care for emissions, air quality and soil

All factories of the Group maintain the low emissions than stipulated norms under manufacturing processes. There are electrostatic precipitators and bag filters at manufacturing units to control the emissions. The chillers in production units for process and comfort cooling are of latest technology and more environmental friendly than conventional cooling system. The Group has replaced major part of their cooling need in factories from compressor run refrigerant gases by VAM Chillers using waste heat. There are wet scrubbers for air pollution controls installed at laminates plants at Hapur, Rohad and Dahej.

Knowledge, training and technological upgradation have been emphasized to mitigate the Ozone Depleting Gas (ODG) coming out of any product, processes or operations of manufacturing units of the Group. Chlorinated Fluorocarbon (CFC) refrigerants have been replaced by the latest technology with hydrofluorocarbons (eg R-410A) refrigerants in over 376 tons of refrigeration (TR) systems annually. This has helped to mitigate equivalent amount of ODG from environment. The Group plants in Hosur and Dahej have whole refrigeration facilities based on Non-CFC refrigerants. Air quality around establishments is maintained well by converting wastes directly into useful gases and composts without release of greenhouse gas emissions into environment.

The Group has increasing share of renewable and clean energy like solar energy in total consumption. This saves the environment from carbon dioxide and other toxics coming out from the usage of fossil fuel based energy sources. The group has adopted agroforestry and plantations. The group is very active to do plantation at all its plants and premises every year. In year 2017-18, the Group has planted more than 2600 plants at all its factory premises.

Merino has also bamboo and other agroforestry plants over 10 acres of land. These help to do sequestration of greenhouse gases (GHGs) and increase oxygen into environment. The Group has been producing over 200,000 kg vermi-composts annually which are enriching the soil and replacing the need for chemical fertilizers of around 80 hectare of farming lands.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
Merino Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Merino Industries Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a Summary of Significant Accounting Policies and Other Explanatory Information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 Ind AS 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 Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information obtained and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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.

   c. The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   e. On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 Standalone Ind AS financial statements – Refer Note No. 37 (b) to the Standalone Ind AS financial statements,

      ii. The Company has made provision, as required under the applicable law or accounting standard, for material foreseeable losses if any, on long-term contracts including derivative contracts; and

      iii. The Company has no amount which was required to be transferred to the Investor Education and Protection Fund.

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date:18th June, 2018

Annexure - A to the Independent Auditor's Report referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements

Re: Merino Industries Limited

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. The company has a process of physical verification of its property, plant and equipment, which, in our opinion, is reasonable having regard to the size of the company and the nature of its property, plant and equipment. Management has physically verified certain property, plant and equipment during the year and as informed to us, no material discrepancies were noticed as compared to books of account.

c. According to the information 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 stock-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 provisions of this clause are not applicable to the company.

iv) According to the information and explanations given to us, the Company has not given any loans, made investments, given guarantee or securities during the year under the provision 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, investor education and protection fund, employees' state insurance, sales-tax, service tax, custom duty, excise duty, income tax, cess and other statutory dues applicable to it, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year – end for a period more than six months from the date they became payable.

b. According to the information and explanations 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 and entry tax on account of disputes as stated below:

Name of Statute	Nature of the Dues	Amount Involved (Rs in Lakhs)	Amount paid under Protest (Rs in Lakhs)	Forum where the dispute is pending	Period
Income Tax Act	Income Tax (including the Interest as on date of order but excluded thereafter) Demand	365.93	-	Commissioner of Income Tax	A.Y 2012-13
		271.22	-	Commissioner of Income Tax	A.Y 2013-14
		1831.18	-	Commissioner of Income Tax	A.Y 2014-15
		208.62	-	CIT (Appeal)	A.Y 2015-16
Sales Tax Act	Central Sales Tax (excluding penalty and interest) Demand	224.04	73.56	Additional Commissioner	2011-12 to 2013-14
Sales Tax Act	Sales Tax (excluding penalty and interest) Demand	0.66	0.66	CTO, Bengaluru	2009-10
		100.60	8.38	Deputy Commissioner	2007-08 to 2011-12
Service Tax	Service Tax (excluding penalty and interest) Demand	4.54	-	Assistant Commissioner	2005 to 2007
		6.28	-	CESTAT	2004 to 2008
Service Tax	Service Tax Demand including penalty	37.16	-	Assistant Commissioner	2015 to 2018
		4.94	0.36	CESTAT	2009-10 to 2011-12
		13.17	-	Superintendent	2015 to 2017
		2.36	0.09	Commissioner (Appeal)	2011 to 2016
Excise Duty	Excise Duty (excluding penalty and interest) Demand	6.41	-	Additional Commissioner	1988-89 & 2009-10
		12.35	3.50	Assistant Commissioner	2001-02 to 2012-13
		137.55	90.89	CESTAT	2002-03 to 2006-07
		5.76	5.76	Commissioner (Appeal)	1994-95
Excise Duty	Excise Duty Demand including penalty	1.53	-	Superintendent	2016-17
		128.89	-	Assistant Commissioner	2003-04 to 2015-16
		3239.92	97.43	CESTAT	2008-09 to 2015-16
		661.10	-	Commissioner	2015-16
		31.87	1.19	Commissioner (Appeal)	2008-09 to 2015-16
Custom Duty	Custom Duty (excluding penalty and interest) Demand	1.45	-	Assistant Commissioner	2012-13
		14.32	5.00	CESTAT	2002-03
Entry Tax	Entry Tax (excluding penalty) Demand	30.70	25.20	High Court	2001 to 2003
		3.03	1.70	Additional Commissioner	2012 to 2014
Goods and Service Tax	Goods and Service Tax Demand	1.76	1.76	Additional Commissioner	2017-18

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 institution, bank and government. The 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 those loans were obtained. The company has not raised money by way of Initial 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) According to the information and explanations given to us, and based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Act.

xii) The Company is not a Nidhi Company. Therefore, the disclosure 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 standalone Ind AS financial statements as required by the applicable accounting standard.

xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore provisions of this clause are not applicable to the company.

xv) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore provisions of this clause are not applicable to the company.

xvi) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore provisions of this clause are not applicable to the Company.

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date:18th June, 2018

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Merino Industries Limited, ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 the Institute of Chartered Accountants of India 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 controls 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 Ind AS 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 controls over financial reporting is a process designed to provide a 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 controls over financial reporting include 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 Ind AS 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 a 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, 2018, based on the internal controls 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.

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date:18th June, 2018

Standalone Balance Sheet as at 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3(a)	26772.51	25441.89	18570.74
(b) Capital work-in-progress	3(b)	3067.55	1599.78	1729.36
(c) Other intangible assets	3(c)	161.19	212.51	52.82
(d) Intangible assets under development		-	-	59.33
(e) Financial assets				
(i) Investments	4	2185.00	1813.96	1385.97
(ii) Loans	5	171.38	200.49	210.32
(f) Other non-current assets	6	146.01	1227.03	388.67
Total non-current assets		**32503.64**	**30495.66**	**22397.21**
(2) Current assets				
(a) Inventories	7	24742.14	18562.84	16914.84
(b) Biological assets other than bearer plants	8	481.84	485.04	390.48
(c) Financial assets				
(i) Trade receivables	9	10647.04	9142.55	8240.04
(ii) Cash and cash equivalents	10	598.95	823.51	1120.46
(iii) Other bank balances	11	42.40	38.67	37.87
(iv) Loans	12	238.73	222.04	218.64
(v) Other financial assets	13	290.71	460.50	268.64
(d) Current tax assets	14	410.48	85.79	-
(e) Other current assets	15	2268.76	2247.84	1562.49
Total current assets		**39721.05**	**32068.78**	**28753.46**
Total assets		**72224.69**	**62564.44**	**51150.67**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	1047.03	1047.03	1047.03
(b) Other equity	17	37467.26	30819.92	23367.37
Total equity		**38514.29**	**31866.95**	**24414.40**
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	2916.69	4995.56	2372.38
(b) Deferred tax liabilities (net)	19	2875.23	2299.47	1650.16
(c) Other non-current liabilities	20	102.58	108.67	114.76
Total non-current liabilities		**5894.50**	**7403.70**	**4137.30**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	12894.22	10322.55	11799.79
(ii) Trade payables	22	9662.35	7286.35	5649.82
(iii) Other financial liabilities	23	3887.73	3893.00	3316.67
(b) Employee benefit obligations	24	258.69	224.39	175.31
(c) Other current liabilities	25	1112.91	1567.50	1296.01
(d) Current tax liabilities	26	-	-	361.37
Total current liabilities		**27815.90**	**23293.79**	**22598.97**
Total liabilities		**33710.40**	**30697.49**	**26736.27**
Total equity and liabilities		**72224.69**	**62564.44**	**51150.67**

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

The accompanying notes numbered 1 to 49 are an integral part of the financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Standalone Statement of Profit and Loss for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	2017 - 18	2016-17
INCOME			
Revenue from operations	27	81200.86	76036.07
Other income	28	1198.57	1791.88
TOTAL INCOME		**82399.43**	**77827.95**
EXPENSES			
Cost of materials consumed	29	36255.02	29810.20
Purchases of stock-in-trade		5434.69	5445.93
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	30	(1682.74)	(335.03)
Excise duty		1044.77	5404.92
Employee benefits expense	31	9254.95	7782.64
Finance costs	32	1368.76	1074.86
Depreciation and amortisation expense	33	2754.39	2054.76
Other expenses	34	18485.57	16250.71
TOTAL EXPENSES		**72915.41**	**67488.99**
Profit before Tax		**9484.02**	**10338.96**
Tax expenses	35		
Current tax		2260.93	2255.28
Deferred tax		472.04	552.64
Total tax expenses		**2732.97**	**2807.92**
Profit for the year from continuing operations		**6751.05**	**7531.04**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		33.88	(4.90)
Changes in fair value of FVOCI equity instruments		371.04	427.99
Deferred tax relating to these items		(103.72)	(96.67)
Total other comprehensive income for the year, net of tax		**301.20**	**326.42**
Total comprehensive income for the year		**7052.25**	**7857.46**
Earnings per equity share of face value of Rs.10 each			
Basic	36	65.10	72.63
Diluted		65.10	72.63

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

The accompanying notes numbered 1 to 49 are an integral part of the financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Standalone Cash Flow Statement for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	2017 - 18	2016-17
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit and loss	9484.02	10338.96
Adjustments for :		
Depreciation and amortisation expense	2754.39	2054.76
Allowance for doubtful debts / advances	4.39	26.35
Unrealised gain on foreign exchange (net)	(50.85)	(265.98)
Finance costs	1368.76	1074.86
Loss on sale/disposal of property, plant and equipment (net)	17.30	0.94
Loss on fair valuation of derivatives measured at FVTPL	162.99	(223.34)
Amortisation of government grants	(6.09)	(6.09)
Interest income	(17.18)	(18.78)
Provisions/liabilities no longer required written back	(202.00)	(116.62)
Dividend income	(156.83)	(156.76)
Operating profit before working capital changes	**13358.90**	**12708.30**
Adjustments for :		
Trade receivables	(1504.49)	(902.51)
Non-current/current financial and other assets	254.93	(645.36)
Inventories	(6179.30)	(1648.00)
Biological assets other than bearer plants	3.20	(94.56)
Trade payables	2376.00	1636.53
Non-current/current financial and other liabilities/provisions	30.81	794.99
Cash generated from operations	**8340.05**	**11849.39**
Net direct taxes paid	(2689.30)	(2637.06)
Net cash from operating activities	**5650.75**	**9212.33**
B. Cash flow from investing activities :		
Purchase of property, plant and equipment	(4828.80)	(8994.02)
Purchase of intangible assets	(11.65)	(188.72)
Proceeds from sale of property, plant and equipment	73.45	29.14
Interest income	16.04	22.85
Dividend income	156.83	156.76
Net cash flow used in investing activities	**(4594.13)**	**(8973.99)**
C. Cash flow from financing activities :		
Proceeds from long-term borrowings	-	4000.00
Repayment of long-term borrowings	(1981.38)	(1330.64)
Proceeds from short-term loans from banks	4000.00	4500.00
Repayment of short-term loans from banks	(4500.00)	(3400.00)
Proceeds from demand loan from body corporate	3849.00	4980.00
Repayment of demand loan from body corporate	(3849.00)	(4980.00)
Increase/ (decrease) in cash credit/working capital facilities (net)	2946.66	(2827.24)
Interest paid	(1345.28)	(1073.40)
Dividend paid	(359.21)	(362.04)
Dividend distribution tax paid	(41.97)	(41.97)
Net cash flow used in financing activities	**(1281.18)**	**(535.29)**
Net decrease in cash and cash equivalents (A+B+C)	**(224.56)**	**(296.95)**
Cash and cash equivalents (opening)	823.51	1120.46
Cash and cash equivalents (closing)	598.95	823.51

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

The accompanying notes numbered 1 to 49 are an integral part of the financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April 2016		**1047.03**
Changes in equity share capital during the year 2016-2017	16	-
As at 31st March 2017		**1047.03**
Changes in equity share capital during the year 2017-2018	16	-
As at 31st March 2018		**1047.03**

B. Other equity

Particulars	Notes	Securities Premium Reserve	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April 2016	17	**87.48**	**4531.11**	**951.40**	**17797.38**	**23367.37**
Profit for the year		-	-	-	7531.04	7531.04
Other comprehensive income/(expense) (net of tax)		-	-	329.62	(3.20)	326.42
Total comprehensive income for the year		**-**	**-**	**329.62**	**7527.84**	**7857.46**
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/(from) general reserve/(retained earnings)		-	726.83	-	(726.83)	-
Balance as at 31st March 2017	17	**87.48**	**5257.94**	**1281.02**	**24193.48**	**30819.92**

Particulars	Notes	Securities Premium Reserve	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April 2017	17	**87.48**	**5257.94**	**1281.02**	**24193.48**	**30819.92**
Profit for the year		-	-	-	6751.05	6751.05
Other comprehensive income (net of tax)		-	-	279.15	22.05	301.20
Total comprehensive income for the year		**-**	**-**	**279.15**	**6773.10**	**7052.25**
Dividend		-	-	-	(362.94)	(362.94)
Tax on dividend		-	-	-	(41.97)	(41.97)
Transfer to/(from) general reserve/(retained earnings)		-	675.11	-	(675.11)	-
Balance as at 31st March 2018	17	**87.48**	**5933.05**	**1560.17**	**29886.56**	**37467.26**

The accompanying notes form an integral part of the Statement of Changes in Equity.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Notes to the Standalone Financial Statements

1. General Information

Merino Industries Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020, India.

The Company is engaged in manufacturing and marketing of Decorative Laminates, Pre-lam Boards, Furniture, Potato Flakes, Acrylic Solid Surface and Agricultural Produce.

2. Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rule, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules 2016, other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act. The Company adopted Ind AS from 1st April, 2017.

Up to the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which include Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Company and major adjustments along with related reconciliations are disclosed in Note 49 (First-time Adoption).

The figures for the previous years have been restated, regrouped and reclassified wherever required to comply with the requirement of the Ind AS and schedule III to the Act.

(ii) Historical cost convention

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

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

Transition to Ind AS:

On transition to Ind AS, the Company elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

The Company has been carrying the intangible assets at historical cost determined in accordance with retrospective application of Ind AS.

2.2 Property, plant and equipment and depreciation

(a) Freehold land is carried at historical cost. All other items of property plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

(c) Capital work in progress is stated at cost and includes pre-operative expenses, project development expenses, etc.

Notes to the Standalone Financial Statements

(d) The Company depreciates property, plant and equipment over their useful lives as prescribed by schedule II of the Act. In case the cost of a part of a property, plant and equipment is significant to the total cost of the asset, and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those component.

(e) Leasehold land is amortised over the period of lease. Improvements on leasehold land are amortised over the remaining period of lease or estimated useful life, whichever is lower.

(f) Machinery spares having useful life of more than one year and the carrying value of which exceeds Rs. 1 lakh, are capitalised and depreciated over the lives of the spares /related assets.

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.

2.4 Impairment loss

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

2.5 Financial instruments

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

Financial assets

Financial assets at amortised cost

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

Financial assets measured at fair value

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

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

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

Impairment of financial assets

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

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

De-recognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

De-recognition of financial liabilities

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

Derivative financial instruments

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

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

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability

Notes to the Standalone Financial Statements

simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.6 Borrowing costs

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

2.7 Inventories

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

2.8 Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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

2.9 Biological assets

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

2.10 Revenue 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/goods and service tax, including excise duties.

The estimated liability for sales related unfulfilled obligations is deferred to the time when those obligations are expected to be discharged.

Sale of services

Sales are recognised upon rendering of services and are recognised net of service tax/goods and service tax as applicable.

Other income

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

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

Other items are recognised on accrual basis.

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 on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is actuarially determined on the basis of year-end actuarial valuation (using the Projected Unit Credit Method) and is funded. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income.

(c) Other long-term employment benefits (unfunded):

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

2.12 Taxation

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

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

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

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

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

2.13 Government grants

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

(ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(iii) Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

2.14 Lease

Finance lease:

Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Operating lease:

Where the Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

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

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

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 discounted to its present value.

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

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

2.18 Segment reporting

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

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

2.19 Dividends

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

Notes to the Standalone Financial Statements

2.20 Royalty income

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

2.21 Rounding off of amounts

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

2.22 Standards issued but not yet made effective by the Ministry of Corporate Affairs.

Ind AS 115:- Revenue from contracts with customers

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements, except that adoption of Ind AS 115 is not expected to significantly change the timing of the Company's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point of time when products are dispatched to customers, which is also when the control of the asset is transferred to the customer under Ind AS 115.

The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1st April, 2018 and that comparatives will not be restated.

Ind AS 21:- Foreign currency transactions and advance consideration

Management has assessed the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance. The Company expects this change to impact its accounting for revenue contracts involving advance payments in foreign currency.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1st April, 2018).

2A Critical estimates and judgments

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

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

(i) Estimation of defined benefit obligation

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

(ii) Estimated fair value of unlisted securities

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

(iii) Estimated useful life of tangible assets

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

(iv) Estimation of contingent liabilities

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

3 (a) Property, Plant and Equipment

(Rupees in lakhs, unless otherwise stated)

PARTICULARS	Land		Buildings on leasehold land	Buildings on freehold land	Culverts	Roads	Plant and machinery	Electrical fittings	Laboratory equipment	Furniture and fittings	Computers and data processing unts	Office equipment	Vehicles	Total
	Leasehold [refer (a) below]	Freehold												
Gross Block as at 1st April, 2016	**746.28**	**3516.35**	**165.43**	**4248.30**	**11.79**	**278.18**	**18797.54**	**551.30**	**64.25**	**391.86**	**497.28**	**306.45**	**760.99**	**30336.00**
Accumulated depreciation	17.44	-	18.87	1449.19	0.14	101.77	8795.13	270.98	29.23	208.03	351.88	190.28	332.32	11765.26
Deemed cost as on 1st April, 2016	**728.84**	**3516.35**	**146.56**	**2799.11**	**11.65**	**176.41**	**10002.41**	**280.32**	**35.02**	**183.83**	**145.40**	**116.17**	**428.67**	**18570.74**
Additions	364.29	106.77	2212.83	994.81	12.57	17.33	4194.76	367.75	9.41	143.32	80.54	132.24	232.41	8869.03
Disposals	-	-	-	-	-	-	12.61	-	0.18	0.24	1.14	1.14	21.27	36.58
Balance as at 31st March, 2017	**1093.13**	**3623.12**	**2359.39**	**3793.92**	**24.22**	**193.74**	**14184.56**	**648.07**	**44.25**	**326.91**	**224.80**	**247.27**	**639.81**	**27403.19**
Additions during the year	41.36	-	629.63	483.73	4.69	301.78	1932.21	117.16	31.16	160.28	149.49	59.67	206.90	4118.06
Disposals	-	-	-	12.00	-	-	92.61	51.01	0.20	2.51	9.47	6.54	57.82	232.16
Balance as at 31st March, 2018	**1134.49**	**3623.12**	**2989.02**	**4265.65**	**28.91**	**495.52**	**16024.16**	**714.22**	**75.21**	**484.68**	**364.82**	**300.40**	**788.89**	**31289.09**
Accumulated depreciation														
As at 1st April 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	9.37	-	39.81	150.65	0.64	46.84	1429.74	43.78	6.35	32.13	69.86	53.81	83.42	1966.40
Disposals	-	-	-	-	-	-	1.85	-	0.01	0.03	0.77	0.27	2.17	5.10
As at 31st March 2017	**9.37**	**-**	**39.81**	**150.65**	**0.64**	**46.84**	**1427.89**	**43.78**	**6.34**	**32.10**	**69.09**	**53.54**	**81.25**	**1961.30**
Charge for the year	11.62	-	117.02	165.20	0.93	55.56	1965.22	76.91	7.97	44.35	87.31	59.30	100.04	2691.43
Disposals	-	-	-	3.24	-	-	82.41	21.91	0.08	1.28	6.38	3.74	17.11	136.15
As at 31st March 2018	**20.99**	**-**	**156.83**	**312.61**	**1.57**	**102.40**	**3310.70**	**98.78**	**14.23**	**75.17**	**150.02**	**109.10**	**164.18**	**4516.58**
Net carrying amount														
As at 1st April, 2016	**728.84**	**3516.35**	**146.56**	**2799.11**	**11.65**	**176.41**	**10002.41**	**280.32**	**35.02**	**183.83**	**145.40**	**116.17**	**428.67**	**18570.74**
As at 31st March, 2017	**1083.76**	**3623.12**	**2319.58**	**3643.27**	**23.58**	**146.90**	**12756.67**	**604.29**	**37.91**	**294.81**	**155.71**	**193.73**	**558.56**	**25441.89**
As at 31st March, 2018	**1113.50**	**3623.12**	**2832.19**	**3953.04**	**27.34**	**393.12**	**12713.46**	**615.44**	**60.98**	**409.51**	**214.80**	**191.30**	**624.71**	**26772.51**

(a) Leasehold land includes Rs.49.98 (31st March, 2017 : Rs.49.98 and 1st April, 2016 : Rs.49.98) acquired on 31st October, 2006 under a lease for 90 years and Rs.696.30 (31st March, 2017 : Rs.696.30 and 1st April, 2016 : Rs.696.30) acquired on 30th June, 2014 under a lease for 99 years with a renewal option, which is being amortised over the period of lease.

(b) Immovable properties with a carrying value of Rs.143.98 (31st March, 2017: Rs.143.98 and 1st April, 2016: Rs.143.98) have been pledged for availing term loans and other working capital facilities from different banks under consortium.

(c) Borrowing cost of Rs.Nil (31st March, 2017: Rs.176.28) has been capitalized under Property, Plant and Equipment.

(d) Property Plant and Equipment given as security for borrowings (refer note no 40)

(e) Additions to property, plant and equipment of Rs.Nil (31st March, 2017: Rs.4807.36 and 1st April, 2016: Rs.818.81) relating to a new production facility of Laminates at Dahej, Gujarat. Employee benefit expense of Rs. Nil (31st March, 2017: Rs.36.82) has been recognised in the carrying amount of property, plant and equipment in course of construction of the said project.

(Rupees in lakhs, unless otherwise stated)

3 (b) **Capital work-in-progress as on 31st March 2018 Rs. 3067.55 (includes capital goods-in-transit of Rs.249.88) [(Rs. 1599.78 as on 31st March, 2017 (includes Capital goods-in-transit Rs.22.32) and (Rs. 1729.36 as on 1st April 2016 (include Capital goods-in-transit Rs.14.99)].**

3 (c) Other intangible assets

Particulars	Computer software (aquired item)	Total
Gross Block as at 1st April, 2016	**292.56**	**292.56**
Accumulated depreciation	239.74	239.74
Deemed cost as on 1st April, 2016	**52.82**	**52.82**
Additions	248.05	248.05
Balance as at 31st March, 2017	**300.87**	**300.87**
Additions during the year	11.65	11.65
Disposals	0.69	0.69
Balance as at 31st March, 2018	**311.83**	**311.83**
Accumulated depreciation		
As at 1st April 2016	**-**	**-**
Charge for the year	88.36	88.36
As at 31st March 2017	**88.36**	**88.36**
Charge for the year	62.96	62.96
Disposals	0.68	0.68
As at 31st March 2018	**150.64**	**150.64**
Net carrying amount		-
As at 1st April, 2016	**52.82**	**52.82**
As at 31st March, 2017	**212.51**	**212.51**
As at 31st March, 2018	**161.19**	**161.19**

Note 4: Investments

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investment in equity instruments of subsidiary company (measured at cost)			
Unquoted			
Merino Panel Products Limited			
31st March, 2018: 14,93,000 (31st March, 2017: 14,93,000 and 1st April, 2016: 14,93,000) equity shares of Rs 10 each fully paid up	149.30	149.30	149.30
Investments in equity instruments measured at FVOCI			
Unquoted			
Merino Services Limited			
31st March, 2018: 6,000 (31st March, 2017: 6,000 and 1st April, 2016: 6,000) equity shares of Rs 10 each fully paid up	12.76	10.97	9.42
Merino Exports Private Limited			
31st March, 2018: 6,000 (31st March, 2017: 6,000 and 1st April, 2016: 6,000) equity shares of Rs 10 each fully paid up	2015.83	1645.04	1219.90
Merinoply and Chemicals Limited*			
31st March, 2018: 82,003 (31st March, 2017: 82,003 and 1st April, 2016: 82,003) equity shares of Rs 10 each fully paid up	5.19	5.19	5.19
Less: Provision for diminution in book value of investment	(5.19)	(5.19)	(5.19)
Quoted			
Bank of Baroda			
31st March, 2018: 5,000 (31st March, 2017: 5,000 and 1st April, 2016: 5000) equity shares of Rs.2 each fully paid up	7.11	8.65	7.35
	2185.00	**1813.96**	**1385.97**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 4: Investments (Contd.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Aggregate amount of quoted investments and market value thereof	7.11	8.65	7.35
(b) Aggregate amount of unquoted investments	2183.08	1810.50	1383.81
(c) Aggregate amount of impairment in value of investment*	5.19	5.19	5.19

* Merinoply and Chemicals Limited has gone into liquidation. Investment is carried at NIL value. Cost of investment was Rs. 5.19.

Note 5: Loans

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Security deposits	105.68	108.60	108.52
Loans to employees	65.70	91.89	101.80
	171.38	**200.49**	**210.32**

Note 6: Other non-current assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Capital advances	139.87	1224.84	386.97
Security deposits	6.14	2.19	1.70
	146.01	**1,227.03**	**388.67**

Note 7: Inventories

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(At lower of cost and net realisable value)			
Raw materials [include materials-in-transit 31st March, 2018 Rs. 2499.76 (31st March, 2017 Rs.1247.77 and 1st April, 2016 Rs.1448.03)]	14016.88	9567.07	8545.61
Work-in-progress [include in-transit 31st March, 2018 Rs. 14.68 (31st March, 2017 Rs. Nil and 1st April, 2016 Rs. Nil)]	632.58	441.94	329.87
Stock-in-trade [includes materials-in-transit 31st March, 2018 Rs. 0.07 (31st March, 2017 Rs.Nil and 1st April, 2016 Rs. 35.68)]	1187.81	1105.48	1302.23
Finished goods [include materials-in-transit 31st March, 2018 578.15 (31st March, 2017 Rs.527.69 and 1st April, 2016 Rs. 326.58)]	7127.65	5714.68	5389.53
Stores and spares [include materials-in-transit 31st March, 2018 Rs. 32.35 (31st March, 2017 Rs.39.78 and 1st April, 2016 Rs.26.00)]	1777.22	1733.67	1347.60
	24742.14	**18562.84**	**16914.84**

(a) Inventories are hypothecated to secure short-term and long-term borrowings (refer note no 40)

(b) Write down of inventories to net realisable value relating to stores and spares amounted to Rs.211.38 (31st March, 2017 Rs. Nil).

(Rupees in lakhs, unless otherwise stated)

Note 8: Biological assets other than bearer plants

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Potato			
Opening value of biological assets	463.88	389.02	389.02
Cost incurred during the year	1658.00	918.54	
Harvested potatoes transferred to inventories and sold during the year	(56.20)	(0.71)	
Harvested potatoes transferred to inventories	(1624.18)	(842.97)	
Closing value of biological assets	**441.50**	**463.88**	**389.02**
Crops			
Opening value of biological assets	21.16	1.46	1.46
Cost incurred during the year	188.24	180.07	
Purchases	14.64	14.24	
Harvested crops transferred to inventories and sold during the year	(133.62)	(105.15)	
Harvested crops transferred to inventories	(50.08)	(69.46)	
Closing value of biological assets	**40.34**	**21.16**	**1.46**
	481.84	**485.04**	**390.48**

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

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

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

Potato seed stock quantity (biological assets) lying as at 31st March, 2018 was 30.12 M.T (31st March, 2017 was 25.73 M.T and 1st April, 2016 was 17.52 M.T). The quantity of agriculture produce raised during the year i.e. transfer of biological assets to inventory/sold as on 31st March, 2018 was 25.72 M.T (31st March, 2017 was 17.28 M.T).

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

(b) Inventories are hypothecated to secure short-term and long-term borrowings (refer note no 40)

Note 9: Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured			
Considered good [refer (a) below]	10100.71	8817.63	8034.04
Considered doubtful (including dues under litigation)	30.73	26.35	-
	10131.44	**8843.98**	**8034.04**
Less : Allowance for doubtful debts	30.73	26.35	-
	10100.71	**8817.63**	**8034.04**
Secured			
Considered good	546.33	324.92	206.00
	546.33	**324.92**	**206.00**
	10647.04	**9142.55**	**8240.04**

(a) Include 31st March, 2018: Rs.99.55 (31st March, 2017: Rs.Nil and 1st April, 2016: Rs 30.42) receivable from a related party (refer note 48), being the subsidiary company.

(b) Trade receivables are hypothecated to secure short-term and long-term borrowings (refer note no 40)

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 9: Trade receivables (Contd.)

(c) Movement in allowance for doubtful debts is as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening	26.35	-
Additions (Net)	4.38	26.35
Closing	30.73	26.35

These are carried at amortised cost.

Note 10: Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balances with Banks			
On current accounts	389.54	714.08	967.29
On cash credit accounts	51.52	24.11	-
Cheques and drafts on hand	8.44	4.25	11.73
Remittances-in-transit	129.75	53.40	99.98
Cash on hand	10.56	13.61	35.18
Foreign currency on hand	9.14	14.06	6.28
	598.95	**823.51**	**1120.46**

Note 11: Other bank balances

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Margin money deposit [refer (a) below]	17.59	17.59	17.59
On unpaid dividend accounts [refer (b) below]	24.81	21.08	20.28
	42.40	**38.67**	**37.87**

(a) Margin money given towards bank guarantee (refer note no 40)

(b) Earmarked for payment of unclaimed dividends.

Note 12: Loans

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Security deposits [refer note (a) below]	174.14	158.22	145.99
Loan to employees	64.59	63.82	72.65
	238.73	**222.04**	**218.64**

(a) Include 31st March, 2018: Rs.36.80 (31st March, 2017: Rs.50.40 and 1st April, 2016: Rs.50.40) one with a related party (refer note 48).

