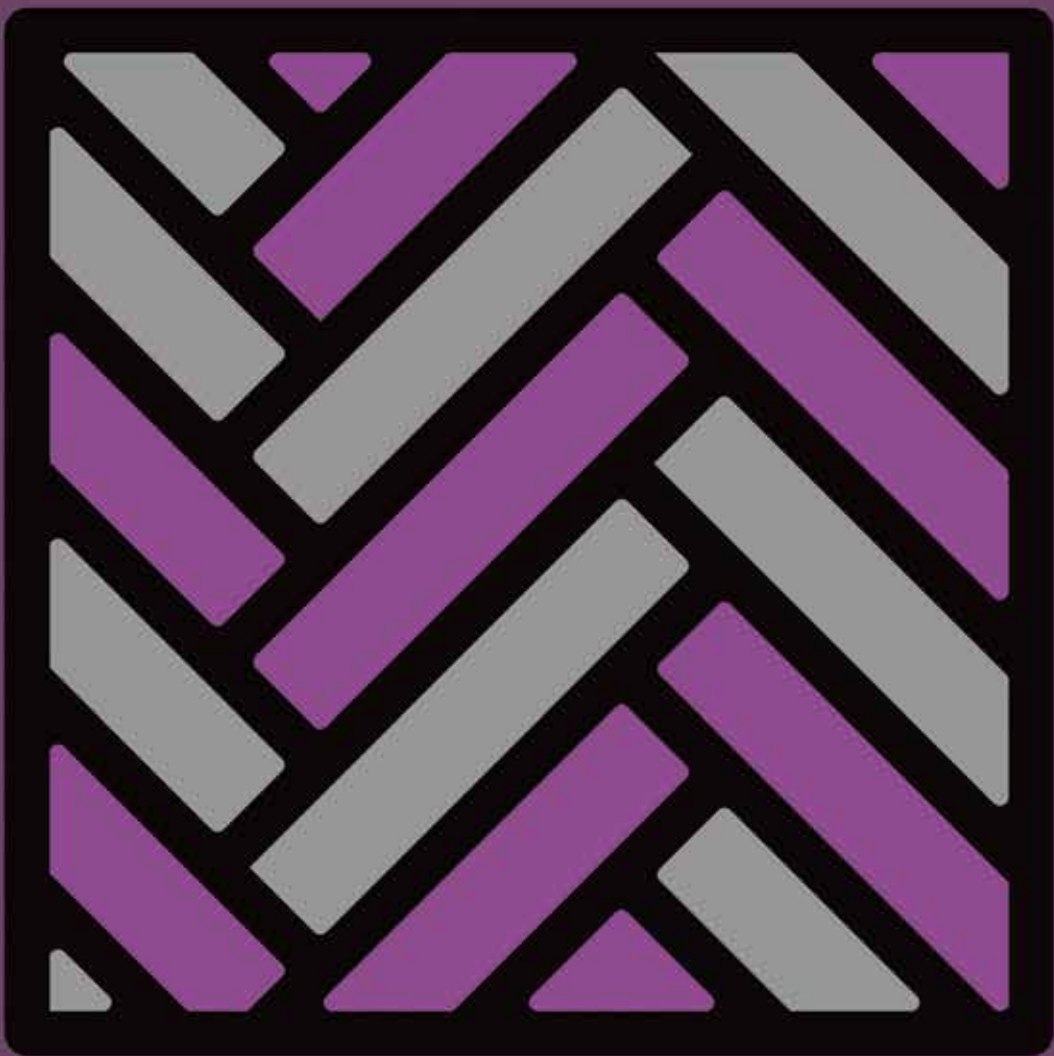
The Group's contribution to the exchequer (gross) in 2019-20 was ₹393 Crore; in 2018-19, it was ₹487 Crore

MERINO PANEL PRODUCTS LIMITED

ANNUAL REPORT 2019-20

The Group's contribution to CSR and charity in 2019-20 was ₹6 Crore; in 2018-19, it was ₹9 Crore

DESIGNS ON THE FUTURE



CONTENTS

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions.

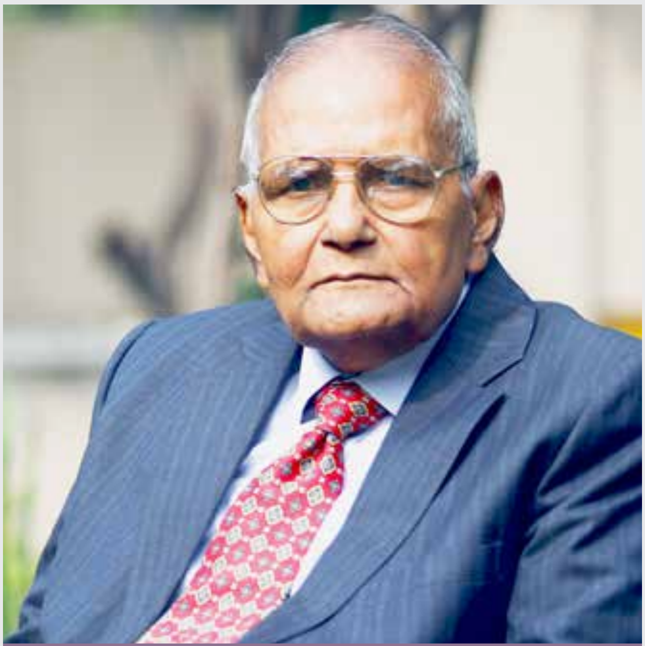
This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are 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 keep 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.

MR. MAN KUMAR LOHIA

1926-2009

Founder Chairman and inspiration behind the Merino Group



MR. CHAMPA LAL LOHIA

1934-2020

Immediate past Executive Chairman

MERINO PANEL PRODUCTS LIMITED
(CIN: U20299WB1994PLC064386)

CORPORATE INFORMATION

Board of Directors (As on 31st March, 2020)

Mr. Champa Lal Lohia
(Deceased on 3rd April, 2020)

Mr. Rup Chand Lohia

Mr. Prakash Lohia

Mr. Manoj Lohia
– Wholetime Director

Mr. Deepak Lohia
– Wholetime Director

Miss Ruchira Lohia

Mr. Bikash Lohia

Mr. Asok Kumar Parui

Mr. Anil Jajoo

Dr. Gautam Bhattacharjee
– Independent Director

Mr. Sisir Kumar Chakrabarti
– Independent Director

Mr. Bama Prasad Mukhopadhyay
– Independent Director

Mr. Anurag Lohia
– Wholetime Director

Audit Committee

Mr. Sisir Kumar Chakrabarti – Chairman

Dr. Gautam Bhattacharjee

Mr. Bama Prasad Mukhopadhyay

Mr. Asok Kumar Parui – Secretary to the Committee

Nomination and Remuneration Committee

Dr. Gautam Bhattacharjee – Chairman

Mr. Sisir Kumar Chakrabarti

Mr. Anil Jajoo

Mr. Bama Prasad Mukhopadhyay

Mr. Asok Kumar Parui – Secretary to the Committee

Corporate Social Responsibility Committee

Mr. Deepak Lohia

Mr. Anil Jajoo

Dr. Gautam Bhattacharjee

Company Secretary

Mr. Asok Kumar Parui

Registered Office

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

Website: www.merinoindia.com

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

The Hongkong and Shanghai Banking Corporation Ltd

Registrars & Share Transfer Agents

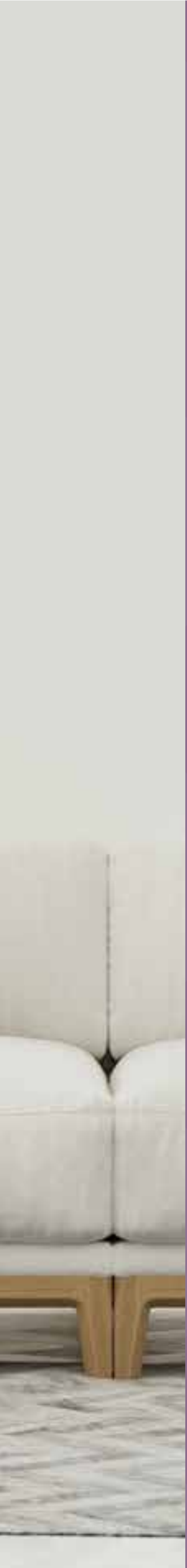
C.B Management Services (P) Ltd.

P-22, Bondel Road,
Kolkata-700 019

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

Fax: (033) 2287 0263;

Email: rta@cbmsl.com



DESIGNS ON THE **FUTURE**

There is a bigger premium today on attractiveness and visual elegance than ever.

The world does not need a product for functional needs; it needs products to excite and impress as well.

At Merino, we have invested in the launch of future-facing laminate catalogues that enhance the elegance of interiors and add to owner pride.

Our mission

Universal weal through trade and industry

Our vision

Global competence and global competitiveness in every line of business by synergising a western work culture and Indian ethos

Our motto

Our endeavour is to maximise the product value (excellence), maintain affordability (economy) and deal fairly and transparently in all our relationships (ethics)

Rich experience

Established in 1965 by the late Man Kumar Lohia, Merino Industries Limited is one of the world's leading manufacturers and exporters of decorative laminates for interior applications. The Group is managed by a team of multi-genre professionals. The Group is headquartered in Kolkata, West Bengal. With a presence in over 80 countries across five continents, the Merino Group reported an annual turnover of over ₹1473.72 Crore in 2019-20.

Extensive scale

The Group possesses India's largest manufacturing laminates capacity of 215 Lakh sheets per annum. The Group is among India's handful laminate players possessing a captive printing unit and three short-cycle lamination facilities that can produce pre-laminated particle and MDF boards: from 2.5x6 ft to 9x6 ft. The Group invested in a plate polishing and cleaning facility for a uniform surface finish of stainless steel moulds; it is the only high pressure laminates manufacturer in Asia with chroming and de-chroming facilities to deliver chromed stainless steel mould quality (to produce non-directional chromed gloss plates); it is also engaged in the manufacture of formaldehyde and resins.

Our inspiration
'ARISE, AWAKE, AND STOP NOT TILL THE GOAL IS REACHED.'
- SWAMI VIVEKANANDA

THE EXCITING WORLD OF MERINO INDUSTRIES LIMITED

Manufacturing capacities

Company	Location	Products	Capacity
Merino Industries Limited	Hapur, Uttar Pradesh	Laminates Furniture Formaldehyde Potato flakes Prelam boards (including Gloss Miester)	72 Lakh sheets 2.24 Lakh pieces 18,250 MT 86 Lakh kg 10.50 Lakh pieces
Merino Industries Limited	Hosur, Tamil Nadu	Prelam boards	18 Lakh sqm
Merino Industries Limited	Dahej, Gujarat	Laminates	47.25 Lakh sheets
Merino Panel Products	Rohad, Haryana	Laminates Plywood Prelam boards Formaldehyde	96 Lakh sheets 8.10 Lakh sqm 3.74 Lakh pieces 9,360 MT

Diversified range

Laminates
The Group is one of the largest manufacturers of laminates in India with more than 10,000 SKUs across varied designs, colours and finishes.

Panel products and furniture division
The Group pioneered the manufacture of panel products such as restroom cubicles; the furniture division manufactures products such as furniture components made of particle boards, MDF boards and ply boards.

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

Cutting edge technology
The Group possesses three manufacturing units comprising state-of-the-art equipment. Merino is one of two companies in India to have successfully developed the Double Belt Casting Unit process to produce a superior quality of laminates.

The Group has also integrated operations through ERP, enhancing transparency and providing real-time information to customers and service providers.

Resolute compliance
The Group's manufacturing facilities have been accredited with ISO 9001, ISO 14001 and ISO 18001 certifications. The Group has a dedicated research and development team to ensure continuous innovation with enhancing product and process quality.

Awards and certifications
The Group was the first in its industry in India to receive the coveted ISI, ISO-9001 and ISO-14001 certifications.

Presence
The Group is headquartered in Kolkata and has a presence in all the major States in India and exports products to 65 countries across five continents. The Group's network of more than 1080 dealers (doubled in the last five years) provides products across 10,000 pan-India outlets.

HOW WE HAVE GROWN ACROSS THE YEARS

Established a potato cold storage plant **1969**

1978

1973: Started manufacturing plywood
1978: Established a laminate manufacturing unit in Hapur

1981-1998

1981: Capacity of 500 laminate sheets per day
1994: Recognised as the highest exporter of laminates
1995: Established a manufacturing unit in Rohad, Haryana
1998: Launched Flex post-forming laminates

2003-2010

2003: Established a unit to manufacture low pressure laminates
2004: Commenced the delivery of restroom cubicle system
2005: Launched Vegit, a nationally leading brand, making potato flakes and instant snack mixes
2006: Established a manufacturing unit in Hosur, Tamil Nadu, for Prelam boards
2007: Launched an IT firm named Merino Services Limited
2010: Launched MR+ laminates under the flagship brand of Merino Laminates

2014

Launched internal and external wall cladding products

2016

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

2015

Launched Stoven, a stone veneer sheet brand

Established a manufacturing unit in Achheja, Uttar Pradesh, for laminates, furniture formaldehyde and potato flakes

2017

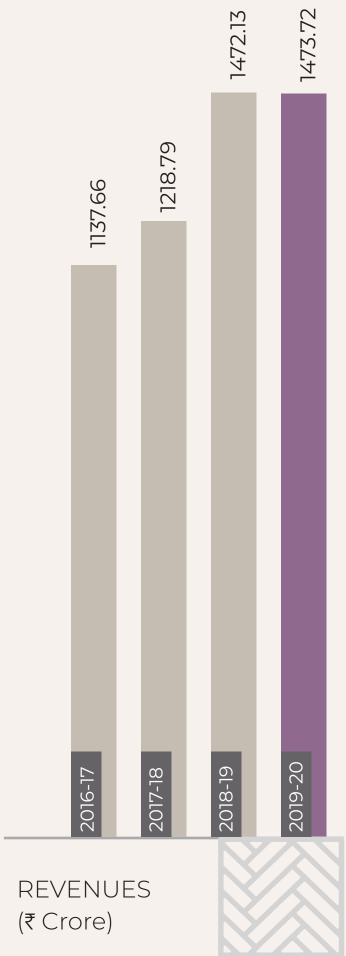
Established a manufacturing unit in Dahej, Gujarat

Launched Finguard and Harmony brands of coordinated surfaces

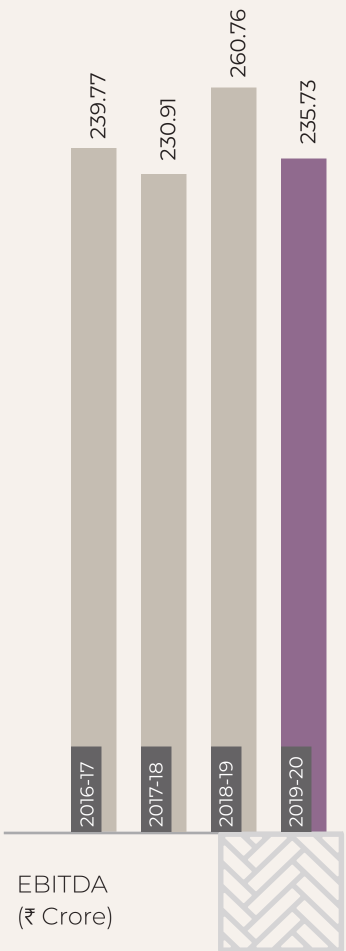
2018

Launched the Imagino, Matt Miester and Laminature series of laminates

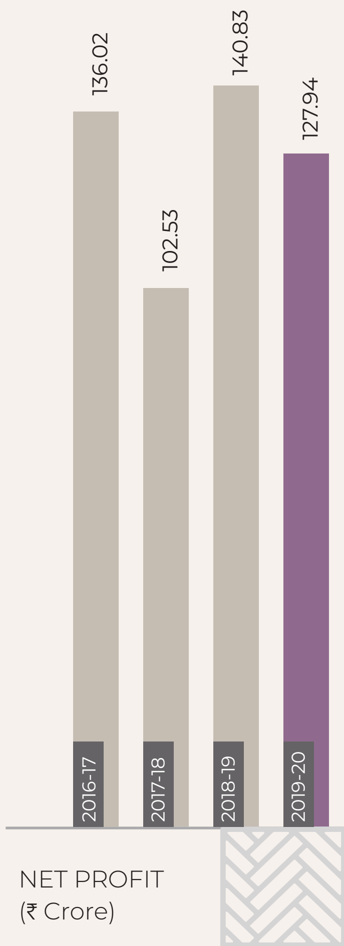
HOW WE HAVE CONSISTENTLY GROWN OUR BUSINESS IN THE LAST FEW YEARS



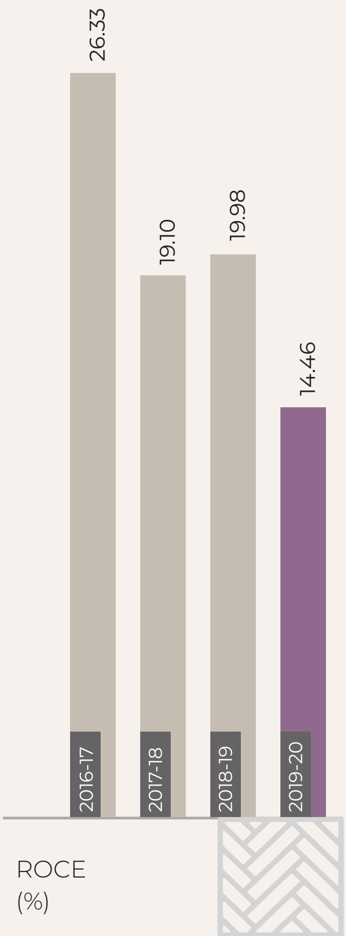
Performance, 2019-20
Aggregate sales increased 0.11% to ₹1473.72 Crore during 2019-20 compared to ₹1472.13 Crore in 2018-19.



Performance, 2019-20
The Group's EBITDA declined 10% on account of market sluggishness and the pandemic impact.

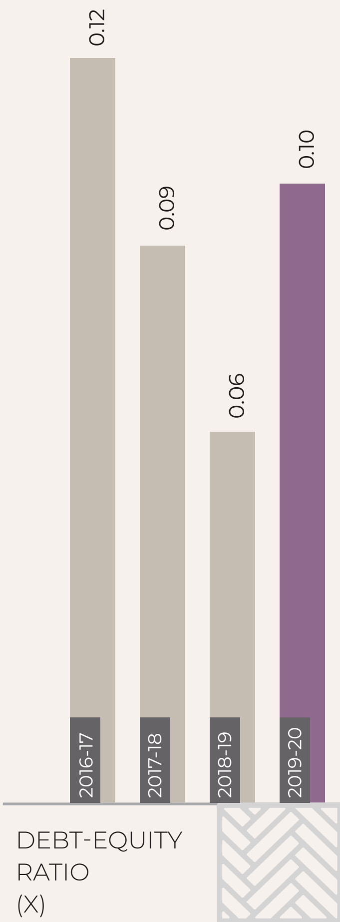


Performance, 2019-20
The Group's PAT declined 9% over the previous year due to sales loss during the last 10 days of March, 2020 on account of the COVID-19 impact.



Performance, 2019-20

The ROCE of the Group declined 552 bps due to the incurrence of non-repetitive marketing expenses coupled with unfavourable marketing and economic conditions.



Performance, 2019-20

The Group's debt-equity ratio stood at 0.10x in 2019-20.

Performance, 2019-20

The interest cover of the Group stood at 12.85x in 2019-20.

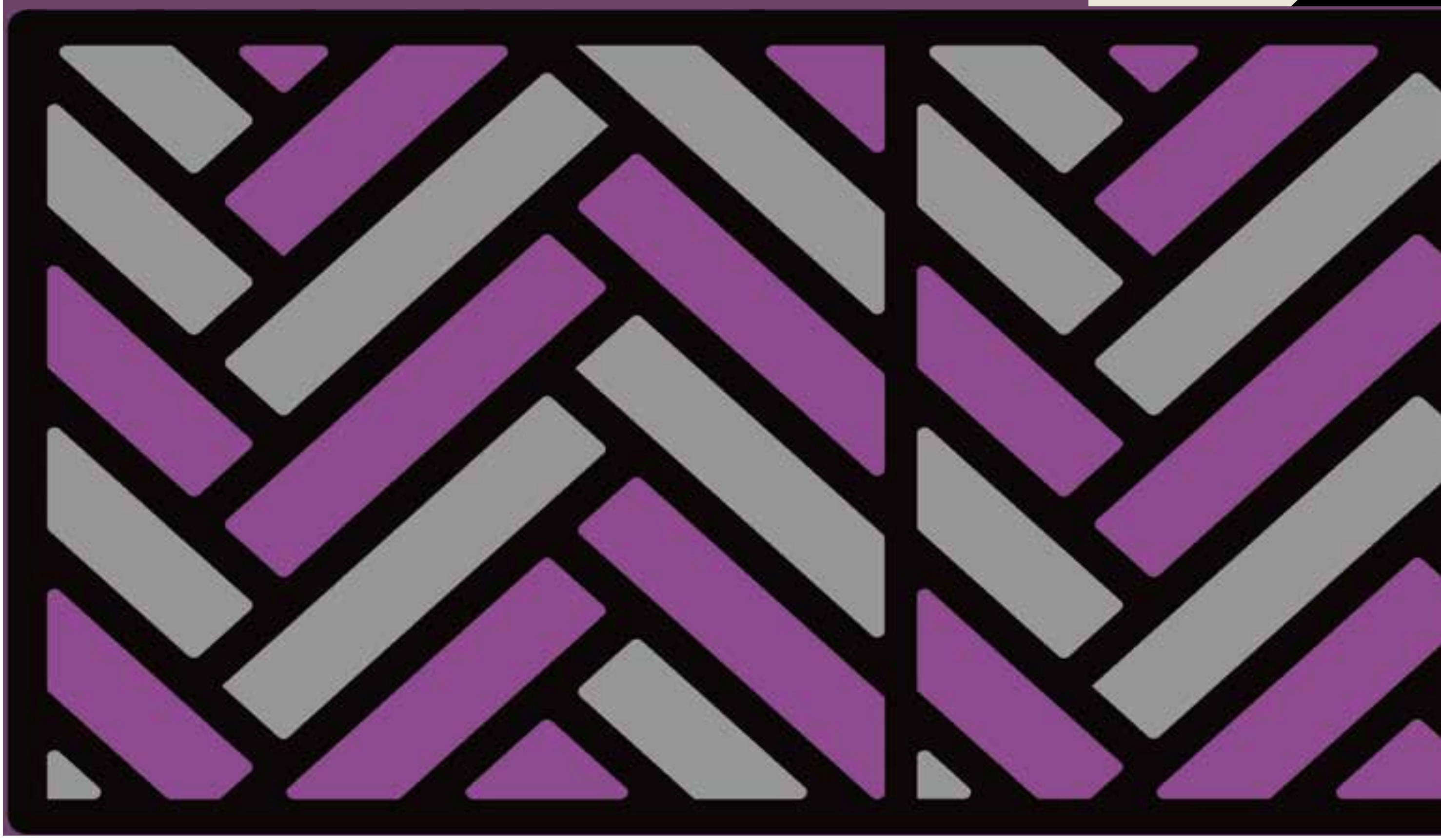
MERINO'S

DESIGNS ON THE FUTURE

A collection of laminates that extend beyond the functional and conventional

High pressure laminates

High pressure laminates possess strong bonding features that make them resistance to boiling water and stains while enhancing dimensional stability. They are ideal for use in home furniture, oil linings, column claddings, doors, shelves and table tops, among others.



AB+ anti-bacterial laminates
AB+ anti-bacterial laminates are used for protecting surfaces against bacteria. The laminate inhibits growth and spread of bacteria by 99.99% within 24 hours and provides longevity and warrants low maintenance. They are ideal for domestic bathrooms and kitchens, public buildings, toilets, catering facilities, nursing homes and gyms, among others.

Chem + (Lab Grade) laminates
Chemical resistant laminate provide chemical resistance and durability (free of porosity). They are ideal for sinks, counters, lab benches, chemicals and scientific pathogenic laboratories.

FR+ fire retardant laminates
FR+ fire-retardant laminates are safe, durable and attractive. They possess Class I fire rating; they are self-extinguishing and reduce toxic fumes, making them ideal for train compartments, kitchen cabinets, wall panels and shopping malls, among others.

ESD + electrostatic dissipative laminates
Electrostatic dissipative laminates provide safety in electrostatic protected areas (EPAs). They are permanent static dissipative, drain static charges and do not allow dust to stick to the surface. Considered ideal for IT offices, call centres, electronic industries and pharmaceutical laboratories, among others.

Post forming laminates
Post forming laminates are required to roll in a simple radius over substrate edges. They provide round-edge uniformity and comprise no seams over the edges. Considered ideal for shutters, countertops, executive tables and modular office systems, among others.

UNI+ unicolor laminates
UNI+ unicolor laminates combine the highest standards of quality and benefits of homogeneous solid colours. The core layers provide laminates with a uniform decorative look. They provide resistance to abrasion, stain and heat and are ideal for table-tops, counter-tops, children's rooms, desks and drawers.

Digital printed laminates
Digital printed laminates customise printed laminates for interiors. They are decorative and ideal for walls and partitions, commercial areas, stands, exhibitions and doors, among others.

Metalam (metal foil) laminates
The Metalam range of high pressure metallic laminates are designed for vertical interiors and ceilings. They do not accumulate dust and are aesthetic. Ideal for hospitals, gaming, entertainment, cruise and furniture applications.

Compact laminates
Compact laminates are solid grade, load bearing laminates with inner impregnated core comprising thermosetting resins resistant to atmospheric and chemical agents. They provide water and moisture resistance, scratch and graffiti resistance, fire, burn and stain resistance. They are non-corrosive with dimensional stability. Ideal for kitchen-tops, doors, table-tops, wall and floor decoration materials.

MERINO IS SECURELY POSITIONED TO PROTECT ITS ECO-SYSTEM AND OUTPERFORM SECTORAL GROWTH AS SOON AS CONDITIONS IMPROVE.

CHAIRMAN'S MESSAGE

Dear shareholders,

The world is passing through unprecedented times. The Novel Corona virus has created easily the largest pandemic in the recorded history of the world, affecting most countries and companies.

The abruptness of the virus incidence, the speed of its spread and the extent of its impact represent a watershed in the history of humankind.

At Merino, we were not affected as much by the virus impact during the financial year under review as much as we were during the first quarter of the current financial year. As a business that is a part of the national and sectoral eco-system, the spread of this virus and the lockdown that transpired thereafter have only reinforced our conviction that for businesses that expect to endure there needs to be a distinct strategic clarity.

