



ECONOMY • EXCELLENCE • ETHICS

# ON THE RISE

The Group's  
Contribution to  
EXCHEQUER (Gross) in  
FY 2015-16  
**₹ 365 Cr**

Return on  
Total Assets  
of the company for  
FY 2015-16  
**30%**

ANNUAL REPORT 2016  
MERINO PANEL PRODUCTS 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.

Our Inspiration





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



## Board of Directors

Mr. Champa Lal Lohia  
Mr. Rupchand Lohia  
Mr. Prakash Lohia  
Mr. Anil Jajoo  
Mr. Asok Kumar Parui  
Mr. Deepak Lohia – Whole-time Director  
Mr. Manoj Lohia – Whole-time Director  
Ms. Ruchira Lohia  
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. Asok Kumar Parui – Secretary to the Committee  
Mr. Sisir Kumar Chakrabarti

## Nomination and Remuneration Committee

Mr. Amar Nath Roy – Chairman  
Mr. Asok Kumar Parui  
Mr. Anil Jajoo  
Dr. Gautam Bhattacharjee  
Mr. Sujitendra Krishna Deb  
Mr. Sisir Kumar Chakrabarti

## Corporate Social Responsibility Committee

Mr. Champa Lal Lohia – Chairman  
Mr. Anil Jajoo  
Mr. Deepak Lohia  
Dr. Gautam Bhattacharjee

## Company Secretary

Mr. Asok Kumar Parui

## 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-Rohtak Road,  
Vill. & P.O. Rohad,  
Dist. Jhajjar, Haryana  
Pin: 124 501

## Branches

Bhubaneswar, Chandigarh, Delhi,  
Jaipur, Mumbai, Pune

## Auditors

M/s. Singhi & Co.  
Chartered Accountants

## Cost Auditors

M/s. Bhagat & Associates  
Cost Accountants

## Banks :

AXIS Bank Limited  
Kotak Mahindra Bank Limited  
Standard Chartered Bank  
IDBI Bank Limited

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## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Dear Shareholders,

Your directors are pleased to present their Twenty Second 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 RESULTS

(Rs. Lac)

	Year ended 31st March 2016	Year ended 31st March 2015
Turnover	34215.98	32616.06
Profit before taxation	6109.01	4839.18
Less: Tax Expense	2217.05	1717.90
Profit before Minority Interest	–	–
Less: Minority Interest	–	–
<b>Profit after tax</b>	<b>3892.04</b>	3121.28
Add: Balance brought forward from the previous year	10164.89	7459.87
Balance	14056.93	10581.15
Appropriation :		
Interim Dividend	210.00	89.00
Dividend distribution tax on interim dividend	42.75	15.13
General Reserve	389.20	312.13
TOTAL	641.95	416.26
Balance Profit carried forward to the next year	13414.98	10164.89

### ECONOMIC OVERVIEW

The global economy is still struggling to gain a momentum as many high income countries continue to stabilize. In recent times, the global economy has been impacted by a dramatic decline in oil prices and increase in the value of US Dollar. The global economy is taking longer time to recover. International Monetary Fund (IMF) projected that the world economy would be back on track by 2018, growing at 4.8 percent. The disappointments, says the IMF, have been the BRIC nations—Brazil, Russia, India, and China—as well as parts of the Middle East, Europe, and Japan.

According to World Bank, in this backdrop, India is relatively well-positioned to endure the global volatility and even set for a modest acceleration in growth in near future. India has low trade exposure to China. While Indian financial markets are conservative, India's significant foreign exchange reserves provide further safeguard. The softer oil prices together with the structural reforms has also given a boost to domestic demand and allowed India to realize faster growth even with sluggish exports. It is expected that the Indian economy will grow by around 7.5% in the current year.

The market for laminates and panel products in India is set to witness a jump due to increasing demand from the real estate sector and the Centre's move to establish 100 smart cities across the country. Considering this impetus, laminates and panel products have become an indispensable part of markets like building & construction, furniture, modular kitchen, etc. The accelerating demand in these market triggers the demand in laminates and panel products market. Other key factors like rapid urbanization, rising per capita income and changing consumer preferences also influence the growth of laminates and panel products market in India.

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

Your Company reported an increase in Total Revenue by Rs.1947.78 Lac as compared to that of the previous year. There was an increase in profits during the year, the profit before tax indicating an increase by Rs.1269.91 Lac as compared to previous year's figures. The Company's net profit after taxes stood at Rs. 3892.04 Lac as against Rs. 3121.28 Lac last year.

## MERINO PANEL PRODUCTS LIMITED

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Your Company continued to operate mostly in two business segments namely Laminates, which includes manufacturing and selling of Decorative Laminates, Chemicals for captive consumption and trading of papers and chemicals, and Panel Products, which includes manufacturing and selling of panel boards and plywood. During the year under review, revenue generated from the Laminates segment was Rs.30447.62 Lac as against Rs. 29043.17 Lac and that of the Panel Products segment Rs. 2575.73 Lac as against Rs. 2810.09 Lac, last year. Profitability of the Laminates segment was Rs. 7014.99 Lac as against Rs.5382.37 Lac and that of Panel Products segment was Rs. 322.35 Lac as against Rs.343.92 Lac, last year.

The Directors expect your Company shall continue to register further improved results in the years ahead.

### **DIVIDEND AND RESERVES**

For the year under review, your Company declared and paid Interim Dividend at the rate of Rs. 10.50 per share duly approved by the Board at its meeting held on 7th August, 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. 389.20 Lac to the General Reserve during the year under review, as against Rs. 312.13 Lac in the previous year.

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

There was no unpaid/unclaimed dividend as applicable to the Company and therefore, there was no requirement for transfer of any amount towards Unclaimed Dividend to the Investor Education and Protection Fund.

### **SHARE CAPITAL**

The paid up equity share capital as at 31st March, 2016 stood at Rs. 200.00 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 with this Report as Annexure 1.

### **NUMBER OF BOARD MEETINGS**

During the Financial Year 2015-16 under review, ten meetings of the Board of Directors of the Company were held i.e. on 02.04.2015, 13.05.2015, 18.06.2015, 13.07.2015, 17.07.2015, 07.08.2015, 31.08.2015, 11.09.2015, 11.12.2015 and 30.03.2016.

### **PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS BY COMPANY**

There were no Loans, Guarantees and Investments made which come under the purview of Section 186 of the Act during the year under review.

### **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 under Note 36 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.

### **HOLDING COMPANY**

Merino Industries Limited continues to be the Holding Company of your Company which currently holds 14,93,000 Equity Shares out of a total 20,00,000 equity shares as at the end of the year.



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## **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 year's 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 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 Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company.

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

The Company has laid down internal financial controls which are working adequately and operating effectively. It has built up a control framework for ensuring efficient conduct of its business. It also ensures safeguard of assets, prevention and detection of frauds and errors and also ensures accuracy and completeness of the accounting records. The Company has built up a framework for Entity Level Controls and Process Level Controls for monitoring of overall control indicators for Merino Group.

Internal Financial controls are checked on a continual basis to confirm continuous Identification of control gaps and implementation of mitigation plan to remove the gaps.

## **DEPOSITS**

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

## **DECLARATION BY INDEPENDENT DIRECTOR**

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 21st AGM to hold such office till the conclusion of the 26th Annual General Meeting. 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 the appointment and fixation of remuneration of M/s. Singhi & Co. from the conclusion of the ensuing Annual General Meeting till the conclusion of the 23rd Annual General Meeting. Appropriate resolution in respect of the above is appearing in the Notice convening the 22nd Annual General Meeting of the Company

#### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, the Company has appointed M/s. A. K. Labh & Co., a firm of Company Secretaries in Practice (CP No. 3238) to undertake the secretarial audit of the Company. The Secretarial Audit Report is included as Annexure 3 and forms an integral part of this report.

#### **EXPLANATION TO AUDITORS' REMARKS**

The Reports of the Statutory Auditors and the Company Secretaries in Practice do not contain any qualification, reservation or adverse remarks, requiring explanations of the Board.

#### **COST AUDIT**

As per the requirement of 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 with the Ministry of Corporate Affairs on 30.09.2015.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company towards fulfillment of the Group's mission and initiative of social development has undertaken various CSR projects to uplift the livelihood of weaker sections of the society. The Company's CSR activities can be categorized into four major sectors, i.e., Promoting education, Assistance to schools, Preventive healthcare and Sanitation.

The Company has carried out CSR activities and spent the requisite amount as required by law through a group managed registered trust which is authorized to carry out such activities as stipulated vide the provisions of Section 135 read with Schedule VII of the Act and the group CSR Policy.

The disclosures as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are furnished in Annexure 5 and forms part of 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 compliance 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), Dr. Gautam Bhattacharjee (DIN 00109269) as Independent Directors, Mr. Sujitendra Krishna Deb (DIN: 03524764), Mr. Sisir Kumar Chakrabarti (DIN:02848624) and Mr. Asok Kumar Parui (DIN 00061267) as Directors. Mr. Asok Kumar Parui also being the Company Secretary of the Company acts as the Secretary to the Committee.

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

#### **NOMINATION AND REMUNERATION COMMITTEE**

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), Dr. Gautam Bhattacharjee (DIN 00109269), Independent Directors, Mr. Sujitendra Krishna Deb (DIN: 03524764), Mr. Sisir Kumar Chakrabarti (DIN:02848624), Mr. Anil Jajoo (DIN 00063284) and Mr. Asok Kumar Parui (DIN 00061267), Directors. Mr. Asok Kumar Parui also being the Company Secretary of the Company acts as the Secretary to the Committee.



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

#### **VIGIL MECHANISM**

As per provisions of Section 177 of the Act and Rules framed thereunder 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 available for display 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 workplace, ensuring support to the victimized and termination of harassment. The Committee will also recommend appropriate disciplinary action against the guilty party. During the year under review, no complaints were reported to the Committee.

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, 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 and applied them consistently and made judgments and estimates that are reasonable and prudent 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. they have taken proper and sufficient care 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. they have prepared the annual accounts on a going concern basis;
- v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

Your Directors place on record their sincere gratitude and appreciation for the continuous support and co-operation received from the Government Authorities, Company's Bankers, Customers and stakeholders as also the persistent support from the employees and workers.

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

Kolkata  
8th June, 2016

**Champa Lal Lohia**  
Director

**Prakash Lohia**  
Director

## 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 : U20299WB1994PLC064386  
 ii) Registration Date : 08.08.1994  
 iii) Name of the Company : Merino Panel Products 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 : NIL

## 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	89

## 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 Industries Limited, 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal	U51909WB1965PLC026556	Holding	NIL	N.A.

