

The Group's contribution to the exchequer (gross) in FY2018-19 was ₹452 Crore; in FY2017-18, it was ₹ 359 Crore

The Group's contribution to CSR and charity in FY 2018-19 was ₹9 Crore; in FY 2017-18, it was ₹11 Crore

Merino Industries Limited
Annual Report 2018-19



TRENDSETTER



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Forward-looking statement

In this Annual Report we have presented some 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 realised, although we believe we have been prudent in our 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 to be 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 inspiration
behind the Merino Group

CORPORATE INFORMATION

Board of Directors

Mr. Champa Lal Lohia

Executive Chairman

Mr. Rup Chand Lohia

Executive Vice-Chairman

Mr. Prakash Lohia

Managing Director

Directors

Ms. Ruchira Lohia

Whole-time Director

Mr. Prasan Lohia

Whole-time Director

Mr. Bikash Lohia

Whole-time Director

Mr. Madhusudan Lohia

Whole-time Director

Mr. Nripen Kumar Dugar

Whole-time Director

Dr. Gautam Bhattacharjee

Independent Director

Mr. Sisir Kumar Chakrabarti

Independent Director

Mr. Bama Prasad Mukhopadhyay

Independent Director

Audit Committee

Mr. Sisir Kumar Chakrabarti

Chairman

Dr. Gautam Bhattacharjee

Mr. Bama Prasad Mukhopadhyay

Mr. Prasan Lohia

Stakeholders' Relationship Committee

Dr. Gautam Bhattacharjee

Chairman

Mr. Prasan Lohia

Nomination and Remuneration Committee

Mr. Sisir Kumar Chakrabarti

Chairman

Dr. Gautam Bhattacharjee

Mr. Bama Prasad Mukhopadhyay

Corporate Social Responsibility Committee

Mr. Champa Lal Lohia

Chairman

Mr. Prakash Lohia

Mr. Prasan Lohia

Dr. Gautam Bhattacharjee

Risk Management Committee

Mr. Prakash Lohia

Chairman

Ms. Ruchira Lohia

Mr. Prasan Lohia

Mr. Riaz Ahmed

Consultant

Mr. Asok Kumar Parui

Chief Financial Officer

Chief Financial Officer

Mr. Asok Kumar Parui

Company Secretary

Ms. Vinamrata Agrawal

Registered Office

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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
Gujarat: 392 130

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.

YES Bank Limited

Registrars & Share Transfer Agents

C.B Management Services (P) Ltd.

P-22, Bondel Road, Kolkata-700 019

Phone Nos.: (033) 4011 6700,
2280 6692 – 94

Fax: (033) 2287 0263;

Email: rta@cbmsl.com

TRENDSETTER

AT MERINO, OUR PRIMARY
FOCUS IS TO DELIGHT
CUSTOMERS.

Not just manufacturing
products that customers like.

Not just carving out a larger
share of the market.

Not just matching the best
standards (aesthetics,
quality and delivery).

Not just matching
prevailing trends.

*But manufacturing products
that customers did not even
think of.*

*But helping widen the market
in the first place.*

*But in setting new
benchmarks.*

But setting them instead.

The Merino brand is marked by various recalls. These recalls have been reflected in words like 'quality', 'style' and 'superior price-value'.

However, one recall has endured. That of 'trendsetter'.

Attracting a larger number of trade intermediaries, sales influencers and consumers.

*Enhancing profitability for the year.
Building sustainability for the future.*

The background features a series of colorful, stylized shapes. On the left, there are two tall, blue, vertically-hatched shapes. In the center, a teal shape with a white wavy line inside. To the right, a pink shape with a white wavy line. Below these, there are more shapes: a teal one with a white wavy line, a pink one with a white wavy line, and a pink one with a white wavy line. The bottom right corner has a pink shape with a white wavy line.

THE SPIRIT OF MERINO

Our mission

Universal weal through trade and industry



Our vision

Global competence and global competitiveness in every line of business by synergizing western work culture & 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

THE MERINO POSITIONING

Rich experience spanning half a century

Merino was started by the late Man Kumar Lohia in 1965. The Group entered the interiors segment with plywood manufacture in 1974. It launched the Merino brand in 1981 when the Group extended to laminates manufacture.

Merino is now present in 70+ countries with an extensive product range. The Group is one of the world's leading manufacturers and exporters of decorative laminates for interior applications.

The Group showcases a range of world-class premium laminates across a range of designs, textures, colors and finishes.

Widening horizontal and vertical presence

Merino possesses India's largest laminates manufacturing capacity at 171 lakh sheets per annum. The Group is among India's handful laminate players possessing a captive printing unit. The Group 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 Group invested in a plate polishing and cleaning facility for a uniform surface finish of stainless steel moulds; it is the only high pressure laminates manufacturer in Asia possessing chroming, de-chroming and chromed stainless steel moulds (to produce non-directional chromed gloss plates); it is also engaged in the manufacture of captive formaldehyde and resins.

Consistent quality focus

Merino's facilities have been certified for ISO 9001, ISO 14001 and ISO 18001.

The Group has established a respect for continuous research-led innovation, as well as enhanced product and process quality.

The Group's quality has been consistently enhanced through engagements and alliances with global consultants leading to technology absorption capabilities.

As an extension of the quality commitment, the Group has invested deeply in safety standards, ease-of-application, reduced installation time and interiors maintenance.

State-of-the-art technology use

The Merino Group's three laminates manufacturing units (in addition panel products and potato products) have been invested with state-of-the-art technologies.

It is one of only two companies in India to have developed the Double Belt Casting Unit process to produce superior laminate products.

Merino integrated all operational stages through ERP, enhancing transparency and providing on-time information to customers and service providers.

An international player with local roots

The Group is present where customers are. The Group possesses offices in all major States that help market products in 70-plus countries.

The Group's network of more than 4000 dealers (doubled in the last five years) helps provide products across 2,000 pan-India outlets.

The Group has 16 branches in India and two offices overseas.

PRODUCT PORTFOLIO

Laminates: The Group is one of the largest manufacturers of laminates in India with more than 10,000 SKUs (across designs, textures, colors and finishes).

Panel products and furniture division:

The Group 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 for office use.

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

MANUFACTURING CAPACITIES

Merino Industries Limited

Location: Hapur (Uttar Pradesh)

Products	Capacity
Laminates	72 lakh sheets
Furniture	2.24 lakh pcs
Formaldehyde	18,250 MT
Potato flakes	86 lakh kg

Merino Industries Limited

Location: Hosur (Tamil Nadu)

Products	Capacity
Prelam boards	18 lakh sqm

Merino Panel Products Limited

Location: Rohad (Haryana)

Products	Capacity
Laminates	72 lakh sheets
Plywood	8.10 lakh sqm
Prelam boards	3.74 lakh pcs
Formaldehyde	9,360 MT

Merino Industries Limited

Location: Dahej (Gujarat)

Products	Capacity
Laminates	27 lakh sheets

Merino.

Consistently improving, strengthening and trend-setting

1969

Established potato cold storage plant

1978

Established a factory at Hapur

1994

Recognized as the highest exporter of laminates

1998

Launched Flex, post-forming laminates

1973

Started manufacturing plywood

1981

Capacity of 500 sheets/day

1995

Established manufacturing unit in Rohad, Haryana

2003

Established a unit to manufacture low pressure laminates

2005

Launched Vegit™, a nationally leading brand, making potato flakes and instant snack mixes

2007

Launched Merino Services Limited, an IT company

2014

Launched internal and external wall cladding products

2004

Commenced the delivery of restroom cubicle systems

2006

Established a manufacturing unit in Hosur (Tamil Nadu) for Prelam boards

2010

Launched MR+ Laminates under the Merino Laminates flagship brand

2015

- Launched Stoven, a brand for stone veneer sheets.
- Established a manufacturing unit in Achheja, Uttar Pradesh for laminates, furniture, formaldehyde and potato flakes

2016

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

2017

- Launched Finguard and Harmony brands of co-ordinated surfaces.
- Established a manufacturing unit in Dahej, Gujarat

2018

Launched the Imagino, Matt Meister and Lamination series of laminates

Our trendsetting track record has helped us grow across market cycles



Performance, FY2018-19

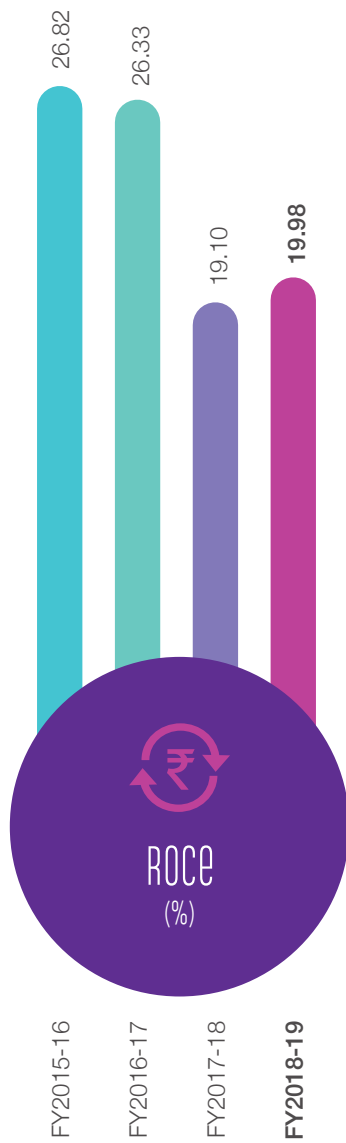
Aggregate sales increased 21% to reach ₹1472.33 crore during FY2018-19 following increased market penetration and a wider consumer base.

Performance, FY2018-19

The Group's EBITDA grew 13% over the previous year following cost optimisation and improving contribution, following increased offtake.

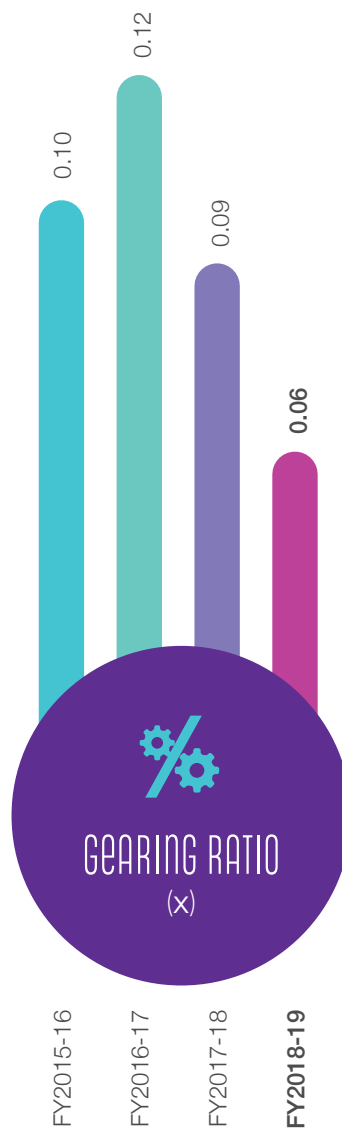
Performance, FY2018-19

The Group's PAT improved 37% over the previous year on the back of stronger performance and a larger contribution from value-added products.



Performance, FY2018-19

The RoCE of the Group grew by 88 bps over the previous year, providing a reasonable return to the shareholders.



Performance, FY2018-19

The Group's gearing ratio improved by 3 bps following debt repayment and strengthening net worth.



Performance, FY2018-19

The interest cover of the Group declined by 1.19x due to increased competition and decline in realisations during the year.



Chairman's overview

I present the performance of the Group during the year under review.

The Group's revenue from operations strengthened 21% to ₹1,472.13 crore while EBIDTA strengthened to ₹260.76 crore and profit after tax improved 37% to ₹140.83 crore in 2018-19.

This performance was appreciable considering subdued market demand, increased currency volatility and a liquidity crunch in the country.

The growth in our operating numbers indicates that we strengthened our competitiveness during the year under review in various ways.

The Group invested in additional manufacturing capacities, enhanced utilisation levels and introduced innovative value-added products. The Dahej plant provided the required synergies to the production process. We also expanded our reach by venturing into new markets.

We enhanced our global footprint and penetrated deeper in existing markets. Our revenues from export increased 19% to ₹375.76 crore during the year under review, strengthening our prospects and reducing our dependence on any particular region.

Strengthening the core

Over the years, the Group graduated from being a product manufacturer to an interior solution provider with an array of products for all kinds of the surfaces.

The Group enjoys economies of scale, being one of the largest manufacturers of laminates in India. During the year under review, the Group's sales volume increased by 11% from 143.70 lakh sheets to 159.39 lakh sheets, validating the brand strength.


Merino's consistent focus on Balance Sheet integrity translated into a lower debt-equity ratio, strong interest cover, improved working capital position and increased liquidity.

The Group expanded its presence in southern India by venturing into new territories and penetrating deeper in territories where it already has a presence.

Growth catalyst

There are a number of reasons why India will retain its position as one of the most exciting markets for laminates in the coming years.

One, home affordability has increased in the last decade and is expected to become better due to factors like stagnant real estate prices and higher income growth. One of the main reasons behind increased product affordability is higher income growth compared to property prices. The average disposable income per



During the year under review, the Group's volume sales increased by 11% from 143.70 lakh sheets to 159.39 lakh sheets.

annum for the middle-income ` grew around 9% across seven major cities in India over the period of 2014 to 2018. However, the average growth in residential property prices was less than 2% during the same period.

Two, it took India 60 years to achieve its first trillion dollars in economic size; it replicated this in the space of just seven years thereafter; it expects to emerge as a \$10 trillion economy in a decade and a half from now.

Three, income growth is expected to transform India from a bottom-of-the-pyramid economy into a middle-class-led one, with consumer spending growing from US\$ 1.5 trillion to ~US\$ 6 trillion by 2030. This could be driven by middle-class expansion and emergence of a sizable high-income segment.

Four, by 2030 India could add ~140 million middle-income households and lift ~25 million households out of poverty. Only around 5% of India's households are expected to be below the poverty line by 2030, down from 15% today.

Five, the population of deprived and aspiring consumers is estimated to decrease from almost 1.1 billion today to 150 million in the 2040s. The top income segment - the rich - could increase from 30 million to an estimated 310 million, while the largest percentage of the population could comprise a middle class of nearly 1.25 billion, up from 270 million today.

Six, domestic consumption in India, which increased 3.5 times from ₹31 trillion to ₹110 trillion in the last decade, is estimated to touch ₹335 trillion by 2028.

Overview

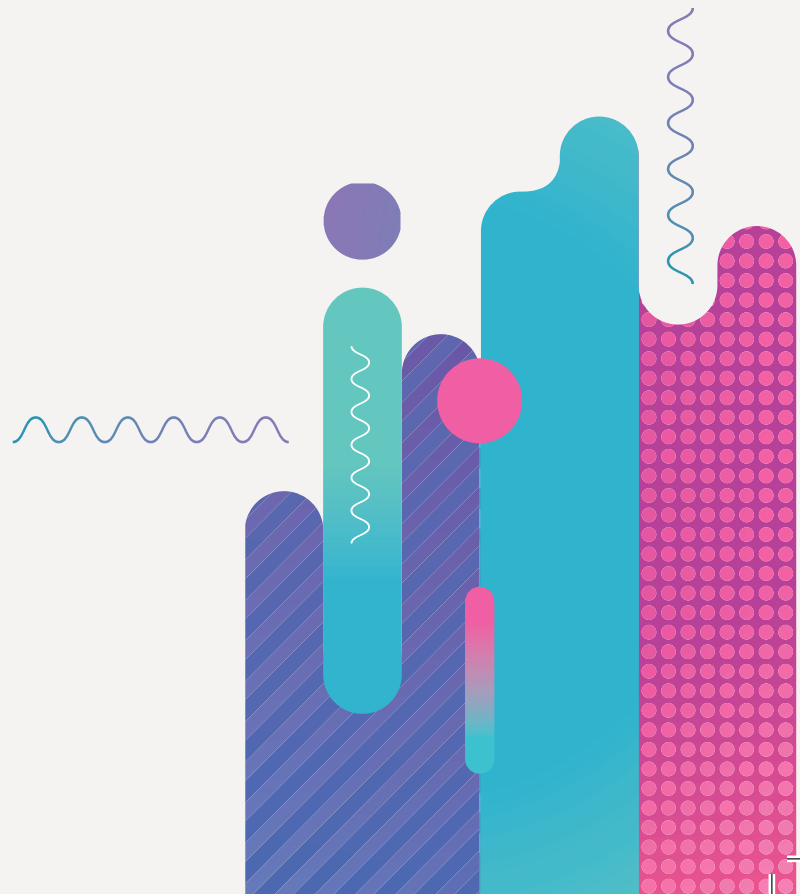
Through a long-term business approach, we are building Merino as a human-centric enterprise where high people retention translates into distinctive knowledge capital, sectoral outperformance, sustained growth and enhanced value in the hands of all our stakeholders.

Champa Lal Lohia,
Executive Chairman





merino.
TRENDSETTING
ACROSS LOCATIONS







Statue of Unity

The Statue of Unity at Sardar Sarovar Dam, celebrating the national contribution of Vallabhbhai Patel, is arguably the world's tallest statue.

The Statue of Unity was inaugurated by Prime Minister Narendra Modi on 31st October 2018. This project is respected for its largeness and impact.

Over 128,000 tourists visited it in less than two weeks of opening.

Providing restroom solutions designed around global standards for this high footfall tourist destination was critical to the overall tourist experience.

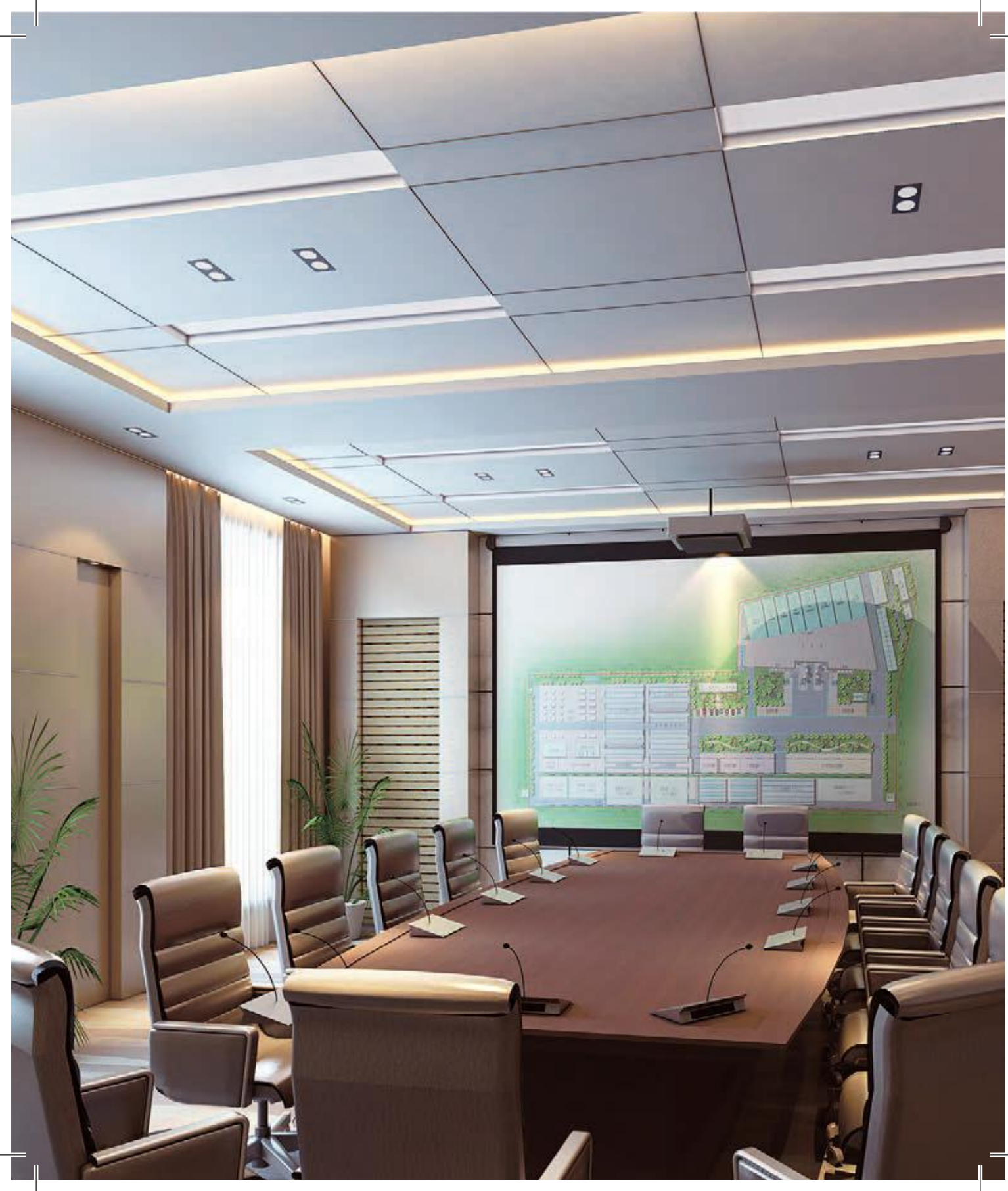
From a large field of probable vendors, contractor Larsen & Toubro selected Merino for this prestigious project on the basis of our credentials: robust product line that addresses global quality and performance standards, impeccable end-to-end installation commitment and timely delivery.

Merino Restrooms commissioned over 50 restroom cubicles and more than 30 urinal modesty panels (UMP) - in just three days.

Delighting the primary customer and users.

Products used

Titan 18 mm Box-up, Urinal Modesty Panels





Dell, Bengaluru

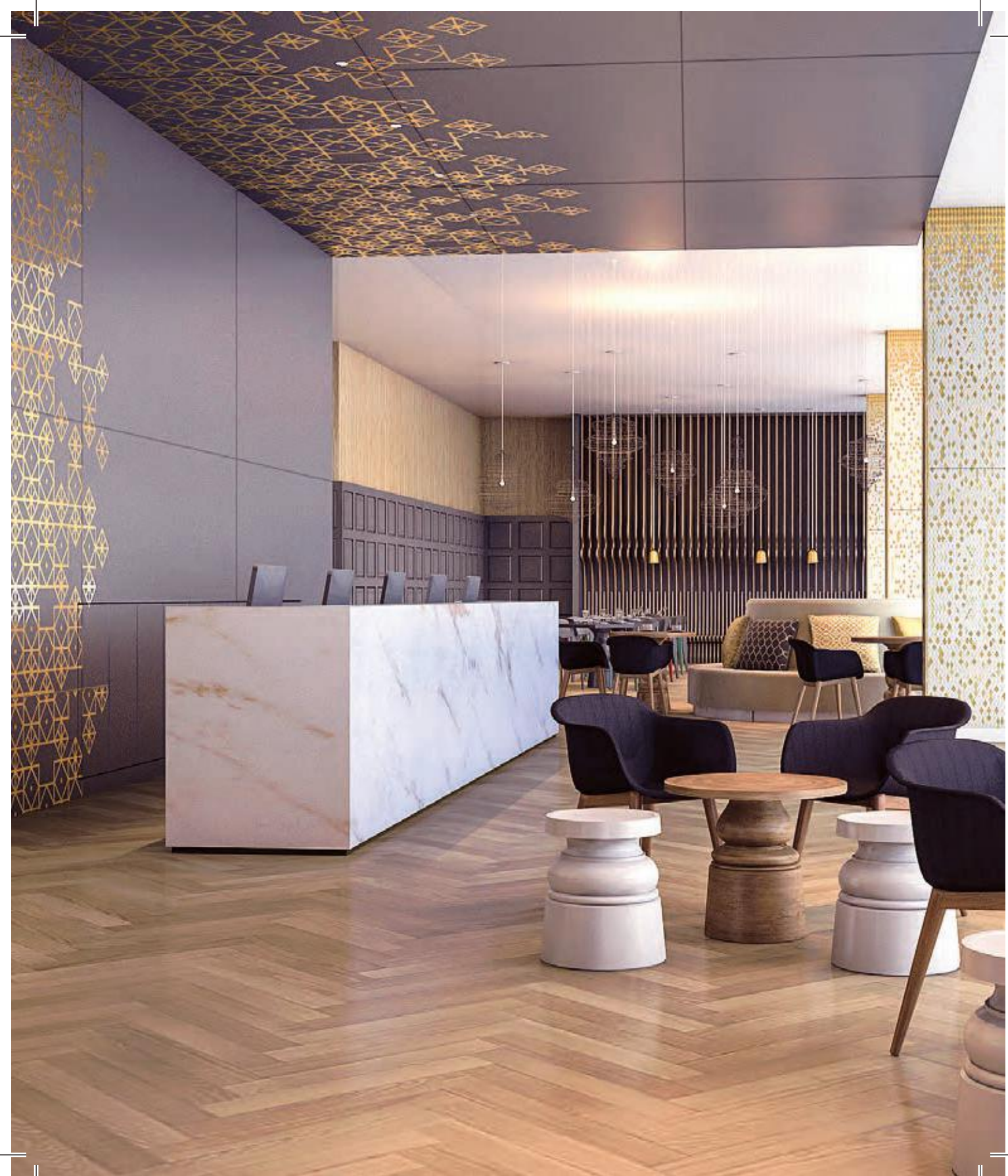
Dell is a premium IT company with the best of minds engaged in cutting-edge research and innovation.

The Group ensures that it provides the best facilities to brilliant minds: cheerful workstations as well as bright hygienic restrooms (among others).

Merino took cognizance of the client's requirement; it proposed that the walls of the restrooms be covered with Merino Shaurya, a HPL compact-based internal wall cladding solution, to protect the walls from damage / bacteria and to enhance aesthetics through a range of colors and designs.

The client was delighted with the proposal and awarded the contract to Merino.

Products used
Titan Standard and
Shaurya





DLF Mall of India, Noida

DLF Mall of India is one of the largest shopping malls in India with a retail space of around 2 million sq.ft.

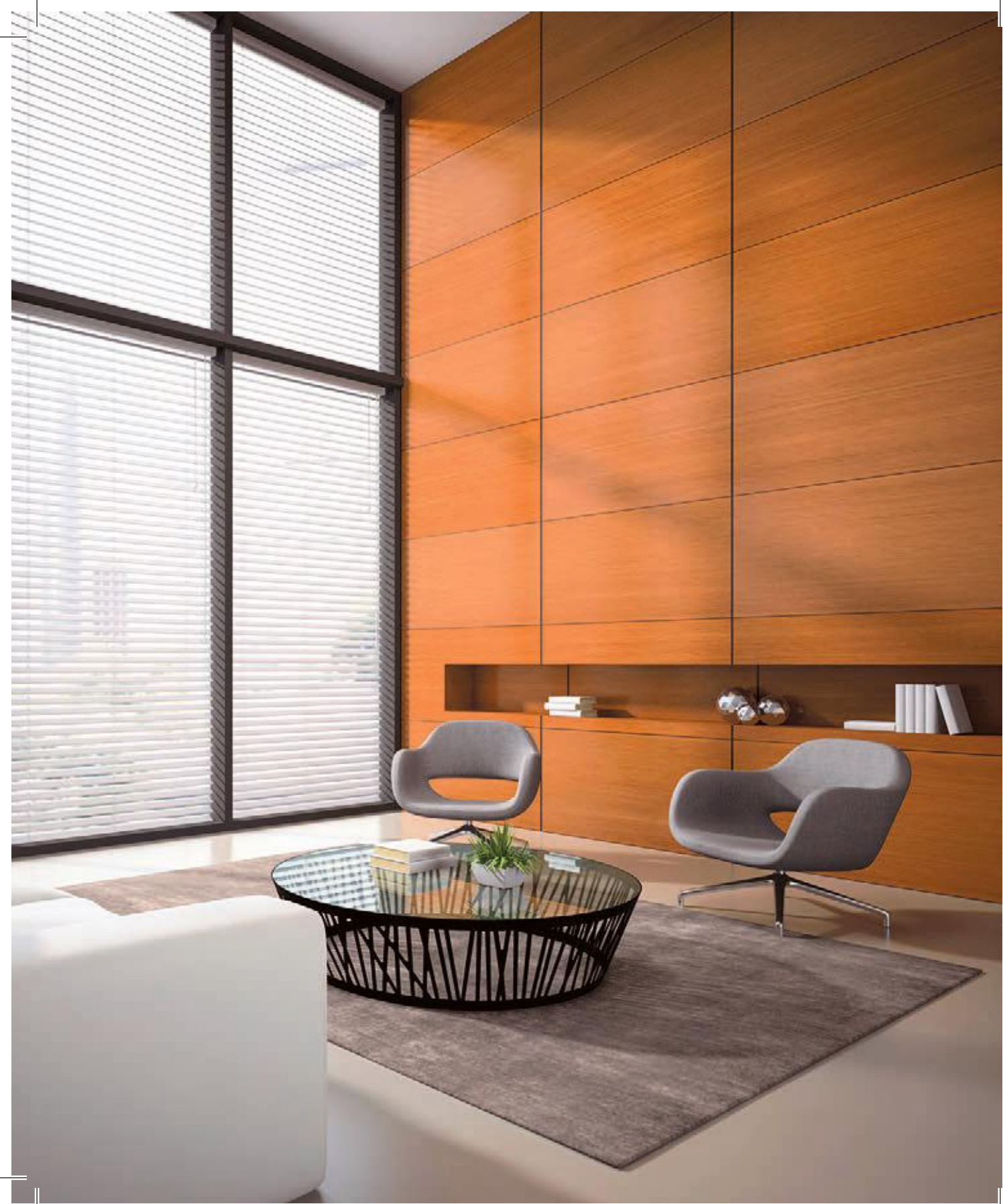
The mall was positioned as one of the most premium in Delhi NCR. Keeping the proposed clientele in mind, the client architect sought secure and sturdy cubicles, reconciling security and premiumness.

Merino embraced the challenge. The installation team selected to make dividers touch the bottom. For this, the team increased the divider height and affixed it to the bottom using the U-channel.

This customization enhanced user privacy and strengthened cubicle strength.

Products used

More than 300 Titan
Standard 18 mm
Box-Up cubicles





Managing risks at Merino

Economic risk

The Group's performance could be adversely affected in the event of an economic slowdown.

Mitigation: Indian economy grew at 6.8% growth in FY2018-19). The per capita income for FY2018-19 stood at ₹1,26,406, registering an annual rise of 10%. It took India 60 years to add USD 1tn and seven years to add the next USD 1tn; it is expected to add a trillion dollars every 18 months to become a USD 5 tn economy by 2025.

Competition risk

Increased competition could hamper the Group's growth perspectives.

Mitigation: Merino is one of the largest players in the Indian laminate market. Extensive scale, quality products, entrenched recall, financial soundness and operational efficiency has acted as a hedge against the risk.

Geographical risk

Concentration in a few regions could impact the Group's growth.

Mitigation: The Group has an established market in North India and is continuously engaged in initiatives to increase its presence in south India by increasing the number of dealers, venturing into new markets and increasing product and consumer awareness.

Customer risk

An inability to provide quality products may result in customer attrition.

Mitigation: The Group's consistent focus on quality has made its name synonymous with a superior customer experience. Extensive R&D and quality control measures ensure product quality, validated by customer delight.

Financing risk

The inability to mobilise long-term funding at competitive costs can affect prospects.

Mitigation: The Group had a net worth of ₹802.54 crore and long-term debt of ₹30.23 as on 31st March 2019. Stronger fundamentals helped enhance liquidity and credit rating.

Supply chain risk

Improper supply chain could impact the Group's operations

Mitigation: The Group has a structured supply chain starting from raw material procurement to final product delivery to customers. Over the years, the Group has streamlined and integrated its processes to ensure smooth operations.

Our innovative products have empowered us to emerge as a trendsetter



Over the years, Merino has introduced various marquee products in the market, which has become a sectoral benchmark and also the growth driver for the Group.



High Pressure Laminate

A product resistant to water and stain, provides increased dimensional stability.

MR+ Tuff Gloss Laminate

Resistant to scuff and mar (light surface damages) abrasions, heat, stain and impact. The product has high gloss property.

AB+ Anti-Bacterial Laminate

A product intended for additional protection of the surface against bacteria (99.99% bacteria reduction), ensures longevity and requires low maintenance.

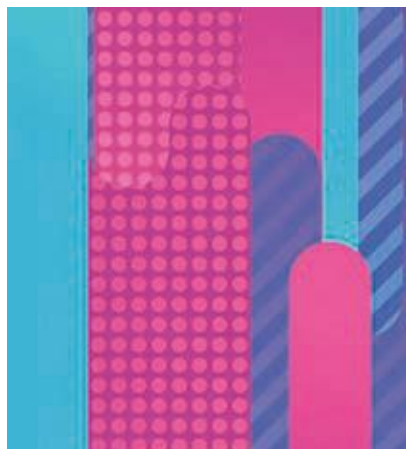
Chem + (Lab Grade) Laminate

The product is intended to provide chemical resistance. It frees from porosity and is highly durable.



FR+ Fire Retardant Laminate

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



ESD + Dissipative Electrostatic Laminate

The product provides a safe environment used in Electrostatic Protected Areas (EPAs). It is permanently static-dissipative and drains static charges; dust does not stay on the surface.



Post Forming Laminate

It is 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

It 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

A new development in laminate decorative surface that offers customized printed laminates for the interior. It is highly decorative and is ideal for walls and partitions, commercial areas, stands and exhibitions, doors, etc.



Metalam (Metal Foil) Laminate

Designed for vertical interiors and ceiling applications. It does not accumulate any dust and highly aesthetic.



Compact Laminate

Merino Compact is a solid grade, load bearing laminate. Its inner core is impregnated with thermosetting resins resistant to atmospheric and chemical agents. It is non-corrosive and possesses dimensional stability.



OUR ROBUST BUSINESS MODEL

At Merino, we continuously review, adapt and reinforce our business model. This proactive responsiveness in a rapidly-evolving market environment has translated into attractive growth across market cycles.

The context of the sector

Population growth

India adds approximately 15 million to its population each year, widening the long-term market for laminates.

Urbanisation

India is the second largest urban community in the world and urbanisation is likely to increase from 34% to 40% by 2030, catalysing laminates offtake.

Per capita income

The growth engine of personal incomes could continue to drive aspirations. Per capita income strengthened from ₹112,835 in 2017-18 to an estimated ₹126,406 in 2018-19, suggesting a long-term trend.

Increasing social media usage

With increasing ease of internet access, the number of social media participants in India stood at 326.1 million in 2018. The number of internet users in India grew by 18% to 566 million in 2018, expected

to reach 627 million in 2019. Social media-driven networks are expanding at an increasing rate in India, strengthening the demand for well-designed interiors.

Governmental initiatives

The Government of India raised the tax deduction limit to ₹3.5 lakh on the interest paid on home loans up to March 31, 2020, for the purchase of a house valued up to ₹45 lakh. The Government also approved the construction of nearly 1.4 lakh more houses under the Pradhan Mantri Awas Yojana, taking the total number of houses to be built under the scheme to more than 85 lakh, expected to drive furniture and laminates demand.

Booming office sector

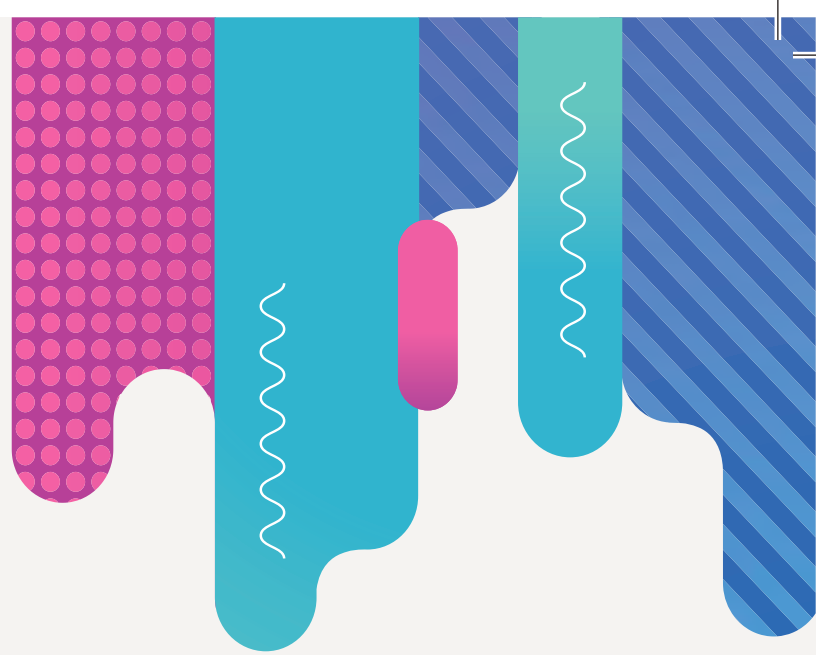
Office space absorption is expected to reach a record 42 million sq.ft. in 2019 on the back of steady economic growth, a favourable policy environment and growing preference of global occupiers,

catalysing the demand for laminates and plywood.