An unpredictable environment as the one that we are passing through puts a premium on strategic de-risking and the need for managed growth. This is a time when we believe that the truly sustainable companies will effectively resist a sharp revenue, profits and margins downside while the going is difficult and be quicker off the blocks once conditions revive.

So what companies are expected to endure?

At Merino, we believe that companies that are in existence to address a specific purpose – in our case, interior infrastructure solutions - will find it easier to protect their brand recall during such challenging periods.

We believe that companies that have extended beyond a generic positioning and address specific market segments – like Merino is positioned - stand a better chance of competitiveness across market cycles.

We believe that companies that are faithfully aligned in terms of overarching strategy and organisational structure – like we have attempted – will be better equipped to survive the downtrend and recover fastest when sentiment revives.

We believe that there is a greater priority in being low on long-term debt than ever before. We have been managing our growth from the annual surplus generation and the cash sitting on our books while drawing down debt, a reality that we believe is sustainable from a long-term perspective.

And lastly, we believe that companies like Merino, that are able to retain their stakeholders and generate superior productivity, will be better equipped to provide effective solutions that transform the business health of their trade partners and customers.

The principal message then that I wish to convey to our shareholders is that Merino is securely positioned to protect its eco-system on the one hand and outperform sectoral growth as soon as conditions improve on the others.

Rup Chand Lohia
Executive Chairman

WHAT WE ARE

One of India's largest laminate manufacturers

Extension into synergic interior infrastructure products and solutions

Focused on strengthening terms of trade

Focused on strengthening its credit-rating

Frozen capital expenditure (except maintenance)

WHAT WE WISH TO BE

Repay / prepay debt; become debt-free across the foreseeable future

Generate multi-year EBIDTA visibility

Report EBIDTA / unit of output considerably higher than the sectoral average

Strengthen credit-rating by a few notches

Become synonymous for innovative products and solutions

HOW WE INTEND TO ENHANCE SHAREHOLDER VALUE

INITIATIVES

Broad-based geographic footprint

Increase in export sales to offset weaker domestic demand

Balance Sheet right-sizing

Focus on Balance Sheet deleveraging

Goal to emerge zero debt across the foreseeable future

Leverage portfolio flexibility

Flexibility to sell laminates and furniture

Capital efficiency

Utilise relatively lower working capital

Increase throughput

Increase production though de-bottlenecking

Selective expansion accompanied by short project payback

Moderate fixed costs

Work with a relatively smaller Balance Sheet

DESIRED OUTCOMES

Cost leadership

▼

Enhanced niche presence

▼

Higher liquidity (interest cover)

▼

Maximised free cash flows

▼

Enhanced RoCE and RoE

MERINO'S DESIGNS. TOUCHING MORE LIVES DEEPER THAN YOU KNOW

There is more of Merino in your life than you would know. Some of the most prestigious locations in India have turned to Merino for their visual and convenience requirements – for laminates or restroom cubicles.

Merino has pioneered products and initiatives. Making it a game-changer

Restroom cubicles

The Group was the first in India to introduce indigenous restroom cubicles. Ideal for airports and malls. All major Indian airports use Merino restroom cubicles.

Gloss meister

The Group introduced panels with a glossy surface that are extensively used in exterior and interior applications.

Maintenance

The Group was the first to invest in captive plate polishing capability for stainless steel moulds used in laminates manufacturing; it is perhaps the only player in the country to possess this cutting-edge technology.

Cogeneration

The Group was the first in its sector to invest in power cogeneration (2.75 MW), showcasing its environment commitment.

MERINO AT GOLDEN TEMPLE, AMRITSAR

One of Nimrat Kaur's worries when visiting the revered Golden Temple in Amritsar was whether the rest room infrastructure would be comfortable for her aged mother.

She asked around as soon as she reached Amritsar.

'*Koi problem hi nahi hai*,' she was told.

Being a concerned daughter, she worried nevertheless.

However, when she reached the precincts of Golden Temple, one of the first things she did was to go and inspect the restroom facilities.

She was in for a pleasant surprise.

The facilities were not only squeaky clean but easy to use. No heavy block doors for restroom enclosures; Merino's restroom panels were light enough for any aged or child to negotiate; they were fitted with a simple and accessible locking device.

When Nimrat saw this, she was relieved. She could now meditate and pray in peace.

Merino BESCO Cubicles & Lockers is the fastest growing division in the Merino Group.

MERINO AT HILTON HOTELS, JAIPUR

When one of the most prominent global hospitality brands needed to present world-class interiors, it turned to Merino.

The client's requirements: world-class design, product endurance and superior price-value proposition.

There has been an extensive use of Merino laminates across the property's interiors.

The result is an alignment between the hospitality brand's global standards and that of its standards in Jaipur.

Making it possible for visitors coming from abroad to not notice any significant difference.

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

MERINO AT DELHI METRO RAILWAY CORPORATION

One of the biggest challenges that most commuters on Delhi's Metro lifeline face is the untimely need to visit the restroom.

This in itself is the challenge: the unspoken fear of poor hygiene and odour that is usual in most public restrooms across the country.

Except when one is visiting the DMRC restrooms.

Clean. Silent. Functional.

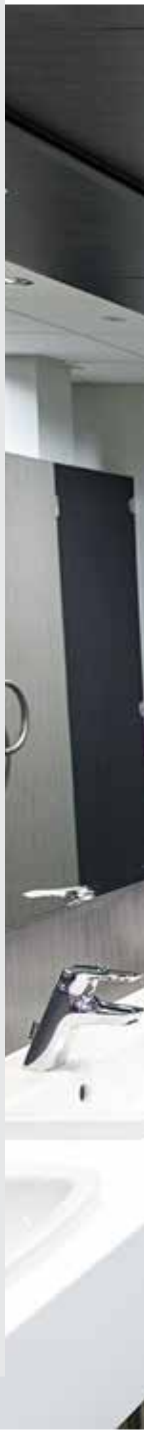
A part of the superior experience at these restrooms is derived from Merino's restroom cubicle.

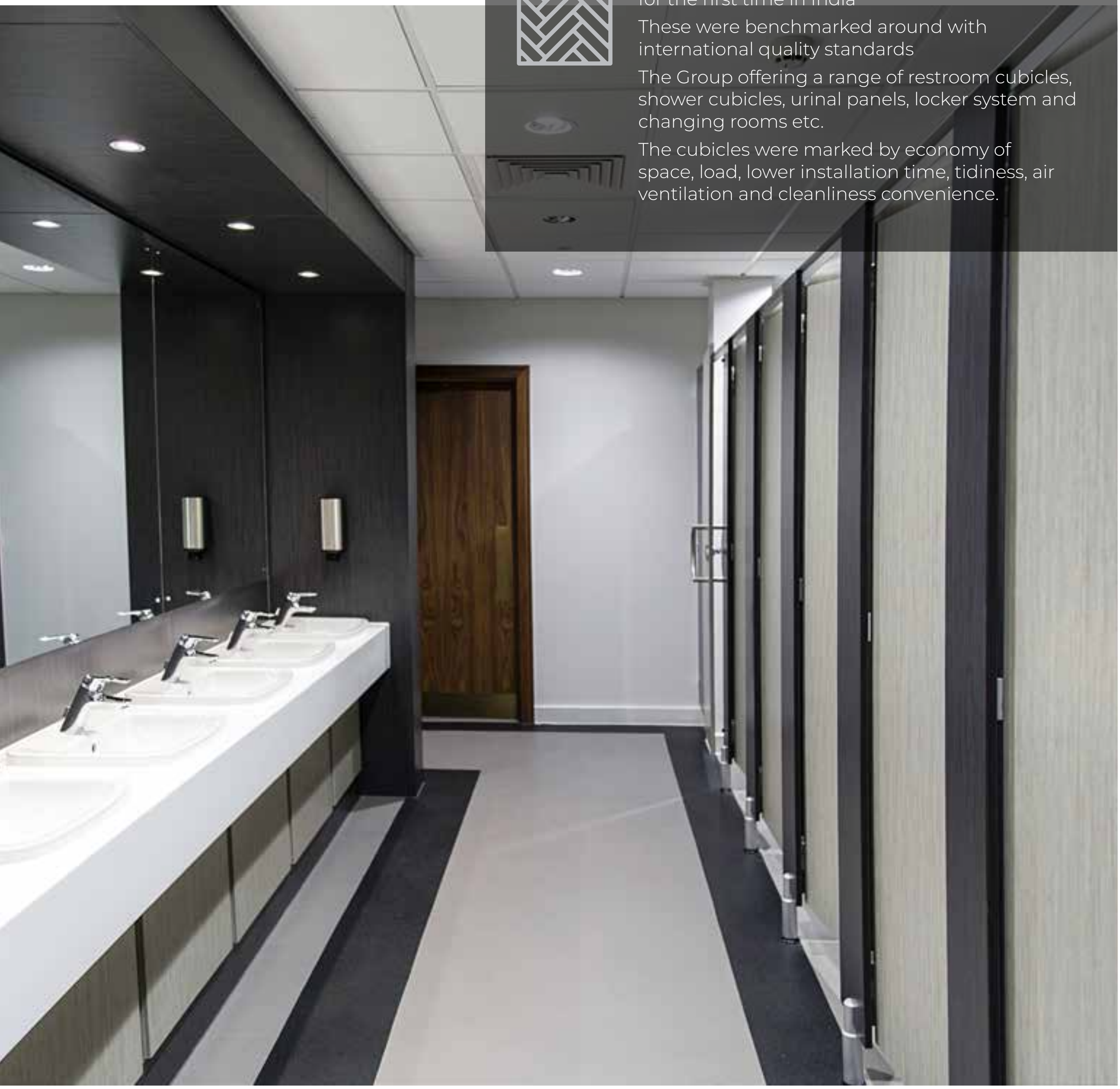
One, it reminds the user of the superior airport experience.

Two, it is easy to use and clean, which translates into a differentiated experience.

Three, there is a certain spaciousness around the experience that makes it functional for those who use or clean.

Graduating an Indian public restroom to the level one usually encounters in a developed country.





Merino's restroom cubicles were manufactured for the first time in India

These were benchmarked around with international quality standards

The Group offering a range of restroom cubicles, shower cubicles, urinal panels, locker system and changing rooms etc.

The cubicles were marked by economy of space, load, lower installation time, tidiness, air ventilation and cleanliness convenience.

MERINO AT MARUTI SUZUKI, GURUGRAM

When India's largest automobile manufacturer needed to make its interiors more attractive it turned to India's most trusted laminates brand.

Merino.

Merino presented its vast swatch for the benefit of one of India's most iconic automobile brands.

The result is a showpiece interior that raises eyebrows – in the positive sense.

Marrying aesthetics with durability with maintenance ease.

The best of all worlds.

The Group introduced Shaurya a few years ago

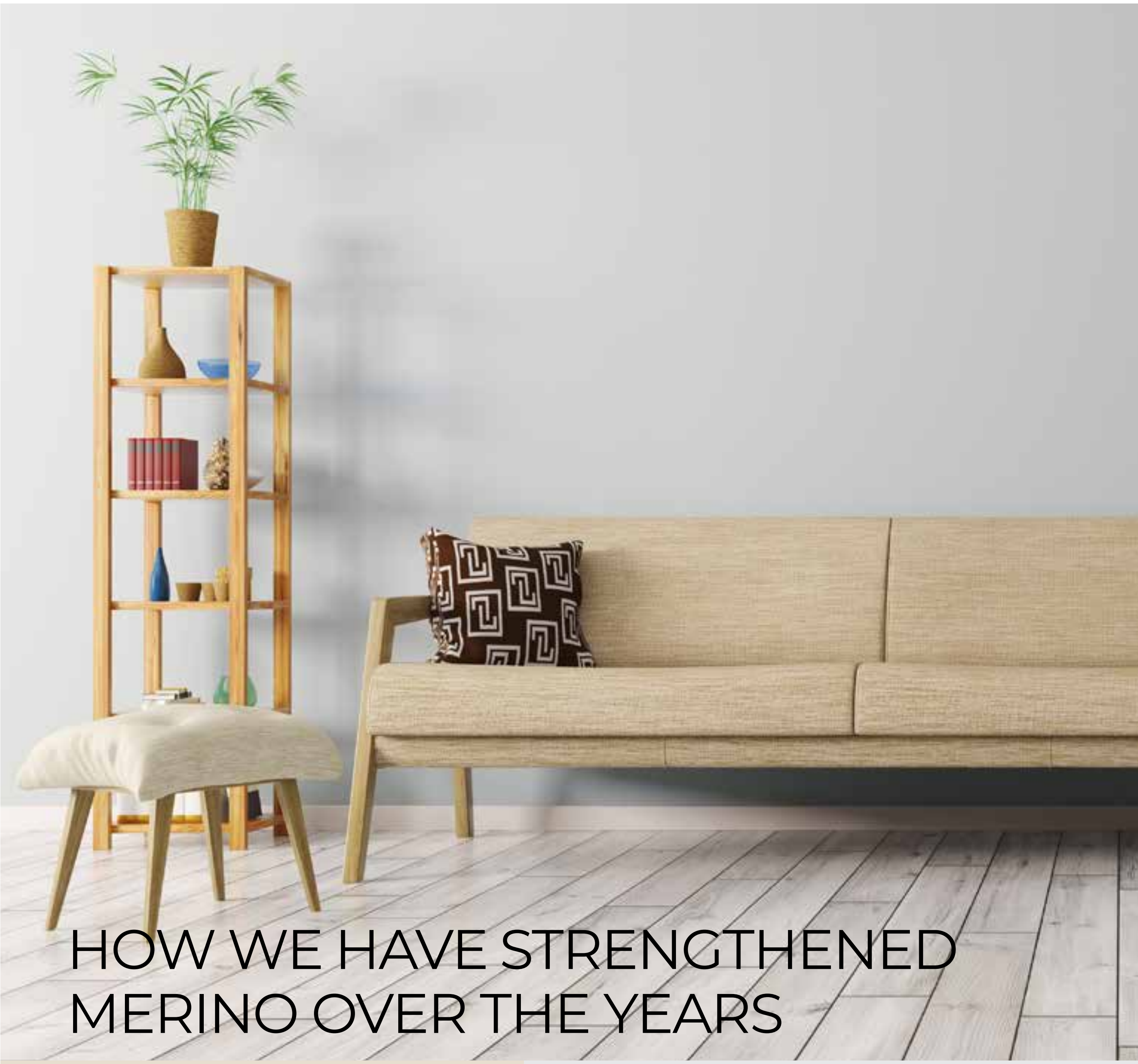
This was derived from a collaboration with the German Bren system

This system helps protect walls and corners against damages and soling

The system uses different profiles and compact laminate-based panels.

MERINO: TRUSTED BY MARQUEE BRANDS ACROSS INDIA

Supreme Court of India
Eden Gardens, Kolkata
Statue of Unity, Gujarat
DS Group, Noida
GD Goenka School, Lucknow
Honda Cars, Gr. Noida
Hotel Hayat Palace, Jaipur
Gaur City Mall, Noida
DPS, Gr. Noida
IIT Jammu, Ropar
Sonalika Tractors, Mohali
Jaipur Metro, Jaipur
Flipkart Allcargo, Jhajjar
Exxon Mobil, Gurugram
American Express, Gurugram
Hero Motocorp, New Delhi
KPMG, Gurugram
Airtel Office, Gurugram
Apollo Tyres, Gurugram
Amity International School , New Delhi
Google, Gurugram
Ericsson, Gurugram
AMRI Hospital, Kolkata
Emami City, Kolkata
BJP Office, Dhanbad
IIT, Kharagpur
IBM, Kolkata
IILS, Siliguri
Bagdogra Airport, Kolkata
KIMS Hospital, Bhubaneswar
Bandhan Bank, Kolkata
Impression Hotel, Patna
DPS, Kolkata
Tinsukia Railway Station, Tinsukia
Nirma University, Ahmedabad
Inorbit Mall, Mumbai
IIM, Ahmedabad
Parle Biscuits, Chittoor
Chhatrapati Shivaji Airport, Mumbai
Times of India
Motera Stadium, Gujarat
E&Y, Ahmedabad
RBI, Mumbai,
HUL, Indore
Hitachi, Mehsana
Tata Motors, Pune



HOW WE HAVE STRENGTHENED MERINO OVER THE YEARS

1 Merino had ₹39.05 Crore of debt on its books in 2015-16

- The Group began to redeploy accruals in debt liquidation
- The Group repaid ₹77 Crore of long-term debt in five years ending 2019-20
- Long-term debt-equity ratio has strengthened to 0.10 in 2019-20 (peak 0.12 in 2016-17)
- Cash accruals have helped moderate working capital utilisation to 76% of limits

2 Merino was once an India-focused company

- The Group began to manufacture a world-class product quality
- The Group widened its export presence to 65 countries as on 31st March, 2020
- The Group derived more than 27% of revenues from exports in 2019-20
- The Group has emerged among the largest laminate exporting companies in India

3 Merino was once a single-product interior infra company

- The Group widened its product mix into synergic areas
- The Group extended to the manufacture of pre-laminated boards, performance laminates, restroom enclosures, plywood, post-laminated products and furniture
- The proportion of non-laminate revenues accounted for 26% of turnover, 2019-20
- The Group's revenue broadbasing has helped strengthen de-risking

4 Merino was once a manufacturing-driven company

- The Group strengthened its marketing
- The Group invested 3.52% of annual revenues in brand building
- The Group designed schemes to engage dealers and carpenters
- The initiative strengthened a quicker offtake of value-added laminates

OUR ROBUST BUSINESS MODEL

Merino's business model is focused on enhancing long-term value for the Group and stakeholders through the achievement of goals relating to profitability, efficiency, operational excellence and mitigation of business risks.

WHAT WE ARE

Scale: Manufacturing capacity of 215 Lakh laminate sheets per annum, one of the largest in India.

Wide laminate range: More than 10,000 designs, textures, colours and finishes.

Governance commitment: Complete alignment with certification and compliance needs, customer interests and statutory obligations.

Technology edge: Investment in Double Belt Casting Unit process moderated cost of manufacture and enhanced quality.

Presence: Presence across 1080 + dealer network to deliver products across more than 10,000 outlets.

WHAT WE ARE CAPITALISING ON

Rising population: India is the second-most populous country with a population of around 1.36 bn in 2019 and growing at >1% per year.

Increasing incomes: The nominal per capita net national income during 2019-20 rose 7% to ₹134, 226.

Rapid urbanisation: By 2030, 40% of the India could be urban (34% today), creating an additional demand for 25 mn affordable housing units.

Increasing office space: India's office space increased 22% (gross absorption 57.72 mn sq ft) in 2019.

Affluent middle-class: Affluent households have more than doubled since 2008, from 10 mn to 24 mn. Aspirers have jumped from 31 mn households to 57 mn. Elite households, comprising those that earn upwards of ₹20 Lakh per year, have grown from 3 mn to 9 mn.

Favourable demographics: Approximately 66% of India's population is below 35, indicating a large economically productive population.

Social media: The data traffic in India increased 47% in 2019 following 4G absorption, enhancing visibility for well-designed interiors.

Organised market share: Following GST implementation, the price difference between organised and unorganised products narrowed from 25-30% to 10-15%, strengthening offtake for the former.

OUTCOMES OF OUR RESILIENT BUSINESS MODEL

Increased revenues by 0.11% from ₹1472.13 Crore in 2018-19 to ₹1473.72 Crore in 2019-20.

Increased revenues from exports by 4.53% to ₹392.79 Crore.

EBITDA stood at ₹235.73 in 2019-20.

Maintained credit rating at AA- in 2019-20.

Long term debt stood at ₹94.68 Crore.

Reported 14.46% RoCE in 2019-20.

(Source: India Today, Economic Times, Statista, Live Mint)

BUSINESS ENABLER#1

MERINO. STRENGTHENING PROSPECTS BY DEEPENING OUR NETWORK

Overview

Distribution is the function that connects the Group to its customers. Merino's extensive distribution network helped the Group evolve and address the growing needs of customers. Following the COVID-19 pandemic, sales and distribution as a function became critical owing to a need of last-mile engagement with consumers.

Strengths

Wide range: Merino possesses a wide range of laminates comprising more than 10,000 designs, textures, colours and finishes, possibly the widest in its sector in the country.

Deeper reach: Merino added channel partners in Central and Western India, strengthening offtake.

Liquidity: Merino maintained receivables at 44 days of sales equivalent, the result of a high cash-and-carry approach.

Brand recall: The Group enjoys a strong brand recall reflected in one word – Trust – leading to a consumer's peace of mind.

Robust distribution network: The Group possesses 1,080 distributors network, ensuring product availability and accessibility.

Highlights, 2019-20

- The Group's influencer engagement program - Merino Humrahi – engaged 75,000 carpenters in enhancing awareness related to laminate fabrication and allied surfaces.
- The Group launched a channel financing programme with a back-to-back arrangement with commercial banks.
- The Group collected sales data of consumer buying patterns from channel partners for identifying gaps.
- The Group launched an Architect Connect Program, an online platform to connect with architects across India.
- The Group associated with 500 small and medium interior designers, strengthening its product visibility.
- The Group generated ₹393 Crore from exports.
- The Group integrated the distributor's stock database into its supply chain management, strengthening inventory management.

Proportion of sales derived from India (%)

2015-16	70
2016-17	71
2017-18	74
2018-19	74
2019-20	73

Proportion of sales derived from exports (%)

2015-16	30
2016-17	29
2017-18	26
2018-19	26
2019-20	27

BUSINESS ENABLER#2

MERINO. STRENGTHENING PROSPECTS THROUGH CONSISTENT BRAND INVESTMENT

Overview

Merino is a leader in the country's laminate segment by capacity, quality and recall. The brand is respected for its wide and deep portfolio, choice across price points, aesthetics, best-in-class quality and innovation in products and services. The Group enhanced visibility across more than 10,000 retail outlets through printed collateral, product display at points of sale and engagement meets with channel partners.

Product launches, 2019-20

Name of the brand: Ply Meister

Year of launch: 2019-20

Nature of product: PU+ acrylic coated birch plywood in super gloss and super matt finish

Tagline: Elegant and Sturdy

Name of the brand: Infusio

Year of launch: 2019-20

Nature of product: Incorporating dimensional materials into the paper like sparkles, dusk etc.

Tagline: The Third Dimension

Name of the brand: Impreza

Year of launch: 2019-20

Nature of product: Compact with matching design and core layers

Tagline: Unicolor Core

New initiatives, 2019-20

Investment: The Group channelised 3.52% revenues towards branding.

New channel: The Group launched a new website for Merino Laminates.

Campaign: The Group introduced a TV and digital media campaign in Q4 2019-20, strengthening visibility.

Merino Humrahi: The Group launched an influencer engagement program called Merino Humrahi across 14 States and 2 Union Territories in India, connecting more than 75,000 carpenters.

Architect programme: The Group launched an architect programme in January 2020.

E-catalogue: The Group launched a new e-catalogue (35 + designs) in January 2020 inspired by various countries; the folder (with a QR code) facilitates access to digital versions.

Digital marketing: The Group leverages Youtube, Twitter and other social media platforms to enhance recall.

Year	Brand spending (₹ Crore)	Revenue per rupee of brand spending (₹)
2016-17	25	42
2017-18	20	60
2018-19	27	55
2019-20	52	28

HOW WE MANAGE RISKS IN OUR BUSINESS

Background

At Merino, the effectiveness of our risk management practice is derived from the knowledge and hands-on engagement of our promoters. The Group recognises that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner.

Risk management organisation, roles and responsibilities

At Merino, the navigation of our corporate policy (and in effect our ability to manage organisational risk) cascades from our Board of Directors. Our Board comprises professionals with rich industry experience. Their hands-on understanding of the prevailing economic and corporate realities governs on-going appraisal and recalibration of corporate strategy whenever necessary.

The Board of Directors is also responsible for our governance principles, including our overall risk tolerance. Our Board is assisted by various committees with specific functions like Audit Committee, Stakeholders' Relationship Committee & Nomination and Remuneration Committee, which usually comprise Board member (s) and report their findings to the Board of Directors.

As a governance initiative, we ensure that members within our risk management structure are informed of our risk strategy and processes, ensuring a complete organisational alignment on the one hand and the ability to manage risks at the day-to-day transactional level on the other.

Our risk governance fosters the development and maintenance of an effective risk and control culture.

Strategic implementation and the risk management cycle

At Merino, there is always a rationale behind what we describe as acceptable (and unacceptable) risk. The risk appetite, defined by our Board of Directors, is reflected in our business plans and integrated into our operations. This appetite rests on a fine balance of risks and settlements, which ensures profits without affecting our viability.

Our risk acceptance is an expression of the extent to which our Board of Directors has authorised our management to assume risk within the constraints imposed by its capital resources, strategy, risk appetite and regulatory environment

Our risk acceptance and risk appetite – the amount of risk we seek to take – are enunciated and translated into a consistent limit framework across all risk categories.

The effective implementation of our risk management at the operational level embraces risk identification, measurement, analysis and assessment; our risk reporting, limitation (reduction to a level we have defined as appropriate) and monitoring makes it possible for us to closely follow all significant risks.

Risk identification
At Merino, we identify risks through appropriate systems and indicators (quantitative component). Besides, our inbuilt reporting protocol makes it possible for our executives to report risks as and when they perceive.

Risk measurement
We continuously strengthen our risk measurement tools pertaining to each business function. We compare the results produced by our risk model with those recommended by supervisory authorities, prevailing industry standards.

Analysis and assessment
At Merino, it is important that our competence in the area of risk management translates into a superior financial performance. In view of this, our financial performance serves to validate the effectiveness of our risk management and operating model in an unambiguous way.

Risk reporting
At Merino, we periodically report the effectiveness of our risk management to our Management Committee covering categorise wise risk and the overall risks. We recognise that this can potentially generate early alerts that make it possible to engage proactively in initiatives to counter the risks.

OUR RISKS AND MITIGATION

Raw material risk
Inability to source raw materials may dampen operations

Mitigation
The Group's laminate manufacturing units are proximate to sources of raw material; it also procures raw materials directly from farmers and manufacturers at competitive prices.

Product risk
The Group's product may not be accepted by the market

Mitigation
The Group enjoys market leadership in the laminates segment, ensuring steady offtake. The Group continuously upgrades and adds new designs in line with changing market trends and consumer preferences.

Finance risk
Inability to fund expansion at a competitive rate would affect business

Mitigation
The Group has negligible debt on its books, making it financially stronger. The interest coverage ratio of the Group stood at 12.85x in 2019-20.

Competition risk
High competition from competitors may impact profitability

Mitigation
The reducing price gap between organised and unorganised players in the market provides an edge to the Group. The Group possesses extensive scale, innovative products, strong brand recall and operational efficiency, enabling it to emerge as a strong competitor.