## IV. SHARE HOLDING PATTERN ( Equity Share Capital Breakup 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		17000	17000	0.85		17000	17000	0.85	0.00
(b)	Central Government									
(c)	State Government(s)									
(d)	Bodies Corporate		1983000	1983000	99.15		1983000	1983000	99.15	0.00
(e)	Bank/Financial Institutions									
(f)	Any Other (specify)									
	Sub Total(A)(1)		2000000	2000000	100.00		2000000	2000000	100.00	0.00

<b>(i) Category-wise Share Holding (Contd.)</b>										
	"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	
2	Foreign									
(a)	NRIs-Individuals									
(b)	Other-Individuals									
(c)	Bodies Corporate									
(d)	Bank/Financial Institutions									
(e)	Any Other (specify)									
	<b>Sub Total(A)(2)</b>		<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0</b>	<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds									
(b)	Bank/Financial Institutions									
(c)	Central Govt									
(d)	State Govt(s)									
(e)	Venture Capital Funds									
(f)	Insurance Companies									
(g)	Foreign Institutional Investors (FII)									
(h)	Foreign Venture Capital Funds									
(i)	Others (specify)									
(i-i)	UTI									
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
B 2	Non-institutions									
(a)	Bodies Corporate									
i)	Indian									
ii)	Overseas									
(b)	Individuals									
i.	Individual shareholders holding nominal share capital up to Rs 1 lakh									
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.									
(c)	Others (specify)									
	<b>Sub-Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>0</b>	<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0</b>	<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>									
	<b>Sub-Total ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>0</b>	<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0</b>	<b>2000000</b>	<b>2000000</b>	<b>100.00</b>	<b>0.00</b>

**MERINO PANEL PRODUCTS LIMITED**

<b>(ii) Shareholding of Promoters</b>								
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 )			
		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	% change in shareholding during the year
1	MAN KUMAR LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
2	CHAMPA LAL LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
3	RUP CHAND LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
4	PRAKASH LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
5	PRASAN LOHIA	1900	0.09	0.00	1900	0.09	0.00	0.00
6	BIKASH LOHIA	2480	0.12	0.00	2480	0.12	0.00	0.00
7	MANOJ LOHIA	1860	0.09	0.00	1860	0.09	0.00	0.00
8	MERINO INDUSTRIES LIMITED	1493000	74.65	0.00	1493000	74.65	0.00	0.00
9	MERINO EXPORTS PRIVATE LIMITED	490000	24.50	0.00	490000	24.50	0.00	0.00
10	DEEPAK LOHIA	2300	0.12	0.00	2300	0.12	0.00	0.00
11	MADHUSUDAN LOHIA	2760	0.14	0.00	2760	0.14	0.00	0.00
12	RUCHIRA LOHIA	1700	0.09	0.00	1700	0.09	0.00	0.00

<b>(iii) Change in Promoter's Shareholding (please specify if there is no change</b>								
Sl. No.	Folio No.	Name	Remarks	Shareholding/Transaction Date	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
					No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
1	001	MAN KUMAR LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
2	002	CHAMPA LAL LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
3	003	RUP CHAND LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
4	004	PRAKASH LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
5	005	PRASAN LOHIA	At the beginning of the year	1/4/2015	1900	0.09	1900	0.09
			At the end of the year	31/3/2016	1900	0.09	1900	0.09
6	006	BIKASH LOHIA	At the beginning of the year	1/4/2015	2480	0.12	2480	0.12
			At the end of the year	31/3/2016	2480	0.12	2480	0.12
7	007	MANOJ LOHIA	At the beginning of the year	1/4/2015	1860	0.09	1860	0.09
			At the end of the year	31/3/2016	1860	0.09	1860	0.09
8	008	MERINO INDUSTRIES LIMITED	At the beginning of the year	1/4/2015	1493000	74.65	1493000	74.65
			At the end of the year	31/3/2016	1493000	74.65	1493000	74.65
9	009	MERINO EXPORTS PRIVATE LIMITED	At the beginning of the year	1/4/2015	490000	24.5	490000	24.5
			At the end of the year	31/3/2016	490000	24.5	490000	24.5
10	010	DEEPAK LOHIA	At the beginning of the year	1/4/2015	2300	0.12	2300	0.12
			At the end of the year	31/3/2016	2300	0.12	2300	0.12
11	011	MADHUSUDAN LOHIA	At the beginning of the year	1/4/2015	2760	0.14	2760	0.14
			At the end of the year	31/3/2016	2760	0.14	2760	0.14
12	012	RUCHIRA LOHIA	At the beginning of the year	1/4/2015	1700	0.09	1700	0.09
			At the end of the year	31/3/2016	1700	0.09	1700	0.09

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRS)								
Sl. No.	Folio No.	Name - For each of the Top 10 Shareholders	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
					No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(v) Shareholding Pattern of Directors and Key Managerial Personnel								
Sl. No.	Folio no.	Name - For each of the Directors and KMP	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
					No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	002	CHAMPA LAL LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
2	003	RUP CHAND LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
3	004	PRAKASH LOHIA	At the beginning of the year	1/4/2015	1000	0.05	1000	0.05
			At the end of the year	31/3/2016	1000	0.05	1000	0.05
4	007	MANOJ LOHIA	At the beginning of the year	1/4/2015	1860	0.09	1860	0.09
			At the end of the year	31/3/2016	1860	0.09	1860	0.09
5	010	DEEPAK LOHIA	At the beginning of the year	1/4/2015	2300	0.12	2300	0.12
			At the end of the year	31/3/2016	2300	0.12	2300	0.12
6	012	RUCHIRA LOHIA	At the beginning of the year	1/4/2015	1700	0.09	1700	0.09
			At the end of the year	31/3/2016	1700	0.09	1700	0.09

## 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,927.76	0	-	1,927.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.62	0	-	3.62
<b>Total (i+ii+iii)</b>	<b>1,931.38</b>	<b>0</b>	<b>-</b>	<b>1,931.38</b>
Change in Indebtedness during the financial year				
● Addition	-	-	-	-
● Reduction	-1052.23	0	-	-1,052.23
<b>Net Change</b>	<b>-1052.23</b>	<b>0</b>	<b>-</b>	<b>-1,052.23</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	878.53	0	-	878.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.62	0	-	0.62
<b>Total (i+ii+iii)</b>	<b>879.15</b>	<b>0</b>	<b>-</b>	<b>879.15</b>

**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	Whole-time Directors		Total Amount
		Mr. Manoj Lohia	Mr. Deepak Lohia	
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	6720000	6720000	13440000
		100000	100000	200000
		0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	0 0	0 0	0 0
5	Others, please specify Gratuity Leave PF	22654 157077 806400	16169 161506 806400	38823 318583 1612800
Total (A)		7806131	7804075	15610206
Ceiling as per the Act				

B. Remuneration to other directors:

(Rs.)

Sl. No.	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	40000	40000			80000
	<b>Total (1)</b>	<b>40000</b>	<b>40000</b>	<b>0</b>	<b>0</b>	<b>80000</b>
2	Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify			40000	40000	80000
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>40000</b>	<b>40000</b>	<b>80000</b>
	<b>Total (B)=(1+2)</b>	<b>40000</b>	<b>40000</b>	<b>40000</b>	<b>40000</b>	<b>160000</b>
	<b>Total Managerial Remuneration</b>					<b>15770206</b>
	<b>Overall Ceiling as per the Act</b>					

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	Total
		Mr. Asok Kumar Parui	
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0 0 0	0 0 0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit - others, specify...	0 0	0 0
5	Others, please specify	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>



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

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

Installation of 100 KWh Bosch Solar Power System to save unit cost and electricity.

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

550 KWh Growth Street Solar Power System to be installed.

300 KWh Tata Solar plant to be installed.

**(iii) The capital investment on energy conservation equipments:**

Commissioning and installation of the 100 KWh BOSCH Solar Power Plant valued at Rs.68.57 lac & 300 KWh Tata solar Power System valued at Rs.202.07 lac and also installation of 550 KWh Growth Street Solar power plant work is in process.

**(B) Technology absorption:****(i) The efforts made towards technology absorption;**

- a. Installation of a new Beam Saw Servo Machine
- b. VTA – 30 & 50 Automation & Chemical Kettle Automation.

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

- a. Enhancement of Production Capacity.
- b. Reduction of Cost.
- c. Improvement in Productivity & Quality.

**(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:**

1. Auto Double Plainer Machine for smoothness on the wood in Plywood Section
2. Installed Servo Cutter for IMP-3 for MF dryer
3. Installed Beam saw Machine for cutting panels.
4. Kunding sanding machine

**b. The year of import: 2013-14, 2014-15 and 2015-16.****c. Whether the technology been fully absorbed: Yes****d. If not fully absorbed, areas, where absorption has not taken place, and the reasons therefor and future plans of action: N.A.**

(iv) The expenditure incurred on Research and Development:

R & D Expenditure is not identified separately. However, the recurring expenses are booked as revenue expenses under proper heads of expenditures.

**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 also 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 (2015-16)** (Rs. In Lac)

**Earnings:**

Foreign Exchange earned (F.O.B. Value of exports) 12653.13

**Outgo:**

**CIF Value of Imports**

a) Raw materials	9503.06
b) Components and Spare Parts (including Stores)	27.21
c) Capital Goods	470.67

**Expenditure in foreign currency**

a) Sales Commission	41.22
b) Travelling	8.12
c) Professional & fees	7.90
d) Interest	2.28
e) Bank Charges	13.70
f) Business Promotion	11.22
g) Purchase of Acrylic Solid Surface	512.46

**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 Panel Products 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 Panel Products 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.



ECONOMY \* EXCELLENCE \* ETHICS

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 – 1 and SS-2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.
- (iii) 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 :

The Indian Forest Act, 1927

to the extent of their 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. Manoj Lohia	44	Whole-time Director- Over-seeing marketing and sale of Company's Products in Southern India	7806131	B.Com.	20	01.08.2008	0.09	Whole-time Director in Merino Ex-ports Private Ltd.
Mr. Deepak Lohia	40	Whole-time Director- Over-seeing production, import of design papers, raw materials, chemicals, etc.	7804075	B.E. (Mech.)	19	01.08.2008	0.12	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.

**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. Deepak Lohia is a relative of Mr. Champalal Lohia, Director and Mr. Manoj Lohia is a relative of Mr. Rup Chand Lohia, Director.

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

Kolkata  
8th June, 2016

**Champa Lal Lohia**  
Director

**Prakash Lohia**  
Director

**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)	Director	Promoter – Non Executive
Mr. Anil Jajoo	Director	Non Executive
Mr. Deepak Lohia	Whole-time Director	Promoter – Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive

The Company Secretary acts as the Secretary to the Committee.

3. Average net profit of the company for last three financial years: Rs. 3419.12 Lac
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 68.38 Lac
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year: Rs. 69.00 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) (Rs. Lac)	(6) (Rs. Lac)	(7) (Rs. Lac)	(8) (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 outlay (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 to the reporting period	Amount spent : Direct or through implementing agency*
1	Mid-day meal programme in schools	Promoting education	1. Local area at Jhajjar, Haryana 2. State: Uttar Pradesh, District Hapur	11.61	11.61	11.61	11.61

**MERINO PANEL PRODUCTS LIMITED**

(1)	(2)	(3)	(4)	(5) (Rs. Lac)	(6) (Rs. Lac)	(7) (Rs. Lac)	(8) (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 outlay (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 to the reporting period	Amount spent : Direct or through implementing agency*
2	Assistance to schools and other institutions	Promoting education	1. Local area at Jhajjar, Haryana 2. State Uttar Pradesh, District Hapur	40.00	40.00	40.00	40.00
3	Free Health check up camps	Preventive Health care	1. Local area at Jhajjar, Haryana 2. State: Haryana and Uttar Pradesh, District Jhajjar and Hapur	17.39	17.39	17.39	17.39
	TOTAL			69.00	69.00	69.00	69.00

\* Amounts indicated above spent directly and through Sri Hara Kasturi Memorial Trust (implementing agency) which is a group managed registered trust authorized 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.