Note 13: Other financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Others			
Insurance claims receivable	-	2.93	0.40
Interest accrued on deposits	12.86	11.72	15.79
Derivative assets	21.17	183.98	45.21
Other receivables [refer (a) below]	256.68	261.87	207.24
	290.71	**460.50**	**268.64**

(a) Include 31st March, 2018: Rs. 256.65 (31st March, 2017: Rs.261.69 and 1st April, 2016: Rs 206.75) recoverable from the subsidiary company (refer note 48).

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 14: Current tax asset

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance Income Tax (net of provision of Rs.2691.30; 31st March, 2017: Rs.2285.41 lacs ; 1st April, 2016 : Nil)	410.48	85.79	-
	410.48	**85.79**	**-**

Note 15: Other current assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Export incentives receivable	247.30	239.30	64.54
Advances recoverable in cash or in kind	33.68	42.63	24.78
Advances to suppliers	179.98	102.53	278.46
Doubtful advances to suppliers	11.31	11.48	11.83
Less : Provision for doubtful advances	(11.31)	(11.48)	(11.83)
Prepaid expenses	156.06	208.29	148.42
Balances with statutory/government authorities	1419.65	1253.23	776.26
Advances with statutory authorities against disputed dues	229.57	301.14	269.54
Stamps on hand	0.51	0.43	0.49
Other advances	2.01	100.29	-
	2268.76	**2247.84**	**1562.49**

Note 16: Equity share capital

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
AUTHORISED			
1,70,00,000 (31st March, 2017: 1,70,00,000 and 1st April, 2016: 1,70,00,000) Equity Shares of Rs. 10/- each	1700.00	1700.00	1700.00
ISSUED			
1,05,66,100 (31st March, 2017: 1,05,66,100 and 1st April, 2016: 1,05,66,100) Equity Shares of Rs 10/- each	1056.61	1056.61	1056.61
SUBSCRIBED AND PAID-UP			
1,03,69,600 (31st March, 2017: 1,03,69,600 and 1st April, 2016: 1,03,69,600) Equity Shares of Rs 10/- each fully paid up	1036.96	1036.96	1036.96
Add : Forfeited equity shares :			
Amount paid-up on 1,96,500 (31st March, 2017: 1,96,500 and 1st April, 2016: 1,96,500) Equity Shares	10.07	10.07	10.07
	1047.03	**1047.03**	**1047.03**

(a) Rights, preferences 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 at 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 proportion to their shareholdings.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 16: Equity share capital (Contd.)

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

SN.	Names of the shareholders	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
		No. of shares	% held	No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	30,65,700	29.56	30,65,700	29.56	30,65,700	29.56
2	Mr Bikash Lohia	6,40,400	6.18	6,40,400	6.18	6,40,300	6.18
3	Mr Prakash Lohia	9,91,020	9.56	5,65,820	5.46	5,65,720	5.46
4	Mr Deepak Lohia	6,15,189	5.93	6,15,189	5.93	6,15,189	5.93
		53,12,309	**51.23**	**48,87,109**	**47.13**	**48,86,909**	**47.13**

Note 17: Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Reserves and surplus:		
Securities premium reserve		
Balance as at the beginning of the year	87.48	87.48
Addition during the year	-	-
Balance as at the end of the year	**87.48**	**87.48**
General reserve		
Balance as at the beginning of the year	5257.94	4531.11
Add: Transferred from surplus in statement of profit and loss	675.11	726.83
Balance as at the end of the year	**5933.05**	**5257.94**
Retained earnings		
Balance as at the beginning of the year	24193.48	17797.38
Add: Profit for the year	6751.05	7531.04
Amount available for appropriation	**30944.53**	**25328.42**
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	675.11	726.83
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	22.05	(3.20)
Balance as at the end of the year	**29886.56**	**24193.48**
Total (I)	**35907.09**	**29538.90**

Other reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity Instruments through other comprehensive income		
Opening balance	1281.02	951.40
Change in fair value of FVOCI equity instruments	371.04	427.99
Deferred tax	(91.89)	(98.37)
Total (II)	**1560.17**	**1281.02**
Total Other Equity (I + II)	**37467.26**	**30819.92**

Nature and purpose of other reserves

Securities premium reserve

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

(Rupees in lakhs, unless otherwise stated)

Note 17: Other equity (Contd.)

General reserve

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

FVOCI equity investments

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

Note 18: Borrowings - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured			
Term loans			
From banks:			
Indian Rupee loans [refer (a) and (b) below]	3708.36	5405.68	1992.37
Foreign currency loan [refer (c) below]	689.35	958.83	1693.36
From others:			
Indian Rupee loans [refer (d) below]	-	-	126.06
	4397.71	**6364.51**	**3811.79**
Less : Current maturities (payable within one year)			
From banks:			
Indian Rupee loans [refer (a) and (b) below]	1204.26	1093.30	593.01
Foreign currency loan [refer (c) below]	276.76	275.65	720.34
From others:			
Indian Rupee loans [refer (d) below]	-	-	126.06
	1481.02	**1368.95**	**1439.41**
	2916.69	**4995.56**	**2372.38**

(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 and ending in July, 2020, bearing interest rates 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 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment terms
The Hong Kong and Sanghai Banking Corporation Limited	-	338.28	496.58	First *pari passu* charge on the entire property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* 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 loan was pre-paid during the year.
The Hong Kong and Sanghai Banking Corporation Limited	-	635.93	846.23	First *pari passu* charge on the entire property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* 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 loan was pre-paid during the year.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 18: Borrowings - non-current (Contd.)

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment terms
The Hong Kong and Sanghai Banking Corporation Limited	3500.00	4000.00	-	Exclusive charge on movable and immoveable property, plant and equipment of the Dahej Project. Second *pari passu* charge on entire current assets of the Company both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 7.99 % p.a. The balance amount of the loan of Rs.3500 is repayable in fourteen equal quarterly instalments of Rs.250 each. Last instalment will be due on 22nd September, 2021.
DBS Bank Limited	199.73	398.77	597.19	First *pari passu* charge on the entire property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* 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 @ 9.25% p.a. The balance amount of the loan of Rs.200 is repayable in four equal quarterly instalments of Rs. 50 each. Last instalment will be due on 16th January, 2019.
	3699.73	**5372.98**	**1940.00**		

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

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment terms
Standard Chartered Bank Limited	-	-	569.21	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	689.35	958.83	1124.15	First *pari passu* charge on the entire property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* 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.693.28 is repayable in ten equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment will be due on 21st August, 2020.
	689.35	**958.83**	**1693.36**		

(Rupees in lakhs, unless otherwise stated)

Note 18: Borrowings - non-current (Contd.)

(d) Repayment terms and nature of securities given for Indian Rupees Term Loan from other:

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment terms
EXPORT-IMPORT Bank of India	-	-	126.06	First *pari passu* charge on the entire property, plant and equipment of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* 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 (b), (c) and (d) above are inclusive of current maturities of such loans as disclosed in Note 23.

Note 19: Deferred tax liabilities (net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred tax liabilities			
Difference between written down value of block of assets as per income tax laws and book written down value of the property, plant and equipment	2541.47	1980.95	1520.46
Investment in equity shares	472.01	380.12	281.75
Others	0.43	-	-
Borrowings	-	11.65	8.29
Derivative liability	3.46	57.64	(56.02)
	3017.37	**2430.36**	**1754.48**
Deferred tax assets			
Disallowance of expense allowable for tax purpose on payment basis	101.13	86.78	64.60
Borrowings	4.71	-	-
Others	36.30	44.11	39.72
	142.14	**130.89**	**104.32**
	2875.23	**2299.47**	**1650.16**

Movement in deferred tax liabilities

Particulars	Property, plant and equipment	Borrowings	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Disal-lowance	Others	Total
At 1st April, 2016	**1520.46**	**8.29**	**(56.02)**	**281.75**	**(64.60)**	**(39.72)**	**1650.16**
Charged / (Credited):							
to profit and loss	460.49	3.36	113.66	-	(20.48)	(4.39)	552.64
to other comprehensive income	-	-	-	98.37	(1.70)	-	96.67
At 31st March, 2017	**1980.95**	**11.65**	**57.64**	**380.12**	**(86.78)**	**(44.11)**	**2299.47**
Charged / (Credited):							
to profit and loss	560.52	(16.36)	(54.18)	-	(26.18)	8.24	472.04
to other comprehensive income	-	-	-	91.89	11.83	-	103.72
At 31st March, 2018	**2541.47**	**(4.71)**	**3.46**	**472.01**	**(101.13)**	**(35.87)**	**2875.23**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 20: Other non-current liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred government grants	102.58	108.67	114.76
	102.58	**108.67**	**114.76**

Note 21: Borrowings - current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured (refer (a) below)			
Working capital loan			
From banks:			
Overdraft / Cash credit	2619.22	2472.55	2459.79
Working capital demand loan	3200.00	-	2000.00
Rupee packing credit loan	2700.00	3100.00	3940.00
Others:			
Bills discounted with banks (refer (b) below)	375.00	250.00	-
	8894.22	**5822.55**	**8399.79**
Unsecured			
Short-term loan			
From banks:			
Indian rupee loan	4000.00	3000.00	1900.00
Foreign currency loan	-	1500.00	1500.00
	4000.00	**4500.00**	**3400.00**
	12894.22	**10322.55**	**11799.79**

(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 property, plant and equipment of the Company except those assets charged exclusively to Banks, both present and future, on *pari passu* basis, with other consortium members.

(b) Bills discouning facility is secured by first loss default guarantee to the respective banks upto a ceiling of 5% of the sanctioned limits.

Note 22: Trade payables

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total outstanding dues to micro, small and medium enterprises	3.80	6.75	1.88
Total outstanding dues to creditor other than those from micro, small and medium enterprises [refer (a) below]	9658.55	7279.60	5647.94
	9662.35	**7286.35**	**5649.82**

(a) Include Rs. Nil (31st March, 2017 - Rs.289.46 and 1st April, 2016: Nil) payable to a related party, being the subsidiary company.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 23: Other financial liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long-term debt (refer note 18)	1481.02	1368.95	1439.41
Interest accrued but not due on borrowings	16.87	24.99	54.91
Unpaid dividends*	24.81	21.08	20.18
Deposits from customers and suppliers	784.93	481.87	252.75
Employee benefits payable	649.28	519.23	475.63
Liability for purchases of capital assets	456.76	789.98	208.08
Derivative liability	0.18	-	84.57
Other payables	473.88	686.90	781.14
	3887.73	**3893.00**	**3316.67**

*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.

Note 24: Employee benefit obligations

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for employee benefits			
Leave encashment	258.69	224.39	148.62
Gratuity	-	-	26.69
	258.69	**224.39**	**175.31**

Note 25: Other current liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Liabilities under litigation	233.18	301.14	269.54
Advances from customers	512.74	516.47	432.66
Statutory dues	365.43	731.10	593.81
Deferred revenue	1.56	18.79	-
	1112.91	**1567.50**	**1296.01**

Note 26: Current tax liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for tax net of advance tax (net of advance tax 31st March, 2018 Rs.Nil; 31st March, 2017 Rs.Nil and 1st April, 2016 Rs.2404.62)	-	-	361.37
	-	**-**	**361.37**

Note 27: Revenue from operations

Particulars	2017 - 18	2016 - 17
i) Sale of products		
Domestic	63211.65	58715.78
Export	16793.73	16374.70
	80005.38	**75090.48**
ii) Sale of services		
Income from job work	218.48	165.45
iii) Other operating revenues		
Export incentives	554.02	397.96
Scrap sales	422.98	382.18
	977.00	**780.14**
Revenue from operations	**81200.86**	**76036.07**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 28: Other income

Particulars	2017 - 18	2016 - 17
(i) Interest income on financial instruments measured at amortised cost		
On bank and other deposits	3.47	2.24
On loans to others	13.71	16.54
(ii) Dividend income from long-term investments measured at FVTPL	156.83	156.76
(Includes Rs.156.76, 2016-17 Rs.156.76 from the Subsidiary Company)		
(iii) Claims from insurance companies	101.81	95.02
(iv) Provisions / Liabilities no longer required written back	202.00	116.62
(v) Profit on sale of property, plant and equipment	9.71	12.10
(vi) Recovery of bad debts	60.56	42.35
(vii) Net gain on foreign currency transactions and translation	697.55	1000.38
(viii) Fair value gain/(loss) on derivatives	(162.99)	223.34
(ix) Miscellaneous Income	115.92	126.53
	1198.57	**1791.88**

Note 29: Cost of materials consumed

Particulars	2017 - 18	2016 - 17
Raw materials consumed		
Opening stock:	9567.07	8545.61
Purchases and incidental expenses	41608.46	31631.91
	51175.53	**40177.52**
Less: Cost of raw materials sold	903.63	800.25
	50271.90	**39377.27**
Less: Closing stock	14016.88	9567.07
	36255.02	**29810.20**

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

Particulars	2017 - 18	2016 - 17
Opening stock		
Work-in-progress	441.94	329.87
Finished goods	5714.68	5389.53
Biological assets*	485.04	390.48
Stock-in-trade	1105.48	1302.23
	7747.14	**7412.11**
Less: Closing stock		
Work-in-progress	632.58	441.94
Finished goods	7127.65	5714.68
Biological assets*	481.84	485.04
Stock-in-trade	1187.81	1105.48
	9429.88	**7747.14**
	(1682.74)	**(335.03)**

* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to Rs. 559.89 (31st March, 2017 - Rs. 18.39).

Note 31: Employee benefits expense

Particulars	2017 - 18	2016 - 17
Salaries, wages, bonus etc.	8206.29	6937.26
Contribution to provident and other funds	771.99	631.08
Workmen and staff welfare	276.67	214.30
	9254.95	**7782.64**

The Company has recognized an expense of Rs.493.72 (31st March, 2017 - Rs.448.88) towards the defined contribution plans.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 32: Finance costs

Particulars	2017 - 18	2016 - 17
Interest expense	1256.60	974.05
Interest on shortfall in payment of advance tax	22.13	20.41
Other borrowing costs	90.03	80.40
	1368.76	**1074.86**

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Company's specific borrowing as on 31st March, 2017 – 8.50%.

Note 33: Depreciation and amortisation expense

Particulars	2017 - 18	2016 - 17
Depreciation and amortisation on property, plant and equipment (including leasehold land)	2691.43	1966.40
Amortisation of intangible assets	62.96	88.36
	2754.39	**2054.76**

Note 34: Other expenses

Particulars	2017 - 18	2016 - 17
Consumption of stores and spare parts	1920.36	1532.45
Power and fuel	2982.44	2003.25
Jobwork charges	163.30	173.52
Rent	1290.43	1225.00
Rates and taxes	101.55	193.50
Repairs to :		
Buildings	68.23	116.36
Plant and machinery	269.17	173.11
Others	574.10	441.95
Legal and professional charges	836.30	639.69
Vehicle upkeep	366.90	304.22
Carriage outward	2646.03	2187.32
Packing and forwarding	1628.79	1431.51
Insurance charges	170.66	162.50
Commission charges	537.79	449.00
Printing and stationery	75.00	62.36
Postage and courier	74.13	71.68
Advertisement, publicity and sales promotion	1337.31	1380.59
Travel expenses	743.76	722.74
Communication expense	177.19	188.39
Excise duty [refer (a) below]	(178.62)	25.41
Bad debts /Advances written off	46.05	103.84
Provision for doubtful debts / Advances	4.39	26.35
Payments to the auditors [refer (b) below]	24.64	23.79
Bank charges and commission	58.66	87.25
Royalty	60.17	47.31
Donations	294.96	793.21
CSR expenditure (refer note 42)	171.42	126.15
Loss on sale/disposal of tangible assets	32.29	14.44
Agricultural expenses	849.71	702.22
Miscellaneous expenses	1158.46	841.60
	18485.57	**16250.71**

(a) Represents excise duty related to the difference between the closing stock and opening stock of finished goods.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 34: Other expenses (Contd.)

(b) Amount paid / payable to the auditors:

	2017 - 18	2016 - 17
As statutory auditors:		
Statutory audit fees	16.25	14.50
Tax audit fees	2.75	4.00
Other matters	3.10	3.25
Reimbursement of expenses	1.04	0.84
	23.14	**22.59**
As cost auditors :		
Audit fees	0.75	0.45
	0.75	**0.45**
As secretarial auditors :		
Audit fees	0.75	0.75
	0.75	**0.75**

Note 35: Tax expense

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

(a) Income tax expense

Particulars	2017 - 18	2016 - 17
Current tax		
Current tax on profits for the year	2260.93	2255.28
Total current tax expense	**2260.93**	**2255.28**
Deferred tax	472.04	552.64
Total deferred tax expense/(benefit)	**472.04**	**552.64**
Income tax expense	**2732.97**	**2807.92**

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

Particulars	2017 - 18	2016 - 17
Profit before tax	9484.02	10338.96
Tax at the rate of 34.608% (2016-17 – 34.608%)	**3282.23**	**3578.11**
Reasons for differences are indicated below:		
Expenses disallowed under tax laws	9.59	23.06
Income not considered for tax laws	(54.27)	(54.74)
Agricultual income/(loss)	147.56	(104.13)
80IA deduction	(455.72)	(698.11)
Weighted deduction	21.07	73.18
Items on which tax applicable at differential rates	7.82	0.81
Excess provision for income tax	(648.64)	-
Others	423.33	(10.26)
Total income tax expense	**2732.97**	**2807.92**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 36: Earnings per share

Particulars		2017 - 18	2016 - 17
(i) Basic			
Number of equity shares at the beginning of the year		1,03,69,600	1,03,69,600
Number of equity shares at the end of the year		1,03,69,600	1,03,69,600
Weighted average number of equity shares outstanding during the year	(A)	1,03,69,600	1,03,69,600
Nominal value of each equity share (Rs.)		10	10
Profit / (Loss) for the year	(B)	6751.05	7531.04
Earnings per share (Basic) (Rs.)	(B/A)	65.10	72.63
(ii) Diluted			
Weighted average number of equity shares outstanding during the year		1,03,69,600	1,03,69,600
Earnings per share (Diluted) (Rs.)		65.10	72.63

Note 37: Contingent liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Guarantees given -			
Non financial bank guarantees	45.92	30.61	10.35
(b) Claims against the Company not acknowledged as debts :			
Demands for sales tax (Deposit under protest Rs. 229.73 (31st March, 2017 - Rs.228.18, 1st April, 2016 - Rs.193.24)	181.93	200.06	242.27
Demands for excise, custom duty, service tax (deposit under protest Rs. 330.46 (31st March, 2017 - Rs. 331.68, 1st April, 2016 - Rs. 294.21)	4102.63	4083.94	3641.58
Demands for income tax (Deposit under protest Rs.5.27 (31st March, 2017 - Rs. 5.27, 1st April, 2016 - Rs.5.27))	2681.09	2493.50	637.15
Others	204.75	141.55	139.74
(c) Differential bonus for 2014-15	151.52	151.52	151.52
(d) The Company has availed certain government subsidies/ grants. As per the terms and conditions,the company has to continue production for specified number of years and other conditions failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.	-	-	-
	7367.84	**7101.18**	**4822.61**

Notes:-

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

(ii) Ind AS 109 requires the Company to derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for derecognition. The para B2 of Ind AS 101 states that except as permitted, a first time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 38: Capital and other commitments

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1874.33	313.43	1284.25
(b) Other commitments			
The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty with an undertaking to fulfill quantified export within six years. Certificate for fulfilment of Rs. 3545.55 (31st March, 2017 - Rs. 2379.25, 1st April, 2016 - Rs. 3418.14) is yet to be received.	584.36	671.89	616.64
Obligations against advance licences	2419.68	-	1024.44
Outstanding letters of credit for materials yet to be received	1060.42	965.19	1088.29
TOTAL	**5938.79**	**1950.51**	**4013.62**

Note 39: Operating leases

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.747.23 (31st March, 2017 : Rs.656.37) has been debited to the Statement of Profit and Loss.

As a lessor:

The Company has given a machinery on cancellable 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.

	2017 - 18	2016 - 17
Rental income credited to the Statement of Profit and Loss (included under Other Income)	1.20	1.20

Note 40: Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current			
Financial assets			
Trade receivables	10647.04	9142.55	8240.04
Fixed deposit	17.59	17.59	17.59
Non-financial assets			
Inventories	24742.14	18562.84	16914.84
Biological assets	481.84	485.04	390.48
Total current assets pledged as security	**35888.61**	**28208.02**	**25562.95**
Non-current			
Property, plant and equipment	26772.51	25441.89	18570.74
Capital work-in-progress	3067.55	1599.78	1729.36
Total non-current assets pledged as security	**29840.06**	**27041.67**	**20300.10**
Total assets pledged as security	**65728.67**	**55249.69**	**45863.05**

(Rupees in lakhs, unless otherwise stated)

Note 41: Details relating to micro, small and medium enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	2017 - 18	2016 - 17
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.80	6.75
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 that under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	0.05
Further interest remaining due and payable for earlier years	0.06	-

The above information regarding micro, small and medium enterprises has been disclosed to the extent such parties have been identified on the basis of information available with the Company.

Note 42: CSR Expenditure

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

		2017 - 18	2016 - 17
(a)	Gross amount required to be spent by the company during the year	169.30	126.15
(b)	Amount spent by the Company through these trusts:		
	Construction / acquisition of any asset	-	-
	On purpose other than the above	171.42	126.15

Note 43: Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for sick and earned leave. As the Company does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current.

(ii) Post-employment obligations

a) Gratuity

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

The Company operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every eligible employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after a continuous service, for five years.

b) 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.

(iii) 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.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 43: Employee benefit obligations (Contd.)

(iv) Balance sheet recognition

a) Gratuity

The amounts recognised in the balance sheet and the movement in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2016	**759.32**	**732.63**	**26.69**
Current service cost	108.58	-	108.58
Interest expense and income	54.39	54.95	(0.56)
Total amount recognised in profit or loss	**162.97**	**54.95**	**108.02**
Remeasurement			
Return on plan assets, excluding amounts included in interest income	-	13.43	(13.43)
Actuarial loss from change in financial assumptions	41.14	-	41.14
Actuarial gain from unexpected experience	(22.81)	-	(22.81)
Total amount recognised in other comprehensive income	**18.33**	**13.43**	**4.90**
Employer's contributions / premium paid	-	182.89	(182.89)
Benefit payments	68.11	68.11	-
31st March 2017	**872.51**	**915.79**	**(43.28)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2017	**872.51**	**915.79**	**(43.28)**
Current service cost	108.21	-	108.21
Interest expense and income	64.79	70.52	(5.73)
Past service cost	58.94	-	58.94
Total amount recognised in profit or loss	**231.94**	**70.52**	**161.42**
Remeasurement			
Return on plan assets, excluding amounts included in interest income	-	(1.48)	1.48
Actuarial gain from change in financial assumptions	(19.61)	-	(19.61)
Actuarial gain from unexpected experience	(15.75)	-	(15.75)
Total amount recognised in other comprehensive income	**(35.36)**	**(1.48)**	**(33.88)**
Employer's contributions / premium paid	-	86.28	86.28
Benefit payments	62.21	62.21	-
31st March 2018	**1006.88**	**1008.90**	**(2.02)**

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Discount rate	7.70%	7.50%	8.00%
Expected return on plan asset	7.70%	7.50%	8.00%
Salary growth rate	7.00%	7.00%	7.00%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

(Rupees in lakhs, unless otherwise stated)

Note 43: Employee benefit obligations (Contd.)

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Particulars	Impact on defined benefit obligation			
	As at 31st March, 2018		As at 31st March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	960.58	1057.16	830.84	916.70
% change compared to base due to sensitivity	-4.60%	4.99%	-4.72%	5.13%
Salary growth rate (-/+ 0.5%)	1053.25	963.68	911.94	834.31
% change compared to base due to sensitivity	4.61%	-4.29%	4.58%	-4.32%
Attrition rate (-/+ 0.5%)	1006.74	1007.02	871.85	872.11
% change compared to base due to sensitivity	-0.01%	0.01%	-0.02%	0.02%
Life expectancy/ mortality rate (-/+ 10%)	1007.04	1006.72	872.09	871.88
% change compared to base due to sensitivity	0.02%	-0.02%	0.01%	-0.01%

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plan assets

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to the insurance company. Thus the composition of each major category of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to the insurance company.

The present value of the defined benefit plan liability is calculated using a discount rate determined with reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality of plan participants during the course of employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated with reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contribution to post-employment benefit plan for the year ended 31st March, 2018 is Rs. 86.28.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 43: Employee benefit obligations (Contd.)

The weighted average duration of the defined benefit obligation is 18 years (31st March, 2017 – 17 years, 1st April, 2016 - 17 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
31st March 2018			
Defined benefit obligation (gratuity)	93.86	321.40	2268.68
Total	**93.86**	**321.40**	**2268.68**
31st March 2017			
Defined benefit obligation (gratuity)	93.55	236.17	1964.40
Total	**93.55**	**236.17**	**1964.40**
1st April 2016			
Defined benefit obligation (gratuity)	82.39	188.72	1858.72
Total	**82.39**	**188.72**	**1858.72**

Note 44: - Capital management

(a) Risk management

The company's objectives when managing capital are to:

i) safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

iI) maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long-term borrowings and short-term borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence, and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, to adjust its capital structure, wherever required.

The amount mentioned under total equity in balance sheet is considered as Capital. The debt-equity ratio of the Company is as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Debt equity ratio	0.11	0.20	0.16

b) Dividends

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Equity shares		
Interim dividend for the year ended 31st March, 2018 of Rs. 3.50 (31st March, 2017 – Rs. 3.50) per fully paid share	362.94	362.94
Dividend distribution tax on interim dividend on equity shares	41.97	41.97

Note 45: Fair value measurements

This note gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(Rupees in lakhs, unless otherwise stated)

Note 45: Fair value measurements (Contd.)

Financial instruments by category

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investments	-	2035.70	-	-	1664.66	-	-	1236.67	-
Loans to employees	-	-	130.29	-	-	155.71	-	-	174.45
Security deposits	-	-	279.82	-	-	266.82	-	-	254.51
Trade receivables	-	-	10647.04	-	-	9142.55	-	-	8240.04
Cash and cash equivalents	-	-	598.95	-	-	823.51	-	-	1120.46
Other bank balances	-	-	42.40	-	-	38.67	-	-	37.87
Derivative assets	21.17	-	-	183.98	-	-	45.21	-	-
Others	-	-	269.54	-	-	276.52	-	-	223.43
Total financial assets	**21.17**	**2035.70**	**11968.04**	**183.98**	**1664.66**	**10703.78**	**45.21**	**1236.67**	**10050.76**
Financial liabilities									
Borrowing and interest	-	-	17308.80	-	-	16712.05	-	-	15666.49
Trade payables	-	-	9662.35	-	-	7286.35	-	-	5649.82
Derivative liability	0.18	-	-	-	-	-	84.57	-	-
Unpaid dividends	-	-	24.81	-	-	21.08	-	-	20.18
Deposits from customers and suppliers	-	-	784.93	-	-	481.87	-	-	252.75
Employee benefits payable	-	-	649.28	-	-	519.23	-	-	475.63
Liability for purchases of capital assets	-	-	456.76	-	-	789.98	-	-	208.08
Other payables	-	-	473.88	-	-	686.90	-	-	781.14
Total financial liabilities	**0.18**	**-**	**29360.81**	**-**	**-**	**26497.46**	**84.57**	**-**	**23054.09**

(i) Fair value hierarchy

The table in this note provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category consists of derivatives taken by the Company like forward contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investment in equity shares which are unquoted or for which quoted prices are not available on the reporting dates.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

a) the use of quoted market prices or dealer-quotes for similar instruments

b) derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information, where applicable.

c) the fair value of the financial instruments is determined using discounted cash flow analysis.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 45: Fair value measurements (Contd.)

(iii) Fair value of financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:									
Investments	7.11	-	2028.59	8.65	-	1656.01	7.35	-	1229.32
Derivative financial assets	-	21.17	-	-	183.98	-	-	45.21	-
	7.11	**21.17**	**2028.59**	**8.65**	**183.98**	**1656.01**	**7.35**	**45.21**	**1229.32**
Financial liabilities:									
Derivative financial liabilities	-	0.18	-	-	-	-	-	84.57	-
	-	**0.18**	**-**	**-**	**-**	**-**	**-**	**84.57**	**-**

(iv) Financial liabilities not measured at fair value but in respect of which fair value is as follows:

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:						
Borrowings	4397.71	4243.79	6364.51	6189.98	3811.79	3819.76
Total financial liabilities	**4397.71**	**4243.79**	**6364.51**	**6189.98**	**3811.79**	**3819.76**

(v) Valuation technique used to determine fair value

(a) Non-current financial assets represent security deposits which do not have a fixed maturity period. These are primarily in the nature of utility deposits and hence carrying value is considered as fair values on the reporting period.

(b) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of loans to employees are considered to be approximately equal to the fair value.

(c) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

(vi) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Note 46: Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk, liquidity risk and other risk.

(A) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments carried at amortised cost.

Financial instruments that are subjected to credit risk and concentration thereof principally consist trade receivables, loans receivables, investments, cash and cash equivalents and derivatives held by the Company. None of the financial instruments of the Company results in material concentration of credit risk.

i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 45 to 90 days' credit terms. The Company has a detailed review mechanism of overdue trade receivables at various levels within the organisation to ensure proper attention and focus for realisation, and recognises provision on trade receivables which it belives to be doubtful of recovery. Further the Company receives security deposits on selected basis from its customers

(Rupees in lakhs, unless otherwise stated)

Note 46: Financial risk management (Contd.)

which mitigate the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

Ageing of trade receivables

Particulars	Not past due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st Mar 2018	5854.39	4490.84	297.76	34.78	30.73	10647.04
Trade receivables as at 31st Mar 2017	5289.60	3698.90	148.87	31.53	26.35	9142.55
Trade receivables as at 1st Apr 2016	4677.23	3464.32	8.98	89.51	-	8240.04

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's managements on a periodical basis, and are updated subject to approval of the management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2018, 31st March, 2017 and 1st April, 2016 is the carrying amounts as indicated in Note 46B.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by ensuring availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities indicated below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
- Expiring within one year (bank overdraft and other facilities)	1605.78	4677.45	2100.21
	1605.78	**4677.45**	**2100.21**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables given on the following page analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 46: Financial risk management (Contd.)