Directors Report

Dear Shareholders,

Your directors are pleased to present their Twenty Sixth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL RESULTS

(₹ Lakh)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Total Revenue (Net)	52422.53	54027.19
Profit before taxation	7600.58	8643.80
Less: Tax Expense	1549.00	2969.07
Profit after tax	**6051.58**	**5674.73**
Add: Balance brought forward from the previous year	28292.21	23425.19
Balance	34343.79	29099.92
Appropriation;		
Interim Dividend	420.00	210.00
Dividend distribution tax on interim dividend	86.33	43.17
General Reserve	605.16	567.47
TOTAL	**1111.49**	**820.64**
Add: Other comprehensive income	11.06	12.93
Balance Profit carried forward to the next year	33243.36	28292.21

ECONOMIC OVERVIEW

India emerged as the fifth largest world economy in 2019-20 and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. But a closer look reveals that Indian economy slowed to 4.2% in FY 2019-20, compared to 6.1 in FY 2018-19, reason being slow GDP growth contributing to an increase in fiscal deficit mainly on account of lower aggregate demand, lower fiscal revenue, lower economic activity and higher fiscal expenditure on account of the measures to address the economic slowdown. The Indian currency came under intensified and sustained depreciation pressures beginning mid-January 2020, reflecting a generalised weakening of emerging market currencies amidst flights to safety.

Indian companies were unable to compete globally, with the cost of capital and corporate income tax (CIT) being significantly higher than overseas competitors. In view of this, the government reduced corporate tax rate to 22% from 30%; it announced a new tax rate of 15 for new domestic manufacturing companies, strengthening the Make-in-India initiative.

The India plywood and laminates market is segmented on the basis of product into plywood and laminates. Plywood segment is estimated to expand at a CAGR of 4.55% and is showcasing great potential for the future growth of the segment. Plywood is a new alternative of wood-based products. These are used for commercial and residential applications and are made up from sheet of wood veneer. Plywood is available in different types such as waterproof plywood, decorative plywood, commercial plywood and many others. Increasing demand for plywood in the nation is opening several new opportunities for investors and manufacturers from foreign to invest in the Indian market.

The increasing focus of the government for low cost housing and infrastructure development, coupled with the growth in the construction and furniture industry in the country is believed to benefit the expansion of the India plywood and laminates market. Additionally, increasing demand for plywood and laminates in various end user industries, such as furniture industry, real estate industry, coupled with the rapid urbanisation in the country are some of the factors anticipated to promote towards the growth of the India plywood and laminates market. Moreover, recent changes being made in the goods and service tax in the country have resulted in lowering the price difference of plywood and laminates sector between organised and unorganised sector, which is also anticipated to be one of the major key factors contributing towards the growth of the India plywood and laminates market.

The outbreak of COVID-19 and the subsequent lockdown enforced in the country are expected to moderate demand. Intensification of social distancing is expected to lead to supply side as well as demand side shocks. Supply chain disruptions could hurt domestic production in sectors which are dependent on imported inputs such as pharmaceuticals, autos, chemicals, power, etc. The lockdown restrictions have taken away purchasing power and investments to a great extent. Many have been rendered jobless. The crisis has hit the laminates industry also to some extent though the demand from housing sector would remain maybe the quantum would be lesser.

COVID-19 PANDEMIC

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lockdown of production facilities etc. On March 24, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till May 3, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Further, during March 2020 / April 2020, there has been significant volatility in oil prices, resulting in uncertainty and reduction in oil prices.

In assessing the recoverability of Company's assets such as investments, loans, intangible assets, Goodwill, Trade receivable etc. the Company has considered internal and external information.

In enforcing social distancing to contain the spread of the disease, the Company's offices and client offices all over the world have been operating with minimal or no staff for extended periods of time. To effectively respond to and manage the Company's operations through this crisis, the Company triggered its business continuity management program. In keeping with its employee-safety-first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being.

The Company's teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Proactive preparations were done at the Company's work locations during this transition to ensure the offices were safe. Majority of the production workforce were enabled in a rapid manner to work remotely and securely, thus ensuring that client commitments were not materially compromised.

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

Your Company recorded a Total Revenue of ₹52422.53 Lakh as compared to ₹ 54027.19 Lakh in the previous year. The profit before tax was ₹ 7600.58 Lakh as compared to ₹ 8643.80 Lakh in the previous year. The Company's net profit after taxes stood at ₹ 6051.58 Lakh as against ₹ 5674.73 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 ₹ 46056.61 Lakh (previous year ₹ 47883.84 Lakh) and that of the Panel Products segment ₹ 4945.92 Lakh (previous year ₹ 4705.48 Lakh). Profitability of the Laminates segment before tax was ₹ 8746.40 Lakh (previous year ₹ 8910.53 Lakh) and that of Panel Products segment was ₹ 485.37 Lakh (previous year ₹ 503.50 Lakh).

During the year under review, the CIF value of exports of the Company amounted to ₹ 16181.22 Lakh as against ₹ 16975.50 Lakh of last year.

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

DIVIDEND AND RESERVES

Your Company declared and paid 1st Interim Dividend and 2nd Interim Dividend both at the rate of ₹ 10.50 per share for Financial Year 2019–20 approved by the Board at its meetings held on 23.09.2019 and 23.03.2020 respectively. 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 ₹ 605.16 Lakh to the General Reserve during the year under review as against ₹ 567.47 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, 2020 stood at ₹ 200.00 Lakh during the year under review. The Company neither issued any shares with differential voting rights nor 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 2019-20 has been given with this Report as Annexure 1.

NUMBER OF BOARD MEETINGS

During the year under review, seven (7) meetings of the Board of Directors of the Company were held i.e. on 21.06.2019, 26.07.2019, 20.08.2019, 23.09.2019, 16.12.2019, 06.01.2020 and 23.03.2020.

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 a policy on dealing with Related Party Transactions which have been approved by the Audit Committee as well as by the Board of Directors. All transactions entered into with Related Parties as defined under Section 188 of the 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. Towards accomplishment of its objective for proper implementation and governance of Risk Management Policy and structure, the Company has sketched its Project Objectives, Project Milestones and Project Charter.

Appropriate Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits.

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

The Company regularly reviews the implementation of Enterprise Risk Management framework.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

It is a matter of great regret that one of the Promoter Director of your Company, venerable Shri Champa Lal Lohia (DIN: 00154019) left for his heavenly abode on 3rd April, 2020. The late Shri Lohia had been a Director of the Company since its incorporation and subsequently, held the post of Executive Chairman of the Board of its Holding Company, Merino Industries Limited. He had vast knowledge, expertise and experience in overall Business Development, Administration and Strategic Planning, being the main guiding light of Merino Group.

Your Directors place on record appreciation for his invaluable guidance and stewardship and note that such a great soul who created a landmark by his contributions to the Company and the Group, would always remain irreplaceable.

With your approval at the last Extra-Ordinary General Meeting held on 31.07.2020, Shri Manoj Lohia (DIN: 00127775) and Shri Deepak Lohia (DIN: 00154027) were re-appointed as Whole-time Directors both for a further period of three years, effective 01.08.2020.

Ms. Ruchira Lohia (DIN: 00127797), Shri Anil Jajoo (DIN 00063284) and Shri Bikash Lohia (DIN 00154013), 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 company. It also ensures safeguard of assets, prevention and detection of frauds and errors and also ensures accuracy, completeness and timely preparation of the accounting records. Your Company has developed Entity Level Controls and Process Level Controls 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 DIRECTOR

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

STATUTORY AUDITORS

M/s. Singhi & Company, Chartered Accountants (FRN 302049E), Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment as Auditors, if made, would be within the permissible limits under Section 139 of the Companies Act, 2013. They are eligible for re-appointment for a further period of two years.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Rules framed thereunder, the Company appointed M/s. A L & Associates, a firm of Company Secretaries in Practice (FRN: 037000) to conduct the secretarial audit of the Company. The secretarial audit report for the Financial Year 2019–20 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 2020-21. As required under the Act, a resolution seeking members' approval for the remuneration payable to the Cost Auditor for the said period forms a part of the Notice convening the Annual General Meeting.

The Cost Audit Report for the financial year 2018–19 was filed in Form CRA–4 with the Ministry of Corporate Affairs on 26.12.2019.

COMPOSITE SCHEME OF ARRANGEMENT (PURSUANT TO SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013)

A petition for approval of Composite Scheme of arrangement under sections 230 to 232 read with Section 234 and other applicable provisions of the Companies Act 2013, amongst your Company, its holding company Merino Industries Limited (MIL), Merino Exports Private Ltd. (MEXPL) and Merino Services Ltd. (MSL) was filed with National Company Law Tribunal (NCLT) on 4th October 2019 after approval of the respective Board of Directors of the Company on 20th August 2019. The scheme was approved, among others, by the shareholders of your company on 20th February 2020. The petition awaits approval of NCLT.

The Scheme provides for, among others, the appointed date as 1st April 2019, merger of your company with MIL, transfer of certain undertakings of MEXPL and MSL to MIL and the transfer of the real estate undertaking of MEXPL and IT and Software Development undertaking of MSL to Merino Properties Private Limited and Merino Consulting Services Limited respectively, discharge of the consideration for transfer of undertakings by issuance of equity shares of the transferee companies to the existing shareholders of the transferor companies at approved ratios and transfer of assets and liabilities of the transferor company and undertaking of the related company, to the related transferee company.

Pending approval of the petition and consequent finalisation of the effective date no adjustment in the account of the company has been made.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

AUDIT COMMITTEE

Your Company has an Audit Committee at the Board level with terms of reference specified by the Board and with the powers and the role that are in 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), Mr. Sisir Kumar Chakrabarti (DIN 02848624) (Chairman of the committee) and Mr. Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors, Mr. Asok Kumar Parui (DIN 00061267), Director as members of the Committee. Mr. Asok Kumar Parui also being the Company Secretary acts as the Secretary to the Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

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

The Committee comprised Dr. Gautam Bhattacharjee (DIN 00109269) (Chairman of the committee) Mr. Sisir Kumar Chakrabarti (DIN 02848624) and Mr. Bama Prasad Mukhopadhyay (DIN 08199055), Independent Directors, Mr. Anil Jajoo (DIN 00063284), Mr. Asok Kumar Parui (DIN 00061267), Directors as members of the Committee. Mr. Asok Kumar Parui also being the Company Secretary acts as the Secretary to the Committee.

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

VIGIL MECHANISM

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

This policy is to establish the said mechanism for employees to report to the management instances of unethical 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 your Company was re-constituted on 22nd May, 2019 to, inter–alia, prevent discrimination and sexual harassment against women at the Company's work place ensuring support to the victimised 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

Rup Chand Lohia		**Prakash Lohia**
Director		*Director*
Bangalore	Date : 25th August, 2020	Hapur (U.P)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U20299WB1994PLC064386
ii)	Registration Date	08.08.1994
iii)	Name of the Company	Merino Panel Products Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-government Company
v)	Address of the Registered Office & Contact details	5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020, West Bengal Tel: 033-22901214, Fax: 033-22870314, E-mail: merinokol@merinoindia.com Website: www.merinoindia.com
vi)	Whether listed company	No.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	C B Management Services (P) Limited, P-22, Bondel Road, Kolkata- 700019, Tel : 033-2280-6692/93/94, 033-40116700/11/16/18/23/28; Fax : 91-033-40116739; E-mail : rta@cbmsl.com CIN : U74140WB1994PTC062959

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Decorative Laminates	4823-90-19	87.86%
2	Panel products	9403-60-00	9.43%

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 (01.04.2019)				No.of shares held at the end of the year (31.03.2020)				% 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

Sl No.	Category of shareholder	No.of shares held at the beginning of the year (01.04.2019)				No.of shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2	Foreign									
(a)	NRIs-Individuals									
(b)	Other-Individuals									
(c)	Bodies Corporate									
(d)	Bank/Financial Institutions									
(e)	Any Other (specify)									
	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.									
(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	0.00	0	0	0	0.00	0.00
	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 (01-04-2019)			Shareholding at the end of the year (31.03.2020)			% 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	CHAMPA LAL LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
2	RUP CHAND LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
3	PRAKASH LOHIA	1000	0.05	0.00	1000	0.05	0.00	0.00
4	PRASAN LOHIA	1900	0.09	0.00	1900	0.09	0.00	0.00
5	BIKASH LOHIA	2480	0.12	0.00	2480	0.12	0.00	0.00
6	MANOJ LOHIA	1860	0.09	0.00	1860	0.09	0.00	0.00
7	MERINO INDUSTRIES LIMITED	1493000	74.65	0.00	1493000	74.65	0.00	0.00
8	MERINO EXPORTS PRIVATE LIMITED	490000	24.50	0.00	490000	24.50	0.00	0.00
9	DEEPAK LOHIA	2300	0.12	0.00	2300	0.12	0.00	0.00
10	MADHUSUDAN LOHIA	3760	0.19	0.00	3760	0.19	0.00	0.00
11	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 (01.04.2019)		Cumulative shareholding during the year (01.04.2018 to 31.03.2020)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(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 (01.04.2019)		Cumulative shareholding during the year (01.04.2018 to 31.03.2020)	
					No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(v) Shareholding Pattern of Directors and Key Managerial Personnel

Sl No.	Folio no.	Name - For each of the Directors and KMP	Remarks	Shareholding/ Transaction Date	Shareholding at the beginning of the year (01-04-2019)		Cumulative shareholding during the year (01-04-2018 to 31-03-2020)	
					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	01-04-2019	1000	0.05	1000	0.05
			At the end of the year	31-03-2020	1000	0.05	1000	0.05
2	003	Rup Chand Lohia	At the beginning of the year	01-04-2019	1000	0.05	1000	0.05
			At the end of the year	31-03-2020	1000	0.05	1000	0.05
3	004	Prakash Lohia	At the beginning of the year	01-04-2019	1000	0.05	1000	0.05
			At the end of the year	31-03-2020	1000	0.05	1000	0.05
4	006	Bikash Lohia	At the beginning of the year	01-04-2019	2480	0.12	2480	0.12
			At the end of the year	31-03-2020	2480	0.12	2480	0.12
5	007	Manoj Lohia	At the beginning of the year	01-04-2019	1860	0.09	1860	0.09
			At the end of the year	31-03-2020	1860	0.09	1860	0.09
6	010	Deepak Lohia	At the beginning of the year	01-04-2019	2300	0.12	2300	0.12
			At the end of the year	31-03-2020	2300	0.12	2300	0.12
7	012	Ruchira Lohia	At the beginning of the year	01-04-2019	1700	0.09	1700	0.09
			At the end of the year	31-03-2020	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	2,799.83	-		2,799.83
ii) Interest due but not paid		-		-
iii) Interest accrued but not due	0.90	-		0.90
Total (i+ii+iii)	**2,800.73**	**-**	**-**	**2,800.73**
Change in Indebtedness during the financial year				
· Addition		-		-
· Reduction	-163.58	-		-163.58
Net Change	**-163.58**	**-**	**-**	**-163.58**
Indebtedness at the end of the financial year				
i) Principal Amount	2,636.25	-		2,636.25
ii) Interest due but not paid		-		-
iii) Interest accrued but not due	0.95	-		0.95
Total (i+ii+iii)	**2,637.20**	**-**	**-**	**2,637.20**

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
		Mr. Manoj Lohia	Mr. Deepak Lohia	Mr. Anurag Lohia	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,18,92,000	1,08,00,000	44,16,000	2,71,08,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1,00,000	1,00,000	1,00,000	3,00,000
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	0	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	80,047	41,779	1,40,911	2,62,737
	Leave	8,23,868	7,17,448	1,98,765	17,40,081
	PF	14,27,040	12,96,000	5,29,920	32,52,960
	Medical Reimbursement	7,40,178	5,07,707	3,36,488	15,84,373
	Total (A)	**1,50,63,133**	**1,34,62,934**	**57,22,084**	**3,42,48,151**
	Ceiling as per the Act	Remuneration paid in accordance with the provisions of Section 197 read with Schedule V of Companies Act, 2013			

B. Remuneration to other directors: *(₹ in lakh)*

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Dr. Gautam Bhattacharjee	Shri Sisir Kumar Chakrabarti	Shri Bama Prasad Mukhopadhyay	
1	Independent Directors				
	· Fee for attending board / committee meetings	1,50,000	1,40,000	1,40,000	4,30,000
	· Commission	0	0	0	0
	· Others, please specify	0	0	0	0
	Total (1)	**1,50,000**	**1,40,000**	**1,40,000**	**4,30,000**
2	Other Non-Executive Directors				
	· Fee for attending board / committee meetings	0	0	0	0
	· Commission	0	0	0	0
	· Others, please specify	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**
	Total (B)=(1+2)	**1,50,000**	**1,40,000**	**1,40,000**	**4,30,000**
	Total Managerial Remuneration	**1,52,13,133**	**1,36,02,934**	**58,62,084**	**3,46,78,151**
	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	
		Company Secretary	Total
		Mr. 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) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify…	0	0
5	Others, please specify	0	0
	Total	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					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2020

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:

1. Some VFD has been installed at various places like in boiler area, pump house etc to save electrical energy.
2. Capacitor bank has been maintained to keep power factor of the plant at 0.999.
3. Energy audit has been planned for next financial year to look after how much energy we can save and utilise in a better way.

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

Generated Solar energy from 5.5 MW ground mounted plant and 2 MW roof top plant, the electrical energy generated from both these plants cater approx. 80 % of the total electrical energy requirement.

(iii) The capital investment on energy conservation equipment: NIL

B. Technology absorption:

(i) The efforts made towards technology absorption:

1. Commissioned Automatic DD saw Plywood cutting Machine.
2. Bought new JCB 3 DX Backhoe Loader
3. DOUBLE FACE GLUE SPREADER MACHINE
4. Double side Thickness Planer J-2212 Duo 12"x6"
5. Panel Saw machine 3200 X 400 MM with Dust Collector
6. Installed Vertical picker for finishing area
7. Overturning Machine 3600x2250x2300mm
8. Installed Steam Generator TSG-1000 for Formaldehyde Plant
9. Installed of VTA-30 Hot water Generator.
10. 4ft core veneer composer machine for plywood
11. Commissioned Hot press-6 20 daylight press
12. Installed CNC Router machine with Dust Collector
13. Schmalz Electric Hoist JIB Crane 250Kg
14. Commissioned Beam saw machine with dust collector
15. Commissioned 2000 CFT Seasoning Chamber for Plywood
16. Gang Rip saw machine with Dust Collector

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

a. **Enhancement of Production Capacity.**

   (a) Installed 20 Day light press to enhance the production by 2 lacks per month.

   (b) By Installing the VAT-30 HWG, production capacity of the plant would go up and supports new 20 Day light press.

b. **Reduction of Cost.**

   NIL

c. **Improvement in Productivity & Quality.**

1. After installation of Hot water generator VTA-30 the total heat capacity of the plant for all the presses had reached to 80 LKCal/Hr and that in turn increased the productivity of the plant.

2. Commissioning of 20 Day Light, 8X4 press in last FY increased the production capacity by 2 lacs every month.

(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: No

b. The year of import: 2016-17, 2017-18 & 2018-19.

c. Whether the technology has 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.

(i) The expenditure incurred on Research and Development:

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

C. Foreign Exchange Earnings and Outgo

(i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

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

(ii) Total foreign exchange used and earned (2019-20)

(₹ In lakh)

Earnings:	
Foreign Exchange earned (CIF Value of exports)	16181.22
Outgo:	
CIF Value of Imports	
a) Raw materials	14417.55
b) Components & Spare Parts (including Stores)	9.83
c) Capital Goods	98.10
Expenditure in foreign currency	
a) Sales Commission	44.29
b) Travelling	19.72
c) Professional & fees	6.71
d) Interest	1.02
e) Bank Charges	11.12
f) Business Promotion	7.27
g) Communication	0.37
h) Rent Expenses	9.74
i) Salary	21.48
j) Purchase of Acrylic Solid Surface	610.13

Annexure-3 to Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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-700020

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 ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit,We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020, 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.

Wehave examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; not applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period);

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period);

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period);

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the Audit Period);

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period);

   g. The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);

   h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);

vi. 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, the Company has specifically complied with the provisions of the following Acts:

   a) The Indian Forest Act, 1927;

   b) Bureau of Indian Standards; and

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

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

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

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

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

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

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

For AL & Associates
Company Secretaries
(FRN: 037000)

Priti Agarwal
Partner
ACS 26513; C.P.No. 9937
UDIN:A026513B000612362

Place: Kolkata
Date: 25th August 2020

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

Annexure A'

To
The Members
Merino Panel Products Limited
5, Alexandra Court, 60/1 Chowringhee Road, Kolkata-700020

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness an appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis..
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For AL & Associates
Company Secretaries
(FRN: 037000)

Priti Agarwal
Partner
ACS 26513; C.P.No. 9937
UDIN:A026513B000612362

Place: Kolkata
Date: 25th August 2020

Annexure-4 to Directors' Report

DISCLOSURES OF REMUNERATION

Disclosures pertaining to Remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2020

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 employment	Rremuneration (₹ in lakh)	Qualifications	Experience (Years)	Date of commencement of employment	% of Equity Share held	Last Employment/ Position held
Shri Manoj Lohia	48	Whole-time Director- Overseeing marketing and sale of Company's Products in Southern India	150.63	B.Com.	24	01.08.2008	0.09	Whole-time Director in Merino Exports Private Ltd.
Shri Deepak Lohia	44	Whole-time Director- Overseeing production, import of design papers, raw materials, chemicals, etc.	134.63	B.E. (Mech.)	23	01.08.2008	0.12	Whole-time Director in Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.

B. Employed for a part of the year and in receipt of remuneration which in the aggregate was not less than ₹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 Bikash Lohia, Director and Shri Manoj Lohia is a relative of Shri Rup Chand Lohia, Director.

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place: Bangalore

Date: 25th August, 2020

Prakash Lohia
Director
Place: Hapur (U.P)

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 child including adult education, Healthcare & Medical initiatives and distribution of Mid-Day Meal to students.

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

2. The Composition of the CSR Committee:

Name	Designation	Category
Shri Deepak Lohia	Whole-time Director	Promoter –Executive
Dr. Gautam Bhattacharjee	Director	Independent* – Non Executive
Shri. Anil Jajoo	Director	Non Executive

   The Company Secretary acts as the Secretary to the Committee.

3. Average net profit of the company for last three financial years: ₹ 9050.00 Lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 181.00 Lakh

5. Details of CSR spent during the financial year.

   (a) Total amount spent for the financial year: ₹ 185.00 Lakh

   (b) Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Address of Registered Office	Main Business activity of the Company	Prescribed CSR Budget (2% of Average Net Profit for F.Y. 2016-17, 2017-18 & 2018-19,)	Allocated CSR Budget	Actual CSR spent in F.Y. 2019-20	Administrative overhead expenditure	Reasons for under spending/ not spending (if any)	Details of CSR Programmes / Projects / Activities	Project description	Sector(s) covered within Schedule VII	Geographical areas where project was implemented	States where undertaken	Districts where undertaken	Outlay (programme/ Project wise	Expenditure on Programme or Project	Mode of implementation (Direct or through implementing agencies	Details of implementing agencies
5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020	Manufacturer and Exporter of Decorative Laminates, Panel Boards, etc.	₹ 181.00 Lakh	₹ 181.00 Lakh	₹ 185.00 Lakh	NIL	N.A.	Project – 1	Education relief programme	Promoting education	-	U.P. & Haryana	Hapur and Rohad	₹11.00 Lakh	₹11.00 Lakh	Directly to Bharat Lok Shiksha Parishad	Bharat Lok Shiksha Parishad having registered office at A 131/3, Group Industrial Area, Wazirpur, Delhi-110052
							Project - 2	Medical relief programme	Promoting medical checkup	-	U.P. & Haryana	Hapur and Rohad	₹174.00 Lakh	₹174.00 Lakh	Directly to Ramkrishna Mission Sevasram Vrindavan	Ramkrishna Mission Sevashrama having office at P.O. Vrindaban, Dist. Mathura (UP)-281121

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.'

Deepak Lohia
Director
Place: New Delhi

Date: 25th August, 2020

Dr. Gautam Bhattacharjee
Director
Place: Kolkata

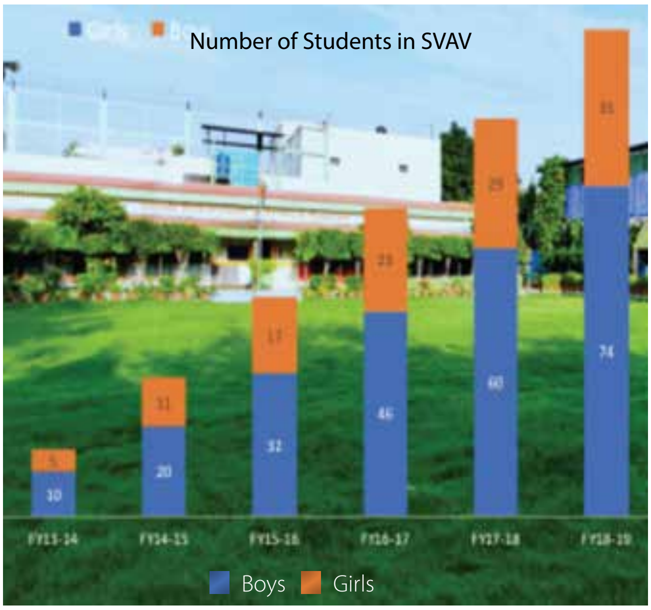
Anil Jajoo
Director
Place: Kolkata

Corporate Social Responsibility (CSR) Practices of Merino Group

Students with teachers of SVAV in Surya Vihar, Hapur, Uttar Pradesh

"Empowering minds, empowering the society."

Swami Vivekananda Arunoday Vidyalay (SVAV)



I. Swami Vivekananda Arunoday Vidyalay (SVAV)

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

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

Started with just 15 students in its maiden year, the school now enrolls students upto class VI and has a current strength of 107 students. The school provides an impressive teacher to student ratio of around 1:8 with its team of 13 teachers and 5 non-teaching staff. The table-1 below exhibits the ratio of boy and girl students at SVAV since its inception.

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

Education here, is not just about books but offers a holistic learning experience through an all-inclusive development curriculum. Spacious classrooms equipped with smart teaching aids, activity-rooms for all round development, a music room and a computer centre ensure students get access to updated modern education.

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

SVAV classroom

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

Merino's focus on the environment is reflected in SVAV campus too. The school is steadily moving towards its goal of becoming a green school. The use of Solar panels for energy efficiency, water conservation, reuse of wastewater and minimising waste are a few constructive steps towards realising this. To provide a firsthand experience, students take part in daily activities to monitor consumption of resources like water, electricity and waste generation. The students also take part in plantation of trees and take care of plants to learn about environmental care practices and their benefits at a very young age.