Anil Jajoo

Director

Date: 08.06.2016

Champa Lal Lohia

Chairman, CSR Committee

## 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	<u>47</u>

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 were ensured their 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 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 Panel Products Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Merino Panel Products Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, 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 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 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 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 financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;



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## 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 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 Panel Products limited**

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the Company has a phased programme of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Management has physically verified fixed assets during the year and as informed to us, no material discrepancies were noticed as compared to books of accounts.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, inventories (except stock in-transit) were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on such 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 sections 185 and 186, 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 dispute is pending	Period
Income Tax	480.79	-	Income Tax Appellate Tribunal	2002-03
	1.5	-	Commissioner of Income Tax (Appeals)	2006-07
	265	-	Commissioner of Income Tax (Appeals)	2011-12
Sales Tax	5.30	-	Punjab and Haryana High Court	2000-2003
Excise Duty	538.55	23.64	Appellate Tribunal	2009-10 to 2013-14



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- (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 money by way of public issue/follows- 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 record 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 sections 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 hasn't entered into any non-cash transactions with directors or persons connected with him, therefore provisions of this clause are not applicable to the Company.
- (xvi) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, therefore provisions of this clause are not applicable to the Company.

For **SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**B.L. Choraria**

Partner

Membership No. 022973

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 Panel Products Limited (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system 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
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	200.00	200.00
(b) Reserves and Surplus	4	15086.79	11447.50
		<u>15286.79</u>	<u>11647.50</u>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-term Borrowings	5	23.57	65.61
(b) Deferred Tax Liabilities (net)	6	483.05	364.79
(c) Other Long-Term Liabilities	7	38.21	23.63
		<u>544.83</u>	<u>454.03</u>
<b>(3) CURRENT LIABILITIES</b>			
(a) Short-term Borrowings	8	794.03	1781.96
(b) Trade Payables	9		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises		–	–
(B) Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises		2226.99	1897.90
(c) Other Current Liabilities	10	1483.31	1122.67
(d) Short-term Provisions	11	156.51	486.97
		<u>4660.84</u>	<u>5289.50</u>
<b>TOTAL</b>		<u><u>20492.46</u></u>	<u><u>17391.03</u></u>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible Assets	12A	5372.76	4917.20
(ii) Intangible Assets	12B	61.23	39.60
(iii) Capital Work-in-Progress	12C	231.33	23.45
(iv) Intangible assets under Development		87.04	–
		<u>5752.36</u>	<u>4980.25</u>
(b) Non Current Investments	13	100.15	–
(c) Long-term Loans and Advances	14	324.27	117.27
		<u>6176.78</u>	<u>5097.52</u>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	15	5962.44	5741.76
(b) Trade Receivables	16	6009.38	5764.67
(c) Cash and Cash Equivalents	17	1849.82	478.03
(d) Short-term Loans and Advances	18	429.19	294.81
(e) Other Current Assets	19	64.85	14.24
		<u>14315.68</u>	<u>12293.51</u>
<b>TOTAL</b>		<u><u>20492.46</u></u>	<u><u>17391.03</u></u>

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

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

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

**Asok Kumar Parui**  
Director &  
Company Secretary

**Prakash Lohia**  
Director

**Champa Lal Lohia**  
Director



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## 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	33772.72	31953.23
II. Other Income	23	443.34	662.83
III. <b>Total Revenue (I+II)</b>		<b>34216.06</b>	<b>32616.06</b>
IV. <b>Expenses</b>			
Cost of materials consumed	24	16102.17	17257.95
Purchases of stock-in-trade	25	2114.39	1842.78
Changes in inventories of finished goods, work-in-progress and stock in trade	26	(253.73)	(348.32)
Employee benefits expenses	27	3007.75	2353.36
Finance costs	28	124.68	221.72
Depreciation and amortisation expenses	29	788.64	782.48
Other expenses	30	6223.07	5666.91
<b>Total Expenses</b>		<b>28106.97</b>	<b>27776.88</b>
V. <b>Profit before tax (III - IV)</b>		<b>6109.09</b>	<b>4839.18</b>
VI. <b>Tax Expense:</b>			
(1) Current tax		2112.15	1749.49
(2) Short /(Excess) provision of current tax in respect of earlier years made / written back		(13.36)	12.05
(3) Deferred tax charge / (credit)		118.26	(43.64)
		<b>2217.05</b>	<b>1717.90</b>
VII. <b>Profit for the year (V - VI)</b>		<b>3892.04</b>	<b>3121.28</b>
VIII. <b>Earnings per equity share</b>			
On profit after tax			
<b>Basic and Diluted</b>	31	<b>194.60</b>	<b>156.06</b>

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

For **SINGHI & CO.**

Chartered Accountants

Firm Registration Number : 302049E

**B. L. Choraria**

Partner

Membership Number : 022973

Place: Kolkata

Date: 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

**Asok Kumar Parui**  
Director &  
Company Secretary

**Prakash Lohia**  
Director

**Champa Lal Lohia**  
Director

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

(Figure in Rs. lacs, unless otherwise stated)

	2015-16	2014-15
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit Before Tax	6109.09	4839.18
<b>Adjustment for :</b>		
Depreciation and amortisation expenses	788.64	782.48
Loss / (Profit) on Disposal of Tangible/Intangible Assets (Net)	4.06	(5.94)
Finance Cost	124.68	221.72
Interest Income	(68.34)	(4.45)
Provision/Liabilities no longer required written back	(28.53)	(27.00)
Provision for Bad and Doubtful Debts	–	10.14
Bad Debts and advances written off	4.58	25.59
Unrealised Foreign Exchange (Gain) / loss (Net)	80.96	(48.25)
<b>Operating Profit before Working Capital Changes</b>	<b>7015.14</b>	5793.47
<b>Adjustments for :</b>		
Trade and Other receivables	(537.51)	(850.56)
Inventories	(220.68)	(599.67)
Trade and Other Payables	681.44	(226.41)
<b>Cash Generated from Operations</b>	<b>6938.39</b>	4116.83
Net Direct Taxes Paid	(2512.59)	(1526.57)
<b>Net Cash from Operating Activities</b>	<b>4425.80</b>	2590.26
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Tangible Assets	(1485.68)	(1124.00)
Purchase of Intangible Assets	(127.40)	(10.25)
Proceeds from Sale of Tangible / Intangible Assets	10.67	22.98
Purchase of Investment	(100.15)	–
Interest Received	47.51	4.37
<b>Net Cash from Investing Activities</b>	<b>(1655.05)</b>	(1106.90)



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

(Figure in Rs. lacs, unless otherwise stated)

	2015-16	2014-15
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Long-Term Borrowings	24.73	77.12
Repayment of Long-Term Borrowings	(86.03)	(418.23)
Increase/ (Decrease) in Cash Credit/Working Capital facilities	(987.93)	(790.54)
Interest paid	(96.98)	(189.17)
Dividend paid	(210.00)	(89.00)
Dividend Distribution Tax paid	(42.75)	(15.13)
<b>Net Cash from Financing Activities</b>	<b>(1398.96)</b>	<b>(1424.95)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents ( A+B+C)</b>	<b>1371.79</b>	<b>58.41</b>
Cash and Cash Equivalents (Opening)	478.03	419.62
Cash and Cash Equivalents (Closing)	1849.82	478.03
(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 comprises (Refer Note 17):		
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
<b>Cash and cash equivalents:</b>		
Cash on hand	6.36	7.61
Foreign Currency on hand	1.32	0.34
<b>Bank Balances:</b>		
On Current Accounts	255.12	462.87
On Cash Credit Account	39.02	7.21
<b>Other Bank Balances</b>		
Fixed Deposit	1548.00	–
	<b>1849.82</b>	<b>478.03</b>
(c) Also refer Note 42.		

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

For **SINGHI & CO.**

Chartered Accountants

Firm Registration Number : 302049E

**B. L. Choraria**

Partner

Membership Number : 022973

Place: Kolkata

Date: 8th June, 2016

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

For and on behalf of Board of Directors

**Asok Kumar Parui**  
Director &  
Company Secretary

**Prakash Lohia**  
Director

**Champa Lal Lohia**  
Director

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General Information :

Merino Panel Products Limited (“the Company”) is a public limited company domiciled in India, and incorporated under the provisions of the Companies Act, 1956 (the “Act”). The Company is a multiproduct and multi location company. The Company is subsidiary of Merino Industries Limited.

## 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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, 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 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 tangible assets other than ‘Leasehold Land Acquisition and Development Expenses’ is provided for over its useful life, at the rates specified in Schedule II to the Act. The cost of ‘Leasehold Land Acquisition and Development Expenses’ is amortised over the period of the lease. (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. (Refer Note 12B)

### 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.

### 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

#### (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Sale of services

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

(c) 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.

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 originate in one period and are capable of reversal 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.

## NOTES TO THE FINANCIAL STATEMENTS

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 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.

### 2.14 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.

### 2.15 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 are adjusted for the effects of all dilutive potential equity shares.