GST rationalisation

With GST rationalisation on plywood from 28% to 18%, organised plywood players are hopeful of increasing their market share. The price gap between organised and unorganised players could narrow to ~20% from the earlier 30-35%, helping large organised players carve out a larger sectoral share.

(Source: Statista, Business Standard, Economic Times, Live Mint)



How we are capitalising on a growing opportunity

Strong positioning

The Group is one of the world's leading manufacturers and exporters of decorative laminates for the interior segment.

Processes

The Group believes that a robust governance foundation represents organisational credibility. The Group invested in processes and systems that enhanced organisational predictability.

Extensive scale

The Group possesses a manufacturing capacity of 171 lakh sheets per annum. It also possesses three short-cycle lamination facilities that can produce pre-laminated particle and MDF boards: from 2.5x6 ft to 9x6 ft.

Widespread presence

Merino's products are marketed across 2,000 pan-India outlets. The Group's products are marketed in more than 70 countries.

State-of-the-art technology

The Group is one of only two in India to have successfully developed the Double Belt Casting Unit process to produce superior products.

Quality

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

Diversified product bouquet

The Group's range of laminates comprises more than 10,000 designs, textures, colours and finishes, possibly the widest in its sector in the country.

The outcomes of our robust business model

- Increased revenues by 21% from ₹1218.79 crore in FY2017-18 to ₹1472.13 crore in FY2018-19
- Increased EBITDA by 13% over FY2017-18
- Maintained credit rating at AA- in FY2018-19
- Reported a 19.98% RoCE in FY2018-19, a 88 bps increment over the previous year
- Long-term debt stood at ₹30.23 crore
- Increased exports by 19% to ₹375.76 crore in FY2018-19

SALES AND MARKETING REVIEW

“IN THE LAMINATES INDUSTRY, IT IS IMPORTANT TO MARKET THE RIGHT PURCHASED PRODUCT TO THE RIGHT CONSUMER AS THE PRODUCT IS NOT MEANT TO BE CHANGED OFTEN, BUT MUST DEFINE THE SURFACE IT IS PLACED ON.”

Highlights, FY2018-19

- The Group added new channel partners
- The Group ventured into new markets
- The Group's Influencer Engagement program (*Merino Humrahi*) built loyalty and provided knowledge to carpenters in increasing efficiency in laminate fabrication and allied surfaces (connecting Merino with 45000+ carpenters).





Overview

The financial edge of Merino is derived from its sales and marketing competitiveness.

Over the last decade, the Group has retained its position as a premier laminates brand in India. The Group has maintained its position in northern markets while venturing into unaddressed southern markets, marked by extensive opportunity addressed through a wider appointment of channel partners.

The Group invested in additional manufacturing capacities, coupled with enhanced utilization and the introduction of innovative value-added products.



The challenges faced during the year

The industry was impacted because of increasing app-based aggregators

Strong brand and quality products attracted aggregators, a few of whom worked exclusively for Merino.

Competition was fierce; the laminates business was affected by over-capacity

The Group penetrated unaddressed markets, focusing on enhancing customer delight.

The laminate industry is marked by high people attrition

Our philosophy of economy, excellence and ethic has made us a stable employer of choice.

The laminate industry was marked by pricing pressures

Extensive scale ensured steady topline growth across the years; the growing production of value-added products protected margins.

Our strengths

Deep penetration: Merino has widened its presence in southern India. It added new channel partners in south India during the year under review.

Promoting entrepreneurship: Merino has always encouraged the entrepreneurial spirit of its channel partners irrespective of their size, strengthening relationships. About 70% of Merino's channel partners worked with the Group for five years or more .

Strong financials: In an industry marked by high receivables (ranging 40-45 days of turnover equivalent), Merino maintained receivables at 49 days. The focus on the cash-and-carry model enhanced liquidity. The Group used channel finance to enhance systemic liquidity.

Brand equity: The Group's engagement with trade partners has been marked by ethical practices, brand building, walk-in customers and a quality-based recall.

Culture of speed: A culture of addressing market needs with speed has strengthened trust between Merino and its dealers.



Way ahead

The Group plans to extend its footprint across new markets while strengthening its presence in existing markets and aims to increase the number of dealers and distributors.

BRANDING REVIEW

“2018-19 WAS AN AGGRESSIVE YEAR IN SETTING NEW MERINO MARKETING BENCHMARKS – STARTING FROM DEEPER PENETRATION IN REGIONAL MARKETS WITH THE INTENT TO INCREASE BRAND VISIBILITY AT THE POINT OF SALE TO ENSURING INCREASED PRODUCT DISPLAY.”



Highlights, FY2018-19

- The Group initiated the first-ever Digital Product Display Unit in the industry, launching a branded Merino Laminates display unit comprising more than 200 designs with a digital unit.
- Merino created a Retail Digital Application, which helped the consumer visualize the outcome of a laminate design by showcasing real interior scenarios, for which more than 3500 interior designs were

showcased in the application. This retail application was launched with a 10-inch screen infused in the FSU, one of the only digital display units in the industry.

- Five new collaterals and four new products, including Synchronized Laminates, Calplus 19-20 collection, Plywood, Block board and flush doors, EWC super Clad series and Matt Miester series were launched during the year.

- Merino launched a one-of-its-kind makeover contest in the social media, which resulted in increased visibility and engagement with customers.

- Merino initiated a Home Makeover Campaign, the first of its kind for Merino, and possibly the first such campaign in the country's laminates industry.

Overview

Merino has consistently focused on increasing its recall and reaching out to customers through various marketing initiatives. The enhanced visibility at more than 2500+ retail stores, folder distribution, product display at POS and engagement meets through various channel partners have resulted in improved performance and helped Merino in becoming one of the trusted brands. Merino's marketing initiatives were planned to ensure 360 degree connect of various counter-initiatives across all touch points. Product awareness through digital media, PR outreach, dealer meets, explaining the product in detail with USPs to business partners, architect meets along with display of products and branding communication with trade channels were carried out regularly. The Group used brand launches to communicate the product mix at a dealer or architect meet, showcasing applications of a wide product mix comprising digital laminate to synchronized laminates to anti-finger print panels – all at a single place.

Way ahead

The Group's aggressive marketing strategy could double reach for retail branding and product display units. New product launches and digital marketing initiatives could strengthen Merino's market presence and customer base.

Product launches, FY2018-19

Name of the brand	Year of launch	Nature of product	Tagline
Imagino	2018	Customized Digital Laminate	Customization unleashed
Merino Plywood	Existing (new project range launched in 2019, Mandasa)	Plywood, Blockboard & post laminated flush doors.	Furniture <i>ka backbone</i>
Matt Miester	2018-19	Matt Miester technology with more than 3 panel options.	N A
Laminature	2018-19	Synchronized Laminates	Natures Signature, Laminature

Directors Report

Dear Shareholders,

Your directors are pleased to present their Fifty-Fourth Annual Report on the business and operations of the company together with the audited financial statements for the year ended 31st March, 2019.

FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

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

(₹ Lakh)

Particulars	Standalone performance		Consolidated performance	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Total Revenue (Net)	98997.81	82399.43	149175.78	123908.86
Profit before taxation	11659.28	9484.02	20109.89	17912.88
Less: Tax Expense	3070.61	2732.97	6026.95	5859.49
Profit for the year	8588.67	6751.05	14082.94	12053.39
Add: Other comprehensive income (net of tax)	1936.60	301.20	1949.53	308.66
Less: Total comprehensive income attributed to non-controlling interest	-	-	1441.82	1376.38
Add: Balance brought forward from the previous year	29886.56	24193.48	47276.73	38086.89
Balance	38475.23	30944.53	59921.13	48765.79
Appropriations:				
Interim Dividend	362.94	362.94	362.94	362.94
Dividend distribution tax on interim dividend	42.38	41.97	74.61	73.88
General Reserve	858.87	675.11	1282.49	1079.86
TOTAL	1264.19	1080.02	1720.04	1516.68
Add: Other comprehensive income	(10.04)	22.05	(0.39)	27.62
Balance Profit Carried Forward	37201.00	29886.56	58200.70	47276.73

ECONOMIC OVERVIEW

According to the World Bank, global economic growth has softened from a downwardly revised 3% in 2018 to 2.9% in 2019 amid rising downside risks to the outlook. International trade and manufacturing activity have softened, trade tensions remain elevated, and some large emerging markets have experienced substantial financial market pressures.

The Indian economy will grow to become a 3 trillion dollar economy in the current year. It is now the sixth largest in the world. Five years ago it was at the 11th position. In Purchasing Power Parity terms, Indian economy is the 3rd largest economy already, only next to China and the USA. Indian economy was at approximately US\$ 1.85 trillion in the year 2014. Within 5 years it has reached US\$ 2.7 trillion. Hence it is well within the vision to reach the US\$ 5 trillion in the next few years.

Amidst all these factors, India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP having grown 7.2% in 2017-18 and 7% in 2018-19, India has also retained its position as the third largest start-up base in the world with over 4,750 technology start-ups. With the improvement in the economic scenario, there have been significant investments in various sectors of the economy. India's total exports grew by 7.97% year over year to reach US\$ 534.45 billion during Financial Year 2018-19. Merchandise exports grew by 9.06% year over year to reach an all-time high of US\$ 331.02 billion during 2018-19, crossing the previous benchmark of US\$ 314 billion achieved in 2013-14.

In this purview, India's revenue receipts are estimated to touch

₹28-30 trillion (US\$ 385-412 billion) in the fiscal 2019-20, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST). India is also focusing on renewable sources to generate energy.

According to a Boston Consulting Group (BCG) report, India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern. This in a way will give a thrust of growth to the laminates industry also.

Growing demand of decorative laminates from housing market owing to benefits associated with its use such as higher durability and attractive appearances of the surfaces is relatively high in developing countries such as India and China in the Asia Pacific region and is credited to booming buildings & construction industry, thus driving market growth over the forecast period. 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. This increasing disposable income leads to an increase in the spending ability on home interiors. This factor is boosting the growth of the decorative laminates market across the Asia Pacific region particularly India.

India's organised furniture industry of which the laminates industry forms an integral part is estimated at around US\$32 billion and expected to grow at a CAGR of about 25-30% annually. India's furniture market was concentrated in Tier-I, Tier-II and Tier-III cities; the leading 784 urban centres contributed 41% to the total consumer furniture market; Tier-I and Tier-II cities accounted for 33% of the total market. Indian laminates industry has been consistently growing since last six to seven years due to a change in mindset of the urbane population. The last two years have been a boom time for mushrooming of new laminate units.

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. This increasing disposable income leads to an increase in the spending ability on home interiors. This factor is boosting the growth of the decorative laminates market across the Asia Pacific region.

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. Besides, by facilitating advanced R & D initiatives to foster innovation, manufacturers of high pressure laminates are able to develop newer and more advanced products. Manufacturing of eco-friendly decorative laminates is expected to present lucrative growth opportunities for manufacturers to enhance the existing customer base and augment market value share.

Digital laminates are customized laminates available according to individual consumer needs to enable specific designs, graphics, and patterns to be directly printed on laminates. With the use of latest technologies, the designer's concept can now be transferred digitally and directly to the company facilities, which can further produce different digital sheets of any product type. Such laminates can be applied directly on walls, multipurpose furniture, stands, exhibition stalls, pictures, doors and other areas.

As per latest estimates, India has now more than 165 laminate producing establishments that include all kinds of laminates. It includes all types of Laminates categories – decorative & non-decorative panels. Since two years the economy has been slow and Indian laminates industry has been also affected up to an extent. Despite this, many existing players, who have strong market presence expanded capacities and various new players erected new laminates producing facilities that kept the industry expansion growth bound.

Total production of 1.35 crore (13.5 million) to 1.40 crore (14 million) sheets every month in the country that includes export and domestic market. The Laminates production capacity has been growing year on year. In terms of number of sheets, the production has seen a growth of above 12% approx since 2010. With growth in decorative laminates demands during 2011 & 2012 by snatching up some share of reconstituted veneers and from the furniture industry (laminates are being used instead of painting the inside areas of furniture), laminates noticed around 14% growth.

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

Your Company recorded a total revenue of ₹98997.81 Lakh as compared to ₹82399.43 Lakh in the previous year. There

was an increase in profits during the year under review, the profit before tax indicating an increase by ₹2175.26 Lakh as compared to previous year. The Company's net profit after taxes stood at ₹8588.67 Lakh as against ₹6751.05 Lakh last year.

During the year under review, the CIF value of exports of the Company amounted to ₹20600.59 Lakh as against ₹16793.73 Lakh of last year.

The Consolidated total revenue (net) for Financial Year 2018–19 stood at ₹149175.78 Lakh as compared with the previous year's figures of ₹123908.86 Lakh. The consolidated profit before tax was ₹20109.89 Lakh as against ₹17912.88 Lakh in the previous year. The consolidated profit after tax is ₹14082.94 Lakh as compared to the previous year's figures of ₹12053.39 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 ₹73452.42 Lakh as against ₹58552.37 Lakh, Panel Products ₹19889.12 Lakh as against ₹15478.63 Lakh and Potato Flakes ₹6795.41 Lakh as against ₹5262.45 Lakh, all compared with data for the previous year. As per Segment Reporting, the Profit before tax for Laminates segment increased to ₹13836.03 Lakh (previous year ₹11510.22 Lakh), for Panel Products ₹1124.64 Lakh (previous year ₹874.87 Lakh) and profit for Potato Flakes ₹392.71 Lakh (previous year loss of ₹71.86 Lakh).

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

DIVIDEND AND RESERVES

Your Company declared and paid Interim Dividend at the rate of ₹3.50 per share for Financial Year 2018–19 approved by the Board at its meeting held on 14.09.2018. 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 ₹858.87 Lakh to the General Reserve during the year under review, as against ₹675.11 Lakh in the previous year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The unclaimed and unpaid interim dividend relating to the financial year 2011-2012 were due for transfer on 21.04.2019 to the Investor Education and Protection Fund established by the Central Government. This was transferred on 17.04.2019.

Further, the unclaimed and unpaid interim dividend amounts relating to the financial year 2012-2013 are due for transfer on 06.10.2019 to the Investor Education and Protection Fund established by the Central Government.

SHARE CAPITAL

The paid-up equity share capital as at 31st March, 2019 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 2018–19 has been given as Annexure 1.

NUMBER OF BOARD MEETINGS

During the year under review, five (5) meetings of the Board of Directors of the Company were held i.e. on 18.06.2018, 13.08.2018, 14.09.2018, 22.11.2018 and 04.03.2019.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY

During the Financial Year 2018-19 your company has neither taken any Loans nor given any Guarantees or making any Investments covered under the provisions of Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has 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 47 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) increased by ₹7800.88 Lakh as compared to that of the previous year and the Profit before tax for the year increased to ₹8643.80 Lakh as against ₹8528.97 Lakh in the previous year. During the year, the CIF value of its exports amounted to ₹16975.50 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 Mr. Prakash Lohia, Managing Director, Ms. Ruchira Lohia and Mr. Prasan Lohia, Whole-Time Directors, Mr. Riaz Ahmed, Consultant and Mr. Asok Kumar Parui, Chief Financial Officer. Mr. Prakash Lohia is the Chairman of the Committee.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Bama Prasad Mukhopadhyay (DIN 08199055) was appointed as Independent Director at the last Annual General Meeting of the company held on 14.09.2018 pursuant to the provisions of the Act and the rules made thereunder to hold office up to the 58th Annual General Meeting of the Company in the year 2023.

With your approval at the last annual general meeting held on 14.09.2018, Mr. Bikash Lohia (DIN: 00154013) and Mr. Madhusudan Lohia (DIN: 00063278) were re-appointed as Whole-time Directors both for further period of three years, effective 01.10.2018, Mr. Nripen Kumar Dugar (DIN: 0127790) was re-appointed as Whole-time Director for a further period of three years, effective 01.01.2019, Mr. Rup Chand Lohia (DIN: 00063290) was re-appointed as Executive Vice-Chairman for a further period of three years, effective 01.01.2019 and Mr. Champa Lal Lohia (DIN: 00154019) was reappointed as

Executive Chairman for a further period of three years, effective 01.03.2019.

Mr. Champa Lal Lohia (DIN: 00154019), Executive Chairman, Mr. Rup Chand Lohia (DIN: 00063290), Executive Vice-Chairman and Mr. Bikash Lohia (DIN: 00154013), Whole-time Director retire at this Annual General Meeting and being eligible offer themselves for re-election.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company maintains apposite system of internal financial controls for ensuring adequacy and operating effectiveness of financial controls in the Company. It also ensures safeguard of assets, particularly fixed assets, prevention and detection of frauds and errors and also ensures accuracy 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 identified by the management.

DEPOSITS

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

DECLARATION BY INDEPENDENT DIRECTORS

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

STATUTORY AUDITORS

M/s. Singhi & Company, Chartered Accountants (FRN 302049E), was 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 has appointed M/s. A L & Associates, a firm of Company Secretaries in Practice (FRN: 037000) to conduct the secretarial audit of the Company. The secretarial audit report for the Financial Year 2018–19 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 2019–20. 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 2017–18 was filed in Form CRA-4 with the Ministry of Corporate Affairs on 04.10.2018.

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), Mr. Sisir Kumar Chakrabarti (DIN 02848624) and Mr. Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors, Mr. Prasan Lohia (DIN 00061111), Whole-time Director as members of the Committee. Ms. Vinamrata Agrawal being the Company Secretary of the Company acts as the Secretary to the Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

VIGIL MECHANISM

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

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

INTERNAL COMPLAINTS COMMITTEE

Pursuant to the stipulations as set out under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013 as notified by Government of India the Internal Complaints Committee of your Company was re-constituted on 24th November, 2018 to, inter-alia, prevent discrimination and sexual harassment against women at the Company's work place 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.

INFORMATION IN RESPECT OF FRAUD COMMITTED BY AN EMPLOYEE

During the year under review and in the course of its routine evaluation of internal financial controls on payments, the management of your Company noted a case of fraudulent action, by an employee associated with the Company for around 12 years. The amount defrauded was ascertained to be ₹18.86 Lakh. This act was perpetrated mainly by preparation of fraudulent vouchers and manipulating the bank account numbers. A criminal proceeding was initiated against the concerned employee, resulting in his arrest and jail custody.

The company filed an insurance claim against the loss. It is expected that the claim will be settled soon after processing.

The management of your Company has also taken adequate steps by way of further strengthening of financial controls so that these types of risks are properly mitigated.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: 26th July, 2019

Champa Lal Lohia
Executive Chairman

Annexure-1 to Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies

(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Decorative Laminates	4823-90-19	65
2	Furniture & Panel Products	94036000	20

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 (01.04.2018)				No.of shares held at the end of the year (31.03.2019)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoter										
1	Indian									
(a)	Individuals/ HUF	6276055	162910	6438965	62.09	6281855	160700	6442555	62.13	0.03
(b)	Central Government									
(c)	State Government(s)									
(d)	Bodies Corporate	3385700	0	3385700	32.65	3385700	0	3385700	32.65	0.00
(e)	Bank/Financial Institutions									
(f)	Any Other (specify)									
	Sub Total(A)(1)	9661755	162910	9824665	94.74	9667555	160700	9828255	94.78	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)	9661755	162910	9824665	94.74	9667555	160700	9828255	94.78	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 (FI)									
(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

Sl No.	Category of shareholder	No. of shares held at the beginning of the year (01.04.2018)				No. of shares held at the end of the year (31.03.2019)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B 2	Non-institutions									
(a)	Bodies Corporate									
i)	Indian	14448	9600	24048	0.23	24122	4000	28122	0.27	0.04
ii)	Overseas									
(b)	Individuals									
i.	Individual shareholders holding nominal share capital up to ₹1 lakh	185679	293308	478987	4.62	292408	179715	472123	4.55	-0.07
ii.	Individual shareholders holding nominal share capital in excess of ₹1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others (specify)									
(i)	IEPF	41900	0	41900	0.40	41100	0	41100	0.40	-0.01
	Sub-Total (B)(2)	242027	302908	544935	5.26	357630	183715	541345	5.22	-0.03
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	242027	302908	544935	5.26	357630	183715	541345	5.22	-0.03
	TOTAL (A)+(B)	9903782	465818	10369600	100.00	10025185	344415	10369600	100.00	0.00
(C)	Shares held by Custodians for GDRs & ADRs									
	Sub-Total (C)									
	GRAND TOTAL (A)+(B)+(C)	9903782	465818	10369600	100.00	10025185	344415	10369600	100.00	0.00

(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (31.03.2018)			Shareholding at the end of the year (31.03.2019)			% 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	Mr. Bikash Lohia	640400	6.18	0.00	640400	6.18	0.00	0.00
3	Mr. Deepak Lohia	615189	5.93	0.00	615189	5.93	0.00	0.00
4	Mr. Prakash Lohia	991020	9.56	0.00	566020	5.46	0.00	-4.10
5	Ms. Ruchira Lohia	508456	4.90	0.00	508456	4.90	0.00	0.00
6	Mr. Champa Lal Lohia	368400	3.55	0.00	368400	3.55	0.00	0.00
7	Merino Services Limited	320000	3.09	0.00	320000	3.09	0.00	0.00
8	Ms. Neera Lohia	298750	2.88	0.00	298750	2.88	0.00	0.00
9	Ms. Vandana Lohia	298300	2.88	0.00	298300	2.88	0.00	0.00
10	Mr. Madhusudan Lohia	296435	2.86	0.00	721635	6.96	0.00	4.10
11	Ms. Meghna Lohia	264535	2.55	0.00	264535	2.55	0.00	0.00
12	Ms. Tara Devi Lohia	241100	2.33	0.00	241100	2.33	0.00	0.00
13	Mr. Manoj Lohia	214200	2.07	0.00	214200	2.07	0.00	0.00
14	Mr. Rup Chand Lohia	205100	1.98	0.00	205100	1.98	0.00	0.00
15	Mr. Abhiroop Lohia	200000	1.93	0.00	200000	1.93	0.00	0.00
16	Ms. Praveena Lohia	179800	1.73	0.00	179800	1.73	0.00	0.00
17	Mr. Prasan Lohia	173170	1.67	0.00	173370	1.67	0.00	0.00
18	Ms. Sita Devi Lohia	163400	1.58	0.00	163400	1.58	0.00	0.00
19	Ms. Usha Lohia (U/G Champa Lal Lohia)	160000	1.54	0.00	160000	1.54	0.00	0.00
20	Ms. Sheela Lohia	117500	1.13	0.00	117500	1.13	0.00	0.00
21	Ms. Sashi Lohia	100000	0.96	0.00	100000	0.96	0.00	0.00
22	Ms. Pragya Lohia	84500	0.81	0.00	84500	0.81	0.00	0.00
23	Ms. Nayantara Lohia	80000	0.77	0.00	80000	0.77	0.00	0.00
24	Ms. Uma Singi	80000	0.77	0.00	80000	0.77	0.00	0.00
25	Ms. Anuja Lohia	50000	0.48	0.00	50000	0.48	0.00	0.00
26	Mr. Madan Mohan Singi	25900	0.25	0.00	25900	0.25	0.00	0.00
27	Mr. Govind Mundra/Ms. Asha Mundra	2200	0.02	0.00	2200	0.02	0.00	0.00
28	Mr. Govind Mundra	0	0.00	0.00	3000	0.03	0.00	0.03
29	Mr. Nripen Kr Dugar	600	0.01	0.00	600	0.01	0.00	0.00
30	Ms. Prekshi Lohia	80000	0.77	0.00	80000	0.77	0.00	0.00

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

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2018)		Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	Merino Exports Private Limited	At the beginning of the year	01/04/18	3065700	29.56	3065700	29.56
		At the end of the year	30/03/19			3065700	29.56
2	Mr. Prakash Lohia	At the beginning of the year	01/04/18	991020	9.56	991020	9.56
		Increase	12/10/18	200	0.00	991220	9.56
		Decrease	28/12/18	425200	4.10	566020	5.46
		At the end of the year	30/03/19			566020	5.46
3	Mr. Bikash Lohia	At the beginning of the year	01/04/18	640400	6.18	640400	6.18
		Increase	12/10/18	200	0.00	640600	6.18
		At the end of the year	30/03/19			640600	6.18
4	Mr. Deepak Lohia	At the beginning of the year	01/04/18	615189	5.93	615189	5.93
		At the end of the year	30/03/19			615189	5.93
5	Ms. Ruchira Lohia	At the beginning of the year	01/04/18	508456	4.90	508456	4.90
		At the end of the year	30/03/19			508456	4.90
6	Mr. Champa Lal Lohia	At the beginning of the year	01/04/18	368400	3.55	368400	3.55
		At the end of the year	30/03/19			368400	3.55
7	Ms. Neera Lohia	At the beginning of the year	01/04/18	298750	2.88	298750	2.88
		At the end of the year	30/03/19			298750	2.88
8	Ms. Vandana Lohia	At the beginning of the year	01/04/18	298300	2.88	298300	2.88
		At the end of the year	30/03/19			298300	2.88
9	Mr. Madhusudan Lohia	At the beginning of the year	01/04/18	296435	2.86	296435	2.86
		Increase	28/12/18	425200	4.10	721635	6.96
		At the end of the year	30/03/19			721635	6.96
10	Ms. Meghna Lohia	At the beginning of the year	01/04/18	264535	2.55	264535	2.55
		At the end of the year	30/03/19			264535	2.55
11	Ms. Tara Devi Lohia	At the beginning of the year	01/04/18	241100	2.33	241100	2.33
		At the end of the year	30/03/19			241100	2.33
12	Mr. Manoj Lohia	At the beginning of the year	01/04/18	214200	2.07	214200	2.07
		At the end of the year	30/03/19			214200	2.07
13	Mr. Rup Chand Lohia	At the beginning of the year	01/04/18	205100	1.98	205100	1.98
		At the end of the year	30/03/19			205100	1.98
14	Mr. Abhiroop Lohia	At the beginning of the year	01/04/18	200000	1.93	200000	1.93
		At the end of the year	30/03/19			200000	1.93
15	Ms. Praveena Lohia	At the beginning of the year	01/04/18	179800	1.73	179800	1.73
		At the end of the year	30/03/19			179800	1.73
16	Mr. Prasan Lohia	At the beginning of the year	01/04/18	173170	1.67	173170	1.67
		Increase	12/10/18	200	0.00	173370	1.67
		At the end of the year	30/03/19			173370	1.67

Sl No.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01.04.2018)		Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
17	Ms. Sita Devi Lohia	At the beginning of the year	01/04/18	163400	1.58	163400	1.58
		At the end of the year	30/03/19			163400	1.58
18	Ms. Usha Lohia (U/G Champa Lal Lohia)	At the beginning of the year	01/04/18	160000	1.54	160000	1.54
		At the end of the year	30/03/19			160000	1.54
19	Mr. Nripen Kr Dugar	At the beginning of the year	01/04/18	600	0.01	600	0.01
		At the end of the year	30/03/19			600	0.01
20	Mr. Govind Mundra	At the beginning of the year	01/04/18	2200	0.02	2200	0.02
		Decrease	31/12/18	2200	0.02	0	0.00
		At the end of the year	30/03/19			0	0.00
21	Mr. Madan Mohan Singi	At the beginning of the year	01/04/18	100	0.00	100	0.00
		At the end of the year	30/03/19			100	0.00
22	Merino Services Limited	At the beginning of the year	01/04/18	320000	3.09	320000	3.09
		At the end of the year	30/03/19			320000	3.09
23	Mr. Madan Mohan Singi	At the beginning of the year	01/04/18	25800	0.25	25800	0.25
		At the end of the year	30/03/19			25800	0.25
24	Ms. Sashi Lohia	At the beginning of the year	01/04/18	100000	0.96	100000	0.96
		At the end of the year	30/03/19			100000	0.96
25	Ms. Nayantara Lohia	At the beginning of the year	01/04/18	80000	0.77	80000	0.77
		At the end of the year	30/03/19			80000	0.77
26	Ms. Sheela Lohia	At the beginning of the year	01/04/18	117500	1.13	117500	1.13
		At the end of the year	30/03/19			117500	1.13
27	Ms. Uma Singi	At the beginning of the year	01/04/18	80000	0.77	80000	0.77
		At the end of the year	30/03/19			80000	0.77
28	Ms. Pragya Lohia	At the beginning of the year	01/04/18	84500	0.81	84500	0.81
		At the end of the year	30/03/19			84500	0.81
29	Ms. Anuja Lohia	At the beginning of the year	01/04/18	50000	0.48	50000	0.48
		At the end of the year	30/03/19			50000	0.48
30	Ms. Prekshi Lohia	At the beginning of the year	01/04/18	80000	0.77	80000	0.77
		At the end of the year	30/03/19			80000	0.77
31	Mr. Govind Mundra	At the beginning of the year	01/04/18	3000	0.03	3000	0.03
		At the end of the year	30/03/19			3000	0.03
32	Mr. Govind Mundra	At the beginning of the year	01/04/18	0	0.00	0	0.00
		Increase	04/01/19	2200	0.02	2200	0.02
		At the end of the year	30/03/19			2200	0.02

* Changes due to dematerialisation of shares.

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

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2018)		Cumulative shareholding during the year (01-04-2018 to 31-03-2019)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	1201090008288550	Sundeep Navinchandra Ghael	At the beginning of the year	01/04/18	8000	0.08	8000	0.08
			At the end of the year	30/03/19			8000	0.08
2	IN30009511415372	Indra Kumar Bagri	At the beginning of the year	01/04/18	6520	0.06	6520	0.06
			Decrease	13/04/18	100	0.00	6420	0.06
			Decrease	11/05/18	50	0.00	6370	0.06
			Decrease	29/06/18	100	0.00	6270	0.06
			Decrease	30/06/18	300	0.00	5970	0.06
			Decrease	20/07/18	200	0.00	5770	0.06
			Decrease	27/07/18	100	0.00	5670	0.05
			Decrease	07/09/18	2	0.00	5668	0.05
			Decrease	28/09/18	1	0.00	5667	0.05
			Decrease	19/10/18	200	0.00	5467	0.05
			Decrease	23/11/18	6	0.00	5461	0.05
			At the end of the year	30/03/19			5461	0.05
3	IN30236510229012	Shri Parasram Industries Pvt. Ltd.	At the beginning of the year	01/04/18	6300	0.06	6300	0.06
			Decrease	06/04/18	1600	0.02	4700	0.05
			Increase	11/05/18	3100	0.03	7800	0.08
			Increase	24/08/18	400	0.00	8200	0.08
			Decrease	29/03/19	6400	0.06	1800	0.02
			At the end of the year	30/03/19			1800	0.02
4	1203480000029180	Sushila Lakhota	At the beginning of the year	01/04/18	5000	0.05	5000	0.05
			At the end of the year	30/03/19			5000	0.05
5	IN30310810173881	Shammi Goel	At the beginning of the year	01/04/18	4183	0.04	4183	0.04
			Increase	20/07/18	200	0.00	4383	0.04
			Decrease	11/01/19	500	0.00	3883	0.04
			Decrease	15/02/19	600	0.01	3283	0.03
			Decrease	01/03/19	500	0.00	2783	0.03
			Decrease	08/03/19	2700	0.03	83	0.0
			At the end of the year	30/03/19			83	0.0
6	0002848	Satish Kumar Mishra	At the beginning of the year	01/04/18	4100	0.04	4100	0.04
			Decrease	13/04/18	1000	0.01	3100	0.03
			Increase	27/04/18	800	0.01	3900	0.04
			Decrease	22/06/18	2000	0.02	1900	0.02
			Decrease	13/07/18	1900	0.02	0	0
			At the end of the year	30/03/19			0	0
7	0000067	Carefine Woodworks Pvt Ltd	At the beginning of the year	01/04/18	4000	0.04	4000	0.04
			Decrease	22/03/19	500	0.00	3500	0.03
			At the end of the year	30/03/19			3500	0.03

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2018)		Cumulative shareholding during the year (01-04-2018 to 31-03-2019)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
8	1301240004612780	Mayna H Shah	At the beginning of the year	01/04/18	4000	0.04	4000	0.04
			At the end of the year	30/03/19			4000	0.04
9	IN30094010202484	Lalit Kumar Poddar	At the beginning of the year	01/04/18	4000	0.04	4000	0.04
			At the end of the year	30/03/19			4000	0.04
10	IN30236511244239	Shri Parasram Holdings Pvt Ltd	At the beginning of the year	01/04/18	0	0.00	0	0
			Increase	01/02/19	1600	0.02	1600	0.02
			Increase	15/03/19	200	0.00	1800	0.02
			Increase	29/03/19	8200	0.08	10000	0.1
			At the end of the year	30/03/19			10000	0.1
11	IN30042510106936	Venilal Balubhai Ghayal	At the beginning of the year	01/04/18	0	0.00	0	0
			Increase	22/06/18	6000	0.06	6000	0.06
			At the end of the year	30/03/19			6000	0.06
12	IN30302850067684	Manish Kumar Somani	At the beginning of the year	01/04/18	1305	0.01	1305	0.01
			Decrease	20/04/18	200	0.00	1105	0.01
			Decrease	27/04/18	1000	0.01	105	0
			Increase	04/05/18	200	0.00	305	0
			Decrease	22/06/18	300	0.00	5	0
			Increase	07/09/18	1700	0.02	1705	0.02
			Decrease	14/09/18	500	0.00	1205	0.01
			Increase	30/11/18	100	0.00	1305	0.01
			Increase	01/02/19	4400	0.04	5705	0.06
			At the end of the year	30/03/19			5705	0.06
13	IN30002011729093	Jay Praful Shah	At the beginning of the year	01/04/18	1048	0.01	1048	0.01
			Increase	06/04/18	200	0.00	1248	0.01
			Decrease	13/07/18	1000	0.01	248	0
			Increase	20/07/18	500	0.00	748	0.01
			Increase	21/09/18	200	0.00	948	0.01
			Increase	16/11/18	300	0.00	1248	0.01
			Increase	23/11/18	2600	0.03	3848	0.04
			Increase	21/12/18	1000	0.01	4848	0.05
			At the end of the year	30/03/19			4848	0.05
14	IN30310810116596	Kiran Goyal	At the beginning of the year	01/04/18	1200	0.01	1200	0.01
			Increase	20/07/18	2500	0.02	3700	0.04
			Increase	09/11/18	1000	0.01	4700	0.05
			Increase	11/01/19	800	0.01	5500	0.05
			Decrease	15/03/19	1000	0.01	4500	0.04
			At the end of the year	30/03/19			4500	0.04

Sl No.	Folio no.	Name - For each of the top 10 shareholders	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2018)		Cumulative shareholding during the year (01-04-2018 to 31-03-2019)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
15	IN30109810767356	Gobindsingh Dhawda	At the beginning of the year	01/04/18	1400	0.01	1400	0.01
			Increase	11/05/18	300	0.00	1700	0.02
			Decrease	18/05/18	500	0.00	1200	0.01
			Increase	01/06/18	2700	0.03	3900	0.04
			Increase	08/06/18	300	0.00	4200	0.04
			Decrease	22/06/18	1500	0.01	2700	0.03
			Increase	18/01/19	300	0.00	3000	0.03
			Increase	15/02/19	1400	0.01	4400	0.04
			At the end of the year	30/03/19			4400	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 (01-04-2018)		Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Champa Lal Lohia	At the beginning of the year	01/04/18	368400	3.55	368400	3.55
		At the end of the year	30/03/19			368400	3.55
2	Mr. Prakash Lohia	At the beginning of the year	01/04/18	991020	9.56	991020	9.56
		Increase	12/10/18	200	0.00	991220	9.56
		Decrease	28/12/18	425200	4.10	566020	5.46
		At the end of the year	30/03/19			566020	5.46
3	Ms. Ruchira Lohia	At the beginning of the year	01/04/18	508456	4.90	508456	4.90
		At the end of the year	30/03/19			508456	4.90
4	Mr. Rup Chand Lohia	At the beginning of the year	01/04/18	205100	1.98	205100	1.98
		At the end of the year	30/03/19			205100	1.98
5	Mr. Prasan Lohia	At the beginning of the year	01/04/18	173170	1.67	173170	1.67
		Increase	12/10/18	200	0.00	173370	1.67
		At the end of the year	30/03/19			173370	1.67
6	Mr. Nripen Kr Dugar	At the beginning of the year	01/04/18	600	0.01	600	0.01
		At the end of the year	30/03/19			600	0.01
7	Dr. Gautam Bhattacharya	At the beginning of the year	01/04/18	0	0.00	0	0.00
		At the end of the year	31/03/19			0	0.00
8	Mr. Bikash Lohia	At the beginning of the year	01/04/18	640400	6.18	640400	6.18
		Increase	12/10/18	200	0.00	640600	6.18
		At the end of the year	30/03/19			640600	6.18

