ECONOMY ◆ EXCELLENCE ◆ ETHICS

TRANSFORMING INTERIORS

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

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

MERINO PANEL PRODUCTS LIMITED ANNUAL REPORT 2017-18

CONTENTS

Forward-looking statement

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

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

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

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

CORPORATE INFORMATION

Board of Directors

Shri Champa Lal Lohia

Shri Rup Chand Lohia

Shri Prakash Lohia

Shri Manoj Lohia
Whole-time Director

Shri Deepak Lohia
Whole-time Director

Miss Ruchira Lohia

Shri Bikash Lohia

Shri Asok Kumar Parui

Shri Anil Jajoo

Dr. Gautam Bhattacharjee
Independent Director

Shri Sujitendra Krishna Deb
Independent Director
– Resigned on 18.06.2018

Shri Sisir Kumar Chakrabarti
Independent Director

Audit Committee

Shri Sisir Kumar Chakrabarti
Chairman

Dr. Gautam Bhattacharjee

Shri Asok Kumar Parui
Secretary to the Committee

Nomination and Remuneration Committee

Shri Sisir Kumar Chakrabarti
Chairman

Dr. Gautam Bhattacharjee

Shri Anil Jajoo

Shri Asok Kumar Parui
Secretary to the Committee

Corporate Social Responsibility Committee

Shri Champa Lal Lohia
Chairman

Shri Deepak Lohia

Shri Anil jajoo

Dr. Gautam Bhattacharjee

Risk Management Committee

Shri Prakash Lohia
Chairman

Miss Ruchira Lohia

Shri Deepak Lohia

Shri Asok Kumar Parui

Shri Riaz Ahmed
Consultant

Company Secretary

Shri 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

Plant

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

Branches

Bhubaneswar, Chandigarh, Delhi, Jaipur, Mumbai, Pune

Auditors

Singhi & Co.
Chartered Accountants

Cost Auditors

Basu, Banerjee, Chakraborty, Chattopadhyay & Co.

Cost Accountants

Banks

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

MERINO PANEL PRODUCTS LIMITED.

Transforming

India’s interiors

Enriching

the customer’s experience

Investing

in scale to address
growing demand

Providing

a widening product range
addressing evolving needs

Responding

with a sense of urgency
to customer needs

Possessing

a pan-India distribution network

Providing

a world-class product quality

10 things you need to know about Merino

1 Background

The Merino Group was commissioned in 1965 by the late Man Kumar Lohia and his brothers. The Group has since evolved into the largest manufacturer and exporter of laminates in India. The Company is presently managed by a team of multi-genre professionals. With more than half a decade of experience, the Company has established its respect and leadership in the country's laminates segment. The Company is headquartered in Kolkata with manufacturing units in Hapur (Uttar Pradesh), Rohad (Haryana), Hosur (Tamil Nadu) and Dahej (Gujarat).

2 Scale

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

3 Brand

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

4 Quality

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

5 Technologies

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

6 Variety

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

7 Reach

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

8 Mooring

Our mission: Universal Weal through Trade & Industry

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

Our motto: Our endeavor is to maximize the product value (Excellence), maintain affordability (Economy) and deal fairly and transparently in all our relationships (Ethics).

Our inspiration: "Arise, Awake and Stop Not till the Goal is Reached" - Swami Vivekananda

9 Products portfolio

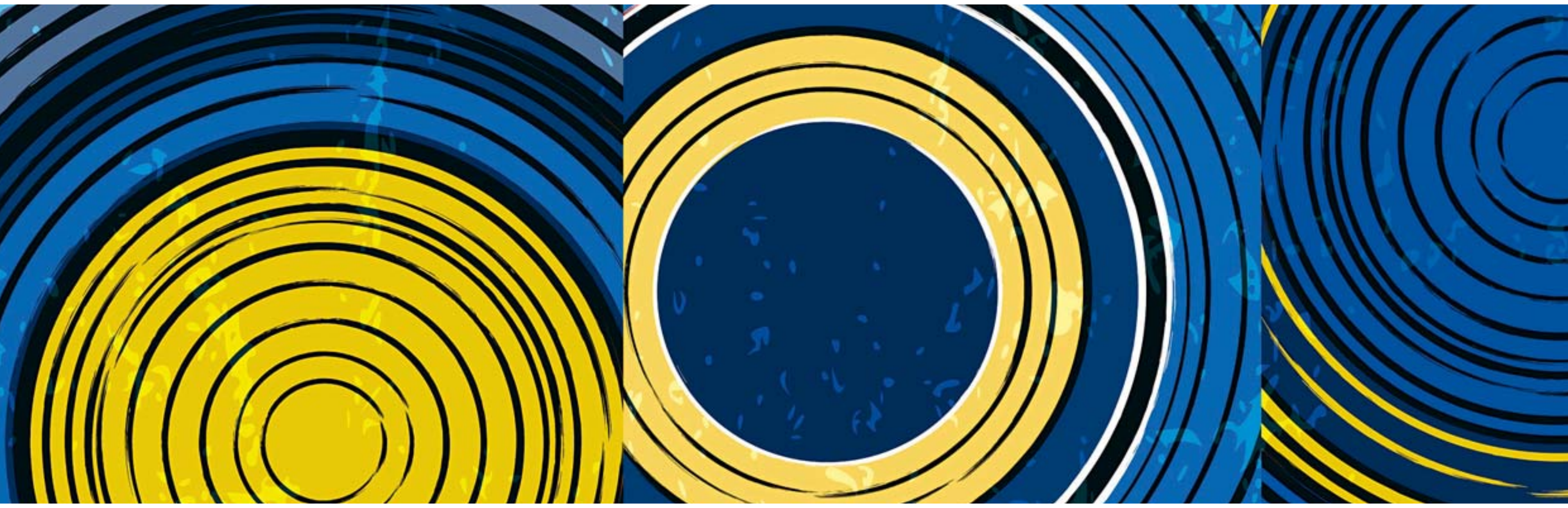
Laminates: The Company is one of the largest manufacturers of laminates in India.

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

Potato flakes: The Company invested in the manufacture of potato flakes with a manufacturing facility in Hapur (Uttar Pradesh).

10 Awards & certifications

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

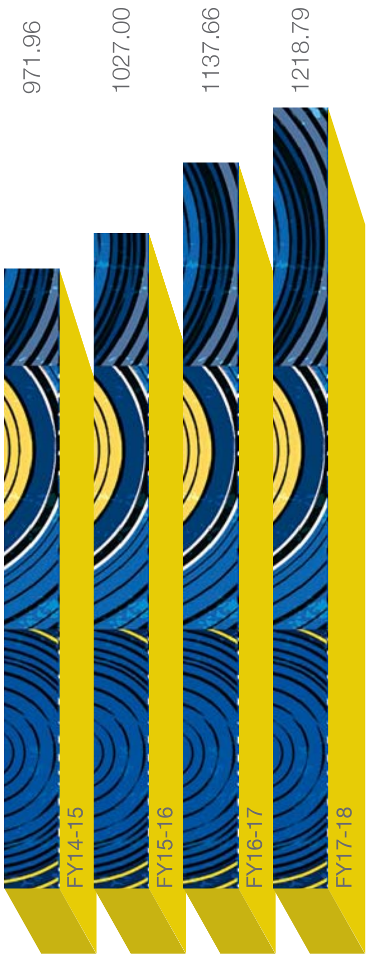


Manufacturing capacities

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

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

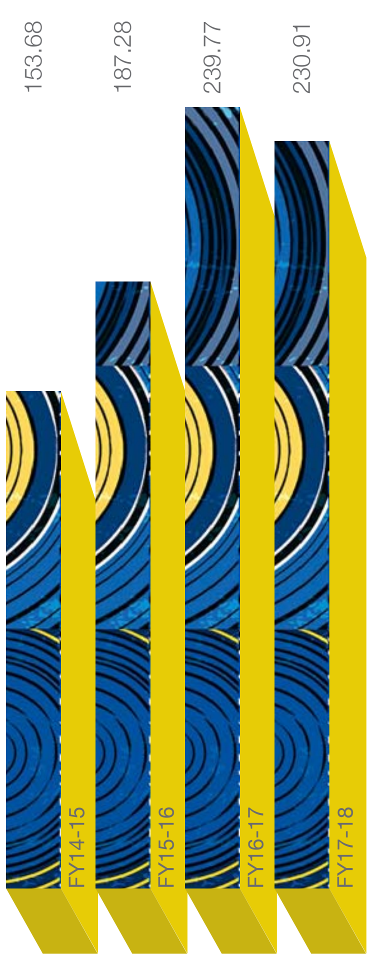
Revenues (₹ crore)



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

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

EBITDA (₹ crore)



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

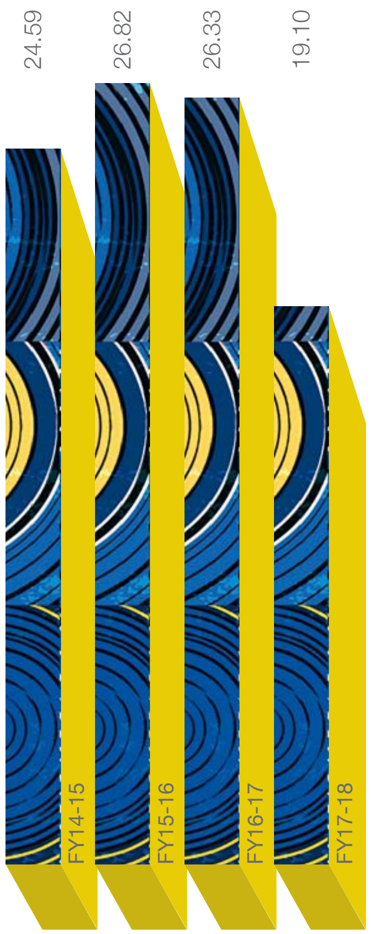
Value impact
A high EBITDA highlights the Company's high operational efficiency and effective cost management.

Net profit (PAT) (₹ crore)

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

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

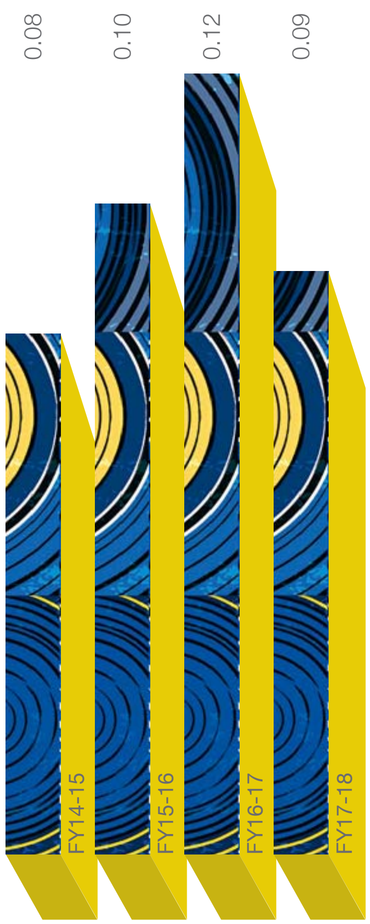
ROCE (%)



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

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

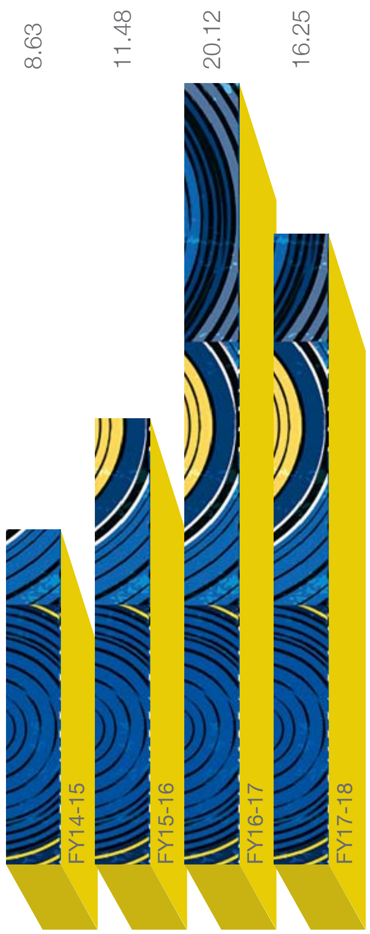
Debt-equity ratio (x)



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

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

Interest cover (x)



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

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

Merino's star products

High Pressure Laminate

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

MR+ Tuff Gloss Laminate

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

AB+ Anti-Bacterial Laminate

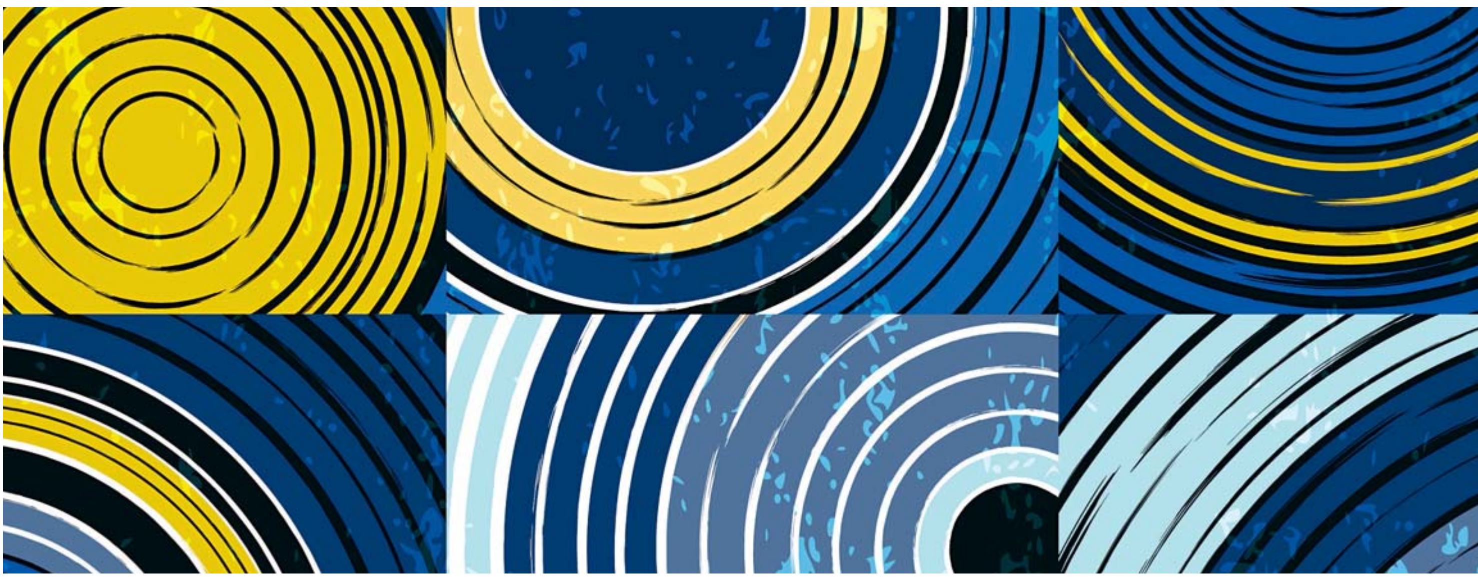
Merino Anti-Bacterial laminate is intended for applications for additional surface protection against bacteria. It provides 99.99% bacteria reduction, longevity and low maintenance.

Chem + (Lab Grade) Laminate

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

FR+ Fire Retardant Laminate

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



ESD + Dissipative Electrostatic Laminate

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

Post Forming Laminate

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

UNI+ Unicolor Laminate

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

Digital Printed Laminate

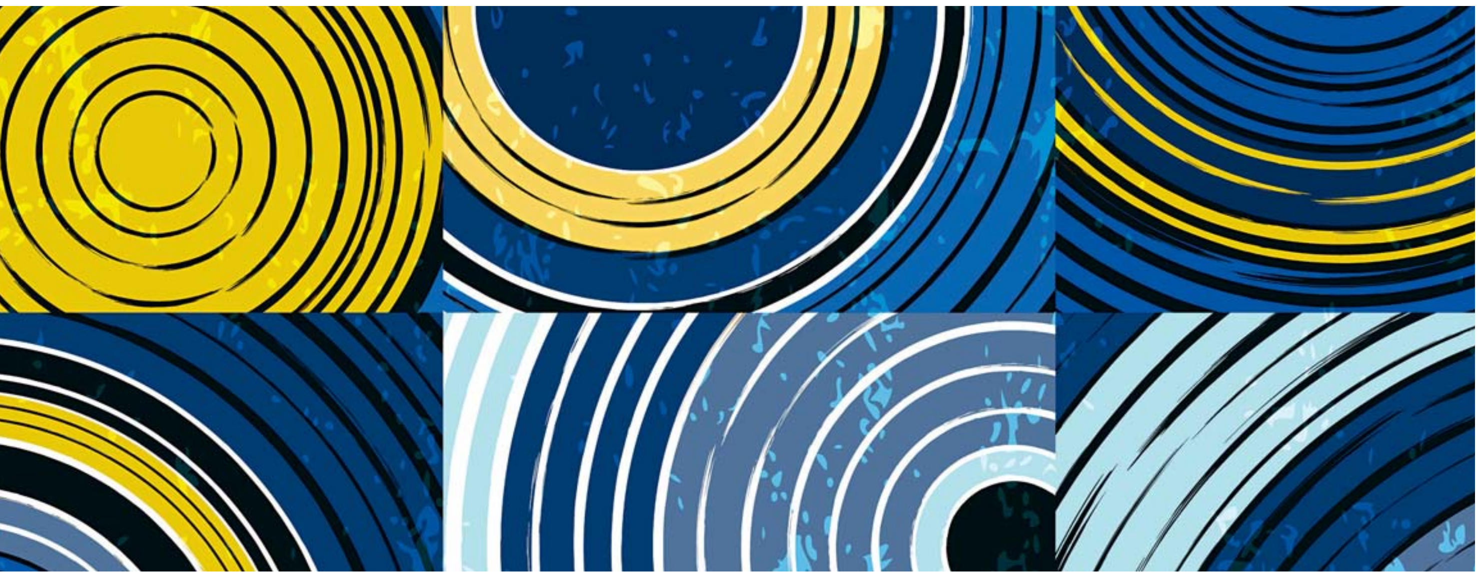
Merino Digital Printed laminates represents a new development in the laminate decorative surface that offers customized printed laminates for interiors. It is highly decorative and ideal for walls and partitions, commercial areas, stands and exhibitions, doors, etc.

Metalam (Metal Foil) Laminate

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

Compact Laminate

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



Transforming restrooms

Merino Panel Products Limited is at the right place at the right time with the right products.

