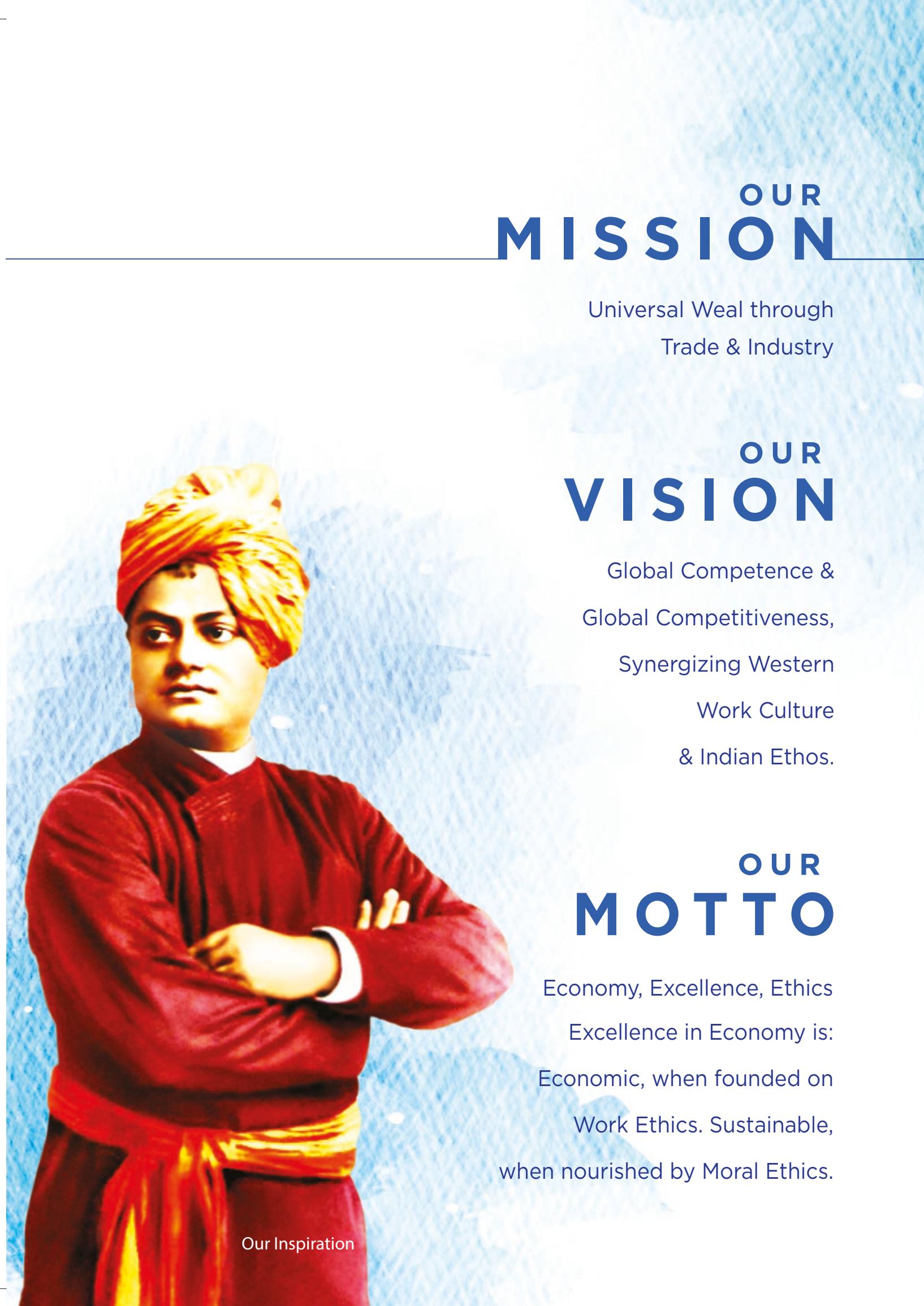


ON THE RISE



ANNUAL REPORT 2016
MERINO INDUSTRIES LTD.



OUR **MISSION**

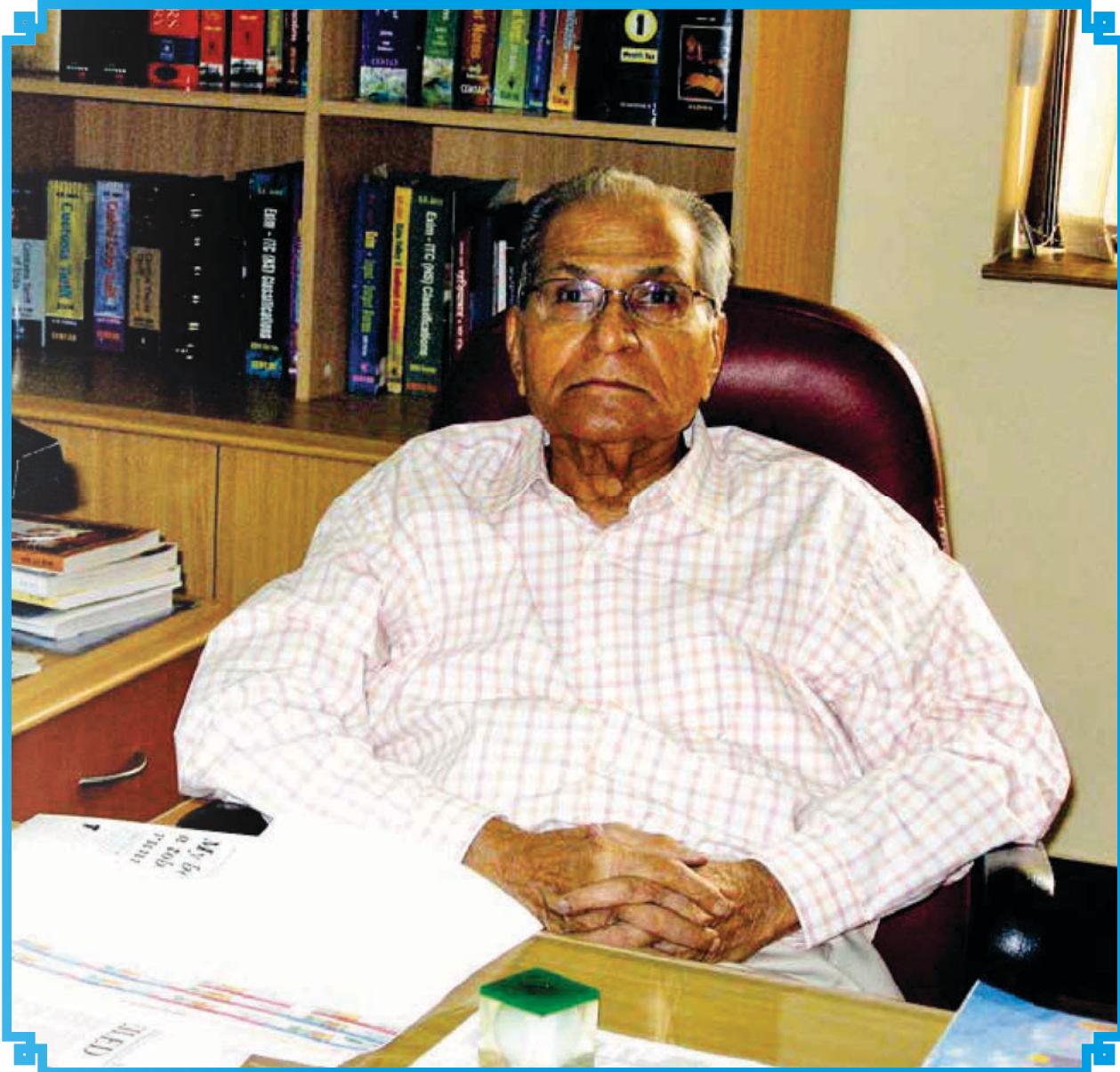
Universal Weal through
Trade & Industry

OUR **VISION**

Global Competence &
Global Competitiveness,
Synergizing Western
Work Culture
& Indian Ethos.

OUR **MOTTO**

Economy, Excellence, Ethics
Excellence in Economy is:
Economic, when founded on
Work Ethics. Sustainable,
when nourished by Moral Ethics.



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



Board of Directors

Executive Chairman

Mr. Champa Lal Lohia

Executive Vice-Chairman

Mr. Rup Chand Lohia

Managing Director

Mr. Prakash Lohia

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. Amar Nath Roy – Independent Director

Mr. Sujitendra Krishna Deb

Mr. Sisir Kumar Chakrabarti

Audit Committee

Mr. Sujitendra Krishna Deb – Chairman

Mr. Amar Nath Roy

Dr. Gautam Bhattacharjee

Mr. Sisir Kumar Chakrabarti

Mr. Prasan Lohia

Stakeholders Relationship Committee

Mr. Amar Nath Roy – Chairman

Dr. Gautam Bhattacharjee

Mr. Prasan Lohia

Mr. Sujitendra Krishna Deb

Mr. Sisir Kumar Chakrabarti

Nomination and Remuneration Committee

Mr. Amar Nath Roy – Chairman

Dr. Gautam Bhattacharjee

Mr. Prasan Lohia

Mr. Sujitendra Krishna Deb

Mr. Sisir Kumar Chakrabarti

Corporate Social Responsibility Committee

Mr. Champa Lal Lohia – Chairman

Mr. Prakash Lohia

Mr. Prasan Lohia

Mr. Amar Nath Roy

Chief Financial Officer

Mr. Asok Kumar Parui

Company Secretary

Mrs. Sumana Raychaudhuri

Registered Office

5, Alexandra Court,

60/1, Chowringhee Road,

Kolkata-700 020

Phone: 2290-1214,

Fax: 91-33-2287-0314,

E-mail: merinokol@merinoindia.com

Website: www.merinoindia.com

Plants

Delhi-Hapur Road,

Vill. Achheja,

P.O. Hapur-245 101

Dist. Hapur (U.P.)

Bagalur Road,

Vill. Kalahasthipuram,

Hosur - 635 103,

Dist. Krishnagiri

Tamil Nadu

Branches

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh,

Chennai, Coimbatore, Delhi, Ernakulam, Hyderabad,

Jaipur, Mumbai, Nagpur, Pune, Rohad and Vijaywada

Auditors

M/s. Singhi & Co.

Chartered Accountants

Cost Auditors

M/s. Bhagat & Associates

Cost Accountants

Banks & FI

:

AXIS Bank Limited

Export-Import Bank of India

Standard Chartered Bank

Kotak Mahindra Bank Limited

IDBI Bank Limited

Punjab National Bank

The Hongkong and Shanghai Banking Corporation Limited

DBS Bank Limited

CITI Bank N.A.

Registrars & Share Transfer Agents

C.B Management Services (P) Ltd.

P-22, Bondel Road, Kolkata-700 019

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

Fax: (033) 4011 6739;

Email: rta@cbmsl.com

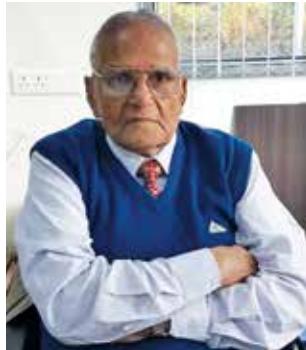


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Executive Chairman's Message

Dear fellow shareholders,



It gives me immense pleasure to present to you the Annual Report for the financial year 2015-16 of your Company.

I feel pleased to announce that amidst a plethora of global economic setbacks and technology transformations your Company has reported a commendable performance in terms of revenue which stood at Rs. 66234 lacs in 2015-16. In an economic environment, wherein revenue growth in the interior infrastructure sector has slowed down, your Company achieved a growth in Profit Before Tax by nearly 26%.

During the year, your Company focused on product innovation, brand building and distribution to grow faster than the market. Your Company's brands have become iconic over the years due to a combination of superior product and endearing communication. Your company's focus on building new capabilities and a robust pipeline of innovation resulted in new launches in the form of GLOSSMEISTER PU+ PANELS. Coupled with leading edge go-to-market approaches, these innovations tap new sources of growth and profitable revenue, while building brand differentiation and relevance.

The year 2015-16 has been a year of diverse experiences for both traders and investors with dramatic decline in oil prices, a slowdown in China, uncertainty in Europe and anticipation of a shift in U.S monetary policy. According to International Monetary Fund (IMF) India has emerged as the fastest growing economy at a time when the global growth is facing increasing downside risks. India's growth has benefitted from falling global oil prices given its status as a net importer of crude oil. In India, lower commodity prices, a range of supply-side measures and a relatively conservative monetary stance have resulted in a faster than expected reduction in inflation, making provisions for normal interest rate cuts.

Apart from our strong presence in global markets, we are eyeing developing and emerging markets to expand our business horizon.

Over the year under review, we made significant efforts to strengthen our strategies to address various risks being faced by the Company. Consequentially, our results improved marginally despite of intricate global business conditions. Worldwide we are delivering best-in-class products to our valued customers. Your Company continued its pursuit for excellence in its preferred area of business to come out as a true global brand.

Corporate Governance and Financial Controls

Your Company maintains the best Corporate Governance practices and believes that it is "better to spend time on compliances than penalties later". The Internal Financial Controls are monitored effectively and efficiently through Entity Level Controls Framework to ensure continuous identification of control gaps and implementation of mitigation plans to bridge the gaps.

Corporate Social Responsibility

The Company has a firm belief that the purpose of its business is not only earning money but also returning a part thereof to the society for its weal, prosperity and sustainability. It holds the Group surplus as a trustee for the society as whole. In discharging the CSR, the Group always keeps in mind, and receives alert from, the message of Swamiji: "I consider that the great national sin is the neglect of the masses, and that is one of the causes of our downfall. No amount of politics would be of any avail until the masses in India are once more well educated, well fed, and well cared for. They pay for our education, they build out temples, but in return they get our kicks."

They are practically our slaves. If we want to regenerate India, we must work for them."

Merino Group strongly supports child care and women empowerment programmes. Our CSR agenda involves promotion of education through assistance to schools and mid-day meal programmes and also preventive healthcare through establishment of free dispensaries, mobile vans & doctors on service, organizing free health, eye and dental check-up camps. Our Preventive healthcare initiative is supported by Government of India as well as W.H.O. Elimination of Tuberculosis Project.

Environment and Safety

Energy conservation and the use of clean fuels continue to be a priority area for your Company. A focused Energy Program is being established with a view to carrying out specific initiatives in the field of Energy Efficiency and Conservation. Environment, Health and Safety are treated as priorities of your Company. Your Company has strengthened its workplace systems and practices as a part of ZERO accident culture through several accident prevention programmes.

Contributions to the exchequer

During the year, Merino Group contributed to the exchequer towards various taxes and duties, both direct and indirect (gross), amounting to Rs. 36500 Lac.

Acknowledgements:

The entire Merino team is committed to creating great value and delivering long-term profitability and growth by changing the way the world lives. In the years to come, we expect our overall sales volume to grow worldwide boosting our confidence to reach new milestones and achievements.

I thank you all for your consistent support and being a part of this never-ending journey. Together, we can make a difference.

I commend and appreciate the faith and confidence reposed in us by our stakeholders and assure that determination and solidarity will be our tools to accomplish our objective along with effective implementation of our strategies in the face of challenges.

Jai Hind.

Kolkata,
8th June, 2016

Champa Lal Lohia
Executive Chairman

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

Your directors are pleased to present their Fifty-first Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

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

(Rs. Lac)

Particulars	Standalone performance		Consolidated performance	
	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2016	Year ended 31st March 2015
Turnover	66234.12	64109.89	97109.30	92813.38
Profit before taxation	8740.82	6637.50	14673.48	11337.58
Less: Tax Expense	2834.70	2363.55	5051.75	4081.45
Profit before Minority Interest	—	—	9621.73	7256.13
Less: Minority Interest	—	—	986.63	791.24
Profit after tax	5906.12	4273.95	8635.10	6464.89
Add: Balance B/F from the previous year	12566.78	8890.91	20043.00	14420.48
Balance	18472.90	13164.86	28678.10	20885.37
Appropriations:				
Interim Dividend	362.94	155.54	362.94	155.54
Dividend distribution tax on interim dividend	41.97	15.14	73.88	26.43
General Reserve	590.61	427.40	881.15	660.40
TOTAL	995.52	598.08	1317.97	842.37
Balance Profit C/F to the next year	17477.38	12566.78	27360.13	20043.00

ECONOMIC OVERVIEW

The global economy has remained subdued in 2015–16 with global growth in developing economies and emerging markets declining, while a modest recovery continued in many advanced economies. China's economic slowdown reverberates in other emerging market economies, depressing Chinese demand for emerging market exports and dampening foreign investor spirit for emerging markets. The slowdown of the emerging markets results basically from the combination of several factors, i.e., firstly, weak export demand in the European Union which is the principal trading partner of China and other emerging markets, secondly, falling prices of global commodities which constitutes a lion's share of the exports of resource-centric economies and thirdly, the declining external capital flows signaling the foreign investors lessening appetite towards emerging market investment.

The fiscal 2015–16 experienced a GDP growth at 7.5% making Indian economy the fastest growing economy in the world. At 7.5% India has become the growth champion of the emerging market with the aid of pre-growth reforms supported also by the windfall of declining oil and gas prices for this energy-import susceptible country.

According to Economic Survey 2015–16, given the current global environment and India's integration with it, India's actual growth would however, depend on global growth and demand. India's exports had been declining for 14 months due to low global demand and continuation of a weak export market would have a severe impact on India's overall GDP growth. One of the most critical immediate challenges confronting the Indian economy is the impaired financial positions of the public sector banks and some corporate houses and this is a major bottleneck for the full-fledged economic recovery. Despite these, India remains a bright spot in the global economic system being a haven of stability and an outpost of opportunity. India proving to be a sustainable and resilient economy, there is strong chance of India emerging in a transformed structure, where the economy will be in double digit growth trajectory, moving forward.

Laminates have become an indispensable part of evolving markets like real estate markets, furniture markets, flooring markets, etc. and the increased demands in these markets trigger the demand for laminates. Moreover, the increasing urban population, rising per capita income and a gradual shift towards expenditure in non-food industry are other key issues behind growth of laminates market in India. Global demand for decorative laminates is expected to rise 5.6% per year to 10.7 billion square meters in 2018 valued at \$40.8 billion.

Asia-Pacific region represents the largest and fastest growing market for decorative laminates, followed by North America and Europe. This region benefits from its leading position in engineered wood production, particularly, particle board and medium density fibre boards (MDF), which are often given a laminate layer at the point of production.

India is expected to post the most rapid gains in laminate demand worldwide through 2018. The country continues to rapidly develop its manufacturing sector including cabinets and ready-to-assemble furniture, and to increase its capacity to produce particle board and MDF more efficiently.

STATE OF COMPANY'S AFFAIRS, SEGMENTWISE PERFORMANCE AND FUTURE OUTLOOK

Your Company realized a total revenue of Rs. 66234.12 Lac as compared to Rs. 64109.89 Lac in the previous year. There was an increase in profits during the year under review, the profit before tax indicating an increase by Rs. 2103.32 Lac as compared to previous year's figures. The Company's net profit after taxes stood at Rs. 5906.12 Lac as against Rs. 4273.95 Lac last year.

During the year the FOB value of exports of the Company amounted to Rs. 15103.50 Lac as against Rs. 14491.43 Lacs of last year.

The Consolidated total revenue for Financial Year 2015–16 stood at Rs. 97109.30 Lac as compared with the previous year's figures of Rs. 92813.38 Lac. The consolidated profit before tax was Rs. 14673.48 Lac as against Rs. 11337.58 Lac, in the previous year. The consolidated profit after tax and minority interest is Rs. 8635.10 Lac as compared to the previous year's figures of Rs. 6464.89 Lac.

Your Company operates mainly in four segments, namely, manufacturing of Laminates, Potato Flakes, Panel Products & Furniture and Formaldehyde though business activities of your Company also involve trading in similar and allied products including Acrylic solid surface.

Amongst all the segments, the laminates segment is the most dominant segment both in terms of profit and revenue. Increase in profits in laminates can be attributed to the growth in exports and domestic sales.

During the fiscal under review, revenue (including inter- segment transfer) generated from Laminates Segment was Rs. 48412.81Lac as against Rs.46197.51 Lac, Panel Products Rs.12106.13 Lac as against Rs.11270.56 Lac and Potato Flakes Rs.5154.20 Lac as against Rs. 7168.84 Lac in the previous year.

The Profit before tax for Laminates segment was Rs. 12037.17 Lac (previous year Rs.8252.70 Lac), for Panel Products Rs. 864.51 Lac (previous year Rs.1385.82 Lac) and Loss for Potato Flakes Rs.925.93 lac (previous year profit of Rs. 39.16 Lac). The results of the Potato Flakes division were affected by some external factors (adverse price movements of potatoes and pollution issues) that have since been addressed.

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

DIVIDEND AND RESERVES

For the year under review, your Company declared and paid Interim Dividend at the rate of Rs. 3.50 per share for Financial Year 2015–16 duly approved at the Board meeting held on 07.08.2015. In view of the same and to conserve liquidity, your Directors have not recommended any final dividend for the year.

The Company had transferred a sum of Rs. 590.61Lac to the General Reserve during the year under review, as against Rs. 427.40 Lac in the previous year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There was no unclaimed and unpaid dividend relating to the financial year 2008–09.

SHARE CAPITAL

The paid up equity share capital as at 31st March, 2016 stood at Rs. 1047.03 Lac. During the year under review the Company had neither issued any shares with differential voting rights nor has granted any stock options 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 2015–16 has been enclosed as Annexure 1.

NUMBER OF BOARD MEETINGS

During the year under review, six (6) meetings of the Board of Directors of the Company were held i.e. on 13.05.2015, 17.07.2015, 07.08.2015, 31.08.2015, 11.12.2015 and 30.03.2016.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS BY COMPANY

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has formulated a policy on dealing with Related Party Transactions which has been approved by the Audit Committee as well as by the Board of Directors. All transactions entered into with Related Parties as defined under Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. However, the transactions with related parties entered into during the year under review, are disclosed in the Note 35 of the Notes to the Financial Statements of your Company.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

DETAILS AND PERFORMANCE OF SUBSIDIARY

The Company has one subsidiary, Merino Panel Products Limited and during the year under review, its total revenue (gross) from operations increased by Rs. 1947.78 Lac as compared to that of the previous year and the Profit before tax for the year increased to Rs. 6109.09 Lac as against Rs. 4839.18 Lac in the previous year. During the year, the F.O.B. value of its exports amounted to Rs. 12653.13 Lac. The Company's share holding in the subsidiary's equity continues to be 14,93,000 equity shares out of its total paid-up equity share capital consisting of 20,00,000 shares.

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

RISK MANAGEMENT POLICY

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

The attitude of the Company in addressing business risks is comprehensive and includes review of such risks at periodic intervals and a framework for mitigation of controls and reporting mechanism of such risks. The Company towards its

objective for proper implementation and governance of Risk Management Policy and Structure has sketched its Project Objectives, Project Milestones and Project Charter.

The risks can be categorized under the following broad heads:

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Sujitendra Krishna Deb (DIN: 03524764) and Mr. Sisir Kumar Chakrabarti (DIN: 02848624), were appointed as Additional Directors of the Company w.e.f. 11.12.2015. Their appointment as Independent Directors of the Company is subject to the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company in accordance with the provisions of the Act and the rules made thereunder. The Company has received notices individually in writing from members proposing their candidature to the office of directors of the Company. If appointed in the capacity of Independent Directors, they will hold office from the conclusion of this AGM till the conclusion of the 56th AGM of the Company.

With your approval at the last annual general meeting held on 31.08.2015, 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 01.10.2015, Mr. Nripen Kumar Dugar (DIN: 0127790) was re-appointed as Whole-time Director for a further period of three years, effective 01.01.2016, Mr. Rup Chand Lohia (DIN: 00063290) was re-appointed as Executive Vice-Chairman for a further period of three years, effective 01.01.2016 and Mr. Champa Lal Lohia (DIN: 00154019) was re-appointed as Executive Chairman for a further period of three years, effective 01.03.2016.

The Board accepted the resignation of Mr. Sumantra Sinha, Company Secretary, on 31.08.2015 and appointed Mrs. Sumana Raychaudhuri as Company Secretary with effect from 15.10.2015.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company maintains appropriate systems of internal financial controls for ensuring adequacy and operating effectiveness of financial controls of the Company. The Company has built up a control framework for ensuring efficient conduct of its business operations. It also ensures safeguard of assets, specifically fixed assets, prevention and detection of frauds and errors and also ensures accuracy and completeness of the accounting records. The Company has developed Entity Level Controls as well as Process Level Controls framework for monitoring of overall control indicators for Merino Group.

Internal Financial controls are monitored continuously to warrant constant identification of control gaps and initiation of remedial actions for mitigation of the gaps by the management.

DEPOSITS

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

DECLARATION BY INDEPENDENT DIRECTORS

Mr. Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269), the Independent Directors have submitted their disclosures to the Board regarding their fulfilment of all the requirements as stipulated in Section 149(6) of the Act and the relevant rules.

STATUTORY AUDITORS

M/s. Singhi & Company, Chartered Accountants (FRN 302049E), was appointed with your approval at the 50th AGM to hold such office till the conclusion of the 55th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members for the appointment and fixation of remuneration of M/s. Singhi & Co. for the financial year 2016-17 from the conclusion of the ensuing AGM till the conclusion of the 52nd AGM. Appropriate resolution in respect of the above is appearing in the Notice convening the 51st AGM of the Company.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Rules framed thereunder, the Company has appointed M/s. A. K. Labh & Co., a firm of Company Secretaries in Practice (CP No. 3238) to conduct the secretarial audit of the Company. The secretarial audit report for the Financial Year 2015–16 is included as Annexure 3 and forms an integral part of this report.

EXPLANATIONS TO AUDITORS' REMARKS

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

COST AUDIT

In accordance with the requirements stipulated by the Central Government and pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors on the recommendation of Audit Committee had appointed M/s. Bhagat & Associates, Cost Accountants (FRN 100195) as Cost Auditor to audit the cost accounts of the Company for the financial year 2015–16. 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 2014–15 was filed in Form CRA–4 with the Ministry of Corporate Affairs on 30.09.2015.

CORPORATE SOCIAL RESPONSIBILITY

Over the years your Company has supported various initiatives in the areas of education and healthcare. Providing mid-day meal to different educational institutions and other institutions have not only proved to be a key attraction for under-privileged children to attend school but also a mode to provide nutritious meals to them.

The Company has carried out CSR activities and spent the requisite amounts as required by law through group managed registered trusts, authorized 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 comprises Mr. Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269), Independent Directors, Mr. Prasan Lohia (DIN 00061111), Whole-time Director. On 11.12.2015, Mr. Sujitendra Krishna Deb (DIN 03524764) and Mr. Sisir Kumar Chakrabarti (DIN 02848624), Directors were appointed as members of the Committee. Mr. Sumantra Sinha, Company Secretary was the Secretary to the Committee till 31st August 2015. Thereafter, owing to his resignation from the services of the Company, Mrs. Sumana Raychaudhuri was appointed the Secretary to the Committee w.e.f. 15.10.2015.

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

NOMINATION AND REMUNERATION COMMITTEE

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

Your Company has a Nomination and Remuneration Committee in accordance with Section 178 of the Act read with Rule 6(ii) of the Companies (Meetings of Board and its Powers) Rules 2014. The Committee comprises Mr. Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269), Independent Directors, Mr. Prasan Lohia (DIN 00061111), Whole-time Director. On 11.12.2015, Mr. Sujitendra Krishna Deb (DIN 03524764) and Mr. Sisir Kumar Chakrabarti (DIN 02848624) were appointed as members of the Committee. Mr. Sumantra Sinha, Company Secretary was the Secretary to the Committee till 31st August 2015. Thereafter, owing to his resignation from the services of the Company, Mrs. Sumana Raychaudhuri was appointed the Secretary to the Committee w.e.f. 15.10.2015.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The Committee comprises Mr. Amar Nath Roy (DIN 00109280) and Dr. Gautam Bhattacharjee (DIN 00109269), Independent Directors, Mr. Prasan Lohia (DIN 00061111), Whole-time Director. Mr. Sumantra Sinha, Company Secretary was the Secretary to the Committee till 31st August 2015. Thereafter, owing to his resignation from the services of the Company, Mrs. Sumana Raychaudhuri was appointed the Secretary to the Committee w.e.f. 15.10.2015.

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 there under the Company has formulated and established a vigil mechanism to provide for adequate safeguards against victimization 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 behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and is displayed on the Company's website.

INTERNAL COMPLAINTS COMMITTEE

Pursuant to the stipulations as set out under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013 as notified by Government of India an Internal Complaints Committee of the Company was constituted on 08.08.2014 to inter-alia, prevent discrimination and sexual harassment against woman at the Company's work place thus ensuring support to the victimized and termination of harassment and to advise apposite disciplinary action against the offender. During the year under review, no complaints were reported to the Committee.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENTS

Your Company after completion of 51 years of its operations humbly state that the brand "Merino" has carved a niche for itself during this length of time and express sincere gratitude to all stakeholders who have contributed over the years towards the growth and success of the Company.