Contractual maturities of financial liabilities 31st March, 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	14375.24	2916.69	-	-	17291.93
Trade payables	9662.35	-	-	-	9662.35
Interest on borrowings	313.25	306.09	-	-	619.34
Unpaid dividends	24.81	-	-	-	24.81
Deposits from customers and suppliers	784.93	-	-	-	784.93
Employee benefits payable	649.28	-	-	-	649.28
Liabilities for purchases of capital assets	456.76	-	-	-	456.76
Derivative liabilities	0.18	-	-	-	0.18
Other payables	473.88	-	-	-	473.88
Total financial liabilities	**26740.68**	**3222.78**	**-**	**-**	**29963.46**

Contractual maturities of financial liabilities 31st March, 2017	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	11691.50	4495.56	500.00	-	16687.06
Trade payables	7286.35	-	-	-	7286.35
Interest on borrowings	496.68	638.52	14.90	-	1150.10
Unpaid dividends	21.08	-	-	-	21.08
Deposits from customers and suppliers	481.87	-	-	-	481.87
Employee benefits payable	519.23	-	-	-	519.23
Liabilities for purchases of capital assets	789.98	-	-	-	789.98
Other payables	686.90	-	-	-	686.90
Total financial liabilities	**21973.59**	**5134.08**	**514.90**	**-**	**27622.57**

Contractual maturities of financial liabilities 1st April 2016	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	13239.20	2233.72	138.66	-	15611.58
Trade payables	5649.82	-	-	-	5649.82
Interest on borrowings	297.65	264.22	5.11	-	566.98
Unpaid dividends	20.18	-	-	-	20.18
Deposits from customers and suppliers	252.75	-	-	-	252.75
Employee benefits payable	475.63	-	-	-	475.63
Liabilities for purchases of capital assets	208.08	-	-	-	208.08
Derivative liabilities	84.57	-	-	-	84.57
Other payables	781.14	-	-	-	781.14
Total financial liabilities	**21009.02**	**2497.94**	**143.77**	**-**	**23650.73**

(C) Market risk

The Company's business operations expose it to the risk that the fair value or future cash fows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices.

(i) Foreign currency risk

The Company deals with foreign currency loan, trade receivables, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and a portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers

(Rupees in lakhs, unless otherwise stated)

Note 46: Financial risk management (Contd.)

in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company also enters into forward contracts for managing its exposure to such foreign currency risk. The Company manages the exposure of foreign exchange fluctuation in borrowings by entering into derivatives contracts.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), is as follows:

	As at 31st March, 2018				As at 31st March, 2017				As at 1st April, 2016			
	USD	EUR	GBP	YEN	USD	EUR	GBP	YEN	USD	EUR	GBP	YEN
Financial assets												
Trade receivables	2087.81	14.75	71.66	-	1947.83	-	26.70	-	2240.41	47.29	64.92	-
Derivatives	(2607.20)	-	-	-	(2204.90)	-	-	-	(2517.88)	-	-	-
Financial liabilities												
Long-term borrowings	692.59	-	-	-	964.79	-	-	-	1703.97	-	-	-
Short-term borrowings	-	-	-	-	1499.08	-	-	-	1484.21	-	-	-
Trade payables	3502.06	2010.42	-	219.60	2054.54	1321.82	-	207.77	1985.58	1025.67	-	112.06
Derivatives	(1494.20)	-	-	-	(2763.22)	(144.33)	-	-	(3456.65)	(77.68)	-	-
Net exposure to foreign currency risk	**(3219.84)**	**(1995.67)**	**71.66**	**(219.60)**	**(2012.26)**	**(1177.49)**	**26.70**	**(207.77)**	**(1994.58)**	**(900.70)**	**64.92**	**(112.06)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
USD sensitivity				
INR depreciates by 8% (31st March, 2017 - 5%)*	(257.59)	(100.61)	(168.44)	(65.79)
INR appreciates by 8% (31st March, 2017 - 5%)*	257.59	100.61	168.44	65.79
EURO sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	(59.87)	(35.32)	(39.15)	(23.10)
INR appreciates by 3% (31st March, 2017 - 3%)*	59.87	35.32	39.15	23.10
GBP sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	2.15	0.80	1.41	0.52
INR appreciates by 3% (31st March, 2017 - 3%)*	(2.15)	(0.80)	(1.41)	(0.52)
Yen sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	(6.59)	(6.23)	(4.31)	(4.07)
INR appreciates by 3% (31st March, 2017 - 3%)*	6.59	6.23	4.31	4.07

*Assuming all other variables to be constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2018 and 31st March, 2017, the Company's borrowings at variable rate were mainly denominated in INR.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 46: Financial risk management (Contd.)

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On financial liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Variable rate borrowings	3683.57	3681.38	4279.21
Fixed rate borrowings	13608.62	13012.68	11332.37
Total borrowings	**17291.93**	**16687.06**	**15611.58**

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

	Impact on profit before tax		Impact on other components of equity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Interest expense rates – increase by 50 basis points (50 bps)*	(18.42)	(18.41)	(12.04)	(12.04)
Interest expense rates – decrease by 50 basis points (50 bps)*	18.42	18.41	12.04	12.04

* Assuming all other variables to be constant

(iii) Price risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The Company's Board of Directors reviews and approves all investment decisions.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Company's equity.

Particulars	Impact on other components of equity (before tax)		
	31st March, 2018	31st March, 2017	1st April, 2016
Share price - Increase 5%(5%)*	101.79	83.23	61.83
Share price - Decrease 5%(5%)*	(101.79)	(83.23)	(61.83)

* Assuming all other variables to be constant

(iv) Agricultural risk

Cultivation of potato seeds and standing crops being an agricultural activity, there are certain specific financial risks. These financial risks arise mainly due to adverse weather conditions, logistic problems inherent to remote areas, and fluctuation of selling price of finished goods (potato seeds and standing crops) due to increase in supply/availability.

The Company manages the above financial risks in the following manner:

a) Sufficient inventory levels of agro chemicals, fertilizers and other inputs are maintained so that timely corrective action can be taken in case of adverse weather conditions.

b) The Company manages this risk by aligning its production to anticipated demand and taking early corrective steps to recognise and dispose excess stocks.

(Rupees in lakhs, unless otherwise stated)

Note 47: Segment reporting

The Company's operating segments are organised and managed through the respective business managers, according to the nature of products manufactured and sold with each segment representing a strategic business unit. These business units' performance are reviewed by the board of directors of the Company.

The reporting segments of the Company are as below:

(i) Laminates: Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption) and trading of Papers and Chemicals.

(ii) Panel Products and Furniture - Comprises manufacturing and selling of furnitures, panel boards and related products.

(iii) Potato Flakes - This segment comprises manufacturing and sale of potato flakes and ready mixes.

Summary of the segmental information for the year ended / as at, 31st March, 2018 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	55071.95	15478.63	5262.45	6586.40		82399.43
Inter segment sales	3480.42				(3480.42)	-
	58552.37	**15478.63**	**5262.45**	**6586.40**	**(3480.42)**	**82399.43**
Segment results [profit/(loss) before interest and tax]	11510.22	874.87	(71.86)	(1460.45)		10852.78
Finance cost						1368.76
Profit before tax						**9484.02**
Non cash expenses other than depreciation and amortisation	26.32	8.02	1.51	14.59		50.44
Segment assets	40634.07	14767.57	3788.21	13034.84		72224.69
Segment liabilities	8798.74	1412.96	565.93	22932.77		33710.40
Segment capital expenditure	3369.52	978.58	120.12	44.29		4512.51
Segment depreciation and amortisation	1771.25	516.55	359.31	107.28		2754.39

Summary of the segmental information for the year ended / as at 31st March 2017 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	52561.19	14700.28	4803.11	5763.37		77827.95
Inter segment sales	2959.96	-	-	-	(2959.96)	-
	55521.15	**14700.28**	**4803.11**	**5763.37**	**(2959.96)**	**77827.95**
Segment results [profit/(loss) before interest and tax]	13286.67	676.10	(979.62)	(1569.33)		11413.82
Finance cost						1074.86
Profit before tax						**10338.96**
Non cash expenses other than depreciation and amortisation	42.92	77.65	0.13	9.49		130.19
Segment assets	33076.52	13122.65	4175.61	12189.66		62564.44
Segment liabilities	6923.88	1712.90	708.14	21352.57		30697.49
Segment capital expenditure	8141.81	1065.71	400.30	158.22		9766.04
Segment depreciation and amortisation	1261.18	381.71	314.13	97.74		2054.76

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
India	59019.30	55689.88
Outside India	16793.73	16374.70
	75813.03	**72064.58**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 47: Segment reporting (Contd.)

(b) Carrying amount of segment assets:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
India	59189.85	48517.57
Outside India	2300.89	1857.21
	61490.74	**50374.78**

Entity wide disclosures

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March, 2018 and 31st March, 2017. No material property, plant and equipment of the Company (excluding financial assets) are located outside India.

Note 48 : Related parties disclosure

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

i) List of related parties where control exists and of other related parties with their relationship:

SN	Name	Relationship
a)	**Where control exists :**	
	Merino Panel Products Limited	Subsidiary Company
b)	**Key management personnel (KMP)**	
	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. Gautam Bhattacharjee	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Sujitendra Krishna Dev	Independent Director
	Mr. Amarnath Roy (expired on 12-06-2017)	Independent Director
	Mr. Asok Kumar Parui	Chief Financial Officer
	Mrs. Sumana Roychowdhury	Company Secretary (resigned with effect from 20.05.2018)

c)	Relatives of KMP	Relationship	Relatives of KMP	Relationship
	Mrs. Tara Devi Lohia	Wife of Mr. Champa Lal Lohia	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Mr. Deepak Lohia	Son of Mr. Champa Lal Lohia	Mrs. Praveena Lohia	Wife of Mr. Rup Chand Lohia
	Ms. Usha Lohia	Daughter of Mr. Champa Lal Lohia	Mrs. Meghna Lohia	Wife of Mr. Prasan Lohia
	Mrs. Nayantara Agarwal	Daughter of Mr. Champa Lal Lohia	Mr. Manoj Lohia	Son of Mr. Rup Chand Lohia
	Mrs. Asha Mundhra	Daughter of Mr. Champa Lal 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 Singi	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
	Mrs. Neera Lohia	Wife of Mr. Prakash Lohia	Mr. Anurag Lohia	Son of Mr. Bikash Lohia
	Mrs. Mita Lohia	Wife of Mr. Madhusudan Lohia		

d) **Entities over which KMP together with their relatives have significant influence :**

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

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 48: Related parties disclosures (Contd.)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
1	Merino Panel Products Limited	Subsidiary	99.55	-	30.42	Trade receivables	Revenue from operations	2602.94	2310.54
			-	-	-	-	Sale of tangible assets and intangible assets	8.50	-
			-	-	-	-	Purchase of tangible assets and intangible assets	0.23	7.91
			-	289.46	-	Trade payables	Purchases / material consumed	2483.00	2361.41
			-	-	-	-	Royalty on trade mark received	0.59	0.57
			-	-	-	-	Rent, other charges and reimbursement paid	1.13	2.69
			256.65	261.69	206.75	Other financial assets	Rent, other charges and reimbursement received	367.08	282.02
			149.30	149.30	149.30	Investment	Dividend received	156.76	156.76
2	Merino Exports Private Limited	Entities over which KMP together with their relatives have significant influence	-	0.04	0.73	Trade receivables	Revenue from operations	0.22	1.12
			0.25	2.30	-	Trade payables	Rent, other charges and reimbursement paid	121.26	129.81
			2015.83	1645.04	1219.90	Investment	Dividend paid	107.30	107.30
			-	-	-	-	Interest paid on loan	165.20	220.08
			-	-	-	-	Loan taken	3849.00	4980.00
			-	-	-	-	Loan repaid	3849.00	4980.00
3	Merino Services Limited	Entities over which KMP together with their relatives have significant influence	73.03	88.68	-	Trade payables	Professional fees	219.80	108.91
			-	-	-	-	Royalty on trade mark received	0.29	0.29
			-	-	-	-	Purchase of tangible assets and intangible assets	-	191.69
			-	-	-	-	Rent, other charges and reimbursement paid	227.70	307.80
			-	-	-	-	Rent, other charges and reimbursement received	2.35	0.22
			12.76	10.97	9.42	Investment	Dividend paid	11.20	11.20

Note 48: Related parties disclosures (Contd.)

(Rupees in lakhs, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
4	Kasturibai Gopi Babu Cold Storage Private Limited	Entities over which KMP together with their relatives have significant influence	5.34	0.02	45.50	Trade receivables	Revenue from operations	8.86	3.69
			-	-	-	-	Sale of tangible assets	0.13	-
			-	-	-	-	Purchases / material consumed	6.37	-
			536.93	495.65	452.47	Trade payables	Rent, other charges and reimbursement paid	564.34	549.82
			-	-	-	-	Rent, other charges and reimbursement received	0.26	-
5	Man Kumar Lohia and Brothers	Entities over which KMP together with their relatives have significant influence	1.43	1.20	0.86	Trade payables	Rent, other charges and reimbursement paid	86.48	80.08
			36.80	50.40	50.40	Security deposit	Refund of security deposit	13.60	-
6	Usha Agro Farm	Entities over which KMP together with their relatives have significant influence	0.89	0.81	-	Trade receivables	Revenue from operations	1.20	0.81
			-	3.63	3.02	Trade payables	Purchases / material consumed	8.27	3.63
			-	-	-	-	Rent, other charges and reimbursement paid	28.87	25.41
7	Sri Hara Kasturi Memorial Trust	Entities over which KMP together with their relatives have significant influence	2.75	1.07	2.42	Trade receivables	Revenue from operations	16.00	2.62
			-	-	-	-	Sale of tangible assets	0.30	-
			-	-	-	-	Rent, other charges and reimbursement paid	-	0.08
			-	-	-	-	Rent, other charges and reimbursement received	-	0.01
							Donation for corporate social responsibility expenditure	101.17	64.00
			-	-	-	-	Donation made	188.83	600.00
8	Sri Man Kumar Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-	-	Corpus donation for corporate social responsibility expenditure	70.00	17.00
			-	-	-	-	Donation made	100.00	183.00

Note 48: Related parties disclosures (Contd.)

(Rupees in lakhs, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
9	Anupriya Marketing	Entities over which KMP together with their relatives have significant influence	-	-	-	-	Revenue from operations	-	2.70
			1.53	0.05	7.67	Trade payables	Marketing service provider fees	21.49	21.22
10	Shri Champa Lal Lohia	KMP	-	-	-	-	Director's remuneration	131.24	117.31
			-	-	-	-	Dividend paid	12.89	12.89
11	Shri Rup Chand Lohia	KMP	-	-	-	-	Director's remuneration	75.49	67.54
			-	-	-	-	Dividend paid	7.18	7.18
12	Shri Prakash Lohia	KMP	-	-	-	-	Director's remuneration	113.49	147.87
			-	-	-	-	Dividend paid	34.68	19.80
13	Shri Bikash Lohia	KMP	-	-	-	-	Director's remuneration	98.98	85.06
			-	-	-	-	Dividend paid	22.41	22.41
			-	-	-	-	Land rent paid	0.72	-
14	Shri Prasan Lohia	KMP	-	-	-	-	Director's remuneration	99.72	85.07
			-	-	-	-	Dividend paid	6.06	6.06
15	Ms. Ruchira Lohia	KMP	-	-	-	-	Director's remuneration	99.72	85.07
			-	-	-	-	Dividend paid	17.80	17.80
16	Shri Madhusudan Lohia	KMP	-	-	-	-	Director's remuneration	88.82	78.31
			-	-	-	-	Dividend paid	10.38	10.38
17	Shri Nripen Dugar	KMP	-	-	-	-	Director's remuneration	64.36	51.44
			-	-	-	-	Dividend paid	0.02	0.02
18	Shri Asok Kumar Parui	KMP	-	-	-	-	Salary	22.18	19.76
19	Mrs. Sumana Roychowdhury	KMP	-	-	-	-	Salary	7.03	6.12
20	Shri Gautam Bhattacharya	Independent Director	-	-	-	-	Sitting fees	2.20	1.80
21	Shri Sisir Kumar Chakraborty	Independent Director	-	-	-	-	Sitting fees	1.00	1.20
22	Shri Sujitendra Krishna Deb	Independent Director	-	-	-	-	Sitting fees	0.30	1.20
23	Shri Amarnath Roy	Independent Director	-	-	-	-	Sitting fees	0.10	1.60
24	Mrs. Tara Devi Lohia	Relatives of KMP	-	-	-	-	Dividend paid	8.44	8.44
25	Shri Deepak Lohia	Relatives of KMP	-	-	-	-	Dividend paid	21.53	21.53
			-	-	-	-	Land rent paid	2.95	2.60

(Rupees in lakhs, unless otherwise stated)

Note 48: Related parties disclosures (Contd.)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstand-ing as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
26	Mrs. Sashi Lohia	Relative of KMP	-	-	-	-	Dividend paid	3.50	3.50
27	Ms. Usha Lohia	Relative of KMP	-	-	-	-	Dividend paid	5.60	5.60
28	Mrs. Nayantara Agarwal	Relative of KMP	-	-	-	-	Dividend paid	2.80	2.80
			-	-	-	-	Land rent paid	3.12	2.74
29	Mrs. Asha Mundhra	Relative of KMP	-	-	-	-	Dividend paid	0.08	0.08
			-	-	-	-	Land rent paid	2.39	2.11
30	Shri Anurag Lohia	Relative of KMP	-	-	-	-	Land rent paid	2.46	-
31	The Estate of Late Man Kumar Lohia	Estate of the KMP	-	-	-	-	Dividend paid	-	14.88
32	Mrs. Sita Devi Lohia	Relative of KMP	-	-	-	-	Dividend paid	5.72	5.72
33	Mrs. Uma Singhi	Relative of KMP	-	-	-	-	Dividend paid	3.71	3.71
			-	-	-	-	Land rent paid	3.08	2.71
34	Mrs. Kiran Maheswari	Relative of KMP	-	-	-	-	Land rent paid	3.12	2.74
35	Mrs. Neera Lohia	Relative of KMP	-	-	-	-	Dividend paid	10.46	10.46
			-	-	-	-	Office rent	6.54	4.71
36	Mrs. Mita Lohia	Relative of KMP	-	-	-	-	Office rent	6.55	4.72
37	Mrs. Sheela Lohia	Relative of KMP	-	-	-	-	Dividend paid	4.11	4.11
38	Mrs. Praveena Lohia	Relative of KMP	-	-	-	-	Dividend paid	6.29	6.29
39	Mrs. Meghna Lohia	Relative of KMP	-	-	-	-	Dividend paid	9.26	9.26
40	Shri Manoj Lohia	Relative of KMP	-	-	-	-	Dividend paid	7.50	7.50
41	Shri Abhiroop Lohia	Relative of KMP	-	-	-	-	Dividend paid	7.00	7.00
42	Ms. Anuja Lohia	Relative of KMP	-	-	-	-	Dividend paid	1.75	1.75
43	Mrs. Vandana Lohia	Relative of KMP	-	-	-	-	Dividend paid	10.44	10.44

KMP compensation other than independent directors	31st March, 2018	31st March, 2017
Short-term employee benefits	773.14	739.98
Post-employment benefits	27.89	3.57
Total compensation	**801.03**	**743.55**

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 49: First time adoption

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2, have been applied in preparing the financial statements for the year ended 31st March, 2018, with the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS Balance Sheet at 1st April, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set below are the applicable Ind ASs optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind ASs.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Investments in subsidiaries, joint ventures and associates

Ind AS 101 permits a first-time adopter to measure its investments in subsidiaries, joint ventures and associates at deemed cost. The deemed cost of such an investment could be either (a) its fair value at the date of transition; or (b) previous GAAP carrying amount on that date. The option may be exercised individually and separately for each item of investment.

Accordingly, the Company has opted to measure its investments in subsidiary at deemed cost, i.e. previous GAAP carrying amount

A.1.3 Long-term foreign currency monetary items

Ind AS 101 allows that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, the Company has elected to continue with the policy adopted by it under the previous GAAP for accounting for exchange differences arising from translation of aforesaid long-term foreign currency monetary items.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

The Company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as on the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS on the date of transition as these were not required under previous GAAP:

Investment in equity instruments carried at FVOCI.

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 49: First time adoption (Contd.)

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that existed at the date of transition to Ind AS.

A.2.3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile total equity, total comprehensive income, statement of cash flows, standalone balance sheet and standalone statement of profit and loss for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Reconciliation of total equity

Particulars	Notes	As at 1st April, 2016
Equity as per previous GAAP		**23586.33**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C2	1233.15
Recognition of biological assets	C3	28.77
Adjustment on account of fair valuation of derivatives	C5	(146.95)
Transaction cost on borrowing recognised as per EIR approach	C6	23.94
Restatement of borrowings	C6	(14.90)
Balance of equity as on 1st April 2016 as per Ind AS (before tax)		**24710.34**
Tax impact on the above	C9	295.94
Balance of Equity as per Ind AS		**24414.40**

Particulars	Notes	As at 31st March, 2017
Equity as per previous GAAP		**30009.22**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C2	1661.14
Recognition of biological assets	C3	61.43
Adjustment on account of fair valuation of derivatives	C5	181.46
Transaction cost on borrowing recognised as per EIR approach	C6	23.94
Amortisation of transaction cost on borrowings	C6	(10.97)
Restatement of borrowings	C6	5.80
Revaluation reserve adjusted in IGAAP now recognised	C7	441.87
Balance of equity as on 31st March 2017 as per Ind AS (before tax)		**32373.89**
Tax impact on the above	C9	506.94
Balance of Equity as per Ind AS		**31866.95**

(Rupees in lakhs, unless otherwise stated)

Note 49: First time adoption (Contd.)

B.2 Reconciliation of total comprehensive income

Particulars	Notes	Year ended 31st March, 2017
Net profit as per previous GAAP		**7268.27**
Re-measurements on transition to Ind AS		
Recognition of biological assets	C3	32.66
Adjustment on account of fair valuation of derivatives	C5	328.41
Amortisation of transaction cost on borrowings	C6	(10.97)
Restatement of borrowings	C6	20.70
Remeasurement of post employement benefits	C8	4.90
Others	C11	1.40
Tax impact on above adjustments	C9	(114.33)
Net Profit as per Ind AS		**7531.04**
Other comprehensive income		326.42
Total comprehensive income as per Ind AS		**7857.46**

B.3 Reconciliation of statement of cash flows :

Particulars	Year ended 31st March, 2017		
	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
Net cash generated from operating activities	9212.27	0.06	9212.33
Net cash used in investing activities	(8973.99)	-	(8973.99)
Net cash used in financing activities	(535.29)	-	(535.29)
Net increase/(decrease) in cash and cash equivalents	(297.01)	0.06	(296.95)
Cash and cash equivalents as at 1st April, 2016	1120.95	(0.49)	1120.46
Cash and cash equivalents as at 31st March, 2017	823.94	(0.43)	823.51

B.4 Effect of Ind AS adoption on the standalone balance sheet as at 31st March, 2017 and 1st April, 2016

Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet
ASSETS							
(1) Non-current assets							
(a) Property, plant and equipment	C1 and 7	24891.35	550.54	25441.89	18455.98	114.76	18570.74
(b) Capital work-in-progress		1599.78	-	1599.78	1729.36	-	1729.36
(c) Other intangible assets		212.51	-	212.51	52.82	-	52.82
(d) Intangible assets under development		-	-	-	59.33	-	59.33
(e) Financial assets							
(i) Investments	C2	152.82	1661.14	1813.96	152.82	1233.15	1385.97
(ii) Loans	C5	200.49	-	200.49	317.23	(106.91)	210.32
(f) Other non-current assets		1227.03	-	1227.03	388.67	-	388.67
Total non-current assets		**28283.98**	**2211.68**	**30495.66**	**21156.21**	**1241.00**	**22397.21**
(2) Current assets							
(a) Inventories		18562.84		18562.84	16914.84	-	16914.84
(b) Biological assets other than bearer plants	C3	423.61	61.43	485.04	361.71	28.77	390.48

Notes to the Standalone Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 49: First time adoption (Contd.)

Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet
(c) Financial assets							
(i) Trade receivables	C4	8892.55	250.00	9142.55	8240.04	-	8240.04
(ii) Cash and cash equivalents		823.51	-	823.51	1120.46	-	1120.46
(iii) Other bank balances		38.67	-	38.67	37.87	-	37.87
(iv) Loans		222.04	-	222.04	218.64	-	218.64
(v) Other financial assets	C5	276.52	183.98	460.50	223.43	45.21	268.64
(d) Current tax assets		85.79	-	85.79	-	-	-
(e) Other current assets	C5	2250.35	(2.51)	2247.84	1564.58	(2.09)	1562.49
Total current assets		**31575.88**	**492.90**	**32068.78**	**28681.57**	**71.89**	**28753.46**
Total assets		**59859.86**	**2704.58**	**62564.44**	**49837.78**	**1312.89**	**51150.67**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		1047.03	-	1047.03	1047.03	-	1047.03
(b) Other equity	C1 to 13	28962.19	1857.73	30819.92	22539.30	828.07	23367.37
Total equity		**30009.22**	**1857.73**	**31866.95**	**23586.33**	**828.07**	**24414.40**
Liabilities							
(1) Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	C6	5012.67	(17.11)	4995.56	2383.28	(10.90)	2372.38
(b) Deferred tax liabilities (net)	C9	1792.52	506.95	2299.47	1354.21	295.95	1650.16
(c) Other non-current liabilities	C1	-	108.67	108.67	-	114.76	114.76
Total non-current liabilities		**6805.19**	**598.51**	**7403.70**	**3737.49**	**399.81**	**4137.30**
(2) Current liabilities							
(a) Financial liabilities							
(i) Borrowings	C4	10072.55	250.00	10322.55	11799.79	-	11799.79
(ii) Trade payables		7286.35	-	7286.35	5649.82	-	5649.82
(iii) Other financial liabilities	C5	3913.45	(20.45)	3893.00	3230.24	86.43	3316.67
(b) Employee benefit obligations		224.39	-	224.39	175.31	-	175.31
(c) Other current liabilities	C11	1548.71	18.79	1567.50	1297.43	(1.42)	1296.01
(d) Current tax liabilities		-	-	-	361.37	-	361.37
Total current liabilities		**23045.45**	**248.34**	**23293.79**	**22513.96**	**85.01**	**22598.97**
Total liabilities		**29850.64**	**846.85**	**30697.49**	**26251.45**	**484.82**	**26736.27**
Total equity and liabilities		**59859.86**	**2704.58**	**62564.44**	**49837.78**	**1312.89**	**51150.67**

B.5 Effect of Ind AS adoption on the standalone profit and loss for the year ended 31st March, 2017

Particulars	Refer Note C	Year ended As at 31st March, 2017		
		Previous GAAP	Transition effect	Ind AS
INCOME				
Revenue from operations	C11	71041.99	4994.08	76036.07
Other income	C5	1689.46	102.42	1791.88
TOTAL INCOME		**72731.45**	**5096.50**	**77827.95**
EXPENSES				
Cost of materials consumed	C12	30064.38	(254.18)	29810.20
Purchase of stock-in-trade		5445.93	-	5445.93
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	C3	(302.37)	(32.66)	(335.03)
Excise duty	C11	-	5404.92	5404.92
Employee benefits expense	C8	7787.54	(4.90)	7782.64

(Rupees in lakhs, unless otherwise stated)

Note 49: First time adoption (Contd.)

Particulars	Refer Note C	Year ended As at 31st March, 2017		
		Previous GAAP	Transition effect	Ind AS
Finance costs	C6	1063.89	10.97	1074.86
Depreciation and amortisation expense	C1	2048.67	6.09	2054.76
Other expenses	C11	16661.55	(410.84)	16250.71
TOTAL EXPENSES		**62769.59**	**4719.40**	**67488.99**
Profit before Tax		**9961.86**	**377.10**	**10338.96**
Tax expense				
- Current tax		2255.28	-	2255.28
- Deferred tax		438.31	114.33	552.64
Total tax expenses		**2693.59**	**114.33**	**2807.92**
Profit for the year from continuing operations		**7268.27**	**262.77**	**7531.04**
Other comprehensive income	C13			
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations		-	(4.90)	(4.90)
Changes in fair value of FVOCI equity instruments		-	427.99	427.99
Income tax relating to these items		-	(96.67)	(96.67)
Total other comprehensive income for the year, net of tax		**-**	**326.42**	**326.42**
Total comprehensive income for the year		**7268.27**	**589.19**	**7857.46**

C. Notes on reconciliation of previous GAAP and Ind AS :

C1: Property, plant and equipment / government grants

Under previous GAAP, Goverments grants related to specific fixed assets were deducted from gross value of related assets by the Company. As per Ind AS 16 these have been recognised at fair value as income and are credited to statement of profit and loss on a straight line basis over the expected usefull life of the related assets.

C2: Investments in equity shares

The company also holds investment in equity shares of entities other than that in the subsidiary company and associate companies. Under previous GAAP such investments were measured at cost.

As per Ind AS 109, these investments (other than that in the subsidiary company) have been measured at fair value. The company has categorised these investments as fair value through other comprehensive income (FVOCI) and any changes in fair value of those investment have been recognised in other comprehensive income.

C3: Biological assets

Under previous GAAP, biological assets other than bearer plants were recorded under inventories.

C4: Trade receivables

Under previous GAAP, Channel finance facility (bills discounting facility) was shown under contingent liabilities.

Under Ind AS, bills discounting facility under channel finance has been considered as borrowing.

C5: Fair valuation of derivative

Under the previous GAAP, the Company applied the requirements of Accounting Standard 11. The effects of changes in foreign exchange rates to account for swap entered for hedging foreign exchange risk related to recognised borrowings have been considered appropriately. At the inception, the forward premium was separated and amortised as expense over the tenure of the derivative.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in statement of profit and loss. Hence the Company has recognised derivatives at their fair value in retained earning at the date of transition and subsequently in statement of profit and loss.

C6: Borrowings at effective interest rate and restatement

Under previous GAAP borrowing costs were recognised as per AS-16 (Borrowing cost).

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the

Note 49: First time adoption (Contd.)

borrowing as part of the interest expense by applying the effective interest rate method. Hence the Company has measured its borrowings as per the above requirement of Ind AS 109 by adjusting the transaction cost with borrowing and interest expense has been recognised as per effective interest rate. Further foreign borrowings are recognised at its closing exchange rate for the period. The adjustment on the date of transition is made in retained earning and subsequent adjustments are made in statement of profit and loss.

C7: Revaluation reserve

The Company has opted to recognise property, plant and equipment as per previous GAAP's carrying amount on the date of transition. Hence the revaluation reserve subsequently adjusted in the previous GAAP has been reversed.

C8: Employee benefits

In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plan are recognised in other comprehensive income as compared to the statement of profit and loss under the Previous GAAP.

C9: Deferred taxes

In accordance with Ind AS 12, "Income Taxes", the Company on transition to Ind AS has recognised deferred tax on temporary differences, i.e. based on balance sheet approach as compared to the earlier approach of recognising deferred taxes on timing differences , i.e. profit and loss approach. The tax impacts as above primarily represent deferred tax consequences arising out of Ind AS re-measurement changes.

C10: Retained earnings

Retained earnings as at 1st April, 2016 have been adjusted consequent to the above Ind AS transition adjustments.

C11: Revenue from operations

Excise duty, under previous GAAP, was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed separately as an expense in the statement of profit and loss.

Under previous GAAP, scheme related expenses were recorded under advertisement, publicity and sales promotion, whereas under Ind AS, they are reflected, as adjustments, in revenue for sale of products. The revenue related to unmet scheme obligation is deferred and adjusted in the year when such liability is discharged.

Under previous GAAP, government grants were accounted by way of adjustment against the cost of the related assets for which the grants were received whereas under Ind AS government grants are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

C12: Cost of materials consumed

Discount received on purchases, under previous GAAP, was considered separately as an other income, whereas under Ind AS, it has been netted off with consumption in the statement of profit and loss.