Sl No.	Name - For each of the Directors and KMP	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2018)		Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
				No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
9	Mr. Madhusudan Lohia	At the beginning of the year	01/04/18	296435	2.86	296435	2.86
		Increase	28/12/18	425200	4.10	721635	6.96
		At the end of the year	30/03/19			721635	6.96
10	Mr. Sisir Kumar Chakrabarti	At the beginning of the year	01/04/18	0	0.00	0	0.00
		At the end of the year	31/03/19				
11	Mr. Bama Prasad Mukhopadhyay	At the beginning of the year	01/04/18	0	0.00	0	0.00
		At the end of the year	31/03/19				
12	Mr. Asok Kumar Parui	At the beginning of the year	01/04/18	0	0.00	0	0.00
		At the end of the year	31/03/19	0	0.00	0	0.00
13	Ms. Vinamrata Agrawal	At the beginning of the year	01/04/18	0	0.00	0	0.00
		At the end of the year	31/03/19	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	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
Change in Indebtedness during the financial year				
· Addition		3,000.00		3,000.00
· Reduction	-3,200.01			-3,200.01
Net Change	-3,200.01	3,000.00	0.00	-200.01
Indebtedness at the end of the financial year				
i) Principal amount	10,084.78	7,000.00		17,084.78
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	24.01			24.01
Total (i+ii+iii)	10,108.79	7,000.00	0.00	17,108.79

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
		Mr. Champa Lal Lohia	Mr. Rup Chand Lohia	Mr. Prakash Lohia	Mr. Prasan Lohia	Mr. Bikash Lohia	Ms. Ruchira Lohia	Mr. Madhusudan Lohia	Mr. Nripen Kumar Dugar	
1	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120.00	71.4	107.82	89.46	89.46	89.46	82.26	59.22	709.08
	(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		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.	14.40	8.57	12.94	10.73	10.74	10.73	9.87	0.22	78.20
	GRATUITY	0.00	0.00	0.00	0.79	0.69	0.79	0.37	1.32	3.96
	LEAVE	0.88	1.56	2.33	1.94	1.06	1.94	2.42	-0.27	11.86
	MEDICAL REIMBURSEMENT	15.47	10.53	9.62	16.23	9.47	19.48	3.89	0.00	84.69
	Total (A)	151.75	93.06	133.71	120.15	112.42	123.40	99.81	60.49	894.79
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013								

B. Remuneration to other directors:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. Gautam Bhattacharjee	Mr. Sujitendra Krishna Deb	Mr. Sisir Kumar Chakrabarti	Mr. Bama Prasad Mukhopadhyay	
1	Independent Directors					
	· Fee for attending board / committee meetings	2.2	0	1	0.7	3.9
	· Commission					
	· Others, please specify					
	Total (1)	2.2	0	1	0.7	3.9
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)	2.2	0	1	0.7	3.9
	Total Managerial Remuneration					898.69
	Overall Ceiling as per the Act	Paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013				

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director (₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer	Company Secretary		
		Mr. Asok Kumar Parui	Ms. Sumana Raychaudhuri	Ms. Vinamrata Agrawal	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.37	0.89	4.35	30.61
	(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	1.47	0.00	0.08	1.55
	LEAVE	0.13	0.00	0.12	0.25
	P.F.	0.22	0.00	0.19	0.41
	Exgratia	0.00	0.00	0.00	0.00
	Total	27.19	0.89	4.74	32.82

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

Annexure-2 to Directors' Report

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2019

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) Replaced the conventional cooling tower by adiabatic cooling tower in resin plant at Hapur to minimize the water consumption.
- b) Implemented change from steam to Hot water & install adiabatic cooling tower which not only save water but also enhance productivity & quality in Hot press
- c) Replaced existing conventional luminaire by LED luminaire in unit-2 at Hapur.
- d) Replacement of conventional ceiling fan by BLDC fan which saves more than 50% energy.
- e) Replacement of existing metallic blade of the cooling tower by FRP blade which will save approximately 40% energy saving on cooling tower fans.
- f) Reduce the pneumatic pressure set point from 7 kg to 6 kg to reduce power consumption of compressor & save approximately ₹14 lakh per year.
- g) Installation of VFD in sanding machine which will save approximately 10-15% energy saving.
- h) Installation of Active harmonics filters in SEB line which will reduce the SEB electricity bill by approximately ₹6 lakh per year.
- i) Replacement of existing conventional luminaire by LED luminaire in unit-1 at Hapur.
- j) Replacement of continuous lower efficiency electric motor by energy efficient motors.
- k) Replacement of low efficiency centrifugal pumps with high efficiency pumps.
- l) Installed 50 KWP Solar Power Plant at Hosur (Tamil Nadu) to reduce unit cost and electricity. Generate 66797 units Electric energy by Roof top solar generating station at Hosur plant (April 2018 to March 2019).
- m) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamil Nadu. Generate 1664 units/year Electric energy by Solar Street lights at Hosur plant

(April 2018 to March 2019).

- n) Installation of STP at Hosur, Tamil Nadu.
- o) Installation of Rain Water Harvesting system at Hosur, Tamil Nadu.

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

- a) Installed 933 KWp. roof top solar in Hapur Unit-1.
- b) Generated 1,60,74,986 Unit Electrical energy through Co-generation Steam turbine utilizing bio fuel like saw dust & rice husk.
- c) Generated 1,87,057 Units Electrical energy by generating bio gas from the potato flakes peel waste in Unit-1 at Hapur.
- d) Generated 9,38,212 Units Electrical energy from roof top solar in Hapur unit-1 & 2.
- e) 400 KW roof top solar for Dahej unit at Gujarat.

(iii) The capital investment on energy conservation equipment

- a) Implement steam to Hot water generator & install adiabatic cooling tower which not only save water but also enhance productivity & quality in Hot press
- b) Modify the Pallet changing system in Vits impregnation line to reduce the waste approximately ₹15 lakh Per year.
- c) Incorporation of addition RO system to reuse ETP discharge.

B. Technology absorption:

(i) The efforts made towards technology absorption

- a. Reduction in total water consumption in the process by recycling the effluent stream.
- b. Installation of continuous stack monitoring system in 25 TPH boiler
- c. Installation of digital printing facility to offer customized design to the clients
- d. Capacity improvement of effluent treatment system
- e. Online continuous monitoring of waste effluent discharge system
- f. Reduction in toxic effluent generation by process

- improvement
- g. New product developed like Matt meister and Ply meister
- h. Nitrogen based oxidizing system for matt meister
- (ii) **The benefits derived like product improvement, cost reduction, product development or import substitution**
- a. Introduction of new value added laminate in market as per customer's requirement
- b. Solution to customers for digital laminate and mirror foil laminates
- c. Product quality and process improvement
- d. Special furniture development for international market
- e. Reduction in environmental load by reduction in toxic effluent generation
- f. Two new products developed, Matt meister and Ply meister
- g. Reduction in cost by eliminating waste effluent evaporation process and change in chemical concentration
- (iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

a)	The details of Technology imported:	
	i. OMMA peel coating machine	
	ii. Sanding machine	
b)	The year of import	2018-19
c)	Whether the technology been fully absorbed?	YES
d)	If not fully absorbed, areas where this has not taken place, reasons thereof	N.A.

- (iv) **The expenditure incurred on Research and Development**
- (a) **Specific areas in which R & D carried out by the Company:**
 Research and Development work cover the areas of replacement of costly and hazardous chemicals, introduction of new design, production of high value items, process improvement, reduction in energy costs, maintenance and betterment of product quality etc. The Company's laboratory is equipped to perform all the major tests required for raw materials and finished goods as per national and international standards.
- (b) **Benefits derived as a result of above R & D:**
 In spite of competition, the company could sustain and even increase its sales, both domestic and overseas markets by developing different value added

products.

- (c) **Future of action:**
- a. AEO T-2 certification for MIL Hapur, MIL Hosur and MIL Dahej
- b. Upgradation of BS OHSAS 18001 to ISO 45001: 2018 for MIL Hapur, MIL Hosur and MIL Dahej
- c. Upgradation of FSSC 4.0 to FSSC 4.1 certification of Vegit division
- d. Upgradation of ISO 22000: 2005 to ISO 22000: 2018 of Vegit division
- e. Online stack monitoring system for Thermic Fluid Heater
- (d) **Expenditure on R & D:**
 Research and development expenditure is not identified separately. However, the recurring expenses are booked as revenue expenses under proper heads of expenditure.

C. Foreign Exchange Earnings and Outgo

- (i) **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:**
 The Company continues to maintain focus on, and avail, of export opportunities based on economic considerations.

- (ii) **Total foreign exchange used and earned (2018-19)**

	(₹ In lakh)
Earnings:	
Foreign Exchange earned (CIF Value of exports)	20600.59
Outgo:	
CIF Value of Imports	
a) Raw materials	21449.88
b) Components & Spare Parts (including Stores)	372.94
c) Capital Goods	2141.31
Expenditure in foreign currency	
a) Commission	20.54
b) Travelling	39.63
c) Professional fees	68.13
d) Export Promotion	69.87
e) Royalty / Fees and Subscription	104.60
f) Interest	27.19
g) Purchase of Acrylic solid surface	1776.49
h) Purchase of PVC Floor Tiles	19.53
h) Others	36.49
i) Foreign branch office expenses	466.46
j) Job Work Charges	30.72

Annexure-3 to Directors' Report

SECRETARIAL AUDIT REPORT

EXTRACT OF ANNUAL RETURN

for the financial year ended on 31.03.2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Merino Industries Limited

5, Alexandra Court,

60/1 Chowringhee Road,

Kolkata-700020

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, according to the provisions of:

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

('SEBI Act'):

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period);
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the Audit Period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period);
- g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
- h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);

- vi. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

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

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

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

We further report that

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

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were

sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

For AL & Associates
Company Secretaries
(FRN: 037000)

Priti Agarwal
Partner

Place: Kolkata
Date: 26th July, 2019

ACS 26513; C.P.No. 9937

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

Annexure A'

To

The Members

Merino Industries Limited

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness an appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For AL & Associates
Company Secretaries
(FRN: 037000)

Priti Agarwal
Partner

Place: Kolkata
Date: 26th July, 2019

ACS 26513; C.P.No. 9937

Annexure-4 to Directors' Report

DISCLOSURES OF REMUNERATION

Disclosures pertaining to Remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2019

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
Mr. Champa Lal Lohia	85	Executive Chairman- Policy Decision making and new projects.	151.75	B. Com.	63	01.05.1985	3.55	First employment
Mr. Rup Chand Lohia	79	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	93.06	B.M.E. (Mech)	57	01.01.2002	1.98	Whole-time Director in Merino Exports Pvt. Ltd.
Mr. Prakash Lohia	67	Managing Director -Management of the business and affairs of the Company as a whole	133.71	B. Tech. (Chem) - IIT Delhi M.E.P (IIM- Ahmedabad)	42	01.05.1985	5.46	First employment
Mr. Prasan Lohia	50	Whole-time Director- Overseeing Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region	120.15	AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA)	27	01.10.2004	1.67	Vice-President (Global Operations) in Merino Industries Ltd.
Ms. Ruchira Lohia	51	Whole-time Director- Public Relations and Overseeing Export and Import functions and marketing of food products	123.40	B.A., M.E.P (IIM- Ahmedabad)	25	01.04.2000	4.90	Vice-President (Delhi Operations) in Merino Industries Ltd.
Mr. Bikash Lohia	49	Whole-time Director- Overseeing factory operations and overall management, and addressing Information Technology related issues	112.42	Privately Educated & M.E.P (IIM- Ahmedabad)	27	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
Mr. Madhusudan Lohia	39	Whole-time Director-Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction	99.81	Graduate in Business Process Management, (Operations & International Business) - Indiana University, U.S.A, Masters in Manufacturing Management, MBA, - Pennsylvania State University, USA.	17	01.10.2006	6.96	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.
Mr. Nripen Kumar Dugar	57	Whole-time Director overseeing sales and marketing of the Company's Decorative Laminates division, Branch co-ordination and Base Paper management	60.49	B.Com.	32	01.01.1987	0	First employment
Mr. Rohit Kaul	49	General Manager – Marketing (South America & Canada)	*121.05	B.E. (Mechanical)	26	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:

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: 26th July, 2019

Champa Lal Lohia
Executive Chairman

Annexure-5 to Directors' Report

Corporate Social Responsibility (CSR)

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

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

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 programmes to promote Education targeted towards the underprivileged girl child including adult education, Healthcare & Medical initiatives and distribution of Mid-day Meal to students.

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

2. The Composition of the CSR Committee:

Name	Designation	Category
Mr. Champa Lal Lohia (Chairman of the Committee)	Executive Chairman	Promoter – Executive
Mr. Prakash Lohia	Managing Director	Promoter – Executive
Mr. 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: ₹9538.17 lakh
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹190.76 lakh
5. Details of CSR spent during the financial year.
 - (a) Total amount spent for the financial year: ₹205.64 lakh
 - (b) Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Address of Registered Office	Main Business activity of the Company	Prescribed CSR Budget (2% of Average Net Profit for F.Y. 2015-16, 2016-17 & 2017-18)	Allocated CSR Budget	Actual CSR spent in F.Y. 2018-19	Administrative overhead expenditure	Reasons for under spending/ not spending (if any)	Details of CSR Programmes / Projects / Activities	Project description	Sector(s) covered within Schedule VII	Geographical areas where project was implemented	States where undertaken	Districts where undertaken	Outlay (programme/ Project wise)	Expenditure on Programme or Project	Mode of implementation (Direct or through implementing agencies)	Details of implementing agencies
5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal	Manufacturer and Exporter of Decorative Laminates, Panel Boards, etc.	₹190.76 Lakh	₹190.76 Lakh	₹205.64 Lakh	NIL	N.A.	Project - 1	Medical relief programme	Promoting medical check-up	Kolkata, West Bengal	Uttar Pradesh & West Bengal	Kolkata & Hapur	₹20.00 Lakh	₹20.00 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	₹116.64 Lakh	₹116.64 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	₹18.00 Lakh	₹18.00 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
								Corpus Donation	Corpus Donation	Uttar Pradesh	Uttar Pradesh	Hapur	₹51.00 Lakh	₹51.00 Lakh	Directly and through Sri Mankumar Lohia Memorial Trust	Sri Mankumar Lohia Memorial Trust is the group managed registered trust having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy

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

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

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

Prakash Lohia
Managing Director
Place: New Delhi
Date: 26.07.2019

Dr. Gautam Bhattacharjee
Director

Corporate Social Responsibility (CSR) Practices of Merino Group



“Empowering minds, empowering the society.”

Swami Vivekananda Arunoday Vidyalay (SVAV)

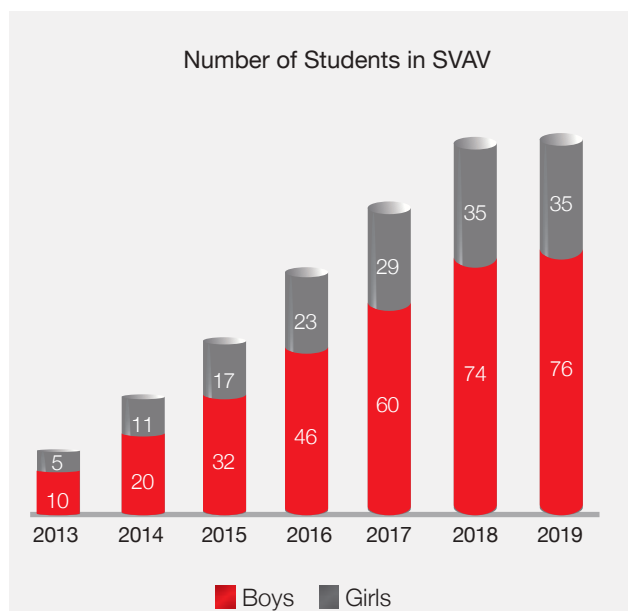
“Raise them slowly up, raise them to equality”. Spoken way back in 1897 by Swami Vivekananda during an interview, these words resonate with relevance even today. As new India gets ready to take on the world, education and education alone can bring about equal opportunity for its citizens. Embarking on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

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

Started with just 15 students in its maiden year, the school now enrolls students upto class VI and has a current strength of 111 students. The school provides an impressive teacher to student ratio of around 1:8 with its team of 15 teachers and 12 non teaching staff.

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

Education here, is not just about books but offers a holistic learning experience through an all inclusive development curriculum. Spacious classrooms equipped with smart teaching aids, activity-rooms for all round development, a music room



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



SVAV students with teachers

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

Merino's focus on environment first is reflected at the SVAV campus too. The school is steadily moving towards its goal of becoming a green school. The use of Solar panels for energy efficiency, water conservation and reuse of waste water facilities and minimising waste generation are a few constructive steps towards realising this. To provide a first hand experience, students take part in daily activities to monitor the consumption of resources like water, electricity and waste generation. The



SVAV classroom

students also take part in plantation of trees and take care of plants to learn about environmental care practices and their benefits at a very young age.

Vedic knowledge is the foundation of modern Indian education. At SVAV, we introduce our students to Vedic culture and its practice at a very young age. Students at SVAV get an opportunity to explore the rich cultural heritage of our nation, visit places of cultural and historical importance through various study tours organised by the school.

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

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

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

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

The dedicated approach to holistic education and related support system has brought about a transformation in and around the 111 households (student's families). These 111 representatives of change are key influencers in their region, advocating the values of cleanliness, health & sanitation, principles of honesty and strong character.

The education programme through SVAV works as a catalyst in spreading the message of education and empowering the poorest household, thus improving the social habits and conditions of the people. The school has generated employment for 28 persons directly and for many others indirectly.

A healthy mind resides in a healthy body: The Mid-day Meal Programme:

Malnutrition in India is a serious concern. Lack of hygiene, poor nutrition and poverty have made this worse. As a socially responsible organisation, we initiated a project to provide mid-day meals to children of various schools. A kitchen with modern cooking facilities is operational at our SVAV campus at Hapur. Utmost care is taken to maintain optimum level of hygiene standards while the menu is carefully selected to provide high nutrition value to all the children. This food is then delivered to various schools at Hapur.



Image: Pakshala (food preparation house) for students' meal in SVAV campus

The Mid-Day Meal Programme have several key benefits. First, this meal is an important source of nutrition for many children who come from economically deprived families.

Secondly this food aids better psychosomatic development of these children. Thirdly mid day meals ensure regular attendance in the schools where it is served. The above benefits are particularly effective in the case of girl - children.

The SVAV kitchen serves mid-day meals to 503 students every

day with a plan to increase this to 750 students daily at Hapur (UP) and its surrounding areas.



Student enjoying the mid-day meal

The Merino factory located at Rohad provides Mid-day Meals to 76 physically challenged children studying at Savera School, Jhajjar, Haryana, while mid-day meals for 16 children and 12 adults on a daily basis are sent to Bal Garh, Bahadurgarh, Haryana.

Supporting the deserving through Educational & Learning Programmes

Our education initiative is not just limited to the SVAV school. Deserving students are provided scholarships by the trust. Additionally, the trust arranges for private tuition at the SVAV campus for students from economically weaker background. During the year under review, 22 such students were imparted coaching. At Rohad village, near the Merino campus, 16 girls are undergoing vocational training and an apparel stitching course through the Silai Centre. The MPPL factory is developing a facility to impart computer training to 20 girl children.

Transforming lives through healthcare programmes

Medical care facilities through 'Shri Prem Chand Lohia Health Centre'

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

treatment in about 72 villages in the district of Hapur, Uttar Pradesh.



'Shri Prem Chand Lohia Health Centre'

Presently, the health centre 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 around Achheja, Garhmukteshwar and Hapur town respectively and serve the healthcare needs of the underprivileged in nearby localities. **source - India TB report 2018, Revised national TB control programme*

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 286 such trips were undertaken.

In addition to allopathy-based healthcare facilities, the center also provides Ayurveda treatment for patients. A total no. of 20,986 patients availed the facility of allopathic treatment during 2018-19, while 4,267 economically deprived TB patients went through a complete treatment at the 3 centers. 229 out of 236 new patients successfully completed their TB treatment under Merino's TB centers during 2018-19. During the treatment, 30 patients from extremely poor households were provided complete meal along with the medicine facilities for the whole year. Further, 132 patients have been undergoing the treatment of TB as on 31-3-2019. Ayurveda has proved to be a cost-effective mode of healthcare. A total number of 3,473 patients received Ayurvedic treatment during the year under reference.

Holistic Living Programme through yoga trainings and related service

Yoga - India's gift to the world

Continuing the good work in healthcare, the trust also aims at overall wellness through yoga. This is done through training

modules that promote practising yoga and knowledge of Ayurveda for holistic and healthy living. During the year under report, over a dozen yoga camps and classes for training were organised. This initiative is aimed at improving the state of health of the people availing the services of Yoga Instructors.



Yoga



Yoga

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

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

Merino's concern for environment sustainability

Introduction

As a corporate deeply connected with India's soil, the Merino group stands firm by its value of Environment first. It is this value that inspires Merino to not only adhere strictly to all prescribed environmental norms but go a step beyond compliances and bring about a positive change in the environment through ecological improvement.

At Merino, we believe in creating value that is both economic and sustainable. Based on our pillars of excellence and ethics, we strive for responsible competitiveness that put environmental sustainability factors at the heart of all our processes and decision making.



Since inception, we have come a long way. The group has expanded manufacturing facilities at Hapur (Uttar Pradesh), Rohad (Haryana), Hosur (Tamil Nadu) and Dahej (Gujarat). Production in these manufacturing facilities involve usage of various resources like raw materials, water, fuel for power and heat generation etc. along with relevant application of technology. During the process, there is generation of ecological footprints of carbon, water, emissions and waste along with socio- economic benefits for our nation.

Based on our value of environment first, Merino has engaged external agencies/institutes to study to assess carbon and water footprint and to adopt best practices in greenhouse gas (GHG) and energy management. The in-house facilities strive to minimise and monitor wastes and air emissions while we engage in key strategic initiatives to attain a positive balance in ecological footprints.

Merino's sustainable practices can be broadly classified into four focus areas.

1. Energy Management
2. Water Management
3. Waste Management and
4. Care for emission, air quality and soil

Energy management - The future is renewable

Conventional fuel resources based on fossils is one of the prime carbon footprint contributor. At Merino, we believe that the future lies in renewable energy - one that fulfils our objectives of ecological sustenance and energy conservation. To achieve these objectives, we have formulated a three pronged approach for effective energy management

1. Increase the share of renewable energy in Merino's total energy requirement (like solar energy and biogenic fuel (carbon neutral) like biomass and biogas.
2. Constant efficiency upgradation through upgraded electrical appliances, machineries or improved technology in production, utilities and lightening systems.
3. Promoting an environmental friendly work culture. ie. saving electricity through automation and humane responsibilities.

Reducing the ecological footprints through carbon reduction

Ensuring responsible manufacturing practices within our extended operations is an important component of reducing our environmental impact. At present, Merino fulfils its total energy requirement through a combination of both conventional sources of energy like fossil based Diesel-Generators (DG Sets), State Electricity Boards (SEBs) and renewable /alternate energy resources namely, Solar, Biomass and Biogas. These five energy sources are used to power the various factories and establishments of the group.

Reiterating its stand of environment first, Merino industries has taken several key steps that have reduced dependency on traditional power from fossil fuels-based DG-Sets or power from SEBs.

The group has increased the installation and usage of alternative source of energy; mainly solar, biomass and biogas.



Solar Panels on rooftops of factory at Hapur

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

Merino uses agro-based industrial residues like rice husks and wood or wood product wastes produced in industrial operations like saw dust as major biomass fuels to generate heat and power. Not only does this help in reducing carbon



Bio Gas plant at MIL unit-1

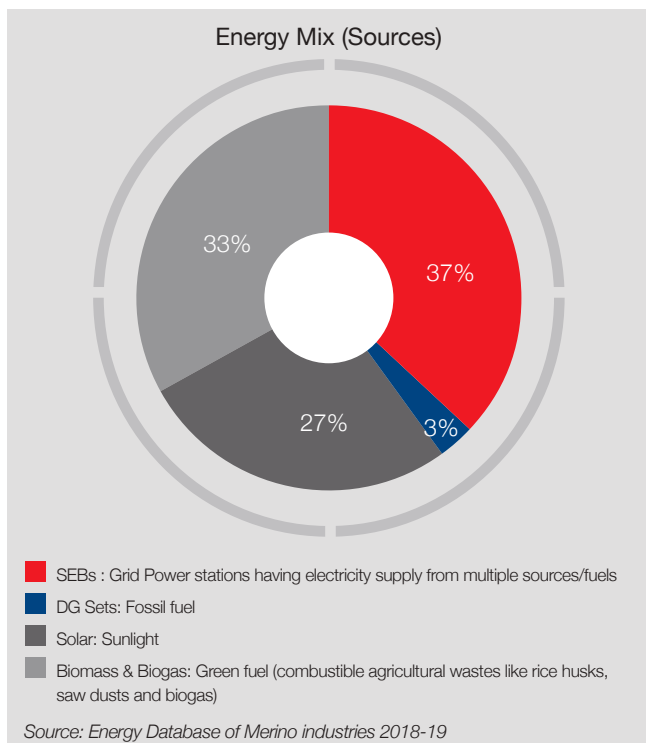


Biomass based TPH

footprint but also creates sustainable livelihood options for people who manages these wastes.

The initial milestone achieved - the 60% threshold crossed.

Constant engagement is the key attribute of sustainable practices. Merino now fulfils 60% of its total energy requirement from renewable and green energy sources through its years of proactive efforts. Powering this feat are the biomass technology turbines and biogas plants that contribute 33% of the total energy requirement while solar power accounts for 27%.



Biomass and biogas Power - The Green fuel

Biomass, being the green fuel is our key fuel source at the Merino manufacturing units at Hapur. The power generated



Co-Gen plant for Turbine Generator MIL unit-1 Hapur

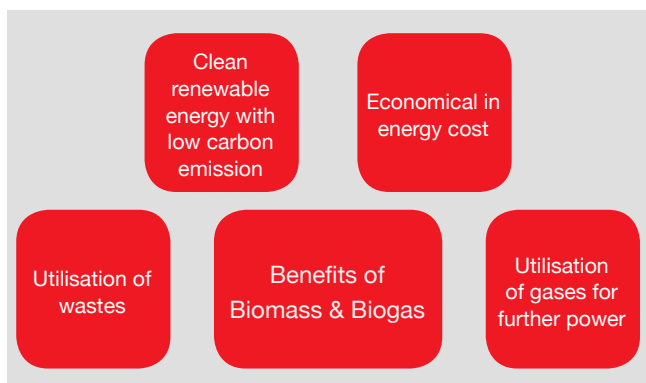
through the biomass turbines accounted for around 77% of total energy requirement of the two manufacturing units. Merino has harnessed 16.3 million kWh of electrical energy annually from biomass during 2018-19.

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



Co-Gen plant for Turbine Generator MIL unit-1 Hapur

Gases obtained from effluent treatment plants and organic decomposition of wastes in biogas plants are also used in power generation. The organisation generates approximately 1,68,500 kWh unit of electrical energy through biogas generator thus utilising the waste from potato flakes plant at Hapur.



Solar Power: The CO2 free energy source

Solar power is the key to a clean energy future. At Merino, we have constantly emphasised on this by implementing installations of various solar systems/plants to power the group's growing power requirement. The group has installed around 9.61 MW solar system/plants that helps generate over 13.5 million kWh of electrical energy annually for production,

utilities and lighting needs. This makes up for around 27% of the total energy requirement of the group.

Merino has installed 1.78 MW solar system (rooftop) at its plant and another 5.5 MW ground mounted solar system with tracker in Budak, Hissar (Haryana). These together take care of almost 51% of the energy needs of Merino Panel Products (MPPL) manufacturing unit at Rohad.



Merino's ground mounted solar panels at Hissar

The manufacturing unit of Dahej account for around 10% of energy needs from solar system installed in the campus. Solar energy provide for around 5% of energy requirement at each of the manufacturing units of Hapur and Hosur from solar rooftop panels at factory premises.

Constant upgradation for energy efficiency

Energy efficiency is an important component in sustainable practices. At Merino, this is not just an ideology but a way of life. Technological upgradation to achieve the above objective has been implemented in all processes and productions. Emphasis has been given on the installation of energy efficient (IE3) motors in production and other facilities at all establishments. Merino's Hosur factory has 100% IE3 motors while the Dahej unit has around 85%. Other production units at Rohad and Hapur have also installed around 75 and 61% IE3 motors respectively. We are constantly working towards achieving our objective of gradually replacing the entire motoring capacity with 100% IE3 motors.

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

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

Water management and Water Conservation

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

- Focused practices to reduce water consumption
- Recycle and reuse of water
- Replenishing and restoration of water sources.

Saving water is the call of the hour. At Merino, we have brought about all possible measures to reduce water consumption across all our operations at our manufacturing units across India. The group has installed 200 and 250 CHM Adiabatic Cooling Towers at Hapur plants.

Replacing the conventional cooling tower with the upgraded Adiabatic Cooling Tower has helped us save more than 27,880 KL annually. Our flash steam recovery system further helps us to save around 15% of water used in steams.

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

Recycle and Reuse of Water through ETP, SBT and STP

Another key aspect of our water management efforts is recycling of waste and unused water discharged from our manufacturing units. This is diligently implemented at all our manufacturing facilities through the use of ETPs (Effluent Treatment Plants) based on both aerobic and anaerobic techniques, SBT (Soil Biotechnology) and STPs (Sewerage Treatment Plants).



RO plant for water filtration & recycling at MIL, Hapur

All these three water treatment systems are available at our Hapur plant. The capacity of ETP, STP and SBT are of 250, 70 and 150 Kilo Litre (KL) per day respectively - thus recycling over 100,000 KL of water annually for reuse at the Hapur premises.

Waste water coming out of effluent treatment plants (ETPs) is treated under Soil Biotechnology (SBT) that has an environment friendly bio-conversion process. The Rohad plant has installed capacity of ETP and STP of 50 and 100 KL per day respectively. It helps to make over 50,000 KL of reusable water annually from waste/used water in the premises. Similarly, with the use of STPs in the manufacturing premises of Hosur and Dahej, the company reuses over 10,000 KL of water annually.

Replenishing and restoration of water sources:

Marching towards Zero discharge and double recharge

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



Newly constructed pond for water recharge at MIL-2 unit of Hapur

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

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

Waste Management:

A close look at nature reveals that nothing goes waste. Incorporating this philosophy, Merino has focussed on reducing waste generation and further reusing these waste through adoption of innovative ways to create value. Updating to technologically advanced machineries and implementation of raw material conservation practices has brought about a paradigm shift in waste management as the company moves steadily towards its long term goal of zero waste.

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

Combustible agricultural wastes like rice husks, sawdust and waste from manufacturing activities like residue of paper materials, laminates, panel products etc., are used in furnaces to generate heat used for drying the biomass (key source of energy)

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

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

Treatment and reuse of wastes of potato flakes plant in Merino Industries

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

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

Care for emission, air quality and soil

Reiterating the group's engagement in sustainable practices, all the manufacturing units at Merino diligently adhere to maintain

lower emission than stipulated under manufacturing activities to bring about a positive and real change.



Administrative Bock at MIL plant, Hapur

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

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



Monitoring of Air Quality at Merino factory, Hapur

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

Chlorinated Fluorocarbon (CFC) refrigerants have been replaced by the technologically advanced hydrofluorocarbons

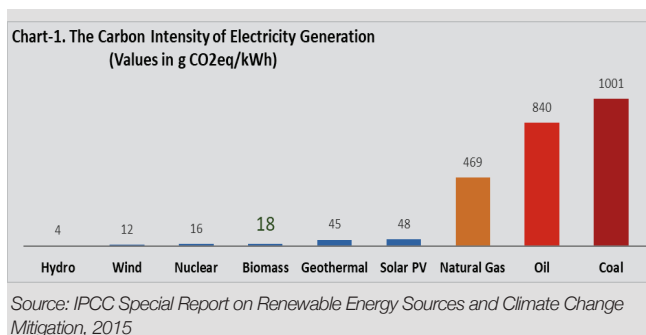
(eg R-410A) refrigerant in over 376 tons of refrigeration (TR) systems annually. This has helped to mitigate equivalent amount of ODG from the environment. Merino's plants at Hosur and Dahej have complete refrigeration facilities based on Non-CFC refrigerants.

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

The transformation of biomass (and its embodied "biogenic" carbon) into products has brought about effective carbon sequestration as these products effectively store CO₂ over a period of time. Thus the use of biomass contributes to reduction in the CO₂ level in the atmosphere and addresses the key issue of global warming.

Compared to fossil based energy sources, CO₂ and toxic emission is substantially lower in biomass.

The carbon intensity (gCO₂ equivalent/kWh) of electricity generation are 56, 47 and 26 times respectively for coal, oil and natural gas in comparison to biomass. (explained in the table below)



The study conducted by Visvesvaraya National Institute of Technology (VNIT), Nagpur for assessment of carbon and water footprint of industrial activities of Merino in Hapur using ISO 14044:2006 methodology for Life Cycle Assessment (LCA) & compliance to ISO 14064:2006 for Green House Gas (GHG) evaluation, shows that 2.97 kg CO₂ equivalent per laminate sheet production and 0.72 kg CO₂ equivalent per kilogram of potato flakes production are GHG emissions. The above data translates into 25,620 kilo tonnes of CO₂ equivalent GHG emissions.

The Merino group has undertaken green cover activities like plantations, farming and agroforestry for carbon sink or carbon sequestration practices. Together around 14,000 kilo tonnes

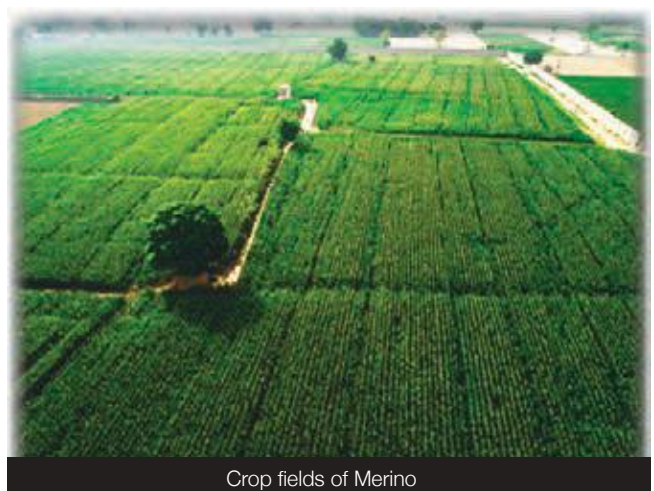
of CO₂ equivalent GHG has been effectively removed through Merino's green initiatives during 2018-19.

Sustainable agricultural activities and Care of Soil

Sustainable farm health and soil conservation form the ethos of our agricultural division at Merino.

Leveraging the domain knowledge of national agricultural institutes like ICAR and other experts, we have implemented a host of projects. The primary goal of these initiatives has been to promote need based usage of agricultural inputs to sustain soil health and crop ecology amongst the large number of farmers who have been associated with the Merino group.

Innovative methods adopted for pest and nutrient management based on soil conditions done through soil testing have transformed the farms. Not only has the usage of pesticides and fertilisers reduced by around 49% and 20% respectively, the targeted yield and quality have also been achieved. This project has been implemented at over 1400 acres of land under potato farming and other crops during 2018-19



Crop fields of Merino

This exemplary practices of Merino is rated as one of the best examples of public private association by Dr. Ashok



Vermicompost made by Merino for soil organic care

Dalwai, Chairman “Doubling farmers income by 2022 mission committee” & Additional secretary, Ministry of Agriculture Cooperation and Farmers Welfare, Government of India, during a seminar organised by National Horticultural Research and Development Foundation, Delhi on 12th of March, 2019.