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

For and on behalf of the Board of Directors

Kolkata
8th June, 2016

Champa Lal Lohia
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016

[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	68.21
2	Furniture	94036000	18.28
3	Potato Flakes	1105–2000	7.78

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	U20299WB-1994PLC064386	Subsidiary	74.65	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breadup as Percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholder	No.of Shares held at the beginning of the year (01.04.2015)				No.of Shares held at the end of the year (31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoter									
1 Indian									
(a) Individuals/ HUF	6261955	171910	6433865	62.05	6272455	169110	6441565	62.12	0.07
(b) Central Government									
(c) State Government(s)									
(d) Bodies Corporate	642900	2742800	3385700	32.65	642900	2742800	3385700	32.65	0.00
(e) Bank/Financial Institutions									
(f) Any Other (specify)									
Sub Total(A)(1)	6904855	2914710	9819565	94.70	6915355	2911910	9827265	94.77	0.07
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)	6904855	2914710	9819565	94.70	6915355	2911910	9827265	94.77	0.07
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds									
(b) Bank/Financial Institutions									
(c) Central Govt									
(d) State Govt(s)									

(e) Venture Capital Funds									
(f) Insurance Companies									
(g) Foreign Institutional Investors (FII)									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
(ii) UTI									
Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2 Non-institutions									
(a) Bodies Corporate									
i) Indian	7600	9700	17300	0.17	5600	9700	15300	0.15	-0.02
ii) Overseas									
(b) Individuals									
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	114287	418448	532735	5.13	116487	410548	527035	5.08	-0.05
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00
(c) Others (specify)									
Sub-Total (B)(2)	121887	428148	550035	5.30	122087	420248	542335	5.23	-0.07
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	121887	428148	550035	5.30	122087	420248	542335	5.23	-0.07
TOTAL (A)+(B)	7026742	3342858	10369600	100.00	7037442	3332158	10369600	100.00	0.00
(C) Shares held by Custodians for GDRs & ADRs									
Sub-Total (C)	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)	7026742	3342858	10369600	100.00	7037442	3332158	10369600	100.00	0.00

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			%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 Pvt. Ltd.	2422800	23.36	0.00	2422800	23.36	0.00	0.00
2	Merino Exports Pvt. Ltd.	642900	6.20	0.00	642900	6.20	0.00	0.00
3	Bikash Lohia	639240	6.16	0.00	640300	6.18	0.00	0.02
4	Deepak Lohia	615189	5.93	0.00	615189	5.93	0.00	0.00
5	Prakash Lohia	564500	5.44	0.00	565720	5.46	0.00	0.01
6	Ruchira Lohia	507956	4.90	0.00	508356	4.90	0.00	0.00
7	Man Kumar Lohia	425200	4.10	0.00	425200	4.10	0.00	0.00
8	Champa Lal Lohia	368400	3.55	0.00	368400	3.55	0.00	0.00
9	Merino Services Ltd.	320000	3.09	0.00	320000	3.09	0.00	0.00
10	Neera Lohia	298750	2.88	0.00	298750	2.88	0.00	0.00
11	Vandana Lohia	298300	2.88	0.00	298300	2.88	0.00	0.00
12	Madhusudan Lohia	296435	2.86	0.00	296435	2.86	0.00	0.00
13	Meghna Lohia	264535	2.55	0.00	264535	2.55	0.00	0.00
14	Tara Devi Lohia	241100	2.33	0.00	241100	2.33	0.00	0.00
15	Manoj Lohia	214200	2.07	0.00	214200	2.07	0.00	0.00
16	Rup Chand Lohia	205100	1.98	0.00	205100	1.98	0.00	0.00
17	Abhiroop Lohia	200000	1.93	0.00	200000	1.93	0.00	0.00
18	Praveena Lohia	179800	1.73	0.00	179800	1.73	0.00	0.00
19	Prasan Lohia	171550	1.65	0.00	173070	1.67	0.00	0.01
20	Sita Devi Lohia	163400	1.58	0.00	163400	1.58	0.00	0.00
21	Usha Lohia (U/G Champa Lal Lohia)	160000	1.54	0.00	160000	1.54	0.00	0.00
22	Sheela Lohia	117500	1.13	0.00	117500	1.13	0.00	0.00
23	Shashi Lohia	100000	0.96	0.00	100000	0.96	0.00	0.00
24	Pragya Lohia	84500	0.81	0.00	84500	0.81	0.00	0.00
25	Nayantara Lohia	80000	0.77	0.00	80000	0.77	0.00	0.00
26	Uma Singi	80000	0.77	0.00	80000	0.77	0.00	0.00
27	Anuja Lohia	50000	0.48	0.00	50000	0.48	0.00	0.00
28	Madan Mohan Singi	25300	0.24	0.00	25800	0.25	0.00	0.00
29	Amarnath Roy	3000	0.03	0.00	3000	0.03	0.00	0.00
30	Govind Mundra	2200	0.02	0.00	2200	0.02	0.00	0.00
31	Nripen Kr. Dugar	600	0.01	0.00	600	0.01	0.00	0.00
32	Madan Mohan Singi	100	0.00	0.00	100	0.00	0.00	0.00
33	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 (01.04.2015)		Cumulative Share- holding during the year (01.04.2015 to 31.03.2016)	
				No.of Shares	% of total shares of the Com- pany	No.of Shares	% of total shares of the Compa- ny
1	Merino Exports Pvt Ltd	At the begining of the year	01-04-2015	2422800	23.36	2422800	23.36
		At the end of the year	31-03-2016			2422800	23.36
2	Merino Exports Private Limited	At the begining of the year	01-04-2015	642900	6.2	642900	006.2
		At the end of the year	31-03-2016			642900	006.2
3	Bikash Lohia	At the begining of the year	01-04-2015	637940	6.15	637940	06.15
		Increase	10-07-2015	700	0.01	638640	06.16
		Increase	31-07-2015	660	0.01	639300	06.17
		Increase	16-10-2015	400	0	639700	06.17
		Increase	18-03-2016	600	0.01	640300	06.18
		At the end of the year	31-03-2016			640300	06.18
4	Deepak Lohia	At the begining of the year	01-04-2015	615189	5.93	615189	05.93
		At the end of the year	31-03-2016			615189	05.93
5	Prakash Lohia	At the begining of the year	01-04-2015	563700	5.44	563700	05.44
		Increase	10-07-2015	500	0	564200	05.44
		Increase	31-07-2015	620	0.01	564820	05.45
		Increase	16-10-2015	300	0	565120	05.45
		Increase	18-03-2016	600	0.01	565720	05.46
		At the end of the year	31-03-2016			565720	05.46
6	Ruchira Lohia	At the begining of the year	01-04-2015	507556	4.89	507556	04.89
		Increase	10-07-2015	300	0.01	507856	04.9
		Increase	31-07-2015	100	0	507956	04.9
		Increase	16-10-2015	200	0	508156	04.9
		Increase	18-03-2016	200	0	508356	04.9
		At the end of the year	31-03-2016			508356	04.9
7	Man Kumar Lohia	At the begining of the year	01-04-2015	425200	4.1	425200	04.1
		At the end of the year	31-03-2016			425200	04.1
8	Champa Lal Lohia	At the begining of the year	01-04-2015	368400	3.55	368400	03.55
		At the end of the year	31-03-2016			368400	03.55
9	Merino Services Limited	At the begining of the year	01-04-2015	320000	3.09	320000	03.09
		At the end of the year	31-03-2016			320000	03.09
10	Neera Lohia	At the begining of the year	01-04-2015	298750	2.88	298750	02.88
		At the end of the year	31-03-2016			298750	02.88
11	Vandana Lohia	At the begining of the year	01-04-2015	298300	2.88	298300	02.88
		At the end of the year	31-03-2016			298300	02.88
12	Madhusudan Lohia	At the begining of the year	01-04-2015	296435	2.86	296435	02.86
		At the end of the year	31-03-2016			296435	02.86

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13	Meghna Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	264535	2.55	264535	02.55 264535
14	Tara Devi Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	241100	2.33	241100	02.33 241100
15	Manoj Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	214200	2.07	214200	02.07 214200
16	Rup Chand Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	205100	1.98	205100	01.98 205100
17	Abhiroop Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	200000	1.93	200000	01.93 200000
18	Praveena Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	179800	1.73	179800	01.73 179800
19	Prasan Lohia	At the begining of the year Increase Increase Increase Increase At the end of the year	01-04-2015 10-07-2015 31-07-2015 16-10-2015 18-03-2016 31-03-2016	171050 500 620 300 600	1.65 0 0.01 0 0.01	171050 171550 172170 172470 173070 173070	01.65 01.65 01.66 01.66 01.67 01.67
20	Sita Devi Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	163400	1.58	163400	01.58 163400
21	Usha Lohia (U/G Champa Lal Lohia)	At the begining of the year At the end of the year	01-04-2015 31-03-2016	160000	1.54	160000	01.54 160000
22	Sheela Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	117500	1.13	117500	01.13 117500
23	Sashi Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	100000	0.96	100000	00.96 100000
24	Pragya Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	84500	0.81	84500	00.81 84500
25	Nayantara Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	80000	0.77	80000	00.77 80000
26	Prekshi Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	80000	0.77	80000	00.77 80000
27	Uma Singi	At the begining of the year At the end of the year	01-04-2015 31-03-2016	80000	0.77	80000	00.77 80000
28	Anuja Lohia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	50000	0.48	50000	00.48 50000
29	Madan Mohan Singi	At the begining of the year Increase At the end of the year	01-04-2015 16-10-2015 31-03-2016	25400 500	0.24 0.01	25400 25900	00.24 00.25 00.25
30	Amarnath Roy	At the begining of the year At the end of the year	01-04-2015 31-03-2016	3000	0.03	3000	00.03 3000
31	Govind Mundra	At the begining of the year At the end of the year	01-04-2015 31-03-2016	2200	0.02	2200	00.02 2200
32	Nripen Kr Dugar	At the begining of the year At the end of the year	01-04-2015 31-03-2016	600	0.01	600	00.01 600

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

					Sharehold-ing at the beginning of the year (01.04.2015)	Cumulative Sharehold-ing during the year (01.04.2015 to 31.03.2016)		
Sl. No.	Folio no.	Name – For each of the Top 10 Shareholders	Remarks	Shareholding/ Transaction Date	No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
1	1204920000049869	Sundeep Navinchandra Ghel	At the begining of the year At the end of the year	01-04-2015 31-03-2016	8000	0.08	8000	0.08
2	0001010	Sanjay Kumar Jain	At the begining of the year At the end of the year	01-04-2015 31-03-2016	6400	0.06	6400	0.06
3	1203480000029188	Sushila Lakhotia	At the begining of the year At the end of the year	01-04-2015 31-03-2016	5000	0.05	5000	0.05
4	0000067	Carefine Woodworks Pvt Ltd	At the begining of the year At the end of the year	01-04-2015 31-03-2016	4000	0.04	4000	0.04
5	IN30011810022923	Kostub Investment Limited	At the begining of the year At the end of the year	01-04-2015 31-03-2016	4000	0.04	4000	0.04
6	IN30051312185596	Shashi Karan Sharma	At the begining of the year At the end of the year	01-04-2015 31-03-2016	4000	0.04	4000	0.04
7	IN30051312188598	Bikram Kumar Sharma	At the begining of the year At the end of the year	01-04-2015 31-03-2016	4000	0.04	4000	0.04
8	IN30264610092287	Sajjan Bhajanka	At the begining of the year At the end of the year	01-04-2015 31-03-2016	4000	0.04	4000	0.04
9	IN30084510253737	Jayesh Sanmukhlal Ghel	At the begining of the year At the end of the year	01-04-2015 31-03-2016	3200	0.03	3200	0.03
10	0000857	Hemang P Mehta	At the begining of the year At the end of the year	01-04-2015 31-03-2016	2900	0.03	2900	0.03

(v) Shareholding Pattern of Directors and Key Managerial Personnel

				Shareholding at the beginning of the year (01.04.2015)	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)		
Sl. No.	Name – For each of the Directors and KMP	Remarks	Shareholding/ Transaction Date	No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
1	Mr. Champa Lal Lohia – Executive Chairman	At the begining of the year At the end of the year	01-04-2015 31-03-2016	368400	3.55	368400	03.55
2	Mr. Prakash Lohia – Managing Director	At the begining of the year Increase Increase Increase Increase At the end of the year	01-04-2015 10-07-2015 31-07-2015 16-10-2015 18-03-2016 31-03-2016	563700 500 620 300 600	5.44 0 0.01 0 0.01	563700 564200 564820 565120 565720	05.44 05.44 05.45 05.45 05.46

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3	Miss Ruchira Lohia – Whole-Time Director	At the begining of the year	01-04-2015	507556	4.89	507556	04.89
		Increase	10-07-2015	300	0.01	507856	04.9
		Increase	31-07-2015	100	0	507956	04.9
		Increase	16-10-2015	200	0	508156	04.9
		Increase	18-03-2016	200	0	508356	04.9
		At the end of the year	31-03-2016			508356	04.9
4	Mr. Rup Chand Lohia – Executive Vice-Chairman	At the begining of the year	01-04-2015	205100	1.98	205100	01.98
		At the end of the year	31-03-2016			205100	01.98
5	Mr. Prasan Lohia – Whole-Time Director	At the begining of the year	01-04-2015	171050	1.65	171050	01.65
		Increase	10-07-2015	500	0	171550	01.65
		Increase	31-07-2015	620	0.01	172170	01.66
		Increase	16-10-2015	300	0	172470	01.66
		Increase	18-03-2016	600	0.01	173070	01.67
		At the end of the year	31-03-2016			173070	01.67
6	Mr. Bikash Lohia – Whole-Time Director	At the begining of the year	01-04-2015	637940	6.15	637940	06.15
		Increase	10-07-2015	700	0.01	638640	06.16
		Increase	31-07-2015	660	0.01	639300	06.17
		Increase	16-10-2015	400	0	639700	06.17
		Increase	18-03-2016	600	0.01	640300	06.18
		At the end of the year	31-03-2016			640300	06.18
7	Mr. Madhusudan Lohia – Whole-Time Director	At the begining of the year	01-04-2015	296435	2.86	296435	02.86
		At the end of the year	31-03-2016			296435	02.86
8	Mr. Nripen Kumar Dugar – Whole-Time Director	At the begining of the year	01-04-2015	600	0.01	600	00.01
		At the end of the year	31-03-2016			600	00.01
9	Mr. Amar Nath Roy	At the begining of the year	01-04-2015	3000	0.03	3000	00.03
		At the end of the year	31-03-2016			3000	00.03
10	Dr. Gautam Bhattacharya	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00
11	Mr. Sujitendra Krishna Deb	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00
12	Mr. Sisir Kumar Chakrabarti	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00
13	Mr. Asok Kumar Parui – Chief Financial Officer	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00
14	Mrs. Sumana Raychaudhuri – Company Secretary (W.e.f. 15.10.2015)	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00
15	Mr. Sumantra Sinha – Company Secretary (Upto 31.08.2015)	At the begining of the year	01-04-2015	0	0	0	00.00
		At the end of the year	31-03-2016			0	00.00

V. INDEBTEDNESS

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

(Rs. In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,551.80	4,883.01	–	16,434.81
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	42.66	209.55	–	252.21
Total (i+ii+iii)	11,594.46	5,092.56	–	16,687.02
Change in Indebtedness during the financial year				
· Addition	658.80	–	–	658.80
· Reduction	–	-1670.29	–	-1,670.29
Net Change	658.80	-1670.29	–	-1,011.49
Indebtedness at the end of the financial year				
i) Principal Amount	12,220.62	3,400.00	–	15,620.62
ii) Interest due but not paid	–	–	–	0.00
iii) Interest accrued but not due	32.64	22.27	–	54.91
Total (i+ii+iii)	12,253.26	3,422.27	–	15,675.53

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs.)

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	Miss Ruchira Lohia	Mr. Madhu- sudan Lohia	Mr. Nripen Kumar Dugar	
1	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9384000	5364000	8100000	6720000	6720000	6720000	6180000	3926424	53114424
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	100000	100000	100000	100000	100000	100000	100000	0	700000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0	0	0	0
2	Stock Option	0	0	0	0	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0	0	0	0	0
4	Commission									
	– as % of profit	0	0	0	0	0	0	0	0	0
	– others, specify...	0	0	0	0	0	0	0	0	0
5	Others, please specify									
	P.F.	1126080	1448000	972000	1874000	806400	806400	741600	21600	7796080
	GRATUITY	0	0	0	28786	24534	28786	12766	52653	147525
	LEAVE	177334	101733	145600	153833	156057	153833	134294	84273	1106957
	Total (A)	10787414	7013733	9317600	8876619	7806991	7809019	7168660	4084950	62864986
	Ceiling as per the Act									

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Amar Nath Roy	Dr. Gautam Bhattacharjee	Mr. Sujitendra Krishna Deb	Mr. Sisir Kumar Chakrabarti	
1 Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	72500	72500			145000
Total (1)	72500	72500	0	0	145000
2 Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify			40000	40000	80000
Total (2)	0	0	40000	40000	80000
Total (B)=(1+2)	72500	72500	40000	40000	225000
Total Managerial Remuneration					63089986
Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Particulars of Remuneration	Key Managerial Personnel			
	Company Secretary Mr. Sumantra Sinha (Upto 31.08.2015)	Chief Financial Officer Mr. Asok Kumar Parui	Company Secretary Mrs. Suman Raychaudhuri (w.e.f. 15.10.2015)	Total
1 Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	253089	1582692	252928	2088709
2 Stock Option				
3 Sweat Equity				
4 Commission – as % of profit – others, specify...				
5 Others, please specify				
GRATUITY		159375		159375
LEAVE		6717		6717
P.F.	14151	102960	11967	129078
Exgratia	3500	8400		11900
Total	270740	1860144	264895	2395779

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 Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors Penalty Punishment Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers In Default Penalty Punishment Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE TO DIRECTORS' REPORT

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, 2016

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

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

A. Conservation of energy:

(i) The steps taken or impact on conservation of energy

- a) Installed 100 KWP Solar Plant in New Furniture Plant at Achheja, Hapur (U.P.) to save unit cost and electricity.
- b) Installed 250 KL Aerobic ETP Plant at Achheja, Hapur (U.P.)
- c) Installed Vam Chiller 103 TR, 160 TR and 262 TR for Process and Comfort Cooling at Achheja, Hapur (U.P.)
- d) Conversion of conventional Lighting System to LED Lighting System and Solar Water Heater System at Hosur Plant, Tamilnadu.

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

- a) 500 KWP Solar Plant to be proposed for New Furniture plant at Achheja, estimated cost being Rs. 300 Lac
- b) Installation of 50 KW Bio-Gas Engine at Achheja, Hapur (U.P.).
- c) Installation of 2 Nos. of Adiabatic cooling system at Achheja, Hapur (U.P.) to reduce water consumption by 80%, estimated cost being approximately Rs.160 Lac.
- d) Fresh Vessel system to be installed at Achheja, Hapur (U.P.) to recover flesh steam of Hot Press and Boiler Blow Down, estimated cost being approximately Rs.20 Lac.

(iii) The capital investment on energy conservation equipments

- a) By installing 35 Ton Steam Boiler at Achheja, Hapur (U.P.) to increase power generation from turbine.
- b) By installing ETP with Soil based technology with 10% power consumption as compared to conventional aeration based ETP at Achheja, Hapur (U.P.)
- c) By installing Bio-gas System at Hosur Plant to save fuel and energy.

B. Technology absorption:

(i) The efforts made towards technology absorption

- a) Development of high gloss coating on LPL and HPL panel
- b) Developments of improved Uni color laminate
- c) Development of exterior grade compact panel by introducing new technology of UV coating system

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

- a) Introduction of new value added laminates in market as per customer requirement
- b) Solution to customers for wall cladding
- c) Conservation of power
- d) Product quality and process improvement
- e) New aesthetic look of LPL and HPL panels
- f) Production of exterior panel of any design

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

- | | | |
|---|---|------|
| a) The details of Technology imported | : | Nil |
| b) The year of import | : | N.A. |
| c) Whether the technology been fully absorbed? | : | N.A. |
| d) If not fully absorbed, areas where this 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 activities cover the areas of replacement carried out by the Company of costly and hazardous chemicals, introduction of new design, production of high value items, process improvement, reduction in energy costs, maintenance and betterment of product quality etc. Our laboratory has been equipped to perform all the major tests required for raw materials and finished goods as per national and international standards.

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

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

(c) Future plan of action:

- a) CE certification for HPL.
- b) Modification of Effluent Treatment Plant.
- c) Modification of power distribution system.
- d) Isolation of raw material, wet and FG area of potato flakes plant.
- e) Upgrading formaldehyde plant with potential capacity increase.
- f) Establishment of environment testing lab.
- g) Replacement of conventional compressor driven AC system by VAM based environment friendly AC system utilizing waste heat.

(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:

Operating in the global markets through agents while linking directly with overseas buyers, was continued during the year. Keeping pace with market demands, the Company was able to sustain its position. Introduction of new patterns and designs of laminates to enhance market share was a step towards its innovative focus.

- (ii) Total foreign exchange used and earned (2015–2016) (Rs Lac)

Earnings:

Foreign Exchange earned (F.O.B. Value of exports)	15103.50
---	----------

Outgo:

CIF Value of Imports

- | | |
|--|----------|
| a) Raw materials | 14273.73 |
| b) Components and Spare Parts (including Stores) | 106.50 |
| c) Capital Goods | 1775.72 |

Expenditure in foreign currency

- | | |
|------------------------------------|---------|
| a) Commission | 37.44 |
| b) Travelling | 14.01 |
| c) Professional fees | 49.49 |
| d) Export Promotion | 38.59 |
| e) Royalty / Fees and Subscription | 53.72 |
| f) Interest | 62.71 |
| g) Purchase of Traded Goods | 1384.05 |
| h) Foreign branch office expenses | 247.63 |
| i) Others | 28.83 |

ANNEXURE TO DIRECTORS' REPORT
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To
The Members,
Merino Industries Limited
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata – 700 020
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Merino Industries Limited having its Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata – 700 020, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

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

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

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

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

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS – 1and SS–2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

Food Safety and Standards Act, 2006 to the extent of its applicability to the Company during the financial year ended 31.03.2016 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

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

The shares of the Company are not listed with any stock exchange.

We further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **A. K. LABH & Co.**
Company Secretaries

CS A. K. LABH
Practising Company Secretary
FCS – 4848 / CP No.– 3238

Place : Kolkata
Dated : 08.06.2016

ANNEXURE TO DIRECTORS' REPORT

Disclosures pertaining to Remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2016

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

Name	Age (in years)	Designation/ Nature of duties	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	% of Share holding	Previous Employment/ Position held
Mr. Champa Lal Lohia	82	Executive Chairman- Policy Decision making and new projects.	1,07,87,414	B. Com.	60	01.05.1985	3.55	First employment
Mr. Prakash Lohia	64	Managing Director –Management of the business and affairs of the Company as a whole	93,17,600	B. Tech. (Chem) – IIT Delhi M.E.P (IIM-Ahmedabad)	39	01.05.1985	5.46	First employment
Mr. Rup Chand Lohia	76	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	70,13,733	B.M.E. (Mech)	54	01.01.2002	1.98	Whole-time Director in Merino Exports Pvt. Ltd.
Mr. Prasan Lohia	47	Whole-time Director- Overseeing Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region	88,76,619	AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA)	24	01.10.2004	1.67	Vice-President (Global Operations) in Merino Industries Ltd.
Ms. Ruchira Lohia	48	Whole-time Director- Public Relations and Overseeing Export and Import functions and marketing of food products	78,09,019	B.A., M.E.P (IIM-Ahmedabad)	22	01.04.2000	4.90	Vice-President (Delhi Operations) in Merino Industries Ltd.

Name	Age (in years)	Designation/ Nature of duties	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	% of Share holding	Previous Employment/ Position held
Mr. Bikash Lohia	46	Whole-time Director- Overseeing factory operations and overall management, and addressing Information Technology related issues	78,06,991	Privately Educated & M.E.P (IIM-Ahmedabad)	24	01.10.2006	6.18	Whole-time Director in Merino Panel Products Ltd.
Mr. Madhusudan Lohia	36	Whole-time Director- Overseeing sales and marketing of the Company's furniture and panel products division and new product introduction	71,68,660	Graduate in Business Process Management, (Operations & International Business) - Indiana University, U.S.A, Masters in Manufacturing Management, MBA, - Pennsylvania State University, USA.	14	01.10.2006	2.86	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.
Mr. Rohit Kaul	47	General Manager – Marketing (South America & Canada)	1,02,36,395*	B.E. (Mechanical)	23	01.03.2010	Nil	Vice-President in Greenply Industries Limited

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

- Note:
1. Gross Remuneration comprises Salary, Gratuity, Leave Encashment and Company's contribution to Provident Fund.
 2. The appointments are contractual. Other terms and conditions are as per Company's Rules.
 3. 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. Gross Remuneration

For and on behalf of the Board of Directors

Kolkata
8th June, 2016

Champa Lal Lohia
Executive Chairman

**Annexure to Directors' Report
Corporate Social Responsibility (CSR)**

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

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

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

A web link of the same projecting the CSR policy, projects or programs is given in <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
Mr. Amar Nath Roy	Director	Independent – Non Executive

Mrs. Sumana Raychaudhuri, Company Secretary acts as the Secretary to the Committee.

3. Average net profit of the company for last three financial years: Rs. 4208.52 Lac
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 84.17 Lac
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year: Rs. 84.75 Lac
 - (b) Amount unspent, if any: Nil
 - (c) **Manner in which the amount spent during the financial year is detailed below.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rs. Lac)	(Rs. Lac)	(Rs. Lac)	(Rs. Lac)
Sl. No	CSR project or activity identified	Sector in Which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount out lay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
1	Mid-day meal programme in schools	Promoting education	1. Local Area 2. State: Uttar Pradesh , District Hapur & West Bengal, Kolkata	14.04	14.04	14.04	14.04

2	Assistance to schools and other institutions	Promoting education	1. Local area 2. State: Uttar Pradesh & West Bengal, Kolkata	48.38	48.38	48.38	48.38
3	Free Health check up camps	Preventive Health care	1. Local area 2. State: Uttar Pradesh & West Bengal, Kolkata	22.33	22.33	22.33	22.33
	TOTAL			84.75	84.75	84.75	84.75

* Amounts indicated above were spent directly and through Sri Hara Kasturi Memorial Trust (implementing agency) which is a group managed registered trust authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy.

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

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

Prakash Lohia
Managing Director

Champa Lal Lohia
Chairman, CSR Committee

Amar Nath Roy
Director

Date: 08.06.2016

Corporate Social Responsibility (CSR) Practices of Merino Group



*"Thy Lord is here before thee now
Revealed in all these myriad forms;
Refusing them where seekest thou
To find Him? Who so worships them,
Worships Almighty God indeed."*

*- Rendered from an Immortal Bengali Poem
"Sakhar Proti" composed by Swami Vivekananda*

Merino Group does not view the CSR as a statutory compulsion. The Group traces the root and inspiration for all its CSR and philanthropic activities to the message Swami Vivekananda conveyed to Mr. John D. Rockefeller, the world's richest person at that time, about 123 years back, that transformed the latter's way of life and prompted him to donate a substantial sum for public welfare for the first time. The rest is history. The Rockefeller Foundation came into existence. While framing the policy and philosophy of CSR the Group draws its inspiration from the message of Swamiji on "Seva"- "The life is short, the vanities of the world are transient, but they alone live who live for others, the rest are more dead than alive." This message of seva is at the heart of the Group Mission Statement- Universal Weal through Trade and Industry. The Group views CSR as a long-term commitment to the society to return its due to the latter for which it exists. The Group thinks that all the CSR programmes it undertakes are to achieve a "Joy of Unity". It is more about bringing smiles to the peoples' faces and improving the quality of their lives. The Group is convinced that the undertaking of societal responsibilities helps trust building of the key stakeholders, thus enjoying their support.

CSR Activities

The Group CSR activities are mainly carried out through the Group Managed Trust (Sri Hara Kasturi Memorial Trust).

The activities of the Trust encompass the areas of :

- Education
- Healthcare
- Women empowerment
- Other Societal Improvements

Education :

The Trust set up a School, named after Swamiji- Swami Vivekananda Arunoday Vidyalaya at Hapur in the month of April 2013. To ensure all round development of the children (primarily girl children) belonging to the marginal and the most deprived class of the society, struggling for their very existence every day. The primary objectives of the School are to handhold these children to march forward to attain their own aim of life. The School aims at empowering those children with adequate education (till class V) and at building a strong character and endowing them with skills so that they can prove themselves as an effective medium to uplift their families and the society, thus proving to be a part of future India. It is planned to have five classes (I to V) in the School and upgrade the same in future. Adequate training and instruction have been planned to be imparted to students so that, after completing their schooling till Class V, they can easily get admission in Class VI to schools of repute. The School has an elaborate infrastructure to monitor the progress of the students with an objective that all of them become proficient not only in the subjects of their studies but also in extra co-curricular activities. The School has plans to provide help and assistance till completion of their studies up to class XII. Depending upon their aptitude and proficiency, necessary counselling and guidance are planned to be provided in future in the selection of stream, post the final examination of class XII.



During the year under review and as on 31-3-2016 the number of students in the school was as follows:

Class- I 18

Class II 16

Class III 13

In total 47

The total number of teachers as on 31-3-2016 was 5-Full time and 3-part time. No. of other assistants/staff in the school as on that date was 4.

The total expenditure on running of the school during the year under report amounted to Rs. 46.53 lac

Provision for Mid-day Meal to the Students :

The Trust arranges and supplies daily around 500 Mid-day meals to the students of four schools in and around Hapur. The meals are cooked maintaining the best of standards of hygiene. The Mid-day Meal Programme not only ensures attendance of the students, in particular girl-children, but also acts as a source of supply of nutrition to a section of future India. The Trust has a plan to increase the number of Mid-day meals to 750 daily in the year 2017-18. The total amount spent during



the year 2015-16 on Mid-day Meal Programme undertaken for some schools and for the Swami Vivekananda Arunoday Vidyalaya was Rs. 15.00 Lac.

In addition, Mid-day Meals are also provided for physically challenged children at Jhajjar, Haryana for which a sum of Rs. 0.68 Lac was spent during year.

The Trust also provides scholarships to the eligible students. During the year under review it granted and disbursed scholarships amounting to Rs. 7.45 lac to 45 students.

The Trust arranges for private tuition to the students in need. During the year 7 such students were imparted coaching.

Adult Education Programme :

The Programme initiated and managed by the Trust has the objectives of :

- Raising the people devoid of literacy to the higher level of literacy for recognition as such in the society;
- Making such literates active and participative in all related social activities;
- Making the facility of adult education to all sections of the society;
- Making all people so made literate participative in all Adarsh Samaj activities.



During the year under review ladies numbering 20 participated in this Programme.

Setting up of Library:



The Trust operates a Library to lend books to the students of Hardwarinagar and its nearby areas. This facilitates the students' preparation for their competitive examinations. During the year under review around 22 readers were benefited with the facility of reading books and newspapers at the library.

Healthcare :

In collaboration with the Department of Tuberculosis, Govt. of India, the Trust carries on its fight against the dreaded disease in about 72 villages around Hapur. During the year under report a total number of 160 patients were treated



and ensured full recovery. 94 patients were undergoing the treatment as on 31-3-2016.