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

SVAV students with their teachers

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

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

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

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

The dedicated approach to holistic education and related support system has brought a transformation in and around 107 households (students' families). These over 100 of representatives of change are key influencers in their region, advocating the values of cleanliness, health & sanitation, principles of honesty and strong character.

The education program through SVAV works as a catalyst in spreading the message of education and empowering the poorest household, thus improving the social habits and conditions of the people. The parents of these children are mostly daily wage earners or street vendors or domestic help providers. The school has generated employment for 28 persons directly and for many others indirectly.

The total expenditure incurred in running the school during 2019-20 amounted to ₹1,39,87,457/-

II. The Mid –day Meal Program: A healthy mind resides in a healthy body

Malnutrition in India is a serious concern. Lack of hygiene, poor nutrition and poverty have made this worse. As a socially responsible

organisation, we initiated a project to provide mid-day meals to children of various schools. A kitchen with modern cooking facilities is operational at our SVAV campus at Hapur. Utmost care is taken to maintain optimum level of hygiene standards while the menu is carefully selected to provide high nutrition value to all the children. This food is then delivered to various schools at Hapur.

Pakshala (food preparation house) at SVAV

The Mid-Day Meal Program has several key benefits. First, this meal is an important source of nutrition for many children who come from financially deprived families. Secondly this food aids better psychological and physical development of these children. Thirdly mid-day meals ensure regular attendance in the schools where it is served. The above benefits are particularly effective in the case of girl - children.

Food preparation in Pakshala at SVAV

The SVAV kitchen serves mid-day meals to around 503 students every day with a plan to increase this to 750 students around daily at Hapur (UP) and its surrounding areas. The total amount spent during the year under report on Mid-day Meal Program amounted to ₹14.66 Lakh.

The Merino factory located at Rohad provides Mid-day Meal to around 76 physically challenged children studying at Savera School, Jhajjar, Haryana, while mid-day meal for 16 children and 12 adults on a daily basis is sent to Bal Garh, Bahadurgrah, Haryana. A sum of ₹ 1.7 lakh was spent during the year under report.

Students of SVAV taking their meals

III. Supporting the deserving through Educational & Learning Programs

Our education initiative is not just limited to SVAV school. Deserving students are provided scholarships by the trust. Additionally, the trust arranges for private tuition at SVAV campus for students from economically weaker section of the society. During the year under review, 12 such students were imparted coaching. 11 girls and 5 boys have also been provided with all financial support and guidance to continue their education in well-established private secondary schools outside SVAV. During the year under review, it granted and disbursed scholarships amounting to ₹10.4 Lakh to 28 students.

At Rohad village, near Merino campus, 16 girls are undergoing vocational training and an apparel stitching course through a Silaai Centre. The MPPL factory at Rohad is developing a facility to impart computer training to 20 girl children.

IV. Scholarships to poor but bright students under "Yogakshemam"

Sri Harakasturi Memorial Trust has taken another initiative to help the poor and disadvantaged but meritorious students resident of Kolkata and its Suburbs under the name and style "Yogakshemam". It was started in October 2018. This has inspirations from our Revered Swamiji's words," The most truthful way to serve God is to serve the poorest man. The gist of all worship to be pure and to good to others".

The Mission- Yogakshemama is for helping the students who are deprived of the facilities but are meritorious. It is a very humble attempt to help them with monetary aids for continuation of their studies and will be continued till they appear in Higher Secondary Examination i.e in the month of February/March 2020. For the said purpose it has been decided that they will receive a stipend of ₹ 4000/- per month which will help them not only to mitigate the expenditures on education, like payment of fees of special coaching, purchase of books/stationeries but also to some extent to procure their daily breads. Our main objective of this project is to be like a little lamp with limited oil and provide light to our pupils to find out their paths.

During 2019-20, total scholarship money of ₹ 14.44 lakhs was disbursed among 38 students identified under 'Yogakshemama' project.

V. Caring for lives through healthcare programs.

Medical care facilities are being provided through 'Shri Prem Chand Lohia Health Centre (SPCLHC)'.

Patents outside SPCL Health Centre of Merino

Tuberculosis is one of the most dreadful diseases in India with Global TB report 2017 giving an estimated incidence figure of 2.8 million cases of TB in India accounting for about a quarter of the world's TB cases. On finding that tuberculosis is prevalent at Hapur, Merino undertook a modest effort to address this issue through Shri Prem Chand Lohia Health Centre. Situated at Hapur, the centre provides general OPD along with complete treatment of TB. This is truly beneficial as there is a considerable economic burden associated with TB, specially for the economically weaker section which lack access to quality healthcare facilities. In collaboration with the Dept. of Tuberculosis, govt. of India, the health centre provides TB treatment in about 72 villages in the district of Hapur, Uttar Pradesh.

Doctor appointed by Merino with patient at SPCLHC in Hapur

At present, the heath center has three units of dispensaries with doctors and supporting medical staff to provide general OPD for patients and for treatment of TB in particular. These are located around Achheja, Garhmukteshwar and Hapur town respectively and serve the healthcare needs of the underprivileged in nearby localities.

The Trust also provides medical facilities to the needy patients in and around the establishments of Merino group at Hapur through mobile vans manned by qualified doctors. During the year under report, 286 such trips were undertaken.

In addition to allopathy-based healthcare facilities, the centre also provides Ayurvedic treatment to patients. A total no. of 19,490 patients availed the facility of allopathic treatment during 2019-20, while 4,267 financially deprived TB patients went through a complete treatment at 3 centers. 229 out of 236 new patients successfully completed their TB treatment under Merino's TB centres during 2019-20. During treatment, 30 patients from extremely poor households were provided complete meal along with medicine for the whole year. Further, 283 patients have been undergoing the treatment of TB as on 31-3-2020. Ayurveda has proved to be a vey cost-effective mode of healthcare. A total number of 2,444 patients received Ayurvedic treatment during the year under review.

Holistic Living Program through yoga training and related service

Yoga - India's gift to the world

Continuing the good work in healthcare, the trust also aims at overall wellness through yoga. This is done through training modules that promote practising yoga and knowledge of Ayurveda for holistic and healthy living. During the year under report, over a dozen yoga camps and classes for training were organised. This initiative is aimed at improving the state of health of the people availing the services of the Yoga Instructor.

Social Impact of Healthcare facilities by Merino

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

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

‘Nirmal’ – Merino’s enterprise - wide Sustainability & Environmental initiative Performance report 2019-2020

Don’t be afraid of a small beginning, great things come afterwards. Be courageous!

- Swami Vivekananda.

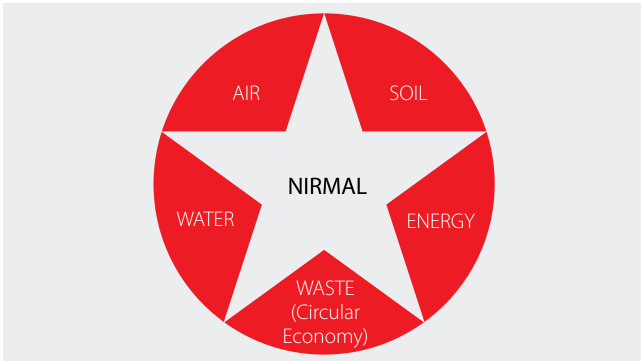
Nirmal Way of Sustainability in Merino

The understanding and working culture in the Merino is inspired by - Parasparam Bhavayantah (परस्परं भावयन्तः). That is, Nurture each other. As per our ancient wisdom, the Living World or the Nature is made up of Five Great Elements, which are

- o Bhumi meaning Earth (भूमि)
- o Aapah meaning Water (अप)
- o Analah meaning Fire/Energy (अग्नि)
- o Vayuh meaning Air (वायु)
- o Khah meaning Space (आकाश)

These five Great Elements encompass the total Eco System. Our conscious and sincere efforts to keep the Nature pure and clean by taking care of these Five Great Elements in all our operations and it will help us in fulfilling our Mission. That is, our Mission of “Universal Weal through Trade & Industry”. Merino being a Business Organisation, Trade and Industry are its means to create wealth for its Stakeholders. The word Universal stands for the entire World- the gamut of Stakeholders in our case. The word “Weal” ensures that the wealth is created without harming any part of the World. As we keep this clean, and saved from impurities, Nature will be bountiful for all in this World. This is also our understandings about the sustainability. We call it as Nirmal Way. That is, the word Nirmal means Devoid of Impurities, or Pure. Hence, the sustainability in Merino is driven by our mission and embedded in “Nirmal” way of doing all operations / activities.

Merino group believes that the sustainable actions and outcomes create long term values by achieving a balance between economic, environmental and social performances. In this context Merino has embarked upon a program called “Nirmal”, which focuses on integrated, multi-dimensional and holistic transformation broadly covering five areas which are shown alongside:



Merino leadership strongly believes that the environment encircles the social and economic well-being. So, the factors sustaining environment have profound impact on business and society. This has inspired Merino group to follow the policy of Environment first.

Micro bio - diversity eco system inside factory premises at Merino Hapur

Merino over the period of time has expanded its manufacturing facilities beyond its existing set up at Hapur (Uttar Pradesh) and Rohad (Haryana) to Hosur (Tamil Nadu) and Dahej (Gujarat). It has made efforts to make campuses Green and focuses on improving Indoor Air Quality too by having selected indoor plants as it is also evident from the pictures on the next page.

Administrative Block at Factory- MIL Hapur

Workstation with Indoor Plants at MIL Hapur

Since manufacturing involves usage of various resources like raw materials, water, fuel for power and heat generation etc. during the process there are corresponding generations of ecological footprints of carbon, water, emissions and waste etc. However, Merino is making a continuous improvement by focusing on optimisation of resource usages and reductions in ecological footprints in terms of carbon, water, emissions and any kind of wastes. Merino has engaged external agencies and subject matter experts in addition to its in-house Centre for excellency in planning, implementation and monitoring the projects which are considered positive intervention to bring about necessary impacts.

For the year under review, Merino retained The Energy and Resource Institute (TERI) and Visvesvaraya National Institute of Technology (VNIT, Nagpur) to assist and complement Merino's in-house expertise and experience to assess carbon and water footprint and to adopt best practices in energy management, water management, creating value out of any process scraps/wastes, greenhouse gas (GHG) management and soil management.

Merino has been making sustained efforts to adopt concepts, practices and principles of circular economy to bring necessary reductions and reuse/recycling of any kind of wastes. Towards this too, many initiatives have been taken including collaboration with Academia. The report further elaborates on each of the identified areas by bringing out overview, key initiatives undertaken and the outcomes of these initiatives in following categories.

1. Energy
2. Water
3. Waste Management under Circular Economy principles
4. Air including care for emission & air quality
5. Soil Care through resilient agricultural practices & green activities

I. Energy management in Merino

Conventional resources based on fossil fuels are one of the prime carbon footprint contributors. Merino has energy mission objectives to minimise Carbon Footprint of the Company to Ensure Universal Weal & Sustainability. There must be additional element to decrease the energy cost as well. At Merino, we believe that the future lies in renewable energy - one that fulfils our objectives of ecological sustenance and indigenous source of energy availability. To achieve this, Merino has formulated a three-pronged approach to the effective energy management.

1) Energy Sources- Increase the share of renewable energy in Merino's total energy requirement. Here major focus is on solar energy and in-house energy production by using biogenic fuel (carbon neutral) like biomass and biogas.

2) Energy Efficiency- Constant efficiency upgradation through upgraded electrical appliances, machineries or improved technology in production, utilities and lightening systems.

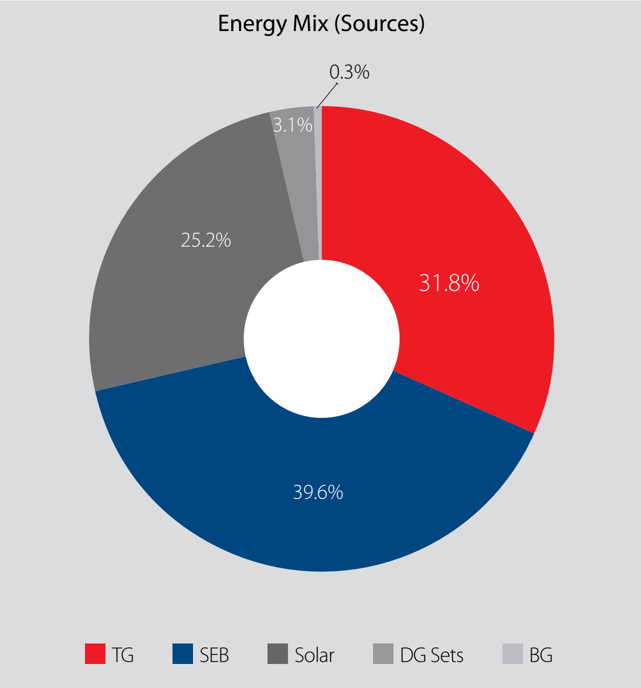
3) Energy Conservation- Promoting an environmental friendly work culture & conservation of energy i.e. provision of natural light in all establishments, saving electricity through automation and humane responsibilities.

I.1 Energy Sources at Merino

At present, Merino fulfils its total energy requirement through a combination of both conventional sources of energy like fossil-based Diesel-Generators (DG Sets), State Electricity Boards (SEBs) and renewable /alternate energy resources namely, Solar, Biomass based turbines (TG) and Biogas plants (BG). These five energy sources are used to power the various factories and establishments of the group.

Renewable sources constitute around 58 % of Total energy requirements of Merino

Constant engagement is the key attribute of sustainable practices. Merino now fulfils about 58% of its total energy requirement from renewable and green energy sources through its years of proactive efforts. Powering this feat, there are biomass technology turbines (TG) and biogas plants (BG) that contribute about 32% of the total energy requirement while solar power (Solar) accounts for around 26%.



Source: Energy Database of Merino industries 2019-20


Biomass based TPH

I.1.A. Biomass and biogas Power - The Green fuel

Reiterating its stand of environment first, Merino has taken several key steps that have reduced dependency on traditional power from fossil fuels-based DG-Sets or power from SEBs. The group has increased the installation and usage of alternative source of energy mainly solar. Also, the in-house energy production by using biogenic fuel (carbon neutral) like biomass and biogas.

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

Merino uses agro-based industrial residues like rice husks and wood or wood product wastes produced in industrial operations like sawdust as major biomass fuel to generate heat and power. This not only helps in reducing carbon footprint but also creates sustainable livelihood options for people who manage these wastes in around 100KM perimeter of the Merino Factory at Hapur.

Biomass, being the green fuel is our key fuel source at the Merino manufacturing units at Hapur. The power generated through the biomass turbines accounted for around 74 percent of total energy requirement of the two manufacturing units. Merino harnessed around15.77 million kWh of electrical energy annually from biomass during 2019-20.

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


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


Boiler Area of Co-Gen Plant at MIL-Hapur

Biogas plant at MIL- Hapur

Gases obtained from effluent treatment plants and organic decomposition of wastes in biogas plants are also used in power generation. The organisation generates approximately 1,60,000 kWh unit of electrical energy through biogas generator thus utilising the waste from potato flakes plant at Hapur.

I.1.B. Solar Power: Natural & low carbon footprint energy source

Solar power is the key to a clean energy in future. At Merino, we have constantly emphasised on this by implementing installations of various solar systems/plants to power the group's growing power requirement. The group has installed around 9.43 MW solar system/plants that helps to generate 12.36 million kWh units of electrical energy during 2019-20 for production, utilities and lighting needs of four factories of Merino. This makes up for around 25.2% of the total energy requirement of all plants of the group.

Solar Panels on rooftops of factory at Hapur

Merino's ground mounted solar panels at Hissar

Merino has installed 1.98 MW solar system (rooftop) in Merino Panel Products (MPPL) manufacturing unit at Rohad plant and another 5.5 MW ground mounted solar system with tracker in Budak, Hissar (Haryana). These together take care of around 49% of the energy needs therein.

The manufacturing unit at Dahej accounts for around 9% of energy needs from solar system installed in the campus. Hapur has two manufacturing units. Unit-1 got about 7% energy requirements from rooftop solar system while Unit-2 got about 19% during 2019-20. Solar energy provides for around 4% of energy requirement at the manufacturing unit in Hosur from solar rooftop panels at factory premises. Solar as source of energy requirements in various plants of Merino as given in the table 1.

Table-1 Share of Solar energy in total energy requirements in various plants of Merino

Factory-Site	Share of Solar Energy (Approx.)
Hapur Unit-1	7%
Hapur Unit-2	19%
Rohad	49%
Dahej	9%
Hosur	4%

Source : Energy Database of Merino Industries, 2019-20

I.2 Energy Efficiency: Constant upgradation in appliances, electricals, tools, technology etc.

Energy efficiency is mainly done in Merino through upgradation or installations of new electrical appliances, machineries or improved technology in production, utilities and lightening systems.

Merino has installed Variable Frequency Drive (VFD) across the machines, boilers, pumps, compressors etc. to control the load fluctuations, save the electrical inputs and gain overall efficiencies of these equipment/systems. Installations of Real Time Power Factor Correction System at required places has improved the power factor & reduced the demand. Installations of active harmonics filters for the required electrical fittings has also improved the power factor and helps us save the electrical demands.

Emphasis has been given on the installation of energy efficient (IE3) motors in production and other facilities at all establishments of Merino. The replacement of low efficiency centrifugal pumps with high efficiency pumps are done in many places to gain in operating efficiencies.

Merino's Hosur factory has 100 % IE3 motors while the Dahej unit has around 86 %. Other production units at Rohad and Hapur have also installed around 76% and 60 % IE3 motors respectively.

Merino is constantly working towards achieving our objective of gradually replacing the entire motoring capacity with 100 per cent IE3 motors.

Replacements & Installations of Energy Efficient Motors (IE3 or above) as on 31st March 2020

Factory-Site	Share in all working motors
Hapur	60%
Rohad	76%
Dahej	86%
Hosur	100%

Source : Engineering Database of Merino Industries, 2019-20

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

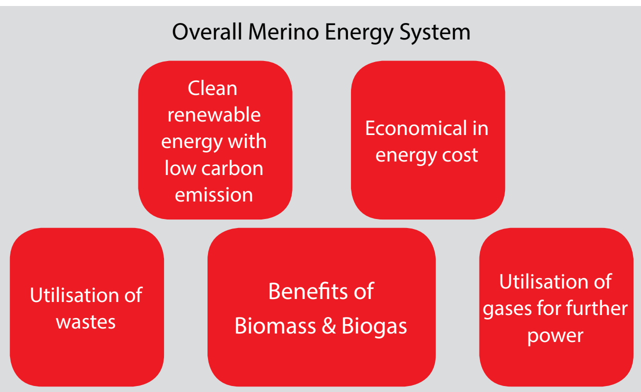
Our factories at Hosur, Rohad and Dahej have installed almost 100% LED lighting at their respective locations and working towards replicating the same at the rest of our units across India.

I.3 Energy Conservation or direct savings in heat & electrical energy

Merino, always focuses on energy savings at first place. That is, through automation and humane responsibilities. This is done through a continuous awareness about an environmental friendly work culture & conservation of energy possibilities. However, there are plenty of tangible processes and improvements measures which are helping the organisation in the conservation of energy.

During the last one year, OTIF projects were implemented, which minimise the material movement at factory premises & reduce the dispatch container loading time, thereby reducing the total energy consumption by different material handling equipment's. Following are the other measures worth highlighting under these endeavors:

- Engineers have arrested the air ingress in the Air Pre-Heater in Steam boiler & Thermic fluid heater and system develop to closely monitor it. This is to save heat energy.
- Used the adiabatic cooler in the close loop circuit for cooling of press eliminating secondary cooling circuit by PHE and another water circulation pump. Such circuit help us to get high cooling efficiency and reduce the electrical demand.
- PLC based automation for cooling tower pumps for energy saving is in place.
- We keep power factor of the plant at 0.999, which allows to conserve the energy.



We understand the source of energy, gain in efficiencies and conservation practices ultimately determine and help us in reduced carbon footprint. The use of biomass and solar energy as fuel sources have helped in lowering carbon footprints. This has ensured Merino to have low carbon footprint in the product manufacturing. The study conducted by Visvesvaraya National Institute of Technology (VNIT), Nagpur for assessment of carbon and water footprint of industrial activities of Merino at Hapur using ISO 14044:2006 methodology for Life Cycle Assessment (LCA) & compliance to ISO 14064:2006 for Green House Gas (GHG) evaluation, shows that 4.34 kg CO2 equivalent to per laminate sheet production and 1.05 kg CO2 equivalent to per kilogram of potato flakes production are GHG emissions at Hapur production facilities.

II. Water management

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

1) Focused practices to reduce water consumption,
2) Recycle and reuse of water,
3) Replenishing and restoration of water sources.

The above principle also called 5R, that are, Reduce, Recycle, Reuse, Replenish and Restore.

II.1 Water Conservation/Reduced Water Consumption

Saving water is the call of the hour. Maximise the use of every drop of water and also save every drop wherever possible are the twin concept, Merino has adopted across all operations at its manufacturing units across India.

The group has installed 200 and 250 CHM Adiabatic Cooling Towers at Hapur plants. Replacing the conventional cooling tower with the upgraded Adiabatic Cooling Tower has helped us in saving more than 25,000 KL annually at Hapur plant. Our flash steam recovery system further helps us to save around 15 per cent of water used in steams.

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

II.2 Recycle and Reuse of Water through ETP and STP

Another key aspect of our water management efforts is recycling of waste and unused water discharged from our manufacturing units. This is diligently implemented at all our manufacturing facilities using ETPs (Effluent Treatment Plants) and STPs (Sewerage Treatment Plants). The capacity of ETP and STP are of 250 and 70 KLD respectively at Hapur plants. These help to treat and recycling of over 100,000 KL of water annually at Hapur premises.

RO plant for water filtration & recycling at MIL, Hapur

The Rohad plant has installed capacity of ETP and STP of 50 and 100 KL per day respectively. It helps to make over 50,000 KL of reusable water annually from waste/used water in the premises.

Similarly, with the use of STPs in the manufacturing premises of Hosur and Dahej, the company reuses over 10,000 KL of water annually.

II.3. Replenishing and restoration of water sources: marching towards Zero discharge and double recharge

The Raghunathpur pond constructed & maintained by Merino for ground-water table recharge through rainwater

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

The Achheja Gaon pond constructed and Maintained by Merino for ground-water recharge

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

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

III. Waste Management with the principle of circular economy

A close look at nature reveals that nothing goes waste. Incorporating this philosophy, Merino has focused on reducing waste generation and further reusing these wastes through adoption of innovative ways to create value. Updating to technologically advanced machineries and implementation of raw material conservation practices has brought about a paradigm shift in waste management as the group moves steadily towards its long-term goal of zero waste. Infact, Merino is working to have Waste Recycle Positive Status means 'Creating positive value out of wastes.

Merino Group has adopted many innovative methods to reuse wastes. To start with, 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 properly plan the reuse of recyclable wastes and carefully dispose the hazardous ones.

Combustible process wastes from manufacturing like residue of paper materials, laminates, panel products etc., are used in furnaces to generate heat used for drying the biomass (key source of energy at Hapur unit of Merino).

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

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

III.1. Treatment and reuse of wastes of potato flakes plant at Merino

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

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

III.2. Valuable Chemicals from Potato peel

The VEGIT plant of Merino produces a myriad of potato ready mix products which generates a significant amount of peel waste. A novel process developed by VNIT uses the potato peel waste (PPW) to make valuable products. A green method is devised to separate clean peel and residual starch slurry. The peel is used to extract valuable products like polyphenols and dietary fibers thus creating wealth from waste. The starch slurry is used to generate energy by anaerobic digestion thus resulting into ZERO waste.

III.3. Paddy Straw Digestion System

The alarming situation caused by stubble burning in the Northern India due to recalcitrant nature of rice straw needs immediate attention. Being a lignocellulosic waste, it is difficult to decompose. In-Situ fast degradation by anaerobic digestion of rice straw is a suitable alternative option to produce a soil enriching compost. Recently joint collaboration of Merino and VNIT, a potential microbial culture is developed named paddy digesting culture (PDC) which is cost-effective and can efficiently work in the extreme climatic conditions of northern India. Two-stage solid-state digestion (dry anaerobic fermentation) followed by aerobic digestion of rice-straw without addition of water is conducted. Bioreactor volume is equivalent to that of wet rice straw and no post separation operation is required. Each stage is continued for 20 days, total digestion time being 1.5 months. The experiments are conducted for 500 grams of rice straw at lab scale and scaled up to 1 tons of rice straw at pilot scale at Merino Hapur factory. The rice straw is finally reduced to a high quality brown compact value-added composted biofertiliser with 10-11 C: N ratio.

IV. Care for emission and air quality

Reiterating the group's engagement in sustainable practices, all the manufacturing units at Merino diligently adhere to maintain lower emission than stipulated under manufacturing activities to bring about a positive and real change.

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

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

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

Monitoring of Air Quality at Merino factory, Hapur

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

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

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

V. Sustainable agriculture, Care for Soil & Green Activities

V.1. Sustainable agriculture

Sustainable farming and soil conservation form the ethos of our agricultural division at Merino. Leveraging the domain knowledge of national agricultural institutes like ICAR and State Universities experts, we have implemented a host of projects to develop SAP (Standardised Agronomic Practices) for our catchment area.

The primary goal of these initiatives has been to promote locally adaptable farm practices, need based usage of agricultural inputs to sustain soil health and crop ecology and also to increase income of huge number of farmers associated with Merino group.

Innovative methods adopted for nutrient management based on soil test values and Integrated pest management have transformed the farm practices. Not only has the usage of pesticides and fertilisers reduced by around 49% and 20% respectively, the targeted yield and quality have also improved significantly. The SAP have been implemented in potato, maize and paddy crops covering 1400 acres of land during last years.

Crop fields of Merino

Vermicompost made by Merino for soil organic care

This exemplary practices of Merino is rated as one of the best examples of public private association by Dr. Ashok Dalwai, Chairman "Doubling farmers income by 2022 mission committee" & Additional secretary, Ministry of Agriculture Cooperation and Farmers Welfare, Government of India , during a seminar organised by National Horticultural Research and Development Foundation, Delhi on 12th of March, 2019.

V.2. Enriching soils with natural composts/manures

Taking a constructive step towards soil biological health and its conservation, Merino is engaged in enriching carbon content of soil using bio manures and desired soil health management practice. The group produces quality vermicompost around 200,000 kg annually. The vermicompost besides enriching soil health also minimises dependence on the chemical fertilisers on around 80 hectare of farming lands. Overall, the ecofriendly farming practices at Merino help in achieving the carbon sequestration of around 12,000 kilo tons of CO_2 equivalent annually as environmental care along with sustaining the soil health.