Taking a constructive step towards soil conservation, Merino has engaged in enriching the carbon content of soil with

the application of organic composts and other sustainable practices. The group produces over 200,000 kg vermicomposts annually. The vermin compost not only enriches the soil but replaces the requirement of chemical fertilisers on around 80 hectare of farming lands. Overall, the sustainable farming practices at Merino also help in achieving the carbon sequestration of around 12,000 kilo tons of CO₂ equivalent annually as environmental care along with its soil care.



Independent Auditor's Report

To the Members of
Merino Industries Limited

Report on the Standalone Ind AS Financial Statements

Opinion

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, 2019, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors is

responsible for the preparation of the other information. The other information comprises the information included in the Analysis and Board's Report including Annexures to Board's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

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

In preparing the standalone Ind AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2013;
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report;
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note No. 36 (b) to the standalone Ind AS financial statements;
- b. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses if any, on long term contracts including derivative contracts; and
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

B.L. Choraria
Partner

Place: Noida (Delhi NCR)
Date: 26th July, 2019

Membership No.: 022973
UDIN:19022973AAAABB5124

Annexure 'A' to the Independent Auditor's Report

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

- i. In respect of the Company's Property, Plant & equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant & equipment.
 - b. As informed to us, the company has a phased programme of physical verification of its property, plant and equipment, which in our opinion, is reasonable having regard to the size of the company and the nature of its property, plant and equipment. Management has physically verified certain property, plant and equipment during the year and as informed to us, no material discrepancies were noticed as compared to books of account.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for leasehold land amounting to ₹1169.96 Lakh for which registration is pending in the name of the company.
- ii. As explained to us, inventories (except stock stored in cold storage with third parties and stock in-transit) were physically verified during the year by the management. In respect of inventory stored with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore provisions of this clause are not applicable to the company.
- iv. According to the information and explanation given to us, the company has not given loans, made Investments, given guarantee or securities during the year under the provisions of section 185 and 186 of the Act. Therefore, the provision of this clauses are 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, Goods and Service Tax, custom duty, Income tax, Cess and other statutory dues applicable to it with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year-end for a period more than six months from the date they became payable.
 - b) According to the information and explanation given to us and records of the Company, there are dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax and entry tax on account of disputes as stated below:

Nature of the Dues	Amount involved (₹ in Lakh)	Amount paid under protest (₹ in Lakh)	Forum where the dispute is pending	Period
Income Tax including Interest	365.93	-	Commissioner of Income Tax (Appeals)	A.Y 2012-13
	772.22	-	Commissioner of Income Tax (Appeals)	A.Y 2013-14
	1831.18	-	Income Tax Appellate Tribunal	A.Y 2014-15
	208.62	-	Commissioner of Income Tax (Appeals)	A.Y 2015-16
Central Sales tax excluding penalty and interest	26.07	28.64	Appellate Tribunal	2011-12
	176.22	-	Deputy Commissioner	2014-15, 2015-16
Sales Tax excluding penalty and interest	6.83	-	Deputy Commissioner	2014-15
	73.91	6.14	DCIT, (Appeals)	2007-08 to 2011-12

Nature of the Dues	Amount involved (₹ in Lakh)	Amount paid under protest (₹ in Lakh)	Forum where the dispute is pending	Period
Entry Tax excluding penalty and interest	3.67	-	Deputy Commissioner	2011-12, 2014-15, 2015-16
	30.70	25.20	High Court	2001-02, 2002-03
Service Tax excluding penalty and interest	1.80	-	Assistant Commissioner	2004-07
Service Tax including penalty, excluding interest	2.79	-	Assistant Commissioner	2005-06
	3.09	0.48	CESTAT	2009-10, 2011-16
	3.72	-	Superintendent	2015-16
	46.61	1.74	Commissioner (appeals)	2015-17
Excise duty excluding penalty and interest	6.41	-	Additional Commissioner	1988-89, 2009-10
	149.89	13.46	Assistant Commissioner	2000-07, 2012-13
	5.76	-	Commissioner (appeals)	1994-95
Excise duty including penalty, excluding interest	1602.40	-	Supreme Court	2010-14, 2004-06
	14.92	-	Assistant Commissioner	2003-09, 2010-12
	86.80	-	Additional Commissioner	2005-06
	1211.64	11.54	CESTAT	2005-11, 2008-13, 2013-14 to 2015-16
	661.10	-	Commissioner	2015-17
	13.11	0.49	Commissioner (appeals)	2015-17
Custom Duty excluding penalty and interest	1.45	-	Assistant Commissioner	2012-13
	14.32	5.00	CESTAT	2002-03
Goods and Services Tax	1.76	1.76	Additional Commissioner	2017-18

- viii. The Company has not defaulted in repayment of dues to bank and financial institution. The Company did not have any borrowing from Government and dues to debenture holders.
- ix. The company has not taken any term loan during the year & therefore provisions of this clause are not applicable to the company. The company has not raised any moneys by way of Public issue/ Follow-on offer.
- x. Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers/employees, has been noticed or reported during the year.
- xi. 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 provision of section 197 read with schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. Based on our examination of the books and records of the Company, all transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore, provisions of this clause are not applicable to the company.
- xv. To the best of our knowledge and belief and according to the information and explanations given to us, the company hasn't entered into any non-cash transactions with directors or persons connected with him. Therefore, provisions of this clause are not applicable to the company.
- xvi. Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, therefore provisions of this clause are not applicable to the company.

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

B.L. Choraria
Partner

Membership No.: 022973
UDIN:19022973AAAABB5124

Place: Noida (Delhi NCR)
Date: 26th July, 2019

Annexure 'B' to the Independent Auditor's Report

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

We have audited the internal financial controls with reference to financial statement of Merino Industries Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at 31st March, 2019, based on the internal control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B.L. Choraria
Partner

Place: Noida (Delhi NCR)
Date: 26th July, 2019

Membership No.: 022973
UDIN:19022973AAAABB5124

Standalone Balance Sheet as at 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3(a)	32785.09	26772.51
(b) Capital work-in-progress	3(b)	1986.91	3067.55
(c) Other intangible assets	3(c)	105.49	161.19
(d) Financial assets			
(i) Investments	4	4724.49	2185.00
(ii) Loans	5	155.83	171.38
(e) Other non-current assets	6	556.28	146.01
Total non-current assets		40314.09	32503.64
(2) Current assets			
(a) Inventories	7	29088.00	24742.14
(b) Biological assets other than bearer plants	8	679.86	481.84
(c) Financial assets			
(i) Trade receivables	9	11431.57	10647.04
(ii) Cash and cash equivalents	10	225.76	598.95
(iii) Other bank balances	11	42.82	42.40
(iv) Loans	12	208.34	238.73
(v) Other financial assets	13	453.21	290.71
(d) Current tax assets (net)	14	992.57	410.48
(e) Other current assets	15	2040.16	2268.76
Total current assets		45162.29	39721.05
Total assets		85476.38	72224.69
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	1047.03	1047.03
(b) Other equity	17	47587.21	37467.26
Total equity		48634.24	38514.29
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1648.11	2916.69
(b) Deferred tax liabilities (net)	19	3286.65	2875.23
(c) Other non-current liabilities	20	96.49	102.58
Total non-current liabilities		5031.25	5894.50
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	14139.53	12894.22
(ii) Trade payables:	22		
Total outstanding dues of micro enterprises and small enterprises		105.98	3.80
Total outstanding dues of creditors other than micro enterprises and small enterprises		11771.76	9658.55
(iii) Other financial liabilities	23	4334.68	3887.73
(b) Other current liabilities	24	1142.15	1112.91
(c) Provisions	25	316.79	258.69
Total current liabilities		31810.89	27815.90
Total liabilities		36842.14	33710.40
Total equity and liabilities		85476.38	72224.69

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

As per our report of even date attached

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

B.L. Choraria
Partner
Membership Number - 022973

Place : New Delhi
Date : 26th July, 2019

The accompanying notes numbered 1 to 48 are an integral part of the financial statements.

For and on behalf of the Board of Directors

Champa Lal Lohia
Executive Chairman

A.K. Parui
Chief Financial Officer

Rup Chand Lohia
Executive Vice Chairman

Vinamrata Agrawal
Company Secretary

Prakash Lohia
Managing Director

Standalone Statement of Profit and Loss for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	Notes	2018-19	2017-18
INCOME			
Revenue from operations	26	97797.08	81200.86
Other income	27	1200.73	1198.57
TOTAL INCOME		98997.81	82399.43
EXPENSES			
Cost of materials consumed	28	47643.46	36255.02
Purchases of stock-in-trade		4305.21	5341.29
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	29	(1429.41)	(1682.74)
Excise duty on sales		-	1044.77
Employee benefits expense	30	10803.77	9254.95
Finance costs	31	1467.95	1368.76
Depreciation and amortization expense	32	2927.95	2754.39
Other expenses	33	21619.60	18578.97
TOTAL EXPENSES		87338.53	72915.41
Profit before Tax		11659.28	9484.02
Tax expenses	34		
- Current tax		3246.64	2260.93
- Deferred tax		(176.03)	472.04
Total tax expenses		3070.61	2732.97
Profit for the year from continuing operations		8588.67	6751.05
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(15.44)	33.88
Changes in fair value of FVOCI equity instruments		2539.49	371.04
Deferred tax relating to these items		(587.45)	(103.72)
Total Other Comprehensive Income for the year, net of tax		1936.60	301.20
Total Comprehensive Income for the year		10525.27	7052.25
Earnings per equity share of face value of ₹10 each			
Basic	35	82.83	65.10
Diluted		82.83	65.10

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

The accompanying notes numbered 1 to 48 are an integral part of the financial statements.

For and on behalf of the Board of Directors

Standalone Cash Flow Statement for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	2018-19	2017-18
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax as per statement of Profit and Loss:	11659.28	9484.02
Adjustments for :		
Depreciation and amortisation expense	2927.95	2754.39
Allowance for Doubtful Debts / Advances	61.71	4.39
Bad debts and advances written off	49.03	46.05
Unrealised gain on foreign Exchange (Net)	(13.74)	(50.85)
Finance Costs	1467.95	1368.76
Loss on Sale/Disposal of property, plant and equipment (net)	87.56	17.30
(Gain) /Loss on Fair valuation of derivatives measured at FVTPL	(78.08)	162.99
Income due to amortisation of government grants	(6.09)	(6.09)
Interest Income	(19.46)	(17.18)
Provisions/Liabilities no longer required written back	(197.24)	(202.00)
Dividend Income	(156.76)	(156.83)
Operating Profit before Working Capital Changes	15782.11	13404.95
Adjustments for :		
Trade receivables	(932.56)	(1550.54)
Non-Current/Current financial and other assets	176.56	254.93
Inventories	(4345.86)	(6179.30)
Biological assets other than bearer plants	(198.02)	3.20
Trade payables	2294.43	2376.00
Non-Current/Current financial and other liabilities/provisions	841.42	30.81
Cash Generated from Operations	13618.08	8340.05
Net Direct Taxes Paid	(3834.47)	(2689.30)
Net Cash from Operating Activities	9783.61	5650.75
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment	(8246.60)	(4828.80)
Purchase of Intangible Assets	(9.13)	(11.65)
Proceeds from sale of property, plant and equipment	16.38	73.45
Interest Income	17.84	16.04
Dividend Income	156.76	156.83
Net Cash Flow used in Investing Activities	(8064.75)	(4594.13)

Standalone Cash Flow Statement for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	2018-19	2017-18
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Borrowings	(1477.39)	(1981.38)
Proceeds from Short-Term Loans from Banks	7000.00	4000.00
Repayment of Short-Term Loans from Banks	(4000.00)	(4500.00)
Proceeds from Demand Loan from Body Corporates	3383.00	3849.00
Repayment of Demand Loan from Body Corporates	(3383.00)	(3849.00)
Increase/ (Decrease) in Cash Credit/Working Capital facilities (net)	(1754.69)	2946.66
Interest paid	(1455.07)	(1345.28)
Dividend paid	(362.52)	(359.21)
Dividend Distribution Tax paid	(42.38)	(41.97)
Net Cash Flow used in Financing Activities	(2092.05)	(1281.18)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(373.19)	(224.56)
Cash and Cash Equivalents (opening)	598.95	823.51
Cash and Cash Equivalents (closing)	225.76	598.95

Change in liability arising from financing activities	31st March, 2018	Cash Flow	Non Cash Changes		31st March, 2019
			Fair Value	Foreign Exchange	
Long-Term Borrowings	4397.71	(1477.39)	-	24.93	2,45.25
Short-Term Borrowings	12894.22	1245.31	-	-	14139.53

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

The accompanying notes numbered 1 to 48 are an integral part of the financial statements.

For and on behalf of the Board of Directors

Standalone Statement of Changes in Equity for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April, 2017		1047.03
Changes in equity share capital during the year 2017-18	16	-
As at 31st March, 2018		1047.03
Changes in equity share capital during the year 2018-19	16	-
As at 31st March, 2019		1047.03

B. Other equity

Particulars	Notes	Securities Premium	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/(expense) (net of tax)		-	-	279.15	22.05	301.20
Total comprehensive income for the year		-	-	279.15	6773.10	7052.25
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)		-	675.11	-	(675.11)	-
Balance as at 31st March, 2018	17	87.48	5933.05	1560.17	29886.56	37467.26

Particulars	Notes	Securities Premium	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April, 2018	17	87.48	5933.05	1560.17	29886.56	37467.26
Profit for the year		-	-	-	8588.67	8588.67
Other comprehensive income/(expense) (net of tax)		-	-	1946.64	(10.04)	1936.60
Total comprehensive income for the year		-	-	1946.64	8578.63	10525.27
Dividend		-	-	-	(362.94)	(362.94)
Tax on dividend		-	-	-	(42.38)	(42.38)
Transfer to/(from) general reserve/(retained earnings)		-	858.87	-	(858.87)	-
Balance as at 31st March, 2019	17	87.48	6791.92	3506.81	37201.00	47587.21

The accompanying notes numbered 1 - 48 are 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 : New Delhi

Date : 26th July, 2019

For and on behalf of the Board of Directors

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

Notes to the Standalone Financial Statements

1. General Information

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

2. Summary of significant accounting policies

2.1 Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

2.2 Property, Plant and Equipment and Depreciation

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

(b) Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is 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 Company depreciates property, plant and equipment over their useful lives as prescribed by schedule II of the Act. In case the cost of a part of a property, plant and equipment is significant to the total cost of the asset, and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those components.

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

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

2.3 Intangible Assets and Amortisation

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

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

Notes to the Standalone Financial Statements

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 these financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

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

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

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

Impairment of financial assets

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

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

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company

Notes to the Standalone Financial Statements

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 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.

Notes to the Standalone 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 from contract with customer

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

Sale of goods

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

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

(i) Variable consideration

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

ii) Volume rebates

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

Loyalty points programme

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

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

Notes to the Standalone Financial Statements

Contract balances

Trade receivables

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Refund Liabilities

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

2.11 Application of new standards and amendments

The Company has adopted Ind AS 115 - Revenue from Contracts with Customers with effect from 1st April, 2018 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most of the current revenue recognition guidance. The core principle of the new standard mandate is for companies to recognize revenue when the control of the goods and services is transferred to the customer as against the transfer of risk and rewards. As per the Company's current revenue recognition practices, transfer of control happens at the same point as transfer of risk and rewards, thus not effecting the revenue recognition. The amount of revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. As per the result of evaluation of contracts of the relevant revenue streams, it is concluded that the impact of this change is insignificant to the Company and hence no accounting changes have been done. The accounting for revenue under Ind AS 115 does not, therefore, represent a substantive change from the Company's previous practice for recognising revenue from sales to customers. The Company has adopted the modified transitional approach as permitted by the standard under which the comparative financial information is not restated. The accounting changes required by the standard are not having material effect on the recognition or measurement of revenues and no transitional adjustment is recognised in retained earnings as at 1st April, 2018. Additional disclosures as required by Ind AS 115 have been included in these financial statements.

Previous period accounting policy: Revenue Recognition

Sale of services

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

2.12 Employee Benefits

(a) Short-term Employee Benefits :

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

(b) Post Employment Benefit Plan:

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

Gratuity: The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees

Notes to the Standalone Financial Statements

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

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

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

2.13 Taxation

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

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

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

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

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

2.14 Government Grants

- (i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- (ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- (iii) Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the remaining useful life of the related asset.

2.15 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.

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 Company 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 Company is a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified

Notes to the Standalone Financial Statements

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.

2.16 Cash and Cash Equivalents

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

2.17 Earnings Per Share (EPS)

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

2.18 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at Balance Sheet date and are 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.

2.19 Segment reporting

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

The board of directors of the Company has been identified as being the chief operating decision maker. Refer note 46 for segment information presented.

2.20 Dividends

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

2.21 Royalty Income

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

2.22 Rounding off of amounts

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

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

The following amendments are applicable to the Company from 1st April, 2019. The impacts of these are currently expected

Notes to the Standalone Financial Statements

to be immaterial:

1. Ind AS 116 - Lease

Ind AS 116 Leases was notified in 30th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards when they become effective.

2. Amendment to standards:

The following amendments are applicable to the Company from 1st April, 2019. The impacts of these are currently expected to be immaterial:

Reference	Name / Brief
Annual Improvements to Ind AS (2018)	The amendments comprise of changes in Ind AS 103, Ind AS 111 and Ind AS 12
Ind As 19	Employee benefits - Plan Amendment, Curtailment or Settlement
Ind As 28	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
Ind As 109	Financial Instruments - Prepayment Features with Negative Compensation
Ind As 12	Income Taxes - Uncertainty over Income Tax Treatments

2.24 Critical estimates and judgments

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

This note provides an overview of the areas that 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 42 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 36 for details of critical estimates of contingent liabilities.

Notes to the Standalone Financial Statements

Note 3 (a) :Property, Plant and Equipment

(Rupees in lakh, unless otherwise stated)

PARTICULARS	Land		Build-ings on leasehold land	Build-ings on Freehold Land [Refer (d) below]	Culverts	Roads	Plant and machinery	Electrical fittings	Laboratory equip-ment	Furniture and fittings	Computers and data processing units	Office equip-ment	Vehicles	Total
	Leasehold [Refer (a) below]	Freehold												
Deemed cost 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
Additions during the year	1482.56	819.04	433.70	248.06	36.02	113.40	4874.12	450.38	34.83	154.02	104.95	96.62	131.94	8979.64
Disposals	-	-	-	47.49	-	-	47.31	1.55	0.09	4.95	6.09	8.14	31.04	146.66
Balance as at 31st March, 2019	2617.05	4442.16	3422.72	4466.22	64.93	608.92	20850.97	1,163.05	109.95	633.75	463.68	388.88	889.79	40122.07
Accumulated Depreciation														
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
Charge for the year	15.36	-	143.60	175.18	1.57	87.74	2000.43	81.64	10.49	57.21	107.25	71.38	111.27	2863.12
Disposals	-	-	-	6.52	-	-	7.37	1.06	0.02	1.65	5.77	5.74	14.59	42.72
As at 31st March, 2019	36.35	-	300.43	481.27	3.14	190.14	5303.76	179.36	24.70	130.73	251.50	174.74	260.86	7336.98
Net carrying amount														
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
As at 31st March, 2019	2580.70	4442.16	3122.29	3984.95	61.79	418.78	15547.21	983.69	85.25	503.02	212.18	214.14	628.93	32785.09

(a) Leasehold Land includes ₹49.98 (31st March, 2018 : ₹49.98) acquired on 31st October, 2006 under a lease for 90 years, ₹696.30 (31st March, 2018 : ₹696.30) acquired on 30th June, 2014 and ₹1169.96 acquired on 19th April, 2017 under a lease of 99 years with a renewal option, which is being amortised over the period of lease. Transfer of title deed in the name of the Company is pending for leasehold land of ₹1169.96, acquired on 19th April, 2017.

(b) Leasehold land acquisition with a value of ₹1101.95 (31st March, 2018 ₹ Nil) have been mortgaged for availing term loan from HSBC Limited and freehold land with carrying value of ₹587.03 (31st March, 2018 ₹143.98) have been mortgaged for availing term loan and working capital loan from Axis Bank Consortium.

(c) Property, Plant and Equipment given as security for borrowings (Refer Note No 39)

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

3 (b) Capital work-in-progress as on 31st March, 2019 ₹1986.91 (includes capital goods-in-transit of ₹243.10) [₹3067.55 as on 31st March, 2018 (includes Capital goods-in-transit ₹249.88)]. (Refer Note No 39)

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

3 (c) Other intangible assets

Particulars	Computer software (aquired item)	Total
Deemed cost as at 1st April, 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
Additions during the year	9.13	9.13
Disposals	-	-
Balance as at 31st March, 2019	320.96	320.96
Accumulated Depreciation		
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
Charge for the year	64.83	64.83
Disposals	-	-
As at 31st March, 2019	215.47	215.47
Net carrying amount		
As at 31st March, 2018	161.19	161.19
As at 31st March, 2019	105.49	105.49

Note 4: Investments

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in Equity Instruments of Subsidiary Company (measured at Cost)		
<i>Unquoted</i>		
Merino Panel Products Limited		
31st March, 2019: 14,93,000 (31st March 2018: 14,93,000) equity shares of ₹10 each fully paid up	149.30	149.30
Investments in Equity Instruments measured at FVOCI		
<i>Unquoted</i>		
Merino Services Limited		
31st March 2019 : 6,000 (31st March 2018 : 6,000) equity shares of ₹10 each fully paid up	279.06	12.76
Merino Exports Private Limited		
31st March 2019 : 6,000 (31st March 2018 : 6,000) equity shares of ₹10 each fully paid up	4289.70	2015.83
Merinopoly and Chemicals Limited*		
31st March 2019 : 82,003 (31st March 2018: 82,003) equity shares of ₹10 each fully paid up	5.19	5.19
Less: Provision for diminution in book value of investments	(5.19)	(5.19)
Quoted		
Bank of Baroda		
31st March 2019 : 5,000 (31st March 2018 : 5,000) equity shares of ₹2 each fully paid up	6.43	7.11
	4724.49	2185.00
(a) Aggregate amount of quoted investments	6.43	7.11
(b) Aggregate amount of unquoted investments	4723.25	2183.08
(c) Aggregate amount of impairment in value of investments*	5.19	5.19

Note-

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

Note 5: Loans-non current

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Considered good - unsecured)		
Security Deposits	103.76	105.68
Loans to employees	52.07	65.70
	155.83	171.38

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 6: Other non-current assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Considered good - unsecured)		
Capital advances	554.09	139.87
Security deposits	2.19	6.14
	556.28	146.01

Note 7: Inventories

Particulars	As at 31st March, 2019	As at 31st March, 2018
(At lower of cost and net realisable value)		
Raw materials [include materials-in-transit 31st March, 2019 ₹3031.53 (31st March, 2018 ₹2499.76)]	16864.42	14016.88
Work-in-progress [include WIP in transit 31st March, 2019 ₹15.97 (31st March, 2018 ₹14.68)]	844.01	632.58
Stock-in-trade [includes materials-in-transit 31st March, 2019 ₹28.41 (31st March, 2018 ₹0.07)]	1006.35	1187.81
Finished goods [include materials-in-transit 31st March, 2019 ₹1701.46 (31st March, 2018 ₹578.15)]	8329.07	7127.65
Stores and spares [include materials-in-transit 31st March 2019 ₹95.61 (31st March, 2018 ₹32.35)]	2044.15	1777.22
	29088.00	24742.14

- (a) Inventories are hypothecated to secure short-term and long-term borrowings (Refer Note No 39)
- (b) Write down of inventories to net realisable value relating to stores and spares amounted to ₹237.77 (31st March, 2018 ₹211.38).

Note 8: Biological assets other than bearer plants

Particulars	As at 31st March, 2019	As at 31st March, 2018
Potato Seeds		
Opening value of biological assets	441.50	463.88
Cost incurred during the year	1584.34	1658.00
Harvested potatoes transferred to inventories and sold during the year	(179.35)	(56.20)
Harvested potatoes transferred to inventories	(1177.09)	(1624.18)
Closing value of biological assets - Potato Seeds	669.40	441.50
Crops		
Opening value of biological assets	40.34	21.16
Cost incurred during the year	96.65	188.24
Purchases	1.67	14.64
Harvested crops transferred to inventories and sold during the year	(123.35)	(133.62)
Harvested crops transferred to inventories	(4.85)	(50.08)
Closing value of biological assets - Crops	10.46	40.34
	679.86	481.84

- (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 the attributes of intended biological transformation. When the biological assets attain the stage - ready for consumption (agriculture produce) it is considered as inventory at fair value on that date. Agricultural produce is the harvested product of the entity's biological assets.
- The quantity of potato seed (biological assets) stock as at 31st March, 2019 was 41.41 M.Tons (31st March 2018 30.12 M.Tons). The quantity of agriculture produce raised during the year i.e. transfer of biological assets to inventory/sold as on 31st March 2019 was 30.12 M.Tons (31st March 2018 25.72 M.Tons).
- The annual crops are insignificant to the Company's operations.
- (b) Inventories are hypothecated to secure short-term and long-term borrowings (Refer Note No 39)

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 9: Trade receivables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Un-secured, Considered good [Refer (a) below]	10716.59	10100.71
Credit impaired	89.36	30.73
	10805.95	10131.44
Less : Impairment allowance	89.36	30.73
	10716.59	10100.71
Secured, considered good	714.98	546.33
	714.98	546.33
	11431.57	10647.04

(a) Include receivable from related parties - 31st March 2019: ₹97.96 (31st March 2018 : ₹108.53) (Refer Note 47).

(b) Trade receivables are hypothecated to secure short term and long term borrowings (Refer Note No 39)

(c) Movement in impairment allowance is as follows:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening	30.73	26.35
Additions(Net)	58.63	4.38
Closing	89.36	30.73

These are carried at amortised cost.

Note 10: Cash and cash equivalents

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with Banks		
On current accounts	177.58	389.54
On cash credit accounts	0.25	51.52
Cheques and drafts on hand	25.81	8.44
Remittances-in-transit	-	129.75
Cash on hand	14.16	10.56
Foreign currency on hand	7.96	9.14
	225.76	598.95

Note 11: Other bank balances

Particulars	As at 31st March, 2019	As at 31st March, 2018
Margin money deposit [Refer (a) below]	17.59	17.59
On unpaid dividend accounts [Refer (b) below]	25.23	24.81
	42.82	42.40

(a) Margin money given towards bank guarantee (Refer note no 39)

(b) Earmarked for payment of unclaimed dividends.

Note 12: Loans

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good unless otherwise stated)		
Security deposits [Refer Note (a) below]	142.09	174.14
Loans to employees	66.25	64.59
	208.34	238.73

(a) Include with a related party - 31st March 2019 : ₹ Nil (31st March 2018 : ₹36.80) (Refer Note 47).

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 13: Other financial assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
Others		
Interest accrued on deposits	14.48	12.86
Derivative assets	99.07	21.17
Receivable from statutory/government authorities	31.19	-
Other receivables [Refer (a) below]	308.47	256.68
	453.21	290.71

(a) Include 31st March 2019 : ₹308.47 (31st March 2018 : ₹256.65) recoverable from the subsidiary company (Refer Note 47).

Note 14: Current tax assets (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance Income Tax (net of provision of ₹3335.20; 31st March 2018 : ₹2691.30 lakh)	992.57	410.48
	992.57	410.48

Note 15: Other current assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
Export incentives receivable	247.21	247.30
Other incentive receivable	49.42	-
Advances recoverable in cash or in kind	19.42	33.68
Advances to suppliers	98.26	179.98
Advances to suppliers - credit impaired	8.84	11.31
Less : Impairment allowances	(8.84)	(11.31)
Prepaid expenses	296.42	156.06
Balances with statutory/government authorities	1174.30	1419.65
Advances with statutory authorities against disputed dues	93.19	229.57
Stamps on hand	0.53	0.51
Advance with LIC for defined benefit plan	61.41	2.01
	2040.16	2268.76

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 16: Equity share capital

Particulars	As at 31st March, 2019	As at 31st March, 2018
AUTHORISED		
1,70,00,000 (31st March, 2018 : 1,70,00,000) Equity Shares of ₹10/- each	1700.00	1700.00
ISSUED		
1,05,66,100 (31st March, 2018 : 1,05,66,100) Equity Shares of ₹10/- each	1056.61	1056.61
SUBSCRIBED AND PAID-UP		
1,03,69,600 (31st March, 2018 : 1,03,69,600) Equity Shares of ₹10/- each fully paid up	1036.96	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31st March, 2018 : 1,96,500) Equity Shares	10.07	10.07
	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 ₹10/- each. Each equity shareholder is entitled to one vote per share held.

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

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

SN.	Name of Shareholders	As at 31st March, 2019		As at 31st March, 2018	
		No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	30,65,700	29.56	30,65,700	29.56
2	Mr Bikash Lohia	6,40,600	6.18	6,40,400	6.18
3	Mr Prakash Lohia	5,66,020	5.46	9,91,020	9.56
4	Mr Deepak Lohia	6,15,189	5.93	6,15,189	5.93
5	Mr Madhusudan Lohia	7,21,635	6.96	-	-
		56,09,144	54.09	53,12,309	51.23

Note 17: Other equity

Particulars	As at 31st March, 2019	As at 31st March, 2018
Reserves and surplus:		
Securities premium		
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	5933.05	5257.94
Add : Transferred from surplus in statement of profit and loss	858.87	675.11
Balance as at the end of the year	6791.92	5933.05
Retained earnings		
Balance as at the beginning of the year	29886.56	24193.48
Add: Profit for the year	8588.67	6751.05
Amount available for appropriation	38475.23	30944.53
Less : Appropriations:		
Interim dividend on Equity Shares for the year	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	42.38	41.97
Transfer to General Reserve	858.87	675.11
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	(10.04)	22.05
Balance as at the end of the year	37201.00	29886.56
Total (I)	44080.40	35907.09

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 17: Other reserves (Contd.)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Equity Instruments through Other Comprehensive Income		
Opening balance	1560.17	1281.02
Change in fair value of FVOCI equity instruments	2539.49	371.04
Deferred tax	(592.85)	(91.89)
Total (II)	3506.81	1560.17
Total Other Equity (I + II)	47587.21	37467.26

Nature and purpose of other reserves

Securities premium

Securities premium 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 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, 2019	As at 31st March, 2018
Secured		
Term Loans		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	2504.35	3708.36
Foreign Currency Loan [Refer (c) below]	440.90	689.35
	2945.25	4397.71
Less : Current maturities (payable within one year)		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	1003.21	1204.26
Foreign Currency Loan [Refer (c) below]	293.93	276.76
	1297.14	1481.02
	1648.11	2916.69

Note:-

- (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, 2019	31st March, 2018	Nature of Securities	Repayment terms
The Hong Kong and Shanghai Banking Corporation Limited	2500.00	3500.00	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 ₹2500 is repayable in ten equal quarterly instalments of ₹250 each. Last instalment will be due on 22nd September, 2021.
DBS Bank Limited	-	199.73	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. Last instalment was due on 16th January, 2019.
	2500.00	3699.73		

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

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

Bank	31st March, 2019	31st March, 2018	Nature of Securities	Repayment terms
Standard Chartered Bank Limited	440.90	689.35	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 ₹440.90 is repayable in six equal quarterly instalments of ₹73.48 each on fully hedged basis. Last instalment will be due on 21st August, 2020.
	440.90	689.35		

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

Note 19: Deferred tax liabilities (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
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	2382.12	2541.47
Investment in Equity shares	1064.86	472.01
Others	-	0.43
Derivative liability	23.79	3.46
	3470.77	3017.37
Deferred Tax Assets		
Disallowance of expense allowable for tax purpose on payment basis	145.01	101.13
Borrowings	-	4.71
Others	39.11	36.30
	184.12	142.14
	3286.65	2875.23

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, 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
As at 31st March, 2018	2541.47	(4.71)	3.46	472.01	(101.13)	(35.87)	2875.23
Charged / (Credited):							
to profit and loss	(159.35)	4.71	20.33	-	(43.88)	2.16	(176.03)
to other comprehensive income	-	-	-	587.45	-	-	587.45
As at 31st March, 2019	2382.12	-	23.79	1059.46	(145.01)	(33.71)	3286.65

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 20: Other non-current liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred government grants	96.49	102.58
	96.49	102.58

Note 21: Borrowings

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured (Refer (a) below)		
Working Capital Loan		
From Banks:		
Overdraft / Cash Credit	689.53	2619.22
Working Capital Demand Loan	2000.00	3200.00
Rupee Packing Credit Loan	4200.00	2700.00
Others		
Bills discounted with banks (Refer (b) below)	250.00	375.00
	7139.53	8894.22
Unsecured		
Short-Term Loan		
From Banks:		
Indian Rupee Loan	7000.00	4000.00
	7000.00	4000.00
	14139.53	12894.22

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

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

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

Note 22: Trade payables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises	105.98	3.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	11771.76	9658.55
	11877.74	9662.35

Note 23: Other financial liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debt (refer note 18)	1297.14	1481.02
Interest accrued but not due on borrowings	24.01	16.87
Unpaid dividends *	25.23	24.81
Deposits from customers and suppliers	848.77	784.93
Employee benefits payable	789.32	649.28
Liability for purchases of capital assets	523.38	456.76
Derivative liability	-	0.18
Contract liability against loyalty points	170.78	80.77
Refund liability against periodical schemes	265.88	114.64
Other payables	390.17	278.47
	4334.68	3887.73

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

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 24: Other current liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Liabilities under litigation	96.80	233.18
Contract liabilities / advances from customers	793.70	512.74
Statutory dues	251.65	365.43
Deferred revenue	-	1.56
	1142.15	1112.91

Note 25: Provisions

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits	316.79	258.69
	316.79	258.69

Note 26: Revenue from operations

Particulars	2018-19	2017-18
(i) Sale of products		
Domestic	75651.50	63211.65
Export	20600.59	16793.73
	96252.09	80005.38
(ii) Sale of services		
Income from job work	302.06	218.48
(iii) Other operating revenue		
Export incentives	637.65	554.02
Scrap sales	605.28	422.98
	1242.93	977.00
Revenue from operations	97797.08	81200.86

Note 26.1: Disclosure as per Ind As 115

1. Revenue from contracts with customers:

1.1. Disaggregated revenue information:

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

Segment: Type of goods or service	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
Sale of goods	63208.38	19548.09	6217.20	7278.42	96252.09
Sale of services	287.26	14.80	-	-	302.06
Others	-	-	-	605.28	605.28
Total revenue from contracts with customers	63495.64	19562.89	6217.20	7883.70	97159.43
India	45913.83	17675.17	5123.15	7846.69	76558.84
Outside India	17581.81	1887.72	1094.05	37.01	20600.59
Total revenue from contracts with customers	63495.64	19562.89	6217.20	7883.70	97159.43
Timing of revenue recognition					
Goods transferred at a point in time	63208.38	19548.09	6217.20	7883.70	96857.37
Services transferred over time	287.26	14.80	-	-	302.06
Total revenue from contracts with customers	63495.64	19562.89	6217.20	7883.70	97159.43

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Segment: Type of goods or service	2017-18				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
Sale of goods	52640.14	15600.64	4897.24	6867.36	80005.38
Sale of services	217.78	0.70	-	-	218.48
Others	-	-	-	422.98	422.98
Total revenue from contracts with customers	52857.92	15601.34	4897.24	7290.34	80646.84
India	38333.93	14847.10	3497.99	7174.09	63853.11
Outside India	14523.99	754.24	1399.25	116.25	16793.73
Total revenue from contracts with customers	52857.92	15601.34	4897.24	7290.34	80646.84
Timing of revenue recognition					
Goods transferred at a point in time	52640.14	15600.64	4897.24	7290.34	80428.36
Services transferred over time	217.78	0.70	-	-	218.48
Total revenue from contracts with customers	52857.92	15601.34	4897.24	7290.34	80646.84

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information(Note 46):

Segment revenue:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	66483.40	19889.12	6795.41	5829.88	98997.81
Inter-segment	6969.02	-	-	-	6969.02
	73452.42	19889.12	6795.41	5829.88	105966.83
Inter-segment adjustment and elimination	(9956.78)	(326.23)	(578.21)	2053.82	(8807.40)
Total revenue from contracts with customers	63495.64	19562.89	6217.20	7883.70	97159.43

Segment revenue:	2017-18				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	55071.95	15478.63	5262.45	6586.40	82399.43
Inter-segment	3480.42	-	-	-	3480.42
	58552.37	15478.63	5262.45	6586.40	85879.85
Inter-segment adjustment and elimination	(5694.45)	122.71	(365.21)	703.94	(5233.01)
Total revenue from contracts with customers	52857.92	15601.34	4897.24	7290.34	80646.84

Sale includes excise duty collected from customers of ₹ Nil (31st March, 2018: ₹1044.77). Revenue from operations for previous periods up to 30th June, 2017 includes excise duty. From 1st July, 2017 the excise duty and most of the indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for 2018-19 is not comparable with 2017-18.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

1.2 Contract balances

Particulars	31st March, 2019	31st March, 2018
Trade receivable	11431.57	10647.04
Contract liabilities - advance from customer	793.70	512.74
Contract liability against loyalty points	170.78	80.77
Refund liability against periodical schemes	265.88	114.64
Trade receivables are non-interest bearing and normal credit period is 45-90 days.		
Contract liabilities include short-term advances received from customers against future supply of goods.		
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	512.74	516.47

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

Particulars	31st March, 2019	31st March, 2018
Revenue as per contracted price	99690.68	82501.71
Adjustments:		
Discounts, rebates and schemes	2321.73	1719.89
Loyalty points	209.52	134.98
Revenue from contract with customers	97159.43	80646.84

1.4: Performance obligation

Information about the Company's performance obligation is:

The performance obligation is satisfied upon delivery of the product and payment is generally due within 45-90 days from delivery.