The Trust operates 5 Dispensaries where dedicated doctors attend the patients. A total no. of 27588 patients availed the facility of Allopathic treatment during the year under report at the units in and around Hapur.

The Trust also provides medical services to the needy patients in and around (the nearby areas of the Factory of the Group at) Hapur through mobile vans manned by qualified doctors. During the year under report a 102 of such trips were undertaken.

To promote Yoga culture at Hapur and nearby places the Trust has engaged the services of dedicated Yoga Instructors. Through this programme the Trust provides the opportunity and facility for curing various diseases, peoples' adoption of daily yogic practice for bettering the mental and physical conditions of the people and for creation of Adarsh Samaj platform for betterment of social health of the people. During the year under report 7 of such classes were organised. This initiative is aimed at improving the state of health of the people availing the services of the Instructors.



The trust has taken initiative for promoting Ayurveda practice of medicine for treatment of patients. This is expected to be a cost effective mode of healthcare. A total number of 7240 patients received Ayurvedic treatment during the year under reference.

Women Empowerment :

The Trust has set up "Smt. Kasturi Bai Memorial Sewing Centre", where training is imparted to the identified women. After being imparted training they are able to supplement their family income. This leads to their economic empowerment. During the year under review a total number of 42 ladies obtained training and 11 of them have started becoming sources of supplementary income for their families.



Cleanliness Drive:

The drive has the objective of :

- Spreading the awareness of the people on the need to keep their bodies clean;

- Making people aware of the need for keeping the parks, roads and drains clean;
- Spreading the message to all that the cleanliness is a part of life.

During the year under review, a total number of 5 such Programmes was organised.

Further, during the previous year the Trust constructed 17 nos. of Toilets in and around Hapur.

Other Societal Improvements :

The Trust has undertaken various programmes under the banner of "Adarsh Samaj". Through these programmes, the activities like popularisation of yoga practice, application of Ayurveda Medicines for various ailments and the promotional works of adult education in and around Hapur have been undertaken.

Around 450 students participated in a Healthcare-cum education programme during the year.



As a part of green and pollution control initiatives the Trust organised planting about 5000 saplings during the year under review.

Contributions to other Trusts and Institutions for various philanthropic activities:

During the year under review the Group companies contributed Rs. 195 Lac to the Trusts other than the Group managed Trusts for various philanthropic activities.



INDEPENDENT AUDITOR'S REPORT To the Members of Merino Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Merino Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches/depots not visited by us.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from other branches/depots not visited by us.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 20 (a) to the Financial Statements;
 - ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education & Protection Fund by the company.

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

B. L. Choraria

Partner

Membership No. 22973

Place: Kolkata

Date: 8th June, 2016

Annexure – A to the Auditors' Report

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

Re: Merino Industries Limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the company has a phased programme of physical verification of its fixed assets, which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Management has physically verified fixed assets during the year and as informed to us, no material discrepancies were noticed as compared to books of accounts.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the Leasehold land Rs. 696.31 Lacs situated at Dahej, Gujarat allotted in the name of the Company by GIDC, but Lease Deed is yet to be executed in the name of the Company.
- (ii) As explained to us, inventories (except stock lying with third parties and in-transit) were physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the 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 any loans, made investments, given guarantee or securities during the year under the provisions of section 185 and 186 of the Act, therefore provision of this clause is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and hence provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the company.
- (vi) The Company is required to maintain cost records pursuant to the rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the Act; we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) a. According to the records of the Company, the Company is regular in depositing material undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

b. According to the information and explanation given to us and records of the Company, there are dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax on account of disputes as stated below:

Nature of dues	Amount involved (Rs in Lacs)	Amount paid under protest (Rs in Lacs)	Forum where the dispute is pending	Period
Income Tax including Interest	365.93	–	Commissioner of Income Tax	A.Y 2012–13
	271.22	–	Commissioner of Income Tax	A.Y 2013–14
Sales Tax (Value Added Tax) excluding penalty and interest	34.78	–	Supreme Court of India	1997–98
	201.15	172.72	Additional Commissioner	2010–11 To 2012–13
	60.98	6.08	CTO	2008–09
	6.05	–	Assistant Commissioner	2007–14
Central Sales tax excluding penalty and interest	6.79	–	High Court	1997–98
Entry Tax excluding penalty	31.90	6.95	High Court	2001–02 & 2002–03
Service Tax excluding penalty and interest	12.46	–	CESTAT	2004 To 2008
	30.88	–	Commissioner	2010–15
Service Tax including penalty	19.24	–	Additional Commissioner	2012 to 2015
	12.80	–	Assistant Commissioner	2004 to 2015
	6.94	0.37	CESTAT	2004–05 to 2009–10
Custom Duty excluding penalty and interest	14.32	5.00	CESTAT Ahmedabad	2002–03
	1.45	–	Assistant Commissioner	2012–13

Nature of dues	Amount involved (Rs in Lacs)	Amount paid under protest (Rs in Lacs)	Forum where the dispute is pending	Period
Excise duty excluding penalty and interest	232.71	156.75	CESTAT	1993–94 to 2010–11
	202.02	–	Commissioner	2009–10 to 2014–15
	28.56	–	Additional Commissioner	1988–89 to 2012–13
	70.37	31.09	Assistant Commissioner	1999–00 to 2014–15
Excise duty including penalty	2616.29	75.54	CESTAT	1988–89 to 2013–14
	678.92	25.46	Commissioner	2014–15
	8.82	–	Assistant Commissioner	2003 to 2009

- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and government. Company has not issued any debenture.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company for the purpose for which loans were obtained. The Company has not raised any moneys by way of Public issue/ Follow-on offer.
- (x) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/employees, has been noticed or reported during the year.
- (xi) Based on our examination of the books and records of the Company and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company, therefore provisions of this clause are not applicable to the company.
- (xiii) Based on our examination of the books and records of the Company, all transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore provisions of this clause are not applicable to the company.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him, therefore provisions of this clause are not applicable to the company.
- (xvi) Company is not required to be registered under section 45–IA of the Reserve Bank of India Act, 1934, therefore provisions of this clause are not applicable to the company.

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

B. L. Choraria

Partner

Membership No. 22973

Place: Kolkata

Date: 8th June, 2016

Annexure – B to the Auditors’ Report

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

We have audited the internal financial controls over financial reporting of Merino Industries Limited (“the Company”) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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

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

B.L. Choraria

Partner

Membership No. 22973

Place: Kolkata

Date: 8th June, 2016

BALANCE SHEET

AS AT 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	Note No	31st March, 2016	31st March, 2015
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1047.03	1047.03
(b) Reserves and Surplus	4	22539.30	17038.27
		23586.33	18085.30
(2) NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	5	2383.28	2116.00
(b) Deferred Tax Liabilities (net)	6	1354.21	1121.67
(c) Other Long-Term Liabilities	7	522.29	422.93
		4259.78	3660.60
(3) CURRENT LIABILITIES			
(a) Short-term Borrowings	8	11799.79	12948.25
(b) Trade Payables	9		
(A) Total outstanding dues of micro enterprises and small enterprises		1.88	0.33
(B) Total outstanding dues of creditor other than micro enterprises and small enterprises		5647.94	5420.36
(c) Other Current Liabilities	10	4005.38	3907.30
(d) Short-term Provisions	11	536.68	721.91
		21991.67	22998.15
TOTAL		49837.78	44744.05
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	12A	18455.98	14865.50
(ii) Intangible Assets	12B	52.82	34.07
(iii) Capital Work-in-Progress	12C	1729.36	1021.21
(iv) Intangible Assets Under Development		59.33	—
		20297.49	15920.78
(b) Non-current Investments	13	152.82	152.82
(c) Long-term Loans and Advances	14	1107.39	982.14
		21557.70	17055.74
(2) CURRENT ASSETS			
(a) Inventories	15	17276.55	16377.48
(b) Trade Receivables	16	8240.04	8553.62
(c) Cash and Bank Balances	17	1158.82	1366.28
(d) Short-term Loans and Advances	18	1314.61	1162.72
(e) Other Current Assets	19	290.06	228.21
		28280.08	27688.31
TOTAL		49837.78	44744.05

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

For SINGHI & CO.

Chartered Accountants

Firm Registration Number : 302049E

B. L. Choraria

Partner

Membership Number : 22973

Place: Kolkata

Date: 8th June, 2016

The Notes numbered 1 to 42 are an integral part of the financial statements.

For and on behalf of Board of Directors

A. K. Parui

Chief Financial Officer

Sumana Raychaudhuri

Secretary

Rup Chand Lohia

Executive Vice Chairman

Prakash Lohia

Managing Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	Note No	2015–16	2014–15
I Revenue from operations (Net)	22	65007.18	62621.90
II Other Income	23	1226.94	1487.99
III Total Revenue (I + II)		<u>66234.12</u>	<u>64109.89</u>
IV Expenses			
Cost of Materials Consumed	24	29210.64	31866.83
Purchases of Stock-in-Trade	37	3419.71	4667.28
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(520.54)	(2777.89)
Employee Benefits Expense	26	6798.16	5971.63
Finance Costs	27	1437.99	1515.11
Depreciation and Amortisation Expense	28	1673.38	1605.20
Other Expenses	29	15473.96	14624.23
Total Expenses		<u>57493.30</u>	<u>57472.39</u>
V Profit before tax (III – IV)		<u>8740.82</u>	<u>6637.50</u>
VI Tax Expense:			
Current Tax		2730.79	2080.19
Excess provision of current tax in respect of earlier years written back		(128.63)	–
Deferred Tax		232.54	283.36
		<u>2834.70</u>	<u>2363.55</u>
VII Profit for the year (V – VI)		<u>5906.12</u>	<u>4273.95</u>
VIII Earnings per equity share	30		
[Nominal Value per share: Rs 10/- (2014–15: Rs 10/-)]			
On profit after tax			
Basic and Diluted		56.96	41.22

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

For **SINGHI & CO.**
Chartered Accountants

Firm Registration Number : 302049E

B. L. Choraria
Partner
Membership Number : 22973
Place: Kolkata
Date: 8th June, 2016

A. K. Parui
Chief Financial
Officer

Sumana Raychaudhuri
Secretary

Rup Chand Lohia
Executive Vice
Chairman

Prakash Lohia
Managing Director

The Notes numbered 1 to 42 are an integral part of the financial statements.

For and on behalf of Board of Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	2015–16	2014–15
A. Cash Flow from Operating Activities :		
Net Profit Before Tax	8740.82	6637.50
Adjustments for :		
Depreciation and amortisation expenses	1673.38	1605.20
Bad Debts written off	234.03	138.49
Provision for Doubtful Debts / Advances	11.83	61.52
Unrealised gain on foreign currency translation (Net)	(9.28)	(98.85)
Finance Costs	1437.99	1515.11
Loss on Sale / Disposal of Tangible Assets	90.85	48.86
Profit on Sale of Tangible Assets	(19.08)	(114.81)
Interest Income	(48.69)	(24.62)
Liabilities / Provisions no longer required written back	(165.67)	(55.24)
Dividend Income	(156.93)	(66.54)
	3048.43	3009.12
Operating Profit before Working Capital Changes	11789.25	9646.62
Adjustments for :		
Trade and Other Receivables	384.63	(173.63)
Inventories	(899.07)	(4271.25)
Trade and Other Payables	707.44	193.00
	11982.25	5786.51
Cash Generated from Operations		
Net Direct Taxes Paid	(2881.73)	(1939.08)
Net Cash from Operating Activities	9100.52	3847.43
B. Cash Flow from Investing Activities :		
Purchase of Tangible Assets	(6267.58)	(4892.00)
Purchase of Intangible Assets	(115.58)	(6.45)
Proceeds from sale of Tangible Assets	124.22	488.97
Interest Received	43.63	16.34
Dividend Received	156.93	66.54
Net Cash used in Investing Activities	(6058.38)	(4326.60)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (Contd.)

(Figure in Rs. lacs, unless otherwise stated)

	2015–16	2014–15
C. Cash Flow from Financing Activities :		
Proceeds from Long-Term Borrowings	1754.87	600.00
Repayment of Long-Term Borrowings	(1360.50)	(978.15)
Proceeds from Short-Term Loans from Banks	3400.00	3000.00
Repayment of Short-Term Loans from Banks	(3000.00)	(2500.00)
Proceeds from Demand Loan from Body Corporates	2000.00	1913.30
Repayment of Demand Loan from Body Corporates	(3883.01)	(1625.36)
Increase / (Decrease) in Cash Credit / Working Capital facilities (net)	334.55	1548.49
Interest paid	(1599.98)	(1400.48)
Dividend paid	(358.25)	(157.40)
Dividend Distribution Tax paid	(41.97)	(15.14)
Net Cash from Financing Activities	(2754.29)	385.26
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	287.85	(93.91)
Cash and Cash Equivalents (opening)	833.10	927.01
Cash and Cash Equivalents (closing)	1120.95	833.10
(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard –3 on Cash Flow Statements.		
(b) Cash and Cash Equivalents comprise (Refer note 17):	31st March, 2016	31st March, 2015
Cash on hand [including stamps in hand Rs.0.49 (31st March, 2015 – Rs. 0.59)]	35.67	13.41
Foreign Currency on hand	6.28	3.40
Cheques and Drafts on hand	11.73	80.93
Remittances in transit	99.98	70.81
Bank Balances:		
On Current Accounts	967.29	645.77
On Cash Credit Accounts	—	18.78
	1120.95	833.10
(c) Also refer Note 42.		

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

The Notes referred to above form an integral part of the Cash Flow Statement.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration Number : 302049E

For and on behalf of Board of Directors

B. L. Choraria

Partner

Membership Number : 22973

A. K. Parui

Chief Financial Officer

Sumana Raychaudhuri

Secretary

Rup Chand Lohia

Executive Vice Chairman

Prakash Lohia

Managing Director

Place: Kolkata

Date: 8th June, 2016

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Merino Industries Limited ("the Company") is a public limited company domiciled in India, and incorporated under the provisions of the Indian Companies Act, 1956. The Company is a multi product and multi location company.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

2.2 Tangible Assets and Depreciation

- (a) Tangible Assets are stated at cost except in case of certain items of Land, Buildings and Plant and Machinery which are stated on the basis of revaluation (with corresponding credit to the Revaluation Reserve Account), being inclusive of resultant write ups, net of accumulated depreciation and net accumulated impairment losses, if any. Cost of tangible assets includes purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- (b) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (c) Capital work in progress is stated at cost and inclusive of pre-operative expenses, project development expenses, etc.
- (d) Depreciation on revalued assets other than Land is calculated on their respective revalued amounts on remaining useful life as per Schedule II as notified under the Act. (Also refer Note 12A.)
- (e) In case the cost of part of a tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers which the management believes that the useful lives of the component best represent the period over which the management expects to use those components.

2.3 Intangible Assets and Amortisation

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

Intangible Assets are amortised on a straight line basis over a period of five years from the date of capitalisation as prescribed in Accounting Standard 26 (Intangible Assets).

2.4 Impairment Loss

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

NOTES TO THE FINANCIAL STATEMENTS

2.5 Borrowing Costs

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

2.6 Investments

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

2.7 Inventories

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

2.8 Foreign Currency Transactions

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

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

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

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

2.9 Revenue Recognition

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

Sale of services

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

Other items are recognised on accrual basis.

2.10 Other Income

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

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

Other items are recognised on accrual basis.

2.11 Employee Benefits

(a) Short-term Employee Benefits :

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

(b) Post Employment Benefit Plan :

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

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

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

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

2.12 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 Government Grants

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

2.14 Lease

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

2.15 Cash and Cash Equivalents

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

2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/(loss) for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.17 Provisions and Contingent Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
3. SHARE CAPITAL		
AUTHORISED		
1,70,00,000 (31st March, 2015:1,70,00,000)		
Equity Shares of Rs.10/- each	<u>1700.00</u>	<u>1700.00</u>
ISSUED		
1,05,66,100 (31st March, 2015:1,05,66,100)		
Equity Shares of Rs.10/- each	<u>1056.61</u>	<u>1056.61</u>
SUBSCRIBED AND PAID-UP		
1,03,69,600 (31st March, 2015:1,03,69,600)		
Equity Shares of Rs.10/- each fully paid up	<u>1036.96</u>	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500		
(31st March, 2015 : 1,96,500) Equity Shares	<u>10.07</u>	10.07
	<u>1047.03</u>	<u>1047.03</u>

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

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

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

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

SN.	Name of the shareholders	As at 31st March, 2016		As at 31st March, 2015	
		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	6,40,300	6.18	6,37,940	6.15
3	Mr. Prakash Lohia	5,65,720	5.46	5,63,700	5.44
4	Mr. Deepak Lohia	6,15,189	5.93	6,15,189	5.93
		48,86,909	47.13	48,82,529	47.08

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

4. RESERVES AND SURPLUS

Capital Reserve

Balance as per last Balance Sheet

Revaluation Reserve (Refer Note 12A)

Balance as at the beginning of the year

Less: Adjustment for additional depreciation charge on revalued tangible assets transferred to Statement of Profit and Loss

Balance as at the end of the year

Securities Premium Reserve

Balance as per last Balance Sheet

General Reserve [Refer (a) below]

Balance as at the beginning of the year

Add: Transferred from surplus in Statement of Profit and Loss

Balance as at the end of the year

Surplus in Statement of Profit and Loss

Balance as at the beginning of the year

Add: Profit for the year

Amount available for appropriation

Less : Appropriations:

Interim dividend on Equity Shares for the year

Dividend distribution tax on interim dividend on Equity Shares

Transfer to General Reserve

Total appropriations

31st March, 2016

31st March, 2015

1.46

1.46

442.05

490.50

0.18

48.45

441.87

442.05

87.48

87.48

3940.50

3513.10

590.61

427.40

4531.11

3940.50

12566.78

8890.91

5906.12

4273.95

18472.90

13164.86

362.94

155.54

41.97

15.14

590.61

427.40

995.52

598.08

17477.38

12566.78

22539.30

17038.27

(a) Represents a free reserve.

5. LONG-TERM BORROWINGS

Secured

Term Loans

From Banks:

Indian Rupee Loans [Refer (a) and (b) below]

2005.70

1899.54

Foreign Currency Loan [Refer (c) below]

1689.07

1094.10

From Others:

Indian Rupee Loans [Refer (d) below]

126.06

492.92

3820.83

3486.56

Less : Current maturities (Payable within 1 year)

From Banks:

Indian Rupee Loans [Refer (a) and (b) below]

593.01

456.64

Foreign Currency Loan [Refer (c) below]

718.48

547.05

From Others:

Indian Rupee Loans [Refer (d) below]

126.06

366.87

1437.55

1370.56

2383.28

2116.00

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Bank	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	500.00	660.00	First <i>pari passu</i> charge on the entire fixed assets of instalments with no moratorium period. the Company, both present Interest is payable monthly @ 10.50 % and future (excluding assets p.a. The balance amount of the loan which are exclusively of Rs.360 and Rs.140 is repayable in charged to other lenders) twelve equal quarterly instalments and second <i>pari passu</i> of Rs.30 each and fourteen quarterly charge on the entire current instalments of Rs.10 each respectively. assets of the Company, both Last instalment is due on 11th August, present and future.	Repayable in twenty equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. The balance amount of the loan of Rs.360 and Rs.140 is repayable in twelve equal quarterly instalments of Rs.30 each and fourteen quarterly charge on the entire current instalments of Rs.10 each respectively. Last instalment is due on 11th August, 2019.
The Hong Kong and Shanghai Banking Corporation Limited	853.33	400.00	First <i>pari passu</i> charge on the entire fixed assets of instalments with no moratorium period. the Company, both present Interest is payable monthly @ 9.90% p.a. The balance amount of which are exclusively the loan of Rs.320 and Rs.533.33 is charged to other lenders) repayable in sixteen equal quarterly and second <i>pari passu</i> instalments of Rs.20 each and sixteen charge on the entire current quarterly instalments of Rs.33.33 each assets of the Company, both respectively. Last instalment is due on present and future.	Repayable in twenty equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. The balance amount of the loan of Rs.320 and Rs.533.33 is charged to other lenders) repayable in sixteen equal quarterly and second <i>pari passu</i> instalments of Rs.20 each and sixteen charge on the entire current quarterly instalments of Rs.33.33 each assets of the Company, both respectively. Last instalment is due on 25th February, 2020. Disbursement of the balance amount of the loan of Rs.600 has been taken on 6th July, 2015.
DBS Bank Limited	600.00	800.00	First <i>pari passu</i> charge on the entire fixed assets of instalments with moratorium period of one year. Interest is payable monthly and future (excluding assets @ 10.55 % p.a. The balance amount which are exclusively of the loan of Rs.600 is repayable in charged to other lenders) twelve equal quarterly instalments of and second <i>pari passu</i> Rs.50 each. Last instalment is due on charge on the entire current 16th December, 2018. 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 first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. The balance amount of the loan of Rs.600 is repayable in twelve equal quarterly instalments of Rs.50 each. Last instalment is due on 16th December, 2018.
	1953.33	1860.00		

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

Bank	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	579.82	1094.10	First and exclusive charge on the assets purchased out of this loan.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. The balance amount of the loan of USD 0.875 million (USD 0.625 million fully hedged) is repayable in four equal quarterly instalments of USD 0.218 million each subject to the foreign exchange fluctuation on payment dates. Last instalment is due on 2nd March, 2017.

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

Bank	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	1109.25		<ul style="list-style-type: none"> - First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future. 	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of Rs.1109.25 is repayable in sixteen equal quarterly instalments of Rs.69.33 each on fully hedged basis. Last instalment is due on 21st August, 2020.
	1689.07	1094.10		

(d) Repayment terms and nature of securities given for Indian Rupee Term Loans:

Others	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
EXPORT-IMPORT Bank of India	–	125.00	<ul style="list-style-type: none"> First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future. 	Repayable in sixteen equal quarterly instalments commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. Last instalment was due on 1st July, 2015.
EXPORT-IMPORT Bank of India	126.06	351.05	<ul style="list-style-type: none"> First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future. 	Repayable in sixteen equal quarterly instalments commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. The balance amount of the loan of Rs.126.06 is repayable in three quarterly instalments (two quarterly instalments of Rs.56.25 and last instalment of Rs.13.56). Last instalment is due on 1st October, 2016.
Uttar Pradesh Financial Corporation	–	16.87	<ul style="list-style-type: none"> Second <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future. 	Bullet repayment after seven years from the date of disbursement. No interest is payable on this loan. The loan stands repaid on 5th February, 2016.
	126.06	492.92		

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016	31st March, 2015
6. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets	1418.81	1200.70
	1418.81	1200.70
Deferred Tax Assets		
Disallowance allowable for tax purpose on payment	64.60	79.03
	64.60	79.03
	1354.21	1121.67
7. OTHER LONG-TERM LIABILITIES		
Deposits from Customers and Suppliers	252.75	134.50
Liabilities under litigation	269.54	288.43
	522.29	422.93
8. SHORT – TERM BORROWINGS		
Secured (Refer (a) below)		
Working Capital Loan		
From Banks:		
Overdraft / Cash Credit	2459.79	1680.05
Overdraft against fixed deposit (b)	–	499.95
Working Capital Demand Loan	2000.00	1300.00
Rupee Packing Credit Loan	3940.00	3240.00
Foreign Currency Buyer's Credit Loan	–	1345.24
	8399.79	8065.24
Unsecured		
Working Capital Loan		
Short-Term Loan		
From Banks:		
Indian Rupee Loan	1900.00	3000.00
Foreign Currency Loan	1500.00	–
From related parties:		
Indian Rupee Loan from a body corporate	–	1883.01
	3400.00	4883.01
	11799.79	12948.25

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

- i) Primary Security : Hypothecation of the entire current assets of the Company on *pari passu* basis, both present and future.
 - ii) Collateral Security: Second Charge on the entire fixed assets of the Company except assets charged exclusively to Banks, both present and future, on *pari passu* basis, with other consortium members.
- (b) Secured by fixed deposit under lien equivalent to 100% of the exposure.

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016	31st March, 2015
9. TRADE PAYABLES (Refer (a) below)		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	1.88	0.33
Total outstanding dues of creditor other than micro enterprises and small enterprises	5647.94	5420.36
	5649.82	5420.69
(a) The Company has a process of sending confirmations of balances to Trade payables through electronic or post media once in a year. The management is of the opinion that adjustment, if any, arising out of such confirmation would not be material effecting financial statement of the year.		
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note 5)	1437.55	1370.56
Interest accrued but not due on borrowings	54.91	252.21
Unpaid dividends [Refer (a) below]	20.18	15.49
Other payables		
Advances from customers	432.66	381.37
Statutory dues	593.81	550.10
Liability for purchases of capital assets (Refer Note 9 (a))	208.08	231.60
Employee Benefits payable	475.63	367.67
Premium on forward and other derivative contracts	1.42	7.06
Other payables	781.14	731.24
	4005.38	3907.30
(a) There is no amount due and outstanding to be credited to Investor Education and Protection Fund under Sub-section 5 of Section 124 of the Act as at year end.		
11. SHORT – TERM PROVISIONS		
Provision for employee benefits	175.31	116.28
Other Provisions:		
Provision for income tax [net of advance tax Rs.2404.62 (31st March, 2015: Rs.1586.58)]	361.37	605.63
	536.68	721.91

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

12A. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST / VALUATION				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2015	Additions during the year	Sales / Adjustment during the year	As at 31st March, 2016	As at 31st March, 2015	For the year	Sales / adjustment during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Land :										
Leasehold [Refer (a) below]	49.98	696.30	-	746.28	4.57	12.87	-	17.44	728.84	45.41
Freehold	3325.68	190.67	-	3516.35	-	-	-	-	3516.35	3325.68
Buildings :										
On Leasehold land	55.92	-	-	55.92	0.17	10.79	-	10.96	44.96	55.75
On Freehold land	3595.93	862.42	47.36	4410.99	1399.05	121.33	36.09	1484.29	2926.70	2196.88
Roads	203.26	33.53	-	236.79	46.18	28.56	-	74.74	162.05	157.08
Plant and Machinery	16414.19	2976.91	717.21	18673.89	8090.91	1264.48	562.76	8792.63	9881.26	8323.28
Furniture and Fittings	314.75	93.09	16.27	391.57	200.47	22.74	15.35	207.86	183.71	114.28
Office Equipment	277.87	67.96	39.39	306.44	195.09	33.10	37.86	190.33	116.11	82.78
Computers and data processing units	460.43	56.88	17.76	499.55	307.39	62.98	16.23	354.14	145.41	153.04
Laboratory Equipment	49.02	19.36	3.64	64.74	26.80	6.01	3.32	29.49	35.25	22.22
Electrical Instalation and Equipment	375.27	201.63	19.17	557.73	256.76	26.73	12.43	271.06	286.67	118.51
Vehicles	611.49	236.09	86.59	760.99	340.90	59.25	67.83	332.32	428.67	270.59
Total	25733.79	5434.84	947.39	30221.24	10868.29	1648.84	751.87	11765.26	18455.98	14865.50
31st March, 2015	22547.13	4027.72	841.06	25733.79	9660.27	1626.06	418.04	10868.29	14865.50	

(a) Leasehold Land includes Rs.49.98 (31st March, 2015 : Rs.49.98) acquired on 31st October, 2006 under a lease of 90 years and Rs.696.30 (31st March, 2015 : Nil) acquired on 30th June, 2014 under a lease of 99 years with a renewal option, which is being amortised over the period of lease. Lease deed of Rs.696.30 in respect of land acquired at Dahej, Gujarat from GIDC is yet to be executed in the name of the Company.

(b) Based on the valuation report submitted by the valuers appointed for the purpose, certain items of the Company's tangible assets (viz. Freehold and Leasehold Land, Buildings on Freehold and Leasehold Land and Plant and Machinery) were revalued on 31st March, 1995 after considering the following factors:-

- Then estimated current market value pertaining to Leasehold and Freehold Land and Buildings thereon.
- Value of Plant and Machinery based on their the then cost of replacement.
- Adjustments for the then condition, the standard of maintenance, depreciation upto valuation date etc.

The resultant revaluation surplus of Rs. 904.78 arising from the aforesaid revaluation was transferred to Revaluation Reserve as reflected in the Company's annual accounts for 1994-95.

Depreciation on revalued assets as calculated in the manner indicated in Note 2.2 above includes an additional charge of Rs.0.18 (2014-15: Rs.48.45) and an amount equivalent to additional charge has been transferred to the Statement of Profit and Loss from Revaluation Reserve; such transfer according to an authoritative professional view being acceptable for the purpose of Company's annual accounts.