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

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

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

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

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

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

Transforming walls

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

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

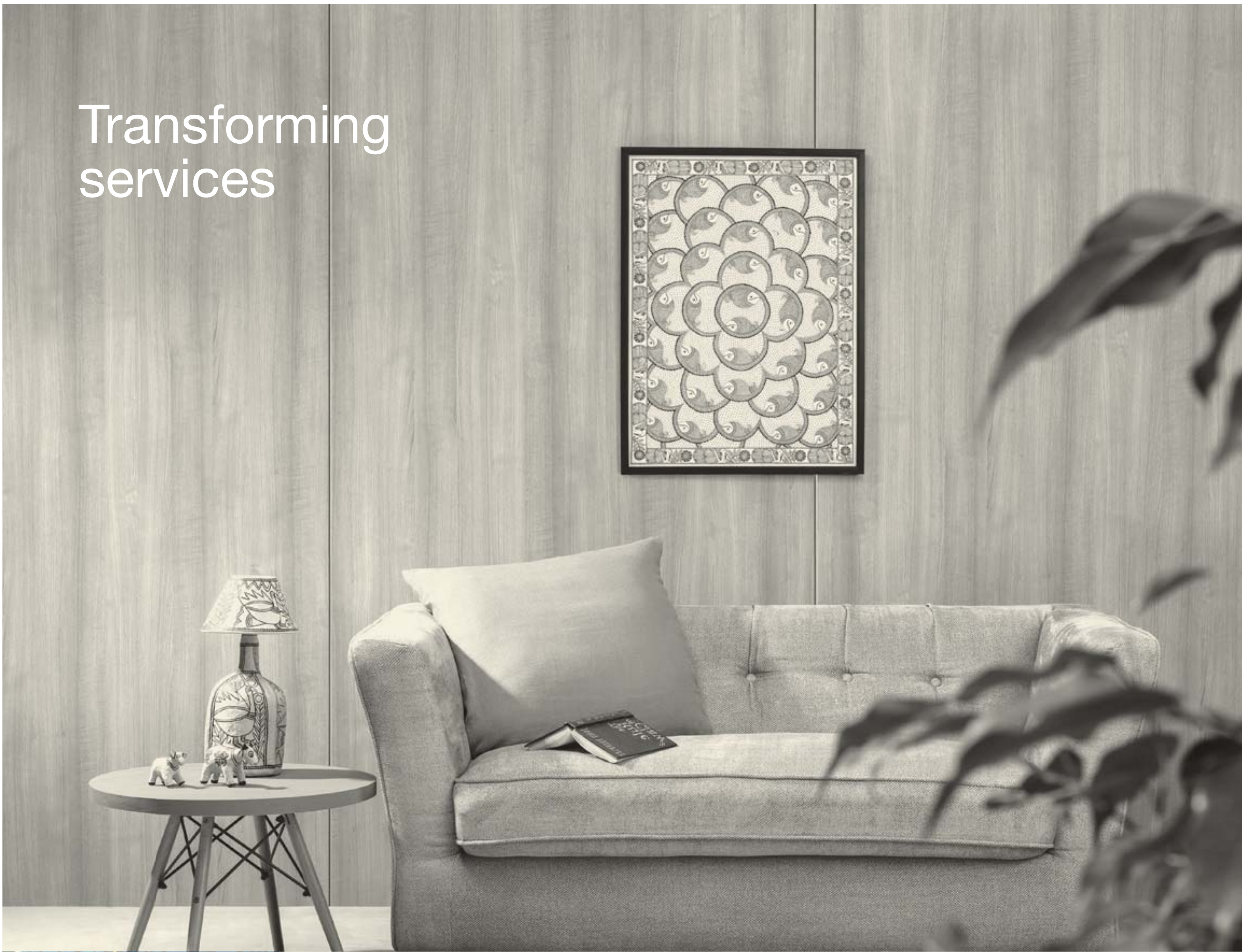
To address the opportunity, the Company introduced Shaurya, a German collaboration with Bren system. This system helps protect walls and corners against damages and soiling through the use of different profiles and compact laminate-based panels.

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

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

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

Transforming services



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

Merino selected to be present proximately to customers.

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

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

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

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

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

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

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

Transforming experiences

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

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

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

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

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

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

Merino. Transforming the sectoral reality

Population

India accounts for the second largest population in the world.

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

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

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

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

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

Rising income

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

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

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

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

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

Downstream sector growth

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

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

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

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

Housing sector boom

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

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

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

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

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

Demographic shift

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

India is the fastest urbanizing country in the world.

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

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

This indicates a growing consumption base across the foreseeable future.

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

Our robust business model

The context of the sector

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

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

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

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

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

How Merino is addressing the sectoral context

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

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

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

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

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

Result of our resilient business model

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

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

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

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

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

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

Our competencies

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

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

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

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

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

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

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

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

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

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

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

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

Risk management

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

Economy risk

Slowdown in the economy may impact the industry

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

Competition risk

High competition may impact profitability

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

Industry slump risk

slowdown in downstream sectors could impact product offtake

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

Raw material risk

Inability to source raw materials may dampen operations

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

Logistical challenges

Lack of distribution reach could result in loss of sales

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

Product risk

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

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

Finance risk

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

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

Directors' Report

Dear Shareholders,

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

FINANCIAL RESULTS

(₹ Lakh)

	Year ended 31st March 2018	Year ended 31st March 2017
Total Revenue (Net)	46226.31	43247.50
Profit before taxation	8528.97	9656.64
Less: Tax Expense	3106.91	3426.45
Profit for the year	**5422.06**	**6230.19**
Add: Balance brought forward from the previous year	18790.63	13439.77
Balance	24212.69	19669.96
Appropriation;		
Interim Dividend	210.00	210.00
Dividend distribution tax on interim dividend	42.75	42.75
General Reserve	542.21	615.95
TOTAL	**794.96**	**868.70**
Add: Other comprehensive income/expense	7.46	(10.63)
Balance Profit carried forward to the next year	23425.19	18790.63

ECONOMIC OVERVIEW

The world economy is still undergoing through slow economic growth owing to recession and dwindling world trade growth. The prolonged sluggishness in the global economy has been characterized by a widespread slowdown of productivity growth in many parts of the world, weak investment, low wage growth, low inflation and rising debt levels. Low commodity prices have exacerbated these trends in many commodity-exporting countries since mid-2014, while conflict and geopolitical tensions continue to weigh on economic prospects in several regions.

Though some of the exceptional factors that restrained global growth have eased, the longer-term pressures restraining the global economy continue to prevent more robust growth. Geo-political risks and uncertainties have also weighed on investment demand in many economies worldwide. Roughly two-thirds of countries worldwide experienced stronger growth in 2017-18 compared to the previous year.

India's economic success in recent years has helped to mark South Asia as the fastest-growing region in the world, though the country has undergone through several hurdles in the form of demonetization and implementation-related issues of the goods and services tax (GST).

Plywood and panel products attracted 28 per cent GST. Due to a high GST of 28 per cent, the demand for plywood of all categories has fell by 10-15 per cent since the new tax regime's roll-out. The escalation in cost of chemicals has pushed prices in these categories of products higher. Lower demand for plywood in the housing sector due to rising cost of raw materials has put a sharp blow on the plywood and laminates industry.

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

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

Your Company recorded an increase in Total Revenue by ₹2978.81 Lakh as compared to that of the previous year. There was a decrease in profits during the year under review, the profit before tax recording a decrease by ₹1127.67 Lakh as compared to previous year's figures. The Company's net profit after taxes stood at ₹5422.06 Lakh as against ₹6230.19 Lakh last year.

Your Company continues to operate primarily in two business segments namely Laminates, which include manufacturing and selling of Decorative Laminates, Chemicals for captive consumption and trading of papers and chemicals, and Panel Products, which include manufacturing and selling of panel boards and plywood. During the year under review, revenue generated from the Laminates segment was ₹41032.07 Lakh as against ₹38404.10 Lakh and that of the Panel Products segment ₹3888.49 Lakh as against ₹3126.02 Lakh, last year. Profitability of the Laminates segment before tax was ₹8915.42 Lakh as against ₹10206.78 Lakh and that of Panel Products segment was ₹515.83 Lakh as against ₹593.19 Lakh, last year.

During the year under review, the FOB value of exports of the company amounted to ₹13924.98 Lakh as against ₹13694.29 Lakh of last year.

The Directors expect your Company would continue to register further improved results in the years to come.

DIVIDEND AND RESERVES

For the year under review, your Company declared and paid Interim Dividend at the rate of ₹10.50 per share as approved by the Board at its meeting held on 25.09.2017. In view of the same and to conserve liquidity your Directors have not recommended any final dividend for the year.

The Company had transferred a sum of ₹542.21 Lakh to the General Reserve during the year under review, as against ₹615.95 Lakh 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 transferring any amount towards Unclaimed Dividend to the Investor Education and Protection Fund.

SHARE CAPITAL

The paid-up equity share capital as at 31st March, 2018 stood at ₹200.00 Lakh during the year under review. The Company had neither issued any share 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 2017-18 has been furnished with this Report as Annexure 1.

NUMBER OF BOARD MEETINGS

During the year under review, five (5) meetings of the Board of Directors of the Company were held i.e. on 19.06.2017, 31.07.2017, 25.09.2017, 29.11.2017 and 28.03.2018.

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 have been approved by the Audit Committee as well as by the Board of Directo₹All transactions entered into with Related Parties as defined under Section 188 of the Act, 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. They do not attract the provisions of Section 188 of the Act. However, the transactions with related parties entered into during the year under review, are disclosed under Note 48 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.

RISK MANAGEMENT POLICY

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

The Company's attitude towards addressing business risks is comprehensive and includes review of such risks at periodic intervals and a framework for mitigation and reporting mechanism of such risks. The Company towards accomplishment of its objective for proper implementation and governance of Risk Management Policy and Structure has sketched its Project Objectives, Project Milestones and Project Charter.

A Risk Management Committee has been formed by the Board of Directors comprising Shri Prakash Lohia, Ms. Ruchira Lohia, Directors and Shri Deepak Lohia, Whole-Time Director, Shri Asok Kumar Parui Director & Company Secretary and Shri Riaz Ahmed, Consultant. Shri Prakash Lohia is the Chairman of the Committee.

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

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

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

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Bikash Lohia (DIN 00154013) was appointed as an Additional Director of the Company with effect from 1st August, 2017. His appointment as Director of the Company is subject to the approval of the Members at the ensuing Annual General Meeting of the Company in accordance with the provisions of the Act and the rules made thereunder. The Company has received a notice in writing from a member proposing the candidature of Shri Bikash Lohia to the office of directors of the Company.

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

With your approval at the last annual general meeting held on 31.07.2017, Shri Manoj Lohia (DIN 00127775) and Shri Deepak Lohia (DIN 00154027) were re-appointed as Whole-time Directors both for further period of three years, effective 01.08.2017.

Dr. Gautam Bhattacharjee (DIN 00109269), Independent Director was further re-appointed as Independent Director at the last Annual General Meeting of the company held on 31.07.2017 pursuant to the provisions of the Act and the rules framed thereunder, to hold office up to the 28th Annual General Meeting in the calendar year 2022.

Shri Champa Lal Lohia (DIN 00154019), Shri Anil Jajoo (DIN 00063284) and Shri Prakash Lohia (DIN 00063274), Directors, retire at this Annual General Meeting and being eligible offer themselves for re-election.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company maintains apposite system of internal financial controls for ensuring adequacy and operative effectiveness of financial controls of the compnay. It also ensures safeguard of assets, prevention and detection of frauds and errors and also ensures accuracy and completeness of the accounting records. Your Company has developed Entity Level Controls and Process Level Controls framework for monitoring of overall control indicators for Merino Group.

Internal Financial controls are monitored continuously to identify Identification of control gaps and initiation of remedial actions for mitigation of the gaps so identified by the management.

DEPOSITS

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

DECLARATION BY INDEPENDENT DIRECTORS

Dr. Gautam Bhattarcharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN: 03524764) and Shri Sisir Kumar Chakrabarti (DIN: 02848624), the Independent Directors have submitted their disclosures to the Board regarding their fulfillment of all the requirements as stipulated in section 149(6) of the Act and the relevant rules.

STATUTORY AUDITORS

M/s. Singhi & Company, Chartered Accountants (FRN 302049E), were appointed with your approval at the 21st AGM to hold such office till the conclusion of the 26th Annual General Meeting.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Act and the Rules made there under, the Company 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. Basu, Banerjee, Chakraborty, Chattopadhyay & Co. (FRN. 000206) as Cost Auditor to audit the cost accounts of the Company for the financial year 2018-19. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor for the said period forms part of the Notice convening the Annual General Meeting.

The Cost Audit Report for the financial year 2016–17 was filed in Form CRA–4 with the Ministry of Corporate Affairs on 24.10.2017.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

AUDIT COMMITTEE

Your Company has an Audit Committee at the Board level with terms of reference specified by the Board and with the powers and the role that are in 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 comprised Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN 03524764) and Shri Sisir Kumar Chakrabarti (DIN 02848624), Independent Directors, Shri Asok Kumar Parui (DIN 00061267), Director as members of the Committee. Shri Asok Kumar Parui also being the Company Secretary acts as the Secretary to the Committee. Due to the resignation of Shri Sujitendra Krishna Deb on 18.06.2018 on health ground, the Committee stood reconstituted w.e.f. 18.06.2018 with Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Asok Kumar Parui as Members of the Committee. Shri Asok Kumar Parui being the Company Secretary of the Company will act as the Secretary to the Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269), Shri Sujitendra Krishna Deb (DIN 03524764) and Shri Sisir Kumar Chakrabarti (DIN 02848624), Independent Directors, Shri Asok Kumar Parui (DIN 00061267), Director as members of the Committee. Shri Asok Kumar Parui also being the Company Secretary acts as the Secretary to the Committee. Due to the resignation of Shri Sujitendra Krishna Deb on 18.06.2018, the Committee was reconstituted w.e.f. 18.06.2018 with Dr. Gautam Bhattacharjee, Shri Sisir Kumar Chakrabarti and Shri Asok Kumar Parui as Members of the Committee. Shri Asok Kumar Parui being the Company Secretary of the Company will act as the Secretary to the Committee.

The Board of Directors has framed a policy that 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 the Internal Complaints Committee of the Company was re-constituted on 18th June, 2018 to, inter-alia, prevent discrimination and sexual harassment against women at the Company's workplace, ensuring support to the victimized and termination of harassment. The Committee recommends appropriate disciplinary action against the guilty party. During the year under review, no complaints were reported to the Committee.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

For and on behalf of the Board of Directors

Kolkata	Rup Chand Lohia	Prakash Lohia
18th June, 2018	Director	Director

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Adminstration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	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	None

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	78
2	Panel products	9403-60-00	22

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. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total equity)

(i) Category-wise Share Holding

Sl No.	Category of shareholder	No.of shares held at the beginning of the year (01.04.2017)				No.of shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoter									
1	Indian									
(a)	Individuals/ HUF		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
2	Foreign									
(a)	NRIs-Individuals									
(b)	Other-Individuals									
(c)	Bodies corporate									
(d)	Bank/Financial Institutions									
(e)	Any other (specify)									
	Sub Total(A)(2)		0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		2000000	2000000	100.00	0	2000000	2000000	100.00	0.00
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds									
(b)	Bank/Financial Institutions									
(c)	Central Govt.									
(d)	State Govt(s)									
(e)	Venture Capital Funds									
(f)	Insurance Companies									
(g)	Foreign Institutional Investors (FII)									
(h)	Foreign Venture Capital Funds									
(i)	Others (specify)									
(i-i)	UTI									
	Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
B 2	Non-institutions									
(a)	Bodies corporate									
i)	Indian									
ii)	Overseas									
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹1 lakh									
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.									

Sl No.	Category of shareholder	No.of shares held at the beginning of the year (01.04.2017)				No.of shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Others (specify)									
	Sub-total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
(B)	Total public shareholding (B)= (B)(1)+(B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	TOTAL (A)+(B)	0	2000000	2000000	100.00	0	2000000	2000000	100.00	0.00
(C)	Shares held by custodians for GDRs & ADRs									
	Sub-total (C)	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	0	2000000	2000000	100.00	0	2000000	2000000	100.00	0.00

(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2017)			Shareholding at the end of the year (31-03-2018)			% change in shareholding during the year
		No of shares	% of total shares of Company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of Company	% of shares pledged/ encumbered to total shares	
1	LATE MAN KUMAR LOHIA	1000	0.05	0.00	0	0.00	0.00	-0.05
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	3760	0.19	0.00	0.05
12	RUCHIRA LOHIA	1700	0.09	0.00	1700	0.09	0.00	0.00

(iii) Change in promoter's shareholding (please specify if there is no change)

Sl No.	Folio no.	Name	Remarks	Shareholding/ transaction Date	Shareholding at the beginning of the year (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	001	LATE MAN KUMAR LOHIA	At the begining of the year	01-Apr-2017	1000	0.05	1000	0.05
			Decrease	19-Jun-2017	1000	0.05	0	0.00
			At the end of the year	31-Mar-2018			0	0.00
2	011	MADHUSUDAN LOHIA	At the begining of the year	01-Apr-2017	2760	0.14	2760	0.14
			Increase	19-Jun-2017	1000	0.05	3760	0.19
			At the end of the year	31-Mar-2018			3760	0.19

(iv) Shareholding pattern of top ten shareholders (Other than directors, promoters and holders of GDRs and ADRS)

Sl No.	Folio no.	Name - For each of the Top 10 shareholders	Remarks	Shareholding/ transaction date	Shareholding at the beginning of the year (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
	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 (01-04-2017)		Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	002	Champa Lal Lohia	At the beginning of the year	01-04-2017	1000	0.05	1000	0.05
			At the end of the year	31-03-2018	1000	0.05	1000	0.05
2	003	Rup Chand Lohia	At the beginning of the year	01-04-2017	1000	0.05	1000	0.05
			At the end of the year	31-03-2018	1000	0.05	1000	0.05
3	004	Prakash Lohia	At the beginning of the year	01-04-2017	1000	0.05	1000	0.05
			At the end of the year	31-03-2018	1000	0.05	1000	0.05
4	007	Manoj Lohia	At the beginning of the year	01-04-2017	1860	0.09	1860	0.09
			At the end of the year	31-03-2018	1860	0.09	1860	0.09
5	010	Deepak Lohia	At the beginning of the year	01-04-2017	2300	0.12	2300	0.12
			At the end of the year	31-03-2018	2300	0.12	2300	0.12
6	012	Ruchira Lohia	At the beginning of the year	01-04-2017	1700	0.09	1700	0.09
			At the end of the year	31-03-2018	1700	0.09	1700	0.09

V. INDEBTEDNESS

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

(₹ In lakh)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	888.57			888.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.35			0.35
Total (i+ii+iii)	888.92	0.00	-	888.92
Change in indebtedness during the financial year				
· Addition	702.88	-	-	702.88
· Reduction	-	0.00	-	0.00
Net Change	702.88	0.00	0.00	702.88
Indebtedness at the end of the financial year				
i) Principal amount	1,591.50	-	-	1,591.50
ii) Interest due but not paid	-	-	-	0.00
iii) Interest accrued but not due	0.30	-	-	0.30
Total (i+ii+iii)	1,591.80	0.00	-	1,591.80

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakh)

Sl. No.	Particulars of Remuneration	Whole-time Directors		Total Amount
		Shri Manoj Lohia	Shri Deepak Lohia	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	81.36	81.36	162.72
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.00	1.00	2.00
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify…	0	0	0
5	Others, please specify			
	Gratuity	16.86	15.80	32.66
	Leave	1.86	1.97	3.83
	PF	19.53	19.53	39.06
	Total (A)	120.61	119.66	240.27
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of section 197 read with schedule V of Companies Act, 2013		

B. Remuneration to other directors:

(₹ In lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Amar Nath Roy	Dr. Gautam Bhattacharjee	Shri Sujitendra Krishna Deb	Shri Sisir Kumar Chakrabarti	
1	Independent Directors					
	· Fee for attending board / committee meetings	0	1.2	0.5	1.1	2.8
	· Commission					
	· Others, please specify					
	Total (1)	0	1.2	0.5	1.1	2.8
2	Other Non-Executive Directors					
	· Fee for attending board / committee meetings					
	· Commission					
	· Others, please specify					
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	0	1.2	0.5	1.1	2.8
	Total Managerial Remuneration					243.07
	Overall Ceiling as per the Act	Paid in accordance with the provisions of section 197 read with schedule V of Companies Act, 2013				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In lakh)

Sl. No.	Particulars of remuneration	Key Managerial Personnel	Total amount
		Company Secretary	
		Shri Asok Kumar Parui	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	0	0
2	Stock option	0	0
3	Sweat equity	0	0
4	Commission		
	- as % of profit	0	0
	- others, specify…	0	0
5	Others, please specify		
	Total (A)	0	0

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

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

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

A) Conservation of energy:

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

Installation of 5.0 MW AC Solar Power Plant with tracker system, to save unit cost and electricity.

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

Initiating for solar electrical energy generation as alternate source of energy.

(iii) The capital investment on energy conservation equipment:

Commissioning and installation of the 5.0 MW AC Solar Power Plant with Tracker system involved capital outlay of ₹2478.10 lacs.