C13: Other comprehensive income

Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified income, expense, gains and losses are presented under OCI.

C14: Statement of cash flow

The transition from Indian GAAP to Ind AS did not have any material impact on the statement of cash flow.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

The accompanying notes numbered 1 to 49 are an integral part of the financial statements.

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Ten Years at a Glance

(Rupees in lakhs, unless otherwise stated)

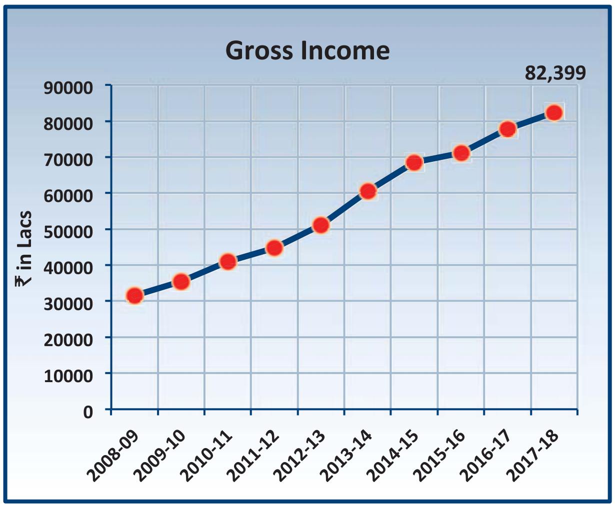
Operating results for Ten Years at a Glance

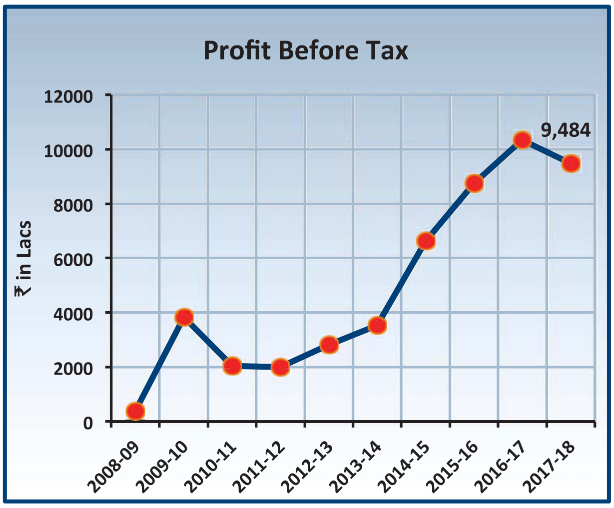
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	As per previus GAAP								As per Ind AS	
Gross income	31522.85	35499.27	41073.52	44718.85	51108.91	60467.90	68550.14	71169.66	77827.95	82399.43
Gross expenditure	29063.34	29901.95	37133.90	40449.17	45524.11	54190.59	58942.25	59415.61	64359.37	68792.26
Finance costs	1230.57	856.61	916.09	1176.24	1399.33	1293.50	1365.19	1339.85	1074.86	1368.76
Profit before depreciation	**1228.94**	**4740.71**	**3023.53**	**3093.44**	**4185.47**	**4983.81**	**8242.70**	**10414.20**	**12393.72**	**12238.41**
Depreciation	852.80	921.15	977.80	1091.92	1360.55	1458.24	1605.20	1673.38	2054.76	2754.39
Profit before tax and extraordinary item	**376.14**	**3819.56**	**2045.73**	**2001.52**	**2824.92**	**3525.57**	**6637.50**	**8740.82**	**10338.96**	**9484.02**
Extraordinary item	-	1741.36	(1521.19)	-	-	-	-	-	-	-
Tax - current tax	250.00	625.00	1133.27	621.20	715.00	1234.61	2080.19	2602.16	2255.28	2260.93
-Fringe benefit tax	41.50	5.76	3.44	(9.30)	-	-	-	-	-	-
-Deferred tax charge / (credit)	(58.62)	1.26	50.89	(38.72)	113.80	96.02	283.36	232.54	552.64	472.04
Profit after tax	**143.26**	**1446.18**	**2379.32**	**1428.34**	**1996.12**	**2194.94**	**4273.95**	**5906.12**	**7531.04**	**6751.05**
Dividend (including tax)	-	492.22	155.54	228.32	155.54	166.12	170.68	404.91	404.91	404.91
Retained profits	**143.26**	**953.96**	**2223.78**	**1200.02**	**1840.58**	**2028.82**	**4103.27**	**5501.21**	**7126.13**	**6346.14**
Earnings per share (rs.)	**1.38**	**13.95**	**22.94**	**13.77**	**19.25**	**21.17**	**41.22**	**56.96**	**72.63**	**65.10**

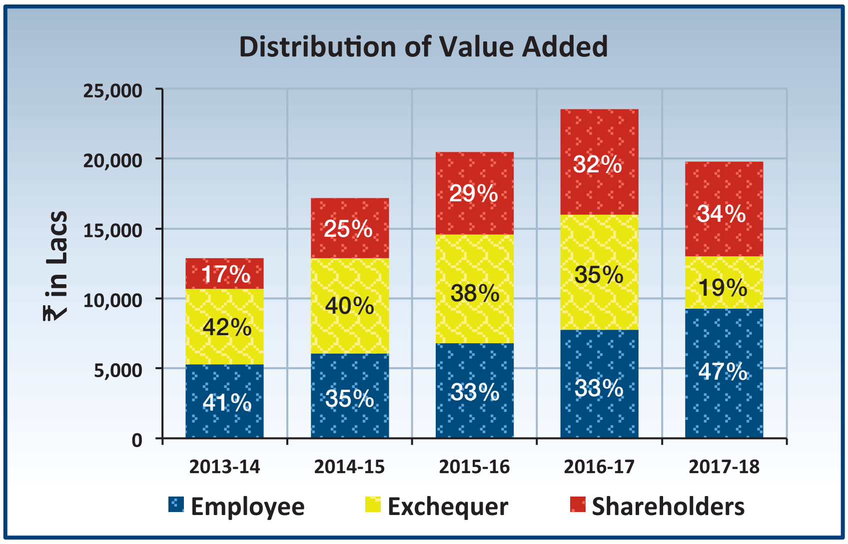
Year-end financial position for Ten Years at a Glance

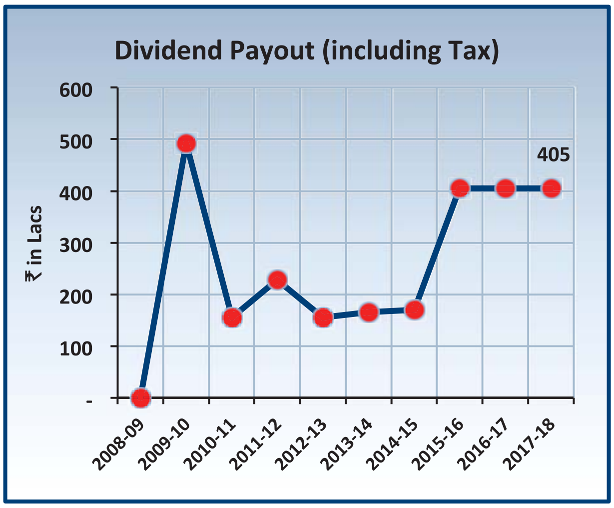
	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	As per previus GAAP							As per Ind AS		
SOURCES OF FUNDS										
Share capital	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03	1047.03
Reserves and surplus	4759.04	5707.54	7926.40	9121.95	10958.42	12983.45	17038.27	23367.37	30819.92	37467.26
Equity	**5806.07**	**6754.57**	**8973.43**	**10168.98**	**12005.45**	**14030.48**	**18085.30**	**24414.40**	**31866.95**	**38514.29**
Long-term loan	2923.28	1971.82	714.71	2881.22	2309.14	2741.09	2116.00	2372.38	4995.56	2916.69
Bank borrowings	8967.38	6959.70	8875.23	8867.04	7732.26	6511.37	8065.24	8399.79	5822.55	8894.22
Short-term loan	1706.50	2332.38	1899.97	3077.63	3678.93	4095.07	4883.01	3400.00	4500.00	4000.00
Loan funds	**13597.16**	**11263.90**	**11489.91**	**14825.89**	**13720.33**	**13347.53**	**15064.25**	**14172.17**	**15318.11**	**15810.91**
Deferred tax liability(net)	615.07	616.33	667.22	628.50	742.30	838.32	1121.67	1650.16	2299.47	2875.23
Funds available	**20018.30**	**18634.80**	**21130.56**	**25623.37**	**26468.08**	**28216.33**	**34271.22**	**40236.73**	**49484.53**	**57200.43**
APPLICATION OF FUNDS										
Property, plant and equipment	12835.74	14698.84	16448.72	19592.96	21726.63	22874.12	26993.74	20412.25	29303.84	34668.47
Depreciation	4628.24	5321.74	6263.14	7350.71	8565.22	9837.35	11072.96	-	2049.66	4667.22
Fixed asstes (net)	**8207.50**	**9377.10**	**10185.58**	**12242.25**	**13161.41**	**13036.77**	**15920.78**	**20412.25**	**27254.18**	**30001.25**
Investments	152.92	152.82	152.82	152.82	152.82	152.82	152.82	1385.97	1813.96	2185.00
Net current assets	**11657.88**	**9104.88**	**10792.16**	**13228.30**	**13153.85**	**15026.74**	**18197.62**	**18438.51**	**20416.39**	**25014.18**
Funds employed	**20018.30**	**18634.80**	**21130.56**	**25623.37**	**26468.08**	**28216.33**	**34271.22**	**40236.73**	**49484.53**	**57200.43**

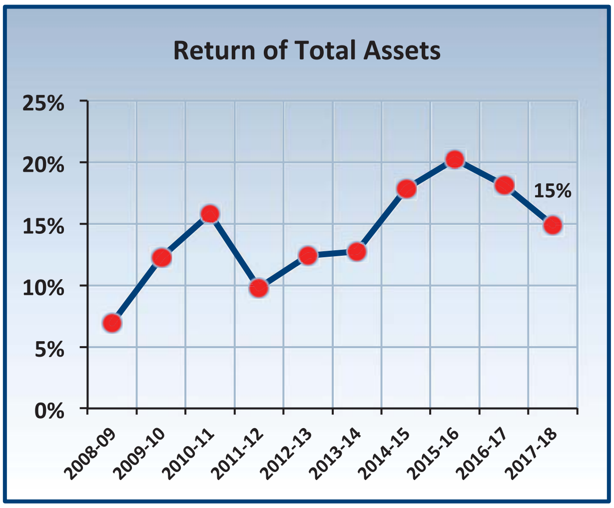
Financial Highlights



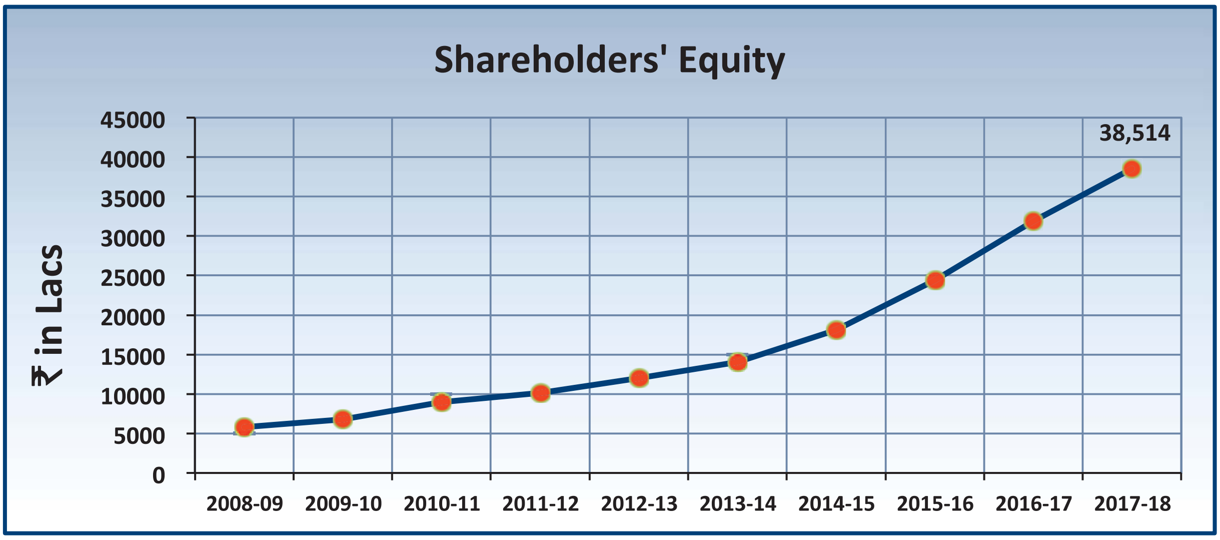


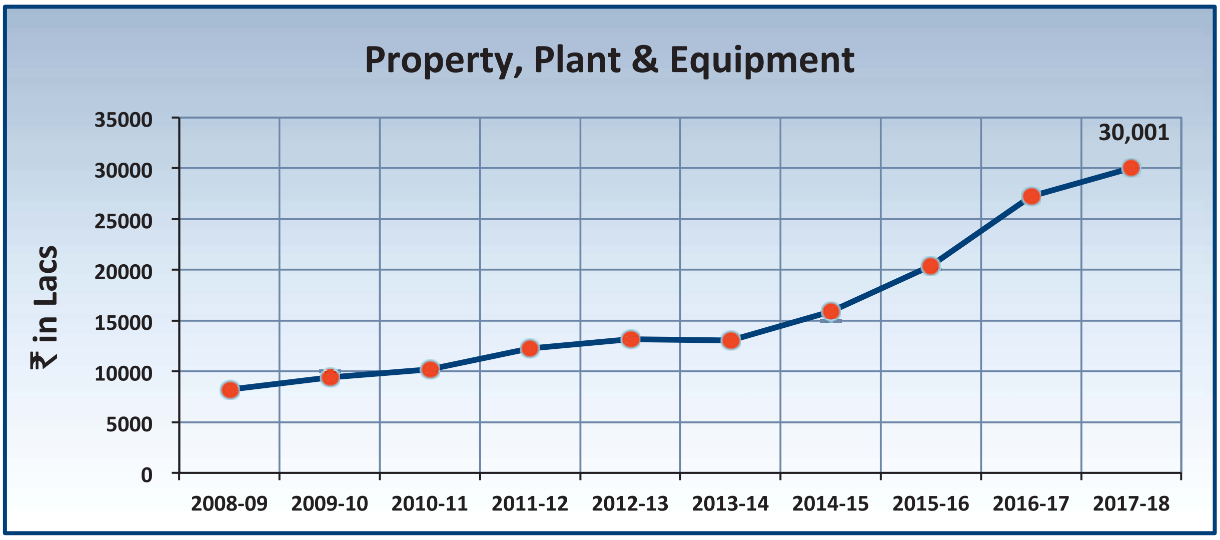


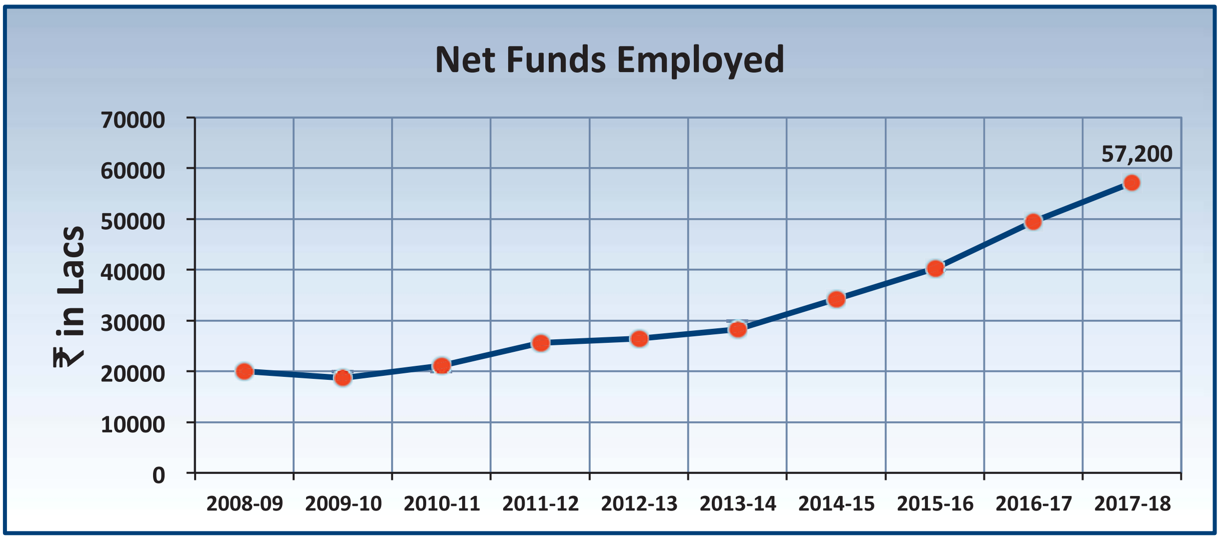




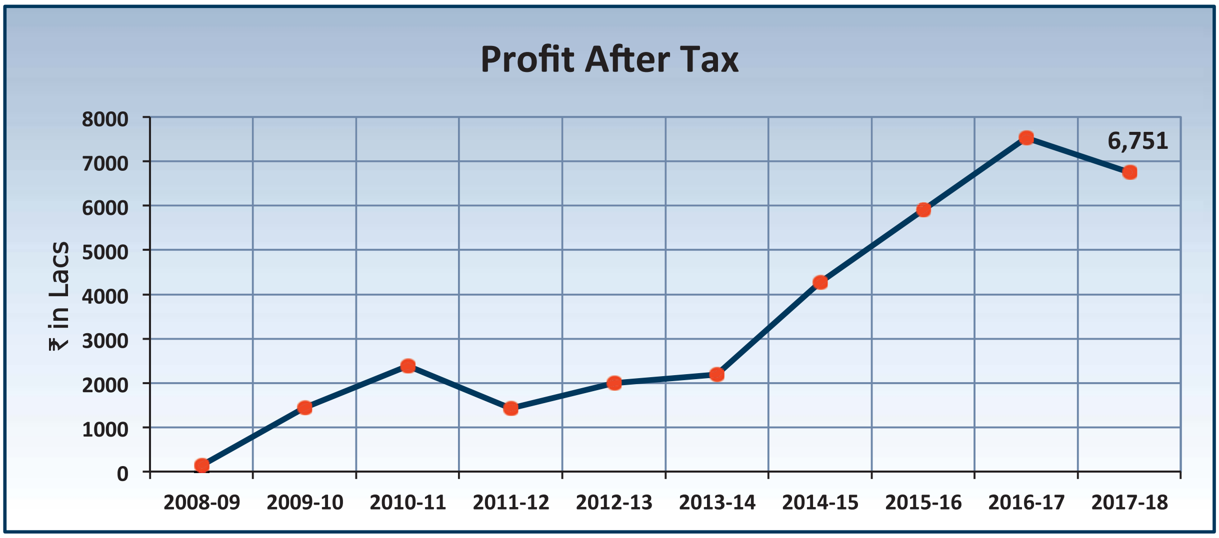
Financial Highlights

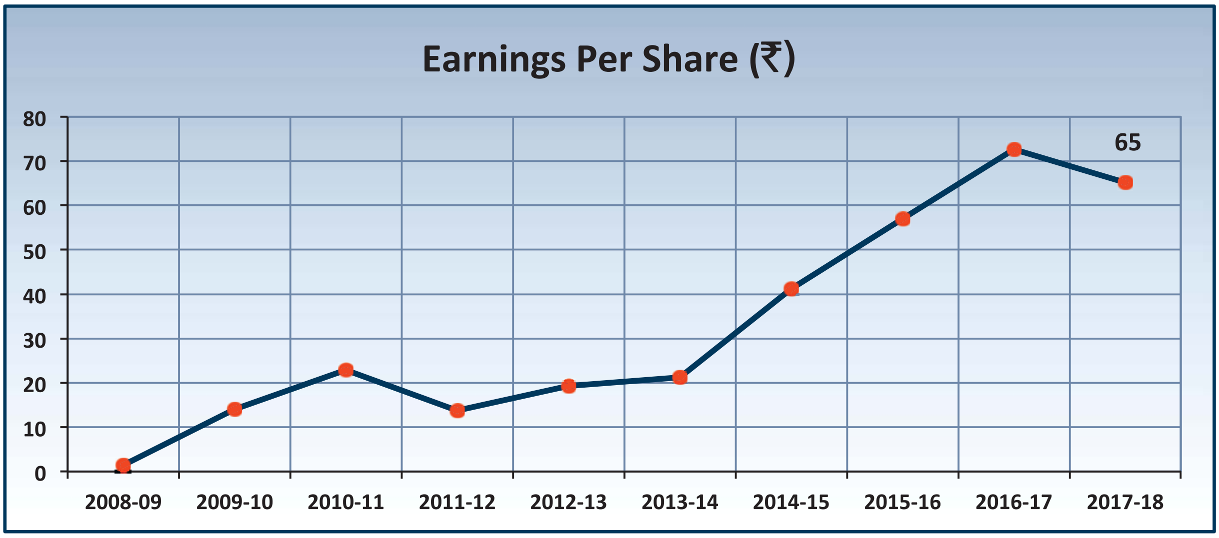


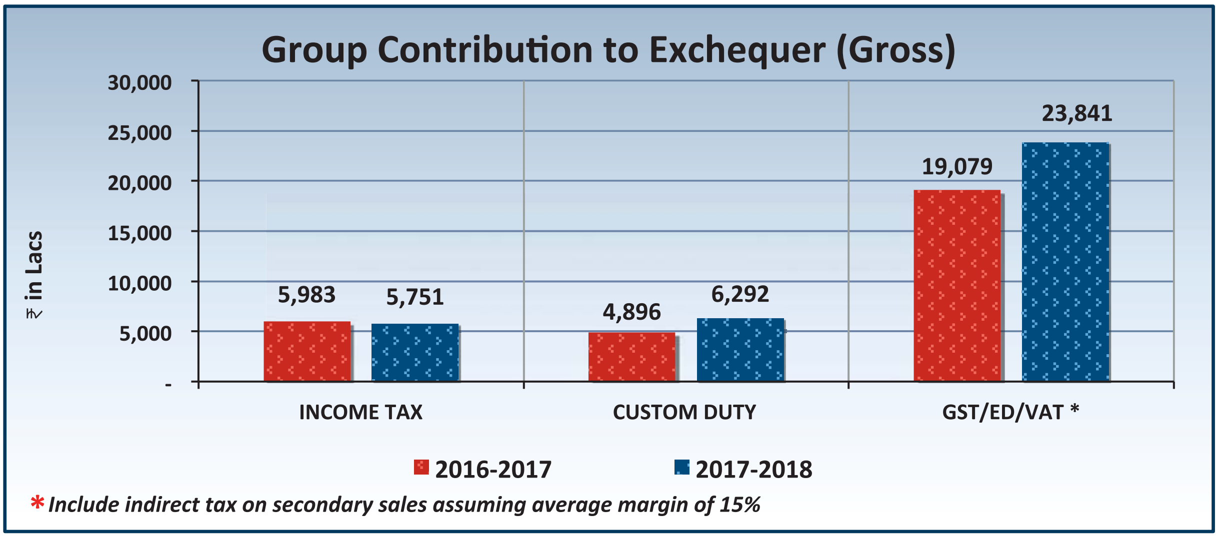




Financial Highlights







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 lacs)

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 and surplus	26,255.16
7.	Total assets	35,925.45
8.	Total liabilities	9,470.29
9.	Investments	6,776.85
10.	Turnover	45,236.47
11.	Profit before taxation	8,528.97
12.	Provision for taxation	3,106.91
13.	Profit after taxation	5,422.06
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	None
2.	Names of subsidiaries which have been liquidated or sold during the year	None

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.
Extent 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. None
2. Names of associates or joint ventures which have been liquidated or sold during the year. None

Independent Auditor's Report

To the Members of
Merino Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Merino Industries Limited (hereinafer refer to as "the Holding company") and its subsidiary, Merino Panel Products Limited ("the holding Company" and its Subsidiary together refer to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated statement of changes in equity for the year ended, and a Summary of Significant Accounting Policies and Other Explanatory Information (hereinafter refer to as "the consolidated Ind AS financial statements").

Management's responsibility for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for preparation of these Consolidated Ind AS financial statements in terms of 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 (Including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 Consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's responsibility for the consolidated Ind AS financial statements

Our responsibility is to express an opinion on these Consolidated Ind AS 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 consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information obtained and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs of the Company as at 31st March, 2018, their consolidated profit (including consolidated total comprehensive income), their consolidated cash flows and consolidated statement of change in equity for the year ended on that date.

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 Ind AS financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

   c. The consolidated balance sheet, consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated Ind AS financial statements.

   d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.

   e. On the basis of the written representations received from the directors of the Group as on 31st March, 2018 taken on record by the respective Board of Directors of the Group, none of the directors is disqualified as on 31st March, 2018 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statement disclose the impact of pending litigations on the consolidated financial position of the group – refer note no. 41 (b) to the consolidated Ind AS financial statements;

      ii. The Group has made provisions, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

      iii. There were no amounts which was required to be transferred to the Investor Education & Protection Fund by the company.

For **Singhi & Co.**

Chartered Accountants
Firm Reg. No. 302049E

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date:18th June, 2018

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act.

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of 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. 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 Group'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 the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 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 controls 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 Consolidated Ind AS 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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls 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 Group's internal financial controls over financial reporting include 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 a 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 Group are being made only in accordance with authorisations of management and directors of the company; and (3) provide a reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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 2018, based on the internal controls over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date:18th June, 2018

Consolidated Balance Sheet as at 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3(a)	37462.97	32318.07	23886.69
(b) Capital work-in-progress	3(b)	3250.11	1734.25	1960.69
(c) Other intangible assets	3(c)	337.67	329.52	114.05
(d) Intangible assets under development		-	72.82	146.37
(e) Biological plant other than bearer plants	4	1.53	0.90	-
(f) Financial assets				
(i) Investments	5	4735.50	2287.48	1338.42
(ii) Loans	6	295.09	320.35	335.37
(iii) Other financial assets	7	1.00	1.00	1.00
(g) Other non-current assets	8	330.80	1283.49	518.60
Total non-current assets		**46414.67**	**38347.88**	**28301.19**
(2) Current assets				
(a) Inventories	9	32976.76	26355.18	22802.53
(b) Biological assets other than bearer plants	10	481.84	485.04	390.48
(c) Financial assets				
(i) Investments	11	4077.05	3771.52	317.95
(ii) Trade receivables	12	18157.08	16068.85	14294.00
(iii) Cash and cash equivalents	13	956.24	1406.57	1422.28
(iv) Other bank balances	14	242.40	288.67	1285.87
(v) Loans	15	314.26	290.59	293.73
(vi) Other financial assets	16	82.96	320.29	108.85
(d) Current tax assets (net)	17	434.56	89.42	3.05
(e) Other current assets	18	3428.46	2782.18	2019.26
Total current assets		**61151.61**	**51858.31**	**42938.00**
Total assets		**107566.28**	**90206.19**	**71239.19**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	19	1047.03	1047.03	1047.03
(b) Other equity	20	56969.99	46421.15	34516.62
Equity attributable to owners of Merino Industries Limited		**58017.02**	**47468.18**	**35563.65**
(c) Non-controlling interest		6706.35	5394.05	3881.47
Total equity		**64723.37**	**52862.23**	**39445.12**
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	4416.69	4997.51	2395.95
(ii) Other financial liabilities	22	23.81	16.96	14.58
(b) Deferred tax liabilities (net)	23	3877.63	3003.07	2146.32
(c) Other non-current liabilities	24	102.58	108.67	114.76
Total non-current liabilities		**8420.71**	**8126.21**	**4671.61**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	25	12985.72	11187.55	12668.82
(ii) Trade payables	26	14006.63	10790.80	7844.53
(iii) Other financial liabilities	27	5565.82	4628.46	4057.64
(b) Employee benefit obligations	28	468.21	379.52	286.45
(c) Other current liabilities	29	1393.78	2073.09	1855.23
(d) Current tax liabilities (net)	30	2.04	158.33	409.79
Total current liabilities		**34422.20**	**29217.75**	**27122.46**
Total liabilities		**42842.91**	**37343.96**	**31794.07**
Total equity and liabilities		**107566.28**	**90206.19**	**71239.19**

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

The accompanying notes numbered 1 to 54 are an integral part of the consolidated financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	2017 - 18	2016-17
INCOME			
Revenue from operations	31	121879.24	113765.61
Other income	32	2029.62	2636.02
Total Income		**123908.86**	**116401.63**
EXPENSES			
Cost of materials consumed	33	56678.66	46309.50
Purchases of stock-in-trade		4675.70	4279.63
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	34	(1470.82)	(91.76)
Excise duty		1589.21	7980.46
Employee benefits expense	35	13605.21	11413.00
Finance costs	36	1421.14	1191.42
Depreciation and amortisation expense	37	3756.60	2949.80
Other expenses	38	25740.28	22534.18
TOTAL EXPENSES		**105995.98**	**96566.23**
Profit before Tax		**17912.88**	**19835.40**
Tax expenses	39		
Current tax		5092.66	5467.46
Deferred tax		766.83	765.72
Total tax expenses		**5859.49**	**6233.18**
Profit for the year from continuing operations		**12053.39**	**13602.22**
Other comprehensive income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		45.34	(21.16)
Changes in fair value of FVOCI equity instruments		371.04	427.99
Deferred tax relating to those items		(107.72)	(91.04)
Total other comprehensive income for the year, net of tax		**308.66**	**315.79**
Total comprehensive income for the year		**12362.05**	**13918.01**
Profit attributable to :			
Owners of the company		10678.90	12022.87
Non-controlling interests		1374.49	1579.35
Profit for the year		**12053.39**	**13602.22**
Other comprehensive income attributable to:			
Owners of the company		306.77	318.48
Non-controlling interests		1.89	(2.69)
Other comprehensive income		**308.66**	**315.79**
Total comprehensive income attributable to:			
Owners of the company		10985.67	12341.35
Non-controlling interests		1376.38	1576.66
Total comprehensive income for the year		**12362.05**	**13918.01**
Earnings per equity share	40		
Basic earnings per share		102.98	115.94
Diluted earnings per share		102.98	115.94

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

The accompanying notes numbered 1 to 54 are an integral part of the consolidated financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Consolidated Cash Flows Statement for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	2017 - 18	2016-17
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit and loss:	17912.88	19835.40
Adjustments for :		
Depreciation and amortisation expense	3756.60	2949.80
Allowance for doubtful debts / advances	4.39	26.35
Unrealised gain on foreign currency translation (net)	(40.33)	(198.88)
Finance costs	1412.36	1191.42
Loss on sale/disposal of property, plant and equipment (net)	21.26	11.99
Profit on sale of investment (net)	(0.64)	(0.20)
Loss/ (profit) on fair valuation of derivatives measured at FVTPL	258.82	(295.63)
Fair value changes of financial assets measured at FVTPL	(54.65)	(20.87)
Amortisation of government grants	(6.09)	(6.09)
Interest income	(401.41)	(306.03)
Provisions/liabilities no longer required written back	(226.35)	(199.23)
Dividend income	(0.07)	-
Operating profit before working capital changes	**22636.77**	**22988.03**
Adjustments for :		
Trade receivables	(2088.23)	(1774.85)
Non-current/current financial and other assets	(542.18)	(622.58)
Inventories	(6621.59)	(3552.65)
Biological assets other than bearer plants	3.20	(94.56)
Trade payables	3215.83	2946.27
Non-current/current financial and other liabilities/provisions	120.97	835.43
Cash generated from operations	**16724.77**	**20725.09**
Net direct taxes paid	(5688.98)	(5763.65)
Net cash from operating activities	**11035.79**	**14961.44**
B. Cash flow from investing activities :		
Purchase of property, plant and equipment	(8938.51)	(11332.04)
Purchase of intangible assets	(40.09)	(255.40)
Proceeds from sale of property, plant and equipment	94.84	54.39
Purchase of biological assets other than bearer plants	(0.63)	(0.90)
Purchases of investment	(2075.00)	(550.00)
Proceeds from sale of investment	53.31	50.00
Interest received	183.04	200.13
Investment in fixed deposits	(36.49)	(2354.00)
Dividend received	0.07	-
Net cash used in investing activities	**(10759.46)**	**(14187.82)**
C. Cash flow from financing activities :		
Proceeds from long-term borrowings	1500.00	4000.00
Repayment of long-term borrowings	(2004.95)	(1391.57)
Proceeds from short-term loans from banks	4000.00	4500.00
Repayment of short-term loans from banks	(4500.00)	(3400.00)
Proceeds from demand loan from body corporates	3849.00	4980.00
Repayment of demand loan from body corporates	(3849.00)	(4980.00)
Increase/ (decrease) in cash credit/working capital facilities (net)	2173.17	(2831.27)
Interest paid	(1397.71)	(1166.49)
Dividend paid	(412.45)	(415.28)
Dividend distribution tax paid	(84.72)	(84.72)
Net cash from financing activities	**(726.66)**	**(789.33)**
Net decrease in cash and cash equivalents (A+B+C)	**(450.33)**	**(15.71)**
Cash and cash equivalents (opening)	1406.57	1422.28
Cash and cash equivalents (closing)	956.24	1406.57

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

The accompanying notes numbered 1 to 54 are an integral part of the consolidated financial statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April 2016		**1047.03**
Changes in equity share capital during the year 2016-17	19	-
As at 31st March 2017		**1047.03**
Changes in equity share capital during the year 2017-18	19	-
As at 31st March 2018		**1047.03**

B. Other equity

Particulars	Notes	Securities premium reserve	General reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April 2016	**20**	**311.43**	**5555.17**	**951.40**	**27698.62**	**34516.62**
Profit for the year		-	-	-	12022.87	12022.87
Other comprehensive income/(expense) (net of tax)		-	-	329.62	(11.14)	318.48
Total comprehensive income for the year		**-**	**-**	**329.62**	**12011.73**	**12341.35**
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/(from) general reserve/(retained earnings)		-	1186.64	-	(1186.64)	-
Balance as at 31st March 2017	**20**	**311.43**	**6741.81**	**1281.02**	**38086.89**	**46421.15**

Particulars	Notes	Securities premium reserve	General reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April 2017	**20**	**311.43**	**6741.81**	**1281.02**	**38086.89**	**46421.15**
Profit for the year		-	-	-	10678.90	10678.90
Other comprehensive income (net of tax)		-	-	279.14	27.62	306.76
Total comprehensive income for the year		**-**	**-**	**279.14**	**10706.52**	**10985.66**
Dividend		-	-	-	(362.94)	(362.94)
Tax on dividend		-	-	-	(73.88)	(73.88)
Transfer to / (from) general reserve / (retained earnings)		-	1079.86	-	(1079.86)	-
Balance as at 31st March 2018	**20**	**311.43**	**7821.67**	**1560.16**	**47276.73**	**56969.99**

The accompanying notes form an integral part of the statement of changes in equity.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Notes to the Consolidated Financial Statements

1. General Information

Merino Industries Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020, India.