Note 27: Other income

Particulars	2018-19	2017-18
(i) Interest Income on financial assets measured at amortised cost		
- On bank and other deposits	11.12	3.47
- On loans to others	8.34	13.71
(ii) Dividend income from long term investments measured at FVTPL (Includes ₹156.76, 2017-18 ₹156.76 from the Subsidiary Company)	156.76	156.83
(iii) Claims from insurance companies	38.04	101.81
(iv) Provisions / Liabilities no longer required written back	197.24	202.00
(v) Profit on sale of property, plant and equipment	10.95	9.71
(vi) Recovery of bad debts	12.96	60.56
(vii) Net gain on foreign currency transactions and translation	556.98	697.55
(viii) Fair value gain/(loss) on derivatives	78.08	(162.99)
(ix) Miscellaneous Income [Refer (a) below]	130.26	115.92
	1200.73	1198.57

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

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 28: Cost of materials consumed

Particulars	2018-19	2017-18
Raw Materials Consumed		
Opening Stock	14016.88	9567.07
Purchases and Incidental expenses	51675.10	41608.46
	65691.98	51175.53
Less: Cost of raw materials sold	1184.10	903.63
	64507.88	50271.90
Less: Closing Stock	16864.42	14016.88
	47643.46	36255.02

Note 29: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets

Particulars	2018-19	2017-18
Opening 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
Less: Closing Stock		
- Work-in-progress	844.01	632.58
- Finished Goods	8329.07	7127.65
- Biological assets*	679.86	481.84
- Stock-in-Trade	1006.35	1187.81
	10859.29	9429.88
	(1429.41)	(1682.74)

* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to ₹334.10 (31st March, 2018 - ₹559.89).

Note 30: Employee benefits expense

Particulars	2018-19	2017-18
Salaries, Wages, Bonus etc.	9767.62	8206.29
Contribution to Provident and Other Funds	738.93	771.99
Workmen and Staff Welfare	297.22	276.67
	10803.77	9254.95

The Company has recognized an expense of ₹476.11 (31st March, 2018 - ₹493.72) towards the defined contribution plans.

Note 31: Finance costs

Particulars	2018-19	2017-18
Interest expense	1403.90	1256.60
Interest on shortfall in payment of advance tax	5.74	22.13
Other borrowing costs	58.31	90.03
	1467.95	1368.76

Note 32: Depreciation and amortization expense

Particulars	2018-19	2017-18
Depreciation and amortization on property, plant and equipment (including leasehold land)	2863.12	2691.43
Amortization of Intangible assets	64.83	62.96
	2927.95	2754.39

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 33: Other expenses

Particulars	2018-19	2017-18
Consumption of stores and spare parts	2159.69	1920.36
Power and fuel [refer (a) below]	3896.81	2982.44
Jobwork charges	242.75	163.30
Installation charges	331.47	93.40
Rent	1412.82	1290.43
Rates and taxes	73.53	101.55
Repairs to :		
Buildings	72.11	68.23
Plant and machinery	285.81	269.17
Others	473.75	574.10
Legal and professional	884.95	836.30
Vehicle upkeep	420.15	366.90
Carriage outward	3086.07	2646.03
Packing and forwarding	1758.81	1628.79
Insurance charges	210.53	192.82
Commission	650.75	537.79
Printing and stationery	66.79	75.00
Postage and Courier	97.29	74.13
Advertisement, publicity and sales promotion	1677.59	1337.31
Travel expenses	805.93	743.76
Communication expense	160.08	177.19
Excise duty [refer (b) below]	-	(178.62)
Bad Debts and advances written off	49.03	46.05
Provision for doubtful debts and advances	61.71	4.39
Payments to the auditors [Refer (c) below]	25.41	24.64
Bank charges and commission	55.02	58.66
Royalty	78.65	60.17
Donations	296.42	294.96
CSR expenditure (Refer note 41)	205.64	171.42
Loss on sale/Disposal of property, plant and equipment	98.51	32.29
Agricultural Expenses	913.39	849.71
Miscellaneous expenses	1068.14	1136.30
	21619.60	18578.97

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

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

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

Particulars	2018-19	2017-18
As Statutory Auditors:		
Statutory audit fees	16.25	16.25
Tax audit fees	2.75	2.75
Other matters	3.95	3.10
Reimbursement of expenses	1.36	1.04
	24.31	23.14
As Cost Auditors :		
Audit fees	0.75	0.75
	0.75	0.75
As Secretarial Auditors :		
Audit fees	0.35	0.75
	0.35	0.75

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note 34: 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	2018-19	2017-18
Current tax		
Current tax on profits for the year	3246.64	2260.93
Total current tax expense	3246.64	2260.93
Deferred tax		
Total deferred tax expense/(benefit)	(176.03)	472.04
Income tax expense	3070.61	2732.97

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

Particulars	2018-19	2017-18
Profit before tax	11659.28	9484.02
Tax at the rate of 34.944% (2017-18 – 34.608%)	4074.22	3282.23
Reasons for differences are indicated below:		
Expenses disallowed under tax laws	29.87	9.59
Income not considered for tax laws	(85.07)	(54.27)
Agricultural income/(loss)	(144.26)	147.56
80IA deduction	(345.95)	(455.72)
Weighted deduction	90.42	21.07
Items on which tax applicable at differential rates	0.16	7.82
Excess provision for income tax	(82.82)	(648.64)
Others	(465.96)	423.33
Total income tax expense	3070.61	2732.97

Note: 35 Earnings per share

Particulars	2018-19	2017-18
(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 (₹)	10	10
Profit / (Loss) for the year (₹ In lakh) (B)	8588.67	6751.05
Earnings per share (Basic) (₹) (B/A)	82.83	65.10
(ii) Diluted		
Weighted average number of equity shares outstanding during the year	1,03,69,600	1,03,69,600
Earnings per share (Diluted) (₹)	82.83	65.10

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note: 36 Contingent liabilities

Particulars	2018-19	2017-18
(a) Guarantees given -		
Non Financial Bank Guarantees	59.09	45.92
(b) Claims against the Company not acknowledged as debts :		
Demands for Sales Tax and Entry Tax (Deposit under protest ₹59.99 (31st March, 2018 - ₹229.73))	189.34	181.93
Demands for Excise, Custom Duty, Service tax (Deposit under protest ₹32.72 (31st March, 2018 - ₹330.46))	3703.68	4102.63
Demand for Goods and Service tax (Deposit under protest ₹1.76)	1.76	-
Demands for Income Tax (Deposit under protest ₹ Nil (31st March, 2018 - ₹5.27))	3217.29	2681.09
(c) Miscellaneous claims by suppliers and customers etc. against the Company	272.05	204.75
(d) Differential Bonus for 2014-15	151.52	151.52
	7594.73	7367.84

Notes:-

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

Note: 37 Capital and other commitments

Particulars	31st March, 2019	31st March, 2018
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2254.20	1874.33
(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 ₹3752.47 (31st March, 2018 - ₹3545.55) is yet to be received.	1806.31	584.36
Obligations against Advance Licences	3128.08	2419.68
Outstanding Letters of Credit for materials yet to be received	932.53	1060.42
	8121.12	5938.79

Note: 38 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, except in one case where lease period is for ten years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental aggregating ₹723.68 (31st March, 2018 : ₹747.23) has been debited to the Statement of Profit and Loss.

As a lessor:

The Company has given a machinery and a portion of building on cancellable operating lease for a period of eleven to sixty months where both the parties having an option to renew the agreement on such terms and conditions as may be mutually agreed thereon.

Particulars	As at 31st March, 2019	As at 31st March, 2018
Rental income credited to the Statement of Profit and Loss (included under Other Income)	45.80	1.20

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note: 39 Assets given as security

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current		
Financial assets		
Trade receivables	11431.57	10647.04
Fixed Deposit	17.59	17.59
Non-financial assets		
Inventories	29088.00	24742.14
Biological assets	679.86	481.84
Total current assets pledged as security	41217.02	35888.61
Non- Current		
Property, Plant and Equipment	32785.09	26772.51
Capital work-in-progress	1986.91	3067.55
Total non current assets pledged as security	34772.00	29840.06
Total assets pledged as security	75989.02	65728.67

Note: 40 Details relating to Micro, Small and Medium Enterprises

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	105.98	3.80
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.22	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	4.49	-
Interest paid during the year, other than that under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day	-	-
Interest paid during the year, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.07	-
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: 41 CSR Expenditure

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Gross Amount required to be spent by the company during the year	190.76	169.30
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any asset	-	-
On purpose other than the above	205.64	171.42

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Note : 42 - Employee benefit obligations

(i) Leave obligations

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

(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.

(iv) Balance sheet recognition

a) Gratuity

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

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

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2018	1006.88	1008.90	(2.02)
Current service cost	133.17	-	133.17
Interest expense/(income)	73.43	76.88	(3.45)
Past service cost	-	-	-
Total amount recognised in profit or loss	206.60	76.88	129.72
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/(income)	-	8.03	(8.03)
Actuarial (gain)/loss from change in financial assumptions	8.25	-	8.25
Actuarial (gain)/loss from unexpected experience	15.22	-	15.22
Total amount recognised in other comprehensive income	23.47	8.03	15.44
Employer's contributions/ premium paid	-	204.56	(204.56)
Benefit payments	86.58	86.58	-
31st March, 2019	1150.37	1211.79	(61.42)

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Discount rate	7.62%	7.70%
Expected return on plan asset	7.62%	7.70%
Salary growth rate	7.00%	7.00%
Attrition rate	1.00%	1.00%
Mortality rate	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, 2019		As at 31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1100.59	1204.49	960.58	1057.16
% change compared to base due to sensitivity	-4.33%	4.71%	-4.60%	4.99%
Salary growth rate (-/+ 0.5%)	1200.89	1103.37	1053.25	963.68
% change compared to base due to sensitivity	4.39%	-4.09%	4.61%	-4.29%
Attrition rate (-/+ 0.5%)	1150.15	1150.59	1006.74	1007.02
% change compared to base due to sensitivity	-0.02%	0.02%	-0.01%	0.01%
Life expectancy/ mortality rate (-/+ 10%)	1150.48	1150.25	1007.04	1006.72
% change compared to base due to sensitivity	0.01%	-0.01%	0.02%	-0.02%

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.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

(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 both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

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

(ix) Defined benefit liability and employer contributions

Expected contribution to post-employment benefit plan for the year ended 31st March, 2020 is ₹123.91.

The weighted average duration of the defined benefit obligation is 15 years (31st March, 2018 – 18 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, 2019			
Defined benefit obligation (gratuity)	182.61	343.18	2401.17
Total	182.61	343.18	2401.17
31st March, 2018			
Defined benefit obligation (gratuity)	93.86	321.40	2268.68
Total	93.86	321.40	2268.68

Note : 43 - 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 dividend to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

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	31st March, 2019	31st March, 2018
Debt equity ratio	0.06	0.11

(b) Dividend

Particulars	31st March, 2019	31st March, 2018
(i) Equity shares		
Interim dividend for the year ended 31st March, 2019 of ₹3.50 (31st March, 2018 – ₹3.50) per fully paid share	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	42.38	41.97

Note : 44 - 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.

Financial instruments by category

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments	-	4575.19	-	-	2035.70	-
Loans to employees	-	-	118.32	-	-	130.29
Security deposits	-	-	245.85	-	-	279.82
Trade receivables	-	-	11431.57	-	-	10647.04
Cash and cash equivalents	-	-	225.76	-	-	598.95
Other bank balances	-	-	42.82	-	-	42.40
Derivative assets	99.07	-	-	21.17	-	-
Others	-	-	354.14	-	-	269.54
Total financial assets	99.07	4575.19	12418.46	21.17	2035.70	11968.04
Financial liabilities						
Borrowing and interest	-	-	17108.79	-	-	17308.80
Trade payables	-	-	11877.74	-	-	9662.35
Derivative liability	-	-	-	0.18	-	-
Unpaid dividends	-	-	25.23	-	-	24.81
Deposits from customers and suppliers	-	-	848.77	-	-	784.93
Employee benefits payable	-	-	789.32	-	-	649.28
Liability for purchases of capital assets	-	-	523.38	-	-	456.76
Contract liability against loyalty points	-	-	170.78	-	-	80.77
Refund liability against periodical schemes	-	-	265.88	-	-	114.64
Other payables	-	-	390.17	-	-	278.47
Total financial liabilities	-	-	32000.06	0.18	-	29360.81

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

(i) Fair value hierarchy

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

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

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

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

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer-quotes for similar instruments.
- derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- the fair value of the financial instruments is determined using discounted cash flow analysis.

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

Particulars	31st March, 2019			31st March, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Investments	6.43	-	4568.76	7.11	-	2028.59
Derivative financial assets	-	99.07	-	-	21.17	-
	6.43	99.07	4568.76	7.11	21.17	2028.59
Financial liabilities:						
Derivative financial liabilities	-	-	-	-	0.18	-
	-	-	-	-	0.18	-

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

Particulars	31st March, 2019		31st March, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Borrowings	2945.25	2859.19	4397.71	4243.79
Total financial liabilities	2945.25	2859.19	4397.71	4243.79

(v) Valuation technique used to determine fair value

- Non-current financial assets represent security deposits which do not have a fixed maturity period. These are primarily in the nature of utility deposits and hence carrying value is considered as fair values on the reporting period.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of loans to employees are considered to be approximately equal to the fair value.
- The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

(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 : 45 - 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 believes to be doubtful of recovery. Further the Company receives security deposits on selected basis from its customers which mitigate the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

Ageing of trade receivables

Particulars	Not due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st March, 2019	5639.67	5414.70	405.43	61.13	89.36	11431.57
Trade receivables as at 31st March, 2018	5854.39	4490.84	297.76	34.78	30.73	10647.04

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 management on a periodical basis, and are updated subject to the approval of the management. The limits are set to minimise the concentration of risks and, therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2019 and 31st March, 2018 is the carrying amounts as indicated in Note 45B.

(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.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

(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, 2019	As at 31st March, 2018
- Expiring within one year (bank overdraft and other facilities)	3360.47	1605.78
- Cash and cash equivalents	225.76	598.95
	3586.23	2204.73

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 Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities

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

Contractual maturities of financial liabilities 31st March, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	15436.67	1648.11	-	-	17084.78
Trade Payables	11877.74	-	-	-	11877.74
Interest on borrowings	196.27	105.71	-	-	301.98
Unpaid dividends	25.23	-	-	-	25.23
Deposits from Customers and Suppliers	848.77	-	-	-	848.77
Employee Benefits payable	789.32	-	-	-	789.32
Liabilities for purchases of capital assets	523.38	-	-	-	523.38
Derivative liabilities	-	-	-	-	-
Contract liability against loyalty points	170.78	-	-	-	170.78
Refund liability against periodical schemes	265.88	-	-	-	265.88
Other payables	390.17	-	-	-	390.17
Total financial liabilities	30524.21	1753.82	-	-	32278.03

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 liability	0.18	-	-	-	0.18
Contract liability against loyalty points	80.77	-	-	-	80.77
Refund liability against periodical schemes	114.64	-	-	-	114.64
Other payables	278.47	-	-	-	278.47
Total financial liabilities	26740.68	3222.78	-	-	29963.46

(C) Market risk

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

(i) Foreign currency risk

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

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

The Company operates internationally and a portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company also enters into forward contracts for managing its exposure to such foreign currency risk. The Company manages the exposure of foreign exchange fluctuation in borrowings by entering into derivatives contracts.

Foreign currency risk exposure

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

Particulars	31st March, 2019					31st March, 2018			
	SGD	USD	EUR	SEK	YEN	USD	EUR	GBP	YEN
Financial assets									
Trade Receivables	-	2687.03	21.76	-	-	2087.81	14.75	71.66	-
Derivatives	-	(2524.34)	-	-	-	(2607.20)	-	-	-
Financial liabilities									
Long term borrowings	-	440.96	-	-	-	692.59	-	-	-
Trade Payables	1.42	3537.65	1744.26	97.61	218.80	3502.06	2010.42	-	219.60
Derivatives	-	(872.70)	(189.30)	-	-	(1494.20)	-	-	-
Net exposure to foreign currency risk	(1.42)	(2943.22)	(1533.20)	(97.61)	(218.80)	(3219.84)	(1995.67)	71.66	(219.60)

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, 2019	31st March, 2018	31st March, 2019	31st March, 2018
USD sensitivity				
INR depreciates by 5% (31st March, 2018 - 8%)*	(147.16)	(257.59)	(95.74)	(167.58)
INR appreciates by 5% (31st March, 2018 - 8%)*	147.16	257.59	95.74	167.58
EURO sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	(46.00)	(59.87)	(29.93)	(38.95)
INR appreciates by 3% (31st March, 2018 - 3%)*	46.00	59.87	29.93	38.95
GBP sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	-	(2.15)	-	(1.40)
INR appreciates by 3% (31st March, 2018 - 3%)*	-	2.15	-	1.40
Yen sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	(6.56)	(6.59)	(4.27)	(4.29)
INR appreciates by 3% (31st March, 2018 - 3%)*	6.56	6.59	4.27	4.29
SEK sensitivity				
INR depreciates by 3%*	(2.93)	-	(1.91)	-
INR appreciates by 3%*	2.93	-	1.91	-
SGD sensitivity				
INR depreciates by 3%*	(0.04)	-	(0.03)	-
INR appreciates by 3%*	0.04	-	0.03	-

* Assuming all other variables to be constant

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

(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, 2019 and 31st March, 2018, the Company's borrowings at variable rate were mainly denominated in INR.

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

(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, 2019	31st March, 2018
Variable rate borrowings	939.53	2994.22
Fixed rate borrowings	16145.25	14297.71
Total borrowings	17084.78	17291.93

(b) Sensitivity

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

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Interest expense rates – increase by 50 basis points (50 bps)*	(4.70)	(18.42)	(3.06)	(12.04)
Interest expense rates – decrease by 50 basis points (50 bps)*	4.70	18.42	3.06	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, 2019	31st March, 2018
Share price - Increase 5%(5%)*	228.76	101.79
Share price - Decrease 5%(5%)*	(228.76)	(101.79)

* 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.

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

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

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

Note : 46 - 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:

- Laminates: Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption), and trading of Papers and Chemicals.
- Panel Products and Furniture - Comprises manufacturing and selling of Furnitures, Panel Boards and related products.
- 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, 2019 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment Revenue						
Revenue	66483.40	19889.12	6795.41	5829.88	-	98997.81
Inter segment sales	6969.02	-	-	-	(6969.02)	-
	73452.42	19889.12	6795.41	5829.88	(6969.02)	98997.81
Segment results before interest and tax	13836.03	1124.64	392.71	(2226.15)	-	13127.23
Less : Finance Cost				1467.95	-	1467.95
Profit/(Loss) Before Tax	13836.03	1124.64	392.71	(3694.10)	-	11659.28
Less : Current Tax				3246.64		3246.64
Less : Deferred Tax				(176.03)		(176.03)
Profit after tax				(6764.71)		8588.67
Segment Assets	46384.35	15918.10	4088.52	19085.41		85476.38
Segment Liabilities	9627.63	2070.11	664.88	24479.52		36842.14
Segment Capital Expenditure	1806.87	1.98	-	178.06		1986.91
Segment Depreciation and amortisation	1879.69	599.30	328.72	120.24		2927.95

Summary of the segmental information for the year ended and as of 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 before interest and tax	11510.22	874.87	(71.86)	(1460.45)	-	10852.78
Less : Finance Cost				1368.76	-	1368.76
Profit/(Loss) Before Tax	11510.22	874.87	(71.86)	(2829.21)	-	9484.02
Less : Current Tax				2260.93		2260.93
Less : Deferred Tax				472.04		472.04
Profit after tax	11510.22	874.87	(71.86)	(5562.18)		6751.05
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

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
India	72567.34	59019.30
Outside India	20600.59	16793.73
	93167.93	75813.03

(b) Carrying Amount of Segment Assets:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
India	63775.24	56888.96
Outside India	2615.73	2300.89
	66390.97	59189.85

Entity wide disclosures

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March, 2019 and 31st March, 2018.

No material property, plant and equipment of the Company (excluding financial assets) are located outside India.

Note : 47 - Related parties disclosure

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

i) List of related parties where control exists and also other related parties with whom transactions have taken place and their relationship:

SN	Name	Relationship
a)	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. Asok Kumar Parui	Chief Financial Officer
	Ms. Sumana Roychowdhury	Company Secretary (resigned w.e.f. 20.05.2018)
	Ms. Vinamrata Agrawal	Company Secretary (appointed from 18.06.2018)
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Sujitendra Krishna Deb (resigned from 18-06-2018)	Independent Director
	Mr. Amarnath Roy (expired on 12-06-2017)	Independent Director
	Mr. Bama Prasad Mukhopadhaya (appointed from 14-09-2018)	Independent Director

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

c)	Relatives of KMP	
	Ms. Tara Devi Lohia	Wife of Mr Champa Lal Lohia
	Mr. Deepak Lohia	Son of Mr Champa Lal Lohia
	Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia
	Ms. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia
	Ms. Asha Mundhra	Daughter of Mr Champa Lal Lohia
	Ms. Sita Devi Lohia	Mother of Mr Prakash Lohia
	Ms. Uma Singi	Sister of Mr Prakash Lohia
	Ms. Kiran Maheswari	Sister of Mr Prakash Lohia
	Ms. Neera Lohia	Wife of Mr Prakash Lohia
	Ms. Mita Lohia	Wife of Mr Madhusudan Lohia
	Ms. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Ms. Praveena Lohia	Wife of Mr Rup Chand Lohia
	Ms. Meghna Lohia	Wife of Mr Prasan Lohia
	Mr. Manoj Lohia	Son of Mr Rup Chand Lohia
	Mr. Abhiroop Lohia	Son of Mr Prasan Lohia
	Ms. Anuja Lohia	Daughter of Mr Prasan Lohia
	Ms. Sashi Lohia	Wife of Mr Bikash Lohia
	Ms. Vandana Lohia	Wife of Mr Manoj Lohia
	Mr. Anurag Lohia	Son of Mr Bikash Lohia
d)	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 Prem Chand Lohia Memorial Trust
		Sri Man Kumar Lohia Memorial Trust

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ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction*	2018-19	2017-18
1	Merino Panel Products Limited	Subsidiary	86.67	99.55	Trade Receivables	Revenue from Operations	2331.51	2602.94
			-	-	-	Sale of Tangible Assets and Intangible Assets	20.19	8.50
			-	-	-	Purchase of Tangible Assets and Intangible Assets	36.20	0.23
			-	-	-	Purchases	1985.48	2483.00
			-	-	-	Royalty on Trade Mark Received	0.59	0.59
			-	-	-	Rent paid	0.23	0.83
			-	-	-	Miscellaneous expenses reimbursed	1.26	0.30
			-	-	-	Rent received	47.54	1.46
			308.48	256.65	Other Financial Assets	Miscellaneous reimbursement received	355.46	365.62
			149.30	149.30	Investment	Dividend Received	156.76	156.76
2	Merino Exports Private Limited	Entity over which KMP together with their relatives have significant influence	-	-	-	Revenue from Operations	-	0.22
			11.56	0.25	Trade Payables	Rent paid	117.47	112.81
			-	-	-	Miscellaneous expenses reimbursed	7.92	8.45
			4289.70	2015.83	Investment	Dividend Paid	107.30	107.30
			-	-	-	Interest paid on loan	95.97	165.20
			-	-	-	Loan Taken	3383.00	3849.00
			-	-	-	Loan Repaid	3383.00	3849.00
3	Merino Services Limited	Entity over which KMP together with their relatives have significant influence	103.58	73.03	Trade Payables	Software related expense	382.93	222.62
			-	-	-	Royalty on Trade Mark Received	0.29	0.29
			1.32	-	Trade Receivables	Revenue from Operations	1.14	-
			-	-	-	Purchase of Tangible Assets and Intangible Assets	0.57	-
			-	-	-	Manpower expenses paid	154.25	224.88
			-	-	-	Miscellaneous reimbursement received	-	2.35
			279.06	12.76	Investment	Dividend Paid	11.20	11.20
4	Kasturibai Gopi Babu Cold Storage Private Limited	Entity over which KMP together with their relatives have significant influence	0.77	5.34	Trade Receivables	Revenue from Operations	24.93	8.86
			-	-	-	Sale of Tangible Assets	-	0.13
			-	-	-	Purchases	3.40	6.37
			661.60	536.93	Trade Payables	Rent paid	691.54	554.59
			-	-	-	Miscellaneous expenses reimbursed	12.70	9.75
			-	-	-	Miscellaneous reimbursement received	0.05	0.26

Notes to the Standalone Financial Statements

ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction*	2018-19	2017-18
5	Man Kumar Lohia and Brothers	Entity over which KMP together with their relatives have significant influence	1.32	1.43	Trade Payables	Rent paid	79.34	75.19
			-	-	-	Power and fuel	7.19	8.54
			-	-	-	Repair - others	3.08	2.75
			-	-	-	Communication expenses	0.02	-
6	Usha Agro Farm	Entity over which KMP together with their relatives have significant influence	-	36.80	Security Deposit	Refund of Security Deposit	36.80	13.60
			-	0.89	Trade Receivables	Revenue from Operations	-	1.20
			3.59	-	Trade Payables	Purchases	3.71	8.27
			-	-	-	Rent paid	28.87	28.87
7	Sri Hara Kasturi Memorial Trust	Entity over which KMP together with their relatives have significant influence	9.20	2.75	Trade Receivables	Revenue from Operations	16.86	16.00
			-	-	-	Sale of Tangible Assets	-	0.30
			-	-	-	Donation for Corporate Social Responsibility Expenditure	127.57	101.17
			-	-	-	Donation made	284.26	188.83
8	Sri Man Kumar Lohia Memorial Trust	Entity over which KMP together with their relatives have significant influence	-	-	-	Donation for Corporate Social Responsibility Expenditure	51.00	70.00
9	Sri Prem chand Lohia Memorial Trust	Entity over which KMP together with their relatives have significant influence	-	-	-	Donation made	-	100.00
10	Sri Hara Kasturi Trust	Entity over which KMP together with their relatives have significant influence	-	-	-	Donation for Corporate Social Responsibility Expenditure	0.50	-
11	Anupriya Marketing	Entity over which KMP together with their relatives have significant influence	1.83	1.53	Trade Payables	Marketing Service Provider Fees	32.88	21.49
12	Mr. Champa Lal Lohia	KMP	-	-	-	Director's Remuneration	151.75	131.24
			-	-	-	Dividend Paid	12.89	12.89
13	Mr. Rup Chand Lohia	KMP	-	-	-	Director Remuneration	93.06	75.49
			-	-	-	Dividend Paid	7.18	7.18
14	Mr. Prakash Lohia	KMP	-	-	-	Director Remuneration	133.71	113.49
			-	-	-	Dividend Paid	34.69	34.68

Notes to the Standalone Financial Statements

ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction*	2018-19	2017-18
15	Mr. Bikash Lohia	KMP	-	-	-	Director Remuneration	112.42	98.98
			-	-	-	Dividend Paid	22.42	22.41
			-	-	-	Rent paid	7.04	0.72
16	Mr. Prasan Lohia	KMP	-	-	-	Director Remuneration	120.15	99.72
			-	-	-	Dividend Paid	6.07	6.06
17	Ms. Ruchira Lohia	KMP	-	-	-	Director Remuneration	123.40	99.72
			-	-	-	Dividend Paid	17.80	17.80
18	Mr. Madhusudan Lohia	KMP	-	-	-	Director Remuneration	99.81	88.82
			-	-	-	Rent paid	5.21	-
			-	-	-	Dividend Paid	10.38	10.38
19	Mr. Niripen Dugar	KMP	-	-	-	Director Remuneration	60.49	64.36
			-	-	-	Dividend Paid	0.02	0.02
20	Mr. Asok Kumar Parui	KMP	-	-	-	Salary	27.19	22.18
21	Ms. Sumana Roychowdhury	KMP	-	-	-	Salary	0.89	7.03
22	Ms. Vinamrata Agrawal	KMP	-	-	-	Salary	4.74	-
23	Mr. Gautam Bhattacharjee	Independent Director	-	-	-	Sitting Fees	2.20	2.20
24	Mr. Sisir Kumar Chakrabarti	Independent Director	-	-	-	Sitting Fees	1.00	1.00
25	Mr. Sujitendra Krishna Deb	Independent Director	-	-	-	Sitting Fees	-	0.30
26	Mr. Amarnath Roy	Independent Director	-	-	-	Sitting Fees	-	0.10
27	Mr. Bama Prasad Mukhopadhaya	Independent Director	-	-	-	Sitting Fees	0.70	-
28	Ms. Tara Devi Lohia	Relative of KMP	-	-	-	Dividend Paid	8.44	8.44
29	Mr. Deepak Lohia	Relative of KMP	-	-	-	Dividend Paid	21.53	21.53
			-	-	-	Rent paid	9.75	2.95

Notes to the Standalone Financial Statements

ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction*	2018-19	2017-18
30	Ms. Sashi Lohia	Relative of KMP	-	-	-	Dividend Paid	3.50	3.50
31	Ms. Usha Lohia	Relative of KMP	-	-	-	Dividend Paid	5.60	5.60
32	Ms. Nayantara Agarwal	Relative of KMP	-	-	-	Dividend Paid	2.80	2.80
33	Ms. Asha Mundhra	Relative of KMP	-	-	-	Rent paid	3.12	3.12
34	Mr. Anurag Lohia	Relative of KMP	-	-	-	Dividend Paid	0.08	0.08
35	Ms. Sita Devi Lohia	Relative of KMP	-	-	-	Rent paid	2.39	2.39
36	Ms. Uma Singhi	Relative of KMP	-	-	-	Rent paid	1.45	2.46
37	Ms. Kiran Maheswari	Relative of KMP	-	-	-	Dividend Paid	5.72	5.72
38	Ms. Neera Lohia	Relative of KMP	-	-	-	Dividend Paid	3.71	3.71
39	Ms. Mita Lohia	Relative of KMP	-	-	-	Rent paid	3.08	3.08
40	Ms. Sheela Lohia	Relative of KMP	-	-	-	Rent paid	3.12	3.12
41	Ms. Praveena Lohia	Relative of KMP	-	-	-	Dividend Paid	10.46	10.46
42	Ms. Meghna Lohia	Relative of KMP	-	-	-	Rent paid	6.89	6.54
43	Mr. Manoj Lohia	Relative of KMP	-	-	-	Rent paid	12.12	6.55
44	Mr. Abhiroop Lohia	Relative of KMP	-	-	-	Dividend Paid	4.11	4.11
45	Ms. Anuja Lohia	Relative of KMP	-	-	-	Dividend Paid	6.29	6.29
46	Ms. Vandana Lohia	Relative of KMP	-	-	-	Dividend Paid	9.26	9.26
						Dividend Paid	7.50	7.50
						Dividend Paid	7.00	7.00
						Dividend Paid	1.75	1.75
						Dividend Paid	10.44	10.44

Notes to the Standalone Financial Statements

(Rupees in lakh, unless otherwise stated)

Compensation to KMP other than independent Directors

Particulars	31st March, 2019	31st March, 2018
Short-term employee benefits	922.09	773.14
Post-employment benefits	5.52	27.89
Total compensation	927.61	801.03

* Transactions are inclusive of GST, where ever applicable.

Note : 48 - Previous year's figures

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

For and on behalf of the Board of Directors

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

Independent Auditor's Report

To the Members of
Merino Industries Limited

Report on the Audit of Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Merino Industries Limited ("hereinafter referred to as the "Holding company") and its subsidiary "Merino Panel Products Limited" (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated statement of changes in equity for the year then ended and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the group as at 31st March, 2019, and of its consolidated profit or loss including other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the

Analysis and Board's Report including Annexures to Board's report, but does not include the Consolidated financial statements and our auditors' report thereon.

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

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

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the

respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the Consolidated financial reporting process of each company.