B) Technology absorption:

(i) The efforts made towards technology absorption:

a. Installation of condenser and cooling system in chemical section.

b. Installation of 2250 KVA DG Set.

c. Installation of WEIGH BRIDGE 60 MT CAPICITY

d. Installation of P.F Resin Kettle 4KL with 70 m2 condenser.

e. Instrumentation of 2nd stage RO system in ETP plant.

f. Installation of two rows of racks with ASRS & shuttle trolley.

g. Installation of chiller capacity 60 TR for new dryer.

h. Installation of Coal Handling Plant (8 TPH) for Boiler VTA-30 / VTA-50.

i. Installation of dual media filter for cooling towers & residentico.

j. Installation of new cooling towers and system for HP01 & HP03.

k. Installation of 7 zone P.F.Impregnator Dryer No-6.

l. Installation of 3000 KVA elect. transformer.

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

a. Enhancement of production capacity.

b. Reduction in cost.

c. Improvement in productivity and 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. Installed servo cutter for IMP-3 for MF dryer.
2. Installed computerized beam saw machine for cutting panels kunding sanding machine in ply section.
3. Installed kunding sanding machine in Ply section.
4. Installed fuel weighing system for VTA-30 & VTA-50

b. The year of import: 2015-16, 2016-17 & 2017-18.

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.

(iii) The expenditure incurred on Research and Development:

Research and development 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:

The Company has continued to maintain focus and avail of export opportunities based on economic considerations.

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

	(₹ In Lakh)
Earnings:	
Foreign exchange earned (F.O.B. Value of exports)	13,924.98
Outgo:	
CIF Value of imports	
a) Raw materials	12417.59
b) Components and spare parts (including Stores)	22.18
c) Capital goods	345.75
Expenditure in foreign currency	
a) Sales commission	50.64
b) Travelling	6.34
c) Professional fees	8.54
d) Interest	1.30
e) Bank charges	15.09
f) Business promotion	4.51
g) Purchase of acrylic solid surface	610.58

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To
The Members,
Merino 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 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

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

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

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

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

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

(i) The Indian Forest Act, 1927;

(ii) Bureau of Indian Standards; and

(iii) Wood Based Industries (Establishment and Regulation) Guidelines 2016

to the extent of their applicability to the Company during the financial year ended 31.03.2018 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

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

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

We further report that:

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

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

(d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For A. K. LABH & Co.
Company Secretaries

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

Place : Kolkata
Dated : 18.06.2018

DISCLOSURES OF REMUNERATION

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

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

Name	Age (in years)	Designation/ Nature of duties	Gross Remuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Share holding	Previous employment/ position held
Shri Manoj Lohia	46	Whole-time Director- Overseeing marketing and sale of Company's Products in Southern India	120.61	B.Com.	22	01.08.2008	0.09	Whole-time Director in Merino Exports Private Ltd.
Shri Deepak Lohia	42	Whole-time Director- Overseeing production, import of design papers, raw materials, chemicals, etc.	119.66	B.E. (Mech.)	21	01.08.2008	0.12	Whole-time Director in Gopi 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 ₹60,00,000/- per annum: None

Note:

1. Gross Remuneration comprises salary, perquisites, gratuity, leave encashment and Company's contribution to Provident Fund.
2. The appointments are contractual. Other terms and conditions are as per Company's Rules.
3. Shri Deepak Lohia is a relative of Shri Champa Lal Lohia, Shri Bikash Lohia, Directors and Shri Manoj Lohia is a relative of Shri Rup Chand Lohia, Director.

For and on behalf of the Board of Directors

Kolkata
18th June, 2018

Rup Chand Lohia
Director

Prakash Lohia
Director

Annexure-5 to Directors' Report

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

   The web link of the same projecting the CSR policy, projects or programs is http://www.merinoindia.com

2. The Composition of the CSR Committee:

Name	Designation	Category
Shri Champa Lal Lohia (Chairman of the Committee)	Director	Promoter – Non Executive
Shri Anil Jajoo	Director	Non Executive
Shri 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: ₹6907.16 Lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹138.14 Lakh
5. Details of CSR spent during the financial year.
   (a) Total amount spent for the financial year: ₹138.50 Lakh
   (b) Amount unspent, if any: Nil
   (c) Manner in which the amount spent during the financial year is detailed in the table on the following page.

(1) Address of Registered Office	(2) Main Business activity of the Company	(3) Prescribed CSR Budget (2% of Average Net Profit for F.Y. 2014-15, 2015-16 & 2016-17)	(4) Allocated CSR Budget	(5) Actual CSR spent in F.Y. 2016-17	(6) Administrative overhead expenditure	(7) Reasons for under spending/ not spending (if any)	(8) Details of CSR Programmes / Projects / Activities	(9) Project description	(10) Sector(s) covered within Schedule VII	(11) Geographical areas where project was implemented	(12) States where undertaken	(13) Districts where undertaken	(14) Outlay (programme/ Project wise)	(15) Expenditure on Programme or Project	(16) Mode of implementation (Direct or through implementing agencies	(17) Details of implementing agencies
5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020	Manufacturer and Exporter of Decorative Laminates, Panel Boards, etc.	₹138.14 Lakh	₹138.14 Lakh	₹138.50 Lakh	NIL	N.A.	Project - 1	Corpus Donation	Corpus Donation	Amount of utilisation yet to be finalised by the trust	Amount of utilisation yet to be finalised by the trust	Amount of utilisation yet to be finalised by the trust	₹138.50 Lakh	₹138.50 Lakh	Directly through Shri Prem Chand Lohia Memorial Trust	Shri Prem Chand Lohia Memorial Trust is the group managed registered trusts having regd. office at 5, Alexandra Court, 60/1, Chowringhee Rd., Kolkata-700020 authorised to carry out activities as stipulated vide the provisions of the Act and the group CSR policy

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

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

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

Anil Jajoo
Director

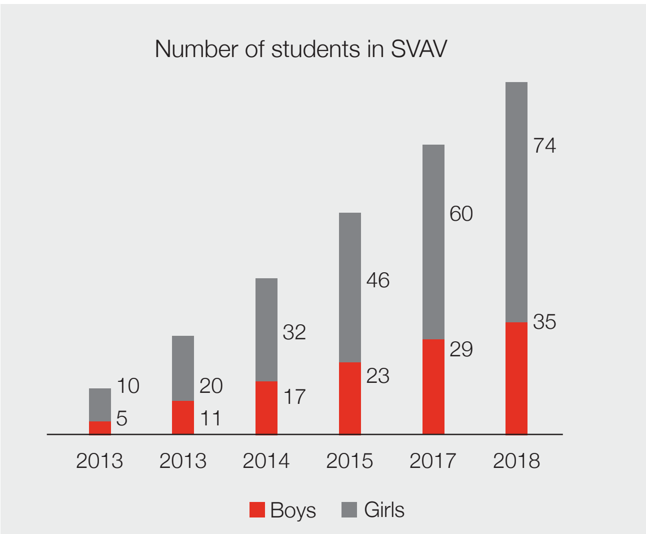
Champa Lal Lohia
Chairman, CSR Committee

Date: 18.06.2018

Corporate Social Responsibility (CSR) Practices of Merino Group

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

Swami Vivekananda



1. Education & related programs

1.1 Education through Swami Vivekananda Arunoday Vidyalay (SVAV)

Sri Hara Kasturi Memorial Trust (herein after referred to as "the Trust") runs a primary day school named Swami Vivekananda Arunoday Vidyalaya (SVAV) situated at Hapur, Uttar Pradesh, wholly funded by Merino Group. SVAV is a co-educational school established in April 2013, but predominantly for girl students. This has made possible to access better education system for the children of underprivileged or poorest households living in the vicinity of Merino establishments.

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

The teaching and non-teaching-staff are actively involved in organizing and ensuring active participation of all students in cleanliness drives at school, nearby areas and also their homes. These help them to imbibe better attitudes towards activities like care for sanitation, plantation, management of wastes etc.

Students get opportunities to enjoy and learn about contemporary events, cultural heritage and places of historical and cultural importance in the country through various study tours. SVAV imparts the knowledge of Vedic culture and practices thereof at the initial stages of a student's life.

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

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

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

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

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

1.2 Other support to strengthen Educational Programs

- Scholarships are provided to eligible students by the Trust. During the year under review it granted and disbursed scholarships amounting to ₹9.87 Lakh to 45 students.

- Arrangement is made by the Trust for private tuition in SVAV campus for the students coming from needy and poor family. During the year under review, 22 such students were imparted coaching.

1.3 Mid –day Meal Program:

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

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

The Trust arranges for mid-day meal to 500 students with a plan to increase the number to 750 students daily. In addition to this, Mid-day Meals are also provided to physically challenged children at Jhajjar, Haryana for which a sum of ₹0.83 Lakh was spent during year under report

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

2. Women Empowerment Program

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

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

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

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

Major components of Learn To Earn (LTE) Initiative

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

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

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

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

Outcome and Impact

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

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

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

3. Healthcare Programs

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

On finding that prevalence of Tuberculosis (TB) in Hapur and considering it as a daunting burden on health conditions than anything else especially amongst the poor., many of whom lack accessibility to caring and better healthcare facilities, the Trust has taken a modest step to provide general OPD along the complete treatment of TB through SPCLHC at Hapur. It is working to fight against the dreaded disease of TB in about 72 villages at Hapur district of Uttar Pradesh in collaboration with the Department of Tuberculosis, Govt. of India.

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

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

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

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

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

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

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

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

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

4. Swachh Bharat Mission (SBM)

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

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

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

Merino's concern for environment sustainability

Introduction

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

Conservation of Energy and Energy management

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

Use of energy efficient motors and LED lights

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

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

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

Utilization of alternate source of energy

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

Solar Power

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

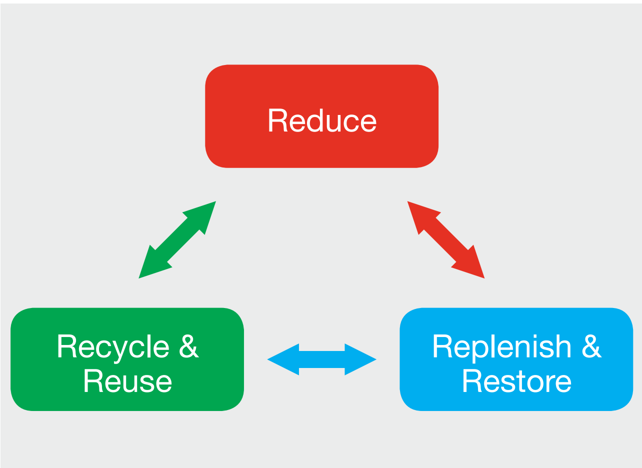
One of the plants of the group at Hapur has implemented the process to generate energy from agricultural wastes. Rice husk and saw dust are mainly utilized here. The combustible agricultural materials or wastes are being used to generate heat in furnaces. The heat produces the steam and power through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

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

Water Conservation and water management

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

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



Recycle and Reuse of Water through ETP, SBT and STP

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

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

Use of SBT (Soil Biotechnology) in Merino

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

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

Replenishment and Restoration of the Water through Rain Water Harvesting System

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

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

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

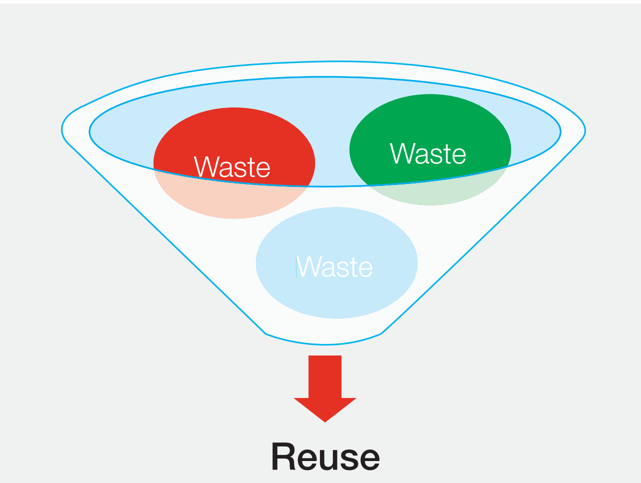
Waste Management

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

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

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

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



Collect, Segregate and Reuse of recyclable

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

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

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

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

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

Care for emissions, air quality and soil

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
Merino Panel Products Ltd

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information obtained and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

    e. On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B".

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 44 to the Ind AS financial statements,

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

        iii. The Company has no amount which was required to be transferred to the investor education & protection fund.

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date: 18th June, 2018

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

Re: Merino Panel Products Limited

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

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

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

c) According to the information given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. As explained to us, inventories (except stock lying with third parties and Stock-in-transit) were physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore provisions of this clause are not applicable to the company.

iv. According to the information and explanations given to us, the Company has not given any loans, made investments, given guarantee or securities during the year under the provision of sections 185 and 186 of the Act. Therefore, the provision of this clause is not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India, and hence provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the company.

vi. The company is required to maintain cost records pursuant to the rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

vii. a) According to the records of the Company, the Company is regular in depositing material undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, service tax, custom duty, excise duty, income tax, cess and other statutory dues applicable to it, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year – end for a period more than six months from the date they became payable.

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

Name of Statute	Nature of the dues	Amount Involved (₹ in Lakhs)	Amount paid under Protest (₹ in Lakhs)	Forum where the dispute is pending	Period
Income Tax Act.	Income Tax [including Interest as on the date of order but excluded interest thereafter] Demand	480.79	-	Income Tax Appellate Tribunal	A.Y 2002-03
		1.50	-	Commissioner of Income Tax (Appeal)	A.Y 2006-07
		264.98	-	Commissioner of Income Tax (Appeal)	A.Y 2011-12
		30.09	-	Commissioner of Income Tax (Appeal)	A.Y 2014-15
Sales Tax Act.	Sales Tax (Value Added Tax) Demand	5.30	-	Punjab and Haryana High Court	A.Y.2000-03

viii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institution, banks and government. The Company has not issued any debenture.

ix. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company for the purpose for which those loans were obtained. The company has not raised money by way of Initial Public issue/Follow-on-offer.

x. Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/employees, has been noticed or reported during the year.

xi. According to the information and explanations given to us, and based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Act.

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

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

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

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

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date: 18th June, 2018

Annexure – B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Merino Panel Products Limited, ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

B.L. Choraria
Partner
Membership No.: 022973

Place: Kolkata
Date: 18th June, 2018

Balance Sheet as at 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3 (a)	10731.11	6924.57	5372.76
(b) Capital work-in-progress	3 (a)	182.56	139.47	231.33
(c) Other intangible assets	3 (b)	176.48	117.01	61.23
(d) Intangible assets under development	3 (b)	-	72.82	87.04
(e) Biological assets other than bearer plants	4	1.53	0.90	-
(f) Financial assets				
(i) Investments	5	2699.80	622.82	101.75
(ii) Loans	6	123.71	119.86	125.05
(iii) Other financial assets	7	1.00	1.00	1.00
(g) Other non-current assets	8	184.79	56.46	129.93
Total non-current assets		**14100.98**	**8054.91**	**6110.09**
(2) Current assets				
(a) Inventories	9	8272.33	7873.95	5962.44
(b) Financial assets				
(i) Investments	10	4077.05	3771.52	317.95
(ii) Trade receivables	11	7609.59	7215.76	6084.38
(iii) Cash and cash equivalents	12	357.29	583.06	301.82
(iv) Other bank balances	13	200.00	250.00	1248.00
(v) Loans	14	75.53	68.55	75.09
(vi) Other financial assets	15	48.90	121.48	46.96
(c) Current tax asset (net)	16	24.08	3.63	3.05
(d) Other current assets	17	1159.70	534.34	456.77
Total current assets		**21824.47**	**20422.29**	**14496.46**
Total assets		**35925.45**	**28477.20**	**20606.55**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	18	200.00	200.00	200.00
(b) Other equity	19	26255.16	21078.39	15111.58
Total equity		**26455.16**	**21278.39**	**15311.58**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	1500.00	1.95	23.57
(ii) Other financial liabilities	21	23.81	16.96	14.58
(b) Deferred tax liabilities (net)	22	983.98	704.79	496.16
Total non-current liabilities		**2507.79**	**723.70**	**534.31**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	91.50	865.00	869.03
(ii) Trade payables	24	4443.83	3793.91	2225.13
(iii) Other financial liabilities	25	1934.74	997.15	947.72
(b) Employee benefit obligations	26	209.52	155.13	111.14
(c) Other current liabilities	27	280.87	505.59	559.22
(d) Current tax liabilities (net)	28	2.04	158.33	48.42
Total current liabilities		**6962.50**	**6475.11**	**4760.66**
Total liabilities		**9470.29**	**7198.81**	**5294.97**
Total equity and liabilities		**35925.45**	**28477.20**	**20606.55**

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

The notes numbered 1 to 50 are an integral part of the financial statements.

As per our report of even date attached

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

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Director

Prakash Lohia
Director

A.K. Parui
Company Secretary

Statement of profit and loss for the year ended 31st March, 2018

(Rupees in lakhs, unless otherwise stated)

Particulars	Notes	2017-18	2016-17
INCOME			
Revenue from operations	29	45236.47	42239.30
Other income	30	989.84	1008.20
Total Income		**46226.31**	**43247.50**
EXPENSES			
Cost of materials consumed	31	21525.34	17318.67
Purchases of stock-in-trade		2486.60	2027.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	247.42	241.93
Excise duty		623.01	2907.84
Employee benefits expense	33	4189.62	3466.89
Finance costs	34	52.38	116.56
Depreciation and amortisation expense	35	1009.95	903.46
Other expenses	36	7563.02	6608.18
Total expenses		**37697.34**	**33590.86**
Profit before tax		**8528.97**	**9656.64**
Tax Expenses			
Current Tax	37	2831.73	3212.18
Deferred Tax		275.18	214.27
Total tax expenses		**3106.91**	**3426.45**
Profit for the year from continuing operations		**5422.06**	**6230.19**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on post employee defined benefit plan		11.46	(16.26)
Deferred tax on above		(4.00)	5.63
Total other comprehensive income for the year, net of tax		**7.46**	**(10.63)**
Total comprehensive income for the year		**5429.52**	**6219.56**
EARNINGS PER EQUITY SHARE OF FACE VALUE OF RS.10 EACH			
Basic	43	271.48	310.98
Diluted		271.48	310.98

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

The notes numbered 1 to 50 are an integral part of the financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors

B.L.Choraria
Partner
Membership Number - 022973

Rup Chand Lohia
Director

Prakash Lohia
Director

A.K. Parui
Company Secretary

Place : Kolkata
Date : 18th June, 2018

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

(Rupees in lakhs, unless otherwise stated)

Particulars	2017-18	2016-17
A. Cash flow from operating activities :		
Net profit before tax	8528.97	9656.64
Adjustments for :		
Depreciation and amortisation expense	1009.95	903.46
Loss on disposal of tangible/intangible assets (net)	3.96	11.05
Profit on sale of investment (net)	(0.64)	(0.20)
Fair value changes of financial assets measured at FVTPL	(54.65)	(20.87)
Fair value changes of derivatives measured at FVTPL	95.83	(72.29)
Finance costs	43.60	116.56
Interest income	(384.23)	(287.25)
Provision/liabilities no longer required written back	(24.35)	(82.61)
Unrealised foreign exchange loss (net)	10.52	67.10
Operating profit before working capital changes	**9228.96**	**10291.59**
Adjustments for :		
Trade receivables	(393.83)	(1131.38)
Non-current/current financial and other assets	(792.07)	(32.16)
Inventories	(399.01)	(1912.41)
Trade payables	649.92	1568.78
Non-current/current financial and other liabilities/provisions	85.12	95.38
Cash generated from operations	8379.09	8879.80
Net direct taxes paid	(2999.68)	(3126.59)
Net cash from operating activities	**5379.41**	**5753.21**
B. Cash flow from investing activities :		
Purchase of tangible assets	(4104.71)	(2343.02)
Purchase of intangible assets	(28.43)	(66.68)
Proceeds from sale of tangible/intangible assets	21.39	25.25
Purchase of investment	(2075.00)	(550.00)
Proceeds from sale of investment	53.31	50.00
Interest received	167.00	177.28
Investment in fixed deposits	(36.49)	(2354.00)
Net cash from investing activities	**(6002.93)**	**(5061.17)**
C. Cash flow from financing activities :		
Proceeds from long-term borrowings	1500.00	-
Repayment of long-term borrowings	(23.57)	(60.93)
Decrease in cash credit/working capital facilities	(773.50)	(4.03)
Interest paid	(52.43)	(93.09)
Dividend paid	(210.00)	(210.00)
Dividend distribution tax paid	(42.75)	(42.75)
Net cash from financing activities	**397.75**	**(410.80)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(225.77)**	**281.24**
Cash and cash equivalents at the beginning of the year	**583.06**	**301.82**
Cash and cash equivalents at the end of the year	**357.29**	**583.06**

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

The notes numbered 1 to 50 are an integral part of the Financial Statements.