### 2.16 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>
<b>3. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
27,50,000 Equity Shares of Rs. 10/- each	<u>275.00</u>	<u>275.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
20,00,000 Equity Shares of Rs.10/- each fully paid-up in cash	<u>200.00</u>	<u>200.00</u>
(a) <b>Reconciliation of the number of shares outstanding is set out below:</b>		
<b>Particulars</b>	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Balance outstanding at the beginning of the year	<u>20,00,000</u>	20,00,000
Balance outstanding at the end of the year	<u>20,00,000</u>	20,00,000
(b) <b>Rights, preference and restrictions attached to shares issued:</b>		
The Company has only one class of equity share 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.		
(c) <b>Shares held by holding company and subsidiary of holding company:</b>		
	<u>31st March, 2016</u>	<u>31st March, 2015</u>
14,93,000 Equity Shares (31st March, 2015: 14,93,000 Equity Shares) held by Merino Industries Limited (MIL), the Holding Company	<u>149.30</u>	<u>149.30</u>
There is no other subsidiary of the holding company.		
(d) <b>Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:</b>		
Name of the shareholders	<u>31st March, 2016</u>	<u>31st March, 2015</u>
	No.of shares	No.of shares
	% held	% held
Merino Industries Limited	<u>14,93,000</u>	14,93,000
Merino Exports Private Limited	<u>4,90,000</u>	4,90,000
	<u>19,83,000</u>	<u>19,83,000</u>
	<u>99.15</u>	<u>99.15</u>
<b>4. RESERVES AND SURPLUS</b>		
<b>Securities Premium Reserve</b>	<u>300.00</u>	<u>300.00</u>
<b>General Reserve</b>		
Balance as at the beginning of the year	<u>982.61</u>	670.48
Add: Transfer from Statement of Profit and Loss	<u>389.20</u>	312.13
Balance as at the end of the year	<u>1371.81</u>	<u>982.61</u>
<b>Statement of Profit and Loss</b>		
Balance as at the beginning of the year	<u>10164.89</u>	7459.87
Add: Profit for the year	<u>3892.04</u>	3121.28
Amount available for appropriation	<u>14056.93</u>	10581.15
Less : Appropriations:		
Interim dividend on Equity Shares for the year	<u>210.00</u>	89.00
Dividend distribution tax on interim dividend on Equity Shares	<u>42.75</u>	15.13
Transfer to General Reserve	<u>389.20</u>	312.13
Total appropriations	<u>641.95</u>	416.26
Balance as at the end of the year	<u>13414.98</u>	<u>10164.89</u>
	<u>15086.79</u>	<u>11447.50</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	31st March, 2016		31st March, 2015	
	Non Current Portion	Current Maturities	Non Current Portion	Current Maturities
<b>5. LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
<b>Other Loans</b>				
<b>From Banks</b>				
Indian Rupee Loans [Refer (a) below]	23.57	60.93	65.61	78.19
<b>From Others</b>				
Indian Rupee Loans [Refer (a) below]	–	–	–	2.00
	<u>23.57</u>	<u>60.93</u>	<u>65.61</u>	<u>80.19</u>
Amount disclosed under “Other Current Liabilities” (Refer Note 10)	–	(60.93)	–	(80.19)
	<u>23.57</u>	<u>–</u>	<u>65.61</u>	<u>–</u>

(a) Vehicle Loans are secured by way of hypothecation of the related assets. These are repayable in maximum thirty six equal monthly instalments, repayment period thereof varying from June,2012 ending on June,2018,bearing interest rate varying from 9.45% p.a to 11.91% p.a.

	31st March, 2016	31st March, 2015
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities</b>		
Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets	519.05	390.30
	<u>519.05</u>	<u>390.30</u>
<b>Deferred Tax Assets</b>		
Disallowance allowable for tax purpose on payment	36.00	22.06
Provision for doubtful debts	–	3.45
	<u>36.00</u>	<u>25.51</u>
	<u>483.05</u>	<u>364.79</u>
<b>7. OTHER LONG-TERM LIABILITIES</b>		
Liabilities under litigation	23.63	23.63
Other Liabilities	14.58	–
	<u>38.21</u>	<u>23.63</u>
<b>8. SHORT - TERM BORROWINGS</b>		
<b>Secured</b> (Refer (a) below)		
<b>Working Capital Loan</b>		
<b>From Banks:</b>		
Overdraft / Cash credit	4.03	519.51
Rupee packing credit loan	790.00	200.00
Foreign currency packing credit loan	–	1062.45
	<u>794.03</u>	<u>1781.96</u>

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

- Primary Security : Hypothecation of the entire current assets of the Company on *pari passu* basis, both present and future.
- Collateral : Charge over all fixed assets of the Company both present and future, on *pari passu* basis.

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>9. TRADE PAYABLES</b> (Refer (a) below)		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 35)	–	–
Total outstanding dues of creditor other than Micro Enterprises and Small Enterprises (Refer Note 36)	<b>2226.99</b>	1897.90
	<u><b>2226.99</b></u>	<u>1897.90</u>
<p>(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 affecting financial statement of the year.</p>		
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer Note 5)	<b>60.93</b>	80.19
Interest accrued but not due on borrowings	<b>0.62</b>	3.62
<b>Other payables :</b>		
Advances from customers	<b>260.26</b>	231.27
Statutory dues	<b>283.58</b>	293.99
Liabilities for purchase of capital assets	<b>102.00</b>	21.42
Employee Benefits payable	<b>358.44</b>	201.29
Payable to Holding Company [ Refer Note no.36]	<b>206.75</b>	181.56
Premium on forward and other derivative contracts	–	1.02
Other payables	<b>210.73</b>	108.31
	<u><b>1483.31</b></u>	<u>1122.67</u>
<b>11. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits	<b>111.14</b>	58.50
<b>Other Provisions :</b>		
Provision for income tax	<b>45.37</b>	428.47
[net of advance tax Rs.2084.14 (31st March, 2015: Rs 1354.59 )]		
	<u><b>156.51</b></u>	<u>486.97</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

### 12A. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 2015	Additions during the year	Sales / discard during the year	As at 31st March, 2016	As at 31st March, 2015	Depreciation for the year	Sales/ discard during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b>Land :</b>										
Leasehold acquisition and development expenses [Refer (a) below]	23.45	-	-	23.45	19.10	0.40	-	19.50	3.95	4.35
Freehold	386.98	-	-	386.98	-	-	-	-	386.98	386.98
<b>Buildings (on leasehold land) :</b>										
Buildings	1248.07	62.86	-	1310.93	396.92	34.45	-	431.37	879.56	851.15
Roads	85.23	-	-	85.23	51.49	10.31	-	61.80	23.43	33.74
Plant and Equipment	6708.56	837.68	88.43	7457.81	3791.29	529.63	84.19	4236.73	3221.08	2917.27
Electrical Fittings	384.72	9.24	1.66	392.30	237.51	37.94	1.40	274.05	118.25	147.21
Laboratory Equipment	8.07	-	-	8.07	7.59	0.06	-	7.65	0.42	0.48
Furniture and Fixtures	83.63	8.61	0.59	91.65	40.89	7.85	0.30	48.44	43.21	42.74
Computers & Data Processing Units	381.34	224.94	28.32	577.96	193.68	74.56	27.28	240.96	337.00	187.66
Office Equipment	122.24	24.87	5.90	141.21	73.38	19.66	5.45	87.59	53.62	48.86
Vehicles	424.53	72.00	24.32	472.21	127.77	56.40	17.22	166.95	305.26	296.76
<b>GRAND TOTAL</b>	9856.82	1240.20	149.22	10947.80	4939.62	771.26	135.84	5575.04	5372.76	4917.20
<b>PREVIOUS YEAR</b>	8901.52	1096.72	141.42	9856.82	4295.86	768.14	124.38	4939.62	4917.20	

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 has been amortised over the period of Lease. Remaining life of the leasehold land is 10 years.

### 12B. INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION AND 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	Depreciation for the year	Sales during the year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Computer Software (Acquired items)	150.75	40.36	18.40	172.71	111.15	17.38	17.05	111.48	61.23	39.60
<b>GRAND TOTAL</b>	150.75	40.36	18.40	172.71	111.15	17.38	17.05	111.48	61.23	39.60
<b>PREVIOUS YEAR</b>	140.50	10.25	-	150.75	96.81	14.34	-	111.15	39.60	

12C. Capital-work-in progress includes in transit of Rs.81.93 (Previous year Nil).

### 13. NON CURRENT INVESTMENTS

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

#### Long-Term – Other Than Trade Investment

#### Investment in Mutual Fund (Fully paid up)

##### -Quoted

Principal Debt Opportunities Fund, Conservative Plan 2136.451 units

50.05

-

Birla Sun Life Cash Manager Growth Regular Plan 14017.964 units

50.10

-

100.15

-

(a) Aggregate amount of quoted investments

100.15

-

(b) Aggregate market value of quoted investments

101.75

-

31st March, 2016

31st March, 2015

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>14. LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless stated otherwise		
Capital Advances	129.90	11.72
Deposit with Excise Department under Appeal	23.64	23.64
Security Deposits [Refer (a) below]	161.03	80.91
Other loans and advances		
Loan to employees	8.70	–
Fixed Deposit more than 1 year [Refer (b) below]	1.00	1.00
	<u>324.27</u>	<u>117.27</u>
(a) Includes Rs.25.20 (31st March, 2015: Rs.25.20) to a related party (Refer Note 36), being a partnership firm in which five directors of the Company are partners		
(b) Fixed deposit of Rs.1.00 Lacs (Previous Year Rs.1.00 Lacs) pledged with Custom & Excise authority		
<b>15. INVENTORIES</b> [Refer Note 2.7]		
Raw materials	3155.14	3190.52
[includes materials-in-transit Rs.269.13; 31st March, 2015 : Rs.220.21 ]		
Work-in-progress [Refer (a) below]	85.53	33.69
Finished goods [Refer (b) below]	1900.80	1809.35
Stock-in-Trade [Refer (c) below]	568.85	458.41
[includes materials-in-transit Rs.24.45; 31st March, 2015: Rs.2.79 ]		
Stores and spares	252.12	249.79
[includes materials-in-transit Rs.2.92; 31st March, 2015 : Rs.6.95]		
	<u>5962.44</u>	<u>5741.76</u>
(a) Details of work-in-progress		
Plywood	–	6.31
Decorative Laminates	85.53	27.38
	<u>85.53</u>	<u>33.69</u>
(b) Details of finished goods		
Decorative Laminates	1756.01	1670.12
Plywood	139.33	126.86
Panel products	5.46	12.37
	<u>1900.80</u>	<u>1809.35</u>
(c) Details of stock-in-trade		
Acrylic Solid Surface	551.91	455.95
Others	6.23	2.46
Stone Veneer	10.71	–
	<u>568.85</u>	<u>458.41</u>



ECONOMY \* EXCELLENCE \* ETHICS

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>16. TRADE RECEIVABLES</b> (Refer (a) below)		
Outstanding for a period exceeding six months from the date they are due for payment:		
Unsecured - Considered good	9.54	-
Unsecured - Considered doubtful	-	10.14
	<u>9.54</u>	<u>10.14</u>
Less : Provision for doubtful debts	-	10.14
	<u>9.54</u>	-
Other debts:		
Unsecured - Considered good	5999.84	5764.67
	<u>6009.38</u>	<u>5764.67</u>

(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.

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>17. CASH AND BANK BALANCES:</b>		
Cash and Cash equivalents:		
Cash on hand	6.36	7.61
Foreign Currency on hand	1.32	0.34
Balances with banks:		
On Current Accounts	255.12	462.87
On Cash Credit Accounts	39.02	7.21
	<u>301.82</u>	<u>478.03</u>
Other Bank Balances		
Fixed Deposit		
Less than 1 year	1248.00	-
More than 1 year	300.00	-
	<u>1548.00</u>	-
	<u>1849.82</u>	<u>478.03</u>
<b>18. SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless stated otherwise		
Security Deposits	10.59	6.65
Advances recoverable in cash or kind	7.09	5.16
Other loans and advances :		
Advances to suppliers	180.75	92.27
Prepaid expenses	71.64	53.34
Balance with statutory/government authorities	137.30	122.57
Others	21.82	14.82
	<u>429.19</u>	<u>294.81</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>19. OTHER CURRENT ASSETS</b>		
Unsecured, considered good unless stated otherwise		
Export Incentive Receivables	36.35	13.52
Insurance claim receivables	4.50	-
Interest accrued on deposits	21.10	0.27
Others	2.90	0.45
	<u>64.85</u>	<u>14.24</u>
<b>20. CONTINGENT LIABILITIES</b>		
(a) Claims against the Company not acknowledged as debt Disputed Tax and Duty for which the Company has preferred appeals before appropriate authority :		
Income Tax	747.27	747.27
Sales Tax	5.30	5.30
Excise Duty (Including penalty Rs.223.42) and (Paid under protest Rs.23.64 : 31st March,2015 Rs. 23.64)	538.55	538.55
(b) Guarantees		
Bank Guarantees in favour of Government Authorities	-	50.00
(c) First loss default guarantee to IDBI Bank Limited for Channel Financing Facility	75.00	3.32

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 reimbursements in respect of the above contingent liabilities.