V.3. Afforestation/Agroforestry by Merino

We at Merino, depend on trees/plants for our survival, from the air we breathe to the wood we use. Besides providing habitats for animals and livelihoods for humans, these also offer watershed protection, prevent soil erosion and mitigate climate change.

A clean & green lane inside the factory of Merino, Hapur

Merino has brought afforestation and also the expansion of agroforestry under its centerstage of green dive activities. All establishments of Merino are taking targets to increase green cover inside and outside its premises. In year 2019-20, over 7000 trees sampling are paced into its two factory premises of Hapur. Under its agroforestry, more than 2000 poplar trees and bamboos over 5 acres of land are grown up.

These green activities like plantations, farming and agroforestry do the carbon sink or carbon sequestration. Together around 14,000 tons of CO_2 equivalent GHG has been effectively removed through Merino's green initiatives during 2019-20.

Merino's Agroforestry and along farm fields

Vermicompost bed in Bamboo forestry by Merino

V.4. Soil Care

There is the need of hour to bring improvements in soil health using organic inputs. Commonly available compost lacks the crop/soil specific nutrients and bio agents. Also there is the need to minimise the dependence on inorganic fertilisers and saving forex and contributing to NMSA (National Mission for Sustainable Agriculture).

Therefore, the development of soil crop/soil specific and cost-effective organic manure customised with major and micro-nutrients and bio agents/catalysts are under progress by Merino with collaboration with VNIT. This shall be as per the quality standards defined under FCO, Govt of India for improving and sustaining physical, chemical and biological health of soil.

V.5. Gau Shala

Merino has taken initiative to establish the economic and ecological sustainability of a small dairy farm with scientific but traditional wisdom as well. It has focused on to utilise the existing herds and establish the contribution of retired animals, those have served their productive life cycle. Along the improved milk yield, the economic utilisation of Cow dunk and Gomutra are work in progress.

V.6. Miywaki in Merino

Merino has taken many of positive initiatives to have afforestation inside all its establishments. Adoption of 'Miywaki Method' to grow forests at fast pace inside the manufacturing campus at Hapur is one of such endeavors.

In Miyawaki method more saplings close by support each other are placed to grow the plants fast. This also blocks sunlight from reaching ground which prevents weeds from growing and al keeps the soil moist. Also, the only direction from which sunlight is available is top, so saplings move upwards to get sunlight instead of growing sideways. This makes the saplings grow taller in very short time.

We have followed the expert advisory to grow 'Miyawaki Jungle' while placing the 600 samplings into area of 320 square yards (240*12 feet), in a narrow lane between two large work-shades in the furniture factory of Merino at Hapur. Plenty of native species with variations in varieties are chosen to ensure the natural survival and ecological development in this Jungle/forest. This will also ensure the multilayers of plants, that are, canopy layer, tree layer, sub-tree layer and shrub layer would be formed in mature stage of this forest.

Composition of Varieties/Species of Samplings in Miyawaki at Merino

	Varieties	Number of Plants	Share
Fruit Bearing Trees	12	378	63%
Timber Trees	22	66	11%
Deciduous (Soil Enriching)	8	48	8%
Evergreen Medicinal Plants	9	54	9%
Evergreen Flowering Plants	18	54	9%

Source : Energy Database of Merino Industries, 2019-20

12 varieties of Fruit bearing trees such as Indian gooseberry, pomegranate, plum, Guava, jackfruit, custard apple etc. are paced. These constitute about 63% of the total trees in this forest. 22 varieties of Timber (large) Trees species like Teak, Sheesham, Arjun, sacred fig etc. are constituting 11% of the total trees in the forest. 8 varieties of deciduous plants like chebulic myrobalan, tamarind, Junglee Jalebi, Thor etc. are around 8% of total trees in this forest. 9 varieties of Evergreen Medicinal plants like curry leaves, Neem, Putranjiva, Semur, Tuma etc. and 18 varieties of flowering plants like cassia fistula, plumeria, royal poinciana, night jasmine, bauhinia variegata, Kanak, Mualsari, Mulberry etc. are being grown in this forest.

Sampling done on 24 December 2018 at MIL unit 2, Hapur

Miyawaki Methodology

- One-meter-deep pit dug and 3-4 native saplings per square meter are planted.
- In soil preparation or mulching organic manure like vermicompost are used.
- Support sticks inside the soil are placed to ensure plants don't bend.
- Paddy straws used to cover the soil to maintain its moisture & contain the weeds growth.
- Different species of plants are next to each other.

Trees in 'Miyawaki' forests after 18 months from sampling time

Multilayers of plants, that are, canopy layer, tree layer, sub-tree layer and shrub layer are being formed within very short span of time in the picture taken from above. It is expected to give the forest different species of plants like shrub layer (6 feet), sub-tree layer (6-12 feet), tree layer (20-40 feet) and canopy layer (above 40 feet).

The Picture shows the Miyawaki forest between two upcoming large work-shades in Merino

Independent Auditor's Report

To the Members of
Merino Panel Products Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Merino Panel Products Limited** ("the company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

Management's responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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 Statement of 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 accompanying financial statements comply with the Indian accounting Standards (Ind AS) read with the Companies (Indian Accounting Standards) Rule, 2015, as amended specified under

Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2013;

e. On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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" to this report;

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 accompanying financial statements – Refer Note No. 43(a) to the accompanying financial statements;

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

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

B.L. Choraria
Partner
Membership No.: 022973
UDIN: 20022973AAAABA1969

Place: Noida (Delhi NCR)
Date: 25th August, 2020

Annexure – "A" to the Independent Auditors' Report

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

1. In respect of Company's Property, Plant & equipment:

   A. The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant & equipment.

   B. The company has a phased program 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. 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.

2. Inventories (except stock in-transit) were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable, and no material discrepancies were noticed on physical verification.

3. The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act' 2013. Therefore, provisions of this clause are not applicable to the company.

4. The company has complied with the provisions of section 186 of the act in respect of investments made. However, the company has not granted any loan and provided guarantee under section 185 of the act.

5. 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.

6. 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.

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

   B) There are dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax and entry tax on account of disputes as stated below:

Nature of the Dues	Amount involved (₹ in Lakh)	Paid under protest (₹ in Lakh)	Forum where the dispute is pending	Period
Income Tax excluding interest	1.50	-	Assessing Officer	A.Y. 2007-08
	264.98	51.12	Commissioner of Income Tax (Appeals)	A.Y. 2012-13
	30.09	4.52	Commissioner of Income Tax (Appeals)	A.Y. 2014-15
	230.22	35.18	Commissioner of Income Tax (Appeals)	A.Y. 2017-18
Sales Tax excluding Interest	3.15	-	Assistant Commissioner, Jaipur	2016-17
	2.36	-	Assistant Commissioner, Jaipur	2017-18
	116.77	-	Excise & Taxation Officer-cum-Assessing Authority, Haryana	2016-17
	4.99	-	Sales Tax Officer	Various Years from 2005-06 to 2015-16
Custom Duty excluding Interest	9.55	3.50	CESTAT, Ahmedabad	AY 2005-06
Excise Duty excluding Interest	538.55	-	Supreme Court	2009-10 to 2013-14
Service Tax excluding interest	15.31	-	Assistant Commissioner	2015-16 to 2017-18

8. The Company has not defaulted in repayment of dues to a financial institution and bank. The Company did not have any borrowing from Government and dues to debenture holders.

9. The company has not taken any term loan during the year & therefore provisions of this clause are not applicable to the company. The company has not raised any moneys by way of Public issue/ Follow-on offer.

10. 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.

11. Based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the provision of section 197 read with schedule V to the Act.

12. The Company is not a Nidhi Company. Therefore, provisions of this clause are not applicable to the company.

13. 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 accompanying financial statements as required by the applicable accounting standards.

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

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

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

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

B.L. Choraria
Partner
Membership No.: 022973
UDIN: 20022973AAAABA1969

Place: Noida (Delhi NCR)
Date: 25th August, 2020

Annexure – "B" to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Merino Panel Products Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the accompanying financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

B.L. Choraria
Partner
Membership No.: 022973
UDIN: 20022973AAAABA1969

Place: Noida (Delhi NCR)
Date: 25th August, 2020

Balance Sheet as at 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a)	13,305.46	12,818.77
(b) Right of use assets	3 (a)	451.68	-
(c) Capital work-in-progress	3 (a)	128.11	675.36
(d) Other intangible assets	3 (b)	89.08	128.85
(e) Financial assets			
(i) Investments	4	10,886.97	5,807.31
(ii) Loans	5	140.76	143.68
(iii) Other financial assets	6	2.26	2.26
(f) Other non-current assets	7	85.64	50.77
Total non-current assets		**25,089.96**	**19,627.00**
(2) Current assets			
(a) Inventories	8	11,482.26	10,348.66
(b) Financial assets			
(i) Investments	9	1,736.48	2,647.91
(ii) Trade receivables	10	6,971.41	8,279.73
(iii) Cash and cash equivalents	11	386.56	936.54
(iv) Other bank balances	12	1,739.50	-
(v) Loans	13	143.66	80.97
(vi) Other financial assets	14	531.26	413.36
(c) Current tax assets (net)	15	508.06	98.05
(d) Other current assets	16	1,051.63	1,150.93
Total current assets		**24,550.82**	**23,956.15**
Total assets		**49,640.78**	**43,583.15**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	200.00	200.00
(b) Other equity	18	37,245.96	31,689.65
Total equity		**37,445.96**	**31,889.65**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	875.00	1,375.00
(ii) Other financial liabilities	20	15.83	14.81
(iii) Lease liabilities		268.61	-
(b) Deferred tax liabilities (net)	21	962.91	1,378.11
Total non-current liabilities		**2,122.35**	**2,767.92**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	1,261.25	1,299.83
(ii) Trade payables:	23		
Total outstanding dues of micro enterprises and small enterprises		49.50	16.96
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,626.03	5,117.66
(iii) Other financial liabilities	24	2,233.74	1,579.54
(iv) Lease liabilities		204.96	-
(b) Other current liabilities	25	448.60	394.83
(c) Provisions	26	246.89	177.56
(d) Current tax liabilities (Net)	27	1.50	339.20
Total current liabilities		**10,072.47**	**8,925.58**
Total liabilities		**12,194.82**	**11,693.50**
Total equity and liabilities		**49,640.78**	**43,583.15**

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

The accompanying notes numbered 1 to 51 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

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place : Bangalore

Prakash Lohia
Director
Place : Hapur (U.P)

A.K.Parui
Company Secretary
Place : Kolkata

Place : Noida (Delhi-NCR)

Date : 25th August, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	2019-20	2018-19
INCOME			
Revenue from operations	28	51,491.20	53,066.65
Other income	29	931.33	960.54
Total Income		**52,422.53**	**54,027.19**
EXPENSES			
Cost of materials consumed	30	24,349.46	26,588.67
Purchases of stock-in-trade		4,115.56	4,126.09
Changes in inventories of finished goods,stock-in-trade and work-in-progress	31	(201.08)	(575.58)
Employee benefits expense	32	5,275.93	4,984.46
Finance costs	33	284.36	263.21
Depreciation and amortisation expense	34	1,815.20	1,314.50
Other expenses	35	9,182.52	8,682.04
Total expenses		**44,821.95**	**45,383.39**
Profit before tax		**7,600.58**	**8,643.80**
Tax expenses	36		
- Current tax		1,967.92	2,581.88
- Deferred tax		(418.92)	387.19
Total tax expenses		**1,549.00**	**2,969.07**
Profit for the year from continuing operations		**6,051.58**	**5,674.73**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on post employee defined benefit plan		14.78	19.87
Deferred tax on above		(3.72)	(6.94)
Total Other Comprehensive Income for the year, net of tax		**11.06**	**12.93**
Total Comprehensive Income for the year		**6,062.64**	**5,687.66**
Earnings per equity share of face value of ₹10 each	43		
Basic		303.13	284.38
Diluted		303.13	284.38

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

The accompanying notes numbered 1 to 51 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 : Noida (Delhi-NCR)
Date : 25th August, 2020

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place : Bangalore

Prakash Lohia
Director
Place : Hapur (U.P)

A.K.Parui
Company Secretary
Place : Kolkata

Cash Flow Statement for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax as per statement of profit and loss:	7,600.58	8,643.80
Adjustment for :		
Depreciation and amortisation expense	1,815.20	1,314.50
Loss on disposal of tangible/intangible assets (net)	4.74	23.71
Fair value changes of derivative measured at FVTPL	203.07	(22.25)
Finance costs	284.36	263.21
Bad debts and advances written off	15.67	7.64
Loss allowance for expected credit losses on trade receivable	9.56	70.77
Unrealised foreign exchange loss (net)	20.28	27.65
Loss on sale of Biological assets	-	1.03
Loss / (Profit) on sale of investment (net)	(3.69)	7.96
Fair value changes of financial assets measured at FVTPL	(30.39)	(173.07)
Interest Income from financial asset at amortised cost	(507.39)	(258.06)
Dividend Income from Mutual funds	(15.75)	(1.98)
Recovery of Bad Debts	(14.06)	(1.52)
Provision/Liabilities no longer required written back	(18.04)	(82.49)
Operating profit before working capital changes	**9,364.14**	**9,820.90**
Adjustments for :		
Trade receivables	1,448.75	(856.32)
Non-current/current financial and other assets	(1,676.40)	(177.45)
Inventories	(1,133.60)	(2,076.33)
Trade Payables	369.03	772.43
Non-current/current financial and other liabilities/provisions	459.00	338.37
Cash Generated from Operations	8,830.92	7,821.60
Net Direct Taxes Paid	(2,715.63)	(2,318.69)
Net Cash from Operating Activities	**6,115.29**	**5,502.91**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment	(1,802.75)	(4,410.36)
Purchase of intangible assets	(7.35)	-
Sale of Biological assets other than bearer plants	-	0.50
Proceeds from sale of property, plant and equipment/intangible assets	74.24	51.43
Purchase of investment	(4,081.47)	(2,502.95)
Proceeds from sale of investment	1,877.05	1,140.72
Interest income	488.21	206.98
Dividend income	15.75	1.98
Investment in fixed deposits	(2,050.60)	(104.51)
Net Cash Flow used in Investing Activities	**(5,486.92)**	**(5,616.21)**

Cash Flow Statement for the year ended 31st March, 2020

(Rupees in Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of long term borrowings	(125.00)	-
Increase/ (decrease) in cash credit/working capital facilities	(38.58)	1,208.33
Payment against lease liabilities	(224.13)	-
Interest paid	(284.31)	(262.61)
Dividend paid	(420.00)	(210.00)
Dividend distribution tax paid	(86.33)	(43.17)
Net Cash Flow used in Financing Activities	**(1,178.35)**	**692.55**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(549.98)	579.25
Cash and cash equivalents at the beginning of the year	936.54	357.29
Cash and cash equivalents at the end of the year	**386.56**	**936.54**

Disclosure requirement as per Ind AS 7:

Change in Liability arising from financing activities	31st March 2019	Cash Flow	Non Cash Changes		31st March, 2020
			Others	Foreign Exchange	
Lease liability	-	(224.13)	697.70	-	473.57

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

The accompanying notes numbered 1 to 51 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

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place : Bangalore

Prakash Lohia
Director
Place : Hapur (U.P)

A.K.Parui
Company Secretary
Place : Kolkata

Place : Noida (Delhi-NCR)

Date : 25th August, 2020

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity share capital

(Rupees in Lakh, unless otherwise stated)

Particulars	Notes	Amount
As at 1st April 2018		200.00
Changes in equity share capital during the year 2018-19	17	-
As at 31st March 2019		**200.00**
Changes in equity share capital during the year 2019-20	17	-
As at 31st March 2020		**200.00**

B. Other equity

Particulars	Notes	Securities Premium	General Reserve	Retained earnings	Total other equity
Balance as at 1st April 2018	18	**300.00**	**2,529.97**	**23,425.19**	**26,255.16**
Profit for the year		-	-	5,674.73	5,674.73
Other comprehensive income (net of tax)		-	-	12.93	12.93
Total comprehensive income for the year		**-**	**-**	**5,687.66**	**5,687.66**
Interim dividend on Equity Shares for the year		-	-	(210.00)	(210.00)
Dividend distribution tax on interim dividend on Equity Shares		-	-	(43.17)	(43.17)
Transfer to / (from) general reserve / retained earnings		-	567.47	(567.47)	-
Balance as at 31st March 2019	18	**300.00**	**3,097.44**	**28,292.21**	**31,689.65**

Particulars	Notes	Securities Premium	General Reserve	Retained earnings	Total other equity
Balance as at 1st April 2019	18	**300.00**	**3,097.44**	**28,292.21**	**31,689.65**
Profit for the year				6,051.58	6,051.58
Other comprehensive income (net of tax)				11.06	11.06
Total comprehensive income for the year		**-**	**-**	**6,062.64**	**6,062.64**
Interim dividend on Equity Shares for the year		-	-	(420.00)	(420.00)
Dividend distribution tax on interim dividend on Equity Shares		-	-	(86.33)	(86.33)
Transfer to / (from) general reserve / retained earnings		-	605.16	(605.16)	-
Balance as at 31st March 2020	18	**300.00**	**3,702.60**	**33,243.36**	**37,245.96**

The accompanying notes numbered 1 - 51 are an integral part of the Statement of Changes in Equity.

As per our report of even date attached

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

B.L. Choraria
Partner
Membership Number - 022973

Place : Noida (Delhi-NCR)

Date : 25th August, 2020

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place : Bangalore

Prakash Lohia
Director
Place : Hapur (U.P)

A.K.Parui
Company Secretary
Place : Kolkata

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 multi product and multi-location company. The Company is subsidiary of Merino Industries Limited. The Registered Office of the company is located at 2nd Floor, 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata - 700020 , India.

The Company is engaged in manufacturing and marketing of Decorative Laminates, Prelam 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 principals generally accepted in India. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

(ii) Historical cost convention

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

- Certain financial assets and liabilities measured at fair value (refer 2.5 accounting policy regarding financial instruments);

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

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

2.2 Property, Plant & 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 recognised 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 derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 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 life as prescribed by Part C of Schedule II of the Act. In case the cost of 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 component best represent the period over which the management expects to use those components.

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

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

2.3 Intangible Assets and Amortisation

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

2.4 Impairment Loss

At each balance sheet date, the Company reviews the carrying values of its tangible assets and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through their 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 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.

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

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 expected credit losses 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.

Notes to the Financial Statements

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 any 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 which arise from its exposure to foreign exchange and interest rate fluctuations.

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

Offsetting 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 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 from contract with customer

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

Sale of goods and services

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

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

(i) Variable consideration

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

ii) Volume rebates

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

Loyalty points programme

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

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

Contract balances

Trade receivables

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

Notes to the Financial Statements

Contract liabilities

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

Refund Liabilities

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

2.11 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 dividend is established.

Insurance Claim: Insurance claims are accounted for on settlement / realisation basis by considering uncertainties in realisation.

Other items are recognised on accrual basis.

2.12 Employee Benefits

(a) Short-term Employee Benefits :

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

(b) Post Employment Benefit Plan:

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

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

Notes to the Financial Statements

2.14 Lease

The Company adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method.

The Company applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

Where the Company is a lessee

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. At the inception of a contract, the Company makes an assessment as to whether a contract is a lease. A contract is, or contains, a lease when it conveys the right to control the usage of an asset covered by the contract for a time period in exchange for consideration. To evaluate as to whether a contract provides the right to control the usage of an asset covered in the contract, the Company evaluates as to whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU" assets) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value. Lease rentals for short-term leases and all leases of low value assets, having annual rental payments up to Rupees Six Lakhs are considered on accrual basis as an expense in profit or loss.

The ROU-assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. ROU-assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Where the Company is a 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 recognised in the Statement of Profit and Loss on a accrual basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

2.15 Cash and Cash Equivalents

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

2.16 Earnings Per Share (EPS)

Basic EPS 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

Notes to the Financial Statements

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 recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.18 Segment reporting

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

The board of directors of the Company has been identified as the chief operating decision maker. Refer note 41 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, unless otherwise stated.

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

The following amendments are applicable to the Company from 1st April, 2020. The impacts of these are currently expected to be immaterial:

Reference	Brief
Ind AS 103, 107, 109 & 116	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.
Ind AS 1, 8, 10, 34, 37	The company is evaluating the changes in these standards and impact of these are currently expected to be immaterial.

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.

2.23 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 involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

(i) Estimation of defined benefit obligation

Refer note 37 for details of critical estimates in computation of defined benefit obligation.

(ii) Estimated useful life of tangible asset

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

(iii) Estimation of contingent liability

Refer note 43 for details of critical estimates of contingent liability.

Notes to the Financial Statements

Note 3 (a) :Property, Plant and Equipment

(Rupees in Lakh, unless otherwise stated)

PARTICULARS	Land		Buildings (include on leasehold land)	Roads	Plant and machinery	Electrical fittings	Laboratory equipment	Furniture and fittings	Computers & Data Processing Units	Office equipment	Vehicles	Total	Right of use Land and Buildings (Refer Note 45)	Capital Work in Progress	Total
	Leasehold acquisition and development expenses [Refer (a) below]	Freehold													
Balance as at 31st March, 2018	3.95	1,733.40	1,016.97	46.13	8,226.06	320.48	2.79	142.20	514.81	132.80	414.41	12,554.00	-	182.56	12,736.56
Additions during the year	-	516.90	688.31	62.05	1,750.67	218.71	-	14.83	68.47	41.98	67.75	3,429.67	-	675.36	4,105.03
Disposals	-	-	2.76	-	43.07	40.18	-	1.20	10.37	1.34	22.69	121.61	-	182.56	304.17
Balance as at 31st March, 2019	3.95	2,250.30	1,702.52	108.18	9,933.66	499.01	2.79	155.83	572.91	173.44	459.47	15,862.06	-	675.36	16,537.42
Additions during the year	-	18.65	460.48	86.43	1,360.62	-	2.43	5.60	46.10	23.16	84.27	2,087.74	697.69	128.11	2,913.54
Disposals	-	-	6.23	-	79.44	0.11	-	-	7.32	3.13	28.04	124.27	-	675.36	799.63
Balance as at 31st March, 2020	3.95	2,268.95	2,156.77	194.61	11,214.84	498.90	5.22	161.43	611.69	193.47	515.70	17,825.53	697.69	128.11	18,651.33
Accumulated Depreciation															
As at 31st March 2018	0.80	-	83.41	16.85	1,295.93	47.79	0.24	24.33	191.60	46.18	115.76	1,822.89	-	-	1,822.89
Charge for the year	0.40	-	47.58	5.88	942.49	34.68	0.30	16.42	121.25	30.55	67.32	1,266.87	-	-	1,266.87
Disposals	-	-	0.28	-	13.46	10.16	-	0.27	9.90	0.89	11.51	46.47	-	-	46.47
As at 31st March 2019	1.20	-	130.71	22.73	2,224.96	72.31	0.54	40.48	302.95	75.84	171.57	3,043.29	-	-	3,043.29
Charge for the year	0.40	-	69.74	13.38	1,140.31	52.37	0.44	17.27	126.28	33.15	68.73	1,522.07	246.01	-	1,768.08
Disposals	-	-	0.94	-	16.99	0.11	-	-	7.08	2.89	17.28	45.29	-	-	45.29
As at 31st March 2020	1.60	-	199.51	36.11	3,348.28	124.57	0.98	57.75	422.15	106.10	223.02	4,520.07	246.01	-	4,766.08
Net Carrying amount															
As at 31st March, 2019	2.75	2,250.30	1,571.81	85.45	7,708.70	426.70	2.25	115.35	269.96	97.60	287.90	12,818.77	-	675.36	13,494.13
As at 31st March, 2020	2.35	2,268.95	1,957.26	158.50	7,866.56	374.33	4.24	103.68	189.54	87.37	292.68	13,305.46	451.68	128.11	13,885.25

a) Development expenditure of ₹23.45 (31st March, 2019 : ₹23.45) on leasehold land taken on 13th December 1994 under a lease of 30 years has been amortised over the period of Lease.

b) Freehold land to the extent of ₹5.79 (31st March, 2019: ₹ 5.79) has been mortgaged with Axis bank consortium for availing long/short-term borrowings.

c) Property Plant and Equipment given as security for borrowings (Refer Note No 46).