As per our report of even date attached

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

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Directors

Rup Chand Lohia
Director

Prakash Lohia
Director

A.K. Parui
Company Secretary

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

(Rupees in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April 2016		200.00
Changes in equity share capital during the year 2016-17	18	-
As at 31st March 2017		**200.00**
Changes in equity share capital during the year 2017-18	18	-
As at 31st March 2018		**200.00**

B. Other equity

Particulars	Notes	Securities premium reserve	General reserve	Retained earnings	Total other equity
Balance as at 1st April 2016	19	300.00	1371.81	13439.77	**15111.58**
Profit for the year		-	-	6230.19	**6230.19**
Other comprehensive income (net of tax)		-	-	(10.63)	**(10.63)**
Total comprehensive income for the year		**-**	**-**	**6219.56**	**6219.56**
Interim dividend on equity shares for the year		-	-	(210.00)	**(210.00)**
Dividend distribution tax on interim dividend on equity shares		-	-	(42.75)	**(42.75)**
Transfer to general reserve		-	615.95	(615.95)	**-**
Balance as at 31st March 2017	**19**	**300.00**	**1987.76**	**18790.63**	**21078.39**

Particulars	Notes	Securities premium reserve	General reserve	Retained earnings	Total other equity
Balance as at 1st April 2017	19	300.00	1987.76	18790.63	**21078.39**
Profit for the year		-	-	5422.06	**5422.06**
Other comprehensive income (net of tax)		-	-	7.46	**7.46**
Total comprehensive income for the year		**-**	**-**	**5429.52**	**5429.52**
Dividend		-	-	(210.00)	**(210.00)**
Tax on dividend		-	-	(42.75)	**(42.75)**
Transfer to general reserve		-	542.21	(542.21)	**-**
Balance as at 31st March 2018	**19**	**300.00**	**2529.97**	**23425.19**	**26255.16**

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

As per our report of even date attached

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

B.L.Choraria
Partner
Membership Number - 022973

For and on behalf of the Board of Directors

Rup Chand Lohia
Director

Prakash Lohia
Director

A.K. Parui
Company Secretary

Place : Kolkata
Date : 18th June, 2018

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 Company is a multiproduct and multilocation company. The Company is subsidiary of Merino Industries Limited. The Registered Office of the company is located at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020 , India.

The Company is engaged in manufacturing and marketing of Decorative Laminates, Pre-lam Boards, Plywood and Acrylic Solid Surfaces.

2 Summary of significant accounting policies:

2.1 Basis of preparation

(i) Compliance with Ind AS

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

Up to the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which include Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2016. Details of the exceptions and optional exemptions availed by the Company and major adjustments along with related reconciliations are disclosed in Note 50 (First-time Adoption).

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

(ii) Historical cost convention

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

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

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

Transition to Ind AS:

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

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

2.2 Property, plant and equipment and depreciation

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

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

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

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

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

Notes to the Financial Statements

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

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

2.3 Intangible assets and amortisation

Intangible assets are stated at acquisition cost, net of accumulated amortisation and net accumulated impairment losses, if any. Intangible Assets are amortised on a straight line basis over a period of five years from the date of capitalisation.

2.4 Impairment loss

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

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

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

2.5 Financial instruments

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

Financial assets

Financial assets at amortised cost

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

Financial assets measured at fair value

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

In respect of equity investments which are not held for trading the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such investments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

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

Impairment of financial assets

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

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

De-recognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

De-recognition of financial liabilities

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

Derivative financial instruments

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

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

Offsetting of financial instruments

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

2.6 Borrowing costs

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

2.7 Inventories

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

2.8 Biological assets

On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested. Cost approximates fair value when little biological transformation has taken place since the costs were originally

Notes to the Financial Statements

incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of profit and loss in the period in which they arise.

2.9 Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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

2.10 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, including excise duties.

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

(b) Sale of services

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

(c) Other items are recognised on accrual basis.

2.11 Other income

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

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

Insurance claim: Insurance claims are accounted for on settlement / realization basis by considering uncertainties in realization.

Other items are recognised on accrual basis.

2.12 Employee benefits

(a) Short-term employee benefits :

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

(b) Post employment benefit plan:

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

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

2.13 Taxation

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

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

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

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

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

2.14 Lease

Operating lease:

Where the Company is a lessee

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

Where the Company is the lessor

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

2.15 Cash and cash equivalents

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

2.16 Earnings per share (EPS)

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

2.17 Provisions and contingent liabilities

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

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

Notes to the Financial Statements

2.18 Segment reporting

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

The board of directors of the Company has been identified as being the chief operating decision maker. Refer note 42 for segment information presented.

2.19 Dividends

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

2.20 Rounding off of amounts

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

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

Ind AS 115:- revenue from contracts with customers

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

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

Ind AS 21:- Foreign currency transactions and advance consideration

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

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

2.22 Government grants

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

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

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

2A Critical estimates and judgments

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

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

(i) Estimation of defined benefit obligation

Refer note 38 for details of critical estimates in computation of defined benefit obligation.

(ii) Estimated useful life of tangible assets

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

(iii) Estimation of contingent liabilities

Refer note 44 for details of critical estimates of contingent liabilities.

Notes to the Financial Statements

3 (a) Property, Plant and Equipment

(Rupees in lakhs, unless otherwise stated)

PARTICULARS	Land		Buildings (include those on leasehold land)	Roads	Plant and Machinery	Electrical Fittings	Laboratory Equipment	Furniture and Fittings	Computers and Data Processing Units	Office Equip-ment	Vehicles	Total	Capital Work-in-Progress	Total
	Leasehold acquisition and development expenses [refer (a) below]	Freehold												
Gross block as at 1st April, 2016	23.45	386.98	1310.93	85.23	7456.97	392.30	8.07	92.01	578.27	141.38	472.21	10947.80	231.33	11179.13
Accumulated depreciation	19.50	-	431.37	61.80	4236.34	274.05	7.65	48.71	241.07	87.6	166.95	5575.04	-	5575.04
Deemed cost as on 1st April, 2016	**3.95**	**386.98**	**879.56**	**23.43**	**3220.63**	**118.25**	**0.42**	**43.30**	**337.20**	**53.78**	**305.26**	**5372.76**	**231.33**	**5604.09**
Additions	-	920.40	60.22	17.18	1200.08	50.30	0.54	57.40	97.07	29.53	33.73	2466.45	613.94	3080.39
Disposals	-	-	2.40	-	23.68	15.82	-	0.24	0.20	4.13	1.82	48.29	705.80	754.09
Balance as at 31st March, 2017	**3.95**	**1307.38**	**937.38**	**40.61**	**4397.03**	**152.73**	**0.96**	**100.46**	**434.07**	**79.18**	**337.17**	**7790.92**	**139.47**	**7930.39**
Additions during the year	-	426.02	79.59	5.52	3848.05	170.01	1.83	43.36	80.74	54.12	90.83	4800.07	380.88	5180.95
Disposals	-	-	-	-	19.02	2.26	-	1.62	-	0.50	13.59	36.99	337.79	374.78
Balance as at 31st March, 2018	**3.95**	**1733.40**	**1016.97**	**46.13**	**8226.06**	**320.48**	**2.79**	**142.20**	**514.81**	**132.80**	**414.41**	**12554.00**	**182.56**	**12736.56**
Accumulated depreciation														
As at 1st April 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	0.40	-	39.88	10.60	618.32	30.76	0.08	10.95	85.89	21.73	59.73	878.34	-	878.34
Disposals	-	-	0.10	-	5.78	3.71	-	0.13	0.17	1.35	0.75	11.99	-	11.99
As at 31st March 2017	**0.40**	**-**	**39.78**	**10.60**	**612.54**	**27.05**	**0.08**	**10.82**	**85.72**	**20.38**	**58.98**	**866.35**	**-**	**866.35**
Charge for the year	0.40	-	43.63	6.25	687.01	21.48	0.16	13.73	105.88	26.02	63.61	968.17	-	968.17
Disposals	-	-	-	-	3.62	0.74	-	0.22	-	0.22	6.83	11.63	-	11.63
As at 31st March 2018	**0.80**	**-**	**83.41**	**16.85**	**1295.93**	**47.79**	**0.24**	**24.33**	**191.60**	**46.18**	**115.76**	**1822.89**	**-**	**1822.89**
Net carrying amount														
As at 1st April, 2016	**3.95**	**386.98**	**879.56**	**23.43**	**3220.63**	**118.25**	**0.42**	**43.30**	**337.20**	**53.78**	**305.26**	**5372.76**	**231.33**	**5604.09**
As at 31st March, 2017	**3.55**	**1307.38**	**897.60**	**30.01**	**3784.49**	**125.68**	**0.88**	**89.64**	**348.35**	**58.80**	**278.19**	**6924.57**	**139.47**	**7064.04**
As at 31st March, 2018	**3.15**	**1733.40**	**933.56**	**29.28**	**6930.13**	**272.69**	**2.55**	**117.87**	**323.21**	**86.62**	**298.65**	**10731.11**	**182.56**	**10913.67**

Notes:-

a) Development expenditure of ₹23.45 (31st March, 2017 : ₹23.45) on leasehold land taken on 13th December 1994 under a lease for 30 years is being amortised over the period of Lease. Remaining life of the leasehold land is 8 years.

b) Immovable properties to the extent of ₹5.79 (31st March, 2017: ₹5.79 and 1st April, 2016: ₹5.79) have been pledged with Financial Institution for availing term loan from different banks.

c) Property plant and equipment given as security for borrowings (refer note no 47)

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

3 (b) Other intangible assets

Particulars	Computer Software (Aquired item)	Total	Intangible assets under development	Grand total
Gross block as at 1st April, 2016	172.71	172.71	87.04	259.75
Accumulated depreciation	111.48	111.48	-	111.48
Deemed cost as on 1st April, 2016	**61.23**	**61.23**	**87.04**	**148.27**
Additions	80.90	80.90	66.04	146.94
Disposals	-	-	80.26	80.26
Balance as at 31st March, 2017	**142.13**	**142.13**	**72.82**	**214.95**
Additions during the year	101.25	101.25	0.15	101.40
Disposals	-	-	72.97	72.97
Balance as at 31st March, 2018	**243.38**	**243.38**	**-**	**243.38**
Accumulated depreciation				
As at 1st April 2016	-	-	-	-
Charge for the year	25.12	25.12	-	25.12
As at 31st March 2017	**25.12**	**25.12**	**-**	**25.12**
Charge for the year	41.78	41.78	-	41.78
As at 31st March 2018	**66.90**	**66.90**	**-**	**66.90**
Net carrying amount				
As at 1st April, 2016	**61.23**	**61.23**	**87.04**	**148.27**
As at 31st March, 2017	**117.01**	**117.01**	**72.82**	**189.83**
As at 31st March, 2018	**176.48**	**176.48**	**-**	**176.48**

Note: 4 Biological assets other than bearer plants

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Opening balance	0.90	-	-
Additions/acquisitions	0.63	0.90	-
Closing balance	**1.53**	**0.90**	**-**

(a) The Company owns bearer biological assets i.e., livestock from which milk is produced. The livestock is maintained by the company at Rohad plant.

Note: 5 Investments non-current

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Investments in mutual fund measured at FVTPL -Quoted			
Principal Debt Opportunities Fund, Conservative Plan	1.25	1.15	50.86
31st March 2018: 44.288 (31st March 2017: 44.288 and 1st April 2016: 2136.451) units			
Birla Sun Life Cash Manager Growth Regular Plan	58.53	54.98	50.89
31st March 2018: 14017.964 (31st March 2017: 14017.964 and 1st April 2016: 14017.964) units			
Birla Sun Life Short-term Opportunities Fund	54.36	51.12	-
31st March 2018: 188388.487 (31st March 2017: 188388.487 and 1st April 2016: Nil) units			

(Rupees in lakhs, unless otherwise stated)

Note: 5 Investments non-current *(Contd.)*

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
IDFC Corporate Bond Fund	109.52	102.92	-
31st March 2018: 921234.454 (31st March 2017: 921234.454 and 1st April 2016: Nil) units			
ICICI Prudential Income Opportunities Fund	108.00	102.34	-
31st March 2018: 444818.092 (31st March 2017: 444818.092 and 1st April 2016: Nil) units			
ICICI Prudential Corporate Bond Fund	109.93	103.03	-
31st March 2018: 406502.413 (31st March 2017: 406502.413 and 1st April 2016: Nil) units			
IDFC Super Saver Income Fund - Medium-Term	108.35	103.29	-
31st March 2018: 372510.235 (31st March 2017: 372510.235 and 1st April 2016: Nil) units			
Birla Sun Life Medium-Term Plan	55.26	51.32	-
31st March 2018: 251457.194 (31st March 2017: 251457.194 and 1st April 2016: Nil) units			
Principal Arbitrage Fund - Regular Plan	-	52.67	-
31st March 2018: Nil (31st March 2017: 500000 and 1st April 2016: Nil) units			
Reliance Corporate Bond Fund(G)	679.65	-	-
31st March 2018: 4850839.107 (31st March 2017: Nil and 1st April 2016: Nil) units			
HDFC Regular Savings Fund(G)	10.41	-	-
31st March 2018: 30244.009 (31st March 2017: Nil and 1st April 2016: Nil) units			
IDFC Credit Opp Fund-Reg(G)	26.00	-	-
31st March 2018: 242525.368 (31st March 2017: Nil and 1st April 2016: Nil) units			
Aditiya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth	250.17	-	-
31st March 2018: 2500000 (31st March 2017: Nil and 1st April 2016: Nil) units			
L&T Income Opportunity Fund	250.81	-	-
31st March 2018: 1259890.138 (31st March 2017: Nil and 1st April 2016: Nil) units			
HSBC FTS Growth Tenure	251.35	-	-
31st March 2018: 2500000 (31st March 2017: Nil and 1st April 2016: Nil) units			
BOI AXA Credit Risk Fund - Regular Plan (CSRGG)	250.63	-	-
31st March 2018: 1877567.574 (31st March 2017: Nil and 1st April 2016: Nil) units			
ICICI Prudential Mutual fund Fixed Maturity	250.51	-	-
31st March 2018: 2500000 (31st March 2017: Nil and 1st April 2016: Nil) units			
ICICI Prudential Mutual fund Regular Fund	125.07	-	-
31st March 2018: 673328.126 (31st March 2017: Nil and 1st April 2016: Nil) units			
	2699.80	**622.82**	**101.75**
Aggregate amount of quoted investments and market value thereof	**2699.80**	**622.82**	**101.75**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 6 Loans - non-current

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(Unsecured, considered good unless otherwise stated)			
Security deposits	122.71	116.56	116.35
Loans to employees	1.00	3.30	8.70
	123.71	**119.86**	**125.05**

Note: 7 Other financial assets - non-current

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Fixed deposits having maturity more than 1 year [refer (a) below]	1.00	1.00	1.00
	1.00	**1.00**	**1.00**

(a) Fixed deposits Include deposits 31st March 2018: ₹1.00 (31st March 2017: ₹1.00, 1st April 2016: ₹1.00) that stand pledged with custom and excise authority.

Note: 8 Other non-current assets

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(Unsecured, considered good unless otherwise stated)			
Capital advances	184.76	56.43	129.90
Statutory deposit	0.03	0.03	0.03
	184.79	**56.46**	**129.93**

Note: 9 Inventories

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Raw materials	5860.70	5273.18	3155.14
[include material-in-transit 31st March 2018: ₹1018.01; 31st March 2017: ₹1293.48; 1st April 2016: ₹269.13]			
Work-in-progress	82.34	61.92	85.53
Finished goods	1556.92	1821.96	1900.80
Stock-in-trade	426.57	429.37	568.85
[includes materials-in-transit 31st March 2018: ₹41.66; 31st March 2017: ₹2.06; 1st April 2016: ₹24.45]			
Stores and spares	345.80	287.52	252.12
[include materials-in-transit 31st March 2018: ₹1.16; 31st March 2017: ₹7.73; 1st April 2016: ₹2.92]			
	8272.33	**7873.95**	**5962.44**

(a) Inventories are hypothecated to secure the short-term and long-term borrowings (refer note no 47).

Note: 10 Investments

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Investments in fixed deposit measured at amortised cost			
Fixed deposit	3738.49	3652.00	300.00
Interest accrued on deposits	338.56	119.52	17.95
	4077.05	**3771.52**	**317.95**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 11 Trade receivables

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Secured - considered good	17.00	17.00	7.00
Unsecured - considered good	7592.59	7198.76	6077.38
	7609.59	**7215.76**	**6084.38**

(a) Trade receivables are hypothecated to secure the short-term and long-term borrowings (refer note no 47).

Note: 12 Cash and cash equivalents

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Cash and cash equivalents:			
Cash on hand	4.40	4.76	6.36
Foreign currency on hand	0.13	0.07	1.32
Fixed deposit having maturity of less than 3 months	-	240.00	-
Balances with banks:			
On current accounts	245.84	244.09	255.12
On cash credit accounts	106.92	94.14	39.02
	357.29	**583.06**	**301.82**

Note: 13 Other bank balances

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Deposits with original maturity of more than three months but less than 12 months	200.00	250.00	1248.00
	200.00	**250.00**	**1248.00**

Note: 14 Loans

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(Unsecured, considered good unless otherwise stated)			
Security deposits [refer (a) below]	66.42	64.98	55.24
Loans to employees	9.11	3.57	19.85
	75.53	**68.55**	**75.09**

(a) Include 31st March 2018: ₹12.60 (31st March 2017: ₹25.20, 1st April 2016: ₹25.20) one with a related party (refer note 49).