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

12B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				AMORTISATION				NET BLOCK	
	As at 31st March, 2015	Additions during the year	Sales / adjustment during the year	As at 31st March, 2016	As at 31st March, 2015	For the year	Sales / adjustment during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Computer Software (Acquired items)	238.74	56.25	2.43	292.56	204.67	37.03	1.96	239.74	52.82	34.07
Total	238.74	56.25	2.43	292.56	204.67	37.03	1.96	239.74	52.82	34.07
31st March, 2015	232.29	6.45	–	238.74	177.08	27.59	–	204.67	34.07	

13. NON-CURRENT INVESTMENTS

(valued at cost less provision for other than temporary diminution)

Long-Term – Other than Trade Investments

Investment in Equity Instruments of Subsidiary Company (Fully paid up)

–Unquoted

Merino Panel Products Limited
14,93,000 (31st March, 2015: 14,93,000)
equity shares of Rs.10 each fully paid up

149.30

149.30

Investment in Equity Instruments of Other Companies (Fully paid up)

–Unquoted

Merino Services Limited
6,000 (31st March, 2015: 6,000)
equity shares of Rs.10 each fully paid up

2.07

2.07

Merino Exports Private Limited
6,000 (31st March, 2015: 6,000)
equity shares of Rs.10 each fully paid up

0.60

0.60

Merinopoly and Chemicals Limited
82,003 (31st March, 2015: 82,003)
equity shares of Rs.10 each fully paid up

5.19

5.19

Less: Provision for diminution in book value of investments

5.19

5.19

–Quoted

Bank of Baroda
5,000 (31st March, 2015: 5000)
equity shares of Rs.2 each fully paid up

0.85

0.85

152.82

152.82

- (a) Aggregate amount of quoted investments
- (b) Aggregate amount of unquoted investments
- (c) Aggregate provision for diminution in value of investments
- (d) Aggregate market value of quoted investments

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
14. LONG – TERM LOANS AND ADVANCES		
Unsecured, considered good unless stated otherwise		
Capital Advances	386.97	273.59
Security Deposits [Refer (a) below]	242.17	181.76
Other loans and advances		
Loan to employees	101.80	71.36
Advance with statutory authorities against disputed dues	269.54	288.43
Receivables relating to forward contracts	106.91	167.00
	1107.39	982.14
(a) Includes Rs.50.40 (31st March, 2015: Rs.50.40) to a related party (Refer Note 35), being a partnership firm in which six directors of the Company are partners.		
15. INVENTORIES		
(Refer Note 2.7)		
Raw materials [includes materials-in-transit Rs.1448.03 (31st March, 2015: Rs.1115.41)]	8545.61	8583.25
Work-in-progress [Refer (a) below]	329.87	406.32
Stock-in-trade (includes materials-in-transit Rs.35.68 (31st March, 2015: Nil) [Refer (b) below])	1302.23	1766.53
Finished goods [Refer (c) below] [includes materials-in-transit Rs.326.58 (31st March, 2015: 310.11)]	5751.24	4689.95
Stores and spares [includes materials-in-transit Rs.26.00 (31st March, 2015: Rs.28.84)]	1347.60	931.43
	17276.55	16377.48
(a) Details of work-in-progress		
Decorative Laminates	220.29	296.67
Other panel products	55.04	44.94
Potato Flakes and Ready Mix	3.31	6.05
Furniture	51.23	58.66
	329.87	406.32
(b) Details of stock-in-trade :		
Acrylic Solid Surface and Adhesive	1292.83	1652.15
Plywood	7.17	10.76
Potato	–	103.62
Stone Veneer	2.23	–
	1302.23	1766.53

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

15. INVENTORIES (Contd.)

(c) Details of finished goods :

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Decorative laminates	2677.35	3203.93
Other Panel Products	167.28	170.99
Furniture	244.36	53.92
Formaldehyde	19.14	11.31
Potato Flakes and Ready Mix	1009.49	576.40
Potato Seeds	1591.45	633.76
Others	42.17	39.64
	5751.24	4689.95

16. TRADE RECEIVABLES (Refer (b) below)

Outstanding for a period exceeding six months from the date they are due for payment :

Unsecured – Considered good	280.46	502.78
Unsecured – Considered doubtful (including dues under litigation)	–	116.22
	280.46	619.00
Less : Provision for doubtful debts	–	116.22
	280.46	502.78
Other debts:		
Secured – Considered good	206.00	118.04
Unsecured – Considered good [Refer (a) below]	7753.58	7932.80
	7959.58	8050.84
	8240.04	8553.62

- (a) Includes Rs. 30.42 (31st March, 2015: Rs.96.54) receivable from a related party (Refer Note 35), being a subsidiary company.
- (b) The Company has a process of sending confirmations of balances to Trade Receivable through electronic or post media once in a year. The management is of the opinion that adjustment, if any, arising out of such confirmation would not be material effecting financial statement of the year.

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
17. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand [including stamps on hand Rs.0.49 (31st March, 2015 – Rs. 0.59)]	35.67	13.41
Foreign Currency on hand	6.28	3.40
Cheques and Drafts on hand	11.73	80.93
Remittances-in-transit	99.98	70.81
Bank Balances:		
On Current Accounts	967.29	645.77
On Cash Credit Accounts	–	18.78
	<u>1120.95</u>	<u>833.10</u>
Other Bank Balances		
Margin Money Deposit	17.59	17.59
On Unpaid Dividend Accounts [Refer (a) below]	20.28	15.59
Deposits with original maturity for more than 3 months but less than 12 months (earmarked for overdraft against fixed deposit)	–	500.00
	<u>37.87</u>	<u>533.18</u>
	<u>1158.82</u>	<u>1366.28</u>
(a) Earmarked for payment of unclaimed dividends.		
18. SHORT – TERM LOANS AND ADVANCES		
Unsecured, considered good unless stated otherwise		
Security Deposits	14.04	13.51
Advances recoverable in cash or in kind	24.78	68.78
Other loans and advances		
Advances to suppliers	372.53	119.68
Doubtful Advances to suppliers	11.83	–
Less : Provision for Doubtful Advances	<u>11.83</u>	<u>–</u>
Prepaid expenses	148.42	120.59
Loans to employees	72.65	51.63
Advance against Retirement Benefits	–	34.12
Balance with statutory/government authorities	<u>682.19</u>	<u>754.41</u>
	<u>1314.61</u>	<u>1162.72</u>
19. OTHER CURRENT ASSETS		
Unsecured, considered good unless stated otherwise		
Export Incentive Receivable	64.54	26.37
Insurance claim receivable	0.40	9.55
Interest accrued on deposits	15.79	10.73
Others [Refer (a) below]	<u>209.33</u>	<u>181.56</u>
	<u>290.06</u>	<u>228.21</u>

(a) Includes Rs.206.75 (31st March, 2015: Rs.181.56) recoverable from Subsidiary Company (Refer Note 35) .

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
20. CONTINGENT LIABILITIES		
(a) Claims against the Company not acknowledged as debt		
Disputed Tax and Duty (Net of Deposits)		
Demand for Sales Tax (Deposit under protest Rs.193.24; 31st March, 2015 Rs.221.88)	155.91	152.76
Demand for Excise, Custom Duty, Service tax (Deposit under protest Rs.294.21; 31st March, 2015 Rs.201.90)	3641.58	2182.24
Demand for Income Tax (Deposit under protest Rs.5.27; 31st March, 2015 Rs.5.27)	637.15	365.93
Differential Bonus for 2014–15	151.52	–
Others	139.74	97.69
(b) Guarantees		
Bank Guarantees [includes Rs.86.36 (31st March, 2015 Rs.663.85) issued to Sales Tax Authority]	443.00	796.95
(c) First loss default guarantee to Standard Chartered Bank for Channel Financing Facility	–	64.53
(d) First loss default guarantee to IDBI Bank Limited for Channel Financing Facility	125.00	12.42
(e) First loss default guarantee to DBS Bank Limited for Channel Financing Facility	125.00	–
(f) In respect of the contingent liabilities mentioned in Note 20(a) above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any. In respect of matter mentioned in Note 20(b) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Company does not expect any reimbursement in respect of the above contingent liabilities.		
21. COMMITMENTS		
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	1284.25	1226.67
(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 as an undertaking to fulfill quantified export within five years. Certificate for fulfilment of Rs. 3,418.14 (31st March, 2015 – Rs.1,428.75) is yet to be received.	616.64	642.37
Obligation against Advance Licences	1024.44	561.38
Outstanding Letters of Credit for materials yet to be received	1088.29	771.27

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

22. REVENUE FROM OPERATIONS

(i) Sale of products [Refer (a) below]

	<u>2015-16</u>	2014-15
Domestic sales	53613.91	51393.98
Export sales	15674.00	15033.66
	<u>69287.91</u>	<u>66427.64</u>

(ii) Sale of services

Income from job works	137.02	62.40
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(iii) Other operating revenues

Export incentives	112.92	188.68
Scrap sales	404.87	383.43
	<u>517.79</u>	<u>572.11</u>

Revenue from operations (Gross)

Less: Excise duty	4935.54	4440.25
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Revenue from operations (Net)

(a) Particulars in respect of sales of products :

Manufactured

Decorative laminates	45781.75	41909.63
Other Panel Products	3823.87	4072.85
Furniture	9108.72	8099.85
Formaldehyde	67.20	121.69
Potato Flakes and Ready Mix	4855.78	6778.72
Potato / Potato Seeds	591.08	392.79
Others	795.63	921.78
	<u>65024.03</u>	<u>62297.31</u>

Traded

Decorative laminates	756.38	1482.41
Other Panel Products	99.03	53.53
Furniture	3.46	27.68
Chemicals	9.31	129.13
Paper	339.08	560.04
Potato Flakes	95.08	130.10
Potato / Potato Seeds	120.25	129.38
Acrylic Solid Surface and Adhesive	2803.56	1618.06
Stone Veneer	37.73	-
	<u>4263.88</u>	<u>4130.33</u>
	<u>69287.91</u>	<u>66427.64</u>

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

23. OTHER INCOME

	2015–16	2014–15
(i) Interest Income		
– On bank and other deposits	31.50	9.85
– On loans to others	17.19	14.77
(ii) Dividend income from long-term investments (Includes Rs.156.76, Previous Year Rs.66.44 from Subsidiary Company)	156.93	66.54
(iii) Claims from insurance companies [Refer (a) below]	137.97	84.31
(iv) Provision/Liabilities no longer required written back	165.67	55.24
(v) Profit on sale of tangible assets	19.08	114.81
(vi) Recovery of Bad Debts	98.14	27.00
(vii) Discount Received	218.09	236.93
(viii) Net gain on foreign currency transactions and translations	314.16	816.51
(ix) Miscellaneous Income	68.21	62.03
	1226.94	1487.99

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

24. COST OF MATERIALS CONSUMED

Raw Materials Consumed [Refer (a) & (b) below]

Opening Stock	8583.25	7163.61
Purchase and Incidental expenses	29663.71	34086.81
	38246.96	41250.42
Less: Cost of raw materials sold	490.71	800.34
	37756.25	40450.08
Less: Closing Stock	8545.61	8583.25
	29210.64	31866.83

- (a) Particulars of cost of materials consumed :

Paper	14177.20	14365.99
Chemicals including formaldehyde	7952.09	9894.03
Panel products and hardware	4096.64	3944.82
Potato	2664.29	3278.85
Others	320.42	383.14
	29210.64	31866.83

- (b) Value of Imported and Indigenous raw materials consumed :

	2015 – 2016		2014 – 2015	
	Value	%	Value	%
Imported	17225.18	58.97	19810.39	62.17
Indigenous	11985.46	41.03	12056.44	37.83
	29210.64	100.00	31866.83	100.00

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Opening Stock

	2015–16	2014–15
– Work-in-progress	406.32	334.86
– Finished Goods	4689.95	3212.39
– Stock-in-Trade	1766.53	537.66
	6862.80	4084.91

Less: Closing Stock

	2015–16	2014–15
– Work-in-progress	329.87	406.32
– Finished Goods	5751.24	4689.95
– Stock-in-Trade	1302.23	1766.53
	7383.34	6862.80
	(520.54)	(2777.89)

26. EMPLOYEE BENEFITS EXPENSES

Salaries, Wages, Bonus etc.	6027.77	5332.54
Contribution to Provident and Other Funds [Refer (a) overleaf]	598.34	512.76
Workmen and Staff Welfare	172.05	126.33
	6798.16	5971.63

(a) Gratuity

The Company operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.11.)

I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation

(a) Present Value of Obligation at the beginning of the year	609.82	489.07
(b) Current Service Cost	91.11	64.85
(c) Interest Cost	47.72	38.06
(d) Actuarial Loss / (Gain)	37.33	44.46
(e) (Benefits Paid)	(26.66)	(26.62)
(f) Present Value of Obligation at the end of the year	759.32	609.82

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

II. Reconciliation of opening and closing balances of the fair value of Plan Assets

- (a) Fair Value of Plan Assets at the beginning of the year
- (b) Expected Return on Plan Assets
- (c) Actuarial Gain / (Loss)
- (d) Contributions by employer
- (e) (Benefits Paid)
- (f) Fair Value of Plan Assets as at the end of the year

	2015–16	2014–15
	643.94	581.93
(a)	53.77	52.37
(c)	3.37	1.26
(d)	58.21	35.00
(e)	(26.66)	(26.62)
	732.63	643.94

III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above

- (a) Present Value of Obligation as at the end of the year
- (b) Fair Value of Plan Assets as at the end of the year
- (c) Assets/(Liability) recognised in the Balance Sheet

	759.32	609.82
(b)	732.63	643.94
(c)	(26.69)	34.12

IV. Expense charged to the Statement of Profit and Loss

- (a) Current Service Cost
- (b) Interest Cost
- (c) (Expected Return on Plan Assets)
- (d) Actuarial (Gain)/Loss
- (e) Total expense charged to the Statement of Profit and Loss (included under Contribution to Provident and Other Funds)

	91.11	64.85
(b)	47.72	38.06
(c)	(53.77)	(52.37)
(d)	33.96	43.20
	119.02	93.74

V. Amount recognised in current year and previous four years

- (a) Present Value of Obligation as at the end of the year
- (b) Fair Value of Plan Assets as at the end of the year
- (c) Assets / (Liability) recognised in the Balance Sheet
- (d) Experience (Gain) /Loss adjustment on plan obligation
- (e) Experience Gain/(Loss) adjustment on plan assets

2015–16	2014–15	2013–14	2012–13	2011–12
759.32	609.82	489.07	416.42	344.34
732.63	643.94	581.93	490.73	418.83
(26.69)	34.12	92.86	74.71	74.49
(26.69)	3.50	15.71	17.18	4.34
7.57	(0.20)	1.64	7.87	7.83

VI. Category of Plan Assets

Fund with Life Insurance Corporation of India

VII. Actual Return on Plan Assets

VIII. Principal Actuarial Assumptions

- (a) Discount Rate (per annum)
- (b) Expected Rate of Return on Plan Assets (per annum)
- (c) Salary Escalation
- (d) Inflation Rate
- (e) Method used
- (f) Remaining life of employees (in years)

2015–16	2014–15
732.63	643.94
57.15	53.63
31st March, 2016	31st March, 2015
8.00%	8.00%
8.35%	9.00%
7.00%	6.00%
7.00%	6.00%
Projected Unit Credit Method	Projected Unit Credit Method
17	18

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

27. FINANCE COSTS

	2015–16	2014–15
Interest expense	1304.54	1306.13
Interest on shortfall in payment of advance tax	35.31	45.71
Other borrowing costs	98.14	149.92
Applicable net loss on foreign currency transactions and translation	—	13.35
	1437.99	1515.11

28. DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and Amortisation on Tangible Assets	1648.84	1563.88
Write off of carrying value of certain fixed assets (Refer (a) below]	—	62.18
Amortisation of Intangible assets	37.03	27.59
	1685.87	1653.65
Less : Transfer from revaluation of fixed assets	0.18	48.45
Less : Amortisation of Lease Hold Land (Dahej) transferred to Capital–Work–In–Progress	12.31	—
	1673.38	1605.20

- (a) In respect of assets acquired prior to 1st April, 2014 and whose remaining useful life as per Schedule II of the Companies Act, 2013 was nil as on 31st March, 2014, the entire carrying value thereof has been charged to the Statement of Profit and Loss.

29. OTHER EXPENSES

Consumption of Stores and Spare Parts [Refer (c) below]	1259.86	1391.07
Power and Fuel	2409.37	2748.37
Jobwork Charges	179.68	47.35
Rent [includes Rs. 2.47 (Previous Year Nil) relating to previous year]	1058.35	949.21
Rates and Taxes	265.40	527.60
Repairs to :		
Buildings	128.46	152.22
Plant and Machinery [includes Rs. 25.00 (Previous Year Nil) relating to previous year]	242.18	304.80
Others	319.63	327.75
Legal and Professional Charges [includes Rs.2.09 (Previous Year Rs.Nil) relating to previous year]	629.95	506.71
Vehicle Upkeep	266.06	272.51
Carriage Outward	1955.58	1954.68
Packing & Forwarding	1234.27	1153.78
Insurance Charges	168.45	141.56
Commission Charges [includes Rs. Nil (Previous Year Rs.1.03) relating to previous year]	394.86	374.45
Printing and Stationery	58.92	58.61
Postage and Courier	67.35	61.59
Advertisement, Publicity and Sales Promotion	1382.10	1080.84

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

29. OTHER EXPENSES (contd.)

	2015–16	2014–15
Travel Expenses	643.98	586.60
Communication Expenses	151.21	138.63
Excise Duty [refer (a) below]	22.02	17.75
Bad Debts /Advances Written Off	234.03	138.49
Provision for Bad and Doubtful Debts / Advances	11.83	61.52
Payments to the Auditors [Refer (b) below]	25.00	16.86
Bank Charges and Commission	106.65	113.03
Royalty	42.86	70.70
Donations	694.61	335.04
CSR Expenditure (Refer note 41)	84.75	57.00
Loss on Sale/Disposal of Tangible Assets	90.85	48.86
Miscellaneous Expenses	1345.70	986.65
	15473.96	14624.23

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

(b) Amount paid / payable to the auditors

As Statutory Auditors @ :

Statutory Audit Fees	14.50	9.00
Tax Audit Fees	1.50	5.50
Other matters	6.50	0.45
Reimbursement of Expenses	0.48	0.61
	22.98	15.56

@ Excluding Service Tax Rs.2.02 (2014–15 : Rs.1.92)

As Cost Auditors :

Audit Fees	0.45	0.45
Other matters (includes Rs.Nil (Previous Year Rs.0.40) relating to previous year)	—	0.80
Reimbursement of Expenses	0.07	0.05
	0.52	1.30

As Secretarial Auditors :

Audit Fees (includes Rs.0.75 (Previous Year Nil) relating to previous year)

	2015 – 2016	2014 – 2015
	Value	%
Imported	43.60	7.65
Indigenous	1216.26	92.35
	1259.86	100.00

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

30. Earnings Per Equity Share:

	<u>2015–16</u>	2014–15
(i) Number of Equity shares outstanding during the year	1,03,69,600	1,03,69,600
(ii) Face value of each equity share (Rs.)	10.00	10.00
(iii) Profit after Tax and Extraordinary Item (Rs.)	5906.12	4273.95
(iv) Basic and Dilutive Earning per Equity Share on Profit after Tax [(iii)/(i)] – (Rs.)	56.96	41.22

31. Expenditure in Foreign Currency :

Commission	37.44	43.62
Travelling Expenses	14.01	10.67
Professional fees	49.49	126.92
Export Promotion	38.59	30.44
Royalty / Fees and Subscription	53.72	70.70
Interest	62.71	91.71
Purchase of Traded Goods	1384.05	1857.97
Foreign Office Expenses	247.63	197.60
Others	28.83	38.50

32. Earnings in Foreign Exchange :

Exports calculated on F.O.B. basis	15103.50	14491.43
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33. C.I.F value of Imports :

Raw Materials	14273.73	17584.01
Components and Spare Parts (including stores)	106.50	131.76
Capital Goods	1775.72	427.83

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

	<u>31st March, 2016</u>	31st March, 2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.88	0.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	–	0.01
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	7.54
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Further interest remaining due and payable for earlier years

<u>31st March, 2016</u>	<u>31st March, 2015</u>
–	–
–	0.04
–	–

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

35 Information in accordance with Accounting Standard – 18 on ‘ Related Party Disclosures ’ :

i) Related Parties :

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
	Mr. Sumantra Sinha	Company Secretary (upto 31.08.2015)
	Ms. Sumana Raychaudhuri	Company Secretary (w.e.f. 15.10.2015)
c)	Relatives of KMP	Relationship
	Mrs. Tara Devi Lohia	Wife of Mr. Champa Lal Lohia
	Mr. Deepak Lohia	Son of Mr. Champa Lal Lohia
	Ms. Usha Lohia	Daughter of Mr. Champa Lal Lohia
	Mrs. Nayantara Agarwal	Daughter of Mr. Champa Lal Lohia
	Mrs. Asha Mundhra	Daughter of Mr. Champa Lal Lohia
	Late Man Kumar Lohia	Father of Mr. Prakash Lohia
	Mrs. Sita Devi Lohia	Mother of Mr. Prakash Lohia
	Mrs. Uma Singi	Sister of Mr. Prakash Lohia
	Mrs. Kiran Maheswari	Sister of Mr. Prakash Lohia
d)	Relatives of KMP	Relationship
	Mrs. Neera Lohia	Wife of Mr. Prakash Lohia
	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
	Mrs. Praveena Lohia	Wife of Mr. Rup Chand Lohia
	Mrs. Meghna Lohia	Wife of Mr. Prasan Lohia
	Mr. Manoj Lohia	Son of Mr. Rup Chand Lohia
	Mr. Abhiroop Lohia	Son of Mr. Prasan Lohia
	Ms. Anuja Lohia (minor)	Daughter of Mr. Prasan Lohia
	Mrs. Shashi Lohia	Wife of Mr. Bikash Lohia

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

ii) Particulars of transactions during the year ended 31 March, 2016

Particulars	Subsidiary Company	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Sale of products / materials / services	2105.43 (2289.89)	— —	— —	19.82 (590.47)	2125.25 (2880.36)
Sale of Tangible and Intangible Assets	9.54 (75.57)	— —	— —	— —	9.54 (75.57)
Purchase of Tangible and Intangible Assets	— (19.64)	— —	— —	0.52 —	0.52 (19.64)
Purchase of goods / materials / services	1403.66 (1925.92)	— —	— —	155.89 (273.88)	1559.55 (2199.80)
Royalty on trade mark received	0.57 (0.56)	— —	— —	— (0.28)	0.57 (0.84)
Rent, other charges and reimbursement paid	8.04 (16.06)	— —	12.90 (11.73)	917.44 (837.56)	938.38 (865.35)
Rent, other charges and reimbursement received	262.35 (224.90)	— —	— —	6.13 (3.07)	268.48 (227.97)
Commission paid on sales	— —	— —	— —	18.85 (20.28)	18.85 (20.28)
Dividend paid / payable	— —	96.43 (41.17)	112.61 (47.88)	118.50 (50.78)	327.54 (139.83)
Dividend received / receivable	156.77 (66.44)	— —	— —	— —	156.77 (66.44)
Interest paid on loans	— —	— —	— —	265.07 (226.82)	265.07 (226.82)
Donation paid	— —	— —	— —	755.05 (385.41)	755.05 (385.41)
Loans taken	— —	— —	— —	2000.00 (1913.30)	2000.00 (1913.30)
Loans repaid	— —	— —	— —	4087.14 (1764.27)	4087.14 (1764.27)
Salary / benefits to Key Managerial Personnel	— —	23.96 (22.37)	— —	— —	23.96 (22.37)
Directors' Remuneration	— —	628.66 (460.25)	— —	— —	628.66 (460.25)

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

ii) Balance outstanding at the year end:

Trade receivables	30.42 (96.54)	— —	— —	48.65 (0.48)	79.07 (97.02)
Loans and Advances / Other Current Assets	206.75 (181.56)	— —	— —	50.40 (50.40)	257.15 (231.96)
Trade and other payables	— —	— —	2.74 —	464.02 (539.34)	466.76 (539.34)
Unsecured Loans	— —	— —	— —	— (1883.01)	— (1883.01)
Interest accrued but not due	— —	— —	— —	— (204.14)	— (204.14)
Investment in Shares (Other than trade) (Net of diminution)	149.30 (149.30)	— —	— —	2.67 (2.67)	151.97 (151.97)

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

Nature of Transactions	Name of Key Management Personnel	2015–2016	2014–2015
1) Directors' Remuneration	Mr. Champa Lal Lohia Mr. Rupchand Lohia Mr. Prakash Lohia Mr. Prasan Lohia Ms. Ruchira Lohia Mr. Bikash Lohia Mr. Madhusudan Lohia Mr. Nripen Dugar	107.87 70.14 93.18 88.77 78.09 78.07 71.69 40.85	80.56 46.43 70.75 58.73 58.73 58.70 57.53 28.82
2) Dividend paid / payable	Mr. Champa Lal Lohia Mr. Rupchand Lohia Mr. Prakash Lohia Mr. Prasan Lohia Ms. Ruchira Lohia Mr. Bikash Lohia Mr. Madhusudan Lohia Mr. Nripen Dugar	12.89 7.18 19.77 6.03 17.78 22.38 10.38 0.02	5.53 3.08 8.43 2.54 7.60 9.53 4.45 0.01
3) Salary to Key Managerial Personnel	Mr. Asok Kumar Parui Mr. Sumantra Sinha Ms. Sumana Raychaudhuri	18.60 2.71 2.65	16.76 5.61 —

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Nature of Transactions	Relatives of Key Management Personnel	2015–2016	2014–2015
1) Dividend paid / payable	Mrs. Tara Devi Lohia Mr. Deepak Lohia Ms. Usha Lohia Mrs. Nayantara Agarwal Mrs. Asha Mundhra Late Man Kumar Lohia Mrs. Sita Devi Lohia Mrs. Uma Singi Mrs. Neera Lohia Mrs. Sheela Lohia Mrs. Praveena Lohia Mrs. Meghna Lohia Mr. Manoj Lohia Mr. Abhiroop Lohia Ms. Anuja Lohia (minor) Mrs. Sashi Lohia	8.44 21.53 5.60 2.80 0.08 14.88 5.72 3.69 10.46 4.11 6.29 9.26 7.50 7.00 1.75 3.50	3.62 9.23 2.40 1.20 0.03 6.38 2.45 1.20 4.48 1.76 2.70 3.97 3.21 3.00 0.75 1.50
2) Land rent paid / payable	Mr. Deepak Lohia Mrs. Asha Mundhra Mrs. Nayantara Agarwal Mrs. Kiran Maheswari Mrs. Uma Singi	2.60 2.11 2.74 2.74 2.71	2.36 1.91 2.49 2.50 2.47

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Nature of Transaction	Name of Entities	2015–2016	2014–2015
Sale of Products / Stores / Services	Merino Services Limited	2.14	582.30
	Sri Hara Kasturi Trust	—	1.91
	Sri Hara Kasturi Memorial Trust	11.17	3.35
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	4.64	2.78
	Usha Agro Farm	0.29	—
	Merino Exports Private Limited	1.58	0.13
Purchase of Goods/Services	Merino Services Limited	146.10	266.90
	Usha Agro Farm	7.73	4.48
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	2.06	2.50
Royalty on trade mark received	Merino Services Limited	—	0.28
Purchase of tangible / intangible Assets	Merino Services Limited	0.52	—
Rent, other charges and reimbursement paid	Merino Exports Pvt. Ltd	135.10	80.45
	Mankumar Lohia and Brothers	76.28	77.84
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	486.07	565.75
	Usha Agro Farm	25.76	23.10
	Sri Hara Kasturi Memorial Trust	0.01	0.01
	Merino Services Limited	194.22	90.41
Rent, other charges and reimbursement received	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	0.41	0.19
	Sri Hara Kasturi Memorial Trust	0.87	0.69
	Merino Services Limited	4.85	2.19
Commission paid on sales	Anupriya Marketing Limited	18.85	20.28
Dividends paid / payable	Merino Exports Pvt. Ltd	107.30	45.98
	Merino Services Limited	11.20	4.80
Interest Paid on loans	Merino Exports Pvt. Ltd	265.07	226.82
Donation Paid	Sri Hara Kasturi Memorial Trust *	84.75	59.21
	Sri Hara Kasturi Trust **	0.30	26.20
	Sri Man Kumar Lohia Memorial Trust	670.00	300.00
Loan Taken	Merino Exports Pvt Ltd	2000.00	1913.30
Loan Repaid	Merino Exports Pvt Ltd	4087.14	1764.27

* For CSR Activities Rs. 84.75 (Previous Year Rs. 30.80). (Also refer Note 41.)

** For CSR Activities Rs. Nil (Previous Year Rs. 26.20). (Also refer Note 41.)

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

v) Balance outstanding at the year end:

Nature of Transaction	Name of Entities	2015–2016	2014–2015
Trade Receivables	Merino Exports Pvt Ltd	0.73	—
	Merino Services Limited	45.50	—
	Sri Harakasturi Memorial Trust	2.42	0.48
Loans and Advances / Other current assets	Mankumar Lohia and Brothers	50.40	50.40
Trade and other payables	Merino Services Limited	—	49.49
	Mankumar Lohia and Brothers	0.86	0.77
	Kasturi Bai Gopi Babu Cold Storage Pvt Ltd	452.47	488.70
	Usha Agro Farm	3.02	0.38
	Anupriya Marketing Limited	7.67	—
Unsecured Loans	Merino Exports Pvt Ltd	—	1,883.01
Interest accrued and due	Merino Exports Pvt Ltd	—	204.14
Investment in Shares (Other than trade)	Merino Services Limited	2.07	2.07
	Merino Exports Pvt Ltd	0.60	0.60
	Merinopoly and Chemicals Ltd	Rs.5.19	
	Less: Diminution in book value	Rs.5.19	—

36 Information in accordance with Accounting Standard - 17 on ' Segment Reporting '

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

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

Primary Segment Information (Business Segment) :

	Laminates	Panel Products and Furniture	Potato Flakes	Others (Un allocated)	Eliminations	Total
Revenue External (net sales and other income)	45179.28 (43371.56)	12106.13 (11270.56)	5154.20 (7168.84)	3794.51 (2298.93)		
Inter- Segment sales	3233.53 (2825.95)	— —	— —	— —		
Total Revenue (net sales and other income)	48412.81 (46197.51)	12106.13 (11270.56)	5154.20 (7168.84)	3794.51 (2298.93)	-3233.53 (-2825.95)	66234.12 (64109.89)
Profit (+) / Loss (-) before tax	+12037.17 (+8252.70)	+864.51 (+1385.82)	-925.93 (+39.16)	-3234.93 (-3040.18)		+8740.82 (+6637.50)
Depreciation and Amortisation	951.00 (952.99)	293.49 (240.94)	324.09 (320.12)	104.80 (91.15)		1673.38 (1605.20)
Non Cash expenses other than Depreciation and Amortisation	87.84 (54.61)	156.39 (126.68)	1.43 (18.65)	0.20 (0.07)		245.86 (200.01)
Assets	27048.79 (24077.22)	9617.35 (7021.65)	4615.19 (4769.30)	8556.45 (8875.88)		49837.78 (44744.05)
Liabilities (Excluding Shareholders' funds)	5272.19 (5476.12)	1329.83 (1205.71)	507.88 (646.67)	19141.55 (19330.25)		26251.45 (26658.75)
Capital Expenditure	2804.80 (3279.81)	3161.99 (1077.48)	271.27 (199.65)	133.89 (155.99)		6371.95 (4712.93)

Secondary Segment Information (Geographical Segments) :

	Segment Revenue (External)	Carrying amount of Segment Assets	Segment Capital Expenditure
Within India	46765.61 (47320.58)	39058.82 (34570.76)	6238.06 (4556.94)
Outside India	15674.00 (15033.66)	2222.51* (2099.79*)	— —

* represents Trade Receivables and Fixed Assets. Figures in brackets represent previous years figures.