Auditor's Responsibilities for the audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e. On the basis of the written representations received from the directors of the holding company and its subsidiary as on 31st March, 2019 and taken on record by the Board of Directors of the respective companies, none of the directors of the group companies is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure-A".
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31st March, 2019 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 provision, as required under the applicable law or Ind AS, for material foreseeable losses if any, on long term contracts including derivative contracts; and
- iii. There has been no delay in transferring amounts, wherever required to be transferred, to the Investor Education and Protection Fund by the Group.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Group to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

B.L. Choraria
Partner

Place: Noida (Delhi NCR)
Date: 26th July, 2019

Membership No.: 022973
UDIN:19022973AAAABB5124

Annexure – “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of Merino Industries Limited (“the Holding Company”) as of 31st March, 2019, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiary.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding company and its subsidiary, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective entity’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to

financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system with reference to financial statements of the Holding Company and its subsidiary company.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the holding company and its subsidiary company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B.L. Choraria
Partner

Place: Noida (Delhi NCR)
Date: 26th July, 2019

Membership No.: 022973
UDIN:19022973AAAABB5124

Consolidated Balance Sheet as at 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	Notes	(Rupees in lakh, unless otherwise stated)	
		As at 31st March, 2019	As at 31st March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3(a)	45570.28	37462.97
(b) Capital work-in-progress	3(b)	2662.27	3250.11
(c) Other intangible assets	3(c)	234.34	337.67
(d) Biological assets other than bearer plants	4	-	1.53
(e) Financial assets			
(i) Investments	5	8802.33	4735.50
(ii) Loans	6	299.51	295.09
(iii) Other financial assets	7	2.26	1.00
(f) Other non-current assets	8	607.05	330.80
Total non-current assets		58178.04	46414.67
(2) Current assets			
(a) Inventories	9	39355.45	32976.76
(b) Biological assets other than bearer plants	10	679.86	481.84
(c) Financial assets			
(i) Investments	11	4228.08	4077.05
(ii) Trade receivables	12	19624.63	18157.08
(iii) Cash and cash equivalents	13	1162.30	956.24
(iv) Other bank balances	14	42.82	242.40
(v) Loans	15	289.31	314.26
(vi) Other financial assets	16	558.09	82.96
(d) Current tax assets (net)	17	1090.62	434.56
(e) Other current assets	18	3191.09	3428.46
Total current assets		70222.25	61151.61
Total assets		128400.29	107566.28
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	1047.03	1047.03
(b) Other equity	20	71123.09	56969.99
Equity attributable to Owners of Merino Industries Limited		72170.12	58017.02
(c) Non controlling interest		8084.00	6706.35
Total equity		80254.12	64723.37
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	3023.11	4416.69
(ii) Other financial liabilities	22	14.81	23.81
(b) Deferred tax liabilities (net)	23	4670.44	3877.63
(c) Other non-current liabilities	24	96.49	102.58
Total non-current liabilities		7804.85	8420.71
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	15439.36	12985.72
(ii) Trade payables	26		
Total outstanding dues of micro enterprises and small enterprises		122.94	3.80
Total outstanding dues of creditors other than micro enterprises and small enterprises		16802.75	14002.83
(iii) Other financial liabilities	27	5605.74	5565.82
(b) Other current liabilities	28	1536.98	1393.78
(c) Provisions	29	494.35	468.21
(d) Current tax liabilities (net)	30	339.20	2.04
Total current liabilities		40341.32	34422.20
Total liabilities		48146.17	42842.91
Total equity and liabilities		128400.29	107566.28

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

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

For and on behalf of the Board of Directors

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	Notes	2018-19	2017-18
INCOME			
Revenue from operations	31	147212.68	121879.24
Other income	32	1963.10	2029.62
Total Income		149175.78	123908.86
EXPENSES			
Cost of materials consumed	33	73083.23	56678.66
Purchases of stock-in-trade		6046.51	4582.30
Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets	34	(1991.60)	(1470.82)
Excise duty		-	1589.21
Employee benefits expense	35	15980.55	13605.21
Finance costs	36	1731.16	1421.14
Depreciation and amortisation expense	37	4235.38	3756.60
Other expenses	38	29980.66	25833.68
TOTAL EXPENSES		129065.89	105995.98
Profit before Tax		20109.89	17912.88
Tax expenses	39		
- Current tax		5828.52	5092.66
- Deferred tax		198.43	766.83
Total tax expenses		6026.95	5859.49
Profit for the year from continuing operations		14082.94	12053.39
Other comprehensive income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		4.43	45.34
Changes in fair value of FVOCI equity instruments		2539.49	371.04
Deferred tax relating to those items		(594.39)	(107.72)
Total other comprehensive income for the year, net of tax		1949.53	308.66
Total comprehensive income for the year		16032.47	12362.05
Profit attributable to :			
Owners of the company		12644.40	10678.90
Non-controlling interests		1438.54	1374.49
Profit for the year		14082.94	12053.39
Other comprehensive income attributable to:			
Owners of the company		1946.25	306.77
Non-controlling interests		3.28	1.89
Other comprehensive income		1949.53	308.66
Total comprehensive income attributable to:			
Owners of the company		14590.65	10985.67
Non-controlling interests		1441.82	1376.38
Total comprehensive income for the year		16032.47	12362.05
Earnings per equity share			
	40		
Basic earnings per share		121.94	102.98
Diluted earnings per share		121.94	102.98

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

Champa Lal Lohia
Executive Chairman

A.K. Parui
Chief Financial Officer

Rup Chand Lohia
Executive Vice Chairman

Vinamrata Agrawal
Company Secretary

Prakash Lohia
Managing Director

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

For and on behalf of the Board of Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	2018-19	2017-18
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax as per statement of Profit and Loss:	20109.89	17912.88
Adjustments for :		
Depreciation and amortisation expense	4235.38	3756.60
Bad Debts / Advances written off	56.67	-
Allowance for doubtful debts / advances	132.48	4.39
Unrealised (gain) / loss on foreign currency translation (net)	13.91	(40.33)
Finance costs	1731.16	1412.36
Loss on sale/disposal of property, plant and equipment (net)	111.27	21.26
Loss / (profit) on sale of investment (net)	7.96	(0.64)
Loss / (Profit) on sale of Biological assets	1.03	-
Loss/ (profit) on fair valuation of derivatives measured at FVTPL	(100.33)	258.82
Fair value changes of financial assets measured at FVTPL	(173.07)	(54.65)
Amortisation of government grants	(6.09)	(6.09)
Interest income	(277.52)	(401.41)
Provisions/liabilities no longer required written back	(279.73)	(226.35)
Dividend income	(1.98)	(0.07)
Operating profit before working capital changes	25561.03	22636.77
Adjustments for :		
Trade receivables	(1803.28)	(2088.23)
Non-current/current financial and other assets	50.94	(542.18)
Inventories	(6378.69)	(6621.59)
Biological assets other than bearer plants	(198.02)	3.20
Trade payables	3079.74	3215.83
Non-current/current financial and other liabilities/provisions	1127.96	120.97
Cash generated from operations	21439.68	16724.77
Net direct taxes paid	(6153.16)	(5688.98)
Net cash from operating activities	15286.52	11035.79
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment	(12656.96)	(8938.51)
Purchase of intangible assets	(9.13)	(40.09)
Proceeds from sale of property, plant and equipment	67.81	94.84
Sale of Biological assets other than bearer plants	0.50	-
Purchase of biological assets other than bearer plants	-	(0.63)
Purchases of investment	(2502.95)	(2075.00)
Proceeds from sale of investment	1140.72	53.31
Interest received	224.82	183.04
Investment in fixed deposits	(104.51)	(36.49)
Dividend income	1.98	0.07
Net Cash Flow used in Investing Activities	(13837.72)	(10759.46)

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(Rupees in lakh, unless otherwise stated)

Particulars	2018-19	2017-18
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	-	1500.00
Repayment of long-term borrowings	(1477.39)	(2004.95)
Proceeds from short-term loans from banks	7000.00	4000.00
Repayment of short-term loans from banks	(4000.00)	(4500.00)
Proceeds from demand loan from body corporate	3383.00	3849.00
Repayment of demand loan from body corporate	(3383.00)	(3849.00)
Increase/ (decrease) in cash credit/working capital facilities (net)	(546.36)	2173.17
Interest paid	(1717.68)	(1397.71)
Dividend paid	(415.76)	(412.45)
Dividend distribution tax paid	(85.55)	(84.72)
Net Cash Flow used in Financing Activities	(1242.74)	(726.66)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	206.06	(450.33)
Cash and Cash Equivalents (opening)	956.24	1406.57
Cash and Cash Equivalents (closing)	1162.30	956.24

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

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

For and on behalf of the Board of Directors

Prakash Lohia

Managing Director

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2019
(Rupees in lakh, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April, 2017		1047.03
Changes in equity share capital during the year 2017-18	19	-
As at 31st March, 2018		1047.03
Changes in equity share capital during the year 2018-19	19	-
As at 31st March, 2019		1047.03

B. Other equity

Particulars	Notes	Securities Premium	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
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)		-	1079.86	-	(1079.86)	-
Balance as at 31st March, 2018	20	311.43	7821.67	1560.16	47276.73	56969.99

Particulars	Notes	Securities Premium	General Reserve	FVOCI - equity instruments	Retained earnings	Total other equity
Balance as at 1st April, 2018	20	311.43	7821.67	1560.16	47276.73	56969.99
Profit for the year		-	-	-	12644.40	12644.40
Other comprehensive income/(expenses) (net of tax)		-	-	1946.64	(0.39)	1946.25
Total comprehensive income for the year		-	-	1946.64	12644.01	14590.65
Dividend		-	-	-	(362.94)	(362.94)
Tax on dividend		-	-	-	(74.61)	(74.61)
Transfer to/(from) general reserve/(retained earnings)		-	1282.49	-	(1282.49)	-
Balance as at 31st March, 2019	20	311.43	9104.16	3506.80	58200.70	71123.09

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 : New Delhi

Date : 26th July, 2019

For and on behalf of the Board of Directors

Champa Lal Lohia
Executive Chairman

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 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) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules 2016, other relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

(ii) Historical cost convention

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

- Certain financial assets and liabilities measured at fair value (refer 2.5 accounting policy regarding financial instruments);
- Defined benefit plan – plan assets measured at fair value.
- Biological assets other than bearer plants.

(iii) Basis of Consolidation

The Company consolidate entity which it owns and controls. The consolidated financial statements comprise the financial statements of the company and its subsidiary company “Merino Panel Products Limited”. Control exists when parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give ability to direct relevant activities, that significantly affect the entity’s returns. Subsidiary is consolidated from the date control commences until the date control ceases.

The financial statements of the Group are consolidated on line by line basis and intra group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policy in use at the Group. Non controlling interest which represent part of the net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the company, are excluded.

2.2 Property, plant and equipment and depreciation

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

(b) Subsequent costs are included in the asset’s carrying amount or 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 disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

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

(d) The Group depreciates property, plant and equipment over their useful life as prescribed by schedule II of the Act. In case

Notes to the Consolidated financial statements

the cost of part of a property, plant and equipment is significant to the total cost of the asset and useful life of that part is different from the remaining useful life of the asset, depreciation is provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful lives of the components best represent the period over which the management expects to use those components.

- (e) Leasehold land is amortised over the period of lease. Improvements on leasehold land are amortised over the remaining period of lease or estimated useful life, whichever is lower.
- (f) Machinery spares having useful life of more than one year and the carrying value of which exceeds ₹1 lakh, are capitalised and depreciated over the life of the spares.

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

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

2.5 Financial instruments

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

Financial assets

Financial assets at amortised cost

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

Financial assets measured at fair value

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

The Group has made an irrevocable election to present any change in fair value of equity investments (other than in subsidiary), which are not held for trading, in other comprehensive income. Such an election is made by the Company on an instrument

Notes to the Consolidated financial statements

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

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

De-recognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial Liabilities

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

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

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

Derivative financial instruments

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

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

Offsetting of financial instruments

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

2.6 Borrowing costs

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

Notes to the Consolidated financial statements

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 from contract with customers

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

Sale of goods

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

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

(i) Variable consideration

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

ii) Volume rebates

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

Notes to the Consolidated financial statements

Loyalty points programme

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

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

Contract balances

Trade receivables

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund Liabilities

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

Application of new standards and amendments

The Group has adopted Ind AS 115 - Revenue from Contracts with Customers with effect from 1st April, 2018 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most of the current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue when the control of the goods and services is transferred to the customer as against the transfer of risk and rewards. As per the Group's current revenue recognition practices, transfer of control happens at the same point as transfer of risk and rewards thus not affecting the revenue recognition. The amount of revenue recognised reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. As per the result of evaluation of contracts of the relevant revenue streams, it is concluded that the impact of this change is immaterial to the Group and hence no accounting changes have been done. The accounting for revenue under Ind AS 115 does not, therefore, represent a substantive change from the Group's previous practice for recognising revenue from sales to customers. The Group has adopted the modified transitional approach as permitted by the standard under which the comparative financial information is not restated. The accounting changes required by the standard are not having material effect on the recognition or measurement of revenues and no transitional adjustment is recognised in retained earnings as at 1st April, 2018. Additional disclosures as required by Ind AS 115 have been included in these financial statements.

Previous period accounting policy: Revenue Recognition

Sale of services

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

Notes to the Consolidated financial statements

2.11 Employee benefits

a) Short-term employee benefits :

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

(b) Post employment benefit plan:

Provident fund: Contribution towards provident fund is made to the regulatory authorities, where the 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.
- (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

Notes to the Consolidated financial statements

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 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 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 shareholders 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.

Notes to the Consolidated financial statements

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

The following amendments are applicable to the Group from 1st April, 2019. The impacts of these are currently expected to be immaterial:

1. Ind AS 116 - Lease

Ind AS 116 Leases was notified on 30th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards when they become effective.

2. Amendment to standards:

The following amendments are applicable to the Group from 1st April, 2019. The impact of these is currently expected to be immaterial:

Reference	Name / Brief
Annual Improvements to Ind AS(2018)	The amendments comprise changes in Ind AS 103, Ind AS 111 and Ind AS 12
Ind As 19	Employee benefits - Plan Amendment, Curtailment or Settlement
Ind As 28	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
Ind As 109	Financial Instruments - Prepayment Features with Negative Compensation
Ind As 12	Income Taxes - Uncertainty over Income Tax Treatments

2.3 Critical estimates and judgments

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

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

(i) Estimation of defined benefit obligation

Refer note 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 lakh, unless otherwise stated)

PARTICULARS	Land		Buildings (includes 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											
Deemed cost 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
Additions	1482.56	1335.94	1370.07	36.02	175.45	6624.79	669.09	34.83	168.85	173.42	138.60	199.69	12409.31
Disposals	-	-	50.25	-	-	89.42	41.73	0.09	7.11	16.46	9.48	53.73	268.27
Balance as at 31st March, 2019	2621.00	6692.46	9591.46	64.93	717.10	30728.78	1662.06	112.74	788.62	1036.59	562.32	1349.26	55927.32
Accumulated Depreciation													
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
Charge for the year	15.76	-	366.36	1.57	93.62	2935.85	116.32	10.79	73.63	228.50	101.93	178.59	4122.92
Disposals	-	-	6.80	-	-	20.24	11.22	0.02	2.51	15.67	6.63	26.10	89.19
As at 31st March, 2019	37.55	-	912.41	3.14	212.87	7506.08	251.67	25.24	170.62	554.45	250.58	432.43	10357.04
Net Carrying amount													
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
As at 31st March, 2019	2583.45	6692.46	8679.05	61.79	504.23	23222.70	1410.39	87.50	618.00	482.14	311.74	916.83	45570.28

(a) Leasehold Land includes ₹49.98 (31st March, 2018 : ₹49.98) acquired on 31st October, 2006 under a lease for 90 years, ₹696.30 (31st March, 2018 : ₹696.30) acquired on 30th June, 2014 and ₹1169.96 acquired on 19th April, 2017 under a lease of 99 years with a renewal option, which is being amortised over the period of lease. Transfer of title deed in the name of the Company is pending for leasehold land of ₹1169.96, acquired on 19th April, 2017.

(b) Development expenditure of ₹23.45 (31st March, 2018 : ₹23.45) on leasehold land taken on 13th December, 1994 under a lease of 30 years has been amortised over the period of Lease. Remaining life of the leasehold land is 7 years.

(c) Leasehold land with acquisition value of ₹1101.95 (31st March, 2018 : ₹ Nil) has been mortgaged for availing term loans from HSBC Limited and freehold land with carrying value of ₹592.82 (31st March, 2018 : ₹149.77) has been mortgaged for availing term loan and working capital loan from Axis Bank Consortium.

(d) Property Plant and Equipment given as security for borrowings (Refer Note No 44)

3 (b) Capital work-in-progress as on 31st March, 2019 ₹2662.27 (includes capital goods-in-transit of ₹243.10) [(₹3250.11 as on 31st March, 2018 (includes Capital goods-in-transit ₹249.88)).

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

3 (c) Other intangible assets

Particulars	Computer software (aquired item)	Total
Deemed cost 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
Additions	9.13	9.13
Disposals	0.31	0.31
Balance as at 31st March, 2019	564.03	564.03
Accumulated Depreciation		
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
Charge for the year	112.46	112.46
Disposals	0.31	0.31
As at 31st March, 2019	329.69	329.69
Net Carrying amount		
As at 31st March, 2018	337.67	337.67
As at 31st March, 2019	234.34	234.34

Note 4: Biological assets other than bearer plants (Live Stock)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	1.53	0.90
Additions	-	0.63
Disposals	(1.53)	-
Closing Balance	-	1.53

Note 5: Investments-non current

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investments in Equity Instruments measured at FVOCI		
<i>Unquoted</i>		
Merino Services Limited		
31st March, 2019 : 6,000 (31st March, 2018 : 6,000) equity shares of ₹10 each fully paid up	279.06	12.76
Merino Exports Private Limited		
31st March, 2019 : 6,000 (31st March, 2018 : 6,000) equity shares of ₹10 each fully paid up	4289.70	2015.83
Merinoply and Chemicals Limited*		
31st March, 2019 : 82,003 (31st March, 2018: 82,003) equity shares of ₹10 each fully paid up	5.19	5.19
Less: Provision for diminution in book value of investments	(5.19)	(5.19)
<i>Quoted</i>		
Bank of Baroda		
31st March, 2019 : 5,000 (31st March, 2018 : 5,000) equity shares of ₹2 each fully paid up	6.43	7.11

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in mutual fund measured at FVTPL		
-Quoted		
Investment in mutual fund measured at FVTPL		
Principal Debt Opportunities Fund, Conservative Plan	-	1.25
31st March, 2019: Nil (31st March, 2018: 44.288) units		
Birla Sun Life Cash Manager Growth Regular Plan	-	58.53
31st March, 2019: Nil (31st March, 2018: 14017.964) units		
Birla Sunlife Short Term Opportunities Fund	58.24	54.36
31st March, 2019: 188388.487 (31st March, 2018: 188388.487) units		
IDFC Corporate Bond Fund	117.29	109.52
31st March, 2019: 921234.454 (31st March, 2018: 921234.454) units		
ICICI Prudential Bond Fund-Growth	114.56	108.00
(Formerly scheme name was ICICI Prudential Income Opportunities Fund upto 27.05.18)		
31st March, 2019: 444818.092 (31st March, 2018: 444818.092) units		
ICICI Prudential Medium Term Bond Fund	115.65	109.93
(Formerly scheme name was ICICI Prudential Corporate Bond Fund upto 27.05.18)		
31st March, 2019: 406502.413 (31st March, 2018: 406502.413) units		
IDFC Bond Fund-Medium Term Plan-Growth	116.32	108.35
(Formerly scheme name was IDFC Super Saver Income Fund-Medium Term upto 29.04.18)		
31st March, 2019: 372510.235 (31st March, 2018: 372510.235) units		
Birla Sun Life Medium Term Plan	57.30	55.26
31st March, 2019: 251457.194 (31st March, 2018: 251457.194) units		
Reliance Corporate Bond Fund(G)	-	679.65
31st March, 2019 Nil (31st March, 2018: 4850839.107) units		
HDFC Regular Savings Fund(G)	-	10.41
31st March, 2019 Nil (31st March, 2018: 30244.009) units		
IDFC Credit Risk Fund-Regular Plan	27.49	26.00
(Formerly scheme name was IDFC Credit Opp Fund-Reg(G) upto 13.05.18)		
31st March, 2019: 242525.368 (31st March, 2018: 242525.368) units		
Aditya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth	268.50	250.17
31st March, 2019: 2500000 (31st March, 2018: 2500000) units		
L&T Credit Risk Fund-Growth	265.70	250.81
(Formerly scheme name was L&T Income Opportunity Fund upto 13.05.18)		
31st March, 2019: 1259890.138 (31st March, 2018: 1259890.138) units		
HSBC FTS Growth Tenure	267.47	251.35
31st March, 2019: 2500000 (31st March, 2018: 2500000) units		
BOI AXA Credit Risk Fund - Regular Plan (CSRGG)	248.53	250.63
31st March, 2019: 1877567.574 (31st March, 2018: 1877567.574) units		
ICICI Prudential Fixed Maturity Plan Series 82	266.69	250.51
31st March, 2019: 2500000 (31st March, 2018: 2500000) units		
ICICI Prudential Credit Risk Fund-Growth	133.78	125.07
(Formerly scheme name was ICICI Prudential Mutual fund Regular Fund upto 27.05.18)		
31st March, 2019: 673328.126 (31st March, 2018: 673328.126) units		
IDFC Banking and PSU Debt Fund-REG(G)	158.65	-
31st March, 2019: 986705.784 (31st March, 2018: Nil) units		
Axis Banking and PSU Debt Fund	126.25	-
31st March, 2019: 7223.62 (31st March, 2018: Nil) units		

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Particulars	As at 31st March, 2019	As at 31st March, 2018
UTI Credit Risk fund-Regular Growth Plan	158.12	-
31st March, 2019: 945322.544 (31st March, 2018: Nil) units		
AXIS FOCUSSED 25 FUND GROWTH (AFGPG)	50.30	-
31st March, 2019: 185597.624 (31st March, 2018: Nil) units		
MOTILAL OSWAL MULTICAP 35 FUND REGULAR GROWTH	48.13	-
31st March, 2019: 185281.944 (31st March, 2018: Nil) units		
FRANKLIN INDIA PRIMA PLUS- GROWTH	51.83	-
31st March, 2019: 8600.155 (31st March, 2018: Nil) units		
KOTAK INDIA GROWTH FUND SERIES 5-GROWTH (REGULAR PLAN)	97.22	-
31st March, 2019: 1002523 (31st March, 2018: Nil) units		
AXIS FTP SERIES 97- 1116 DAYS-GROWTH(WIGPG)	104.49	-
31st March, 2019: 1000000 (31st March, 2018: Nil) units		
HDFC FMP 1372 Days, September 2018 (1)-REGULAR-GROWTH	160.08	-
31st March, 2019: 1500000 (31st March, 2018: Nil) units		
ICICI Pru Liquid Fund-Growth	69.78	-
31st March, 2019: 25334.546 (31st March, 2018: Nil) units		
ICICI Pru – Equity Savings Fund	2.57	-
31st March, 2019: 18630.94 (31st March, 2018: Nil) units		
ICICI Pru – Multicap Fund	2.65	-
31st March, 2019: 895.05 (31st March, 2018: Nil) units		
ICICI Pru – Balanced Advantage Fund	2.57	-
31st March, 2019: 7273.84 (31st March, 2018: Nil) units		
-Unquoted		
-Investment in Alternative Investment fund measured at FVTPL		
Aventus Absolute Return Fund-Class A6	528.23	-
31st March, 2019: 50055.4291 (31st March, 2018: Nil) units		
Aventus Enhanced Return Fund-Class A1-9Th Closure	205.63	-
31st March, 2019: 17913.4871 (31st March, 2018: Nil) units		
Aventus Enhanced Return Fund-Class A1-13Th Closure	155.36	-
31st March, 2019: 13534.4715 (31st March, 2018: Nil) units		
-Investment in Liquid Mutual fund measured at Amortised cost		
India Real Estate Investment Fund	44.00	-
-Investment in Non Convertible debenture measured at Amortised cost (Secured)		
10.25% Aspire Home Finance Corporation Limited	100.75	-
31st March, 2019: 10 (31st March, 2018: Nil) units of face value 1000000 each, Redemption date 30th April, 2021		
8.87% Kotak Mahindra Prime Limited	103.01	-
31st March, 2019: 10 (31st March, 2018: Nil) units of face value 1000000 each, Redemption date 17th July, 2020		
	8802.33	4735.50
(a) Aggregate amount of quoted investments	3096.59	2706.91
(b) Aggregate amount of unquoted investments	5710.93	2033.78
(c) Aggregate amount of impairment in value of investments	5.19	5.19

Note-

* Merinopoly and Chemicals Limited went into liquidation. Investment is considered at nil value. Cost of investment was ₹5.19.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 6: Loans-non current

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good unless otherwise Stated)		
Security Deposits	235.70	228.39
Loan to employees	63.81	66.70
	299.51	295.09

Note 7: Other financial assets-Non Current

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good unless otherwise stated)		
Fixed deposit having maturity more than 1 year [Refer (a) below]	2.26	1.00
	2.26	1.00

(a) Include deposit as at 31st March, 2019: ₹2.26 (31st March, 2018: ₹1.00) that stands pledged with custom and excise authority.

Note 8: Other non-current assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good unless otherwise stated)		
Capital advances	582.93	324.63
Security deposits	2.19	6.14
Prepaid expenses	21.93	-
Statutory deposit	-	0.03
	607.05	330.80

Note 9: Inventories

Particulars	As at 31st March, 2019	As at 31st March, 2018
(At lower of cost and net realisable value)		
Raw materials [include materials-in-transit 31st March, 2019: ₹4701.24 (31st March, 2018: ₹3577.77)]	24180.27	19856.06
Work-in-progress [include work-in-progress-in-transit 31st March, 2019: ₹15.97 (31st March, 2018: ₹14.68)]	952.97	713.60
Stock-in-trade [includes materials-in-transit 31st March, 2019: ₹28.48 (31st March, 2018: ₹41.73)]	1509.75	1609.67
Finished goods [include materials-in-transit 31st March, 2019: ₹2097.16 (31st March, 2018: ₹578.15)]	10328.55	8674.41
Stores and spares [include materials-in-transit 31st March, 2019: ₹96.04 (31st March, 2018: ₹33.51)]	2383.91	2123.02
	39355.45	32976.76

(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 ₹289.04 (31st March, 2018 ₹211.38).

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 10: Biological assets other than bearer plants

Particulars	As at 31st March, 2019	As at 31st March, 2018
Potato Seeds		
Opening value of biological assets	441.50	463.88
Cost incurred during the year	1584.34	1658.00
Harvested potatoes transferred to inventories and sold during the year	(179.35)	(56.20)
Harvested potatoes transferred to inventories	(1177.09)	(1624.18)
Closing value of biological assets - Potato Seeds	669.40	441.50
Crops		
Opening value of biological assets	40.34	21.16
Cost incurred during the year	96.65	188.24
Purchases	1.67	14.64
Harvested crops transferred to inventories and sold during the year	(123.35)	(133.62)
Harvested crops transferred to inventories	(4.85)	(50.08)
Closing value of biological assets - Crops	10.46	40.34
	679.86	481.84

(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 is 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 the attributes of intended biological transformation. When the biological assets attain the stage - ready for consumption (agriculture produce) it is considered as inventory at fair value on that date. Agricultural produce is the harvested product of the entity's biological assets.

The quantity of potato seed (biological assets) stock as at 31st March, 2019 was 41.41 M.Tons (31st March 2018: 30.12 M.Tons). The quantity of agriculture produce raised during the year i.e. transfer of biological assets to inventory/sold as on 31st March 2019 was 30.12 M.Tons (31st March 2018 was 25.72 M.Tons).

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).

Note 11: Investments

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investments in fixed deposit measured at amortised cost		
Fixed deposit	3843.00	3738.49
Interest accrued on deposits	385.08	338.56
	4228.08	4077.05

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 12: Trade receivables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured		
Considered good	18902.65	17593.75
Considered doubtful (including dues under litigation)	160.13	30.73
	19062.78	17624.48
Less : Impairment allowances	160.13	30.73
	18902.65	17593.75
Secured		
Considered good	721.98	563.33
	721.98	563.33
	19624.63	18157.08

(a) Trade receivables are hypothecated to secure short term and long term borrowings (Refer Note No 44).

(b) Include receivables from related parties - 31st March, 2019 ₹11.29 (31st March 2018 ₹8.98) (Refer Note No 53).

(c) Movement in impairment allowances.

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening	30.73	26.35
Additions(net)	129.40	4.38
Closing	160.13	30.73

These are carried at amortised cost.

Note 13: Cash and cash equivalents

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
On current accounts	387.02	635.38
On cash credit accounts	63.46	158.44
Fixed deposit having maturity less than 3 months	660.00	-
Cheques and drafts on hand	25.81	8.44
Remittances-in-transit	-	129.75
Cash on hand	17.99	14.96
Foreign currency on hand	8.02	9.27
	1162.30	956.24

Note 14: Other bank balances

Particulars	As at 31st March, 2019	As at 31st March, 2018
Margin money deposit [refer (a) below]	17.59	17.59
On unpaid dividend accounts [refer (b) below]	25.23	24.81
Deposits with original maturity for more than 3 months but less than 12 months	-	200.00
	42.82	242.40

(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 lakh, unless otherwise stated)

Note 15: Loans

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good unless otherwise stated)		
Security deposits [Refer Note (a) below]	185.10	240.56
Loans to employees	104.21	73.70
	289.31	314.26

(a) Include 31st March, 2019: ₹ Nil (31st March, 2018: ₹49.40) with a related party (Refer Note 53).

Note 16: Other financial assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
Insurance claim receivables	-	1.80
Interest accrued on deposits	28.77	22.59
Derivative assets	136.32	36.16
Advance for investment	-	20.00
Receivable from Statutory/Government authorities	31.19	-
Other receivables	361.81	2.41
	558.09	82.96

Note 17: Current tax assets (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance Income Tax (net of provision of ₹5988.58; 31st March, 2018 : ₹5523.03 lakh)	1090.62	434.56
	1090.62	434.56

Note 18: Other current assets

Particulars	As at 31st March, 2019	As at 31st March, 2018
Export incentives receivable	668.04	668.91
Others incentives receivable	49.42	-
Advances recoverable in cash or kind	19.42	38.10
Advances to suppliers	119.68	236.13
Advances to suppliers - credit impaired	8.84	11.31
Less : Impairment allowances	(8.84)	(11.31)
Prepaid expenses	499.09	418.26
Balance with statutory/government authorities	1674.92	1834.82
Advance with statutory authorities against disputed dues	93.19	229.57
Stamp on hand	0.60	0.66
Other advances	66.73	2.01
	3191.09	3428.46

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 19: Equity share capital

Particulars	As at 31st March, 2019	As at 31st March, 2018
AUTHORISED		
1,70,00,000 (31st March, 2018 : 1,70,00,000) Equity Shares of ₹10/- each	1700.00	1700.00
ISSUED		
1,05,66,100 (31st March, 2018 : 1,05,66,100) Equity Shares of ₹10/- each	1056.61	1056.61
SUBSCRIBED AND PAID-UP		
1,03,69,600 (31st March, 2018 : 1,03,69,600) Equity Shares of ₹10/- each fully paid up	1036.96	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31st March, 2018 : 1,96,500) Equity Shares	10.07	10.07
	1047.03	1047.03

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

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

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

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

SN.	Names of the shareholders	As at 31st March, 2019		As at 31st March, 2018	
		No. of shares	% held	No. of shares	% held
1	Merino Exports Private Limited	30,65,700	29.56	30,65,700	29.56
2	Mr Bikash Lohia	6,40,600	6.18	6,40,400	6.18
3	Mr Prakash Lohia	5,66,020	5.46	9,91,020	9.56
4	Mr Deepak Lohia	6,15,189	5.93	6,15,189	5.93
5	Mr Madhusudan Lohia	7,21,635	6.96	-	-
		56,09,144	54.09	53,12,309	51.23

Note 20: Other equity

Particulars	As at 31st March, 2019	As at 31st March, 2018
Reserves and surplus:		
Securities premium		
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	7821.67	6741.81
Add: Transferred from retained earnings	1282.49	1079.86
Balance as at the end of the year	9104.16	7821.67
Retained earnings		
Balance as at the beginning of the year	47276.73	38086.89
Add: Profit for the year after tax	12644.40	10678.90
Amount available for appropriation	59921.13	48765.79
Less : Appropriations:		
Interim dividend on Equity Shares for the year	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	74.61	73.88
Transfer to general reserve	1282.49	1079.86
	1720.04	1516.68
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	(0.39)	27.62
Balance as at the end of the year	58200.70	47276.73
Total (I)	67616.29	55409.83

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 20: Other reserves (Contd.)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Equity Instruments through Other Comprehensive Income		
Opening balance	1560.16	1281.02
Change in fair value of FVOCI equity instruments	2539.49	371.04
Deferred tax	(592.85)	(91.90)
Total (II)	3506.80	1560.16
Total Other Equity (I + II)	71123.09	56969.99

Nature and purpose of other reserves

Securities premium

Securities premium 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, 2019	As at 31st March, 2018
Secured		
Term Loans		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	4004.35	5208.36
Foreign Currency Loan [Refer (c) below]	440.90	689.35
	4445.25	5897.71
Less : Current maturities (payable withing one year)		
From Banks:		
Indian Rupee Loans [Refer (a) and (b) below]	1128.21	1204.26
Foreign Currency Loan [Refer (c) below]	293.93	276.76
	1422.14	1481.02
	3023.11	4416.69

Note:-

- (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, 2019	31st March, 2018	Nature of Securities	Repayment terms
The Hong Kong and Shanghai Banking Corporation Limited	1500.00	1500.00	Exclusive Charge on the Solar Plant of subsidiary company situated at Budak Village Distt. Hissar Haryana along with followings Mutual fund of the Group:- 1. ICICI Prudential Medium Term Bond Fund (G)- 406,502.413 Units; 2. IDFC Corporate Bond Fund - 921,234.45 Units; 3. Birla Sunlife Short Term Opportunities Fund - 188,388.487 units	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 ₹125 lakh each. Last instalment will be due on 21st November, 2022.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Bank	31st March, 2019	31st March, 2018	Nature of Securities	Repayment terms
The Hong Kong and Shanghai Banking Corporation Limited	2500.00	3500.00	Exclusive charge on movable and immovable property, plant and equipment of the Dahej project. Second pari passu charge on entire current assets of the 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 ₹2500 is repayable in ten equal quarterly instalments of ₹250 each. Last instalment will be due on 22nd September, 2021.
DBS Bank Limited	-	199.73	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. Last instalment was due on 16th January, 2019.
	4000.00	5199.73		

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

Bank	31st March, 2019	31st March, 2018	Nature of Securities	Repayment terms
Standard Chartered Bank Limited	440.90	689.35	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 @ 9.90% p.a on fully hedged basis. The balance amount of the loan of ₹440.90 is repayable in six equal quarterly instalments of ₹73.48 each on fully hedged basis. Last instalment will be due on 21st August, 2020.
	440.90	689.35		

(d) Outstanding balances of loans as indicated in (b) and (c) above are inclusive of current maturities of such loans as disclosed in Note 27.

Note 22: Other financial liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Loyalty and bond monies payable	14.81	23.81
	14.81	23.81

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 23: Deferred tax liabilities (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
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	3745.92	3548.55
Investment in equity shares	1064.86	472.01
Investment in mutual funds	77.97	26.67
Others	5.68	18.85
Derivative liabilities	33.91	8.38
	4928.34	4074.46
Deferred tax assets		
Disallowance of expense allowable for tax purpose on payment basis	218.79	155.82
Borrowings	-	4.71
Others	39.11	36.30
	257.90	196.83
	4670.44	3877.63

Movements in deferred tax liabilities

Particulars	Property, plant and equipment	Borrowings	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Disallow- ance	Others	Total
As at 1st April, 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
Charged / (Credited):							
to profit and loss	197.37	4.71	76.83	-	(62.97)	(17.52)	198.42
to other comprehensive income	-	-	-	592.85	-	1.54	594.39
As at 31st March, 2019	3745.92	-	111.88	1064.86	(218.79)	(33.43)	4670.44

Note 24: Other non-current liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred government grants	96.49	102.58
	96.49	102.58

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 25: Borrowings - current

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured (Refer (a) below)		
Working Capital Loan		
From Banks:		
Overdraft / Cash Credit	710.10	2635.72
Working Capital Demand Loan	2000.00	3200.00
Rupee Packing Credit Loan	5430.00	2700.00
Others		
Bills discounted with banks (Refer (b) below)	299.26	450.00
	8439.36	8985.72
Unsecured		
Short-Term Loan		
From Banks:		
Indian Rupee Loan	7000.00	4000.00
	7000.00	4000.00
	15439.36	12985.72

(a) Working capital loans are secured by way of:

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

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

Note 26: Trade payables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises	122.94	3.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	16802.75	14002.83
	16925.69	14006.63

Note 27: Other financial liabilities - current

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debt (refer note 21)	1422.14	1481.02
Interest accrued but not due on borrowings	24.91	17.17
Unpaid dividends *	25.23	24.81
Deposits from Customers and Suppliers	858.27	802.93
Employee benefits payable	1313.50	1150.29
Liability for purchases of capital assets	806.46	1383.65
Derivative liabilities	-	0.18
Contract liability against loyalty points	373.29	99.59
Refund liability against periodical schemes	297.79	227.70
Other payables	484.15	378.48
	5605.74	5565.82

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

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 28: Other current liabilities

Particulars	As at 31st March, 2019	As at 31st March, 2018
Liabilities under litigations	96.80	233.18
Contract liabilities / advances from customers	1081.30	697.42
Statutory dues	358.88	461.62
Deferred revenue	-	1.56
	1536.98	1393.78

Note 29: Provisions

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for Employee benefits		
Leave encashment	442.35	362.00
Gratuity	52.00	106.21
	494.35	468.21

Note 30: Current tax liabilities (net)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for income tax (net)	339.20	2.04
	339.20	2.04

Note 31: Revenue from operations

Particulars	2018-19	2017-18
(i) Sale of products		
Domestic	107492.76	88531.88
Export	37576.09	31628.31
	145068.85	120160.19
(ii) Sale of services		
Income from job work	253.96	131.57
(iii) Other operating revenue		
Export incentives	1121.22	1014.84
Scrap sales	768.65	572.64
	1889.87	1587.48
Revenue from operations	147212.68	121879.24

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 31.1: Disclosure as per Ind As 115

1. Revenue from contracts with customers:

1.1. Disaggregated revenue information:

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

Segment:	2018-19				
Type of goods or service	Laminates	Panel products and furniture	Potato Flakes	Others	Total
Sale of goods	105607.20	23915.73	6213.10	9332.82	145068.85
Sale of services	243.89	10.07	-	-	253.96
Others	-	-	-	768.65	768.65
Total revenue from contracts with customers	105851.09	23925.80	6213.10	10101.47	146091.46
India	71358.44	22022.64	5119.05	10015.24	108515.37
Outside India	34492.65	1903.16	1094.05	86.23	37576.09
Total revenue from contracts with customers	105851.09	23925.80	6213.10	10101.47	146091.46
Timing of revenue recognition					
Goods transferred at a point in time	105607.20	23915.73	6213.10	10101.47	145837.50
Services transferred over time	243.89	10.07	-	-	253.96
Total revenue from contracts with customers	105851.09	23925.80	6213.10	10101.47	146091.46

Segment:	2017-18				
Type of goods or service	Laminates	Panel products and furniture	Potato Flakes	Others	Total
Sale of goods	89431.34	19227.28	4896.61	6604.95	120160.18
Sale of services	131.56	-	-	-	131.56
Others	-	-	-	572.64	572.64
Total revenue from contracts with customers	89562.90	19227.28	4896.61	7177.59	120864.38
India	59834.47	18435.51	3497.36	7007.91	88775.25
Outside India	29728.43	791.77	1399.25	169.68	32089.13
Total revenue from contracts with customers	89562.90	19227.28	4896.61	7177.59	120864.38
Timing of revenue recognition					
Goods transferred at a point in time	89431.34	19227.28	4896.61	7177.59	120732.82
Services transferred over time	131.56	-	-	-	131.56
Total revenue from contracts with customers	89562.90	19227.28	4896.61	7177.59	120864.38

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 52):

Segment revenue:	2018-19				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	111158.97	24248.44	6793.88	6974.49	149175.78
Inter-segment	7462.60	-	-	-	7462.60
	118621.57	24248.44	6793.88	6974.49	156638.38
Inter-segment adjustment and elimination	(12770.48)	(322.64)	(580.78)	3126.98	(10546.92)
Total revenue from contracts with customers	105851.09	23925.80	6213.10	10101.47	146091.46

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Segment revenue:	2017-18				
	Laminates	Panel products and furniture	Potato Flakes	Others	Total
External customers	92438.84	19003.03	5260.61	7206.38	123908.86
Inter-segment	3772.76	-	-	-	3772.76
	96211.60	19003.03	5260.61	7206.38	127681.62
Inter-segment adjustment and elimination	(6648.70)	224.25	(364.00)	(28.79)	(6817.24)
Total revenue from contracts with customers	89562.90	19227.28	4896.61	7177.59	120864.38

Sale includes excise duty collected from customers of ₹ Nil (31st March, 2018: ₹1667.78). Revenue from operations for previous periods up to 30th June, 2017 includes excise duty. From 1st July, 2017 the excise duty and most of the indirect taxes in India have been replaced by Goods and Service Tax(GST). The Group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for 2018-19 is not comparable with 2017-18.