Note: 15 Other financial assets

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Insurance claims receivable	1.80	-	4.50
Interest accrued on deposits	9.73	11.54	3.15
Derivative assets	14.99	105.89	36.67
Advance for investment	20.00	-	-
Others receivables	2.38	4.05	2.64
	48.90	**121.48**	**46.96**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 16 Current tax asset (net)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Income tax (net)	24.08	3.63	3.05
	24.08	**3.63**	**3.05**

Note: 17 Other current assets

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Export incentives receivable	421.61	195.64	36.35
Advances for expenses	4.42	7.06	7.09
Advances to suppliers	56.15	68.33	180.75
Prepaid expenses	262.20	77.24	71.64
Stamps on hand	0.15	0.10	-
Deposit with excise department under appeal	-	25.40	23.64
Balances with statutory/government authorities	415.17	160.57	137.30
	1159.70	**534.34**	**456.77**

Note: 18 Equity share capital

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
AUTHORISED			
27,50,000 Equity Shares of ₹10/- each	275.00	275.00	275.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP			
20,00,000 Equity Shares (31st March, 2017: 20,00,000 Equity Shares, 1st April, 2016: 20,00,000 Equity Shares) of ₹10/- each fully paid-up in cash	200.00	200.00	200.00

(a) Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Balance outstanding at the beginning of the year	2000000	2000000	2000000
Balance outstanding at the end of the year	2000000	2000000	2000000

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

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

(c) Shares held by holding company:

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
14,93,000 Equity Shares (31st March, 2017: 14,93,000 Equity Shares, 1st April, 2016: 14,93,000 Equity Shares) held by Merino Industries Limited (MIL), the Holding Company	149.30	149.30	149.30

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 18 Equity share capital *(Contd.)*

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

Names of the shareholders	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No.of shares	%held	No.of shares	%held	No.of shares	%held
Merino Industries Limited	14,93,000	74.65	14,93,000	74.65	14,93,000	74.65
Merino Exports Private Limited	4,90,000	24.50	4,90,000	24.50	4,90,000	24.50
	19,83,000	**99.15**	**19,83,000**	**99.15**	**19,83,000**	**99.15**

Note: 19 Other equity

Particulars	As at 31st March 2018	As at 31st March 2017
Reserves and surplus:		
Securities premium reserve		
Balance as at the beginning of the year	300.00	300.00
Addition during the year	-	-
Balance as at the end of the year	**300.00**	**300.00**
General reserve		
Balance as at the beginning of the year	1987.76	1371.81
Add: Transfer from retained earnings	542.21	615.95
Balance as at the end of the year	**2529.97**	**1987.76**
Retained earnings		
Balance as at the beginning of the year	18790.63	13439.77
Add: Profit for the year	5422.06	6230.19
Amount available for appropriation	**24212.69**	**19669.96**
Less : Appropriations:		
Interim dividend on Equity Shares for the year	210.00	210.00
Dividend distribution tax on interim dividend on Equity Shares	42.75	42.75
Transfer to general reserve	542.21	615.95
	794.96	**868.70**
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	7.46	(10.63)
	23425.19	**18790.63**
	26255.16	**21078.39**

Nature and purpose of other reserves

Securities premium reserve

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

General reserve

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

Note: 20 Borrowings - non-current

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Secured			
Term loan			
From banks			
Indian rupee loans [refer (a) and (b) below]	1500.00	23.57	84.50
	1500.00	**23.57**	**84.50**
Less:- current maturities (payable within one year)	-	21.62	60.93
	1500.00	**1.95**	**23.57**

(a) Vehicle Loans are secured by way of hypothecation of the respective vehicle. These are repayable in maximum thirty six equal monthly instalments, repayment period thereof – from June, 2014 and in Feb, 2018, bearing interest rates varying from 10.20% p.a to 10.66% p.a.

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 20 Borrowings - non-current *(Contd.)*

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

Bank	31st March 2018	31st March 2017	1st April 2016	Nature of Securities	Repayment Terms
The Hong Kong and Sanghai Banking Corporation Limited	1500.00	-	-	Exclusive Charge on the Solar Plant along with land of the Company situated at Budak Village, Distt. Hissar, Haryana.	Repayable in twelve equal quarterly instalments with a two-year moratorium period. The first instalment will be due on 21st Feb 2020. Interest is payable monthly @ 7.35 % p.a. The amount of the quarterly instalments is ₹125 Lakhs each. Last instalment will be due on 21st November, 2022.
	1500.00	**-**	**-**		

Note: 21 Other financial liabilities - non-current

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Loyalty and bond monies payable	23.81	16.96	14.58
	23.81	**16.96**	**14.58**

Note: 22 Deferred tax liabilities (net)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Deferred tax liabilities			
Difference between written down value of block of assets as per income tax laws and book written down value of the property, plant and equipment	971.50	704.53	519.05
Derivative liability	4.92	37.38	12.56
Investments	26.67	7.50	0.55
Deferred tax assets	**1003.09**	**749.41**	**532.16**
Disallowance allowable for tax purpose on payment	19.11	44.62	36.00
	19.11	**44.62**	**36.00**
	983.98	**704.79**	**496.16**

Movement in deferred tax liabilities

	Property, plant and equipment	Financial assets at fair value through profit or loss	Provisions	Total
As at 1st April, 2016	519.05	13.11	(36.00)	496.16
Charged / (Credited):				
to profit and loss	185.48	31.77	(2.99)	214.26
to other comprehensive income	-	-	(5.63)	(5.63)
As at 31st March, 2017	**704.53**	**44.88**	**(44.62)**	**704.79**
Charged / (Credited):				
to profit and loss	266.97	(13.29)	21.51	275.19
to other comprehensive income	-	-	4.00	4.00
As at 31st March, 2018	**971.50**	**31.59**	**(19.11)**	**983.98**

(Rupees in lakhs, unless otherwise stated)

Note: 23 Borrowings

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Secured			
Working capital loan (refer (a) below)			
From banks:			
Overdraft / cash credit	16.50	-	4.03
Rupee packing credit loan	-	790.00	790.00
Others (refer (b) below)			
From banks:			
Bills discounted with banks	75.00	75.00	75.00
	91.50	**865.00**	**869.03**

(a) Working capital loans are secured by way of:

i) Primary security : Hypothecation of the trade receivable and inventories of the Company on *pari-passu* basis, both present and future.

ii) Collateral : Charge over all property, plant and equipment including capital work-in-progress of the Company both present and future, on *pari-passu* basis.

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

Note: 24 Trade payables

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Total outstanding dues of micro, small and medium enterprises (refer note 48)	-	-	-
Total outstanding dues of creditor other than those from micro, small and medium enterprises	4443.83	3793.91	2225.13
	4443.83	**3793.91**	**2225.13**

Note: 25 Other financial liabilities

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Current maturities of long-term debt (refer Note 20)	-	21.62	60.93
Interest accrued but not due on borrowings	0.30	0.35	0.62
Liabilities for purchase of capital assets	926.89	60.10	102.00
Employee benefits payable	501.01	447.47	358.44
Payable to holding company	256.65	261.69	206.75
Deposits from customers	18.00	18.00	8.25
Other payables	231.89	187.92	210.73
	1934.74	**997.15**	**947.72**

Note: 26 Employee benefits obligations

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Leave obligations	103.31	73.57	57.77
Gratuity [refer note 38(iv)]	106.21	81.56	53.37
	209.52	**155.13**	**111.14**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 27 Other current liabilities

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Liabilities under litigation	-	25.40	23.63
Advances from customers	184.68	139.90	252.01
Statutory dues	96.19	340.29	283.58
	280.87	**505.59**	**559.22**

Note: 28 Current tax liabilities (Net)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Provision for income tax (Net)	2.04	158.33	48.42
	2.04	**158.33**	**48.42**

Note: 29 Revenue from operations

Particulars	2017-18	2016-17
(i) Sale of products		
Domestic	29762.79	27425.65
Export	14834.58	14300.78
	44597.37	**41726.43**
(ii) Sale of services		
Income from job work	28.02	40.02
(iii) Other operating revenue		
Export incentives	460.82	337.72
Scrap sales	150.26	135.13
Revenue from operations	**45236.47**	**42239.30**

Note: 30 Other income

Particulars	2017-18	2016-17
(i) Interest Income from financial assets at amortised cost		
On bank and other deposits	383.57	285.51
On loans to others	0.66	1.74
(ii) Claims from insurance company	28.34	22.62
(iii) Provision/liabilities no longer required written back	24.35	82.61
(iv) Profit on sale of tangible assets	5.92	8.25
(v) Recovery of bad debts	2.07	1.27
(vi) Refund of tax paid under protest	25.48	-
(vii) Miscellaneous Income	24.55	19.72
(viii) Fair value changes of financial assets measured at FVTPL	54.65	20.87
(ix) Fair value changes of derivative measured at FVTPL	(95.83)	72.29
(x) Profit on sale of investment measured at FVTPL	0.64	0.20
(xi) Net gain on foreign currency transactions and translation	526.66	493.12
(xii) Interest on income tax provision written back	8.78	-
	989.84	**1008.20**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 31 Cost of materials consumed

Particulars	2017-18	2016-17
Raw Materials Consumed		
Opening stock	5273.18	3155.14
Purchases during the year	22878.98	19827.68
	28152.16	**22982.82**
Less: cost of materials sold	766.12	390.97
	27386.04	**22591.85**
Less: closing stock	5860.70	5273.18
	21525.34	**17318.67**

Note: 32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	2017-18	2016-17
Opening Stock		
Work-in-progress	61.92	85.53
Finished goods	1821.96	1900.80
Stock-in-trade	429.37	568.85
	2313.25	**2555.18**
Less: Closing Stock		
Work-in-progress	82.34	61.92
Finished goods	1556.92	1821.96
Stock-in-trade	426.57	429.37
	2065.83	**2313.25**
	247.42	**241.93**

Note: 33 Employee benefits expenses

Particulars	2017-18	2016-17
Salaries, wages, bonus etc.	3769.09	3147.86
Contribution to provident and other funds [refer (a) below]	293.89	229.43
Workmen and staff welfare	126.64	89.60
	4189.62	**3466.89**

(a) The Company has recognized an expense of ₹153.63 (31st March 2017 - ₹136.58 Lakhs) towards the defined contribution plan.

Note: 34 Finance costs

Particulars	2017-18	2016-17
Interest expense	36.53	51.70
Interest on shortfall in payment of advance tax	-	23.74
Other borrowing costs	15.85	41.12
	52.38	**116.56**

Note: 35 Depreciation and amortisation expense

Particulars	2017-18	2016-17
Depreciation and amortisation of property, plant and equipment (Including Leasehold Land)	968.17	878.34
Amortisation of intangible assets	41.78	25.12
	1009.95	**903.46**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 36 Other expenses

Particulars	2017-18	2016-17
Consumption of stores and spare parts	585.05	496.56
Power and fuel	1818.28	1373.01
Rent	205.29	171.49
Rates and taxes	113.43	247.57
Repairs to :		
Buildings	50.27	22.27
Plant and machinery	228.95	163.86
Others	95.71	78.65
Legal and professional charges	197.94	149.05
Vehicle upkeep	229.00	224.34
Carriage outward	883.01	672.59
Packing and forwarding	577.28	543.44
Insurance charges	119.47	93.11
Commission charges	307.17	260.88
Printing and stationery	18.43	15.82
Postage and courier	13.88	16.47
Advertisement and business promotion	709.43	533.96
Travel expenses	142.88	121.60
Communication expense	59.42	40.44
Excise duty [refer (a) below]	(56.73)	(7.54)
Bad debts and advances written off	0.74	7.11
Payments to the auditors [refer (b) below]	16.15	16.81
Bank charges and commission	28.40	34.43
Loss on sale/disposal of tangible assets	9.88	19.30
CSR expense [refer note (d)]	138.50	94.31
Charity and donation	495.22	686.75
Miscellaneous expenses (include share of common expenses reimbursed to the Holding Company) [refer (c) below]	575.97	531.90
	7563.02	**6608.18**

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

(b) Amount paid / payable to the auditors

	2017-18	2016-17
As statutory auditors :		
Statutory audit fees	11.85	11.35
Tax audit fees	2.75	4.00
Other matters (certificates)	0.29	0.33
Reimbursement of expenses	0.56	0.33
As cost auditors :		
Audit fees	0.20	0.30
As secretarial auditors :		
Audit fees	0.50	0.50
	16.15	**16.81**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 36 Other expenses *(Contd.)*

(c) Share of common expenses reimbursed to the Holding Company

	2017-18	2016-17
Salaries, wages, bonus etc.	145.60	126.91
Contribution to provident and other funds	14.15	35.59
Workmen and staff welfare	1.49	2.07
Rent	4.81	4.85
Repairs to others	5.71	10.27
Legal and professional charges	11.66	12.55
Vehicle upkeep	1.55	2.06
Insurance	2.11	4.93
Printing and stationery	2.39	1.24
Advertisement, publicity and sales promotion	11.08	6.67
Travel expenses	34.56	34.37
Communication expenses	9.39	8.68
Miscellaneous expenses	12.15	11.50
Total	**256.65**	**261.69**

(d) Corporate social responsibility expense

	2017-18	2016-17
The Company undertook Corporate Social Responsibility ('CSR') programme and activities directly through the Group managed trust (Sri Hara Kasturi Memorial Trust) registered under the Income Tax Act and also through direct donations to Ramakrishna Mission Sevashram Vrindaban and Bharat Lok Siksha Parisad:		
(a) Gross amount required to be spent by the company during the year	138.50	94.31
(b) Amount spent by the Company through those trusts / direct donation:		
Construction / acquisition of any asset	-	-
On purpose other than the above	138.50	94.31

Note : 37 Tax expense

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

(a) Income tax expense

Particulars	31st March, 2018	31st March, 2017
Current tax		
Current tax on profits for the year	2831.73	3212.18
Total current tax expense	**2831.73**	**3212.18**
Deferred tax		
Deferred tax for the year	275.18	214.27
Total deferred tax expense/(benefit)	**275.18**	**214.27**
Income tax expense	**3106.91**	**3426.45**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

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

Particulars	31st March, 2018	31st March, 2017
Profit before tax	8528.97	9656.64
Tax at the rate of 34.608% (2016-17 – 34.608%)	**2951.71**	**3341.97**
Reasons for differences are indicated below		
Expenditure disallowed under tax laws	106.48	44.57
Weighted deduction	51.60	32.07
Others	(2.88)	7.83
Total income tax expense	**3106.90**	**3426.45**

Note : 38 - Employee benefit obligations

(i) Leave obligations

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

(ii) Post-employment obligations

a) Gratuity

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

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

b) Provident fund

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

(iii) Other long-term employment benefits (unfunded)

Other long-term employee benefits are actuarially determined (using the Projected Unit Credit Method) at the end of each year.

(iv) Balance sheet recognition

a) Gratuity

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

(Rupees in lakhs, unless otherwise stated)

Note : 38 - Employee benefit obligations *(Contd.)*

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2016	200.27	146.90	53.37
Current service cost	50.72	-	50.72
Interest expense and income	14.42	11.02	3.40
Total amount recognised in profit or loss	**65.14**	**11.02**	**54.12**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	3.80	(3.80)
Actuarial loss from change in financial assumptions	19.53	-	19.53
Actuarial loss from unexpected experience	0.53	-	0.53
Total amount recognised in other comprehensive income	**20.06**	**3.80**	**16.26**
Employer's contributions / premium paid	-	42.19	(42.19)
Benefit payments	16.13	16.13	-
31st March 2017	**269.34**	**187.78**	**81.56**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2017	269.34	187.78	81.56
Current service cost	63.67	-	63.67
Interest expense and income	20.32	14.46	5.86
Past service cost	21.70	-	21.70
Total amount recognised in profit or loss	**105.69**	**14.46**	**91.23**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	(0.84)	0.84
Actuarial gain from change in financial assumptions	(10.55)	-	(10.55)
Actuarial gain from unexpected experience	(1.75)	-	(1.75)
Total amount recognised in other comprehensive income	**(12.30)**	**(0.84)**	**(11.46)**
Employer's contributions / premium paid	-	(55.12)	55.12
Benefit payments	10.91	10.91	-
31st March 2018	**351.82**	**245.61**	**106.21**

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

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

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 38 - Employee benefit obligations *(Contd.)*

(vi) Sensitivity analysis

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

Particulars	Impact on defined benefit obligation			
	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate **(-/+ 0.5%)**	327.21	379.02	249.81	291.01
% change compared to base due to sensitivity	-6.99%	7.73%	-7.25%	8.05%
Salary growth rate **(-/+ 0.5%)**	377.30	328.54	289.44	250.61
% change compared to base due to sensitivity	7.24%	-6.62%	7.46%	-6.95%
Attrition rate **(-/+ 0.5%)**	351.68	351.96	269.18	269.50
% change compared to base due to sensitivity	-0.04%	0.04%	-0.06%	0.06%
Life expectancy/ mortality rate **(-/+ 10%)**	351.93	351.71	269.39	269.29
% change compared to base due to sensitivity	0.03%	-0.03%	0.02%	-0.02%

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

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

(vii) The major categories of plan assets

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

(viii) Risk exposure

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

Investment risk:

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

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

Interest risk:

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

Life expectancy:

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

Salary growth risk:

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

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plan for the year ended 31st March 2019 is ₹443.64.

The weighted average duration of the defined benefit obligation is 21 years (31st March 2017 – 21 years, 1st April 2016 - 17 years).

(Rupees in lakhs, unless otherwise stated)

Note : 38 - Employee benefit obligations *(Contd.)*

The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
31st March 2018			
Defined benefit obligation (gratuity)	5.10	49.96	1348.41
Total	**5.10**	**49.96**	**1348.41**
31st March 2017			
Defined benefit obligation (gratuity)	7.61	35.23	1046.81
Total	**7.61**	**35.23**	**1046.81**
1st April 2016			
Defined benefit obligation (gratuity)	9.86	28.87	850.55
Total	**9.86**	**28.87**	**850.55**

Note : 39 - Capital management

(a) Risk management

The company's objectives when managing capital are to:

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

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

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

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

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

The amount mentioned under total equity in balance sheet is considered as Capital.

Debt Equity Ratio

Particulars	31st March, 2018	31st March, 2017	1st April 2016
Debt equity ratio	0.06	0.00	0.01

(b) Dividend

Particulars	31st March 2018	31st March 2017
(i) Equity shares		
Interim dividend for the year ended 31st March 2018 of ₹10.50 (31st March 2017 – ₹10.50) per fully paid share	210.00	210.00
Dividend distribution tax on interim dividend on Equity Shares	42.75	42.75

Note : 40 - Fair value measurements

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

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

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 40 - Fair value measurements *(Contd.)*

Financial instruments by category

Particulars	31st March 2018			31st March 2017			1st April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments	2699.80	-	-	622.82	-	-	101.75	-	-
Security deposits	-	-	189.13	-	-	181.54	-	-	171.59
Loans to employees	-	-	10.11	-	-	6.87	-	-	28.55
Fixed deposits	-	-	4078.05	-	-	3772.52	-	-	318.95
Trade receivables	-	-	7609.59	-	-	7215.76	-	-	6084.38
Cash and cash equivalents	-	-	357.29	-	-	583.06	-	-	301.82
Other bank balances	-	-	200.00	-	-	250.00	-	-	1248.00
Derivative assets	14.99	-	-	105.89	-	-	36.67	-	-
Other financial assets	-	-	33.91	-	-	15.59	-	-	10.29
Total financial assets	**2714.79**	**-**	**12478.08**	**728.71**	**-**	**12025.34**	**138.42**	**-**	**8163.58**
Financial liabilities									
Borrowings and Interest	-	-	1591.80	-	-	888.92	-	-	954.15
Trade payables	-	-	4443.83	-	-	3793.91	-	-	2225.13
Loyalty and bond monies payable	-	-	23.81	-	-	16.96	-	-	14.58
Liabilities for purchase of capital assets	-	-	926.89	-	-	60.10	-	-	102.00
Employee benefits payable	-	-	501.01	-	-	447.47	-	-	358.44
Payable to holding company	-	-	256.65	-	-	261.69	-	-	206.75
Deposits from customers	-	-	18.00	-	-	18.00	-	-	8.25
Other payables	-	-	231.89	-	-	187.92	-	-	210.73
Total financial liabilities	**-**	**-**	**7993.88**	**-**	**-**	**5674.97**	**-**	**-**	**4080.03**

(i) Fair value hierarchy

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

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

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

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

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

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

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 40 - Fair value measurements *(Contd.)*

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

Particulars	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:									
Investments	2699.80	-	-	622.82	-	-	101.75	-	-
Derivative financial assets	-	14.99	-	-	105.89	-	-	36.67	-
	2699.80	**14.99**	**-**	**622.82**	**105.89**	**-**	**101.75**	**36.67**	**-**

(iv) Biological assets other than bearer plants

This Note explains the judgments and estimates made in determining the fair values of the biological assets other than bearer plants that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its biological assets other than bearer plants into level 3 in the fair value hierarchy.