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

3 (b) Other intangible assets

Particulars	Computer software (aquired item)	Total
Balance as at 31st March, 2018	**243.38**	**243.38**
Disposals	0.31	0.31
Balance as at 31st March, 2019	**243.07**	**243.07**
Additions during the year	7.35	7.35
Disposals	12.33	12.33
Balance as at 31st March, 2020	**238.09**	**238.09**
Accumulated Depreciation		
As at 31st March 2018	**66.90**	**66.90**
Charge for the year	47.63	47.63
Disposals	0.31	0.31
As at 31st March 2019	**114.22**	**114.22**
Charge for the year	47.12	47.12
Disposals	12.33	12.33
Balance as at 31st March, 2020	**149.01**	**149.01**
Net Carrying amount		
As at 31st March, 2019	**128.85**	**128.85**
As at 31st March 2020	**89.08**	**89.08**

Note 4: Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Quoted		
Investment in mutual funds measured at FVTPL		
Birla Sunlife Short Term Opportunities Fund (refer (a) below)	62.50	58.24
31 March 2020: 188388.487 (31 March 2019: 188388.487) units		
IDFC Corporate Bond Fund (refer (a) below)	126.96	117.29
31 March 2020: 921234.454 (31 March 2019: 921234.454) units		
ICICI Prudential Bond Fund-Growth	127.24	114.56
(Formerly known as ICICI Prudential Income Opportunities Fund upto 27.05.18)		
31 March 2020: 444818.092 (31 March 2019: 444818.092) units		
ICICI Prudential Medium Term Bond Fund (refer (a) below)	127.31	115.65
(Formerly known as ICICI Prudential Corporate Bond Fund upto 27.05.18)		
31 March 2020: 406502.413 (31 March 2019: 406502.413) units		
IDFC Bond Fund-Medium Term Plan-Growth	127.19	116.32
(Formerly known as IDFC Super Saver Income Fund-Medium Term upto 29.04.18)		
31 March 2020: 372510.235 (31 March 2019: 372510.235) units		
Birla Sun Life Medium Term Plan	-	57.30
31 March 2020: Nil (31 March 2019: 251457.194) units		
IDFC Credit Risk Fund-Regular Plan	-	27.49
(Formerly known as IDFC Credit Opp Fund-Reg(G) upto 13.05.18)		
31 March 2020: Nil (31 March 2019: 242525.368) units		
Aditya Birla Sunlife Mutual fund-Fixed term plan - series PN-Regular Growth	373.14	268.50
31 March 2020: 2528427.468 (31 March 2019: 2500000) units		
L&T Credit Risk Fund-Growth	-	265.70
(known as L&T Income Opportunity Fund upto 13.05.18)		
31 March 2020: Nil (31 March 2019: 1259890.138) units		
HSBC FTS Growth Tenure	285.01	267.47
31 March 2020: 2500000 (31 March 2019: 2500000) units		

(Rupees in Lakh, unless otherwise stated)

Note 4: Investments *(contd...)*

Particulars	As at 31st March, 2020	As at 31st March, 2019
BOI AXA Credit Risk Fund - Regular Plan (CSRGG)	-	248.53
31 March 2020: NIl (31 March 2019: 1877567.574) units		
ICICI Prudential Fixed Maturity Plan Series 82	288.24	266.69
31 March 2020: 2500000 (31 March 2019: 2500000) units		
ICICI Prudential Credit Risk Fund-Growth	-	133.78
(Formerly known as ICICI Prudential Mutual fund Regular Fund upto 27.05.18)		
31 March 2020: Nil (31 March 2019: 673328.126) units		
IDFC Banking and PSU Debt Fund-REG(G)	562.70	158.65
31 March 2020: 3171396.781 (31 March 2019: 986705.784) units		
Axis Banking and PSU Debt Fund	463.10	126.25
31 March 2020: 24228.967 (31 March 2019: 7223.62) units		
UTI Credit Risk fund-Regular Growth Plan	-	158.12
31 March 2020: Nil (31 March 2019: 945322.544) units		
AXIS FOCUSED 25 FUND GROWTH (AFGPG)	43.41	50.30
31 March 2020: 185597.624 (31 March 2019: 185597.624) units		
MOTILAL OSWAL MULTICAP 35 FUND REGULAR GROWTH	-	48.13
31 March 2020: Nil (31 March 2019: 185281.944) units		
FRANKLIN INDIA PRIMA PLUS- GROWTH	-	51.83
31 March 2020: Nil (31 March 2019: 8600.155) units		
KOTAK INDIA GROWTH FUND SERIES 5-GROWTH (REGULAR PLAN)	71.12	97.22
31 March 2020: 1002523 (31 March 2019: 1002523) units		
AXIS FTP SERIES 97- 1116 DAYS-GROWTH (WIGPG)	107.92	104.49
31 March 2020: 1000000 (31 March 2019: 1000000) units		
HDFC FMP 1372 Days, September 2018 (1)-REGULAR-GROWTH	175.41	160.08
31 March 2020: 1500000 (31 March 2019: 1500000) units		
ICICI Pru Liquid Fund-Growth	27.76	69.78
31 March 2020: 9490.097 (31 March 2019: 25334.546) units		
ICICI Pru – Equity Savings Fund	15.83	2.57
31 March 2020: 124585.344 (31 March 2019: 18630.94) units		
ICICI Pru – Multicap Fund	12.66	2.65
31 March 2020: 6143.277 (31 March 2019: 895.05) units		
ICICI Pru – Balanced Advantage Fund	14.88	2.57
31 March 2020: 48668.738 (31 March 2019: 7273.84) units		
L & T TRIPLE ACE BOND FUND	224.95	-
31 March 2020: 425920.681 (31 March 2019: Nil) units		
ICICI PRUDENTIAL COMPACT FUND	127.80	-
31 March 2020: 150015.505 (31 March 2019: Nil) units		
TATA Capital Healthcare Fund II	19.60	-
31 March 2020:195965.8 (31 March 2019: Nil) units		
IDFC ARBITRAGE FUND-MONTHLY DIVIDEND	403.78	-
31 March 2020: 3131483.148 (31 March 2019: Nil) units		
Mirae Asset Cash Management fund	123.13	-
31 March 2020: 5948.341 (31 March 2019: Nil) units		
MIRAE ASSET LARGE CAP FUND- REGULAR GROWTH PLAN	141.63	-
31 March 2020: 371471.137 (31 March 2019: Nil) units		
Mirae Asset Focussed Equity Fund(STP)	45.13	-
31 March 2020: 535518.417 (31 March 2019: Nil) units		

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note 4: Investments *(contd...)*

Particulars	As at 31st March, 2020	As at 31st March, 2019
Edelweiss Liquid Fund	103.52	-
31 March 2020: 4083.55 (31 March 2019: Nil) units		
Edelweiss Multi Cap Fund (STP)	76.19	-
31 March 2020: 686952.747 (31 March 2019: Nil) units		
ICICI Prudential Ultra Short Term Fund	566.33	-
31 March 2020: 2780765.382 (31 March 2019: Nil) units		
ADITYA BIRLA SUNLIFE EQUITY FUND-GROWTH-REGULAR PLAN	8.25	-
31 March 2020: 1532.356 (31 March 2019: Nil) units		
KOTAK EMERGING EQUITY FUND-GROWTH (REGULAR PLAN)	8.11	-
31 March 2020: 27465.736 (31 March 2019: Nil) units		
SC CREDIT TRUST-SC CREDIT FUND	279.75	-
31 March 2020: 24.868 (31 March 2019: Nil) units		
KOTAK LIQUID REGULAR PLAN GROWTH	155.88	-
31 March 2020: 3896.435 (31 March 2019: Nil) units		
KOTAK STANDARD MULTICAP FUND-GROWTH (REGULAR PLAN)	84.85	-
31 March 2020: 314140.62 (31 March 2019: Nil) units		
AXIS LIQUID FUND-GROWTH	65.87	-
31 March 2020: 3001.985 (31 March 2019: Nil) units		
AXIS FOCUSED 25 FUND - REGULAR GROWTH	28.08	-
31 March 2020: 120047.484 (31 March 2019: Nil) units		
-Unquoted		
-Investment in Alternative Investment fund measured at FVTPL		
Avendus Absolute Return Fund-Class A6	548.76	528.23
31 March 2020: 50055.4291 (31 March 2019: 50055.4291) units		
Avendus Enhanced Return Fund-Class A1-9Th Closure	38.72	205.63
31 March 2020: 4316.71 (31 March 2019: 17913.4871) units		
Avendus Enhanced Return Fund-Class A1-13th Closure	121.11	155.36
31 March 2020: 13529.294 (31 March 2019: 13534.4715) units		
-Investment in Liquid Mutual fund measured at Amortised cost		
India Real Estate Investment Fund	78.06	44.00
-Investment in Non Convertible debenture measured at Amortised cost (Secured)		
10.25% Aspire Home Finance Corporation Limited	100.75	100.75
31 March 2020: 10 (31 March 2019: 10) units of face value 10,00,000 each, Redemption date 30 April 2021		
8.87% Kotak Mahindra Prime Limited (Transferred to current investment)	-	103.01
31 March 2020: 10 (31 March 2019: 10) units of face value 10,00,000 each, Redemption date 17 July 2020		
Investments in fixed deposit measured at amortised cost		
Fixed deposit (refer (b) below)	4,308.00	1,508.00
Interest accrued on fixed deposits (refer (b) below)	216.34	72.17
	10,886.97	**5,807.31**
Aggregate amount of unquoted investments	5,411.74	2,717.15
Aggregate amount of quoted investments	5,475.23	3,090.16

(a) Investment in Mutual Funds amounting ₹ 291.18 Lakhs as on 31st March 2019 were given as security against long term borrowing.(Refer Note 46)

(b) Fixed Deposit amounting ₹ 210 Lakhs along with interest accrued thereon is placed against long term borrowing. (Refer Note 46)

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note 5: Loans-non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
-Security deposits	132.40	131.94
-Loans to employees	8.36	11.74
	140.76	**143.68**

Note: 6 Other financial assets-non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposit having maturity more than one year pledged with custom and excise authority	2.26	2.26
	2.26	**2.26**

Note: 7 Other non-current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
Capital advances	65.12	28.84
Prepaid expenses	20.52	21.93
	85.64	**50.77**

Note: 8 Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
(At lower of cost and net realisable value)		
Raw materials	8,221.50	7,367.48
[include materials-in-transit 31 March 2020: ₹1430.60; 31 March 2019: ₹1669.71]		
Finished goods	2,114.70	2,005.50
[include materials-in-transit 31 March 2020: ₹ 285.09 ; 31 March 2019: ₹395.70]		
Stock-in-Trade	627.03	526.84
[includes materials-in-transit 31 March 2020: ₹11.10 ; 31 March 2019: ₹0.07]		
Work-in-progress	100.75	109.08
Stores and spares	418.28	339.76
[include materials-in-transit 31 March 2020: ₹4.77; 31 March 2019: ₹0.43]		
	11,482.26	**10,348.66**

(a) Inventories are hypothecated to secure the short term and long term borrowings (Refer Note No 46)

(b) Write down of inventories to net realisable value relating to stores and spares amounts to ₹57.54 (31st March, 2019 ₹51.27).

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 9 Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
-Unquoted		
Investment in Non Convertible debenture measured at Amortised cost (Secured)		
8.87% Kotak Mahindra Prime Limited (Trasnferred from Non Current investment refer Note 4)	103.01	-
31 March 2020: 10 (31 March 2019: 10) units of face value 10,00,000 each ,Redemption date 17 July 2020		
Investments in fixed deposit measured at amortised cost		
Fixed deposit	1,585.60	2,335.00
Interest accrued on fixed deposits	47.87	312.91
	1,736.48	**2,647.91**
Aggregate amount of unquoted investments	**1,736.48**	**2,647.91**

Note: 10 Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured - considered good	6,964.41	8,272.73
Unsecured - considered doubtful (including dues under litigation)	80.33	70.77
	7,044.74	8,343.50
Less: Loss allowance for expected credit losses on trade receivable	80.33	70.77
	6,964.41	8,272.73
Secured - considered good	7.00	7.00
	6,971.41	**8,279.73**

(a) Trade receivables are hypothecated to secure the short term and long term borrowings (Refer Note No 46).

(b) Movement in Allowance for credit losses is as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening	70.77	-
Addition during the year	38.84	70.77
Deletion during the year	29.28	-
Closing	80.33	70.77

These are carried at amortised cost.

Note: 11 Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents:		
Cash on hand	3.94	3.83
Foreign Currency on hand	0.69	0.06
Fixed Deposit having maturity less than 3 months	-	660.00
Balances with banks:		
On current accounts	131.20	209.44
On cash credit accounts	250.73	63.21
	386.56	**936.54**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 12 Other bank balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits with original maturity of more than three months but less than 12 months	1,739.50	-
	1,739.50	**-**

Note: 13 Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good unless otherwise stated)		
- Security deposits	114.93	43.01
- Loans to employees	28.73	37.96
	143.66	**80.97**

Note: 14 Other financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest accrued on deposits and others	154.34	14.29
Derivative assets	-	37.25
Others receivables	376.92	361.82
	531.26	**413.36**

Note: 15 Current tax asset (Net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Income tax (Net)	508.06	98.05
[includes deposit under protest ₹90.82 (31st March, 2019 - ₹4.52)]	**508.06**	**98.05**

Note: 16 Other current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Export incentives receivable	295.68	420.83
Advances for expenses	12.70	5.32
Advances to suppliers	310.61	21.42
Prepaid expenses	151.21	202.67
Stamps on hand	0.30	0.07
Balance with statutory/government authorities	281.13	500.62
	1,051.63	**1,150.93**

Note: 17 Equity share capital

Particulars	As at 31st March, 2020	As at 31st March, 2019
AUTHORISED		
27,50,000 (31st March 2019 : 27,50,000) Equity Shares of ₹ 10/- each	275.00	275.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
20,00,000 (31st March 2019 : 20,00,000) Equity Shares of ₹ 10/- each fully paid-up in cash	200.00	200.00

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance outstanding at the beginning of the year	20,00,000	20,00,000
Balance outstanding at the end of the year	20,00,000	20,00,000

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 17 Equity share capital *(contd...)*

(b) Rights, preference 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 in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(c) Shares held by holding company:

Particulars	As at 31st March, 2020	As at 31st March, 2019
14,93,000 (31st March 2019 : 14,93,000) Equity Shares are held by Merino Industries Limited (MIL), the Holding Company	149.30	149.30

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

Name of Shareholders	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	% held	No. of shares	% held
Merino Industries Limited	14,93,000	74.65	14,93,000	74.65
Merino Exports Private Limited	4,90,000	24.50	4,90,000	24.50
	19,83,000	**99.15**	**19,83,000**	**99.15**

Note: 18 Other equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Securities premium reserve		
Balance as at the beginning of the year	300.00	300.00
Balance as at the end of the year	**300.00**	**300.00**
General reserve		
Balance as at the beginning of the year	3,097.44	2529.97
Add: Transfer from retained earning	605.16	567.47
Balance as at the end of the year	**3,702.60**	**3097.44**
Retained earnings		
Balance as at the beginning of the year	28,292.21	23425.19
Add: Profit for the year	6051.58	5674.73
Interim dividend on Equity Shares for the year	420.00	210.00
Dividend distribution tax on interim dividend on Equity Shares	86.33	43.17
Transfer to General reserve	605.16	567.47
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	11.06	12.93
	33,243.36	**28292.21**
	37,245.96	**31689.65**

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.This represents free reserve.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 19 Borrowings - non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term Loan		
From Banks		
Indian Rupee Loans [Refer (a) below]	1,375.00	1,500.00
	1,375.00	1,500.00
Less:- Current maturities of long term debt	500.00	125.00
	875.00	**1,375.00**

(a) Repayment terms and nature of securities given for Indian Rupee Loans from Bank:

Bank	31st March, 2020	31st March, 2019	Nature of Securities	Repayment terms
The Hong Kong and Sanghai Banking Corporation Limited	1,375.00	1,500.00	Exclusive Charge on the Solar Plant Situated at Budak Village Distt. Hissar Haryana and additionally secured by fixed deposit placed with HSBC from time to time including any interest accrued thereon and any renewals thereof from time to time upto an aggregate of INR 210 Lakhs.	Repayable in twelve equal quarterly instalments of ₹125 with two year moratorium period, starting from 21st Feb 2020 and ending on 21st November, 2020. Interest is payable monthly varying between 7.08 - 7.75 % p.a.
	1,375.00	**1,500.00**		

(b) Outstanding balances of loan as indicated in (a) above is inclusive of current maturities of such loan as disclosed in Note 24.

Note: 20 Other financial liabilities - non current

Particulars	As at 31st March, 2020	As at 31st March, 2019
Employee benefits payable	15.83	14.81
	15.83	**14.81**

Note: 21 Deferred tax liabilities (net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
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	1,011.87	1,363.80
Derivative liability	-	10.12
Investments	53.57	77.97
	1,065.44	**1,451.89**
Deferred Tax Assets		
Disallowance of expenses allowable for tax purpose on payment basis	72.51	73.78
Derivative assets	30.02	-
	102.53	**73.78**
	962.91	**1,378.11**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 21 Deferred tax liabilities (net) *(contd...)*

Movements in deferred tax liabilities

Particulars	Property, plant and equipment	Financial assets at fair value through profit or loss	Disallowance	Total
As at 31st March, 2018	971.50	31.59	(19.11)	983.98
Charged / (Credited)				
to profit and loss	392.30	56.50	(61.61)	387.19
to other comprehensive income	-	-	6.94	6.94
As at 31st March, 2019	1,363.80	88.09	(73.78)	1,378.11
Charged / (Credited)				
to profit and loss	(351.93)	(64.54)	(2.45)	(418.92)
to other comprehensive income	-	-	3.72	3.72
As at 31st March, 2020	1,011.87	23.55	(72.51)	962.91

Note: 22 Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
Working Capital Loans [Refer (a) below]		
From Banks:		
Overdraft / Cash Credit	1.46	20.57
Rupee Packing Credit Loan	1,230.00	1,230.00
Others [Refer (b) below]		
Bills discounted with bank	29.79	49.26
	1,261.25	1,299.83

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

i) Primary Security : Hypothecation of the trade receivables 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 by the Company in favour of respective bank upto a ceiling of 5% of the sanctioned limits.

Note: 23 Trade payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payables		
-Total outstanding dues of micro enterprises and small enterprises	49.50	16.96
-Total outstanding dues of creditors other than micro enterprises and small enterprises	5,626.03	5,117.66
	5,675.53	5,134.62

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 24 Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term debt (Refer Note 19)	500.00	125.00
Interest accrued but not due on borrowings	0.95	0.90
Liabilities for purchase of capital assets	57.10	283.08
Derivative Liability	165.82	-
Employee benefits payable	523.50	524.18
Payable to Holding Company	328.99	308.48
Deposits from Customers	7.75	9.50
Contract liability against loyalty points & others	233.05	202.51
Refund liability against periodical schemes	166.56	31.91
Other payables	250.02	93.98
	2,233.74	**1,579.54**

Note: 25 Other current liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances from customers/Contract Liabilities	302.25	287.60
Statutory dues	146.35	107.23
	448.60	**394.83**

Note: 26 Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
Leave obligations	185.89	125.56
Gratuity [Refer Note 37(iv)]	61.00	52.00
	246.89	**177.56**

Note: 27 Current tax liabilities (Net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for income tax (Net)	1.50	339.20
	1.50	**339.20**

Note 28: Revenue from operations

Particulars	2019-20	2018-19
(i) Sale of products		
Domestic	34,648.72	35,411.71
Export	16,181.22	16,975.50
	50,829.94	**52,387.21**
(ii) Sale of services		
Income from job work	30.76	31.26
(iii) Other operating revenues		
Export incentives	459.51	483.57
Scrap sales	143.54	164.61
Others	27.45	-
Revenue from operations	**51,491.20**	**53,066.65**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note 28.1: Disclosure as per Ind As 115

1. Revenue from contracts with customers:

1.1. Disaggregated revenue information:

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

Segment:	2019-20			
	Laminates	Panel products	Others	Total
Type of goods or service				
Sale of goods	41,735.80	4,918.15	4,175.99	50,829.94
Sale of services	30.76	-	-	30.76
Others	-	-	170.99	170.99
Total revenue from contracts with customers	**41,766.56**	**4,918.15**	**4,346.98**	**51,031.69**
India	25,643.49	4,909.54	4,297.44	34,850.47
Outside India	16,123.07	8.61	49.54	16,181.22
Total revenue from contracts with customers	**41,766.56**	**4,918.15**	**4,346.98**	**51,031.69**
Timing of revenue recognition				
Goods transferred at a point in time	41,735.80	4,918.15	4,346.98	51,000.93
Services rendered over time	30.76	-	-	30.76
Total revenue from contracts with customers	**41,766.56**	**4,918.15**	**4,346.98**	**51,031.69**

Segment:	2018-19			
	Laminates	Panel products	Others	Total
Type of goods or service				
Sale of goods	43,337.24	4,693.85	4,356.12	52,387.21
Sale of services	31.26	-	-	31.26
Others	-	-	164.61	164.61
Total revenue from contracts with customers	**43,368.50**	**4,693.85**	**4,520.73**	**52,583.08**
India	26,457.66	4,678.41	4,471.51	35,607.58
Outside India	16,910.84	15.44	49.22	16,975.50
Total revenue from contracts with customers	**43,368.50**	**4,693.85**	**4,520.73**	**52,583.08**
Timing of revenue recognition				
Goods transferred at a point in time	43,337.24	4,693.85	4,520.73	52,551.82
Services rendered over time	31.26	-	-	31.26
Total revenue from contracts with customers	**43,368.50**	**4,693.85**	**4,520.73**	**52,583.08**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information(Note 41):

Segment revenue:	2019-20			
	Laminates	Panel products	Others	Total
External customers	45,627.14	4,945.92	1,849.48	52,422.54
Inter-segment (at cost)	429.47	-	-	429.47
	46,056.61	**4,945.92**	**1,849.48**	**52,852.01**
Inter-segment adjustment and elimination	(4,290.05)	(27.77)	2,497.50	(1,820.32)
Total revenue from contracts with customers	**41,766.56**	**4,918.15**	**4,346.98**	**51,031.69**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note 28.1: Disclosure as per Ind As 115 *(contd...)*

Segment revenue:	2018-19			
	Laminates	Panel products	Others	Total
External customers	47,534.07	4,705.48	1,787.64	54,027.19
Inter-segment (at cost)	349.77	-	-	349.77
	47,883.84	**4,705.48**	**1,787.64**	**54,376.96**
Inter-segment adjustment and elimination	(4,515.34)	(11.63)	2,733.09	(1,793.88)
Total revenue from contracts with customers	**43,368.50**	**4,693.85**	**4,520.73**	**52,583.08**

1.2 Contract balances

Particulars	31st March, 2020	31st March, 2019
Trade receivable	6,971.41	8,279.73
Contract liabilities / Advance from customer	302.25	287.60
Contract liability against loyalty points	233.05	202.51
Refund liability against periodical schemes	166.56	31.91
Trade receivables are non-interest bearing and are generally on terms of upto 90 days.		
Contract liabilities include short-term advances received from customers against future supply of goods.		
Set out below is the amount of revenue recognised from:		
The sum included in contract liabilities at the beginning of the year	283.55	184.68

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

Particulars	31st March, 2020	31st March, 2019
Revenue as per contracted price	52,955.58	54,285.86
Adjustments:		
Discounts, rebates and schemes	1,706.21	1,426.61
Loyalty points	217.68	276.17
Revenue from contract with customers	**51,031.69**	**52,583.08**

1.4: Performance obligation

Information about the Company's performance obligations:

The performance obligation is satisfied upon delivery/confirmation of the products & services and payment is generally due within 90 days from delivery.

Note: 29 Other income

Particulars	2019-20	2018-19
(i) Interest Income from financial assets at amortised cost		
- On bank and other deposits	488.19	251.42
- On loans to others	0.08	0.46
- On Non convertible debentures	19.12	6.18
(ii) Claims from insurance company	57.03	12.05
(iii) Provisions/liabilities no longer required written back	18.04	82.49
(iv) Profit on sale of property, plant and equipment	12.18	3.71
(v) Recovery of bad debts	14.06	1.52
(vi) Tax Paid under Protest-refunded	8.96	-
(vii) Miscellaneous Income	38.81	32.50
(viii) Fair value changes of financial assets measured at FVTPL	30.39	173.07
(ix) Fair value changes of derivative measured at FVTPL	(203.07)	22.25
(x) Profit/(Loss) on sale of investment measured at FVTPL (Net)	3.69	(7.96)
(xi) Net gain on foreign currency transactions and translations	428.10	380.87
(xii) Dividend Income from Mutual funds	15.75	1.98
	931.33	**960.54**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 30 Cost of materials consumed

Particulars	2019-20	2018-19
Raw Materials Consumed		
Opening Stock	7,367.48	5,860.70
Purchases during the year	27,495.62	30,626.79
	34,863.10	**36,487.49**
Less: Cost of raw materials sold	2,292.14	2,531.34
	32,570.96	**33,956.15**
Less: Closing Stock	8,221.50	7,367.48
	24,349.46	**26,588.67**

Note: 31 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	2019-20	2018-19
Opening Stock		
- Finished Goods	2,005.49	1,556.92
- Stock-in-Trade	526.84	426.57
- Work-in-progress	109.08	82.34
	2,641.41	**2,065.83**
Less: Closing Stock		
- Finished Goods	2,114.70	2,005.49
- Stock-in-Trade	627.04	526.84
- Work-in-progress	100.75	109.08
	2,842.49	**2,641.41**
	(201.08)	**(575.58)**

Note: 32 Employee benefits expense

Particulars	2019-20	2018-19
Salaries, Wages, Bonus etc.	4,829.76	4,532.10
Contribution to Provident and Other Funds [Refer (a) below]	310.72	293.20
Workmen and Staff Welfare	135.45	159.16
	5,275.93	**4,984.46**

(a) The Company has recognised an expense of ₹192.95 lakhs (31st March 2019 - ₹168.99 Lakhs) incurred towards the defined contribution plan.

Note: 33 Finance costs

Particulars	2019-20	2018-19
Interest expense	225.42	220.54
Interest on shortfall in payment of advance tax	19.38	9.08
Other borrowing costs	39.56	33.59
	284.36	**263.21**

Note: 34 Depreciation and amortisation expense

Particulars	2019-20	2018-19
Depreciation and amortisation of property, plant and equipment (including leasehold land)	1,522.07	1,266.87
Amortisation of Intangible assets	47.12	47.63
Amortisation of right of use asset	246.01	-
	1,815.20	**1,314.50**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 35 Other expenses

Particulars	2019-20	2018-19
Consumption of stores and spare Parts	734.13	741.28
Power and fuel	2,099.85	2,240.36
Short-term and low value lease rentals (Refer Note 45)	35.71	273.94
Rates and taxes	99.37	78.61
Repairs to :		
Buildings	77.92	48.44
Plant and machinery	155.69	130.82
Others	93.54	58.05
Legal and professional	127.48	131.09
Vehicle upkeep	289.30	281.79
Carriage outward	996.83	950.44
Packing and forwarding	644.56	679.02
Insurance	128.40	118.92
Commission	331.65	325.90
Printing and stationery	19.81	25.28
Postage and courier	27.21	19.95
Advertisement and business promotion	1,935.61	982.95
Travelling	230.31	194.62
Communication	71.49	73.21
Loss allowance for expected credit losses on trade receivable	9.56	70.77
Bad Debts and advances written off	15.67	7.64
Payments to the Auditors [Refer (a) below]	19.57	16.06
Bank charges and commission	26.90	26.81
Loss on sale/disposal of property, plant and equipment	16.92	28.45
CSR expenditure [Refer (b) below]	184.60	164.85
Charity and Donation	59.22	199.07
Software Expenses	288.80	383.64
Miscellaneous (include share of common expenses reimbursed to the Holding Company) [Refer (c) below]	462.42	430.08
	9,182.52	**8,682.04**

(a) Amount paid / payable to the auditors

Particulars	2019-20	2018-19
As Statutory Auditors:		
Statutory Audit Fees	11.85	11.85
Tax Audit Fees	2.75	2.75
Other matters	3.45	0.10
Reimbursement of Expenses	0.97	0.77
As Cost Auditors :		
Audit Fees	0.20	0.20
Reimbursement of Expenses	-	0.04
As Secretarial Auditors :		
Audit fees	0.35	0.35
	19.57	**16.06**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 35 Other expenses *(contd...)*

(b) CSR expenditure

Particulars	2019-20	2018-19
The Company undertook Corporate Social Responsibility ('CSR') programme and activities through Trusts (Sri Hara Kasturi Memorial Trust, Sri Man Kumar Lohia Memorial Trust and Sri Prem Chand Lohia Memorial Trust) registered under the Income Tax Act and through donation to Ramakrishna Mission Sevashram Vrindaban and Bharat Lok Siksha Parisad:		
(a) Gross Amount required to be spent by the company during the year	180.65	163.75
(b) Amount Spent by the Company through these trusts:		
Construction / acquisition of any assets	-	-
On purpose other than above (Refer Note 48)	184.60	164.85

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

Particulars	2019-20	2018-19
Salaries, Wages, Bonus etc.	190.69	191.28
Contribution to Provident and Other Funds	3.17	1.59
Workmen and Staff Welfare	1.41	1.20
Rent	6.72	5.44
Repairs to others	6.11	3.65
Legal and Professional	18.70	17.86
Vehicle Upkeep	1.90	1.97
Insurance	13.61	3.72
Printing and Stationery	3.21	2.78
Advertisement, Publicity and Sales Promotion	9.16	10.03
Travelling	50.60	46.01
Communication	9.73	9.50
Miscellaneous	13.98	13.45
Total	**328.99**	**308.48**

Note: 36 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 2020	31st March 2019
Current tax		
Current tax on profits for the year	1,967.92	2,581.88
Total current tax expense	**1,967.92**	**2,581.88**
Deferred tax		
Deferred tax for the year	(418.92)	387.19
Total deferred tax expense	**(418.92)**	**387.19**
Income tax expense	**1,549.00**	**2,969.07**

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

Particulars	31st March 2020	31st March 2019
Profit before tax	7,600.58	8,643.80
Tax at the rate of 25.168% (2018-19 – 34.944%)	**1,912.91**	**3,020.49**
Reasons for differences are indicated below		
Expenditure disallowed under income tax	0.05	12.93
Weighted deduction	30.69	63.54
Others	(1.29)	(55.70)
Change in Tax Rate	(385.55)	-
Income not considered for tax laws	(3.96)	(0.69)
Excess provision for income tax	(3.85)	(71.50)
Total income tax expense/(credit)	**1,549.00**	**2,969.07**

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 37 - Employee benefit obligations

(1) 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.