The Company and its subsidiary (collectively called as "Group") are engaged in manufacturing and marketing of Decorative Laminates, Prelam Boards, Furniture, Potato Flakes, Acrylic Solid Surface, Agricultural Produce and Plywood.

2. Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rule, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules 2016, other relevant provisions of the Act and other accounting principles generally accepted in India. The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Act. The Group adopted Ind AS from 1st April, 2017.

Up to the year ended 31st March, 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which include standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Group and major adjustments along with related reconciliations are disclosed in Note 54 (First-time Adoption).

The figures for the previous years have been restated, regrouped and reclassified wherever required to comply with the requirement of the Ind AS and schedule III to the Act.

(ii) Historical cost convention

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

- Certain financial assets and liabilities measured at fair value (refer note no 2.5 accounting policy regarding financial instruments);

- Defined benefit plans – plan assets measured at fair value.

- Biological assets other than bearer plants.

Transition to Ind AS:

The Group elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016, measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

The Group has been carrying the intangible assets at historical cost determined in accordance with retrospective application of Ind AS.

(iii) Basis of consolidation

The company consolidate entity which it owns and controls. The consolidated financial statements comprise the financial statements of the company and its subsidiary as disclosed in Note 47. Control exists when parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give ability to direct relevant acitvities, that significantly affect the entity's returns. Subsidiary is consolidated from the date of control commences until the date of control ceases.

The financial statements of the Group are consolidated on line by line basis and intra group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policy in use at the Group. Non-controlling interest which represents part of the

Notes to the Consolidated Financial Statements

net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the company, are excluded.

2.2 Property, plant and equipment and depreciation

(a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

(c) Capital-work-in progress is stated at cost and includes pre-operative expenses, project development expenses, etc.

(d) The Group depreciates property, plant and equipment over their useful lives as prescribed by schedule II of the Act. In case the cost of a part of a property, plant and equipment is significant to the total cost of the asset and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those components.

(e) Leasehold land is amortised over the period of lease. Improvements on leasehold land are amortised over the remaining period of lease or estimated useful life, whichever is lower.

(f) Machinery spares having useful life of more than one year and the carrying value of which exceeds Rs. 1 lakh, are capitalised and depreciated over the lives of the spares.

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.

2.4 Impairment loss

At each balance sheet date, the Group reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

2.5 Financial instruments

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

Financial assets

Financial assets at amortised cost

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

Financial assets measured at fair value

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

In respect of equity investments which are not held for trading, the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

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

Impairment of financial assets

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

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

De-recognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

Derivative financial instruments

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

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

Offsetting of financial instruments

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

2.6 Borrowing costs

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

2.7 Inventories

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

2.8 Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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

2.9 Biological assets

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

2.10 Revenue 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/goods and service tax, including excise duties.

The estimated liability for sales related unfulfilled obligations is deferred to the time when those obligations are expected to be discharged.

Sale of services

Sales are recognised upon rendering of services and are recognised net of Service Tax/GST as applicable.

Other income

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

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

Insurance claim: Insurance claims are accounted for on settlement / realization basis by considering uncertainties in realization.

Other items are recognised on accrual basis.

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 Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

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

(c) Other long-term employment benefits (unfunded):

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

2.12 Taxation

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

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

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

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

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

2.13 Government grants

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

Notes to the Consolidated Financial Statements

(ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(iii) Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

2.14 Lease

Finance lease:

Where the Group is a lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating lease:

Where the Group is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment/ investment property. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

2.15 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 (EPS)

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

Diluted EPS amounts are computed by dividing the net profit attributable to the equity share holders by the weighted average number of equity shares outstanding during the year, and the weighted average number of equity shares that would be issued to give effect to the dilutive potential.

2.17 Provisions, contingent liabilities and assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are discounted to its present value.

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

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

2.18 Segment reporting

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

The boards of directors of the companies in the group have been identified as being the chief operating decision maker. Refer note 52 for segment information presented.

2.19 Dividends

The final dividend on shares is recorded as liability on the date of approval by the shareholders and interim dividend is recorded as liability on the date of declaration by the Boards of Directors of the companies in the group.

2.20 Royalty income

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

2.21 Rounding off of amounts

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

2.22 Standards issued but not yet made effective by the Ministry of Corporate Affairs

Ind AS 115:- Revenue from contracts with customers

The Group is in the process of assessing the detailed impact of Ind AS 115. Presently, the Group is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its consolidated financial statements, except that adoption of Ind AS 115 is not expected to significantly change the timing of the Group's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point of time when products are dispatched to customers, which is also when the control of the asset is transferred to the customer under Ind AS 115.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1st April, 2018 and that comparatives will not be restated.

Ind AS 21:- Foreign currency transactions and advance consideration

Management has assessed the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance. The Group expects this change to impact its accounting for revenue contracts involving advance payments in foreign currency.

The Group intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1st April, 2018).

2A Critical estimates and judgments

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

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

(i) Estimation of defined benefit obligation

Refer note 48 for details of critical estimates in computation of defined benefit obligation.

(ii) Estimated fair value of unlisted securities

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

(iii) Estimated useful life of tangible assets

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

(iv) Estimation of contingent liabilities

Refer note 41 for details of critical estimates of contingent liabilities.

Notes to the Consolidated Financial Statements

3 (a) Property, Plant and Equipment

(Rupees in lakhs, unless otherwise stated)

PARTICULARS	Land		Buildings (includes those on leasehold land)	Culverts	Roads	Plant and machinery	Electrical fittings	Laboratory equipment	Furniture and fittings	Computers and data processing units	Office equipment	Vehicles	Total
	Leasehold [refer (a) below]	Freehold											
Gross block as at 1st April, 2016	**769.73**	**3903.33**	**5724.66**	**11.79**	**363.41**	**26183.81**	**943.60**	**72.32**	**483.87**	**1075.55**	**447.83**	**1233.20**	**41213.10**
Accumulated depreciation	36.94	-	1899.43	0.14	163.57	13017.58	545.03	36.88	256.74	592.95	277.88	499.27	17326.41
Deemed cost as on 1st April, 2016	**732.79**	**3903.33**	**3825.23**	**11.65**	**199.84**	**13166.23**	**398.57**	**35.44**	**227.13**	**482.60**	**169.95**	**733.93**	**23886.69**
Additions	364.29	1027.17	3267.86	12.57	34.51	5394.84	418.05	9.95	200.72	177.61	161.77	266.14	11335.48
Disposals	-	-	2.40	-	-	36.29	15.82	0.18	0.48	1.34	5.27	23.09	84.87
Balance as at 31st March, 2017	**1097.08**	**4930.50**	**7090.69**	**24.22**	**234.35**	**18524.78**	**800.80**	**45.21**	**427.37**	**658.87**	**326.45**	**976.98**	**35137.30**
Additions	41.36	426.02	1192.95	4.69	307.30	5780.26	287.17	32.99	203.64	230.23	113.79	297.73	8918.13
Disposals	-	-	12.00	-	-	111.63	53.27	0.20	4.13	9.47	7.04	71.41	269.15
Balance as at 31st March, 2018	**1138.44**	**5356.52**	**8271.64**	**28.91**	**541.65**	**24193.41**	**1034.70**	**78.00**	**626.88**	**879.63**	**433.20**	**1203.30**	**43786.28**
Accumulated depreciation													
As at 1st April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	9.77	-	230.34	0.64	57.44	2039.64	74.54	6.43	43.08	155.75	75.54	143.15	2836.32
Disposals	-	-	0.10	-	-	7.63	3.71	0.01	0.16	0.94	1.62	2.92	17.09
As at 31st March 2017	**9.77**	**-**	**230.24**	**0.64**	**57.44**	**2032.01**	**70.83**	**6.42**	**42.92**	**154.81**	**73.92**	**140.23**	**2819.23**
Charge for the year	12.02	-	325.85	0.93	61.81	2644.49	98.39	8.13	58.08	193.19	85.32	163.65	3651.86
Disposals	-	-	3.24	-	-	86.03	22.65	0.08	1.50	6.38	3.96	23.94	147.78
As at 31st March 2018	**21.79**	**-**	**552.85**	**1.57**	**119.25**	**4590.47**	**146.57**	**14.47**	**99.50**	**341.62**	**155.28**	**279.94**	**6323.31**
Net carrying amount													
As at 1st April, 2016	**732.79**	**3903.33**	**3825.23**	**11.65**	**199.84**	**13166.23**	**398.57**	**35.44**	**227.13**	**482.60**	**169.95**	**733.93**	**23886.69**
As at 31st March, 2017	**1087.31**	**4930.50**	**6860.45**	**23.58**	**176.91**	**16492.77**	**729.97**	**38.79**	**384.45**	**504.06**	**252.53**	**836.75**	**32318.07**
As at 31st March, 2018	**1116.65**	**5356.52**	**7718.79**	**27.34**	**422.40**	**19602.94**	**888.13**	**63.53**	**527.38**	**538.01**	**277.92**	**923.36**	**37462.97**

(a) Leasehold land includes Rs.49.98 (31st March, 2017 : Rs.49.98 and 1st April, 2016 : Rs.49.98) acquired on 31st October, 2006 under a lease of 90 years and Rs.696.30 (31st March, 2017 : Rs.696.30 and 1st April, 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.

Development expenditure of Rs.23.45 (31st March, 2017 : Rs.23.45) on leasehold land taken on 13th December 1994 under a lease for 30 years has been amortised over the period of Lease. Remaining life of the leasehold land is 8 years.

(b) Immovable properties with a carrying value of Rs.149.77 (31st March, 2017: Rs.149.77 and 1st April, 2016: Rs.149.77) have been pledged for availing term loans and other working capital facilities from different banks under consortium.

(c) Borrowing cost of Rs.Nil (31st March, 2017: Rs.176.28) has been capitalized under property, plant and equipment.

(d) Property, plant and equipment given as security for borrowings (refer note no 44)

(e) Additions to property, plant and equipment of Rs.Nil (31st March, 2017: Rs.4807.36 and 1st April, 2016: Rs.818.81) relating to a new production facility of Laminates at Dahej, Gujarat. Employee benefit expense of Rs. Nil (31st March, 2017: Rs.36.82) has been recognised in the carrying amount of property, plant and equipment in course of construction of the said project.

(Rupees in lakhs, unless otherwise stated)

3(b) Capital work-in-progress as on 31st March 2018 Rs. 3250.11 (includes capital goods-in-transit of Rs. 249.88), [(Rs. 1734.25 as on 31st March, 2017 (includes Capital goods in - transit Rs. 22.32) and (Rs. 1960.69 as on 1st April 2016 (include Capital goods in- transit Rs. 14.99)].

3(c) Other intangible assets

Particulars	Computer software (acquired item)	Total
Gross block as at 1st April, 2016	**465.27**	**465.27**
Accumulated depreciation	351.22	351.22
Deemed cost as on 1st April, 2016	**114.05**	**114.05**
Additions	328.95	328.95
Balance as at 31st March, 2017	**443.00**	**443.00**
Additions	112.90	112.90
Disposals	0.69	0.69
Balance as at 31st March, 2018	**555.21**	**555.21**
Accumulated depreciation		
As at 1st April 2016	**-**	**-**
Charge for the year	113.48	113.48
As at 31st March 2017	**113.48**	**113.48**
Charge for the year	104.74	104.74
Disposals	0.68	0.68
As at 31st March 2018	**217.54**	**217.54**
Net carrying amount		
As at 1st April, 2016	**114.05**	**114.05**
As at 31st March, 2017	**329.52**	**329.52**
As at 31st March, 2018	**337.67**	**337.67**

Note 4: Biological plant other than bearer plants - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Opening balance	0.90	-	-
Additions	0.63	0.90	-
Closing balance	**1.53**	**0.90**	**-**

(a) The Group owns bearer biological assets i.e., livestock from which milk is produced. The livestock is maintained by the susidiary company at its Rohad plant.

Note 5: Investments - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investments in equity instruments measured at FVOCI			
Unquoted			
Merino Services Limited			
31st March, 2018: 6,000 (31st March, 2017: 6,000 and 1st April, 2016: 6,000) equity shares of Rs 10 each fully paid up	12.76	10.97	9.42
Merino Exports Private Limited			
31st March, 2018: 6,000 (31st March, 2017: 6,000 and 1st April, 2016: 6,000) equity shares of Rs 10 each fully paid up	2015.83	1645.04	1219.90
Merinoply and Chemicals Limited*			
31st March, 2018: 82,003 (31st March, 2017: 82,003 and 1st April, 2016: 82,003) equity shares of Rs 10 each fully paid up	5.19	5.19	5.19
Less: Provision for diminution in book value of investment	(5.19)	(5.19)	(5.19)

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 5: Investments - non-current (Contd.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Quoted			
Bank of Baroda			
31st March, 2018: 5,000 (31st March, 2017: 5,000 and 1st April, 2016: 5000) equity shares of Rs.2 each fully paid up	7.11	8.65	7.35
Investment in mutual fund measured at FVTPL			
Quoted			
Principal Debt Opportunities Fund, Conservative Plan	1.25	1.15	50.86
31st March, 2018: 44.288 (31st March, 2017: 44.288 and 1st April, 2016: 2136.451) units			
Birla Sun Life Cash Manager Growth Regular Plan	58.53	54.98	50.89
31st March, 2018: 14017.964 (31st March, 2017: 14017.964 and 1st April, 2016: 14017.964) units			
Birla Sun Life Short-term Opportunities Fund	54.36	51.12	-
31st March, 2018: 188388.487 (31st March, 2017: 188388.487 and 1st April, 2016: Nil) units			
IDFC Corporate Bond Fund	109.52	102.92	-
31st March, 2018: 921234.454 (31st March, 2017: 921234.454 and 1st April, 2016: Nil) units			
ICICI Prudential Income Opportunities Fund	108.00	102.34	-
31st March, 2018: 444818.092 (31st March, 2017: 444818.092 and 1st April, 2016: Nil) units			
ICICI Prudential Corporate Bond Fund	109.93	103.03	-
31st March, 2018: 406502.413 (31st March, 2017: 406502.413 and 1st April, 2016: Nil) units			
IDFC Super Saver Income Fund-Medium-Term	108.35	103.29	-
31st March, 2018: 372510.235 (31st March, 2017: 372510.235 and 1st April, 2016: Nil) units			
Birla Sun Life Medium-Term Plan	55.26	51.32	-
31st March, 2018: 251457.194 (31st March, 2017: 251457.194 and 1st April, 2016: Nil) units			
Principal Arbitrage Fund - Regular Plan	-	52.67	-
31st March, 2018: Nil (31st March, 2017: 500000 and 1st April, 2016: Nil) units			
Reliance Corporate Bond Fund(G)	679.65	-	-
31st March, 2018: 4850839.107 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
HDFC Regular Savings Fund(G)	10.41	-	-
31st March, 2018: 30244.009 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
IDFC Credit Opp Fund-Reg(G)	26.00	-	-
31st March, 2018: 242525.368 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
Aditiya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth	250.17	-	-
31st March, 2018: 2500000 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
L&T Income Opportunity Fund	250.81	-	-
31st March, 2018: 1259890.138 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
HSBC FTS Growth Tenure	251.35	-	-
31st March, 2018: 2500000 (31st March, 2017: Nil and 1st April, 2016: Nil) units			

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 5: Investments - non-current (Contd.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
BOI AXA Credit Risk Fund - Regular Plan (CSRGG)	250.63	-	-
31st March, 2018: 1877567.574 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
ICICI Prudential Mutual fund Fixed Maturity	250.51	-	-
31st March, 2018: 2500000 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
ICICI Prudential Mutual fund Regular Fund	125.07	-	-
31st March, 2018: 673328.126 (31st March, 2017: Nil and 1st April, 2016: Nil) units			
	4735.50	**2287.48**	**1338.42**
(a) Aggregate amount of quoted investments and market value thereof	2706.91	631.47	109.10
(b) Aggregate amount of unquoted investments	2033.78	1661.20	1234.51
(c) Aggregate amount of impairment in value of investment	5.19	5.19	5.19

*Merinoply and Chemicals Limited has gone into liquidation. Investment is carried at nil value. Cost of investment was Rs. 5.19.

Note 6: Loans - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise Stated)			
Security deposits	228.39	225.16	224.87
Loan to employees	66.70	95.19	110.50
	295.09	**320.35**	**335.37**

Note 7: Other financial assets - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Fixed deposit having maturity more than 1 year [refer (a) below]	1.00	1.00	1.00
	1.00	**1.00**	**1.00**

(a) Includes deposit as at 31st March, 2018: Rs. 1.00 (31st March, 2017: Rs 1.00, 1st April, 2016: Rs 1.00) stand pledged with customs and excise authority.

Note 8: Other non-current assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Capital advances	324.63	1281.27	516.87
Security deposits	6.14	2.19	1.70
Statutory deposit	0.03	0.03	0.03
	330.80	**1283.49**	**518.60**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 9: Inventories

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(At lower of cost and net realisable value)			
Raw materials [include materials-in-transit 31st March, 2018: Rs.3577.77 (31st March, 2017: Rs.2541.25 and 1st April, 2016: Rs.1717.16)]	19856.06	14811.33	11676.42
Work-in-progress [include work-in-progress in transit Rs.14.68 (31st March, 2017: Rs. Nil and 1st April, 2016: Rs. Nil)]	713.60	503.80	415.33
Stock-in-trade [includes materials-in-transit 31st March, 2018: Rs.41.73 (31st March, 2017: Rs.2.06 and 1st April, 2016: Rs.60.13)]	1609.67	1510.19	1826.79
Finished goods [include materials-in-transit 31st March, 2018: Rs.578.15 (31st March, 2017: Rs.527.69 and 1st April, 2016: Rs. 326.58)]	8674.41	7509.67	7284.33
Stores and spares [include materials-in-transit 31st March, 2018: Rs.33.51 (31st March, 2017: Rs.47.51 and 1st April, 2016: Rs.28.92)]	2123.02	2020.19	1599.66
	32976.76	**26355.18**	**22802.53**

(a) Inventories are hypothecated to secure short-term and long-term borrowings (refer note no 44)

(b) Write down of inventories to net realisable value relating to stores and spares amounted to Rs.211.38 (31st March,, 2017 Rs. Nil).

Note 10: Biological assets other than bearer plants

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Potato			
Opening value of biological assets	463.88	389.02	389.02
Cost incurred during the year	1658.00	918.54	
Harvested potatoes transferred to inventories and sold during the year	(56.20)	(0.71)	
Harvested potatoes transferred to inventories	(1624.18)	(842.97)	
Closing value of biological assets	**441.50**	**463.88**	**389.02**
Standing crops			
Opening value of biological assets	21.16	1.46	1.46
Cost incurred during the year	188.24	180.07	
Purchase	14.64	14.24	
Harvested potatoes transferred to inventories and sold during the year	(133.62)	(105.15)	
Harvested potatoes transferred to inventories	(50.08)	(69.46)	
Closing value of biological assets	**40.34**	**21.16**	**1.46**
	481.84	**485.04**	**390.48**

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

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

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

Potato seed stock quantity (biological assets) as at 31st March, 2018 was 30.12 M.T. (31st March, 2017 was 25.73 M.T and 1st April, 2016 was 17.52 M.T). The quantity of agricultural produce raised during the year i.e. transfer of biological assets to inventory/sold as on 31st March, 2018 was 25.72 M.T (31st March, 2017 was 17.28 M.T).

The annual crops are insignificant to the Group's operations.

(b) Inventories are hypothecated to secure short-term and long-term borrowings (refer note no 44)

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 11: Investments

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investments in fixed deposit measured at amortised cost			
Fixed deposit	3738.49	3652.00	300.00
Interest accrued on deposits	338.56	119.52	17.95
	4077.05	**3771.52**	**317.95**

Note 12: Trade receivables

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured			
Considered good	17593.75	15726.93	14081.00
Considered doubtful (including dues under litigation)	30.73	26.35	-
	17624.48	**15753.28**	**14081.00**
Less : provision for doubtful debts	30.73	26.35	-
	17593.75	**15726.93**	**14081.00**
Secured			
Considered good	563.33	341.92	213.00
	563.33	**341.92**	**213.00**
	18157.08	**16068.85**	**14294.00**

(a) Trade receivables are hypothecated to secure short-term and long-term borrowings (refer note no 44)

(b) Movement in provision for doubtful debts is as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening	26.35	-
Additions (net)	4.38	26.35
Closing	**30.73**	**26.35**

These are carried at amortised cost.

Note 13: Cash and cash equivalents

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balances with banks			
On current accounts	635.38	958.17	1222.41
On cash credit accounts	158.44	118.25	39.02
Fixed deposit having maturity of less than 3 months	-	240.00	-
Cheques and drafts on hand	8.44	4.25	11.73
Remittances-in-transit	129.75	53.40	99.98
Cash on hand	14.96	18.37	41.54
Foreign currency on hand	9.27	14.13	7.60
	956.24	**1406.57**	**1422.28**

Note 14: Other bank balances

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Margin money deposit [refer (a) below]	17.59	17.59	17.59
On unpaid dividend accounts [refer (b) below]	24.81	21.08	20.28
Deposits with original maturity for more than 3 months but less than 12 months	200.00	250.00	1248.00
	242.40	**288.67**	**1285.87**

(a) Margin money given towards bank guarantee (refer note no 44).

(b) Earmarked for payment of unclaimed dividends.

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 15: Loans

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Unsecured, considered good unless otherwise stated)			
Security deposits [refer note (a) below]	240.56	223.20	201.23
Loans to employees	73.70	67.39	92.50
	314.26	290.59	293.73

(a) Include 31st March, 2018: Rs. 49.40 (31st March, 2017: Rs.75.60 and 1st April, 2016: Rs.75.60) one with a related party (refer note 53).

Note 16: Other financial assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Insurance claim receivables	1.80	2.93	4.90
Interest accrued on deposits	22.59	23.26	18.94
Derivative assets	36.16	289.87	81.88
Advance for investment	20.00	-	-
Other receivables	2.41	4.23	3.13
	82.96	**320.29**	**108.85**

Note 17: Current tax asset (net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Income tax (net)	434.56	89.42	3.05
	434.56	**89.42**	**3.05**

Note 18: Other current assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Export incentives receivable	668.91	434.94	100.89
Advances recoverable in cash or kind	38.10	49.69	31.87
Advances to suppliers	236.13	170.86	459.21
Doubtful advances to suppliers	11.31	11.48	11.83
Less : provision for doubtful advances	(11.31)	(11.48)	(11.83)
Prepaid expenses	418.26	285.53	220.06
Balances with statutory/government authorities	1834.82	1413.80	913.56
Advances with statutory authorities against disputed dues	229.57	301.14	269.54
Deposit with excise department under appeal	-	25.40	23.64
Stamp on hand	0.66	0.53	0.49
Other advances	2.01	100.29	-
	3428.46	**2782.18**	**2019.26**

Note 19: Equity share capital

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
AUTHORISED			
1,70,00,000 (31st March, 2017: 1,70,00,000 and 1st April, 2016: 1,70,00,000) equity shares of Rs. 10/- each	1700.00	1700.00	1700.00
ISSUED			
1,05,66,100 (31st March, 2017: 1,05,66,100 and 1st April, 2016: 1,05,66,100) equity shares of Rs 10/- each	1056.61	1056.61	1056.61
SUBSCRIBED AND PAID-UP			
1,03,69,600 (31st March, 2017: 1,03,69,600 and 1st April, 2016: 1,03,69,600) equity shares of Rs 10/- each fully paid up	1036.96	1036.96	1036.96
Add : Forfeited equity shares :			
Amount paid-up on 1,96,500 (31st March, 2017: 1,96,500 and 1st April, 2016: 1,96,500) equity shares	10.07	10.07	10.07
	1047.03	**1047.03**	**1047.03**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 19: Equity share capital (Contd.)

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

The Parent 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 at 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 proportion to their shareholdings.

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

SN.	Names of the shareholders	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
		No. of shares	% held	No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	3065700	29.56	3065700	29.56	3065700	29.56
2	Mr Bikash Lohia	640400	6.18	640400	6.18	640300	6.18
3	Mr Prakash Lohia	991020	9.56	565820	5.46	565720	5.46
4	Mr Deepak Lohia	615189	5.93	615189	5.93	615189	5.93
		5312309	**51.23**	**4887109**	**47.13**	**4886909**	**47.13**

Note 20: Other equity

Particulars	As at 31st March, 2018	As at 31st March, 2017
Reserves and surplus:		
Securities premium reserve		
Balance as at the beginning of the year	311.43	311.43
Addition during the year	-	-
Balance as at the end of the year	**311.43**	**311.43**
General reserve		
Balance as at the beginning of the year	6741.81	5555.17
Add: transferred from retained earnings	1079.86	1186.64
Balance as at the end of the year	**7821.67**	**6741.81**
Retained earnings		
Balance as at the beginning of the year	38086.89	27698.62
Add: profit for the year after tax	10678.90	12022.87
Amount available for appropriation	**48765.79**	**39721.49**
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	1079.86	1186.64
	1516.68	**1623.46**
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	27.62	11.14
Balance as at the end of the year	**47276.73**	**38086.89**
Total (I)	**55409.83**	**45140.13**

Other reserves

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity instruments through other comprehensive income		
Opening balance	1281.02	951.40
Change in fair value of FVOCI equity instruments	371.04	427.99
Deferred tax	(91.90)	(98.37)
Total (II)	**1560.16**	**1281.02**
Total Other Equity (I+II)	**56969.99**	**46421.15**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 20: Other equity (Contd.)

Nature and purpose of other reserves

Securities premium reserve

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

General reserve

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

FVOCI equity investments

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

Note 21: Borrowings - non-current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured			
Term loans			
From banks:			
Indian rupee loans [refer (a) and (b) below]	5208.36	5429.25	2076.87
Foreign currency loan [refer (c) below]	689.35	958.83	1693.36
From others:			
Indian rupee loans [refer (d) below]	-	-	126.06
	5897.71	**6388.08**	**3896.29**
Less : Current maturities (payable within 1 year)			
From banks:			
Indian rupee loans [refer (a) and (b) below]	1204.26	1114.92	653.94
Foreign currency loan [refer (c) below]	276.76	275.65	720.34
From others:			
Indian rupee loans [refer (d) below]	-	-	126.06
	1481.02	**1390.57**	**1500.34**
	4416.69	**4997.51**	**2395.95**

(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 and ending in July, 2020, bearing interest rates varying from 10.00% p.a to 10.66% p.a.

(b) Repayment terms and nature of securities given for indian rupee loans from banks:

Banks	31st March 2018	31st March 2017	1st April 2016	Nature of securities	Repayment terms
The Hong Kong and Sanghai Banking Corporation Limited	-	338.28	496.58	First *pari passu* charge on the entire property, plant and equipment of the parent company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* charge on the entire current assets of the parent company, both present and future.	Repayable in twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 10.50 % p.a. The loan was pre-paid during the year.

(Rupees in lakhs, unless otherwise stated)

Note 21: Borrowings - non-current (Contd.)