Biological assets other than bearer plants for which fair value (less cost to sell) are disclosed as below:

Particulars	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Biological assets	-	-	1.53	-	-	0.90	-	-	-
	-	**-**	**1.53**	**-**	**-**	**0.90**	**-**	**-**	**-**

(v) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31st March 2018		31st March 2017		1st April 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Borrowing	1500.00	1368.04	23.57	23.57	84.50	84.50
Total financial liabilities	**1500.00**	**1368.04**	**23.57**	**23.57**	**84.50**	**84.50**

(vi) Valuation techniques used to determine fair value

(a) Non-current financial assets represent security deposits which do not have a fixed maturity period and these are primarily in the nature of utility deposits. Hence these are considered to be at their respective fair values at the reporting period.

(b) Fair value of borrowings is estimated by discounting expected future cash flows using a current borrowing rate.

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

(vii) Significant estimates

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

Note : 41 - Financial risk management

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

(A) Credit risk

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

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 41 - Financial risk management *(Contd.)*

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

i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 45 to 90 days' credit terms. The Company has a detailed review mechanism of overdue trade receivables at various levels within the organisation to ensure proper attention and focus for realisation. Further the Company receives on selective basis security deposit from its customers which mitigates the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

Ageing of trade receivables

Particulars	Not past due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivables as at 31st Mar 2018	5339.17	2248.93	21.49	-	-	**7609.59**
Trade receivables as at 31st Mar 2017	4686.74	2527.25	1.77	-	-	**7215.76**
Trade receivables as at 1st Apr 2016	4001.02	2081.02	2.34	-	-	**6084.38**

ii) Financial instruments and deposits

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

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2018, 31st March, 2017 and 1st April 2016 is the carrying amounts as indicated in Note 41B.

(B) Liquidity risk

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

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

(i) Financing arrangements

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

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Expiring within one year (bank overdraft and other facilities)	2508.50	1210.00	1205.97
	2508.50	**1210.00**	**1205.97**

(Rupees in lakhs, unless otherwise stated)

Note : 41 - Financial risk management *(Contd.)*

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

(i) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities 31st March 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Trade payables	4443.83	-	-	-	4443.83
Borrowings	91.50	1125.00	375.00	-	1591.50
Interest on borrowings	109.05	236.25	10.65	-	355.95
Loyalty and bond monies payable	-	23.81	-	-	23.81
Liabilities for purchase of capital assets	926.89	-	-	-	926.89
Employee benefits payable	501.01	-	-	-	501.01
Payable to holding company	256.65	-	-	-	256.65
Deposits from customers	18.00	-	-	-	18.00
Other payables	231.89	-	-	-	231.89
Total financial liabilities	**6578.82**	**1385.06**	**385.65**	**-**	**8349.53**

Contractual maturities of financial liabilities 31st March 2017	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Trade payables	3793.91	-	-	-	3793.91
Borrowings	886.62	1.95	-	-	888.57
Interest on borrowings	1.33	0.03	-	-	1.36
Loyalty and bond monies payable	-	16.96	-	-	16.96
Liabilities for purchase of capital assets	60.10	-	-	-	60.10
Employee benefits payable	447.47	-	-	-	447.47
Payable to holding company	261.69	-	-	-	261.69
Deposits from customers	18.00	-	-	-	18.00
Other payables	187.92	-	-	-	187.92
Total financial liabilities	**5657.04**	**18.94**	**-**	**-**	**5675.98**

Contractual maturities of financial liabilities 1st April 2016	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Trade payables	2225.13	-	-	-	2225.13
Borrowings	929.96	23.57	-	-	953.53
Interest on borrowings	5.69	1.01	-	-	6.70
Loyalty and bond monies payable	-	14.58	-	-	14.58
Liabilities for purchase of capital assets	102.00	-	-	-	102.00
Employee benefits payable	358.44	-	-	-	358.44
Payable to holding company	206.75	-	-	-	206.75
Deposits from customers	8.25	-	-	-	8.25
Other payables	210.73	-	-	-	210.73
Total financial liabilities	**4046.95**	**39.16**	**-**	**-**	**4086.11**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 41 - Financial risk management *(Contd.)*

(C) Market risk

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

(i) Foreign currency risk

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

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

Foreign currency risk exposure

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

	As at 31st March 2018			
	USD	EUR	Yen	GBP
Financial assets				
Trade receivables	2272.17	44.45	-	198.42
Derivatives	(1922.81)	-	-	-
Financial liabilities				
Trade payables	830.52	1005.40	91.58	-
Derivatives	(482.41)	-	-	-
Net exposure to foreign currency risk	**1.25**	**(960.95)**	**(91.58)**	**198.42**

	As at 31st March 2017			
	USD	EUR	Yen	GBP
Financial assets				
Trade receivables	2199.71	76.91	-	135.91
Derivatives	(1653.68)	-	-	-
Financial liabilities				
Trade payables	1224.56	712.40	97.17	-
Derivatives	(331.43)	(122.66)	-	-
Net exposure to foreign currency risk	**(347.10)**	**(512.83)**	**(97.17)**	**135.91**

	As at 1st April 2016			
	USD	EUR	Yen	GBP
Financial assets				
Trade receivables	1943.41	-	-	150.84
Derivatives	(1888.41)	-	-	-
Financial liabilities				
Trade payables	129.23	791.81	67.09	-
Derivatives	(269.72)	(61.08)	-	-
Net exposure to foreign currency risk	**195.49**	**(730.73)**	**(67.09)**	**150.84**

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 41 - Financial risk management *(Contd.)*

Sensitivity

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

	Impact on profit before tax		Impact on other components of equity	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
USD sensitivity				
INR depreciates by 8% (31st March 2017 - 5%)*	0.10	(17.35)	0.07	(11.35)
INR appreciates by 8% (31st March 2017 - 5%)*	(0.10)	17.35	(0.07)	11.35
EURO sensitivity				
INR depreciates by 3% (31st March 2017 - 3%)*	(28.83)	(15.38)	(18.85)	(10.06)
INR appreciates by 3% (31st March 2017 - 3%)*	28.83	15.38	18.85	10.06
GBP sensitivity				
INR depreciates by 3% (31st March 2017 - 3%)*	5.95	4.08	3.89	2.67
INR appreciates by 3% (31st March 2017 - 3%)*	(5.95)	(4.08)	(3.89)	(2.67)
Yen sensitivity				
INR depreciates by 3% (31st March 2017 - 3%)*	(2.75)	(2.92)	(1.80)	(1.91)
INR appreciates by 3% (31st March 2017 - 3%)*	2.75	2.92	1.80	1.91

* Assuming all other variables to be constant

(ii) Interest rate risk

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

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

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

(a) Interest rate risk exposure

On financial liabilities:

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

Particulars	31st March 2018	31st March 2017	1st April 2016
Variable rate borrowings	91.50	865.00	869.03
Fixed rate borrowings	1500.00	23.57	84.50
Total borrowings	**1591.50**	**888.57**	**953.53**

(b) Sensitivity

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

	Impact on profit before tax		Impact on other components of equity	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Interest expense rates – increase by 50 basis points (50 bps)*	(0.46)	(4.33)	(0.30)	(2.83)
Interest expense rates – decrease by 50 basis points (50 bps)*	0.46	4.33	0.30	2.83

* Assuming all other variables to be constant

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note : 41 - Financial risk management *(Contd.)*

(iii) Price risk

(a) Exposure

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

(b) Sensitivity

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

	Impact on profit before tax		
	31st March 2018	31st March 2017	1st April 2016
Mutual fund value - Increase 7% (7%)*	188.99	43.60	7.12
Mutual fund value - Decrease 7% (7%)*	(188.99)	(43.60)	(7.12)

* Assuming all other variables to be constant

Note : 42 - Segment reporting

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

The reporting segments of the Company are as below:

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

b) Panel Products — Comprises manufacturing and selling of Panel Boards and Plywoods.

c) Others represent all unallocable items not included in segments

d) Geographical segments considered for disclosure are
(i) Sales within India
(ii) Sales outside India

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

Particulars	Laminate	Panel Products	Other (unallocable)	Elimination	Total
Segment revenue					
Revenue	41032.07	3888.49	1598.09	(292.34)	46226.31
	41032.07	**3888.49**	**1598.09**	**(292.34)**	**46226.31**
Segment results [profit/(loss) before interest and tax]	8955.46	516.95	(891.04)	-	8581.37
Finance cost	40.04	1.12	11.24	-	52.40
Profit/(Loss) before tax	**8915.42**	**515.83**	**(902.28)**	**-**	**8528.97**
Non cash expenses other than depreciation and amortisation	0.74	-	-	-	0.74
Segment assets	25427.70	1498.53	8999.22	-	35925.45
Segment liabilities	5135.39	173.82	4161.08	-	9470.29
Segment capital expenditure	4849.78	21.82	-	-	4871.60
Segment depreciation and amortisation	953.71	52.87	3.37	-	1009.95

Notes to the Financial Statements

Note : 42 - Segment reporting *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

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

Particulars	Laminate	Panel Products	Other (unallocable)	Elimination	Total
Segment revenue					
Revenue	38404.10	3126.02	1961.39	(244.01)	43247.50
	38404.10	**3126.02**	**1961.39**	**(244.01)**	**43247.50**
Segment results [profit/(loss) before interest and tax]	10266.25	594.97	(1088.01)	-	9773.21
Finance cost	59.47	1.78	55.32	-	116.57
Profit/(Loss) before tax	**10206.78**	**593.19**	**(1143.33)**	**-**	**9656.64**
Non cash expenses other than depreciation and amortisation	6.69	0.42	-	-	7.11
Segment assets	20530.63	1554.22	6392.35	-	28477.20
Segment liabilities	4528.36	240.17	2430.28	-	7198.81
Segment capital expenditure	2415.24	26.03	-	-	2441.27
Segment depreciation and amortisation	858.79	42.65	2.02	-	903.46

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
India	29793.64	26985.33
Outside India	14834.58	14300.78
	44628.22	**41286.11**

(b) Carrying amount of segment assets:

Particulars	31st March 2018	31st March 2017
India	24315.56	19618.86
Outside India	2610.67	2465.99
	26926.23	**22084.85**

Entity wide disclosures

Company has one customer which accounting for 12.83% (31st March 2017 11.31%) of total revenue of the Company.

All non-current assets of the Company (excluding financial assets) are located in India.

Note: 43 Earnings per share

Particulars		31st March 2018	31st March 2017
(i) Basic			
Number of equity shares at the beginning of the year		20,00,000	20,00,000
Number of equity shares at the end of the year		20,00,000	20,00,000
Weighted average number of equity shares outstanding during the year	(A)	20,00,000	20,00,000
Nominal value of each equity Share (₹)		10	10
Profit / (Loss) for the year (₹ in lakhs)	(B)	5429.52	6219.56
Earnings per share (Basic) (₹)	(B/A)	271.48	310.98
(ii) Diluted			
Weighted average number of equity shares outstanding during the year		20,00,000	20,00,000
Earnings per share (Diluted) (₹)		271.48	310.98

Notes to the Financial Statements

(Rupees in lakhs, unless otherwise stated)

Note: 44 Contingent liabilities

Particulars	31st March 2018	31st March 2017	1st April 2016
(a) Claims against the Company not acknowledged as debts:			
Disputed tax and duty for which the Company has preferred appeals before appropriate authority :			
Income tax	778.06	783.63	783.63
Sales tax	5.30	9.19	5.30
Excise duty (including penalty ₹223.42) and (paid under protest ₹23.64 Lakhs, 1st April 2016 ₹23.64)	-	538.55	538.55
Service tax (including penalty ₹23.52) and (paid under protest ₹1.76, 1st April ,2016 ₹ Nil)	-	47.03	-
	783.36	**1378.40**	**1327.48**

In respect of the contingent liabilities mentioned in (a) above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any. The Company does not expect any reimbursements in respect of the above contingent liabilities.

Note: 45 Capital and other commitments

Particulars	31st March 2018	31st March 2017	1st April 2016
(a) Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	635.05	313.40	527.77
(b) Other commitments			
The Company has imported capital goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty with an undertaking to fulfill quantified export.Certificate for fulfillment of ₹1318.11 (31st March 2017 : ₹508.20; 1st April 2016: ₹529.17) is yet to be received.	231.42	581.21	725.86
Obligation against advance licenses	449.75	263.30	1528.04
Outstanding letter of credit	1166.03	1106.64	904.39
TOTAL	**2482.25**	**2264.55**	**3686.06**

Note: 46 Operating leases

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.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Rental expense relating to operating leases	31st March 2018	31st March 2017
Total rental expense relating to operating leases	205.29	171.49

Note: 47 Assets pledged as security

The carrying amount of assets pledged as security for current and non current borrowing are:

Particulars	31st March 2018	31st March 2017	1st April 2016
Current			
Financial assets			
Trade receivables	7609.59	7215.76	6084.38
Non-financial assets			
Inventories	8272.33	7873.95	5962.44
Total current assets pledged as security	**15881.92**	**15089.71**	**12046.82**

(Rupees in lakhs, unless otherwise stated)

Note: 47 Assets pledged as security *(Contd.)*

Particulars	31st March 2018	31st March 2017	1st April 2016
Non- Current			
Property, plant and equipment	10731.11	6924.57	5372.76
Capital work-in-progress	182.56	139.47	231.33
Total non current assets pledged as security	**10913.67**	**7064.04**	**5604.09**
Total assets pledged as security	**26795.59**	**22153.75**	**17650.91**

Note: 48 Details relating to micro, small and medium enterprises

The company has not received any intimation from its suppliers being registered under micro, small and medium enterprises Development Act,2006 (MSME).Hence the necessary disclosure required under MSME Act,2006 cannot be made.

Note: 49 Related party transactions

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

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

SN	Name	Relationship
a)	**Holding Company**	
	Merino Industries Limited	
b)	**Enterprise having substantial interest in the Company**	
	Merino Exports Private Limited	
c)	**Key management personnel (KMP)**	
	Mr. Manoj Lohia	Whole time Director
	Mr. Deepak Lohia	Whole time Director
	Mr. Champalal Lohia	Director
	Mr. Rup Chand Lohia	Director
	Ms. Ruchira Lohia	Director
	Mr. Prakash Lohia	Director
	Mr. Bikash Lohia	Director
	Mr. Asok Kumar Parui	Director and Company Secretary
	Mr. Anil Jajoo	Director
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sujitendra Krishna Deb	Independent Director
	Mr. Sisir Kumar Chakrabarti	Independent Director
	Mr. Amar Nath Roy (expired on 12-06-2017)	Independent Director
d)	**Relatives of KMP**	
	Mr. Prasan Lohia	Son of Shri Rup Chand Lohia
	Mr. Madhusudan Lohia	Son of Shri Prakash Lohia
	Mrs. Shashi Lohia	Wife of Shri Bikash Lohia
	The Estate of Late Man Kumar Lohia	The estate of the of late father of Shri Prakash Lohia
e)	**Entities over which KMP 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 Limited.	

Notes to the Financial Statements

Note: 49 Related party transactions *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

ii) Transactions during the year with related parties:

Sl. No.	Related Party	Relationship	Outstanding as at 31st March 2018	Outstanding as at 31st March 2017	Outstanding as at 1st April 2016	Payable/ receivable/ others	Nature of Transactions	2017-2018	2016-2017
1	Merino Industries Limited	Holding Company	-	289.46	-	Trade receivables	Revenue from operations	2483.24	2367.27
			99.54	-	237.17	Trade payables	Sale of tangible assets and intangible assets	-	2.08
			256.65	261.69	-	Other financial liablity	Purchase of tangible assets and intangible assets	9.64	5.49
			-	-	-		Purchases / material consumed	2592.33	2203.41
			-	-	-		Repair charges paid	110.96	101.62
			-	-	-		Royalty on trade mark paid	0.59	0.58
				-	-		Rent, other charges and reimbursement paid	265.59	282.03
			-	-	-		Rent, other charges and reimbursement received	1.12	2.69
			-	-	-		Dividend paid / payable	156.77	156.76
2	Merino Exports Private Limited	Enterprise having substantial interest in the Company	-	-	0.63	Trade payables	Revenue from operations	2.80	1.48
			-	-			Rent, other charges and reimbursement paid	52.41	45.40
			-	-	-		Dividend paid / payable	51.45	51.45
3	Merino Services Limited	Entities over which KMP together with their relatives have significant influence	157.68	2.23	13.54	Trade payables	Professional fees	39.11	42.62
			-	-	-		Software charges	154.24	81.37
			-	-	-		Purchase of tangible assets and intangible assets	0.79	98.10
			-	-	-		Revenue from operations	0.06	-
			-	-	-		Rent, other charges and reimbursement received	0.29	0.97
4	The Estate of Late Man Kumar Lohia	Relative of KMP	-	-	-		Dividend paid / payable	-	0.11
5	Mankumar Lohia and Brothers	Entities over which KMP together with their relatives have significant influence	-	0.30	0.43	Trade payables	Rent, other charges and reimbursement paid	41.10	38.55
			12.60	25.20	25.20	Trade receivables	Refund of secuirty deposit	12.60	-
6	Mrs. Shashi Lohia	Relative of KMP	-	-	-		Rent, other charges and reimbursement paid	1.68	1.68
7	MS. Ruchira Lohia	KMP	-	-	-		Dividend paid / payable	0.18	0.18
8	Mr. Bikash Lohia	KMP	-	-	-		Dividend paid / payable	0.26	0.26
9	Mr. Champa Lal Lohia	KMP	-	-	-		Dividend paid / payable	0.11	0.11

Notes to the Financial Statements

Note: 49 Related party transactions *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

ii) Transactions during the year with related parties:

Sl. No.	Related Party	Relationship	Outstanding as at 31st March 2018	Outstanding as at 31st March 2017	Outstanding as at 1st April 2016	Payable/ receivable/ others	Nature of Transactions	2017-2018	2016-2017
10	Mr. Deepak Lohia	KMP	-	-	-		Directors' remuneration / benefits	119.66	85.05
			-	-	-		Dividend paid / payable	0.24	0.24
11	Mr. Gautam Bhattacharjee	Independent Director	-	-	-		Sitting fees	1.20	1.00
12	Mr. Sujitendra Krishna Deb	Independent Director	-	-	-		Sitting fees	0.50	1.00
13	Mr. Sisir Kumar Chakrabarti	Independent Director	-	-	-		Sitting fees	1.10	1.00
14	Mr.Amar Nath Roy	Independent Director	-	-	-		Sitting fees	-	0.80
15	Mr. Madhusudan Lohia	Relative of KMP	-	-	-		Dividend paid / payable	0.39	0.29
16	Mr. Manoj Lohia	KMP	-	-	-		Directors' remuneration / benefits	120.61	85.06
			-	-	-		Dividend paid / payable	0.20	0.20
17	Mr. Prakash Lohia	KMP	-	-	-		Dividend paid / payable	0.11	0.10
18	Mr. Prasan Lohia	Relative of KMP	-	-	-		Dividend paid / payable	0.20	0.20
19	Mr. Rup Chand Lohia	KMP	-	-	-		Dividend paid / payable	0.11	0.10
20	Sri Hara Kasturi Memorial Trust *	Entities over which KMP together with their relatives have significant influence	-	-	-		Donation paid	23.00	206.69
							Donation for corporate social responsibilty expenditure	-	94.31
			-	-	-		Revenue from operations	0.05	0.97
21	Sri Premchand Lohia Memorial Trust	Entities over which KMP together with their relatives have significant influence	-	-	-		Donation paid	276.00	100.00
22	Anupriya Marketing Limited	Entities over which KMP together with their relatives have significant influence	37.68	52.62	9.08	Trade payables	Marketing service provider fee	296.22	243.07

Notes to the Financial Statements

Note: 49 Related party transactions *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

KMP compensation	31st March 2018	31st March 2017
Short-term employee benefits	207.61	169.26
Post-employment benefits	32.66	0.85
Total compensation	**240.27**	**170.11**

Note: 50 First time adoption

Transition to Ind AS

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

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

A. Exemptions and exceptions availed

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

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

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

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

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

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

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

Investment in equity instruments carried at FVTPL

A.2.2 Classification and measurement of financial assets

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

A.2.3 De-recognition of financial assets and liabilities

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

Notes to the Financial Statements

Note: 50 First time adoption *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