1.2 Contract balances

Particulars	31st March, 2019	31st March, 2018
Trade receivables	19624.63	18157.08
Contract liabilities / advance from customer	1081.30	697.42
Contract liability against loyalty points	373.29	99.59
Refund liability against periodical schemes	297.79	227.70
Trade receivables are non-interest bearing and normal credit period is 45-90 days		
Contract liabilities include short-term advances received from customers against future supply of goods.		
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	697.42	656.37

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

Particulars	31st March, 2019	31st March, 2018
Revenue as per contracted price	150325.49	123833.38
Adjustments:		
Discounts, rebates and schemes	3748.34	2653.84
Loyalty points	485.69	315.16
Revenue from contract with customers	146091.46	120864.38

1.4: Performance obligation

Information about the Group's performance obligations are:

The performance obligation is satisfied upon delivery of the product and payment is generally due within 45-90 days from delivery.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 32: Other income

Particulars	2018-19	2017-18
(i) Interest Income on financial assets measured at amortised cost		
On bank and other deposits	262.54	387.04
On loans to others	8.80	14.37
On Non Convertible debenture	6.18	-
(ii) Dividend income from long term investments measured at FVTPL	1.98	0.07
(iii) Claims from insurance companies	50.09	130.15
(iv) Provisions / Liabilities no longer required written back	279.73	226.35
(v) Profit on sale of property, plant and equipment	14.66	15.63
(vi) Recovery of bad debts	14.48	62.63
(vii) Refund of tax paid under protest	-	25.48
(viii) Net gain on foreign currency transactions and translation	938.29	1224.35
(ix) Fair value changes of financial assets measured at FVTPL	173.07	54.65
(x) Fair value gain/(loss) on derivatives	100.33	(258.82)
(xi) Profit on sale of investment measured at FVTPL	(7.96)	0.64
(xii) Miscellaneous income [Refer (a) below]	120.91	138.30
(xiii) Interest on income tax provision written back	-	8.78
	1963.10	2029.62

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

Note 33: Cost of materials consumed

Particulars	2018-19	2017-18
Raw Materials Consumed		
Opening Stock	19856.06	14811.33
Purchases and Incidental expenses	80275.42	62106.14
	100131.48	76917.47
Less: Cost of raw materials sold	2867.98	382.75
	97263.50	76534.72
Less: Closing Stock	24180.27	19856.06
	73083.23	56678.66

Note 34: Changes in inventories of finished goods, stock-in-trade, work-in-progress and biological assets

Particulars	2018-19	2017-18
Opening 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
Less: Closing Stock		
- Work-in-progress	952.97	713.60
- Finished Goods	10328.54	8674.41
- Biological assets*	679.86	481.84
- Stock-in-Trade	1509.75	1609.67
	13471.12	11479.52
	(1991.60)	(1470.82)

* Include change in fair value of biological assets on account of harvested biological assets transferred to inventory at fair value amounting to ₹334.10 (31st March, 2018 - ₹559.89).

Note 35: Employee benefits expense

Particulars	2018-19	2017-18
Salaries, wages, bonus etc.	14489.94	12120.05
Contribution to provident and other funds *	1033.72	1080.96
Workmen and staff welfare	456.89	404.20
	15980.55	13605.21

* The Group has recognised an expense of ₹645.10 (31st March, 2018 - ₹647.35) towards the defined contribution plans.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note 36: Finance costs

Particulars	2018-19	2017-18
Interest expense	1624.44	1293.13
Interest on shortfall in payment of advance tax	14.82	22.13
Other borrowing costs	91.90	105.88
	1731.16	1421.14

Note 37: Depreciation and amortization expense

Particulars	2018-19	2017-18
Depreciation and amortization of property, plant and equipment (including leasehold land)	4129.99	3651.86
Amortization of Intangible assets	105.39	104.74
	4235.38	3756.60

Note 38: Other expenses

Particulars	2018-19	2017-18
Consumption of stores and spare parts	2901.64	2499.42
Power and fuel [refer (a) below]	6109.62	4800.72
Jobwork charges	242.75	135.28
Installation Charges	331.47	93.40
Rent	1651.91	1498.61
Rates and taxes	152.14	214.98
Repairs to :		
Buildings	120.55	118.50
Plant and machinery	367.86	411.21
Others	528.14	672.74
Legal and professional	1038.32	1015.96
Vehicle upkeep	701.94	598.70
Carriage outward	4038.01	3529.26
Packing & forwarding	2406.57	2205.85
Insurance charges	333.17	291.77
Commission charges	976.65	844.96
Printing and stationery	94.85	95.82
Postage and courier	119.11	89.81
Advertisement, publicity and sales promotion	2669.60	2039.70
Travel expenses	1048.53	919.95
Communication expense	242.79	246.00
Excise duty [refer (b) below]	-	(235.35)
Bad debts and advances written off	56.67	46.79
Provision for doubtful debts and advances	132.48	4.39
Payments to the auditors [refer (c) below]	41.47	40.79
Bank charges and commission	82.38	87.06
Royalty	78.65	60.17
Donations	495.49	790.18
CSR expenditure (refer note 46)	370.49	309.92
Loss on sale/disposal of property, plant and equipment	126.96	42.17
Agricultural expenses	913.39	849.71
Software Expenses	382.93	193.01
Miscellaneous expenses	1224.13	1322.20
	29980.66	25833.68

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

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

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

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

Particulars	2018-19	2017-18
As Statutory Auditors:		
Statutory audit fees	28.10	28.10
Tax audit fees	5.50	5.50
Other matters	4.05	3.39
Reimbursement of expenses	2.13	1.60
	39.78	38.59
As Cost Auditors :		
Audit fees	0.95	0.95
Reimbursement of expenses	0.04	-
	0.99	0.95
As Secretarial Auditors :		
Audit fees	0.70	1.25
	0.70	1.25

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	2018-19	2017-18
Current tax		
Current tax on profits for the year	5828.52	5092.66
Total current tax expense	5828.52	5092.66
Deferred tax	198.43	766.83
Total deferred tax expense	198.43	766.83
Income tax expense	6026.95	5859.49

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

Particulars	2018-19	2017-18
Profit before tax	20109.89	17912.88
Tax at the rate of 34.944% (2017-18 – 34.608%)	7027.20	6199.29
Reasons for differences are indicated below:		
Expenses disallowed under tax laws	42.80	80.50
Income not considered for tax laws	(30.98)	(0.02)
Agricultural (income) / loss	(144.26)	147.56
Weighted deduction	153.96	72.67
80IA deduction	(345.95)	(455.72)
Items on which tax applicable at differential rates	0.16	7.82
Excess provision for income tax adjusted	(154.32)	(648.64)
Others	(521.66)	456.03
Total income tax expense	6026.95	5859.49

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note: 40 Earnings per share

Particulars	31st March, 2019	31st March, 2018
(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 (₹)	10.00	10.00
Profit for the year (₹ In lakh) (B)	12644.40	10678.90
Earnings per share (Basic) (₹) (B/A)	121.94	102.98
(ii) Diluted		
Weighted average number of equity shares outstanding during the year	1,03,69,600	1,03,69,600
Earnings per share (Diluted) (₹)	121.94	102.98

Note: 41 Contingent liabilities

Particulars	31st March, 2019	31st March, 2018
(a) Guarantees given -		
Non financial bank guarantees	59.09	45.92
(b) Claims against the Group not acknowledged as debts :		
Demands for sales tax and entry tax [Deposit under protest ₹59.99 (31st March, 2018 - ₹229.73)]	370.62	187.23
Demands for Excise, Custom Duty, Service tax [Deposit under protest ₹36.22 (31st March, 2018 - ₹330.46)]	3713.23	4102.63
Demand for Goods and Service Tax (Deposit under protest ₹1.76)	1.76	-
Demands for Income Tax (Deposit under protest ₹ Nil (31st March, 2018- ₹5.27)	3513.86	3459.15
(c) Miscellaneous claims by suppliers and customers etc. against the Company	272.05	204.75
(d) Differential Bonus for 2014-15	151.52	151.52
	8082.13	8151.20

Notes:-

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

Note: 42 Capital and other commitments

Particulars	31st March, 2019	31st March, 2018
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2509.82	2509.38
(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 ₹4467.67 (31st March, 2018 - ₹4863.66) is yet to be received.	1887.62	815.78
Obligations against Advance Licences	6668.72	2869.43
Outstanding Letters of Credit for materials yet to be received	1317.30	2226.45
TOTAL	12383.46	8421.04

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 except in one case where lease period is for ten years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental aggregating ₹962.77 (31st March, 2018 : ₹955.41) has been debited to the statement of profit and loss.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note: 44 Assets given as security

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

Particulars	31st March, 2019	31st March, 2018
Current		
Financial assets		
Trade receivables	19711.30	18157.08
Fixed deposit	17.59	17.59
Non-financial assets		
Inventories	39436.66	32976.76
Biological assets	679.86	481.84
Total current assets given as security	59845.41	51633.27
Non- current		
Property, plant and equipment	45570.28	37462.97
Capital work-in-progress	2662.27	3250.11
Total non current assets given as security	48232.55	40713.08
Total assets given as security	108077.96	92346.35

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	31st March, 2019	31st March, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	122.94	3.80
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.27	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	5.98	-
Interest paid, other than that under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.12	-
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, Sri Man Kumar Lohia Memorial Trust and Sri Prem Chand Lohia Memorial Trust) registered under the Income Tax Act and also through direct donation to Ramakrishna Mission Sevashram Vrindaban and Bharat Lok Siksha Parisad:

Particulars	2018-19	2017-18
(a) Gross Amount required to be spent by the Group during the year	354.51	307.80
(b) Amount Spent by the Group through these trusts / direct donations		
Construction / acquisition of any asset	-	-
On purpose other than the above	370.49	309.92

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Note: 47 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the entity in the Group	Net Asset i.e. Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount
Parent								
Merino Industries Limited	60.27%	48364.47	59.71%	8408.21	99.34%	1936.60	64.53%	10344.81
Subsidiary								
Merino Panel Products limited	29.66%	23805.65	30.08%	4236.19	0.49%	9.65	26.48%	4245.84
Non-Controlling Interest in the subsidiary	10.07%	8084.00	10.21%	1438.54	0.17%	3.28	8.99%	1441.82
Total	100.00%	80254.12	100.00%	14082.94	100.00%	1949.53	100.00%	16032.47

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.

(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 Group'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 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.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

(iv) Balance sheet recognition

a) Gratuity

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2017	1141.85	1103.57	38.28
Current service cost	171.88	-	171.88
Interest expense/(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
<i>Remeasurement</i>			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	(2.32)	2.32
Actuarial (gain)/loss from change in financial assumptions	(30.16)	-	(30.16)
Actuarial (gain)/loss from unexpected experience	(17.50)	-	(17.50)
Total amount recognised in other comprehensive income	(47.66)	(2.32)	(45.34)
Employer contributions/ premium paid	-	141.40	(141.40)
Benefit payments	73.12	73.12	-
31st March, 2018	1358.70	1254.51	104.19

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2018	1358.70	1254.51	104.19
Current service cost	196.95	-	196.95
Interest expense/(income)	99.47	95.60	3.87
Past service cost	-	-	-
Total amount recognised in profit or loss	296.42	95.60	200.82
<i>Remeasurement</i>			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	9.22	(9.22)
Actuarial (gain)/loss from change in financial assumptions	12.77	-	12.77
Actuarial (gain)/loss from unexpected experience	(7.97)	-	(7.97)
Total amount recognised in other comprehensive income	4.80	9.22	(4.42)
Employer contributions/ premium paid	-	310.01	(310.01)
Benefit payments	106.86	106.86	-
31st March, 2019	1553.06	1562.48	(9.42)

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.62%	7.70%
Expected return on plan asset	7.62%	7.70%
Salary growth rate	7.00%	7.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

(vi) Sensitivity analysis

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

Particulars	Impact on defined benefit obligation			
	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	1476.16	1637.08	1287.79	1436.18
% change compared to base due to sensitivity	-4.33%	4.71%	-4.60%	4.99%
Salary growth rate (-/+ 0.5%)	1632.26	1479.68	1430.55	1292.22
% change compared to base due to sensitivity	4.39%	-4.09%	4.61%	-4.29%
Attrition rate (-/+ 0.5%)	1552.74	1553.35	1358.42	1358.98
% change compared to base due to sensitivity	-0.02%	0.02%	-0.01%	0.01%
Life expectancy/ mortality rate (-/+ 10%)	1553.24	1552.85	1358.97	1358.43
% change compared to base due to sensitivity	0.01%	-0.01%	0.00%	0.02%

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 those made of the prior period.

(vii) The major categories of plan assets

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

(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 insurance company.

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

Interest risk:

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

Life expectancy:

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

Salary growth risk

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

(ix) Defined benefit liability and employer contributions

Expected contribution to post-employment benefits plans for the year ending 31st March, 2020 is ₹618.85.

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(Rupees in lakh, unless otherwise stated)

The weighted average duration of the defined benefit obligation is 15 years (31st March, 2018 – 21 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, 2019			
Defined benefit obligation (gratuity)	189.94	421.92	3,824.59
Total	189.94	421.92	3,824.59
31st March, 2018			
Defined benefit obligation (gratuity)	98.96	371.36	3,617.09
Total	98.96	371.36	3,617.09

Note : 49 - 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 Group is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

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

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

The amount mentioned under total equity in balance sheet is considered as Capital.

Particulars	31st March, 2019	31st March, 2018
Debt equity ratio	0.06	0.09

(b) Dividend

Particulars	31st March, 2019	31st March, 2018
(i) Equity shares		
Interim dividend for the year ended 31st March, 2019 of ₹3.50 (31st March, 2018 – ₹3.50) per fully paid share	362.94	362.94
Dividend distribution tax on interim dividend on Equity Shares	74.61	73.88

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(Rupees in lakh, 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, 2019			As at 31st March, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments	3979.38	4575.19	247.76	2699.80	2035.70	-
Loans to employees	-	-	168.02	-	-	140.40
Security deposits	-	-	420.80	-	-	468.95
Fixed deposits	-	-	4230.34	-	-	4078.05
Advance against retirement benefits	-	-	-	-	-	-
Receivables relating to forward contracts	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-
Trade receivables	-	-	19624.63	-	-	18157.08
Cash and cash equivalent	-	-	1162.30	-	-	956.24
Bank balances other than above	-	-	42.82	-	-	242.40
Derivative assets	136.32	-	-	36.16	-	-
Others	-	-	421.77	-	-	46.80
Total financial assets	4115.70	4575.19	26318.44	2735.96	2035.70	24089.92
Financial liabilities						
Borrowings and interest	-	-	19909.52	-	-	18900.60
Trade payables	-	-	16925.69	-	-	14006.63
Loyalty and bond monies payable	-	-	14.81	-	-	23.81
Unpaid dividends	-	-	25.23	-	-	24.81
Deposits from customers and suppliers	-	-	858.27	-	-	802.93
Employee benefits payable	-	-	1313.50	-	-	1150.29
Liability for purchases of capital assets	-	-	806.46	-	-	1383.65
Derivative liabilities	-	-	-	0.18	-	-
Contract liability against loyalty points	-	-	373.29	-	-	99.59
Refund liability against periodical schemes	-	-	297.79	-	-	227.70
Other payables	-	-	484.15	-	-	378.48
Total financial liabilities	-	-	41008.71	0.18	-	36998.49

(i) Fair value hierarchy

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

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

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

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.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer-quotes for similar instruments
- derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- the fair value of the financial instruments is determined using discounted cash flow analysis.

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

Particulars	31st March, 2019			31st March, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Investments	3096.59	889.22	4568.76	2706.91	-	2028.59
Derivative financial assets	-	136.32	-	-	36.16	-
	3096.59	1025.54	4568.76	2706.91	36.16	2028.59
Financial liabilities:						
Derivative financial liabilities	-	-	-	-	0.18	-
	-	-	-	-	0.18	-

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

Particulars	31st March, 2019		31st March, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Borrowings	4445.25	4271.43	5897.71	5611.83
Total financial liabilities	4445.25	4271.43	5897.71	5611.83

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

(v) Valuation technique used to determine fair value

- Non-current financial assets represent security deposits which do not have a fixed maturity period and these are primarily in the nature of utility deposits. Hence these are considered to be at their respective fair values at the reporting period.
- The carrying amounts of borrowings and loans to employees are considered to be approximately equal to the fair value.
- The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

(vi) Significant estimates

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

Note : 51 - Financial risk management

The Group'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 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 0 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 believes 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 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, 2019	11550.29	7683.45	489.89	61.13	160.13	19624.63
Trade receivables as at 31st March, 2018	11094.01	6739.77	319.25	34.78	30.73	18157.08

ii) Financial instruments and deposits

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

The Group's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2019 and 31st March, 2018 is the carrying amounts as indicated in Note 51(B).

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(Rupees in lakh, unless otherwise stated)

(B) Liquidity risk

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

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

(i) Financing arrangements

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
- Expiring within one year (bank overdraft and other facilities)	5340.64	4114.28
- Cash and cash equivalents	1162.30	956.24
	6502.94	5070.52

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, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	16861.50	2648.11	375.00	-	19884.61
Trade Payables	16925.69	-	-	-	16925.69
Interest on borrowings	305.25	244.53	-	-	549.78
Unpaid dividends	25.23	-	-	-	25.23
Loyalty and bond monies payable	-	14.81	-	-	14.81
Deposits from customers and suppliers	858.27	-	-	-	858.27
Employee benefits payable	1313.50	-	-	-	1313.50
Liabilities for purchases of capital assets	806.46	-	-	-	806.46
Contract liability against loyalty points	373.29	-	-	-	373.29
Refund liability against periodical schemes	297.79	-	-	-	297.79
Other payables	484.15	-	-	-	484.15
Total financial liabilities	38251.13	2907.45	375.00	-	41533.58

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(Rupees in lakh, unless otherwise stated)

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	3541.69	875.00	-	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
Contract liability against loyalty points	99.59	-	-	-	99.59
Refund liability against periodical schemes	227.70	-	-	-	227.70
Other payables	378.48	-	-	-	378.48
Total financial liabilities	32963.30	4107.84	885.65	-	37956.79

(C) Market risk

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

(i) Foreign currency risk

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

The Group operates internationally and a portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas market and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Group also enters into forward contracts for managing its exposure to such foreign currency risk. The Group manages the exposure of foreign exchange fluctuation in borrowings by entering into derivatives contracts.

Foreign currency risk exposure

The Group's exposures to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

Particulars	31st March, 2019					31st March, 2018			
	SGD	USD	EUR	SEK	YEN	USD	EUR	GBP	YEN
Financial assets									
Trade Receivables	-	4922.16	114.86	-	-	4359.98	59.20	270.08	-
Derivatives	-	(4011.17)	-	-	-	(4530.01)	-	-	-
Financial liabilities									
Long term borrowings	-	440.96	-	-	-	692.59	-	-	-
Short term borrowings	-	-	-	-	-	-	-	-	-
Trade Payables	1.42	4405.74	3164.16	97.61	355.27	4332.58	3015.82	-	311.18
Derivatives	-	(909.30)	(276.78)	-	-	(1976.61)	-	-	-
Net exposure to foreign currency risk	(1.42)	(3026.41)	(2772.52)	(97.61)	(355.27)	(3218.59)	(2956.62)	270.08	(311.18)

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

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, 2019	31st March, 2018	31st March, 2019	31st March, 2018
SGD sensitivity				
INR depreciates by 3%	(0.04)	-	(0.03)	-
INR appreciates by 3%	0.04	-	0.03	-
USD sensitivity				
INR depreciates by 5% (31st March, 2018 - 8%)*	(151.32)	(257.49)	(98.44)	(168.38)
INR appreciates by 5% (31st March, 2018 - 8%)*	151.32	257.49	98.44	168.38
EURO sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	(83.18)	(88.70)	(54.11)	(58.00)
INR appreciates by 3% (31st March, 2018 - 3%)*	83.18	88.70	54.11	58.00
SEK sensitivity				
INR depreciates by 3%	(2.93)	-	(1.91)	-
INR appreciates by 3%	2.93	-	1.91	-
GBP sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	-	8.10	-	5.30
INR appreciates by 3% (31st March, 2018 - 3%)*	-	(8.10)	-	(5.30)
Yen sensitivity				
INR depreciates by 3% (31st March, 2018 - 3%)*	(10.66)	(9.34)	(6.93)	(6.11)
INR appreciates by 3% (31st March, 2018 - 3%)*	10.66	9.34	6.93	6.11

* Assuming all other variables to be constant

(ii) Interest rate risk

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

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31st March, 2019 and 31st March, 2018, the Group's borrowings at variable rate were mainly denominated in INR.

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

(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, 2019	31st March, 2018
Variable rate borrowings	2239.36	3775.07
Fixed rate borrowings	17645.25	15108.36
Total borrowings	19884.61	18883.43

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Sensitivity

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

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Interest expense rates – increase by 50 basis points (50 bps)*	(11.20)	(18.88)	(7.28)	(12.34)
Interest expense rates – decrease by 50 basis points (50 bps)*	11.20	18.88	7.28	12.34

* Assuming all other variables to be constant

(iii) Price risk

(a) Exposure

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

(b) Sensitivity

(a) The table below summarizes 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, 2019	31st March, 2018
Share price - Increase 5%*	228.76	101.79
Share price - Decrease 5%*	(228.76)	(101.79)

* Assuming all other variables to be constant

(b) The table below summarizes the impact of increases/decreases of the mutual fund prices on the Group's equity.

Particulars	Impact on profit before tax	
	31st March, 2019	31st March, 2018
Mutual fund value - Increase 7% (7%)*	281.64	188.99
Mutual fund value - Decrease 7% (7%)*	(281.64)	(188.99)

* Assuming all other variables to be constant

(iv) Agricultural Risk

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

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

- Sufficient inventory levels of agro chemicals, fertilizers and other inputs are maintained so that timely corrective action can be taken in case of adverse weather conditions.
- The Group manages this risk by aligning its production to anticipated demand and taking early corrective steps to recognise and dispose excess stocks.

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

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 boards of the companies in the Group (Chief Operating Decision Maker - 'CODM').

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.

Summary of the segmental information for the year ended/as at, 31st March, 2019 is as follows:

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	111158.97	24248.44	6793.88	6974.49	-	149175.78
Inter segment sales	7,462.60	-	-	-	(7462.60)	-
	118621.57	24248.44	6793.88	6974.49	(7462.60)	149175.78
Segment results [Profit/(Loss) before interest and tax]	22904.56	1589.85	394.07	(3047.43)	-	21841.05
Finance cost	220.29	0.17	-	1,510.70		1731.16
Profit/(Loss) before tax	22684.27	1589.68	394.07	(4558.13)	-	20109.89
Less : Current Tax	-	-	-	5828.52		5828.52
Less : Deferred Tax	-	-	-	198.43		198.43
Profit after tax	22684.27	1589.68	394.07	(10585.08)		14082.94
Segment assets	68011.85	17290.52	4088.52	39009.40	-	128400.29
Segment liabilities	14920.71	2326.47	664.88	30234.11	-	48146.17
Segment capital expenditure	5163.13	75.39	-	178.06	-	5416.58
Segment depreciation and amortisation	3124.78	656.15	328.72	125.73	-	4235.38

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

Particulars	Laminates	Panel Products and Furniture	Potato Flakes	Other (Unallocated)	Elimination	Total
Segment revenue						
Revenue	92438.84	19003.03	5260.61	7206.38	-	123908.86
Inter segment sales	3772.76	-	-	-	(3772.76)	-
	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	40.04	1.12	-	1,379.98		1421.14
Profit/(Loss) before tax	20354.96	1356.49	(71.23)	(3727.34)	-	17912.88
Less : Current Tax	-	-	-	5092.66		5092.66
Less : Deferred Tax	-	-	-	766.83		766.83
Profit after tax	20354.96	1356.49	(71.23)	(9586.83)		12053.39
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

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
India	104625.20	85074.17
Outside India	37576.09	31628.31
	142201.29	116702.48

(b) Carrying Amount of Segment Assets:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
India	84446.91	81053.91
Outside India	4943.98	4911.56
	89390.89	85965.47

Entity wide disclosures

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March, 2019 and 31st March, 2018.

No material property, plant and equipment of the Companies in the Group (excluding financial assets) are located outside India.

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 also other related parties with whom transactions have taken place and 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 (resigned w.e.f. 18-06-2018)
	Mr. Amarnath Roy	Independent Director (expired on 12-06-2017)
	Mr. Bama Prasad Mukhopadhyaya	Independent Director (appointed from 14-09-2018)
	Mr. Asok Kumar Parui	Chief Financial Officer
	Ms. Sumana Roychowdhury	Company Secretary (resigned w.e.f. 20.05.2018)
	Ms. Vinamrata Agrawal	Company Secretary (appointed from 18.06.2018)

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

b)	Relatives of KMP	
	Ms. Tara Devi Lohia	Wife of Mr Champa Lal Lohia
	Ms. Usha Lohia	Daughter of Mr Champa Lal Lohia
	Ms. Nayantara Agarwal	Daughter of Mr Champa Lal Lohia
	Ms. Asha Mundhra	Daughter of Mr Champa Lal Lohia
	Ms. Sita Devi Lohia	Mother of Mr Prakash Lohia
	Ms. Uma Singhi	Sister of Mr Prakash Lohia
	Ms. Kiran Maheswari	Sister of Mr Prakash Lohia
	Ms. Neera Lohia	Wife of Mr Prakash Lohia
	Mr. Anurag Lohia	Son of Mr Bikash Lohia
	Ms. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Ms. Praveena Lohia	Wife of Mr Rup Chand Lohia
	Ms. Meghna Lohia	Wife of Mr Prasan Lohia
	Mr. Abhiroop Lohia	Son of Mr Prasan Lohia
	Ms. Anuja Lohia	Daughter of Mr Prasan Lohia
	Ms. Shashi Lohia	Wife of Mr Bikash Lohia
	Ms. Vandana Lohia	Wife of Mr Manoj Lohia
	Ms. Mita Lohia	Wife of Mr Madhusudan 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

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

ii) Transactions during the year with related parties:

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction	2018-19	2017-18
1	Merino Exports Private Limited	Entity over which KMP together with their relatives have significant influence	11.56 4289.70	0.25 2015.83	Trade receivables Trade payables Investment	Revenue from operations Rent, other charges and reimbursement paid Dividend paid/payable Interest paid on loan Loan taken Loan repaid	- 179.43 158.75 95.97 3383.00 3383.00	3.02 173.67 158.75 165.20 3849.00 3849.00
2	Merino Services Limited	Entity over which KMP together with their relatives have significant influence	103.58	259.10	Trade payables	Software / Professional charges Royalty on trade mark received Purchase of tangible assets and intangible assets	0.29 0.62	413.15 0.29 0.79
			1.32	-	Trade receivables	Rent, other charges and reimbursement paid Revenue from operations Rent, other charges and reimbursement received	157.02 5.22 -	227.70 0.06 2.64
3	Kasturibai Gopi Babu Cold Storage Private Limited	Entity over which KMP together with their relatives have significant influence	279.06 0.77	12.76 5.34	Investment Trade receivables	Dividend paid/payable Revenue from operations Sale of tangible assets Purchases / Material consumed	11.20 24.93 - 3.63	11.20 8.86 0.13 6.37
			661.60	536.93	Trade payables	Rent, other charges and reimbursement paid Rent, other charges and reimbursement received	704.24 0.05	564.34 0.26
4	Man Kumar Lohia and Brothers	Entity over which KMP together with their relatives have significant influence	1.64	1.43	Trade Payables	Rent, other charges and reimbursement paid	132.24	127.58
			-	49.40	Security Deposit	Refund of security deposit	49.40	26.20

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

ii) Transactions during the year with related parties:

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction	2018-19	2017-18
5	Usha Agro Farm	Entity over which KMP together with their relatives have significant influence	-	0.89	Trade receivables	Revenue from operations	-	1.20
			3.59	-	Trade payables	Purchases / Material consumed	3.71	8.27
				-		Rent, other charges and reimbursement paid	28.87	28.87
6	Sri Hara Kasturi Memorial Trust	Entity over which KMP together with their relatives have significant influence	9.20	2.75	Trade receivables	Revenue from operations	16.86	16.05
						Sale of live stock	0.50	-
						Sale of tangible assets	-	0.30
						Rent, other charges and reimbursement paid	-	-
						Rent, other charges and reimbursement received	-	-
						Donation for corporate social responsibility expenses	163.42	101.17
						Donation made	286.69	211.83
7	Sri Man Kumar Lohia Memorial trust	Entity over which KMP together with their relatives have significant influence	-	-		Donation made	-	100.00
						Donation for corporate social responsibility expenses	51.00	70.00
8	Sri Premchand Lohia Memorial Trust	Entity over which KMP together with their relatives have significant influence	-	-		Donation made	-	276.00
						Donation for corporate social responsibility expenses	114.50	-
	Sri Hara Kasturi Trust	Entity over which KMP together with their relatives have significant influence				Donation made	0.50	-

Notes to the Consolidated financial statements

ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction	2018-19	2017-18
9	Anupriya Marketing Limited	Entity over which KMP together with their relatives have significant influence	1.83	39.21	Trade payables	Revenue from operations	-	-
						Marketing service provider fees	356.08	317.71
10	Mr. Champa Lal Lohia	KMP		-		Directors' remuneration	151.75	131.24
11	Mr. Rup Chand Lohia	KMP		-		Dividend paid/payable	13.00	13.00
				-		Directors' remuneration	93.06	75.49
				-		Dividend paid/payable	7.29	7.29
12	Mr. Prakash Lohia	KMP		-		Directors' remuneration	133.71	113.49
				-		Dividend paid/payable	34.80	34.79
13	Mr. Bikash Lohia	KMP		-		Directors' remuneration	112.42	98.98
				-		Dividend paid/payable	22.68	22.67
				-		Rent Paid	7.04	0.72
14	Mr. Prasan Lohia	KMP		-		Directors' remuneration	120.15	99.72
				-		Dividend paid/payable	6.27	6.26
15	Ms. Ruchira Lohia	KMP		-		Directors' remuneration	123.40	99.72
				-		Dividend paid/payable	17.98	17.98
16	Mr. Madhusudan Lohia	KMP		-		Directors' remuneration	99.81	88.82
				-		Dividend paid/payable	10.77	10.77
				-		Rent Paid	5.21	-
17	Mr. Nripen Dugar	KMP		-		Directors' remuneration	60.49	64.36
				-		Dividend paid/payable	0.02	0.02
18	Mr. Asok Kumar Parui	KMP		-		Salary	27.19	22.18
19	Ms. Sumana Roychowdhury	KMP		-		Salary	0.89	7.03

Notes to the Consolidated financial statements

ii) Transactions during the year with related parties: (Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction	2018-19	2017-18
20	Ms. Vinamrata Agrawal	KMP				Salary	4.74	-
21	Ms. Tara Devi Lohia	Relative of KMP	1.61	-	Trade payables	Dividend paid/payable Rent, other charges and reimbursement paid	8.44 1.61	8.44 -
22	Mr. Deepak Lohia	Whole-time Director of the Subsidiary Company	1.76	-	Trade payables	Dividend paid/payable Directors' remuneration / benefits Rent paid	21.77 126.78 11.51	21.77 101.89 2.95
23	Ms. Shashi Lohia	Relative of KMP		-		Dividend paid/payable Rent, other charges and reimbursement paid	3.50 1.68	3.50 1.68
24	Ms. Usha Lohia	Relative of KMP		-		Dividend paid/payable	5.60	5.60
25	Ms. Nayantara Agarwal	Relative of KMP		-		Dividend paid/payable	2.80	2.80
26	Ms. Asha Mundra	Relative of KMP		-		Rent paid Dividend paid/payable	3.12 0.08	3.12 0.08
27	Mr. Anurag Lohia	Relative of KMP		-		Rent paid	2.39	2.39
28	Ms. Sita Devi Lohia	Relative of KMP		-		Rent paid	1.45	2.46
29	Ms. Uma Singhi	Relative of KMP		-		Dividend paid/payable	5.72	5.72
30	Ms. Kiran Maheswari	Relative of KMP		-		Dividend paid/payable Rent paid	3.71 3.08	3.71 3.08
31	Ms. Neera Lohia	Relative of KMP		-		Rent paid	3.12	3.12
32	Ms. Mita Lohia	Relative of KMP		-		Dividend paid/payable Rent paid Rent paid	10.46 6.89 12.12	10.46 6.54 6.55

Notes to the Consolidated financial statements

ii) Transactions during the year with related parties:

(Rupees in lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2019	Outstanding as at 31st March, 2018	Payable/receivable/ others	Nature of Transaction	2018-19	2017-18
33	Ms. Sheela Lohia	Relative of KMP	-	-		Dividend paid/payable	4.11	4.11
34	Ms. Praveena Lohia	Relative of KMP	-	-		Dividend paid/payable	6.29	6.29
35	Ms. Meghna Lohia	Relative of KMP	-	-		Dividend paid/payable	9.26	9.26
36	Mr. Manoj Lohia	Whole-time Director of the Subsidiary Company	-	-		Dividend paid/payable	7.70	7.70
37	Mr. Abhiroop Lohia	Relative of KMP	-	-		Directors' Remuneration / benefits	114.01	101.89
38	Ms. Anuja Lohia	Relative of KMP	-	-		Dividend paid/payable	7.00	7.00
39	Ms. Vandana Lohia	Relative of KMP	-	-		Dividend paid/payable	1.75	1.75
40	Mr. Gautam Bhattacharjee	Independent Director	-	-		Dividend paid/payable	10.44	10.44
41	Mr. Sisir Kumar Chakrabarti	Independent Director	-	-		Sitting Fees	3.60	3.40
42	Mr. Sujitendra Krishna Dev	Independent Director	-	-		Sitting Fees	2.00	2.10
43	Mr. Amarnath Roy	Independent Director	-	-		Sitting Fees	-	0.80
44	Mr. Bama Prasad Mukhopadhyaya	Independent Director	-	-		Sitting Fees	-	0.10
						Sitting Fees	1.40	-

Notes to the Consolidated financial statements

(Rupees in lakh, unless otherwise stated)

Compensation to KMP other than independent directors

Particulars	31st March, 2019	31st March, 2018
Short-term employee benefits	1162.88	980.75
Post-employment benefits *	5.52	60.55
Total compensation	1168.40	1041.30

* Transactions are inclusive of GST, where ever applicable.