37. PURCHASES OF STOCK-IN-TRADE

	31st March, 2016	31st March, 2015
Decorative laminates	720.36	1411.82
Other Panel Products	99.63	49.84
Furniture [includes Installation Expenses Nil (Previous Year : Rs.48.86)]	2.63	77.29
Chemicals	8.07	100.36
Paper	220.17	415.94
Potato Flakes	77.70	108.29
Potato / Potato Seeds	219.61	136.63
Acrylic Solid Surface and Adhesive	2051.19	2367.11
Stone Veneer	20.35	—
	<u>3419.71</u>	<u>4667.28</u>

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

38. LEASES

Operating Lease

As a lessee:

The Company has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, godown etc. The tenure of leases generally varies between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental aggregating Rs.528.74 (31st March, 2015 : Rs.397.99) has been debited to the Statement of Profit and Loss.

As a lessor:

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

	31st March, 2016	31st March, 2015
Gross carrying amount as on Balance Sheet date	10.24	10.24
Accumulated depreciation amount as on Balance Sheet date	2.52	1.80
Net carrying amount as on Balance Sheet date	7.72	8.44
Depreciation recognised in Statement of Profit and Loss	0.72	0.71
Rental income credited to the Statement of Profit and Loss (included under Other Income):	1.20	1.20

The Company has given one or more godown spaces on operating lease and the tenure of leases generally varies between 1 and 5 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental income aggregating Rs.5.57 (31st March, 2015 : Rs.6.44) has been credited to the Statement of Profit and Loss.

39. DIVIDEND

During the year, the Board of Directors has declared interim dividend of Rs.3.50/- (2014-15 : Rs.1.50/-) per Equity Share amounting to Rs.362.94 (2014-15 ; Rs.155.54).

40. HEDGING CONTRACTS

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

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

a) Derivative instruments outstanding:

i) Forward exchange contracts:

Details	31st March, 2016		31st March, 2015	
	Purchase	Sale	Purchase	Sale
Foreign currency value (USD in lacs)	6.51	38.00	–	42.25
Foreign currency value (EURO in lacs)	1.03	–	–	–
ii) Principal swap contracts:				
Principal amount (USD in lacs) outstanding	45.65	–	12.50	–

NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

b) Un-hedged foreign currency exposures:

Details	31st March, 2016	31st March, 2015
Loan liabilities and payables:		
(USD in lacs)	25.95	53.75
(EUR in lacs)	12.57	10.79
(AUD in lacs)	—	0.11
(YEN in lacs)	186.76	197.61
(SGD in lacs)	0.11	0.23
Receivables:		
(USD in lacs)	33.81	32.18
(GBP in lacs)	0.68	0.73
(EUR in lacs)	0.63	—

41. 'CSR' EXPENDITURE

The Company undertook Corporate Social Responsibility ('CSR') programme and activities through Group Trust (Shree Hara Kasturi Memorial Trust) registered under the Income Tax Act.

	2015-16	2014-15
(a) Gross Amount required to be spent by the company during the year	84.75	57.00
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any assets	8.52	12.07
On purpose other than above	76.23	44.93

42. PREVIOUS YEAR'S FIGURES

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

For SINGHI & CO.

Chartered Accountants

Firm Registration Number : 302049E

For and on behalf of Board of Directors

B. L. Choraria

Partner

Membership Number : 22973

A. K. Parui

Chief Financial

Officer

Sumana Raychaudhuri

Secretary

Rup Chand Lohia

Executive Vice

Chairman

Prakash Lohia

Managing Director

Place: Kolkata

Date: 8th June, 2016

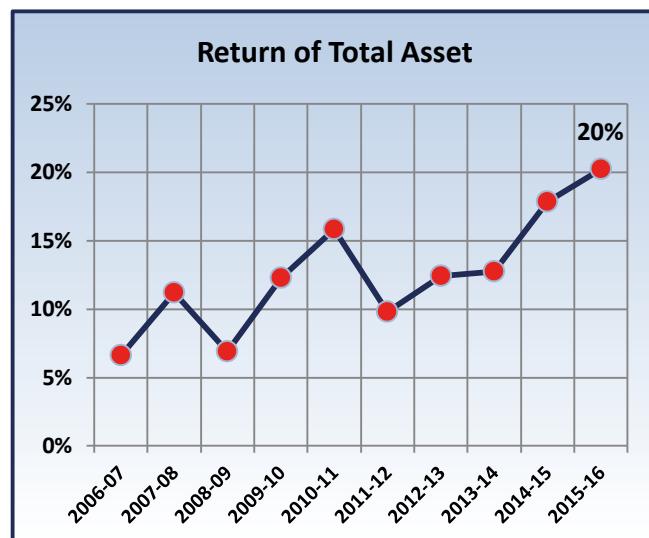
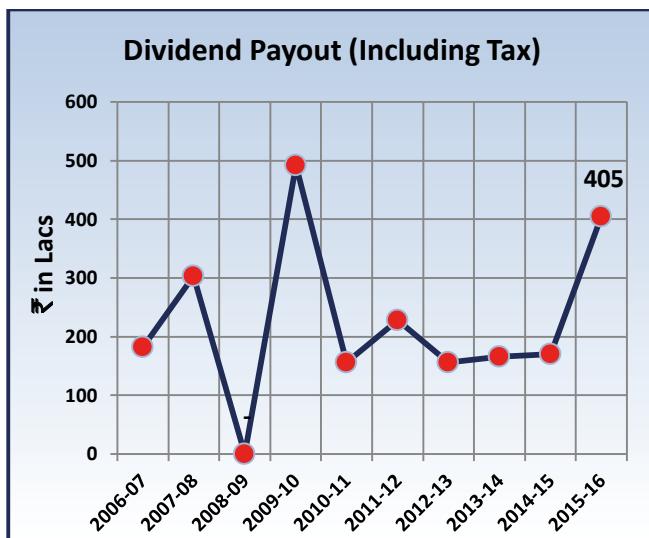
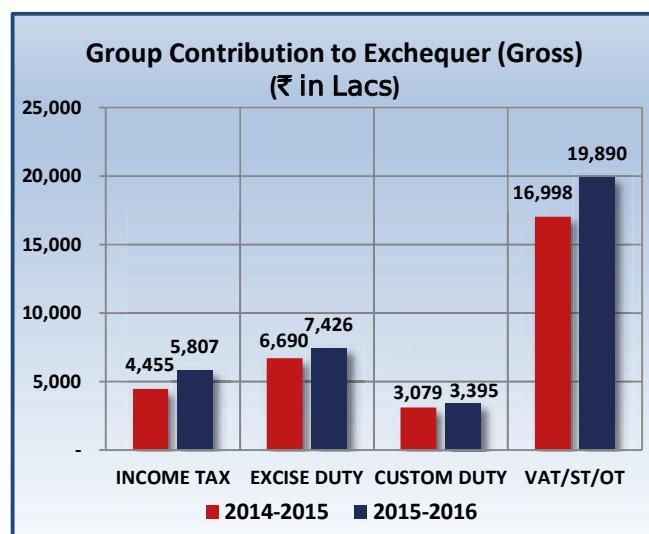
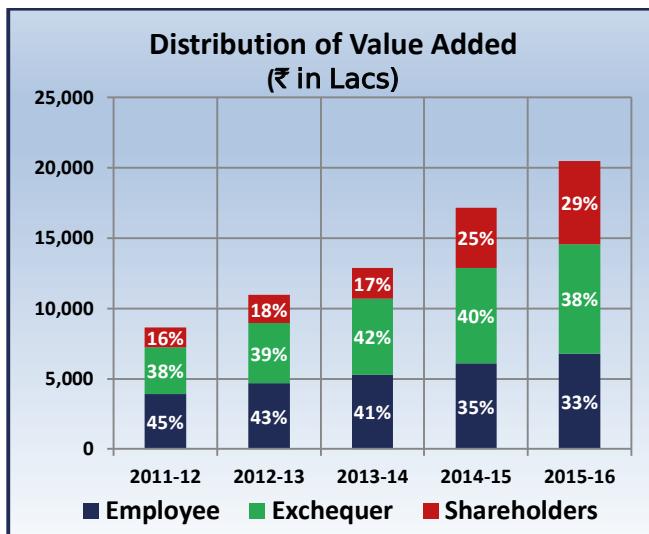
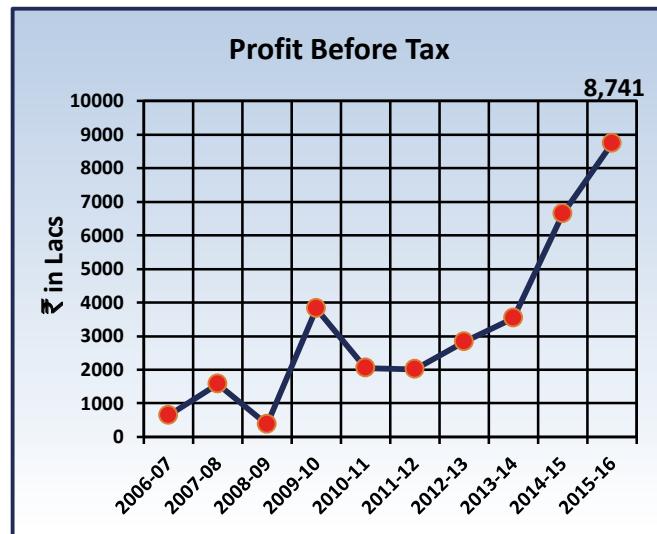
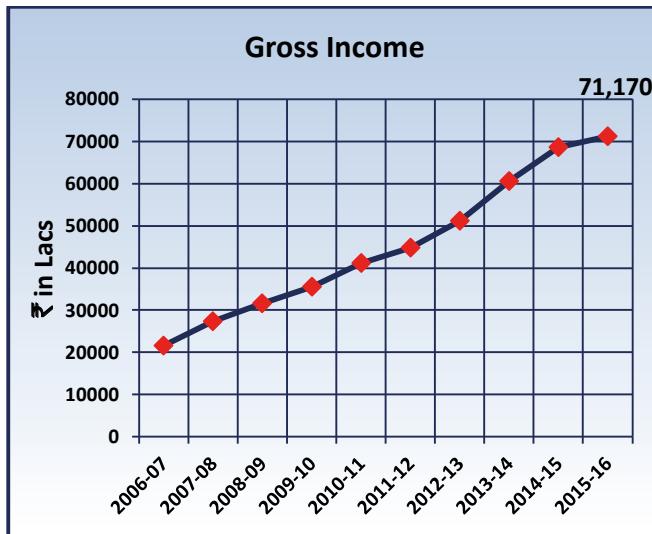
TEN YEARS AT A GLANCE**OPERATING RESULTS FOR TEN YEARS AT A GLANCE (Rs. lacs)**

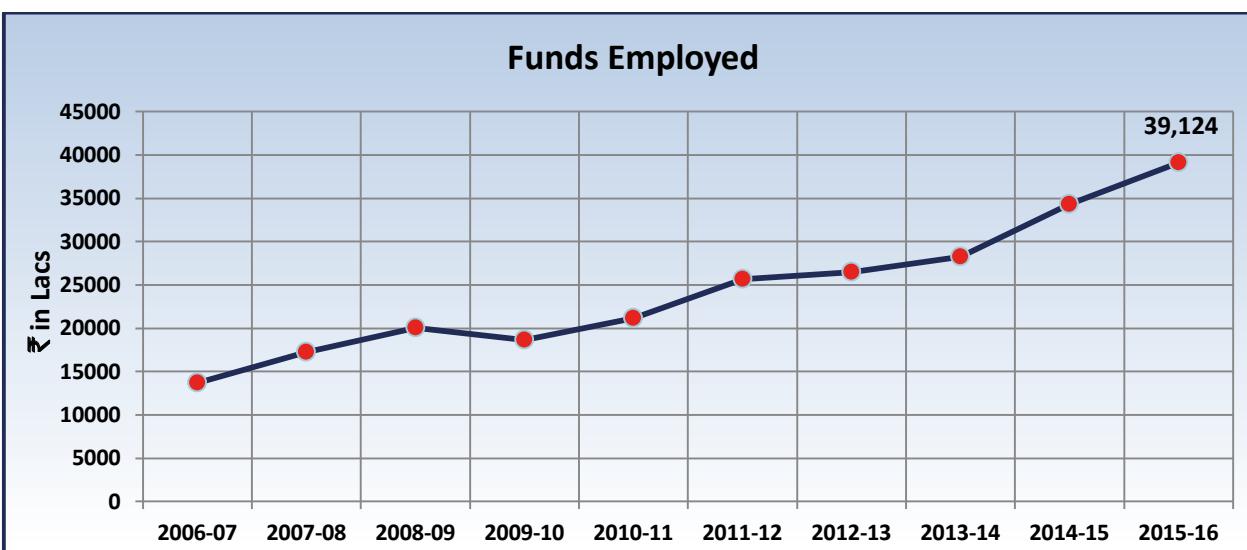
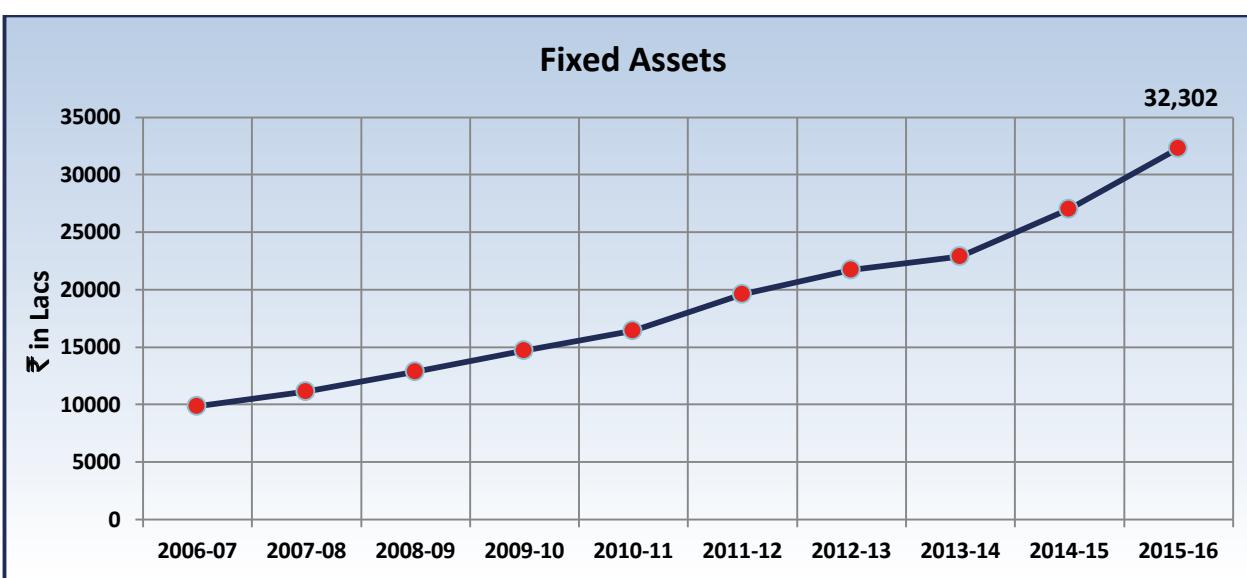
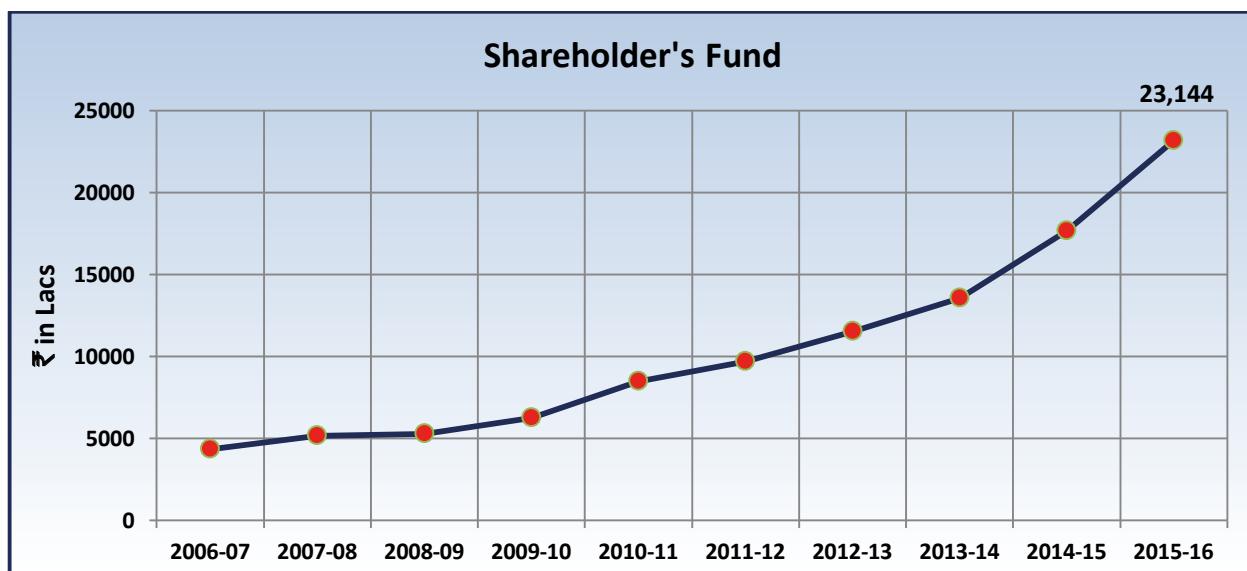
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross income	21543.34	27394.53	31522.85	35499.27	41073.52	44718.85	51108.91	60467.90	68550.14	71169.66
Gross expenditure	19810.76	24218.50	29063.34	29901.95	37133.90	40449.17	45524.11	54190.59	58942.25	59415.61
Interest	529.92	849.74	1230.57	856.61	916.09	1176.24	1399.33	1293.50	1365.19	1339.85
Operating profit	1202.66	2326.29	1228.94	4740.71	3023.53	3093.44	4185.47	4983.81	8242.70	10414.20
Depreciation	569.82	761.46	852.80	921.15	977.80	1091.92	1360.55	1458.24	1605.20	1673.38
Profit before tax and extraordinary item Extra- ordinary Item	632.84	1564.83	376.14	3819.56	2045.73	2001.52	2824.92	3525.57	6637.50	8740.82
Tax - Current tax	95.00	371.84	250.00	625.00	1133.27	621.20	715.00	1234.61	2080.19	2602.16
- Fringe Benefit Tax	28.69	29.00	41.50	5.76	3.44	(9.30)	-	-	-	-
- Deferred Tax Charge / (Credit)	84.51	113.49	(58.62)	1.26	50.89	(38.72)	113.80	96.02	283.36	232.54
Profit after tax	424.64	1050.50	143.26	1446.18	2379.32	1428.34	1996.12	2194.94	4273.95	5906.12
Dividend (including tax)	181.98	303.30	-	492.22	155.54	228.32	155.54	166.12	170.68	404.91
Retained Profits	242.66	747.20	143.26	953.96	2223.78	1200.02	1840.58	2028.82	4103.27	5501.21
Earnings per share (Rs.)	4.10	10.13	1.38	13.95	22.94	13.77	19.25	21.17	41.22	56.96

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

	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016
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	3838.71	4631.34	4759.04	5707.54	7926.40	9121.95	10958.42	12983.45	17038.27	22539.30
Shareholder's fund	4885.74	5678.37	5806.07	6754.57	8973.43	10168.98	12005.45	14030.48	18085.30	23586.33
Long term loan	1124.86	2622.49	2923.28	1971.82	714.71	2881.22	2309.14	2741.09	2116.00	2383.28
Bank borrowings	6629.86	7889.15	8967.38	6959.70	8875.23	8867.04	7732.26	6511.37	8065.24	8399.79
Short term loan	483.73	401.09	1706.50	2332.38	1899.97	3077.63	3678.93	4095.07	4883.01	3400.00
Loan funds	8238.45	10912.73	13597.16	11263.90	11489.91	14825.89	13720.33	13347.53	15064.25	14183.07
Deferred tax liability(net)	530.73	673.69	615.07	616.33	667.22	628.50	742.30	838.32	1121.67	1354.21
Funds available	13654.92	17264.79	20018.30	18634.80	21130.56	25623.37	26468.08	28216.33	34271.22	39123.61
APPLICATION OF FUNDS										
Fixed assets	9871.43	11150.69	12835.74	14698.84	16448.72	19592.96	21726.63	22874.12	26993.74	32302.49
Depreciation	3120.88	3809.55	4628.24	5321.74	6263.14	7350.71	8565.22	9837.35	11072.96	12005.00
Fixed assets (net)	6750.55	7341.14	8207.50	9377.10	10185.58	12242.25	13161.41	13036.77	15920.78	20297.49
Investments	152.92	152.92	152.92	152.82						
Net current assets	6751.45	9770.73	11657.88	9104.88	10792.16	13228.30	13153.85	15026.74	18197.62	18673.30
Funds employed	13654.92	17264.79	20018.30	18634.80	21130.56	25623.37	26468.08	28216.33	34271.22	39123.61

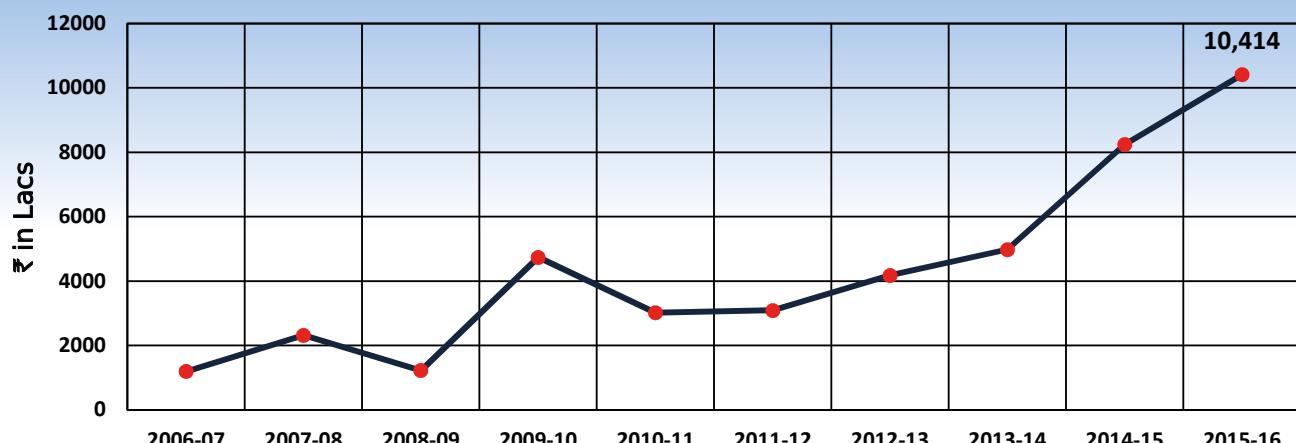
FINANCIAL HIGHLIGHTS



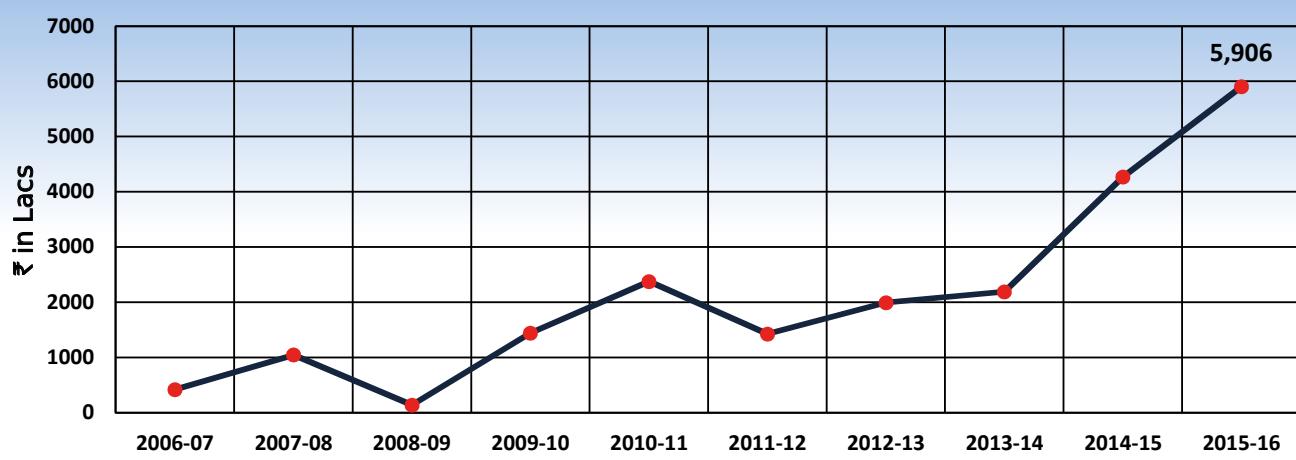


Merino Industries Limited

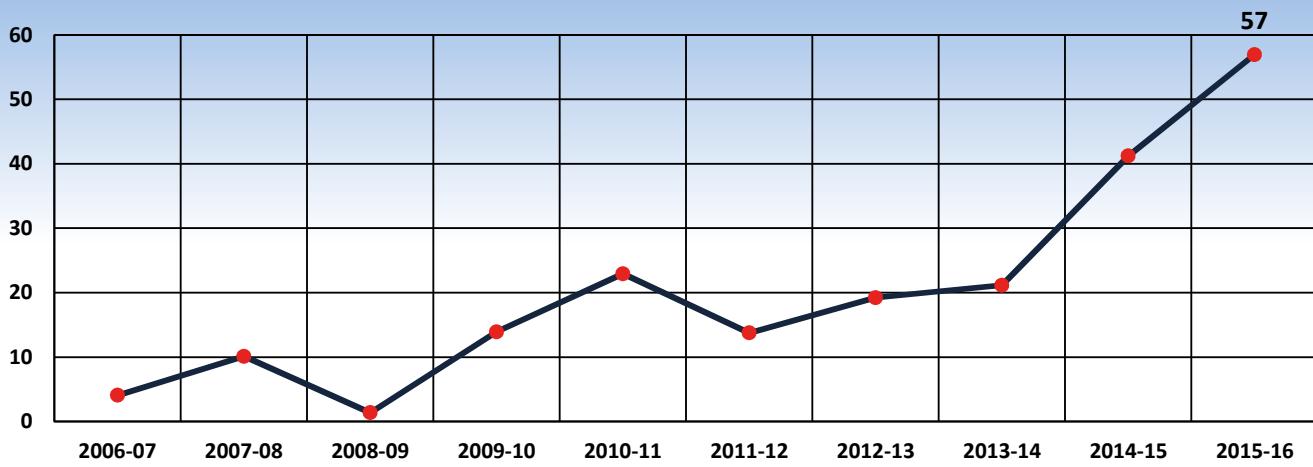
Operating Profit



Profit After Tax



Earnings Per Share (₹)



Annexure

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. lacs)

1.	Sl. No.	
2.	Name of the subsidiary	Merino Panel Products Limited
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NO
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
5.	Share capital	200.00
6.	Reserves & surplus	15086.79
7.	Total assets	20492.46
8.	Total Liabilities	5205.67
9.	Investments	100.15
10.	Turnover	34216.06
11.	Profit before taxation	6109.09
12.	Provision for taxation	2217.05
13.	Profit after taxation	3892.04
14.	Proposed Dividend	—
15.	% of shareholding	74.65

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

1.	Names of subsidiaries which are yet to commence operations	NIL
2.	Names of subsidiaries which have been liquidated or sold during the year	NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	Name 1	Name 2	Name 3
1. Latest audited Balance Sheet Date	N.A.	N.A.	N.A.
2. Shares of Associate/Joint Ventures held by the company on the year end :	N.A.	N.A.	N.A.
No.	N.A.	N.A.	N.A.
Amount of Investment in Associates/Joint Venture	N.A.	N.A.	N.A.
Extent of Holding %	N.A.	N.A.	N.A.
3. Description of how there is significant influence	N.A.	N.A.	N.A.
4. Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	N.A.	N.A.	N.A.
6. Profit / Loss for the year	N.A.	N.A.	N.A.
i. Considered in Consolidation	N.A.	N.A.	N.A.
ii. Not Considered in Consolidation	N.A.	N.A.	N.A.
1. Names of associates or joint ventures which are yet to commence operations.	Nil	Nil	Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year.	Nil	Nil	Nil

For and on behalf of Board of Directors

A. K. Parui
Chief Financial Officer

Place: Kolkata
Date: 8th June, 2016

Sumana Raychaudhuri
Secretary

Rup Chand Lohia
Executive Vice Chairman

Prakash Lohia
Managing Director

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To the Members of Merino Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Merino Industries Limited ("the Holding Company"), and its subsidiary (the Holding Company and its subsidiary together referred to as "the Company or the group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company are in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date; and.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Boards of Directors of the Holding Company and the Subsidiary Company, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statement has disclosed the impact of pending litigations on the consolidated financial position of the group – Refer Note No. 21 (a) to the Consolidated Financial Statements;
 - ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education & Protection Fund by the Holding Company and its subsidiary company.

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

B. L. Choraria

Partner

Membership No. 22973

Place: Kolkata

Date: 8th June, 2016

Annexure – “A” to the Auditors’ Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of Merino Industries Limited (“the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiaries Company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B. L. Choraria

Partner

Membership No. 22973

Place: Kolkata

Date: 8th June, 2016

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	Note No	31st March, 2016	31st March, 2015
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	3	1047.03	1047.03
(b) Reserves and Surplus	4	33670.07	25471.97
		34717.10	26519.00
(2) MINORITY INTEREST	5	3875.19	2952.64
(3) NON-CURRENT LIABILITIES			
(a) Long-term Borrowings	6	2406.85	2181.61
(b) Deferred Tax Liabilities (net)	7	1837.26	1486.46
(c) Other Long-Term Liabilities	8	560.50	446.56
		4804.61	4114.63
(4) CURRENT LIABILITIES			
(a) Short-term Borrowings	9	12593.82	14730.22
(b) Trade Payables	10		
(A) Total outstanding dues of MSME		1.88	0.33
(B) Total outstanding dues of creditor other than MSME		7844.51	7221.71
(c) Other Current Liabilities	11	5281.95	4848.42
(d) Short-term Provisions	12	693.19	1189.99
		26415.35	27990.67
TOTAL		69812.25	61576.94
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	13A	23771.95	19716.79
(ii) Intangible Assets	13B	114.05	73.67
(iii) Capital Work-in-Progress	13C	1960.69	1044.68
(iv) Intangible Assets under development		146.38	-
		25993.07	20835.14
(b) Non-current Investments	14	103.67	3.52
(c) Long-term Loans and Advances	15	1431.66	1099.39
		27528.40	21938.05
(2) CURRENT ASSETS			
(a) Inventories	16	23164.25	22073.29
(b) Trade Receivables	17	14219.00	14221.75
(c) Cash and Bank Balances	18	3008.64	1844.32
(d) Short-term Loans and Advances	19	1743.80	1438.63
(e) Other Current Assets	20	148.16	60.90
		42283.85	39638.89
TOTAL		69812.25	61576.94

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

The Notes numbered 1 to 41 are an integral part of the Consolidated financial statements.