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

B. Reconciliations between previous GAAP and Ind AS

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

B.1 Reconciliation of total equity

Particulars	Notes	Amount as at 1st April 2016
Equity as per previous GAAP		**15286.79**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C1	1.05
Adjustment on account of fair valuation of derivatives	C2	37.07
Balance of equity as on 1st April 2016 as per Ind AS (before tax)		**15324.91**
Tax impact on the above	C3	13.33
Balance of equity as per Ind AS		**15311.58**

Particulars	Notes	Amount as at 31st March 2017
Equity as per previous GAAP		**21193.57**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C1	21.13
Adjustment on account of fair valuation of derivatives	C2	108.79
Balance of equity as on 31st March 2017 as per Ind AS (before tax)		**21323.49**
Tax impact on the above	C3	(45.10)
Balance of equity as per Ind AS		**21278.39**

B.2 Reconciliation of total comprehensive income

Particulars	Notes	Year Ended 31st March 2017
Net profit as per previous GAAP		**6159.53**
Re-measurements on transition to Ind AS		
Fair valuation of investment	C1	20.08
Adjustment on account of fair valuation of derivatives	C2	71.72
Remeasurement of post employement benefits	C4	16.26
Tax impact on above adjustments	C3	(37.40)
Net profit as per Ind AS		**6230.19**
Other comprehensive income		(10.63)
Total comprehensive income as per Ind AS		**6219.56**

Notes to the Financial Statements

Note: 50 First time adoption *(Contd.)* (Rupees in lakhs, unless otherwise stated)

B.3 Reconciliation of statement of cash flow

Particulars	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017
Net cash generated from operating activities	5753.31	(0.10)	5753.21
Net cash used in investing activities	(5301.17)	240.00	(5061.17)
Net cash used in financing activities	(410.80)	-	(410.80)
Net increase in cash and cash equivalents			
Cash and cash equivalents as at 1st April 2016	301.82	-	301.82
Cash and cash equivalents as at 31st March 2017	343.16	239.90	583.06

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

	Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
			Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS								
(1)	**Non-current assets**							
(a)	Property, plant and equipment		6924.57	-	6924.57	5372.76	-	5372.76
(b)	Capital work-in-progress		139.47	-	139.47	231.33	-	231.33
(c)	Other intangible assets		117.01	-	117.01	61.23	-	61.23
(d)	Intangible assets under development		72.82	-	72.82	87.04	-	87.04
(e)	Biological assets other than bearer plants	C10	-	0.90	0.90	-	-	-
(f)	Financial assets							
	(i) Investments	C1	601.14	21.68	622.82	100.15	1.60	101.75
	(ii) Loans		119.86	-	119.86	125.05	-	125.05
	(iii) Other financial assets		1.00	-	1.00	1.00	-	1.00
(g)	Other non-current assets		56.46	-	56.46	129.93	-	129.93
	Total non-current assets		**8032.33**	**22.58**	**8054.91**	**6108.49**	**1.60**	**6110.09**
(2)	**Current assets**							
(a)	Inventories	C10	7874.85	(0.90)	7873.95	5962.44	-	5962.44
(b)	Financial assets		-					
	(i) Investments		3771.52	-	3771.52	317.95	-	317.95
	(ii) Trade receivables	C7	7140.76	75.00	7215.76	6009.38	75.00	6084.38
	(iii) Cash and cash equivalents		583.06	-	583.06	301.82	-	301.82
	(iv) Other bank balances		250.00	-	250.00	1248.00	-	1248.00
	(v) Loans		68.55	-	68.55	75.09	-	75.09
	(vi) Other financial assets	C2	15.59	105.89	121.48	10.29	36.67	46.96
(d)	Current tax asset (net)		3.63	-	3.63	3.05	-	3.05
(e)	Other current assets	C2	537.14	(2.80)	534.34	459.00	(2.23)	456.77
	Total current assets		**20245.10**	**177.19**	**20422.29**	**14387.02**	**109.44**	**14496.46**
	Total assets		**28277.43**	**199.77**	**28477.20**	**20495.51**	**111.04**	**20606.55**

Note: 50 First time adoption *(Contd.)* (Rupees in lakhs, unless otherwise stated)

	Particulars	Refer Note C	As at 31st March, 2017			As at 1st April, 2016		
			Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
	EQUITY AND LIABILITIES							
	Equity							
(a)	Equity share capital		200.00	-	200.00	200.00	-	200.00
(b)	Other equity	C1 To C10	20993.57	84.82	21078.39	15086.79	24.79	15111.58
	Total equity		**21193.57**	**84.82**	**21278.39**	**15286.79**	**24.79**	**15311.58**
	Liabilities							
(1)	**Non-current liabilities**							
(a)	Financial liabilities							
	(i) Borrowings		1.95	-	1.95	23.57	-	23.57
	(ii) Other financial liabilities		16.96	-	16.96	14.58	-	14.58
(b)	Deferred tax liabilities (net)	C3	659.91	44.88	704.79	483.05	13.11	496.16
	Total non-current liabilities		**678.82**	**44.88**	**723.70**	**521.20**	**13.11**	**534.31**
(2)	**Current liabilities**							
(a)	Financial liabilities							
	(i) Borrowings	C7	790.00	75.00	865.00	794.03	75.00	869.03
	(ii) Trade payables	C2	3798.84	(4.93)	3793.91	2226.99	(1.86)	2225.13
	(iii) Other financial liabilities		997.15	-	997.15	947.72	-	947.72
(b)	Employee benefits obligations		155.13	-	155.13	111.14	-	111.14
(c)	Other current liabilities		505.59	-	505.59	559.22	-	559.22
(d)	Current tax liabilities		158.33	-	158.33	48.42	-	48.42
	Total current liabilities		**6405.04**	**70.07**	**6475.11**	**4687.52**	**73.14**	**4760.66**
	Total liabilities		**7083.86**	**114.95**	**7198.81**	**5208.72**	**86.25**	**5294.97**
	Total equity and liabilities		**28277.43**	**199.77**	**28477.20**	**20495.51**	**111.04**	**20606.55**

B.5 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Refer Note C	Previous GAAP Year ended 31st March 2017	Transition effect Year ended 31st March 2017	Ind AS Year ended 31st March 2017
INCOME				
Revenue from operations	C8	39498.22	2741.08	42239.30
Other income	C1 & C2	916.40	91.80	1008.20
TOTAL INCOME		**40414.62**	**2832.88**	**43247.50**
EXPENSES				
Cost of materials consumed		17318.67	-	17318.67
Purchases of stock-in-trade		2027.33	-	2027.33
Changes in inventories of finished goods, stock-in-trade and working-in-progress		241.93	-	241.93
Excise duty	C8	-	2907.84	2907.84
Employee benefit expense	C4	3483.15	(16.26)	3466.89
Finance costs		116.56	-	116.56
Depreciation and amortisation expense		903.46	-	903.46
Other expenses	C8	6774.94	(166.76)	6608.18
TOTAL EXPENSES		**30866.04**	**2724.82**	**33590.86**

Notes to the Financial Statements

Note: 50 First time adoption *(Contd.)*

(Rupees in lakhs, unless otherwise stated)

Particulars	Refer Note C	Previous GAAP Year ended 31st March 2017	Transition effect Year ended 31st March 2017	Ind AS Year ended 31st March 2017
Profit before tax		**9548.58**	**108.06**	**9656.64**
Tax expenses				
- Current tax		3212.18	-	3212.18
- Deferred tax	C3	176.87	37.40	214.27
Total tax expenses		**3389.05**	**37.40**	**3426.45**
Profit for the year from continuing operations		**6159.53**	**70.66**	**6230.19**
Other comprehensive income	C9			
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations		-	(16.26)	(16.26)
Deferred tax relating to above items		-	5.63	5.63
Total other comprehensive income for the year, net of tax		**-**	**(10.63)**	**(10.63)**
Total comprehensive income for the year		**6159.53**	**60.03**	**6219.56**

C. Notes on reconciliation of previous GAAP and IND AS

C1: Investments in mutual funds

The company also holds investment in mutual funds and under previous GAAP such investments were measured at cost.

As per Ind AS 109, these investments have been measured at fair value. The company has categorised these investments as fair value through profit/loss (FVTPL) and recorded resulting fair value change in retained earnings at the date of transition and subsequently in statement of profit or loss.

C2: Fair valuation of derivative

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

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

C3: Deferred taxes

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

C4: Employee benefits

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

C5: Retained earnings

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

C6: Statement of cash flow

The transition from Indian GAAP to Ind AS did not have any material impact on the Statement of Cash Flow.

Notes to the Financial Statements

Note: 50 First time adoption *(Contd.)*

C7: Trade receivables

Bills discounting facility under channel finance has been considered as borrowing under Ins AS. It was shown under contingent liability in previous GAAP.

C8: Revenue from operations

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

Under previous GAAP, scheme related expenses were recorded under advertisement, publicity and sales promotion, whereas under Ind AS, they are reflected, as adjustments, in revenue for sale of products.

C9: Other comprehensive income

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

C10: Biological assets

As per Ind AS the Company has recognised biological asset as per the requirement of Ind AS 41.

Under previous GAAP, biological assets live stock were recorded in inventories, whereas under Ind AS, they are reflected, as biological assets other than bearer plants.

The notes numbered 1 to 50 are an integral part of the financial statements.

As per our report of even date attached

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

B.L.Choraria
Partner
Membership Number - 022973

Place : Kolkata
Date : 18th June, 2018

For and on behalf of the Board of Director

Rup Chand Lohia
Director

Prakash Lohia
Director

A.K. Parui
Company Secretary

Ten Years at a Glance

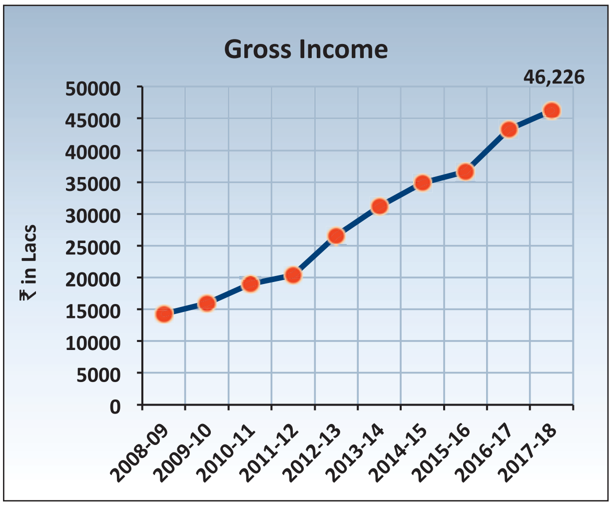
OPERATING RESULTS FOR TEN YEARS AT A GLANCE (₹ lakhs)

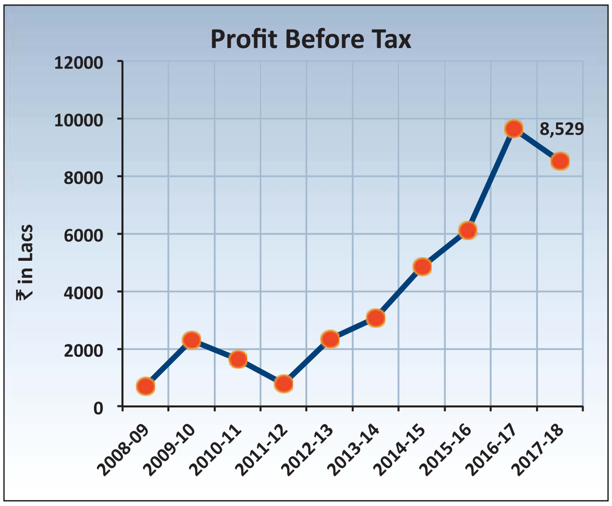
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	As per previous GAAP								Ind AS	
Gross income	14262.36	15903.94	18945.50	20387.23	26546.14	31167.35	34865.86	36594.15	43247.50	46226.31
Gross expenditure	12802.08	13071.40	16624.38	18774.39	23222.45	27231.85	29091.64	29619.46	32570.84	36635.01
Finance Costs	337.53	139.76	231.97	323.83	422.61	272.74	152.57	76.96	116.56	52.38
Profit before depreciation	1122.75	2692.78	2089.15	1289.01	2901.08	3662.76	5621.65	6897.73	10560.10	9538.92
Depreciation	417.62	404.51	442.76	493.69	562.71	583.37	782.47	788.64	903.46	1009.95
Profit before tax	705.13	2288.27	1646.39	795.32	2338.37	3079.39	4839.18	6109.09	9656.64	8528.97
Tax - Current Tax	315.00	839.32	508.23	248.38	684.83	1032.57	1761.54	2098.79	3212.18	2831.73
Deferred Tax	(51.25)	2.98	39.52	(30.55)	94.82	23.23	(43.64)	118.26	214.27	275.18
Fringe Benefit Tax	7.00	0.24	0.00	(0.66)	-	-	-	-	-	-
Profit after tax	434.38	1445.73	1098.64	578.15	1558.72	2023.59	3121.28	3892.04	6230.19	5422.06
Earnings per share (₹)	21.72	72.29	54.93	28.91	77.94	101.18	156.06	194.60	310.98	271.48

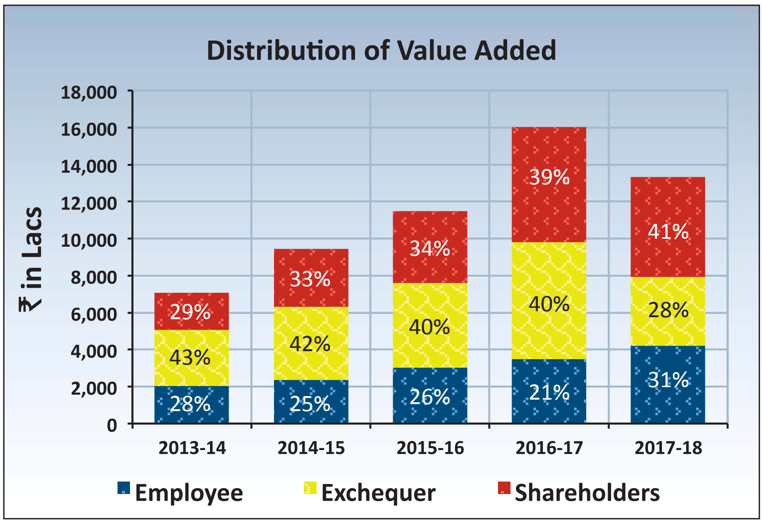
YEAR-END FINANCIAL POSITION FOR TEN YEARS AT A GLANCE (₹ lakhs)

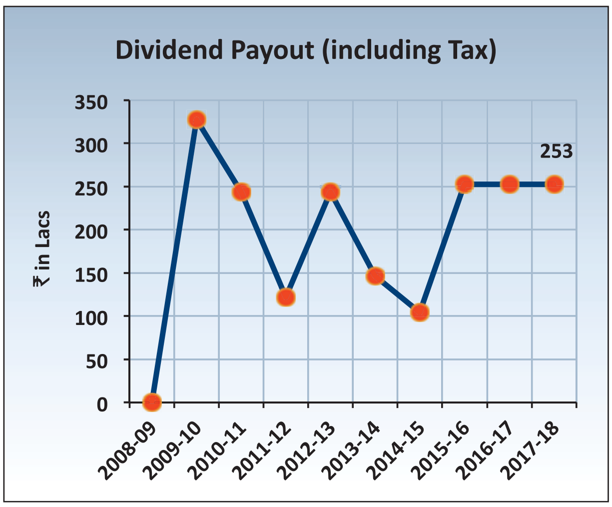
	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	As per previous GAAP							As per Ind AS		
SOURCES OF FUNDS										
Share capital	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Reserves and surplus	2809.50	3927.65	4782.23	5238.35	6553.00	8430.35	11447.50	15111.58	21078.39	26255.16
Shareholder's fund	3009.50	4127.65	4982.23	5438.35	6753.00	8630.35	11647.50	15311.58	21278.39	26455.16
Long-term loan	1106.89	797.38	399.55	485.31	373.31	250.36	65.61	23.57	1.95	1500.00
Other borrowings	3147.66	2501.13	3144.55	3335.10	2772.95	2565.07	1781.96	869.03	865.00	91.50
Loan funds	4254.55	3298.51	3544.10	3820.41	3146.26	2815.43	1847.57	892.60	866.95	1591.50
Deferred tax liability (net)	278.43	281.41	320.93	290.38	385.20	408.43	364.79	496.16	704.79	983.98
Funds available	7542.48	7707.57	8847.26	9549.14	10284.46	11854.21	13859.86	16700.34	22850.13	29030.64
APPLICATION OF FUNDS										
Fixed assets	4930.03	5672.94	6889.54	8024.36	8560.49	9051.88	10031.02	5752.36	8145.34	12979.94
Depreciation	2225.78	2618.38	2996.52	3393.85	3938.52	4392.67	5050.77	-	891.47	1889.79
Fixed asstes (net)	2704.25	3054.56	3893.02	4630.51	4621.97	4659.21	4980.25	5752.36	7253.87	11090.15
Other assets (net)	4838.23	4653.01	4954.24	4918.63	5662.49	7195.00	8879.61	10947.98	15596.26	17940.49
Funds employed	7542.48	7707.57	8847.26	9549.14	10284.46	11854.21	13859.86	16700.34	22850.13	29030.64