(2) Post-employment obligations

(i) 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.

(ii) 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.

(iii) 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 five years of continuous service.

(a) Balance sheet recognition

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2018	351.82	245.61	106.21
Current service cost	63.78	-	63.78
Interest expense/income	26.04	18.72	7.32
Past service cost	-	-	-
Total amount recognised in profit or loss	**89.82**	**18.72**	**71.10**
Remeasurement			
Return on plan assets, excluding amounts included in interest income	-	1.19	(1.19)
Actuarial gain from change in financial assumptions	4.52	-	4.52
Actuarial gain from unexpected experience	(23.19)	-	(23.19)
Total amount recognised in other comprehensive income	**(18.67)**	**1.19**	**(19.86)**
Employer contributions/ premium paid	-	105.45	(105.45)
Benefit payments	20.28	20.28	-
Settlement Cost	-	-	-
Disposal/ Transfer of Asset	-	-	-
31st March 2019	402.69	350.69	52.00

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 37 - Employee benefit obligations *(contd...)*

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2019	402.69	350.69	52.00
Current service cost	73.09	-	73.09
Interest expense/income	26.38	23.43	2.95
Past service cost	-	-	-
Total amount recognised in profit or loss	**99.47**	**23.43**	**76.04**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense	-	0.28	(0.28)
Actuarial gain from change in financial assumptions	54.82	-	54.82
Actuarial gain from unexpected experience	(69.30)	-	(69.30)
Total amount recognised in other comprehensive income	**(14.48)**	**0.28**	**(14.76)**
Employer contributions/ premium paid	-	52.28	(52.28)
Benefit payments	15.40	15.40	-
Settlement Cost	-	-	-
31st March 2020	**472.28**	**411.28**	**165.56**

(b) **Significant estimates: actuarial assumptions**

The significant actuarial assumptions were as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.68%	7.70%
Expected return on plan asset	6.68%	7.70%
Salary growth rate	7.00%	7.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate

(c) **Sensitivity analysis**

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

Particulars	Impact on defined benefit obligation			
	As at 31st March, 2020		As at 31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	441.89	505.74	375.57	432.59
% change compared to base due to sensitivity	-6.43%	7.09%	-6.73%	7.43%
Salary growth rate (-/+ 0.5%)	504.12	443.09	431.37	376.31
% change compared to base due to sensitivity	6.75%	-6.18%	7.12%	-6.55%
Attrition rate (-/+ 0.5%)	473.17	471.36	402.59	402.76
% change compared to base due to sensitivity	0.19%	-0.19%	-0.02%	0.02%
Life expectancy/ mortality rate (-/+ 10%)	475.39	469.14	402.76	402.60
% change compared to base due to sensitivity	0.66%	-0.66%	0.02%	-0.02%

The above 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.

(Rupees in Lakh, unless otherwise stated)

Note : 37 - Employee benefit obligations *(contd...)*

(d) 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.

(e) 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 insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

The present value of the defined benefit plan liability is calculated using a discount rate determined by 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 by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

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

(f) Defined benefit liability and employer contributions

Expected contribution to post-employment benefits plans for the year ending 31 March 2021 is ₹544.92.

The weighted average duration of the defined benefit obligation is 21 years (31 March 2019 : 21 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 1- 5 years	Over 5 years
31 March 2020			
Defined benefit obligation (gratuity)	35.32	76.44	1,298.03
Total	**35.32**	**76.44**	**1,298.03**
31 March 2019			
Defined benefit obligation (gratuity)	7.33	78.74	1,423.42
Total	**7.33**	**78.74**	**1,423.42**

Note : 38 - Capital management

(a) Risk management

The company's objectives when managing capital are to:

- 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
- 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 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 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

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 38 - Capital management *(contd...)*

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 adjust, its capital structure.

The amount mentioned under total equity in the balance sheet is considered as capital and debt includes long-term borrowings including current maturities. The debt-equity ratio of the Company is as follows:

Debt Equity Ratio

Particulars	31st March, 2020	31st March, 2019
Debt equity ratio	0.04	0.05

(b) Dividend

Particulars	31st March, 2020	31st March, 2019
(i) Equity shares		
Interim dividend for the year ended ₹21 (₹ 10.50) per fully paid share	420.00	210.00
Dividend distribution tax on interim dividend on Equity Shares	86.33	43.17

Note : 39 - Fair value measurements

This note gives an overview of the significance of financial instruments for the Company and provides additional information on the 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 assets, financial liabilities and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments	6,183.82	-	4,806.16	3,979.38	-	1,827.93
Security deposits	-	-	247.33	-	-	174.95
Loans to employees	-	-	37.09	-	-	49.70
Fixed deposits	-	-	1,635.73	-	-	2,650.17
Trade receivables	-	-	6,971.41	-	-	8,279.73
Cash and cash equivalents	-	-	386.56	-	-	936.54
Other bank balances	-	-	1,739.50	-	-	-
Derivative assets	-	-	-	37.25	-	-
Other financial assets	-	-	531.26	-	-	376.11
Total financial assets	**6,183.82**	**-**	**16,355.04**	**4,016.63**	**-**	**14,295.13**
Financial liabilities						
Borrowings & Interest	-	-	2,637.20	-	-	2,800.73
Trade payables	-	-	5,675.53	-	-	5,134.62
Liabilities for purchase of capital assets	-	-	57.10	-	-	283.08
Derivative Liability	-	-	165.82	-	-	-
Employee Benefits payable	-	-	539.33	-	-	538.99
Payable to Holding Company	-	-	328.99	-	-	308.48
Deposits from Customers	-	-	7.75	-	-	9.50
Contract liability against loyalty points	-	-	233.05	-	-	202.51
Refund liability against periodical schemes	-	-	166.56	-	-	31.91
Other payables	-	-	250.02	-	-	93.98
Total financial liabilities	**-**	**-**	**10,061.35**	**-**	**-**	**9,403.80**

(Rupees in Lakh, unless otherwise stated)

Note : 39 - Fair value measurements *(contd...)*

(i) Fair value hierarchy

The table below 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 by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares & Mutual fund.

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 at the reporting dates.

(ii) Valuation technique used to determine fair value of financial assets and liabilities

Specific valuation techniques used to value financial instruments include:

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

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

Particulars	31st March, 2020			31st March, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Investments	5,475.23	708.59	-	3,090.16	889.22	-
Derivative financial assets	-	-	-	-	37.25	-
Financial liabilities:						
Derivative financial liabilities	-	165.82	-	-	-	-
	5,475.23	**874.41**	**-**	**3,090.16**	**926.47**	**-**

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

Particulars	31st March, 2020		31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Borrowings	1,375.00	1,373.89	1,500.00	1,412.24
Total financial liabilities	**1,375.00**	**1,373.89**	**1,500.00**	**1,412.24**

(v) Valuation technique used to determine fair value of non-current financial assets and liabilities:

(a) Non-current financial assets represent security deposits which do not have a fixed maturity period.These are primarily in the nature of utility deposits and hence 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.

(vi) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note (ii) above.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 40 - 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 counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments carried at amortised cost.

Financial instruments that are subject 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 upto 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within the organisation to ensure proper attention and focus for realisation. Further the Company receives security deposits and letter of credits on selected basis from its customers which mitigate the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date:

Ageing of trade receivables

Particulars	Not due	Less than one year	More than one year and upto 3 years	More than 3 years	Expected credit losses (loss allowance provision)	Carrying amount of trade receivables (net of impairment)
Trade receivable as at 31 Mar 2020	4,284.61	2,705.42	61.71	-	80.33	6,971.41
Trade receivable as at 31 Mar 2019	5,997.29	2,268.75	84.46	-	70.77	8,279.73

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

The Company's maximum exposure to credit risk for the components of the balance sheet as at 31 March, 2020 and 31 March, 2019 is the carrying amounts as illustrated in Note 40(B).

(B) Liquidity risk

Liquidity risk is the risk that an entity 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 maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
- Expiring within one year (bank overdraft and other facilities)	2,218.75	1,980.17
- Cash and cash equivalents	386.56	936.54
	2,605.31	**2,916.71**

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 rating, the bank loan facilities may be drawn at any time in INR.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 40 - Financial risk management *(contd...)*

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities 31st March 2020	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Trade payables	5,675.53	-	-	-	5,675.53
Borrowings	1,261.25	1,375.00	-	-	2,636.25
Interest on borrowings	83.16	56.61	-	-	139.77
Liabilities for purchase of capital assets	57.10	-	-	-	57.10
Employee benefits payable	523.50	15.83	-	-	539.33
Payable to Holding Company	328.99	-	-	-	328.99
Deposits from Customers	7.75	-	-	-	7.75
Derivative liability	165.82	-	-	-	165.82
Contract liability against loyalty points	233.05	-	-	-	233.05
Refund liability against periodical schemes	166.56	-	-	-	166.56
Lease liabilities	204.96	209.99	13.53	45.09	473.57
Other payables	250.02	-	-	-	250.02
Total financial liabilities	**8,957.69**	**1,657.43**	**13.53**	**45.09**	**10,673.74**

Contractual maturities of financial liabilities 31st March 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Trade payables	5,134.62	-	-	-	5,134.62
Borrowings	1,424.83	1,000.00	375.00	-	2,799.83
Interest on borrowings	108.98	128.17	10.65	-	247.80
Liabilities for purchase of capital assets	283.08	-	-	-	283.08
Employee benefits payable	524.18	14.81	-	-	538.99
Payable to Holding Company	308.48	-	-	-	308.48
Deposits from Customers	9.50	-	-	-	9.50
Contract liability against loyalty points	202.51	-	-	-	202.51
Refund liability against periodical schemes	31.91	-	-	-	31.91
Other payables	93.98	-	-	-	93.98
Total financial liabilities	**8,122.07**	**1,142.98**	**385.65**	**-**	**9,650.70**

(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 market and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The Company also enters into forward contracts for managing it exposure to such foreign currency risk.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 40 - Financial risk management *(contd...)*

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:-

Particulars	31st March, 2020			
	USD	EUR	Yen	SEK
Financial assets				
Trade Receivables	1,859.07	0.36	-	-
Derivatives (including those on future exports)	(3,801.66)	-	-	-
Financial liabilities				
Trade Payables	2,617.19	981.56	149.12	12.70
Derivatives	(333.51)	(68.90)	-	-
Net exposure to foreign currency risk against receivables / (payables)	**(2,283.68)**	**(912.30)**	**(149.12)**	**(12.70)**

Particulars	31st March, 2019		
	USD	Yen	SEK
Financial assets			
Trade Receivables	2,235.13	93.10	-
Derivatives (including those on future exports)	(1,486.83)	-	-
Financial liabilities			
Trade Payables	868.09	1,419.90	136.47
Derivatives	(36.60)	(87.48)	-
Net exposure to foreign currency risk	**(83.19)**	**(1,239.32)**	**(136.47)**

Sensitivity

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

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
USD sensitivity				
INR depreciates by 5% (31 March 2019 - 5%)*	(114.18)	(4.16)	(85.45)	(2.71)
INR appreciates by 5% (31 March 2019 - 5%)*	114.18	4.16	85.45	2.71
EUR sensitivity				
INR depreciates by 3% (31 March 2019 - 3%)*	(27.37)	(37.18)	(20.48)	(24.19)
INR appreciates by 3% (31 March 2019 - 3%)*	27.37	37.18	20.48	24.19
GBP sensitivity				
INR depreciates by 3% (31 March 2019 - 3%)*	(0.38)	-	(0.29)	-
INR appreciates by 3% (31 March 2019 - 3%)*	0.38	-	0.29	-
Yen sensitivity				
INR depreciates by 3% (31 March 2019 - 3%)*	(4.47)	(4.09)	(3.35)	(2.66)
INR appreciates by 3% (31 March 2019 - 3%)*	4.47	4.09	3.35	2.66

* Holding all other variables 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.

(Rupees in Lakh, unless otherwise stated)

Note : 40 - Financial risk management *(contd...)*

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 31 March 2020 and 31 March 2019, 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, 2020	31st March, 2019
Variable rate borrowings	1,261.25	1,299.83
Fixed rate borrowings	1,375.00	1,500.00
Total borrowings	**2,636.25**	**2,799.83**

(b) Sensitivity

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

Particulars	Impact on profit before tax		Impact on other components of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Interest expense rates – increase by 50 basis points (50 bps)*	(6.31)	(6.50)	(4.72)	(4.23)
Interest expense rates – decrease by 50 basis points (50 bps)*	6.31	6.50	4.72	4.23

* Holding all other variables constant

(iii) Price risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through 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 summarises the impact of increases/decreases of the mutual fund prices on the Company's equity.

Particulars	Impact on profit before tax	
	31st March, 2020	31st March, 2019
Mutual fund value - Increase 5% (7%)*	313.09	281.64
Mutual fund value - Decrease 7% (7%)*	(438.33)	(281.64)

* Holding all other variables constant

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 41 - 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' performances reviewed by the board of director of the Company (Chief Operating Decision Maker - 'CODM').

The reporting segments of the Company are as below:

a) Laminates: 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 and as of 31 March 2020 is as follows:

Particulars	Laminate	Panel Products	Other (unallocable)	Elimination	Total
Segment Revenue					
Revenue	45,627.14	4,945.92	1,849.48	-	52,422.54
Inter segment sales	429.47	-	-	(429.47)	-
	46,056.61	**4,945.92**	**1,849.48**	**(429.47)**	**52,422.54**
Segment Results [Profit/(Loss) before interest and tax]	8,971.63	485.49	(1,572.17)	-	7,884.95
Finance cost	225.23	0.12	59.02	-	284.37
Profit/(Loss) Before Tax	**8,746.40**	**485.37**	**(1,631.19)**	**-**	**7,600.58**
Less : Current Tax	-	-	1,967.92	-	1,967.92
Less : Deferred Tax	-	-	(418.92)	-	(418.92)
Profit after tax	**8,746.40**	**485.37**	**(3,180.19)**	**-**	**6,051.58**
Segment Assets	29,521.25	2,006.59	18,112.94	-	49,640.78
Segment Liabilities	5,596.82	285.51	6,312.50	-	12,194.83
Segment Capital Expenditure	1,510.64	231.79	345.31	-	2,087.74
Segment Depreciation and amortisation	1,669.31	92.82	53.07	-	1,815.20

Summary of the segmental information for the year ended/as at, 31st March 2019 is as follows:

Particulars	Laminate	Panel Products	Other (unallocable)	Elimination	Total
Segment Revenue					
Revenue	47,534.07	4,705.48	1,787.64	-	54,027.19
Inter segment sales	349.77	-	-	(349.77)	-
	47,883.84	**4,705.48**	**1,787.64**	**(349.77)**	**54,027.19**
Segment Results [Profit/(Loss) before interest and tax]	9,130.82	503.67	(727.48)	-	8,907.01
Finance cost	220.29	0.17	42.75	-	263.21
Profit/(Loss) Before Tax	**8,910.53**	**503.50**	**(770.23)**	**-**	**8,643.80**
Less : Current Tax	-	-	2,581.88	-	2,581.88
Less : Deferred Tax	-	-	387.19	-	387.19
Profit after tax	**8,910.53**	**503.50**	**(3,739.30)**	**-**	**5,674.73**
Segment Assets	21,792.49	1,375.54	20,415.12	-	43,583.15
Segment Liabilities	5,369.57	255.75	6,068.18	-	11,693.50
Segment Capital Expenditure	3,356.26	73.41	-	-	3,429.67
Segment Depreciation and amortisation	1,252.16	56.85	5.49	-	1,314.50

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note : 41 - Segment reporting *(contd...)*

Geographical information

(a) Revenue from external customers:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Within India	34,391.84	35,264.05
Outside India	16,181.22	16,975.50
	50,573.06	**52,239.55**

(b) Carrying Amount of Segment Assets:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Within India	29,661.84	20,839.78
Outside India	1,866.00	2,328.25
	31,527.84	**23,168.03**

Entity wide disclosures

Company has one customer which constitute of 11.26 % (31 March 2019 11.60%) of total revenue of the Company.

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

Note: 42 Earnings per share

Particulars		31st March 2020	31st March 2019
(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
Net Profit / (Loss) for the year (₹ In lakhs)	(B)	6,062.64	5,687.66
Earnings per share (Basic) (₹)	(B/A)	303.13	284.38
(ii) Diluted			
Weighted average number of equity shares outstanding during the year		20,00,000	20,00,000
Earnings per share (Diluted) (₹)		303.13	284.38

Note: 43 Contingent liabilities

Particulars	31st March 2020	31st March 2019
(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 (Amount Paid under Protest ₹90.82)	535.48	296.57
Sales Tax	127.27	181.28
Excise duty	538.55	-
Service tax	15.31	-
Custom Duty (Amount paid under protest ₹ 3.50)	9.55	9.55
(b) Guarantee given:		
Non Financial Bank Guarantees	4.00	4.00
	1,230.16	**491.40**

Notes:-

In respect of the contingent liabilities shown above, pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any. In respect of contingent liabilities shown above, the cash outflows, if any, could generally occur during the validity period of the respective guarantees. The Company does not expect any reimbursement in respect of the above contingent liabilities.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 44 Capital and other commitments

Particulars	31st March, 2020	31st March, 2019
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	176.63	255.62
(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 fulfil quantified export. Certificate for fulfilment of ₹ 1001.40 (31 March 2019 : ₹715.20) is yet to be received.	24.67	81.31
Obligation against Advance Licences	1,353.27	3,540.64
Outstanding Letters of Credit	1,463.62	384.77
TOTAL	**3,018.19**	**4,262.34**

Note: 45 Leases

Effective from April 01,2019, the Company adopted IND AS 116 "Leases" using modified retrospective approach and accordingly comparative figures are not restated and there is no impact on retained earning as on April 01,2019.

As a lessee

1) Cost, Accumulated Depreciation and Carrying amount

Particulars	Right of use Land	Right of use Buildings	Total
Cost			
Balance at 1st April,2019			
Additions	84.82	612.87	697.69
Balance at 31st March 2020	**84.82**	**612.87**	**697.69**
Accumulated depreciation and impairment			
Balance at 1st April,2019			
Charge during the year	7.02	238.99	246.01
Balance at 31st March 2020	**7.02**	**238.99**	**246.01**
Carrying amounts			
As at 1st April 2019	-	-	-
Balance at 31st March 2020	**77.80**	**373.88**	**451.68**

2) Breakdown of lease expense

Particulars	31st March, 2020
Short-term lease expenses	27.67
Low Value lease expenses	8.04
Total Lease expenses	**35.71**

3) Cash flow impact on leases

The operating Cash flow of the company increased by ₹ 264.65 and Financing cash flow of the company decreased by ₹ 264.65.

4) Practical expedients applied on initial application date i.e. April 1, 2019

(a) The Company has utilised exemption provided for short term leases and leases for which the underlying asset is of low value on a lease-by-lease basis.

(b) The Company used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) The weighted average of company's incremental borrowing rate applied to lease liabilities at date of initial application i.e. April 1, 2019 was 8.00%.

(d) The Company has used a single discount rate to a portfolio of leases with reasonable similar characteristics based on the remaining lease term as the date of initial application.

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 46 Assets given as security

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

Particulars	31st March, 2020	31st March, 2019
Current		
Financial assets		
Trade receivables	6,971.41	8,279.73
Non-financial assets		
Inventories	11,482.26	10,348.66
Total current assets given as security	**18,453.67**	**18,628.39**
Non- Current		
Financial assets		
Investments	210.00	291.18
Financial assets		
Property, Plant and Equipment	13,305.46	12,818.77
Capital work-in-progress	128.11	675.36
Total non current assets given as security	**13,643.57**	**13,785.31**
Total assets given as security	**32,097.24**	**32,413.70**

Note: 47 Details relating to Micro, Small and Medium Enterprises

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

Particulars	31st March, 2020	31st March, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	49.50	16.96
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.44	0.05
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	61.05	1.49
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.36	0.05
Further interest remaining due and payable for earlier years	0.05	-

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

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 48 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 relationship:

SN	Name	Relationship
a)	Holding Company	
	Merino Industries Limited	
b)	Enterprise having substantial interest in the Company	
	Merino Export Private Limited	
c)	Key Management Personnel (KMP)	
	Mr. Manoj Lohia	Whole time Director
	Mr. Deepak Lohia	Whole time Director
	Mr. Anurag Lohia	Whole time Director
	(appointed with effect from 04-01-2019)	
	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 & Company Secretary
	Mr. Anil Jajoo	Director
	Mr. Gautam Bhattacharjee	Independent Director
	Mr. Sujitendra Krishna Deb	Independent Director
	(resigned from 18-06-2018)	
	Mr. Bama Prasad Mukhopadhay	Independent Director
	(appointed with effect from 14-09-2018)	
	Mr. Sisir Kumar Chakrabarti	Independent Director
d)	Relatives of KMP	
	Mr. Prasan Lohia	Son of Shri Rup Chand Lohia
	Mr. Madhusudan Lohia	Son of Shri Prakash Lohia
	Mrs. Tara Devi Lohia	Wife of Shri Champalal Lohia
	Mrs. Shashi Lohia	Wife of Shri Bikash Lohia
d)	Entities over which Key Management Personnel together with their relatives have significant influence :	Merino Services Limited
		Man Kumar Lohia and Brothers
		Sri Hara Kasturi Memorial Trust
		Sri Prem Chand Lohia Memorial Trust
		Sri Man Kumar Lohia Memorial Trust
		Anupriya Marketing Limited
		Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.

Notes to the Financial Statements

Note: 48 Related Party Transactions *(contd...)*

ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
1	Merino Industries Limited	Holding Company	129.08	86.67	Trade Payables	Revenue from Operations	2,017.99	1,985.39
						Sale of Tangible Assets and Intangible Assets	-	36.20
						Other Income	-	1.25
						Purchase of Tangible Assets and Intangible Assets	31.08	27.69
						Purchases	2,773.89	2,266.50
						Repair Charges Paid	50.31	57.55
						Royalty on Trade Mark Paid	0.59	0.59
			329.00	308.48	Other Financial Liablity	Rent, other charges and reimbursement paid	391.62	403.01
						Rent, other charges and reimbursement received	-	0.29
						Dividend Paid	313.53	156.77
2	Merino Exports Private Limited	Enterprise having substantial interest in the Company				Rent, other charges and reimbursement paid	48.74	54.04
						Dividend Paid	102.90	51.45
3	Merino Services Limited	Entities over which key management personnel together with their relatives have significant influence	-	28.39	Trade Payables	Software Charges	337.13	330.04
			105.54	-	Other Current Asset	Purchase of Tangible Assets and Intangible Assets	-	0.05
						Rent, other charges and reimbursement paid	-	2.77
						Revenue from Operations	1.62	4.08
4	Mankumar Lohia and Brothers	Entities over which key management personnel together with their relatives have significant influence	-	0.32	Trade Payables	Rent, other charges and reimbursement paid	44.19	42.61
			-	-	Security Deposit	Refund of Security Deposit	-	12.60
5	Mrs. Shashi Lohia	Relatives of Key Management Personnel				Rent, other charges and reimbursement paid	1.68	1.68
6	MS. Ruchira Lohia	Key Management Personnel				Dividend Paid	0.36	0.18
7	Mr. Bikash Lohia	Key Management Personnel				Dividend Paid	0.52	0.26
8	Mr. Champa Lal Lohia	Key Management Personnel				Dividend Paid	0.21	0.11
9	Mr. Deepak Lohia	Key Management Personnel				Directors' Remuneration / benefits	140.99	126.78
			-	1.76	Trade Payables	Rent, other charges and reimbursement paid	2.10	1.76
						Dividend Paid	0.48	0.24
10	Mr. Anurag Lohia	Key Management Personnel				Directors' Remuneration / benefits	57.22	-

Notes to the Financial Statements

Note: 48 Related Party Transactions *(contd...)*

ii) Transactions during the year with related parties:

(Rupees in Lakh, unless otherwise stated)

S.N.	Related Party	Relationship	Outstanding as at 31st March, 2020	Outstanding as at 31st March, 2019	Payable/receivable/ others	Nature of Transaction	2019-20	2018-19
11	Mr. Gautam Bhattacharjee	Independent Director				Sitting Fees	1.50	1.40
12	Mr. Sisir Kumar Chakrabarti	Independent Director				Sitting Fees	1.40	1.00
13	Mr. Bama Prasad Mukhopadhay	Independent Director				Sitting Fees	1.40	0.70
14	Mrs. Tara Devi Lohia	Relatives of Key Management Personnels	-	1.61	Trade Payables	Rent, other charges and reimbursement paid	2.10	1.61
15	Mr. Madhusudan Lohia	Relatives of Key Management Personnels				Dividend Paid	0.79	0.39
16	Mr. Manoj Lohia	Key Management Personnel				Directors' Remuneration / benefits	156.80	114.01
						Dividend Paid	0.39	0.20
17	Mr. Prakash Lohia	Key Management Personnel				Dividend Paid	0.21	0.11
18	Mr. Prasan Lohia	Relatives of Key Management Personnels				Dividend Paid	0.40	0.20
19	Mr. Rup Chand Lohia	Key Management Personnel				Dividend Paid	0.21	0.11
20	Sri Hara Kasturi Memorial Trust	Entities over which key management personnel together with their relatives have significant influence				Donation Paid	0.50	2.43
						Donation for CSR	-	35.85
						Sale of Live Stock	-	0.50
21	Sri Prem Chand Lohia Memorial Trust	Entities over which key management personnel together with their relatives have significant influence				Donation Paid	4.00	-
						Donation for CSR	-	114.00
22	Kasturi Bai Gopi Babu Cold Storage Pvt. Ltd.	Entities over which key management personnel together with their relatives have significant influence				Purchases / Material Consumed	-	0.23
23	Anupriya Marketing Limited	Entities over which key management personnel together with their relatives have significant influence	140.36	39.38	Trade Payables	Marketing Service Provider Fee	320.87	323.20

Notes to the Financial Statements

(Rupees in Lakh, unless otherwise stated)

Note: 48 Related Party Transactions *(contd...)*

Key management personnel compensation

Particulars	31st March, 2020	31st March, 2019
Short-term employee benefits	334.98	227.04
Long-term employee benefits*	20.03	13.75
Total compensation	**355.01**	**240.79**

* No Separate Valuation is done for Key Managerial Personnel in respect of post employment benefits and long term employee benefits.