For SINGHI & CO.

Chartered Accountants

Firm Registration Number : 302049E

For and on behalf of Board of Directors

B. L. Choraria

Partner

Membership Number : 22973

Place: Kolkata

Date: 8th June, 2016

A. K. Parui

Chief Financial Officer

Sumana Raychaudhuri

Secretary

Rup Chand Lohia

Executive Vice Chairman

Prakash Lohia

Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	Note No	2015–16	2014–15
Revenue from operations (Net)	23	95617.32	90824.61
Other Income	24	1491.98	1988.77
Total Revenue		97109.30	92813.38
Expenses			
Cost of Materials Consumed	25	44453.67	48070.67
Purchases of Stock-in-Trade	35	3395.52	3921.53
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(749.33)	(3128.68)
Employee Benefits Expense	27	9941.17	8438.11
Finance Costs	28	1562.67	1736.83
Depreciation and Amortisation Expense	29	2452.90	2382.91
Other Expenses	30	21379.22	20054.43
Total Expenses		82435.82	81475.80
Profit before tax		14673.48	11337.58
Tax Expense:			
Current Tax		4842.94	3829.68
Short /(Excess) provision of current tax in respect of earlier years adjusted		(141.99)	12.05
Deferred Tax		350.80	239.72
		5051.75	4081.45
Profit for the year before Minority Interest		9621.73	7256.13
Minority Interest		986.63	791.24
Profit for the year		8635.10	6464.89
Earnings per equity share	31		
[Nominal Value per share: Rs 10/- (2014-15: Rs 10/-)]			
On profit after tax			
Basic and Diluted		83.27	62.34

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

The Notes numbered 1 to 41 are an integral part of the Consolidated financial statements.

For **SINGHI & CO.**
Chartered Accountants
Firm Registration Number : 302049E

For and on behalf of Board of Directors

B. L. Choraria
Partner
Membership Number : 22973
Place: Kolkata
Date: 8th June, 2016

A. K. Parui
Chief Financial Officer
Sumana Raychaudhuri
Secretary
Rup Chand Lohia
Executive Vice Chairman
Prakash Lohia
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in Rs. lacs, unless otherwise stated)

	2015–16	2014–15
A. Cash Flow From Operating Activities :		
Net Profit Before Tax	14673.48	11337.58
Adjustment for :		
Depreciation and amortisation	2452.90	2382.91
Bad Debts and advances written off	239.07	164.08
Provision for Doubtful Debts	11.37	71.65
Unrealised gain on foreign currency translations (Net)	71.68	(147.10)
Finance Cost	1562.67	1736.83
Loss on Sale/Disposal of Tangible Assets	98.57	59.34
Profit on Sale of Tangible Assets	(22.74)	(61.29)
Interest Income	(117.03)	(29.07)
Liabilities / Provision no longer required written back	(194.20)	(82.24)
Dividend Income	(0.16)	(0.10)
	4102.13	4095.01
Operating Profit before Working Capital Changes	18775.61	15432.59
Adjustments for :		
Trade and Other Receivables	(390.51)	(1120.70)
Inventories	(1090.98)	(4864.19)
Trade and Other Payables	1626.51	145.02
	18920.63	9897.36
Cash Generated From Operations		
Net Direct Taxes Paid	(5394.32)	(3465.65)
Net Cash from Operating Activities	13526.31	6431.71
B. Cash Flow From Investing Activities :		
Purchase of Tangible Assets	(7753.26)	(5940.05)
Purchase of Intangible Assets	(242.98)	(16.70)
Proceeds from sale of Tangible Assets	134.89	442.01
Purchase of Investment	(100.15)	-
Interest Received	91.14	20.71
Dividend Received	0.16	0.10
Net Cash used in Investing Activities	(7870.20)	(5493.93)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (Contd.)

(Figure in Rs. lacs, unless otherwise stated)

	2015–16	2014–15
C. Cash Flow From Financing Activities :		
Proceeds from Long-Term Borrowings	1779.60	697.22
Repayment of Long Term Borrowings	(1446.53)	(1416.52)
Proceeds from Short-Term Loans from Banks	3400.00	3000.00
Repayment of Short-Term Loans from Banks	(3000.00)	(2500.00)
Proceeds from Demand Loan from Body Corporates	2000.00	1913.30
Repayment of Demand Loan from Body Corporates	(3883.01)	(1625.36)
Increase/ (Decrease) in Cash Credit/Working Capital facilities (net)	(653.38)	939.62
Interest paid	(1696.96)	(1589.66)
Dividend paid	(411.48)	(179.96)
Dividend Distribution Tax paid	(84.72)	(30.26)
Net Cash from Financing Activities	(3996.48)	(791.62)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1659.63	146.16
Cash and Cash Equivalents (opening)	1311.14	1164.98
Cash and Cash Equivalents (closing)	2970.77	1311.14
(a) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3 on Cash Flow Statements.		
(b) Cash and Cash Equivalents comprise (Refer note 18):	31st March, 2016	31st March, 2015
Cash on hand [including stamps on hand Rs.0.49 (31st March, 2015 - Rs. 0.59)]	42.03	21.37
Foreign Currency on hand	7.60	3.40
Cheques, Drafts on hand	11.73	80.93
Remittances-in-transit	99.98	70.81
Bank Balances:		
On Current Account	1222.41	1108.64
On Cash Credit Account	39.02	25.99
Other Bank Balances		
Fixed Deposit for less than one year	1248.00	–
Fixed Deposit for more than one year [Refer (b) below]	300.00	–
	2970.77	1311.14
(c) Also refer Note 41.		

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

The Notes referred to above form an integral part of the Consolidated Cash Flow statements.

For SINGHI & CO.

Chartered Accountants

Firm Registration Number : 302049E

For and on behalf of Board of Directors

B. L. Choraria

Partner

Membership Number : 22973

Place: Kolkata

Date: 8th June, 2016

A. K. Parui

Chief Financial Officer

Sumana Raychaudhuri

Secretary

Rup Chand Lohia

Executive Vice Chairman

Prakash Lohia

Managing Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Consolidated Financial Statements represent consolidation of accounts of Merino Industries Limited, the Holding Company, a public limited company and Merino Panel Products Limited, its Subsidiary (together referred to as "The Group"). Both the companies are incorporated in India under the provisions of the Companies Act, 1956. The company is a multi product and multi location company. The Consolidated Financial Statements are prepared in conformity with Accounting Standards -21 "Consolidated Financial Statement" issued by The Institute of Chartered Accountants of India as set out below:

- (i) The financial statements of the Holding Company and its subsidiary have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and any unrealised profits / losses included therein, if any.
- (ii) The consolidated Financial Statements are prepared by adopting uniform policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Holding Company's separate financial statements.
- (iii) Minority's interest in net profit of Subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Holding Company.
- (iv) Minority's interest in net assets of Subsidiary is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Holding's Shareholders.
- (v) The excess/shortfall of cost to the Company of its investments in the subsidiary companies, over the net assets at the time of acquisition in the subsidiaries as on the date of investment is recognised in the financial statements as goodwill/capital reserve as the case may be.
- (vi) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Holding Company.
- (vii) The Proportion of Holding Company's share ownership in Subsidiary is 74.65%

2. Summary of significant accounting policies

2.1 Basis of preparation

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

2.2 Tangible Assets and Depreciation

- (a) Tangible Assets are stated at cost except in case of certain items of Land, Buildings and Plant and Machinery which are stated on the basis of revaluation (with corresponding credit to the Revaluation Reserve Account), being inclusive of resultant write-ups, net of accumulated depreciation and net accumulated impairment losses, if any. Cost of tangible assets includes purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- (b) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (c) Capital work-in-progress is stated at cost and inclusive of pre-operative expenses, project development expenses, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (d) Depreciation on revalued assets other than Land is calculated on their respective revalued amounts on remaining useful life as per Schedule II as notified under the Act. (Also refer Note 13A.)
- (e) In respect of tangible assets, depreciation has been charged over useful lives on Straight Line Method (SLM) as prescribed in Schedule II as notified under the Act.

2.3 Intangible Assets and Amortisation

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

Intangible Assets are amortised on a straight line basis over a period of five years from the date of capitalisation as prescribed in Accounting Standard 26 (Intangible Assets).

2.4 Impairment Loss

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

2.5 Borrowing Costs

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

2.6 Investments

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

2.7 Inventories

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

2.8 Foreign Currency Transactions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

2.9 Revenue Recognition

Sale of goods

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

Sale of services

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

Other items are recognised on accrual basis.

2.10 Other Income

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

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

Other items are recognised on accrual basis.

2.11 Employee Benefits

(a) Short-term Employee Benefits :

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

(b) Post Employment Benefit Plan:

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the 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 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. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.12 Taxation

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

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

2.13 Government Grants

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

2.14 Lease

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

2.15 Cash and Cash Equivalents

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

2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share are the net profit/(loss) for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Provisions and Contingent Liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
3. SHARE CAPITAL		
AUTHORISED		
1,70,00,000 (31st March, 2015:1,70,00,000) Equity Shares of Rs. 10/- each	1700.00	1700.00
ISSUED		
1,05,66,100 (31st March, 2015:1,05,66,100) Equity Shares of Rs 10/- each	1056.61	1056.61
SUBSCRIBED AND PAID-UP		
1,03,69,600 (31st March, 2015:1,03,69,600) Equity Shares of Rs 10/- each fully paid-up	1036.96	1036.96
Add : Forfeited Equity Shares :		
Amount paid-up on 1,96,500 (31st March, 2015 : 1,96,500) Equity Shares	10.07	10.07
	<u>1047.03</u>	<u>1047.03</u>

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

The Company has only one class of equity shares having a par value of Rs 10/- each. Each equity shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

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

Sn. Name of the shareholders	As at 31st March, 2016		As at 31st March, 2015	
	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	6,40,300	6.18	6,37,940	6.15
3 Mr. Prakash Lohia	5,65,720	5.46	5,63,700	5.44
4 Mr. Deepak Lohia	6,15,189	5.93	6,15,189	5.93
	<u>48,86,909</u>	<u>47.13</u>	48,82,529	47.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016	31st March, 2015
4. RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	<u>1.46</u>	1.46
Revaluation Reserve (Refer Note 13A)		
Balance as at the beginning of the year	<u>442.05</u>	490.50
Less: Adjustment for additional depreciation charge on revalued tangible assets transferred to Statement of Profit and Loss	<u>0.18</u>	48.45
Balance as at the end of the year	<u>441.87</u>	442.05
Securities Premium Reserve		
Balance as per last Balance Sheet	<u>311.43</u>	311.43
General Reserve		
Balance as at the beginning of the year	<u>4674.03</u>	4013.63
Add: Transfer from surplus in the Statement of Profit and Loss	<u>881.15</u>	660.40
Balance as at the end of the year	<u>5555.18</u>	4674.03
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	<u>20043.00</u>	14420.48
Add: Profit for the year	<u>8635.10</u>	6464.89
Amount available for appropriation	<u>28678.10</u>	20885.37
Less : Appropriations:		
Interim dividend on Equity Shares for the year	<u>362.94</u>	155.54
Dividend distribution tax on interim dividend on Equity Shares	<u>73.88</u>	26.43
Transfer to General Reserve	<u>881.15</u>	660.40
Total appropriations	<u>1317.97</u>	842.37
Balance as at the close of the year	<u>27360.13</u>	20043.00
	<u>33670.07</u>	<u>25471.97</u>

	31st March, 2016	31st March, 2015
5. MINORITY INTEREST		
Share Capital	<u>50.70</u>	50.70
Securities Premium	<u>76.05</u>	76.05
Balance in General Reserve	<u>347.75</u>	249.09
Balance in Statement of Profit & loss		
Opening Balance	<u>2576.80</u>	1891.07
Add: Profit for the current year	<u>986.63</u>	791.24
Less: Dividend	<u>53.24</u>	22.56
Dividend distribution tax	<u>10.84</u>	3.83
Amount transfer to General Reserve	<u>98.66</u>	79.12
	<u>3400.69</u>	<u>2576.80</u>
	<u>3875.19</u>	<u>2952.64</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

6. LONG-TERM BORROWINGS

Secured

Term Loans

From Banks:

Indian Rupee Loans [Refer (a) and (b) below]

2090.20

2045.32

Foreign Currency Loan [Refer (c) below]

1689.07

1094.10

From Others:

Indian Rupee Loans [Refer (d) below]

126.06

492.93

3905.33**3632.35**

Less : Current maturities (Payable within 1 year)

From Banks:

Indian Rupee Loans [Refer (a) and (b) below]

653.94

536.82

Foreign Currency Loan [Refer (c) below]

718.48

547.05

From Others:

Indian Rupee Loans [Refer (d) below]

126.06

366.87

1498.48**1450.74****2406.85****2181.61**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Bank	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
The Hong Kong and Shanghai Banking Corporation Limited	500.00	660.00	First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 10.50 % p.a. The balance amount of the loan of Rs.360 and Rs.140 is repayable in twelve equal quarterly instalments of Rs.30 each and fourteen quarterly instalments of Rs.10 each respectively. Last instalment is due on 11th August, 2019.
The Hong Kong and Shanghai Banking Corporation Limited	853.33	400.00	First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in twenty equal quarterly instalments with no moratorium period. Interest is payable monthly @ 9.90% p.a. The balance amount of the loan of Rs.320 and 533.33 is repayable in sixteen equal quarterly instalments of Rs.20 each and sixteen quarterly instalments of Rs.33.33 each respectively. Last instalment is due on 25th February, 2020. Disbursement of the balance amount of the loan of Rs.600 was taken on 6th July, 2015.
DBS Bank Limited	600.00	800.00	First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments with moratorium period of one year. Interest is payable monthly @ 10.55 % p.a. The balance amount of the loan of Rs.600 is repayable in twelve equal quarterly instalments of Rs.50 each. Last instalment is due on 16th December, 2018.
	1953.33	<u>1860.00</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Bank	31st March, 2016	31st March, 2015	Nature of Securities	Repayment Terms
Standard Chartered Bank Limited	579.82	1094.10	First and exclusive charge on the assets purchased out of this loan.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of first disbursement. Interest is payable in every three months at USD LIBOR plus three hundred fifty basis points per annum. The balance amount of the loan of USD 0.875 million (USD 0.625 million fully hedged) is repayable in four equal quarterly instalments of USD 0.218 million each subject to the foreign exchange fluctuation on payment dates. Last instalment is due on 2nd March, 2017.
Standard Chartered Bank Limited	1109.25		- First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments starting from the end of fifteen months from the date of disbursement. Interest is payable in every three months at 9.90% p.a on fully hedged basis. The balance amount of the loan of Rs.1109.25 is repayable in sixteen equal quarterly instalments of Rs.69.33 each. Last instalment is due on 21st August, 2020.
	1689.07	1094.10		

(d) Repayment terms and nature of securities given for Indian Rupee Term Loans

EXPORT-IMPORT Bank of India	-	125.00	First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. Last instalment was due for payment on 1st July, 2015.
EXPORT-IMPORT Bank of India	126.06	351.05	First <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future (excluding assets which are exclusively charged to other lenders) and second <i>pari passu</i> charge on the entire current assets of the Company, both present and future.	Repayable in sixteen equal quarterly instalments commencing after one year from the date of first disbursement. Interest is payable monthly @ LTMR plus 2% p.a. The balance amount of the loan of Rs.126.06 is repayable in three quarterly instalments (two quarterly instalments of Rs.56.25 and last instalment of Rs.13.56). Last instalment is due on 1st October, 2016. Bullet repayment after seven years from the date of disbursement. No interest is payable on this loan. The loan stood repaid on 5th February, 2016.
Uttar Pradesh Financial Corporation	-	16.87	Second <i>pari passu</i> charge on the entire fixed assets of the Company, both present and future.	
	126.06	492.92		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016	31st March, 2015
7. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets	1937.86	1550.01
Deferred Tax Assets		
Disallowance allowable for tax purpose on payment	100.60	63.55
	1837.26	1486.46
8. OTHER LONG-TERM LIABILITIES		
Deposits from Customers and Suppliers	252.75	134.50
Liabilities under litigation	293.17	312.06
Other Liabilities	14.58	–
	560.50	446.56
9. SHORT - TERM BORROWINGS		
Secured (Refer (a) below)		
Working Capital Loan		
From Banks:		
Overdraft / Cash Credit	2463.82	2199.56
Overdraft against fixed deposit (b)	–	499.95
Working Capital Demand Loan	2000.00	1300.00
Rupee Packing Credit Loan	4730.00	3440.00
Foreign Currency Buyer's Credit Loan	–	2407.70
	9193.82	9847.21
Unsecured		
Working Capital Loan		
From Banks :		
Indian Rupee Loan	1900.00	3000.00
Foreign Currency Loan	1500.00	–
From related parties :		
Indian Rupee Loan from a body corporate	–	1883.01
	3400.00	4883.01
	12593.82	14730.22

- (a) Working Capital Loans are secured by way of
- i) Primary Security : Hypothecation of the entire current assets of the Company on *pari passu* basis, both present and future.
 - ii) Collateral Security: Second Charge on the entire fixed assets of the Company except assets charged exclusively to Banks, both present and future, on *pari passu* basis, with other consortium members.
- b) Secured by fixed deposit under lien equivalent to 100% of the exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

10. TRADE PAYABLES (Refer (a) below)

	31st March, 2016	31st March, 2015
Acceptances	4296.31	3420.60
MSMED Payable (Refer Note 32)	1.88	0.33
Others	3548.20	3801.11
	7846.39	7222.04

- (a) The Group has a process of sending confirmations of balances to Trade payables through Electronic or post media once in a year. The management is of the opinion that adjustment, if any arising out of such confirmation would not be material effecting financial statement of the year.

11. OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Refer Note 6)	1498.48	1450.74
Interest accrued but not due on borrowings	55.53	255.82
Unpaid dividends [Refer (a) below]	20.18	15.49
Other payables		
Advances from customers	692.92	612.64
Statutory dues	877.39	819.24
Liability for purchases of capital assets	310.08	253.02
Employee benefits payable	834.07	568.96
Premium on forward and other derivative contracts	1.42	8.07
Other payables	991.88	864.44
	5281.95	4848.42

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

12. SHORT - TERM PROVISIONS

Provision for employee benefits	286.45	155.89
Other provisions:		
Provision for income tax [net of advance tax Rs. 4488.76 ; (31st March, 2015: Rs 2941.17)]	406.74	1034.10
	693.19	1189.99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

13A. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST / VALUATION				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2015	Additions during the year	Sales / Adjustment during the year	As at 31st March, 2016	As at 31st March, 2015	For the year	Sales / adjustment during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Land :										
Leasehold [Refer (a) below]	73.43	696.30	–	769.73	23.68	13.27	–	36.95	732.78	49.75
Freehold	3712.66	190.67	–	3903.33	–	–	–	–	3903.33	3712.66
Buildings :										
On Leasehold land	1296.38	62.86	–	1359.24	479.60	45.24	–	524.84	834.40	816.78
On Freehold land	3603.55	862.42	47.36	4418.61	1316.54	121.33	36.09	1401.78	3016.83	2287.01
Roads	288.49	33.53	–	322.02	97.67	38.87	–	136.54	185.48	190.82
Plant and Machinery	23052.07	3814.59	805.64	26061.02	11877.45	1784.99	646.95	13015.49	13045.53	11174.62
Furniture and Fittings	398.38	101.70	16.86	483.22	241.36	30.59	15.65	256.30	226.92	157.02
Office Equipment	400.11	92.83	45.29	447.65	268.47	52.76	43.31	277.92	169.73	131.64
Computers and data processing units	841.77	281.82	46.08	1077.51	501.07	137.54	43.51	595.10	482.41	340.70
Laboratory Equipment	57.09	19.36	3.64	72.81	34.39	6.07	3.32	37.14	35.67	22.70
Electrical Instalation and Equipment	759.99	210.87	20.83	950.03	494.24	64.67	13.83	545.08	404.95	265.75
Vehicles	1036.01	308.09	110.91	1233.19	468.67	115.65	85.05	499.27	733.92	567.34
Total	35519.93	6675.04	1096.61	41098.36	15803.14	2410.98	887.71	17326.41	23771.95	19716.79
31st March 2015	31448.66	5053.75	982.48	35519.93	13956.13	2389.43	542.42	15803.14	19716.79	

(a) Leasehold Land includes Rs.49.98 (31st March, 2015 : Rs.49.98) acquired on 31st October, 2006 under a lease of 90 years and Rs.696.30 (31st March, 2015 : Nil) acquired on 30th June, 2014 under a lease of 99 years with a renewal option, which is being amortised over the period of lease. Lease deed of Rs.696.30 in respect of land acquired at Dahej, Gujarat from GIDC is yet to be executed in the name of the Company.

a) Development expenditure of Rs.23.45 (31st March, 2015 : Rs.23.45) on leasehold land taken on 13th December 1994 under a lease of 30 years is being amortised over the period of Lease. Remaining life of the leasehold land is 10 years.
 (b) Based on the valuation report submitted by the valuers appointed for the purpose, certain items of the Group's tangible assets (viz. Freehold and Leasehold Land, Buildings on Freehold and Leasehold Land and Plant and Machinery) were revalued on 31st March, 1995 after considering the following factors:-

- Then estimated current market value pertaining to Leasehold and Freehold Land and Buildings thereon.
- Value of Plant and Machinery based on their then cost of replacement.
- Adjustments for the then condition, the standard of maintenance, depreciation upto valuation date etc.

The resultant revaluation surplus of Rs. 904.78 arising from the aforesaid revaluation was transferred to Revaluation Reserve as reflected in the Group's annual accounts for 1994-95.

Depreciation on revalued assets as calculated in the manner indicated in Note 2.2 above includes an additional charge of Rs.0.18 (2014-15: Rs.48.45) and an amount equivalent to additional charge has been transferred to the Statement of Profit and Loss from Revaluation Reserve; such transfer according to an authoritative professional view being acceptable for the purpose of Group's annual accounts.

13B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				AMORTISATION				NET BLOCK	
	As at 31st March, 2015	Additions during the year	Sales during the year	As at 31st March, 2016	As at 31st March, 2015	For the year	Sales / adjustment during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Computer Software (Acquired items)	389.49	96.61	20.83	465.27	315.82	54.41	19.01	351.22	114.05	73.67
Total	389.49	96.61	20.83	465.27	315.82	54.41	19.01	351.22	114.05	73.67
31st March, 2015	372.79	16.70	–	389.49	273.89	41.93	–	315.82	73.67	

13C. Capital work-in-progress includes Capital Goods in transit of Rs. 96.92 (Previous Year : Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

14. NON-CURRENT INVESTMENTS

(valued at cost less provision for other than temporary diminution)

Long-Term - Other than Trade Investments

Investment in Equity Instruments of Other Companies (Fully paid up)

- Unquoted

Merino Services Limited 6,000 (31st March, 2015: 6,000)
 equity shares of Rs 10 each fully paid up
 Merino Exports Private Limited 6,000 (31st March, 2015: 6,000)
 equity shares of Rs 10 each fully paid up
 Merinopoly and Chemicals Limited
 82,003 (31st March, 2015: 82,003) equity shares
 of Rs 10 each fully paid up
 Less: Provision for diminution in book value of investments

31st March, 2016**31st March, 2015****2.07** 2.07**0.60** 0.60**5.19** 5.19**5.19** –

- Quoted

Bank of Baroda
 (5,000 (31st March, 2015: 5,000) equity shares
 of Rs 2 each fully paid up)
 Principal Debt Opportunities Fund, Conservative Plan
 (2136.451 units of mutual fund)
 Birla Sun Life Cash Manager Growth Regular Plan
 (14017.964 units of mutual fund)

103.67 3.52

- (a) Aggregate amount of quoted investments **101.00** 0.85
- (b) Aggregate amount of unquoted investments **2.67** 2.67
- (c) Aggregate provision for diminution in value of investments **5.19** 5.19
- (d) Aggregate market value of quoted investments **109.10** 8.17

15. LONG - TERM LOANS AND ADVANCES

Unsecured, considered good unless stated otherwise

Capital Advances **516.87** 285.30
 Security Deposits [Refer (a) below] **403.20** 262.68
 Other loans and advances:
 Loans to employees **110.50** 71.35
 Advance with statutory authorities against disputed dues **293.18** 312.06
 Fixed Deposits More than 1year [Refer (b) below] **1.00** 1.00
 Receivables relating to forward contracts **106.91** 167.00

1431.66 1099.39

- a) Includes Rs 75.60 (31st March, 2015: Rs 75.60) to a related party (Refer Note 33), being a partnership firm in which six directors of the Group are partners.
- (b) Fixed deposit of Rs.1.00 Lacs (Previous Year Rs. 1.00 Lacs) pledged with Custom & Excise authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

16. INVENTORIES

(Refer Note 2.7)

	31st March, 2016	31st March, 2015
Raw materials [includes Goods-in-transit Rs.1717.16 (31st March, 2015: Rs.1335.62)]	11676.42	11753.24
Work-in-progress [Refer (a) below]	415.33	440.01
Stock-in-trade [Refer (b) below] [includes Goods-in-transit Rs.60.13 (31st March, 2015: 2.79)]	1826.79	2212.90
Finished goods [Refer (c) below] [includes Goods-in-transit Rs.326.58 (31st March, 2015: 0.46)]	7646.05	6485.93
Stores and spares [includes Goods-in-transit Rs.28.92 (31st March, 2015: Rs.35.79)]	1599.66	1181.21
	23164.25	22073.29
(a) Details of work-in-progress		
Decorative Laminates	305.75	324.05
Other panel products	55.04	51.25
Potato Flakes and Ready Mix	3.31	6.05
Furniture	51.23	58.66
	415.33	440.01
(b) Details of stock-in-trade		
Acrylic Solid Surface and Adhesive	1801.38	2096.06
Plywood	6.37	10.76
Potato	–	103.62
Others	6.08	–
Stone Veneer	12.96	2.46
	1826.79	2212.90
(c) Details of finished goods		
Decorative Laminates	4427.37	4866.43
Other Panel Products	312.07	315.67
Furniture	244.36	53.48
Formaldehyde	19.14	11.31
Potato Flakes and Ready Mix	1009.49	576.40
Potato Seeds	1591.45	633.76
Others	42.17	28.88
	7646.05	6485.93

17. TRADE RECEIVABLES (Refer (a) below):

Outstanding for a period exceeding six months from the date they are due for payment:

Unsecured - Considered good	290.00	502.78
Unsecured - Considered doubtful (including dues under litigation)	–	126.36
Less : Provision for doubtful debts	290.00	629.14
	–	126.36
	290.00	502.78
Other debts:		
Secured - Considered good	206.00	118.04
Unsecured - Considered good	13723.00	13600.93
	13929.00	13718.97
	14219.00	14221.75

(a) The Company has a process of sending confirmations of balances to Trade Receivable through electronic or post media once in a year. The management is of the opinion that adjustment, if any, arising out of such confirmation would not be material effecting financial statement of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016	31st March, 2015
18. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand [including stamps on hand Rs.0.49 (31st March, 2015 - Rs. 0.59)]	42.03	21.37
Foreign Currency on hand	7.60	3.40
Cheques and Drafts on hand	11.73	80.93
Remittances-in-transit	99.98	70.81
Bank Balances:		
On Current Accounts	1222.41	1108.64
On Cash Credit Accounts	39.02	25.99
	1422.77	1311.14
Other Bank Balances		
Margin Money Deposit	17.59	17.59
On Unpaid Dividend Accounts [Refer (a) below]	20.28	15.59
Fixed Deposit for less than one year	1248.00	500.00
Fixed Deposit for more than one year	300.00	-
	1585.87	533.18
	3008.64	1844.32
(a) Earmarked for payment of unclaimed dividend.		
19. SHORT - TERM LOANS AND ADVANCES		
Unsecured, considered good unless stated otherwise		
Security Deposits	24.63	20.16
Advances recoverable in cash or in kind	31.87	73.94
Other loans and advances		
Advances to suppliers	553.28	211.95
Doubtful Advances to suppliers	11.83	-
Less : Provision for Doubtful Advances	11.83	-
Prepaid expenses	220.06	173.93
Loans to employees	94.47	66.44
Advance against Retirement Benefits	-	15.22
Balances with statutory/government authorities	819.49	876.99
	1743.80	1438.63
20. OTHER CURRENT ASSETS		
Unsecured, considered good unless stated otherwise		
Export Incentive Receivables	100.89	39.90
Insurance claim receivables	4.90	9.55
Interest accrued on deposits	36.89	11.00
Others	5.48	0.45
	148.16	60.90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
21. CONTINGENT LIABILITIES		
(a) Claims against the Group not acknowledged as debt		
Disputed Tax and Duty (Net of Deposits)		
Demand for Sales Tax		
(Deposit under protest Rs.193.24; 31st March, 2015 Rs.221.88)	161.21	158.06
Demand for Excise, Custom Duty, Service tax		
(Deposit under protest Rs.317.85; 31st March, 2015 Rs.225.54)	4180.13	2720.79
Demand for Income Tax		
(Deposit under protest Rs.5.27; 31st March, 2015 Rs.5.27))	1384.42	1113.75
Differential bonus for 2014-15	151.52	-
Others	139.74	97.69
(b) Guarantees		
Bank Guarantees [includes Rs.86.36		
(31st March, 2015 Rs.663.85) issued to Sales Tax Authority]	443.00	846.95
(c) First loss default gurantee to		
Standard Chartered Bank for Channel Financing facility	-	64.53
(d) First loss default gurantee to		
IDBI Bank Limited for Channel Financing facility	200.00	15.74
(e) First loss default gurantee to		
DBS Bank Limited for Channel Financing facility	125.00	-
(f) In respect of the contingent liabilities mentioned in Note 21(a) above, pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any. In respect of matter mentioned in Note 21(b) above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Group does not expect any reimbursements in respect of the above contingent liabilities.		