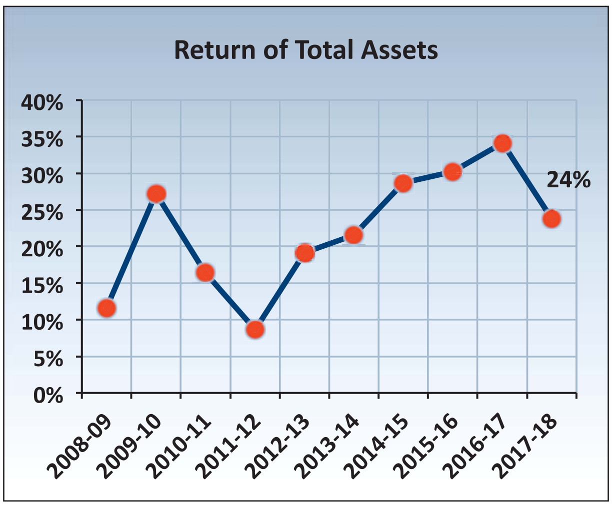
Financial Highlights



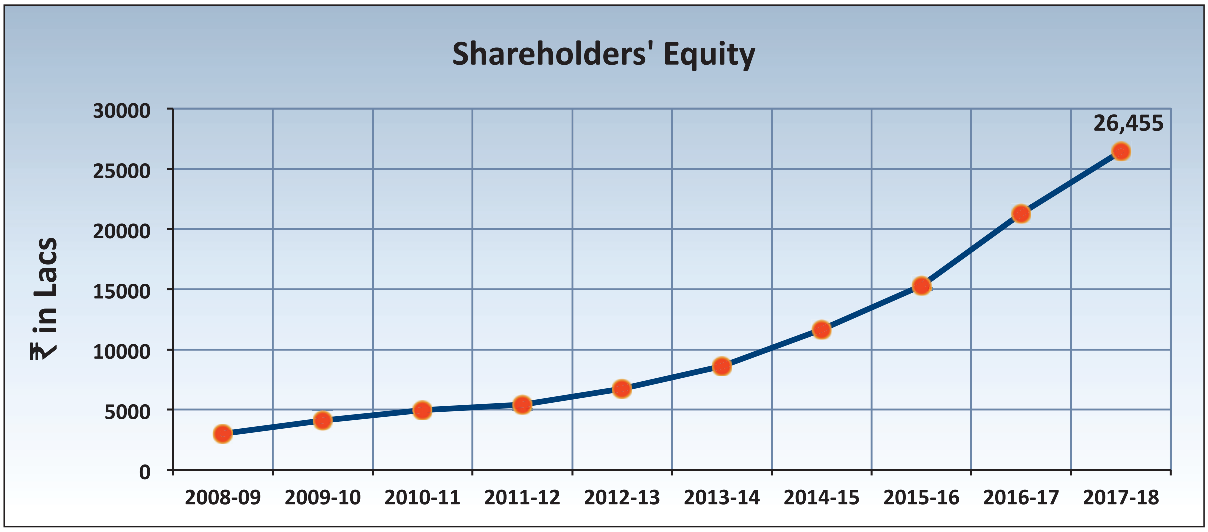


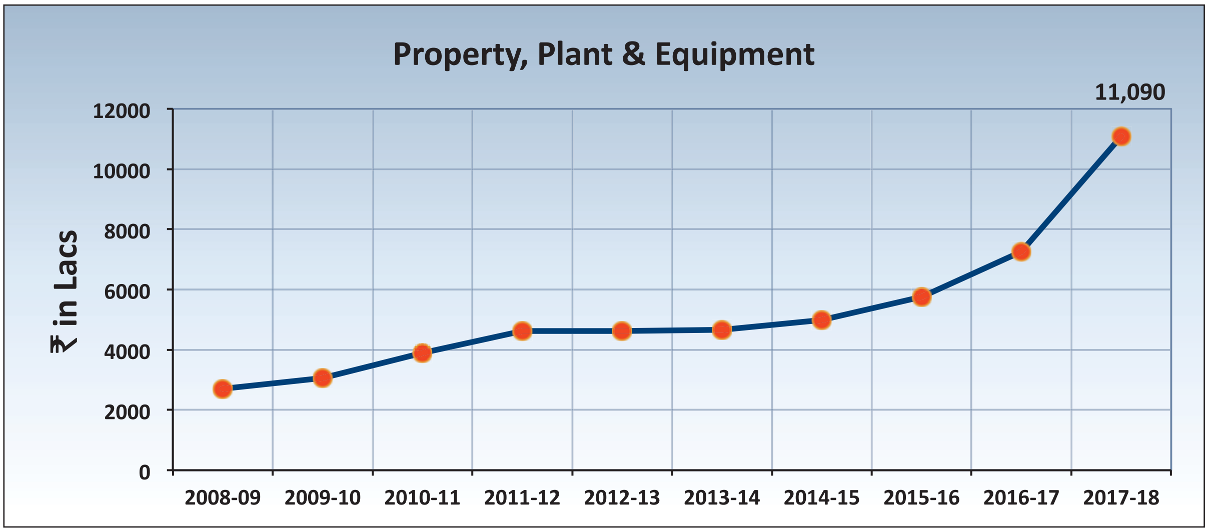


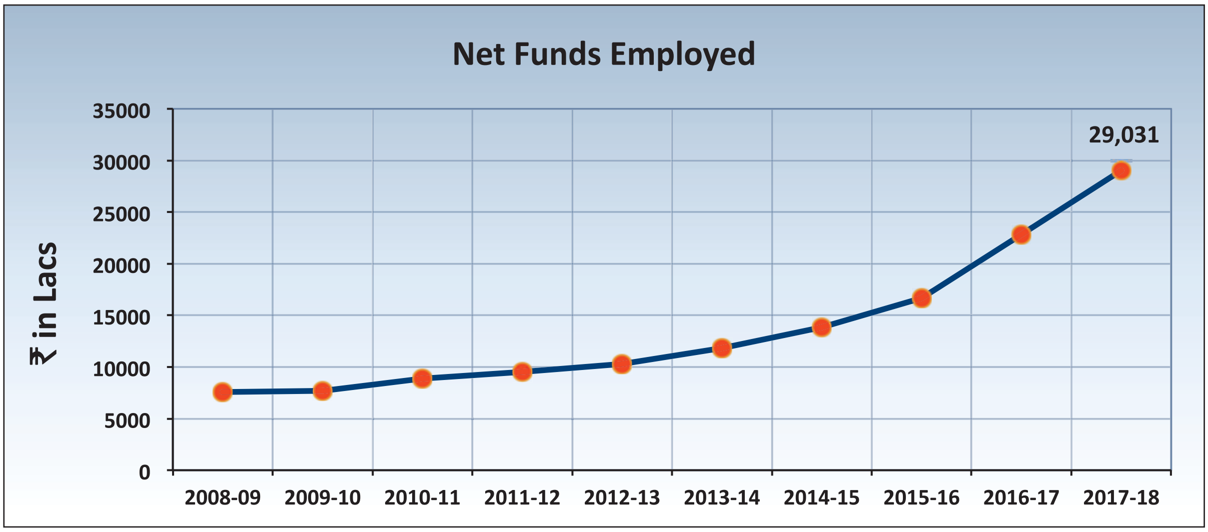




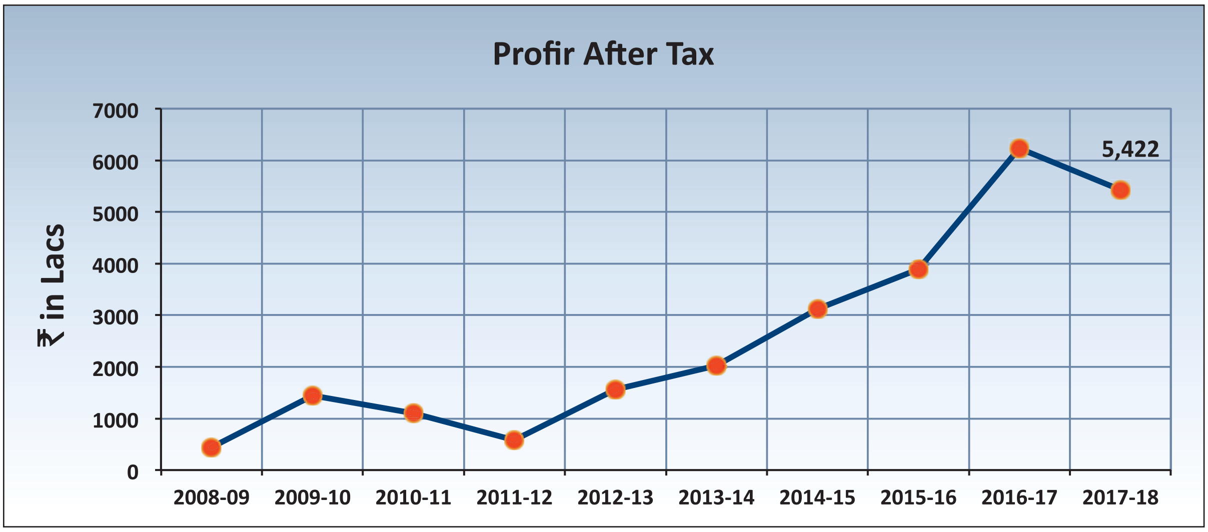
Financial Highlights

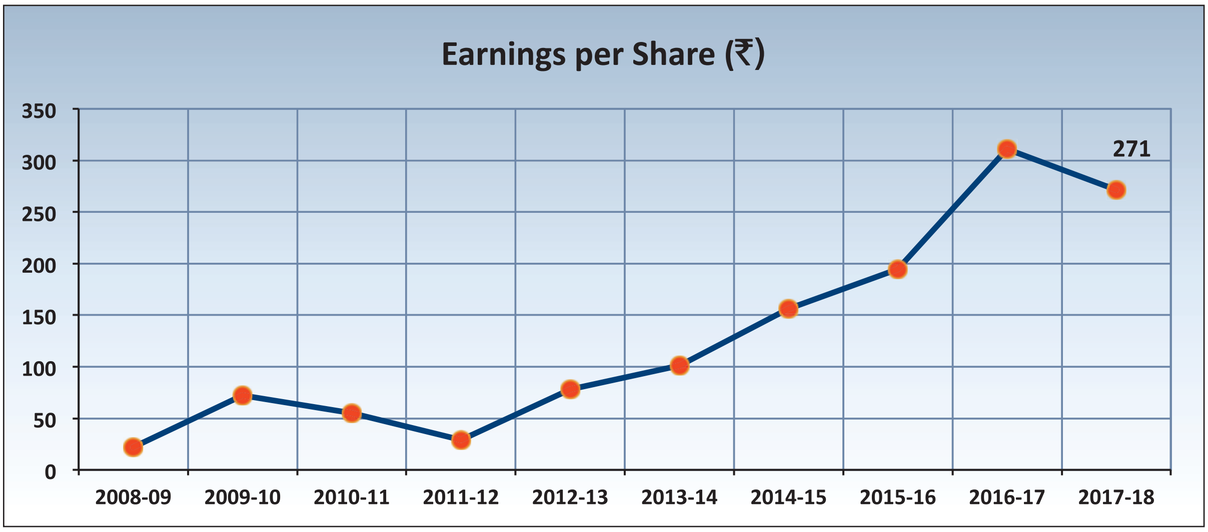


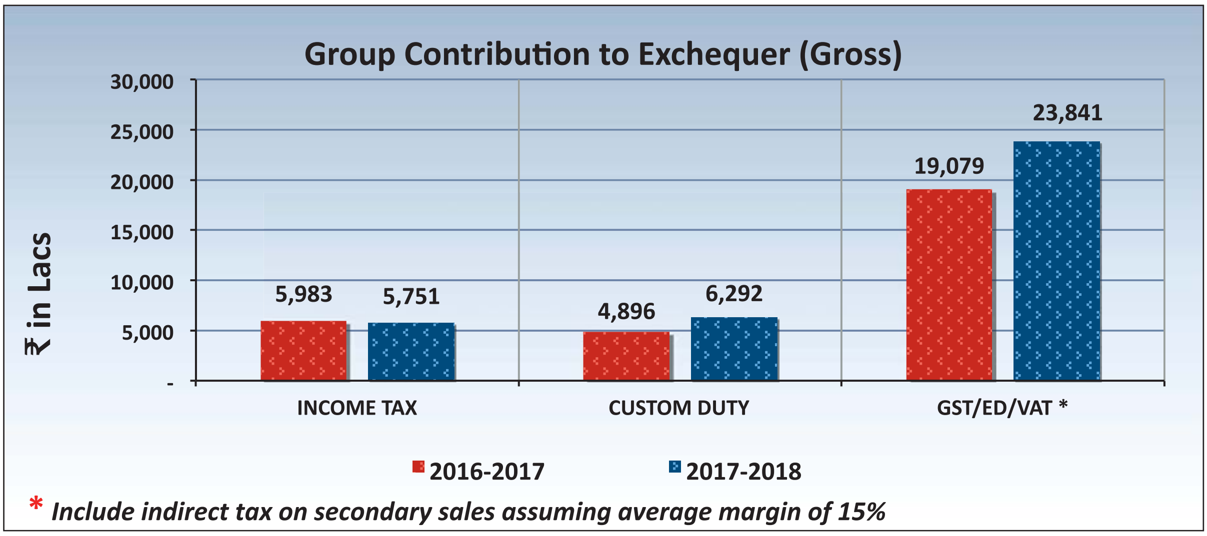




Financial Highlights







MERINO PANEL PRODUCTS LIMITED

CIN: U20299WB1994PLC064386

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

NOTICE

TO THE MEMBERS,

NOTICE is hereby given that the 24th Annual General Meeting of the members of Merino Panel Products Limited will be held at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 on Friday, the 14th day of September, 2018 at 11-00 a.m. to transact the following items of business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors and Auditors thereon.

2. To confirm the declaration and payment of Interim Dividend on equity shares for the financial year ended 31st March, 2018.

3. To appoint a Director in place of Shri Champalal Lohia (DIN 00154019), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Anil Jajoo (DIN 00063284), who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Shri Prakash Lohia (DIN 00063274), who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

6. To appoint Shri Bikash Lohia (DIN 00154013) as a Director and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Bikash Lohia (DIN 00154013), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Bikash Lohia for the office of Director, be and is hereby appointed as a Director of the Company in accordance with the Companies Act, 2013."

7. To approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2018 and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, Shibtala Street, P.O. Uttarpara, Dist. Hooghly, PIN: 712258 appointed by the Board of Directors to conduct the audit of the cost records relating to the applicable products of the Company for the financial year ending 31st March, 2019, be paid a remuneration of ₹20,000/- plus out of pocket expenses and the Board of Directors be and is hereby authorised to do all acts and take all steps as may be necessary to ensure due compliance to the enactments in this regard for the time being in force to give effect to this resolution."

8. To give authority to the Board of Directors for making donation to charitable and other funds not directly related to the business of the Company and in this regard to consider and, if thought fit, to pass the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, authority be and is hereby given to the Board of Directors of the Company to contribute to bonafide and charitable funds (including corpus) upto the limit of ₹10,00,00,000/- (Rupees ten crore only) during the financial year 2018-2019 notwithstanding that such amount in the financial year may exceed five percent of the average net profits for the three preceding financial years of the Company."

9. To appoint Shri Bama Prasad Mukhopadhyay (DIN 08199055) as an Independent Director and in this regard to consider and, if thought fit to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Bama Prasad Mukhopadhyay (DIN 08199055), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri Bama Prasad Mukhopadhyay for the office of Director, be and is hereby appointed as an Independent Director of the Company in accordance with the Companies Act, 2013 to hold office up to the 29th Annual General Meeting in the calendar year 2023."

By order of the Board
For **Merino Panel Products Limited**

Asok Kumar Parui
Director and Company Secretary

13th August, 2018
Registered Office:
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata: 700 020
CIN: U20299WB1994PLC064386
Phone: 033 2290-1214
Fax: 2287-0314
E-mail: merinokol@merinoindia.com
Website: www.merinoindia.com

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and to vote on a poll instead of himself / herself and such a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member or shareholder.**
2. The instrument of proxy, in order to be valid and effective, must be delivered at the registered office of the company not later than forty-eight hours (48 hours) before the commencement of the meeting. Attendance slip and proxy form are enclosed.
3. The statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 concerning the items of special business as per the agenda items to be transacted at this Annual General Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 7th September, 2018 to 14th September, 2018 (both days inclusive)..
5. All the documents referred to in the Notice will be available for inspection by the members at the Registered Office of the Company during office hours on all working days from the date hereof upto the date of the Meeting.

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

RELATING TO ITEM NO. 6

Shri Bikash Lohia (DIN 00154013) was appointed as an Additional Director of the Company with effect from 1st August, 2017 by the Board of Directors at their meeting held on 31st July, 2017. In terms of Article 82 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013 (the 'Act'), he holds office as Director upto the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice had been received from a member signifying his intention to propose the candidature of Shri Bikash Lohia for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

In terms of Section 149 and any other applicable provisions of the Act, Shri Bikash Lohia, being eligible and seeking re-appointment, is proposed to be appointed as a Director of the Company. The Company has received consent from Bikash Lohia, among other forms pursuant to Companies (Appointment and Qualification of Directors) Rules 2014.

The resolution seeks the approval of members for the appointment of Shri Bikash Lohia as a Director of the Company as per Section 149 and other applicable provisions of the Act and the Rules framed thereunder.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Bikash Lohia as a Director.

Shri Bikash Lohia, Director and his father Shri Champa Lal Lohia, Director and his brother Shri Deepak Lohia, Whole-time Director and Key Managerial Personnel (KMP) and their relatives, to the extent of their shareholding interest, if any, in the Company, are directly concerned or interested, financially or otherwise in the resolution. Shri Rup Chand Lohia, Shri Prakash Lohia, Miss Ruchira Lohia, Directors and Shri Manoj Lohia, Whole-time Director and KMP and their relatives, to the extent of their shareholding interest, if any, in the Company, are indirectly concerned or interested, financially or otherwise in the resolution. Shri Asok Kumar Parui, Director and Company Secretary also falling under the category of KMP and Shri Anil Jajoo, Director and Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors, including their relatives, are not in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 6 of the Notice.

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

RELATING TO ITEM NO. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, Shibtala Street, P.O. Uttarpara, Dist. Hooghly, PIN: 712258 to conduct the audit of the cost records of the Company relating to the applicable products for the financial year ending 31st March, 2019 at a remuneration of ₹20,000/- plus out of pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be fixed by the shareholders of the Company. Accordingly, their consent is sought for passing an Ordinary Resolution as set out in Item No. 7 of the Notice for fixation of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

RELATING TO ITEM NO. 8

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

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

Subject to the approval of the shareholders, the Board has plans to spend upto a maximum limit of ₹10,00,00,000/-(Rupees ten crore only) during the Financial Year 2018-19, which exceeds the above limit. The expenditure would be channelized mainly towards contributions (including corpus) to group managed / other Trust(s) and also to such other Trust(s) as the Board would deem fit. The primary objectives of making to the funds / trusts where donations would be made would include eradicating hunger, poverty, promoting preventive health care, sanitation, education, gender equality, empowerment of women, ensuring environmental sustainability, protection of national heritage, undertaking training to promote rural sports, establish, maintain and grant aid to hospitals etc. and also various other public charitable activities .

As such, the Board recommends passing the resolution.

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

However, none of Shri Anil Jajoo, Director, Dr. Gautam Bhattacharjee and Shri Sisir Kumar Chakrabarti, Independent Directors and Shri Asok Kumar Parui, Director and Company Secretary also falling under the category of KMP and including their relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out in Item No. 8 of the Notice.

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

RELATING TO ITEM NO. 9

The Board of Directors proposed to appoint Shri Bama Prasad Mukhopadhyay (DIN 08199055) as an Independent Director of the Company at the ensuing annual general meeting of the Company. As required by Section 160 of the Act, a notice had been received from a member signifying his intention to propose his candidature for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

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

The resolution seeks the approval of members for the appointment of Shri Bama Prasad Mukhopadhyay as an Independent Director of the Company to hold office up to the 29th Annual General Meeting in the calendar year 2023 as per Section 149 and other applicable provisions of the Act and the Rules framed thereunder.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Bama Prasad Mukhopadhyay, a senior retired Central Government Official having a wide experience in the area of Indirect Taxation and administration thereof, as an Independent Director.

No director, key managerial personnel or their relatives, except Shri Bama Prasad Mukhopadhyay, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 9 for the approval of the members.

MERINO PANEL PRODUCTS LIMITED

CIN: U20299WB1994PLC064386
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

ECONOMY ✦ EXCELLENCE ✦ ETHICS

ATTENDANCE SLIP

Master Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER: ....

I hereby record my presence at the 24th Annual General Meeting of the Company being held on Friday, the 14th day of September, 2018 at 11-00 a.m. at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020

SIGNATURE OF SHAREHOLDER / PROXY

MERINO PANEL PRODUCTS LIMITED

CIN: U20299WB1994PLC064386
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

ECONOMY ✦ EXCELLENCE ✦ ETHICS

PROXY FORM

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

Name of the member(s):	
Registered Address:	
Master Folio No.	

I / We .... being the member(s) of Merino Panel Products Limited, holding............................. shares hereby appoint :

(1) Name .... Address ....

E-mail Id .... Signature .... or failing him/her

(2) Name .... Address ....

E-mail Id .... Signature .... or failing him/her

(3) Name .... Address ....

E-mail Id .... Signature .... or failing him/her

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company being held on Friday, the 14th day of September, 2018 at 11-00 a.m. at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Serial Number	Resolution
Ordinary Business:	
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31st March, 2018
2.	Confirmation of the declaration and payment of Interim Dividend
3.	Approval for re-appointment of Shri Champalal Lohia (DIN 00154019) who retires by rotation
4.	Approval for re-appointment of Shri Anil Jajoo (DIN 00063284) who retires by rotation
5.	Approval for re-appointment of Shri Prakash Lohia (DIN 00063274) who retires by rotation
Special Business:	
6.	Approval for appointment of Shri Bikash Lohia (DIN 00154013) as a Director
7.	Approval for payment of remuneration of Cost Auditors
8.	Approval to give authority for making donation to charitable and other funds
9.	Approval for Appointment of Shri Bama Prasad Mukhopadhyay (DIN: 08199055) as an Independent Director

Signed this ....day of September, 2018

Affix Revenue Stamp

Signature of Shareholder(s):_____________________ Signature of Proxy holder(s):_________________________

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

(2) A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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