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
<b>21. COMMITMENTS</b>		
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	527.77	142.88
(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.Certificate for fulfilment of Rs.529.17 (31st March, 2015 Rs.138.01) yet to be received.	725.86	251.62
Obligation against Advance Licences	1528.04	947.05
Outstanding Letters of Credit	904.39	669.22



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## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
<b>22. REVENUE FROM OPERATIONS</b>		
(i) Sale of products [Refer (a) below]		
Domestic sales	22730.08	21573.67
Export sales	<u>13127.01</u>	<u>12346.95</u>
	35857.09	33920.62
(ii) Sale of services		
Income from job work	46.68	18.66
(iii) Other operating revenues		
Export incentives	88.54	87.84
Scrap sales	<u>158.50</u> <u>247.04</u>	<u>175.91</u> <u>263.75</u>
Revenue from operations (Gross)	36150.81	34203.03
Less: Excise duty	<u>2378.09</u>	<u>2249.80</u>
Revenue from operations (Net)	<u><u>33772.72</u></u>	<u><u>31953.23</u></u>
(a) Particulars in respect of sales of products :		
<b>Manufactured :</b>		
Decorative laminates	30425.55	28539.25
Plywood	1481.60	1611.71
Panel products	1380.19	1409.82
Others	54.43	185.31
	<u>33341.77</u>	<u>31746.09</u>
<b>Traded :</b>		
Decorative laminates	554.56	594.18
Plywood	5.07	7.97
Panel products	31.30	101.00
Papers	435.19	243.77
Chemicals	339.07	465.92
Acrylic Solid Surface	1092.03	683.01
Others	58.10	78.68
	<u>2515.32</u>	<u>2174.53</u>
	<u><u>35857.09</u></u>	<u><u>33920.62</u></u>
<b>23. OTHER INCOME</b>		
(i) Interest Income		
– On bank and other deposits	66.26	3.05
– On loans to others	2.08	1.40
(ii) Claims from insurance company (Ref. Note (a))	11.86	11.94
(iii) Provision / Liabilities no longer required written back	28.53	27.00
(iv) Profit on sale of tangible assets	3.66	16.42
(v) Recovery of Bad Debts	15.37	6.13
(vi) Miscellaneous Income	13.21	19.00
(vii) Net gain on foreign currency transactions and translations	<u>302.37</u>	<u>577.89</u>
	<u>443.34</u>	<u>662.83</u>
(a) Due to the uncertainties in realisation, insurance claims are accounted for on settlement / realisation basis.		

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
<b>24. COST OF MATERIALS CONSUMED</b>		
Raw Materials Consumed [Refer (a) below]		
Opening Stock	3190.52	2979.01
Purchases during the year	16568.84	18011.66
	<u>19759.36</u>	<u>20990.67</u>
Less: Cost of materials sold	502.05	542.20
	<u>19257.31</u>	<u>20448.47</u>
Less: Closing Stock	3155.14	3190.52
	<u>16102.17</u>	<u>17257.95</u>
(a) Particulars of cost of materials consumed :		
Paper	9436.22	9511.15
Chemicals including formaldehyde	4949.87	6237.86
Panel products	676.92	636.61
Veneer & Others	1039.16	872.33
	<u>16102.17</u>	<u>17257.95</u>
(b) Value of Imported and Indigenous Raw Materials consumed :		
	<u>2015-16</u>	<u>2014-15</u>
	Value      %	Value      %
Imported	9663.79      60.02	11976.27      69.40
Indigenous	6438.38      39.98	5281.68      30.60
	<u>16102.17</u> <u>100.00</u>	<u>17257.95</u> <u>100.00</u>
<b>25. PURCHASE OF STOCK-IN-TRADE</b>		
Decorative laminates	528.15	565.89
Plywood	4.80	7.38
Panel products	30.70	91.11
Papers	257.18	129.71
Chemicals	232.61	389.64
Acrylic Solid Surface	1011.58	585.96
Others	49.37	73.09
	<u>2114.39</u>	<u>1842.78</u>
<b>26. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Opening Stock		
- Work-in-progress	33.69	83.59
- Finished Goods	1809.35	1437.15
- Stock-in-Trade	458.41	432.39
	<u>2301.45</u>	<u>1953.13</u>
Less: Closing Stock		
- Work-in-progress	85.53	33.69
- Finished Goods	1900.80	1809.35
- Stock-in-Trade	568.85	458.41
	<u>2555.18</u>	<u>2301.45</u>
	<u>(253.73)</u>	<u>(348.32)</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>			
<b>27. EMPLOYEE BENEFITS EXPENSE</b>					
Salaries, Wages, Bonus etc.	2686.28	2102.56			
Contribution to Provident and Other Funds [Refer (a) below]	212.32	162.57			
Workmen and Staff Welfare	109.15	88.23			
	<u>3007.75</u>	<u>2353.36</u>			
(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.)					
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>					
(a) Present Value of Obligation at the beginning of the year	132.90	96.34			
(b) Current Service Cost	40.21	27.87			
(c) Interest Cost	10.30	7.18			
(d) Actuarial Loss	25.21	14.80			
(e) (Benefits Paid)	(8.36)	(13.29)			
(f) Present Value of Obligation at the end of the year	<u>200.26</u>	<u>132.90</u>			
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>					
(a) Fair Value of Plan Assets at the beginning of the year	114.00	96.69			
(b) Expected Return on Plan Assets	9.46	8.70			
(c) Actuarial Gain	2.84	1.06			
(d) Contributions by employer	28.95	20.84			
(e) (Benefits Paid)	(8.36)	(13.29)			
(f) Fair Value of Plan Assets as at the end of the year	<u>146.89</u>	<u>114.00</u>			
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>					
(a) Present Value of Obligations as at the end of the year	200.26	132.90			
(b) Fair Value of Plan Assets as at the end of the year	<u>146.89</u>	<u>114.00</u>			
(c) Assets recognised in the Balance Sheet	<u>(53.37)</u>	<u>(18.90)</u>			
<b>IV. Expense charged to the Statement of Profit and Loss</b>					
(a) Current Service Cost	40.21	27.87			
(b) Interest Cost	10.30	7.18			
(c) (Expected Return on Plan Assets)	(9.46)	(8.70)			
(d) Actuarial (Gain)/Loss	22.37	13.74			
(e) Total expense charged to the Statement of Profit and Loss (included under Contribution to Provident and Other Fund)	<u>63.42</u>	<u>40.09</u>			
<b>V. Amount recognised in current year and previous four years</b>					
	<u>2015-16</u>	2014-15	2013-14	2012-13	2011-12
(a) Present Value of Obligations as at the end of the year	200.26	132.90	96.34	76.74	59.27
(b) Fair Value of Plan Assets as at the end of the year	146.89	114.00	96.69	78.78	73.15
(c) Assets recognised in the Balance Sheet	(53.37)	(18.90)	0.35	2.04	13.88
(d) Experience (Gain) /Loss adjustment on plan liabilities	53.48	1.71	(2.09)	6.50	2.12
(e) Experience Gain/(Loss) adjustment on plan assets	(3.87)	0.82	0.49	(1.35)	(1.63)

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
<b>27. EMPLOYEE BENEFITS EXPENSE (Contd.)</b>		
VI. Category of Plan Assets		
Fund with Life Insurance Corporation of India	146.89	114.00
VII. Actual Return on Plan Assets	12.30	9.77
VIII. Principal Actuarial Assumptions	<u>31st March, 2016</u>	<u>31st March, 2015</u>
(a) Discount Rate (per annum)	8.00%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	8.30%	9.00%
(c) Salary Escalation	7.00%	6.00%
(d) Inflation Rate	7.00%	6.00%
(e) Method used	<b>Projected Unit Credit Method</b>	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.		
<b>28. FINANCE COSTS</b>		
Interest expense	46.26	119.29
Interest on shortfall in payment of advance tax	30.70	33.28
Other borrowing costs	47.72	69.15
	<u>124.68</u>	<u>221.72</u>
<b>29. DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and Amortisation on Tangible Assets	771.26	693.34
Write off of carrying value of certain fixed assets (Refer (a) below)	-	74.80
Amortisation of Intangible assets	17.38	14.34
	<u>788.64</u>	<u>782.48</u>
(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.		
<b>30. OTHER EXPENSES</b>		
Consumption of Stores and Spare Parts [Refer ('c) below ]	536.41	569.86
Power and Fuel	1252.87	1401.71
Rent	155.33	122.60
Rates and Taxes	94.36	82.30
Repairs to :		
Buildings	34.94	21.72
Plant and Machinery	290.94	234.36
Others	101.86	41.98
Legal and Professional Charges	149.34	115.69
Vehicle Upkeep	176.68	153.32
Carriage Outward	605.37	648.78
Packing & Forwarding	423.03	428.67
Insurance	107.12	85.75
Commission	236.64	225.13
Prior period Items	-	0.10
Printing and Stationery	16.51	15.92
Postage and Courier	14.20	9.67

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
<b>30. OTHER EXPENSES (Contd.)</b>		
Advertisement & Business Promotion	793.12	517.46
Travel Expenses	114.64	114.23
Communication Expenses	27.58	26.48
Excise Duty [Refer (a) below]	20.59	24.21
Bad Debts and advances written off	4.58	25.59
Provision for Bad and Doubtful Debts	-	10.14
Payments to the Auditors [Refer (b) below]	14.82	14.33
Bank Charges and Commission	33.06	40.41
Loss on Sale/Disposal of Tangible Assets	7.72	10.48
Corporate Social Responsibility Expenses (Refer Note 40)	69.00	42.00
Charity & Donation	601.27	339.22
Miscellaneous Expenses (includes share of common expenses reimbursed to the Holding Company) [Refer (d) below]	341.09	344.80
	<u>6223.07</u>	<u>5666.91</u>
(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 :		
Audit Fees	11.35	7.00
Tax Audit Fees	1.50	5.50
Other matters (Certificates)	0.40	0.45
Reimbursement of Expenses	0.21	0.38
As Cost Auditors :		
Audit Fees	0.30	1.00
Reimbursement of Expenses	0.06	-
As Secretarial Auditors :		
Audit Fees (Rs.0.50 (Previous year Nil) relating to 2014-15)	1.00	-
	<u>14.82</u>	<u>14.33</u>
@ Excluding Service Tax Rs 1.35 lacs (2014-15 : Rs.1.63 lacs)		
(c) Value of Imported and Indigenous Stores, Spares and Components consumed :		
	<u>2015-16</u>	<u>2014-15</u>
	Value    %	Value    %
Imported	27.21    5.07	25.47    4.47
Indigenous	509.20    94.93	544.39    95.53
	<u>536.41    100.00</u>	<u>569.86    100.00</u>
(d) Share of common expenses reimbursed to the Holding Company	<u>2015-16</u>	<u>2014-15</u>
Salaries, Wages, Bonus etc.	119.16	92.77
Contribution to Provident and Other Funds	14.76	18.77
Workmen and Staff Welfare	1.61	1.59
Rent	4.56	4.14
Repairs to others	3.10	5.74
Legal and Professional Charges	6.69	8.78
Vehicle Upkeep	1.75	1.45
Insurance	8.10	3.78
Printing & Stationery	0.90	0.90
Advertisement, Publicity and Sales Promotion	2.04	2.19
Travel Expenses	27.99	23.41
Communication Expenses	5.66	5.19
Miscellaneous Expenses	10.43	12.85
Total	<u>206.75</u>	<u>181.56</u>