Banks	31st March 2018	31st March 2017	1st April 2016	Nature of securities	Repayment terms
The Hong Kong and Sanghai Banking Corporation Limited	1500.00	-	-	Exclusive charge on the solar plant along with land of the Subsidiary company situated at Budak Village, District-Hissar, Haryana.	Repayable in twelve equal quarterly instalments with two year moratorium period, First instalment will be due on 21st Feb 2020. Interest is payable monthly @ 7.35 % p.a. The amount of the quarterly instalments is Rs.125 lacs each. Last instalment will be due on 21st November, 2022.
The Hong Kong and Sanghai Banking Corporation Limited	-	635.93	846.23	First *pari passu* charge on the entire property, plant and equipment of the Parent company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* charge on the entire current assets of the parent company, both present and future.	Repayable in twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 9.90% p.a. The loan was pre-paid during the year.
The Hong Kong and Sanghai Banking Corporation Limited	3500.00	4000.00	-	Exclusive charge on movable and immovable property, plant and equipment of the Dahej Project. Second *pari passu* charge on entire current assets of the parent company both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 7.99 % p.a. The balance amount of the loan of Rs.3500 is repayable in fourteen equal quarterly instalments of Rs.250 each. Last instalment will be due on 22nd September, 2021.
DBS Bank Limited	199.73	398.77	597.19	First *pari passu* charge on the entire property, plant and equipment of the parent company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* charge on the entire current assets of the parent company, both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 9.25 % p.a. The balance amount of the loan of Rs.200 is repayable in eight equal quarterly instalments of Rs.50 each. Last instalment will be due on 16th January, 2019.
	5199.73	**5372.98**	**1940.00**		

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 21: Borrowings - non-current (Contd.)

(c) Repayment terms and nature of securities given for foreign currency term loan from bank:

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	-	-	569.21	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	689.35	958.83	1124.15	First *pari passu* charge on the entire property, plant and equipment of the parent company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* charge on the entire current assets of the parent company, both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of Rs.693.28 is repayable in ten equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment will be due on 21st August, 2020.
	689.35	**958.83**	**1693.36**		

(d) Repayment terms and nature of securities given for Indian Rupee term loans from others:

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of securities	Repayment terms
EXPORT-IMPORT Bank of India	-	-	126.06	First *pari passu* charge on the entire property, plant and equipment of the parent company, both present and future (excluding assets which are exclusively charged to other lenders) and second *pari passu* charge on the entire current assets of the parent 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 27.

Note 22: Other financial liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Loyalty and bond monies payable	23.81	16.96	14.58
	23.81	**16.96**	**14.58**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 23: Deferred tax liabilities (net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred tax liabilities			
Difference between written down value of block of assets as per income tax laws and book written down value of the property, plant and equipment	3548.55	2685.48	2039.51
Investment in equity shares	472.01	380.12	281.75
Investment in mutual fund	26.67	7.50	0.55
Others	18.85	-	-
Borrowings	-	11.65	8.29
Derivative liabilities	8.38	95.02	(43.46)
	4074.46	**3179.77**	**2286.64**
Deferred tax assets			
Disallowance of expense allowable for tax purpose on payment basis	155.82	131.40	100.60
Borrowings	4.71	-	-
Others	36.30	45.30	39.72
	196.83	**176.70**	**140.32**
	3877.63	**3003.07**	**2146.32**

Movement in deferred tax liabilities

Particulars	Property, plant and equipment	Borrowings	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Disallowance	Others	Total
As at 1st April, 2016	2039.51	8.29	(42.91)	281.75	(100.60)	(39.72)	2146.32
Charged / (Credited):							
to profit and loss	645.97	3.36	145.43	-	(23.47)	(5.58)	765.71
to other comprehensive income	-	-	-	98.37	(7.33)	-	91.04
As at 31st March, 2017	**2685.48**	**11.65**	**102.52**	**380.12**	**(131.40)**	**(45.30)**	**3003.07**
Charged / (Credited):							
to profit and loss	863.07	(16.36)	(67.47)	-	(40.25)	27.85	766.84
to other comprehensive income	-	-	-	91.89	15.83	-	107.72
As at 31st March, 2018	**3548.55**	**(4.71)**	**35.05**	**472.01**	**(155.82)**	**(17.45)**	**3877.63**

Note 24: Other non-current liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred government grants	102.58	108.67	114.76
	102.58	**108.67**	**114.76**

Note 25: Borrowings - current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured (refer (a) below)			
Working capital loan			
From banks:			
Overdraft / cash credit	2635.72	2472.55	2463.82
Working capital demand loan	3200.00	-	2000.00
Rupee packing credit loan	2700.00	3890.00	4730.00
Others :			
Bills discounted with bank (refer (b) below)	450.00	325.00	75.00
	8985.72	**6687.55**	**9268.82**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 25: Borrowings - current (Contd.)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured			
Short-term loan			
From banks:			
Indian rupee loan	4000.00	3000.00	1900.00
Foreign currency loan	-	1500.00	1500.00
	4000.00	**4500.00**	**3400.00**
	12985.72	**11187.55**	**12668.82**

(a) Working capital loans are secured by way of:

i) Primary security : Hypothecation of the trade receivables and inventories of the Group on *pari passu* basis, both present and future.

ii) Collateral security: Second charge on the entire property, plant and equipment of the Group except assets charged exclusively to banks, both present and future, on *pari passu* basis, with other consortium members.

(b) Bills discouning facility is secured by first loss default guarantee to the respective banks upto a ceiling of 5% of the sanctioned limits.

Note 26: Trade payables

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total outstanding dues of micro, small and medium enterprises	3.80	6.75	1.88
Total outstanding dues of creditor other than those from micro, small and medium enterprises	14002.83	10784.05	7842.65
	14006.63	**10790.80**	**7844.53**

Note 27: Other financial liabilities - current

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long-term debt (refer note 21)	1481.02	1390.57	1500.34
Interest accrued but not due on borrowings	17.17	25.34	55.53
Unpaid dividends*	24.81	21.08	20.18
Deposits from customers and suppliers	784.93	481.87	252.75
Employee benefits payable	1150.29	966.70	834.07
Liability for purchases of capital assets	1383.65	850.08	310.08
Derivative liabilities	0.18	-	84.57
Security deposits	18.00	18.00	8.25
Other payables	705.77	874.82	991.87
	5565.82	**4628.46**	**4057.64**

*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.

Note 28: Employee benefits obligation

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for employee benefits			
Leave encashment	362.00	297.96	206.39
Gratuity	106.21	81.56	80.06
	468.21	**379.52**	**286.45**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 29: Other current liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Liabilities under litigations	233.18	326.54	293.17
Advances from customers	697.42	656.37	684.67
Statutory dues	461.62	1071.39	877.39
Deferred revenue	1.56	18.79	-
	1393.78	**2073.09**	**1855.23**

Note 30: Current tax liabilities (net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for income tax (net)	2.04	158.33	409.79
	2.04	**158.33**	**409.79**

Note 31: Revenue from operations

Particulars	2017 - 18	2016 - 17
(i) Sale of products		
Domestic	88531.88	81760.99
Export	31628.31	30675.48
	120160.19	**112436.47**
(ii) Sale of services		
Income from job work	131.57	77.35
(iii) Other operating revenue		
Export incentives	1014.84	735.68
Scrap sales	572.64	516.11
	1587.48	**1251.79**
Revenue from operations	**121879.24**	**113765.61**

Note 32: Other income

Particulars	2017 - 18	2016 - 17
(i) Interest Income on financial assets measured at amortised cost		
On bank and other deposits	387.04	287.75
On loans to others	14.37	18.28
(ii) Dividend income from long-term investments measured at FVTPL	0.07	-
(iii) Claims from insurance companies	130.15	117.64
(iv) Provisions / liabilities no longer required written back	226.35	199.23
(v) Profit on sale of property, plant and equipment	15.63	20.35
(vi) Recovery of bad debts	62.63	43.62
(vii) Refund of tax paid under protest	25.48	-
(viii) Net gain on foreign currency transactions and translation	1224.35	1493.56
(ix) Fair value changes of financial assets measured at FVTPL	54.65	20.87
(x) Fair value gain/(loss) on derivatives	(258.82)	295.63
(xi) Profit on sale of investment measured at FVTPL	0.64	0.20
(xii) Miscellaneous income	138.30	138.89
(xiii) Interest on income tax provision written back	8.78	-
	2029.62	**2636.02**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 33: Cost of materials consumed

Particulars	2017 - 18	2016 - 17
Raw materials consumed		
Opening stock	14811.33	11676.42
Purchases and incidental expenses	62106.14	49923.32
	76917.47	**61599.74**
Less: Cost of raw materials sold	382.75	478.91
	76534.72	**61120.83**
Less: Closing stock	19856.06	14811.33
	56678.66	**46309.50**

Note 34: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets

Particulars	2017 - 18	2016 - 17
Opening stock		
Work-in-progress	503.80	415.33
Finished goods	7509.67	7284.34
Biological assets*	485.04	390.48
Stock-in-trade	1510.19	1826.79
	10008.70	**9916.94**
Less: Closing stock		
Work-in-progress	713.60	503.80
Finished goods	8674.41	7509.67
Biological assets*	481.84	485.04
Stock-in-trade	1609.67	1510.19
	11479.52	**10008.70**
	(1470.82)	**(91.76)**

* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to Rs. 559.89 (31st March, 2017 - Rs. 18.39).

Note 35: Employee benefits expense

Particulars	2017 - 18	2016 - 17
Salaries, wages, bonus etc.	12120.05	10212.03
Contribution to provident and other funds *	1080.96	896.10
Workmen and staff welfare	404.20	304.87
	13605.21	**11413.00**

* The Group has recognised an expense of Rs.647.35 (31st March, 2017 - Rs.585.46) towards the defined contribution plans.

Note 36: Finance costs

Particulars	2017 - 18	2016 - 17
Interest expense	1293.13	1025.75
Interest on shortfall in payment of advance tax	22.13	44.15
Other borrowing costs	105.88	121.52
	1421.14	**1191.42**

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Group's specific borrowing as on 31st March, 2017 – 8.50%.

Note 37: Depreciation and amortisation expense

Particulars	2017 - 18	2016 - 17
Depreciation and amortisation of property, plant and equipment (including leasehold land)	3651.86	2836.32
Amortisation of intangible assets	104.74	113.48
	3756.60	**2949.80**

(Rupees in lakhs, unless otherwise stated)

Note 38: Other expenses

Particulars	2017 - 18	2016 - 17
Consumption of stores and spare parts	2499.42	2021.63
Power and fuel	4800.72	3376.28
Jobwork charges	135.28	133.81
Rent	1498.61	1399.48
Rates and taxes	214.98	441.07
Repairs to :		
Buildings	118.50	138.63
Plant and machinery	411.21	248.56
Others	672.74	526.85
Legal and professional charges	1049.25	801.29
Vehicle upkeep	598.70	530.62
Carriage outward	3529.26	2861.08
Packing and forwarding	2205.85	1971.53
Insurance charges	291.77	260.54
Commission charges	844.96	709.88
Printing and stationery	95.82	79.42
Postage and courier	89.81	89.61
Advertisement, publicity and sales promotion	2039.70	1905.28
Travel expenses	919.95	878.71
Communication expense	246.00	237.51
Excise duty [refer (a) below]	(235.35)	17.87
Bad debts and advances written off	46.79	110.95
Provision for doubtful debts and advances	4.39	26.35
Payments to the auditors [refer (b) below]	40.79	40.60
Bank charges and commission	87.06	121.68
Royalty	60.17	47.31
Donations	790.18	1479.96
CSR expenditure (refer note 46)	309.92	220.46
Loss on sale/disposal of tangible assets	42.17	33.74
Agricultural expenses	849.71	702.22
Miscellaneous expenses	1481.92	1121.26
	25740.28	**22534.18**

(a) Represents excise duty related to the difference between the closing stock and opening stock of finished goods.

(b) Amount paid / payable to the auditors:

Particulars	2017 - 18	2016 - 17
As statutory auditors:		
Statutory audit fees	28.10	25.85
Tax audit fees	5.50	8.00
Other matters	3.39	3.58
Reimbursement of expenses	1.60	1.17
	38.59	**38.60**
As cost auditors :		
Audit fees	0.95	0.75
	0.95	**0.75**
As secretarial auditors :		
Audit fees	1.25	1.25
	1.25	**1.25**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 39: Tax expense

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

(a) Income tax expense

Particulars	2017 - 18	2016 - 17
Current tax		
Current tax on profits for the year	5092.66	5467.46
Total current tax expense	**5092.66**	**5467.46**
Deferred tax	766.83	765.72
Total deferred tax expense	**766.83**	**765.72**
Income tax expense	**5859.49**	**6233.18**

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

Particulars	2017 - 18	2016 - 17
Profit before tax	17912.88	19835.40
Tax at the rate of 34.608% (2016-17 – 34.608%)	**6199.29**	**6864.64**
Reasons for differences are indicated below:		
Expenses disallowed under tax laws	80.50	67.64
Income not considered for tax	(0.02)	(0.49)
Agricultual income	147.56	(104.13)
Weighted deduction	72.67	105.25
80IA deduction	(455.72)	(698.11)
Items on which no deferred tax created	-	0.81
Excess provision for income tax	(648.64)	-
Others	456.03	(2.42)
Items on which no deferred tax created at differential rates	7.82	-
Total income tax expense	**5859.49**	**6233.18**

Note 40: Earnings per share

Particulars			As at 31st March, 2018	As at 31st March, 2017
(i)	**Basic**			
	Number of equity shares at the beginning of the year		10369600	10369600
	Number of equity shares at the end of the year		10369600	10369600
	Weighted average number of equity shares outstanding during the year	(A)	10369600	10369600
	Nominal value of each equity share (Rs.)		10.00	10.00
	Profit for the year (Rs. in lakhs)	(B)	10678.90	12022.87
	Earnings per share (Basic) (Rs.)	(B/A)	102.98	115.94
(ii)	**Diluted**			
	Weighted average number of equity shares outstanding during the year		10369600	10369600
	Earnings per share (Diluted) (Rs.)		102.98	115.94

Note 41: Contingent liabilities

Particulars		As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a)	**Guarantees given -**			
	Non financial bank guarantees	45.92	30.61	10.35
(b)	**Claims against the Group not acknowledged as debts :**			
	Demands for sales tax (deposit under protest Rs. 229.73 (31st March, 2017 - Rs.228.18, 1st April, 2016 - Rs.193.24)	187.23	209.25	247.57

(Rupees in lakhs, unless otherwise stated)

Note 41: Contingent liabilities (Contd.)

Particulars		As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	Demands for excise, custom duty, service tax (Deposit under protest Rs. 330.46 (31st March, 2017 - Rs.357.08, 1st April, 2016 - Rs.317.85)	4102.63	4669.52	4180.13
	Demands for income tax (Deposit under protest Rs. 5.27 (31st March, 2017 - Rs.5.27, 1st April, 2016 - Rs.5.27))	3459.15	3277.13	1420.78
	Others	204.75	141.55	139.74
(c)	**Differential bonus for 2014-15**	151.52	151.52	151.52
(d)	The Group has availed certain government subsidies/grants. As per the terms and conditions, the Group has to continue production for specified number of years and other conditions failing which amount of subsidies availed alongwith interest, penalty, etc. will have to be refunded.	-	-	-
		8151.20	**8479.58**	**6150.09**

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

(ii) The Para B2 of Ind AS 101 states that except as permitted, a first time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind ASs. As a result, no impact has been taken as on 1st April, 2016.

Note 42: Capital and other commitments

Particulars		As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a)	**Capital commitments**			
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2509.38	626.83	1812.02
(b)	**Other commitments**			
	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 six years. Certificate for fulfillment of Rs. 4863.66 (31st March, 2017 - Rs.2887.45, 1st April, 2016 - Rs.3947.31) is yet to be received.	815.78	1253.10	1342.50
	Obligations against advance licenses	2869.43	263.30	2552.48
	Outstanding letters of credit for materials yet to be received	2226.45	2071.83	1992.68
		8421.04	**4215.06**	**7699.68**

Note 43: Operating leases

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 term of cancellation. Related lease rental aggregating Rs.955.41 (31st March, 2017 : Rs.830.05) has been debited to the statement of profit and loss.

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 44: Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current			
Financial assets			
Trade receivables	18157.08	16068.85	14294.00
Fixed deposit	17.59	17.59	17.59
Non-financial assets			
Inventories	32976.76	26355.18	22802.53
Biological assets	481.84	485.04	390.48
Total current assets pledged as security	**51633.27**	**42926.66**	**37504.60**
Non-current			
Property, plant and equipment	37462.97	32318.07	23886.69
Capital work-in-progress	3250.11	1734.25	1960.69
Total non-current assets pledged as security	**40713.08**	**34052.32**	**25847.38**
Total assets pledged as security	**92346.35**	**76978.98**	**63351.98**

Note 45: Disclosure relating to micro, small and medium enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.80	6.75
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 that under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	0.05
Further interest remaining due and payable for earlier years	0.06	-

The above information regarding micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

Note 46: CSR Expenditure

The Group 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 also through direct donation to Ramakrishna Mission Sevashram Vrindaban and Bharat Lok Siksha Parisad:

Particulars	2017 - 18	2016 - 17
(a) Gross amount required to be spent by the Group during the year	307.80	220.46
(b) Amount spent by the Group through these trusts / direct donation:		
Construction / acquisition of any asset	-	-
On purpose other than the above	309.92	220.46

(Rupees in lakhs, unless otherwise stated)

Note 47: Additional information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

(a) Subsidiary

The information relating to the subsidiary of the company is tabled below. The subsidiary has share capital consisting solely of equity shares that are held directly by the company, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business/ country of incor-poration	Ownership interest held by the parent company			Ownership interest held by non-controlling interests			Principal activities
		31st March 2018 %	31st March 2017 %	1st April 2016 %	31st March 2018 %	31st March 2017 %	1st April 2016 %	
MERINO PANEL PRODUCTS LIMITED	INDIA	74.65%	74.65%	74.65%	25.35%	25.35%	25.35%	Manufacturing of Laminate, Prelam and plywood.

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for the subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for the subsidiary is before inter-company eliminations.

Summarised balance sheet	MERINO PANEL PRODUCTS LIMITED		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current assets	21824.47	20422.29	14496.46
Current liabilities	6962.50	6475.11	4760.66
Net current assets	**14861.97**	**13947.18**	**9735.80**
Non-current assets	14100.98	8054.91	6110.09
Non-current liabilities	2507.79	723.70	534.31
Net non-current assets	**11593.19**	**7331.21**	**5575.78**
Net assets	**26455.16**	**21278.39**	**15311.58**
Accumulated NCI	**6706.35**	**5394.05**	**3881.47**

Summarised statement of profit and loss	2017-18	2016-17
Revenue	46226.31	43247.50
Profit for the year	5422.06	6230.19
Other comprehensive income	7.46	(10.63)
Total comprehensive income	5429.52	6219.56
Profit allocated to NCI	1376.38	1576.66
Dividends paid to NCI	53.24	53.24

Note 48: Employee benefit obligations

(i) Leave obligations

The leave obligations cover the Group's liability for sick and earned leave. As the Group does not have an unconditional right to defer the payment beyond 12 months the entire amount has been treated as current. The undiscounted amount of short-term employee benefits (i.e. benefits payable within one year) is recognised in the period in which employee renders the service.

(ii) Post-employment obligations

a) Gratuity

The Group provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is actuarially determined on the basis of year-end actuarial valuation (using the Projected Unit Credit Method) and funded.

The Group operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed

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(Rupees in lakhs, unless otherwise stated)

Note 48: Employee benefit obligations (Contd.)

year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after a continuous service, for five years.

b) **Provident Fund**

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

(iii) **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.

(iv) **Balance sheet recognition**

a) **Gratuity**

The amounts recognised in the balance sheet and the movement in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2016	959.59	879.53	80.06
Current service cost	159.30	-	159.30
Interest expense and income	68.81	65.97	2.84
Total amount recognised in profit or loss	**228.11**	**65.97**	**162.14**
Remeasurement			
Return on plan assets, excluding amounts included in interest income	-	17.23	(17.23)
Actuarial loss from change in financial assumptions	60.67	-	60.66
Actuarial gain from unexpected experience	(22.28)	-	(22.28)
Total amount recognised in other comprehensive income	**38.39**	**17.23**	**21.16**
Employer contributions/ premium paid	-	225.08	(225.08)
Benefit payments	84.24	84.24	-
31st March 2017	**1141.85**	**1103.57**	**38.28**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2017	1141.85	1103.57	38.28
Current service cost	171.88	-	171.88
Interest expense and income	85.11	84.98	0.13
Past service cost	80.64	-	80.64
Total amount recognised in profit or loss	**337.63**	**84.98**	**252.65**
Remeasurement			
Return on plan assets, excluding amounts included in interest income	-	(2.32)	2.32
Actuarial gain from change in financial assumptions	(30.16)	-	(30.16)
Actuarial gain from unexpected experience	(17.50)	-	(17.50)
Total amount recognised in other comprehensive income	**(47.66)**	**(2.32)**	**(45.34)**
Employer contributions/ premium paid	-	31.16	141.40
Benefit payments	73.12	73.12	-
31st March 2018	**1358.70**	**1081.95**	**104.19**

(Rupees in lakhs, unless otherwise stated)

Note 48: Employee benefit obligations (Contd.)

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Discount rate	7.70%	7.50%	8.00%
Expected return on plan asset	7.70%	7.50%	8.00%
Salary growth rate	7.00%	7.00%	7.00%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Particulars	Impact on defined benefit obligation			
	As at 31st March, 2018		As at 31st March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1287.79	1436.18	1080.65	1207.71
% change compared to base due to sensitivity	-4.60%	4.99%	-4.72%	5.13%
Salary growth rate (-/+ 0.5%)	1430.55	1292.22	1201.38	1084.92
% change compared to base due to sensitivity	4.61%	-4.29%	4.58%	-4.32%
Attrition rate (-/+ 0.5%)	1358.42	1358.98	1141.03	1141.61
% change compared to base due to sensitivity	-0.01%	0.01%	-0.02%	0.02%
Life expectancy / mortality rate (-/+ 10%)	1358.97	1358.43	1141.48	1141.17
% change compared to base due to sensitivity	0.00	-0.02%	0.01%	-0.01%

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plans assets

The defined benefit plans are funded with an insurance companies in India. The Group does not have any liberty to manage the funds provided to the insurance company. Thus the composition of each major category of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with an insurance company in India. The Company does not have any liberty to manage the funds provided to the insurance company.

The present value of the defined benefit plan liability is calculated using a discount rate determined with reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality of plan participants during the course of employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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(Rupees in lakhs, unless otherwise stated)

Note 48: Employee benefit obligations (Contd.)

Salary growth risk:

The present value of the defined benefit plan liability is calculated with reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contribution to post-employment benefits plans for the year ending 31st March, 2018 is Rs. 529.92

The weighted average duration of the defined benefit obligation is 21 years (31st March, 2017 – 21 years, 1st April, 2016 - 17 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
31st March 2018			
Defined benefit obligation (gratuity)	98.96	371.36	3617.09
Total	**98.96**	**371.36**	**3617.09**
31st March 2017			
Defined benefit obligation (gratuity)	101.15	271.40	3011.21
Total	**101.15**	**271.40**	**3011.21**
1st April 2016			
Defined benefit obligation (gratuity)	92.25	217.59	2709.27
Total	**92.25**	**217.59**	**2709.27**

Note 49: Capital management

(a) Risk management

The Group's objectives when managing capital are to:

(i) safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long-term borrowings and short-term borrowings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary, to adjust its capital structure, whereever required.

The amount mentioned under total equity in balance sheet is considered as Capital.

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Debt equity ratio	0.09	0.12	0.10

(b) Dividend

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Equity shares		
Interim dividend for the year ended 31st March, 2018 of Rs. 3.50 (31st March, 2017 – Rs. 3.50) per fully paid share	362.94	362.94
Dividend distribution tax on interim dividend on equity shares	73.88	73.88

(Rupees in lakhs, unless otherwise stated)

Note 50: Fair value measurements

This note gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments	2699.80	2035.70	-	622.82	1664.66	-	101.75	1236.67	-
Loans to employees	-	-	140.40	-	-	162.58	-	-	203.00
Security deposits	-	-	468.95	-	-	448.36	-	-	426.10
Fixed deposits	-	-	4078.05	-	-	3772.52	-	-	318.95
Trade receivables	-	-	18157.08	-	-	16068.85	-	-	14294.00
Cash and cash equivalent	-	-	956.24	-	-	1406.57	-	-	1422.28
Bank balances other than above	-	-	242.40	-	-	288.67	-	-	1285.87
Other financial assets	-	-	33.91	-	-	15.59	-	-	10.29
Derivative assets	36.16	-	-	289.87	-	-	81.88	-	-
Others	-	-	12.89	-	-	14.83	-	-	16.68
Total financial assets	**2735.96**	**2035.70**	**24089.92**	**912.69**	**1664.66**	**22177.97**	**183.63**	**1236.67**	**17977.17**
Financial liabilities									
Borrowings and interest	-	-	18900.60	-	-	17600.97	-	-	16620.65
Trade payables	-	-	14006.63	-	-	10790.80	-	-	7844.53
Loyalty and bond monies payable	-	-	23.81	-	-	16.96	-	-	14.58
Unpaid dividends	-	-	24.81	-	-	21.08	-	-	20.18
Deposits from customers and suppliers	-	-	802.93	-	-	499.87	-	-	261.00
Employee benefits payable	-	-	1150.29	-	-	966.70	-	-	834.07
Liability for purchases of capital assets	-	-	1383.65	-	-	850.08	-	-	310.08
Derivative liabilities	0.18	-	-	-	-	-	84.57	-	-
Other payables	-	-	705.77	-	-	874.82	-	-	991.87
Total financial liabilities	**0.18**	**-**	**36998.49**	**-**	**-**	**31621.28**	**84.57**	**-**	**26896.96**

(i) Fair value hierarchy

The table in this note provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category consists of derivatives taken by the Group like forward contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Group's investment in equity shares which are unquoted or for which quoted prices are not available on the reporting dates.

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(Rupees in lakhs, unless otherwise stated)

Note 50: Fair value measurements (Contd.)

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) the use of quoted market prices or dealer-quotes for similar instruments

(b) derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information, where applicable.

(c) the fair value of the financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:									
Investments	2706.91	-	2028.59	631.47	-	1656.01	109.10	-	1229.32
Derivative financial assets	-	36.16	-	-	289.87	-	-	81.88	-
	2706.91	**36.16**	**2028.59**	**631.47**	**289.87**	**1656.01**	**109.10**	**81.88**	**1229.32**
Financial liabilities:									
Derivative financial liabilities	-	0.18	-	-	-	-	-	84.57	-
	-	**0.18**	**-**	**-**	**-**	**-**	**-**	**84.57**	**-**

(iv) Biological assets other than bearer plants

This note explains the judgments and estimates made in determining the fair values of the biological assets other than bearer plants that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its biological assets other than bearer plants into level 3 in the fair value hierarchy.

Biological assets other than bearer plants for which fair value (less cost to sell) are disclosed as below:

Particulars	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Biological assets	-	-	483.37	-	-	485.94	-	-	390.48
	-	**-**	**483.37**	**-**	**-**	**485.94**	**-**	**-**	**390.48**

(v) Financial liabilities not measured at fair value but in respect of whichfair value is as follows:

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Borrowings	5897.71	5611.83	6388.08	6213.55	3896.29	3904.26
Total financial liabilities	**5897.71**	**5611.83**	**6388.08**	**6213.55**	**3896.29**	**3904.26**

(vi) Valuation technique used to determine fair value

(a) Non-current financial assets represent security deposits which do not have a fixed maturity period, and these are primarily in the nature of utility deposits. Hence these are considered to be at their respective fair values at the reporting period.

(b) The carrying amounts of borrowings and loans to employees are considered to be approximately equal to the fair value.

(c) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

(vii) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

(Rupees in lakhs, unless otherwise stated)

Note 51: Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(A) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments carried at amortised cost.

Financial instruments that are subjected to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents and derivatives held by the Group. None of the financial instruments of the Group result in material concentration of credit risk.

i) Trade and other receivables

Customer credit risk is managed by the Group through established policy and procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 45 to 90 days' credit terms. The Group has a detailed review mechanism of overdue trade receivables at various levels within organisation to ensure proper attention and focus for realisation and recognises provision for trade receivables which it belives to be doubtful of recovery. Further the Group receives security deposits from its customers which mitigate the credit risk. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

Ageing of trade receivables

Particulars	Not past due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st March 2018	11094.01	6739.77	319.25	34.78	30.73	18157.08
Trade receivables as at 31st March 2017	9686.88	6226.15	150.64	31.53	26.35	16068.85
Trade receivables as at 1st April 2016	8647.83	5545.34	11.32	89.51	-	14294.00

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of the companies in the Group on a periodical basis, and are updated subject to the approval of these Boards. The limits are set to minimise the concentration of risks and, therefore, mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2018, 31st March, 2017 and 1st April, 2016 is the carrying amounts as indicated in Note 51B.

(B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Due to the dynamic nature of the underlying businesses, Group maintains flexibility in funding by ensuring availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities indicated below) and cash and cash equivalents on the basis of expected cash flows.

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(Rupees in lakhs, unless otherwise stated)

Note 51: Financial risk management (Contd.)

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Expiring within one year (bank overdraft and other facilities)	4114.28	5887.45	3306.18
	4114.28	**5887.45**	**3306.18**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	14466.74	4041.69	375.00	-	18883.43
Trade payables	14006.63	-	-	-	14006.63
Interest on borrowings	422.30	542.34	10.65	-	975.29
Unpaid dividends	24.81	-	-	-	24.81
Loyalty and bond monies payable	-	23.81	-	-	23.81
Deposits from customers and suppliers	802.93	-	-	-	802.93
Employee benefits payable	1150.29	-	-	-	1150.29
Liabilities for purchases of capital assets	1383.65	-	-	-	1383.65
Derivative liabilities	0.18	-	-	-	0.18
Other payables	705.77	-	-	-	705.77
Total financial liabilities	**32963.30**	**4607.84**	**385.65**	**-**	**37956.79**

Contractual maturities of financial liabilities 31st March 2017	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	12578.12	4497.51	500.00	-	17575.63
Trade payables	10790.80	-	-	-	10790.80
Interest on borrowings	498.01	638.55	14.90	-	1151.46
Unpaid dividends	21.08	-	-	-	21.08
Loyalty and bond monies payable	-	16.96	-	-	16.96
Deposits from customers and suppliers	499.87	-	-	-	499.87
Employee benefits payable	966.70	-	-	-	966.70
Liabilities for purchases of capital assets	850.08	-	-	-	850.08
Other payables	874.82	-	-	-	874.82
Total financial liabilities	**27079.47**	**5153.02**	**514.90**	**-**	**32747.39**

(Rupees in lakhs, unless otherwise stated)

Note 51: Financial risk management (Contd.)