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
22. COMMITMENTS		
(a) Capital Commitments		
Estimated amount of contracts remaining to be		
executed on capital account and not provided for		
(Net of advance)	1812.02	1369.55
(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 as an undertaking to fulfill		
quantified export within five years. Certificate for fulfilment		
of Rs. 3947.31 (31st March, 2015 - Rs.1566.76) yet to be		
received.	1342.50	893.99
Obligation against Advance Licences	2552.48	1508.43
Outstanding Letters of Credit for materials yet to be received	1992.68	1440.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

23. REVENUE FROM OPERATIONS

	2015–16	2014–15
(i) Sale of products [Refer (a) below]		
Domestic sales	73099.40	68984.46
Export sales	28801.00	27380.59
	101900.40	96365.05
(ii) Sale of services		
Income from job works	35.42	–
(iii) Other operating revenues		
Export incentives	201.46	276.52
Scrap sales	563.08	554.43
	764.54	830.95
Revenue from operations (Gross)	102700.36	97196.00
Less: Excise duty	7083.04	6371.39
Revenue from operations (Net)	95617.32	90824.61

(a) Particulars in respect of sales of products :

Manufactured

Decorative Laminates	76162.10	70367.21
Other Panel Products	6644.79	7107.27
Furniture	9071.18	8079.01
Formaldehyde	59.28	121.69
Potato Flakes and Ready Mix	4848.35	6767.27
Potato / Potato Seeds	591.00	392.79
Others	238.09	431.56
	97614.79	93266.80

Traded

Decorative Laminates	184.77	377.43
Other Panel Products	86.35	9.97
Furniture	3.46	27.68
Chemicals	276.55	296.17
Paper	3.68	62.09
Potato Flakes	95.08	130.10
Potato / Potato Seeds	120.25	129.38
Acrylic Solid Surface and Adhesive	3433.66	2065.43
Stone Venner	72.09	–
Others	9.72	–
	4285.61	3098.25
101900.40		96365.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

24. OTHER INCOME

- (i) Interest Income
 - on bank and other deposits **97.76**
 - on loans to others **19.27**
- (ii) Dividend income from long term investments **0.16**
- (iii) Claims from insurance companies [Refer (a) below] **149.83**
- (iv) Provision/Liabilities no longer required written back **194.20**
- (v) Profit on sale of tangible assets **22.74**
- (vi) Recovery of Bad Debts **113.51**
- (vii) Discount Received **218.09**
- (viii) Net gain from foreign currency transactions and translations **616.54**
- (ix) Miscellaneous Income **59.88**

	2015-16	2014-15
	1491.98	1988.77

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

25. COST OF MATERIALS CONSUMED

Raw Materials Consumed [Refer (a) below]

Opening Stock	11753.24	10131.27
Purchase and Incidental expenses	44800.44	51035.18
	56553.68	61166.45
Less: Cost of raw materials sold	423.59	1342.54
	56130.09	59823.91
Less: Closing Stock	11676.42	11753.24
	44453.67	48070.67
(a) Particulars of cost of materials consumed :		
Paper	23110.07	23623.13
Chemicals including formaldehyde	12615.34	15606.27
Panel products and hardware	4735.81	4537.01
Potato	2664.29	3278.27
Others	1328.16	1025.99
	44453.67	48070.67

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

Opening Stock	440.01	418.45
- Work-in-progress	6485.93	4622.86
- Finished Goods	2212.90	968.85
- Stock-in-Trade	9138.84	6010.16
Less: Closing Stock		
- Work-in-progress	415.33	440.01
- Finished Goods	7646.05	6485.93
- Stock-in-Trade	1826.79	2212.90
	9888.17	9138.84
	(749.33)	(3128.68)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

27. EMPLOYEE BENEFITS EXPENSE

Salaries, Wages, Bonus etc.

2015-16	2014-15
8833.23	7527.88
825.42	694.08
282.52	216.15
9941.17	8438.11

Contribution to Provident and Other Funds [Refer (a) below]
Workmen and Staff Welfare

(a) Gratuity

The Group operates a gratuity plan through the "LIC Gratuity Fund", a group gratuity scheme from Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.11.)

	2015-16	2014-15
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation		
(a) Present Value of Obligation at the beginning of the year	742.72	585.41
(b) Current Service Cost	131.32	92.72
(c) Interest Cost	58.02	45.24
(d) Actuarial Loss / (Gain)	62.54	59.26
(e) (Benefits Paid)	(35.02)	(39.91)
(f) Present Value of Obligation at the end of the year	959.58	742.72
II. Reconciliation of opening and closing balances of the fair value of Plan Assets		
(a) Fair Value of Plan Assets at the beginning of the year	757.94	678.62
(b) Expected Return on Plan Assets	63.23	61.07
(c) Actuarial Gain/(Loss)	6.21	2.32
(d) Contributions by employer	87.16	55.84
(e) (Benefits Paid)	(35.02)	(39.91)
(f) Fair Value of Plan Assets as at the end of the year	879.52	757.94
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above		
(a) Present Value of Obligation as at the end of the year	959.58	742.72
(b) Fair Value of Plan Assets as at the end of the year	879.52	757.94
(c) Assets recognised in the Balance Sheet	(80.06)	15.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	2015-16	2014-15			
IV. Expense charged to the Statement of Profit and Loss					
(a) Current Service Cost	131.32				92.72
(b) Interest Cost	58.02				45.24
(c) (Expected Return on Plan Assets)	(63.23)				(61.07)
(d) Actuarial (Gain)/Loss	56.33				56.94
(e) Total expense charged to the Statement of Profit and Loss (included under Contribution to Provident and Other Funds)	182.44				133.83
V. Amount recognised in current year and previous four years	2015-16	2014-15	2013-14	2012-13	2011-12
(a) Present Value of Obligation as at the end of the year	959.58	742.72	585.41	493.16	403.61
(b) Fair Value of Plan Assets as at the end of the year	879.52	757.94	678.62	569.51	491.98
(c) Assets recognised in the Balance Sheet	(80.06)	15.22	93.21	76.75	88.37
(d) Experience (Gain) /Loss adjustment on plan obligation	26.79	5.21	13.62	23.68	6.46
(e) Experience Gain/(Loss) adjustment on plan assets	3.70	0.62	2.13	6.52	6.20
VI. Category of Plan Assets	2015-16	2014-15			
Fund with Life Insurance Corporation of India	879.52				757.95
VII. Actual Return on Plan Assets	69.45				63.40
VIII. Principal Actuarial Assumptions	31st March, 2016	31st March, 2015			
(a) Discount Rate (per annum)	8.00%				8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	8.35%				9.00%
(c) Salary Escalation	7.00%				6.00%
(d) Inflation Rate	7.00%				6.00%
(e) Method used	Projected Unit Credit Method				Projected Unit Credit Method
(f) Remaining life of employees (in years)	22				22

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
28. FINANCE COSTS		
Interest expenses	1350.80	1425.43
Interest on shortfall in payment of advance tax	66.01	78.99
Other borrowing costs	145.86	219.06
Applicable net loss on foreign currency transactions and translation	—	13.35
	1562.67	1736.83
29. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation and Amortisation on Tangible Assets	2410.98	2252.45
Write off of carrying value of certain fixed assets (Refer (a) below]	—	136.98
Amortisation of Intangible assets	54.41	41.93
	2465.39	2431.36
Less : Transfer from revaluation of fixed assets	0.18	48.45
Less : Amortisation of Leasehold land		
(For Dahej Project under construction transferred to Capital Work-in-Progress)	12.31	—
	2452.90	2382.91
(a) In respect of assets acquired prior to 1st April, 2014 and whose remaining useful life was nil as on 31st March, 2014, the entire carrying value thereof has been charged to the Statement of Profit and Loss.		
30. OTHER EXPENSES		
Consumption of Stores and Spare Parts	1796.33	1960.66
Power and Fuel	3662.34	4150.09
Job work charges	133.00	47.35
Rent [includes Rs. 2.47 (Previous Year Nil) relating to previous year]	1216.38	1074.15
Rates and Taxes	359.76	526.07
Repairs to :		
Building	163.40	173.81
Plant and Machinery [includes Rs. 25.00 (Previous Year Nil) relating to previous year]	431.52	483.42
Others	423.93	356.34
Legal and Professional Charges [includes Rs.2.09 (Previous Year Nil) relating to previous year]	785.97	631.18
Vehicle Upkeep	444.49	427.27
Carriage Outward	2561.38	2600.07
Packing and Forwarding	1657.30	1578.38
Insurance Charges	283.67	231.09
Commission Charges [includes Rs.Nil (Previous Year Rs.1.03) relating to previous year]	631.50	599.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

30. OTHER EXPENSES (Contd.)

	2015-16	2014-15
Printing and Stationery	76.33	75.43
Postage and Courier	82.33	72.04
Advertisement, Publicity and Sales Promotion	2145.88	1584.27
Travel Expenses	786.61	724.24
Communication Expenses	184.45	170.29
Excise Duty [refer (a) below]	42.61	41.96
Bad Debts and advances written off	238.61	164.08
Provision for Bad and Doubtful Debts	11.83	71.65
Payments to the Auditors [Refer (b) below]	39.82	31.20
Bank Charges and Commission	139.90	153.56
Royalty	42.86	70.70
Donation	1295.88	674.26
Corporate Social Responsibility Expense (Refer Note 39)	153.75	99.00
Loss on Sale / Disposal of Tangible Assets	98.57	59.34
Miscellaneous Expenses	1488.82	1222.95
	21379.22	20054.43

- (a) Represents excise duty related to the difference between the closing stock and opening stock
- (b) Amount paid / payable to the auditors

As Statutory Auditors @ :

Statutory Audit Fees	28.60	16.00
Tax Audit Fees	3.00	11.00
Other matters (Certification)	4.15	0.90
Reimbursement of Expenses	0.69	1.00
	36.44	28.90

@ Excluding Service Tax Rs.3.37 (2014-15 : Rs3.55)

As Cost Auditors :

Audit Fees	0.75	1.45
Other matters (includes Rs.Nil (Previous Year Rs.0.40) relating to previous year)	–	0.80
Reimbursement of Expenses	0.13	0.05
	0.88	2.30

As Secretarial Auditors :

Audit Fees (includes Rs.1.25 (Previous Year Nil) relating to previous year)	2.50	–
	2.50	–

31. Earnings Per Equity Share:

(i) Number of Equity shares outstanding during the year	1,03,69,600	1,03,69,600
(ii) Face value of each equity share (Rs.)	10.00	10.00
(iii) Profit after Tax and Extraordinary Item (Rs.)	8635.10	6464.89
(iv) Basic and Dilutive Earning per Equity Share on Profit after Tax [(iii)/(i)] - (Rs)	83.27	62.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	2015-16	2014-15
32. The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.88	0.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	–	0.01
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	7.54
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	–	0.04
Further interest remaining due and payable for earlier years	–	–

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

33 Information in accordance with Accounting Standard - 18 on ' Related Party Disclosures ' :

i) Related Parties :

a) Key Management Personnel(KMP)

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

b) Relatives of KMP	Relationship	Relatives of KMP	Relationship
Mrs. Tara Devi Lohia	Wife of Mr. Champa Lal Lohia	Mrs. Neera Lohia	Wife of Mr. Prakash Lohia
Mr. Deepak Lohia	Son of Mr. Champa Lal Lohia	Mrs. Sheela Lohia	Mother of Ms. Ruchira Lohia
Ms. Usha Lohia	Daughter of Mr. Champa Lal Lohia	Mrs. Praveena Lohia	Wife of Mr. Rup Chand Lohia
Mrs. Nayantara Agarwal	Daughter of Mr. Champa Lal Lohia	Mrs. Meghna Lohia	Wife of Mr. Prasan Lohia
Mrs. Asha Mundhra	Daughter of Mr. Champa Lal Lohia	Mr. Manoj Lohia	Son of Mr. Rup Chand Lohia
Late Man Kumar Lohia	Father of Mr. Prakash Lohia	Mr. Abhiroop Lohia	Son of Mr. Prasan Lohia
Mrs. Sita Devi Lohia	Mother of Mr. Prakash Lohia	Ms. Anuja Lohia (minor)	Daughter of Mr. Prasan Lohia
Mrs. Uma Singh	Sister of Mr. Prakash Lohia	Mrs. Shashi Lohia	Wife of Mr. Bikash Lohia
Mrs. Kiran Maheswari	Sister of Mr. Prakash Lohia		

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

ii) Particulars of transactions during the year ended 31 March, 2016

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Sale of products / materials / services	–	–	19.82	19.82
	–	–	(590.55)	(590.55)
Purchase of Tangible and Intangible Assets	–	–	0.52	0.52
	–	–	–	–
Purchase of goods / materials / services	–	–	275.26	275.26
	–	–	(371.30)	(371.30)
Royalty on trade mark received	–	–	–	–
	–	–	(0.28)	(0.28)
Rent, other charges and reimbursement paid	–	14.58	998.80	1013.38
	–	(11.73)	(919.28)	(931.01)
Rent, other charges and reimbursement received	–	–	7.13	7.13
	–	–	(3.55)	(3.55)
Commission paid on sales	–	–	226.35	226.35
	–	–	(200.06)	(200.06)
Dividend paid / payable	97.67 (41.68)	113.15 (48.11)	169.95 (72.59)	380.77 (162.38)
Interest paid on loans	–	–	265.07 (226.82)	265.07 (226.82)
Donation paid	–	–	1250.75 (630.16)	1250.75 (630.16)
Loans taken	–	–	2000.00 (1913.30)	2000.00 (1913.30)
Loans repaid	–	–	4087.14 (1764.27)	4087.14 (1764.27)
Salary / benefits to Key Managerial Personnel	23.96 (22.37)	–	– (22.37)	23.96 (22.37)
Directors' Remuneration	628.66 (460.25)	156.10 (117.34)	– (577.59)	784.76 (577.59)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

ii) Balance outstanding at the year end

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Trade receivables	–	–	48.65	48.65
	–	–	(25.68)	(25.68)
Loans and Advances / Other Current Assets	–	–	75.60	75.60
	–	–	(75.60)	(75.60)
Trade and other payables	–	2.74	487.07	489.81
	–	–	(594.99)	(594.99)
Unsecured Loans	–	–	–	–
	–	–	(1883.01)	(1883.01)
Interest accrued but not due	–	–	–	–
	–	–	(204.14)	(204.14)
Investment in Shares (Other than trade) (Net of diminution)	–	–	2.67	2.67
	–	–	(2.67)	(2.67)

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

Nature of Transactions	Name of Key Management Personnel	2015-2016	2014-2015
1) Directors' Remuneration	Mr. Champa Lal Lohia Mr. Prakash Lohia Mr. Prasan Lohia Ms. Ruchira Lohia Mr. Bikash Lohia Mr. Madhusudan Lohia Mr. Nripen Dugar Mr. Rup Chand Lohia	107.87 93.18 88.77 78.09 78.07 71.69 40.85 70.14	80.56 70.75 58.73 58.73 58.70 57.53 28.82 46.43
2) Dividend paid / payable	Mr. Champa Lal Lohia Mr. Prakash Lohia Mr. Prasan Lohia Ms. Ruchira Lohia Mr. Bikash Lohia Mr. Madhusudan Lohia Mr. Nripen Dugar Mr. Rup Chand Lohia	13.00 19.87 6.23 17.96 22.64 10.67 0.02 7.28	5.57 8.47 2.62 7.68 9.64 4.57 0.01 3.12
3) Salary to Key Managerial Personnel	Mr. A. K. Parui (Chief Financial Officer) Mr. Sumantra Sinha (Company Secretary) Mrs. Sumana Raychaudhuri (Company Secretary)	18.60 2.71 2.65	16.76 5.61 –

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Nature of Transactions	Relatives of Key Management Personnel	2015-2016	2014-2015
1) Dividend paid / payable	Mrs. Tara Devi Lohia Mr. Deepak Lohia Ms. Usha Lohia Mrs. Nayantara Agarwal Mrs. Asha Mundhra Late Man Kumar Lohia Mrs. Sita Devi Lohia Mrs. Uma Singi Mrs. Neera Lohia Mrs. Sheela Lohia Mrs. Praveena Lohia Mrs. Meghna Lohia Mr. Manoj Lohia Mr. Abhiroop Lohia Ms. Anuja Lohia (minor) Mrs. Sashi Lohia	8.44 21.77 5.60 2.80 0.08 14.99 5.72 3.69 10.46 4.11 6.29 9.26 7.70 7.00 1.75 3.50	3.62 9.34 2.40 1.20 0.03 6.42 2.45 1.20 4.48 1.76 2.70 3.97 3.29 3.00 0.75 1.50
2) Directors' Remuneration	Mr. Manoj Lohia Mr. Deepak Lohia	78.06 78.04	58.69 58.65
3) Land / Guest House rent paid / payable	Mr. Deepak Lohia	2.60	2.36
	Mrs. Asha Mundhra Mrs. Nayantara Agarwal Mrs. Kiran Maheswari Mrs. Uma Singi Mrs. Shashi Lohia	2.11 2.74 2.74 2.71 1.68	1.91 2.49 2.50 2.47 —
4) Balance outstanding at the year end			
Trade Payables	Mrs. Nayantara Agarwal	2.74	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Nature of Transaction	Name of Entities	2015-2016	2014-2015
Sale of Products / Stores / Services	Merino Services Limited	2.14	582.38
	Sri Hara Kasturi Trust	—	1.91
	Sri Hara Kasturi Memorial Trust	11.17	3.35
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	4.64	2.78
	Merino Exports Private Limited	1.58	0.13
	Usha Agro Farm	0.29	—
Purchase of Goods/Services	Merino Services Limited	265.47	359.99
	Mankumar Lohia and Brothers	—	4.33
	Usha Agro Farm	7.73	4.48
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	2.06	2.50
Royalty on trade mark received	Merino Services Limited	—	0.28
Purchase of tangible Assets	Merino Services Limited	0.52	—
Rent and other charges paid	Merino Exports Pvt. Ltd.	179.67	128.76
	Mankumar Lohia and Brothers	113.07	111.25
	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	486.07	565.75
	Usha Agro Farm	25.76	23.10
	Sri Hara Kasturi Memorial Trust	0.01	0.01
	Merino Services Limited	194.22	90.41
Rent and other charges received	Kasturi Bai Gopi Babu Cold Storage Pvt. Limited	0.41	0.19
	Sri Hara Kasturi Memorial Trust	0.87	0.69
	Merino Services Limited	5.85	2.67
Commission paid on sales	Anupriya Marketing Limited	226.35	200.06
Dividends paid / payable	Merino Exports Pvt. Ltd.	158.75	67.79
	Merino Services Limited	11.20	4.80
Interest Paid on loans	Merino Exports Pvt. Ltd.	265.07	226.82
Donation Paid	Sri Hara Kasturi Memorial Trust	153.75	102.01
	Sri Prem Chand Lohia Memorial Trust	426.10	200.00
	Sri Hara Kasturi Trust	0.30	26.20
	Sri Man Kumar Lohia Memorial Trust	670.60	301.95
Loan Taken	Merino Exports Pvt. Ltd.	2000.00	1913.30
Loan Repaid	Merino Exports Pvt. Ltd.	4087.14	1764.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

v) Balance outstanding at the year end

Nature of Transaction	Name of Entities	2015-2016	2014-2015
Trade receivables	Merino Services Limited	45.50	—
	Merino Exports Pvt. Ltd.	0.73	—
	Man Kumar Lohia and Brothers	—	25.20
	Sri Hara Kasturi Memorial Trust	2.42	0.48
Loans and Advances /Other current assets	Mankumar Lohia and Brothers	75.60	75.60
Trade and other payables	Merino Services Limited	13.54	75.10
	Mankumar Lohia and Brothers	1.29	2.17
	Anupriya Marketing Ltd.	16.75	28.64
	Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.	452.47	488.70
	Usha Agro Farm	3.02	0.38
Unsecured Loans	Merino Exports Pvt. Ltd.	—	1883.01
Interest accrued but not due	Merino Exports Pvt. Ltd.	—	204.14
Investment in Shares (Other than trade)	Merino Services Limited	2.07	2.07
	Merino Exports Pvt. Ltd.	0.60	0.60
	Merinopoly and Chemicals Ltd.	Rs.5.19	
	Less: Diminution in book value	Rs.5.19	—

34 Information in accordance with Accounting Standard - 17 on ' Segment Reporting'

- a) The Group has identified three reportable business segments :-

i) **Laminates:**

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

ii) **Panel Products and Furniture :**

- Comprises manufacturing and selling of Furnitures, Panel Boards, Plywoods and related products.

iii) **Potato Flakes :**

- Potato Flakes' comprises manufacturing and sale of Potato Flakes and Ready Mix.

- b) Others represent all un- allocable items not included in segments.

- c) Geographical segments considered for disclosure are :

- Sales within India
- Sales outside India

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

Primary Segment Information (Business Segment) :

	Laminates	Panel Products and Furniture	Potato Flakes	Others (Un-allocated)	Eliminations	Total
Revenue-External (net sales and other income)	73034.81 (68963.93)	14563.42 (13871.45)	5146.58 (7701.00)	4364.49 (2277.00)		97109.30 (92813.38)
Inter- Segment sales	3391.95 (3061.42)	- -	- -	- -		3391.95 (3061.42)
Total Revenue (net sales and other income)	76426.76 (72025.35)	14563.42 (13871.45)	5146.58 (7701.00)	4364.49 (2277.00)	-3391.95 (-3061.42)	97109.30 (92813.38)
Profit (+) / Loss (-) before tax	19065.82 (+13468.22)	1159.56 (+1706.13)	-932.86 (-7.57)	-4619.04 (-3829.20)		14673.48 (+11337.58)
Depreciation and Amortisation	1694.83 (1688.05)	328.99 (282.46)	324.09 (357.84)	104.99 (54.56)		2452.90 (2382.91)
Non Cash expenses other than Depreciation and Amortisation	92.42 (90.32)	156.39 (126.69)	1.43 (18.69)	0.20 (0.03)		250.44 (235.73)
Assets	41522.05 (38329.47)	10826.82 (8372.84)	4615.81 (7671.47)	12847.57 (7203.16)		69812.25 (61576.94)
Liabilities (Excluding Shareholders' funds)	8569.65 (8572.14)	1384.33 (1321.37)	507.88 (822.92)	20758.10 (21388.86)		31219.96 (32105.29)
Capital Expenditure	3939.17 (4400.37)	3171.71 (1077.48)	271.27 (355.64)	565.28 -		7947.43 (5833.49)

Secondary Segment Information (Geographical Segments) :

	Segment Revenue (External)	Carrying Amount of Segment Assets	Segment Capital Expenditure
Within India	63943.80 (63155.77)	52475.18 (50325.40)	7947.43 (5833.49)
Outside India	28801.01 (27380.61)	4489.47* (4048.38)*	- -

* represents Trade Receivables and Fixed Assets. Figures in brackets represent previous years figures.

35. PURCHASES OF STOCK-IN-TRADE

	31st March, 2016	31st March, 2015
Decorative Laminates	175.97	359.46
Other Panel Products	82.24	47.14
Furniture [includes Installation Expenses Nil (Previous Year : Rs.48.86)]	3.99	87.09
Chemicals	172.86	113.71
Paper	2.59	351.79
Potato Flakes	77.70	108.29
Potato / Potato Seeds	219.61	136.63
Acrylic Solid Surface and Adhesive	2600.83	2717.42
Stone Veneers	53.47	-
Others	6.26	-
	3395.52	3921.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

36. LEASES

Operating Lease

As a lessee:

The Group has entered into cancellable operating leases and transactions for leasing of accommodation for office spaces, godown etc. The tenure of leases generally varies between 1 and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and for cancellation. Related lease rental aggregating Rs 683.41 (31st March, 2015 : Rs.520.59) has been debited to the Statement of Profit and Loss.

As a lessor:

The Group has given godown spaces on operating leases and the tenure of leases generally varies between 1 and 5 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rental income aggregating Rs.5.57 (31st March, 2015 : Rs.6.44) has been credited to the Statement of Profit and Loss.

37. DIVIDEND

During the year, the Board has declared interim dividend of Rs.3.50/- (2014-15 : Rs.1.50/-) per Equity Share amounting to Rs.362.94 (2014-15 ; Rs.155.54).

38. Hedging Contracts

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

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

a) Derivative instruments outstanding:

i) Forward exchange contracts:

Details

Foreign currency value (USD in lacs)

Foreign currency value (EURO in lacs)

ii) Principal swap contracts:

Principal amount (USD in lacs) outstanding

	31st March, 2016		31st March, 2015	
	Purchase	Sale	Purchase	Sale
10.58	66.50		5.00	66.00
1.84	—		—	—
45.65	—		12.50	—

b) Un-hedged foreign currency exposures as on March 31, 2016:

	31st March, 2016	31st March, 2015
Details		
Loan liabilities and payables:		
(USD in lacs)	27.90	70.95
(EUR in lacs)	23.07	17.27
(AUD in lacs)	—	0.11
(YEN in lacs)	298.58	304.23
(SGD in lacs)	0.11	0.23
Receivables:		
(USD in lacs)	63.14	51.24
(GBP in lacs)	2.26	2.58
(EUR in lacs)	0.63	0.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

39. 'CSR' EXPENDITURE

Corporate Social Responsibility ('CSR') programme and activities through two Group Trusts (Sri Hara Kasturi Memorial Trust and Sri Hara Kasturi Trust) registered under the Income Tax Act.

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
(a) Gross Amount required to be spent by the Group during the year	153.75	99.00
(b) Amount Spent by the Group through these trusts:		
Construction / acquisition of any assets	8.52	12.07
On purpose other than above	145.23	86.93
(c) Yet to be spent in cash	-	-

40. Group considered in the Consolidated Financial Statements is :

Name of the Company	Country of Incorporation	Holding As on 31-03-2016	Financial Year ends on
Merino Panel Products Limited	India	74.65%	31st March, 2016

Name of the Entity	Net Asset, i.e., total Asset Minus total Liabilities		Share In Net Profit or Loss	
	% on Consolidated Net Profit	Amount	% on Consolidated Net Profit	Amount
Merino Panel Product Limited	31.79%	12268.40	39.20%	3772.02
Minority Interest	10.04%	3875.19	10.25%	986.63

41. PREVIOUS YEAR FIGURES

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

For SINGHI & CO.
Chartered Accountants
Firm Registration Number : 302049E

B. L. Choraria
Partner
Membership Number : 22973
Place: Kolkata
Date: 8th June, 2016

A. K. Parui Sumana Raychaudhuri Rup Chand Lohia Prakash Lohia
Chief Financial Officer Secretary Executive Vice Chairman Managing Director

Merino Industries Limited

CIN: U51909WB1965PLC026556

Registered Office: 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata: 700 020
Phone: 033-2290-1214, Fax: 91-33-2287-0314, E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com

NOTICE

TO THE MEMBERS,

NOTICE is hereby given that the 51st 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 Wednesday, the 31st day of August, 2016 at 3-00 p.m. to transact the following items of business:

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2016 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, 2016;
3. To confirm the declaration and payment of Interim Dividend on equity shares for the financial year ended 31st March, 2016;
4. To ratify the appointment of the Auditors and to fix their remuneration and in this regard to consider and pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the appointment of M/s. Singhi & Company, Chartered Accountants (Firm Registration no.302049E) as Auditors of the Company pursuant to provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as approved by the members of the Company at the 50th Annual General Meeting (AGM) held on 31.08.2015 for a period upto the conclusion of the 55th AGM to be held in the year 2020, the Company hereby ratifies the said appointment at this AGM for a period till the conclusion of the 52nd AGM of the Company to be held in the year 2017 at such remuneration plus service tax, out-of-pocket and other expenses in connection with the Company's audit, as may be mutually agreed between the Board of Directors of the Company and the said M/s. Singhi & Company."

AS SPECIAL BUSINESS:

5. To appoint Shri Sujitendra Krishna Deb (DIN 03524764) as an Independent Director and in this regard to consider and, if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Sujitendra Krishna Deb (DIN 03524764), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Sujitendra Krishna Deb for the office of Director, be and is hereby appointed as an Independent Director of the Company in accordance with the Companies Act, 2013 to hold office up to the 56th Annual General Meeting in the calendar year 2021."

6. To appoint Shri Sisir Kumar Chakrabarti (DIN 02848624) as an Independent Director and in this regard to consider and, if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Sisir Kumar Chakrabarti (DIN 02848624), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Sisir Kumar Chakrabarti for the office of Director, be and is hereby appointed as an Independent Director of the Company in accordance with the Companies Act, 2013 to hold office up to the 56th Annual General Meeting in the calendar year 2021."

7. To re-appoint Shri 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 Shri Prasan Lohia (DIN: 00061111) as Whole-time Director of the Company for a further period of three years, effective 1st day of October, 2016 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Prasan Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Prasan Lohia:

Salary : Rs. 6,16,000/- per month (consolidated) for the period from 01.10.2016 to 31.03.2017 and in the Scale with effect from 01.04.2017 and ending on 30.09.2019 Rs. 6,78,000-67,500-75,000-8,20,500 with the increment falling due on 1st April 2018 and 1st April 2019.

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 Shri Prasan Lohia, shall not exceed Rs.1,00,000/- per financial year.