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

	<u>2015-16</u>	<u>2014-15</u>
<b>31. Earnings Per Equity Share:</b>		
(i) Number of Equity shares outstanding during the year	<b>20,00,000</b>	20,00,000
(ii) Dilutive potential Equity Shares	-	-
(iii) Face value of each equity share (Rs.)	<b>10.00</b>	10.00
(iv) Profit after Tax	<b>3892.04</b>	3121.28
(v) Basic and Dilutive Earning per Equity Share on Profit after Tax [(iv)/(i)] - (Rs)	<b>194.60</b>	156.06
<b>32. Expenditure in Foreign Currency :</b>		
Sales Commission	<b>41.22</b>	41.91
Travel Expenses	<b>8.12</b>	8.13
Professional Fees	<b>7.90</b>	7.79
Interest	<b>2.28</b>	4.83
Bank Charges	<b>13.70</b>	13.41
Business Promotion	<b>11.22</b>	14.18
Purchase of Acrylic Solid Surface	<b>512.46</b>	368.35
<b>33. Earnings in Foreign Exchange :</b>		
Exports of goods calculated on F.O.B basis	<b>12653.13</b>	12183.06
<b>34. Value of Imports calculated on C.I.F basis:</b>		
Raw Materials	<b>9503.06</b>	11225.56
Components and Spare Parts (including stores)	<b>27.21</b>	25.47
Capital Goods	<b>470.67</b>	185.69
<b>35.</b> The Company has no dues to suppliers registered under Micro, Small and Medium Enterprises Development Act,2006 ('MSMED Act'). This 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		
<b>36. Information in accordance with Accounting Standard - 18 on ' Related Party Disclosures ' :</b>		
i) Related Parties		
a) Holding Company	: Merino Industries Limited	
b) Enterprise having substantial interest in the Company	: Merino Exports Private Limited	
c) Key Management Personnel(Directors)		
Mr. Manoj Lohia - Whole time Director		
Mr. Deepak Lohia - Whole time Director		
d) Relativeness of Key Management Personnel (Directors)		
Mr. Prasan Lohia son of Mr. Rup Chand Lohia		
Mr. Bikash Lohia son of Mr. Champa Lal Lohia		
Mr. Madhusudan Lohia son of Mr. Parkash Lohia		
Ms. Ruchira Lohia daughter of Late Prem Chand Lohia		
Lt. Man Kumar Lohia father of Mr. Prakash Lohia		
e) Entities over which Key Management Personnel together with their relatives have significant influence		
Merino Services Limited		
Man Kumar Lohia and Brothers		
Sri Hara Kasturi Memorial Trust		
Sri Prem Chand Lohia Memorial Trust		
Sri Man Kumar Lohia Memorial Trust		
Anupriya Marketing Ltd.		

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management Personnels	Enterprise having substantial interest in the Company	Entities over which Key Management Personnel together with their relatives have significant influence	Total
Sales of products / materials / services	1403.68	-	-	-	-	1403.68
	(1939.84)	-	-	-	(0.08)	(1939.92)
Purchase of goods / materials / services	2102.59	-	-	-	119.38	2221.97
	(2289.02)	-	-	-	(97.42)	(2386.44)
Sale of Tangible Assets	-	-	-	-	-	-
	(5.73)	-	-	-	-	(5.73)
Purchase of Tangible Assets	12.36	-	-	-	-	12.36
	(76.45)	-	-	-	-	(76.45)
Royalty on trade mark paid	0.57	-	-	-	-	0.57
	(0.56)	-	-	-	-	(0.56)
Donation Paid	-	-	-	-	495.70	495.70
	-	-	-	-	(244.75)	(244.75)
Commission Paid	0.34	-	-	-	207.51	207.85
	-	-	-	-	(179.78)	(179.78)
Dividend Paid / Payable	156.76	0.93	0.86	51.45	-	210.00
	(66.44)	(0.39)	(0.36)	(21.81)	-	(89.00)
Rent and Other Charges paid	262.00	-	1.68	44.57	36.79	345.04
	(224.90)	-	(1.68)	(48.31)	(33.41)	(308.30)
Rent and Other Charges received	8.05	-	-	-	1.00	9.05
	(16.05)	-	-	-	(0.48)	(16.53)
Directors' Remuneration / benefits	-	156.10	-	-	-	156.10
	-	(117.34)	-	-	-	(117.34)
<b>Balance outstanding at the year end :</b>						
Trade and other receivables	-	-	-	-	25.20	25.20
	-	-	-	-	(25.20)	(25.20)
Trade and other payables	237.17	-	-	0.63	23.05	260.85
	(278.10)	-	-	-	(55.65)	(333.75)

Figures in brackets relate to previous year.

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

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

Nature of Transactions	Party	2015-16	2014-15
Directors' Remuneration / Benefits	Mr. Manoj Lohia	78.06	58.69
	Mr. Deepak Lohia	78.04	58.65
Dividend Paid / Payable	Mr. Champa Lal Lohia	0.11	0.04
	Mr. Rup Chand Lohia	0.10	0.04
	Mr. Prakash Lohia	0.10	0.04
	Mr. Manoj Lohia	0.20	0.08
	Ms. Ruchira Lohia	0.18	0.08
	Mr. Deepak Lohia	0.24	0.11

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

Nature of Transactions	Party	2015-16	2014-15
Dividend Paid / Payable	Mr. Prasan Lohia S/o Mr. Rup Chand Lohia	0.20	0.08
	Mr. Bikash Lohia S/o Mr. Champa Lal Lohia	0.26	0.11
	Mr. Madhusudan Lohia S/o Mr. Prakash Lohia	0.29	0.12
	Lt. Man Kumar Lohia F/o Mr. Prakash Lohia	0.11	0.04
Rent and Other Charges paid	Mrs. Shashi Lohia wife of Mr. Bikash Lohia	1.68	1.68

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

Nature of Transaction	Party	2015-16	2014-15
1. Sale of products / services	Merino Services Limited	-	0.08
2. Purchase of goods / services	Merino Services Limited	119.38	93.09
	Mankumar Lohia and Brothers	-	4.33
3. Rent and Other Charges paid	Mankumar Lohia and Brothers	36.79	33.41
4. Rent and Other Charges Received	Merino Services Limited	1.00	0.48
5. Donation Paid	Sri Hara Kasturi Memorial Trust *	69.00	42.80
	Sri Prem Chand Lohia Memorial Trust	426.10	200.00
	Sri Man Kumar Lohia Memorial Trust	0.60	1.95
6. Commission Paid	Anupriya Marketing Limited	207.51	179.78
<b>Balance outstanding at the Year end</b>			
- Trade and other receivables	Mankumar Lohia and Brothers	25.20	25.20
- Trade and other payables	Mankumar Lohia and Brothers	0.43	1.40
	Merino Services Limited	13.54	25.61
	Anupriya Marketing Limited	9.08	28.64

\* Includes Rs. 69 (Previous Year Rs. 42) for 'CSR' activities (Also Refer Note 40).



## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

### 37. Information in accordance with Accounting Standard - 17 on 'Segment Reporting'

- a) The Company has identified two primary reportable business segments :-
- Laminates**  
Comprises manufacturing and selling of Decorative Laminates, Chemicals (primarily meant for captive consumption) and trading of Papers and Chemicals.
  - Panel Products**  
Comprises manufacturing and selling of Panel Boards and Plywoods.
- b) Others represent all unallocable items not included in segments
- c) Geographical segments considered for disclosure are
- Sales within India
  - Sales outside India

#### Primary Segment Information (Business Segments) :

	Laminates	Panel Boards	Other (Unallocated)	Elimination	Total
Revenue External (Net Sales and other income)	30447.62 (29043.17)	2575.73 (2810.09)	1192.71 (762.80)	-	34216.06 (32616.06)
Inter-segment Sale	158.42 (235.47)	-	-	-	-
Total revenue ( net Sales and other Income)	30606.04 (29278.64)	2575.73 (2810.09)	1192.71 (762.80)	-158.42 (-235.47)	34216.06 (32616.06)
Profit + / - Loss for the year before taxation	7014.99 (5382.37)	322.35 (343.92)	(1228.25) (-887.12)	-	6109.09 (4839.17)
Depreciation and Amortisation	752.94 (739.82)	35.50 (41.52)	0.20 (1.13)	-	788.64 (782.47)
Non Cash expenses other than Depreciation and Amortisation	4.58 (35.72)	-	-	-	4.58 (35.72)
Assets	14598.29 (14467.46)	1188.81 (1351.19)	4705.36 (1572.37)	-	20492.46 (17391.02)
Liabilities (Excluding Shareholders' fund)	3313.16 (3211.47)	54.50 (115.66)	1838.01 (2416.40)	-	5205.67 (5743.53)
Capital Expenditure	1134.37 (1120.56)	9.72 -	431.39 -	-	1575.48 (1120.56)

#### Secondary Segment Information (Geographical Segment) :

	Revenue External	Carrying Amount of Segment Asset	Capital Expenditure
Within India	19896.34 (19506.31)	13520.14 (13870.06)	1144.09 (1120.56)
Outside India	13127.01 (12346.95)	2266.96* (1948.59*)	- -

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

### 38. LEASES

#### As a lessee:

##### Operating Lease:

The Company has entered into cancellable operating leases and transactions for leasing of accomodation for office spaces, godown etc. The tenure of leases generally varies between 1 year and 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and for cancellation. Related lease rentals aggregating Rs.155.33 (31st March, 2015 : Rs.122.60) have been debited to the Statement of Profit and Loss.

#### As a lessor:

The Company has given one godown space on operating lease and tenure of lease generally varies between 1 year and

## NOTES TO THE FINANCIAL STATEMENTS

(Figure in Rs. lacs, unless otherwise stated)

5 years. Terms of the lease include operating term for renewal, increase in rent in future periods and for cancellation. Related lease rentals aggregating Rs.0.66 (31st March, 2015 : Rs.0.60) have been credited to the Statement of Profit and Loss.

### 39. DIVIDEND

During the year, the Board has declared interim dividend of Rs.10.5/- (2014-15 : Rs.4.45/-) per Equity Share amounting to Rs.210 (2014-15 ; Rs.89).