Contractual maturities of financial liabilities 1st April 2016	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	14169.16	2257.29	138.66	-	16565.11
Trade payables	7844.53	-	-	-	7844.53
Interest on borrowings	303.34	265.23	5.11	-	573.68
Unpaid dividends	20.18	-	-	-	20.18
Loyalty and bond monies payable	-	14.58	-	-	14.58
Deposits from customers and suppliers	261.00	-	-	-	261.00
Employee benefits payable	834.07	-	-	-	834.07
Liabilities for purchases of capital assets	310.08	-	-	-	310.08
Derivative liabilities	84.57	-	-	-	84.57
Other payables	991.87	-	-	-	991.87
Total financial liabilities	**24818.80**	**2537.10**	**143.77**	**-**	**27499.67**

(C) Market risk

The Group's business operations expose it to the risk that the fair value or future cash fows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices.

(i) Foreign currency risk

The Group deals with foreign currency loan, trade receivables, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Group operates internationally and a portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas market and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Group also enters into forward contracts for managing its exposure to such foreign currency risk. The Group manages the exposure of foreign exchange fluctuation in borrowings, by entering into derivatives contracts.

Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), is as follows:-

	As at 31st March, 2018				As at 31st March, 2017				As at 1st April, 2016			
	USD	EUR	GBP	YEN	USD	EUR	GBP	YEN	USD	EUR	GBP	YEN
Financial assets												
Trade receivables	4359.98	59.20	270.08	-	4147.54	76.91	162.61	-	4183.82	47.29	215.76	-
Derivatives	(4530.01)	-	-	-	(3858.58)	-	-	-	(4406.29)	-	-	-
Financial liabilities												
Long-term borrowings	692.59	-	-	-	964.79	-	-	-	1703.97	-	-	-
Short-term borrowing	-	-	-	-	1499.08	-	-	-	1484.21	-	-	-
Trade payables	4332.58	3015.82	-	311.18	3279.10	2034.22	-	304.94	2114.81	1817.48	-	179.15
Derivatives	(1976.61)	-	-	-	(3094.65)	(266.99)	-	-	(3726.37)	(138.76)	-	-
Net exposure to foreign currency risk	**(3218.59)**	**(2956.63)**	**270.08**	**(311.18)**	**(2359.34)**	**(1690.32)**	**162.61**	**(304.94)**	**(1799.09)**	**(1631.42)**	**215.76**	**(179.15)**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 51: Financial risk management (Contd.)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
USD sensitivity				
INR depreciates by 8% (31st March, 2017 - 5%)*	(257.49)	(117.97)	(168.38)	(77.14)
INR appreciates by 8% (31st March, 2017 - 5%)*	257.49	117.97	168.38	77.14
EURO sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	(88.70)	(50.71)	(58.00)	(33.16)
INR appreciates by 3% (31st March, 2017 - 3%)*	88.70	50.71	58.00	33.16
GBP sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	8.10	4.88	5.30	3.19
INR appreciates by 3% (31st March, 2017 - 3%)*	(8.10)	(4.88)	(5.30)	(3.19)
Yen sensitivity				
INR depreciates by 3% (31st March, 2017 - 3%)*	(9.34)	(9.15)	(6.11)	(5.98)
INR appreciates by 3% (31st March, 2017 - 3%)*	9.34	9.15	6.11	5.98

* Assuming all other variables to be constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31st March, 2018 and 31st March, 2017, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On financial liabilities:

The exposure of the Group's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Variable rate borrowings	3775.07	4546.38	5148.24
Fixed rate borrowings	15108.36	13029.25	11416.87
Total borrowings	**18883.43**	**17575.63**	**16565.11**

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

	Impact on profit before tax		Impact on other components of equity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Interest expense rates – increase by 50 basis points (50 bps)*	(18.88)	(22.73)	(12.34)	(14.86)
Interest expense rates – decrease by 50 basis points (50 bps)*	18.88	22.73	12.34	14.86

* Assuming all other variables to be constant

(Rupees in lakhs, unless otherwise stated)

Note 51: Financial risk management (Contd.)

(iii) Price risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Boards of Directors of the Companies in the Group periodically reviews and approves all investment decisions.

(b) Sensitivity

(a) The table below summarises the impact of increases/decreases of the share prices on the Group's equity.

Particulars	Impact on other components of equity (before tax)		
	31st March, 2018	31st March, 2017	1st April, 2016
Share price - Increase 5%*	101.79	83.23	61.83
Share price - Decrease 5%*	(101.79)	(83.23)	(61.83)

* Assuming all other variables to be constant

(b) The table below summarises the impact of increases/decreases of the mutual fund prices on the Group's equity.

Particulars	Impact on profit before tax		
	31st March, 2018	31st March, 2017	1st April, 2016
Mutual fund value - Increase 7% (7%)*	188.99	43.60	7.12
Mutual fund value - Decrease 7% (7%)*	(188.99)	(43.60)	(7.12)

* Assuming all other variables to be constant

(iv) Agricultural Risk

Cultivation of potato seeds and standing crops being an agricultural activity, there are certain specific financial risks. These financial risks arise mainly due to adverse weather conditions, logistic problems inherent to remote areas, and fluctuation of selling price of finished goods (potato seeds and standing crops) due to increase in supply/availability.

The Group manages the above financial risks in the following manner:

(a) Sufficient inventory levels of agro chemicals, fertilizers and other inputs are maintained so that timely corrective action can be taken in case of adverse weather conditions.

(b) The Group manages this risk by aligning its production to anticipated demand and taking early corrective steps to recognise and dispose excess stocks.

Note : 52 - Segment reporting

The Group's operating segments are organised and managed through the respective business managers, according to the nature of products manufactured and sold with each segment representing a strategic business unit. These business units' performance are reviewed by the board of the Companies in the Group.

The reporting segments of the Group are as below:

(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 and related products.

(iii) Potato Flakes - This segment comprises manufacturing and sale of Potato Flakes and Ready Mixes.

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 52 - Segment reporting (Contd.)

Summary of the segmental information for the year ended / as at 31st, March 2018 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	92731.18	19003.03	5260.61	7206.38	(292.34)	123908.86
Inter segment sales	3480.42	-	-	-	(3480.42)	-
	96211.60	**19003.03**	**5260.61**	**7206.38**	**(3772.76)**	**123908.86**
Segment results [profit/(loss) before interest and tax]	20395.00	1357.61	(71.23)	(2347.36)	-	19334.02
Finance cost						1421.14
Profit before tax						**17912.88**
Non cash expenses other than depreciation and amortisation	27.06	8.02	1.51	14.59	-	51.18
Segment assets	65942.54	16234.72	3788.21	21600.81	-	107566.28
Segment liabilities	13878.09	1586.78	565.93	26812.11	-	42842.91
Segment capital expenditure	8219.30	1000.40	120.12	44.29	-	9384.11
Segment depreciation and amortisation	2717.22	569.42	359.31	110.65	-	3756.60

Summary of the segmental information for the year ended / as at, 31st March 2017 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	87433.67	17473.26	4802.22	6936.49	(244.01)	116401.63
Inter segment sales	2959.96	-	-	-	(2959.96)	-
	90393.63	**17473.26**	**4802.22**	**6936.49**	**(3203.97)**	**116401.63**
Segment results [profit/(loss) before interest and tax]	23552.73	1203.79	(975.85)	(2753.84)	-	21026.82
Finance cost						1191.42
Profit before tax						**19835.40**
Non cash expenses other than depreciation and amortisation	49.61	78.07	0.13	9.49	-	137.30
Segment assets	53210.65	14668.47	4175.61	18151.46	-	90206.19
Segment liabilities	11161.93	1960.21	707.47	23514.35	-	37343.96
Segment capital expenditure	10557.05	1091.74	400.30	158.22	-	12207.31
Segment depreciation and amortisation	2111.55	424.36	314.13	99.76	-	2949.80

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
India	85074.17	78789.66
Outside India	31628.31	30675.48
	116702.48	**109465.14**

(b) Carrying amount of segment assets:

Particulars	As at 31st March, 2018	As at 31st March, 2017
India	81053.91	67731.53
Outside India	4911.56	4323.20
	85965.47	**72054.73**

Entity wide disclosures

There was no customer individually accounting for more than 10% of the revenues from external customers during the years ended 31st March, 2018 and 31st March, 2017.

No material property, plant and equipment of the companies in the group (excluding financial assets) are located outside India.

Notes to the Consolidated Financial Statements

Note : 53- Related parties disclosure

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

i) List of related parties where control exists and of other related parties with their relationship:

SN	Name	Relationship
a)	**Key management personnel (KMP)**	
	Mr. Champa Lal Lohia	Executive Chairman
	Mr. Rup Chand Lohia	Executive Vice Chairman
	Mr. Prakash Lohia	Managing Director
	Mr. Prasan Lohia	Whole-time Director
	Ms. Ruchira Lohia	Whole-time Director
	Mr. Nripen Dugar	Whole-time Director
	Mr. Bikash Lohia	Whole-time Director
	Mr. Madhusudan Lohia	Whole-time Director
	Mr. Deepak Lohia	Whole-time Director of the Subsidiary Company
	Mr. Manoj Lohia	Whole-time Director of the Subsidiary Company
	Mr. Anil Jajoo	Director of the Subsidiary Company
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Sujitendra Krishna Dev	Independent Director
	Mr. Amarnath Roy	Independent Director (expired on 12-06-2017)
	Mr. Asok Kumar Parui	Chief Financial Officer
	Mrs. Sumana Roychowdhury	Company Secretary (resigned on 20.05.2018)

b)	Relatives of KMP	Relationship	Relatives of KMP	Relationship
	Mrs. Tara Devi Lohia	Wife 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. 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 Singi	Sister of Mr. Prakash Lohia	Mrs. Shashi Lohia	Wife of Mr. Bikash Lohia
	Mrs. Kiran Maheswari	Sister of Mr. Prakash Lohia	Mrs. Vandana Lohia	Wife of Mr. Manoj Lohia
	Mrs. Neera Lohia	Wife of Mr. Prakash Lohia	Mrs. Mita Lohia	Wife of Madhusudan Lohia
	Mr. Anurag Lohia	Son of Mr. Bikas Lohia	The Estate of Late Man Kumar Lohia	The estate of the late father of Mr. Prakash Lohia

c) **Entities over which KMP together with their relatives have significant influence :**

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

Note 53: Related parties disclosures (Contd.)

(Rupees in lakhs, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
1	Merino Exports Private Limited	Entities over which KMP together with their relatives have significant influence	-	0.04	0.73	Trade receivables	Revenue from operations	3.02	2.60
			0.25	2.30	0.63	Trade payables	Rent, other charges and reimbursement paid	173.67	175.21
			2015.83	1645.04	1219.90	Investment	Dividend paid/payable	158.75	158.75
			-	-	-		Interest paid on loan	165.20	220.08
			-	-	-		Loan taken	3,849.00	4,980.00
			-	-	-		Loan repaid	3,849.00	4,980.00
2	Merino Services Limited	Entities over which KMP together with their relatives have significant influence	230.71	90.91	13.54	Trade payables	Professional fees	258.91	151.53
			-	-	-		Software charges	154.24	81.37
			-	-	-		Royalty on trade mark received	0.29	0.29
			-	-	-		Purchase of tangible assets and intangible assets	0.79	289.79
			-	-	-		Rent, other charges and reimbursement paid	227.70	307.80
			-	-	-		Revenue from operations	0.06	-
			-	-	-		Rent, other charges and reimbursement received	2.64	1.19
			12.76	10.97	9.42	Investment	Dividend paid/payable	11.20	11.20
3	Kasturibai Gopi Babu Cold Storage Private Limited	Entities over which KMP together with their relatives have significant influence	5.34	0.02	45.50	Trade receivables	Revenue from operations	8.86	3.69
			-	-	-		Sale of tangible assets	0.13	-
			-	-	-		Purchases / material consumed	6.37	-
			536.93	495.65	452.47	Trade payables	Rent, other charges and reimbursement paid	564.34	549.82
			-	-	-		Rent, other charges and reimbursement received	0.26	-
4	Man Kumar Lohia and Brothers	Entities over which KMP together with their relatives have significant influence	1.43	1.50	1.29	Trade payables	Rent, other charges and reimbursement paid	127.58	118.63
			49.40	75.60	75.60	Security deposit	Refund of security deposit	26.20	-

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 53: Related parties disclosures (Contd.)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
5	Usha Agro Farm	Entities over which KMP together with their relatives have significant influence	0.89	0.81	-	Trade receivables	Revenue from operations	1.20	0.81
			-	3.63	3.02	Trade payables	Purchases / material consumed	8.27	3.63
			-	-	-		Rent, other charges and reimbursement paid	28.87	25.41
6	Sri Hara Kasturi Memorial Trust	Entities over which KMP together with their relatives have significant influence	2.75	1.07	2.42	Trade receivables	Revenue from operations	16.05	3.59
			-	-	-		Sale of tangible assets	0.30	0.00
			-	-	-		Rent, other charges and reimbursement paid	-	0.08
			-	-	-		Rent, other charges and reimbursement received	-	0.01
			-	-	-		Donation for corporate social responsibility expenditure	101.17	158.31
			-	-	-		Donation paid	211.83	806.69
7	Sri Man Kumar Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-		Donation paid	100.00	183.00
			-	-	-		Donation for corporate social responsibility expenditure	70.00	17.00
8	Sri Premchand Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-		Donation paid	276.00	100.00
9	Anupriya Marketing Limited	Entities over which KMP together with their relatives have significant influence	39.21	52.67	16.75	Trade payables	Revenue from operations	-	2.70
							Marketing service provider fees	317.71	264.29
10	Shri Champa Lal lohia	KMP	-	-	-		Director's remuneration	131.24	117.31
			-	-	-		Dividend paid/payable	13.00	13.00
11	Shri Rup Chand Lohia	KMP	-	-	-		Director's remuneration	75.49	67.54
			-	-	-		Dividend paid/payable	7.29	7.28
12	Shri Prakash Lohia	KMP	-	-	-		Director's remuneration	113.49	147.87
			-	-	-		Dividend paid/payable	34.79	19.90
13	Shri Bikash Lohia	KMP	-	-	-		Director's remuneration	98.98	85.06
			-	-	-		Dividend paid/payable	22.67	22.67
			-	-	-		Land rent paid	0.72	-
14	Shri Prasan Lohia	KMP	-	-	-		Director's remuneration	99.72	85.07
			-	-	-		Dividend paid/payable	6.26	6.26

Note 53: Related parties disclosures (Contd.)

(Rupees in lakhs, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
15	Ms. Ruchira Lohia	KMP	-	-	-		Director's remuneration	99.72	85.07
			-	-	-		Dividend paid/payable	17.98	17.98
16	Shri Madhusudan Lohia	KMP	-	-	-		Director's remuneration	88.82	78.31
			-	-	-		Dividend paid/payable	10.77	10.67
17	Shri Nripen Dugar	KMP	-	-	-		Director's remuneration	64.36	51.44
			-	-	-		Dividend paid/payable	0.02	0.02
18	Shri Asok Kumar Parui	KMP	-	-	-		Salary	22.18	19.76
19	Mrs. Sumana Roychowdhury	KMP	-	-	-		Salary	7.03	6.12
20	Mrs. Tara Devi Lohia	Relative of KMP	-	-	-		Dividend paid/payable	8.44	8.44
21	Shri Deepak Lohia	Wholetime director of the subsidiary company.	-	-	-		Dividend paid/payable	21.77	21.77
			-	-	-		Director's remuneration / benefits	101.89	85.05
			-	-	-		Land rent paid	2.95	2.60
22	Mrs. Shashi Lohia	Relative of KMP	-	-	-		Dividend paid/payable	3.50	3.50
			-	-	-		Rent, other charges and reimbursement paid	1.68	1.68
23	Ms. Usha Lohia	Relative of KMP	-	-	-		Dividend paid/payable	5.60	5.60
24	Mrs. Nayantara Agarwal	Relative of KMP	-	-	-		Dividend paid/payable	2.80	2.80
			-	-	-		Land rent paid	3.12	2.74
25	Mrs. Asha Mundhra	Relative of KMP	-	-	-		Dividend paid/payable	0.08	0.08
			-	-	-		Land rent paid	2.39	2.11
26	Shri Anurag Lohia	Relative of KMP	-	-	-		Land rent paid	2.46	-
27	The Estate of Late Man Kumar Lohia	Relative of KMP	-	-	-		Dividend paid/payable	0.-	14.99
28	Mrs. Sita Devi Lohia	Relative of KMP	-	-	-		Dividend paid/payable	5.72	5.72
29	Mrs. Uma Singhi	Relative of KMP	-	-	-		Dividend paid/payable	3.71	3.71
			-	-	-		Land rent paid	3.08	2.71

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note 53: Related parties disclosures (Contd.)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2018	Outstanding as at 31st March, 2017	Outstanding as at 1st April, 2016	Payable/ receivable/ others	Nature of Transaction	2017-2018	2016-2017
30	Mrs. Kiran Maheswari	Relative of KMP	-	-	-		Land rent paid	3.12	2.74
31	Mrs. Neera Lohia	Relative of KMP	-	-	-		Dividend paid/payable	10.46	10.46
			-	-	-		Office rent	6.54	4.71
32	Mrs. Mita Lohia	Relative of KMP	-	-	-		Office rent	6.55	4.72
33	Mrs. Sheela Lohia	Relative of KMP	-	-	-		Dividend paid/payable	4.11	4.11
34	Mrs. Praveena Lohia	Relative of KMP	-	-	-		Dividend paid/payable	6.29	6.29
35	Mrs. Meghna Lohia	Relative of KMP	-	-	-		Dividend paid/payable	9.26	9.26
36	Shri Manoj Lohia	Wholetime director of the subsidiary company.	-	-	-		Dividend paid/payable	7.70	7.70
			-	-	-		Directors' remuneration / benefits	101.89	85.06
37	Shri Abhiroop Lohia	Relative of KMP	-	-	-		Dividend paid/payable	7.00	7.00
38	Ms. Anuja Lohia	Relative of KMP	-	-	-		Dividend paid/payable	1.75	1.75
39	Mrs. Vandana Lohia	Relative of KMP	-	-	-		Dividend paid/payable	10.44	10.44
40	Shri Gautam Bhattacharjee	Independent Director	-	-	-		Sitting fees	3.40	2.80
41	Shri Sisir Kumar Chakrabarti	Independent Director	-	-	-		Sitting fees	2.10	2.20
42	Shri Sujitendra Krishna Dev	Independent Director	-	-	-		Sitting fees	0.80	2.20
43	Shri Amarnath Roy	Independent Director	-	-	-		Sitting fees	0.10	2.40

KMP compensation	31st March, 2018	31st March, 2017
Short-term employee benefits	980.75	909.24
Post-employment benefits	60.55	4.42
Total compensation	**1041.30**	**913.66**

Notes to the Consolidated Financial Statements

Note: 54 First time adoption

Transition to Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2, have been applied in preparing the consolidated financial statements for the year ended 31st March, 2018, with the comparative information presented in these consolidated financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS balance sheet as at 1st April, 2016 (the Group's date of transition). In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Long-term foreign currency monetary items

Ind AS 101 allows that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the consolidated financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, the Group has elected to continue the following policy adopted by it under the previous GAAP for accounting for exchange differences arising from translation of aforesaid long-term foreign currency monetary items.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An Group's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i) Investment in equity instruments carried at FVOCI

(ii) Investment in Mutual fund carried at FVTPL

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS.

A.2.3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choice, provided

(Rupees in lakhs, unless otherwise stated)

Note: 54 First time adoption (Contd.)

that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transactions was obtained at the time of initial accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile consolidated total equity, total comprehensive income, statement of cash flows, balance sheet and statement of profit and loss for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Reconciliation of total equity

Particulars	Notes	As at 1st April, 2016
Equity as per previous GAAP		**38592.26**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C2	1234.20
Recognition of biological assets	C3	28.77
Adjustment on account of fair valuation of derivatives	C5	(109.88)
Transaction cost on borrowings recognised as per EIR approach	C6	23.94
Restatement of borrowings	C6	(14.90)
Balance of equity as on 1st April 2016 as per Ind AS adjustments before tax impact on adjustments		**39754.39**
Tax impact on the above	C9	309.27
Balance of Equity as per Ind AS		**39445.12**

Particulars	Notes	Amount as at 31st March, 2017
Equity as per previous GAAP		**50919.69**
Re-measurements on transition to Ind AS		-
Fair valuation of investment	C2	1682.27
Recognition of biological assets	C3	61.43
Adjustment on account of fair valuation of derivatives	C5	290.25
Transaction cost on borrowings recognised as per EIR approach	C6	23.94
Amortisation of transaction cost on borrowings	C6	(10.97)
Restatement of borrowings	C6	5.80
Revaluation reserve adjusted in IGAAP now recognised	C10	441.87
Balance of equity as on 31st March 2017 as per Ind AS adjustments before tax impact on adjustments		**53414.28**
Tax impact on the above	C9	552.05
Balance of equity as per Ind AS		**52862.23**

B.2 Reconciliation of total comprehensive income

Particulars	Notes	Year Ended 31st March, 2017
Net profit as per previous GAAP		**13268.79**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C2	20.08
Recognition of biological assets	C3	32.66
Adjustment on account of fair valuation of derivatives	C5	400.13
Amortisation of transaction cost on borrowings	C6	(10.97)

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 54 First time adoption (Contd.)

Particulars	Notes	Year Ended 31st March, 2017
Restatement of borrowings	C6	20.70
Remeasurement of post employement benefits	C8	21.16
Others	C11	1.40
Tax impact on above adjustments	C9	(151.73)
Net profit as per Ind AS		**13602.22**
Other comprehensive income		315.79
Total comprehensive income as per Ind AS		**13918.01**

B.3 Reconciliation of consolidated statement of cash flows

Particulars	Amount as per Previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
Net cash generated from operating activities	14960.58	0.86	14961.44
Net cash used in investing activities	(14426.92)	239.10	(14187.82)
Net cash used in financing activities	(789.33)	-	(789.33)
Net increase/(decrease) in cash and cash equivalents	**(255.67)**	**239.96**	**(15.71)**
Cash and cash equivalents as at 1st April, 2016	1422.77	(0.49)	1422.28
Cash and cash equivalents as at 31st March, 2017	1167.10	239.47	1406.57

B.4 Effect of Ind AS adoption on the Consolidated Balance sheet as at 31st March, 2017 and 1st April, 2016

Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet
ASSETS							
(1) Non-current assets							
(a) Property, plant and equipment	C1 and C7	31767.53	550.54	32318.07	23771.93	114.76	23886.69
(b) Capital work-in-progress		1734.25	-	1734.25	1960.69	-	1960.69
(c) Other intangible assets		329.52	-	329.52	114.05	-	114.05
(d) Intangible assets under development		72.82	-	72.82	146.37	-	146.37
(e) Biological plants other than bearer plant	C3	-	0.90	0.90	-	-	-
(f) Financial assets		-					
(i) Investments	C2	604.66	1682.82	2287.48	103.67	1234.75	1338.42
(ii) Loans	C5	320.35	-	320.35	442.28	(106.91)	335.37
(iii) Other financial assets		1.00	-	1.00	1.00	-	1.00
(g) Other non-current assets		1283.49	-	1283.49	518.60	-	518.60
Total non-current assets		**36113.62**	**2234.26**	**38347.88**	**27058.59**	**1242.60**	**28301.19**

(Rupees in lakhs, unless otherwise stated)

Note: 54 First time adoption (Contd.)

Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind As balance sheet
(2) Current assets							
(a) Inventories	C3	26356.08	(0.90)	26355.18	22802.53	-	22802.53
(b) Biological assets other than bearer plants	C3	423.61	61.43	485.04	361.71	28.77	390.48
(c) Financial assets							
(i) Investments		3771.52	-	3771.52	317.95	-	317.95
(ii) Trade receivables	C4	15743.85	325.00	16068.85	14219.00	75.00	14294.00
(iii) Cash and cash equivalents		1406.57	-	1406.57	1422.28	-	1422.28
(iv) Other bank balances		288.67	-	288.67	1285.87	-	1285.87
(v) Loans		290.59	-	290.59	293.73	-	293.73
(vi) Other financial assets	C5	30.42	289.87	320.29	26.97	81.88	108.85
(d) Current tax assets		89.42	-	89.42	3.05	-	3.05
(e) Other current assets	C5	2787.49	(5.31)	2782.18	2023.58	(4.32)	2019.26
Total current assets		**51188.22**	**670.09**	**51858.31**	**42756.67**	**181.33**	**42938.00**
Total assets		**87301.84**	**2904.35**	**90206.19**	**69815.26**	**1423.93**	**71239.19**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		1047.03	-	1047.03	1047.03	-	1047.03
(b) Other equity	C1 to 13	44477.41	1943.74	46421.15	33663.76	852.86	34516.62
Equity attributable to owners of Merino Industries Limited		**45524.44**	**1943.74**	**47468.18**	**34710.79**	**852.86**	**35563.65**
(c) Non Controlling interest		5394.05	-	5394.05	3881.47	-	3881.47
Total equity		**50918.49**	**1943.74**	**52862.23**	**38592.26**	**852.86**	**39445.12**
Liabilities							
(1) Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	C6	5014.62	(17.11)	4997.51	2406.85	(10.90)	2395.95
(ii) Other financial liabilities		16.96	-	16.96	14.58	-	14.58
(b) Deferred tax liabilities (net)	C9	2452.43	550.64	3003.07	1837.26	309.06	2146.32
(c) Other non-current liabilities	C1	-	108.67	108.67	-	114.76	114.76
Total non-current liabilities		**7484.01**	**642.20**	**8126.21**	**4258.69**	**412.92**	**4671.61**
(2) Current liabilities							
(a) Financial liabilities							
(i) Borrowings	C4	10862.55	325.00	11187.55	12593.82	75.00	12668.82
(ii) Trade payables	C5	10795.73	(4.93)	10790.80	7846.39	(1.86)	7844.53
(iii) Other financial liabilities	C5	4648.91	(20.45)	4628.46	3971.21	86.43	4057.64
(b) Employee benefit obligations		379.52	-	379.52	286.45	-	286.45
(c) Other current liabilities	C11	2054.30	18.79	2073.09	1856.65	(1.42)	1855.23
(d) Current tax liabilities		158.33	-	158.33	409.79	-	409.79
Total current liabilities		**28899.34**	**318.41**	**29217.75**	**26964.31**	**158.15**	**27122.46**
Total liabilities		**36383.35**	**960.61**	**37343.96**	**31223.00**	**571.07**	**31794.07**
Total equity and liabilities		**87301.84**	**2904.35**	**90206.19**	**69815.26**	**1423.93**	**71239.19**

Notes to the Consolidated Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 54 First time adoption (Contd.)

B.5 Effect of Ind AS adoption on the Consolidated Profit and Loss for the year ended 31st March, 2017

Particulars	Refer Note C	Year ended As at 31st March, 2017		
		Previous GAAP	Transition effect	Ind AS
INCOME				
Revenue from operations	C11	106030.45	7735.16	113765.61
Other income	C5	2441.80	194.22	2636.02
TOTAL INCOME		**108472.25**	**7929.38**	**116401.63**
EXPENSES				
Cost of materials consumed	C12	46563.68	(254.18)	46309.50
Purchases of stock-in-trade		4279.63	-	4279.63
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	C3	(59.10)	(32.66)	(91.76)
Excise duty	C11	-	7980.46	7980.46
Employee benefits expense	C8	11434.16	(21.16)	11413.00
Finance costs	C6	1180.45	10.97	1191.42
Depreciation and amortisation expense	C1	2943.71	6.09	2949.80
Other expenses	C11	23111.78	(577.60)	22534.18
TOTAL EXPENSES		**89454.31**	**7111.92**	**96566.23**
Profit before Tax		**19017.94**	**817.46**	**19835.40**
Tax expense				
Current tax		5467.46	-	5467.46
Deferred tax	C9	615.18	150.54	765.72
Total tax expense		**6082.64**	**150.54**	**6233.18**
Profit for the year from continuing operations		**12935.30**	**666.92**	**13602.22**
Other comprehensive income	C13			
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations		-	(21.16)	(21.16)
Changes in fair value of FVOCI equity instruments		-	427.99	427.99
Income tax relating to those items		-	(91.04)	(91.04)
Total other comprehensive income for the year (net of tax)		**-**	**315.79**	**315.79**
Total comprehensive income for the year		**12935.30**	**982.71**	**13918.01**

C. Notes to reconciliation of previous GAAP and IND AS

C1: Property, plant and equipment / Government grants

Under previous GAAP, Government grants related to specific property, plant and equipment were deducted from gross value of related assets by the Group. As per Ind AS 16 the same has been recognised at fair value as income and are credited to statement of profit and loss on a straight line basis over the expected useful life of the related assets.

C2: Investments in equity shares and mutual fund

Under previous GAAP investment in equity shares of entities were measured at cost or net realisable value which ever is lower. As per Ind AS 109, these investments have been measured at fair value. The Group has categorised these investments as fair value through other comprehensive income (FVOCI) and any changes in fair value of those investments has been recognised in other comprehensive income.

The Group also holds investment in mutual funds and under previous GAAP such investments were measured at cost. As per Ind AS 109, these investments have measured at fair value. The Group has categorised these investments as fair value through profit/loss (FVTPL) and recorded resulting fair value change in retained earnings at the date of transition and subsequently in profit or loss.

Note: 54 First time adoption (Contd.)

C3: Biological assets

Under previous GAAP, biological assets other than bearer plants (including livestock) were recorded as inventories. Under Ind AS the Group has recognised biological assets as per the requirement of Ind AS 41.

C4: Trade Receivables

Under previous GAAP,the Channel financing facility (bills discounting facility) was shown under contingent liabilities by the Group. Under Ind AS bills discounting facility under channel financing has been considered as borrowings.

C5: Fair valuation of derivative

Under previous GAAP, the Group applied the requirements of Accounting Standard 11. The effects of changes in foreign exchange rates to account for swap entered for hedging foreign exchange risk related to recognised borrowings have been considered appropriately. At the inception of the forward premium was separated and amortised as expense over the tenure of the derivative.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in statement of profit and loss. Hence the Group has recognised derivatives at its fair value in retained earnings at the date of transition and subsequently in statement of profit and loss.

C6: Borrowings at effective interest rate and restatement

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Hence the Group has measured its borrowings as per the above requirement of Ind AS 109 by adjusting the transaction cost with borrowings and interest expense has been recognised as per effective interest rate. Further foreign borrowings are recognised at its closing exchange rate for the period. The adjustment at the date of transition is made in retained earnings and subsequent adjustments are made in statement of profit and loss.

C7: Revaluation reserve

Under previous GAAP, revaluation reserve on property, plant and equipment was shown under reserve and surplus and depreciation on account of revaluation was transferred to statement of profit and loss.

Under Ind AS, the Group has opted to recognise property, plant and equipment as per previous GAAP's carrying amount at the date of transition. Hence, the revaluation reserve subsequently adjusted in the previous GAAP has been reversed.

C8: Employee benefits

In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised by the Group in other comprehensive income as compared to the statement of profit and loss under the Previous GAAP.

C9: Deferred Taxes

In accordance with Ind AS 12, "Income Taxes", the Group on transition to Ind AS has recognised deferred tax on temporary differences, i.e. based on balance sheet approach as compared to the earlier approach of recognising deferred taxes on timing differences, i.e. profit and loss approach. The tax impacts as above primarily represent deferred tax consequences arising out of Ind AS re-measurement changes.

C10: Retained earnings

Retained earnings as at 1st April, 2016 have been adjusted consequent to the above Ind AS transition adjustments by the Group.