They are determined on the basis of actuarial valuation for the company as a whole and hence segregation is not available.

** Transactions are inclusive of GST, whereever applicable.

Note : 49 - Composite scheme of Arrangement

A petition for approval of a Composite Scheme of arrangement under sections 230 to 232 of the Companies Act 2013, amongst the Company, its holding company Merino Industries Limited (MIL), Merino Exports (Private) Ltd (MEXPL) and Merino Services Ltd (MSL) was filed with National Company Law Tribunal (NCLT) on 4th October 2019 after approval of the respective Board of Directors of the company on 20th August 2019. The scheme was approved, among others, by the shareholders of the company on 20th February 2020. The petition awaits approval of NCLT.

The Scheme provides for, among others, the appointed date as 1st April 2019, merger of the company with MIL, transfer of certain undertakings of MEXPL and MSL to MIL and the transfer of the real estate undertaking of MEXPL and IT and Software Development undertaking of MSL to Merino Properties (Private) Ltd and Merino Consulting Services Limited respectively , discharge of the consideration for transfer of undertakings by issuance equity shares of the transferee companies to the existing shareholders of the transferor companies at approved ratios and transfer of assets and liabilities of the transferor company and undertaking of the related company, to the related transferee company.

Pending approval of the petition and consequent finalisation of the effective date no adjustment in the account of the company has been made.

Note : 50 - Covid 19

The spread of Covid-19 pandemic from mid-March, 20 continues to have an unprecedented impact on people and economy. The company has taken prompt action to extend support to all of our stakeholders and maintain our operations through the crisis. There is no significant impact in company's operations and results for the year ended March 31, 2020.

The Company has considered the possible effects that may have resulted from the pandemic relating to Covid-19 on the carrying amounts of trade receivables, tangible assets, intangible assets and investments. In devoloping the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on current estimate the Company expects the carrying amount of these assets will be recovered.

Note : 51 - Previous year's figures

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

As per our report of even date attached

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

B.L. Choraria
Partner
Membership Number - 022973

For and on behalf of the Board of Directors

Rup Chand Lohia
Director
Place : Bangalore

Prakash Lohia
Director
Place : Hapur (U.P)

A.K.Parui
Company Secretary
Place : Kolkata

Place : Noida (Delhi-NCR)

Date : 25th August, 2020

OPERATING RESULTS FOR TEN YEARS AT A GLANCE

(₹ lakh)

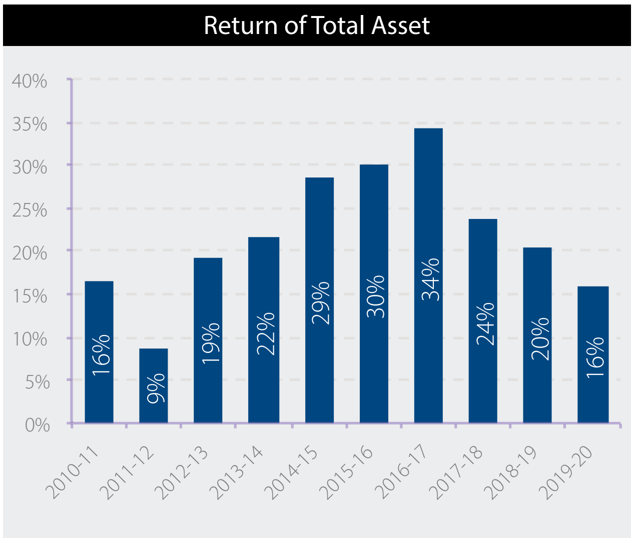
	As per previous GAAP						As per Ind As			
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross income	18945.50	20387.23	26546.14	31167.35	34865.86	36594.15	43247.50	46226.31	54027.19	52422.53
Gross expenditure	16624.38	18774.39	23222.45	27231.85	29091.64	29619.46	32570.84	36635.01	43805.68	42722.39
Finance Costs	231.97	323.83	422.61	272.74	152.57	76.96	116.56	52.38	263.21	284.36
Operating profit	**2089.15**	**1289.01**	**2901.08**	**3662.76**	**5621.65**	**6897.73**	**10560.10**	**9538.92**	**9958.30**	**9415.78**
Depreciation	442.76	493.69	562.71	583.37	782.47	788.64	903.46	1009.95	1314.50	1815.20
Profit before tax	**1646.39**	**795.32**	**2338.37**	**3079.39**	**4839.18**	**6109.09**	**9656.64**	**8528.97**	**8643.80**	**7600.58**
Tax - Current Tax	508.23	248.38	684.83	1032.57	1761.54	2098.79	3212.18	2831.73	2581.88	1967.92
- Deferred Tax	39.52	(30.55)	94.82	23.23	(43.64)	118.26	214.27	275.18	387.19	(418.92)
- Fringe Benefit Tax	-	(0.66)	-	-	-	-	-	-	-	-
Profit after tax	**1098.64**	**578.15**	**1558.72**	**2023.59**	**3121.28**	**3892.04**	**6230.19**	**5422.06**	**5674.73**	**6051.58**
Earnings per share (Rs.)	**54.93**	**28.91**	**77.94**	**101.18**	**156.06**	**194.60**	**310.98**	**271.48**	**284.38**	**303.13**

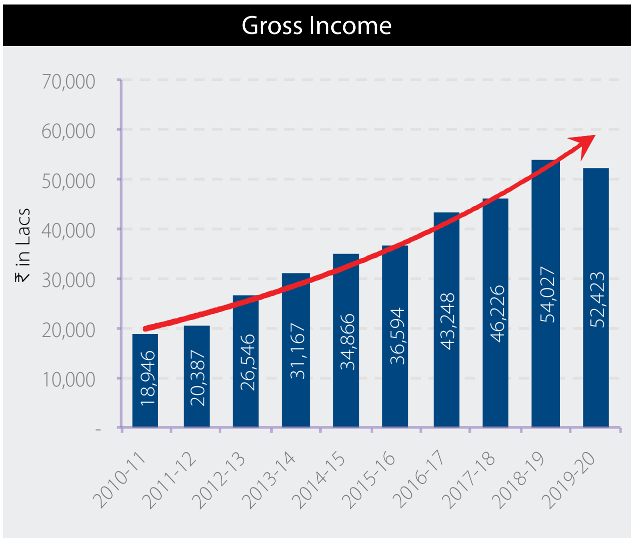
YEAR-END FINANCIAL POSITION FOR TEN YEARS AT A GLANCE

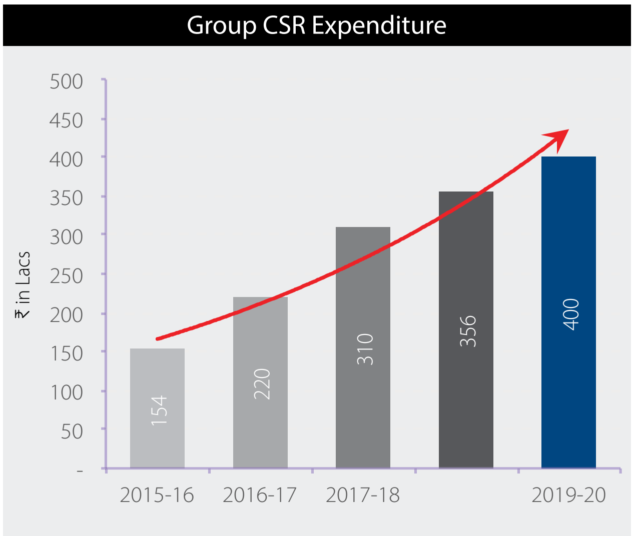
(₹ lakh)

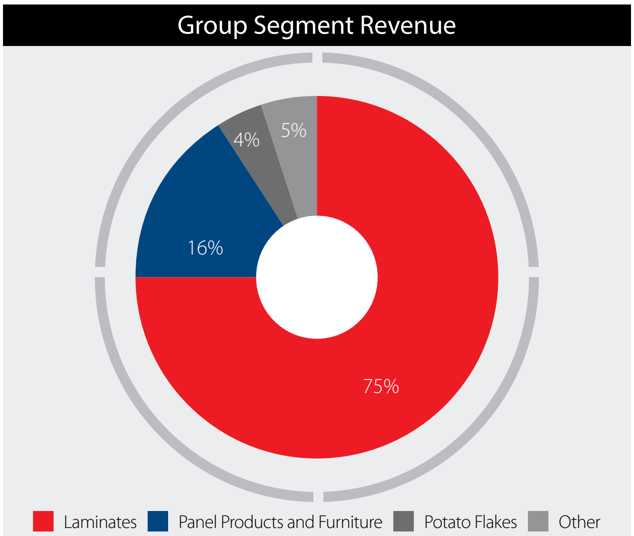
	As per previous GAAP					As per Ind As				
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
SOURCES OF FUNDS										
Share capital	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Reserves and surplus	4782.23	5238.35	6553.00	8430.35	11447.50	15111.58	21078.39	26255.16	31689.65	37245.96
Shareholder's fund	4982.23	5438.35	6753.00	8630.35	11647.50	15311.58	21278.39	26455.16	31889.65	37445.96
Long term loan	399.55	485.31	373.31	250.36	65.61	23.57	1.95	1500.00	1375.00	875.00
Other borrowings	3144.55	3335.10	2772.95	2565.07	1781.96	869.03	865.00	91.50	1299.83	1261.25
Loan funds	3544.10	3820.41	3146.26	2815.43	1847.57	892.60	866.95	1591.50	2674.83	2136.25
Deferred tax liability(net)	320.93	290.38	385.20	408.43	364.79	496.16	704.79	983.98	1378.11	962.91
Funds available	8847.26	9549.14	10284.46	11854.21	13859.86	16700.34	22850.13	29030.64	35942.59	40545.12
APPLICATION OF FUNDS										
Fixed assets	6889.54	8024.36	8560.49	9051.88	10031.02	5752.36	8145.34	12979.94	16780.49	18889.42
Depreciation	2996.52	3393.85	3938.52	4392.67	5050.77	-	891.47	1889.79	3157.51	4915.09
Fixed asstes (net)	3893.02	4630.51	4621.97	4659.21	4980.25	5752.36	7253.87	11090.15	13622.98	13974.33
Other assets(Net)	4954.24	4918.63	5662.49	7195.00	8879.61	10947.98	15596.26	17940.49	22319.61	26570.79
Funds employed	8847.26	9549.14	10284.46	11854.21	13859.86	16700.34	22850.13	29030.64	35942.59	40545.12

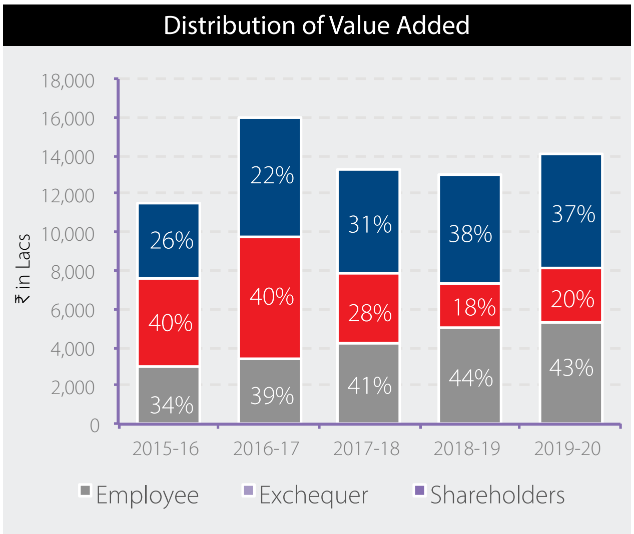
Financial Highlights

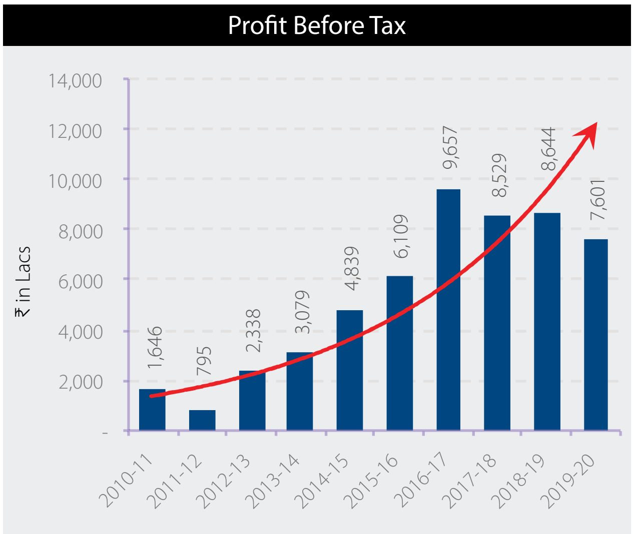






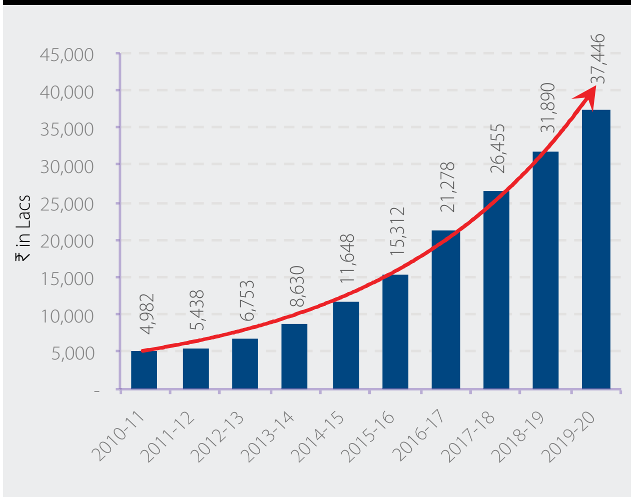




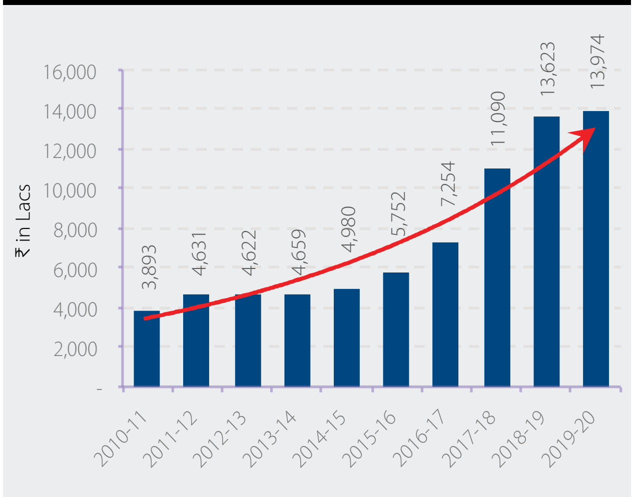


Financial Highlights

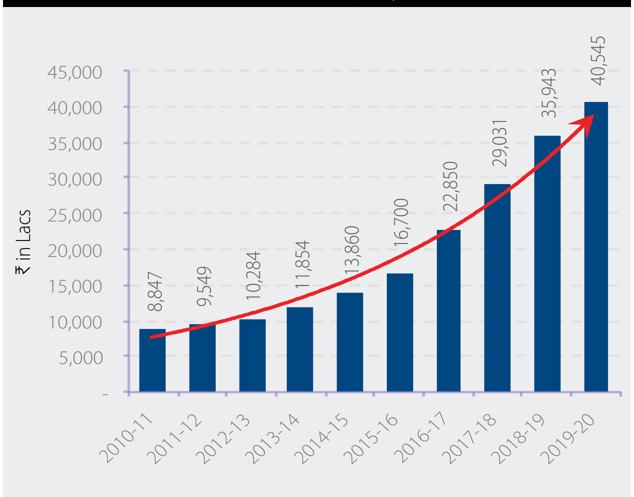
Shareholders' Equity



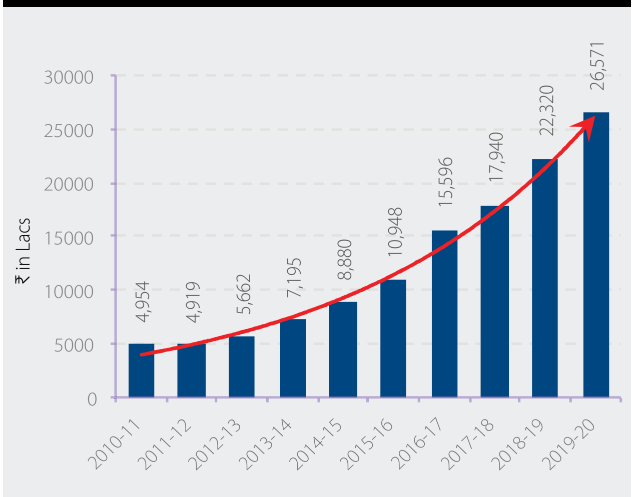
Property, Plant & Equipment



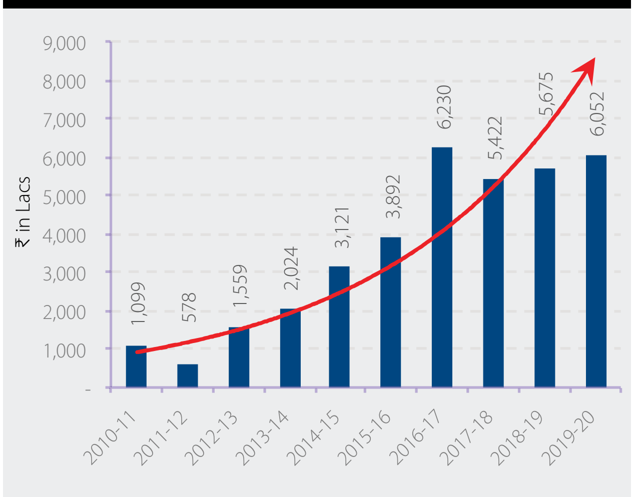
Net Funds Employed



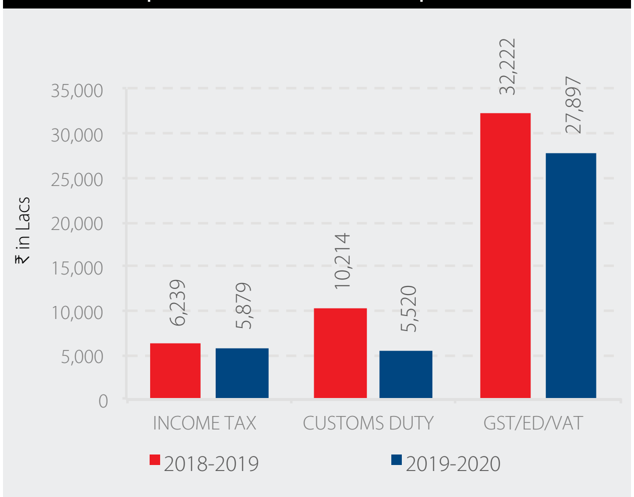
Net Current Assets



Profit After Tax



Group Contribution to Exchequer (Gross)



ECONOMY ◆ EXCELLENCE ◆ ETHICS

Merino Panel Products Limited

CIN: U20299WB1994PLC064386

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

Phone: 033-2290-1214, **Fax:** 91-33-2287-0314, **E-mail:** merinokol@merinoindia.com **Website:** www.merinoindia.com

NOTICE

To the Members,

NOTICE is hereby given that the 26th 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 Wednesday, the 30th day of September, 2020 at 10-00 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, 2020 together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the declaration and payment of first and second Interim Dividend on equity shares for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Miss Ruchira Lohia (DIN 00127797), who retires by rotation and being eligible, offers herself 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 Bikash Lohia (DIN 00154013), who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder as amended from time to time M/s. Singhi & Company, Chartered Accountants (Firm Registration No. 302049E), be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 28th AGM of the Company to be held in the year 2022, at such remuneration plus service tax and out-of-pocket expenses etc. as may be agreed between the Board of Directors of the Company and the Auditors."

AS SPECIAL BUSINESS:

7. To approve the remuneration of the Cost Auditors for the financial year ending on 31st March, 2020 and in this regard to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Basu, Banerjee, Chakraborty, Chattopadhyay & Co., Cost Accountants (Firm Registration No. 000206) of 42-B, 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, 2021, be paid a remuneration of ₹ 22,000/- 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 ₹5,00,00,000/- (Rupees Five Crore only) during the financial year 2020-2021 notwithstanding that such amount in the financial year may exceed five percent of the average net profits for the three preceding financial years of the Company."

By order of the Board
For Merino Panel Products Limited

Asok Kumar Parui
Director & Company Secretary
Membership No: ACS 1885

Place: Kolkata
25th August, 2020

Registered Office:
5, Alexandra Court,
60/1, Chowringhee Road,
Kolkata - 700020
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 24th September, 2020 to 30th September, 2020 (both days inclusive).

5. Members are requested to make all correspondences in connection with shares held by them by addressing letters quoting their folio numbers directly to Messrs. C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, the Registrar and Share Transfer Agent of the Company.

6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic share accounts, or to the Registrar and Share Transfer Agent of the Company in respect of their physical share folios quoting their Folio Number(s) with a self-attested copy of address proof, i.e. Voter Identity Card, Aadhaar Card, Electric / Telephone (BSNL) Bill or Driving License or Passport. In case the mailing address mentioned on this annual report is without the Pin code number, members are requested to kindly inform their Pin code number and Bank Account details to Messrs. C B Management Services (P) Limited, the Registrar and Share Transfer Agent of the Company.

7. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.

8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

9. Members holding shares in dematerialised mode are requested to intimate the changes pertaining to their bank account details, NECS mandates, email addresses, nominations, change of addresses, change of names etc. if any, to their Depository Participant (DP) only before 23rd September, 2020. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.

10. Members are requested to intimate beforehand to the Company their queries, if any, regarding the accounts/notice at least ten days before the meeting to enable the management to keep the information required readily available at the meeting. Members are also requested to bring their copies of Annual Report while attending the Annual General Meeting.

11. All the documents referred to in the Notice will be available for inspection by the members at the Registered Office of the Company during office hours on all working days from the date hereof upto the date of the Meeting.

12. The Equity Shares of the Company are in the depository set up by the Central Depository Services (India) Limited. The shares of the Company are in the dematerialisation list with ISIN No. INE09ZL01014.

13. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID for easy identification at the meeting.

14. The notice convening this Annual General Meeting circulated to the members of the Company is made available on the Company's website at www.merinoindia.com.

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

RELATING TO ITEM NO. 6

M/s. Singhi & Company, Chartered Accountants (Firm Registration No. 302049E), have been the statutory auditors of the Company since 2012-13, appointed at the Annual General Meeting (AGM) of the Company held on 29.09.2012 for a term of 3 (three) years and further re-appointed at the AGM held in 2015 for another term of 5 (five) years and they will complete the said term of their appointment in 2020. Further As per the provisions of section 139 of the Companies Act, 2013 and Rules framed thereunder, it is required to appoint or re-appoint an audit firm as auditors for not more than 2 (two) terms of 5 (five) consecutive years. The Rules of rotation applies to your company based on the paid-up capital criteria.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors, has at its meeting held on 25th August 2020, proposed the appointment of M/s. Singhi & Company, being eligible for such appointment, as the statutory auditors of the Company for a period of 2 (two) years to hold office from the conclusion of the 26th AGM till the conclusion of the 28th AGM of the Company to be held in the year 2022.

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. 6 of the Notice.

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, 2021 at a remuneration of ₹ 22,000/- 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, 2021.

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 authorised 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 ₹5,00,00,000/-(Rupees Five Crore only) during the Financial Year 2020-21, which exceeds the above limit. The expenditure would be channelised 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 donations 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., prime minister's national relief fund or PM CARES Fund 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, Shri Sisir Kumar Chakrabarti and Shri Bama Prasad Mukhopadhyay, Independent Directors and Shri Asok Kumar Parui, Director & 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.

ATTENDANCE SLIP

ECONOMY ◆ EXCELLENCE ◆ ETHICS

Merino Panel Products Limited

CIN: U20299WB1994PLC064386

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

Phone: 033-2290-1214, **Fax:** 91-33-2287-0314, **E-mail:** merinokol@merinoindia.com **Website:** www.merinoindia.com

Master Folio No.	DP ID No.	Client ID No.	No. of shares

NAME AND ADDRESS OF THE SHAREHOLDER...

....

I hereby record my presence at the 26th Annual General Meeting of the Company being held at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 on Wednesday, the 30th day of September, 2020 at 10-00 a.m.

....

SIGNATURE OF SHAREHOLDER / PROXY

ECONOMY ◆ EXCELLENCE ◆ ETHICS

Merino Panel Products Limited

CIN: U20299WB1994PLC064386

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

Phone: 033-2290-1214, **Fax:** 91-33-2287-0314, **E-mail:** merinokol@merinoindia.com **Website:** www.merinoindia.com

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. / DP ID / Client ID No.*		E-mail ID:	

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

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

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

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company being held at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Kolkata-700020 on Wednesday, the 30th day of September, 2020 at 10-00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution
Ordinary Business	
1.	Consideration and adoption of the Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31st March, 2020
2.	Confirmation of the declaration and payment of first and second Interim Dividend on equity shares for the financial year ended 31st March, 2020
3.	Approval for re-appointment of Miss Ruchira Lohia (DIN 00127797) 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 Bikash Lohia (DIN 00154013) who retires by rotation
6.	Approval for re-appointment of the Auditors and to fix their remuneration
Special Business	
7.	Approval for payment of remuneration of Cost Auditors
8.	Approval to give authority for making donation to charitable and other funds

Signed this ....day of September, 2020

Affix Revenue Stamp

....

Signature of the Shareholder Signature of proxy holder(s)

* Applicable for investors holding shares in electronic form

Notes:

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

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

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