### 40. 'CSR' EXPENDITURE

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

	<u>2015-16</u>	<u>2014-15</u>
(a) Gross Amount required to be spent by the company during the year	<b>69.00</b>	42.00
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any assets	-	-
On purpose other than above	<b>69.00</b>	42.00

### 41. Hedging Contracts

The Company selectively uses foreign exchange forward contracts 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 entered into certain derivative contracts 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

	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Purchase</u>	<u>Sales</u>	<u>Purchase</u>	<u>Sales</u>
Foreign currency value(USD in lacs)	<b>4.07</b>	<b>28.50</b>	5.00	23.75
Foreign currency value(EURO in lacs)	<b>0.81</b>	-	-	-

#### b) Details of un-hedged foreign currency exposures as on:

##### Loan liabilities and Payables:

	<u>31st March 2016</u>	<u>31st March 2015</u>
(USD in lacs)	<b>1.95</b>	17.20
(EUR in lacs)	<b>10.50</b>	6.48
(YEN in lacs)	<b>111.82</b>	106.62

##### Receivables:

	<u>31st March 2016</u>	<u>31st March 2015</u>
(USD in lacs)	<b>29.33</b>	19.06
(GBP in lacs)	<b>1.58</b>	1.85
(EUR in lacs)	-	0.35

### 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

**B. L. Choraria**

Partner

Membership Number : 022973

Place: Kolkata

Date: 8th June, 2016

For and on behalf of Board of Directors

**Asok Kumar Parui**

Director &  
Company Secretary

**Prakash Lohia**

Director

**Champa Lal Lohia**

Director



ECONOMY \* EXCELLENCE \* ETHICS

## TEN YEARS AT A GLANCE

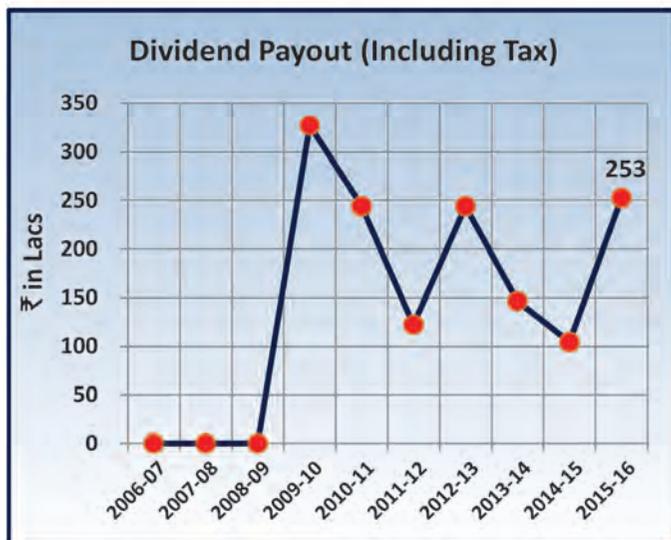
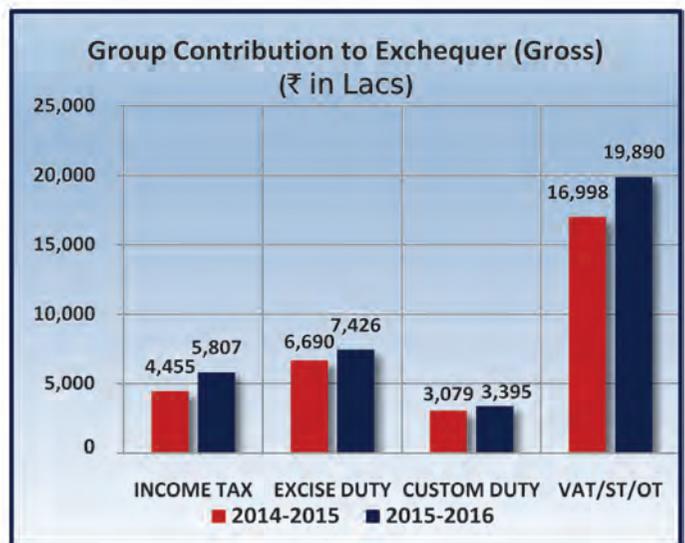
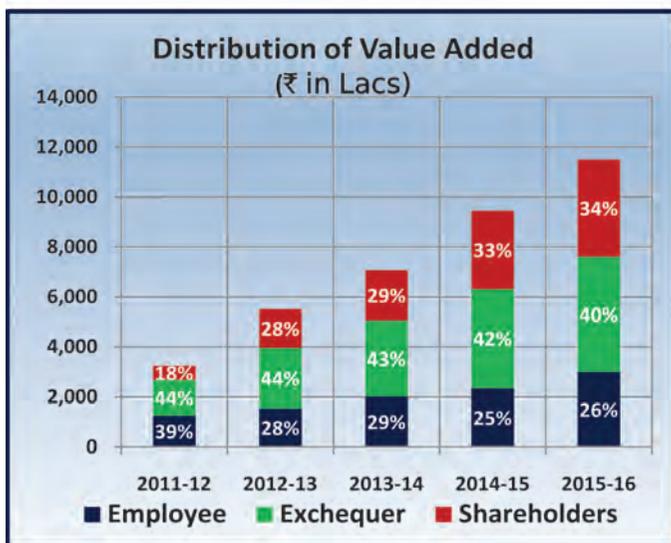
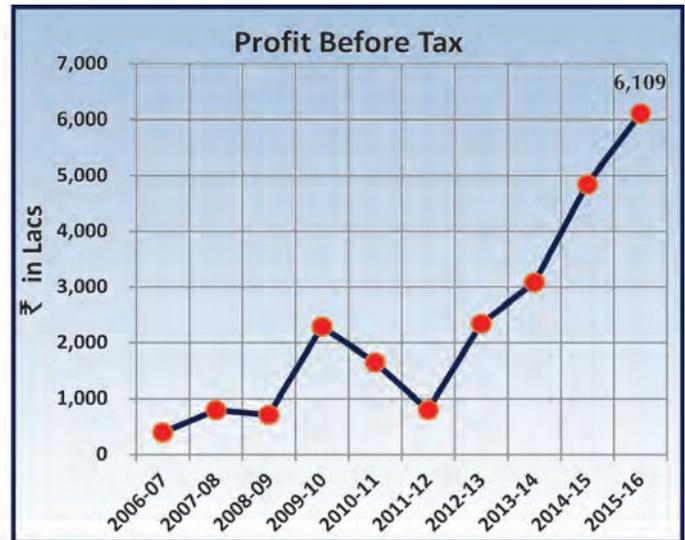
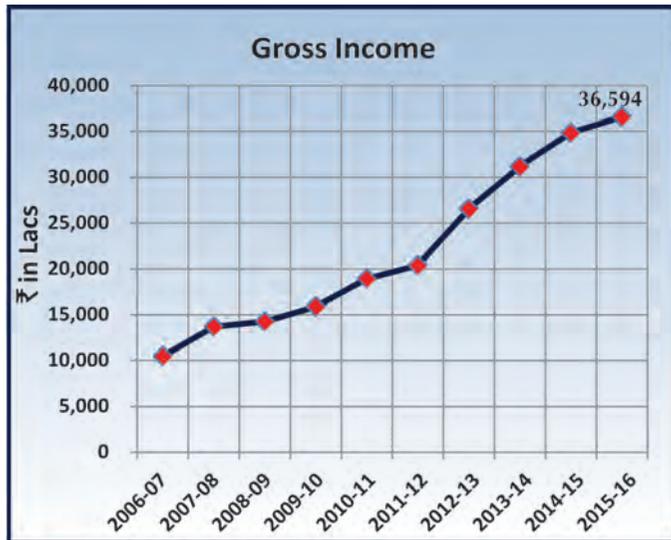
### OPERATING RESULTS FOR TEN YEARS AT A GLANCE ( Rs. lacs )

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross income	10476.54	13704.38	14262.36	15903.94	18945.50	20387.23	26546.14	31167.35	34865.86	36594.15
Gross expenditure	9589.34	12248.86	12802.08	13071.40	16624.38	18774.39	23222.45	27231.85	29091.64	29619.46
Interest	245.48	284.05	337.53	139.76	231.97	323.83	422.61	272.74	152.57	76.96
<b>Operating profit</b>	<b>641.72</b>	<b>1171.47</b>	<b>1122.75</b>	<b>2692.78</b>	<b>2089.15</b>	<b>1289.01</b>	<b>2901.08</b>	<b>3662.76</b>	<b>5621.65</b>	<b>6897.73</b>
Depreciation	255.43	380.92	417.62	404.51	442.76	493.69	562.71	583.37	782.47	788.64
<b>Profit before tax</b>	<b>386.29</b>	<b>790.55</b>	<b>705.13</b>	<b>2288.27</b>	<b>1646.39</b>	<b>795.32</b>	<b>2338.37</b>	<b>3079.39</b>	<b>4839.18</b>	<b>6109.09</b>
Tax - Current Tax	150.00	307.00	315.00	839.32	508.23	248.38	684.83	1032.57	1761.54	2098.79
- Deferred Tax	9.88	(25.31)	(51.25)	2.98	39.52	(30.55)	94.82	23.23	(43.64)	118.26
- Fringe Benefit Tax	5.70	8.47	7.00	0.24	0.00	(0.66)	-	-	-	-
<b>Profit after tax</b>	<b>220.71</b>	<b>500.39</b>	<b>434.38</b>	<b>1445.73</b>	<b>1098.64</b>	<b>578.15</b>	<b>1558.72</b>	<b>2023.59</b>	<b>3121.28</b>	<b>3892.04</b>
<b>Earnings per share (Rs.)</b>	<b>11.04</b>	<b>25.02</b>	<b>21.72</b>	<b>72.29</b>	<b>54.93</b>	<b>28.91</b>	<b>77.94</b>	<b>101.18</b>	<b>156.06</b>	<b>194.60</b>