Note : 54 - Previous year's figures

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

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

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration Number : 302049E

B.L. Choraria

Partner

Membership Number - 022973

Place : New Delhi

Date : 26th July, 2019

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

For and on behalf of the Board of Directors

Champa Lal Lohia

Executive Chairman

A.K. Parui

Chief Financial Officer

Rup Chand Lohia

Executive Vice Chairman

Vinamrata Agrawal

Company Secretary

Prakash Lohia

Managing Director

Annexure

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ In lakh)

1	Sl. No.	
2	Name of the subsidiary	Merino Panel Products Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NO
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
5	Share capital	200.00
6	Reserves & surplus	31689.65
7	Total assets	43583.15
8	Total Liabilities	11693.50
9	Investments	8455.22
10	Turnover	53066.65
11	Profit before taxation	8643.80
12	Provision for taxation	2969.07
13	Profit after taxation	5674.73
14	Proposed Dividend	-
15	% of shareholding	74.65

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

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S.N.	Name of Associates/Joint Ventures	Name 1	Name 2	Name 3
1	Latest audited Balance Sheet Date	N.A.	N.A.	N.A.
2	Shares of Associate/Joint Ventures held by the company on the year end			
	No.	N.A.	N.A.	N.A.
	Amount of Investment in Associates/Joint Venture	N.A.	N.A.	N.A.
	Extend of Holding %	N.A.	N.A.	N.A.
3	Description of how there is significant influence	N.A.	N.A.	N.A.
4	Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.
5	Networth attributable to Shareholding as per latest audited Balance Sheet	N.A.	N.A.	N.A.
6	Profit / Loss for the year			
	i. Considered in Consolidation	N.A.	N.A.	N.A.
	ii. Not Considered in Consolidation	N.A.	N.A.	N.A.

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

Champa Lal Lohia
Executive Chairman

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

A.K.Parui
Chief Financial Officer

Vinamrata Agrawal
Company Secretary

Place : New Delhi

Date : 26th July, 2019

OPERATING RESULTS FOR TEN YEARS AT A GLANCE

(₹ lakh)

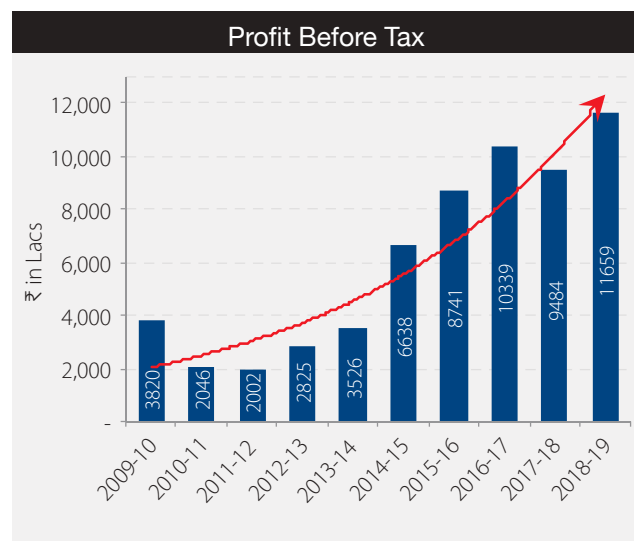
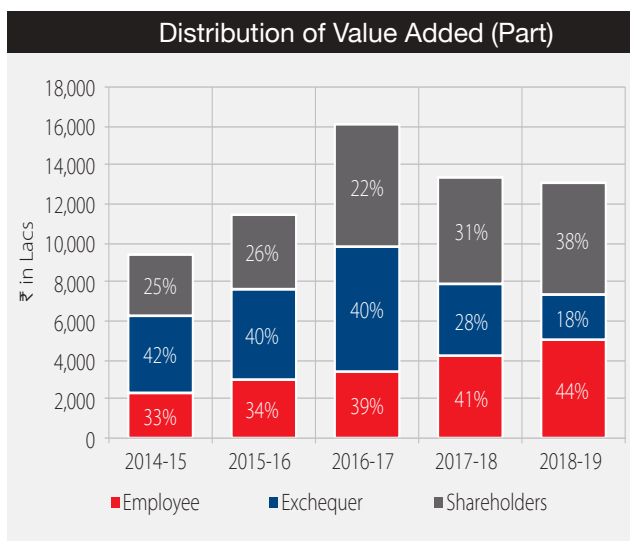
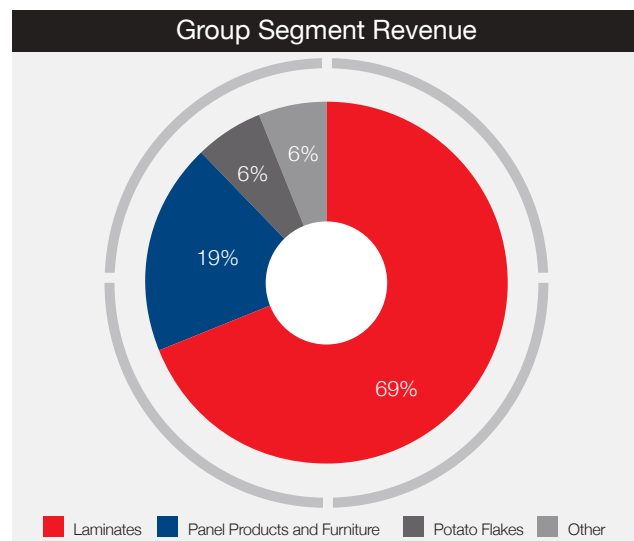
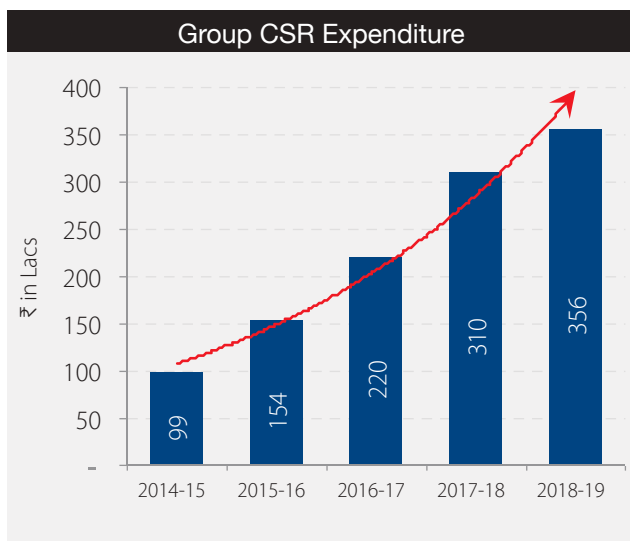
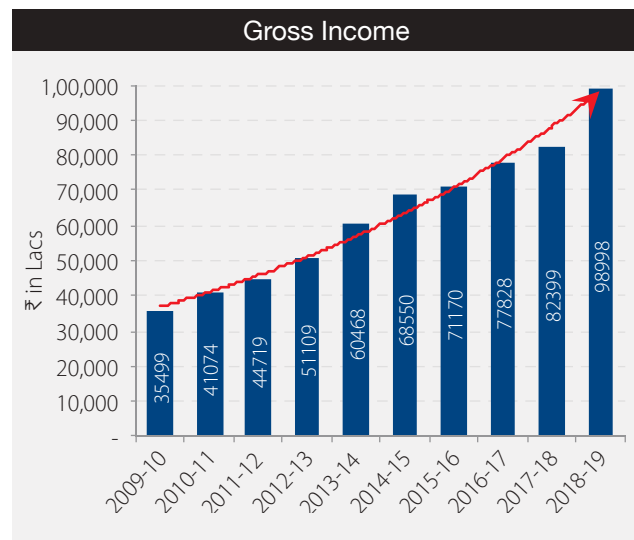
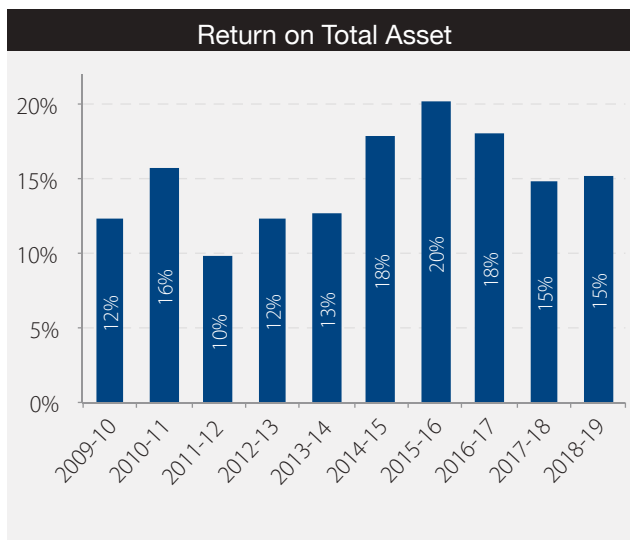
	As per previous GAAP							As per Ind As		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Gross income	35499.27	41073.52	44718.85	51108.91	60467.90	68550.14	71169.66	77827.95	82399.43	98997.81
Gross expenditure	29901.95	37133.90	40449.17	45524.11	54190.59	58942.25	59415.61	64359.37	68792.26	82942.63
Finance Costs	856.61	916.09	1176.24	1399.33	1293.50	1365.19	1339.85	1074.86	1368.76	1467.95
Operating profit	4740.71	3023.53	3093.44	4185.47	4983.81	8242.70	10414.20	12393.72	12238.41	14587.23
Depreciation	921.15	977.80	1091.92	1360.55	1458.24	1605.20	1673.38	2054.76	2754.39	2927.95
Profit before tax and extraordinary item	3819.56	2045.73	2001.52	2824.92	3525.57	6637.50	8740.82	10338.96	9484.02	11659.28
Extraordinary Item	1741.36	(1521.19)	-	-	-	-	-	-	-	-
Tax - Current tax	625.00	1133.27	621.20	715.00	1234.61	2080.19	2602.16	2255.28	2260.93	3246.64
- Fringe Benefit Tax	5.76	3.44	(9.30)	-	-	-	-	-	-	-
- Deferred Tax Charge/(Credit)	1.26	50.89	(38.72)	113.80	96.02	283.36	232.54	552.64	472.04	(176.03)
Profit after tax	1446.18	2379.32	1428.34	1996.12	2194.94	4273.95	5906.12	7531.04	6751.05	8588.67
Dividend (including tax)	492.22	155.54	228.32	155.54	166.12	170.68	404.91	404.91	404.91	405.32
Retained Profits	953.96	2223.78	1200.02	1840.58	2028.82	4103.27	5501.21	7126.13	6346.14	8183.35
Earnings per share (₹)	13.95	22.94	13.77	19.25	21.17	41.22	56.96	72.63	65.10	82.83

YEAR-END FINANCIAL POSITION FOR TEN YEARS AT A GLANCE

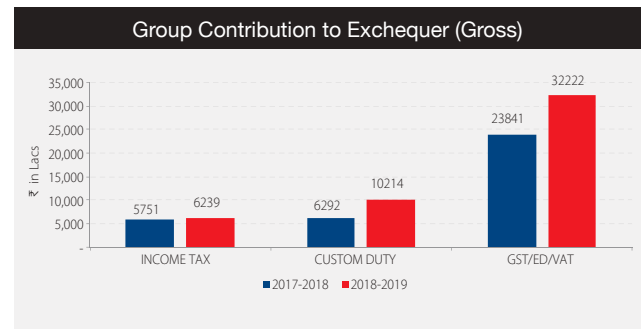
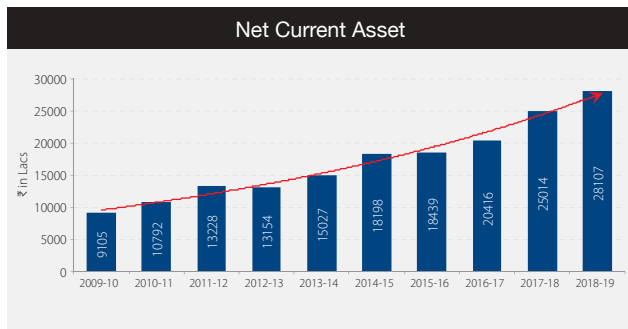
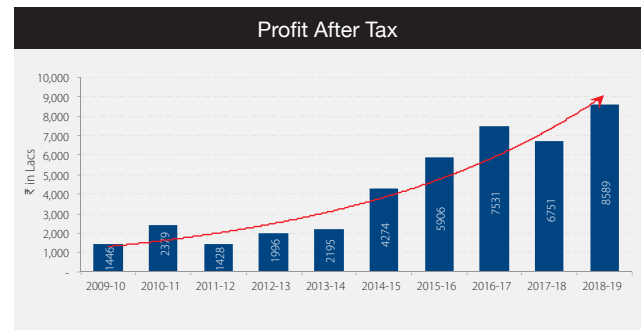
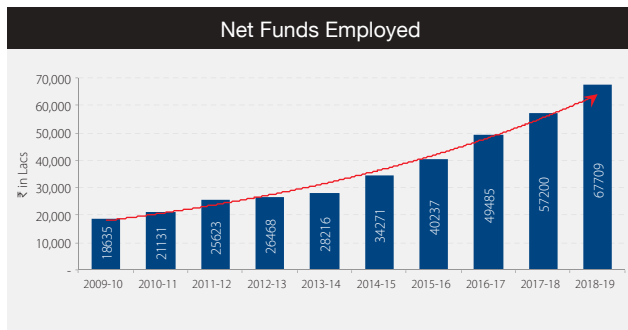
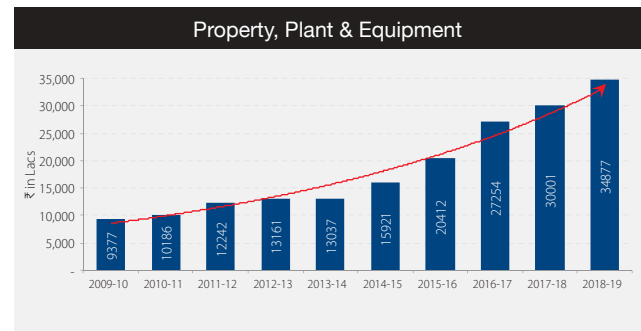
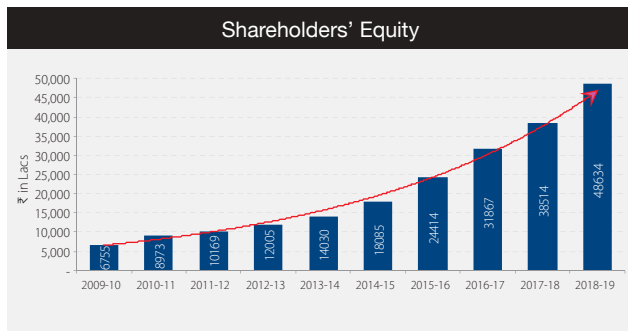
(₹ lakh)

	As per previous GAAP							As per Ind As		
	31.3.2010	31.3.2011	31.3.2012	31.3.2013	31.3.2014	31.3.2015	31.3.2016	31.3.2017	31.3.2018	31.3.2019
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	5707.54	7926.40	9121.95	10958.42	12983.45	17038.27	23367.37	30819.92	37467.26	47587.21
Shareholder's fund	6754.57	8973.43	10168.98	12005.45	14030.48	18085.30	24414.40	31866.95	38514.29	48634.24
Long term loans	1971.82	714.71	2881.22	2309.14	2741.09	2116.00	2372.38	4995.56	2916.69	1648.11
Bank borrowings	6959.70	8875.23	8867.04	7732.26	6511.37	8065.24	8399.79	5822.55	8894.22	7139.53
Short term loans	2332.38	1899.97	3077.63	3678.93	4095.07	4883.01	3400.00	4500.00	4000.00	7000.00
Loan funds	11263.90	11489.91	14825.89	13720.33	13347.53	15064.25	14172.17	15318.11	15810.91	15787.64
Deferred tax liability(net)	616.33	667.22	628.50	742.30	838.32	1121.67	1650.16	2299.47	2875.23	3286.65
Funds available	18634.80	21130.56	25623.37	26468.08	28216.33	34271.22	40236.73	49484.53	57200.43	67708.53
APPLICATION OF FUNDS										
Fixed assets	14698.84	16448.72	19592.96	21726.63	22874.12	26993.74	20412.25	29303.84	34668.47	42429.94
Depreciation	5321.74	6263.14	7350.71	8565.22	9837.35	11072.96	-	2049.66	4667.22	7552.45
Fixed assets (net)	9377.10	10185.58	12242.25	13161.41	13036.77	15920.78	20412.25	27254.18	30001.25	34877.49
Investments	152.82	152.82	152.82	152.82	152.82	152.82	1385.97	1813.96	2185.00	4724.49
Other assets (net)	9104.88	10792.16	13228.30	13153.85	15026.74	18197.62	18438.51	20416.39	25014.18	28106.55
Funds employed	18634.80	21130.56	25623.37	26468.08	28216.33	34271.22	40236.73	49484.53	57200.43	67708.53

Financial Highlights



Financial Highlights



Notice

To the Members,

NOTICE is hereby given that the 54th 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 Monday, the 23rd day of September, 2019 at 11-00 a.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, 2019 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, 2019;
3. To confirm the declaration and payment of Interim Dividend on equity shares for the financial year ended 31st March, 2019;
4. To appoint a Director in place of Mr. Champa Lal Lohia (DIN: 00154019), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Rup Chand Lohia (DIN: 00063290), who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Bikash Lohia (DIN: 00154013), who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

7. To consider and approve the revision of remuneration of Mr. Nripen Kumar Dugar, Whole-time Director (DIN: 00127790) and in this regard to consider and pass the following resolution as Special Resolution:

“RESOLVED THAT in partial modification of the relevant resolution passed at the Annual General Meeting of the Company held on 14.09.2018 and 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), the approval of the shareholders of the Company be and is hereby accorded to the revision in remuneration of Mr. Nripen Kumar Dugar, Whole-time Director (DIN: 00127790) of the Company by way of payment of the following perquisites with effect from 1st April, 2019 in addition to the existing remuneration for the remaining period of his tenure of office (i.e. upto 31st December, 2021) and special incentive of ₹10.00 lakh (Rupees Ten lakh only) payable in lumpsum for the year 2019-20 on the following terms and conditions as set out fully in the draft supplemental service agreement to be entered into between the Company and Mr. Nripen Kumar Dugar, a copy of which is placed before the meeting 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 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 Mr. Nripen Kumar Dugar.

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/accidental benefit 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 Mr. Nripen Kumar Dugar, shall not exceed ₹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.

“RESOLVED FURTHER THAT 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 Mr. Prasan Lohia (DIN: 00061111) 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 Mr. Prasan Lohia (DIN: 00061111) as Whole-time Director of the Company for a further period of three years, effective 1st day of October, 2019 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the draft service agreement to be entered into between the Company and Mr. Prasan Lohia, a copy of which is placed before the meeting 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 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 Mr. Prasan Lohia:

Salary: ₹9,91,000/- per month (consolidated) for the period from 01.10.2019 to 31.03.2020 and the Scale with effect from 01.04.2020 and ending on 30.09.2022 ₹10,90,000-1,09,000-1,19,900-13,18,900 with the increment falling due on 1st April, 2021 and 1st April, 2022.

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 (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 Mr. Prasan Lohia, shall not exceed ₹1,00,000/- per financial year.

The perquisites amounting to ₹1,00,000/- (Rupees One lakh only) as per the current service agreement shall not include, prospectively, any sum for medical facility including medical reimbursement and medical insurance premium for self for the purpose of availment of the said perquisites.

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.

Additional Benefits: The additional benefits by way of provision of medical facility (including reimbursement of medical expenses, mediclaim premium, travel expenses with one attendant, if required, in connection with the availment of medical treatment and other incidental expenses) on actual basis, for self, spouse and children to Mr. Prasan Lohia, for treatment in India and abroad, subject to the ceiling limit of annual salary on the basis of average salary of three years as per the current service agreement, whether earned or not, in addition to his existing remuneration.

The said medical facility be and is hereby made admissible during the currency of the service agreement of Mr. Prasan Lohia and the value of the unutilized portion, if any, of the aforesaid limit at the time of expiry of the current service agreement and medical expenditure incurred after the expiry of the service agreement be and are hereby made inadmissible for availment.

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 approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2020 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, Shibatala 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, 2020, be paid a remuneration of ₹82,500/- plus out of pocket expenses and the Board of Directors be and is hereby authorised to do all acts and take all steps as may be necessary to ensure due compliance to the enactments in this regard for the time being in force to give effect to this resolution.”

10. 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 ₹15,00,00,000/- (Rupees fifteen crore only) during the financial year 2019-2020 notwithstanding that such amount in the financial year may exceed 5% of the average net profits for the three preceding financial years of the Company.”

By order of the Board
For Merino Industries Limited

Vinamrata Agrawal
Company Secretary
ACS 28125

26th July, 2019

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 17th September, 2019 to 23rd September, 2019 (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 M/s 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 M/s 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 16th September, 2019. 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 2011-2012, 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 2012-2013 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
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
2018-2019	14.09.2018	22.10.2018	21.09.2025	21.10.2025

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 21st April, 2011 and 29th April, 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 20th September, 2019 (9:00 a.m.) and ends on 22nd September, 2019 (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 16th September, 2019, 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	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records for the said demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • 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 20th September, 2019 (9:00 a.m.) and ends on 22nd September, 2019 (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 16th September, 2019.
 20. M/s. A L & Associates, Practicing Company Secretaries (FRN: 037000) 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 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. 7 and 8

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 revision of remuneration for payment of perquisites to Mr. Nripen Kumar Dugar, Whole-time Director and in respect of re-appointment and payment of remuneration to Mr. Prasan Lohia, Whole-time Director.

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 (₹ in Crore)	Production of decorative laminates (No. of sheets)	Profit before Tax (₹ in Crore)	Earnings in Foreign Exchange (F.O.B value of Exports) (₹ in Crore)
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
2018-2019*	977.97	9456358	117.09	206.01 (CIF Value)

* Audited but subject to Shareholders' approval

Export performance: As indicated above

Foreign Investments and Collaborations, if any: None

7. REVISION OF REMUNERATION FOR PAYMENT OF PERQUISITES TO MR. NRIPEN KUMAR DUGAR, WHOLE-TIME DIRECTOR

The present remuneration of Mr. Nripen Kumar Dugar (DIN 00127790), Whole-time Director, was approved by the Members at the Annual General Meeting held on 14th September, 2019. The Board of Directors decided to revise the existing remuneration of Mr. Dugar, by way of payment of the perquisites of ₹1.00 lakh per year with effect from 1st April, 2019 in addition to the existing remuneration for the remaining period of his tenure of office (i.e. upto 31st December, 2021) and special incentive of ₹10.00 lakh (Rupees Ten lakh only) payable in lumpsum for the year 2019-20.

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/accidental benefit 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 Mr. Nripen Kumar Dugar, shall not exceed ₹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.

The other terms and conditions of his existing service agreement remain unaltered. The Board of Directors on recommendation of the Nomination & Remuneration Committee decided to recommend to the shareholders for approval of the payment of such incentive and perquisites to Mr. Nripen Kumar Dugar. The same is placed before the shareholders at this meeting for approval by way of a special resolution.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR, MR. NRIPEN KUMAR DUGAR

1) **Background details:** Mr. Nripen Kumar Dugar, B. Com., aged about 57 years, has been associated with the Company as Director since 1986 and was appointed as

a 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, 2021.

- 2) **Past Remuneration:** The past remuneration of Mr. Nripen Kumar Dugar as Whole-time Director of the Company was by way of Salary in the Scale with effect from 01.04.2019 and ending on 31.12.2021 ₹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 ₹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).
- 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. Mr. Nripen Kumar Dugar, has about 32 years of experience in sales and marketing of Decorative Laminates etc. and is well conversant with the business requirements and their complexities.
- 5) **Remuneration proposed:** Salary in the Scale with effect from 01.04.2019 and ending on 31.12.2021 ₹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 ₹77,202/- per month payable at the end of each financial year for the entire year, Perquisites subject to a maximum of ₹1,00,000/- per financial year and Special incentive of a sum of ₹10.00 lakh (Rupees Ten lakh only) payable in lumpsum for the year 2019-20 and other benefits (i.e. Company's contribution to provident fund and gratuity and entitlement of leave.
- 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 26th July, 2019 the Committee recommended fixing remuneration of Mr. Nripen Kumar Dugar on the revised terms as indicated above.
- 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 shareholder of the Company, Mr.

Nripen Kumar Dugar, enjoys no other pecuniary relationship with the Company. He is one of the Key Managerial Personnel (KMP) and none of the other Directors or KMP are related to him or are 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 endeavor 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 the 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

In order to pay additional remuneration by way of special incentive of ₹10.00 lakh (Rupees Ten lakh only) as a one-time payment to Mr. Nripen Kumar Dugar, Whole-time Director, the Board as per recommendation of the Nomination and Remuneration Committee at their meeting held on 26th July, 2019 decided to seek the approval of the shareholders of the Company by passing a special resolution to pay such incentive to him (as specified in Item no. 7 of the Notice) in terms of the provisions of Schedule V of the Companies Act, 2013.

Save and except Mr. Nripen Kumar Dugar, Whole-time Director and Key Managerial Personnel (KMP), to the extent of his shareholding interest 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. 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 MR. PRASAN LOHIA, WHOLE-TIME DIRECTOR

Mr. Prasan Lohia has been a Whole-time Director of the Company

since 2004 with subsequent re-appointments to the said post and his present term expires on 30.09.2019. Considering his vast experience in overall Business Administration, Corporate affairs 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 Mr. Prasan Lohia as Whole-time Director of the Company for a further period of three years with effect from 1st October, 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 Mr. Prasan Lohia as Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

- 1) **Background details:** Mr. Prasan Lohia, AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA), aged about 50 years, has been associated with the Company as Vice-President (Global Operations) since 1999 and as a Whole-time Director since 2004. His present term expires on 30th September 2019.
- 2) **Past Remuneration:** The past remuneration of Mr. Prasan Lohia as a Whole-time Director of the Company by way of salary was ₹9,91,000/- per month (consolidated) and Perquisites subject to a maximum of ₹1,00,000/- per financial year and medical facility for allowance/reimbursement on actual basis, subject to the ceiling limit of annual salary on the basis of average salary of three years as per the service agreement, in addition to his existing remuneration. Such medical facility will include the cost of medical expenses, mediclaim premium and travel expenses with one attendant, if required, in connection with the availment of medical treatment and other incidental expenses of Mr. Prasan Lohia, his spouse and children for their treatment in India and abroad.
- 3) **Recognition or Awards:** Not Material
- 4) **Job Profile and his suitability:** Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region.

Mr. Prasan Lohia has about 27 years experience and has contributed immensely towards the growth and success of the group in general.
- 5) **Remuneration proposed:** Salary ₹9,91,000/- per month (consolidated) for the period from 01.10.2019 to 31.03.2020 and the Scale with effect from 01.04.2020 and ending on 30.09.2022 ₹10,90,000-1,09,000-1,19,900-13,18,900 with the increment falling due on 1st April, 2021 and 1st April, 2022 and Perquisites subject to a maximum of ₹1,00,000/- per financial year and medical facility for allowance/reimbursement on actual basis, subject to the

ceiling limit of annual salary on the basis of average salary of three years as per the service agreement, in addition to his existing remuneration. Such medical facility will include the cost of medical expenses, mediclaim premium and travel expenses with one attendant, if required, in connection with the availment of medical treatment and other incidental expenses of Mr. Prasan Lohia, his spouse and children for their treatment in India and abroad. (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 Whole-time Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 26th July, 2019, the Committee recommended fixing the remuneration of Mr. Prasan 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, Mr. Prasan Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his father, Mr. Rup Chand Lohia, Executive Vice-Chairman and Key Managerial Personnel (KMP). Other KMP i.e. Mr. Champa Lal Lohia, Executive Chairman, Mr. Bikash Lohia, Ms. Ruchira Lohia, Mr. Madhusudan Lohia, Whole-time Directors and Mr. 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, Mr. Nripen Kumar Dugar, Whole-time Director, Mr. Asok Kumar Parui, Chief Financial Officer and Ms. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee, Mr. Sisir Kumar Chakrabarti and Mr. Bama Prasad Mukhopadhyay, 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 Mr. Prasan Lohia as a Whole-time Director with effect from 1st October, 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 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. 8 of the Notice). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Mr. Prasan 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 Mr. Prasan Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Mr. Prasan 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.

Mr. Prasan Lohia, Whole-time Director and Key Managerial Personnel (KMP) and his father Mr. Rup Chand Lohia, Executive Vice-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. Mr. Champa Lal Lohia, Executive Chairman, Mr. Prakash Lohia, Managing Director, Ms. Ruchira Lohia, Mr. Bikash Lohia and Mr. 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. Mr. Nripen Kumar Dugar, Whole-time Director, Mr. Asok Kumar Parui, Chief Financial Officer and Ms. Vinamrata Agrawal, Company Secretary, falling under the category of KMP and Dr. Gautam Bhattacharjee, Mr. Sisir Kumar Chakrabarti and Mr. Bama Prasad Mukhopadhyay, Independent Directors, including their relatives, are not 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.

RELATING TO ITEM NO. 9

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, 2020 at a remuneration of ₹82,500/- plus out of pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be fixed by the shareholders of the Company. Accordingly, their consent is sought for passing an Ordinary Resolution as set out in Item No. 9 of the Notice for fixation of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

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. 9 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

RELATING TO ITEM NO. 10

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 5% 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 ₹15,00,00,000/- (Rupees fifteen crore only) during the Financial Year 2019-20, 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.

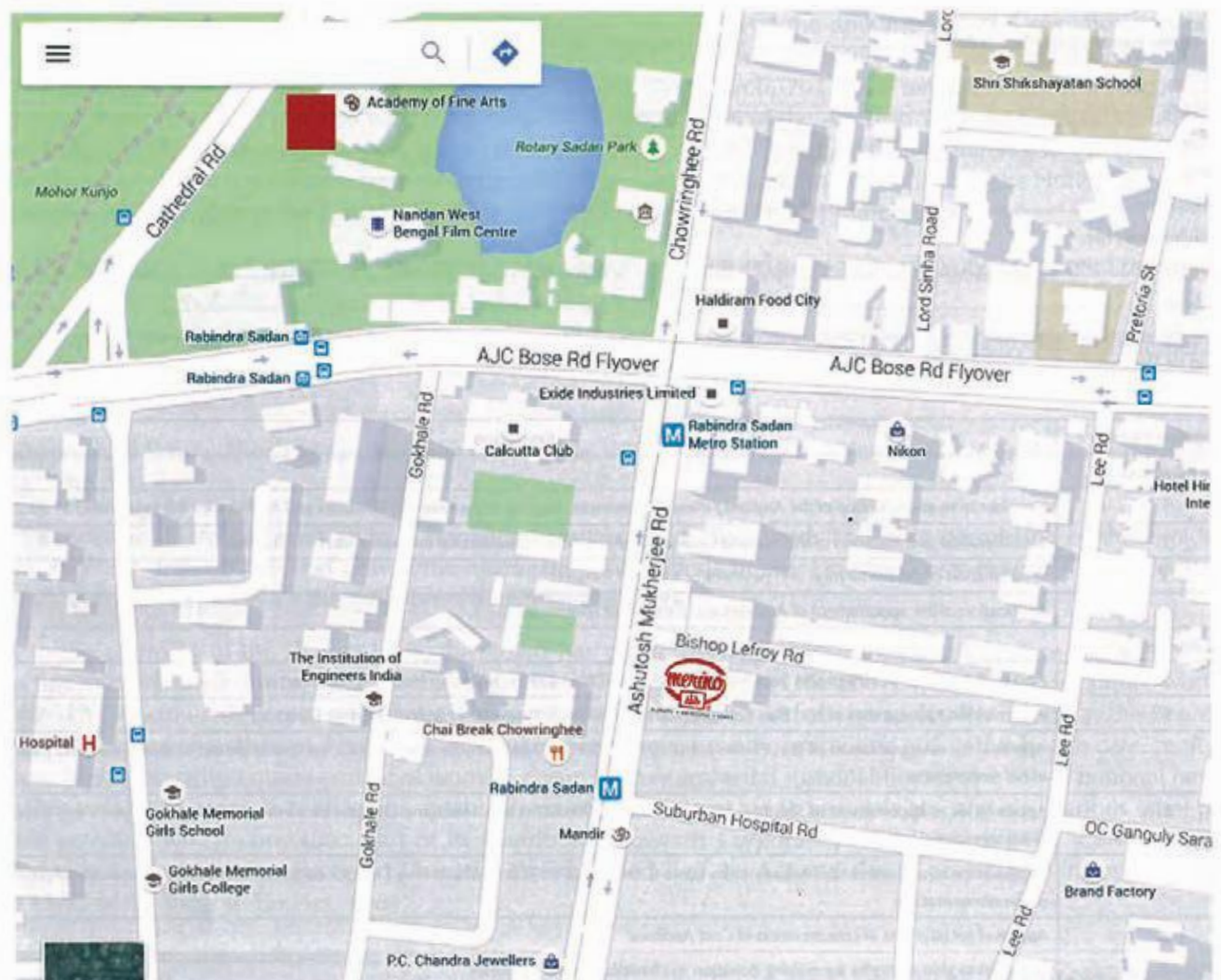
All the Whole-time Promoter Directors, who also fall under the category of Key Managerial Personnel (KMP) are directly or indirectly interested or concerned, financial or otherwise in the resolution, as substantial donations will be made to the Trust(s) in which they are directly or indirectly concerned and interested to the extent the contribution made to these trusts.

However, none of Mr. Nripen Kumar Dugar, Whole-time Director, Mr. Asok Kumar Parui, Chief Financial Officer and

Ms. Vinamrata Agrawal, Company Secretary also falling under the category of KMP and Dr. Gautam Bhattacharjee and Mr. Sisir Kumar Chakrabarti and Mr. Bama Prasad Mukhopadhyay, Independent Directors, including their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 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.

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:

- Name:..... E-mail Id:
Address:..... Signature:.....or failing him / her
- Name:..... E-mail Id:
Address:..... Signature:.....or failing him / her
- Name:..... E-mail Id:
Address:..... Signature:.....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company being held on Monday, the 23rd day of September, 2019 at 11-00 a.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 31.03.2019
2.	Consideration and adoption of the Audited Consolidated Financial Statement for the year ended 31.03.2019
3.	Confirmation of the declaration and payment of Interim Dividend for the financial year 2018-19
4.	Approval for re-appointment of Mr. Champa Lal Lohia (DIN: 00154019) who retires by rotation
5.	Approval for re-appointment of Mr. Rup Chand Lohia (DIN 00063290) who retires by rotation
6.	Approval for re-appointment Mr. Bikash Lohia (DIN 00154013) who retires by rotation
Special Business	
7.	Consideration and approval for revision of remuneration of Mr. Nripen Kumar Dugar, Whole-time Director (DIN: 00127790)
8.	Consideration and approval for re-appointment of Mr. Prasan Lohia (DIN : 00061111) as a Whole-time Director for further period of three years and payment of his remuneration
9.	Approval for payment of remuneration of Cost Auditors
10.	Approval to give authority for making donation to charitable and other funds

Affix Revenue Stamp

Signed thisday of September, 2019

.....
Signature of the Shareholder

.....
Signature of proxy holder(s)

* Applicable for investors holding shares in electronic form

Notes:

- 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.
- 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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MEISTER
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MERINO ARMOUR
EXTERNAL CLADDING

SHAURYA
LEGANTLY TOUGH

MERINO - PANELS
PLYWOOD & PRELAM

MERINO - BESCO
CUBICLES & LOCKERS

MERINO - HANEX
SOLID SURFACES

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HERAN BRACE
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merino
abn

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