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

8. To re-appoint Shri Prakash Lohia, Managing Director (DIN: 00063274) as Whole-time Director for a period of three years and to approve his remuneration and in this regard to consider and pass the following resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Shri Prakash Lohia (DIN: 00063274) as Managing Director of the Company for a further period of three years, effective 1st day of March, 2017 and payment of the following remuneration to him for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Shri Prakash Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Shri Prakash Lohia:

- Salary : Rs. 7,42,500/- per month (consolidated) for the month of March, 2017 and in the Scale with effect from 01.04.2017 and ending on 29.02.2020 Rs.8,17,000-81,500-90,000-9,88,500 with the increment falling due on 1st April 2018 and 1st April 2019.
- 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 Shri Prakash Lohia, shall not exceed Rs.1,00,000/- per financial year.
Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.
- Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."
9. To re-appoint Miss Ruchira Lohia (DIN: 00127797) as Whole-time Director for a period of three years and to approve her 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 Miss Ruchira Lohia (DIN: 00127797) as Whole-time Director of the Company for a further period of three years, effective 1st day of April, 2017 and payment of the following remuneration to her for the said period on the terms and conditions as are set out in the agreement to be entered into between the Company and Miss Ruchira Lohia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the remuneration as specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or any amendments thereto as may be agreed between the Board and Miss Ruchira Lohia:

- Salary : In the Scale with effect from 01.04.2017 and ending on 31.03.2020 Rs. 6,78,000-67,500-75,000-8,20,500 with the increment falling due on 1st April 2018 and 1st April 2019.

Perquisite : 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 Miss Ruchira Lohia, shall not exceed Rs.1,00,000/- per financial year.

Benefits of encashment of leave at the end of the tenure, use of Company car with driver on official duty, telephone including internet facilities for official purposes, Company's contribution to provident fund and gratuity shall not be included in the computation of perquisites as per provisions in Schedule V to the Act.

Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by Schedule V to the Companies Act, 2013 including any statutory modification or re-enactment thereof as may for the time being in force."

10. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2017 and in this regard to consider and 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. Bhagat & Associates, Cost Auditors (Firm Registration No.100195) 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 31st March, 2017, be paid a remuneration of Rs. 45,000/- plus out of pocket expenses and the Board of Directors be and is hereby authorised to do all acts and take all steps as may be necessary to ensure due compliance to the enactments in this regard for the time being in force to give effect to this resolution."

11. 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 pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, authority be and is hereby given to the Board of Directors of the Company to contribute to bonafide and charitable funds and to the projects having approval under Section 35AC of the Income Tax Act, 1961, including any contribution towards Corporate Social Responsibility (CSR) activities in terms of Section 135 read with Schedule VII and related Rules framed thereto upto the limit of Rs.15,00,00,000/- (Rupees fifteen crore only) during the financial year 2016-2017 notwithstanding that such amount in the financial year may exceed five percent of the average net profits for the three preceding financial years of the Company."

By order of the Board
For Merino Industries Limited

Sumana Raychaudhuri
Company Secretary

8th June, 2016

Registered Office:
5, Alexandra Court,
60/1, Chowinghee Road,
Kolkata: 700 020
CIN: U51909WB1965PLC026556
Phone: 033 2290-1214
Fax: 2287-0314
E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and to vote on a poll instead of himself / herself and such a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member or shareholder.
2. The instrument of proxy, in order to be valid and effective, must be delivered at the registered office of the company not later than forty-eight hours (48 hours) before the commencement of the meeting. Attendance slip and proxy form are enclosed.
3. The statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 concerning the items of special business as per the agenda items to be transacted at this Annual General Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25th August, 2016 to 31st August, 2016 (both days inclusive).
5. Members are requested to make all correspondences in connection with shares held by them by addressing letters quoting their folio numbers directly to Messrs. C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, the Registrar and Share Transfer Agent of the Company.
6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic share accounts, or to the Registrar and Share Transfer Agent of the Company in respect of their physical share folios quoting their Folio Number(s) with a self-attested copy of address proof, i.e. Voter Identity Card, Electric / Telephone (BSNL) Bill or Driving License or Passport. In case the mailing address mentioned on this annual report is without the Pin code number, members are requested to kindly inform their Pin code number and Bank Account details to Messrs. C B Management Services (P) Limited, the Registrar and Share Transfer Agent of the Company.
7. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
9. Members holding shares in dematerialized mode are requested to intimate the changes pertaining to their bank account details, NECS mandates, email addresses, nominations, change of addresses, change of names etc. if any, to their Depository Participant (DP) only before 24th August, 2016. 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. INE 662B01017.
13. Any unpaid or unclaimed dividend for the year 2009-2010 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
2009-2010	07.08.2009	12.09.2009	11.08.2016	11.09.2016
	03.03.2010	08.04.2010	07.03.2017	07.04.2017
2010-2011	24.05.2011	29.06.2011	28.05.2018	28.06.2018
2011-2012	16.03.2012	22.04.2012	21.03.2019	21.04.2019
2012-2013	31.08.2012	07.10.2012	06.09.2019	06.10.2019
2013-2014	11.11.2013	18.12.2013	17.11.2020	17.12.2020
2014-2015	08.08.2014	15.09.2014	14.08.2021	14.09.2021
2015-2016	07.08.2015	14.09.2015	13.08.2022	13.09.2022

14. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification at the meeting.
15. The notice convening this Annual General Meeting circulated to the members of the Company is made available on the Company's website at www.merinoindia.com.
16. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to the shareholders electronically as a part of its green initiatives in corporate governance. Recognizing the spirit of the circular issued by the MCA, the Notice convening the General Meeting will be sent to the e-mail addresses as provided by the shareholders, recorded with their depositories.

17. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at this Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28th August, 2016 (9:00 a.m.) and ends on 30th August, 2016 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 24th August, 2016, 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> <p>• 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.</p> <p>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records for the said demat account or in the company records in order to login.</p> <p>* If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xii) Click on the EVSN for the relevant MERINO INDUSTRIES LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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 28th August, 2016 (9:00 a.m.) and ends on 30th August, 2016 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their vote electronically.
19. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of 24th August, 2016.
20. Shri Atul Kumar Labh, Practicing Company Secretary (FCS – 4848 / CP – 3238) has been appointed as the Scrutinizer to scrutinize the e-voting process including the remote e-voting in a fair and transparent manner.
21. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes cast through remote e-voting, after counting the votes cast at the Annual General Meeting in the presence of atleast two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and forward to the Chairman of the Meeting.
22. The Results on Resolutions shall be declared after the Annual General Meeting of the Company and the Resolutions will be deemed to be passed on the date of the Annual General Meeting subject to receipt of the requisite number of the votes in favour of the Resolutions.
23. The consolidated Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.merinoindia.com and on the website of CDSL within three (3) days of passing of the resolutions at the Annual General Meeting of the Company.
24. The route map to the venue for the convenience of the members to attend the meeting is separately attached.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 RELATING TO SPECIAL BUSINESS SET OUT IN THE ANNEXED NOTICE

RELATING TO ITEM NO. 5

Shri Sujitendra Krishna Deb (DIN 03524764) was appointed as an Additional Director of the Company with effect from 11th December, 2015 by the Board of Directors at their meeting held on that date. In terms of Section 161 of the Companies Act, 2013 (the 'Act'), he holds office as Director upto the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice had been received from a member signifying his intention to propose his candidature for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

In terms of Section 149 and any other applicable provisions of the Act, Shri Deb, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company to hold office up to the 56th Annual General Meeting in the calendar year 2021.

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

The resolution seeks the approval of members for the appointment of Shri Sujitendra Krishna Deb as an Independent Director of the Company to hold office up to the 56th Annual General Meeting in the calendar year 2021 as per Section 149 and other applicable provisions of the Act and the Rules framed thereunder.

In the opinion of the Board of Directors, Shri Sujitendra Krishna Deb fulfills the conditions specified in the Act and the Rules made thereunder for such appointment and he is independent of the Management. A copy of the draft letter for the appointment of Shri Sujitendra Krishna Deb as an Independent Director setting out the terms and conditions is available for inspection by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Sujitendra Krishna Deb, a senior retired Chartered Accountant, as an Independent Director.

No director, key managerial personnel or their relatives, except Shri Sujitendra Krishna Deb, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

RELATING TO ITEM NO. 6

Shri Sisir Kumar Chakrabarti (DIN 02848624) was appointed as an Additional Director of the Company with effect from 11th December, 2015 by the Board of Directors at their meeting held on that date. In terms of Section 161 of the Companies Act, 2013 (the 'Act'), he holds office as Director upto the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice had been received from a member signifying his intention to propose his candidature for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

In terms of Section 149 and any other applicable provisions of the Act, Shri Chakrabarti, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company to hold office up to the 56th Annual General Meeting in the calendar year 2021.

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

The resolution seeks the approval of members for the appointment of Shri Sisir Kumar Chakrabarti as an Independent Director of the Company to hold office up to the 56th Annual General Meeting in the calendar year 2021 as per Section 149 and other applicable provisions of the Act and the Rules framed thereunder.

In the opinion of the Board of Directors, Shri Sisir Kumar Chakrabarti fulfills the conditions specified in the Act and the Rules made thereunder for such appointment and he is independent of the Management. A copy of the draft letter for the appointment of Shri Sisir Kumar Chakrabarti as an Independent Director setting out the terms and conditions is available for inspection by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Sisir Kumar Chakrabarti, a senior Banking Professional (former Deputy Managing Director of AXIS Bank Ltd.), as an Independent Director.

No director, key managerial personnel or their relatives, except Shri Sisir Kumar Chakrabarti, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

RELATING TO ITEM NOS. 7 TO 9

GENERAL INFORMATION: As required under Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) in respect of re-appointment and payment of remuneration to Shri Prasan Lohia, Whole-time Director, Shri Prakash Lohia, Managing Director and Miss Ruchira 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 five years is given hereunder:

Financial year	Net Turnover (Rs. in Crore)	Production of decorative laminates (No. of sheets)	Profit before Tax (Rs. in Crore)	Earnings in Foreign Exchange (F.O.B value of Exports) (Rs. in Crore)
2011-2012	419.82	5258222	20.02	77.37
2012-2013	476.60	5808622	28.25	107.02
2013-2014	563.94	6208998	35.26	122.64
2014-2015	641.10	6602378	66.37	144.91
2015-2016*	662.34	6747779	87.41	151.03

* Audited but subject to Shareholders' approval

Export performance: As indicated above

Foreign Investments and Collaborations, if any: None

7. RE-APPOINTMENT OF SHRI PRASAN LOHIA AS WHOLE-TIME DIRECTOR

Shri 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 30.09.2016. 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 Shri Prasan Lohia as Whole-time Director of the Company for a further period of three years with effect from 1st October, 2016. To effect his appointment, a special resolution is

required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Prasan Lohia as Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

- 1) Background details: Shri Prasan Lohia, AB (Econ.) USA, BS (Elect. Engg.) USA, MBA (USA), aged about 47 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 will expire on 30th September 2016.
- 2) Past Remuneration: The past remuneration of Shri Prasan Lohia as a Whole-time Director of the Company was by way of Salary per month in the scale of Rs. 5,60,000 – 56,000 – 6,16,000 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year.
- 3) Recognition or Awards: Not Material
- 4) Job Profile and his suitability: Corporate Office Administration, Supervision of Export-Import Documentation, Foreign Exchange Risk Management and Domestic Sales and Marketing of Eastern Region.

Shri Lohia has about 24 years experience and has contributed immensely towards the growth and success of the group in general.
- 5) Remuneration proposed: Salary Rs. 6,16,000/- per month (consolidated) for the period from 01.10.2016 to 31.03.2017 and in the Scale with effect from 01.04.2017 and ending on 30.09.2019 Rs. 6,78,000-67,500-75,000-8,20,500 with the increment falling due on 1st April 2018 and 1st April 2019 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year (as mentioned in Item No. 7 of the notice).
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Whole-time Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 8th June, 2016, the Committee recommended fixing the remuneration of Shri Lohia as a Whole-time Director based on his present job responsibilities and size of the Company.
- 7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Except in the proposed capacity of Whole-time Director and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his father, Shri Rup Chand Lohia, Executive Vice-Chairman and Key Managerial Personnel (KMP). Other KMP i.e. Shri Champa Lal Lohia, Executive Chairman, Shri Bikash Lohia, Miss Ruchira Lohia, Shri Madhusudan Lohia, Whole-time Directors and Shri Prakash Lohia, Managing Director are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION

- 1) Reasons for loss or inadequate profits: The Company has not incurred any loss.
- 2) Steps taken or proposed to be taken for improvement: The Management continues in its endeavour to optimize resources, make value additions, increase revenue and curtail wastage. The management is optimistic that in the future years your Company would witness improved performance and profitability.
- 3) Expected increase in productivity and profits in measurable terms: This cannot be quantified at this stage due to several uncertainties. However, the Directors feel that the present rate of growth of performance would be sustained, if not bettered in the years to come.

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Prasan Lohia as Whole-time Director with effect from 1st October, 2016 for a period of three years and proposed remuneration and terms and conditions of his service be approved by the shareholders in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force). Schedule V stipulates obtaining approval of shareholders through Special Resolution for the appointment of managerial personnel and to fix their remuneration. In accordance with the provisions of Section II of Part II of Schedule V requires approval of the shareholders by way of Special Resolution (as specified in Item No. 7). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Whole-time Director are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Prasan Lohia, Whole-time Director and Key Managerial Personnel (KMP) and his father Shri 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. Shri Champa Lal Lohia, Executive Chairman, Shri Prakash Lohia, Managing Director, Miss Ruchira Lohia, Shri Bikash Lohia and Shri Madhusudan Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 7 of the Notice.

The above item of special business to be transacted at this meeting of the company does not relate to or affect any other company.

8. RE-APPOINTMENT OF SHRI PRAKASH LOHIA AS MANAGING DIRECTOR

Shri Prakash Lohia has been a Director of the Company since 1976 and had held the post of Managing Director of the Company from 1995 with subsequent re-appointments to the said post and his present term expires on 28.02.2017. Considering his vast experience in overall Business Administration, strategy formulation and valuable contribution towards the development of this Company, the Board recommends that it would be in the interest of your Company to re-appoint Shri Prakash Lohia as Managing Director of the Company for a further period of three years with effect from 1st day of March, 2017. To effect his appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Shri Prakash Lohia as Managing Director is placed before the shareholders for approval.

INFORMATION ABOUT THE MANAGING DIRECTOR

- Background details: Shri Prakash Lohia, B. Tech. (Chem.) – IIT Delhi, M.E.P (IIM - Ahmedabad), is aged about 64 years. Shri Lohia has been a Director of the Company since 1976 and had held the post of a Managing Director of the Company from 1995 with subsequent re-appointments to the said post and his present term will expire on 28th February, 2017.

- 2) Past Remuneration: Salary per month in the scale of Rs. 6,75,000 – 67,500 – 7,42,500 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year in this Company.
- 3) Recognition or Awards: Not Material
- 4) Job Profile and his suitability: Management of the business and affairs of the Company as a whole. Shri Lohia has about 39 years experience and he has contributed immensely towards the growth and success of the Company.
- 5) Remuneration proposed: Salary Rs. 7,42,500/- per month (consolidated) for the month of March, 2017 and in the Scale with effect from 01.04.2017 and ending on 29.02.2020 Rs.8,17,000-81,500-90,000-9,88,500 with the increment falling due on 1st April 2018 and 1st April 2019 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year in this Company (as mentioned in Item No.8 of the notice).
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Managing Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 8th June, 2016, the Committee recommended fixing the remuneration of Shri Lohia as a Managing 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 Managing Director and also as a promoter shareholder of the Company, Shri Lohia enjoys no other pecuniary relationship with the Company. He is directly concerned or interested in this resolution along with his son, Shri Madhusudan Lohia, Whole-time Director and one of the Key Managerial Personnel (KMP). Other KMP i.e. Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prasan Lohia, Shri Bikash Lohia, Miss Ruchira Lohia, Whole-time Directors, are his relatives who are indirectly related to him and are considered to be interested or concerned in the resolution to the extent of their relationship with him. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION

- 1) Reasons for loss or inadequate profits: The Company has not incurred any loss.
- 2) Steps taken or proposed to be taken for improvement: The Management continues in its endeavour to optimize resources, make value additions, increase revenue and curtail wastage. The management is optimistic that in the future years your Company would witness improved performance and profitability.
- 3) Expected increase in productivity and profits in measurable terms: This cannot be quantified at this stage due to several uncertainties. However, the Directors feel that the present rate of growth of performance would be sustained, if not bettered in the years to come.

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Shri Prakash Lohia as Managing Director with effect from 1st March, 2017 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). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Shri Lohia as Managing Director are now placed before the shareholders at this Annual General Meeting, for their approval.

Your directors recommend the approval of the resolution, which may also be treated as an abstract of the draft agreement between the Company and Shri Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Shri Lohia and all other relevant documents are available for inspection at the registered office of the Company on all working days starting from the date of notice of this meeting upto the date of the Annual General Meeting, between business hours, without payment of any fee.

Shri Prakash Lohia, Managing Director and Key Managerial Personnel (KMP) and his son Shri Madhusudan Lohia, Whole-time Director and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Miss Ruchira Lohia, Shri Prasan Lohia and Shri Bikash Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive 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.

9. RE-APPOINTMENT OF MISS RUCHIRA LOHIA AS WHOLE-TIME DIRECTOR

Miss Ruchira Lohia was appointed as Vice-President (Delhi Operations) in 1997 and thereafter, was appointed as Whole-time Director of the Company in the year 2000 with subsequent re-appointments to the said post. Her present term of office as Whole-time Director will expire on 31.03.2017. Considering her experience in overall Business Administration and her valuable contribution towards growth of foreign trade of the Company, the Board recommends that it would be in the interest of the Company to re-appoint Miss Ruchira Lohia as Whole-time Director of the Company for a further period of three years with effect from 1st day of April, 2017. To effect her appointment, a special resolution is required to be passed by the shareholders of the Company at this meeting and accordingly the resolution appointing Miss Ruchira Lohia as Whole-time Director is placed before the shareholders for approval.

INFORMATION ABOUT THE WHOLE-TIME DIRECTOR

- 1) Background details: Miss Ruchira Lohia, B.A., M.E.P (IIM-Ahmedabad) is aged about 48 years and her present term as a Whole-time Director of the Company expires on 31st March, 2017. She was appointed as Vice-President (Delhi Operations) in 1997 and thereafter, was appointed as a Whole-time Director of the Company in the year 2000 with subsequent re-appointments to the said post.
- 2) Past Remuneration: The past remuneration of Miss Ruchira Lohia as a Whole-time Director of the Company was by way of Salary in the scale of Rs. 5,60,000 – 56,000 – 6,16,000 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year.
- 3) Recognition or Awards: Not Material
- 4) Job Profile and her suitability: Public Relations and Overseeing Export and Import functions and marketing of food products. Miss Lohia has about around 22 years experience and has contributed immensely towards the growth and success of the Company.
- 5) Remuneration proposed: Salary in the Scale with effect from 01.04.2017 and ending on 31.03.2020 Rs. 6,78,000- 67,500-75,000-8,20,500 with the increment falling due on 1st April 2018 and 1st April 2019 and Perquisites subject to a maximum of Rs. 1,00,000/- per financial year (as mentioned in Item No. 9 of the notice).
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Even broad benchmarking of remuneration profile in an industry absolutely comparable in terms of size, complexity of operations and profile of the Whole-time Director would not be appropriate. However, at a meeting of the Nomination and Remuneration Committee held on 8th June, 2016, the Committee recommended fixing the remuneration of Miss Lohia as a Whole-time Director based on her 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, Miss Lohia enjoys no other pecuniary relationship with the Company. She is indirectly concerned or interested with Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prakash Lohia, Managing Director, Shri Prasan Lohia, Shri Bikash Lohia, Miss Ruchira Lohia and Shri Madhusudan Lohia, Whole-time Directors and Key Managerial Personnel (KMP) who are related to her and are considered to be interested or concerned in the resolution to the extent of their relationship with her. However, Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, are not interested or concerned in the resolution in any way.

OTHER INFORMATION

- 1) Reasons for loss or inadequate profits: The Company has not incurred any loss.
- 2) Steps taken or proposed to be taken for improvement: The Management continues in its endeavour to optimize resources, make value additions, increase revenue and curtail wastage. The management is optimistic that in the future years your Company would witness improved performance and profitability.
- 3) Expected increase in productivity and profits in measurable terms: This cannot be quantified at this stage due to several uncertainties. However, the Directors feel that the present rate of growth of performance would be sustained, if not bettered in the years to come.

DISCLOSURES

Information of the remuneration package to the shareholders of the Company: This information has been detailed in the notice and explanatory statement attached to the respective resolution.

Disclosures mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report: Not applicable

As per recommendations of the Nomination and Remuneration Committee, the Board of Directors had considered the appointment of Miss Ruchira Lohia as Whole-time Director with effect from 1st April, 2017 for a period of three years and proposed remuneration and terms and conditions of her 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. 9). The terms of remuneration specified in the said Special Resolution and also described fully in the draft service agreement of Miss 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 Miss Lohia pursuant to Section 190 of the Companies Act, 2013. The draft agreement entered into by the Company with Miss 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.

Miss Ruchira Lohia, Whole-time Director and Key Managerial Personnel (KMP) and her relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Champa Lal Lohia, Executive Chairman, Shri Rup Chand Lohia, Executive Vice-Chairman, Shri Prakash Lohia,

Managing Director, Shri Prasan Lohia, Shri Bikash Lohia and Shri Madhusudan Lohia, Whole-time Directors and KMPs and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 9 of the Notice.

The above item of special business to be transacted at this meeting of the company does not relate to or affect any other company.

RELATING TO ITEM NO. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Bhagat & Associates, Cost Auditors (Firm Registration No. 100195) to conduct the audit of the cost records of the Company relating to the applicable products for the financial year ending 31st March, 2017 at a remuneration of Rs.45,000/- plus out of pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, their consent is sought for passing an Ordinary Resolution as set out in Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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. 10 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

RELATING TO ITEM NO. 11

The Company had been authorized to contribute to bonafide and charitable funds in terms of Section 181 of the Companies Act, 2013 (the Act).

As per the Act, the Board can contribute to bonafide charitable and other funds and prior permission of shareholders in a general meeting shall be required only if the aggregate contributions in any Financial Year exceed five percent of the Company's average net profits for the three preceding financial years.

Subject to the approval of the shareholders, the Board has plans to spend upto a maximum limit of Rs.15,00,00,000/- (Rupees fifteen crore only) during the Financial Year 2016-17, which exceeds the above limit. The expenditure would be channelized mainly towards corpus contributions to group managed Trust(s) and also to such other Trust(s) as the Board may deem fit. The primary objectives of the Trust(s) are eradicating hunger, poverty, promoting preventive health care, sanitation, education, gender equality, empowerment of women, ensuring environmental sustainability, protection of national heritage, undertaking training to promote rural sports, establish, maintain and grant aid to hospitals etc. and also various other public charitable activities which constitutes part of its contribution towards Corporate Social Responsibility (CSR) activities as stipulated vide the provisions of Section 135 read with Schedule VII of the Act and also to projects having approval under Section 35AC of the Income Tax Act, 1961.

As such, the Board recommends passing the resolution.

All the Whole-time Promoter Directors, who also fall under the category of Key Managerial Personnel (KMP) are directly or indirectly interested or concerned, financial or otherwise in the resolution, as substantial donations will be made to the Trust(s) in which they are directly or indirectly concerned and interested to the extent the contribution made to these trusts.

However, none of Shri Nripen Kumar Dugar, Whole-time Director, Shri Asok Kumar Parui, Chief Financial Officer and Smt. Sumana Raychaudhuri, Company Secretary also falling under the category of KMP and Shri Amar Nath Roy and Dr. Gautam Bhattacharjee, Independent Directors, Shri Sujitendra Krishna Deb and Shri Sisir Kumar Chakrabarti, Non-Executive Directors, including their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 11 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.



Merino Industries Limited

CIN: U51909WB1965PLC026556

Registered Office: 5, Alexandra Court, 60/1, Chowinghee Road, Kolkata: 700 020

Phone: 2290-1214, Fax: 91-33-2287-0314, E-mail: merinokol@merinoindia.com

Website: www.merinoindia.com

PROXY FORM

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

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

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

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

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 51st Annual General Meeting of the Company being held on Wednesday, the 31st day of August, 2016 at 3-00 p.m. at Conference Hall, Academy of Fine Arts, 2, Cathedral Road, Kolkata-700071 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution
Ordinary Business	
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31.03.2016
2.	Consideration and adoption of the Audited Consolidated Financial Statement for the year ended 31.03.2016
3.	Confirmation of the declaration and payment of Interim Dividend
4.	Ratification of the appointment of Auditors and fixing their remuneration
Special Business	
5.	Approval for Appointment of Shri Sujitendra Krishna Deb (DIN : 03524764) as an Independent Director
6.	Approval for Appointment of Shri Sisir Kumar Chakrabarti (DIN : 02848624) as an Independent Director
7.	Approval for re-appointment of Shri Prasan Lohia (DIN : 00061111) as a Whole-time Director for further period of three years and payment of his remuneration
8.	Approval for re-appointment of Shri Prakash Lohia (DIN : 00063274) as a Managing Director for further period of three years and payment of his remuneration
9.	Approval for re-appointment of Miss Ruchira Lohia (DIN : 00127797) as a Whole-time Director for further period of three years and payment of her remuneration
10.	Approval for payment of remuneration of Cost Auditors
11.	Approval to give authority for making donation to charitable and other funds

Signed thisday of August, 2016

Signature of shareholder

Signature of proxy holder(s)

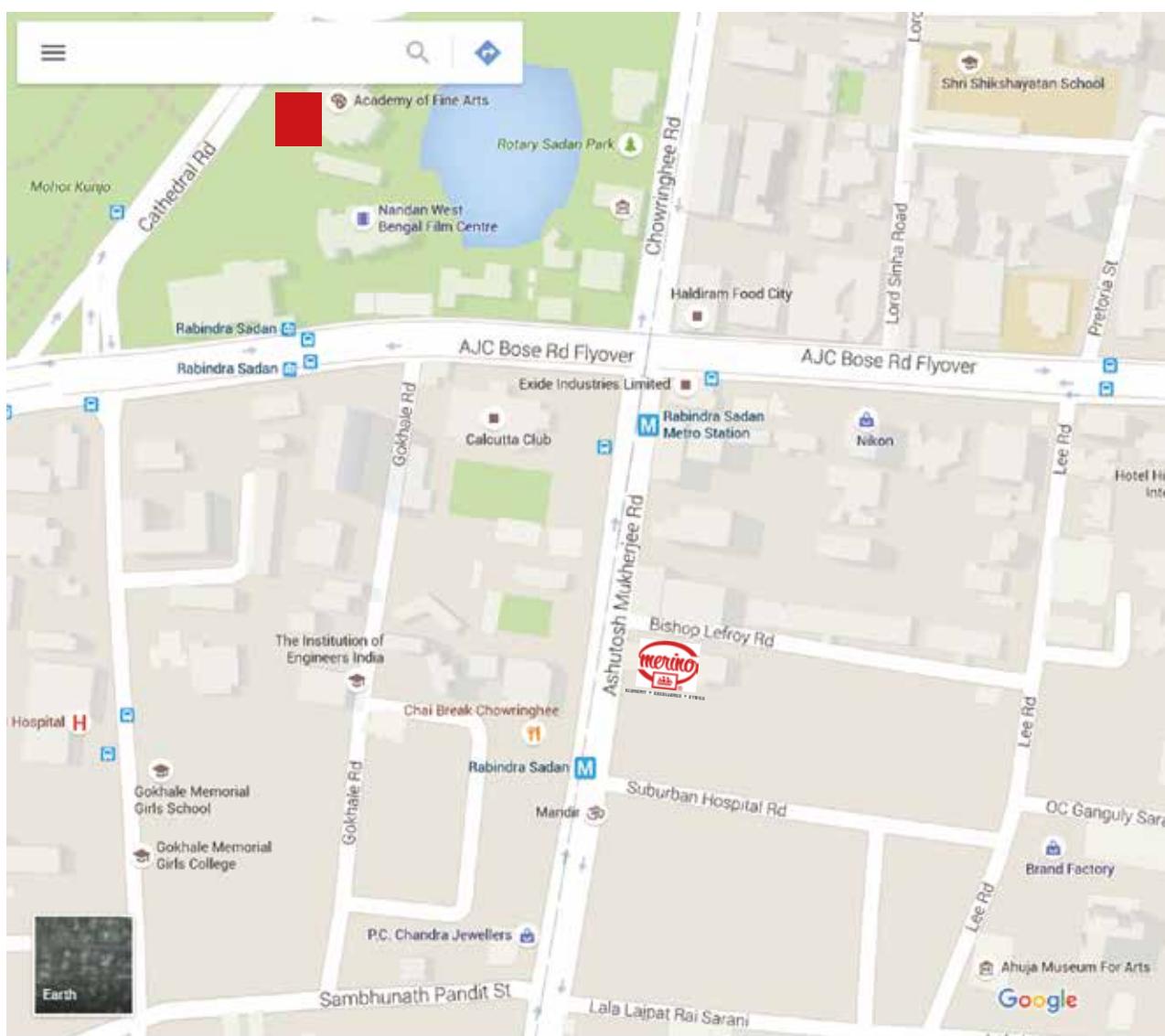
Affix
Revenue
Stamp

* Applicable for investors holding shares in electronic form

Notes:

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

ROUTE MAP TO THE VENUE OF AGM

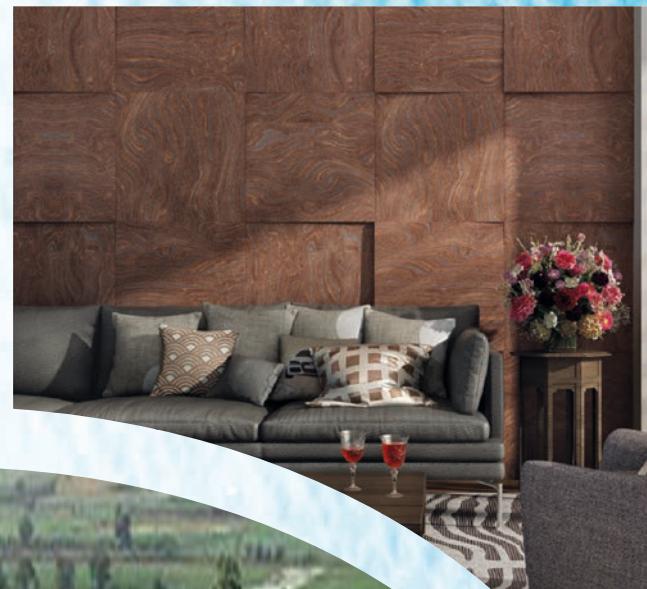




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Note:

Note:



MERINO INDUSTRIES LTD

CIN :U51909WB1965PLC026556

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