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

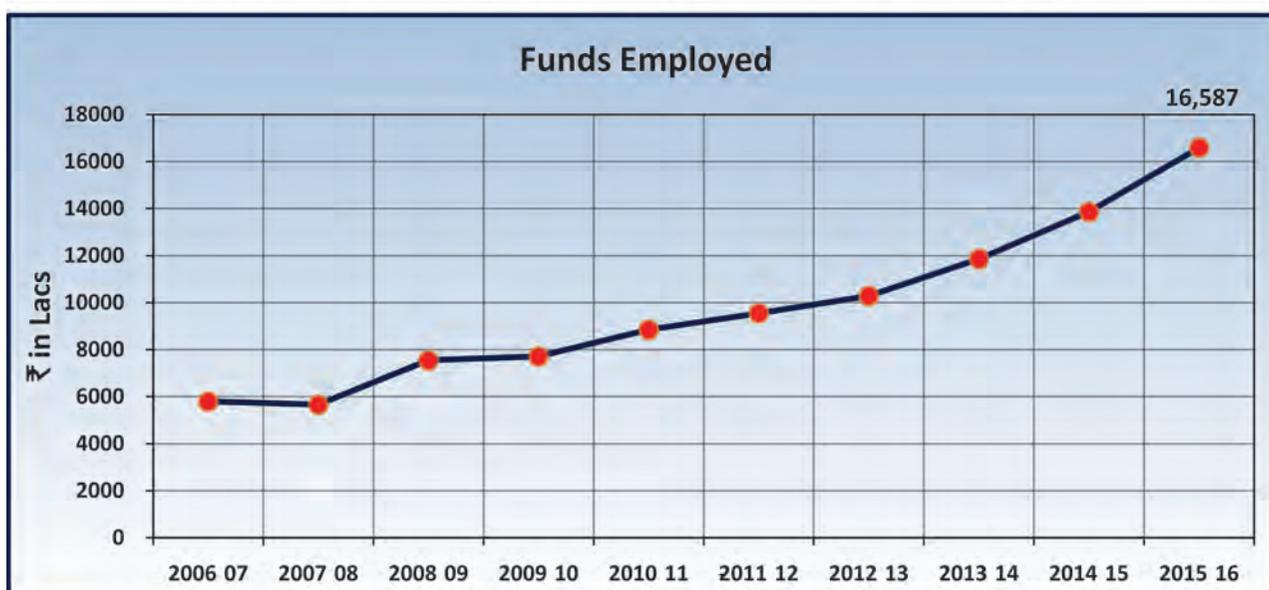
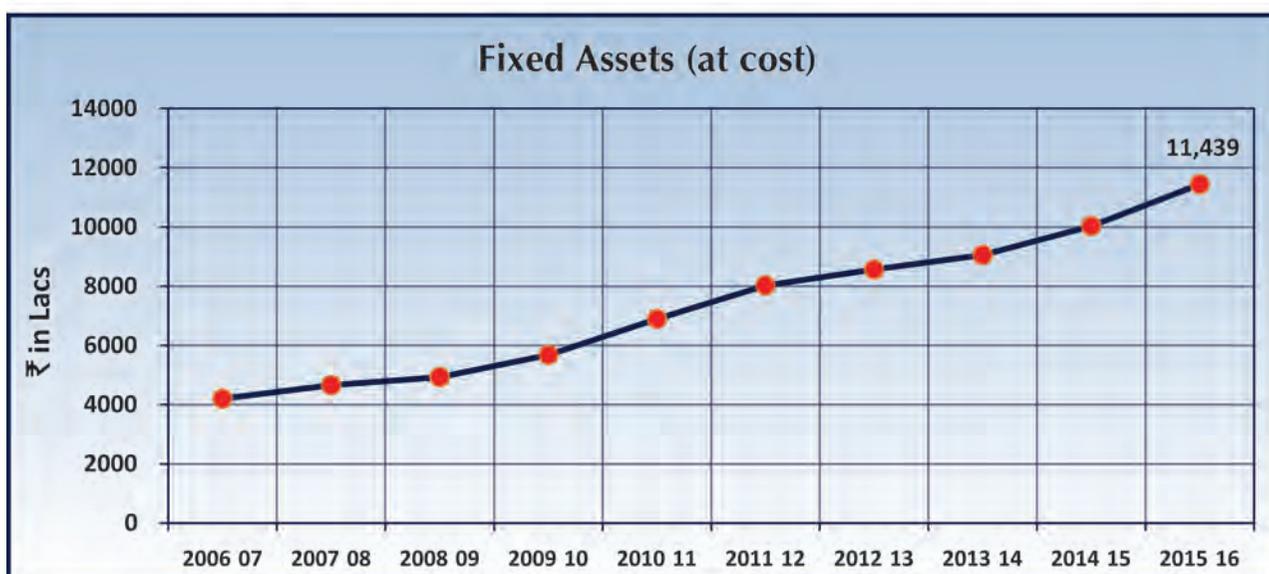
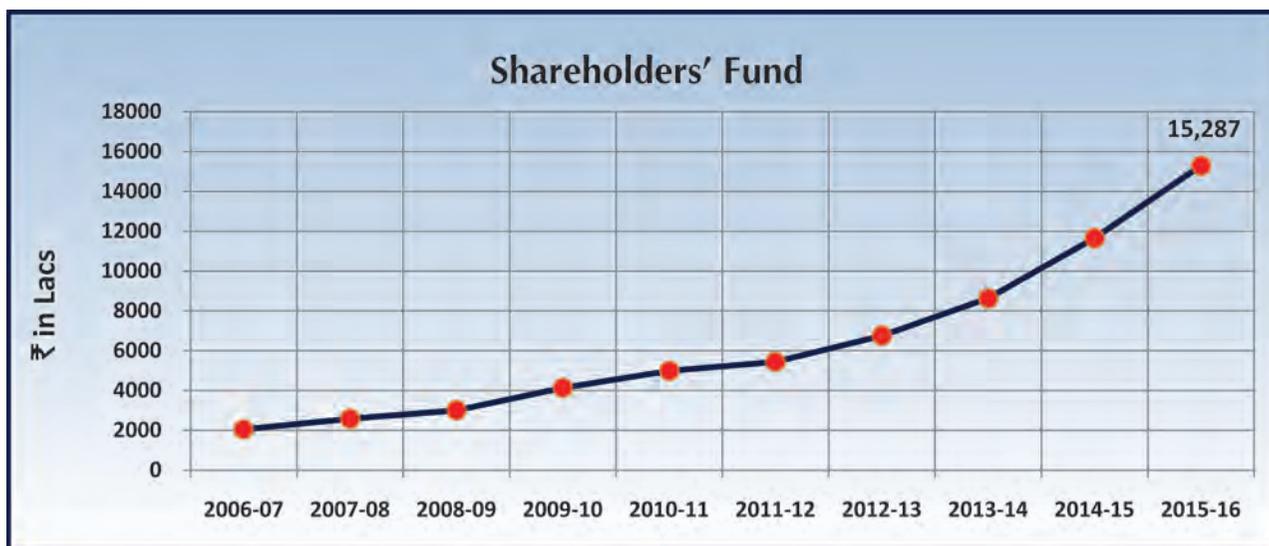
	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016
<b>SOURCES OF FUNDS</b>										
Share capital	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Reserves and surplus	1850.21	2375.12	2809.50	3927.65	4782.23	5238.35	6553.00	8430.35	11447.50	15086.79
<b>Shareholder's fund</b>	<b>2050.21</b>	<b>2575.12</b>	<b>3009.50</b>	<b>4127.65</b>	<b>4982.23</b>	<b>5438.35</b>	<b>6753.00</b>	<b>8630.35</b>	<b>11647.50</b>	<b>15286.79</b>
Long term loan	1238.68	965.99	1106.89	797.38	399.55	485.31	373.31	250.36	65.61	23.57
Other borrowings	2156.93	1790.31	3147.66	2501.13	3144.55	3335.10	2772.95	2565.07	1781.96	794.03
<b>Loan funds</b>	<b>3395.61</b>	<b>2756.30</b>	<b>4254.55</b>	<b>3298.51</b>	<b>3544.10</b>	<b>3820.41</b>	<b>3146.26</b>	<b>2815.43</b>	<b>1847.57</b>	<b>817.60</b>
Deferred tax liability(net)	348.67	329.68	278.43	281.41	320.93	290.38	385.20	408.43	364.79	483.05
Funds available	5794.49	5661.10	7542.48	7707.57	8847.26	9549.14	10284.46	11854.21	13859.86	16587.44
<b>APPLICATION OF FUNDS</b>										
<b>Fixed assets</b>	<b>4199.11</b>	<b>4652.97</b>	<b>4930.03</b>	<b>5672.94</b>	<b>6889.54</b>	<b>8024.36</b>	<b>8560.49</b>	<b>9051.88</b>	<b>10031.02</b>	<b>11438.88</b>
Depreciation	1631.04	1937.81	2225.78	2618.38	2996.52	3393.85	3938.52	4392.67	5050.77	5686.52
<b>Fixed asstes ( net )</b>	<b>2568.07</b>	<b>2715.16</b>	<b>2704.25</b>	<b>3054.56</b>	<b>3893.02</b>	<b>4630.51</b>	<b>4621.97</b>	<b>4659.21</b>	<b>4980.25</b>	<b>5752.36</b>
<b>Other assets(Net)</b>	<b>3226.42</b>	<b>2945.94</b>	<b>4838.23</b>	<b>4653.01</b>	<b>4954.24</b>	<b>4918.63</b>	<b>5662.49</b>	<b>7195.00</b>	<b>8879.61</b>	<b>10835.08</b>
<b>Funds employed</b>	<b>5794.49</b>	<b>5661.10</b>	<b>7542.48</b>	<b>7707.57</b>	<b>8847.26</b>	<b>9549.14</b>	<b>10284.46</b>	<b>11854.21</b>	<b>13859.86</b>	<b>16587.44</b>

## FINANCIAL HIGHLIGHTS

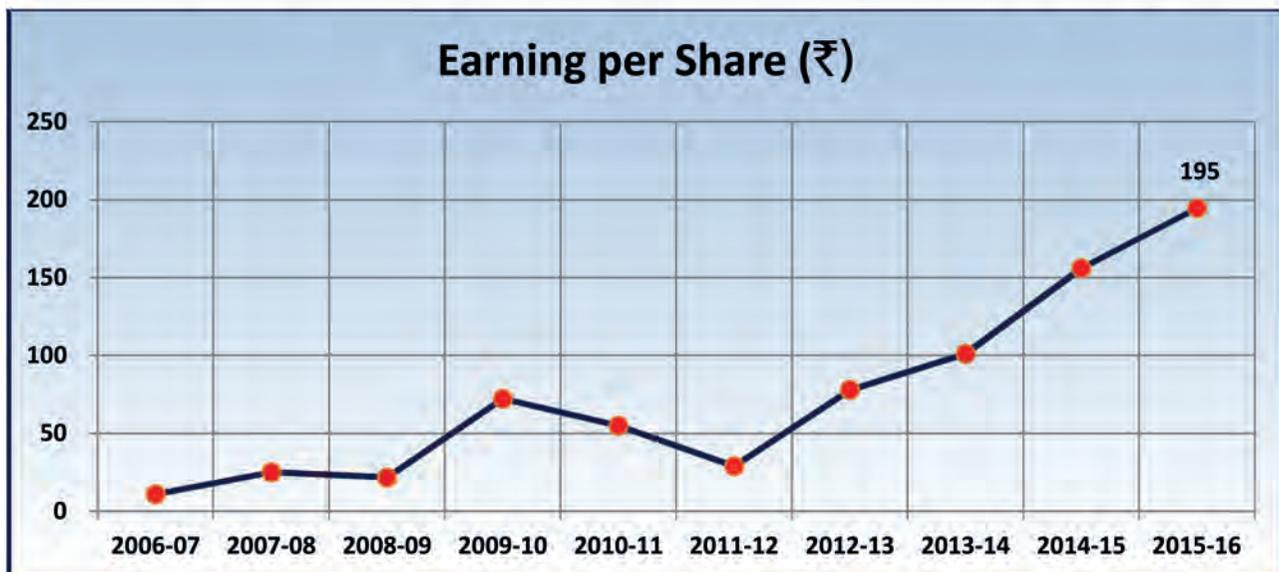




## FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS









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