Notes to the Consolidated Financial Statements

Note: 54 First time adoption (Contd.)

C11: Revenue from operations

Excise duty, under previous GAAP, was adjusted in revenue from sale of products whereas under Ind AS, it is considered as a production cost and hence disclosed separately as an expense in the statement of profit and loss.

Under previous GAAP, scheme related expenses were recorded under advertisement, publicity and sales promotion, whereas under Ind AS, they are reflected, as adjustments, in revenue for sale of products. The revenue related to the unmet scheme obligation is deferred and adjusted in the year when such liability is discharged.

Under previous GAAP, government grants were accounted by way of adjustment against the cost of the related assets for which the grants were received, whereas under Ind AS these are amortised over the remaining useful life of the assets.

C12: Cost of materials consumed

Discount received on purchases, under previous GAAP, was considered separately as an other income, whereas under Ind AS, it has been netted off with consumption in the statement of profit and loss.

C13: Other comprehensive income

Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified income, expense, gains and losses are presented under OCI.

C14: Statement of cash flow

The transition from Indian GAAP to Ind AS did not have any material impact on the statement of cash flow.

The accompanying notes numbered 1to 54 are an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **Singhi & Co.**
Chartered Accountants
Firm Registration Number : 302049E

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K. Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

ECONOMY ✦ EXCELLENCE ✦ ETHICS

Merino Industries Limited

CIN: U51909WB1965PLC026556
Registered Office: 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata: 700 020
Phone: 033-2290-1214, Fax: 91-33-2287-0314, E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com

TO THE MEMBERS,

NOTICE is hereby given that the 53rd 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 Friday, the 14th day of September, 2018 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, 2018 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, 2018;

3. To confirm the declaration and payment of Interim Dividend on equity shares for the financial year ended 31st March, 2018;

4. To appoint a Director in place of Miss Ruchira Lohia (DIN 00127797), who retires by rotation and being eligible, offers herself for re-appointment.

5. To appoint a Director in place of Shri Prasan Lohia (DIN 00061111), who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

6. To re-appoint Shri Bikash Lohia (DIN: 00154013) as Whole-time Director for a period of three years and to approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

   "**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Bikash Lohia (DIN: 00154013) as Whole-time Director of the Company for a further period of three years, effective 1st day of October, 2018 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Bikash Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Bikash Lohia:

Salary:

Rs. 7,45,500/- per month (consolidated) for the period from 01.10.2018 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 30.09.2021 Rs. 8,20,500-82,000-90,500-9,93,000 with the increment falling due on 1st April 2020 and 1st April 2021.

Perquisites:

Perquisites (valuation as per Income Tax Rules, wherever applicable and at actual cost to the Company in other cases) will include the Company's accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, society charges and property tax, club fees, medical reimbursement, medical/accident insurance (for self only).

The total value of the perquisites (evaluated in terms of cost/Income Tax Rules as applicable) as per the rules of the Company or as may be agreed to by the Board of Directors and Shri Bikash Lohia, shall not exceed Rs.1,00,000/- per financial year.

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration:
In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

7. To re-appoint Shri Madhusudan Lohia (DIN: 00063278) as Whole-time Director for a period of three years and to approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

"**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Madhusudan Lohia (DIN: 00063278) as Whole-time Director of the Company for a further period of three years, effective 1st day of October, 2018 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Madhusudan Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Madhusudan Lohia:

Salary:
Rs. 6,85,500/- per month (consolidated) for the period from 01.10.2018 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 30.09.2021 Rs. 7,54,000-75,500-83,000-9,12,500 with the increment falling due on 1st April 2020 and 1st April 2021.

Perquisites:
Perquisites (valuation as per Income Tax Rules, wherever applicable and at actual cost to the Company in other cases) will include the Company's accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, society charges and property tax, club fees, medical reimbursement, medical/accident insurance (for self only).

The total value of the perquisites (evaluated in terms of cost/Income Tax Rules as applicable) as per the rules of the Company or as may be agreed to by the Board of Directors and Shri Madhusudan Lohia, shall not exceed Rs.1,00,000/- per financial year.

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration:
In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

8. To re-appoint Shri Nripen Kumar Dugar (DIN: 00127790) as Whole-time Director for a period of three years and to approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

"**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Nripen Kumar Dugar (DIN: 00127790) as Whole-time Director of the Company for a further period of three years, effective 1st day of January, 2019 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Nripen Kumar Dugar, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Nripen Kumar Dugar:

Salary:
Rs. 3,33,000/- per month (consolidated) for the period from 01.01.2019 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 31.12.2021 Rs. 3,66,500-37,000-40,500-4,44,000 with the increment falling due on 1st April 2020 and 1st April 2021.

Housing Assistance Allowance:
Rs. 77,202/- per month payable at the end of each financial year for the entire year.

Other benefits:
Company's contribution to provident fund and gratuity and entitlement of leave and special incentive, if any, payable in lumpsum per annum for any financial year in addition to the existing remuneration, will be applicable as per the rules of the Company.

Minimum Remuneration:
In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

9. To re-appoint Shri Rup Chand Lohia (DIN: 00063290) as Executive Vice-Chairman for a period of three years and to approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

"**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Rup Chand Lohia (DIN: 00063290) as Executive Vice-Chairman of the Company for a further period of three years, effective 1st day of January, 2019 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Rup Chand Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Rup Chand Lohia:

Salary:
Rs. 5,95,000/- per month (consolidated) for the period from 01.01.2019 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 31.12.2021 Rs. 6,54,500-65,500-72,000-7,92,000 with the increment falling due on 1st April 2020 and 1st April 2021.

Perquisites:
Perquisites (valuation as per Income Tax Rules, wherever applicable and at actual cost to the Company in other cases) will include the Company's accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, society charges and property tax, club fees, medical reimbursement, medical/accident insurance (for self only).

The total value of the perquisites (evaluated in terms of cost/Income Tax Rules as applicable) as per the rules of the Company or as may be agreed to by the Board of Directors and Shri Rup Chand Lohia, shall not exceed Rs.1,00,000/- per financial year.

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration:
In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

10. To re-appoint Shri Champa Lal Lohia (DIN: 00154019) as Executive Chairman for a period of three years and to

approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

"**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Champa Lal Lohia (DIN: 00154019) as Executive Chairman of the Company for a further period of three years, effective 1st day of March, 2019 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Champa Lal Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Champa Lal Lohia:

Salary:
Rs. 10,00,000/- per month (consolidated) for the month of March 2019 and the Scale with effect from 01.04.2019 and ending on 28.02.2022 Rs. 11,00,000-1,10,000-1,21,000-13,31,000 with the increment falling due on 1st April 2020 and 1st April 2021.

Perquisites:
Perquisites (valuation as per Income Tax Rules, wherever applicable and at actual cost to the Company in other cases) will include the Company's accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, society charges and property tax, club fees, medical reimbursement, medical/accident insurance (for self only).

The total value of the perquisites (evaluated in terms of cost/Income Tax Rules as applicable) as per the rules of the Company or as may be agreed to by the Board of Directors and Shri Champa Lal Lohia, shall not exceed Rs.1,00,000/- per financial year

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration:
In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

11. To approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2019 and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

    "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, Shibtala Street, P.O. Uttarpara, Dist. Hooghly, PIN: 712258 appointed by the Board of Directors to conduct the audit of the cost records relating to the applicable products of the Company for the financial year ending on 31st March, 2019, 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."

12. To give authority to the Board of Directors for making donation to charitable and other funds not directly related to the business of the Company and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

    "**RESOLVED THAT** pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, authority be and is hereby given to the Board of Directors of the Company to contribute to bonafide and charitable funds (including corpus) upto the limit of Rs.15,00,00,000/- (Rupees fifteen crore only) during the financial year 2018-2019 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."

13. To appoint Shri Bama Prasad Mukhopadhyay (DIN 08199055) as an Independent Director 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Bama Prasad Mukhopadhyay (DIN 08199055), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Bama Prasad Mukhopadhyay for the office of Director, be and is hereby appointed as an Independent Director of the Company in accordance with the Companies Act, 2013 to hold office up to the 58th Annual General Meeting in the calendar year 2023."

By order of the Board
For **Merino Industries Limited**

Vinamrata Agrawal
Company Secretary

13th August, 2018

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 7th September, 2018 to 14th September, 2018 (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, Aadhaar 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 7th September, 2018. 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 2010-2011, 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 2011-2012 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
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
2017-2018	25.09.2017	02.11.2017	01.10.2024	01.11.2024

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.

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 11th September, 2018 (9:00 a.m.) and ends on 13th September, 2018 (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 7th September, 2018, 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.

(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 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	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• 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.
	• 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.
Dividend Bank Details OR Date of Birth (DOB)	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.
	* 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).

(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 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.
- 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 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

18. The e-voting period commences on 11th September, 2018 (9:00 a.m.) and ends on 13th September, 2018 (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 7th September, 2018.

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 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 NOS. 6 TO 10

GENERAL INFORMATION: As required under Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) in respect of re-appointment and payment of remuneration to Shri Bikash Lohia, Shri Madhusudan Lohia, Shri Nripen Kumar Dugar, Whole-time Directors, Shri Rup Chand Lohia, Executive Vice-Chairman and Shri Champa Lal Lohia, Executive Chairman.

Nature of Industry: The Company operates in diversified fields of industry. It manufactures decorative laminates under the brand name "MERINO". It also manufactures formaldehyde and space saving furniture with wide ranging patterns and a host of colours and shades under brand name 'MY SPACE'. The company has diversified into Agro business and is manufacturing potato flakes under the brand name 'VEGIT'.

Date or expected date of commencement of commercial production: The Company is an existing one and is in operation.

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.

Financial performance based on given indicators: The performance of the Company (i.e. Turnover, Production, Profit before Tax and Earnings in Foreign Exchange) for last six years is given hereunder:

Financial year	Net Turnover (Rs. in Crore)	Production of decorative laminates (No. of sheets)	Profit before Tax (Rs. in Crore)	Earnings in Foreign Exchange (F.O.B value of Exports) (Rs. in Crore)
2012-2013	476.60	5808622	28.25	107.02
2013-2014	563.94	6208998	35.26	122.64
2014-2015	641.10	6602378	66.37	144.91
2015-2016	662.34	6747779	87.41	151.03
2016-2017	727.31	7023976	99.62	158.44
2017-2018*	812.01	8103154	94.84	162.17

* Audited but subject to Shareholders' approval

Export performance: As indicated above

Foreign Investments and Collaborations, if any: None

6. RE-APPOINTMENT AND PAYMENT OF REMUNERATION TO SHRI BIKASH LOHIA, WHOLE-TIME DIRECTOR

Shri Bikash Lohia was a Director of the Company's subsidiary Merino Panel Products Limited since 1994 and thereafter was appointed as a Whole-time Director of the Company in the year 2006 with subsequent re-appointment to the said post. Considering his experience of around 26 years in production of Decorative Laminates, Plywood and Import of Design papers, raw materials, chemicals etc. and his contributions towards the development of the Company and his expertise in managing information & technology issues of the Company, the Board recommends that it would be in the interest of the Company to appoint Shri Bikash Lohia as a Whole-time Director of the Company for a further period of three years with effect from 1st October, 2018. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Bikash Lohia as a Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

1) Background details: Shri Bikash Lohia, aged about 48 years and privately educated and attended M.E.P of the Indian Institute of Management, Ahmedabad, has been associated with the Company's subsidiary Merino Panel Products Limited as Director since 1994 and as a Whole-time Director of the Company w.e.f. 1st October, 2006 and his present term expires on 30th September, 2018.

2) Past Remuneration: The past remuneration of Shri Bikash Lohia as Whole-time Director of the Company was by way of salary of Rs. 5,60,000/- per month (consolidated) for the period from 01.10.2015 to 31.03.2016 and the Scale with effect from 01.04.2016 and ending on 30.09.2018 Rs. 6,16,000-62,000-67,500-7,45,500 with the increment falling due on 1st April 2017 and 1st April 2018 and

Perquisites subject to a maximum of Rs. 1,00,000/- per financial year.

3) Recognition or Awards: Not Material

4) Job Profile and his suitability: Overseeing factory operations and overall management and addressing Information Technology related issues.

   Shri Lohia has about 26 years of experience in production of Company's products and his contributions towards the development of the Company are significant.

5) Remuneration proposed: Salary Rs. 7,45,500/- per month (consolidated) for the period from 01.10.2018 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 30.09.2021 Rs. 8,20,500-82,000-90,500-9,93,000 with the increment falling due on 1st April 2020 and 1st April 2021 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year (as mentioned in Item No. 6 of the notice).

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Whole-time Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 18th June, 2018, the Committee recommended fixing the remuneration of Shri Lohia as a Whole-time Director based on his present job responsibilities and size of the Company.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the proposed capacity of Whole-time Director and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his father, Shri Champa Lal Lohia, Executive Chairman and Key Managerial Personnel (KMP). Other KMP i.e. Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prasan Lohia, Miss Ruchira Lohia, Shri Madhusudan Lohia, Whole-time Directors and Shri Prakash Lohia, Managing Director are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION

1) Reasons for loss or inadequate profits: The Company has not incurred any loss.

2) Steps taken or proposed to be taken for improvement: The Management continues in its endeavour to optimize resources, make value additions, increase revenue and curtail wastage. The management is optimistic that in the future years your Company would witness improved performance and profitability.

3) Expected increase in productivity and profits in measurable terms: This cannot be quantified at this stage due to several uncertainties. However, the Directors feel that the present rate of growth of performance would be sustained, if not bettered in the years to come.

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Bikash Lohia as a Whole-time Director with effect from 1st October, 2018 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Special Resolution for the appointment of managerial personnel and to fix their remuneration. In accordance with the provisions of Section II of Part II of Schedule V requires approval of the shareholders by way of Special Resolution (as specified in Item No. 6). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Whole-time Director are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Bikash Lohia, Whole-time Director and Key Managerial Personnel (KMP) and his father Shri Champa Lal Lohia, Executive Chairman and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prakash Lohia, Managing Director, Miss Ruchira Lohia, Shri Prasan Lohia and Shri Madhusudan Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 6 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.

7. RE-APPOINTMENT AND PAYMENT OF REMUNERATION TO SHRI MADHUSUDAN LOHIA, WHOLE-TIME DIRECTOR

Shri Madhusudan Lohia has been associated with a group company as Whole-time Director from 1st June, 2005 before being appointed as Whole-time Director of the Company w.e.f. 1st October, 2006. Considering his experience of around 16 years in manufacture and marketing of Furniture, Furniture Solutions, Decorative Laminates etc., the Board recommends that it would be in the interest of the Company to appoint Shri Madhusudan Lohia as Whole-time Director of the Company for a period of three years with effect from 1st October, 2018. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Madhusudan Lohia as Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

1) Background details: Shri Madhusudan Lohia, is a Graduate in Business Process Management, (Operations and International Business) from Indiana University, holds Masters Degree in Manufacturing Management and is an MBA from Pennsylvania State University, USA. He is aged about 38 years and is associated with the Company as a Whole-time Director from 1st October, 2006. His present term expires on 30th September, 2018.

2) Past Remuneration: The past remuneration of Shri Madhusudan Lohia as Whole-time Director of the Company was by way of salary of Rs. 5,15,000/- per month (consolidated) for the period from 01.10.2015 to 31.03.2016 and the Scale with effect from 01.04.2016 and ending on 30.09.2018 Rs. 5,66,500-56,500-62,500-6,85,500 with the increment falling due on 1st April 2017 and 1st April 2018 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year.

3) Recognition or Awards: Not Material

4) Job Profile and his suitability: Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction. Shri Lohia has about 16 years experience in manufacture and marketing of Furniture, Furniture Solutions, Decorative Laminates etc. and is well conversant with the business requirements and complexities.

5) Remuneration proposed: Salary Rs. 6,85,500/- per month (consolidated) for the period from 01.10.2018 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 30.09.2021 Rs. 7,54,000-75,500-83,000-9,12,500 with the increment falling due on 1st April 2020 and 1st April 2021 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year (as mentioned in Item No. 7 of the notice).

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Whole-time Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 18th June, 2018, the Committee recommended fixing the remuneration of Shri Lohia as a Whole-time Director based on his present job responsibilities and size of the Company.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the proposed capacity of Whole-time Director and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his father, Shri Prakash Lohia, Managing Director and Key Managerial Personnel (KMP). Other KMP i.e. Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prasan Lohia, Miss Ruchira Lohia, Shri Bikash Lohia, Whole-time Directors are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti,

Independent Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION – Same as stated before

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Madhusudan Lohia as Whole-time Director with effect from 1st October, 2018 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Special Resolution for the appointment of managerial personnel and to fix their remuneration. In accordance with the provisions of Section II of Part II of Schedule V requires approval of the shareholders by way of Special Resolution (as specified in Item No. 7). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Whole-time Director are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Madhusudan Lohia, Whole-time Director and Key Managerial Personnel (KMP) and his father Shri Prakash Lohia, Managing Director and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Miss Ruchira Lohia, Shri Prasan Lohia and Shri Bikash Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 7 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.

8. RE-APPOINTMENT AND PAYMENT OF REMUNERATION TO SHRI NRIPEN KUMAR DUGAR, WHOLE-TIME DIRECTOR

Shri Nripen Kumar Dugar has been a Whole-time Director of the Company since 1987. Considering his vast experience in overall Business Administration and his valuable contribution towards the development of this Company, the Board recommends that it would be in the interest of the Company to re-appoint Shri Nripen Kumar Dugar as Whole-time Director of the Company for further period of three years with effect from 1st January, 2019. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Nripen Kumar Dugar as Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

1) Background details: Shri Nripen Kumar Dugar, B. Com., aged about 56 years, has been associated with the Company as Director since 1986 and was appointed as Whole-time Director with effect from 1st day of January, 1987 with subsequent re-appointments to the said post and his present term expires on 31st December, 2018.

2) Past Remuneration: The past remuneration of Shri Nripen Kumar Dugar as Whole-time Director of the Company was by way of salary of Rs. 2,50,000/- per month (consolidated) for the period from 01.01.2016 to 31.03.2016 and the Scale with effect from 01.04.2016 and ending on 31.12.2018 Rs. 2,75,000-27,500-30,500-3,33,000 with the increment falling due on 1st April 2017 and 1st April 2018, Housing Assistance Allowance Rs. 77,202/- per month payable at the end of each financial year for the entire year and other benefits (i.e. Company's contribution to provident fund and gratuity and entitlement of leave and special incentive paid in lumpsum in addition to the existing remuneration, as applicable as per the rules of the Company).

3) Recognition or Awards: Not Material

4) Job Profile and his suitability: Overseeing sales and marketing of the Company's Decorative Laminates division, Branch co-ordination and Base Paper management. Shri Dugar has about 32 years experience in sale and marketing of Decorative Laminates etc. and

is well conversant with the business requirements and complexities.

5) Remuneration proposed: Salary Rs. 3,33,000/- per month (consolidated) for the period from 01.01.2019 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 31.12.2021 Rs. 3,66,500-37,000-40,500-4,44,000 with the increment falling due on 1st April 2020 and 1st April 2021, Housing Assistance Allowance Rs. 77,202/- per month payable at the end of each financial year for the entire year and other benefits (i.e. Company's contribution to provident fund and gratuity and entitlement of leave and special incentive, if any, payable in lumpsum per annum for any financial year in addition to the existing remuneration, will be applicable as per the rules of the Company) (as mentioned in Item No. 8 of the notice).

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the proposed appointee would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 18th June, 2018 the Committee recommended fixing the remuneration of Shri Nripen Kumar Dugar on the same terms as per his immediately preceding period of office with the Company.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the proposed capacity of Whole-time Non-Promoter Director and also as a shareholder of the Company, Shri Dugar enjoys no other pecuniary relationship with the Company.

OTHER INFORMATION – Same as stated before

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Nripen Kumar Dugar as Whole-time Director with effect from 1st January, 2019 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Ordinary Resolution for the appointment of managerial personnel and to fix their remuneration. In accordance with the provisions of Schedule V, his appointment requires approval of the shareholders by way of Special Resolution (as specified in Item No. 8). The terms of remuneration specified in the said Resolution and also described fully in the draft service agreement of Shri Dugar as Whole-time Director are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Dugar pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Dugar and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Save and except Shri Nripen Kumar Dugar, Whole-time Director and Key Managerial Personnel (KMP) and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / KMP of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 8 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.

9. RE-APPOINTMENT AND PAYMENT OF REMUNERATION TO SHRI RUP CHAND LOHIA AS EXECUTIVE VICE-CHAIRMAN

Shri Rup Chand Lohia had been Director (Technical) of the Company since 2002 and further re-designated as Executive Vice-Chairman effective 1st April, 2010. His present term expires on 31st December, 2018. Considering his vast experience in overall Business Administration and his valuable contribution towards the development of this Company, the Board recommends that it would be in the interest of the Company to re-appoint Shri Lohia as an Executive Vice-Chairman of the Company for further period of three years with effect from 1st January, 2019. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Rup Chand Lohia as an Executive Vice-Chairman is placed before the shareholders for approval.

INFORMATION ABOUT THE EXECUTIVE VICE-CHAIRMAN

1) Background details: Shri Rup Chand Lohia, B.M.E. (Jadavpur University), aged about 78 years, has been associated with the Company as Director since its

incorporation and was also a member of the Board of Directors of the Company up to 5th April, 1994 and was appointed as Director (Technical) with effect from 1st day of January, 2002 and further re-designated as an Executive Vice-Chairman effective 1st April, 2010 and his present term will expire on 31st December, 2018.

2) Past Remuneration: The past remuneration of Shri Rup Chand Lohia as Executive Vice-Chairman of the Company was by way of salary of Rs. 4,47,000/- per month (consolidated) for the period from 01.01.2016 to 31.03.2016 and the Scale with effect from 01.04.2016 and ending on 31.12.2018 Rs. 4,92,000-49,000-54,000-5,95,000 with the increment falling due on 1st April 2017 and 1st April 2018 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year.

3) Recognition or Awards: Not Material

4) Job Profile and his suitability: 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. Shri Lohia has about 56 years experience and has contributed immensely towards the growth and success of the Company.

5) Remuneration proposed: Salary Rs. 5,95,000/- per month (consolidated) for the period from 01.01.2019 to 31.03.2019 and the Scale with effect from 01.04.2019 and ending on 31.12.2021 Rs. 6,54,500-65,500-72,000-7,92,000 with the increment falling due on 1st April 2020 and 1st April 2021 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year (as mentioned in Item No. 9 of the notice).

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Executive Vice - Chairman would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 18th June, 2018, the Committee recommended fixing the remuneration of Shri Rup Chand Lohia as an Executive Vice - Chairman based on his present job responsibilities and size of the Company.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the proposed capacity of Executive Vice - Chairman and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his brother, Shri Champa Lal Lohia, Executive Chairman and his son, Shri Prasan Lohia, Whole-time Director and Key Managerial Personnel (KMP). Other KMP i.e. Shri Bikash Lohia, Miss Ruchira Lohia, Shri Madhusudan Lohia, Whole-time Directors and Shri Prakash Lohia, Managing Director are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION – Same as stated before

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Rup Chand Lohia as an Executive Vice-Chairman with effect from 1st January, 2019 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Special Resolution for the appointment of managerial personnel who has since attained the age of 70 years and to fix their remuneration. In accordance with the provisions of Schedule V, his appointment requires approval of the shareholders by way of Special Resolution (as specified in Item No. 9). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Executive Vice-Chairman are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Rup Chand Lohia, Executive Vice-Chairman and Key Managerial Personnel (KMP) and his brother Shri Champa Lal Lohia, Executive Chairman and KMP and son Shri Prasan Lohia, Whole-time Director and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Prakash Lohia, Managing Director, Miss Ruchira Lohia, Shri Bikash Lohia and Shri Madhusudan Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary, falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, including their relatives, are not 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.

10. RE-APPOINTMENT AND PAYMENT OF REMUNERATION TO SHRI CHAMPA LAL LOHIA AS EXECUTIVE CHAIRMAN

Shri Champa Lal Lohia has been a Director of the Company since 1968 and further re-designated as Executive Chairman effective 1st April, 2010 and his present term will expire on 28th February, 2019. Considering his vast experience in overall Business Administration and his valuable contribution towards the development of this Company, the Board recommends that it would be in the interest of the Company to re-appoint Shri Champa Lal Lohia as an Executive Chairman of the Company for further period of three years with effect from 1st March, 2019. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Champa Lal Lohia as an Executive Chairman is placed before the shareholders for approval.

INFORMATION ABOUT THE EXECUTIVE CHAIRMAN

1) Background details: Shri Champa Lal Lohia, B. Com., aged about 84 years, has been associated with the Company as Director since 1968 and was appointed as Whole-time Director with effect from 1st day of May, 1985 and thereafter re-appointed as Executive Vice-Chairman effective 1st day of May, 1995 and further re-designated as Executive Chairman effective 1st April, 2010. His present term expires on 28th February, 2019.

2) Past Remuneration: The past remuneration of Shri Champa Lal Lohia as Executive Chairman of the Company was by way of salary of Rs. 7,82,000/- per month (consolidated) for the month of March 2016 and the Scale with effect from 01.04.2016 and ending on 28.02.2019 Rs. 8,60,000-86,000-54,000-10,00,000 with the increment falling due on 1st April 2017 and 1st April 2018 and Perquisites subject to a maximum of Rs.1,00,000/- per financial year.

3) Recognition or Awards: Not Material

4) Job Profile and his suitability: Policy Decision making and new projects. Shri Lohia has total experience of about 61 years and the growth and progress of the Company in the preceding years have mostly been possible due to his dynamic leadership.

5) Remuneration proposed: Salary Rs. 10,00,000/- per month (consolidated) for the month of March 2019 and the Scale with effect from 01.04.2019 and ending on 28.02.2022 Rs. 11,00,000-1,10,000-1,21,000-13,31,000 with the increment falling due on 1st April 2020 and 1st April 2021 and Perquisites subject to a maximum of Rs.1,00,000/- per financial year (as mentioned in Item No. 10 of the notice).

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Executive Chairman would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 18th June, 2018, the Committee recommended fixing the remuneration of Shri Champa Lal Lohia as an Executive Chairman based on his present job responsibilities and size of the Company.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the capacity of Executive Chairman and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his brother, Shri Rup Chand Lohia, Executive Vice-Chairman and his son, Shri Bikash Lohia, Whole-time Director and Key Managerial Personnel (KMP). Other KMP i.e. Shri Prasan Lohia, Miss Ruchira Lohia, Shri Madhusudan Lohia, Whole-time Directors and Shri Prakash Lohia, Managing Director are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti,

Independent Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION – Same as stated before

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Champa Lal Lohia as an Executive Chairman with effect from 1st March, 2019 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Special Resolution for the appointment of managerial personnel who has since attained the age of 70 years and to fix their remuneration. In accordance with the provisions of Schedule V, his appointment requires approval of the shareholders by way of Special Resolution (as specified in Item No. 10). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Executive Chairman are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Champa Lal Lohia, Executive Chairman and Key Managerial Personnel (KMP) and his brother Shri Rup Chand Lohia, Executive Vice-Chairman and KMP and son Shri Bikash Lohia, Whole-time Director and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Prakash Lohia, Managing Director, Miss Ruchira Lohia, Shri Prasan Lohia and Shri Madhusudan Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director and KMP, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Vinamrata Agrawal, Company Secretary, falling under the category of KMP and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 10 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.

RELATING TO ITEM NO. 11

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, 2019 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. 11 of the Notice for fixation of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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. 11 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

RELATING TO ITEM NO. 12

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 2018-19, which exceeds the above limit. The expenditure would be channelized mainly towards contributions (including corpus) to group managed / other Trust(s) and also to such other Trust(s) as the Board would deem fit. The primary objectives of making to the funds / trusts where donations would be made would include eradicating hunger, poverty, promoting preventive health care, sanitation, education, gender equality, empowerment of women, ensuring environmental sustainability, protection of national heritage, undertaking training to promote rural sports, establish, maintain and grant aid to hospitals etc. and also various other public charitable activities .

As such, the Board recommends passing the resolution.

All the Whole-time Promoter Directors, who also fall under the category of 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. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee 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. 12 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.

RELATING TO ITEM NO. 13

The Board of Directors proposed to appoint Shri Bama Prasad Mukhopadhyay (DIN 08199055) as an Independent Director of the Company at the ensuing annual general meeting of the Company. 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 Shri Bama Prasad Mukhopadhyay, 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 Act.

The resolution seeks the approval of members for the appointment of Shri Bama Prasad Mukhopadhyay as an Independent Director of the Company to hold office up to the 58th Annual General Meeting in the calendar year 2023 as per Section 149 and other applicable provisions of the Act and the Rules framed thereunder.

In the opinion of the Board of Directors, Shri Bama Prasad Mukhopadhyay fulfills the conditions specified in the Act and the Rules made thereunder for such appointment and he is independent of the Management. A copy of the draft letter for the appointment of Shri Bama Prasad Mukhopadhyay 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 Shri Bama Prasad Mukhopadhyay, a senior retired Central Government Official having a wide experience in the area of Indirect Taxation and administration thereof, as an Independent Director.

No director, key managerial personnel or their relatives, except Shri Bama Prasad Mukhopadhyay, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 13 for the approval of the members.

ROUTE MAP TO THE VENUE OF AGM

ECONOMY • EXCELLENCE • ETHICS

Merino Industries Limited

CIN: U51909WB1965PLC026556
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

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:………………………............…....…...............or failing him / her

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 53rd Annual General Meeting of the Company being held on Friday, the 14th day of September, 2018 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
Ordinary Business	
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31.03.2018
2.	Consideration and adoption of the Audited Consolidated Financial Statement for the year ended 31.03.2018
3.	Confirmation of the declaration and payment of Interim Dividend for the financial year 2017-18
4.	Approval for re-appointment of Miss Ruchira Lohia (DIN : 00127797) who retires by rotation
5.	Approval for re-appointment of Shri Prasan Lohia (DIN : 00061111) who retires by rotation
Special Business	
6.	Approval for re-appointment of Shri Bikash Lohia (DIN : 00154013) as a Whole-time Director for further period of three years and payment of his remuneration
7.	Approval for re-appointment of Shri Madhusudan Lohia (DIN : 00063278) as a Whole-time Director for further period of three years and payment of his remuneration
8.	Approval for re-appointment of Shri Nripen Kumar Dugar (DIN : 00127790) as a Whole-time Director for further period of three years and payment of his remuneration
9.	Approval for re-appointment of Shri Rup Chand Lohia (DIN : 00063290) as an Executive Vice-Chairman for further period of three years and payment of his remuneration
10.	Approval for re-appointment of Shri Champa Lal Lohia (DIN : 00154019) as an Executive Chairman for further period of three years and payment of his remuneration
11.	Approval for payment of remuneration of Cost Auditors
12.	Approval to give authority for making donation to charitable and other funds
13.	Approval for Appointment of Shri Bama Prasad Mukhopadhyay (DIN : 08199055) as an Independent Director

Signed this ……………………day of September, 2018

Affix
Revenue
Stamp

....
Signature of the Shareholder

....
Signature of proxy holder(s)

* 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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